



Table of Contents

Foreword	1
Executive Summary	2
Introduction	3
Revenues	5
Qualification and Context	10
Additional Potential Revenue Sources.....	11
Expenditures	12
Direct Services Estimates	15
Support Services Estimates.....	18
Enterprise Service Estimate: Solid Waste	23
Capital-Related and Start-up Costs.....	28
Summary of Annual Expenditure Estimates	32
Appendix A: Miscellaneous Revenue Estimates	33
Appendix B: Estimate of Local Maintenance and Improvement Grant.....	34
Appendix C: Georgia Department of Revenue Title Ad Valorem Tax Fee Local Distribution Guidance Letter.....	35
Appendix D: Regression Model for Franchise Fee Estimation.....	37
Appendix E: Additional Potential Revenues	38
Calculation of Intangible and Real Estate Transfer Tax Estimate	44
Appendix F: Map of Study Area	46
Appendix G: Note on Data	47

Foreword

Over the last several years, the Carl Vinson Institute of Government (CVIOG) has conducted a number of feasibility studies for proposed incorporations. Those studies, like this one, have been designed to provide the groups and legislators that have commissioned them an opportunity to investigate the potential fiscal feasibility of an area being considered for municipal incorporation. Essentially what the study seeks to determine is whether the services sought to be provided by a hypothetical city along with the necessary administrative apparatus can be adequately funded by the revenues that would be available. The House of Representatives Governmental Affairs Committee of the Georgia General Assembly has required by committee rule that bills proposing incorporation be introduced in the first year of a biennial session, and that a feasibility study be conducted before they can be considered in the second year and has named the Institute of Government as one of the two university institutions qualified to conduct the study.

It is important to note the limitations of these types of studies. They cannot predict every possible variable that may occur in the future with a potential impact on the costs of government. Additionally, the study is not intended to be a model budget for a new city. A newly elected city council will endeavor to represent their constituencies and will have a set of priorities that may impact both taxing and spending patterns.

As the purpose of this report is to assist the public with consideration of municipal incorporation, the reader should note that the assumptions used in this report could potentially not be those that are incorporated into any final legislation.

Estimates given in this report are based on tax levies and service levels for a city not yet created; and, thus, they should not be viewed as certainties. While it is our hope that this report assists with the public consideration of a potential municipal incorporation, it should not be construed to constitute a position either for or against the establishment of a City of Sharon Springs by the Carl Vinson Institute of Government.

Executive Summary

This report is designed to determine if a proposed new city in the southern part of Forsyth County would be fiscally viable. In order to be viable in this manner, the expected revenues to be derived from the residents and property owners in the area would need to exceed or equal the expected cost of providing the proposed set of services.

To determine available revenues, we have looked at the amounts of revenue being paid to the county government currently providing services to the area under study and any revenue streams available to municipalities such as franchise fees and insurance premium tax distributions. To determine the likely operational expenses associated with providing planning and zoning, building inspections, code enforcement and related community development services, basic administrative costs, as well as capital costs associated with those services and administration, we looked at two comparison governments in the metropolitan Atlanta area, the City of Milton and the City of Peachtree Corners. For solid waste services and associated user fees we examined practices and costs in nearby communities.

We are confident that looking at currently available revenues and analyzing comparable government municipal government expenditures that our study reflects a realistic assessment of likely fiscal feasibility. Based on our analysis, we find that likely available revenues exceed likely expenditures for the services identified to be provided, and therefore conclude that a city comprised of the Sharon Springs study area is fiscally feasible.

	Study Area	Per Capita
Annual Operating Expenditures	\$3,487,175	\$70.49
Annual Capital Expenditures	\$307,129	\$6.21
Total Annual Expenditures	\$3,794,304	\$76.70
Total Annual Revenues	\$6,550,705	\$132.42
Total Revenues exceeding Expenditures	\$2,756,401	\$55.72

Introduction

State Representative Mike Dudgeon and the Sharon Springs Alliance commissioned the Carl Vinson Institute of Government to study an area within unincorporated Forsyth County to aid in the consideration of the area's possible incorporation. Sharon Springs, or the "study area," as it is referred to in this report, is south of the City of Cumming and west of Lake Lanier. The area tracks the eastern part of the southern border of Forsyth County from the border with Fulton County and up the eastern side of Forsyth County on the border with Gwinnett County. Most of the study area is within the southeastern portion of the county from the intersection of U.S. 400 and U.S. 20. See *Appendix F* for map of area.

This report provides estimates of revenues and expenditures that the City of Sharon Springs, if incorporated, could anticipate for providing certain municipal services during a single fiscal year. The revenue estimates are primarily based upon actual revenues collected for the unincorporated area by Forsyth County in fiscal year (FY) 2013 as well as projections for franchise fees. Expenditure estimates are primarily based on costs for services in the cities of Peachtree Corners and Milton. For each comparison city, CVIOG faculty examined city budget documents and conducted interviews with city staff so as to properly allocate certain costs and to clarify figures and line items reported in their budgets.

The cities of Peachtree Corners and Milton were selected at the onset of the study to be used as the comparison cities to estimate expenditures. These cities are similar in size to the study area and are located in the general vicinity of the proposed new city. Peachtree Corners' limited range of municipal services, namely planning and zoning, code enforcement, and building inspection, make it a logical choice for comparison. The actual expenditures in fiscal years of 2012 and 2013 were used from the City of Milton to estimate study area costs while expenditures from fiscal year 2014 were used from Peachtree Corners because they constituted the best available data during the time the study was conducted. For most of that time, Peachtree Corners contracted with a number of private sector service providers in order to provide some of the city services. Milton provides municipal services primarily through its own directly employed city staff.

Revenue and expenditure estimates provided in this report are based on tax levies and service levels for a city not yet created. The estimates developed in this report are based on certain

assumptions that were established as part of the proposals being developed for the Georgia General Assembly. These assumptions include:

- That the new city would limit the services being provided to three services, specifically: planning and zoning, code enforcement, and solid waste management.
- That the new city would operate the solid waste management service as an enterprise fund, i.e., a fund based solely on the collection of user fees to support the service.

Revenues

The revenue estimates outlined below include all major revenue sources a city representing the study area would have collected had it existed in 2013 and assessed taxes and fees at rates similar to Forsyth County in that same year. In calculating these estimates, we applied methods used in prior research that have been accepted by stakeholders in several of the most recent incorporation studies produced both by the Carl Vinson Institute of Government and Georgia State University. Table 2 describes the method of estimating each revenue source for the study area.

Revenue Source	Basis for Estimation	Estimated Revenue
Alcoholic Beverage Excise Taxes	Average of the Ratio of assessed value of commercial property in study area to Forsyth unincorporated area AND the ratio of the count of alcohol establishments in the study area to Forsyth unincorporated area	\$473,030
Hotel/Motel Taxes	Ratio of number of hotels/motels in study area to Forsyth unincorporated area	\$41,814
Hotel/Motel Taxes (restricted to tourism)	Ratio of number of hotels/motels in study area to Forsyth unincorporated area	\$27,876
Occupation Tax (Including Administrative fees and penalties)	Ratio of assessed value of commercial property in study area to Forsyth unincorporated area	\$397,630
Alcoholic Beverage License	Average of the Ratio of assessed value of commercial property in study area to Forsyth unincorporated area AND the ratio of the count of alcohol establishments in the study area to Forsyth unincorporated area	\$135,479
Business License - Pawnbrokers	Average of the Ratio of assessed value of commercial property in study area to Forsyth unincorporated area AND the ratio of the count of pawn establishments in the study area to Forsyth unincorporated area	\$588
Bank Shares/Financial Services Tax	Ratio of assessed value of commercial property in study area to Forsyth unincorporated area	\$78,657
Development Fund & Zoning and Variance Fees and Permits	Ratio of assessed value of residential & commercial property in study area to Forsyth unincorporated area	\$1,204,338
Insurance Premiums	Ratio of population in study area to Forsyth unincorporated area	\$2,297,481
Franchise Fees (Cable, Electric, Natural Gas, and Landline Phone)	Regression with data set of 32 cities	\$1,893,135
Miscellaneous	See Appendix A	\$678

Total Estimated Revenue	\$6,550,705
Source: Population estimates obtained from 2010 U.S. Census; Assessed values are from the Forsyth County 2013 Consolidation and Evaluation Digest as of October 3, 2013; other information based on FY 2013 data unless otherwise indicated.	

Methodologies Utilizing Ratios of Assessed Real Property Value

A number of the revenue sources listed in Table 2, which are currently collected in the unincorporated area of Forsyth County, are generated solely by residential, industrial, and/or commercial activities. To obtain estimates of how much revenue would be generated by these taxes, a comparison was made between the assessed values of property in the study area and in the unincorporated area of the county. Assuming that the ratio of real property values is a proxy for these activities, these ratios were used as the basis for estimating several revenue sources, as indicated in Table 2 and described below. Table 3 illustrates the ratios of residential, commercial, industrial, utility, and total assessed property value of the study area to the unincorporated area in Forsyth County.

Table 3: Assessed Values and Ratio of Property in Study Area and Unincorporated Forsyth County			
Property Class	Study Area*	Unincorporated Forsyth County**	Ratio of Study Area to Unincorporated Forsyth
Residential	\$2,448,304,926	\$6,165,148,595	39.71%
Commercial	\$290,320,849	\$1,033,701,725	28.09%
Total Residential & Commercial	\$2,738,625,775	\$7,198,850,320	38.04%
Industrial	\$104,316,637	\$642,364,845	16.24%
Conservation	\$16,288,880	\$131,821,536	12.36%
Agricultural	\$2,576,752	\$54,365,379	4.74%
Total All Property Classes	\$2,861,808,044	\$8,027,402,080	35.65%
* Source: Analysis of 2014 data provided by Forsyth County Tax Commissioner			
**Source: Forsyth County 2013 Consolidation and Evaluation Digest, Georgia Department of Revenue			

Alcoholic Beverage Excise Taxes

Alcoholic beverage excise taxes are collected on individual retail sales of alcoholic beverages.

Hotel/Motel Taxes

Hotel/motel taxes are collected based on a percentage of the nightly room rate charged by hotels within the jurisdiction of a city or county that levies the tax. Forsyth County levies a tax of 5% of the nightly room rate. (Code of Ordinances, Sec. 74-31.) Pursuant to state law, however, only the revenue generated by a 3% tax may be spent for general fund purposes; the remaining revenue must be spent on activities promoting tourism, generally by contract with a non-profit. Thus, some of the funds identified in the table are restricted to this purpose. We identified a single hotel in the study area (a Holiday Inn on McGinnis Ferry Rd) out of five listed as paying hotel/motel taxes in the unincorporated area of the county.

Business Occupation Taxes

Occupation taxes are levied on persons and entities engaged in occupations or trades for profit-making purposes. Forsyth County levies an occupation tax in the unincorporated area. The occupation tax is categorized as a business license in the Forsyth County financial statements.

Business Licenses-Alcoholic Beverages

In order to sell alcoholic beverages in Georgia, a proprietor must have both a local and state license to sell either in packages or by the drink. Local licenses are renewed annually and each year's renewal is accompanied by payment of a fee.

Business Licenses-Pawnbrokers

Forsyth County issues a separate license for pawnbroker establishments. Local licenses are renewed annually and each year's renewal is accompanied by payment of a fee.

Bank Shares Taxes

Cities and counties are permitted to levy a tax on depository financial institutions having offices located in their respective jurisdictions.

Intangible Taxes

Intangible taxes (recording taxes) are collected on property that is sold at the time its deed is recorded.

Development Fund

Development Fund fees are charged for permits related to development (e.g., plumbing, electrical, HVAC, and building inspections).

Zoning and Variance Fees and Permits

Zoning and Variance fees and permits are charged to applicants for zoning changes and variances.

Methodologies Utilizing Ratios of Population of the Study Area to the Unincorporated Area

A number of the revenue sources in Table 2 depend more directly upon the number of individuals engaging in certain behaviors such as the purchase of insurance, or subscribing to cable television. For these revenue sources, assumptions were made that these behaviors are fairly constant across the unincorporated population of Forsyth County; thus, the ratio of the population of the study area to the entire unincorporated area was used as the basis for estimation. Table 4 provides population, poverty, and median income data for the study area and for the current jurisdictions in Forsyth County.

Table 4: Demographics for Study Area and Other Jurisdictions in Forsyth, 2010			
	Study Area	Forsyth County*	Cumming
Population	49,470	175,511	5,430
Median Household Income	\$92,808	\$86,569	\$40,909
Poverty Rate	2.7%	7.6%	26.3%
Source: Population figures for the study area were supplied by the Georgia General Assembly Office of Congressional and Legislative Reapportionment; other figures for populations, median household income, and poverty rate came from the 2010 Census and the American Community Survey, 2009-2013 estimates utilizing 2010 Blocks and 2000 Block groups that approximated the study area for ACS 09-13 data.			
* Includes both Cumming and the study area.			

Table 4a: Population Ratio of Study Area to Unincorporated Forsyth			
	Study Area	Unincorporated Forsyth County	Ratio of Study Area to Unincorporated Forsyth
Population	49,470	170,081	29.1%
Source: Population figures for the study area were supplied by the Georgia General Assembly Office of Congressional and Legislative Reapportionment; Unincorporated population calculated from study area estimate and Census 2010 figures.			

Insurance Premiums Tax

Insurance premium taxes are collected on policies written for both property and casualty and life insurance policies purchased by those insured within the jurisdiction of a city or unincorporated areas of a county.

Franchise Fees

Some revenue sources shown in Table 2 are unique to municipal corporations in Georgia. Franchise fees are essentially rental compensation by a private utility company for use of a city's public rights-of-way. For estimating the electric, natural gas, cable and telephone franchise fees, the authors utilized a regression model with franchise fees paid to 30 cities in Georgia in 2011 and 2 cities in 2010, which were the latest data available. The data were only available as a total number for franchise fees, and not broken down by type.¹ *The regression output is shown in Appendix D.*

Franchise Fees - Cable

Federal and state law allows cities and counties to enter into franchise agreements with cable companies to compensate the local government for their use of the public rights-of-way. These fees are usually 5% of the revenue derived from cable television services. Because Forsyth County collects a cable franchise fee, we can estimate the revenue from this source. However, as this revenue source is included in the regression analysis estimate of all franchise fee revenue, the estimate for cable franchise revenue is presented in a footnote for informational purposes only.²

² Estimate of Cable Franchise Fee Revenue. Estimation Basis: Ratio of population in study area to Forsyth unincorporated area. Estimated Revenue: \$530,105

Franchise Fees - Electric

Franchise fees for electric utilities are the result of contracts between municipal corporations and electric utility providers that occupy a city's right-of-way. These agreements typically provide that 4% of the gross sales of electric power within a city's limits less sales taxes and fuel costs be paid annually to the city to compensate the city for use and occupancy of public property. There appear to be multiple electric utility providers in Forsyth County that may also be providers in the study area, including Sawnee EMC and Georgia Power.

Franchise Fee - Natural Gas

Forsyth County has approximately eight natural gas providers. Franchise fees paid to municipal corporations are paid out of the rate base of all natural gas customers as a cost of doing business.

Franchise Fees – Phone

Since only landline telephone service requires occupancy of the municipal right-of-way, movement away from landline service to internet-based and cell telephone services are making this a diminishing revenue source for municipal corporations.

Qualification and Context

Readers of this report should be aware that estimated revenues for sources such as permit and development fees are susceptible to considerable variation based on economic and growth conditions. Moreover, the estimation method used in this report for these revenue sources cannot control for factors such as sub-county geographic variations in growth or the potential for the study area to be in a different stage of development from the remainder of the county. As such, there is no guarantee that a new city comprised of the study area will receive the precise amount of revenue estimated in the report. This apparent limitation in the report is one that is not of high practical import since the major service delivery responsibility proposed for the new city (i.e., planning, zoning, and building inspections) is directly tied to these variable fund sources, and when the revenue from these sources declines (or increases) it is indicative that the service responsibility and expected expenditures also decline (or increase).

Additional Potential Revenue Sources

Readers of this report should be aware that the estimated revenues presented as part of this fiscal viability study do not include a number of revenue sources that are typically collected by cities in Georgia, including such common revenue sources such as local option sales taxes, property taxes, personal property taxes, and the Community Development Block Grant as well as less common sources such as the energy excise tax,. These sources are excluded for reasons that relate to either eligibility under state law (e.g., only cities providing a certain set of services qualify to collect local options sales taxes), practicality (e.g., typically communities that receive substantial Community Development Block Grant funding have socioeconomic profiles that are substantially different from the study area and only cities that provide law enforcement service tend to collect fine and forfeiture revenue), or political viability (e.g., governments that can provide the desired type and amount of service without a property tax will tend to do so). However, readers who would like to explore the extent and potential for a new city comprised of the study area to raise additional revenue, an analysis of this potential is presented in *Appendix E*

Expenditures

The expenditure estimates in Table 6 are based on expenditures incurred by Forsyth County and by comparable governments to provide services similar to those likely to be provided by a city comprised of the study area. In calculating these estimates, CVIOG first established two primary comparable governments, the cities of Peachtree Corners and Milton. These cities were selected based on several factors. Peachtree Corners is new, officially incorporated in 2012, while Milton is also a recently incorporated city (incorporated 2008) but a few years older than Peachtree Corners. Both cities are located in the metro Atlanta area and are relatively close in population to the study area. Peachtree Corners, like the study area, is only providing a limited set of services. Also, both cities are located very near to the study area geographically. Profile data for the study area and the comparison cities is provided in Table 5.

Table 5: Demographic Comparison of Study Area and Comparison Cities, 2010			
	Study Area*	Peachtree Corners**	Milton
Population	49,470	38,133	32,661
White	81.45%	49%	76%
Black	3.18%	19%	9%
Asian/Pacific Island	15.04%	8%	10.4
Other	N/A	9%	2%
Hispanic	5.18%	15%	6%
Median Household Income	\$92,808	\$94,812	\$113,000
Poverty Rate	2.7%	N/A	4.4%
<p>Note: The U.S. Census Bureau recognizes Hispanic as an ethnicity and not a race; therefore, the population percentages might sum to greater than 100%.</p> <p>*Source: Population figures for the study area were supplied by the Georgia General Assembly Office of Congressional and Legislative Reapportionment; other figures for populations, median household income, and poverty rate came from the 2010 Census and the American Community Survey, 2007-2011 estimates utilizing 2010 Blocks and 2000 Block groups that approximated the study area for ACS 07-11 data.</p> <p>**Source: Detailed demographic and economic Census data for Peachtree Corners has not been published due to the city not being in existence until recently. Basic total population count source is 2010 Census; Racial breakdown source: DemographicsNOW and RKG Associates, Inc. found in Peachtree Corners Comprehensive Plan.</p> <p>Note: The household income figure for Peachtree Corners is for Average rather than Median income. Average income is typically somewhat higher than median income.</p>			

Because the City of Milton has been in existence long enough so as to have stabilized its expenditures, the estimates for this city were calculated by averaging the expenditures for the fiscal years 2012 and 2013 and applying the amounts to the study area on a per capita basis. Based on conversations with the City Manager in Peachtree Corners, which was only recently incorporated, it was deemed best to use the FY2014 expenditures for the estimates of direct and support service total costs. This was the case because FY2013 figures for Peachtree Corners did not represent a full year of service for all the services provided and did not represent the full extent of the services to the degree that the city subsequently provided.

In some instances, it was not possible to allocate costs to one or more departments because of the ways the comparison cities aggregate their expenditures. To determine how best to interpret the budget and other financial documents when listed items were not clear or where aggregated, faculty from CVIORG interviewed the finance director of the relevant government. The summary of estimated expenditures for the study area is provided in Table 6.

Table 6: Summary of Expenditure Estimates

Direct Services & Tourism	\$	1,512,715
Support Services & Contingency	\$	1,953,127
Tax Commissioner Fee	\$	21,332
Total Operating Costs	\$	3,487,175
Annual General Start-Up	\$	93,379
Annual Lease/Capital for Facilities	\$	213,750
Total Annual Capital Costs	\$	307,129
Total Annual Expenditures	\$	3,794,304

To determine which services to include for estimating expenditures, Institute of Government faculty employed the limited list of direct services provided by the Sharon Springs Alliance that has proposed the incorporation of the study area. These services include planning and zoning, code enforcement and solid waste management. It was also assumed that fire and rescue, E911, road, drainage and other general countywide services would continue to be provided

by the county.³ This means that new city residents would continue to pay general county taxes and repayments towards any existing unincorporated or countywide bonded indebtedness just as they are now. It was also assumed that solid waste management would continue to be delivered through an enterprise fund, that is, as a service that is funded entirely by user fees. Because enterprise funded services are, by definition, fiscally viable, no further analysis of this service is needed, except to the degree that the service requires some support services to be effectively managed.

While the number of direct services to be provided by the proposed new city is limited, these direct services, nevertheless, still require an array of governance and administrative support services in order to be effectively delivered. These governance and administrative support services include a city council, manager, clerk, and finance, HR, legal and other indirect service providers.

Unfortunately for the purposes of this study, there is only one existing city in Georgia in the size range of the study area that provides a similarly limited set of direct services—Peachtree Corners. As such, it is possible to use Peachtree Corners as a comparison city for the purposes of this study using a fairly direct method for estimating the expenditures for service delivery in the study area. This method involved the calculation of a per capita expenditure in the comparison city for each service and then applying that per capita expenditure to the study area based on the population of the area. However, with regard to a second comparison city, this straight-forward methodology is not practical with regard to the support service expenditures. This is the case because expenditures on support services in a city that provides an extensive array of direct services will be much higher than expenditures for support services in cities that provide only a few direct services. Consequently, for a comparison city with an extensive set of direct services, a different approach must be taken. In this regard, Institute of Government faculty explored a few different methods. A key challenge with regard to estimating the cost of support services when there is a limited set of direct services is that support service costs are not always directly proportional to direct service costs. Specifically, there are some fairly significant economies of scale in the delivery of support services. Take the example of a single accounts payable finance clerk who is able to manage the accounts of, say, ten departments providing direct services, with each department taking about a tenth of the staff member's time. Now if we have a government

³ This would also include general county government operations, all health and welfare services, all court and judicial services (except the county recorder's court - whose function would be supplanted by a municipal court in a newly incorporated city), animal control, public libraries, and the services of the office of the sheriff, the tax commissioner, and the tax assessor.

that only has two departments, we would expect or hope that it would only require a .2 full-time equivalent finance clerk. Unfortunately, it is typically not possible to employ staff with these skills on this basis—even on a contractual basis. Moreover, certain tasks require a fairly constant on-site presence of a staff member. As such, there is a certain minimum quantity of support staff who need to be employed if the direct services are to be delivered in a timely and effective manner. Unfortunately, there is no easy or standard way to estimate what this minimum quantity is likely to be in any given case. Hence, with regard to our second comparison city—the City of Milton—we utilized a couple of methods and then averaged them.

In the following, we first present an estimate of the direct services costs for the study area based on the average of the expenditure of these services by the two comparison cities—Peachtree Corners and Milton. Then for the support services we estimate expenditures first using a direct per service method based on data from Peachtree Corners, and then estimate expenditures using a combination of more indirect methods based on data from the City of Milton.

Direct Services Estimates

Planning and zoning, building inspection, and code enforcement, while separate services, are sometimes provided in a single community development department and other times provided in separate units or units that include two of the three services. Costs related to planning and zoning, building inspections, and code enforcement are typically ongoing, but it should be recognized that a newly incorporated city will need to develop a 20-year comprehensive plan in its first few years, which might increase the cost of community development services during the initial years of city operations. For ongoing services, the costs are largely volume based and driven by construction, but these costs are at least partially offset by revenue generated permit activities as described earlier.

Institute of Government faculty examined the financial document of the comparison cities and conducted interviews to address questions that these documents could not answer. The following presents estimates of the cost of the three component services based on our analysis of this data. In neither the case of Milton nor Peachtree Corners did the government categorize services in exactly this fashion. As such, Institute of Government faculty employed standard methods to estimate these unit costs. For example, in cases where specific service costs were not broken out, the number of staff with job titles that would reasonably fall into the service category

was used to estimate the expenditures. In the case of the City of Milton, for instance, a single code enforcement officer was employed in the Police Department. To estimate expenditures on this service, the share of total police staff allocated to this service as multiplied times the Police Department budget.

Estimation Methodology: Expected or estimated costs for the study area were determined by averaging the 2012 and 2013 per capita fiscal year expenditures of the City of Milton with the 2014 per capita fiscal year expenditures of Peachtree Corners, then multiplying this average per capita cost by the study area population.

Service Provision Context: It should be noted that the City of Peachtree Corners provides many of its direct services, including Building Inspections, Planning and Zoning, Code Enforcement, and Community Development through private sector contracts. Consequently, some costs that might be considered indirect cost (e.g., for human resource services) or capital costs (e.g., for vehicles) may be included in the contracted service costs.

Building Inspections

City and Fiscal Year Budget	Dept. Budget	Per Capita
Milton – FY 2012	\$144,127	\$4.12
Milton – FY 2013	\$167,292	\$4.66
Peachtree Corners FY2014	\$398,526	\$9.95
Average per capita Expenditure		\$6.24
Study Area Expenditure Estimate		\$308,780

Code Enforcement

City and Fiscal Year Budget	Dept. Budget	Per Capita
Milton – FY 2012	\$96,085	\$2.75
Milton – FY 2013	\$111,528	\$3.11
Peachtree Corners FY2014	\$408,114	\$10.19
Average per capita Expenditure		\$5.35
Study Area Expenditure Estimate		\$264,484

Planning and Zoning

City and Fiscal Year Budget	Dept. Budget	Per Capita
Milton – FY 2012	\$528,467	\$15.10
Milton – FY 2013	\$613,402	\$17.08
Peachtree Corners FY2014	\$226,730	\$5.66
Average per capita Expenditure		\$12.61
Study Area Expenditure Estimate		\$624,008

Only Peachtree Corners separated general community development programs from planning and zoning, so only this city’s expenditures are listed in the following table.

Community Development

City and Fiscal Year Budget	Dept. Budget	Per Capita
Peachtree Corners FY2014	\$251,553	\$6.28
Average per capita Expenditure		\$6.28
Study Area Expenditure Estimate		\$310,650

Summary for All Community Development Services⁴

City and Fiscal Year	City Budget	Per Capita
Milton – FY 2012	\$864,764	\$24.71
Milton – FY 2013	\$1,003,749	\$27.95
Peachtree Corners FY2014	\$1,284,922	\$32.08
Average per capita Expenditure	--	\$28.25
Study Area Expenditure Estimate		\$1,397,309

Tourism

Because a portion of the hotel/motel tax must by state law be expended on the promotion of tourism, and because most jurisdictions that collect this tax tend to spend approximately the collected amount on this function, the estimated revenue figure for hotel/motel taxes restricted to tourism has been used as the expected expenditure amount.

⁴ Note: Expenditure data for specific services for the City of Milton is based on an allocation of the administrative part of its community development services among the various individual components of service (e.g., Building Inspections, Code Enforcement, etc.). In addition, the cost of a code enforcement officer in the police department as well as the supervision of this officer (i.e., \$65,426) has been included in the amounts reported.

Summary of Direct Services

Community Development -- All Services	\$1,397,309
Tourism	\$27,876
Total Study Area Direct Service Expenditure Estimate	\$1,425,185

Support Services Estimates

As mentioned in the introduction of this section, because the proposed new city will only be providing a limited set of direct services, it would be inaccurate to project the expenditure on support services for a comparison city that is a full-service city in terms of direct services. As a consequence of this situation, the following estimation of support service costs is divided into two parts: 1) an estimation based on support service costs in the City of Peachtree Corners which provides the same limited direct services as the proposed new city, and 2) an estimation based on support service costs in the City of Milton which provides a much more extensive set of services. Once these two separate estimates are made, we average the figures to arrive at the final estimate for the study area.

Support Services Estimates based on Peachtree Corners

City Council⁵

This expenditure estimate generally includes costs related to salaries and benefits, education and training, liability insurance, travel, and dues and fees.

City Council

City and Fiscal Year	City Budget	Per Capita
Peachtree Corners FY2014	\$264,052	\$6.59
Study Area Expenditure Estimate		\$326,085

⁵ Institute of Government used the higher of two figures reported by the City of Peachtree Corners.

Administration (City Manager and City Clerk)

This expenditure estimate generally includes costs related to salaries and benefits, education and training, travel, and miscellaneous supplies.

City Manager & Clerk

City and Fiscal Year	City Budget	Per Capita
Peachtree Corners FY2014	\$347,019	\$8.66
Study Area Expenditure Estimate		\$428,544

Legal Department

This expenditure estimate is comprised primarily of labor costs, including salaries and benefits. In the first year of incorporation, numerous city ordinances must be implemented, resulting in higher legal costs.⁶

Legal

City and Fiscal Year	City Budget	Per Capita
Peachtree Corners FY2014	\$98,148	\$2.45
Study Area Expenditure Estimate		\$121,206

General Operations/Administration Services

General operations administrative services include finance, general human resources, information technology, public information and marketing, municipal court, and incidental support services. In Peachtree Corners, these services are provided through a general support services contract and as such could not be effectively disaggregated into the more specific components.

Finance

This expenditure estimate includes costs related to traditional finance functions: accounting, purchasing, contract administration, risk management, accounting and payroll. Expenditures include salaries and benefits, copier and office equipment, finance and accounting software, and other utilities and supplies.

⁶ Significant litigation could increase legal costs for a new city

Information Technology

This expenditure estimate generally includes salaries and benefits, website development and maintenance, license fees, and communications hardware. The initial startup for information technology infrastructure, servers, licensing, and software can be much higher than subsequent years; therefore, additional capital for IT startup is included in the General Start-up portion of capital expenditures later in this report.

Marketing

This expenditure estimate generally includes costs related to advertising in various forms, including web banners along with traditional outlets. This expenditure line is also largely optional for new cities depending on anticipated needs.

Municipal Court

This expenditure estimate primarily includes salaries and benefits for court personnel who serve on an occasional basis to address code enforcement cases as well as for a few instances where contempt of court citations result in a jail sentence.⁷ These costs are reflective of a city that will only be prosecuting municipal ordinance offenses.

Human Resources

This expenditure estimate is comprised primarily of labor costs, including salaries and benefits. We assume with this estimate that the study area will need to employ a human resource manager along with a general administration staff person.

General Admin

City and Fiscal Year	City Budget	Per Capita
Peachtree Corners FY2014	\$968,306	\$24.17
Study Area Expenditure Estimate		\$1,439,722

Contingency Fund

These are funds used by cities to cover unforeseen expenditures. It is highly recommended for cities to maintain some reserve amount for contingencies. Institute of Government faculty calculated a contingency fund equal to approximately two months operating expenditures. The

⁷ Peachtree Corners estimates that the municipal court services costs have been in the range of approximately \$10,000 per year.

figure presented below represents the annual cost of a contingency fund based on a three year period in which the new city will contribute to a contingency fund so as to have the two months operating expenditures amount at the end of the three years (i.e., 1/18 of the estimated one year operating expenditures).

Note: Because the contingency fund is based on all other operating expenditures, the estimate of a contingency fund for the study area is only calculated after an estimate for all operational expenditures in the study area has been determined.

City and Fiscal Year	City Budget	Per Capita
Peachtree Corners (Estimated)	\$170,056	\$4.25

Support Services Estimates based on the City of Milton

As discussed in the introduction to this section, estimating the cost of support services for a limited set of services is difficult in cases where the comparison government provides a full set of municipal services as is true for the City of Milton. As such, Institute of Government faculty developed two alternative methods as means of estimating the likely expenditures on support services were the study area to adopt a level of direct service that is similar to that being provided by the City of Milton.

Method 1: This method is based on the assumption that the ratio of expenditures on support services to direct services in Peachtree Corners is one that is reasonable and likely to be similar in other cases of cities only providing a limited set of services. The following table shows the calculation for arriving at the ratio of support service to direct service costs based on data from Peachtree Corners.

Peachtree Corners		Per Capita	Ratio
Peachtree Corners Direct Service	\$1,284,922	\$32.08	1.46
Support Services	\$1,872,525	\$46.74	
Sub-Total	\$3,157,447		
Contingency	\$175,414	\$4.38	
Total	\$3,332,861	\$83	

This ratio is then used to estimate what the support services expenditures would be for the direct services costs in the City of Milton if the ratio of support to direct service expenditures were the same as in Peachtree Corners.

Milton		Per Capita
Direct Service	\$1,003,749	\$27.95
Support Services Estimate	\$1,462,770	\$40.74
Total	\$2,466,519	\$69.00

While the support services estimate is somewhat higher in Milton than in Peachtree Corners, so, too, are the direct services expenditures.

Method 2: This method is based on the assumption that the ratio of expenditures on support services to direct services in Milton will tend to follow the overall ratio of support services to direct services expenditures in cities across the state of Georgia. A rationale for this method is that Georgia has numerous small-size cities that may provide a less than full spectrum of direct services or that provide a fairly low level of these services such that there would be a similar “economies of scale” impact on the cost of support services.

For this method, Institute of Government faculty first summed all of the Part A (Operational) expenditures for all cities in Georgia using the DCA Local Government Finance Survey data for the most recent year for which there was fairly complete data (2011). Based on this analysis, it was determined that the ratio of support services to direct services expenditures was approximately 1.324. A support services estimate was calculated based on the City of Milton’s direct services expenditures using this ratio.

Milton		Per Capita
Direct Service	\$1,003,749	\$27.95
Support Services Estimate	\$325,581.85	\$9.07
Total	\$1,329,331	\$37.00

Next, an average per capita expenditure on support services was calculated.

	Expenditures	Per Capita
Average of Two Methods	\$894,175.81	\$24.90

Finally, using the average per capita expenditures for support services, and adding this figure to the per capita expenditures for direct services an estimate for the study area based on the City of Milton comparison was made.

Milton		Per Capita
Direct Service	\$1,003,749	\$27.95
Support Services Estimate	\$894,176	\$24.90
Sub-Total	\$1,897,925	\$52.86
Contingency	\$105,440	\$2.94
Total	\$2,003,365	\$55.79
Study Area Expenditure Estimate		\$2,760,088

Summary of Estimated Operational Expenditures for the Study Area

Estimated Direct, Support and Total Service Delivery Costs			
	Per Capita Average Expenditures in Comparison Cities	Expenditure Estimate for Study Area	
Direct Services (except Tourism)	\$30.01	\$1,484,839	
Tourism	\$0.56	\$27,876	
Support Services	\$35.82	\$1,772,182	
Contingency	\$3.66	\$180,946	
Total Services	\$70.06	\$3,465,843	

Enterprise Service Estimate: Solid Waste

It is common practice for cities to provide solid waste or sanitation services. Most cities that provide these services do so primarily for residential customers, leaving commercial customers to arrange with private providers for more customized services. Additionally, cities that operate solid waste service departments themselves (as opposed to providing the service through franchised or regulated private providers) do so via an enterprise fund accounting. An enterprise fund-based service is one that entirely supports the operation of the service through user fees or charges. Because citizens do not pay any taxes to support the provision of the service, and only those citizens who want the service are required to pay for the service, an enterprise fund-based service does not impact the viability of a new city. Similarly, when a city establishes one or more

franchises for sanitation service with private haulers or simply regulates the service being provided by private haulers, the residents and citizens of the city do not experience a potential risk of tax liability increase. Again, with regard to a franchised or regulated solid waste management service provided by private haulers, there is no impact on fiscal viability for a potential new city.

Nevertheless, Institute of Government faculty did investigate both the potential for different models of provision of the service as well as the potential for a negative or positive impact on service costs of these models.

While cities with high densities that have been in existence for a long time will often provide solid waste management services directly (e.g., through a city department), most of the newly created cities in the Atlanta metro region do not.

Regulatory Model

City of Milton

The City of Milton does not provide trash collection, but does require solid waste haulers to be approved by the city and to follow a set of regulations that include minimum services (e.g., recycling) and customer service provisions (e.g., a local phone number and methods of payment). In addition, private haulers must follow certain service practices and are encouraged to use multiple media and communications channels in addressing customer needs.⁸

City of Johns Creek

The City of Johns Creek also does not provide trash collection, but does require solid waste haulers to register and enter into a contract with the City in order to operate within the City. Among other things, waste haulers are required to provide a minimum level of service and submit their base rates for posting. The intent of publishing the fees is to encourage competition and help the public know remain aware of available rates.

Minimum Residential service standards include: Weekly curbside collection of 90 gallon rolling waste cart, 30 gallon rolling recycling cart, yard trimmings, and once per month bulk waste collection. Posted minimum monthly fees for residential services range from \$11 to \$20 per month.

⁸ The entire solid waste ordinance can be found at:
<http://www.cityofmiltonga.org/ORDINANCE%20NO%2013%2012%20191.pdf>

Franchise Model

Gwinnett County

For solid waste management services, Gwinnett County is divided into five service zones. Each zone is serviced by an individual private hauler that is designated as the exclusive waste hauler for the assigned service area. The service is regulated through a solid waste ordinance which makes solid waste a mandatory service⁹ as well as a rate provision that has special discounts for seniors. The actual fees for services are collected through the property tax bill and then remitted to the private haulers. A key benefit of the exclusive franchise model, according to Gwinnett County, has been its ability to address residents' concerns about multiple pickup operations (from different providers) throughout the week and excessive truck traffic. The mandatory nature of Gwinnett's solid waste plan was at first contested, but Superior Court Judge Michael Clark issued an order that declared that Gwinnett County fees for solid waste and stormwater services are legal and constitutional, and that the County has the authority to contract with private companies to provide those services, to charge the fees on the property tax bill, and to collect the fees as far in advance as is reasonably necessary.¹⁰

Residential basic service includes weekly collection of one 95-gallon cart of solid waste and an unlimited volume of recyclables. Basic service also includes collection of bulky items and white goods. The cost for residential basic service is \$19.07 per month, but a senior discount is available to those who qualify.

As with Johns Creek and Milton, haulers in Gwinnett County must meet certain standards. For example, "all haulers must collect household garbage and recyclables once a week. They must meet service level agreements that include professionalism, qualified and trained staff, a call center that is adequately staffed and maintained from 8:00am to 5:00pm Monday through Friday, all of which are subject to liquidated damages if not met."¹¹

An additional advantage of the Gwinnett Model of multiple franchisers is that it potentially becomes easier in cases where there are frequent complaints from residents for the county to

⁹ The Gwinnett County Solid Waste and Recovered Materials program is mandatory for all residents. However, if your property is vacant and you have a current, valid vacant property or boarding up structure permit from the Department of Planning and Development, you will automatically receive an exemption from the solid waste service fee during the permitted period.

¹⁰ Source: <http://www.gwinnettcounty.com/portal/gwinnett/Home/NLNView/SolidWasteCourt>

¹¹ Source: <http://www.gwinnettcounty.com/portal/gwinnett/Services/SolidWasteDisposal/FrequentlyAskedQuestions>

replace an unsatisfactory hauler with one of the other franchise haulers that does meet or exceed standards.

Sugar Hill

The City of Sugar Hill also provides solid waste through a franchise. However, in the case of Sugar Hill, the city only contracts with a single private hauler. While residents of the city do not have a choice of haulers, the city has helped to manage the array of available services so as to provide residents with some choice. Specifically, residents can choose among three services:

- A “Pay as You Throw” Special Bag System with each box of 20 bags costing \$25.00.
- 95-gallon cart collection, including the cost of recycling: \$34.50 (billed quarterly)
- 65-gallon cart collection, including the cost of recycling: \$30.00 (billed quarterly)

No matter which service offer is chosen, recycling is a free service for all customers.

Costs

Institute of Government faculty contacted multiple providers who service both Forsyth County and other comparison service areas and asked for cost information on residential curbside service. Faculty also attempted to analyze the variations in service costs across service models. Findings from these interviews and analyses include:

Quoted prices for service can vary depending on whether the hauler has a large or small customer base in the neighborhood and whether the residence is in an established neighborhood where density can lower the cost of service provision.

- Quoted prices for service can vary depending on whether the hauler provides recycling, bulk item pickup and yard trimmings pickup.
- Quoted prices for service for residential curbside pickup in Forsyth that includes both recycling and yard debris ranged from \$16 to \$20 per month, with an average of \$17.87.
- The business market for residential haulers in Forsyth appears to be somewhat unstable in that some of the haulers listed on the County website no longer provide service in the county.
- Some haulers have a much wider range of services and price differentials (e.g., for larger and smaller capacity bins, etc.)

- None of the haulers listed as providing service in Forsyth County provided a price quote on their web sites.
- The cost of service in Johns Creek, which has a set of minimum service standards and requires a posted price for residents, appears to have more price competition than is the case in Forsyth County.
- The costs of service in Sugar Hill which provides an exclusive franchise appears to be substantially lower than in the other areas studied.

Conclusion

Based on a review of the costs for solid waste management services in Forsyth and comparison communities, and assuming that the proposed new city provides a regulatory structure that resembles that of other communities in the area, it appears unlikely that residents would experience any substantial increase in the cost of the delivery of solid waste management services. Moreover, there is evidence to suggest that the community could receive benefits in terms of reduction in truck traffic, standards of service and customer response, and pricing.

Tax Collection Expenditures

O.C.G.A § 48-5-359.1(2)(B) allows for the billing and collecting of municipal taxes by the Tax Commissioner. This service is initiated upon a contractual agreement between the county governing authority and the municipality. The contract must specify an amount the municipality will pay to the county, but this amount needs to “substantially approximate the cost to the county of providing the service to the municipality.” Communication with the Forsyth Tax Commissioner’s Office suggests that while the code section does not specify a method for establishing the amount a city must pay for these services or the approximate cost of the service for estimation purposes, the Office indicated that this cost would most likely be around \$1 per parcel (or bill for taxes on the parcel).

Based on a count of 21,357 parcels in the study area, we estimate a cost of approximately \$21,357 for the tax collection services needed.¹²

¹² O.C.G.A. § 48-5-359.1

(2) (A) This paragraph shall apply to any county which has 50,000 or more tax parcels within such county.

(B) Any county and any municipality wholly or partially located within such county may contract for the tax commissioner to prepare the tax digest for such municipality; to assess and collect municipal taxes in the same

Capital-Related and Start-up Costs

While operational expenditures are on-going and typically accounted for in annual budget cycles, capital expenditures and start-up costs are usually accounted for in separate capital budgets. In a traditional city, for example, the city will construct municipal buildings and finance this construction with municipal bonds that amortize the cost over the lifetime of the asset (e.g., 30 years for buildings). These costs are thereby annualized as a payment schedule that includes both principal and interest. Among more recently incorporated cities, however, it has often been the case that the new city will lease office and meeting space through the real estate market. This facility leasing cost essentially represents the annual cost of facility capital that would be found in the capital budget of more traditional cities. For simplicity purposes and because new cities have generally taken the facility leasing route, we only estimate these leasing costs for the study area. As leasing costs also tend to include building maintenance, we have taken care to exclude such costs from the analysis of operational expenditures presented above.

In addition to facility space, new cities will also need to employ start-up capital for items such as furniture, computers, and data center systems. The following assumptions were based on reading the budgets for the comparison cities as well as additional information provided by the Finance Director of Peachtree Corners related to their startup costs.

Assumptions:

1. The new city will need to lease sufficient meeting and office space to conduct city business.
2. That on average, city staff will use 125-225 square feet of space per staff member.

manner as county taxes; and, for the purpose of collecting such municipal taxes, to invoke any remedy permitted for collection of municipal taxes. Any contract authorized by this subsection between the county governing authority and a municipality shall specify an amount to be paid by the municipality to the county which amount will substantially approximate the cost to the county of providing the service to the municipality. Notwithstanding the provisions of any other law, the tax commissioner is authorized to accept, receive, and retain compensation from the county for such additional duties and responsibilities in addition to that compensation provided by law to be paid to the tax commissioner by the county.

3. That the city will need 300 sq. ft. of record storage space, 500 sq. ft. of customer service and accessible record space, 100 sq. ft. of GIS station space, 200 sq. ft. for a data center, and 2,500 sq. ft. of council meeting/conference space.¹³
4. Each staff person will have access to a desk, chair, computer, shared copying capability, and work-related software and that these start-up costs can be covered at \$7,700 per staff member. (While these costs are typically included in reported operational costs, operational costs do not fully account for start-up costs. Hence, there is a need to have an amount included as a capital cost so as to ensure adequate costs are calculated). This estimate is roughly based on per staff member start costs in Peachtree Corners.

Start Up Capital For Staff	
Computer	\$1,500
Furniture	\$5,000
Major Supplies	\$1,200
Total per Staff	\$7,700

5. That the total number of staff will be 24 which will allow for 12 support and governance services staff (e.g., city manager, city clerk, finance director and staff and general administrative assistants) and 11 direct services staff (e.g., planning director, planner/assistant director, building inspectors, plan review specialist, and code enforcers).¹⁴

¹³ For records and customer service space, council and meeting space estimates were based on general knowledge and on data collected in prior CVIOG studies. In this regard, the need for council and meeting space was estimated as somewhat smaller than for a full-service local government.

¹⁴ The staffing of the proposed planning/code enforcement department is based on an assessment of the current Community Development Department of the City of Milton and the parallel services provided in the City of Peachtree Corners. As some of the services provided in Peachtree Corners are contracted professional services, staff counts for the City of Milton were first identified and then estimates for the study area were made based on the population proportion that the study area represented in relation to Milton’s population. Next, estimates for Peachtree Corners staffing were made using the Milton-based estimate times the ratio of Peachtree Corners direct service expenditures to those of Milton. Similarly, estimates for support services staffing were developed based on a reading of the budget documents of the two comparison cities. To adjust for the size differences between the study area and comparison cities, additional staff were added to the “Other General Admin” category. However, in an implemented municipal government such additional staff might be allocated to a different administrative units (e.g., city manager, clerk, finance, etc.) as needed.

Staffing	
City Manager & Clerk	3
Finance	4
IT	1
Public Info	1
HR	1
Other Gen. Admin	3
Direct Service Staff	11
Total	24

6. That the new city will employ 4 city owned vehicles, provide a local area client-server network as well as a GIS workstation, and provide laptops for council members. (Note: While vehicle costs in Peachtree Corners are included in contracted professional services expenditures, these are not included in the Milton operational expenditures. So as to provide a conservative figure, we include a limited number of vehicles (4) in the start-up cost estimate.) It is assumed that network cabling would be included in the leased office facility. In interviews conducted for this study, Institute of Government faculty identified IT costs as being a major variable in terms of the potential range of possible expenditures. Newly established cities appear to be able to operate with fairly basic IT services in the short-term but then move on toward more sophisticated, and more costly services and software in the longer term. The start-up cost estimates provided in this report do not directly include the cost of the more sophisticated services and infrastructure; however, some of these costs are indirectly included in the ongoing operational costs identified in the comparison cities. In particular, as the City of Milton has been established longer than Peachtree Corners, the cost estimate based on this city will tend to include some of these higher level services. Additionally, it should be noted that the new city could potentially save on startup costs for IT server infrastructure by employing cloud based services that can help to address some of security, storage, and scalability issues in IT service delivery. With regard to start-up software for finance, planning and geographic information systems, the estimated costs are based on the use of low cost software options rather than higher cost ones due to the fact that the proposed city will be unlikely to need to manage multiple funds.
7. That short-term capital costs will be amortized over 5 years.

8. That the interest/bond rate will be approximately 2.25%¹⁵

Start Up Capital Summary

Total Start Up Per Staff *24 Staff	\$192,000
4 Vehicles @ 30,000 each	\$120,000
Server, Storage, Firewall & Switches	\$35,000
Laptops for Council Members	4,200
Financial & Planning & GIS Software	\$90,000
TOTAL	\$441,200

Facility Leases

It is assumed that the study area will lease its facilities. To estimate these expenditures for the study area, we established a range of potential space per staff needs, multiplied these by the estimated number of needed staff, and then added the specific space needs for city council, meeting, records keeping, and customer service needs. Finally, because it is rare that leased space will efficiently accommodate the needs of an organization (as opposed to a custom designed space), we included an accommodation factor.

Estimate of Space Needs & costs

	Low Cost	High Cost
	Space Needs @125 Sq. Ft. per Staff	Space Needs @225 Sq. Ft. per Staff
Space for Staff Council & Meetings	3000	5400
Storage Data Center & GIS	2500	2500
Customer Service	300	300
	300	300
	500	500
Total	6600	9000
Accommodation Factor of 25% ¹⁶	8250	11250
Rental Rate	\$12	\$19
Annual Lease	\$99,000	\$213,750

¹⁵ Bond rate based on an estimate of municipal borrowing cost provided by the Georgia Municipal Association.

¹⁶ An accommodation factor is designed to address uncertainty in the market for leased facilities. That is, the market for appropriate facilities in the study may not be as robust as is the case in more metropolitan areas. As a consequence, the market power of the lessor may be greater than might otherwise be the case.

In order to report a conservative expenditure estimate, Table 6 shows the highest lease estimate. It is expected that this number would include all maintenance costs, given that it is a conservative estimate.

Summary of Annual Expenditure Estimates

Table 6: Summary of Expenditure Estimates

Direct Services & Tourism	\$	1,512,715
Support Services & Contingency	\$	1,862,878
Tax Commissioner Fee	\$	21,332
Total Operating Costs	\$	3,396,926
Annual General Start-Up	\$	93,379
Annual Lease/Capital for Facilities	\$	213,750
Total Annual Capital Costs	\$	307,129
Total Annual Expenditures	\$	3,704,055

Appendix A: Miscellaneous Revenue Estimates

Miscellaneous Revenue Estimates		
Revenue Source	Basis for Estimation	Estimated Revenue
Heavy Equipment Taxes	Ratio of assessed value of industrial property in study area to Forsyth unincorporated area	\$30
Qualifying Fees	Pursuant to O.C.G.A. § 21-2-131, 3% of gross annual salary of elected officials	\$593
Total Estimated Miscellaneous Revenue		\$37,691

Heavy Equipment Taxes

Taxes are assessed on certain heavy equipment typically used in industrial environments. An assumption was made that the assessed value of industrial property serves as a proxy for the presence of such equipment. The ratio of assessed value of industrial property to the assessed value of industrial property in the unincorporated area was applied to the revenue generated from heavy equipment taxes in the unincorporated area.

Qualifying Fees

State law, O.C.G.A. § 21-2-131 provides that municipalities collect qualifying fees for those seeking elected office at a rate of 3% of gross annual salary for the elected office being sought. This estimate was obtained by averaging the salaries of the elected officials in Milton and Peachtree Corners and then multiplying that averaged amount by three percent and dividing by an assumed 4 year term of office.

City of Milton

The annual salary of the mayor shall be \$23,000.00 and the annual salary for each councilmember shall be \$13,000.00. Such salary shall be paid from municipal funds in monthly installments. (Source: City Charter)

City of Peachtree Corners

Regular Salaries for Mayor and Commission: 57,000 (Source: 2013-2014 Adopted Budget)

Appendix B: Estimate of Local Maintenance and Improvement Grant

Local governments in Georgia are qualified to receive Local Maintenance and Improvement Grants (LMIG) from the Georgia Department of Transportation (DOT). These grant funds can only be used for expenditures on transportation system improvements (e.g., roads, bridges, etc.). As currently proposed, the potential City of Sharon Springs will not be providing road services to the study area. It is expected that Forsyth County will continue to provide these services. However, upon incorporation, the County will no longer be eligible for LMIG funding for the roads and population in the study area. Consequently, it is expected that the new city will apply for these funds and will via a contract with the County transmit these to County so as to continue to support the County’s provision of these services.

The Georgia DOT funding formula for the LMIG program is as follows:

LMIG Formula Factor = (Local Gov. Pop./State Pop.) x 1/3 + (Local Gov. Mileage./Total State Mileage) x 2/3

LMIG Formula Amount = Formula Factor x 2015 LMIG Allocation

Calculation Factors	
Grant Total Funding	\$120,000,000.00
Georgia Population	9,992,167
Study Area Population	49,470
Georgia Local Road Miles	107,761
Study Area Local Road Miles	268.16
Population Factor * 1/3	0.001650
Mileage Factor * 2/3	0.001686
Total Factor	0.003337
Calculation Results	
Population Revenue Est.	\$198,015.32
Mileage Revenue Est.	\$202,373.79
Total Revenue Est.	\$400,389.11

Appendix C: Georgia Department of Revenue Title Ad Valorem Tax Fee Local Distribution Guidance Letter



Georgia Department of Revenue Title Ad Valorem Tax Fee Local Distribution Guidance

October 30, 2013

Summary

Georgia code section 48-5C-1(c)(3) provides for a two-step distribution of Local Title Ad Valorem Tax Fee (“TAVT”) proceeds on a monthly basis. Over time, as annual ad valorem taxes phase out, the first step distribution will gradually increase, eventually comprising the majority of motor vehicle property taxes.

Under the statutory structure, cities formed on or after January 1, 2013 will not receive a first step distribution. Further, cities formed during 2012 will not receive first step distributions for months during which no annual ad valorem tax was collected by such cities in 2012.

Shift from Annual Ad Valorem Tax to TAVT

Motor vehicles purchased and titled in Georgia prior to March 1, 2013 are generally subject to annual ad valorem taxes pursuant to Chapter 5 of Title 48.¹ Vehicles purchased on or after March 1, 2013 are subject to TAVT and are exempt from annual ad valorem tax. Thus, as Georgia taxpayers purchase new motor vehicles, the annual ad valorem tax revenue collected will decrease gradually each year.

Collection of Annual Ad Valorem Tax and Distribution of TAVT

In the initial years of TAVT, a significant percentage of motor vehicle tax revenue will still derive from annual ad valorem taxes. Accordingly, it is important to note that both taxes are in effect and funding local governments at this time. But, because people trade-in or otherwise dispose of their “annual ad valorem tax vehicles” in exchange for a “TAVT vehicle,” the total amount of annual ad valorem tax collected by counties and cities will steadily decrease each year.

The first step distribution of TAVT proceeds, distributed on a monthly basis, is designed to offset the reduction in annual ad valorem taxes collected in subsequent years. This reduction offset amount is calculated by comparing the 2012 annual ad valorem taxes collected in a given month to the amount collected in the same month of the current year.² In other words, the first step distribution is designed to ensure that a city (or county) is made whole as to the annual ad valorem tax it collected in 2012.

The first step distribution, referred to above as the “reduction offset amount,” is made to four subcategories within a jurisdiction: (1) the county governing authority, (2) the cities, (3) the county

¹ Vehicles purchased between January 1, 2012 and February 28, 2013 are eligible to “opt-in,” in which case those vehicles are exempt from annual ad valorem tax. O.C.G.A. § 48-5C-1(b)(1)(A).

² O.C.G.A. § 48-5C-1(c)(3)(A)

board of education, and (4) the independent school districts (“Distributees”).³ The second and fourth distributee categories could have multiple distribution sources because more than one city or independent school district may exist within a particular county.

The Issue

For a “new” city which collected no annual ad valorem tax in a given month during 2012, there is no figure or record available upon which to compare subsequent year annual ad valorem tax revenue. Thus, the reduction offset amount will always be zero, and the first step distribution to such “new” city will also be zero.

This issue could also affect a city formed during 2012. For example, a city formed in July of 2012 would not have a record of annual ad valorem taxes collected in January through June of 2012. Thus, no reduction offset amount could be determined for January through June of subsequent years, and such city would not receive a first step distribution of local TAVT proceeds in those months of future years.

First Step Distribution Shortfall⁴

Compounding this issue is the circumstance where the TAVT proceeds available in a current month are insufficient to fully offset the reduction in annual ad valorem tax proceeds made to the *eligible* distributees during the first step distribution.

In this case, a pro rata allocation is made to the eligible distributees. The remaining deficit from the first step distribution is carried over to the next month. In that next month, the TAVT proceeds are first used to satisfy the prior month deficit. Only after satisfying the prior month deficit is the next month’s first step distribution made. Accordingly, in the case of a first step distribution shortfall, cities formed after January 1, 2013 will not receive any TAVT revenue for that month.

The Second Step Distribution⁵

The second step distribution is made only if local TAVT proceeds remain after making the first step distribution. All distributees would be eligible to receive funds, if any remain, in the second step distribution. The distribution methodology for the second step distribution is set by statute.⁶

Conclusion

Under the statutory structure of O.C.G.A. § 48-5C-1(c)(3)(A), cities formed on or after January 1, 2013 will not receive a first step distribution. Further, cities formed during 2012 will not receive first step distributions for months during which no annual ad valorem tax was collected by such cities in 2012.

³ O.C.G.A. § 48-5C-1(c)(3)(A)

⁴ *Id.*

⁵ O.C.G.A. § 48-5C-1(c)(3)(B)

⁶ *See Id.*

Appendix D: Regression Model for Franchise Fee Estimation

The regression model with the highest explanatory power expressed franchise fees as a function of population, assessed value of residential property, assessed value of commercial property, and had dummy variables for Augusta, Savannah, and Athens-Clarke County. The adjusted R^2 for this model was .9987.

Regression Output						
Independent Variable	Coefficient	Std. Error	t	P > t	95% Conf. Interval	
Intercept	-661,585	214,047.1	-3.09084	0.005158	-1,104,375.161	-218,795
Population	84.61366	6.310315	13.40879	2.33883E-12	71.55978282	97.66754666
Assessed Value of Residential Property	-0.00087	0.000222	-3.90906	0.000704906	-0.001325365	-0.000408049
Assessed Value of Commercial Property	0.001691	0.0003	5.635392	9.78528E-06	0.001070071	0.002311324
Augusta dummy	28034644	2571780	10.90087	1.4657E-10	22714512.3	33354776.01
Savannah dummy	55730806	1229529	45.32695	5.32906E-24	53187331.68	58274281.31
Athens-Clarke County dummy	16701590	707438.3	23.60855	1.26399E-17	15238142.62	18165038.03

Appendix E: Additional Potential Revenues

Real & Personal Property Taxes

These revenue estimates in Table G1 represent the amount of real property and related taxes paid by study area residents to the county if the millage rate in the new city were 0.5 mills.

Personal Property Taxes

Personal property taxes are levied on personal property owned by commercial businesses. Hence, in order to estimate its potential revenue we first identified the portion of the commercial property in the county that is within the study area. We then applied this percentage to the personal property revenue collected by the county in its general fund to estimate the amount of personal property the study area would collect were the new city to apply the same millage rate as the county currently levies. Next, we identified the percentage of the county's millage rate that a half mill would represent and multiplied this percentage times this estimate.

Penalties

To estimate the amount of tax penalty revenue the study area could expect, we first calculated the proportion that property tax penalties were of the property tax revenues collected by the county in the unincorporated area. This proportion was then applied to the estimated property taxes to be collected in the study area.

Mobile Home Taxes

While Forsyth County does collect some mobile home property taxes, it is the opinion of the County Finance Director that the vast majority of these taxes are for property that is located in mobile home parks outside of the study area. While there may be a few scattered mobile homes in the study area, in order to maintain a conservative revenue estimate, the Institute of Government does not project any revenue from this source for the new city.

Intangible and Real Estate Transfer Taxes

With certain exceptions, a real estate transfer tax is imposed at the rate of \$1 on the first \$1,000 and 10 cents on each additional \$10 on any conveyance of real property when the value of the interest transferred exceeds \$100. The clerk of superior court collects the tax and distributes it among the state and the local governments where the property is located in proportion to the millage rate levied by each taxing jurisdiction or district. Similarly, the intangible tax is applied to long-term real estate notes and is collected and distributed in a similar manner. Because the receipt

of a share of the intangible and real estate transfer taxes is based on the share of the total millage rate applied to property in the county, if the proposed new city does not levy a property tax, it will not receive any intangible or real estate transfer revenue. The figure reported in the table of expected revenues is based on the new city imposing a 0.5 mills property tax.

Property Tax and Related Revenue		
Intangible & Transfer (Includes Commissions & Penalties & Interest)*	Pro rata share of study area millage rate among millage rates of governments eligible for distribution of the taxes	\$149,415
Personal Property Taxes	Ratio of assessed value of commercial property in study area to Forsyth unincorporated area times the proportion that a half-mill is of the net county M&O millage rate (i.e., 4.812)	\$69,940.09
Real Property Taxes	.0005 * 2014 Actual Net Taxable for Study Area as Supplied by Tax Commissioner	\$1,324,125
Real Property Taxes - Penalties	Property tax penalties in Unincorporated area as a percent of Unincorporated Tax revenue times estimated Study Area Property Tax revenue	\$18,034
	Total	\$1,561,515

*See calculation at the end of this appendix section.

In addition to the revenue sources outlined above, if the study area were to be incorporated, it would potentially be eligible for additional revenue sources. However, this eligibility is contingent on the new city choosing to provide specific additional services or other types of changes (e.g., in population demographics or state policy).

The specific additional potential revenues and the service delivery required to receive these revenues would include those listed in the table below.

Revenue Source	Services Delivery or Other Changes Required
<p>Local Maintenance & Improvement (LMIG) Grant funding <u>LMIG</u></p> <p>The Georgia Department of Transportation’s Local Maintenance & Improvement (LMIG) Grant funding. This funding can be used for a variety of transportation-related improvements and repairs, including sidewalks. However, the funding cannot be used for purposes such as landscaping, beautification, lighting or administrative services. Because the proposed new city does not plan to provide road maintenance or related transportation service, and because the funds are restricted in the manner described, this revenue source is not included in the revenue summary table or in the balancing of expected revenues and expenditures. However, the Institute of Government did conduct an analysis (based on the Georgia DOT’s funding formula) of what the expected revenue from this source would be were the new city to receive and employ these dollars (see Appendix B). It should be noted that the Georgia DOT’s funding guidelines include both a population and a mileage factor. These guidelines also specify that it is the owner of the roads and the jurisdiction with a certified population that is eligible for these funds.¹⁷ Consequently, if the study area is incorporated, the new city may want to apply for and receive the LMIG grant even if these funds are then turned over to the County to support the provision of road and related services.</p>	<p>Roads, sidewalks and other transportation-related services</p>
<p><u>Local Option Sales Tax (LOST)</u></p> <p>Like most counties in Georgia, Forsyth County has approved a Local Option Sales Tax. While the tax represents a single countywide levy on retail sales, the proceeds from the tax are distributed to both the county government and to the municipal governments within the county. Georgia law provides for Local Option Sales Tax (LOST) distributions being determined through local negotiations among existing local governments (i.e., the county government and all the cities within the county). However, when a new city is established, there is a negative fiscal impact on the existing governments, since the same sales tax revenues must be distributed among a larger group of local governments. Georgia law establishes that the parties to the LOST negotiations include qualified</p>	<p>When it comes to LOST funding, a city is required to provide at least three of the following services:</p> <ol style="list-style-type: none"> 1. Water 2. Sewage 3. Garbage collection 4. Police protection

¹⁷ “The amount of your allocation is based on the total centerline road miles for your local road system and the total population of your county or city as compared with the total statewide centerline road miles and total statewide population.” Source: LOCAL MAINTENANCE & IMPROVEMENT GRANT (LMIG) PROGRAM GENERAL GUIDELINES & RULES. Found at: <https://www.dot.ga.gov/localgovernment/FundingPrograms/LMIG/LMIGReportsForms/Guidelines-rules.pdf>

municipalities whose combined populations represent at least one-half of the total qualified municipal population in the county. Were the study area to qualify for LOST funding, its population would represent over half of the total qualified municipal population in the county and would therefore be able to on its own represent the municipal side of the LOST negotiations.

Legal Basis for Negotiated LOST Distributions: It is always difficult to deconstruct the underlying theory of a negotiated agreement. This is the case because Georgia law provides that local officials may consider eight major factors in deciding on a negotiated distribution of LOST revenue.

1. The service delivery responsibilities of each political subdivision to the population served by the political jurisdiction and served during normal business hours, conventions, trade shows, athletic events and the inherent value to the community of a central business district and the unincorporated areas of the county and the obligation of all residents of the county for the maintenance and prosperity of the central business district and the unincorporated areas of the county;
2. The service delivery responsibilities of each political subdivision to the resident population of the subdivision;
3. The existing service delivery responsibility of each political subdivision;
4. The effect of a change in sales tax distribution on the ability of each political subdivision to meet its short-term and long-term debt;
5. The point of sale and use which generates the tax to be apportioned;
6. The existence of intergovernmental agreements among and between the political subdivisions;
7. The use by any political subdivision of property taxes and other revenues from some taxpayers to subsidize the cost of services provided to other taxpayers of the levying subdivision; and
8. Any coordinated plan of county and municipal service delivery and financing.

Because of the breadth of these major factors (such as the existence of intergovernmental agreements), there is really no limit to the number and types of issues that can be resolved through the chosen LOST distribution. For example, it is evident that a number of local governments use LOST distributions to address such issues as tax equity (e.g., some taxpayers subsidizing the cost of services provided to other taxpayers) or fee inequity (e.g., when some residents pay fees that benefit residents of other jurisdictions) or unequal tax roll-backs (e.g., when some residents receive a property tax roll-back that is disproportionate to the amount or percentage of property taxes paid). Moreover, the encouragement to consider the “service delivery responsibilities of each

5. Fire protection
6. Library

Source: O.C.G.A
48-8-80

<p>political subdivision to the resident population of the subdivision,” suggests that a LOST distribution can potentially be used to help out poorer jurisdictions that may not have the resources to address their service responsibilities.</p>	
<p><u>Special Local Option Sales Tax (SPLOST)</u></p> <p>Special Local Option Sales Tax is collected countywide for the purposes of capital improvements at a rate of 1 percent. The qualified municipalities must enter into an agreement with the county regarding the nature and distribution of the projects to be funded. In addition the tax must be approved by the voters in a referendum.</p>	<p>Provide three of the following services, including: law enforcement, fire protection, solid waste management, water supply or distribution, electric or gas utility services, building code enforcement, planning and zoning, recreational facilities, libraries, wastewater treatment, road and street construction, and storm water collection</p>
<p><u>Energy Excise Tax</u></p> <p>During the 2012 Legislative Session, the General Assembly passed Tax Reform legislation, HB 386, which included an exemption on energy used in agriculture production and manufacturing. The legislation also included the option for local governments to levy an excise tax to recover the local portion of sales tax on energy that would otherwise be exempt. See more at: http://www.accg.org/content.asp?contentid=1949#sthash.4nTamoCT.dpuf While the energy excise tax is essentially a county tax, the county must meet and confer with the cities. If a city declines to participate, it will be collected countywide but the city gets no proceeds. If cities choose to participate, they will get a share based upon the same split they get through the two underlying local sales & use taxes. In the case of Forsyth County, this would be the combination of the LOST and SPLOST taxes.</p>	<p>Collection of either LOST or SPLOST</p>

<p>- See more at: http://www.accg.org/content.asp?contentid=1937#sthash.giMSnTus.dpuf</p>	
<p><u>Traffic Fines / Confiscated monies/forfeitures</u></p> <p>Traffic offenses and certain misdemeanor offenses may be adjudicated in county level (recorders) and city level (municipal) courts, and fine revenue from these offenses is retained by the local government with jurisdiction. As the proposed new city is not expected to provide police services and as code enforcement typically provides very little net revenue, the Institute of Government does not estimate any revenue from this source.</p>	<p>Law Enforcement</p>
<p><u>Motor Vehicle-related revenue</u></p> <p>Motor vehicles are subject to an ad valorem tax levied on their assessed value. On a going-forward basis, however, the study area should expect its revenue from this source to decrease significantly. O.C.G.A. § 48-5C-1(c)(3) provides for a two-step distribution of Local Title Ad Valorem Tax Fee (“TAVT”) proceeds on a monthly basis. Over time, as annual ad valorem taxes phase out, the first step distribution will gradually increase, eventually comprising the majority of motor vehicle property taxes. Under the statutory structure, cities formed on or after January 1, 2013 will not receive a first-step distribution.¹⁸ Motor vehicles purchased and titled in Georgia prior to March 1, 2013 are generally subject to annual ad valorem taxes pursuant to Chapter 5 of Title 48. Vehicles purchased on or after March 1, 2013 are subject to TAVT and are exempt from annual ad valorem tax. Thus, as Georgia taxpayers purchase new motor vehicles, the annual ad valorem tax revenue collected will decrease gradually each year.¹⁹ The first step distribution of TAVT proceeds were calculated by comparing the 2012 annual ad valorem taxes collected in a given month to the amount collected in the same month of the current year. For a “new city” which collected no annual ad valorem tax in a given month during 2012, there is no figure or record available upon which to compare subsequent year annual ad valorem tax revenue. Thus, the reduction-offset amount will always be zero, and the first step distribution to such “new” city will also be zero.²⁰ <i>The Georgia Department of Revenue Title Ad Valorem Tax Fee Local Distribution Guidance letter is included in Appendix D.</i></p>	<p>Eligibility for this revenue will require a change in Georgia law</p>
<p><u>Business Licenses-Police</u></p>	<p>Law Enforcement</p>

¹⁸ Georgia Department of Revenue Title Ad Valorem Tax Fee Local Distribution Guidance, October 30, 2013.

¹⁹ Id.

²⁰ Id.

<p>These fees are generated by background checks required to obtain licenses for various locally-regulated activities (e.g. alcoholic beverage pouring permits, taxicab licenses, etc.). Since the proposed new city does not plan to offer law enforcement services, no revenue is expected from this revenue source.</p>	
<p><u>Sale of Printed Material-Police</u></p> <p>Police departments are able to charge fees for copies of police reports, incident reports, motor vehicle accident reports and other miscellaneous materials. It is assumed that there would be some demand for the same types of documents from a municipality. As the proposed new city is not expected to provide police services, the Institute of Government does not estimate any revenue from this source.</p>	<p>Law Enforcement</p>
<p><u>Confiscated Monies Fund</u></p> <p>This fund represents revenues received from money confiscated in drug cases. An assumption was made that police seizure of money from illegal drug trafficking would be proportionate to population. As the proposed new city is not expected to provide police services, the Institute of Government does not estimate any revenue from this source.</p>	<p>Law Enforcement</p>
<p><u>Community Development Block Grant</u></p> <p>Community Development Block Grants (CDBG) are awarded by the federal and state governments to local governments meeting certain criteria. Typically, the cities that receive CDBG funds have a substantial population in poverty. Communities, particularly new cities, with low poverty rates (e.g., Dunwoody) have traditionally not received any CDBG funds in the years immediately after their incorporation. The fact that Dunwoody is a new city likely contributes to this fact, but it is also the case that Forsyth County does not receive any CDBG grant funding. This is likely to be due to the relatively high median income in the community. Consequently, the Institute of Government concludes that it would not be prudent to rely on an expectation of any revenue from this source.</p>	<p>A change in the socio-demographics of the community</p>

Calculation of Intangible and Real Estate Transfer Tax Estimate

Institute of Government faculty used the amounts collected by the Forsyth County government for the intangible and real estate transfer taxes to estimate the total collected for all governments that levy a property tax. Based on this information and on the applicable millage

rates for each government, Institute of Government faculty estimated what the distribution of these revenues would be were a new city to levy a half mill property tax.

Estimation of Total Revenue Collected for All Governments

	County Revenue	County tot. Percent	Estimated 100%
Intangible	1321047	0.214587898	\$6,156,204.59
Real Estate	408671	0.214587898	\$1,904,445.71

Intangible Tax

	Current Mills	Mills %	Mills w/ Study Area	Mills w/ Study Area %	Current Estimated Distribution	New Distribution
County	4.812	0.181763	4.812	0.178394	\$1,118,971.69	\$1,098,230.02
C. Bond	0.869	0.032825	0.869	0.032216	\$202,075.31	\$198,329.57
Fire	1.975	0.074601	1.975	0.073219	\$459,262.07	\$450,749.02
Sch. M&O	16.3	0.615698	16.3	0.604286	\$3,790,365.45	\$3,720,105.84
Sch. Bond	2.418	0.091335	2.418	0.089642	\$562,276.30	\$551,853.74
State Study Area	0.1	0.003777	0.1	0.003707	\$23,253.78	\$22,822.74
			0.5	0.018536		\$114,113.68
Totals	26.474		26.974	1	\$6,156,204.59	\$6,156,204.59

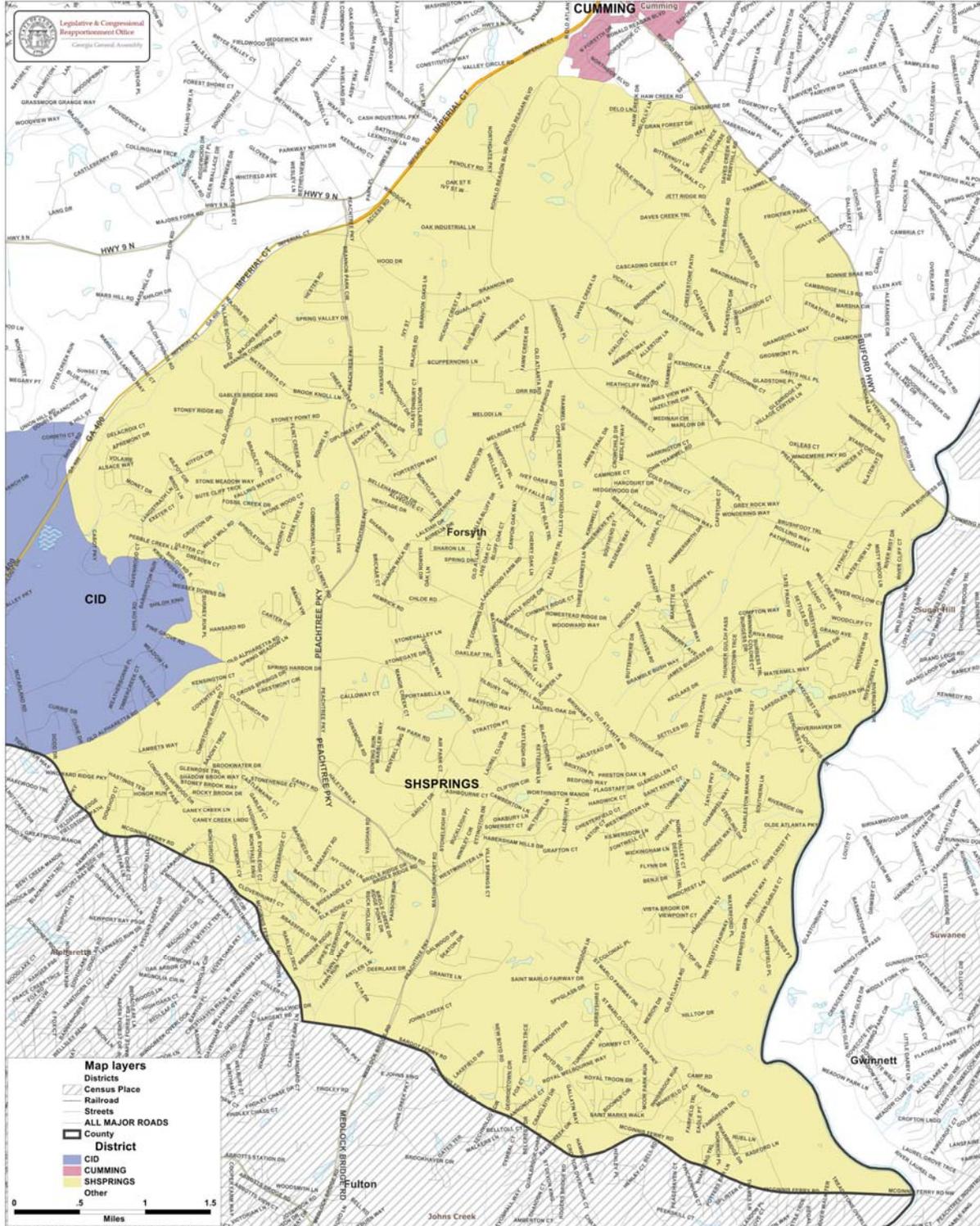
Real Estate Transfer

	Current Mills	Mills %	Mills w/ Study Area	Mills w/ Study Area %	Current Estimated Distribution	New Distribution
County	4.812	0.181763	4.812	0.178394	\$346,158.22	\$339,741.70
C. Bond	0.869	0.032825	0.869	0.032216	\$62,512.78	\$61,354.02
Fire	1.975	0.074601	1.975	0.073219	\$142,074.50	\$139,440.95
Sch. M&O	16.3	0.615698	16.3	0.604286	\$1,172,564.21	\$1,150,829.13
Sch. Bond	2.418	0.091335	2.418	0.089642	\$173,942.35	\$170,718.09
State Study Area	0.1	0.003777	0.1	0.003707	\$7,193.65	\$7,060.30
			0.5	0.018536		\$35,301.51
Totals	26.474		26.974	1	\$1,904,445.71	\$1,904,445.71

Appendix F: Map of Study Area

Proposed City of Sharon Springs

Client: HD25
Plan: SharonSprings-city-p1
Type: Local



Appendix G: Note on Data

Institute of Government faculty have attempted to use the most current data sources available for the level and type of data needed to conduct the analysis. It was not possible in all cases to collect data that were perfectly parallel. In some cases, for example, it was possible to collect FY2014 data for some elements but only less current data for others. Similarly, while it is ideal to have only fully audited data, this was not always possible to collect at the level of detail needed to conduct the necessary analysis. In these instances, Institute of Government faculty have relied on their own judgment and that of finance officials in the County and in the comparison governments. With regard to estimating revenues for example, Institute of Government faculty received a copy of the Trial Balances & JEs (2013) that the county auditors relied on to produce their audit. In other cases, Institute of Government faculty chose to use data sources that provided both a higher level of accuracy and were likely to produce a more conservative estimate of fiscal viability. For example, while the Forsyth County GIS department produced a list of 21332 parcels, Institute of Government faculty asked that the Tax Commissioner only match tax records in the certified digest record set. This resulted in an under-match of 925 records. These additional parcels are likely to represent a mixture of new subdivisions and splits of existing parcels for development purposes. As such, it is likely that in the coming years if a property tax were to be levied the study area could potentially receive more property tax revenue than is estimated in this report.

Finally, it should be noted that dollar figures have been rounded to the nearest dollar. However, dollar sums include the cents values. Consequently, there may be instances where table totals do not exactly match the sum of the detailed figures that are displayed in the table.