








# Cherokee County Board of Commissioners

FINANCIAL UPDATE  
FY2019 Q2 RESULTS

Presented 06.04.2019



# Status Summary FY2019 Q2 Results

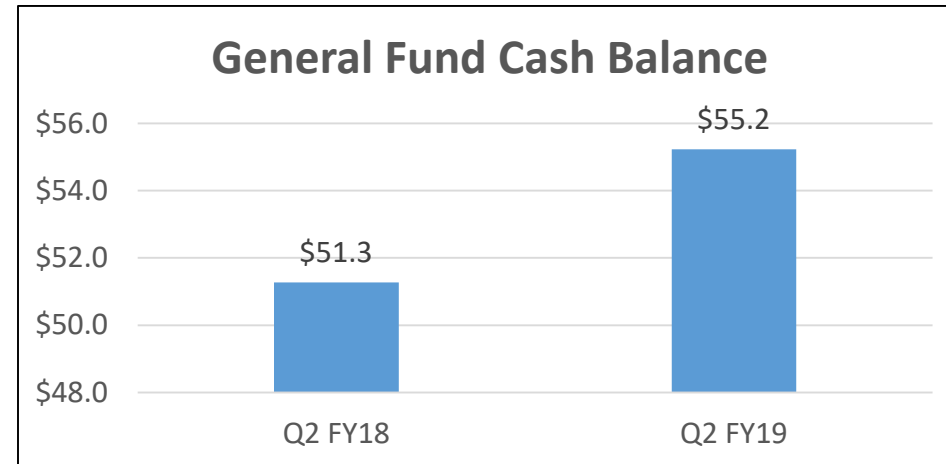
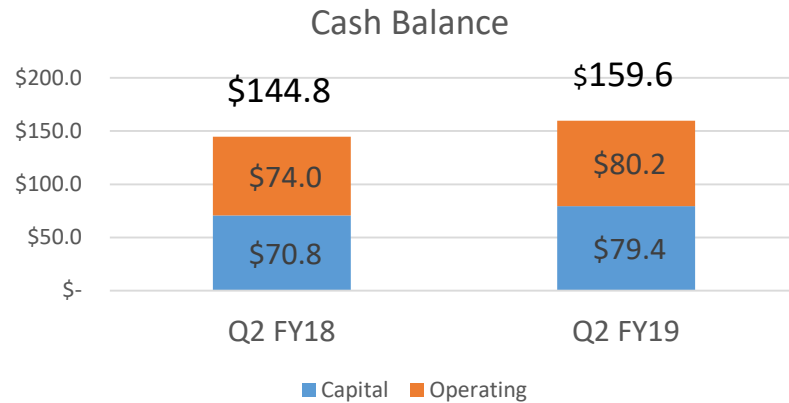
Strategic Blueprint Linkage	Status	Key Drivers
<p>Operating Cash Reserves =&gt;15% of Operating Expenditures</p> <p>Q2 - <math>80.2/178.6 = 44.9\%</math></p>		<ul style="list-style-type: none"> <li>Operating Cash Balance increased \$6.2M to \$80.2M compared to last year</li> <li>Operating Expenses were 49.9% of Budget in Q2 FY2019 compared to 48.4% in Q2 FY2018</li> </ul>
<p>Top 3 lowest in tax burden and spend per capita</p>		<ul style="list-style-type: none"> <li>Operating Revenues are \$1.7M over budget at \$150.5M while property taxes remained on budget</li> <li>Operating Expenditures were @49.9% of Budget and are forecasted to be on the FY2019 Budget.</li> </ul>
<p>Invest in technology and projects that increase public safety. Provide an innovative, safe and lasting public infrastructure based on best practices</p>		<ul style="list-style-type: none"> <li>SPLOST revenues are \$2.0M over budget at \$41.2M Full Year Forecast</li> <li>Actual Capital Expenditures were 31.3% of the total budget compared to 41.2% in Q2 FY2018.</li> </ul>
<p>Promote financial integrity by effectively and efficiently managing public assets</p>		<ul style="list-style-type: none"> <li>Investment Income of \$1.8M for Q2 FY2019 which is 142.1% of the FY2019 Budget.</li> <li>Net Health Claims cost was \$.42M higher than Q2 2018 due to several high cost claimants. PEPM is 2% above budget.</li> </ul>
<p>Reduce Workers Compensation Mod Factor from 0.84 to 0.78</p>		<ul style="list-style-type: none"> <li>Current Mod Factor .68 . Actual Average Monthly Total Claim Cost \$59.4k v. Monthly Budget = \$50.8k</li> </ul>



# Cash Executive Summary

## Q2 2019

Summary Statement: Property taxes are primarily collected in November 2018, December 2018 and January 2019. Almost every month after, expenditures > revenues. Therefore the cash balance will decrease throughout the year. This is expected and budgeted accordingly.



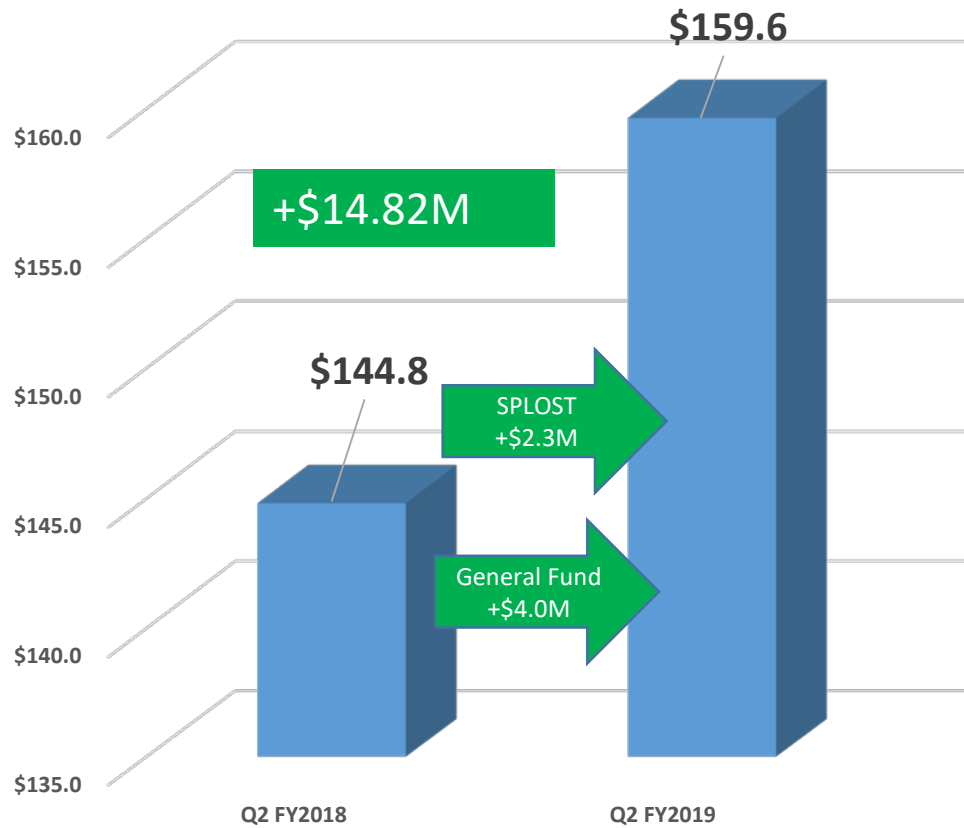
- **Operating +\$6.2M**
  - **General Fund +\$4.0M** – revenues above budget and expenses below budget for FY2019, timing - change in due date for Property Taxes
  - **Fire Fund +\$2.1M** – Timing of tax collections – due date change
  - **Insurance & Benefits Fund -\$0.8M** – Health Care costs high Q1.
  - **E911 Fund - +\$0.6M** – timing of cash receipts and increase in fees.
- **Capital +\$8.6M**
  - **SPLOST Funds +\$2.3M** SPLOST 2018 tax receipts have exceeded SPLOST 2018 spending (related to multi year project spending plan).
  - **Impact Fee Fund +\$1.9M** – Cash Receipts have exceeded expenditures for several years.
  - **Parks Bond Fund -\$0.7M** Final bonds issued in July 2014, spending down balance.
- **Debt Service Fund +\$5.1M** – Timing of Bond payments, made in March 2018/April 2019

**Bottom Line:** Most cash balances are improving or decreases are explainable/expected.



# County-Wide Results - Cash Q2 FY2019

## Cash Balances



Significant Operating Funds	FY2018 Cash Balance	FY2019 Cash Balance	Variance Better/ (Worse)
General Fund	\$51.3	\$55.2	\$4.0
E911	1.9	2.5	0.6
Senior Services	0.1	0.2	0.1
Parks & Recreation	0.5	0.6	0.1
Transportation	0.0	(0.0)	(0.1)
Fire District	13.8	15.9	2.1
CDBG	(0.0)	(0.0)	0.0
EMS	1.2	1.6	0.4
Ins & Benefits Fund	2.0	1.1	(0.8)
Other Funds	3.3	3.1	(0.2)
<b>Total</b>	<b>\$74.0</b>	<b>\$80.2</b>	<b>\$6.2</b>

Capital Funds	FY2018 Cash Balance	FY2019 Cash Balance	Variance Better/ (Worse)
Impact Fee	\$8.0	\$9.9	\$1.9
Parks Bond	0.8	0.0	(0.8)
SPLOST V, 2012, 2018	61.4	63.7	2.3
Debt Service	0.6	5.7	5.1
RRDA	0.0	0.1	0.1
<b>Total</b>	<b>\$70.7</b>	<b>\$79.4</b>	<b>\$8.6</b>

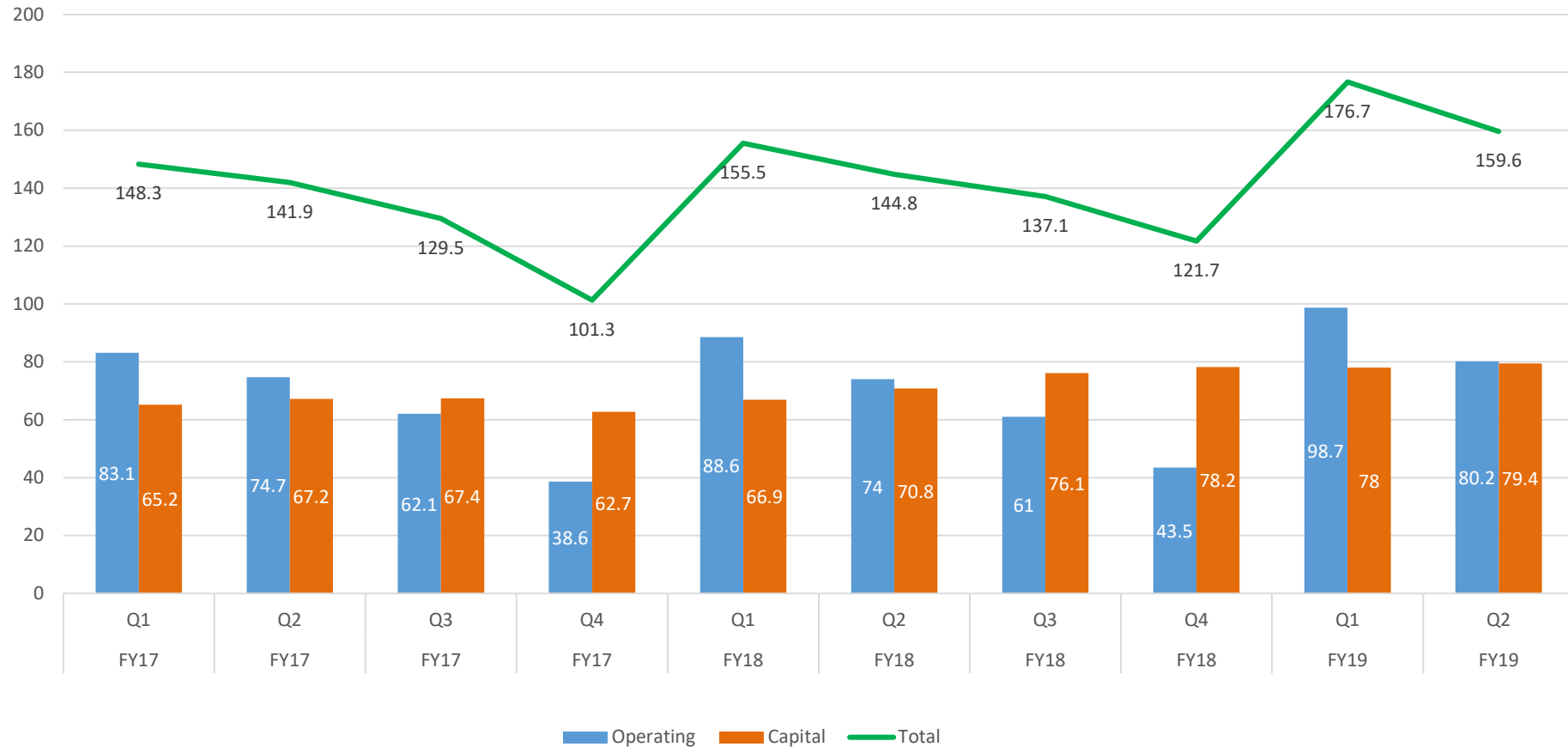
<b>GRAND TOTAL</b>	<b>\$144.8</b>	<b>\$159.6</b>	<b>\$14.8</b>
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Strategic Blueprint Linkage: Cash Reserves Major Operating Funds => 15% of Expenditures



# County-Wide Results – Cash Q2 FY2019

## Cash Balance Trend Analysis

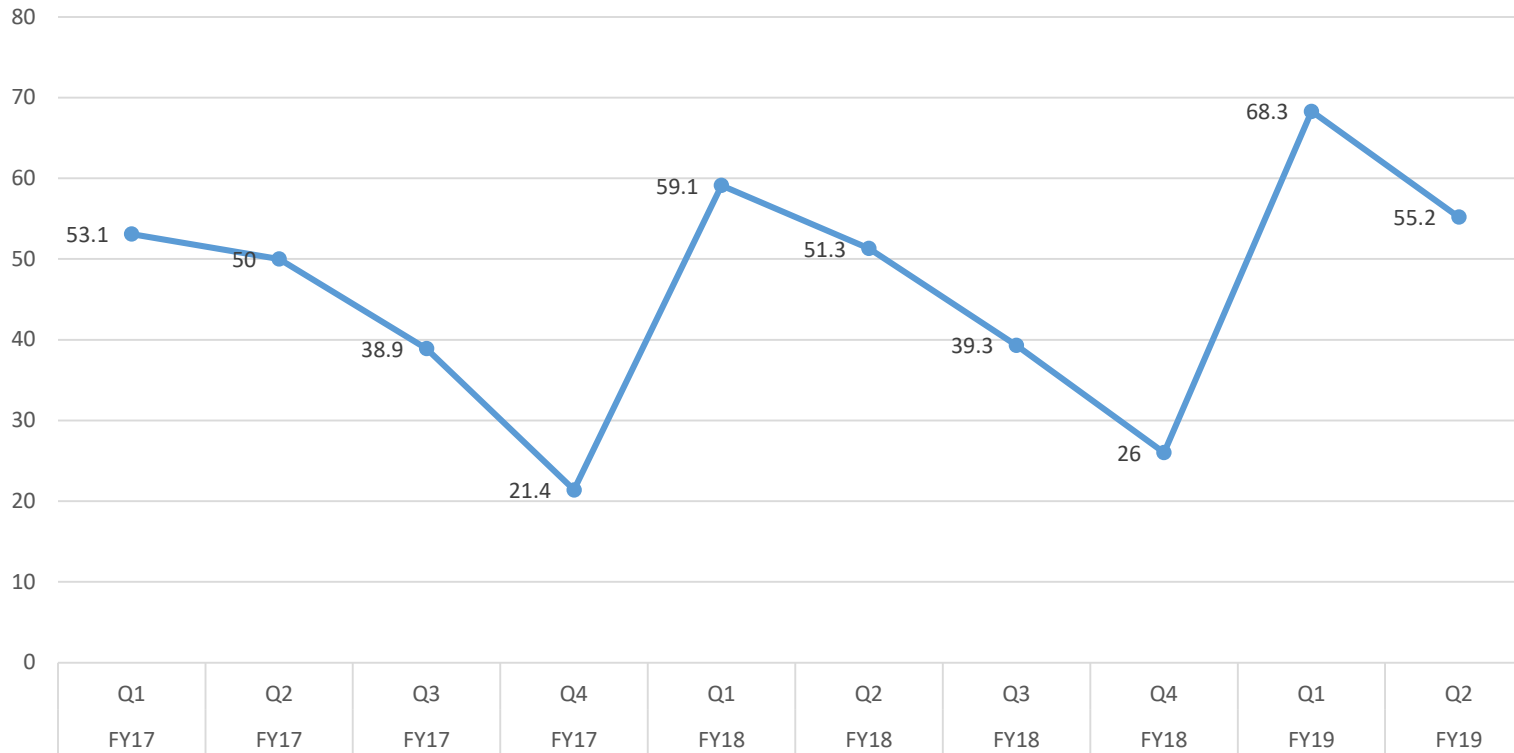


**Strategic Blueprint Linkage: Cash Reserves Major Operating Funds => 15% of Expenditures**



# County-Wide Results – Cash Q2 FY2019

## General Fund Cash Balance Analysis



Strategic Blueprint Linkage: Cash Reserves Major Operating Funds => 15% of Expenditures

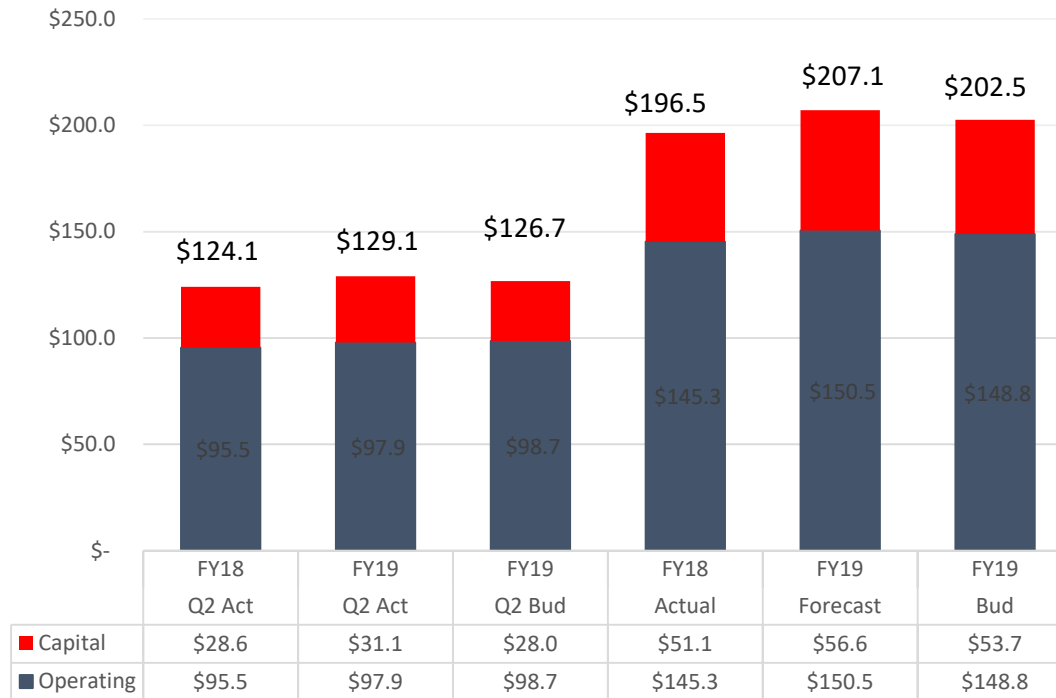


# Revenue Executive Summary

## All Funds – Q2 2019

Summary Statement: When comparing externally generated recurring revenue that is expected to fund operations, without requiring reserves, the County's YTD Results are \$2.4M better than the YTD Budget. We are also forecasting the full year to be \$4.6M better than budget.

### RECURRING EXTERNAL REVENUES CAPITAL AND OPERATING FUNDS



#### Operating Funds Q2– Actual vs Budget

- Current Taxes (\$1.6M)
- TAVT/MV +\$1.2M
- Building Inspections (\$0.3M)
- Investment Income +\$1.2M
- E911 Fees (\$0.5M)
- Ambulance Fees (\$0.3M)
- Miscellaneous +\$0.6M

#### Operating Funds Full Year Forecast

- Current Taxes (\$1.1M)
- Motor Vehicle/TAVT +\$1.2M
- Insurance Premium +\$0.3M
- Other Taxes +\$0.2M
- Building Inspections (\$0.3M)
- Investment Income +\$2.0M

#### Capital Funds

- SPLOST Taxes +\$2.0M
- Impact Fees (\$0.2M)

Operating Funds and Capital Funds External Revenue are forecasted to be above budget.

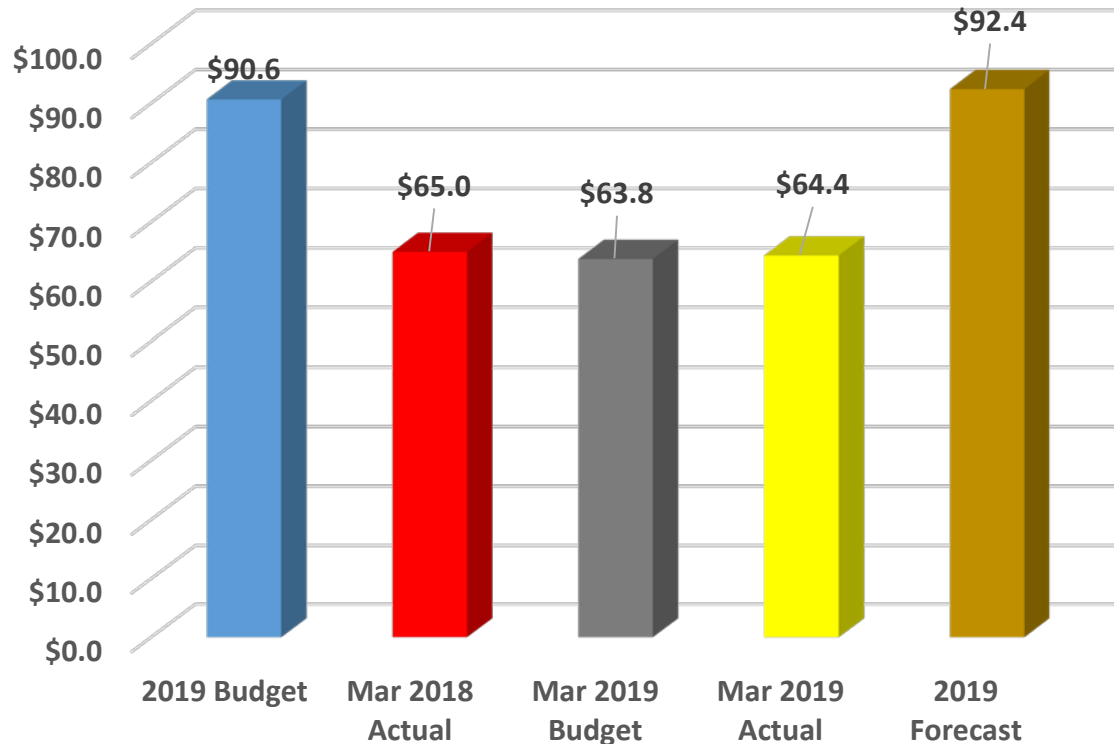


# Revenue Executive Summary

## General Fund – Q2 2019

Summary Statement: When comparing externally generated recurring revenue that is expected to fund operations, without requiring reserves, the General Fund YTD Results are \$0.6M > Budget. We are also forecasting the full year to be \$1.8M > Budget.

General Fund Recurring External Revenue



### **Q2 Actual \$0.6M Better than Budget**

- Current Taxes **(\$1.0M)**
- Motor Vehicle/TAVT **+\$1.1M**
- Business Licenses/Building Inspections **(\$0.3M)**
- Landfill Fees **+\$0.1M**
- Interest **+\$0.5M**
- Miscellaneous **+\$0.2M**

### **Full Year Forecast \$1.8M Better than Budget**

- Current Taxes **(\$0.5M)**
- Motor Vehicle/TAVT **+\$1.1M**
- Insurance Premium **+\$0.3M**
- Other Taxes **+0.1M**
- Business Licenses/Building Inspections **(\$0.3M)**
- Interest Revenues **+\$0.8M**

**Bottom Line:** General Fund recurring revenues are on track.





# Revenue Executive Summary

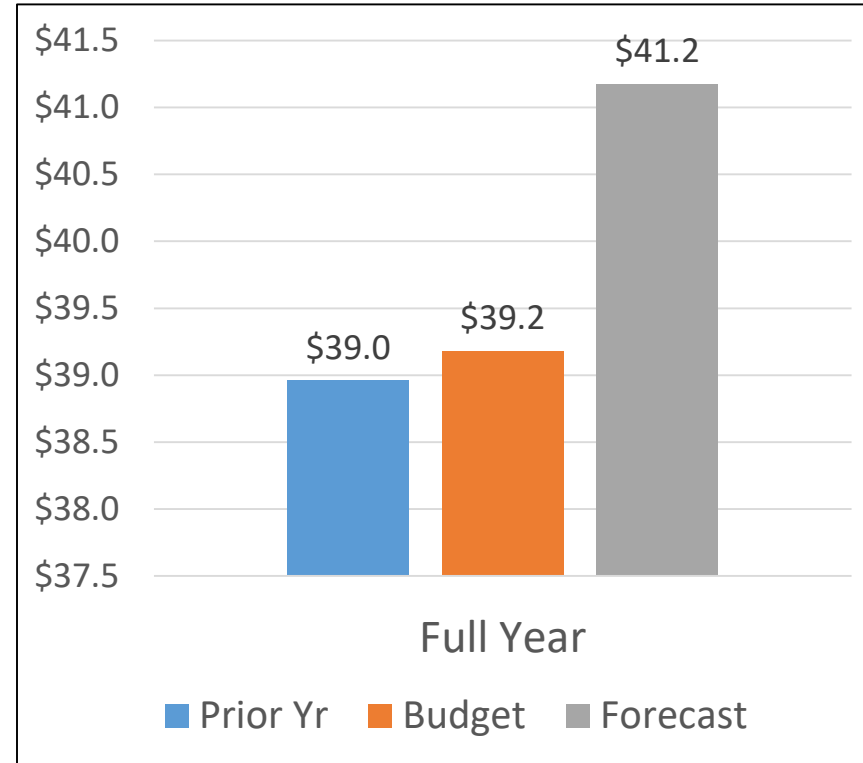
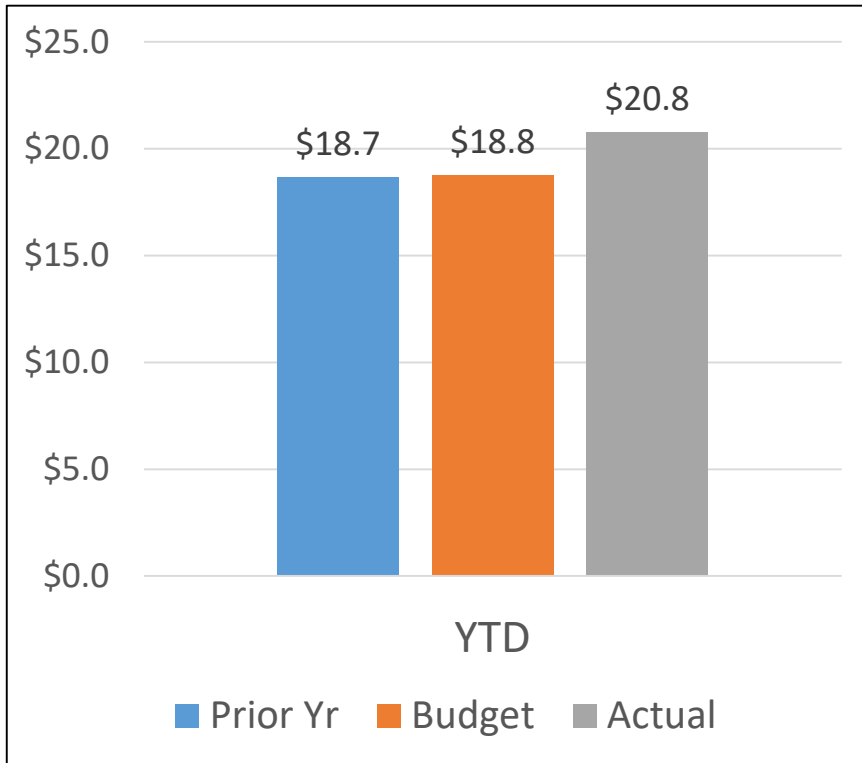
## SPLOST Receipts – Updated through March

YTD SPLOST Receipts

+10.6% to Budget  
+11.2% to Prior Year

Full Year Forecast

+5.1% to Budget  
+5.7% to Prior Year



**Bottom Line:** SPLOST revenue should exceed the Budget.

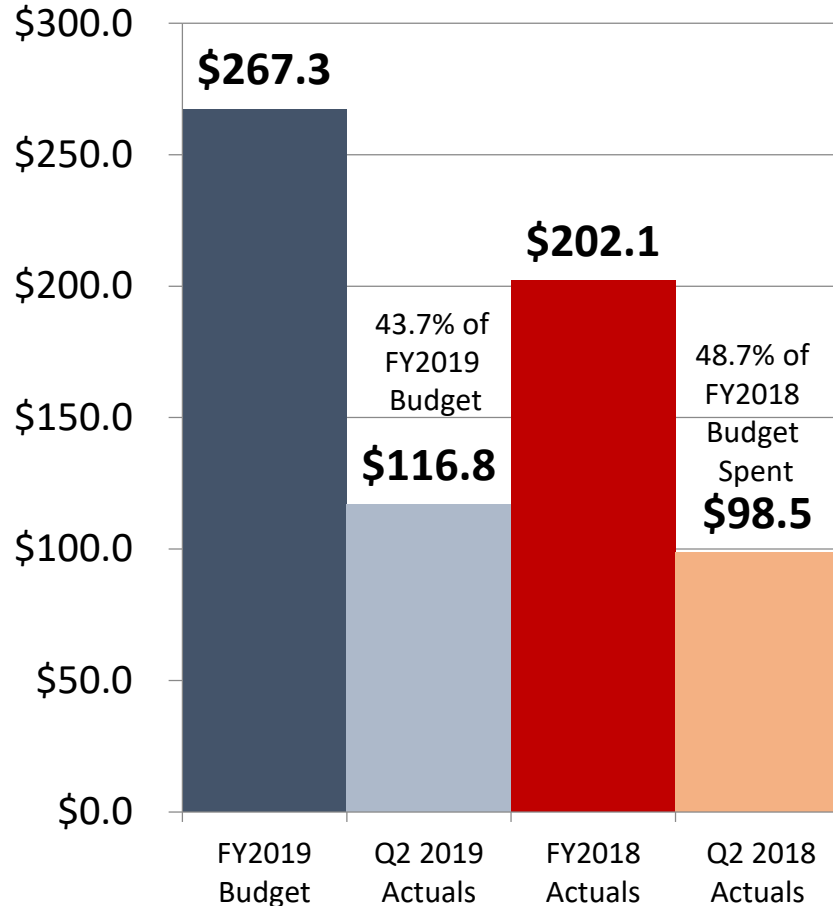


# Expenditure Executive Summary

## All Funds – Q2 2019

Summary Statement: Expenses are being managed across all funds. Some variances exist, but are explainable.  
*48.08% of Year Elapsed for Payroll Costs. 42% or 50% of Year Elapsed for Monthly Expenses.*

### Total Expenditures



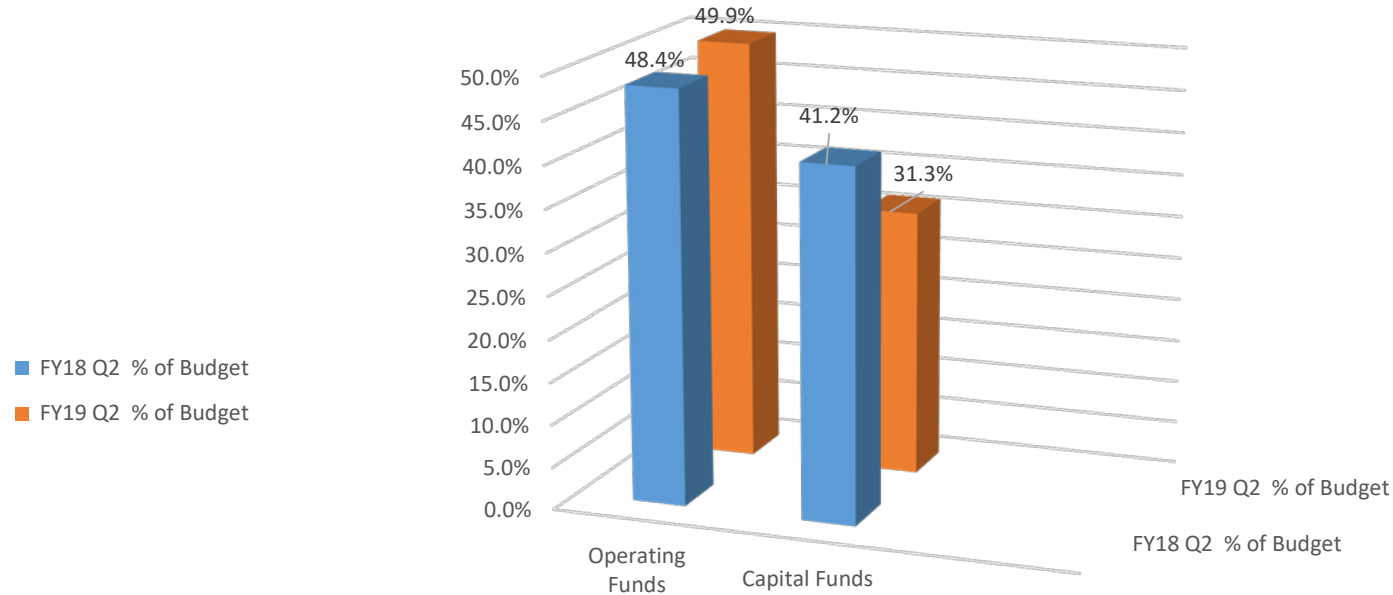
### County-Wide Expenditures - 2019

	2019 Budget	Q2 2019 YTD	% Spent
Compensation	81,732,474	37,457,609	45.8%
Insurance Benefits	26,739,241	14,040,334	52.5%
Payroll Taxes	6,120,500	2,684,591	43.9%
Workers Comp	979,837	621,435	63.4%
Retirement Plans	8,017,772	3,725,092	46.5%
Other Personnel	13,450	1,747	13.0%
<b>Total Personnel</b>	<b>123,603,274</b>	<b>58,530,808</b>	<b>47.4%</b>
Operating Costs	32,828,335	16,117,076	49.1%
Capital	60,764,457	17,744,093	29.2%
Non-Op Costs	22,232,375	9,363,227	42.1%
Debt Service	11,546,724	4,568,131	39.6%
Utilities/Insurance	5,360,398	2,681,947	50.0%
Transfers	10,964,357	7,761,544	70.8%
<b>Total Expenditures</b>	<b>267,299,920</b>	<b>116,766,826</b>	<b>43.7%</b>

**Bottom Line:** YTD Expenses are on target. We expect to achieve the FY2019 Budget.



# Operating and Capital Expenditures FY18 Q2 vs FY19 Q2 % of Budget Expended



	Operating Funds	Capital Funds	
■ FY18 Q2 % of Budget	48.4%	41.2%	
■ FY19 Q2 % of Budget	49.9%	31.3%	

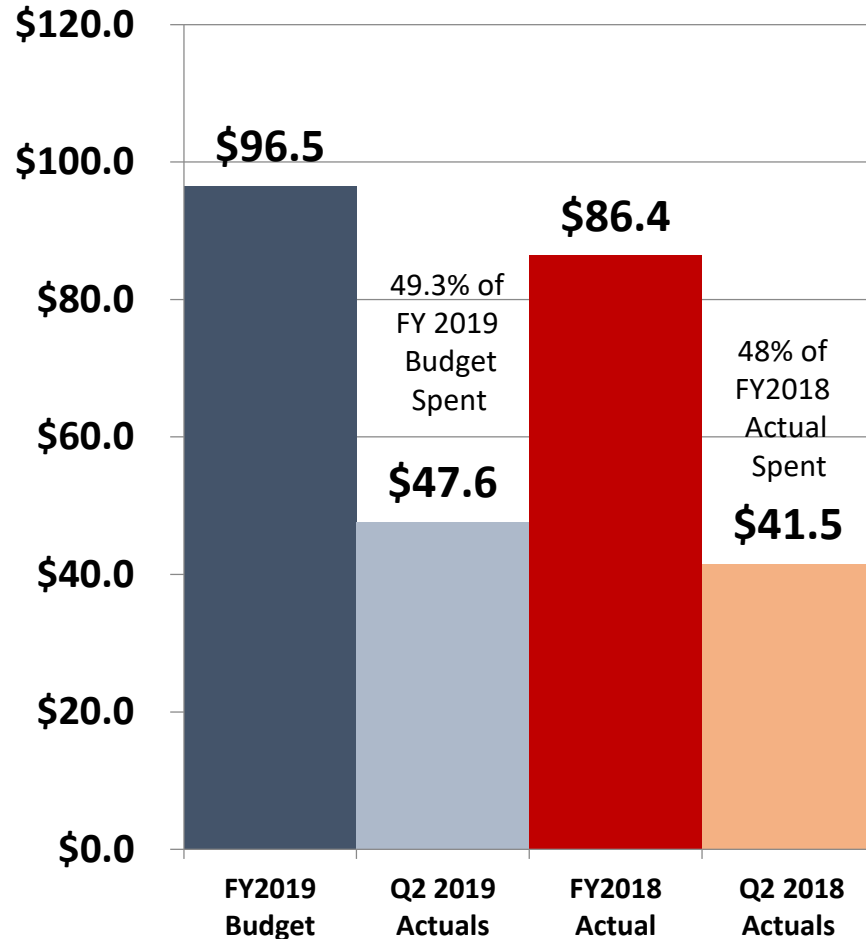
Operating Funds % of Budget Expended is 49.9% for FY19 Q2 compared to 48.4% FY18 Q2, which is essentially the same trend. Capital Funds % of Budget Expended is 31.3% in FY19 Q2 compared to FY18 Q2 41.2%. Capital spending is driven by SPLOST .



# Expenditure Executive Summary General Fund – Q1 2019

Summary Statement: Expenses are being managed across all departments. Some variances exist, but are explainable.  
48.08% of Year Elapsed for Payroll Costs. % or 50% of Year Elapsed for Monthly Expenses.

## General Fund Expenditures



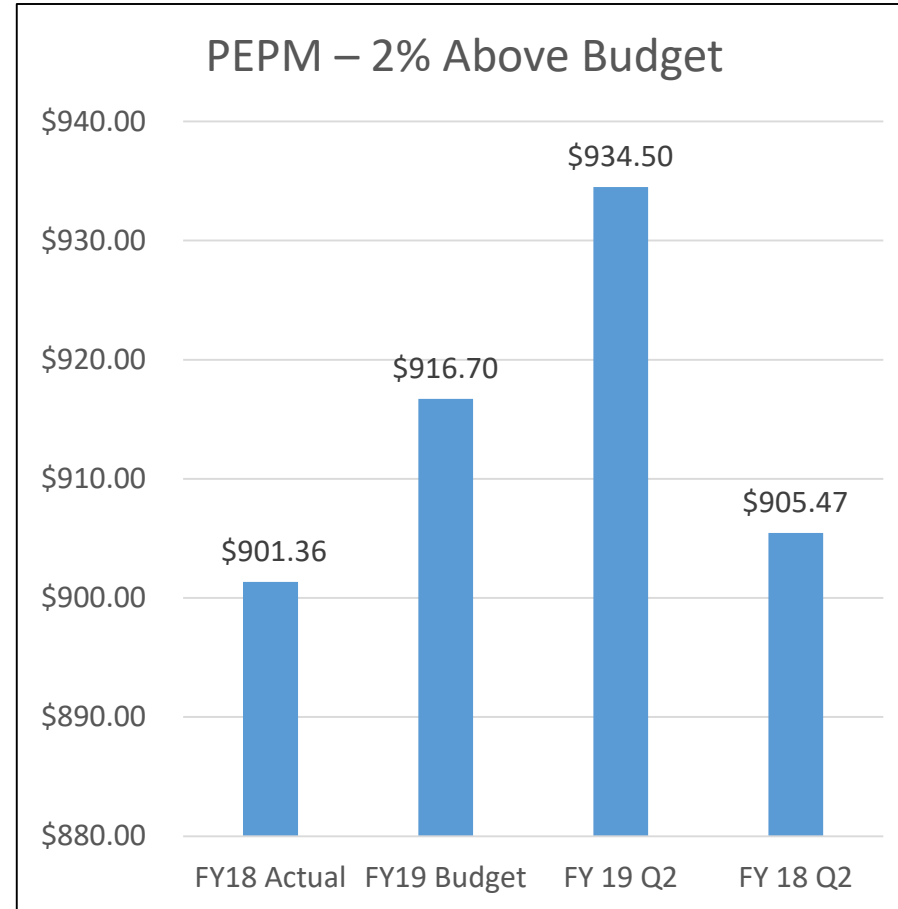
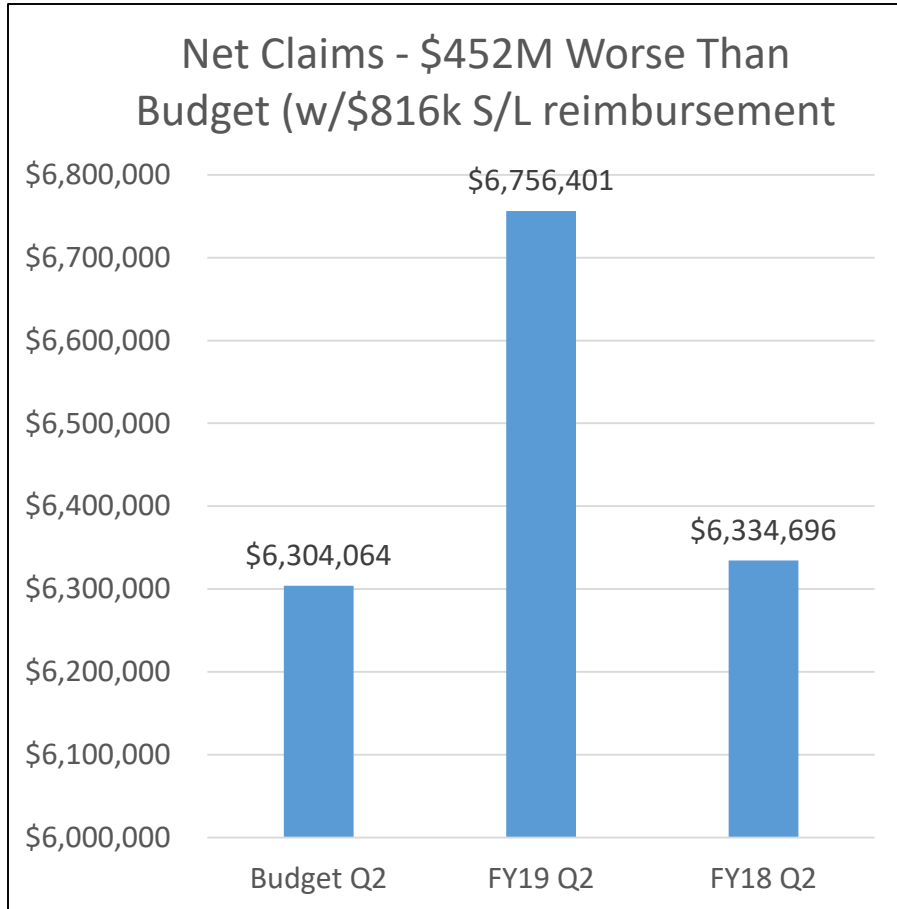
<b>General Fund - Expenditures 2019</b>			
	2019 Budget	Q2 2019 Actuals	% Spent
Compensation	46,352,547	21,871,893	47.2%
Insurance Benefits	6,813,627	3,311,716	48.6%
Payroll Taxes	3,416,368	1,569,937	46.0%
Workers Comp	619,204	277,290	44.8%
Retirement Plans	4,489,440	2,148,736	47.9%
Other Personnel	13,450	1,147	8.5%
<b>Total Personnel</b>	<b>61,704,636</b>	<b>29,180,719</b>	<b>47.3%</b>
Operating Costs	17,785,171	8,179,684	46.0%
Capital	754,120	275,318	36.5%
Non-Op Costs	3,442,675	1,693,249	49.2%
Debt Service	280,458	116,438	41.5%
Utilities/Insurance	3,168,088	1,581,615	49.9%
Transfers	9,378,387	6,550,771	69.8%
<b>Total Expenditures</b>	<b>96,513,535</b>	<b>47,577,794</b>	<b>49.3%</b>

**Bottom Line:** YTD Expenses are on target. We expect to achieve the FY2019 Budget.



# Insurance & Benefits Fund

## Q2 2019



**Bottom Line:** According to IOA (Insurance brokers), five claimants exceeded the specific deductibles and we should expect a reimbursement of \$816k. The receipt of that amount would still leave an overage of \$452k which was \$265 more than Q2 in FY2018. Enrollees have increased 2% over budget resulting in more revenue which will help off set higher claims. We will continue to monitor the fund and update the forecast.



# Expenditure Executive Summary

## All Funds – Q2 2019

Summary Statement: Expenses are being managed across all funds. Some variances exist, but are explainable.  
*48.08% of Year Elapsed for Payroll Costs. 42% or 5% of Year Elapsed for Monthly Expenses.*

**Total Workers Comp** Costs were 63.4% of the FY2019 Budget mainly due to the timing of payments for WC administration costs.

- Actual Average Monthly Total Claim Cost = \$59.4k v. Monthly Budget = \$50.8k. An unexpected high cost surgery was done in December. Costs for January and February were significantly below budget and thus we are still expecting FY2019 costs to be within budget
- WC Admin fees were @ 71.5% of budget. The WC Excess policy (which makes up the largest portion of the administration costs) is due annually and was paid in October. York, our TPA is paid quarterly with two payments being made during Q2 2019.

**Capital** spending was at 29.2% of the FY2019 Budget

- Capital spending is driven by the timing of construction projects and purchases.

**Debt Service** was at 39.6% of the FY2019 Budget

- A budgeted payment of \$4M was made against the RRDA principal. The plan is to totally pay off RRDA by 2022. Parks Bond payments are paid semiannually, with the interest only payment made in October.

**Transfers** were at 70.8% . The budgeted transfer of \$4M from the General Fund to the RRDA fund was done In December in order to make the principal pay down of \$4M.



# Key Risk/Opportunity Items

## 1. Defined Benefit Costs

- Current Trends
- Defined Benefit Goals Review

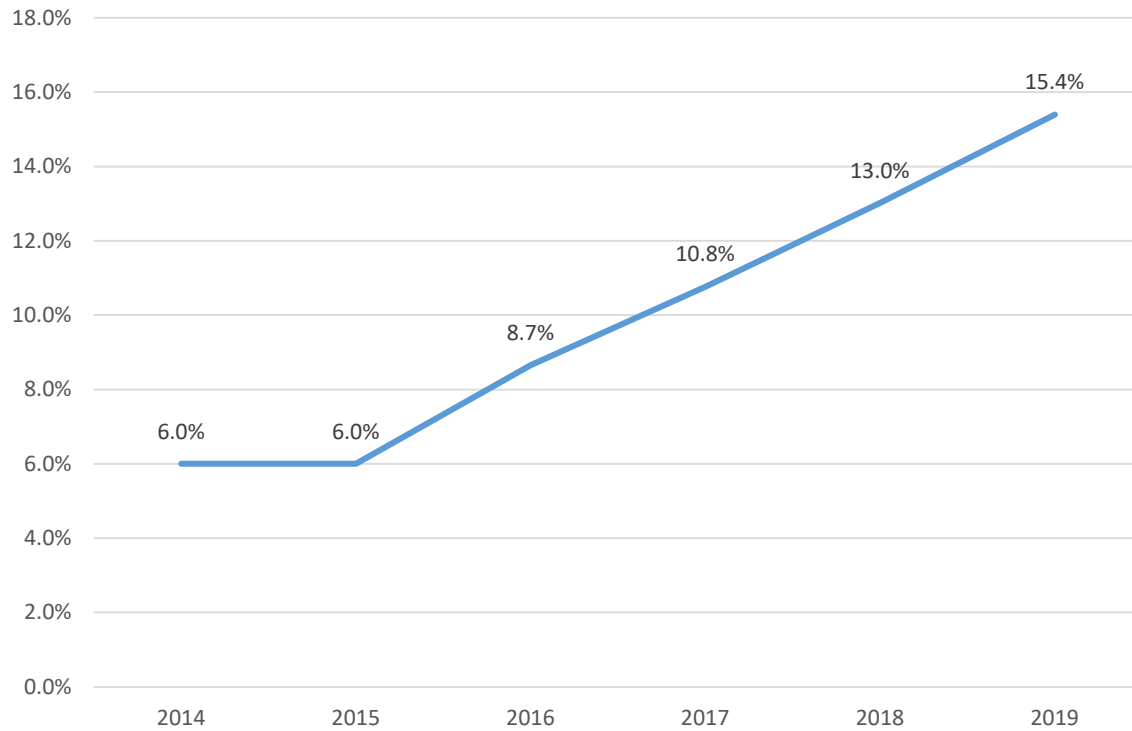
2. **Health Insurance Claims**- If current trend continues, there is a possibility that reserves will have to be used.

3. **Workers Comp Cost** – Although Q2 average claim cost was higher than budget, this was attributable to a couple of high cost surgeries and we are forecasting average claim cost to decline.



# Defined Benefit Cost Trends

Employer Percentage



Calendar Year	Employer \$ Contribution	Incremental Change
2014	\$ 3,161,975	
2015	\$ 3,415,883	\$ 253,908
2016	\$ 5,278,720	\$ 1,862,837
2017	\$ 6,983,937	\$ 1,705,217
2018	\$ 9,012,774	\$ 2,028,837
2019	\$ 11,175,000	\$ 2,162,226





# Cherokee County Defined Benefit Goals Review

## What do we want to achieve?

- Complete Evaluation of all Elements of the Defined Benefit Plan
  - ✓ Define objectives
  - ✓ Financial Impact
  - ✓ County Comparisons
- Pensionable Compensation
- Disability
- Vesting and contribution return policy
- Earliest Retirement age
- Funding Ratio Target
- What is the target desired amount of benefits to be provided by the plan?
  - 60% of the average last 3 years of regular salary for employees?