



CITY OF HOSCHTON, GEORGIA
ANNUAL OPERATING AND CAPITAL BUDGET
Fiscal Year January 1, 2020 – December 31, 2020



CITY AT A GLANCE

The City of Hoschton, Georgia incorporated as the Town of Hoschton in 1891. The City was named after a local merchant, Russell A. Hosch. Hoschton is located on the western edge of Jackson County and occupies 2.6 square miles (2.58 square miles of land and .02 square miles of water). As of 2016, the estimated population was 1,495 and trends continue to show Hoschton's population as rapidly growing due to its close proximity to neighboring Gwinnett County and its accessibility to the metropolitan Atlanta area.

The vision of the Hoschton Community is to preserve its historic character and continue functioning as a gateway between metropolitan Atlanta and northeast Georgia. The Community takes great pride in its rural heritage and cultivating a strong local economy for its residents. A special historical landmark for the City of Hoschton, is the Hoschton Train Depot. The Train Depot was founded in 1881 by four Hosch brothers that had a vision of developing a train route connecting Gainesville, Jefferson, and Southern Railroad. Their vision was realized in 1883 with the building of the Train Depot on land they donated. The train service operated from 1883 to 1947. The Hoschton Train Depot paved way for the transformation and development of local businesses, schools, churches, and a positive influence on manufacturing, agriculture, and commerce industries.

Distance from Major Locations

| | |
|--|-----------|
| ➤ The University of Georgia | 30 miles |
| ➤ Chateau Elan Winery & Resort | 4.5 miles |
| ➤ Stone Mountain Park | 49 miles |
| ➤ Georgia World Congress Center | 49 miles |
| ➤ Dahlonega Wineries | 38 miles |
| ➤ Hartsfield-Jackson Atlanta International Airport | 59 miles |

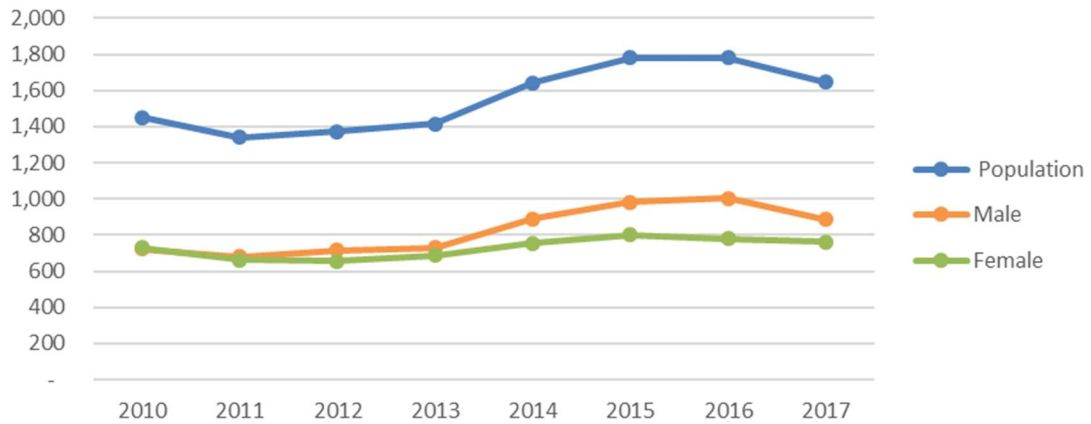
*Data derived from the following sources:

- Hoschton, Georgia Wikipedia: https://en.wikipedia.org/wiki/Hoschton,_Georgia
- Hoschton Train Depot: https://georgiainfo.galileo.usg.edu/topics/historical_markers/county/jackson/hoschton-train-depot
- City of Hoschton Comprehensive Plan 2010 – 2030 Community Agenda

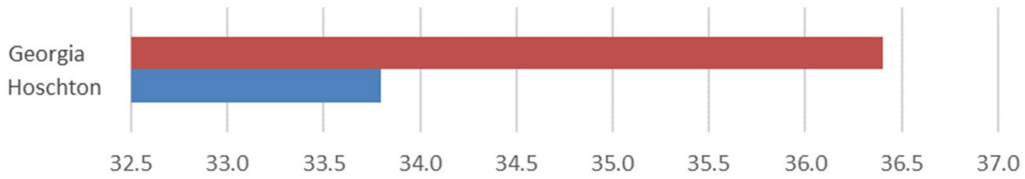
DEMOGRAPHICS

*Data derived from <https://factfinder.census.gov> 2017 ACS based on Census Bureau's Estimates and City of Hoschton, GA statistics.

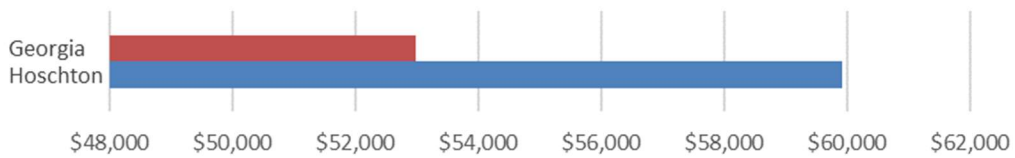
Population and Gender



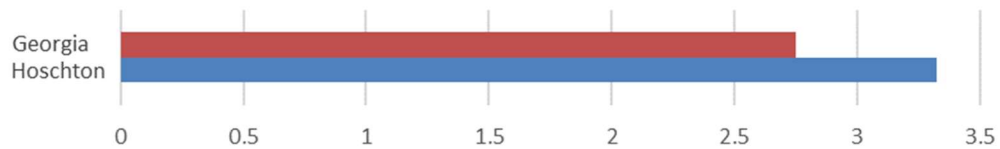
Median Resident Age



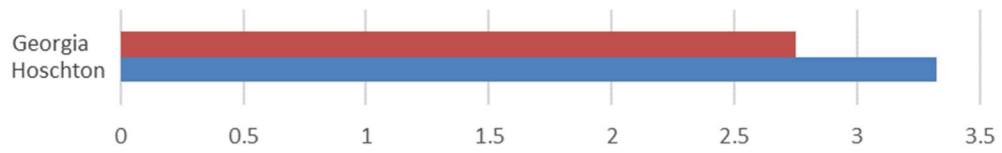
Median Household Income



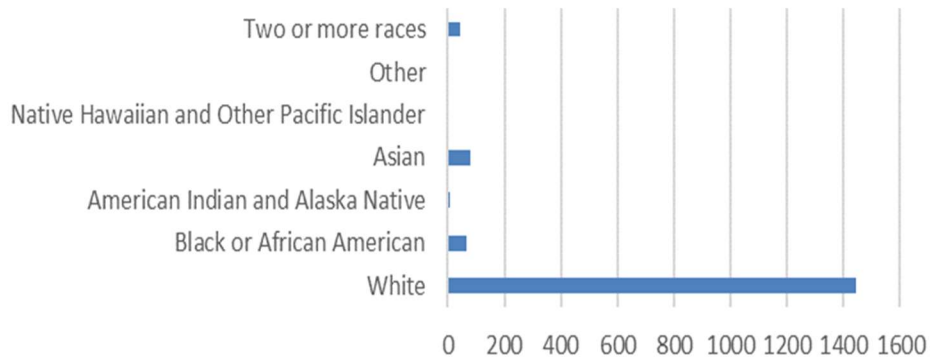
Average Household Size



Average Household Size



Racial Makeup



Education

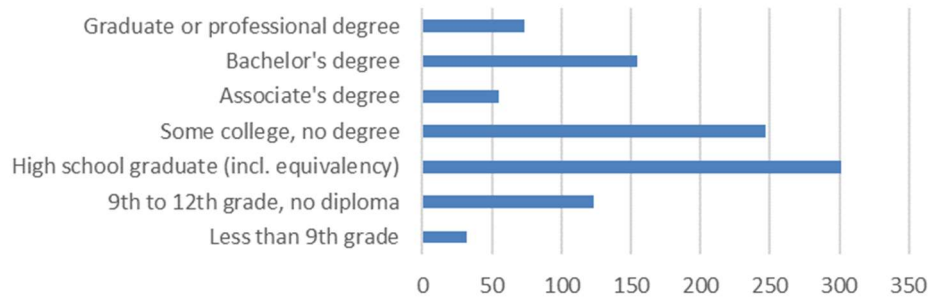


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SECTION 1

INTRODUCTION & OVERVIEW

BUDGET MESSAGE

Members of the City Council and the Citizens of the City of Hoschton,

Working alongside our dedicated City Staff and Consultants, I proudly present the Fiscal Year 2020 Budget. This budget was prepared utilizing fiscally responsible planning to address the overall desires of the City while being cognizant of the future needs of the City.

Overview of FY2019 Accomplishments

The City had many accomplishments in the past year, a summary of which include:

The creation of the position of City Administrator last year provided for the impetus for improved management and oversight to the operation of the City. This position completed a thorough inventory and analysis of the internal functions of the City and the external issues that affect the operation of the City. Those findings heavily influenced the preparation and decisions in presenting the FY2020 budget.

The City focused on the needs of an aging infrastructure system as well as the expansion of our existing services to accommodate the growth brought on by the completion of several derelict residential developments (pipe-farms) and the beginning phases of construction for the Twin Lakes Development.

The City applied for and was awarded a Community Development Block Grant (CDBG) in the amount of \$600,000 in grant funds from the Georgia Department of Community Affairs. This is a highly competitive grant, with approximately 40-50% of the applications funded each year. Design is underway, with bidding and construction scheduled for early 2020. This project will replace an aging grinder pump sewage system for the Panther Creek subdivision that is in need of constant maintenance with a gravity sewer system.

The City has undergone studies that will allow for short term improvements to the water supply and expand on the potential groundwater resources and add some 150,000 gallons per day to our supply. The White Street Well improvements are complete and will be functioning by the end of this year. The Cabin Drive well received good water quality results, and well house construction will begin by the end of 2019.

The City received a \$350,000 Grant from the Appalachian Regional Commission (ARC) to partially fund the Sewer System Extension into South Industrial & Commercial Areas. Construction began in September and is expected to be completed in the Spring of 2020.

Due to recent commitments, building activity and several new developments, the City is looking toward additional permitted capacity and improvements to our Wastewater Treatment Facility (WWTF). The City authorized a Design Development Report to gain EPD approval to immediately move from 0.1 MGD to 0.2 MGD. Among other components, this project will consist of two new clarifiers and minor piping changes. Construction is anticipated to be completed by early 2021.

Overall Economic Condition of the City

The City benefitted in 2019 from its strong economic development growth. The City's overall revenues are anticipated to exceed \$1.1 million in 2019 due to an increase in building permits and planning and development fees. Overall, planning and development revenue streams experienced an increase of approximately 130% in 2019 while other revenues streams combined declined just slightly from last year. The City anticipates continued economic growth as costs for materials and labor related to area construction projects are trending to exceed inflation.

With a long-term goal of achieving financial sustainability, the City will look to diversify its revenue streams. Diversification will position the City of Hoschton to be better prepared to handle a descendant shift in the economy and provide a sustained court of financial strength to provide for the health, safety and welfare of residents.

Budget Brief

The FY2020 Budget includes emphasis on investing in vital infrastructure needs and requirements, organizing the structure of the City to accommodate the growing needs of the community, and addressing the long-term financial sustainability of the City.

The FY2020 Budget maintains no City millage rate. The City intends to strongly consider adopting a millage rate to ensure ongoing financial stability with adequate reserves and the ability to address a significant backlog of existing infrastructure deficiencies.

The FY2020 Budget totals approximately \$9 million in revenues for all appropriated funds. Strategic components of the FY2020 Budget include an allocation of more than \$4 million for capital purchases, paving, infrastructure improvements, and specific allocations for long-term enhancements such as expansion of the Wastewater Treatment Facility and Elevated North Water Tank.

| | FYE 2018 | FYE 2019 | FYE 2020 | |
|--|------------------|-------------------------|------------------------|---------------|
| | Actual | Budget - Amended | Proposed Budget | Change |
| Taxes | 595,627 | 537,800 | 543,600 | 1.08% |
| Licenses and Permits | 320,561 | 506,400 | 425,800 | -15.92% |
| Intergovernmental Revenues | 30,979 | - | - | 0.00% |
| Charges for Services | 136,714 | 52,100 | 703,100 | 1249.52% |
| Investment Income | 1,853 | 1,000 | 1,000 | 0.00% |
| Contributions and Donations | - | 10,000 | - | -100.00% |
| Miscellaneous | 25,625 | 17,100 | 17,000 | -0.58% |
| Fund Balance - (Surplus) Use | - | (19,890) | (240,125) | 1107.26% |
| Total General Fund Revenues | 1,111,359 | 1,104,510 | 1,450,375 | 31.31% |
| General Government | 362,161 | 393,200 | 475,500 | 20.93% |
| Executive | 2,295 | 22,150 | 72,900 | 229.12% |
| Facilities | - | - | 89,000 | 100.00% |
| Municipal Court | - | - | 7,500 | 100.00% |
| Public Works | 152,515 | 214,210 | 158,500 | -26.01% |
| Culture and Recreation | 73,510 | 40,800 | 17,300 | -57.60% |
| Planning and Zoning | 259,033 | 434,150 | 629,675 | 45.04% |
| Interfund Transfers | | | | |
| To Water Fund | - | - | - | 0.00% |
| Total General Fund Expenditures | 849,514 | 1,104,510 | 1,450,375 | 31.31% |

FY2020 Goals

To accommodate growing needs of the community, we have planned a revision to our current Organizational Structure. As such, several changes to the budget from previous years will be apparent in the FY2020 budget. The overall budget for the General Government has been separated into individual accounts such as Finance & Administration, Executive, Public Works, Culture and Recreation, and Planning and Zoning. This defined organizational structure will allow each department to better track and analyze their individual revenues and expenses to become more efficient.

These changes will also require the City to review and potentially update our existing policies and procedures with the focus on improving on the efficiency and effectiveness of the City of Hoschton. These include but are not limited to our Financial, Personnel, and Procurement policies while also improving the disbursement process to strengthen internal controls.

FY2020 Challenges

The City will have to continue to look for alternative ways in which to fund stormwater mandates, our aging infrastructure, as well as unforeseen emergencies. Some possible options that the City can look at in the near future are establishing a millage rate to generate revenues for reserves and to tackle some of the projects that will be needed for

our infrastructure. Another possibility to help with MS4 (Municipal Separate Storm Sewer System) mandates is to adopt a stormwater fee. This would help to offset the cost of replacement and maintenance of the structures.

These are in addition to the challenges that the City faces with our growth relative to our population such as, upgrading the wastewater treatment plant to an eventual 0.95 MGD to support housing and commercial uses within the next ten years. Our water system must also be upgraded in the form of a 0.5-million-gallon tower for the north side of the City. Engineering is expected to be completed in FY2020.

Summary

The City of Hoschton is experiencing a large amount of growth that is expected to triple the size of the population within the next ten years. It is essential for us as a city to identify these needs and try to anticipate the costs of projects needed, not only for maintenance and replacement but also for growth. As we look forward to another year the staff values your input on assessing the needs and opportunities to continue to make the City of Hoschton a great place to live and work.

Sincerely,



Adam Ledbetter
Mayor Pro-Tem

ELECTED & APPOINTED OFFICIALS

MAYOR



Theresa Kenerly

COUNCIL MEMBER



Hope Weeks

COUNCIL MEMBER



Jim Cleveland

COUNCIL MEMBER



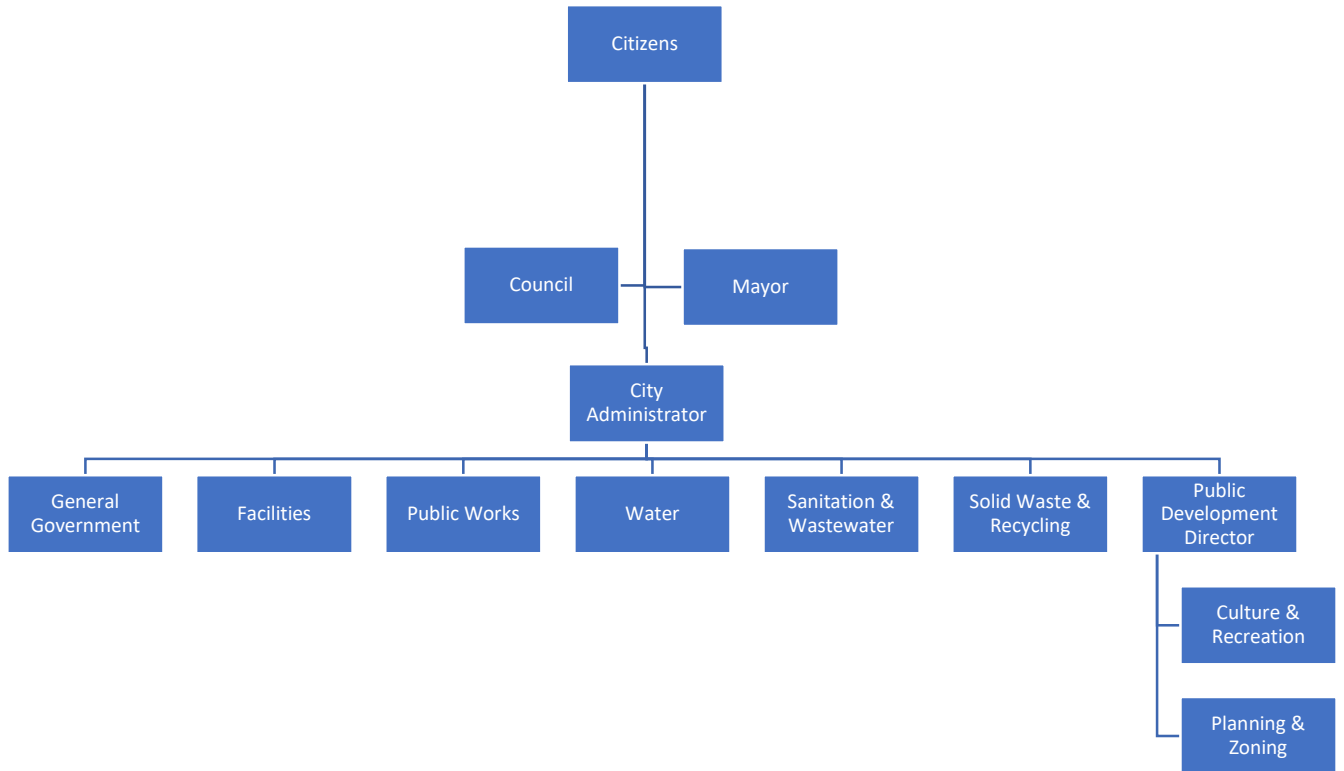
Adam Ledbetter

COUNCIL MEMBER



Shantwon Astin

ORGANIZATIONAL CHART



POSITION SUMMARY

| Department | FY2018 | FY2019 | FY2020 |
|--|--------|--------|--------|
| General Government | 1.60 | 2.10 | 1.10 |
| Executive | 5.00 | 5.00 | 6.00 |
| Facilities | - | - | - |
| Public Works | 1.00 | 1.00 | 1.00 |
| Planning and Zoning | 1.00 | 1.00 | 1.50 |
| | 8.60 | 9.10 | 9.60 |
| Sanitation and Wastewater | 1.45 | 2.20 | 2.20 |
| Water | 1.45 | 2.20 | 2.20 |
| | 2.90 | 4.40 | 4.40 |
| City-wide Full-time Equivalent Employees | 11.50 | 13.50 | 14.00 |

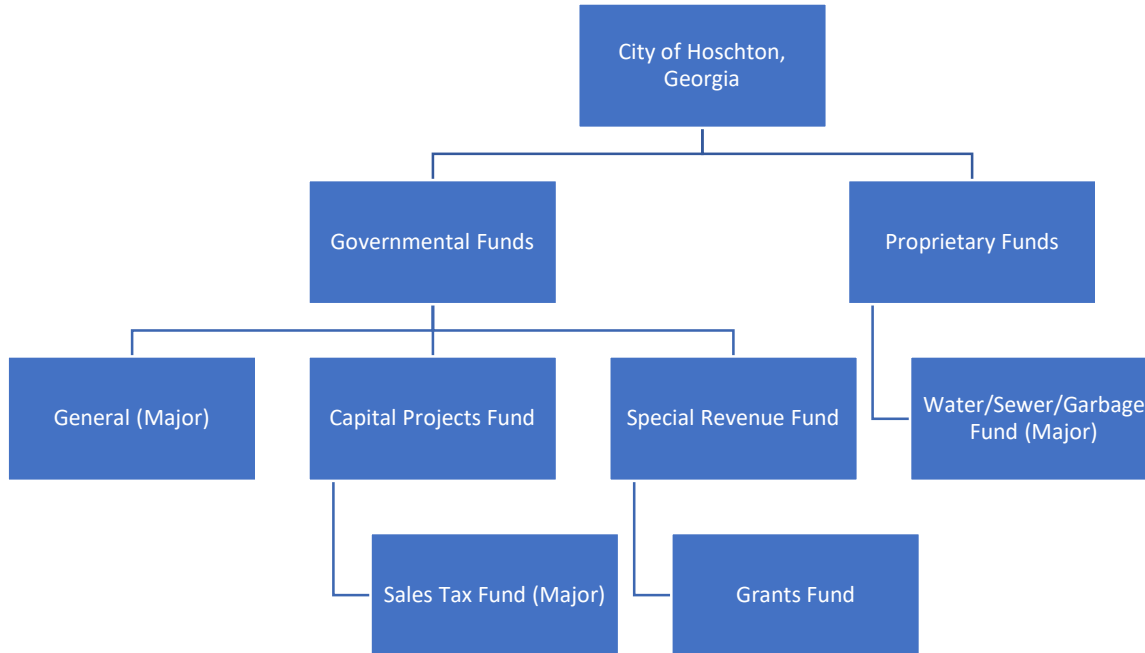


The FY2020 proposed budget includes three new positions and two terminated positions. The details of these position changes are discussed in the Review of Assumptions and Notable Changes from FY2019 section.

SECTION 2

Financial Structure, Policy & Process

FUND STRUCTURE



General Fund:

The General Fund is a governmental fund. It is established to account for all resources obtained and used for those services commonly provided by cities which are not accounted for in any other fund. These services include among other items: General Government, consisting of the Finance & Administration; Executive, consisting of the Mayor and Council; Public Works; Culture and Recreation; and Planning and Zoning.

Capital Projects Fund:

Capital Projects Funds are governmental funds and established to account for capital projects. The projects included in the capital projects budget are intended to improve or expand the city infrastructure, provide for significant maintenance requirements, or provide for the acquisition of large pieces of equipment.

SPLOST Fund – This fund is used to account for the special local option sales tax revenue.

Special Revenue Fund:

Special revenue funds are used to account for specific revenue sources that can be legally spent for designated purposes only. All Special revenue Funds use the modified accrual basis of accounting and budgeting.

Grants Fund – This fund is used to account for reimbursement grants from state, federal, and local grantors.

Proprietary Fund:

Proprietary funds are used to account for operations that are financed in a manner similar to private business.

Water, Sewer, Garbage Fund – This fund is used to account for the operation of the City's water and sewer utility and trash collection service. This fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest when due throughout the year. All costs are financed through charges made to utility customers.

BUDGET POLICY

City of Hoschton Code of Ordinances

Article III. BUDGET

Section 4-301 Fiscal Year

The City shall operate on a fiscal year which shall begin on the first day of January and end on the last day of December.

Section 4-302 Requirement of Annual Balanced Budget

The municipality shall operate under an annual balanced budget adopted by ordinance or resolution and administered in accordance with Chapter 81, Title 36 of the O.C.G.A. A budget ordinance or resolution is balanced when the sum of estimated net revenues and appropriated fund balances is equal to appropriations.

Each unit of local government shall adopt and operate under a project-length balanced budget for each capital projects fund in use by the government. The project-length balanced budget shall be adopted by ordinance or resolution in the year that the project initially begins and shall be administered in accordance with this Article. The project-length balanced budget shall appropriate total expenditures for the duration of the capital project.

Section 4-303 Adoption of Budget Ordinances or Resolutions

The municipality shall adopt and utilize a budget ordinance or resolution.

Section 4-304 Budget Officer

The municipality may appoint a budget officer to serve at the will of the Mayor and City Council. If no budget officer is appointed the Mayor and City Council shall perform the duties. The municipality may use an executive budget utilizing a chief executive and a budget officer.

Section 4-305 Procedures for Adoption of Budget

1. By the date established by the governing authority, in such manner and form as may be necessary to effect this Article, and consistent with the City's accounting system, the budget officer shall prepare a proposed budget for the City for the ensuing fiscal year.
2. The proposed budget shall be an estimate of the financial requirements of each department or agency, by fund, for the budget year and shall be in such form and detail, with such supporting information and justifications, as may be prescribed by the budget officer or the Mayor and City Council. The budget document, at a minimum, shall provide a statement of the amount budgeted for anticipated revenues by category and the amount budgeted for expenditures by category for the current year, including budget

amendments, and the anticipated revenues and proposed expenditures for the proposed budget year.

3. No later than November 15, the proposed budget shall be submitted to the Mayor and City Council for review prior to enactment of the budget ordinance or resolution.

4. On the day that the budget is submitted to the Mayor and City Council, a copy of the budget shall be placed in a public location which is convenient to the residents of the City. The Mayor and City Council shall make every effort to provide convenient access to the residents during reasonable business hours so as to accord every opportunity to the public to review the budget prior to adoption. A copy of the budget shall also be made available, upon request, to the news media.

5. At the time of submission of the budget to the Mayor and City Council, a statement advising the residents of the City of the availability of the budget shall be published in a newspaper of general circulation in the City. The notice shall be published during the week in which the proposed budget is submitted to the governing authority. The statement shall also advise residents the public hearing will be held at which time any persons wishing to be heard on the budget may appear. The statement shall be a prominently displayed advertisement or news article and shall not be placed in that section of the newspaper where legal notices appear. B. The Mayor and Council shall give notice of the time and place of the required budget hearing at least one (1) week before the budget hearing is held.

6. At least one (1) week prior to adoption of the budget ordinance or resolution, the Mayor and City Council shall conduct a public hearing, at which time any persons wishing to be heard on the budget may appear.

7. Nothing in this Section shall be deemed to preclude the conduct of further budget hearings if the Mayor and City Council deem such hearings necessary and complies with the requirements of subsection (5).

Section 4-306 Form and Content of Budget

The municipal budget shall be prefaced by a clear general summary of its contents and shall show in detail all estimated income, indicating the proposed property tax levy, and all proposed expenditures for the ensuing fiscal year. It shall be so arranged as to show comparative figures for actual and estimated income expenditures of the preceding fiscal year. Separate items shall be included for at least the following:

1. Administration, operation, and maintenance expenses of each department or office of the City, including a breakdown for salaries and wages for each such unit;
2. Interest and debt redemption charges;
3. Proposed capital expenditures, detailed by departments and offices when practicable;
4. Cash deficits of the preceding year;

5. Contingent expenses in an amount not more than three percent (3%) of the total amount of administration, operation, and maintenance expenses; and
6. Such reserves as may be deemed advisable by the City Council. The total of proposed expenditures shall not exceed the total of anticipated revenue.

The total of proposed expenditures shall not exceed the total of anticipated revenue.

NOTE: See O.C.G.A. § 36-81-3 regarding "Uniform Chart of Accounts."

Section 4-307 Adoption

After the conclusion of the hearing and no later than December 31 of the fiscal year the Mayor and City Council shall adopt a budget ordinance or resolution making appropriations for the fiscal year in such sums as the Mayor and City Council may deem sufficient, whether greater or less than the sums presented in the proposed budget. The budget ordinance or resolution shall be adopted at a public meeting which shall be advertised in accordance with the procedures set forth in Section 4-305-5 at least one (1) week prior to the meeting.

The budget may be prepared in any form that the Mayor and City Council deems most efficient in enabling it to make the fiscal policy decisions embodied in the budget, but such budget shall show anticipated revenues and appropriations by fund.

Section 4-308 Effective Date

No Act of any of the types specified in this subsection shall be effective until the first day of January following passage of the Act. This requirement shall apply with respect to any Act which: 1. Requires that a county or municipality create one or more new personnel positions the cost of which will be paid from county or municipal funds; 2. Requires an increase in the salary, employment benefits, or other compensation of one or more personnel positions the cost of which will be paid from county or municipal funds; or 3. Requires any capital expenditure which will be paid from county or municipal funds.

This Code Section shall not apply with respect to Acts affecting local school systems.

This Section shall not apply with respect to a local Act when passage of the Act with an earlier effective date has been requested by the governing authority of the affected county or municipality and such request is evidenced by attachment of the request to the Act as provided for in paragraph (3) of subsection (b) of O.C.G.A. § 28-1-14.

Any local Act which contains a stated effective date in violation of the requirements of this Section as presently or formerly amended shall not be invalid. Any local Act becoming law before or after the effective date of O.C.G.A. § 1-3-4.1 section, which local Act contains an effective date in violation of the requirements of this Section as presently amended, shall become effective on the first day of January following its enactment. Any local Act becoming law prior to the effective date of this Section, which local Act at the time of its becoming law contained an effective date in violation of the former requirements

of this Section but not in violation of the current requirements of this Section, shall become effective on the later of the effective date specified in such Act or the effective date of this Section.

Section 4-309 Budget Message

When introduced to the City Council for approval, the municipal budget shall be accompanied by a budget message which shall explain the budget both in fiscal terms and in terms of the work programs. The budget message shall outline the proposed financial policies of the City for the ensuing fiscal year; describe the important features of the budget; indicate any major changes from the current year in financial policies, expenditures, and the revenues, together with the reasons for such change; summarize the City's debt position; and include such other material as will provide a complete synopsis of the financial condition of the City.

Section 4-310 Amendments

1. The City Council may amend the budget during or after the public hearing, except that no proposed amendment shall be effective without such a hearing if it shall: A. Add a new item of appropriation in an amount in excess of one percent (1%) of the total amount of appropriations as stated in the initially approved budget; or

B. Increase or decrease any department appropriation, as defined in the budget, by more than ten percent (10%); or (Adopted 2/4/2008; Effective 2/14/08) C. Increase the amount needed to be raised by taxes by more than five percent (5%). 2. Notice of hearing on any amendment shall be advertised at least three (3) days before the date set therefor. Any such amendment must be published in full in the same manner as an original publication and must be read in full at the hearing and before adoption. (See O.C.G.A. § 36-81-3[d]).

Section 4-311 Audits Required

1. Annual Audit. The Mayor and City Council of each unit of local government having a population in excess of one thousand five hundred (1,500) persons according to the latest estimate of population by the United States Bureau of the Census or its successor agency or expenditures of one hundred seventy-five thousand dollars (\$175,000.00) or more shall provide for and cause to be made an annual audit of the financial affairs and transactions of all funds and activities of the local government for each fiscal year of the local government.

2. Biennial Audit. The governing authority of each local unit of government not included in paragraph (1) of this subsection shall provide for and cause to be made the audit required pursuant to paragraph (1) not less often than once every two (2) fiscal years. Audits performed pursuant to this paragraph shall be for both fiscal years.

3. Report of Receipts and Disbursements. The Mayor and City Council of each local unit of government having expenditures of less than one hundred seventy-five thousand dollars (\$175,000.00) in that government's most recently ended fiscal year may elect to

prepare, in lieu of the biennial audit otherwise required under paragraph (2) of this subsection, an annual financial report of receipts and disbursements for that fiscal year upon such forms and in such manner as shall be prescribed by the state auditor, and that financial report shall constitute an annual audit report for purposes of and within the meaning of the requirements of Section 4-312 of this Code.

4. Audits Performed Before Years End. At the option of the Mayor and City Council, an audit may be made at a lesser interval than one (1) year.

Section 4-312 Conduct of Audits

The audits of the City shall be conducted in accordance with generally accepted auditing standards. Each audit shall also contain a statement of any agreement or arrangement under which the City has assumed any actual or potential liability for the obligations of any governmental or private agency, authority, or instrumentality. Such statement shall include the purpose of the agreement or arrangement, shall identify the agency, authority, or instrumentality upon whose obligations the City is or may become liable, and shall state the amount of actual liability and the maximum amount of potential liability of the City under the agreement or arrangement. To the extent that the state auditor is able to provide comparable auditing services, the governing body may contract with the state auditor.

Section 4-313 Contents of Audit Reports

Whenever an audit of the financial affairs of a county or municipal corporation or of an officer, board, department, unit, or other political subdivision of a county or municipal corporation is made pursuant to a requirement or to an authorization otherwise provided by law, the audit report shall include the auditor's unqualified opinion upon the presentation of the financial position and the result of the operations of the governmental unit or office which is audited. If the auditor is unable to express an unqualified opinion, he or she shall so state and shall further detail the reasons for qualification or disclaimer of opinion. All such audits shall be conducted in conformity with generally accepted government auditing standards.

Section 4-314 Forwarding Audits to State Auditor

Each annual audit report of a local unit of government shall be completed and a copy of the report forwarded to the state auditor within one hundred eighty (180) days after the close of the unit's fiscal year. In addition to the audit report, the local unit of government shall forward to the state auditor, within thirty (30) days after the audit report due date, written comments on the findings and recommendations in the report, including a plan for corrective action taken or planned and comments on the status of corrective action taken on prior findings. If corrective action is not necessary, the written comments should include a statement describing the reason it is not. In the case of units provided for in paragraph (2) of subsection (a) of this Code Section, the audit reports for both fiscal periods shall be submitted within one hundred eighty (180) days after the close of each

second fiscal year and the written comments shall be submitted within thirty (30) days after the audit report due date.

Section 4-315 Public Inspection of Audits

A copy of the report and of any comments made by the state auditor shall be maintained as a public record for public inspection during the regular working hours at City Hall. Those cities not having a principal office shall provide a notification to the public as to the location of and times during which the public may inspect the report.

Section 4-316 Annual Report, Submitted to the Department of Community Affairs

The City shall submit an annual report of local government finances to the Department of Community Affairs. The report shall include the revenues, expenditures, assets, and debts of all funds and agencies of the City, and other such information as may be reasonably requested by the department. Each local independent authority shall submit an annual report of indebtedness to the Department of Community Affairs. Such report shall include the revenues, expenditures, assets, and debts of all funds of the local independent authority and shall describe any actions taken by such local independent authority to incur indebtedness. The local government finance report and the local independent authority indebtedness report shall be filed on forms promulgated by the department and shall be submitted within the requested time periods established by the department.

Section 4-317 Capital Program

A five (5) year capital program may be submitted to the City Council at the same time that the budget and budget message are introduced for approval. Such capital program shall include:

1. A clear general summary of its contents;
2. A list of all capital improvements which are proposed to be undertaken for the five (5) fiscal years next ensuing, with appropriate supporting information as to the necessity for such improvements;
3. Cost estimates, method of financing, and recommended time schedules for each such improvements; and
4. The estimated annual cost of operation and maintaining the facilities to be constructed or acquired.

The above information may be revised and extended each year with regard to capital improvements still pending or in the process of construction or acquisition.

Section 4-318 Transfer of Appropriations

The Mayor may, at any time during the fiscal year, transfer part or all of any unencumbered appropriation balance among programs within a department or office, and

the City Council may, by ordinance, transfer part or all of any unencumbered appropriation balance from one department or office to another, except that no appropriation for debt service or capital improvements may be reduced or transferred during any fiscal year, and under no circumstances may the expenditures exceed the total of the budget.

Section 4-319 Emergency Appropriations

Notwithstanding any other provision of this Article, the City Council may make emergency appropriations after the adoption of a budget, for a purpose which was not foreseen at the time of the adoption thereof, or for which adequate provision was not made therein. Such an appropriation shall be made only to meet a public emergency affecting life, health, safety, property, or the public peace, and shall be made only out of actual unappropriated revenues or surplus. If there is no surplus, then temporary borrowing in notes may be made, provided that any such borrowed amounts are included as an appropriation in the next succeeding year's budget.

Section 4-320 Lapse of Appropriations

Every appropriation, except an appropriation for a capital expenditure, shall lapse at the close of the next succeeding year to the extent that it has not been expended or encumbered. An appropriation for a capital expenditure shall continue in force until the purpose for which it was made has been accomplished or abandoned; the purpose of any such appropriation shall be deemed abandoned if three (3) years pass without any disbursement from or encumbrance of the appropriation.

NOTE: Each annual budget should be able to exist for twenty-four (24) months, so that any bills arriving after the close of the fiscal year can be paid out of such budget.

Section 4-321 Uniform Chart of Accounts

The municipality shall adopt and use the Uniform Chart of Accounts developed by the Georgia Department of Community Affairs.

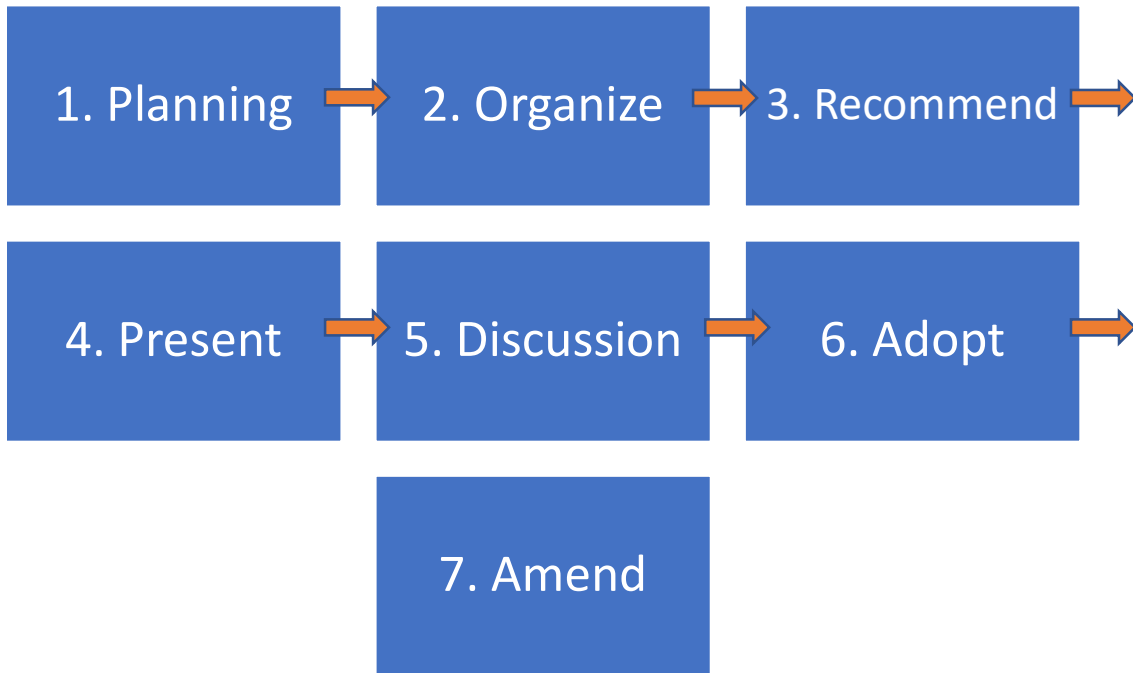
BUDGET CALENDAR

Fiscal Year 2020 Budget Calendar (January 1, 2020 – December 31, 2020)

| | |
|----------------------------|--|
| August | <ul style="list-style-type: none">✓ Preparation of revenue anticipations and department budget templates✓ Meeting with City Administrator to review budget process✓ Budget Kick-off Meeting✓ Distribution of budget worksheets to departments |
| September | <ul style="list-style-type: none">✓ Budget worksheets due from departments✓ Review of departmental requests by Finance and City Administrator |
| September - October | <ul style="list-style-type: none">✓ Departmental budget work sessions with City Administrator as necessary |
| October | <ul style="list-style-type: none">✓ Review proposed budget with City Administrator and Mayor |
| November | <ul style="list-style-type: none">✓ Provide proposed budget to Mayor and City Council |
| December | <ul style="list-style-type: none">✓ Work Session – Public Hearing and budget discussion✓ Council Meeting – Adopt Budget |

BUDGET PROCESS

The City of Hoschton Budget serves as a policy document, financial plan, operation guide and communication device. Each of these elements of the document help to describe what we have done, what we plan to do, and how we will accomplish our objectives.



1. Departments submit requests for operations and capital items.
2. The City Administrator and Finance organize and prioritize the submissions for the Mayor's consideration.
3. The Mayor considers staff's recommendations while preparing the budget for presentation to City Council.
4. The Mayor presents the proposed budget to City Council.
5. The City Council holds public hearing to discuss and review the proposed budget.
6. The Mayor and City Council vote to adopt the final budget.
7. If needed, amendments brought to Council.

CAPITAL REQUEST FORM

**CAPITAL REQUEST
FY2020**

Department General Government
Responsible Person _____

PROJECT NAME:

CATEGORY Improvement _____ Equipment _____ New Construction _____
PRIORITY _____ (1 High...5 Low) Useful Life _____

DESCRIPTION

JUSTIFICATION

Expenditure Schedule

| PRIOR TO TAL | 2020 | 2021 | 2022 | 2023 | 2024 | TOTAL | FUTURE TOTAL |
|--------------|------|------|------|------|------|-------|--------------|
| | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | |
| | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

Funding Sources

| PRIOR TO TAL | 2020 | 2021 | 2022 | 2023 | 2024 | TOTAL | FUTURE TOTAL |
|--------------|------|------|------|------|------|-------|--------------|
| | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | |
| | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

BUDGET IMPACT/OTHER

Operating Budget Impact

| PRIOR TO TAL | 2020 | 2021 | 2022 | 2023 | 2024 | TOTAL | FUTURE TOTAL |
|--------------|------|------|------|------|------|-------|--------------|
| | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | |
| | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

REVIEW OF ASSUMPTIONS AND NOTABLE CHANGES FROM FY2019 – GENERAL FUND

- I. **Maintain millage rate:** Proposed budget assumes no millage rate.
- II. **FY 2020 budget proposes to use \$0 in budgeted fund balance:** The current budget proposal is balanced without using any budgeted fund balance. Furthermore, the current budget proposes a \$240,125 surplus.
- III. **Proposed new Facilities Department (General Fund), \$89,000:** The Facilities Department accounts for expenditures for general administration and maintenance of buildings and plant, including grounds keeping.

The proposed budget is 83% reallocations from other departments in the general fund and 17% of new funding for the Darby Building renovation carryover from FY2019 and floor replacement at Hosch Hall.
- IV. **Proposed new Municipal Court Department (General Fund), \$7,500:** The Municipal Court Department accounts for expenditures for operation of the Municipal Court.
- V. **Notable increases and decreases in General Fund revenues compared to FY2019 amended budget:**
 1. **Planning and development fees - \$650,000 increase.** This revenue line item is being established to better track our revenue streams associated with development and redevelopment activities. Historically planning and development fees have been comingled with building, signs, zoning, and land use permit revenue.
 2. **Building and signs permits - \$10,000 decrease.** While we are anticipating growth in building and sign permit revenue for FY2020, this revenue line item is being reduced as the result of reclassifying planning and zoning development fees to a separate revenue line.
 3. **Zoning and land use permits - \$70,000 decrease.** While we are proposing no change in the zoning and land use permit revenue, the proposed FY2020 budget includes a decrease from the current FY2019 amended budget as the result of reclassifying planning and zoning development fees to a separate revenue line.
- VI. **Citywide annual employee performance reviews, \$9,500:** The proposed budget includes funding a range of 0-3% pay for performance increases. Actual increases will be based on performance reviews and new hires are not eligible for performance increases in the fiscal year of hire.
- VII. **Group health insurance, \$20,000 net budget increase:** The City uses Blue Cross Blue Shield of Georgia as our healthcare provider. The current proposed budget includes a 5% increase in group health insurance. The proposed budget

assumes all new positions will elect full coverage. Total group health insurance cost included in the proposed FY2020 budget, \$65,800.

VIII. **Retirement, \$7,300 budget increase:** The City contributes to a defined contribution plan. City employees make voluntary contributions and the City matches up to 3% of the employee's salary. The proposed budget for retirement match is \$12,500.

IX. **New position requests and position eliminations, \$76,400 net budget increase:** The proposed budget includes three new position requests:

City Clerk, \$34,500 (total personnel cost-half year): The proposed budget includes a full-time hourly position in the Executive Department for a City Clerk for half of the fiscal year. Among other things, this position is responsible for compliance with Federal, State, and City mandates and regulations governing official City Council meetings, actions, and documentation; Elections, codification of City ordinances; and, Citywide policies and procedures concerning official government records.

Public Services Coordinator / Permits Clerk, \$49,900 (total personnel cost): The proposed budget includes a full-time hourly position for a Public Services Coordinator/Permits Clerk that will be allocated 50% to the General Government Department and 50% allocated to the Planning and Zoning Department. Under the supervision of the Public Development Director, this position is responsible for several tasks in the City including: 1) the clerical and administrative work in the operation of planning and development department; 2) handling public and media related support services and 3) the development and coordination of a calendar of special events for all segment, groups and interest levels in the community.

Public Development Director, \$87,700 (total personnel cost): The proposed budget includes a full-time contract position in the Planning and Zoning Department for a Public Development Director. This position is responsible for directing and coordinating all planning, development, building and economic development and supervises the Staff involved with culture and recreation activities in the City.

Position eliminations, \$95,700 decrease: The current proposal includes eliminating two positions.

1. Event Coordinator in the General Government Department, \$12,900.
2. Planning and Zoning Director in the Planning and Zoning Department, \$82,800.

X. **General Government Notable Changes from FY2019:**

1. **Professional Services, \$104,000 increase:** The proposed budget includes increases in service levels and associated costs for professional services including legal (\$84,000 increase), security (\$11,000), finance (\$3,000), and IT (\$3,000).

2. **Franchise Fee Audit (Professional services), \$3,000:** The proposed budget includes funding for a GMA Cable Franchise Fee Audit. GMA provides this service to identify and recover revenues associated with financial errors and jurisdictional errors. Staff will also consider joining the TRM program which could provide additional benefits in addition to the audit for jurisdictional errors for a smaller annual fee.

3. **Edmunds Implementation (Technical services), \$15,000:** The proposed budget includes implementation costs for the city's selected ERP software.

4. **City Hall Renovation (Repairs and maintenance), \$50,000:** The City Hall Renovation is a carryover project from FY2019. The project was initially appropriated for \$60,000 in FY2019. It was not completed during FY2019 and the remaining \$50,000 is included in the proposed FY2020 budget.

5. **Municode (Dues and fees), \$15,000:** The proposed budget includes funding for new codification and re-codifying the existing Codes and Ordinances of the City and hosting of these documents on a web-based searchable platform.

6. **Computers (Small equipment), \$5,000:** The proposed budget includes funding for replacement of four outdated computers in City Hall.

XI. **Executive Notable Changes from FY2019:**

1. **Security officers (Contract labor), \$8,700:** The proposed budget includes appropriations for security officers at City Council meetings.

2. **Education and training, \$3,800 increase:** The proposed budget provides for training for the proposed City Clerk position and the two newly elected officials training.

XII. **Facilities Notable Changes from FY2019:**

1. **Reallocations \$65,000:** The Facilities Department accounts for expenditures for general administration and maintenance of buildings and plant, including grounds keeping. The majority (83%) of these expenditures are reallocated in the FY2020 budget from other departments in the General Fund.

2. **Darby Building Renovation (Repairs and maintenance) \$9,000:** The Darby Building Renovation is a carryover project from FY2019. The project was initially appropriated for \$10,000 in FY2019. It was not completed during FY2019 and the remaining \$9,000 is included in the proposed FY2020 budget.

3. Hosch Hall Floor Replacement (Repairs and maintenance) \$15,000: The proposed budget includes funding for floor replacement at Hosch Hall.

XIII. Public Works Notable Changes from FY2019:

1. Tree Removal at The Village (Professional services) \$10,000: Tree removal at The Village is a carryover project from FY2019. The project was initially appropriated for \$10,000 in FY2019. It was not completed during FY2019 and is included in the proposed FY2020 budget.

XIV. Planning and Zoning Notable Changes from FY2019:

1. Professional services \$155,300 increase: The proposed budget includes an increase in professional services to account for the anticipated increase in development activities in FY2020. It is worth noting that this expenditure line item is directly offset by the building permit, land and zoning permit, and planning and development fee revenues.

2. Comprehensive Plan (Technical services) \$5,000: The Comprehensive Plan is a carryover project from FY2019. The project was initially appropriated for \$5,000 in FY2019. It was not completed during FY2019 and is included in the proposed FY2020 budget.

REVIEW OF ASSUMPTIONS AND NOTABLE CHANGES FROM FY2019 – WATER/SEWER/GARBAGE FUND

- I. **Maintain current fee schedule:** Proposed budget assumes no change in fees for charges for services.
- II. **FY 2020 budget proposes to use \$1,832,213 of fund balance:** The current budget proposal utilizes \$1,511,750 from fund balance representing capital funds received through TAP fees in prior years. Furthermore, the current budget proposes a \$320,463 use of fund balance.
- III. **Proposed new Solid Waste and Recycling Department (Water/Sewer/Garbage Fund), \$114,900 (reallocation of existing funds):** The Solid Waste and Recycling Department accounts for solid waste management services.

The proposed budget is 100% reallocation from the Sanitation and Wastewater Department in the Water/Sewer/Garbage Fund.
- IV. **Intergovernmental revenues \$600,000:** The city was granted \$600,000 to address sewer improvements in the Panther Court area. The original sewage system had grinder pump stations for each house, but the community hopes the new gravity sewer will be both more efficient and less costly. The Panther Court project also includes a \$260,000 local match.
- V. **Water and Sewer TAP fees, \$276,250 and \$346,250 increase, respectively:** The proposed FY2020 budget includes an increase in TAP fees associated with development projects within the city.
- VI. **Developer contribution \$1,903,500:** The proposed FY2020 budget includes developer contributions associated with Twin Lakes, Action Technology, and Aavis Pharmaceuticals.
- VII. **Transfers in \$175,000:** A transfer from the SPLOST fund in the amount of \$175,000 is budgeted for FY2020 for debt service expenses in the Water/Sewer/Garbage fund. The SPLOST expenditure was approved by the SPLOST 6 Water and Sewer Oversight Committee on January 11, 2019.
- VIII. **Proceeds from the issuance of debt:** The proceeds budgeted in FY2020 represent the balance of the Drinking Water Loan borrowed from the Georgia Environmental Finance Authority (GEFA).

SECTION 3

Financial Summaries

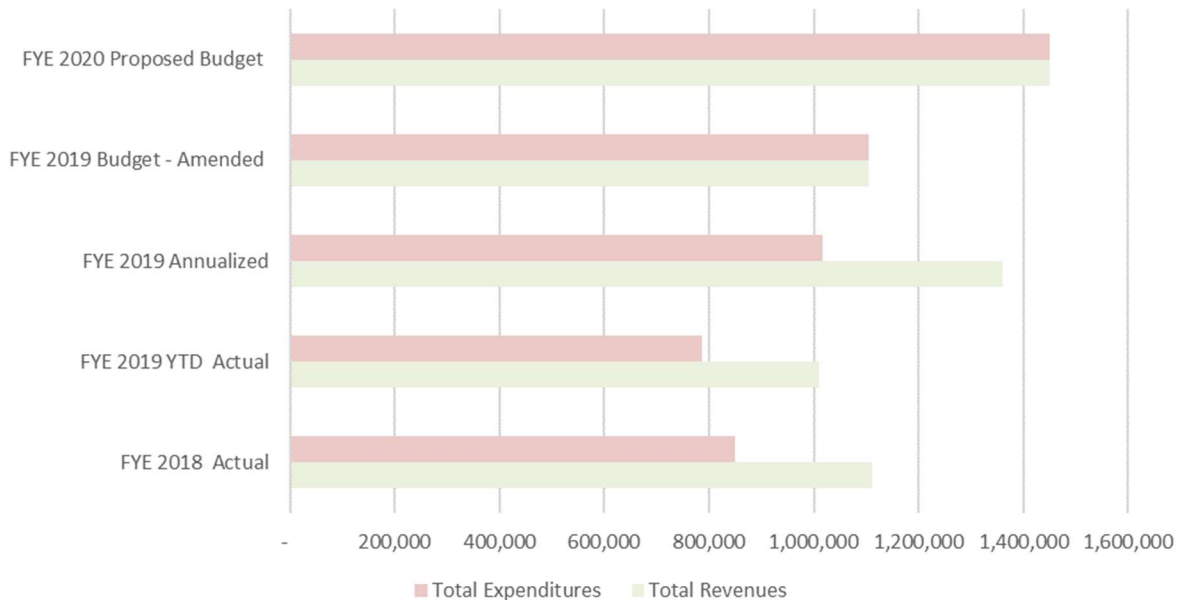
CITY OF HOSCHTON FY2020 BUDGET

(All Appropriated Funds)

| | FYE 2017 | FYE 2018 | FYE 2019 Amended Budget | FYE 2019 Amended Budget | FYE 2020 Proposed Budget |
|--|--------------|--------------|-------------------------------|-------------------------------|--------------------------------|
| Fund 100 - General Fund | | | | | |
| Revenues | \$ 1,111,359 | \$ 1,009,776 | \$ 1,360,104 | \$ 1,104,510 | \$ 1,450,375 |
| Expenditures | 849,514 | 786,756 | 1,015,785 | 1,104,510 | 1,450,375 |
| Surplus/(Deficit) | \$ 261,845 | \$ 223,020 | \$ 344,319 | \$ - | \$ - |
| Fund 250 - Multiple Grants Fund | | | | | |
| Revenues | \$ - | \$ - | \$ 57,008 | \$ 57,008 | \$ 32,000 |
| Expenditures | - | - | 57,008 | 57,008 | 32,000 |
| Surplus/(Deficit) | \$ - | \$ - | \$ - | \$ - | \$ - |
| Fund 3xx - Special Local Option Sales Tax (SPLOST) Fund | | | | | |
| Revenues | \$ 199,039 | \$ 375,008 | \$ 540,008 | \$ - | \$ 315,000 |
| Expenditures | 48,377 | 375,008 | 540,008 | - | 175,000 |
| Surplus/(Deficit) | \$ 150,662 | \$ 0 | \$ (0) | \$ - | \$ 140,000 |
| Fund 500 - Water, Sewer, Garbage Fund | | | | | |
| Revenues | \$ 2,113,819 | \$ 3,298,968 | \$ 3,358,562 | \$ 3,285,270 | \$ 7,330,695 |
| Expenditures | 1,685,375 | 1,373,773 | 3,358,562 | 3,285,270 | 7,330,695 |
| Surplus/(Deficit) | \$ 428,444 | \$ 1,925,195 | \$ 0 | \$ 0 | \$ 0 |

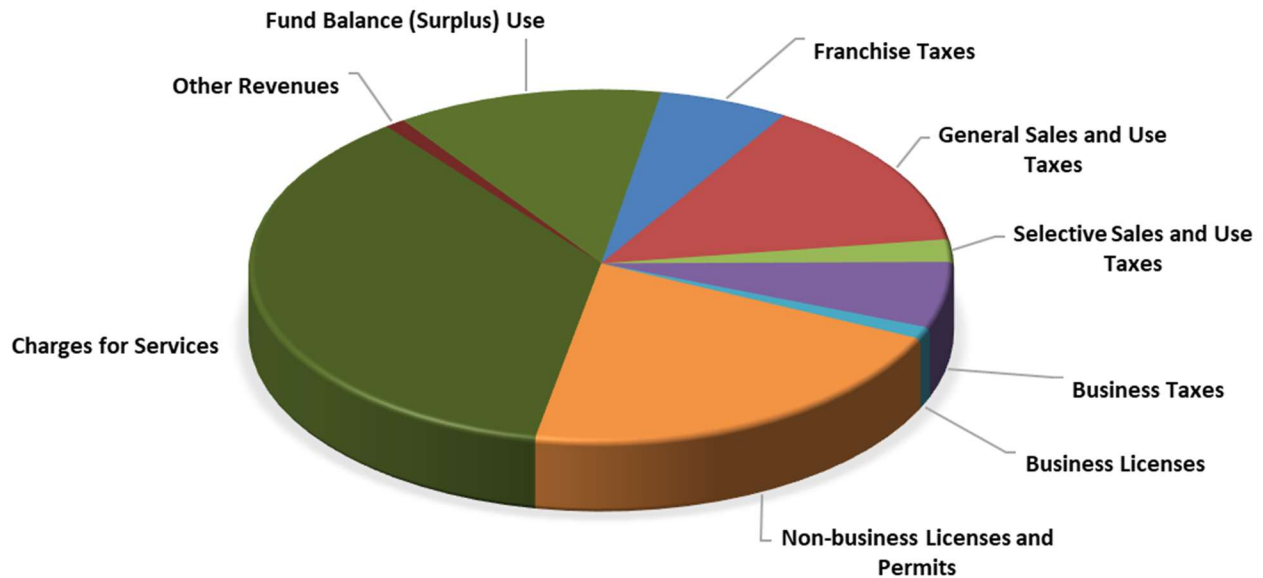
CITY OF HOSCHTON GENERAL FUND BUDGET

| | FYE 2018 Actual | FYE 2019 YTD Actual | FYE 2019 Annualized | FYE 2019 Budget - Amended | FYE 2020 Proposed Budget |
|-----------------------------|--------------------|------------------------|------------------------|---------------------------------|--------------------------------|
| Beginning Fund Balance | \$ 1,420,459 | \$ 1,682,304 | \$ 1,682,304 | \$ 1,682,304 | \$ 1,682,304 |
| Revenues | | | | | |
| Taxes | \$ 595,627 | \$ 340,930 | \$ 549,317 | \$ 537,800 | \$ 543,600 |
| Licenses and Permits | 320,561 | 344,745 | 368,677 | 506,400 | 425,800 |
| Intergovernmental Revenues | 30,979 | - | - | - | - |
| Charges for Services | 136,714 | 304,167 | 405,532 | 52,100 | 703,100 |
| Investment Income | 1,853 | 553 | 738 | 1,000 | 1,000 |
| Contributions and Donations | - | - | 10,000 | 10,000 | - |
| Miscellaneous | 25,625 | 19,380 | 25,840 | 17,100 | 17,000 |
| Subtotal Revenues | 1,111,359 | 1,009,776 | 1,360,104 | 1,124,400 | 1,690,500 |
| Fund Balance (Surplus) Use | - | - | - | (19,890) | (240,125) |
| Total Revenues | 1,111,359 | 1,009,776 | 1,360,104 | 1,104,510 | 1,450,375 |
| Expenditures | | | | | |
| General Government | 362,161 | 220,978 | 290,748 | 393,200 | 475,500 |
| Executive | 2,295 | 6,872 | 9,163 | 22,150 | 72,900 |
| Facilities | - | - | - | - | 89,000 |
| Municipal Court | - | - | - | - | 7,500 |
| Public Works | 152,515 | 227,330 | 273,773 | 214,210 | 158,500 |
| Culture and Recreation | 73,510 | 14,707 | 19,609 | 40,800 | 17,300 |
| Planning and Zoning | 259,033 | 316,869 | 422,492 | 434,150 | 629,675 |
| Total Expenditures | 849,514 | 786,756 | 1,015,785 | 1,104,510 | 1,450,375 |
| Ending Fund Balance | \$ 1,682,304 | \$ 1,905,324 | \$ 2,026,623 | \$ 1,682,304 | \$ 1,682,304 |



GENERAL FUND REVENUE SUMMARY

| | FYE 2018 Actual | FYE 2019 YTD Actual | FYE 2019 Annualized | FYE 2019 Budget - Amended | FYE 2020 Proposed Budget |
|-----------------------------------|--------------------|------------------------|------------------------|---------------------------------|--------------------------------|
| Franchise Taxes | \$ 142,074 | \$ 77,273 | \$ 103,031 | \$ 109,400 | \$ 116,300 |
| General Sales and Use Taxes | 281,113 | 215,683 | 287,577 | 275,000 | 270,000 |
| Selective Sales and Use Taxes | 44,207 | 32,192 | 42,922 | 34,200 | 40,000 |
| Business Taxes | 128,233 | 15,782 | 115,787 | 119,200 | 117,300 |
| Business Licenses | 16,497 | 11,775 | 13,508 | 21,400 | 20,800 |
| Non-business Licenses and Permits | 304,064 | 332,970 | 355,168 | 485,000 | 405,000 |
| Intergovernmental Revenues | 30,979 | - | - | - | - |
| Charges for Services | 136,714 | 304,167 | 405,532 | 52,100 | 703,100 |
| Investment Income | 1,853 | 553 | 738 | 1,000 | 1,000 |
| Contributions and Donations | - | - | 10,000 | 10,000 | - |
| Miscellaneous | 25,625 | 19,380 | 25,840 | 17,100 | 17,000 |
| Subtotal General Fund Revenues | 1,111,359 | 1,009,776 | 1,360,104 | 1,124,400 | 1,690,500 |
| Fund Balance (Surplus) Use | - | - | - | (19,890) | (240,125) |
| Total General Fund Revenues | \$ 1,111,359 | \$ 1,009,776 | \$ 1,360,104 | \$ 1,104,510 | \$ 1,450,375 |



GENERAL FUND REVENUE DETAIL

| | FYE 2018 Actual | FYE 2019 YTD Actual | FYE 2019 Annualized | FYE 2019 Budget - Amended | FYE 2020 Proposed Budget |
|----------------------------------|--------------------|------------------------|------------------------|---------------------------------|--------------------------------|
| Franchise Taxes-Electric | \$ 106,041 | \$ 54,000 | \$ 72,000 | \$ 73,800 | \$ 78,800 |
| Franchise Taxes-Gas | 6,405 | 3,727 | 4,969 | 7,500 | 7,500 |
| Franchise Taxes-Television Cable | 20,000 | 15,115 | 20,154 | 18,100 | 20,000 |
| Franchise Taxes-Telephone | 9,628 | 4,431 | 5,908 | 10,000 | 10,000 |
| Local Option Sales and Use Taxes | 281,113 | 215,683 | 287,577 | 275,000 | 270,000 |
| Alcoholic Beverage Excise Taxes | 29,789 | 21,875 | 29,167 | 22,200 | 25,000 |
| Energy Excise Taxes | 14,418 | 10,316 | 13,755 | 12,000 | 15,000 |
| Business Taxes | 21,248 | 9,145 | 12,193 | 16,000 | 16,300 |
| Insurance Premium Taxes | 98,696 | - | 96,700 | 96,700 | 100,000 |
| Financial Institutions Taxes | 5,989 | 5,869 | 5,869 | 5,500 | - |
| Business License Penalty | 2,300 | 769 | 1,025 | 1,000 | 1,000 |
| Intergovernmental Revenues | 30,979 | - | - | - | - |
| Alcoholic Beverage Licenses | 8,800 | 5,200 | 6,933 | 14,800 | 14,000 |
| Insurance Business Licenses | 7,697 | 6,575 | 6,575 | 6,600 | 6,800 |
| Building and Signs Permits | 265,239 | 329,793 | 351,779 | 400,000 | 390,000 |
| Zoning and Land Use Permits | 38,825 | 3,177 | 3,389 | 85,000 | 15,000 |
| Planning and Development Fees | - | 261,895 | 349,194 | - | 650,000 |
| Motor Vehicle Tag Collection | 42,344 | 31,744 | 42,325 | 35,000 | 36,000 |
| Election Qualifying Fee | 90 | 72 | 72 | - | - |
| Activity Fees | 40,285 | - | - | - | - |
| Hoschton Special Events | 8,946 | 2,377 | 3,169 | 7,000 | 7,000 |
| Cemetery Fees | 45,050 | 8,030 | 10,707 | 10,000 | 10,000 |
| Bad Check Fees | (1) | 49 | 65 | 100 | 100 |
| Investment Income | 1,853 | 553 | 738 | 1,000 | 1,000 |
| Contributions and Donations | - | - | 10,000 | 10,000 | - |
| Miscellaneous Revenue | 3,760 | 3,140 | 4,187 | 100 | 1,000 |
| Depot Rental | 18,540 | 11,850 | 15,800 | 15,000 | 14,000 |
| City Square Building Rental | 3,325 | 4,390 | 5,853 | 2,000 | 2,000 |
| Subtotal General Fund Revenues | 1,111,359 | 1,009,776 | 1,360,104 | 1,124,400 | 1,690,500 |
| Fund Balance (Surplus) Use | - | - | - | (19,890) | (240,125) |
| Total General Fund Revenues | \$ 1,111,359 | \$ 1,009,776 | \$ 1,360,104 | \$ 1,104,510 | \$ 1,450,375 |

GENERAL FUND MAJOR REVENUES

| Major Revenues (Top Ten) | FYE 2018 Actual | FYE 2019 YTD Actual | FYE 2019 Annualized | FYE 2019 Budget - Amended | FYE 2020 Proposed Budget |
|------------------------------------|---------------------|------------------------|------------------------|---------------------------------|--------------------------------|
| Taxes: | | | | | |
| Franchise Taxes-Electric | \$ 106,041 | \$ 54,000 | \$ 72,000 | \$ 73,800 | \$ 78,800 |
| Franchise Taxes-Television Cable | 20,000 | 15,115 | 20,154 | 18,100 | 20,000 |
| Local Option Sales and Use Taxes | 281,113 | 215,683 | 287,577 | 275,000 | 270,000 |
| Alcoholic Beverage Excise Taxes | 29,789 | 21,875 | 29,167 | 22,200 | 25,000 |
| Energy Excise Taxes | 14,418 | 10,316 | 13,755 | 12,000 | 15,000 |
| Business Taxes | 21,248 | 9,145 | 12,193 | 16,000 | 16,300 |
| Insurance Premium Taxes | 98,696 | - | 96,700 | 96,700 | 100,000 |
| Licenses and Permits: | | | | | |
| Building and Signs Permits | 265,239 | 329,793 | 351,779 | 400,000 | 390,000 |
| Charges for Services: | | | | | |
| Planning and Development Fees | - | 261,895 | 349,194 | - | 650,000 |
| Motor Vehicle Tag Collection | 42,344 | 31,744 | 42,325 | 35,000 | 36,000 |
| Other General Fund Revenues | 232,471 | 60,209 | 85,260 | 155,710 | (150,725) |
| Total General Fund Revenues | \$ 1,111,359 | \$1,009,776 | \$1,360,104 | \$1,104,510 | \$1,450,375 |

ELECTRIC FRANCHISE FEES

Franchise fees are implemented as part of a service agreement executed between the City and a utility company that grants the company usage of the City's rights-of-way. The fees are intended to reimburse the City for the use and maintenance of the right-of-way. Traditionally, the fees are also viewed as compensation for the awarding by local governments of exclusive rights to specific public utility companies to provide service in specific areas.

The City currently collects electric franchise fees from two electricity providers: Georgia Power and Jackson EMC. Georgia Power and Jackson EMC remit their payments annually.

This category represents 4.9% of total general fund revenues. The current electric franchise fee rate is 4% of total electricity sales receipts. The revenue projection FY 2020 represents an increase of 6.8% over the FY 2019 budgeted revenues and is based on a review of historical actuals and projected total receipts for FY 2020.

TELEVISION CABLE FRANCHISE FEES

Franchise fees are implemented as part of a service agreement executed between the City and a cable company that grants the company usage of the City's rights-of-way. The fees are intended to reimburse the City for the use and maintenance of the right-of-way. Traditionally, the fees are also viewed as compensation for the awarding by local governments of exclusive rights to specific public utility companies to provide service in

specific areas.

The City currently collects television cable franchise fees from one cable provider: Comcast. Comcast remits their payments quarterly.

This category represents 1.2% of total general fund revenues. The current television cable franchise fee rate is 5% of full basic service and converter rental sales receipts. The revenue projection FY 2020 represents a decline of 10.5% over the FY 2019 budgeted revenues and is based on a review of historical actuals and projected total receipts for FY 2020.

LOCAL OPTION SALES TAX

Local Option Sales Tax (LOST) is intended to be used to assist funding services provided including police and fire protection, streets, roads, parks, and recreational programs. In short, LOST revenues expand the total revenues available to the City to pay for services that would otherwise be paid for out of property taxes.

A one percent (1%) sales and use tax is charged within Jackson County and collected by the State Revenue Commissioner. The collected funds are distributed to the cities and counties, on a monthly basis, in accordance with the formula in the Certificate of Distribution.

This category represents 16.8% of total general fund revenues. The City receives 2.29% of the one percent sales and use tax collected in Jackson County. The revenue projection FY 2020 represents a decline of 1.8% from the FY 2019 budgeted revenues and is based on a review of historical actuals and projected total receipts for FY 2020.

ALCOHOL BEVERAGE EXCISE TAX

The Alcoholic Beverage Excise Tax is an excise tax imposed on distribution of distilled spirits, malt beverages, and wine for the purpose of generating revenue for city operations. Taxes are also imposed on the sale of distilled spirits by the drink.

Alcoholic Beverage Taxes are adopted by the City Council as part of the Schedule of Fees and are paid monthly to the City by applicable businesses.

This category represents 1.6% of total general fund revenues. Fees applicable are established by resolution of Mayor and City Council. The revenue projection FY 2020 represents an increase of 12.6% over the FY 2019 budgeted revenues and is based on a review of historical actuals and projected total receipts for FY 2020.

ENERGY EXCISE TAX

The Energy Excise Tax is an excise tax imposed on companies that sell or use energy in manufacturing of tangible personal property for the purpose of generating revenue for city operations. It does not include energy purchased by a manufacturer that is primarily engaged in producing electricity for resale, such as energy manufactured for resale by Georgia Power or Jackson EMC.

Energy Excise Taxes are levied at the same rate as the local county/city sales taxes. They are shared between the county and the cities based upon the same proportional share each receives from local sales tax, 2.29%.

This category represents 0.9% of total general fund revenues. The revenue projection FY 2020 represents an increase of 25% over the FY 2019 budgeted revenues and is based on a review of historical actuals and projected total receipts for FY 2020.

BUSINESS AND OCCUPATION TAXES

Business and Occupation Taxes are taxes imposed on businesses located within the City for the purpose of raising revenue for the provision of local government services.

City Council adopts a schedule of fees establishing the taxation method for occupations within the City. The current methodology utilizes a combination of flat fee and number of employees to reach a final tax number with a maximum tax liability of \$500. Businesses occupation tax is due on January 1 each year and delinquent if not paid on or before April 15. State law mandates that the occupation tax for a new business be paid within thirty (30) days of commencing the business.

The current rate establishes a flat fee of \$50 for Home Occupations. For a business with the owner or first employee up to five employees a flat fee of \$115 is applied. For a business with over five employees a flat fee of \$115 and an additional \$10 fee for each additional employee over 5 is applied. Professional practitioners, as identified by state law, may choose to pay a \$100 flat rate in lieu of the gross number of employees' method.

This category represents 1% of total general fund revenues. The revenue projection FY 2020 represents an increase of 1.9% over the FY 2019 budgeted revenues and is based on a review of historical actuals and projected total receipts for FY 2020.

INSURANCE PREMIUM TAX

The Insurance Premium Tax is levied on gross direct premiums on life, accident, and sickness insurance policies written on persons residing within the boundaries of the City, and other types of insurance policies written by all companies doing business in the State of Georgia. Insurance Premium Taxes are collected by the Georgia Commissioner of Insurance and distributed to municipalities based on premiums allocated on a population ratio formula (population of Hoschton/population of all other municipalities in Georgia). The tax is distributed in a lump sum payment each fall.

The current rates are 1% on gross direct premiums for life, accident, and sickness policies, and 2.5% on gross premiums of all other types of insurance. The taxes are distributed from the state to local governments based on current census data. Official census data is updated every ten years. Unless the State changes the tax system, this tax will remain flat until the next official census, only changing slightly due to growth in the industry.

This category represents 6.2% of total general fund revenues. The revenue projection FY 2020 represents a growth of 3.4% over the FY 2019 budgeted revenues and is based on a review of historical actuals and projected total receipts for FY 2020.

BUILDING AND SIGNS PERMITS

All construction activities within the City of Hoschton must be permitted through the Community Development Department. This ensures that all construction is done in accordance with the codes set forth by the City of Hoschton, Jackson County, and the State of Georgia.

City Council adopts a schedule of fees establishing the various permitting fees.

This category represents 24.3% of total general fund revenue. The revenue projection FY 2020 represents a decline of 1.8% from the FY 2019 budgeted revenues and is based on a review of historical actuals and projected total receipts for FY 2020.

PLANNING AND DEVELOPMENT FEES

Fees collected from individuals or developers relating to planning and development activities.

This category represents 40.5% of total general fund revenue. The revenue projection FY 2020 represents an increase of 62.5% from the FY 2019 budgeted revenues and is based on a review of historical actuals, projected total receipts for FY 2020, and new fees associated with new development in the City.

MOTOR VEHICLE TAG COLLECTION

The Motor Vehicle TAVT (or “Title Ad Valorem Tax”) is an ad valorem tax on motor vehicles that became effective March 1, 2013. The TAVT replaces the former motor vehicle “birthday tax” with a one-time tax imposed on the fair market for the vehicle at the time of sale.

The Motor Vehicle TAVT is calculated by multiplying the fair market value of the purchased vehicle by the rate set by the Department of Revenue. The current rate is 7% of fair market value. The rate may be adjusted by the Department of Revenue, but it is statutorily capped at 9%.

This category represents 3.24% of total general fund revenues. The revenue projection FY 2020 represents a neutral change from the FY 2019 budgeted revenues and is based on a review of historical actuals and projected total receipts for FY 2020.



REVENUE ADMINISTRATION

The City levies, collects, and records certain taxes, license fees, permit fees, intergovernmental revenues, charges for service, investment income, fines and forfeitures, and other miscellaneous revenues and financing sources. This policy provides direction in the application, acceptance and administration of revenues the City receives.

DIVERSIFICATION AND STABILITY

All revenues have characteristics in terms of stability, growth, sensitivity to inflation or business cycle effects, and impact on the tax and ratepayers. A diversity of revenue sources can improve a city's ability to handle fluctuations in revenues and potentially help to better distribute the cost of providing services.

The City shall strive to maintain a diversified and stable revenue structure to shelter it from short-term fluctuations in any primary revenue source. When possible, the revenue mix shall combine elastic and inelastic revenue sources to minimize the effect of economic downturns.

The City has a diversified revenue base such that it is not dependent upon property taxes. If a millage rate is established the City will work to maintain its diversified base.

CONSERVATIVE REVENUE ESTIMATES

As part of the annual budget process, an objective analytical process will estimate revenues realistically and prudently. The City will estimate revenues of a volatile nature conservatively.

USER BASED FEES AND CHARGES (EXCHANGE REVENUE)

The level of user fee cost recovery should consider the community-wide versus special service nature of the program or activity. The use of general-purpose revenues is appropriate for community-wide services, while user fees are appropriate for services that are of special benefit to easily identified individuals or groups.

The City will strive to keep a simple revenue system that will result in a decrease of compliance costs for the taxpayer or service recipient and a corresponding decrease in avoidance to pay.

The City's revenue system will strive to maintain equity in its structure. That is, the City will seek to minimize or eliminate all forms for subsidization between entities, funds, services, utilities, and customers. However, it is recognized that public policy decisions may lead to subsidies in certain circumstances (e.g., senior citizen partial tax abatement).

Fees will be reviewed and updated on an ongoing basis to ensure that they keep pace with changes in the cost-of-living as well as changes in methods or levels of service delivery.

For services associated with a user fee or charge, a fee shall offset the costs of that service, where possible. Costs of services include direct and indirect costs such as

operating and maintenance costs, administrative costs, and charges for the use of capital (e.g., depreciation and debt service).

ALTERNATE REVENUE SOURCES

The City shall seek alternative funding sources whenever possible to reduce the required revenue from non-exchange transactions (e.g., property taxes). Such alternative sources include private and public grants, federal or state assistance, and public and private contributions.

REVENUE COLLECTION

The City will follow an aggressive policy collecting revenues, consistent with state and federal laws. This policy includes charging of penalties and interest, revoking city licenses, and providing for the transferring and assignment of tax executions.

RATES AND CHARGES

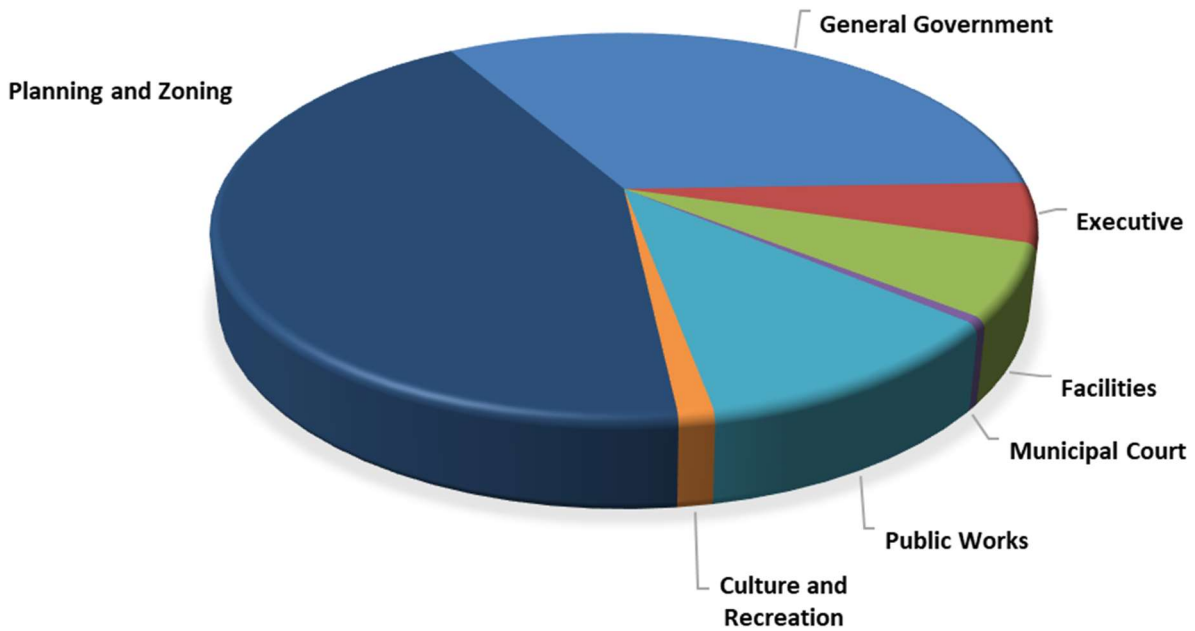
The City Council shall approve all revenue rates, charges, and processes in association with receipted funds that are deposited by the City in conjunction with the annually adopted budget.



GENERAL FUND DEPARTMENT SUMMARY

| | FYE 2018 Actual | FYE 2019 YTD Actual | FYE 2019 Annualized | FYE 2019 Budget - Amended | FYE 2020 Proposed Budget |
|--|--------------------|---------------------------|------------------------|---------------------------------|--------------------------------|
| General Government | \$ 362,161 | \$ 220,978 | \$ 290,748 | \$ 393,200 | \$ 475,500 |
| Executive | 2,295 | 6,872 | 9,163 | 22,150 | 72,900 |
| Facilities | - | - | - | - | 89,000 |
| Municipal Court | - | - | - | - | 7,500 |
| Public Works | 152,515 | 227,330 | 273,773 | 214,210 | 158,500 |
| Culture and Recreation | 73,510 | 14,707 | 19,609 | 40,800 | 17,300 |
| Planning and Zoning | 259,033 | 316,869 | 422,492 | 434,150 | 629,675 |
| Interfund Transfers To Water/Sewer/Garbage Fund | - | - | - | - | - |
| Total General Fund Expenditures | \$ 849,514 | \$ 786,756 | \$1,015,785 | \$1,104,510 | \$1,450,375 |

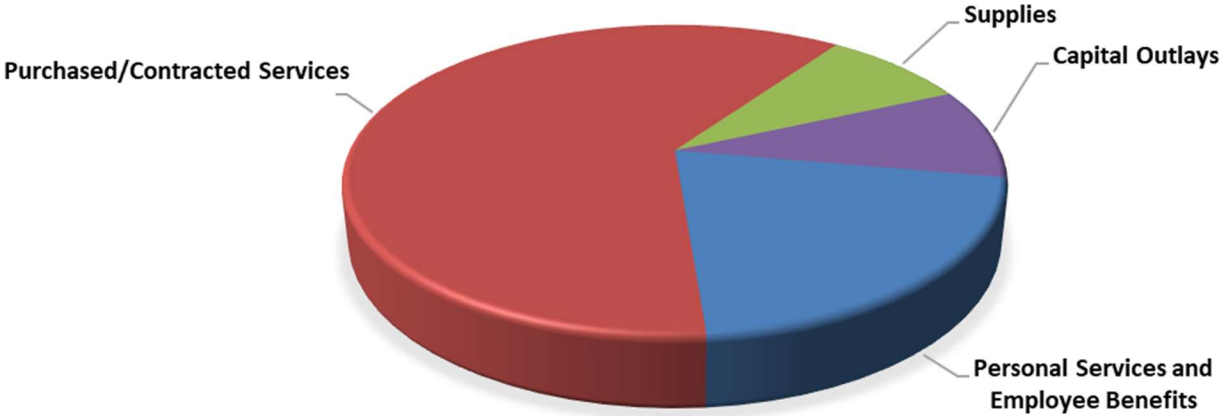
FYE2020 PROPOSED BUDGET



GENERAL FUND ACCOUNT SUMMARY

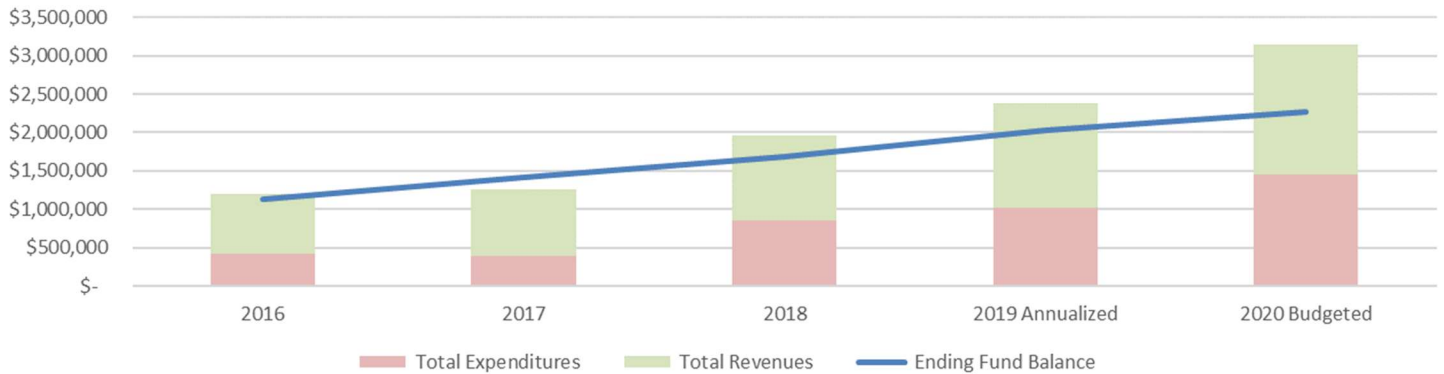
| | FYE 2018 Actual | FYE 2019 YTD Actual | FYE 2019 Annualized | FYE 2019 Budget - Amended | FYE 2020 Proposed Budget |
|--|--------------------|---------------------------|------------------------|---------------------------------|--------------------------------|
| Personal Services and Employee | \$ 178,065 | \$ 133,934 | \$ 178,579 | \$ 269,200 | \$ 295,100 |
| Purchased/Contracted Services | 518,331 | 572,807 | 730,520 | 741,300 | 1,056,325 |
| Supplies | 72,608 | 68,514 | 91,352 | 72,510 | 92,950 |
| Capital Outlays | 80,510 | 11,500 | 15,333 | 21,500 | 6,000 |
| Total General Fund Expenditures | \$ 849,514 | \$ 786,756 | \$1,015,785 | \$1,104,510 | \$1,450,375 |

FYE2020 PROPOSED BUDGET



ANALYSIS OF GENERAL FUND BALANCE

| Fiscal Year | Ending Fund Balance | Total Revenues | Total Expenditures | Fund Balance as a Percentage | Months of Fund Balance Reserves | Account | | | Months of Fund Balance Unassigned Reserves |
|-----------------|---------------------|----------------|--------------------|------------------------------|---------------------------------|---------------|------------|--------------|--|
| | | | | | | Non-spendable | Assigned | Unassigned | |
| 2016 | \$ 1,128,690 | \$ 773,067 | \$ 428,754 | 263.25% | 31.6 | \$ 3,042 | \$ - | \$ 1,125,648 | 31.5 |
| 2017 | \$ 1,420,459 | \$ 873,168 | \$ 392,113 | 362.26% | 43.5 | \$ 9,987 | \$ 166,606 | \$ 1,243,866 | 38.1 |
| 2018 | \$ 1,682,304 | \$ 1,111,359 | \$ 849,514 | 198.03% | 23.8 | \$ 3,713 | \$ 226,598 | \$ 1,451,993 | 20.5 |
| 2019 Annualized | \$ 2,026,623 | \$ 1,360,104 | \$ 1,015,785 | 199.51% | 23.9 | \$ 5,581 | \$ 131,068 | \$ 1,889,974 | 22.3 |
| 2020 Budgeted | \$ 2,266,748 | \$ 1,690,500 | \$ 1,450,375 | 156.29% | 18.8 | \$ 6,427 | \$ 174,757 | \$ 2,085,564 | 17.3 |



OTHER GOVERNMENTAL FUNDS

Multiple Grants Fund

| | FYE 2018 Actual | FYE 2019 YTD Actual | FYE 2019 Annualized | FYE 2019 Budget - Amended | FYE 2020 Proposed Budget |
|------------------------------|--------------------|------------------------|------------------------|---------------------------------|--------------------------------|
| Beginning Fund Balance | \$ - | \$ 25,008 | \$ 25,008 | \$ 25,008 | \$ - |
| Revenues | | | | | |
| State operating grant | \$ - | \$ - | \$ 7,000 | \$ 7,000 | \$ 7,000 |
| Local grant | 25,008 | - | 25,000 | 25,000 | 25,000 |
| Subtotal Revenues | 25,008 | - | 32,000 | 32,000 | 32,000 |
| Fund Balance - (Surplus) Use | - | - | 25,008 | 25,008 | - |
| Total Revenues | 25,008 | - | 57,008 | 57,008 | 32,000 |
| Expenditures | | | | | |
| Repairs & maintenance | - | - | 50,008 | 50,008 | 25,000 |
| Supplies and materials | - | - | 7,000 | 7,000 | 7,000 |
| Total Expenditures | - | - | 57,008 | 57,008 | 32,000 |
| Ending Fund Balance | \$ 25,008 | \$ 25,008 | \$ - | \$ - | \$ - |

*Grant activity was accounted for in the General Fund prior to FY2019.

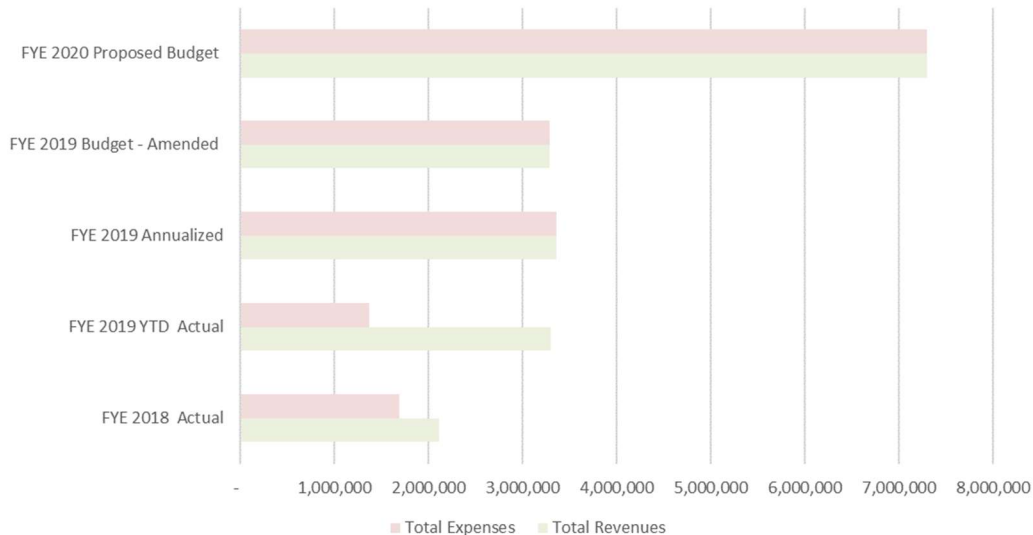
SPLOST Fund

| | FYE 2018 Actual | FYE 2019 YTD Actual | FYE 2019 Annualized | FYE 2019 Budget - Amended | FYE 2020 Proposed Budget |
|----------------------------|--------------------|------------------------|------------------------|---------------------------------|--------------------------------|
| Beginning Fund Balance | \$ 171,789 | \$ 322,451 | \$ 322,451 | \$ 322,451 | \$ 552,451 |
| Revenues | | | | | |
| SPLOST - Water/Sewer | \$ 149,279 | \$ 161,753 | \$ 215,671 | \$ 175,000 | \$ 175,000 |
| SPLOST - Roads | 39,807 | 43,134 | 57,512 | 45,000 | 45,000 |
| SPLOST - Recreation | 9,952 | 10,784 | 14,378 | 10,000 | 10,000 |
| Interest Income | - | 290 | 386 | - | - |
| Subtotal Revenues | 199,039 | 215,960 | 287,947 | 230,000 | 230,000 |
| Fund Balance (Surplus) Use | - | 159,048 | 252,061 | (230,000) | 85,000 |
| Total Revenues | 199,039 | 375,008 | 540,008 | - | 315,000 |
| Expenditures | | | | | |
| Water/Sewer | 20,700 | - | - | - | - |
| Roads | 27,663 | 25,008 | 190,008 | - | - |
| Recreation | 14 | - | - | - | - |
| Transfers Out | - | 350,000 | 350,000 | - | 175,000 |
| Total Expenditures | 48,377 | 375,008 | 540,008 | - | 175,000 |
| Ending Fund Balance | \$ 322,451 | \$ 163,403 | \$ 70,390 | \$ 552,451 | \$ 607,451 |

PROPRIETARY FUND-WATER/SEWER/GARBAGE

| | FYE 2018 Actual | FYE 2019 YTD Actual | FYE 2019 Annualized | FYE 2019 Budget - Amended | FYE 2020 Proposed Budget |
|--------------------------------------|--------------------|------------------------|------------------------|---------------------------------|--------------------------------|
| Beginning Fund Balance | \$3,756,848 | \$ 4,185,292 | \$ 4,185,292 | \$ 4,185,292 | \$ 4,185,292 |
| Operating Revenues | | | | | |
| Refuse Collection Charges | \$ 138,036 | \$ 105,631 | \$ 140,841 | \$ 120,000 | \$ 140,000 |
| Water Charges | 570,822 | 513,647 | 684,863 | 658,000 | 700,000 |
| Water Reconnection Charge | 3,150 | 4,420 | 5,893 | 3,000 | 3,000 |
| PCS Maintenance | 23,406 | 18,171 | 24,228 | 20,000 | 20,000 |
| Sewerage Charges | 388,460 | 362,006 | 482,675 | 504,000 | 535,000 |
| Other Fees | 34,237 | 27,892 | 37,189 | 25,000 | 25,000 |
| Subtotal Operating Revenues | 1,158,111 | 1,031,766 | 1,375,688 | 1,330,000 | 1,423,000 |
| Non-Operating Income | | | | | |
| Investment Income | 2,620 | 2,404 | 3,205 | 2,250 | 2,250 |
| Miscellaneous | 21,925 | - | - | 5,300 | 10,300 |
| Subtotal Non-Operating Revenues | 24,545 | 2,404 | 3,205 | 7,550 | 12,550 |
| Contributions and Transfers | | | | | |
| Water TAP Fees | 225,590 | 301,690 | 402,253 | 339,000 | 615,250 |
| Sewer TAP Fees | 488,496 | 1,403,092 | 1,870,789 | 950,000 | 520,000 |
| Intergovernmental Revenues | 197,076 | 3,552 | 353,552 | 350,000 | 600,000 |
| Proceeds from the Issuance of Debt | - | 206,464 | 428,000 | 428,000 | 221,536 |
| Developer Contributions | 20,000 | - | - | 485,000 | 1,903,500 |
| Transfers In | - | 350,000 | 350,000 | - | 175,000 |
| Subtotal Contributions and Transfers | 931,163 | 2,264,798 | 3,404,594 | 2,552,000 | 4,035,286 |
| Subtotal Revenues | 2,113,819 | 3,298,968 | 4,783,487 | 3,889,550 | 5,470,836 |
| Fund Balance (Surplus) Use | - | - | (1,424,925) | (604,280) | 1,832,213 |
| Total Revenues | 2,113,819 | 3,298,968 | 3,358,562 | 3,285,270 | 7,303,049 |
| Expenses | | | | | |
| Sanitation and Wastewater | 348,017 | 375,649 | 797,309 | 890,680 | 841,041 |
| Water | 396,359 | 406,350 | 541,800 | 538,300 | 612,900 |
| Solid Waste and Recycling | - | - | - | - | 114,900 |
| Subtotal Expenses | 744,376 | 781,999 | 1,339,109 | 1,428,980 | 1,568,841 |
| Capital Projects | 672,884 | 323,659 | 1,631,262 | 1,468,098 | 5,299,652 |
| Debt Service | 268,115 | 268,115 | 388,191 | 388,192 | 434,556 |
| Total Expenses | 1,685,375 | 1,373,773 | 3,358,562 | 3,285,270 | 7,303,049 |
| Ending Fund Balance | 4,185,292 | 6,110,487 | 4,185,292 | 4,185,292 | 4,185,292 |

*Solid Waste and Recycling expenses were accounted for in the Sanitation and Wastewater Department prior to FY2020.



SECTION 4

Capital and Debt

CAPITAL PROJECTS

| Description | Fund | Department | FYE 2020 Proposed Budget |
|--|------|---------------------------|--------------------------------|
| 36" Multifunction printer/scanner | 100 | Planning and Zoning | \$ 6,000 |
| Refrigerated sampler | 500 | Sanitation and Wastewater | 7,000 |
| Mini Excavator | 500 | Sanitation and Wastewater | 37,000 |
| WWTP Upgrades | 500 | Sanitation and Wastewater | 1,618,397 * |
| Industrial Park Sewer Expansion | 500 | Sanitation and Wastewater | 1,007,990 |
| Upgrade Main Outfall Line from SR332 to WWTF | 500 | Sanitation and Wastewater | 410,000 * |
| Panther Court Sewer Upgrade | 500 | Sanitation and Wastewater | 854,500 |
| Stormwater Impervious Surface Inventory | 500 | Sanitation and Wastewater | 50,000 * |
| Meter Replacement - Year 2 of 3 | 500 | Water | 213,285 |
| Groundwater Well Upgrade | 500 | Water | 405,580 |
| Water Model | 500 | Water | 25,900 |
| Study of Alternative Water Sources | 500 | Water | 25,000 |
| Elevated North Water Tank | 500 | Water | 520,000 * |
| Distribution System Improvements | 500 | Water | 125,000 * |
| Total | | | \$ 5,305,652 |

*The proposed budget utilizes fund balance for these projects representing capital funds received through TAP fees.



DEBT MANAGEMENT

The goal of the City's debt practices is to maintain a sound fiscal position; thereby only utilizing long-term debt to provide resources to finance needed capital improvements, while accumulating adequate resources to repay the debt. In addition, it is the City's goal to maintain and improve its credit rating through strong financial administration. The City acknowledges that failure to meet the demands of growth may inhibit its continued economic viability but also realizes that excess outstanding debt may have detrimental effects on the ability of the City to meet its continuing operational needs.

Issuing debt commits the City's revenues several years into the future and may limit its flexibility to respond to changing service priorities, revenue inflows, or cost structures. Adherence to these debt management practices help ensure that the City issues and manages its debt prudently in order to maintain a sound financial position and protect its credit rating.

Credit ratings are the rating agencies' assessment of the City's ability and willingness to repay debt on a timely basis. Credit ratings are an important indicator in the credit markets and can influence interest rates a borrower must pay. Each of the rating agencies believes that debt management is a positive factor in evaluating issuers and assigning credit ratings. Therefore, implementing debt management practices will be viewed positively by the rating agencies and could influence the City's credit rating and ultimately lower borrowing costs.

COMPUTATION OF LEGAL DEBT LIMIT

| | |
|---|---------------------|
| Assessed Value | \$ 96,256,722 |
| Debt Limit 10% of Assessed Value | <u>\$ 9,625,672</u> |
| Debt Applicable to Debt Limit (at 12/31/19) | \$ - |
| Unused Legal Debt Limit | \$ 9,625,672 |

The constitutional debt limit for general obligation tax bonds which may be issued by the City is 10% of the assessed valuation of taxable property within the City. The Georgia Constitution (Article 9, Section 5, Paragraph 1) establishes the maximum debt limits for counties and other political subdivisions of the State. Under the Constitution, certain types of debt issued by a political subdivision, including cities, cannot exceed an amount that is equal to 10 percent of the assessed value of all taxable property located within that particular entity.

As indicated above, the legal debt margin of the City of Hoschton beginning in fiscal year 2020 is \$9,265,672. This amount is based on the 2019 tax digest. The legal debt margin amount is important in that it represents the net amount of external financing resources that is available to the City through the issuance of general obligation (G.O.) bonds. G.O. bonds are debt instruments issued in the name of the government and whose repayment is guaranteed through a pledge of the full faith and credit of the issuer. This means that when a majority of the voters in the City approve a general obligation bond referendum,

they are guaranteeing the purchaser of that bond that they will pay property taxes in amount that is sufficient to pay the bonds at maturity and the interest earned on the bonds.

The decision to issue debt should be based on several factors. A matrix can be used to highlight the pros and cons of pay-as-you-go versus debt financing.

| | Pay-As-You-Go | Debt Financing |
|-----------------------|--|--|
| Advantages: | No interest costs. Interest savings can be used to finance additional projects. | Allows for shorter time period for financing major projects. |
| | No legal or bond covenant requirements. | Allocates cost to citizens who receive the benefits. |
| | No debt service payments required. | Expands capital improvement program. |
| | No additional tax levy is required. | Referendum approval indicates public support of the project. |
| | Conserve debt capacity and achieve a more favorable credit rating. | Usually required for revenue generating facilities. |
| Disadvantages: | Long savings period to finance major construction projects. | Interest costs. |
| | Allocates costs of project to citizens that may not benefit. | Additional tax levy may be required to repay debt. |
| | Limits capital improvement program to funds available. | Legal restrictions set by statute on debt issuance. |
| | Reserves cannot be established before the construction of revenue generating facilities. | Bond covenant requirements. |
| | Inflationary costs. | Voter approval may be required. |

DEBT SUMMARY

| | |
|---------------|---------------------------|
| | Outstanding 12/31/2019 |
| Notes Payable | \$ 5,672,399 |
| Revenue bonds | 12,000 |
| | \$ 5,684,399 |

| Fiscal Year | Notes Payable | | | Revenue Bonds | | | Combined Total Debt Service |
|-------------|---------------|-------------|-----------------------|---------------|----------|-----------------------|-----------------------------------|
| | Principal | Interest | Total Debt Service | Principal | Interest | Total Debt Service | |
| 2020 | \$ 299,566 | \$ 122,341 | \$ 421,907 | \$ 12,000 | \$ 600 | \$ 12,600 | \$ 434,507 |
| 2021 | 305,921 | 115,985 | 421,906 | - | - | - | 421,906 |
| 2022 | 312,423 | 109,483 | 421,906 | - | - | - | 421,906 |
| 2023 | 319,074 | 102,832 | 421,906 | - | - | - | 421,906 |
| 2024 | 325,879 | 96,028 | 421,907 | - | - | - | 421,907 |
| 2025 | 332,840 | 89,067 | 421,907 | - | - | - | 421,907 |
| 2026 | 339,961 | 81,946 | 421,907 | - | - | - | 421,907 |
| 2027 | 347,246 | 74,660 | 421,906 | - | - | - | 421,906 |
| 2028 | 354,699 | 67,207 | 421,906 | - | - | - | 421,906 |
| 2029 | 362,325 | 59,581 | 421,906 | - | - | - | 421,906 |
| 2030 | 324,779 | 52,000 | 376,779 | - | - | - | 376,779 |
| 2031 | 332,278 | 44,501 | 376,779 | - | - | - | 376,779 |
| 2032 | 339,956 | 36,822 | 376,778 | - | - | - | 376,778 |
| 2033 | 347,819 | 28,960 | 376,779 | - | - | - | 376,779 |
| 2034 | 335,600 | 20,970 | 356,570 | - | - | - | 356,570 |
| 2035 | 341,868 | 12,865 | 354,733 | - | - | - | 354,733 |
| 2036 | 350,165 | 4,569 | 354,734 | - | - | - | 354,734 |
| Total | \$5,672,399 | \$1,119,817 | \$ 6,792,216 | \$ 12,000 | \$ 600 | \$ 12,600 | \$ 6,804,816 |

SECTION 5

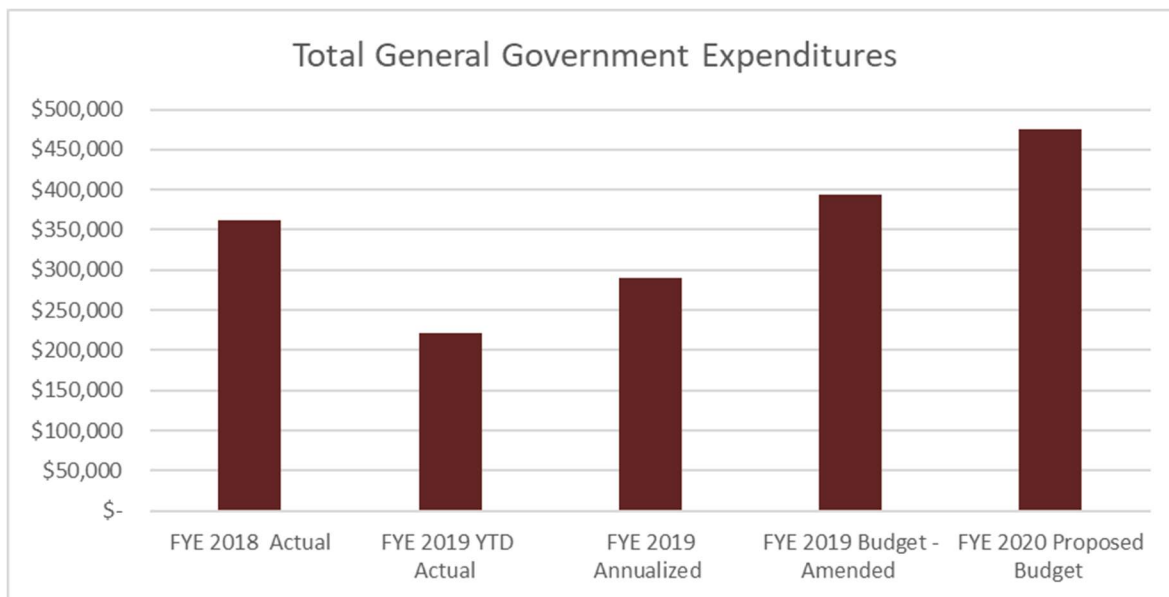
Department Budget Detail

General Fund

General Government

General Government accounts for recording expenditures of central staff performing general management functions for the government.

The City Administrator is responsible for directing the day to day activities of the City. The City Administrator oversees all departments, staff and operations. His responsibilities include: Submitting Hoschton's Annual Operating & Capital Budget; Keeping the Council apprised of the City's Financial and Operational Status; Submitting Reports and Recommendations to the City Council; Ensuring all City Ordinances, Policies and Resolutions are Implemented and Enforced; and Hiring Department Directors. The City Administrator's office is committed to providing responsive and quality services to all Hoschton residents and businesses.



General Government continued

| Account Description | FYE 2019 | | FYE 2019 | FYE |
|--|--------------------|----------------|------------------------|----------------------------|
| | FYE 2018 Actual | YTD Actual | FYE 2019 Annualized | 2020 Proposed Budget |
| Regular employees | 93,548 | 37,014 | 49,352 | 71,300 |
| Group insurance | 4,923 | 1,318 | 1,758 | 6,000 |
| Social Security (FICA) contributions | 5,908 | 3,864 | 5,152 | 5,600 |
| Retirement contributions | 2,225 | 775 | 1,033 | 2,200 |
| Unemployment insurance | 2,104 | - | - | - |
| Workers' compensation | 1,866 | 2,789 | 3,719 | 1,200 |
| Other employee benefits | 3,340 | 1,948 | 2,597 | 2,400 |
| Professional | 110,888 | 96,948 | 129,264 | 231,000 |
| Technical | - | - | - | 15,600 |
| Disposal | 196 | 147 | 196 | - |
| Custodial | 3,241 | 6,850 | 9,133 | - |
| Lawn care | 6,350 | 3,820 | 5,093 | - |
| Repairs/maintenance | 6,341 | 10,256 | 13,675 | 55,000 |
| Rental-equip/vehicles | 2,376 | 1,757 | 2,343 | 2,600 |
| Insurance, other than employee benefits | 16,938 | 11,669 | 11,669 | 11,600 |
| Communications | 8,611 | 7,552 | 10,069 | 9,000 |
| Advertising | 2,101 | 2,088 | 2,784 | 4,000 |
| Printing and binding | 222 | 909 | 1,212 | 1,000 |
| Travel | 1,439 | 2,250 | 3,000 | 3,000 |
| Dues and fees | 8,399 | 7,013 | 9,350 | 24,700 |
| Education and training | 1,555 | 1,920 | 2,560 | 3,800 |
| Other | 1,253 | - | - | 500 |
| Supplies and materials | 11,935 | 11,944 | 15,926 | 15,000 |
| Natural gas | 813 | 389 | 518 | - |
| Electricity | 536 | - | - | - |
| Food | 2,203 | 2,879 | 3,838 | 3,000 |
| Small Equipment | - | 4,879 | 6,505 | 7,000 |
| Buildings and improvements | 22,927 | - | - | - |
| Furniture and fixtures | 5,642 | - | - | - |
| Other equipment | 34,283 | - | - | - |
| Total General Government Expenditures | 362,161 | 220,978 | 290,748 | 475,500 |

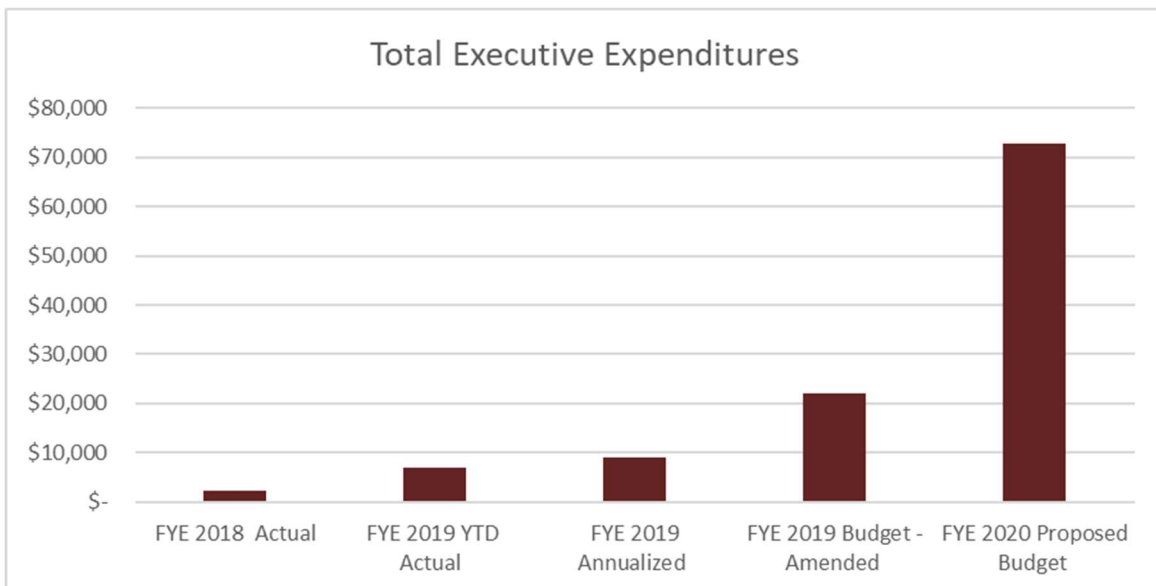
Executive

Executive accounts for expenditures of general executive officers and boards of the government. The City of Hoschton's government structure consists of a Mayor and four Council Members.

The City Council shall exercise the legislative functions of the City, and may pass any ordinance or resolution that deems best for the government of the City in the manner set forth in this Chapter; provided, that same is not in conflict with the Charter of the City, the Constitution or laws of the State of Georgia, or the Constitution or laws of the United States.

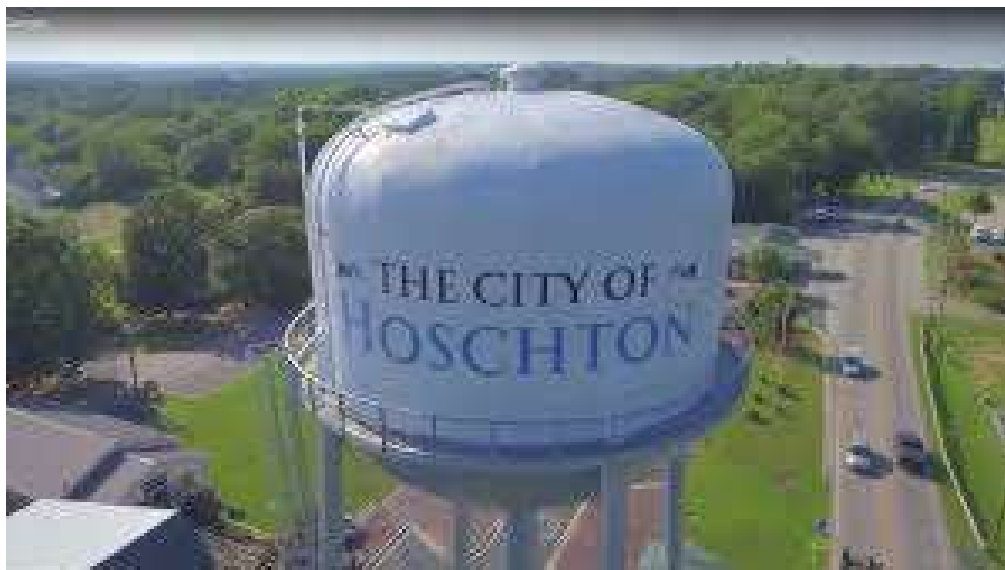
The Mayor shall be the chief executive and administrative officer of the City government, shall enforce the laws of the City, and shall require the faithful performance of all administrative duties.

The City Clerk is responsible for keeping a journal of the proceedings of the City Council, maintaining in a safe place all records and documents pertaining to the affairs of the City and performing such other duties as may be required by law or as the council may direct such as the following: Records Management; Council Meetings (Agenda's, Minutes, Contracts, Resolutions, Ordinances, and Proclamations); Assists with Administrative Duties for the Mayor and Council; Open Records Requests and Training; Municipal Elections; City Calendar, Codification of Code of Ordinances; Assist with Website Management; and Council Policy Manual.



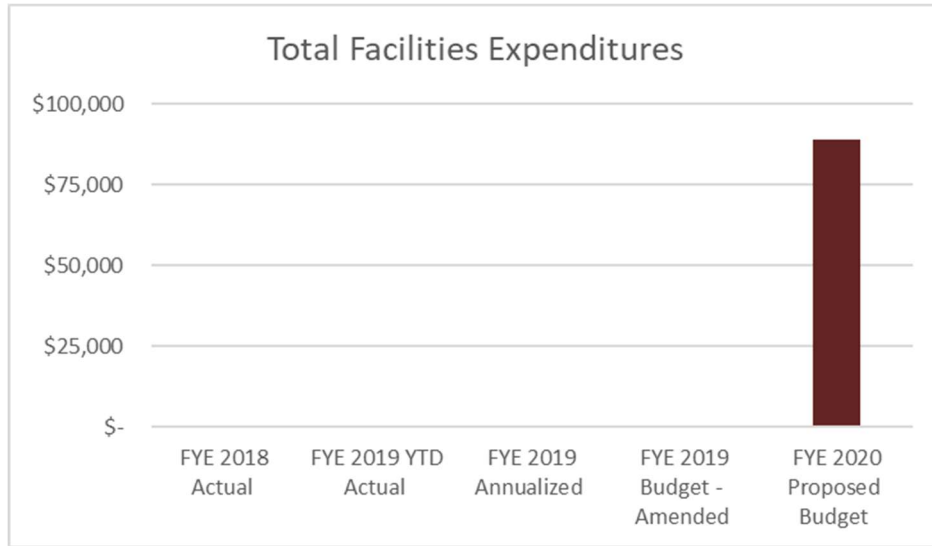
Executive continued

| Account Description | FYE 2018 | FYE 2019 | FYE 2019 | FYE 2019 | FYE 2020 |
|--------------------------------------|--------------|--------------|--------------|------------------|-----------------|
| | Actual | YTD Actual | Annualized | Budget - Amended | Proposed Budget |
| Regular employees | - | - | - | 3,300 | 31,500 |
| Group insurance | - | - | - | - | 3,000 |
| Social Security (FICA) contributions | - | - | - | - | 2,500 |
| Retirement contributions | - | - | - | - | 900 |
| Workers' compensation | - | - | - | 100 | 500 |
| Printing and binding | 111 | - | - | 500 | 1,000 |
| Travel | 850 | 348 | 464 | 11,750 | 15,750 |
| Education and training | 740 | 2,680 | 3,573 | 5,250 | 7,800 |
| Contract Labor | - | 3,640 | 4,853 | - | 8,700 |
| Supplies and materials | - | - | - | 200 | 200 |
| Food | 594 | 204 | 272 | 500 | 500 |
| Books and periodicals | - | - | - | 150 | 150 |
| Small equipment | - | - | - | 400 | 400 |
| Total Executive Expenditures | 2,295 | 6,872 | 9,163 | 22,150 | 72,900 |



Facilities

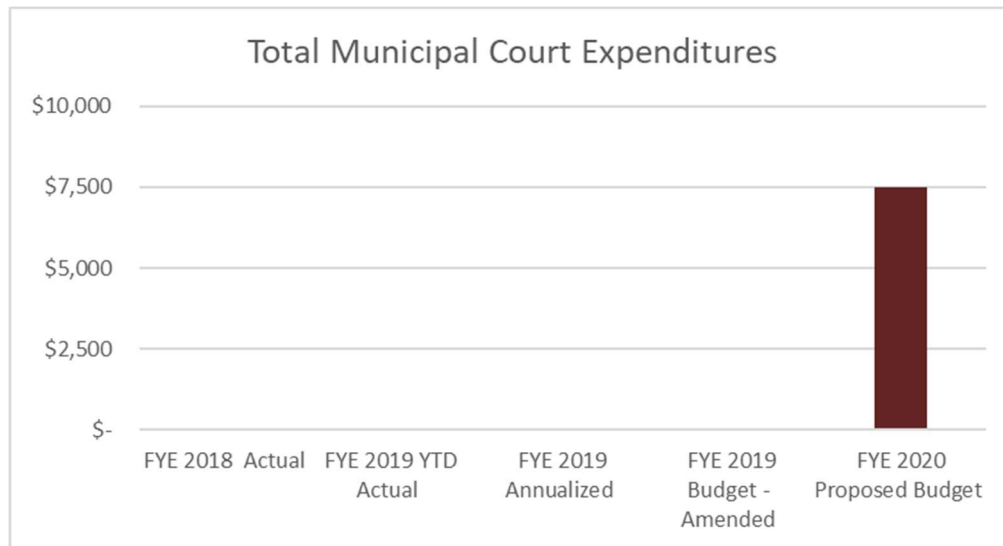
The Facilities Department is responsible for managing the building operations and maintenance activities for the city's governmental facilities.



| Account Description | FYE 2019 | | | FYE 2019 | FYE 2020 |
|--------------------------------------|-----------------|------------|---------------------|------------------|-----------------|
| | FYE 2018 Actual | YTD Actual | FYE 2019 Annualized | Budget - Amended | Proposed Budget |
| Technical | - | - | - | - | 200 |
| Custodial | - | - | - | - | 10,000 |
| Lawn care | - | - | - | - | 11,100 |
| Repairs/maintenance | - | - | - | - | 32,000 |
| Rental-equip/vehicles | - | - | - | - | 2,000 |
| Natural gas | - | - | - | - | 1,400 |
| Machinery | - | - | - | - | - |
| Total Facilities Expenditures | - | - | - | - | 89,000 |

Municipal Court

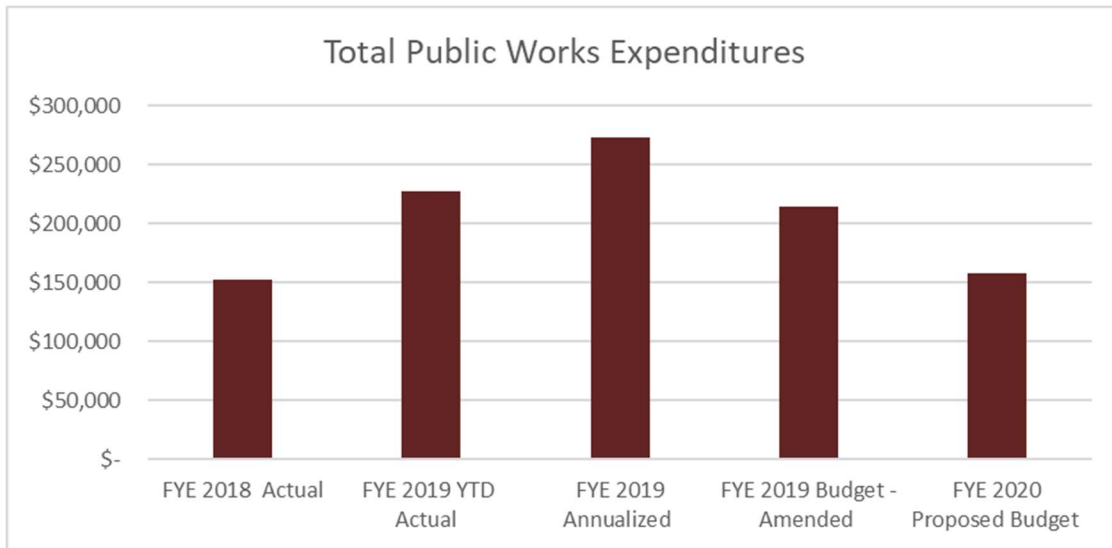
The Municipal Court is responsible for providing fair and impartial jurisdiction over violations of State and local ordinances that occur within the city limits of Hoschton.



| Account Description | FYE 2019 | | | FYE 2019 | FYE 2020 |
|---|-----------------|------------|---------------------|------------------|-----------------|
| | FYE 2018 Actual | YTD Actual | FYE 2019 Annualized | Budget - Amended | Proposed Budget |
| Professional | - | - | - | - | 4,000 |
| Technical | - | - | - | - | 2,000 |
| Supplies and materials | - | - | - | - | 1,500 |
| Total Municipal Court Expenditures | - | - | - | - | 7,500 |

Public Works

The Public Works Department's primary responsibilities include routine maintenance and inspection of roadways, right of ways, sidewalks, and general landscaping. This includes roadside mowing, minor road patching, tree trimming and tree removal. Streets responds to emergency situations such as street flooding, downed trees in the public right of way and traffic signal repairs. Public Works is committed to providing high quality and responsive service and pleasant and safe conditions along our roads for our residents, business owners, and the visitors to our city.



Public Works continued

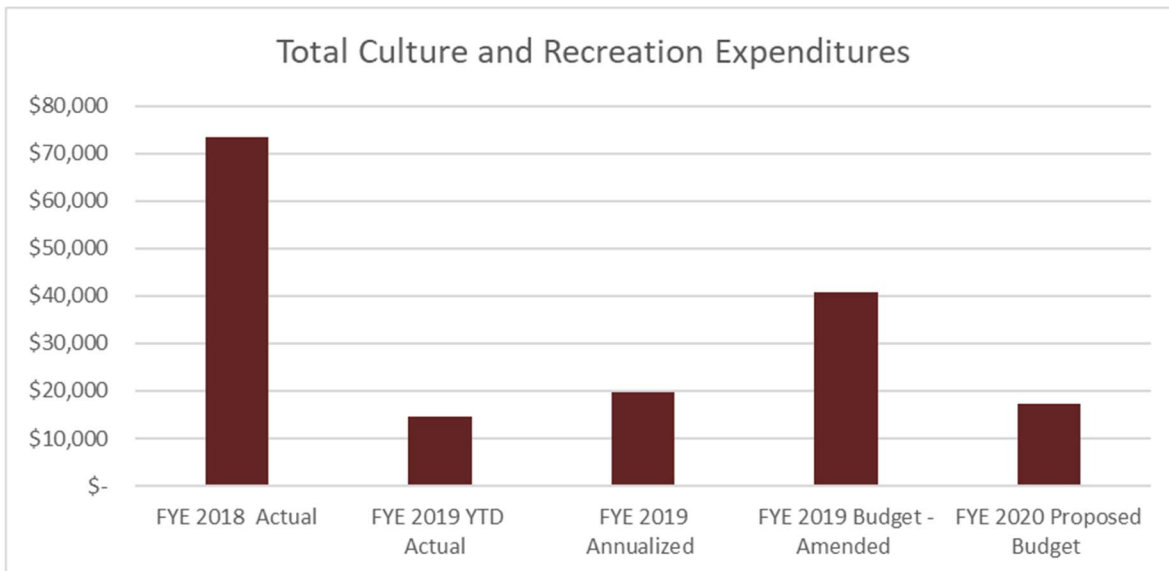
| Account Description | FYE 2019 | | FYE 2019 | FYE 2020 |
|--------------------------------------|--------------------|---------------|------------------------|---------------------|
| | FYE 2018 Actual | YTD Actual | FYE 2019 Annualized | Budget - Amended |
| Regular employees | 49,447 | 26,127 | 34,835 | 43,300 |
| Group insurance | 7,147 | 4,788 | 6,384 | 6,000 |
| Social Security (FICA) contributions | 1,680 | 2,427 | 3,237 | 3,400 |
| Retirement contributions | 390 | 365 | 486 | 1,300 |
| Workers' compensation | - | 1,275 | 1,700 | 700 |
| Professional | 6,099 | - | - | 22,500 |
| Disposal | - | 452 | 603 | - |
| Lawn care | 4,840 | 8,630 | 11,507 | - |
| Repairs/maintenance | 21,838 | 125,987 | 138,649 | 54,000 |
| Rental-equip/vehicles | 1,114 | 364 | 486 | - |
| Communications | 401 | 450 | 600 | 800 |
| Dues and Fees | 2,059 | - | - | 1,500 |
| Education & Training | - | - | - | 500 |
| Supplies and materials | 13,507 | 12,250 | 16,333 | 20,000 |
| Natural gas | 323 | 687 | 916 | - |
| Electricity | 28,714 | 23,129 | 30,839 | - |
| Gasoline | 2,917 | 2,845 | 3,794 | 3,000 |
| Small equipment | 3,439 | 6,054 | 8,072 | 1,500 |
| Infrastructure | - | 11,500 | 15,333 | - |
| Machinery | 8,600 | - | - | - |
| Total Public Works Expenditures | 152,515 | 227,330 | 273,773 | 158,500 |

Culture and Recreation

The Culture and Recreation Department accounts for expenditures for all cultural and recreational activities maintained for the benefit of residents and visitors. The city hosts special events throughout the year including Jam in the Park, Back 2 School Bash, Breakfast with Santa and many others.

The City of Hoschton is proud to host the Hoschton Fall Festival featuring a display of products, an array of food vendors, craft and game vendors, parade, scarecrow 5K run and much more.

The Culture and Recreation Department is also responsible for managing the rental of the City's two special event facilities, The Historic Train Depot and Hosch Hall.



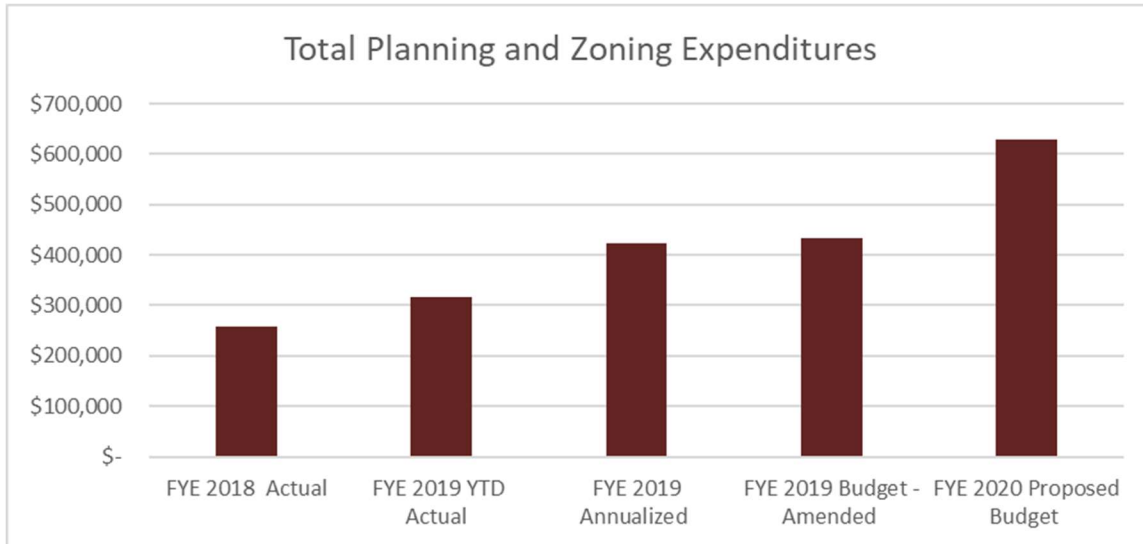
Culture and Recreation continued

| Account Description | FYE 2018 | FYE 2019 | FYE 2019 | FYE 2019 | FYE 2020 |
|--|---------------|---------------|---------------|------------------|-----------------|
| | Actual | YTD Actual | Annualized | Budget - Amended | Proposed Budget |
| Custodial | 4,285 | - | - | - | - |
| Lawn care | 850 | - | - | 1,000 | - |
| Repairs/maintenance | 851 | 3,485 | 4,647 | 11,500 | 200 |
| Communications | 90 | 393 | 524 | 200 | 500 |
| Advertising | 823 | 1,993 | 2,658 | 1,000 | 2,500 |
| Dues and fees (festival) | 21,770 | - | - | 600 | 600 |
| Special events (festival) | 21,707 | 70 | 93 | - | - |
| Hoshton events | 7,535 | 2,296 | 3,061 | 7,500 | 10,000 |
| Contract labor | 195 | 5,656 | 7,541 | 6,500 | 1,000 |
| Supplies and materials | 2,034 | 813 | 1,085 | 1,500 | 1,500 |
| Electricity | 1,461 | - | - | - | - |
| Small equipment | 2,851 | - | - | 1,000 | 1,000 |
| Buildings and improvements | 9,058 | - | - | 10,000 | - |
| Total Culture and Recreation Expenditures | 73,510 | 14,707 | 19,609 | 40,800 | 17,300 |



Planning and Zoning

The Planning and Zoning Department is responsible for working with the citizens of Hoschton, Boards and Commissions, the development community and the elected officials while managing current and long-range planning, land development, building construction, and code compliance.



| Account Description | FYE 2019 | | | FYE 2019 | FYE 2020 |
|---|-----------------|----------------|---------------------|------------------|-----------------|
| | FYE 2018 Actual | YTD Actual | FYE 2019 Annualized | Budget - Amended | Proposed Budget |
| Regular employees | 4,807 | 40,558 | 54,077 | 69,500 | 92,800 |
| Group insurance | - | 4,635 | 6,181 | 5,700 | 9,000 |
| Social Security (FICA) contributions | 682 | 3,723 | 4,964 | 5,400 | 7,200 |
| Retirement contributions | - | 1,217 | 1,622 | 2,100 | 2,800 |
| Workers' compensation | - | 1,112 | 1,483 | 1,500 | 1,500 |
| Professional | 250,567 | 259,408 | 345,877 | 340,700 | 496,000 |
| Technical | - | 3,165 | 4,220 | 5,000 | 5,000 |
| Communications | - | 240 | 320 | - | 400 |
| Advertising | 1,697 | 229 | 305 | 2,000 | 1,000 |
| Printing and Binding | - | 48 | 64 | - | - |
| Travel | - | - | - | - | 1,000 |
| Dues and Fees | - | 95 | 127 | - | 1,200 |
| Education and Training | - | - | - | - | 1,275 |
| Supplies and materials | 301 | 1,493 | 1,990 | 1,000 | 1,500 |
| Small equipment | 980 | 948 | 1,263 | 1,250 | 3,000 |
| Machinery and equipment | - | - | - | - | 6,000 |
| Total Planning and Zoning Expenditures | 259,033 | 316,869 | 422,492 | 434,150 | 629,675 |

Transfers

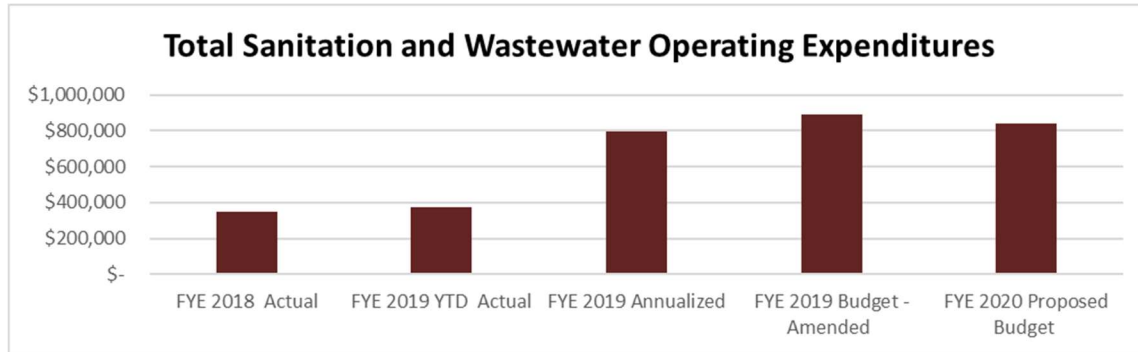
| Account Description | FYE 2019 | | | FYE 2019 | FYE 2020 |
|----------------------------|-----------------|---------------|-------------------|-----------------|-----------------|
| | FYE 2018 | YTD | FYE 2019 | Budget - | Proposed |
| | Actual | Actual | Annualized | Amended | Budget |
| Operating transfers out | - | - | - | - | - |
| Total Transfers | - | - | - | - | - |

Department Budget Detail

Water/Sewer/Garbage Fund

Sanitation and Wastewater

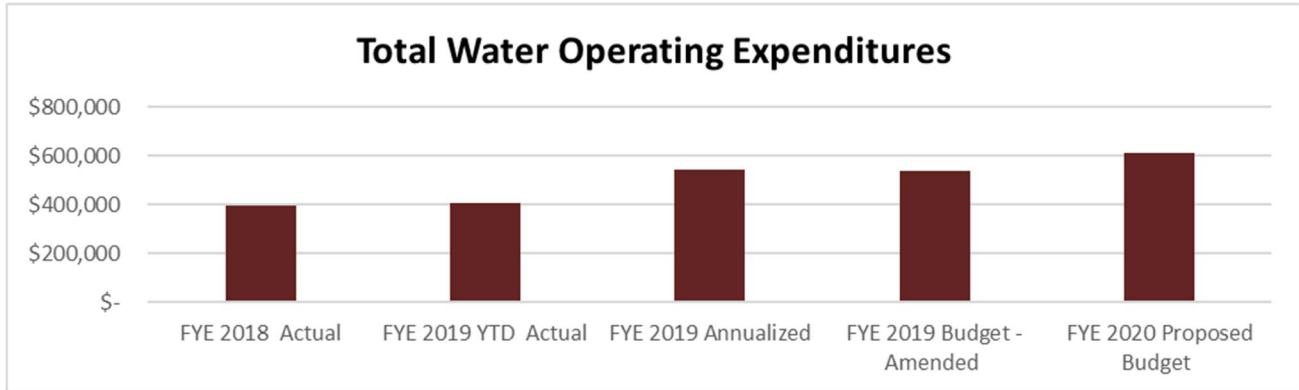
The Sanitation and Wastewater Department accounts for the operations of the sanitation system including the capture, storage, transport, treatment and disposal or reuse of human excreta and wastewater.



| Sanitation and Wastewater Department: | FYE 2018 | FYE 2019 | FYE 2019 | FYE 2019 | FYE 2020 |
|---|----------------|----------------|----------------|------------------|-----------------|
| | Actual | YTD Actual | Annualized | Budget - Amended | Proposed Budget |
| Regular employees | 90,684 | 97,647 | 130,197 | 132,300 | 155,100 |
| Group insurance | 4,408 | 7,920 | 10,560 | 5,700 | 10,500 |
| Social Security (FICA) | 7,682 | 8,837 | 11,783 | 10,000 | 11,900 |
| Retirement contributions | 2,258 | 2,722 | 3,630 | 3,700 | 4,700 |
| Unemployment insurance | 289 | - | - | - | - |
| Workers' compensation | - | 1,556 | 2,075 | 1,800 | 2,500 |
| Other employee benefits | - | - | - | - | 1,200 |
| Official/administrative | - | - | - | - | - |
| Professional | 24,493 | 35,333 | 47,110 | 80,000 | 81,500 |
| Professional / P&Z assit/site inspections | 2,047 | 8,375 | 11,167 | 2,000 | 2,000 |
| Professional / Azalea Subdivision | 3,485 | 6,855 | 9,140 | - | - |
| Professional / Brighton Park sub | 22,278 | - | - | 25,000 | 25,000 |
| Professional / Winterset Subdivision | 3,580 | 4,530 | 6,040 | - | - |
| Technical | 9,082 | 3,581 | 4,775 | 25,000 | 25,000 |
| Disposal | 7,348 | 90,046 | 120,061 | 114,900 | 20,000 |
| Repairs and maintenance | 48,037 | 19,986 | 26,648 | 63,000 | 64,000 |
| Repairs and maintenance / White St. Pump | 3,956 | - | - | - | - |
| Scada | 7,747 | 7,027 | 9,370 | 10,000 | 10,000 |
| Rental-equip/vehicles | - | 348 | 463 | - | - |
| Insurance | 10,206 | 10,669 | 10,669 | 10,800 | 11,600 |
| Communications | 7,734 | 7,467 | 9,956 | 10,100 | 9,500 |
| Advertising | 499 | 1,260 | 1,679 | 200 | 200 |
| Travel | 262 | 499 | 666 | 2,350 | 1,000 |
| Dues and fees | 1,258 | 775 | 1,033 | 4,010 | 3,630 |
| Education and training | 165 | 658 | 877 | 1,600 | 1,110 |
| Supplies and materials | 32,656 | 23,289 | 31,052 | 30,000 | 30,000 |
| Electricity | 44,395 | 33,407 | 44,543 | 48,920 | 60,000 |
| Gasoline | 3,572 | 1,664 | 2,218 | 4,000 | 5,500 |
| Food | 95 | 179 | 238 | 200 | - |
| Books and periodicals | 30 | - | - | 100 | 100 |
| Small equipment | 9,773 | 1,020 | 1,360 | 5,000 | 5,000 |
| Depreciation | - | - | 300,000 | 300,000 | 300,000 |
| Total Sanitation and Wastewater | 348,017 | 375,649 | 797,309 | 890,680 | 841,040 |

Water

The Water Department accounts for the operations of the water distribution system providing water service to residential, commercial, and municipal/county customers.



| | FYE 2018 | FYE 2019 | FYE 2019 | FYE 2019 | FYE 2020 |
|--------------------------|----------------|----------------|----------------|------------------|-----------------|
| | Actual | YTD Actual | Annualized | Budget - Amended | Proposed Budget |
| Water Department: | | | | | |
| Regular employees | 81,885 | 91,529 | 122,038 | 119,600 | 142,600 |
| Group insurance | 7,904 | 7,904 | 10,539 | 5,700 | 10,500 |
| Social Security (FICA) | 8,294 | 8,294 | 11,059 | 9,000 | 11,000 |
| Retirement contributions | 2,934 | 2,934 | 3,912 | 3,300 | 4,300 |
| Workers' compensation | 1,351 | 1,351 | 1,801 | 1,600 | 2,500 |
| Other employee benefits | - | - | - | - | 1,200 |
| Professional | 23,597 | 23,597 | 31,463 | 69,000 | 70,500 |
| MS4 | 24,891 | 24,891 | 33,188 | 40,000 | 65,000 |
| Technical | 4,460 | 4,460 | 5,947 | 50,000 | 16,000 |
| Repairs and maintenance | 42,644 | 42,644 | 56,858 | 25,000 | 30,000 |
| Scada | - | - | - | - | 2,100 |
| Rental-equip/vehicles | - | 348 | 463 | - | - |
| Communications | 1,249 | 1,249 | 1,665 | 8,100 | 8,300 |
| Advertising | - | - | - | 100 | 100 |
| Printing and binding | 846 | 846 | 1,128 | 500 | 100 |
| Travel | - | - | - | 1,800 | 1,000 |
| Dues and fees | 620 | 620 | 827 | 2,100 | 2,400 |
| Education and training | 424 | 424 | 565 | 1,000 | 1,000 |
| Contract labor | 8,950 | 8,950 | 11,933 | - | - |
| Other | 41 | 41 | 54 | - | - |
| Supplies and materials | 65,666 | 65,666 | 87,555 | 35,000 | 50,000 |
| Water/sewerage | 117,706 | 117,706 | 156,941 | 142,500 | 162,000 |
| Electricity | 105 | 105 | 140 | 15,000 | 22,500 |
| Gasoline | 1,784 | 1,784 | 2,379 | 4,000 | 4,800 |
| Small equipment | 1,006 | 1,006 | 1,342 | 5,000 | 5,000 |
| Total Water | 396,359 | 406,350 | 541,800 | 538,300 | 612,900 |

Solid Waste and Recycling

The Solid Waste and Recycling Department accounts for the operations of the curbside trash collection and recycling service to residential, commercial, and municipal/county customers.



Solid Waste and Recycling Department:
Disposal

Total Solid Waste and Recycling

| FYE 2018 Actual | FYE 2019 YTD Actual | FYE 2019 Annualized | FYE 2019 Budget - Amended | FYE 2020 Proposed Budget |
|-----------------|---------------------|---------------------|---------------------------|--------------------------|
| - | - | - | - | 114,900 |
| - | - | - | - | 114,900 |



Capital Projects and Debt Service

| | FYE 2018 | FYE 2019 | FYE 2019 | FYE 2019 | FYE 2020 |
|--|----------------|----------------|------------------|------------------|------------------|
| | Actual | YTD Actual | Annualized | Budget - Amended | Proposed Budget |
| Sanitation and Wastewater Department: | | | | | |
| White Street Pump St. Upgrades | 318,144 | 163,164 | 163,164 | - | - |
| WWTP Upgrades | 175,603 | 31,000 | 49,397 | 49,397 | 1,618,397 |
| Industrial Park Sewer Exp Project | 63,960 | 28,050 | 686,040 | 686,040 | 1,007,990 |
| Kolter Homes | - | - | 3,505 | 3,505 | - |
| Upgrade Main Outfall Line from SR332 to WWTF | 6,495 | - | 58,000 | 58,000 | 410,000 |
| Panther Court Sewer Upgrade | - | 5,500 | 10,000 | 10,000 | 854,500 |
| Stormwater Impervious Surface Inventory | - | - | - | - | 50,000 |
| Machinery | - | - | - | - | 44,000 |
| Vehicles | 30,960 | - | - | - | - |
| Machinery/equipment - other | 8,601 | - | - | - | - |
| Other equipment | 21,277 | - | - | - | - |
| Total Sanitation and Wastewater | 625,040 | 227,714 | 970,106 | 806,942 | 3,984,887 |
| Water Department: | | | | | |
| Groundwater Well Upgrades | 38,920 | 23,500 | 429,080 | 429,080 | 405,580 |
| Water Valve Location | - | 6,630 | 35,076 | 35,076 | - |
| Elevated North Water Tank | - | - | - | - | 520,000 |
| Study of Alternative Water Sources | - | - | 25,000 | 25,000 | 25,000 |
| Water Model | 8,924 | 19,100 | 42,000 | 42,000 | 25,900 |
| Distribution System Improvements | - | - | - | - | 125,000 |
| Machinery | - | 46,715 | 130,000 | 130,000 | 213,285 |
| Total Water | 47,844 | 95,945 | 661,156 | 661,156 | 1,314,765 |
| Total Capital Projects Budget | 672,884 | 323,659 | 1,631,262 | 1,468,098 | 5,299,652 |
| Debt Service: | | | | | |
| Principal - other | 174,185 | 174,185 | 251,333 | 251,333 | 299,566 |
| Principal - bonds | - | - | 12,000 | 12,000 | 12,000 |
| Other debt | - | - | 50 | 50 | 50 |
| Interest - other | 93,930 | 93,930 | 123,608 | 123,608 | 122,341 |
| Interest - bonds | - | - | 1,200 | 1,200 | 600 |
| Total Debt Service | 268,115 | 268,115 | 388,191 | 388,192 | 434,556 |

SECTION 6

Appendix

GA Law on Local Government Budget

- (1) "Budget" means a plan of financial operation embodying an estimate of proposed expenditures during a budget period and the proposed means of financing them.
- (2) "Budget officer" means that local government official charged with budget preparation and administration for the local government. The official title of the local government budget officer shall be as provided by local law, charter, ordinance, or appropriate resolution of the governing authority.
- (3) "Budget ordinance," "ordinance," or "resolution" means that governmental action which appropriates revenues and fund balances for specified purposes, functions, or activities for a budget period.
- (4) "Budget period," means the period for which a budget is proposed or a budget ordinance or resolution is adopted.
- (5) "Capital projects fund" means a fund used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by resources from proprietary type activities which are accounted for in enterprise funds or those financed with funds held by the local government in a trustee capacity.
- (6) "Debt service fund" means a fund used to account for the accumulation of resources for and the payment of general long-term debt principal and interest.
- (7) "Enterprise fund" means a fund used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing authority is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges or where the governing authority has decided that periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. For purposes of this paragraph, the term "costs" means expenses, including depreciation.
- (8) "Fiduciary fund" means those trust and agency funds used to account for assets held by a local government in a trustee capacity or as an agent for individuals, private organizations, other governmental units, or other funds.
- (9) "Fiscal Year" means the period for which a budget is proposed or a budget ordinance or resolution is adopted for the local government's general fund, each special revenue fund, if any, and each debt service fund, if any.
- (10) "Fund" means a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which is segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulation, restrictions, or limitations.

(11) "General fund" means the fund used to account for all financial resources except those required to be accounted for in another fund.

(12) "Governing authority" means that official or group of officials responsible for governance of the unit of local government.

(13) "Internal service fund" means a fund used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit or to other governmental units on a cost reimbursement basis.

(14) "Legal level of control" means the lowest level of budgetary detail at which a local government's management or budget officer may not reassign resources without approval of the governing authority. The legal level of control shall be, at a minimum, expenditures for each department for each fund for which a budget is required. This does not preclude the governing authority of a local government from establishing a legal level of control at a more detailed level of budgetary control than the minimum required legal level of control.

(15) "Special Revenue Fund" means a fund used to account for the proceeds of specific revenue sources, other than those for major capital projects or those held by the government in a trustee capacity, that are legally restricted to expenditure for specified purposes.

(16) "Unit of local government," "unit," or "local government" means a municipality, county, consolidated city-county government, or other political subdivision of the state. Such terms do not include any local school district or board of education. For purposes of this paragraph, "county" includes any county officer who is paid in whole or in part on a salary basis and over whom the county governing authority exercises budgetary authority.

36-81-3. Establishment of fiscal year; requirement of annual balanced budget; adoption of budget ordinances or resolutions generally; budget amendments; uniform chart of accounts.

(a) The governing authority shall establish by ordinance, local law, or appropriate resolution a fiscal year for the operations of the local government.

(1) Each unit of local government shall adopt and operate under an annual balanced budget for the general fund, each special revenue fund, and each debt service fund in use by the local government. The annual balanced budget shall be adopted by ordinance or resolution and administered in accordance with this article.

(2) Each unit of local government shall adopt and operate under a project-length balanced budget for each capital projects fund in use by the government. The project-length balanced budget shall be adopted by ordinance or resolution in the year that the project initially begins and shall be administered in accordance with this article. The project length balanced budget shall appropriate total expenditures for the duration of the capital project.

(3) A budget ordinance or resolution is balanced when the sum of estimated revenues and appropriated fund balances is equal to appropriations.

(4) Nothing contained in this Code section shall preclude a local government other than those specifically identified in paragraphs (1) and (2) of this subsection including enterprise funds, internal service funds, and fiduciary funds.

(b) For each fiscal year beginning on or after January 1, 1982, each unit of local government shall adopt and utilize and budget ordinance or resolution as provided in this article.

(c) Nothing contained in this Code section shall preclude a local Government from amending its budget so as to adapt to changing governmental needs during the budget period. Amendments shall be made as follows, unless otherwise provided by charter or local law:

(1) Any increase in appropriation at the legal level of control of the local government, whether accomplished through a change Commissioners of Georgia and the Georgia in anticipated revenues in any fund or through a transfer of appropriations among departments, shall require the approval of the governing authority. Such amendment shall be adopted by ordinance or resolution.

(2) Transfers of appropriations within any fund below the local Government's legal level of control shall require only the approval of the budget officer.

(3) The governing authority of a local government may amend the legal Level of control to establish a more detailed level of budgetary control at any time during the budget period. Said amendment shall be adopted by ordinance or resolution.

(d) The Department of Community Affairs, in cooperation with the Association County Municipal Association, shall develop local government uniform charts of accounts. The uniform charts of accounts, including any subsequent revisions thereto, shall require approval of the state auditor prior to final adoption by the Department of Community Affairs. All units of local government shall adopt and use such initial uniform charts of accounts within 18 months following adoption of the uniform charts of accounts by the Department of Community Affairs. The department shall adopt the initial local government uniform charts of accounts no later than December 31, 1998. The department shall be authorized to grant a waiver delaying adoption of the initial uniform charts of accounts for a period of time not to exceed two years upon a clear demonstration that conversion of the accounting system of the requesting local government, within the time period specified in this subsection, would be unduly burdensome.

(e) The department's implementation of subsection (e) of this Code section shall be subject to Chapter 13 of Title 50, the "Georgia Administrative Procedure Act."

36-81-4. Appointment of budget officer; performance of duties by Governing authority in absence of appointment; utilization of executive budget.

(a) Unless provided to the contrary by local charter or local Act, each local government may appoint a budget officer to serve at the will of the governing authority.

(b) In those units of local government in which there is no budget officer, the governing authority shall perform all duties of the budget officer as set forth in Code Section 36-81-5. Nothing in this Code section shall preclude the utilization of an executive budget, under which an elected or appointed official, authorized by charter or local law and acting as the chief executive of the governmental unit, exercises the initial budgetary policy-making function while another individual, designated as provided in this Code section as budget officer, exercises the administrative functions of budgetary preparation and control.

36-81-5. Preparation of proposed budget; submission to governing authority; public review of proposed budget; notice and conduct of budget hearing.

(a) By the date established by each governing authority, in such Manner and form as may be necessary to affect this article, and consistent with the local government's accounting system, the budget officer shall prepare a proposed budget for the local government for the ensuing budget period.

(b) The proposed budget shall, at a minimum, be an estimate of the financial requirements at the legal level of control for each fund requiring a budget for the appropriate budget period and shall be in such form and detail, with such supporting information and justifications, as may be prescribed by the budget officer or the governing authority. The budget document, at a minimum, shall provide, for the appropriate budget period, a statement of the amount budgeted for anticipated revenues by source and the amount budgeted for expenditures at the legal level of control. In accordance with the minimum required legal level of control, the budget document shall, at a minimum provide a statement of the amount budgeted for expenditures by department for each fund for which a budget is required. This does not preclude the governing authority of local government from preparing a budget document or establishing a legal level of control at a more detailed level of budgetary control than the minimum required legal level of control.

(c) On the date established by each governing authority, the proposed budget shall be submitted to the governing authority for that body's review prior to enactment of the budget ordinance or resolution.

(d) On the day that the proposed budget is submitted to the governing authority for consideration, a copy of the budget shall be placed in a public location which is convenient to the residents of the unit of local government. The governing authority shall make every effort to provide convenient access to the residents during reasonable business hours so as to accord every opportunity to the public to review the budget prior to adoption by the governing authority. A copy of the budget shall also be made available, upon request, the news media.

(e) A statement advising the residents of the local unit of government of the availability of the proposed budget shall be published in a newspaper of general circulation within the

jurisdiction of the governing authority. The notice shall be published during the week in which the proposed budget is submitted to the governing authority. In addition, the statement shall also advise the residents that a public hearing will be held at which time any persons wishing to be heard on the budget may appear. The statement shall be a prominently displayed advertisement or news article and shall not be placed in that section of the newspaper where legal notices appear.

(f) At least on week prior the meeting of the governing authority at which adoption of the budget ordinance or resolution will be considered, the governing authority shall conduct a public hearing, at which time any persons wishing to be heard on the budget may appear.

(g) (1) The governing authority shall give notice of the time and place of the budget hearing required by subsection (f) of this Code section at least one week before the budget hearing is held. The notice shall be published in a newspaper of general circulation within the jurisdiction of the governing authority. The statement shall be a prominently displayed advertisement or news article and shall not be placed in that section of the newspaper where legal notices appear.

(2) The notice required by paragraph (1) of this subsection may be included in the statement published pursuant to subsection (e) of this Code section in lieu of separate publication of the notice.

(h) Nothing in this Code section shall be deemed to preclude the conduct of further budget hearings if the governing body deems such hearings necessary and complies with the requirements of subsection (e) of this Code section.

36-81-6. Adoption of budget ordinance or resolution; form of budget.

(a) On date after the conclusion of the hearing required in subsection (f) of Code Section 36-81-5, the governing authority shall adopt a budget ordinance or resolution making appropriations in such sums as the governing authority may deem sufficient, whether greater or less than the sums presented in the proposed budget. The budget ordinance or resolution shall be adopted at a public meeting which shall be advertised in accordance with the procedures set forth in subsection (e) of Code Section 36-81-5 at least one week prior to the meeting.

(b) The budget may be prepared in any form that the governing authority deems most efficient in enabling it to make the fiscal policy decisions embodied in budget, but such budget shall be subject to the provisions of this article.

Glossary of Budgetary and Financial Terminology

The City's Budget contains specialized and technical terminology that is unique to public finance and budgeting. To assist the reader of the Budget document in understanding these terms, a glossary has been included in this document.

A

ACCOUNTABILITY: Monitoring, measuring and evaluating the performance and progress of policies, plans and programs to ensure that results are achieved.

ACCRUAL ACCOUNTING: Method of accounting in which transactions are recorded at the time they are incurred, as opposed to when cash is received or spent.

ACTUAL EXPENDITURES: Includes personnel services, employee-related expenditures and all other operating expenditures as authorized by the City Council.

ADOPTED (APPROVED) BUDGET: The funds appropriated by the City Council at the beginning of the year.

AD VALOREM TAX: A tax based on the value of property.

ALLOCATION: The expenditure amount planned for a particular project or service, except an amount that requires additional Board action or "appropriation" before expenditures will be authorized.

AMENDED BUDGET: It is the adopted budgets plus additional expenditure appropriations resulting from legislative body decisions made throughout the year and any re-organizations.

APPROPRIATION: An authorization made by the City Council which permits officials and department heads to incur obligations against and to make expenditures of governmental resources.

ASSESSED VALUATION: The value placed on property for purposes of taxation. The City of Johns Creek accepts Fulton County's assessment of real and personal property at 100% fair market value.

ASSET: Resources owned or held by a government that have monetary value.

B

BEGINNING FUND BALANCE: A revenue account used to record resources available for expenditure in one fiscal year because of revenues collected in excess of the budget and/or expenditures less than the budget in the prior fiscal year.

BOND: A written promise to pay a specified sum of money (called principal or face value) at a specified future date along with periodic interest paid at a specific percentage of the principal. Bonds are typically used for long-term debt.

BUDGET: The financial plan for the operation of a department, program or project for the current year or for the duration of the project.

BUDGET AMENDMENT: The transfer of funds from one appropriation account to another, requiring approval of City Administrator, Finance Director, and Department Director.

BUDGET CALENDAR: The schedule of key dates or milestones which the City follows in the preparation, adoption, and administration of the budget.

BUDGET DOCUMENT: The instrument used by the budget-making authority to present a comprehensive financial program to the appropriating governing body.

BUDGET RESOLUTION: The official enactment by the City Council legally authorizing City Officials to obligate and expend resources.

BUDGET OFFICER: “Budget officer” means that local government officials charged with budget preparation and administration for the local government. The official title of the local government budget officer shall be as provided by local law, charter, ordinance, or appropriate resolution of the governing authority.

BUDGET ORDINANCE: “Ordinance,” or “Resolution” means that governmental action which appropriates revenues and fund balances for specified purposes, functions, or activities for a budget period.

BUDGET PERIOD: Budget period, means the period for which a budget is proposed, or a budget ordinance or resolution is adopted.

BUDGETARY CONTROL: The control or management of a governmental unit or enterprise in accordance with an approved budget for the purpose of keeping expenditures within the limitations of available appropriations and available revenues.

C

CAPITAL BUDGET: The first year of the Capital Improvements Plan as approved by the Commission.

CAPITAL EXPENDITURE: An expenditure for the acquisition of, or addition to, a capital asset. Items acquired for less than \$10,000 are not considered capital expenditures.

CAPITAL IMPROVEMENTS PLAN (CIP): A plan for capital expenditures to be incurred each year over a three to six-year period. This plan will meet the capital needs as defined in the long-term work program of Departments and other agencies of the local

government. It sets forth each project and it specifies the resources estimated to be available to finance the projected expenditures.

CAPITAL OUTLAY: An expenditure for the acquisition of, or addition to, a fixed asset. Items acquired for less than an agreed amount are not considered capital outlay.

CAPITAL PROJECTS: Projects that result in the acquisition or construction of capital assets of a local government which are of a long-term and permanent nature. Such assets include land, buildings, and related improvements, streets and highways, bridges, sewers and parks.

CASH BASIS ACCOUNTING: A basis of accounting under which transactions are recognized only when cash is received or disbursed.

CONTINGENCY: Funds set aside for unforeseen future needs and budgeted in an account. Can be transferred to a departmental budget only by action of the City Council.

CONTRACTUAL SERVICES: Services rendered to a government by private firms, individuals, or other governmental agencies. Examples include utilities, rent, maintenance agreements, and professional consulting services.

COST CENTER: The allocation of resources by functional area within an agency or department.

D

DEBT: An obligation resulting from the borrowing of money or from the purchase of goods and services.

DEBT SERVICE: The cost of paying principal and interest on borrowed money according to a predetermined payment schedule.

DEBT SERVICE FUND: The fund used to account for the accumulation of resources for and the payment of, principal and interest on long-term debt, specifically bond issues.

DEPARTMENT: A major administrative division of the City with indicated overall management responsibility for an operation or a group of related operations within a functional area.

DEPRECIATION: The portion of the cost of a fixed asset charged as an expenditure during a particular period. The cost of a fixed asset, less any salvage value, is prorated over the estimated service life of such an asset, and each period is charged with a portion of such cost.

E

ENCUMBRANCE: A commitment of funds against appropriations in which the expenditure has not actually been made at the time of recording. It may be in the form of a purchase order, purchase requisition, or a contract for goods and services.

ENTERPRISE FUND: A fund in which the activities are supported wholly or primarily by charges and fees paid by the users of the services.

EXPENDITURE/EXPENSE: This term refers to the outflow of funds paid or to be paid for an asset obtained or goods and services obtained regardless of when the expense is actually paid. "Expenditure" applies to Governmental Funds, and "Expense" to Proprietary Funds.

F

FIDUCIARY FUND: Fiduciary Fund means those trust and agency funds used to account. "Fiscal year" means the period for which a budget is proposed, or a budget ordinance or resolution is adopted for the local government's general funds, each special revenue fund, if any, and each debt service fund, if any.

FISCAL YEAR: The time period designated by the City signifying the beginning and ending period for recording financial transactions.

FIXED ASSETS: Assets of long-term character that are intended to continue to be held or used, such as land, buildings, machinery, furniture and other equipment.

FRANCHISE FEES: A fee levied on utilities in exchange for allowing the utilities the use of public right-of-way.

FUND: An independent fiscal and accounting entity with a self-balancing set of accounts. These accounts record cash and other assets together with all related liabilities, obligations, reserves and equities. Funds are segregated so that revenues will be used only for the purpose of carrying out specific activities in accordance with special regulations, restrictions or limitations.

FUND BALANCE: Refers to the excess of assets over liabilities and is therefore, generally known as amount available for appropriation.

FUND BALANCE (assigned): Amounts a government intends to use for a particular purpose.

FUND BALANCE (carried forward): Funds on hand at year-end resulting from collections of revenue in excess of anticipations and/or unexpended appropriations, which are included as a revenue source in the budget of the ensuing year.

FUND BALANCE (committed): Amounts constrained by a government using its highest level of decision-making authority.

FUND BALANCE (restricted): Amounts constrained by external parties, constitutional provision, or enabling legislation.

FUND BALANCE (unassigned): Amounts that are not constrained at all will be reported in the general fund.

G

GENERAL FUND: General fund means the fund used to account for all financial resources except those required to be accounted for in another fund.

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP): Uniform minimum standards for financial accounting and recording, encompassing the conventions, rules, and procedures that define accepted accounting principles.

GENERAL OBLIGATION BONDS: Bonds whose principal and interest are paid from property tax for debt service and are backed by the City's full faith and credit. Approval by referendum vote is required for general obligation bonds to be issued.

GOALS: A measurable statement of desired conditions to be maintained or achieved.

GOVERNING AUTHORITY: Governing authority means that official or group of officials responsible for governance of the unit of local government.

GOVERNMENTAL FUNDS: Funds used to account for the acquisition, use and balances of expendable financial resources and the related current liabilities – except for those accounted for in proprietary funds and fiduciary funds.

GRANT: A contribution of assets (usually cash) from one governmental unit or organization to another. Typically, these contributions are made to local governments from the state or federal governments to be used for specific purposes and require distinctive reporting.

L

LEGAL LEVEL OF CONTROL: Legal level of control is the lowest level of budgetary detail at which a local government's management or budget officer may not reassign resources without approval of the governing authority. The legal level of control shall be, at a minimum, expenditures for each department for each fund for which a budget is required. This does not preclude the governing authority of a local government from establishing a legal level of control at a more detailed level of budgetary control than the minimum required legal level of control.

LIABILITIES: Probable future sacrifices of economic benefits, arising from present obligations of a particular entity to transfer assets or provide services to other entities in the future as a result of past transactions or events. A budget prepared along

departmental lines that focuses on what is to be bought. It lists each category of expenditures and revenues by fund, agency, department, division, and cost center.

LONG-TERM DEBT: Debt with a maturity of more than one year after the date of issuance.

M

MILLAGE RATE: The ad valorem tax rate expressed in the amount levied per thousand dollars of the taxable assessed value of property. One mill is equal to one dollar per thousand.

MODIFIED ACCRUAL ACCOUNTING: A basis of accounting in which revenues are recorded when collected within the current period or soon enough thereafter to be used to pay liabilities of the current period and expenditures are recognized when the related liability is incurred.

O

OBJECTIVES: Unambiguous statements of performance intentions expressed in measurable terms.

OPERATING BUDGET: The portion of the budget pertaining to daily operations that provide basic governmental services. The operating budget contains appropriations for such expenditures as personal services, fringe benefits, commodities, services, and capital outlay.

P

PERFORMANCE INDICATORS: Special quantitative and qualitative measure of work performed as an objective of a department.

PERFORMANCE MEASURE: An indicator that measures the degree of accomplishment of an activity. The three types used in the local government are: Effectiveness - The degree to which performance objectives are being achieved. Efficiency - The relationship between work performed and the resources required to perform it. Typically presented as unit costs. Workload - A quantity of work performed.

PERSONAL PROPERTY: Property that can be moved with relative ease, such as motor vehicles, boats, machinery, and inventoried goods.

POLICY: A policy is a guiding principle which defines the underlying rules which will direct subsequent decision-making processes.

PROPRIETARY FUNDS: Used to account for government's ongoing organizations and activities that are similar to those found in the private sector.

PROGRAM: A body of work that delivers a service or accomplishes a task and whose costs can be isolated and identified.

PROPERTY TAX: Tax based on assessed value of a property, either real estate or personal. Tax liability falls on the owner of record as of the appraisal date.

PROPRIETARY FUNDS: Used to account for government's ongoing organizations and activities that are similar to those found in the private sector.

PUBLIC HEARING: A public hearing is a specifically designated time, place, and opportunity for citizens, community groups, businesses, and other stakeholders to address the Legislative body on a particular issue. It allows interested parties to express their opinions and the Legislative body and/or staff to hear their concerns and advice.

R

REAL PROPERTY: Land, buildings, permanent fixtures, and improvements.

RESOLUTION: A special or temporary order of a legislative body; an order of a legislative body requiring less legal formality than an ordinance or statute.

RETAINED EARNINGS: A fund equity account which reflects accumulated net earnings (or losses) in a proprietary fund. As in the case of fund balance, retained earnings may include certain reservations of fund equity.

RESERVE: An account to indicate that a portion of funds have been legally restricted for a specific purpose, or not available for appropriation and subsequent spending. A reserve for working capital is a budgetary reserve set aside for cash flow needs, emergencies, or unforeseen expenditure/revenue shortfalls.

REVENUE: Funds that the City receives as income. It includes such items as taxes, licenses, user fees, service charges, fines, penalties, and grants.

REVENUE BONDS: Bonds whose principal and interest are payable exclusively from specific projects or special assessments, rather than from general revenues. These bonds do not require approval by referendum.

S

SERVICE LEVEL: Services or products which comprise actual or expected output of a given program. Focus is on results, not measures of a workload.

SINKING FUND: A reserve fund accumulated over a period of time for retirement of a debt.

SPECIAL REVENUE FUND: A fund in which the revenues are designated for use for specific purposes or activities.

T

TAX DIGEST: Official list of all property owners, the assessed value (100% of fair market value), and the tax due on their property.

TAXES: Compulsory charges levied by a government for the purpose of financing services performed for the common benefit. Taxes levied by the City of Johns Creek are approved by the City Council and are within limits determined by the State.

U

UNIT OF LOCAL GOVERNMENT: Unit of local government, “unit,” or “local government” means a municipality, county, consolidated city-county government, or other political subdivision of the state. Such terms do not include any local school district or board of education. For purposes of this paragraph, “county” includes any county officer who is paid in whole or in part on a salary basis and whom the county governing authority exercises budgetary authority.

W

WORKING CAPITAL: A dollar amount reserved in (General Fund) fund balance that is available for unforeseen emergencies, to handle shortfalls caused by revenue declines, and to provide cash liquidity during periods of low cash flow.