

Staff Report

Subject: 1st reading of draft FY 2023 budget and budget ordinance
Author: Mark W. Barnes, Finance Director
Department: Finance Department
Meeting Date: 6/7/22
Item Description: 1st reading and public hearing of the draft Effingham County Board of Commissioners Fiscal Year 2023 budget

Summary Recommendation:

Consideration and review for comments on the Effingham County Board of Commissioner's Fiscal Year 2023 Budget

Executive Summary:

The fiscal year for the county begins on July 1st of each year and ends on June 30th of the following year.

1. Georgia law mandates that the Board of Commissioners have a budget in place for the new fiscal year.
2. The budget is adopted by ordinance and requires two public readings. The first and 2nd (final) reading are currently scheduled for 6/7/22 and 6/21/22.
3. The budgets must be made available to the public for review one week prior to each reading.
4. The 1st reading copy of the draft FY 2023 budget is attached.

Background:

1. General Fund

- a. The overall general fund budget is at \$44,873,526, up from \$40,581,948 that was adopted last year
- b. This includes a \$4,000,000 capital contribution towards the multi-county joint IDA project
- c. Operating (non-capital) expenses are up 6.8% overall
 - i. This includes inflationary increases for items such as fuel and utilities
 - ii. This includes the second half of the salary study implementation
 - iii. This includes the up-to-5% one-time disbursements for employees.
There is no COLA in this budget
 - iv. The personnel headcount in the general fund had a net increase of 5 including 4 paramedics. This is the net change. There were additions and subtractions, some of which were approved during FY 2022
- d. The main county M&O property tax revenues were budgeted using the rollback rate as calculated on preliminary PT-32s from 5/26/22
- e. New construction and price inflation contributed substantially to general fund property tax and sales tax revenues, respectively

- f. Even with the \$4,000,000 joint IDA project, only \$2,338,968 general fund balance is budgeted to be used

2. Special Funds

- a. The special funds budgets combined are set at \$136,369,819, up from 105,148,713 that was adopted last year
- b. The bulk of this increase includes an increase in capital expenditures of \$26,672,774 compared to the prior year adopted budget
 - i. This capital figure includes American Rescue Plan Act funding of \$11,615,462. This is the residual of the 1st tranche and the entirety of the new 2nd tranche combined
 - ii. This capital figure includes projects paid from proposed SPLOST 2021 bond funds of approximately \$15,000,000. Bond close date is 6/16/22 if approved
 - iii. All capital projects for all funds can be seen on page 12 of the budget
- c. Operating (non-capital) expenses are up 4.5% overall
 - i. This includes inflationary increases for items such as fuel and utilities
 - ii. This includes the second half of the salary study implementation
 - iii. This includes the up-to-5% one-time disbursements for employees. There is no COLA in this budget
 - iv. This includes a net increase in personnel headcount of 20, including 15 firefighters for new stations, this is the net change. Some were approved during FY 2022
 - v. This includes new annual debt service of approx. \$2,700,000 for a proposed approx. \$15,000,000 SPLOST 2021 bond. This \$2,700,000 is expensed when it is transferred to the County's debt service fund, and then expensed when paid to the bondholder and so adds approx. \$5,400,000 to the special funds operating budget
- d. The new SPLOST 2021 is budgeted to use fund balance, as the bond proceeds (if approved) will be sitting in fund balance when FY 2023 begins
- e. As in FY 2022, the TSPLOST bond proceeds are in fund balance and so are budgeted from there
- f. As in FY 2022, the water bond proceeds are in fund balance and so are budgeted from there
- g. The Fire fund has \$1,500,000 in fund balance budgeted to go towards construction of new stations

3. All Funds

- a. Of the 44 vehicles proposed to be purchased through Enterprise Fleet Management, 39 are carried forward from the FY 2022 budget, as supply chain issues have slowed deliveries
- b. Major medical premiums have a 3% increase budgeted to take effect. This is an estimate

Alternatives for Commission to Consider:

1. Approve the 1st reading of the FY 2023 budget

2. Do not approve the 1st reading
3. Provide staff with direction

Recommended Alternative:

Staff recommends Alternative number 1 – Approve the 1st reading of the FY 2023 budget

Other Alternatives:

N/A

Department Review: *(list departments)*

County Manager, Finance

Funding Source:

As noted in the budget

Attachments:

1. Draft FY 2023 budget