Cherokee County Board of Commissioners

2013 OUTLOOK
AND IMPACT ON MILLAGE RATE

JULY 24, 2012 | JANELLE FUNK

Agenda

- Starting Shortfall to 2013 Budget
- Possible Offsets to Shortfall
- 2012 Tax Digest
- Governmental Operations Funded by Property Taxes
- Discussion of “Revenue Neutral” Millage Rate Calculation
- Example of Impact to Average Homeowner
- How Do We Compare to Other Counties
- How is LOST/HOST Relevant
- FAQs

2013 Outlook – Starting Shortfall

In 2012 the County relied on one-time & temporary funding sources to balance the budget that now must be replaced. In addition we have a few new funding requirements in FY 2013.

FACTOR	AMOUNT
Pension Fund credit used to reduce current year contributions	$1.9M
Jail Fund reserves used to reduce General Fund jail utilities	$850k
Legal costs have not decreased as planned, expected to increase in 2013	$350k
Road improvement costs will be absorbed by operating funds in 2012 ($300k) and 2013	$400k
If unresolved, the General Fund will be required to pay unbudgeted debt service costs for RRDA in 2012 ($300k) and 2013	$1.2M
As previously reported, the Aquatic Center will not fully recover all costs in FY 2013	$52k
Need to restore reserves back to recommended 10% level ($6M) to avoid negative cash and begin saving for catastrophic losses – 2% in FY 2013	$1.2M
TOTAL STARTING SHORTFALL	**$5.9M**

2013 Outlook – Potential Offsets

FACTOR	AMOUNT
The Pension Plan has a $3.8M credit remaining - $1.9M could be utilized in FY 2013 to reduce FY 2013 contributions	$1.9M
New business operator to assume 50% of RRDA debt	$600k
Between 2006 – 2011 the General Fund spent $3.9M on assets that could have qualified for SPLOST funding. In 2011 $1.8M was reimbursed to the General Fund. $2.1M could be reimbursed in FY 2013.	$2.1M
New residents/businesses/growth in the County is expected to add new revenue	$200K
Workers compensation costs to decrease	$100k
Elections Department costs will reduce after heavy election year	$100k
Find corporate sponsor for Aquatic Center	$50k
Postpone reserve rebuild another year	$900k
TOTAL POSSIBLE OFFSETS	**$5.9M**

Option – Use The Offsets To Avoid A Tax Increase?

- Use all $5.9M offsets
- Accept risk of achieving ~ $750k uncertain amounts
- Understand using offsets is not perfect, but allows the county to avoid a tax increase
- Stretches what we have available to "make it work"

2013 Outlook – Decrease in Tax Digest

- Property Taxes are based on the property values in the Tax Digest
- Property Taxes are expected to provide ~ 69% of the General Fund Budget and ~ 96% of the Fire Fund Budget
- Even with some new growth, the 2012 Tax Digest dropped (for a fourth year in a row)

	2008	2009	2010	2011	2012 Estimate At 7/23/2012 *
Net Digest	8,647,647,873	8,363,998,552	7,652,619,260	7,200,385,902	6,673,899,650
Decrease $		(283,649,321)	(711,379,292)	(452,233,358)	(526,486,252)
Decrease %		-3.28%	-8.51%	-5.91%	-7.31%

- Since the base dropped, if we applied the same 2011 Millage Rate we will collect $4.4M less for the 2013 Budget

* Preliminary Tax Digest is -7.3% from 2011, still have 600 appeals outstanding

2013 Outlook –
Math Behind the Millage Rate

General M&O	2011	2012 Estimate At 7/23/2012 *	Change
Net Digest	7,200,385,902	6,673,899,650	(526,486,252)
x 2011 Millage Rate	5.365	5.365	0
= Tax Levy	$38,630,070	$35,805,472	($2,824,599)

Fire District	2011	2012 Estimate At 7/23/2012 *	Change
Net Digest	5,394,865,807	5,004,782,504	(390,083,303)
x 2011 Millage Rate	3.129	3.129	0
= Tax Levy	$16,880,535	$15,659,964	($1,220,571)

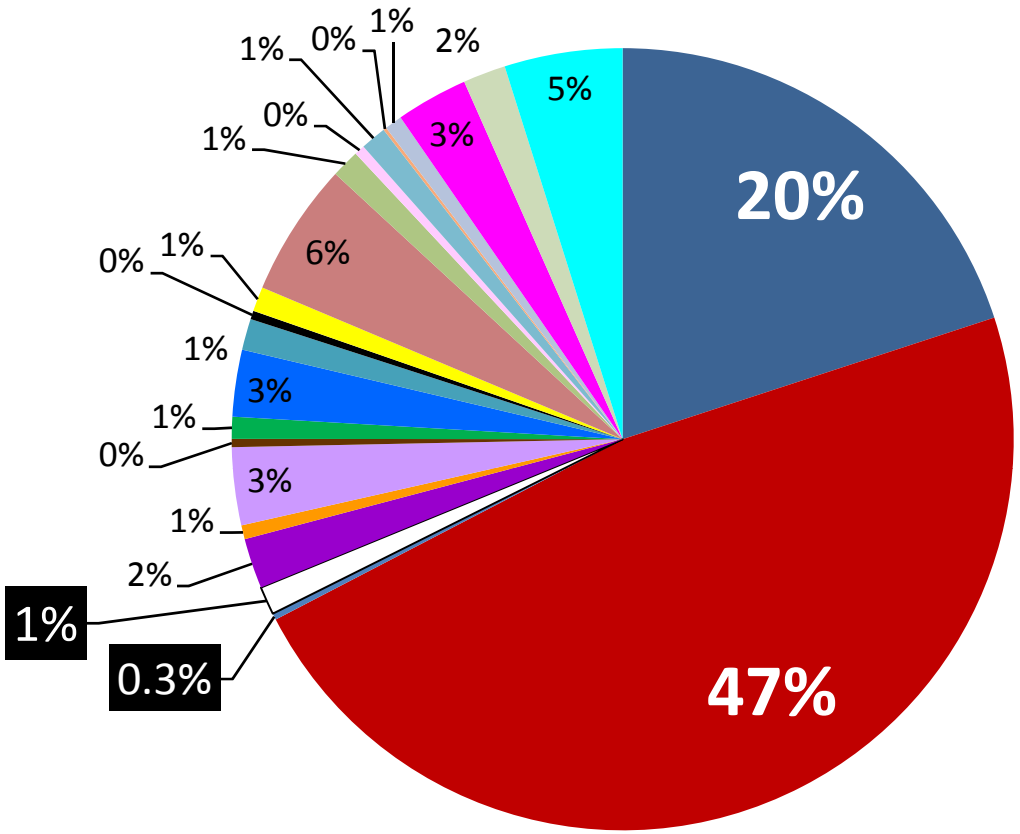
Parks Bond	2011	2012 Estimate At 7/23/2012 *	Change
Net Digest	7,472,129,594	6,918,656,530	(553,473,064)
x 2011 Millage Rate	0.641	0.641	0
= Tax Levy	$4,789,635	$4,434,859	($354,776)

Our challenge

If the same level of services are required…

…how does the County provide the same services with $4.4M less money?

General Fund Services - $56.7M* Budget

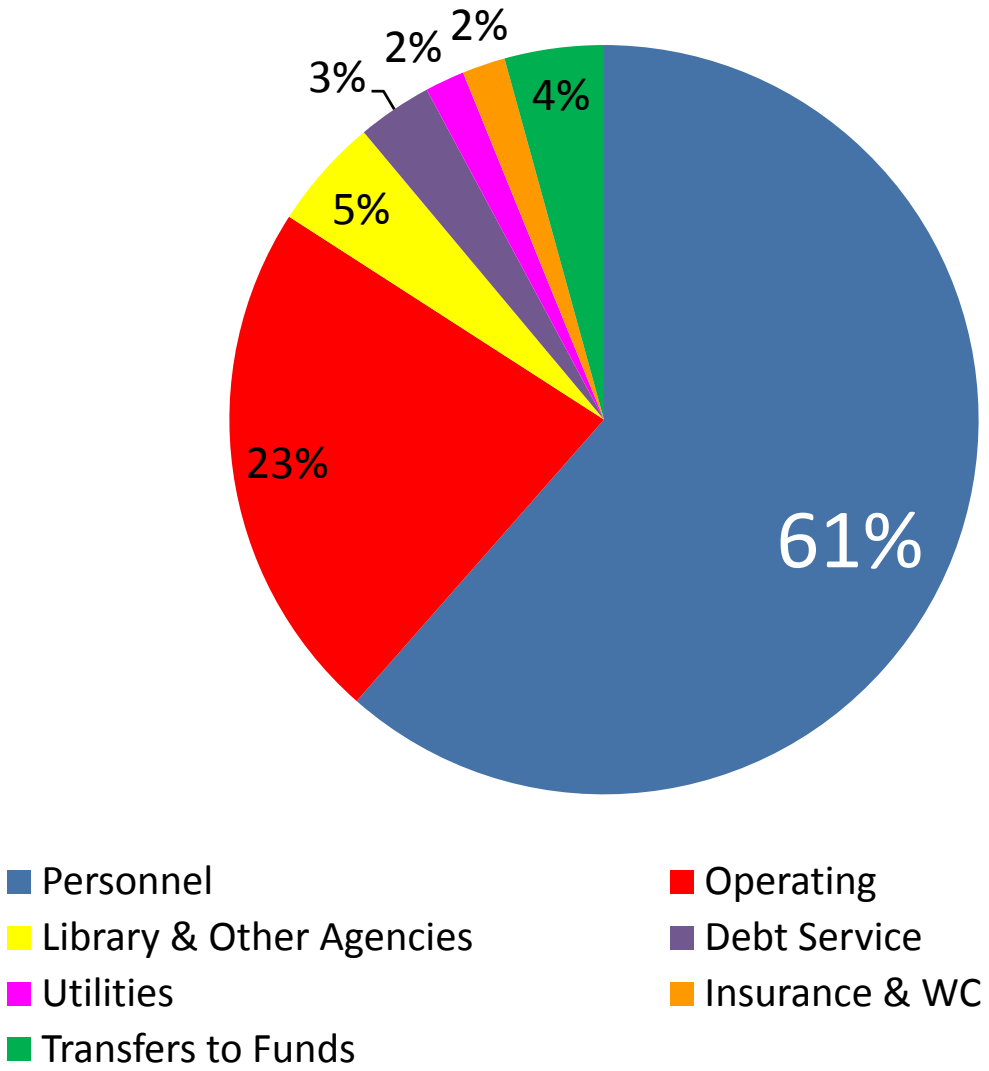


~70% of the General Fund Budget is allocated to Public Safety & the Court System

- Judicial Services
- Sheriff Office
- Coroner
- EMS Transfer
- Property Management
- Health & Human Services
- Library Transfer
- Purchasing
- Senior Services Transfer
- Information Technology
- Parks & Recreation Transfer
- Transportation Transfer
- Finance
- Tax Administration
- Elections Department
- Animal Shelter Transfer
- RRDA Debt Service
- Capital
- Youth Services & Other Community
- Other General Services
- Economic Development
- Allocated Costs (WC, Utilities)

*The 2012 General Fund Budget for 9 months is $41.8M. $56.7M is annualized for 12 months, with known adjustments - only for presentation purposes.

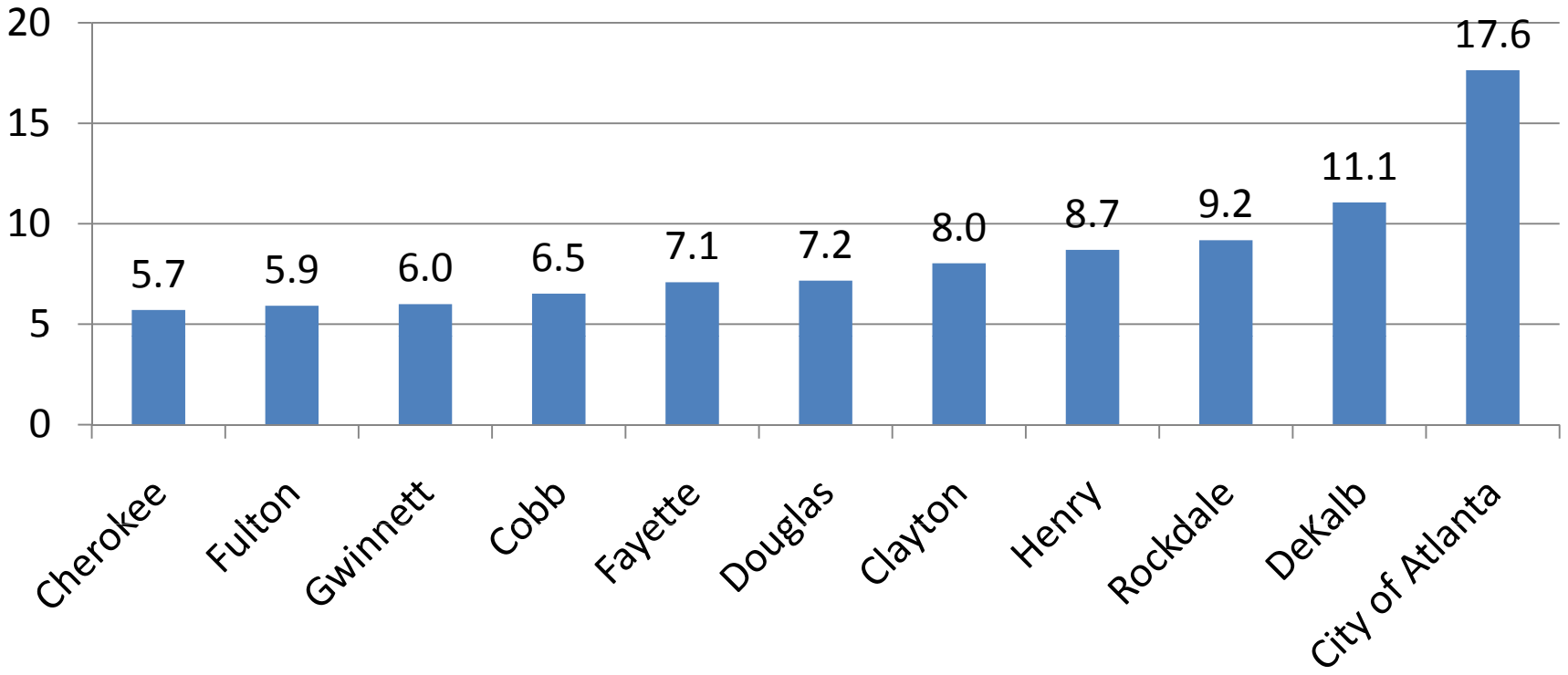
General Fund – Major Cost Categories



PERSONNEL COST NOTES

- Average Filled County FT Positions Decreased from 1,221 in 2008 to 1,132 as of 2012 YTD
- Cherokee County has the Lowest Headcount Per Capita in the Metro Atlanta ARC (5.71 FTE per 1,000 Population)
- The Average County Employee Earns ~ $40k
  - Most Uniform Patrol Deputies = $36k
  - There have been no COLA increases since 2007
  - Employee portion of health insurance coverage has significantly increased

Headcount Per Capita – County Comparison



Source: Upcoming Publication from Atlanta Regional Commission, "Local Government Operations: Expenditures & Revenues"
(This independent research publication directionally aligns with the Cherokee County Tax Spend Research conducted in 2010)

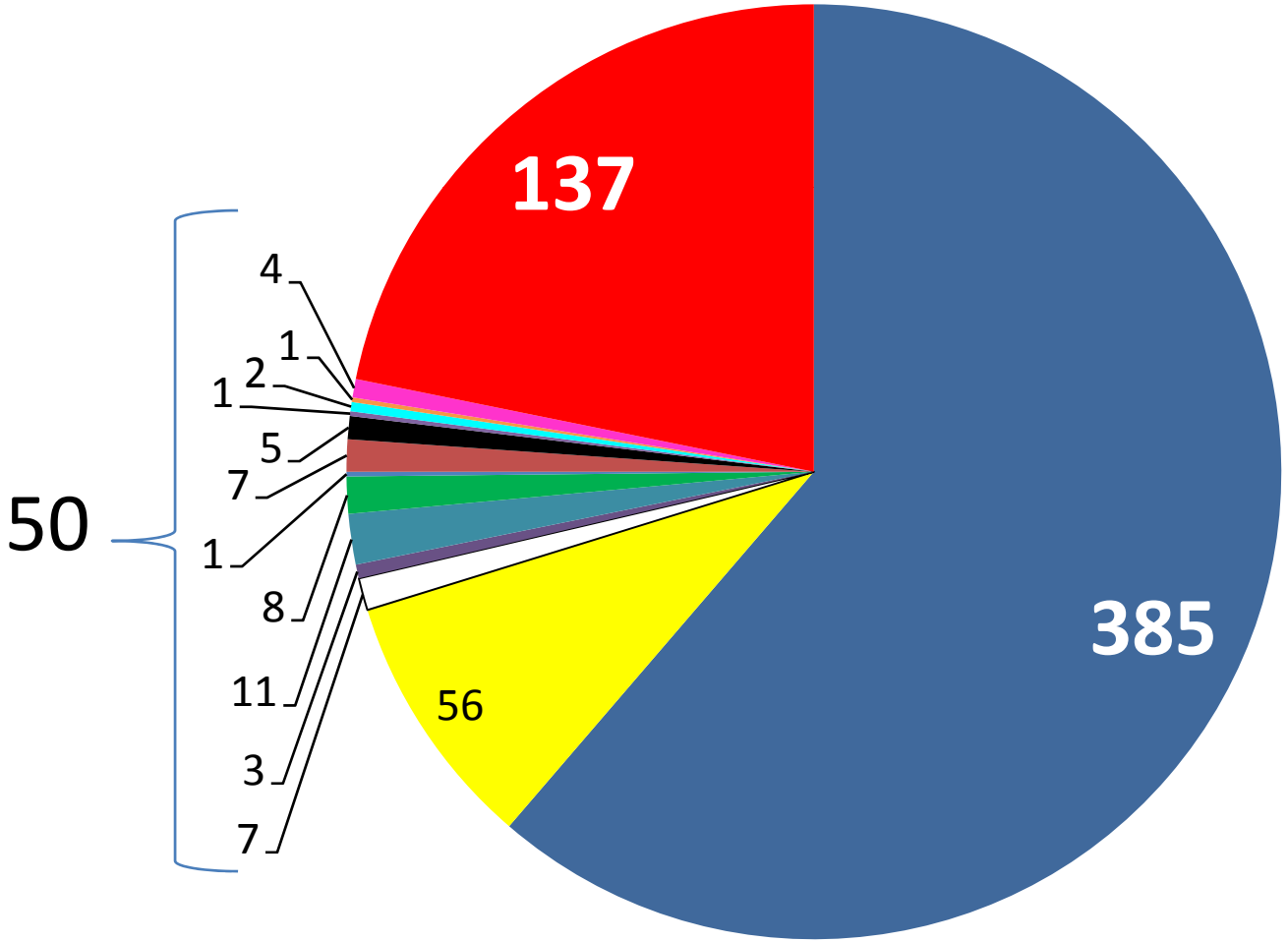
Note: Cherokee reported Budgeted Full Time Equivalents (to include fractions for PT and Temp positions and vacant but budgeted positions), some other counties report only Full Time positions. If Cherokee County reported only FT filled positions – our metric would be 5.28.

General Fund – Personnel By Department

Headcount Budget = 628

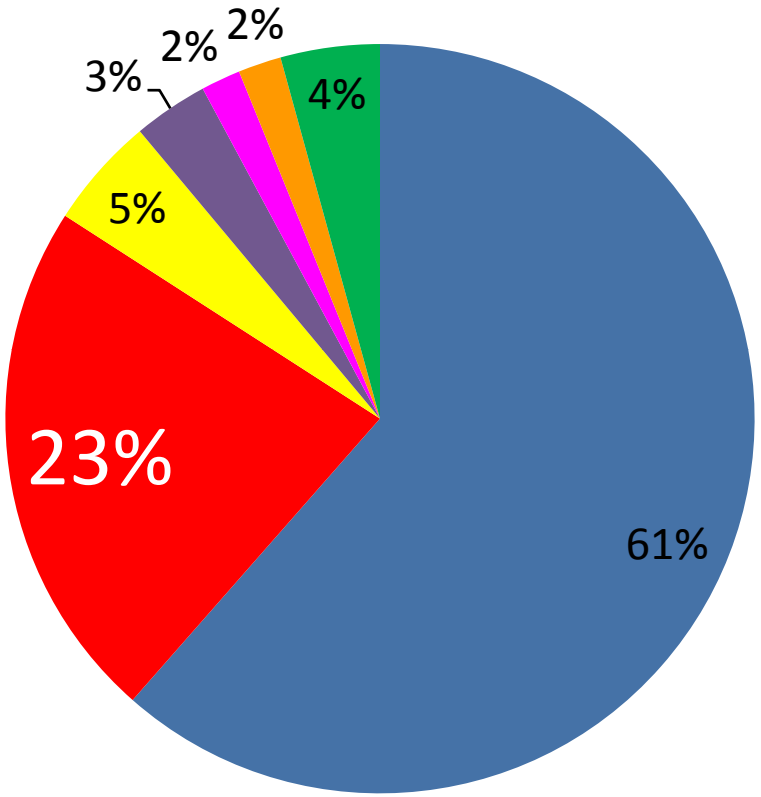
62% of Headcount Budget For Sheriff Office

83% Combined Total Headcount for Sheriff & Judicial Services



- Sheriff Office
- Tax Admin
- Finance
- Procurement
- IT
- Property Mgmt
- Recycling
- Elections
- BOC
- County Clerk
- County Mgr
- Coroner
- HR
- Judicial Services

General Fund – Major Cost Categories



OPERATING COSTS NOTES

$13.1M* Annualized Budget:

- $1.9M for Professional Medical Services/Coverage for Inmates
- $1.3M on Indigent Defense
- $1.0M for Gasoline (primarily Law Enforcement)
- $0.9M on Maintenance Agreements (IT = $763k and Equipment = $128k)
- $0.6M for Inmate Meals
- $7.4M Other

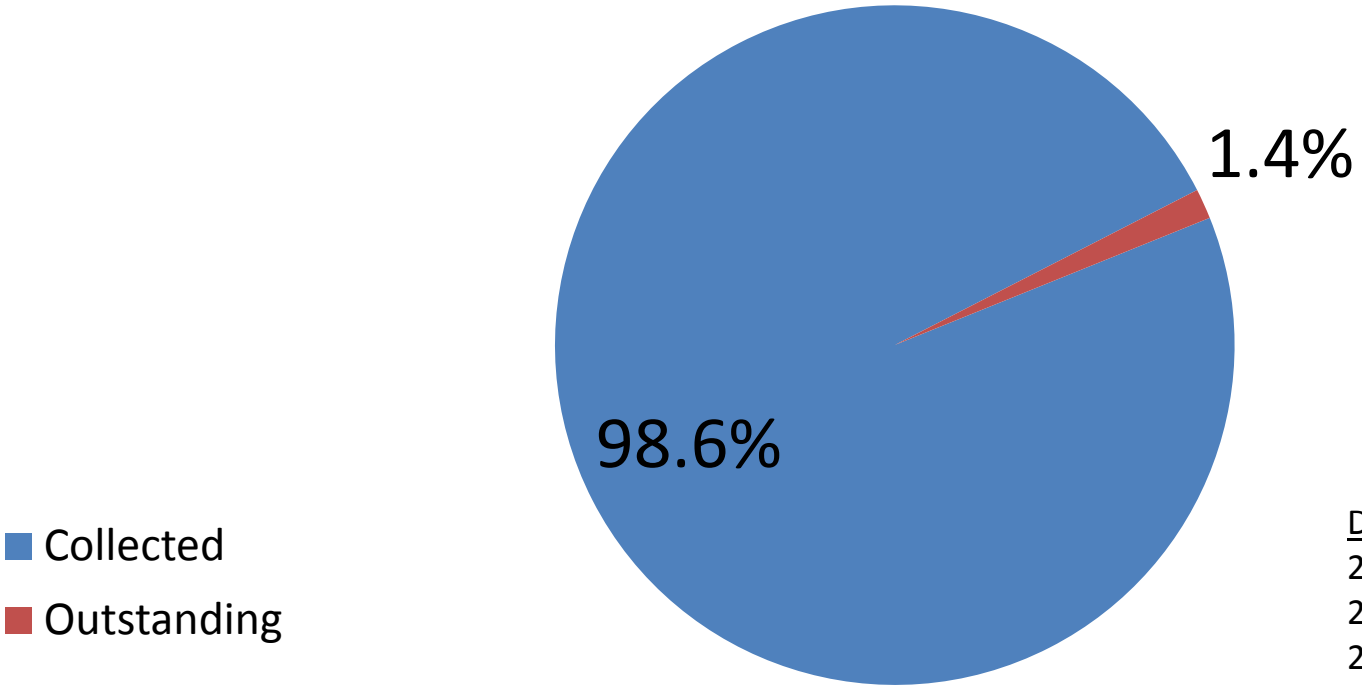
*The 2012 General Fund Budget for Operating Expenses for 9 months is $9.5M. $13.1M is annualized for 12 months with known adjustments - only for presentation purposes.

Status of Property Tax Collections
General Fund Property Tax Collections 7/19/2012

2011 General Fund Property Tax Collections

* Excludes Motor Vehicle, Timber, Mobile Home

2011 General Fund - Total Tax Levy	$38,478,124
2011 Amount Billed in September *	$35,261,036
2011 Taxes Collected from Billings	$34,756,184
Amount Remaining to Collect for 2011	$504,852



Delinquent from prior years:
2008 :$7k, or 0.0%
2009 : $26k, or 0.1%
2010 : $116k, or 0.3%

Bottom Line: Cherokee County achieves strong collections.

General Fund – Impact of $2.8M

- Impact Employees?
  - $2.8M on $28.9M Compensation = 10%
  - $2.8M ~ total compensation & benefits for 55 employees
- Impact Operating Costs?
  - Top 5 costs represent $5.7M, or 45% of Total
  - Other costs also for required services

Option – Rollup the Millage Rate?

- If we decide we cannot cut $2.8M from the General Fund Budget, we must find a way to collect the same amount of taxes levied in 2011

- In order to collect the same amount of property taxes as we did in 2011, we could “rollup” the Millage Rate

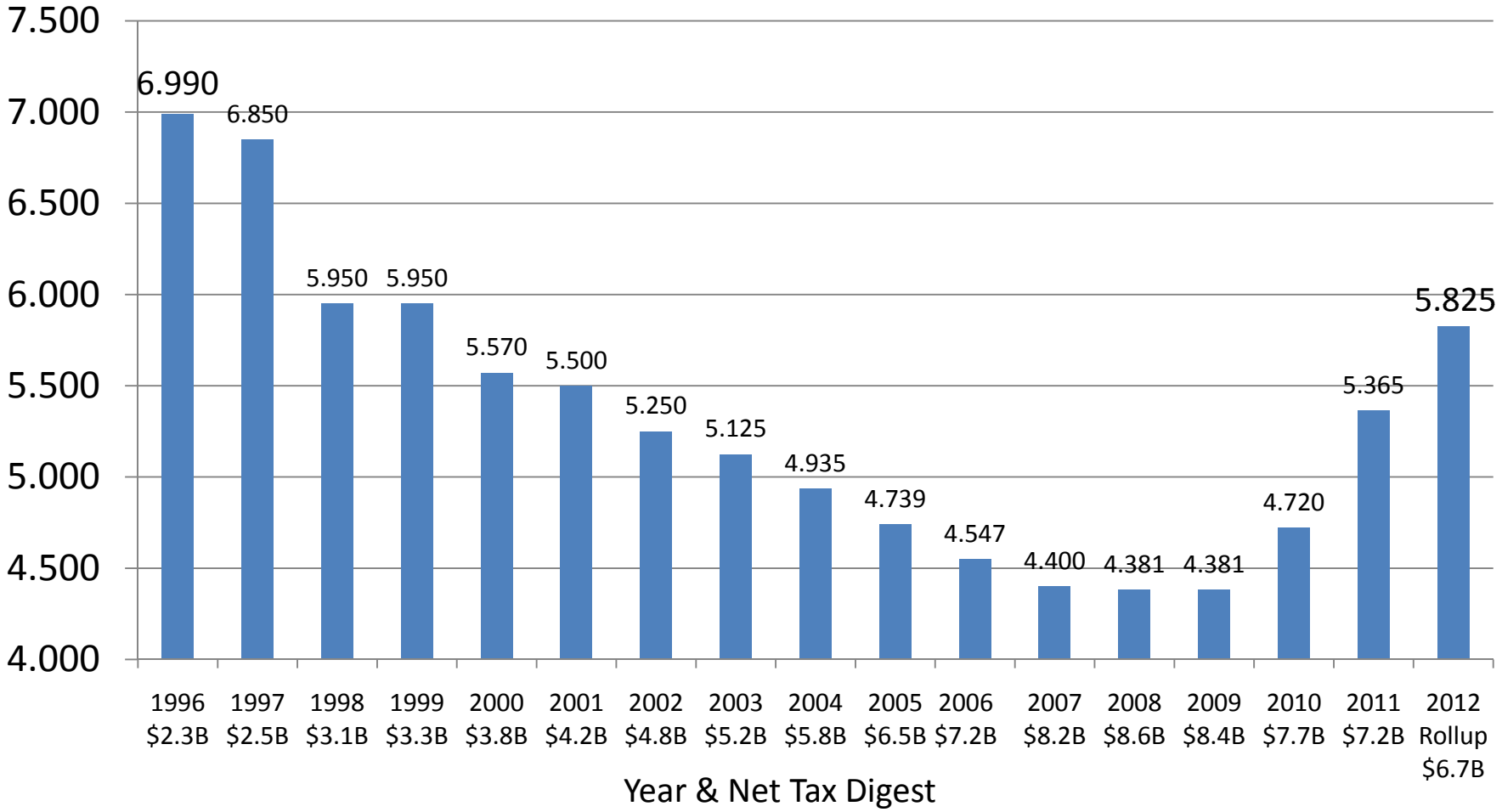
- The rollback/rollup calculation takes the lower property values and adjusts the rate to collect the same total

- Therefore, if a homeowner experienced the average 7.51%* net decline on their home value, they will not pay more in dollars, even though the rate has increased

* 7.51% = decrease without new growth, net impact of all digests and exemptions for average homeowner

Bottom Line: The Rollback/Rollup calculation is designed to collect a “revenue neutral” amount, so the County is able to provide the same level of service to the same number of residents & businesses even when property values decrease.

Historical General M&O Millage Rate



Bottom Line: As the Tax Digest increased in prior years, the County "rolled-back" the millage rate. Since the Tax Digest decreased in 2012, the County is currently considering "rolling up" the rate, to collect the same amount as in 2011.

In 1996 the General M&O Rate Was 6.99. What If The County Never Rolled It Back?

10 YEAR IMPACT TO THE TOTAL COUNTY

Year	Net Tax Digest	Actual Tax Rate	Actual Tax	Tax @ 6.99	Difference
2002	3,822,874,380	5.250	$20,070,090	$26,721,892	-$6,651,801
2003	5,237,954,977	5.125	$26,844,519	$36,613,305	-$9,768,786
2004	5,785,561,038	4.935	$28,551,744	$40,441,072	-$11,889,328
2005	6,449,387,408	4.739	$30,563,647	$45,081,218	-$14,517,571
2006	7,232,539,391	4.547	$32,886,357	$50,555,450	-$17,669,094
2007	8,238,779,503	4.400	$36,250,630	$57,589,069	-$21,338,439
2008	8,647,647,873	4.381	$37,885,345	$60,447,059	-$22,561,713
2009	8,363,998,552	4.381	$36,642,678	$58,464,350	-$21,821,672
2010	7,652,619,260	4.720	$36,120,363	$53,491,809	-$17,371,446
2011	7,200,385,902	5.365	$38,630,070	$50,330,697	-$11,700,627
2012	6,673,899,650	5.825	$38,875,465	$46,650,559	-$7,775,093
TOTAL			**$363,320,909**	**$526,386,479**	**-$163,065,571**

Bottom Line: If the County never rolled back the Millage Rate from 1996's Rate, we would have collected $163 Million more over the last ten years.

In 1996 the General M&O Rate Was 6.99. What If The County Never Rolled It Back?

10 YEAR IMPACT TO AVERAGE HOMEOWNER

Year	FMV	Assessed Taxable Value	Actual Tax Rate	Actual Tax	Tax @ 6.99	Difference
2002	163,900	60,560	5.250	$317.94	$423.31	-$105.37
2003	168,100	62,240	5.125	$318.98	$435.06	-$116.08
2004	181,500	67,600	4.935	$333.61	$472.52	-$138.92
2005	186,200	69,480	4.739	$329.27	$485.67	-$156.40
2006	186,200	69,480	4.547	$315.93	$485.67	-$169.74
2007	205,100	77,040	4.400	$338.98	$538.51	-$199.53
2008	203,100	76,240	4.381	$334.01	$532.92	-$198.91
2009	193,300	72,320	4.381	$316.83	$505.52	-$188.68
2010	176,700	65,680	4.720	$310.01	$459.10	-$149.09
2011	169,300	62,720	5.365	$336.49	$438.41	-$101.92
2012	155,300	57,120	5.825	$332.72	$399.27	-$66.54
TOTAL				**$3,584.76**	**$5,175.96**	**-$1,591.19**

Bottom Line: If the County never rolled back the Millage Rate from 1996's Rate, an average homeowner would have paid $1,591.19 more over the last 10 years.

If Property Values Increase and Taxes Are Not Rolled Back – *This* is a Tax Increase

2004 ACTUAL

- My Home Value = $181,500
- General Fund Millage Rate = 4.935
- My Tax = $333.61

2005 IF RATE NOT ROLLED BACK

- My Home Value = $186,200
- If General Fund Millage Rate Unchanged = 4.935
- My Tax Would Have Been = $342.88
- Increase of $9.27

2005 ACTUAL

- My Home Value = $186,200
- General Fund Millage Rate = 4.739
- My Tax = $329.27
- Decrease of $4.34

Bottom Line: If property values increase and rates are not rolled back = Tax Increase
If property values decrease and rates not rolled up = Tax Decrease

Example of Revenue Neutral 2007 - 2011

Sonya Little
Cherokee County Tax Commissioner
2780 Marietta Hwy
Canton, GA 30114

Phone: (678) 493-6400 Fax: (678) 493-6423

Tax Payer: FUNK, SHANE D. & JANELLE M.
Map Code: 15N18C 149 REAL
Description: LOT 42 WILLOW CREEK U. I BLK C
Location: 5105 OLD CHESTNUT CT
Bill No: 2007-62793
District: 001 CHEROKEE COUNTY AT LARGE 001

Building Value	Land Value	Acres	Fair Market Value	Due Date	Billing Date		Payment Good Through	Exemptions
163,100	42,000	.0000	205,100					S1

Entity	Adjusted FMV	Net Assessment	Exemptions	Taxable Value	Millage Rate	Gross Tax	Credit	Net Tax
STATE TAX	205,100.00	82,040.00	2,000.00	80,040.00	.250	20.01		18.01
HTRG STATE TAX CREDIT				8,000.00	.000		-2.00	
COUNTY M&O	205,100.00	82,040.00	5,000.00	77,040.00	4.400	338.98		303.78
HTRG COUNTY TAX CREDIT				8,000.00	.000		-35.20	
SCHOOL M&O	205,100.00	82,040.00	2,000.00	80,040.00	18.450	1,476.74		1,329.14
HTRG SCHOOL TAX CREDIT				8,000.00	.000		-147.60	
SCHOOL BOND	205,100.00	82,040.00		82,040.00	.400	32.82		32.82
COUNTY WIDE FIRE DIST	205,100.00	82,040.00		82,040.00	2.750	225.61		203.61
HTRG CO FIRE				8,000.00	.000		-22.00	
TOTALS					26.250	2,094.16	-206.80	1,887.36

This $ 206.80 reduction in your bill is the result of homeowner tax relief enacted by the Governor and the General Assembly of the State of Georgia.

2007 County M&O Tax = $338.98
2007 Fire District Tax = $225.61

Sonya Little
Cherokee County Tax Commissioner
2780 Marietta Hwy
Canton, GA 30114

Phone: (678) 493-6400 Fax: (678) 493-6423

Tax Payer: FUNK, SHANE D. & JANELLE M.
Map Code: 15N18C 149 REAL
Description: LOT 42 WILLOW CREEK U. I BLK C
Location: 5105 OLD CHESTNUT CT
Bill No: 2011-45097
District: 001 CHEROKEE COUNTY AT LARGE 001

Building Value	Land Value	Acres	Fair Market Value	Due Date	Billing Date		Payment Good Through	Exemptions
127,300	42,000	.0000	169,300					S1

Entity	Adjusted FMV	Net Assessment	Exemptions	Taxable Value	Millage Rate	Gross Tax	Credit	Net Tax
STATE TAX	169,300.00	67,720.00	2,000.00	65,720.00	.250	16.43		16.43
COUNTY M&O	169,300.00	67,720.00	5,000.00	62,720.00	5.365	336.49		336.49
SCHOOL M&O	169,300.00	67,720.00	2,000.00	65,720.00	19.450	1,278.25		1,278.25
SCHOOL BOND	169,300.00	67,720.00		67,720.00	.400	27.09		27.09
PARKS BOND	169,300.00	67,720.00		67,720.00	.641	43.41		43.41
COUNTY WIDE FIRE DIST	169,300.00	67,720.00		67,720.00	3.129	211.90		211.90
TOTALS					29.235	1,913.57	.00	1,913.57

2011 County M&O Tax = $336.49
2011 Fire District Tax = $211.90
2011 Parks Bond Tax = $43.41
- approved by voter referendum in 2008

Bottom Line: Average homeowner paid approximately same amount in 2011 as 2007 because the County used revenue neutral millage rate calculations.

Ad Published in Cherokee Tribune 7/1/2012

NOTICE

The Cherokee County Board of Commissioners does hereby announce that the 2012 millage rate will be set at a meeting to be held at the Cherokee County Administration Building located at 1130 Bluffs Parkway Canton, GA 30114 on July 24, 2012 at 6:00PM. Public hearings will be held in the same location on July 10 and July 24, 2012 at 6:00 PM to solicit resident feedback. Pursuant to the requirements of O.C.G.A. §48-5-32, the Cherokee County Board of Commissioners does hereby publish the following presentation of the current year's digest and levy, along with the history of the tax digest and levy for the past five years. The 2012 tax rate published herein is tentative.

CURRENT 2012 TAX DIGEST AND FIVE-YEAR HISTORY OF LEVY

	2007	2008	2009	2010	2011	2012
REAL	7,898,627,723	8,293,389,238	8,006,902,173	7,349,380,507	6,859,719,623	6,248,574,380
PERSONAL	313,414,637	327,128,900	331,827,103	314,773,190	321,378,768	321,908,935
MOTOR VEHICLES	591,198,680	620,579,440	646,318,720	565,223,170	563,264,880	610,288,270
MOBILE HOMES	17,848,640	16,920,440	16,462,520	16,462,520	15,166,160	14,809,480
TIMBER	1,661,567	251,458	279,810	713,006	485,201	284,156
GROSS M&O DIGEST	8,822,751,247	9,258,269,476	9,001,790,326	8,246,552,393	7,760,014,632	7,195,865,221
LESS M&O EXEMPTIONS	583,971,744	610,621,603	637,791,774	593,933,133	559,628,730	521,462,530
NET M&O DIGEST	8,238,779,503	8,647,647,873	8,363,998,552	7,652,619,260	7,200,385,902	6,674,402,691
GROSS M&O MILLAGE RATE	4.547	4.400	4.381	4.381	4.720	5.365
LESS MILLAGE RATE ROLLBACK	0.147	0.019	0.000	-0.339	-0.298	-0.457
OTHER INCREASE/(DECREASE)	0.000	0.000	0.000	0.000	0.347	0.000
NET M&O MILLAGE RATE	4.400	4.381	4.381	4.720	5.365	5.822
NET TAXES LEVIED	$ 36,250,630	$ 37,885,345	$ 36,642,678	$ 36,120,363	$ 38,630,070	$ 38,858,372
NET TAXES $ INCREASE	$ 3,364,273	$ 1,634,716	$ (1,242,668)	$ (522,315)	$ 2,509,707	$ 228,302
NET TAXES % INCREASE	10.23%	4.51%	-3.28%	-1.43%	6.95%	0.59%

Bottom Line: The advertised revenue neutral Millage Rate was 5.822. However, the Digest has decreased more than expected and our recalculated Millage Rate is 5.825.

Millage Rate Preview – Impact of Rollup

Actual Homeowner in Cherokee County – Impact of County Taxes

Sonya Little
Cherokee County Tax Commissioner
2780 Marietta Hwy
Canton, GA 30114

Phone: (678) 493-6400 Fax: (678) 493-6423

Tax Payer: FUNK, SHANE D. & JANELLE M.
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Entity	Adjusted FMV	Net Assessment	Exemptions	Taxable Value	Millage Rate	Gross Tax	Credit	Net Tax
STATE TAX	169,300.00	67,720.00	2,000.00	65,720.00	.250	16.43		16.43
COUNTY M&O	169,300.00	67,720.00	5,000.00	62,720.00	5.365	336.49		336.49
SCHOOL M&O	169,300.00	67,720.00	2,000.00	65,720.00	19.450	1,278.25		1,278.25
SCHOOL BOND	169,300.00	67,720.00		67,720.00	.400	27.09		27.09
PARKS BOND	169,300.00	67,720.00		67,720.00	.641	43.41		43.41
COUNTY WIDE FIRE DIST	169,300.00	67,720.00		67,720.00	3.129	211.90		211.90
TOTALS					29.235	1,913.57	.00	1,913.57

Total County Portion of Tax Bill = $591.80

The next slide will demonstrate how this homeowner would pay the same amount in County taxes if their home decreased by the same amount as the Tax Digest….

Millage Rate Preview – Impact of Rollup

Here is the impact if this home decreased by the same amount as the Tax Digest....

100 % FMV of Home 2011 =	$169,300
2012 Decrease to Net Digest (Excl New Growth)=	-7.51%
100 % FMV of Home 2012 =	$156,594

	Net Taxable Value of Home 2011	2011 Millage Rates	2011 Actual Tax Bill
General Fund (M&O)	$62,720	5.365	$336.49
Fire Fund	$67,720	3.129	$211.90
Parks Bond	$67,720	0.641	$43.41
Total County Tax Bill in 2011 (see prior slide)			**$591.80**

	Net Taxable Value of Home 2012	2012 Rollup Rates	Calculated 2012 Tax Bill
General Fund (M&O)	$57,638	5.825	$335.74
Fire Fund	$62,638	3.394	$212.59
Parks Bond	$62,638	0.694	$43.47
Total County Tax Bill Calculated for 2012			**$591.80**

Bottom Line: If a home decreases in value by the same amount of the total Tax Digest, the homeowner will pay the exact same amount.

Millage Rate Preview – Impact of Rollup

However, this home actually decreased slightly more than the total Tax Digest….

100 % FMV of Home 2011 =	$169,300
2012 Decrease to Net Digest (Excl New Growth)=	-8.27%
100 % FMV of Home 2012 =	$155,300

	Net Taxable Value of Home 2011	2011 Millage Rates	2011 Actual Tax Bill
General Fund (M&O)	$62,720	5.365	$336.49
Fire Fund	$67,720	3.129	$211.90
Parks Bond	$67,720	0.641	$43.41
Total County Tax Bill in 2011 (see prior slide)			**$591.80**

	Net Taxable Value of Home 2012	2012 Rollup Rates	Calculated 2012 Tax Bill
General Fund (M&O)	$57,120	5.825	$332.72
Fire Fund	$62,120	3.394	$210.84
Parks Bond	$62,120	0.694	$43.11
Total County Tax Bill Calculated for 2012			**$586.67**

Bottom Line: If a home decreases slightly more in value than the total Tax Digest, the homeowner will pay slightly *less* than they did in 2011.

Millage Rate Preview – Rollup & Parks Bond

Using the same example – reflect the impact of the Parks Bond required debt service…

100 % FMV of Home 2011 =	$169,300
2012 Decrease to Net Digest (Excl New Growth)=	-8.27%
100 % FMV of Home 2012 =	$155,300

	Net Taxable Value of Home 2011	2011 Millage Rates	2011 Actual Tax Bill
General Fund (M&O)	$62,720	5.365	$336.49
Fire Fund	$67,720	3.129	$211.90
Parks Bond	$67,720	0.641	$43.41
Total County Tax Bill in 2011 (see prior slide)			**$591.80**

	Net Taxable Value of Home 2012	2012 Rollup Rates + Parks Bond	Calculated 2012 Tax Bill
General Fund (M&O)	$57,120	5.825	$332.72
Fire Fund	$62,120	3.394	$210.84
Parks Bond	$62,120	0.780	$48.45
Total County Tax Bill Calculated for 2012			**$592.01**

Bottom Line: The average homeowner's tax bill will be minimally impacted by the increase necessary to cover Parks Bond debt service requirements.

Millage Rate Preview – "Tell Me MY Impact"

If you go to the County's Website – there is a link on the Transparency Page to calculate your 2012 Tax Bill. All you need is your 2011 Property Tax Statement and your 2012 Property Tax Assessment

CHEROKEE COUNTY BOARD OF COMMISSIONERS

PROPERTY TAX ANALYSIS

2012 PROPERTY TAX MILLAGE RATE & 2013 *ESTIMATED* BUDGET

QUESTION 1: HOW MUCH DO I PAY IN COUNTY PROPERTY TAXES?

QUESTION 2: AND HOW DOES THE COUNTY SPEND MY TAX DOLLARS?

QUESTION 3: CAN I SEE MY TOTAL 2012 ESTIMATED TAX BILL?

INPUT THE YOUR INFO IN THE YELLOW CELLS:

2011 Property Fair Market Value	$169,300
2012 Property Fair Market Value	$155,300
Homestead Exemption? (Enter 1 for Yes)	1
Change from Prior Year	-8.27%

If you enter the Fair Market Value of your home (from your 2011 Tax Bill, and your 2012 Property Value Assessment) and whether you are qualified for the homestead exemption - the spreadsheet will automatically calculate your 2012 Taxes.

ANSWER 1:

2011 - County Portion Only	**2011 Assessed Value**	**2011 Rates**	**2011 Tax Bill**
General Fund	$62,720	5.365	$336.49
Fire Fund	$67,720	3.129	$211.90
Parks Bond	$67,720	0.641	$43.41
Total County Taxes Assessed 2011		**9.135**	**$591.80**

2012 - County Portion Only	**2012 Assessed Value**	**2012 Proposed Rates**	**2012 Calculated Tax Bill**	**Change from 2011**
General Fund	$57,120	5.825	$332.72	($3.77)
Fire Fund	$62,120	3.394	$210.84	($1.06)
Parks Bond	$62,120	0.780	$48.45	$5.05
Total County Taxes Assessed 2012		**9.999**	**$592.01**	**$0.22**

Bottom Line: Go to http://www.cherokeega.com/transparency/ Look for the "Tax Rates" Section and choose the "How Property Taxes Are Used Interactive" link.

Millage Rate Preview – "Tell Me MY Impact"

If you use the link on the website – it will also show you exactly where your tax dollars are going….

ANSWER 2: **Based on the Tax Digest and Proposed Revenue Neutral Rollup Rate of 5.825, the County would levy $38,875,465 in total propery taxes. This total would be spent on the following:**

ESTIMATED 2013 BUDGET FOR GENERAL FUND OPERATIONS	TOTAL BUDGET	$ FUNDED BY PROP TAXES	DEPT % OF TOTAL	YOUR TAX DOLLARS GO TO:
General Admin Services	1,688,079	1,156,972	2.98%	$9.90
Tax Administration	3,134,795	2,148,519	5.53%	$18.39
Health & Human Services	327,557	224,501	0.58%	$1.92
Elections	662,728	454,219	1.17%	$3.89
Finance & Procurement	768,184	526,496	1.35%	$4.51
Information Technology	1,564,089	1,071,992	2.76%	$9.17
Libraries	1,822,060	1,248,800	3.21%	$10.69
Judicial Services	11,323,888	7,761,142	19.96%	$66.43
Law Enforcement	26,890,128	18,429,899	47.41%	$157.74
Coroner	150,000	102,807	0.26%	$0.88
50% RRDA Debt Service	608,171	416,827	1.07%	$3.57
Youth Services & Other Community	410,316	281,222	0.72%	$2.41
Property Management	1,180,097	808,813	2.08%	$6.92
Transfers to Other Funds:		-		
Senior Services	513,633	352,033	0.91%	$3.01
Parks and Recreation	735,256	503,928	1.30%	$4.31
Transportation	198,837	136,279	0.35%	$1.17
Animal Shelter	240,796	165,036	0.42%	$1.41
Emergency Medical Services	662,279	453,911	1.17%	$3.88
Capital	73,067	50,078	0.13%	$0.43
Economic Development	999,408	684,972	1.76%	$5.86
Allocated Costs (WC, Utilities)	2,767,845	1,897,020	4.88%	$16.24
TOTAL GENERAL FUND	**56,721,213**	**38,875,465**	**100%**	**$332.72**

Bottom Line: Go to http://www.cherokeega.com/transparency/ Look for the "Tax Rates" Section and choose the "How Property Taxes Are Used Interactive" link.

Millage Rate Preview – "Tell Me MY Impact"

If you use the link on the website – it will also show you your total tax bill…including the School's and State portions…

ANSWER 3:	Summary of Total Tax Bill	2011	2012	Change
	General Fund	$336.49	$332.72	($3.77)
	Fire Fund	$211.90	$210.84	($1.06)
	Parks Bond	$43.41	$48.45	$5.05
	Total County Portion	**$591.80**	**$592.01**	**$0.22**
	School Operations	$1,278.25	$1,169.33	($108.92)
	School Bond	$27.09	$24.85	($2.24)
	Total County Schools	**$1,305.34**	**$1,194.18**	**($111.16)**
	State	**$16.43**	**$15.03**	($1.40)
	Total Tax Bill	**$1,913.57**	**$1,801.22**	**($112.34)**

Cherokee County

where metro meets the mountains

Bottom Line: Go to http://www.cherokeega.com/transparency/ Look for the "Tax Rates" Section and choose the "How Property Taxes Are Used Interactive" link.

How Do We Compare to Other Counties?

- For 2011, only 13 of 159 Georgia counties have General M&O millage rates < 6.000
- And all 13, except Cherokee County, have a sales tax being used to decrease property taxes:

Rank	County	Population	M&O Rate	LOST/HOST
1	Forsyth	175,511	4.812	YES
2	Walker	68,756	4.835	YES
3	Whitfield	102,599	5.061	YES
4	Fannin	23,682	5.160	YES
5	Towns	10,471	5.320	YES
6	Cherokee	214,396	5.365	NO
7	Catoosa	63,942	5.385	YES
8	Putnam	21,218	5.400	YES
9	Union	21,356	5.419	YES
10	Greene	15,994	5.559	YES
11	Fayette	106,567	5.645	YES
12	Glynn	79,626	5.673	YES
13	Murray	39,628	5.800	YES

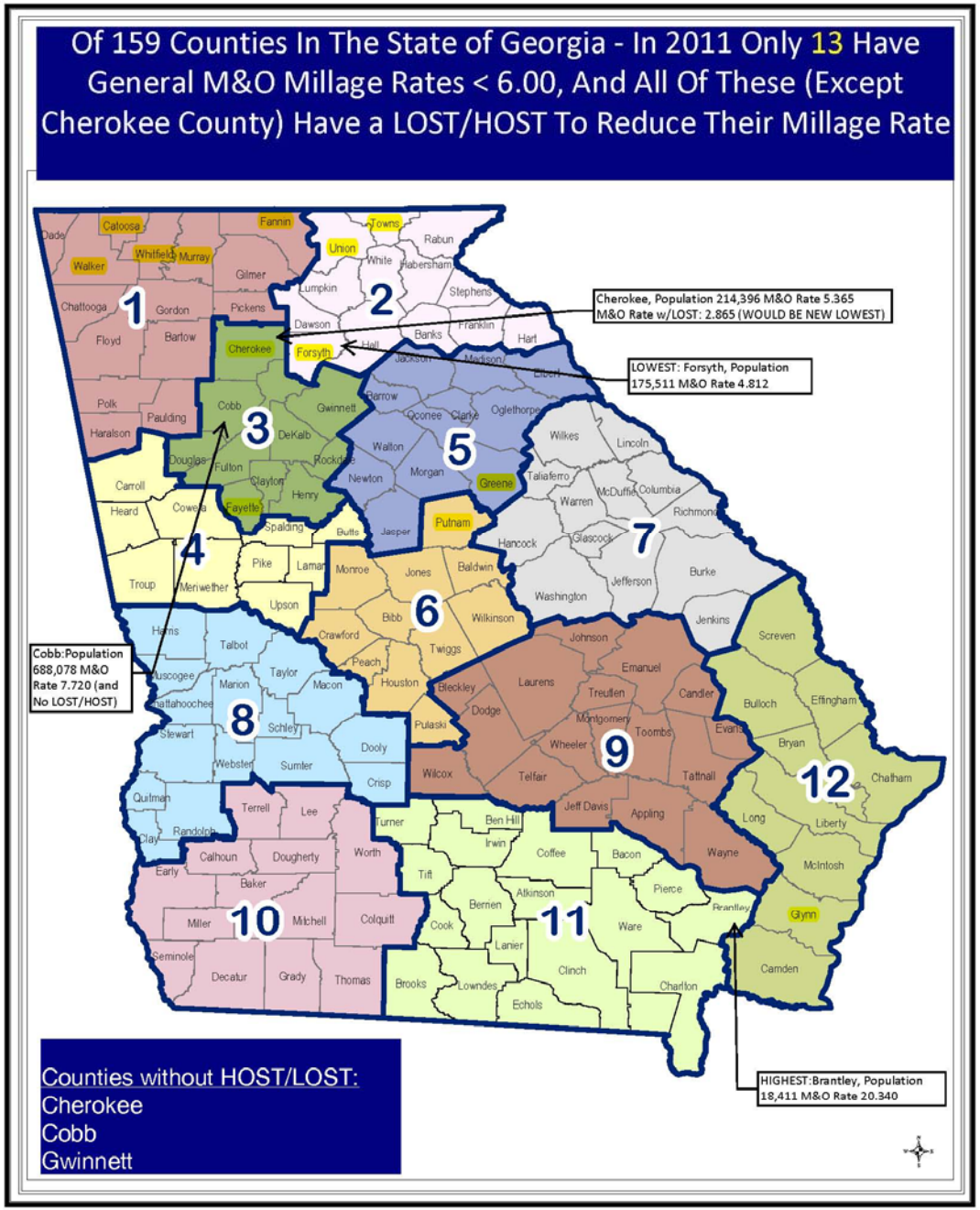
✓ Even with the 2012 Rollup, Cherokee County will still have a rate < 6.000

✓ If Cherokee had a LOST, our 2011 General M&O millage rate would be ~ **2.865**

Bottom Line: Even with the Rollup, Cherokee County still has one of the lowest millage rates in the State of Georgia. And if the HOST is approved, our M&O millage rate would be THE LOWEST in the State….approximately 40% lower than the current lowest rate.

How is the LOST/HOST Relevant?

- A LOST/HOST is a local option sales tax used to fund local government operations and reduce property taxes
- 156 of 159 counties already have a LOST/HOST in place
- Benefit to Residents: More fair to property owners as the cost of government operations is shared by all residents and visitors in a county making purchases
- Benefit to County: The impact to revenue is neutral – so no benefit. However, revenue sources become more diversified to offset risk.
- Once approved and in place for one year, the Board of Commissioners is *required by law,* to reduce property taxes by the amount of sales tax collections


Of 159 Counties In The State of Georgia - In 2011 Only 13 Have General M&O Millage Rates < 6.00, And All Of These (Except Cherokee County) Have a LOST/HOST To Reduce Their Millage Rate
Cherokee, Population 214,396 M&O Rate 5.365
M&O Rate w/LOST: 2.865 (WOULD BE NEW LOWEST)
LOWEST: Forsyth, Population 175,511 M&O Rate 4.812
Cobb:Population 688,078 M&O Rate 7.720 (and No LOST/HOST)
HIGHEST:Brantley, Population 18,411 M&O Rate 20.340
Counties without HOST/LOST:
Cherokee
Cobb
Gwinnett
1
2
3
4
5
6
7
8
9
10
11
12

SUMMARY

- The following rates are tentative:
  - General Fund from 5.365 to 5.825 (revenue neutral)
  - Fire Fund from 3.129 to 3.394 (revenue neutral)
  - Parks Bond from 0.641 to 0.780 (increased to cover voter approved debt service)
  - Total Millage Rate from 9.135 to 9.999

- The average property owner who doesn't build or improve a structure will pay the same in 2012 as in 2011.

- Total tax revenues to the county will be the same in 2012 as in 2011, except for the few new homes and other buildings built during 2011.

- The Final 2012 County Millage Rates will be adopted by the BOC on July 24 and will reflect revenue neutral rollback/rollup rates
  - The BOC will need to formally adopt all county rates, to include the Schools millage rate, on July 26 at 6pm in the Bluffs Board of Commissioners Auditorium

FAQs

Question 1: If the Digest drops 7.51%, how can the millage rate increase from 5.365 to 5.825? This is an increase of 8.57%. If the Digest drops 7.51%, shouldn't the rate increase 7.51%?

Answer: There are several issues impacting the calculation:

- there are 3 different net digests (General M&O, Fire, Parks Bond)
- the gross decrease in the digest
- the change in exemptions
- the fact that the basic homestead exemption is $5,000 regardless of home value,
- and even without these variables – the mathematical calculation to increase a base is not the same as decreasing

Due to all the impacts – we welcome residents to review the Department of Revenue PT32.1 Form "Computation of Millage Rate Rollback and Percentage Increase in Property Taxes – 2012"

FAQs

Example for Question 1:

- Consider original base of 100
- If you decrease it by 25% you get 75 as shown:
  - 100 x 25% = 25. 100 – 25 = 75
- However you cannot mathematically increase 75 by 25% and get back to 100.
  - 75 x 25% = 18.75. 75 + 18.75 = 93.75
- In order to get back to 100 you would need to increase 75 by 33.3334% as shown:
  - 75 x 33.3334% = 100

FAQs

Question 2: When the County discusses the millage rate, why do they bring up the impact to Public Safety?

Answer:

- Property taxes do provide significant funding to Public Safety functions
- Of the 628 budgeted headcount in the General Fund, 385 are employed by the Sheriff Office
- When you also consider the number of Judicial Services employees, the combined total represents 83% of our headcount
- Our county jail houses ~ 550 inmates daily, there is a significant cost to operating the jail
- 70% of the Total General Fund Budget is allocated to Public Safety and the Court System
- Since such a significant portion of our headcount and operating dollars are allocated to this function, it would be unrealistic to think service levels would not be impacted if funding were significantly reduced

FAQs

Question 3: Why doesn't the County use reserves to cover the decrease to the Tax Digest?

Answer:

- The County's remaining reserves are only available in funds that are set aside for legally restricted purposes:
  - Example: Funds collected from Impact Fees can only be used for Impact Fee capital projects, funds collected for DUI Court Program fees can only be used to operate the DUI Court Program, etc.
- The General Fund does not have reserves available
  - The General Fund did have adequate reserves in 2007 when our cash low point was $12M, but those reserves have been utilized during this down economy, and are now depleted.

FAQs

Question 4: The County is proposing to "rollup" the rate to collect the same amount of taxes as in 2011. Has the County ever rolled-back the rate?

Answer:

- Yes, as shown on the slide for "Historical General M&O Rate" – the rate was 6.99 in 1996.
- This is required reporting for all counties' Comprehensive Annual Financial Reports (CAFRs).
  - Anyone interested in validating these rates can review the Statistical Section of the CAFR for "Direct & Overlapping Tax Rates."
  - Interested parties can also review other counties' CAFRs to compare Cherokee's record of rolling back rates.