

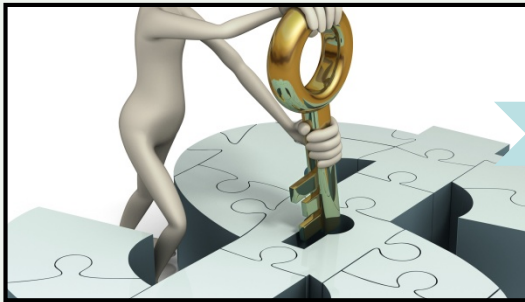
2019 Cherokee County Millage Rate



Proposed Scenarios

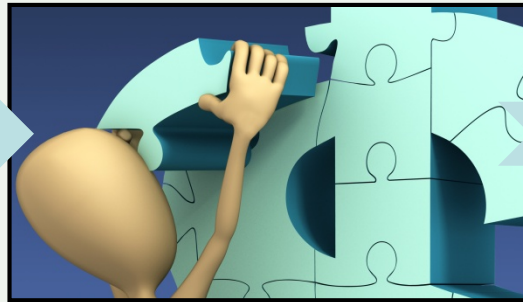
June 18, 2019

Steps To Calculating The Millage Rate



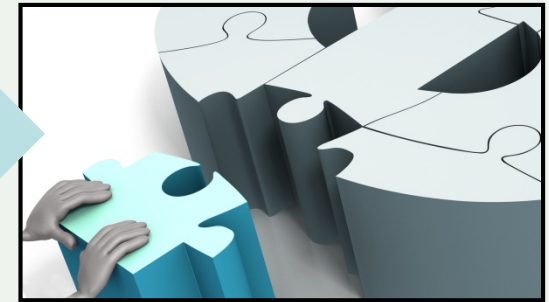
Step #1

- Build a Zero-Based Budget for FY2020
- Departments Build Proposed Budgets Based on Current Needs
- Conduct Budget Review Meetings with the County Manager



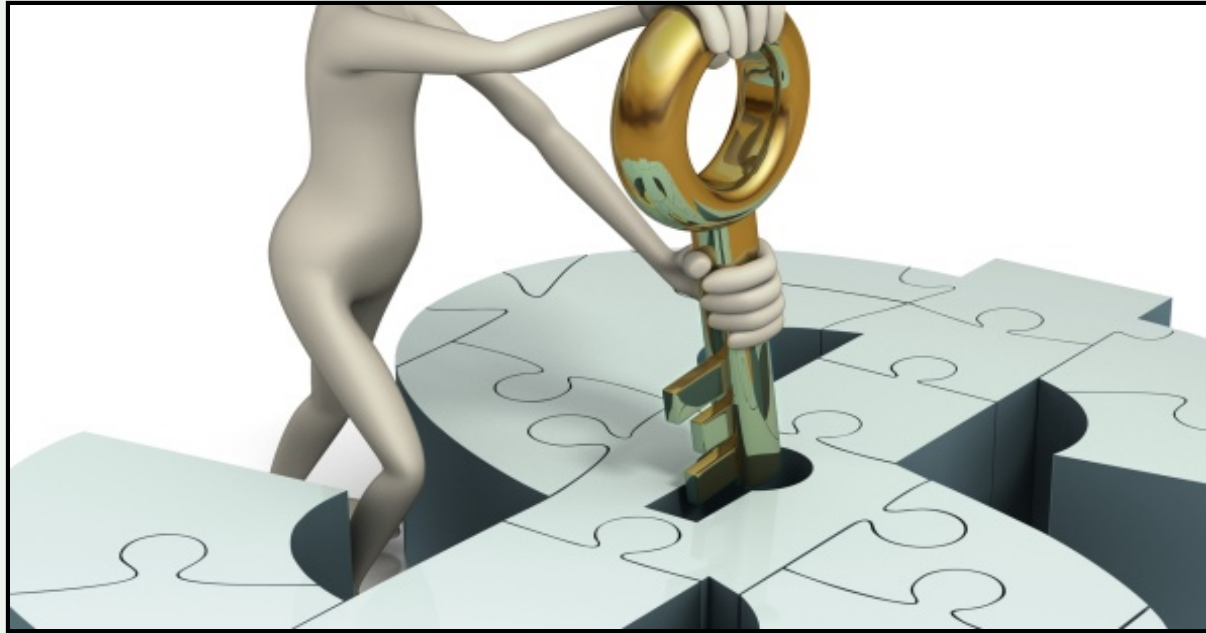
Step #2

- Forecast All Non-Property Tax Revenues Available to Support ZBB Expenditures in FY2020
- Assess Current Run Rates, Incorporate Expected Changes



Step #3

- Calculate 2019 Millage Rate Using Latest Tax Digest
- $ZBB \text{ Expenditures} - \text{Non Property Tax Revenues} = \text{Property Taxes Necessary to Fund Budget}$



- **Step #1**
- Build a Zero-Based Budget for FY2020

General Fund Expenditures

Zero-Based Budget Expenditures (Work-in-Process)

	FY2019	FY2020		
	Revised Budget	Proposed Budget	Var \$	Var %
General Services	15,902,565	16,373,067	470,502	3.0%
Tax Administration	4,746,140	4,717,139	(29,001)	-0.6%
Public Safety	37,913,454	38,802,045	888,591	2.3%
Judicial Services	15,716,845	16,127,145	410,300	2.6%
Public Works	5,854,847	5,895,264	40,417	0.7%
Library/Other	3,214,005	3,489,573	275,568	8.6%
Transfer to RRDA	4,876,959	2,517,764	(2,359,195)	-48.4%
Transfer to EMS	1,750,000	1,750,000	-	0.0%
Transfers to Other Funds	2,751,428	2,734,593	(16,835)	-0.6%
Utilities/Allocated Costs	3,787,292	3,640,337	(146,955)	-3.9%
Additional DB		2,208,738	2,208,738	100.0%
Total	96,513,535	98,255,665	1,742,130	1.8%
3% COLA		1,776,185	1,776,185	100.0%
Total w/COLA	96,513,535	100,031,850	3,518,315	3.6%

General Fund Expenditures

Zero-Based Budget Variance Explanations

General Services +\$470k

- Newly created Community Services Agency +\$179k
- IT +\$115k – 1 FT, 1 PT positions added to assist in new projects
- County Attorney +\$111k - higher cost for rezoning cases
- Elections +\$60k – add new early polling location in south annex

Public Safety +\$888.6k

- Salary Contingency +\$700k* - new Jailor positions in preparation of the opening of the new jail.
- Inmate Medical +\$199.7k

Judicial Services +\$452k

- Indigent Defense +\$203k, District Attorney +\$140k, Juvenile Court +\$91k

Library Transfer/Other +\$275.6k

- Library +\$200k
- Historical Society +\$25k
- MUST Homeless/Vet/Children +\$50k

*Funds to be released when vacancies filled

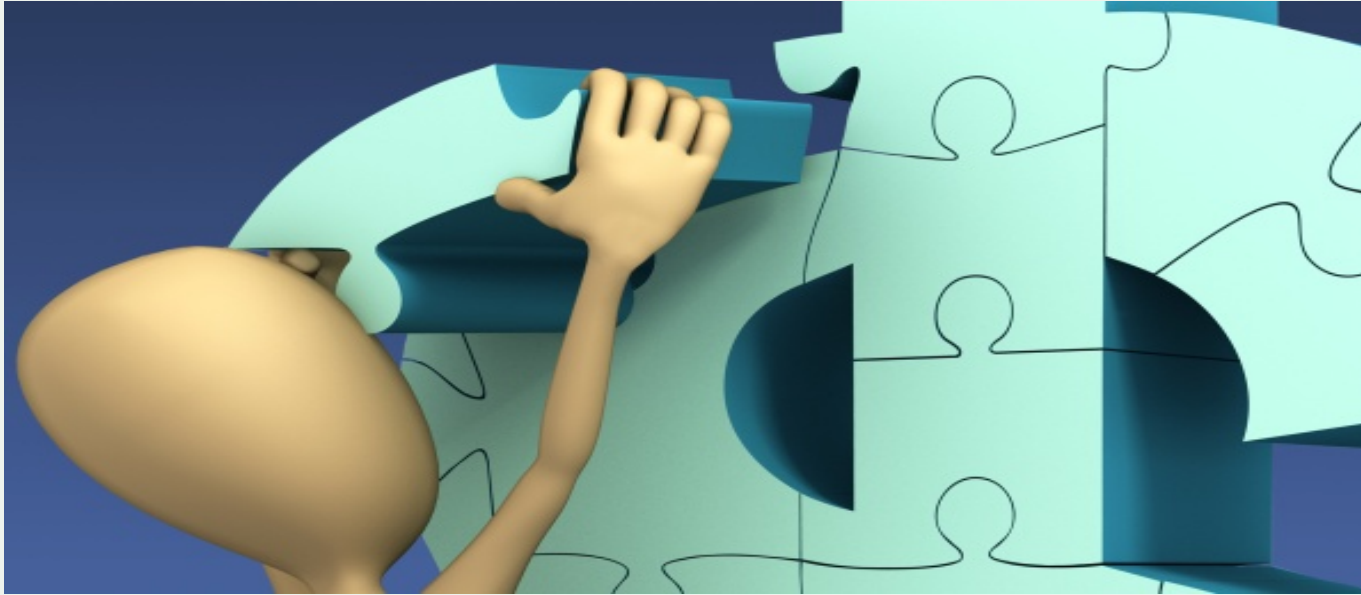
Fire Fund Expenditures

Zero-Based Budget Expenditures (Work-in-Process)

	FY2019	FY2020	Var \$	Var %
Personnel	25,654,194	26,011,203	357,009	1.4%
Operating Costs	3,693,788	3,746,306	52,518	1.4%
Capital	1,002,911	21,000	(981,911)	-97.9%
Utilities/Allocated Costs	1,546,763	1,586,024	39,261	2.5%
Transfers	1,084,342	1,237,284	152,942	14.1%
Additional Defined Benefits		1,131,298	1,131,298	100.0%
Total	32,981,998	33,733,115	751,117	2.3%
3% COLA		893,864	893,864	100.0%
Total w/COLA	32,981,998	34,626,979	1,644,981	5.0%

Variance Explanations:

- One time Capital cost -\$1M
- 9 new Positions Fire +\$357k (6 months), Transfer to EMS +\$153K



Step #2

Forecast All Non-Property Tax Revenues

General Fund Revenue

Forecast for FY2020 (Work-in-Process)

	FY2019	FY2020	Var \$	Var %
Non-Property Taxes	21,119,881	23,052,147	1,932,266	9.1%
Licenses & Permits	2,970,000	2,630,000	(340,000)	-11.4%
Charges for Services	7,759,959	9,131,500	1,371,541	17.7%
Fines & Forfeitures	4,942,994	4,938,000	(4,994)	-0.1%
Miscellaneous	1,521,979	1,908,509	386,530	25.4%
Other Financing Sources	1,280,139	956,337	(323,802)	-25.3%
Sub-total	39,594,952	42,616,493	3,021,541	7.6%
Use of Reserves	4,602,195	2,625,000	(1,977,195)	-43.0%
Total	44,197,147	45,241,493	1,044,346	2.4%

Variance Explanations:

Non-Property Taxes:

- Insurance Premium Tax +\$665k, TAVT +\$1.2M

Licenses and Permits:

- Building Inspections -\$300k, Business Licenses -\$70k

Charges for Services:

- Commissions on Tax Collections +\$240k, Landfill fees +\$1.12M

Use of Reserves:

- RRDA Payment -\$2M, Operating +\$22.8k

Fire Fund Revenue

Forecast for FY2020 (Work-in-Process)

	FY2019	FY2020	Var \$	Var %
Non-Property Taxes	1,848,463	1,855,394	6,931	0.4%
Licenses & Permits	65,000	65,000	-	0.0%
Charges for Services	5,892,000	6,264,982	372,982	6.3%
Miscellaneous	107,066	250,000	142,934	133.5%
Sub Total	7,912,529	8,435,376	522,847	6.6%
Use of Reserves	1,502,911	485,000	(1,017,911)	-67.7%
Total	9,415,440	8,920,376	(495,064)	-5.3%

Variance Explanations:

Non-Property Taxes:

- TAVT +\$30K, Intangibles -\$25K

Charges for Services:

- Fire Protection fees from Cities +\$370k

Use of Reserves :

- Capital -\$1.02M, Operating -\$15k



- **Step #3**

Calculate 2019 Millage Rate Using
Latest Tax Digest

Tax Digest

2019 Experienced Growth



- **M&O Digest - Assessment Notices (Before Appeals)**
 - From \$9.75 Billion to \$10.52 Billion = 7.95% Increase
 - Existing Properties = 3.06%
 - Other Growth = 4.89%

- **M&O Digest – Estimated End (After Appeals)**
 - From \$9.75 Billion to \$10.50 Billion = 7.80% Increase
 - Existing Properties = 3.00%
 - Other Growth = 4.79%

General Fund Millage Rate Scenarios

	Full Rollback Rate ZBB BASE w/3% COLA Use of Reserves	Partial Rollback ZBB BASE w/3% COLA Use or Reserves	No Rollback ZBB BASE w/3% COLA Use of Reserves
Costs:			
ZBB as Submitted	\$ 98,255,665	\$ 98,255,665	\$ 98,255,665
3% COLA	\$ 1,776,185	\$ 1,776,185	\$ 1,776,185
Total Net Costs	\$ 100,031,850	\$ 100,031,850	\$ 100,031,850
Non-Property Tax Revenue	\$ (42,616,493)	\$ (42,616,493)	\$ (42,616,493)
Use of Reserves	\$ (2,625,000)	\$ (2,000,000)	\$ (1,025,000)
Amount for Property Taxes	\$ 54,790,357	\$ 55,415,357	\$ 56,390,357
Tax Digest (Estimated End)	\$ 10,509,159,183	\$ 10,509,159,183	\$ 10,509,159,183
Proposed Millage Rate	5.214	5.274	5.366
<i>Compared to rollback rate</i>		<i>1.15%</i>	<i>2.92%</i>

- **Current Tax Rate for M & O = 5.366 mills , 1mill = \$10.5M (based on est. end 2019 digest)**
- **General Fund Reserves**
 - **\$34.5M actuals as of 9/30/2018**
 - **\$30.1M estimated as of 9/30/2019**

Fire Fund

Millage Rate Scenarios

Costs:	Full Rollback	No Rollback
	ZBB BASE w/3% COLA, Use of Reserves	ZBB BASE w/3% COLA, Use of Reserves
ZBB as Submitted	\$ 33,733,115	\$ 33,733,115
COLA	\$ 893,864	\$ 893,864
Total Net Costs	\$ 34,626,979	\$ 34,626,979
Non-Property Tax Revenue	\$ (8,435,376)	\$ (8,435,376)
Use of Reserves	\$ (1,630,000)	\$ (485,000)
Amount for Property Taxes	\$ 24,561,603	\$ 25,706,603
Tax Digest (Estimated End)	\$ 7,864,612,110	\$ 7,864,612,110
Proposed Millage Rate	3.124	3.269
<i>Increase compared to Rollback</i>		<i>4.64%</i>

- **Current Tax Rate for Fire = 3.269 mills** 1 mill = \$7.8M (based on est. end 2019 digest)
- **Fire Fund Reserves**
 - \$6.6M as of 9/30/2018
 - \$4.0M estimated for 9/30/2019

Parks Bond Debt Service Calculating the Millage Rate

Parks Bond Debt Service	Required Rate
Total Net Costs	\$ 6,067,235
Non-Property Tax Revenue	\$ (472,000)
Amount for Property Taxes	\$ 5,595,235
Tax Digest (Estimated End)	\$ 11,662,267,570
Proposed Millage Rate	0.480

The required rate is .480, which is same as the rollback rate.
It is .023 mills (4.57%) less than the current rate of .503.

Average Homeowner Impact

Average Home Assessment = \$272,400

	Current Rates	M&O Full Rollback Fire No Rollback Parks Bond Full Rollback	M&O No Rollback Fire No Rollback Parks Bond Full Rollback
<u>Millage Rate</u>			
General M&O	5.366	5.214	5.366
Fire Fund	3.269	3.269	3.269
Parks Bond	0.503	0.480	0.480
Total Rate	9.138	8.963	9.115
Difference Rate		-0.175	-0.023
Difference %		-1.92%	-0.25%
<u>Dollar Impact</u>			
General M&O	\$561.71	\$545.80	\$561.71
Fire Fund	\$358.54	\$358.54	\$358.54
Parks Bond	\$55.17	\$52.65	\$52.65
Total Rate	\$975.43	\$956.99	\$972.90
Difference \$		-\$18.43	-\$2.52
Difference %		-1.89%	-0.26%

Property Tax Assessment Example

- Assessment notices were sent in May and reflect the 2019 fair market value of a person's home at the 2018 millage rates
- The homestead exemption amount shown for County Unincorporated (M&O) is \$27,240
 - \$5,000 for the homestead exemption
 - \$22,240 for the homestead freeze

The estimate of your ad valorem tax bill for the current year is based on the previous or most applicable year's millage rate and the fair market value contained in this notice. The actual tax bill you receive may be more or less than this estimate. This estimate may not include all eligible exemptions.

Taxing Authority	Other Exempt	Homestead Exempt	Net Taxable Value	Millage	Estimated Tax
COUNTY UNINC		27,240	124,120	5.3660	666.03
STATE TAX		2,000	149,360	.0000	.00
SCHOOL M&O		2,000	149,360	18.9500	2,830.37
FIRE TAX			151,360	3.2690	494.80
PARK BOND			151,360	.5030	76.13
SCHOOL BOND			151,360	.5000	75.68
				.0000	.00

Homestead Freeze Impact

The Homestead Freeze eliminates any inflationary increase in value from the base year going forward.

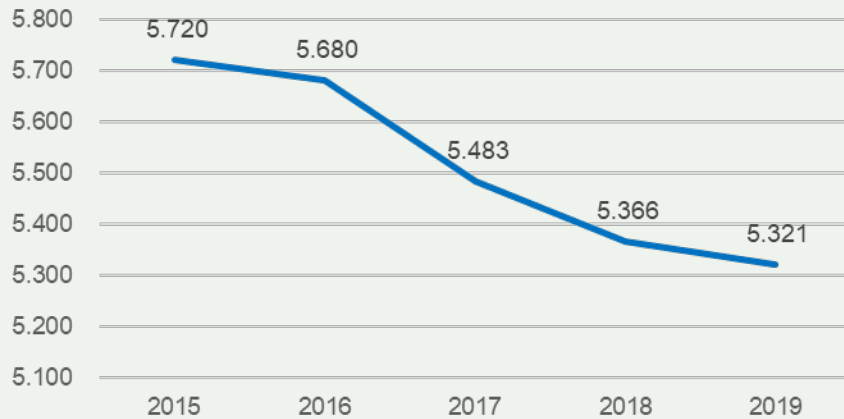
	2015	2016	2017	2018	Current MR	Rollback MR
Appraisal	322,800	325,600	375,300	372,300	378,400	378,400
Assessed Value 40%	129,120	130,240	150,120	148,920	151,360	151,360
Homestead Exemp	5,000	5,000	5,000	5,000	5,000	5,000
Homestead Freeze		1,120	21,000	19,800	22,240	22,240
Net taxable value	124,120	124,120	124,120	124,120	124,120	124,120
Millage Rates	5.720	5.680	5.483	5.366	5.366	5.214
Amount due	\$ 709.97	\$ 705.00	\$ 680.55	\$ 666.03	\$ 666.03	\$ 647.16
Tax decrease due to freeze		\$ 4.96	\$ 29.42	\$ 43.94	\$ 43.94	\$ 57.84

This homeowner filed for their Homestead exemption by 4/1/2016, thus the base year was the 2015 appraisal. As Cherokee County has rolled back millage rates, this homeowner's county M&O taxes have decreased even though the appraised value has increased.

Homestead Freeze Impact

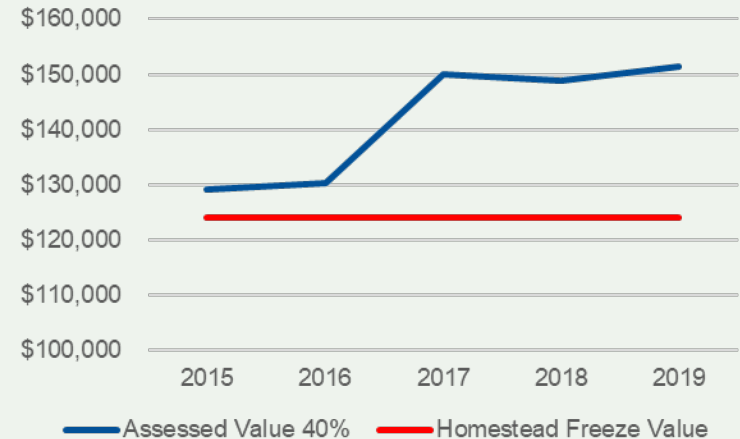
The Homestead Freeze eliminates any inflationary increase in value from the base year going forward.

Cherokee County Millage Rate History



Note: 2019 @ Full Rollback Rate

Home Value for Tax Purposes



Taxes Due



Breakdown of County M&O

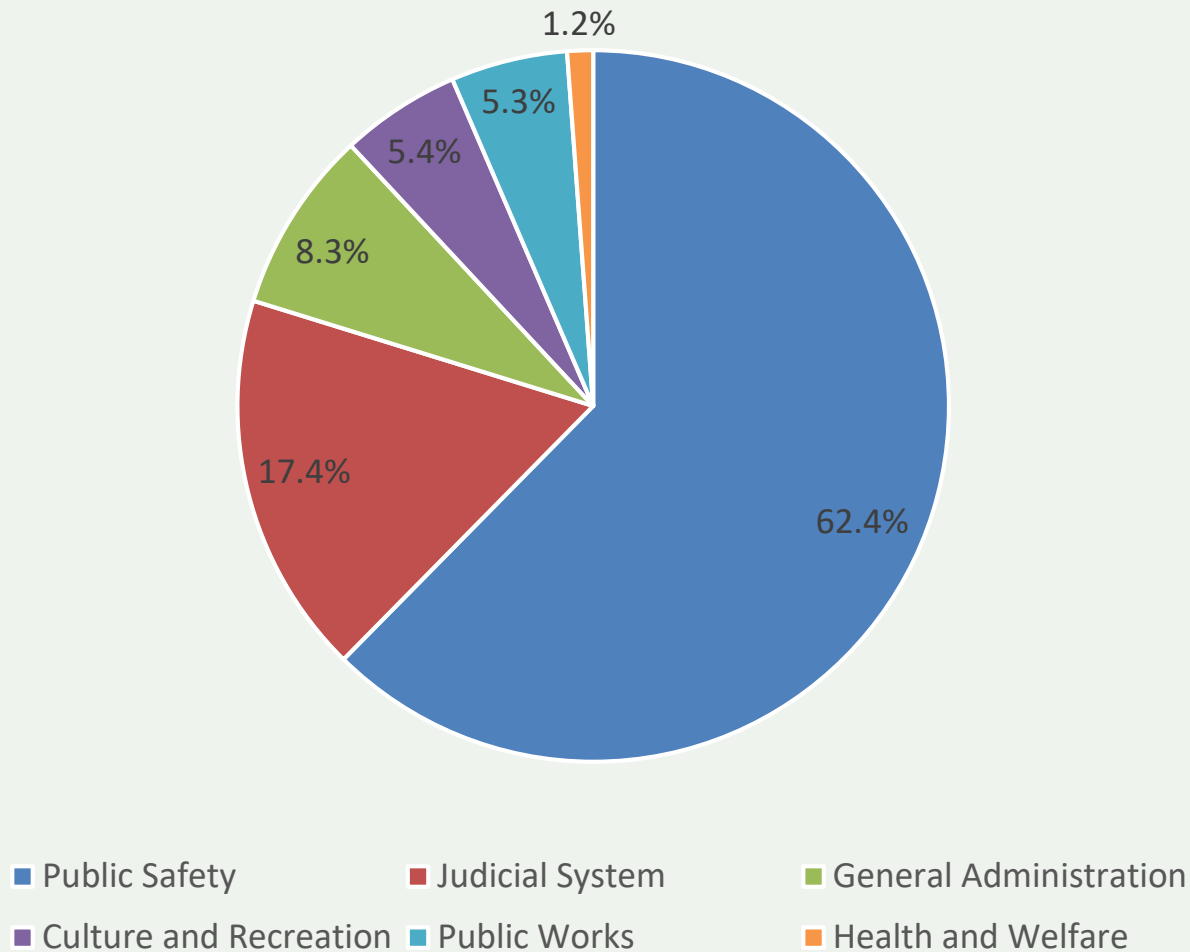
What Services Are Provided for \$545.80?

ESTIMATED 2020 BUDGET DEPARTMENTS FUNDED BY PROPERTY TAXES

Department	Total Budget	Direct Revenue Activities	Net	\$ FUNDED BY PROP TAXES	DEPT % Of Total	YOUR TAX DOLLARS GO TO:
Animal Control	471,382		471,382	348,392	0.64%	\$3.47
Animal Shelter	1,384,218		1,384,218	1,023,057	1.87%	\$10.19
Coroner	216,598		216,598	160,085	0.29%	\$1.59
EMA	330,956		330,956	244,605	0.45%	\$2.44
EMS	1,750,000		1,750,000	1,293,401	2.36%	\$12.88
Probation	621,425	600,000	21,425	15,835	0.03%	\$0.16
Jail	15,928,898		15,928,898	11,772,833	21.49%	\$117.28
Sheriff	26,579,922	438,000	26,141,922	19,321,140	35.26%	\$192.47
Judicial	17,508,166	4,610,339	12,897,827	9,532,609	17.40%	\$94.96
BOC	310,237		310,237	229,292	0.42%	\$2.28
Elections	927,639		927,639	685,605	1.25%	\$6.83
Tax Administration	5,161,985	251,000	4,910,985	3,629,642	6.62%	\$36.16
Library	2,454,116		2,454,116	1,813,804	3.31%	\$18.07
Parks	1,584,484		1,584,484	1,171,071	2.14%	\$11.67
Roads & Bridges	3,931,516		3,931,516	2,905,730	5.30%	\$28.95
Community Services Agency	189,406		189,406	139,987	0.26%	\$1.39
County Extension	99,008		99,008	73,175	0.13%	\$0.73
DFACS	97,000		97,000	71,691	0.13%	\$0.71
MUST/Homeless Vet/Children	50,000		50,000	36,954	0.07%	\$0.37
Transportation	434,925		434,925	321,447	0.59%	\$3.20
TOTAL GENERAL FUND	80,031,881	5,899,339	74,132,542	54,790,357	100%	\$ 545.80

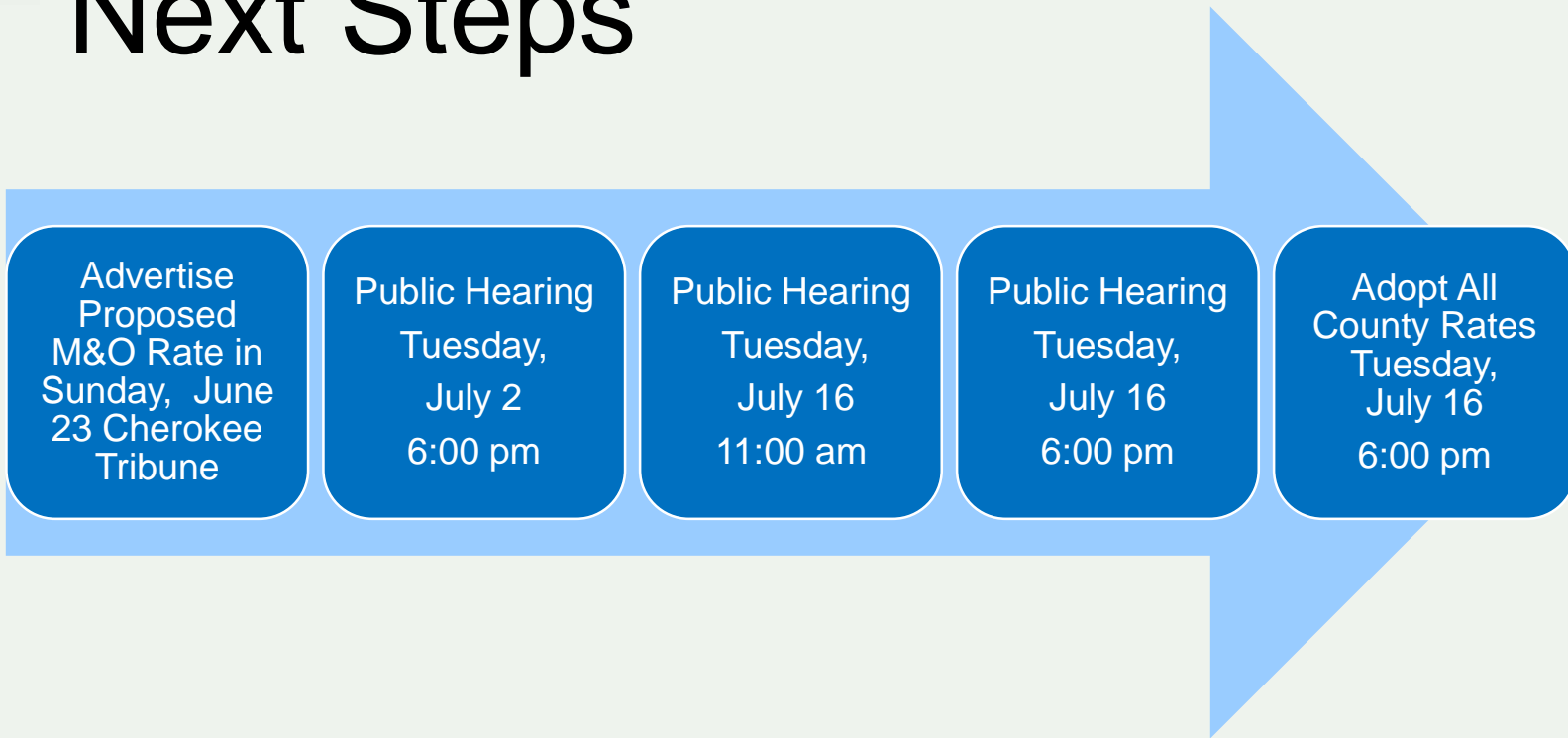
The M&O amount shown is based on the ZBB w/3% COLA and use of \$2.6M reserves

Percentage of Property Tax Dollars by Service Area



The M&O amount shown is based on the ZBB w/3% COLA and use of \$2.6M reserves

Next Steps



- If the BOC chooses the rollback rate for M&O then no public hearings will be needed.
- The advertisement of the 5 year digest will run at least a week prior to the meeting to adopt all county rates.