

# Projections

## July 2024

# Financial Analysis Committee Presentation

Commissioners:

**Kelly Neiderer**

**Jean Foschi**

**Gary Eichelberger**

7/10/2024

Chief Operations Officer/Chief Clerk:

**Stacy M. Snyder**

Chief Financial Officer:

**Dana L. Best**



# Presentation Overview

- Fund balance management (one-time money) is maintaining 100 days of unassigned fund balance through 2025.
- Unassigned fund balance is projected to be approximately the recommended 100 days of general fund expenses in 2024 due to:
  - Increase in millage rate
  - One-time money

	2024	2025	2026	2027	2028
Days of Fund Balance	100	100	62	30	-10

- Major changes from the previous projections
  - Increase in interest revenue
  - Increase in departmental fees
  - Increase in capital expenses
- A long-term plan is needed to maintain 100 days of unassigned fund balance after 2025. Continued changes to revenues and/or expenses are needed. The earlier a change is made, the greater impact it has on the future years.



# 2024 General Fund Projection Comparison

	Projected 2024 (Jan 2024)	Projected 2024 (May 2024)	Favorable (Unfavorable)	Percentage Change
<b>Beginning Unassigned Fund Balance</b>	<b>30,940,145</b>	<b>31,885,210</b>	<b>945,065</b>	<b>3.05%</b>
<b><u>Revenue</u></b>				
<i>Real Estate Taxes</i>	67,228,708	67,228,708	0	0.00%
<i>All Other Revenue</i>	33,858,873	38,483,966	4,625,093	13.66%
<b>Total General Fund Revenue</b>	<b>101,087,581</b>	<b>105,712,674</b>	<b>4,625,093</b>	<b>4.58%</b>
<b><u>Expense</u></b>				
<i>Salary</i>	39,724,658	39,371,680	352,978	0.89%
<i>Benefit</i>	15,079,283	14,702,352	376,931	2.50%
<i>Operating</i>	28,923,618	29,539,484	(615,866)	(2.13%)
<i>Subsidy</i>	14,748,522	14,987,122	(238,600)	(1.62%)
<i>Capital</i>	8,854,112	9,950,710	(1,096,598)	(12.39%)
<i>Transfers / Debt</i>	3,931,630	4,039,798	(108,168)	(2.75%)
<b>Total General Fund Expenses</b>	<b>111,261,823</b>	<b>112,591,146</b>	<b>(1,329,323)</b>	<b>(1.19%)</b>
<b><u>Additional Impacts</u></b>				
<i>Indirect Cost Offset</i>	(528,300)	(528,300)	0	0.00%
<i>County Grant Program (County Allocation)</i>	(4,093,192)	(4,990,453)	897,261	(21.92%)
<i>Fund Balance Management</i>	(9,354,200)	(1,800,000)	(7,554,200)	80.76%
<b>Total Additional Impacts</b>	<b>(13,975,692)</b>	<b>(7,318,753)</b>	<b>(6,656,939)</b>	<b>47.63%</b>
<b>Projected Unassigned Fund Balance</b>	<b>34,741,595</b>	<b>32,325,491</b>	<b>(2,416,104)</b>	<b>(6.95%)</b>

## Projected Revenues

Other revenue is increasing \$4,625,000 or 13.7%

- Departmental fees are increasing \$1,800,000 due to Prison Housing
- Interest revenue is increasing \$1,000,000

## Projected Expenses

Capital expenses are increasing \$1,100,000 or 12.4%

- Projects rolling from 2023 to 2024
- We are seeing an increase in the number of capital projects due to County Grant Program funding



# 2024 - 2028 Projections

## 2024 Thru 2028 General Fund Projections

As of May 2024

	Projected 2024	0.0% Projected 2025	0.0% Projected 2026	0.0% Projected 2027	0.0% Projected 2028
<b>Revenue</b>					
Real Estate Taxes	67,228,708	68,236,274	69,229,695	70,267,714	71,321,303
All Other Revenue	38,483,966	32,915,295	31,717,008	31,379,063	31,571,729
<b>Total General Fund Revenue</b>	<b>105,712,674</b>	<b>101,151,569</b>	<b>100,946,703</b>	<b>101,646,777</b>	<b>102,893,032</b>
<b>Expense</b>					
Salary	39,371,680	40,874,396	42,434,686	44,051,565	45,736,538
Benefit	14,702,352	15,022,062	15,268,933	15,634,620	15,983,387
Operating	29,539,484	27,058,641	27,582,065	28,144,182	28,712,776
Subsidy	14,987,122	16,077,833	16,646,775	17,216,579	17,747,619
Capital	9,950,710	8,657,118	6,059,983	3,817,789	3,855,967
Transfers / Debt	4,039,798	3,864,810	3,890,253	3,920,317	3,942,577
<b>Total General Fund Expenses</b>	<b>112,591,146</b>	<b>111,554,860</b>	<b>111,882,695</b>	<b>112,785,052</b>	<b>115,978,864</b>
<b>Additional Impacts</b>					
Indirect Cost Offset	(528,300)	(528,300)	(528,300)	(528,300)	0
911 Alternative Backup	0	0	3,000,000	0	0
County Grant Program (County Allocation)	(4,990,453)	(3,253,675)	(246,675)	(181,675)	(50,000)
Fund Balance Management	(1,800,000)	(6,654,200)	(900,000)		
<b>Total Additional Impacts</b>	<b>(7,318,753)</b>	<b>(10,436,175)</b>	<b>1,325,025</b>	<b>(709,975)</b>	<b>(50,000)</b>
<b>Unassigned Fund Balance</b>	<b>32,325,491</b>	<b>32,358,375</b>	<b>20,097,358</b>	<b>9,669,058</b>	<b>(3,366,774)</b>
<b>Days of Unassigned Fund Balance</b>	<b>100</b>	<b>100</b>	<b>62</b>	<b>30</b>	<b>-10</b>
<b>Change in Unassigned Fund Balance</b>	<b>440,281</b>	<b>32,884</b>	<b>-12,261,017</b>	<b>-10,428,300</b>	<b>-13,035,832</b>
<i>Adjustment Required to Maintain 100 days</i>		0.0%	18.0%	0.0%	0.0%



# Revenue Projections

	Projected 2024	Projected 2025	Projected 2026	Projected 2027	Projected 2028
Real Estate Taxes	67,228,708	68,236,274	69,229,695	70,267,714	71,321,303
All Other Revenue	38,483,966	32,915,295	31,717,008	31,379,063	31,571,729
<b>Total General Fund Revenue</b>	<b>105,712,674</b>	<b>101,151,569</b>	<b>100,946,703</b>	<b>101,646,777</b>	<b>102,893,032</b>

- Assumptions:
  - Real estate taxes are increasing 1.5% annually
  - Anticipate a decrease in interest revenue due to:
    - Declining interest rates
    - Decreasing cash balance due to County Grant Program funding expenses
  - Departmental fees are decreasing in 2027 when Prison is no longer housing Huntington County inmates.



# Salary and Benefit Projections

	Projected	Projected	Projected	Projected	Projected
	2024	2025	2026	2027	2028
Salary	39,371,680	40,874,396	42,434,686	44,051,565	45,736,538
Benefit	14,702,352	15,022,062	15,268,933	15,634,620	15,983,387

- Assumptions:

- No wage scale adjustments in 2024
- 2025-2028 projections assume a 4% increase in salaries
- 2025-2028 projections assume a 2% increase in benefits



# Operating Projections

	Projected 2024	Projected 2025	Projected 2026	Projected 2027	Projected 2028
<i>Operating</i>	29,539,484	27,058,641	27,582,065	28,144,182	28,712,776

- Assumptions:
  - 2026-2028 operating expenses assume an average increase of 2%
  - Projecting a decrease in 2025 due to:
    - Completion of grant related expenses in 2024. These expenses have offsetting revenues.
    - Completion of the feasibility study in 2024. This expense is offset with County Grant Program funding.
    - Court related costs due to several ongoing homicide cases in 2024
  - Continuing to see increases in contracts and supplies



# Subsidy Projections

	Projected 2024	Projected 2025	Projected 2026	Projected 2027	Projected 2028
<b>Subsidy</b>	14,987,122	16,077,833	16,646,775	17,216,579	17,747,619

- Assumptions:
  - Average increase of 3%
  - Flat state funding
  - Second bond issue for 9-1-1 in 2024 with payments beginning in 2025
- Drivers of subsidy changes are changes in salaries and benefits, service contracts, and federal and state revenue



# Capital Projections

	Projected 2024	Projected 2025	Projected 2026	Projected 2027	Projected 2028
<b>Capital</b>	9,950,710	8,657,118	6,059,983	3,817,789	3,855,967

- Assumptions:
  - 2024-2026 are higher capital years but this was anticipated
  - Capital projections are developed using departmental 10-year plans



# Transfers/Debt Projections

	Projected 2024	Projected 2025	Projected 2026	Projected 2027	Projected 2028
<i>Transfers / Debt</i>	4,039,798	3,864,810	3,890,253	3,920,317	3,942,577

- Debt changes are in accordance with the amortization schedules
- 9-1-1 bonds are shown in subsidy



# Additional Impacts Projections

	Projected 2024	Projected 2025	Projected 2026	Projected 2027	Projected 2028
<b><u>Additional Impacts</u></b>					
Indirect Cost Offset	(528,300)	(528,300)	(528,300)	(528,300)	0
911 Alternative Backup	0	0	3,000,000	0	0
County Grant Program (County Allocation)	(4,990,453)	(3,253,675)	(246,675)	(181,675)	(50,000)
Fund Balance Management	(1,800,000)	(6,654,200)	(900,000)		

- The County Grant Program funding is projected based on project spend. This is to offset capital expenses. This can shift depending on timing of projects.
- Fund Balance Management is adjusted to maintain 100 days of fund balance. This can fluctuate based on changes in expenses and/or revenues.

## Fund Balance Management

Allocated During Budget	\$9,354,200
Less 2024	\$1,800,000
Less 2025	\$6,654,200
Less 2026	\$900,000
Ending Balance	\$0



# Unassigned Fund Balance

	Projected 2024	Projected 2025	Projected 2026	Projected 2027	Projected 2028
<b>Unassigned Fund Balance</b>	<b>32,325,491</b>	<b>32,358,375</b>	<b>20,097,358</b>	<b>9,669,058</b>	<b>(3,366,774)</b>
<i>Days of Unassigned Fund Balance</i>	100	100	62	30	-10
<b>Change in Unassigned Fund Balance</b>	<b>440,281</b>	<b>32,884</b>	<b>-12,261,017</b>	<b>-10,428,300</b>	<b>-13,035,832</b>
<i>Adjustment Required to Maintain 100 days</i>		0.0%	18.0%	0.0%	0.0%

- Fund balance will continue to decline without implementation of cost containment measures and/or increase in revenues.
- The one-time money is temporarily keeping unassigned fund balance at 100 days to delay the decline (see slide 13).



# Unassigned Fund Balance without Fund Balance Management

*2024 Thru 2028 General Fund Projections without One-Time Money*

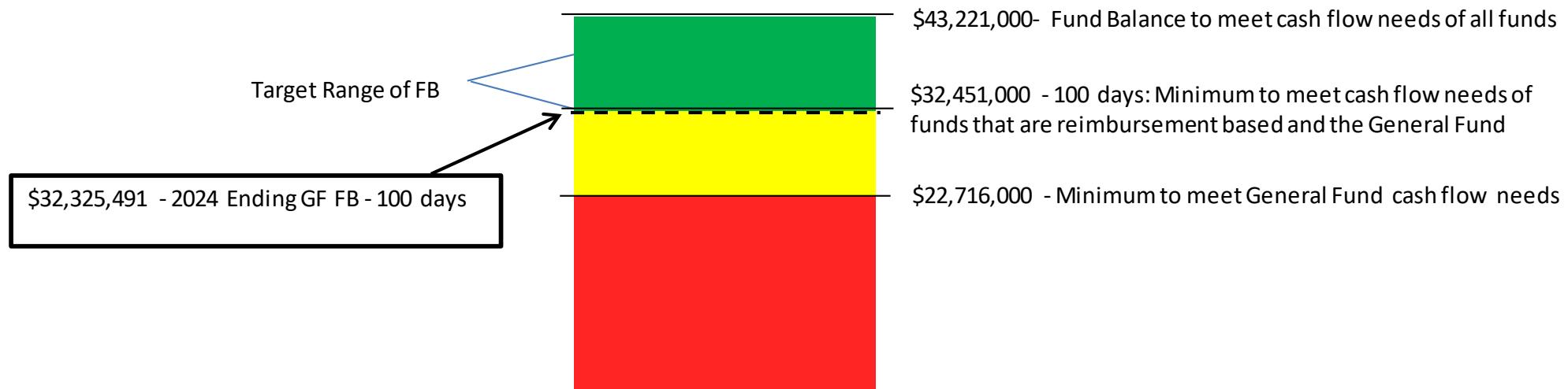
As of May 2024

	Projected 2024	0.0%	Projected 2025	0.0%	Projected 2026	0.0%	Projected 2027	0.0%	Projected 2028
<b><u>Additional Impacts</u></b>									
Indirect Cost Offset		(528,300)		(528,300)		(528,300)		(528,300)	
911 Alternative Backup					3,000,000				
County Grant Program (County Allocation)	(4,990,453)		(3,253,675)		(246,675)		(181,675)		(50,000)
<b>Unassigned Fund Balance</b>	<b>30,525,491</b>		<b>23,904,175</b>		<b>10,743,158</b>		<b>314,858</b>		<b>(12,720,974)</b>
<i>Days of Unassigned Fund Balance</i>	94		74		33		1		-39
<b>Change in Unassigned Fund Balance</b>	<b>-1,359,719</b>		<b>-6,621,316</b>		<b>-13,161,017</b>		<b>-10,428,300</b>		<b>-13,035,832</b>
<i>Adjustment Required to Maintain 100 days</i>		12.5%		6.0%		0.0%		0.0%	

- Without one-time money, unassigned fund balance will drop below 100 days in 2024.
- An adjustment to maintain 100 days is needed sooner without one-time money.



# Unassigned Fund Balance Thermometer

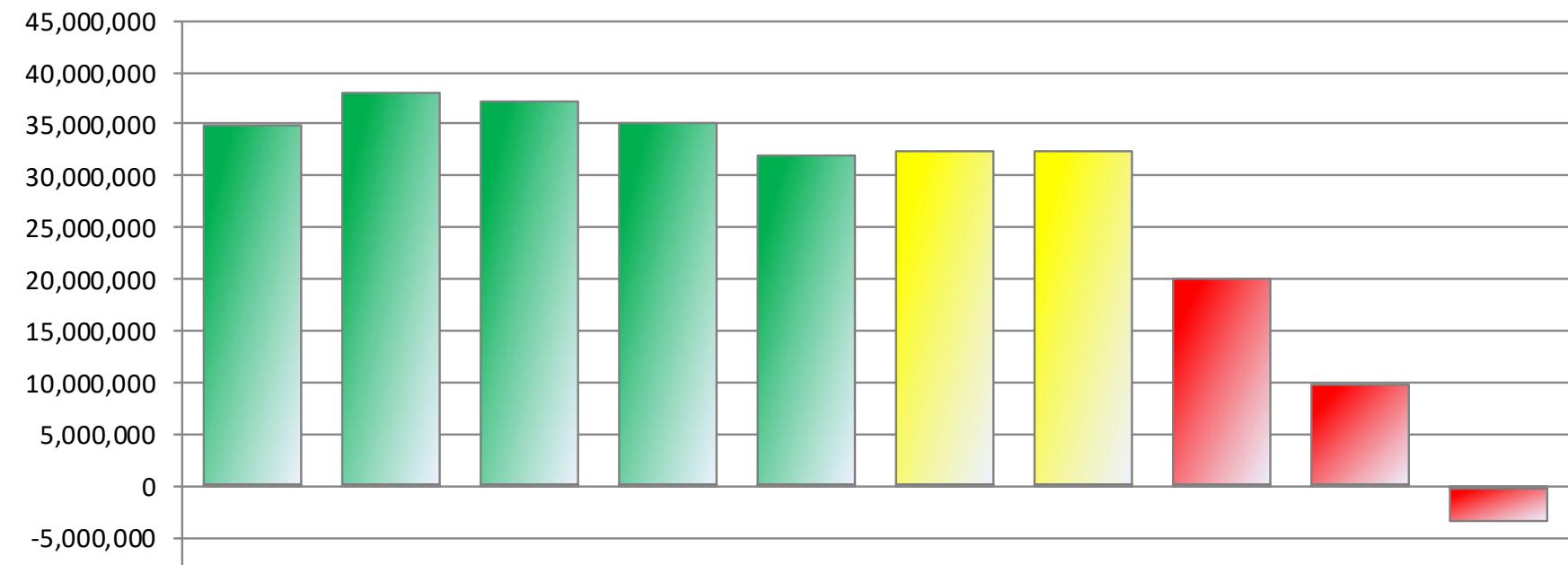


Note: In 2026, Finance will be re-evaluating the fund balance policy, cash flow needs, and the thermometer bands.



# General Fund Projections

## Unassigned Fund Balance



	2019	2020	2021	2022	2023	Projected 2024	Projected 2025	Projected 2026	Projected 2027	Projected 2028
Unassigned Fund Balance	34,863,592	37,974,806	37,101,059	35,100,925	31,885,210	32,325,491	32,358,375	20,097,358	9,669,058	-3,366,774
Number of Days	145	141	140	131	110	100	100	62	30	-10



# Presentation Overview

- Fund balance management (one-time money) is maintaining 100 days of unassigned fund balance through 2025.
- Unassigned fund balance is projected to be approximately the recommended 100 days of general fund expenses in 2024 due to:
  - Increase in millage rate
  - One-time money

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- Major changes from the previous projections
  - Increase in interest revenue
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**Stacy M. Snyder**

Chief Financial Officer:

**Dana L. Best**

\* Presentation is available at [www.cumberlandcountypa.gov/finance](http://www.cumberlandcountypa.gov/finance)

