

HOW TO USE THIS DOCUMENT

The FY11 Comprehensive Annual Budget Report is organized into eight major sections. These are the Introduction, General Fund (with eight total tabs), Special Revenue Funds, Debt Service Fund, Capital Improvements Program (CIP), Department of Education, Personnel Schedule and Glossary.

INTRODUCTION

The introduction begins with two separate letters, one from the County Mayor and one from the County Administrator of Finance, transmitting the FY11 budget document. Hamilton County's long-term initiatives focus on the primary initiatives and accomplishments for the community. The two budgetary financial summaries with revenue and expenditure pie charts are designed to provide the reader with a quick overview of the County's FY11 budget. An organizational chart is included, along with a profile of Hamilton County with selected demographic, economical and statistical information. There is also a budget calendar and sections describing the County's financial policies and procedures.

GENERAL FUND

This section includes departmental expenditure summaries for all units of the General Fund, which include the Constitutional Offices, Supported Agencies, Unassigned Departments, Finance, Public Works, Human Services and Health Services Divisions, each of which have their own tabbed section. Also provided is a separate program description for each department within these divisions, along with the department function, performance goals and objectives (if adopted), personnel schedules and program comments.

SPECIAL REVENUE FUNDS

The Sheriff's Fund, Juvenile Court Clerk's Fund and the Hotel/Motel Fund departmental goals and objectives are included in this section. Also included are the departmental expenditure summaries.

DEBT SERVICE FUND

This section includes a short narrative about the outstanding general obligation debt of Hamilton County with accompanying financial schedules.

CAPITAL IMPROVEMENTS PROGRAM

This section provides a general overview of the County's Capital Improvements Program.

DEPARTMENT OF EDUCATION

The Department of Education (DOE), a component unit of Hamilton County, is presented in this section. The DOE receives the majority of its funding from property taxes collected by the County and from the State of Tennessee Basic Education Program (BEP) revenues.

PERSONNEL SCHEDULE

Included in this section is a summary of the budgeted employees for four fiscal years, with a narrative describing the budgetary impact of significant changes.

GLOSSARY

A listing of words and their definitions which may not be familiar to the average user are presented here.



Adjacent to the Volkswagen plant, the 2,700-acre Enterprise South Nature Park features 4.5 miles of walking/hiking trails, 10 miles of mountain bike trails, 5 miles of paved walking and bike roads, a one-mile ADA-accessible woodland trail and four picnic areas.



HAMILTON COUNTY
 OFFICE OF THE COUNTY MAYOR
 208 Courthouse
 Chattanooga, Tennessee 37402

**TO THE COUNTY BOARD OF COMMISSIONERS
 AND CITIZENS OF HAMILTON COUNTY**

August 2010

As County Mayor and Fiscal Agent, it is my duty and pleasure to present Hamilton County's budget for fiscal year 2011. We have prepared a balanced budget without increasing the tax rate. Through careful planning, this budget continues to provide our community with excellent services at the lowest possible cost.

This year's budget continues our long-term commitment to sound financial operations, economic development, quality education, and preserving our natural resources in order to guarantee a high quality of life for our citizens. Focus on these four directives is important to our mission of ensuring progressive, sustainable growth for the future needs of Hamilton County citizens where they live, work and play.



Claude Ramsey
 County Mayor

Hamilton County's reputation for financial responsibility is such that we have earned the prestigious AAA bond rating from Standard and Poor's, Moody's Investors Service and Fitch, Inc. Our prospects for significant future growth and rapid amortization of existing debt coupled with limited additional debt plans aided us in receiving the highest bond rating obtainable. Hamilton County is one of two Tennessee Counties to receive AAA bond ratings.

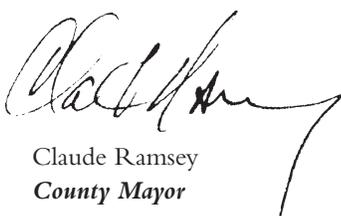
In fiscal year 2010, the County and other area leaders were successful in bringing over \$60 million in development and 1,159 new jobs into Hamilton County and an additional 210 jobs were saved through negotiations. We continue to promote Enterprise South to potential Volkswagen suppliers.

In the interest of promoting literacy and leadership, the County initiated the Read 20 program where a book is donated to classroom libraries for each child who reads on or above grade level. To date we have added \$132,000 in free books to elementary school classrooms. We have supplied resources and training for 1,727 teachers and administrators in area public elementary schools and day care centers.

The Hamilton County Health Department's Step ONE program continues its outreach to the community by developing the Partnership for Healthy Living. The partnership is designed to promote healthier living through better communication with its 250 person membership. Involved organizations include non-profits, private business, government, faith-based organizations and private citizens partnering to address healthy food access and increased physical activity throughout East and South Chattanooga.

I am excited about the future of our community and deeply appreciate the County employees and citizens who have worked so hard to sustain the community spirit that is driving our progress.

Sincerely,



Claude Ramsey
 County Mayor

Visit our website at www.hamiltontn.gov



The sprawling campus of Signal Mountain Middle/High School, located on Sam Powell Drive just off Shackleford Ridge Road, has an enrollment of more than 1,000. It is one of the County's two new campuses which opened in the fall of 2008.



**TO THE COUNTY MAYOR
AND THE COUNTY BOARD OF COMMISSIONERS**

It is my pleasure to present to you the Comprehensive Annual Budget Report of Hamilton County, Tennessee, for fiscal year 2011. This budget has been balanced with no increase in property taxes, while every effort has been made to maintain the level of services to which the citizens of Hamilton County have become accustomed.

Hamilton County has two overriding themes reflected in this budget. They are:

- Funding education
- No tax increase

EDUCATION

Property tax growth is estimated at 3.8% for budget year 2011. Property taxes are based on information provided by the Assessor of Property. Basic Education Program funding increased by 6.47% and is calculated by the State based on multiple parameters; however, one of the main components is student enrollment. In FY2011, the school district is projecting an increase of 600 students, or approximately 1.4%. This formula is used to calculate K-12 funds for public schools in Tennessee. Revenue budgeted from local option sales taxes and interest income has decreased by 4.5% and 71.4% respectively, primarily due to economic conditions.

The Federal Projects Fund, Child Nutrition Fund and Self-Funded Projects rely on outside resources and the programs are contingent on funding.

The largest increases in expenditures can be attributed to 1) an increase in the certificated teachers' retirement plan per the state's actuarial study; 2) salary step increases per the negotiated contract with the educational association; and 3) medical insurance costs. The Tennessee Consolidated Retirement System introduced a rate increase in the certificated teachers' rate from 6.42% to 9.05%, resulting in an annual increase of \$4.3 million. Salary step increases are calculated annually based on years of service in accordance with the contract with the educational association. Beginning FY2011, the Department of Education moved

to a fully self-insured medical health plan. In addition, the Department of Education is working collaboratively with the educational association to identify ways to slow down the rising health care costs by lowering the utilization rate. Health care cost is projected to increase by approximately 5%, which is lower than the 13% increase in FY2010. The Department of Education hopes to realize savings of approximately \$4.0 million by switching the HMO medical plan to self-insured.

To balance the education budget certain challenges had to be addressed, not the least of which was staffing. Administrative positions decreased while instructional staff increased, due to projected growth in student enrollment. The District closely aligns its staffing levels with the State's Basic Education Program.

EXHIBIT I

Hamilton County Department of Education
Explanation of Revenue Budget Increases (Decreases)

REVENUES		EXPENDITURES	
Use of Fund Balance	\$ 1,084,238	Medical Insurance	\$ 2,190,163
Property Tax	4,555,277	Retirement Rate Increase	4,314,361
Local Sales Tax	(2,532,777)	Salary Step Increase	2,600,000
Basic Education	7,296,000	Charter Schools	540,000
Career Ladder Program	(632,867)	Custodial	230,000
Interest Income	(1,000,000)	Textbooks	1,200,000
Early Intervening Services	386,285	Additional Instructional Staff	3,248,800
Miscellaneous	45,861	Reduction of Central Office and School-based Positions	(5,510,000)
Federal Projects Fund	3,194,140	Transportation	291,192
Child Nutrition Fund	274,475	Federal Projects Fund	3,194,140
Self-Funded Projects Fund	242,164	Child Nutrition Fund	274,475
		Self-Funded Projects	242,164
		Miscellaneous	97,501
	<u>\$ 12,912,796</u>		<u>\$ 12,912,796</u>

BUDGET 2011 HIGHLIGHTS

The adopted budget totals \$638 million and represents an overall increase of \$10.5 million which is a 1.7% increase over the prior year's adopted budget. A brief recap of the increases/(decreases) are presented in Exhibit II, III and IV below and on page 7.

maintained by the budget staff and is used to project sales tax revenue.

The Hotel/Motel Fund budget is a special revenue fund wholly supported with the Hotel/Motel Occupancy Tax collections and the interest earned on those collections. Hamilton County collects the tax and appropriates all monies collected, less the Trustee's commission, to the Chattanooga Hamilton County Convention and Visitor's Bureau.

Projected revenues from Constitutional Offices are estimated to decrease 3.7%.

Intergovernmental revenue increases over the last fiscal year are primarily due to increased funding to the Department of Education's federal funds and miscellaneous increases across all budgeted funds as illustrated in Exhibit I. The General Fund's increases can be seen in Exhibit IV. Intergovernmental revenue projections are provided by the individual departments based on approved grant revenues for the FY2011 budget year.

Interfund transfers decreased from the prior year. They include expenditure appropriations from the General Fund into the Debt Service Fund, the Sheriff's Fund and the Juvenile Court Clerk's Fund.

EXHIBIT II – ESTIMATED AVAILABLE FUNDS

Revenue Classifications	FY 2011 Adopted Budget	FY 2010 Adopted Budget	Increase/ (Decrease)	Percentage Change
Use of Fund Balance	\$ 3,642,538	\$ 7,085,812	\$ (3,443,274)	48.59%
Property Taxes and Trustee Excess Fees	255,152,741	246,607,151	8,545,590	3.47%
Local Sales Tax	67,012,217	69,544,994	(2,532,777)	-3.64%
Hotel/Motel Occu. Tax	4,995,000	4,995,000	-	100.00%
Constitutional Offices	10,998,132	11,425,690	(427,558)	-3.74%
Intergovernmental	198,472,867	187,746,017	10,726,850	5.71%
Inter-Fund Transfers	60,213,547	61,786,994	(1,573,447)	-2.55%
Other Sources	37,522,540	38,236,646	(714,106)	-1.87%
Total Estimated Revenues	\$ 638,009,582	\$ 627,428,304	\$ 10,581,278	

The estimated use of fund balance for FY2011 is projected to total \$3.6 million, of which 61% is budgeted in the General Fund reflecting the cyclical impact of our debt service obligations on fund balance. Hamilton County conservatively maintains a strong fund balance in the General Fund which is projected to remain at approximately 38% of planned operating expenses.

Property taxes increased slightly over the prior year's budget with an estimated growth of just over 3%. Recent in lieu of property tax agreements have provided for full property taxes payable to the Department of Education. However, the same agreements have allowed companies that are relocating or expanding in Hamilton County to pay reduced or no property taxes to the General Fund during the life of the contract. Contract terms vary depending upon the individual companies' development phase. This is reflected in the disproportionate growth of revenue for education over County General. Property tax growth projections are based on current information provided by the Assessor of Property. The Assessor monitors and evaluates completed construction not currently on property rolls, and makes projections of values on construction in progress that is expected to be completed by the date of the property tax levy.

Local sales taxes have been estimated to remain constant for the General Fund. A trend analysis of collections is

EXHIBIT III – ESTIMATED EXPENDITURES

Expenditures by Fund	FY 2010 Adopted Budget	FY 2009 Adopted Budget	Increase/ (Decrease)	Percentage Change
Dept of Education	\$ 371,908,041	\$ 358,995,245	\$ 12,912,796	3.60%
County General Fund	197,323,945	198,085,709	(761,764)	-0.38%
County Sheriff's Fund	26,836,549	26,926,355	(89,806)	-0.33%
Narcotics Enforcement Fund	410,000	350,000	60,000	17.14%
State Sexual Offenders	48,050	19,240	28,810	149.74%
Juvenile Court Clerk's Fund	2,214,695	2,226,709	(12,014)	-0.54%
Debt Service Fund	34,268,302	35,825,046	(1,556,744)	-4.35%
Hotel/Motel Fund	5,000,000	5,000,000	-	100.00%
Total Estimated Expenditures	\$ 638,009,582	\$ 627,428,304	\$ 10,581,278	

Though there were necessary departmental increases in County General Fund expenditures, with savings on interest cost related to debt obligations and a reduction of the County General's retirement contribution rate from 15.01% to 14.41%, FY2011 budgets actually declined by .38%.

The decreased expenditure budgets for the Sheriff's Fund, as well as the Juvenile Court Clerk Fund, are a result of the reduced retirement rate for FY2011.

A decrease in the Debt Service Fund budget primarily results from the expected interest rate savings calculated on the County's Commercial Paper program.

Increases in Narcotics Enforcement and State Sexual Offenders' Funds are both fully revenue supported and the programs are contingent on funding.

The increases/(decreases) related to the General Fund are presented in Exhibit IV.

EXHIBIT IV

Hamilton County General Government

Explanation of Expenditure Budget Increases (Decreases)

REVENUES		EXPENDITURES	
Use of Fund Balance	\$ (4,534,412)	Corrections CCA Contract	\$ 809,603
Property Tax Growth	2,972,364	Enterprise So Nature Park	360,771
EPB In Lieu of Tax	476,305	Regional Planning Commission	333,493
Ambulance – Insurance	338,131	Primary Care	228,841
Enterprise So Nature Park	262,880	Election Commission	203,987
Riverpark – Capital Grant	215,450	Capital Outlay	(151,385)
Parents Are First Teachers	(402,315)	Contracted Services	(222,446)
Interest Income	(500,000)	Debt Service Appropriation	(1,562,745)
Miscellaneous	409,833	Miscellaneous	(761,883)
	\$ (761,764)		\$ (761,764)

FINANCIAL CONDITION AND OUTLOOK

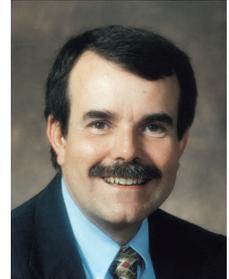
Hamilton County is in a strong position financially and our future is bright due to the sound management practices that have enabled the County to maintain solid fund balances and reserves. One measure of an entity's financial strength is the level of its fund balances. The County has consistently maintained a General Fund balance equivalent to at least three months of expenditures, which places us in an excellent position to adequately address most fiscal emergencies.

The County's excellent bond ratings (AAA by Standard and Poor's, Moody's Investors Service and Fitch, Inc. for General Obligation Bonds as well as P-1 by Moody's and F1 by Fitch for General Obligation Commercial Paper) are further evidence of its financial strength. These ratings indicate that the County's bonds are considered to be very high investment

quality, which translates to lower interest rates and corresponding lower interest payments. Having solid financial policies and strong financial reserves are principal reasons for these ratings.

CONCLUSION

While the capacity to predict financial outcomes with a degree of certainty is somewhat limited, the foremost factors affecting fiscal planning are the condition of the economy and continuing sound management practices. Hamilton County is well postured for the coming year. With our strong financial management, our strong fund balances and our plans for future growth, Hamilton County has a sound financial future.



ALBERT C. KISER
Assistant Administrator of Finance



LOUIS S. WRIGHT
Administrator of Finance

ACKNOWLEDGEMENTS

I would like to thank the staff of the Finance Division for their dedication in the preparation of this report. I would also like to express my gratitude for the support we have received from the County Mayor and the County Board of Commissioners in conducting the financial operations of Hamilton County in a sound and progressive manner.

Respectfully submitted,

Louis S. Wright, CPA
Administrator of Finance



In August 2010, officials gathered to open Volkswagen Drive, the interchange and associated 1.16 mile long road which provides access to Enterprise South from I-75. It includes two roundabouts, 9,359 tons of asphalt paving and 13,020 sq.yds. of concrete roadway.

HAMILTON COUNTY'S LONG-TERM INITIATIVES

- **PLANNED GROWTH STRATEGIES**
- **ECONOMIC AND WORKFORCE DEVELOPMENT**
- **PUBLIC EDUCATION IMPROVEMENT**
- **IMPLEMENTATION OF GREEN PRACTICES**
- **QUALITY OF LIFE ISSUES**

With the County's mission to meet the needs of the people where they live, work and play, we are proud of our achievements and believe that we are making a difference in our community and in the lives of those who depend on us to make the most of our resources. It is our commitment to our mission that guides our plans for the future and directs us toward reaching our vision of "providing efficient quality services by everyone, in every way, every day."

PLANNED GROWTH STRATEGIES

Hamilton County Government has established a team consisting of elected officials, business leaders, organizations and citizens to create and implement a strategic plan to manage the expected rapid population growth of our area due to recent economic developments. This plan will ensure balanced growth, promote economic development, and protect and enhance the quality of life for all. Specific areas to be addressed include housing, transportation, land use, environmental energy, green space, and infrastructure.

ECONOMIC AND WORKFORCE DEVELOPMENT

Our economic and workforce development initiative reflects our goal of a viable and sustainable economic future for our community. We believe that this is vital for those who currently live here and for those who are considering relocating to Hamilton County.

- **Enterprise South Industrial Park** – In 2008, Volkswagen AG, the world's largest automotive manufacturer, announced that it would build a \$1 billion plus automotive manufacturing facility at Enterprise South for a specially designed car for the U.S. market. Construction on the project has proceeded at a phenomenal pace. Buildings, including the body shop, paint shop and assembly halls, are on schedule to begin production of their new mid-sized sedan in 2011. The Chattanooga Times-Free Press reports that Volkswagen is trying to make its plant the first in the South to achieve Leadership in Energy and Environment Design certification. Additional acreage has been designated to house supplier companies to serve the new plant. Another 1,300-acre tract is undergoing

remediation and will soon be available for additional manufacturing operations.

- **Workforce Development Initiative** – Hamilton County partners with various agencies that provide educational and training services in order to increase the workforce available for major projects such as the Chickamauga Lock replacement as well as future jobs with companies locating and/or expanding at Enterprise South Industrial Park and elsewhere throughout the community. With many members of the skilled labor force nearing retirement, the County must support creative initiatives and programs to replace these workers, or employers will go outside the area for project hires. Community educational and industrial representatives have agreed that we must place new emphasis on the value of technical education to build our skilled labor pool. Potential workforce development efforts include establishment of an adult high school, providing on-the-job work experience to assist high school dropouts and the structurally unemployed, and development of an industrial training center to help meet community training needs. The County recently received a grant from the State of Tennessee to support a training program for workers at the Volkswagen plant.
- **Three Star Certification** – For the seventh year in a row, the State of Tennessee's Department of Economic and Community Development has certified Hamilton County as a Three Star Community. The Three Star program honors communities that have attained excellence in community and economic development. The Three Star designation enables the County and its municipalities to receive bonus points on grant applications and preferential rates for industry and business development loans.

PUBLIC EDUCATION IMPROVEMENTS

Hamilton County focuses on education as a responsibility of the entire community. Our educational process is directed toward the whole person. Educational advancement is crucial to the future of our County and the success of our children in life.

- **Chattanooga Promise Zone** – The goal of this program is to provide a cradle to career solution for young people living in our community's most impoverished areas. Partners include Hamilton County Department of Education and the Community Foundation of Greater

PHOTO CREDIT: *Aerial Innovations of Tennessee, Inc.*

HAMILTON COUNTY'S LONG-TERM INITIATIVES – CONTINUED

Chattanooga. The strategic plan is to foster an environment that supports and places a high value on education from birth through college.

- **Basic Education Program** – Hamilton County officials worked closely with Governor Bredesen and the Hamilton County Legislative Delegation to change the state funding formula for the Basic Education Program (BEP), which has resulted in more than \$15 million in additional annual school funding. Governor Bredesen credits Mayor Ramsey as a driving force behind the BEP reform measure.
- **Read 20** – A public/private partnership promoting early childhood literacy skills, Read 20's mission is an effort to create a community of readers in support of Hamilton County's community literacy goals. Read 20 achieves this through three strategic goals: 1) to promote early childhood literacy; 2) to create meaningful community partnerships for literacy; and 3) to activate the Read 20 message throughout the community.
- **Parents Are First Teachers (PAFT)** – Under the guidance of PAFT Parent Educators, trained and certified by the Parents as Teachers National Center, the program provides training to parents. Its goal is to improve parenting practices; identify and refer children with developmental delays; increase readiness for school; and encourage parents to be involved in their children's future education. Hamilton County's program is the state leader for Parents as Teachers in Tennessee.

IMPLEMENTATION OF GREEN PRACTICES

In 2009, Hamilton County received a \$616,500 federal grant from the Energy Efficiency and Conservation Block Grant (EECBG) Program. The EECBG program is intended to assist communities in developing, promoting, implementing and managing energy efficiency and conservation projects and programs. The initial allocation for Hamilton County's EECBG award includes:

- \$100,000 for an energy assessment of County buildings
- \$130,850 for the construction of a green roof at the Chattanooga-Hamilton County Health Department
- \$10,500 for an energy efficiency education pilot program at Hardy Elementary School
- \$72,000 for replacement of lighting at the Tennessee Riverpark, school crossings and traffic signals.

Remaining funds will be allocated during 2010 and 2011.

QUALITY OF LIFE ISSUES

Hamilton County citizens and visitors are able to enjoy one of the finest naturally beautiful environments in the Southeast. The County's surrounding mountains, state and national forests, as well as its rivers and streams have afforded this area its reputation as a leading destination for outdoor activities.

- **Enterprise South Nature Park** – Hamilton County has secured the transfer of 2,700 acres of land from the former Volunteer Army Ammunition Plant for recreational use. The Nature Park will feature miles of walking and biking trails, horseback riding, and other amenities when fully developed. The park also represents a valuable recreational asset to industries locating at Enterprise South. The Nature Park is one of the largest locally managed parks in Tennessee. A Nature Park Visitor's Center is in the final phase of construction and the park is scheduled to open in December 2010.
- **Step ONE** – Step ONE is a county-wide initiative addressing the problem of obesity in our community by promoting physical fitness, nutrition, and healthy lifestyles. Housed in the Hamilton County Health Department, the effort is guided by the County Mayor and the Hamilton County Regional Health Council. Step ONE serves citizens of all ages in an effort to combat the ill health effects of obesity and sedentary lifestyles. The program has been selected by the nation's largest health-related foundation for a 2010 demonstration grant that will focus on promoting healthy diet choices among low-income residents of the inner city.
- **IRIS Project: Increasing the Rate of Infant Survival** – This project works to initiate new, creative and innovative programs that have a positive impact on Infant Mortality Rates, which are thought to be one of the best predictors of a community's overall health status. Through the Chattanooga-Hamilton County Health Department, our local Regional Health Council, our community partners, and the Governor's Office of Children's Care Coordination, this project works collaboratively to improve birth outcomes for all babies born in Hamilton County.
- **Hamilton Shines** – This program is designed to reduce the practice of littering through education and enforcement. Littering is not a problem that is specific to any one area or demographic; it occurs anywhere. Hamilton



Shines strives to foster a sense of community pride in programs for school children and to inform all citizens on the consequences of littering.

- **Hamilton County Litter Grant Program** – The Courts Community Service program provides litter removal on roads and highways in Hamilton County. The program is funded through the State of Tennessee’s malt beverage/bottle tax, a state highway maintenance contract and a grant from the City of Chattanooga. Hamilton County operates the largest litter grant program of its kind in Tennessee. This unique program provides for litter collection and public education to reduce unsightly and environmentally harmful litter from the public right-of-ways. The program utilizes non-violent offenders to relieve overcrowding in the prison system by offering alternative sentencing in lieu of incarceration.
- **Tennessee Riverpark** – Hamilton County and the City of Chattanooga have cooperated in establishing the Tennessee Riverpark as one of the Southeast’s foremost recreation facilities. With 12 miles of lighted concrete trail, parks, piers, and bridges along its route, the Riverpark is a valuable resource for recreation and alternative transportation. It has served to bring the public into a closer, more protective relationship with the Tennessee River. The Riverpark has also helped to foster community pride and guide responsible development of the riverfront and recently earned a National Award from American Trails for Planning and Design. Plans are currently underway to build a new segment of the Riverwalk that will extend the trail from Ross’s Landing toward Lookout Mountain.

The Enterprise South Nature Park features nearly 6 miles of shared pedestrian and bicycle trails and also includes trails for pedestrians only as well as mountain bike trails. For more information and a detailed map, visit www.hamiltontn.gov/esnp/

HAMILTON COUNTY

GENERAL GOVERNMENT OFFICIALS

(as of August 12, 2010)

Claude T. Ramsey, *County Mayor*
Jeannine Alday, *Chief of Staff*
Rebecca R. Hunter, *Director of Human Resources*
Dan Saieed, *Director of Development*

Board of Commissioners

Gregory Beck
Tim Boyd
John Brooks
Richard Casavant, *Chairman, Pro Tempore*
Jim Coppinger
Larry L. Henry
Bill Hullander
Warren Mackey
Fred Skillern, *Chairman*

Legislative

Lila Mack, *Administrator*

Constitutional Officers

S. Lee Akers, *Clerk & Master*
Suzanne Bailey, *Juvenile Court Judge*
Bill Bennett, *Assessor of Property*
Bill Cox, *District Attorney*
James Hammond, *Sheriff*
Ardena Garth, *District Public Defender*
Pam Bearden, *Register of Deeds*
Dr. Frank King, *Medical Examiner*
William F. Knowles, *County Clerk*
Charlotte Mullis Morgan, *Administrator of Elections*
Paula Thompson, *Circuit Court Clerk*
Carl E. Levi, *Trustee*
Ron Swafford, *Juvenile Court Clerk*
Gwen Tidwell, *Criminal Court Clerk*

Division & Department Heads

AUDITING

Bill W. McGriff, *County Auditor*

FINANCE

Louis S. Wright, *Administrator*
Albert C. Kiser, *Assistant Administrator of Finance*
T. Kenneth Blankenship, *Director of Purchasing
and Contract Management*
Brian D. Turner, *Director of Information Technology Services
and Director of Geographic Information Systems*
Katherine K. Walker, *Director of Accounting*

HEALTH SERVICES

Becky Barnes, *Administrator*
Tammy M. Burke, *Director of Clinical Services*
Tom Rucci, *Director of Case Management Services*
Bonnie Deakins, *Director of Environmental Health*
Marti Smith, *Director of Administrative Services*
Bill Ulmer, *Director of Community Health Services*

HUMAN SERVICES

Scott Schoolfield, *Administrator*
Don Allen, *Director of Emergency Services*
Judi Byrd, *Director of Social Services*
Worth Lillard, *Director of Maintenance*
Barbara Payne, *Director of Corrections*
Ron Priddy, *Director of Recreation*

LEGAL

Rheubin M. Taylor, *County Attorney*

PUBLIC WORKS

Dan Wade, *Administrator*
Harold Austin, *Director of Highway Department*
Cleveland Grimes, *Executive Director of WWTA*
Todd Leamon, *Chief Engineer, Director of Engineering*
Pat Payne, *Director of Building Inspection*

CITIZENS

COUNTY BOARD OF COMMISSIONERS
209-7200

LEGISLATIVE STAFF
209-7200
MEDICAL EXAMINER
493-5175

APPOINTED BOARDS
AUDITING
209-6200
LEGAL
209-6150

COUNTY MAYOR
209-6100

MAYORAL STAFF
209-6100

CHIEF OF STAFF
209-6180

HUMAN RESOURCES
209-6120

EQUAL EMPLOYMENT OPPORTUNITY
209-6144

DEVELOPMENT
209-6810

HEALTH SERVICES DIVISION
209-8000
ENVIRONMENTAL HEALTH 209-8110
CLINICAL SERVICES 209-8218
ADMINISTRATIVE SERVICES 209-8010
CASE MANAGEMENT SERVICES 209-8155
COMMUNITY HEALTH SERVICES 209-8088

HUMAN SERVICES DIVISION
209-6800
EMERGENCY SERVICES 209-6900
RECREATION 842-0177
MAINTENANCE 209-7700
CORRECTIONS 209-6880
SOCIAL SERVICES 209-6833

FINANCE DIVISION
209-6330
ACCOUNTING 209-6330
PURCHASING 209-6350
FINANCIAL MANAGEMENT 209-6370
INFORMATION TECHNOLOGY SERVICES 209-6250
GEOGRAPHIC INFO SYSTEMS 209-7760

PUBLIC WORKS DIVISION
209-7800
HIGHWAY 855-6100
ENGINEERING 209-7810
BUILDING INSPECTION 209-7860

CONSTITUTIONAL OFFICES

ASSESSOR — 209-7300

CHANCERY COURT CHANCELLORS — 209-7380

CLERK AND MASTER — 209-6600

CIRCUIT COURT JUDGES — 209-6700

CIRCUIT COURT CLERK — 209-6700

COUNTY CLERK — 209-6500

CRIMINAL COURT JUDGES — 209-7500

CRIMINAL COURT CLERK — 209-7500

DISTRICT ATTORNEY — 209-7400

ELECTION COMMISSION — 493-5100

JUVENILE COURT JUDGE — 209-5100

JUVENILE COURT CLERK — 209-5250

PUBLIC DEFENDER — 634-6374

REGISTER — 209-6560

SESSIONS COURT JUDGES — 209-7660

SHERIFF — 209-7000

TRUSTEE — 209-7270

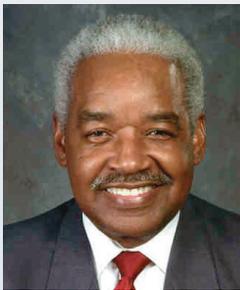
BOARD OF COMMISSIONERS



Tim Boyd
Commissioner



Larry Henry
Commissioner



Gregory Beck
Commissioner



Bill Hullander
Commissioner



John Brooks
Commissioner



Warren Mackey
Commissioner



Richard Casavant
Chairman, Pro Tempore



Fred Skillern
Chairman



Jim Coppinger
Commissioner



In early 2011, the Volkswagen plant at Enterprise South — a \$1 billion energy-saving facility with an annual capacity of 150,000 vehicles — will begin production of a new mid-size sedan designed for the United States.



Located on Main Street in the city's burgeoning arts district, Area 61 is a retail space for local artists and craftsmen to showcase and sell their work. It features handcrafted furniture, blown glass, paintings, photography, folk art, pottery and home décor.

REVENUE SOURCES

PROPERTY TAXES

Property taxes are divided into two classes (real property and tangible personal property) and represent the primary source of revenue for Hamilton County Government, accounting for 39% of total revenue. An assessment is made on the current appraised value of all property in Hamilton County and the current tax rate is then applied to the assessed value. Real property is appraised on a continuing basis in order to maintain a value for tax purposes that is as close to fair market value as possible. Personal property values are determined annually by information submitted to the Assessor of Property.

REAL PROPERTY

Real property consists of land parcels and any structure or improvements on them. Moveable structures such as house trailers and mobile homes are improvements to the land and are also considered real property. Classifications are as follows:

- Industrial and commercial property, assessed at 40% of value, including residential buildings with two or more rental units.
- Residential property, assessed at 25% of value.
- Farm property, assessed at 25% of value. The Agricultural, Forest and Open Space Land Act provides for the assessment and taxation of farm, forest and open space land at its current use value rather than its market value.

Certain properties owned by the government, housing authorities, some nonprofit organizations and cemeteries are exempt.

TANGIBLE PERSONAL PROPERTY

Tangible personal property includes automobiles and commercial inventories and equipment, along with all items that may be weighed, measured, felt, or touched, or are perceptible to the senses, except real property. The Tennessee Constitution sub-classifies tangible personal property as follows:

- *Public utility property*, assessed at 55% of value except by federal court decision, the railroads, trucking and airline industries.
- *Industrial and commercial property* assessed at 30% of value. Ad valorem taxes on merchants' inventories and equipment were exempted by Tennessee statute in 1972 and later by constitutional amendment.

Both real property and personal property taxes are due October 1 of each year but are not considered delinquent until March 1 of the following year. In projecting the real property assessment tax base, the budget staff must determine the following factors: the previous year's tax base, the cumulative

assessment of all parcels reassessed during the year and an estimate of new construction for the upcoming year. The County's automated assessment system provides continuous information on reassessed parcels, as well as the previous year's assessments.

LOCAL SALES TAX

In 1966, Hamilton County, the City of Chattanooga and several other municipalities entered into a local option sales tax agreement whereby the respective governments have agreed to forgo their share of the local option sales tax in return for Hamilton County becoming the primary funding source for numerous agencies (i.e. 50% funding for the library).

Hamilton County receives 100% of a 2.25% local option sales tax which is distributed as follows:

- 50% for education, to be distributed in the same manner as the county property tax for school purposes.
- 50% on the basis of where the sale occurred. Taxes collected inside a municipality go to that municipality and taxes collected in unincorporated areas go to the County.

BUSINESS TAXES

Business taxes are levied on retail and wholesale businesses in Hamilton County based on their gross receipts. A separate tax rate is applied to each specified category of business.

INTERGOVERNMENTAL

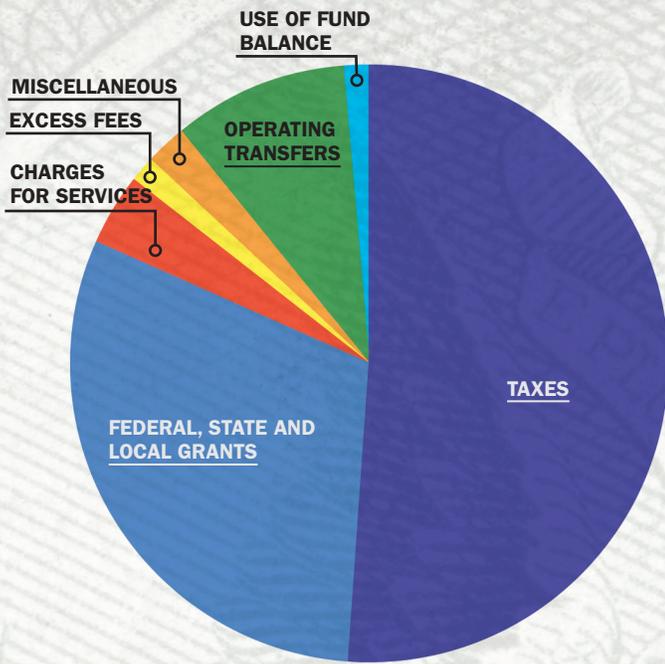
Intergovernmental revenues are received from the Federal Government, the State of Tennessee or the local municipalities and are designated for specific purposes within the County. These revenues are projected by recipient departments and agencies based upon the latest information available from the agencies.

EXCESS FEES

Excess fees consist of revenue collected by the various Constitutional Offices, including charges for services provided less the budgeted salaries. Revenue estimates in this category are developed based upon historical trends and projected increases in the Constitutional Offices' budgets.

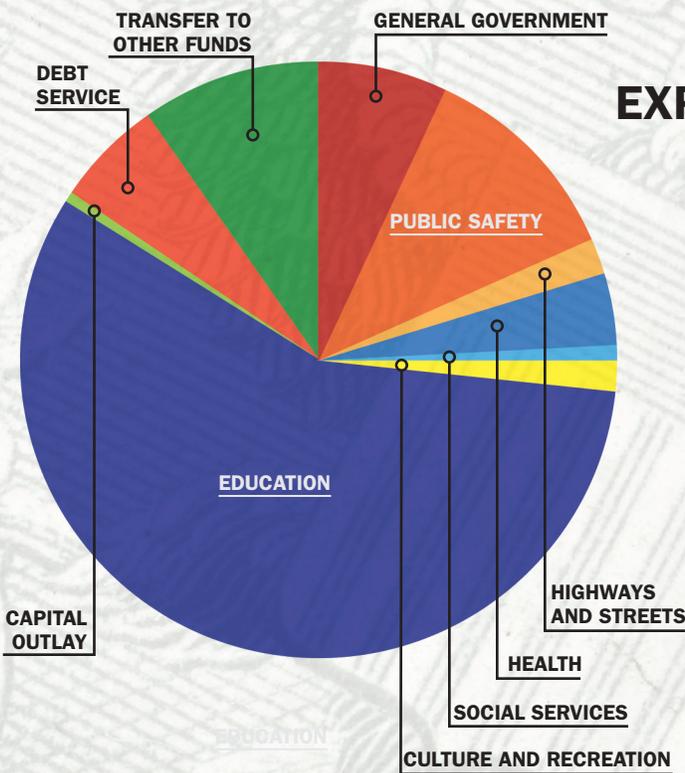
CHARGES FOR CURRENT SERVICES

The major revenue source in this category is fees charged by the Hamilton County Health Department for services rendered. There are five medical clinics in Hamilton County, whose charges are based on a sliding scale predicated on the annual published Federal poverty level.



REVENUES BY FUNDING SOURCES

Taxes	\$ 328,060,958	51.42%
Federal, State and Local Grants	200,972,828	31.50%
Charges for Services	24,459,825	3.83%
Excess Fees	8,145,282	1.28%
Miscellaneous.....	13,181,796	2.07%
Operating Transfers	59,546,355	9.33%
	<u>\$ 634,367,044</u>	
Use of Fund Balance	\$ 3,642,538	0.57%
Total Revenues and Other Financing Sources	<u>\$ 638,009,582</u>	<u>100.00%</u>



EXPENDITURES BY USES

General Government.....	\$ 45,166,817	7.08%
Public Safety.....	71,809,034	11.26%
Highways and Streets	13,322,526	2.09%
Health	24,193,147	3.79%
Social Services	5,323,632	0.84%
Culture and Recreation	9,263,634	1.45%
Education	371,908,041	58.29%
Capital Outlay	4,417,511	0.69%
Debt Service.....	34,268,302	5.37%
Transfer to Other Funds	58,336,938	9.14%
Total Expenditures and Other Uses	<u>\$ 638,009,582</u>	<u>100.00%</u>

BUDGET SUMMARY

REVENUES AND EXPENDITURES — ALL FUNDS COMBINED

Listed below are the resources and expenditures/expenses of all Governmental funds within the County's budget, along with the Department of Education, a component unit of Hamilton County.

	Actual 2009	Projected 2010	Budgeted 2011
FUNDING SOURCES			
Property Taxes	240,668,132	241,124,584	248,802,741
Local Sales Taxes	68,445,050	68,751,538	67,012,217
Other Taxes	9,004,539	10,937,336	12,246,000
Licenses and Permits	549,215	1,417,879	585,500
Intergovernmental Revenues	186,948,042	190,257,031	200,972,828
Charges for Services	24,908,616	22,610,807	24,459,825
Fines and Forfeits	1,776,336	1,537,112	1,747,050
Investment Earnings	1,469,140	727,772	872,320
Excess Fees	8,051,764	7,977,969	8,145,282
Miscellaneous	9,977,524	12,945,691	9,976,926
Operating Transfers	53,963,895	59,345,281	59,546,355
Total Available Resources	<u>605,762,253</u>	<u>617,633,000</u>	<u>634,367,044</u>
EXPENDITURES			
General Government	41,052,024	39,315,505	45,166,817
Public Safety	70,232,714	73,498,426	71,809,034
Highways and Streets	12,925,073	11,271,016	13,322,526
Health	22,107,267	22,313,303	24,193,147
Social Services	5,594,925	5,017,397	5,323,632
Culture and Recreation	9,337,319	9,058,101	9,263,634
Education	358,630,640	360,902,120	371,908,041
Capital Outlay	3,280,922	4,724,907	4,417,511
Debt Service			
Principal Retirement	21,798,025	23,617,800	23,649,605
Interest and Fiscal Charges	8,594,782	9,799,648	10,618,697
Other Uses	53,127,489	57,427,483	58,336,938
Total Expenditures/Expenses and Other Uses	<u>606,681,180</u>	<u>616,945,706</u>	<u>638,009,582</u>
Excess of Available Resources over (under) expenditures/expenses and other uses	(918,927)	687,294	(3,642,538)
Encumbrances	(305,022)	—	—
Excess of non-budgeted revenue and other financing sources over non-budgeted expenditures	(181,813)	816,105	—
Beginning Fund Balance	<u>122,957,050</u>	<u>121,551,288</u>	<u>123,054,687</u>
Ending Fund Balance	<u><u>121,551,288</u></u>	<u><u>123,054,687</u></u>	<u><u>119,412,149</u></u>



Rail Wave, wood and steel sculpture, by Christopher Fennell, Washington, D.C., is one of the many pieces of public art that dots the city landscape. Walk on the rails and you'll notice that the wooden ties transform into boards that represent the trees they came from.

BUDGET SUMMARY FOR FISCAL YEAR 2011 — BY FUND TYPE

	General Fund	Special Revenue Funds	Debt Service Fund	Hamilton County Department of Education (Component Unit)	Total
FUNDING SOURCES					
Property Taxes	124,601,789	—	—	124,200,952	248,802,741
Local Sales Tax	13,150,000	—	—	53,862,217	67,012,217
Other Taxes	6,896,000	5,000,000	—	350,000	12,246,000
Licenses and Permits	585,500	—	—	—	585,500
Intergovernmental Revenues	21,449,064	2,238,777	—	177,284,987	200,972,828
Charges for Services	13,070,788	303,000	525,000	10,561,037	24,459,825
Fines and Forfeits	1,090,700	656,350	—	—	1,747,050
Investment Earnings	455,250	13,950	2,000	401,120	872,320
Excess Fees	8,145,282	—	—	—	8,145,282
Miscellaneous	5,352,161	461,275	—	4,163,490	9,976,926
Operating Transfers	297,353	25,507,700	33,741,302	—	59,546,355
Use of Fund Balance	2,230,058	328,242	—	1,084,238	3,642,538
Total Revenues and Other Financing Sources	<u>197,323,945</u>	<u>34,509,294</u>	<u>34,268,302</u>	<u>371,908,041</u>	<u>638,009,582</u>
EXPENDITURES					
General Government	40,166,817	5,000,000	—	—	45,166,817
Public Safety	42,299,740	29,509,294	—	—	71,809,034
Highways and Streets	13,322,526	—	—	—	13,322,526
Health	24,193,147	—	—	—	24,193,147
Social Services	5,323,632	—	—	—	5,323,632
Culture and Recreation	9,263,634	—	—	—	9,263,634
Education	—	—	—	371,908,041	371,908,041
Capital Outlay	4,417,511	—	—	—	4,417,511
Debt Service					
Principal Retirement	—	—	23,649,605	—	23,649,605
Interest and Fiscal Charges	—	—	10,618,697	—	10,618,697
Transfers to Other Funds	58,336,938	—	—	—	58,336,938
	<u>197,323,945</u>	<u>34,509,294</u>	<u>34,268,302</u>	<u>371,908,041</u>	<u>638,009,582</u>

DEMOGRAPHICS AND STATISTICS

FORM OF GOVERNMENT

Date of Organization: 1819

The form of government is Commission/County Mayor. The County Commission is composed of nine members, with each being elected from one of nine districts within the geographic boundaries of the County. The County Mayor is elected at-large and is not a member of the County Commission.

EDUCATIONAL FACILITIES

High School	11
Middle – High	6
Middle School	13
Elementary – High	1
Elementary – Middle	1
Elementary School.....	42
Exceptional and Adult Schools	2
Enrollment at public facilities	41,950

Source: Hamilton County Department of Education as reported to the State of Tennessee

There are 33 private and parochial schools in the Hamilton County area with combined enrollment of over 10,606.

COLLEGES AND UNIVERSITIES

Bryan College
Chattanooga State Technical Community College
Cleveland State Community College
Covenant College
Lee University
Southern Adventist University
Tennessee Temple University
Tennessee Wesleyan College
The University of Tennessee at Chattanooga
University of the South

ELECTIONS

Registered voters	207,961
Votes cast in last election	51,805
Registered voters voting	24.91%

POLICE PROTECTION

Sworn Police Officers	568
Correctional Officers	112
Civilian Employees	156
Other	60

DEMOGRAPHICS

LAND AREA AND USAGE

Miles of paved streets	2,435
Area.....	542 square miles

One of the many deer who calls the Enterprise South Nature Park home.

POPULATION: OFFICIAL U.S. CENSUS

1970	255,077
1980	287,740
1990	285,536
2000	307,896
2001	308,700
2002	309,800
2003	309,510
2004	310,371
2005	310,935
2006	312,905
2007	330,168
2008	332,848
2009	337,175

US Census Bureau — Tennessee County Population Estimates, Tennessee Quickfacts (quickfacts.census.gov)

ECONOMIC

TOP TEN EMPLOYERS

<i>Employer</i>	<i>Employees</i>	<i>Rank</i>
BlueCross BlueShield of Tennessee	4,548	1
Hamilton Co. Dept of Education	4,297	2
Tennessee Valley Authority	3,715	3
Erlanger Health System	3,359	4
McKee Foods Corporation	3,060	5
Unum	2,800	6
Memorial Health Care System	2,796	7
City of Chattanooga	2,266	8
CIGNA Healthcare	1,953	9
Hamilton County Government	1,867	10
Total	30,571	

Source: Chattanooga Area Chamber of Commerce

BUILDING PERMITS

<i>Calendar Year</i>	<i>Number Issued</i>	<i>Value of Permits</i>
2001	1,228	108,336,415
2002	1,419	130,038,198
2003	1,531	164,739,480
2004	1,609	174,226,572
2005	1,616	188,192,436
2006	1,600	188,064,000
2007	1,420	189,761,592
2008	991	81,414,961
2009	909	76,903,418

PER CAPITA INCOME

2008	\$38,460
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Source: www.bea.gov (CA1-3 – Per capita personal income)

TRANSPORTATION SERVICES

Airport: Lovell Field operated by the Chattanooga Metropolitan Airport Authority. Airline carriers: Allegiant Air, American Eagle, Delta Connection and US Airways Express.

Passenger Flow (for FY 2009)	575,151
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Source: Chattanooga Metropolitan Airport Authority

Railway service: Norfolk Southern Railway System, CSX Transportation System

Interstate Highways	3
U. S. Highways	7
State Highways	19

Chattanooga Area Regional Transportation Authority	
Buses	53
Routes	17

CULTURE AND RECREATION

CULTURAL ACTIVITIES & FACILITIES

Arts & Education Council
 Bessie Smith Performance Hall
 Bluff View Art District
 Chattanooga African-American Museum
 Chattanooga Ballet
 Chattanooga Boys Choir
 Chattanooga Girls Choir
 Chattanooga Symphony and Opera Association
 Chattanooga Theatre Centre
 Creative Discovery Museum
 Houston Museum of Decorative Arts
 Hunter Museum of American Art
 Soldiers and Sailors Memorial Auditorium
 Tennessee Aquarium
 Tivoli Theatre
 UTC Fine Arts Center

RECREATIONAL FACILITIES

Parks	90
Golf Courses	21
Recreation Centers	15
Ball Fields	154
Public Tennis Courts	165
Swimming Pools	31
Theatres	17
Bowling Alleys	3

LIBRARIES

Chattanooga-Hamilton County Bicentennial Library
 Eastgate Branch
 South Chattanooga Branch
 Northgate Branch
 Ooltewah/Collegedale Branch
 Chattanooga State Technical Community College Library
 East Ridge City Library
 Town of Signal Mountain Library
 University of Tennessee at Chattanooga Lupton Library

Visit our website at www.hamiltontn.gov



In mid-October, replicas of the historic Nina and Pinta traveled up the Tennessee River from Guntersville, Alabama, and docked at Ross's Landing near the River Pier. The ships attracted children and adults for almost three weeks before they headed to Knoxville.

HISTORIC HAMILTON COUNTY

Hamilton County was created by an act of the Thirteenth Tennessee General Assembly meeting at Murfreesboro on October 25, 1819. The county then did not extend south of the Tennessee River. The section south of the river, including the site of Cherokee Chief John Ross's Landing in present-day Chattanooga did not become part of Hamilton County until the disputed Treaty of 1835 that led to the Indian Removal and the "Trail of Tears."

The creation of the new county from the frontier of Southeast Tennessee was brought on by a treaty with the Cherokees in 1817 known as the Hiwassee Purchase. By its terms, the Indians yielded large sections of Alabama and Georgia as well as the Sequatchie Valley and the area that became Hamilton County.

The county was named in honor of Alexander Hamilton, who was Secretary of the Treasury in George Washington's administration.

At the time of the 1820 census, Hamilton County reported 821 residents.

Today, Hamilton County boasts an estimated 337,175 residents.

Rich in history of the American South, blessed with scenic beauty that enhances every aesthetic experience, proud of its heritage and excited about its future, Hamilton County offers a bounty of cultural and recreational activities which enhances its reputation as a thriving business center.

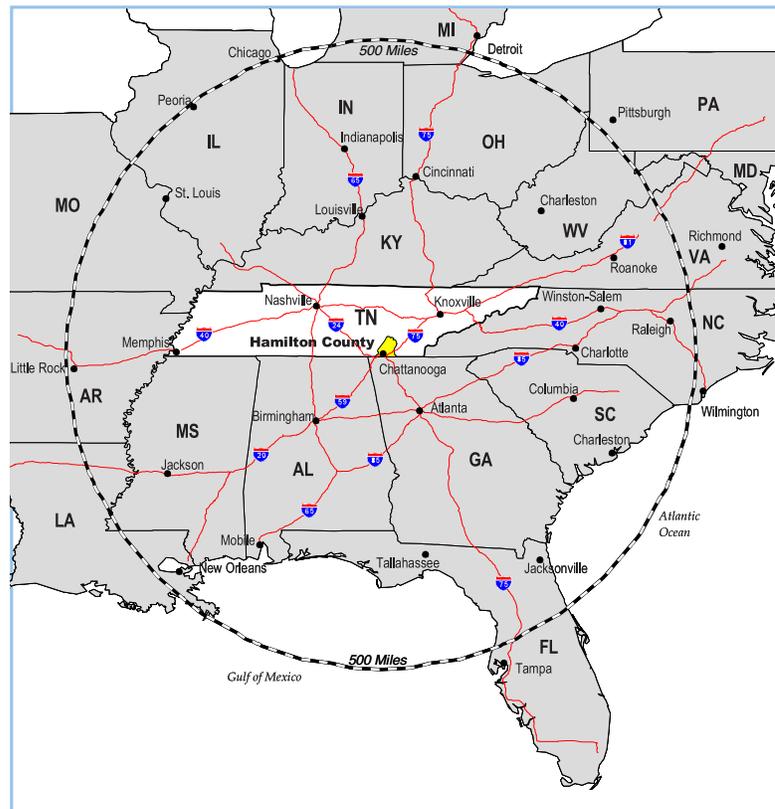
LOCATION

Hamilton County is located in the heart of the majestic Tennessee Valley at the junction of Tennessee, Alabama and Georgia. Atlanta, Birmingham, Huntsville, Nashville and Knoxville are located within a 2 to 2 1/2 hour drive of the county. More than 10 million people live within 150 miles of Hamilton County.

Hamilton County is at the crossroads of three interstates, the Tennessee River and two rail lines.

Chattanooga, Hamilton County's major city, was an important early trading post, a vital location during the Civil War and a leading manufacturing center.

Hamilton County enjoys a mild, four-season climate.



HAMILTON COUNTY PROFILE

Picture a revitalized historic downtown district rich in classic architecture and enhanced with public and private investments of more than \$2 billion since 1990. Position that downtown district along the shore of the winding Tennessee River and within 542 square miles of lush green rural residential and industrial land; then add 35,000 acres of fun and play on a man-made lake; and finally, surround all of that with majestic mountains and you have one of the most beautiful counties in the southeast – Hamilton County, Tennessee.

INTRODUCTION

Hamilton County is located in the southeastern part of Tennessee, midway between Nashville and Atlanta. Hamilton County includes the cities of Chattanooga, Collegedale, East Ridge, Red Bank and Soddy Daisy, and the towns of Lookout Mountain, Ridgeside, Walden, Lakesite and Signal Mountain. The County was created on October 25, 1819, by the Tennessee State Legislature and is a body corporate and politic authorized by Chapter 5 of the Tennessee Code Annotated (TCA), other chapters of the TCA and certain private acts of the legislature, to perform local governmental functions within the County not performed by its ten incorporated towns and cities. As a municipal body, the County is an instrument of the State of Tennessee with such powers and jurisdictions as vested by law.

FORM OF GOVERNMENT

The County, pursuant to 1978 Public Act 934, is governed by a County Mayor elected at large and a nine-member Board of County Commissioners elected by district. Some duties of government are performed by various elected and

appointed clerks of the courts and by an elected Sheriff, Assessor of Property, Register of Deeds and County Trustee. The County Trustee collects all property taxes and acts as the clearinghouse for all County funds.

All other financial functions of the County are managed by the Administrator of Finance under the direction of the County Mayor. Those duties include the disbursement of funds, accounting, budgeting, purchasing, debt management, and preparation of the County's Comprehensive Annual Financial and Budget Reports. The executive offices of the County are located at Room 208, Hamilton County Courthouse, Chattanooga, Tennessee 37402.

INDUSTRIAL AND ECONOMIC DEVELOPMENT

Hamilton County's central location makes it a perfect distribution center for the eastern United States. Supplies and products for industry flow easily to and from the Chattanooga area by way of an extensive network of highway, water, air and rail transportation systems. Beyond its advantages as a business location, Hamilton County is blessed with beautiful natural surroundings. In August 2010, *The Business Facilities Magazine* ranked Chattanooga first in the country for metro economic growth and ninth of metro areas for best cost of living.

A gracious lifestyle results from the community's commitment to preserving its culture and supporting the arts. The area offers excellent educational opportunities and quality health care as well as a virtually unlimited range of recreational activities. In early 2009, *U.S. News and World Report's* online magazine listed Chattanooga one of the nation's top ten most affordable retirement locations. The Area Chamber



Food, fun and something for the entire family is found at these Hamilton County venues – a Lookouts game, MainX24 (an annual 24-hour festival held in December on Main Street) and the Hamilton County Fair.

of Commerce launched its Choose Chattanooga campaign to promote the city as a good place to retire. Tennessee's only income tax is the Hall tax on investments producing more than \$16,200 a year for an individual, making the area an attractive retirement destination.

Economic advantages in Hamilton County, such as ample utilities, an efficient transportation system, abundant natural resources, a trained labor force and centralized location make this area a diversified and profitable business location. Hamilton County's unemployment rate is 9.1% as of June 2010; a 0.2% decrease compared to June 2009. This is slightly lower than the nation's unemployment rate of 9.6% and less than the State rate of 10%.

Hamilton County has experienced a rebirth and has received national recognition as a model for redevelopment of mid-sized cities elsewhere. Led by a series of community-wide planning efforts called Vision 2000 in the mid-80s, Chattanooga's progress is evidenced by more than \$2 billion invested in new projects downtown over the last twenty years.

The cooperation of public and private sectors has been paramount in funding new development and accomplishing goals. Progress was also achieved through the cooperation and support of the City of Chattanooga and Hamilton County Governments. The dynamic improvements in the downtown area have encouraged renewal and growth in all areas of the County. Advances in parks and recreation have made Hamilton County a more attractive destination for visitors and new residents. The nationally acclaimed Tennessee Riverpark sets a new standard for linear parks.

Hamilton County has played a major role in developing the facility that now features a lighted concrete walkway and extends 12 miles from downtown Chattanooga to the Chickamauga Dam. As the latest addition to the Tennessee Riverpark, Renaissance Park is a 23.5 acre wetlands park and the largest in Chattanooga's 21st Century Waterfront Plan. It contains an educational center and a playground. The funding for the Tennessee Riverpark projects was provided through the \$120 million Waterfront Plan trust.

Coolidge Park, named in honor of Charles Coolidge, a World War II veteran who five decades ago was awarded the Medal of Honor, is located in the NorthShore community along the Riverpark. The park's three-row vintage carousel, designed by Gustave Denzel and built in 1895, was restored and fitted with 52 animals carved and painted by local and out-of-town sculptors. As with many of the projects that are part of the local renaissance, Coolidge Park is a shining example of the public and private partnerships that exist in Hamilton County. Three local foundations provided more than 70% of the funding of more than \$5 million for the park's development.

This park joins the many other developments along the Tennessee River such as the Tennessee Aquarium, the Max Finley Stadium/Gordon Davenport Field, the Children's Creative Discovery Museum, the IMAX and the Majestic 12 Theaters, along with dozens of new restaurants and retail shops. The Chattanooga Lookouts play their baseball games at the \$10 million, 6,000-seat AT&T Stadium. The stadium is located on the south shore of the river near the aquarium.



HAMILTON COUNTY PROFILE - CONTINUED

In March 2009, the Delta Queen docked in Chattanooga to become a hotel at downtown's Coolidge Park. Christened in May 1927, the historic wooden paddleboat is 285 feet long and 60 feet wide. It features five decks and a total of 86 rooms. The Delta Queen spent much of its history on the Ohio and Mississippi Rivers as a passenger-carrying steamboat and is a welcome addition to the local riverscape.

Hamilton Place Mall, Tennessee's largest, remains a magnet for millions of people. The 1.2 million-square-foot mall has reeled in tourists and locals with a mix of new and familiar stores, and restaurants. Thanks to the mall, the area has become a retail hotbed with more than 16 million visitors a year. Hamilton Place has four major department stores and over 200 stores, 35 eateries and 17 theatres. That success has spilled across Gunbarrel Road and Interstate 75. The number of businesses and amount of traffic in the mall area has more than doubled over the past decade.

Investment in economic growth continued when Hamilton County and the City of Chattanooga took title to the land known as Enterprise South at the former Volunteer Army Ammunition Plant (VAAP) in September 2000. Enterprise South is a nearly 3,000 acre industrial park. TVA has designated Enterprise South as Tennessee's first industrial megasite, suitable for the location of a major automotive manufacturer. The megasite certification means that the industrial park has roads, sewers, water, electricity, railroad lines and environmental clearances needed for any major manufacturing plant. Aroma Release Technologies, Inc., eSpin Technologies, Inc., Gestamp Chattanooga, LLC, and TAG Manufacturing located their plants in the Enterprise South Industrial Park.

In July 2008, German automaker, Volkswagen Group of America, announced plans to locate their new \$1 billion assembly plant in the Industrial Park. Volkswagen's plant is the largest single investment ever made in Tennessee by a company. Construction began on the facility in 2009 and is on schedule to be completed in 2011. Taking up approximately 1,340 acres, the plant will hold assembly, paint, body and press shop operations as well as administrative offices. The plant and spin-off companies are expected to create over 11,000 jobs according to a study by the University of Tennessee's Center for Business and Economic Research. Chattanooga Seating, Faurecia (EMCOM), Magna Exteriors & Interiors, MTEK and Thyssen Krupp are the first five suppliers who have been awarded contracts with Volkswagen. All five will locate operations in the on-site supplier park.

The Electric Power Board, one of Hamilton County's primary power utilities has launched a residential high-speed Internet and cable TV service this year as part of its \$220 million fiber-to-home initiative that will also allow for smart electric meters for its 160,000 electric customers.

In June 2010, Alstom Power formally opened a \$300 million expansion in its Chattanooga steam and gas turbine facility. The completion of their new buildings resulted in the creation of 350 additional jobs, many of which are high-end engineering positions. The company is preparing its 350,000-square-foot factory to produce the world's largest gas and steam turbines for nuclear power plants.

Chattem, a local company that produces and manufactures a variety of over-the-counter health care products, began an expansion project in 2009 expected to cost around \$35



AEC Culture Fest, held at the First Tennessee Pavilion in partnership with the Chattanooga Market, is a celebration of the area's rich cultural diversity. People of all ages enjoyed the performances, booths, activities, demonstrations and food.

million and could add up to 70 jobs. The 85,000 square-foot facility will house the ACT mouthwash product manufacturing line. Construction was completed in 2010 and will allow the continued phasing in of other products over the next three years. In early 2010, Sanofi-Aventis, a French pharmaceutical plant, known as the maker of the antihistamine Allegra and heart medicine Plavix purchased Chattem for \$1.9 billion and plans to use Chattem as its U.S. platform in the consumer health care market.

Hamilton County officials have focused on ways to aid employment growth. The Chattanooga Area Chamber of Commerce was given the task to create more jobs when it drew oversight of economic development. The Chamber has prepared a new plan for a larger economic recruitment program that includes expanded business financial support. Consultants worked with local officials and businessmen to fashion a new job growth plan called "Tell the World." This is the area's first systematic effort to brand and market itself as a great place to live and do business. The County already benefits from local industries such as AT&T, DuPont, Komatsu, America International, MG Industries, Century Telephone and others that continue to make major financial investments in this community.

Hamilton County Government has a successful history in business development and promoting industrial growth. County industrial parks include Enterprise South, Mountain View, Silverdale, Bonny Oaks, Soddy Daisy, and the Centre South Riverport. In 1987, the County established the Business Development Center, which assists startup of new enterprises. The County also established the Center for Entrepreneurial Growth (CEG), a new Technology Business

Incubator to assist emerging technology companies and help mentor existing businesses in new technology. The County has partnered with the Chamber of Commerce to manage the program. The CEG recently opened a facility in the new Engineering Building at the University of Tennessee at Chattanooga that allows entrepreneurs to access high-tech equipment and the Engineering Department's staff.

TRANSPORTATION SERVICES

Hamilton County serves as a major regional transportation hub. Air transportation services are provided by Lovell Field, which is operated by the Chattanooga Metropolitan Airport Authority. Currently, Lovell Field is served by national airline carriers including American Eagle, Delta Connection, US Airways Express, and Allegiant Air. Nonstop flights to Atlanta, Chicago, Charlotte, Memphis, Orlando, Dallas, Tampa Bay, Detroit and Washington D.C. are available. During FY 2010, passenger flow out of Lovell Field included 288,963 passengers enplaning and 286,188 passengers deplaning for a total passenger flow of 575,151. Privately owned and operated airport facilities include Collegedale Municipal Airport and Dallas Bay Skypark. All airport facilities are conveniently accessible from Downtown Chattanooga and provide such services as aircraft sales, instruction, charter service and maintenance.

More than \$20 million in expansion and improvement projects are underway at the Chattanooga Metropolitan Airport Authority. Some of these projects include the rehabilitation of Runway 15/33, the reconstruction of Taxiway Alpha North and the ongoing maintenance of pavement areas. Infrastructure development is continuing on the west side in order to connect the remaining 12.5 acres



HAMILTON COUNTY PROFILE – CONTINUED

of developable land to the airport's runway system. In April 2009, \$3 million of American Recovery and Reinvestment Act (ARRA) grant funding was awarded for infrastructure improvement on the west side of the airport which includes site preparation, asphalt paving, electrical lighting, markings and construction of approximately 500 feet of additional ramp with two taxi connectors. In July 2010, the Airport Authority announced plans for a new full service fixed base operator. The \$10 million development will provide competitive support facilities to serve general and commercial aviation. It will include a fuel center, offices and hangars to accommodate private and corporate aircraft as well as provide services to the current airlines. Construction for the fixed base operator will begin this fall and completion is projected for summer 2011. The Airport Authority's Aircraft Rescue Fire Fighting (ARFF) station houses not only the Airport's fire department but all emergency management operations. Also on the west side, the U.S. Forest Service is now operational with a tanker base.

Railway service is provided by four divisions of the Norfolk Southern Railway System and two divisions of the CSX Transportation System, all with switching service throughout the area. Modern "piggyback" service is provided by all lines.

The County is served by three interstate highways: I-24, I-59 and I-75. Local mass transportation service is furnished by the Chattanooga Area Regional Transportation Authority. Multiple daily departures are made via privately operated shuttle services to and from major metropolitan areas surrounding Chattanooga, such as Atlanta, Birmingham,

Nashville and Knoxville.

Public-use port terminals include JIT Terminal, Mid-South Terminals and the Centre South Riverport. The Tennessee River provides year-round, low-cost water transportation and links to the nation's inland waterway system. This system, formed largely by the Mississippi River and its tributaries, effectively links this area with the Great Lakes in the north and the Gulf of Mexico in the south. The nearby Tennessee-Tombigbee Waterway cuts the distance to the Gulf of Mexico by 850 miles.

HEALTH CARE SERVICES AND FACILITIES

Chattanooga is known as a regional leader in the medical field. In Hamilton County, 14% of jobs and 15% of payroll are generated by health care, including over 8414 health care providers. Chattanooga's medical community includes Erlanger Medical Center, which has the region's only Level 1 Trauma Center; the Tennessee Craniofacial Center, one of the leading facial reconstructive centers in the country treating patients from all over the world; the Chattanooga Heart Institute, one of the leading heart centers in the region; and Siskin Hospital, Tennessee's only not-for-profit hospital dedicated to physical rehabilitation. Health care facilities include seven large hospitals, emergency medical centers, public and private mental health facilities, drug and alcohol abuse recovery facilities, rehabilitation centers and speech and hearing facilities for the handicapped. In addition, the City-County Health Department provides services and facilities for the protection and well being of the public health. Total bed capacity of all hospital facilities is 1,801.



Eighty-nine professional and amateur 22-man rowing teams participated in the fourth annual Dragon Boat Festival to raise money for T.C. Thompson Children's Hospital. This was the first time Chattanooga was host to the national competition.

CULTURAL ACTIVITIES AND FACILITIES

Hamilton County is a strong supporter of arts and cultural programs. Allied Arts of Greater Chattanooga serves to foster and improve the artistic, cultural and educational life. The community boasts some of the finest art facilities of any community its size in the nation. Facilities include the renovated Art Deco-styled Tivoli Theatre, featuring local and touring performing arts; and the Memorial Auditorium, host of traveling Broadway shows and other large events. The Hunter Museum of American Art houses one of the finest collections of American art in the Southeast. The Chattanooga Theatre Centre offers one of the best-equipped facilities for community theater in the nation. Public spaces such as the award-winning Coolidge Park and Miller Park/Plaza host free concerts and public art exhibits. The area ranks in the top ten in per capita giving to a united arts fund. Through its Arts Council and United Arts Fund, Allied Arts of Greater Chattanooga raises and distributes more than \$1.5 million each year for arts and education programs.

The annual Riverbend Festival is a musical riverfront celebration. With capacity crowds exceeding 600,000, the festival has become one of the South's premier entertainment events. Spread over a nine-day period in June, Riverbend features a wide variety of music on six stages featuring more than 100 performing artists.

Hamilton County also hosts an old time "County Fair" each year at beautiful Chester Frost Park on Lake Chickamauga. The two-day event draws over 40,000 citizens in a celebration of local heritage and culture.

RECREATIONAL FACILITIES

The mountains that surround Hamilton County offer a multitude of opportunities for the outdoor enthusiast. A variety of activities are available including fishing, hang gliding, camping, rock climbing, rappelling, spelunking, white-water rafting, kayaking and canoeing. The area has excellent tennis facilities and golf courses. The Rowing Center provides a home base for crews rowing the Tennessee River. The area has a number of state and local parks, including the Tennessee Riverpark, featuring picturesque hiking trails, fishing piers, picnic facilities, playgrounds and open spaces. Excellent facilities are available for team sports such as soccer and softball. Opportunities for spectator sports include the Max Finley/Gordon Davenport Stadium, Coolidge Park and the AT&T baseball stadium.

The County's rich history is evidenced by the nation's largest military park, the Chickamauga and Chattanooga National Military Park. In 2003, legislation was enacted by President George W. Bush, creating the Moccasin Bend National Archeological District as a unit of the Chickamauga and Chattanooga National Military Park. Moccasin Bend National Park is a collective effort to preserve the cultural and natural resources of the Moccasin Bend National Archeological District while providing exceptional opportunities for visitors to understand and appreciate Moccasin Bend's rich and diverse history. With evidence of over 12,000 years of human occupation, overlaid by the Trail of Tears and Civil War artillery emplacements, and complemented by outstanding views of the Tennessee River and surrounding mountains, Moccasin Bend provides a unique experience for visitors to downtown Chattanooga.





The Jim Hall Family quilt was entered into the Tennessee Valley Fair in 1889. The quilt, with its entry tag still attached, was found in a cedar chest on the family property, which had been given to an ancestor by a land grant for his service in the War of 1812.

FINANCIAL MANAGEMENT POLICIES

The annual budget is a fiscal plan, which presents the services to be provided to the community and the funds necessary to perform these services. Key steps in this process are described within this section. Hamilton County Government operates under a fiscal year that begins July 1 and ends June 30.

BUDGET POLICY

Hamilton County has as its highest priority the preservation of our natural resources, along with the continuing development of our community resources to ensure that there is progressive and sustainable growth for the future needs of Hamilton County citizens.

The overall goal of the County's financial plan is to establish and maintain effective top quality management of the County's financial resources. The County builds a solid foundation for subsequent years by effectively managing its resources through sound budget policies and the monitoring of the results of these policies throughout the fiscal year. Because the County involves each Division/Department so heavily in the budget process, the finished product serves as an excellent management tool for use in day-to-day decision-making in the operation of a department. The budget also provides the basis of financial control to ensure compliance and prevent over-spending. Daily reports comparing budgeted amounts to actual amounts are available to each department via an integrated software program. These reports are also used to search for funding sources or unexpended appropriations needed if a departmental mission is adjusted in midyear.

CASH MANAGEMENT & INVESTMENT POLICY

The County strives to keep abreast of current trends and procedures for cash management and forecasting so as to ensure efficient and profitable use of the County's cash resources. In an effort to maximize investment earnings, the County has formed an internal investment pool, which allows all idle cash to be invested on a daily basis. Daily cash needs are supplied from funds held with the State of Tennessee Local Governmental Investment Pool (LGIP), while long term cash reserves are held in government securities.

State statutes require that all deposits with financial institutions must be collateralized by securities whose market value

is equal to 105% of the value of the uninsured deposits. The collateral must be held by the pledging financial institution's trust department or agent in the County's name.

The Hamilton County Board of Commissioners has adopted an investment policy, which sets as its goal the maximizing of investment earnings, while at the same time protecting the security of the principle and maintaining liquidity to meet the cash requirements. The policy sets forth the allowable types of investment as well as the individuals responsible for making those investments.

Effective cash management is essential to good fiscal management. This becomes even more important as the demand for services continues to exceed available revenues. Therefore, the extent to which Hamilton County can obtain investment returns on funds not immediately required has a direct relationship to our tax rate. This necessitates that investment policies be formulated and uncompromisingly applied in a manner that will maximize investment returns.

Hamilton County may invest in any instruments that are in accordance with applicable laws, including but not limited to the following:

1. Savings accounts and certificates of deposit in bank. (TCA 5-8-201)
2. Savings accounts and certificates of deposit in Savings & Loan Associations. (TCA 9-1-107)
3. Tennessee Valley Authority Bonds. (TCA 35-326)
4. Bonds, notes, or treasury bills of the United States, federal land bank bonds, federal home loan bank notes and bonds, federal national mortgage association notes and debentures, banks for cooperative debentures, or any of its other agencies, or obligations guaranteed as to principal and interest by the United States, the pooled investment fund of the State of Tennessee, or repurchase agreements. (TCA 5-8-301)

The Administrator of Finance for Hamilton County has the responsibility for effective cash management. The Assistant Finance Administrator is directly responsible for effective cash management as the portfolio manager. The portfolio manager shall be responsible to obtain competitive rates on a weekly basis and, based on these rates, shall invest available funds so as to maximize interest earnings and protection of principal.

FINANCIAL MANAGEMENT POLICIES - CONTINUED

A quarterly report will be provided to the County Mayor, the Finance and Insurance Committee of the County Commission and the County Auditor. This report will be in both written and oral form. The written report will provide a summary of investment transactions during the quarter including the type instrument, rate of return, term and total investment earnings.

REVENUE POLICY

- A. Hamilton County will maintain a diversified and stable revenue base to shelter it from short-term fluctuations in any one revenue source by doing the following:
 1. Establishing user charges and fees as permitted by law at a level related to the cost of providing that service, including indirect costs when appropriate;
 2. Pursuing legislative change, where necessary, to permit increases in user charges and fees to allow the County to recover the full cost of services;
 3. Aggressively collecting property tax revenues, including filing suit where appropriate and necessary, as authorized by the Tennessee Property Tax Code; and
 4. Aggressively collecting all other fines, fees and revenues due the County.
- B. Hamilton County will actively pursue intergovernmental grant funding to fund programs that have been identified as important to meet the County's mission, vision, goals and objectives.
- C. Hamilton County will minimize its reliance on non-recurring sources of revenue, including the use of prior year fund balances for recurring expenditures, except for the cyclical increase in fund balance that occurs between debt issuances. Increases in fund balance that result from property tax increases will be used for operating expenses in subsequent years in order to sustain the County through its traditional four-year planning cycle.
- C. The County's budget process is intended to weigh all competing requests for resources, within expected fiscal constraints. Requests for new, ongoing programs made outside the budget process will be discouraged.
- D. Revenues will not be dedicated for specific purposes, unless required by law or generally accepted accounting practices. All non-restricted revenues will be deposited in the General Fund and appropriated by the budget process.
- E. The County will maintain a balanced budget. This means that operating revenues must fully cover operating expenditures, including debt service. Except for the cyclical use of fund balance between debt issuances and the growth of fund balance reserves resulting from property tax increases used to sustain the County through its traditional four-year planning cycle, fund balance can only be used to fund temporary/one-time expenditures and ending fund balance must meet minimum policy levels.
- F. Capital equipment replacement of vehicles, computers, phones and other short-lived capital expenditures is accomplished on a "pay-as-you-go" basis integrated into the current budget from the Five-year Capital Improvement Plan.
- G. Current revenues will fund current expenditures and a diversified and stable revenue stream will be developed to protect programs from short-term fluctuations in any single revenue source.
- H. Addition of personnel will only be requested to meet program initiatives and policy directives after service needs have been thoroughly examined and it is substantiated that additional staffing will result in increased revenue or enhanced operating efficiencies. To the extent feasible, personnel cost reductions will be achieved through attrition.
- I. To the extent possible, user fees and charges will be examined periodically to ensure that they recover all direct and indirect costs of the service provided.
- J. The County will follow an aggressive, consistent, but sensitive policy of collecting revenues.
- K. Cash and investment programs will be maintained in accordance with the adopted investment policy and will ensure that proper controls and safeguards are maintained. County funds will be managed in a prudent and diligent manner with an emphasis on safety of principal, liquidity, and financial return on principal.

GENERAL OPERATING POLICY

- A. All departments are responsible for meeting policy goals and ensuring long-term financial health. Future service plans and program initiatives will be developed to reflect current policy directives, projected resources and future service requirements.
- B. An annual operating budget shall be adopted consistent with state law and a budget process developed in a manner which encourages early involvement with the County Commission and the public.

CAPITAL IMPROVEMENTS POLICY

- A. The purpose of the Capital Improvements Plan (CIP) is to systematically plan, schedule, and finance capital projects to ensure cost-effectiveness as well as conformance with established policies.
 - B. A five-year CIP will be developed and updated biennially, including anticipated funding sources. Capital improvement projects are defined as infrastructure or equipment purchases or construction that results in a capitalized asset with a useful life (depreciable life) of 15 years or more. Minor capital outlays with a useful life of less than 15 years will be included with the Capital Outlay Operating Budget and are adopted as part of the annual budget process.
 - C. The CIP shall include but is not limited to requests from County General Government, the Department of Education and from Constitutional Offices.
 - D. The CIP will include adequate funding to support repair and replacement of deteriorating infrastructure and avoidance of a significant unfunded liability. In addition, current operating maintenance expenditures which extend the useful life of the buildings, infrastructure and equipment will be included with the Capital Outlay Operating Budget and adopted as part of the annual budget process.
 - E. Proposed capital projects will be reviewed regarding accurate costing (design, capital, and operating) and overall consistency with the County's goals and objectives. Financing sources will then be identified for the highest ranking projects.
 - F. Capital improvement lifecycle costs will be coordinated with the development of the Capital Outlay Operating Budget. Capital project contract awards will include a fiscal impact statement disclosing the expected operating impact on the project and when such cost is expected to occur.
 - G. The CIP funding sources include debt proceeds, County appropriations and Federal and State aid. CIP funded by General Obligation Bonds or Notes are formally adopted by the County Commission when the Bond Resolution is approved.
- with all State laws and regulations regarding debt issuance. Tennessee counties are not limited on the amount of bonded indebtedness.
- B. Periodically, the County may need to issue bonds for capital improvements and/or other obligations.
 - C. Whenever long term debt is issued, the County will publish and distribute an official statement for each debt issuance.
 - D. An analysis showing how the new issue combined with current debt impacts the County's future debt capacity and conformance with County debt policies will be prepared before every bond issue.
 - E. The County will communicate and, where appropriate, coordinate with all jurisdictions with which the County shares a common tax base concerning its collective plans for future debt issues to hold overlapping debt to a level which will not constitute a burden to the taxpayers.
 - F. The County will seek to maintain and, if possible, improve its current bond rating in order to minimize borrowing costs and preserve access to credit.
 - G. When Hamilton County finds it necessary to issue debt instruments, the following policy will be adhered to:
 - 1. The weighted average general obligation bond maturities for any series will not exceed 20 years. The County will strive to utilize shorter maturities whenever possible.
 - 2. The term of any bond issue in general will not exceed the estimated useful life of the capital project/facility or equipment for which the borrowing is intended.
 - 3. Debt service for all funds in any year will not exceed 25% of the total annual operating budgets.
 - H. General Obligation debt issuances will be managed on an annual basis to match funds to Capital Improvement Plan cash flow requirements while being sensitive to the property tax burden on citizens.
 - 1. Interest earnings on debt service fund balances will be used for debt retirement.
 - 2. Interest earnings on debt proceeds will be used for capital improvements or debt retirement.
 - 3. Debt financing will be confined to capital improvement projects which could not feasibly be financed from current revenues.
 - I. Hamilton County will comply with all Federal requirements regarding arbitrage on bond issues to avoid any penalties.

DEBT MANAGEMENT POLICY

- A. Sections 5-10-501 to 5-10-509, inclusive of the laws of the State of Tennessee provide that bonds may be issued by Tennessee counties. Hamilton County will comply

FINANCIAL MANAGEMENT POLICIES - CONTINUED

- J. The County will consider opportunities to refund existing debt issuance if the savings on the current principal and interest payments over the remaining life of the debt produces present value savings of three percent or greater.
- K. General Obligation debt, supported by property tax revenues which grow in proportion to the County's assessed valuation and/or property tax rate increases, will be utilized whenever possible. Other types of debt (e.g., revenue bonds, tax anticipation notes, etc.) may also be utilized as determined by the County Mayor, Administrator of Finance and approved by the County Commission.
- L. Whenever possible, the County will use the competitive bidding method of selling bonds.

RESERVE POLICY

- A. The County will maintain an operating reserve for use in the event of unanticipated, extraordinary expenditures and/or the loss of a major revenue source.
- B. It is a goal that the General Fund will strive to maintain an unreserved fund balance of no less than 25% of operating budget or three months operating expenditures for any year. These funds can only be appropriated by an affirmative vote of a majority of the Commission members.

ACCOUNTING, AUDITING, AND FINANCIAL REPORTING POLICIES

- An independent audit will be performed annually.
- The County will produce annual financial reports in accordance with Generally Accepted Accounting Principles (GAAP) as outlined by the Governmental Accounting Standards Board.
- The County will maintain a strong internal audit capability.

ASSET ACCOUNTING POLICY

Accounting policies address the capitalization policy, controllable assets, and classes of property. A capital asset is defined as assets having a useful life of more than one year and a historical cost of \$5,000 or more (fair market value of donated assets). These assets will be included in the property inventory. Major additions, including those that significantly prolong a fixed asset's economic life or expand its usefulness, should be capitalized. Normal repairs that

merely maintain the asset in its present condition should be recorded as expenses and should not be capitalized. Hamilton County does not currently own any historical art or treasures. If in the future the County acquires historical art or treasures they will be recorded at historical costs. However, depreciation will not be required as they do not depreciate in value. The fixed asset class schedule clearly states the useful lives for each class of capital asset that will be used to determine the depreciation charge annually. These assets will be tagged according to tagging procedures laid out in the Asset Tagging Procedure.

Controllable assets are those assets that do not meet the criteria for a capital asset, usually because their historical cost is between \$1,000 - \$4,999 (fair market value of donated assets). Controllable assets are maintained for tracking purposes only. The County is responsible for including the controllable assets in the physical property inventory; however, they will not be included as depreciable assets reported in the Comprehensive Annual Financial Report. Exceptions to this rule are computers and firearms, which should be tracked regardless of historical cost. These assets will be tagged according to tagging procedures laid out in the Asset Tagging Procedure.

Assets with a historical cost less than \$1,000 or with a useful life of less than one year will not be included in the property inventory (fair market value of donated assets). However, if the department heads feel like it is necessary to track the assets due to the sensitive, portable, and/or theft-prone nature of the asset, they may keep their own listing separate from the property listing within the fixed asset system. Departments may choose to tag these items with a sticker stating Property of Hamilton County which must be obtained by them. These tags will not be issued by the Property Accountant.

RISK MANAGEMENT POLICY

Hamilton County maintains a comprehensive risk management program which is responsible for all functions related to risk management, including analysis of risk exposures and alternatives to risk financing, loss control and claims administration. The County maintains a self-insurance program that includes all its liability exposures, including on-the-job injuries. Resources are placed in a separate fund to meet potential losses. Risk control techniques such as

safety inspections and educational programs on accident prevention will continue to be implemented to minimize accident-related losses.

BUDGET PROCEDURES

State Law requires that all local governments in Tennessee prepare and adopt a balanced annual operating budget. The County Legislative Body must by resolution adopt an annual budget and at the same time impose certain tax levies which will generate sufficient revenues to fund the various expenditure elements of the budget. These consist of a comprehensive listing of anticipated revenues and proposed expenditures for each function of government for the next fiscal year.

A legally enacted budget is employed as a management control device during the year for the following governmental funds: General Fund, significant special revenue funds (Sheriff, Juvenile Court Clerk and Hotel/Motel Fund), and Debt Service Fund as well as the Hamilton County Department of Education (a discretely presented component unit of Hamilton County). Formal budgetary integration is not employed for the remaining Constitutional Officers due to the ability of management to closely monitor and control the transactions in the funds. The remaining special revenue funds are unbudgeted because effective control is maintained through the appropriation of revenues by the General Fund and through management's observation of the limited transactions of these funds.

All budgets are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP). The General, Special Revenue and Debt Service funds are developed on a modified accrual basis. The basis for budgeting is consistent with the basis for accounting, with the major difference being encumbrances. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting – under which purchase orders, contracts and other commitments for expenditures of resources are recorded to reserve that portion of the applicable appropriation – is utilized in governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures because the commitments will be honored through subsequent years' budget appropriations.

The County Mayor and County Board of Commissioners use the annual budgetary process to establish the scope and direction of County services and programs. This document formalizes the budgetary procedures for Hamilton County.

I. Preparation of the Annual Budget – Responsibilities of County Officials

A. County Board of Commissioners

1. Establishes overall budgetary and programmatic policy.
2. Establishes the scope and direction of County services.
3. Determines the policy and direction the County takes in its efforts to deliver services to the citizens.
4. Takes action based on proposals and recommendations presented by the County Mayor.
5. Conducts formal budget hearings for citizen input and budget presentations.
6. Formally adopts the annual budget and sets the required tax rates.

B. County Mayor

1. Makes proposals and recommendations regarding budgetary policy to the Board of Commissioners.
2. Reviews preliminary budget documents with the Administrator of Finance and makes any necessary adjustments to the budget.
3. Conducts informal briefings with individual Commissioners to discuss special concerns of Commissioners, and fiscal impact of various other issues in the budget.
4. Presents the complete budget document to the Board of Commissioners.
5. Makes formal presentation of budget recommendations.

C. Administrator of Finance

1. Responsible for guiding the annual budget preparation.
2. Designs budget worksheets and forms.
3. Issues instructions for completing budget forms.
4. Reviews completed budget request forms for accuracy and completeness.

FINANCIAL MANAGEMENT POLICIES - CONTINUED

5. Evaluates individual departmental requests and adjusts them to policy guidelines established by the County Mayor.
 6. Prepares revenue estimates and balances expenditure requests with available revenues.
 7. Makes a recommendation for budget action to the County Mayor and Board of Commissioners.
 8. Coordinates budget hearings and schedules meetings.
 9. Monitors individual departmental performance to ensure that the approved budget is not exceeded.
 10. Prepares reports on budgetary performance for use by the County Mayor, Board of Commissioners and departments.
 11. Makes a recommendation to the Board of Commissioners regarding budget amendments.
- D. County Departments, Boards, Institutions, Offices and Agencies.
1. Prepare annual budget requests, to include descriptions of programs, staffing levels and service plan for the year.
 2. Submit budget requests as directed by the Administrator of Finance.
 3. Present budget requests and service plan to Board of Commissioners at formal budget hearing.
 4. Execute the approved budget.

II. Amendments to Operating Budget

Once the County Board of Commissioners has formally adopted the County's operating budget, it becomes the responsibility of the Elected Official, Agency Head or Division Administrator to control the budget and to live within its parameters. It is the responsibility of the Finance Division to support this process with the necessary accounting records and periodic reports and to maintain contact with the above individuals relative to the status of their budgets.

Should an amendment become necessary (either because of the availability of additional funds or the need for additional support) it should be brought to the attention of the Administrator of Finance for presentation to the Board of Commissioners at the earliest possible time.

Under this policy the Elected Official, Agency Head, or Division Administrator has the authority to shift budgeted amounts from one line item to another within the department. The County Mayor has the authority to shift budget amounts from one department to another within the same Division. The County School Superintendent, with approval of the School Board, has the authority to shift budgeted amounts within the School Fund Budget. A quarterly report will be submitted to the County Mayor and County Board of Commissioners by the Administrator of Finance showing in detail any shift of budgeted amounts with suitable justification.

Any necessary amendment outside the parameters outlined in the preceding paragraph is submitted to the County Board of Commissioners for their approval prior to any funds being expended.

III. General Conditions

In order for an agency to receive funding from Hamilton County the following conditions must be met:

- A. Provide an annual audit to the County Auditor.
- B. Make books and records available for inspection by properly designated officials on the request of the County Mayor or County Board of Commissioners.
- C. Notify the County Mayor and County Board of Commissioners immediately of any irregularities, unanticipated revenues or expenditures.

RESOLUTION NO. 483-27, APPROVED BY THE COUNTY COMMISSION ON APRIL 20, 1983.

To ensure compliance with the above resolution, a budget schedule is prepared each year to facilitate the decision making process by providing overall direction to County departments and supported agencies. The budget preparation process begins in March when County Departments begin a self-evaluation of the department's objectives and measures of performance for the current year. At this time, each department prepares objectives and performance measurements for the upcoming year. This information is formally submitted to the Finance Division by late April. The budget document submitted includes a statement of departmental function, its goals and objectives, staff requirements, traditional object code line item expenditure

requests, and justification for maintaining current and expanded expenditures. Individual department requests for capital needs are reported on a separate form.

During late April and early May, each division head meets with the Administrator of Finance to discuss their proposed budget document. Around the middle of May, all budgets are consolidated and presented to the County Mayor for review.

Public hearings are held during the first part of May. These meetings provide citizen input to the County Commission on decisions and issues relating to the budget. The Administrator of Finance and his staff review and consolidate all budget requests, estimate anticipated revenues and prepare a balanced budget for submission to the County Commission. After several meetings where various budget revisions are discussed, the Commission adopts the Operating Budget for the fiscal year beginning July 1, and sets the tax rate for the upcoming year.

Hamilton County's budget has evolved into a comprehensive system that combines elements of line item, performance and program budgeting.

The following section outlines the budget procedures adopted by the Administrator of Finance for the County's Fiscal Year 2011 Operating Budget:

Generally, every department was instructed to hold their budget requests to last year's level unless there was an item that had increased beyond the department's control, and the department needed that item in order to provide their basic service. (An example is the printing cost of the County's property tax bills.) If a new item or program was requested, a "Summary of Explanations" for that item was attached to the departmental budget request.

The Finance Division sent out budget information via email at the beginning of March and opened access to the IFAS Budget System for departmental expenditure requests and revenue estimates. Reports containing a summary of employees by function, with current salaries and estimates of fringe benefits data such as FICA, pension, and insurance were also made available to departments through the IFAS system at that time.

BUDGET CALENDAR

2010

JANUARY 8

Finance Administrator meets with budget team to review calendar and schedule budget process.

JANUARY 11

Revenue projections begin.

FEBRUARY 1

Upload Position Budget information from Human Resources database.

FEBRUARY 8 TO 12

Budget training for departments.

FEBRUARY 15

Budget access opened for requested budgets.

FEBRUARY 16

Budget packages distributed to all supported and jointly supported agencies.

MARCH 31

Budget packets due back from all supported and jointly supported agencies.

APRIL 15

Budget access closed for requested budgets.

APRIL 16

Budget analysis begins.

MAY 6

Schedule for Budget Hearings is distributed.

MAY 10

Budget Hearings begin.

JUNE 16

County Commission adopts Continuation Budget.

JULY 16

Finance staff meets with County Mayor to review proposed budget projections.

JULY 29

Proposed Budget presented to County Commission/Executive Hearings.

AUGUST 12

Budget adopted.

BUDGET FORMAT

The FY 2011 Annual Budget Document for Hamilton County provides historical, present and future comparisons of revenues and expenditures, proposed allocations of resources and descriptions of the anticipated annual accomplishments of County programs. Some totals shown in individual budgets may not add up due to rounding.

BUDGET ORGANIZATION

The budget document is organized to provide a summary of the total budget with revenues and expenditures for each fund. The major portion of the budget consists of detailed pages containing a description of the funds and activities, along with a recap by summarizing all expenditures involved in that particular function. The Personnel Schedules and Glossary conclude the document.

FINANCIAL STRUCTURE

The accounts of the County are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped into four fund types and two broad fund categories as follows:

GOVERNMENTAL FUNDS

General Fund – The General Fund is the principal fund of the County and is used to account for all activities applicable to the general operations of County government which are not properly accounted for in another fund. All general operating revenues which are not restricted or designated as to use are recorded in the General Fund. Included in this fund are activities for the Constitutional Offices, Supported Agencies, Unassigned Departments, Finance Division, Public Works Division, Human Services Division and Health Services Division.

Special Revenue Funds – Special Revenue Funds are operating funds which are restricted as to use by the Federal or State governments, and special purpose funds established by the County Board of Commissioners. Included in this section are the Sheriff's Fund, Juvenile Court Clerk's Fund and Hotel/Motel Fund.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for and payment of principal and interest of general long-term debt.

COMPONENT UNIT

Component Unit – Component Units are entities that are legally separate from the County, but the County is considered to be financially accountable for these entities. The Hamilton County Department of Education is a component unit of Hamilton County Government.

BASIS FOR BUDGETING

The budgets are adopted on a basis using the modified accrual which is consistent with generally accepted accounting principles (GAAP), except that encumbrances are treated as budgeted expenditures when the commitment to purchase has occurred. All unencumbered and unexpended appropriations lapse at year-end. Appropriated amounts reflected in the accompanying budget to actual comparison are as originally adopted or as amended by the County Commission.

The County Mayor is authorized to transfer appropriated amounts between departments within any division. However, any revisions that alter the total expenditures of any division or fund must be approved by the County Commission. Expenditures may not exceed appropriations at the fund level.

Formal budgetary integration is employed as a management control device during the year for the General Fund and all Special Revenue Funds. Budgetary control is achieved for the Debt Service Fund through general obligation bond indenture provisions. All appropriations which are not expended or encumbered lapse at year end.

BASIS FOR ACCOUNTING

All Governmental Funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. All intergovernmental revenues are recorded as revenue when received. Property tax revenues are recognized in the fiscal year for which they were levied. Licenses and permits, charges for services, fines and forfeitures, and other revenues are recorded as revenue when received in cash.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. For budgetary purposes, encumbrances are treated as expenditures in the year incurred. An exception to this general rule would include principal and interest of general long-term debt which is recognized when due.

ADOPTED BUDGETS

Formal budgets are adopted for the General Fund, Debt Service Fund, Sheriff's Fund, Juvenile Court Clerk's Fund and Hotel/Motel Fund. The Hamilton County Department of Education's Fund is adopted as a discretely presented component unit budget.



Just 6 miles from Downtown Chattanooga, Rock City is a true marvel of nature featuring massive ancient rock formations, gardens with over 400 native plant species, a 100-foot waterfall and breathtaking panoramic views of the region.



In June 2010, thunderstorms brought a rare double rainbow to the eastern skies over The Champions Club at Hampton Creek in Ooltewah.



Hamilton County Board of Commissioners

RESOLUTION

No. 810-17

A RESOLUTION ADOPTING A BUDGET FOR THE FISCAL YEAR 2010-2011 AND SETTING THE TAX LEVY FOR THE YEAR 2010 FOR HAMILTON COUNTY, TENNESSEE.

WHEREAS, the County Board of Commissioners has legal authority to adopt a budget and to levy taxes sufficient to fund such budget; and

WHEREAS, in the absence of the exact official tax aggregate, which has not been completed, the estimated receipts from the 2010 property tax is based on a total assessed valuation of \$8,525,915,610 with an allowance for uncollectibles of \$327,432,225; and

WHEREAS, the method for determining payments in lieu of taxes by the Electric Power Board is based on factors other than property value. The Electric Power Board is excluded from assessed value and its payment in lieu of taxes is fixed at a rate of 53% for the General Purpose School Fund and 47% for the County General Fund; and

WHEREAS, it may be necessary to issue revenue anticipation notes to fund the budget.

NOW, THEREFORE, BE IT RESOLVED BY THIS HAMILTON COUNTY LEGISLATIVE BODY IN SESSION ASSEMBLED:

1. That the Budget attached to this resolution, and by reference made a part of said resolution, for the fiscal year 2010-2011 is hereby adopted.
2. That there is hereby levied on each \$100.00 of assessed valuation of taxable property in Hamilton County for 2010 a tax levy of the following rates:

General Purpose School Fund	1.3726
County General Fund:	
General Purposes	1.3816
District Road Purposes	<u>0.0110</u>
	<u>2.7652</u>



3. That the taxes provided in Chapter 387 of the Tennessee Public Acts of 1971, and any amendments thereto, known as the "Business Tax Act", are hereby enacted, ordained and levied on the business, business activities, vocations, or occupations doing business or exercising a taxable privilege as provided by said Act, in Hamilton County, Tennessee, at the rates and in the manner described by the said Act. The proceeds of the privilege taxes levied herein shall be apportioned to the County General Fund in total. It is not the intention of the Hamilton County Board of Commissioners, in adopting this particular tax, to affect in any way the imposition and collection of any lawful ad valorem tax imposed on personalty or real property.

5. That the payments in lieu of taxes paid by the Electric Power Board, or any other entity, except the Tennessee Valley Authority, is hereby fixed at a rate of 53% for the General Purpose School Fund and 47% for the County General Fund.

6. That the County Mayor and County Clerk are hereby authorized to borrow money on revenue anticipation notes, provided such notes are first approved by the Director of Local Finance, to pay for the expenses herein authorized until the taxes and other revenue for the fiscal year 2010-2011 have been collected, not exceeding 60% of the appropriations of each individual fund. The proceeds of loans for each individual fund shall be used only to pay the expenses and other requirements of the fund for which the loan is made and the loan shall be paid out of revenue of the fund for which the money is borrowed. The notes evidencing the loans authorized under this section shall be issued under the authority of the applicable sections of Title 9 Chapter 21, Tennessee Code Annotated. Said notes shall be signed by the County Mayor and countersigned by the County Clerk and shall mature and be paid in full with renewal no later than June 30, 2011.

BE IT FURTHER RESOLVED THAT THIS RESOLUTION TAKE EFFECT FROM AND AFTER ITS PASSAGE, THE PUBLIC WELFARE REQUIRING IT.

NO. 360
 PAGE: 173

Approved: CERTIFICATION OF ACTION
 Rejected: W. J. Randle
 County Clerk
 Approved: Clad Dyer
 County Executive
 Vetoed: August 12, 2010
 Date