

# EXECUTIVE SUMMARY

The City of Milton's Fiscal Year 2020 proposed budget is based on anticipated citywide revenue collections of, \$41.2 million. The citywide budget is comprised of one general fund, four special revenue funds, and six capital projects funds.



## General Fund



## Special Revenue Funds

- Special Events Fund
- Confiscated Assets Fund
- E911 Fund
- Hotel/Motel Tax Fund



## Capital Projects Funds

- Capital Projects Fund (Primary)
- Greenspace Bond Fund
- TSPLOST Fund
- Capital Grant Fund
- Impact Fee Fund
- Revenue Bond Fund

## General Fund Overview

The General Fund, the City's main operating fund, is comprised of \$29.9 million in projected revenues, or 73% of the citywide total. This represents a \$73,608 or 0.2% increase in operating revenues as compared to the Fiscal Year 2019 amended budget. This growth is primarily a result of anticipated revenue increases related to property taxes, sales and use taxes, and occupation taxes.

### KEY REVENUE FACTS

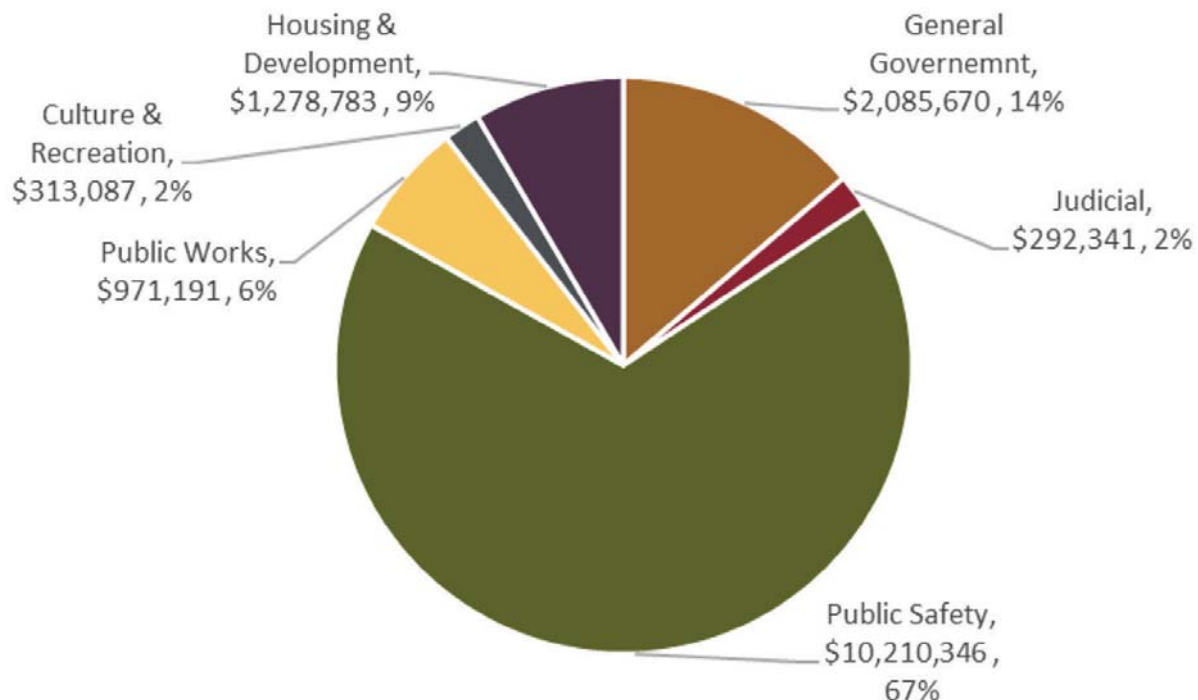
- The FY 2020 Maintenance & Operating (M&O) millage rate is 4.731 mills. This rate represents a return to the capped millage rate of 4.731 mills, the same rate the City had every year since incorporation with the exception of FY 2019.
- Property taxes for calendar year 2019 will go towards funding the FY 2020 budget. The decision to change the timing in which property taxes would be recognized was a strategic financial decision made by the City to aid in enhanced budgeting capabilities and even greater fiscal responsibility.
- The budget was balanced with the use of \$1,616,742 from fund balance for the purposes of funding capital initiative requests and pay-as-you-go projects for vehicle replacements and improvements to Providence Park, which were deferred in FY 2018 due to the delayed 2017 tax digest and the City's decision to change the timing in which property taxes would be recognized. Throughout FY 2019 and FY 2020, excess available fund balance has been utilized to restore the City's capital improvement plan back to where it was prior to the postponements made in FY 2018.
- Local Option Sales Tax (LOST) is the City's second largest revenue source after property taxes. This revenue source is economically driven and staff takes this into account when forecasting anticipations each year.
- As anticipated collections for several revenue categories are showing a decrease, City staff continue to work on identifying new revenue opportunities in order to lessen the reliance upon property taxes as is required by Milton's Code of Ordinances.
- In year's past, cell tower lease fees were set aside in the Capital Projects Fund for potential land conservation. In FY 2020, revenues from cell tower lease fees have been moved back to the General Fund to offset some of the costs related to maintaining the City's passive parks/greenspace.

## General Fund Revenues (excluding interfund transfers)

	FY 2019 Amended Budget	FY 2020 Proposed Budget	\$ Variance	% Variance
<b>REVENUES</b>				
Taxes	\$ 27,667,321	\$ 27,972,125	\$ 304,804	1.1
Licenses & Permits	650,832	614,650	(36,182)	(5.6)
Intergovernmental Revenues	20,192	-	(20,192)	(100.0)
Charges for Services	508,300	517,420	9,120	1.8
Fines & Forfeitures	350,000	380,000	30,000	8.6
Investment Income	391,000	301,000	(90,000)	(23.0)
Contributions & Donations	10,222	-	(10,222)	(100.0)
Miscellaneous Revenue	67,946	108,726	40,780	60.0
Proceeds From Sale Of Assets	164,500	10,000	(154,500)	(93.9)
<b>TOTAL REVENUES</b>	<b>\$ 29,830,313</b>	<b>\$ 29,903,921</b>	<b>\$ 73,608</b>	<b>0.2</b>

## KEY EXPENDITURE FACTS

- Salaries and Benefits make up the largest portion of the maintenance & operating budget at \$15,151,418 (M&O initiatives related to salaries and benefits will be discussed later) or 58% of expenditures excluding interfund transfers. This represents an increase of 6.5% over the FY 2019 amended budget. Please keep in mind that salary and benefit savings that resulted from vacancies were utilized in FY 2019 to offset an operating transfer out to the Capital Projects Fund inflating this increase slightly. Had those transfers not been made, the increase would have been 3.0%. Personal Services & Employee Benefits cost breaks down across functions as follows:



- The FY 2020 budget includes funding for an across-the-board market adjustment to salaries of 3% for a total cost of \$238,412. This adjustment is prorated by the number of months each employee worked for the City during FY 2019 and is included in the figures displayed in the chart above.
- Fire's budget includes \$360,396 for debt service payments owed to Fulton County for Fire Station #43. This lease is scheduled to be paid in full in October 2019. In FY 2021, savings from the end of this lease agreement and the termination of the lease for the Police and Court offices on Deerfield in the amount of \$225,920 annually, will go directly towards debt service payments on the bond issuance for the construction of the Public Safety Complex on Highway 9 and the replacement of Fire Station #42.
- \$1,177,201 has been budgeted for debt service payments related to the revenue bond that funded improvements to Bell Memorial Park as well as an estimate for the first year's interest-only payment for the bond scheduled to be issued for the Public Safety Complex/ Fire Station #42 mentioned above. The Bell Memorial bond has a fixed interest rate of 2.8% and is scheduled to be paid off in November 2029.
- Operating expenditures, excluding personnel costs, debt service, contingency, and new initiatives total \$8,647,985. This is approximately \$811,124, or 10.4% more, than FY 2019. The most significant drivers of this increase are related to professional and contracted services:
  - The City currently has an Intergovernmental Agreement (IGA) with Fulton County regarding elections. An increase in anticipated election costs of \$65,123 is budgeted for FY 2020;
  - In FY 2019, the City's contractor for right-of-way and park mowing walked away from the contract, alleging an inability to perform the work at the negotiated rate. After re-bidding the contract, the rate came in higher and an increase in mowing cost(s) across Public Works, Parks & Recreation, and Passive Parks/Greenspace is anticipated at approximately \$305,651; and
  - An increase in Information Services related to structural changes within the department including bringing on a full-time GIS Analyst and having a contracted IT Manager in-house three days a week, as well as the project hours needed to complete the build-out of the City's data management/public facing portal Laserfiche, amounts to approximately \$149,264.
- Transfers out of the General Fund include \$4,894,518 to the Capital Projects Fund for projects funded through the City's pay-as-you-go funding program. Milton's capital projects have historically been funded utilizing this strategy in an effort to keep debt at a minimum. Overall transfers are down 44.9% from FY 2019's amended budget as Milton's conservative budgeting and responsible spending over FY 2018 and FY 2019 yielded a fund balance in excess of required reserves. This excess fund balance was allocated to existing one-time projects as required by law.

## General Fund Expenditures by Function (excluding interfund transfers)

	FY 2019 Amended Budget	FY 2020 Proposed Budget	\$ Variance	% Variance
<b>EXPENDITURES BY FUNCTION</b>				
General Governemnt	\$ 4,379,656	\$ 4,771,397	\$ 391,741	8.9
Judicial	463,582	470,202	6,620	1.4
Public Safety	12,125,421	12,914,738	789,317	6.5
Public Works	2,322,379	2,819,237	496,858	21.4
Culture & Recreation	1,470,921	1,560,908	89,987	6.1
Housing & Development	1,667,496	1,623,317	(44,179)	(2.6)
Debt Service	852,436	1,177,201	324,765	38.1
Contingency	-	264,448	264,448	-
M&O Initiatives	-	1,107,790	1,107,790	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 23,281,891</b>	<b>\$ 26,709,238</b>	<b>\$ 3,427,347</b>	<b>14.7</b>

## General Fund Expenditures by Category (excluding interfund transfers and new initiatives)

	FY 2019 Amended Budget	FY 2020 Proposed Budget	\$ Variance	% Variance
<b>PERSONAL SERVICES &amp; EMPLOYEE BENEFITS</b>				
Salaries	\$ 10,272,824	\$ 10,900,336	\$ 627,512	6.1
Employee Benefits	3,958,867	4,251,082	292,215	7.4
<b>TOTAL PERSONAL SERVICES &amp; EMPLOYEE BENEFITS</b>	<b>\$ 14,231,691</b>	<b>\$ 15,151,418</b>	<b>\$ 919,727</b>	<b>6.5</b>
<b>MAINTENANCE &amp; OPERATIONS</b>				
Professional Services	\$ 1,396,302	\$ 1,451,274	\$ 54,972	3.9
Property Services	1,007,762	1,029,925	22,163	2.2
Other Purchased Services	3,702,879	4,082,939	380,060	10.3
Supplies	409,183	512,720	103,537	25.3
Utilities	629,169	649,123	19,954	3.2
Fuel	170,214	171,416	1,202	0.7
Capital Outlay	518,346	746,988	228,642	44.1
Other Costs	3,006	3,600	594	19.8
<b>TOTAL MAINTENANCE &amp; OPERATIONS</b>	<b>\$ 7,836,861</b>	<b>\$ 8,647,985</b>	<b>\$ 811,124</b>	<b>10.4</b>
<b>DEBT SERVICE</b>				
Revenue Bond(s) P&I	\$ 852,436	\$ 1,177,201	\$ 324,765	38.1
Capital Lease(s) P&I	360,903	360,396	(507)	(0.1)
<b>TOTAL DEBT SERVICE</b>	<b>\$ 1,213,339</b>	<b>\$ 1,537,597</b>	<b>\$ 324,258</b>	<b>26.7</b>
<b>OTHER COSTS</b>				
Contingency	\$ -	\$ 264,448	\$ 264,448	-
<b>TOTAL OTHER COSTS</b>	<b>\$ -</b>	<b>\$ 264,448</b>	<b>\$ 264,448</b>	<b>-</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 23,281,891</b>	<b>\$ 25,601,448</b>	<b>\$ 2,319,557</b>	<b>10.0</b>

Note: Above excludes M&O Initiatives.

## MAINTENANCE & OPERATING (M&O) INITIATIVE HIGHLIGHTS

- In an effort to provide administrative aid to departments that have seen an increased workload, 59%, or \$642,915, of this year's M&O initiatives are related to additional personnel. This figure includes salaries and benefits for two summer interns, a part-time Special Events Coordinator, two police officers, two firefighters, one full-time Development Review Coordinator, and reclassifications in Police, Parks & Recreation and Community Development. This year's goal is to strategically place new positions throughout the city departments in an effort to create greater efficiencies for staff and for the public, which staff serves.
- A popular topic of late has revolved around speed limits throughout the City, and particularly on those roadways where driveways exit directly onto high-volume corridors. Staff has requested \$125,000 to begin a city-wide traffic count and speed study to determine the current activity, gathering the data required to discuss potential speed limit changes.
- With the end of the IGA with the City of Alpharetta, the Parks & Recreation department continues to evaluate programming needs and alternative paths to provide those programs most desired by Milton residents. Staff recognizes that these types of long-term decisions take time to implement and have requested \$50,000 for a temporary reimbursement program to offer some relief from out-of-city fees experienced for those programs. Staff, along with the Parks & Recreation Advisory Board will work to determine which programs Milton should offer. The anticipated plan calls for cessation of the reimbursements as City programs come on line.
- As the City grows, periodic updates to planning documents are necessary. Community Development has requested \$50,000 to refine the Deerfield and Crabapple Form-Based Codes to address such growth and the unified vision of the Council and the community.

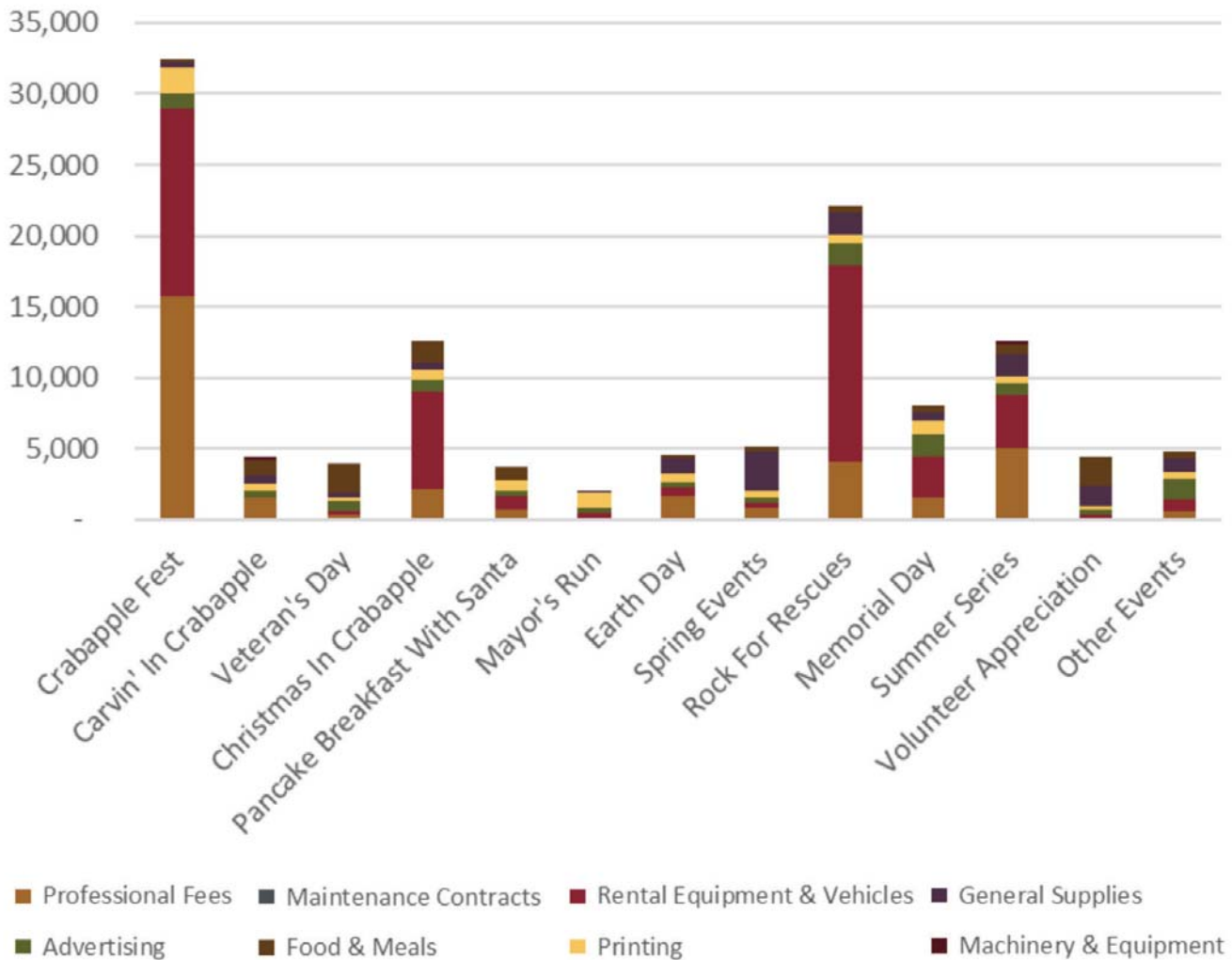
## Special Revenue Funds Overview

The City adopts annual budgets for each Special Revenue Fund that demonstrates any legally restricted revenue sources. In FY 2020, \$1.077 million in anticipated revenues are attributable to the four Special Revenue Funds (excluding interfund transfers in and budgeted fund balances).

### SPECIAL EVENTS FUND

Milton's Special Events Fund is budgeted as a Special Revenue Fund for the purposes of tracking revenues, expenditures, and fund balances associated with running the City's year-long events program. The main funding sources for this fund are a transfer in from the Hotel/Motel Tax Fund (\$80,000 or 82%) and event sponsorships made by private entities (\$17,000 or 18%). Revenues are expected to decrease by \$4,044, or 4.0%, because a transfer was not budgeted from the General Fund once again in FY 2020. Expenditure appropriations within the fund span over 12 scheduled event categories and one "other events" category, which allows for the City's involvement in any unplanned events that may come up. Expenditures are planned to be fairly in-line with FY 2019's amended budget with a slight increase of \$6,340, or 5.5%, with the larger increases seen in the Summer Series event category. Weather-related cancellations resulted in available funds, which were transferred to the Rock for Rescues event in FY 2019 and some corresponding decreases can be noted year-over-year in that event. Other increases include advertising for Other Events and Memorial Day, and Food & Meals for Christmas in Crabapple.

## Special Events Expenditures by Event/Category



## CONFISCATED ASSETS FUND

The Confiscated Assets Fund is utilized to account for the use of confiscated assets by the City's Police Department. Both federal and state confiscated assets are maintained within this fund, and guidelines issued by both jurisdictions must be adhered to at all times. Confiscated assets are used for new endeavors and cannot supplant budgets appropriated in other funds. In FY 2020, the Police Department plans to look for opportunities to obtain new equipment and search for new training opportunities for staff with the remaining fund balance.

## E911 FUND

The Emergency 911 (E911) Fund has been set up to account for monthly 911 charges to help fund the cost of providing emergency 911 services to the community. Milton currently has an active IGA with the City of Alpharetta; Alpharetta runs the 911 center, including emergency communication services. In order to compensate Alpharetta for these services, Milton turns over 100% of its E911 collections to them. Revenues are anticipated to increase by approximately \$5,000, or 0.5%, and a corresponding increase to expenditures for payments to Alpharetta has also been budgeted.

## HOTEL/MOTEL TAX FUND

The Hotel/Motel Tax Fund accounts for the occupancy tax collected by the City from area hotels and motels and is distributed according to the state statute. Milton currently collects this tax at a rate of 3%. Beginning in FY 2018, 100% of the collections are now transferred to the Special Events Fund to promote tourism to the City and foster community engagement. The anticipated revenues and expenditures of this fund are expected to remain steady through FY 2020 based on historical analysis.

## Capital Projects Funds Overview

Annually, the City reviews its seven-year capital improvement program and submits a formal Capital Improvement Plan (CIP) as a part of the budget process. City code requires a five-year plan, but staff has chosen to add the additional two years in order to allow adequate time for planning and added flexibility. In FY 2020, all six budgeted capital projects funds have been incorporated into the seven-year Capital Improvement Plan and account for \$10.266 million in direct revenues (excluding interfund transfers in and budgeted fund balances).

### CAPITAL PROJECTS FUND (primary)

The primary Capital Projects Fund is used to account for the capital expenditures made by the City on long-term projects that are not required to be accounted for in a separate fund. Milton has historically funded the majority of its capital projects through a pay-as-you-go strategy and therefore the main revenue source for this fund is an interfund transfer in from the General Fund. As mentioned earlier, the City had to scale back its funding of certain projects in FY 2018. FY 2019 marked the return to the original funding plan for these projects as well as the recapture of those deferred expenditure amounts. FY 2020's budget continues this strategy to utilize pay-as-you-go funding to begin implementing many of the recently adopted master plans in Parks & Recreation as well as other road projects, including a return to the typical annual paving appropriation. In addition to the interfund transfer in, the Capital Projects Fund has other smaller revenue sources, which make up about 3% of its total revenues in FY 2020. These sources include: infrastructure maintenance fees charged to solid waste haulers at a rate of 5% of the company's gross receipts (\$110,000), and landfill use fees charged to any companies operating a landfill within the City limits (\$48,000). Cell tower lease revenues have been moved back to the General Fund to offset annual operating costs associated with mowing and hazard mitigation throughout the City's network of passive parks and greenspaces.

### GREENSPACE BOND FUND

The Greenspace Bond Fund is used to account for the proceeds of the General Obligation Bonds, Series 2017, issued by the City and its related capital projects. In November 2016, voters approved the referendum to issue \$25 million in bonds to fund the acquisition of greenspace. The repayment of the debt incurred is funded through a separate millage rate outside of the M&O millage rate explained earlier. FY 2020 includes debt service for both principal and interest in the amount of \$1,713,875. The millage rate set to collect tax revenues to make these payments is 0.588 mills. Expenditures related to land acquisition occur once the Mayor and Council approve a purchase, following research and recommendations made by the Milton Greenspace Advisory Committee.

## CAPITAL GRANT FUND

The Capital Grant Fund was set up to account for capital grant revenue and expenditures made by the City. Most of the projects are related to infrastructure improvement efforts managed by the Public Works Department. Throughout FY 2019 staff identified new projects in Parks & Recreation and Community Development which, have been added to this fund's activity. FY 2020's budgeted revenue sources include the Local Maintenance & Improvement Grant (LMIG) at \$405,528, which will go towards funding the FY 2020 pavement maintenance program, and \$400,000 in grant funding for expenditures related to the City's project enabling connectivity to the Big Creek Greenway.

## IMPACT FEES FUND

In October 2015, Milton began collecting impact fees on new development projects in order to offset the costs associated with providing City services to those new developments and the residents and businesses they bring to the City. This fund accounts for impact fees restricted for the acquisition or construction of specific capital projects outlined in the City's Capital Improvements Element (CIE). Revenues are conservatively estimated to come in at approximately 19% less than FY 2019 at \$875,500. Of this amount, \$30,000 of the administrative fund revenues will be put towards an update to the methodology report that allocated funds across current City projects. As the City has recently adopted several master plans, a re-write is warranted to update the impact fee related plan as well. This has also led to the conservative estimate of revenues as the new plan may alter collections.

## REVENUE BOND FUND

The Revenue Bond Fund has been set up to account for proceeds and expenditures related to the issuance of revenue bonds for the purpose of funding projects faster than is possible under the pay-as-you-go strategy utilized by the City. In years past, the revenues and expenditures budgeted in this fund were tied to the improvements made at Bell Memorial Park. As that project has concluded, this fund will now account for the proceeds and expenditures related to the completion of the Public Safety Complex on Georgia Highway 9, and the replacement of Fire Station #42 on Thompson Road, as well as an alerting system for the Fire Department. Mayor and Council approved this funding strategy in FY 2018, and as the timing of the project did not require the bonds to be issued yet, the budget for those proceeds and corresponding expenditures will roll into FY 2020 (this explains why there are no new budget appropriations in FY 2020).

## TSPLOST FUND

The TSPLOST Fund is used to account for the proceeds of the transportation local option sales tax and the various improvement projects outlined in the program. As multiple funding sources begin to be utilized across projects, this fund has been merged into the larger CIP for ease of project tracking. The current TSPLOST initiative was approved by voters in the November 2016 election, and includes a dedicated project list. The TSPLOST Fund is budgeted to bring in approximately \$6.3 million in revenues in FY 2020.



## Conclusion

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The Fiscal Year 2020 Budget illustrates the City's dedication to providing the highest level of services while maintaining sound fiscal policies. This budget is the product of much collaboration and commitment by "Team Milton" with the goal of developing a plan that addresses the major policy goals and priorities of the City Council and upholds our residents' vision for their community, while protecting the financial health of the City now and into the future. If while reviewing this document you have any questions, please do not hesitate to contact us at [info@cityofmiltonga.us](mailto:info@cityofmiltonga.us).