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 February. 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.

**Process**

In January, 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, Assistant City Manager and Budget Director for review in late February. 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. During this time, vision-based budgeting teams are convened to prepare the narratives and document the resources being allocated towards each strategic plan principle.

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. Additional public forums occur during March, April and May to provide opportunities for the public to participate in the budgeting process.
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.

**SPLOST Fund**: Established to account for the receipt and expenditures of money from the Special Purpose Local Option Sales Tax (SPLOST) that was approved by voters in November 2017. This fund will be used to finance debt service, construction of the Atlanta Avenue transportation project and other transportation projects.

**General Obligation Bond Fund**: Established to account for the receipt and expenditures of money from the general obligation bond issued in 2007.

**Urban Redevelopment Agency Funds**: Established to account for the receipt and expenditures of money from the bonds issued by the Urban Redevelopment Agency of the City of Decatur in 2010 and 2013.

**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.

**Tree Bank Fund**: Established for the purpose of collecting fees in lieu of planting replacement trees required for compliance with the tree ordinance. Fees are used to purchase and plant trees on public parks, rights of way and other public properties, the purchase of green space, and similar activities associated with maintaining and improving the city’s public tree canopy.

**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.

**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.

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

**Children & Youth Services Fund**: Established to account for the collection of participation fees and grants and expenditures related to the city’s after-school and summer programs.
**Public Facilities Authority Fund:** Established to account for the financial activities of the City of Decatur Public Facilities Authority including debt issuance and debt service payments for Decatur Legacy Park.

**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.

**Account Coding Structure**

The City of Decatur follows the State of Georgia’s Uniform Chart of Accounts for Local Governments. The primary goal for the development of this chart is to improve government accountability by making financial information reported more comparable, thereby enabling local policy makers and taxpayers to better understand and evaluate local government operations and service delivery.

100 – The first 3 digits represent the fund. For example, 100 is the General Fund.

1320 – The next 4 digits represent the department/division for expenditures, or 0000 for revenues.

52 – The next 2 digits represent the account class. This is either an asset, liability, revenue or expenditure.

3400 – The last 4 digits represent the balance sheet account, revenue source or expenditure object.

The following are examples of the City’s account coding structure.

100-1320-523400:

This series of numbers would be used to code an expense to the City Manager’s Office.

100 – General Fund

1320 – City Manager’s Office

523400 – Printing & Binding

215-0000-342500

This series of numbers would be used to code the Emergency Telephone System fund’s revenue from wired phone lines.

215 – E911 Fund

0000 – Revenue

342500 – E911 Phone Line Fees
After the 3 digit fund number, the next 4 numbers for expenditures represent the function classifications.

1000 – General Government
2000 – Judicial
3000 – Public Safety
4000 – Public Works
6000 – Culture/Recreation
7000 – Housing and Development

**Line Item Descriptions**

**PERSONNEL**

Personnel Services include expenditures made as compensation for services rendered by City employees and officials.

511100 Regular Salaries and Wages. Includes the salaries of all City employees who are working full time hours as defined in the City of Decatur’s Employee Handbook.

511200 Temp Salaries and Wages. Includes the wages of all City employees who are working part time hours or on a contract basis as defined in the City of Decatur’s Employee Handbook.

511300 Overtime. Includes the overtime costs anticipated during the fiscal year.

511400 Special Events Overtime. Includes the overtime costs associated with working during special events that will be reimbursed by the event organizer.

512100 Employer Group Insurance. Includes the City’s portion of health, dental, life and disability insurance for employees and their dependents.

512200 Social Security (FICA). Includes the mandatory withholding match for FICA that is a fixed percentage of salaries.

512300 Medicare. Includes the mandatory withholding match for Medicare that is a fixed percentage of salaries.

512400 Retirement Contributions. Includes the City’s retirement contribution for all employees.

512401 Retirement Contributions – ICMA. Includes the City’s retirement contribution for the City Manager, Deputy City Manager and Assistant City Managers.

512600 Unemployment Insurance. Includes the employer payment of Unemployment Insurance paid on behalf of the employee.

512700 Workers Compensation. Includes the employer payment of Workers Compensation premiums paid on behalf of the employee.

**OTHER SERVICES AND CHARGES**

Other Services and Charges include all expenses that involve the performance of a certain service by an outside individual &/or organization or for a particular business concern. Such service usually involves no tangible or concrete articles.

521200 Professional Services. Includes all fees for the retention of professional or technical services provided by outside individuals, organizations or firms including legal and auditing services.
522200. Repairs and Maintenance. Includes all fees for the repair and maintenance of city facilities, communication equipment, machines, office equipment and vehicles.

522310 Rental of Land and Buildings. Includes all expenditures associated with renting space not owned by the City of Decatur.

522320 Rental of Equipment and Vehicles. Includes all costs associated with renting/leasing copiers, printers and similar equipment or vehicles needed for travel to out of state training.

522321 Auto Allowance. Includes all expenses involved in the compensation of city employees for use of private vehicle on city business.

522500 Other Contractual Services. Includes all services that cannot be reasonably allocated to any of the other services and charges accounts.

523101 Insurance - Awards. Includes all expenses involved in the payout of insurance claims.

523201 Postage. Includes all postage meter charges and other postage expenses related to the cost of outgoing city mail.

523202 Telephone. Includes all expenses involved in telephone service for city business.

523300 Advertising. Includes all costs of classified and legal advertising.

523400 Printing and Binding. Includes all costs of materials, printing or processing involved in the reproduction of items by an outside firm which items are specifically designed or reproduced for the use of a city department/division.

523600 Dues and Fees. Includes all costs involved in subscriptions to periodical magazines and professional publications as well as charges for dues to professional organizations.

523700 Education and Training. Includes registration and tuition expenses related to training courses and seminar costs. This account also includes funding for educational financial assistance for college and technical schooling related to the job.

523701 Business Meetings. Includes all expenses related to meals, lodging associated with authorized travel.

523800 Licenses. Includes all costs involved in obtaining professional certifications.

523911 Bank Charges. Includes all expenses related to the processing of credit card transactions for city business purposes.

SUPPLIES
Supplies includes all purchases of tangible parts, provisions and tools for replacement purposes and any new equipment purchases which are less than $5,000.

531101 Supplies – Building and Fixed Equipment. Includes all expenses involved in repairing and maintaining city facilities.

531102 Supplies – Janitorial. Includes all items used in cleaning and general custodial maintenance for city facilities.

531104 Supplies – Miscellaneous Maintenance. Includes all items for maintenance that cannot be reasonably allocated to any of the other supply accounts.

531105 Supplies – Office. Includes all office supplies designed for general use in any office.

531106 Supplies – Pesticides and Herbicides. Includes all purchases of fertilizers and insecticides used to maintain existing shrubbery and lawns.

531107 Supplies – Specialized Departmental. Includes all items for use in a department that cannot be reasonably allocated to any of the other supply accounts.
531108 Supplies – Tires and Batteries. Includes all items used to repair, maintain or replace tired on city vehicles and equipment.

531109 Supplies – Vehicles and Equipment. Includes all purchases of lubricants and expendable supplies used by motor equipment and vehicles.

531111 Computer Equipment. Includes all purchases of hardware less than $5,000. Examples include laptops, keyboards, mouse, flash drive and small multi-function printers.

531112 Computer Software. Includes all purchases of software less than $5,000 as well as the ongoing maintenance fees associated with software systems.

531113 Office Equipment and Furniture. Includes all purchases of minor furniture pieces having a cost less than $5,000 such as chairs, bookcases and file cabinets.

531114 Outdoor Furniture. Includes all purchases of minor furniture pieces for use outside having a cost less than $5,000 such as picnic tables, benches and pool deck chairs.

531115 Batteries. Includes all purchases of batteries for city equipment and vehicles.

531270 Gasoline. Includes all purchases of fuel used by motor vehicles and equipment.

531300 Food – Subsistence and Support. Includes all food purchases for whatever purpose.

531400 Books and Periodicals. Includes all single issue purchases of copies of magazines, books, pamphlets and training manuals.

531500 Supplies – Purchased for resale. Includes all items purchased with city funds that are sold in concession stands and at retail locations.

531600 Small Equipment. Includes all purchases of minor equipment such as calculators, handheld radios, chainsaws, etc. having a value of less than $5,000.

531700 Uniforms and Protective Equipment. Includes all purchases of uniforms and work clothing.

**CAPITAL OUTLAY**

Capital outlay includes the purchase of furniture, fixtures, equipment, machinery, software and infrastructure improvements which an original cost of over $5,000 and a life span of more than two years. Such items should represent an addition to the new worth of the City. Included below are the number and name of each capital line item presently in use.

541100 Sites.

541101 Right of Way.

541200 Site Improvements.

541300 Buildings.

541301 Building Improvements.

541400 Infrastructure.

542100 Machines, Motors and Power Tools.

542101 Communications Equipment.

542102 Office Machines/Equipment.

542200 Vehicles.

542301 Outdoor Furniture and Equipment.
Fund Balance
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 unassigned, formerly ‘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 June 2011, the City Commission amended the city’s financial policies to reflect new fund balance requirements under the Governmental Accounting Standards Board (GASB) Statement 54. The five classifications of fund balance can be found in the financial policies in Appendix C.

In the fiscal year ending June 30, 2018, the general fund balance totaled $10,530,950 or 36% of the 2018-2019 revised operating budget. This was an increase of $814,608 from the previous year’s fund balance. In the Revised 2018-2019 budget estimates, the city has budgeted to use $1,139,120 of fund balance. In the FY 2019-2020 budget estimates, the city has budgeted to use $2,316,440 of fund balance. The City has identified expenditures totaling just over $1,897,320 that are one-time, non-recurring expenditures which is a proper use of fund balance and consistent with the City’s fund balance policy. The use of fund balance includes a non-recurring transfer to the Stormwater fund to be used for system repairs at Allen Wilson Terrace. Fund balance is estimated to be $7,075,420 at the end of FY 19-20 or 25% of the adopted operating budget.

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 at least three years of actual performance 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 guided
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

In the spring and summer of 2010, the process was repeated with 1,500 stakeholders and the 2010 Strategic Plan was adopted in March 2011. The three core principles from the 2000 plan were updated and a fourth was added. For internal purposes, city staff developed a fifth principle that recognizes the need for a city organization to support and achieve the other strategic plan principles.

A. Manage Growth While Retaining Character
B. Encourage a Diverse and Engaged Community
C. Serve as Good Stewards of the Environment and Community Resources
D. Support a Safe, Healthy, Lifelong Community
E. Provide the Necessary Support within City Government to Achieve the Vision and Goals of the Community

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. Funding to initiate the 2020 Strategic Plan process is included in the fiscal year 2019-2020 budget.

**Community Engagement**

Each budget season, the city invites interested citizens to participate in discussions of the budget process. These community budget gatherings were first held in 2002. Because of the success and contribution of these meetings to the budget process, the city continues to invite active citizen participation in the budget process through these community gatherings. The goal of the community budget gatherings 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.

Starting in 2013, the city has held an annual Budget Expo or ‘Touch a Budget’ event. At this event, structured much like a science fair or vendor expo, city staff set up stations representing each strategic plan principle and display equipment, documents and other materials that are in the proposed budget and support each strategic plan principle. The public is invited to attend and visit each principle area to learn more about the budget requests and how they support the city’s overall strategic vision. This offers an informal setting for citizens to meet employees from all departments and engage in a dialogue about City services and programs.

**Budget Reporting**

State law requires that the budget be posted on the Tax and Expenditure Data (TED) website maintained by the Carl Vinson Institute of Government. In addition to complying with that State law, the city also posts the budget on the city website and makes hard copies available at multiple locations within the city.
Budget Schedule Fiscal Year 2019-2020

January 22  Budget Memo and Schedule to Departments
February 22  Department Proposed and Revised Budget Requests due by 5 pm
February 26  CIP Requests and VBB-Strategic Plan Principles Due
March 6     Strategic Plan Principles Narrative Teams begin working
March 8     BUDGET REVIEW MEETING-DEPARTMENT HEADS
March 13    Personnel Estimates and Health Insurance Estimates Due
March 18    City Commission Adopts Billing Ordinance
March 19    BUDGET EXPO
March 22    Budget Request Follow-up
March 26    10 Year Capital Plan Drafting
April 1     Tax Bill Mailing Deadline
April 3     Revenue Projections Due
April 3     Prepare Notice for Decatur FOCUS
April 5     Strategic Plan Principles Narratives Due
April 19    Draft Proposal to City Manager (tentative)
April 26    Preliminary Budget Complete
May 9      Public Hearing Announcements to Legal Organ
May 16     Budget delivered in City Commission packet
May 20     Presentation of Budget to Commission and Adoption of Tentative 2019 Millage Rates
May 16, 23, 30  Public Hearing Ads Published in Legal Organ
June 3     Work Session and Public Hearing on Budget and Millage Rates
June 10    Public Hearing on Budget and Millage Rates (if necessary)
June 17     Public Hearing on Budget and Millage Rates,
             Adoption of FY 2019-2020 Budgets and Revised 2018-2019 Budgets, and
             Adoption of Final 2019 Millage Rates