



EXCEPTIONALLY WELL-IMPLEMENTED GFOA BEST PRACTICE:
Fiscal Resilience and Disaster Preparedness



Town of Fulton, Texas

Navigating Challenges to Build a More Resilient and Prepared Community



About the Town of Fulton, Texas

Located on the Gulf Coast and overlooking Aransas Bay, the Town of Fulton is home to just over 1,550 people. The town's primary industries include tourism and fishing, especially for shrimp and oysters. Fulton was founded by George Ware Fulton in 1867.

Since 2017, the Town of Fulton, Texas, has confronted a one-two punch. First, Hurricane Harvey roared ashore in August 2017, causing widespread flooding and damage as it ravaged the South Texas coast. And just two years later, the COVID-19 pandemic further strained this small town with limited resources. What could have been disastrous, though, instead galvanized the government, spurring staff to develop newfound resilience through fiscal conservatism and strict budget adherence. This is the story of how a town of 1,550 residents with a team of ten employees built outsized financial stability, increased transparency, and engaged the community.

FACING CHALLENGING CIRCUMSTANCES

When Hurricane Harvey made landfall on the Gulf Coast of Texas on August

25, 2017, it was the first major storm to strike the area since Hurricane Celia in 1970. The Town of Fulton took a direct hit. With nearly 140 mph winds, Harvey destroyed Fulton's town center and business district, the convention center, multiple hotels, and the town's famous 1,200-foot fishing pier.

The town faced the makings of a financial crisis, since hotel occupancy and sales tax represented Fulton's leading sources of revenue. "We learned that they could just disappear," said Steven Robertson, CPA, comptroller for the Town of Fulton. Robertson, then-Mayor Jimmy Kendrick, and the city secretary came together as the initial long-term recovery team, working together on behalf of Fulton with Aransas County and the City of Rockport. Initially the county and cities intended to apply for public assistance grants together, but the joint effort would introduce delays that were projected to stretch two years or more.



Fulton's town center and business district were destroyed and many residents lost their homes when Hurricane Harvey struck the Gulf Coast of Texas on August 25, 2017.

As a result, Fulton's leadership began procurement for assistance on its own. During this period, Robertson oversaw Fulton's financial operations and advised the mayor, council members, and town staff.

Many Fulton residents had lost their homes in the hurricane. In the wake of the storm, elected officials made two key decisions intended to reduce financial strain. In early 2017, the Fulton Town Council had passed an ordinance reducing utility rates. The council opted not to raise these rates; they would remain at 2017 levels until October 2021. In addition, in September, council members voted to reduce property tax rates, which would ultimately cost Fulton \$100,000 in foregone revenue through 2021.

Fulton's rigorous fiscal responsibility was the backbone of its recovery. As Robertson recounted, staff and elected officials first focused on capturing savings from deferred hiring and reduced expenditures such as street maintenance and vehicle and equipment replacement. The savings were used to help build up strategic reserves. Fulton staff also practiced careful financial management with conservative budgeting for sales tax, mixed beverage tax, and franchise tax.

By 2018 and 2019, recovery was underway. Ultimately, a combination of grants and private funding would help

Fulton rebuild. This included \$5.33 million in FEMA grants, \$4.75 million in Community Development Block Grants (CDBG), and private funding from YETI, the Texas Parks and Wildlife Foundation, and the Sid W. Richardson Foundation. Additionally, Texas Senate Bill 7, passed in 2019, allocated funds from the state to help with the local cost-share, which ultimately resulted in savings of an anticipated \$300,000 for the FEMA projects. "It was a team effort to come up with the funds for the local cost-share," said Robertson.

FACING NEW PRESSURES

Recovery still takes time, and though Fulton staff had worked toward financial stability, the onset of the COVID-19 pandemic introduced a new set of unknowns. In addition, Fulton had a leadership change in Mayor Kelli Cole, who took office in May 2020. She faced an emergent crisis while needing to also provide strong leadership on fiscal policy and administration. "We were still struggling to overcome challenges related to grant compliance and procurement," she noted, "especially because our team is small and had limited experience with large grant projects."

Unsure of what the pandemic might bring, Fulton's team budgeted revenues conservatively and expenditures liberally. "We wondered if the economy

would crash and if people would cease traveling altogether," Robertson recalled. In fact, the opposite happened: remote work created an opportunity for people to travel and even relocate, and Fulton suddenly became a prime destination for those who had always wanted to live on the coast.

"The boom was so big," recounted Mayor Cole. "It seemed like everyone came to visit." Fulton was still recovering from the damage caused by Hurricane Harvey. "The influx of visitors initially put a strain on our resources," said Robertson.

STRONGER THAN BEFORE

During the rebuild and the pandemic, Fulton continued to provide essential services while also successfully managing significant disaster recovery efforts and rebuilding key community landmarks. Over this period, elected officials and finance staff prioritized transparency and community engagement. Open meetings and workshops during the recovery helped citizens understand what the town was facing and what to expect—and on what timeline. This transparency has become an established practice in the years since, with comprehensive workshops during the budget process. In addition, Cole leads efforts to actively engage residents, addressing their questions and concerns and amplifying transparency



Left: The Fulton Fishing Pier, one of Fulton's popular attractions, was rebuilt after being destroyed by Hurricane Harvey in 2017. **Right:** Boats dock at Fulton Harbor. The coastal town has experienced a surge in popularity since the COVID-19 pandemic.

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STEVEN ROBERTSON, COMPTROLLER

when it comes to Fulton's finances. “Fulton welcomes a lot of visitors, but we’re a tight-knit community, and it’s important to build trust between elected officials and citizens whose best interests we have at heart,” Cole said.

The finance team also continued building reserves to ensure that Fulton has a financial safety net. In 2017, Fulton staff implemented a fund balance policy with a reserves target of 90 percent of budgeted expenditures for the general fund. “This is a target we have achieved,” Robertson noted. With its final rebuilding projects on track for completion by April 2024, Fulton's finance staff and elected leaders are currently reevaluating this established policy to include enterprise funds.

“You have to have reserves,” said Kimberly McLain, bookkeeper for the Town of Fulton. “We’ve stayed in

line with our budgeting since 2018,” she added. “If you have been through something like Harvey, you know that you need to be prepared.”

Fulton's preparedness has become a vital part of the staff's approach to fiscal planning and budgeting. “Every penny matters,” Robertson said, “and needs to be in line with what you’re planning for.”

Other organizations, particularly those in small towns with limited resources, could replicate Fulton's successful practices by focusing on fiscal conservatism, strict budget adherence, and community engagement in financial decisions.

GFOA BEST PRACTICES

During its path to recovery after the disaster, Fulton staff made use of many tools, assistance, and guidelines when implementing best practices. The town's staff and leaders leveraged FEMA assistance for disaster recovery efforts, adhered to GFOA guidelines for budgeting and citizen engagement, and followed GAAP. This allowed the staff to consistently receive unmodified audit opinions, a testament to the team's financial management proficiency. Fulton's staff also performed extensive research on best practices in disaster recovery and financial management, using resources from GFOA and other reputable sources to inform their strategies.

The team implemented GFOA best practices, specifically *Fund Balance Guidelines for the General Fund*, which states that “governments should establish a formal policy on the level of unrestricted fund balance that should be maintained in the general fund for GAAP and budgetary purposes.” In addition to systematically accumulating reserves, they strengthened internal controls and upheld strict budget adherence.

While Fulton staff did not specifically use this best practice, their strategy for recovery covers many of the principles of GFOA's *Disaster Preparedness*, which states that “local jurisdictions should incorporate resiliency in the capital planning process to produce a sustainable community and mitigate the effects of disasters.”

Fulton's remarkable recovery and success were all made possible by the community's small but dedicated staff, who quickly adapted to changes, kept meticulous accounting records, and focused on strong financial management. As a result, the town has emerged from Hurricane Harvey and the COVID-19 pandemic more resilient and financially stable than ever.

“We worked really, really hard to get to this point,” Robertson shared. “We’re all very proud of what we were able to do for our community. And we’re a lot stronger now because of what we’ve been through.”