

*City of Holly Springs
Approved Budget Document*



*Adopted
Budget*

Fiscal Year 2011

January 1, 2011 - December 31, 2011



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Holly Springs
Georgia**

For the Fiscal Year Beginning

January 1, 2010

President

Executive Director

Government Finance Officers Association of the United States and Canada (GFOA) presented an award of Distinguished Presentation to the City of Holly Springs for its annual budget for the fiscal year beginning January 1, 2010. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communication device. The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to the GFOA to determine its eligibility for another award.

City of Holly Springs, Georgia

City of Holly Springs, GA
FY2011 Adopted Budget
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Timothy Downing, Mayor



Jacqueline Patrick, Mayor Pro Temp



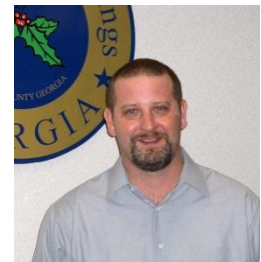
**Dee Phillips
Councilmember**



**Jeremy Smith
Councilmember**



**Karen Barnett
Councilmember**



**Kyle Whitaker
Councilmember**

To anticipate and provide for the needs of our community in all service delivery areas through quality service, fiscal responsibility, innovation and leadership in a transparent and responsive manner every day.



CITY OF HOLLY SPRINGS, GEORGIA

Approved Annual Budget
for the fiscal year
January 1, 2011 – December 31, 2011

CITY COUNCIL

Tim Downing	Mayor
Jacqueline Patrick	Mayor Pro Tem
Kyle Whitaker	Councilmember
Dee Phillips	Councilmember
Karen Barnett	Councilmember
Jeremy Smith	Councilmember

CITY MANAGER

Timothy Downing, Interim City Manager

BUDGET DEVELOPMENT TEAM

Brantley Day	Community Development Director
Robert Porche	Finance Director
Ron Carter	IT Technician
Denise Lamazares	Financial Service Representative

THE CITY OF HOLLY SPRINGS is governed by a Mayor and five Council members. Elections are held every two years and are conducted by Cherokee County. A candidate must reside within the corporate city limits one year immediately prior to the date of an election to qualify to serve as Mayor or Council member. The Mayor and Council members are elected to four year terms with the mayor and three Council members elected two years staggered from the two remaining members on Council. Typically, the Mayor and three Council members are elected during the Presidential election cycle. The Mayor and Council are non-partisan and elected at large with the top vote receivers in each respective election achieving that office.

The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the city manager and city clerk. The city manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and for hiring the heads of various departments.

The City provides a full range of services including police and volunteer fire protection; the construction and maintenance of highways, streets, and other infrastructure; recreational activities and cultural events. The City created a legally separate entity, the Holly Springs Downtown Development Authority, to assist with the planning and development of the future downtown corridor. Financial information for the authority has not been included within this document due to the City Council not having appropriation authority for this entity.

REGULARLY SCHEDULED PUBLIC MEETINGS of the Holly Springs City Council, Boards, Commissions, and Committees are listed below. All meetings and public hearings are open to the public. City of Holly Springs residents are encouraged to attend.

City Council Meetings

First Monday of each month, 7:00 pm, Work Session – City Hall
Third Monday of each month, 6:30 pm, Work Session – City Hall
Third Monday of each month, 7:00 pm, Council Business Meeting – City Hall

Downtown Development Authority Meetings

Third Wednesday of each month, 6:00 pm in the City Hall Council Chambers

Founders Day Committee Meetings

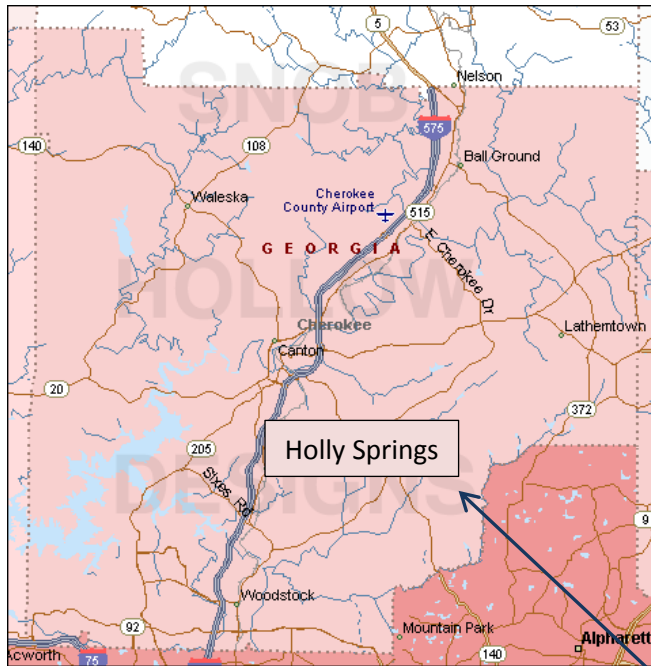
Third Thursday of each month, 6:30 pm in the City Hall Conference Room

Historic Commission Meeting

Fourth Wednesday of each month, 7:00 pm in The Depot

Planning and Zoning Commission Meetings

Fourth Thursday of each month, 6:00 pm in the City Hall Council Chambers



The City of Holly Springs Cherokee County

The City of Holly Springs is located 35 miles northwest of Atlanta, 58 miles south of Blue Ridge, and 17 miles northwest of Alpharetta. The City is 5.5 square miles and located in Cherokee County.



Community Profile

City of Holly Springs, GA Community Profile for Cherokee County

Location

In Northwest Georgia next to Woodstock, Canton, and Alpharetta
In Cherokee County

City Square Miles 5.5

Climate in Farenheit (January 1930-December 2009)

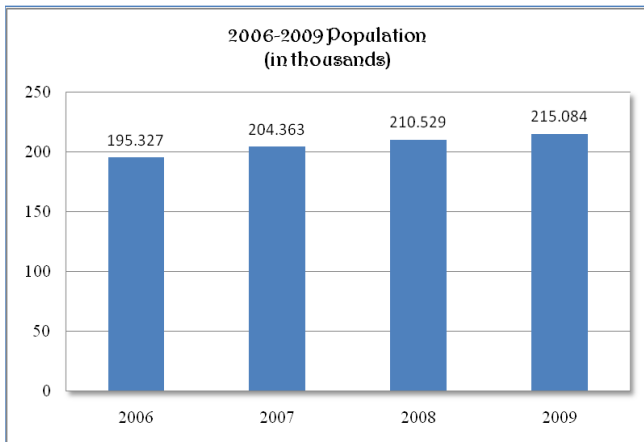
Source: Southeast Regional Climate Center (for Atlanta)

Average minimum temperature (F)	52.2
Average maximum temperature (F)	71.7
Average total precipitation (in.) since 1930	48.85
Average total snow fall (in.)	2.2

Racial Composition

Source: 2009 American Community Survey (ACS) Profile
Cherokee County

White	194,328	88.92%
Black or African American	14,331	6.56%
Asian	5,427	2.48%
American Indian or Alaskan Native	1,762	0.81%
Other	2,689	1.23%
	218,537	100.00%



Median Age 35.3

Source: 2009 American Community Survey (ACS) Profile

Average Household (persons) 2.88

Source: 2009 American Community Survey (ACS) Profile

Gender Composition

Source: 2009 American Community Survey (ACS) Profile

Male	107,545	50.00%
Female	107,539	50.00%
	215,084	100.00%

Age Composition

Source: 2009 American Community Survey (ACS) Profile

Under 5 years of age	18,282	8.50%
5 - 14 years	33,192	15.43%
15 - 19 years	14,307	6.65%
20 - 24 years	11,237	5.22%
25 - 34 years	29,586	13.76%
35 - 44 years	36,700	17.06%
45 - 54 years	33,421	15.54%
55 - 64 years	22,540	10.48%
65 + years	15,819	7.35%
	215,084	100.00%

Household Tenure (Occupied Housing Unit)

Source: 2009 American Community Survey (ACS) Profile

Owner-occupied	79.46%	58,777
Renter-occupied	20.54%	15,197
	100.00%	73,974

Educational Attainment

Source: 2009 American Community Survey (ACS) Profile

Less than High School Diploma	11.91%
High School Diploma	23.69%
Some college, no degree	23.87%
Associates Degree	8.16%
Bachelor's Degree	24.35%
Graduate or Professional Degree	8.02%
	100.00%

Household Income

Source: 2009 American Community Survey (ACS) Profile

Less than \$24,999	14.14%	10,463
\$25,000 - \$49,000	22.51%	16,653
\$50,000 - \$74,999	20.16%	14,910
\$75,000 - \$99,999	17.18%	12,710
\$100,000 +	26.01%	19,238
Median Household Income		\$ 66,879

Income Per Capita

Source: 2009 American Community Survey (ACS) Profile

2009	(American Community Survey)	\$ 27,685
2008	(American Community Survey)	\$ 29,941
2007	(American Community Survey)	\$ 28,697
2006	(American Community Survey)	\$ 30,171

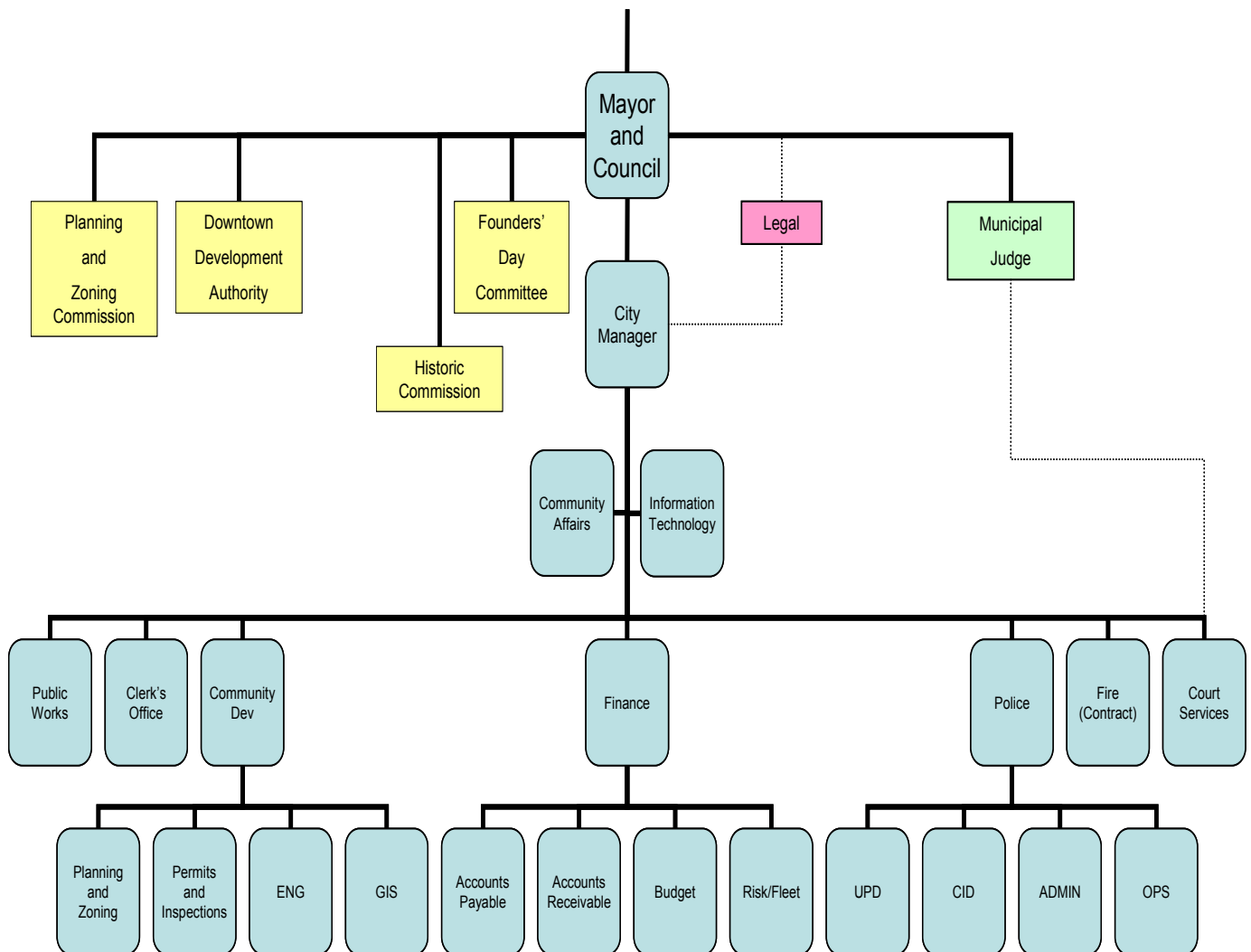
Unemployment Rate (%)

Source: Georgia Dept. of Labor for Atlanta

August 2009 - August 2010	10.28%
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Organizational Chart

Citizens



Budget Message

Timothy Downing, Mayor
Jacqueline Patrick, Mayor Pro Temp
Dee Phillips, Councilmember



Jeremy Smith, Councilmember
Karen Barnett, Councilmember
Kyle Whitaker, Councilmember

Mayor and Council

City of Holly Springs

Dear Mayor and City Council Members,

In accordance with the City Charter Section 6.14, the City Council, by Ordinance has put in place the procedures and requirements for the preparation and execution of an annual operating budget, capital improvement program, and a capital budget including requirements as to the scope, content, and forms of such budgets and programs.

We are pleased to present the Annual Operating, Capital, and SPLOST Budget for Fiscal Year 2011 of the City of Holly Springs, Georgia. We have made significant strides to reduce the size of our government and operations, where possible, in light of the current economic conditions and the impact on the fiscal budget.

Holly Springs at a Glance

Located just north of Atlanta in fast-growing Cherokee County, the City of Holly Springs is a five and a half square mile oasis of friendly neighborhoods, thriving businesses, and wonderful early-twentieth century homes and commercial buildings. The City was incorporated in 1906, and quickly began building up around a busy train depot established by the L&N Railroad (now the Georgia Northeastern Railway). That depot, now the Holly Springs Community Center, was painstakingly restored by the City in the late 1990's and is a source of immense civic pride for our 9,500 (estimated pre-2010 U.S. Census Population) local residents. For more information about the City of Holly Springs, visit www.hollyspringsga.us.



Holly Springs is easily accessible via two interchanges, Interstate 575 and Interstate 75. The City has an abundant supply of land available for new office and retail development as well as a number of sites already prepared for such development. Details on local economic development opportunities are available through the Holly Springs Business & Professional Association and the City's Planning Department.

Policy making and legislative authority are vested with the governing council and mayor. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the city manager and city clerk. The city manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and for hiring the heads of various departments. The city council is elected on a non-partisan basis.

The City provides a full range of services including police and volunteer fire protection; the construction and maintenance of highways, streets, and other infrastructure; recreational activities and cultural events. The City created a legally separate entity, the Holly Springs Downtown Development Authority, to assist with the future development of the downtown corridor. Financial information for the authority has not been included within this document due to the City Council no having appropriation authority for this entity.

The City is comprised of property digest encompassing 74% residential, 25% commercial, and 1% utility franchises by valuation. Commercial development consists primarily of office professional parks, commercial retail, and small office. The average resident is between 35 and 44 years of age, occupies a home with a median sale price of \$183,600 and has a household income of \$67,000.

Major Industries and Commercial Entities

Holly Springs is home to several light industrial parks and office condominiums some of which include Hickory Springs Industrial, Rickman Industrial, Holly Commons, and Mountain Brook. The City is also home to one of the County's top 20 employers, Hydro-Chem (Division of Linde BOC) Process Plants Product.

Budget Objective

The objective of the City's budget is to provide a management tool and structure to the intentions of the governing body. This budget is formulated to help unite the City's members in a purpose while decentralizing decision making and integrating activities from the lowest to highest levels within our municipal government. The budgeting process results in the updating of the City's on-going financial plan and provides a vehicle in which management decisions can be made as a result of the formulation of the respective data. As this document indicates, through the utilization of all available revenue sources, the City of Holly Springs continues to demonstrate its commitment to provide a tremendous array of city services to the constituents, businesses, and stakeholders within our community. Through this proven commitment, the City further maintains its status as a Signature Community while boosting the desire to live, work, play, visit, and retire in Holly Springs.

Current Economic Conditions

Throughout the last several years, local governments have been severely impacted by the economic recession. Property values and assessments across the United States are decreasing at a rapid rate. Our City has not been exempt from this economic downturn. The gross digest which included real and personal property, motor vehicles, and motor homes is anticipated to be 15% lower than the anticipated collections for Fiscal Year 2010. This source of revenue greatly contributes to the annual operating budget. However, the annual operating budget also relies on other sources of revenue from the Community Development Department, Court Services,

and the Recreation and Parks Department. In the past with the growth in development, we were able to enhance services to meet the demand using the additional revenues that were being generated from these other sources. Unfortunately, as will be illustrated in revenue section, these sources of revenues has drastically decreased and has placed the City in a position to make some changes in operations to continue meeting the demands of our citizens and business community.

While our current budget poses challenges for us, we are in much better shape than most other local governments. This is due in part to the structure of our revenues, but it is also due to the fiscally conservative policies and practices of the City. This stated, the deteriorating revenue environment has created one of the most difficult budget years in recent memory. The following goals for programs and services were used to guide the budget development process:

Budget Development Guidelines

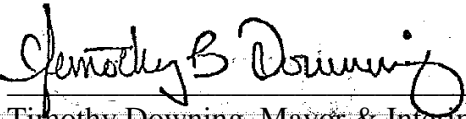
- Continue to operate as conservatively as possible and keep spending to an absolute minimum;
- Postpone or delay, where possible the hiring or replacement of positions that are vacant;
- Curtail travel that is not necessary for required training or otherwise considered not optional;
- Continue to review and implement ways to cut non-essential expenditures to include special events;
- Review and modify where necessary any tax and fee adjustments required to maintain existing service levels; and
- Recommend ways to ensure revenue collections are administered in an equitable manner and captured by all sources identified within our financial platform.

Balancing these principles has been challenging and required tremendous efforts by our departments as they prepared their respective budgets in this recessionary environment. The balanced budget being presented to you carefully weighed these principles in its development. The total budget for FY2011 presented to Council for approval is \$5,165,256.

Despite the current economic climate, the City of Holly Springs remains a strong and vibrant community where the citizens have come to expect a transparent and responsive municipal government that delivers services with unwavering efficiency and effectiveness. We are fully confident that we will be able to continually respond to projected operating shortfalls and remain vigilant in our efforts to manage our affairs prudently.

On behalf of the Mayor and your professional staff, I appreciate the City Council's support and leadership despite the many demands on your time and interests in providing the City staff with the necessary resources, funding, trust and confidence to meet our citizens' need and allow us all to live, work, play and retire in a safe and signature community.

Respectfully Submitted,



Timothy Downing, Mayor & Interim City Manager



Robert Porche, Jr., Director of Finance

Strategic Goals

City of Holly Springs Strategic Goals

Foster and Maintain Regional Partnerships

The City will seek to coordinate operations to reduce the duplication of services to its population and expedite agreements that are in the best interest our citizens.

Sustain and Protect Natural Resources

The City will meet and exceed all local, State and Federal guidelines to preserve our natural resources as our environment.

Encourage Rural Character and Historical Preservation

The city will diligently enforce its preservation policies and encourage new business development to incorporate the rural standards in place.

Promote a Well Planned City

The city will maintain the integrity of its development code and ensure curbside appeal is aesthetically pleasing while incorporating pedestrian friendly streetscapes.

Insist Upon Responsive Service Delivery

Continue to safeguard our reputation of being responsive and efficient while being fair and impartial to all who seek our services and assistance.

FOSTER AND MAINTAIN REGIONAL PARTNERSHIPS**Cherokee County**

Cherokee County is a major service provider, and the many ways in which Holly Springs must coordinate and cooperate with Cherokee County are too numerous to begin to describe here. It is recognized however, that the ongoing cooperative relationship with Cherokee County with regard to countywide services and other city-county issues is absolutely essential. Holly Springs will continue to support various opportunities to cooperate and coordinate with adjacent cities of Canton and Woodstock to improve county-wide services such as water/sewer, fire protection and property appraisal.

Metropolitan North Georgia Water Planning District

This district was established by the Georgia General Assembly in 2001 via Senate Bill 130 to address the pressing need for comprehensive water resources management in metropolitan north Georgia. The main purpose of the district is to promote intergovernmental coordination for all water issues, to facilitate inter-jurisdictional water-related projects, and to enhance access to funding for water-related projects among local governments. The City of Holly Springs adopted the model ordinances in May 2006. The district's jurisdiction encompasses 16 counties including Cherokee. It is required by State law to prepare three long-term plans (which it completed in 2003): a long-term wastewater management plan; a water supply and water conservation management plan, and a district-wide watershed management plan. These regional plans are very important and have a major bearing on the future of how water, sewer, and stormwater management facilities will be provided in Holly Springs.

Service Delivery Strategies

In 1997, the State passed the Service Delivery Strategy Act (HB 489). This law mandates the cooperation of local governments with regard to service delivery issues. Each county was required to initiate development of a service delivery strategy between July 1, 1997, and January 1, 1998. Service delivery strategies must include an identification of services provided by various entities, assignment of responsibility for provision of services and the location of service areas, a description of funding sources, and an identification of contracts, ordinances, and other measures necessary to implement the service delivery strategy. Holly Springs is and must continue to be included in the Cherokee County Service Delivery Strategy. Changes to service arrangements described in a service delivery strategy require an update of the service delivery strategy and an agreement by all parties. Because of this provision, it is likely that the need for intergovernmental coordination with regard to service delivery strategies will continue into the future. In addition, service delivery strategies must be updated every ten years. The Service Delivery Strategy Act also mandates that land use plans of different local governments be revised to avoid conflicts.

Annexation and Land Use Dispute Resolution

Recently, the Cherokee County Board of Commissioners (BOC) has imposed land use objections with regard to various petitioners seeking annexation into the City of Holly Springs. The land use dispute resolution process was afforded to Georgia counties by the state legislature in 2004. The process empowers counties to request the mediation of proposed land uses of unincorporated areas seeking annexation, when the new use proposes to

increase the intensity. Previously a “sphere of influence” or “annexation area” (or urban growth boundary) was agreed upon between the City and the county as a gentlemen’s agreement from 2003 through 2006. Nonetheless, the growth boundary agreement was not renewed in 2007, though Mayor and Council may choose to establish a defined growth area or urban service limit in the future. However, Holly Springs is expected to exceed those prior growth limits. Recent objections by the Cherokee County Board of Commissioners to annexations by Holly Springs have led to the need to mediate disputes. This issue of annexation and land use disputes will need significant attention in the future, and the City and county must attempt to cooperate, seeking resolution of disagreements. The City seeks to jointly plan areas with the county, inviting the BOC to participate in this effort. Perhaps the City of Holly Springs and Cherokee County will one day have the opportunity to pursue this worthwhile endeavor.

Intergovernmental Agreements Law Enforcement

The law enforcement mutual aid agreement between Cherokee County and the Holly Springs Police Department was adopted on April 1, 1996. Holly Springs also entered into agreement with Cherokee County and the Cherokee County Sheriff on September 20, 1998, for services related to detention of persons arrested for violations of municipal ordinances.

Fire Protection

Holly Springs (as well as the cities of Waleska and Ball Ground) entered into agreement with Cherokee County to join the 2nd fire district whereby the fire district offers services to municipalities. Holly Springs approved the agreement April 20th, 1998. This is referred to as a “consolidation” agreement in the Service Delivery Strategy. The City of Holly Springs has firefighting equipment which is leased to the county fire district. However, as new equipment is needed and added to the county fire district, such vehicles and equipment become the property of the county fire district. The agreement also provides that the county will provide fire marshal services, fire hydrant maintenance, and plan review for the City of Holly Springs. As noted elsewhere, when Holly Springs establishes its own fire department, this agreement will be terminated.

Water

The Cherokee County Water and Sewer Authority was created by the General Assembly, and Holly Springs has entered into agreement with the Authority for the provision of water services.

Sewer

The Service Delivery Strategy contains an agreement between the Cities of Holly Springs and the City of Canton. The City of Canton, through agreement with the Cherokee County Water and Sewer Authority, has secured 350,000 gallons per day of capacity and allocated that amount to Holly Springs per contract. The contract between Holly Springs and Canton provides for Holly Springs’s use of the sewage treatment facilities operated by the City of Canton for the treatment of the City of Holly Springs sewage. The sanitary sewers (collector pipes) belong to the Cherokee County Water and Sewage Authority.

SUSTAIN AND PROTECT NATURAL RESOURCES

The natural environment should be preserved as much as possible. Preserving natural features helps maintain air and water quality, as well as provides visual and recreational amenities for local citizens.

Environmentally Sensitive Areas

Prevent development from occurring in, or significantly encroaching upon, environmentally sensitive areas such as floodplains, wetlands, and groundwater recharge areas, by preparing and adopting additional regulations as necessary to protect environmentally sensitive areas. At minimum, this includes development regulations to meet or exceed Georgia Department of Natural Resources' Part V Environmental Planning Criteria.

Innovative Land Practices that Preserve the Environment

Encourage innovative land development practices that focus on preserving environmentally sensitive land areas and open space.

Minimize Water Quality Impacts

The location and intensity of development should be sited so as to minimize the negative effects of that development on water quality, both during and after construction. Major considerations concerning water quality should include: organic pollution from infiltration and surface runoff; erosion and sedimentation; water temperature elevation; nutrients such as nitrogen and phosphorous; and toxic materials.

Wetlands

Preserve wetlands where they exist, or as a last resort if they cannot be preserved on-site, mitigate wetland loss by increasing ecologically equivalent wetlands on other appropriate sites (i.e., wetland mitigation through wetland banking).

Floodways and Floodplains

Prohibit development within floodways and restrict or prohibit development in flood plains. If development within flood plains is allowed, flood plain storage should not be decreased from its present state. In no event shall development be permitted that inhibits the flow of floodwaters.

National Flood Insurance Program

Continue to participate in the National Flood Insurance Program. Periodically amend the flood damage prevention/floodplain management ordinance to comply with changes to ordinances specified by the Federal Emergency Management Agency.

Best Management Practices

Implement best practices for water pollution control and stormwater management, including but not limited to: biofilters (vegetated swales/strips), wet ponds, and constructed wetlands.

Municipal Practices

Ensure that the City, in its own activities, follows the same environmental policies as required of private developers.

Encourage Conservation Subdivisions

Encourage conservation subdivision development. (Conservation developments cluster structures on developable land in order to conserve land and/or provide public open space).

Acquire Conservation Lands

Seek out opportunities to acquire conservation lands and park spaces.

Permeable Surfaces

Use permeable surfaces for parking lots in non-residential developments, if appropriate.

Street Trees

Encourage or require the planting of street trees in subdivisions and new land developments.

Tree Protection and Preserve Tree Canopy

Restrict the cutting of trees, require the replacement of trees, and preserve and enhance tree canopy, by adopting, amending, and enforcing a tree preservation ordinance.

Tree Canopy Guidelines

Unless more restrictive requirements are adopted by ordinance, use goals recommended by American Forests (2002) for the preserving tree canopy, as a guide in development planning.

Sustainability and Energy Efficiency

Promote sustainable and energy-efficient development.

ENCOURAGE RURAL CHARACTER AND HISTORIC PRESERVATION**Compatible Character**

The traditional character of the community should be maintained through preserving and revitalizing historic areas of the community, encouraging new development that is compatible with the traditional features of the community, and protecting other scenic or natural features that are important to defining the community's character.

Protect Historic Resources

Provide strategies to preserve and enhance historic resources.

Retaining community character through the preservation, protection and retention of Holly Spring's historic resources is a primary goal of the local preservation program. The following historic preservation objectives and policies should be followed collectively in order to provide the optimum financial and redevelopment benefits to the city as it moves forward with its preservation program.

Increase Community Support

Strive to increase community support for historic preservation and the work of the Holly Springs Historic Preservation Commission (HPC). Continue to expand upon programs and activities that will instill an appreciation and pride in Holly Spring's past.

National Register Listings

Add eligible properties to the National Register of Historic Places.

Historic Districts and Landmarks

Add to locally designated historic districts and landmarks or creation of new one(s), as appropriate.

Incentives

Provide incentives to protect and preserve historic resources.

Reuse of Historic Buildings

The reuse of historic buildings is encouraged, provided the architectural character of the building is retained.

Co-sponsorship of Programs

Encourage the co-sponsorship by other entities and organizations of preservation and heritage education programs.

Historic Preservation Commission

Work to expand the role of the Holly Springs Historic Preservation Commission to utilize its expertise in implementing existing historic preservation policies as well as assisting in implementing other elements of the Comprehensive Plan.

PROMOTE A WELL PLANNED CITY**Urban Design**

Urban design within Holly Springs is dictated by both the Commercial Corridor Design Overlay District Guidelines and Article 19 of the Zoning Ordinance. From those documents, the following policies are summarized as policy for the city:

Pedestrian Facilities

Create a safe and accessible pedestrian network throughout the City of Holly Springs. Sidewalks of required widths, well-marked crosswalks and approved pedestrian-scaled lighting should be installed to create an inviting and well used pedestrian system. All new construction and redevelopment within the City should include a combination of these facilities. All new facilities must meet American with Disabilities Act (ADA) standards. Additional funding will be sought to create and improve pedestrian facilities within existing areas of the City, but when development occurs it will be the responsibility of developers to improve facilities along their public street frontages.

Streetscape Improvements

Aesthetically appealing transportation routes are desired and will be created throughout Holly Springs. Street trees should be installed, and will be required, to create shaded sidewalks for pedestrians and improve the visual quality of local streets and state routes. Street furniture zones and landscape strips will be established along sidewalks within the Downtown Historic District and Holly Springs Parkway District. These zones will consist of brick pavers or landscape strips alongside concrete sidewalks to provide space for the street trees, decorative pedestrian lights, bike racks and planters of ornamental vegetation. All streetscape improvements will be coordinated with Georgia Department of Transportation when working along state routes or making use of Transportation Enhancement (TE) funds.

Town Center

Development in the town center should include mixed uses, following the overlay district guidelines to insure appropriate scales, setbacks, materials, and signage are achieved.

Corridor Design Overlay

The Commercial Corridor Design Overlay District Guidelines provide a framework for site design, building design and streetscape design and within the overlay district. These guidelines should be met by all projects within the district to insure that the character of the traditional neighborhoods is retained.

Parking

Adequate parking will be provided within the City. Parking should be situated so that the parking is located at the rear or side of the building. If circumstances require front parking areas, proper screening from the roadway will be provided.

Streetscape Improvement Standards

Pedestrian lighting and street furniture shall be consistent throughout the City. A standard for each element has been selected by the City. City staff will review plans to insure that the standards are used on all new projects.

Connectivity of Open Spaces

Creation of new open space and connection to existing or planned open spaces are priorities for Holly Springs and will be sought in the review of development proposals, as appropriate. The requirement of open spaces, and their designs, will be considered on a case-by-case basis, taking into account the city's objectives of creating pedestrian-friendly, mixed-use places and destinations in the town center and accessible linkages to them. Improving accessibility to parks and creating pedestrian links between the open spaces and the public park(s) in the town center will greatly strengthen the urban core of the City and will therefore be a key guiding principle when reviewing open space proposals.

INSIST UPON RESPONSIVE SERVICE DELIVERY

Level of Service Standards

Establish and maintain level-of-service and/or performance standards for all community facilities and services provided by the City.

Police Protection

Ensure that the police department has adequate personnel, equipment, and training. Maintain a target officer to population ratio of at least 2 officers per 1,000 population, or as otherwise determined appropriate by the Police Chief. Strive to uphold an average 3 to 5 minute incident response time for police calls, 90 percent or more of the time.

Municipal Fire Services

Research and study the possibility of creating a new, municipal fire department in the city to replace the county fire district service; or continue receiving services from Cherokee County, entering into a new contract, whichever is found by Mayor and Council to be in the best interest of the citizens of the City of Holly Springs.

Fire Hydrants and Fire Flow

Ensure fire hydrants are installed along new public water lines every 1,000 feet in residential areas and every 500 feet in commercial areas. Test fire hydrants regularly and institute prompt repairs where necessary. Ensure that water service providers maintain a target water flow standard of 1,500 gallons per minute for firefighting commercial structures, with between 2,000 and 2,500 gallons per minute considered optimum, and a minimum water target of 1,000 gallons per minute for fighting a residential fire with up to 1,500 gallons per minute considered optimum.

Municipal Parks and Recreation Department

Create a new park/recreation department to replace or supplement service by Cherokee County Parks and Recreation Authority.

Parkland Designation

Designate lands for future parks, recreation, open space, and conservation, including unincorporated areas in the City's sphere of influence or growth boundary.

Multi-use Trails

Continue pursuing opportunities to construct multi-use trails or greenways throughout the city.

Municipal Library

Investigate the option of establishing a municipal library to replace or supplement service by Sequoyah Regional Library System.

Solid Waste Management

Implement the City's comprehensive solid waste management plan.

Location Policy 1

While abiding by principles of efficiency in terms of optimal geographic locations for City facilities and services, the City should use its investment in civic buildings (e.g., new city hall) to strategically leverage and enhance private reinvestment in redevelopment areas.

Location Policy 2

The City should consider locating public facilities within vacant commercial spaces, if economical and appropriate.

Public-Private Co-Delivery

Identify, and capitalize on, opportunities for innovative public-private ventures in the arrangement, provision, and delivery of various City facilities and services.

Local Street Improvements

Improve geometrics of local street intersections where they pose traffic safety problems.

Downtown Public Parking

Ensure adequate off-street parking facilities downtown, including public parking.

Context-Sensitive Design

Provide for street designs that pay appropriate attention to concepts of compatibility, livability, sense of place, and urban design, in addition to conventional traffic engineering considerations. Utilize context-sensitive roadway design to promote streets that are built appropriately to fit the land uses surrounding them. For example, a downtown main street should be built with narrower lanes, wider sidewalks, and streetscape elements in its design, in order to encourage lower speeds and accommodate pedestrians.

Pedestrian/Sidewalk System

Improve the network of pedestrian facilities (sidewalks) in the city; implement the long-range future sidewalks plan.

Bike Paths and Bikeways

Provide bike paths and bikeways in appropriate locations in the city.

Bicycle lanes are proposed along the following routes (Source: LCI Study 2004):

- Hickory Road from Cedar Valley Drive to the proposed connector roadway
- Holly Springs Parkway from Old Canton Road to Childers Road
- Holly Street from Holly Springs Parkway to I-575
- New connector roadway

Multi-use trails should be developed along each of these corridors. Because it is part of the new Town Center, the railroad trail should be a priority project.

Traffic Calming

Consider future needs for traffic calming (raised speed humps, raised tables, etc) to slow speeding and/or discourage cut-through traffic.

No Truck Routes

Designate routes for truck prohibition where needed.

Public Transportation

Efforts should be made to tie into regional public transportation programs, where and when they are available.

Connectivity

During site plan and development permit review, measures should be made to connect streets to provide a local street network that serves as an alternative to the arterial and collector street system. This includes promotion of a grid-street pattern in all places where such design is feasible and practical. It also means discouraging, limiting, or prohibiting cul-de-sacs in some cases, and providing for stub connections at property lines to tie into future compatible development on adjoining properties.

Objectives Underway

- ❖ Complete design on the Streetscapes on Holly Springs Parkway and Hickory Road in the Livable Centers Initiative (LCI) Study.
- ❖ Initiate the process to proceed with the Downtown Multi-Use Trail Phase 2 \$100,000 Grant Award. Eighty percent of these funds for this project are from the Federal Recreational Trails Program and are administered on behalf of the federal government by the department of Natural Resources. The city has twenty percent match obligation.
- ❖ Complete design of Sixes Bridge overpass to include the City of Holly Springs logo and secure additional funding from sponsors for these additional improvements. Sponsors will be recognized within a proposed Legacy Park, site to be determined, adjacent to the Sixes Road Bridge. The construction of the bridge is scheduled to begin in March of 2011.
- ❖ Initiate the Transportation Study.

Introduction to the Budget Process

Budget Calendar

JANUARY						
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FEBRUARY						
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- July**
- 2 Calendar prepared & distributed
- 8 Property Tax Digest & Millage Rate discussed at Council Work Session

- August**
- 16 Updated Property Tax Digest & Millage Rate discussed
- 25 Budget Committee meets to discuss anticipated revenues

- September**
- 3 Budget preparation forms made available on "P" drive for Department Directors
- 9 Millage Rate recommended

- 13 Budget Committee meets with department Directors and Division Leaders for Q&A
- 20 Millage Rate adopted by Mayor and Council

- October**
- 4 Expenditure estimates are made and returned to City Manager
- 13 Budget requests summarized
Requests analyzed and adjusted
Proposed expenditure plan is assembled
- 20 Department Head meetings

- November**
- 1 Proposed budget is reviewed
Proposed budget submitted to Council
- 20 Public hearing is advertised

- December**
- 6 Public hearing on budget is held

- 8 Budget adoption meeting advertised
- 20 Budget adopted
Appropriation Ordinance adopted
Revenue Ordinance adopted

JULY						
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Budget Preparation/Development

1. Beginning in July, the City Manager prepares and distributes the budget calendar to each Department Director.
2. In August, the Budget Committee meets to discuss the projected revenues.
3. During the month of September, budget preparation forms are made available to each Department Director. They are also provided with a report showing actual expenditures for the prior and current years, the current working budget, and personnel cost projections.

Each individual department prepares a proposed budget comprised of the following:

- a. Major Functions and Activities
 - b. Revenue and/or Expenditure projections by line item
4. The Millage Rate is recommended and adopted by Council.
 5. Throughout the month of October, budget requests are summarized and reviewed by the Finance Department for accuracy and a budget package is prepared for the City Manager. The City Manager, Department Directors, and Finance personnel meet to review the proposed budget and make any necessary revisions.
 6. In November, the proposed budget is presented to Council and a public hearing is advertised according to the guidelines set forth in the City's Code of Ordinances which states:

“council shall publish in one or more newspapers of general circulation within the city a notice of the time and place of the budget hearing as well as notice that the proposed budget is available for public inspection. The city clerk shall keep on file a copy of the entire budget for public inspection. The budget hearing shall be held not less than seven days after the advertisement”.

Budget Adoption

7. During the month of December, a public hearing is conducted at the council meeting to inform the taxpayers of the proposed budget. At this time, citizens may present oral or written comments on the entire budget.
8. The budget adoption meeting is advertised in accordance with guidelines set forth in City Ordinance Sec. 2-273 Adoption, Code 1991, § 3-1-14 which states, “notice of the meeting at which the budget shall be adopted shall be published at least seven days in advance of the meeting date”.
9. In late December, the budget is legally adopted through the passage of an Ordinance. An affirmative vote of a majority of the whole Council, no later than January 10th of the fiscal year; provided that at least seven days shall elapse between the hearing and the adoption dates, is required.

10. The adopted budget is entered into the accounting software system effective January 1st. It establishes the legal authority to incur expenditures up to the appropriated amount for each line item.

Budget Amendment

The adopted budget may be amended as follows:

- a. The City Council must approve all increases in total departmental appropriations, increases in the personal services budgets (i.e., moving salary or employee benefit budget to other line items), and increases in the number of authorized positions (full and part-time).
- b. At the mid-point of each year, any necessary budgetary appropriations, including budgets for any projects authorized, but not funded during the year, shall be appropriated through a supplementary budget ordinance. This mid-point adjustment is limited to requesting additional resources. Such supplemental appropriations shall be balanced with additional revenues for each fund. A justification for each requested change must be prepared (O.C.G.A. 38-81-3).
- c. Any increase in appropriation at the legal level of control of the local government, whether accomplished through a change in anticipated revenues in any fund or through a transfer of appropriations among departments, shall require the approval of the governing authority. Such amendment shall be adopted by ordinance or resolution;
- d. Transfers of appropriations within any fund below the local government's legal level of control shall require only the approval of the budget officer; and
- e. The governing authority of a local government may amend the legal level of control to establish a more detailed level of budgetary control at any time during the budget period. Said amendment shall be adopted by ordinance or resolution.

Budget Monitoring/Control

The budget is monitored on a monthly basis to track variances between actual and budgeted amounts. The City prepares and distributes to each department, timely monthly financial reports comparing actual revenues, and outstanding encumbrances and expenditures with budgeted amounts. Variances are researched by the budget department staff and corrections are made as necessary.

Capital Budget Process

The City will prepare a five-year capital project improvement plan (CIP) which they will update annually. This plan will assist in the planning, acquisition, and financing of capital projects. Major capital projects are generally defined as an expenditure that has an expected useful life of more than 3 years with an estimated total cost of \$25,000 or more, or an improvement/addition to an existing capital asset. Examples include building/infrastructure construction, park improvements, streetscapes, computer systems, land acquisitions, trucks, and vehicles.

Major capital projects will be budgeted in the Capital Improvement Fund consist with all available resources. With the involvement of the responsible departments, the Finance Department will prepare the capital budget in conjunction with the operating budget.

Budget Development Guidelines

BUDGET DEVELOPMENT GUIDELINES

PLANNING PROCESS

The City's fiscal year runs from January 1 through December 31, with the fiscal year taken from the year ending date. As an example, this document is prepared for the year January 1 through December 31, 2011, thereby being the Fiscal year 2011 Budget. The City's annual budget process provides a financial plan for the upcoming year. Throughout this process, future year projections are reviewed to proactively adjust spending trends which creates the ability to actively manage future year appropriations. Planning processes from other functions including Council retreats, departmental goal setting, and operating plans such as the Community Agenda (Community Development Department) are incorporated into the budget process, where applicable. Although important, these plans are used as guidelines to reach goals. Funds are not appropriated as a result of the study/plans. Rather, the plans are used as a vision where appropriations can be directed.

BUDGET POLICY

The budget process provides the primary mechanism by which key decisions are made regarding the levels and types of services to be provided within estimated resources. Budget policy guides this process. Budget policies also direct the City's financial health and stability. This policy applies to all budgeted funds, which are the responsibility, and under the management of, the City of Holly Springs and its Department of Finance.

Georgia law (e.g., O.C.G.A. 36-81-2 et seq.) provides the budget requirements for Georgia local governments. The information below provides an outline of the City's application of those laws.

FINANCING CURRENT COSTS

Current costs shall be financed with current revenues, including the use of authorized fund balances. The City shall avoid balancing current expenditures through the obligation of future year's resources. The City shall strive to avoid short-term borrowing to meet cash flow requirements. However, the City may enter into short-term borrowing should a critical need arise.

BUDGET OBJECTIVE

The following budget objectives are established for the different funds the City uses:

- ✓ General Fund – The annual budget for the General Fund shall provide for general government operations of the City and maintain working capital necessary for the City's financial health and stability.
- ✓ Special Revenue Fund – The City adopts annual budgets for each special revenue fund that demonstrates that any legally restricted revenue sources are used consistent with the applicable laws and/or regulations (i.e. Hotel/Motel Fund, Drug Enforcement Agency Fund, and Operating Grants Fund).

- ✓ Capital Project Fund – The City adopts project budgets for each of its capital project funds. These adopted appropriations do not lapse at the end of a fiscal year; rather they remain in effect until project completion or re-appropriation by City Council.
- ✓ Debt Service Fund – The City adopts annual budgets for its debt service funds (if applicable). Any remaining fund balances from prior years plus current year's projected revenues shall be sufficient to meet all annual debt service requirements.
- ✓ Enterprise Fund - Although generally accepted accounting principles (GAAP) or Georgia statutes do not require the City to adopt budgets for enterprise funds, the City will adopt budgets for enterprise funds in order to monitor revenues and control expenses. The City will use a business approach if and when budgeting enterprise funds. Enterprise funds shall be self-supporting whenever possible and subsidized losses will be minimized when break-even is not possible.

Additionally, the City classifies funds as either operating or non-operating. Operating funds are those funds that include appropriations for the payment of salary/benefits and whose maintenance & operating appropriations are necessary to continue the daily operations of the City. The General Fund will always be an operating fund. Non-operating funds are those funds that do not include appropriations for the payment of salary/benefits and whose maintenance & operating appropriations are not critical to the daily operations of the City. Examples of non-operating funds are the Hotel/Motel Fund, the Drug Enforcement Agency Fund, and Grant Operating Fund.

OPERATING BUDGET POLICY

The operating budget shall be prepared on an annual basis and include those funds detailed in the Fund Structure section that are subject to annual appropriation (all funds excluding the Capital Project Funds). Prior year budget appropriations and prior year actual data will be provided as reference data, with the current year appropriation and two years projection of expenditures. At a minimum, the City shall adopt annual balanced budgets for the general fund, each special revenue fund, and each debt service fund (if applicable) in accordance with O.C.G.A. 36-81-3.

The annual proposed budget should be submitted to the governing authority while being held by the Department of Finance for public review/inspection in accordance with O.C.G.A. 36-81-3. Public meetings will be conducted after proper advertisement prior to the City Council adopting and approving the annual budget document. (O.C.G.A. 36-81-5 and 36-81-6).

✓ **DEPARTMENTAL APPROPRIATIONS**

The budget shall be developed based upon "line-item" expenditures within each department. This type of budget focuses on categories of expenditures such as personal services, contractual services, supplies, equipment, etc. within each department. At a minimum, each department's appropriation in each fund shall be detailed within the budget document. (O.C.G.A. 36-81-3 and 36-81-5).

✓ PERFORMANCE BUDGET

In addition to requesting expenditures by line item, the budget document shall include “performance” budget information. A performance budget provides information of each of the departments’ goals and objectives to be accomplished in the upcoming budget year. A performance budget also utilizes “Service Efforts and Accomplishments” which measure services rendered and department efficiency/effectiveness on a historical basis and project targets of the indicators for the upcoming budget year. The City shall strive to minimize and reduce, if possible, staffing levels required to accomplish its service delivery.

✓ BUDGET PREPARATION CATEGORIES

Each department shall submit budget requests separately for:

- Current services - A current services budget is defined as that level of funding which is necessary to provide the same level of service for the upcoming year that is currently being provided. The current services budget will include replacement capital equipment.
- Expanded services - An expanded services budget includes funding requests associated with new services, additional personnel or new capital projects/equipment.

BALANCED BUDGET POLICY

The budget shall be balanced for each budgeted fund. Total anticipated revenues plus that portion of fund balance in excess of authorized reserves (see operating budget policy) that is designated as a budget-funding source shall equal total estimated expenditures for each fund.

- ✓ The City’s goal will be to adopt a balanced budget where current revenues equal anticipated expenditures. All departments supported by the resources of this City must function within the limits of the financial resources identified or available specifically to them. A balance must be struck between revenues and expenditures, so that the public can realize the benefits of a strong and stable government. It is important to understand that this policy is applied to budget entities over periods of time which extend beyond current appropriations. By law, budgets cannot exceed available resources, defined as revenues generated in the current period added to balances carried forward from prior years. Temporary shortages, or operating deficits, can and do occur, but they are not tolerated as extended trends.

BUDGET ADOPTION AND CONTROL POLICY

All budgets shall be adopted at the legal level of budgetary control, which is the department level within each individual fund. The City shall maintain a system of budgetary control reports to assure adherence to the budget. The City will prepare and distribute to departments, timely monthly financial reports comparing actual revenues, and outstanding encumbrances and expenditures with budgeted amounts.

FUND BALANCE (RESERVE) POLICY

The City shall establish a fund balance reserve in all operating funds for working capital. The purpose of working capital is to cover the cost of expenditures caused by unforeseen emergencies, cover shortfalls caused by revenue declines, and to eliminate any short-term borrowing for cash flow purposes. This reserve shall accumulate and then be maintained at an amount, which represents no less than two (2) months of operating and debt expenditures (approximately 16% of budgeted expenditures).

✓ UTILIZATION OF PRIOR YEAR'S FUND BALANCE IN BUDGET

If necessary, the City may use fund balance in excess of the reserve for working capital (see budget policy) as a funding source for that fund's budget. The amount of unreserved fund balance shall be estimated conservatively, taking into consideration future year needs. The minimum requirement for the reserve for working capital, equal to two (2) months of operating and debt expenditures, must first be met before utilizing the excess fund balance as a funding source for the budget.

✓ APPROPRIATION LAPSES AT YEAR END

All operating budget appropriations (including encumbered appropriations) shall lapse at the end of a fiscal year. Purchases encumbered in the current year, but not received until the following year, must be charged against a department's subsequent year appropriation.

BUDGET ADJUSTMENT POLICY

The budget is a dynamic rather than static plan, which requires adjustments and formal budget amendments as circumstances change. The City Council must approve all increases in total departmental appropriations, increases in the personal services budgets (i.e., moving salary or employee benefit budget to other line items), and increases in the number of authorized positions (full and part-time).

Department heads must submit budget amendment requests transferring appropriations from one line item to another, other than those prohibited above, and obtain approval by the Director of Finance and the City Manager. Adjustments from appropriations that have been obligated, committed, or reserved for a designated purpose shall not be transferred until a formal de-obligation occurs.

At the mid-point of each year, any necessary budgetary appropriations, including budgets for any projects authorized but not funded during the year, shall be appropriated through a supplementary budget ordinance. This mid-point adjustment is limited to requesting additional resources. Such supplemental appropriations shall be balanced with additional revenues for each fund. A justification for each requested change must be prepared (O.C.G.A. 38-81-3).

✓ CONTINGENCY LINE-ITEM

The City shall establish an appropriated contingency of one percent of the total annual expenditure appropriation in all operating funds in order to accommodate unexpected operational changes, legislative impacts, or other economic events affecting the City's operations which could not have been reasonably anticipated at the time the budget was prepared. Non-operating funds shall not require a contingency reserve appropriation.

This contingency reserve appropriation will be a separate line item within the budget. This amount shall be subject to annual appropriation. The approval of the Mayor and the City Manager is required before this appropriation can be expended. If approved, the Finance Department will transfer the appropriation from the contingency line item to the applicable line item(s) with the applicable department's budget.

✓ **MAINTENANCE AND REPLACEMENT OF CAPITAL EQUIPMENT**

The City Council will give budget priority to requests that provide for adequate maintenance of capital equipment and facilities and for their orderly replacement.

✓ **CONTRIBUTIONS**

Unless authorized by City Council, outside contributions to programs operated by City departments shall be subject to the City's accounting and budgetary policies. The City welcomes both unrestricted and restricted contributions compatible with the City's programs and objectives. Any material contribution shall be appropriated by City Council prior to expenditure. Material contributions shall be defined as one-time contributions exceeding one percent of the department's annual maintenance and operating expenditure appropriation or \$10,000, whichever is less.

✓ **ADMINISTRATIVE SERVICE FEE/COST ALLOCATION**

Whenever possible, the City may assess an administrative service fee from the General Fund to any other fund, based upon documentation and/or an outside independent study. This assessment will be based upon a percentage of the operating revenues, or services provided to the fund and shall be used to reimburse the General Fund for the administrative and support services provided to the assessed fund.

CASH FLOW POLICY

For analysis and internal management purposes, the City shall prepare an annual cash flow budget in conjunction with the Operating Budget. The purpose of this document will be to provide the necessary guidelines to insure that cash will be available to pay budget costs on a timely basis.

✓ **BUDGET ALLOTMENTS**

Budget allocations (i.e., budget allotments) are used in the operating budget, when needed to manage cash flows. The annual appropriation may be divided into segments in order to insure that the projected revenue streams will be adequate to fund the appropriated expenditures. The cash flow budget will provide details as to the periods in which the revenues will be collected, and thereby providing for available resources to pay obligations.

CAPITAL PROJECT IMPROVEMENT POLICY

The City will prepare a five-year capital project improvement plan (CIP) which they will update annually. This plan will assist in the planning, acquisition, and financing of capital projects. A major capital project generally is defined as an expenditure that has an expected useful life of more than 3 years with an estimated total cost of \$25,000 or more, or an improvement/addition to an existing capital asset. Examples include building/infrastructure construction, park improvements, streetscapes, computer systems, land acquisitions, trucks, and vehicles.

Major capital projects will be budgeted in the Capital Improvement Fund consist with all available resources. With the involvement of the responsible departments, the Finance Department will prepare the capital budget in conjunction with the operating budget.

✓ **PROJECT LENGTH BUDGET**

The CIP budget shall be developed based upon defined projects approved by the Mayor and City Council. Budget appropriation shall include the complete project costs with contingency amounts as appropriate and if available. (O.C.G.A. 36-81-3)

✓ **CAPITAL BUDGET PREPARATION**

Each department, in conjunction with the Mayor and City Council, will identify potential capital projects throughout the year. All identified projects will be added to the CIP document, regardless of available funding. These projects will provide a method of tracking and planning for the future needs of the City. Every effort will be made to identify those projects committed by the City Council through legislative action.

✓ **CAPITAL BUDGET AMENDMENTS**

Department heads must submit budget amendment requests transferring appropriations from one line item to another within the same project. The Director of Finance and the City Manager shall review and approve all requests for budget adjustments. Adjustments from appropriations that have been obligated, committed, or reserved for a designated purpose shall not be transferred until a formal de-obligation occurs. The de-obligation of budget dollars to a specific project will only occur after the completion of the project or when a project was identified and budget and funding is no longer necessary.

✓ **CAPITAL APPROPRIATIONS AT YEAR END**

Capital project appropriations shall carry forward to the subsequent budget period an equal amount of any encumbrances/purchase orders issued as of the close of the fiscal year. Purchases encumbered in the current year, but not received until the following year, must be charged against each department's subsequent year carry-over appropriation. Any remaining appropriation available by project at year-end must be re-appropriated.

✓ **CAPITAL CONTINGENCY ACCOUNT**

The City shall include an appropriated contingency of three percent of the total annual expenditure appropriation in the Capital Project Fund in order to accommodate expenditures that may not have been expected during the duration of a capital project. Expenditure of contingency funds shall only be authorized in accordance with the Change Order Policy outlined within the purchasing section of this document. Any contingency budgets shall be subject to annual appropriation.

REVENUE POLICY

This section provides direction in the administration of the revenues the City receives.

The City levies, collects and records certain taxes, license and permit fees, intergovernmental revenues, charges for service, investment income, fines and forfeitures, and other miscellaneous revenues and financing sources.

✓ DIVERSIFICATION AND STABILITY

All revenues have particular characteristics in terms of stability, growth, sensitivity to inflation or business cycle effects, and impact on the tax and ratepayers. A diversity of revenue sources can improve a City's ability to handle fluctuations in revenues and potentially help to better distribute the cost of providing services. The City shall strive to maintain a diversified and stable revenue structure to shelter it from short-term fluctuations in any primary revenue source. When possible, the revenue mix shall combine elastic and inelastic revenue sources to minimize the effect of economic downturns. The City will work towards diversifying its revenue base in order to reduce its dependence upon property taxes.

✓ CONSERVATIVE REVENUE ESTIMATES

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

✓ USER BASED FEES AND CHARGES (Exchange Revenue)

The level of user fee cost recovery should consider the community-wide versus special service nature of the program or activity. The use of general-purpose revenues is appropriate for community-wide services, while user fees are appropriate for services that are of special benefit to easily identified individuals or groups. The City will strive to keep the revenue system simple for the taxpayer or service recipient and to decrease the occurrence of avoidance to pay. The City will avoid nuisance taxes, fees, or charges as revenue sources. The City's revenue system will strive to maintain equity in its structure. That is, the City will seek to minimize or eliminate all forms for subsidization between entities, funds, services, utilities, and customers. However, it is recognized that public policy decisions may lead to subsidies in certain circumstances (e.g., senior citizen partial tax abatement). Fees will be reviewed and updated on an ongoing basis to ensure that they keep pace with changes in the cost-of-living as well as changes in methods or levels of service delivery. The Finance Department will forward any proposed changes to the City Council for approval. For services associated with a user fee or charge, a fee shall offset the costs of that service, where possible. Costs of services include direct and indirect costs such as operating and maintenance costs, administrative costs, and charges for the use of capital (e.g., depreciation and/or debt service).

✓ ALTERNATIVE REVENUE SOURCES

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

✓ REVENUE COLLECTION

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

✓ RATES AND CHARGES

The City Council shall approve annually, a fee schedule which includes all revenue rates, charges, and processes in association with receipted funds that are deposited by the City, in accordance with the Code of Ordinances.

CASH AND INVESTMENT MANAGEMENT POLICY

The objective of the cash and investment management policy is to maximize interest earnings within an environment that strongly emphasizes legal compliance and safety while providing cash flow liquidity to meet the City's financial obligations.

This investment policy applies to all cash and investments, both short and long-term, which are the responsibility, and under the management of the City of Holly Springs' Department of Finance.

✓ POOLED CASH/INVESTMENT MANAGEMENT

Except for cash in certain restricted and specialized funds, the City will consolidate cash balances from all funds to maximize investment earnings. Investment income will be allocated to the various funds based upon their respective participation and in accordance with generally accepted accounting principles.

✓ INVESTMENT

The primary objectives of investment activities shall be as follows:

○ Safety

Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.

○ Credit Risk

The City will minimize credit risk, the risk of loss due to the failure of the security issuer or backer, by:

- Limiting investments to the safest types of securities (primarily obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government)
- Requiring a credit rating of "A3" or better from Moody's rating agency and "A-" from Standard & Poor's.
- Pre-qualifying the financial institutions, brokers/dealers, intermediaries, and advisers with which the City will do business
- Diversifying the investment portfolio so that potential losses on individual securities will be minimized.

○ Custodial Risk

Custodial risk, that is the risk associated with uninsured deposits, uninsured securities, or securities not registered in the City's name shall be minimized by:

- Collateralization in alignment with State of Georgia legislation equal to 110% of the deposit held in the City's name
- Securities shall be held in the City's name.

○ **Interest Rate Risk**

The City will minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates, by:

- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity
- Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

○ **Concentration Risk**

The risk associated with a high concentration of government funds which are not diversified shall be reduced by:

- Limiting investments to any one issuer to less than 5% of the investment portfolio.
- Investments explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.

○ **Foreign Currency Risk**

The City will negate all foreign currency risk through investment only in instruments where exchange rates do not apply.

○ **Liquidity**

The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist of securities with active secondary or resale markets (dynamic liquidity). A portion of the portfolio also may be placed in instruments offering same-day liquidity for short-term funds.

○ **Yield**

The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core investments are limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall not be sold prior to maturity with the following exceptions:

- A security with declining credit may be sold early to minimize loss of principal or to reduce any eminent risk as identified under Section 1, “Safety” of this policy
- A security swap which improves the quality, yield, or target duration in the portfolio
- Liquidity needs of the portfolio require that the security be sold.

INTERNAL CONTROL POLICY

The investment officer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met.

The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

Accordingly, the investment officer shall establish a process for an annual independent review by an external auditor to assure compliance with regulatory policies and procedures including Generally Accepted Governmental Auditing Standards.

GRANT MANAGEMENT POLICY

This policy provides direction in the application, acceptance and administration of funds awarded through grants to the City from other local governments, the state or federal government, nonprofit agencies, philanthropic organizations and the private sector.

✓ GRANT APPLICATIONS

The City Manager and/or his/her designee is/are responsible for the submission of all grant applications on behalf of the City of Holly Springs. Departments who wish to submit grant applications must work in conjunction with the City Manager and/or his/her designee. Once a grant opportunity has been identified, the City Manager and/or his/her designee must notify the Department of Finance of the application, the financial reporting requirements, and any required matching funds or other City resources needed to meet the grant requirements. Prior to the acceptance of the grant, the Finance Department, in cooperation with the submitting/receiving department shall complete an analysis of financial requirements to ensure the City can meet the grant program's financial requirements and the City can fulfill the applicable obligations required by the grant. All grant revenues and expenditures, including matching requirements, must be appropriated, either in the current budget or included for appropriation in the subsequent budget. The Mayor and City Council shall approve grant applications and submissions by adopting an official resolution, certified by the City Clerk that will allow both the submission of the grant application and the acceptance of the grant award.

✓ GRANT ADMINISTRATION

The City Manager and/or his/her designee is/are responsible for fulfilling the financial reporting and accountability requirements of each grant the City accepts. The City Manager and/or his/her designee and receiving departments are responsible for adhering to the grant program requirements and tracking all applicable expenditures for reporting purposes. The Department of Finance is responsible for accounting for grant transactions according to the Accounting, Auditing, and Financial Reporting Policy and in compliance with Generally Accepted Accounting Principles (GAAP). The City Manager and/or his/her designee is/are responsible for maintaining the following records for each grant award.

- a. Copy of Grant Application
- b. Resolutions authorizing application and acceptance
- c. Notification of Grant Award
- d. Financial reporting and accounting requirements
- e. Schedule of funding needs

✓ **GRANT AUDITING**

The Finance Department shall comply with all local, state, and federal requirements with respect to the auditing of information as they pertain to the acceptance of grant funds. This includes the Single Audit Act with any future revisions or additional that may be applicable to City grant projects.

EXPENDITURE POLICY

This section provides guidance on authorized expenditures for all departments under the authority of the Mayor and City Council. This section shall cover those costs incurred for normal business operations, including those associated with salaries and benefits. Operating guidelines and procedures for procuring goods and services shall be issued under separate cover(s) as they do not constitute nor necessitate the City Council approval.

✓ **APPROPRIATION**

In conjunction with the annual budget process, the City Council shall authorize departments' appropriations consistent with the annual adopted operating and capital budgets. Departments shall not incur expenditures unless an appropriation is available.

✓ **APPROVAL**

All expenditures relating to City operations shall be processed consistent with procurement/purchasing guidelines. Once the Finance Department receives the proper documentation from the incurring departments, the execution of payment shall occur. The Finance Department shall only process transactions for payment based upon the proper approval for the dollar amount of the expenditure, including adequate documentation, received either electronically or in writing.

✓ **SETTLEMENT OF DISPUTE**

The Department of Finance shall review expenditure documents for compliance and appropriateness with all City policies and procedures. Expenditure documents that are not in compliance with these policies and procedures shall be returned to the originating department with Finance Department recommendations for changes (e.g., travel issues, cellular phone use). In the event the department does not agree with the Finance Department's recommendations, the City Administrator shall make the final decision.

DEBT MANAGEMENT POLICY

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

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

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

Annual budget appropriations shall include debt service payments (interest and principal) and reserve requirements for all debt currently outstanding.

✓ CONDITIONS FOR ISSUING LONG-TERM DEBT

Debt financing for capital improvements and equipment will be generally used when at least one of the following conditions exist:

- When one-time, non-continuous projects (those not requiring annual appropriations) are desired;
- When the City determines that future users will receive a benefit from the capital improvement that the debt financed;
- When the project is necessary to provide basic services to the City residents;
- When total debt, including debt issued by overlapping governments (e.g., the county), does not constitute an unreasonable burden to the taxpayers; and
- Exhaustion of the use of all other possible revenue sources provides no alternative funding for capital projects.

The City will limit its short-term borrowing to cover cash flow shortages through the issuance of tax anticipation notes.

✓ SOUND FINANCING OF DEBT

When the City utilizes debt financing, the following will occur to ensure that the debt is soundly financed:

- Analysis of the financial impact, both short-term and long-term, of issuing the debt;
- Conservatively projecting the revenue sources that the City will use to repay the debt;

- Insuring that the term of any long-term debt the City incurs shall not exceed the expected useful life of the asset the debt financed;
- Maintaining a debt service coverage ratio (i.e., for revenue secured debt) that ensures that the revenues pledged for the repayment of the outstanding debt will be adequate to make the required debt service payments.

✓ **DEBT RETIREMENT**

Generally, borrowings by the City should be of a duration that does not exceed the economic life of the capital improvement that it finances and where feasible, should be shorter than the projected economic life. To the extent possible, the City should design the repayment of debt so as to recapture rapidly its credit capacity for future use.

✓ **D. DISCLOSURE**

The City shall follow a policy of full disclosure in financial reporting and with the preparation of a bond prospectus.

✓ **LEGAL COMPLIANCE**

When issuing debt, the City shall comply with all legal and regulatory commission requirements, including the continuing disclosure requirements. This compliance includes adherence to local, state and federal legislation and bond covenants.

More specifically, the Director of Finance is responsible for maintaining a system of record keeping and reporting to meet the arbitrage rebate compliance requirements of the federal tax code. This effort includes tracking investment earnings on bond proceeds, calculating rebate payments in compliance with tax law, and remitting any rebatable earnings to the federal government in a timely manner in order to preserve the tax exempt status of the City's outstanding debt issues. Additionally, general financial reporting and certification requirements embodied in bond covenants are monitored to ensure that all covenants are complied with.

The City will comply with Amended SEC Rule 15c2-12 (the "Rule") by providing secondary market disclosure for all long-term debt obligations, which are subject to the Rule. As required, the City will submit annual financial information to all nationally recognized municipal securities repositories.

✓ **CREDIT RATINGS**

The Director of Finance is responsible for maintaining relationships with the rating agencies that assign ratings to the City's various debt obligations. This effort includes providing periodic updates on the City's general financial condition along with coordinating meetings and presentations in conjunction with a new debt issuance.

✓ **OTHER POLICIES**

All bond issue requests shall be coordinated by the Department of Finance. Requests for new bonds must be identified during the Capital Improvement Program (CIP) process. Opportunities for refunding outstanding bonds shall be communicated by the Department of Finance.

ACCOUNTING AND FINANCIAL REPORTING POLICY

Georgia Law on Local Government Audits, O.C.G.A. Section 36-81-7, requires an independent annual audit for the City. The City's annual independent audit shall be conducted in accordance with generally accepted auditing standards (GAAS) and generally accepted governmental auditing standards (GAGAS). In addition, the City shall comply with the requirements of the General Accounting Office (GAO) and the Office of Management and Budget (OMB) when audits are conducted relating to federal funding, consistent with the 1996 (and any future) amendments to the Single Audit Act.

Fund Structure and Basis of Budgeting

FUND STRUCTURE AND BASIS OF BUDGETING

Fund Structure

In the early 1900's state and local governments often used separate bank accounts, commonly known as funds, to control resources set aside for specific purposes. This has evolved into modern day fund accounting used for the purpose of controlling governmental monetary resources that are legally restricted or earmarked or special purposes. Financial reporting treats each government as a collection of separate funds rather than one single entity. For this reason, government budgets are prepared using the fund structure. The National Council on Governmental accounting gives a rather long definition for Fund:

"A fund is a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations."

In summary, funds are the managing tools used by governments to ensure that public monies are spent only for those purposes authorized, and within the limits authorized. Individual funds are classified into three broad categories: Government, Proprietary, and Fiduciary. Each City's funds are classified into fund types and the number of funds a government uses can vary.

Governmental Funds

Governmental Funds are defined by law as funds used to account for "governmental-type activities". They account for all current financial resources except for those required by law to be accounted for in another fund. Governmental Funds are subdivided into four categories: General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds.

The City of Holly Springs has three Governmental Funds: General Fund, Special Revenue Funds, and Capital Projects Fund.

General Fund: The General Fund of a government unit serves as the primary reporting method for current government operations.

The major sources of revenues for the General Fund are: property taxes, franchise fees, and insurance premium taxes, court fines, building permits, and certificate of occupancy fees.

The major departments funded include: Administrative Services (City Manager, Finance, and Human Resources), Court Services, Public Safety, and Public Services.

Special Revenue Fund: The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The major sources of revenue for the Special Revenue Fund include: hotel/motel tax and operating grant.

The major categories funded include: tourism and the local community outreach program for troubled youths.

Capital Projects Fund: The Capital Projects Funds is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

The major sources of revenue for the Capital Projects Fund include: capital improvements, capital grant and SPLOST III.

The major categories funded include: road repair and city hall construction.

Debt Service Fund: The Debt Service Fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

The City does not have a Debt Service Fund at this time as we do not have long-term debt.

Proprietary Funds

Proprietary Funds are used to account for a government's ongoing activities that are similar to those found in the private sector. There are two types of proprietary funds - Enterprise Fund and Internal Service Fund.

The City of Holly Springs has one Proprietary Fund: Enterprise Fund.

Enterprise Fund: The Enterprise Fund of a government accounts for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public police, management control, accountability, or other purposes.

The major source of revenues for the Enterprise Fund is stormwater utility fees.

The major department funded is Stormwater Utility.

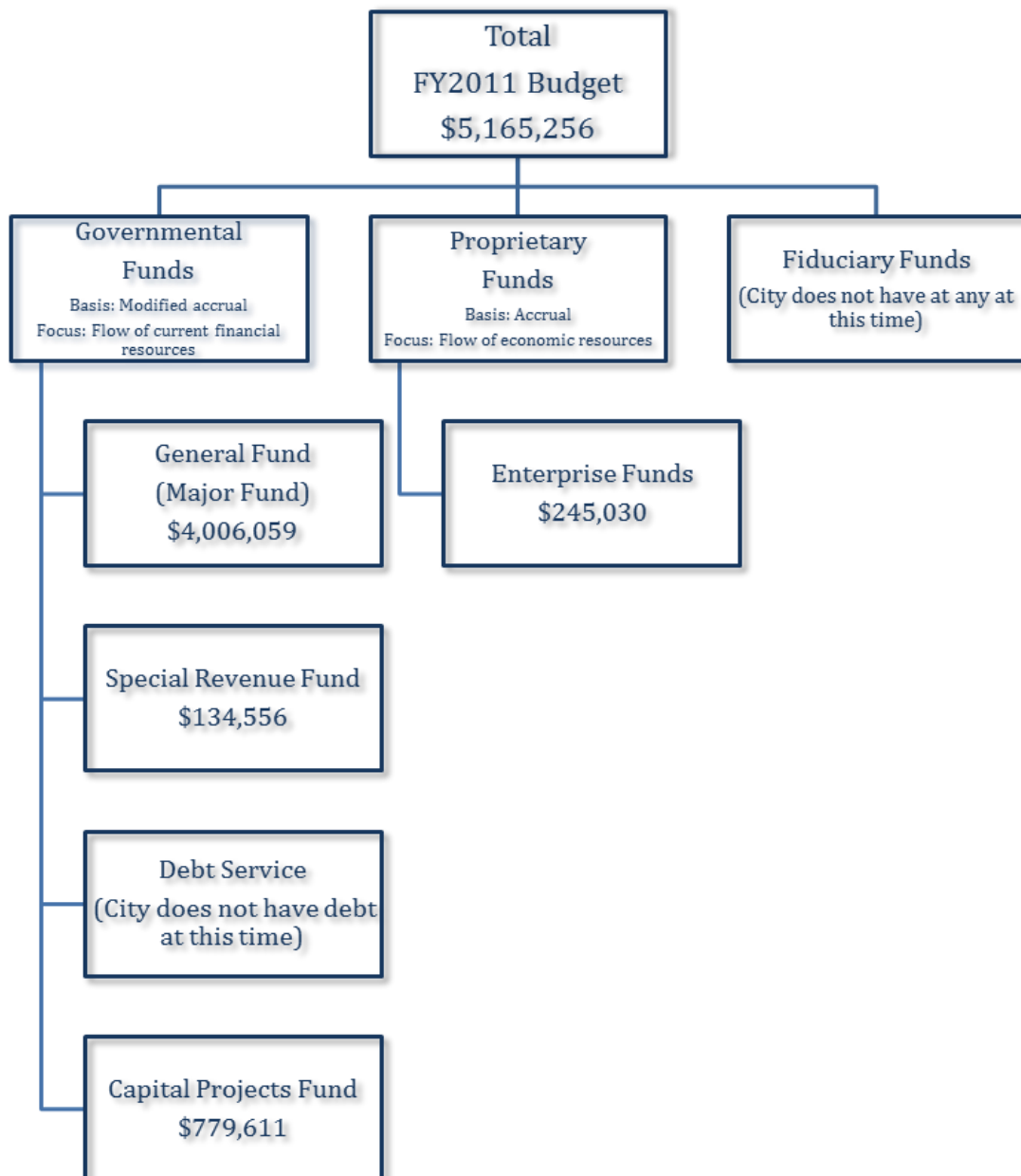
Internal Service Fund: The Internal Service Fund is used to identify and allocate costs of goods and services to other departments

The City does not have an Internal Service Fund at this time.

Fiduciary Funds

Fiduciary Funds are used to account for assets held in a trustee or agency capacity for others. The City does not have any Fiduciary Funds at this time.

Fund Structure



Basis of Budgeting versus Basis of Accounting

Neither GAAP nor Georgia statutes address a required budgetary basis of budgeting; the City adopts budgets in conformity with GAAP for all budgeted funds. The budgets of the general government type funds (the General Fund, Special Revenue Fund, and Capital Projects Fund) are prepared on a modified accrual basis. The modified accrual basis of accounting and budgeting recognizes revenue when a transaction is measurable and available. Revenue is considered available when it is collectible during the current period or after the end of the period but in time to pay current year liabilities and expenditures. Expenditures are recognized when they are measurable, when the liability is incurred, and when the liability will be liquidated with current resources. All three of these criteria must be met in order for the expenditure to be recognized.

Budgets for the proprietary funds (Enterprise Fund) are adopted on the accrual basis of accounting. This means revenues are recognized (recorded) when earned, and expenses are recognized when incurred, regardless of the timing of related cash flows.

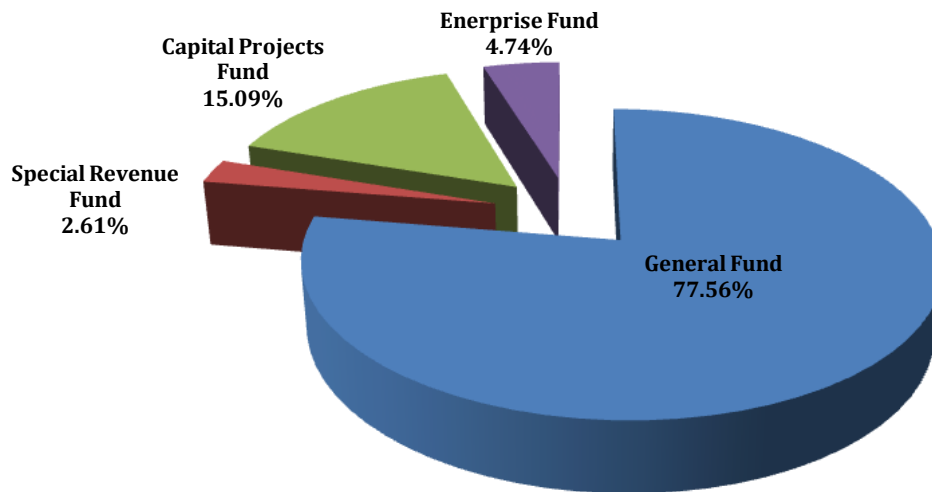
The City will establish and maintain high standards of accounting practices. Accounting standards will conform to generally accepted accounting principles of the United States as promulgated by the Governmental Accounting Standards Board (GASB). The City also will follow the Financial Accounting Standards Board's pronouncements, as applicable.

Fund Summaries

Summary of Budgets by Fund

Fund	FY2010 Adopted Budget	% of Total Budget	FY2011 Adopted Budget	% of Total Budget	\$ Change from FY2010 to FY2011	% Change from FY2010 to FY2011
General Fund	\$ 4,038,422	72.99%	\$ 4,006,059	77.56%	\$ (32,363)	-0.80%
Special Revenue Fund	\$ 65,500	1.18%	\$ 134,556	2.61%	\$ 69,056	105.43%
Capital Projects Fund	\$ 1,363,704	24.65%	\$ 779,611	15.09%	\$ (584,093)	-42.83%
Enerprise Fund	\$ 65,593	1.19%	\$ 245,030	4.74%	\$ 179,437	273.56%
Total	\$ 5,533,219	100.00%	\$ 5,165,256	100.00%	\$ (367,963)	-6.65%

Percent of Budgets by Fund



City of Holly Springs

Budget Summary (all funds)

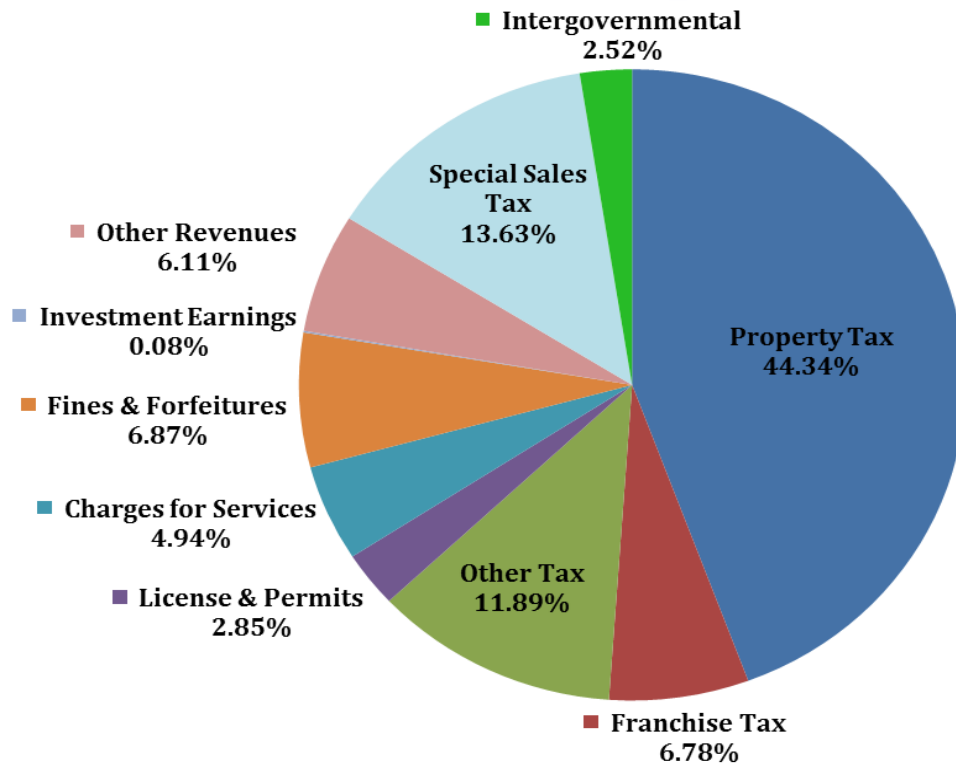
\$5,165,256

Estimated Revenues	Fund				Total
	General	Special Revenue	Capital Projects	Enterprise	
Property Tax	\$ 2,290,078	\$ -	\$ -	\$ -	\$ 2,290,078
Franchise Tax	350,000	-	-	-	350,000
Other Tax	609,881	4,500	-	-	614,381
License & Permits	147,050	-	-	-	147,050
Charges for Services	10,000	-	-	245,000	255,000
Fines & Forfeitures	355,000	-	-	-	355,000
Investment Earnings	3,550	56	671	30	4,307
Other Revenues	240,500	-	75,000	-	315,500
Special Sales Tax	-	-	703,940	-	703,940
Intergovernmental	-	130,000	-	-	130,000
	\$ 4,006,059	\$ 134,556	\$ 779,611	\$ 245,030	\$ 5,165,256

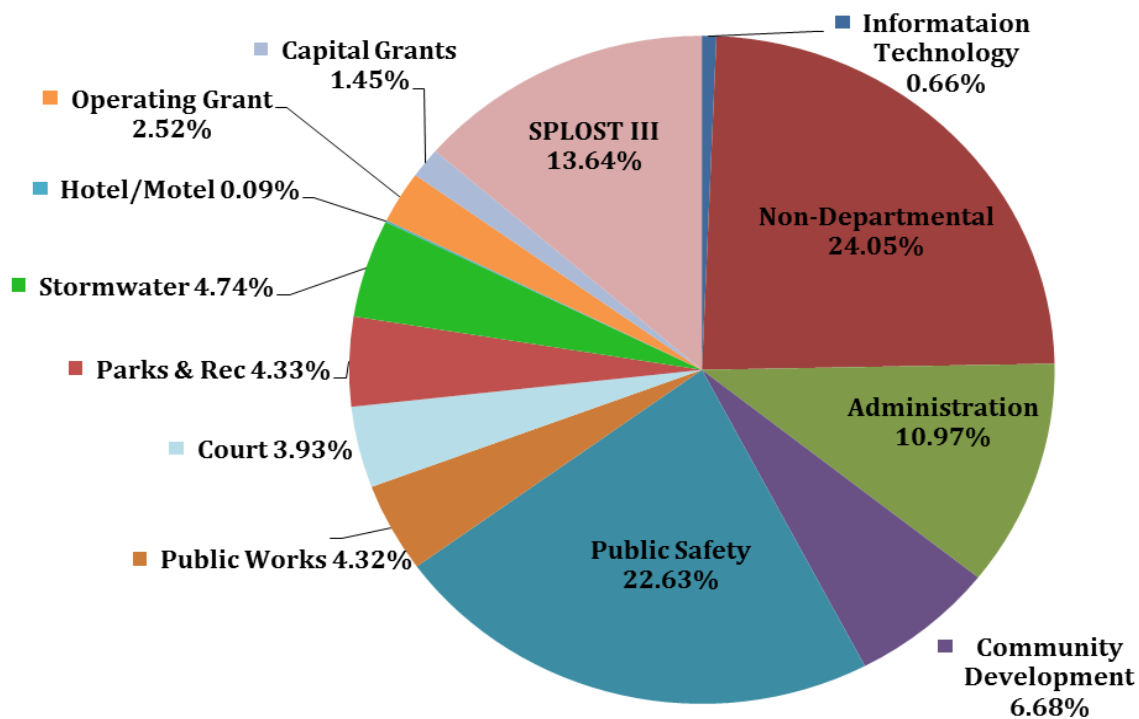
Estimated Expenditures					
Non-Departmental	\$ 1,238,509	\$ -	\$ -	\$ -	\$ 1,238,509
Information Technology	\$ 34,000				\$ 34,000
Administration	570,225	-	-	-	570,225
Community Development	344,842	-	-	-	344,842
Public Safety	1,168,733	-	-	-	1,168,733
Public Works	223,292	-	-	-	223,292
Court	202,907	-	-	-	202,907
Parks & Recreation	223,550	-	-	-	223,550
Stormwater Management	-	-	-	245,030	245,030
Capital Improvements	-	-	779,611	-	779,611
Operating Transfers Out	-	130,050	-	-	130,050
Hotel/Motel	-	4,506	-	-	4,506
	\$ 4,006,059	\$ 134,556	\$ 779,611	\$ 245,030	\$ 5,165,256

FY2011 Budget Summaries (all funds)

Revenues By Source



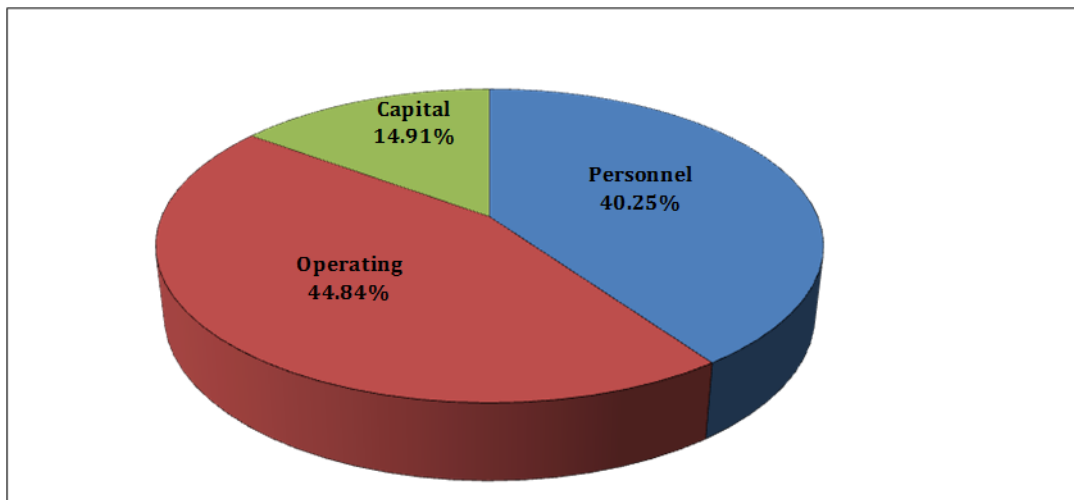
Expenditures By Department



Summary of Expenses by Category (all funds)

Fund	Personnel	Operating	Capital	Total
General				
Non-Departmental	\$ 3,750	\$ 1,238,509	\$ -	\$ 1,242,259
Information Technology	\$ -	\$ 18,000	\$ 16,000	\$ 34,000
Administration	\$ 469,688	\$ 96,787	\$ -	\$ 566,475
Comm Dev	\$ 265,642	\$ 79,200	\$ -	\$ 344,842
Public Safety	\$ 1,005,283	\$ 161,050	\$ 2,400	\$ 1,168,733
Public Works	\$ 167,567	\$ 55,725	\$ -	\$ 223,292
Court	\$ 112,832	\$ 90,075	\$ -	\$ 202,907
Parks & Recreation	\$ -	\$ 223,550	\$ -	\$ 223,550
Total	\$ 2,024,762	\$ 1,962,896	\$ 18,400	\$ 4,006,059
Enterprise				
Stormwater Management	\$ 54,156	\$ 143,418	\$ 47,456	\$ 245,030
Special Revenue				
Hotel/Motel Fund	\$ -	\$ 4,506	\$ -	\$ 4,506
Operating Grant	\$ -	\$ 130,050	\$ -	\$ 130,050
Total	\$ -	\$ 134,556	\$ -	\$ 134,556
Capital Projects				
Capital Grant Fund	\$ -	\$ 75,020	\$ -	\$ 75,020
SPLOST III	\$ -	\$ -	\$ 704,541	\$ 704,541
Capital Improvement	\$ -	\$ 50	\$ -	\$ 50
Total	\$ -	\$ 75,070	\$ 704,541	\$ 779,611
Total	\$ 2,078,918	\$ 2,315,941	\$ 770,397	\$ 5,165,256

Percent of Expenses by Category (all funds)



Governmental Funds

General Fund

Budget Overview

General Fund

	Adopted Budget 2010	Adopted Budget 2011	Dollar Change	Percent Change
Total Cost	\$4,038,422	\$4,006,059	(\$32,363)	-0.80%

Revenues by Department & Category				
	<u>Taxes</u>	<u>Fees & Fines</u>	<u>Other Revenue</u>	<u>Total</u>
Administration	\$ -	\$ -	\$ -	\$ -
Non-Departmental	\$ 3,029,459	\$ 25,850	\$ 213,500	\$ 3,268,809
Information Technology	\$ -	\$ -	\$ -	\$ -
Community Development	\$ -	\$ 133,200	\$ 18,000	\$ 151,200
Public Safety	\$ -	\$ -	\$ -	\$ -
Public Works	\$ -	\$ -	\$ -	\$ -
Court	\$ -	\$ 350,000	\$ 12,500	\$ 362,500
Parks & Recreation	\$ 220,500	\$ 3,000	\$ 50	\$ 223,550
Total	<u>\$ 3,249,959</u>	<u>\$ 512,050</u>	<u>\$ 244,050</u>	<u>\$ 4,006,059</u>

Expenditures by Department & Category				
	<u>Personnel</u>	<u>Operating</u>	<u>Capital</u>	<u>Total</u>
Administration	\$ 469,688	\$ 100,537	\$ -	\$ 570,225
Non-Departmental	\$ -	\$ 1,238,509	\$ -	\$ 1,238,509
Information Technology	\$ -	\$ 18,000	\$ 16,000	\$ 34,000
Community Development	\$ 265,642	\$ 79,200	\$ -	\$ 344,842
Public Safety	\$ 1,005,283	\$ 161,050	\$ 2,400	\$ 1,168,733
Public Works	\$ 167,567	\$ 55,725	\$ -	\$ 223,292
Court	\$ 112,832	\$ 90,075	\$ -	\$ 202,907
Parks & Recreation	\$ -	\$ 223,550	\$ -	\$ 223,550
Total	<u>\$ 2,021,012</u>	<u>\$ 1,966,646</u>	<u>\$ 18,400</u>	<u>\$ 4,006,059</u>

Operating
Millage 2010
4.865

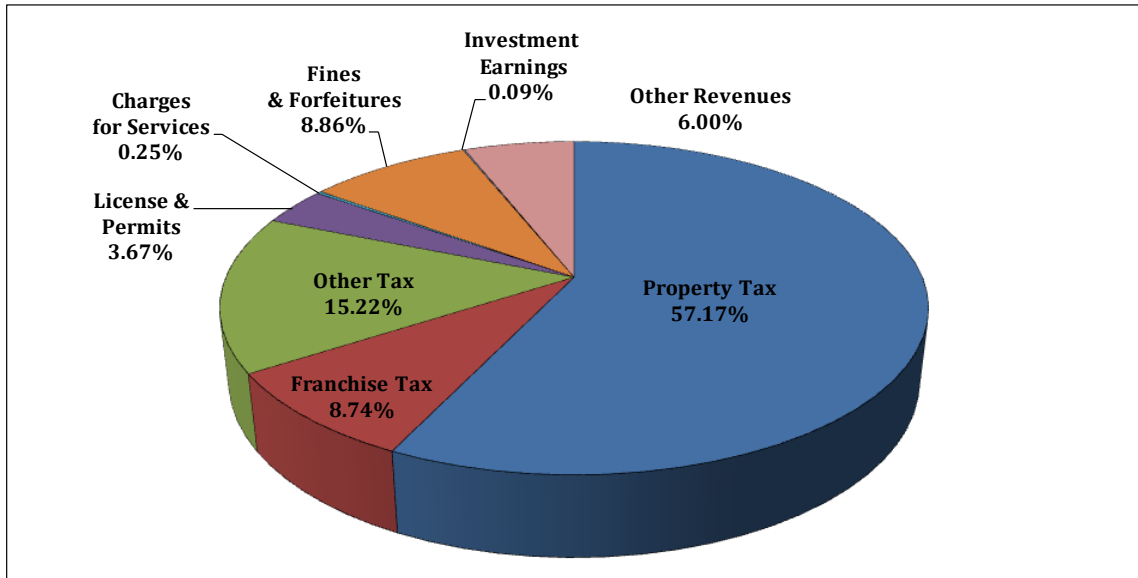
Operating
Millage 2011
5.148

Percent
Increase
5.82%

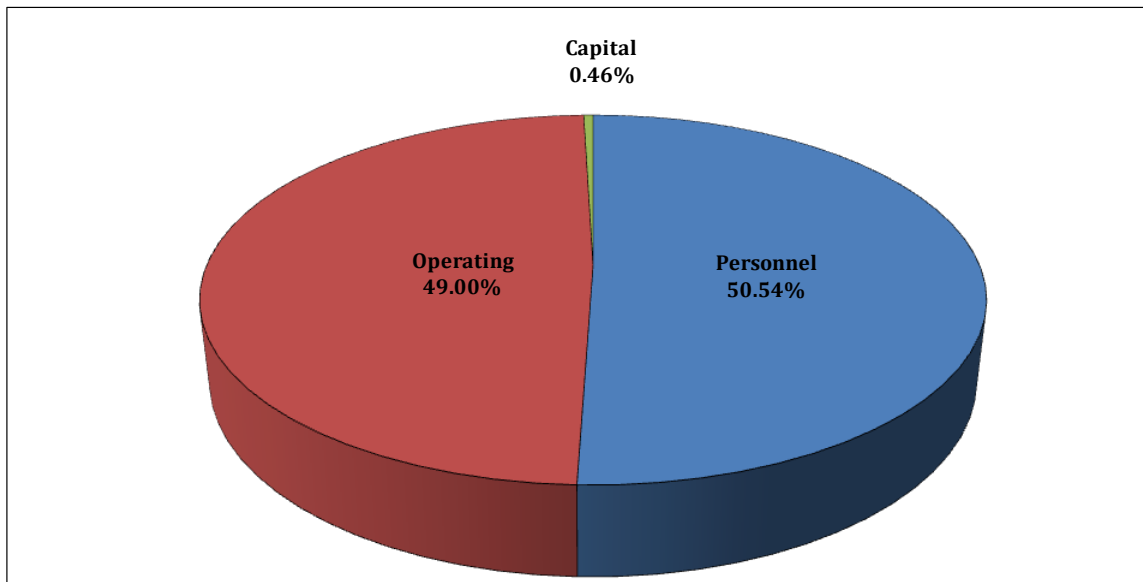
Budget Overview

General Fund

Revenues By Source



Expenditures By Category



General Fund

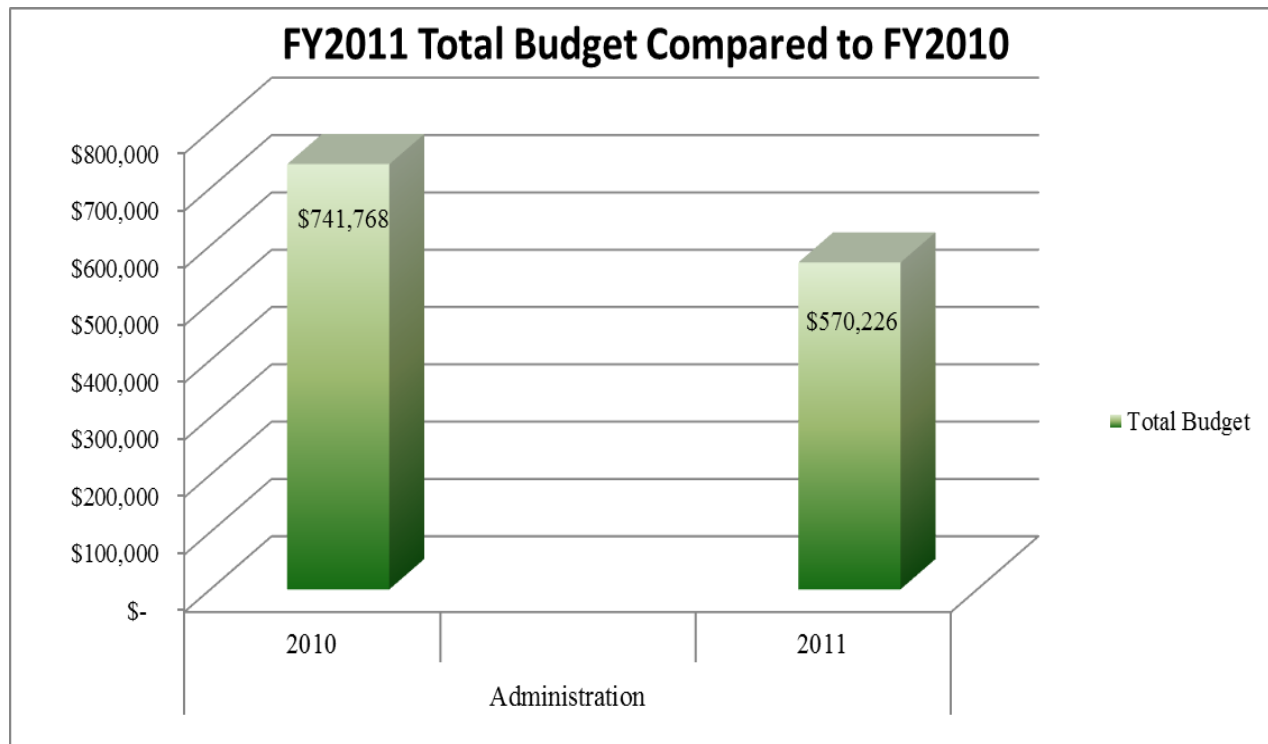
The General Fund of a government unit serves as the primary reporting method for current government operations. The primary sources of revenue for the General Fund include property and franchise taxes. The major departments funded include City Administration, Court Services, Public Safety, Public Services and Parks and Recreation.

Departmental Funding Highlights

❖ *City Administration*

The City's Administration department is comprised of the City Manager and Finance Department. The Council's budget, although being the governing body, also falls under the Administration department for the purpose of accounting for expenditures. The mission of the City Administration Department is to carry out the policies and implement the goals established by the City Council in providing efficient and responsive services to the citizens using sound fiscal management strategies while using a participative model of governance.

The total expenditures allocated for appropriation for the Administration department are anticipated to be \$570,226 (\$469,688 for salaries and benefits and \$100,537 for operating). This is a 23.13% decrease in expenditures from \$741,768 in 2010. One of the goals to reduce the expenditures within the administration department is to decentralize some of the expenditures that are being funded for city-wide activities. Some of these expenditures include utility payments, copy machine leases and maintenance agreements and general supplies.



Personnel

The FY2011 personnel allocation recommendation for the Administration department is as follows:

Mayor and Council: One (1) Mayor and Five (5) Council members

City Administration: Two (2) FT

Finance Department: Two (2) FT and (One) 1 PT

The transfer of the Information Technology Director position to the Community Wide (Non-Departmental) department was the only change for this department from FY2010 to FY2011.

Goals, Objectives and Performance Measures

The Finance Department includes Accounting, Payroll, Accounts Payable and Receivable, Budget, and Cash Management/Investments. This department is responsible for the preparation, implementation and execution of the City's annual budget, preparation and analysis of budget transfer and amendment requests, year-end closing process, the preparation of various financial analysis and reports for management planning, property taxes, and all other basic accounting functions such as payables and receivables. The City Manager is the responsible for the efficient administration of all departments of the City to provide effective delivery of all municipal services and programs. The City Manager makes recommendations to the City Council to adopt policies and implements them in the context of a shared vision through various administrative and operating departments.

Goals:

The goals of the Administration Department are:

- Fiscal Stability - Develop and administer the budgeting process to make is a sound basis for planning, decision making, and financial control for the City Manager, Mayor and Council.
- Fiscal Soundness - Develop financial policies to provide for long-range sound fiscal management and provide efficient and effective financial support services to all departments.
- Cost Efficiency - Ensure that funds are spent utilizing the procurement policies set forth by the City of Holly Springs and to acquire goods and/or services in the most efficient manner possible.

Objectives:

- Present monthly financial reports for management and council to be used in establishing and maintaining sound fiscal strategies.
- Develop a long-term financial plan for the City.
- Develop a long-range debt management plan for the City.
- Research potential new revenue sources and strengthen existing ones.

Performance Measures	FY2010 Budget	FY2010 Actual	FY2011 Budget
% of long-range debt management plan developed	100%	75%	100%
% of long-term financial plan developed	100%	60%	100%
# of years GFOA Distinguished Budget Award received	1	1	2
# of audit findings	0	*	0

*FY 2010 audit will be completed by June 2011

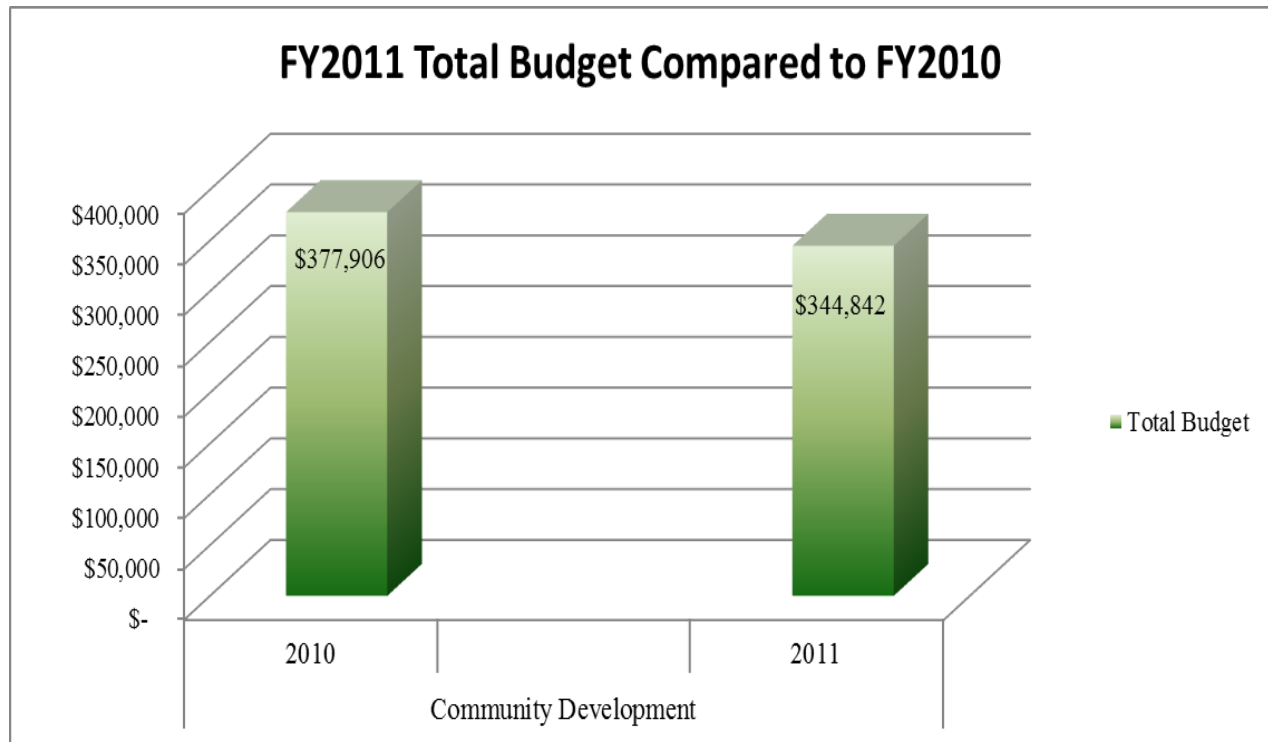
**Fiscal Year 2011
General Fund
Administration Expenditure Detail**

Administration (Includes Council, City Clerk, & Finance)		FY2010	FY2010	FY2011	% (+/-)
Acct Number	Line Item	Budget	Actual (unaudited)	Budget	FY10-11
6001-10	Admin Salaries	\$ 308,939	\$ 323,329	\$ 303,742	-1.68%
6003-10	Council Salaries	42,000	37,800	42,000	0.00%
6100-10	Benefits - Health	74,052	55,917	72,253	-2.43%
6101-10	Payroll Taxes - FICA	27,881	26,420	24,154	-13.37%
6102-10	Benefits - Dental	6,174	3,995	3,176	-48.55%
6103-10	Benefits - Life	1,320	1,365	1,200	-9.09%
6104-10	Benefits - STD	655	407	459	-29.95%
6105-10	Workers Comp.	3,786	19,807	4,526	19.54%
6106-10	GMEBS Pension	21,355	13,725	16,129	-24.47%
6107-10	Benefits - Vision	-	275	-	
6108-10	Flexible Spending	2,050	2,786	2,050	0.00%
6201-10	Advertising Expense	4,000	1,803	3,000	-25.00%
6202-10	Audit Expense	22,500	25,000	-	-100.00%
6203-10	Bank Charge	1,000	1,679	-	-100.00%
6205-10	Code Book Update	3,000	3,425	3,000	0.00%
6206-10	Computer Expense	3,500	4,341	-	-100.00%
6207-10	Contract Labor	12,480	6,042	-	-100.00%
6208-10	Convention & Training	3,000	4,154	7,837	161.23%
6210-10	Council Expense	10,500	5,665	9,000	-14.29%
6400-10	Dues & Subscriptions	10,000	6,286	11,750	17.50%
6410-10	Election Expense	10,000	7,511	10,000	0.00%
6475-10	Employee relations EAP	2,750	2,013	-	-100.00%
6500-10	Insurance	10,000	12,995	-	-100.00%
6600-10	Interest	-	1,067	-	
6700-10	Legal Expense	14,666	20,234	20,000	36.37%
6800-10	Matching Funds (Operating Grants)	25,000	-	-	-100.00%
6801-10	Matching Funds (Capital Grants)	40,000	40,000	-	-100.00%
6900-10	Misc. Expense	12,500	15,998	2,500	-80.00%
7500-10	Office Furniture	-	64	-	
7600-10	Office Expense	17,000	10,094	12,500	-26.47%
7701-10	Egg Hunt	5,000	4,596	-	-100.00%
7702-10	Litter Clean Up	100	37	50	-50.00%
7703-10	Memorial Day Observance	250	-	50	-80.00%
7704-10	Promotions-Newsletter	3,000	6,089	-	-100.00%
7705-10	Waterway Clean Up	50	-	50	0.00%
7706-10	Christmas Tree Recycling	500	-	500	0.00%
7800-10	Postage	4,200	8,787	7,500	78.57%
7900-10	Repairs & Maint.	16,560	14,454	4,500	-72.83%
7908-10	Software Expense	-	11,934	-	
7925-10	Telephone	17,500	9,210	6,500	-62.86%
7927-10	Travel & Mileage	500	202	500	0.00%
7930-10	Utilities	1,500	4,562	-	-100.00%
7950-10	Vehicle Maint/Gas	2,500	988	1,300	-48.00%
Department Total		\$ 741,768	\$ 715,054	\$ 570,226	-23.13%

❖ *Community Development*

The Community development department is comprised of both planning and zoning as well as building inspections and code enforcement. Using teamwork, creativity, professionalism, and unprecedented customer care, the Community Development Department provides our clients and citizens with outstanding building safety, environmental protection, regulatory oversight, planning practices, land use techniques, infrastructure systems, economic development, GIS, and problem resolving services to overcome challenges, create opportunities, promote the highest quality of life for our community to achieve the future vision and enduring legacy of a highly livable and economically successful City.

The total expenditures allocated for appropriation for the Community Development department are anticipated to be \$344,842 (\$265,642 for salaries and benefits and \$79,200 for operating). This is an 8.75% decrease in expenditures from \$377,906 in 2010.



Personnel

The FY2011 personnel allocation recommendation the Community Development department is as follows:

Planning:	Two (2) FT
Inspections:	One (1) FT
Permit Technician:	One (1) FT

The Stormwater Coordinator position was transferred from the Community Development department to the Stormwater Utility Management department.

One of the goals in this department is to hire another inspector and a City Planner on the upswing of the building and development market so that we can continue to provide the same level of service when it is needed.

Goals, Objectives and Performance Measures

The Community Development Department coordinates with organizations to enhance community aesthetics, revive distressed neighborhoods, offer long term solutions to land development, promote citizen participation in community functions, and maintain responsible growth and redevelopment in the City. This department is also responsible for reviewing building permit applications and performing inspections to ensure compliance with the Georgia Building Code.

Goal:

The goal of the Community Development Department is to implement long range planning and further economic development in the City by increasing citizen participation and engaging the public in the planning process through proactive meetings with neighborhood associations, business and service organizations.

Objectives:

- Increase the availability of suitable commercial and mixed use land in order to decrease reliance on the ad valorem residential tax base.
- Re-establish priorities and department goals to improve inspection and plan review quality and consistency as well as maintain existing service levels.
- Maintain protocols for complaint resolution at the department level to improve citizen relationships and responsiveness to our citizens.
- Incorporate progressive, sustainable technologies and innovative, cutting edge design concepts into future development and redevelopment projects in the City.

Performance Measures	FY2010 Budget	FY2010 Actual	FY2011 Budget
# of Planning & Zoning Commission meetings scheduled	12	3	12
# of new businesses opened in the City	50	76	60
% of code compliance inspections addressed	100%	100%	100%

**Fiscal Year 2011
General Fund
Community Development Revenue & Expenditure Detail**

Revenues

Community Development Acct Number	Line Item	FY2010 Budget	FY2010 Actual (unaudited)	FY2011 Budget	% (+/-) FY10-11
4301-20	Building Permit Revenue	\$ 115,000	\$ 73,560	\$ 106,200	-7.65%
4302-20	Zoning App. Revenue	\$ 3,000	\$ 3,380	\$ 3,000	0.00%
4303-20	Certificate of Occupancy Fees	\$ 150,000	\$ 59,730	\$ 12,000	-92.00%
4304-20	Code Fines	\$ 5,000	\$ 2,500	\$ 5,000	0.00%
4305-20	Dev. Fees/Plan Review	\$ 20,000	\$ 7,413	\$ 2,000	-90.00%
4306-20	Fire Plan Review	\$ 1,000	\$ 7,230	\$ 5,000	400.00%
4307-20	Misc Revenue	\$ -	\$ 11,469	\$ 18,000	
Department Total		\$ 294,000	\$ 165,281	\$ 151,200	-48.57%

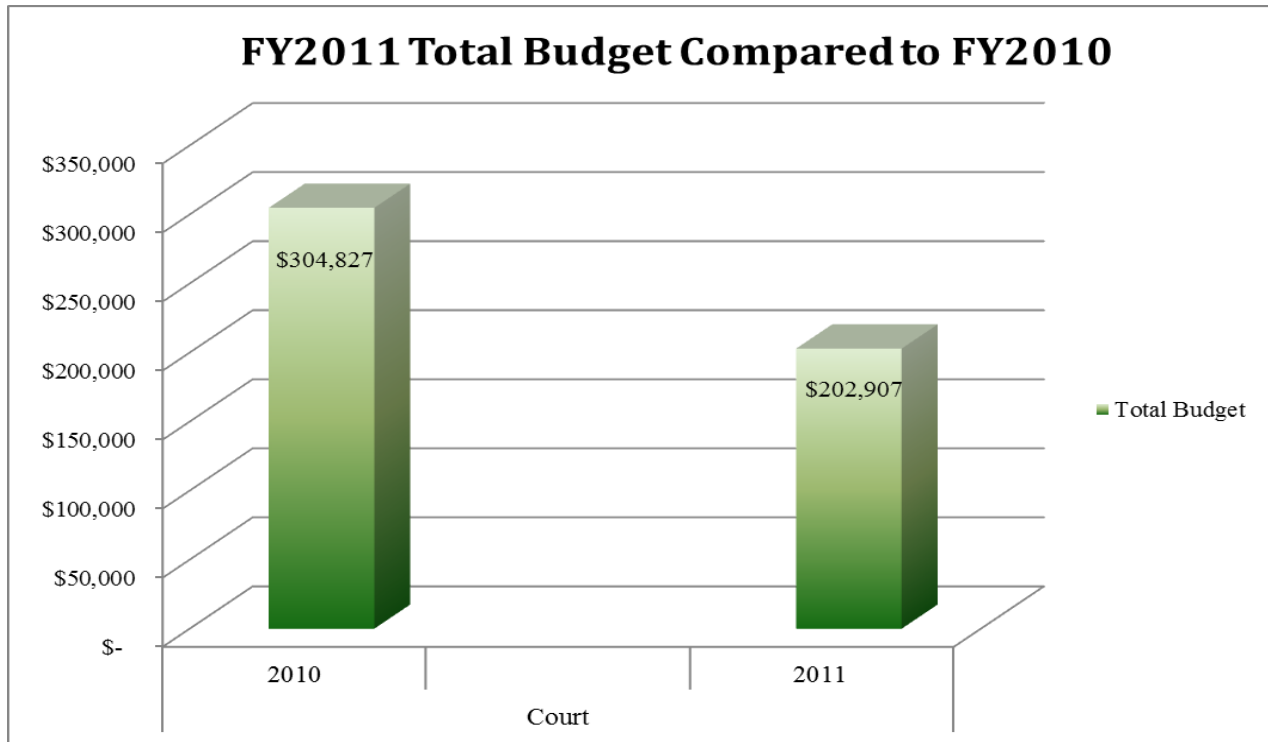
Expenditures

Community Development Acct Number	Line Item	FY2010 Budget	FY2010 Actual (unaudited)	FY2011 Budget	% (+/-) FY10-11
6001-20	Salaries	\$ 231,779	\$ 237,051	\$ 196,461	-15.24%
6002-20	Overtime	\$ -	\$ 477	\$ -	
6100-20	Benefits - Health	\$ 40,365	\$ 32,632	\$ 35,157	-12.90%
6101-20	Employee Taxes FICA	\$ 18,220	\$ 17,570	\$ 15,396	-15.50%
6102-20	Benefis - Dental	\$ 3,397	\$ 2,236	\$ 1,320	-61.14%
6103-20	Benefits - Life	\$ 600	\$ 478	\$ 480	-20.00%
6104-20	Benefits - STD	\$ 1,092	\$ 813	\$ 612	-43.96%
6105-20	Workers Comp	\$ 6,661	\$ 8,723	\$ 5,784	-13.16%
6106-20	GMEBS Pension	\$ 6,142	\$ 10,844	\$ 10,432	69.84%
6107-20	Benefits - Vision	\$ -	\$ 74	\$ -	
6201-20	Advertising Expense	\$ 3,250	\$ 1,209	\$ 2,000	-38.46%
6204-20	Capital expenditures	\$ 5,000	\$ -	\$ -	-100.00%
6205-20	Code Book Updates	\$ 1,500	\$ 468	\$ 1,500	0.00%
6206-20	Computer Expense	\$ 1,000	\$ 40	\$ -	-100.00%
6208-20	Convention & Training	\$ 1,000	\$ 732	\$ 2,500	150.00%
6400-20	Dues & Subscriptions	\$ -	\$ 515	\$ -	
6450-20	Engineering Fees	\$ 10,000	\$ 10,276	\$ 15,000	50.00%
6500-20	Insurance	\$ 10,000	\$ -	\$ -	-100.00%
6700-20	Legal Expense	\$ 6,000	\$ 8,346	\$ 7,500	25.00%
6790-20	Map Update Expense	\$ 1,000	\$ 470	\$ 1,000	0.00%
6900-20	Misc. Expense	\$ 700	\$ 347	\$ 1,000	42.86%
7600-20	Office Supplies	\$ 4,000	\$ 936	\$ 2,500	-37.50%
7605-20	Promotional	\$ -	\$ 2,247	\$ 18,000	
7690-20	P&Z Meetings	\$ 1,900	\$ 1,421	\$ 1,900	0.00%
7691-20	Planning Consulting	\$ 500	\$ 226	\$ 6,000	1100.00%
7692-20	Plan-Fire Review	\$ 5,000	\$ 9,206	\$ 7,800	56.00%
7800-20	Postage	\$ 500	\$ 70	\$ 500	0.00%
7900-20	Repairs & Maint	\$ 2,500	\$ 2,340	\$ 2,000	-20.00%
7908-20	Software Exp.	\$ 300	\$ -	\$ -	-100.00%
7925-20	Telephone	\$ 5,500	\$ 6,034	\$ 5,500	0.00%
7927-20	Travel & Mileage	\$ 500	\$ 37	\$ 2,500	400.00%
7930-20	Utilities	\$ 1,500	\$ 5,630	\$ -	-100.00%
7950-20	Vehicle Maint/Gas	\$ 8,000	\$ 3,162	\$ 2,000	-75.00%
Department Total		\$ 377,906	\$ 364,611	\$ 344,842	-8.75%

❖ *Municipal Court*

The Court services department is comprised of both full time and part time staff members as well as appointed judicial officials and contract employees. The mission of the Court services department is to support the process of adjudicating cases in accordance with the laws of the state of Georgia and the ordinances of the City of Holly Springs in a fair, courteous, efficient and professional manner.

The total expenditures allocated for appropriation for the Municipal Court department are anticipated to be \$202,907 (\$112,832 for salaries and benefits and \$90,075 for operating). This is a 33.44% decrease in expenditures from \$304,827 in 2010.



Personnel

The FY2011 personnel allocation recommendation for the Municipal Court is as follows:

Court Support Services: Two (2) FT and One (1) PT
Appointed: One (1) Appointed Judge
One (1) Appointed Associate Judge
Contract Personnel: Six (6) contract personnel

The support services for the Municipal report will remain unchanged. The fiscal impact regarding personnel in the Municipal Court will reside with the appointed and contractual personnel.

With the municipal court sessions lasting longer than anticipated as well as having the need to compensate the associate Judge for the on-call requirements, we had to make some modifications to the compensation for the appointed judicial staff. These modifications will equate to a 19.5% increase or \$10,100 annually for the appointed judicial staff. These modifications are as follows:

Judicial Designation	Present Compensation	FY2010 Budgeted Expenditures (30 sessions)	Proposed Compensation	\$90 per hour For Hours Worked Over 6 Per Session	FY2011 Budgeted Expenditures (30 sessions)
Judge (1)	\$550 per session	\$23,700	\$700 per session	\$90 per session	\$24,800
Associate Judge (1)	\$350 per month	\$4,200	\$350 per month	N/A	\$4,200
Chief Solicitor (1)	\$450 per session	\$19,200	\$550 per session	\$90 per session	\$19,200
Public Defender (1)	\$300 per session	\$3,000	\$300 per session	N/A	\$3,000
Translator (1)	\$150 per session	\$4,500	\$150 per session	N/A	\$4,500
Bailiffs (2)	\$100 per session	\$9,600	\$150 per session	N/A	\$9,600
Totals:	\$1,900	\$64,200	\$2,200	\$5,400	\$66,300

Note: We budgeted for 36 sessions for FY2010, but court is actually held only 30 times (twenty-four 24 arraignments and six (6) trials) annually.

The goal of the Municipal Court is to break even and not be a revenue stream. As such, as revenues increase with the enhanced performance due to the new software implementation, we will be seeking to hire another employee within this division for FY2012.

Goals, Objectives and Performance Measures

The Municipal Court Department is responsible for presiding over cases for people with business before the court, such as misdemeanors, including traffic and non-traffic offenses and civil matters pertaining to non-compliant parking defendants.

Goal:

The goal of the Municipal Court Services Department is to administer effective, timely, and impartial justice of all persons with business before the court.

Objectives:

- Implementation of SureCourt court management software to include on-line payments.
- To comply with the State of Georgia requirements to electronically transmit the disposition of adjudicated traffic cases in a timely and efficient manner.
- Accommodate first-time offenders with a diversion program including community service which would allow re-instatement of all driving privileges.

Performance Measures	FY2010 Budget	FY2010 Actual	FY2011 Budget
% of successful transmissions to the Department of Driver Services	100%	98.2%	100%
# of probation cases handled in City court	500	351	500
% of tickets paid on-line	60%	27.31%	60%

**Fiscal Year 2011
General Fund
Court Revenue & Expenditure Detail**

Revenues

Court Services Acct Number	Line Item	FY2010 Budget	FY2010 Actual (unaudited)	FY2011 Budget	% (+/-) FY10-11
4200-50	Fines	\$ 375,000	\$ 311,431	\$ 350,000	-6.67%
4201-50	Misc Revenues	\$ 13,500	\$ 7,603	\$ 12,500	-7.41%
Department Total		\$ 388,500	\$ 319,034	\$ 362,500	-6.69%

Expenditures

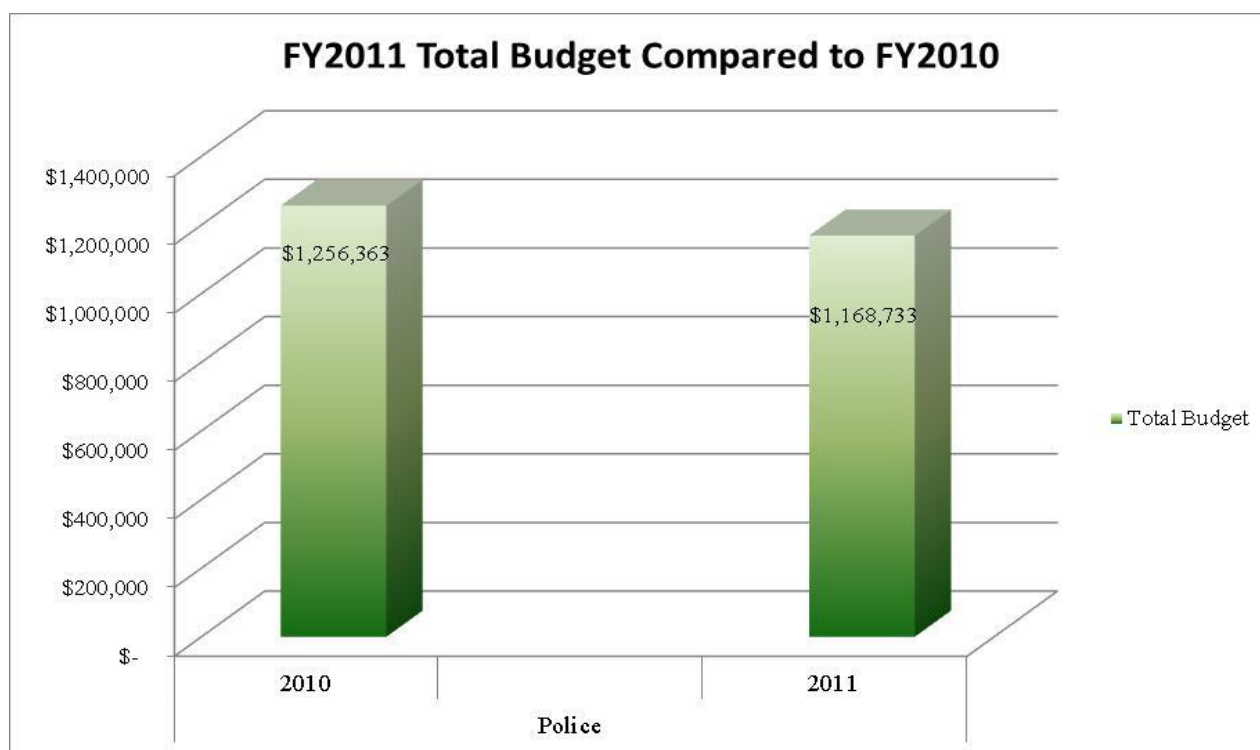
Court Services Acct Number	Line Item	FY2010 Budget	FY2010 Actual (unaudited)	FY2011 Budget	% (+/-) FY10-11
6001-50	Salaries	\$ 83,220	\$ 83,880	\$ 88,078	5.84%
6100-50	Benefits - Health	\$ 3,913	\$ 4,513	\$ 9,685	147.52%
6101-50	Employee Taxes FICA	\$ 6,660	\$ 5,790	\$ 9,102	36.68%
6102-50	Benefis - Dental	\$ 1,236	\$ 1,018	\$ 679	-45.06%
6103-50	Benefits - Life	\$ 240	\$ 229	\$ 240	0.00%
6104-50	Benefits - Short Term Disability	\$ 437	\$ 305	\$ -	-100.00%
6105-50	Workers Compensation	\$ 291	\$ 3,906	\$ 370	27.03%
6106-50	Retirement	\$ 2,205	\$ 3,018	\$ 4,677	112.08%
6107-50	Benefits - Vision	\$ -	\$ 13	\$ -	
6204-50	Capital expenditures	\$ 900	\$ -	\$ -	-100.00%
6206-50	Computer Equipment	\$ -	\$ 484	\$ -	
6207-50	Contract Labor	\$ 4,500	\$ 140	\$ 2,000	-55.56%
6208-50	Conventions & Training	\$ 3,000	\$ 448	\$ 1,650	-45.00%
6211-50	Court Services	\$ 190,625	\$ 58,347	\$ 66,300	-65.22%
6400-50	Dues and Subscriptions	\$ 50	\$ 275	\$ 275	450.00%
6500-50	Insurance	\$ 2,500	\$ 2,500	\$ -	-100.00%
6900-50	Misc. Expense	\$ -	\$ 549	\$ 200	
7600-50	Office Supplies	\$ 4,500	\$ 3,002	\$ 4,500	0.00%
7800-50	Postage	\$ 50	\$ 5	\$ 150	200.00%
7900-50	Repairs & Maint	\$ -	\$ 1,672	\$ 1,000	
7908-50	Software Exp.	\$ 500	\$ 9,130	\$ 12,000	2300.00%
7925-50	Telephone	\$ -	\$ 1,740	\$ 1,750	
7927-50	Travel	\$ -	\$ 168	\$ -	
7928-50	Uniforms	\$ -	\$ 415	\$ 250	
7930-50	Utilities	\$ -	\$ 6,409	\$ -	
7950-50	Vehicle Maint & Gas	\$ -	\$ 878	\$ -	
Department Total		\$ 304,827	\$ 188,834	\$ 202,907	-33.44%

❖ *Public Safety*

The Public Safety department is comprised of administrative and support staff, criminal investigations, uniform patrol and professional standards. As a whole, their mission is to maintain social order within prescribed ethical and constitutional limits, while providing professional law enforcement services.

The total expenditures allocated for appropriation for the Police department are anticipated to be \$1,168,733 (\$1,005,283 for salaries and benefits, \$161,050 for operating, and \$2,400 for capital). This is a 6.97% decrease in expenditures from \$1,256,363 in 2010.

The Public Safety department fleet is at full capacity with no additional SPLOST revenues to add or replace vehicles until FY2012. Should a new vehicle be needed prior to that time, the goal for funding additional fleet will come from the fines and forfeiture account that has been established to account for the liquidated monies from confiscated vehicles and property.



Personnel

The FY2011 personnel allocation recommendation for the Police department is as follows:

Administrative:	Three (3) FT
Uniform Patrol:	Thirteen (13) FT
Criminal Investigations:	Two (2) FT
Reserves:	Three (3)

There was a reduction of two (2) Criminal Investigation positions from FY2010 to FY2011.

Goals, Objectives and Performance Measures

The Public Safety Department is responsible for the development and implementation of programs which successfully address the changing and ever growing law enforcement problems facing our citizens. Our Public Safety Department is committed to providing a responsive police presence that improves the quality of life and builds problem-solving partnerships with the community.

Goal:

The goal of the Public Safety Department is to provide citizens with enhanced quality of life by maintaining and improving effective, efficient public safety services through public education, crime prevention, and quick response.

Objectives:

- Achieve measurable reductions in burglary, auto theft, and robbery through the enhancement of community partnerships.
- Conduct Neighborhood Crime Watch meetings and traffic safety programs.
- Process crime scenes and gather all physical evidence to include latent fingerprints and accurately evaluate the evidence in an effort to identify possible suspects, enhancing case resolution, and clearance.
- Achieve a faster response time to emergency calls for service.

Performance Measures	FY2010 Budget	FY2010 Actual	FY2011 Budget
# of traffic tickets issued	3,600	2,505	3,600
# of Neighborhood Crime Watch meetings conducted	12	12	12
Average response time for all calls for service (in minutes)	4	5	5

**Fiscal Year 2011
General Fund
Public Safety Expenditure Detail**

Public Safety Acct Number	Line Item	FY2010 Budget	FY2010 Actual (unaudited)	FY2011 Budget	% (+/-) FY10-11
6001-30	Salaries	\$ 799,192	\$ 812,173	\$ 727,694	-8.95%
6002-30	Overtime	\$ 23,889	\$ 16,651	\$ 26,000	8.84%
6100-30	Benefits - Health	\$ 95,627	\$ 75,300	\$ 109,371	14.37%
6101-30	Employee Taxes FICA	\$ 64,994	\$ 66,371	\$ 59,377	-8.64%
6102-30	Benefis - Dental	\$ 8,036	\$ 5,883	\$ 6,599	-17.88%
6103-30	Benefits - Life	\$ 2,280	\$ 1,964	\$ 2,040	-10.53%
6104-30	Benefits - STD	\$ 3,276	\$ 2,983	\$ 2,040	-37.73%
6105-30	Workers Comp.	\$ 29,960	\$ 30,201	\$ 32,921	9.88%
6106-30	Retirement	\$ 21,419	\$ 30,008	\$ 39,241	83.21%
6107-30	Benefits - Vision	\$ -	\$ 86	\$ -	
6201-30	Advertising	\$ 50	\$ 50	\$ 50	0.00%
6204-30	Capital Expenditures	\$ -	\$ 15,502	\$ 2,400	
6206-30	Computer Equipment	\$ -	\$ 1,319	\$ -	
6207-30	Contract Services	\$ 4,000	\$ 215	\$ 2,500	-37.50%
6208-30	Convention and Training	\$ 8,000	\$ 3,572	\$ 7,350	-8.13%
6300-30	Crime Prevention	\$ 800	\$ 533	\$ 500	-37.50%
6400-30	Dues and Subscriptions	\$ 800	\$ 996	\$ 3,350	318.75%
6500-30	Insurance	\$ 35,000	\$ 27,801	\$ -	-100.00%
6900-30	Misc. Expense	\$ 3,000	\$ 5,490	\$ 4,000	33.33%
7600-30	Office Supplies	\$ 7,000	\$ 4,697	\$ 7,000	0.00%
7700-30	Printing	\$ 500	\$ 173	\$ 500	0.00%
7800-30	Postage	\$ 100	\$ 238	\$ 300	200.00%
7900-30	Repairs & Maint	\$ 1,440	\$ 4,653	\$ -	-100.00%
7908-30	Software Support	\$ 20,000	\$ 4,214	\$ 10,000	-50.00%
7910-30	Ammunition	\$ 10,000	\$ 12,136	\$ 18,500	85.00%
7925-30	Telephone	\$ 12,000	\$ 17,255	\$ 11,000	-8.33%
7927-30	Travel & Mileage	\$ 1,000	\$ -	\$ -	-100.00%
7928-30	Uniform & Weapons	\$ 14,000	\$ 21,501	\$ 15,000	7.14%
7930-30	Utilities	\$ 30,000	\$ 16,488	\$ -	-100.00%
7950-30	Vehicle Maint & Gas	\$ 60,000	\$ 89,467	\$ 81,000	35.00%
Department Total		\$ 1,256,363	\$ 1,267,919	\$ 1,168,733	-6.97%

Routine Capital Expenditures

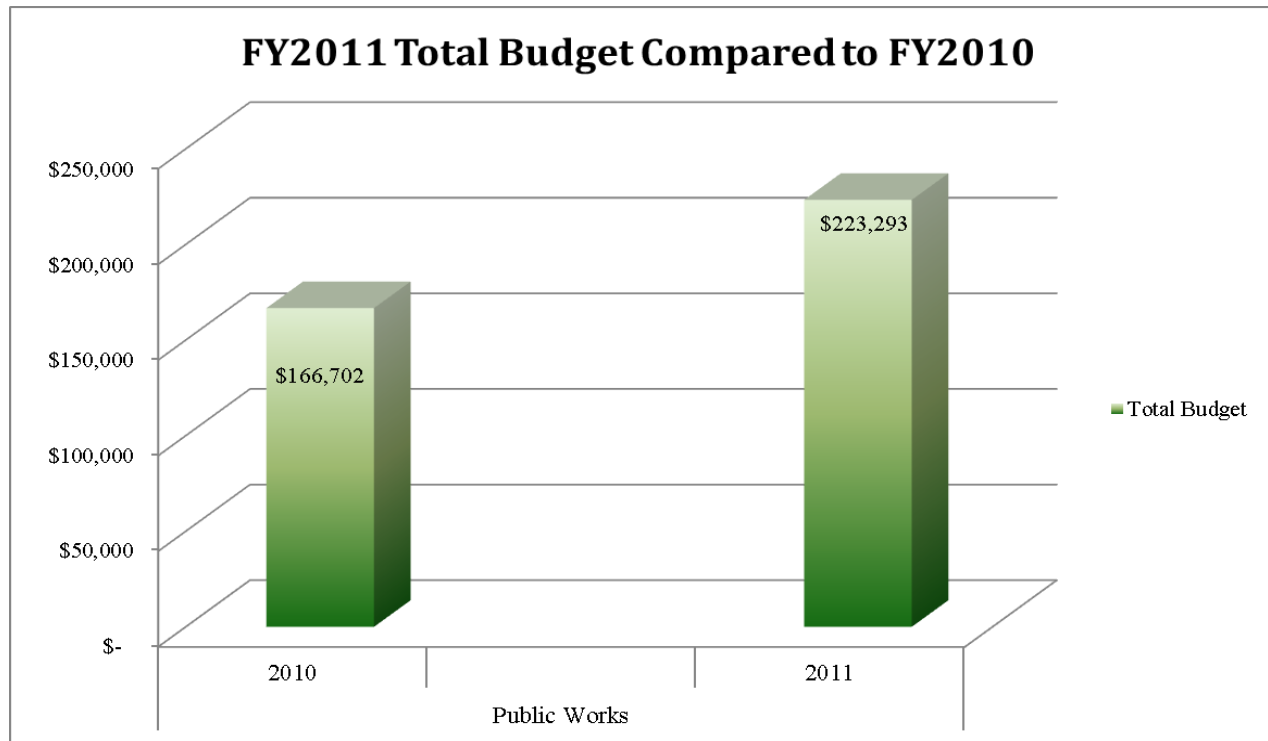
<i>Product</i>	<i>Amount</i>	<i>Notes</i>
Patrol Rifles	\$ 2,400	3 X \$800 each
	<u>\$ 2,400</u>	

Impact on operating budget : these expenditures will not initially impact the City's operating budget, however, with these additional assets comes the potential for future repairs and replacement costs.

❖ *Public Works*

The Public Works department is responsible for our streets and grounds which includes our Recreation and Parks department. Their mission is to provide cost effective maintenance and design solutions through professionalism while protecting, preserving, and improving the City's infrastructure and capital assets to ensure a safe, fun, and livable community

The total expenditures allocated for appropriation for the Public Works department are anticipated to be \$223,293 (\$167,567 for salaries and benefits and \$55,725 for operating). This is a 33.95% increase in expenditures from \$166,702 in 2010



Personnel

The FY2011 personnel allocation recommendation for Public Works is as follows:

Streets and Grounds: Three (3) FT

There was a reduction of two (2) Streets and Grounds positions from FY2010 to FY2011.

In order to continue maintaining grounds, the City has initiated contact with our contracted probation services entity to secure community service workers to assist with general lawn and ground maintenance. The goal is to continue to operate with the existing staff while supplanting the vacancies with these community service workers to help them achieve their probationary hours.

Goals, Objectives and Performance Measures

The Public Works Department is responsible for the maintenance of the City's infrastructure, municipal facilities, and parks. Staff has also included fleet maintenance as an additional responsibility.

Goal:

The goal of the Public Works Department is to provide services for the maintenance, procurement, beautification, and preservation of all municipal facilities, roadways, right-of-ways, materials and equipment in the most responsive and cost effective manner to the community.

Objectives:

- Ensure that all municipal buildings and roadways are maintained to the standards of the highest quality.
- Ensure timely completion of repairs on work projects so the disruption to citizens and customer service is minimal.
- On-going training for all staff members to include NPDES and/or ASE certification.

Performance Measures	FY2010 Budget	FY2010 Actual	FY2011 Budget
Percent of hazardous street conditions (potholes) repaired within one day of any notification	100%	90%	100%
Miles of roads resurfaced	+/- 1	+/- 1.5	+/- 2
# of staff members with NPDES and/or ASE certification	*	1	3

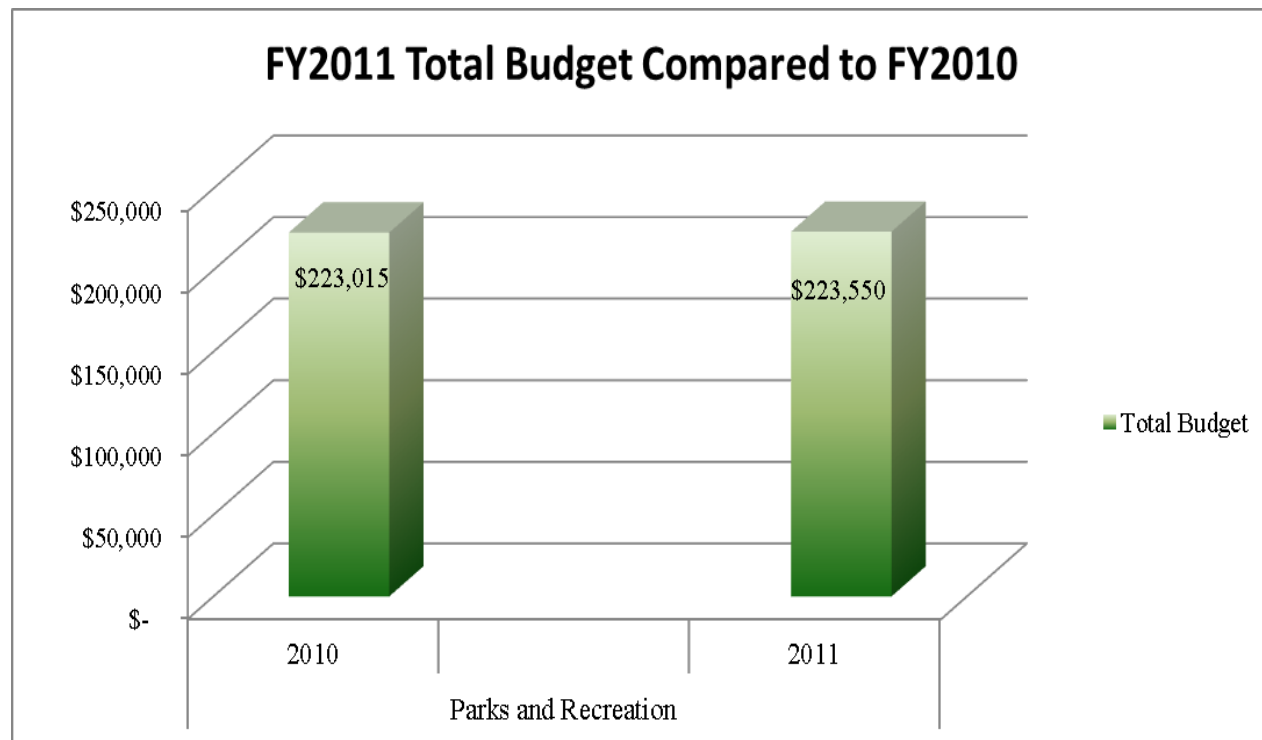
*This is a new responsibility for staff and as such, no prior year data is available

**Fiscal Year 2011
General Fund
Public Works Expenditure Detail**

Public Works Acct Number	Line Item	FY2010 Budget	FY2010 Actual (unaudited)	FY2011 Budget	% (+/-) FY10-11
6001-40	Salaries	\$ 76,107	\$ 77,678	\$ 114,833	50.88%
6002-40	Overtime	\$ 1,482	\$ 2,957	\$ 2,000	34.96%
6100-40	Benefits - Health	\$ 15,772	\$ 10,755	\$ 22,658	43.66%
6101-40	Employee Taxes FICA	\$ 5,969	\$ 5,514	\$ 9,152	53.32%
6102-40	Benefis - Dental	\$ 1,546	\$ 767	\$ 1,670	8.00%
6103-40	Benefits - Life	\$ 360	\$ 387	\$ 480	33.33%
6104-40	Benefits - Short Term Disability	\$ 349	\$ 294	\$ 259	-25.75%
6105-40	Workers Comp	\$ 5,899	\$ 6,222	\$ 10,418	76.61%
6106-40	Retirement	\$ 2,068	\$ 5,496	\$ 6,098	194.91%
6107-40	Benefits - Vision	\$ -	\$ (18)	\$ -	
6207-40	Contract Labor	\$ 2,000	\$ 5,500	\$ -	-100.00%
6208-40	Convention & Training	\$ 500	\$ 250	\$ 2,000	300.00%
6400-40	Dues and Subscriptions	\$ 250	\$ 242	\$ 500	100.00%
6450-40	Engineering Fees	\$ 6,000	\$ 1,290	\$ 4,000	-33.33%
6500-40	Insurance	\$ 5,000	\$ 5,190	\$ -	-100.00%
6900-40	Misc. Expense	\$ 200	\$ 99	\$ 200	0.00%
7600-40	Office Supplies	\$ -	\$ 4	\$ -	
7800-40	Postage	\$ -	\$ 16	\$ 25	
7850-40	Rental of Equipment	\$ -	\$ 448	\$ -	
7900-40	Repairs & Maint	\$ 8,000	\$ 14,077	\$ 15,000	87.50%
7908-40	Software Exp.	\$ 250	\$ -	\$ -	-100.00%
7910-40	Supplies/Materials	\$ 15,000	\$ 9,273	\$ 21,000	40.00%
7925-40	Telephone	\$ 1,750	\$ 2,893	\$ 3,000	71.43%
7928-40	Uniforms	\$ 2,000	\$ 1,065	\$ 2,000	0.00%
7930-40	Utilities	\$ 1,200	\$ 4,554	\$ -	-100.00%
7950-40	Vehicle Maint & Gas	\$ 15,000	\$ 7,806	\$ 8,000	-46.67%
Department Total		\$ 166,702	\$ 162,760	\$ 223,293	33.95%

❖ *Parks and Recreation*

The total expenditures allocated for appropriation for the Recreation and Parks department are anticipated to be \$223,550. This is a .24% increase in expenditures from \$223,015 in 2010. A transfer of \$200,000 of the \$223,550 will be made to the General Fund for operations. The reasoning behind the transfer of these funds is to allocate monies to the Public Works staff that provides the maintenance of the area parks and facilities related to park operations.



Personnel

Public Works staff provides the maintenance of the area parks and facilities related to park operations; therefore, there is not budgeted staff in this department.

Goals, Objectives and Performance Measures

The Parks and Recreation Department is responsible for preserving, improving, and maintaining the landscape throughout the City for the passive and active enjoyment of all residents. It will also be the responsibility of this department to maintain a recreational facility in which the City plans to construct on the recently acquired 33 acres of undeveloped land.

Goal:

The goal of the Parks and Recreation Department provide, protect and preserve a park system that promotes quality recreational, cultural and outdoor experiences for the Holly Springs community.

Objectives:

- Enhance existing landscaping and add new landscaping throughout the City.
- Begin engineering and site design for 33 acres of undeveloped land recently acquired by the City to include 6 baseball fields, a multi-purpose gym, and passive park with nature trails.
- Promote a clean, safe and accessible park system.

Performance Measures	FY2010 Budget	FY2010 Actual	FY2011 Budget
# of developed park acreage	10	10	43
# of park acres per 1,000 city residents	.07	.07	.25
# of re-landscaped sites	3	3	5

**Fiscal Year 2011
General Fund
Parks & Recreation Revenue & Expenditure Detail**

Revenues

Parks & Recreation Acct Number	Line Item	FY2010 Budget	FY2010 Actual (unaudited)	FY2011 Budget	% (+/-) FY10-11
4105	Beer/Wine Tax Revenue	\$ 219,000	\$ 217,036	\$ 215,000	-1.83%
4106	Community Building Rental	\$ 2,475	\$ 6,588	\$ 3,000	21.21%
4108	Liquor Pouring Tax	\$ -	\$ 8,572	\$ 5,500	
4400	Interest Earned	\$ 1,540	\$ 193	\$ 50	-96.75%
Department Total		\$ 223,015	\$ 232,389	\$ 223,550	0.24%

Expenditures

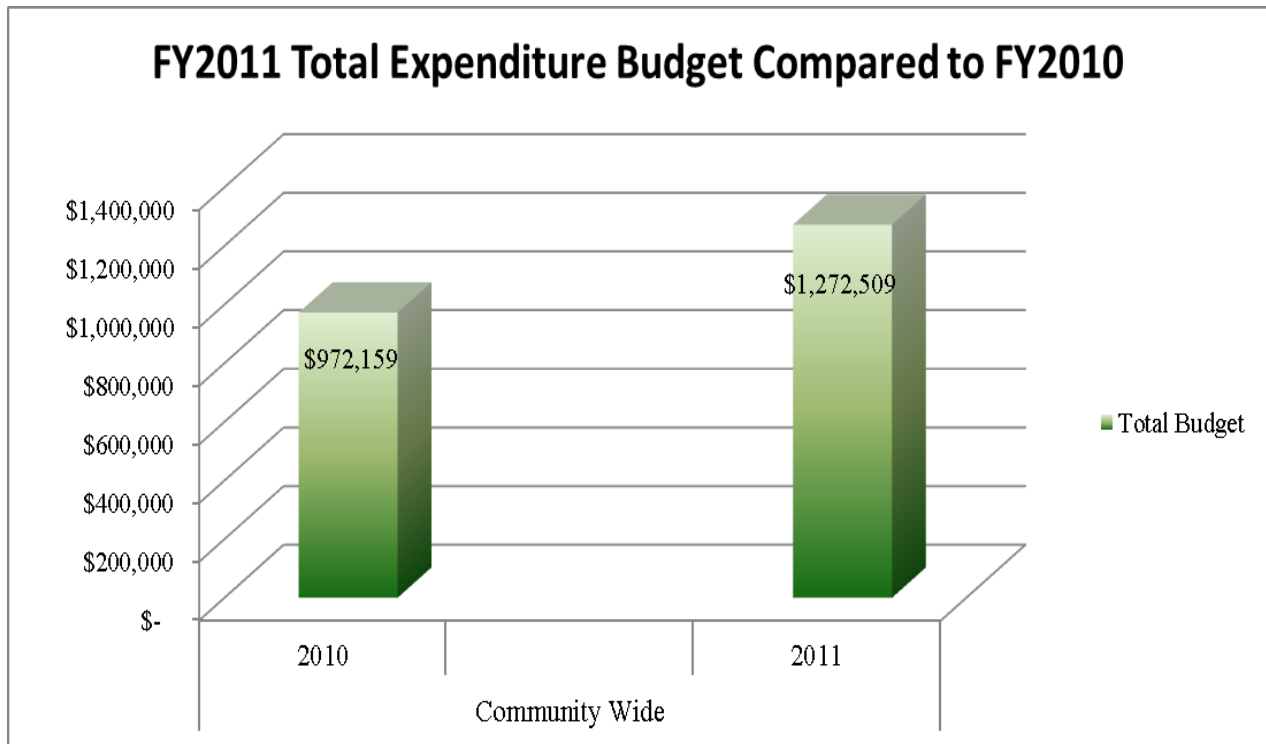
Parks & Recreation Acct Number	Line Item	FY2010 Budget	FY2010 Actual (unaudited)	FY2011 Budget	% (+/-) FY10-11
6204	Capital Expenditures	\$ -	\$ 18,718	\$ -	
7603	Community Center	\$ 500	\$ 2,494	\$ 500	0.00%
7604	Park Maintenance	\$ 2,500	\$ 4,179	\$ 3,000	20.00%
7606.01	Founder's Day - Admin	\$ 1,000	\$ -	\$ -	-100.00%
7606.02	Founder's Day - Christmas	\$ 1,000	\$ 1,817	\$ -	-100.00%
7606.03	Founder's Day - 5K Run	\$ 1,000	\$ -	\$ -	-100.00%
7606.04	Founder's Day - Events	\$ 1,000	\$ -	\$ -	-100.00%
7606.05	Founder's Day - Autumn Fest	\$ 1,000	\$ 2,275	\$ 2,500	150.00%
7607	Utilities	\$ 15,000	\$ 12,715	\$ 12,500	-16.67%
7850	Rental of Equipment	\$ -	\$ 1,300	\$ 650	
7900	Repairs & Maint	\$ -	\$ 1,260	\$ 4,400	
8000	Transfer to General Fund	\$ 200,015	\$ 187,800	\$ 200,000	-0.01%
Department Total		\$ 223,015	\$ 232,557	\$ 223,550	0.24%

❖ *Community Wide (Non-Departmental)*

The total expenditures allocated for appropriation for the Community Wide budget, which includes Information Technology, are anticipated to be \$1,272,509 (\$16,000 of the total budget will be used for capital). This is a 30.9% increase in expenditures from \$972,159 in 2010.

The increase of 30% from the prior year budget can be attributed to the following expenditures being transferred to this division from each individual department listed above:

- Utilities
- Information Technology (computers)
- Street lights
- Insurance



Personnel

The FY2011 personnel allocation recommendation for the Community Wide (Non-Departmental) division includes staff in the Information Technology department. This position was previously budgeted in City Administration.

Information Technology Director: One (1) FT

This position is a transfer from another department. The Information Technology Director was previously budgeted in City Administration.

Goals, Objectives and Performance Measures

The Information Technology Department is responsible for assisting the City in effectively addressing its technology needs. This includes the management of data, maintaining hardware and software, managing the City's website, and training City staff on new software.

Goal:

The goal of the Information Technology Department is to support City operation by providing user-friendly, modern technology accompanied with high level customer support, and training.

Objectives:

- Provide high level customer support.
- Develop seamless technology integration with existing systems throughout the City departments.
- Continue enhancements and provide new technology solutions through the City.

Performance Measures	FY2010 Budget	FY2010 Actual	FY2011 Budget
% work orders completed on time	100%	90%	100%
% of users satisfied	100%	80%	100%

**Fiscal Year 2011
General Fund
Community Wide Revenue & Expenditure Detail**

Revenues

Community Wide Acct Number	Line Item	FY2010 Budget	FY2010 Actual (unaudited)	FY2011 Budget	% (+/-) FY10-11
4000	Property Tax Revenue	\$ 2,117,412	\$ 2,740,690	\$ 2,290,078	8.15%
4001	Motor Vehicle Tax	\$ 74,949	\$ 126,813	\$ 85,000	13.41%
4002	Franchise Tax	\$ 390,000	\$ 365,504	\$ 350,000	-10.26%
4003	Intangible Tax	\$ 41,000	\$ 60,409	\$ 50,000	21.95%
4005	Insurance Premium Tax	\$ 176,000	\$ 171,993	\$ 160,000	-9.09%
4006	Financial Inst. Tax	\$ 2,000	\$ 8,990	\$ 4,000	100.00%
4007	Occupational Tax	\$ 70,000	\$ 115,172	\$ 90,000	28.57%
4008	Beer/Wine License	\$ 25,000	\$ 41,023	\$ 8,000	-68.00%
4010	RR Car Tax	\$ 381	\$ 406	\$ 381	0.00%
4100	Misc. Revenue	\$ 9,700	\$ 35,883	\$ 5,000	-48.45%
4102	Wrecker Service	\$ 11,500	\$ 11,500	\$ 11,500	0.00%
4103	Nat'l Sign Fees	\$ 6,200	\$ 350	\$ 6,200	0.00%
4110	Convenience Fee	\$ -	\$ 3,834	\$ -	
4400	Interest	\$ 8,750	\$ 3,819	\$ 3,500	-60.00%
4450	Surplus Income	\$ -	\$ 3,409	\$ 5,000	
4900	Trans from Parks	\$ 200,015	\$ -	\$ 200,000	-0.01%
4350	Pouring Permits	\$ -	\$ -	\$ 150	
Department Total		\$ 3,132,907	\$ 3,689,795	\$ 3,268,809	4.34%

Expenditures

Community Wide Acct Number	Line Item	FY2010 Budget	FY2010 Actual (unaudited)	FY2011 Budget	% (+/-) FY10-11
6002	Salaries & Wages - OT Events	\$ -	\$ 240	\$ -	
6200	Contingency	\$ 50,000	\$ -	\$ 100,000	100.00%
6202	Audit	\$ -	\$ -	\$ 23,000	
6203	Bank Service Charge	\$ -	\$ 3,376	\$ 2,100	
6206	Computer Equipment	\$ -	\$ -	\$ 16,000	
6490	Fire Services Fee	\$ 874,159	\$ 918,446	\$ 929,909	6.38%
6491	FIFA Fling Fees	\$ -	\$ 845	\$ -	
6500	Insurance-General Liability	\$ -	\$ -	\$ 71,000	
6801	Grant Matching-Capital	\$ -	\$ -	\$ 25,000	
7908	Software Expense	\$ -	\$ -	\$ 18,000	
7909	Street Lights	\$ 48,000	\$ 56,830	\$ 50,000	4.17%
7926	Traffic Light Fee	\$ -	\$ 2,523	\$ -	
7930	Utilities	\$ -	\$ 32	\$ 37,500	
Department Total		\$ 972,159	\$ 982,052	\$ 1,272,509	30.90%

Routine Capital Expenditures

<i>Device / Product</i>	<i>Amount</i>	<i>Notes</i>
6 Replacement Computers	\$ 5,100	6 X \$850 each
2 Replacement Laptops	3,600	3 X \$1200 each
Miscellaneous Hardware	3,800	Upgrade to existing equipment
Firewall Device	3,500	Upgrade to existing equipment
	<u>\$ 16,000</u>	

Impact on operating budget : these expenditures will not initially impact the City's operating budget because they are for the replacement and/or upgrade to our existing technology, however, with these additional assets comes the potential for future repairs and replacement costs.

Special Revenue Funds

Budget Overview

Special Revenue Fund

	Adopted Budget 2010	Adopted Budget 2011	Dollar Change	Percent Change
Total Cost	\$65,500	\$134,556	\$69,056	105.43%

Revenues by Department & Category				
	Other Tax	Intergovernmental	Other Revenue	Total
Hotel/Motel	\$ 4,500	\$ -	\$ 6	\$ 4,506
Operating Grant	\$ -	\$ 130,000	\$ 50	\$ 130,050
Total	<u>\$ 4,500</u>	<u>\$ 130,000</u>	<u>\$ 56</u>	<u>\$ 134,556</u>

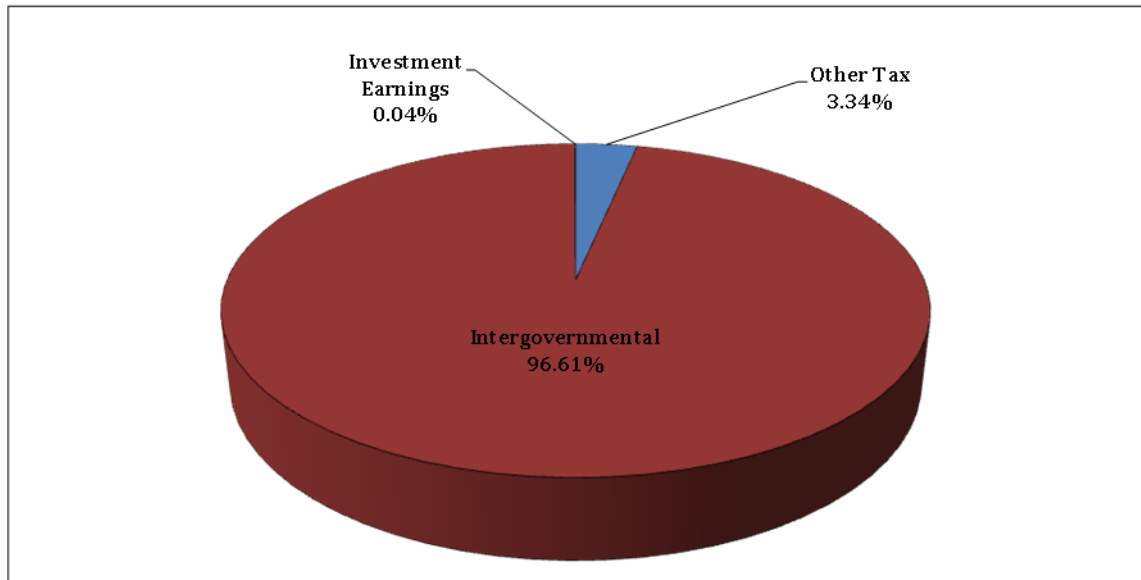
Expenditures by Department & Category				
	Personnel	Operating	Capital	Total
Hotel/Motel	\$ -	\$ 4,506	\$ -	\$ 4,506
Operating Grant	\$ -	\$ 130,050	\$ -	\$ 130,050
Total	<u>\$ -</u>	<u>\$ 134,556</u>	<u>\$ -</u>	<u>\$ 134,556</u>

Explanation of Major Variances	
<p>The increase in the Special Revenue fund is due to a larger amount of grant funds being awarded to Cherokee Focus from FY10 to FY11 from the Atlanta Regional Commission (ARC). Cherokee Focus is a local community outreach program for troubled youths . The City is a third party administrator of this grant.</p>	

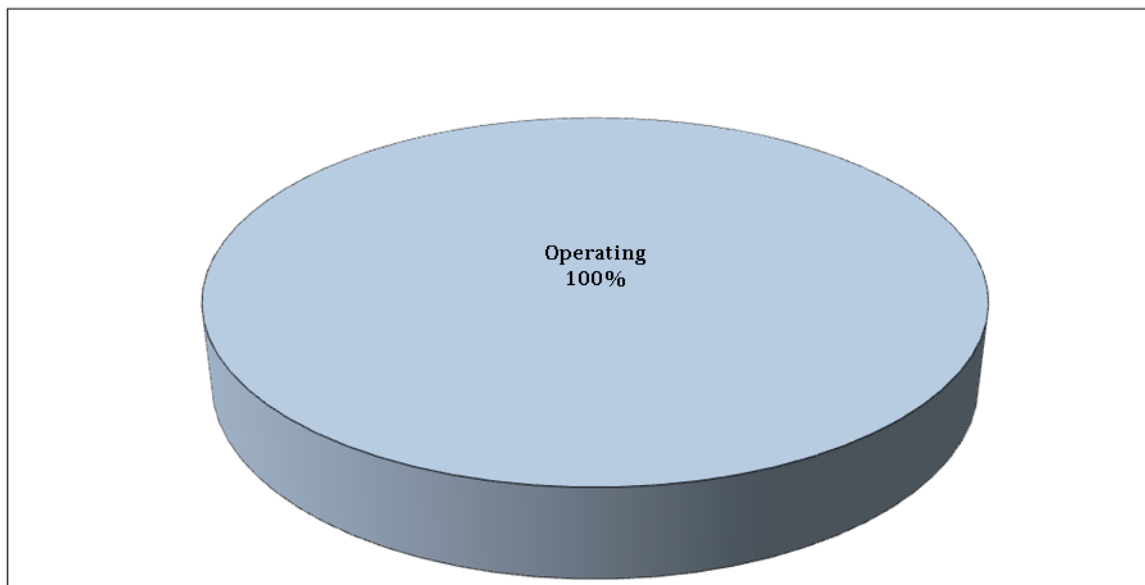
Budget Overview

Special Revenue Fund

Revenues By Source



Expenditures By Category



Special Revenue Fund

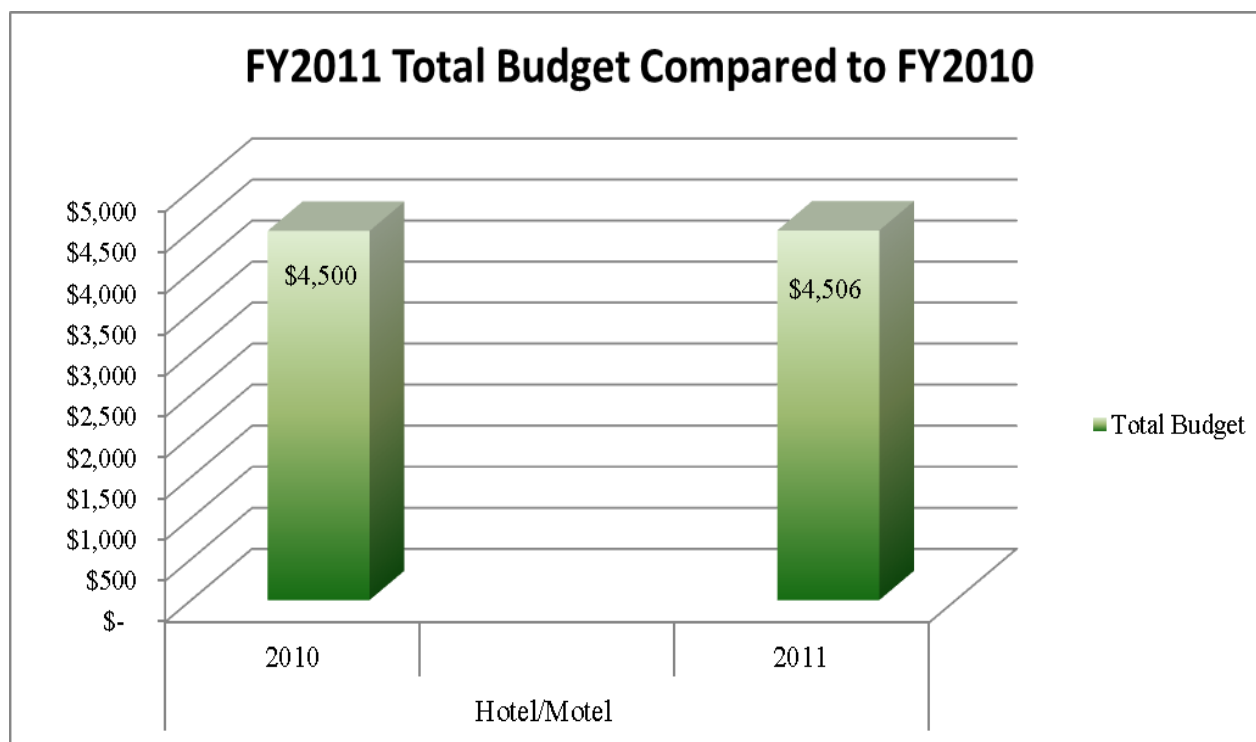
Special Revenue Funds are used to account for specific revenue sources that can be legitimately spent for designated purposes only. All special revenue funds use the modified accrual basis of accounting and budgeting. The modified accrual basis of accounting and budgeting is explained in detail in the “Fund Structure and Basis of Budgeting” section. The City of Holly Springs uses a Hotel/Motel Fund and an Operating Grants Fund

Departmental Funding Highlights

❖ *Hotel/Motel Fund*

In March of 2008, the Mayor and Council approved the creation of a Hotel/Motel Fund. This fund accounts for the levy and collection of excise tax upon hotels and motels for the purpose of promoting convenience, tourism, and trade shows, while also providing funds to develop economic vitality in downtown areas. Currently, the City of Holly Springs levies a 3% tax to its one existing hotel/motel.

The total expenditures allocated for appropriation for this fund are anticipated to be \$4,506. This is an increase of .13% in expenditures from \$4,500 in 2010.



According to Georgia Code (O.C.G.A. 48-13-51), these monies can only be used to advance tourism and visitors and promote the City. The annual expenditures for the City's newsletter, *The Whistlestop*, published and distributed to all residents quarterly is approximately \$7,500. This is a reduction in expenditures since we have changed the format to black and white as opposed to color to cut costs. The City is using a portion of the Hotel/Motel revenues in the amount of \$4,506 to offset this expenditure to continue allowing the promotion of city activities and events that attract visitors.

**Fiscal Year 2011
Special Revenue Fund
Hotel/Motel Revenue & Expenditure Detail**

Revenues

Hotel/Motel Acct Number	Line Item	FY2010 Budget	FY2010 Actual (unaudited)	FY2011 Budget	% (+/-) FY10-11
4011	Hotel/Motel Tax	\$ 4,500	\$ 4,558	\$ 4,500	0.00%
4400	Interest Earned	\$ -	\$ 7	\$ 6	100.00%
Department Total		\$ 4,500	\$ 4,565	\$ 4,506	0.13%

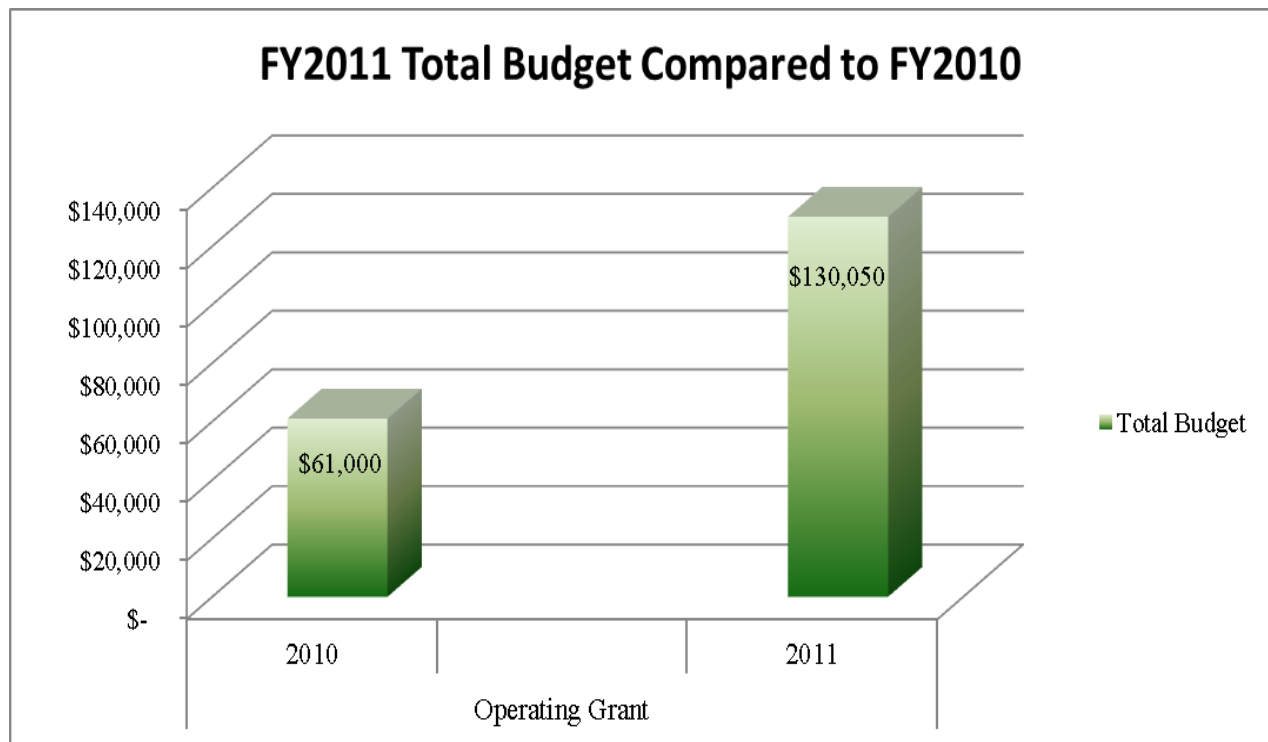
Expenditures

Hotel/Motel Acct Number	Line Item	FY2010 Budget	FY2010 Actual (unaudited)	FY2011 Budget	% (+/-) FY10-11
7704	Newsletter	\$ 4,500	\$ -	\$ 4,506	0.13%
Department Total		\$ 4,500	\$ -	\$ 4,506	0.13%

❖ *Operating Grants Fund*

This fund accounts for resources received from state and federal grants that are earmarked for specific purposes outlined in the grant award. The Operating Grants Fund accounts for transactions related to grants that supplement maintenance and operating projects.

For FY2011, we have budgeted \$130,050 for the Operating Grants Fund. These expenditures are broken down in the table below.



The City supports Families of Cherokee United in Service (F.O.C.U.S.) by serving as their fiscal agent for their grants received from the Atlanta Regional Commission (ARC). While the funds are entirely reimbursable through the ARC as invoiced by F.O.C.U.S., we still must budget accordingly for these expenditures.

**Fiscal Year 2011
Special Revenue Fund
Operating Grant Revenue & Expenditure Detail**

Revenues

Operating Grant Acct Number	Line Item	FY2010 Budget	FY2010 Actual (unaudited)	FY2011 Budget	% (+/-) FY10-11
4110	Trail Grant Reimb	\$ 25,000	\$ -	\$ -	-100.00%
4109	ARC Reimbursement	\$ 36,000	\$ 153,976	\$ 130,000	261.11%
4400	Interest Earnings		\$ 60	\$ 50	
Department Total		\$ 61,000	\$ 154,036	\$ 130,050	113.20%

Expenditures

Operating Grant Acct Number	Line Item	FY2010 Budget	FY2010 Actual (unaudited)	FY2011 Budget	% (+/-) FY10-11
6100	F.O.C.U.S. Grant	\$ 36,000	\$ 160,192	\$ 129,800	260.56%
6105	Trail Grant	\$ 25,000	\$ -	\$ -	-100.00%
6200	ECOS Environmental	\$ -	\$ 55	\$ -	
6203	Bank Service Charge	\$ -	\$ 216	\$ 250	
Department Total		\$ 61,000	\$ 160,463	\$ 130,050	113.20%

Capital Projects Fund

Budget Overview

Capital Projects Fund

	Adopted Budget 2010	Adopted Budget 2011	Dollar Change	Percent Change
Total Cost	\$1,363,704	\$779,611	(\$584,093)	-42.83%

Revenues by Department & Category				
	<u>Special Tax</u>	<u>Investment Earnings</u>	<u>Other Revenues</u>	<u>Total</u>
Capital Improvement	\$ -	\$ 50	\$ -	\$ 50
Capital Grants	\$ -	\$ 20	\$ 75,000	\$ 75,020
SPLOST III	\$ 703,940	\$ 601	\$ -	\$ 704,541
Total	<u>\$ 703,940</u>	<u>\$ 671</u>	<u>\$ 75,000</u>	<u>\$ 779,611</u>

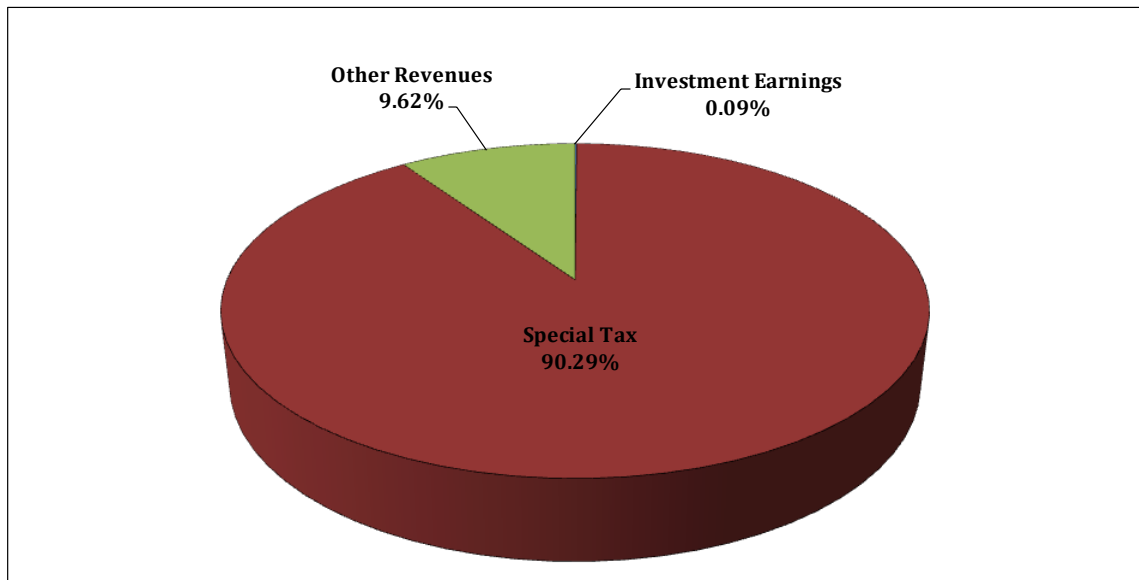
Expenditures by Department & Category				
	<u>Personnel</u>	<u>Operating</u>	<u>Capital</u>	<u>Total</u>
Capital Improvement	\$ -	\$ 50	\$ -	\$ 50
Capital Grants	\$ -	\$ 75,020	\$ -	\$ 75,020
SPLOST III	\$ -	\$ -	\$ 704,541	\$ 704,541
Total	<u>\$ -</u>	<u>\$ 75,070</u>	<u>\$ 704,541</u>	<u>\$ 779,611</u>

Explanation of Major Variances	
<p>The Capital Projects Fund reduction of 43% from the previous year is attributed to SPLOST III (Special Local Option Sales Tax) funding. This revenue source ends mid year and therefore, the funding has not been budgeted 100% in this fiscal year.</p>	

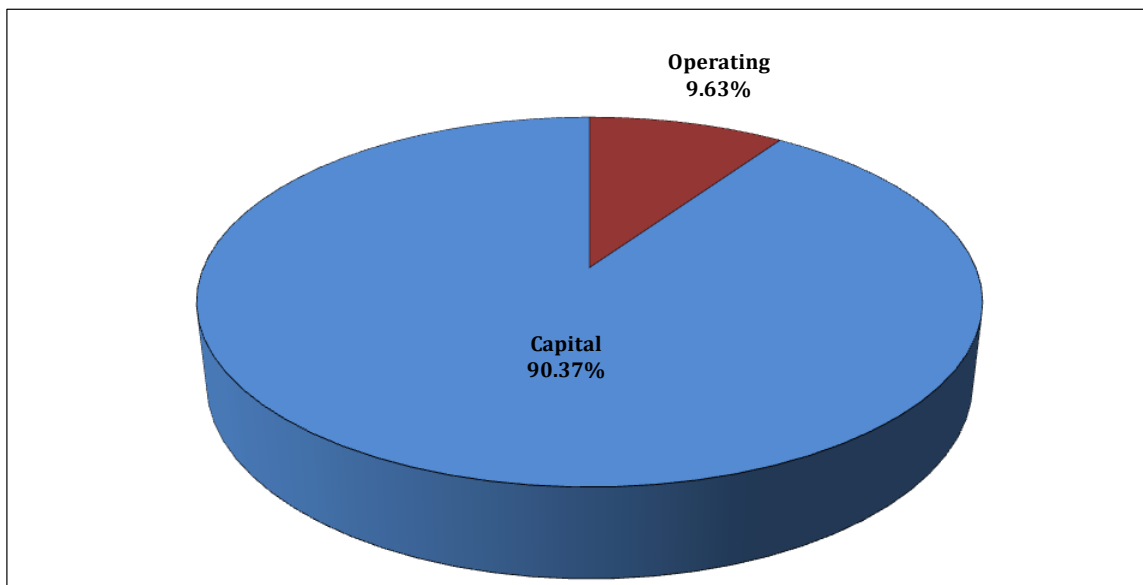
Budget Overview

Capital Project Fund

Revenues By Source



Expenditures By Category



Capital Projects Fund

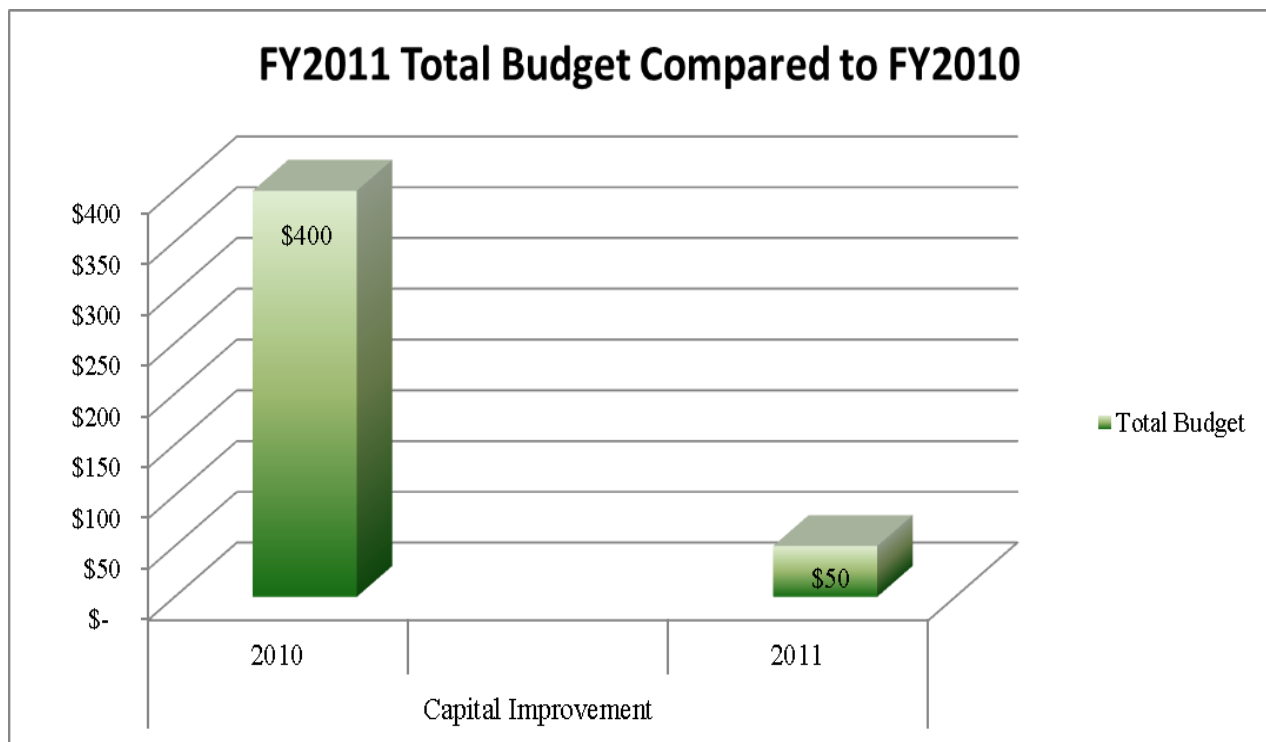
Capital projects funds are used to account for major capital construction or acquisition. The City has three capital project funds at this time which account for general capital projects and fleet acquisition. Capital projects funds use the modified accrual basis of accounting and budgeting.

Departmental Funding Highlights

❖ *Capital Improvements*

This fund is used to account for the acquisition of capital expenditures greater than \$25,000 funded by sources other than SPLOST (Special Local Option Sales Tax) proceeds.

In FY2010, we allocated \$400 in revenue for this fund which was the estimated interest we would earn. We are budgeting \$50 from interest earnings in FY2011. This is a decrease of 87.50% from the previous year. This can be attributed to interest rates being at an all-time low as well as this account having a significantly lower balance than in prior years.



**Fiscal Year 2011
Capital Projects Fund
Capital Improvement Revenue & Expenditure Detail**

Revenues

Capital Improv. Acct Number	Line Item	FY2010 Budget	FY2010 Actual (unaudited)	FY2011 Budget	% (+/-) FY10-11
4100	Misc. Income	\$ -	\$ 2	\$ -	
4400	Interest Earnings	\$ 400	\$ 223	\$ 50	-87.50%
Department Total		\$ 400	\$ 225	\$ 50	-87.50%

Expenditures

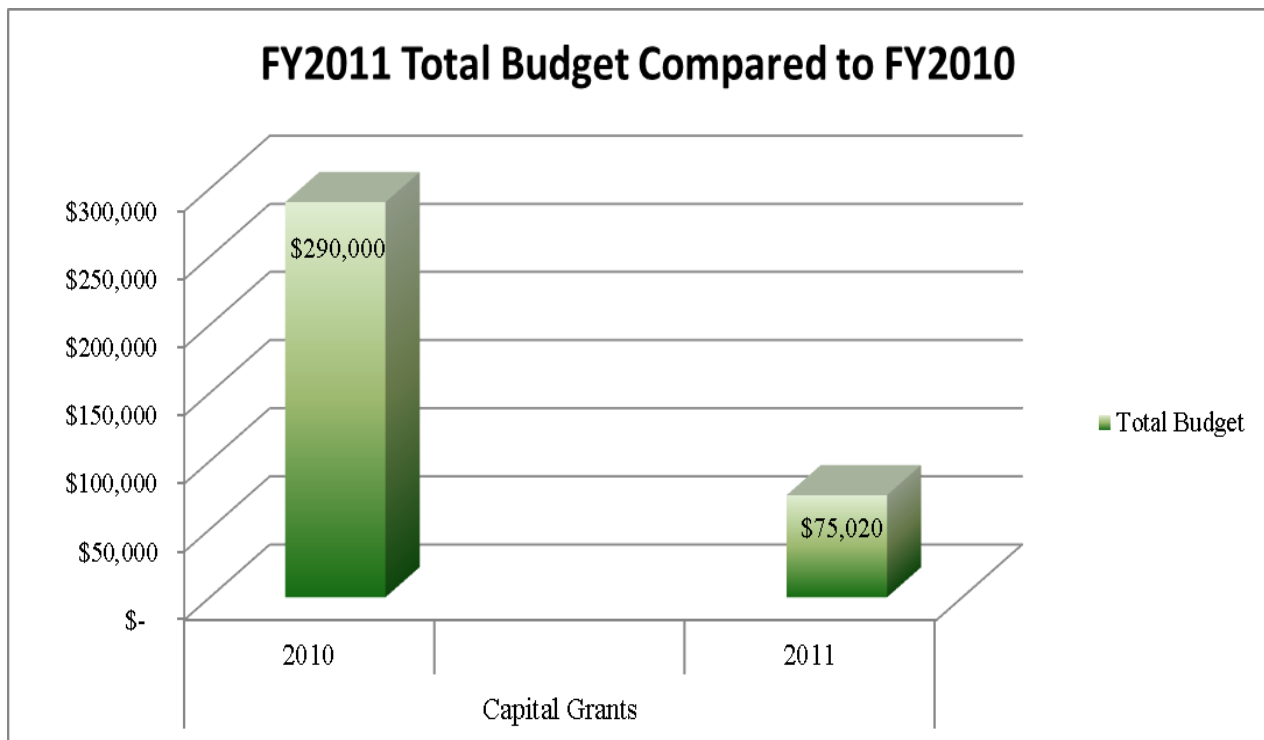
Capital Improv. Acct Number	Line Item	FY2010 Budget	FY2010 Actual (unaudited)	FY2011 Budget	% (+/-) FY10-11
6203	Bank Service Charge	\$ -	\$ 1	\$ -	
6900	Misc. Expense	\$ 400	\$ -	\$ 50	-87.50%
Department Total		\$ 400	\$ 1	\$ 50	-87.50%

❖ *Capital Grants*

This fund tracks capital projects as they relate to grant awards from the federal and state government with the City's matching funds for these grant projects.

The Capital Grants Fund, like the Operating Grants Fund, was created for the purpose of tracking and managing projects that have revenues and appropriations that fall over multiple years. Two examples of grants that we have been awarded and will start the process of expending funds and seeking reimbursement are the Livable Centers Initiative (LCI) and Transportation Enhancement (TE) grants. The LCI grant is for our streetscapes that will traverse north and south on Holly Springs Parkway from the police department to Pine Crest Road and east and west to Hickory Road and Holly Street respectively. We were awarded \$2.1 M for the LCI grant which requires a 20% match or \$400K and awarded \$300K for the TE grant which requires a 20% match or \$60K. The engineering firm for these different yet combined projects has been selected. As such, we will need to budget for the expenditures that we will incur from the aforementioned matching funds needed.

The recommended funding for Capital Grants is \$75,020. Of this \$75,020, \$50,000 will come from the actual grant providers. The Administration department, through an interfund transfer, will provide \$25,000 to the Capital Grants Fund to cover the anticipated matching requirements and fiscal expectations



**Fiscal Year 2011
Capital Projects Fund
Capital Grants Revenue & Expenditure Detail**

Revenues

Capital Grants Acct Number	Line Item	FY2010 Budget	FY2010 Actual (unaudited)	FY2011 Budget	% (+/-) FY10-11
4109	Grant Income	\$ 150,000	\$ 58,069	\$ 50,000	-66.67%
4400	Interest Earnings	\$ -	\$ 23	\$ 20	
4900	Transfer from General Fund	\$ 140,000	\$ 40,000	\$ 25,000	-82.14%
Department Total		\$ 290,000	\$ 98,092	\$ 75,020	-74.13%

Expenditures

Capital Grants Acct Number	Line Item	FY2010 Budget	FY2010 Actual (unaudited)	FY2011 Budget	% (+/-) FY10-11
6203	Bank Service Charges	\$ -	\$ 41	\$ 60	
6400	LCI Transportation Streetscapes	\$ 190,000	\$ 91,497	\$ 49,960	-73.71%
6401	Misc. Grant	\$ 100,000	\$ -	\$ 25,000	-75.00%
Department Total		\$ 290,000	\$ 91,538	\$ 75,020	-74.13%

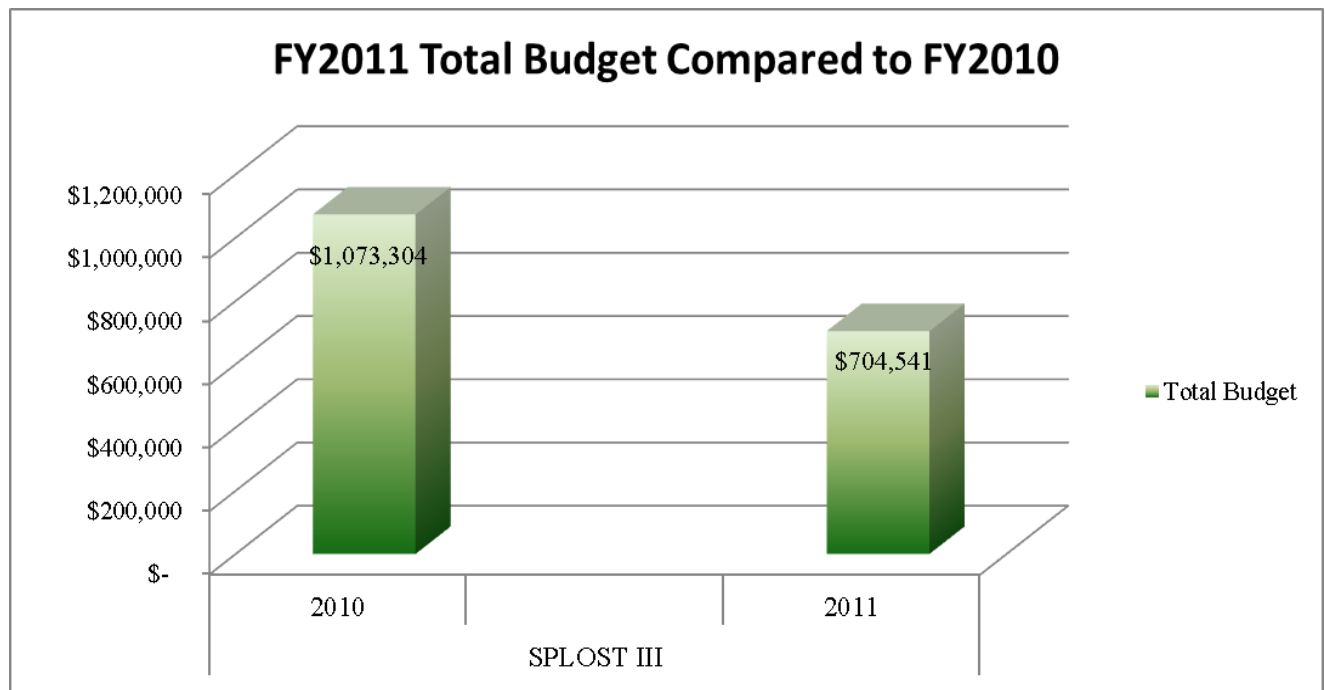
❖ ***SPLOST III (Special Purpose Local Option Sales Tax)***

A special-purpose local-option sales tax (SPLOST) can be levied by any county, for the purpose of funding the building and maintenance of parks, schools, roads, and other public facilities. Georgia's state sales tax is currently 4% (groceries and prescription drugs exempted), with the counties allowed to add up to 2% more for SPLOST. A SPLOST is passed by a county commission and voted up or down by residents in a referendum, usually during the next scheduled election. A SPLOST only lasts five years. At that time, if the funds are still needed, it must be voted upon again. SPLOST III ends in 2011.

The City receives revenues from the County on a monthly basis. These monthly revenues vary based on sales. Consequently, we must be cognizant of the market and budget on the conservative side.

For FY2010, the City collected approximately \$1,231,282 in SPLOST III monies while having \$1,311,660 in expenditures. The City is anticipating approximately \$704,541 for FY2011. We are budgeting for an average monthly revenue collection of \$58,712 for FY2011. In compliance with the SPLOST III Ordinance, funds collected must be used in the following capacities:

- Road repair
- Streets and sidewalks
- Downtown square
- City Hall
- Streetscapes
- Public Safety vehicles and equipment



**Fiscal Year 2011
Capital Projects Fund
SPLOST III Revenue & Expenditure Detail**

Revenues

SPLOST III Acct Number	Line Item	FY2010 Budget	FY2010 Actual (unaudited)	FY2011 Budget	% (+/-) FY10-11
4104	SPLOST III Revenue	\$ 1,073,304	\$ 1,074,993	\$ 703,940	-34.41%
4108	Crestmont Billing	\$ -	\$ 155,064	\$ -	
4400	Interest Income	\$ -	\$ 1,225	\$ 601	
Department Total		\$ 1,073,304	\$ 1,231,282	\$ 704,541	-34.36%

Expenditures

SPLOST III Acct Number	Line Item	FY2010 Budget	FY2010 Actual (unaudited)	FY2011 Budget	% (+/-) FY10-11
6204	Capital Expenditures	\$ -	\$ 15,636	\$ -	
6211	City Hall	\$ 821,000	\$ 860,823	\$ 704,541	-14.19%
7905	Road Resurfacing	\$ 252,304	\$ 435,201	\$ -	-100.00%
Department Total		\$ 1,073,304	\$ 1,311,660	\$ 704,541	-34.36%

Non-Routine Capital Expenditures

Description	Amount	Notes
City Hall	\$ 704,541	Lease payments on land purchased in FY2009
	<u>\$ 704,541</u>	

Impact on operating budget : these expenditures will not initially impact the City's operating budget as these are special purpose projects approved by the voters and paid for by an additional 1% sales tax on consumables.

Proprietary Funds

Enterprise
Fund

Budget Overview

Enterprise Fund

	Adopted Budget 2010	Adopted Budget 2011	Dollar Change	Percent Change
Total Cost	\$65,593	\$245,030	\$179,437	273.56%

Revenues by Category			
	<u>Investment Earnings</u>	<u>Charges for Services</u>	<u>Total</u>
Stormwater Management	\$ 30	\$ 245,000	\$ 245,030
Total	<u>\$ 30</u>	<u>\$ 245,000</u>	<u>\$ 245,030</u>

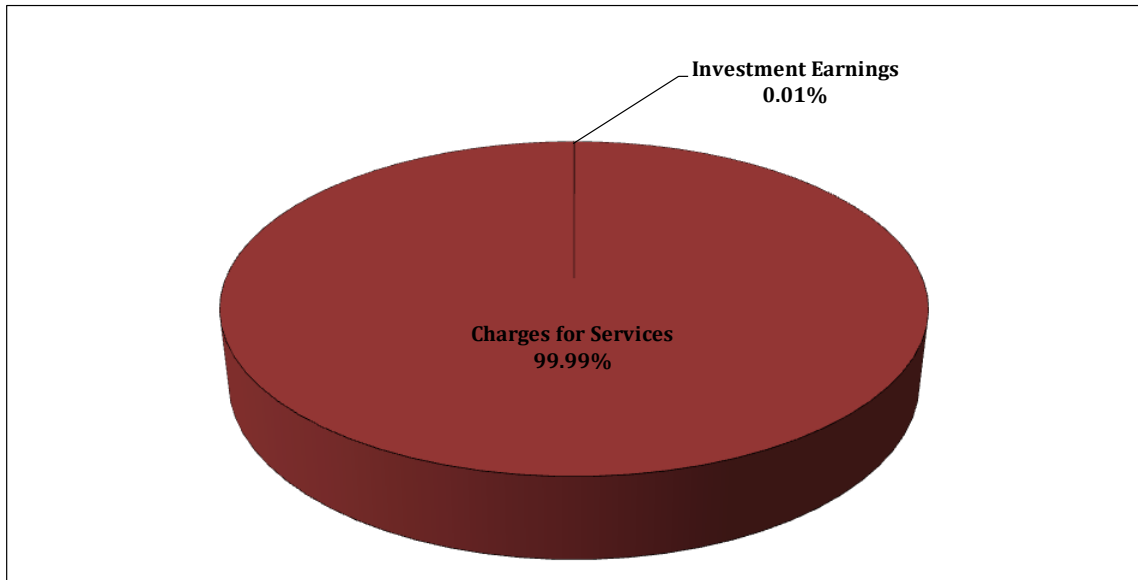
Expenditures by Category				
	<u>Personnel</u>	<u>Operating</u>	<u>Capital</u>	<u>Total</u>
Stormwater Management	\$ 54,156	\$ 143,418	\$ 47,456	\$ 245,030
Total	<u>\$ 54,156</u>	<u>\$ 143,418</u>	<u>\$ 47,456</u>	<u>\$ 245,030</u>

Explanation of Major Variances
In FY2010 three (3) months of Stormwater Utility fees were billed and collected (October -December). In FY2011, twelve (12) months of billing were budgeted.

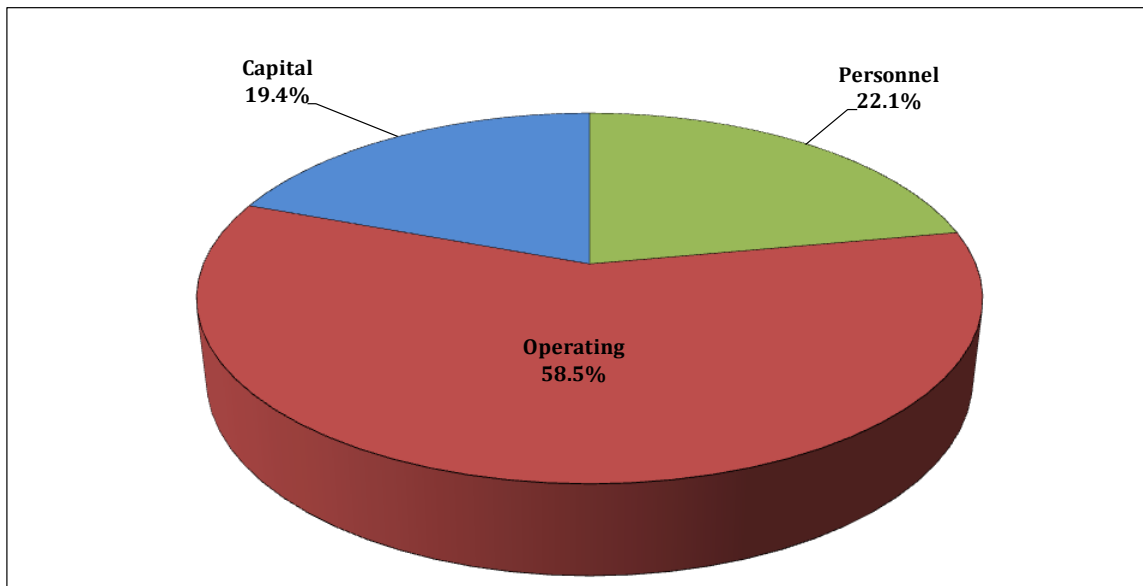
Budget Overview

Enterprise Fund

Revenues By Source



Expenditures By Category



Enterprise Fund

The Enterprise Fund of a government accounts for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public police, management control, accountability, or other purposes.

Departmental Funding Highlights

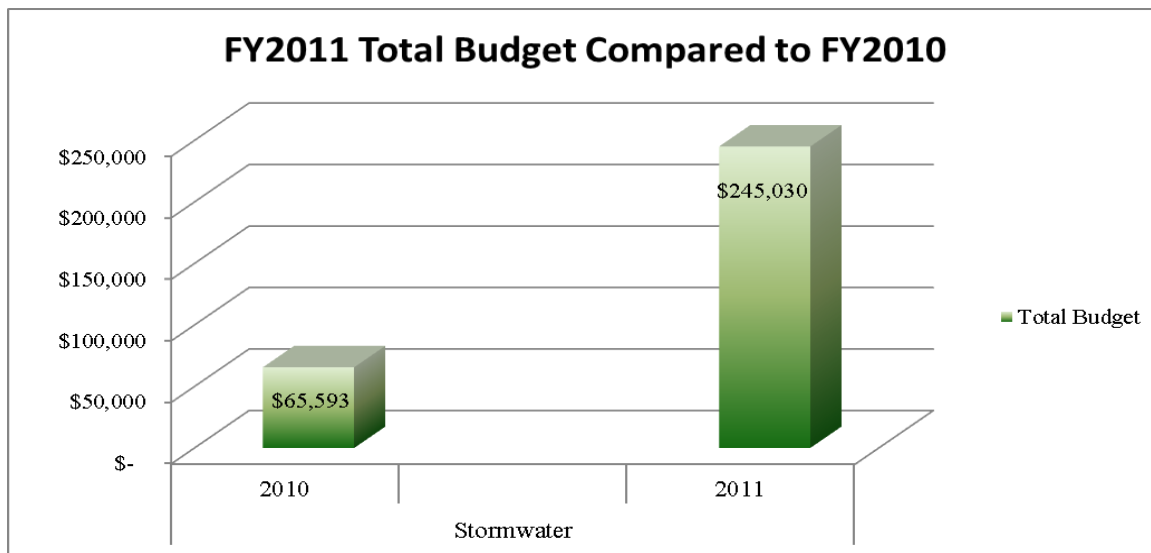
❖ *Stormwater Utility Management*

Stormwater Utility Management is an entity responsible for the daily operations of the City's stormwater management program, including maintaining compliance with the City's National Pollutant Discharge Elimination System (NPDES) stormwater permit and the Metropolitan North Georgia Water Planning District's Watershed Management Plan. The NPDES permit and the Metro District Watershed Plan constitute an unfunded mandate, requiring the City of Holly Springs to direct resources towards stormwater management activities such as inspection and maintenance of the storm sewer system, regulation of construction and development activities, pollution prevention, and public outreach and involvement.

In addition to regulatory requirements, Holly Springs is facing issues of aging infrastructure or inadequate drainage systems in many areas throughout the City. The adoption of the Stormwater Utility is a display of the City's commitment to improving its drainage infrastructure throughout the city in order to benefit all citizens as well as our natural resources.

The Home Rule of the Georgia Constitution grants local governments the power to provide stormwater collection and disposal systems and to prescribe revise, and collect rates, fees, tolls or charges for the services, facilities or commodities furnished or made available by such undertaking.

The revenues for the Stormwater Utility Management budget for FY2011 are estimated to be \$245,030. The expenses budgeted commensurate with these revenues at \$245,030 and are broken down in the following table.



Fiscal Year 2010 was the first year of operation for this department and therefore, Stormwater Utility received limited revenues from fees (est. 3 months of fees). This meant that the Utility's ability to fund the City's stormwater management program was limited. The majority of revenues received from fees this fiscal year will be directed towards expanding routine maintenance activities and capabilities as well as building up funds for a capital improvement program with the goal being an operational capital improvement program by 2012.

The primary effort for 2011 will focus on expanding the level of service for inspection and maintenance operations. One of the priorities should be to improve inspection capabilities by acquiring a camera system designed to inspect underground infrastructure. Retail camera systems can run around \$10,000; however, in order to save money staff is looking at the option of building a pole camera system for around \$1,500 – a significant savings from purchasing a pre-made camera system. Along with improving inspection capabilities, there will be a focus on expanding the City's routine maintenance capabilities. Funding needs include supplies (rip-rap, etc.), minor repairs to structures, inlet and pipe cleaning (vacuum truck rental), detention pond maintenance, and any equipment needed for routine maintenance work.

Along with expanding inspection and maintenance operations, there will be an effort to develop an asset management system that will allow staff to prioritize maintenance & capital improvement tasks based on the calculated risk of failure for system components. Such a system would allow staff to focus inspection and maintenance efforts on those portions of the system identified as being at high risk for failure. Over time, this asset management approach should increase the efficiency and cost effectiveness of the City's inspection and maintenance efforts.

Along with developing an asset management system, work will begin on developing a capital improvement program, including prioritizing a list of capital projects. There will be limited funding available for capital projects to be completed in 2011. Small scope projects (i.e. cross-drain replacement) may be possible, but any larger scale projects (i.e. drainage fix along Palm Street) will either need to be put off or need assistance from an outside funding source.

In 2011, the City will begin working on a Watershed Improvement Plan, with the focus for now looking into the feasibility of constructing a regional detention facility that would provide stormwater services for the new downtown development area as well as provide water quality and flood control for some previously developed areas within the same watershed (Taylors Farm, Barrett Springs, a portion of Hickory Springs Industrial Park, P. Rickman Industrial Park). This would be an ambitious project requiring a lot of planning time and capital, but would provide a direct benefit to developers looking at the downtown area, as they would not have to construct stormwater ponds for their individual projects. The potential water quality and flood control benefits associated with this type of regional project would also make this project a good candidate for grant money from either a Clean Water Act grant (319 grant) or a FEMA Flood Mitigation Grant.

Personnel

The FY2011 personnel allocation recommendation for the Stormwater Utility Management Department is as follows:

Stormwater Coordinator: One (1) FT

This position is a transfer from another department. The Stormwater Coordinator was previously budgeted in the Community Development department.

Goals, Objectives and Performance Measures

New federal laws regulating stormwater runoff require local governments to reevaluate the way it manages the water that runs off impervious surfaces such as concrete, asphalt, or rooftops. Stormwater runoff carries pollutants directly to our streams and rivers and creates drainage and flooding problems throughout the city. The Stormwater Utility Management department is responsible for maintaining and improving drainage and flood protection to preserve water quality.

Goal:

The goal of the Stormwater Utility Management Department is to ensure maintenance of existing infrastructure, prevent adverse impacts by new development or current uses, and ensure compliance with Federal and State requirements.

Objectives:

- Review and inspect new development to ensure compliance with applicable requirements and prevent adverse impacts.
- Investigate drainage complaints.
- Conduct required water sampling and monitoring.
- Monitor construction to ensure drainage aspects are not neglected by contractors.

Performance Measures	FY2010 Budget	FY2010 Actual	FY2011 Budget
% of drainage complaints inspected	100%	100%	100%
# of construction site inspections conducted	250	269	300
# of water samples conducted	12	3	12

**Fiscal Year 2011
Enterprise Fund
Stormwater Revenue & Expenditure Detail**

Revenues

Stormwater Acct Number	Line Item	FY2010 Budget	FY2010 Actual (unaudited)	FY2011 Budget	% (+/-) FY10-11
4400	Interest Earnings	\$ -	\$ 41	\$ 30	
4700	Utility Fee	\$ 65,593	\$ 45,950	\$ 245,000	273.52%
Department Total		\$ 65,593	\$ 45,991	\$ 245,030	273.56%

Expenditures

Stormwater Acct Number	Line Item	FY2010 Budget	FY2010 Actual (unaudited)	FY2011 Budget	% (+/-) FY10-11
6001	Salaries & Wages	\$ -		\$ 54,156	
6100	Administrative & Legal	\$ 2,000	\$ 207	\$ 2,500	25.00%
6204	Structural Upgrades	\$ 32,500	\$ 22,798	\$ 95,918	195.13%
6205	Capital Expenditures	\$ -	\$ 4,090	\$ 47,456	
6206	Reserve for Contingency	\$ 5,000	\$ -	\$ 5,000	0.00%
6207	Computer Equipment		\$ 204	\$ -	
6209	Education & Public Awareness	\$ 250	\$ 183	\$ 1,000	300.00%
6400	Pollution Prevention	\$ 1,000	\$ -	\$ 3,000	200.00%
6600	Regional Stormwater Pool	\$ 5,000	\$ -	\$ 7,500	50.00%
6700	Maintenance & Cleaning	\$ 18,000	\$ 1,728	\$ 25,000	38.89%
7000	Training	\$ 1,343	\$ 1,240	\$ 3,000	123.38%
7800	Watershed Planning & Improv	\$ 500		\$ 500	0.00%
7928	Uniforms	\$ -	\$ 356	\$ -	
Department Total		\$ 65,593	\$ 30,807	\$ 245,030	273.56%

Non-Routine Capital Expenditures

<i>Description</i>	<i>Amount</i>	<i>Notes</i>
Drainage pipe and headwalls	\$ 47,456	City-wide right-of-way stormwater drainage reclamation project
	<u>\$ 47,456</u>	
Impact on operating budget : these expenditures will not initially impact the City's operating budget, however, there will be maintenance and future replacement costs after the useful life of 30 years.		

Revenues

REVENUES

On November 2nd, 2010, the Mayor and Council approved the millage rate of 5.148 for municipal operations. The millage rate, while revenue neutral, is an increase of .283 from the FY2010 millage rate of 4.865 and qualifies as a full roll back in accordance with O.C.G.A. 48-5-32.1. The increase from 4.865 to 5.148 results in an increase of \$8,682 in net taxes levied (\$2,537,493 in FY2010 to \$2,546,175 in FY2011). Although this reflects an increase in net taxes, the City has taken a conservative approach to budgeting this major source of revenues. The City budgeted approximately 90% collection rate of property tax revenue this fiscal year; 10% uncollectable due to bankruptcies and foreclosures.

The City has historically acknowledged the need to provide a taxation rate commensurate with the government's level of service. The table below illustrates the annual millage rates levied by the City of Holly Springs since 2006.

The recommended millage rate of 5.148 plus the Fire Tax millage set by the County of 2.95 for a total of 8.098 would be an increase of .491 mils (6.45%). The millage rate is split to fund both operations and fire service requirements as the table below details.

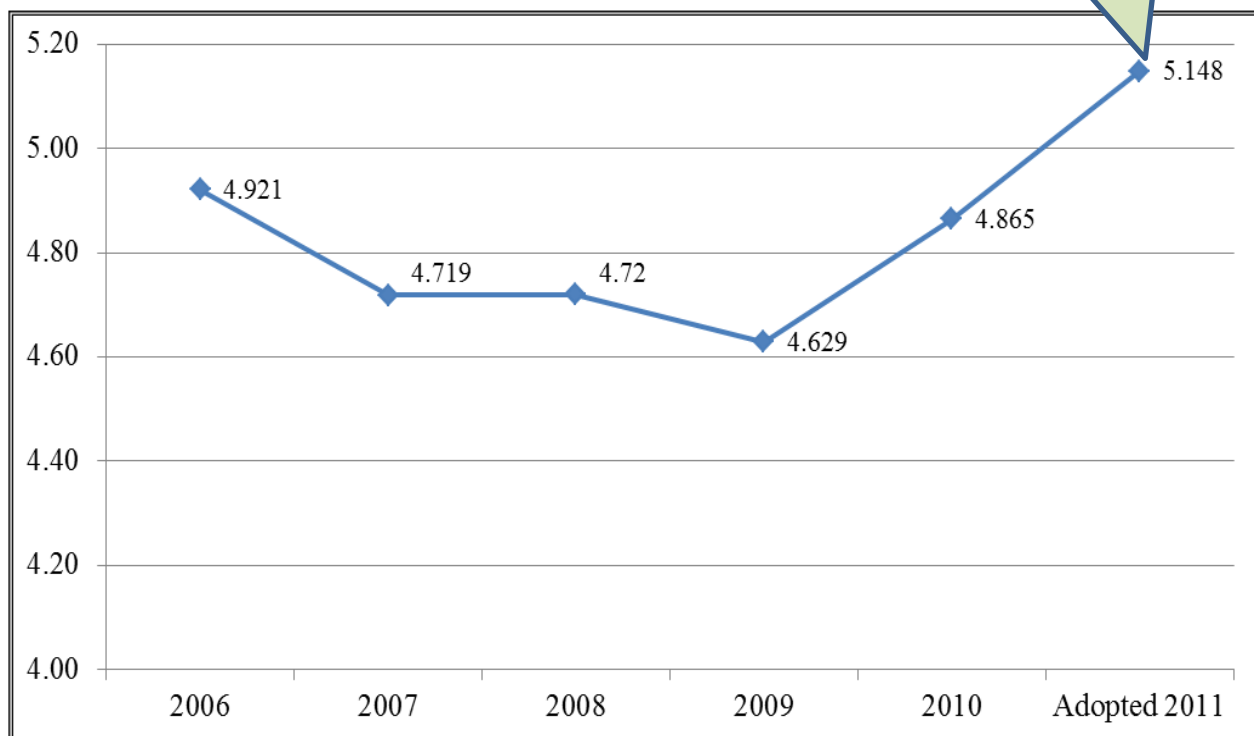
Millage Rate History from 2006-2011

Fiscal Year	Operations	Fire	Total
<i>Adopted 2011</i>	<i>5.148</i>	<i>2.95</i>	<i>8.098</i>
2010	4.865	2.742	7.607
2009	4.629	2.742	7.371
2008	4.72	2.75	7.47
2007	4.719	2.75	7.469
2006	4.921	2.5	7.421

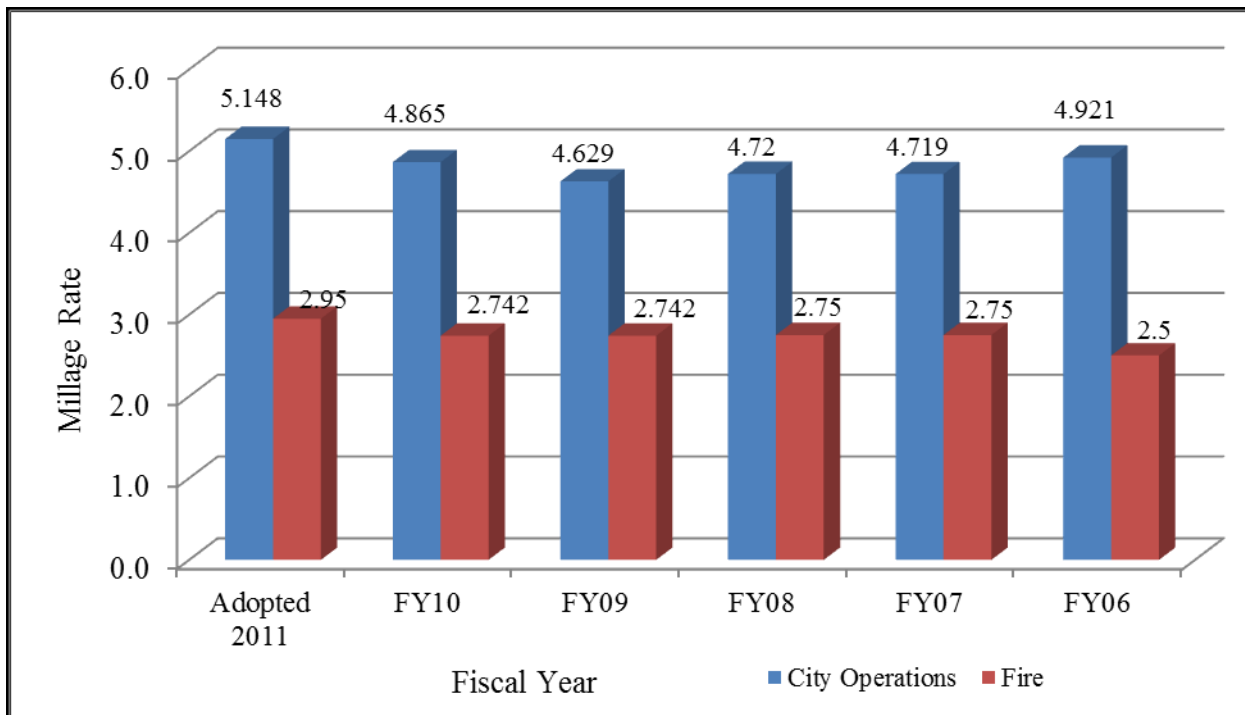
With assessments being down, the taxes generated from a levy of 8.098 mils would still slightly increase the Net Taxes Levied approximately \$8,682 (.3%) from FY2010, yielding total taxes of approximately \$2,546,175. Of this amount, an estimated \$898,105 (less \$12,100 in Fire Marshall Services Credit = \$886,005) or the amount collected based on the millage rate of 2.95 collected will be provided to the Cherokee County Board of Commissioners on or about May 1, 2011 to fund the fire tax. The new net taxes levied then become \$1,648,070. An additional estimated \$157,250 will be provided in senior exemptions. The estimate of net taxes collected is further reduced using approximately 90% collection rate method which becomes \$1,483,263.

Foreclosures and short sales have been on the rise. These scenarios create a deflated property tax base which the City has anticipated. Based on the tax digest figures for 2010, the FY2011 Budget is estimated to be approximately .3% lower than the 2009 tax digest. The Mayor and Council have elected to remain operating in a revenue neutral capacity; the millage rate for the FY2011 Budget is 5.148. The millage rate was increased to offset the declining property tax values.

History of City Millage Rate



History of City Millage & Fire Tax Rate



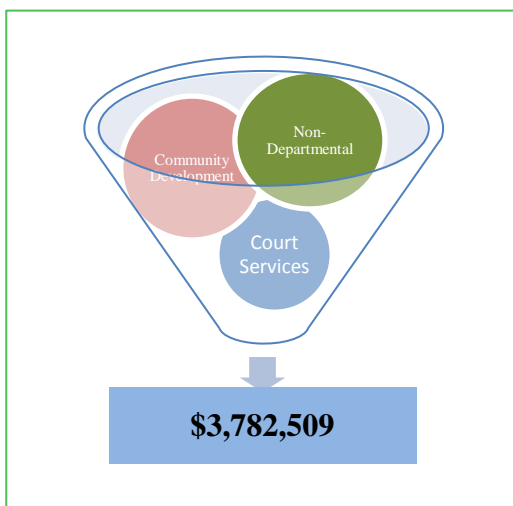
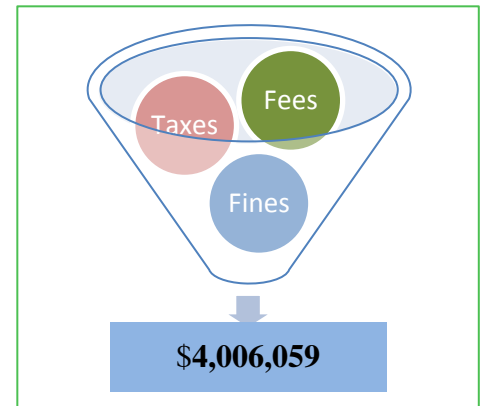
The ratio of residential to commercial taxes at this time is 74% to 25% respectively. As the city continues to grow its economic using the comprehensive land use plan and proactive growth strategies, those percentages may begin to change and further reduce the tax burden on the residential population.

General Fund

The General Fund, often referred to as GF, is where the administrative, operating and maintenance funds are allocated and managed. The General Fund uses the modified accrual basis of accounting and budgeting. The modified accrual basis of accounting and budgeting recognized revenue when a transaction is measurable and available. Available refers to revenues collected soon after year end to pay for the current year's liabilities. Expenditures are recognized when they are measurable, when the liability is incurred, and when the liability will be liquidated with current resources. All three of these criteria must be met in order for the expenditure to be recognized.

In the City of Holly Springs, the GF is comprised of revenues that are primarily generated from taxes (real, personal, and motor vehicle), fees (development permits, certificate of occupancy, franchises, etc.) and fines (code violations, traffic fines and infractions, misdemeanor violations, etc.).

In FY2011, the City is budgeting \$4,006,059 in general fund revenues. Of this amount, \$2,290,078 is derived from real and personal property taxes, with \$929,909 being directly allocated to the Cherokee County Board of Commissioners to pay the Fire Tax (2.95 mils). After remitting these Fire Taxes to the County, we anticipate \$1,360,169 in real and personal property taxes to be used in the general fund. The gross amount collected for FY2010 for real and personal property taxes was \$2,740,690 with \$918,446 being directly allocated to the Cherokee County Board of Commissioners to pay the Fire Tax (2.742 mils). The total net taxes collected for FY2010 was \$1,822,244. This equates to a reduction of \$462,076 (-25%) in taxes collected for general operation..



Revenues for the General Fund budget of \$4,006,059 are derived from three major divisions: (1) Non-Departmental/City-Wide (\$3,268,809), (2) Community Development (\$151,200), and (3) Court Services (\$362,500).

The largest of the three sources of revenues falls within the Non-Departmental division and is used citywide to cover expenditures. This division, which is estimated to be \$3,268,809, accounts for all taxes that the city is authorized to collect.

Community Development also provides a source of revenue for operations. The revenues generated from this fund, which is anticipated to be \$151,200, includes such things as building permits, zoning applications, Certificate of Occupancy fees, development and plan review fees, fines and fire plan review fees. The revenue anticipated from this section will be significantly reduced from FY2010. Estimated revenues are 50% lower than in the previous year due to the economy and lack of new construction in the city. As this document is being prepared, some activity has been occurring in the development arena with permits being pulled and new homes being constructed specifically in Harmony on the Lakes.

The final source of revenue that helps to fund general operations is Court Services. The revenue that is generated and collected from this source, which is estimated to be \$362,500, is mostly from fines for misdemeanor traffic offenses. The revenues from this source have decreased 6.7% from FY2010. This is mainly due to the reduction in law enforcement personnel; there are fewer police officers on the road to enforce traffic laws. In 2009, the City embarked on a daunting task of creating a custom software package to manage its court docket and the related financial reporting responsibilities. The web site interface has greatly increased the City's pre-court collection of the full fine amounts, including surcharges, without any time required by staff to process the payment. This feature is fully integrated into the court management database, updating the offenders' record and thereby, removing them from the open docket. Another added benefit is the ability to charge a convenience fee for the use of the online payment module. This fee is an additional revenue stream for the City that helps offset the cost of the program and related maintenance fees.

These revenues are broken down further in the table on the next page.

General Fund Revenues

Line Item	2009 Actual	2010 Budget	2010 Actual (unaudited)	2010		2011 Budget	FY10-FY11 Budget
				Budget vs. Actual			
City-Wide/Non-Departmental				\$ (+/-)	% of budget collected (+/-)		% (+/-)
Property Tax Revenue	\$1,453,401	\$ 1,231,153	\$1,822,245	\$ (591,091)	148.01%	\$ 2,290,078	86.01%
Motor Vehicle Tax	111,136	74,949	126,813	(51,864)	169.20%	85,000	13.41%
Franchise Tax	716,116	390,000	365,504	24,496	93.72%	350,000	-10.26%
Intangible Tax	46,700	41,000	60,409	(19,409)	147.34%	50,000	21.95%
Insurance Premium Tax	177,141	176,000	171,993	4,007	97.72%	160,000	-9.09%
Financial Inst. Tax	-	2,000	8,990	(6,990)	449.55%	4,000	100.00%
Fire Tax	918,446	886,259	918,446	(32,187)	103.63%	-	-100.00%
Occupational Tax	69,258	70,000	115,172	(45,172)	164.53%	90,000	28.57%
Beer/Wine License	62,816	25,000	41,023	(16,023)	164.10%	8,000	-68.00%
Interest	5,585	8,750	3,819	4,931	43.66%	3,500	-60.00%
Misc. Revenue	42,334	9,700	35,883	(26,183)	369.94%	5,000	-48.45%
RR Car Tax	-	381	406	(25)	106.80%	381	0.00%
Wrecker Service	13,000	11,500	11,500	-	100.01%	11,500	0.00%
National Sign Fees	1,290	6,200	350	5,850	5.66%	6,200	0.00%
Transfer from Parks	100,000	200,015	-	200,015	0.00%	200,000	-0.01%
Surplus Income	2,331	-	3,409	(3,409)		5,000	
Grant Income	1,513	-	-	-		-	
Convenience Fee	3,778	-	3,834	(3,834)		-	
Pouring Permit Fees	-	-	100	(100)		150	
Column Total:	\$3,724,843	\$ 3,132,907	\$3,689,895	\$ (556,987)	117.78%	\$ 3,268,809	4.34%
Community Development							
Building Permits	\$ 117,791	\$ 115,000	\$ 73,560	\$ 41,440	63.97%	\$ 106,200	-7.65%
Zoning Applications	3,000	3,000	3,380	(380)	112.70%	3,000	0.00%
CO Fees	161,142	150,000	59,730	90,270	39.82%	12,000	-92.00%
Fines	4,755	5,000	2,500	2,500	50.02%	5,000	0.00%
Development/Plan Review	24,750	20,000	7,413	12,587	37.07%	2,000	-90.00%
Fire Plan Review	1,047	1,000	7,230	(6,230)	723.14%	5,000	400.00%
Pouring Permit Fees	160	-	-	-		-	
Misc. Revenue	-	-	11,469	(11,469)		18,000	
Column Total:	\$ 312,645	\$ 294,000	\$ 165,281	\$ 128,719	56.22%	\$ 151,200	-48.57%
Court Services							
Fines	\$ 350,592	\$ 375,000	\$ 311,431	\$ 63,569	83.05%	\$ 350,000	-6.67%
Misc. Revenue	15,290	13,500	7,603	5,897	56.33%	12,500	-7.41%
Software Charge	-	-	-	-		-	
Bonds Reserve	-	-	-	-		-	
Column Total:	\$ 365,882	\$ 388,500	\$ 319,034	\$ 69,466	82.12%	\$ 362,500	-6.69%
Total GF Revenues:	\$4,403,370	\$ 3,815,407	\$4,174,210	\$ (358,803)	109.40%	\$ 3,782,509	-0.86%

Note: FY2010 Year to Date (YTD) actuals are unaudited through December 31, 2010

Based on current estimates, by adopting a millage rate of 8.098, the City did not need to advertise a "Property Tax Increase" as described by the Georgia Taxpayer Bill of Rights.

Explanation of variances greater than 10%

- The decrease in revenues of 48.57% in the Community Development department is primarily due to the economic downturn and lack of new construction in the city.

General Fund major revenue sources are presented on the following pages

Property Tax

	2007	2008	2009	2010	2011
	Actual	Actual	Actual	Budget	Budget*
Property Tax	\$ 974,255	\$1,703,960	\$1,425,656	\$1,231,154	\$1,360,169

Description:

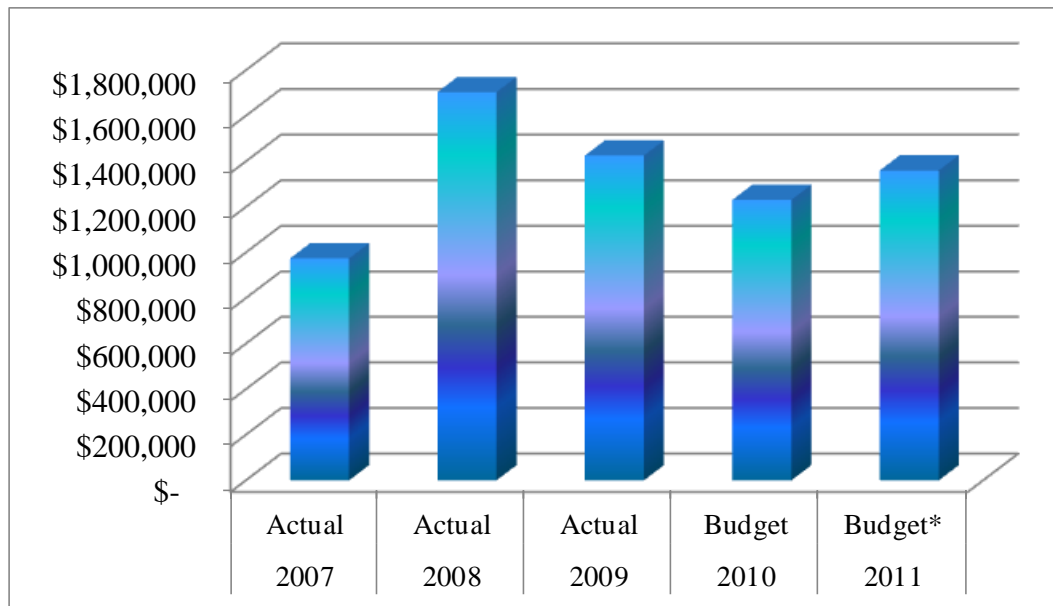
A tax on property paid by owners of real and personal property within the city. The tax is based on an assessment by the Cherokee County Property Appraiser of the market value of property and improvements. This revenue source is found in the General Fund for the operating millage.

The Property Taxes billed to the citizens of Holly Springs includes Fire Tax that is remitted to Cherokee County. The Fire Tax equals \$929,909 for this budget year.

A tax rate of one (1) mill produces one dollar of tax revenue on each \$1,000 of taxable property value.

Forecast Methodology:

The operating millage of 5.148 multiplied by the taxable value, less 10% for possible adjustments to assessed values and/or non-collection due to foreclosures and bankruptcies.



*FY2011 net estimated Property Taxes

\$2,290,078-\$929,909 (fire tax that will be remitted to Cherokee County on May 1, 2011 for fire services)

Franchise Tax

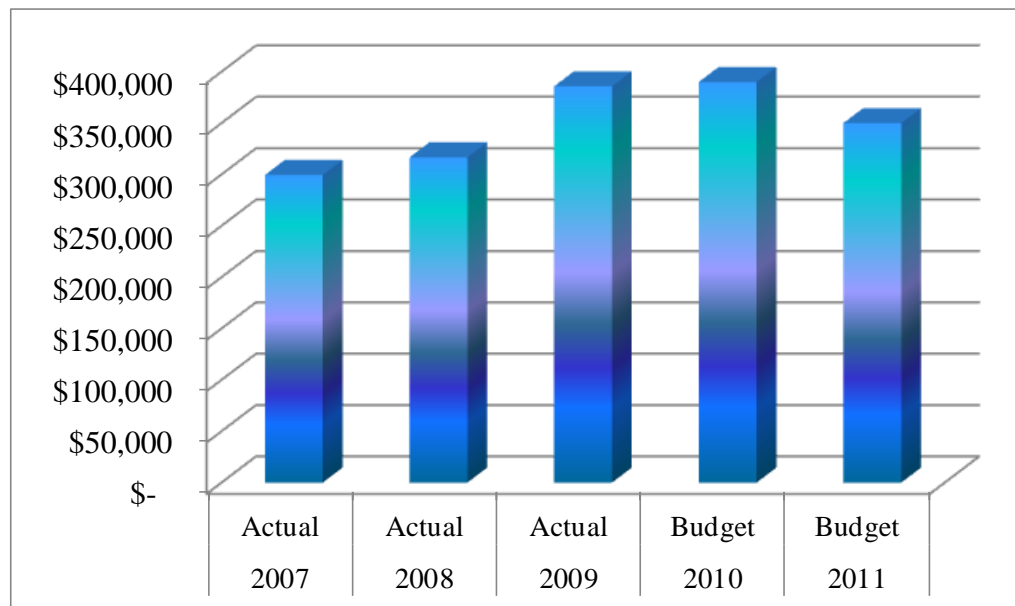
2007	2008	2009	2010	2011
Actual	Actual	Actual	Budget	Budget
\$ 299,440	\$ 316,602	\$ 385,797	\$ 390,000	\$ 350,000

Description:

Franchise fees are established by the franchise agreements between the City and utility companies. This revenue is generated based on all residential, commercial, and industrial revenues collected by the provider for services within the City. This revenue source is accounted for in the General Fund.

Forecast Methodology:

The main factors considered in projecting this revenue are historical trends, estimated population growth and estimated inflation.



Insurance Premium Tax

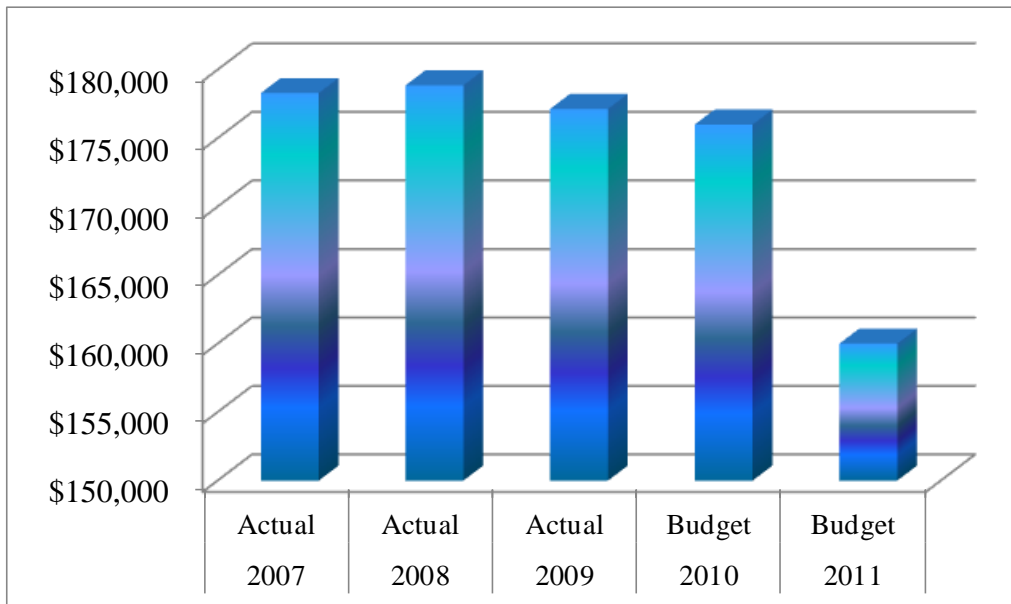
2007	2008	2009	2010	2011
Actual	Actual	Actual	Budget	Budget
\$ 178,299	\$ 178,858	\$ 177,140	\$ 176,000	\$ 160,000

Description:

Insurance Premium Taxes are established by the Commissioner of Insurance for the state of Georgia.

Forecast Methodology:

The main factors considered in projecting this revenue are historical trends and estimated inflation.



Building Permits

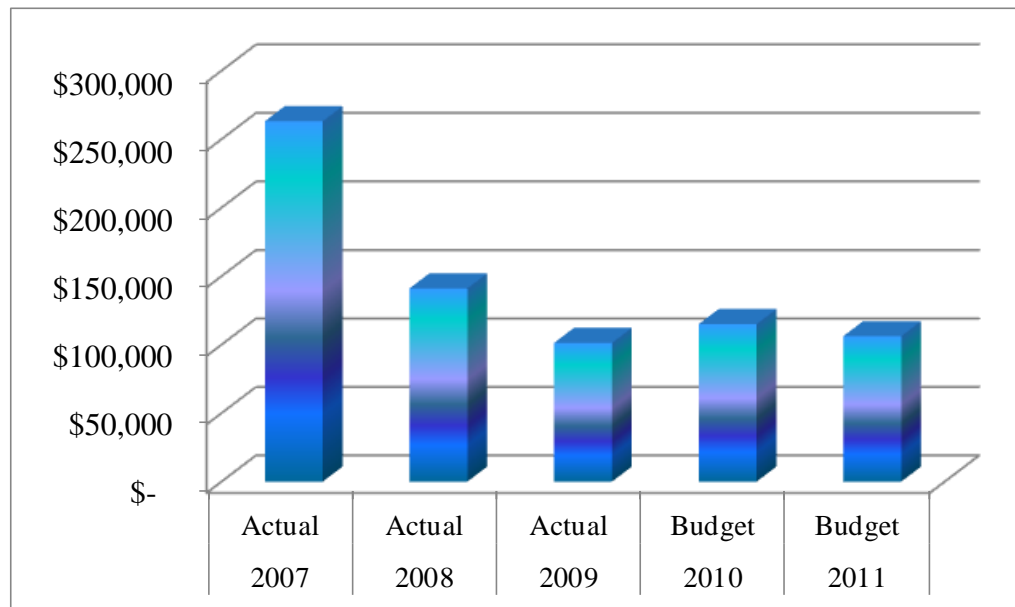
2007	2008	2009	2010	2011
Actual	Actual	Actual	Budget	Budget
\$ 263,155	\$ 141,078	\$ 101,314	\$ 115,000	\$ 106,200

Description:

A fee paid by persons or businesses wanting to conduct building work which requires a permit prior to completion of construction as provided by the Georgia Building Code and the City of Holly Springs Code of Ordinance. These fees also include payment for the inspection for which the permit was obtained.

Forecast Methodology:

These fees fluctuate with the level of new construction, as well as renovation and rehabilitation of older structures.



Certificate of Occupancy

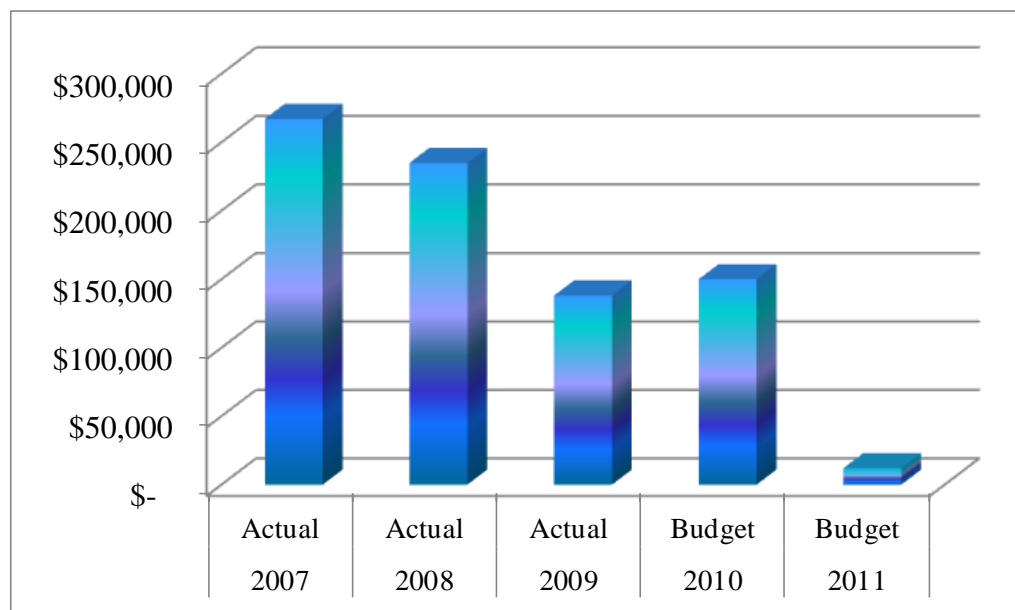
2007	2008	2009	2010	2011
Actual	Actual	Actual	Budget	Budget
\$ 267,073	\$ 234,919	\$ 138,092	\$ 150,000	\$ 12,000

Description:

A Certificate of Occupancy (CO) states that a building structure or the proposed use of a building or land is in compliance with all applicable laws, County Ordinances, and regulations. No occupancy can take place until a CO is issued. This applies to a new building, a change in a nonconforming use, or a change in occupant (other than residential).

Forecast Methodology:

These fees fluctuate with the level of new construction or changes to the intended use of a property.



Court Fines

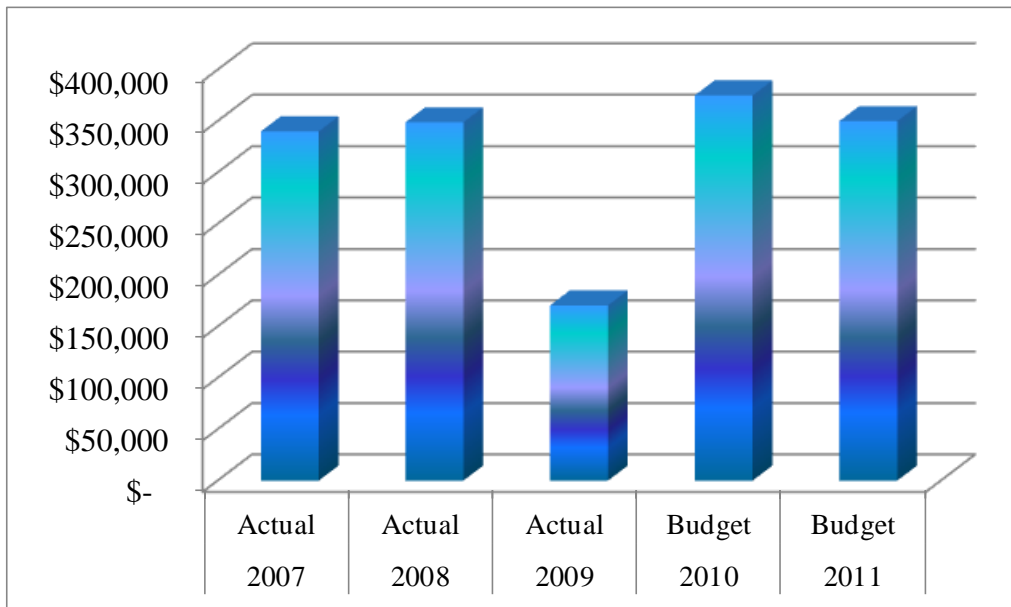
2007	2008	2009	2010	2011
Actual	Actual	Actual	Budget	Budget
\$ 340,000	\$ 348,876	\$ 170,651	\$ 375,000	\$ 350,000

Description:

Includes revenues received from traffic citations

Forecast Methodology:

The projection is based on the most currently available 12-month average.



Interfund Transfer

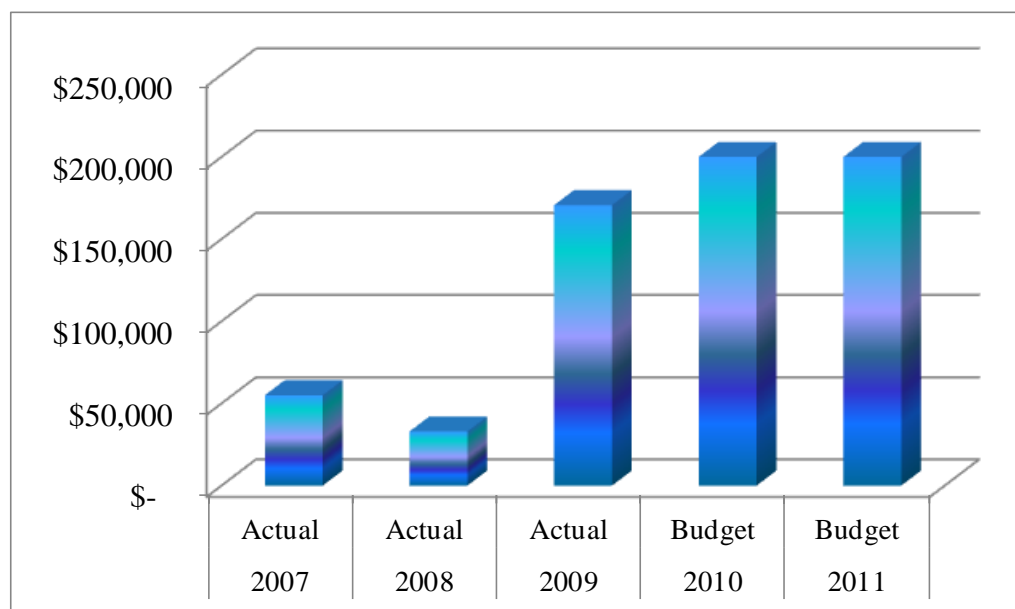
2007	2008	2009	2010	2011
Actual	Actual	Actual	Budget	Budget
\$ 55,000	\$ 32,934	\$ 170,651	\$ 200,015	\$ 200,000

Description:

Funds transferred from one fund to another for purposes of balancing the budget and to reimburse the general fund for personnel costs.

Forecast Methodology:

The main factor considered in projecting this revenue is historical trend.



Occupational Tax

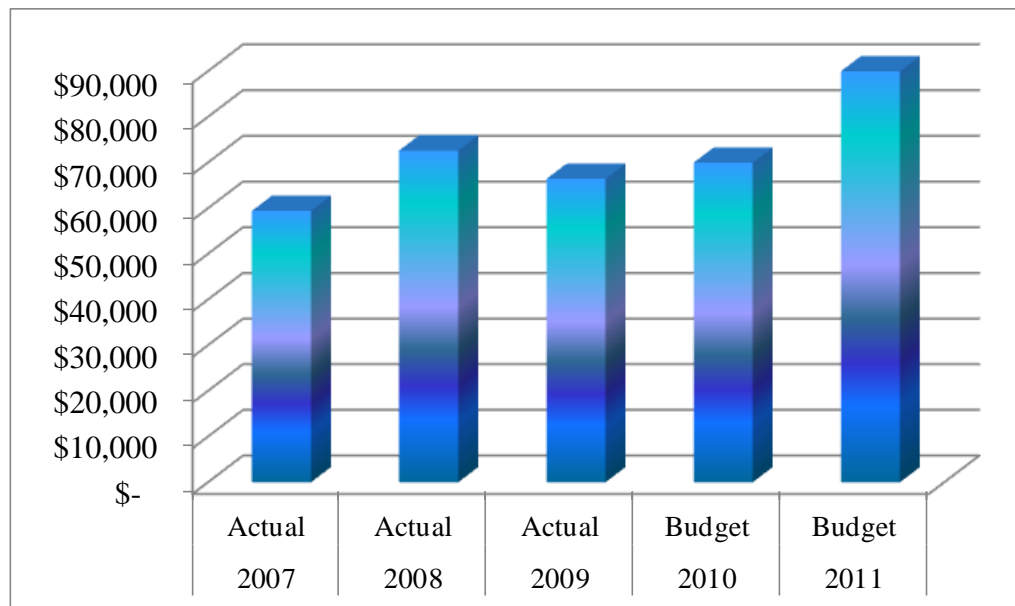
2007	2008	2009	2010	2011
Actual	Actual	Actual	Budget	Budget
\$ 59,446	\$ 72,660	\$ 66,435	\$ 70,000	\$ 90,000

Description:

A license issued by the City as a prerequisite to conducting and maintaining business, service, or profession. Payment is received annually and is due on or before February 28th of each year. The annual fee for an occupational license varies depending on the number of employees and the nature of the business.

Forecast Methodology:

The main factor considered in projecting this revenue is historical trend.



Special Revenue Fund

Line Item	2009 Actual	2010 Budget	2010 Actual (unaudited)	2010		2011 Budget	FY10-FY11 Budget
				Budget vs. Actual			
Hotel/Motel				\$ (+/-)	% of budget collected (+/-)		% (+/-)
Hotel/Motel Tax	\$ 4,145	\$ 4,500	\$ 4,558	\$ (58)	101.31%	\$ 4,500	0.00%
Interest	12	-	7	(7)		6	
Column Total:	\$ 4,156	\$ 4,500	\$ 4,565	\$ (65)	101.47%	\$ 4,506	0.13%
Operating Grant							
Trail Grant Reimb		25,000	-	25,000	0.00%	-	-100.00%
ARC Reimb	169,660	36,000	153,976	(117,976)	427.71%	130,000	261.11%
Interest	60	-	60	(60)		50	
Column Total:	\$ 169,720	\$ 61,000	\$ 154,036	\$ (93,036)	252.52%	\$ 130,050	113.20%
Total Special Revenues:	\$ 173,877	\$ 65,500	\$ 158,601	\$ (93,101)	242.14%	\$ 367,050	460.38%

Explanation of variances greater than 10%

- The Operating Grants revenues are in place to reimburse Families of Cherokee United in service (F.O.C.U.S.) for their incurred expenses. The City is, in return, reimbursed by the State of Georgia through the Atlanta Regional Commission (ARC) for the expenditures incurred. However, as the fiscal agent we must provide upfront operational funding for F.O.C.U.S. The increase in revenues in the Operating Grant fund is due to a larger grant being obtained by F.O.C.U.S.

Capital Projects Fund

Line Item	2009 Actual	2010 Budget	2010 Actual (unaudited)	2010		2011 Budget	FY10-FY11 Budget
				Budget vs. Actual			
Capital Improvement				\$ (+/-)	% of total collected (+/-)		% (+/-)
Misc. Income	\$ -	\$ -	\$ 2	\$ (2)		\$ -	
General Fund Approp	362,572	-	-	-		-	
Interest	306	400	223	177	56.00%	50	-87.50%
Column Total:	\$ 362,878	\$ 400	\$ 225	\$ 175	56.50%	\$ 50	-87.50%
Capital Grants							
Grant Income	-	150,000	58,069	91,931	38.71%	50,000	-66.67%
Interest	-	-	23	(23)		20	
Transfer from GF	-	140,000	40,000	100,000	28.57%	25,000	-82.14%
Column Total:	\$ -	\$ 290,000	\$ 98,092	\$ 191,908	33.83%	\$ 75,020	-74.13%
SPLOST III							
SPLOST III		1,073,304	1,074,993	(1,689)	100.16%	703,940	-34.41%
Crestmont Billing		-	155,064	(155,064)		-	
Interest		-	1,225	(1,225)		601	
Column Total:	\$ -	\$ 1,073,304	\$ 1,231,282	\$ (157,978)	114.72%	\$ 704,541	-34.36%
Total Capital Projects:	\$ 362,878	\$ 1,363,704	\$ 1,329,599	\$ 34,105	97.50%	\$ 779,611	-42.83%

Explanation of variances greater than 10%

- The only revenue budgeted for the Capital Improvement Project is interest. Should there be a significant non-routine capital expenditure need, the governing body, Mayor and Council, will have to approve a budget amendment to move funds from another department or possibly seek a TAN (Tax Anticipation Note) should the capital expenditure exceed what can be funded by the approved 2011 Budget.
- The reason for the decrease in projected revenues for Capital Grants from FY2010 to FY2011 is because these grant monies for multi-year projects were not received in the specified fiscal year. The LCI Streetscape grant is postponed until FY2013.
- SPLOST III has a decrease of 34.36% in projected revenues because of lower than anticipated collections of the 1% sales tax as provided by the voter approved legislation.

Enterprise Fund

Line Item	2010 Budget	2010 Actual (unaudited)	2010		2011 Budget	FY10-FY11 Budget
			Budget vs. Actual			
Stormwater Utility Management			\$ (+/-)	% of budget collected (+/-)		% (+/-)
Interest	-	41	(41)		30	
Utility Fee	65,593	45,950	19,643	70.05%	245,000	273.52%
Column Total:	\$ 65,593	\$ 45,991	\$ 19,602	70.12%	\$ 245,030	273.56%
Total Enterprise Fund:	\$ 65,593	\$ 45,991	\$ 19,602	70.12%	\$ 245,030	273.56%

Explanation of variances greater than 10%

- The increase in revenues of 273.56% is because Fiscal Year 2010 was the first year of operation for this department and therefore, Stormwater Utility received limited revenues from fees (est. 3 months of fees). FY2011 is budgeted for 12 months of revenue.

Expenditures

EXPENDITURES

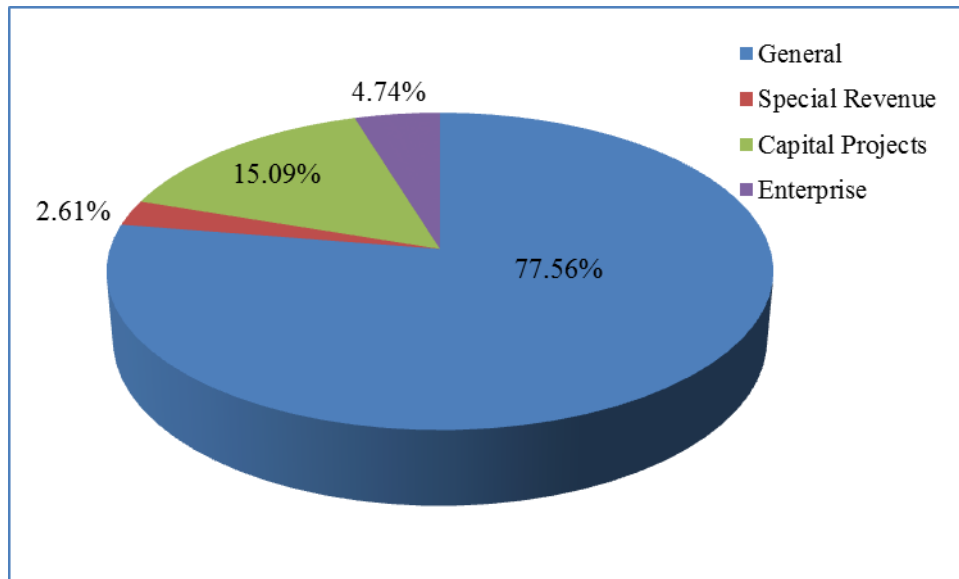
As with most local governmental entities that provide services toward the public good, a majority of the expenditures are allocated to operations, specifically salaries and benefits.

Out of the \$4,006,059 anticipated in revenues in the General Fund, the city manager's office is recommending \$2,021,012 for salaries and benefits. This equates to 50.45% of the General Fund.

The chart below illustrates how the City expenditures are distributed. A more detailed breakdown of the departmental expenditures is provided under the section entitled "Governmental Funds - Departmental Funding Highlights".

The City will realize a balanced budget by ensuring the recommended expenditures meet and do not exceed the projected revenues for FY2011.

Total FY2011 Expenditures- All Funds \$5,165,256



Line Item	2009 Actual	2010 Budget	2010 Actual (unaudited)	2010		2011 Budget	FY10-FY11 Budget
				Budget vs. Actual			
Fund				\$ (+/-)	% of budget used (+/-)		% (+/-)
General	\$ 4,615,983	\$ 4,038,422	\$ 3,696,500	\$ 341,922	91.53%	\$ 4,006,059	-0.80%
Special Revenue	2,487	65,500	160,463	(94,963)	244.98%	134,556	105.43%
Capital Projects	643,589	1,363,704	1,403,199	(39,495)	102.90%	779,611	-42.83%
Enterprise	-	65,593	30,807	34,786	46.97%	245,030	273.56%
Column Total:	\$ 5,262,059	\$ 5,533,219	\$ 5,290,969	\$ 242,250	95.62%	\$ 5,165,256	-6.65%

Total Expenditures By Category – All Funds

Line Item	2009 Actual	2010 Budget	2010 Actual (uaudited)	2010		2011 Budget	FY10-FY11 Budget
				Budget vs. Actual			
General Fund				\$ (+/-)	% of budget used (+/-)		% (+/-)
Personnel	\$ 2,116,602	\$ 2,051,577	\$ 2,051,160	\$ 416	99.98%	\$ 2,021,012	-1.49%
Operating	2,419,808	1,986,845	1,629,838	357,007	82.03%	1,966,646	-1.02%
Capital	79,573	-	15,502	(15,502)		18,400	
Column Total:	\$ 4,615,983	\$ 4,038,422	\$ 3,696,500	\$ 341,922	91.53%	\$ 4,006,059	-0.80%
Special Revenue Fund				\$ (+/-)	% of budget used (+/-)		% (+/-)
Operating	2,487	65,500	160,463	(94,963)	244.98%	134,556	105.43%
Column Total:	\$ 2,487	\$ 65,500	\$ 160,463	\$ (94,963)	244.98%	\$ 134,556	105.43%
Capital Projects Fund				\$ (+/-)	% of budget used (+/-)		% (+/-)
Operating	119,489	290,400	91,539	198,861	31.52%	75,070	-74.15%
Capital	524,100	1,073,304	1,311,660	(238,356)	122.21%	704,541	-34.36%
Column Total:	\$ 643,589	\$ 1,363,704	\$ 1,403,199	\$ (39,495)	102.90%	\$ 779,611	-42.83%
Enterprise Fund				\$ (+/-)	% of budget used (+/-)		% (+/-)
Personnel	\$ -	\$ -	\$ -	\$ -		\$ 54,156	
Operating	-	65,593	26,717	38,876	40.73%	143,418	118.65%
Capital	-	-	4,090	(4,090)		47,456	
Column Total:	\$ -	\$ 65,593	\$ 30,807	\$ 34,786	46.97%	\$ 245,030	273.56%
Total Expendtures:	\$ 5,262,059	\$ 5,533,219	\$ 5,290,969	\$ 242,250	95.62%	\$ 5,165,256	-6.65%

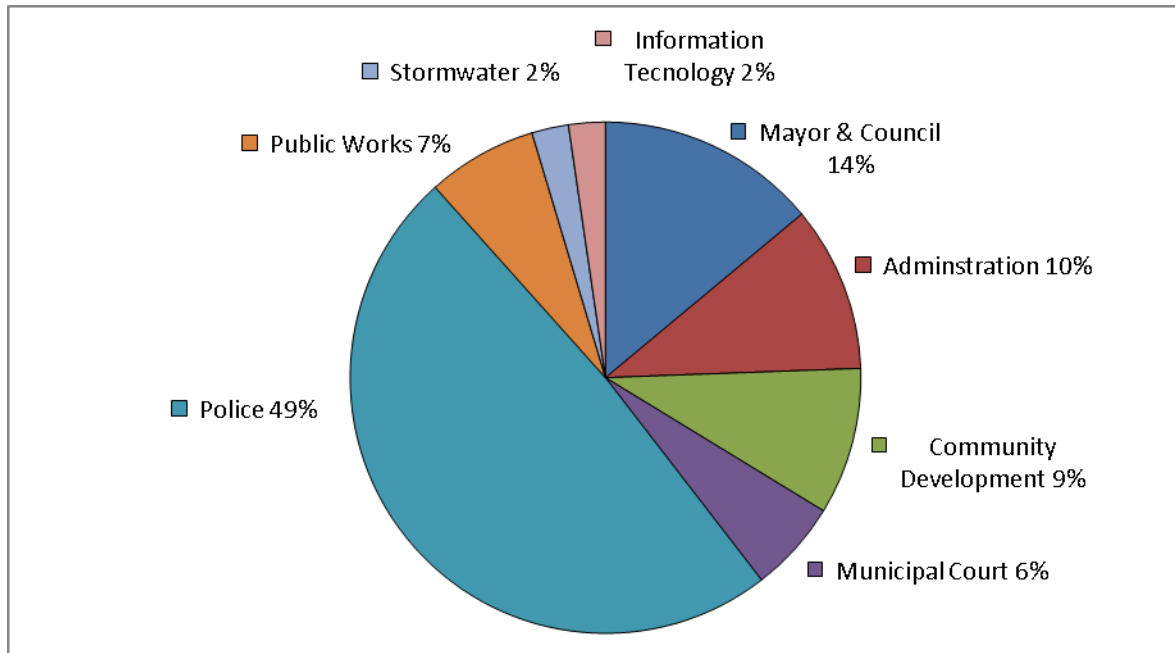
Capital Expenditures

Capital expenditures are defined as all charges incurred to acquire equipment, land, buildings, improvements of land or buildings, fixtures, and other permanent improvements with a value in excess of \$500 and a useful life expectancy of greater than 1 year. This year routine (*replacement computers and computer equipment*) and non-routine (*patrol rifles, land purchase lease payments, and drainage pipes and headwalls*) capital expenditures in the amount of \$770,397 are being funded. This year's routine capital expenditures will not significantly impact the city's operating budget as these expenditures are for the replacement and/or upgrade to existing technology. Non-routine capital expenditures will not initially impact the city's operating budget, however, with these additional assets comes the potential for future repairs and maintenance costs. The City does not have any major capital projects in the 2011 budget. Please refer to pages 131-133 for future projects.

Type of Capital	Fund			Total
	General	Capital Projects	Enterprise	
Routine	\$ 16,000	\$ -	\$ -	\$ 16,000
Non-routine	2,400	704,541	47,456	754,397
Total	\$ 18,400	\$ 704,541	\$ 47,456	\$ 770,397

FY2010 Personnel Allocation

Percent of Personnel by Department



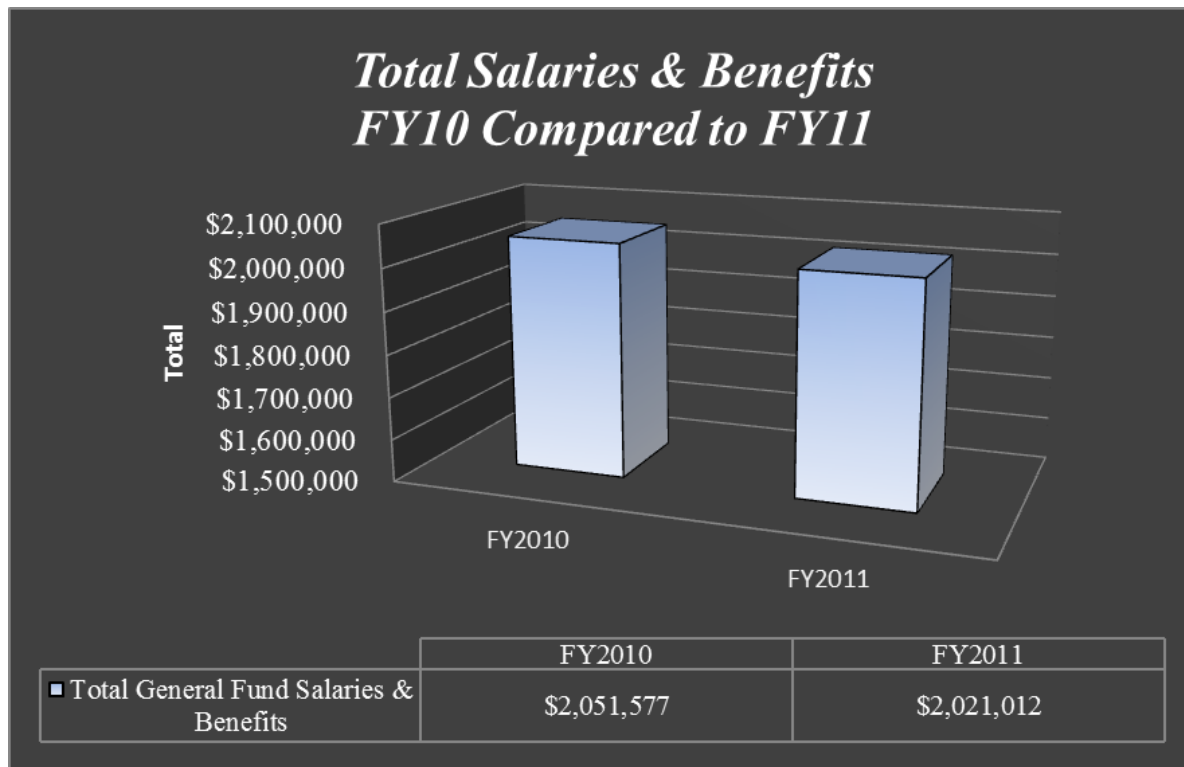
Summary Table of Personnel

<i>Department</i>	<i>FY2009</i>	<i>FY2010</i>	<i>+/-</i>	<i>FY2011</i>
Mayor & Council	6.0	6.0	0.0	6.0
City Administration	5.5	5.5	-1.0	4.5
Community Development	5.0	5.0	-1.0	4.0
Municipal Court	2.5	2.5	0.0	2.5
Public Safety	23.0	23.0	-2.0	21.0
Public Works	5.0	5.0	-2.0	3.0
Stormwater Utility Management	0.0	0.0	1.0	1.0
Information Technology	0.0	0.0	1.0	1.0
<i>Total</i>	<i>47.0</i>	<i>47.0</i>	<i>-4.0</i>	<i>43.0</i>

In FY2010, the City started the year employing 47 people, 6 of which are the Mayor and five Council members. Including the Mayor and Council, full time and part time employees, the City will have an employment base of 43 professionals beginning in FY2011. This equates to an 8.51% reduction in workforce.

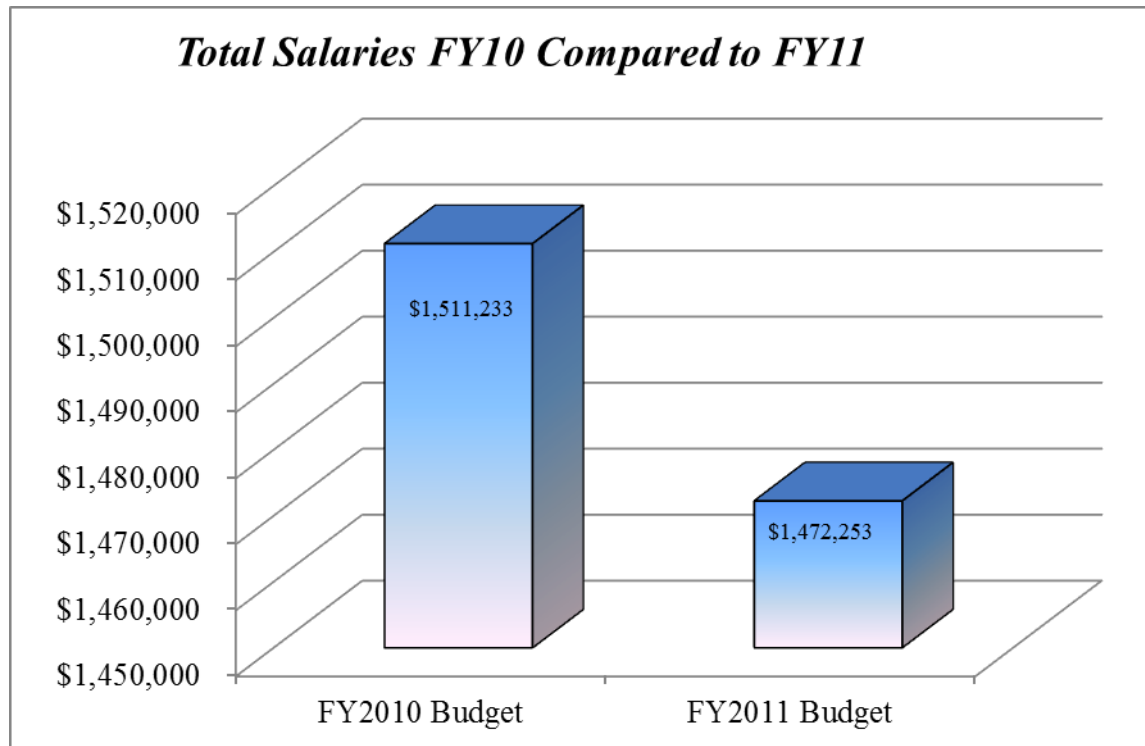
Explanation of changes in personnel

- City Administration-transfer of the Information Technology Director to the City-Wide/Non-Departmental division
- Community Development- transfer of the Stormwater Coordinator to the Stormwater department
- Public Safety- reduction of two (2) Criminal Investigation positions
- Public Works- reduction of two (2) Streets and Grounds positions
- Stormwater Utility Management-transfer of the Stormwater Coordinator from Community Development
- Information Technology- transfer of the Information Technology Director from City Administration



Salaries and Benefits

For FY2011, \$1,545,489 has been budgeted for salaries and \$475,523 for benefits making benefit costs 30.77% of salaries. The total salary/benefits budgeted are \$2,021,012 which equates to 50.45% of the City's general fund total budget. For comparison, in FY2010, \$1,567,047 was budgeted for salaries and \$484,530 for benefits making benefits 30.92% of salaries. The combined salary and benefits totals for FY2010 were \$2,051,577 with the total being 50.80% of the general fund budget. It should be known that the total salaries and benefits for FY2011 is \$30,565 less than FY2010. Further, cost of benefits due to the medical coverage increase for FY2011 equates to \$216,629. What this means is the budget for salaries has decreased while the budget for benefits has increased while still budgeted for a 1.49% overall decrease for salaries and benefits for FY2011. In other words, the overall cost of benefits decreased while medical insurance increased, the City is absorbing the cost of increase health benefits for its employees.



The budgeting components of the salaries and benefits are depicted as follows:

Total General Fund Salaries & Benefits					
Line Item	FY2009 Actual	FY2010 Budget	FY2011 Budget	% (+/-) from FY2010 to FY2011	% of Total Personnel Budet
<i>Regular Salaries</i>	\$ 1,613,209	\$ 1,511,233	\$ 1,472,253	-2.58%	72.85%
<i>Overtime</i>	30,228	25,371	28,000	10.36%	1.39%
<i>Public Safety Holiday Pay</i>	22,246	22,115	21,680	-1.97%	1.07%
<i>Sick Time Rebate</i>	21,004	8,328	23,556	182.83%	1.17%
<i>FICA</i>	124,612	119,884	111,446	-7.04%	5.51%
<i>Health Insurance</i>	213,128	229,730	216,629	-5.70%	10.72%
<i>Dental Insurance</i>	19,657	20,389	13,443	-34.07%	0.67%
<i>Vision</i>	155	-	-		0.00%
<i>Unemployment</i>	4,907	4,132	3,689	-10.72%	0.18%
<i>Life Insurance</i>	6,815	4,800	4,440	-7.50%	0.22%
<i>Short term Disability</i>	1,874	5,809	3,470	-40.26%	0.17%
<i>Workers Compensation</i>	48,281	46,597	45,829	-1.65%	2.27%
<i>Pension (GMEBS)</i>	40,853	53,188	76,576	43.97%	3.79%
Totals:	\$ 2,146,969	\$ 2,051,577	\$ 2,021,012	-1.49%	100.00%

Health Insurance

In June of 2010, the City, with assistance from our brokers, Arthur J. Gallagher, renewed its health insurance services contract with BlueCross/Blue Shield (BCBS) through June 30, 2011. The cost of this renewal was a 5.7% decrease compared to the 7.8% increase from the previous Fiscal Year (FY2010). Since this expenditure is incurred during mid-year of each fiscal year, the City has been providing funding into the upcoming fiscal year which allows us to budget for one half or the anticipated increase while making adjustments at mid-year if needed. The actual cost for FY2010 for Health insurance was \$179,117. By sharing some of the increased costs with employees such that they pay 30% of the premiums while the City pays 70% of the premiums, we are anticipating a decrease of \$13,101 from the prior year or a total cost to the City of approximately \$216,629.44.

Merit Increase

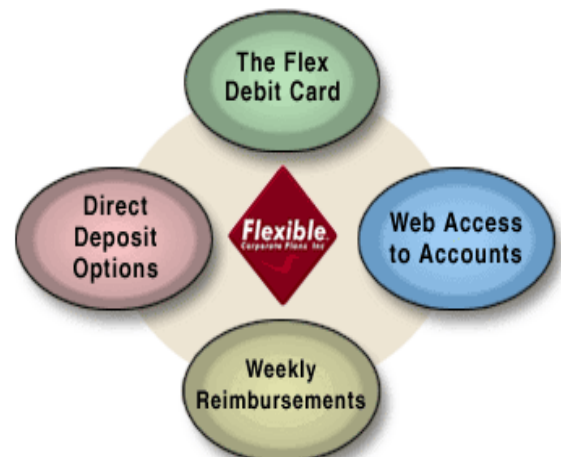
Due to the lower assessments and anticipated subsequent drop in revenues in all areas of governmental services, no cost of living increase or merit-based increase is being recommended for FY2011. However, one of the benefits still offered to employees are their ability to sell back up to 40 hours of sick leave that have accrued over the year. The cost to the City for 40 hours per eligible employee is approximately \$23,556. It is our goal to implement a true merit based system that provides incremental increases based on employee performance. We do not see having the ability to provide more than 4% as a maximum merit increase.

Pension

The City of Holly Springs utilizes the Georgia Municipal Employee Benefits System (GMEBS) administered through the Georgia Municipal Association for its pension plan. Based on the auditors' (RL Jennings, Inc.) findings for FY2009, the City's Pension remains underfunded. As such, the City will be applying 6% of employees' salaries towards the Pension Fund. Our total contribution to GMEBS will be \$76,576. Since the minimum to meet GMEBS' requirements is \$69,721, the 6% funding level for regular employees is anticipated to result in our pension plan being adequately funded. This estimate is based on an actuarial study on 45 employees as opposed to the 43 employees reflected in the FY2011 Budget. The GMEBS goal is to be 100% funded. Our goal, having less than 10% of our workforce vested in the plan, is to fund our pension at the minimum requirements for the next fiscal year and increase funding 1% over minimum in FY2012, 2% over minimum in FY2013, 3% over minimum in FY2014, 4% over the minimum in FY2015, and 5% over the minimum in FY2016.

Flexible Spending Arrangement

In February 2010 Council approved a Flexible Spending Arrangement (FSA) program for City employees. The initial plan year and in subsequent years, the only budgeted item for this expenditure will be the annual \$1,250 to Flexible Corporate Plans, Inc. to administer the plan. Additionally, this plan requires a \$5.00 fee per participant per month with a minimum of \$150 per month (which equates to 30 employees enrolled). It is recommended that we budget \$1,800 in total per year for the FSA Administration fee. This will cover the minimum and up to 30 enrollees. Having 43 eligible employees, the worst



case scenario could be \$2,580 for the FSA Administration fee. Thus, the total fiscal impact per year for the FSA program is estimated to be \$2,050.

A flexible spending arrangement (FSA), or Flexible Spending Account, as they are commonly called, is one of a number of tax-advantaged financial accounts that can be set up through a cafeteria plan of an employer in the United States. An FSA allows an employee to set aside a portion of his or her earnings to pay for qualified expenses as established in the cafeteria plan, most commonly for medical expenses but often for dependent care or other expenses. Money deducted from an employee's pay into an FSA is not subject to payroll taxes, resulting in a substantial payroll tax savings.

Property and Casualty Insurance

The City's Property and Casualty services are provided by Travelers with the broker of record and risk management services provided by Arthur J. Gallagher & Co. Our total premium for FY2011 for the period of May 1, 2010 through May 1, 2011 is \$71,000. This is 46.43% more than the FY2010 budgeted expenditure of \$48,486 for Property and Casualty. Our goal for FY2011 is to remain consistent with our existing rate or have a slightly higher rate approximately 1% over 2010 close to \$71,000 annually.

Travelers Insurance	FY2008 Actual	FY2009 Actual	FY2010 Actual	FY2011 Budget	
Property and Casualty Insurance					
<i>Non-Departmental</i>	\$ -	\$ -	\$ -	\$ 71,000	
<i>CityAdministration</i>	9,127	3,803	12,995	-	
<i>Community Development</i>	4,231	1,994	-	-	
<i>Public Safety</i>	48,856	90,921	27,801	-	
<i>Public Works</i>	15,814	6,689	5,190	-	
<i>Municipal Court</i>	-	-	2,500	-	
Total:	\$ 78,028	\$ 103,407	\$ 48,486	\$ 71,000	46.43%

Workers Compensation Insurance

The City's Workers Compensation services are provided by Key Risk the Broker of record being Arthur J. Gallagher & Co. The total premiums for FY2010 were \$68,860. The FY2011 is 21.55% less than 2010. An audit of our workers compensation coverage was completed to more accurately represent our exposure to claims.

Key Risk	FY2008 Actual	FY2009 Actual	FY2010 Actual	FY2011 Budget	
Wokers Compensation					
<i>Administration</i>	\$ 13,431	\$ 14,921	\$ 19,807	\$ 4,526	
<i>Community Development</i>	8,829	3,533	8,723	5,784	
<i>Public Safety</i>	30,194	11,987	30,201	32,921	
<i>Public Works</i>	14,570	4,900	6,222	10,418	
<i>Municipal Court</i>	5,174	1,030	3,906	370	
Total:	\$ 72,199	\$ 36,371	\$ 68,860	\$ 54,019	-21.55%

General Fund Expenditure Detail

Line Item	2010 Budget	2010 Actual (unaudited)	2010		FY2011	FY10-FY11 Budget
			Budget vs. Actual			
General Fund			\$ (+/-)	% of budget used (+/-)		% (+/-)
Advertising	\$ 7,300	\$ 2,875	\$ 4,425	39.39%	\$ 5,050	-30.82%
Audit	22,500	21,000	1,500	93.33%	23,000	2.22%
Bank Service Charges	1,000	1,454	(454)	145.45%	2,100	110.00%
Capital Expenditures	-	15,502	(15,502)		18,400	
Code Book Updates			-		4,500	
Community Center Exp	500	2,477	(1,977)	495.39%	500	0.00%
Contingency	-	-	-		100,000	
Contract Services	23,380	10,897	12,483	46.61%	4,500	-80.75%
Convention & Training	11,198	8,064	3,134	72.02%	21,337	90.54%
Council Expenses	10,500	4,226	6,274	40.25%	9,000	-14.29%
Court Services	159,843	46,953	112,890	29.37%	66,300	-58.52%
Crime Prevention	750	533	217	71.06%	500	-33.33%
Dues & Subscriptions	11,510	7,421	4,089	64.48%	15,875	37.92%
Elections Expense	10,000	-	10,000	0.00%	10,000	0.00%
Employee Benefits -- Add Life	4,800	4,184	616	87.16%	4,440	-7.50%
Employee Benefits -- Dental	20,389	17,136	3,253	84.05%	13,443	-34.07%
Employee Benefits -- Medical	229,730	167,843	61,887	73.06%	216,629	-5.70%
Employee Benefits -- Retire	53,188	52,265	923	98.26%	76,576	43.97%
Employee Benefits -- S.T. Dis	5,809	4,723	1,086	81.30%	3,470	-40.26%
Employee Benefits -- Vision	500	461	39	92.21%	-	-100.00%
Employee Relations -- EAP	2,750	1,964	786	71.42%	-	-100.00%
Engineering Expense	14,000	11,066	2,934	79.04%	19,000	35.71%
Fire Service Fee	840,546	918,446	(77,900)	109.27%	929,909	10.63%
Flexible Spending	2,050	2,186	(136)	106.65%	2,050	0.00%
Founder's Day -- 5K Run	1,000	-	1,000	0.00%	-	-100.00%
Founder's Day -- Admin	1,000	-	1,000	0.00%	-	-100.00%
Founder's Day -- Autumn Fest	1,000	2,109	(1,109)	210.94%	2,500	150.00%
Founder's Day -- Christmas	1,000	-	1,000	0.00%	-	-100.00%
Founder's Day -- Events	1,000	-	1,000	0.00%	-	-100.00%
Grant Matching -- Capital	40,000	40,000	-	100.00%	25,000	-37.50%
Insurance -- General Liability	90,200	82,977	7,223	91.99%	71,000	-21.29%
Interest	-	136	(136)		-	
Legal	20,666	26,380	(5,714)	127.65%	27,500	33.07%
Map Update Expense	1,000	15	985	1.50%	1,000	0.00%
Matching Funds -- Capital	40,000	40,000	-	100.00%	-	-100.00%
Matching Funds -- Operating	25,000	-	25,000	0.00%	-	-100.00%

General Fund Expenditure Detail Cont'd

Line Item	2010 Budget	2010 Actual (unaudited)	2010		FY2011	FY10-FY11 Budget
			Budget vs. Actual			
General Fund			\$ (+/-)	% of budget used (+/-)		% (+/-)
Miscellaneous	18,521	20,828	(2,307)	112.45%	7,900	-57.35%
Office Furniture	-	64	(64)		-	
Office Supplies	29,275	14,519	14,756	49.59%	26,500	-9.48%
Park Maintenance	2,500	2,887	(387)	115.47%	3,000	20.00%
Payroll Taxes	119,884	98,333	21,551	82.02%	111,446	-7.04%
Plan Review -- Fire	7,780	6,590	1,191	84.70%	7,800	0.25%
Planning & Zoning Consulting	500	226	274	45.28%	6,000	1100.00%
Planning & Zoning Meetings	1,900	1,421	479	74.79%	1,900	0.00%
Postage	5,010	6,127	(1,117)	122.30%	8,475	69.16%
Printing	200	173	27	86.66%	500	150.00%
Promotional	9,168	2,247	6,921	24.51%	18,000	96.34%
Promotions -- Easter Egg	5,000	4,596	404	91.93%	-	-100.00%
Promotions -- Litter Clean Up	100	37	63	37.23%	50	-50.00%
Promotions -- Memorial Day	250	-	250	0.00%	50	-80.00%
Promotions -- Newsletter	3,000	3,646	(646)	121.52%	-	-100.00%
Promotions -- Tree Recycle	500	-	500	0.00%	500	0.00%
Promotions -- Water Way	50	-	50	0.00%	50	0.00%
Rental of Equipment	-	1,100	(1,100)		650	
Repairs & Maintenance	32,450	35,675	(3,225)	109.94%	26,900	-17.10%
Salaries & Wages	1,587,107	1,616,368	(29,261)	101.84%	1,518,740	-4.31%
Salaries & Wages-- OT	25,371	16,837	8,533	66.37%	28,000	10.36%
Software Expense	15,069	15,985	(916)	106.08%	40,000	165.44%
Street Lights	40,000	28,296	11,704	70.74%	50,000	25.00%
Supplies & Materials	23,062	20,280	2,782	87.94%	39,500	71.28%
Telephone	42,150	31,226	10,924	74.08%	27,750	-34.16%
Transfer Funds to GF	200,015	51,559	148,456	25.78%	200,000	-0.01%
Travel	1,000	407	593	40.68%	3,000	200.00%
Unemployment	4,132		4,132	0.00%	389	-90.59%
Uniforms	21,675	19,986	1,689	92.21%	17,250	-20.41%
Utilities	68,800	56,633	12,167	82.32%	50,000	-27.33%
Vehicle Maintenance & Gas	73,247	78,300	(5,053)	106.90%	92,300	26.01%
Workers' Comp Insurance	46,597	68,860	(22,263)	147.78%	45,829	-1.65%
Total General Fund:	\$ 4,038,422	\$ 3,696,500	\$ 341,923	91.53%	\$ 4,006,059	-0.80%

Long-Term Debt

In FY2009, the City purchased land in the amount of \$1,800,000 for the redevelopment of the downtown area. This purchase was made through a component unit of the City, the Downtown Development Authority (DDA). This property was acquired utilizing the Georgia Municipal Association's "Bricks and Mortar program". The lease payments are paid semiannually in installments of \$244,184 including interest at 3.71% through August 2013. These payments are funded from SPLOST III sales tax collections.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009*	\$ -	\$ -	\$ -
2010	447,790	64,702	512,492
2011	441,432	46,937	488,369
2012	457,961	30,408	488,369
2013	475,108	13,261	488,369
	<u>\$1,822,291</u>	<u>\$ 155,308</u>	<u>\$1,977,599</u>

**Principal and interest was not due the first year of the loan*

Special Revenue Fund Expenditure Detail

Line Item	2010 Budget	2010 Actual (unaudited)	2010		FY2011	FY10-FY11 Budget
			Budget vs. Actual			
Hotel/Motel			\$ (+/-)	% of budget used (+/-)		% (+/-)
<i>Newsletter</i>	\$ 4,500	\$ -	\$ 4,500	0.00%	\$ 4,506	0.13%
Column Total:	\$ 4,500	\$ -	\$ 4,500	0.00%	\$ 4,506	0.13%
Operating Grant						
<i>F.O.C.U.S. Grant</i>	\$ 36,000	\$ 160,192	\$ (124,192)	444.98%	\$ 129,800	260.56%
<i>Trail Grant</i>	25,000	-	25,000	0.00%	\$ -	-100.00%
<i>ECOS Environmental</i>	-	55	(55)		\$ -	
<i>Bank Service Charge</i>	-	216	(216)		\$ 250	
Column Total:	\$ 61,000	\$ 160,463	\$ (99,463)	263.05%	\$ 130,050	113.20%
Total Special Revenue:	\$ 65,500	\$ 160,463	\$ (94,963)	244.98%	\$ 134,556	105.43%

Capital Projects Fund Expenditure Detail

Line Item	2010 Budget	2010 Actual (unaudited)	2010		FY2011	FY10-FY11 Budget
			Budget vs. Actual			
Capital Grants			\$ (+/-)	% of budget used (+/-)		% (+/-)
Bank Service Charges	\$ -	\$ 41	\$ (41)		\$ 60	
LCI Transportation Streetscapes	190,000	91,497	98,503	48.16%	49,960	-73.71%
Misc. Grant	100,000	-	100,000	0.00%	25,000	-75.00%
Column Total:	\$ 290,000	\$ 91,538	\$ 198,462	31.56%	\$ 75,020	-74.13%
Capital Improvement						
Bank Service Charge	-	1	(1)		-	
Misc. Expense	400	-	400	0.00%	50	-87.50%
Column Total:	\$ 400	\$ 1	\$ 399	0.30%	\$ 50	-87.50%
SPLOST III						
Capital Expenditures	\$ -	\$ 15,636	\$ (15,636)		\$ -	
City Hall	821,000	860,823	(39,823)	104.85%	704,541	-14.19%
Road Resurfacing	252,304	435,201	(182,897)	172.49%	-	-100.00%
Column Total:	\$ 1,073,304	\$ 1,311,660	\$ (238,356)	122.21%	\$ 704,541	-34.36%
Total Capital Projects:	\$ 1,363,704	\$ 1,403,199	\$ (39,495)	102.90%	\$ 779,611	-42.83%

Enterprise Fund Expenditure Detail

Line Item	2010 Budget	2010 Actual (unaudited)	2010		FY2011	FY10-FY11 Budget
			Budget vs. Actual			
Stormwater Utility Management			\$ (+/-)	% of budget used (+/-)		% (+/-)
Salaries & Wages	\$ -	\$ -	\$ -		\$ 54,156	
Administrative & Legal	2,000	207	1,793	10.36%	2,500	25.00%
Structural Upgrades	32,500	22,798	9,702	70.15%	95,918	195.13%
Capital Expenditures	-	4,090	(4,090)		47,456	
Reserve for Contingency	5,000	-	5,000	0.00%	5,000	0.00%
Computer Equipment		204	(204)		-	
Education & Public Awareness	250	183	67	73.20%	1,000	300.00%
Pollution Prevention	1,000	-	1,000	0.00%	3,000	200.00%
Regional Stormwater Pool	5,000	-	5,000	0.00%	7,500	50.00%
Maintenance & Cleaning	18,000	1,728	16,272	9.60%	25,000	38.89%
Training	1,343	1,240	103	92.33%	3,000	123.38%
Watershed Planning & Improv	500	-	500	0.00%	500	0.00%
Uniforms	-	356	(356)		-	
Total Enterprise Fund:	\$ 65,593	\$ 30,807	\$ 34,786	53.03%	\$ 245,030	273.56%

Changes in Fund Balance

Adopted Budget | FY2011

General Fund

	FY2009 Actual	FY2010 Actual *	FY2011 Budget	% of Total	% Change from FY10 to FY11
Beginning Fund Balance	\$ 1,815,714	\$ 1,672,507	\$ 2,286,607		
Revenues					
Property taxes	2,416,999	2,740,690	2,290,078	60.17%	-16.44%
Franchise taxes	352,179	490,342	350,000	9.20%	-28.62%
Other taxes	665,507	709,391	609,881	16.02%	-14.03%
Intergovernmental	205,316	-	-		
License and permits	368,228	192,436	147,050	3.86%	-23.58%
Charges for services	27,172	10,421	10,000	0.26%	-4.04%
Fines and forfeitures	369,207	313,931	355,000	9.33%	13.08%
Interest	6,698	4,012	3,550	0.09%	-11.52%
Other revenues	61,470	70,213	40,500	1.06%	-42.32%
Total revenues	4,472,776	4,531,436	3,806,059	100.00%	-16.01%
Expenditures					
Current:					
General Government	749,751	1,697,197	1,801,735	45.26%	6.16%
Municipal Court	276,937	189,193	202,907	5.10%	7.25%
Public Safety	2,101,137	1,255,514	1,166,333	29.30%	-7.10%
Public Works	294,450	162,760	223,292	5.61%	37.19%
Community Development	548,204	364,611	344,842	8.66%	-5.42%
Culture and recreation	202,029	213,840	223,550	5.62%	4.54%
Capital outlay:					
Public Safety	42,299	15,502	2,400	0.06%	-84.52%
Public Works	15,237	-	-		
Culture and recreation	-	18,718	-		
General Government	-	-	16,000	0.40%	
Community Development	23,367	-	-		
Total expenditures	4,253,411	3,917,336	3,981,059	100.00%	1.63%
Excess of revenues over (under) expenditures	219,365	614,100	(175,000)		
Other financing sources (uses):					
Proceeds from capital leases					
Transfers in	101,000		200,000		
Transfers out	(463,572)	-	(25,000)		
Total other financing sources (uses)	(362,572)	-	175,000		
Net change in fund balance	(143,207)	614,100	-		
Fund balances (deficit), end of year	\$ 1,672,507	\$ 2,286,607	\$ 2,286,607		

*FY2010 Actual is unaudited through December 31, 2010

Explanation of General Fund Variances

- Property Tax revenues are significantly lower due to the devaluation of property values and the uncollectability of personal property tax returns from defunct businesses.
- Franchise Taxes are down due to the State legislature reorganizing the ability of municipal governments to bill and collect franchise tax. The State approved a 3% franchise tax which is down from previous years of 4%.
- Motor Vehicle Taxes are down 14% due a lower volume of title transfers because of the downturn in the economy.
- Licenses and Permits are down 23.58% because of the lack of new construction within the city limits.
- Other Revenues are down 42.32% because in FY2010, the City had a one-time FEMA (Federal Emergency Management Authority) reimbursement due to a natural disaster.

Special Revenue Fund

	FY2009 Actual	FY2010 Actual *	FY2011 Budget	% of Total	% Change from FY10 to FY11
Beginning Fund Balance		\$ 1,670	\$ 15,601		
Revenues					
Other taxes	4,145	4,666	4,500	3.34%	-3.56%
Intergovernmental		169,660	130,000	96.61%	-23.38%
Interest	12	67	56	0.04%	-16.51%
Total revenues	4,156	174,393	134,556	100.00%	-22.84%
Expenditures					
Current:					
General Government	2,487	160,463	134,556	100.00%	-16.14%
Total expenditures	2,487	160,463	134,556	100.00%	-16.14%
Excess of revenues over (under) expenditures	1,670	13,931	-		
Other financing sources (uses):					
Transfers in	-	-	-		
Transfers out	-	-	-		
Total other financing sources (uses)	-	-	-		
Net change in fund balance	1,670	13,931	-		
Fund balances (deficit), end of year	\$ 1,670	\$ 15,601	\$ 15,601		

*FY2010 Actual is unaudited through December 31, 2010

Explanation of Special Revenue Variances

- The Intergovernmental decrease is because of a combination of two grants the City will receive in FY2011. The ARC (Atlanta Regional Commission) grant provides funding for F.O.C.U.S (Families of Cherokee United in Service) and is awarding a larger amount than what was granted in FY2010. The LCI (Livable Communities Initiative) Streetscape grant will end in the first quarter of 2011. The total is a net decrease of 23.38% for this revenue source.

Capital Projects Fund

	FY2009 Actual	FY2010 Actual *	FY2011 Budget	% of Total	% Change from FY10 to FY11
Beginning Fund Balance	\$ 680,010	\$ 1,104,646	\$ 1,031,046		
Revenues					
Special Tax	1,066,501	1,074,993	703,940	93.29%	-34.52%
Intergovernmental	-	40,000	-		
Interest	1,724	1,472	671	0.09%	-54.40%
Other revenues	-	213,135	50,000	6.63%	-76.54%
Total revenues	1,068,225	1,329,599	754,611	100.00%	-43.25%
Expenditures					
Current:					
General Government	5,454	41	70	0.01%	69.74%
Public Works	2,500	-	-		
Housing and Development	111,535	-	-		
Capital expenditures					
General Government	1,893,087	952,321	704,541	90.37%	-26.02%
Public Safety	303,181	15,636	-		
Public Works	466,281	435,201	75,000	9.62%	-82.77%
Debt Service					
Principal	20,606	-	-		
Interest	3,517	-	-		
Total expenditures	2,806,161	1,403,199	779,611	100.00%	-44.44%
Excess of revenues over (under) expenditures	(1,737,936)	(73,600)	(25,000)		
Other financing sources (uses):					
Proceeds from capital leases	1,800,000				
Transfers in	362,572		25,000		
Transfers out	-				
Total other financing sources (uses)	2,162,572	-	25,000		
Net change in fund balance	424,636	(73,600)	-		
Fund balances (deficit), end of year	\$ 1,104,646	\$ 1,031,046	\$ 1,031,046		

*FY2010 Actual is unaudited through December 31, 2010

Explanation of Capital Projects Fund Variances

- Special Revenue is down by 34.52% because sales tax collections are down countywide.
- The interest rate revenue is down by 54.40% because the federal fund rate is at an all-time low.
- The Capital Improvement program only has interest revenue budgeted because all capital projects are suspended until future years due to a lack of funding. Projects are anticipated for the 2012 fiscal year with funding coming from SPLOST IV.
- Other revenues include funding for Capital Grants. This decrease of 64.81% in this revenue is due to the postponement of the LCI Streetscape project and corresponding grant revenue until 2012.

Enterprise Fund

	FY2010 Actual *	FY2011 Budget	% of Total	% Change from FY10 to FY11
Beginning Fund Balance	\$ -	\$ 15,184		
Revenues				
Charges for services	45,950	245,000	99.99%	433.18%
Interest	41	30	0.01%	-26.29%
Total revenues	45,991	245,030	100.00%	432.78%
Expenditures				
Current:				
General Government	26,717	197,574	80.63%	639.51%
Capital expenditures				
General Government	4,090	47,456	19.37%	1060.31%
Total expenditures	30,807	245,030	100.00%	695.37%
Excess of revenues over (under) expenditures	15,184	-		
Other financing sources (uses):				
Proceeds from capital leases				
Transfers in				
Transfers out				
Total other financing sources (uses)	-	-		
Net change in fund balance	15,184	-		
Fund balances (deficit), end of year	\$ 15,184	\$ 15,184		

*FY2010 Actual is unaudited through December 31, 2010

Explanation of Enterprise Fund Variances

- The increase in the Charges for Services revenues is because the City is budgeting a full year of billing rather than only 3 months as budgeted in FY2010. The Stormwater Utility Management was enacted by local legislation October 1, 2010.

Transfer Schedule

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	General Fund (Parks & Recreation)	\$ 200,000
Capital Grants Fund	General Fund	25,000
		<u>\$ 225,000</u>

Capital Improvement Plan

5 Year Capital Improvement Plan

The FY2011 Budget does not contain any capital projects that will be funded this year. All major capital projects are scheduled to begin in FY2012 utilizing SPLOST IV (Special Local Option Sales Tax) funds. Funding from SPLOST IV revenue will be provided from FY2012-FY2018 to fund the following projects totaling \$6,715,200.

Project: Transportation Facilities and Improvements – This project involves the clearings of right-of-ways, road resurfacing, and the replacement of drain pipe as needed throughout the City. The Chief Inspector has compiled a list of approximately 12 miles of roadway and drainage needing improvements.

Project Total: \$3,100,000

Project Status: Scheduled to begin in FY2012 and end in FY2018

Funding Source: SPLOST IV (Special Local Option Sales Tax) 2012-2018

Operating budget impact: The only impact to the operating budget that this project will have is if there are project overruns. It will be the responsibility of the general fund to cover the shortfall.

Project: Law Enforcement Facilities, Vehicles and Equipment – Funds will be used to purchase an LED public address sign (reader board), police vehicles, and video cameras. In addition to the equipment, the City is planning on constructing a police sub-station. The sub-station will be located near Harmony on the Lakes, one of the largest developments in our city, and will provide additional public safety presence in the community.

Project Total: \$1,700,000

Project Status: Scheduled to begin in FY2012 and end in FY2018

Funding Source: SPLOST IV (Special Local Option Sales Tax) 2012-2018

Operating budget impact: The impact on the operating budget will be the maintenance of the new building once funding has ceased in 2018. Additionally, the necessary repairs and/or maintenance of the purchased equipment will be the responsibility of the general fund in future years.

Project: Sewer System Infrastructure, Facilities and Equipment – This project includes the installation of new pump stations and sewer infrastructure from downtown city hall to Hickory Springs Industrial Business Park.

Project Total: \$750,000

Project Status: Scheduled to begin in FY2012 and end in FY2018

Funding Source: SPLOST IV (Special Local Option Sales Tax) 2012-2018

Operating budget impact: There will not be an initial impact to the operating budget, however; there will be maintenance and future replacement costs of equipment after its useful life.

Project: City Hall Administration Offices, Facilities and Equipment - This project includes the installation of an audio/video system for Council, a computer data center to include new servers and computer equipment, and the purchase of furniture, fixtures, and equipment for a new city hall to be located in downtown.

Project Total: \$755,000

Project Status: Scheduled to begin in FY2012

Funding Source: SPLOST IV (Special Local Option Sales Tax) 2012-2018

Operating budget impact: The impact on the operating budget will be the maintenance and necessary repairs of the purchased equipment. This will be the responsibility of the general fund in future years.

Project: Public Works, Fire, and Fleet Vehicles and Equipment - Funds will be used to purchase additional public works vehicles, tractors, trucks, and snow plow equipment.

Project Total: \$410,000

Project Status: Scheduled to begin in FY2012

Funding Source: SPLOST IV (Special Local Option Sales Tax) 2012-2018

Operating budget impact: The impact on the operating budget will be the maintenance and necessary repairs of the purchased equipment and vehicles. This will be the responsibility of the general fund in future years

Funding for the project listed below will be provided by the Cherokee County Parks and Recreation fund. This project is anticipated to be a total of \$10,000,000.

Project: Parks and Recreation/Holly Spring Baseball Complex – This project includes the construction of nine (9) baseball fields, a concession stand, and a multipurpose/cultural facility.

Project Total: \$10,000,000

Project Status: Scheduled to begin in FY2012

Funding Source: Cherokee County Parks and Recreation Fund (partnership with the County)

Operating budget impact: The impact on the operating budget will be the cost of additional personnel needed to operate the facility and provide the on-going maintenance and field preparation. Funding for the park will be provided by user fees and league registration fees.

Glossary of Budgetary & Financial Terminology

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

ACCRUAL BASIS OF ACCOUNTING

A method of accounting that recognizes the financial effect of transactions, events, and interfund activities when they occur, regardless of the related cash flows.

ADOPTED (APPROVED) BUDGET

The funds appropriated by the City Council at the beginning of the year.

AD VALOREM TAX

Commonly referred to as property taxes, are levied on both real and personal property based upon the property's assessed valuation and the millage rate.

APPROPRIATION

A legal authorization to incur obligations and to make expenditures for specific purposes.

ASSESSED VALUATION

The valuation set upon real estate and certain personal property by the Property Appraiser as a basis for levying Ad Valorem (property) taxes.

BALANCED BUDGET

To the extent that the Appropriated Revenues and Estimated Budget Savings equal or exceed the Appropriated Expenditures, the budget is considered balanced. Should the Appropriated Expenditures exceed the Appropriated Revenues and Estimated Budget Savings, the difference would be shown in the revenue section as Beginning Surplus. The amount of the Beginning Surplus would specify the amount by which the Fund Balance would be reduced.

BASIS OF ACCOUNTING

The timing of recognition, that is, when the effects of transactions or events should be recognized for financial reporting purposes. For example, the effects of transactions or events can be recognized on an accrual basis (that is, when the transactions or events take place), or on a cash basis (that is, when cash is received or paid). Basis of accounting is an essential part of measurement focus, because a particular timing of recognition is necessary to accomplish a particular measurement focus.

BOND

A long-term debt obligation primarily used to finance capital projects or other long-term obligations. A bond represents a promise to repay a specified sum of money called the face value or principal amount at a specified maturity date or dates in the future, together with periodic interest at a specified rate.

BUDGET

An operational guide of planned financial activity for a specified period of time (fiscal year or project length) estimating all anticipated revenues and expected expenditures/expenses for the budget period. A policy document, which communicates programmatic goals and objectives and the anticipated means for achieving them.

BUDGET AMENDMENT

The transfer of funds from one appropriation account to another, requiring approval of City Manager, Finance Director, and Department Director.

BUDGET CALENDAR

The schedule of target dates that a government follows in the preparation of preliminary budgets and the adoption of the final budget.

BUDGET RESOLUTION

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

BUDGET OFFICER

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

BUDGET ORDINANCE

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

BUDGET PERIOD

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

BUDGETARY BASIS OF ACCOUNTING

This refers to the basis of accounting used to estimate when revenues and expenditures are recognized for budgetary purposes. This generally takes one of three forms: GAAP, cash, or modified accrual.

BUDGETARY CONTROL

The control or management of a government in accordance with the approved budget for the purpose of keeping expenditures within the limitations of available appropriations and resources. The level of budgetary controls that is the point at which expenditures cannot legally exceed the appropriated amount.

CAPITAL BUDGET – A plan of proposed capital outlays and the means of financing them for the current fiscal period. It is usually a part of the current budget.

CAPITAL EXPENDITURES

All charges incurred to acquire equipment, land, buildings, improvements of land or buildings, fixtures, and other permanent improvements with a value in excess of \$500 and a useful life expectancy of greater than 1 year.

CAPITAL IMPROVEMENTS

Expenditures related to the acquisition, expansion or rehabilitation of an element of the government's physical plant; sometimes referred to as "Infrastructure." See also "Capital Project".

CAPITAL PROJECT

Major construction, acquisition, or renovation activities which add value to a government's physical assets or significantly increase their useful life. Also called "Capital Improvements."

CASH BASIS OF ACCOUNTING

A basis of accounting in which transactions or events are recognized when related cash amounts are received or disbursed.

CONTINGENCY

A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted.

DEBT

An obligation resulting from the borrowing of money or from the purchase of goods and services on credit. The City Council must approve all debt instruments.

DEBT SERVICE FUND

A governmental fund established to finance and account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. Also known as "Sinking Fund".

DEPARTMENT

An organizational unit of government, which is functionally unique in its delivery of services.

DISTINGUISHED BUDGET PRESENTATION AWARD PROGRAM

A voluntary awards program administered by the Government Finance Officers Association (GFOA) to encourage governments to prepare effective budget documents.

EMPLOYEE (OR FRINGE) BENEFITS

Contributions made by a government to meet commitments or obligations for employee fringe benefits. Included are the government's share of costs for Social Security and Medicare, and the various pension, medical, and life insurance plans.

ENCUMBRANCE

The commitment of appropriated funds to purchase an item or service. To encumber funds means to set aside or commit funds for a specified future expenditure.

ENTERPRISE FUND

A proprietary fund used to account for business-like operations of a government to provide goods and or services to the general public. The intent is that enterprise fund operations should be supported by user fees on a cost recovery basis. The periodic determination of revenues and expenses is appropriate for capital maintenance, management control, or other public policy. An example of an enterprise fund is Stormwater Utility.

EXPENDITURE

The incurring of a liability, the payment of cash, or the transfer of property for the purpose of acquiring an asset, or a service or settling a loss. A decrease in net financial resources under the current financial resources measurement focus not properly classified as "Other Financing Uses".

FIDUCIARY FUND

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

FISCAL POLICY

A government's policies with respect to revenues, spending, and debt management as these relate to government services, programs and capital investment. Fiscal policy provides an agreed-upon set of principles for the planning and programming of government budgets and their funding.

FISCAL YEAR

A twelve-month period designated as the operating year for accounting and budgeting purposes in an organization. The City's fiscal year runs from January 1st to December 31st.

FUND

An accounting and reporting entity with a self-balancing set of accounts. Funds are created to establish accountability for revenues and expenses, which are segregated for the purpose of carrying out a specific purpose or range of activities.

FUND BALANCE (undesignated/unreserved)

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

FUND BALANCE (designated/reserved)

Refers to the excess of assets over liabilities and is designated or reserved for a particular item, e.g. "Fund Balance Reserved for Encumbrances".

FUND BALANCE (carried forward)

Funds on hand at year end resulting from collections of revenue in excess of anticipations and/or unexpended appropriations which are included as a revenue source in the budget of the ensuing year.

GENERAL FUND

The chief operating fund used to account for both general government transactions and those financial resources not required to be accounted for in another fund.

GOALS

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

GOVERNING AUTHORITY

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

GOVERNMENTAL FUNDS

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

INTERFUND TRANSFERS

Flows of assets (such as cash or goods) between funds of the primary government without equivalent flows of assets in return and without a requirement for repayment.

INTERGOVERNMENTAL REVENUE

Funds received from federal, state and other local government sources in the form of grants, shared revenues, entitlements, or payments in lieu of taxes.

LEGAL LEVEL OF CONTROL

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

MILLAGE RATE

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

MODIFIED ACCRUAL ACCOUNTING

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

NON-DEPARTMENTAL (CITY-WIDE)

A group of accounts which are not directly related to a department's primary service activities, or which are separate from departmental operations for control purposes.

OBJECTIVES

Unambiguous statements of performance intentions expressed in measurable terms.

OPERATING BUDGET

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

OPERATING EXPENSES

The cost for personnel, materials and equipment required for a department to function. Another example would be Proprietary Fund expenses related directly to the primary activities of the fund.

OPERATING REVENUES

Funds that the government receives as income to pay for ongoing operations. It includes such items as taxes, fees from specific services, interest earnings, and grant revenues. Operating revenues are used to pay for day-to-day services. Another example would be Proprietary Fund user fees for goods and/or services that are directly related to the primary activities of the fund.

PERFORMANCE INDICATORS

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

PERSONNEL SERVICES

Expenditures for salaries, wages, and fringe benefits of a government's employees.

PROPRIETARY FUNDS

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

RETAINED EARNINGS

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

RESERVE

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

REVENUE

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

REVENUE BONDS

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

ROLLED BACK RATE

The millage rate which, exclusive of new construction, will provide the same property (Ad Valorem) tax revenue for each taxing entity as was levied during the prior year. The rolled back rate controls for changes in the market value of property and represents "no tax increase". The only source of additional tax revenue, if the rolled-back rate is levied, is the tax upon new construction.

SINKING FUND

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

SPECIAL REVENUE FUND

A fund in which the revenues are designated for use for specific purposes or activities.

TAX DIGEST

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

TAXES

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

UNIT OF LOCAL GOVERNMENT

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

WORKING CAPITAL

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

Appendix

Abbreviations & Acronyms

ACS	American Community Survey
ADA	American with Disabilities Act
APB	Accounting Principles Board
ARC	Atlanta Regional Commission
ASE	Automotive Service Excellence
BCBS	Blue Cross/Blue Shield
BOC	Board of Commissioners
CIP	Capital Improvement Program
COLA	Cost of Living Adjustment
DDA	Downtown Development Authority
F/T	Full Time
FASB	Financial Accounting Standards Board
FEMA	Federal Emergency Management Association
FICA	Federal Insurance Contributions Act
FOCUS	Families of Cherokee United in Service
FSA	Flexible Spending Arrangement
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GAAS	Generally Accepted Auditing Standards
GAGAS	Generally Accepted Governmental Auditing Standards
GAO	General Accounting Office
GASB	Government Accounting Standards Board
GFOA	Government Finance Officer's Association
GMEBS	Georgia Municipal Employees Benefit System
HPC	Historic Preservation Commission
IT	Information Technology
LCI	Livable Centers Initiative
NPDES	National Pollutant Discharge Elimination System
OMB	Office of Management and Budget
P/T	Part Time
SPLOST	Special Local Option Sales Tax
TE	Transportation Enhancement

CITY OF HOLLY SPRINGS
CALLED CITY COUNCIL MEETING MINUTES
September 9, 2010

Present: Mayor Timothy Downing, Mayor Pro Tem Jacqueline Archer, Councilmember Tommy Sanders, Councilmember Dee Phillips, Councilmember Jeremy Smith, Councilmember Karen Barnett.

Staff Present: City Clerk Karen Norred, Community Development Director Brantley Day, Finance Director Robert Porche, Police Chief Ken Ball, Chief Building Official Chris Keown, Information Technology Manager Ron Carter, City Attorney's Office Alicia Argo.

Mayor Downing called the meeting to order.

Motion Jacqueline Archer to approve the Sixes Road over I-575 bridge enhancement project not to exceed the proposed amount of \$255,460, but should explore the reductions of cost by different options for the fence and the stamped sidewalk. Motion seconded by Jeremy Smith. During discussion Tommy Sanders requested that the project not be approved without the final costs with the reductions. Motion carried 3-0. Tommy Sanders and Dee Phillips opposed.

Motion Jacqueline Archer to approve setting the 2010 Millage Rate at 5.148, which is revenue neutral. Motion seconded by Dee Phillips. Motion carried 5-0.

Motion Jeremy Smith to approve the abandonment of Old Highway 5 right-of-way adjacent Tax Parcel 004C, Tax Plat 15N14C attached hereto as Exhibit "A".

Motion Jacqueline Archer to amend the agenda to add the following item:

Approve/Deny resurveying the JC Mullins Baseball Field.

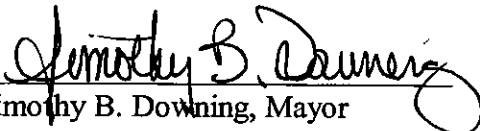
Motion seconded by Tommy Sanders. Motion carried 5-0.

Motion Jacqueline Archer to approve resurveying the JC Mullins Baseball Field. Motion seconded by Tommy Sanders. Motion carried 5-0.

Motion Tommy Sanders to adjourn. Motion seconded by Jacqueline Archer. Motion carried 5-0.

Meeting adjourned.

Respectfully Submitted


Timothy B. Downing, Mayor

**CITY OF HOLLY SPRINGS
CITY COUNCIL MEETING MINUTES
November 15, 2010**

Present: Mayor Timothy Downing, Councilmember Dee Phillips, Councilmember Karen Barnett, Councilmember Jeremy Smith.

Absent: Councilmember Tommy Sanders, Mayor Pro Tem Jacqueline Archer

Staff Present: City Attorney Bobby Dyer, City Clerk Karen Norred, Community Development Director Brantley Day, Police Chief Ken Ball, Chief Building Official Chris Keown, Information Technology Manager Ron Carter.

Mayor Downing called the meeting to order.

David Giaimo would like the City of Holly Springs to consider granting a medical disability exemption for property taxes. Mr. Giaimo also suggested that the City could adopt a false alarm fee to offset the cost of the medical disability exemption. Mayor Downing thanked Mr. Giaimo for taking the time to address the Council and bringing the problem and a potential solution to the problem.

Motion Dee Phillips to approve the Fiscal Year 2010 Budget Amendments Ordinance. Motion seconded by Jeremy Smith. Motion carried 3-0.

Motion Dee Phillips to approve the Fiscal Year 2011 Budget Ordinance. Motion seconded by Karen Barnett. Motion carried 3-0.

Motion Dee Phillips to table the proposed final brand for the City of Holly Springs with the Mayor having authorization to use 1A if needed within the next month. Motion seconded by Karen Barnett. Motion carried 3-0.

Motion Jeremy Smith to table Case CUP-03-10, conditional use permit request for self-storage establishment at 2615 Holly Springs Parkway, also known as tax parcel 007, tax plat 93N02. Motion seconded by Karen Barnett. Motion carried 3-0.

Motion Jeremy Smith to approve the Official Holly Springs Zoning Map. Motion seconded by Dee Phillips. Motion carried 3-0.

Motion Dee Phillips to approve proposed Public Works Safety Manual. Motion seconded by Karen Barnett. Motion carried 3-0.

Motion Dee Phillips to approve the Lung Cancer Awareness Month Proclamation. Motion seconded by Karen Barnett. Motion carried 3-0.

Motion Jeremy Smith to approve resolution requesting the deferment of both the LCI Transportation and TE Projects. Motion seconded by Dee Phillips. Motion carried 3-0.

Motion Dee Phillips to approve a 12 month Court Management System Software contract with SureCourt LLC. Motion seconded by Karen Barnett. Motion carried 3-0.

Motion Dee Phillips to approve a 12 month Property Tax Software contract with SureCourt LLC. Motion seconded by Karen Barnett. Motion carried 3-0.


Motion Karen Barnett to approve the May 17, 2010 Council Meeting Minutes. Motion seconded by Jeremy Smith. Motion carried 3-0.

Motion Dee Phillips to approve the October 18, 2010 Council Meeting Minutes. Motion seconded by Karen Barnett. Motion carried 3-0.

Motion Dee Phillips to adjourn. Motion seconded by Karen Barnett. Motion carried 3-0.

Meeting adjourned.

Respectfully Submitted


Timothy B. Downing, Mayor

GEORGIA LAW ON LOCAL GOVERNMENT BUDGETS

36-81-2. Definitions**Statute Text**

As used in this article, the term:

- (1) "Budget" means a plan of financial operation embodying an estimate of proposed expenditures during a budget period and the proposed means of financing them.
- (2) "Budget officer" means that local government official charged with budget preparation and administration for the local government. The official title of the local government budget officer shall be as provided by local law, charter, ordinance, or appropriate resolution of the governing authority.
- (3) "Budget ordinance," "ordinance," or "resolution" means that governmental action which appropriates revenues and fund balances for specified purposes, functions, or activities for a budget period.
- (4) "Budget period" means the period for which a budget is proposed or a budget ordinance or resolution is adopted.
- (5) "Capital projects fund" means a fund used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by resources from proprietary type activities which are accounted for in enterprise funds or those financed with funds held by the local government in a trustee capacity.
- (6) "Debt service fund" means a fund used to account for the accumulation of resources for and the payment of general long-term debt principal and interest.
- (7) "Enterprise fund" means a fund used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing authority is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges or where the governing authority has decided that periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. For purposes of this paragraph, the term "costs" means expenses, including depreciation.
- (8) "Fiduciary fund" means those trust and agency funds used to account for assets held by a local government in a trustee capacity or as an agent for individuals, private organizations, other governmental units, or other funds.

- (9) "Fiscal year" means the period for which a budget is proposed or a budget ordinance or resolution is adopted for the local government's general fund, each special revenue fund, if any, and each debt service fund, if any.
- (10) "Fund" means a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which is segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.
- (11) "General fund" means the fund used to account for all financial resources except those required to be accounted for in another fund.
- (12) "Governing authority" means that official or group of officials responsible for governance of the unit of local government.
- (13) "Internal service fund" means a fund used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit or to other governmental units on a cost-reimbursement basis.
- (14) "Legal level of control" means the lowest level of budgetary detail at which a local government's management or budget officer may not reassign resources without approval of the governing authority. The legal level of control shall be, at a minimum, expenditures for each department for each fund for which a budget is required. This does not preclude the governing authority of a local government from establishing a legal level of control at a more detailed level of budgetary control than the minimum required legal level of control.
- (15) "Special revenue fund" means a fund used to account for the proceeds of specific revenue sources, other than those for major capital projects or those held by the government in a trustee capacity, that are legally restricted to expenditure for specified purposes.
- (16) "Unit of local government," "unit," or "local government" means a municipality, county, consolidated city-county government, or other political subdivision of the state. Such terms do not include any local school district or board of education. For purposes of this paragraph, "county" includes any county officer who is paid in whole or in part on a salary basis and over whom the county governing authority exercises budgetary authority.

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

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

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

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

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

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

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

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

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

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

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

(d) The Department of Community Affairs, in cooperation with the Association County Commissioners of Georgia and the Georgia Municipal Association, shall develop local government uniform charts of accounts. The uniform charts of accounts, including any subsequent revisions thereto, shall require approval of the

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

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

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

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

(b) In those units of local government in which there is no budget officer, the governing authority shall perform all duties of the budget officer as set forth in Code Section 36-81-5.

(c) Nothing in this Code section shall preclude the utilization of an executive budget, under which an elected or appointed official, authorized by charter or local law and acting as the chief executive of the governmental unit, exercises the initial budgetary policy-making function, while another individual, designated as provided in this Code section as budget officer, exercises the administrative functions of budgetary preparation and control.

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

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

(b) The proposed budget shall, at a minimum, be an estimate of the financial requirements at the legal level of control for each fund requiring a budget for the appropriate budget period and shall be in such form and detail, with such supporting information and justifications, as may be prescribed by the budget officer or the governing authority. The budget document, at a minimum, shall provide, for the appropriate budget period, a statement of the amount budgeted for anticipated

revenues by source and the amount budgeted for expenditures at the legal level of control. In accordance with the minimum required legal level of control, the budget document shall, at a minimum, provide a statement of the amount budgeted for expenditures by department for each fund for which a budget is required. This does not preclude the governing authority of a local government from preparing a budget document or establishing a legal level of control at a more detailed level of budgetary control than the minimum required legal level of control.

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

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

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

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

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

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

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

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

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

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