

County Manager's Proposed Operating & Capital Budget Overview Fiscal Year 2022

Blake Hart
Director of Management & Budget
June 3rd, 2021



Revenue Neutral

Calculation Step	Result
FY 2021 Tax Rate	73.09¢
FY 2021 Projected Revenue at a Tax Rate of 73.09	204,810,884
FY 2022 Assessed Property Value	36,186,250,866
Tax Rate that would produce revenue equal to FY 2021	55.98¢
Average annual percentage increase in the tax base due to improvements since the last revaluation	3.24%
FY 2022 Revenue Neutral Tax Rate	57.80¢

- The FY 2022 budget reflects the impact of the 2021 Property Revaluation
- FY 2022 revenue neutral tax rate is 57.80 cents per \$100 of assessed valuation

Assessed Valuation

Assessed Valuation			
Category	FY 2020 Budgeted	FY 2021 Budgeted	FY 2022 Budgeted
Real Property	22,391,421	23,017,914	31,261,389
Personal Property	1,540,478	1,599,814	1,443,672
Vehicles	2,777,116	2,969,729	3,002,176
State Certifications	434,282	434,282	479,014
Total	27,143,297	28,021,738	36,186,251
Percent Change	3.2%	3.2%	29.1%
Net Yield of One Cent	2,706,032	2,792,654	3,602,863
Tax Rate	73.09¢	73.09¢	58.80¢
Collection Rate*	99.7%	99.6%	99.5%

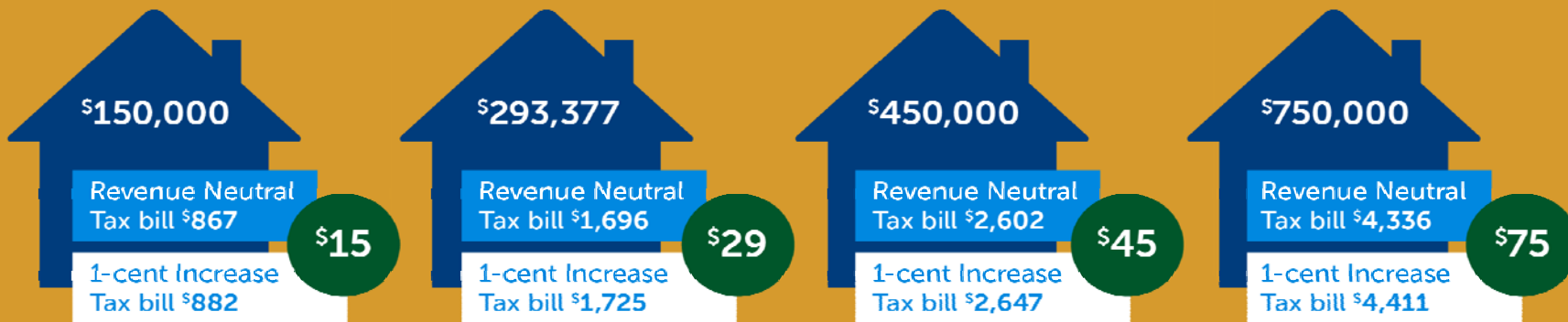
*Collection rate is based on prior year actual collection rate per statutory requirement

**Property valuations represented in thousands of dollars

- In total, real property values increased by **30.6%** from FY 2021 actual values
- FY 2022 value of one penny is **\$3,602,863**
- FY 2022 Proposed tax rate is **58.80** cents per \$100 of assessed valuation
- Proposed property tax rate of **1.00 cents above revenue neutral.**

Impact to Tax Bill

FY2022 Tax Bill Comparisons



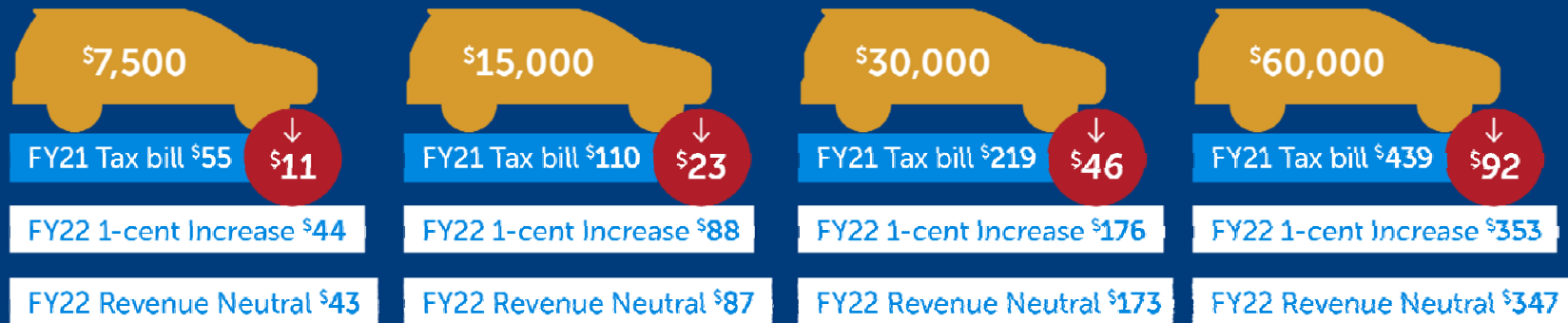
*Same small payment

Tax bill amount includes County taxes only and does not include municipal, vehicle, personal property, or fire district taxes.

- Annual Impact of 58.80 tax rate to median home value (\$293,377) is \$29 over revenue neutral rate (57.80)
- Individual impact to prior year tax bill will vary based on individual growth of each structure

Impact to Tax Bill

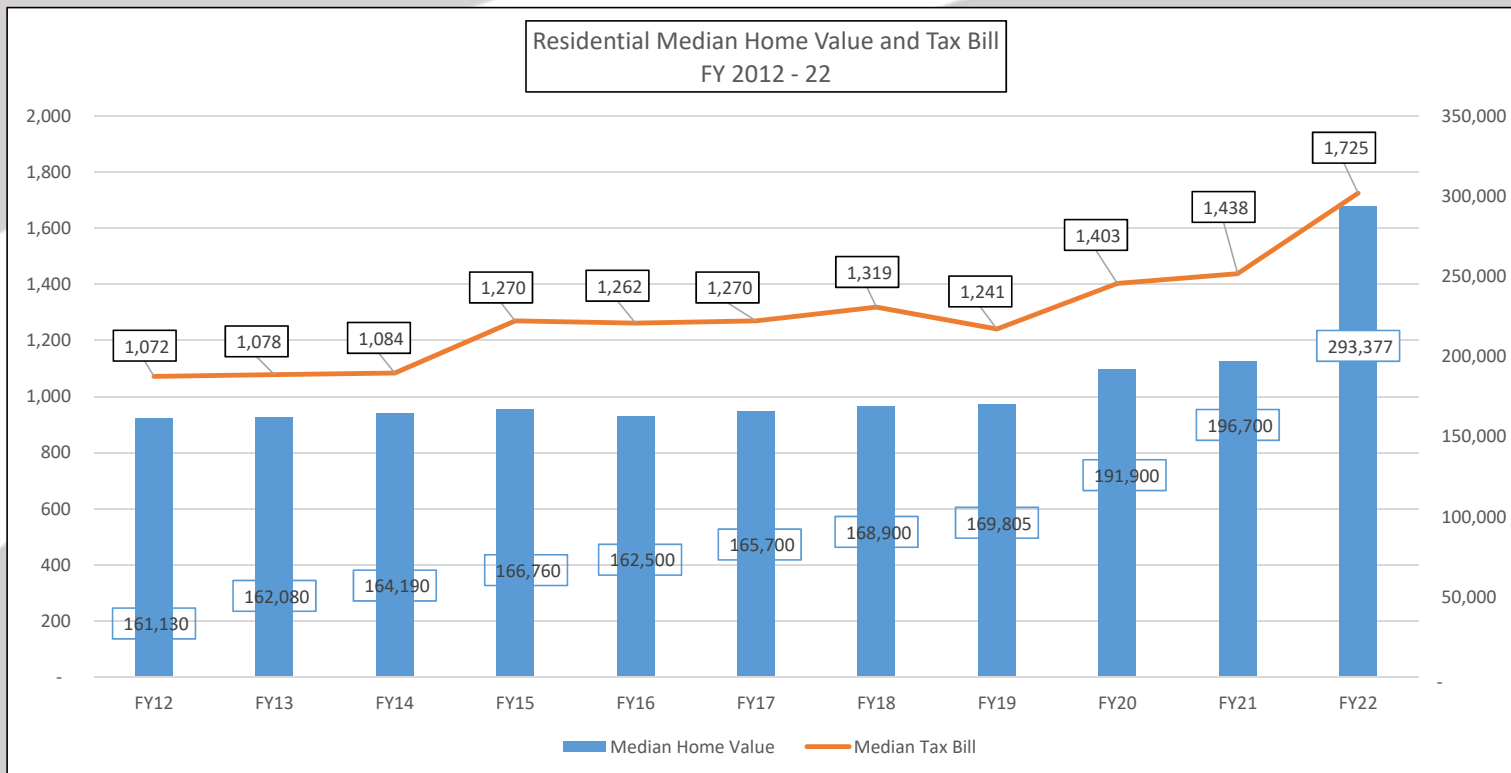
FY2022 Tax Bill Comparisons



Tax bill amount includes County taxes only and does not include municipal, personal property, or fire district taxes.

- Residents will pay less vehicle tax in 2022, due to decreased tax rate (73.09 to 58.80), decreasing vehicle value
- Average vehicle value in Union county is roughly \$13,000, average savings of \$19

Median Home Value and Tax Bill Over Time



- Median Tax Bill changes driven by home values, not by tax rate fluctuations
- Median Home Value has increased 82.1% since FY 2012, the median tax bill has only increased 60.9%
- FY 2012 tax rate was 66.50; Proposed FY 2022 rate is 58.80

Maintain Fiscal Discipline

Union County, NC FY 2022 Proposed Budget						
Countywide Rate	FY 2018 Adopted	FY 2019 Adopted	FY 2020 Adopted	FY 2021 Adopted	FY 2022* Proposed	FY21-22 Change
General County	25.89	20.85	20.65	20.56	48.56	28.00
Debt Fund	3.09	3.09	3.30	3.30	9.80	6.50
Economic Development**	-	-	-	-	0.45	0.45
Education***	45.45	45.49	45.48	45.57	-	(45.57)
Emergency Medical Service	2.63	2.63	2.33	2.10	-	(2.10)
Countywide Fire	1.04	1.03	1.33	1.56	-	(1.56)
Total Countywide Tax Rate	78.10	73.09	73.09	73.09	58.80	(14.29)

*FY 2022 is a revaluation year

**Prior to FY 2022 the Economic Development Fund was included in the General County Fund

***Includes UCPS & SPCC Funding

- FY 2022 Budget merges the three funds listed below into the General County Fund:
 - *Education*
 - *Emergency Medical Services (EMS)*
 - *Countywide Fire*
- Economic Development fund listed separately
- All County General Fund debt service combined with the newly named Debt Fund

Maintain Fiscal Discipline

Union County Tax Rate Overview						
Budget by Fund	FY 2019 Adopted Budget	FY 2020 Adopted Budget	FY 2021 Adopted Budget	FY 2022* Proposed Budget	\$ Change FY 2021-22	% Change FY 2021-22
Total Sources:						
Countywide Tax Rate	73.09	73.09	73.09	58.80	(14.29)	-19.6%
Uses:						
General County	58,257,401	57,763,211	59,581,478	175,912,764	116,331,286	195.2%
Voter Approved Debt	8,072,490	8,931,366	9,245,759	35,380,271	26,134,512	282.7%
Economic Development**	-	2,029,524	2,094,491	1,627,054	(467,437)	0.0%
Education	116,340,430	120,718,424	125,082,105	-	(125,082,105)	-100.0%
Emergency Medical Service	6,870,760	6,305,054	5,894,573	-	(5,894,573)	-100.0%
Countywide Fire	2,690,830	3,599,021	4,356,541	-	(4,356,541)	-100.0%
Total Uses	\$ 192,231,911	\$ 199,346,600	\$ 206,254,947	\$ 212,920,089	\$ 6,665,142	3.23%

*FY 2022 is a revaluation year

**Prior to FY 2022 the Economic Development Fund was included in the General County Fund

- Recommended tax rate of 58.80 will yield revenue increase of 3.23 percent
- Debt fund requires a larger portion of the tax rate, all debt service moved out of general fund into debt fund

Maintain Fiscal Discipline

Union County General Fund Revenue Overview							
Revenue Category	2017-18 Adopted Budget	2018-19 Adopted Budget	2019-20 Adopted Budget	2020-21 Adopted Budget	FY 2022 Recommended	FY 2021-22 \$ Change	FY 2021-22 % Change
Ad Valorem Taxes & Fees	193,872,637	192,231,911	199,346,600	206,254,947	213,098,520	6,843,573	3.32%
Local Option Sales Tax	44,713,531	48,745,636	48,745,636	46,556,839	53,540,365	6,983,526	15.00%
Federal Grants	14,932,099	15,738,388	16,430,214	17,437,019	18,073,689	636,670	3.65%
Intergov , Unrestricted	9,005,477	12,175,946	13,277,055	15,061,998	15,458,383	396,385	2.63%
Non-Enterprise Charges	10,361,893	10,149,169	10,328,028	11,420,662	12,227,989	807,327	7.07%
Fund Balance Appropriated	7,029,962	11,731,549	5,890,077	11,646,433	23,155,461	11,509,028	98.82%
Other Revenue	6,887,771	6,900,156	7,212,802	7,271,454	7,567,496	296,042	4.07%
Interfund Transfers	995,505	1,164,713	2,244,272	535,018	0	-535,018	-100.00%
Intergov , Restricted	3,655,476	3,849,141	3,919,332	3,770,637	3,992,565	221,928	5.89%
State Grants	7,975,327	6,865,478	3,591,406	2,873,181	2,816,749	-56,432	-1.96%
Other Taxes	2,804,415	2,992,485	3,326,120	3,441,120	3,604,000	162,880	4.73%
Debt Proceeds	-	-	423,861	-	-	-	-
Investment Revenue	979,483	1,924,698	2,112,800	1,106,332	1,276,020	169,688	15.34%
Total	303,213,576	314,469,270	316,848,203	327,375,640	354,811,237	27,435,597	8.38%

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

- Increase to Ad Valorem revenue includes property revaluation results, 1 penny above revenue neutral tax rate and prior year
- Intergovernmental revenues increasing based on trends and increased reimbursement for human services activity
- Non-Enterprise Charges reflects growth in Building Code, Register of Deeds and Environmental Health
- Investment Revenue adjusted more in line with prior three year actuals
- FY 2022 General Fund Revenues to grow by 8.68%, FY 2021 grew by 1%; Unassigned fund balance appropriated accounts for 4.64%, adjusted 3.74%

Unassigned Fund Balance Appropriation

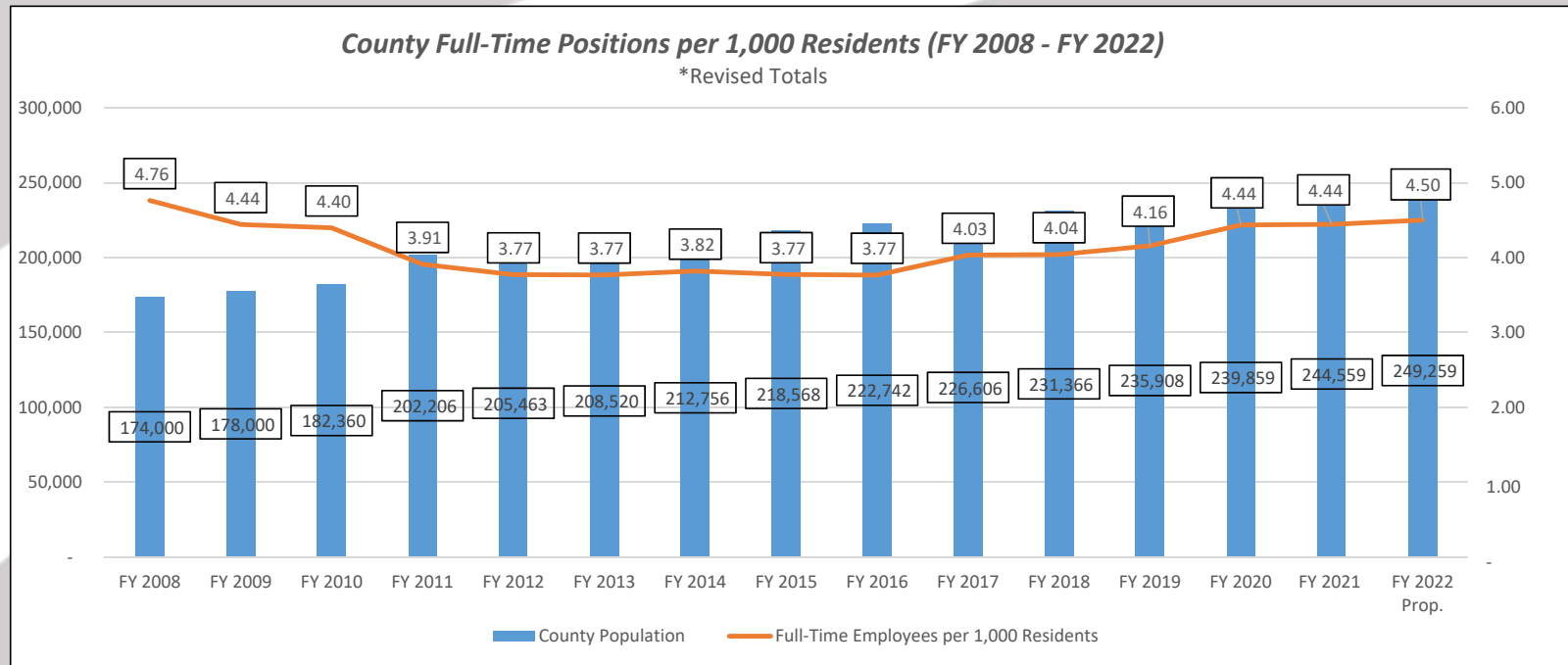
- FY 2022 Budget will appropriate unassigned Fund Balance in increased amounts to meet organizational needs
- Unassigned fund balance is in addition to the 20% required to keep on hand per county policy
- Fund Balance is created from over collection of revenues and underspending of expense during previous years
- FY 2022 General Fund Balance appropriated to increase from \$1.65 M in FY 2021 to \$14.7 M in FY 2022
 - Additional PayGo capital funding - \$6.99 million
 - One-Time Contribution to Other Post Employment Benefits (OPEB) Trust - \$3.00 million
 - Economic Development Business Incentive Grants - \$2.39 million
 - Various Department Requested Enhancement Items - \$1.11 million
 - Portion of Schools Paygo Capital - \$535,018
 - Department Requested Enhancement Vehicles - \$489,262
 - General Fund Vehicle Replacement - \$152,898

Maintain Fiscal Discipline

Union County General Fund Expense Overview							
Expense Category	2017-18 Adopted Budget	2018-19 Adopted Budget	2019-20 Adopted Budget	2020-21 Adopted Budget	FY 2022 Recommended	FY 2021-22 \$ Change	FY 2021-22 % Change
Employee Compensation	48,279,129	53,415,243	59,074,735	64,203,255	69,203,148	4,999,893	7.79%
Employee Benefits	29,600,433	32,932,120	34,172,123	29,904,906	39,605,243	9,700,337	32.44%
Operating Cost	35,531,328	36,118,623	30,435,148	28,592,091	31,967,051	3,374,960	11.80%
Payments to Outside Orgs	115,324,951	118,663,702	124,775,478	126,758,188	129,465,608	2,707,420	2.14%
Capital Outlay	1,829,356	2,464,513	2,529,278	2,495,871	5,269,924	2,774,053	111.15%
Debt Service	45,184,118	47,918,049	38,658,694	49,934,809	48,815,915	-1,118,894	-2.24%
Interfund Transfers, Out	20,723,422	15,021,393	26,739,242	23,631,612	34,400,430	10,768,818	45.57%
Interdepartmental Charges	-2,126,881	-2,407,009	-2,408,630	-3,861,174	-3,916,082	-54,908	1.42%
Contingency	1,456,868	-	-	-	-	-	-
Fund Balance Contribution	7,410,852	10,342,636	2,872,135	5,716,082	-	-	-
Total	303,213,576	314,469,270	316,848,203	327,375,640	354,811,237	27,435,597	8.38%

- Employee Compensation – Merit, Class & Comp, Annualization of FY 2021 frozen positions
- Employee Benefits – OPEB \$3 million, Health Benefits Increase and \$500,000 to fund balance, FY 2021 -12.5%
- Operating Cost – Newly open facilities, staff, Sheriff’s tools & supplies, FY 2021 Dept 5% target reduction (-5.7%)
- Capital Outlay – Sheriff’s Office Replacement Vehicles, tools & up-fit, Sheriff’s Body Camera purchase

Maintaining Service Levels



- Slight increase to County staffing levels per 1,000 residents, as compared to FY 2021 (4.50 vs. 4.44)
- FY 2022 staffing level, per 1,000 county residents, is lower than in FY 2008 (4.50 vs. 4.76)
- FY 2022 Proposed Position Expansion list found in "Budget Overview" section of Manager's Proposed Budget Book
- 28.68 positions added to General Fund, 6 in Public Works and 0 in Solid Waste Fund
- All non - Law Enforcement enhancement positions funded for ½ year, will not be funded until January 1st, 2022

Investing in Fire Protection

Recommended Fire Department Funding for FY 2022												
Fire Department	Revenue Neutral Summary				Revenue by Source				Expenditure by Type			
	Value of One Penny	District Rev. Neutral Rate	Proposed Fire District Rate	Change from Rev. Neutral	County Ad Valorem Revenue	District Ad Valorem Revenue	District Sales Tax Revenue	Fund Balance Appropriation	From County General Fund	From Local District Fund	NCTVS Collections Charge	
Allens Cross	22,287	0.0611	0.0700	0.0089	\$ (127,288)	(155,932)	(35,000)	-	\$ 127,288	190,302	630	
Bakers	213,504	0.0361	0.0335	(0.0026)	(561,250)	(715,375)	(126,500)	-	561,250	839,250	2,625	
Beaver Lane	59,598	0.0630	0.0644	0.0014	(343,813)	(383,920)	(90,000)	-	343,813	472,555	1,365	
Fairview	71,655	0.0360	0.0510	0.0151	(283,836)	(365,754)	(60,000)	-	283,836	424,914	840	
Griffith Road	18,721	0.0325	0.0215	(0.0109)	(58,099)	(40,308)	(15,000)	-	58,099	54,993	315	
Hemby Bridge	390,857	0.0378	0.0441	0.0063	(528,032)	(1,721,937)	(350,000)	(40,190)	528,032	2,106,002	6,125	
Jackson	45,238	0.0268	0.0288	0.0020	(106,852)	(130,278)	(30,000)	-	106,852	159,648	630	
Lanes Creek	25,302	0.0658	0.0568	(0.0090)	(122,441)	(143,662)	(40,000)	-	122,441	182,979	683	
New Salem	80,360	0.0387	0.0396	0.0009	(261,921)	(317,882)	(75,000)	-	261,921	391,517	1,365	
Providence	8,745	0.0345	0.0361	0.0016	(27,694)	(31,541)	(10,000)	-	27,694	41,436	105	
Sandy Ridge	38,141	0.0396	0.0385	(0.0011)	(124,513)	(146,770)	(40,000)	-	124,513	186,087	683	
Springs	181,237	0.0307	0.0422	0.0114	(252,384)	(764,576)	(175,000)	(54,459)	252,384	990,916	3,119	
Stack Road	31,633	0.0425	0.0455	0.0030	(120,052)	(143,778)	(35,000)	-	120,052	178,148	630	
Stallings	333,709	0.0416	0.0472	0.0057	(483,923)	(1,576,285)	(310,000)	(49,442)	483,923	1,931,561	4,166	
Unionville	114,114	0.0314	0.0616	0.0302	(199,419)	(702,678)	(95,000)	-	199,419	796,208	1,470	
Waxhaw	369,084	0.0460	0.0403	(0.0056)	(642,126)	(1,488,795)	(320,000)	(151,286)	642,126	1,955,635	4,445	
Wesley Chapel	718,288	0.0325	0.0361	0.0037	(800,413)	(2,595,357)	(475,000)	(100,000)	800,413	3,164,799	5,558	
Wingate	58,398	0.0550	0.0663	0.0114	(318,598)	(387,397)	(75,000)	-	318,598	460,927	1,470	
Total					(5,362,654)	(11,812,222)	(2,356,500)	(395,377)	5,362,654	14,527,877	36,222	

- VFD's went through revenue neutral calculation process as well. (left section of table above); most proposed rates are slightly above revenue neutral
- General Fund will contribute \$5.36 M to the VFD's in FY 2022, increase of \$987,663 or 22% over FY 2021
- Assessed Valuation for Unionville VFD has surpassed \$1 billion in 2021, funding ratio will move to 80%/20% instead of 60%/40%
- FY 2022 budget establishes ongoing funding in the County's Capital Improvement Plan (CIP) for annual SCBA replacements (\$1.28 million)

Investing in Employees

Investment in Employees	
Item	Amount
3% Annual Merit Pool	2,372,845
Retirement Contribution Increase (10.2% to 11.3%)	1,358,017
Health & Dental Insurance Fund	4,226,275
Stabilize Health Insurance Fund	500,000
FY 2021 New Positions Annualized to 12 months	735,956
FY 2021 Frozen Positions Annualized to 12 months	935,549
Separation Allowance*	101,537
Class & Compensation - Market Adjustment	1,202,891
Total	\$ 11,433,069.94

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

- Increase to Retirement Contribution mandated by State Retirement Program
- Increase to Health & Dental Fund to maintain the stability and integrity of the funds over time
- FY 2021 Mid-Year funded (new and frozen) positions annualize the following fiscal year
- Class & Compensation adjustment to ensure a motivated and dedicated workforce

Funding New Facilities

- Operational Funding for Buildings Opening in FY 2022 :

- Progress Building - \$542,411
- Sheriff Expansion - \$380,975
- Emergency Services - \$168,993
- Jessie Helms Center - \$ 93,366
- Board of Elections - ~~\$ 16,321~~

Total \$1,202,066

- List above will increase in FY 2023, as funding is annualized for full 12 months
- List of proposed funding includes seven additional staff to maintain county facilities
- General Capital Program increasing over FY 2021 (*detailed presentation from Finance Director*)
- PayGo funding will increase by \$6.99 million over FY 2021 budget of \$3.57 million (\$10.56 million)

Funding Community Partners

Community Partners	FY 2019 Actual Budget	FY 2020 Actual Budget	FY 2021 Revised Budget	FY 2022 Proposed Budget	\$ Change FY 2020-21	% Change FY 2020-21
Operational Support (direct subsidy):						
American Red Cross	\$ 5,000	5,000	5,000		(5,000)	-100.00%
Andrew Jackson Historical Foundation	4,100	4,100	4,100	4,100	-	-
Bridge to Recovery	-	-	-	25,000	25,000	n/a
Common Heart	-	-	10,000	10,000	-	-
Ground 40	-	-	-	25,000	25,000	n/a
HealthQuest of Union County	22,784	22,784	22,784	22,784	-	-
Literacy Council of Union County	2,382	1,191	-	-	-	-
Safer Communities	71,160	71,160	80,000	80,000	-	-
Turning Point	45,576	45,576	45,576	45,576	-	-
Union County Community Action Inc.	69,263	69,263	69,263	69,263	-	-
Union County Community Arts Council	52,018	52,018	52,018	52,018	-	-
Union County Community Shelter	11,906	11,906	25,000	25,000	-	-
Sub-Total	\$ 284,189	282,998	313,741	358,741	45,000	15.90%

- FY 2022 Proposed budget includes two new partner agencies, funded at \$25,000 each
- Ground 40 – Recovery/Transitional living in Monroe; 180 day program
 - Faith Based Ministry helping men challenged with addiction, homelessness and incarceration
- Bridge to Recovery – Drug/Alcohol treatment in Monroe; turn away 5-10 people daily
 - Substance abuse treatment to individuals who cannot access state funded care
 - Funding covers professional counseling

Funding Education

Summary: Proposed Fund Request

UCPS requested a 7.4% increase in FY 2022 Budget

	FY21 Adopted Appropriation	Change	FY22 Proposed Appropriation
County Operating Budget	\$106,046,045	\$8,088,671	\$114,134,716
County Capital Budget	\$18,475,660	\$1,093,903	\$19,569,563
Total County Appropriation	\$124,521,705	\$9,182,574	\$133,704,279
	Projected increase over FY 21		3,390,000
	FY22 Projected Funding from BOCC (3.2%)		127,911,705
	Additional Funding Requested		\$5,792,574



Funding Education

UCPS Request Highlights:

I. Redirects (Internal Redirects) – \$2,110,000

II. Sustaining Operations - \$3.74 million

- Facilities and Insurance
- Salaries and Benefits; projected step increases and benefits for certified (5%) and non-certified (3%) staff

III. Investing in Employees - \$5.25 million

- Compensation Study - Market Adjustment for Transportation and Support Staff
- Supplemental Increases - Teachers, Nurses, Psychologist and Social Workers
- Bus Driver Salary Increases - Average \$1 per hour

IV. Student Growth - \$1 million

- Student Enrollment Growth and Charter School Enrollment Projections

V. Program Expansion/New Initiatives - \$211,500

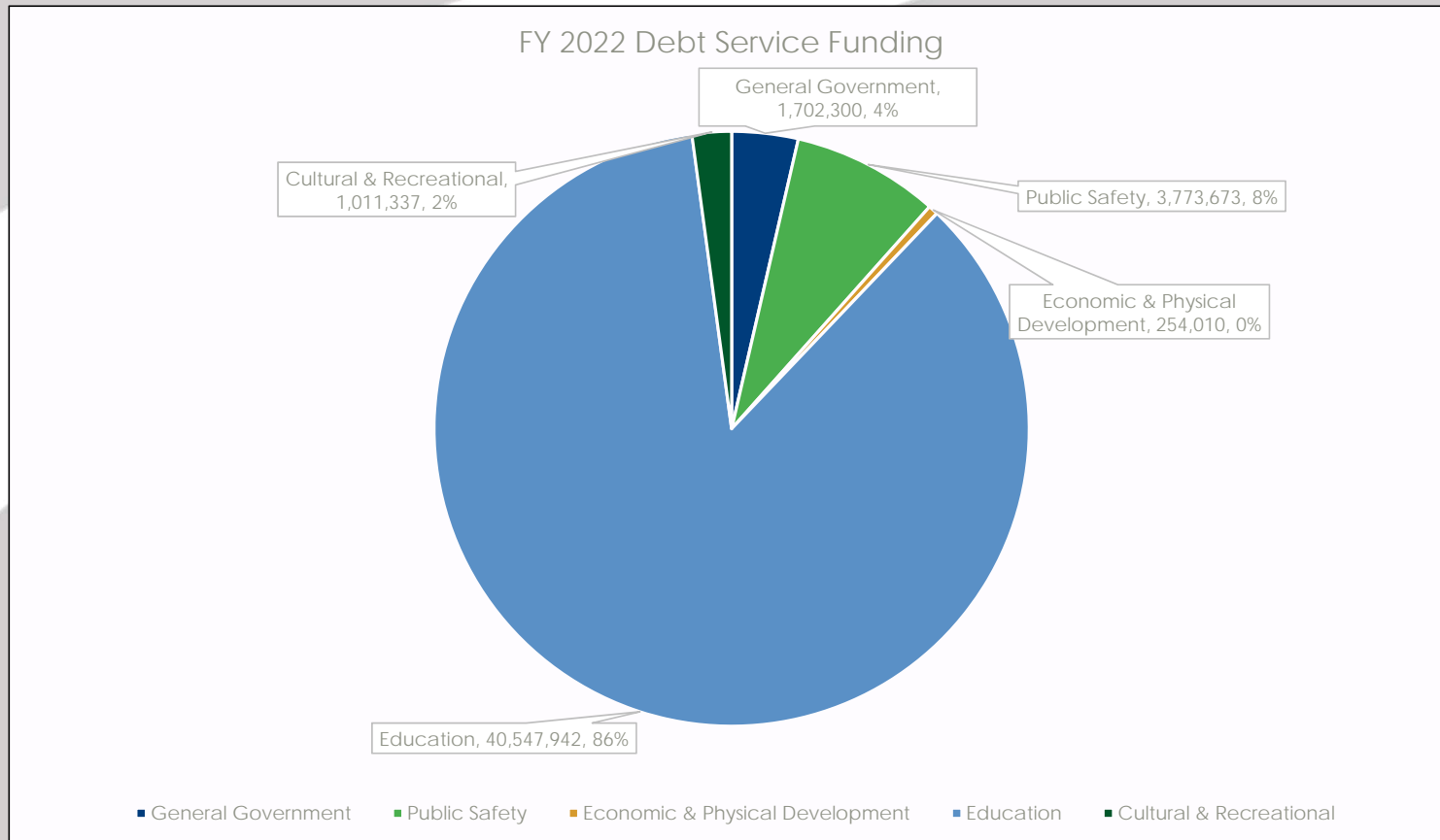
- Athletics – Additional supplemental pay for High School Athletic Directors
- Technology Services – Cybersecurity Network Position

Funding Education

Union County Education Funding					
Educational Partner	FY 2020 Adopted	FY 2021 Adopted	FY 2022 Recommended	\$ Change	% Change
SPCC Direct Funding	2,226,709	2,726,709	3,076,709	350,000	12.8%
SPCC Debt Service Funding	1,428,538	3,396,013	3,296,985	(99,028)	-2.9%
UCPS Operational Funding	102,942,093	106,046,045	111,546,045	5,500,000	5.2%
UCPS Capital Funding*	20,193,945	18,475,663	18,475,663	-	0.0%
UCPS Debt Service Funding	51,613,092	38,524,246	37,250,957	(1,273,289)	-3.3%
Total	178,404,377	169,168,676	173,646,359	4,477,683	2.6%
% Change in Funding		-5.2%	2.6%		

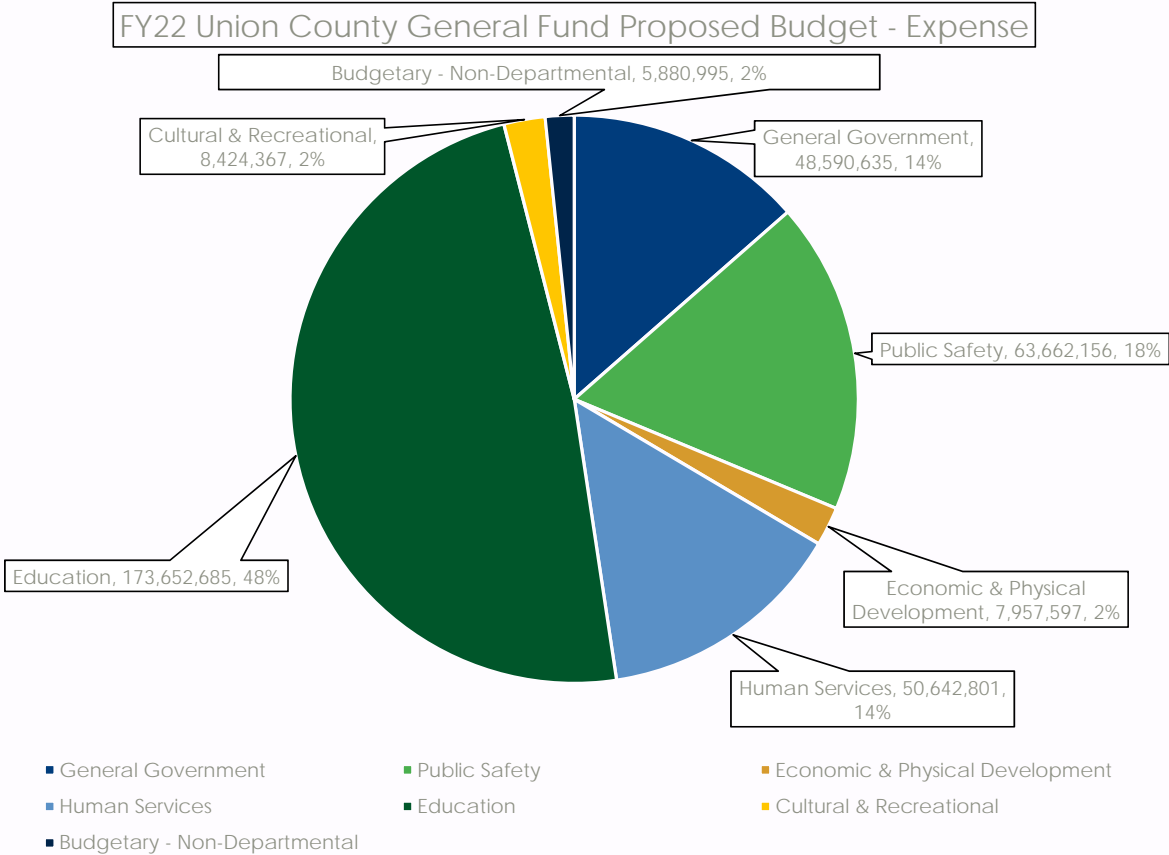
- Recommended budget includes 68% of UCPS request; meets most stated needs, with flexible implementation (5.2%)
- Recommended to use \$600,000 in CIP project savings for capital needs
- UCPS FY 2021 operating budget grew by 3.0%, compared to 1% County growth, FY 2022 growth of 5.2%
- SPCC requested \$412,620 (15.1% increase), FY 2022 recommended budget includes \$350,000 (12.8%)
- SPCC debt obligation is currently \$12.55 million, needs projected at \$68.14 million through 2030
- UCPS debt obligation is currently \$144.37 million, needs projected at \$757.38 million through 2030
- Reduction in UCPS FY 2021 debt service funding due to early debt payoff using available unassigned fund balance
- 14% of County debt service obligation is for County projects, 86% for Education

FY 2022 Proposed Debt Service



• Total FY 2022 County Debt Service obligation is \$47.29 million

Union County FY 2022 Proposed Budget



• Total FY 2022 County expense is \$374.74 million (General Fund, Debt & VFD's)

Summary of Manager's Recommended Budget

Working Budget Summary:

- Total general fund expense increase 8.38%, compared to 1% growth in FY 2021, 3.74% adjusted for unassigned Fund Balance
- Modest enhancements targeted to strategic areas (\$4.74 million compared to \$3.26 million in FY 2021; 1% total growth)
- Proposed budget includes addition of 28.68 FTE's in the general fund
- Increase usage of unassigned balance from \$1.65M to \$14.7 million in general fund
- Increase funding to SPCC by \$350k (continued staffing, maintenance, landscaping and IT to meet growth)
- Fund 68% of UCPS budget request (\$5.5 million), will meet needs with flexibility
- Maintain County commitment to Invest in employees (merit Pay 3% of payroll \$2.6M, Investment in Class & Comp \$1.2M,
- Increased employee contribution to health coverage; only second increase in 18 years)
- Continue sustainable funding model for the county fire departments (80%/20% urban or 60%/40% rural)
- Establish capital replenishment program for VFD SCBA needs (\$1.28M), part of ongoing County CIP plan
- Increase funding for County public safety agencies (Sheriff, Fire Marshal, Emergency Services, Emergency Communications)
- Fully fund County capital needs and facility replacement & renewal schedule
- Modest funding increase, of the community partner program for strategic purpose of substance abuse recovery/transition
- ***Proposed 1 penny above revenue neutral tax rate to accommodate community and organizational growth***

Next Steps

- Budget Public Hearing June 7th
- Budget Adoption June 21st

All FY 2022 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

