MINUTES OF AGENDA WORK SESSION
COBB COUNTY BOARD OF COMMISSIONERS
SEPTEMBER 22, 2025

The Cobb County Board of Commissioners attended an Agenda Work Session on Monday, September 22, 2025, for the purpose of receiving information and participating in discussion regarding the September 23, 2025, BOC Agenda. Present and comprising a quorum of the Board were:

Chairwoman Lisa Cupid
Commissioner Keli Gambrill
Commissioner Erick Allen
Commissioner JoAnn Birrell
Commissioner Monique Sheffield

1. CALL TO ORDER

Chairwoman Cupid called the meeting to order at 9:00 a.m.

No official action was taken by the Board.

2. MOTION TO CONDUCT EXECUTIVE SESSION

MOTION: Motion by Cupid, second by Birrell, to **approve** the call of an Executive Session to discuss matters which may be discussed in Executive Session.

VOTE: **ADOPTED** 5-0

3. ADJOURNMENT

The meeting adjourned at 9:17 a.m.

Pamela L. Mabry
Pamela L. Mabry
County Clerk
Cobb County Board of Commissioners

FINANCIAL UPDATE

Work Session
September 23, 2025

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Agenda

Credit Rating Update

Financial Update / Schedule

2

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CREDIT RATING UPDATE

3

Moody's Rating May 2018

Although the County has received an AAA rating for the past twenty-eight consecutive years, there have been challenges along the way.

In 2018, the County received an AAA rating with a negative outlook. This outlook reflected the fiscal challenges the county faced, driven by a projected operating deficit in fiscal year 2018 and a sizable budget gap in fiscal year 2019, likely bringing reserve levels significantly below the national medians for AAA counties for the next two fiscal years.

The negative outlook was removed the following year, when the Board increased the millage rate and passed a balanced budget. The County has continued to fiscally improve since 2018.

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PFM's Preliminary Credit Assessment

How Cobb Compares

		Five-Year Trend (FY14 to FY18)	Relative to Selected Peers	Relative to Moody's Aaa-rated County Median Nationwide
Economy	Full Value	Increasing	Significantly Higher	Significantly Higher
Economy	Full Value per Capita	Increasing	Slightly Higher	Slightly Higher
Economy	Median Family Income as % of US	Consistent	Significantly Higher	Significantly Higher
Financials	Available Op. Fund Balance as a % of Op Revenues	Decreased from FY14 to FY18; increased from FY17 to FY18	Significantly Lower	Significantly Lower
Financials	Op. Cash Balance as a % of Op. Revenues	Decreasing	Significantly Lower	Significantly Lower
Debt & Pension	Debt as a % of Full Value	Consistent from FY15 to FY18	Slightly Lower	Slightly Higher
Debt & Pension	Debt as a % of Op. Revenues	Decreasing since FY15	Consistent	Slightly Lower
Debt & Pension	3 yr. Avg. ANPL as % of Full Value	Consistent	Slightly Higher	Slightly Higher
Debt & Pension	3 yr. Avg. ANPL as % of Op. Revenues	Increasing	Slightly Lower	Slightly Higher

The County has begun to address Moody's two primary concerns, causing the negative outlook.

FY18 shows a negative trend in cash metrics, a potential risk that could hinder the return to a stable outlook.

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2025 Cobb County Credit Rating AAA Outlook Stable

S&P Global

<u>Credit highlights from S&P Global Ratings</u>

The "AAA" rating reflects our view of Cobb County's robust economy, consistent positive financial performance, maintenance of reserves, proactive financial management practices and policies, and manageable debt and liabilities. Economic expansion continues, driven by ongoing business investments, new construction, and the sprawl from Atlanta.

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PFM's Preliminary Credit Assessment

		How Cobb Compares		
		Five Year Trend (FY20 to FY24)	Relative to Selected Peers[1]	Relative to Moody's Aaa-rated County Median Nationwide
Economy	Resident Income	Improving	Outperforms	Consistent
	Full Value per Capita	Improving	Outperforms	Consistent
Financials	Available Fund Balance Ratio[2]	Improving	Underperforms	Underperforms
	Liquidity Ratio[2]	Improving	Underperforms	Underperforms
Leverage	Long-Term Liabilities Ratio	Improving	Outperforms	Outperforms
	Fixed-Costs Ratio	Improving	Consistent	Consistent

Cobb tax bases continues to experience significant year-over-year growth, and income levels increase along with it.

"Available" fund and cash balances and ratios increased from FY23 to FY24, still lagging peers and AAA medians.

Debt and other long-term liability ratios improved again from FY23 to FY24 due to the lack of new debt and decreases in the net OPEB and pension liabilities, and compare favorably against peers and medians

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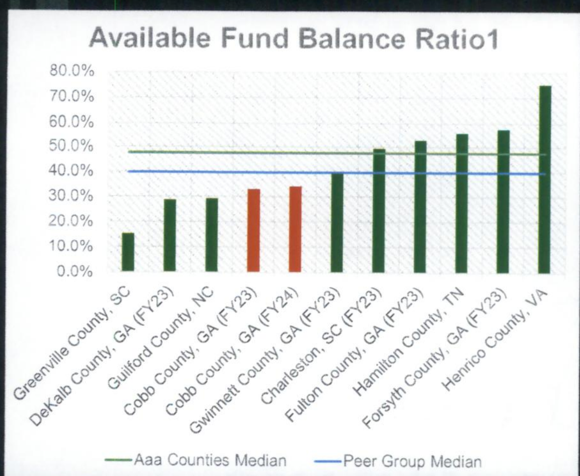

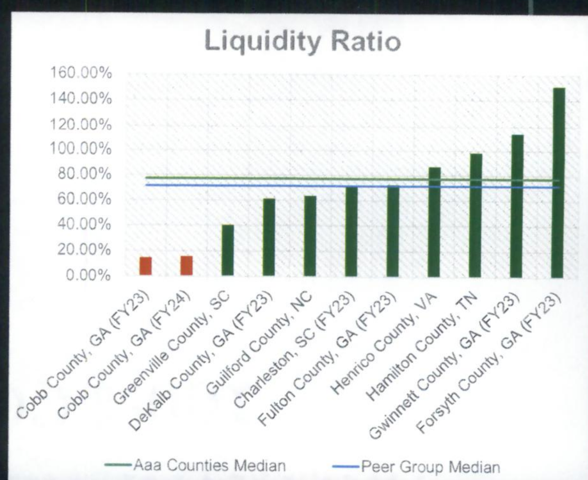

Cobb's available fund balance ratio and liquidity ratio lag national Aaa county medians and its peer median. If we include restricted balances, the available fund balance is more in line with medians, while liquidity still lags.

- *1. Unlike under the old methodology, Moody's is not including restricted Fire, Capital Projects, and Debt Service fund balances in its available fund balance ratio nor are they including any restricted cash balances from the governmental or enterprise funds*

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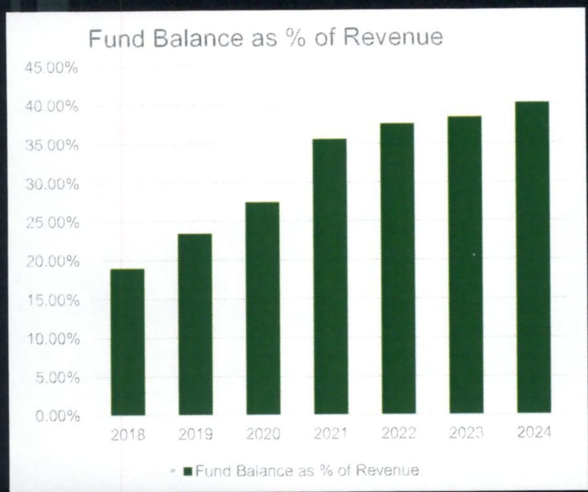

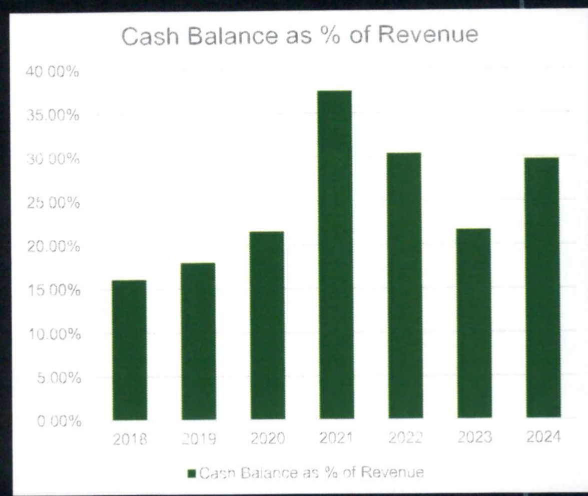

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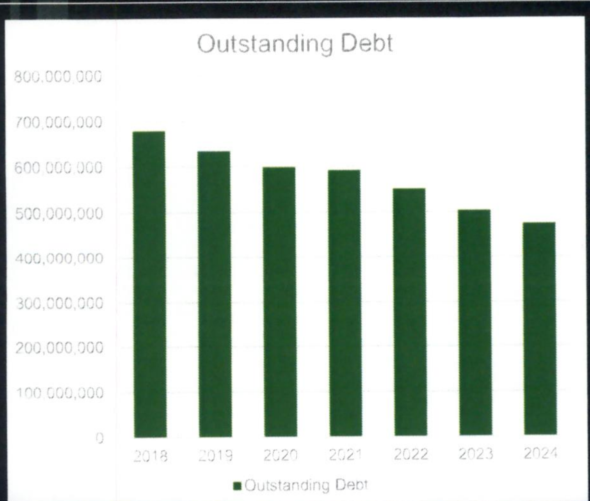

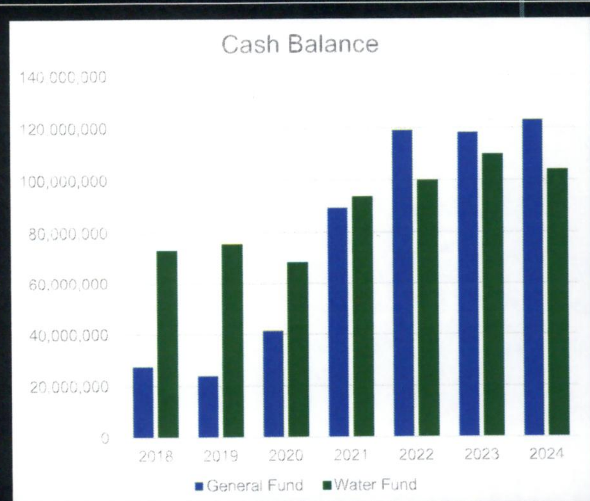

Since 2018, the County has reduced debt by $204,740,744, while improving the cash balances in both the General and Water Funds. The General Fund millage rate has remained flat at 8.46 mills since 2018.

Pension Funding Ratio – Increased from 51.56% in 2018 to 63.93% in 2024 10

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FINANCIAL UPDATE & SCHEDULE

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FISCAL YEAR 2025

FUND SUMMARY

Fund	Projected Net Income	Neutral	Projected Net (Loss)
General	●		
CSBG		▲	
Fire District	●		
Parking Decks	●		
Law Library		▲	
E911			⬟
Hotel Motel		▲	
Cumberland SSD I		▲	
Cumberland SSD II		▲	
Six Flags SSD		▲	
Transit		▲	
Water Operating	●		
Sustainability		▲	
Golf Course	●		
Claim		▲	

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FINANCIAL SCHEDULE

- September 2025
  - FY27 Budget Kickoff
  - Millage / Tax Class
- October 2025
  - New Fiscal Year Starts
  - Budget Class
  - Departments' Project Lists For 2028 SPLOST
- November 2025
  - Preliminary Year Close for the Annual Audit
- December 2025
  - FY27 Budget Requests Deadline
- April 2026
  - FY27 Budget Request Work Session
- May 2026
  - BOC Approves 2028 SPLOST Agreements
- June 2026
  - BOC Approves Resolution and Ballot for 2028 SPLOST
  - FY27 Proposed Budget Presentation
  - Rating Meetings
- July 2026
  - Public Hearings and Adoption for Budget and Millage
- November 2026
  - Public Votes on 2028 SPLOST

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William Volckmann
William.Volckmann@CobbCounty.gov

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Local Sales Taxes – Cobb BOC Work Session

Dante Handel
Associate Director of Governmental Affairs, ACCG
September 23, 2025

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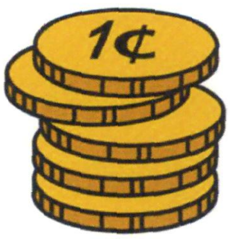
HB 581: Sales Tax Revisions and FLOST

- HB 581 made two major changes to local option sales taxes:
- Revised the provisions of O.C.G.A. 48-8-6 which limits the percentage of local sales tax a jurisdiction may levy (maximum of 5%).
- Created new local option sales tax (FLOST) contingent upon jurisdictions having a base year value homestead exemption.



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Revised Local Sales Tax Limitation

- This legislation revises the existing two percent local sales tax cap; exemptions now include:
  - **ESPLOST**
  - Up to one percent of the transportation sales taxes:
    - Regional TSPLOST
    - Single-County TSPLOST
    - Transit SPLOST
  - One of the specialty pennies, including:
    - FLOST
  - Up to two non-exempt pennies, including:
    - **SPLOST**
    - (LOST or HOST)

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Local Sales Tax by the Numbers

- LOST: 154/159 Counties
  - Counties *without* LOST: Cherokee, Cobb, DeKalb, Gwinnett, Rockdale
- SPLOST: 155/159 Counties
- ESPLOST: 157/159 Counties
- TSPLOSTs
  - Regional TSPLOST: 64/159 Counties
  - Single County TSPLOST: 42/159 Counties

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LOST: Local Option Sales Tax

- Used for maintenance and operations
- Rate of 1%
- Revenue split between county and "qualified municipalities" according to distribution certificate filed with the Department of Revenue
- Cities representing 50% of Qualified Municipal Population Required on Certificate
  - Other Cities = Absent Municipalities

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SPLOST: Special Purpose Local Option Sales Tax

- Used for capital projects specified in the referendum
- Rate of 1%
- Revenue split between county and "qualified municipalities"

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ESPLOST: Education Special Purpose Local Option Sales Tax

- Used to fund capital outlay projects for educational purposes

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TSPLOST: Transportation Local Option Sales Tax

- i) Regional TSPLOST
- ii) Single-County TSPLOST
- iii) Transit SPLOST

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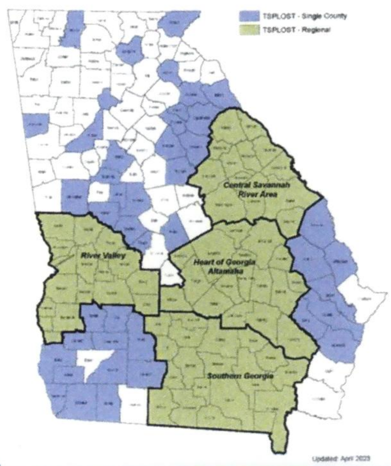
Regional and Single County TSPLOST

Georgia Counties Collecting TSPLOST



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i) Regional TSPLOST

- Region is the same as Regional Commission boundaries
- Tax runs for 10 years
- Regional Roundtable, in partnership with GDOT, selects and prioritizes which projects to fund
- Lower LMIG match of 10% instead of 30%
- 25% of discretionary money goes back to counties and cities

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ii) Single-County TSPLOST

- Levied up to 1% in .05% increments for up to 6 years if there is an intergovernmental agreement (IGA) with all qualified cities
- Funds can only be spent for "transportation purposes"
  - Includes roads, bridges, public transit, rail, airports, buses, seaports...
  - "and all accompanying infrastructure and services necessary to provide access to these transportation facilities"
  - Funds raised under single-county TSPLOST stay in the county
  - Single-county TSPLOST is being collected in 42 counties

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iii) Transit SPLOST

- Counties in the Metro Atlanta region in the designated nonattainment area have the option to levy a transit SPLOST
- Levied up to 1% in .05% increments for up to 30 years
- "Transit projects" means and includes purposes to establish, enhance, operate, maintain, or improve access to transit
- ATL Authority approves or denies any or all projects
- Any county outside of the Metro Atlanta region which partners with a neighboring county can call for a referendum to levy a transit SPLOST
- Unless the referendum is approved in each of the participating counties, the tax shall not be imposed

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Homestead Option Sales and Use Tax (HOST)

- Preliminary Requirements:
  - Prohibited in a county levying LOST
  - Procedures required create a sales tax and homestead exemption
    - Resolution
    - Local act
    - Referendum

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Homestead Option Sales and Use Tax (HOST)

- Use of HOST revenue:
  - At least 80 percent for property tax exemption from taxes levied for county purposes on homesteaded properties countywide
  - Up to 20 percent for capital outlay projects

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Homestead Option Sales and Use Tax (HOST)

- Capital Outlay Projects
  - Up to 20 percent of revenue, rate set by County governing authority
  - Distributed in two sets
    - Equalization amount: determined by difference in county millage rate between incorporated and unincorporated (statutory minimum)
    - Excess funds: Based on portion of total homestead digest
  - Distribution may otherwise be based on IGA

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Homestead Option Sales and Use Tax (HOST)

- Homestead Exemption:
  - Reduction in liability from taxes levied only for county purposes
  - Tax relief only on homesteaded property
- Homestead factor (percentage) created based on percentage not used for capital outlay and revenue collected in previous year
- Percentage then multiplied by assessment after application of other homestead exemptions
- Excess funds used for rollback of millage rate

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Review: LOST vs. HOST

LOST

- Revenue distributed based on agreement between city and county
- Provides millage rate rollback from municipal and county taxes
- Rolls back rate on homesteaded and non-homestead property

HOST

- 80-100 percent provided to county
- Used to provide exemption from county property tax
- Reduces property tax liability only on homesteaded property
- Timeline until revenue collection

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What is the FLOST?

- FLOST was created for the limited purpose of property tax relief – it may be levied in 0.05 percent increments up to one percent.
- To be eligible to levy the tax, **both the county and all cities within the county that levy a property tax** must have in effect a floating homestead exemption: either the one created by HB 581 (2024) or a local floating homestead exemption.

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How is FLOST Implemented?

- The county and city/cities representing at least fifty percent of the municipal population of cities that levy a property tax must enter into an intergovernmental agreement (IGA) calling for the tax.
- The IGA shall specify the rate, duration (not to exceed five years), and the distribution between the county and cities. It will also set the ballot question.

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How are Cities Not on the IGA Treated?

- The IGA must also specify a portion of the proceeds that the cities not on the IGA will receive.
- Must not be less than the proportion the absent municipality's population bears to the total population of all cities within the county that levy a property tax.
  - Modeled after LOST absent municipality provisions.

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How is the New Tax Collected and Distributed?

- Collection of the tax will begin at the start of the next calendar quarter beginning more than 50 days after that date (as opposed to eighty days for other local sales taxes).
- The Georgia Department of Revenue (DOR) sends the money to the county and the county will be responsible for distributing the money to the cities in accordance with the IGA.

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How Can the Tax Be Renewed?

- The tax can run up to 5 years
- Prior to the expiration, if the local governments want to renew, it requires:
  - Passage of a local Act calling for reimposition of FLOST
  - A new IGA between the county and eligible number of cities
  - A new referendum to approve the tax by the voters
- Talk to your local delegation!

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How are Funds From the New Sales Tax Used?

- Funds must be used exclusively for property tax relief
- Each taxpayer's property tax bill shall state the amount by which property tax has been reduced because of the imposition of this tax.
- The roll-back rate shall be reduced annually by the millage equivalent of the net proceeds of this new tax received by the political subdivision during the prior taxable year.
- If any political subdivision is not in compliance with the use of the proceeds from this tax, then the State Revenue Commissioner shall not certify the tax digest of that political subdivision until it comes into compliance.

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Contact

Dante Handel
Associate Director of Governmental Affairs, ACCG
Dhandel@accg.org

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