

General Fund Budget Update

February 9, 2024



UNIONCOUNTY
north carolina

Bifurcated Tax Rate

Union County, NC FY 2024 Proposed Budget						
Countywide Rate	FY 2020 Adopted	FY 2021 Adopted	FY 2022* Adopted	FY 2023 Adopted	FY 2024 Adopted	FY23-24 Change
General Government Fund	20.65	20.56	48.55	48.19	16.32	(31.87)
Debt Budgetary Fund	3.30	3.30	9.80	10.22	1.75	(8.47)
Education Budgetary Fund***	45.48	45.57	-		37.42	37.42
Education Debt Fund***					2.92	2.92
Economic Development Budgetary Fund**	-	-	0.45	0.39	0.39	-
Emergency Medical Service	2.33	2.10	-			-
Countywide Fire	1.33	1.56	-			-
Total Countywide Tax Rate	73.09	73.09	58.80	58.80	58.80	0.00

*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

Revenue & Expense (Year End Projection)

FY 2024 Total Revenue Projected	\$ 213,476,293
FY 2024 Total Expense Projected	\$ 212,806,383
<i>Revenue Over Expense</i>	\$ 669,909

GF Revenue – Mid-Year Projection

Category	Revised FY 2024	Actual FY 2024	YE Proj. FY 2024	Change Budget to Actual	%
Revenues					
Ad Valorem Taxes and Fees	64,108,171	53,608,135	64,556,927	448,756	100.7%
Local Option Sales Tax	56,179,446	12,475,282	48,713,195	(7,466,251)	86.7%
Other Taxes	4,125,500	2,196,399	3,976,982	(148,518)	96.4%
Intergovernmental Rev, Unrestrict	22,440,769	4,912,266	22,328,565	(112,204)	99.5%
Intergovernmental Rev, Restrict.	700,622	404,642	645,273	(55,349)	92.1%
Intergovernmental Rev, Federal	20,357,737	5,058,445	16,856,206	(3,501,531)	82.8%
Intergovernmental Rev, State	3,954,735	2,195,663	4,152,472	197,737	105.0%
Non-Enterprise Charges	11,624,110	5,536,937	11,077,777	(546,333)	95.3%
Investment Revenue	1,200,000	1,571,226	3,100,000	1,900,000	258.3%
Interfund Transfers	3,970,359	2,243,038	3,970,359	-	100.0%
Other Revenue	7,672,862	569,454	7,672,862	-	100.0%
Fund Balance Appropriated	26,425,674	26,425,674	26,425,674	-	100.0%
Debt Proceeds - Restricted	-	-	-	-	-
Total	\$222,759,985	\$117,197,161	213,476,292	(9,283,693)	95.8%

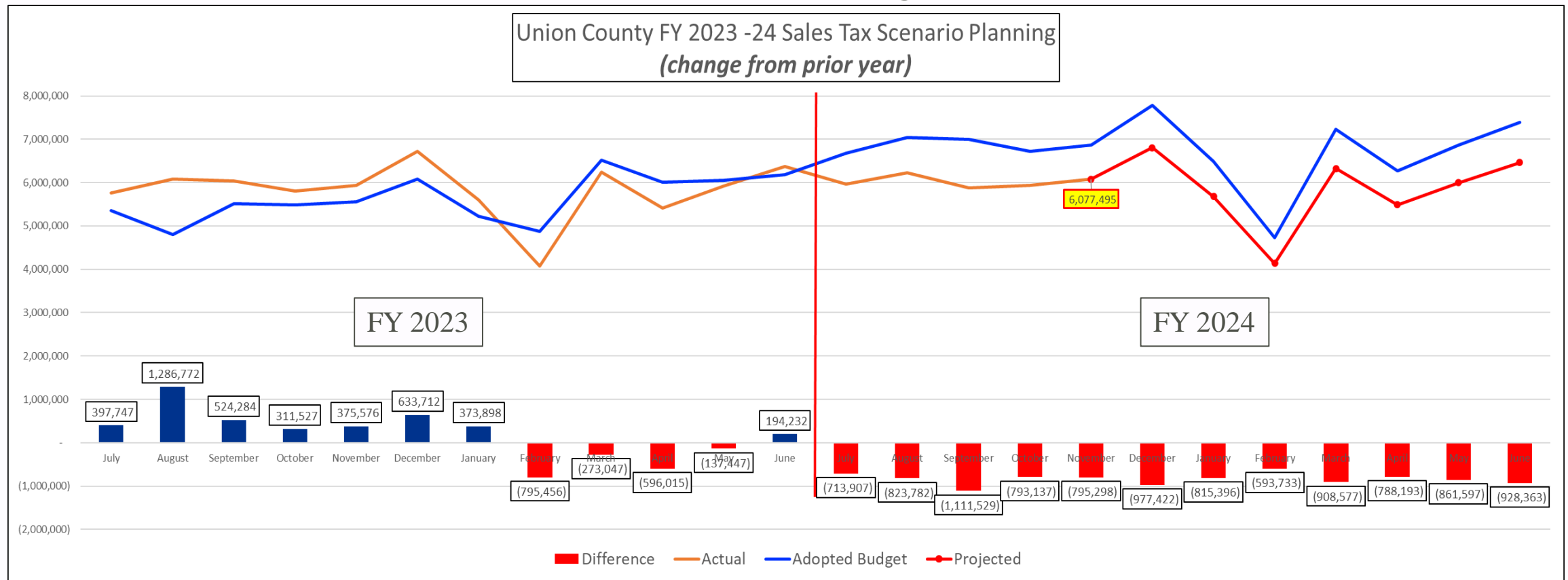
- Current Ad Valorem Collections are slightly ahead of previous year through December 31st; Ad Valorem tax base showing steady growth
- Ad Valorem collections trending (FY24 – 100.7%, FY23 – 103.2%, FY22 – 102.9%) collection rate higher than projected (99.5%), could increase
- Sales Tax trending significantly lower than Record FY 2024 budget, (\$7.5M below budget)
- Other Taxes - Register of Deeds Real Property Transfer projected to approach budget (96.4%), could trend up by year end
- Investment Revenue trending up in FY 2023 going forward, could increase by year end

Sales Tax – Mid-Year Projection

Union County Sales Tax History (FY 2024 Projected)						
<u>Fiscal Year</u>	<u>Adopted Budget</u>	<u>Revised Budget</u>	<u>**Actual Collected</u>	<u>Over/Under Budget</u>	<u>% Budget Collected</u>	<u>% Annual Increase</u>
FY 2018	44,713,531	44,713,531	43,070,620	(1,642,911)	96.3%	-
FY 2019	48,745,636	48,745,636	45,818,820	(2,926,816)	94.0%	6.4%
FY 2020	48,745,636	48,745,636	48,720,847	(24,789)	99.9%	6.3%
FY 2021	46,556,839	51,994,023	56,259,871	4,265,848	108.2%	15.5%
FY 2022	53,540,363	55,598,613	66,386,686	10,788,073	119.4%	18.0%
FY 2023	67,669,664	67,669,664	69,967,843	2,298,179	103.4%	5.4%
FY 2024*	81,081,605	81,081,605	70,970,671	(10,110,934)	87.5%	-12.5%
*FY 2024 Projected Actual of \$70.1M (Total) is the projected total through four months of collections (will change)						
**Includes County budget of \$56.2M (County GF) and \$24.9M allocated to Education debt fund						

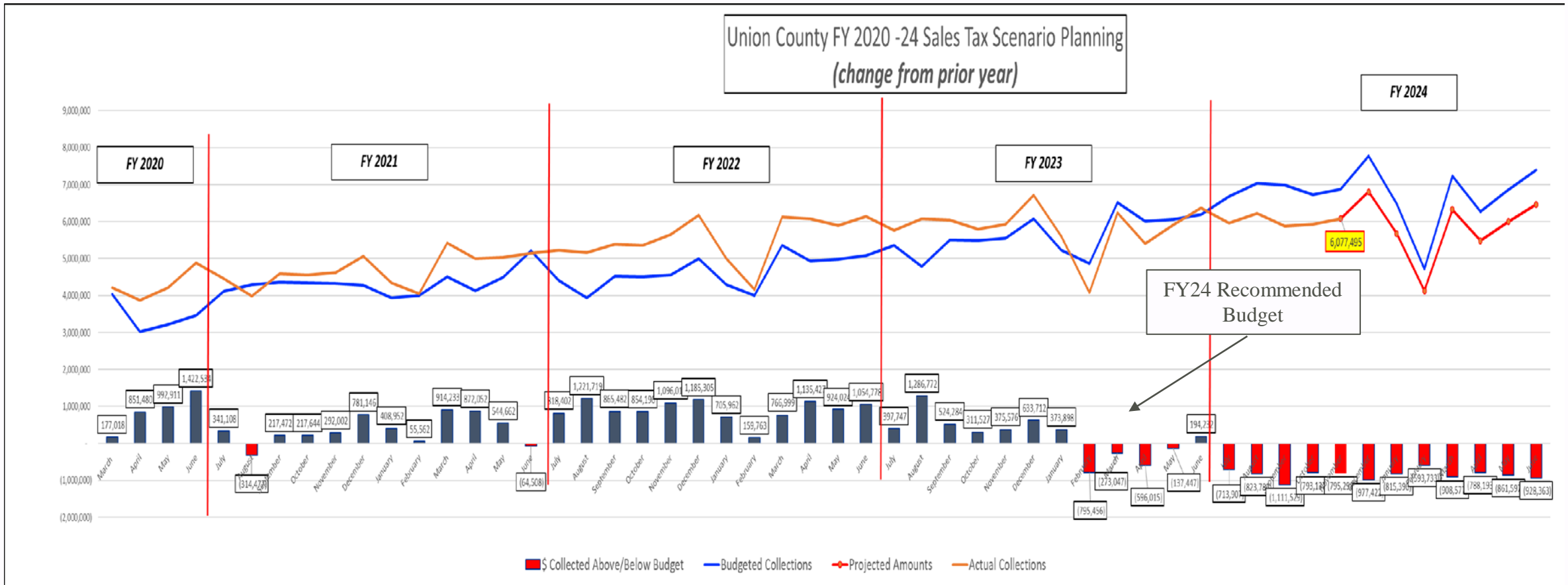
- FY 2024 actuals are currently trending 12.5% below adopted budget through five collection periods
- FY 2024 actuals are trending 1.4% above prior year actual collections, total growth over prior year is stabilizing
- Mid-year projection indicates 87.5% annual collection, under collection of \$9.5M - \$10.1M (GF/Educ) or (GF-\$7.4M and UCPS-\$2.7M)
- Overall economic activity slowing with current economic conditions

Sales Tax – Mid-Year Projection



- Actual Collections have been above monthly budget consistently since FY 2020 (Covid)
- Actual Collections began negative trend the month after the FY 2024 Recommended budget was presented to BoCC
- Mid-year projection indicates continued collections below the budgeted amount through end of FY 2024 (worst case scenario)

Sales Tax – History Post Covid



- Sales Tax Monthly collections FY 2020 – FY 2024
- Blue line is monthly budget, Orange line is actual collections
- Actuals consistently exceeded budget until just after the FY 2023 Recommended Budget presented to BoCC

GF Expense – Mid-Year Projection

Category	Revised FY 2024	Actual FY 2024	YE Proj. FY 2024	Change Budget to Actual	%
Expenditures					
Employee Compensation	81,328,799	34,039,568	77,265,160	(4,063,639)	95.0%
Employee Benefits	47,812,146	20,955,540	46,028,925	(1,783,221)	96.3%
Operating Cost	39,222,089	14,852,476	37,262,580	(1,959,509)	95.0%
Capital Outlay	5,396,185	996,866	3,328,355	(2,067,830)	61.7%
Contracts, Grants, and Subsidies	17,532,710	6,808,679	17,374,916	(157,794)	99.1%
Debt Service	-	-	-	-	-
Interdepartmental Charges	(3,999,321)	1,893,134	(3,920,929)	78,392	98.0%
Interfund Transfers, Out	35,067,377	31,097,018	35,067,377	-	100.0%
Contingency	400,000	-	400,000	-	0.0%
Fund Balance Contribution	-	-	-	-	-
Total	\$222,759,985	\$110,643,281	212,806,383	(9,953,602)	95.5%

- Employee Compensation typically ends year around 3.5% - 4.0% annual savings, Job Market competitive, recruitment is challenging
- Employee Benefits typically end the year slightly below budget; (in line with previous years)
- Operating Budget spending is in line with regular trends
- FY 2024 Total Operating Budget reduced by \$700,000 or 1.6% of operating budget (Target Based Budget Process)
- Contracts, Grants and Subsidies mostly made up of EMS, Business Grant and Business Partner payments
- Interfund Transfers are annual payments to other funds. (County PayGo Capital, UCPS PayGo Capital and Volunteer Fire Depts.)

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Contingency	400,000	-	400,000	-	0.0%
Fund Balance Contribution	-	-	-	-	-
Total	\$222,759,985	\$110,643,281	212,806,383	(9,953,602)	95.5%
Over/(Under)	-	6,553,880	669,909	669,909	0.3%

Take Away

- Ad Valorem Revenue is steady and growing
- Sales Tax Revenue stabilizing after volatile post covid period at normal growth rate
- County Expense trending within normal historical ranges
- Manager is considering cost saving strategies to limit general fund expense
- Current projections indicate small margin of revenue over expense at year end (\$669,909)
- Projections will be updated with each additional month of actual data

An aerial photograph of Union County, North Carolina, featuring a prominent clock tower building in the center. The image is overlaid with a dark blue gradient and a white diagonal shape on the right side.

Questions?



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