








Cherokee County Board of Commissioners

FINANCIAL UPDATE
FY2019 Q1 RESULTS

Presented 03.05.2019



Status Summary FY2019 Q1 Results

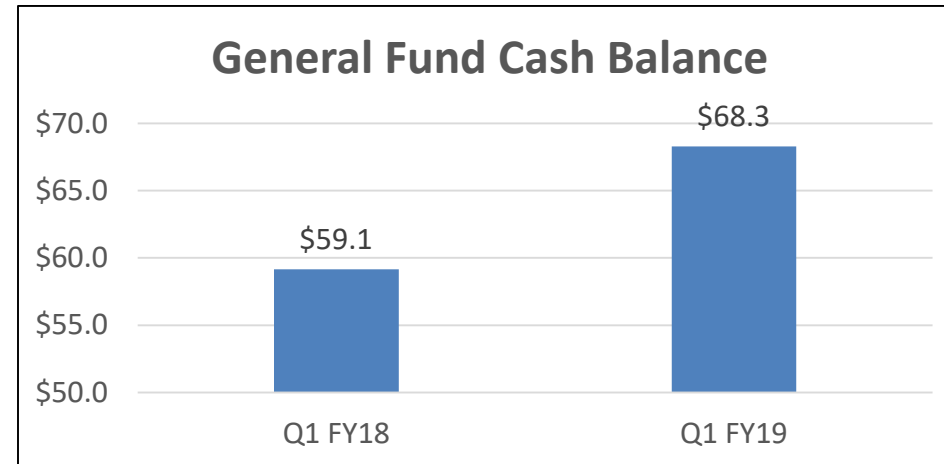
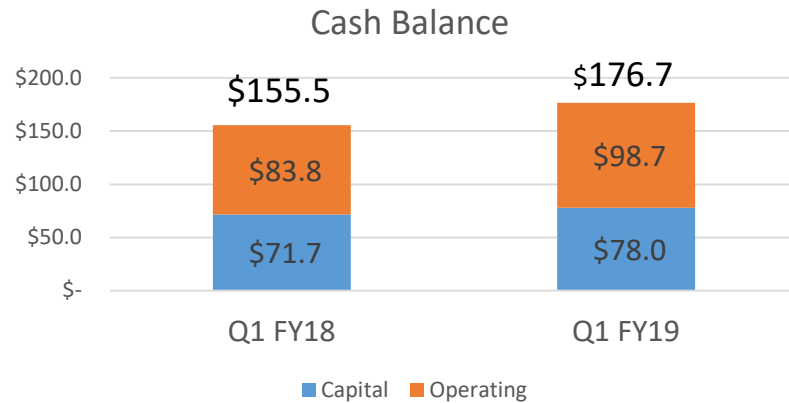
Strategic Blueprint Linkage	Status	Key Drivers
Operating Cash Reserves =>15% of Operating Expenditures		<ul style="list-style-type: none">Operating Cash Balance increased \$14.9M to \$71.7M compared to last yearOperating Expenses were 23.5% of Budget in Q1 FY2019 compared to 23.7% in Q1 FY2018
Top 3 lowest in tax burden and spend per capita		<ul style="list-style-type: none">Operating Revenues are \$1.7M over budget at \$149.4M while property taxes remained on budgetOperating Expenditures were @23.5% of Budget and are forecasted to be on the FY2019 Budget.
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 are \$0.9M over budget at \$40.1MActual Capital Expenditures were 22.5% of the total budget compared to 23.7% in Q1 FY2018.
Promote financial integrity by effectively and efficiently managing public assets		<ul style="list-style-type: none">Investment Income of \$0.8M for Q1 FY2019 which is 63.2% of the FY2019 Budget.Net Health Claims cost was \$1M higher than Q1 2018 due to several high cost claimants, we are expecting ~\$816k in reimbursement from our Stop Loss Insurance carrier.
Reduce Workers Compensation Mod Factor from 0.84 to 0.78		<ul style="list-style-type: none">Current Mod Factor .68 .



Cash Executive Summary

Q1 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.



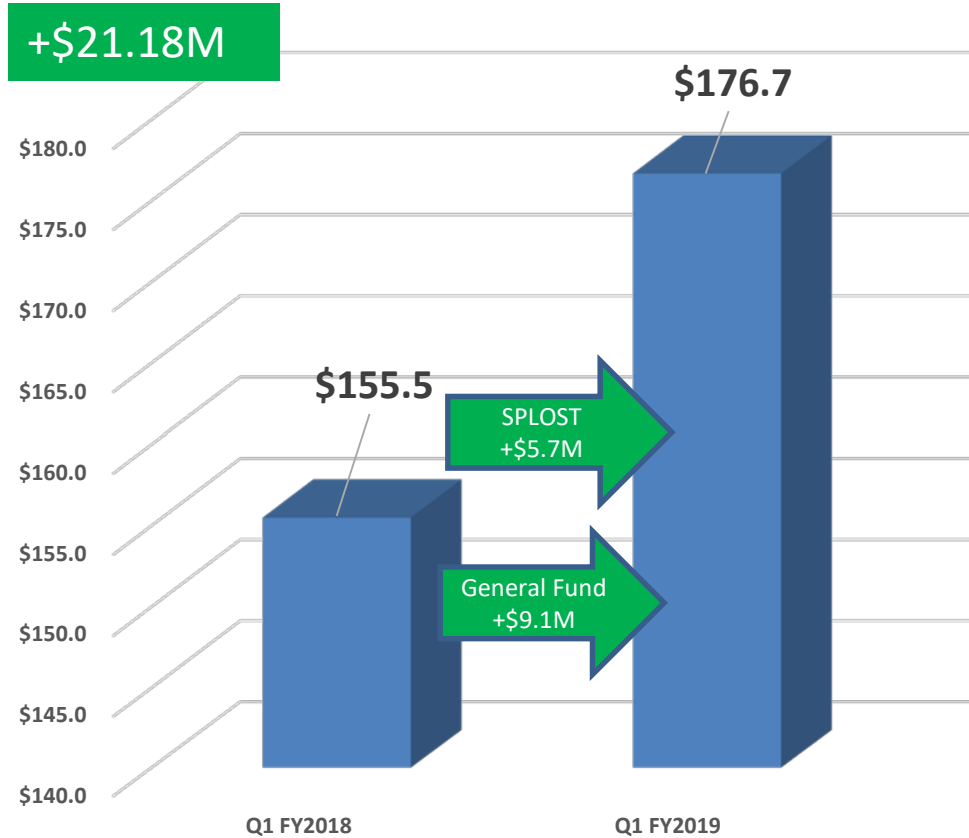
- **Operating +\$14.9M**
 - **General Fund +\$9.1M** – revenues above budget and expenses below budget for FY2019, timing - change in due date for Property Taxes
 - **Fire Fund +\$5.3M** – Timing of tax collections – due date change
 - **Insurance & Benefits Fund -\$0.7M** – Health Care costs high Q1.
- **Capital +\$6.3M**
 - **SPLOST Funds +\$5.7M** SPLOST 2018 tax receipts have exceeded SPLOST 2018 spending (related to multi year project spending plan).
 - **Impact Fee Fund +\$2.1M** – Cash Receipts have exceeded expenditures for several years.
 - **Parks Bond Fund -\$2.1M** Final bonds issued in July 2014, spending down balance.
- **Debt Service Fund +\$0.7M** – Timing of Tax Collections – change in due date

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



County-Wide Results - Cash Q1 FY2019

Cash Balances



Significant Operating Funds	FY2018 Cash Balance	FY2019 Cash Balance	Variance Better/(Worse)
General Fund	\$59.1	\$68.3	\$9.1
E911	2.0	2.3	0.3
Senior Services	0.1	0.1	0.0
Parks & Recreation	0.8	0.8	(0.0)
Transportation	0.0	0.0	0.0
Fire District	17.1	22.4	5.3
CDBG	(0.0)	(0.0)	0.0
EMS	1.3	1.5	0.2
Ins & Benefits Fund	0.3	(0.4)	(0.7)
Other Funds	3.1	3.7	0.6
Total	\$83.8	\$98.7	\$14.9

Capital Funds	FY2018 Cash Balance	FY2019 Cash Balance	Variance Better/(Worse)
Impact Fee	\$7.4	\$9.5	\$2.1
Parks Bond	2.1	(0.0)	(2.1)
SPLOST V, 2012, 2018	57.5	63.2	5.7
Debt Service	4.7	5.2	\$0.6
RRDA	0.1	0.1	\$0.0
Total	\$71.6	\$77.9	\$6.3

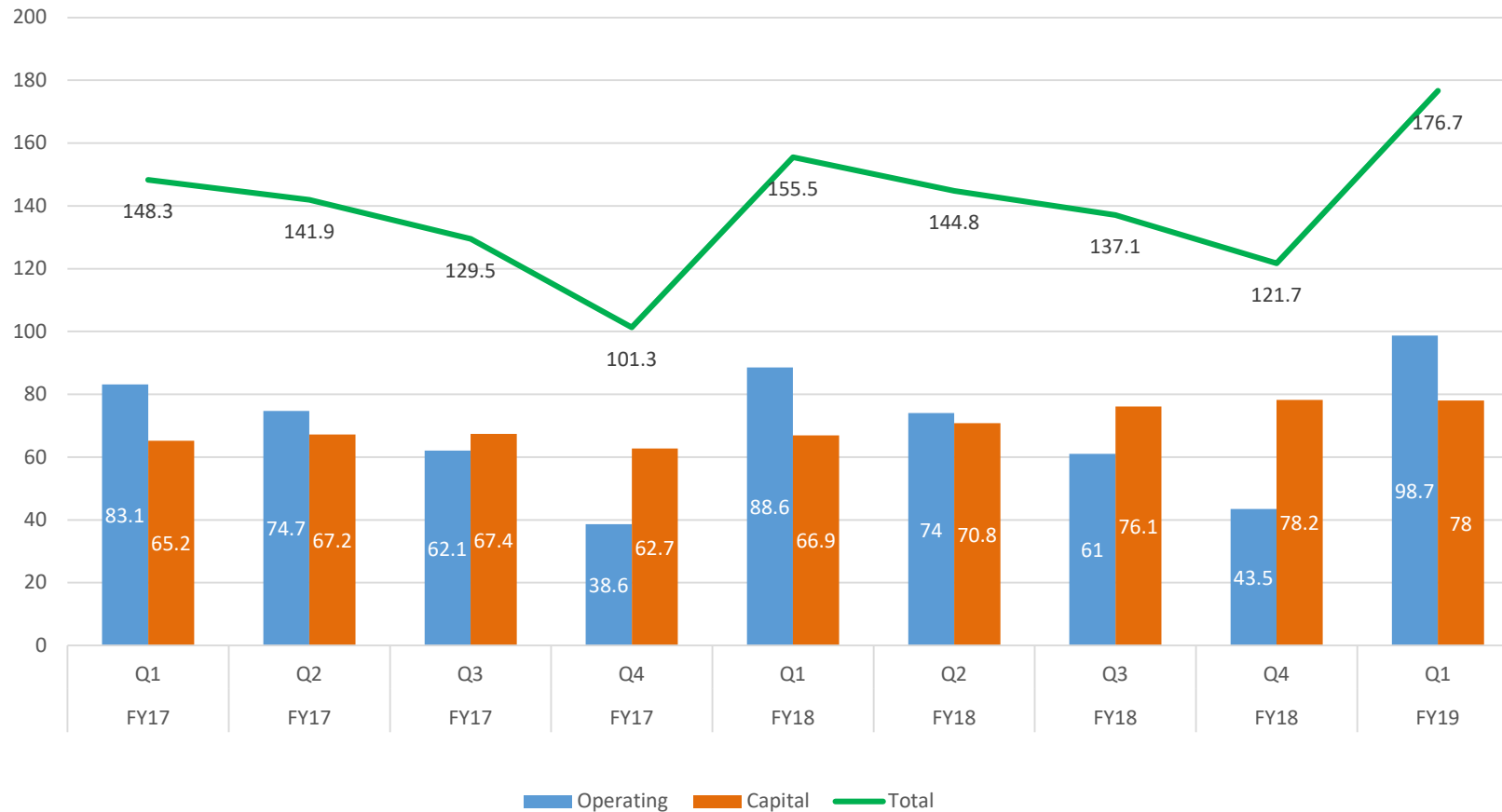
GRAND TOTAL	\$155.4	\$176.6	\$21.2
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Strategic Blueprint Linkage: Cash Reserves Major Operating Funds => 15% of Expenditures



County-Wide Results – Cash Q1 FY2019

Cash Balance Trend Analysis

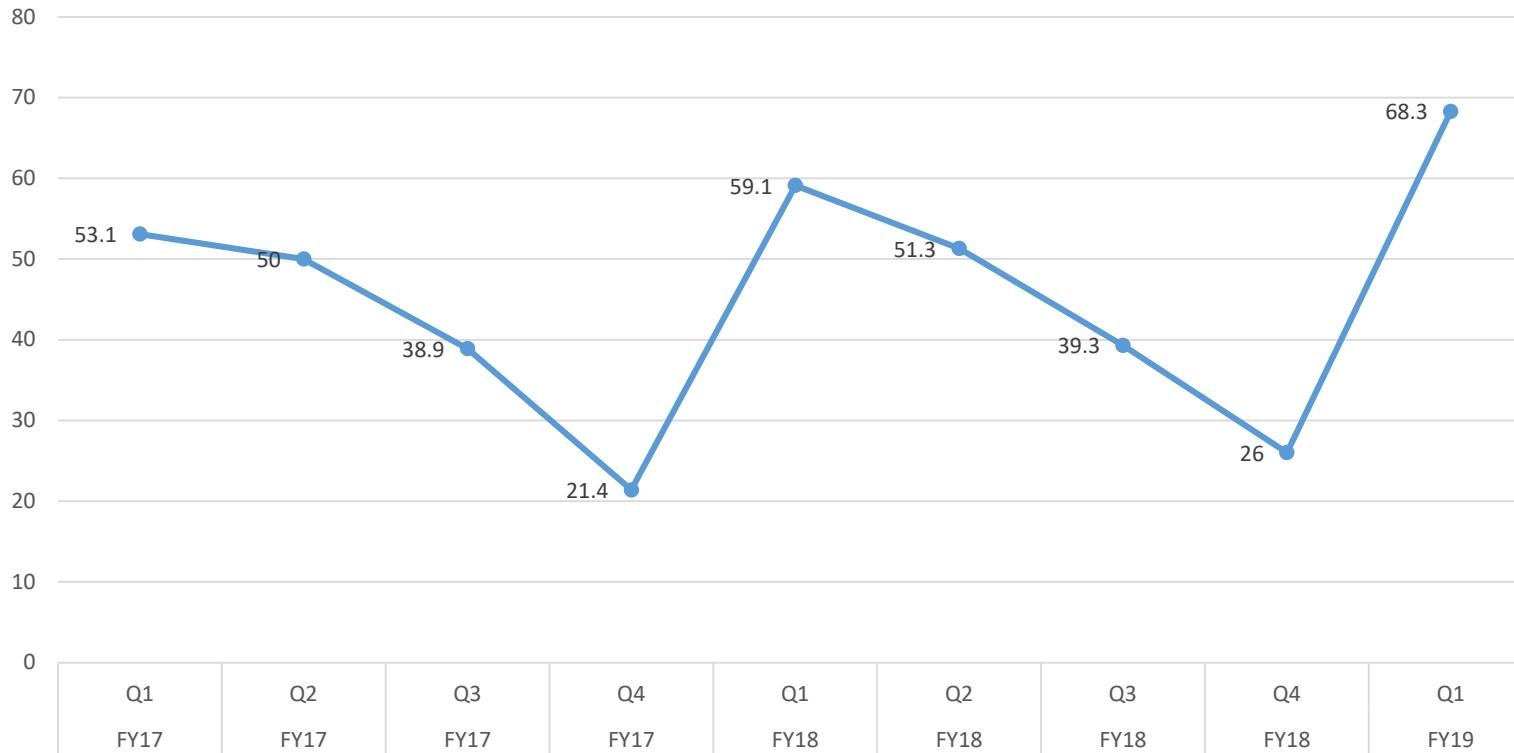


Strategic Blueprint Linkage: Cash Reserves Major Operating Funds => 15% of Expenditures



County-Wide Results – Cash Q1 FY2019

General Fund Cash Balance Analysis



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

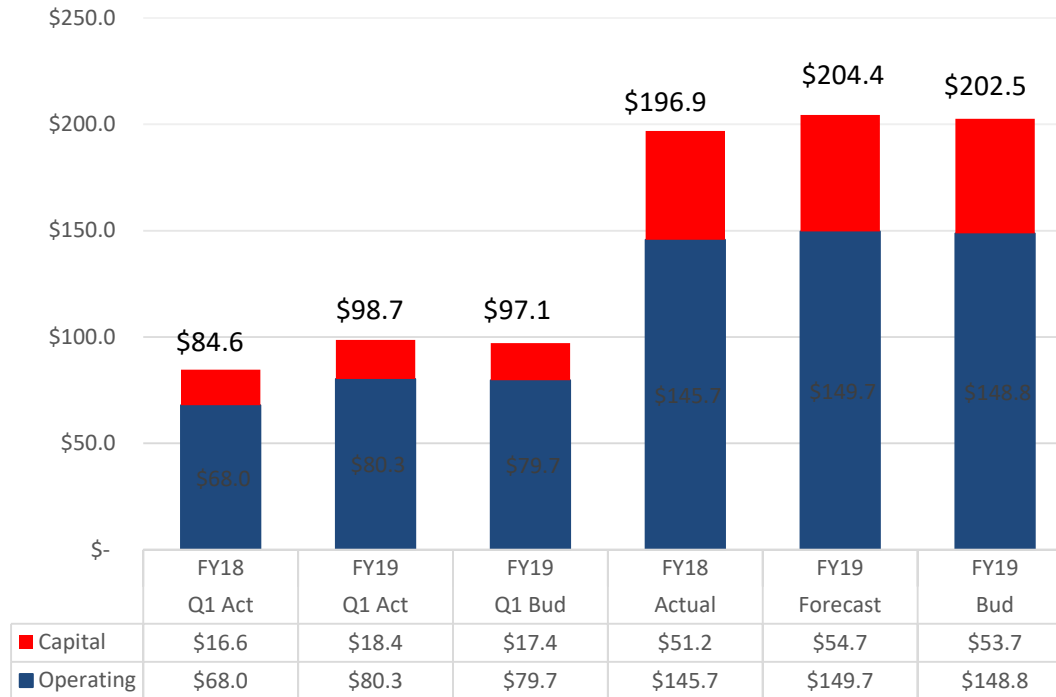


Revenue Executive Summary

All Funds – Q1 2019

Summary Statement: When comparing externally generated recurring revenue that is expected to fund operations, without requiring reserves, the County's YTD Results are \$1.6M better than the YTD Budget. We are also forecasting the full year to be \$1.9M better than budget.

RECURRING EXTERNAL REVENUES CAPITAL AND OPERATING FUNDS



Operating Funds Q1– Actual vs Budget

- TAVT/MV +\$0.5M
- Building Inspections (\$0.2M)
- Investment Income +\$0.6M
- COTC +\$0.5M
- Ambulance Fees (\$0.5M)

Operating Funds Full Year Forecast

- Motor Vehicle/TAVT +\$0.8M
- Building Inspections (\$0.2M)
- Investment Income +\$0.6M

Capital Funds

- SPLOST Taxes +\$1.0M
- Impact Fees (\$0.1M)

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

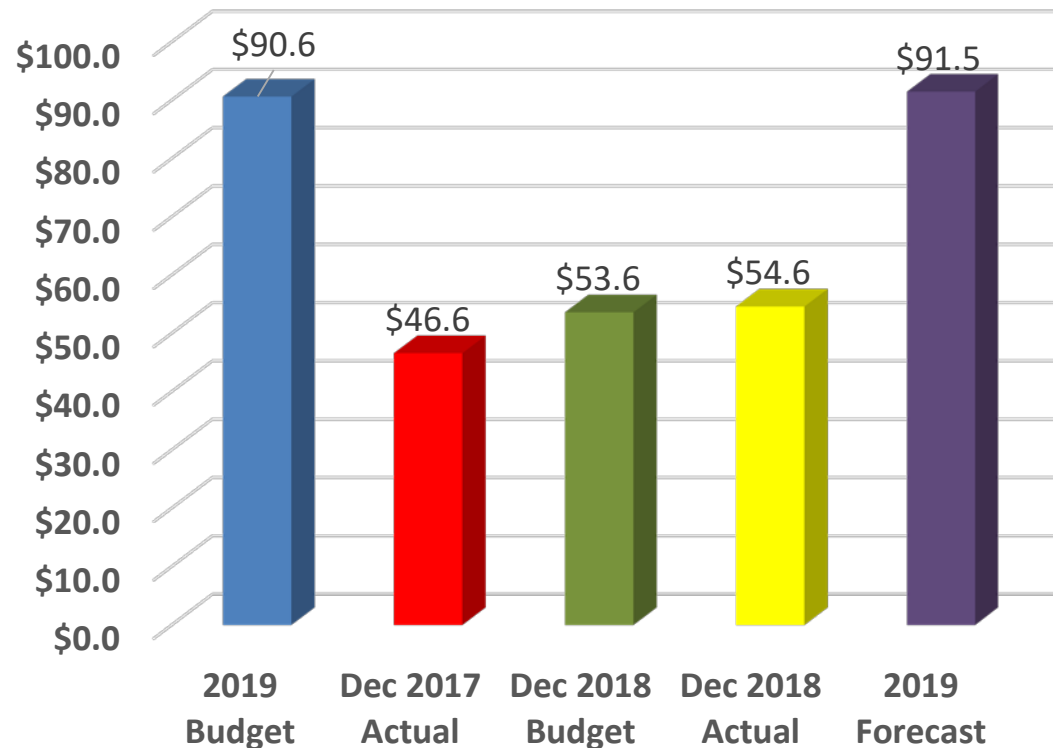


Revenue Executive Summary

General Fund – Q1 2019

Summary Statement: When comparing externally generated recurring revenue that is expected to fund operations, without requiring reserves, the General Fund YTD Results are \$1.0M > Budget. We are also forecasting the full year to be \$0.8M > Budget.

General Fund Recurring External Revenue



Q1 Actual \$1.0M Better than Budget

- Motor Vehicle/TAVT **+\$0.5M**
- Business Licenses/Building Inspections **(\$0.2M)**
- Commissions on Tax Collections **+\$0.4M**, timing related to tax collections
- Interest **+\$0.2M**

Full Year Forecast \$0.8M Better than Budget

- Motor Vehicle/TAVT **+\$0.7M**
- Business Licenses/Building Inspections **(\$0.2M)**
- Interest Revenues **+\$0.2M**

Bottom Line: General Fund recurring revenues are on track.



Revenue Executive Summary

General Fund – Building Permit Analysis

Building Permit Revenue Analysis FY2019 Q1 vs FY 2018 Q1

Fee	<\$100	\$101 to \$500	\$501 to \$1000	\$1001 to \$5000	Over \$5000	Total
FY 2019						
Transactions	1440	202	147	153	3	1945
\$	\$ 57,474	\$ 42,662	\$ 119,095	\$ 207,473	\$ 25,902	\$ 452,605
FY2018						
Transactions	1438	284	135	166	9	2032
\$	\$ 62,969	\$ 57,552	\$ 112,893	\$ 237,245	\$ 180,448	\$ 651,107
Variance						
Transactions	2	-82	12	-13	-6	-87
\$	\$ (5,495)	\$ (14,890)	\$ 6,202	\$ (29,773)	\$ (154,546)	\$ (198,502)

FY 2018 Q1 Major Projects over \$5000

Carmichael Farms Phase 2	\$ 11,247
Mercantile occupancy	\$ 22,999
Canton Exchange Big Box Retail	\$ 25,410
New Assisted Living Facility	\$ 26,054
New 3 story climate controlled self storage	\$ 29,479
New Furniture Warehouse Facility	\$ 40,258
Total	\$ 155,446

Bottom Line: The primary reason building permit revenue is down \$200K from Q1FY2018 to Q1FY2019 was due to a larger number of commercial properties that were started in Q1 FY2018 compared to Q1FY2019. Future Millage Rate impact - Digest



Revenue Executive Summary

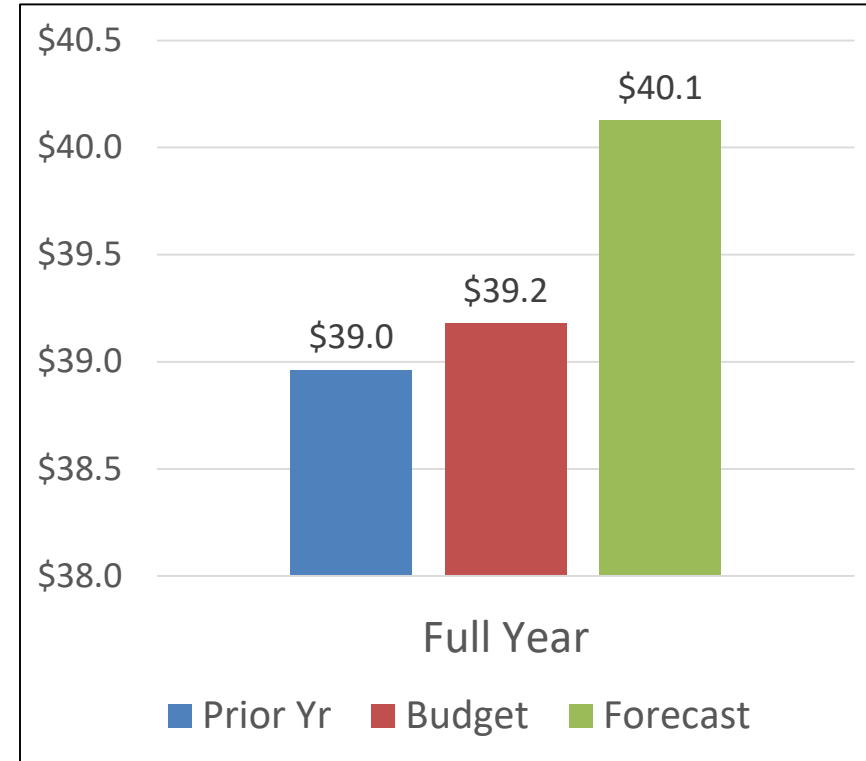
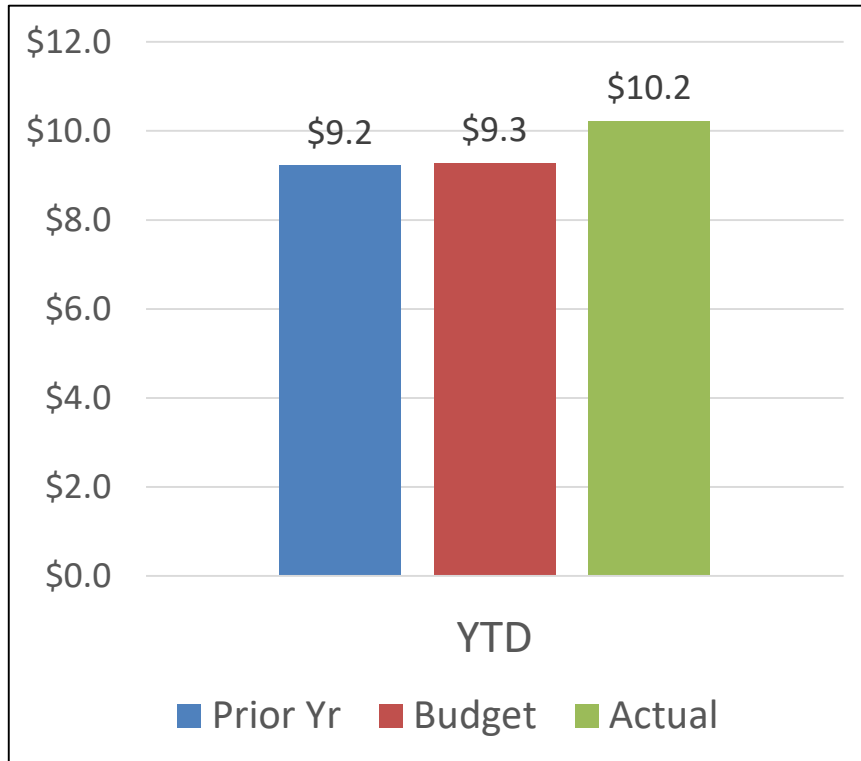
SPLOST Receipts – Updated through December

YTD SPLOST Receipts

+10.2% to Budget
+10.8% to Prior Year

Full Year Forecast

+2.4% to Budget
+3.0% to Prior Year



Bottom Line: SPLOST revenue should exceed the Budget.

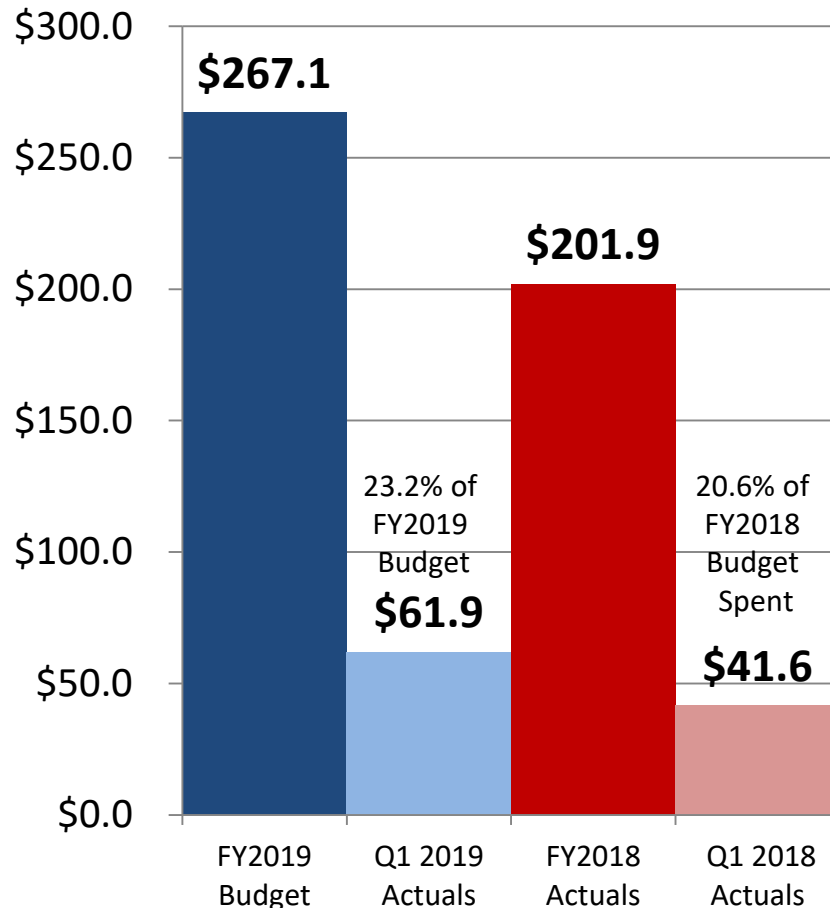


Expenditure Executive Summary

All Funds – Q1 2019

Summary Statement: Expenses are being managed across all funds. Some variances exist, but are explainable.
21.15% of Year Elapsed for Payroll Costs. 16.7% or 25% of Year Elapsed for Monthly Expenses.

Total Expenditures

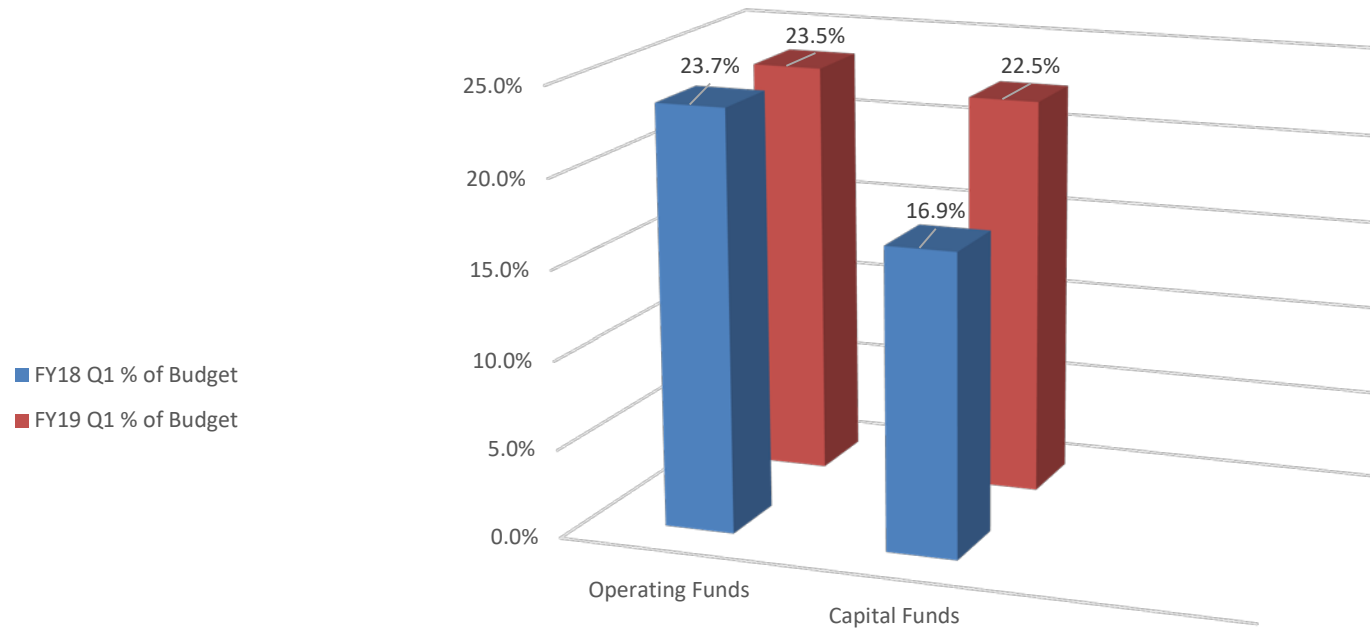


County-Wide Expenditures - 2019			
	2019 Budget	Q1 2019 YTD	% Spent
Compensation	81,743,194	16,648,913	20.4%
Insurance Benefits	26,734,407	7,048,456	26.4%
Payroll Taxes	6,118,580	1,189,970	19.4%
Workers Comp	979,837	441,251	45.0%
Retirement Plans	8,015,162	1,636,537	20.4%
Other Personnel	13,450	1,360	10.1%
Total Personnel	123,604,630	26,966,487	21.8%
Operating Costs	32,720,957	8,242,784	25.2%
Capital	60,745,382	10,139,834	16.7%
Non-Op Costs	22,232,375	4,427,942	19.9%
Debt Service	11,546,724	5,104,693	44.2%
Utilities/Insurance	5,360,398	1,351,815	25.2%
Transfers	10,964,357	5,710,885	52.1%
Total Expenditures	267,174,823	61,944,440	23.2%

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



Operating and Capital Funds Expenditures FY18 Q1 vs FY19 Q1 % of Budget Expended



	Operating Funds	Capital Funds	
■ FY18 Q1 % of Budget	23.7%	16.9%	
■ FY19 Q1 % of Budget	23.5%	22.5%	

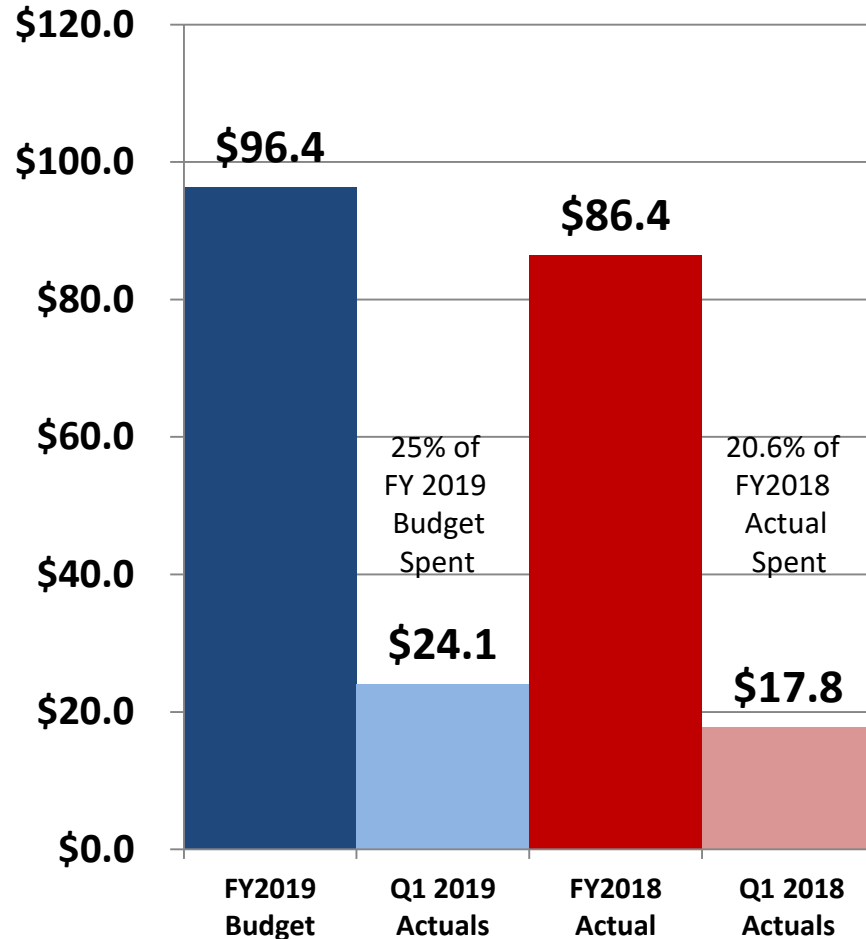
Operating Funds % of Budget Expended is 23.5% for FY19 Q1 compared to 23.7% FY18 Q1, which is essentially the same trend. Capital Funds % of Budget Expended is 22.5% in FY19 Q1 compared to FY18 Q1 16.9%. The 22.5% in FY19 Q1 was driven by SPLOST 2018 spending.



Expenditure Executive Summary General Fund – Q1 2019

Summary Statement: Expenses are being managed across all departments. Some variances exist, but are explainable.
21.15% of Year Elapsed for Payroll Costs. 16.7% or 25% of Year Elapsed for Monthly Expenses.

General Fund Expenditures



General Fund - Expenditures 2019			
	2019 Budget	Q1 2019 Actuals	% Spent
Compensation	46,516,215	9,796,381	21.1%
Insurance Benefits	6,808,793	1,425,601	20.9%
Payroll Taxes	3,414,448	699,787	20.5%
Workers Comp	619,204	173,550	28.0%
Retirement Plans	4,486,830	952,027	21.2%
Other Personnel	13,450	760	5.7%
Total Personnel	61,858,940	13,048,106	21.1%
Operating Costs	17,547,747	3,956,849	22.5%
Capital	735,045	30,600	4.2%
Non-Op Costs	3,442,675	846,282	24.6%
Debt Service	280,458	54,866	19.6%
Utilities/Insurance	3,168,088	812,567	25.6%
Transfers	9,378,387	5,310,837	56.6%
Total Expenditures	96,411,340	24,060,107	25.0%

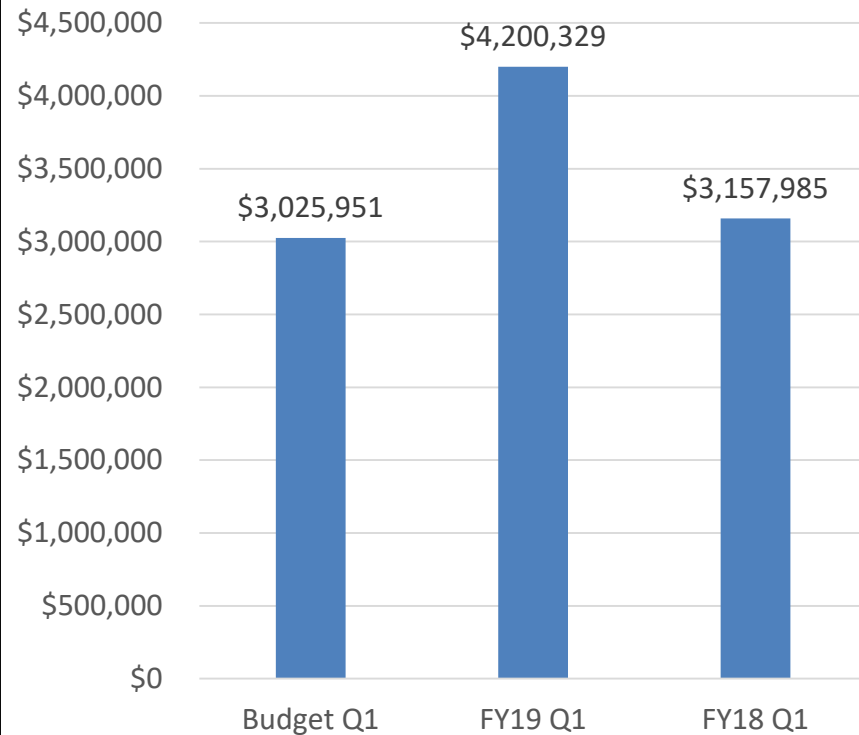
Bottom Line: YTD Expenses are on target. We expect to achieve the FY2019 Budget.



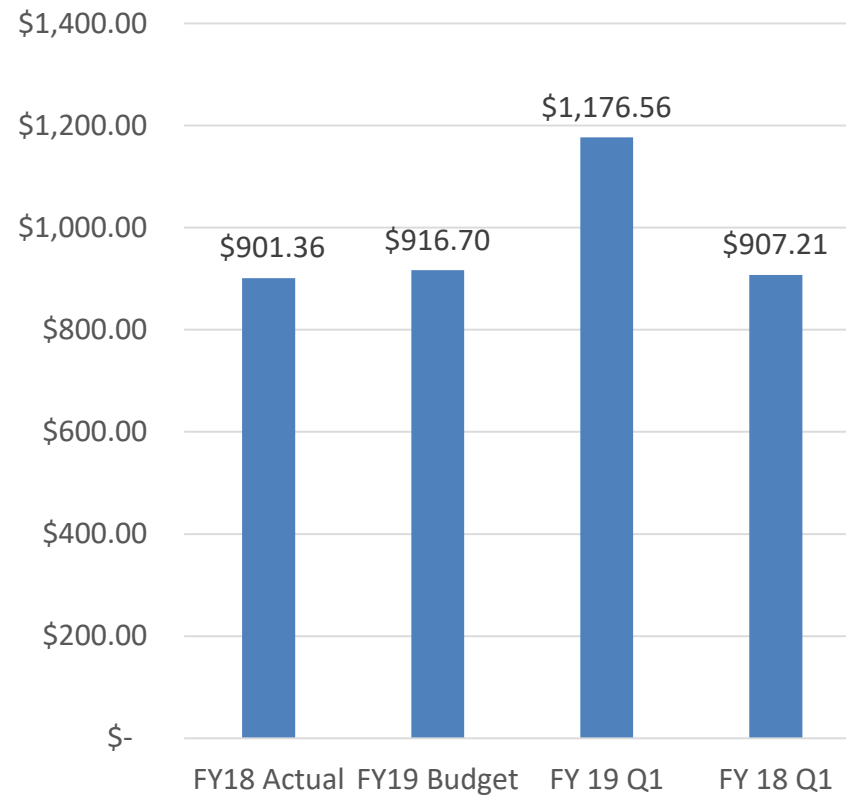
Insurance & Benefits Fund

Q1 2019

Net Claims - \$1.17M Worse Than Budget



PEPM – 28.3% Above Budget



Bottom Line: Q1 (Oct – Dec) is the end of the health plan year thus it is not unusual for claim costs to be higher during this period. 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 result in an overage of \$350k which was similar to Q1 in FY2018. The first two months of 2019 were both below budget, thus we hope that the high amount in Q1 was temporary. We will continue to monitor the fund and watch for any more negative trends.



Cherokee County Workers Comp Mod Factor

What is a Mod Factor and what does it mean?

The mod factor is a value that compares the claim profile of the employer to the claim profile that would be expected of an employer of similar size (payroll) in the same industry (class codes).

- A mod factor = 1.00 is average - The frequency and severity of actual losses equaled the expected losses.
- A mod factor >1.00 - The employer experienced worse than expected losses during the rating period.
- A mod <1.00 indicates the employer's losses were better than expected for the rating period.

\$\$\$ The MOD rate contributes to how much we pay in workers' compensation premiums. \$\$\$

- If our MOD rate is 1.0, we pay the industry's average rate
- If our MOD rate is .80, we pay 20 percent less than the industry rate
- If our MOD rate is 1.2, we pay 20 percent more than the industry



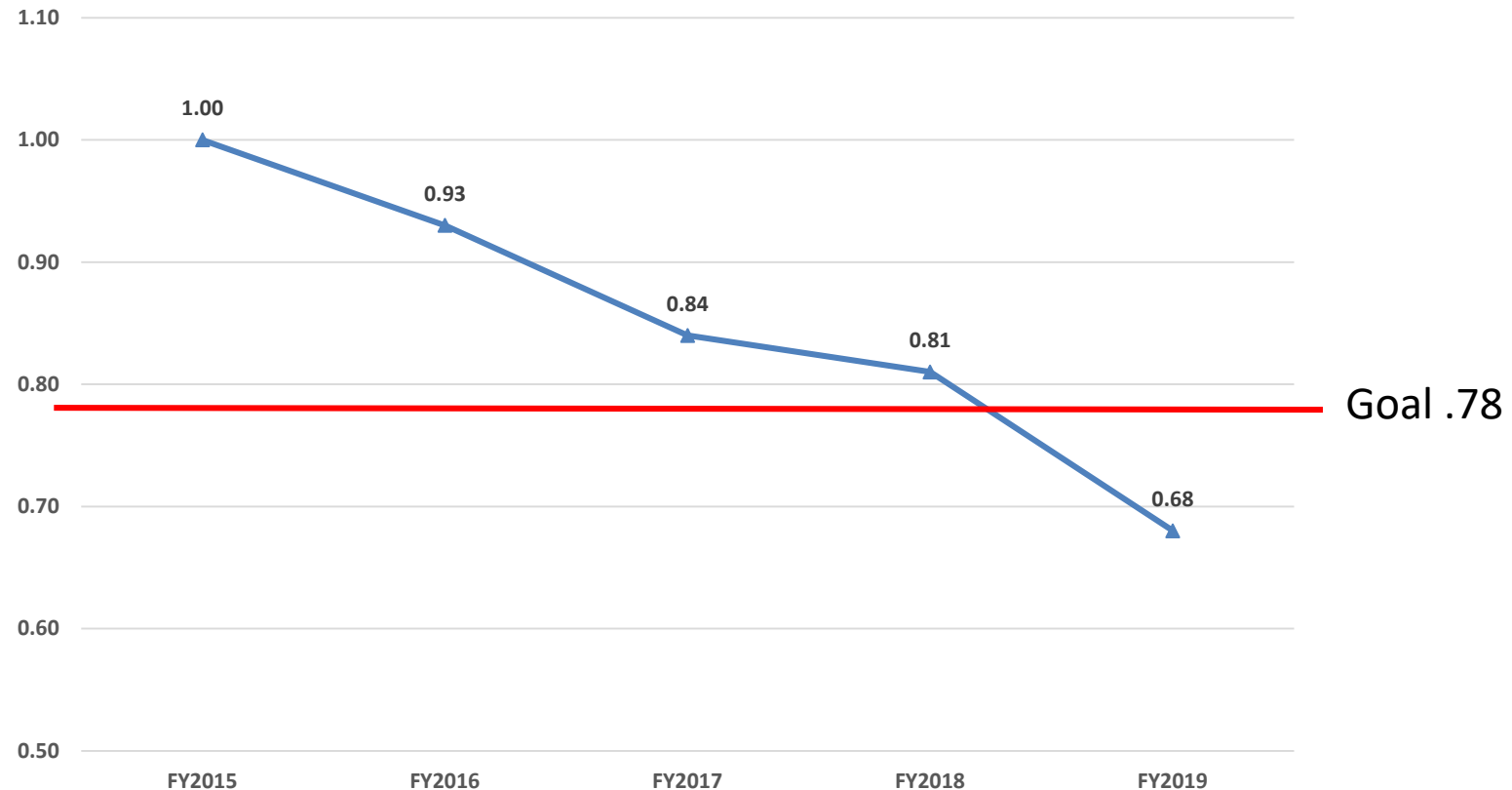
Cherokee County Workers Comp Mod Factor

The Mod Factor takes into account 3 years of claims history, excluding the most recent year.

Similar Size Counties Mod Factor

- Hall County .91
- Forsyth County .90

Cherokee County Workers' Compensation Historical Experience Mod Factor





Cherokee County FY 2018 City Service Delivery Analysis

The expenditures do not include any overhead allocations of support services such as : IT, Finance, Purchasing, etc.

Segment	Department	County Wide Expenditures	Direct Revenue Funding	Remaining Expenditures To Fund	Property Tax		FUNDING				
					68.80% County	31.20% Cities	Millage Rate Property Taxes		Remaining Benefit Other Revenues Funded		
							County	Cities	County	Cities	Total
Public Safety	Sheriff	37,147,656	270,630	36,877,026	25,371,394	11,505,632	20,239,167	9,178,227	5,132,227	2,327,405	7,459,633
Judicial	Judicial	15,164,135	5,375,434	9,788,701	6,734,626	3,054,075	5,372,319	2,436,284	1,362,307	617,790	1,980,098
Public Works	Roads & Bridges	3,583,468		3,583,468	2,465,426	1,118,042	1,966,710	891,880	498,716	226,162	724,878
General Adm	Tax Assessor	2,622,521		2,622,521	1,804,294	818,227	1,439,315	652,712	364,980	165,514	530,494
Culture & Rec	Library	2,191,783		2,191,783	1,507,947	683,836	1,202,913	545,507	305,034	138,329	443,363
General Adm	Tax Commissioner	2,003,675	257,760	1,745,915	1,201,190	544,725	958,208	434,536	242,981	110,189	353,171
Transfers	EMS	1,593,088		1,593,088	1,096,045	497,043	874,332	396,500	221,712	100,544	322,256
Transfers	Parks	1,364,392		1,364,392	938,702	425,690	748,817	339,580	189,884	86,110	275,995
General Adm	Elections	772,828	11,277	761,551	523,947	237,604	417,961	189,540	105,986	48,063	154,050
Transfers	Animal Shelter	476,831		476,831	328,060	148,771	261,698	118,677	66,361	30,094	96,455
Public Safety	Animal Control	448,207		448,207	308,366	139,841	245,989	111,553	62,378	28,288	90,665
General Adm	BOC	918,965		918,965	632,248	286,717	504,354	228,719	127,894	57,998	185,892
Transfers	Transportation	395,235		395,235	271,922	123,313	216,916	98,369	55,005	24,944	79,950
Public Safety	Coroner	176,259		176,259	121,266	54,993	96,736	43,869	24,530	11,124	35,654
Public Safety	EMS	288,318		288,318	198,363	89,955	158,237	71,759	40,126	18,197	58,322
Health & Welfare	DFACS	91,401		91,401	62,884	28,517	50,163	22,749	12,720	5,769	18,489
Health & Welfare	County Extension	85,169		85,169	58,596	26,573	46,743	21,197	11,853	5,375	17,228
Transfers	Parks Bond			-	-	-	-	-	-	-	-
Total		69,323,931	5,915,101	63,408,830	43,625,275	19,783,555	34,800,579	15,781,658	8,824,696	4,001,897	12,826,593

Collected Property Taxes 49,555,313 34,094,055 15,461,258

Benefits not Funded by Property Taxes or Direct Revenue **9,531,220** **4,322,297**



Cherokee County FY 2019 Q1 City Service Delivery Analysis

The expenditures do not include any overhead allocations of support services such as : IT, Finance, Purchasing, etc.

Segment	Department	County Wide Expenditures	Direct Revenue Funding	Remaining Expenditures To Fund	Property Tax		FUNDING				
					Benefit Percentage 68.80% County	31.20% Cities	Millage Rate Property Taxes		Remaining Benefit Other Revenues Funded		
							County	Cities	County	Cities	Total
Public Safety	Sheriff	9,020,011	49,102	8,970,909	6,171,985	2,798,924	4,923,491	2,232,746	1,248,494	566,178	1,814,671
Judicial	Judicial	3,436,881	810,337	2,626,544	1,807,062	819,482	1,441,522	653,714	365,540	165,768	531,308
Public Works	Roads & Bridges	684,562		684,562	470,979	213,583	375,707	170,379	95,271	43,204	138,476
General Adm	Tax Assessor	495,521		495,521	340,918	154,603	271,956	123,329	68,962	31,274	100,236
Culture & Rec	Library	563,529		563,529	387,708	175,821	309,281	140,255	78,427	35,566	113,993
General Adm	Tax Commissioner	419,139	41,573	377,566	259,765	117,801	207,219	93,971	52,546	23,829	76,376
Transfers	EMS	437,500		437,500	301,000	136,500	240,113	108,888	60,887	27,612	88,499
Transfers	Parks	372,989		372,989	256,616	116,373	204,707	92,832	51,909	23,540	75,450
General Adm	Elections	330,918	-	330,918	227,672	103,246	181,617	82,361	46,054	20,885	66,939
Public Safety	Animal Shelter	179,898	29,852	150,046	103,232	46,814	82,350	37,345	20,882	9,470	30,352
Public Safety	Animal Control	88,772		88,772	61,075	27,697	48,721	22,094	12,355	5,603	17,957
General Adm	BOC	65,723		65,723	45,217	20,506	36,071	16,358	9,147	4,148	13,295
Transfers	Transportation	94,241		94,241	64,838	29,403	51,722	23,455	13,116	5,948	19,063
Public Safety	Coroner	34,011		34,011	23,400	10,611	18,666	8,465	4,733	2,147	6,880
Public Safety	EMS	60,863		60,863	41,874	18,989	33,403	15,148	8,470	3,841	12,312
Health & Welfare	DFACS	17,340		17,340	11,930	5,410	9,517	4,316	2,413	1,094	3,508
Health & Welfare	County Extension	24,980		24,980	17,186	7,794	13,710	6,217	3,477	1,577	5,053
Transfers	Parks Bond			-	-	-	-	-	-	-	-
Total		16,326,878	930,864	15,396,014	10,592,458	4,803,556	8,449,773	3,831,874	2,142,685	971,683	3,114,368

Collected Property Taxes 47,315,495 32,553,061 14,762,434

Benefits not Funded by Property Taxes or Direct Revenue **(21,960,603)** **(9,958,878)**



Key Risk/Opportunity Items

Revenue

1. TAVT
 - State Percentage - \$700K full year impact – New State formula change in July could be more beneficial
2. Building Inspection
 - Monitor current trend - \$200K projection under Budget
3. SPLOST Receipts
 - Favorable Trend - Splost receipts are \$997k higher than Q1 2018 which is a 10.81% increase.

Expenditures

1. Defined Benefit
 - March actuarial meeting to discuss any change in Defined Benefit rate
2. Health Insurance Claims- Q1 were much higher than budget, but we are expecting a S/L offset. Continue to monitor trend.
3. Q2 will give us a better indication of Expenditure trends