

Staff Report

Subject: 1st reading of draft FY 2024 budget and budget ordinance
Author: Mark W. Barnes, Finance Director
Department: Finance Department
Meeting Date: 5/16/23
Item Description: 1st reading and public hearing of the draft Effingham County Board of Commissioners Fiscal Year 2024 budget

Summary Recommendation:

Consideration and review for comments on the Effingham County Board of Commissioner's Fiscal Year 2024 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. The budget is adopted by ordinance and requires two public readings. The first and 2nd (final) reading are currently scheduled for 5/16/23 and 6/6/23.
2. The 1st reading copy of the draft FY 2024 budget is attached.

Background:

1. General Fund

- a. The overall general fund budget is at \$47,923,640, up from \$45,442,304 that was adopted last year
- b. Operating (non-capital) expenses are up 10.44% overall
 - i. This includes the Office 365 upgrade at \$250,000 and Paycor software at \$130,000
 - ii. This includes a 5% COLA and 3% merit increase
 - iii. The personnel headcount in the general fund had a net increase of 16 including 5 school resource officers added mid-year. This includes some personnel moved from a special fund into the general fund. This is the net change. There were additions and subtractions, some of which were approved during FY 2023
- c. The main county M&O property tax revenues were budgeted using a 5.939 rate on an estimated digest, as preliminary digest numbers were not yet available
- d. As in the prior year, price inflation contributed substantially to general fund property sales tax and TAVT revenues
- e. Even with \$2.9 million in capital budgeted in the general fund, it will only use \$2.5 million of fund balance. When preliminary digest numbers come in, this fund balance usage is expected to decrease substantially

2. Special Funds

- a. The special funds budgets combined are set at \$157,355,837, up from \$136,375,325 that was adopted last year
- b. The bulk of this increase includes an increase in capital expenditures of \$17,157,064 compared to the prior year adopted budget
 - i. This capital figure includes \$20,000,000 in spending on the new WWTP that is expected to be completed after FY 2024. This project is \$41.2 million in total and funded entirely by a grant
 - ii. This capital figure includes projects paid from proposed SPLOST 2021 bond funds of approximately \$15,000,000.
 - iii. TSPLOST projects continue in FY 2024
 - iv. Besides the WWTP, there are other major water infrastructure projects including Loop B construction, the Hodgeville lift station, and the Hodgeville sanitary force main
 - v. All capital projects for all funds can be seen on page 12 of the budget
- c. Operating (non-capital) expenses are up 2.8% overall
 - i. This includes inflationary increases for items such as fuel and utilities
 - ii. This includes the 5% COLA and 3% merit increase
 - iii. This includes a net increase in personnel headcount of 8, including 6 firefighters, this is the net change. Some were approved during FY 2023
 - iv. The Rincon fire agreement that costs \$625,000 annually ends on 6/30/23 and so is not in the FY 2024 budget. The County will now staff those stations
- d. The water bond funds of \$8 million received in the 2017 refinance of the old GEFA debt are expected to be fully expended in FY 2024

3. All Funds

- a. The budget ordinance now sets a maximum vehicle fleet size and the size can be amended with Board authorization
- b. The budget ordinance now sets a maximum personnel full-time equivalent (FTE) count and the count can be amended with Board authorization

Alternatives for Commission to Consider:

1. Approve the 1st reading of the FY 2024 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 2024 budget

Other Alternatives:

N/A

Department Review: *(list departments)*

County Manager, Finance

Funding Source:

As noted in the budget

Attachments:

1. Draft FY 2024 budget, 1st Reading