

# HOW TO USE THIS DOCUMENT

The FY12 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 FY12 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 FY12 budget. An organizational chart is included and 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.



*The Well, a 24-hour wellness facility, offers nutritional and wellness classes as well as the latest high-tech exercise equipment and group fitness classes exclusively for employees, retirees and their family members who qualify for County medical insurance.*



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

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

August 2011

As County Mayor and Fiscal Agent, it is my duty and pleasure to present Hamilton County's budget for fiscal year 2012. 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.



Jim Coppinger  
 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.

Since 2006, Hamilton County, with community-wide collaboration, has succeeded in bringing \$1.4 billion in new projects and \$694 million in expansion projects to our area. During that time our job numbers have increased by over 9,000 and more than 600 jobs have been saved.

In 2010, the County opened two new facilities which are exclusively available to employees, retirees and members of their family who qualify for County medical insurance. The Well, a 24-hour wellness facility, opened its doors in October. This facility offers nutritional and wellness classes as well as the latest high-tech exercise equipment and group fitness classes. In December, the County also opened a pharmacy where employees and their families can get prescriptions filled at a significant savings. Hamilton County continues to encourage healthy living for our families.

Enterprise South Nature Park, a 2,700 acre area, opened in December 2010. The park offers hiking, biking, horseback riding, walking trails and other amenities.

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,

Jim Coppinger  
 County Mayor

**Visit our website at [www.hamiltontn.gov](http://www.hamiltontn.gov)**



*The Balloon Glow at RiverRocks 2011 was part of a 10-day event celebrating the Tennessee Valley's natural resources, the health benefits of an active, outdoor lifestyle and Chattanooga's commitment to environmental stewardship and land conservation.*



**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 2012. 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
- Expiration of the Local Sales Tax Agreement

**EDUCATION**

The Department of Education (DOE), a discretely presented component unit of Hamilton County with an approved budget of \$373.4 million, represents 59% of the total County budget (63% when you include the debt service obligation attributed to the DOE). The increase of \$1.5 million for education includes \$0.4 million use of fund balance. The total increases/(decreases) are described in Exhibit I.

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

The largest decrease in expenditures can be attributed to the termination of federal funding from the American Recovery and Reinvestment Act and the end of the related federal stimulus programs. Health care expense also decreased significantly due to various strategies employed by the Department of Education to control these costs. During FY 2011, the Department of Education moved to a fully self-insured medical health plan by switching the HMO medical plan to self-insured. In addition, the Department of Education worked collaboratively with the Hamilton County Education Association (HCEA) to adjust premium rates which offset insurance cost increases. Increases in the expenditure budgets were minimal, and included a 1.6% salary increase mandated by the State Department of Education. Salary step increases are calculated annually based on years of service in accordance with the contract with HCEA.

**EXHIBIT I**

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

REVENUES		EXPENDITURES	
Use of Fund Balance	\$ 383,479	Salaries / Benefits – Step Increases	\$ 2,600,000
Property Tax	(2,797,470)	State Salary Increase	3,400,000
Local Sales Tax	4,485,933	Instructional Staff	3,154,918
Basic Education	3,213,819	Health Insurance	(3,186,160)
Pay Supplements	(450,000)	Charter Schools	1,446,250
Miscellaneous	(73,160)	School-Based Positions	(1,013,078)
Federal Project Fund	(3,726,785)	Capital Maintenance	(1,500,000)
Food Service	411,629	Miscellaneous	(139,329)
Self-Funded Projects	77,390	Federal Projects Fund	(3,726,785)
		Self-Funded Projects	77,390
		Food Service Fund	411,629
	<b>\$ 1,524,835</b>		<b>\$ 1,524,835</b>

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.

# BUDGET 2012 HIGHLIGHTS

The adopted budget totals \$626 million and represents an overall decrease of \$12.2 million, which is a 1.91% decrease from the prior year's adopted budget. A brief recap of the increases/(decreases) is presented in Exhibit II, III and IV below.

The hotel/motel occupancy tax is expected to increase by 10%. This tax is accounted for in the Hotel/Motel Fund which 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 Visitors Bureau.

Projected revenues from Constitutional Offices are estimated to increase 17.1%. These estimates are provided by the elected officials.

Intergovernmental revenue increased marginally over the last fiscal year primarily due to increased funding for the Department of Education's Basic Education Program (BEP) that offsets the loss of federal funding from the ARRA program as illustrated in Exhibit I. The County's General Fund decreases can be seen in Exhibit IV. Intergovernmental revenue projections are provided by the individual departments based on approved grant revenues for the FY 2012 budget year.

Interfund transfers decreased from the prior year primarily due to a decrease in the County's debt service appropriation.

## EXHIBIT II – ESTIMATED AVAILABLE FUNDS

Revenue Classifications	FY 2011 Adopted Budget	FY 2012 Adopted Budget	Increase/ (Decrease)	Percentage Change
Use of Fund Balance	\$ 3,642,538	\$ (830,696)	\$ (4,473,234)	-122.81%
Property Taxes and Trustee Excess Fees	255,152,741	252,945,854	(2,206,887)	-0.86%
Local Sales Tax	67,012,217	61,153,150	(5,859,067)	-8.74%
Hotel/Motel Occu. Tax	4,995,000	5,495,000	500,000	10.01%
Constitutional Offices	10,998,132	12,879,305	1,881,173	17.10%
Intergovernmental	198,472,867	198,638,208	165,341	0.08%
Inter-Fund Transfers	60,213,547	58,899,438	(1,314,109)	-2.18%
Other Sources	37,522,540	36,654,828	(867,712)	-2.31%
<b>Total Estimated Revenues</b>	<b>\$ 638,009,582</b>	<b>\$625,835,087</b>	<b>\$(12,174,495)</b>	

The County has not increased the property tax rate since FY 2008; however, due to a slight increase in property growth the decrease from prior year is less than one percent. 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.

The estimated total fund balance for FY 2012 is projected to increase by \$4.5 million, of which 82% is in the General Fund, which reflects the necessary transfers to the Debt Service Fund. Hamilton County conservatively maintains a strong fund balance in the General Fund, which is projected to remain at approximately 52% of planned operating expenses.

In 1966, Hamilton County and several other local municipalities entered into a sales tax agreement whereby the County collected all of the local sales tax and distributed it back to the participating governments according to a prescribed formula in exchange for the County providing funding to numerous local social, health and welfare agencies. In FY 2011, that sales tax agreement expired and the County expects to lose approximately \$10.3 million in sales tax revenue.

## EXHIBIT III – ESTIMATED EXPENDITURES

Expenditures by Fund	FY 2011 Adopted Budget	FY 2012 Adopted Budget	Increase/ (Decrease)	Percentage Change
Dept of Education	\$ 371,908,041	\$ 373,432,876	\$ 1,524,835	0.41%
County General Fund	197,323,945	184,213,210	(13,110,735)	-6.64%
County Sheriff's Fund	26,836,549	26,950,446	113,897	0.42%
Narcotics Enforcement Fund	410,000	361,850	(48,150)	-11.74%
State Sexual Offenders	48,050	46,197	(1,853)	-3.86%
Juvenile Court Clerk's Fund	2,214,695	2,244,718	30,023	1.36%
Debt Service Fund	34,268,302	33,085,790	(1,182,512)	-3.45%
Hotel/Motel Fund	5,000,000	5,500,000	500,000	10.00%
<b>Total Estimated Expenditures</b>	<b>\$ 638,009,582</b>	<b>\$ 625,835,087</b>	<b>\$(12,174,495)</b>	

As a result of the expiration of the 1966 Sales Tax Agreement, substantial cuts (\$13.1 million) to the County General Fund were necessary. Outside agencies that were funded based on this agreement were either eliminated or drastically cut, personnel cuts were made resulting in fifty-five positions being eliminated, thirty-six of which were filled positions and pay-as-you-go capital expenditures were cut back to absorb some of the reduction in revenue.

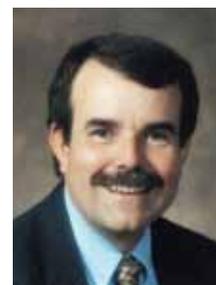
Despite cuts made in General Fund expenditures, employee longevity pay was increased. Since pay increases could not be awarded and because the County's employees are considered a valuable asset, longevity pay was increased from \$50 per year of service to \$75 for qualifying individuals with years of service maxing out at 30 instead of 20.

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

Decreases in Narcotics Enforcement Fund and State Sexual Offenders are both contingent on grant funding.

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

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 conservative financial policies and strong financial reserves are principal reasons for these ratings.



ALBERT C. KISER  
Assistant Administrator of Finance



LOUIS S. WRIGHT  
Administrator of Finance

#### EXHIBIT IV

Hamilton County General Government

Explanation of Expenditure Budget Increases (Decreases)

REVENUES		EXPENDITURES	
Excess Fees	\$ 1,364,718	Outside Agency Funding	\$ (8,548,055)
Gross Receipts Tax	790,000	Reduction in Force	(2,646,088)
TVA In Lieu of Tax	500,000	Debt Service Appropriation	(1,386,344)
State Grants	412,411	Capital Outlay	(1,047,611)
EPB in Lieu of Tax	303,880	Longevity	550,000
Reimbursement of		Miscellaneous Decreases	(32,637)
President Primary	233,355		
Spring Creek Transfer Station	(260,000)		
Public Utilities - state assessed	(501,820)		
Federal Grants	(673,810)		
Use of Fund Balance	(4,669,708)		
Sales Taxes	(10,345,000)		
Miscellaneous	(264,761)		
	<u>\$ (13,110,735)</u>		<u>\$ (13,110,735)</u>

#### 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 current economic growth (i.e. the new Volkswagen Plant and related suppliers, as well as a new Amazon distribution center), Hamilton County has a sound financial future.

#### 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. Our Fund Balance Policy recommends that the fund balance be no less than 25% of the planned operating expenses; however, the FY 2012 projected fund balance is expected to be 52% of planned operating expenses.

#### 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, CGFM**  
Administrator of Finance



*The new Volkswagen plant is expected to generate \$12 billion in income growth and an additional 9,500 jobs related to the project. In September 2011, Passat number 10,000 rolled off the assembly line.*

# HAMILTON COUNTY'S LONG-TERM INITIATIVES

- **PLANNED GROWTH STRATEGIES**
- **ECONOMIC 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 delivering quality services to Hamilton County citizens.

## 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 regional 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 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

- *Volkswagen Group of America* invested \$1 billion in the local economy for the Hamilton County plant and created more than 2,000 direct jobs in the region. The new Volkswagen plant is expected to generate \$12 billion in income growth and an additional 9,500 jobs related to the project. The plant reached its first significant milestone in September 2011 when Passat number 10,000 rolled off the line in the brand new Hamilton County manufacturing facility.
- *Amazon.com, Inc.* finalized its commitment to establish a fulfillment center at Enterprise South Industrial Park along with an additional facility in neighboring Bradley

County. Amazon.com plans to invest a combined total of up to \$139 million to construct the two new facilities, with up to 1,400 jobs expected to be created in the next three years, plus hundreds of additional seasonal jobs during peak season. The new fulfillment centers are expected to be operational before the 2011 holiday season.

- *Sixty-five acres* at Enterprise South Industrial Park remain available for development.

## 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.

- *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. Since its inception in 2006, the program has distributed over 160,000 books to Hamilton County children.
- *Parents Are First Teachers (PAFT)* – The Parents Are First Teachers program provides quality early childhood education and guidance. Under the guidance of PAFT Parent Educators, trained and certified by the Parents as Teachers National Center, this program provides training to parents. Their 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

- *Energy Efficiency and Conservation Block Grant Program* – 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.

## HAMILTON COUNTY'S LONG-TERM INITIATIVES – CONTINUED

- The expenditures for Hamilton County's EECBG award are:
  - > \$250,000 for the design and construction of a green roof at the Hamilton County Health Department
  - > \$170,000 for replacement of lighting at Chester Frost Park Pavilion
  - > \$119,500 for energy upgrades for HVAC and lighting replacement at McDaniel Building
  - > \$72,000 for replacement of lighting at the Tennessee Riverpark, school crossing and traffic signals.
  - > \$5,000 for energy education program through Hamilton County Schools.

### 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** – Opened in December 2010 the park offers miles of walking paths, bicycle paths and off-road biking trails. There are areas for picnics and a small lake that attracts deer, turkeys and other park inhabitants giving visitors an opportunity to view the animals in a natural setting. The park is located on 2,800 wooded acres adjacent to Enterprise South Industrial Park.
- **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 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 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.



*Adjacent to the Volkswagen plant, the 2,800-acre Enterprise South Nature Park opened in December 2010 and features walking/hiking trails, mountain bike trails, paved walking and bike roads, an ADA-accessible woodland trail and four picnic areas.*

## HAMILTON COUNTY GENERAL GOVERNMENT OFFICIALS

(as of July 28, 2011)

Jim Coppinger, *County Mayor*  
Mike Compton, *Chief of Staff*  
Leslie Longshore, *Director of Human Resources*  
Dan Saiced, *Director of Development*

### Board of Commissioners

Chestor Bankston  
Gregory Beck  
Tim Boyd  
James A. Fields  
Joe Graham  
Larry L. Henry, *Chairman*  
Mitch McClure  
Warren Mackey  
Fred Skillern, *Chairman, Pro Tempore*

### Legislative

Lila Mack, *Administrator*

### Constitutional Officers

S. Lee Akers, *Clerk & Master*  
Suzanne Bailey, *Juvenile Court Judge*  
Gary Behler, *Juvenile Court Clerk*  
Bill Bennett, *Assessor of Property*  
Bill Cox, *District Attorney*  
Ardena Garth, *District Public Defender*  
James Hammond, *Sheriff*  
Bill Hullander, *Trustee*  
Pam Hurst, *Register of Deeds*  
Dr. Frank King, *Medical Examiner*  
William F. Knowles, *County Clerk*  
Charlotte Mullis Morgan, *Administrator of Elections*  
Paula Thompson, *Circuit 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*  
Gail Roppo, *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*  
Bonnie Deakins, *Director of Environmental Health*  
Tom Rucci, *Director of Case Management Services*  
Marti Smith, *Director of Administrative Services*  
Bill Ulmer, *Director of Community Health Services*

#### HUMAN SERVICES

Don Allen, *Administrator*  
Worth Lillard, *Director of Maintenance*  
Barbara Payne, *Director of Corrections*  
Ron Priddy, *Director of Recreation*  
Tony Reavley, *Director of Emergency Services*

#### LEGAL

Rheubin M. Taylor, *County Attorney*

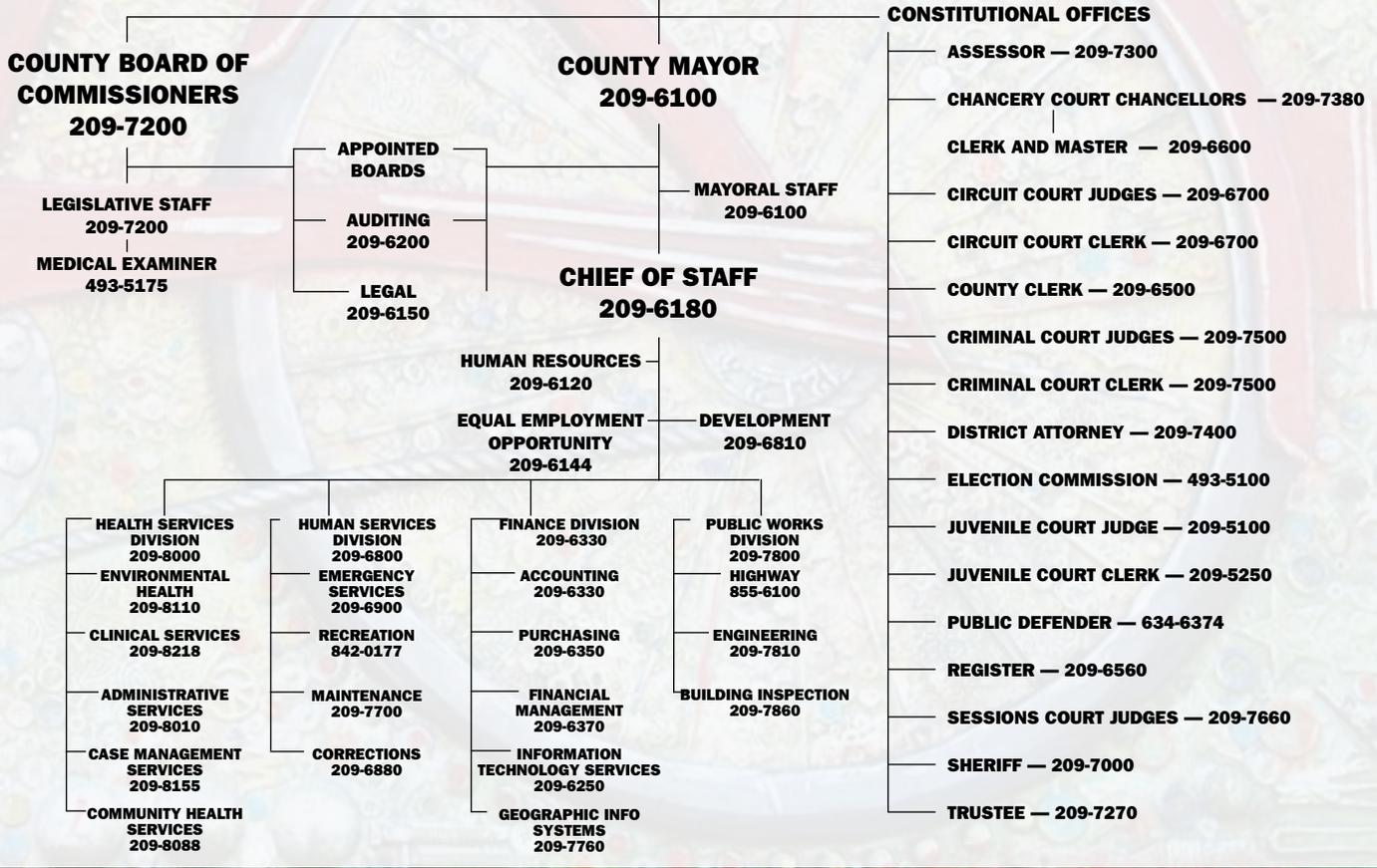
#### PUBLIC WORKS

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





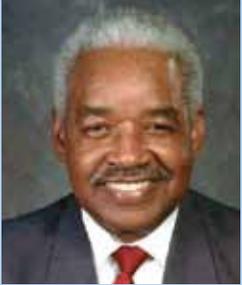
# CITIZENS



# BOARD OF COMMISSIONERS



Chester Bankston  
*Commissioner*



Gregory Beck  
*Commissioner*



Tim Boyd  
*Commissioner*



James A. Fields  
*Commissioner*



Mitch McClure  
*Commissioner*



Fred Skillern  
*Chairman, Pro Tempore*





Joe Graham  
*Commissioner*



Larry Henry  
*Chairman*



Warren Mackey  
*Commissioner*



*The Glass Bridge, a pedestrian walkway, connects Downtown Chattanooga to the Hunter Museum of American Art, the Bluff View Art District and the eastern part of the Tennessee Riverwalk.*

# 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 67% 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 addition to the property tax, another principal revenue source for the County is the Local Option Sales Tax. In accordance with the 1963 Local Option Revenue Act (the "Act") Title 67, Chapter 6, Part 7 of the Tennessee Code Annotated, the City of Chattanooga and the County, and many other area municipalities have adopted a Local Option Sales Tax.

Pursuant to the Act, the levy of the sales tax by a county precludes any city within that county from levying a sales tax, but a city may levy a sales tax in addition to the county sales tax at a rate not exceeding the difference between the county sales tax rate and the maximum allowable local sales tax rate which is currently 2.75%. Hamilton County levies a countywide 2.25% Local Option Sales Tax which was adopted by referendum by the citizens of Hamilton County. The revenues from the countywide sales tax are distributed pursuant to the provisions of the Act and other provisions of the Tennessee Code Annotated. Fifty percent of the revenues raised through a countywide sales tax are directed to education. The remaining portion is distributed to the County and the municipalities based upon SITUS.

Previously, the City of Chattanooga, Hamilton County and many other local municipalities participated in a contract whereby the local sales taxes were distributed by a specific formula. This contract expired in May 2011. Local option sales taxes are now distributed based on SITUS (point of sales).

## 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.

A photograph of a farmers' market stall. In the foreground, several baskets of fresh produce, including bright red and green apples and oranges, are arranged on a table covered with a red and white checkered tablecloth. In the background, several people are visible, including a man in a white shirt and a woman in a dark jacket, looking towards the stall. The scene is brightly lit, suggesting an outdoor market setting.

### **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**

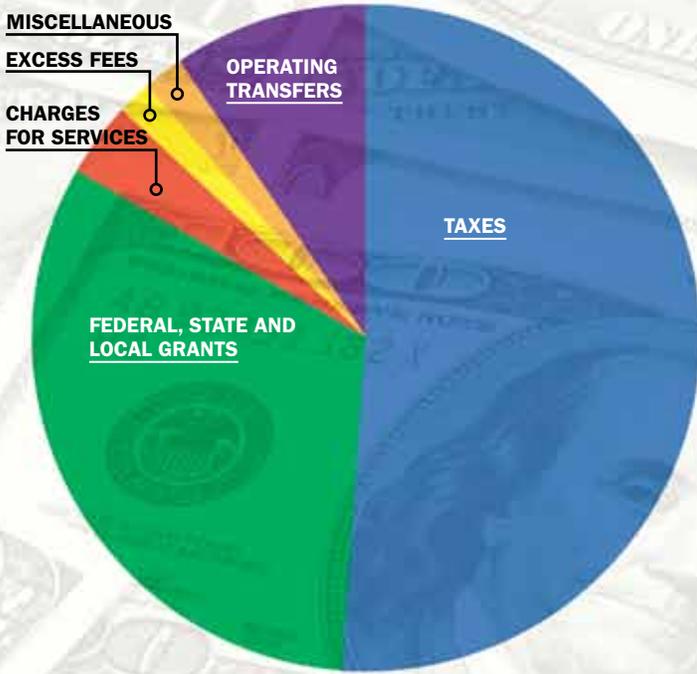
Excess fees consist of revenue collected by the various Constitutional Offices, including charges for services provided less the budgeted salaries. Revenue estimates in this category are developed based upon historical trends and projected increases in the Constitutional Offices' budgets.

### **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.

*The Chattanooga Market, the region's largest producer-only arts and crafts and farmers' market, is held Sundays from 11 a.m. to 4 p.m., May through December at the open-air First Tennessee Pavilion.*

## REVENUES BY FUNDING SOURCES

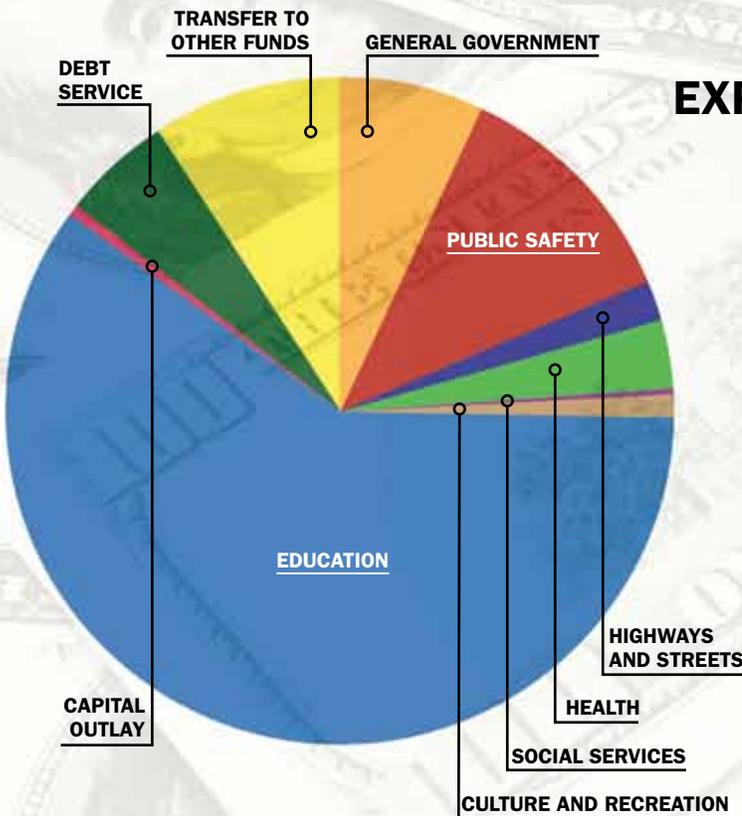


Taxes .....	\$ 320,861,904	51.20%
Federal, State and Local Grants..	201,713,143	32.19%
Charges for Services .....	23,789,630	3.79%
Excess Fees .....	9,585,157	1.53%
Miscellaneous .....	11,703,511	1.87%
Operating Transfers.....	59,012,438	9.42%
	<u>\$ 626,665,783</u>	<u>100.00%</u>

Use of Fund Balance.....\$ (830,696)

Total Revenues and Other  
Financing Sources.....\$ 625,835,087

## EXPENDITURES BY USES



General Government.....	\$ 45,157,425	7.22%
Public Safety .....	71,657,941	11.45%
Highways and Streets .....	12,668,792	2.02%
Health .....	21,274,278	3.40%
Social Services .....	1,975,112	0.31%
Culture and Recreation.....	6,103,929	0.97%
Education.....	373,432,876	59.67%
Capital Outlay .....	3,369,900	0.54%
Debt Service .....	33,085,790	5.29%
Transfer to Other Funds .....	57,109,044	9.13%

Total Expenditures and Other  
Uses.....\$ 625,835,087 100.00%

# 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 2010	Projected 2011	Budgeted 2012
<b>FUNDING SOURCES</b>			
Property Taxes	245,516,058	247,863,694	247,374,254
Local Sales Taxes	67,884,866	71,395,163	61,153,150
Other Taxes	10,426,325	11,584,861	12,334,500
Licenses and Permits	592,222	531,553	584,800
Intergovernmental Revenues	194,592,244	207,633,585	201,713,143
Charges for Services	24,332,201	23,177,003	23,789,630
Fines and Forfeits	1,678,927	1,577,103	1,672,297
Investment Earnings	712,083	665,298	776,248
Excess Fees	8,123,201	8,597,043	9,585,157
Miscellaneous	11,497,969	9,240,536	8,670,166
Operating Transfers	58,300,974	60,397,289	59,012,438
Total Available Resources	<u>623,657,070</u>	<u>642,663,128</u>	<u>626,665,783</u>
<b>EXPENDITURES</b>			
General Government	39,815,063	42,306,299	45,157,425
Public Safety	72,873,219	73,536,263	71,657,941
Highways and Streets	11,915,708	11,327,955	12,668,792
Health	22,324,674	22,029,862	21,274,278
Social Services	5,457,529	4,991,918	1,975,112
Culture and Recreation	9,360,999	9,823,405	6,103,929
Education	361,576,973	380,469,039	373,432,876
Capital Outlay	4,897,122	3,842,287	3,369,900
Debt Service			
Principal Retirement	24,209,591	23,867,261	22,945,237
Interest and Fiscal Charges	9,426,158	8,960,949	10,140,553
Other Uses	58,026,943	56,665,611	57,109,044
Total Expenditures/Expenses and Other Uses	<u>619,883,979</u>	<u>637,820,849</u>	<u>625,835,087</u>
Excess of Available Resources over (under) expenditures/expenses and other uses	3,773,091	4,842,279	830,696
Encumbrances	707,972	(1,564,967)	—
Excess of non-budgeted revenue and other financing sources over non-budgeted expenditures	395,512	746,748	—
Beginning Fund Balance	<u>121,551,289</u>	<u>126,427,864</u>	<u>130,451,924</u>
Ending Fund Balance	<u><u>126,427,864</u></u>	<u><u>130,451,924</u></u>	<u><u>131,282,620</u></u>



*Artwork on display at Area 61 during MAINx24, a 24-hour-long festival celebrating Main Street and the surrounding Southside. Held every December since 2007, the project celebrates and showcases the burgeoning Southside.*

# BUDGET SUMMARY FOR FISCAL YEAR 2012 — BY FUND TYPE

	General Fund	Special Revenue Funds	Debt Service Fund	Hamilton County Department of Education (Component Unit)	Total
<b>FUNDING SOURCES</b>					
Property Taxes	125,970,772	—	—	121,403,482	247,374,254
Local Sales Tax	2,805,000	—	—	58,348,150	61,153,150
Other Taxes	6,484,500	5,500,000	—	350,000	12,334,500
Licenses and Permits	543,500	16,300	—	25,000	584,800
Intergovernmental Revenues	21,177,439	2,187,377	899,150	177,449,177	201,713,143
Charges for Services	13,026,364	303,000	561,243	9,899,023	23,789,630
Fines and Forfeits	1,037,200	635,097	—	—	1,672,297
Investment Earnings	502,100	14,700	2,500	256,948	776,248
Excess Fees	9,510,000	—	75,157	—	9,585,157
Miscellaneous	5,482,985	639,350	—	2,547,831	8,670,166
Operating Transfers	113,000	25,666,150	31,547,740	1,685,548	59,012,438
Use of Fund Balance	(2,439,650)	141,237	—	1,467,717	(830,696)
Total Revenues and Other Financing Sources	<u>184,213,210</u>	<u>35,103,211</u>	<u>33,085,790</u>	<u>373,432,876</u>	<u>625,835,087</u>
<b>EXPENDITURES</b>					
General Government	39,657,425	5,500,000	—	—	45,157,425
Public Safety	42,054,730	29,603,211	—	—	71,657,941
Highways and Streets	12,668,792	—	—	—	12,668,792
Health	21,274,278	—	—	—	21,274,278
Social Services	1,975,112	—	—	—	1,975,112
Culture and Recreation	6,103,929	—	—	—	6,103,929
Education	—	—	—	373,432,876	373,432,876
Capital Outlay	3,369,900	—	—	—	3,369,900
Debt Service					
Principal Retirement	—	—	22,945,237	—	22,945,237
Interest and Fiscal Charges	—	—	10,140,553	—	10,140,553
Transfers to Other Funds	57,109,044	—	—	—	57,109,044
	<u>184,213,210</u>	<u>35,103,211</u>	<u>33,085,790</u>	<u>373,432,876</u>	<u>625,835,087</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 .....	12
Elementary – High .....	1
Elementary – Middle .....	2
Elementary School.....	42
Exceptional and Adult Schools .....	2
Enrollment at public facilities .....	42,236

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

There are 34 private and parochial schools in the Hamilton County area with combined enrollment of over 10,439.

## COLLEGES AND UNIVERSITIES

- Bryan College
- Chattanooga State 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 .....	210,160
Votes cast in last election .....	87,817
Registered voters voting .....	41.79%

## POLICE PROTECTION

Sworn Police Officers .....	594
Correctional Officers .....	112
Civilian Employees .....	160
Other .....	54

## DEMOGRAPHICS

### LAND AREA AND USAGE

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

*The Passage and the dramatic water cannons at its base.*

## POPULATION: OFFICIAL U.S. CENSUS

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
2010 .....	336,463

US Census Bureau — Tennessee County Population Estimates, Tennessee Quickfacts ([quickfacts.census.gov](http://quickfacts.census.gov))

## ECONOMIC

### TOP TEN EMPLOYERS

Employer	Employees	Rank
BlueCross BlueShield of Tennessee	4,458	1
Hamilton Co. Dept. of Education	4,347	2
Tennessee Valley Authority	3,970	3
Erlanger Health System	3,441	4
Memorial Health Care System	3,071	5
McKee Foods Corporation	2,950	6
Unum	2,800	7
City of Chattanooga	2,239	8
Hamilton County Government	1,837	9
Pilgrim's Pride Corporation	1,550	10

**Total** **30,663**

Source: Chattanooga Area Chamber of Commerce

### BUILDING PERMITS

Calendar Year	Number Issued	Value of Permits
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
2010 .....	950	79,983,817

### PER CAPITA INCOME

2009 ..... \$36,971

Source: [www.bea.gov](http://www.bea.gov) (CA1-3 – Per capita personal income)

## TRANSPORTATION SERVICES

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

Passenger Flow (for FY 2011) ..... 606,076

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
Electric Buses .....	15
Care-A-Vans .....	19

## CULTURE AND RECREATION

### CULTURAL ACTIVITIES & FACILITIES

African-American Museum/Bessie Smith Performance Hall

Arts & Education Council

Bluff View Art District

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 .....	16
Ball Fields .....	154
Public Tennis Courts .....	165
Swimming Pools .....	31
Theatres .....	17
Bowling Alleys .....	4

### LIBRARIES

Chattanooga Public Library

Eastgate Branch

South Chattanooga Branch

Northgate Branch

Ooltewah/Collegedale Branch

Chattanooga State 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](http://www.hamiltontn.gov)**

# 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 336,463 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 13 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.





*The Hamilton County Sheriff's Office color guard presents the United States and Tennessee flags at the Hamilton County Fair.*

# 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 dollars 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, Georgia. 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 (the State) 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. A gracious life-style 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 – all at one of the lowest costs of living in the nation.

Hamilton County's City of Chattanooga is one of the South's oldest manufacturing cities, but today there is no single dominating business category. Economic advantages 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 stands at 8.4 percent as of July 2011. This is compared to the Metropolitan Statistical Area's (the "MSA") unemployment rate of 8.6, the nation's 9.1 percent, and the state's 9.8 percent for the same period.

The American Association of Retirement Communities (AARC) named Chattanooga/Hamilton County as the first community in Tennessee to receive its prestigious Seal of Approval as a retirement destination. Former Hamilton County Mayor Claude Ramsey (now the State of Tennessee's Deputy Governor) and Chattanooga City Mayor Ron Littlefield celebrated the announcement of the AARC designation by formally launching Choose Chattanooga, a new initiative to market the Chattanooga area to people deciding where to retire and relocate.

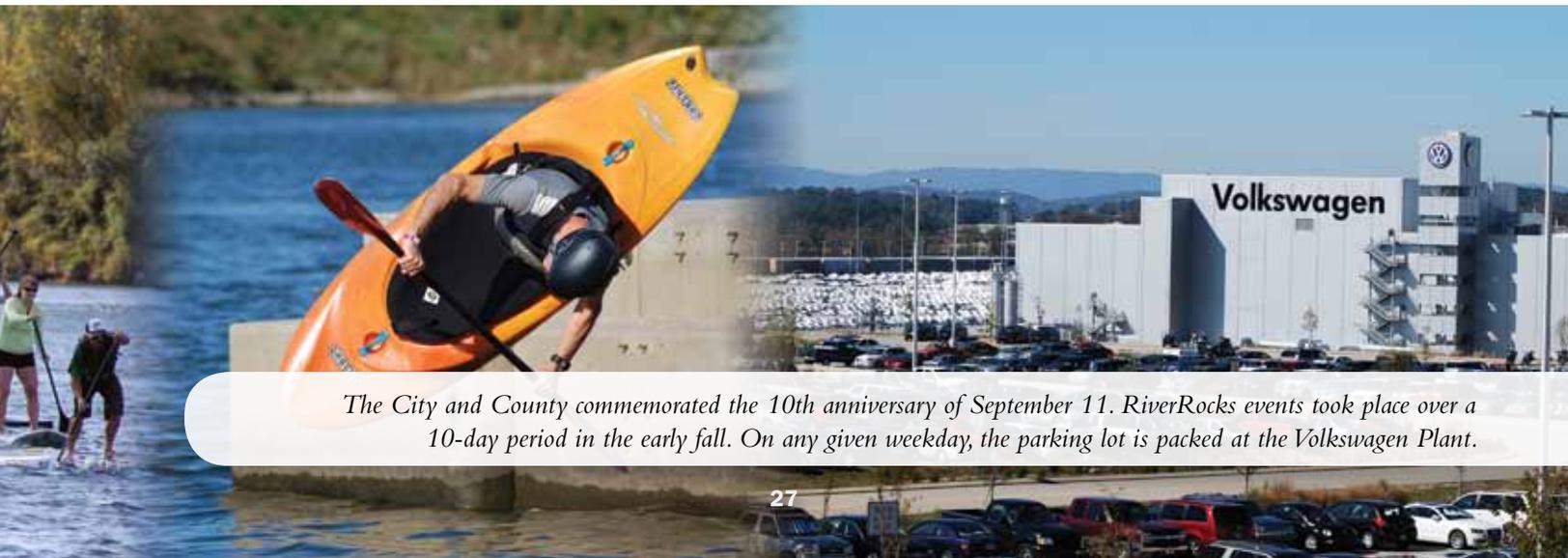
Chattanooga was listed in the U.S. News and World Report online magazine as one of the Nation's top ten most affordable retirement locations, and Forbes magazine cited it as one of the top ten locations for prospective growth in home values and number eight in the 100 most affordable cities to reside. Tennessee's only income tax is the Hall tax, which is a tax on investments producing more than \$16,200 a year for an individual. The lower cost of housing and low taxes makes the area an attractive destination for anyone seeking a lower cost of living in a beautiful progressive community.

Business Facilities Magazine recently ranked Chattanooga as number one among America's metros for "Economic

Growth Potential" and among the top ten for best cost of living. The area's quality of life is exemplified by Chattanooga's selection by Outside magazine as the nation's foremost outdoors destination in its October 2011 issue. 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, Chattanooga's progress is evidenced by more than \$3 billion invested in new projects downtown over the last twenty years.

Investment in economic growth continued when Hamilton County and the City of Chattanooga took title to the land known as Enterprise South Industrial Park at the former Volunteer Army Ammunition Plant (VAAP) in September 2000. Enterprise South is a nearly 3,000 acre industrial park that TVA has designated as Tennessee's first industrial megasite.

In July 2008, the Volkswagen Group of America announced plans to locate their new \$1 billion North American assembly plant in the Enterprise South Industrial Park. The plant is the largest single investment ever made in Tennessee by a company. The plant and support 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. With the completion of the 2 billion square-foot plant, the first vehicle rolled off the assembly line in April 2011. Operations recently reached another significant milestone when the 10,000th Passat rolled off the assembly line in September 2011. Gestamp Corporation has constructed a \$90-million automotive parts stamping facility at Enterprise South. Gestamp was



*The City and County commemorated the 10th anniversary of September 11. RiverRocks events took place over a 10-day period in the early fall. On any given weekday, the parking lot is packed at the Volkswagen Plant.*

## HAMILTON COUNTY PROFILE – CONTINUED

the first “Tier 1” auto supplier for Volkswagen to locate at Enterprise South.

Amazon, the world’s largest internet retailer, is constructing a \$70-million distribution center at Enterprise South, one of two local facilities that will inject at least \$64 million in annual payrolls in the area. Currently, TAG Manufacturing, eSpin Technologies, and Integrated Data Solutions, Inc. have located new plants in the industrial park. With its emphasis on new green, sustainable technologies, Industry Week magazine lists Chattanooga among the top manufacturing locations in the United States.

Alstom Power is completing a \$300 million investment in its Chattanooga steam and gas turbine facility. The project has created 350 additional jobs, many of which are high-end engineering positions. In March 2011, Chattem Inc., a local company that produces markets and manufactures health care products, carried out the biggest product launch in its 130-year history with its rollout of the over-the counter allergy drug Allegra. The addition to its product line will push Chattem’s annual sales close to \$800 million.

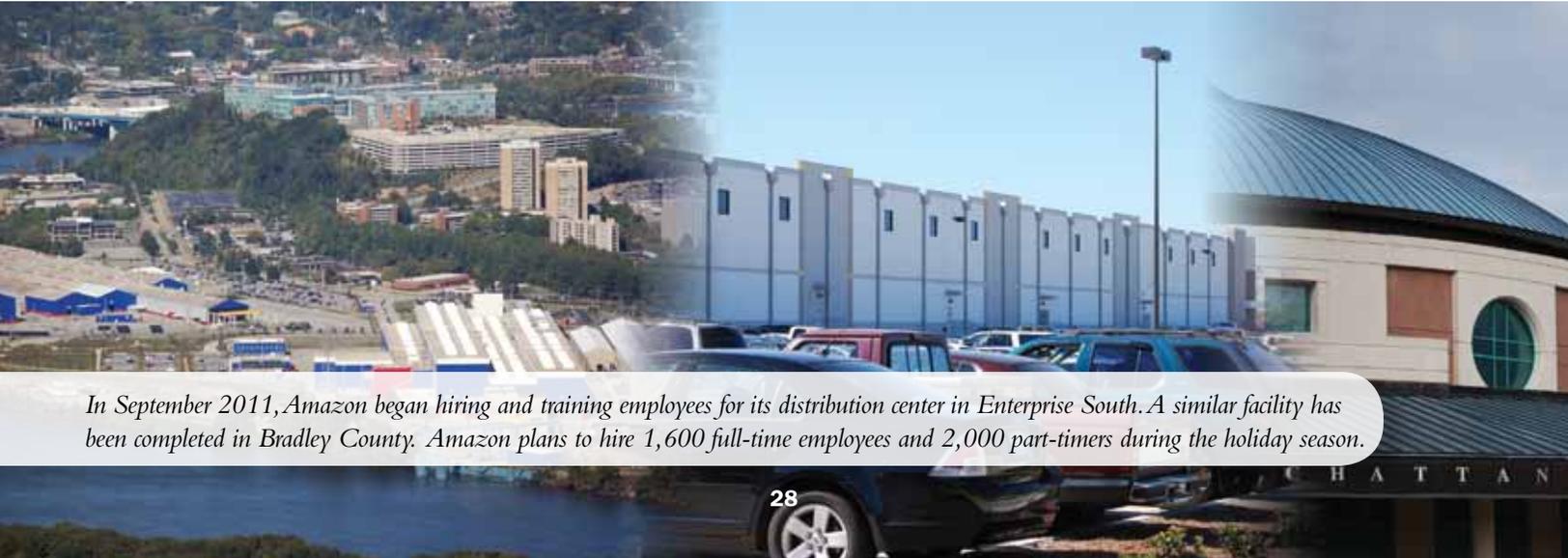
The Electric Power Board, one of Hamilton County’s primary power utilities, has launched a residential high-speed Internet and cable television service as part of its \$220 million fiber-to-home initiative that will also allow for smart electric meters for its 160,000 electric customers. EPB’s Fiber Optics is the only Gigabit broadband service in the United States for residential and business customers. With the new Gigabit symmetrical service

offering, Chattanooga has the fastest broadband service in the country and is tied with a handful of international communities for fastest in the world. This ultra-speed broadband resource will open the way to a new wave of Internet-based products and services.

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 wonderful 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 announcing construction of a new services facility at Centre South, a Westinghouse Electric Company official said, “The community’s central location, superior transportation network and highly trained engineers argued strongly on behalf of expanding in Chattanooga and growing with the fastest-growing metro city in Tennessee.”

In September 2011, the County completed a \$4.9 million



*In September 2011, Amazon began hiring and training employees for its distribution center in Enterprise South. A similar facility has been completed in Bradley County. Amazon plans to hire 1,600 full-time employees and 2,000 part-timers during the holiday season.*

renovation of its 127,000 square-foot Business Development Center. The business incubator leases office or industrial space to entrepreneurs at below-market rates and provides business training for about three years, as startups get off the ground. With a maximum occupancy of 60 businesses, Hamilton County's Business Development Center is the largest small business incubator in Tennessee and the third largest in the country.

The County has partnered with the Chamber of Commerce to manage the Center for Entrepreneurial Growth (CEG), a Technology Business Incubator to assist emerging technology companies and help mentor existing businesses in new technology. The CEG operates in the Business Development Center and has a facility in the Engineering Building at the University of Tennessee at Chattanooga that allows entrepreneurs to access high-tech equipment and mentors from the Engineering Department's staff.

The cooperation of public and private sectors has been paramount in funding new development and accomplishing goals. 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 County was honored with the top award for the Design and Management of its Tennessee Riverpark and Riverwalk by the National Trails Symposium at its 2011 annual conference. Construction will soon begin on an additional three-mile segment of the Riverwalk that will extend the project from the Chickamauga Dam some 16 miles to the base of Lookout

Mountain. Both Volkswagen and Alstom Power officials cited the Riverwalk as one of the quality of life factors that influenced their decision to invest in our community.

## 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 such as American Eagle, Delta Connection, US Airways Express, Vision Airlines and Allegiant Air. Nonstop flights to Atlanta, Chicago, Charlotte, Memphis, Orlando, Dallas, Tampa Bay, Detroit, and Washington D.C., are available. During 2011, passenger flow out of Lovell Field included 302,145 passengers enplaning and 303,931 passengers deplaning for a total passenger flow of 606,076. Privately owned and operated airport facilities include Collegedale Municipal Airport and Dallas Bay Skypark. All airport facilities are conveniently accessible from the downtown area of the City and provide such services as aircraft sales, instruction, charter service and maintenance. More than \$20 million in expansion and improvement projects are being done 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 of developable land to the airport's runway system. In April 2009, \$3 million of American and Recovery Reinvestment Act (ARRA) grant funding was awarded for infrastructure improvement on the west side of the airport which includes site



*A \$3 million ARRA grant was awarded for infrastructure improvement on the west side of the airport. The development, which totalled \$10 million, attracted Wilson Air Center and FedEx, which began leasing hangar space at Lovell Field.*

## HAMILTON COUNTY PROFILE – CONTINUED

preparation, asphalt paving, electrical lighting, markings and construction of approximately 500 feet of additional ramp with two taxi connectors. The \$10 million development provides competitive aviation support facilities to serve general and commercial aviation. It includes a fuel center, offices and hangars to accommodate private and corporate aircraft as well as provide services to the current airlines servicing Chattanooga. The new full service fixed based operator has attracted businesses such as Wilson Air Center, a Memphis-based business, in which Wilson Air will operate the terminal and hangar, and FedEx. On October 3, 2011, FedEx began leasing 12,000 square feet of hangar space at Lovell Field for the first time which will result in approximately \$75,000 annual rental fees. 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, 8% of jobs and 9% of payroll are generated by health care, including over 8,418 health care providers. Recognition of 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 Hamilton 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 1,811.

### CULTURAL ACTIVITIES AND FACILITIES

Hamilton County is a strong supporter of arts and cultural programs. Allied Arts of Greater Chattanooga (AAGC)



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 wonderfully 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, AAGC raises and distributes more than \$1.5 million each year for arts and education programs.

The annual Riverbend Festival brings our community together in a riverfront celebration of our heritage and diversity. 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 with 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.

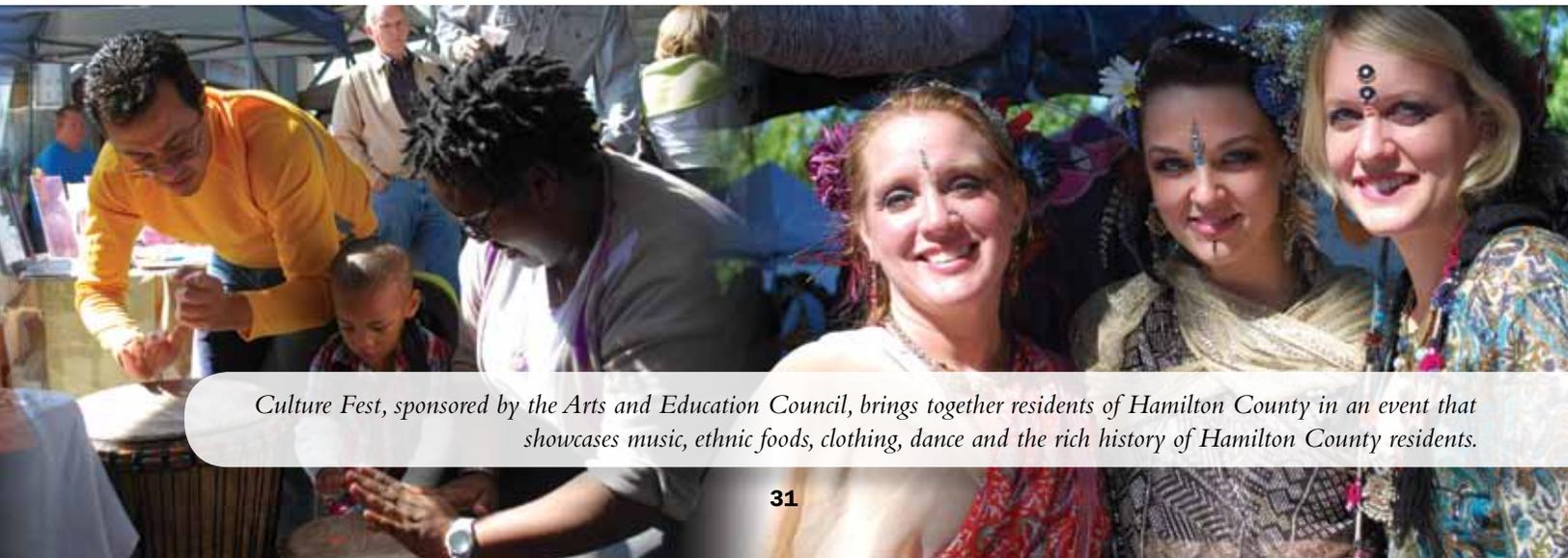
### **RECREATIONAL FACILITIES**

The mountains that surround Hamilton County offer a multitude of opportunities for the outdoor enthusiast.

A wide 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 into law 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.



*Culture Fest, sponsored by the Arts and Education Council, brings together residents of Hamilton County in an event that showcases music, ethnic foods, clothing, dance and the rich history of Hamilton County residents.*



*Blue-ribbon winner in the Hamilton County 4-H Mane Attraction Horse Show, Tex is a six-year-old Paint, proudly being introduced by his owner and trainer, Macey.*

# 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.

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.

# FINANCIAL MANAGEMENT POLICIES - CONTINUED

## 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.

## 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.
- 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.

## 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.

#### **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 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.
- 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.

# FINANCIAL MANAGEMENT POLICIES – CONTINUED

## 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.

## PURCHASING POLICY

In an attempt to secure the best and most suitable goods and services at the best possible prices, it is the policy of Hamilton County to:

- Promote competition via a competitive process wherever practical when purchasing or securing goods and services for Hamilton County.
- Select the lowest priced and best goods and services offered – neither the price nor the product/service qualities in excess of established specifications shall be the sole criterion for selection.

The Purchasing Department is charged with overall responsibility for procuring and/or supervising the procurement of all goods and services, needed by the County, its departments, agencies, offices, and elected officials. Consistent with this charge, the primary function of the Purchasing Department is to administer and continuously improve upon a procurement process that facilitates the County's ability to consistently buy the best available products and services at the lowest possible prices while adhering to established policies and rules that are designed to provide an open and fair competitive process for all. Furthermore, the Purchasing Department will be primarily responsible for developing and administering a standard set of contractual terms and conditions designed to apply to purchasing contracts entered into by Hamilton County.

The County shall maintain a Purchasing Department as a unit of the County's Finance Division. This department shall be managed by the Director of Purchasing, who is the legally authorized purchasing agent for Hamilton County. The Director delegates purchasing authority to authorized buyers. The creation of credit accounts, lines of credit or similar devices for purposes of acquiring goods or services subject to these Hamilton County Purchasing Rules is exclusively limited to the County's Purchasing Director or his/her designated appointee.

The Purchasing Department will follow the respective Codes of Ethics promulgated by the National Institute of Governmental Purchasing (NIGP) and Hamilton County when carrying out the duties of this office.

## 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 to \$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

# FINANCIAL MANAGEMENT POLICIES - CONTINUED

- 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.
  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

### 2011

#### JANUARY 14

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

#### FEBRUARY 9

Upload Position Budget information from Human Resources database.

#### FEBRUARY 7 TO 11

Budget training for departments.

#### MARCH 1

Budget access opened for requested budgets.  
Budget packages distributed to all supported and jointly supported agencies.

#### APRIL 1

Budget access closed for requested budgets.  
Budget analysis begins.

#### APRIL 18

Schedule for Budget Hearings is distributed.

#### MAY 9

Budget Hearings begin.

#### MAY 31

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

#### JUNE 15

Proposed Budget presented to County Commission/Executive Hearings.  
County Commission adopts Continuation Budget.

#### JULY 28

Budget adopted.

# BUDGET FORMAT

The FY 2012 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.



*Creative Discovery Museum is one of the top children's museums in the country. Located in the heart of downtown Chattanooga, just steps away from the Tennessee Aquarium and the Tennessee Riverfront.*



*Ruby Falls, a 145-foot underground waterfall located beneath the surface of Lookout Mountain, is one of the largest accessible to the public, and at 1,120 feet underground, it is one of the deepest commercial caves in the world.*



STATE OF TENNESSEE

Hamilton County

July 28, 2011

DATE (Month, Day, Year)

## Hamilton County Board of Commissioners

# RESOLUTION

No. 711-38

A RESOLUTION ADOPTING A BUDGET FOR THE FISCAL YEAR 2011-2012 AND SETTING THE TAX LEVY FOR THE YEAR 2011 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 2011 property tax is based on a total assessed valuation of \$8,377,475,250 with an allowance for uncollectibles of \$322,936,002; 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 2011-2012 is hereby adopted.
2. That there is hereby levied on each \$100.00 of assessed valuation of taxable property in Hamilton County for 2011 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>

