

MORE ABOUT ROADS, STREETS AND BRIDGES

(from Spring/2018 Newsletter)

We welcome Scott Provance, the County's new Roads Manager following Darrin Giles' promotion to County Manager, as a contributing editor regarding County activities in the topic area. His first article in this issue of the newsletter provides an interesting look at current activities and issues. We wish him well in his role

As long-term readers know, RCA has continuously focused on roads activities, particularly with hopes of encouraging continuing paving of the County's unusually high portion of unpaved roads. The communities around our lakes are significant contributors to the County's revenue stream, as are the visitors coming to the area to enjoy the lakes. Periodic scraping of the unpaved roads adjacent to our waterway are major sources of sedimentation wash into the waterways, and contribute not only to navigation issues, but to potential long-term negative impact on property values (and thus, County revenues!).

RCA has continuously been following spending in the Roads, Streets and Bridges category (RSB) in the 2008 SPLOST program, the fifth one offered by the County, and offers this somewhat troubling update. The original budget for the category (defined in SPLOST 5 as a project) was \$7,541,850, and this SPLOST covers 5 years (in Rabun County, each year begins in September). SPLOST 5 ended in 2013, but as of June 30, 2017, there remained an unspent \$237 thousand in the RSB "project," as reported in the Clayton Tribune in December 2017. Following is a table showing the reported spending history (in thousands):

	<u>Reported</u> <u>Fiscal Year Spending</u>	<u>Calculated</u> <u>Ending Balance</u>
RSB Budget at outset of SPLOST 5 (9/2007):		\$ 7,542
As of: 6/30/2012	\$ 166	\$ 7,376
6/30/2013	1,482	5,894
6/30/2014	1,380	4,514
6/30/2015	1,442	3,072
6/30/2016	270	2,802
6/30/2017	1,272	1,530

Astute readers will note a rather large discrepancy between the preceding paragraph's citation of the Clayton Tribune report of \$237 thousand as the funds remaining in the RSB account as of June 30, 2017, and our calculated ending balance of the same date of \$1.530 million, which was determined by subtracting reported annual spending from the initial budget amount. This means that \$1.293 million more funds than reported as spent have disappeared. What is the difference?

Annual fiscal year spending for SPLOST programs is reported by the County in the Clayton Tribune each year. But the County does not report the remaining account balance in the Tribune. Somewhere, nearly \$1.3 million disappeared. To where? The Multipurpose Arena was budgeted to cost \$1.5 million. The final price tag was \$2.962 million when it was completed in 2013, an excess of \$1.462 million. And there is no evidence in the published financial statements of the funds used to cover the excess spending coming from general operating funds (where they would come from if they couldn't be transferred from a SPLOST project that would have excess funds remaining). This discrepancy seems to document the allegation of an improper transfer of funds of nearly \$1.3 million out of the RSB project when less than half of the RSB budget had been spent, as was reported earlier in the SPLOST article in this newsletter.

And, there is one more inconsistency we need to report. The ending fiscal year numbers reported in the Clayton Tribune for cumulative SPLOST spending for RSB were \$1.648 million in 2013 and were \$3.366 million in 2014. That would indicate that RSB spending in fiscal year 2014 was \$1.718 million. The County reported the fiscal year spending in 2014 (erroneously labeled as 2013) was \$1.38 million, a difference of \$338 thousand. So, which number was wrong: the fiscal year spending amount or the year end cumulative amount? RCA can't answer that, but a correction of the conflicting amounts was never offered to rectify the erroneous number (whichever it was) in the paper. Under any circumstance, the County continued to report the higher cumulative spending number, whether annual fiscal year spending was \$338 thousand higher than reported or not. If annual spending for each fiscal year was reported accurately, and cumulative spending was overstated, that means the transfer out of the RSB project could have been as much as \$1.631 million, a good bit more than the overspending in the Multipurpose Arena.

As noted in the earlier article on SPLOSTs, most individuals on the County team developing the upcoming SPLOST were not directly involved in the administration and reporting of the past one, and RCA is encouraged that this group will be better equipped to manage the process.