

11/11/09 Update on County Issues

Budget Issues and Financial Concerns for 2010

Anyone that watches or reads the news knows that not only Jasper County, but the State of Georgia, US Government and the entire world is experiencing economic woes. **Nearly every state and local government has come through a year of budget trauma and service cutbacks.** Even so, we are most concerned about what is happening in our own backyards.

You have an opportunity to attend 2010 budget hearings for Jasper County and get an overall view of financial and budget areas that will affect the county. **The BOC will have a work session on the 2010 budget starting at 4:00PM, November 16th.**

Hopefully, citizens and department heads will attend to give the BOC input on what is most important and ideas on what can be cut. **Approximately 70% of all county revenues come from the property owners in this county. Property owners should have much say-so about what services they want and how much tax they are willing to pay.**

The BOC is going to have to make hard choices between living within a budget with lower projected revenues or raising taxes for the services currently provided. We will also have to live with what the General Assembly does—possibly passing laws that pass more costs on to local governments. According to information from the ACCG (Association of County Commissioners of Georgia), there is potential that the General Assembly will pass laws that will restrict the local governments' ability to manage their own budgets. **In my opinion, there are some programs that the County will just have to say no to because property owners are being taxed to the limit now.**

My concern over this entire year has been about cash flow. With a lack of financial oversight during the previous 3 years, the County spent funds meant for future years. We must now “make up” for this excess spending. **We have already borrowed \$1,000,000 as of October 31st.** The county spends an average of \$500,000 a month on vendor's bills and \$300,000 a month on payroll. We receive about \$150,000 a month in revenues other than property taxes. I am estimating that overall, our **cash flow** will be about \$2,000,000 short for 2009.

2009 taxes are now starting to come in. Based on the reports from the Tax Commissioner, the county has received approximately \$425,000 in 2009 property taxes as of 10/31/09. This is the revenue the county must use for 2010 expenditures!

Several months ago the BOC discussed putting this tax money in a separate account so we could see how far behind we were. The county can borrow \$1.5 million and that loan has to be paid by 12/31/09. Therefore, **the 2009 taxes will have to be used for this year's final expenditures as well as paying off the loan.** However, we should be able

to determine what will have to be done to get the county back on good financial footing by keeping the money separated.

What has to be done to maintain a positive cash flow?

- **We have to have consistent and efficient procedures.** This board has put many in place; however, the procedures must be firmly enforced. There are some that still try to bypass the process.
- **Cash flow has to be projected.** This was not done over the last 3 years and in fact revenues were not even considered or given to the BOC or compared to expenditures.
- **Actual monthly results have to reviewed by the BOC.** This is being done on a limited basis, but a good manager with a financial background is a must.
- **Communications with departments, elected officials, and employees have to simple, credible, and consistent.** Communication is a huge problem. In the recent past, there was little or no communication with staff and employees and the BOC by the County Manager. This kept everyone in the dark and led to rumors instead of facts. Memos as well as weekly department meetings is a must so everyone understands “where we are” financially and what they can do to help.

Maintaining a positive cash flow and reducing future borrowing will be a constant challenge to the BOC. The county can not continue to waste money, time, and resources. Inefficient operations must cease, and the BOC has to have the back bone to remove the cause of those inefficiencies. Projects have to be done right the first time and in the best possible way.

The State is expecting budget revenues of about \$ 2 Billion less than last year. Most likely there will be attempts to pass some of that burden to the counties. Foreclosures and lower property values will decrease the revenues received by Jasper County in 2010.

Lower revenues mean expenditures will have to be lower.

The BOC needs your suggestions and answers to these questions:

1. What services or entities that are funded now do you think could be cut back or not funded at all?
2. Are you willing to pay more taxes to keep the same level of services we have now?
3. Should the BOC cut the budget for each of the 3 years by 1/3 of the amount of the cash flow shortage (approx. \$700,000 per year) so at the end of this term the county will be back to paying as we go?
4. What suggestions do you have for downsizing government in Jasper County or saving money to keep taxes from rising?

Please send me your input before the next BOC if at all possible.

The above information is based on my view of the financial situation in Jasper County. It has not been approved or disapproved of by any other member of the Board of Commissioners.

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