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Board of County Commissioners Retreat

Cane Creek Park
March 12th, 2026



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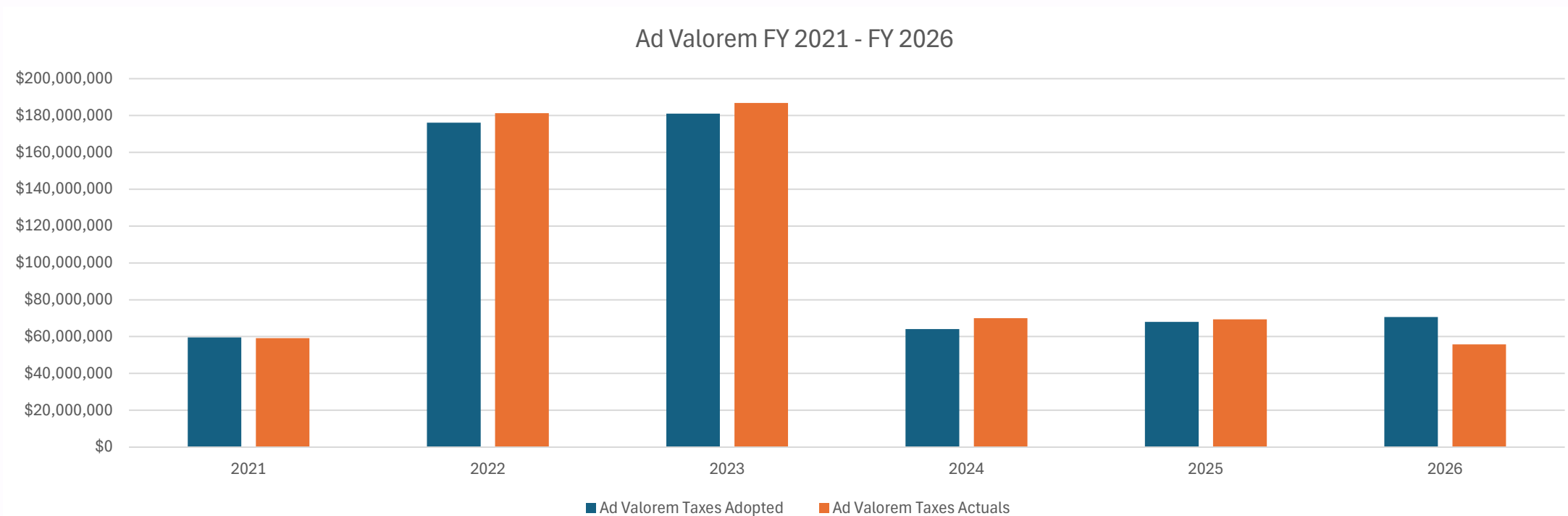
FY 2026 Mid-Year Budget Update



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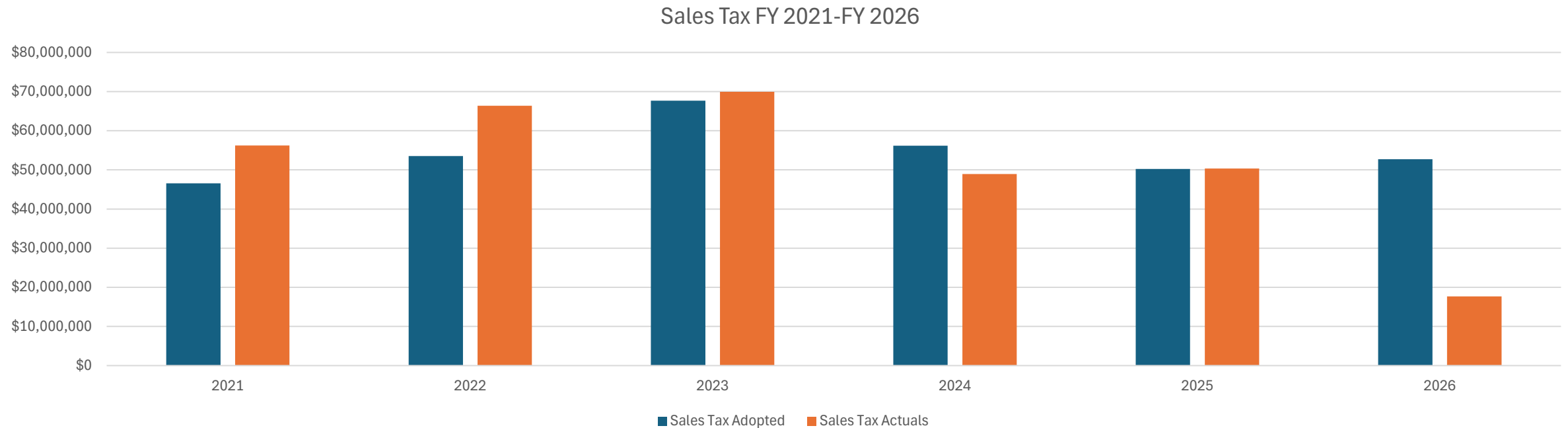
General Fund Ad Valorem

		2021	2022	2023	2024	2025	2026
Ad Valorem Taxes	Adopted	\$59,581,478	\$176,091,195	\$181,075,616	\$64,108,171	\$67,982,228	\$70,582,767
	Actuals	\$59,177,494	\$181,264,616	\$186,873,868	\$70,044,466	\$69,427,427	\$55,754,572*
							*Through 12/31/2025



General Fund Sales Tax

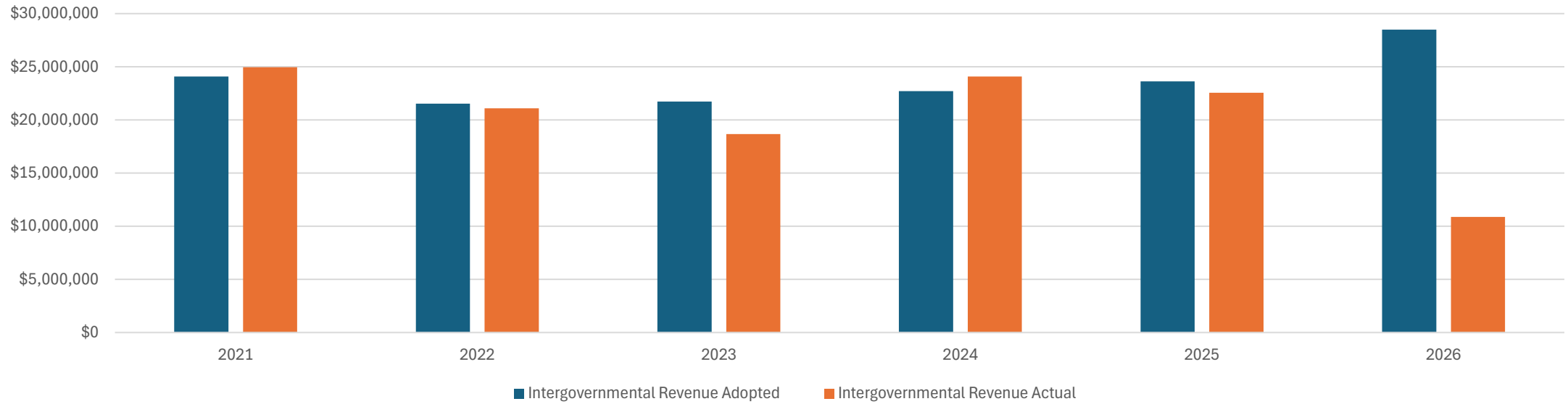
		2021	2022	2023	2024	2025	2026
Sales Tax	Adopted	\$46,556,839	\$53,540,363	\$67,669,664	\$56,179,446	\$50,214,751	\$52,725,489
	Actuals	\$56,259,871	\$66,386,686	\$69,967,843	\$48,965,373	\$50,341,872	\$17,683,512



General Fund Federal and State Revenue

		2021	2022	2023	2024	2025	2026
Intergovernmental Revenue	Adopted	\$24,080,837	\$21,533,003	\$21,732,673	\$22,708,794	\$23,618,287	\$28,501,536
	Actual	\$24,956,708	\$21,081,724	\$18,669,705	\$24,093,429	\$22,559,814	\$10,883,629

Intergovernmental Revenue FY 2021 - FY 2026



General Fund Mid-Year Update

- Revenues are on pace to be at or exceed budget in the major revenue areas
- Federal and State Revenue lags, but no concerns at this time
- Expenses are on budget or slightly below
- Third phase of compensation study has been completed
- Mid-Year COLA adjustment has been completed
- UCSO Pay adjustments have been completed

FY 2027 Budget Preview



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FY 2027 Budget Preview

- General Fund Organic Ad Valorem
- General Fund Sales Tax Projection
- HR-1 Impacts to Medicaid and Food & Nutrition Services (FNS)
- Education and Other Funds
- Health Care Fund

General Fund Ad Valorem Growth

- FY 2026 penny - \$6,138,580
- For FY 2027, staff is projecting a 3.75% growth factor (6.56% increase from FY 2026 Adopted Budget)
- FY 2027 projected penny - \$6,512,501

Sales Tax

- FY 2026 Budget was developed using a 4% growth rate providing \$2,008,590 in new revenue
- FY 2026 Actuals are pacing slightly higher at 6.1% growth through the first six months of the year.
- However, FY 2027 will be first year of sales tax distributions based on new revaluation Ad Valorem
- Union County Distributes Sales Tax Based on Ad Valorem ratios between the towns and County
- Several Union County Towns did not stay revenue neutral in their tax rates and are increasing their share of the Ad Valorem for the County
- Therefore, the County will likely not realize the extra growth being recognized during FY 2026 but will see approximately 4% growth over the Sales Tax Budget number in FY 2026.

General Fund Sales Tax Calculations

FY 2026 Budget - \$52,725,489

FY 2026 Projection - \$53,865,728 (2.16% over budget)

FY 2027 Projection - \$54,359,015 or \$2,172,183 in new revenue for FY 2027

HR-1: Impacts to Medicaid & FNS

1. The Historical "NC Model": Counties Bear the Load

Unlike many states where the state government splits the bill with the feds, North Carolina is one of only 10 states where counties physically administer FNS.

Administrative Costs: Historically, the federal government paid **50%**, and **NC counties paid the other 50%**. The State of North Carolina has traditionally contributed \$0 toward the administrative staff and overhead at the local DSS level.

Benefit Costs: Historically, the federal government paid **100%** of the actual "food money" (the benefits loaded onto EBT cards).

HR-1 continued

2. HR-1's "Administrative Cliff" (Effective Oct 1, 2026)

HR-1 fundamentally changes the administrative cost-sharing formula, moving the goalposts for local taxpayers.

The Shift: Federal participation drops from **50% down to 25%**.

The Impact: Because the State does not currently provide a match, this effectively **doubles the county's share** of administrative costs. Union County (and others) will likely see a significant spike in the local General Fund appropriation needed.

HR-1 continued

3. The "Error Rate Penalty" (Effective Oct 1, 2027)

For the first time in the program's 50-year history, the federal government will no longer guarantee 100% of the benefit costs. Instead, they are tying funding to "Payment Error Rates" (PER).

The Tiered Penalty: If the state's error rate exceeds 6%, the state/county must begin paying a percentage of the actual food benefits:

- **6%–8% Error Rate:** 5% State/County Match
- **8%–10% Error Rate:** 10% State/County Match
- **Over 10% Error Rate:** 15% State/County Match (Estimated at **\$420M+** statewide)

The Risk: Even though the "State" is technically responsible for this match, in North Carolina's decentralized system, there is a high risk that the General Assembly may attempt to pass a portion of this "benefit penalty" down to the counties that determine eligibility.

HR-1 continued

4. Increased Workload = Higher Costs

HR-1 expands work requirements for "Able-Bodied Adults Without Dependents" (ABAWDs) up to age **64** and includes parents of children as young as **14**.

Bureaucratic Burden: Every new work requirement requires a county caseworker to verify, track, and document compliance.

The Paradox: At the exact moment federal funding for staff is being cut by half (50% to 25%), the federal government is significantly increasing the manual workload required for each case.

Summary

Funding Component	Pre-HR-1 (Old Rule)	Post-HR-1 (New Reality)
Federal Admin Share	50%	25%
County Admin Share	50%	75% (unless State intervenes)
Benefit Cost Share	0% (100% Federal)	Up to 15% (based on error rates)
Caseworker Load	Standard	High (New age 55-64 work rules)

Closing the loose ends to FY 2026...

- Second Half of UCSO Pay Plan
- Mid-Year COLA
- Re-instituting pay for performance program now that the compensation study adjustments have been completed
- Expected Retirement increase

Education Funding Formula

Local Current Expense Funding Formula if Statutory Funding Formula

Step 1	Local Current Expense Funds (FY 2026)	\$160,250,642	
	Expected FY 2027 ADM (including Charter) per request		45,000
	FY 2026 ADM		45,361
			-0.8%
Step 2	Per Student Allocation (Local Current Expense/ADM)	\$	3,561
	Percentage Change for ECI		3.50%
	1+ 12 month % change in Qtr2 of Employment Cost Index for elementary and secondary workers as reported by FBLS		3,685.76
Step 3	Local Current Expense required FY 2026	\$	165,859,414
	Additional allocation required	\$	5,608,772

Note: The GS does not include capital funding as part of the formula. Capital funding can be disputed further based on GS 115C-431

Education Debt Fund

- Fund projected to increase by \$1,704,103
 - UCPS & Charter Schools - \$1,132,172
 - SPCC - \$571,931
- Bond Referendums for both UCPS and SPCC

Economic Development & GF Debt Funds

- EDC Fund is projected to increase by \$166,827
- General Fund Debt Fund is projected to increase by \$391,058

Health Fund

- Health Plan Changes in FY 2025-2026
 - New Pharmacy Benefit Manager (PBM) - Liviniti
 - New Third-Party Administrator (TPA)/Medical Network – Brighton/Blue Cross
 - New Dental Network – Sun Life
 - Consolidated Voluntary Insurance Products – Sun Life
 - New Employee Health & Wellness Center – Atrium
 - New Electronic Enrollment – Employee Navigator/Benefitfirst
- Advantages
 - Higher medication manufacturer rebates
 - Higher guaranteed network discount savings
 - Lower deductibles and no changes to premiums
 - Better customer support, member experience, and in-network coverage
 - Greater choice for medical care

Health Fund continued

- Local and National Trends in Healthcare
 - Claims adjudication and reporting issues with previous TPA
 - Early-onset cancers and chronic conditions are increasing leading to greater utilization
 - Pharmacy trends, specifically use of specialty drugs and GLP-1s is increasing
 - Rising plan costs due to inflation
- What does this mean?
 - Replenish fund balance
 - Consider changes to health plan design for FY 2027
 - Have a long-term, strategic approach to managing health plan

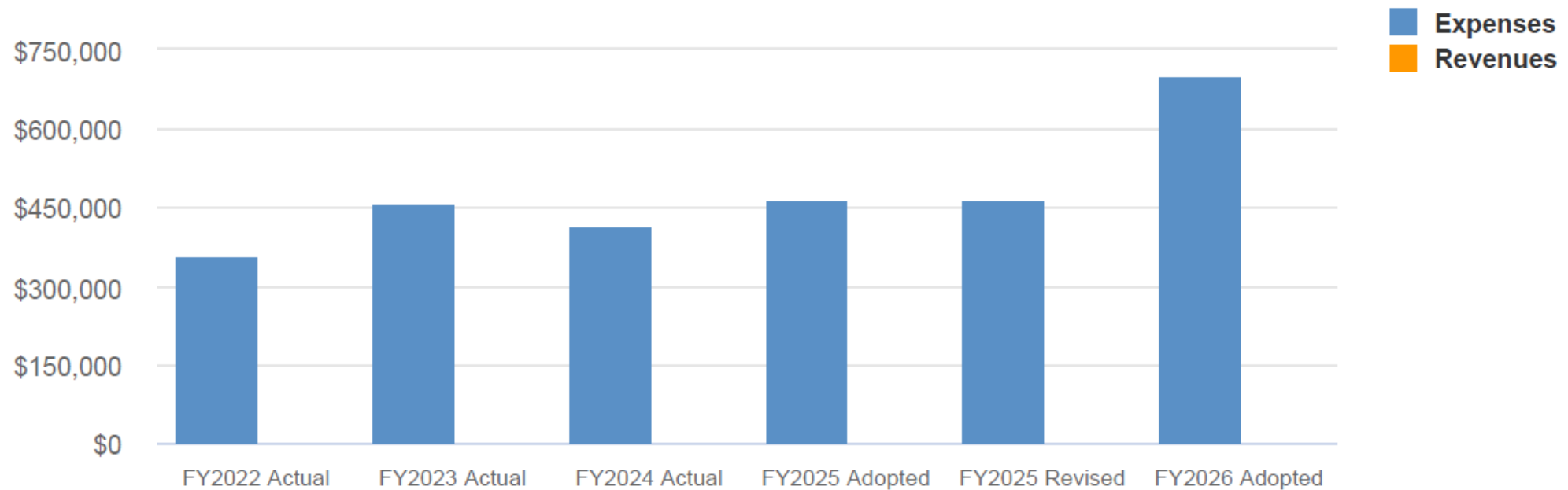
Community Partner Grants



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Community Partners Grant Program

Revenue & Expenditures Trend by Year



Community Partners Grant Program

Expenditures by Subprogram

	FY2022 Actual	FY2023 Actual	FY2024 Actual	FY2025 Adopted	FY2025 Revised	FY2026 Adopted	2025-26 Variance	2025-26 Variance %
(14102) Andrew Jackson Historical Fd	\$ 4,100	\$ 4,100	\$ -	\$ -	\$ -	\$ -	\$ -	0%
(14114) Bridge to Recovery	25,000	25,000	-	20,000	20,000	30,000	10,000	50.00%
(14122) Charlotte Speech & Hearing	-	-	-	-	-	15,000	15,000	0%
(14110) Common Heart	10,000	10,000	10,000	10,000	10,000	20,000	10,000	100.00%
(14120) Community Health Services	-	-	-	50,000	50,000	150,000	100,000	200.00%
(14121) Council on Aging	-	-	-	10,000	10,000	25,000	15,000	150.00%
(14123) Food for Families, Inc	-	-	-	-	-	15,000	15,000	0%
(14113) Ground 40	25,000	25,000	-	-	-	-	-	0%
(14103) HealthQuest of Union County	22,784	22,784	22,784	22,784	22,784	27,000	4,216	18.50%
(14118) Humane Society of Union County	-	31,250	67,000	35,000	35,000	45,000	10,000	28.57%
(14117) New Covenant Community Develop	-	25,000	25,000	25,000	25,000	35,000	10,000	40.00%
(14105) Safer Communities	80,000	80,000	80,000	80,000	80,000	90,000	10,000	12.50%
(14124) Special Olympics NC	-	-	-	-	-	10,000	10,000	0%
(14116) The Arc of Union/Cabarrus	-	20,000	-	-	-	-	-	0%
(14106) Turning Point	45,576	50,000	50,000	50,000	50,000	60,000	10,000	20.00%
(14108) UC Community Arts Council	52,018	52,018	52,018	52,018	52,018	52,018	-	0%
(14115) UC Crisis Assistance Ministry	-	10,000	10,000	10,000	10,000	20,000	10,000	100.00%
(14107) Union County Community Action	69,263	69,263	69,263	69,263	69,263	75,000	5,737	8.28%
(14109) Union County Community Shelter	25,000	30,000	30,000	30,000	30,000	30,000	-	0%
Total Community Partners (220)	\$ 358,741	\$ 454,415	\$ 416,065	\$ 464,065	\$ 464,065	\$ 699,018	\$ 234,953	50.63%

Opioid Settlement Funds Update



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Strategic Planning Work Group

70 Invited Participants / Partners

Five Work Group Meetings

September-December



County Staff



Current Funded Partners



Required Stakeholders per NC MOA,
Exhibit C



Input from Individuals with Lived
Experience (surveys and focus
groups)

UC 2025 Opioid Strategic Planning Survey

1. Recovery Support Services (Exhibit A.3)
2. Evidence-based addiction treatment (Exhibit A.2)
3. Early intervention (Exhibit A.6)
4. Support People in Treatment and Recovery (Exhibit B–B.3)
5. Address Needs Of Criminal Justice Involved Persons (Exhibit B-D.3)
6. Collaborative Strategic Planning (Exhibit A.1)
7. Post-overdose response team (Exhibit A.8)
8. Address The Needs of Criminal-Justice-Involved Persons (Exhibit B-D.5)
9. Naloxone distribution (Exhibit A.7)
10. Employment-related services -Includes Transportation (Exhibit A.5)
11. Prevent Misuse of Opioids (Exhibit B-G.1)

RFA Schedule of Events

Event	Date / Time (Eastern Time)
RFA Issued	February 20, 2026
Public Meeting (Remote meeting via Teams link)	February 27, 2026 – 9:00 AM
Deadline for Questions	March 4, 2026 – 5:00 PM
Responses to Questions / Addendum Posted	March 11, 2026
Applications Due Date	March 18, 2026 – 5:00 PM
Anticipated Presentation to the BoCC including adoption strategies	May 2026
Anticipated Contract Start Date (Phase II FY 27-2030)	July 1, 2026 (FY2027)

Break



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Tax Administration Update



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Smart Tax Administration Initiative

A strategic modernization effort that leverages technology, automation, and data analytics to improve the efficiency, accuracy, and sustainability of property tax operations.

Objective and Strategic Alignment

- To implement a sustainable, enterprise-level property tax administration platform that embraces evolving technology, strengthens operational efficiency, enhances data-driven decision-making, and ensures long-term revenue system reliability.
- The project aligns with the County's priorities of organizational strengthening, operational sustainability, and responsible stewardship of public resources.

Project Goals & Overview

- Streamline workflow automation and process standardization
- Enhanced data collection by providing real time data access in the field
- Enhance data analytics and reporting capabilities
- Strengthen quality control and audit functionality
- Improve customer service and transparency
- Leverage technology vs. additional staffing

Tax Software History

- 1990s CLT (Appraisal) and AS400 (B&C, in house)
- 2000 – 2004: CPS (Appraisal) and AS400 (B&C, in house)
- 2004 – 2012: Manatron (fully integrated system, Manatron acquired CPS appraisal software)
- 2012 – 2017: One Tax (B&C, Per. Prop), Appraisal continued with Manatron unsupported
- 2018 – Current: Devnet

Current and Future Challenges

- Lack of mobility
- Limited external access
- Downtime and stability issues
- Excessive manual and duplicate data entry processes
- Significant leverage on 3rd party solutions
- Consistency in reporting
- Excessive reliance on helpdesk support
- Staff Turnover

Next Steps

- Issue Request for Proposals: **Late March/April 2026**
- Review Responses and Vendor Interviews: **June 2026**
- Final Negotiations and Contract Execution: **July/Aug 2026**
- Final Implementation/Go Live: **November/December 2027**

Questions?



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Major Capital Improvements Update



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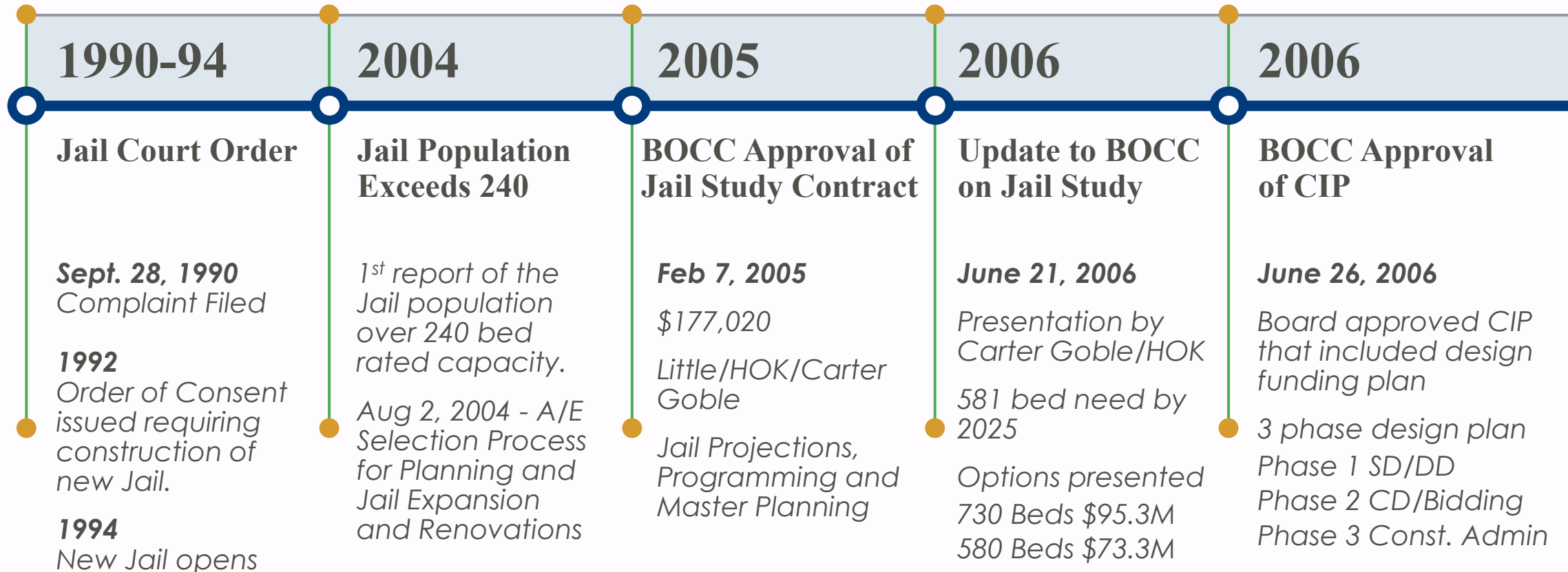
Agenda

Major Projects Update

- 1) UC Jail – Adaptive Re-use Study Update
 - Updated Bond Information
- 2) South Piedmont Regional Autopsy Center
 - Operational Update
- 3) UC Water Expansion
- 4) UC Solid Water Operations Center

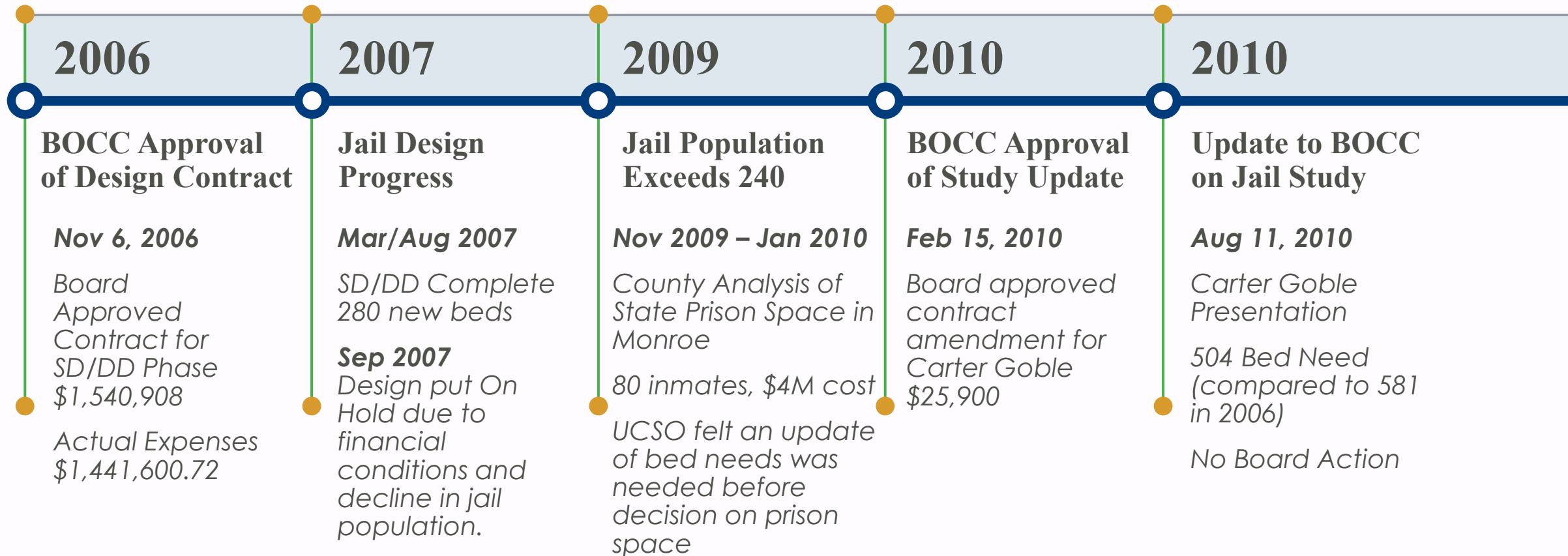
Union County Jail Timeline

1990 thru 2006



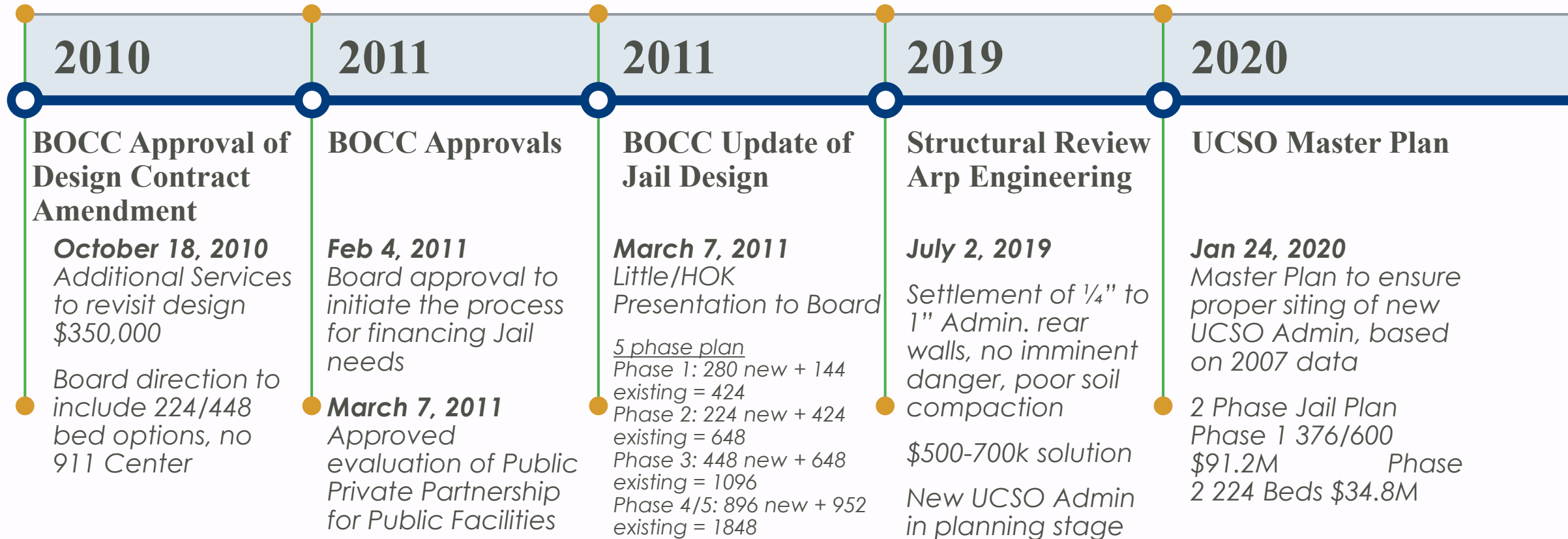
Union County Jail Timeline

2006 thru 2010



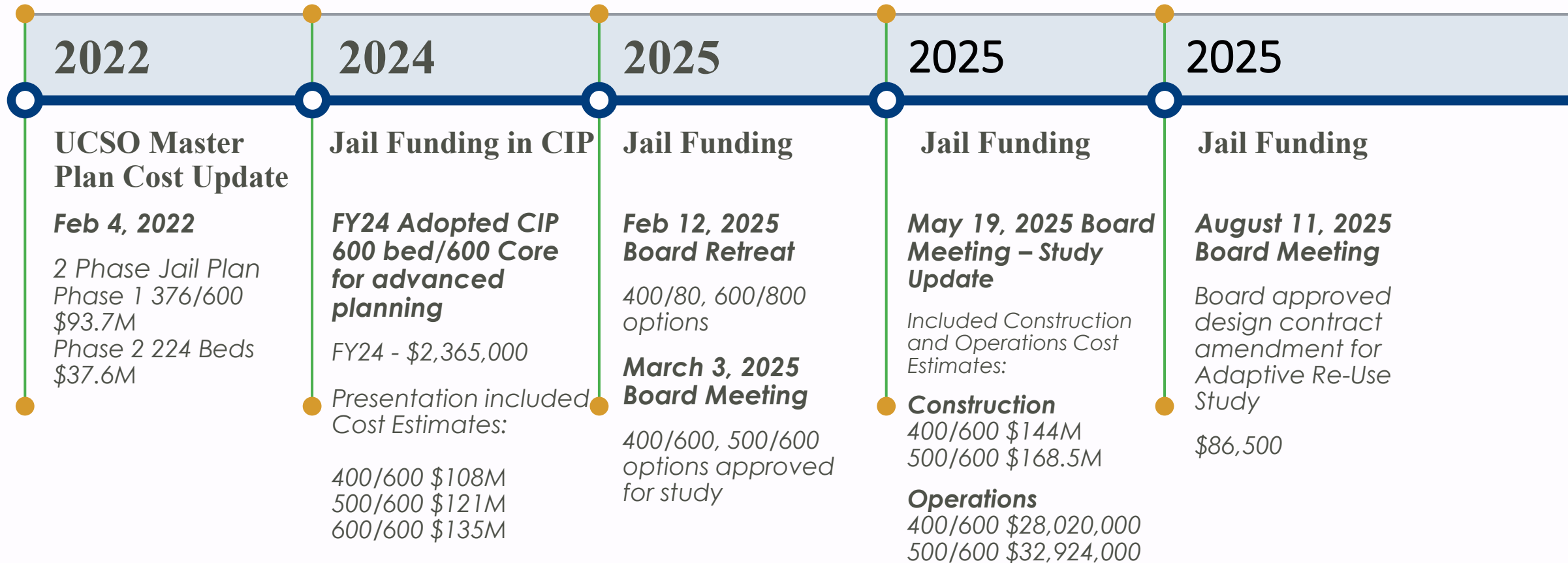
Union County Jail Timeline

2010 thru 2020



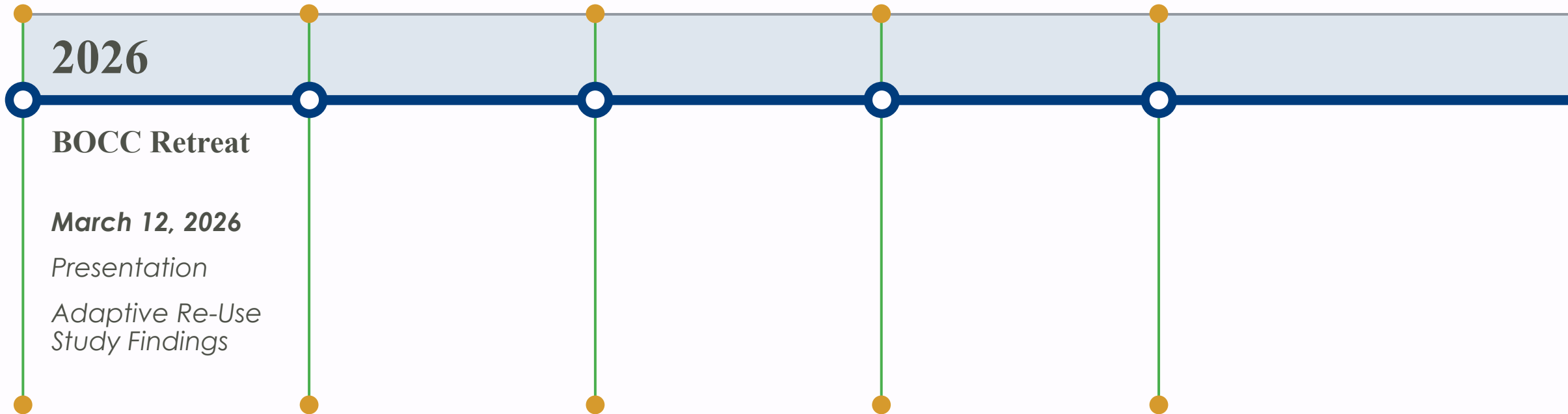
Union County Jail Timeline

2022 thru 2025



Union County Jail Timeline

2026

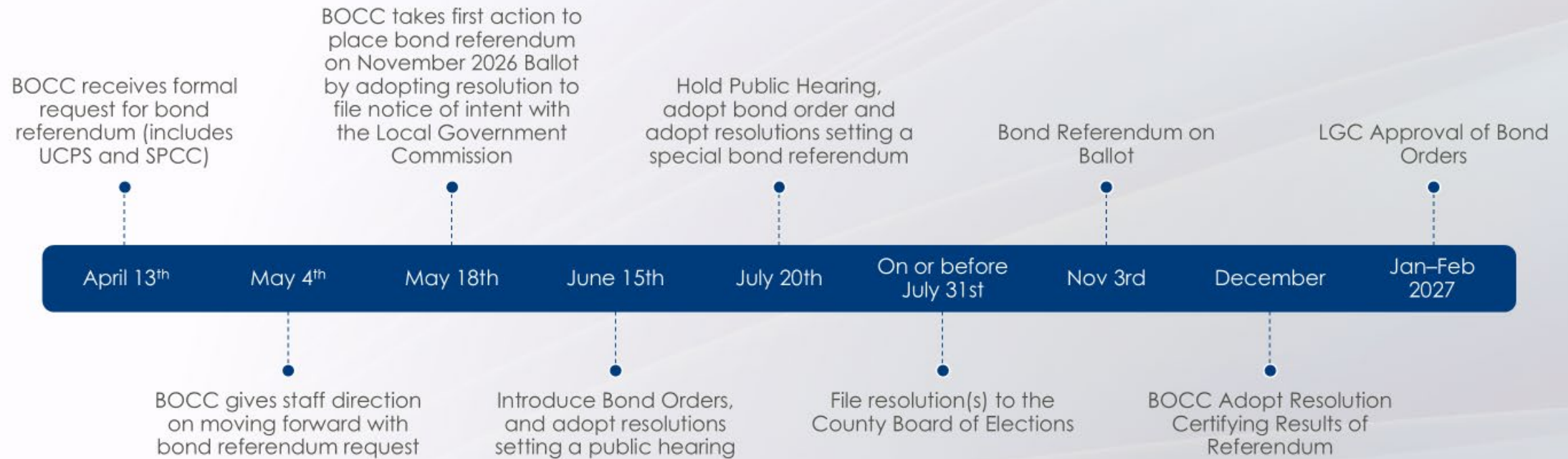


Adaptive Jail Reuse Study



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2026 Bond Referendum Process



Funding Request	Financing Amount Rounded	5.344% - Legislative Required Rate			5% Planning Rate		
		Total Estimated Debt Service	Estimated Property Tax Rate Increase	Annual increase based on \$400,000 value of a home	Total Estimated Debt Service	Estimated Property Tax Rate Increase	Annual increase based on \$400,000 value of a home
Option 1 - (400 Bed New Jail, 100 Bed Reuse, 500 total Beds) - New Jail w/Reuse of Existing for Female Population, Weekenders, and Staff Support	\$182,000,000	\$284,123,840	2.83c	\$ 113.20	\$277,550,000	2.73c	\$ 109.20
Option 2 - (500 Bed New Jail) - New Jail w/Reuse of Existing for Overflow Only	\$217,000,000	\$338,763,040	3.38c	\$ 135.20	\$330,925,000	3.27c	\$ 130.80
Option 3 - (500 Bed New Jail) - New Jail w/Reuse of Sheriff's Office for Training and Staff Support Spaces	\$207,000,000	\$323,151,840	3.22c	\$ 128.80	\$315,675,000	3.11c	\$ 124.40
Option 4 - (500 Bed New Jail) - New Jail w/No Reuse of Existing	\$212,000,000	\$330,957,440	3.30c	\$ 132.00	\$323,300,000	3.19c	\$ 127.60

Bonds are assumed to be issued in Spring 2027 with principal and interest beginning in FY 2028. Principal and Interest payments based on a 20-year Level principal amortization and an interest rate of 5.00% or 5.344% as indicated.

Tax Equivalent as Needed assumes an FY 26 value of one penny equal to \$6,098,339, grown annually at 3.75%

South Piedmont Regional Autopsy Center (SPRAC)



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South Piedmont Regional Autopsy Center

Project Budget - \$20,537,481

Project Scope

- The new facility will include approximately 15,100 gsf to support program administration, autopsy stations, decedent coolers, and a sally-port
- 4 main autopsy stations, 1 decomposition/isolation autopsy station
- Coolers for 93 total decedents, 77 main cooler, 16 decomp/isolation cooler
- X-ray room, specimen and evidence storage spaces
- 6 pathologist and administration offices, 7 open office workstations, conference room, lobby, breakroom, locker and changing rooms
- Enhanced mechanical system to maintain elevated temperature and humidity requirements
- Site plan accommodates future expansion including forensic lab

South Piedmont Regional Autopsy Center

Project Budget - \$20,537,481

Designer – CPL Architects
CMAR – Wharton-Smith

Project Budget

Design	\$1,834,283
Construction	\$17,179,255
Contingency	\$515,378
<u>Owner Reserves</u>	<u>\$1,451,513</u>
Total Budget	\$20,980,429

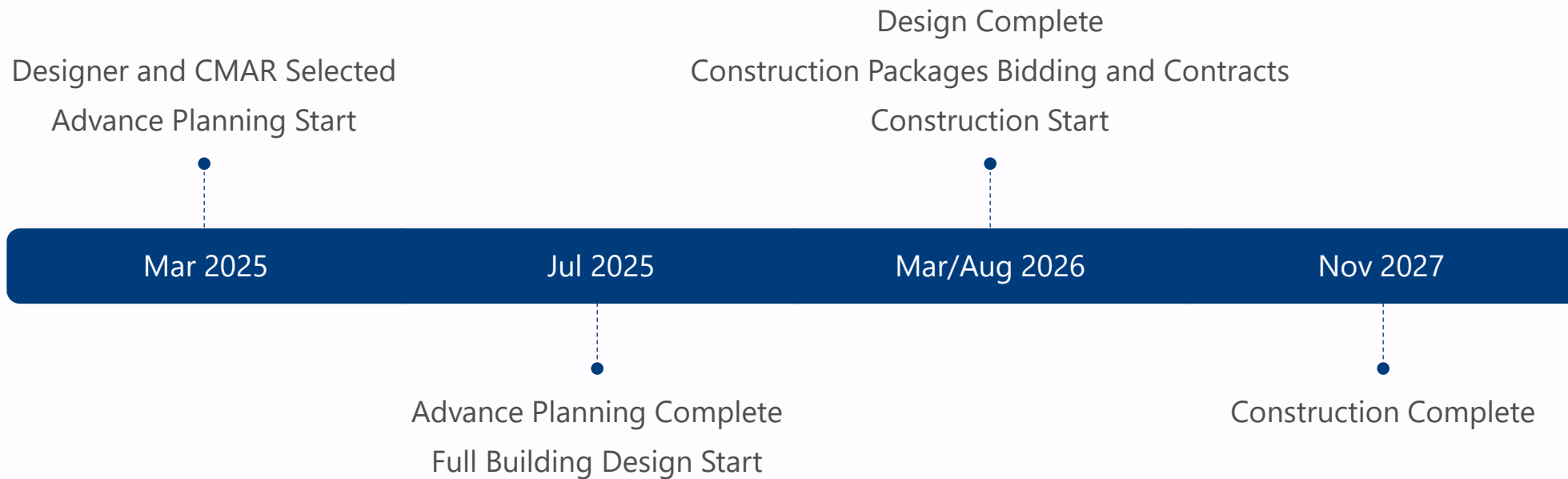
*Note

An additional \$500,000 in operating funds may be used to offset design costs
Value management exercises are currently underway with up to \$250,000 in savings expected





South Piedmont Regional Autopsy Center Project Schedule



History of SPRAC



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Timeline

- October 2023 – 2023 Appropriations Act allocates funding to Union County to construct and operate SPRAC
 - \$2 million in recurring, annual operating funds
 - \$20 million in non-recurring capital funds
- February 2024 – Union County purchases land in anticipation of future jail construction
 - Advanced site planning determines that a portion of the land would be suitable for SPRAC
- May 2024 – Board approves contracts with NC DHHS to receive funding through a state directed grant
 - Serve as a regional autopsy center for nine-county region
 - Identifies authorized uses of funds
 - Establishes performance milestones and reporting deadlines

Timeline

- December 2024 – Board approves contract with NC DHHS to begin providing forensic pathology services
 - Additional performance requirements, standards, & monitoring
 - Required to submit all toxicology samples to OCME for testing
 - Specifies level of reimbursement on a per autopsy basis at fixed costs rates as defined in NC General Statutes
- December 16, 2024 – Union County opens the SPRAC in a temporary facility at Atrium Union
- March 2025 – Union County hires Business Manager
- May 2025 – Board approves contracts for architectural and engineering services and CMAR preconstruction services

Overview of SPRAC



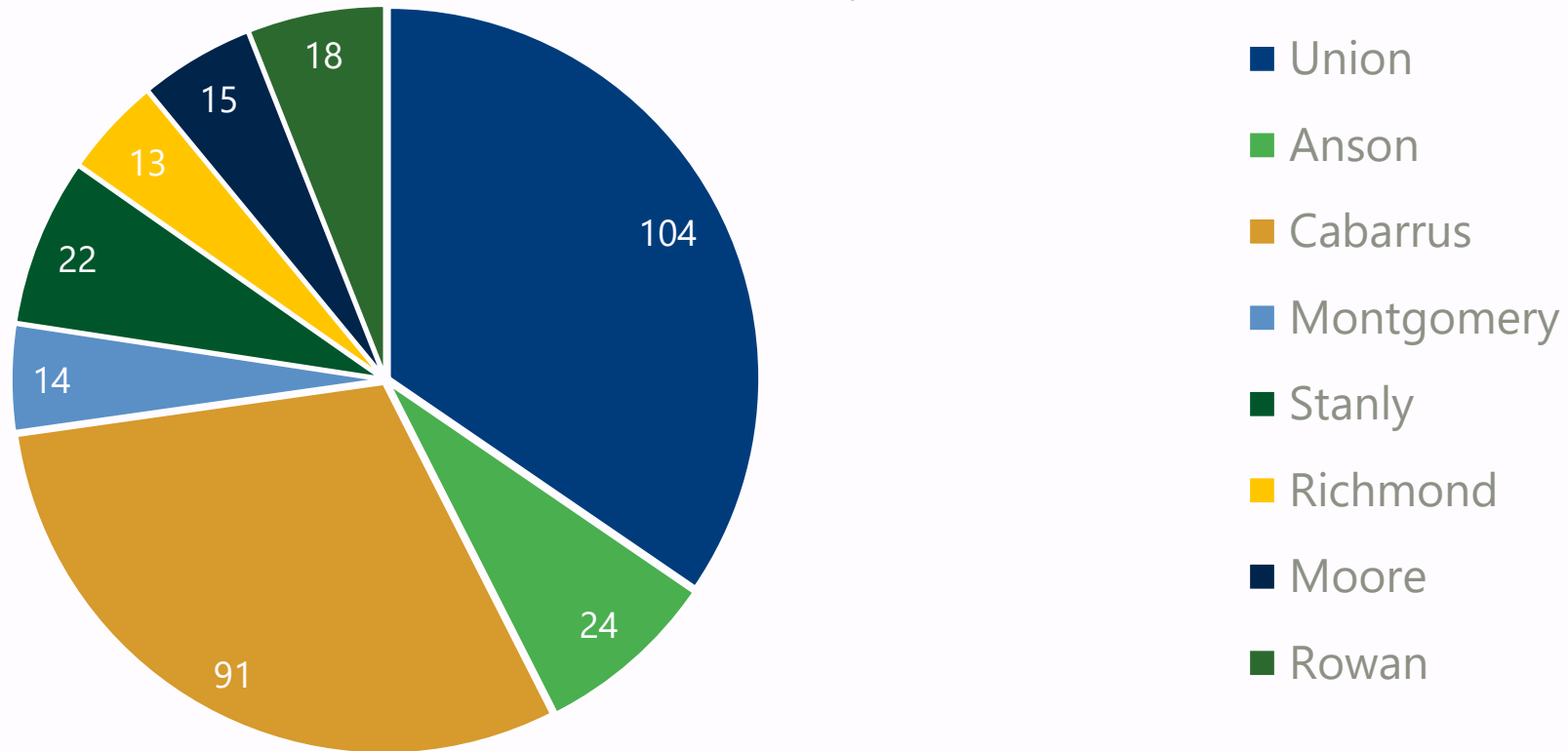
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Current Operations

- Autopsy Process
 - Death reported to Local Medical Examiner on call
 - Medical Examiner calls SPRAC to report cases requiring autopsy
 - Autopsy is scheduled and performed
 - Decedent released back to appropriate county storage facility
 - Forensic Pathologist submits toxicology samples to OCME
 - Autopsy reports finalized once cause and manner of death are determined
 - OCME reviews case and issues final reports
- Autopsies to Date
 - 301 total autopsies as of 2/28/26
 - 104 Union County autopsies

Current Operations

Autopsies by County
as of 2/28/26



Funding Overview

State directed grants

- Submitted \$898,108 in Operational Grant reimbursements

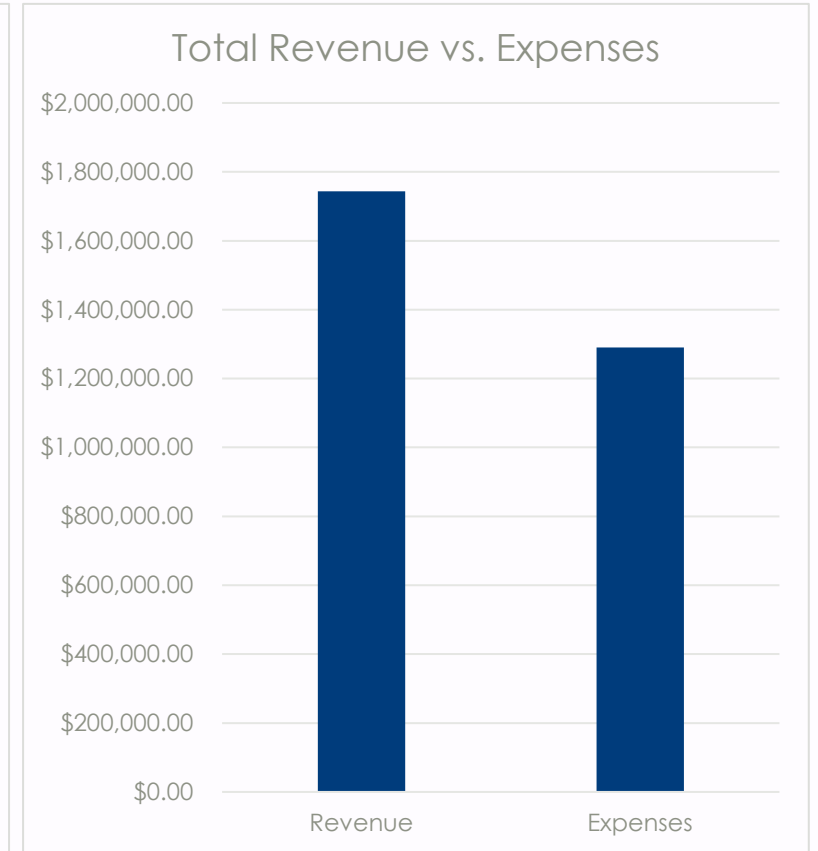
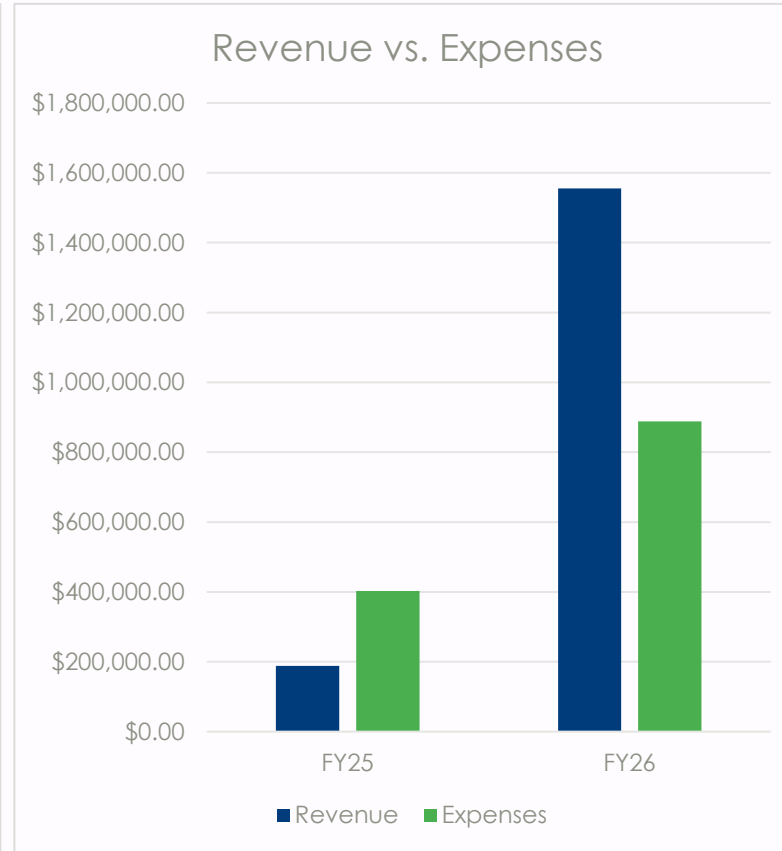
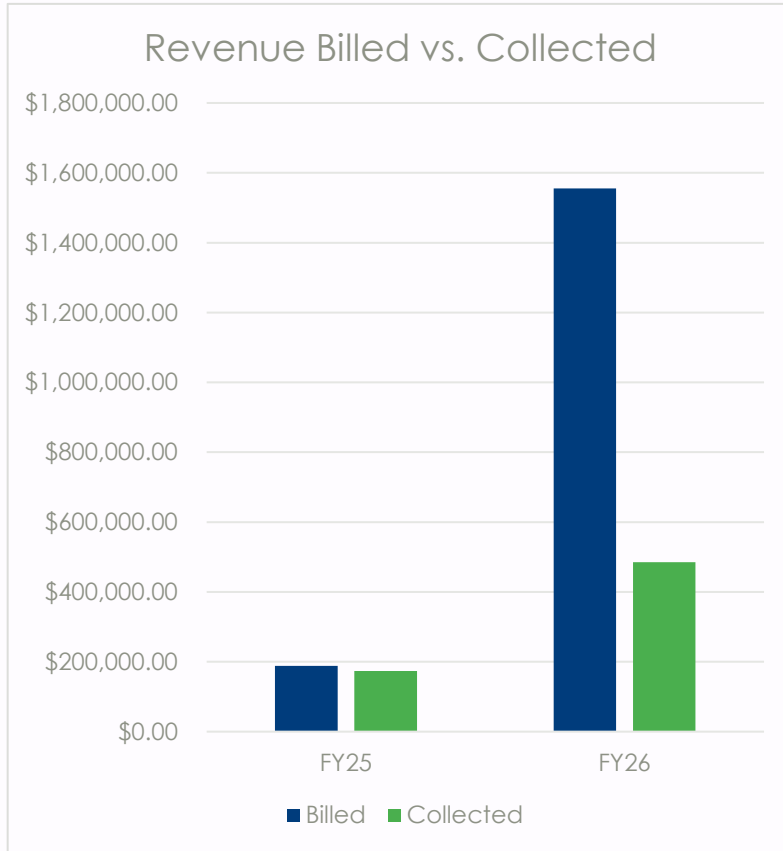
Autopsy Fees

- State pays Union County \$2,175 per autopsy
- Additional \$3,625 paid by County of Residence or State upon completion of case

Total fees billed: \$845,350

- \$569,850 for autopsy services
- \$275,500 non-resident payments

Funding Overview



Toxicology



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Post-Mortem Toxicology

- Samples include blood, vitreous, liver, urine, and tissues
- Must account for decomposition, bacterial activity, and postmortem redistribution (where drugs shift from organs into blood, creating falsely elevated readings)
- Interpretation depends heavily on specimen type, condition of the decedent, case history, and scene context
- Requires expert-level forensic interpretation, not just instrumentation or raw results
- Increased risk for misinterpretation if cases were ever challenged in court

Post-Mortem Toxicology

- Historical turnaround time for OCME: 3+ months
- Current turnaround time OCME: 37 days
- OCME recently required all medical examiners and pathologists under the NC Medical Examiner system to sign an attestation agreeing to abide by their policies or face revocation of their appointments
- Under their policies, toxicology specimens must be submitted to OCME in Raleigh only and no portion of any samples should ever be provided to outside entities

Feasibility Study

- Identify and compare three options for operating and managing toxicology analysis through the SPRAC
 - Expand the facility and operate the toxicology lab
 - Expand the facility and contract with a 3rd party to operate the toxicology lab
 - Outsource all toxicology analysis to a 3rd party

Next Steps



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Future Operations & Requests

SPRAC will assume autopsies for Gaston County on June 30, 2026

- An additional 130 autopsies are anticipated annually
- Total annual autopsies performed is estimated at 525

Request to fund two new positions in FY 2027 budget

- Forensic Autopsy Technician & Chief Investigator
- Funding for both positions will be reimbursable through the state directed grant

UC Water Operations Center Expansion

UC Water Operations Center Expansion

Project Budget - \$15,500,140

Project Justification

- UC Water current space deficit of 3,830 gsf
- UC Water Customer Service/Payments not easily accessible
- Project frees 4th, 5th, 6th floors to be vacated by UC Water for Governmental Operations

Project Scope

- Building Expansion of approximately 20,142 gsf for Administration, Customer Service, Engineering and Operations
- Renovation of approximately 3,500 gsf of existing Ops Center
- Scope and budget were determined through a space needs assessment and master plan completed in 2022

UC Water Operations Center Expansion

Project Budget - \$15,500,140

Designer – Progressive Architecture Engineering
CMAR – Edifice

Project Budget

Design	\$865,260
Construction	\$12,871,350
Contingency	\$514,614
<u>Owner Reserves</u>	<u>\$1,247,170</u>
Total Budget	\$15,498,394



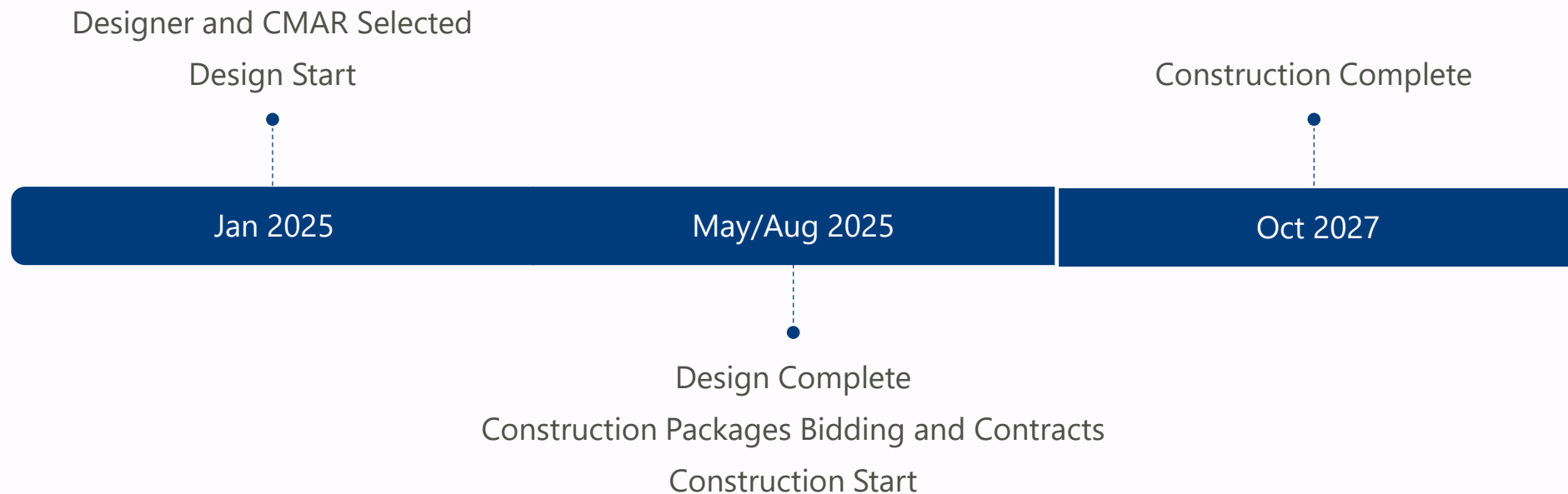





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WATER


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WATER

UC Water Operations Center Expansion Proposed Schedule



UC Solid Waste Operations Center



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UC Solid Waste Operations Center

Project Budget - \$3,577,000

Project Justification

- UC Solid Waste is currently operating out of a small block building that is aged, needs significant renovation and faces building code compliance issues with any renovation. The existing building is also inadequately sized to support staff in a minimal capacity.

Project Scope

- New building construction of approximately 6,000 gsf with office spaces, conference room, breakroom and locker/shower rooms.

UC Solid Waste Operations Center

Project Budget - \$3,577,000

Designer – MPS Architecture

Project Budget

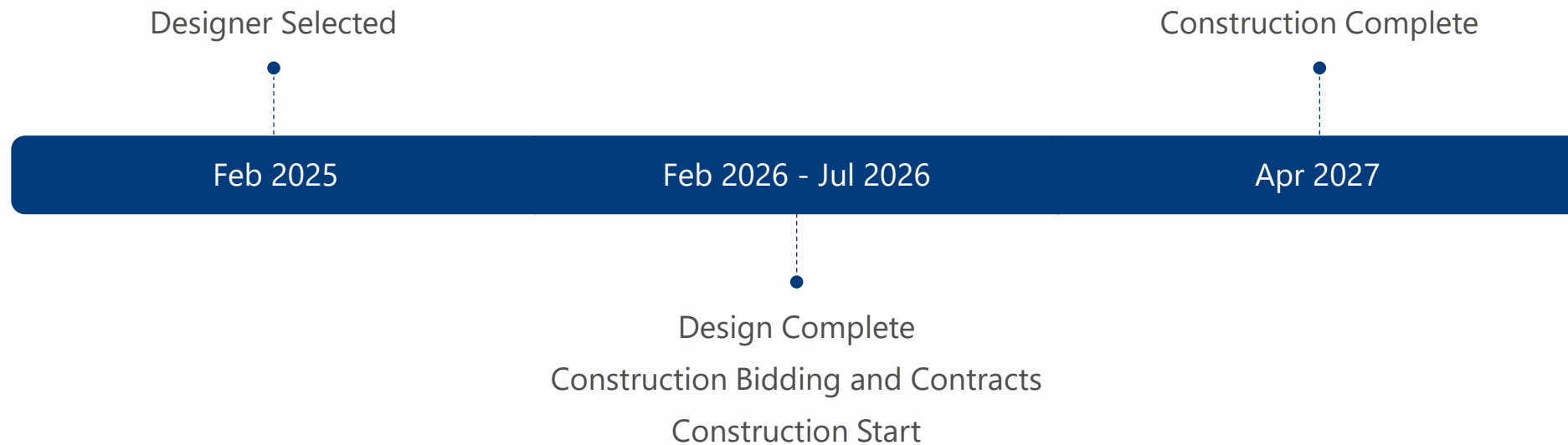
Design	\$174,300
Construction	\$2,500,000
Contingency	\$384,000
<u>Owner Reserves</u>	<u>\$204,000</u>
Total Budget	\$3,262,300







UC Solid Waste Operations Center Project Schedule



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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