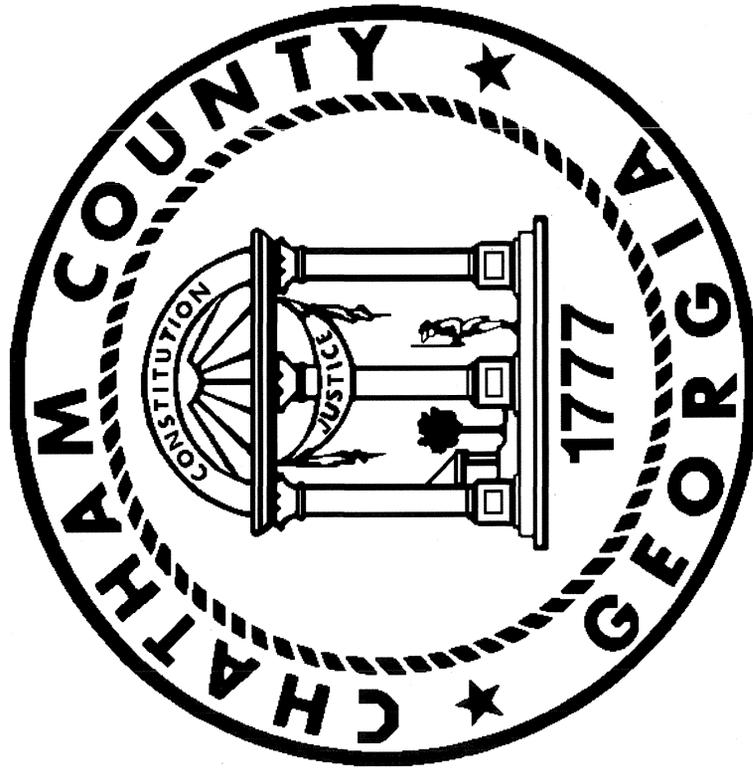


The Government Finance Officers Association of the United States and Canada (GFOA) presented an award for Distinguished Budget Presentation to Chatham County, Georgia for its annual budget for the fiscal year beginning July 1, 2010.

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 GFOA to determine its eligibility for another award.



STATE OF GEORGIA

CHATHAM COUNTY

A-3



**CHATHAM COUNTY, GEORGIA
ADOPTED ANNUAL BUDGET - FISCAL YEAR 2011 / 2012
BOARD OF COMMISSIONERS
2009 - 2012**

CHAIRMAN
Pete Liakakis

VICE-CHAIRMAN
Dr. Priscilla D. Thomas

CHAIRMAN PRO-TEM
Helen L. Stone

COMMISSIONERS

Helen L. Stone
Patrick O. Shay
James J. Holmes
Patrick K. Farrell

Harris Odell, Jr.
Dean Kicklighter
David Gellatly
Dr. Priscilla D. Thomas

COUNTY MANAGER
Russell E. Abolt

ASSISTANT COUNTY MANAGERS
Patrick Monahan
Michael Kaigler

COUNTY CLERK
Janice E. Bocook

COUNTY ATTORNEYS
R. Jonathan Hart Lisa G. Colbert

COMPILED BY - CHATHAM COUNTY FINANCE STAFF

Linda Cramer, Finance Director
Read DeHaven, Budget Officer
Estelle Brown, Assistant Budget Officer
Tom Drane, Senior Project Analyst
Christopher Morris, Senior Budget & Management Analyst
Rushed Adeshina, Senior Budget & Management Analyst
Gloria Saugh, Senior Budget & Management Analyst
Delores Stokes, Administrative Assistant

CHATHAM COUNTY COMMISSIONERS



Commission
Chairman
Pete Liakakis



Commissioner
1st District
Helen L. Stone



Commissioner
2nd District
James J. Holmes



Commissioner
3rd District
Patrick Shay



Commissioner
4th District
Patrick K. Farrell



Commissioner
5th District
Harris Odell, Jr.



Commissioner
6th District
David M. Gellatly



Commissioner
7th District
Dean Kicklighter

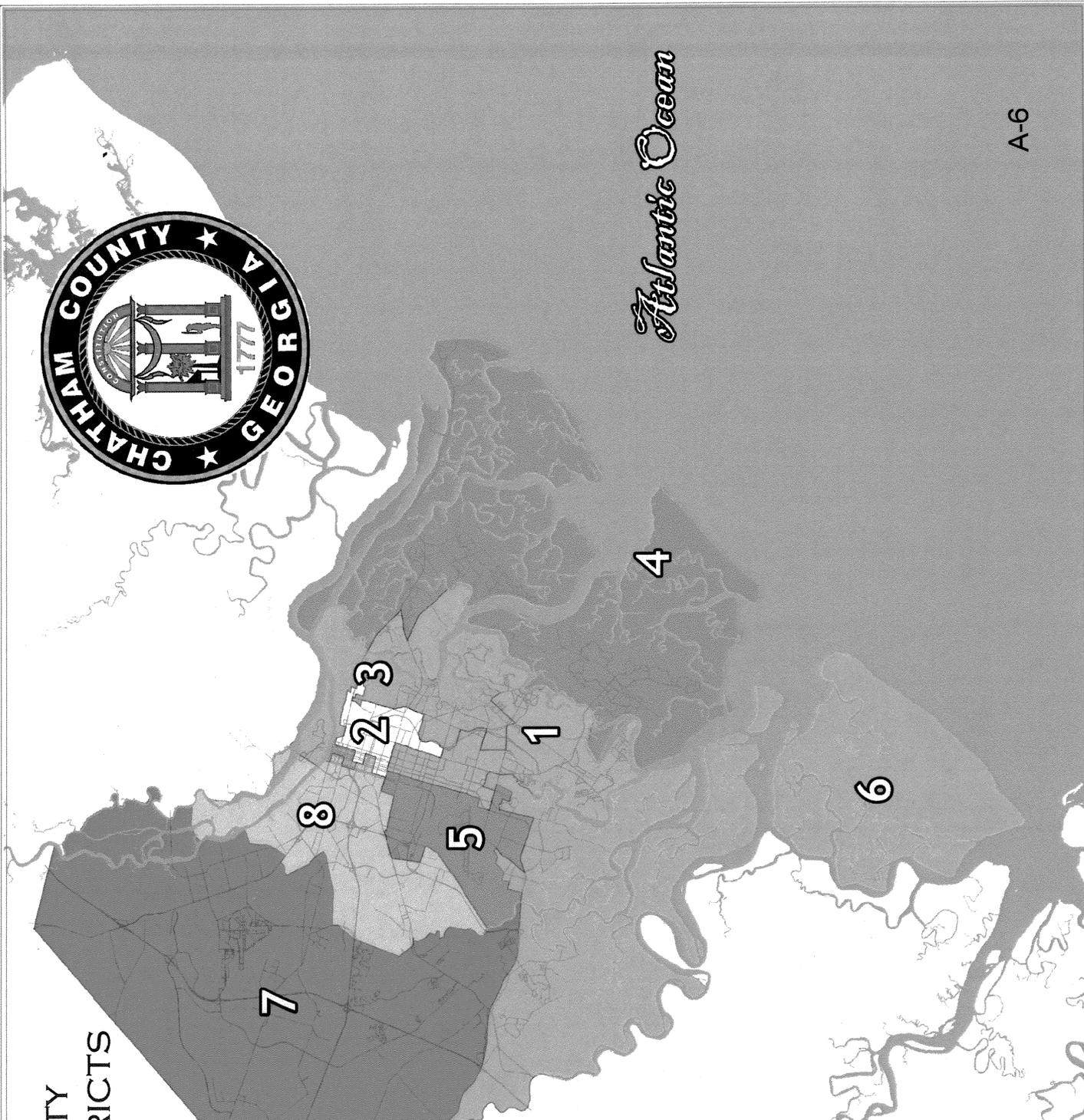


Commissioner
8th District
Priscilla D. Thomas

CHATHAM COUNTY COMMISSION DISTRICTS



Atlantic Ocean



LEGEND	
[Dark Gray Box]	1 - HELEN L. STONE
[White Box]	2 - JAMES J. HOLMES
[Medium Gray Box]	3 - PATRICK SHAY
[Light Gray Box]	4 - PATRICK K. FARRELL
[Dark Gray Box]	5 - HARRIS ODELL, JR.
[Medium Gray Box]	6 - DAVID M. GELLATLY
[Dark Gray Box]	7 - DEAN KICKLIGHTER
[Light Gray Box]	8 - PRISCILLA D. THOMAS
[Line]	ROAD
[Blue Box]	WATER

Chatham County Background Information

Chatham County's unique history as well as its coastal location provide economic benefits to the region. Data on the County is presented herein:

History of Chatham County



Old Chatham County Courthouse

Chatham County is the nucleus from which the present great State of Georgia has grown. Savannah was the first settlement recognized by the English government in colonial days. At Savannah, on February 12, 1733, with 116 settlers, the colony of Georgia was founded by James Edward Oglethorpe, a member of the English Parliament. In 1741, the Trustees divided the new colony into two colonies - the Savannah Colony and the Frederica Colony. In 1743, Oglethorpe departed for England leaving William Stephens, the first President of Georgia, over the government made up of the two colonies.

In 1758, the province was divided into eight parishes, one being Christ Church, which later formed most of the territory of Chatham County. In 1777, the first regular Constitution of the State was promulgated and at this time, parishes were abolished and counties named in their place. The County is named for William Pitt, the Earl of Chatham, an English nobleman. In 1786, the Chatham Artillery, the nation's oldest active military organization, was organized.

Chatham County is the sixth largest of the State's 159 counties. The County encompasses 438 square miles and still has its early boundaries as laid down in the Revolution. The County is bounded on the north by the Savannah River and South Carolina, on the east by the Atlantic Ocean, the south by the Ogeechee River and Bryan County, and on the west by Effingham County. It is the most easterly county in the State, and has many winding estuaries, rivers, and sea islands. It has as its county seat the main port of the State, the historic City of Savannah.

**Chatham County
Background Information**

Economic and Financial Condition



Fountain located downtown Savannah in beautiful Forsyth Park

Chatham County represents the major metropolitan area in the Southeast Georgia region; ranks fifth in population in the state and is noted for having a stable economy.

The County's dual personality - that of a major tourist attraction and an extraordinarily successful port - gives it a vibrancy that few other places can match. The city of Savannah also is a premier destination for national conventions and trade shows..

Population

The County's population together with the population trends for the Savannah Metropolitan Area Counties are presented below. The population of the County has grown approximately 22% during a 20 year period from 1990 to 2010, from 216,774 residents in 1990 to 265,128 residents in 2010. This compares with the State's total population growth of 14% during the same 20 year period.

POPULATION - CHATHAM COUNTY AND SAVANNAH METROPOLITAN AREA

<u>Year</u>	<u>City of Savannah</u>	<u>Chatham County</u>	<u>Effingham County</u>	<u>Bryan County</u>	<u>Total Metro Area</u>
1970	118,349	187,816	13,632	6,539	207,387
1980	141,651	202,226	18,727	10,175	231,128
1990	137,560	216,774	25,687	15,438	257,899
2000	132,985	232,347	37,535	23,417	293,299
2010	136,286	265,128	52,250	30,233	347,611

SOURCES: U.S. Department of Commerce, Bureau of the Census

**Chatham County
Background Information**

Labor Force / Employment

Chatham County's unemployment rate has historically trended below the United State's unemployment rate. The following table presents data for in employment and unemployment in Chatham County, Georgia, and the United States.

EMPLOYMENT DATA - CHATHAM COUNTY, GEORGIA

Year	Total Labor Force	Employed Civilian Force	Labor	Chatham County % Rate Unemployment	State of GA % Rate Unemployment	United States % Rate Unemployment
2002	111,134	106,396		4.3	5.1	5.8
2003	115,900	111,252		4.1	4.7	6.0
2004	120,261	114,535		4.8	5.0	5.6
2005	126,300	113,898		4.2	4.6	5.5
2006	130,060	124,828		4.6	5.0	4.8
2007	134,471	128,818		4.2	4.7	4.7
2008	134,283	128,047		6.2	8.1	7.2
2009	132,383	120,805		8.7	10.1	9.5
2010	130,791	119,049		9.0	9.5	10.0
2011	132,821	119,665		9.9	10.5	9.1

SOURCES: State of Georgia Departments of Labor, Labor Information Systems

Income

Throughout the last nine years, per capita income in Chatham County has grown steadily, keeping pace with growth in U.S. per capita income. Trends in per capita income are shown in the table that follows:

PER CAPITA INCOME

Year	Chatham County	Georgia	United States	Chatham County as a % of US
2002	\$29,208	\$29,260	\$31,145	96.26%
2003	\$29,981	\$29,260	\$31,461	99.56%
2004	\$31,323	\$29,669	\$32,271	102.30%
2005	\$33,012	\$30,622	\$33,881	103.80%
2006	\$35,167	\$32,157	\$35,424	106.21%
2007	\$37,624	\$33,425	\$37,698	105.52%
2008	\$39,779	\$34,687	\$39,461	105.12%
2009	\$41,481	\$35,362	\$40,674	98.78%
2010	\$40,178	\$35,490	\$40,584	99.00%

SOURCES: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Accounts Data.

**Chatham County
Background Information**

Manufacturing

Savannah's manufacturing sector generates an annual economy of over \$2.3 billion. 278 companies employ some 15,033 workers. Listed below is a brief profile of the County's largest manufacturing enterprises.

MAJOR MANUFACTURING EMPLOYERS IN THE CHATHAM COUNTY AREA

<u>Firm</u>	<u>Product</u>	<u>Employment</u>
Gulfstream Areospace	Jet aircraft	5,000-9,999
Georgia Pacific Corporation	Paper products	1,000-4,999
International Paper Corporation	Paper products	1,000-4,999
J.C. Bamford	Construction equipment	250-499
Diamond Crystal Brands	Refined sugar	250-499
Derst Baking Company	Food products	250-499
Colonial Group	Petroleum products	250-499
Brasseler USA	Dental equipment	250-499

SOURCE: Savannah Area Chamber of Commerce, *Savannah 2011 Economic Trends*

Tourism



View of Savannah International Trade & Convention Center from the Savannah River

The preservation and restoration of Savannah's downtown historic district and the riverfront has served as the anchor for tourism in the area. Complementing the tourism sector is convention trade. Savannah's Civic Center includes a 2,566 seat theater, an arena with a capacity of 9,600, a ballroom with a capacity of 550 and over 25,000 square feet of exhibit space. In addition, the Savannah International Trade & Convention Center has allowed Savannah to compete for larger conventions, meetings and events.

Chatham County has over 13,890 hotel/motel rooms and a variety of restaurants in the downtown area and throughout the Metropolitan Area. During the past ten years, the growth in retail trade and service sectors is attributable to increased tourism and reflects its importance to the County's income.

**Chatham County
Background Information**

Tourism in Savannah generates over \$300 million in federal, state and local taxes. The number of jobs directly supported by tourism number over 21,000 with an economic impact of over \$1 billion. Although tourism was affected by the recession, activity in this sector began to destabilize in 2009. The number of visitors declined slightly (-0.3%) while the demand for rooms increased slightly. The available data for 2010 indicates a strong recovery in tourism activity with some indicators recording a 10% increase over the previous year.

Year	Number of Hotel rooms	Overnight visitor stays	Room Taxes - 6% City of Savannah & Unincorporated Area	Total Direct Visitor Spending
2001	10,486	2,444,000	\$9,200,000	\$1,059,000,000
2002	11,157	2,555,000	\$9,460,000	\$1,032,000,000
2003	11,153	2,714,000	\$10,440,000	\$1,208,000,000
2004	11,085	2,867,000	\$11,480,000	\$1,213,000,000
2005	11,721	2,845,000	\$12,610,000	\$1,385,000,000
2006	12,448	2,807,000	\$13,190,000	\$1,800,000,000
2007	13,110	2,886,000	\$14,410,000	\$1,980,000,000
2008	13,898	2,805,000	\$14,040,000	\$1,940,000,000
2009	14,797	2,810,000	\$13,899,840	\$1,600,000,000

SOURCES: Savannah Area Chamber of Commerce, *Savannah 2011 Economic Trends*

Transportation

Logistics Today has rated this area "the most logistics friendly city in the nation" - recognizing the area as a superior transportation hub. Here are some of the reasons for the honor:

- Savannah is only a few miles from Interstate 95, as well as at the eastern terminus of Interstate 16 - which gives the residents speedy access to Atlanta.
- Savannah is only two hours away from the burgeoning Florida market, yet has the cost and business advantages of a Georgia location.
- The area enjoys a strategic location on the East coast, but is far more westerly than other coastal cities; located 647 miles due south of Cleveland, Ohio.
- The taxpayers understand the importance of quality infrastructure and improvements by the continued approval of Special Purpose Local Option Sales Taxes (SPLOST).

Amtrak provides rail passenger service to the Savannah area. Freight service is provided by CSX, Georgia Central and Norfolk Southern Corporation. Trucking service is provided by over 100 motor freight carriers to the Savannah area.

**Chatham County
Background Information**

Port of Savannah



The County's continued economic progress is based to a large extent on the continuing development of the Port of Savannah. The definition of the Savannah Harbor is "that it comprises the lower 21.3 miles of the Savannah River generally forming a boundary between South Carolina and Georgia and 11.0 miles of bar channel for a total length of 32.3 miles." Savannah is the farthest inland port on the East Coast. This places Savannah within a day's haul over road or rail to many major midwestern markets, thus greatly reducing the cost of shipping, a definite advantage for the Port of Savannah. Although the Port has a large number of private businesses having docking facilities, the Georgia Ports Authority (GPA) has the largest wharfing facilities for handling cargo for both imports and exports on the East Coast.

The Port of Savannah, home to the largest single-terminal container facility of its kind on the U.S. East and Gulf coasts, is comprised of two modern, deepwater terminals: Garden City Terminal and Ocean Terminal. Together, these facilities exemplify the GPA's exacting standards of efficiency and productivity.

The Port of Savannah is the fourth-busiest and fastest-growing container terminal in the United States. In 2010, the Georgia Ports Authority handled more than 2.6 million Twenty-foot Equivalent Unit (TEU) containers the Port of Savannah, a 9.7 percent increase compared with the previous fiscal year. The Port posted its best year ever for exports moving 1,139,983 TEU's, which was a 15.5 percent increase.

The Garden City Terminal is owned and operated by the Georgia Ports Authority. The Garden City Terminal is a secured, dedicated container facility, the largest of its kind on the U.S. East and Gulf coasts. The 1,200 acre single terminal facility features 9,693 linear feet of continuous berthing and more than 1.2 million square feet of covered storage. The terminal is equipped with fifteen high-speed container cranes (4 super post-panamax and 11 post-panamax) as well as an extensive inventory of yard handling equipment.

**Chatham County
Background Information**

The Ocean Terminal is a secured, dedicated breakbulk facility specializing in the rapid and efficient handling of a vast array of forest and solid wood products, steel, RoRo (Roll-on / Roll-off), project shipments and heavy-lift cargoes. The 208-acre (84.2-ha) facility features 6,688 linear feet (2,039 linear meters) of deepwater berthing, approximately 1.5 million square feet (138,164 square meters) of covered storage and 96 acres (38.8 ha) of open, versatile storage. The leading imports were iron and steel, machinery, plywood, cocoa bean, granite, lumber, aluminum, and paper products. Kaolin clay, linerboard, machinery, woodpulp, military ordinance, lumber, and foodstuff were the leading exports.

The port also includes a foreign trade zone which consists of twenty eight acres at the Savannah International Airport and twelve acres at Georgia Ports Authority facilities. It allows imports into the United States to be processed, displayed, or otherwise handled free from duties and taxes. The 2,600 acre Crossroad Business Center was recently made a part of the Zone. Only when cargo leaves the zone to be distributed in the United States is it subject to these charges. If it is exported, these costs are avoided.

Executive Summary

The Fiscal Year 2012 Budget was adopted by the Board of Commissioners on June 24, 2011. The County Manager submitted a recommended budget proposal to the Board on May 13, 2011. The County Manager's recommended budget is located after the tab "County Manager's Message" and serves as the framework for the final adopted budget.

The County Commission reviews its adopted goals each February in preparation for the budget process. Since the County does not have a strategic plan, these goals serve as a guide throughout the annual budget process. For the most part, the adopted goals have stayed constant over the past four years. This year the Commission also identified short term objectives for fiscal 2012. Stated goals and objectives are summarized below:

Goals

To provide all citizens the best place to live, work and play:

- By protecting everyone's public safety
- By providing outstanding recreational services and facilities community-wide
- By stimulating economic growth through cooperative business practices
- By establishing and maintaining effective management of the County's resources
- By developing and maintaining road and drainage infrastructure
- By pursuing State legislation that supports the County's goals

Objectives

- Balance the fiscal 2012 budget without raising taxes
- Pursue economic growth for the community
- Emphasize public safety
- Effectively manage limited resources
- Find solutions for the structural imbalance in the Special Service District
- Increase recreational opportunities
- Build wellness programs for employee spouses and dependents
- Develop a diversion center or other alternatives to incarceration

County management entered the 2012 budget process in a cost reduction mode. Capital project budgeting began in October 2010, and departments began the operating budget process in February 2011. Due to the stagnant economy, most revenue estimates were decreased or held constant. Departments were asked to cut their budgets by 5% from FY 2011 adopted budget levels after allowing for increased pension and medical costs. Not all departments were able to achieve the 5% cut since reductions had been taken in the previous two years.

County budget discussions primarily focus on the two funds that levy taxes – the General Fund and Special Service District (SSD). One of the Board’s stated objectives was to balance the Fiscal Year 2012 budget without raising taxes. Staff was responsive to this objective in preparing the recommended budget. Since the recommended budget estimated a 4% tax revenue decline from 2011 levels, the budgetary offset had to be expenditure cuts. Balanced budgets were presented to the Board that included a number of program, staff and spending cuts. Several discretionary programs were eliminated or reduced. Staff reductions were recommended in both funds with substantial layoffs proposed in the SSD to resolve its structural imbalance. After the recommended budget was distributed, final tax digest data was received in June 2011. Actual net property values had declined 4.2% in the General Fund M&O and 1.99% in the Special Service District. The County Manager modified his recommended budget accordingly, showing more staff reductions in the General Fund M&O and less staff reductions in the Special Service District.

In June the County Manager’s modified budget was presented to the Board for approval along with other budget alternatives. After reviewing all available choices, the Board adopted a budget that increased the millage rate to the roll-back rate in both funds. The overall goal of the roll-back rate is to keep revenues level from year to year. This rate is statutorily defined under Georgia law as “the previous year’s millage rate minus the millage equivalent of the total net assessed value added by reassessments”. In 2011 reassessments resulted in property value declines; therefore, the roll-back rate increased the tax rate from 10.537 mils per \$1,000 of assessed value to 11.109 mils in the General Fund. In the SSD, the tax rate increased from 3.475 mils per \$1,000 of assessed value to 3.56 mils. The Board’s action resulted in increases to revenue budgets and a higher capacity for expenditures. Discretionary program cuts and some department cuts were restored in the General Fund’s budget. Staff reductions were eliminated in the General Fund and delayed in the SSD Fund until 2011 audited fund balance numbers become available.

During the budget process, departments presented a number of decision packages for funding consideration. The Board did not approve any of the decision packages for the 2012 budget. They are presented for information. In addition, staff compensation levels remained flat.

The 2012 Adopted Budget included funding for four CIP Fund projects totaling \$695,000. Several projects were closed, and residual funds of \$904,012 were transferred back to the General Fund M&O. Projects in the five special purpose local option sales tax funds continued on pace with prior year plans, and the project budget for the Sales Tax V Fund was modified.

A reconciliation of the County Manager’s recommended budget to the adopted budget is shown in the following table:

RECONCILIATION
Fiscal Year 2012 Recommended vs. Adopted Budget

	<u>General Fund M&O</u>	<u>Special Service District</u>
Revenues & Fund Balance Appropriations:		
Manager's recommended budget	\$ 144,924,763	\$ 25,074,281
Adjustments:		
- Increased property tax revenue due to adoption of the roll-back rate	\$ 6,017,364	\$ 491,346
- Adjustments for final property tax digest	(233,760)	301,000
- Increase (decrease) in fund balance appropriation	(1,411,033)	1,012,033
- Change to miscellaneous revenue	6	
Total adjustments	<u>4,372,577</u>	<u>1,804,379</u>
Adopted Revenues & Fund Balance Appropriations	<u><u>\$ 149,297,340</u></u>	<u><u>\$ 26,878,660</u></u>
Expenditures:		
Manager's recommended budget	\$ 144,924,763	\$ 25,074,281
Adjustments:		
- Restored program cuts	\$ 2,280,509	-
- Restored cuts to department budgets	1,542,345	-
- Increased appropriations	133,253	
- Reduced layoff costs	416,470	\$ 1,804,379
Total adjustments	<u>4,372,577</u>	<u>1,804,379</u>
Adopted Expenditures	<u><u>\$ 149,297,340</u></u>	<u><u>\$ 26,878,660</u></u>

The adopted budget seeks to be responsive to the Board of Commissioner's goals:

Public Safety

- The \$100 million Detention Center Expansion project is being funded through the Special Purpose Local Option Sales Tax Fund 2008-2014. At completion, the facility should have a total bed capacity of 2,360. Groundbreaking on the project occurred in Spring 2011 and construction should be completed within 24 months.
- During fiscal 2011 the Emergency Management Service (EMS) service provider contract was renegotiated, and the contract ensures coverage for all areas of the County. Annual costs under the new contract increased \$263,221 during fiscal 2012.
- The renegotiated contract for inmate medical services resulted in an annual cost increase of \$212,690.
- Digital radios for Detention Center staff were funded through the CIP Fund. The radio project's budget is \$240,000.
- The CIP Fund budget includes funding for police vehicles of \$295,000.
- Funding of \$260,000 was restored for the Counter Narcotics Team. The County Manager had proposed the cuts in his recommended budget.

Recreational Services and Facilities

- The Liberty City community center project was funded through the Special Purpose Local Option Sales Tax Fund 2008-2014. In addition, \$1 million of general Park & Recreation Improvements were also approved.
- Funding was restored for operation of the Bamboo Farm and the Weightlifting Center. Funding for these facilities had been cut in the County Manager's recommended budget.

Cooperative Business Practices

- Funding for the Construction Apprentice program was restored. This program had been recommended for closure in the County Manager's recommended budget.

Management of County Resources

- Tax revenues were stabilized due to the Board's adoption of the roll-back millage rate. The increased millage rate offsets the declines in the property tax digest.
- No compensation increases or staff reductions were adopted.
- Wellness programs are funded in the Health Insurance Fund.

Road & Drainage Infrastructure

- Special Purpose Local Option Sales Tax funds continue to provide funding for road and drainage infrastructure projects.

Legislative Mandates

- The Adopted Budget continues funding for all mandated activities and programs.

DECISION PACKAGES - FY 2011/2012 - SUMMARY

Each year departments are provided an opportunity to request additions to their respective base budgets. These requests are submitted as decision packages and prioritized from 1 to 10 with 1 representing the highest priority and 10 representing the lowest priority. The decision packages listed below represent unfunded departmental requests. These requests are not included in the adopted budget.

General Fund M&O

1567 Fleet Operations		
Priority # 1	Garage Superintendent	64,030
Priority # 2	Clerical Assistant III	12,830
3910 Animal Control		
Priority # 1	Two Animal Care Assistants	77,422
Priority # 2	Administrative Clerk	36,275
Priority # 3	Animal Control Officer	76,014
4100 Public Works		
Priority # 1	State Highway Maintenance Program	786,500
5530 Frank G. Murray Center	Restore line items	3,890
6100 Parks and Recreation		
Priority # 1	Restore funding	115,460
Priority # 2	Assistant Park Maintenance Superintendent	82,550
Priority # 3	Two Maintenance Workers and Four Commercial Mowers	116,280
Priority # 4	Recreation Leader	63,310

Total General Fund M&O

\$ 1,434,561

DECISION PACKAGES - FY 2011/2012 - SUMMARY

Special Service District

4100 Public Works

Priority # 1	Restore funding for Hand Ditch Program	300,057
Priority # 2	Restore funding for Field Positions	359,638
Priority # 3	NPDES Permit Requirements	161,659
Priority # 4	Training and Development Program	40,000
Priority # 5	Tree Maintenance and Care Program	293,458
Priority # 6	State Highway Maintenance Program	(786,500)
Priority # 7	Restore funding for Roadside Herbicide Program	8,100
Priority # 8	Document Imaging Program	24,000

7410 Metropolitan Planning Commission

Priority # 1	Grant Match	37,500
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Total Special Service District

\$ 437,912