

County Manager's Proposed Operating & Capital Budget Overview Fiscal Year 2023

Blake Hart
Director of Management & Budget
June 6th, 2022



Assessed Valuation

Assessed Valuation					
Category	FY 2020 Budgeted	FY 2021 Budgeted	FY 2022* Budgeted	FY 2023 Proposed	\$ Change
Real Property	22,391,421	23,017,914	31,261,389	32,223,380	961,991
Personal Property	1,540,478	1,599,814	1,443,672	1,488,098	44,425
Vehicles	2,777,116	2,969,729	3,002,176	3,246,553	244,377
State Certifications	434,282	434,282	479,014	493,755	14,740
Total	27,143,297	28,021,738	36,186,251	37,451,785	1,265,534
Net Yield of One Cent	2,706,032	2,792,654	3,602,863	3,728,931	126,068
County Property Tax Rate	73.09¢	73.09¢	58.80¢	58.80¢	-
Property Tax Base**	27,143,297	28,021,738	36,186,251	37,451,785	1,265,534
Collection Rate***	99.7%	99.6%	99.5%	99.5%	0.0%

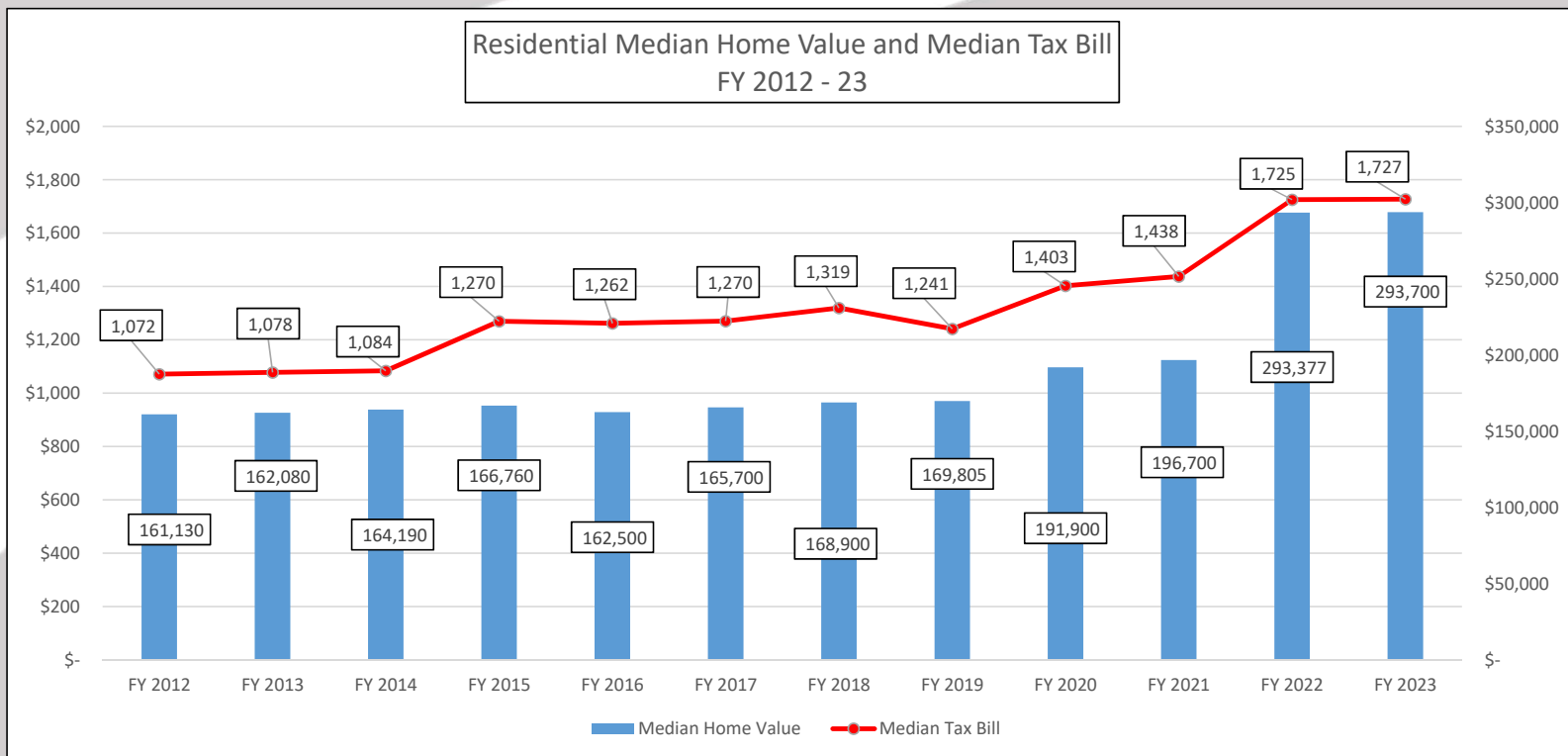
*FY 2022 was a revaluation year

**Property valuations represented in thousands of dollars

***Collection rate is based on prior year actual collection rate per statutory requirement

- In total, real property values to increase by **3.5%** from FY 2022 actual values
- FY 2023 value of one penny is **\$3,728,931**
- FY 2023 proposed tax rate is **58.80** cents per \$100 of assessed valuation
- FY 2023 Manager's Recommended Budget represents **no tax rate increase**

Median Home Value and Tax Bill Over Time



- Median tax bill changes driven by home values, not by tax rate
- Median home value has increased 82.3% since FY 2013, the median tax bill has only increased 61.1%
- Slight increase to FY 2023 median home value

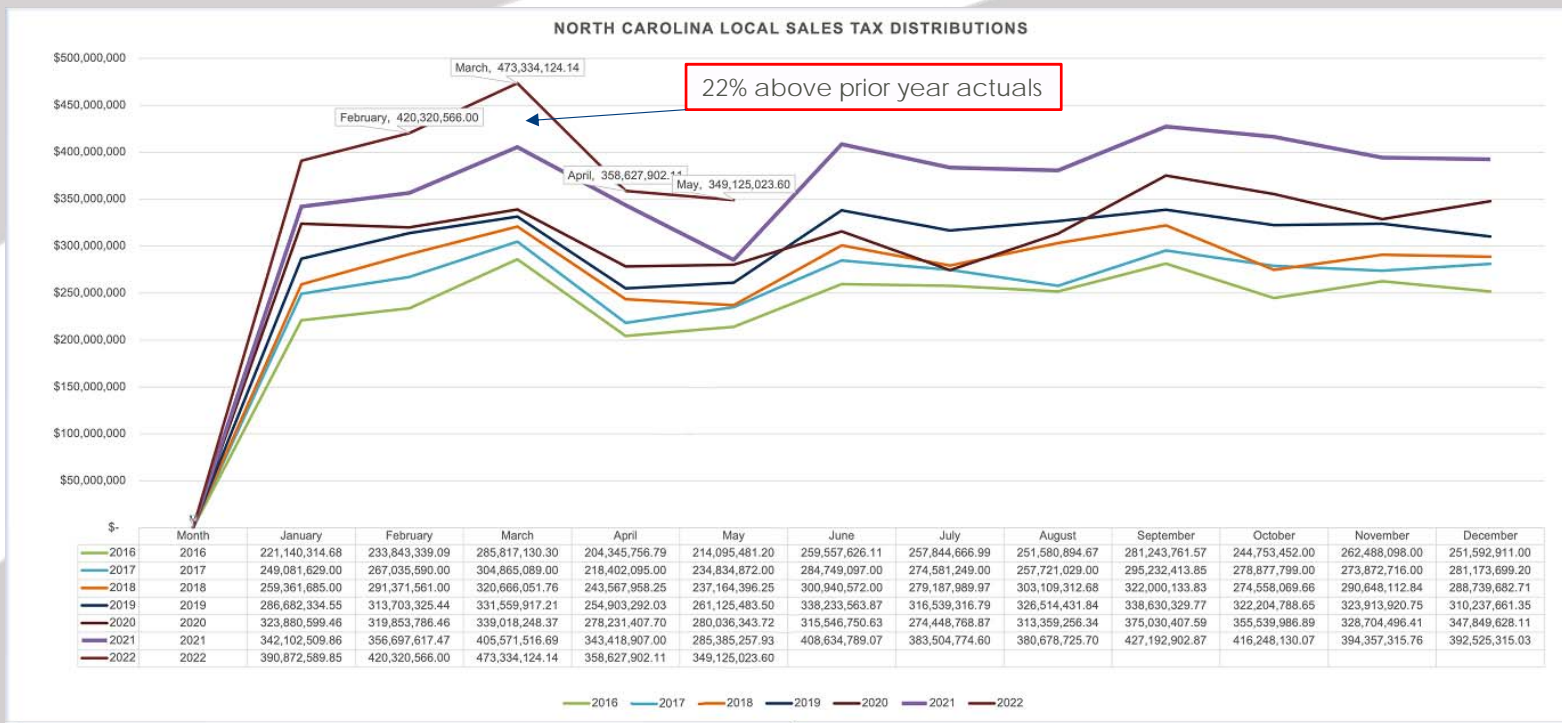
Maintain Fiscal Discipline

FY 2023 Union County Local Option Sales Tax Overview						
Local Option Sales Tax General Fund	FY 2020 Adopted	FY 2021 Adopted	FY 2022* Adopted	FY 2023 Proposed	\$ Change FY 2022-23	% Change FY 2022-23
Sources:						
Article 39 (1 Cent)	19,216,859	18,353,976	21,107,072	26,677,228	5,570,156	26.4%
Article 40 (1/2 Cent)	14,346,348	13,702,161	15,757,485	19,915,885	4,158,400	26.4%
Article 42 (1/2 Cent)	11,279,627	10,773,144	12,389,115	15,658,602	3,269,487	26.4%
Article 44 (1/2 Cent)	3,902,802	3,727,558	4,286,691	5,417,949	1,131,258	26.4%
Total Uses	\$ 48,745,636	\$ 46,556,839	\$ 53,540,363	\$ 67,669,664	\$ 14,129,301	26.4%

*Revaluation Year

- FY 2022 collections to date exceed budget by 17.1%
- Final collections could be as much as 25% in excess of adopted budget by year end
- FY 2023 Proposed Budget assumes FY 2022 collections of \$65.2 million (21.8%) with an FY 2023 growth rate of 3.75%
- 3.75% growth rate is in line with NC-Department of Revenue (NC-DOR), NC League of Municipalities (NCLM)
- UNC-C projects 2023 state GDP growth of 2.7% (Local Sectors - Agriculture +7%, Business/Prof. Services +7%, other 3.7%)

Maintain Fiscal Discipline



- Statewide Sales Tax collections currently collecting 22% higher than previous year across all local governments
- Statewide collection trends follow normal patterns, just at an elevated level
- Collections influenced by newly taxed online purchases and higher volume of online shopping
- Historical inflation (8.3%) pushing prices higher, if consumption remains steady, corresponding sales tax rises

Maintain Fiscal Discipline

FY 2023 Union County General Fund Revenue Overview						
Revenue Category	FY 2020 Adopted	FY 2021 Adopted	FY 2022* Adopted	FY 2023 Proposed	\$ Change FY 2022-23	% Change FY 2022-23
Ad Valorem Taxes & Fees	199,346,600	206,254,947	213,098,520	220,706,145	7,607,625	3.5%
Local Option Sales Tax	48,745,636	46,556,839	53,540,363	67,669,664	14,129,301	26.4%
Intergovernmental Revenue	33,722,536	35,372,198	36,348,820	41,510,299	5,161,479	14.2%
Non-Enterprise Charges	10,328,028	11,420,662	12,227,989	12,937,519	709,530	5.8%
Other Revenue	7,212,802	7,271,454	7,567,496	7,522,695	(44,801)	-0.6%
Fund Balance Appropriated	5,890,077	11,646,433	23,155,461	6,403,401	(16,752,060)	-72.3%
Other Taxes	3,326,120	3,441,120	3,604,002	4,019,850	415,848	11.5%
Intergov, Restricted	3,919,332	3,770,637	3,992,565	3,801,899	(190,666)	-4.8%
Investment Revenue	2,112,800	1,106,332	1,276,020	653,744	(622,276)	-48.8%
Interfund Transfers	2,244,272	535,018	0	0	-	-
Total	\$ 316,848,203	\$ 327,375,640	\$ 354,811,236	\$ 365,225,216	\$ 10,413,980	2.9%

*Table includes General Fund, Debt Service Fund and Economic Development Fund

- Assessed Property Valuation expected to grow by 3.5%
- Reflects strong real estate market and increasing migration into Union County
- Local Option Sales Tax growth of 26.4% is in line with state
- FY 2022 Sales Tax actuals expected to be 11.4% higher than FY 2021 actuals and 17% - 25% higher than FY 2022 budget
- Intergovernmental Revenues increasing due to growth in Medicaid Hold Harmless payment from State (\$2.82M)
- FY 2023 General Fund Revenues to grow by 2.9%

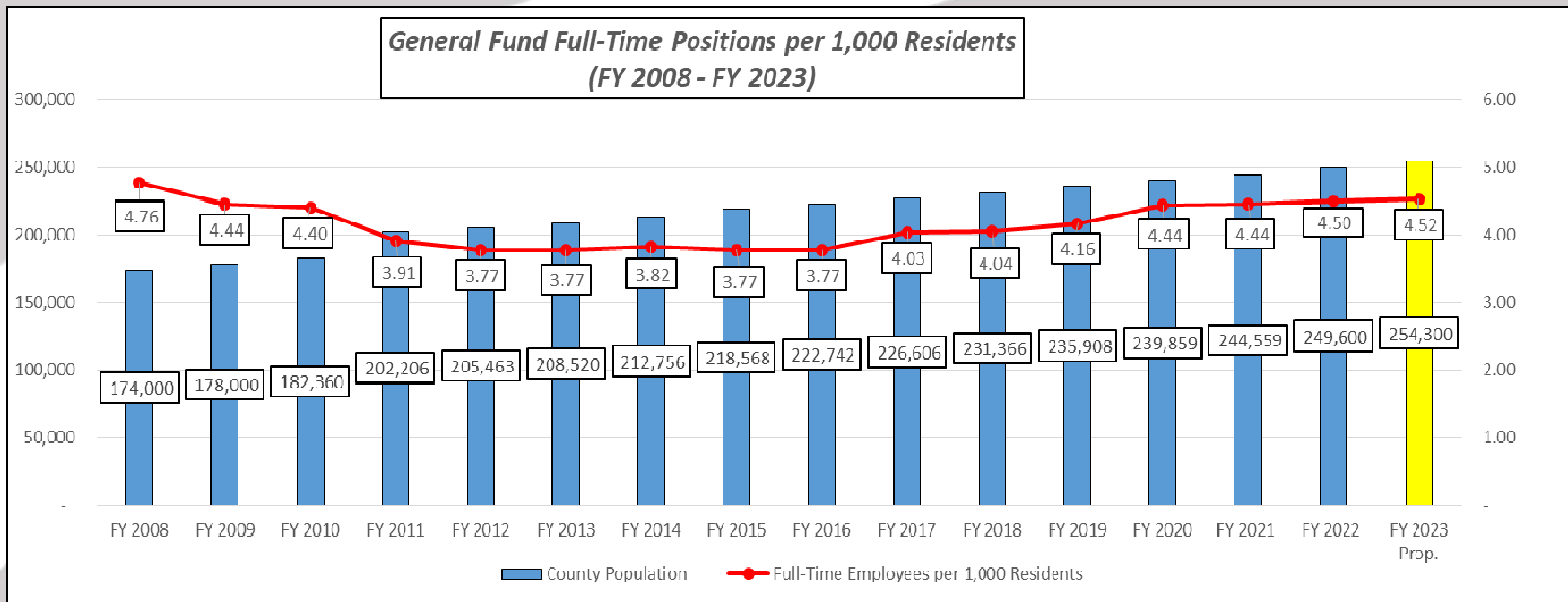
Maintain Fiscal Discipline

FY 2023 Union County General Fund Expense Overview						
Expense Category	FY 2020 Adopted	FY 2021 Adopted	FY 2022* Adopted	FY 2023 Proposed	\$ Change FY 2022-23	% Change FY 2022-23
Payments to Outside Orgs	124,775,478	126,758,188	129,465,608	137,257,286	7,791,678	6.0%
Employee Compensation	59,074,735	64,203,255	69,198,698	73,149,033	3,950,335	5.7%
Debt Service	38,658,694	49,934,809	48,815,915	48,749,524	(66,391)	-0.1%
Employee Benefits	34,172,123	29,904,906	39,651,628	42,388,458	2,736,830	6.9%
Operating Cost	30,435,148	28,592,091	31,925,116	34,790,951	2,865,835	9.0%
Interfund Transfers, Out	26,739,242	23,631,612	34,400,430	29,387,953	(5,012,477)	-14.6%
Capital Outlay	2,529,278	2,495,871	5,269,923	3,039,937	(2,229,986)	-42.3%
Fund Balance Contribution	0	0	0	250,000	250,000	-
Contingency	2,872,135	5,716,082	0	0	-	-
Interdepartmental Charges	-2,408,630	-3,861,174	-3,916,082	-3,787,926	128,156	-3.3%
Total	\$ 316,848,203	\$ 327,375,640	\$ 354,811,236	\$ 365,225,216	\$ 10,413,980	2.9%

*Table includes General Fund, Debt Service Fund and Economic Development Fund

- Employee Compensation – Merit (3%), Class & Comp (\$930k), annualize FY 2022 Mid-Year positions (\$825k)
- Employee Benefits – OPEB (funded), Health Fund increase (\$2.6M), retirement contribution (11.3% to 12.1%)
- Operating Cost – newly open facilities (\$550k), fuel – \$4.75/gal (\$1.05M/121% increase), software (\$1.1M), utilities (\$320k)
- County Manager required 2% target reduction to all departments (\$500k) as part of budget process
- County Services increasing by 1.4% (excluding UCPS, SPCC and EMS)
- FY 2021 grew by 1.0%, FY 2022 grew by 8.38% due to fund balance appropriation, minimal fund balance use planned in FY 2023
- FY 2022 End of Year Projections indicate actual spending growth to be 5.8%; Average 3.23% growth over three years (FY21, 22, 23)

Maintaining Service Levels



- Slight increase to County staffing levels per 1,000 residents, as compared to FY 2022 (4.50 vs. 4.52)
- FY 2023 staffing level, per 1,000 county residents, is lower than in FY 2008 (4.76 vs. 4.52)
- FY 2023 Personnel Overview - Proposed Position Expansion list in "Budget Overview" section of Manager's Proposed Budget Book
- FY 2023 proposed budget adds 22.33 positions in the General Fund, 14.00 in Union County Water and 6.00 in Solid Waste Fund
- All non-law enforcement enhancement positions funded for 80% of year to account for time to hire

Investing in Fire Protection

FY 2023 Proposed Fire Department Funding				
Fire Department	<u>District Tax Rate Summary</u>			
	Value of One Penny	FY 2022 Adopted Rate	FY 2023 Proposed Rate	Change
Allens Cross	\$ 23,399	7.00	6.89	(0.11)
Bakers	223,191	3.35	3.43	0.08
Beaver Lane	61,746	6.44	6.71	0.27
Fairview	72,707	5.10	5.03	(0.07)
Griffith Road	19,122	2.15	2.00	(0.15)
Hemby Bridge	412,116	4.41	4.41	-
Jackson	46,995	2.88	3.99	1.11
Lanes Creek	26,168	5.68	5.46	(0.22)
New Salem	84,201	3.96	3.84	(0.12)

FY 2023 Proposed Fire Department Funding				
Fire Department	<u>District Tax Rate Summary</u>			
	Value of One Penny	FY 2022 Adopted Rate	FY 2023 Proposed Rate	Change
Providence	8,766	3.61	3.75	0.14
Sandy Ridge	38,739	3.85	3.29	(0.56)
Springs	190,666	4.22	4.64	0.42
Stack Road	33,183	4.55	3.48	(1.07)
Stallings	349,785	4.72	4.78	0.06
Unionville	120,890	6.16	6.14	(0.02)
Waxhaw	388,412	4.03	4.19	0.16
Wesley Chapel	752,953	3.61	3.75	0.14
Wingate	59,989	6.63	6.70	0.07
SCBA Fund*	300,000	-	-	-

* SCBA Replacement funds are dedicated to Wesley Chapel Fire District in FY 2023 and will rotate annually based on need.

- General Fund will contribute \$6.14 M to the VFD's in FY 2023, increase of \$779,882 or 14.5% over FY 2022
- Additional funding for VFD's provides for additional staff, increased firefighter pay, increase fuel costs, dilapidated equipment and building replacement
- The SCBA replacement fund established in FY 2022 will decrease from \$1.28 M to \$300,000 in FY 2023 and will be dedicated to Wesley Chapel VFD
- Various VFD tax rates are decreasing due to increasing expected sales tax revenues and available fund balance in those districts
- Individual VFD changes are detailed in the "Fire Departments" section of the FY 2023 Proposed Budget Document
- Correction to Providence VFD, district tax rate should be same as Wesley Chapel, who provides service to Providence residents

Investing in Employees

FY 2023 Investment in Employees (General Fund)	
Item	Amount
3% Annual Merit Pool	2,452,304
Retirement Contribution Increase (11.3% to 12.14%)	1,060,449
Health & Dental Insurance Fund	1,787,761
Stabilize Health Insurance Fund	423,975
Separation Allowance*	140,071
Class & Compensation - Market Adjustment	967,994
Total	\$ 6,832,554

* Separation Allowance Benefit ended in 2013 for non-LEO employees

- Maintain commitment to employee pay for performance merit pay
- Increase to Retirement Contribution mandated by State Retirement Program
- Increase to Health & Dental Fund to strengthen and stabilize employee health plan over time
- Class & Compensation adjustment to fund 2nd half of FY 2022 commitment to staff

Funding New Facilities

Operating Cost to Open New Facilities FY 2021 - FY 2023				
Facility Name	FY 2021 Adopted	FY 2022 Adopted	FY 2023 Proposed	TOTAL
Event Center - Jesse Helms Park	150,000	93,366	-	243,366
Board of Elections Warehouse Addition	38,366	16,321	-	54,687
Emergency Services Complex	-	168,933	90,476	259,409
Progress Building	-	542,411	-	542,411
Sheriff's Office Expansion/Renovation	-	380,975	190,513	571,488
Assume Maintenance of Old Sheriff Buildings	-	-	239,757	239,757
Patton Avenue Radio Shop (3 Months)	-	-	9,182	9,182
Jesse Helms Pavilion Support Building Maintenance (3 Months)	-	-	16,190	16,190
TOTAL	\$ 188,366	\$ 1,202,006	\$ 546,118	\$ 1,936,490

(1) Allocations are often spread across two years based on when the new facility becomes operational/occupied

(2) First year allocations include one-time equipment/other start-up costs that are removed from the base the following year

- List above will increase in FY 2024, as funding is annualized for full 12 months
- List of proposed funding does not include any new building maintenance or facilities staff
- New Library is scheduled to come on line during the 3rd quarter of FY 2024

Funding Community Partners

Community Partners	FY 2019 Actual Budget	FY 2020 Actual Budget	FY 2021 Revised Budget	FY 2022 Adopted Budget	FY 2023 Proposed Budget	FY 2022-23 \$ Change	FY 2022-23 % Change
American Red Cross	\$ 5,000	5,000	-	-	-	-	n/a
Andrew Jackson Historical Foundation	4,100	4,100	4,100	4,100	4,100	-	-
Bridge to Recovery	-	-	-	25,000	25,000	-	-
Common Heart	-	-	10,000	10,000	10,000	-	-
Ground 40	-	-	-	25,000	25,000	-	-
HealthQuest of Union County	22,784	22,784	22,784	22,784	22,784	-	-
Humane Society	-	-	-	-	25,000	25,000	n/a
Literacy Council of Union County	2,382	1,191	-	-	-	-	n/a
New Covenant Community Develop	-	-	-	-	25,000	25,000	n/a
Safer Communities	71,160	71,160	80,000	80,000	80,000	-	-
The Arc of Union/Cabarrus	-	-	-	-	20,000	20,000	n/a
Turning Point	45,576	45,576	45,576	45,576	50,000	4,424	9.71%
Union County Community Action Inc.	69,263	69,263	69,263	69,263	69,263	-	-
Union County Community Arts Council	52,018	52,018	52,018	52,018	52,018	-	-
Union County Community Shelter	11,906	11,906	25,000	25,000	30,000	5,000	20.00%
Union County Crisis Assistance Ministry	-	-	-	-	10,000	10,000	n/a
Sub-Total	\$ 284,189	282,998	308,741	358,741	448,165	89,424	24.93%

- FY 2023 Proposed budget includes four new partner agencies that focus on customers the County is not well positioned to serve
- **The Humane Society** – To expand low cost spay and neuter services
- **New Covenant Community Development Center** – Development of a Science, Technology, Engineering, Arts, and Mathematics (STEAM) program to increase opportunities for lifelong success for youth
- **The Arc of Union and Cabarrus Counties** – “A Life Like Yours” program advocates for inclusion for those with intellectual and developmental disabilities
- **Union County Crisis Assistance Ministry** – “Crisis Intervention Program” assists individuals and families experiencing short-term financial difficulty to prevent homelessness.

Funding Education

UCPS County Operating Budget

I. Remaining Supplement Increase - \$2,000,000

II. Sustaining Operations - \$2,499,523

- Facilities, Technology, Insurance, 30 Teaching Positions
- Additional Board Security and BoE Board Member Pay Increase

III. Investing in Employees - \$6,714,303

- State Legislated Staff Increases
- District Compensation Study
- Supplement Increases – Assistant Principals
- Staff Recruitment and Retention

IV. Student Growth - \$850,000

- Student Enrollment Growth and Charter School Enrollment

V. Program Expansion/New Initiatives - \$355,412

- Athletics – Middle and High School Cross Country and Track
- Human Resources – Pre-Employment Drug Screening

FY 2022 UCPS Operating Request - \$111,546,045

FY 2023 UCPS Operating Funding - \$123,965,283

Requested Increase - \$ 12,419,238

UCPS County Capital Budget

I. Facilities - \$19,493,300

- Identified Building Projects – Building Systems
- Identified Building Projects – Expansion/Renovations
- Identified – Facilities Equipment/Vehicles
- Classroom Furniture & Custodial Equipment
- Painting
- Roofing

II. Technology Services - \$3,764,275

- Laptop Lease Payment
 - 3-5 Students (6yr Lease)
 - 6-12 Students
 - Teacher/Admin
- District Network Needs
 - Cyber Security equipment for Disaster Recovery
 - Core Data Server equipment

III. Co-Curricular Support \$50,000

- Band Uniforms and Equipment - Cuthbertson High

FY 2022 UCPS Capital Funding - \$18,475,663

FY 2023 UCPS Capital Request - \$23,310,575

Requested Increase - \$ 4,834,912

Funding Education

Union County Education Funding						
Education Partner	FY 2021 Adopted	FY 2022 Adopted	FY 2023 Requested	FY 2023 Proposed	\$ Change	% Change
SPCC Direct Funding	2,726,709	3,076,709	397,509	3,184,394	107,685	3.5%
SPCC Debt Service Funding	3,396,013	3,296,985	336,973	3,633,958	336,973	10.2%
UCPS Operational Funding	106,046,045	111,546,045	12,419,238	117,450,157	5,904,112	5.3%
UCPS Capital Funding	18,475,663	18,475,663	4,834,912	19,122,311	646,648	3.5%
UCPS Debt Service Funding	38,524,246	37,250,957	(987,018)	36,263,939	(987,018)	-2.6%
Total	169,168,676	173,646,359	17,001,614	179,654,759	6,008,400	

- UCPS FY 2023 operating request reflects 13.3% increase over FY 2022 Adopted Budget (\$17.3 million)
- UCPS FY 2023 Proposed Budget increases 5.3% compared to 1.4% county growth
- UCPS Recommended Budget includes \$2 million to annualize FY 2022 class & comp increases and 3.5% organic growth
- SPCC FY 2023 budget request reflects 12.9% increase (\$397,509) over FY 2022 Adopted Budget
- FY 2023 Recommended Budget includes \$107,685 (3.5%)
- FY 2023 SPCC debt payments will be \$3.63 million, long-term needs projected at \$68.14 million through 2030
- FY 2023 UCPS debt payments will be \$36.3 million, long-term needs projected at \$757.38 million through 2030
- 15.4% of County debt service payments support County projects, 76.9% support UCPS, and 7.7% for SPCC

Union County FY 2023 Proposed Budget

Budget by Function	FY 2023 Proposed Budget	% of Budget
Economic & Physical Development	7,472,213	2.0%
Cultural & Recreational	9,286,251	2.5%
General Government	49,680,762	13.6%
Human Services	53,627,765	14.7%
Public Safety	65,503,466	17.9%
Education	179,654,759	49.2%
Total	\$ 365,225,216	100.0%

**Budget numbers Include debt service payments*

- Total FY 2023 County expense is \$365.23 million
- Proposed budget increasing 2.94 % increasing FY 2022

FY 2023 Proposed Debt Service

Debt by Function	FY 2023 Proposed Budget	% of Budget
Cultural & Recreational	1,203,267	2.5%
Economic & Physical Development	1,810,166	3.7%
General Government	1,931,004	4.0%
Public Safety	4,018,086	8.2%
Education	39,897,897	81.7%
Total	\$ 48,860,420	100.0%
<i>*Includes only FY 2023 debt service payments</i>		

- Total FY 2023 County Debt Service obligation is \$48.9 million
- FY 2023 debt obligations decreasing -0.12% over FY 2022

Summary of Manager's Recommended Budget

Working Budget Summary:

- Initial 2% Target reduction to Departmental Operating budgets (\$500,000)
- Total FY 2023 general fund expense increase 2.9%, compared to projected 5.8% growth in FY 2022 and 1% in FY 2021
- Mission Critical county enhancements (\$3.4 million compared to \$4.8 million in FY 2022)
- Recommended budget includes addition of 22.33 general fund FTE's
- Decrease usage of unassigned balance from \$14.7 million to \$623,105 in general fund
- Increase funding to SPCC by \$107,685, 3.5% (continued staffing, maintenance, landscaping and IT to meet growth)
- UCPS Proposed budget includes \$2.0 million to annualize class & comp increases and 3.5% organic growth, total of 5.03%
- Maintain County commitment to invest in employees (merit Pay 3% of payroll \$2.5M, Investment in Class & Comp \$968k)
- Increased employee contribution to health coverage; only third increase in 19 years (rising costs, 67% population increase)
- Continue sustainable funding model for the county volunteer fire departments (80%/20% urban or 60%/40% rural)
- Continue SCBA replacement fund to meet local VFD needs (\$300,000)
- Increase funding for County public safety agencies (Sheriff, Fire Marshal, Emergency Services, Emergency Communications)
- Fund County capital needs and facility replacement & renewal schedule
- Modest increase to community partner program (developmental disabilities, Youth STEAM, Humane Society, Homelessness)
- Manager's recommended budget **maintains current tax rate of 58.80.**

Next Steps

- Budget Public Hearing June 6th
- Budget Adoption June 13th

All FY 2023 Budget Information Available:

- On County Website: <http://www.co.union.nc.us/departments/budget-management>
- Follow on County Social Media Portals

Acknowledgements

Thank you for your partnership!

- County Tax Assessor's Office
- County Clerk's Office
- County Department Directors & Budget/Finance Staff
- Information Technology Team
- County Finance Director Beverly Liles & Staff
- County Manager & Executive Team

Budget Management Team:

- Mary Namala – Sr. Budget Analyst
- Greg Artman – Sr. Budget Analyst
- Adrienne Rorie – Budget Analyst
- Laura Gardner – Budget Analyst

Thanks for watching!



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north carolina