

## COMMISSION COMMUNICATIONS-2024 COUNTY BUDGET WRITTEN BY ED DOUGLAS PRESIDING COMMISSIONER

The 2024 Budget was completed with the help of all the elected officials and especially County Clerk, Sherry Parks who compiles and coordinates the entire process. The County offices and officer that assisted in this effort, include: Sheriff Steve Cox, Prosecuting Attorney Adam Warren, Collector/Treasurer Diane Havens, Recorder of Deeds Amy Baker, Assessor Steve Ripley, County Clerk Sherry Parks, Circuit Clerk Jane Gann and County Commission Ed Douglas Presiding Commissioner, Dave Mapel Western District Commissioner and Dennis Hicks Eastern District Commissioner. The County's Road and Bridge Crew is also part of the County's budget with Jordon Ralls as head of this division.

Revenue for 2024 is budgeted at \$10,652,741. Expenses are budgeted at \$12,509,869. This might appear to be a concern to spend more than revenue but in practice budgeted expenses are generally higher some higher than what ends up actually spent and so there are beginning cash balances from the previous year to cover this difference. County government is not allowed to spend more than budgeted by State law and consequently budgeted expenses are set a little on high side to make sure that expenses don't exceed budget.

Sales tax revenue is the County's primary source of revenue. County sales tax is 1.25%, (two half cent general revenue taxes and a quarter cent law enforcement tax) Total sales tax paid in the County is 7.975% which includes 4.225% State sales tax, 2.25% City sales tax and 1.25% County sales tax. There is an additional .50% sales tax paid for purchases made in the Tax Increment Financing District, which is the area in the City of Chillicothe where Lowes and Applebee's are located.

Our 1.25% sales tax in 2023 amounted to \$3,544,326 which was a 1.31% increase from 2022. To be conservative and assuming no recession occurs, in 2024 we budgeted \$3,437,996 for sales tax revenue, which is 97% of our 2023 sales tax revenue. Additionally, the County also has Use tax revenue which is basically sales tax but the responsibility of paying the tax rests with the purchaser rather than the seller, typically for items used by a business that were purchased without paying sales tax. As an example, if a business buys a piece of software from a vendor who is not required to pay sales tax in Missouri, the business is required to remit the use tax to the state. Use tax for 2023 amounted to \$524,398 which was

a significant increase from \$379,521 in 2022. We are budgeting \$500,000 for 2024.

In 2024 we are also budgeting \$75,000 of county sales tax revenue from the 3% Marijuana sales tax that was passed by both the City of Chillicothe and the County last August. We believe this is very conservative, but since we have no actual history yet we wanted to not over budget this. We believe there will be extra societal costs, primarily law enforcement and health costs, from legalized marijuana and this revenue will help offset some of these costs.

Another major source of revenue in the 2024 County budget is \$635,300 fees for services which includes: Collector commissions and fees which is a percentage of real and personal property taxes budgeted to amount to \$500,000, Public Administrator fees budgeted at \$48,000, Recorder of Deeds fees of \$50,000 and Circuit Clerk fees of \$25,500.

Here are some of the major areas of expense in the County. Law enforcement is a major expense. Housing prisoners is budgeted at \$815,000 again this year the same as last year. Prisoners cost about \$55 per day and we average a little over 40 prisoners per day. We actually were under budget last year at \$600,000 but this can fluctuate year to year. We do receive a partial reimbursement of costs from the State of Missouri for housing prisoners who are ultimately sent to prison for violation of State laws that is budgeted at \$200,000 for 2024. We sent our prisoner to several different jails including Clinton and Davies/Dekalb jails. We are often asked why we don't build a jail. This is a cost decision. Building a new jail to house 100 prisoners would cost approximately \$30 million dollars, require borrowing money and a vote of the people and would require hiring another 25 law enforcement officers which in today's world would not be easy to find. The total cost amortized over 20 years would cost over double what we are budgeting today.

Our Sheriff's department is budgeted for 12 officers and staff which includes vehicles and equipment. We have put additional resources into this area over the past six years particularly to help ensure our county is as safe as possible and we believe the Sheriff's staff does an excellent job. In 2024, our Sheriff's office is moving from the City's law enforcement center back to the Sheriff's existing building on Webster. We will be spending \$125,000 in 2024 to remodel this

building for the move back. For the past several years, our Sheriff's department had been housed in the City's law enforcement center which had some advantages of the Police and 911 and Sheriff's department all together. The city has passed a renewal of their capital improvement tax and is expected to build a new law enforcement center. Since the County does not have a capital improvement tax, staying in the new building is not financially viable for the County and so we have chosen to move back across the street. It should be noted that we appreciate the City's allowing us to house with them and the cooperation and working relationship we have with the police department and the City of Chillicothe.

Another item related to law enforcement is 911 expense. The County partners with the City in this expense. The City manages and houses this operation and the County turns over about \$130,000 of land line tax to the City. The overall cost of the operation is estimated to be over \$700,000 in 2024. After reducing the cost by the land line revenue, the net cost is apportioned based on a formula agreed upon by the City and County.

Our Road and Bridge budget is another large budget within the County. We are responsible for over 120 bridges over 20 feet in length and nearly 50 bridges under 20 feet plus many, many more tubes of various sizes. We have made significant progress in fixing bridges in the last couple of years. Prior to the last couple of years, we had been able to replace a bridge every 12 to 18 months using 80% federal funds and 20% county funds. (Today, a new bridge can cost \$500,000) Fortunately, with funds provided from the Federal Government, called ARPA (American Recovery Protection Act) we were able to spend approximately \$1,500,000 million to repair 10 of our worst bridges. Additionally, the Federal bridge program was changed that allowed us to build two new bridges and schedule rebuilding of another five of our worst bridges in the next couple of years. This is a huge improvement in the overall condition of our bridges.

In 2024 the Road and Bridge budget includes \$200,000 plus in tubes to maintain and replace worn out tubes and \$200,000 for a truck and trailer to replace equipment that is no longer adequate or safe to move our bridge repair equipment.

Livingston County is a township county which means our 13 townships are responsible for road maintenance. (The County owns the 600 plus miles of roads in the County but the townships, managed by township boards elected by the people maintain these roads). As part of our budget, we give out part of our CART rock money that comes to the road and bridge department through the state as part of the gas tax. The road and bridge department also receives vehicle sales tax revenue. This year for the third year in a row we are increasing the amount that is paid out to townships to help them purchase rock. This amount is \$345,000 in the 2024 budget. Additionally, after our 2017 half cent sales tax was passed, we increased the amount we give to townships by \$200,000 per year. This money is used to improve miles in each township to a higher standard that previously and is inspected (Crowned Road, good shoulders and adequate ditches). Currently each township has improved 10 miles to this higher standard. Also, half of the new additional money was to be used by townships to replace smaller tubes of two feet and less in diameter which had previously been the responsibility of the township and is now paid for by the County. When these smaller tubes that need replacing have all be replaced, the townships can use the extra funds for additional rock.

There are some items in the County budget and other public budgets which inflate the budget on both sides of the ledger. One example of that is in the Road and Bridge budget in which we budget \$1,000,000 in revenue from FEMA (Federal Emergency Management Agency) and \$1,000,000 of expense to repair roads if we have a major flood event. We have to budget what could happen because the County is not legally allowed to spend more than what is in our budget. Although we do not know if there will be a flood event, just in case, we need to budget it on both sides of the ledger.

At the end of 2024 the County budget now is projecting to have reserves of 31% percent of the county budgeted expenses which is right where we want to be. When I was first elected 10 years ago, our County had basically no reserves and our Commission at that time spent two years putting together a plan for a sales tax which the voters then passed in 2017 to correct what was a very dangerous situation. It is important to have 25% to 30% of your budgeted expenses in reserve for unexpected contingencies, just like it is important for an individual to have an emergency fund. Some have asked me why a county needs an emergency

fund like an individual and I have used the very real example of imagine that we had a tornado like Joplin that wiped out most of the town. Our sales tax revenue would be severely limited for quite a while and a reserve fund would be necessary to get us by in a case like that. It should be noted that the County does owe a little over \$800,000 on the million-dollar remodeling we did to the Courthouse in 2018 which we are paying back over time. These improvements included a new roof, new windows and doors (many windows were over 100 years old), tuckpointing, power washing of the entire building, new lighting and some electrical work. The Courthouse is the Center of our Community, is a beautiful building, and needed significant work so we are very glad we did this. If we subtract our debt from our reserve percent calculation, we are at 25% of expenditures, still adequate but a slightly on the low side.

We gave employees a cost-of-living increase of 4.5% in 2024. Inflation has been high in the last couple of years and we have tried to help our staff keep up with inflation. I would expect that 2025 will be much closer to the long term 3% inflation rate. We also were able to increase our retirement benefit through Lagers from 1.25% to 1.50%. Additionally, employees have a 1% CERF retirement also which is half funded by the County and half by the employee. Together, this gives employees a 2.5% benefit times years of service when they retire which is an excellent retirement benefit. County government may not be able to compete totally on wages with the private sector but our fringe benefits are very good and help us keep our staff. It should also be mentioned that we provide health insurance for our staff and that cost increased 17% for the year. If we experience that kind of increase in 2025, we would may have to reduce coverage.

If you have questions feel free to contact us to discuss. Thank you for your support.