

Discussion and Request for Direction on 2023 Budget

October 5, 2022

#22-0752



Revised FY2022 Budget Projection

	Midyear Projection	Revised Projection	
Beginning Fund Balance	250	250	
Projected Revenue	753	753	
Additional Revenue from Lower Appeals in Property Value and Other Revenue	0	11	at 9.33 Mills
Total Revenue	753	764	
Projected Expenditure	849	849	
Savings from Vacant Positions Projected to be filled at a lower rate	0	(17)	
Expenditure Total	849	832	
Fund Balance	154	182	
Fund Balance Reserve (.1667 of Expenditure)	142	139	
Fund balance Surplus/Shortfall	12	43	



Revised FY2023 Status Quo Budget Outlook

	2023 Budget Presented in Midyear	Revised 2023 Budget	
Beginning Fund Balance	154	182	
Projected Revenue	771	771	
Additional Revenue from Lower Appeals in Property Value and Other Revenue	0	11	at 9.33 Mills
Additional Revenue from Rescission of Credit Card Fee Waiver	0	12	
Available Resources for 2023	771	794	
Expenditure Total Before Departmental Requests	882	914	
Fund Balance	43	62	
Fund Balance Reserve (.1667 of Expenditure)	147	152	
Fund balance Surplus/(Shortfall)	(104)	(91)	



How did we get here?

Significant Increase in Expenses: \$133.4M

- Elections
- Justice System
- Salary Expenses/COLA
- Inflation/Construction Cost Increases

2023 to 2026 Budget View with 2021 Actual and 2022 Midyear Projections and Tax Revenue Amount at 9.33 Mills

Rollback in the Millage Rate: \$64M

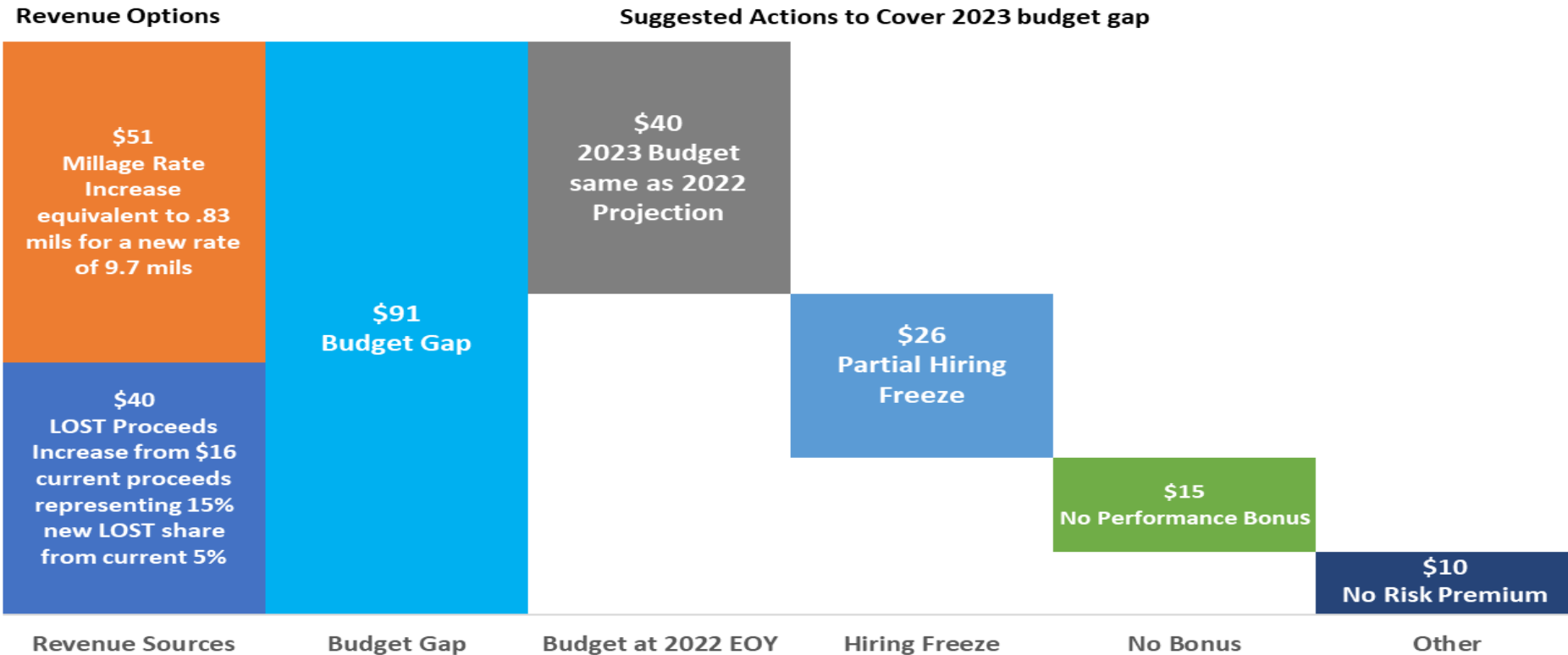
- 2022 Budget was built on a 9.33 Millage Rate
- Without modifying other assumptions, we can't afford a growing demand due to rollback of millage rate to 8.87 mils in FY2022/FY2023

Holding our Emergency Reserves for FEMA: \$16.4M

- Reserve for any unpaid FEMA reimbursement request deemed ineligible



FY2023 Budget Gap and Closure Options (In Million\$)



\$91 million excludes \$200 million of 2023 new enhancements (equivalent to 3.23 mils) submitted by departments yet to be vetted and \$150 million (equivalent to 2.42 mils) requests for funding assistance from 3 hospital groups

Expense Reduction Impacts

2023 Budget held to 2022 Actual Spending Levels:

- Countywide reduction excluding unavoidable items
- No Enhancements considered in developing the 2023 Budget
- No Program Expansions
- Reduces the flexibility to add any new projects/programs
- No Overtime Policy Change
- **Risk of Reduced Service Delivery**
- Delay in Construction of Public Safety Training Center & HHS North and South

Partial Hiring Freeze-decreased funding of vacant positions:

- Inability to Fill Positions
- Risk of Reduced Service Delivery
- Risk of Operational Stability

No Performance Bonus or Compensation Adjustments:

- Higher Turnover
- Employee Engagement



FAQ's:

Why are we not considering the reduction of fund balance?

- Maintain our Credit Rating
- Non-recurring source of funds
- Access to liquidity funds pending issuance of TAN

Why are we not using ARPA funds to offset?

- Strict U.S. Treasury guidelines prohibit supplanting

Limitation to use of ARPA funds

- The funds are not a recurring source of funds

Why are we not changing the assumptions on the collection rates?

- We are already using 96% which is what we normally collect
- Any additional collections this year are already assumed in the 2023 revenues-it is just a timing difference



FAQ's:

Does a LOST increase alone solve our 2023 Budget gap?

- No

How would a reduction in staff affect our service delivery to citizens?

- Most likely because of uneven impact across departments

Does the budget include increase requests from 3 hospital groups for indigent care?

- There is no funding above the \$42.5M currently being provided to Grady Hospital for indigent care, with additional funds for debt service

Why can't Finance find the money in FY2023?

- Millage rate rollback reduced revenue by \$64M
- There are several unexpected expenses (COLA, Public Safety Key Classifications & Elected Officials compensation adjustments, construction cost overruns, senior transportation, Alpharetta Jail, Inmate Outsourcing, and etc.)



Discussion Items Requiring Board Direction

- Should we assume the following new revenue to maintain a status quo budget in 2023?
 - A millage rate increase of .83 mils to 9.7 mils from current 8.87 mils
 - Combined with increase of \$25 million of LOST proceeds for a total of \$40M.

2023 to 2026 Budget View with 2021 Actual and 2022 Midyear Projections and Tax Revenue Amount at 9.33 Mills **OR**

- Should expenditures be adjusted in the following manner?
 - Maintain 2023 budget at the same level as 2022 projection
 - Combined with partial hiring freeze
 - No performance bonus/COLA
 - Self-insurance risk fund premium holiday for 2023
- Will any enhancements be funded in 2023?
 - If so, a millage rate increase will be required





QUESTIONS