

Budget Basics & Funding Sources

Orientation for Newly-Elected Council Members
December 8, 2022

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Overview of Topics

- **Budget Basics**
 - Background and Process for Adoption of Budget
 - Capital Plans
 - Taking it to the Next Level
- **Funding Sources**
 - Revenue Structure (Operating)
 - Value-Added Programs
 - Funding for Capital Projects
- **Best Practices**
 - Making Changes
 - Documenting the Process
- **Question & Answer**



Budget Basics

- **Why is it important?**

- The budget is the backbone of your success in County government. It is a financial plan and the means to establish spending parameters for a year but can be so much more.
 - A means to implement your strategic plan
 - Establishes accountability for leadership and staff
 - Sets a baseline to plan for the future
- It is required by State law.
 - Section 4-9-120: Procedures for adoption of ordinances (...)
 - Section 4-9-130: Addresses public hearing requirements
 - Section 4-9-140: Budget adoption must occur prior to beginning of fiscal year and establishes that County fiscal years must start on July 1st and end on June 30th each year

Budget Basics

- **How do I ensure it is a smooth process?**
 - The County Administrator (Supervisor, Manager, or Director) is ultimately tasked with preparing the budget but will enlist professional staff to bring the process together.
 - Empower them to meet with departments to review requests and make recommendations.
 - Encourage workshops and retreats in less formal settings to work through challenges, conflicts, and come to terms with the reality of constraints.
 - Recognize that there will be “winners and losers” in the process. Don’t let emotions rule.
 - Consider what can actually be expended in a year. This is even more important with multi-year capital projects.
 - Look to the future. Use these tactics to consider long-range forecasting in order to consider funding requests over more than just one year.

Budget Basics

- **Capital Planning**

- A Capital Improvement Plan (CIP) is a critical accessory to a strong budget. This will drive the adoption and decision-making process for all major capital initiatives when implemented properly.
- For infrastructure, buildings, and major repair projects, a CIP will usually span a five-year period and can be adopted by resolution in conjunction with the budget. This establishes the formal consensus of County Council for long-range initiatives. Staff should assist by developing criteria to score projects based on factors relevant to your community.
 - Economic impact
 - Addressing disparities
 - Replacing aging infrastructure
 - Strategic plan goals

Budget Basics

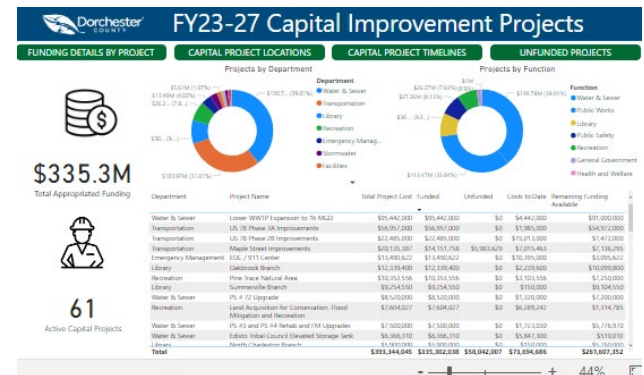
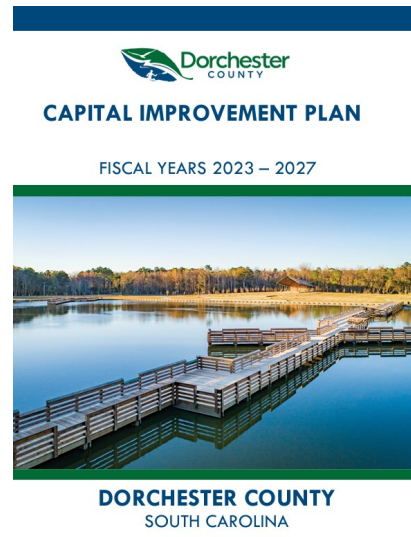
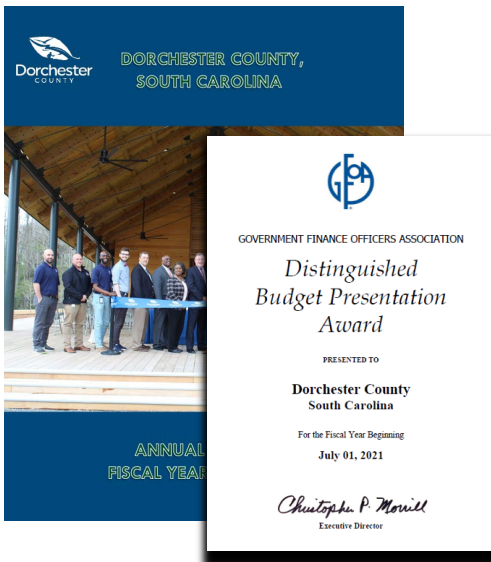
- **Capital Planning**

- Deeper than the CIP is the need to address the replacement of capital items in the organization on a recurring basis. All assets should have useful lives, which would typically be assigned by staff. Your County can also establish the threshold to deem something a capital asset. Typically, this is in excess of \$1,000 per item, but eligible to be considered on a replacement plan if greater than \$5,000 per item.
 - This will help make budget decisions easier. Instead of feuding over how many vehicles to buy for the Sheriff's Office, set useful lives for those vehicles. When they exceed the useful life, then you automatically agree to replace it by policy.
 - Patrol Car: 96 – 120 months or mileage cap
 - Public Works Truck: 84-96 months
 - Police Radio: 120 months

Budget Basics

- Next Level

- Consider detailed budget documents, capital plans, and public transparency dashboards to communicate the direction of the organization to your citizens.



Funding Sources

- **Property Taxes**
 - This is the most substantial source of revenue for counties in South Carolina, but don't rely on this source alone. You need diverse revenues with different bases, growth rates, and economic factors to thrive.
 - Ad valorem
 - Classes of property
 - Millage rates
 - Act 388

Funding Sources

■ Property Taxes

- Here are some examples, including how to calculate a tax bill, the value of a mill, and the impact of a 1 mill tax increase. Take this slide and fold a tab over it and the two that follow.

CURRENT VALUES & PRIOR YEAR TAX INFORMATION			
LOTS/	0	ACRES	0.13
BLDGs/IMPR.			1
TOTAL TAXABLE VALUE			298,000
ASSESSMENT RATIO			4%
TOTAL ASSESSED VALUE			11,920
PRIOR YEAR TAX INCLUDES TAXES AND FEES			\$2,148.75
TAX CALCULATION			
Assessed Value			11,920
X Tax Rate			0.36090
= Taxes before credits & fees			4,301.93
- School Tax Credit			-2,298.18
- Homestead Exemption			0.00
+ Fee Totals			807.45
TOTAL AMOUNT DUE:			2,811.20
DUE BY:			Jan 17, 2023

GOVERNMENT AGENCIES RESPONSIBLE FOR MILLAGE & TAX DOLLARS			
% OF BILL	TAXING ENTITY	MILLAGE	TAXES
15.26%	County Operating	54.90	\$654.40
2.35%	County Debt	8.50	\$101.32
1.52%	County Library	5.50	\$65.56
1.88%	County Capital Improvements	6.80	\$81.06
.27%	Children in Crisis	1.00	\$11.92
.52%	Senior Citizens Centers	1.90	\$22.65
5.87%	205 Summers Corner	21.20	\$252.70
50.87%	School Operating	183.60	\$2,188.52
18.01%	School Debt	65.00	\$774.80
2.54%	School Vocational	9.20	\$109.66
.91%	School Trident Tech	3.30	\$39.34
100.00%	Sub-Total	.00	\$4,301.93
	Less SC Homestead	.00	\$0.00
	Less School Tax Credit Savings	.00	(\$2,298.18)
	Plus SWUF (Solid Waste User Fee)	.00	\$85.00
	Plus SUMCA (Summer's Corner A)	.00	\$662.45
	Plus STWMF (Stormwater Management Fee)	.00	\$60.00
	Grand Total	.00	\$2,811.20

Funding Sources

- Property Taxes (Value of a Mill)

Assessed Value	\$736,345,545
÷	1000
= Value of Mill	\$736,345

- What's in the calculation?

- The total assessed value includes assessed value for all real and personal property. Assessed value is based on the ratio (4%, 6%, or 10.5%) determined by the type of property as established by state law. Each mill levied would generate \$736,345 based on the calculation above.

Funding Sources

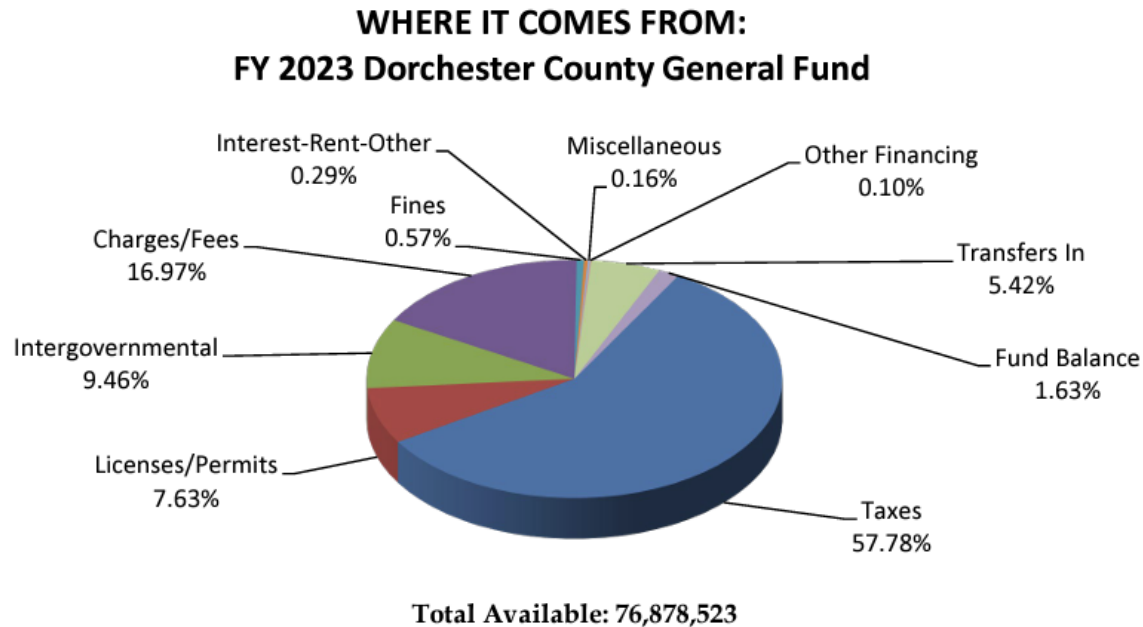
- Property Taxes (Impact of 1 Mill Increase)

Property Value	\$300,000
x Assessment Ratio	4% (or 0.04)
= Assessed Value	\$12,000
x One Mill	1 (or 0.001)
= Impact	\$12

- Millage is mathematically represented by moving the decimal three places to the left. It can only be calculated to the tenth of a mill. (i.e. 65.9 mills is acceptable, but 65.87 mills is not) Increases in millage are subject to a cap based on annual population and CPI increases.

Funding Sources

- Revenue Structure
 - There are many other types of revenues available to county governments in South Carolina. Some common sources include:



Funding Sources

- **Revenue Structure**
 - Your county may also have Enterprise or Special Revenue Funds that enable the operation of certain utilities or other segment of government not relevant to the General Fund. These may include:
 - Stormwater
 - Water & Sewer
 - Solid Waste
 - Fire Service
 - E911

Funding Sources

- **Value-Added Programs**

- There are creative ways to diversify your revenue program related to the General Fund which offer more sustainability from a long-term approach:
 - Overhead Allocations
 - Business License Program
 - Local Option Sales Tax and Credits



Funding Sources

- **Funding for Capital Projects**
 - Capital Projects require creative approaches to funding, whether that is providing for pay-go or various mechanisms of financing with debt.
 - Pay-go
 - Grants
 - Dedicated capital millage
 - Cost sharing across multiple sources
 - Debt Financing
 - General Obligation
 - Limited Obligation
 - Installment Purchase
 - Utility Revenue
 - Assessment Districts
 - Remember the implementation of a good five-year Capital Improvement Program. It will drive how you anticipate funding needs.

Best Practices

- **Making Changes**

- Much can happen in a year. Empower your staff to have the flexibility to make reasonable changes without requiring policy-level approvals at every turn.
 - Budget adjustments
 - Transfers between funds
 - Transfers between major categories
 - Supplemental Appropriations
 - Consider allowing moderate but reasonable supplemental appropriations via authority of the County Administrator

- **Documenting the Process**

- Staff should have a clearly defined budget process, manuals, forms, and instructions. If not, it should be developed and then County Council can approve the schedule each year to set expectations.

Best Practices



- Documenting the Process

DORCHESTER COUNTY GOVERNMENT



FY24 Budget Requests

FY24 Budget Requests




IMPORTANT MANUALS

-  [FY24 Budget Calendar](#)
-  [FY24 Budget Prep Manual \(PENDING\)](#)
-  [FY24 Budget Kickoff PowerPoint \(PENDING\)](#)
-  [Business Services Object Code Manual](#)


OPERATING & PERSONNEL REQUESTS

-  [Program Expansion Operating Form](#)
-  [Overtime Request Form](#)
-  [New Personnel Form](#)

CAPITAL REQUESTS

-  [Capital Program Expansion Form](#)
-  [New Vehicle - Heavy Equipment Request](#)
-  [FY24 Capital Maintenance Form \(PENDING\)](#)
-  [FY24 Capital Improvement Form](#)
-  [FY24 Capital Replacement Plan \(PENDING\)](#)


GRANTS

-  [Grant Matching Request Form](#)

REVENUE

-  [FY24 Revenue Form](#)

TARGETS

-  [Target Reallocation Submission](#)

Question & Answer