

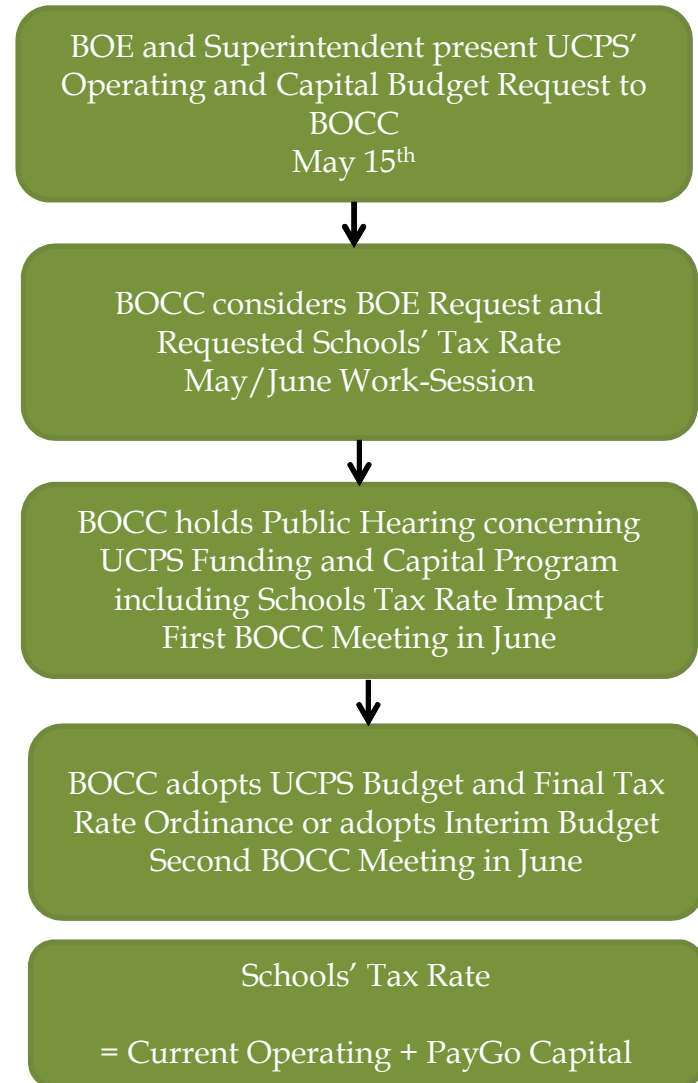
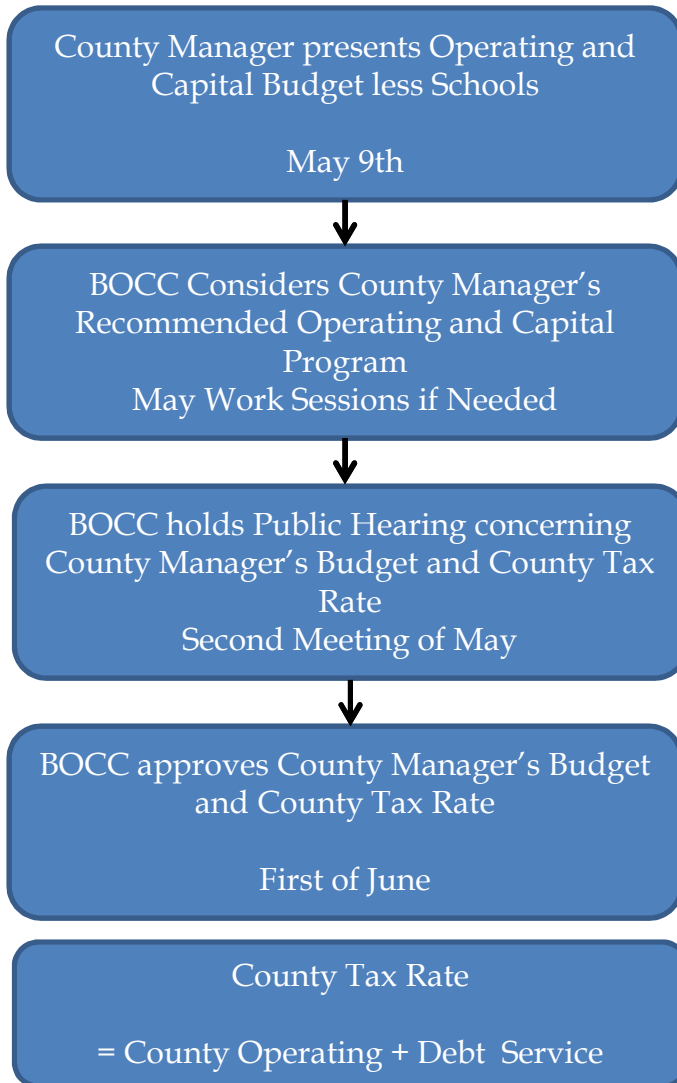


Proposed FY 2015 Operating and Capital Budget

UNION COUNTY

NORTH CAROLINA

Where are we in the Process?



County Budget Process

- Focus on 5 Key Principles
 - Fiscal Sustainability
 - Transparency
 - Stewardship
 - Responsiveness
 - Balance

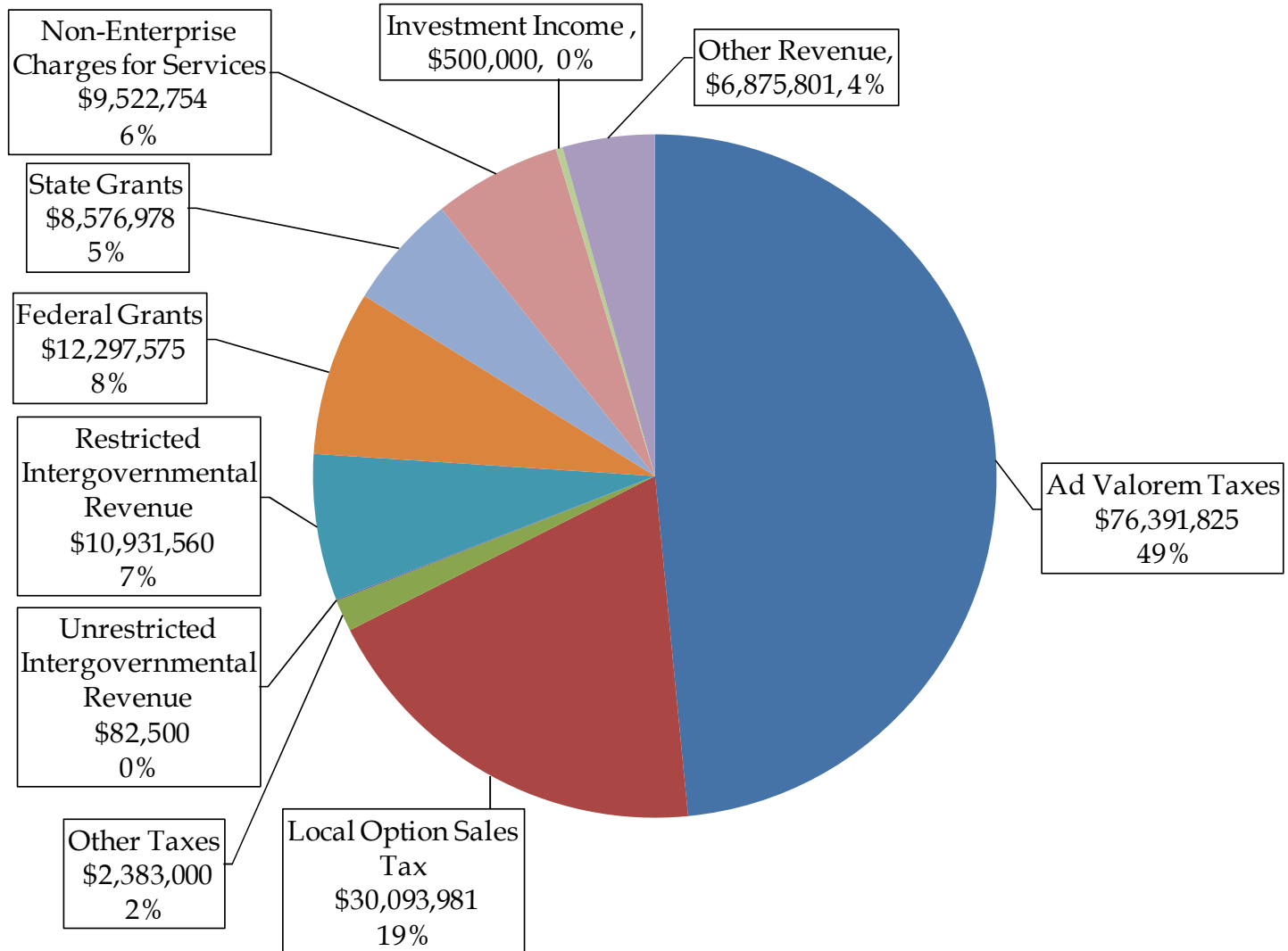
County Budget Process

- Development
 - Modified Zero-Base
 - Starting Over Each Year Building the Budget
 - Individual Meetings to Review Every Line Item
 - Included EMS, VFDs, and SPCC
 - Each Line Item was Individually Ranked as to Priority
 - Management Reduced Request to Balance the Budget within the Resources Available
 - The Outcome of the Zero-Base Process was then Modeled to Ensure Sustainability

General Fund Financial Projections								
	Actual FY 2013	Revised FY 2014	Proposed FY 2015	Projected FY 2016	Projected FY 2017	Projected FY 2018	Projected FY 2019	Projected FY 2020
Funding Sources								
Ad Valorem Taxes	\$ (157,703,452)	(156,081,812)	(76,391,825)	(75,759,113)	(76,753,679)	(77,765,990)	(78,796,511)	(79,845,727)
Local Option Sales Taxes	(26,834,776)	(26,948,400)	(30,093,981)	(30,846,331)	(31,617,489)	(32,407,926)	(33,218,124)	(34,048,577)
Other Taxes	(2,093,213)	(1,826,000)	(2,383,000)	(2,451,819)	(2,523,078)	(2,596,878)	(2,673,326)	(2,752,534)
Unrestricted Intergovernmental Revenue	(81,981)	(61,700)	(82,500)	(82,710)	(82,924)	(83,143)	(83,366)	(83,593)
Restricted Intergovernmental Revenue	(10,990,062)	(10,235,667)	(10,931,560)	(11,085,362)	(11,242,506)	(11,403,072)	(11,567,145)	(11,734,809)
Federal Grants	(15,859,114)	(11,653,596)	(12,297,575)	(12,297,575)	(12,297,575)	(12,297,575)	(12,297,575)	(12,297,575)
State Grants	(3,900,615)	(9,426,923)	(8,576,978)	(8,576,978)	(8,576,978)	(8,576,978)	(8,576,978)	(8,576,978)
Non-Enterprise Charges For Services	(8,451,001)	(8,775,563)	(9,522,754)	(9,660,567)	(9,801,745)	(9,946,377)	(10,094,553)	(10,246,368)
Debt Proceeds - Restricted Revenue	(80,474,253)	-	-	-	-	-	-	-
Investment Income	(116,820)	(500,000)	(500,000)	(505,000)	(510,050)	(515,151)	(520,302)	(525,505)
Other Revenue	(7,058,776)	(6,682,251)	(6,875,801)	(6,878,071)	(6,880,364)	(6,882,679)	(6,885,018)	(6,887,380)
Interfund Transfers	(20,023,787)	-	-	-	-	-	-	-
Planned Fund Balance Usage	-	(20,717,924)	-	-	-	-	-	-
Total Funding Sources	\$ (333,587,850)	(252,909,836)	(157,655,974)	(158,143,525)	(160,286,387)	(162,475,768)	(164,712,898)	(166,999,046)
Expenditures								
Employee Compensation	34,027,344	37,680,371	38,852,136	40,395,042	41,984,235	43,237,841	44,529,055	45,859,006
Employee Benefits	18,628,020	20,878,894	22,368,016	23,724,716	25,160,631	26,563,037	28,051,473	29,631,527
Operating Cost	27,620,869	33,967,728	32,429,916	33,250,208	34,094,127	34,962,462	35,856,035	36,775,696
Capital Outlay	946,691	2,220,500	1,294,786	1,347,579	1,402,772	1,460,482	1,520,828	1,583,938
Contracts, Grants, and Subsidies	8,992,335	10,066,554	12,562,933	12,823,606	13,080,079	13,341,680	13,608,514	13,880,684
UCPS Current Expense	81,504,155	83,021,859	-	-	-	-	-	-
General Debt Service	107,168,994	5,472,064	3,411,642	3,642,447	3,554,257	3,788,100	4,760,225	3,318,428
UCPS Related Debt Service	43,426,394	44,012,450	44,989,088	43,733,632	43,511,858	42,479,116	40,119,411	37,447,184
Interdepartmental Charges	(2,454,470)	(2,713,965)	(1,602,626)	(1,634,679)	(1,667,372)	(1,700,720)	(1,734,734)	(1,769,429)
Interfund Transfers	51,979	8,412	2,850,083	2,304,140	1,578,580	1,058,580	258,580	258,580
UCPS PayGo Capital Funding	-	17,936,454	-	-	-	-	-	-
Other Budgetary Accounts	-	358,515	500,000	500,000	500,000	500,000	500,000	500,000
Total Expenditures	\$ 319,912,311	252,909,836	157,655,974	160,086,691	163,199,166	165,690,579	167,469,388	167,485,615
Revenues (Over)/Under Expenditures	\$ (13,675,539)	-	-	1,943,166	2,912,779	3,214,811	2,756,490	486,568
Sensitivity (+/-2% Goal)	0.00%	0.00%	0.00%	1.21%	1.78%	1.94%	1.65%	0.29%

County Services budget as proposed, reflects a sustainable budget during the projection window.

General Fund Revenue



Why Ad Valorem Taxes?

- Excluding the Schools' Tax Rate for FY 2015, Ad Valorem Taxes make up 49% of the total general fund revenue.
- Excluding the Schools' Tax Rate for FY 2015, federal, state, grant funding, and fees make up 26% of total general fund revenue. These sources are committed to the programs for which they were given.
- Excluding the Schools' Tax Rate for FY 2015, sales taxes make up 19% of total general fund revenue. Of the total sales tax, 23.3% is restricted to Schools' related debt service.
 - In FY 2015, total estimated sales tax is \$30.1 million.
 - In FY 2015, total Schools' related debt service is \$45 million.
- Excluding the Schools' Tax Rate for FY 2015, other sources make up 6% of total general fund revenue.

Ad Valorem Tax is the only general revenue source that the Board of County Commissioners has the power to increase for funding Schools.

Why Ad Valorem Taxes?

G.S.§153A-149(b)(7):

(b) Each county may levy property taxes without restriction as to rate or amount for the following purposes: (7) Schools – To provide for the county's share of the cost kindergarten, elementary, secondary, and post-secondary public education.

The Schools' Ad Valorem Tax Rate for FY 2015 will be determined by the Schools' Current Operating Expense and PayGo Capital Program.

Apples to Apples Comparison

	FY 2014 Revised	FY 2015 Proposed	Change
Total Revenue	\$ 252,909,836	157,655,974	(95,253,862)
Less: Fund Balance Usage FY 2014	(20,717,924)	-	
Less: Schools' Tax FY 2014	(82,260,408)	-	
Total Adjusted Revenue for County Services Budget	\$ 149,931,504	157,655,974	7,724,470

The County's Revenue growth for FY 2015
Services increased by 5.15%.

General Revenue Growth

General Revenue Growth	
Total Revenue Growth for FY 2015	\$ 7,724,470
Restricted Intergovernmental Revenue Growth	(695,893)
Federal Grant Growth	(643,979)
State Grant Funding (Decrease)	849,945
Charges for Services	(747,191)
Unrestricted Intergovernmental Revenue Growth	(20,800)
Restricted Local Option Sales Tax Growth	(690,457)
Total General Revenue Growth	\$ 5,776,095

General Revenue increased by 5.58% for FY 2015.

Ad Valorem Tax

G.S.§159-13(b)(6):

The estimated percentage of collection of property taxes shall not be greater than the percentage of the levy actually realized in cash as of June 30 the preceding fiscal year.

The estimated collection rate for FY 2015 is 98.5% for Property Taxes and 92.5% for Motor Vehicles.

At the County Tax Rate of 30.64 cents Current Ad Valorem Grew by 2.39% or \$1.7 Million.

Local Option Sales Taxes

Total Estimated Sales tax grew by 11.67% or \$3.15 million

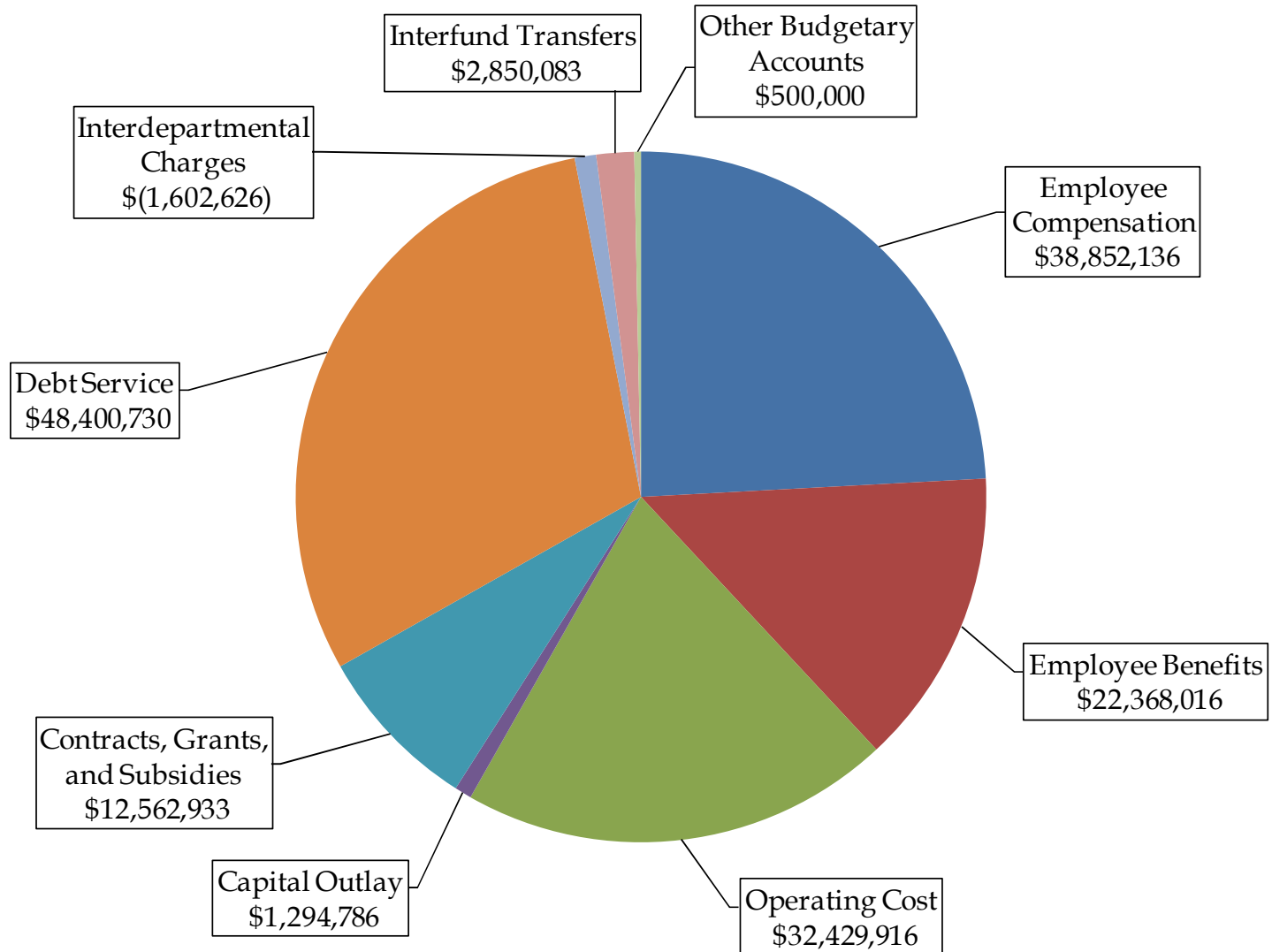
Total Estimated Sales Tax is \$30.1 million, of which \$7 million is restricted to partially fund the \$45 million UCPS related Debt Service

In addition to Sales Tax \$2.8 million of Lottery Proceeds are restricted to partially fund the UCPS related Debt Service.

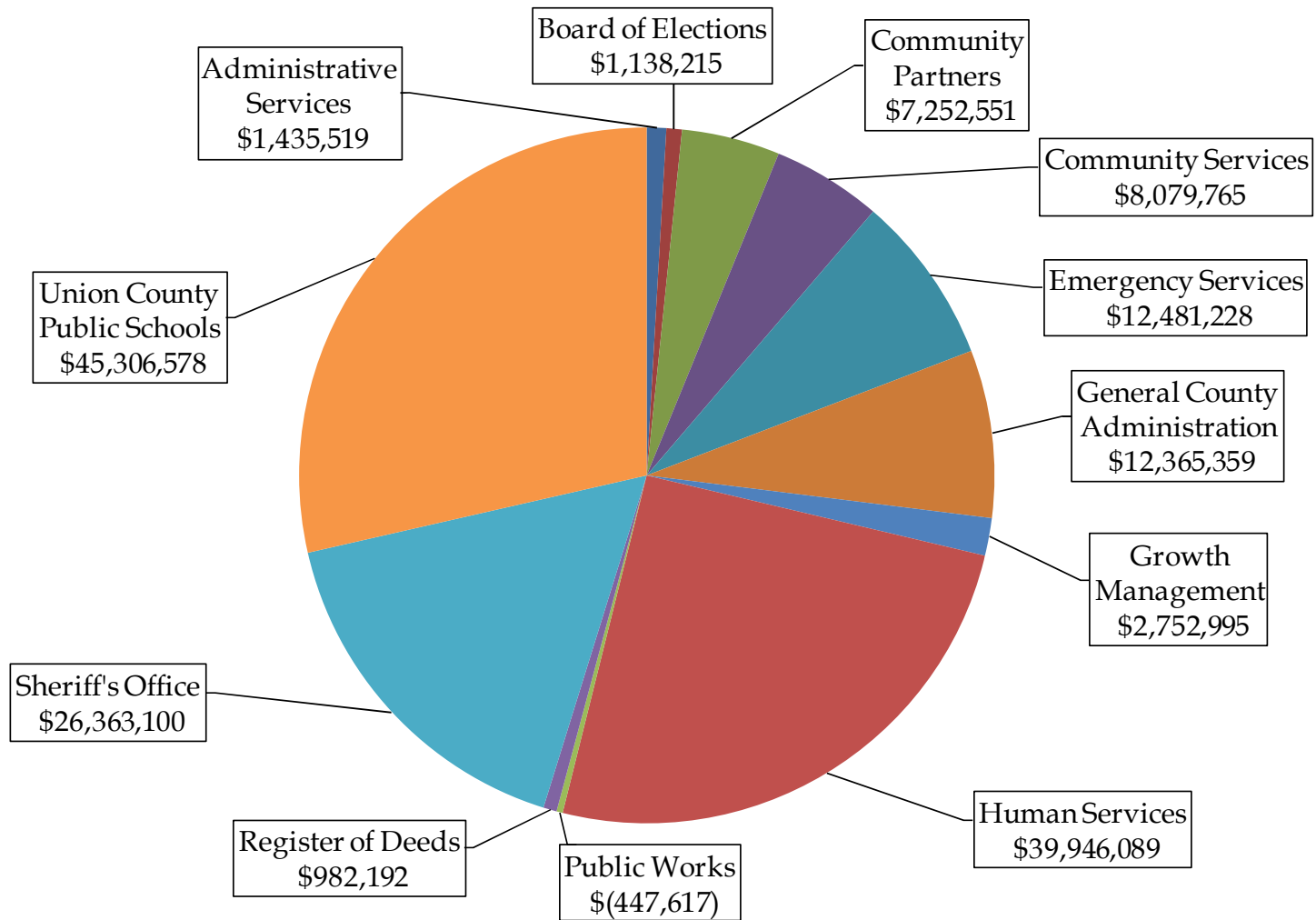
Other Funding Sources

- State Grant Funding was reduced by 9.02% or \$849,945.
- Interest earnings estimates were held flat at \$500,000.
- Other Revenue of \$6.88 million from sale of property, donations, lease revenues, and other miscellaneous revenues.

General Fund Expenditures



General Fund Expenditures by Service Area



Where do property taxes go?

The Commission has limited ability to assign revenues.

Service Area	Tax Rate in Pennies	FY 2015 Proposed Expenditures	Current Ad Valorem Taxes	Non-Current Ad Valorem Taxes	Local Option Sales Taxes	Other Taxes	Inter- governmental Revenues	Non-Enterprise Charges for Services	Investment Income	Other Revenue
Administrative Services	0.60	\$ 1,435,519	(1,434,934)	-	-	-	-	(585)	-	-
Board of Elections	0.48	1,138,215	(1,137,315)	-	-	-	(400)	(500)	-	-
Community Partners	0.16	7,252,551	(381,123)	-	-	-	(657,255)	(30,270)	-	(6,183,903)
Community Services	2.93	8,079,765	(6,987,986)	-	-	-	(240,099)	(663,573)	-	(188,107)
Emergency Services	4.94	12,481,228	(11,777,828)	-	-	-	(62,500)	(488,900)	-	(152,000)
General County Administration	(0.05)	12,365,359	126,233	(3,410,400)	-	(2,383,000)	(5,997,492)	(700)	(500,000)	(200,000)
Growth Management	(0.22)	2,752,995	529,705	-	-	-	-	(3,282,700)	-	-
Human Services	6.95	39,946,089	(16,555,514)	-	-	-	(19,971,699)	(3,267,085)	-	(151,791)
Public Works	(0.19)	(447,617)	447,617	-	-	-	-	-	-	-
Register of Deeds	(0.07)	982,192	166,008	-	-	-	-	(1,148,200)	-	-
Sheriff's Office	9.88	26,363,100	(23,523,027)	-	-	-	(2,199,832)	(640,241)	-	-
Union County Public Schools	5.23	45,306,578	(12,453,261)	-	(30,093,981)	-	(2,759,336)	-	-	-
Total	30.64	\$ 157,655,974	(72,981,425)	(3,410,400)	(30,093,981)	(2,383,000)	(31,888,613)	(9,522,754)	(500,000)	(6,875,801)

Who are our Community Partners?

- Clerk of the Superior Court
- District Attorney's Office
- Union County Magistrates Office
- Juvenile Justice
- District Court Judges Office
- Superior Court Judges Office
- Forest Resources
- South Piedmont Community College
- Red Cross
- Safer Communities
- Council on Aging
- Union County Community Arts Council
- Historic Preservation
- CMC - Union

- HealthQuest
- City of Monroe Economic Development
- Charlotte Area Transit System
- Union County DWI Treatment Court
- Safe Alliance
- Mental Health
- Union County Community Shelter
- Turning Point
- Literacy Council of Union County
- Union County Community Action
- Andrew Jackson Historical Foundation

Significant GF Increases

Other than these increases the remainder of the General Fund was reduced by 1.11% or \$1.7 million.

<i>Significant Increases for FY 2015</i>		
1st Year of Sheriff's Office Sworn Pay Plan Adjustment	\$	618,695
Volunteer Fire Department Increase		1,009,128
Increased Funding for EMS		947,882
Increased Funding for SPCC		524,144
Economic Development Infrastructure Grant Program		125,000
Firearm's Training and Qualification Range PayGO		2,000,000
Performance Pay Pool		1,364,118
Significant Increases for FY 2015	\$	<u>6,588,967</u>

General Fund Capital Projects

- Total \$2,841,503 of General Fund PayGo Capital Funding
 - \$200,000 for Monroe Library Chiller Replacement
 - \$2,000,000 Additional Funding for the Firearms Training and Qualifications Range
 - \$339,238 Additional Funding for Document Imaging
 - \$52,265 Additional Funding for DSS Business Automation
 - \$125,000 Ongoing Funding for Facilities Maintenance and Renewal
 - \$125,000 Ongoing Funding for Community Services Facilities Maintenance and Renewal

What about other funds?

The County operates using a total of 31 funds in six specific categories in accordance with General Statutes, Generally Accepted Accounting Principles, and the Government Accounting Standards Board.

	June 30, 2013	Non-Spendable, Restricted, Assigned	Reserves	Committed to Specific Fund Purpose	FY 2015 Proposed Usage	Appropriable For Any Legal Purpose*
General Fund	\$ 79,669,056	(33,382,122)	(44,208,743)	-	(1,927,000)	2,023,979
Special Revenue Funds	3,234,227	(2,745,353)	-	-	(488,874)	-
Capital Project Funds	45,663,925	(45,663,925)	-	-	-	-
Enterprise Funds	249,389,456	(160,538,543)	(34,995,929)	(53,854,984)	-	-
Internal Services Funds	2,800,052	(2,767,849)	-	-	(32,203)	-
Fudiciary Funds	11,818,115	(11,818,115)	-	-	-	-
Total All Funds	\$ 392,574,831	(256,915,907)	(79,204,672)	(53,854,984)	(2,448,077)	2,023,979

Based on the externally audited financial statements for June 30, 2013, FY 2014 Budget Appropriations, reserve policies and practices, and the Proposed FY 2015 Operating and Capital Budget, \$2 million is available for any legal use.

General Fund

The General Fund accounts for the resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.

	June 30, 2013	Non-Spendable, Restricted, Assigned	Reserves	Committed to Specific Fund Purpose	FY 2015 Proposed Usage	Appropriable For Any Legal Purpose*
General Fund - Fund Balance						
General Fund	\$ 79,669,056	(33,382,122)	(44,208,743)	-	(1,927,000)	2,023,979

General Fund Balance Detail as of May 21, 2014	
General Fund Balance FYE 6/30/2013	\$ 79,669,056
Less: Non-Spendable Fund Balance	(279,914)
Less: Restricted Fund Balance	(13,342,913)
Less: Remaining Project Balances	(40,132)
Less: 16% Reserve Policy	(35,366,994)
Less: 4% Ratings Reserve	(8,841,749)
Less: Assigned for UCPS Capital	(8,357,859)
Less: Assigned for UCPS True-Up	(761,451)
Less: Assigned for FY 2014 GF	(1,021,258)
Less: Assigned for UCPS Roofing	(9,578,595)
Add: FY 2014 Estimated Debt Service Savings	1,872,788
Less: Assigned for FY 2015 Budget	(1,927,000)
Total Appropriable for Any Legal Purpose	\$ 2,023,979

Special Revenue Funds

Special Revenue Funds account for specific revenues that are legally restricted to expenditures for particular purposes.

	June 30, 2013	Non-Spendable, Restricted, Assigned	Reserves	Committed to Specific Fund Purpose	FY 2015 Proposed Usage	Appropriable For Any Legal Purpose
<i>Special Revenue Funds - Fund Balance</i>						
Springs Fire District Fund	\$ 73,123	(73,123)	-	-	-	-
Waxhaw Fire District Fund	152,541	(152,541)	-	-	-	-
Hemby Bridge Fire District Fund	204,568	(204,568)	-	-	-	-
Stallings Fire District Fund	89,620	(89,620)	-	-	-	-
Wesley Chappel Fire District Fund	232,699	(232,699)	-	-	-	-
Fee Supported Fire Districts Fund	26,645	(26,645)	-	-	-	-
Emergency Telephone System Fund	1,767,473	(1,278,599)	-	-	(488,874)	-
General Special Revenue Fund - Multiyear	653,228	(653,228)	-	-	-	-
Automation Enhancement Fund	34,330	(34,330)	-	-	-	-
Total Special Revenue Funds Fund Balance	\$ 3,234,227	(2,745,353)	-	-	(488,874)	-

Capital Project Funds

Capital Project Funds account for the acquisition and construction of major capital facilities other than those financed by Proprietary Funds and Trust Funds.

	June 30, 2013	Non-Spendable, Restricted, Assigned	Reserves	Committed to Specific Fund Purpose	FY 2015 Proposed Usage	Appropriable For Any Legal Purpose
<i>Capital Project Funds - Fund Balance</i>						
General Capital Projects Fund	\$ 42,008,197	(42,008,197)	-	-	-	-
School Bond Funds	107,874	(107,874)	-	-	-	-
Library Capital Projects Fund	3,547,854	(3,547,854)	-	-	-	-
Total Governmental Fund Balances	\$ 45,663,925	(45,663,925)	-	-	-	-

Enterprise Funds

Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the cost of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

	June 30, 2013	Non-Spendable, Restricted, Assigned	Reserves	Committed to Specific Fund Purpose	FY 2015 Proposed Usage	Appropriable For Any Legal Purpose
<i>Enterprise Funds - Fund Balance</i>						
Water and Sewer Fund	\$ 243,121,586	(158,652,090)	(34,215,705)	(50,253,791)	-	-
Solid Waste Fund	6,218,043	(1,858,274)	(755,867)	(3,603,902)	-	-
Stormwater Fund	49,827	(28,179)	(24,357)	2,709	-	-
Total Enterprise Funds Fund Balance	\$ 249,389,456	(160,538,543)	(34,995,929)	(53,854,984)	-	-

Internal Service Funds

The Internal Service Funds account for the financing of goods or services provided by one department to other departments of the County on a cost-reimbursement basis.

	June 30, 2013	Non-Spendable, Restricted, Assigned	Reserves	Committed to Specific Fund Purpose	FY 2015 Proposed Usage	Appropriable For Any Legal Purpose
<i>Internal Service Funds - Net Position</i>						
Health Benefits Fund	\$ 1,460,472	(1,460,472)	-	-	-	-
Workers' Compensation Fund	683,286	(683,286)	-	-	-	-
Property and Casualty Fund	656,294	(624,091)	-	-	(32,203)	-
Total Internal Service Funds Net Position	\$ 2,800,052	(2,767,849)	-	-	(32,203)	-

Fiduciary Funds

Fiduciary Funds (Trust Funds and Agency Funds) account for assets held by the County in a trustee capacity. Agency Funds account for assets held by the County as an agent for individuals or other governments.

	June 30, 2013	Non-Spendable, Restricted, Assigned	Unassigned Reserves	Committed to Specific Fund Purpose	FY 2015 Proposed Usage	Appropriable For Any Legal Purpose
<i>Fiduciary Funds - Net Position</i>						
Special Separation Allowance Fund	618,284	(618,284)	-	-	-	-
Other Postemployment Retiree Healthcare Benefits (OPEB) Fund	11,199,831	(11,199,831)	-	-	-	-
Social Services Fund	-	-	-	-	-	-
Fines and Forfeitures Fund	-	-	-	-	-	-
Jail Inmate Fund	-	-	-	-	-	-
Monroe School District Funds	-	-	-	-	-	-
Union County School District Funds	-	-	-	-	-	-
Municipal Tax Collection Fund	-	-	-	-	-	-
Gross Rental Receipts Tax Fund	-	-	-	-	-	-
Department of State Treasurer Motor Vehicle Tax Fund	-	-	-	-	-	-
Total Fiduciary Funds Net Position	11,818,115	(11,818,115)	-	-	-	-

Improving Transparency

- Document Improvements
- Budget Website at www.unioncountync.gov
 - Presentations and Historical Documents
- Email Address for Ask the County Manager
 - askthecountymanager@co.union.nc.us
- Email Address for Public Comments
 - publiccomments@co.union.nc.us
- Social Media

Question?

Thank you for allowing the time to present the County's FY 2015 Operating and Capital Budget.