



May 22, 2007

Dear Mayor, City Council and
Citizens of Sandy Springs,

Over the past year and a half the City has focused the majority of its resources on establishing basic programs for providing responsive, cost-effective general government services and creating first-class police and fire/rescue departments to serve the citizens of Sandy Springs.

The FY2008 proposed budget was prepared based on established priorities and with the feedback provided by City Council through a series of budget workshops. The budget process included an assessment by each City department to determine the quality of services delivered and projected operational needs. The City Manager and Finance Director met with each department to assess projected goals and upcoming financial requirements. Guidance and direction were also obtained through a series of City Council workshops and City Council meetings during budget development.

As part of the budget planning process, the Mayor and Council spent a considerable amount of time evaluating the City's capital program priorities. As a result of this effort City Council ranked the capital program needs as follows:

1. Pavement Management/Resurfacing
2. Intersection Improvements
3. Traffic Management Prioritization
4. Public Safety/Court Facility and Land for City Hall
5. Storm water Improvements
6. Existing Park Improvements - Repairs and upgrades
7. Bridges that are in need of repair
8. Sidewalk Improvements
9. New Park Projects
10. Watchcare Projects – Several TIP Projects carried forward from Fulton County

This proposed budget is submitted to the Sandy Springs City Council in compliance with State Law (O.C.G.A. 36-81-2 et seq.) that provides the budget requirements for Georgia local governments. The proposed budget addresses the operational and capital needs of the various City departments.

Public hearings are scheduled to be conducted to allow for citizen input and to enable all members of the City Council to better understand the needs of the entire community prior to the budget's adoption. The Budget can be revised during the budget workshops (June 5th & June 12th) or during the public hearings (June 5th, June 12th & June 19th) that will be conducted by the City Council. The Final Budget is scheduled to be adopted by the City Council on June 19, 2007.



The Budget provides additional resources for public safety and provides substantial funding for the City's second highest priority – transportation improvements. The proposed budget for all operating and special revenue funds totals \$104.9 million. The City's General Fund provides for general government operations of the City and maintains an adequate working capital necessary for the City's financial health and stability. This fund which accounts for most of Sandy Springs's operations has a budget of \$79.4 million. The remaining budgets provide for Funds that the City adopts annual budgets for legally restricted revenue sources: Hotel/Motel Fund, Grant Fund, Special Revenue Fund, Solid Waste Fund, Storm Water Management Fund and Debt Service Fund. The Capital Project Fund 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.

The FY2008 General Fund Budget provides for \$24.3 million for the competitively bid CHM2Hill contract for city services; \$17.1 million for personnel and related benefits; and \$15.4 million capital improvement allocation. All eligible Sandy Springs employees may receive a 5.0% pay increase and are eligible for an additional bonus based on job performance.

The City's goal has been to adopt operating budgets 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. 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 must be limited in size and duration. The FY2008 Budget does not require an increase in the millage rate and provides adequate reserves in the fund balance to ensure sound fiscal integrity of the City in addition to meeting the criteria of credit rating agencies.

In addition to providing expenditures by line item, this budget document includes "performance" budget information. A performance budget provides each of the department's goals and objectives to be accomplished in the upcoming budget year as well as several specific metrics that will be tracked. Performance measurements are intended to track the quality and effectiveness of services rendered and can be a useful tool in assessing overall program effectiveness.

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. Department Heads must submit budget amendment requests transferring appropriations from one line item to another within the specific department appropriation and obtain approval by the City Manager.

This budget includes a fund balance reservation for operating funds of \$3.5 million to reach the three-year reserve balance outlined in the financial policies. The purpose of the Fund Balance Reserve is to: provide adequate cash flow, 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).

The FY2008 Budget was developed with the following objectives:

- ✓ Acknowledging the tax burden on the citizens of Sandy Springs and not increasing the millage rate
- ✓ Compliance with the City's Financial Program objectives and taking a balanced, incremental approach to moving the City toward reaching the fund balance reserve goal as outlined in the financial policies over the next three years
- ✓ Providing capital related funding for pavement management/resurfacing, intersection improvements and traffic management
- ✓ Fund remainder of Abernathy Greenway land acquisition
- ✓ Providing funding for a long-term solution for a police facility
- ✓ Providing additional police patrol officers, a narcotics unit, reserve program and police support bureau staffing
- ✓ Providing for enhanced EMS services and fire reserve apparatus program
- ✓ Providing for the retention of personnel by providing pay increases for all city employees and offering a competitive benefit package

The FY2008 Budget provides for the following funding of priorities outlined by the Mayor and City Council:

1. Pavement Management/Resurfacing \$6.5 million
2. Intersection Improvements \$1 million
3. Traffic Management Improvements \$1 million
4. Facility for Police/Court \$2.75 Million
5. Stormwater Improvements \$250,000 (Priority I - Life threatening)
6. Existing Park Facilities \$750,000
7. Bridges that are in need of repair based on state standards \$250,000
8. Sidewalk Improvements near Schools \$250,000
9. New Park Programs \$100,000 (Parks & School partnerships)
10. Program Management/Construction Management Services \$750,000
11. Abernathy Greenway Land Acquisition \$1,125,000

The objectives identified above acknowledge the major needs of the City while balancing realistic fiscal constraints. Prudent financial planning demands that current operations are maintained, future operations are planned and anticipated, and emergency operations can be funded on short notice. The FY2008 Budget provides sufficient funding to enhance current service levels in public safety. In addition to providing for the current service levels, the budget provides for compliance with state and federal mandates and contractual obligations.

The City's strong adherence to revenue enhancements and cost containment measures has worked as intended, and has created a favorable cash position through the City's first eighteen



months of existence. This reflects the prudent spending practices exercised by the Mayor and City Council that have fostered the City's favorable financial condition.

The focus of the FY2008 Budget is to balance our stated objectives, incorporate the capital program into our operating budgets, and manage our financial constraints while simultaneously providing for mandated and necessary services. This approach has helped the City maintain control and be proactive rather than reactive as the City of Sandy Springs establishes itself as a first class service provider.

General Fund

The General Fund's FY2008 appropriation is \$79,418,000, an increase of \$6,616,682 or 9.1% over the 2007 budget of \$72,801,318. The General Fund's 2008 revenue is \$79,418,000, an increase of \$6,616,682, or 9.1% over FY2007 budgeted revenue of \$72,801,318. The General Fund's Budget does not appropriate fund balance. The Budget includes the fund balance reservation for operating funds for working capital of \$3.5 million to reach the three-year reserve balance outlined in the financial policies.

Hotel Motel Fund

The Hotel Motel Fund's FY2008 appropriation is \$4,540,090 an increase of \$740,090, or 19.5% over the FY2007 budget of \$3,800,000. This appropriation includes using the FY2007 residual fund balance. The Hotel Motel Fund's FY2008 revenue is \$4,100,000, an increase of \$300,000, or 7.9% over FY2007 budgeted revenue of \$3,800,000.

Grant Fund

The State Grant Fund's FY2008 appropriation is \$50,000, a decrease of \$15,000, or 23.1% under the FY2007 budget of \$65,000. The State Grant's FY2008 revenue is \$50,000, a decrease of \$15,000, or 23.1% over FY2007 budgeted revenue of \$65,000.

The Federal Grant Fund's FY2008 appropriation is \$1,086,221 an increase of \$907,321, or 507.2% over the FY2007 budget of \$178,900. The Federal Grant's FY2008 revenue is \$1,086,221, an increase of \$907,321, or 507.2% over FY2007 revenue of \$178,900. Note: The FY2008 Budget reflects pending grant applications that have not been awarded.

Special Revenue Fund

The Special Revenue Fund's FY2008 appropriation is \$52,500 a decrease of \$60,706, or 53.6% under the FY2007 budget of \$113,206. The Special Revenue Fund's FY2008 revenue is \$52,500, a decrease of \$60,706, or 53.6% under FY2007 budgeted revenue of \$113,206. This budget represents funds received from private donations for a variety of reasons and purposes. Primarily for public safety related enhancements.

*City
Manager*



Capital Fund

The Capital Fund's FY2008 appropriation is \$15,365,000, an increase of \$1,352,591, or 9.7% over the FY2007 budget of \$14,012,409. The Capital Fund's FY2008 revenue is \$15,025,000, an increase of \$1,352,591, or 9.7% over FY2007 budgeted revenue of \$14,012,409.

Solid Waste Enterprise Fund

The Solid Waste Enterprise Fund's FY2008 appropriation is \$500,000, a decrease of \$300,000, or 37.5% over the FY2007 budget of \$800,000. The Solid Waste Enterprise Fund's FY2008 revenue is \$800,000, a decrease of \$300,000, or 37.5% under the FY2007 budgeted revenue of \$800,000.

Storm Water Fund

The Storm Water Fund's FY2008 appropriation is \$450,000 and the projected FY2008 revenue is \$450,000. This budget assumes an operational starting date of July 1, 2008 and is balanced from a transfer from the General Fund.

Debt Service Fund

The Debt Service Fund's FY2008 appropriation is \$3,422,500 and the projected FY2008 revenue is \$3,422,500. This budget assumes an operational starting date of July 1, 2008 and is balanced from a transfer from the General Fund for equipment operating lease payments.

Sandy Spring's FY2008 Budget is a sound fiscal document that reflects the City's commitment to responsiveness and outstanding customer service. All of the necessary policies and procedures are in place to ensure a well-run City Government to meet the needs of citizens now and in the future.

Respectfully Submitted,

John McDonough
City Manager

*City
Manager*