

ESTABLISHED 1842

UNION COUNTY GOVERNMENT

NORTH CAROLINA



Building a Fiscally Sustainable Future

Five-Year Financial Projections, Fiscal Indicators, Debt & Economic Indicators, and Demand for Services Index

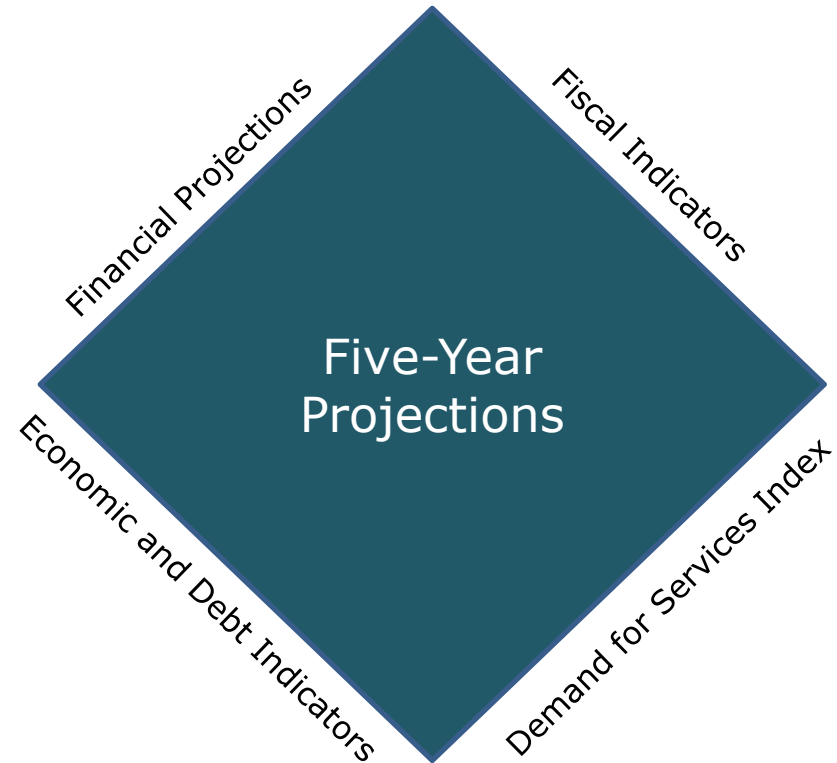
Goals for Today

- Review the Five-Year Projections
- Discussion of Conclusions and Trends
- Discussion of Budget Focus Areas
- BOCC Direction Concerning Budget Focus Areas



Overview of the Process

- Four Pronged Approach
 - Financial
 - Fiscal
 - Economic and Debt
 - Service Demand
- Report Findings
- Budget Focus Areas



Developing a Comprehensive Approach to Financial Planning and Service Delivery



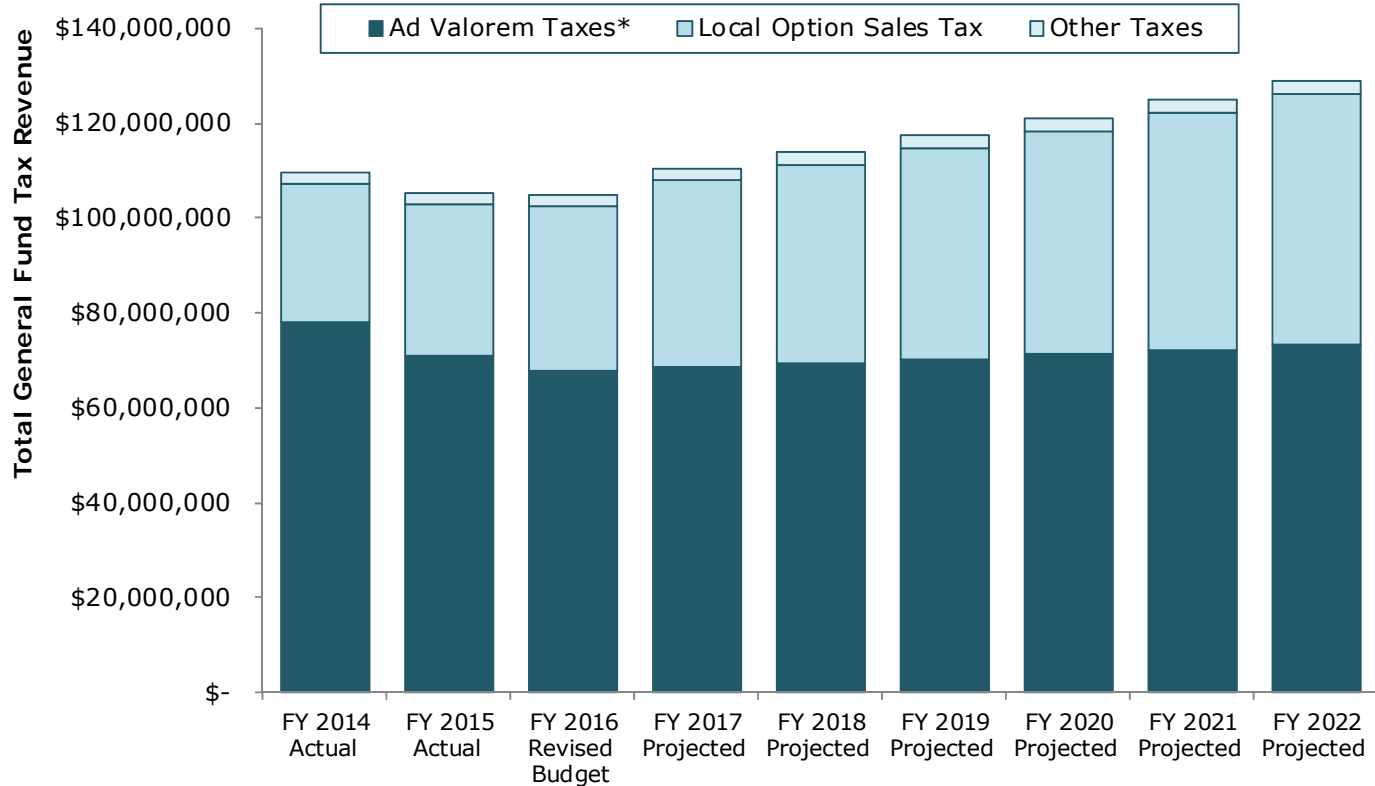
General Fund Financial Projection									
Category	FY 2014 Actual	FY 2015 Actual	FY 2016 Revised Budget	FY 2017 Projected	FY 2018 Projected	FY 2019 Projected	FY 2020 Projected	FY 2021 Projected	FY 2022 Projected
<i>Sources</i>									
Ad Valorem Taxes*	\$ (77,890,601)	(70,812,421)	(67,814,063)	(68,459,842)	(69,385,582)	(70,328,477)	(71,288,994)	(72,267,619)	(73,264,852)
Local Option Sales Tax	(29,449,465)	(32,108,083)	(34,518,523)	(39,561,650)	(41,901,462)	(44,381,538)	(47,010,387)	(49,797,040)	(52,751,082)
Other Taxes	(2,410,251)	(2,433,979)	(2,458,900)	(2,517,125)	(2,577,685)	(2,640,703)	(2,706,307)	(2,774,633)	(2,845,826)
Unrestricted Intergovernmental Rev.	(75,773)	(82,050)	(79,200)	(79,555)	(79,911)	(80,269)	(80,629)	(80,991)	(81,355)
Restricted Intergovernmental Rev.	(10,195,143)	(11,549,677)	(11,119,162)	(10,806,278)	(10,961,225)	(11,125,593)	(11,299,955)	(11,484,918)	(11,681,126)
Federal Grants	(14,965,362)	(15,832,246)	(13,892,525)	(13,579,007)	(13,610,650)	(13,643,720)	(13,678,280)	(13,714,399)	(13,752,145)
State Grants	(4,194,340)	(4,102,589)	(8,746,434)	(8,403,461)	(8,403,461)	(8,403,461)	(8,403,461)	(8,403,461)	(8,403,461)
Non-Enterprise Charges for Services	(9,428,437)	(9,407,835)	(8,820,171)	(9,165,766)	(9,530,999)	(9,917,230)	(10,325,917)	(10,758,632)	(11,217,065)
Restricted Debt Proceeds**	(5)	-	-	-	-	-	-	-	-
Investment Income	(391,543)	(140,529)	(602,400)	(608,424)	(614,508)	(620,653)	(626,860)	(633,128)	(639,460)
Other Revenue***	(7,075,905)	(7,273,116)	(6,738,328)	(6,738,328)	(6,738,328)	(6,738,328)	(6,738,328)	(6,738,328)	(6,738,328)
Interfund Transfers***	(1,576)	-	-	-	-	-	-	-	-
Total Sources	\$ (156,078,401)	(153,742,525)	(154,789,706)	(159,919,435)	(163,803,812)	(167,879,972)	(172,159,118)	(176,653,149)	(181,374,700)
<i>Uses</i>									
Employee Compensation	\$ 36,290,622	37,889,016	41,634,082	43,260,127	44,551,690	45,882,000	47,252,219	48,663,545	50,117,211
Employee Benefits	20,176,153	21,785,058	23,961,518	31,588,760	33,897,074	36,396,823	39,105,684	42,043,152	45,230,747
Operating Costs	31,944,341	30,331,207	35,860,423	36,460,072	37,522,943	38,629,937	39,783,421	40,985,911	42,240,087
Capital Outlay	1,847,330	1,433,946	2,306,036	2,449,967	2,604,316	2,769,879	2,947,518	3,138,164	3,342,821
Contracts, Grants, and Subsidies*	5,321,407	5,478,338	6,281,790	6,419,386	6,560,632	6,705,647	6,854,554	7,007,482	7,164,564
Debt Service**	47,348,878	48,336,997	47,302,278	45,945,402	45,374,136	43,970,872	40,638,016	35,552,382	34,447,438
Interdepartmental Charges	(6,034,481)	(1,691,290)	(1,984,232)	(2,039,126)	(2,095,825)	(2,154,393)	(2,214,895)	(2,277,401)	(2,341,982)
Interfund Transfer***	17,943,931	13,097,887	250,000	2,254,500	1,413,600	1,430,000	350,000	350,000	250,000
Contingency	-	-	406,800	500,000	500,000	500,000	500,000	500,000	500,000
Total Uses	\$ 154,838,181	156,661,159	156,018,695	166,839,089	170,328,566	174,130,765	175,216,517	175,963,234	180,950,885
Use/(Addition) to Fund Balance	\$ (1,240,220)	2,918,634	1,228,989	6,919,654	6,524,754	6,250,793	3,057,399	(689,914)	(423,815)
Sensitivity (+/-) 3%	-0.80%	1.86%	0.79%	4.15%	3.83%	3.59%	1.74%	-0.39%	-0.23%

*History Adjusted for UCPS,VFDs,& EMS/ **Adjusted for DebtProceeds***Adjusted for 1x Revenue & Related Transfers

General Fund Revenue and Expenditures				
	Revenue	Expenditures	Revenue Over/(Under) Expenditures	Variance Sensitivity +/- 3%
FY 2015	\$ 153,742,525	156,661,159	(2,918,634)	-
FY 2016	154,789,706	156,018,695	(1,228,989)	-
FY 2017	159,919,435	166,839,089	(6,919,654)	-4.15%
FY 2018	163,803,812	170,328,566	(6,524,754)	-3.83%
FY 2019	167,879,972	174,130,765	(6,250,793)	-3.59%
FY 2020	172,159,118	175,216,517	(3,057,399)	-1.74%
FY 2021	176,653,149	175,963,234	689,914	0.39%
FY 2022	181,374,700	180,950,885	423,815	0.23%



General Tax Revenue



General Fund Tax Revenue				
	Ad Valorem Taxes	Local Option Sales Taxes	Other Taxes	Total
FY 2015	\$ 70,812,421	32,108,083	2,433,979	105,354,483
FY 2016	67,814,063	34,518,523	2,458,900	104,791,486
FY 2017	68,459,842	39,561,650	2,517,125	110,538,617
FY 2018	69,385,582	41,901,462	2,577,685	113,864,729
FY 2019	70,328,477	44,381,538	2,640,703	117,350,717
FY 2020	71,288,994	47,010,387	2,706,307	121,005,688
FY 2021	72,267,619	49,797,040	2,774,633	124,839,292
FY 2022	73,264,852	52,751,082	2,845,826	128,861,760



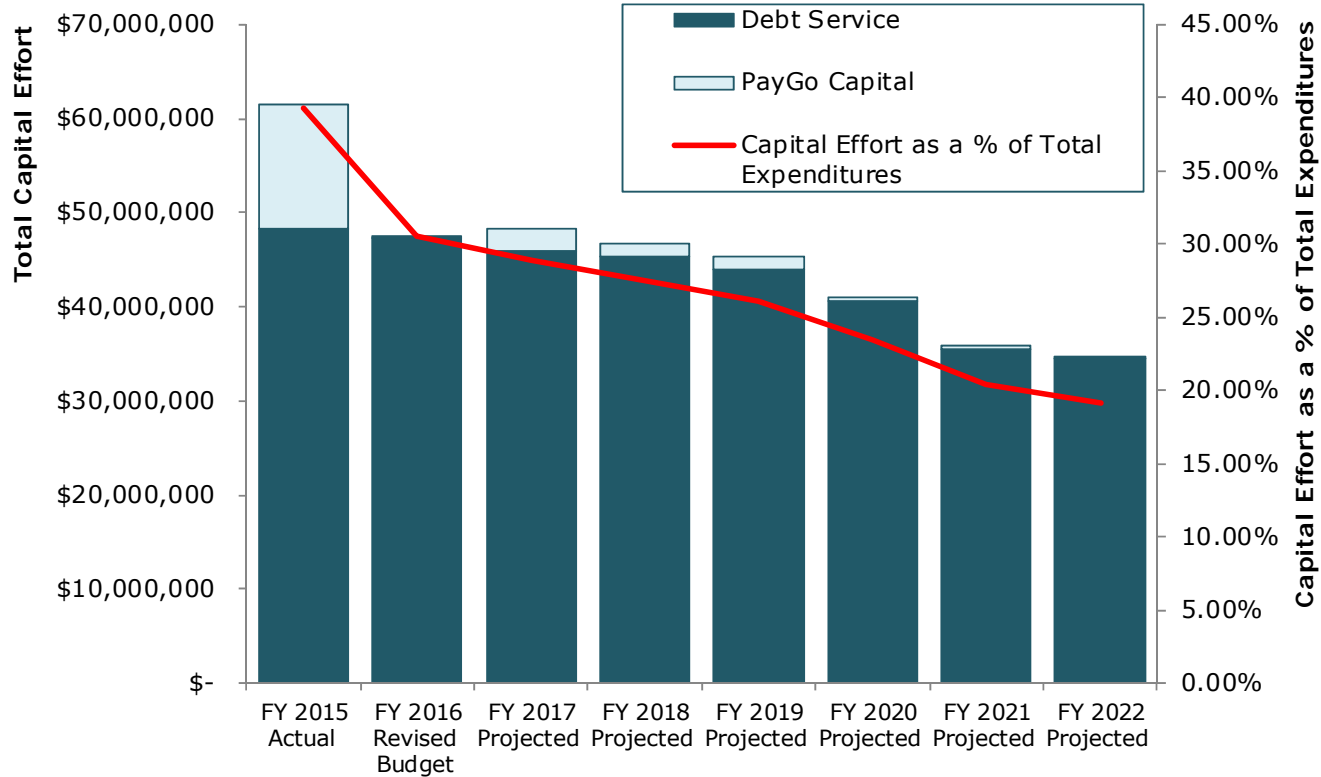
Other Postemployment Benefits

Other Postemployment Benefits Liability		
	Unfunded Actuarial Accrued Liability	Funded Ratio
FY 2010	\$ 39,343,163	2.60%
FY 2011	44,256,890	4.10%
FY 2012	44,546,193	10.10%
FY 2013	41,528,877	17.80%
FY 2014	41,854,283	25.70%
FY 2015	38,291,049	31.10%

Addressing Long-Term Liabilities



General Fund Capital Effort



Debt Projection				
	UCPS Related Debt	General County Debt	Total Debt Service	As a % of Total
FY 2015	\$ 44,940,601	3,396,396	48,336,997	30.85%
FY 2016	43,990,217	3,312,061	47,302,278	30.32%
FY 2017	42,610,513	3,334,889	45,945,402	27.54%
FY 2018	41,310,933	4,063,203	45,374,136	26.64%
FY 2019	38,944,305	5,026,567	43,970,872	25.25%
FY 2020	36,928,039	3,709,978	40,638,016	23.19%
FY 2021	32,737,283	2,815,099	35,552,382	20.20%
FY 2022	31,739,727	2,707,711	34,447,438	19.04%



New Debt

- Debt Service is Based on a Number of Market Conditions
- The LGC Will Determine the Length of the Debt Based on the Asset
- Debt Plan to Minimize Issuances
- GO Authorization as an Up To Amount

Every \$25 Million GO Debt at 20 Yrs.

	Annual Debt Service	Tax Rate in Pennies to Support
FY 2018	\$ 2,512,500	1.038
FY 2019	2,449,688	0.999
FY 2020	2,386,875	0.960
FY 2021	2,324,063	0.922
FY 2022	2,261,250	0.885

Every \$25 Million GO Debt at 10 Yrs.

	Annual Debt Service	Tax Rate in Pennies to Support
FY 2018	\$ 3,517,500	1.454
FY 2019	3,417,000	1.393
FY 2020	3,316,500	1.334
FY 2021	3,216,000	1.276
FY 2022	3,115,500	1.219



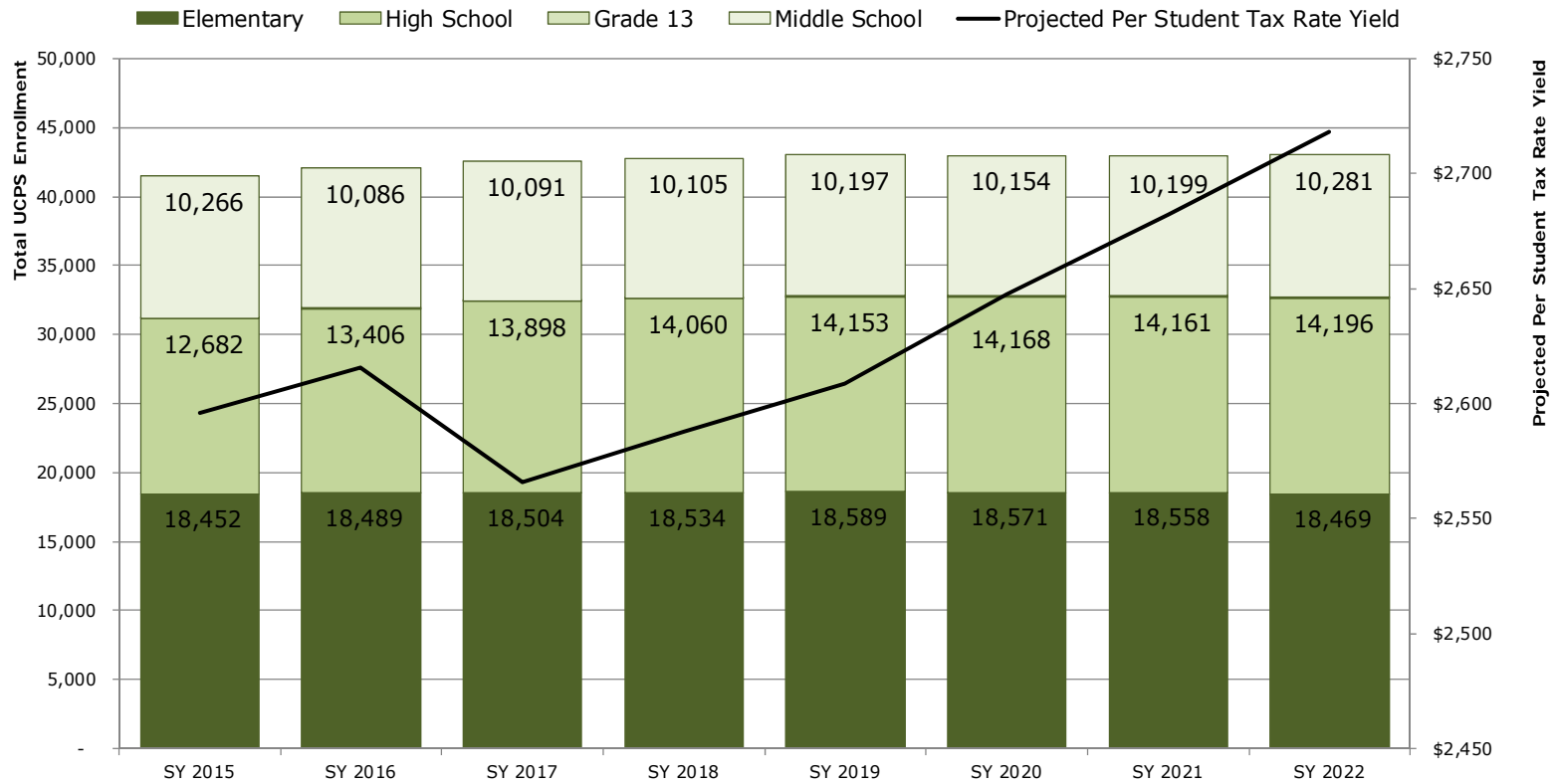
General Fund – Fund Balance

General Fund - Fund Balance	
Total Fund Balance	\$ 77,229,210
Less: Nonspendable	(115,121)
Less: Restricted	(17,000,300)
Less: Committed	(53,982,762)
Less: Assigned	(483,151)
<u>Appropriable Fund Balance</u>	<u>\$ 5,647,876</u>

May be used for one-time capital and debt reduction.



UCPS Enrollment Forecasts - November 2015 & Projected Per Student Tax Rate Yield								
	SY 2015	SY 2016	SY 2017	SY 2018	SY 2019	SY 2020	SY 2021	SY 2022
Elementary	18,452	18,489	18,504	18,534	18,589	18,571	18,558	18,469
Middle School	10,266	10,086	10,091	10,105	10,197	10,154	10,199	10,281
High School	12,682	13,406	13,898	14,060	14,153	14,168	14,161	14,196
Grade 13	50	52	52	52	52	52	52	52
Total	41,450	42,033	42,545	42,751	42,991	42,945	42,970	42,998
Projected Per Student Tax Rate Yield	\$ 2,595.78	2,615.88	2,565.64	2,588.02	2,608.75	2,647.41	2,682.40	2,717.84



Source: Enrollement Forecast, "Union County Public Schools, NC Demographic Study," November 2015

NOTE: Analysis assumes current rates, however, final rates will be determined based on annual budget process.



Schools' Budgetary Fund

Schools Tax Rate Revenue @ Current Rate		
	Rate in Pennies	Estimated Revenue
FY 2016	45.72	\$ 105,542,922
FY 2017	45.72	109,155,273
FY 2018	45.72	110,640,243
FY 2019	45.72	112,152,616
FY 2020	45.72	113,693,137
FY 2021	45.72	115,262,575
FY 2022	45.72	116,861,729

Schools Budgetary Fund - Fund Balance	
Total Fund Balance	\$ 5,012,650
Less: Nonspendable	-
Less: Restricted	(24,146)
Less: Committed	-
Less: Assigned	(3,198,873)
Appropriable Fund Balance	\$ 1,789,631

NOTE: Analysis assumes current rates, however, final rates will be determined based on annual budget process.



EMS Tax Rate and Fire Tax Rate Projections

EMS Tax Rate Revenue @ Current Rate		
	Rate in Pennies	Estimated Revenue
FY 2016	2.63	\$ 6,063,154
FY 2017	2.63	6,279,054
FY 2018	2.63	6,364,476
FY 2019	2.63	6,451,474
FY 2020	2.63	6,540,091
FY 2021	2.63	6,630,371
FY 2022	2.63	6,722,361

Fire Tax Rate Revenue @ Current Rate		
	Rate in Pennies	Estimated Revenue
FY 2016	0.48	\$ 1,103,220
FY 2017	0.48	1,145,987
FY 2018	0.48	1,161,577
FY 2019	0.48	1,177,455
FY 2020	0.48	1,193,629
FY 2021	0.48	1,210,106
FY 2022	0.48	1,226,895



Conclusions

- Growth will be moderate: the key to sustainability is effective cost containment strategies.
- Employee Costs will continue to rise.
- Debt Service will continue to decline and benefit the tax payers.
- Establishing the other tax rates will be based on an assessment of need and cost of services.



Fiscal Indicators FY 2009 to FY 2015

Indicator	Trend	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Operating Revenue Per Capita in Constant \$		462.42	442.03	418.87	420.23	400.17	401.70	446.60
Property Tax Revenues in Constant \$ in 000s		71,467	71,926	70,463	69,887	69,203	70,870	81,084
Total Expenses Per Capita in Constant \$		764.09	597.12	539.06	515.94	498.15	492.67	529.53
Full-Time Equivalents Per 1,000 Population		5.12	5.06	4.86	4.70	4.78	4.70	4.70
Water and Sewer Fund Operating Position in Constant \$ in 000s		10,830	11,437	11,661	11,357	11,430	12,492	14,460
Benefits as a % of Salaries and Wages		43.06%	45.67%	54.92%	61.32%	57.49%	58.52%	60.68%
Liquidity Ratio		2.95	2.98	2.64	3.50	3.21	3.28	3.01
Long Term Debt as a % of Assessed Value		2.12%	1.97%	1.85%	1.73%	1.62%	1.45%	1.34%
Population		191,514	196,322	201,292	205,717	210,410	211,539	215,956
Population Under 18 and Over 64 as a % of Total Population		40.94%	41.04%	40.41%	39.83%	39.33%	39.59%	42.54%
Public Assistance Recipients Per 1,000 Population		181.90	192.57	199.57	178.14	184.14	216.21	187.82
Top Ten Taxpayers as a % of Assessed Valuation		3.38%	3.54%	3.97%	3.48%	3.44%	3.22%	3.09%
Local Unemployment Rate		11.00%	10.10%	9.60%	8.60%	8.00%	6.20%	5.30%
Gross Retail Sales in 000s		\$ 1,162,891	\$ 1,076,852	\$ 1,122,433	\$ 1,197,951	\$ 1,321,781	\$ 1,460,830	\$ 1,610,426

Source: Union County Comprehensive Annual Financial Report for the Year Ended June 30, 20XX
 Note: Constant Dollar Adjustment Made Using BLS US City Average Consumer Price Index



Fiscal Indicators Conclusions

- Generally speaking, the fiscal health of the County is strong.
- Revenue and Expenditure trends are strong.
- Local unemployment continues to decline.
- Public services needs continue to be a concern.
- Debt indicators are positive.
- Liquidity indicators should be monitored.



Economic and Debt Indicators

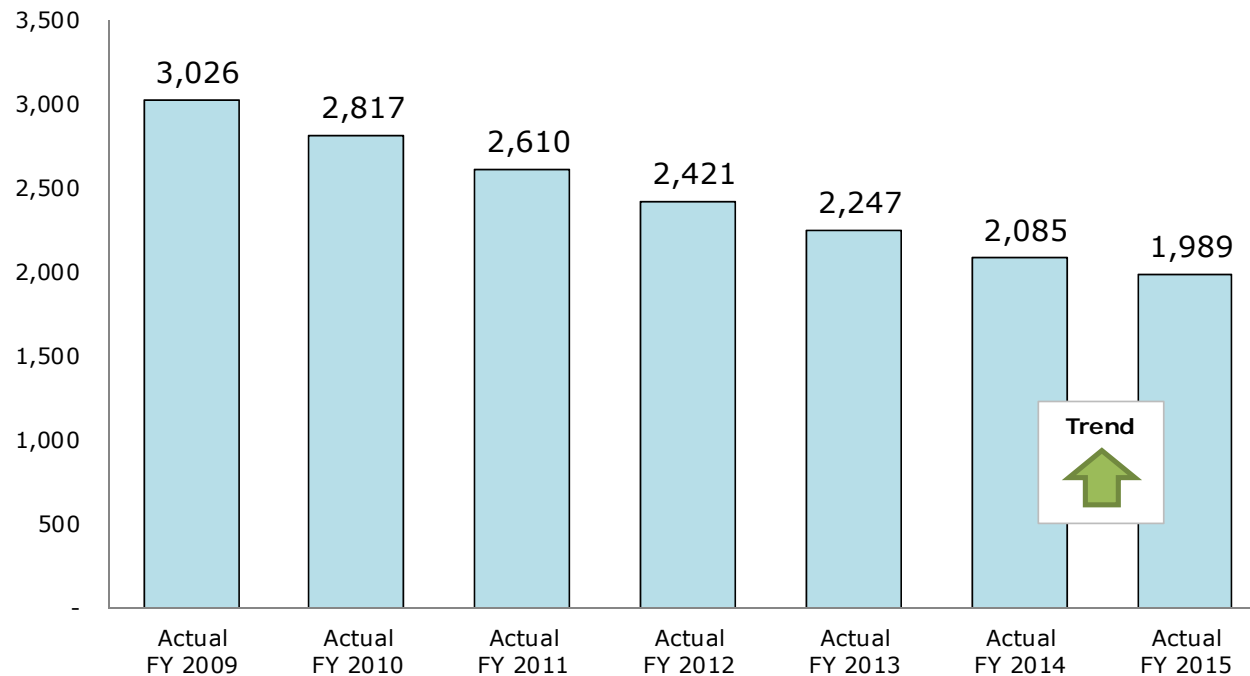
Economic and Debt Indicators								
Indicator	Trend	2009	2010	2011	2012	2013	2014	2015
Consumer Price Index - South (CY)	→	207.84	211.34	218.62	223.24	226.72	230.55	230.20
Case Shiller Index - Charlotte (CY)	↑	119.65	115.55	111.40	113.28	121.85	126.87	132.85
Consumer Sentiment Index - South Region (CY)	↑	66.27	70.58	67.14	75.25	76.64	82.80	89.60
Quick Ratio (FY)	↑	142.42%	146.33%	145.66%	252.65%	216.84%	226.11%	229.07%
Leverage Ratio (FY)	↑	263.66%	265.03%	259.71%	181.72%	189.64%	165.64%	136.69%
Debt Ratio (FY)	↑	2.60%	2.41%	2.27%	2.13%	2.00%	1.79%	1.74%
Debt Service Burden (FY)	↑	22.52%	23.51%	22.77%	22.51%	22.21%	19.47%	17.74%
Debt Per Capita (FY)	↑	3,025.62	2,817.13	2,610.45	2,421.36	2,247.34	2,085.48	1,989.28

- Economic Indicators are showing positive trends.
- Debt indicators are showing positive trends.
- Inflation (CPI) remains a valid concern going forward.



Debt Per Capita

Debt Per Capita



Source: Union County, NC - Comprehensive Annual Financial Report

In FY 2015, Union County was #2 for the highest debt per capita in the State.



Demand for Service Index (2008=100.00)

Indicator	Demand Units						
	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Library Visits - Physical and Virtual Per Capita	51.61	59.74	85.44	61.00	59.59	55.17	55.75
Index	97.35	112.69	161.16	115.07	112.40	104.07	105.15
Average Daily Membership Per 10,000 Population	2,013.12	2,005.18	1,982.20	1,927.60	1,912.84	1,939.12	1,912.24
Index	98.93	98.54	97.41	94.72	94.00	95.29	93.97
Social Services Client Visits Per 1,000 Population	276.50	280.67	281.19	281.87	272.57	235.05	225.91
Index	113.45	115.16	115.37	115.65	111.83	96.44	92.69
Health Department Client Visits Per 1,000 Population	165.76	187.74	128.70	116.03	120.25	104.99	98.52
Index	104.14	117.95	80.86	72.90	75.55	65.96	61.90
Water and Sewer Accounts Per Capita	0.3540	0.3507	0.3476	0.3482	0.3515	0.3625	0.3638
Index	96.99	96.08	95.25	95.41	96.30	99.32	99.69
Billed Daily Water Consumption in 000s Gal/Per Capita	0.0455	0.0487	0.0502	0.0474	0.0451	0.0466	0.0498
Index	83.84	89.63	92.34	87.26	83.12	85.83	91.72
EMS Calls Per 1,000 Population	81.38	84.18	86.64	88.25	89.39	89.61	84.30
Index	95.57	98.86	101.74	103.64	104.97	105.23	99.00
EMS Transports Per 1,000 Population	56.97	59.02	60.63	61.23	61.31	59.28	63.26
Index	96.36	99.81	102.55	103.57	103.69	100.26	107.00
Building Permits per 10,000 Population	111.43	103.76	86.79	100.19	125.47	174.20	171.15
Index	65.34	60.84	50.89	58.75	73.57	102.14	100.35
Sheriff Calls for Service per 1,000 Population	496.95	541.10	551.63	543.78	443.83	636.03	605.97
Index	136.60	148.73	151.63	149.47	122.00	174.83	166.57
Population in 000s	191.51	196.32	201.29	205.72	210.41	211.54	215.96
Index	105.02	107.66	110.38	112.81	115.38	116.00	118.42
Demand Units	3,445.62	3,518.10	3,464.90	3,386.07	3,296.04	3,505.40	3,433.47
Index	102.78	104.95	103.36	101.01	98.32	104.57	102.42



FTE Index

Full-Time Equivalent Index

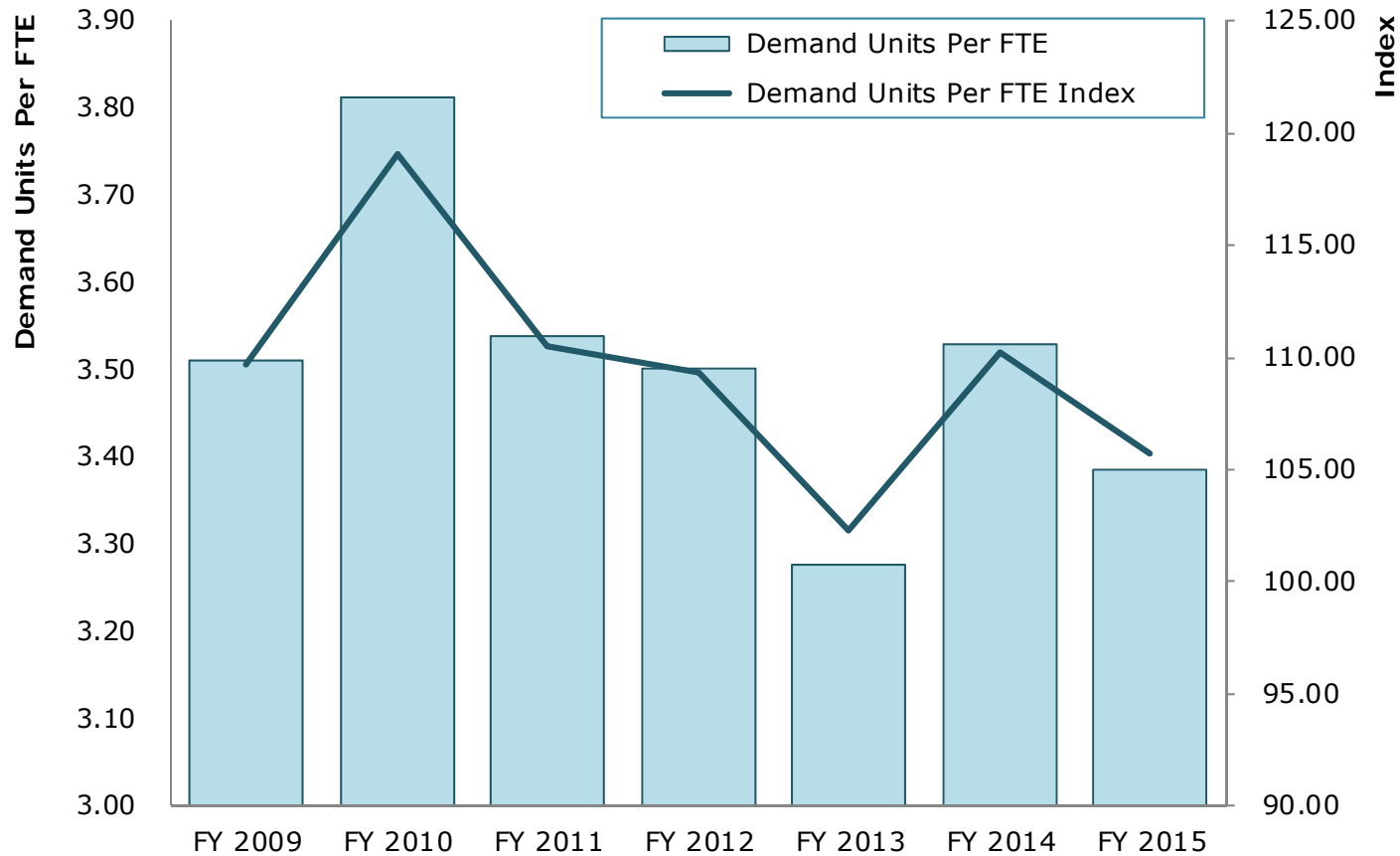
Indicator	Demand Units						
	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
FTE	981.10	922.70	979.20	967.00	1,006.10	993.36	1,014.00
FTE Index	93.71	88.14	93.53	92.37	96.10	94.89	96.86
Demand Units	3,445.62	3,518.10	3,464.90	3,386.07	3,296.04	3,505.40	3,433.47
Demand Units Per FTE	3.51	3.81	3.54	3.50	3.28	3.53	3.39
Demand Units Per FTE Index	109.68	119.07	110.51	109.35	102.31	110.20	105.74

- From FY 2008 to FY 2015, there has been a 3.14 percent decline, or 32.90 in total full-time equivalent employees.
- During this same period the Sheriff's office has grown by about 43 employees, demonstrating the BOCC commitment to law enforcement.



FTE Index

Demand Per FTE Index

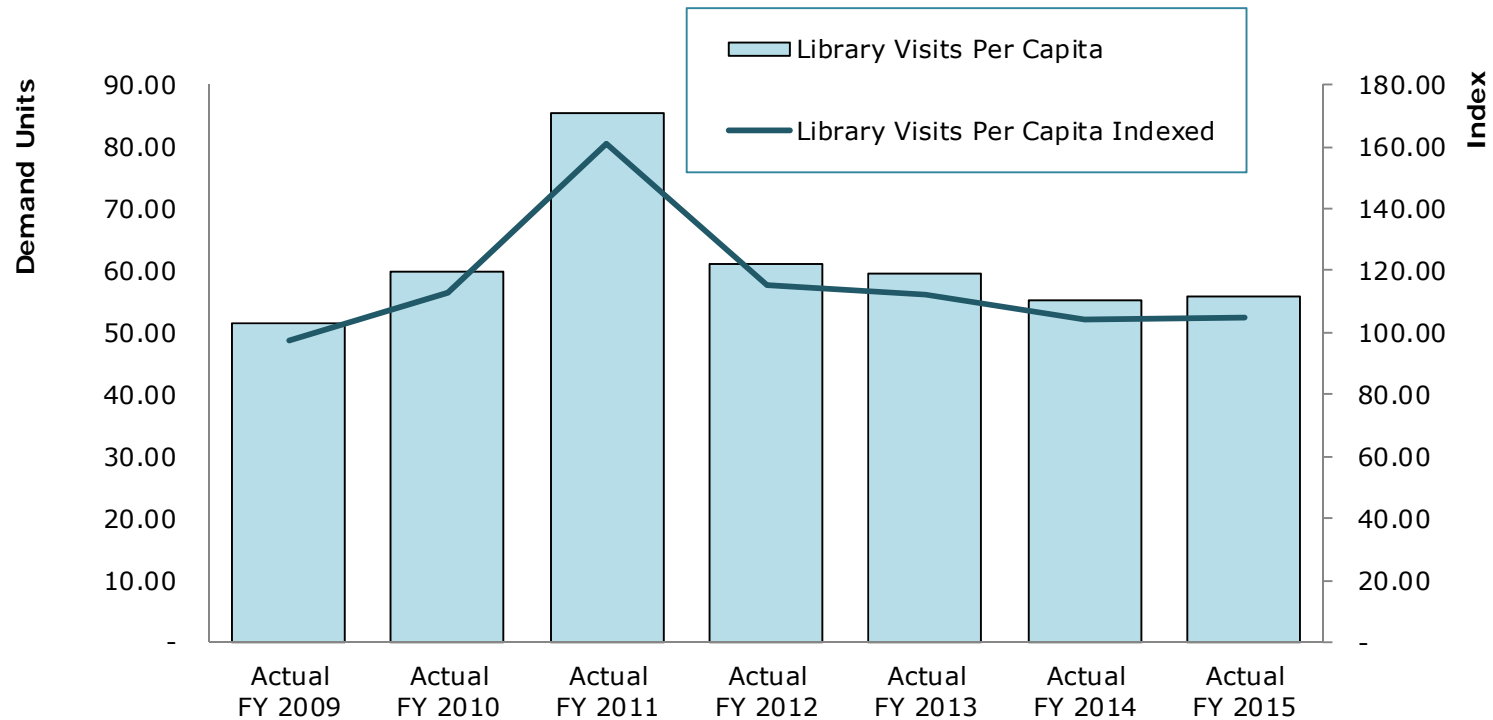


Source: Union County Administrative Services, FY 2008 = 100



Library Visits Per Capita

Library Visits - Physical and Virtual Per Capita

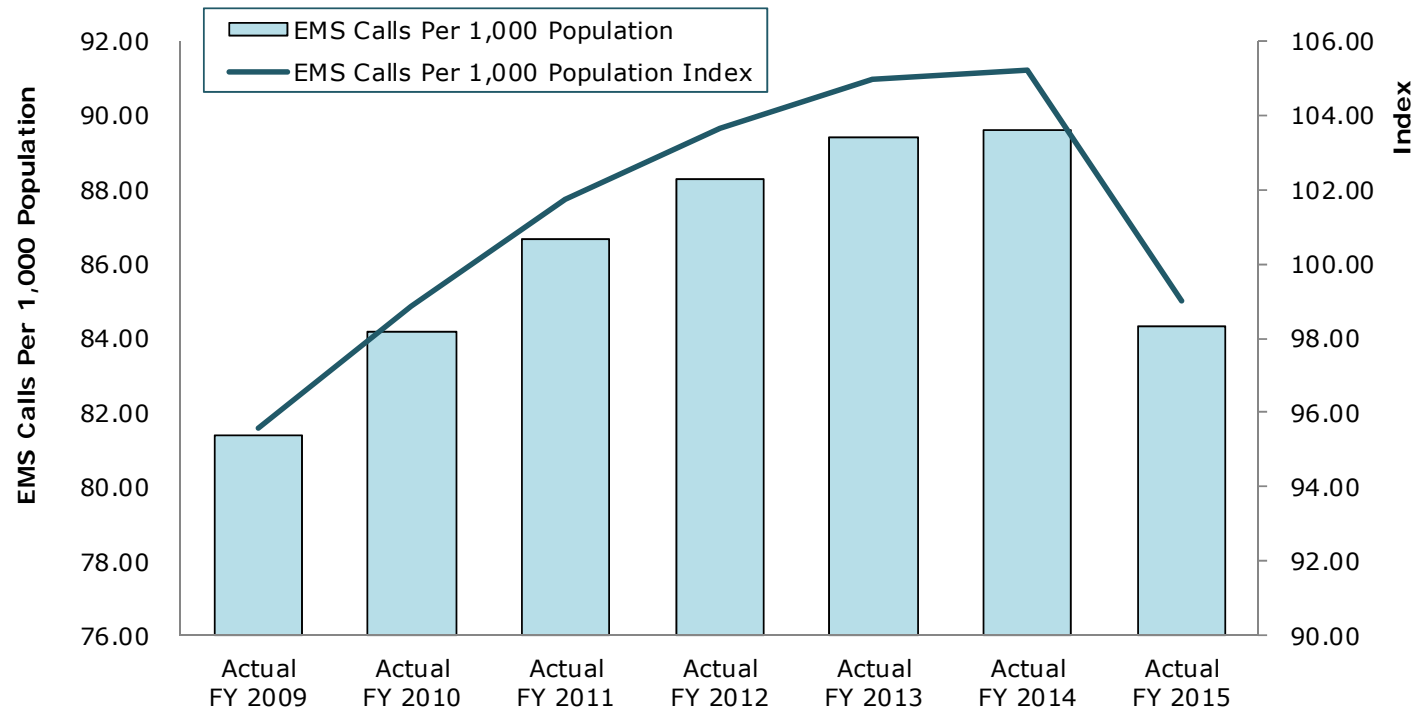


Source: Public Library Survey for Union County, FY 2008 = 100



EMS Calls Per 1,000 Population

EMS Calls Per 1,000 Population



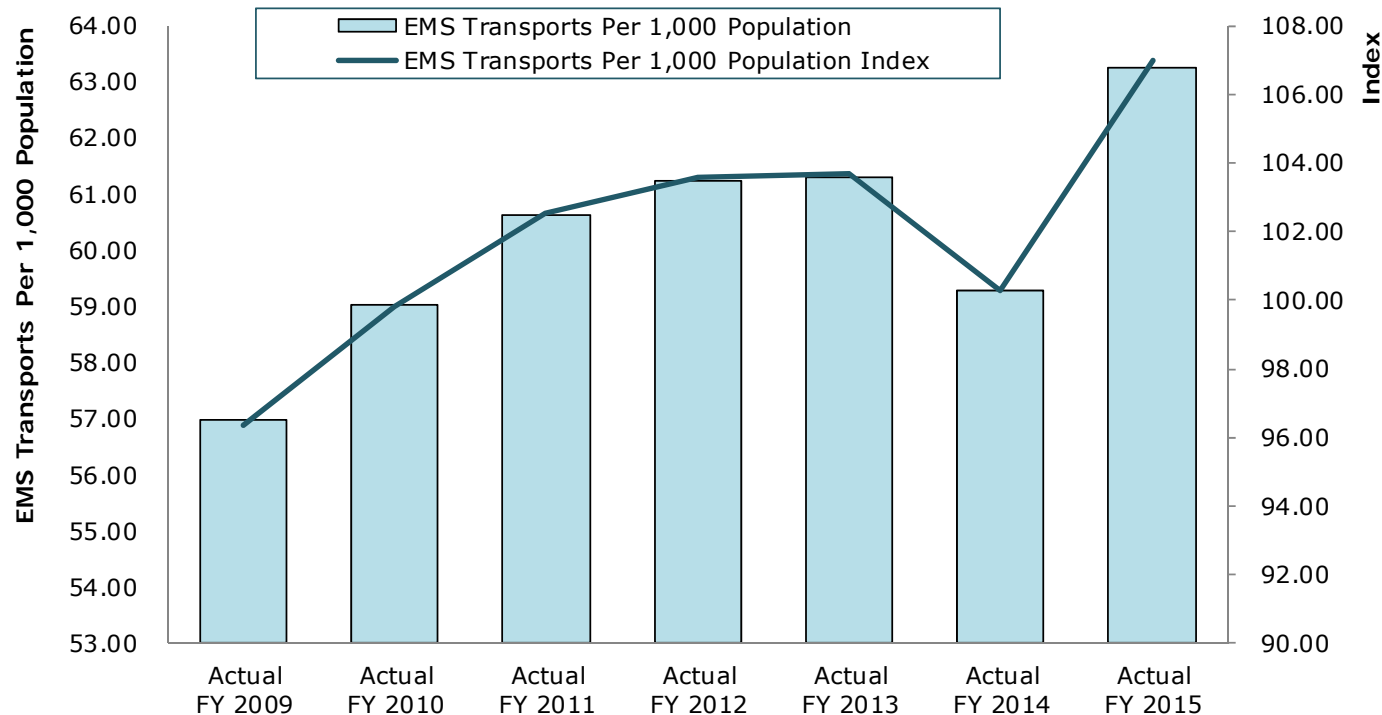
Source: Union County Administrative Services, FY 2008 = 100

EMS Calls Type	Actual FY 2009	Actual FY 2010	Actual FY 2011	Actual FY 2012	Actual FY 2013	Actual FY 2014	Actual FY 2015
Rout. Calls	2,630	2,269	2,325	2,009	2,516	2,439	2,185
Rout. Calls W/O Delay	2,120	3,107	3,448	3,991	4,485	5,118	5,098
Emergency Calls	10,741	11,067	11,527	12,009	11,642	11,374	10,743
Scheduled Calls	95	84	140	146	165	25	180
Total Calls	15,586	16,527	17,440	18,155	18,808	18,956	18,206



EMS Transports per 1,000 Population

EMS Transports Per 1,000 Population



Source: Union County Administrative Services, FY 2008 = 100

Transport Type	Actual FY 2009	Actual FY 2010	Actual FY 2011	Actual FY 2012	Actual FY 2013	Actual FY 2014	Actual FY 2015
Private	3,714	3,758	1,971	2,767	2,888	2,736	2,392
Insurance	1,648	1,668	2,843	2,991	2,905	3,152	3,949
Medicare	4,656	5,123	5,678	5,200	5,524	5,114	5,451
Medicaid	893	1,037	1,713	1,639	1,583	1,538	1,870
Total Transports	10,911	11,586	12,205	12,597	12,900	12,540	13,662



Demand for Services Conclusions

- Demand for services remains about 2.42 percent higher than 2008.
- Sheriff calls for service continue to be the highest growth area during the index period.
- Public service demand is changing.
- FTEs stress level should continue to be monitored.
- Service delivery capacity may be stressed.



Report Conclusions

- Current service levels and funding, in the General Fund, are fiscally sustainable through the projection window.
- Funding for Emergency Medical Services, Volunteer Fire Departments, and Union County Public Schools will be dependent on their individual needs.
- Demand for services is returning to the FY 2008 levels.
- Changing service dynamics, community needs, and service level expectations create significant challenges in the future.



Recommended Budget Focus Areas

- Revenue Estimates – a thorough discussion of the sources and revenue drivers in the County.
- Expenditure Drivers and Capital Planning – a discussion of the drivers of expenditures in the County.
- Solid Waste Business Plan – discussion of solid waste rate structure at various sites and operational plan.
- Volunteer Fire Department Funding – a thorough analysis of funding options and fiscal impacts, based on the VFD’s budget submissions, of the various options provided by the stakeholder’s group.

Process will follow a similar format to previous years.



Read the full report at
www.unioncountync.gov

