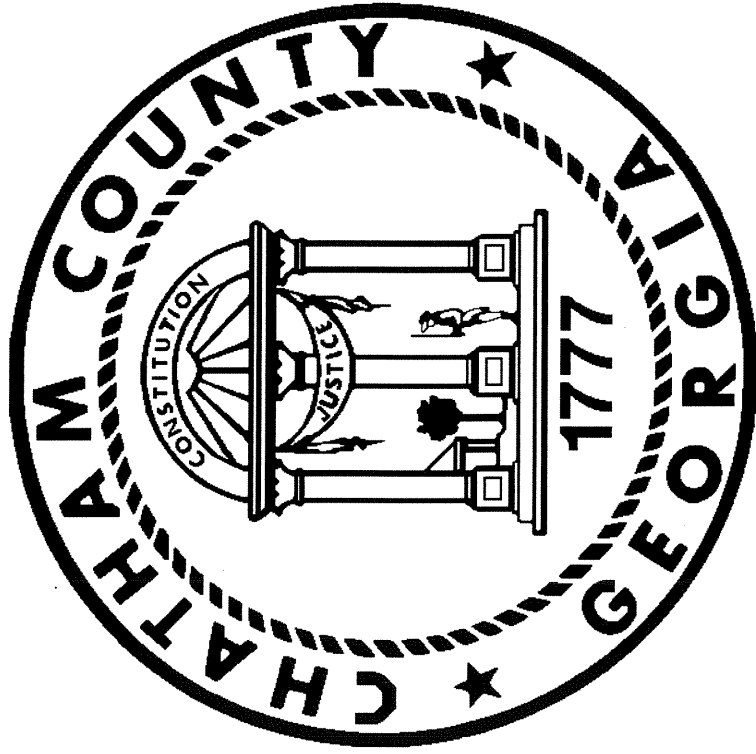
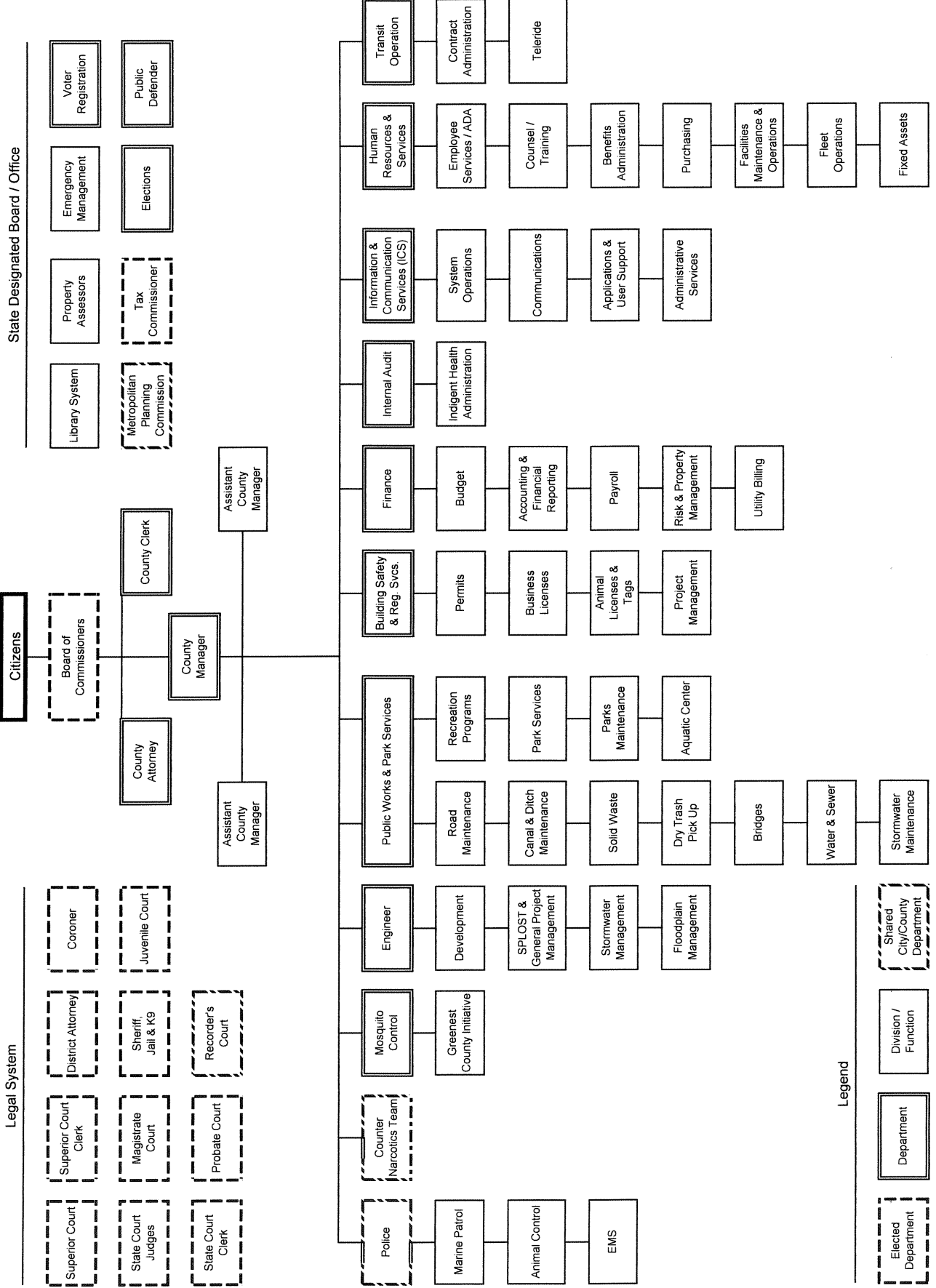


This section provides information on the County's organizational structure, financial policies, fund structure, and budget process.

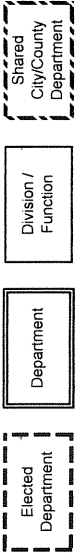


CHATHAM COUNTY ORGANIZATIONAL CHART

By Department / Function



Legend



**CHATHAM COUNTY, GEORGIA
ELECTED OFFICIALS & DEPARTMENT DIRECTORS
FY 2014 / 2015 ADOPTED BUDGET**

ELECTED OFFICIALS & JUDICIAL APPOINTMENTS

Child Support Recovery	David Lowe	State Court Administrator	Brian Hart
Coroner	Dr. William Nettles Wessinger	State Court Judge	H. Gregory Fowler
District Attorney	Margaret E. Heap	State Court Judge	Herman W. Coolidge, Jr.
Detention Center	Col. John T. Wilcher	State Court Judge	Gregory V Sapp
Juvenile Court Judge	Patricia Stone	Superior Court Administrator	Crystal T. Cooper
Juvenile Court Judge	Leroy Burke III	Circuit Public Defender	Michael Edwards
Juvenile Court Judge	Lisa G. Colbert	Superior Court Clerk	Dan Massey
Juvenile Court Administrator	Adam J. Kennedy	Superior Court Judge	Michael L. Karpf
Magistrate Court Judge	Mary Kathryn Moss	Superior Court Judge	Penny Haas Freesmann
Probate Court Judge	Harris Lewis	Superior Court Judge	Louisa Abbot
Recorder's Court Judge	Harris Odell	Superior Court Judge	John E. Morse, Jr.
Recorder's Court Judge	Tammy Cox Stokes	Superior Court Judge	James F. Bass, Jr.
Recorder's Court Judge	Claire Cornwell Williams	Superior Court Judge	Timothy Walmsley
Sheriff	Al St Lawrence	Tax Commissioner	Daniel T. Powers
		Victim Witness	Cheryl W. Rogers

BOARD APPOINTED POSITIONS AND COUNTY DEPARTMENT DIRECTORS

County Attorney	R. Jonathan Hart	Building Safety & Regulatory Director	Gregori Anderson
County Clerk	Janice E. Bocook	Internal Audit Director	Roy U. Hinely, Jr.
County Manager	Lee Smith	ICS Director	Nicholaus T. Batey
Assistant County Manager	Michael Kaigler	Human Resources Director	Carolyn Smalls
Assistant County Manager	Linda Cramer	Savannah-Chatham Metropolitan Police Dept.	Chief Julie Tolbert
Counter Narcotics Team	Dwane Ragan	Public Works & Parks Services	Robert Drewry
Director of Engineering	Leon Davenport	Tax Assessor	Roderick K. Conley
Emergency Management Director	Clayton Scott	Voter Registration Director	Sandra Williams
Finance Director	Amy Davis	Elections Supervisor	Russell Bridges
Mosquito Control	Henry Lewandowski		

FUND DESCRIPTIONS

The financial transactions of the County are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues, and expenditures/expenses. Funds can be described as major and non-major. A major fund is one with an annual budget equal to ten percent or more of the total county budget. In fiscal year 2015, Chatham County has four funds that meet this definition: the General Fund, the Special Purpose Local Option Sales Tax Funds IV and V.

MAJOR FUNDS

Governmental Funds:

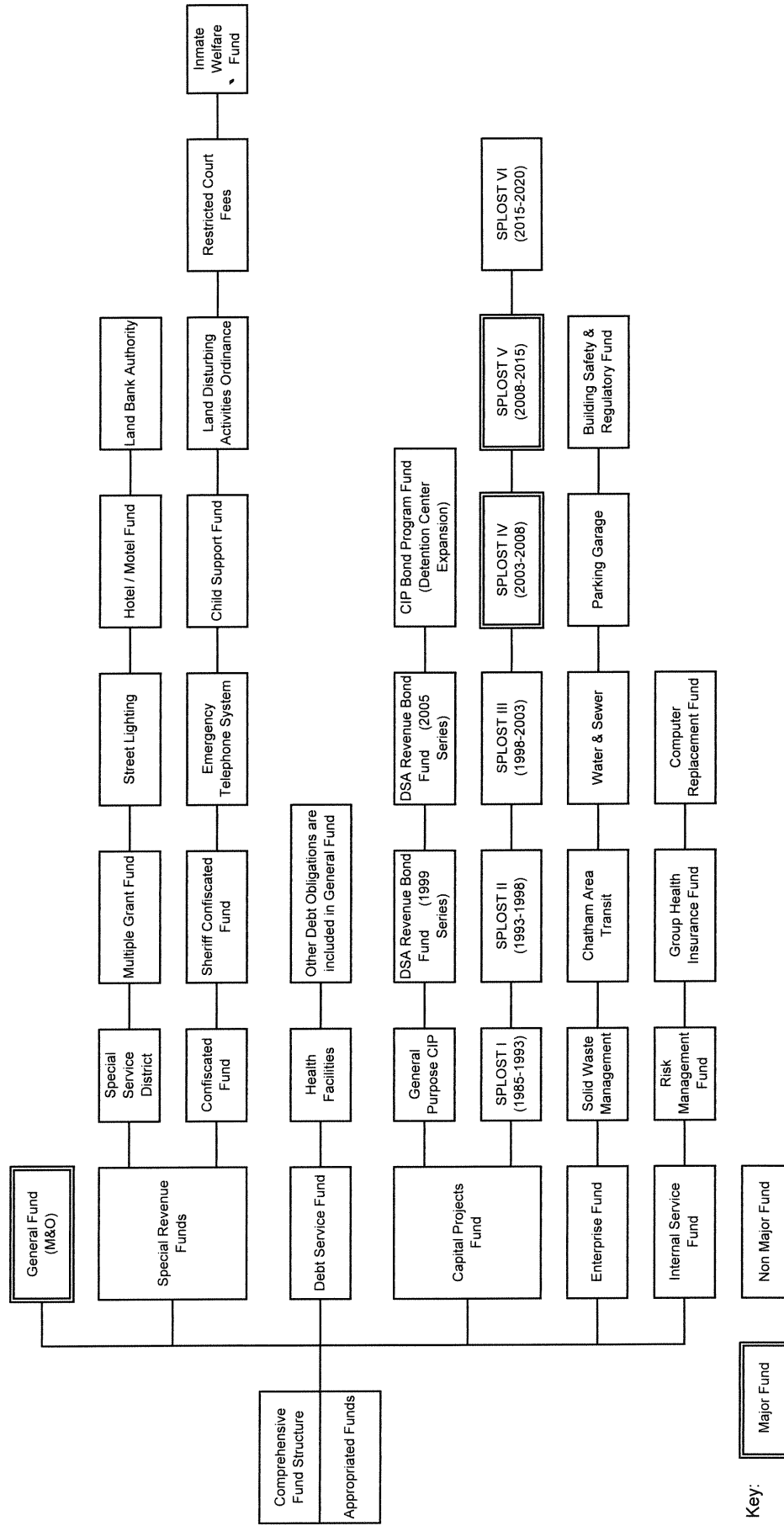
General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects 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 budgets two major funds, 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.

NON-MAJOR FUNDS

Non major funds include Enterprise, Special Revenue, Debt Service, Capital Projects, and Internal Service funds with individual annual budgets less than ten percent of the total county budget. These funds are described in the sections that present detailed information on the respective budgets.

CHATHAM COUNTY BUDGET FUND STRUCTURE FISCAL YEAR 2014 / 2015 BUDGET



Key:

Major Fund

Non Major Fund

RELATIONSHIP OF DEPARTMENTS AND ACTIVITIES TO COUNTY FUND STRUCTURE

Department/Activity	MAJOR FUNDS				NONMAJOR FUNDS				
	General Fund	Sales Tax IV	Sales Tax V		Special Revenue Funds	Capital Project Funds	Debt Service Fund	Enterprise Funds	Internal Service Funds
GENERAL GOVERNMENT									
ADA Compliance	X								
Administrative Services	X								
Audit Contract	X				X				
Board of Equalization	X								
Clerk of Commission	X								
Communications	X								
County Attorney	X								
County Commissioners	X				X				
County Manager	X								
Elections Board	X				X				
Engineering	X				X				
Facilities Maintenance	X								
Finance	X				X				X
Fleet Operations	X								
Human Resources and Services	X				X				X
Information & Communication Services	X				X				X
Internal Audit	X								
Public Information	X								
Purchasing	X								
Tax Assessor	X								
Tax Commissioner	X								
Temporary Pool	X								
Traffic Lights - Utilities					X				
Utilities	X								
Voter Registration	X								
Youth Commission	X								
JUDICIARY									
Alternative Dispute Resolution	X								
Clerk of Superior Court	X				X				
Court Administrator	X				X				
Court Expenditures	X								
District Attorney	X				X				
DUI Court	X				X				
Grand Jury	X								
Juvenile Court	X				X				
Law Library	X								
Magistrate Court	X								

RELATIONSHIP OF DEPARTMENTS AND ACTIVITIES TO COUNTY FUND STRUCTURE

Department/Activity	MAJOR FUNDS				NONMAJOR FUNDS					
	General Fund	Sales Tax IV	Sales Tax V		Special Revenue Funds	Capital Project Funds	Debt Service Fund	Enterprise Funds	Internal Service Funds	
Panel of Attorneys	X									
Probate Court	X									
Probate Court Filing Fees	X									
Public Defender	X									
Recorders Court					X					
State Court Clerk	X									
State Court Judges	X									
Victim Witness	X				X					
PUBLIC SAFETY										
Animal Control	X				X					
Coroner	X									
Counter Narcotics Team	X				X					
Detention Center	X									
Emergency Communications					X					
Emergency Management	X									
EMS	X									
Marine Patrol	X									
Peace Officer Retirement					X					
Savannah-Chatham Metropolitan Police					X					
Sheriff	X				X					
PUBLIC WORKS										
Bridges	X									
Capital Project Administrative Costs		X				X				
Capital Project Expenditures		X				X				
Fell St. Pump Maintenance					X					
Public Works	X				X					
Solid Waste								X		
Street Lighting					X					
Water and Sewer								X		
HEALTH & WELFARE										
Dept. of Family & Children's Services	X									
Frank G. Murray Community Center	X									
Greenbriar Children's Center	X									
Health Department	X									
Indigent Health Care Program	X									
Mosquito Control	X									
Safety Net Planning Council	X									
CULTURE & RECREATION										

RELATIONSHIP OF DEPARTMENTS AND ACTIVITIES TO COUNTY FUND STRUCTURE

Department/Activity	MAJOR FUNDS			NONMAJOR FUNDS				
	General Fund	Sales Tax IV	Sales Tax V	Special Revenue Funds	Capital Project Funds	Debt Service Fund	Enterprise Funds	Internal Service Funds
Aquatic Center	X							
Georgia Forestry	X							
Live Oak Library System	X							
Recreation	X							
Tybee Pier & Pavillion	X							
Weightlifting Center	X							
HOUSING & DEVELOPMENT								
Building Safety & Regulatory Services	X			X				X
Community Outreach - Jail	X							
Construction Apprentice Program	X							
Land Disturbing Activities				X				
Metropolitan Planning Commission				X				
SAGIS				X				
DEBT SERVICE								
DSA Bonds Series 2005	X							
DSA Bonds Series 2005A	X						X	
Hospital Authority Debt Service								
Lease - Excavator	X							
Lease - First Responder Equipment	X							
Lease - Judicial File Tracking System	X							
Loan from CIP Fund to General Fund	X							
Mosquito Control Facility 2001	X							
Pollution Abatement	X							
Tax Anticipation Notes Interest	X							
Union Mission 2009 Debt Service	X							
OTHER FINANCING USES								
5% Victim Witness Funds				X				
50% Drug Surcharge - Sheriff				X				
50% Drug Surcharge - State Court				X				
50% Drug Surcharge Funds				X				
Accrued Benefits Expense				X				
Bamboo Farm				X				
Coastal GA Regional Development Ctr				X				
Coastal Soil & Water				X				
Contingency				X				
Contingency				X				
Cooperative Extension Service				X				
Crimestoppers				X				

RELATIONSHIP OF DEPARTMENTS AND ACTIVITIES TO COUNTY FUND STRUCTURE

Department/Activity	MAJOR FUNDS				NONMAJOR FUNDS					
	General Fund	Sales Tax IV	Sales Tax V		Special Revenue Funds	Capital Project Funds	Debt Service Fund	Enterprise Funds	Internal Service Funds	
Fuel Contingency	X									
Hazardous Materials Team	X									
Health Insurance Claims					X				X	
Hotel/Motel Fund					X					
Inmate Welfare Fund									X	
Insurance Premiums										
Juvenile Court Restricted Expenditures					X					
Land Bank					X					
Other health insurance expenses									X	
Pension Fund Payments - Old Plan	X									
Reimbursable Expenses	X									
Reserve for Deductible					X				X	
Restricted Contingency	X									
Retiree Health Insurance Contribution	X									
Special Appropriations	X									
Summer Bonanza	X									
Transit Operations								X		
Unemployment Compensation									X	
Vacant Positions	X									
Vehicle Accident Reserve									X	
Workers Compensation									X	
Transfer out to BSRs Enterprise Fund					X					
Transfer out to CAT for Teleride	X									
Transfer out to Child Support Fund	X									
Transfer out to CIP Fund	X									
Transfer out to Detention Center CIP									X	
Transfer out to E911 Fund	X									
Transfer out to General Fund - JCA Fees					X					
Transfer out to Land Bank Fund	X									
Transfer out to Risk Management Fund	X									
Transfer out to Solid Waste Fund	X									
Transfer out to SSD Fund					X					

Financial Policies
As Amended by the Chatham County Board of Commissioners – August 2014
Overview

Summary

Chatham County's Financial Policies represent guidelines and tools adopted by the Chatham County Board of Commissioners to enable Chatham County to reach and maintain its financial potential through consistent approaches in financial management. Financial policies will always be evolving; therefore, this document will be a living document representative of the goals of the County Commission. Below is a summary of the financial policies included in this document:

- Chatham County will develop and maintain a level of unrestricted fund balance in its General Fund equivalent to at least two month's budgeted expenditures or a minimum 16.6% of budgeted expenditures. These balances will be shown as Committed Fund Balance on the County's financial statements.
- Chatham County will develop and maintain a level of unrestricted fund balance in the Special Service District Fund equivalent to at least two month's budgeted expenditures or a minimum 16.6% of budgeted expenditures. These balances will be shown as Committed Fund Balance on the County's financial statements.
- Chatham County shall annually adopt annual fund budgets that ensure a balance between operating resources and resource uses. By law the County is required to adopt annual balanced budgets for its general fund, each special revenue fund, and each debt service fund. Project-length budgets are required for capital project funds. The Commission may elect to create annual budgets for other fund types for use as a management tool. Within the two main operating funds of the County (General Fund and SSD Fund), recurring operating expenditures will be funded by recurring operating revenues. Other funds may consider fund balance as an operating resource depending on the specific nature of the fund.
- Chatham County shall be committed to establishing and maintaining a revenue policy through the revenue ordinance to meet the budgetary needs of the organization on an ongoing basis. The goal of this policy is to assure revenues are realistic in the current budgetary environment.
- Chatham County will review and update fees and charges at least annually to ensure they keep pace with actual program costs, cost-of-living changes, and methods or levels of service delivery.
- Chatham County will encourage a diversified yet stable revenue system to protect it from possible short-term fluctuations in any of its revenue sources.
- In order to create and maintain structural balance for the County's funds, the Chatham County Commission shall be committed to using one-time revenues to pay for one-time expenditures. Because one-time revenues are generally not available for expenditure in future budget periods, their use to fund recurring operating expenditures is discouraged.

- During its annual budget process, Chatham County will review revenues to identify unpredictable revenue sources that could impact operational funding. A conservative approach will be utilized in estimating such revenues with consideration being given to historical revenue trends, revenue volatility, and the legal and economic climate. When actual revenues received exceed revenue budgets for unpredictable revenues, the excess will be treated in accordance with adopted fund balance policies.
- Chatham County will follow State law in its application of SPLOST tax revenues for the purpose of capital project development and construction. Investment income from SPLOST revenues will be used for the purposes outlined below. In addition, Title Ad Valorem Tax revenue allocated to the County on the basis of current SPLOST distribution percentages will be deposited to the related SPLOST fund and used for these enumerated purposes:
 - Funding of SPLOST projects as approved by the Board of Commissioners
 - Administrative costs for the construction management of SPLOST projects
 - Indirect cost allocation expenses as calculated by the County's annual indirect cost allocation plan
 - Payment of interest expense related to pre-funding of SPLOST projects
 - Other costs outlined in the related referendum.
- Chatham County will seek to develop a funding and replacement strategy for its capital assets. Capital project needs will be evaluated annually in association with the annual budget process and priority projects will be determined. In association with other adopted financial policies, Chatham County will seek a balance between pay-as-you-go funded projects, which include projects funded by SPLOST dollars, and debt-financed projects.
- Chatham County shall be committed to addressing the level of indebtedness the County can reasonably expect to incur without jeopardizing its existing financial position and operational capabilities. The County Commissioners will adopt a maximum debt service level of 7% of the benefiting fund's expenditures/expenses and will seek to maintain debt service within those limits. When the County acts as a debt guarantor, the potential operating impact of any debt default, including repayment sources, should be determined prior to providing the guarantee.
- Chatham County will develop long-range financial forecasts for the General M&O Fund, the Special Service District Fund, and for all enterprise funds. The funds' financial course of action will be contemplated for a five year period. Forecasts will be analyzed and updated annually by Finance staff. Forecasts will be used to analyze financial trends, determine revenue needs, review the impact on expenditures of new or revised services or projects, and consider methods for accomplishing long-range financial goals.
- Chatham County will adhere to the fund balance categories as defined in GASB Statement 54 for financial reporting purposes, and will follow adopted policies in categorizing and appropriating fund balance.
- Chatham County will utilize the services of bond counsel and/or disclosure counsel for legal advice and direction in the process of issuing new or refunding governmental bonds.
- Chatham County will require departments with the responsibility of cash handling to develop written procedures for the cash collection processes, deposits and safekeeping of funds.
- The Chatham County Board of Commissioners shall annually appropriate sufficient funds to the Plan for the payment of the actuarially determined contribution.

Fund Balance Policy General M&O Fund

Introduction

Historical instabilities in fund balance have highlighted the interest and need of Chatham County to restore and maintain levels of fund balance that promote the County's long-range financial stability. In addition, the Government Finance Officer's Association has issued a recommended practice encouraging governments to adopt a formal policy on the level of unrestricted fund balance that should be maintained in the General Fund. The GFOA also recommends that governments maintain unrestricted fund balance of no less than two months of regular operating revenues or operating expenditures.

Policy Statement

Chatham County will develop and maintain a level of unrestricted fund balance in its General Fund equivalent to at least two month's budgeted expenditures or a minimum of 16.6% of budgeted expenditures. These balances will be shown as Committed Fund Balance on the County's financial statements.

Rationale

It is essential that Chatham County maintain an adequate level of fund balance to mitigate current and future risks (e.g. revenue shortfalls, recessionary environments, and unanticipated expenditures) and to ensure stable tax rates. Adequate levels of fund balance are also crucial in developing long-range financial plans. In addition, credit rating agencies review fund balance and unrestricted fund balance levels to evaluate the government's continued creditworthiness.

Specific Policies

Chatham County will maintain an unrestricted fund balance level of two month's expenditures or 16.6% of budgeted expenditures. Chatham County may appropriate funds within its annual budget process for the purpose of building up fund balance reserve levels.

In the event fund balance exceeds the targeted level, Chatham County will follow a methodology for fund balance use as follows:

- 1) First, consider raising the targeted fund balance level after a review of economic conditions, contractual obligations and long-range financial planning results, then
- 2) Consider the funding of capital projects as described in the Adopted Annual Budget based on project ratings, then
- 3) Consider a strategy for millage rate reductions based upon a review of the County's long-range financial plan.

Reference is made to other financial policies adopted by the Board of Commissioners.

Fund Balance Policy Special Service District Fund

Introduction

Historical instabilities in fund balance have highlighted the interest and need of Chatham County to restore and maintain levels of fund balance that promote the County's long-range financial stability. In addition, the Government Finance Officer's Association has issued a recommended practice encouraging governments to adopt a formal policy on the level of unrestricted fund balance that should be maintained in the General Fund. Since the Special Service District is largely supported by tax revenues, the County should also consider a fund balance policy for the fund.

Policy Statement

Chatham County will develop and maintain a level of unrestricted fund balance in its Special Service District Fund equivalent to at least two month's budgeted expenditures or a minimum of 16.6% of budgeted expenditures. These balances will be shown as Committed Fund Balance on the County's financial statements.

Rationale

It is essential that Chatham County maintain an adequate level of fund balance to mitigate current and future risks (e.g. revenue shortfalls, recessionary environments, and unanticipated expenditures) and to ensure stable tax rates. Adequate levels of fund balance are also crucial in developing long-range financial plans. In addition, credit rating agencies review fund balance and unrestricted fund balance levels to evaluate the government's continued creditworthiness.

Specific Policies

Chatham County will maintain an unrestricted fund balance level of at least two month's expenditures or 16.6% of budgeted expenditures within the Special Service District. Chatham County may appropriate funds within its annual budget process for the purpose of building up fund balance reserve levels.

In the event fund balance exceeds the targeted level, Chatham County will follow a methodology of fund balance use as follows:

- 1) First, consider raising the targeted fund balance level after a review of economic conditions, contractual obligations and long-range financial planning results, then
- 2) Consider the funding of capital projects as described in the Adopted Annual Budget based on project ratings, then
- 3) Consider a strategy for millage rate reductions based upon a review of the County's long-term financial plan.

Reference is made to other financial policies adopted by the Board of Commissioners.

Budgetary Policies

Introduction

A government should develop a policy stating its commitment to adopting balanced fund budgets and should have mechanisms in place to ensure compliance with the adopted budget.

Policy Statement

The Chatham County Commission shall annually adopt fund budgets that ensure a balance between operating resources and resource uses. By law Chatham County is required to adopt annual budgets for its general fund, each special revenue fund and each debt service fund. Project-length budgets are required for capital project funds. The Commission may elect to create annual budgets for other fund types for use as a management tool (i.e. enterprise funds).

Within the two main operating funds of the County (General and SSD Fund), recurring operating expenditures will be funded by recurring operating revenues. Other funds may consider fund balance as an operating resource depending on the specific nature of the fund.

Rationale

A structural balance must be struck between operating resources and resource uses so that the public can realize the benefits of a strong, stable government. By law, budgeted appropriations cannot exceed available resources, defined as revenues generated in the current period added to balances carried forward from prior years. However, in the County's two main operating funds, recurring operating expenditures should be funded by recurring operating revenues. This will allow the County to reach and maintain the goals of the Fund Balance Policy, and the Long Term Financial Plan.

Specific Policies

At a minimum, the adopted budgets will meet the requirements of state law, specifically code sections 36-81-3 through 36-81-6. These code sections define a budget ordinance or resolution as being balanced when the sum of estimated revenues and appropriated fund balances is equal to appropriations.

In governmental fund types, taxes are considered operating revenues.

Operating resources and resource uses should represent realistic and quantitative financial transactions.

Fund balances may be considered an operating resource of all funds except for the General M&O Fund and the Special Service District Fund. Reference is made to the Fund Balance Policies for the General M&O and Special Service District Funds.

Except for the Special Service District Fund, special revenue funds are generally supported by special levies and fees, grants or intergovernmental revenues. Expenditures in these funds are strictly limited to the mandates of the funding source. Special Revenue Funds are not to be used to subsidize other funds, except as required or permitted by program regulations.

Unless the fund is mandated by legislation, enterprise funds are expected to derive at least 50% of their revenues from charges and user fees. An enterprise should strive to become a self-supporting entity through annual review of its fee structure, charges for services, and other operating revenues and expenditures. Where the fund is not self-supporting but is required by law, subsidies from other funds may be required to avoid deficit net assets.

Sufficient charges and rate schedules shall be levied to support operations of the County's Internal Service Funds. No trend of deficit net assets shall be allowed. The Internal Service Funds may require subsidies from other funds if chargebacks are not sufficient to cover their operations.

Non recurring revenues will be incorporated into the operating budget and Capital Improvement Program Budget in accordance with the One-Time Revenue Use Policy.

Annual operating budgets shall be prepared to address and progress toward the goals and objectives of the Fund Balance Policy.

A five year Capital Improvements Program (CIP) shall be prepared and updated each year. The operating impact of each project shall be identified and incorporated into the annual operating budgets. Within the parameters of other adopted financial policies, capital assets will be purchased and maintained on a regular schedule and in compliance with any contractual obligations. Debt may be issued for capital asset purchases. One-time revenues will be used as a funding source in accordance with the One-Time Revenue Use Policy.

The Debt Service appropriation in the annual operating budgets shall conform to the Debt Management Policy.

Chatham County will annually roll forward open encumbrances and purchase orders from the previous fiscal year into the current year's budget. As required by generally accepted accounting principles, for financial reporting purposes encumbrances will be included as part of Unassigned Fund Balance in the General Fund and Assigned Fund Balance in the Special Service District Fund.

The Finance Department will prepare quarterly financial reports for the County Commission that compare budget to year-to-date actual financial results. Unusual activities will be noted. The Finance Department will also monitor departmental

budgets to ensure budget compliance and will notify the County Manager throughout the fiscal year of any departments that may exceed budgeted appropriations.

After budget adoption, the Board of Commissioners will approve any budgetary amendments that change adopted departmental budgets, staffing levels or departmental salary appropriations for current or future years. It has been the County's practice to recognize the cost savings from vacant positions by incorporating those savings into the adopted budget each year. County staff monitors vacancies to ensure that these savings are achieved. For this reason, the use of staff vacancy savings by departments to restructure staff levels and salaries is not allowed unless approved by specific action of the Board.

Reference is made to other financial policies adopted by the Board of Commissioners.

Revenue Policy

Introduction

A revenue policy is a living document used to govern the establishment of as well as the increases and decreases of fees and charges used to fund programs determined by the needs of its citizens.

Policy Statement

The Chatham County Commission shall be committed to establishing and maintaining a revenue policy through the revenue ordinance to meet the budgetary needs of the organization on an ongoing basis. The goal of this policy is to assure revenues are realistic in the current economic environment.

Rationale

Policies that require identification of both the cost of the program and the portion of the cost that will be recovered through fees and charges allow governments and citizens to develop a better understanding of the cost of services and to consider the appropriateness of established fees and charges.

Specific Policies

The revenue ordinance shall include any revisions, additions, or deletions to the fees and charges based on the level of cost recovery for services and the reason for the subsidy and the frequency with which cost-of-services will be undertaken.

Changes to the ordinance shall originate during the budget process and shall be used in the preparation of the annual budget. Changes may also occur outside of the budget process. State and local law may govern the establishment of fees and charges.

Chatham County may choose not to recover all costs, but should identify such costs. Reasons for not recovering full costs should be identified and explained.

The Chatham County Commission shall publish a revised revenue ordinance within 45 days adoption of the budget. The publication will include all changes that occurred over the past fiscal year, both prior to and during the budget process. Citizens will be given an opportunity to provide input at the second public reading for any revenue ordinance amendment.

Within the two main operating funds of the County (General Fund and SSD Fund), recurring operating expenditures will be funded by recurring operating revenues.

Reference is made to other financial policies adopted by the Board of Commissioners.

Policy on Fees and Charges

Introduction

Chatham County should adopt policies that identify the manner in which fees and charges are set and the extent to which they cover the cost of services provided.

Policy Statement

Fees and charges will be reviewed and updated at least annually to ensure that they keep pace with actual program costs, cost-of-living changes and methods or levels of service delivery.

Rationale

Policies that require identification of both the cost of the program and the portion of the cost that will be recovered through fees and charges allow governments and stakeholders to develop a better understanding of the cost of services and to consider the appropriateness of established fees and charges.

Specific Policies

The amount of a fee should not exceed the overall cost of providing the facility, infrastructure or service for which the fee is imposed. In calculating that cost, planned capital projects that are related by nature to the fee will be considered as well as direct costs, indirect costs and portions of assets used (i.e. depreciation). That is:

- 1) Costs which are directly related to the provision of the service; and,
- 2) Support costs which are more general in nature but provide support for the provision of the service.

The extent to which the total cost of service should be recovered through fees depends upon the following factors:

- 1) The nature of the facilities, infrastructure or services.
- 2) The nature and extent of the benefit to the fee payers.
- 3) The level of demand for a particular service and the effect of pricing on the demand for services.
- 4) The feasibility of collection and recovery.
- 5) Type of fund. For example, in an enterprise fund approximately 50% of the cost of services should be recovered through fees.
- 6) State or federal laws governing allowable fees.

The extent to which fees should recover the cost of services in particular funds is stated in the Specific Policies section of the Budgetary Policies.

All fees imposed by the County will be established by the County Commission by ordinance. When applicable, the state or

federal law that grants authority to charge the fee will be considered. The ordinance establishing the fees will determine:

- 1) The level of cost that should be recovered through the fees according to the criteria established in this Policy;
- 2) An appropriate method for apportioning the cost of providing each service among the users of the service;
- 3) A procedure for periodically reviewing and modifying the amount of fees in order to maintain appropriate cost recovery levels.

Fees charged may be modified only by ordinance of the County Commission.

All fee revenues will be estimated by the County Manager and submitted to the County Commission as part of the County Manager's recommended budget.

If the amount of a fee is considered too high to accommodate the needs of particular segments of the community and the public interest would be served by adjusting the amount or manner of payment of such fees in particular instances, the amount of the fee may be waived, rebated or deferred as appropriate. Any criteria for waiving, rebating, or deferring payment of such fees will be established by the County Commission by ordinance.

Reference is made to other financial policies adopted by the Board of Commissioners.

Policy on Revenue Diversification

Introduction

In the Chatham County fiscal system, the monitoring and control of revenues is a primary concern. The County's primary revenue policy goal is to maintain a diversified revenue system to protect it from possible short-term fluctuations in any of its various revenue sources.

Policy Statement

Chatham County will encourage a diversified yet stable revenue system to protect it from possible short-term fluctuations in any of its revenue sources.

Rationale

All revenue sources have particular characteristics in terms of stability, growth, sensitivity to inflation or business cycle effects, and impact on tax and rate payers. A diversity of revenue sources can improve a government's ability to handle fluctuations in revenues and potentially help to better distribute the cost of providing services.

Specific Policies

The County will, after having considered all possible cost reduction alternatives, explore the possibility of obtaining new or expanded revenue sources as a way to help ensure a balanced budget. Cost recovery revenue sources will be analyzed on an annual basis and modified as necessary to insure that revenue collections reflect the cost of providing associated County services. The structure will follow the policies set forth in the Policy on Fees and Charges.

The County will actively oppose State and/or Federal legislation which would mandate costs to the County without providing or increasing a revenue source to offset those mandated costs.

The County will follow an aggressive policy to protect current revenues received from State and Federal sources.

The County will follow an aggressive policy of enforcement of revenue regulations and collection of revenues.

The County will actively pursue State and Federal grants.

All revenues will be analyzed by the County Manager and submitted to the County Commission as part of the County Manager's recommended budget in accordance with the Revenue Policy.

Reference is made to other financial policies adopted by the Board of Commissioners.

Policy for Use of One -Time Revenues

Introduction

The use of one-time revenues to fund recurring programs should be avoided whenever possible. More appropriate uses of one-time revenues include establishing and rebuilding fund balance, early retirement of debt, additional funding for pension plan liabilities, capital expenditures, vehicle replacement and other nonrecurring expenditures.

Policy Statement

In order to create and maintain structural balance for the County's funds, the Chatham County Commission shall be committed to using one-time revenues to pay for one-time expenditures. Because one-time revenues cannot be relied on in future budget periods, their use to fund recurring operating expenditures is discouraged.

Rationale

One-time revenues cannot be relied on in future budget periods. A policy on the use of one-time revenues provides guidance to minimize disruptive effects on services due to non-recurrence of these sources. When one-time revenues are used to pay for ongoing programs, it makes it more difficult to achieve the goal of a balanced budget.

Specific Policies

One-time revenues such as proceeds from asset sales, debt refinancing, one-time grants, budget savings and similar nonrecurring revenue will not be used for current or new, ongoing operating expenditures. Such revenues are often not part of original fund budgets. To the extent feasible, one-time revenues will be applied toward one-time expenditures.

Proceeds from the sale of other assets or reimbursements will be placed in the fund from which the asset originated except for vehicle sales. Vehicle sales proceeds will be placed in the CIP Fund and will be used for fleet replacement.

The County will not budget or commit to spend non-recurring dollars until they are received. The County will consider the impact on the operating budget before funding capital improvement projects.

Reference is made to other financial policies adopted by the Board of Commissioners.

Policy for Unpredictable Revenues

Introduction

Unpredictable revenue sources generally cannot be relied on as to the level of revenue they will generate. It is important to consider how significant variations in revenue receipts will impact the County's ability to operate and its financial outlook in both current and future budget periods.

Policy Statement

During its annual budget process, Chatham County will review revenues to identify unpredictable revenue sources that could impact operational funding. A conservative approach will be utilized in estimating such revenues with consideration being given to historical revenue trends, revenue volatility, and the legal and economic climate. When actual revenues received exceed revenue budgets for unpredictable revenues, the excess will be treated in accordance with adopted fund balance policies.

Rationale

It is the intent of Chatham County to promote and encourage a stable revenue stream. Where revenues are deemed to be unpredictable, the County should avoid funding recurring operational expenditures with fluctuating revenues due to the risk that revenue estimates may not be met.

Specific Policies

It is the policy of the Chatham County Board of Commissioners that non-recurring revenues shall not be used to fund recurring expenditures. Therefore, in preparing annual budgets for unpredictable revenues, a conservative approach will be utilized to prevent dependence on upswings in unpredictable revenues.

Potential uses for one-time and unpredictable revenues will be reviewed on an annual basis by the County Commissioners as part of the operating budget cycle. If necessary, the Board of Commissioners and appropriate governing board will review potential uses for unpredictable revenues outside of the annual operating budget cycle which, if approved, will require special appropriation for expenditure. In addition, reserves in excess of the amount established by policy may be retained, and not expended, by the County at the discretion of the County Commissioners. In times of favorable variances, the County Commissioners may consider transferring excess revenues to a stabilization fund which will be used to offset revenues during periods of unfavorable variances.

Unpredictable revenues are the increment of a volatile revenue source, which is defined as the amount above what is normally expected to be collected during a fiscal year. Such revenues may include intergovernmental revenues, interest income, recreation fees, and recording/transfer taxes. Such revenues are frequently impacted by economic upturns and downturns.

Policy on Use of SPLOST Revenues

Introduction

Chatham County voters have approved the imposition of a one cent sales tax to fund various capital projects. A separate capital projects fund has been established to record financial transactions associated with each special purpose local option sales tax (SPLOST) referendum. In addition, other revenues are allocated to the SPLOST funds, including investment income and portions of the Title Ad Valorem Tax (TAVT) identified in O.C.G.A. § 48-5B-1 and 48-5C-1.

Policy Statement

Chatham County will follow State law in its application of SPLOST tax revenues for the purpose of capital project development and construction. Investment income from SPLOST revenues will be used for the purposes outlined below. In addition, Title Ad Valorem Tax revenue allocated to the County on the basis of current SPLOST distribution percentages will be deposited to the related SPLOST fund and used for these enumerated purposes:

- Funding of SPLOST projects as approved by the Board of Commissioners
- Administrative costs for the construction management of SPLOST projects
- Indirect cost allocation expenses as calculated by the County's annual indirect cost allocation plan
- Payment of interest expense related to pre-funding of SPLOST projects
- Other costs outlined in the related referendum.

Rationale

Chatham County's use of SPLOST funds should be consistent with the terms of the related SPLOST referendum and other State laws.

Specific Policies

On an annual basis, Chatham County will review SPLOST funds and revise project budgets to reflect the use of revenues in accordance with the above policy statement. Board approval is required to amend capital project funds. Management of the funds, including authorization of spending, will rest with the County Engineer.

Reference is made to other financial policies adopted by the Board of Commissioners which may apply.

Capital Asset Funding Policy

Introduction

Funding for capital assets and projects represents a continuous challenge for the County. However, such assets are often a required element of providing or enhancing services to citizens. Emergency repairs and service interruptions can cost the government in both money and goodwill.

Policy Statement

Chatham County will seek to develop a funding and replacement strategy for its capital assets. Capital project needs will be evaluated annually in association with the annual budget process and priority projects will be determined. In association with other adopted financial policies, Chatham County will seek a balance between pay-as-you-go funded projects, which include projects funded by SPLOST dollars, and debt-financed projects.

Rationale

Policies and plans for capital asset funding help ensure that needed capital assets or improvements receive appropriate consideration in the budget process and that older capital assets are considered for retirement or replacement. Such a policy is necessary to plan for large expenditures and to minimize deferred maintenance costs. Capital project planning gives consideration to longer-range needs and goals, and enables the County to evaluate funding options while gaining a consensus on project priorities.

Specific Policies

Through its annual budget process, Chatham County will determine capital project planning needs and evaluate project priorities. A list of needed capital projects will be developed annually that includes project name, project cost, and when funding is needed. Scoring and inclusion criteria will be maintained by the Finance Department and presented to the County Commissioners.

Capital asset purchases may be required as a result of legislation or other contractual provisions, and such assets will receive priority. Other projects will be considered for funding based on their priority in the CIP plan.

Chatham County will seek to match the useful life of projects with the maturity of the debt when considering debt financing.

Chatham County will develop a replacement program for its capital assets in association with other financial policies.

Reference is made to other financial policies adopted by the Board of Commissioners which may apply.

Debt Management Policy

Introduction

Chatham County is frequently asked by non-profit entities and/ or other governmental entities to either provide funding or funding guarantees for debt issuances. The Chatham County Commission recognizes there are no absolute rules or easy formulas that can substitute for a thorough review of all information affecting these transactions. Debt decisions should be the result of deliberate consideration of all factors involved.

Policy Statement

Chatham County shall be committed to addressing the level of indebtedness the County can reasonably expect to incur without jeopardizing its existing financial position and operational capabilities. The County Commissioners will adopt a maximum debt service level of 7% of the benefiting fund's expenditures/expenses and will seek to maintain debt service within those limits. When the County acts as a debt guarantor, the potential operating impact of any debt default, including repayment sources, should be determined prior to providing the guarantee.

Rationale

When considering debt issuance, the County should review its operating capabilities, the life of the asset for which debt is being issued, and service level needs in the community. The annual debt service impact should be incorporated into the County's long-range financial plan. Debt should be structured to provide intergenerational equity, which means that the users of the asset will pay for the asset over its productive life.

Specific Policies

Borrowing Limitations and Structuring - The County will follow state and federal laws and regulations governing debt issuance, including current State laws that limit direct general obligation levels. In addition the County Commissioners should evaluate acceptable debt service levels and develop public policy on fund debt limits since issuing debt will commit the County's revenues several years into the future.

- 1) 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. This limit 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 for that purpose.
- 2) If the County's long-term capital plan is nonexistent or ineffective, a lower maximum debt service level may be needed to offset any future unpredictable capital costs. This provides the County with some capability for emergency purposes.
- 3) Within a calendar year period, the County may issue tax anticipation notes for cash flow needs. These notes will have a maturity of one year or less. Short-term debt may include interfund loans which will be repaid to the

source fund with interest.

- 4) The County will confine long-term borrowing to capital improvement needs, and moral and contractual obligations.
- 5) Long-term debt will be used for capital projects that cannot be financed from current revenue sources. A due diligence review will be conducted by County staff to ensure that the debt financing is the most probable revenue source
- 6) The maturity of any debt will not exceed the expected useful life of the project for which the debt is issued.
- 7) General obligation debt will not be used for enterprise activities since these financings are generally paid from specific revenue sources.
- 8) The County may undertake refinancing of outstanding debt if it allows the County to realize significant debt service savings without lengthening the term of the refinanced debt. Also, the benefits of replacing such debt must outweigh the costs associated with the new issuance.
- 9) If consistent with State law, conduit financing (the County financing the project of a third party) may be undertaken if it has a general public purpose and is consistent with the County's overall service and policy objectives. The County will conduct a due diligence process to ensure that the borrower can repay the debt. All expenses related to the conduit financing will be borne by the conduit borrower.
- 10) The County will strive to obtain the highest bond ratings from Rating Agencies in their assessment of the creditworthiness of the government.
- 11) Capital leases, general obligation bonds and special revenue bonds are forms of debt to consider in any formulation of appropriate levels of debt service.
- 12) Debt service structures will conform to best practices promulgated by GFOA, including consideration of laddered maturity schedules.

Debt Issuance - The County will select an outside consultant (Financial Advisor) and any necessary bond counsel to assist in issuing bonds and other debt, preparing debt documents and marketing to investors. Both the consultant and bond counsel will be selected through the County's Purchasing process. Debt will be issued through the competitive bidding process unless otherwise directed by the Board of Commissioners. County staff will work closely with the Financial Advisor and review any recommendations before presenting them to the Commissioners.

Investment of Bond Proceeds - Investment of bond proceeds shall at all times be in compliance with the County's Investment Policy and relevant debt covenants, with consideration of potential arbitrage issues.

Reporting Practices -

- 1) The County will follow a policy of full disclosure on every financial report and bond prospectus.
- 2) The County will comply with the standards of the Governmental Accounting Standards Board for financial reporting and budget presentation as well as the disclosure requirements of the Securities and Exchange

Commission.

- 3) The County will maintain good communications with bond rating agencies to inform them of the County's financial position. A copy of the Comprehensive Annual Financial Report (CAFR) will be provided to them annually.
- 4) The Nationally Recognized Municipal Securities Information Repositories (NRMSIRS) will receive copies of the CAFR annually. A current list of NRMSIRs is found on the websites <http://www.emma.msrb.org>
- 5) The County's Finance Director will be responsible for assuring "post issuance compliance" for the County's tax exempt financings. The post issuance compliance responsibilities of the Finance Director will include the following:
 - Tracking of bond proceeds, including keeping such proceeds separate from all other monies from the County;
 - Establishing a calendar for monitoring all rebate compliance dates;
 - If necessary, retaining and consulting with a qualified rebate compliance firm to make rebate computations and to certify whether a rebate liability exists; and
 - Maintaining a records retention policy for bond documents and records associated with the use of bond proceeds and interest earnings.

Long-Range Financial Forecasting

Introduction

The fundamental objectives of Chatham County's financial planning process are to understand and respond pro-actively to the internal and external (financial) environment, pursue a moderate course, and be as prepared as possible to deal with the unexpected. The long-range financial forecast is an important element in the county's long-term growth and operating blueprint, and a document that will be continually updated and adjusted.

The use of the forecast will enable Chatham County to evaluate the impact of budgetary and operational decisions over more than one fiscal period. Financial alternatives can be considered that address revenue or expenditure fluctuations so that any adverse effects on service levels and/or the quality of services provided to citizens will be minimal. Forecasts will incorporate and enable the development of long-term strategies for dealing with reasonably predictable revenue and expense fluctuations and shorter-term strategies that are more effective in addressing unusual, unpredictable, or time-limited budgetary issues as they arise.

The evaluation of both long-term and short-term impacts help the County make the best use of current resources while preparing for leaner times during periods of prosperity. It maximizes flexibility in responding to changes in the financial environment without having to curtail or eliminate essential services when such changes occur.

Policy Statement

Chatham County will develop long-range financial forecasts for the General M&O Fund, the Special Service District Fund, and for all enterprise funds. The funds' financial course of action will be contemplated for a five year period. Forecasts will be analyzed and updated annually by Finance staff. Plans will be used to analyze financial trends, determine revenue needs, review the impact on expenditures of new or revised services or projects, and consider methods for accomplishing long-range financial goals.

Rationale

Analyses developed under long-range financial forecasts will seek to answer questions such as:

- Can the County afford to operate new buildings and facilities after construction is completed?
- Are one-time revenues matched to one-time expenses?
- What is the impact of new revenues and expenses on fund balance levels?

- What is the cost of the County's baseline operations and how will funding be maintained into the foreseeable future?

Specific Policies

Chatham County will develop five-year financial forecasts for its General M&O Fund, the Special Service District Funds, and all enterprise funds. The plans will review the Chatham County economy as well as revenues and basic operating expenditures. The model will seek to identify surpluses or shortfalls over the five year horizon. Surplus funds or new revenues not previously committed to programs then can be allocated in accordance with other financial policies.

The County will utilize the long-range financial forecasts in its decision making processes to analyze the financial impact of decisions over multiple years. Data will be communicated annually to the Board of Commissioners during budget planning sessions. Forecasts will be incorporated into the County's Annual Adopted Budget document.

Reference is made to other financial policies adopted by the Board of Commissioners.

Policy on Fund Balance Classification & Disbursement of Constrained Amounts

Introduction

GASB Statement 54 defines categories within overall fund balance and suggests that governmental entities establish policies governing classification and disbursements of constrained amounts. This policy is being established in response to the GASB statement.

Policy Statement

Chatham County will adhere to the fund balance categories as defined in GASB Statement 54 for financial reporting purposes, and will follow adopted policies in categorizing and appropriating fund balance, as defined herein.

Rationale

As a local government entity, the County's financial statements are prepared under generally accepting accounting principles which include GASB statements.

Specific Policies

Chatham County will classify its fund balance in its governmental funds into the following categories as defined herein:

Nonspendable Fund Balance – Includes amounts that cannot be spent because they are either i) in nonspendable form or ii) they are legally or contractually required to be maintained intact. The County includes items that are not expected to be converted into cash such as inventories and prepaid amounts. If applicable, property acquired for resale, long-term amounts of loans and notes receivables would also be included as nonspendable fund balance. Based on a review of each fund's accounts, the Finance Director will determine the nonspendable amount of fund balance for annual disclosure purposes.

Restricted Fund Balance – Includes amounts that are restricted to specific purposes, as defined under GASB 34, paragraph 34 as restricted, which includes i) constraints on funds externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or ii) constraints imposed by law through constitutional provisions or enabling legislation. Based on a review of each fund's accounts, the Finance Director will determine the restricted amount of fund balance for annual disclosure purposes.

Committed Fund Balance – Includes amounts that can only be used for specific purposes as approved by formal action of the Board of Commissioners. Amounts committed cannot be used for any other purpose unless the Board of Commissioners removes or changes the specific use by approving such action at a Commission meeting. Budget resolutions are considered a plan for specific use. Contractual obligations are included in this category to the extent that existing resources in the fund have been committed for use to satisfy the contractual obligation. Recommended fund balance reserve levels as defined in financial policies adopted by the Board are also classified as Committed

Fund Balance. Formal board action to commit fund balance for a specific purpose should occur prior to the end of the fiscal year, although the amount committed may be determined in a subsequent period. (e.g. financial policy fund balance reserve levels).

Assigned Fund Balance – Includes amounts constrained by the County's intent to be used for specific purposes that are neither restricted nor committed. Assigned fund balance includes all remaining amounts (except negative balances) reported in governmental funds, other than the General Fund, that are not classified as nonspendable, restricted or committed, ii) amounts appropriated to eliminate a projected budget deficit in the subsequent year, and iii) amounts in the General Fund intended for a specific purpose identified by either the County Manager or Finance Director. Based on a review of each fund's accounts, the Finance Director will determine amounts to be shown as assigned fund balance for annual disclosure purposes. The Finance Director can also remove the assignment.

Unassigned Fund Balance – Amounts in the General Fund that have not otherwise been classified as nonspendable, restricted, committed or assigned; and negative fund balance amounts from other governmental funds, where expenditures incurred for specific purposes within the fund exceed the amounts restricted, committed or assigned for that purpose.

For purposes of fund balance disbursement, unless otherwise approved by the Board of Commissioners, the County first will expend restricted fund balances when an expenditure is incurred for which both restricted and unrestricted fund balance is available. In non-major governmental funds, when only unrestricted fund balance is available for use the County would next disburse committed fund balance, then fund balance assigned for purposes of the fund before disbursing other assigned fund balance classifications. In the General Fund when only unrestricted fund balance is available, the County will expend unassigned fund balance before expending fund balance committed for financial policy reserve levels or amounts assigned to eliminate subsequent year's budget deficits, except that expenditures for the Chatham Emergency Management Agency (CEMA) will be charged to a fund balance account committed for CEMA. In the Special Service District when only unrestricted fund balance is available, the County will expend fund balance assigned for purposes of the fund before expending fund balance committed for financial policy reserve levels or amounts assigned to eliminate subsequent year's budget deficits.

Compliance with this policy shall be subject to annual review by the Finance Director, who will maintain written records outlining restrictions, commitments and assignments.

Reference is made to other financial policies adopted by the Board of Commissioners.

Policy on Bond and Disclosure Counsel

Introduction:

Issuance and refunding of governmental bonds requires legal counsel with a specialty in the bond market and broad knowledge of the all legal aspects of issuance, refunding and disclosure requirements. State law allows professional services, including legal counsel, to be appointed at the will of the governing body.

Policy:

Chatham County will utilize the services of bond counsel and/or disclosure counsel for legal advice and direction in the process of issuing new or refunding governmental bonds.

Rationale:

The issuance of bonds occurs infrequently and, therefore, the level of expertise and specialization required in this process is only needed during these short periods, which would render a full time legal expert inefficient.

Specific Policies:

Chatham County will appoint a committee consisting of the County Attorney, the County Manager, or his designee, and the Finance Director to appoint legal counsel, as needed, for the issuance and refunding of governmental bonds. Consideration will be given to the prospective firms in the following criteria:

- Reputation of the firm in the community.
- Qualifications of the individuals who will be performing the legal services.
- Prior experience and satisfactory references by former clients. Experience should be included for qualification purposes only if the applicant acted as sole bond or sole disclosure counsel.
- Commitment to serving Chatham County with excellence and enthusiasm as demonstrated by past work product and/or service.
- The competitiveness of the negotiated price.

Prices and hourly rates will be negotiated, but are not the primary factor in the selection of the successful law firm. Included in the price will be a specified number of hours required on a monthly basis for the remaining life of the bonds.

Separate disclosure counsel would be engaged in a negotiated bond sale or upon recommendation of the municipal financial advisor.

Pension Funding Policy

Introduction

In prior years, the Chatham County Board of Commissioners adopted an ordinance authorizing the formation of the Chatham County Employees Retirement Plan (the "Plan"), a single-employer defined benefit pension plan which operates as a trust. The Plan is governed by the Chatham County Pension Board which includes a cross-section of County staff, elected employee and retiree representatives, one member of the Board of Commissioners and a community representative. Accrued retirement benefits are funded by annual County budget appropriations and investment returns. Retiree cost of living adjustments are not a recurring Plan provision and have historically been implemented only upon approval of both the Pension Board and the Board of Commissioners. The Pension Board engages an actuary who conducts an annual Plan valuation, and provides required funding amounts to serve as the basis for the County's annual budget contribution. The funding level conveyed by the actuary is called the actuarially determined contribution (ADC).

Policy Statement

The Chatham County Board of Commissioners shall annually appropriate sufficient funds to the Plan for the payment of the actuarially determined contribution.

Rationale

As a local government entity, the County has a fiduciary responsibility to adequately fund its defined benefit pension plan in a matter that provides future, promised benefits to retirees. Annual funding of the ADC is the best way to spread the cost of future benefits over the employee's working career. In addition, consistent funding of the ADC enables to County's Plan to comply with State-legislated funding level requirements.

Specific Policies

- The County will incorporate into its annual adopted budget appropriations sufficient for the payment of the Plan's actuarially determined contribution. The actuary will use the following methods and assumptions when computing the ADC:
- 1) The actuarial cost method selected for funding purposes will be the entry age method – level percentage of pay normal cost. This method conforms to actuarial standards of practice. It allocated normal cost over a period beginning no earlier than the date of employment and no later than the last assumed retirement age. This method also supports a level approach to annual contributions by equitably allocating costs over the employee's working career.
 - 2) The Plan will employ asset smoothing as a way to reduce the effect of market volatility and stabilize contributions. The Plan will recognize market gains and losses over a five year period.
 - 3) The Plan's unfunded actuarial accrued liability will be amortized by the level dollar amortization method over the following periods, which are compliant with State statutes:

- a) Demographic and economic gains and losses – 15 years
- b) Plan assumption changes – 30 years
- c) Retiree cost of living adjustments – 10 years
- d) Plan amendments and changes – 20 years.

Future retiree cost of living adjustments (COLAs) are not included in the calculation of the actuarially determined contribution since there is not a provision for automatic retiree cost of living adjustments. As a result, COLAs will increase required Plan funding in future years. The Board will consider funding retiree COLAs upon the formal recommendation and request of the Pension Board. In their fiduciary roles, both the Pension Board and the Board of Commissioners will review Plan funding levels when considering retiree COLAs, keeping in mind the funding requirements under Title 47 Chapter 20 of the Official Code of Georgia Annotated (O.C.G.A.) and the projected financial impact of the COLAs on the Plan's liabilities.

BUDGET PROCESS

The County has two budget processes, the Capital Budget Process and the Operating Budget Process. The Capital Budget Process begins in September each year with the distribution of capital budget packages to departments. Capital requests are returned to the Budget Office in early October. An in-house CIP Committee rates the projects in late October, early November. A CIP Workbook is provided to the Board of Commissioners in January listing all the requested projects with related project scores and categorization. Funding for these projects is discussed within the Operating Budget Process. The funded projects are included in the adopted Capital Improvement Fund budget in June.

The Operating Budget process begins in January. The Board of Commissioners adopts a Budget Calendar each January; this year it was adopted on January 17, 2014. Each February the Board of Commissioners meets to hold a workshop to discuss upcoming budget challenges with department heads and elected officials and to develop goals and objectives for the upcoming budget cycle. The goals and objectives help provide direction during the budget process. The Commission goals are discussed in the County Manager's message.

Department and agencies submit detailed operating budget requests to the Budget Office in the Finance Department each February in accordance with the Budget Calendar. This year the Zero-based budgeting process was introduced and adopted for the FY2015 Budget process. ZBB is a budgeting process that asks managers to build a budget from the ground up, starting from zero. January 21st, through January 31st was designated for Revenue/Expenditure data entry training for department heads and their assistants in the ZBB budget process. Each department must identify their primary functions, the mission of each function, and determine if the function is mandated, mission critical, discretionary, or a new initiative. The budget requests include basic and additional requests. Basic requests are requests to continue currently mandated or authorized services, or ongoing expenditures. Additional requests are over and above the current fiscal years' service levels and termed new initiative.

After analyzing the budget requests, Budget staff meets with the County Manager, department heads and agency heads during the month of March to review the requests. The County Manager provides direction on whether any of the departmental discretionary or new initiative requests should be included in the Recommended Budget. The County Manager's Recommended Budget is presented to the Board in May. The Manager transmits his top priority initiatives to the Board within the Recommended Budget document. Unfunded budget requests are transmitted to the Board as Decision Packages.

As presented to the County Commission, the Recommended Budget is intended to provide the resources necessary to continue current services. The County Manager may also recommend adjustments to the general property tax rates and user fees. He may also identify high priority needs, new initiatives, and program changes for County Commission consideration during budget deliberations. The Board may choose to hold in-depth discussions on the budget in a workshop setting each May. This year the Board workshops were held May 12th, through May 30th.

The final budget is adopted in June. The County receives information on the property tax digest by June 1st each year. This information is critical to determining the General Fund and Special Service District's budget. The Recommended Budget, which is built on certain assumptions about the growth of the tax digest, may need amendment after receipt of the tax digest. This year there were no significant changes in the revenue projections. The Recommended Budget was based on a flat tax digest. The General Fund millage rate was decreased as the result of a one-time credit for re-purposed Special Purpose Local Options Sales Tax in accordance with the latest SPLOST referendum. The tax digest for the Special Service District had a minimal decrease of .058 percent. The adopted budget was adjusted accordingly. So, after careful deliberation, a final Budget was adopted by the County Commission on June 27, 2014. Changes between the department's budget request and the adopted budget is shown in each fund's summary and detail information.

Budgets for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds are developed on the modified accrual basis of accounting. Proprietary Fund budgets are not required by State law but are utilized as a management tool by the County. These budgets are developed on the accrual basis of accounting.

Under State Law, the legal level of control is at department level for each fund for which a budget is required. In addition, the governing authority of Chatham County has established salary appropriations within a department as a lower level of control. During the fiscal year, 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 must approve transfers of amounts between departments and must also approve appropriations of additional resources, including salaries.

The Budget Calendar for the 2014 / 2015 Fiscal Year Budget is shown beginning on the next page. Note that the Budget Calendar interacts with adoption of the tax digest. These are interactive processes within Chatham County.

CHATHAM COUNTY, GEORGIA BUDGET CALENDAR FISCAL YEAR JULY 1, 2014 THRU JUNE 30, 2015		
DATE	BUDGET ACTIVITY	TAX DIGEST PROCESS
September 16, 2013	FY 2015 / 2019 Capital budget Packages distributed.	
October 7, 2013	FY 2015 / 2019 Capital budget Requests due from departments.	
October 28, 2013 – November 1, 2013	CIP Committee convenes to rate projects.	
November 4, 2013 – November 15, 2013	Finalize FY 2015 / 2019 CIP - Identify emergency projects / finalize priorities.	
November 18, 2013 – December 31, 2013	Prepare FY 2015 / 2019 CIP Workbook.	
January 17, 2014	Fiscal Year ending June 30, 2015 Budget Calendar to Board for approval. Five-year CIP Plan submitted to Board	Year 2014 Millage Levy Calendar to Board for approval. Once approved, notice sent to Board of Education on Millage Levy Calendar.
January 21, 2014 January 31, 2014	Revenue / Expenditure Data Entry Training with Departments	
January 20, 2014 – January 31, 2014	Goal Setting: Board of County Commissioners / County Manager	
January 13, 2014	FY 2014 / 2015 Budget Request packages distributed.	
February 3, 2014	Revenue estimates due from departments.	
February 4, 2014 - March 8, 2014	Complete Fiscal Year Ending 6/30/15 revenue estimates. All Funds	
February 7, 2014	Budget Request Packages and updated Five Year Goals due from departments.	
February 10, 2014 - March 21, 2014	Analyze departmental budget requests/hold conference with Department Heads/Budget Staff (to run concurrent w/staff analysis).	
March 3, 2014 - March 21, 2014	Budget reviews begins- County Manager/Department Heads/Budget Staff (to run concurrent w/staff analysis).	

CHATHAM COUNTY, GEORGIA BUDGET CALENDAR FISCAL YEAR JULY 1, 2014 THRU JUNE 30, 2015	
March 24, 2014 - April 11, 2014	Prepare budget workbooks for County Manager and Board of Commissioners - Final Internal Review by Finance Director-Budget Staff.
April 14, 2014	Advertisement to Savannah News Press for availability of proposed budget/public hearing.
April 14, 2014 - April 25, 2014	Final proposed budget goes to Printer.
May 9, 2014	Advertise availability of proposed budget and May 23, 2014 public hearing (State Law). Proposed budget document and budget message are transmitted to the Board.
May 12, 2014 - May 30, 2014	Board Workshops
May 15, 2014	Advertise adoption FY 2014 / 2015 Budget.
May 23, 2014	Board conducts public hearing at regular Commission meeting.
June 2, 2014	Year 2014 Digest provided to Finance for Millage Levy calculations.
June 2, 2014 - June 6, 2014	Final review/revisions of Proposed Budget by the Board.
June 6, 2014	Advertisement of 5-year history to newspaper (June 11, 2014 publication as required by State Law).
June 11, 2014	Advertise 1st and 2nd Public Hearing on Millage Levy to be held on June 17th at 9:30 a.m. and 6:00 p.m. Advertise year 2014 Tax Digest and 5-year history (two weeks prior to millage levy as required by State Law - House Bill 66, Act. No. 478). Board of Education adopts 2014 millage rate.

**CHATHAM COUNTY, GEORGIA BUDGET CALENDAR
FISCAL YEAR JULY 1, 2014 THRU JUNE 30, 2015**

June 13, 2014		Year 2014 Tax Digest and 5-year history to Board as information.
June 17, 2014		Hold 1st and 2nd Public Hearing on Millage Levy - 9:30 a.m. and 6:00 p.m. Advertise 3rd Public Hearing on Millage Levy to be held on June 27th at 9:30 a.m.
June 27, 2014	Adoption of FY 2014 / 2015 budget by County Commissioners.	(1) Hold 3rd Public Hearing on Millage Levy at 9:30 a.m. (2) Adoption of year 2014 Chatham County M&O, SSD, and Chatham Area Transit Millage Levy by the County Commissioners
June 30, 2014 - September 13, 2014	Prepare 2013 / 2014 budget book and complete FY 2014 / 2015 budget document.	
July 1, 2014	Beginning of Fiscal Year 2013 / 2014 - budget goes into effect.	
July 8, 2014		Resolutions and forms for digest package to Chairman for signature and forwarded to Board of Assessors
July 11, 2014		Adoption of year 2014 Board of Education Millage Levy by County Commissioners
July 27, 2014		Tax Digest to Atlanta
August 1, 2014		State Penalty assessed if digest not submitted to the State.
September 25, 2014	Deadline for submission of adopted budget document for GFOA Award.	

ADDRESSING COMMISSION GOALS AND OBJECTIVES

The Board has established the following set of goals and objectives:

- 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 practices
- By establishing and maintaining effective management of the County's resources
- By funding essential services first and considering other programs as funding becomes available
- By developing and maintaining road and drainage infrastructure, and
- By pursuing State legislation supportive of the County's goals and objectives.

The Adopted Budget seeks to be responsive to these goals and objectives:

Public Safety

- Three new positions were added at the Detention Center with an annual cost of \$181,000.
- Replacement of fleet vehicles for SCMPD County-wide functions - \$300,000.
- Replacement of the boiler at the Detention Center in the CIP Fund for \$410,000.
- New Initiative request for additional personnel and equipment for Animal Control - Approved funding for a Supervisor - \$89,410

Recreational Services and Facilities

- Increased salaries at the Aquatic Center to attract quality employees and compete with other entities.
- Replacement of the HVAC system at the Aquatic Center in the CIP fund for \$120,000.
- Replacement of dive blocks at the Aquatic Center in the amount of \$58,500.
- Opening of the Westside library branch with fourteen new employees - \$365,229.

Funding Essential Functions

- Department reductions from prior year through utilization of the zero based budget process saved the County \$1.5 million

Management of County Resources

- Refunding 2005 Development Authority bonds for an annual cost savings of between \$89,000 to \$148,000

- Reduction of the ad valorem tax millage to equal \$4,000,000 which will be refunded by the SPLOST VI fund as required by referendum.
- Implementation of a county-wide employee Merit Program based on performance appraisals - over \$2 million.
- Reduction of the defined benefit retirement plan assumed rate of return to 7.8% which increased the annual contribution \$300,000.
- Restructured the health insurance fund for an annual savings of \$1.7 million.
- Replacement of the roof at the Administrative Courthouse in the CIP fund- \$192,000.
- Replacement of the roof at the Police Annex in the CIP fund - \$60,000.
- Repair of the Administrative Courthouse clock tower in the CIP fund - \$27,000.
- Remodel restrooms at the Judicial Courthouse in CIP fund – \$81,500.
- Improving internal controls at Building Safety and Regulatory Services through the addition of a Clerical position.
- Recommendation to increase sewer fees 5% to cover costs of sewer treatment fees charged by the City of Savannah.

Roads and Infrastructure

- Guardrail repair and replacement in the CIP fund for \$25,000.
- Sign retroreflectivity and striping - \$75,000.
- Storm Drainage Pipe MS4 in CIP for \$120,000.
- Sewer lift stations installation at Lake Mayer and the Rodney Hall Boat Ramp in the amount of \$300,000.
- Replacement of \$1.9 million in heavy equipment through a seven year lease - \$96,000 annually.

Legislative Mandates

- Conducted a study to determine the impact of the Georgia Juvenile Justice Reform Act on the Juvenile Court and District Attorney's office.
- Increased funding in Juvenile Court for Indigent Defense.
- Gun Bill that will allow firearms in churches, bars and government buildings that may affect Courthouse security.

Economic Growth

- Increased funding for SAGIS - \$10,000.
- Increased staffing for Building Safety – 1 Administrative position.
- Continued funding of the Community Outreach Program - \$209,071
- Continued funding for the Construction Apprentice Program - \$206,653.

COST DRIVERS

GENERAL FUND M&O:

- Healthcare Costs – A 6% increase is estimated for the cost of employee health insurance. Plan changes are being evaluated by our healthcare consultant that will potentially curtail these increases. Plan changes will be presented to the Board this Fall for approval. Health insurance costs for active employees added \$1.16 million to the budget.
- Retiree Healthcare -Retiree healthcare costs increased by over \$230,000. The budget for retiree healthcare costs is based on estimated claims data provided by ACCG.
- Additional Personnel – As a result of management audits at the Sheriff's department, the Adopted Budget contains funding for 3 additional Correction Officers. The Adopted Budget also includes funding for 1 Indigent Defense Coordinator, 1 Clerical Assistant in the Building Safety and Regulatory Services budget, and 2.5 FTE's in the Facilities Maintenance and Operations budget for Security Guard personnel.
- Contingencies – Rather than including additional amounts in individual budgets for unknown expenses, contingencies for specific possibilities have been established. Included in the recommendation are the following contingencies
 - Elections Contingency – there are possibly three run-off elections anticipated.
 - Court Contingency – A \$200,000 judicial contingency account has been established for a capital trial scheduled for August 2014. This is a multiple-defendant trial which will require significant resources.
 - Mosquito Control Contingency – In the event of a high mosquito population, this contingency is for additional chemicals.
 - Animal Control Contingency - \$281,385
 - Juvenile Court Contingency - \$250,000
- Libraries - Staffing for Westside Library is recommended at a cost of \$365,935. The new facility will open in September 2014.

- New Facilities - The new Human Resources Building will open in August, 2014. Operating and security costs for Human Resources Building of \$57,000 are included in the Facilities Maintenance budget.
- Compensation - Funding for a Merit Program is included at a cost of \$2,022,229. The Merit Program would be effective September, 2014.
- Increased indigent defense costs of \$150,000 are provided in the Juvenile Court budget. In addition, an Indigent Defense Coordinator position is established in the Panel of Attorney's budget. This cost of the new position will be paid by the State of Georgia.
- Funding for the Management Consulting contract has been added to the Board of Commissioners budget at an annual cost of \$250,000.
- Transition costs associated with the County Manager's position, including retirement and terminal pay benefits, have been added to the County Manager's department budget.
- Recreation staffing plan and impacts of the change in part-time hours due to the Affordable Care Act have been included in the recommendation.

SPECIAL SERVICE DISTRICT (SSD) FUND:

- Funding for a Merit Program of \$142,457 is provided in the Adopted Budget.
- Debt service for contemplated public works heavy equipment leases of \$96,000 is budgeted.
- Health insurance costs for active employees added \$141,500 to the budget.

ORGANIZATION FACTORS

1. Chatham County is implementing a new Merit Appraisal Plan to evaluate employee job performance and award merit-based pay increases. The plan uses a common anniversary date with all County employees being evaluated during the same period in the annual performance cycle. The first evaluations under the new plan will be conducted in July and August 2014, the merit increases granted in September 2014. The performance appraisals use a 5-point rating scale, and employees must earn an overall rating of 3.0 to be eligible for a pay increase. The amount of the merit increase will be based on the employee's overall performance appraisal rating. The Adopted Budget includes funds for a merit based pay increase for employees at an estimated cost of over \$2 million.
2. The Adopted Budget implemented changes to the structure of the County's indigent defense system to ensure that attorneys do not have conflicts when representing defendants. Effective January 2014 the State of Georgia authorized \$106,000 in funding for an Indigent Defense Coordinator, a new County position. Three employees on staff with the Public Defender's office will be moved to the Panel of Attorney's budget, where the Coordinator position will also be budgeted. The Coordinator will report to the Court Administrator's office. Once hired, the Coordinator will implement a new system for the retention of external counsel, moving the County away from the current voucher system to a contract system. These changes will impact indigent defense services provided in Recorder's Court, State Court and Superior Court.
3. Construction of the new Islands and Westside Libraries are underway. Completion of both branches is anticipated by September 2014. Official opening is planned for October 14, 2014. Once completed, ownership of the old Islands Library will be transferred to the Board of Education as per the Intergovernmental Agreement. The Adopted Budget contains funding to staff the Westside Library at a level similar to the current Islands Library (additional 14 positions).
4. The Georgia Juvenile Justice Reform Act became effective on January 1, 2014. Chatham County's retained management consultants who reviewed the impact of this legislation on the Chatham County Juvenile Court and the District Attorney's Office. The final report explaining additional staffing needs will be presented to the Board for further direction.

5. The Chief of SCMPD requested an increase in personnel and equipment in the Animal Control budget. The request consists of 4 Animal Control Officers, 5 Caretaker positions, 1 supervisor with related uniforms and equipment. The request totaled \$653,000. The Board approved \$89,410 for the supervisor position and a vehicle. An additional \$281,385 was placed in a contingency account until further study could be conducted.
6. In November 2013 voters approved a special purpose local option sales and use tax (SPLOST) of one cent on every dollar to be collected during the period of October 2014 through September 2020. SPLOST funds will be collected by the State, forwarded to Chatham County monthly, and then distributed by the County to each participating municipality based on their authorized percentage share. Financial activities related to this referendum will be identified on the County's financial records in a new fund, the SPLOST VI Fund, and fiscal year 2015 will be the first budget year for the fund. The proposed fiscal year 2015 budget only shows "projects" related to the required municipal distributions. County projects will be incorporated into an amended budget presented to the Board for approval in January 2015. At this time, it does not appear that the County will need to issue bonds to advance fund any of its authorized SPLOST projects.
7. On the November 2013 referendum, voters approved the repurposing of funds from the SPLOST IV referendum which will result in a \$4 million "refund" to property tax payers county-wide in tax year 2014. The Board reduced the 2014 millage rate in June 2014 to reflect the one-time refund. Since this revenue will not reoccur, in 2015 the Board will need to restore the millage rate. The accounting impact of the refund has been noted in the General Fund's Recommended Budget as a reduction in General Fund tax revenues and a related transfer in from the SPLOST IV Fund.
8. The Board approved the contract with Marathon Health to operate the County's Employee Wellness Center. Funding is included in the Adopted Budget to operate the Wellness Center. The implementation has begun, and it is anticipated that it will be fully operational the first week of August 2014.
9. Preliminary estimates provided by ACCG/Blue Cross Blue Shield of Georgia in March 2014 predict a 6% increase in the County's cost for employee healthcare for FY 2015. The Health Plan Budget estimates (which includes funding for the Employee Health Center) for active employees is approximately \$24.2 million, which has been budgeted at a rate of \$12,525 per employee. This compares to a per employee contribution of \$11,600 for FY 2014 or a \$925 (8%) increase over current Fiscal Year.

10. The Human Resources staff has reviewed the County healthcare plans and have given recommendations concerning employee premiums and plan design changes that will be implemented January 1, 2015. These changes should provide additional cost reductions.
11. The Sheriff has requested that a Phase II Needs Assessment be done to determine the scope and cost of items not included in the initial construction contract for the Detention Center. The Needs Assessment should be completed this Summer and a recommendation to the Board for potential funding of a construction contract. It is estimated that the construction budget will be between \$12 and \$13 million to fund Phase II funded by SPLOST.
12. Detention Center staffing and expenditure levels are based on a daily count of up to 1,650 inmates. The inmate population has been averaging between 1,450 and 1,475 inmates. Any surge in the population above the 1,650 inmate level will trigger additional costs which will require a higher level of budgetary resources.
13. In previous years, the County would receive partial reimbursement from the State of Georgia for the housing of State prisoners. Over the past year, the Sheriff has consistently transported these prisoners to State facilities to decrease County costs. As a result, the County has received very little revenue from the State for housing inmates. There is no revenue budgeted in the Adopted Budget for housing of State prisoners.
14. In 2013 the Detention Center entered into an agreement with the U.S. Marshal's Service to house prisoners for \$70 per day. Revenues of \$900,000 are budgeted for Fiscal Year 2015 which equates to approximately 35 inmates per day.
15. In February 2014, the Board was presented the **Financial and Efficiency Review of the Chatham County Sheriff's Office** prepared by the County's retained consultant. The study included 36 High and Medium Priority recommendations which addressed staffing levels, daily inmate costs and performance and efficiency measures. It recommended a staffing level of the Detention Center at 280 personnel to maintain current operations and up to 415 personnel when the expanded Detention Center is in full use. Daily costs per inmate were calculated at \$79.70 for direct costs and \$88.80 for fully loaded costs. This study was to be used as a guide in developing the budget for the Detention Center and the Sheriff's Office. The Sheriff has requested three additional Corrections Officers for FY 2015. The Adopted Budget contains an additional \$181,000 to cover those positions.

16. County staff has recently completed a renegotiation of the Inmate Health contract. Under the new contract, the County will recognize approximately \$750,000 savings in FY 2015. The Inmate Health line item has been reduced to reflect this amount.
17. Within the Board of Commissioner's department budget, \$250,000 has been added to continue management consultant services that evaluate county programs and services. The contract with TATC, the current consulting firm, has expired. Staff will issue a request for proposals in late April to retain one or more consulting firms, depending on levels of expertise, to provide on-call services for the Board.
18. Each year the County's actuary determines how much the County should contribute towards its defined benefit pension plan to ensure that future benefit costs are funded. For Fiscal Year 2015, the annual contribution amount has increased by approximately \$300,000 as the County decreases its assumed investment rate of return by .2% to 7.8%. The actuary will base future valuations on the lower investment rate assumption which will improve the fiscal security of the plan over the long term. The pension plan is funded through employee contributions of 3.5% of salary as well as contributions from the County which are quoted as a percentage of salary. For the next fiscal year, the contribution rate will be 18.23% for general employees and 26.43% for law enforcement employees to generate approximately \$13.9 million for the required employer contribution amount.
19. The Governor signed into law a Gun Bill that allows firearms in churches, bars and government buildings. Under this law, the County faces the need to enhance security in certain County buildings. Staff will be working with the Sheriff's Department to make recommendations to the Board concerning security in County buildings.
20. There are upcoming changes due to implementation of the Affordable Care Act (ACA). Section 1341 of the ACA provides that a transitional reinsurance program be established in each State to help stabilize premiums for coverage in the individual market during the years 2014 through 2016. Effective January 1, 2014, employers will be assessed a fee of \$63 per member per year to establish this reinsurance program. The impact of this fee on the County's health plan is approximately \$200,000 (payable FY 2015). Funding to cover this expense is in the Adopted Budget.
21. Effective July 1, the Affordable Care Act requires that employers must cover all employees working an average of 30 hours or more a week with healthcare benefits. The current County policy requires that employees who are full-time and work a minimum of 32 hours a week be covered under the County's health plan. The Human Resources Department has worked with the departments to lessen the impact of this policy on County Departments. The ACA

affects departments such as the Aquatic Center, Parks and Recreation and Frank Murray Community Center that use Part-time employees to work in the recreational programs. Effective July 1 with the adoption of the budget, a labor pool will be established in those departments that will give the Director the overflow flexibility to hire Part-time workers sufficient to cover the hours of operation.

22. The County currently has a contract with a temporary labor agency that provides day laborers that are used in our Public Works and Solid Waste functions. Presently it is unknown what the impact of the ACA will have on that contract.
23. In January 2014 the Board authorized County staff to renegotiate the Recorder's Court agreement with the City of Savannah. Since 1961 this court has served as a municipal court for both the City of Savannah and unincorporated Chatham County. City and County staff continue to conduct due diligence on the County's proposed agreement. It is anticipated that the budgetary impacts of a renegotiated agreement will not occur until January 2015. Since the agreement is not yet finalized, the Adopted Budget assumes that the County will continue to pay approximately half of the costs of the court, as is the current arrangement.
24. Since 2005 the County and City of Savannah have operated a combined Police Department (SCMPD) under an intergovernmental agreement for police services. The County's cost share is 21.99% for Patrol functions and 35.1% for other police activities including E911 (Emergency Communications). In addition, County-wide Police functions are charged 100% to the County and recorded in the County's General Fund. These functions include the Counter Narcotics Team, Marine Patrol, Animal Control and EMS.
Budgets for SCMPD activities are prepared based on data provided by the City of Savannah during the County's budget process. Fiscal Year 2015 budgets are relatively flat in comparison to the prior year. The County separately budgets for annual vehicle purchases required under the SCMPD agreement. Calendar year 2015 vehicles which would be purchased for county-wide departments are included in the CIP Fund Proposed budget. Calendar year 2015 vehicles for Patrol and other SSD cost centers are not currently budgeted.
25. Over the next year, the County and City of Savannah will be challenged to hire a new Police Chief. In addition, the Mayor and Chairman have agreed to explore revisions to the SCMPD agreement. County staff will be working with assigned City staff on this endeavor.

26. In March 2013 the County and eight local municipalities negotiated a revised Local Option Sales Tax (LOST) Agreement. The new agreement increased the county's revenue share from 17.8% to 23% effective January 2014. Fiscal Year 2015 will be the first full year at the higher collection rate. The amount of estimated LOST revenue for the period is \$13,550,000. As part of the LOST agreement, the County received an increased share of revenues but no longer receives reimbursement for municipal prisoners, which was a net increase of \$1.25 million.
27. Phase I of the Montgomery Street renovation is estimated to cost approximately \$7.2 million. Funding for this phase of the project is contained in Sales Tax V. Staff is currently exploring options to finance Phases II & III, which includes razing the Old Jail facility and constructing a new Trial Court building (Phase II), and renovating the current Montgomery Street Courthouse (Phase III). Construction will be funded by SPLOST.
28. The Board awarded a contract for the expansion of the Anderson/Cohen Weightlifting Center in April 2014 prior to adoption of the budget. Construction is in progress during with an anticipated completion in the Fall of 2014.
29. Cloverdale Community Center: The contract for construction services has been approved by the Board of Commissions and the notice to proceed was issued on March 4, 2014. The general contractor is currently staging the project and initiating the building layout process.
30. Carver Heights Community Center Addition: The contract for construction services has been approved by the Board of Commissioners. Once the construction and performance bonds are received and the contract executed, the notice to proceed will be issued.
31. Liberty City Community Center Addition: The contract for construction services has been approved by the Board of Commissioners. Once the construction and performance bonds are received and the contract executed, the notice to proceed will be issued.
32. Over the years, Public Works has fallen behind in replacing fleet equipment. Much of the equipment has aged and worn to the point where the cost of repairs have exceeded the value. The Adopted Budget contains \$96,000 in the SSD Budget to fund \$1.9 million of heavy equipment used by the Public Works Department through lease-purchase program.
33. Throughout the budget process, various departments presented requests for replacement and new vehicles to the County Manager. New vehicle requests are currently not funded in the Adopted Budget. Replacement vehicles are

included in the 2014 CIP Workbook, and are not shown at the department level. General Fund Replacement Vehicles are shown in the CIP Adopted Budget in the amount of \$500,000.

34. On April 11, 2014 the Board authorized staff to move forward on a project to refinance the Downtown Savannah Authority 2005 bond issue through a refunding transaction. The refunding project will lower the County's debt service costs beginning in Fiscal Year 2016 by approximately \$1,000,000 over a nine year period.

