

Chairman and Members of the Board of Commissioners:

I am pleased to present to you the adopted budget for fiscal year 2012, which will begin July 1, 2011. At the budget reviews conducted by the oversight committees of the Columbia County Board of Commissioners, the County Administrator and staff were instructed to balance the budgets for all Columbia County funds with no property tax increase and no new programs unless authorized by the Board of Commissioners (BOC). The departments were asked to maintain services to our citizens, and the overall General Fund budget, at current levels. To accomplish this objective, all Elected Officials and Division Directors were asked to prepare their budgets using the zero-based method and to recommend measures to reduce expenditures and increase revenues. Through the cooperative effort of all involved, a budget for Columbia County is balanced for all funds for fiscal year 2012.

This budget provides funding to maintain current levels of service, with no increase in the millage rate, while reducing operating costs and capital outlay where possible. The annual budget for all funds totals \$174,393,542, reflecting an increase from the fiscal year 2011 adopted budget of \$8,594,620, or 5.18%. This increase is primarily due to (1) the first required principal payment on the 2009 general obligation bond of \$5,310,000 and (2) continued construction of the broadband utility. The General Fund budget increased \$1,002,129 from the fiscal year 2011 adopted budget, or 1.85%, primarily due to an increase in operating costs of \$833,022, or 4.75%. The Water and Sewerage Fund and Storm Water Utility Fund budgets increased by \$2,625,000 and \$189,749, respectively, or 10.73% and 7.44%. These increases were due to additional customers, the increased cost of water production, and the purchase of capital equipment.

Budget Review

Prior to adoption, a series of budget work sessions and committee meetings were held with County staff and Elected Officials. The purpose of these work sessions and meetings was to allow input from staff and Elected Officials, promote communication among staff and Elected Officials, gain understanding regarding all budgetary issues, and to prioritize all budget requests. A public hearing was held on May 3, 2011, to allow the public an opportunity to address their concerns and priorities. The budget was adopted by the BOC on June 7, 2011, at its regularly scheduled meeting.

Highlights

- Total General Fund expenditures increased by 1.85% from the FY 2010/2011 adopted budget, including a contingency of \$1,130,247, or 2.09% of proposed expenditures.
- The increase in General Fund expenditures consists of an increase in personnel costs of 1.93%, an increase in new personnel hires and promotions of 100.00%, an increase in operating expenditures of 4.75%, and a decrease in capital requests of 20.39%.
- No interfund transfers were included in the General Fund for FY 2011/2012.
- New personnel requests within the General Fund include 4 new positions in the Sheriff's Office in the amount of \$92,007, reclassifications and promotions in the amount of \$20,235, a 35 day delay in replacement of vacancies for a savings of \$235,000, no merit increase, funding for recommendations included within the salary study in the amount of \$15,000, funding for a "Healthy Lifestyle" program in the amount of \$25,000, funding to increase the employer contribution of basic life insurance to 100% in the amount of \$9,300, and funding for wellness physicals in the amount of \$90,000. New hires are budgeted at a rate of "entry only" and include various effective dates. The combined cost/(savings) of these additional personnel and benefit requests is (\$95,700).
- New personnel requests within other funds include 1 new Building Inspector, 1 new Marketing Coordinator, 4 new positions in the Water Utility, and reclassifications and promotions in the amount of \$30,687. The combined cost of these additional personnel requests is \$276,925.

- No merit increase will be budgeted until the tax digest is received and sales tax collections are further monitored. Any merit increase approved will be taken from Contingency.

Revenue Assumptions

- Growth in the property tax digest is projected to be flat. Therefore, the budget was prepared and balanced using a 0.0% increase in property tax revenues due to the economic uncertainty and ongoing changes in state legislation. Any actual growth in the property tax revenues will be added to the contingency fund. If the tax digest decreases by 1%, the following deficits will occur within the FY 2012 budget:
 1. General Fund - \$263,991
 2. Debt Service Fund - \$40,371
 3. Fire Services Fund - \$78,285
- Uncertainty still surrounds Local Option Sales Tax revenues. Although we experienced an annualized increase of 14.38 % for calendar year 2010, the annualized increase for calendar year 2011 is only 1.85% as of June 2011. Therefore, the budget was prepared and balanced using a 5% increase in sales tax revenues.

Expenditure/Revenue Adjustments

- At the Management and Financial Services Committee meeting held on July 12, 2011, staff recommended that the BOC evaluate a proposal to reduce the millage rate for debt service by 0.25 mills due to the strength of our fund balance. At the BOC meeting held on July 19, 2011, the BOC approved this proposal. This requires an adjustment to the property tax revenues of - \$1,040,487. This revenue reduction will be offset by the use of General Fund fund balance.
- As part of the millage rate proposal, staff recommended transferring 0.366 mills from the debt service millage rate to the fire services millage rate to cover the increased cost of providing fire services. This revenue reduction for debt service, along with the increase in debt service requirements for fiscal year 2012, will be offset by the use of General Fund fund balance in the amount of \$2,735,237. Due to the strength of our fund balance, the increased cost of fire services and the increase in debt service requirements can be covered without an increase in the overall millage rate.

Fund Balance

Fund Balance within the General Fund as of June 30, 2010, totaled \$29.6 million. Of this total, \$11.25 million was designated. The following designations were previously established by the BOC:

- Catastrophic Leave \$1.5 million
- Extraordinary Losses \$1 million
- Employee Medical Plan \$500,000
- Economic Incentives \$1 million
- Fleet Fund \$1 million
- Marshall Square Property \$6.25 million

Also included within the total fund balance was an operating reserve of \$14.8 million, or 100 days of operations. Total fund balance as of June 30, 2010, including all reserves and the above mentioned designations equated to 199.37 days of operations.

During FY 2011, the County purchased property known as the “Marshall Square Property” for \$6.25 million from fund balance. Funding was reallocated from the following categories for this purchase:

- Catastrophic Leave \$1 million
- Renewal & Extension \$3 million
- Economic Incentive \$1 million
- Unreserved, undesignated \$1.25 million

This property is being held for resale or development. Funds from the sale or development of this property will be used to replenish fund balance.

The County projects to add approximately \$1 million to fund balance as of June 30, 2011. Due to an increase in the FY 2012 budget, the operating reserve will be increased to \$15.1 million to maintain 100 days of operations. With these changes and the above mentioned reduction in property tax revenues and increase in debt service requirements, total fund balance within the General Fund as of June 30, 2011, is expected to be \$26.6 million, or 175.81 days of operations.

Issues for Future Consideration

- Continuation of the Management Review Team for position vacancies – A 35 day delay in the replacement of vacancies has been included in the budget, for a savings of \$235,000. Budgeted savings for fiscal year 2011 were \$258,000. Actual savings as of June 30, 2011, were \$601,936.67. This is due to the establishment of a management review team which analyzes all position vacancies to determine if replacement is necessary. Staff has utilized such management tools as division restructuring, function reassignment, attrition, and elimination of positions to achieve savings. Budgeted savings for fiscal year 2012 are \$235,000.
- Flexible Work Schedule Program – On June 16, 2009, the BOC approved extending this program for future years. The purpose of the program is to reduce energy and fuel costs, increase customer service, and improve employee morale. Because different employees are off on different days, equipment and vehicle sharing has been implemented thus allowing us to decrease the size of the fleet. Unplanned absences and requests for personal time off have greatly diminished. This program is still in effect for fiscal year 2012 and will be evaluated annually for continuation.
- Using Special Purpose Local Option Sales Tax (SPLOST) for debt service – Included within the 2011/2016 Capital Improvements Plan was the use of \$20.2 million of SPLOST to reduce existing general obligation debt used to fund the Justice Center and Detention Center. Based on the 2011 digest and because 0.366 mills was reallocated from Debt Service to Fire Services in order to balance that fund, approximately \$2.7 million will be needed from other sources to make FY 2012 bond payments. Because a 0.25 mill rollback was also approved, approximately \$3.8 million will be needed from other sources to make FY 2012 bond payments. The two other sources available for debt service are the General Fund Fund Balance (GFFB) and 2011/2016 SPLOST proceeds.

Staff currently proposes the following strategy:

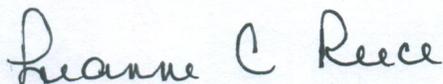
1. Use GFFB in excess of the operating reserve and BOC designations to fund the remaining debt service needs for FY 2012 and defer the use of SPLOST funds to FY 2013.
2. Use available 2011/2016 SPLOST funds and available GFFB for FY 2013 – 2017.
3. Include the remaining payoff of the 2007 GO Bond within the next SPLOST program.

- Merit adjustments – As previously mentioned, no merit increase was included within the FY 2012 budget. The following are three possible options for merit:
 1. 100% merit – This option adds the merit to the employees’ base salaries and will impact current and future years. Assuming an effective date of January 1, 2012, the total impact for FY 2012 will be \$365,507, with \$288,964 impacting the General Fund.
 2. 50% merit and 50% performance pay – This option adds 50% of the funds to the employees’ base salaries and 50% to be paid in a lump sum. Only the portion added to the base salaries will impact current and future years. Assuming an effective date of January 1, 2012, the total impact for FY 2012 will be \$182,753, with \$144,483 impacting the General Fund. The performance pay would be funded from fund balance and would not affect the current year’s or future years’ budgets.
 3. 100% performance pay – This option provides a lump sum payment that has no impact on the current year’s or future years’ budgets. The total payment is \$731,013, with \$577,929 coming from the General Fund.

- Street Lights assessment – In April 2009, the internal auditors evaluated the current fee structure of the assessment included on the property tax bills to fund operations of the Street Lights Fund as well as disbursements made from this fund. Based on this review, staff determined that revenues received do not cover the expenses incurred and, therefore, the rate should be increased from \$43 to \$54 effective with the 2009 property tax assessments. On June 15, 2010, the BOC voted to further increase the rate to \$57 effective with the 2010 property tax assessments. On May 3, 2011, the BOC voted to further increase the rate to \$60 effective with the 2011 property tax assessments.

The process of preparing, recommending, and adopting a balanced budget is always a challenging task for staff and Elected Officials. Your support and direction throughout the budget process are greatly appreciated. All involved continue to strive to maintain current service levels for our citizens during these tough economic times without increasing costs.

Respectfully submitted,



Leanne C. Reece, CPA
Director of Financial Services

INTRODUCTION

The budget document is divided into three sections:

- Introduction - contains the budget message, budget calendar, financial policies and procedures, and financial summaries of revenues and expenditures/expenses for all funds.
- Revenues - provides a history of the various funds and an analysis which explains the revenue projections for the General Fund.
- Departmental Budgets – includes the on-going expenditures/expenses of departments, including personnel, other operating, and capital.

PROFILE OF THE GOVERNMENT

Columbia County, established in 1790 and named in honor of Christopher Columbus, is located in the Central Savannah River Area of Georgia approximately 135 miles east of Atlanta and five miles northwest of Augusta/Richmond County. The 290 square mile county is bounded on the north by Thurmond Lake and the Savannah River (separating Columbia County from Lincoln County, Georgia, and McCormick and Edgefield Counties, South Carolina), on the south and east by Augusta/Richmond County, and on the west by McDuffie County.

A five-member Board of Commission governs Columbia County. The Board is comprised of one chairman, elected county wide, and four commissioners, each elected from a separate commission district serving four year staggered terms. A County Administrator, who is appointed by and responsible to the Board, directs the daily operation of the County. Services provided to the approximately 120,000 residents include: public safety (Sheriff's Office, detention center, E911, fire), emergency services, community services, public works, planning and development, and other general governmental services. The County also provides water, sewer, and storm water services to the public.

THE BUDGET PROCESS

The County's fiscal year (FY) is July 1 – June 30. Preparation of the annual budget begins with each department and constitutional office being provided a budget preparation package. This package includes a message from the Chairman of the Board of Commission, the proposed budget calendar, and specific account information necessary to complete the budget requests.

The Annual Budget is a fiscal plan that presents the services that will be provided to the community and the funds needed to perform these services. The type of service and the level of service will be defined by the use of program objectives and citizen requests, which are further evaluated with the use of performance measures. The County Administrator is responsible for formulating the fiscal plan and presenting it to the Board of Commissioners for approval and adoption.

The public hearings/meetings held throughout the budget process are considered to be an essential part of the budget process as they are designed to solicit feedback from citizens on County operations and services. Please refer to the budget calendar included within this introduction for a list of all public meetings that were held.

The legal level of budgetary control is the department level. Unexpended appropriations at the end of the fiscal year shall lapse into the fund balance. Those amounts cannot be spent unless re-appropriated in the next fiscal year's budget. The operating budgets originally adopted may be amended throughout the year as presented below:

1. Transfers within departments, except salary line items, \$5,000 or less may be authorized by the Finance Director.
2. Transfers within departments, except salary line items, in excess of \$5,000 may be authorized by the County Administrator.
3. Transfers between departments or funds shall be by authority of the Board.
4. Increase or decrease in the total fund appropriation shall be by authority of the Board.
5. Increase or decrease in salary appropriation within any department shall be by authority of the Board.
6. Appropriation of fund balances in excess of established reserve requirements shall be by authority of the Board.
7. Items 3 - 7 above must be reviewed by the Management and Financial Services Committee.

The adopted budget will be available at the County Administrator's Office, the Finance Office, and on the County's website at www.columbiacountyga.gov.

FY 2011/2012 Proposed Budget Calendar

Tuesday	1/25/2011	Chairman's/BOC's Budget Message – 9:00 AM Auditorium (following regular Committee Meetings)
Thursday	2/17/2011	Personnel requests submitted to Human Resources
Thursday	2/24/2011	Operational and capital requests due to Finance Director; all budget requests must be input into computer
Thursday	3/03/2011	Budget package due from Finance Director to County Administrator
Wednesday	3/9/2011	BOC Staff work-session – 9:00 AM BOC conference room
Thursday	3/10/2011	Elected Officials work-session – 9:00 AM BOC conference room
Tuesday	3/22/2011	Joint <i>Budget</i> Committee Meeting - 9:00 AM Auditorium (or immediately following regular Committee Meetings)
Friday	4/08/2011	Newspaper advertisement of Budget Public Hearing
Tuesday	5/03/2011	Budget Public Hearing at 5:30 PM prior to BOC meeting
Tuesday	5/10/2011	Joint <i>Budget</i> Committee Meeting - 9:00 AM Auditorium (or immediately following regular Committee Meetings)
Friday	5/13/2011	Newspaper advertisement of proposed budget
Wednesday	5/25/2011	BOC Work-session – 8:30 AM BOC conference room
Tuesday	6/07/2011	Budget Adoption - BOC Meeting - 6:00 PM

Note: Dates and times subject to change.

BUDGET PRESENTATION

As a means of tracking and accounting for money, the operations of the County are divided into funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Funds focus on the activities of the individual parts of the County government. Money comes into a fund from a variety of sources and is then used to provide services to the public. Within funds are functions (i.e., General Government, Judicial, Public Safety, Recreation) and within functions are departments. Each of these departments facilitates the tracking of costs and effectiveness of services provided to the public. Within departments are accounts or line items. These are the basic units of measurement in the budget and make it possible to determine costs of specific programs.

By law, the budget for each fund must be balanced. In other words, budgeted revenues must equal budgeted expenditures. The County cannot plan to spend more than it will receive. The

County has multiple funds, the largest being the General Fund which accounts for most services. The County adopts annual budgets for all funds except capital projects funds and trust and agency funds. The following is a list of the County's fund types and an explanation of the purpose for each individual fund.

The County reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the County. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, local option sales taxes, and various other taxes and licenses. The primary expenditures are for general government, the judicial system, public safety, and street maintenance and improvements.

Special Local Option Sales Tax Fund 2006-2010 – This Capital Projects Fund accounts for the property acquisition and construction of projects designated to be funded by revenue from the special purpose local option sales tax collected during 2006 through 2010.

2009 Capital Improvements Projects Fund – This Capital Projects Fund accounts for the property acquisition and construction of projects to be funded with proceeds received from the issuance of the 2009 General Obligation Bonds and revenue from the 2011/2016 SPLOST.

The County reports the following nonmajor governmental funds:

Building Standards Fund - to account for building permits and inspection fees.

Library Board Fund - to account for the activity of the Columbia County Library Board.

Recreation Advisory Board Fund - to account for various projects sponsored by the Recreation Advisory Board to raise funds for recreation equipment.

Street Lights Fund - to account for the street light assessments used for maintenance of street lights in certain subdivisions.

911 Fund - to account for the 911 fees assessed on landline and cellular telephones used for the maintenance and operations of the 911 service.

Drug Court Fund - to account for grants, donations, and participant fees associated with drug testing, counseling, and treatment services for substance abuse intervention.

Drug Abuse Treatment Fund - to account for fines charged by the County to be used for drug abuse treatment and prevention.

Supplemental Juvenile Services Fund - to account for fines charged to juvenile offenders to be used for juvenile services.

Jail Fund - to account for fines charged by the County to be used for jail improvements.

Federal Asset Sharing Fund - to account for assets seized or confiscated by federal courts.

State Condemnation Fund - to account for assets seized or confiscated by state courts.

Community Center Operations Fund - to account for the activities of the Columbia County community centers.

Lodging Tax Fund - to account for hotel/motel tax collections, pursuant to OCGA 48-13-50 et seq.

Multiple Grant Fund - to account for all grants not meeting the 2% materiality test (projected expenditures do not exceed 2% of the General Fund's budgeted total operating expenditures), and not used to finance General Fund operations.

Fire Services Fund - to account for taxes collected in special service districts within the unincorporated area for the purpose of providing fire services.

Sheriff's Gift/Donations Fund - to account for funds donated to the Sheriff's office from external persons or entities.

Insurance Premium Tax Fund - to account for services funded by insurance premium taxes, pursuant to OCGA 33-8-8.3 et seq.

Community Events Fund - to account for special events funded by sponsor fees and ticket sales.

Georgia Superior Court Clerks' Cooperative Authority Fund - to account for funds mandated to be used to administer a statewide index for real estate and personal property records, pursuant to OCGA 15-6-94.

Law Library Fund - to account for the activity of the Columbia County Law Library.

Special Local Option Sales Tax Fund 1996-2000 - to account for the property acquisition and construction of projects designated to be funded by revenue from the special purpose local option sales tax collected during 1996 through 2000.

Special Local Option Sales Tax Fund 2001-2005 - to account for the property acquisition and construction of projects designated to be funded by revenue from the special purpose local option sales tax collected during 2001 through 2005.

2004 General Obligation Bond Fund - to account for the property acquisition and construction of projects funded with proceeds received from the issuance of the 2004 General Obligation Bonds.

2007 General Obligation Bond Fund – This Capital Projects Fund accounts for the property acquisition and construction of projects to be funded with proceeds received from the issuance of the 2007B Various Purpose General Obligation Bonds.

Debt Service Fund - 2007 General Obligation Bond - to account for property tax funds designated to be used for principal and interest payments on governmental fund debt, specifically the 2007 General Obligation Bonds.

Debt Service Fund – 2009 General Obligation Bond - to account for special purpose local option sales tax funds designated to be used for principal and interest payments on governmental fund debt, specifically the 2009 General Obligation Bonds.

The County reports the following major enterprise funds:

Water and Sewerage Fund - to account for water and sewer operations as well as construction and maintenance of water and sewerage projects.

Storm Water Utility Fund – to account for the cost of providing storm water management services and maintaining and improving the County’s storm water infrastructure.

Columbia County Broadband Utility - to account for the construction and operation of the Broadband Utility.

The County reports the following nonmajor enterprise fund:

Solid Waste Management Fund - to account for the cost of operating and maintaining the landfill facility.

Additionally, the County reports the following fund types:

Internal Service Funds - Internal Service Funds are used to account for the operations that provide services to other departments or agencies of the government on a cost-reimbursement basis. The County has four internal service funds:

Employee Medical Fund - to account for employer and employee contributions to the County’s medical plan.

Risk Management Fund - to account for the County’s risk management program.

Customer Service/Information Center Fund - to account for operations of the County's customer service/information center.

Fleet Replacement Fund – to account for the County's vehicle/equipment replacement program.

BASIS OF ACCOUNTING AND BUDGETING

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general fund, special revenue funds, and debt service funds. The County adopts a project length budget for each capital project fund.

Beginning with fiscal year 2003, the County follows Statement No. 34 of the Governmental Accounting Standards Board. This statement substantially changes the financial reporting model for governments. In addition to the fund financial statements, government wide statements (including all funds) are presented on the full accrual basis of accounting along with reconciliation to the fund financial statements. The individual funds, however, will continue to be maintained on the traditional basis of accounting depending on the fund type.

Governmental funds are maintained on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when they become measurable and available to pay liabilities of the current period. Revenues not considered available are recorded as deferred revenues. Expenditures are recorded when the liability is incurred. The focus of accounting is on current financial resources.

Proprietary funds (enterprise funds and internal service funds) are maintained using the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time goods or services have been received. The focus of accounting for these funds is on determination of income.