



CITY OF THOMASVILLE

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# Public Hearing for Proposed Millage Rate

August 9 & 23, 2023  
September 6, 2023





## Timeline for Millage Rate Adoption

Wednesday, August 2nd	Advertisement 1
Wednesday, August 9 <sup>th</sup>	First hearing, 6:00 pm following regular Workshop session
Wednesday, August 16 <sup>th</sup>	Advertisement 2
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Monday, August 28 <sup>th</sup>	First reading of ordinance setting the proposed rate
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Monday, September 11 <sup>th</sup>	Second reading of ordinance setting the proposed rate

# Background Information

- A millage rate, or property tax, is generally used by most local governments to support a city's General Fund.
- In Thomasville, a millage rate was levied until 1998. At that time, a decision was made to start reducing the millage rate to zero mills.
- The last tax levied by the City of Thomasville was a fire tax collected in 2012.
- The City is the levying authority for the school tax, so all tax collected since 2012 has been for the school system. The City of Thomasville does not keep any of these funds.
- Since 2012, the City of Thomasville has relied on utilities funds to support the General Fund. This has primarily been the City's Electric Fund, which has not seen an increase since 2013.





CITY OF THOMASVILLE

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# FINANCIAL UPDATES

# Financial Update

## **Objectives:**

- Long-term Financial Planning Update
- Current Financial Position

# Long-Term Planning Update

- Hire a Financial Advisor, Davenport & Company - **Completed**
- Adopt Financial and Investment Policies – **Completed**
  - Established General Fund Reserve Goal of 25% of Revenues – In Progress**
- Develop city-wide fee schedule for Council's approval – **Completed**
- Establish assessments throughout the organization to identify needs and forecast upcoming expenses – **Completed**
- Provided updated list of capital/SPLOST projects from all departments with the intentions for Council to prioritize– **Ongoing**
- Each year at the Annual Council Retreat, this listing of priorities and goals will be updated per Council's direction– **Ongoing**
- The chosen projects will be identified, and potential debt financing needs will be developed– **In Progress**

# Types of City Funds

## Governmental Funds

- General Fund
  - Administration
  - Public Safety
  - Highways and Streets
  - Economic Development
  - Culture and Recreation
- Parks and Recreation
- ARPA
- SPLOST
- CHIP
- CDBG

## Authority Funds

- Payroll Development Authority
- Downtown Development Authority
- Land Bank Authority
- Destination Thomasville Tourism Authority

## Enterprise Funds

- Utilities
- Solid Waste
- Broadband
- Airport
- Golf Course
- Special Facilities
- Landfill



**What is our current financial position?**

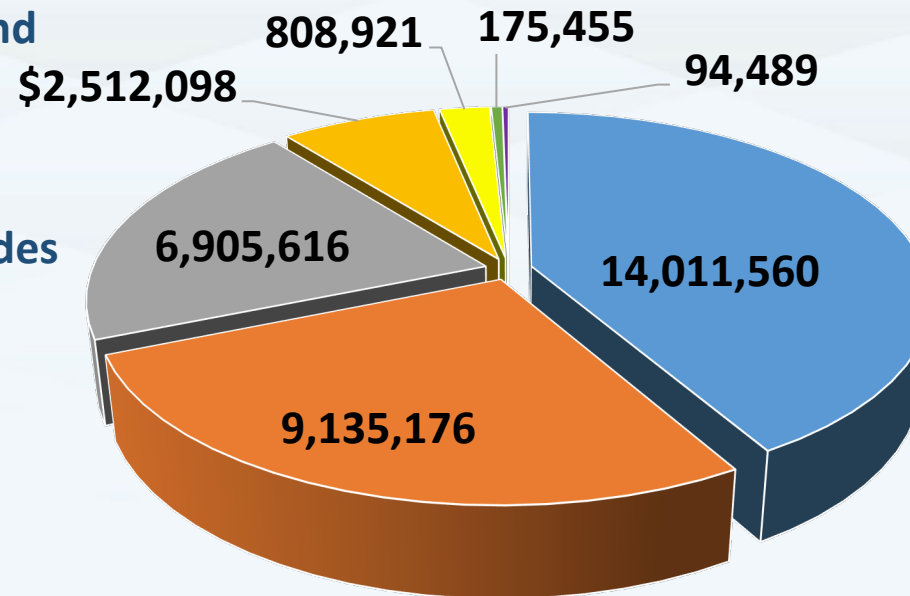




# Current Position

## Revenues from Governmental Funds

- Transfers In From Electric & Broadband
- General Revenues (Includes LOST)
- Capital Grants & Contributions (Includes SPLOST)
- Charges for Services
- Operating Grants and Contributions
- Other Miscellaneous Revenues
- Investment Earnings



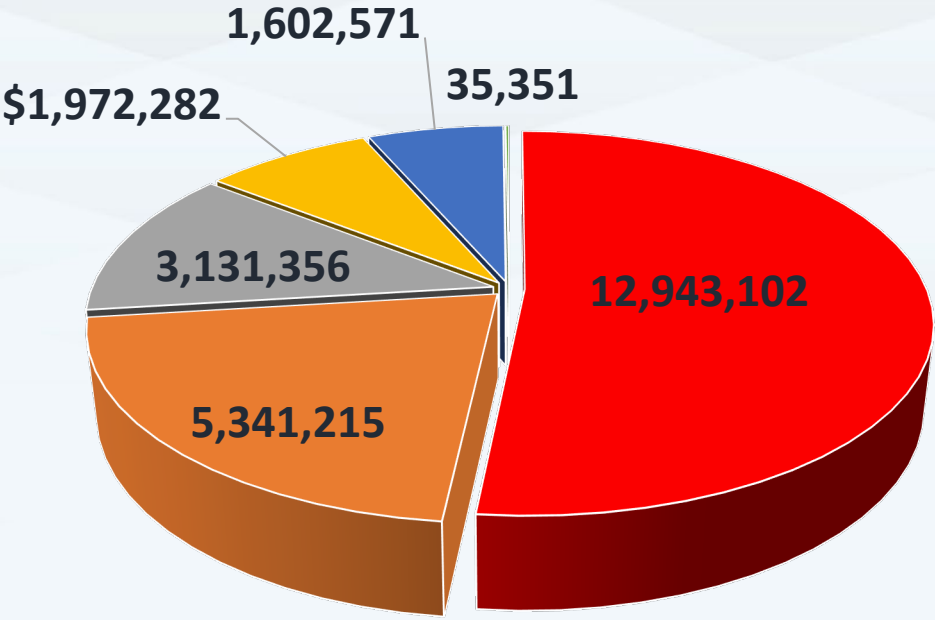
**Total Revenues - \$33,643,315**

# Current Position

## Expenses from Governmental Funds



- Public Safety
- Highways and Streets
- Housing and Economic Development
- Administrative
- Culture and Recreation
- Interest on Long Term Debt



**Total Expenses - \$25,025,877**

\*2022 Audited Financials

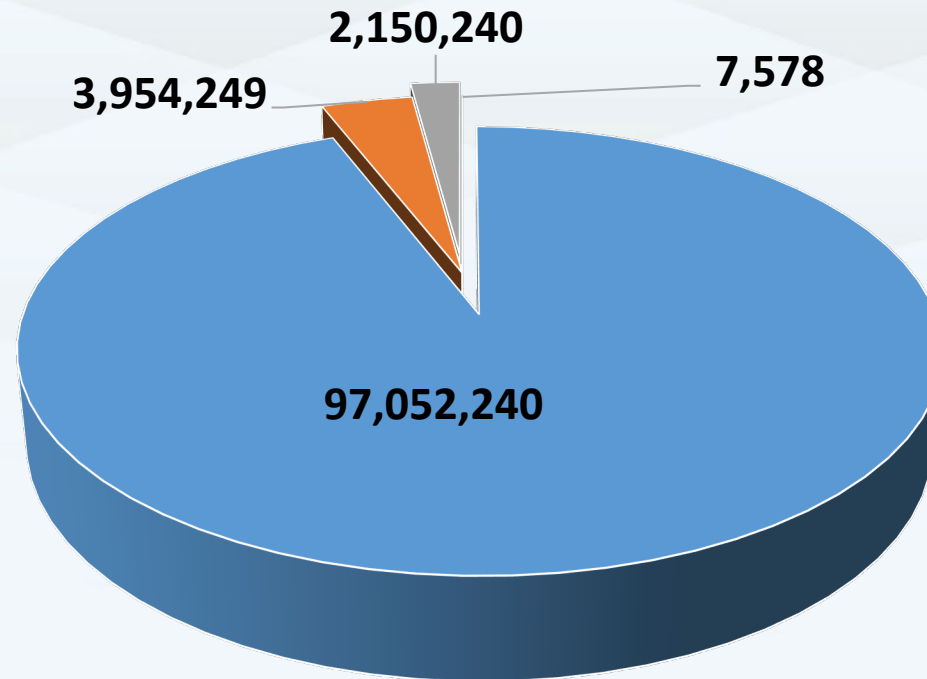


# Current Position

## Revenues from Enterprise Funds

### Top Revenue Sources

1. Electric
2. Water & Sewer
3. Solid Waste



- Charges for Services
- Other Revenue
- Investment Earnings
- Gain on Sale of Capital Assets

### Earnings Needed for:

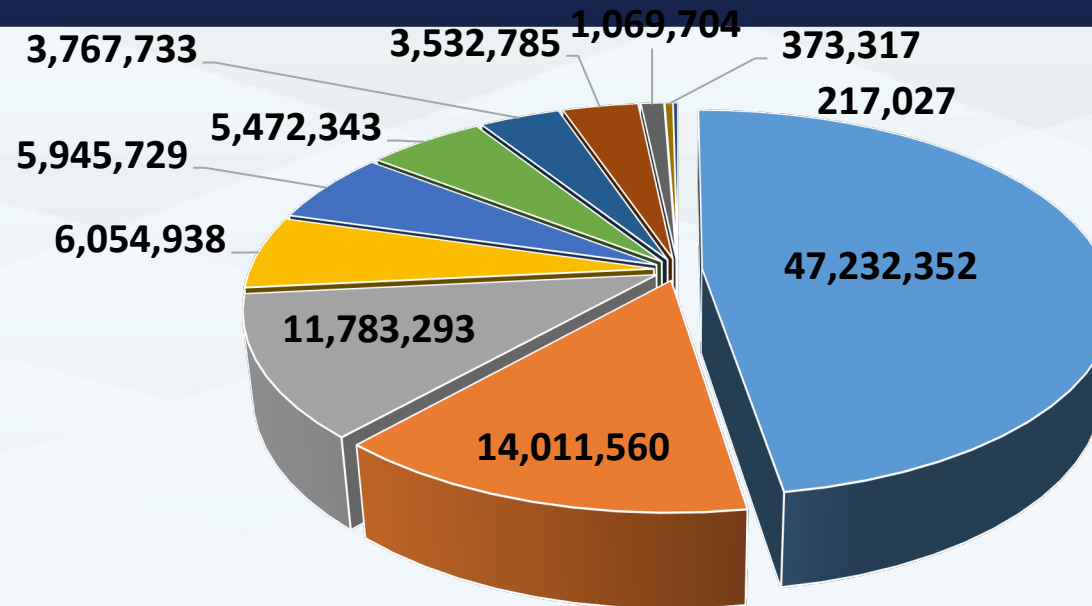
1. Capital
2. Reserves
3. Debt

**Total Revenues - \$103,398,702**



# Current Position

## Expenses from Enterprise Funds



- Electric
- Water and Sewer
- Sanitation
- Landfill
- Golf Course
- Transfers to General Government
- Broadband Funds
- Natural Gas
- Airport
- Auditorium

**Total Expenses - \$99,460,781**

# Financial Position

## S&P Credit Rating

Category	Definition
AAA	The obligor's capacity to meet its financial commitments on the obligation is extremely strong.
AA	The obligor's capacity to meet its financial commitments on the obligation is very strong.
A	An obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitments on the obligation is still strong.
BBB	An obligation rated 'BBB' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to weaken the obligor's capacity to meet its financial commitments on the obligation.
BB, B, CCC, CC and C	Regarded as having significant speculative characteristics. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposure to adverse conditions.

\*Ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the rating categories.

# Financial Position

## S&P Credit Rating

**A**

An obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitments on the obligation is still strong.

### **2017 Rating:**

Weak Economy

Adequate management

Very weak budgetary performance

Very weak budgetary flexibility

Very strong liquidity

Very strong debt and contingent liability position

Very strong institutional framework score

### **2022 Rating:**

***Strong Local Economy***

***Strong Management***

***Strong Budgetary Performance***

***Strong Budgetary Flexibility***

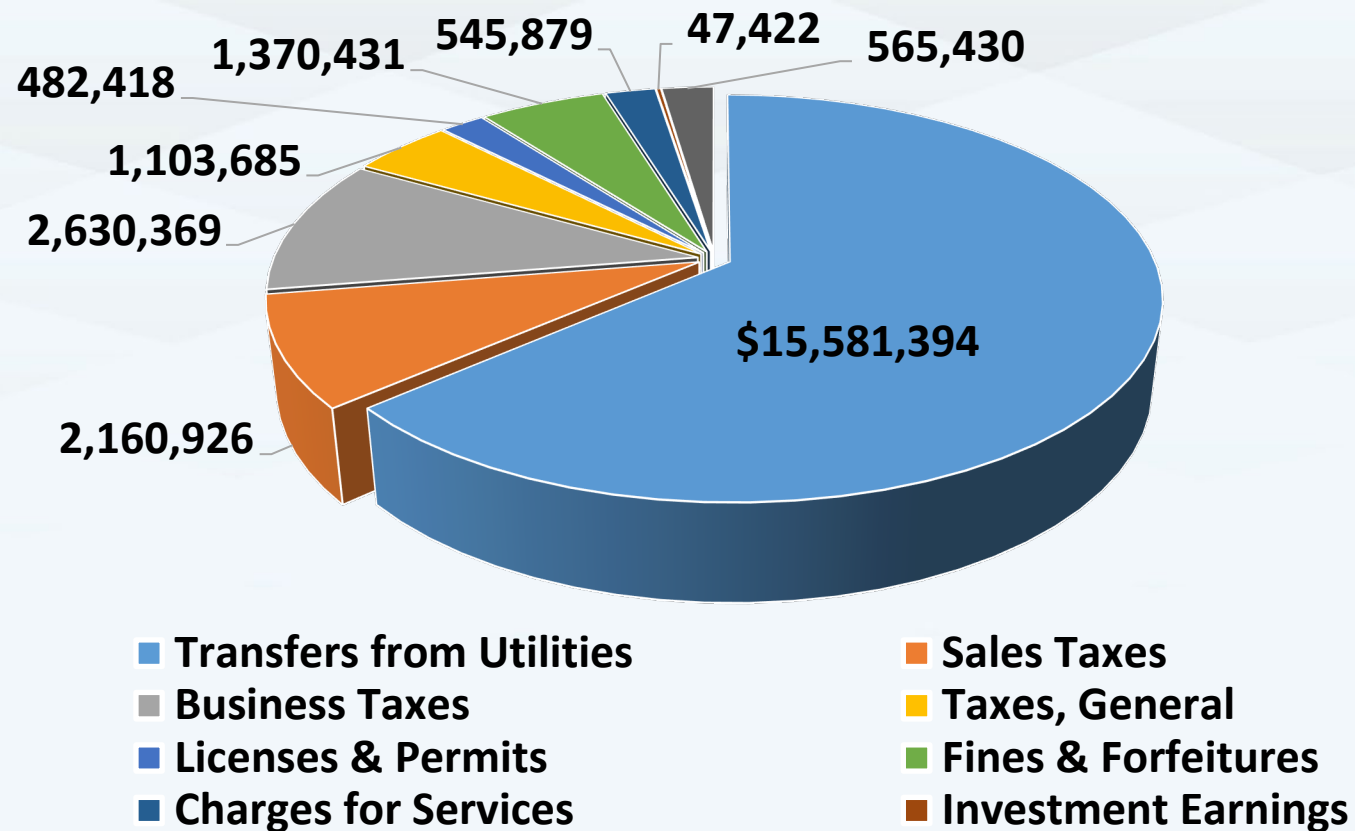
Very strong liquidity

Very strong debt and contingent liability position

Very strong institutional framework score

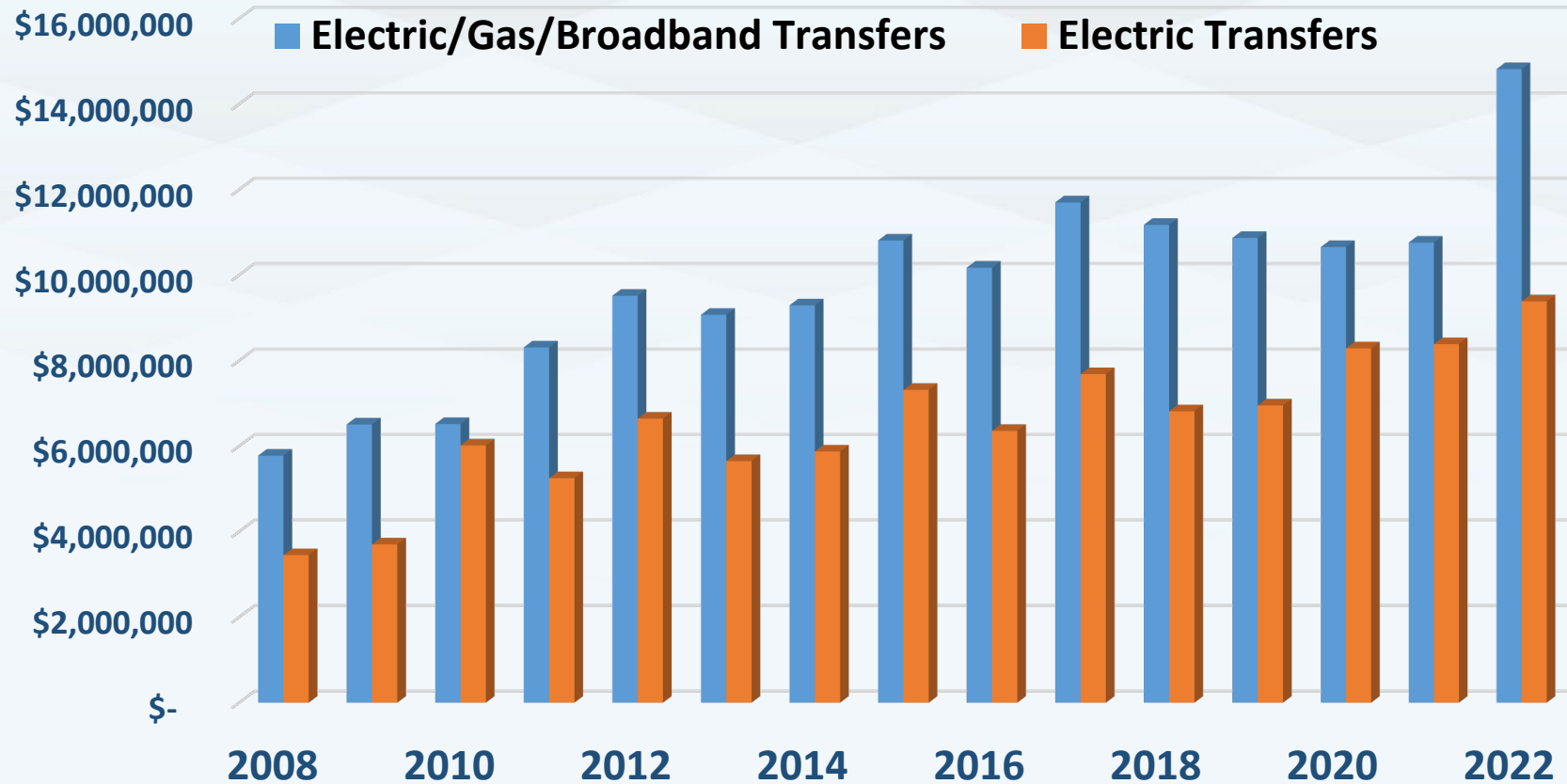


# General Fund Revenues



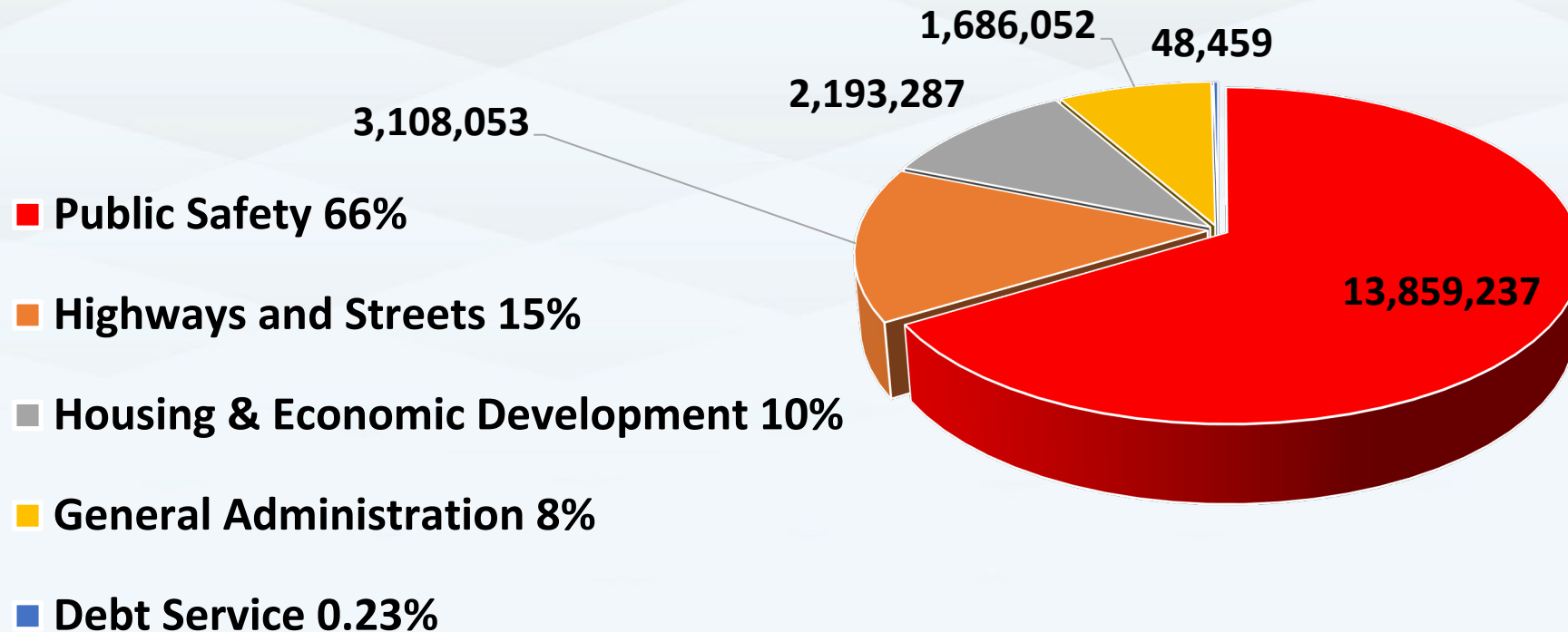
**Total Revenues - \$24,487,954**

# Transfers to General Fund



\*Data from 2008 – 2022 Comprehensive Annual Financial Reports

# General Fund Expenditures

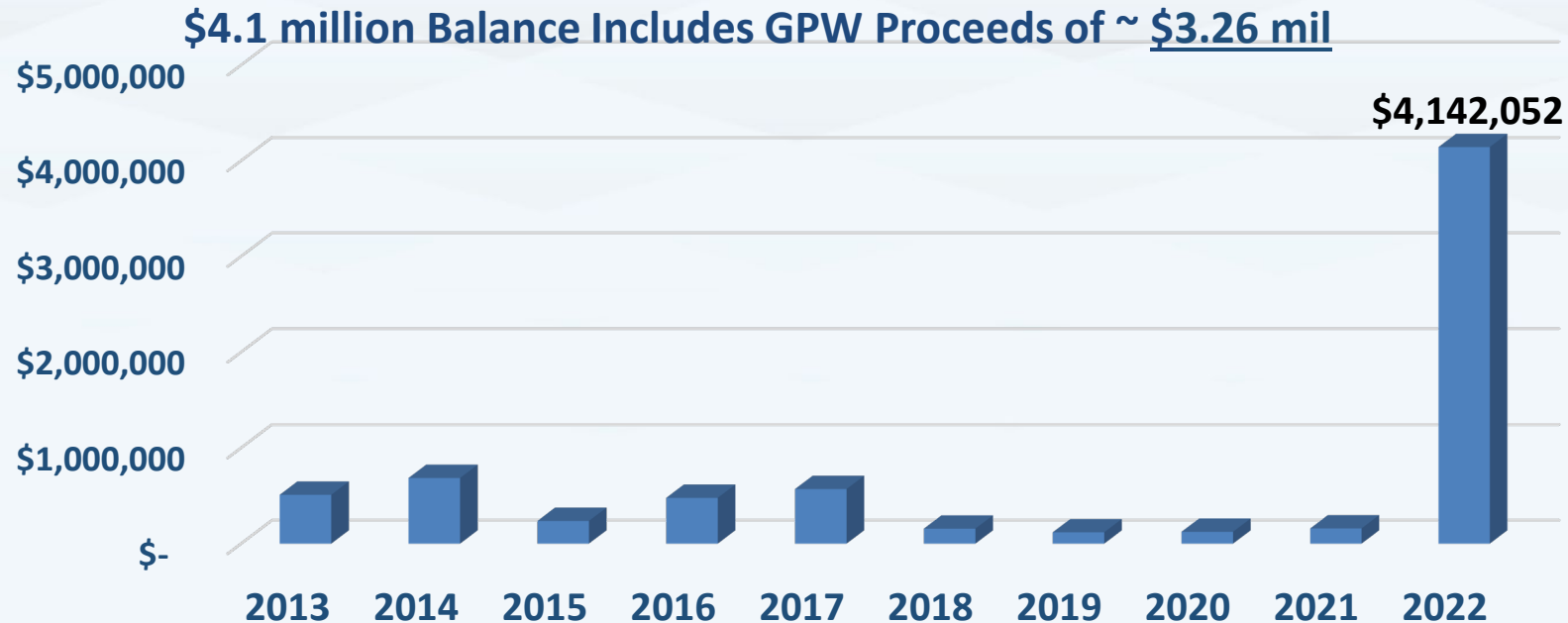


**Total Expenditures - \$20,895,088**

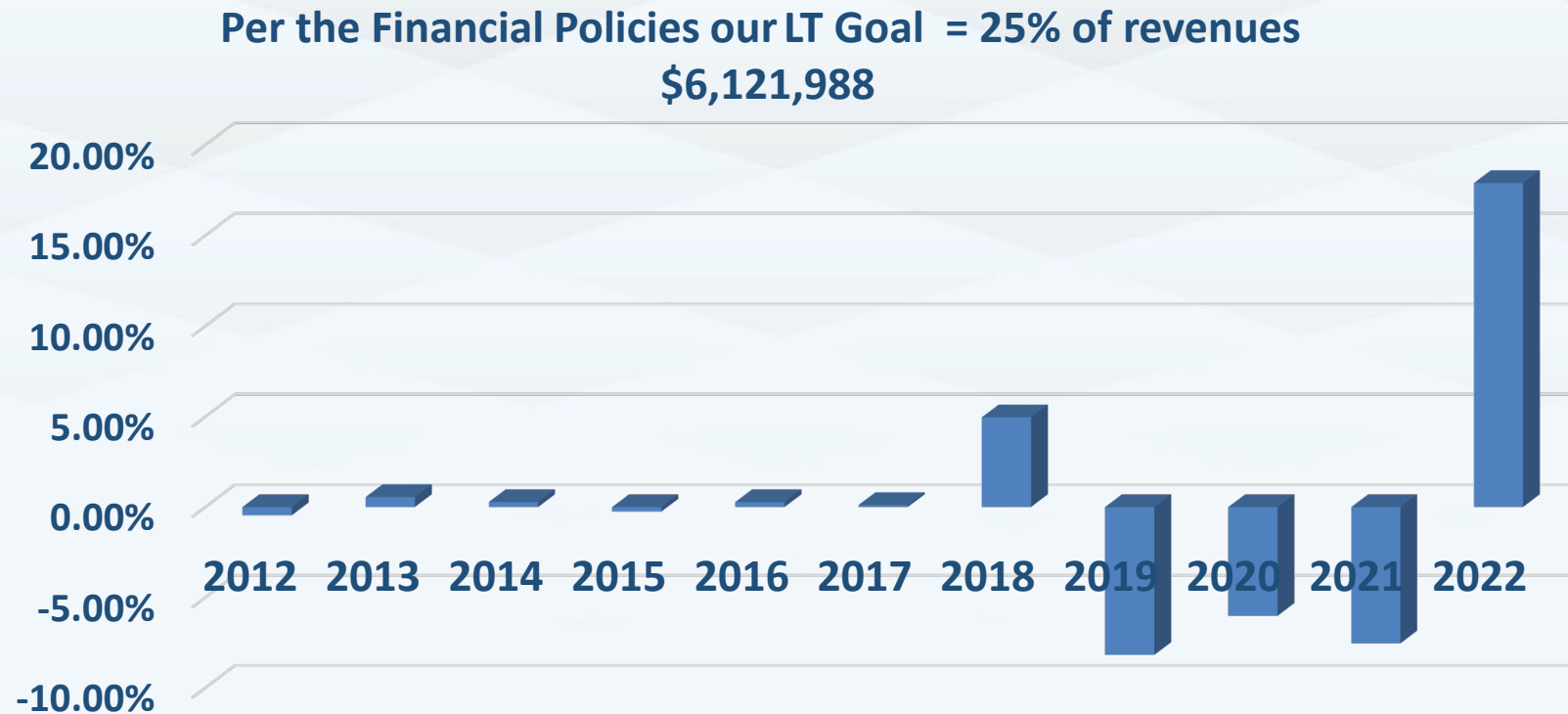


# General Fund Unrestricted Cash/Investments

Total Expenditures - \$20,895,088  
Goal: Minimum of \$5,223,772  
(3 months of annual expenditures)



# General Fund's Unassigned Fund Balance % of Revenues

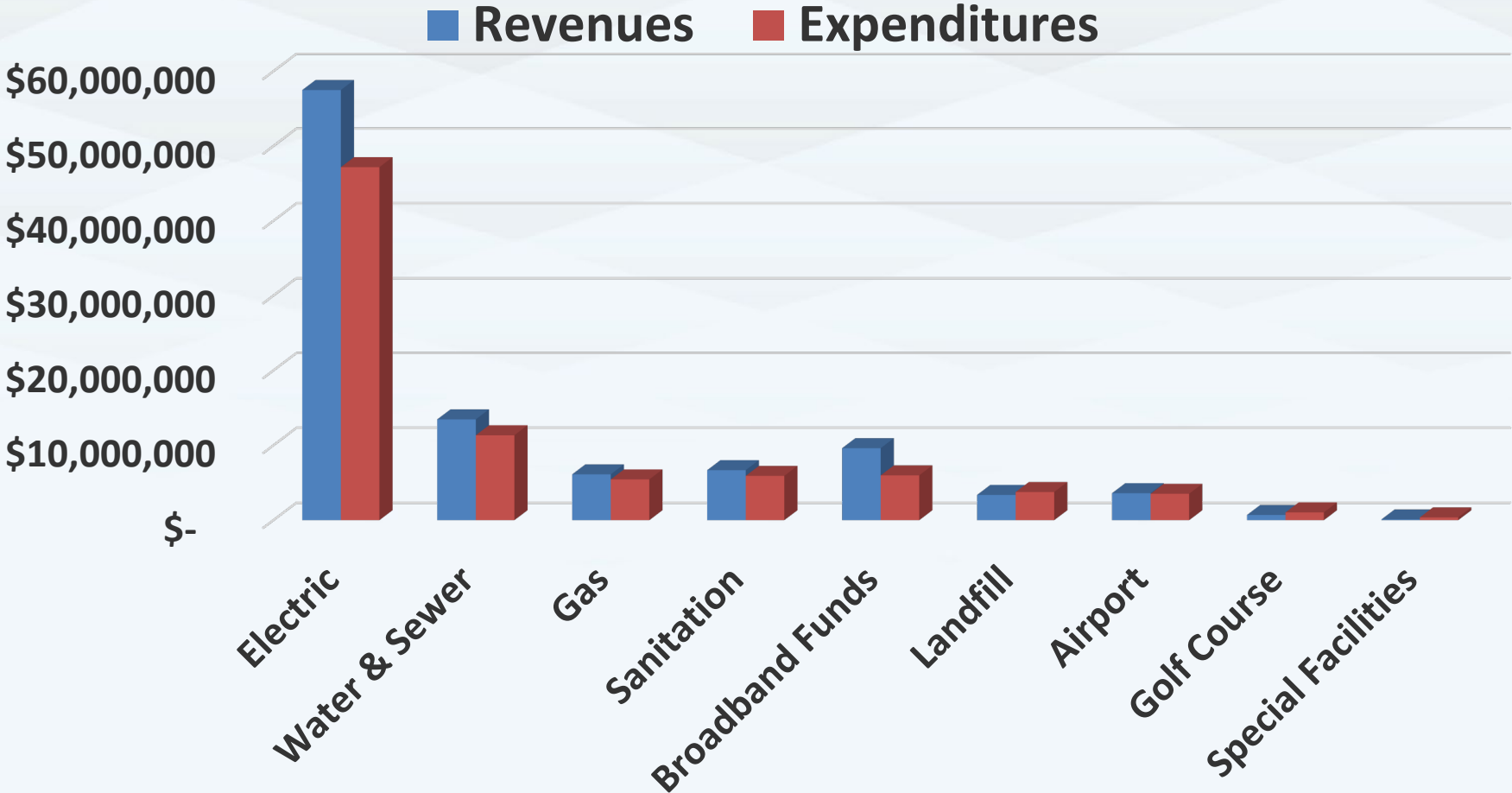


**\*Drastic change after 2018 is due to Audit Adjustment and Restatement**



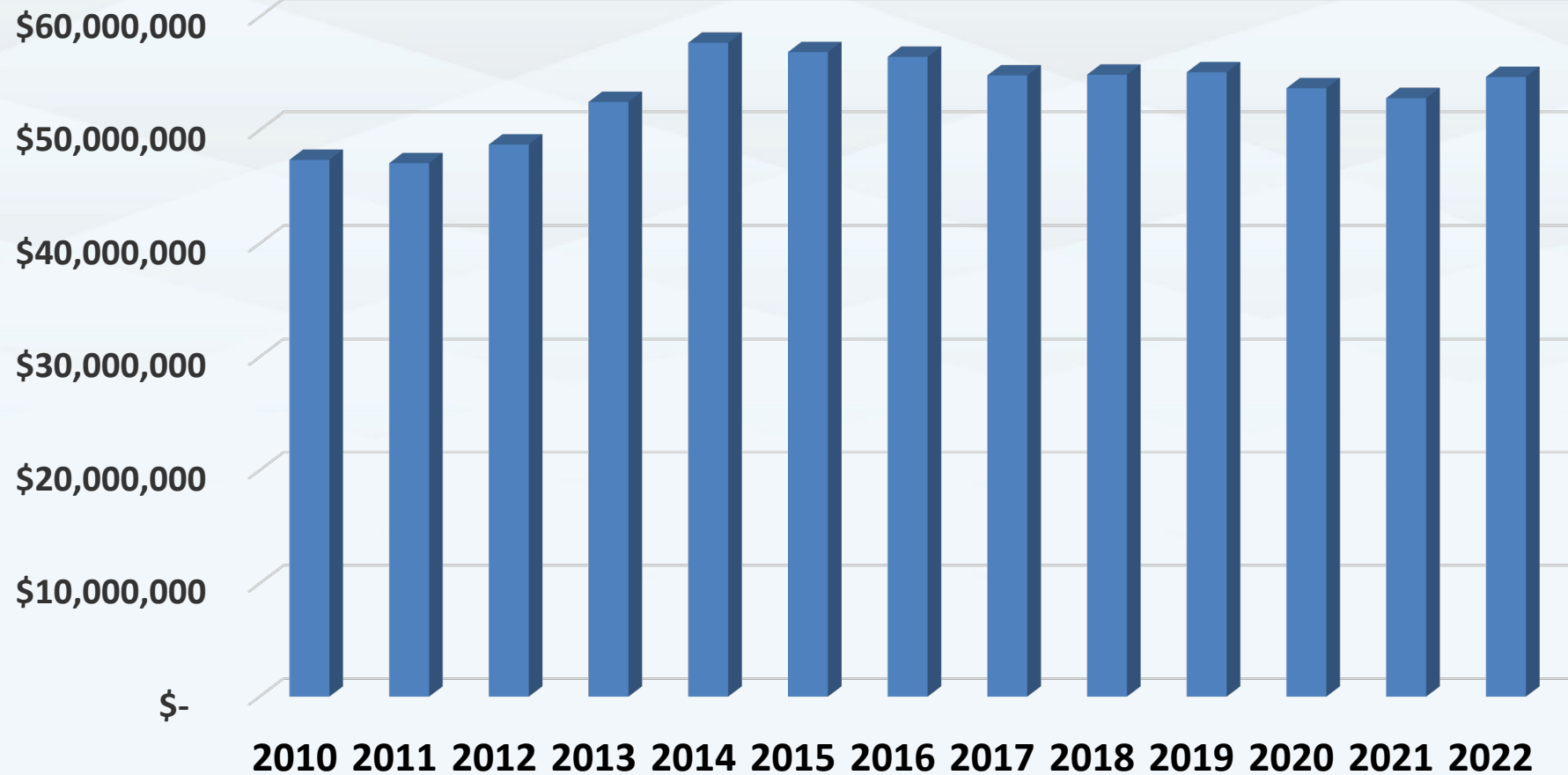
# **What about the Enterprise Funds' Current Financial Position?**

# Enterprise Revenues & Expenditures



\*Data from 2022 Comprehensive Annual Financial Report

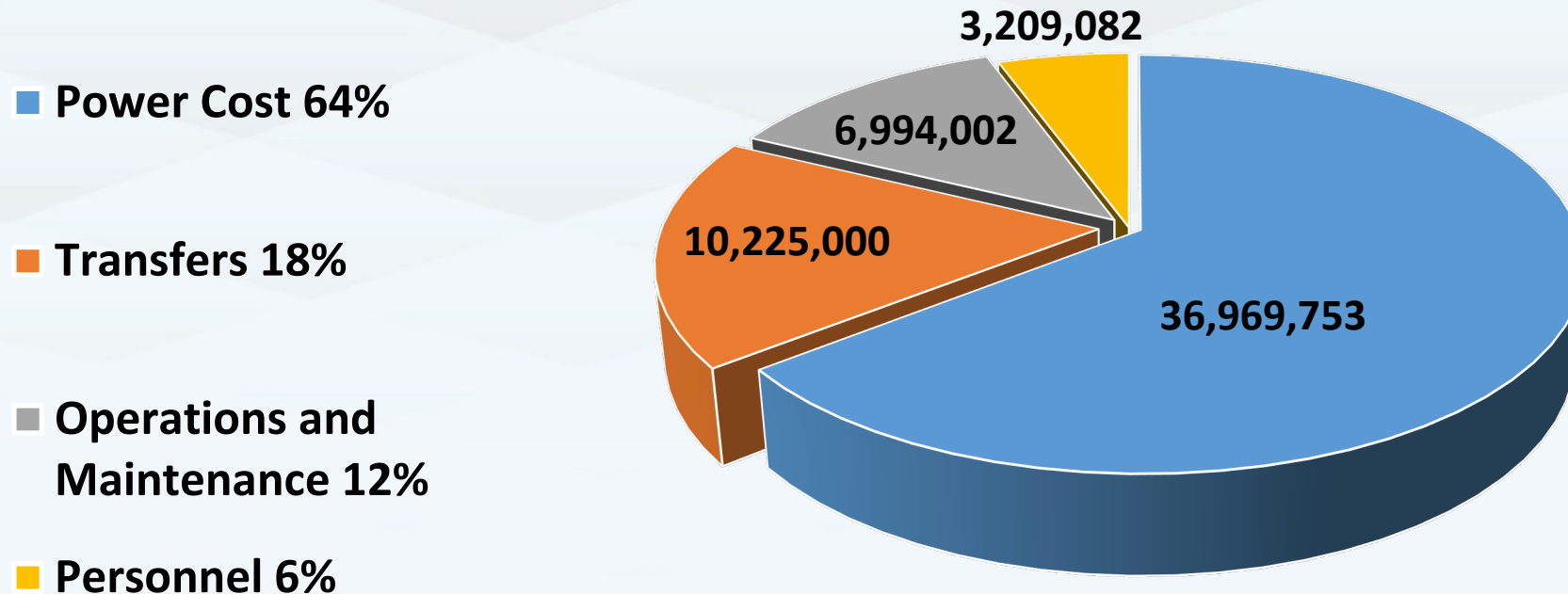
# History of Electric Sales



\*Data from 2010 – 2022 Comprehensive Annual Financial Reports



# Electric's Fixed and Variable Costs



**Total Expenses - \$57,397,837**

\*Data from 2022 Comprehensive Annual Financial Report



# What is a Property Tax?

# Ad Valorem Tax

Also known as Property Tax

- ✓ Tax that is imposed on the value of property, real or personal.
- ✓ Digest – an official listing of all property owners, along with the assessed value of the property they own, and the taxes levied on this property. The net digest determines your tax base.

# Ad Valorem Tax

Also known as Property Tax

- ✓ All property in Georgia is valued at Fair Market Value (FMV)
- ✓ The assessment levels are set at 40%.

**If the FMV of your house is \$100,000, then the Assessed Value of your house would be \$40,000**

# 2023 General Fund Budget With Property Tax Revenue and NO Transfers

	Revised 2023 Budget
<b>Current Year Property Tax Revenue</b>	<b>13,791,259</b>
Total Transfers from Electric, Broadband and ARPA	-
Total Revenue <u>Not</u> Including Property Taxes & Transfers	8,300,691
Use of Fund Balance	
<b>Total Funding Sources</b>	<b>22,091,950</b>
Total Operating Budget	20,304,696
Total Capital Budget	1,774,000
<b>Total Expenditures</b>	<b>22,078,696</b>
<i>Difference</i>	13,254

**17.86 Mills**



# Average Taxpayer

## Calculation of Property Tax

Market Value	<b>\$ 150,000</b>	
Assessed Value	<b>60,000</b>	40% of Market Value
Millage Rate	<b>5</b>	# of Mills
Annual Property Tax Levy	<u><b>\$ 300</b></u>	Tax Amount

1 mil = \$1.00 per \$1,000 of assessed value

What does all of this mean for Thomasville?

**FINANCIAL  
STABILITY**

# What happens without a dedicated funding source?

- Reliance on other funding sources, such as the Electric Fund.
- Limits the ability to provide services that are a part of the General Fund.
  - Park maintenance
  - Street paving
  - Recreation and cultural programs
- Restricts the ability to provide for large capital projects.
  - Water and wastewater infrastructure improvements
  - Street resurfacing
  - Stormwater improvements
  - Park improvements

# The General Fund

- Public Safety – provides for police and fire protection.
  - Largest percentage of the General Fund.
- Highways & Streets – paving and road maintenance.
  - Includes Public Works and maintenance of parks and public facilities.
- Housing & Economic Development – neighborhood resources and programs designed to stimulate the economy.
- General Administration – City Council and senior leadership of the organization.

# Without A Dedicated Funding Source

- Increased reliance on utilities revenues.
- Lower credit rating = inability to borrow for capital projects.
- Limited ability to provide for public safety and other General Fund services.
- Limited ability to complete capital projects, including Sidewalk Master Plan, Street Resurfacing Master Plan, Stormwater Master Plan and Parks Improvement Master Plan.





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# Public Comment

1. State your name and address.
2. Each citizen speaking will have 3 minutes.

# Time Remaining

03:00