

Understanding the Budget Process

What is a Budget?

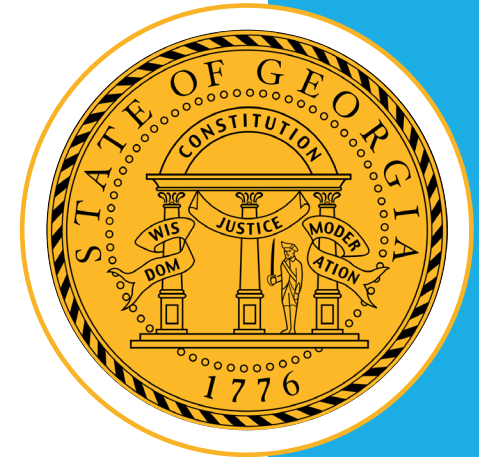
- A legal document that serves as a financial plan for a fiscal year.
- A plan listing proposed expenditures with a means of paying for them with anticipated revenues.



State Requirements

By ordinance or resolution.....

- Establish fiscal year
- Adopt a balanced budget for:
 - General Fund
 - Special Revenue Funds
 - Debt Obligation Funds
 - Capital Projects Funds – project length



Proprietary Funds

Cities are encouraged to adopt a budget for all funds:

Enterprise Funds

- Water/Sewer
- Electric
- Natural Gas
- Telecommunications
- Cable Television
- Solid Waste

Budget Stakeholders

- Elected Body
- City Staff/Departments
- Residents
- Business Owners
- Customers
- Non-Profit Organizations/Authorities
- Creditors/Investors
- State & Federal Government



Fund Requirements

Each fund requires its own financial accounting system. A fund can have multiple sources of revenue and multiple departments.

Accounting classifications and descriptions must follow the Uniform Chart of Accounts as state law requires.

For Example

- Fund 100
- Department 32000
- Account 51.1100
- General Fund
- Police Department
- Salaries & Wages

<https://www.dca.ga.gov/node/6464>



PROGRAM GOALS

- Standardize Accounting Methods
- Unify Financing Codes
- Better Facilitate Comparability of Financial Information
- Improve Reporting Tactics for Local Governments and Authorities

PROGRAM BENEFITS

- Standardized accounting coding for all revenue and expenditure types and accounting for statements of local governments' financial position, debt maintenance, and fund types
- Standardizes accounting definitions and coding structure for comparison of financial statements across Georgia's local governments
- Developed in accordance with industry pronouncements and updated periodically to address evolving needs, resources, and challenges facing local government finance leaders and staff

Program Overview

In 1997, the Georgia General Assembly passed the Local Government Uniform Chart of Accounts (UCOA) and Reporting Act (HB491). This Act called for the Georgia Department of Community Affairs (DCA) to develop a uniform chart of accounts to be used by local governments in the state. All of Georgia's county and municipal governments, and organizations controlled by them, are required to comply with the provisions set forth in the uniform chart of accounts. While independent authorities are not required to use the uniform chart of accounts, DCA encourages them to do so to better facilitate the comparability of financial information provided to DCA and other users.

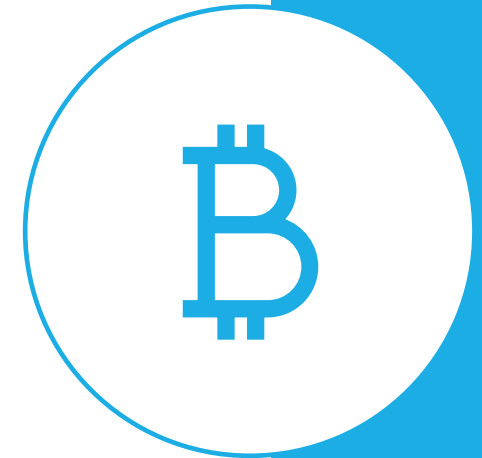
Budget Requirements

- Georgia law provides the minimum level of control at the department level, but governments can adopt policies specifying control at a more detailed level.



Who Prepares the Budget?

- A budget officer is usually specified in the city's charter or ordinance; or
- The governing authority may appoint a budget officer, or if there is no budget officer
- The governing authority shall perform the duties of the budget officer.



Where do I Start?

- Develop a budget policy and have the policy adopted by the Mayor and Council
- The policy may include:
 - Budget Calendar
 - Budget Development Process
 - Budget Review Process
 - Amending the Budget
 - Reserve Policy
 - Debt Policy



Budget Preparation



Historical data can be used as a guide for making budget projections.



Be realistic with budget amounts and consider any outside factors that may affect the budget.



Assess community needs



Review Comprehensive Plan



Evaluate internal operations and needs



Budget Preparation

- Department heads should be included in the budget preparation process for determining any increase or decrease in their expense categories.
- A budget worksheet may be used, which shows a history of year-to-date expenses for each line item in the departmental budget.

A group of police officers in uniform are standing outdoors. One officer in the foreground is wearing a helmet and has "POLICE" on his back. Another officer is wearing a cap and has "POLICE" on his back. A man in a dark shirt is talking to them. In the background, there is a building with a sign that says "Bank of America".

Budget Preparation

- Law Enforcement agencies must submit an annual report with the budget request itemizing any property and money received under seizure and forfeiture during the fiscal year and the utilization made thereof.
- Submit a copy of this report and your adopted budget to the Carl Vinson Institute of Government website.
<https://ted.cviog.uga.edu/financial-documents/>



Budget Preparation

- Provide supporting information and justifications for any increase or decrease in revenues and expenditures.
- Include footnotes or supplemental information, if needed, explaining what is included in each account classification.

Sample Budget Worksheet- Revenues

GENERAL FUND REVENUE						
		<u>2022 Budget</u>	<u>2022 Actual</u>	<u>2023 Budget</u>	<u>2023 YTD</u>	<u>Proposed 2024</u>
31.3100 · Local Option Sales Tax		\$200,000.00	\$215,810.33	\$200,000.00	\$109,947.00	
31.6200 · Insurance Premium Tax		35,000.00	\$30,000.00	35,000.00		
31.1700 · Franchise Tax		26,540.00	\$33,409.79	26,540.00	\$25,523.00	
31.4200 · Beer / Wine Tax		12,900.00	\$10,279.53	12,900.00	\$3,728.00	
31.1340 · RE Transfer & Intangible		200	\$63.64	200	\$15.00	
31.6100 · Business & Occupation Tax		6,250.00	\$5,207.50	3,650.00	\$2,620.00	
32.3100 · Building Permit Fees		992	\$590.22	500		
	Total:	\$281,882.00	\$295,361.01	\$278,790.00	\$141,833.00	

Sample Budget Worksheet- Expenditures

General Fund Expenditures						
STREET		<u>2022 Budget</u>	<u>2022 Actual</u>	<u>2023 Budget</u>	<u>2023 YTD</u>	<u>Proposed 2024</u>
51.1100 · Salaries - Street		\$40,000.00	\$43,216.06	\$40,000.00	\$25,511.00	
52.1000· Street - Contract Fees		2,500.00	\$940.75	2,500.00	\$1,063.00	
52.3900· Special Events - Arbor Day		1,000.00	\$339.90	1,000.00	\$475.00	
53.1270 · Street - Auto / Truck - Fuel		3,200.00	\$2,120.97	3,200.00	\$2,180.00	
52.2200 · Street - Auto / Truck Repairs		5,000.00	\$4,084.05	5,000.00	\$2,262.00	
53.1000· Street - Supplies		3,500.00	\$1,267.37	3,500.00	\$1,313.00	
53.1700 · Street - Other		3,500.00	\$500.00	2,000.00	\$162.00	
53.1230. Street lights		4,200.00	\$3,429.00	4,200.00	\$3,816.00	
52.2320. Street Rental of Equip		2,500.00	\$256.81	2,000.00		
	Total:	\$65,400.00	\$56,154.91	\$63,400.00	\$36,782.00	

General Fund Revenues

REVENUES		2023 Budget	2023 Est. YE	2024 Budget	NOTES	2024 vs. 2023
¹ 31.1100	AD VALOREM TAXES-CURRENT	\$ 353,000.00	\$ 369,038.72	\$ 353,000.00	Averaged past 3 yrs	\$ -
² 31.1110	UTILITY TAXES	\$ 20,000.00	\$ 28,227.42	\$ 20,000.00	brought in more in 2012 from settled appeals	\$ -
³ 31.1201	AD VALOREM TAXES-DELINQNT	\$ 20,000.00	\$ 20,822.77	\$ 20,000.00		\$ -
⁴ 31.1310	AUTO TAXES	\$ 24,000.00	\$ 26,366.18	\$ 24,000.00		\$ -
⁵ 31.1320	MOBILE HOME TAXES	\$ 13,000.00	\$ 4,194.74	\$ 3,500.00	\$418,436@10.75 mills=\$4500 billed/collect \$3500	\$ 9,500.00
⁶ 31.1600	REAL ESTATE TRANSFER TAX	\$ 200.00	\$ 475.38	\$ 350.00	Averaged past 3 yrs	\$ (150.00)
⁷ 31.1601	INTANGIBLE TAXES	\$ 8,000.00	\$ 7,888.20	\$ 8,000.00		\$ -
⁸ 31.1700	FRANCHISE TAXES	\$ 158,000.00	\$ 168,020.63	\$ 165,000.00	averaged 3 years for each company	\$(7,000.00)
⁹ 31.3100	SALES TAX	\$ 363,000.00	\$ 301,310.30	\$ 330,000.00	averages 3 years=27500/month	\$33,000.00
⁰ 31.3101	HOTEL MOTEL TAX	\$ 9,000.00	\$ 10,125.91	\$ 10,000.00	approx. \$833/mth	\$(1,000.00)
¹ 31.4200	BEER & WINE TAXES	\$ 50,000.00	\$ 52,999.51	\$ 50,000.00	est. \$4100/mth	\$ -
² 31.6100	BUSINESS LICENSES	\$ 26,000.00	\$ 32,381.04	\$ 32,000.00	list of major payers/ averaged	\$(6,000.00)
³ 31.6200	INSURANCE PREMIUM TAXES	\$ 155,000.00	\$ 115,196.72	\$ 115,000.00	based on population; went down after change	\$40,000.00
⁴ 31.9100	PENALTIES & INTEREST	\$ 1,600.00	\$ 5,551.55	\$ 5,600.00	penalties for taxes, biz lic, etc.	\$(4,000.00)
⁵ 32.2110	BUILDING/MOBILE HOME PERM	\$ 3,500.00	\$ 1,749.00	\$ 2,000.00	averaged lower years	\$ 1,500.00

Proposed Budget Review

- The proposed budget shall be submitted to the governing authority.
- At the time the budget is submitted for consideration to the governing authority, a copy must be made available to the public and be made available, upon request, to the news media.



Budget Availability & Public Hearing



- The notice of the availability of the proposed budget and the public hearing notice may be combined into one publication.
- The governing authority may have more than one public hearing before adopting the budget.

Budget Public Hearing



- A public hearing on the proposed budget must be held at least one week prior to the council meeting where the proposed budget is scheduled for adoption.
- The notice of the time and place of the public hearing shall be placed in the newspaper of general circulation in an ad or news article at least one week prior to the public hearing.

Budget Adoption

- The budget must be adopted by resolution or ordinance at a public meeting where notice of the adoption was placed in the newspaper at least one week prior to the meeting.
- The public meeting notice may also be included with the public hearing notice.



SAMPLE PUBLIC HEARING NOTICE

The City of _____ will conduct a public hearing on December 1, 2023, at 1:00 p.m. in the conference room at City Hall to present the proposed operating budget for the coming year. This includes the budget for the City's General Fund for the period of January 1, 2024 to December 31, 2024. A copy of the proposed budget summary and complete proposed budget are available for public inspection during regular business hours at City Hall and posted on the bulletin board in City Hall. The adoption of the 2024 Budget Resolution is scheduled for December 15, 2023, at 11:00 a.m. in the council chambers at 134 Malone Street.

BUDGETED REVENES:	OPERATING	SPECIAL REVENUE	TOTAL
Property Taxes	\$519,700.00		\$519,700.00
Local Option Sales Tax	\$960,000.00		\$960,000.00
Other Taxes	\$215,800.00	\$40,000.00	\$255,800.00
Licenses & Permits	\$85,800.00		\$85,800.00
Intergov't Revenue	\$142,000.00		\$142,000.00
Ins. Premium Tax	\$250,000.00		\$250,000.00
Utility Franchise	\$830,000.00		\$830,000.00
Fines	\$90,000.00		\$90,000.00
Other Revenue	\$40,300.00		\$40,300.00
Other Sources	\$845,584.00		\$845,584.00
Fund Balance	\$200,000.00		\$200,000.00
TOTAL	\$4,179,184.00	\$40,000.00	\$4,219,184.00
BUDGETED EXPENDITURES:			
Elected Officials	\$83,050.00		\$83,050.00
City Administration	\$346,200.00		\$346,200.00
Building Safety	\$99,700.00		\$99,700.00
Planning & Zoning	\$8,950.00		\$8,950.00
Mainstreet	\$54,500.00	\$20,000.00	\$74,500.00
Public Works - Street Dept.	\$815,300.00		\$815,300.00
Cemetery	\$62,500.00		\$62,500.00
Recreation	\$35,700.00		\$35,700.00
Public Safety - Police Dept.	\$1,293,100.00		\$1,293,100.00
Municipal Court	\$89,100.00		\$89,100.00
Animal Control	\$110,450.00		\$110,450.00
Public Safety - Fire Dept.	\$434,900.00		\$434,900.00
General Government	\$745,734.00	\$20,000.00	\$765,734.00
			\$0.00
TOTAL	\$4,179,184.00	\$40,000.00	\$4,219,184.00

Resolution to Adopt Budget

WHEREAS, sound governmental operations require a budget in order to plan the financing of services for the residents of the City of _____; and

WHEREAS, Title 36, Chapter 81, Article 1 of the Official Code of Georgia Annotated (OCGA) requires a balanced budget for the City's fiscal year, which runs from January 1 to December 31 of each year; and

WHEREAS, the Mayor and City Council of the City of _____ have reviewed the proposed FY 2024 general fund budget as presented; and

WHEREAS, a public hearing was held on the proposed budget;

NOW THEREFORE, the Mayor and City Council wish to adopt this proposal as the Fiscal Year 2024 Annual General Fund Budget, effective from January 1 through December 31.

So adopted this 15th day of December, 2023.

RESOLUTION #2023-31: A RESOLUTION TO ADOPT THE FISCAL YEAR 2024 BUDGET FOR EACH FUND OF THE CITY OF

WHEREAS, Title 36, Chapter 81, Article 1 of the Official Code of Georgia Annotated (OCGA) requires a balanced Budget for the City's fiscal year, which runs from January 1st to December 31st of each year; and

WHEREAS, the Mayor and City Council have reviewed the proposed FY 2024 Budget as presented by the City Administrator; and

WHEREAS, each of these funds is a balanced budget, so that anticipated revenues and other financial resources for each fund equal the proposed expenditures or expenses; and

WHEREAS, the Mayor and City Council wish to adopt this proposal as the Fiscal Year 2024 Annual Budget;

NOW THEREFORE, BE IT RESOLVED by the Mayor and City Council of the City of ____, Georgia as follows:

Section 1. The proposed Fiscal Year 2024 Budget, attached hereto and incorporated herein as a part of this Resolution, is hereby adopted as the Budget for the City of ____, Georgia for Fiscal Year 2024, which begins January 1, 2024 and ends December 31st, 2024.

Section 2. The "legal level of control" as defined in OCGA 36-81-2 is set at the departmental level, meaning that the City Administrator, in her capacity as Budget Officer, is authorized to move appropriations from one line item to another within a department, but under no circumstances may expenditures or expenses exceed the amount appropriated for a department without a further Budget amendment approved by the Mayor and City Council.

Section 3. All appropriations shall lapse at the end of the fiscal year.

Section 4. The proposed Capital Improvements Program presented is hereby adopted as the City of ____ Capital Improvements Program for FY 2024-FY 2029. This Program is hereby adopted as the City's long-term financial plan unless further amended by resolution of the Mayor and City Council.

Section 5. This Resolution shall be and remain in full force and effect from and after its date of adoption.

Adopted this 15th day of December, 2023



Budget Amendments

Unless otherwise provided by charter or local law, any appropriation increase at the local government's legal level of control, whether accomplished through a change in anticipated revenues or through the transfer of appropriations among departments, shall require a budget amendment approval by resolution or ordinance.

Budget Amendments



- Transfers of appropriations within any fund below the local government's legal level of control shall require only the approval of the budget officer unless otherwise designated by the council.
- Spending more money than the budget allows for is a violation of the law.

RESOLUTION #2023-XX: A RESOLUTION TO ADOPT THE FIRST AMENDMENT TO THE FISCAL YEAR 2023 BUDGET FOR EACH FUND OF THE CITY OF GEORGIA, APPROPRIATING THE AMOUNTS SHOWN IN EACH BUDGET AS EXPENDITURES/EXPENSES, ADOPTING THE SEVERAL ITEMS OF REVENUE ANTICIPATIONS, AND PROHIBITING EXPENDITURES OR EXPENSES FROM EXCEEDING THE ACTUAL FUNDING APPROPRIATED

WHEREAS, Title 36, Chapter 81, Article 1 of the Official Code of Georgia Annotated (OCGA) requires a balanced Budget for the City's fiscal year, which runs from January 1st to December 31st of each year; and

WHEREAS, the Mayor and City Council have reviewed a proposed First Amendment to the Budget from the City Administrator that includes some revenues/financing sources and expenditures/expenses not anticipated in the original Budget; and

WHEREAS, each of these funds is a balanced budget so that anticipated revenues and other financial resources for each fund equal the proposed expenditures or expenses and any transfers and

WHEREAS, the Mayor and City Council wish to adopt this First Budget Amendment for Fiscal Year 2023;

NOW THEREFORE, BE IT RESOLVED by the Mayor and City Council of the City of _____, Georgia as follows:

Section 1. The proposed changes to the budget, attached hereto as Attachment #1 and incorporated herein as a part of this Resolution, are hereby adopted as the First Budget Amendment for the City's Fiscal Year 2023 Budget.

Adopted this _____ day of _____. _____

Section 1. That the City of ██████████, Georgia hereby amends the budget for the Fiscal Year 2017, said budget being described below;

	Total Budget
Theater Demolition	163,750
██████████ City Hall Buildout	12,683,825
North Peachtree Off Ramp	20,000
Brook Run Extension Baseball Fields	4,601,918
Winters Chapel Multiuse Trail Phase 1 Partial Funding	50,000
██████████ Nature Center Pavilion	200,000
Police Vehicle Replacement Fund	100,000
North Shallowford Buildout	100,000
Great Lawn and Ballfields at Brook Run (design)	350,000
Track & Football Field Maintenance	(14,584)
City Use of Track & Football Field	72,360
DCBOE Use of Brook Run Extension	(45,000)
2017 HOST Revenue	(1,455,748)
Use of Prior Year HOST Reserves	(1,722,583)
Remaining City Hall Debt Proceeds (Fund Reserves)	(1,743,146)
DCBOE Swap Proceeds	(3,600,000)
Cash Reserves	(1,603,938)
Less Amount Paid in 2016 from Debt Proceeds	(8,156,854)

Section 2. That any increase or decrease in appropriations or revenue of any fund or for any department; the establishment of new capital projects other than those exceptions provided for herein, shall require approval of the City Council; and

Section 3. That the City Manager and his/her designee may promulgate all necessary internal rules, regulations, and policies to ensure that this Budget Resolution is followed.

SO RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF

[REDACTED] GEORGIA this the 9th day of October, 2017.

Approved:

[REDACTED]

Attest:

[REDACTED] City Clerk

Seal

Approved as to Form and Content

City Attorney

Adopted Budget Requirement

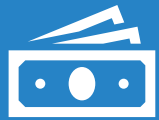
Local government budgets that total \$1 million in expenditures must submit a copy of their budget to the Carl Vinson Institute of Government within 30 days of adoption.

O.C.G.A 36-80-21

<https://ted.cviog.uga.edu/financial-documents/>



Budget Reviews

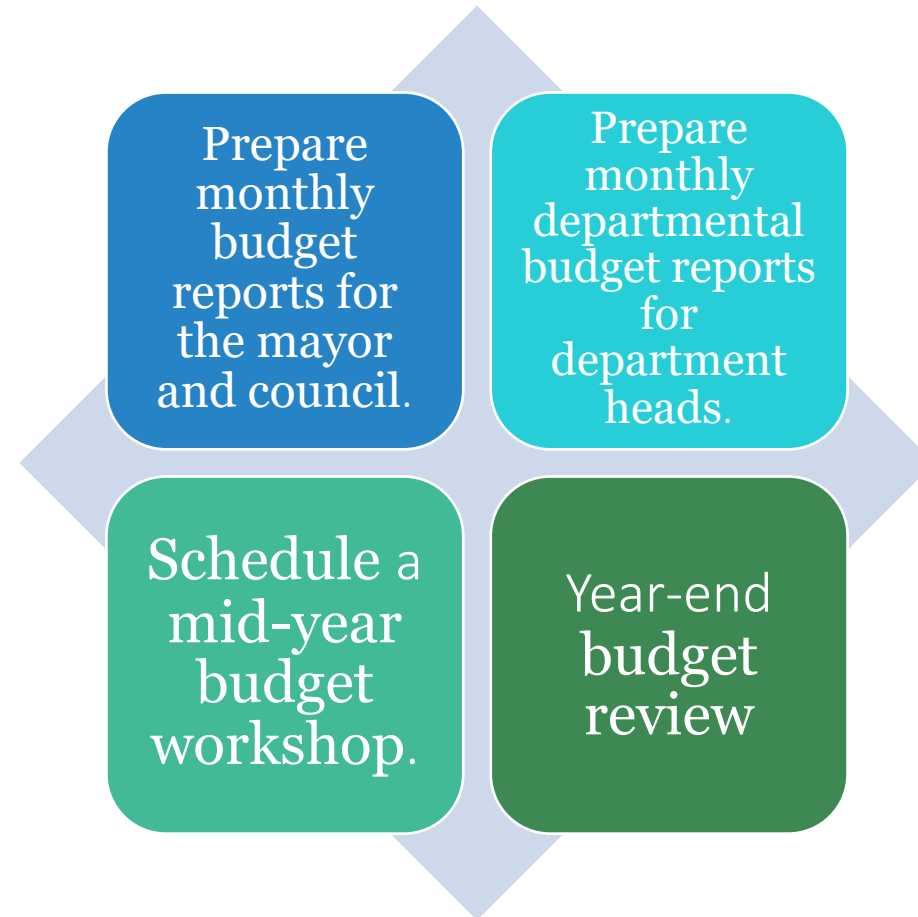


Monitor revenue and expense items to determine if a budget amendment will be needed.



Run a monthly detailed financial report by account classification to proof for any errors in classification coding.

Budget Reviews





AUDIT

Audit Requirements

- Effective July 1, 2019, local governments in Georgia having annual expenditures of \$550,000 (previously \$300,000) or more are required to have an annual audit. Local governments with less than \$550,000 (previously \$300,000) in expenditures may elect, in lieu of an annual audit, to provide for an annual report of agreed-upon procedures or a biennial audit covering both years.
- Provide a copy within 180 days of the fiscal year ending to the Dept of Audits and upload a copy to the Carl Vinson Institute of Government website

Budget Checklist



Adopt Budget Policy or review existing policy.



Prepare the Budget Calendar.



Distribute department worksheets.



Prepare revenue and expenditure data.



Proposed budget document prepared and submitted to the council.



Notify the public of its availability – post on the website.

Budget Checklist Continued

Schedule and advertise

Schedule and advertise public hearing information and a meeting date of budget adoption at least 7 days prior to the public hearing.

Hold

Hold a public hearing at least 7 days prior to the meeting where the budget will be adopted.

Adopt

Adopt the budget.

Upload

If total combined expenditures are \$1 million or more, upload the budget to the CVIOG website.

Budget Laws

State of Georgia

TITLE 36. LOCAL GOVERNMENT PROVISIONS APPLICABLE TO COUNTIES, MUNICIPAL CORPORATIONS, AND OTHER GOVERNMENTAL ENTITIES

CHAPTER 81. BUDGETS AND AUDITS

ARTICLE 1. LOCAL GOVERNMENT BUDGETS AND AUDITS

O.C.G.A. § 36-81-3 (2012)

Budget Resources

Georgia Department of Audits

<http://www.audits.ga.gov/NALGAD/resource.html>

The Handbook for Georgia Mayors &
Councilmembers

<http://www.gmanet.com/Handbook.aspx>

A Budget Guide for Georgia Municipalities

<https://www.gacities.com/Resources/GMA-Handbooks-Publications/A-Budget-Guide-for-Georgias-Municipalities.aspx>

Budget Resources

Compliance Auditing in Georgia Counties and
Municipalities – 2024 edition

<https://cviog.uga.edu/publications/compliance-auditing-publication.html>

Georgia Government Finance Officers
Association

www.ggfoa.org



Budget Resources

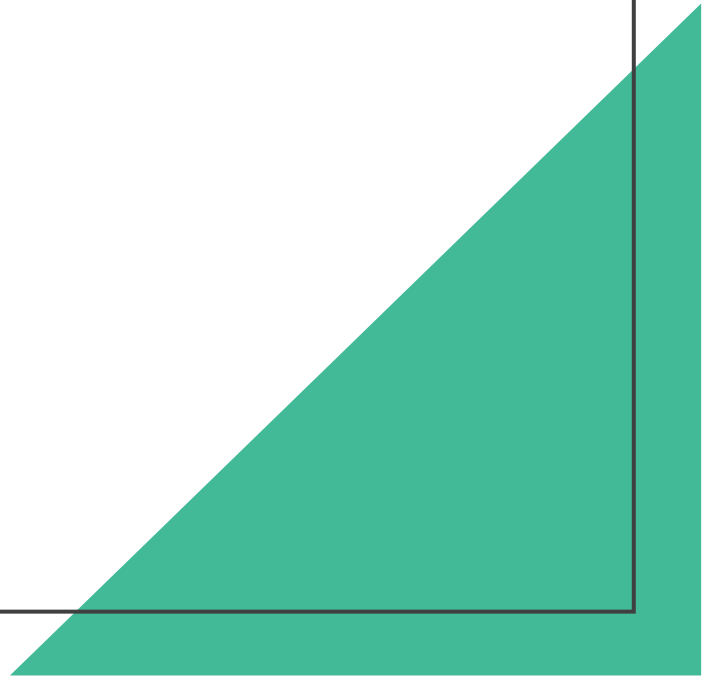
Department of Community Affairs
Uniform Chart of Accounts

<https://www.dca.ga.gov/local-government-assistance/research-surveys/uniform-chart-accounts-ucoa>

City Clerks Handbook

<https://www.gacities.com/Resources/GMA-Handbooks-Publications/City-Clerk-Handbook.aspx>

Time for Q&A:



Pam Helton
Director of Member Services
phelton@gacities.com
(478) 232-0939

Sherrri D. Bailey
Member Services Consultant
sbailey@gacities.com
(470) 755-1357