



Citizens of Cusseta-Chattoohoochee County:

I am pleased to present to you the Fiscal Year (FY) 2021 Chattoohoochee County Operating Budget, as adopted by the Chattoohoochee County Commission on June 2, 2021. The FY 2021 budget is balanced and accomplishes the following objectives:

- **Limit financial impact on taxpayers.** This year's budget includes an operating millage rate at the same rate as last year's budget, 8.66 mills. The County continues to strive to maintain a consistent level of taxation for our residents and businesses. The majority of the sustained millage rate is related to the development of a five-year plan to fund the County's capital costs and by utilizing reimbursements from the Hotel Motel Excise Tax and the proceeds from SPLOST and TSPLOST.
- **Sustainability of County services while maintaining County's fiscal health.** As the County enters FY 2021, the County maintains a strong bond rating. This budget is not balanced by drawing down one-time reserves, thus avoiding the creation of a structural imbalance that would make it more difficult to meet our fiscal needs in future years. This budget follows the County's financial policies, which include maintaining the reserve funds, maintaining fund balance levels, and performing five-year financial forecasts for the County's major funds.

Thriving business development and increasing tourism are crucial to maintaining Chattoohoochee County's financial health. The Board of Commission approved an increase in the amount collected by the Hotel Motel Excise Tax from 5% to 8% to enhance and promote tourism in the County. The Board of Commission is increasing efforts to support economic development in the area through the approval of funding to begin exploring the addition of a sewer system to serve the commercial area around the intersection of Hwy. 520 and Hwy. 27, and by reinvigorating the Industrial Development Authority with new appointees and better focus. These improvements and expansions set the stage for the FY 2021 budget.

## **THE BUDGET IN BRIEF**

Each budget has its own unique challenges, but the common thread in each year's budget process is to ensure that the County exercises fiscal responsibility with the taxpayers' dollars and does so with a long-range outlook beyond the single budget year horizon. Early in the budget process, the County reviewed projected appraised property value, Chattoohoochee County and national economic indicators, actual FY 2019 receipts, and FY 2020 year-to-date collection trends to project the amount of revenues available for FY 2021. From this process, a target budget was

determined for each office/department. After receiving budget requests from all offices and departments, staff realized that the requests far exceeded budget targets and available funds. The following three-pronged approach was utilized to reduce budget requests by \$2 million to match available revenue:

- Tighten the overall budget
- Utilize funds from outside of the General Fund
- Defer maintenance on some facilities

Tightening the proverbial belt is anticipated to challenge offices and departments to work within their budgets, while assuming some additional risk, and reduce the flexibility to address unplanned costs.

Revenues and other sources for all operating funds are predicted at a total of \$3 million for FY 2021, a decrease of \$340,000 over the previous fiscal year. Property tax revenues have remained consistent in the General Fund, however, an anticipated decrease in consumer spending accounts for the decrease of \$340,000 in the Local Option Sales Tax (a 1% tax).

Expenditures and other uses for all operating funds total \$3,446,017.00 for FY 2021, a 3% decrease from the previous year. The largest portion of the decrease is directly contributed to the effort to tighten the overall budget in response to the potential economic impact of COVID-19 on the County. By reallocating existing sources, the County was able to fund inflationary costs while offsetting any economic downturn as a result of the COVID-19 pandemic.

The beginning fund balance for all operating funds for FY 2021 is projected at \$6 million. The General Fund's beginning fund balance is \$2 million which represents several different components. An amount is maintained according to a County financial policy that is equal to two months of recurring disbursements. For FY 2021, the fund balance for all other funds is anticipated to decrease approximately 3% to cover transitional gaps between revenues and expenditures and for pay-as-you-go capital equipment and other one-time purposes.

## **LOOKING AHEAD – CHALLENGES IN FY 2021 AND BEYOND**

As the County looks forward to the future, there is some concern about the ability to sustain the services the County currently provides. The property tax base has remained consistent for the past 8 years and is not projected to grow over the next two years. Sales taxes are projected to decrease over the next two years, impacting the revenue generated from SPLOST and TSPLOST. Additionally, the effects of COVID-19 have, and will continue to impact the revenue generated from the Hotel Motel Excise Tax. Expenditures are anticipated to increase at 3% for compensation and benefit costs and 2% for inflationary increases and smaller programmatic initiatives. The County will strive to continue budgeting the taxpayers' dollars in a responsible and respectful manner. As staff prepared the long-range plans for each of the funds, we carefully ensured that all expected costs were included.

By using sound long-term financial planning, the County is better positioned to remain stable following the financial shock of natural calamities and economic downturns, while providing excellent service to citizens and maintaining the workforce.

**Budget Decisions Made During the FY 2021 Budget Process** – The FY 2021 budget includes several approaches to balance the budget. The current budget has little contingency available to address unplanned costs and forces staff to work within their budgets. In addition, the County is shifting costs outside of the General Fund; however, there is no guarantee that non-General Funds will continue to be available in the future. Finally, the County deferred some of the maintenance for the County’s facilities and infrastructure over the next five years, specifically within the Water Department. While great effort was made to carefully select what and where to defer maintenance, there is concern that more costly and extensive repairs will result from this decision. Balancing a budget with available resources often forces governments to make tough decisions, and the decisions of today have the potential of causing problems in the future. As we enter the new fiscal year, staff will continue to efficiently and effectively monitor the County’s fiscal health and make decisions that best align with the needs of the great citizens of Chattahoochee County.

## **CONCLUSION**

The FY 2021 Chattahoochee County Operating Budget meets the County’s budget objectives and addresses issues that face the County. As the County enters a new year and looks forward to future years, we will continue to strive to efficiently and effectively meet the needs of Chattahoochee County’s citizens.

Respectfully submitted,



Laura Lee Bernstein

Unified Government of Cusseta-Chattahoochee County Manager