



The University of Georgia

Center for Agribusiness and Economic Development

College of Agricultural and Environmental Sciences

Cost of Community Service Studies for Habersham and Oconee Counties, Georgia

Nanette Nelson and Jeffrey Dorfman

CR-00-05

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Introduction

Growth and development is a fact of life in much of Georgia and a topic of debate across the state. Many areas of the state are concerned that they are being inundated with an overabundance of development; other regions are trying to encourage development and growth as a means to boost their local economy. Unfortunately, many local governments do not fully understand the financial impacts that new growth can have on their budgets. While development brings new tax revenue to a local government, it also results in increased government expenditures. The aim of this study is to provide local governments in Georgia with a set of numbers that can help guide them in making development and planning decisions so that such decisions are made with a full understanding of the fiscal impact of those decisions. To do this, we have performed the first cost of community service studies in the state of Georgia.

Cost of Community Service (COCS) studies are simply a reorganization of county municipal records to assign the cost of public services to different classes of land use or development such as residential, commercial, industrial, farm, forest and open lands. The result is a ratio of expenditures-to-revenues for different land use types. COCS studies look at average revenues and expenditures, not changes at the margin, and are thus not capable of predicting the impact of future decisions. Still, they provide the benefit of hindsight, a budgetary baseline from which to make decisions about the future.

COCS studies are especially useful in areas undergoing development pressure. For this reason, the counties of Oconee and Habersham were chosen for this study. Our results emphasize the importance of farm and forest lands to a county's tax base. The truth behind increasing residential development is also revealed--more residential development is likely to make a local government's financial situation worse, not better.

Calculating Expenditure-to-Revenue Ratios

The American Farmland Trust developed COCS studies to support use-assessment programs in the Northeast. Use-assessment programs were initiated to slow the loss of farmland and forestland and more equitably distribute property tax burdens. We followed the methods outlined in *Is Farmland Protection A Community Investment? How to do a Cost of Community Service Study* (American Farmland Trust, 1993) to complete this study. COCS studies have been completed in over 50 cities or counties around the U.S. To date no studies have been done in the Southeastern U.S. (Virginia is the closest state to Georgia in which a COCS study has been completed.)

Three land use categories were defined for this study: residential, commercial/ industrial, and farm/forest/open space. In this study farm houses were included in residential category. Most importantly, this study does not include financial data for schools. The reason for ignoring school revenue and expenditures is that local government and school budgets are maintained separately, so school-related fiscal impacts are not of direct relevance to the local government decision makers. Since planning and development decisions are made by the local government, not the school boards, we decided to focus solely on their fiscal impacts.

Budgets were obtained for fiscal year 1998 and 1999 for Habersham and Oconee Counties, respectively. Revenues and expenditures for each county were allocated to land use categories based on the review of available records and interviews of local officials and service providers (see Appendix Table A). The percentage of property tax revenue raised by each land use type was used in allocating a majority of revenues for which local officials could not offer more precise breakdowns (see Appendix Tables B and C). The Oconee County budget listed explicit sources of revenue; thus, an effort was made to get more accurate figures (see Appendix Table C). Expenditure percentages were primarily obtained through interviews. If a percentage breakdown for an expense could not be obtained from an individual or a record search then the percentages calculated for the property tax revenues were used. In assigning the expenditures to different land use categories it is important to note that COCS studies measure the demand for public services, not the public good that is to be gained.

The revenues and expenditures were totaled for each land use category and expenditure-to-revenue ratios were calculated . The ratios are presented in Table 1.

Table 1 - Expenditure-to-Revenue Ratios (in dollars)

County	Residential	Commercial /Industrial	Farm /Forest/Open Space
Habersham	1 : 0.81	1 : 1.04	1 : 1.42
Oconee	1 : 0.92	1 : 1.25	1 : 1.06

Footnote: these figures show the average amount of revenue collected from each development class for each \$1 of expenditures spent on services to that development class.

Conclusions

The expenditure-to-revenue ratios for both Habersham and Oconee Counties suggest that residential land use costs more in services than it generates in revenue. The results also highlight the positive contributions of farm and forest land to these two counties' tax base. Further, these results would become even more skewed away from equity if school revenue and expenditures were included, since all services accrue to the residential development. Residential development would have a larger shortfall in revenue and the other two land-use classes would be overpaying by even more. The implication of these results is that a local government that approves the conversion of farm or forest land to residential development, is likely to face a worsening in its financial condition. While the lure of an increased property tax base is often attractive to a local government when it is considering a request to approve a new subdivision, they must realize that their expenditures will likely rise more than their revenues, resulting in a budget shortfall unless millage rates are increased.

The findings of this study should be carefully evaluated in light of the changing character of

these rural counties. Other sources of information as well as community input should also be considered in planning for the future. COCS studies are not about promoting one land use type over another. In particular, they are built using average revenues and expenditures and may not reflect the costs and revenue of a particular development project. They do, however, challenge the idea that rural counties must choose development to ensure economic stability.

References

American Farmland Trust, 1992. Does Farmland Protection Pay? The Cost of Community Services in Three Massachusetts Towns. The Massachusetts Department of Food and Agriculture.

American Farmland Trust, 1993. Is Farmland Protection A Community Investment? How to do a cost of community services study.

Habersham County

Annual Financial Report for the Year Ended June 30, 1998. Prepared by Amos, Kitchens and Co., Certified Public Accountants, Cornelia, GA.

Sheriff's Office Monthly Incident Summary Report, August and September, 1999.

Consolidation Sheets for County Digest

Oconee County

Annual Budget 1998 - 1999

Consolidation and Evaluation of Digest 1999

<http://www.oconeesherriff.org>

<http://www.oconeecounty.com>

Table A - Contacts and Interviews

Habersham County

Kim Canup Health Department

Joan Church Tax Assessor

Joan Jones Clerk of Court

Nell Goss	Sheriff's Department
Mark Shirley	Extension Service Agent
Ron Vandiver	County Manager
Cliff Whitworth	Highway Department
Oconee County	
David Anglin	Probate Court
Len Bernat	Operations Director
Harriett Browning	Tax Commissioner
Henry Hibbs	Agricultural Extension Agent
Mike Hughes	Sheriff's Department
Debbie Layman	Emergency Management
John McNally	Clean and Beautiful Commission
Trisha Smith	Economic Development
Bruce Thaxton	Fire Chief
Shawn Wheeler	Civic Center Director
Joan Whitehead	Tax Commissioner's Assistant

1. Nanette Nelson is a graduate research assistant and Jeffrey Dorfman a professor in the Department of Agriculture and Applied Economics, The University of Georgia, Athens, Georgia 30602-7509; phone (706) 542-0754; fax (706) 542-0739; e-mail jdorfman@agecon.uga.edu.

**Table B - 1
Habersham County Revenues and Expenditures Fiscal Year 1998**

GENERAL FUND Revenue (Actual)	Total	Residential		Commercial / Industrial		Farm / Forest / Open Space	
Taxes							
Property	4,583,391	2,704,201	59%	1,512,519	33%	366,671	8%
Other	795,700	469,463	59%	262,581	33%	63,656	8%
Fines & Forfeitures	520,486	307,087	59%	171,760	33%	41,639	8%
Intergovernmental	332,792	196,347	59%	109,821	33%	26,623	8%
Interest	16,573	9,778	59%	5,469	33%	1,326	8%
General Government	535,560	315,980	59%	176,735	33%	42,845	8%
Other	230,925	136,246	59%	76,205	33%	18,474	8%
TOTAL	7,015,427	4,139,102	59%	2,315,091	33%	561,234	8%

Expenditures

GENERAL GOVERNMENT

County Commissioner	296,921	175,183	59%	97,984	33%	23,754	8%
Tax Commissioner	196,936	116,192	59%	64,989	33%	15,755	8%
Tax Assessor	196,523	115,949	59%	64,853	33%	15,722	8%
Probate Judge	94,865	94,865	100%	0		0	
Magistrate	61,749	55,574	90%	6,175	10%	0	
Registrar	46,780	46,780	100%	0		0	
Clerk of Court	320,238	188,940	59%	105,679	33%	25,619	8%
Superior Court	142,740	84,217	59%	47,104	33%	11,419	8%
District Attorney	35,863	21,159	59%	11,835	33%	2,869	8%
Public Defender	166,431	166,431	100%	0		0	
State Court	119,000	70,210	59%	39,270	33%	9,520	8%
Planning and Conservation	160,991	94,985	59%	53,127	33%	12,879	8%
Airport	4,275	2,138	50%	2,138	50%	0	
County-Wide Expenditures	1,233,455	727,738	59%	407,040	33%	98,676	8%
Data Processing	25,839	15,245	59%	8,527	33%	2,067	8%
County Buildings and Grounds	205,471	121,228	59%	67,805	33%	16,438	8%

PUBLIC SAFETY

Sheriff	1,782,609	1,158,696	65%	623,913	35%	0	
Central Dispatch	176,325	114,611	65%	61,714	35%	0	
Emergency Management	135,677	128,893	95%	6,784	5%	0	
¹ Fire Department	226,249	79,187	35%	79,187	35%	67,875	30%
Ambulance Service	292,114	189,874	65%	102,240	35%	0	

HIGHWAYS AND ROADS

Roads and Bridges	860,847	507,900	59%	284,080	33%	68,868	8%
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HEALTH

Health Department	228,406	216,986	95%	11,420	5%	0	
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WELFARE

Inquest	11,336	11,336	100%	0		0	
Relief	50,856	50,856	100%	0		0	

CULTURE AND RECREATION

Recreation	293,518	293,518	100%	0		0	
Library	216,673	216,673	100%	0		0	

EDUCATION

Extension Service	28,267	14,134	50%	0		14,134	50%
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CONTRIBUTIONS TO OTHER AGENCIES

GA Mountain Planning and Dev	55,625	32,819	59%	18,356	33%	4,450	8%
Forestry Commission	3,363	0		0		3,363	100%
Other	15,752	9,294	59%	5,198	33%	1,260	8%
Industrial Authority	50,000	0		50,000	100%	0	

TOTAL	7,735,694	5,121,610	66%	2,219,417	29%	394,667	5%
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RATIO : REVENUE / EXPENSES

\$0.81

\$1.04

\$1.42

notes:

¹ Estimate based on Oconee County percentages

Table B-2
Habersham County Property Tax Revenue Fiscal Year 1998

	40% Value	Exemptions	Net Digest	Percent of Total
Summary	693,895,946	69,511,883	624,384,063	100%
Residential	402,678,703	31,503,844	371,174,859	59%
Commercial / Industrial	217,593,532	14,283,462	203,310,070	33%
Farm / Forest / Open Space	73,623,711	23,724,577	49,899,134	8%
Total	693,895,946	69,511,883	624,384,063	100%

notes:

mobile homes incorporated into residential

motor vehicles - 85% to residential and 15% to commercial/industrial

utility incorporated into commercial/industrial

timber incorporated into farm/forest/open space

	Net Digest	County	School	Indigent Care
Incorporated	204,379,108	1,880,288	2,246,126	122,627
Unincorporated	420,004,955	3,864,046	4,615,854	252,003
Total	624,384,063	5,744,333	6,861,981	374,630

Budgeted 5,820,330

Actual taxes 5,379,091

**Table C - 1
Oconee County Revenues and Expenditures Fiscal Year 1999**

GENERAL FUND		Residential		Commercial / Industrial		Farm / Forest / Open Space	
Revenue							
Taxes							
Ad Valorem	5,686,901	4,037,700	71%	1,080,511	19%	568,690	10%
Sales	2,040,000	1,448,400	71%	387,600	19%	204,000	10%
Other	3,235,605	2,038,431	63%	1,003,038	31%	97,068	3%
TOTAL	10,962,506	7,524,531		2,471,149		869,758	
Expenditures							
GENERAL GOVERNMENT							
Administration & Finance	512,779	364,073	71%	97,428	19%	51,278	10%
Code Enforcement	262,712	186,526	71%	49,915	19%	26,271	10%
Tax Commissioner	246,406	174,948	71%	46,817	19%	24,641	10%
Tax Assessor	210,153	149,209	71%	39,929	19%	21,015	10%
Probate Judge	156,034	156,034	100%	0		0	
Magistrate	17,865	16,079	90%	1,787	10%	0	
Clerk of Court	275,743	195,778	71%	52,391	19%	27,574	10%
Superior Court	238,061	169,023	71%	45,232	19%	23,806	10%
District Attorney	117,412	83,363	71%	22,308	19%	11,741	10%
Coroner	8,200	8,200	100%	0		0	
Juvenile Court	32,100	32,100	100%	0		0	
Planning and Conservation	167,291	108,739	65%	25,094	15%	33,458	20%
Board of Elections & Registration	58,349	58,349	100%	0		0	
General Operations	571,078	405,465	71%	108,505	19%	57,108	10%
General Capital Fund	1,605,000	1,139,550	71%	304,950	19%	160,500	10%
County Buildings and Grounds	307,509	218,331	71%	58,427	19%	30,751	10%
PUBLIC SAFETY							
1 Sheriff	2,004,092	1,402,864	70%	601,228	30%	0	
Emergency Management	150,367	142,849	95%	7,518	5%	0	
Fire Department	425,861	170,344	40%	110,724	26%	144,793	34%
HIGHWAYS AND ROADS							
Roads and Bridges	1,339,739	951,215	71%	254,550	19%	133,974	10%
HEALTH							
Sanitation	530,765	477,689	90%	53,077	10%	0	
CULTURE AND RECREATION							
Recreation	636,714	636,714	100%	0		0	
Library	232,356	232,356	100%	0		0	
EDUCATION							
County Agent & Home Econ	74,872	44,923	60%	0		29,949	40%
CONTRIBUTIONS TO OTHER AGENCIES							
Joint Governmental Programs	266,658	189,327	71%	50,665	19%	26,666	10%
Clean & Beautiful Commission	25,650	15,390	60%	1,283	5%	8,978	35%
Economic Development	80,438	64,350	80%	12,066	15%	4,022	5%
Farm Service Agency	2,300	0		0		2,300	100%
Civic Center	195,718	166,360	85%	29,358	15%		
OTHER							
Eagle Tavern	48,372	43,535	90%	4,837	10%	0	
Animal Control	97,362	92,494	95%	0		4,868	5%
County Shop	64,550	64,550	100%	0		0	
TOTAL	10,962,506	8,160,727		1,978,087		823,692	
RATIO : REVENUE / EXPENDITURE		\$0.92		\$1.25		\$1.06	

Notes:

1 Estimate based on Habersham County percentages

**Table C - 2
Oconee County Property Tax Revenue Fiscal Year 1999**

	40% Value Gross Digest	Exemptions	Net Digest	Percent of Total
Summary	724,371,376	75,040,910	649,330,466	100%
Residential	479,706,489	15,888,894	463,817,595	71%
Commercial / Industrial	124,009,401	1,197,132	122,812,269	19%
Farm / Forest / Open Space	120,655,486	57,954,884	62,700,602	10%
Total	724,371,376	75,040,910	649,330,466	100%

notes:

mobile homes incorporated into residential

motor vehicles - 85% to residential and 15% to commercial/industrial

utility incorporated into commercial/industrial

timber incorporated into farm/forest/open space

	Net Digest	County
Incorporated	89,527,877	882,745
Unincorporated	559,802,589	4,982,243
Total	649,330,466	5,864,988

Budgeted 5,686,901

**Table C - 3
Oconee County Revenue Fiscal Year 1999**

GENERAL FUND		Residential		Commercial / Industrial		Farm / Forest / Open Space	
Revenue							
OTHER							
misc income - admin	300	213	71%	57	19%	30	10%
code enforcement taxes/licenses	80,000	56,800	71%	15,200	19%	8,000	10%
soil erosion permits	2,500	1,775	71%	475	19%	250	10%
code enforcement fees	220,000	156,200	71%	41,800	19%	22,000	10%
misc income - code enforcement	350	249	71%	67	19%	35	10%
road dept fees	1,000	710	71%	190	19%	100	10%
sale of material	6,000	4,260	71%	1,140	19%	600	10%
road dept - reim	35,000	24,850	71%	6,650	19%	3,500	10%
sale of blue bags	85,000	85,000	100%	0		0	
garbage bin rentals	61,000	0		61,000	100%	0	
landfill tipping fees	20,000	6,000	30%	14,000	70%	0	
recycling revenues	31,500	31,500	100%	0		0	
intangible taxes	128,664	128,664	100%	0		0	
tax commissioner - reim	206,841	146,857	71%	39,300	19%	20,684	10%
misc income - tax commissioner	100	71	71%	19	19%	10	10%
bond fee	12,000	12,000	100%	0		0	
county jail fund	50,000	50,000	100%	0		0	
prisoner reim	23,000	0		0		0	
law enforcement services - jail	27,500	27,500	100%	0		0	
finerprints and ids	1,800	900	50%	900	50%	0	
misc income - jail	3,600	3,600	100%	0		0	
sheriff fees	30,000	21,300	71%	5,700	19%	3,000	10%
law enforcement services - sheriff	40,000	28,000	70%	12,000	30%	0	
grant income - sheriff	10,000	0		0		0	
forfeited property income	7,200	0		0		0	
donations - sheriff	6,900	0		0		0	
misc income - sheriff	2,000	1,420	71%	380	19%	200	10%
probate fees	350,000	350,000	100%	0		0	
county drug treatment fd	1,800	1,800	100%	0		0	
misc income - probate	150	150	100%	0		0	
real estate transfer	50,000	35,500	71%	9,500	19%	5,000	10%
clerk of court fees	110,000	78,100	71%	20,900	19%	11,000	10%
county drug fund	3,000	2,130	71%	570	19%	300	10%
fax revenue - clerk of court	200	142	71%	38	19%	20	10%
misc income - clerk of court	8,500	6,035	71%	1,615	19%	850	10%
juvenile court fines	4,000	4,000	100%	0		0	
juvenile court fees	1,000	1,000	100%	0		0	
purchase of services JC	3,000	3,000	100%	0		0	
superior court fines	45,000	31,950	71%	8,550	19%	4,500	10%
legal aid - indigent defense	11,500	8,165	71%	2,185	19%	1,150	10%
misc income - superior court	100	71	71%	19	19%	10	10%
JGP - utility reimbursement	3,641	2,767	76%	874	24%	0	
Food Stamp reimbursement	4,050	4,050	100%	0		0	
donations - C&B	1,880	0		0		0	
misc income - C&B	800	0		0		0	
street light tax admin	6,000	6,000	100%	0		0	

**Table C - 3
Oconee County Revenue Fiscal Year 1999**

GENERAL FUND		Residential		Commercial / Industrial		Farm / Forest / Open Space	
Revenue							
OTHER							
planning comm fees	20,000	13,000	65%	3,000	15%	4,000	20%
misc income - planning	2,600	1,690	65%	390	15%	520	20%
dept industry and trade (ET)	5,000	0		5,000	100%	0	
gift shop sales	500	500	100%	0		0	
donations (ET)	1,000	0		1,000	100%	0	
DA - victim services	24,000	17,040	71%	4,560	19%	2,400	10%
collection fees - animal control	6,500	6,500	100%	0		0	
donations - animal control	100	100	100%	0		0	
election fees	500	500	100%	0		0	
magistrate court fines	6,000	5,400	90%	600	10%	0	
magistrate court fees	18,000	16,200	90%	1,800	10%	0	
financial institution tax	28,000	0		28,000	100%	0	
insurance premium tax	520,000	0		520,000	100%	0	
franchise tax - utilities	38,000	0		38,000	100%	0	
railroad equipment tax	1,500	0		1,500	100%	0	
street light district tax	45,000	45,000	100%	0		0	
beer and wine licenses	87,000	0		87,000	100%	0	
pay phone - general ops	500	500	100%	0		0	
E911 collections	130,000	98,800	76%	31,200	24%	0	
grant income - gen ops	2,500	0		0		0	
general fund interest	40,000	28,400	71%	7,600	19%	4,000	10%
fixed asset sales	30,000	21,300	71%	5,700	19%	3,000	10%
misc income - gen ops	9,000	6,390	71%	1,710	19%	900	10%
reimbursements	25,000	17,750	71%	4,750	19%	2,500	10%
DOT reimbursements	50,000	0		0		0	
civic center concessions	600	600	100%	0		0	
banquet/exhibit reim	49,845	42,368	85%	7,477	15%	0	
auditorium rental	23,940	20,349	85%	3,591	15%	0	
BOE reim - civic center	25,000	25,000	100%	0		0	
adult rec	19,190	19,190	100%	0		0	
youth rec	52,165	52,165	100%	0		0	
camp rec	15,600	15,600	100%	0		0	
afterschool program	110,075	110,075	100%	0		0	
concessions	8,500	8,500	100%	0		0	
contract programs	5,300	5,300	100%	0		0	
day camp	106,750	106,750	100%	0		0	
special programs	6,100	6,100	100%	0		0	
rentals	4,665	4,665	100%	0		0	
reimb	7,500	7,500	100%	0		0	
EMA op reimb	12,799	12,159	95%	640	5%	0	
TOTAL	3,235,605	2,038,120	63%	996,646	31%	98,559	3%

The Center for Agribusiness & Economic Development



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Or contact:

John McKissick, Director
Center for Agribusiness and Economic Development
Lumpkin House
The University of Georgia
Athens, Georgia 30602-7509
Phone (706)542-0760
caed@agecon.uga.edu

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J. Scott Angle, Dean and Director