



CHAIRMAN'S CORNER

NC Board Chairman Marcello Banes



This year, obviously, was a very big one locally.

Yes, it was a challenging year. But one I think, we will discover over time, was not all negative in Newton County.

The year 2020 also marks the end of the first term of this iteration of the Board of Commissioners. Since 2016, this Board has had three new commissioners, a new chairman and even a new form of government.

In the last four years this Board has worked hard to shape the operations of Newton County.

A major way we have done that is by bringing our budget under control. The most noticeable example of this is, of course, no millage increase in the last four years – in fact in this last budget cycle we even adopted a rollback – but it goes deeper than that.

This Board, with the hard work of our staff, has been able to put an emphasis on increasing our cash reserves and limiting our debt.

I am thrilled to tell you that in April we learned that those efforts have paid off. Our bond rating increased from Aa3 to Aa2. This is a high-quality rating that we worked hard to achieve.

This new rating is a major factor in determining what interest rates we will receive on our bonds and other loans. In essence it is similar to what would be your credit rating.

When Moody's Investors service, an industry leader in bond ratings, released their credit analysis on April 22, and informed us of the improved rating they indicated that a key factor in the upgrade that the "fund balance has improved in consecutive years."

In fact, the report from Moody's Investors Service states two of our credit strengths as a low debt and pension burden and a recent trend of operation surpluses.

Newton County had a cash fund balance of \$5,017,531 in 2016. Since then we have increased that amount to an unaudited cash reserve of \$19,937,399 at the end of Fiscal Year 2020. That gives us 31 percent of operating expenditures in reserve to give us a little more than 3.75 months of funds in case of emergency.

It was hard work to not only ensure that our departments were spending just what they needed but also to withhold funds in our reserves rather than use it in other areas. I commend our staff for working with us in this effort and our board for sticking with this plan.

However, there is still work to be done. Currently, our reserves are still below the median percentage and any lessening of that fund will threaten to put us back in a lower standing.

The Moody's report lists factors that could lead to a downgrade including a decline in financial reserves and liquidity and material growth in debt, pension or OPEB burden.

Newton County voters have worked with us in controlling our debt burden by passing Special Purpose Local Option Sales Tax (SPLOST), which has been extremely beneficial to both residents of Newton County and our overall finances.

Thanks to SPLOST collections, Newton County has improved infrastructure, expanded our Judicial Center, Animal Services Shelter, Senior Center, and is currently expanding our Sheriff's Office. Past SPLOST funds have also allowed us to build an Administration Building, Detention Facility, Recreation Complex, Water Treatment Plant.

We have also been able to add several parks and other assets that have made Newton County not only a desirable place to live but also a desirable place for industry such as Takeda, Facebook and Lidl to build major facilities.

As we move forward, I will work to keep the County on a path of improved bond ratings and financial stability. It is my goal to continue improving our cash reserves and to ensure that if the County has to enter into any debt it is of a substantial benefit to our citizens and our future.

Marcello Banes

Chairman, Newton County Board of Commissioners