

APPENDIX B  
BUDGET GUIDE  
&  
ORGANIZATIONAL CHART



*A community where everyone is welcome.*



## Budget Guide

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### Background

The City's charter requires the City Manager to prepare an annual budget on the basis of estimates submitted by the directors of departments and approved by the City Commission. The budget document is the result of months of planning. The budget allocates the City's limited financial resources to provide services based on organizational and community priorities. The resulting document becomes the plan that guides departments' operations throughout the fiscal year.

The budget period is the City's fiscal year which begins on July 1 and ends on June 30. While budgeting is an ongoing process, departments officially submit budget requests to the City Manager, or her designee, in March. The budget is scheduled for adoption by the City Commission on the third Monday in June. A detailed budget schedule is attached.

Georgia state law requires that the operating budget be balanced with current revenues and other financing sources, including unreserved fund balance. Any unencumbered appropriations lapse at year-end and do not carry forward into the next fiscal year.

Throughout the year, the City Manager and department heads are provided with periodic financial reports of revenues, expenditures and encumbrances compared with the adopted budget. These reports allow staff to monitor and manage the budget as authorized by the City Commission. The City Commission receives summary financial reports to remain informed of the City's financial position.

### Process

In February, departments are notified in writing of the budget schedule including budget due dates and departmental budget hearings. Any necessary forms related to the budget, performance measures and capital improvements planning are provided at this time.

Departments use prior and current year expenditure information to determine the resources necessary to maintain the current level of service. Based on City Commission and community priorities, estimates may be developed for a change in service level. While departments use past expenditures to develop their budgets, the budget process is a form of zero based budgeting because departments must justify each account request annually (i.e. a budget allocation in one year does not guarantee a continued allocation in the following year.)

Department budget requests are submitted to the City Manager and Assistant City Manager for review in early March. All department heads meet as a group with budget staff to present their work plans and discuss their budget requests for the next year. This meeting is held in March. In April, department heads present their final budget requests to the City Manager.

Proposed and revised budget documents are presented to the City Commission at the second commission meeting in May. Work sessions are held with the City Commission and public hearings are held prior to the final adoption of the budget in June.

**Budgetary Funds**

The City’s accounts are organized by fund groups, each of which is treated as a separate accounting entity. Annual operating budgets are approved for the following funds:

**General Fund:** The general operating fund of the City. It accounts for resources traditionally associated with government that are not required to be accounted for in another fund.

**Capital**

**Improvement Fund:** Established to account for the receipt and expenditures of money from major capital projects. This fund is general in nature and may be used to finance any capital project that the City Commission designates.

**Cemetery Capital**

**Improvement Fund:** Established to account for the financing and expenditure activity of a capital nature occurring within the cemetery. Financing is provided by one-half of the proceeds from cemetery lot sales. This fund is intended to provide for the capital needs of the cemetery into perpetuity.

**Economic**

**Development Fund:** Established to account for monies received from the Decatur Housing Authority for eligible community development activities and for funds received from grants and donations for economic development activities.

**Conference/Parking**

**Deck Fund:** Established to account for the activity of the conference center and parking deck.

**Stormwater**

**Utility Fund:** Established to account for the collection of fees for repairs, maintenance and construction of stormwater drains and other related expenses.

Solid Waste  
Enterprise Fund: Established to account for the collection of fees for residential and commercial sanitation service.

Debt Service  
Fund: Established to account for the accumulation of resources and payment of long-term obligations.

Grant Fund: Established to account for grants received from the U.S. Department of Education.

Greenspace Trust  
Fund: Established to account for grants received from the Georgia Department of Natural Resources.

Confiscated Drug  
Fund: Established to account for the use of confiscated drug money and/or assets by the City's Police Department.

Emergency  
Telephone System  
(E911) Fund: Established to account for funds received for all emergency 911 charges and wireless enhanced charges.

Board of  
Education Fund: Established to account for the collection and payment of property taxes levied and collected by the City for the City of Decatur Board of Education.

Downtown Development  
Authority Fund: Established to account for the collection and payment of property taxes levied and collected by the City for the Decatur Downtown Development Authority.

Hotel/Motel  
Tax Fund: Established to account for the hotel/motel taxes collected as required by general law.

Children & Youth  
Services: Established to account for the collection of participation fees and grants and expenditures related to the City's after-school and summer programs.

## Decatur Tourism

Bureau Fund: Established to account for the taxes received from the hotel/motel tax fund for the purposes related to tourism.

### **Basis of Budgeting**

All fund budgets described above, with the exception of the stormwater, solid waste and conference/parking deck funds, are prepared on a modified accrual basis meaning that expenditures are budgeted if the obligation will be incurred that fiscal year and revenues are budgeted if they are measurable and available. For example, an outstanding purchase order is an example of an incurred expenditure. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the budgeted fiscal period or soon enough thereafter to pay liabilities of that fiscal period. For example, real property tax bills that are billed in April and due in June are budgeted as revenue in the billing year.

The remaining funds are enterprise funds which are budgeted on a full accrual basis. Expenditures are recognized when a commitment is made and revenues are recognized when they are obligated to the City (i.e. stormwater fee bill is generated).

The basis of accounting refers to the time at which revenues and expenditures or expenses and the related assets and liabilities are recognized in the accounts and reported in the financial statements. In the City, the basis of budgeting and the basis of accounting are the same with the exception that the budget does not reflect depreciation expenses or compensated absences. The City's comprehensive annual financial report (CAFR), which is prepared in conformity with generally accepted accounting principles (GAAP), provides the specific information for depreciation and compensated absences.

### **Fund Balance and Outstanding Debt**

The accounting definition of fund balance is the difference between assets and liabilities on the balance sheet. If revenues exceed expenditures at the end of the fiscal year, the remainder is identified as 'fund balance'. The practice of conservative revenue estimates and carefully monitored expenditures may result in a fund balance. The City's financial policies recommend an unreserved fund balance between twenty and thirty percent of the operating budget. The City does not budget for contingencies and therefore, must rely on the fund balance for emergency expenditures. In some years, the City may budget to use fund balance for one-time, non-recurring expenditures while remaining within the acceptable level for fund balance.

In the fiscal year ending June 30, 2009, the general fund balance totaled \$6,690,864 or 36% of the 2009-2010 revised operating budget. This was a decrease of \$522,884. In the Revised 2009-2010 budget estimates, the City has budgeted to use \$392,000 of fund balance and use \$700,000 of fund balance in FY 10-11. Fund balance is estimated to be \$5,598,864 at the end of FY 10-11 or 30% of the proposed operating budget. The use of fund balance in FY 10-11 is

consistent with the City's financial policies that require the use of fund balance for non-recurring expenditures.

In September, 2006, City of Decatur voters approved the issuance of \$33,245,000 in general obligation bonds for City and school capital projects. The debt service payments on the bonds will conclude in year 2037. The City's long term obligation for the conference center and parking garage was completed during fiscal year 08-09. Assets of the debt service fund are needed to meet the general bond obligations.

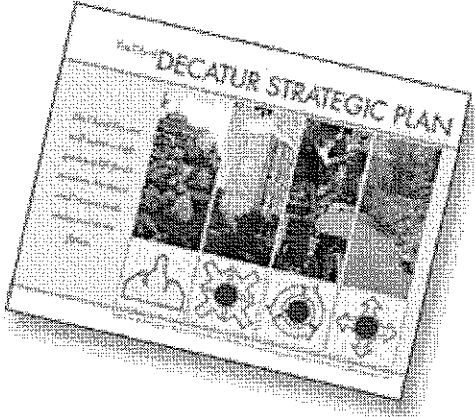
**Budget Revisions**

Since the legal level of budgetary control is at the departmental level, each department head has the authority to recommend budget transfers within the department budget to the City Manager for approval. State law prohibits transfers within the 'salaries' line-items without approval of the governing body.

Concurrent with the budget process for the next fiscal year, revisions to the current year's budget are developed. The current year revised budget is adopted with the next year's proposed budget. In the case that unanticipated budget revisions are necessary before the end of the fiscal year, the budget may be amended with the approval of the City Commission.

**Performance Measures**

The City incorporates performance measures and objectives into the budget document. For each department, there are two years of actual performance data. The measures for the current fiscal year show the original proposal in addition to a mid-year projection based on year-to-date data. The City will continue to improve upon the performance measurement program and make it a substantive part of the budget development process.



**Strategic Planning**

In the fall of 1998 the City sponsored a community forum known as the Decatur Roundtables which involved 500 community members. A report of key concerns and action teams developed from this process. This report and recommendations from the action teams guide many of the City's activities. Over 200 stakeholders helped develop a ten-year strategic plan based on the work of the Roundtables project. The strategic plan was completed in the summer of 2000. Three core principles emerged from the plan:

- A. Manage Growth While Retaining Character
- B. Encourage Community Interaction

C. Provide Quality Services Within Fiscal Limits

The plan identifies goals and specific tasks for each principle. The plan is reviewed annually in conjunction with the budget to ensure the budget supports the plan's principles and tasks and incorporates community input into the budget process. With the proposed FY 10-11 budget, each department was required to submit examples of how department activities were linked to the strategic plan.

The strategic plan update is in progress and will be completed in FY 10-11.

**Budget Focus Group**

Each budget season, the City invites interested citizens to participate in monthly discussions of the City's budget process. These budget focus group meetings were first held in 2002. Because of the success and contribution of the focus groups to the budget process, the City continues to invite active citizen participation in the budget process through these focus groups. The goal of the focus group meetings is to provide relevant budget and financial information in an informal environment so that participants can better understand the City's budget process including how revenue and expenditure recommendations are made.

FY 2010-2011 Budget Focus Group Participants

Catherine Carter  
Bill Emanuel  
Laura Fehrs  
John Maher  
Kathryn Masters

Mike Masters  
Julian Rau  
Nancie Sill  
Seegar Swanson  
Linda Valleroy



## **BUDGET SCHEDULE FISCAL YEAR 2010-2011**

February 1	Budget Memo and Schedule to Departments
February 17	Monthly Staff Meeting
<b>March 1</b>	<b>ALL DEPARTMENT BUDGET REQUESTS DUE BY 5:00 pm</b>
<b>March 8</b>	<b>Budget Narratives, CIP Requests and Strategic Linkages Due</b>
March 9	Budget Focus Group Meeting #1
March 11	Performance Measurement Meeting
March 15	City Commission Adopts Billing Ordinance
March 17	Monthly Staff Meeting
<b>March 15-16</b>	<b>BUDGET REVIEW MEETING-DEPARTMENT HEADS</b>
March 26	Personnel Estimates Due
April 1	Tax Bill Mailing Deadline
April 2	Revenue Projections Due
<b>April 2</b>	<b>Revised Budget Changes Due</b>
<b>April 7</b>	<b>Draft Proposal to City Manager (tentative)</b>
<b>April 13</b>	<b>Department Budget Presentations to City Manager</b>
April 13	Budget Focus Group Meeting #2

April 21	Monthly Staff Meeting
April 21	Prepare Notice for Decatur FOCUS
April 23	Preliminary Budget Complete
May 11	Budget Focus Group Meeting #3
May 12	Public Hearing Announcements to Legal Organ
May 14	Budget delivered in City Commission packet
<b>May 17</b>	<b>Presentation of Budget to Commission and Adoption of Tentative 2010 Millage Rate</b>
May 19	Monthly Staff Meeting
May 20 & 27, June 3	Public Hearing Ads Published in Legal Organ
June 7	Public Hearing on Budget and Millage Rate
<b>June 21</b>	<b>Public Hearing on Budget and Millage Rate, Adoption of FY 2010-2011 Budget and Revised 2009-2010 Budget, and Adoption of Final 2010 Millage Rate</b>