



**The City of Senovia
FY 2017
Budget Report**

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

Prepared by:

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Interim City Manager
November 2016

Fiscal Year 2017 Budget Message

November 2016

In accordance with Section 3.3 (4) of the Charter of the City of Senoia, the City Manager shall “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.

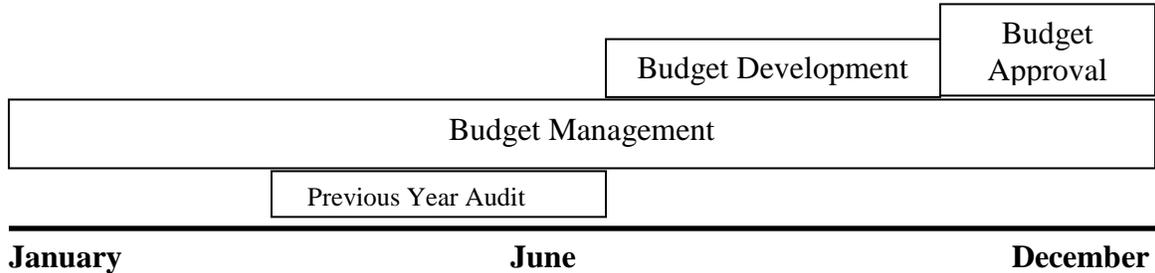
It is important to understand that the budget is a document, approved by ordinance by the City Council, which reflects the City’s financial plan, including proposed expenditures and estimated revenues, for a period of time in the future. This plan is the result of the short term and long term goals established 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.

The budget, in the City of Senoia is a process that follows a specific calendar as defined in Section 2-67 (b)(7) of the City of Senoia Code of Ordinances. 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 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

City of Senoia						
Gross Digest and Millage Rate 2011-2016						
	2011	2012	2013	2014	2015	2016
Gross Digest	\$ 120,259,636.00	\$ 121,052,373.00	\$ 131,228,047.00	\$ 140,387,125.00	\$ 150,221,985.00	\$ 164,683,626.00
Net M&O Millage	6.11	5.99	5.94	5.88	5.88	5.88

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. Like the rest of the country, the recession had a dramatic impact on assessments in the City of Senoia. In 2009 and 2010, the City's gross digest contracted. Fortunately, the contraction was minimal and did not last. As shown in the chart above, the City has seen significant growth in the digest leading to a stable or decreasing millage rate. Since FY 2013, reassessments and other increases to the tax digest yielded an increase of more than \$33,000,000 to the digest.

Due to several factors, the City held the millage rate at 5.88 in FY 2016. The growth in the digest along with the increase in assessments yielded a 9% increase in the taxes levied by the City of Senoia. In addition to the millage rate the City revenues were also affected by the following:

1. In 2013, 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% in 2013 to 2.6% in 2014 to 3.13% in FY 2015. Senoia's percentage will remain at 3.13% 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, upon approval of the TVAT in 2013, 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 has grown significantly since FY 2012.
3. Managing the requirements of the City's new MS4 permit has been a challenge since FY 2015. Though the City is a part of the Metropolitan North Georgia Water Planning District, and has been implementing many of the required procedures of an MS4, 2015 was the first year where it has been required to maintain records and fund the program. The City has been very active in accomplishing the goals. The storm system is mapped and there is an inventory of all the structures. Code Enforcement has been inspecting private ponds and forwarding all necessary maintenance to the owners. Water quality in the City will remain an on-going expense as the City looks to be a good steward of the water. Beginning in July 2016, the City began to implement a stormwater utility. The utility is \$5 per equivalent residential unit and is levied to all property owners. The City expects to collect approximately \$120,000 per year.
4. The new water and sewer rate structures established in FY 2015 and FY 2016, were established to meet the requirements of the City's bond agreement with USDA Rural Development that the systems are self-sufficient and maintains a rate that collects 110% of its costs. This will allow capital recovery fees to be used to pay down debt or contribute to capital expansions. No additional rate increase is planned for FY 2017.
5. In FY 2016 residential housing development returned to the City of Senoia in earnest. Due to the lack of buildable lots, residential development has been very slow in Senoia for the past two years. New lots were developed allowing for residential construction in Fieldstone Estate and Heritage Pointe. Morgan Farms, Senoia Hollows, Traditions of Senoia and Johnson Crossing will have lots available in 2017. Commercial growth downtown and Winpak's expansion began in 2016 and will be completed in 2017. Development provides expansion of the tax digest and provides revenue 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. Though new construction will

have a positive effect on the revenues of the City; it is imperative that the city continues to ensure that development fees that paid for operation and maintenance in the water and sewer system in previous years continue to be funded by user fees.

6. The City has received funding for two GDOT projects. Both projects are reimbursement programs funded by the Federal Highway Administration. FHA reimburses 80% of the City's expenditures. The first is the intersection improvement at Pylant Street and GA Hwy 16. Preliminary Field Plan Review was held in early 2016. There will be a minor delay due to ecological review of the proposed culvert replacement on Pylant Street. The lost time should be able to be made up in right-of-way acquisition. The Other GDOT managed project is a multi-use trail connecting Ivy Lane to Seavy Street. Federal funds are provided through the TAP Program (Transportation Alternatives Program). Due to the complexity of the project scope, the City had to receive additional funds for engineering. The City's request for right-of-way and construction funds is still pending.
7. SPLOST funds and funds for the impact fee program met budgeted expectations.

Expenditures in the City of Senoia are carefully planned through the budget process. There are times, however when unforeseen events and opportunities are presented to the City. During those occasions, the Mayor and Council will be asked to approve an expenditure from the fund balance. Additionally, the budgets of capital projects are approved accordingly. Some of the projects and general issues that affected the expenditure budget of the City include:

1. The City provides health, dental and disability insurance and retirement benefits to its employees. Providing quality health coverage continues to be a challenge each budget year. For FY 2017, the provider implemented a 13.6% increase to health insurance for employee only coverage. As an added benefit to the employees, in FY 2013 the Mayor and Council agreed to management's cost sharing plan for family health insurance options. For FY 2017 employees that choose that option will pay \$580 for family coverage, \$410 for employee/spouse and \$430 for employee/child(ren).
2. 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. The consulting services from Three Rivers Regional Commission for development of the 2016-2036 Comprehensive Plan.
 - b. Development of the MS4 annual report by EPG.
 - c. Study and development of the stormwater utility by EPG.
 - d. Purchase of 1 additional fully equipped vehicle for the PD.
 - e. Purchase of an excavator for public works
 - f. The strategic plan for the Senoia Development Authority was completed under the Carl Vinson Institute of Government.

3. The capital projects approved and completed during FY 2016 were:
 - a. Barnes Street road and drainage improvement.
 - b. The water line relocation to accommodate the construction of Howard Road improvement.
 - c. Seavy Street Park improvements
 - d. Engineering for the downtown master drainage plan (continuing in 2017)
 - e. Engineering for the Pylant Street at GA 16 intersection improvement (continuing in 2017).
 - f. Resurfacing of Couch Street / Standing Rock Road.
 - g. Sign Replacement program.
 - h. Coweta Street at Piedmont Drive drainage improvement.

City Funds

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

1. General Fund
2. Water Enterprise Fund
3. Sewer Enterprise Fund
4. Stormwater Enterprise Fund
5. Solid Waste Management Fund
6. SPLOST Capital Project Fund #5
7. Development Impact Fee Fund
8. 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. Debt Service Account

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
4. Stormwater Enterprise Fund

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, public safety 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.

General Summary

The following is a list of the major aspects in the FY 2017 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.

City of Senoia		
FY 2017 Operating Budget - All Funds		
Fund	Expenditures	Revenue
General	\$ 3,021,400	\$3,021,400
Water	\$ 1,194,500	\$1,194,500
Sewer	\$ 1,032,000	\$1,032,000
Stormwater	\$ 120,500	\$120,500
Sanitation	\$ 232,000	\$232,000
total	\$ 5,600,400	\$5,600,400

2. The budget as proposed indicates that Stormwater will be funded through an enterprise fund rather than with revenue from the General Fund.
3. The total General Fund Budget for FY 2017 is \$3,021,400 this is an increase of \$299,400 or 11.0% compared to FY 2016. The budget for all funds in FY 2017 is \$5,600,400. This is an increase of 16.9% compared to FY 2015. The City expects another \$743,300 in capital reserve from SPLOST and Development Impact Fees.
4. In all, the FY 2017 Budget consists of \$2,557,200 (46% of the Budget proposal) in funds dedicated to human capital. The proposed FY 2017 Budget includes the hiring of an additional police officer and all equipment to outfit the employee and an additional office staff employee in City Hall. All other staff levels will remain unchanged.
5. In FY 2017 the goal of setting aside funds in the budget for future expansion of the sewer system and water system will be realized.

Expenditures

Operating Funds (All Funds all Departments)

	2016	2017	% difference
General Fund	\$ 2,722,000	\$ 3,021,400	11.00%
Water	\$ 942,500	\$ 1,194,500	26.74%
Sewer	\$ 782,700	\$ 1,032,000	31.85%
Stormwater	\$120,500	\$ 120,500	0.00%
Sanitation	\$ 222,000	\$ 232,000	4.50%
total	\$ 4,789,700	\$ 5,600,400	16.93%

The following are the breakdowns of expenditures by major departments. The minor departments, those under \$10,000 in expenses are not included in this list.

Code Enforcement 100-7220			
January 1, 2017 - December 31, 2017			
Approved FY 2016 Budget	Proposed FY 2017 Budget	\$ difference	% Difference
\$ 139,300	\$ 197,300	\$ 58,000	41.64%

The proposed increase reflects an anticipated increase in the number of building permits for new residential starts in FY 2016.

City Hall / Financial Administration 100-1510			
January 1 2017 - Dec. 31, 2017			
Approved FY 2016 Budget	Proposed FY 2017 Budget	\$ difference	% Difference
\$ 590,800	\$ 628,400	\$ 37,600	6.36%

The increase reflects a new hire in City Hall.

City of Senoia			
Debt Service 100-8000			
January 1, 2017 - December 31, 2017			
Approved FY 2016 Budget	Proposed FY 2017 Budget	\$ difference	% Difference
\$80,100	\$83,100	\$3000	4%

Municipal Court - Court Clerk 100-2650			
January 1, 2017 - December 31, 2017			
Approved FY 2016 Budget	Proposed FY 2017 Budget	\$ difference	% Difference
\$210,800	\$248,200	37400	17.74%

Changes reflect distributions from the Court to the various State and County Funds. A reduction is expected as the types of cases in the court change.

Police Department 100-3210			
January 1, 2017 - December 31, 2017			
Approved FY 2016 Budget	Proposed FY 2017 Budget	\$ difference	% Difference
\$1,178,600	\$1,312,100	\$133,500	11.33%

The Police Department budget reflects an increase due to a proposed staff increase to cover for the increase number of calls the department receives.

Elected Officials 100-1110			
January 1, 2017 - December 31, 2017			
Approved FY 2016 Budget	Proposed FY 2017 Budget	\$ difference	% Difference
\$ 36,000.00	\$ 36,000.00	0	0%

Sewer Fund 506-4330			
January 1, 2017 - December 31, 2017			
Approved FY 2016 Budget	Proposed FY 2017 Budget	\$ difference	% Difference
\$782,700	\$1,032,000	\$249,300	31.85%

The increase reflects a proposed increase to the capital reserves to begin preparing for the sewer expansion.

Solid Waste Management 540-4510			
January 1, 2017 - December 31, 2017			
Approved FY 2016 Budget	Proposed FY 2017 Budget	\$ difference	% Difference
\$222,000	\$232,000	\$10,000	4.50%

Highway and Street Administration 100-4210			
Jan. 1, 2017 - Dec. 31, 2017			
Approved FY 2016 Budget	Proposed FY 2017 Budget	\$ difference	% Difference
\$422,200	\$435,100	\$12,900	3.06%

Water Fund 505-4420			
Jan. 1, 2017 - Dec. 31, 2017			
Approved FY 2016 Budget	Proposed FY 2017 Budget	\$ difference	% Difference
\$942,500	\$1,194,500	\$252,000	26.74%

The increase in the Water Fund reflects the City’s proposal to fund the capital reserve to begin to prepare for the future capacity expansion plan.

General Government Building and Plant - Cleaning 100-1565			
January 1, 2017 - December 31, 2017			
Approved FY 2016 Budget	Proposed FY 2017 Budget	\$ difference	% Difference
\$42,500	\$43,900	\$1,400	3.29%

Costs to operate the storm sirens, outdoor lights at the Police Department and Library are included in FY 2017. The City has also placed the supplies for the public bathrooms in City Hall in this category. Cleaning of the bathrooms in the Seavy Street Park have been added here.

Stormwater 507-4325			
January 1, 2017 - December 31, 2017			
Approved FY 2016 Budget	Proposed FY 2017 Budget	\$ difference	% Difference
\$120,500	\$120,500	\$-	0.00%

In FY 2016, the City implemented a stormwater utility fee to pay for the expenses associated with the MS4 permit. In FY 2016 a portion of this fund was paid by the General Fund in FY 2017, it will be paid entirely from the utility.

Welcome Center 100-7510			
Jan. 1, 2017 - Dec. 31, 2017			
Approved FY 2016 Budget	Proposed FY 2017 Budget	\$ difference	% Difference
\$10,900	\$10,900	\$-	0.00%

Capital Funds

Category	Revenue
Impact Fees	\$263,200
SPLOST	\$480,000

Impact Fees can fund capital projects areas of Library Administration, Police Department and Parks and Recreation. In FY 2017, 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 2017, 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 transportation improvements on Seavy Street as well as recreational improvements.

Special Funds

FY 2017 Confiscated Assets	
Approved FY 16 Budget	Proposed FY 2017 Budget
\$ 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 costs and expenditures to ensure that the proposed rates are sufficient to manage the programs. If a stormwater utility is not approved, these costs may result in an increase in the millage rate in FY 2016. The City expects residential building to remain

strong and should see a significant increase in capital to begin to establish a reserve for future capital costs.

City Of Senoia		
Operating Revenue - All Funds		
Fund	FY 2016	FY 2017
General	\$ 2,722,000	\$ 3,021,400
Water	\$ 942,500	\$ 1,194,500
Sewer	\$ 782,700	\$ 1,032,000
Sanitation	\$ 222,000	\$ 232,000
Stormwater	\$ 120,500	\$ 120,500

Fund Balance

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 2017 Budget Ordinance

AN ORDINANCE OF THE CITY OF SENOIA TO ESTABLISH THE FISCAL YEAR 2017 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 Manager 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 2017 as presented in the FY 2017 Budget Report and supplemental worksheets.

City of Senoia		
FY 2017 Operating Budget - All Funds		
Fund	Expenditures	Revenue
General	\$ 3,021,400	\$3,021,400
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Sewer	\$ 1,032,000	\$1,032,000
Stormwater	\$ 120,500	\$120,500
Sanitation	\$ 232,000	\$232,000
total	\$ 5,600,400	\$5,600,400

Ordained this _____ day of December, 2016.

First Read: December ____, 2016

Second Read: December ____, 2016

Larry M. Owens, Mayor