



UNDERSTANDING YOUR CITY'S FINANCES

No. 2 – April 10, 2017

[More about the General Fund](#)

This series is designed to give the citizens of the City of Grovetown a better understanding of how the City is funded through various sources, how those funds are organized for specific purposes and the accounting activities that track the results of the City's operations

Richard Matthews, CPA
Director of Finance, City of Grovetown

Introduction

The purpose of this series is to share information with you, the citizens of the City of Grovetown, regarding your City's finances. I really want to stress that one point; it is *your* City. As discussed previously, the City exists for your benefit. Not to make a profit for you, like a business corporation does for its shareholders, but to provide services to you and your fellow citizens. Services that would be exceedingly difficult or expensive to provide for yourself. The City is funded by your taxes, fees, etc. and it is controlled by your elected representatives (the mayor and council).

In the first edition of "Understanding Your City's Finances", I shared a brief overview of fund accounting and the two main types of funds used by the City of Grovetown, general and proprietary (enterprise). In this edition I would like to briefly review the basics of fund accounting and share with you more details about the City's general fund.

Fund Accounting

As discussed in the previous edition, the City of Grovetown accounts for its financial position and results of operations using fund accounting. This means that rather than having a single set of accounts for all operations, the city's accounts are grouped into "funds". The type of service provided is the main determining factor in which operations are grouped into which funds. There are several fund types used in local government accounting. Each municipal government has a general fund, usually one or more proprietary funds, and several special revenue funds as necessary.

General Fund – Governmental Activities

The general fund accounts for all functions of the government that do not require a separate fund. In the City of Grovetown, the general fund has several revenue sources including:

- Property taxes (assessed using millage rate set by the City Council)
- Other taxes (assessed to various businesses of certain types as allowed by state law – includes alcohol tax, excise tax, financial institutions tax, franchise tax, intangible tax)
- Local Option Sales Taxes (LOST) – These are voter approved general sales taxes used to reduce the amount of property tax needed to fund the general fund budget. The City of Grovetown currently receives 9% of the overall collections in Columbia County (this percentage will increase to 11% in 2018). LOST should not be confused with Special Local Option Sales Taxes (SPLOST) which are voter approved special purpose sales taxes used to fund specific capital purchases and improvements (this publication will cover more about SPLOST in a later edition).
- Licenses and permits
- Fines and forfeitures

These revenues are used to offset the cost of services provided by the following departments:

- Administration
- Municipal Court & Probation
- Public Safety
- Public Works (not including Water-Sewer & Stormwater Utilities, which are separate funds)
- Planning & Zoning
- Recreation

General Fund growth over the past several years

Certainly anyone who lives in Grovetown, or for that matter, anyone who works or travels through Grovetown, understands that the City has grown rapidly over the past few decades and will continue to do so. The chart below shows the growth in the City’s population and the growth of its general fund budget. The revenues and expenses for the years 1990, 2000, and 2010 are taken from the audited financial statements from those respective years. The 2017 revenues and expenses reflect the amounts budgeted for this current fiscal year (January 1, 2017 – December 31, 2017).

City of Grovetown					
General Fund Growth					
1990, 2000, 2010, 2017 (projected)					
	1990	2000	2010	Budgeted	
				2017	
Population	3,596	6,089	11,216	14,500	est
Revenues (Millions of Dollars)					
Overall revenues	\$ 1.111	\$ 2.453	\$ 5.116	\$ 7.674	
Expenses (Millions of dollars)					
Public Safety	\$ 0.353	\$ 0.741	\$ 1.947	\$ 2.340	
Public Works (not including Water/Sewer)	\$ 0.266	\$ 0.722	\$ 1.336	\$ 2.511	
Recreation (was in public works historically)			\$ 0.330	\$ 0.436	
Planning & Zoning	\$ 0.031	\$ 0.087	\$ 0.234	\$ 0.381	
All Other	\$ 0.440	\$ 0.680	\$ 0.882	\$ 2.006	
Total General Fund Expenses	\$ 1.090	\$ 2.230	\$ 4.729	\$ 7.674	
<i>Variance</i>	<i>\$ 0.021</i>	<i>\$ 0.223</i>	<i>\$ 0.387</i>	<i>\$ -</i>	

Looking at the growth from an overall perspective you will notice a general trend: Grovetown has approximately doubled in size each ten year period from 1990 to present. At the same time the general fund budget has grown at a somewhat faster rate. This is because population growth itself is not the only factor driving up the City’s costs. For example, over the same time period, personnel, insurance and equipment costs have grown at a pace that exceeds the population growth. This is a challenge that many cities around the state have had to address.

Conclusion

As stated in the first editions, the City’s finance and accounting structure is complex. Hopefully, this publication will shed light on that complex structure for the benefit of the citizens of the City. Future issues will take a look at the City’s proprietary funds (the Water & Sewer Fund and the Stormwater Fund). Beyond that further editions will introduce the other special purpose funds the City maintains.