

## BUDGET PROCESS

The Board of Commissioners adopted the FY 2009 Budget Calendar on January 18, 2008. The Board of Commissioners met in March 2008 to develop goals. The Commission goals are discussed in the County Manager's message and the Executive Summary.

Departments and agencies submitted detailed operating budget requests to the Budget Office in the Finance Department on February 15, 2008 in accordance with procedures established by the Budget Calendar. The budget requests of County agencies and departments included basic and additional requests. Basic requests are requests to finance currently mandated or authorized services within guidelines, or ongoing expenditures. Additional requests are over and above the basic FY 2007 / 2008 service levels.

After analyzing the budget requests, Budget staff met with the County Manager, department heads and agency heads during the month of March to review the requests. The County Manager's Recommended FY 2008 / 2009 Budget reflected his consideration of these recommendations in light of revenue projections and real property assessments, and his top priority initiatives are reflected in the Budget Message. Supplemental requests were incorporated into a series of Decision Packages for review by the Board of Commissioners. The Decision Packages reflect additional needs of the department or agency heads not included in the County Manager's recommended budget.

As presented to the County Commission, the Recommended Budget is intended to provide the resources necessary to continue current services. In his Budget Message, the County Manager may also recommend adjustments to the general property tax rates and user fees necessary to finance these services and may identify high priority needs, new initiatives and program changes for County Commission consideration during budget deliberations. These and other issues brought forward at the budget public hearings were addressed during the County Commission budget work sessions in May and June 2008. After careful deliberation, the Recommended Budget, as modified to include the final Add/Delete List of decision packages and the adopted millage rate, was adopted by the County Commission on July 11, 2008. The Final Add/Delete List is incorporated in the adopted budget column in each fund's summary and detail information. A reconciliation for the Recommended to the Adopted Budget is shown on page xvi.

## Departmental Goals

In November of 2005, the Board of Commissioners requested that departments submit goals looking forward for five years. The departmental goals for 2006-2010 are listed below.

### Clerk of Commission - 1001130

- To serve the Commission in the best possible manner and as efficiently and economically as possible.

### Finance - 1001510

- Provide high quality financial information to the Board of Commissioners, county management, and the public for analysis and decision making purposes.
- Further develop the use of strategic planning and forecasting models that analyze the cost effect of trends, programs and positions over multiple years.
- Establish and fund an annual capital improvement plan that addresses the Board's stated priorities, including deferred maintenance items.
- Emphasize performance measurement standards as part of the annual budget process.
- Automate processes within limits of existing software.

### Purchasing - 1001517

- Update Purchasing Ordinance and Procedures Manual.
- Update Minority and Women Business Enterprise Program.
- Complete the infrastructure requirements and inventories under GASB-34 standards.
- Relocate Division to the Government Services Center on Eisenhower.
- Develop and Implement Web based Procurement System (E-Procurement).

### County Attorney - 1001530

- Develop a permanent mediation system where tax appeals from the BOE would be reviewed by the County Attorney and the BOA.
- Review the current state law pertaining to impact fees in community improvement districts.
- Continue to work proactively with the Tax commissioner to file judicial in rem tax foreclosures.

## Departmental Goals

- Continue to work proactively with users of County services to ensure the County is appropriately compensated for services it provides.
- Work proactively with ACCG and others to ensure that the County is considered in proposed legislation.

### Information & Communication Services - 1001535

- Move Data Center to "Old Jail" AKA South Annex.
- Implement E-Gov by hiring a Web Master and a Security Analyst to greatly expand use of the internet.
- Move toward a paperless environment.
- Enhance disaster preparedness.
- Modernize the Criminal Justice software system.

### Human Resources - 1001540

- Conduct a Comprehensive Compensation and Classification Study.
- Develop and Implement an Employee Wellness Program.
- Merit Funding/Update Employee Performance Evaluation System.
- Update the Human Resources Information System.
- Enhance Employee Training Program/Management Development.

### Board of Assessors - 1001550

- Completion of the CAMA Assessment Office.
- Improve the quality and accuracy of assessment data.
- Ensure the accurate reporting of personal property.
- Salary parity with the public sector.
- Adequate office space and vehicles.

## Departmental Goals

### Board of Equalization - 1001551

- The goal of the BOE is to conduct hearings in a speedy, effective, and efficient manner.

### Internal Audit - 1001560

- To assist county management in its administration of the public's affairs.
- To strengthen the county internal structure by reviewing departmental control systems.
- To discourage county employees fraudulent activity or other wrongdoing by performing routine scheduled audits.
- To enhance accountability for the use of taxpayer dollars by auditing performance and payment associated with certain contracts.
- To address a weakness in the County's internal control evaluation capability by contracting with a technically specialized firm.

### Facilities Maintenance and Operations - 1001565

- Replace three old air handlers.
- To provide scheduled interior and exterior painting of all county facilities.
- Remove flex duct work and diffusers system in the Judicial Courthouse.
- Begin systematic replacement of Old Courthouse Air Conditioning (A/C) System.
- To implement an effective automated maintenance program to include a work request station.

### Fleet Operations -1001567

- Fund Fleet Replacements in next Five Year SPLOST Program.
- Relocate Fleet Operations.
- Fleet Operations Budgeting Plan Converted to an Enterprise Fund.
- Adequately Fund Vehicle Depreciation.
- Replace Wheel Alignment System.

## **Departmental Goals**

### **Administrative Services - 1001580**

- Complete relocation and consolidation of all records maintained by Administrative Services and have records management software fully operational.
- Establish an in-house destruction facility to allow for recycling of shredded material.
- Have a document imaging/microfilming (archive writer) program in operation.
- Have courier service established to support records management activities.
- Have a primary and back-up postage handling system in place.

### **Clerk of Superior Court - 1002180**

- Stop printing deed books and expand computer capabilities in the real estate section of the office.
- Initiate e-filing for criminal cases.
- Initiate e-filing for child support cases.
- Initiate e-filing of civil and domestic cases without cost to the end user.
- Update Disaster Recovery Plan as technology within the court changes.

### **District Attorney - 1002200**

- Expand services provided to the Municipal Court.
- Expand our special prosecution function.
- Expand our advisory role to the police.
- Improve communication and coordination with police agencies particularly SCMPD.
- Enhancement and reconfiguration of the work space and equipment of the office.

## **Departmental Goals**

### Victim-Witness - 1002210

- Increase outreach and assistance to senior citizens who are victims of financial and violent crimes.
- Educate on a consistent basis clergy and faith leaders about crime victimization and its effects.
- Improve the accessibility of all forms and documents crime victims may use.
- Decrease the time from disposition of case to notification of victims and witnesses.
- Educate the community at large about issues related to victimization and available free services.

### State Court / 1002300 - 1002320

- Establish a DUI Court funded by Chatham County.
- Hire additional staff to maintain storage and management of State Court records.

### Magistrate Court - 1002400

- Continue to update and improve court website.
- Implement a scanning process to down size the volume of court records.
- Implement a new filing system and update to a high density system.
- Fully utilize the new criminal case management system being provided by the ICS department.
- Continue our efforts in educating the public on the courts offerings in civil and criminal procedures.

### Probate Court - 1002450

- Have documents scanned that are filed into this office.
- Security system to prevent theft of files from the Record Room.
- To hire an additional person to assist with the workload of the office.
- Attend customer service workshops to keep skills refreshed.
- Remodel for more storage space.

## Departmental Goals

### Juvenile Court - 1002600

- Develop a Juvenile Justice Campus on the current site and adjacent land.
- Reconfigure current facilities to create immediate space for additional holding cells.
- Formalize graduated sanctions at intake as part of the Court's system of diversion.
- Implement web-based JCATS within the next 12 months.
- Evaluate the need and effectiveness of problem solving courts, e.g., Juvenile Drug Court, for Chatham County.

### Public Defender - 1002800

- Secure full staffing level in accordance with initial 3 year phase-in plan.
- Secure permanent office space for fully staffed office.
- Increase application fee collections.
- Implement legal and investigation clinics for law and criminal justice students.
- Implement mental health court.

### Chatham-Savannah Counter Narcotics Team - 1003222

- To be fully staffed, no personnel shortages.
- Obtain two Drug Dogs to help with street level investigations and Search Warrants.
- Purchase wire-tap equipment for high level drug investigations.
- Purchase a Meth Lab Response Vehicle, for Entry Team investigators.
- Up-date various technical equipment.

### Sheriff Department - 1003300

- Improve law enforcement radio communication.
- Improve officer safety.
- Improve emergency preparedness and response.

## Departmental Goals

- Acquire adequate office space to allow Bureau to effectively and efficiently facilitate services to citizens.
  - Increase/improve professionalism, efficiency, and effectiveness.
- Detention Center - 1003326
- Expansion of existing Jail Complex/Staffing to support the increase in inmate population.
  - Upgrade Security Electronics System.
  - Upgrade Facility HVAC/Roofing system.
  - Upgrade Training Facilities and Operations.
  - Expand Video Arraignment Technology to include operations in State and Superior Courts.

### Bridges - 1004230

- Systematically make repairs to the bascule bridges based on the GDOT inspection report.
- Installation of vehicular traffic improvements to reduce or eliminate operational downtime of spans.

### Health Department - 1005110

- Increase revenue generated by the laboratory by certifying laboratory technicians to perform environmental tests of water samples.
- Increase population-based services throughout Chatham County.
- Continue to support restaurant inspections to support tourism and citizens of Chatham County.
- Establish a west Chatham County health clinic to support the population growth in the western region.
- Relocate the Infectious Disease Center to the existing Midtown Clinic on Drayton Street.



## Departmental Goals

### Mosquito Control - 1005144

- Replace the multi-engine Piper Aztec airplane.
- Replace two aging rotary ditchers with one rotary ditcher and one long-reach backhoe.
- Reclassify one seasonal Mosquito Control Aide to a permanent position in pay grade 16 or 17.
- Significantly upgrade the Mosquito Control webpage on the Chatham County website.
- Design, install, and maintain a public information center in the lobby of the Mosquito Control Administration building.

### Recreation & Park Services - 1006100

- Commit to improve the cleanliness and safety of the park facilities that lengthens the life of the infrastructure.
- Implement capital repair program for the park facilities.
- Focus on the quality of the County's youth recreational program.
- Seek volunteerism for physical improvements and recreational programs.
- Seek and pursue grant opportunities to augment capital improvements.

### Library - 1006500

- Refreshed and changing library collections.
- Harness the power of technology.
- Enhance the library experience.
- Provide staffing levels required to support the Library Service Program.
- Provide convenient access to library facilities.

## Departmental Goals

### CEMA - 2123920

- Design and construct a Regional Homeland Security Center.
- Expand Public Outreach, Disaster Awareness, and Education activities.
- Expand warning and communication capabilities.
- Achieve compliance with National Standards in Emergency and Disaster Management.
- Enhance Hazard Mitigation and Critical Infrastructure Protection.

### Engineering - 2701575

- Improve business processes.
- Keep recruiting for department engineering position vacancies.
- Increase compensation to be more competitive nationally and locally.
- Promote professional development, cross-training and professional certification.
- Always seek opportunities to reduce bureaucracy and remove obstacles.

### Savannah -Chatham Metropolitan Police - 2703200

- To Design, obtain funding, and construct the following facilities; Islands Precinct, Southwest Precinct, Skidaway Island Marine Patrol Building, Animal Control Shelter, and Weather Survival 911 Center.
- To work to enhance and improve community involvement and public safety problem solving.
- To develop initiatives designed to better enhance Youth Development to prevent youth crimes.
- To improve quality of life issues jurisdiction wide through police partnerships with other agencies.
- To further develop and define the role of the Savannah-Chatham Metropolitan Police Department partnership with other Public Safety Agencies and Emergency Planning and Management.

## Departmental Goals

### Public Works - 2704100

- Work toward tracking a unit cost for each activity including routine maintenance.
- Relocation of Public Works and Park Services facility.
- Develop a program to plant and care for the tree canopy in unincorporated public right-of-way and within public facilities.
- Implement a pavement management program that extends the life of the roadway surface.
- Develop and maintain a digital inventory utilizing GIS technology of all maintenance facilities.

### Building Safety & Regulatory Services - 2707210

- Continue to recruit and hire dedicated and competent staff.
- Develop a recruitment outreach program with Georgia Southern University School of Construction Management.
- Develop a Co-op/Internship Program with the Georgia Southern University School of Construction Management.
- Expand the Building Permit and Inspection tracking software programs to maximize the option for electronic processing.
- To become more proactive in our enforcement of County Ordinances.

### Metropolitan Planning Commission - 2707410

- To improve coordination and working relationships with other departments and agencies.
- To compile and document comprehensive plans for all agencies inside Chatham County.
- To continue to streamline the development application process in Chatham County.
- To complete the Unified Zoning Ordinance for Chatham County and the City of Savannah - this will mark the completion of the TriCentennial Plan.
- To update and maintain the Area Geographic Information Systems map.

## Departmental Goals

### Water and Sewer Enterprise Fund - 5054400

- Keep system water loss to within a 10% tolerance.
- Develop a cost center for each separate water system.

### Solid Waste Enterprise Fund - 5404501

- Reduce dependability on landfill disposal by moving toward recycling.
- Extend solid waste management services to smaller municipalities.
- Continue a cyclic vehicle replacement program.

## **BUDGETS AND BUDGETARY ACCOUNTING**

The County follows these procedures in establishing the budgetary process and data reflected in this report. Many of these processes are outlined in detail on the Budget Calendar adopted by the Board, shown on page 611.

1. Departments and Agencies submit detailed budget requests to the Budget Office in the Finance Department, which reviews and compiles the request and makes recommendations to the County Manager.
2. The County Manager submits a recommended balanced budget to the Board of County Commissioners in late April or early May annually.
3. The Board of County Commissioners holds such public workshops as it deems necessary and holds an advertised public hearing on the recommended budget at which the first reading of the budget resolution occurs. The budget is adopted by Resolution at a regular Board meeting, advertised in accordance with State law.
4. Formal budgetary integration is employed for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds.
5. Budgets for governmental fund types are maintained on a basis consistent with generally accepted accounting principles.
6. The County Manager, Finance Director and Budget Officer are authorized to transfer budgeted amounts within departments, with the exception of transfers which increase salary appropriations. The Board of County Commissioners may transfer amounts between departments and approve appropriations of additional resources.

### **ENCUMBRANCES AND APPROPRIATIONS**

Appropriations are encumbered as a result of purchase orders, contracts or other forms of legal commitments. Encumbrances outstanding at year end are reported as a reservation of fund balance at year-end. Appropriations lapse at year end; however, re-appropriation of amounts to cover significant encumbrances are made by the Board of County Commissioners during the subsequent fiscal year as an amendment to the budget. The level of control (level at which expenditures may not legally exceed the budget) is exercised by the Board of County Commissioners on a departmental level.

### **BASIC SERVICES**

In this year's budget process, the service level and associated funding level were used to try to hold increases in operating costs to a minimum. "Basic Services" used in the development of FY 2008/2009 budgeting included the following activities:

1. Activities that are required by law or ordinance.
2. Activities that affect the public health and safety.
3. Activities that are necessary to preserve capital asset value.

### **BUDGET CALENDAR**

The Board of Commissioner's formally adopted a Budget Calendar on January 18, 2008 detailing target dates for both the budget and millage levy process. The calendar is shown herein:

CHATHAM COUNTY, GEORGIA BUDGET CALENDAR FISCAL YEAR JULY 1, 2008 THRU JUNE 30, 2009		
ORIGINAL DATE	BUDGET ACTIVITY	TAX DIGEST PROCESS
October 1, 2007	FY 2009 / 2013 Capital budget Packages distributed.	
November 2, 2007	FY 2009 / 2013 Capital budget Requests due from departments.	
November 12, 2007 – November 16, 2007	CIP Committee convenes to rate projects.	
November 26, 2007 – November 30, 2007	Finalize FY 2009 / 2013 CIP - Identify emergency projects / finalize priorities.	
December 3, 2007 – January 4, 2008	Prepare FY 2009 / 2013 CIP Workbook.	
January 18, 2008	Fiscal Year ending June 30, 2009 Budget Calendar to Board for approval. Five-year CIP Plan submitted to Board	Year 2008 Millage Levy Calendar to Board for approval. Once approved, notice sent to Board of Education on Millage Levy Calendar.
January 28, 2008	Expanded Staff Meeting to kick-off FY 2008 / 2009 budget process. FY 2008 / 2009 Budget Request packages distributed.	
January 29, 2008 February 7, 2008	Revenue / Expenditure Data Entry Training with Departments	
January 28, 2008 – February 29, 2008	Goal Setting: Board of County Commissioners / County Manager	
February 8, 2008	Revenue estimates due from departments.	
February 11, 2008 - March 10, 2008	Complete Fiscal Year Ending 6/30/09 revenue estimates. <b>All Funds</b>	
February 15, 2008	Budget Request Packages due from departments.	
February 18, 2008 - March 31, 2008	Analyze departmental budget requests/hold conference with Department Heads/Budget Staff (to run concurrent w/staff analysis).	

<b>CHATHAM COUNTY, GEORGIA BUDGET CALENDAR FISCAL YEAR JULY 1, 2008 THRU JUNE 30, 2009</b>	
March 10, 2008 - March 31, 2008	Budget reviews begins- County Manager/Department Heads/Budget Staff (to run concurrent w/staff analysis).
April 1, 2008 - April 18, 2008	Prepare budget workbooks for County Manager and Board of Commissioners - Final Internal Review by Finance Director-Budget Staff.
April 21, 2008	Advertisement to Savannah News Press for availability of proposed budget/public hearing.
April 21, 2008 - May 1, 2008	Final proposed budget goes to Printer.
May 9, 2008	Advertise availability of proposed budget and May 23, 2008 public hearing (State Law).
May 12, 2008 - June 13, 2008	Proposed budget document and budget message are transmitted to the Board. Board Workshops
May 21, 2008	Advertise adoption FY 2008 / 2009 Budget.
May 23, 2008	Board conducts public hearing at regular Commission meeting.
June 1, 2008	Year 2008 Digest provided to Finance for Millage Levy calculations.
June 9, 2008 - June 13, 2008	Final review/revisions of Proposed Budget by the Board.
June 13, 2008	Advertisement of 5-year history to newspaper (June 27, 2008 publication as required by State Law).
June 17, 2008	Advertise 1 <sup>st</sup> and 2nd Public Hearing on Millage Levy to be held on June 24th at 9:30 a.m. and 6:00 p.m.



CHATHAM COUNTY, GEORGIA BUDGET CALENDAR FISCAL YEAR JULY 1, 2008 THRU JUNE 30, 2009	
June 24, 2008	Hold 1st and 2nd Public Hearing on Millage Levy - 9:30 a.m. and 6:00 p.m.
June 27, 2008	Advertise year 2008 Tax Digest and 5-year history (two weeks prior to millage levy as required by State Law - House Bill 66, Act. No. 478).
June 27, 2008	Year 2008 Tax Digest and 5-year history to Board as information.
June 27, 2008 - September 25, 2008	Adoption of FY 2008 / 2009 budget by County Commissioners.
June 30, 2008	Prepare 2008 / 2009 budget book and complete FY 2008 / 2009 budget document.
July 1, 2008	Beginning of Fiscal Year 2008 / 2009 - budget goes into effect.
July 11, 2008	(1) Hold 3rd Public Hearing on Millage Levy at 9:30 a.m. (2) Adoption of year 2008 Chatham County M&O, SSD and Chatham Area Transit Millage Levy by the County Commissioners.
July 25, 2008	Adoption of Year 2008 Board of Education Millage Levy by the County Commissioners.
July 28, 2008	Tax Digest to Atlanta
August 1, 2008	State Penalty assessed if digest not submitted to the State.
September 25, 2008	Deadline for submission of adopted budget document for GFOA Award.

**CHATHAM COUNTY FY 2008/2009 ORGANIZATION "SHORT-TERM" FINANCIAL  
AND OPERATIONAL BUDGETARY GUIDELINES:**

The County's budget was prepared in accordance with the following internal guidelines to provide the citizens of Chatham County with the highest level of service possible within certain funding availability limits.

1. Prepare and submit to the Board of Commissioners a budget balanced to current revenues.
2. Develop budgets for all funds to provide effective fiscal control and fiscal responsibility of tax dollars.
3. Adopt the County's budget prior to the beginning of the fiscal year, which begins on July 1, to facilitate effective and efficient budget administration.
4. Continue to provide funding to departments at a level that will allow them to operate effectively and efficiently in the delivery of public services.
5. Develop a Vehicle Replacement schedule that will provide meaningful information and financial mechanism's for the funding of vehicles on a timely basis.
6. Provide funding for debt service for the County obligations including:
  - (a) Series 2005 Revenue Refunding and Improvement Bonds, Series 2005 for various Chatham County Projects,
  - (b) Chatham County Hospital Authority Revenue Bonds, Series 1993,
  - (c) Series 1999 DSA Revenue Bonds,
  - (d) Remaining obligations for Pollution Control Financing,
  - (e) Series 2005A Revenue Refunding bonds, for various Chatham County projects,
  - (f) Several capital leases.
7. Address the capital needs outlined in the revised five year Capital Improvement Program FY 2009-2013. Seek to include capital funding within the budget.

8. Continue to provide effective and efficient fiscal management in the administration of the County's budget.
9. Address issues in pay and benefit administration through the budget process, including new positions.
10. Provide choices to the Board in the form of Decision Packages so that the Board may select programs and services consistent with their stated goals.
11. Provide the Board with Five Year Forecast models to illustrate the current and future impacts of variable millage rates, programs and tax digest growth rates.

**Basis of Accounting:**

Basis of accounting refers to when revenues, expenditures and expenses are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounting and reporting treatment applied to a fund is determined by its measurement focus:

- Governmental funds are accounted for on a current financial resources measurement focus and modified accrual basis of accounting. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception is that principal and interest paid on general long term debt is recognized when due. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e. both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, usually 60 days. Revenues considered susceptible to accrual are property taxes, charges for services and investment income. In applying the concept of being susceptible to accrual pursuant to GASB Statement 33, the provider should recognize liabilities and expenses, and the recipient should recognize receivables and revenue when the applicable eligibility and time requirements are met. Resources transmitted prior to the eligibility requirements are met are, under most circumstances, reported as advances by the provider and deferred revenue by the recipient.
- Proprietary, Internal Service and Trust Funds are accounted for using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. The measurement focus for these funds is the economic resources basis.

**Basis of Budgeting:**

The General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds are developed on the same basis consistent with the accounting treatment. The budgets are developed on a modified accrual basis in accordance with Generally Accepted Accounting Principles (GAAP) consistent with the Governmental Accounting Standards Board (GASB).

The Enterprise Funds and Internal Service Funds are developed on the accrual basis in accordance with Generally Accepted Accounting Principles (GAAP) consistent with the Government Accounting Standards Board (GASB).

**FIVE YEAR FORECAST**

During the budget process the Finance Department utilized the Five-Year budget forecast model for the General Fund and Special Service District Fund. Enterprise models were also developed but are not included herein. These models were established using historical data and trend analysis while allowing for unusual and non-recurring events. The five-year forecast is a planning tool that can be used to project how changes in revenue or the addition of a new program will effect fund balance in both the current and in future years.

The model explores how changes in digest growth and millage rates will impact revenues. Growth assumptions have been made for the various expenditure categories such as personal services, repairs and maintenance, supplies, purchased services, etc. New programs and services can be added to the model to access their long-term financial impact.

The models shown reflect the adopted budget's five year impact. These models should help the Board plan for future service additions and capital funding needs.

The forecast shows decreasing revenue growth and additional recurring expenditures as a result of the following trends:

- (1) slowing growth rate assumptions for the County's tax digest at 7%,
- (2) staff additions for a new library and expansion of the Detention Center,
- (3) impact of a compensation study, and
- (4) increase cost of Police serves under an intergovernmental agreement.

County staff will use the forecast in association with its organizational goals to address foreseen challenges for fiscal 2010 and beyond. The Forecast will be modified throughout the year as assumptions are refined.

**Five - Year Forecast - General Fund  
As Adopted  
Projected Statement of Revenues and Expenditures**

	Adopted Budget 2008-2009	Projected 2009-2010	Projected 2010-2011	Projected 2011-2012	Projected 2012-2013
<b>REVENUES</b>					
Tax Revenue - Digest (less HTRG)	113,924,610	122,140,740	130,933,027	140,340,775	150,407,066
Tax Revenue - HTRG	3,463,372	3,463,372	3,463,372	3,463,372	3,463,372
Other Tax Revenue	15,521,656	15,521,656	15,521,656	15,521,656	15,521,656
License & Permits	910,040	910,040	910,040	910,040	910,040
Intergovernmental	1,990,247	1,990,247	1,990,247	1,990,247	1,990,247
Charges for Services	10,035,554	10,035,554	10,035,554	10,035,554	10,035,554
Fines & Forfeitures	3,286,190	3,286,190	3,286,190	3,286,190	3,286,190
Interest on Investments	360,743	500,000	500,000	500,000	500,000
Miscellaneous	455,938	455,938	455,938	455,938	455,938
Other Financing Sources	426,500	426,500	426,500	426,500	426,500
<b>Sub-total of Revenues</b>	<b>150,374,850</b>	<b>158,730,237</b>	<b>167,522,524</b>	<b>176,930,272</b>	<b>186,996,563</b>
<b>EXPENDITURES</b>					
General Government	26,849,205	28,513,289	30,278,798	32,152,048	34,139,758
Judiciary	26,520,140	27,973,654	29,514,349	31,147,560	32,878,960
Public Safety	50,636,063	53,685,767	60,128,392	67,155,057	71,187,573
Public Works	1,453,364	1,514,152	1,578,908	1,647,897	1,721,402
Health and Welfare	10,971,898	11,242,029	11,529,057	11,834,059	12,158,180
Culture and Recreation	11,298,334	13,398,885	14,032,378	14,700,658	15,405,678
Housing & Development	570,408	675,163	704,895	736,104	768,871
Debt Service	5,661,445	5,975,665	5,882,215	3,012,730	2,625,980
Other Financing Uses	16,413,993	19,065,257	20,339,154	21,745,300	23,300,334
<b>Subtotal of Expenses</b>	<b>150,374,850</b>	<b>162,043,861</b>	<b>173,988,146</b>	<b>184,131,414</b>	<b>194,186,735</b>
<b>Fund Balance added (used)</b>	<b>-</b>	<b>(3,313,625)</b>	<b>(6,465,621)</b>	<b>(7,201,142)</b>	<b>(7,190,172)</b>

**Five - Year Forecast - Special Service District  
As Adopted**

**Projected Statement of Revenues and Expenditures  
Revised - Period Ending June 30, 2013**

	<b>Adopted Budget 2008-2009</b>	<b>Projected 2009-2010</b>	<b>Projected 2010-2011</b>	<b>Projected 2011-2012</b>	<b>Projected 2012-2013</b>
<b><u>REVENUES</u></b>					
Tax Revenue - Digest (less HTRG)	14,684,489	15,293,520	15,926,734	16,585,276	17,270,160
Tax Revenue - HTRG	536,828	536,828	536,828	536,828	536,828
Other Tax Revenue	5,686,646	5,686,646	5,686,646	5,686,646	5,686,646
License & Permits	1,286,000	1,286,000	1,286,000	1,286,000	1,286,000
Intergovernmental	1,253,028	1,253,028	1,253,028	1,253,028	1,253,028
General Government Fees					
Charges for Services	342,751	342,751	342,751	342,751	342,751
Fines & Forfeitures	1,834,500	1,834,500	1,834,500	1,834,500	1,834,500
Interest on Investments	350,000	350,000	350,000	350,000	350,000
Miscellaneous	5,000	5,000	5,000	5,000	5,000
Other Financing Sources	672,660	672,660	672,660	672,660	672,660
Sub-total of Revenues	26,651,902	27,260,933	27,894,147	28,552,689	29,237,573
<b><u>EXPENDITURES</u></b>					
General Government	2,602,259	2,698,405	2,800,443	2,908,742	3,023,692
Judiciary	929,300	976,453	1,027,011	1,081,223	1,139,355
Public Safety	13,594,218	14,947,015	16,435,046	18,071,828	19,872,235
Public Works	5,653,304	6,031,277	6,431,933	6,856,660	7,306,930
Housing & Development	2,023,510	2,071,442	2,122,371	2,176,491	2,234,005
Debt Service	87,120	87,121	87,122	87,123	87,123
Other Financing Uses	4,370,443	4,578,237	4,800,271	5,037,592	5,291,331
Subtotal of Expenses	29,260,154	31,389,950	33,704,197	36,219,658	38,954,672
Fund Balance added (used)	(2,608,252)	(4,129,017)	(5,810,050)	(7,666,969)	(9,717,099)

## **BUDGET FORMAT - ADOPTED BUDGET DOCUMENT**

The FY 2008/2009 Annual Budget Document for Chatham County provides historical, present, and future comparisons of revenues and expenditures; proposed allocations of resources - both fiscal and personnel; and descriptions of the anticipated annual accomplishments of County programs.

The Budget Document is divided in three sections. The first section contains an overview of the County's budget through the budget message, budget synopsis, tables and graphs. Each of the next two sections concentrates on a particular type of fund: the tax-supported General Fund, the Special Service District Fund, Special Revenue Funds, Capital Improvement Program Funds, Debt Service Fund, Enterprise Funds and the Internal Service Funds. The remaining sections address statistical information and other policy related materials.

Each departmental budget comprises five different summary forms. The departmental budget summary form provides a description of departmental responsibilities and a schedule of departmental expenditures and staff levels. These resource allocations are provided for FY 2006/2007 actual, FY 2007/2008 budgeted (amended), FY 2008/2009 departmental requests and the FY 2008/2009 County Manager's Adopted Budget. Expenditures are "broken-out" into several cost categories: personal services, supplies, contractual services, and capital outlays; when appropriate, debt service costs are also provided. The major policy issues faced in each organizational unit, both those funded and included in the budget as well as those still unfunded, are described. The departmental objectives and performance measures page explains the annual departmental objectives. The departmental summary by object code form provides a summary of each departmental past, present, and future expenditures and personnel allocations.

Each fund's budget is presented in a format listing expenditures and the required revenues by source needed to finance the cost of operation. Each fund's budget consist of the total expenditures and the revenues required, identified by other revenues and the net tax support. The other revenues consists of all the other revenue sources excluding property tax revenues. The FY 2008/2009 General Fund (M & O) and the Special Service District (unincorporated areas) general operations are funded with separate tax levies.

In fiscal year 2008/2009, the County continues to improve the narrative for service description and the improvement of performance measurements in the form of specific goals and objectives. The bottom line of a government body is the service it provides to citizens and the budget as a policy document, and an operating guide must effectively translate its dollars into services. Additionally, this application will help enhance the budget to show the relationship between organizational units and programs and to facilitate budgetary performance measurements.

## Changes In Fund Balance

The charts shown herein illustrate fund balance changes for the General Fund M&O, the Special Service District and the other governmental funds of the County for fiscal years 2007 through 2009. Projected data is based on adopted budget resolutions. Actual Fiscal 2006 / 2007 data has been included for information purposes and represents audited information. Chatham County does not project fund balance information; fund balance information is only released after completion of the annual independent audit.

The General M&O Fund represents the main operating fund of the County. The Special Service District is a special revenue fund that provides services to the residents of the County's "second largest city", the unincorporated area, and levies a millage for those services. The chart also provided financial information for Other Special Revenue Funds including the following funds: Confiscated Assets, Emergency Management, Street Paving, Street Lighting, Emergency Telephone System, Multiple Grant, Child Support Enforcement, Hotel / Motel Tax, Land Disturbing Activities Ordinance, and the Land Bank Authority. Capital Projects data shown summarizes financial data for all the capital project funds including the four special purpose local option sales tax funds, the Capital Improvements Program Fund, the CIP Bond Fund (Series 1999) and the CIP Bond Fund (Series 2005).

Fund	Fiscal Year 2006/2007 - Actual						
	Balance 07/01/2006	Revenues FY 2006/2007	Expenditures FY2006/2007	Net Before Transfers	Transfers In	Transfers Out	Balance 06/30/2007
M & O Fund	16,702,960	135,996,043	115,848,386	36,850,617	481,602	14,344,572	22,987,647
Special Revenue Funds:							
- Special Service District	8,804,479	25,321,942	20,842,261	13,284,160	790,456	3,495,270	10,579,346
- Other	1,685,643	8,829,410	9,709,196	805,857	1,559,856	763,456	1,602,257
Debt Service Fund	98,377	216,788	186,394	128,771	0	27,625	101,146
Capital Projects Funds	190,836,999	76,446,294	71,710,508	195,572,785	9,918,565	0	205,491,350
TOTAL	218,128,458	246,810,477	218,296,745	246,642,190	12,750,479	18,630,923	240,761,746

Fund	Fiscal Year 2007/2008 - Projected						
	Balance 07/01/2007	Revenues FY 2007/2008	Expenditures FY2007/2008	Net Before Transfers	Transfers In	Transfers Out	Balance 06/30/2008
M & O Fund	22,987,647	140,613,694	133,861,259	29,740,082	582,500	7,334,935	22,987,647
Special Revenue Funds:							
- Special Service District	10,579,346	25,393,998	23,837,275	12,136,069	672,660	2,744,025	10,064,704
- Other	1,602,257	7,119,940	9,526,222	-804,025	1,797,991	645,660	348,306
Debt Service Fund	101,146	211,945	184,320	128,771	0	27,625	101,146
Capital Projects Funds	205,491,350	59,850,397	235,058,080	30,283,667	274,025	0	30,557,692
TOTAL	240,761,746	233,189,974	402,467,156	71,484,564	3,327,176	10,752,245	64,059,495



**Fiscal Year 2008/2009 - Projected**

<b>Fund</b>	<b>Balance 07/01/2008</b>	<b>Revenues FY 2008/2009</b>	<b>Expenditures FY 2008/2009</b>	<b>Net Before Transfers</b>	<b>Transfers In</b>	<b>Transfers Out</b>	<b>Balance 06/30/2009</b>
M & O Fund	22,987,647	149,948,350	137,422,485	35,513,512	426,500	12,952,365	22,987,647
<b>Special Revenue Funds:</b>							
- Special Service District	10,064,704	25,979,242	26,404,971	9,638,975	672,660	2,855,183	7,456,452
- Other	348,306	6,493,381	6,741,687	100,000	1,823,760	645,660	1,278,100
Debt Service Fund	101,146	214,018	189,018	126,146	0	25,000	101,146
Capital Projects Funds	30,557,692	74,926,045	103,483,737	2,000,000	25,000	200,000	1,825,000
<b>TOTAL</b>	<b>64,059,495</b>	<b>257,561,036</b>	<b>274,241,898</b>	<b>47,378,633</b>	<b>2,947,920</b>	<b>16,678,208</b>	<b>33,648,345</b>

Data for internal service funds and enterprise funds is not included in the charts above.

Projected decreases in fund balance are largely the result of several factors. First, the County adjusts its adopted budget annually to carryforward prior year open encumbrances. As a result, departmental budgets are increased with an offset to fund balance. Second, the County has been providing increased funding to the Capital Improvement Fund (CIP Fund) in accordance with its financial policies. In the SSD Fund, an appropriation of fund balance is budgeted for fiscal 2008 and 2009 to balance rising fund expenditures. In addition it is assumed that most capital project funds will expend all funds available in project budgets.

Chatham County's Financial Policies include a Fund Balance Policy for the General M&O Fund and the Special Service District. The policies are located in this budget documents behind the tab "Financial Policies". The policies were adopted in March 2004.

Fund Balance is defined as the equity of governmental funds and trust funds. It is the difference between a fund's assets and its liabilities. The governmental fund measurement focus is upon determination of financial positions and changes in financial positions (sources, uses and balance of financial resources), rather than upon net income determination. The statement of revenues, expenditures, and changes in fund balance is the primary governmental fund operating statement. Fund balance can be divided into two components - reserved and unreserved.

## FUND ACCOUNTING

The accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance/net assets, revenues, and expenditures/expenses. The County has identified the following as Major Funds: General Fund, Special Service District, all SPLOST Capital Funds, the Solid Waste Fund, and the Chatham Area Transit Authority. The following information includes the fund types used by the County.

## GOVERNMENTAL FUND TYPES

Governmental Funds are those through which most governmental functions of the County are financed. The acquisition, use and balances of the County's expendable financial resources, and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following are the County's Governmental Fund Types:

**General Fund -** The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Funds -** The Special Revenue funds are used to account for the proceeds of specific revenue sources (other than Capital Project and Trust Funds) that are legally restricted to expenditures for specified purposes. The major fund (Special Service District) is used to account for special levy ad valorem taxes and other activities for the unincorporated area of the County. Other Special Revenue Funds are:

### Confiscated Revenue Fund

Revenues are from funds received from participation in drug related cases and confiscated property.

### Chatham Emergency Management Fund

This agency provides emergency service in a disaster area and in the event of enemy attack. Funding is provided by the State of Georgia and Chatham County.

Street Paving Fund

Revenues are from the special assessments levied for street improvements.

Street Lighting Fund

Revenues are from the special assessments levied for street lighting services.

Emergency Telephone System Fund

Revenues are from funds generated from telephone subscriber surcharge fees for operation of the emergency 911 system. Revenues are remitted to the City of Savannah for police dispatch services under an intergovernmental agreement.

Multiple Grant Fund

Revenues are from various local, state and federal agencies.

Child Support Fund

This grant fund was established to account for the funds received and expended for the costs associated with the collection and disbursement of child support received and/or recovered.

Hotel / Motel Tax Fund

The County imposes an excise tax in the unincorporated area of 6% on charges made from rooms, lodging, or accommodations furnished by hotels, motel, inns, lodges, and tourist camps. The hotel-motel tax cannot be levied on rooms, lodgings, or accommodations furnished for more than 10 consecutive days; meeting rooms; or rooms, lodgings, or accommodations furnished for one or more consecutive days to Georgia state or local government officials and employees traveling on official business. 50% of all collections transferred to the Special Service District Fund, 33.33% are forwarded to the Savannah Convention Center and 16.67% are forwarded to the

Land Disturbing Activities Ordinance Fund

Revenues are from fees paid by Developers and donations.

The Land Bank Authority Fund

Revenues are from Sales of Surplus Land.

**Debt Service Fund -** The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, principal, interest and related costs on governmental contractual obligations.

**Capital Project Funds -** Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Business-type/Proprietary Funds). The County displays five major funds, Sales Tax I, Sales Tax II, Sales Tax III, Sales Tax IV, and Sales Tax V. These funds account for the proceeds of a special one cent sales tax adopted by referendum and related expenditures for roads, drainage and other improvements. Although the Sales Tax I and Sales Tax II funds did not meet the fiscal criteria for a major fund the County continues their presentation as major funds due to the high level of public interest in their activities.

### **PROPRIETARY FUND TYPES**

The focus of Proprietary Fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the Proprietary Funds of the County:

**Enterprise Funds -** Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services including capital costs, be recovered with fees and charges or (c) has a pricing policy designed for the fees and charges to recover similar costs. The major funds, (Chatham Area Transit Authority and Solid Waste Management Fund), account for business-type activities for transportation services and solid waste collection and disposition.

#### **Water & Sewer Fund**

The Water & Sewer Fund accounts for the provision of water and sewer services to the system customers within the County. All activities necessary to provide such services are accounted for in this fund. Activities are funded with user fees.

Solid Waste Management Fund

The Solid Waste Management Fund accounts for the provision of Solid Waste collection, transportation and disposal for the residents in the unincorporated area of Chatham County. All activities necessary to provide such services are accounted for in this fund. This fund also provides for landfill operations which were separated from the Public Works Department in 1992 to comply with State accounting and reporting requirements.

Chatham Area Transit Authority Fund (CAT)

CAT is a blended component unit of the County, providing local transportation services.

Parking Garage Fund

This fund accounts for parking services of the County which are recovered by user fees.

Henderson Golf Club Fund

Revenues are generated from golf activities in this Enterprise Fund.

Building Safety & Regulatory Services Fund

The Building Safety & Regulatory Services Fund provides for the collection of permit, plan review, inspections and zoning fees for the administration of the applicable county ordinances and the administration and enforcement of the State Minimum Construction Codes.

**Internal Service Fund -**

Internal Service Funds are used to account for the financing of goods or services provided by an activity to other departments or funds of the County on a cost-reimbursement basis. The County's internal service funds are used to account for the financing of certain risk management services such as health insurance claims and catastrophic claims that are not covered by insurance which are charged to other departments or funds of the County on a cost-reimbursement basis.

Catastrophic Claims Fund

This fund was established to track the reserve that is restricted for payment of catastrophic claims.

Risk Management Fund

This fund was established to track the reserve that is restricted for payment of risk management claims.

Health Insurance Fund

To account for the claims arising from employee medical costs for which the County is self-insured.

**FIDUCIARY FUND TYPES**

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support County programs. The reporting focus (economic resources measurement focus) of fiduciary funds is upon net assets and changes in net assets and employs accounting principles similar to proprietary funds. Trust and Agency Funds are used to account for the pension trust or agencies, which are custodial in nature.

**Pension Trust Fund -** Pension Trust funds are used to account for public employee retirement systems. The Pension Trust Fund is accounted for in the same manner as Proprietary Funds.

**Agency Funds -** There are eight agency funds, seven of which account for the receipts and disbursements of funds by the tax commissioner and various clerks of court, and the eighth is the flex benefit plan, which accounts for employee withholdings for dependent and medical care under section 125 of the IRS code.

**OPEB Trust Fund-** Effective July 1, 2008, the OPEB Trust Fund will record transactions related to retiree healthcare and other post-employment benefits, including activities related to the pre-funding of retiree healthcare.

## **REVENUE ANALYSIS AND OVERVIEW**

Major sources of revenue are discussed in this section. Revenues are projected, using a straight line approach based on five year historical information. Projections may be revised after consideration of regional and national economic conditions. Revenues based on the tax digest (i.e. real and personal property, motor vehicles, timber, etc.) are adjusted to the actual digest when received from the Chief Appraiser prior to millage rate adoption. Departments submit any (legislated) fee increases at the beginning of the budget process with their revenue projections. Revenues are classified in accordance with the Uniform Chart of Accounts as required by the Georgia General Assembly. The County's main revenue sources are property taxes and sales and use taxes, on an entity-wide basis.

## **REVENUE SOURCES AND TRENDS**

### **General Fund M&O**

#### **Taxes:**

Tax revenues account for 86.08% of General Fund revenues. Of this, 82% comes from property taxes driven by the tax digest. Revenues are projected using a straight line approach based on five year historical information and economic trends. Revenues based on the tax digest (i.e. real and personal property, motor vehicles, timber, etc.) are adjusted to the actual digest when received from the Chief Appraiser. A five year levy history for the General Fund is presented below. During this period, the gross digest rose an average of 12.2 percent per year. Exemptions rose an average of 16.4 percent, resulting in a net digest growth averaging 11.1 percent. Digest growth allowed decreases in the millage rate in 2006 and 2007. Growth slowed to 7.8 percent for tax year 2008. This trend is expected to continue for next year. The other major tax revenues, Intangible taxes and the Local Option Sales Tax (LOST), have remained fairly flat in recent years, and are expected to continue in this manner. More detail on property taxes and exemptions can be found later within this section.

#### **License and Permit Revenues:**

These revenues are from marriage licenses, animal tags, pistol permits and motor vehicle penalties. This revenue source comprises 0.61% of the total. Revenues are projected based on historical collections.

#### **Intergovernmental Revenue:**

Intergovernmental revenues are revenues from other governments in the form of operating grants, entitlements, shared revenues, or payments in lieu of taxes. The major line item in this category is the Homeowner Tax Relief Grant from the state, equal to 69% of the total. Revenues are projected based on historical collections, tax digest growth, and tax rates. These revenues account for 3.63 % of General Fund revenues.

#### **Charges for Services:**

These revenues include court fees, commissions, charges for housing prisoners, recreation fees, and charges to other funds for indirect costs. Indirect costs are based on the Indirect Cost Allocation study which is updated annually. Other revenues are based on historical experience. These revenues account for 6.67% of General Fund revenues.

**Fine and Forfeiture Revenues:**

Fines and fees from Superior, State, Magistrate, and Juvenile courts are recorded in this category. Fine surcharges from the municipal courts (5% Victim Witness, 50% Drug Surcharge, 10% Jail Construction Act) are also received. These revenues equal 2.19% of the total. Revenues are projected based on historical data, and have remained fairly steady in recent years. Legislative changes enacted by the Georgia General Assembly may impact this category.

**Interest Revenues:**

Investment income includes monies derived from the investment of assets. This is approximately 0.24% of General Fund revenues. This item has been decreased based on projections of cash flow and interest rates.

**Miscellaneous Revenue:**

Miscellaneous revenue are revenues received that are not otherwise classified. This category is projected based on historical data and comprises 0.3% of total revenues.

**Other Financing Sources:**

Interfund transfers are budgeted here. These transfers are for restricted court fees from Recorder=s Court. This revenue is 0.28% of the total, and is based on revenue projections for the court. This revenue has seen a decline that is expected to continue in the current year.



**Property Taxes - Tax Digest**

The Chief Appraiser is responsible for receiving returns and fairly and impartially assessing property. The total assessed valuation for County=s 2008 Tax Digest was set at \$15.52 billion (net of 40 percent fair market value and exemptions). This translated into growth of 7.8 percent for the General Fund in 2008 and 5.3 percent in the Special Service District. Property Taxes are the County's largest revenue source. A five year levy history for the County's main operating fund, the General Fund, is presented below:

CURRENT 2008 TAX DIGEST AND 5 YEAR HISTORY OF LEVY						
GENERAL FUND						
	2003	2004	2005	2006	2007	2008
Real & Personal	\$ 7,866,820,594	\$ 8,507,109,822	\$ 9,619,207,743	\$ 11,244,344,033	\$ 12,894,532,528	\$ 13,958,123,170
Motor Vehicles	\$ 532,734,547	\$ 532,592,954	\$ 540,914,870	\$ 542,324,490	\$ 589,490,818	\$ 622,133,273
Mobile Homes	\$ 27,499,800	\$ 27,340,800	\$ 27,862,000	\$ 28,981,400	\$ 23,265,200	\$ 24,095,200
Timber	\$ 1,736,725	\$ 2,706,080	\$ 1,687,482	\$ 1,484,053	\$ 2,622,380	\$ 1,295,759
Gross Digest	\$ 8,428,791,666	\$ 9,069,749,666	\$ 10,189,672,095	\$ 11,817,133,976	\$ 13,509,910,926	\$ 14,605,647,402
Less M&O Exemptions	\$ (1,668,328,563)	\$ (1,905,144,394)	\$ (2,253,017,477)	\$ (2,737,009,482)	\$ (3,179,281,578)	\$ (3,465,188,057)
Net M&O Digest	\$ 6,760,463,103	\$ 7,164,605,262	\$ 7,936,654,618	\$ 9,080,124,494	\$ 10,330,629,348	\$ 11,140,459,345
Gross M&O Millage	11.637	11.510	12.163	11.912	11.628	11.546
Less Rollbacks	-1.270	-1.143	-1.126	-1.075	-1.091	-1.009
Net M&O Millage	10.367	10.367	11.037	10.837	10.537	10.537
Net Taxes Levied	\$ 70,085,721	\$ 74,275,463	\$ 87,596,857	\$ 98,401,309	\$ 108,853,841	\$ 117,387,020
Net Taxes \$ Increase	\$ 4,210,530	\$ 4,189,742	\$ 13,321,394	\$ 10,804,452	\$ 10,452,532	\$ 8,533,179
Net Taxes % Increase	6.4%	6.0%	17.9%	12.3%	10.6%	7.8%

**Millage Value For Chatham County Government**

One mill is the equivalent of \$1 of tax for each \$1,000 of assessed value of a resident's home. Assessed value for homeowners is arrived at by multiplying 40% times the estimated fair market value of the property. If a resident has a home with the estimated fair market value of \$75,000, the assessed value is \$30,000 (75,000 x 40%). Therefore, one mill of new taxation will generate \$18 of the tax receipts. (\$75,000 x 40% less \$12,000 for homestead exemption, equals \$18,000). The table below calculates county taxes of a home with a market value of \$75,000.

	2008	GENERAL M&O	SPECIAL SERVICE DISTRICT
Estimated Market Value of Home		\$75,000	\$75,000
Assessment Factor		40.00%	40.00%
Assessed Value (40%)		\$30,000	\$30,000
Less HIE (County Only)		\$12,000	\$12,000
Difference		\$18,000	\$18,000
County Taxation		10.537	3.475
(1) Home Owner Pays:			
	Consolidated	\$189.67	\$189.67
	Unincorporated	\$0.00	\$62.56
(1) Excludes Board of Education, City of Savannah, Other Municipalities and State of Georgia			

**Tax Reduction Factors**

The five year levy history shows the growth in exemptions for the County. These exemptions include:

**Homestead Exemption:** The homeowner's tax bill is reduced due to the increase in homestead exemption in 1991 from \$2,000 to \$12,000 over the period 1991-1994 in increments of \$2,500 annually. The homeowner's tax bill is further reduced due to several types of additional exemptions allowed. This budget document does not address other taxing levies for the other municipalities in Chatham County

**Freeport Exemption:** Freeport is the exemption of certain inventory taxes, as allowed by Georgia law. On October 14, 1988 the Board passed a resolution to allow the citizens of Chatham County to know the manner in which a freeport exemption would be implemented if the voters of Chatham County approved such an exemption. The referendum passed in November 1988.

The freeport exemption was implemented in twenty percent (20%) increments as growth in the tax digest equal to \$285,000,000 occurred. The first 20 percent on freeport took effect in FY 1992. The final 20 percent on freeport was realized in 1999. The County Commissioners adopted a resolution to extend the freeport extension in Chatham County for calendar year 2001 to the 100 percent level.

**The Property Taxpayer=s Bill of Rights:** This law, which took effect on January 1, 2000, calls for a mandatory rollback in the millage rate whenever the tax digest increases. The stated aim is to prevent creeping tax bills. If elected officials propose to adopt a millage rate greater than the mandatory rollback rate, they must hold three public meetings - at times when the most constituents can attend - to explain why the tax hike is necessary and vote publicly for or against it. The law also shifts the burden of proof from the homeowner to the local government in the appeals process; requires the county assessors office to provide a written explanation to homeowners as to why their taxes went up; and allows taxpayers going through the appeal to name the time of their hearing before the Board of Equalization. The law also calls on taxing bodies to cover the legal fees of any homeowner who receives a 15 percent reduction or greater in their assessment and allows taxpayers going through the appeals process the right to record the hearing.

**The Stephens-Day Bill:** This law, which took effect on January 1, 2001, grants each Chatham County homeowner a homestead exemption from all Chatham County ad valorem taxes for county purposes in an amount equal to the amount of the assessed value of that homestead that exceeds the assessed value of that homestead for the taxable year immediately preceding the taxable year in which that exemption is first granted to such resident. This exemption does not apply to taxes assessed on improvements to the home or additional land added to the homestead after January 1 of the base year. In addition, it does not apply to taxes to pay interest on and to retire bonded indebtedness of the County. The exemption is renewed automatically from year to year as long as the homeowner occupies the residence as a homestead.

## **REVENUE SOURCES AND TRENDS**

### **Other Major Governmental Funds:**

The other major governmental funds include the Special Service District Fund, and the five Sales Tax Funds.

### **Special Service District (SSD)**

#### **Taxes:**

Tax revenues account for 71.46% of Special Service District (SSD) Fund revenues. Of this, 70% comes from property taxes and are driven by the tax digest. Revenues are projected using a straight line approach based on five year historical information. Revenues based on the tax digest (i.e. real and personal property, motor vehicles, timber, etc.) are adjusted to the actual digest when received.

from the Chief Appraiser. During the past five years, the gross digest rose an average of 10.2 percent per year. Exemptions rose an average of 16.4 percent, resulting in a net digest growth averaging 8.2 percent. Growth slowed to 6.4 percent for tax year 2008. This trend is expected to continue for next year. The other major tax revenues, Cable TV Franchise taxes and the Insurance Premium taxes, have remained fairly flat in recent years, and are expected to continue in this manner.

**License and Permit Revenues:**

Business licenses account for 4.4% of the budget. Revenues are projected based on historical collections and are expected to remain at FY2007 levels.

**Intergovernmental Revenue:**

Intergovernmental revenues are revenues from other governments in the form of operating grants, entitlements, shared revenues, or payments in lieu of taxes. The major line item in this category is the Homeowner Tax Relief Grant from the state and reimbursements from the City of Savannah. Revenues are projected based on historical collections. These revenues account for 4.3 % of SSD Fund revenues.

**Charges for Services:**

The major revenue in this category comes from fees collected by the Metropolitan Planning Commission. Projections are based on historical experience. These revenues account for 1.2% of the total.

**Fine and Forfeiture Revenues:**

Fines and fees from Recorder=s court are recorded in this category. Fine surcharges (5% Victim Witness, 50% Drug Surcharge, 10% Jail Construction Act) are also received. These revenues equal 6.3% of the total. Revenues are projected based on historical data, and have declined in the past two years. A \$100,000 decrease is projected for FY2009.

**Interest Revenues:**

Investment income includes monies derived from the investment of assets. This is approximately 1.2% of Special Service District Fund revenues. This item has been budgeted at the prior year level.

**Miscellaneous Revenue:**

Miscellaneous revenue are revenues received that are not otherwise classified. This category is projected based on historical data and comprises 0.02% of total revenues.

**Other Financing Sources:**

Interfund transfers from the Hotel Motel Special Revenue Fund to the SSD Fund are budgeted here. This revenue equates to 2.3% of the total, is expected to continue at current levels.

**CURRENT 2008 TAX DIGEST AND 5 YEAR HISTORY OF LEVY**

**SSD FUND**

	2003	2004	2005	2006	2007	2008
Real & Personal	\$ 3,665,280,708	\$ 3,874,428,735	\$ 4,306,930,323	\$ 4,932,710,951	\$ 5,592,564,928	\$ 5,953,025,727
Motor Vehicles	\$ 222,136,235	\$ 222,675,218	\$ 219,677,702	\$ 216,224,293	\$ 238,652,276	\$ 247,396,834
Mobile Homes	\$ 14,478,200	\$ 14,277,400	\$ 14,457,200	\$ 14,701,800	\$ 11,244,800	\$ 11,799,000
Timber	\$ 552,047	\$ 1,118,150	\$ 810,729	\$ 480,865	\$ 634,512	\$ 9,068
Gross Digest	\$ 3,902,447,190	\$ 4,112,499,503	\$ 4,541,875,954	\$ 5,164,117,909	\$ 5,843,096,516	\$ 6,212,230,629
Less SSD Exemptions	\$ 904,326,424	\$ 1,005,671,108	\$ 1,188,259,278	\$ 1,451,260,336	\$ 1,682,145,961	\$ 1,831,887,780
Net SSD Digest	\$ 2,998,120,766	\$ 3,106,828,395	\$ 3,353,616,676	\$ 3,712,857,573	\$ 4,160,950,555	\$ 4,380,342,849
Gross SSD Millage	4.321	4.350	4.352	4.321	4.266	4.265
Less Rollbacks	-0.846	-0.875	-0.877	-0.846	-0.791	-0.790
Net SSD Millage	3.475	3.475	3.475	3.475	3.475	3.475
Net Taxes Levied	\$ 10,418,470	\$ 10,796,229	\$ 11,653,818	\$ 12,902,180	\$ 14,459,303	\$ 15,221,691
Net Taxes \$ Increase	\$ 430,200	\$ 377,759	\$ 857,589	\$ 1,248,362	\$ 1,557,123	\$ 762,388
Net Taxes % Increase	4.3%	3.6%	7.9%	10.7%	12.1%	5.3%

**Sales Tax Funds**

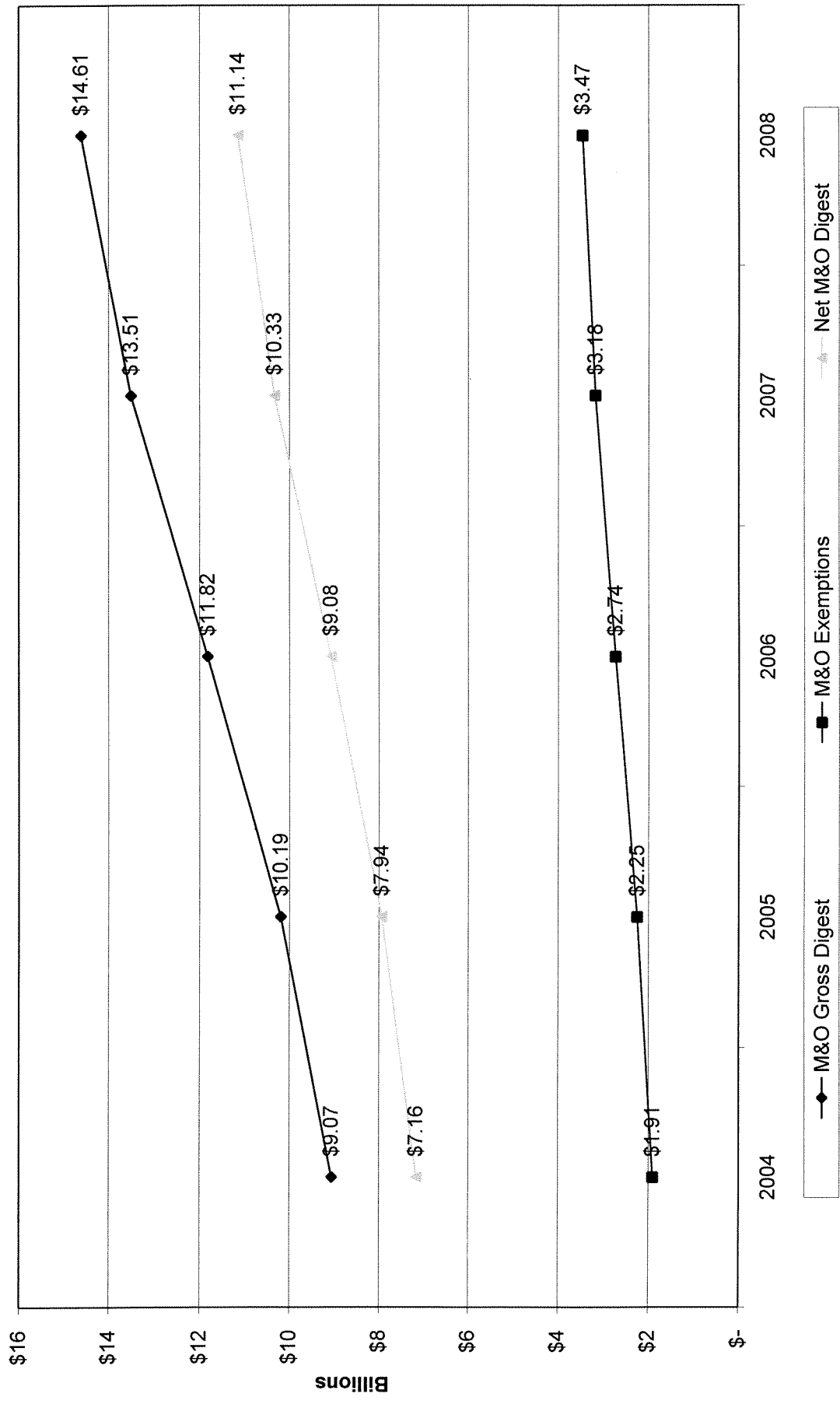
**Taxes:**

The Sales Tax funds generate revenue from a Special Purpose Local Option Sales Tax (SPLOST). The optional sales tax is authorized by local referendum for a specified time period (usually four years) and dedicated to specific capital projects. During FY2009, the Sales Tax IV collection period will expire, and the Sales Tax V collections will begin. Straight line projections based on historical data are used for budget purposes. Collections for Sales Tax IV are estimated as \$28.6 million. Sales Tax V revenues are estimated as \$36.6 million for FY2009.

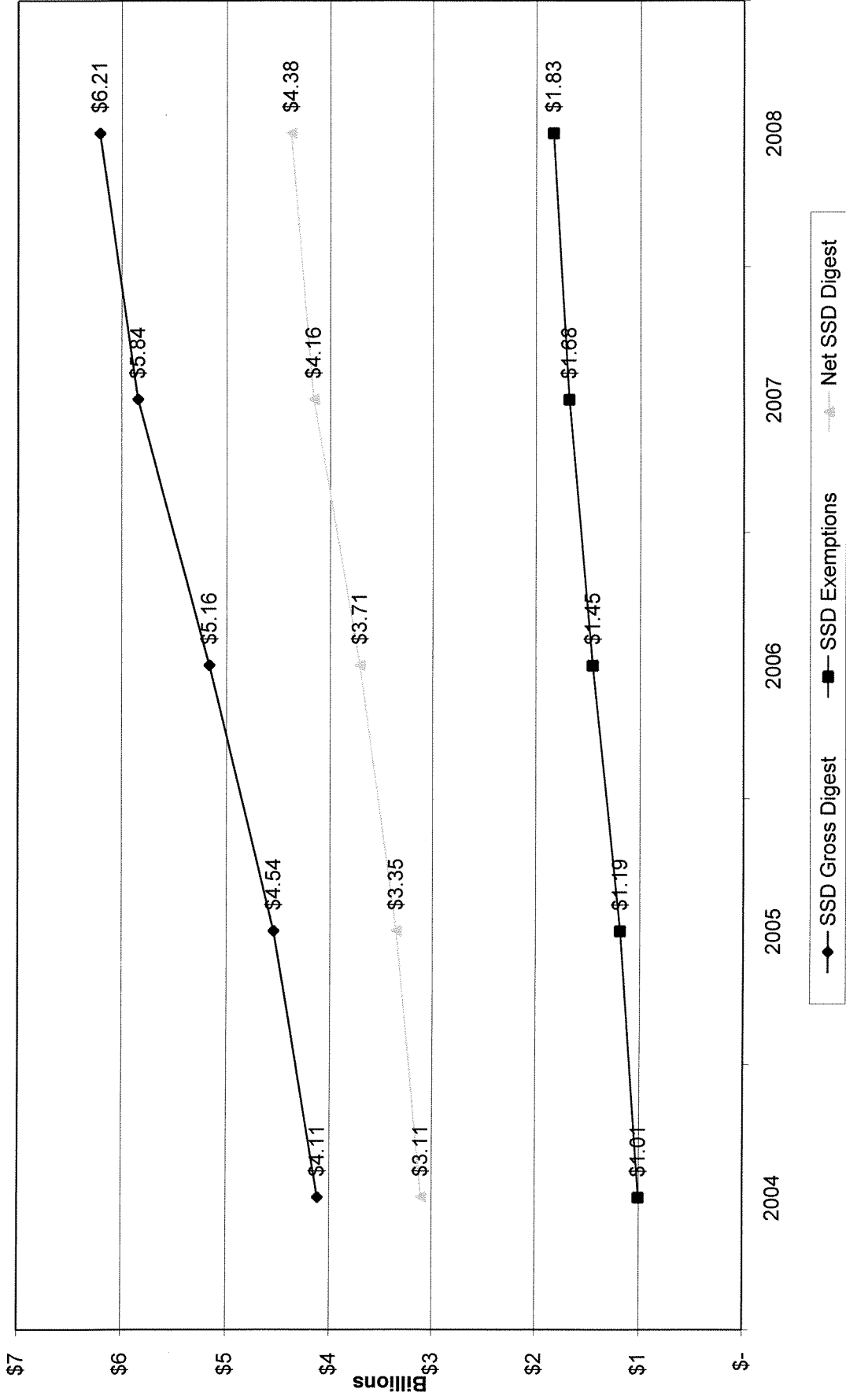
**Graphs**

The following two graphs outline the gross property tax digest, tax exemptions, and the net property tax digest for the two funds that levy a millage rate:

# M&O Digest Change in Dollars



# SSD Digest Change in Dollars



## LEGAL DEBT MARGIN AND DESCRIPTION OF LONG-TERM OBLIGATIONS

### LEGAL DEBT MARGIN

The present constitutional limit on direct general obligation bonds for Chatham County is the amount equivalent to 10% of the net assessed valuation of taxable property for debt service purposes. The unused legal debt margin is computed below:

Total Assessed Value of Taxable Property for year 2008	\$14,605,647,402
Less Exemptions for Bond Purposes (Year 2008)	(\$838,627,070)
Net Assessed Valuation of Taxable Property for Bond Purposes	\$13,767,020,332
10% of Taxable Values	\$1,376,702,033
General Obligation Backed Debt	\$0
Less assets in debt service funds available for payment of principal (June 2008)	\$0
Total deductions	\$0
Unused Legal Debt Margin	\$1,376,702,033

The Constitutional debt limitation applies to all general obligation bonds authorized. Additional general obligation bonds may be authorized to be issued if so approved by a majority of those voting in an election held for that purpose. Chatham County has no general obligation bonds authorized but unissued.

The County's debt policy is found behind the tab "Financial Policies".



**LONG TERM OBLIGATIONS**

Chatham County has a number of long-term debt obligations. FY2009 principal and interest payments for the County's long term obligations by fund are:

<u>Long-term Obligation</u>	Fund where Annual <u>Debt Service Budgeted</u>	Annual		<u>Total</u>
		<u>Principal</u>	<u>Interest</u>	
Series 1999 DSA Bonds	General Fund	\$ 410,000	\$ 42,948	\$ 452,948
Series 2005A DSA Bonds	General Fund	35,000	275,588	310,588
Series 2005 DSA Bonds	General Fund	2,870,000	922,815	3,792,815
Pollution Control Facilities Financing	General Fund	9,978	0	9,978
Balfield Lighting System Lease - 2005	General Fund	57,508	5,356	62,864
Motorola Radio System Upgrade Lease - 2004	General Fund	269,462	34,217	303,679
Mosquito Control Facility	General Fund	77,616	255,894	333,510
First Responder Data System	General Fund	141,384	30,752	172,136
Judiciary File Tracking System	General Fund	80,694	16,375	97,069
Recreation Equipment - 2007	General Fund	34,886	3,556	38,442
Excavator - 2007	General Fund	34,599	15,774	50,373
Motorola Radio System Upgrade Lease - 2004	Special Service District	36,745	4,666	41,411
Chatham County Hospital Authority Bonds	Debt Service Fund	0	52,440	52,440
<b>Total Annual Debt Service</b>		<b>\$ 4,057,872</b>	<b>\$ 1,660,381</b>	<b>\$ 5,718,253</b>

A description of each of these obligations is shown:

**(1) DOWNTOWN SAVANNAH AUTHORITY REVENUE BONDS, SERIES 1999, \$9.3 MILLION**

In November 1999, the County issued \$9.3 million revenue bonds to finance certain capital improvements and construction projects through the Downtown Savannah Authority. The bonds are limited obligations of the DSA, payable from payments made by the County to the DSA under the provisions of an intergovernmental agreement dated November 1, 1999. The bonds pay interest between 5.1% and 5.875%, depending on the maturity date. These bonds were partially refunded on November 3, 2005 with the Downtown Savannah Authority Revenue Bonds, Series 2005A. As of June 30, 2008, the bonds outstanding totaled \$840,000.

**(2) DOWNTOWN SAVANNAH AUTHORITY REVENUE REFUNDING BONDS, SERIES 2005A**

The Series 2005A DSA bonds were issued November 3, 2005 to partially refund the DSA Series 1999 bonds. The bonds are limited obligations of the DSA, payable from payments made by the County to the DSA under the provisions of an intergovernmental agreement. The bonds pay interest between 3% and 5%, depending on the maturity date, with a final maturity date on January 1, 2020. As of June 30, 2008 the bonds outstanding totaled \$6,010,000.

**(3) DOWNTOWN SAVANNAH AUTHORITY REVENUE REFUNDING AND IMPROVEMENT BONDS (CHATHAM COUNTY PROJECTS), SERIES 2005**

The Series 2005 DSA bonds were issued on June 29, 2005 to advance refund the DSA Series 1993 bonds and provide approximately \$12,000,000 for additional capital project needs. The bonds are limited obligations of the DSA, payable from payments made by the County to the DSA under the provisions of an intergovernmental agreement dated June 1, 2005. The bonds pay interest between 3.0% and 4.25%, depending on the maturity date, with a final maturity on January 1, 2026. As of June 30, 2008 the bonds outstanding totaled \$21,135,000.

**(4) POLLUTION CONTROL FACILITIES FINANCING**

Chatham County, under court order, has agreements with various county municipalities regarding the financing of pollution control facilities. Payments to the City of Pooler currently remain under the obligation, and the payments will be completed in 2018. At June 30, 2008 the amount outstanding totals \$99,780.

**(5) BALLFIELD LIGHTING SYSTEM LEASE**

On June 10, 2004, Chatham County approved an agreement with G. E. Public Finance, Inc. for the funding of a ballfield lighting system at Charlie Brooks Park. The \$265,000 lease was financed over 60 months at a 4.0% interest rate. The balance payable under the lease at June 30, 2008 was \$125,729, including principal and interest.

**(6) MOTOROLA RADIO SYSTEM UPGRADE LEASE:**

On March 12, 2004, Chatham County entered into a capital lease agreement with G. E. Capital Finance, Inc. to upgrade the Public Safety Radio System from a 2.03 version to a 4.1 version. The total cost of \$2,415,627 consists of \$2,050,000 principal and \$365,627 interest, with monthly debt service payments in the amount of \$28,757. Payments are split between the General Fund and the Special Service District. The lease terminates after final payment on November 2011. The balance payable at June 30, 2008 is \$1,179,056, including principal and interest.

- (7) **MOSQUITO CONTROL FACILITY:**  
In February 2001 the County entered into an intergovernmental agreement with the Savannah Airport Commission (SAC). Under terms of the agreement the County contracted to reimburse the SAC for the design and construction costs of a Mosquito Control Facility. The County will repay SAC \$4,596,057 over thirty years at an interest rate of 6.08%. Monthly payments of \$27,793 began January 1, 2003 and will conclude on December 1, 2032. The County is also leasing a 7.7 acre site where the facility was built for fifty years. Annual rental is based on the appraised land value multiplied by a 12% factor. Rental rates will be modified every five years based upon a reappraisal of the land. At inception, the agreement specifies an annual land rental of \$36,342.
- (8) **FIRST RESPONDER DATA SYSTEM:**  
On January 12, 2007 the County entered into a capital lease agreement with G. E. Capital Finance, Inc. to provide funding for a First Responder Mobile Data System on I-16 and I-95. The principal amount of \$750,000 with an interest rate of 5.32% was financed over a five year period (2007-2012).
- (9) **JUDICIARY FILE TRACKING SYSTEM:**  
On April 13, 2007 the County entered into a capital lease agreement with G. E. Capital Public Finance, Inc. To provide funding for a radio frequency ID File Tracking System and equipment for scanning of criminal case files. The principal amount of \$425,000 with an interest rate of 4.99% was financed over a five year period (2007-2012).
- (10) **RECREATION EQUIPMENT - 2007**  
On January 12, 2007 the County entered into a capital lease agreement with G. E. Capital Finance, Inc to provide funds for turf equipment for Charlie Brooks Park. The principal amount of \$106,000 with an interest rate of 5.63% was financed over a three year period (2008-2010).
- (11) **CHATHAM COUNTY HOSPITAL AUTHORITY BONDS**  
On April 28, 1993 the Chatham County Hospital Authority issued \$2.245 million revenue bonds to provide funds for land acquisition and construction for public health facilities within Chatham County. The bonds are limited obligations of the Hospital Authority, payable from payments made by the County to the Authority under the Lease with respect to the project costs and from other revenues and funds pledged to the payment thereof. Final maturity occurs January 1, 2014. The bonds pay interest between 3.5% and 5.7%, depending on the maturity date. As of June 30, 2008 the bonds outstanding totaled \$920,000.

**(12) EXCAVATOR - 2007**

On December 7, 2007 the County entered into a capital lease agreement with G. E. Capital Finance, Inc to provide funds for a excavator for Mosquito Control. The principal amount of \$238,000 with an interest rate of 4.8% was financed over a five year period (2007 - 2013).

**SHORT TERM DEBT:**

Because the majority of property tax revenue is not received by the County until November of each year, Chatham County has relied on short-term borrowing for cash flow purposes. The table below reviews the County's short-term borrowing experience since 1999.

<b>Short Term Borrowing</b>					
<u>Year</u>	<u>Type</u>	<u>Principal</u>	<u>Interest Exp.</u>		
1999	TAN	\$ 29,500,000	\$ 550,367		
2000	TAN	\$ 11,300,000	\$ 196,967	(1)	
2000/01	TAN	\$ 12,800,000	\$ 507,352		
2001/02	TAN	\$ 11,300,000	\$ 276,607		
2002/03	INTERFUND LOAN	\$ 11,400,000	(2)	\$ 140,000	
2003/04	TAN	\$ 0	\$ 55,800		
2004/05	INTERFUND LOAN	\$ 17,000,000	(3)	\$ 40,674	
2005/06	INTERFUND LOAN	\$ 8,200,000	(4)	\$ 3,110	
2006/07	NONE	\$ N/A	(5)	\$ N/A	
2007/08	NONE	\$ N/A	(6)	\$ N/A	

1- For six months only January 1, 2000 to June 30, 2000

2 - Repaid December 2003

3 - This includes 3 different interfund loans \$9,000,000, \$5,000,000, \$3,000,000

4 - This includes 3 different interfund loans \$6,000,000, \$2,000,000, \$200,000

5 - There was no short term borrowing in FY 2006/2007.

6 - There was no short term borrowing in FY 2007/2008.

