

# Cherokee County Board of Commissioners

FINANCIAL UPDATE

FY2017 PRE-AUDIT RESULTS

(Oct 2016 – Sept 2017)

Presented 1.23.2018



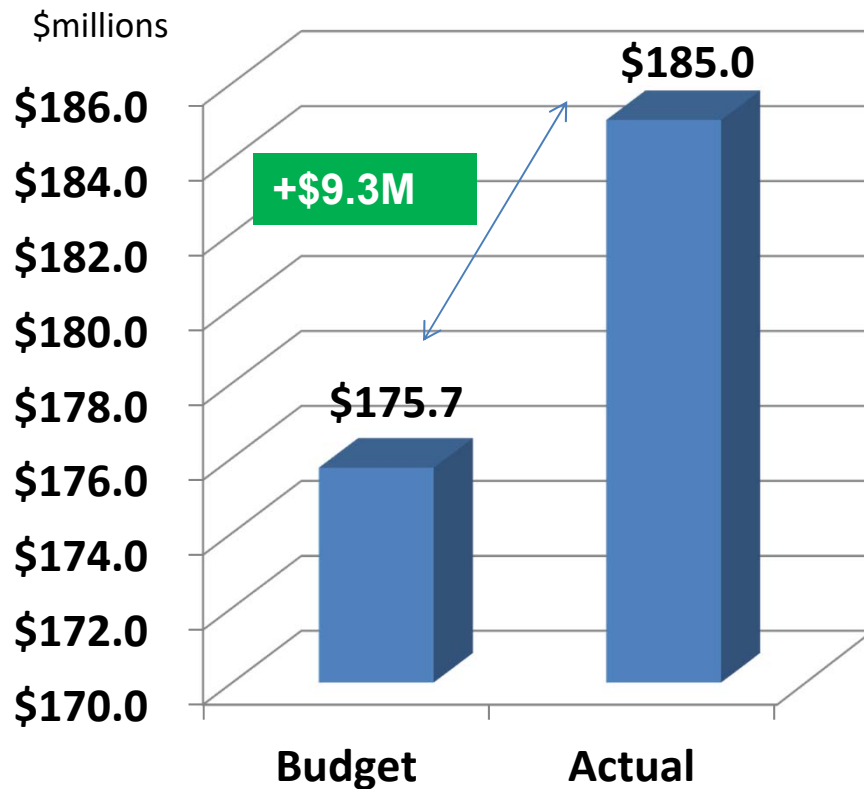
# Cherokee County Board of Commissioners

Executive Summary  
FY2017 Pre-Audit Results



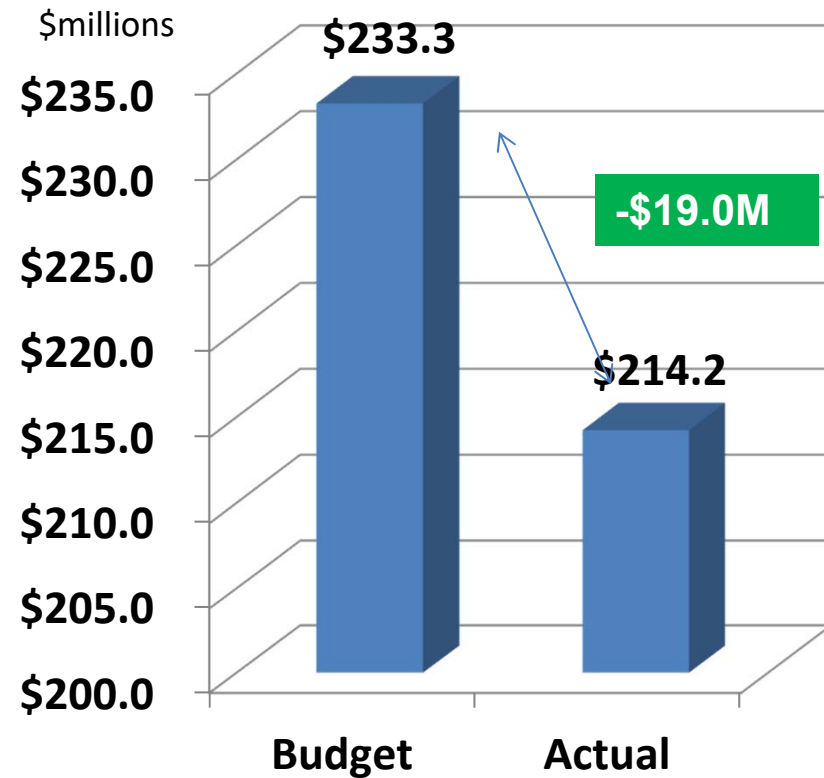
# County-Wide Results Pre-Audit FY2017

## External Revenues\*



- Excludes Transfers, Internal Svc Charges, Sale of Assets, Bond/Lease Proceeds and Use of Reserves

## Expenditures & Transfers



**Bottom Line:** Results are positive, but results must be reviewed *by fund, and by account* to understand our true financial position.



# Overview of Funds – Focus on Results

## Pre - Audit FY2017

### 33 FUNDS

18 Funds  
Providing Day-to-  
Day Operations

10 Significant  
Funds > \$500k  
General, Fire,  
Parks, E911

8 Smaller Funds  
\$100k ~ \$300k  
Victim/Witness,  
Special Courts

9 Funds for Non-  
Operational  
Purposes

Revenues &  
Expenditures  
\$100k ~ \$300k

Sheriff's  
Forfeitures, Jail,  
Hotel/Motel

5 Funds  
Managing Capital  
Projects

Parks Bond,  
Impact Fees,  
SPLOST

Debt Service

2 Internal Service  
Funds

Insurance &  
Benefits  
~ \$16.3M

Fleet ~ \$1.4M

**Bottom Line:** Unless a major issue exists in a smaller fund, this presentation will focus on the more significant dollar value funds.



# Review of External Revenues in Significant Operating Funds- Pre-Audit FY2017

Significant Operating Funds	Budgeted Revenue	Actual Revenue	Variance Better/ (Worse)
General Fund	\$80.0	\$84.5	\$4.5
E911	4.5	4.5	0.0
Senior Services	0.7	0.8	0.1
Parks & Recreation	4.8	4.8	0.0
Transportation	1.2	0.9	(0.3)
Animal Shelter	1.2	1.3	0.1
Fire District	26.2	27.2	1.0
CDBG	1.3	0.8	(0.5)
Multiple Grants	1.1	1.1	0.0
Ins & Benefits	15.5	16.2	0.7
EMS	8.4	9.2	0.8
RRDA	0.1	0.1	0.0
<b>Total Operating</b>	<b>\$145.1</b>	<b>\$151.4</b>	<b>\$6.3</b>

## Variance Explanations By Fund

**General:** TAVT/Motor Vehicle +\$0.2M, Mortgage Related Taxes +\$0.9M, Prior Year Property Tax Collections +\$0.1M, Insurance Premium +\$0.4M, Other Taxes +\$0.2M, Building Inspections +\$0.6M, Tax Commissions +\$0.3M, Landfill Fees +\$0.4M Other fees +\$0.2M, Superior Court +\$0.2M, State Court +\$0.2M ,Other Fines +\$0.2M, Investment Income +\$0.2M, Miscellaneous Items +\$0.1M

**Senior Center:** Grant Revenues +\$0.1M

**Transportation:** Grant Revenues (\$0.3M) – Capital purchases not made in 2017

**Animal Shelter:** Landfill Fees above Budget +\$0.1M

**Fire District:** TAVT/Motor Vehicle +\$0.4M, Mortgage Related Taxes +\$0.3M, Payments from Cities +\$0.1M, Other revenues +\$0.2M

**CDBG:** Fewer projects completed in 2017 than originally budgeted.

**Ins & Benefits:** Internal Service Charges +\$0.4M, Stoploss recoveries and pharmacy rebates \$0.3M

**EMS:** Ambulance fees +\$0.8M.



# Review of Revenues in Capital Funds Pre-Audit FY2017

Capital Funds	Budgeted Revenue	Actual Revenue	Variance Better/ (Worse)
Impact Fee	\$1.9	\$2.1	\$0.1
Parks Bond	0.0	0.2	0.1
SPLOST V & 2012	36.8	39.5	2.7
Debt Service	6.0	6.0	\$0.1
<b>Total Capital</b>	<b>\$44.8</b>	<b>\$47.8</b>	<b>\$3.0</b>
<b>GRAND TOTAL - SIGNIFICANT FUNDS</b>			<b>\$9.3</b>

## Variance Explanations By Fund

**Impact Fee:** New development in the County has lead to increased impact fees.

**Parks Bond:** Unbudgeted Reimbursement +\$0.1M

### **SPLOST:**

- SPLOST tax collections +\$2.1M.
- Grant revenues +\$0.1M.
- Interest Revenues +\$0.3M
- Miscellaneous Reimbursements +\$0.2M

**Debt Service:** TAVT/Motor Vehicle +\$0.1M

**Total County-Wide Results**  
**\$185.0 Actual v \$175.7M Budget = +\$9.3M**  
**\$9.3M of variance reviewed**



# Review of Expenditures in Significant Operating Funds- Pre-Audit FY2017

As of 12.21.2017

Significant Operating Funds	Budgeted Expenditures & Transfers	Actual Expenditures & Transfers	Variance Better/ (Worse)
General Fund	\$85.2	\$83.2	\$2.0
E911	4.7	4.4	0.3
Senior Services	1.3	1.2	0.1
Parks & Recreation	5.1	5.0	0.1
Transportation	1.2	0.9	0.3
Animal Shelter	1.3	1.3	(0.0)
Fire District	26.7	26.4	0.3
CDBG	1.3	0.8	0.5
Multiple Grant	1.6	1.3	0.3
Ins & Benefits	15.6	15.7	(0.1)
EMS	9.9	9.9	(0.0)
RRDA	5.2	5.2	0.0
<b>Total Operating</b>	<b>\$159.0</b>	<b>\$155.2</b>	<b>\$3.8</b>

## Variance Explanations By Fund

**General:** 97.7% of Budget – variances throughout most departments, but most significant:

- Personnel -1.2M, Operating -1M

**E911:** Lower operating expenses and refunds to phone carriers were the reasons for the savings.

**Transportation:** \$.3M in capital costs were budgeted, but not were expended

**Fire :** Variances throughout, but most significant were:

- Personnel -\$.5M.

**Multiple Grants & CDBG:** We receive reimbursements for grants, so no real loss or savings to the county results from budget variances here

**Insurance & Benefits:** Health and dental Claims were slightly higher due to increased enrollees but were offset by the increased contributions . The fund ended FY2017 on a positive note with an unreserved fund balance of \$.5M.



# Review of Expenditures in Capital Funds Pre-Audit FY2017

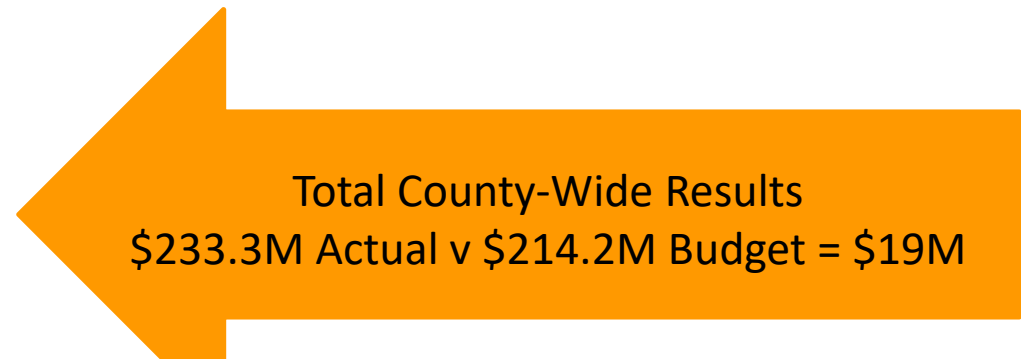
As of 12.21.2017

	Budgeted Expenditures & Transfers	Actual Expenditures & Transfers	Variance Better/ (Worse)
<b>Total Operating</b>	<b>\$159.0</b>	<b>\$155.2</b>	<b>\$3.8</b>
<b>Capital Funds</b>			
Impact Fee	\$3.6	\$2.6	\$0.9
Parks Bond	8.3	10.4	(2.1)
SPLOST V & 2012	50.6	34.4	16.2
Debt Service	6.3	6.2	0.1
<b>Total Capital</b>	<b>\$68.7</b>	<b>\$53.7</b>	<b>\$15.1</b>
<b>GRAND TOTAL - SIGNIFICANT FUNDS</b>			<b>\$18.9</b>

### Variance Explanations By Fund

All variances in the Capital funds are related to project timing.

These funds will rollover to future years for completion, so are not true savings.

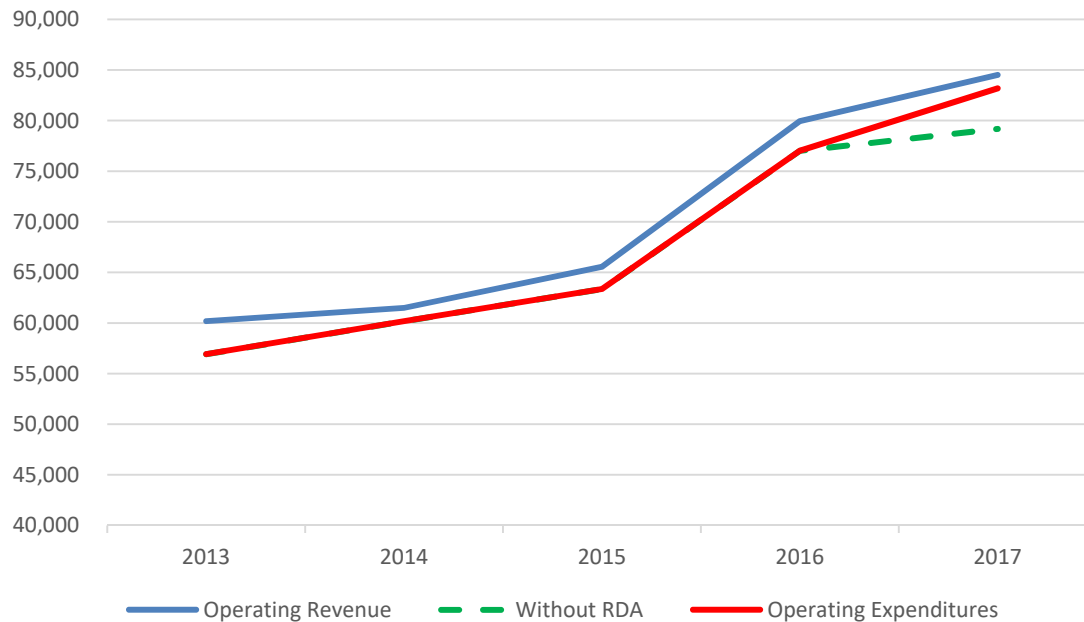

  
**Total County-Wide Results**  
**\$233.3M Actual v \$214.2M Budget = \$19M**





# General Fund Operating Ratio Pre-Audit FY2017

General Fund 5 Year History  
Operating Revenue/Expenditures (000's)



Year	Revenue - Expenditures	Operating Ratio	Without RDA
2013	\$ 3,267	1.06	1.06
2014	\$ 1,320	1.02	1.02
2015	\$ 2,197	1.03	1.03
2016	\$ 2,922	1.04	1.04
2017	\$ 1,328	1.02	1.07
<b>5 Year Avg</b>	<b>\$ 2,207</b>	<b>1.03</b>	<b>1.04</b>

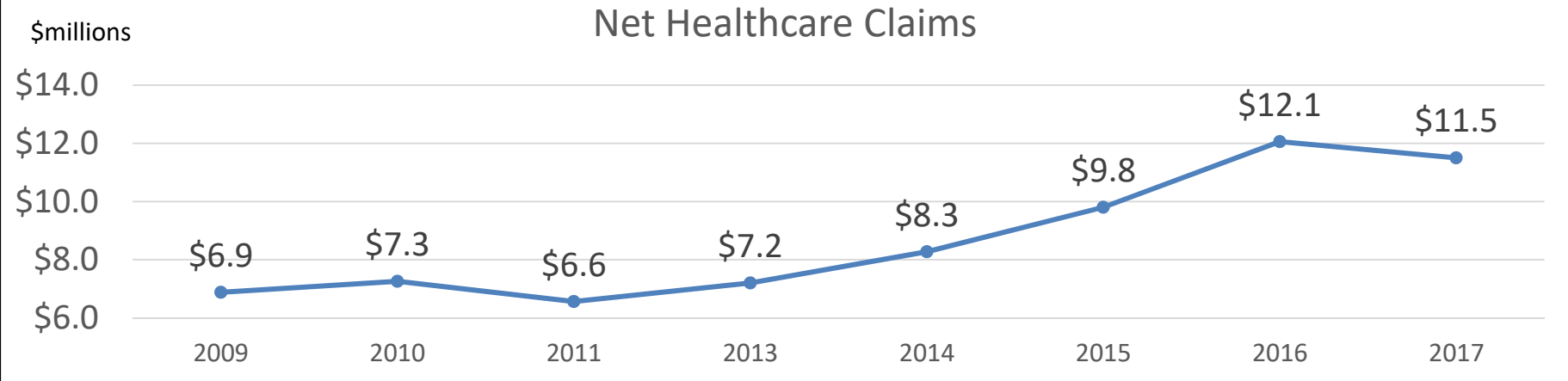
## Moody's Operating Ratio Rating Scale

	AAA	AA	A
Operating History - Average of Operating Revenues/Operating Expenditures	>1.05X	1.02x to 1.05x	0.98x to 1.05x

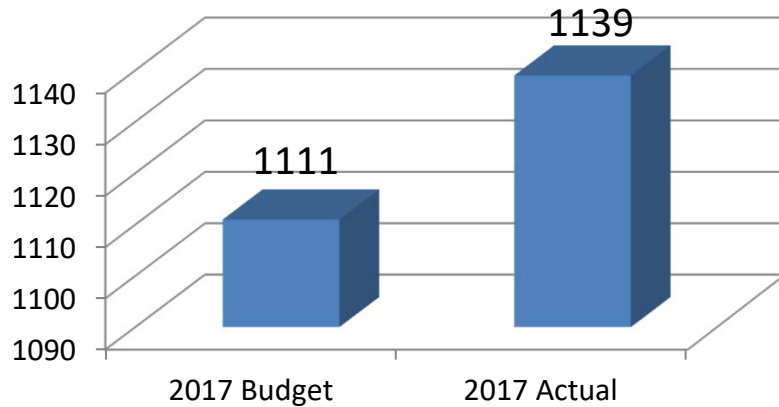
**Cherokee County Goal:** In order to achieve structural balance and maintain healthy reserve balances, we should strive to obtain a 1.05 operating ratio.



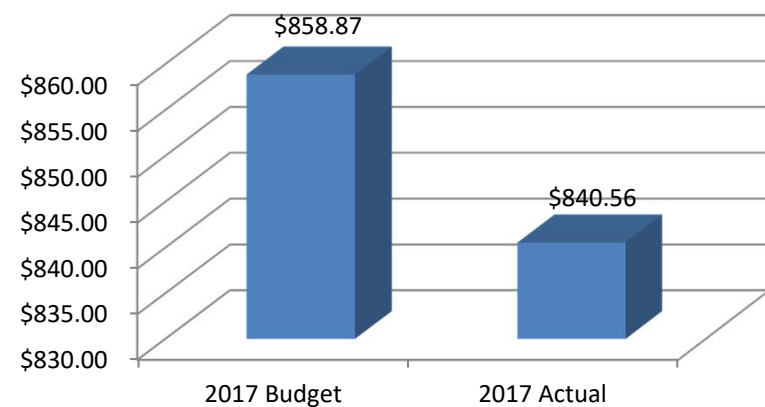
# Insurance & Benefits Fund Pre-Audit FY2017



## Employees Enrolled - 2.5% Over Budget



## Health Claims Per Employee Per Month - 2.1% Under Budget



**Bottom Line:** Enrollees were more than budgeted, but PEPM costs were lower resulting in a decrease in net claims in FY2017.



# Insurance & Benefits Fund Pre-Audit FY2017

	2017 Budget	2017 Actual	FY2018 Proposed Budget
Unreserved Fund Balance BOY	\$0	\$0	\$.5M
Net Costs of Fund- (S/L , Pharmacy reimbursements deducted)	\$14.4M	\$14.3M	\$15.6M
County Contribution	\$10.7M	\$10.6M	\$11.4M
EE/Cobra/Retiree Contributions	\$3.5M	\$4.0M	\$4.1M
Use of ERIP/ISRP Reserves	\$.2M	\$.2M	\$.2M
Unreserved Fund Balance EOY	\$.0M	\$.5M	\$.5M

### **2018 Assumptions**

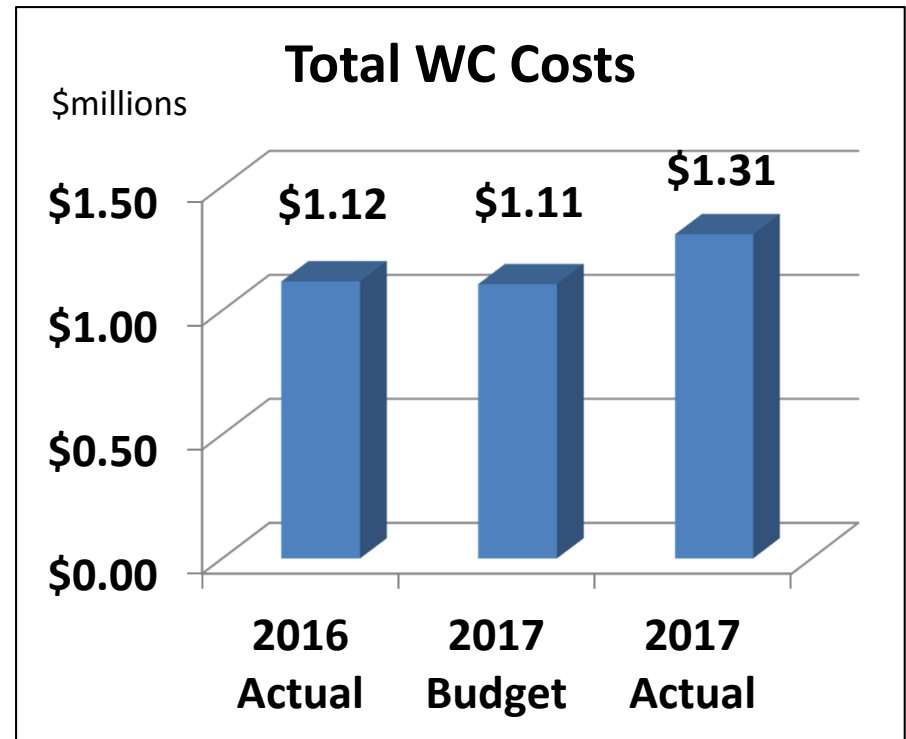
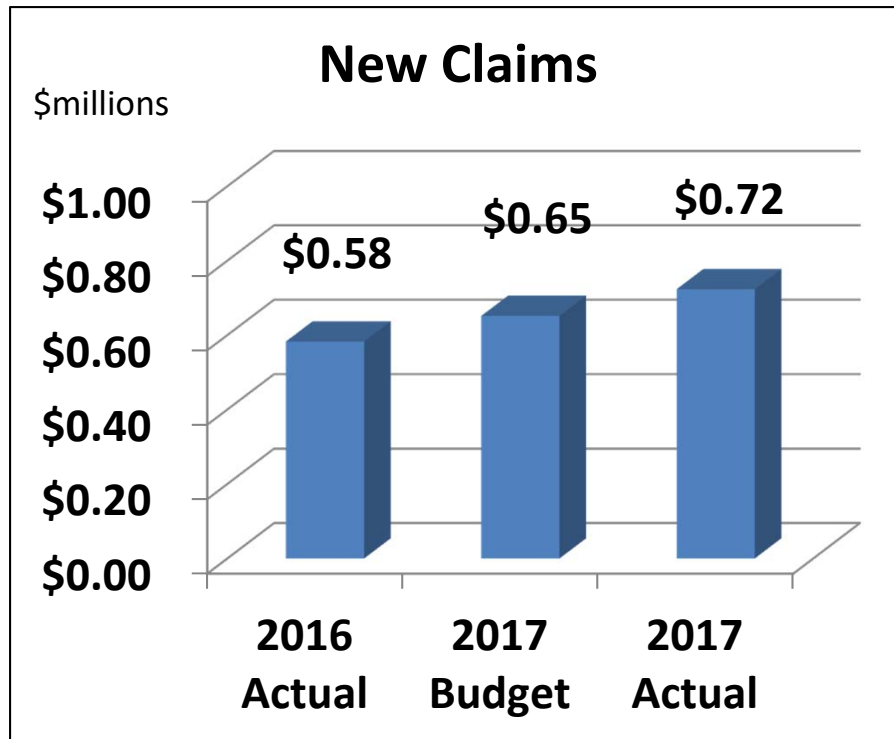
The increased 2018 County Contributions were for new budgeted employees not an increased cost per employee.

Budgeted 2018 costs were based on a 5.5% increase over Q2 2017 PEPM actuals and 50 additional enrollees. No Fund balance was budgeted to be used, leaving some cushion for higher claims.

**Bottom Line:** FY2017 PEPM Actuals were lower than the budgeted amount while enrollees were higher resulting in increased employee contributions and a \$.5M unreserved fund balance .



# Workers' Compensation Pre-Audit FY2017



## FY2017 Highlights

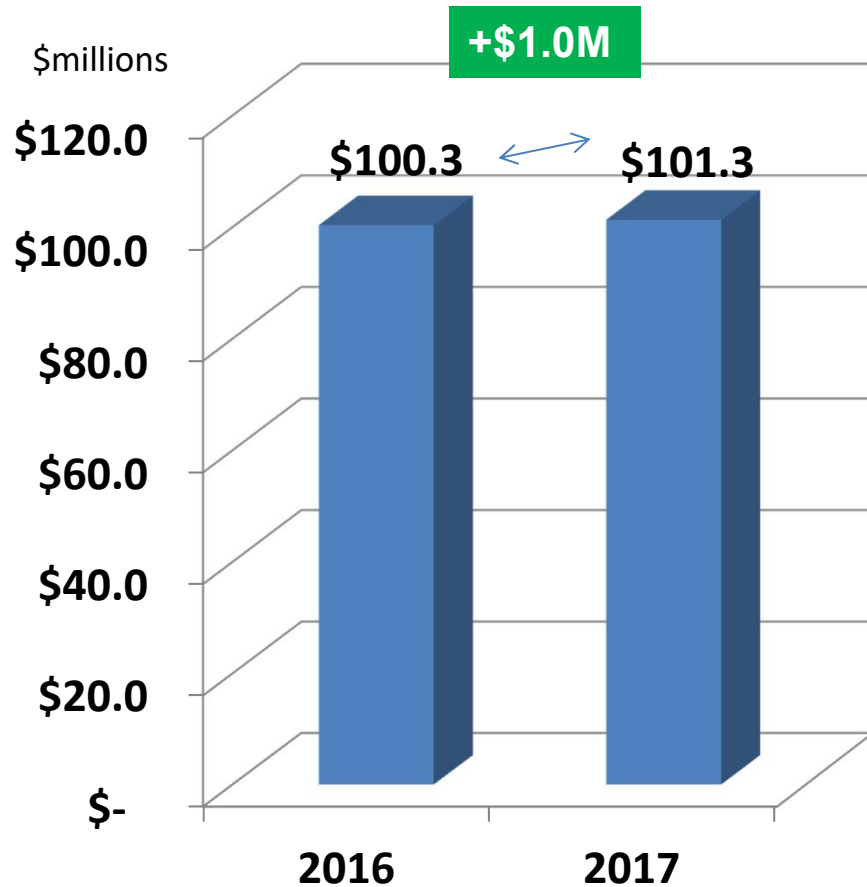
- Several old claims were settled in FY2017 resulting in fewer old claims carried forward, thus hopefully lowering future claim costs.

**Bottom Line:** Total worker's compensation costs were over budget due to a large settlement



# County-Wide Results - Cash Pre-Audit FY2017

## Cash Balances



Significant Operating Funds	2016 Cash Balance	2017 Cash Balance	Variance Better/ (Worse)
General Fund	\$17.9	\$21.4	\$3.5
E911	1.5	1.8	0.3
Senior Services	0.0	0.1	0.1
Parks & Recreation	0.7	0.6	(0.1)
Transportation	0.0	(0.2)	(0.2)
Animal Shelter	0.1	0.2	0.1
Fire District	6.3	8.1	1.8
CDBG	(0.0)	(0.0)	0.0
EMS	1.6	1.3	(0.3)
RRDA	0.0	0.0	0.0
Ins & Benefits Fund	1.5	2.2	0.7
<b>Total</b>	<b>\$29.6</b>	<b>\$35.6</b>	<b>\$6.0</b>
Capital Funds	2016 Cash Balance	2017 Cash Balance	Variance Better/ (Worse)
Impact Fee	\$8.1	\$8.0	(\$0.0)
Parks Bond	13.2	2.5	(10.6)
SPLOST V & 2012	45.7	52.0	6.3
Debt Service	0.6	(0.0)	(\$0.6)
<b>Total</b>	<b>\$67.6</b>	<b>\$62.6</b>	<b>(\$5.0)</b>
<b>GRAND TOTAL</b>	<b>\$97.2</b>	<b>\$98.2</b>	<b>\$1.0</b>

**Bottom Line: Total Cash has increased from 2016 to 2017**

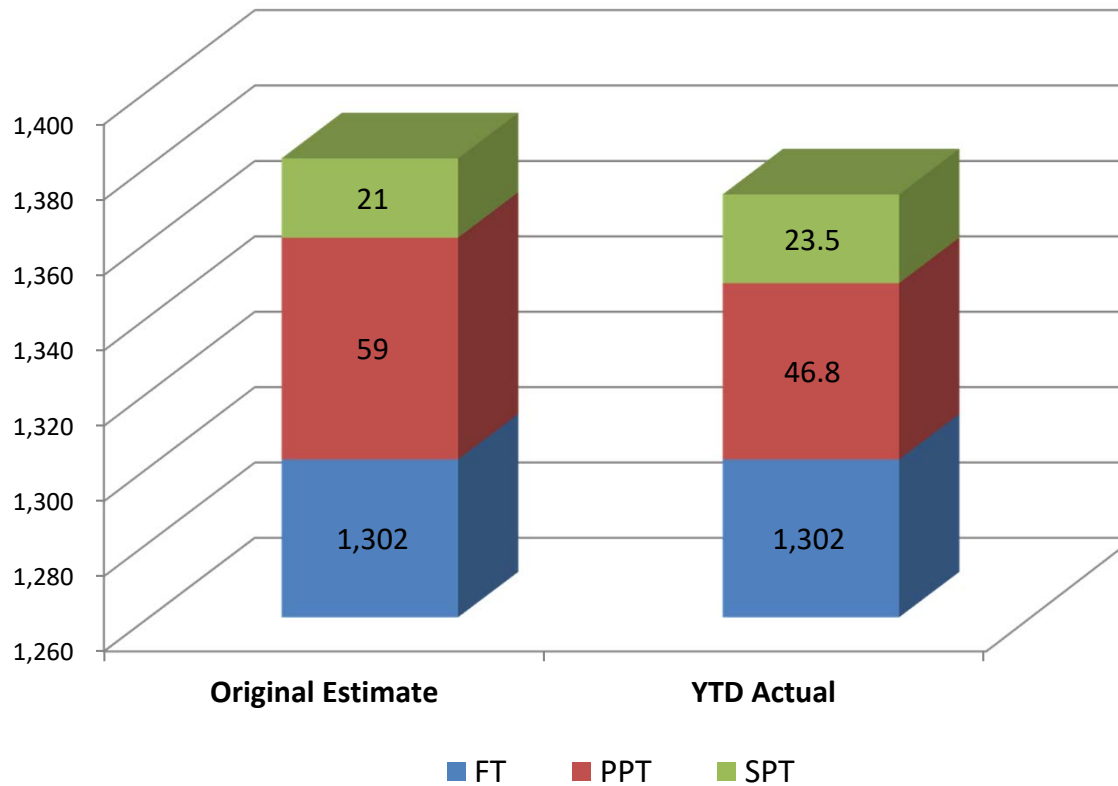


# Headcount – FTEs Pre-Audit FY2017

## Full Time Equivalents (FTEs)

**Budget = 1,382**

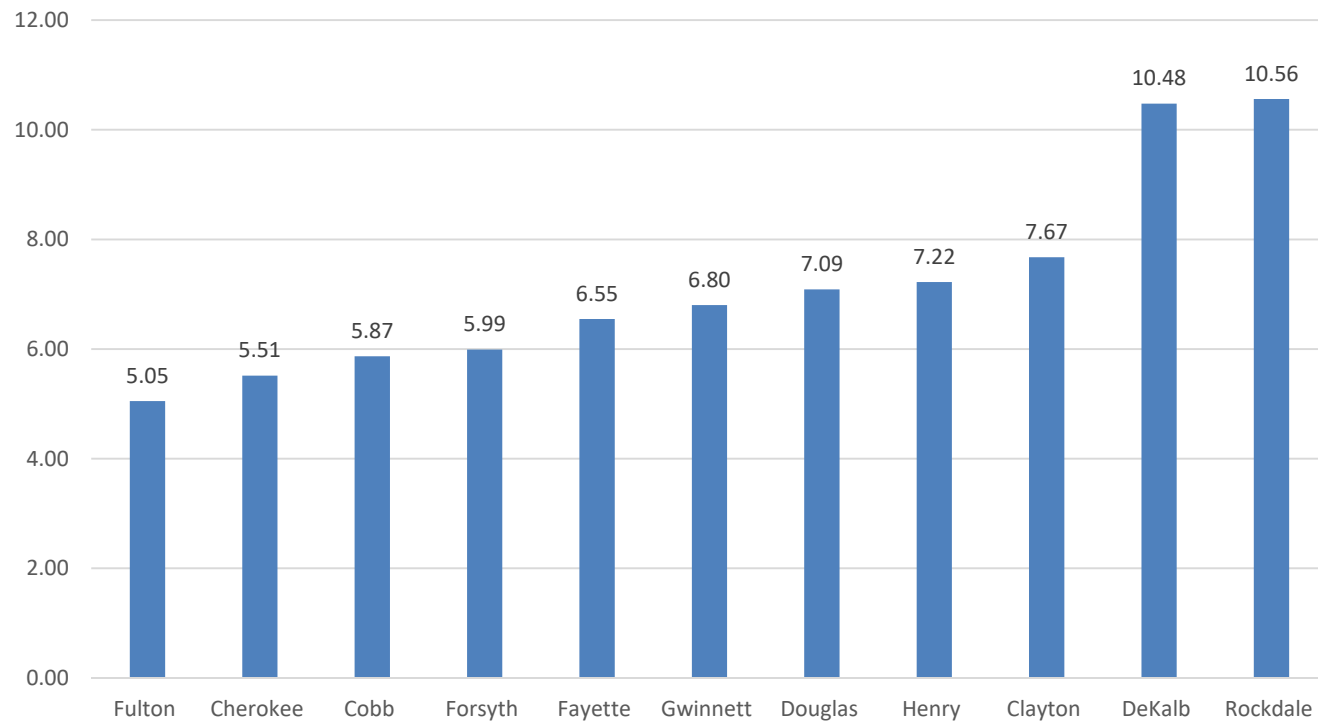
**Actual YTD = 1,372**





# Headcount – County Comparison

## 2016 Employees Per Capita



\*Employees Per Capita: Number of Employees Per 1,000 Population

\*Census Based on US Department of Commerce website <http://quickfacts.census.gov>



# Cherokee County Board of Commissioners

Financial Reports  
FY2017 Pre-Audit Results  
(Oct 2016 – Sept 2017)