

Cherokee BOC Retreat 1/17/2020



Finance Presentation

Cherokee BOC Retreat Finance Agenda 1/17/2020



➤ Strategic Plan LTFP Goals

- Goals
- Financial Scorecard
- Operating & Capital Analysis

➤ Pension Plan

- Historical Trends
- Pension Plan Study
- County Comparisons
- Next Steps

➤ Capital Improvement Plan

- FY2020 Funding Sources
- FY2020 Budgeted Projects
- SPLOST VII Revenue Forecast

➤ Long Term Financial Plan FY2021

- Planning Assumptions
- Key Expenditure Items
- Key Revenue Items
- Millage Rate Projection and Impact

➤ AAA Investment Rating

- What is the Benefit?
- Moody's Scorecard
- County Comparisons
- Supplemental County Comparisons Detail

Cherokee BOC Retreat Finance Agenda 1/17/2020



- **Strategic Plan**

- Goals

- Financial Scorecard

- Operating & Capital Analysis

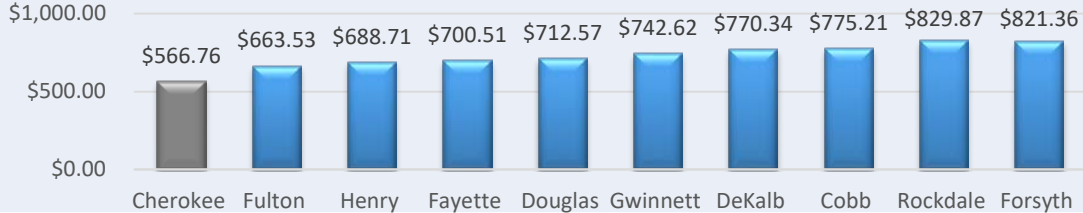
Strategic Plan LTFP Goals



1. Investment Rating Achieve AAA Investment Rating
2. Debt Policy No new debt, accelerate the retirement of current debt
3. Reserve Policy Increase Fund Balance reserves closer to the median of other AAA Counties.
4. Cash Reserve Cash reserves for Major Operating Funds should be equal to or greater than 15% of expenditures
5. Health Benefits Maximum contribution by the County is 80% of the total health care cost



Cherokee County Financial Scorecard

Strategic Blueprint Linkage	Status	2019 Unaudited Results																						
Operating Cash Reserves =>15% of Operating Expenditures	●	<ul style="list-style-type: none"> Operating Cash Balance FY18 \$43.6M, FY19 \$45.1M Operating Expenses FY18 \$165M, FY19 181M Operating Cash Reserves/Operating Expenses FY18 26.4%, FY19 24.9% 																						
Top 3 lowest in tax burden and spend per capita - <i>Note: 2019 data not available, Chart reflects 2018 data.</i>	●	 <table border="1" data-bbox="1116 646 2193 856"> <thead> <tr> <th>County</th> <th>Value</th> </tr> </thead> <tbody> <tr><td>Cherokee</td><td>\$566.76</td></tr> <tr><td>Fulton</td><td>\$663.53</td></tr> <tr><td>Henry</td><td>\$688.71</td></tr> <tr><td>Fayette</td><td>\$700.51</td></tr> <tr><td>Douglas</td><td>\$712.57</td></tr> <tr><td>Gwinnett</td><td>\$742.62</td></tr> <tr><td>DeKalb</td><td>\$770.34</td></tr> <tr><td>Cobb</td><td>\$775.21</td></tr> <tr><td>Rockdale</td><td>\$829.87</td></tr> <tr><td>Forsyth</td><td>\$821.36</td></tr> </tbody> </table>	County	Value	Cherokee	\$566.76	Fulton	\$663.53	Henry	\$688.71	Fayette	\$700.51	Douglas	\$712.57	Gwinnett	\$742.62	DeKalb	\$770.34	Cobb	\$775.21	Rockdale	\$829.87	Forsyth	\$821.36
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Invest in technology and projects that increase public safety. Provide an innovative, safe and lasting public infrastructure based on best practices	●	<ul style="list-style-type: none"> SPLOST Revenues were \$4M over budget with a 10.4% growth rate. SPLOST Expenditures for FY19 were 48% for Public Safety and 38% of Public Works 																						
Promote financial integrity by effectively and efficiently managing public assets	●	<ul style="list-style-type: none"> Acceleration of long term debt principal payments , resulting in \$7.8M of savings Evaluation of Pension Plan Key Drives and financial sustainability of the plan 																						
Reduce Workers Compensation Mod Factor from 0.84 to 0.78	●	<ul style="list-style-type: none"> Workers Compensation Current Mod Factor is .68 																						

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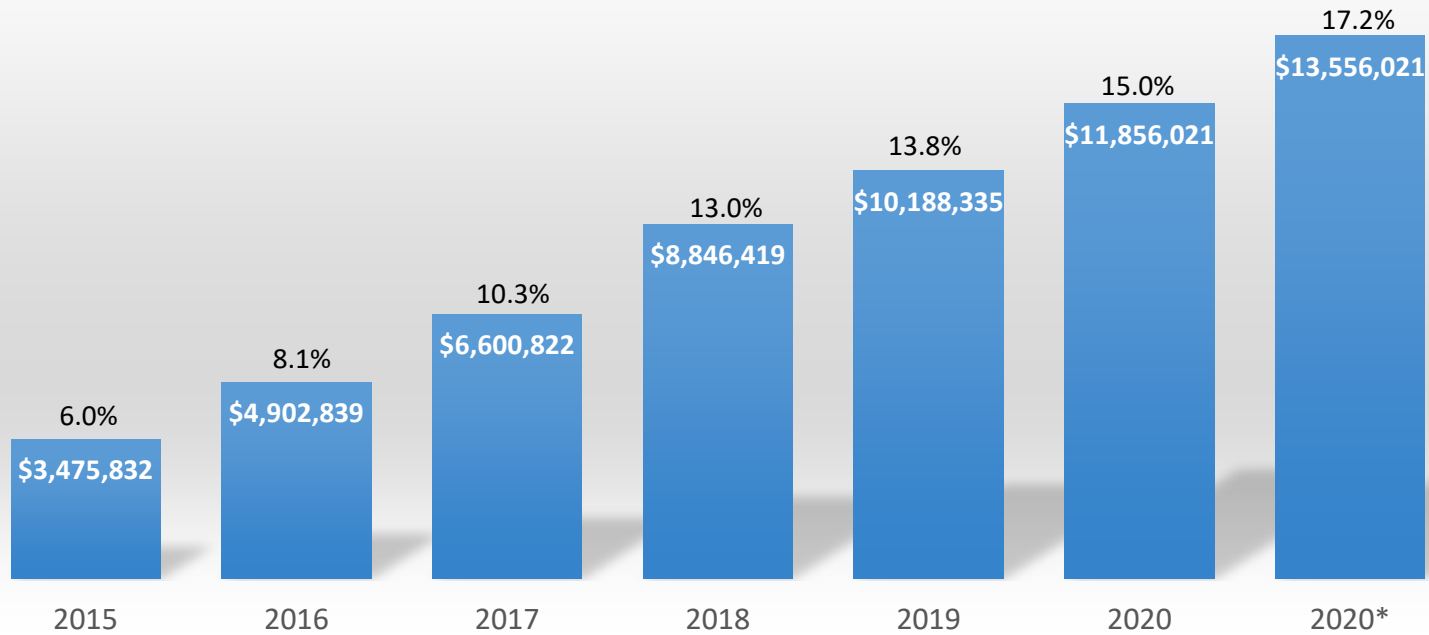
• Pension Plan

- Historical Trends
- Defined Benefit Study
- County Comparisons
- Next Steps

Cherokee County Historical Pension Trends



Total Cherokee County Pension Cost



- From 2015-2019 Employer Contributions have increased \$6.7M
- The employer percentage contribution For each employee has increased from 6% to 13.8%
- The current budget for employer contributions is 15% and we expect the final percentage could rise to 17.2% for FY2020

Cherokee BOC Retreat Pension Plan Study



- Review of the data flow and processes between GEBCorp and Cherokee County noting any deficiencies requiring the implementation of new controls
- Review and define the overall objectives of the Defined Benefit Plan
- Review the calculations of the key drivers that determine the cost of the plan
 - Mortality Rates
 - Investment Return
 - Salary Increases
 - Probability of terminating employment
 - Retirement Rates

Cherokee BOC Retreat Pension Plan Study



- Prepare Comparisons with Peer Counties
- Evaluate the key financial drivers and perform “what if” analysis to determine any intended and unintended consequences that could result if elements of the plan were changed. Key factors to consider when making any changes to the plan is the effect on the following:
 - Employee Benefits - Hiring Rates and Retention Rates
 - Operational Issues – Impact of Services provided; Potential issues with a two-tiered system
 - Financial - Financial Impact now and the sustainability of the Plan

Pension Variables County Comparisons



	Cherokee	Bartow	Carroll	Douglas	Fayette	Floyd	Haralson	Heard	Paulding	Pickens	Polk	Rockdale GE	Rockdale PS	Cobb - Enhanced	Cobb - Hybrid
Mandatory / Voluntary	M	M	Frozen 7/1999	M	M	M	M	V	M	Closed 1/2016	M	M	M	M	M
EE Contribution %	6%	0%	0%	5%	5%	0%	2%	5%	0%	5%	0%	3%	7%	2009 - 5.00% 2019 - 7.75% 2023 - 8.75%	3.0%
Recommended ER Contribution %	16.3%	27.5%	N/A	15.0%	2.9%	15.2%	7.2%	4.7%	10.7%	17.1%	7.9%	14.5%	14.5%	22.58%	22.58%
Funded Ratio %	61.8%	72.7%	76.7%	70.6%	108.4%	91.9%	102.6%	101.5%	93.7%	62.9%	96.5%	80.4%	80.4%	53.8%	53.8%
Benefit Formula / Multiplier	2.0%	1.0%	1% first \$6,600 ----- 1.5% over \$6,600 ----- Plus \$36	2.5%	2.0%	1.35% first \$10,000 ----- 2.0% over \$10,000 ----- Plus \$36	1.5%	1% first \$6,600 ----- 1.5% over \$6,600 ----- Plus \$36	1% first \$6,600 ----- 1.5% over \$6,600 ----- Plus \$36	2.0%	1.0%	1.75%	1.75%	2.5%	1.0%
Max Years of Credited Service	30	35	N/A	40	30	N/A	35	N/A	N/A	30	40	35	35		N/A
Years to Vest	5	5	5	5	5	10	5	5	5	5	5	5	5	7 yrs thru 2008 10 yrs - 2009	10
Normal Retirement	65	67	65	65	67	65	65	65	65	65	65	65	65	65	Based on Unreduced Social Sec. Retirement Date
Early Unreduced Retirement	Rule of 70 or 30 yrs of credited service	N/A	N/A	Rule of 80 with minimum age of 55	Age 55 & 25 years of service (20 years if PS)	Age 62 & 30 years of service	N/A	N/A	N/A	N/A	N/A	N/A	Age 55 & 20 yrs of service	Public Safety Age 55 / 25 YOS ----- Rule of 80	Public Safety Age 55 / 25 YOS ----- Age 55 / 35 YOS
Early Reduced Retirement	Age 55 & 5 yrs of service	Age 60 & 10 yrs of service	Age 60 & 10 yrs of service	Age 55 & 10 yrs of service	Age 55 & 10 yrs of service	Age 60 & 10 yrs of service	Age 60 & 10 yrs of service	Age 60 & 10 yrs of service	Age 60 & 10 yrs of service	Age 55 & 10 yrs of service	Age 60 & 5 yrs of service	Age 55 & 15 yrs of service	Age 55 & 15 yrs of service	Age 60 / 25 YOS reduced 1%/year prior to Normal Retirement Date	
Average Compensation Formula	Highest 36m out of last 120m	Highest 60m out of last 120m	Highest 60m out of last 120m	Highest 60m out of last 120m	Highest 60m out of last 120m	Highest 60m out of last 120m	Highest 60m out of last 120m	Highest 60m out of last 120m	Highest 60m out of last 120m	Highest 60m out of last 120m	Highest 36m out of last 120m	Highest 36m out of last 120m	Highest 36m out of last 120m	Highest 60m out of last 120m Includes OT	Highest 60m out of last 120m Does not include OT
DC Matching Plan	No	100% up to 4%	50% up to 6%	No	50% up to 5%	No	No	No	50% up to 4%	50% up to 5%	50% up to 6%	No	No	No	50% up to 2%

Pension Variables Analysis



Pension Variable	Cherokee County	Low	High
Employee Contribution %	6.0%	0.0%	8.0%
Pension Multiplier	2.0%	1.00%	2.50%
Average Annual Compensation	36 months	36 Months	60 Months
Pensionable Earnings	W2	Regular Pay	W2
Years to Vest in Plan	5	5	10
Early Unreduced Retirement	Rule of 70	Rule of 70	Rule of 90
Early Unreduced Retirement	30 YOS	30 YOS	None
Minimum Age for Unreduced Early Retirement (Public Service)	None	None	55
Minimum Age for Unreduced Early Retirement (All Other)	None	None	55
Early Reduced Retirement - Later of	Age 55	55	60
Early Reduced Retirement - Later of	5 YOS	5 YOS	25YOS
Early Retirement Reduction Percentage	.33% / 4%	N/A	N/A
Non Vested Term Employees Yearly Fixed Interest Rate	5.0%	N/A	N/A
Non Vested Term Employees Max Time to Withdraw Funds from Plan	No Max	Immediate	No Max

Pension Plan Evaluation Next Steps



- The GFOA recommends that public pension plan fiduciaries engage an actuarial audit at least once every five years. We are in the process of engaging the BOLTON Group for our actuarial audit.

- Audit Benefits
 - ❑ Validation of existing plan key driver assumptions
 - ❑ Recalculation of pension liability
 - ❑ Strategy and Plan Design - “What If” Analysis

Cherokee BOC Retreat Finance Agenda 1/17/2020



• Capital Improvement Plan

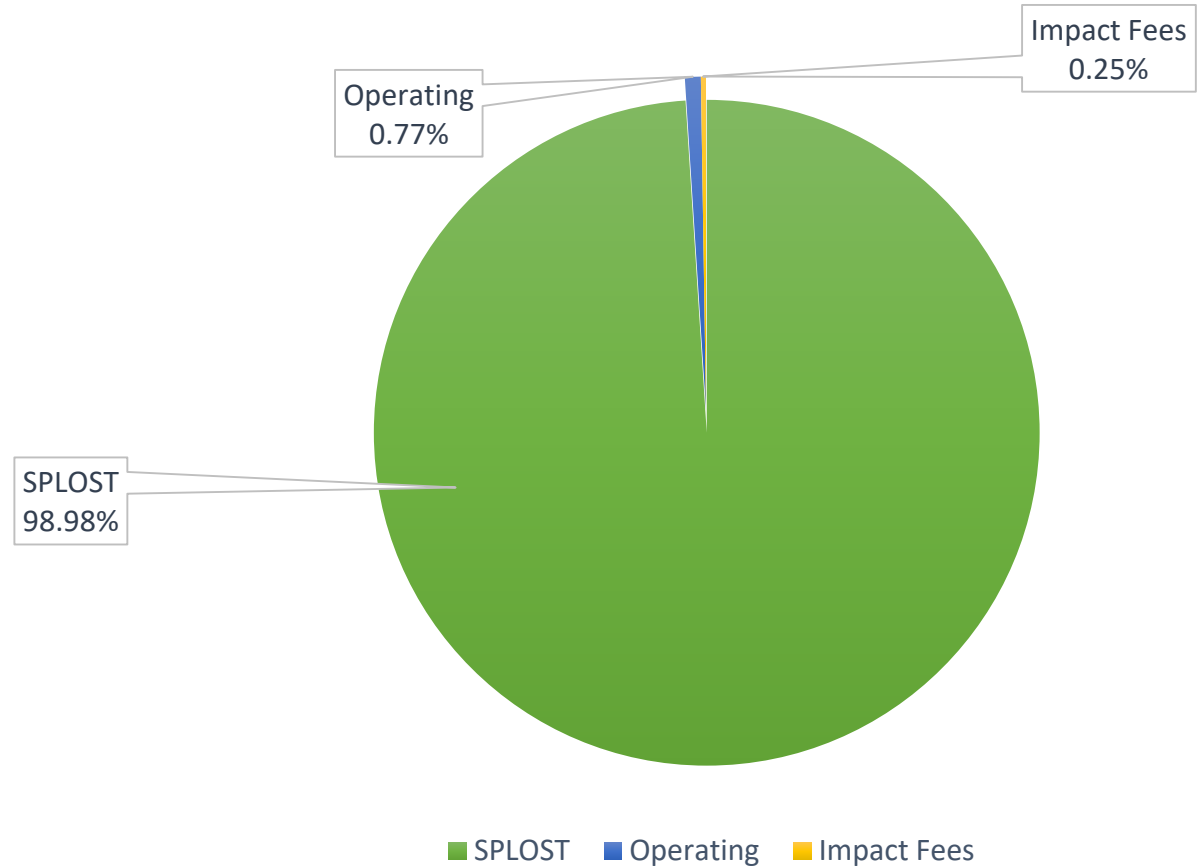
- FY2020 Funding Sources
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- SPLOST 2018 Revenue Forecast

FY2020 CAPITAL BUDGET

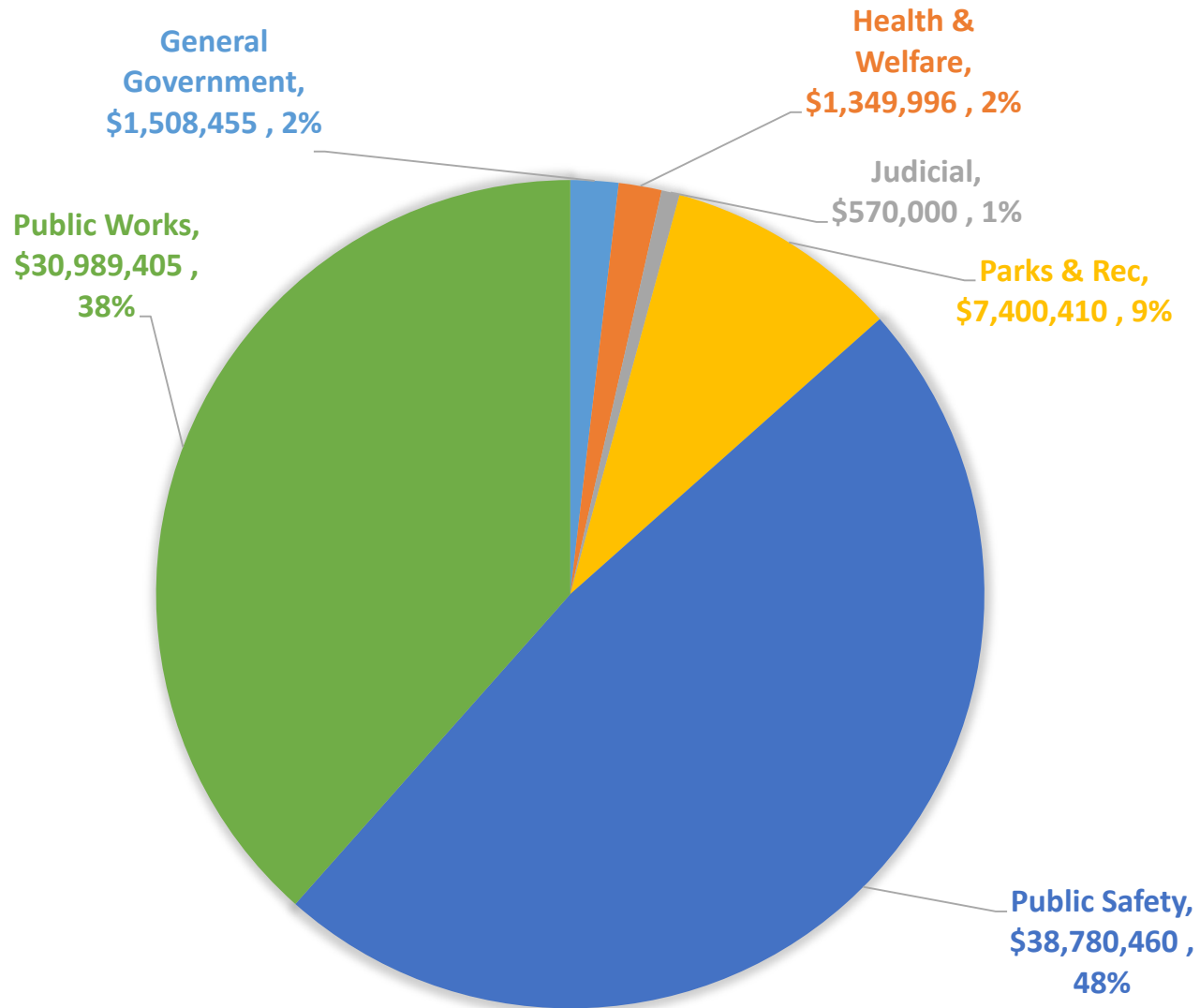


FY2020 CAPITAL BUDGET

SPLOST 2012	\$47,873,465
SPLOST 2018	\$35,766,910
Operating	\$620,220
Impact Fees	\$ 198,411
SPLOST 2006	<u>\$38,113</u>
TOTAL FUNDING	\$84,597,119



FY2020 CAPITAL PROJECTS



In accordance with the focus set forward in the Cherokee County Strategic Blueprint, 86% of the FY2020 Capital Budget will be spent on Public Safety and Public Works.

The remaining 14% will be spent on General Government, Health & Welfare, Judicial, and Parks and Recreation as can be seen in the pie chart.

Cherokee BOC Retreat FY2020 Budget Public Works Capital Projects



SPLOST 2006	Vehicles and Equipment	11,832	SPLOST 2018	Miscellaneous Right-of-way	100,000
SPLOST 2012	East Cherokee Drive at SR 140	1,403,263	SPLOST 2018	Miscellaneous Material Testing	5,000
SPLOST 2012	East Cherokee Drive at Tripp Road	268,567	SPLOST 2018	Roadway Design Countywide	100,000
SPLOST 2012	SR 140 at Lower Burris Rd/Puckett Creek Rd	2,561,988	SPLOST 2018	Utility Relocations	50,000
SPLOST 2012	Canton Road Sidewalk	610,559	SPLOST 2018	Trickum Road at SR 92 Intersection	318,963
SPLOST 2012	Bells Ferry at Victory Dr & Kellogg Creek Rd	185,216	SPLOST 2018	Trickum Road - Belles Lane to Sycamore Dr	284,200
SPLOST 2012	Upper Dowda Mill Road	56,917	SPLOST 2018	Trickum Road - Gunnin Rd to Barnes Rd	159,500
SPLOST 2012	Union Hill Road at Canton Creek	118,433	SPLOST 2018	Univeter Rd at New Light Rd	37,898
SPLOST 2012	Union Hill Road at Mill Creek	27,407	SPLOST 2018	Univeter Rd at Pinecrest Rd	3,915
SPLOST 2012	Bells Ferry Road Widening	10,000,000	SPLOST 2018	Woodstock Rd at Victory Dr Roundabout	54,600
SPLOST 2012	Heard Road Connector - Phases I, IV & V	436,600	SPLOST 2018	Wiley Bridge Rd at Cox Rd Roundabout	63,350
SPLOST 2012	Ball Ground Bypass - SR 372 Spur	149,793	SPLOST 2018	Batesville Rd at Sugar Pike	95,063
SPLOST 2012	Woodstock Bypass	-	SPLOST 2018	Holbrook Campground Rd at Birmingham Rd	117,326
SPLOST 2012	Towne Lake Parkway multi-use Sidewalk	30,000	SPLOST 2018	Union Hill Rd at Lower Union Hill Rd	109,736
SPLOST 2018	SPLOST Engineering Operations	720,137	SPLOST 2018	Arnold Mill Road Corridor Study	100,000
SPLOST 2018	Earney Road - Old Country PI to Capital City Club	2,432,015	SPLOST 2018	Woodstock Road - Oak Grove ES Left-turn Lane	50,000
SPLOST 2018	Hames Road - SR 92 to Jamerson Rd	250,000	SPLOST 2018	Copper Creek Drive Sidewalks	315,000
SPLOST 2018	Little Road - Culvert Replacement	350,000	SPLOST 2018	Hickory Road Sidewalks	38,000
SPLOST 2018	Shoal Creek Road - Culvert Replacement	24,490	SPLOST 2018	Towne Lake Pkwy to Woodstock Trail Connection	150,000
SPLOST 2018	Gaddis Road Drainage Improvements	33,850	SPLOST 2018	East Cherokee Drive Corridor Study	120,000
SPLOST 2018	Iron Mountain Road Improvements	4,046	SPLOST 2018	East Cherokee Drive at SR 140	1,555,811
SPLOST 2018	Transart Parkway Bridge Replacement	158,500	SPLOST 2018	Signal Upgrades	50,000
SPLOST 2018	Drainage Repairs	16,129	SPLOST 2018	Interchange Operations	150,945
SPLOST 2018	2018 Annual Resurfacing - LMIG	3,250,000	SPLOST 2018	Interchange Operations	128,674
SPLOST 2018	Miscellaneous Roadway Striping	50,000	SPLOST 2018	SR 140 at Batesville Rd/Hickory Road	400,000
SPLOST 2018	Miscellaneous Guardrail	50,000	SPLOST 2018	SR 140 at Sugar Pike Road	225,000
			SPLOST 2018	Other Misc. Projects	771,906
			SPLOST 2018	Impact Fee Transfer	2,000,000
			Operating	Replace Salt Spreaders	50,400
			Operating	2-3 Buses + Equip (price dependent)	184,375

Cherokee BOC Retreat FY2020 Budget Public Safety Capital Projects



Impact Fee Transfer	Fire	Canton Fire Station	3,700,000	SPLOST 2018	E911	Communications - Radio Project	3,229,885
SPLOST 2018	Fire	Station 13 (Sutalee) R	2,755,000	SPLOST 2018	E911	Various Projects	50,000
SPLOST 2018	Fire	Squad/Ambulance/Equipment	675,000	SPLOST 2018	E911	Various Projects	35,000
SPLOST 2018	Fire	Fire Apparatus	488,000	SPLOST 2018	E911	Various Projects	15,000
SPLOST 2018	Fire	Fire Apparatus	488,000	SPLOST 2018	Marshal	Vehicles	250,000
SPLOST 2018	Fire	Admin & Support Vehicles	398,000	SPLOST 2018	Sheriff	Jail Expansion	16,980,000
SPLOST 2018	Fire	Station 5 (Macedonia) R	310,000	SPLOST 2012	Sheriff	Jail Expansion	7,000,000
SPLOST 2018	Fire	Station 15 (Yellow Creek) R	300,134	SPLOST 2018	Sheriff	Vehicles, Equipment, & Bldg	500,000
SPLOST 2018	Fire	Station 32 (Sugar Pike) R	295,000				
SPLOST 2018	Fire	Station 18 (Salacoa) Renovation	288,000				
SPLOST 2018	Fire	Turnout Gear	278,000				
SPLOST 2018	Fire	Squad/Ambulance/Equipment	275,000				
SPLOST 2018	Fire	Station 17 Replacement	150,000				
Impact Fees	Fire	City of Canton Impact Fees	150,000				
SPLOST 2018	Fire	Support Vehicles	51,000				
SPLOST 2006	Fire	Intellitime Time Keeping System	26,281				
SPLOST 2018	Fire	Zoll Cardiac Monitor	21,000				
SPLOST 2006	Fire	Ambulance Equipment	9,160				
SPLOST 2018	EMS	2 Zoll Cardiac Monitors	42,000				
SPLOST 2018	EMS	Medical Training Simulator	21,000				

Cherokee BOC Retreat FY2020 Budget General Government Capital Projects



Impact Fees	Admin/CIE	CIE Update/Board Meetings	48,411
Operating	Business Development Projects	Various Projects	58,599
Operating	Fleet	Building Expansion	730,000
Operating	General Facilities	Building Improvements and vehicles	191,000
Operating	GIS/Mapping	Replacement Workstation	6,000
Operating	Information Technology	Various IT project upgrades	349,000
SPLOST 2012	Information Technology	Solar Winds	38,240
SPLOST 2012	Information Technology	UPS replacement	8,068
SPLOST 2018	Tax Assessor	2 leased vehicles	52,017
SPLOST 2018	Tax Assessor	CamCloud site license, training, Implementation	27,120

Cherokee BOC Retreat SPLOST Revenue Forecast



- FY2019 SPLOST 2018 Receipts were \$43M, with the County receiving \$30.1M
- The 5 year average growth rate for SPLOST receipts is 6.5%



FY	Receipts	Growth Rate
2015	33,930,664	7.8%
2016	34,931,764	3.0%
2017	36,493,790	4.5%
2018	38,966,389	6.8%
2019	43,031,063	10.4%
Average Growth Rate		6.50%

SPLOST VII Revenue Projections

Original SPLOST VII Projected Revenue \$252,961,892

		1	2	3	4	5	6	Total	Variance to	30%	70%
		2019	2020	2021	2022	2023	2024	Receipts	Budget	Cities	County
Low	1.0%	43,031,063	43,461,373	43,895,987	44,334,947	44,778,296	45,226,079	264,727,745	11,765,853	3,529,756	8,236,097
Medium	3.0%	43,031,063	44,321,994	45,651,654	47,021,204	48,431,840	49,884,795	278,342,550	25,380,658	7,614,197	17,766,461
High	6.5%	43,031,063	45,828,082	48,806,907	51,979,356	55,358,014	58,956,285	303,959,706	50,997,814	15,299,344	35,698,470

- The Low growth rate will yield an additional \$8.2M in SPLOST revenue to the County
- The High growth rate will yield an additional \$35.7M in SPLOST revenue to the County

Cherokee BOC Retreat Finance Agenda 1/17/2020



- **Long Term Financial Plan**

- Outstanding Debt Schedule
- Debt Payment Schedule
- FY2021 Expenditures
- FY2021 Revenues
- FY2021 Millage Rate

Cherokee BOC Retreat Total Outstanding Debt Schedule



CURRENT BOND PRINCIPAL SUMMARY by YEAR As of September 30, 2020

	RRDA "A"	RRDA " B"	RRDA Totals	Parks #6	Parks #7	Parks #8	Parks #9	Parks Totals	All Totals
	(2,075,000)	(435,000)	(2,510,000)	(950,000)	(495,000)	(895,000)	(2,495,000)	(4,835,000)	(7,345,000)
9/30/20	<u>\$ 2,930,000</u>	<u>\$ 900,000</u>	<u>\$ 3,830,000</u>	<u>\$ 6,217,000</u>	<u>\$ 3,220,000</u>	<u>\$ 17,923,000</u>	<u>\$ 24,535,000</u>	<u>\$ 51,895,000</u>	<u>\$ 55,725,000</u>
	(90,000)	(450,000)	(540,000)	(1,050,000)	(435,000)	(980,000)	(2,535,000)	(5,000,000)	(5,540,000)
9/30/21	<u>\$ 2,840,000</u>	<u>\$ 450,000</u>	<u>\$ 3,290,000</u>	<u>\$ 5,167,000</u>	<u>\$ 2,785,000</u>	<u>\$ 16,943,000</u>	<u>\$ 22,000,000</u>	<u>\$ 46,895,000</u>	<u>\$ 50,185,000</u>
	(120,000)	(450,000)	(570,000)	(1,150,000)	(365,000)	(1,075,000)	(2,585,000)	(5,175,000)	(5,745,000)
9/30/22	<u>\$ 2,720,000</u>	<u>\$ -</u>	<u>\$ 2,720,000</u>	<u>\$ 4,017,000</u>	<u>\$ 2,420,000</u>	<u>\$ 15,868,000</u>	<u>\$ 19,415,000</u>	<u>\$ 41,720,000</u>	<u>\$ 44,440,000</u>
	(600,000)		(600,000)	(1,250,000)	(300,000)	(1,170,000)	(2,630,000)	(5,350,000)	(5,950,000)
9/30/23	<u>\$ 2,120,000</u>		<u>\$ 2,120,000</u>	<u>\$ 2,767,000</u>	<u>\$ 2,120,000</u>	<u>\$ 14,698,000</u>	<u>\$ 16,785,000</u>	<u>\$ 36,370,000</u>	<u>\$ 38,490,000</u>
	(630,000)		(630,000)	(1,317,000)	(275,000)	(1,268,000)	(2,680,000)	(5,540,000)	(6,170,000)
9/30/24	<u>\$ 1,490,000</u>		<u>\$ 1,490,000</u>	<u>\$ 1,450,000</u>	<u>\$ 1,845,000</u>	<u>\$ 13,430,000</u>	<u>\$ 14,105,000</u>	<u>\$ 30,830,000</u>	<u>\$ 32,320,000</u>
	(660,000)		(660,000)	(1,450,000)	(180,000)	(1,375,000)	(2,725,000)	(5,730,000)	(6,390,000)
9/30/25	<u>\$ 830,000</u>		<u>\$ 830,000</u>	<u>\$ -</u>	<u>\$ 1,665,000</u>	<u>\$ 12,055,000</u>	<u>\$ 11,380,000</u>	<u>\$ 25,100,000</u>	<u>\$ 25,930,000</u>
	(690,000)		(690,000)		(1,665,000)	(1,495,000)	(2,775,000)	(5,935,000)	(6,625,000)
9/30/26	<u>\$ 140,000</u>		<u>\$ 140,000</u>		<u>\$ -</u>	<u>\$ 10,560,000</u>	<u>\$ 8,605,000</u>	<u>\$ 19,165,000</u>	<u>\$ 19,305,000</u>
	(140,000)		(140,000)			(3,335,000)	(2,815,000)	(6,150,000)	(6,290,000)
9/30/27	<u>\$ -</u>		<u>\$ -</u>			<u>\$ 7,225,000</u>	<u>\$ 5,790,000</u>	<u>\$ 13,015,000</u>	<u>\$ 13,015,000</u>
						(3,515,000)	(2,870,000)	(6,385,000)	(6,385,000)
9/30/28						<u>\$ 3,710,000</u>	<u>\$ 2,920,000</u>	<u>\$ 6,630,000</u>	<u>\$ 6,630,000</u>
						(3,710,000)	(2,920,000)	(6,630,000)	(6,630,000)
9/30/29						<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

RRDA LTFP Bond Payment Schedule

As of 12/31 Year End



PERIOD ENDING	Series 2007A Bonds (30 Years - Complete 15 Years Early)			Series 2007B Bonds (15 Years - 0 Years Left)			Total Combined Bonds		
	Principal	Interest	Total Debt Service Requirements	Principal	Interest	Total Debt Service Requirements	Principal	Interest	Total Debt Service Requirements
12/31/2007									
12/31/2008		\$ 472,609.96	\$ 472,609.96		\$ 211,706.44	\$ 211,706.44	-	684,316.40	\$ 684,316.40
12/31/2009		\$ 639,622.50	\$ 639,622.50		\$ 286,520.00	\$ 286,520.00	-	926,142.50	\$ 926,142.50
12/31/2010		\$ 639,622.50	\$ 639,622.50	\$ 290,000	\$ 269,700.00	\$ 576,520.00	290,000	926,142.50	\$ 1,216,142.50
12/31/2011		\$ 639,622.50	\$ 639,622.50	\$ 310,000	\$ 269,700.00	\$ 579,700.00	310,000	909,322.50	\$ 1,219,322.50
12/31/2012		\$ 639,622.50	\$ 639,622.50	\$ 325,000	\$ 251,720.00	\$ 576,720.00	325,000	891,342.50	\$ 1,216,342.50
12/31/2013		\$ 639,622.50	\$ 639,622.50	\$ 345,000	\$ 232,870.00	\$ 577,870.00	345,000	872,492.50	\$ 1,217,492.50
12/31/2014		\$ 639,622.50	\$ 639,622.50	\$ 365,000	\$ 212,860.00	\$ 577,860.00	365,000	852,482.50	\$ 1,217,482.50
12/31/2015		\$ 639,622.50	\$ 639,622.50	\$ 385,000	\$ 191,690.00	\$ 576,690.00	385,000	831,312.50	\$ 1,216,312.50
12/31/2016		\$ 639,622.50	\$ 639,622.50	\$ 410,000	\$ 169,360.00	\$ 579,360.00	410,000	808,982.50	\$ 1,218,982.50
12/31/2017	\$ 4,000,000	\$ 639,622.50	\$ 4,639,622.50	\$ 435,000	\$ 145,580.00	\$ 580,580.00	4,435,000	785,202.50	\$ 5,220,202.50
12/31/2018	\$ 95,000	\$ 426,856.04	\$ 521,856.04	\$ 360,000	\$ 120,350.00	\$ 480,350.00	455,000	547,206.04	\$ 1,002,206.04
12/31/2019	\$ 4,105,000	\$ 239,756.00	\$ 4,344,756.00	\$ 380,000	\$ 99,470.00	\$ 479,470.00	4,485,000	339,226.00	\$ 4,824,226.00
12/31/2020	\$ 2,075,000	\$ 139,874.00	\$ 2,214,874.00	\$ 435,000	\$ 77,430.00	\$ 512,430.00	2,510,000	217,304.00	\$ 2,727,304.00
12/31/2021	\$ 2,090,000	\$ 43,245.00	\$ 2,133,245.00	\$ 450,000	\$ 52,200.00	\$ 502,200.00	2,540,000	95,445.00	\$ 2,635,445.00
12/31/2022	\$ 840,000	\$ 5,580.00	\$ 845,580.00	\$ 450,000	\$ 26,100.00	\$ 476,100.00	1,290,000	31,680.00	\$ 1,321,680.00
Total	\$13,205,000	\$ 7,084,523.50	\$ 20,289,523.50	\$4,940,000	\$2,634,076.44	\$ 7,574,076.44	\$18,145,000	\$ 9,718,599.94	\$ 27,863,599.94
Original	\$13,205,000	\$14,931,034.96	\$ 28,136,034.96	\$4,940,000	\$2,634,076.44	\$ 7,574,076.44	\$18,145,000	\$17,565,111.40	\$ 35,710,111.40
Savings	\$ -	\$ 7,846,511.46	\$ 7,846,511.46	\$ -	\$ -	\$ -	\$ -	7,846,511.46	7,846,511.46

Date Paid	Extra Payment	Interest Savings
Jul-17	\$4,000,000	\$3,749,766
Jan-19	\$4,000,000	\$2,677,804
Jan-20	\$2,000,000	\$859,032
Jan-21	\$2,000,000	\$487,369
Jan-22	\$720,000	\$72,540
	<u>\$12,720,000</u>	<u>\$7,846,511</u>

Bond Retirement Interest Savings to Date
\$6,427,570

FY2021 General Fund Planning Assumptions Expenditure Increases



- COLA - \$4.3M
 - Public Safety Salaries
 - Civilian 5% - \$.2M
 - Sworn 10% - \$2.4M
 - Non Public Safety Salaries
 - 5% - \$.9M
 - Employer Payroll Taxes - \$.3M
 - Defined Benefit - \$.5M
- Defined Benefit Rate Increase- \$1.7M
- Health Insurance - \$1.9M
 - Current Year \$1M
 - FY2021 increase \$.9M
- Jail Opening Expenditures
 - 14 New Employees
 - Medical contract increase 7% + 100 additional inmates
 - Food contract 100 additional inmates
 - Utilities and property insurance 30% increase
- Inflation 2% - \$.7M
 - Inflation rate from Kiplinger forecast for 2021

FY2021 General Fund Planning Assumptions Expenditure Bridge



	Original		2.0%				Budget	Change	
	Budget	DB	Health	Jail	Inflation	Budget			
	FY2020	COLA	% Increase	Insurance	Opening	Factor			FY2021
Compensation	48,954,799	3,505,219			\$ 551,031		53,011,049	4,056,250	
Health Insurance	6,654,861			\$ 1,898,826	\$ 153,584		8,707,271	2,052,410	
Defined Benefit	6,890,306	525,783	1,700,000		\$ 93,675		9,209,764	2,319,458	
Payroll Taxes	3,686,540	268,149			\$ 42,154		3,996,843	310,303	
Other Personnel	3,300						3,300	-	
Operating	18,678,270				\$ 816,779	373,565	19,868,614	1,190,344	
Capital	221,845						221,845	-	
Non-Operating	3,731,443					74,629	3,806,072	74,629	
Debt Service	344,363						344,363	-	
Allocated	3,661,958				\$ 240,620	73,239	3,975,817	313,859	
Interfund Transfers**	7,348,289					146,966	7,495,255	146,966	
Total Expenditures	100,175,974	4,299,151	1,700,000	1,898,826	1,897,844	-	668,399	110,640,193	10,464,219

**Interfund Transfers include: Senior Services, Parks, Transportation, Grants, RRDA, and EMS

FY2021 General Fund Planning Assumptions Revenue Bridge



	Original Budget FY2020	TAVT	Insurance Premium	Building Inspection	Tax Comms.	Probation Fees	Other	Budget FY2021	Change
Taxes -Property Millage Rate	54,696,528							54,696,528	-
Taxes - Non Millage Rate	23,286,122	400,000	266,025				61,000	24,013,147	727,025
Licenses/Permits	2,630,000			(100,000)			60,000	2,590,000	(40,000)
Intergovernmental	51,000						29,000	80,000	29,000
Charges for Services	9,131,500				270,000		(2,300)	9,399,200	267,700
Fines/Foreitures	4,938,000					(240,000)	180,000	4,878,000	(60,000)
Investment Income	900,000						0	900,000	-
Contributions	30,000						30,000	60,000	30,000
Miscellaneous	927,509						10,906	938,415	10,906
Other Financing Sources	960,315						(47,602)	912,713	(47,602)
Total Revenue	97,550,974	400,000	266,025	(100,000)	270,000	(240,000)	321,004	98,468,003	917,029
Use of Reserves	2,625,000							0	(2,625,000)
Total All Funding Sources	100,175,974	400,000	266,025	(100,000)	270,000	(240,000)	321,004	98,468,003	(1,707,971)
Additional Expenditures									10,464,219
Increase in Property Taxes Required									12,172,190

FY2021 Cherokee County Planning Assumptions M&O Millage Rate

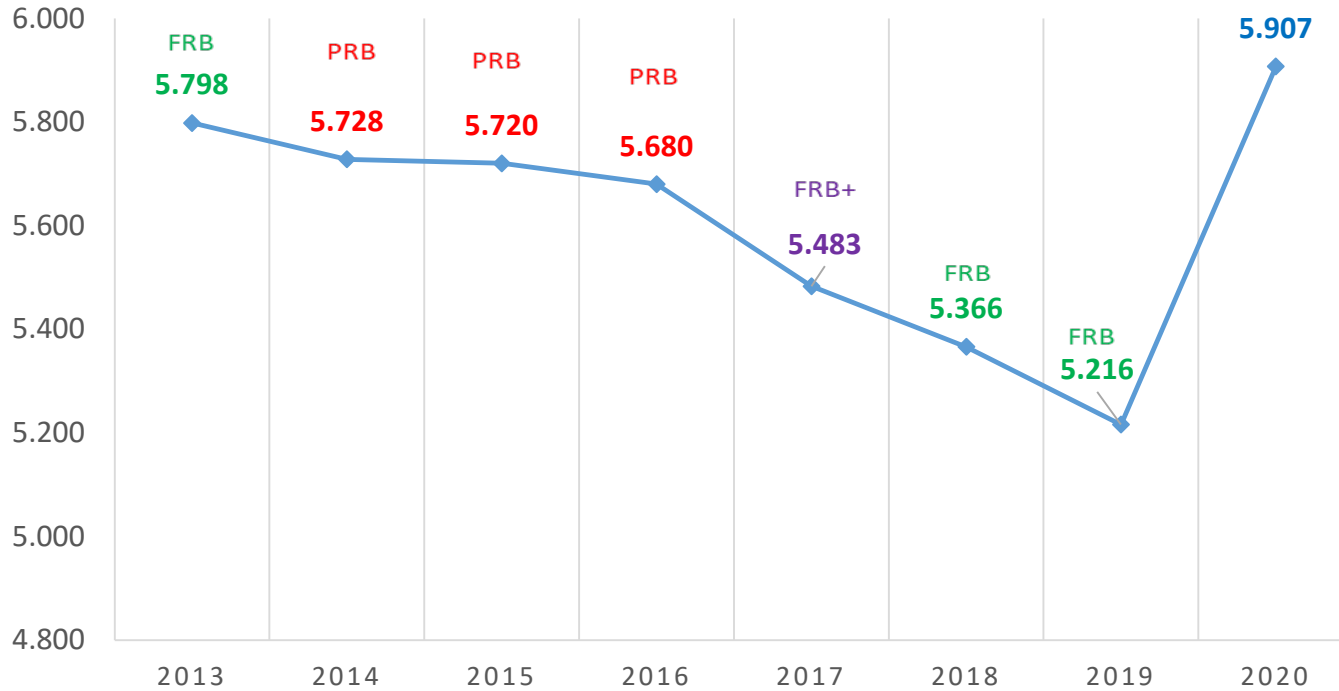


➤ 2020 Millage Rate Assumptions for FY2021 Budget

- Inflation 2.96%
- Growth 5.0%
- Net Digest 11,320,815,779
- Current Millage Rate 5.216
- Required Property Taxes \$66,868,718

ZBB As Submitted	110,640,193
Less Non-Property Tax Revenue	(43,771,475)
Balance to Be Recovered By Taxes	66,868,718
Property Taxes Must Equal	66,868,718
Forecasted Digest	11,320,815,779
Applicable Rate On Digest	5.907
Current Rate	5.216
Above/(Below) Current Rate	0.691
Rollback Rate	5.073
Above/(Below) Rollback Rate	0.834
Increase % Over Rollback	16.44%
Tax Dollars Needed:	
Growth	\$ 2,734,826
Inflation	\$ 1,618,020
Rate Increase	\$ 7,819,344
Total Taxes Required	\$ 12,172,190

Cherokee County General Fund Millage Rate



FRB+ = Full Roll Back +
FRB = Full Roll Back
PRB = Partial Roll Back

Millage Rate = Unfunded Budget/Net Tax Digest *1000

The millage rate is the amount of tax dollars on every \$1000 of taxable Value that is required to satisfy the unfunded budget

One "Mill" represents one dollar of tax on every thousand dollars of taxable property value which is equal to \$11,320,815 for the 2020 estimated digest, which would be the rate for the 2021 Budget

	2013	2014	2015	2016	2017	2018	2019	2020
Inflation	0.48%	7.31%	4.97%	3.07%	3.73%	2.26%	3.50%	2.96%
Growth	2.07%	2.27%	1.17%	3.56%	3.73%	3.69%	4.55%	5.00%
Total Digest Change	2.54%	9.58%	6.14%	6.63%	7.46%	5.95%	8.05%	7.96%

Cherokee County M&O Millage Rate Impact to the Average Homeowner



Home Value	274,200
Assessed %	40%
Assesed Value	109,680
Homestead Exempt	(5,000)
GF Value	104,680

	Current Rates	Forecasted Rate
<u>Millage Rate</u>		
General M&O	5.216	5.907
Difference Rate		0.691
Difference %		13.25%
<u>Dollar Impact</u>		
General M&O	\$546.01	\$618.34
Difference \$		\$72.33
Difference %		13.25%

Cherokee County M&O Millage Rate Impact on Taxes per Capita



Cherokee County Population 252,043	Cherokee	Fulton	Henry	Fayette	Douglas	Gwinnett	DeKalb	Cobb	Rockdale	Forsyth	Clayton
	\$566.76	\$663.53	\$688.71	\$700.51	\$712.57	\$742.62	\$770.34	\$775.21	\$829.87	\$821.36	\$858.59
Cherokee Taxes @ Other County Rates	\$142,848,670	\$167,239,258	\$173,585,654	\$176,557,397	\$179,597,690	\$187,172,790	\$194,158,385	\$195,387,143	\$209,161,716	\$207,017,365	\$216,401,599
Incremental Taxes		\$24,390,588	\$30,736,985	\$33,708,727	\$36,749,020	\$44,324,121	\$51,309,715	\$52,538,474	\$66,313,047	\$64,168,695	\$73,552,930
Cherokee @5.907 Millage Rate	<u>\$12,172,190</u>										
Total Taxes	\$155,020,860										
Taxes per Capita	\$615.06										

Taxes = Real/Personal Property + Intangible+ Motor Vehicle + TAVT+ Insurance Premium+SPLOST+Other Taxes

Cherokee BOC Retreat Finance Agenda 1/17/2020



• Investment Rating

- What is the Benefit?
- Moody's Scorecard
- County Comparisons
- Supplemental County Comparisons Detail

AAA Rating - What is the benefit?



- Savings to the citizens
- Creditability validation
- New Business Attraction
- Community Talking Point
- Build Financial Management “Best Practices”

Moody's Bond Rating Scorecard



- ❑ Tool to provide a composite score of a local government's credit profile

- ❑ The scorecard is a guideline for discussion, but does not determine the final rating. The rating is determined by a committee which takes the scorecard into consideration.

- ❑ The scorecard is broken down into the following broad rating factors
 1. Total Economy/Tax Base = 30%
 2. Total Finances = 30%
 3. Total Debt/Pensions = 20%
 4. Total Management = 20%

Moody's Bond Rating Scorecard



Factor	Rating Factor	Factor Weight	Score	Weighted Score	1 AAA	2 AA	3 A
1	Tax Base Size (full value)	10%			>\$12B	\$1.4B - \$12B	\$240M - \$1.4B
2	Full Value Per Capita	10%			>\$150,000	\$65,000 - \$150,000	\$35,000,-,\$65,000
3	Wealth (Median Family Income) % of US median	10%			>150%	90% to 150%	75% to 90%
	Total Economy /Tax Base	30%					
1	Fund Balance (% of revenues)	10%			>30%	15% to 30%	5% to 15%
2	5 - year Dollar Change in Fund Balance as % of Revenues	5%			>25%	10% to 25%	2.5% to 10%
3	Cash Balance (% of revenues)	10%			>25%	10% to 25%	2.5% to 10%
4	5-Year Dollar Change in Cash Balance as % of Revenues	5%			>25%	10% to 25%	2.5% to 10%
	Total Finances	30%					
1	Institutional Framework - legal ability to match resources with spending	10%			Very Strong	Strong	Moderate
2	Operating History - Average of Operating Revenues/Operating Expenditures	10%			>1.05X	1.02x to 1.05x	0.98x to 1.05x
	Total Management	20%					
1	Debt to Full Value	5%			<0.75%	0.75% to 1.75%	1.75% to 4%
2	Debt to Revenue	5%			<0.33x	0.33x to .67x	0.67x to 3x
3	Moody's - adjusted Net Pension Liability (3-year avg.) to Full Value	5%			<0.9%	.09% to 2.1%	2.1% to 4.8%
4	Moody's - adjusted Net Pension Liability (3-year avg.) to Revenue	5%			<0.4X	0.4X to 0.8X	0.8X to 3.6X
	Total Debt/Pensions	20%					
	Total Rating	100%			0.5 to 1.5	1.5 to 1.83	1.83 to 2.17

County Comparisons



- AAA Rated Counties
- ❖ Henry County achieved AAA status in December 2019

Rating Methodology and Scorecard Factors Cherokee County



Moody's AAA Rated Counties Compared to Cherokee County

Rating Factors	Cherokee County		Henry County		Cobb County		Fayette County		Forsyth County		Gwinnett County	
	Measure	Score	Measure	Score	Measure	Score	Measure	Score	Measure	Score	Measure	Score
Economy Tax Base (30%)												
Tax Base Size: Full Value (\$000) - 10%	\$24,819,708	Aaa	\$24,854,348	Aaa	\$92,490,735	Aaa	\$14,780,000	Aaa	\$33,369,772	Aaa	\$93,059,502	Aaa
Full Value Per Capita - 10%	\$98,474	Aa	\$105,853	Aa	\$119,508	Aa	\$127,199	Aa	\$141,032	Aa	\$100,303	Aa
Median Family Income (% of US Median) - 10%	122.2%	Aa	102.8%	Aa	121.5%	Aa	142.0%	Aa	152.6%	Aaa	102.8%	Aa
Finances (30%)												
Fund Balance as a % of Revenues - 10%	23.5%	Aa	50.2%	Aaa	23.9%	Aa	33.8%	Aaa	33.5%	Aaa	39.4%	Aaa
5-Year Dollar Change in Fund Balance as % of Revenues - 5%	17.5%	Aa	20.2%	Aa	8.1%	A			-6.0%	Baa	-0.6%	Baa
Cash Balance as a % of Revenues - 10%	67.4%	Aaa	60.8%	Aaa	18.1%	Aa	90.9%	Aaa	95.9%	Aaa	100.6%	Aaa
5-Year Change in Cash Balance as % of Revenues - 5%	35.1%	Aaa	14.5%	Aaa	-3.5%	Baa			-14.8%	Ba	12.7%	Aa
Management (20%)												
Institutional Framework - 10%	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa			Aaa	Aaa	Aaa	Aaa
Operating History: 5-Year Avg Operating Rev/ Operating Expend - 10%	1.1X	Aaa	1.0X	A	1.0X	A			1.0X	Baa	1.1X	Aaa
Debt and Pensions (20%)												
Net Direct Debt / Full Value (%) - 5%	0.3%	Aaa	0.1%	Aaa	0.5%	Aaa	0.2%	Aaa	0.9%	Aa	0.1%	Aaa
Net Direct Debt / Operating Revenues (X) - 5%	0.4X	Aa	0.2X	Aaa	0.7X	A	0.31X	Aaa	1.3X	A	0.1X	Aaa
3-Year Avg of Moody's Adj Net Pension Liability / Full Value (%) - 5%	0.6%	Aaa	0.7%	Aaa	1.2%	Aa	0.1%	Aaa	0.0%	Aaa	0.9%	Aaa
3-Year Avg of Moody's Adj Net Pension Liability / Operating Revenues (X) - 5%	0.9X	A	0.9X	A	1.5X	A	0.21X	Aaa	0.1X	Aaa	1.1X	A
Scorecard-Indicated Outcome	Aa1		Aaa		Aaa		Aaa		Aaa		Aaa	
Assigned Rating	Aa1		Aaa		Aaa		Aaa		Aaa		Aaa	

Moody's County Comparisons



Supplemental Data

Economy Tax Base

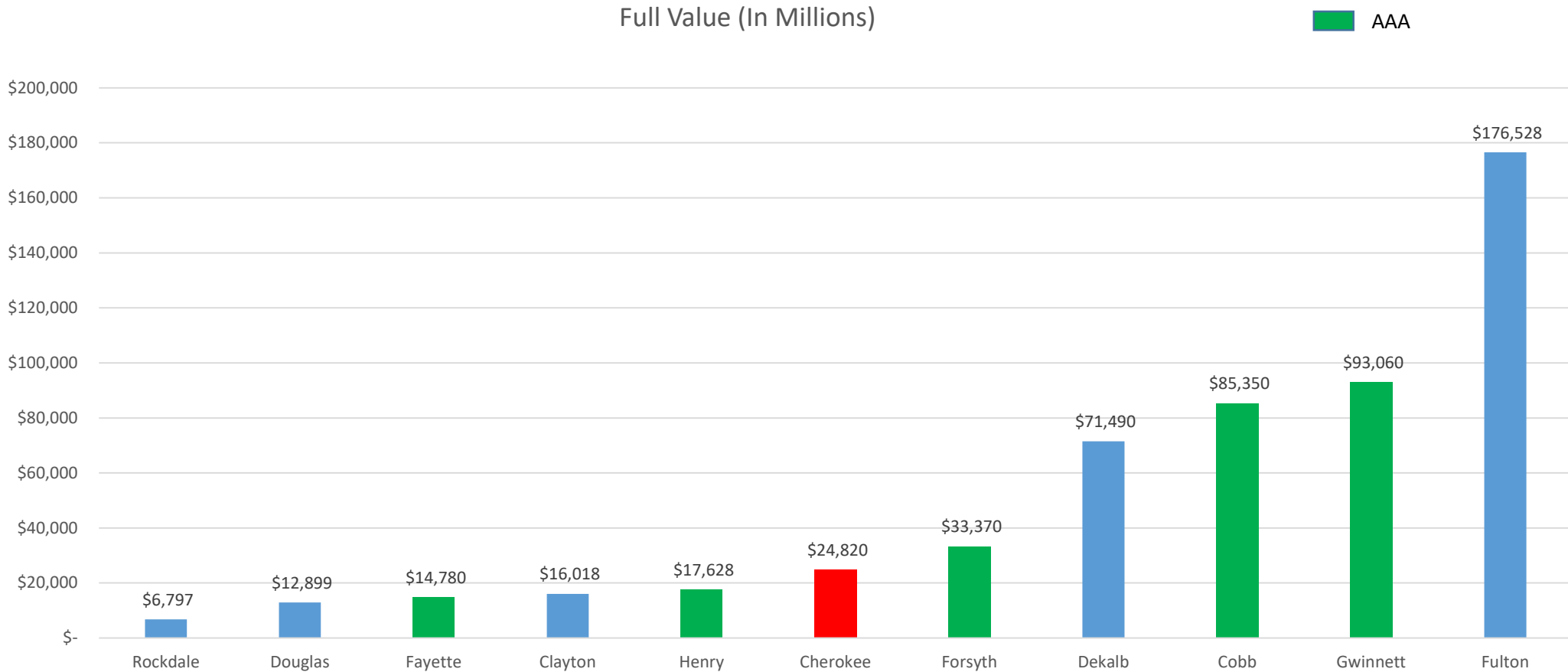


Rating Factor	Factor Weight	1 AAA	2 AA	3 A
Tax Base Size (full value)	10%	>\$12B	\$1.4B - \$12B	\$240M - \$1.4B
Full Value Per Capita	10%	>\$150,000	\$65,000 - \$150,000	\$35,000,-,\$65,000
Wealth (Median Family Income) % of US median	10%	>150%	90% to 150%	75% to 90%
Total Economy /Tax Base	30%			

- **Full Value** – Estimated full market value of all taxable property in the County
- **Full Value Per Capita** – Total Full Value divided by population for the fiscal year
- **Wealth (Median Family Income) % of US median** – Median Family Income for the County divided by Median Family Income for the United States

Investment Rating Components

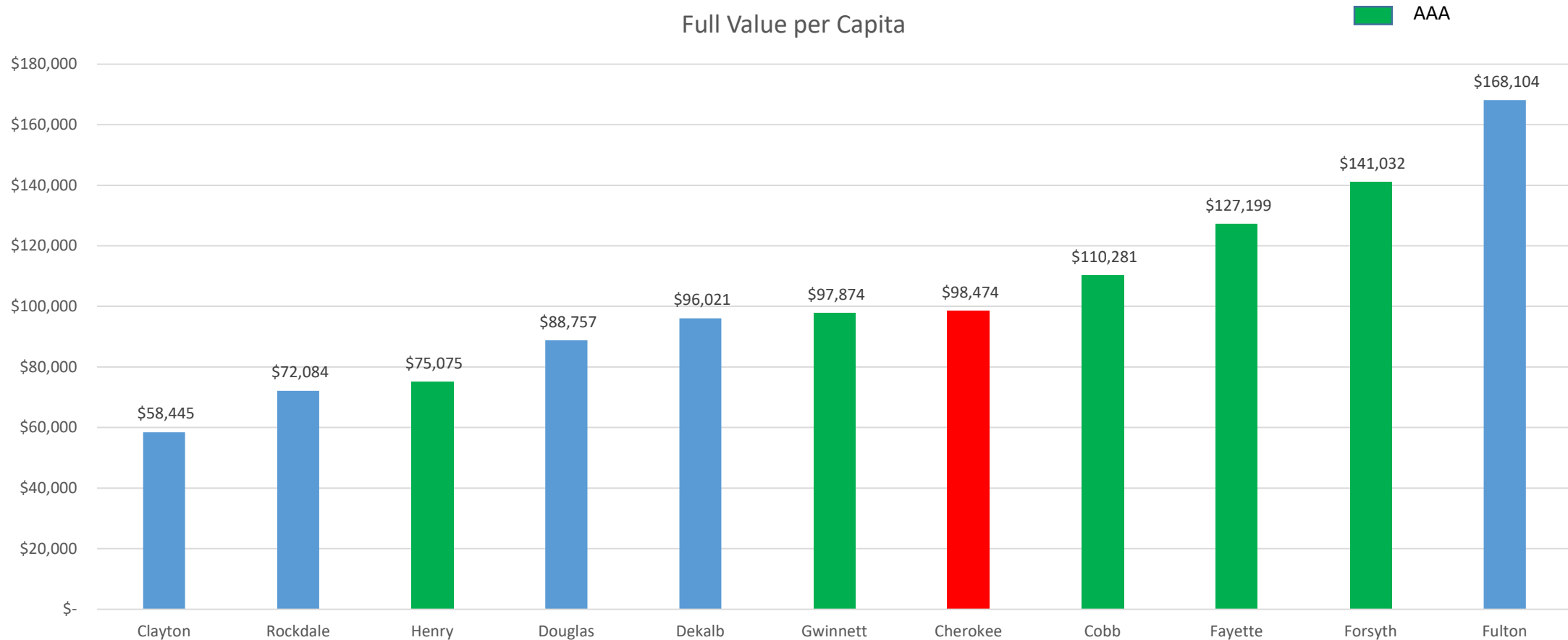
County Comparisons – Economy Tax Base





Investment Rating Components

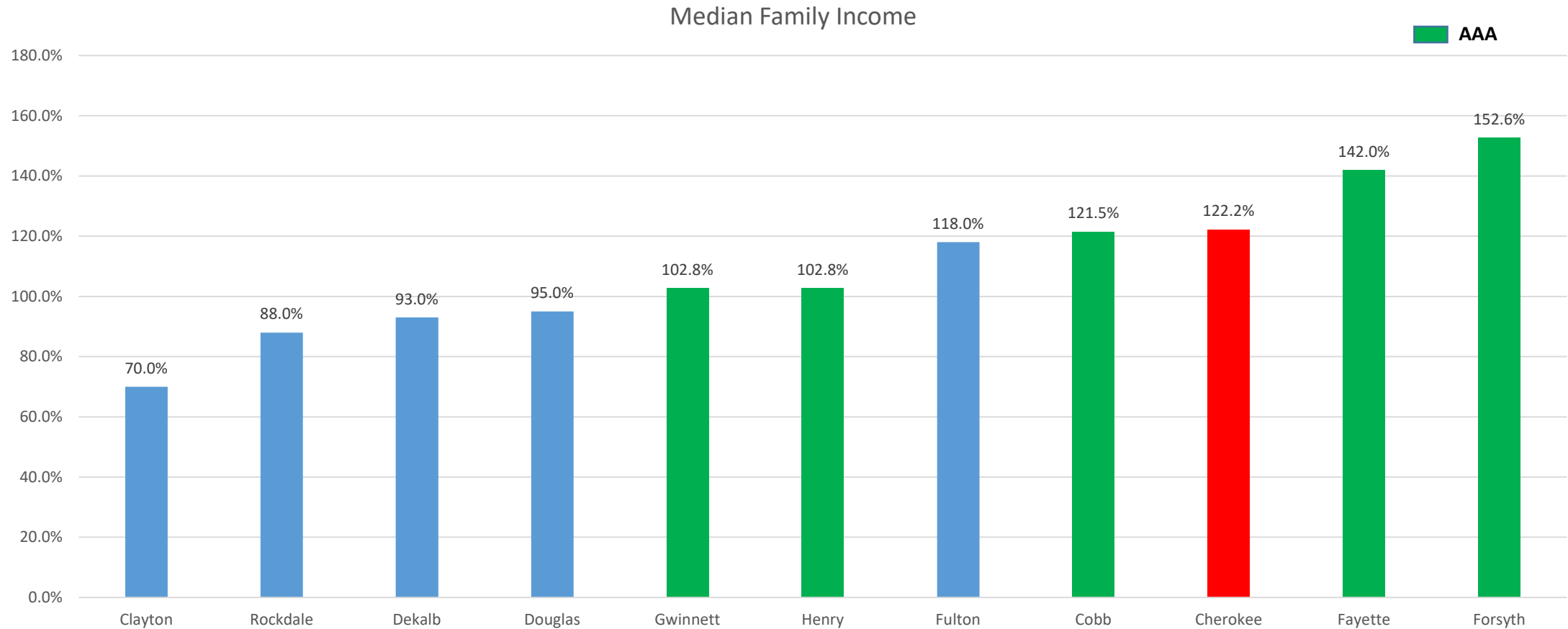
County Comparisons – Economy Tax Base





Investment Rating Components

County Comparisons – Economy Tax Base



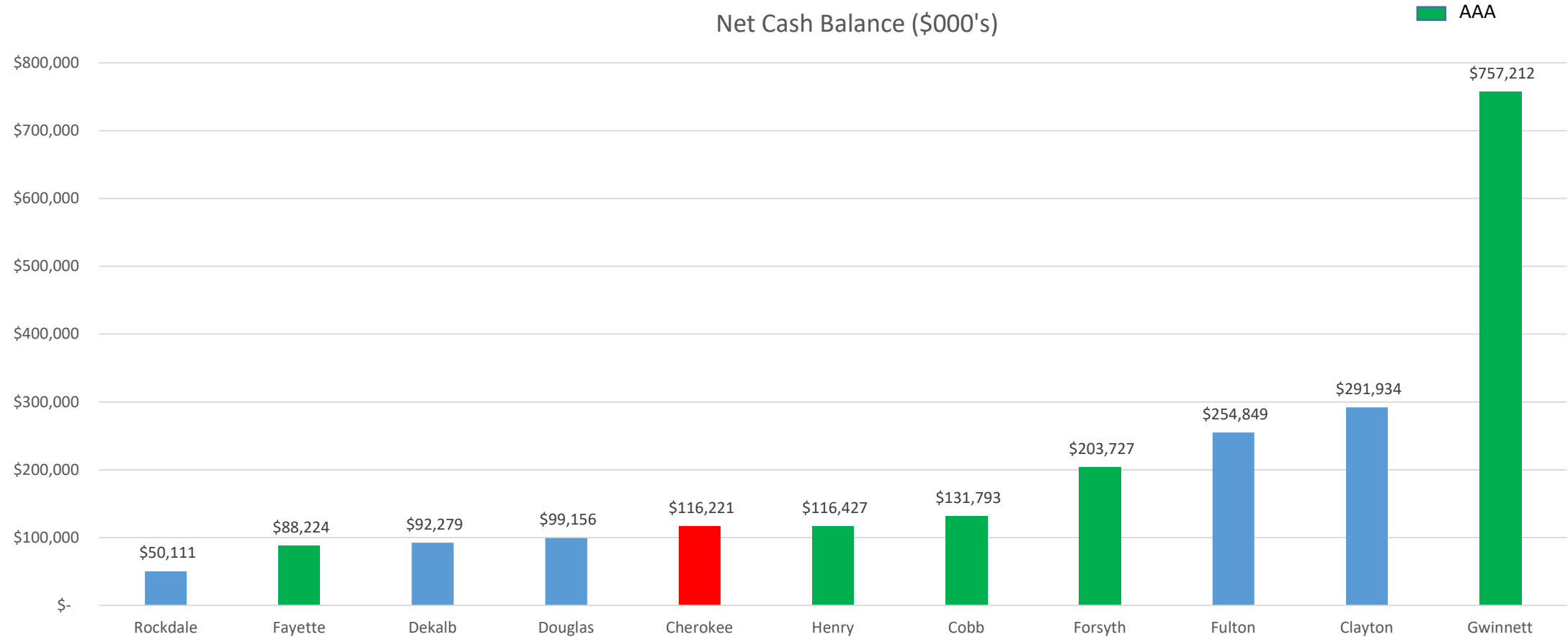
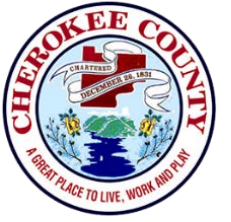
Finance



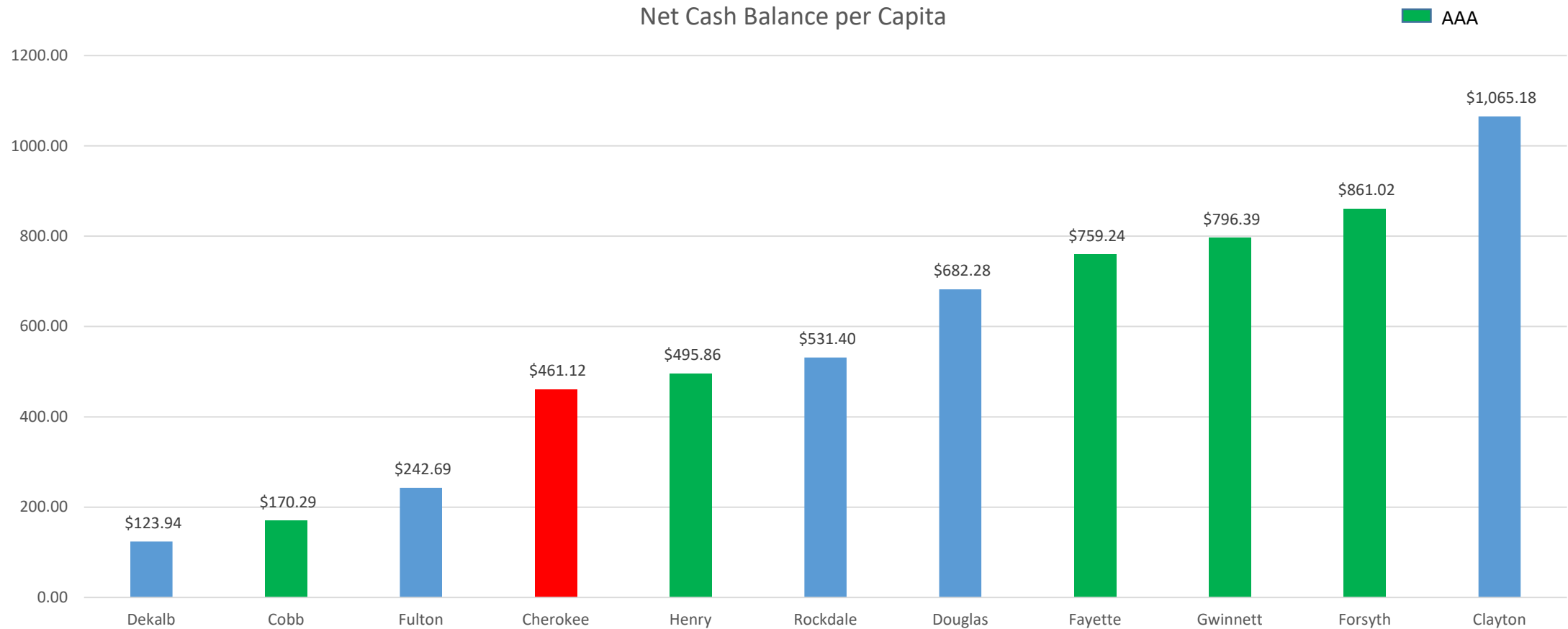
Rating Factor	Factor Weight	1 AAA	2 AA	3 A
Available Fund Balance (% of revenues)	10%	>30%	15% to 30%	5% to 15%
Fund Balance Trend (5 Year Change)	5%	>25%	10% to 25%	2.5% to 10%
Cash Balance (% of revenues)	10%	>25%	10% to 25%	2.5% to 10%
Cash Balance Trend (5-Year Change)	5%	>25%	10% to 25%	2.5% to 10%
Total Finances	30%			

- **Fund Balance** - Depicts the cumulative effects of the County's financial history, identifies the liquid resources available to fund unforeseen contingencies as well as future liabilities.
- **Cash** – Fund Balance is subject to the modified accrual method prescribed by GAAP. While Fund Balance and cash generally track together, accruals account for the difference. Evaluating cash and Fund Balance together is more informative than evaluating either in isolation.

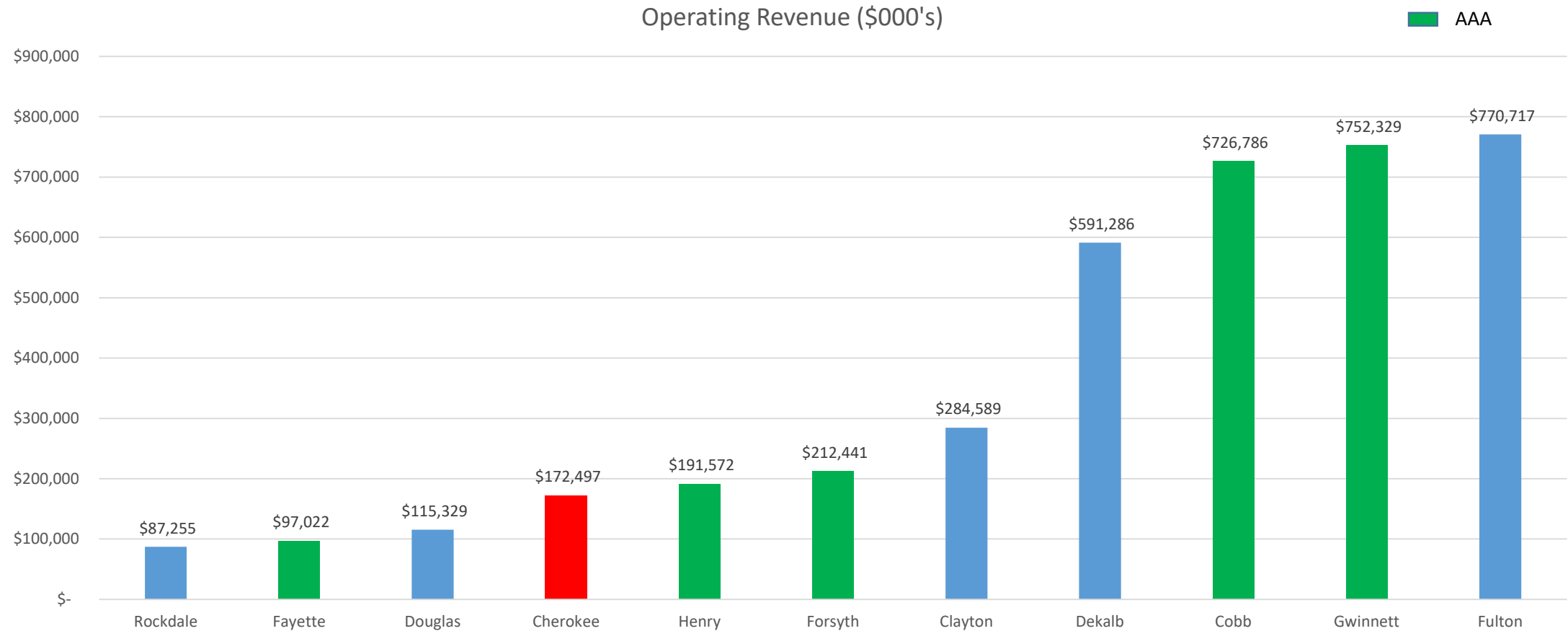
Investment Rating Components County Comparisons - Finance



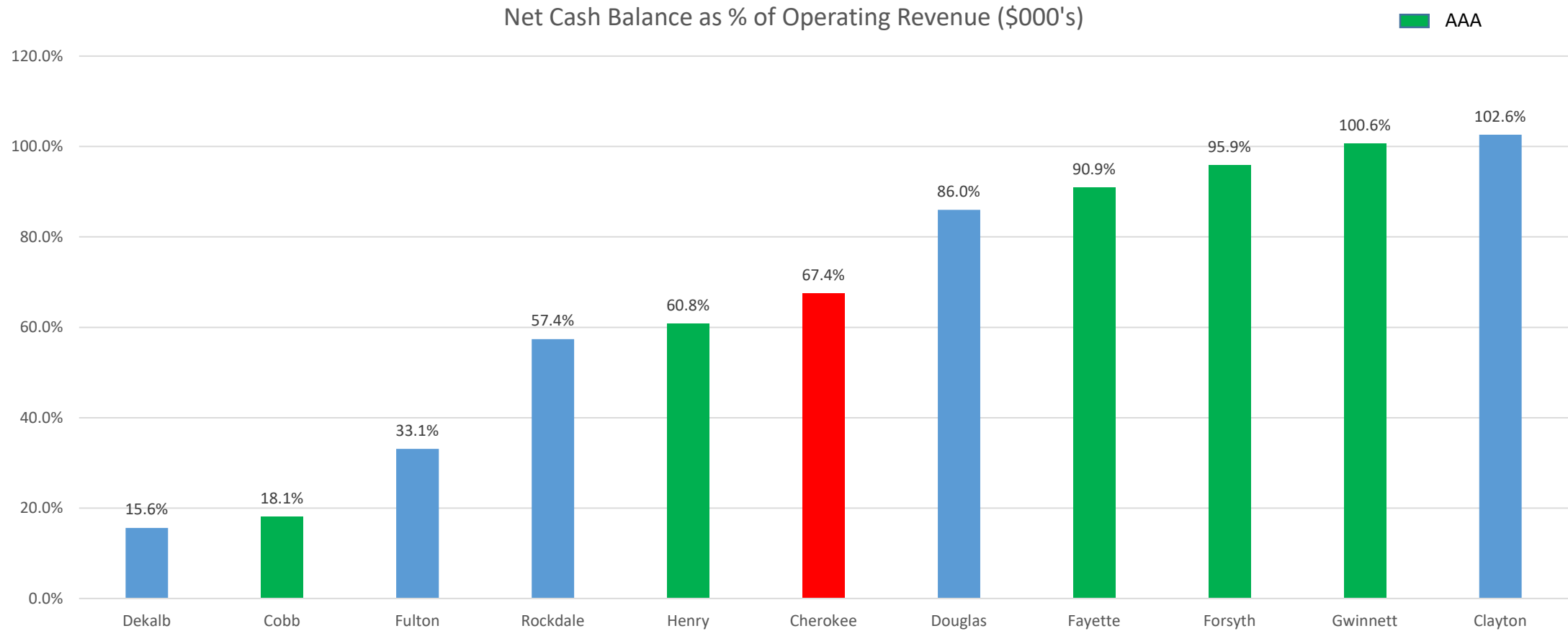
Investment Rating Components County Comparisons - Finance



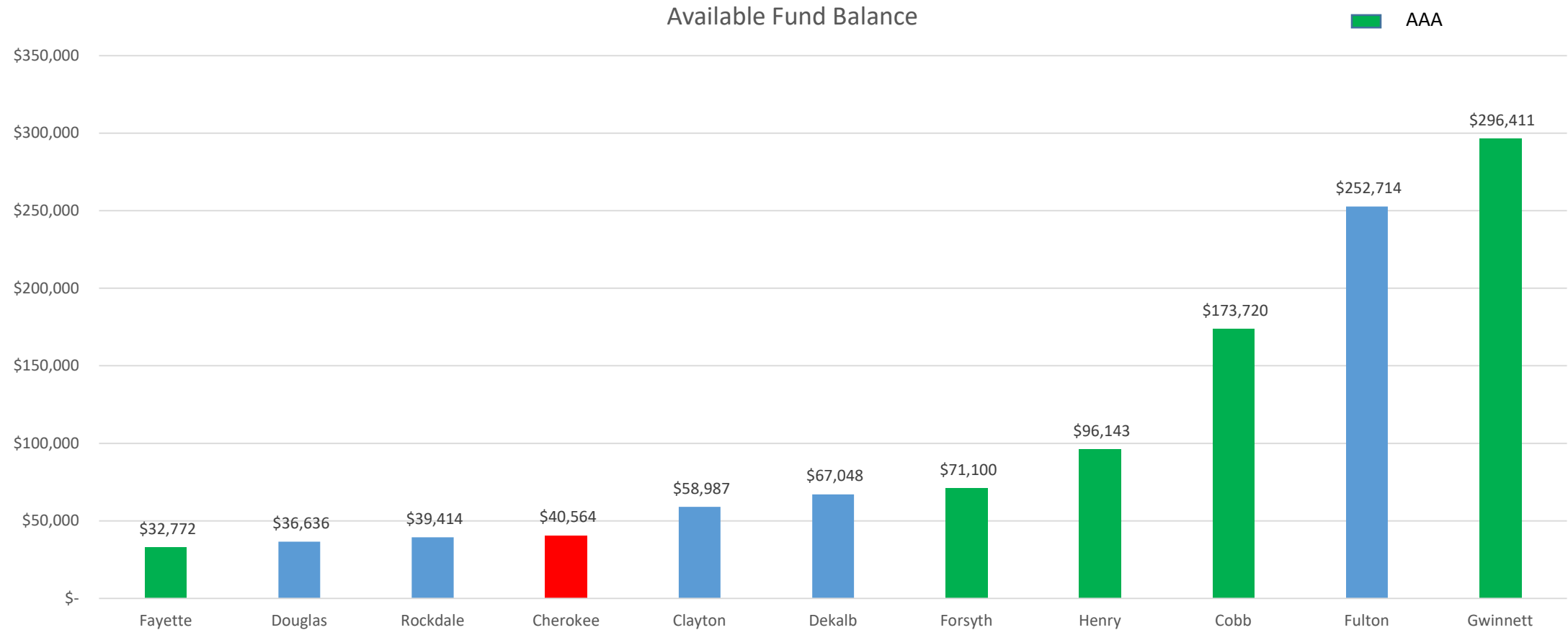
Investment Rating Components County Comparisons - Finance



Investment Rating Components County Comparisons - Finance



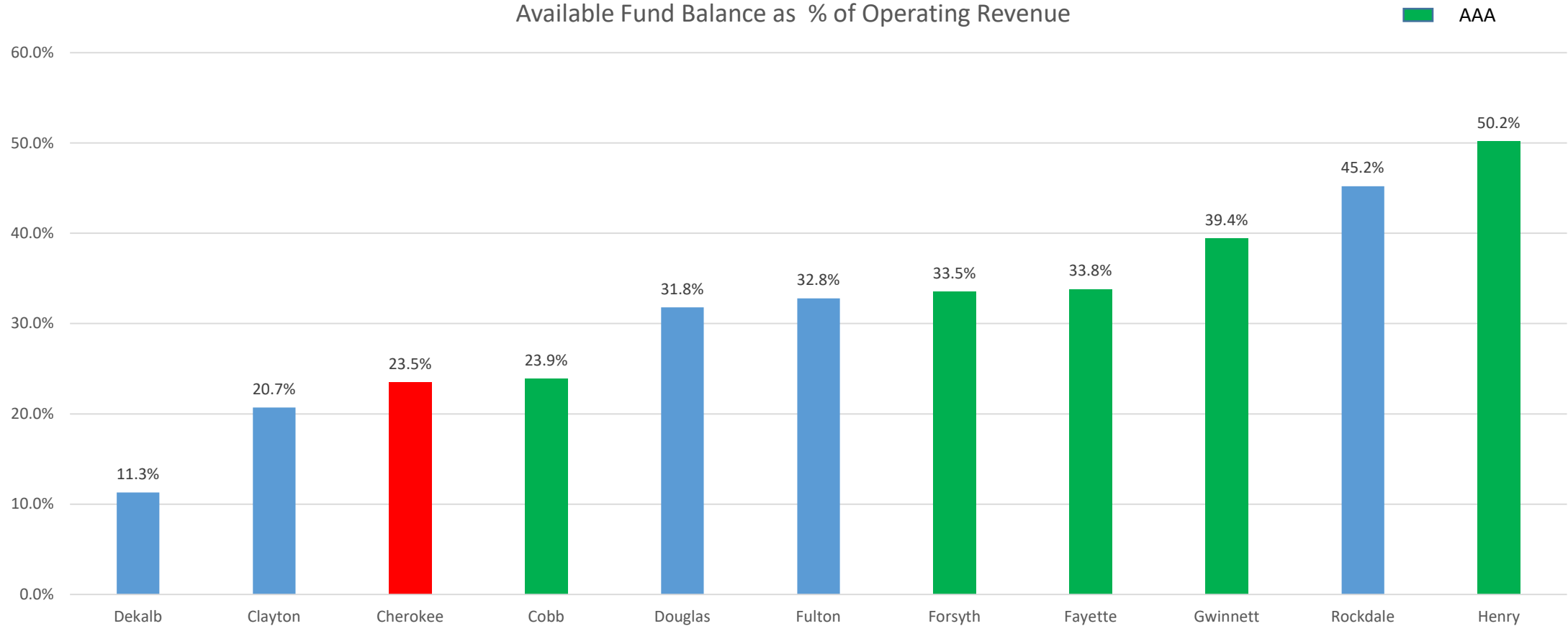
Investment Rating Components County Comparisons - Finance



Investment Rating Components County Comparisons - Finance



Available Fund Balance as % of Operating Revenue



Investment Rating Components County Comparisons - Finance



Available Fund Balance per Capita



Debt/Pension

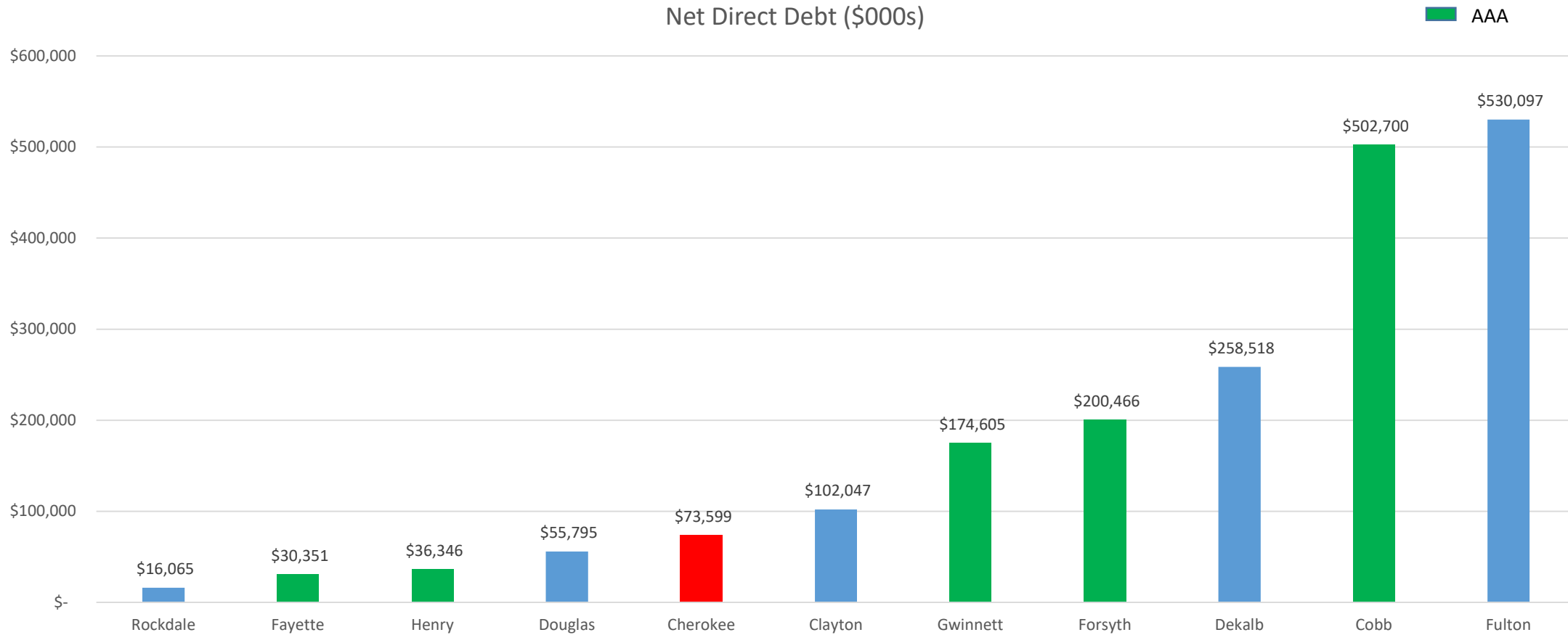


Rating Factor	Factor Weight	1 AAA	2 AA	3 A
Net Direct Debt to Full Value	5%	<0.75%	0.75% to 1.75%	1.75% to 4%
Net Direct Debt to Operating Revenue	5%	<0.33x	0.33x to .67x	0.67x to 3x
Moody's - adjusted Net Pension Liability (3-year avg.) to Full Value	5%	<0.9%	.09% to 2.1%	2.1% to 4.8%
Moody's - adjusted Net Pension Liability (3-year avg.) to Operating Revenue	5%	<0.4X	0.4X to 0.8X	0.8X to 3.6X
Total Debt/Pensions	20%			
Total Rating	100%	0.5 to 1.5	1.5 to 1.83	1.83 to 2.17

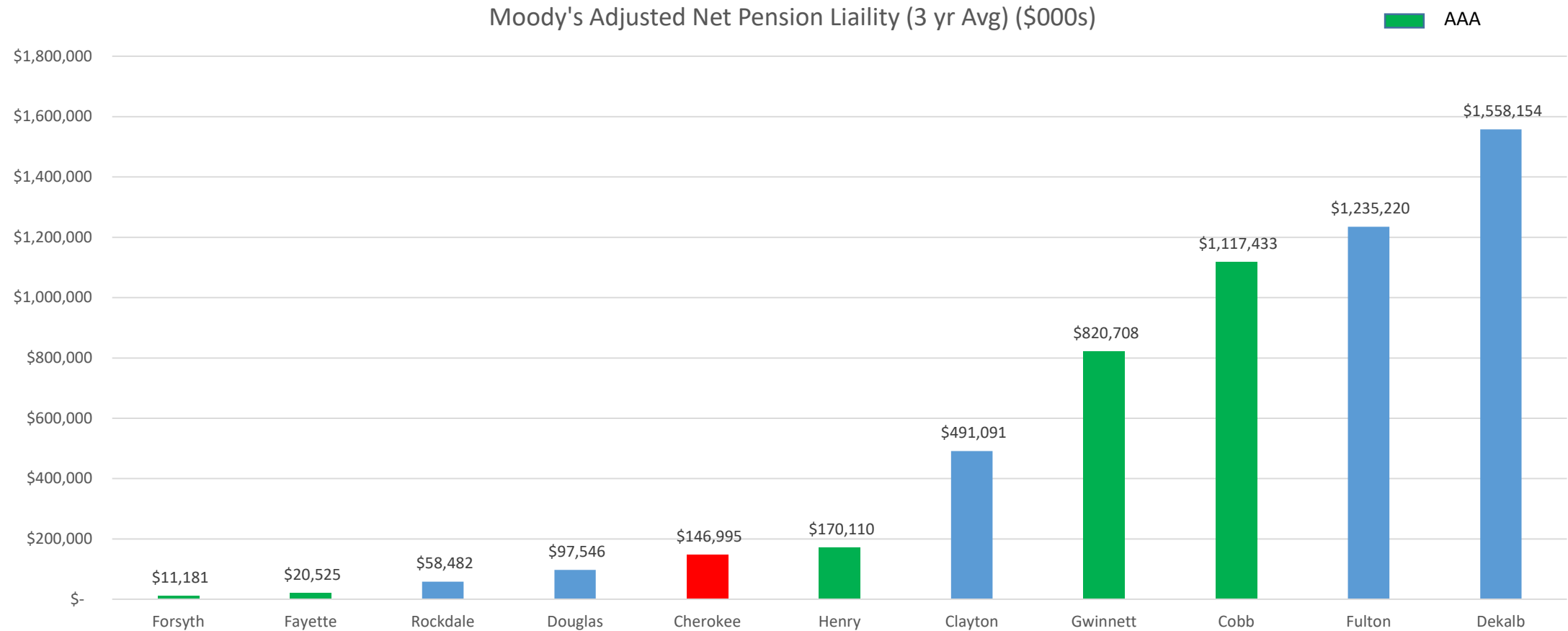
- Debt and pensions - represent important long – term financial obligations facing the County
- The measures seek to scale the magnitude of a local government’s obligations relative to:
 1. Its resources (using the tax base as the proxy) i.e. Full Value
 2. Its operations (using operating revenues as a proxy)

Investment Rating Components

County Comparisons - Debt



Investment Rating Components County Comparisons - Debt

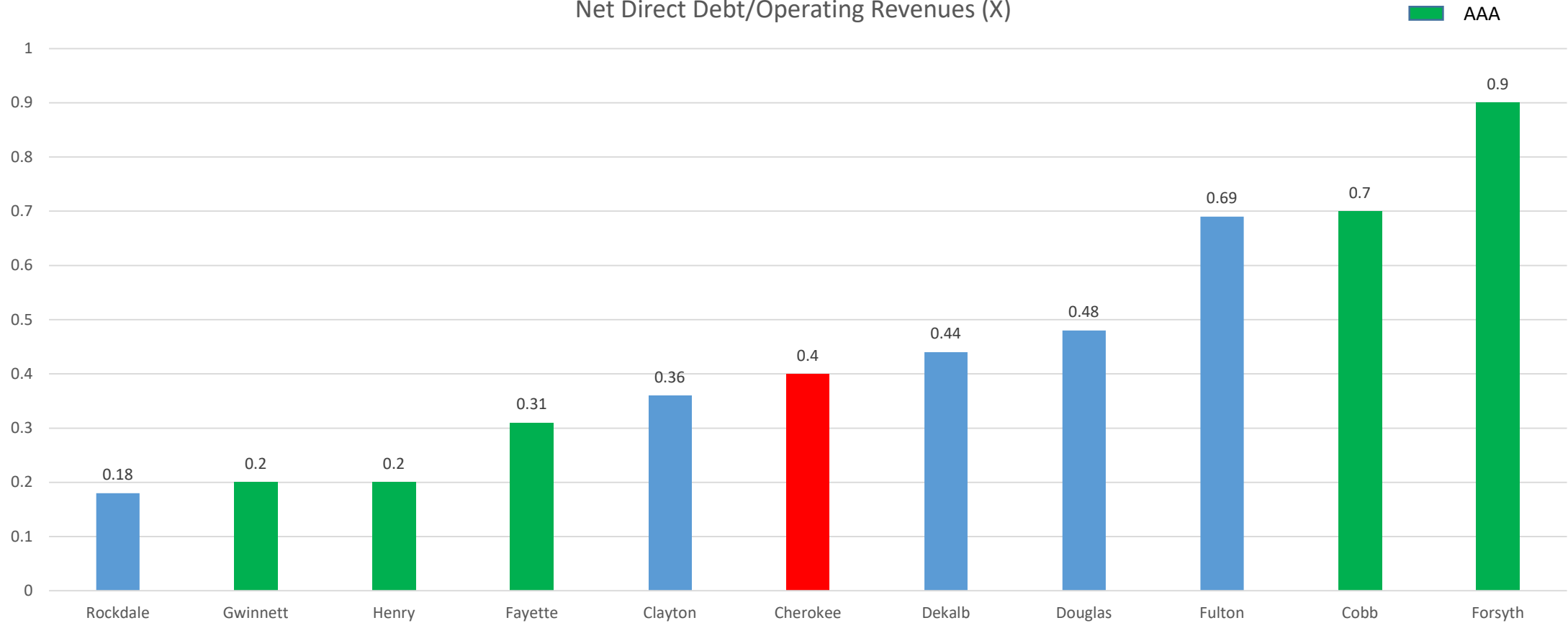


Investment Rating Components

County Comparisons - Debt



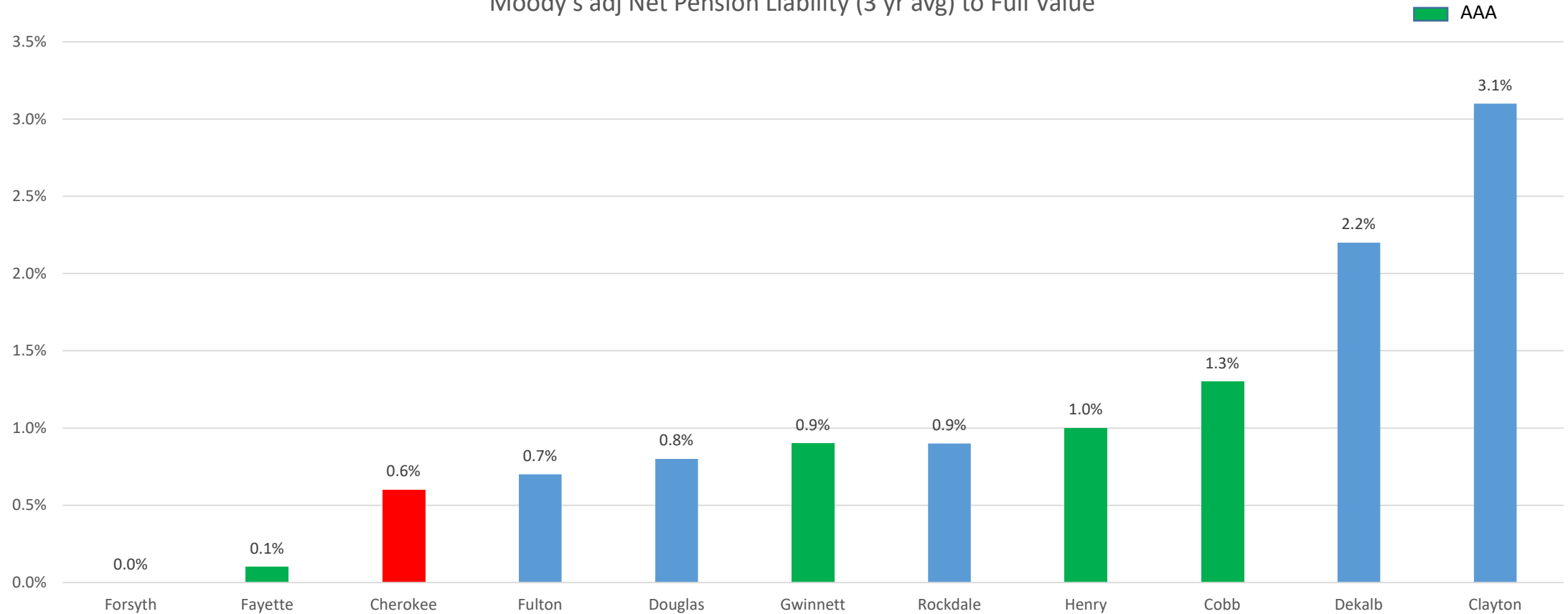
Net Direct Debt/Operating Revenues (X)



Investment Rating Components County Comparisons - Debt



Moody's adj Net Pension Liability (3 yr avg) to Full Value

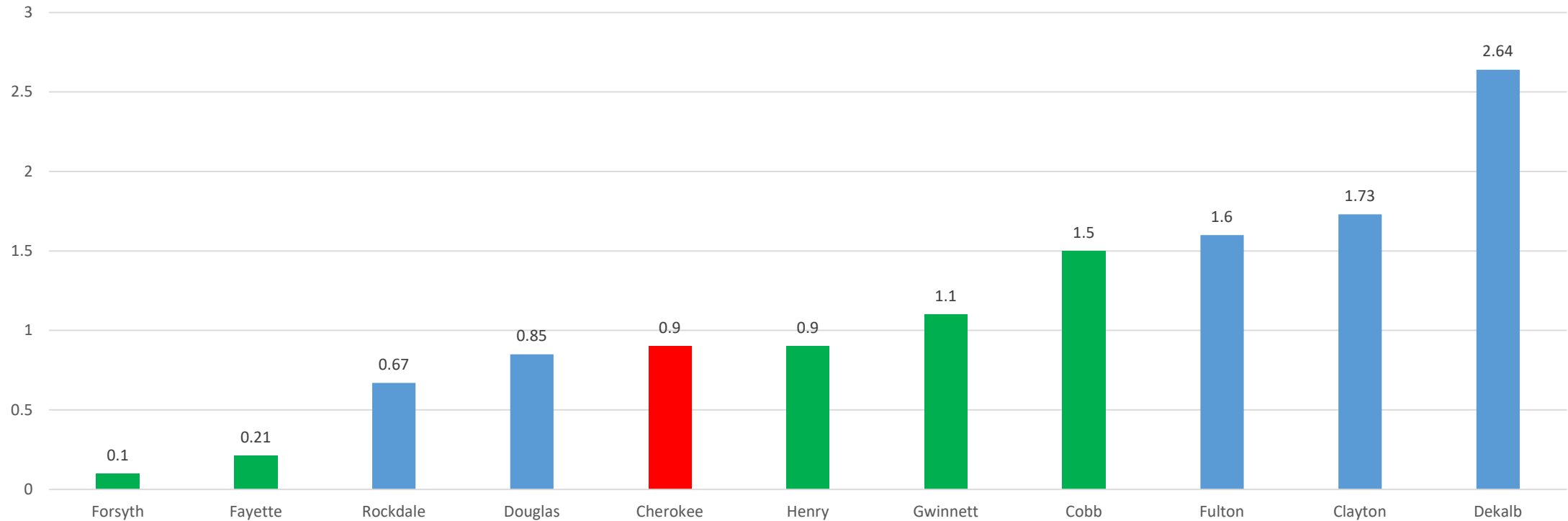


Investment Rating Components County Comparisons - Debt



Moody's adj Net Pension Liability (3 yr avg) to Operating Revenue

AAA



Management



Rating Factor	Factor Weight	1 AAA	2 AA	3 A
Institutional Framework - legal ability to match resources with spending	10%	Very Strong	Strong	Moderate
Operating History - Average of Operating Revenues/Operating Expenditures	10%	>1.05X	1.02x to 1.05x	0.98x to 1.05x
Total Management	20%			

- Factors that drive the institutional framework score:
 1. Tax caps
 2. Organized labor
 3. Difficulty in increasing revenues (i.e. subject to public approval)
 4. Predictability of costs
 5. State –imposed limitations on fund balance or reserves

- Operating History
 1. Budget surplus vs Budget deficit
 2. 5 year CIP, Long Term Financial Plan, liquidity management, forecast accuracy, willingness to make adjustments