

BUDGET ANALYSIS

Budget preparation for the Fiscal Year (FY) 2025 budget began with the following guidance from the County Administrator for assembling the operational budget:

- ❖ Protect the County's level of financial security.
- ❖ Maintain a qualified and highly motivated workforce.
- ❖ Preserve County assets.
- ❖ Limit financial impact on the taxpayer.

Budget Deliberations

A balanced proposed budget was presented to Council on May 30, 2024. The proposed budget had \$841.2 million in available funds and disbursements for all operating funds. To allow the Administrator flexibility, County Council moved the animal shelter costs from the Sheriff's budget to the General Fund's Nondepartmental budget. Council approved the third reading of the FY 2025 budget on June 18, 2024.

Approved Budget

The FY 2025 Council Approved budget has available funds and disbursements (including budgeted changes in fund balance) for all operating funds, which total \$841.2 million and reflect a \$32.0 million or 4.0 percent increase from the FY 2024 budget. Figure 1 summarizes the FY 2025 operating budget. Additionally, the graphs presented on pages **X** and **X** represent the total available funds and the total disbursements for the County's annually appropriated operating funds. This budget does not include project-length budgets (i.e., Capital Projects Funds or grants) appropriated in previous years.

Figure 1 - Summary of FY 2025 Operating Budget
(Expressed in Millions of Dollars)

Description		
Available Funds (Including Beginning Fund Balance)		\$ 1073.4
Less Budgeted Disbursements		<u>(841.2)</u>
Nonspendable	95.1	
Restricted: External	(286.5)	
Restricted: Internal	213.6	
Available	<u>209.9</u>	
Ending Fund Balance		<u>\$ 232.2</u>

The millage rate for the County is comprised of the General Fund millage and the Debt Service millage. The General Fund millage for FY 2025 is 41.7 mills and is the same the previous year. The Debt Service levies, used to pay interest and principal on funds borrowed for capital projects, including Trident Technical College, remain at 6.3 mills. These changes result in no change in the County's countywide millage rates.

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Figure 2 – County Millage Rates

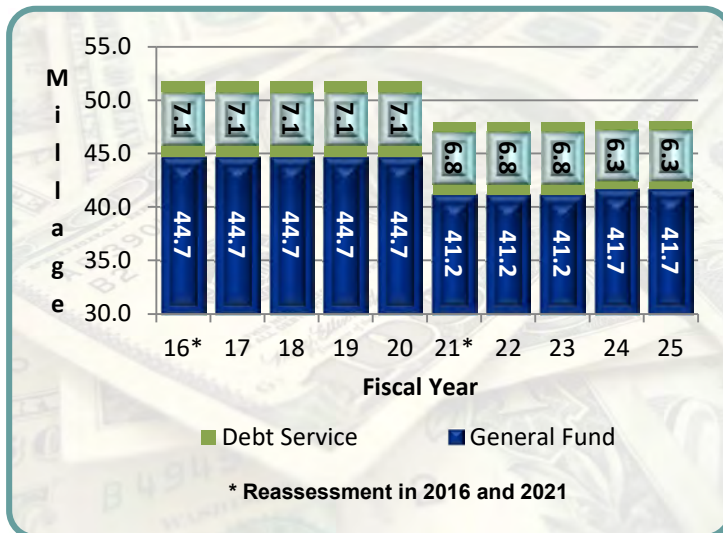


Figure 2 summarizes the County's millage rates for FY 2025 and the prior nine years. For the owner of a \$400,000 home (four percent assessed property), the 48.0 mills equate to a tax of \$768.00, which is unchanged from the previous tax year. As allowed under State law, the County elected beginning in FY 1991 to reduce property taxes by levying a one percent Local Option Sales Tax (LOST). The Sales Tax credit for FY 2025 reflects a decrease, which equates to \$372.00 for the \$400,000 homeowner. The LOST credit is based on estimated sales tax collection for purchases in FY 2025. After applying the Sales Tax credit, the net tax is \$396.00,

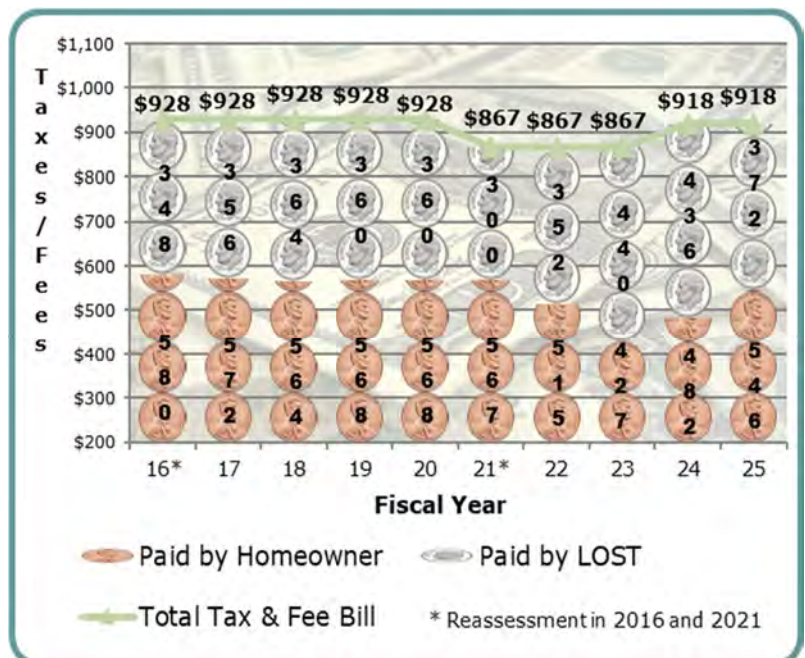
representing no increase from FY 2024 for the \$400,000 homeowner.



The Solid Waste Recycling and Disposal Fee of \$150 annually has no change for a single-family residence.

When the Solid Waste Recycling and Disposal Fee is included, the overall tax and fee bill for the owner of a \$400,000 home (four percent assessed property) amounts to \$546.00 representing a \$64.00 increase for a \$400,00 homeowner in FY 2025. Figure 3 illustrates these amounts and provides a ten-year prior history of the County's tax and Solid Waste User Fee bill, less the LOST credit, paid by the homeowner.

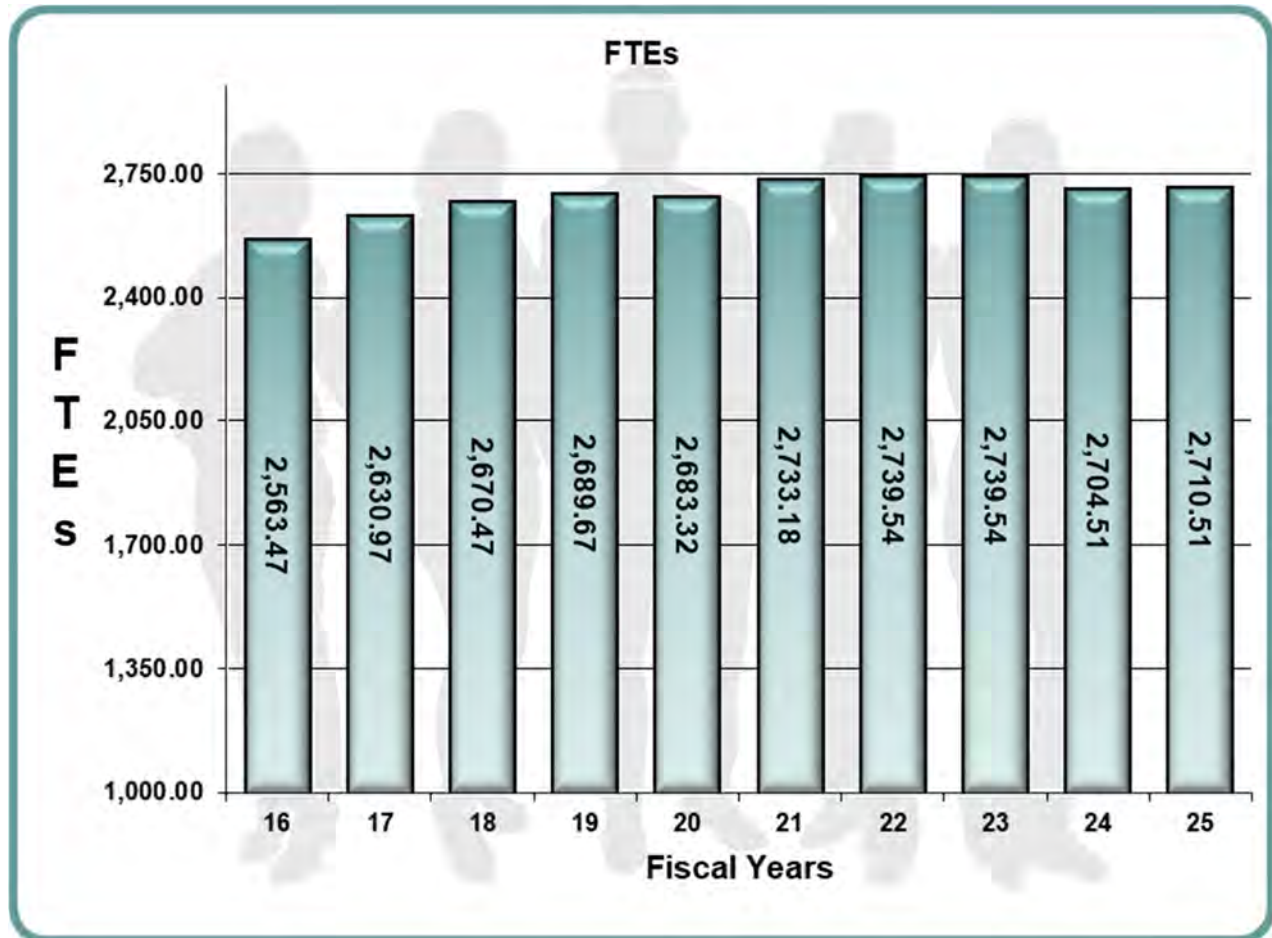
Figure 3 – Tax and Fee Bill



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Figure 4 summarizes the County's FTEs for FY 2025 and the prior nine years. The FTEs for Charleston County reflected a steadily increasing trend through FY 2019. The growth in FTEs began stabilizing in FY 2020 as the ability to fund and find personnel diminished. During FY 2023, the Sheriff decided to discontinue the School Crossing Guard function which reduced FTEs by approximately 43 for FY 2024. FY 2025 slightly increased from FY 2024 due to addition of newly added positions throughout the County. Individual department FTE changes can be found on department narratives from Pages X to Page X.

Figure 4 – Full-Time Equivalents (FTEs)



GENERAL FUND

SUMMARY

The FY 2025 Council approved budgeted disbursements for the General Fund is \$341.3 million, a \$16.5 million or 5.1 percent increase from the FY 2024 budget. Budgeted funds available for the FY 2024 budget also total \$341.3 million. The General Fund millage is 41.7 mills.

Page X shows a graphical representation of the County's General Fund budget. Page X shows a fund statement that depicts the numerical summary of the General Fund budget.

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BEGINNING BALANCE

The General Fund's beginning fund balance for FY 2025 is \$120.1 million. This fund balance includes the "Rainy Day Fund," an amount established and maintained by the County Ordinance for catastrophes and two months of recurring disbursements. (See Figure 5 for additional detail.)

Financial Policies

- *Financial Reserve Policy 1: ...strive to maintain a minimum ... fund balance in the General Fund of 2 months of the subsequent year's...operating expenditures.*
- *Financial Reserve Policy 3: ...maintain a Rainy Day Fund... at no less than four percent of the General Fund disbursements.*

Figure 5 – FY 2025 General Fund Beginning Balance*
(Expressed in Millions of Dollars)

Non-spendable (Inventory/Long Term Receivables)	\$ 7.4
Restricted: Internal	
Encumbrances	3.0
Designated for PAYGO projects in FY 2025	18.5
Projected for PAYGO in future years	20.0
Rainy Day Fund	13.0
Two months of Operating Expenditures	54.1
Available	<u>4.1</u>
Total	<u>\$120.1</u>

The Rainy Day Fund was established in FY 1992 to strengthen the County's balance sheet position and disaster preparedness funding. The fund is intended to equal no less than four percent of the General Fund disbursements, as the Budget Ordinance requires. An internal restriction of fund balance has been established to equal two months of the General Fund operating budget.

REVENUES

General Fund budgeted revenues of \$321.2 million reflect an increase of \$28.5 million or an 9.7 percent increase from FY 2024. Figure 6 shows the significant budget changes in revenues.

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Figure 6 – Major Changes in Revenues for the General Fund
(Expressed in Millions of Dollars)

<u>Department/Division</u>	<u>FY 2024 Approved</u>	<u>FY 2025 Approved</u>	<u>Amount Change</u>	<u>Percent Change</u>
Property Tax Revenue	\$110.4	\$135.3	\$24.9	22.6%
Interest	5.0	11.3	6.3	125.0%
Sales Tax	103.5	97.8	(5.7)	-5.5%

Property Taxes (net of credits) represent a \$24.9 million or 22.6 percent increase due to rising property values and a reduction in the Local Option Sales Tax credit. The next largest revenue, Sales Tax, includes a \$5.7 million or 5.5 percent decrease from FY 2024 due to declining sales tax collections. In addition, Interest Income reflects a \$6.3 million increase due to higher interest rates.

INTERFUND TRANSFERS IN

Approximately \$3.6 million is transferred to the General Fund from other funds, which represents no significant change from the prior fiscal year.

EXPENDITURES

The FY 2025 approved budgeted expenditures for the General Fund total \$319.7 million, representing an increase of \$12.8 million or 4.2 percent from the FY 2024 budget. Figure 7 shows the significant budget changes in expenditures for FY 2025.

Figure 7 - Major Changes in Expenditures for the General Fund
(Expressed in Millions of Dollars)

<u>Department/Division</u>	<u>FY 2024 Approved</u>	<u>FY 2025 Approved</u>	<u>Amount Change</u>	<u>Percent Change</u>
Facilities Management	\$23.7	\$27.7	\$4.0	16.9%
Emergency Medical Services	22.8	24.6	1.8	7.9%
Non-Departmental	10.8	4.1	(6.8)	-62.5%

The largest area of change centers on rising personnel costs. Nondepartmental reflects the reallocation of a FY24 equity adjustment to offices/departments. Facilities Management reflects a \$4.0 million or 16.9 percent increase largely due to higher utility and security costs. In addition, Emergency Medical Services includes a \$1.8 million or 7.9 percent increase for personnel costs due to a shift of FTEs.

INTERFUND TRANSFERS OUT

Approximately \$21.5 million is transferred from the General Fund to various other funds, which reflects a \$3.7 million or 20.6 percent increase from FY 2024. The increase reflects funds for Public Works drainage projects and the replacement of the County's telephone system.

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FUND BALANCE

The FY 2025 ending fund balance is projected to be \$103.6 million. This amount is comprised of the following:

- \$56.9 million, two months of expenditures
- \$13.7 million is set aside in the Rainy-Day Fund for unexpected events
- \$22.7 million for future capital purchases and special projects
- \$7.4 million of Nonspendable funds for inventory and long-term receivables
- \$3.0 million in encumbrances

DEBT SERVICE FUND

SUMMARY

The FY 2025 approved budgeted disbursements for the Debt Service Fund total \$38.4 million, an \$3.1 million or 8.8 percent increase from the FY 2024 budget. Budgeted funds available for FY 2025 also total \$38.4 million. The Debt Service Fund millage is anticipated to be 6.3 mills and represents a slight increase from FY 2024.

Page **X** displays a graphical representation of the County's Debt Service Fund budget. Page **X** contains the fund statement, a numerical summary of the Debt Service Fund.

REVENUES

Debt Service Fund revenues total \$36.7 million and reflect an increase of \$4.8 million or 14.9 percent increase from FY 2024. The increase represents the shift of Trident Technical College's debt millage from Interfund Transfer In. In addition, the increase reflects additional property tax revenues from a growing property tax base and higher interest rates.

INTERFUND TRANSFERS IN

Approximately \$4.9 million is expected to be transferred to the Debt Service Fund from other funds. The transfers decreased by \$2.8 million or 36.1 percent compared to the FY 2024 budget, reflecting the consolidation of the Trident Technical College's debt millage into revenues.

EXPENDITURES

The FY 2025 budgeted expenditures for the Debt Service Fund total \$38.4 million. This amount represents a \$3.1 million or a 8.8 percent increase from FY 2024 for interest expense for a planned borrowing in November 2024.

FUND BALANCE

The FY 2025 ending fund balance is projected to be \$37.3 million, representing a \$5.1 million or a 16.0 percent increase from the estimated FY 2024 ending balance.

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SPECIAL REVENUE FUNDS

SUMMARY

The FY 2025 approved budgeted disbursements for the Special Revenue Funds total \$295.6 million which reflects no significant change from the FY 2024 budget. Budgeted funds available for FY 2025 also total \$295.6 million.

Page **X** shows a graphical representation of the County's Special Revenue Fund budgets, while pages **X** to **X** contain fund statements reflecting numerical summaries of the budgets.

REVENUES

The revenues for the Special Revenue Funds total \$293.7 million and reflect a \$3.5 million or 1.2 percent decrease from the FY 2024 budget. Figure 8 provides information on significant budgeted revenue changes.

Figure 8 - Major Changes in Revenues for the Special Revenue Funds
(Expressed in Millions of Dollars)

<u>Department/Division</u>	<u>FY 2024 Approved</u>	<u>FY 2025 Approved</u>	<u>Amount Change</u>	<u>Percent Change</u>
Transit Agencies (2nd TST)	\$30.9	\$37.9	\$7.0	22.7%
Public Works: Roads Program (1st TST)	62.8	59.6	(3.2)	-5.1%
Public Works: Roads Program (2nd TST)	60.2	57.5	(2.7)	-4.5%

As some of the County's major revenue sources, the Transit Agencies (2nd TST) and the Public Works: Roads Program (1st and 2nd Transportation Sales Tax) have the most significant impact on the revenues in the Special Revenue Funds.

Voters passed the first Transportation Sales Tax (TST) by referendum in November 2004 and passed the 2nd TST by referendum in November 2016 for roads, greenbelts, and transit programs. The FY 2025 budget for all three TST Programs is \$197.1 million. The estimated collective decrease for the Transportation Sales Tax program is \$0.3 million or 2.7 percent. The collection of transportation sales tax is tied directly to the strong economy and local tourism industry.

INTERFUND TRANSFERS IN

Transfers into the Special Revenue Funds from various other funds are approximately \$14.5 million which reflects no significant change from FY 2024.

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EXPENSES

The FY 2025 budgeted expenses for the Special Revenue Funds total \$184.3 million, a \$11.2 million or 6.5 percent increase from FY 2024. Figure 9 shows the significant budget change in expenses.

Figure 9 - Major Changes in Expenses for the Special Revenue Funds
(Expressed in Millions of Dollars)

Department/Division	FY 2024 <u>Approved</u>	FY 2025 <u>Approved</u>	Amount <u>Change</u>	Percent <u>Change</u>
Accommodations Tax: Local	\$30.4	\$38.5	\$8.1	26.6%
Economic Development	4.0	5.7	1.7	42.5%
Public Works: Roads Program (1st TST)	22.7	23.4	0.7	3.1%
Economic Development: Revenue Bond Debt Service	22.8	21.6	(1.2)	-5.3%

The primary change in the FY 2025 budgeted expenses in the Special Revenue Fund is a \$8.1 million or 26.6 percent budgeted increase for the Accommodations Tax: Local Fund. The increase in the Accommodations Tax Local Fund is due to funding for affordable housing for the tourist-serving community and completion of two facility obligations.

There is a \$1.7 million or 42.5 percent increase for the Economic Development Fund due to increased funding for Economic Development incentives and projects. In addition, there is a \$1.2 million or 5.3 percent decrease for the Economic Development Revenue Bond Debt Service Fund due to decreased pass-throughs to taxing entities.

The Public Works: Roads Program (1st TST) is higher to due to scheduled bond repayments.

INTERFUND TRANSFERS OUT

Approximately \$111.3 million is transferred from the Special Revenue Funds to various other funds. The decrease of \$11.3 million or 9.2 percent relates to cash flows for the pay-as-you-go road projects under the Transportation Sales Tax programs.

FUND BALANCE

The FY 2025 ending fund balance is projected to be \$247.0 million, which reflects a \$12.6 million or 5.4 percent increase from the estimated FY 2024 ending balance. The increase reflects the planned savings in the first Transportation Sales Tax to fund future road and transit projects on a pay-as-you-go basis.

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ENTERPRISE FUNDS

SUMMARY

The FY 2024 approved budgeted disbursements for the Enterprise Funds total \$96.0 million. This is a \$8.7 million or 10.0 percent increase from the FY 2024 budget. Funds available for FY 2025 also total \$96.0 million.

Page **X** displays a graphical representation of the County's Enterprise Funds budgets, while pages **X** to **X** contain fund statements reflecting numerical summaries of the budgets.

REVENUES

Revenues for the Enterprise Funds total \$83.9 million and reflect a \$2.5 million or 3.1 percent increase from the FY 2024 budget. Figure 10 provides information on significant budgeted revenue changes.

Figure 10 - Major Changes in Revenues for the Enterprise Funds
(Expressed in Millions of Dollars)

<u>Department/Division</u>	<u>FY 2024 Approved</u>	<u>FY 2025 Approved</u>	<u>Amount Change</u>	<u>Percent Change</u>
Environmental Management	\$54.1	\$56.1	\$2.0	3.7%

The most significant budgeted change is an increase of \$2.0 million or 3.7 percent in the Environmental Management Fund due to higher Solid Waste User Fee collections.

INTERFUND TRANSFERS IN

Approximately \$2.1 million is transferred into the Enterprise Funds from the General Fund, which reflects a \$0.3 million or 11.1 percent decrease from FY 2024. This decrease is due to the transition of the Tri-County Biological Science Center to the General Fund in FY 2025.

EXPENSES

The FY 2025 budgeted expenses for the Enterprise Funds total \$77.2 million, a \$3.1 million or 3.8 percent increase from FY 2024. Figure 11 shows the significant budget change in expenses.

Figure 11 - Major Changes in Expenses for the Enterprise Funds
(Expressed in Millions of Dollars)

<u>Department/Division</u>	<u>FY 2024 Approved</u>	<u>FY 2025 Approved</u>	<u>Amount Change</u>	<u>Percent Change</u>
DAODAS: Support Services	\$1.9	\$3.0	\$1.1	57.9%
Environmental Management - Landfill Operations	11.9	8.1	(3.8)	-32.2%

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The most significant budgeted decrease in the Enterprise Funds is a \$3.8 million or 32.2 percent decrease in the Environmental Management Landfill Operations Fund due to lower estimated fleet maintenance and fuel cost.

In addition, there is a \$1.1 million or 57.9 increase in DAODAS Support Services due to an increased use in contracted temporaries.

INTERFUND TRANSFERS OUT

The transfers from the Enterprise Fund to other funds are approximately \$18.9 million, a \$11.8 million or 167.4 percent increase. The Environmental Management – Landfill Operations interfund transfer out represents construction of the next two lined landfill cells.

FUND BALANCE

The FY 2025 combined ending fund balance is projected to be \$43.9 million, which reflects a \$5.3 million or 10.8 percent decrease from the estimated FY 2024 fund balance. The Environmental Management and Facilities: Parking Garages Funds utilize some fund balance for projects.

INTERNAL SERVICE FUNDS

SUMMARY

The FY 2025 approved budgeted disbursements for the Internal Service Funds total \$69.9 million. This is a \$3.7 million or 5.5 percent increase from the FY 2024 budget. Funds available for FY 2025 also total \$69.9 million.

Page **X** shows a graphical representation of the County's Internal Service Funds budgets, while pages **X** to **X** contain fund statements reflecting numerical summaries of the budgets.

REVENUES

Internal Service Funds revenues total \$59.8 million and represent a \$1.4 million or 2.3 percent increase from FY 2024. Figure 12 provides information on significant budgeted revenue changes.

Figure 12 - Major Changes in Revenues for the Internal Service Funds
(Expressed in Millions of Dollars)

<u>Department/Division</u>	<u>FY 2024 Approved</u>	<u>FY 2025 Approved</u>	<u>Amount Change</u>	<u>Percent Change</u>
Human Resources: Employee Benefits	\$33.4	\$37.0	\$3.6	10.8%
Safety & Risk: Safety/Workers' Compensation	4.5	2.7	(1.7)	-38.9%

The largest increase in the Internal Service Funds is higher internal charges of \$3.6 million or 10.8 percent in the Human Resources: Employee Benefits Fund. The increase is partially offset by a \$1.7 million or 38.9 percent decrease in the Safety & Risk: Safety/Workers' Compensation Fund which represents lower worker's compensation claims.

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INTERFUND TRANSFERS IN

Approximately \$5.9 million is transferred into the Internal Service Funds, which reflects a \$1.1 million or 21.8 percent increase from the FY 2024 budget. The increase represents a transfer from the General Fund to the Telecommunications Fund to replace the County's telephone system.

EXPENSES

The FY 2025 budgeted expenses for the Internal Service Funds total \$69.9 million, a \$3.7 million or 5.5 percent increase from FY 2024. Figure 13 shows the significant budget change in expenses.

Figure 13 - Major Changes in Expenses for the Internal Service Funds
(Expressed in Millions of Dollars)

<u>Department/Division</u>	<u>FY 2024 Approved</u>	<u>FY 2025 Approved</u>	<u>Amount Change</u>	<u>Percent Change</u>
Human Resources: Employee Benefits	\$34.8	\$38.0	\$3.2	9.2%

The most significant budgeted increase in the Internal Service Funds is an increase of \$3.2 million or 9.2 percent in the Human Resources: Employee Benefits Fund due to rising costs of various insurances as determined by the State.

FUND BALANCE

The FY 2025 ending fund balance is projected to be a negative \$199.5 million, representing a \$6.0 million or 3.1 percent decrease from the FY 2024 ending balance. The negative fund balance is due to reporting \$278.3 million in retirement benefits in the Human Resources: Employee Benefits Fund.