



Policies & Procedures

POLICIES AND PROCEDURES

The development and management of the City of Albany's annual budget is governed by both formal policies and by accepted practices. A number of pertinent policies and practices are outlined in this section. In addition, this section includes summary information that was provided to the City Commission during the annual budget process. The City's complete Financial Management Policy manual is located under the Finance Department tab on the City's website <http://www.albanyga.gov/>

BUDGET DEVELOPMENT AND ADOPTION

The budget process began in January 2019 with the Finance Department preparing the FY 2020 revenue projections and updating the budget request forms and the instructions to be used by City departments.

Once these tasks were completed, the annual budget meeting was held in February 2019 and each department was given its FY 2020 budget package. The City Manager conducted budget hearings with each department head to review all budget requests and to prioritize each department's requests. The budget process included an opportunity for department heads to make a presentation to the Mayor and Board of City Commissioners highlighting their FY 2020 budgetary needs. The presentations provide the Board with a great deal of insight as to how priorities might be met, if required.

After the budget hearings were completed, the City Manager again reviewed and analyzed each request to formulate the recommended budget. Recommendations were based on historical data, a decreased revenue base, and justification of budgetary needs as provided by the department heads, input from the Mayor and Board of Commissioners, and special circumstances that were anticipated to occur during the fiscal year. In addition, the City Manager's recommendations were based on what was reasonable and necessary for departments to operate efficiently and effectively and to maintain, at a minimum, the current level of service.

In order to promote citizen participation, a public hearing for the budget was advertised and held June 11th. This hearing was designed to allow public input into the FY 2020 budget before its adoption. The recommended budget was submitted to the Mayor and Board of City Commissioners on May 14th.

After extensive work by the City Manager and the budget preparation staff, the FY 2020 budget was adopted on June 26, 2019. Notification of the budget adoption was advertised in the local newspaper and a copy was placed on file in the City Clerk's office as required by State law. The approved budget, which is controlled and maintained by the Finance Department, was then added to the computerized budgetary and actual financial reporting system on June 29, 2019. The new fiscal year began July 1, 2019.

BUDGET MANAGEMENT PROCESS

Monthly financial reports are emailed to the City’s Department Heads. These reports are also published on the City of Albany’s website. As the fiscal year progresses, monthly meetings are conducted to review budget to actual revenues and expenditures with those departments needing attention. Expenditures are projected to fiscal year end, which helps management determine if their current spending trends need to be modified in order to change their departments’ projected outcome.

Since a budget is an estimated financial plan, the existing budgetary process also allows for budget transfers throughout the fiscal year. The line item transfers do not change the amount appropriated. It is the responsibility of each department/division to control expenditures and to expend funds only for items that have been budgeted; however, due to unforeseen emergencies, a system is in place to accommodate changing needs.

BASE BUDGETING

Annual budgets are legally adopted for the General Fund, Special Funds, Internal Services Fund, and Enterprise Funds. This budget is balanced in accordance with Georgia law (OCGA 36-81-3(B) (3)) that states that, “a budget ordinance or resolution is balanced when the sum of estimated revenues and appropriated fund balances is equal to appropriation.” Department and division expenditures are summarized as personal services and operating expenses. All budgets begin with the basic cost to maintain personal services while preserving the current level of service. Operating expenses and capital outlay are then allocated to departments for delivery of service.

FUND ACCOUNTING

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equities, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds in this budget are grouped into generic fund types and two broad fund categories as follows:

GOVERNMENTAL FUNDS

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources, except those with other fund accounting requirements.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds - Debt Service Funds are used to account for debt service transactions for bonds and other debts issued by the City and by ADICA.

Capital Projects Funds - Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). Capital is defined as any one asset valued at \$5,000 or more and has a useful life of more than one year.

PROPRIETARY FUNDS

Enterprise Funds - Enterprise Funds are used to account for operations: (1) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, or accountability of other purposes.

Internal Service Funds - The Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis.

BASIS OF ACCOUNTING

The budgeting and basis of accounting policies of the City of Albany conform to generally accepted accounting principles (GAAP) as applicable to governments. The basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. All Governmental Fund Types, Expendable Trust Funds, and Agency Funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available).

“Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers revenues as available if they are collected within 60 days after year-end. Those revenues considered susceptible to accrual are property taxes, charges for services, sales taxes, fines, forfeitures, interest income, and intergovernmental grants. Revenues from licenses and permits and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received.

In applying the susceptible-to-accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used for guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based on the expenditures recorded. In the other type, monies are virtually unrestricted as to purpose of expenditure and are nearly irrevocable (i.e., revocable only for failure to comply with prescribed compliance requirements, such as equal employment opportunity). These resources are reflected as revenues at the time of receipt or earlier if they meet the criteria for availability.

Expenditures are generally recognized under the modified accrual basis of accounting when the related liabilities are incurred. Exceptions to this general rule include: (1) accumulated unpaid vacation, judgments, and claims which are not expected to be paid out of “available spendable resources”; (2) principal and interest on general obligation long-term debt which are recognized when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year; and (3) inventory of materials and supplies which are recorded as expenditures when they are consumed.

Proprietary Fund Types and the Pension Trust Fund utilize the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The following is a summary of the more significant policies.

BASIS OF BUDGETING

The City of Albany employs the cash plus encumbrance method as its basis of budgeting for governmental funds. Revenue for the governmental funds is recognized when it is actually received in cash and encumbered amounts are treated as expenditures under this method. The City uses the accrual method as its basis of budgeting for proprietary funds. Under this method, revenues are recognized in the accounting period in which they are earned, and expenses are recognized in the period in which they occur. The City deviates from Generally Accepted Accounting Principles (GAAP), and its basis of accounting stated in its audited financial statements, in the following areas as well:

- The fair value of investments is not treated as adjustments to revenue
- Some component units are excluded in this budget document- Albany-Dougherty Inner City Authority (ADICA), Downtown Development Authority (DDA), and Chehaw Wild Animal Park (CWAP) Authority
- Some funds are excluded in this budget document- the Public Employees Group Health Plan, Risk Management Fund, and Workers' Compensation Fund
- The Enterprise Funds are allowed to have an unbalanced budget.

BUDGET AMENDMENT

The City of Albany's budget amendment/budget transfer process is regulated by the Official Code of Georgia (OCGA 36-81-3(d) (1)) and local policies. The level of control, or level at which expenditures may not legally exceed the budget, is at the department level in the State of Georgia (OCGA 36-81-2(14)). Any increase in appropriation in any department of local government, whether accomplished through a change in anticipated revenues in any fund or through a transfer of appropriations among departments, requires the approval of the governing authority (OCGA 36-81-3(d)(1)).

BUDGET TRANSFERS

The Finance Department can approve budget transfers up to \$10,000 without the City Manager's approval among various accounts within a department/division with the following exceptions:

1. No budget transfers are to be made between the Personal Services Budget and the Operations Budget.
2. No budget transfer will be made into or out of The Capital Improvement Fund.

Otherwise, any increase in appropriations in any fund for a department or through a budget transfer of appropriation among departments shall require the approval of the City Manager for amounts over \$10,000.

All budget transfers must be signed and justified by the Department Head. Requests will be considered based on the justification. All requests are to be submitted to the Finance Department, which will forward requests to the City Manager, if necessary.

All appropriations lapse at fiscal year-end except for Capital Improvement Projects if it takes longer to construct.

CAPITAL IMPROVEMENT PROGRAM

The Capital Improvement Program (CIP) is a five-year program that details anticipated expenditures as well as the proposed sources of funding. The General & Special Funds capital requests are defined as any one asset valued at \$5,000 or more that have a useful life of more than one year. They are funded through a minimum of 15% transfer of total sales tax from General Fund.

The capital requests for Enterprise Funds are funded by the amount budgeted for their depreciation. The first year of the CIP is incorporated into the annual budget. The subsequent or outlying years are updated and revised each year to reflect the changing needs and priorities of the department heads.

Except for Enterprise Funds, vehicles for the City are purchased through the Capital Improvement Fund. Purchases are handled with available resources on hand. If financing is necessary, vehicles are purchased through a lease pool agreement with the Georgia Municipal Association (GMA). The GMA offers a program to governmental entities whereby they can borrow funds from the Bank of New York Mellon to finance rolling stock equipment for a maximum of five years. This pool covers new equipment purchases and does not offer reimbursements for previously purchased equipment. Items other than rolling stock may be approved by submitting an application to the Bank of New York Mellon prior to requesting funds. The City of Albany is currently participating in the 1998 GMA Lease Pool Agreement.

DEBT SERVICE POLICY

The City of Albany updated its formal debt service policy in May 2018. The City shall comply with all requirements of the Official Code of Georgia Annotated (O.C.G.A.) Title 36 Chapter 82 and other legal requirements regarding the issuance of bonds and certificates of the City or its debt issuing authorities.

Specifically, the City of Albany has utilized both general obligation and revenue bonds to finance capital improvements too large to be financed from current revenues. Recent bond issues have sold with an "Aa3" rating from Moody's.

PURCHASING POLICY

The City Charter and State law set forth requirements for the expenditure of local government funds for the purchase of goods and services. Section 4, paragraphs 8 and 14 of the City Charter gives the City Manager the authority to make and execute all lawful contracts for

operations under her supervision. It provides that all purchases of \$5,000 and above and all repair and maintenance expenditures of \$10,000 must be formally bid. It further states that the City Commission must approve all purchases above \$100,000, except as may be otherwise provided by law or by ordinance.

Section 2.649 of the City Code gives the City Manager the authority to make purchases up to \$100,000 and repair and maintenance expenditures of up to \$100,000. Over this amount, the City Commission must grant approval. This section of the code also gives the City Manager the authority to sell surplus property up to \$5,000. The sale of surplus property valued over that amount requires prior Commission approval.

REVENUE AND EXPENDITURE POLICIES

An accepted but informal policy is that each component of the City's overall budget should be independent and self-sufficient. While recognizing that supplemented Enterprise Funds such as the Transit System, Civic Center, and Airport, would traditionally need some revenue subsidy from the General Fund, it has been determined that interfund dependency should be avoided between the General/Special Funds and the Self-Sustaining Enterprise Funds.

Another policy was formulated which stated that revenue and expenditures should be accounted for in the budget just as they would be set forth in the year-end audit. The result of this policy is to include non-cash revenue and expenditure items previously not included in adopted budgets but included in year-end audits.

CASH STABILIZATION POLICY

The scope of the cash stabilization policy is to establish a separate Cash Stabilization Fund by setting aside funds equal to 15% (5% stabilization fund, 10% working capital) of the current year's budgeted General Fund revenues. The goal is to maintain at least three months operating cost in liquid form. These reserve funds are a prudent way of maintaining a level of financial resources necessary to protect against short term borrowing for cash flow purposes and to have adequate funds available in the event of an emergency or catastrophe. Also, credit rating agencies carefully monitor the level of fund balances and unreserved fund balances in a government's general fund when evaluating that government's credit worthiness.

These reserve funds shall be secured in a manner that is consistent with the following principles, in the order listed:

1. Legality – all investments comply with state and local laws.
2. Safety – principal is protected from loss with secure investment practices and collateralization.
3. Liquidity – investments are readily converted to cash when needed without losses.
4. Yield or Return on Investment – earnings are maximized without diminishing the other principles.

Funds may be transferred from the working capital account to the City's General Fund operating account only with the prior approval of the City Manager, who will notify the City

Commission at the next available opportunity. No withdrawals from the cash stabilization fund shall be made without a resolution by the Commission. The cash stabilization fund must be replenished within five years following the year(s) in which it is used. The working capital must be replenished to its minimum level within one year of its use.

Fund Relationship Table

<i>Fund Description</i>	<i>Revenues</i>	Funding Sources								
		<i>General Fund</i>	<i>Solid Waste</i>	<i>Sewer</i>	<i>Hotel/Motel</i>	<i>Storm Water</i>	<i>Water</i>	<i>Gas</i>	<i>Light</i>	<i>Telecom</i>
<i>General Fund</i>	75.3%	-	1.3%	1.9%	0.4%	0.7%	1.5%	2.8%	15.7%	0.4%
<i>Capital Improvement Fund</i>	74.6%	25.4%	-	-	-	-	-	-	-	-
<i>Solid Waste</i>	100%	-	-	-	-	-	-	-	-	-
<i>Transit</i>	87.1%	12.9%	-	-	-	-	-	-	-	-
<i>Civic Center</i>	44.9%	55.1%	-	-	-	-	-	-	-	-
<i>Sewer</i>	100%	-	-	-	-	-	-	-	-	-
<i>CAD-911</i>	67.4%	32.6%	-	-	-	-	-	-	-	-
<i>Community Development</i>	100%	-	-	-	-	-	-	-	-	-
<i>R3M Fund</i>	50.0%	50.0%	-	-	-	-	-	-	-	-
<i>Grant Fund</i>	92.5%	7.5%	-	-	-	-	-	-	-	-
<i>Airport</i>	89.6%	10.4%	-	-	-	-	-	-	-	-
<i>Hotel/Motel</i>	100%	-	-	-	-	-	-	-	-	-
<i>Job Investment Fund</i>	100%	-	-	-	-	-	-	-	-	-
<i>Tax Allocation District</i>	100%	-	-	-	-	-	-	-	-	-
<i>SPLOST Funds</i>	100%	-	-	-	-	-	-	-	-	-
<i>TSPLOST Fund</i>	100%	-	-	-	-	-	-	-	-	-
<i>Storm Water</i>	77.5%	-	-	22.5%	-	-	-	-	-	-
<i>Water</i>	100%	-	-	-	-	-	-	-	-	-
<i>Gas</i>	100%	-	-	-	-	-	-	-	-	-
<i>Light</i>	100%	-	-	-	-	-	-	-	-	-
<i>Telecom</i>	100%	-	-	-	-	-	-	-	-	-
<i>Utility Internal Service Fund</i>	-	-	3.9%	4.0%	-	3.8%	24.5%	16.9%	38.4%	8.5%

Major Fund Descriptions

Major Governmental Funds

General Fund

The city's Primary Operating Fund accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Community Development

It accounts for the financial resources received from the HUD and loan programs which are restricted and committed to be used for the various operations of DCED.

Job Investment Fund

It accounts for revenues received from MEAG committed for expenditures related to economic development.

SPLOST Fund

It accounts for construction or acquisition of major capital facilities financed by Special Purpose Local Option Sales Tax proceeds.

Major Enterprise Funds

Sewer

It accounts for the provision of Sewer services to the residents of the City.

Airport

It accounts for the construction, operations, and maintenance of the Albany Airport and runways.

Water

It accounts for the water utility operations provided to the residents of the City.

Light

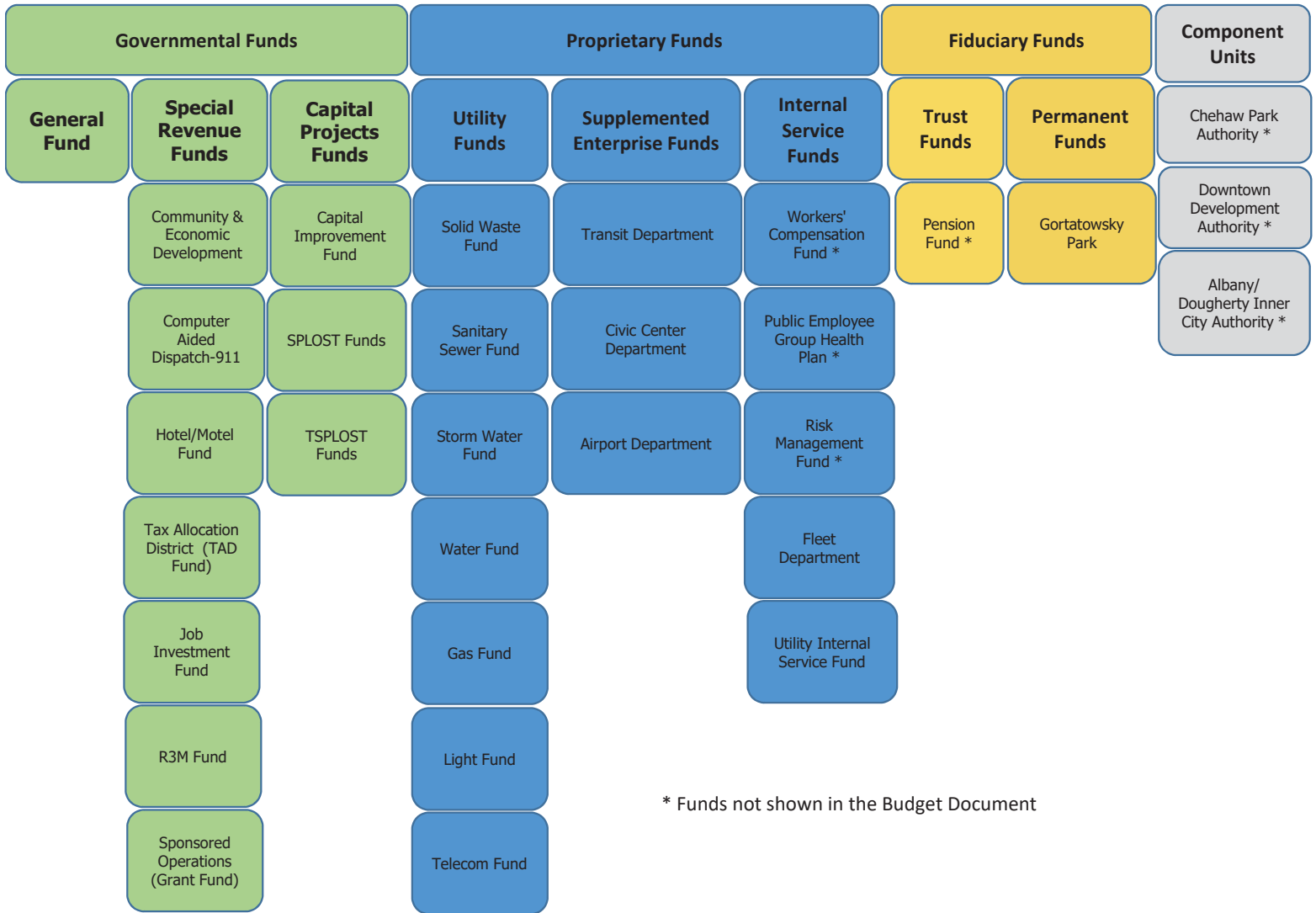
It accounts for the electric utility operations provided to the residents of the City.

Storm Water

It accounts for the storm water utility operations provided to the residents of the City.



FUND STRUCTURE



* Funds not shown in the Budget Document



FY 2020 BUDGET CALENDAR

Budget Activity	Action By	Completion Date
1. Budget Planning Session	City Manager/Finance Department	January 30
2. Completion of Budget Requests (including Revenue Projections)	Department/Division Heads	February 15
3. Verification & Audit of Departmental Requests	Finance Department	February 21
4. Review Analysis of Requests with Departmental Officials	City Manager/Finance Department	February 22 - March 22
5. Budget Summary	City Manager/Finance Department	March 29
6. Budget Overview Presentation	City Manager/Finance Department	May 14
7. Review Analysis of Requests with Departmental Officials	City Manager/Mayor/City Commission/Finance Department	May 28
8. Public Notices: Hearing of Proposed Budget	Finance Department	May 26, June 9
9. Public Hearing of Proposed Budget	Mayor/City Commission/Finance Department	June 11
10. Submit Revised Recommended Budget to Mayor/Commission	City Manager/Finance Department	June 12
11. Preparation of Budget Ordinance, Incorporating Final Changes by Mayor and City Commission	City Attorney	June 14
12. Adoption of 2019/2020 Budget	Mayor/City Commission	June 26



FY 2020 BUDGET MEETINGS

Department	Staff Review	Commission Review
General Government Fleet Management	Friday, February 22, 2019 10:00	
General Government (continued) Risk Management	Monday, February 25, 2019 10:00	
General Government (continued) Human Resources	Tuesday, February 26, 2019 9:00	
General Government (continued) Finance City Manager	Wednesday, February 27, 2019 3:30 4:00	
General Government (continued) Facilities Management	Thursday, February 28, 2019 1:00	
General Government (continued) Technology & Communications	Monday, March 4, 2019 9:00	
General Government (continued) City Attorney City Clerk Planning Engineering	Tuesday, March 5, 2019 10:00 11:00 1:30 3:00	
General Government (continued) License & Business Support Central Services Recreation Venue Management	Wednesday, March 6, 2019 9:30 11:00 1:30 3:00	
General Government (continued) Community/Economic Development Airport Transit	Thursday, March 7, 2019 10:30 1:30 3:30	
General Government (continued) Police Fire	Friday, March 8, 2019 10:00 2:00	
General Government (continued) Municipal Court	Tuesday, March 26, 2019 9:30	



FY 2020 BUDGET MEETINGS

Department	Staff Review	Commission Review
Utility Funds	Monday, March 11, 2019	
Customer Service	10:00	
Utility Funds (continued)	Tuesday, March 12, 2019	
Telecom	2:00	
Utility Funds (continued)	Wednesday, March 13, 2019	
Water	10:00	
Gas	1:00	
Light	3:00	
Utility Funds (continued)	Thursday, March 14, 2019	
Solid Waste	10:00	
Sewer	1:00	
Storm Water/R.O.W. Maint.	3:00	
Utility Funds (continued)	Friday, March 15, 2019	
Utility Management	9:30	
Marketing	11:00	
Energy Control/Service Techs	1:00	
HDD	2:30	
Vegetation Management	4:00	
Capital/R3M Requests	Friday, March 22, 2019	
Fleet Replacement	9:30	
Non-Rolling Stock/R3M	1:30	
Budget Summary	Friday, March 29, 2019	
	2:00	
Budget Overview (Commission Work Session)		May 14, 2019
Review Analysis of Requests with Departmental Officials		May 28, 2019
Budget Discussions/Public Hearing		June 11, 2019
Commission Consideration & Budget Adoption		June 26, 2019 6:00 p.m.