

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

Blake Hart

Director of Management & Budget

May 26<sup>th</sup>, 2022



**UNIONCOUNTY**  
north carolina

# Assessed Valuation

Assessed Valuation						
Category	FY 2020 Budgeted	FY 2021 Budgeted	FY 2022* Budgeted	FY 2023 Proposed	\$ Change	% Change
Real Property	22,391,421	23,017,914	31,261,389	32,223,380	961,991	3.1%
Personal Property	1,540,478	1,599,814	1,443,672	1,488,098	44,425	3.1%
Vehicles	2,777,116	2,969,729	3,002,176	3,246,553	244,377	8.1%
State Certifications	434,282	434,282	479,014	493,755	14,740	3.1%
<b>Total</b>	<b>27,143,297</b>	<b>28,021,738</b>	<b>36,186,251</b>	<b>37,451,785</b>	<b>1,265,534</b>	<b>3.5%</b>
Net Yield of One Cent	2,706,032	2,792,654	3,602,863	3,728,931	126,068	3.5%
County Property Tax Rate	73.09¢	73.09¢	58.80¢	58.80¢	-	0.0%
Property Tax Base**	27,143,297	28,021,738	36,186,251	37,451,785	1,265,534	3.5%
Collection Rate***	99.7%	99.6%	99.5%	99.5%	0.0%	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 increased 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
- Proposed property tax rate of 58.80 represents no tax rate increase

# 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	-	-
<b>Total</b>	<b>\$ 316,848,203</b>	<b>\$ 327,375,640</b>	<b>\$ 354,811,236</b>	<b>\$ 365,225,216</b>	<b>\$ 10,413,980</b>	<b>2.9%</b>

\*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 actuals expected to be 9.7% higher than FY 2021 actuals and 15% - 20% higher than FY 2022 budget
- Intergovernmental Revenues increasing due to growth in Medicaid Hold Harmless payment from State (\$2.85M)
- FY 2023 General Fund Revenues to grow by 2.9%
- FY 2022 grew by 8.68% due to fund balance appropriation, minimal fund balance use planned in FY 2023

# 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%
Employee Benefits	34,172,123	29,904,906	39,651,628	42,388,458	2,736,830	6.9%
Debt Service	38,658,694	49,934,809	48,815,915	48,749,524	(66,391)	-0.1%
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	0	-	-
Contingency	2,872,135	5,716,082	0	250,000	250,000	-
Interdepartmental Charges	-2,408,630	-3,861,174	-3,916,082	-3,787,926	128,156	-3.3%
<b>Total</b>	<b>\$ 316,848,203</b>	<b>\$ 327,375,640</b>	<b>\$ 354,811,236</b>	<b>\$ 365,225,216</b>	<b>\$ 10,413,980</b>	<b>2.9%</b>

\*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

# Investing in Fire Protection

<b>FY 2023 Proposed Fire Department Funding</b>				
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)

<b>FY 2023 Proposed Fire Department Funding</b>				
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	3.63	0.02
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

# 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%
<b>Total</b>		
	<b>\$ 48,860,420</b>	<b>100.0%</b>

*\*Includes only FY 2023 debt service payments*

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

# Next Steps

- Budget Public Hearing June 6<sup>th</sup>
- Budget Adoption June 13<sup>th</sup>

## **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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