

**RESOLUTION #2006-15:  
A RESOLUTION ADOPTING FINANCIAL POLICIES FOR  
THE CITY OF STATESBORO, GEORGIA**

THAT WHEREAS, the City of Statesboro has developed a number of financial policies which guide the preparation and administration of the budgeting, accounting, investment, risk management, debt, auditing, and financial reporting functions of city government; and

WHEREAS, the Mayor and City Council have reviewed the Financial Policies proposed by the City Manager, and desire to adopt those policies;

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Statesboro, Georgia in regular session assembled this 16th day of May, 2006 that the financial policies included on the attached pages are hereby adopted as the Financial Policies for the City of Statesboro.

BE IT FURTHER RESOLVED that the City Manager is hereby directed to develop the annual proposed Budget and Capital Improvements Program, and to administer them in conformance with these policies.

This Resolution shall be effective from and after its date of adoption.

Adopted this 16th day of May, 2006.

CITY OF STATESBORO, GEORGIA

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By: William S. Hatcher, Mayor

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Attest: Judy M. McCorkle, City Clerk

## ***Financial Policies and Budget Preparation***

The City Council has adopted policies in all areas of financial management, which guide the preparation, adoption, amendment, and administration of the Operating Budget, the Capital Budget, and the Capital Improvements Plan. Below is a listing of those policies in the areas of:

- Operating Budget Policies
- Capital Budget Policies
- Revenue Policies
- Reserve Policies
- Cash Management and Investment Policies
- Risk Management Policies
- Debt Policies
- Accounting, Auditing, and Financial Reporting Policies

### ***Operating Budget Policies***

The City Council shall hold an annual Planning Session each spring in order to establish priorities for funding in the next fiscal year; and discuss long-range planning of major capital improvements.

The City shall adopt a balanced budget annually; and any subsequent amendment must identify the revenues or other financing sources necessary to maintain said balance.

The City will not appropriate fund balance or retained earnings in any fund that would hinder meeting the reserve targets established herein. Once those targets are met in a particular fund, any amount over the target may be appropriated either for capital improvements or unexpected operating expenses.

The City will pay competitive wages and fringe benefits in order to attract and retain quality personnel.

All Enterprise Funds and Internal Service Funds shall be self-supporting from their fees and charges, without any subsidy from the General Fund. Transfers to the General Fund from the Enterprise Funds shall be made only after sufficient net income is retained to cover debt service and capital improvements essential to properly maintain and expand these utility services.

The Solid Waste Collection Fund and the Solid Waste Disposal Fund should reflect the true costs to provide residential and commercial garbage collection, disposal and recycling; brush collection and disposal; bulk (white goods) collection and disposal; and leaf collection and disposal. The City Council shall evaluate annually the extent to which each service is supported by service charges rather than a subsidy from the General Fund.

The City shall aggressively pursue improvements in technology and work methods that will improve service levels and/or reduce operating costs.

The City shall use one-time revenues only for capital items, unexpected operating expenses or to

build reserves, instead of operating expenditures/expenses.

The City shall raise property taxes only when absolutely necessary to balance the Budget and maintain adequate reserves. Any property tax increase should be used only for the purchase of additional capital improvements or to increase needed personnel.

All appropriations and expenditures shall be made in full compliance with applicable State laws and the City's Purchasing Manual.

The City will follow the Budget Preparation Calendar prepared by the Finance Department each year.

The Budget shall be prepared in full compliance with the State's Uniform Chart of Accounts, and with Generally Accepted Accounting Principles (GAAP) for Governments as promulgated by the Government Accounting Standards Board. This means the General Fund, Capital Projects Fund, Debt Service Fund, Expendable Trust Funds, and Special Revenue Funds will be budgeted on the modified accrual accounting basis. Enterprise Funds and Internal Service Funds will be budgeted on the full accrual accounting basis.

All Budgets shall be adopted at the legal level of budgetary control, which is the fund/department level (ie., expenditures/expenses may not exceed the total appropriation for any department within a fund without the City Council's approval).

The City Manager shall prepare an annual Budget that meets the requirements to receive the Distinguished Budget Presentation Award from the Government Finance Officers Association.

### ***Capital Budget Policies***

The City shall adopt a Capital Improvements Plan (CIP) annually which will include the next fiscal year's Capital Budget, plus planned improvements for the following five years.

The City shall make every effort not to add additional programs and services until both the Operating Budget and the CIP are adequately funded.

The City shall provide resources from current revenues to fund an adequate maintenance and replacement schedule for infrastructure, and the vehicle and equipment fleet.

The City will aggressively pursue state and federal funding, as well as other sources of funding for capital improvements.

All operating budget appropriations shall lapse at the end of a fiscal year. Appropriations for Capital Projects which have not been completed by fiscal year-end must be re-appropriated for the balance due on the project in the next fiscal year.

### ***Revenue Policies***

The City will budget revenues conservatively so that the chance of a revenue shortage during the year is remote. This also will help finance contingencies and Budget amendments that were unforeseen when the Budget was first adopted.

The City will review annually all fees and charges to assure that they maintain their inflation-adjusted purchasing power.

Since different revenue sources impact classes of taxpayers differently, the City Council recognizes that the only way to minimize these different impacts is to have a diversified revenue system. These impacts will be considered in making any needed adjustments to the various sources of revenue.

The City will make every effort not to become too dependent on one source of revenue in order to minimize serious fluctuations in any year.

The City will consider market rates and rates of comparable cities in the region when changing tax rates, fees, and charges. The City will make every effort to maintain its favorable comparative position with other Georgia cities in this regard, which has contributed to our economic development success.

All cash donations to any department or agency of the City must be deposited with the Finance Director's Office. All purchases using such donations must be budgeted and will comply fully with the City's purchasing policies. The City cannot accept donations on behalf of an outside agency or group. Donations of equipment or supplies may be made directly to a department or agency of the City. Donated equipment meeting the definition of a fixed asset must be reported to the Purchasing Director, for tagging and listing in the General Fixed Asset Account Group.

### ***Reserve Policies***

The City Council recognizes the need to set reserve targets for every operating fund of the City. The targets for those funds using the modified accrual basis of accounting are set as the percentage that the undesignated fund balance is to the combined budgeted expenditures and transfers to other funds. The targets for those funds using the accrual basis of accounting are set as the percentage that the working capital is to the budgeted operating expenses and transfers to other funds. The targets are as follows:

<i>Fund Title</i>	<i>Undesignated Fund Balance (or Working Capital) as a % of Expenditures (or Operating Expenses) and Transfers Out</i>
General Fund	25% Fund Balance
Water/Wastewater Fund	17% Working Capital
Natural Gas Fund	17% Working Capital and a \$350,000 Reserve Fund
Solid Waste Collection Fund	17% Working Capital

Solid Waste Disposal Fund	17% Working Capital
Medical Insurance Fund	9% Working Capital and a \$250,000 Reserve Fund
Fleet Management Fund	17% Working Capital

These reserve targets shall be reviewed annually by the City Manager who shall report to the City Council on their continued adequacy.

***Cash Management and Investments Policies***

The City will make all deposits of cash within the time period required by State law. All deposits must be fully collateralized as required by State law.

The City will aggressively pursue all revenues due, including past due utility bills, court tickets and fines, and property taxes, using whatever legal means are available.

The City will pay all obligations on or before the due date.

The City will continue the current cash management and investment policies, which are designed to emphasize safety of capital first, sufficient liquidity to meet obligations second, and the highest possible yield third. Those policies are outlined below:

The City will operate with the least number of bank accounts required by federal and state statutes and regulations and GAAP for governments. Consolidation of bank accounts makes investment decisions easier, and reduces staff time needed to reconcile monthly bank statements.

The Director of Finance will make a twelve-month cash flow projection, and from that develop a schedule of long-term investments. These investments could be any type authorized by State law. However, the City Council has limited it to Certificates of Deposit with local banks. All investments shall be made using competitive bidding and must fully comply with State collateralization of deposits. Such investments shall be pooled from among the various funds, and bid out no more frequently than once a month. This keeps the investment process manageable with limited staff. Large amounts of cash not in time deposits shall be kept in the sweep investment account to improve overall interest earnings. Should the sweep investment account interest rate be higher than that of a certificate of deposit, then the funds shall be kept in the sweep investment account.

***Risk Management Policies***

The City will minimize potential losses through employee safety training, inspections of the workplace, risk analysis, and OSHA compliance. The Personnel Director shall be responsible for these programs.

A drug-testing program shall continue for all potential employees, as well as random testing of all federally-required employees.

The City will continue to participate in the Georgia Municipal Association’s Risk Management Pool for virtually all necessary coverages, including General Liability, Automobile Liability, Errors and

Omissions, Property, Boiler and Machinery, Inland Marine, Special Events and Worker's Compensation.

Annual inspections of premises and work practices shall be performed by the risk management staff of the GMA Pool, and the City will correct any deficiencies noted.

### ***Debt Policies***

The City will issue bonds and capital outlay notes only for capital improvements and moral obligations. The City will attempt to fund capital improvements through net income of the utility systems, general revenues, and its portion of any SPLOST (Special Purpose Local Option Sales Tax) funds before resorting to long-term debt issuance. This will reduce the overall indebtedness and strengthen the City's creditworthiness.

The City will not issue notes or bonds to finance operating deficits. Adequate reserves will be maintained to assure this doesn't become necessary. No bond or note will be issued to purchase a fixed asset that has a shorter useful life than the term of the debt instrument.

The City will issue general obligation bonds or capital outlay notes for necessary general government projects and either general obligation or revenue bonds for enterprise fund projects. The City may also use pooled capital lease funds from GMA and loans from the Georgia Environmental Facilities Authority (GEFA).

No debt will be issued which would increase the outstanding amount of debt above ten (10%) percent of the total assessed value of property within the City. The outstanding amount of debt in this calculation shall not include debt issued for improvements in the utility systems, because that debt will be repaid from charges for services, not from property taxes. These limitations are found in Article IX., Section V, Paragraph 1 and Article IX., Section VI, Paragraph 1 of the Georgia Constitution.

A firm source of revenue sufficient to make the anticipated debt service payments must be identified by the City Council before any capital outlay note, GEFA loan, GMA capital equipment lease, general obligation bond, or revenue bond is issued.

### ***Accounting, Auditing, and Financial Reporting Policies***

The City Council will receive a monthly finance report showing Income Statements, Cash Flow Statements where appropriate, and all Investments.

The City shall have a qualified certified public accounting firm conduct an independent audit annually, as required by OCGA 36-81-7 (a)(1).

The City will maintain its accounting records in full accord with Generally Accepted Accounting Principles (GAAP) as promulgated by the Government Accounting Standards Board. The Finance Director is expected to obtain clean (unqualified) Audit Opinions each year.

The Annual Audit shall be submitted to the State Auditor before December 15th of each year, so that the City complies with OCGA 36-81-7 (d)(1). Any deficiencies noted by the Auditors shall be corrected immediately by the Director of Finance.

### *The Budget Process*

The City's Budget process begins in early January when department heads are given electronic format forms upon which to submit their operating and capital budget requests. The City Council is also notified to give the City Manager any requests they might have, so that costs may be researched. Departmental requests for the Capital Improvements Program are turned in to the City Manager by February 2nd, and all Operating Budget requests are turned in to the City Manager by March 3rd.

The Finance Director and City Manager decide upon the revenue estimates for the Operating Budget, and the amount to be transferred to the CIP and the amount of any proposed bond issues. At that point, the Finance Director begins her review of the operating expenditures, and the City Manager prepares the CIP. After the Finance Director and City Accountant have prepared a preliminary Budget, the Finance Director and the City Manager review it to determine whether further cuts are possible, or if additional revenues are necessary. Those decisions are made prior to the first week in April, when a Budget Planning Retreat is held by the City Council.

At that meeting, the Finance Director and City Manager present projections of the current fiscal year's Budget, and the preliminary Operating Budget for Council review. In addition, the City Manager presents the Council with his recommendations for a six-year Capital Improvements Program. The City Council then debates any changes in suggested priorities in both the preliminary Operating Budget and the Capital Improvements Program. Once those priorities are established, the City Manager finalizes the CIP, and the Finance Director finalizes the Operating Budget. Both work on the narrative portions of the documents. The City Manager prepares the Budget Message and CIP Letter of Transmittal detailing the major issues, initiatives, and goals and objectives contained in both documents. The City Accountant prepares the spreadsheets detailing the line item budgets proposed for each fund.

The two documents are sent to the printers in mid-May, for distribution to the Mayor, City Council, and public by June 1st. Copies are available to the public at both the City Clerk's Office and the Statesboro Regional Library. A public hearing is scheduled for the first regular meeting in June, after which the Budget is voted upon, and the Budget becomes effective July 1st. In the event the Council cannot agree on a Budget before July 1st, an Interim Budget is adopted, which is simply a continuation Budget from the previous year. Once a Budget is adopted, the Finance Director authorizes the City Accountant to enter the adopted Budget into the accounting system.

Budget amendments may be made at any time throughout the fiscal year. Any amendment request is reviewed by the City Manager, who makes a recommendation on whether the expenditure should be made, and what revenue source will be used to finance it. All amendments require a Budget amendment resolution, since the original Budget is adopted by resolution. After passage, the Finance Director authorizes the City Accountant to enter the amended amounts in the budgetary accounting system.

**City of Statesboro, Georgia**  
**Calendar for FY 2008 Budget and CIP Preparation**

- 10-Jan-2007 City Manager notifies all Department Heads to begin preparation of CIP Requests.
- 17-Jan-2007 City Council Sets the Dates for the Planning Session.
- 17-Jan-2007 City Council asked to submit any CIP requests to the City Manager.  
(Staff will prepare cost estimates.)
- 18-Jan-2007 City Manager notifies all Department Heads of the Planning Session, and the Deadline for Budget Requests. City Manager reviews the Budget Calendar with all Department Heads.
- 18-Jan-2007 City Clerk schedules the location for the Planning Session.
- 09-Feb-2007 Departmental CIP Requests must be turned in to the City Manager's Office.
- 09-Feb-2007 Finance Department gives Personnel costs to all departments.
- 23-Feb-2007 All CIP forms completed by City Manager's Office.
- 2-Mar-2007 All Revenue projections are due in Finance Director's Office.
- 2-Mar-2007 All Budget Requests must be turned in to the Finance Director's Office.
- 2-Mar-2007 City Manager and Finance Director complete all Revenue projections for the current and next fiscal year.
- Mar 12 - 16, 2007 City Manager and Finance Director review each departmental budget with the Department Heads. Also, discuss the presentation of the proposal by each Department Head.
- 30-Mar-2007 All Performance Measures must be turned in to the City Manager's Office
- 30-Mar-2007 Finance Director finalized Expenditure/Expense estimates for each department and outside agency for current and next fiscal years, and sends to City Manager for review.
- 30-Mar-2007 City manager prepares detailed agenda for Planning Session, including time slots for presentations.
- 30-Mar-2007 City Clerk's Office prepares Agenda packets, including Budget requests, and distributes to the City Council.
- 30-Mar-2007 City manager prepares comments on current year's financial projections, and an update on the proposed program of work for the current year. Then, prepares comment on the projected fiscal year.
- 30-Mar-2007 City Manager completes drafts of CIP priorities for Planning Session.

13-Apr-2007 City Council Planning Session.

20-Apr-2007 City Manager finishes the Budget and CIP preparation, writes Budget Message, Budget Resolution, CIP Transmittal Letter and has the Budget and CIP printed.

1-May-2007 City Council schedules a Public Hearing on the Budget for June 20, 2007

15-May-2007 City Council Meeting.

25-May-2007 Budget and Capital Improvement Program are distributed to the Mayor and City Council, Department Heads, news Media, and Statesboro Regional Library.

29-May-2007 Budget Ad to run in Statesboro Herald

12-Jun-2007 Mayor and City Council conduct a Public Hearing on the Proposed Budget.

19-Jun-2007 City Council adopts the Budget Resolution.

September-07 City Council holds required Public Hearings and Adopts the Tax Rate Resolution, after receiving the Tax Digest form the County Tax Assessor's Office.