Discussion and Request for Direction on 2023 Budget

October 5, 2022



#22-0752

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Revised FY2022 Budget Projection

	Midyear	Revised
	Projection	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 Mils
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 FULTON COUNTY

	2023 Budget		
	Presented in	Revised 2023	
	Midyear	Budget	
Beginning Fund Balance	154	182	
Projected Revenue	771	771	
Additional Revenue from Lower Appeals in			at 9.33 Mils
Property Value and Other Revenue	0	11	
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	FULTON
Fund balance Surplus/(Shortfall)	(104)	(91)	COUNT

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 Mils Rollback in the Millage Rate: \$64M

- 2022 Budget was built on a 9.33 Millage Rate

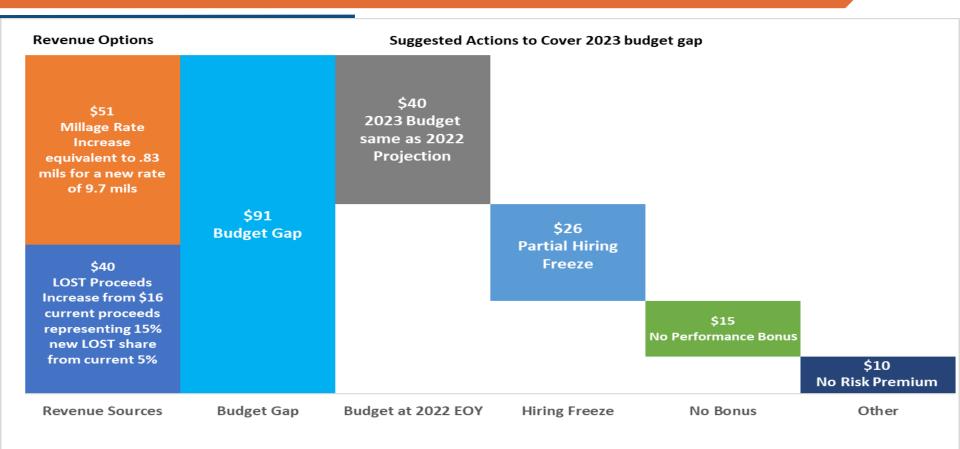
 Without modifying other assumptions, we can't afford a growing demand due to rollback of millage rate to 8.87 mils in FY2022/FY2023

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

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
- 2023 to 2Risk of Reduced Service Delivery Midyear Projections and Tax Revenue Amount at 9.33 Mils
 - 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



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
- 2023 to 2226 Fudget View with 2021 ARPA funds 2022 Midyear Projections and Tax Revenue Amount at 9.33 Mils
 - 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



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

²⁰² 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 ar \mathbb{QR} 022 Midyear Projections and Tax Revenue Amount at 9.33 Mils

- 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