








Cherokee County Board of Commissioners

FINANCIAL UPDATE
FY2019 Q3 RESULTS

Presented 09/03/2019



Status Summary FY2019 Q3 Results

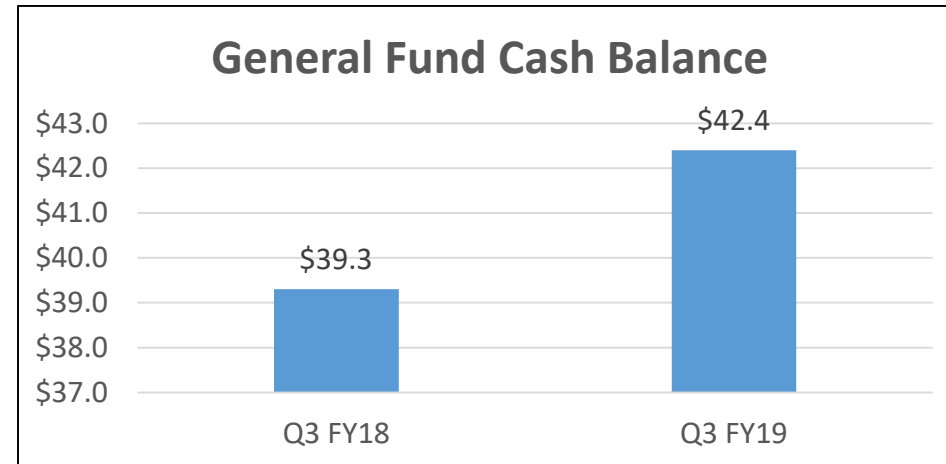
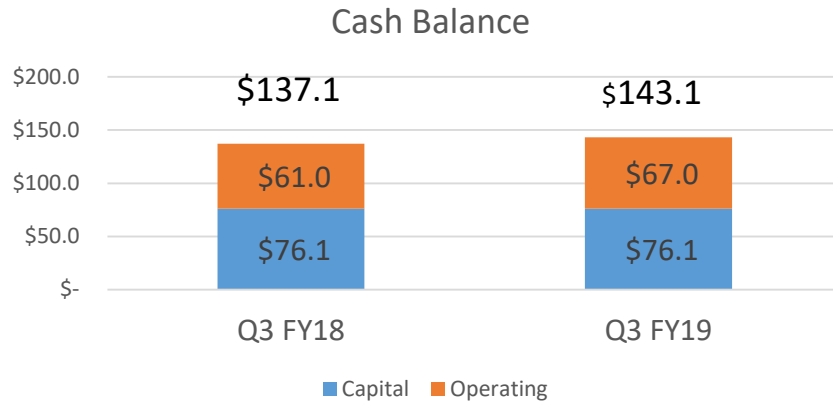
Strategic Blueprint Linkage	Status	Key Drivers
<p>Operating Cash Reserves =>15% of Operating Expenditures</p> <p>Q3 - $67/178.6 = 38\%$</p>		<ul style="list-style-type: none"> Operating Cash Balance increased \$6.1M to \$67.0M compared to last year's amount of \$61.0M Operating Expenses were 73.0% of Budget in Q3 FY2019 compared to 71.2% in Q3 FY2018
<p>Top 3 lowest in tax burden and spend per capita</p>		<ul style="list-style-type: none"> Operating Revenues are \$2.4M over budget at \$151.2M while property taxes are projected to be under budget by \$1.7M Operating Expenditures were @73.0% of Budget and are forecasted to be on the FY2019 Budget.
<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"> SPLOST revenues are \$3.1M over budget at \$42.3M Full Year Forecast Actual Capital Expenditures were 43.9% of the total budget compared to 58.0% in Q3 FY2018.
<p>Promote financial integrity by effectively and efficiently managing public assets</p>		<ul style="list-style-type: none"> Investment Income of \$2.7M through Q3 FY2019 which is 213.5% of the FY2019 Budget. Net Health Claims cost were \$.42M higher than Q3 2018 due to several high cost claimants. PEPM is 1.7% above budget.
<p>Reduce Workers Compensation Mod Factor from 0.84 to 0.78</p>		<ul style="list-style-type: none"> Current Mod Factor .xx . Actual Average Monthly Total Claim Cost \$64.8k v. Monthly Budget = \$50.8k



Cash Executive Summary

Q3 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.



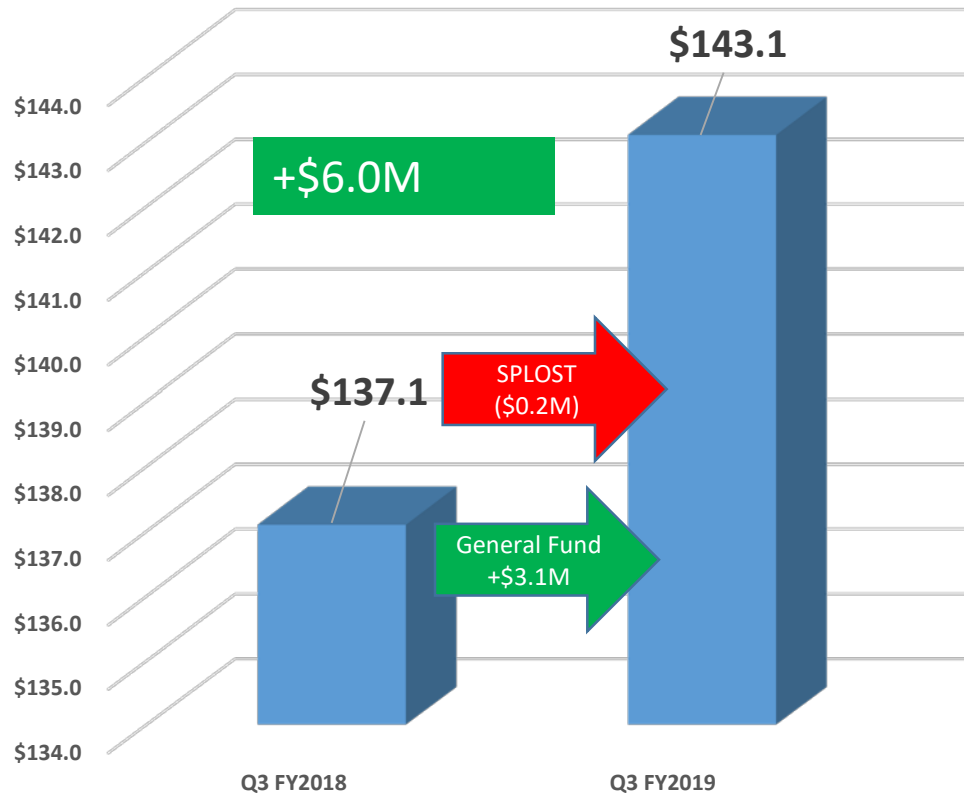
- **Operating +\$6.1M**
 - **General Fund +\$3.1M** – revenues above budget and expenses below budget for FY2019, timing - change in due date for Property Taxes
 - **Fire Fund +\$1.6M** – Timing of tax collections – due date change
 - **Insurance & Benefits Fund -\$0.8M** – Health Care costs high for 2019.
 - **E911 Fund - +\$1.0M** – timing of cash receipts and increase in fees.
 - **EMS Fund +\$0.5M** – cash collections on budget, cash expenses under budget.
- **Capital +\$0.0M**
 - **SPLOST Funds -\$0.2M** Based on timing of Capital Projects
 - **Impact Fee Fund +\$1.2M** – Cash Receipts have exceeded expenditures for several years.
 - **Parks Bond Fund -\$0.7M** Final bonds issued in July 2014, balance completely spent
- **Debt Service Fund -\$0.3M** – Amount in this fund varies based on debt service payments

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



County-Wide Results - Cash Q3 FY2019

Cash Balances



Significant Operating Funds	FY2018 Cash Balance	FY2019 Cash Balance	Variance Better/ (Worse)
General Fund	\$39.3	\$42.4	\$3.1
E911	2.0	3.1	1.0
Senior Services	0.2	0.4	0.2
Parks & Recreation	0.5	0.7	0.2
Transportation	(0.0)	0.2	0.2
Fire District	13.6	15.1	1.6
CDBG	(0.0)	(0.1)	(0.1)
EMS	1.3	1.9	0.5
Ins & Benefits Fund	0.9	0.0	(0.9)
Other Funds	3.3	3.4	0.1
Total	\$61.0	\$67.0	\$6.0

Capital Funds	FY2018 Cash Balance	FY2019 Cash Balance	Variance Better/ (Worse)
Impact Fee	\$8.4	\$9.7	\$1.2
Parks Bond	0.7	0.0	(0.7)
SPLOST V, 2012, 2018	66.2	66.0	(0.2)
Debt Service	0.8	0.4	(0.3)
RRDA	0.1	0.0	(0.1)
Total	\$76.1	\$76.1	\$0.0

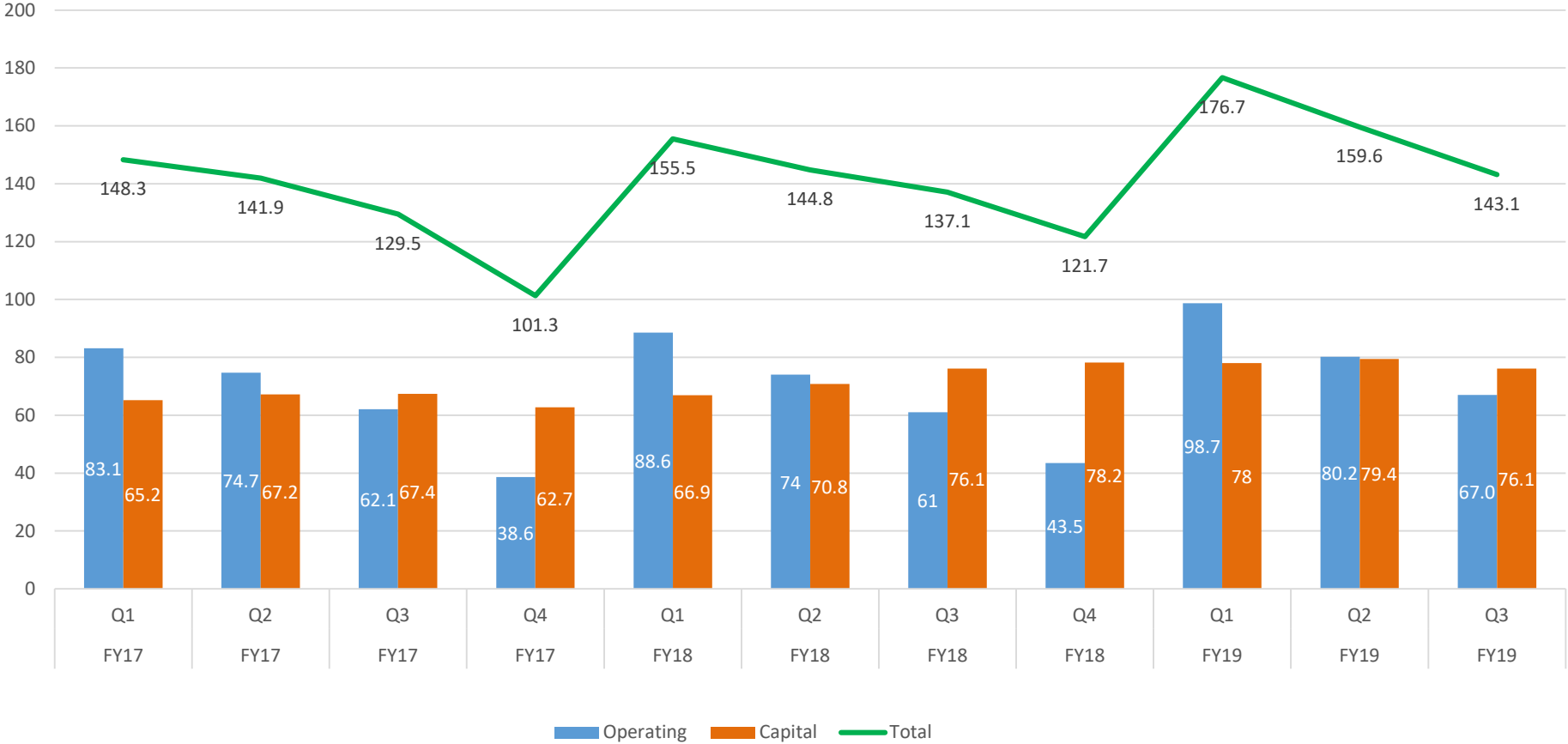
GRAND TOTAL	\$137.1	\$143.1	\$6.0
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Strategic Blueprint Linkage: Cash Reserves Major Operating Funds => 15% of Expenditures



County-Wide Results – Cash Q3 FY2019

Cash Balance Trend Analysis

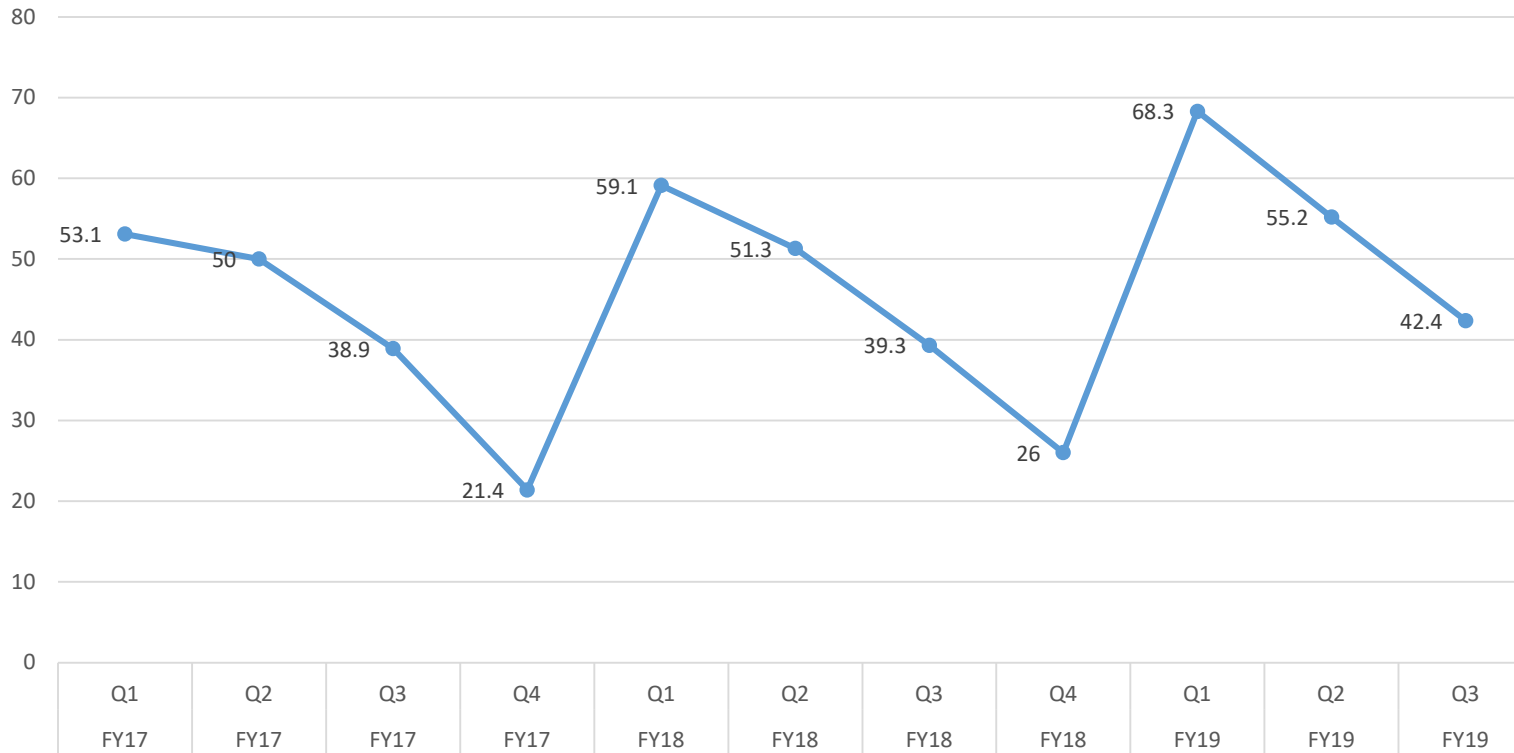


Strategic Blueprint Linkage: Cash Reserves Major Operating Funds => 15% of Expenditures



County-Wide Results – Cash Q3 FY2019

General Fund Cash Balance Analysis



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

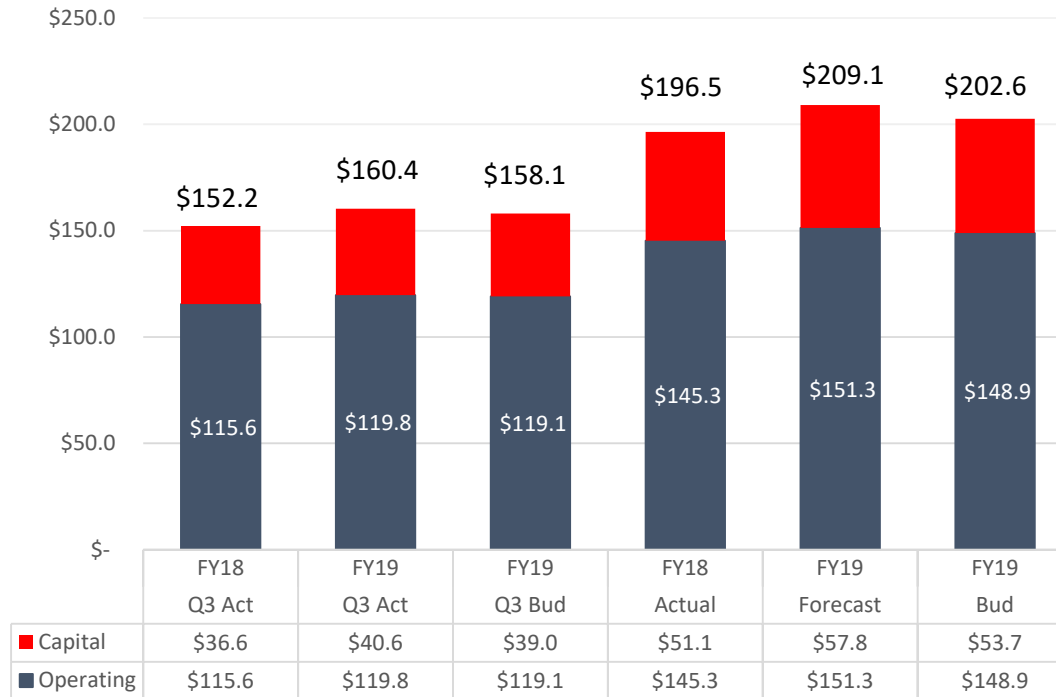


Revenue Executive Summary

All Funds – Q3 2019

Summary Statement: When comparing externally generated recurring revenue that is expected to fund operations, without requiring reserves, the County's YTD Results are \$2.2M better than the YTD Budget. We are also forecasting the full year to be \$6.5M better than budget.

RECURRING EXTERNAL REVENUES CAPITAL AND OPERATING FUNDS



Operating Funds Full Year Forecast

- Current Taxes (\$2.3M)
- Motor Vehicle/TAVT +\$1.7M
- Insurance Premium +\$0.3M
- Other Taxes +\$0.4M
- Building Inspections (\$0.3M)
- Landfill Fees +\$0.4M
- Other Charges +\$0.2M
- Investment Income +\$1.1M
- Stop Loss Fees +\$0.5M
- Northside Contribution +\$0.1M
- Other Miscellaneous +\$0.3M

Capital Funds

- SPLOST Taxes +\$3.1M
- Impact Fees (\$0.2M)
- Misc. SPLOST Reimb. +\$0.2M
- Investment Income +\$1.0M

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

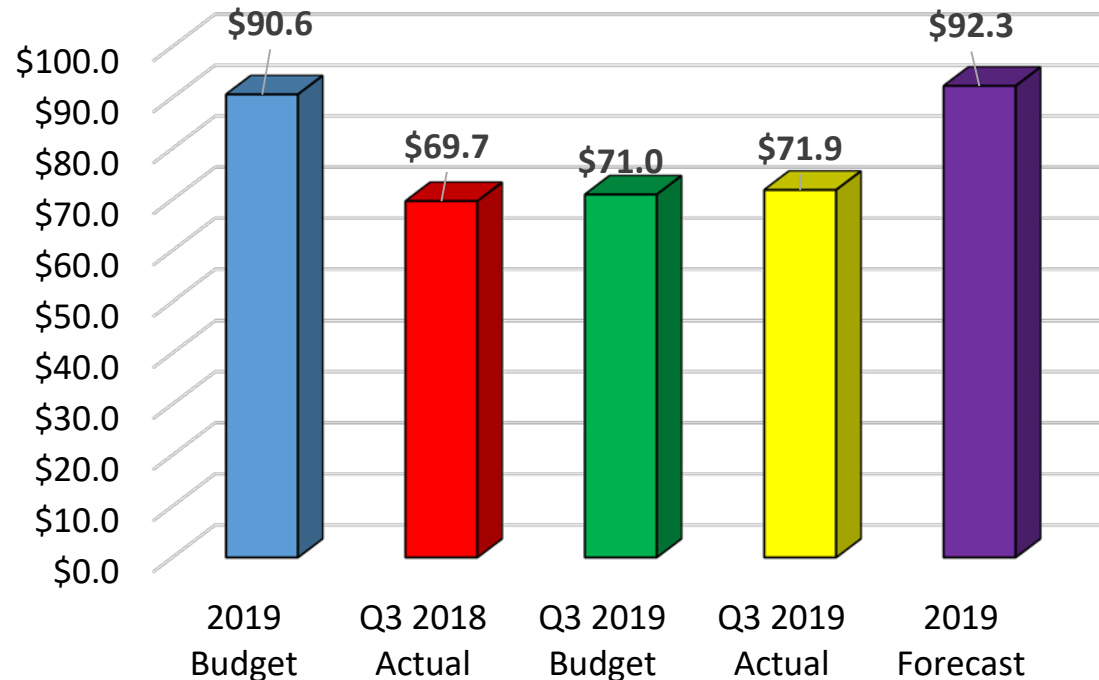


Revenue Executive Summary

General Fund – Q3 2019

Summary Statement: When comparing externally generated recurring revenue that is expected to fund operations, without requiring reserves, the General Fund YTD Results are \$0.9M > Budget. We are also forecasting the full year to be \$1.7M > Budget.

General Fund Recurring External Revenue



Full Year Forecast **\$1.7M Better than Budget**

- Current Taxes **(\$1.5M)**
- Motor Vehicle/TAVT **+\$1.6M**
- Insurance Premium **+\$0.3M**
- Other Taxes **+\$0.2M**
- Business Licenses/Building Inspections **(\$0.3M)**
- Landfill Fees **+\$0.4M**
- Interest Revenues **+\$0.8M**
- Miscellaneous **+\$0.2M**

Bottom Line: General Fund recurring revenues are on track.



Revenue Executive Summary

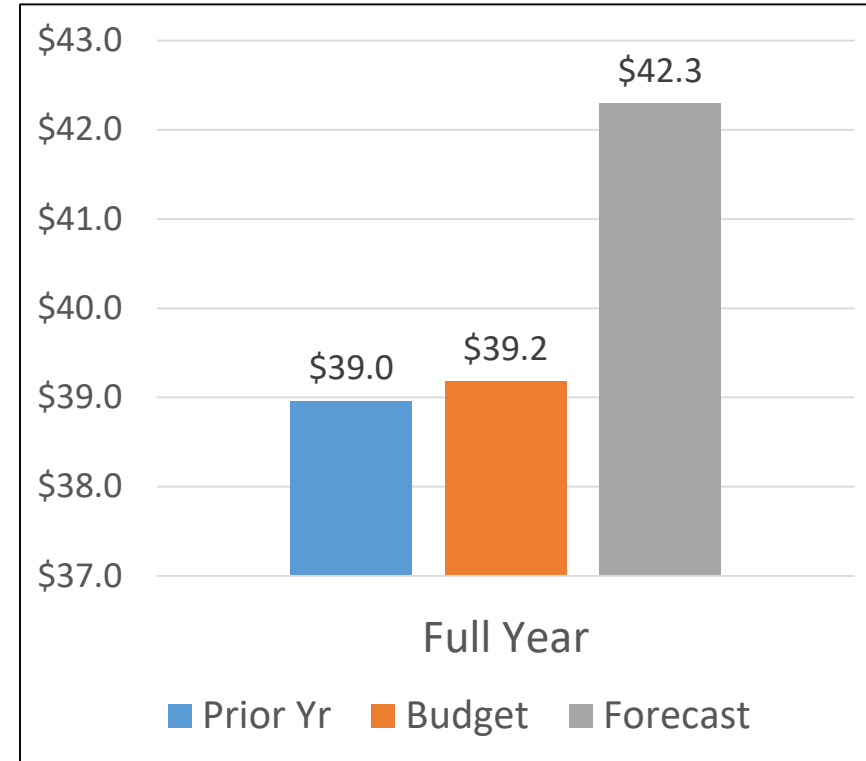
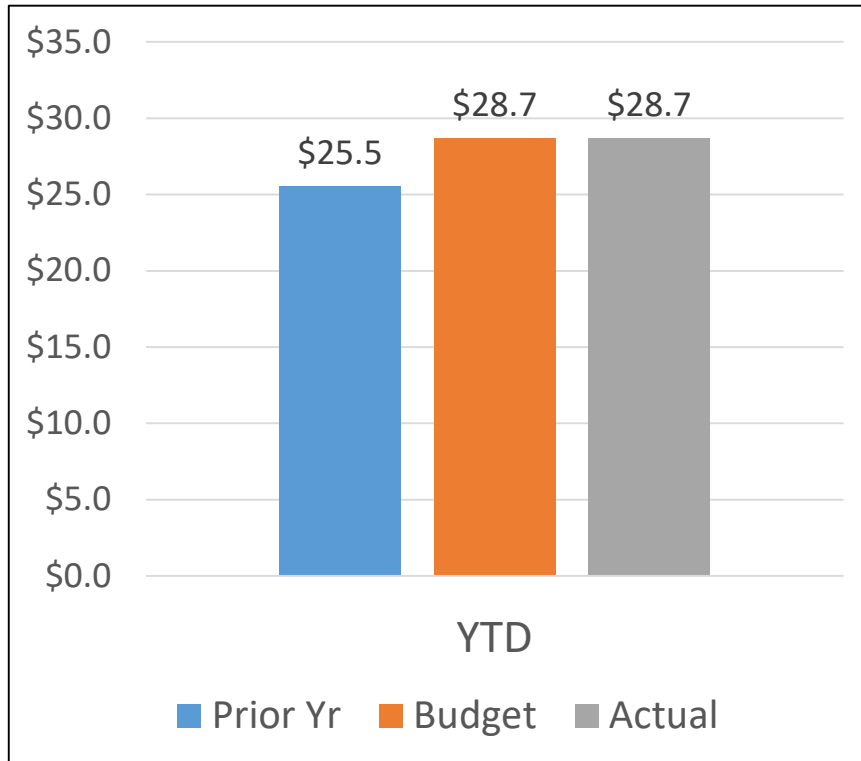
SPLOST Receipts – Updated through June

YTD SPLOST Receipts

+0.0% to Budget
+12.4% to Prior Year

Full Year Forecast

+8.0% to Budget
+8.6% to Prior Year



Bottom Line: SPLOST revenue should exceed the Budget.

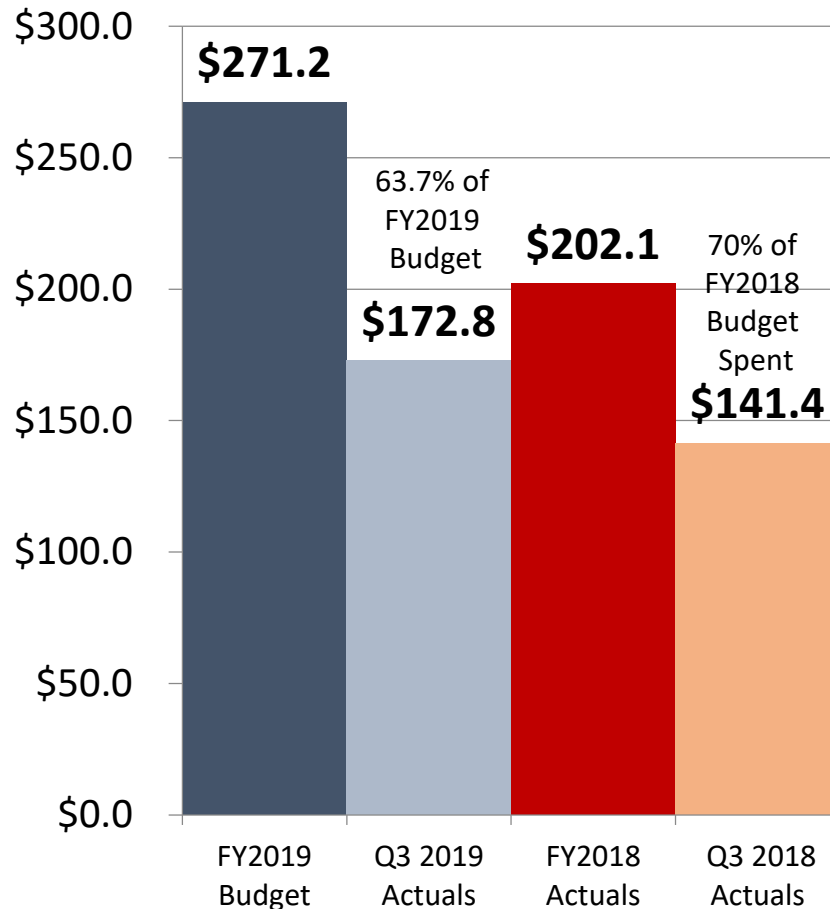


Expenditure Executive Summary

All Funds – Q3 2019

Summary Statement: Expenses are being managed across all funds. Some variances exist, but are explainable.
71.15% of Year Elapsed for Payroll Costs. 67% or 75% of Year Elapsed for Monthly Expenses.

Total Expenditures



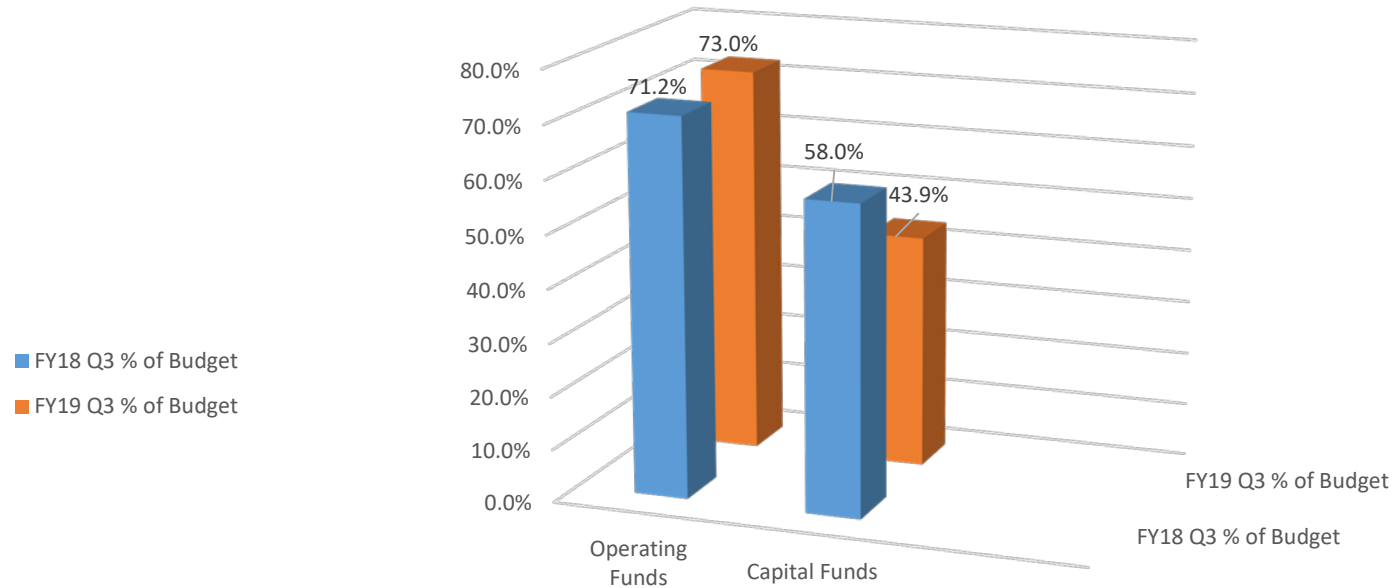
County-Wide Expenditures - 2019

	2019 Budget	Q3 2019 YTD	% Spent
Compensation	81,732,474	55,303,857	67.7%
Insurance Benefits	26,739,241	20,518,497	76.7%
Payroll Taxes	6,120,500	3,956,567	64.6%
Workers Comp	979,837	862,151	88.0%
Retirement Plans	8,017,772	5,502,318	68.6%
Other Personnel	13,450	6,767	50.3%
Total Personnel	123,603,274	86,150,157	69.7%
Operating Costs	32,902,149	24,957,746	75.9%
Capital	63,746,620	23,578,108	37.0%
Non-Op Costs	22,232,375	13,675,533	61.5%
Debt Service	11,546,724	10,300,709	89.2%
Utilities/Insurance	5,360,398	3,889,710	72.6%
Transfers	11,834,232	10,242,578	86.6%
Total Expenditures	271,225,772	172,794,541	63.7%

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



Operating and Capital Expenditures FY18 Q3 vs FY19 Q3 % of Budget Expended



	Operating Funds	Capital Funds	
FY18 Q3 % of Budget	71.2%	58.0%	
FY19 Q3 % of Budget	73.0%	43.9%	

Operating Funds % of Budget Expended is 73% for FY19 Q3 compared to 71.2% FY18 Q3, which is essentially the same trend. Capital Funds % of Budget Expended is 43.9% in FY19 Q3 compared to FY18 Q3 58%.

SPLOST 2012 Expenditures @ 6/30/2019

Level 1 Spending	Project	Original SPLOST Referendum	Excess SPLOST Receipts/XFRS	Budgeted	Actual	Remaining
	Jail Expansion	18,470,000	(1,430,000)	17,040,000	3,007,959	14,032,041
	E-911 Back-Up Center	-	500,000	500,000	500,000	-
	Fire Engines	-	180,000	180,000	102,104	77,896
	Law Enforcement Training Facility	1,500,000		1,500,000	1,500,000	-
	Fire/EMS Training Facility	1,500,000		1,500,000	1,500,000	-
	ALS Vehicle & Equipment	2,280,000		2,280,000	2,270,840	9,160
	Animal Shelter	1,250,000	750,000	2,000,000	2,000,000	-
Total Level 1 Spending		<u>25,000,000</u>	<u>-</u>	<u>25,000,000</u>	<u>10,880,903</u>	<u>14,119,097</u>
County Projects						
	Animal Shelter	-	1,165,370	1,165,370	1,165,370	-
	Library	2,500,000		2,500,000	-	2,500,000
	Public Works/Roads	91,315,257	(3,343,121)	87,972,136	65,742,124	22,230,012
	Animal Control/Marshal	400,000	50,000	450,000	450,000	-
	Business Development	3,750,000	2,791,500	6,541,500	6,482,901	58,599
	Fire and EMS	7,400,000	3,150,000	10,550,000	10,550,000	-
	Law Enforcement Vehicles	2,500,000	-	2,500,000	2,500,000	-
	E-911	1,500,000	966,134	2,466,134	2,465,019	1,115
	Courthouse Expansion	1,450,000	-	1,450,000	1,146,061	303,939
	Fleet Expansion	-	750,000	750,000	10,847	739,153
	Probation Office	-	329,994	329,994	291,453	38,541
	Senior Center	1,500,000	-	1,500,000	146,590	1,353,410
	Airport	2,000,000	4,162,429	6,162,429	4,804,863	1,357,566
Includes \$2,012,410 of SPLOST Interest Revenue	LB Ahrens Rec Center	-	6,145,545	6,145,545	-	6,145,545
Total County Project Spending		<u>114,315,257</u>	<u>16,167,851</u>	<u>130,483,108</u>	<u>95,755,228</u>	<u>34,727,880</u>
Total SPLOST Spending		139,315,257	16,167,851	155,483,108	106,636,131	48,846,977

SPLOST 2018 Expenditures @6/30/2019

	Project	Original SPLOST Referendum	Excess SPLOST Receipts/XFRS	Budgeted	Actual	Remaining
Level 1 Spending	Jail Expansion and Improvements	23,000,000		23,000,000	-	23,000,000
Total Level 1 Spending		23,000,000	-	23,000,000	-	23,000,000
County Projects						
	Law Enforcement Vehicles/Facilities/Equipment	4,000,000		4,000,000	473,536	3,526,464
	Animal Control and County Marshal Vehicles and Equipment	1,000,000		1,000,000	42,331	957,669
	Emergency Communications Center and Communications System Improvements	9,606,500		9,606,500	8,357,402	1,249,098
	Fire & Emergency Services Facilities, Vehicles and Equipment	21,140,000		21,140,000	1,929,828	19,210,173
	Court Facilities, Equipment, Improvements , and Expansion	17,500,000		17,500,000	2,220	17,497,780
	Parks and Recreation Facilities, Equipment and Improvements	2,800,000		2,800,000	402,381	2,397,619
	Transportation Infrastructure (Roads & Bridges) , Facilities, Equipment	88,500,000		88,500,000	4,153,389	84,346,611
	Transportation Infrastructure, Facilities, Equipment- CATS	500,000		500,000	-	500,000
	Airport Facilities, Equipment , Improvements & Expansion	6,000,000		6,000,000	-	6,000,000
	Business & Economic Development Land Acquisition, Infrastructure, and Facilities	8,000,000		8,000,000	-	8,000,000
Total County Project Spending		159,046,500	-	159,046,500	15,361,087	143,685,413
Total SPLOST Spending		182,046,500	-	182,046,500	15,361,087	166,685,413

Note: 2018 SPLOST Program

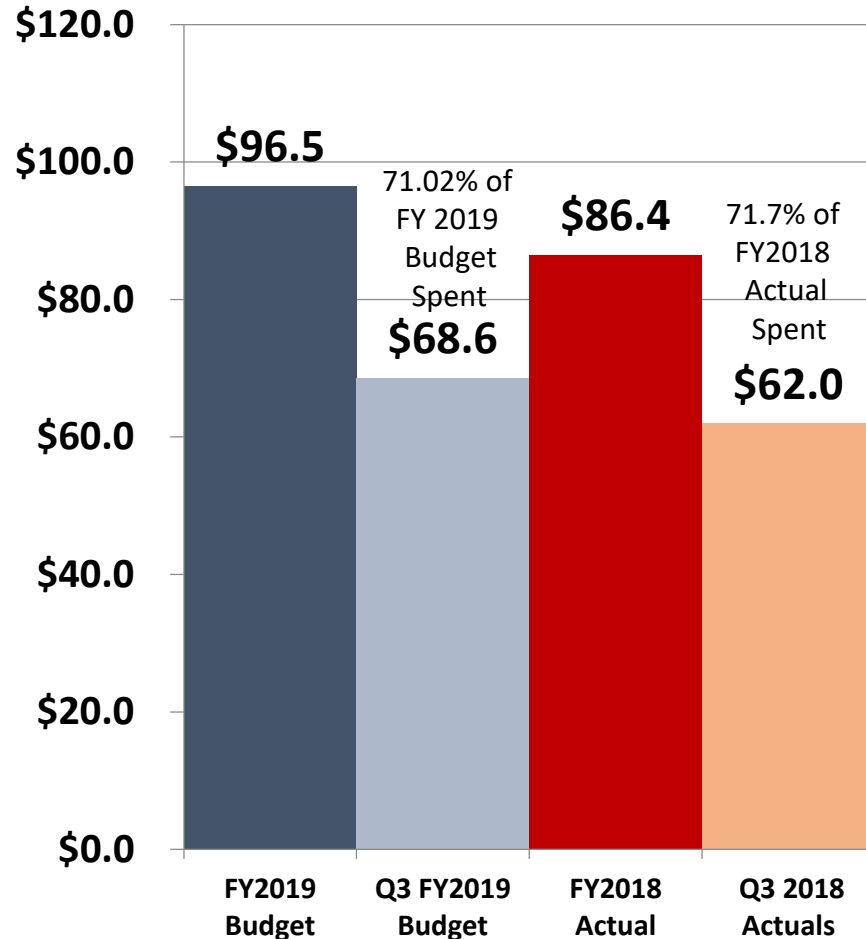
IT projects will be assigned to the above projects with any Excess SPLOST Revenues	IT Upgrade	1,035,000		1,035,000	386,639	648,361
Facility Maintenance projects will be assigned to the above projects with any Excess SPLOST Revenues	Facility Maintenance	1,000,000		1,000,000	166,017	833,983



Expenditure Executive Summary General Fund – Q3 2019

Summary Statement: Expenses are being managed across all departments. Some variances exist, but are explainable.
71.15% of Year Elapsed for Payroll Costs. 67% or 75% of Year Elapsed for Monthly Expenses.

General Fund Expenditures



General Fund - Expenditures 2019			
	2019 Budget	Q3 2019 Actuals	% Spent
Compensation	46,352,547	31,967,675	69.0%
Insurance Benefits	6,813,627	4,875,761	71.6%
Payroll Taxes	3,416,368	2,288,083	67.0%
Workers Comp	619,204	397,546	64.2%
Retirement Plans	4,489,440	3,160,673	70.4%
Other Personnel	13,450	6,167	45.9%
Total Personnel	61,704,636	42,695,905	69.2%
Operating Costs	17,800,171	12,562,042	70.6%
Capital	754,120	524,443	69.5%
Non-Op Costs	3,442,675	2,532,511	73.6%
Debt Service	280,458	192,584	68.7%
Utilities/Insurance	3,168,088	2,287,635	72.2%
Transfers	9,378,387	7,757,057	82.7%
Total Expenditures	96,528,535	68,552,177	71.0%

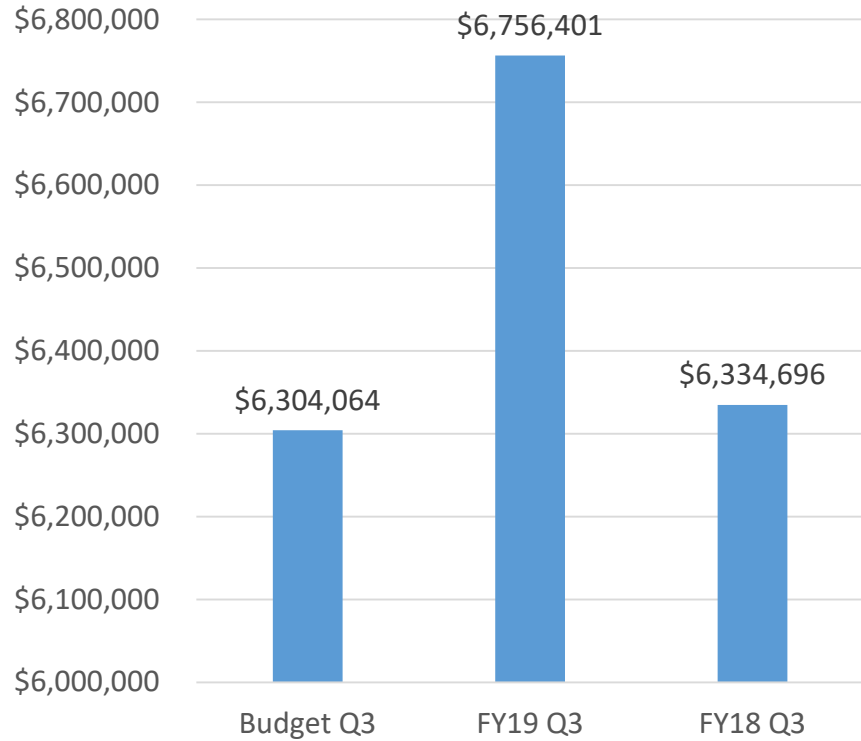
Bottom Line: YTD Expenses are on target. We expect to achieve the FY2019 Budget.



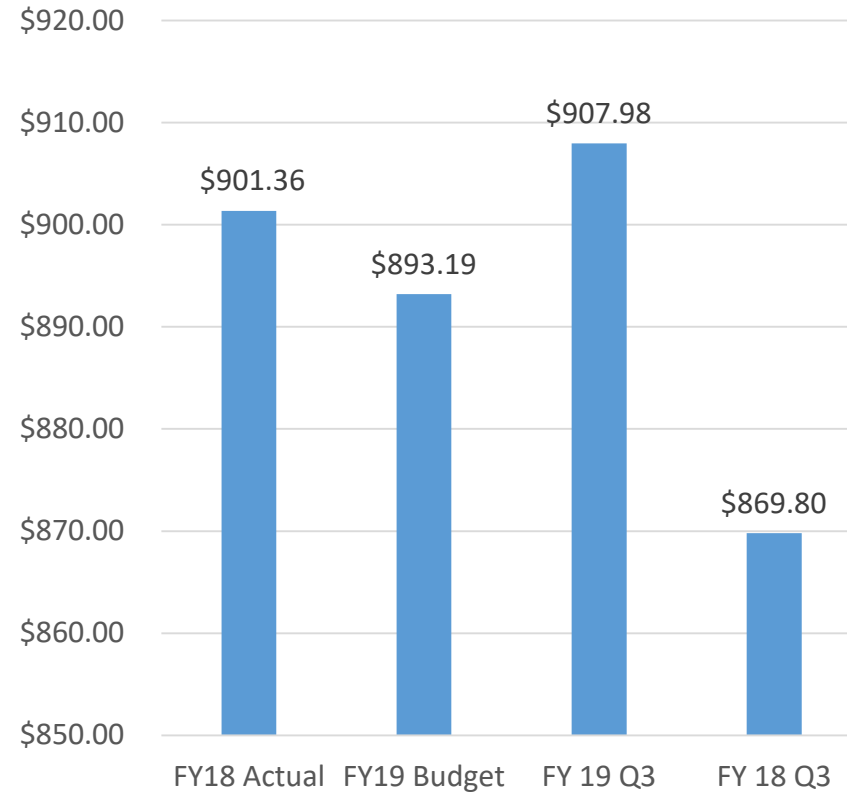
Insurance & Benefits Fund

Q3 2019

Net Claims - \$388k Worse Than Budget



PEPM – 1.7% Above Budget



Bottom Line: According to IOA (Insurance brokers), five claimants exceeded the specific deductibles and we are still waiting on a reimbursement of \$431.6k. The receipt of that amount would still leave an overage of \$388k which was \$212k more than Q3 in FY2018. Enrollees have increased 2% over budget resulting in more revenue which will help offset higher claims. Even with the \$431.6k reimbursement, the current forecast shows reserves will probably be needed. We will continue to monitor the fund and update the forecast.



Expenditure Executive Summary

All Funds – Q3 2019

Summary Statement: Expenses are being managed across all funds. Some variances exist, but are explainable.
71.15% of Year Elapsed for Payroll Costs. 67% or 75% of Year Elapsed for Monthly Expenses.

Total Workers Comp Costs were 87.9% of the FY2019 Budget

Actual Average Monthly Total Claim Cost = \$64.8k v. Monthly Budget = \$50.8k. The forecast is that FY2019 WC claim costs will be higher than budget.

- WC Admin fees were @ 75.3% 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 three payments being through Q3 2019.

Capital spending was at 37% of the FY2019 Budget

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

Debt Service was at 89.2% 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 both payments have already being paid this year.

Transfers were at 86.8% . 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

➤ Additional \$2.5M payment to be made in September

2. **Health Insurance Claims-** The current trend now indicates that we will have to use all of the \$658k of the Insurance Funds unrestricted reserves, provided we receive the \$432k stop/loss reimbursement. If we do not receive the reimbursement, we will possibly have to use further reserves from other funds.