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## **CITY BUDGET 101**

A budget, whether personal or for a business, allows you to create a spending plan, reduce costs, and prepare for the future. You hear a lot of talk about the City of Thomasville's operating budget, but why should it matter to you? Over the next several weeks, we hope to answer this and many other questions you may have about the City's overall financial position. To get started, this first in a series of blog posts is designed to help you understand how the City's operating budget is created and the ways it is allocated.

Every budget must start with income, or the funds that come in to help cover the cost of operations. For your home, this is usually the salary you earn for work that you perform. The vast majority of revenue for the City of Thomasville's budget is collected through utilities services. There are also other sources of revenue in the City's budget, including business taxes and other fees, grants and investments, sales tax, and governmental services. The funding sources that together provide the City's revenue are very different from many other communities in that one item in particular is missing and that is property taxes.

Many of you may recall that in 2012, the Thomasville City Council decided to eliminate property taxes, which are traditionally used by other communities to cover essential services such as public safety, street maintenances and other governmental services. Because the City of Thomasville does not levy a property tax, the cost of governmental services is covered by transfers from the Utilities, most specifically Electric. These transfers allow us to operate without the burden of additional taxes to our citizens.

The City's budget is comprised of three main areas: the general fund (administration, public safety, highways and streets, economic development, culture and recreation), authority fund (Payroll Development Authority, Downtown Development Authority, Land Bank Authority, Destination Thomasville Tourism Authority), and the enterprise fund (utilities, broadband, airport, golf course, auditorium, and landfill).

Each year, the City strives to hold the budget flat, which means it is our goal to keep our bottom line steady without any drastic changes unless it is absolutely necessary to do so. That means that each purchase - from a new vehicle to office supplies - and each request for new personnel are carefully examined to determine if they are necessary. Long-term planning is of the utmost importance to the budgeting process. Items such as capital needs (large and long-term projects), debt outlook, and projected revenues are all carefully considered throughout the budget planning process.

Budgeted funds are spent on a variety of activities, with the largest investment being public safety (police and fire). Other areas that must be covered by our budget include governmental services, maintenance of roads and streets, recreation and parks, and maintenance of our utility



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infrastructure. Another area that is very important is economic development. As we discussed, revenue from our utilities operations are extremely important, so that is why importance is placed on attracting large, industrial projects to our community. In addition to bringing much-needed jobs, these industries also contribute to our economic vitality through their utility usage, which is typically a much larger electric and natural gas load than traditional residential and business customers.

Another important area of our economic development is our tourism and downtown operations. Tourism offers a big boost to our local economy, in part due to the number of jobs that are supported locally by the hospitality industry (660 jobs, to be exact). Thomasville is a very popular tourism destination, with our attractive and vibrant downtown area being our biggest draw. This is significant because every dollar our community spends to support our downtown results in an average of \$32.56 in new investment. Each Thomas County household would need to be taxed an additional \$295 per year to replace the taxes that are generated by tourism activity and reinvested in our community.

So now that we have a basic idea of where the revenue comes from and how it is allocated in the City's budget, let's take a look at the process. Who decides where the money goes? The budget process is a collaborative one that involves City staff, the City Council, and public input. The internal budget review process typically begins with input from our City Council. The City Council will share their priorities and goals, which are developed in many cases directly from citizen input. This is why participating in your local government is very important, as it is your feedback and input that helps shape the overall strategic plan for our organization.

Once Council has decided on their priorities, this direction is given to staff for implementation. Department heads then develop the plans and processes to incorporate the Council's vision while conducting a review of their current year's budget. This review process, which typically begins in late summer/early fall, also includes collaboration between the department heads, the City's chief financial officer, the City Manager and other key staff. From these meetings, the City Manager and CFO will then develop and balance the City's budget.

Once the proposed budget is created, it is then presented to Council for consideration. During this process, the council asks questions, gains clarification, and does a deep dive into any changes that may be proposed. Once the Council has had an opportunity to discuss the budget and offer any additional input, it is then presented to the public in a special meeting. In this meeting, citizens can hear about the final recommendations that will be made to City Council for their consideration. Following this public meeting, the proposed budget is then presented to Council for consideration. During this meeting, the Council will vote to adopt the proposed budget as the final budget for the upcoming fiscal year.



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The budget process is an important part of the City of Thomasville's daily operation and plans for the future. As a member of the community, your input is an invaluable part of the planning process. The dates for this year's budget process are outlined below:

- November 16, 2020 – Proposed Budget Presentation Meeting: 10:00 a.m., Thomasville Municipal Building
- November 30, 2020 – Proposed Budget available online and in office for public review
- December 7, 2020 – Public Meeting to Review Proposed Budget: 5:30 p.m., Municipal Building Council Conference Room
- \*December 9, 2020 – Regular Workshop of the Thomasville City Council: 4:00 p.m., Municipal Building
- December 14, 2020 – Regular Meeting of the Thomasville City Council: 6:00 p.m., Municipal Building

\*These are regularly scheduled meetings where action and/or discussion regarding the proposed budget is expected to take place.