FAYETTE COUNTY, GEORGIA
CAPITAL PROGRAM AND BUDGET
FISCAL YEAR 2006

Policies and Procedures

Capital improvement programming is a guide toward the efficient and effective provision of public facilities. Programming capital facilities over time can promote better use of the County's limited financial resources and assist in the coordination of public and private development. In addition, the programming process is valuable as a means of coordinating among County agencies to avoid duplication of efforts and to take advantage of joint planning and development of facilities where possible. By looking beyond year to year budgeting and projecting what, where, when, and how capital investments should be made, capital programming enables public bodies to maintain an effective level of service to the present and future population.
There are principally three operating policies that drive Fayette County's decision-making in the area of capital outlay. They are as follows:

1. The first policy is one that parallels the capital maintenance theory of accounting. It is the goal of the County to have sufficient funds available in a fiscal year to make any necessary capital purchases. Thus, the decision to replace existing plant, property, and equipment is normally based on when it would prove to be cost effective to do so.
   As equipment ages and becomes less dependable, it is scheduled for replacement as an integral part of the operating budget and now as part of the capital budget. Estimated useful lives and replacement costs are established for equipment, other than motor vehicles. Using this information, each item scheduled for replacement is a component of the budget for a particular fiscal year. Consistent with this policy, the normal replacement of equipment is shown on the schedule of fixed asset purchases for fiscal year 2006 or on the capital budget schedule for fiscal year 2006.

   Because of the significant impact on the annual budget and the importance in the delivery of effective services, motor vehicles are generally treated differently than other equipment. In lieu of budgeting replacement vehicles as part of the operating budget, all of the participating departments are normally assessed an amount equal to one year's depreciation on their fleet. These monies are treated as operating expenditures in the appropriate fund. The purpose of the annual charge is to ensure that sufficient funds are available in the future to replace motor vehicles.

2. A second policy guiding capital outlay decisions is whether the purchase serves as a technological advancement. The Board of Commissioners has adhered to the concept of providing computer equipment to gain efficiency rather than adding new positions to handle the increasing workload of a growing County.

3. The last of the principal operating policies involves the impact of the capital outlay request on the enhancement of services. Decisions made on this type of expenditure request are often found in the public safety and recreation areas of the budgets. Additions of lights to a ballfield or the purchase of playground equipment for a park enhances the investment the County already has at an individual site. Similarly, the purchase of additional diagnostic and medical equipment for the emergency medical service personnel serves to increase the level and value of the services that can be provided to the public.

The Board of Commissioners formally voted to adopt a Capital Improvement Program (CIP) at the Special Called Budget Workshop held on June 23, 2004. This will be used as a guide during the current and future budgetary process to identify and prioritize those major capital improvement projects needed and to develop funding sources on a multi-year basis. This process will determine the impact of the CIP on future operating budgets.

A committee has worked on the Capital Improvement Program over the last several years, resulting in adoption of the first CIP Program in FY 2004. The committee began to meet during the 2002 fiscal year initiating the process of preparing a proposed five-year Capital Improvements Program (CIP) to help guide future operating budgets. A preliminary draft of this information, which identified future capital needs, was disseminated to the members of the Board of Commissioners and the public in May 2002. The Capital Improvement Program was again presented to the Board of Commissioners as a part of the FY 2004 budgeting preparation process. This adoption of the Capital Improvements Program was spurred on by efforts to obtain useful life and cost information in order to implement GASB Statement No. 34. Both the Recreation Needs Assessment and the Fayette County Transportation Plan were completed and approved during FY 2004. The Capital Improvement Plan as adopted for FY 2006 budget included major revisions incorporating the results of these two studies.

Legal Basis for Capital Programming

The FY 2006 – FY 2010 Capital Improvement Program (CIP) was prepared pursuant to Section 36-81-3 (2) of the Code of Georgia which states that:

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

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Basis for Budgeting

The CIP and Capital Budget are linked in two areas. The first year of the CIP is included as a part of the Capital Budget. Action by the Board of Commissioners to adopt the Capital Budget alters the CIP as well.

The first year of the Capital Improvement Program is one component of the Capital Budget. When adopted by the Board of Commissioners, the capital budget formally authorized the expenditures of funds for FY 06 capital projects. Projects outlined in the remaining four years (FY07 to FY 10) are for planning purposes only and are authorized, but not budgeted, until included in an adopted Capital Budget for the respective year. In addition, some projects are listed only as future potential candidates for CIP planning.

Once approved, the appropriation for each Capital project is retained, from fiscal year to fiscal year, until the appropriation is expended or the project is completed. This practice is in accordance with Fayette County Fiscal Policies and generally accepted budgeting procedures.

Defining the Capital Improvement Program

Included in the County's Capital Improvements Program are capital items that can be broken down into capital expenditures and capital projects. These two components are generally defined as follows:

> *Capital Expenditures* - Charges for the acquisition of equipment, land, buildings, or improvements of land, buildings, fixtures and other permanent improvements with a value usually of $5,000 or greater and a useful life of more than one year. Items with a value meeting the $5,000 capitalization threshold are appropriated in the capital budget.
>
> *Capital Improvement Projects* - An undertaking that has a specific objective to construct an asset with a useful life of more than one year, over a specified time period and has a total project cost of $50,000 or greater. Instead of being part of the County's annual operating or capital budget, project length expenditure plans are adopted by the Board of Commissioners on a one-by-one basis and serve as appropriate spending parameters over a period of more than one year.

The size and purpose of the particular expenditure most often dictates what the accounting treatment will be for the transaction. As a general rule, Capital Expenditures are included in a capital budget within an annual Capital Projects Fund budget. Capital Improvement Projects are also accounted for in separate Capital Projects Funds on a project length budgetary basis.

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Capital Programming Process

While capital programming is an on-going activity, the County's formal CIP process is initiated in conjunction with the operating budget process. All departments submit their capital budget requests at the same time as the operating budget. The departments are requested to provide information on the project scopes, justification, project cost estimates and related schedules, and estimated operating costs. The Capital Budget request are reviewed by the Finance Department before being forwarded onto the Capital Improvement Program Committee who evaluated each request for need, Comprehensive Plan consistency, and funding requirements. Recommendations for the appropriate funding and phasing of projects are coordinated with the respective agencies, the Finance Department and the County Administrator's Office and a proposed CIP is developed. The proposed CIP is forwarded to the Board of Commissioners for their consideration. The Board of Commissioners hold public hearings on the CIP concurrently with the public hearings on the County's Operating Budget, and subsequently edits and adopts the CIP.

For fiscal year 2006, a capital budget was developed for major Governmental Fund Type capital purchases and projects. Basically, Fayette County has adopted a pay-as-you-go capital budgeting plan. Funding for the fiscal year 2006 approved projects has been budgeted as an operating transfer to a separate Capital Projects Fund from the fund balances available in the General Fund and certain Special Revenue Funds.

It is important to note, that major capital projects in the Enterprise Funds are normally not included as part of the operating budgets of those funds. These projects are usually financed by the issuance of debt with principal and interest payments spread over the approximate useful life of the asset being constructed. This results in those users, who benefit from the existence of the asset, helping to pay for the cost of the asset as part of their user charges. Other capital assets purchased by Enterprise Funds are included in the operating budgets of the funds and are not part of the separate 2006 capital budget.

For fiscal year 2006, the County has programmed $11,381,533 or the acquisition and construction of capital assets. This amount represents an approximately 122.89% increase over the capital budget of FY 2005.

Financial Impact of Capital Expenditures on the Operating Budget

As indicated above, capital expenditures are appropriated in the both the 2006 operating budget and capital budget. It is the determination of the County that these expenditures of funds will impact only the current operating budget and will have no specific impact on future operating budgets.

FAYETTE COUNTY, GEORGIA
CAPITAL PROGRAM AND BUDGET
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Financial Impact of Capital Projects on the Operating Budget

Fayette County uses the term "capital projects" to refer to the construction or acquisition of major government facilities and infrastructure. In accordance with generally accepted governmental accounting practices, most of these multi-year projects are accounted for separately in Capital Projects Funds. Funding for these projects are usually from three sources: 1) pay-as-you-go philosophy which often results in a transfer of monies from other funds over a number of years; 2) use of debt such as bonds, certificates of participation, or lease purchase arrangements; and/or 3) use of a specific source of revenue other than general revenues such as grants, impact fees, or the Special Purpose Local Option Sales Tax (S.P.L.O.S.T.)

Regardless of how the projects are funded, when these projects are completed they often have the potential of having a significant financial impact on the operating budget. Although there were no specific "capital projects" budgeted through the 2005 budget process, there are several on-going capital projects that are expected to impact the operating budgets of the current and subsequent fiscal years. The following provides a discussion of the most recently completed capital projects and their expected impact on the cost of future operations.

Judicial System – During fiscal year 2000, the Board of Commission decided to proceed with the construction of a new Criminal Justice Center. This complex houses a new three-story courthouse that will accommodate all of the various court related functions. This project was funded as part of the proceeds of $55.25 million in revenue bonds issued by the Public Facilities authority in June of 2000. Construction was completed in the spring of 2003 and all court functions moved into the new facility.

The operating impact of this new facility for FY 2006 has included the conversion of 1 part-time position in the Magistrate Court's office to a full-time position with an increase in salary and the addition of benefits. The cost of operating expenses to maintain this new facility as well as debt service on the revenue bonds have been taken into consideration with the FY 2006 budget.

Public Safety - The new Criminal Justice Center complex included approximately $25 million for the purpose of constructing two additional cell pods adjacent to the existing jail. As part of the construction project, an underground tunnel to the new courthouse complex will connect the new facility. This will greatly improve security when moving inmates from the jail to the courtroom for trial. The new jail pods were completed and inmates moved in early in 2003. The financial impact has been included in the FY 2006 budget . The Board approved a new Deputy Sheriff in the Uniform Patrol Division and an Administrative Clerk for the Traffic and Training Division for the FY 2006.

The Fayette County E-911 center has completed the migration to the new 821 Mhz frequency which has been allocated for public safety use by the Federal Communications Commission (FCC). This move has required that all of the existing radio equipment within the County have the capability of transmitting and receiving on the new frequency. In addition, the County has added six transmission towers because of the smaller coverage area effected by the radio signals under this technology. The total cost of this project is $7,760,000. This is being financed by a ten-year least purchase agreement payable in arrears, 4.77% per year with annual least payments of $993,762.

The Capital Budget for FY 2006 includes the addition of a new ambulance totaling $204,000. It is anticipated that this vehicle will be put into operation at mid-year. The Board of Commissioners approved an additional 8 positions to man this over the 24 hours shifts once it becomes operational. The total manpower budget for salaries only totaled $142,457 for the first half year when placed into services.

As can be seen from the previous discussion, capital maintenance for Fayette County has a considerable impact on the operating budget. It is also easy to see the impact of funding vehicle replacement again in FY 2006, as well as the continued impact of the new Criminal Justice Center and expanded jail operations.

A detail by department of the individual items comprising capital expenditures in the capital budget is included in the schedules that follow:

FAYETTE COUNTY, GEORGIA
CAPITAL AUTHORIZATIONS
APPROPRIATIONS BY FUNCTIONAL AREA AND PROJECT DESCRIPTION
FISCAL YEAR 2006

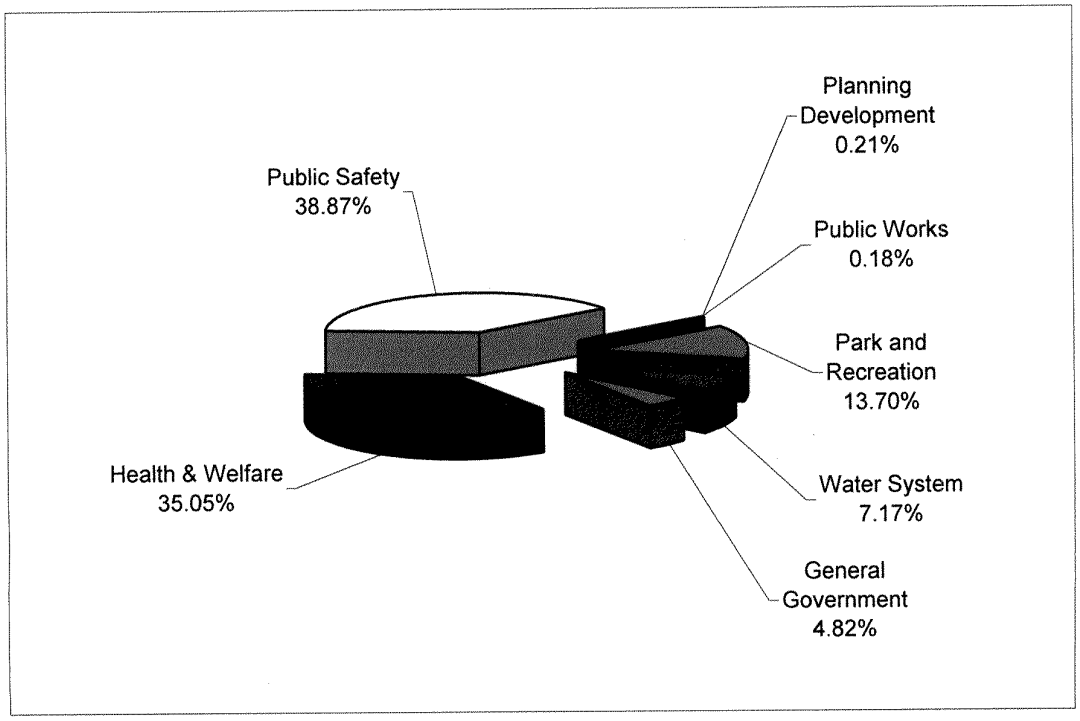
	GENERAL FUND APPROPRIATIONS	OTHER FUNDS APPROPRIATIONS	FY 2006 ADOPTED
GENERAL GOVERNMENT			
Buildings and Grounds Maintenance			
Dingo Mini-Track Loader	$ 17,298	-	$ 17,298
Mini-Excavator	31,050	-	31,050
Information systems			-
Disk Storage in Tivoli Storage Manager System	18,500	-	18,500
Patch Management Software	13,500	-	13,500
GIS Central Repository	138,500	-	138,500
Elections			-
Voter Machines	142,036	-	142,036
Tax Assessor			-
Aerial Photography	188,500	-	188,500
TOTAL GENERAL GOVERNMENT	549,384	-	549,384
Health & Welfare			
Senior Service Center	2,563,599	1,425,677	3,989,276
TOTAL HEALTH & WELFARE	2,563,599	1,425,677	3,989,276
PUBLIC SAFETY			
Animal Control			
Antimicrobial Flooring	28,700	-	28,700
Criminal Justice Center			-
Principal	-	1,165,000	1,165,000
Interest	-	2,681,036	2,681,036
Paying Agent Fee	-	1,200	1,200
Emergency Services			-
Severe Weather Warning Sirens	-	71,300	71,300
Fire Services			-
New Ambulance	-	204,000	204,000
Generator - Station # 3	-	28,000	28,000
Sheriff - Administration			-
Upgrade CARS Record Management System	44,514	-	44,514
Sheriff - CID			-
Replace 4 Mobile Radios	16,653	-	16,653
Sheriff - Jail Operations			-
Replace 1 Mobile Radio	2,150	-	2,150
Crossmatch Live-scan Fingerprint Machine	28,000	-	28,000
Detex Guard Tour Verification System	10,988	-	10,988
Sheriff - Uniform Patrol			-
Replace 5 Mobile Radios	22,359	-	22,359
Replace In-Car Video DVD-R Cameras	28,975	-	28,975
Vehicle - New Patrol Deputy	-	79,039	79,039
Sheriff - Traffic & Training		-	-
Replace 3 Mobile Radios	12,609	-	12,609
TOTAL PUBLIC SAFETY	194,948	4,229,575	4,424,523

FAYETTE COUNTY, GEORGIA
CAPITAL AUTHORIZATIONS
APPROPRIATIONS BY FUNCTIONAL AREA AND PROJECT DESCRIPTION
FISCAL YEAR 2006
(continued)

	GENERAL FUND APPROPRIATIONS	OTHER FUNDS APPROPRIATIONS	FY 2006 ADOPTED
PLANNING DEVELOPMENT			
Permits & Inspections			
Nuisance Abatement	23,350		23,350
TOTAL PLANNING DEVELOPMENT	23,350	-	23,350
PUBLIC WORKS			
Road Department			
Water Truck Replacement Parts	20,000	-	20,000
TOTAL PUBLIC WORKS	20,000	-	20,000
PARKS AND RECREATION			
Recreation			
New Flooring - Recreatoin Center	25,000	-	25,000
Fence Replacement - Kiwanis Park	34,000	-	34,000
Parks			
Brooks Park Improvements	117,000	-	117,000
Kelly Drive Design	200,000	-	200,000
Kenwood Park Improvements	500,000		500,000
Kiwanis Park Improvements	150,000	-	150,000
McCurray Park Improvements	316,000	-	316,000
Recreation/Water Parks			
Lark Horton Park Improvements	75,000	-	75,000
Lake Kedron Park Improvements	25,000	-	25,000
Starr's Mill Park Improvements	117,000	-	117,000
TOTAL PARKS AND RECREATION	1,559,000	-	1,559,000
Water System			
Lake McIntosh Permit/Const.	-	816,000	816,000
TOTAL WATER SYSTEM	-	816,000	816,000
TOTAL CAPITAL PROJECTS BUDGET	$ 4,910,281	$ 6,471,252	$ 11,381,533

FAYETTE COUNTY, GEORGIA
CAPITAL AUTHORIZATIONS
APPROPRIATIONS BY FUNCTIONAL AREA
FISCAL YEAR 2006

FUNCTION	AMOUNT	PERCENT
General Government	$ 549,384	4.82%
Health & Welfare	$ 3,989,276	35.05%
Public Safety	$ 4,424,523	38.87%
Planning Development	$ 23,350	0.21%
Public Works	$ 20,000	0.18%
Park and Recreation	$ 1,559,000	13.70%
Water System	$ 816,000	7.17%
Total	$ 11,381,533	100.00%



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