



**The City of Senovia  
FY 2015  
Budget Report**

Mayor Larry Owens  
Mayor Pro-tem Bobby Graham  
Councilman Larry Owens  
Councilman Chuck Eichorst  
Councilman Maurice Grover

Prepared by:

Richard Ferry  
City Manager  
November 2014

# **Fiscal Year 2015 Budget Message**

November 2014

In accordance with Section 3.3 (4) of the Charter of the City of Senoia “Prepare and submit to the Mayor and Council a proposed annual operating budget and capital project budgets for the city and its enterprise funds sufficiently in advance of the next fiscal year. Upon approval by the Mayor and Council, the budgets shall serve as an appropriations ordinance for the line items indicated therein and a level of control over the city manager’s authority to commit or expend city funds.” This budget document provides a statement of the general fiscal policies of the city, the important features of the budget, explanations of the major changes recommended for the next fiscal year, a general summary of the budget and such other pertinent comments and information

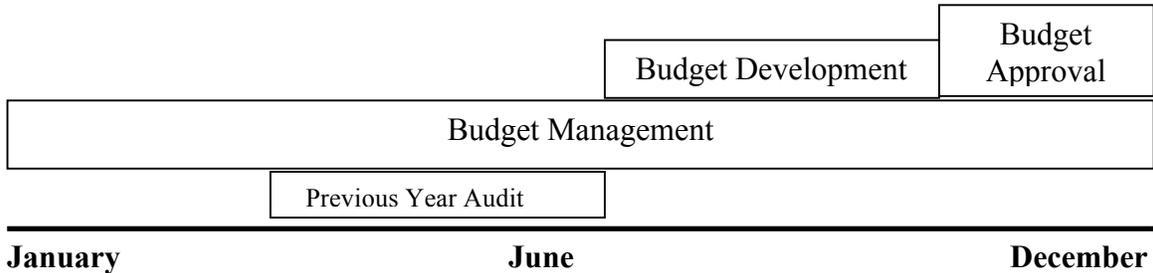
It is important to understand that the budget is a document, approved by ordinance by the City Council, which reflects the City’s financial plan, including proposed expenditures and estimated revenues, for a period of time in the future. This plan is the result of the short term and long term goals established by department heads and approved by the Mayor and Council. The plan is modified each year in the Short-Term Work Program and further evaluated in the light of strategic plans, current events and fiscal considerations. The budget explains how funds are received by the City and, in turn, how they are to be expended through the various departments and funds. It is a requirement that the city approves a balanced budget.

Likewise, it is equally important to understand that the budget is a process that follows a specific calendar. The City fiscal year operates on the calendar year (see Figure 1). The success of each step in the process is dependent on the thought, time and effort put into each of the other steps. The process consists of the following:

1. **Budget Development:** The needs of each department are evaluated by the directors. These needs are quantified and listed in a standardized budget document and discussed with the City Manager. The Mayor and Council are provided an outline of the requests from each department and are given time to discuss the requests during the Budget Workshop.
2. **Budget Approval:** The City Manager submits the proposed budget to the Mayor and Council for review, discussion, public input and approval of the budget ordinance.
3. **Budget Management:** The City Clerk, City Manager and Department Heads establish budgetary controls and reviews for the approved budget. The Mayor and Council are provided monthly reports outlining the progress of the operating and capital budgets.
4. **Previous Year Audit:** Section 3.3 (5) of the Charter of the City of Senoia requires that an annual independent audit of all city accounts, funds and financial

transactions is completed by the a Certified Public Accountant. The City’s audit was completed by James L. Whitaker, P.C. of Snellville, GA.

**Figure 1. Budget Timeline**



**Issues and Accomplishments**

The City of Senoia levies property taxes for the following:

1. City Maintenance and Operation
2. Fire Protection
3. Fire Bond

Property taxes are based on the assessed value of the property. The Coweta County Tax Assessor’s office provides assessments of properties and the Coweta County Tax Commissioner is contracted to bill property taxes in the City. Since 2009, reassessments of properties have caused contraction in the tax digest. Fortunately, each year new additions, such as new construction and improvements to existing properties, have offset the decrease establishing a net growth in the digest. During FY 2012, additions were not able offset the decreases in the digest resulting in a net decrease in the value of real property in the City of Senoia. Fortunately a pattern did not develop. During FY 2013 and FY 2014, reassessments and other increases to the tax digest yielded an increase of nearly \$18,000,000 to the digest. The reassessments resulted in a decrease in the millage rate from 5.94 to 5.88 just over 1%. Other issues that affected general fund revenue and expenditures are:

1. The city began collecting LOST revenue based on the new distribution formula approved by all the Municipalities and Coweta County. Senoia’s allocation increased from 2.34% to 2.6%. In FY 2015 Senoia’s percentage will increase to 3.13%. This will remain in place until December 31, 2022.
2. Growth in the LOST Distribution was altered by the change in the ad-valorem title tax (TAVT) collections for automobiles. The “birthday tax” for automobiles will be phased out over the next several years in favor of an up-front tax that is paid at the sale of the vehicle. Further, in FY 2013 and FY 2014, automobiles purchases were not assessed sales taxes for LOST or SPLOST. This caused LOST to only grow slightly despite the percentage increase and resulted in a slight decrease in SPLOST funds. However, the

city saw a significant increase in motor vehicle taxes collected. This is because TATV was designed to be revenue neutral for the local governments. Since automobiles were not subject to LOST and SPLOST, those funds are now part of the General Fund collection without the restrictions of LOST and SPLOST. The "Personal Property – Automobiles" line was significantly higher over the past two years compared to FY 2012.

3. Gas prices for motor vehicles remained unpredictable in FY 2104. The departments that use the largest amounts of gasoline are the police department and public works. The Police Department raised its gasoline budget by 7% and is projected to end the year 4% under budget. Public works increased the budget for gasoline by nearly 17% and is projected to end the year 11% over budget.
4. During the course of the fiscal year the Mayor and Council agreed to expenditures that were not considered in the scope of the approved budget. Among these were a loader for the public works department, license plat reader for the police department, landscaping for the Main Street median, and replacement of all the weapons in the police department. The FY 2014 budget will be amended in consideration of these purchases.
5. The most significant event in 2014 was EPA's designation of the City's MS4 for regulation under the Clean Water Act's National Pollutant Discharge Elimination System. This permit, approved in October, required creation of a Storm water Management Plan. The City used Ecological Consulting Group to create the plan. It was submitted for review by GA EPD in October. The City will be monitoring expenses on the system during FY 2015 and make recommendations on how to manage and pay for the requirements of the permit in summer 2015.

The FY 2011 audit proved that the Sewer Enterprise Fund was not operating at a level that allows it to pay for itself. For the past several years, user fees had to be coupled with Capital Recovery Fees to cover the operation, maintenance and debt service on the system. The City's bond agreement with USDA Rural Development requires that the system is self sufficient and maintains a rate that collects 110% of its costs. In 2011, the system lost over \$65,000. That number fell slightly to \$35,000 in FY 2012. During FY 2013, at the recommendation of the GBT Engineers, the City increased the sewer rates by 21%. The new rate structure has had a positive effect on the revenue of the Sewer Enterprise Fund and no additional rate increase is recommended in FY 2015.

Unfortunately the same cannot be said of the Water Fund. Despite a rate increase in FY 2013, expenditures in the Water Fund exceeded revenues by \$38,000. When the rates were adopted for FY 2013, Council understood that they were not sufficient to provide the required 110% of operating expenses but were willing to phase in the rates to avoid a significant increase in one year. Management expects to have to re-evaluate rates in December of 2014 and recommend a new rate to take effect in January 2015.

Over the past two years, new residential construction has become a significant issue in Senoia. For years, the city has relied on new development, to provide revenues in all

funds. Building permits and development fees go to the General Fund. The water and sewer enterprise funds are supplemented by capital recovery and tap fees from new construction. The City's Development Impact Fee Program is funded by charges on new construction. Two preconstruction meetings for two residential subdivisions were held in summer 2014, neither has begun development and three of the four residential subdivisions with available lots have been built out. Though management does not see that this will have an immediate impact on the General Fund, it is imperative that the city ensure that development fees that paid for operation and maintenance in the water and sewer system are replaced by user fees.

The City provides health, dental and disability insurance and retirement benefits to its employees. For FY 2015, management was advised of a 40% increase over FY 2014, staff rebid the health insurance and found compatible coverage for a 15% increase for employee coverage. As an added benefit to the employees, in FY 2013 the Mayor and Council agreed to management's updated cost sharing plan for family health insurance options. For FY 2015 employees that choose that option will pay \$500 for family coverage, \$400 for employee/spouse and \$350 for employee/child(ren).

As stated, the City of Senoia contracts with the Coweta County Tax Commissioner to assess and collect property taxes in the City. As the real estate market begins to recover, assessments in Senoia have begun to rise again. Assessments in the City increased by \$1,400,000. A change in tax collections based on reassessments is considered a tax increase requiring proper notification. The FY 2013 Operations and Maintenance millage rate was 5.94. Rather than increasing taxes for the residents, the City adopted the recommended rollback rate of 5.88 for FY 2014. Additions to the digest coupled with staff's excellent management of available funds and resources offset the losses attributed to the decrease in millage rate. Decreasing the millage rate is a significant accomplishment for the city. Among the other accomplishments in 2012 are:

1. Completed engineering for phase 1 of the City of Senoia Parks and Recreation Master Plan.
2. Began selling lots in the newest phase of the Senoia Cemetery
3. Began PE on the Ivy Ridge to Seavy Street Trail, funded in part by Park and Recreation Impact Fee and the TAP program by GDOT.
4. Approved the Concept report for the realignment of GA Hwy 16 and Pylant Street. The project is funded by Coweta County SPLOST and GDOT.
5. Chief Edens and the Senoia Police Department completed all requirements and were designated a Certified Agency by the Georgia Association of Chiefs of Police.
6. The new Charter for the City of Senoia approved by the Legislature of the State of Georgia establishing a Council-Manager style of government passed in 2013 became effective on January 1, 2014.
7. Portions of Main Street and Travis Street were resurfaced.
8. Coweta County broke ground for the new recreational facilities on GA Hwy 16. The project is funded by Coweta County SPLOST.

9. The City adopted a Drought Contingency Plan and Water Conservation Plan in 2014. These plans were necessary in preparing for the expansion of the City water withdrawal permit.
10. The Senoia Development Authority closed a \$15,000,000 bond for the Georgia Charter School Foundation creating jobs in Senoia and ensuring an educational alternative for Coweta County.
11. Engineering was completed for a drainage and road improvement on Seavy Street. Project is set to bid in early 2015 with construction in Spring 2015.
12. The City began engineering on the drainage and engineering on Barnes Street.

## **City Funds**

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The City of Senoia provides a budget for the following funds:

1. General Fund
2. Water Enterprise Fund
3. Sewer Enterprise Fund
4. Solid Waste Management Fund
5. SPLOST Capital Project Fund #5
6. Development Impact Fee Fund
7. Confiscated Assets Special Reserve Fund

The general fund typically serves as the chief operating fund of a government. The general fund is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is used to account for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in another fund. Most of the day-to-day operating expenditures for the City are accounted for in the General Fund. The General Fund is made up of the following departments:

1. Financial Administration
2. Police Department
3. Municipal Court
4. Building and Code Enforcement
5. Street and Highway Administration
6. Elected Officials
7. Parks and Recreation
8. Storm Water

The City maintains three enterprise funds. Enterprise funds are used to account for businesslike activities where payments are made for services that benefit identifiable consumers. Services provided by enterprise funds should be self-supporting. Further, services that require capital investments in the enterprise fund should be priced at an

appropriate level to pay for all capital investments. The City manages the following enterprise funds:

1. Water Enterprise Funds
2. Sewer Enterprise Funds
3. Solid Waste Management Funds

There are two capital projects funds in the City of Senoia. SPLOST Capital Projects Fund #5 can be used by the City to fund capital projects in the area of Parks and Recreation, Public Buildings and Streets. The City’s Development Impact Fee Fund provides funding for capital projects in Parks and Recreation, Police and Library Services.

The Confiscated Assets Fund was created by the City to account for assets confiscated during investigations into illegal activities.

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**General Summary**

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The following is a list of the major aspects in the FY 2014 City of Senoia Budget:

1. The budget presented for all funds is balanced. Estimated revenues will cover anticipated expenses without using the City’s fund balance to make up any differences.

<b>City Of Senoia FY 2015 Operating Budget - All Funds</b>		
<b>Fund</b>	<b>Expenditures</b>	<b>Revenue</b>
General	\$ 2,538,200	\$ 2,538,200
Water	\$ 916,000	\$ 916,000
Sewer	\$ 762,000	\$ 762,000
Sanitation	\$ 214,000	\$ 214,000

2. The General Fund budget, as presented, does not require an increase in the millage rate. However, an increase in the water and sewer rates may be necessary to cover operation and maintenance expenses and debt service. Management will need to monitor revenue projections closely in the enterprise funds to ensure proper coverage.
3. The total General Fund Budget for FY 2014 is \$2,482,300 this is a increase of \$202,300 or 8.87% compared to FY 2013. The budget for all funds in FY 2013 is \$4,344,800. This is a increase of 8.49% compared to FY 2013. The City expects another \$550,000 in capital reserve from SPLOST and Development Impact Fees.
4. The proposed FY 2014 does not includes the hiring of one additional police officer. There is one vacancy in Public Works that the city will continue to search for a qualified individual.

5. In FY 2015 the goal of setting aside funds in the budget for future expansion of the sewer system will be realized.

**Expenditures**

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*Operating Funds (All Funds all Departments)*

<b><i>totals</i></b>	FY 2014	FY 2015	% Change
General Fund	\$2,354,100	\$ 2,538,200	7.82%
Water	\$937,000	\$ 916,000	-2.24%
Sewer	\$703,500	\$ 762,000	8.32%
Sanitation	\$ 214,000	\$ 214,000	0.00%
total	\$4,208,600	\$ 4,430,200	5.27%

The following are the breakdowns of expenditures by major departments. The minor departments, those under \$5000 in expenses are not included in this list.

<b>Code Enforcement 100-7220</b>			
<b>January 1, 2015 - December 31, 2015</b>			
<b>Approved FY 2014 Budget</b>	<b>Proposed FY 2015 Budget</b>	<b>\$ difference</b>	<b>% Difference</b>
\$ 126,000	\$ 111,700	\$ (14,300)	-11.35%

The proposed decrease is due to the decrease in the number of expected new residential permits in FY 2015. This amount is slightly offset by the increase in health insurance.

<b>Elected Officials 100-1110</b>			
<b>January 1, 2015 - December 31, 2015</b>			
<b>Approved FY 2014 Budget</b>	<b>Proposed FY 2015 Budget</b>	<b>\$ difference</b>	<b>% Difference</b>
\$ 33,000.00	\$ 36,000.00	-3,000	-8%

<b>City Hall / Financial Administration 100-1510</b>			
<b>January 1 2015- Dec. 31, 2015</b>			
<b>Approved FY 2014 Budget</b>	<b>Proposed FY 2015 Budget</b>	<b>\$ difference</b>	<b>% Difference</b>
\$ 423,900	\$ 476,900	\$ 53,000	12.50%

The most significant increase in the department expenses is to correct the amount in the City's liability insurance with GIRMA. Financial Administration is updating its IT infrastructure by adding a new server in City Hall. The Education/Training budget was also increased to meet necessary training for the City Manager.

<b>Municipal Court - Court Clerk 100-2650</b>			
<b>January 1, 2015 - December 31, 2015</b>			
<b>Approved FY 2014 Budget</b>	<b>Proposed FY 2015 Budget</b>	<b>\$ difference</b>	<b>% Difference</b>
\$ 201,300	\$ 231,400	30100	14.95%

Changes reflect compensation for the added roles of the Asst. Clerk of the Court. The remainder is redistributions from the Court to the various State and County Funds.

<b>Police Department 100-3210</b>			
<b>January 1, 2015 - December 31, 2015</b>			
<b>Approved FY 2014 Budget</b>	<b>Proposed FY 2015 Budget</b>	<b>\$ difference</b>	<b>% Difference</b>
\$ 1,097,800	\$ 1,200,700	\$ 102,900	9.37%

The Police Department Budget reflects an additional officer and the necessary expenditures to equip the officer except a vehicle. The department proposes to use an

older spare vehicle from the fleet. The budget also includes updating safety equipment, completing the mobile radios for the fleet and another LPR.

<b>Sewer Fund 506-4330</b>			
<b>January 1, 2015 - December 31, 2015</b>			
<b>Approved FY 2014 Budget</b>	<b>Proposed FY 2015 Budget</b>	<b>\$ difference</b>	<b>% Difference</b>
\$ 703,500	\$ 762,000	\$ 58,500	8.32%

The additional costs reflects funds be allocated to the future expansion of the waste water plant.

<b>Solid Waste Management 540-4510</b>			
<b>January 1, 2015 - December 31, 2015</b>			
<b>Approved FY 2014 Budget</b>	<b>Proposed FY 2015 Budget</b>	<b>\$ difference</b>	<b>% Difference</b>
\$ 214,000	\$ 214,000	\$ -	0.00%

<b>Highway and Street Administration 100-4210</b>			
<b>Jan. 1, 2015 - Dec. 31, 2015</b>			
<b>Approved FY 2014 Budget</b>	<b>Proposed FY 2015 Budget</b>	<b>\$ difference</b>	<b>% Difference</b>
\$ 409,600	\$ 411,000	\$ 1,400	0.34%

<b>Water Fund 505-4420</b>			
<b>Jan. 1, 2015 - Dec. 31, 2015</b>			
<b>Approved FY 2014 Budget</b>	<b>Proposed FY 2015 Budget</b>	<b>\$ difference</b>	<b>% Difference</b>
\$ 937,000	\$ 916,000	\$ (21,000)	-2.24%

<b>General Government Building and Plant - Cleaning 100-1565 January 1, 2013 - December 31, 2013</b>			
<b>Approved FY 2014 Budget</b>	<b>Proposed FY 2015 Budget</b>	<b>\$ difference</b>	<b>% Difference</b>
\$ 39,100	\$ 43,600	\$ 4,500	11.51%

Costs to operate the storm sirens, outdoor lights at the Police Department and Library were added in FY 2015. The City has also placed the supplies for the public bathrooms in City Hall in this category.

***Capital Funds***

<b>Category</b>	<b>Revenue</b>
Impact Fees	\$59,500
SPLOST	\$480,000

Impact Fees can fund capital projects areas of Library Administration, Police Department and Parks and Recreation. In FY 2015, the City proposes to continue to manage the development impact fee program. The dollars collected will go toward the proposed improvements in Parks and Recreation such as the Ivy Lane to Seavy Street Trail and improvements described in the 2012 Parks and Recreation Master Plan. Impact fees will also fund improved facilities at the Library and Police Department.

Operation of the Senoia Library was taken over by the Coweta County Library Board of Trustees in 2008. The city no longer provides dollars to the library from the General Fund. At some point in future the city needs to determine the validity of charging a library impact fee on new development in Senoia. This funding could be taken up as part of the Coweta County development impact fee program.

The Special Local Option Sales Tax (SPLOST) was continued by the voters of Coweta County for six more years starting in January 2013. Senoia expects to collect \$480,000 in the first year. In 2015, Senoia will use part of collection to cover the City's match for the intersection improvement at Pylant Street and GA Hwy 16. The City will also fund improvements on Barnes Street and Seavy as well as recreational improvements.

***Special Funds***

<b>FY 2015 Confiscated Assets</b>	
<b>Approved FY 14 Budget</b>	<b>Proposed FY 2015 Budget</b>
\$ 2400	\$ 2500

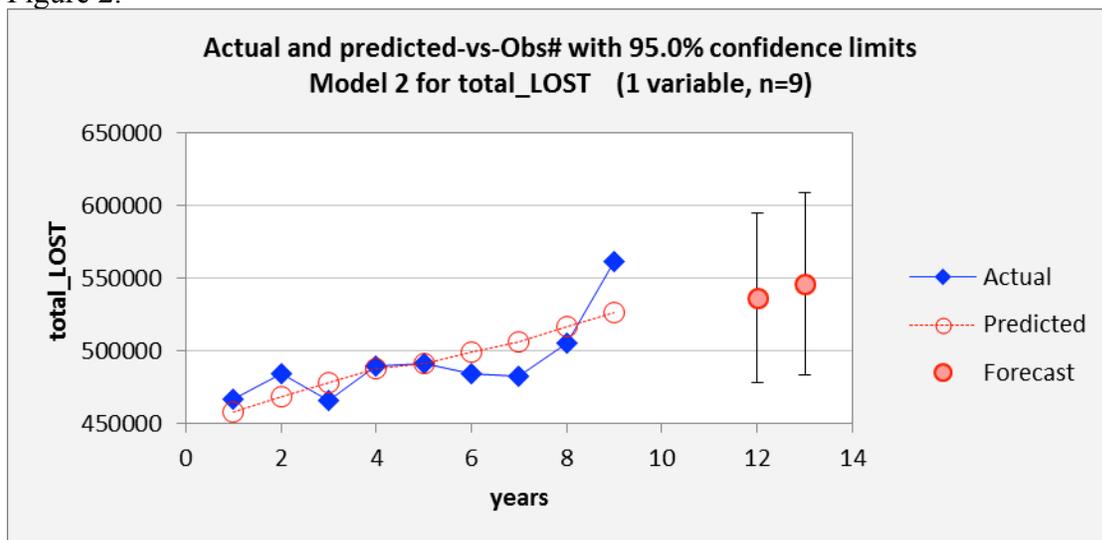
The Confiscated Assets Fund was a new fund in the City of Senoia in FY 2013. As noted in the Corrective Action Plan associated with the FY 2011 Audit, the State of Georgia requires these funds to be budgeted and accounted for.

## Revenues

It is of primary importance that the city is able to fund the day-to-day operations of the city. The revenues reflect an increase in anticipated revenue in the General Fund as a result of changes in TVAT, reassessments and LOST. The millage rate reflects holding the millage rate at 5.88. However it should be noted that the City will be required to evaluate the costs of managing the new storm water program. These costs may result in an increase in the millage rate in FY 2015. Due to the lack of available residential lots in the City of Senoia, the City cannot continue its dependence on water and sewer capital recovery fees to fund the operation and maintenance of the enterprise funds. Because of this, the City will recommend an increase in the water rates.

City Of Senoia Operating Revenue - All Funds		
Fund	FY 2014	FY 2015
General	\$ 2,482,300	\$ 2,538,200
Water	\$ 937,000	\$ 916,000
Sewer	\$ 703,500	\$ 762,000
Sanitation	\$ 214,000	\$ 214,000

Figure 2.



The regression in Figure 2 shows a forecast for LOST allocation for FY 2015 as observation 12. The range for a 95% confidence level is \$501,000 to 571,000. This does not account for the 9% increase as a result of the LOST renegotiation. Management is confident in its budgeted LOST of \$576,000 for FY 2015. When considered for the increase, this amount is less than half way between the 95% confidence level. This forecast is a good representation of how the revenues are going to respond during the year.

## **Fund Balance**

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Whether required by ordinance or by policy and practice, the City maintains a fund balance in all Funds. A fund balance is the difference between assets and liabilities reported in a governmental fund. Assets of a governmental fund at any given point in time may consist of cash, investments, and various receivables, such as amounts due from customers or other governmental units. Liabilities of a governmental fund may consist of accounts payable; various accrued liabilities, such as payroll and payroll taxes; and unearned revenues (to be earned in a future period).

Having sufficient fund balance and cash reserves in the City's General Fund ensures flexibility in carrying out the City's annual expenditure plan, as well as providing fiscal capacity to meet most anticipated needs. Maintaining an adequate fund balance and sufficient cash reserves is an important element in the financial plan of the City of Senoia. It is the policy of the City of Senoia to maintain a fund balance of at least 20% of operating expenses.

Of primary importance in funding the day-to-day operations, the fund balance and cash reserves are used to provide funding prior to the annual collection of property taxes. With the City's fiscal year beginning January 1 and taxes collected and disbursed by Coweta County beginning in late November, expenditures or cash outflows significantly exceed revenues or cash inflows over the first couple of months of the City's fiscal year. With adequate fund balance and cash reserves, the City does not need to borrow monies to meet the early fiscal year expenditures.

The fund balance also provides a financial cushion that can be used to reduce any impact of an economic downturn or uninsured catastrophic loss. These balances can also be used to supplant lost revenues or to fund unanticipated expenditures as approved by the Mayor and Council. The City feels that maintaining an adequate fund balance and appropriate cash reserves is important to the long-term financial stability of the City.

FY 2015 Budget Ordinance

AN ORDINANCE OF THE CITY OF SENOIA TO ESTABLISH THE FISCAL YEAR 2014 EXPENDITURE AND REVENUE BUDGET FOR THE MAINTENANCE AND OPERATION OF THE GENERAL FUND, WATER FUND, SEWER FUND AND SOLIDWASTE MANAGEMENT FUND; TO ESTABLISH A CAPITAL BUDGET AND CONFISCATED ASSET BUDGET. AND FOR OTHER PURPOSES.

Whereas, the City of Senoia understands that it is the obligation of the elected officials to pass a balanced budget for each fiscal year; and

Whereas, each department has submitted a budget request that was reviewed by the City Administrator and submitted to the Mayor for evaluation; and

Whereas, the Mayor and Council has met with each department head for evaluation of the budget request; and

Whereas, the Mayor has presented an operating and capital budget to the City Council in accordance with the City Charter.

Therefore be it ordained by the Mayor and Council of the City of Senoia to approve the FY 2015 as presented in the FY 2015 Budget Report and supplemental worksheets.

City Of Senoia FY 2015 Operating Budget - All Funds		
Fund	Expenditures	Revenue
General	\$ 2,538,200	\$ 2,538,200
Water	\$ 916,000	\$ 916,000
Sewer	\$ 762,000	\$ 762,000
Sanitation	\$ 214,000	\$ 214,000

Ordained this fifteenth day of December, 2014.

First Read: December 1, 2014

Second Read: December 15, 2014

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Robert K. Belisle, Mayor