



# Popular Annual Financial Report

Union County, NC

Fiscal Year Ended June 30, 2024



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## Letter from the County Management Team

On behalf of the Board of Commissioners and the Union County Management Team, we are proud to present the County's Popular Annual Financial Report (PAFR). The following report provides the financial highlights for Union County Government for the fiscal year that ended on June 30, 2024.

For more detailed financial information, our Annual Comprehensive Financial Report (ACFR) is available on our website.

The County is committed to adapting to the changing needs of our residents while upholding sound financial practices and always prioritizing the health and safety of our residents.

This year, we have experienced great success. We facilitated various projects to enhance services for residents and expand resources for our employees. The County celebrated the opening of the Yadkin River Water Treatment Plant last summer. Additionally, renovation of our Patton Avenue facility is complete; Human Services opened a new immunizations clinic space; and the first phase of a major redesign at the landfill on Austin Chaney Road is nearly finished.

This year, our organization had a solid financial performance, and we are confident about the outlook in the year ahead. The County has maintained its bond ratings from all three rating agencies: Standard & Poor's AAA, Moody's Aaa and Fitch AAA.

We will continue to make sound financial decisions that will benefit our residents as we remain dedicated to improving our service to the County.

We appreciate your interest in the County's financial information and welcome your comments and questions.

Best regards,

**Brian Matthews, Patrick Niland, Clayton Voignier**



# Union County is proud to publish the Popular Annual Financial Report (PAFR) as a supplement to the Annual Comprehensive Financial Report (ACFR).

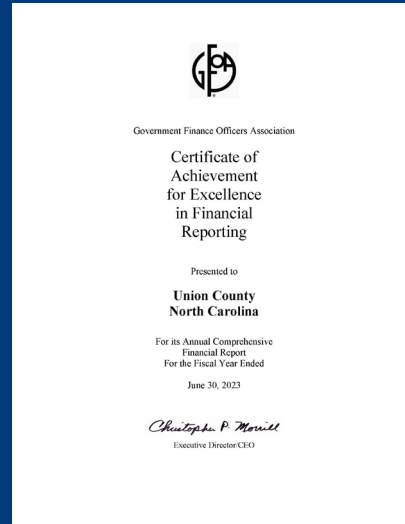
This document provides an overview of Union County's fiscal health over the past fiscal year in an easy-to-read format. The PAFR is derived directly from the financial information presented in our comprehensive report and both reports are in compliance with Generally Accepted Accounting Principles (GAAP).

The PAFR is a recommended practice of the Government Finance Officers Association (GFOA): the authority on best practices in governmental accounting and financial reporting.

The GFOA has given its Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) to Union County for the fiscal year that ended June 30, 2023. Union County has received this award for ten consecutive years. In order to receive this top honor, we must publish a Popular Annual Financial Report that has creativity and is easily understood by our readers.

We hope you find the following report to be concise and informative.

To read more details on our finances and to review the Annual Comprehensive Financial Report, please visit our Finance page at [ucgov.info/ACFR2023](https://ucgov.info/ACFR2023).



**J.R. Rowell**  
Chairman



**Brian Helms**  
Vice Chairman



**Clancy Baucom**



**Melissa Merrell**



**David Williams**



# About Union County

Established in 1842, Union County was formed by combining portions of Anson County and Mecklenburg County. Its name is a compromise between Whigs, who wanted to name the new county for Henry Clay, and Democrats, who wanted to name it for Andrew Jackson. Situated in the south-central Piedmont area of North Carolina, Union County is approximately 643 square miles of land southeast of Charlotte.

The County operates under a Commission-Manager form of government. The governing body of the County is the Board of County Commissioners, which formulates policies for the administration of the County. In addition, the Board annually adopts a balanced budget and establishes tax rates for the support of County programs. The Board consists of five commissioners, elected on a staggered basis for terms of four years.

The County provides a wide range of services including public safety, human services, funding for education, cultural and recreational activities, and general administration. Additionally, the County owns and operates water, sewer, and solid waste systems. The annual financial report includes all funds of the County and all activities considered to be a part of (controlled by or dependent on) the County.

## Our Mission Statement

One team, working together in a positive environment based on trust, empowerment, creative thought, and professionalism that delivers customer-focused results.

## Our Vision Statement

Through continuity of leadership and direction and built upon consensus of the community, we identify and implement strategies, programs, and services necessary to promote and sustain the quality of life and lifestyles unique to Union County. Our number one priority is to serve the residents of Union County.





## Union County: A Closer Look

23

Largest County in NC By Area

8<sup>th</sup>

Largest County in NC By Population

257,682

Population

3.8%

Unemployment Rate

\$98,215

Median Household Income

\$279,500

Median Housing Value

39.9

Median Age

6.6%

Veterans

1,480

Number of County Employees

3

Number of County Parks

12.9%

Foreign Born

5

Number of Schools

4

Number of Libraries

80.7%

Homeownership

83,555

Meals Served by Senior Nutrition

78,105

Number of Trips by Transportation

375

Commercial Construction Permits

772

Miles of Sewer Lines

2,179

Number of Visitors to Veteran Services

6,898

Number of Patients for Public Health

### Primary Employers

Union County Public Schools

Union County Government

Tyson Farms Inc.

Harris Teeter

ATI Specialty Materials LLC

### Largest Taxpayers

Allegheny Technologies

Union Electric Membership Corp.

Duke Energy

Charlotte Pipe & Foundry Co.

Piedmont Natural Gas



# Union County: Award-Winning Departments

Several of our County departments were recognized throughout the year for their innovative programs, service delivery or outstanding staff. A highlight of some of those awards include:

## **The Center for Digital Government (CDG) and the National Association of Counties (NACO):**

- Fifth Nationally with the Center for Digital Government Survey for Technology Excellence Award for 2023

## **Community Health Assessment (CHA) Recognition Award:**

- Excellence in the 2022 Community Health Assessment

## **Government Finance Officers Association (GFOA):**

- Certificate of Achievement for Excellence in Popular Financial Reporting for Fiscal Year Ended 2023
- Certificate of Achievement for Excellence in Financial Reporting for Fiscal Year Ended 2023
- Distinguished Budget Presentation Award for Fiscal Year Beginning 2023

## **North Carolina Association of Governmental Purchasing (NCAGP):**

- Union County Procurement and Contract Management received the 2023 Sustained Professional Purchasing Award (SPPA)

## **North Carolina City & County Communicators (NC3C):**

- Excellence in Communications Award for the UC Horizon
- Excellence in Communications Award for the UC Insider

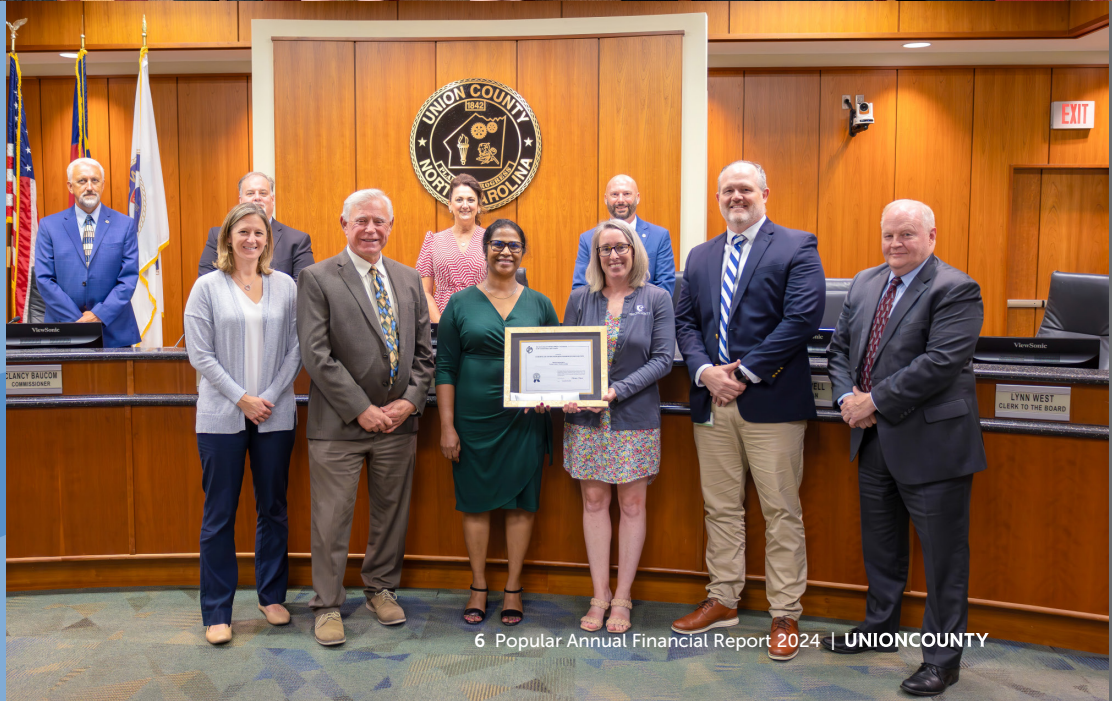
## **North Carolina Department of Labor – Water & Wastewater Operations:**

- Gold Safety Award

## **National Safety Council – Water & Wastewater Operations:**

- 2023 Industry Leader Award
- 2023 Occupational Excellence Achievement Award







# Fiscal Control

Unlike a for-profit organization whose primary goal is to generate income, a local government's objective is to provide services and focus on the availability of resources to provide those services. Local governments impose various taxes to be able to provide these services.

Union County Government serves all of the 257,682 residents by providing services to the collective whole. The services provided by the County include, but are not limited to, law enforcement, fire protection, water and sewer, public health, social services, transportation, waste disposal and funding for education.

**The following key factors contribute to the fiscal health of the organization.**

## BOND RATING

Similar to a personal credit score, this is a representation of the creditworthiness of a government's bonds. Bond rating is a key indicator of a bond issuer's financial strength and capacity to repay the principal and interest. This has a direct impact on the County's ability to successfully attract investors, and more importantly, achieve the lowest interest rate possible.

The County is proud of the Aaa/AAA/AAA credit ratings, which signify the highest ratings possible in the municipal rating scale. Union County is one of the few counties in the country that maintains high financial ratings from all major rating agencies.

## DEBT

The County continues to look for opportunities to lessen the debt burden on the citizens, by focusing on a proactive debt management strategy, advanced refund opportunities, and early debt redemptions while maintaining a fiscally conservative debt management approach when considering issuing new debt.

The County has \$415.5 million in general fund debt outstanding, or \$1,657 debt per capita. In theory, the debt per capita information demonstrates each person in Union County's fair share of the general government debt. No new debt was issued during fiscal year 2024, only payments were made towards existing debt. As a result, the debt per capita is \$185 less per person compared to fiscal year 2023.

## BUDGET

The North Carolina General Statute mandates that the County provides and adopts a balanced budget in accordance with the provision of the Local Government Budget and Fiscal Control Act. The budget is a legally adopted document that incorporates input from the citizens of the county, the management of the county, and the decisions of the board about which services to provide and how to pay for them. It also authorizes the county to obtain funds from identified sources to finance these current period activities.

The budget provides guidance to a county making sure spending is in line with revenues. The budget is considered balanced when estimated net revenue equals appropriations. Historically, Union County has posted above average revenues and trimmed expenditures throughout the budget year. The balanced budget ordinance must be adopted prior to the beginning of the fiscal year. The Union County Budget Ordinance is located at [ucgov.info/FY24AdoptedBudget](http://ucgov.info/FY24AdoptedBudget).

## FINANCIAL PLANNING

Union County utilizes historical budget analysis, revenue projections, long range growth models and the Capital Improvement Program to determine future needs, timing, and acquisition of assets. The County also uses outside actuarial sources for calculations of other postemployment benefits, healthcare and pension obligations in order to proactively fund for future costs on a pro-rata basis.

## ANNUAL INDEPENDENT FINANCIAL AUDIT

North Carolina General Statutes require an annual audit be performed by an independent certified public accountant. This annual audit relates to the Annual Comprehensive Finance Report (ACFR), and the purpose of the audit is to ensure Union County is complying with general accepted accounting principles (GAAP). This year's Independent Auditor's Report confirms that the County's financial statements are "present fairly, in all material respects, the respective financial position: All financial information stated in this Popular Annual Financial Report is presented in accordance with GAAP, more detail can be found on the Finance Department's website.





## Net Position

Net position may be found on the government-wide balance sheet, and it represents what the County owns (assets plus deferred outflows) and owes (liabilities and deferred inflows). It is reported for governmental activities and business-type activities. This amount is broken down into three categories including net investment in capital assets, restricted net position and unrestricted net position. Net position may serve over time as a useful indicator of government’s financial condition.

Net investment in capital assets category reflects the County’s net investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure) less any related outstanding debt that was issued to acquire those assets. Union County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Restricted net position represents resources that are subject to external restrictions on how they may be used.

Unrestricted net position represents resources available to the County to provide services to the residents if there were no additional revenues available.

As with many counties in the State of North Carolina, the County’s Governmental Activities deficit in unrestricted net position in the amount of \$333,433,854 is due primarily to the portion of the County’s outstanding debt incurred for the Union County Board of Education (the “school”) and the South Piedmont Community College (the “community college”).

Under North Carolina General Statute, the County is responsible for providing capital funding for the school and community college systems. The County has chosen to meet its legal obligation to provide the systems’ capital funding by using a mixture of County funds, general obligation debt and installment financings. The assets funded by the County, unless otherwise obligated, are titled to, and utilized by the school and community college systems. Since the County, as the issuing government, acquires no capital assets, the County has incurred a liability without a corresponding increase in assets.

	Governmental	Business-type	Total
Net Investment in Capital Assets	73,828,805	264,481,592	338,310,397
Restricted	232,409,686	377,778	232,787,464
Unrestricted	(333,433,854)	183,809,581	(149,624,273)
<b>Total Net Position</b>	<b>(27,195,363)</b>	<b>448,668,951</b>	<b>421,473,588</b>

# Fund Balance

Fund Balance is the amount of reserve funds that the County has on hand that can be used in the event of unforeseen circumstances, state of emergencies and for future needs. Fund balance is an indicator of fiscal stability that is measured at year-end. Available fund balance is the total amount that is not restricted or committed to a specific use or purpose.

The Board of County Commissioners has passed robust policies outlining the appropriate reserve levels the County is expected to maintain. The Board has determined the County should maintain an available reserved (committed) fund balance of 20 percent of total expenditures for unforeseen needs or opportunities.

Union County reported \$151,997,734 total fund balance for general fund. This is \$15,682,829 less than the fiscal year 2023 fund balance. This is primarily due to the less than expected Local Option Sales Tax collections and one-time expenditures funded by unassigned fund balance throughout the year.

As a measure of the general fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures.

As of June 30, 2024, the County has a fund balance (based on committed, assigned, and unassigned) of 32.3 percent of general fund expenditures, while the total fund balance represents 42.8 percent of that same amount.

# Revenues

## GENERAL FUND

Like the majority of North Carolina counties, Union County relies heavily on ad valorem taxes, which are the taxes collected by the county on physical and personal property, based on its estimated value. In fiscal year 2024, ad valorem tax revenue accounted for 61 percent of all revenues collected by the general fund, largely due to organic growth of the County property tax base while maintaining the 58.80 cents tax rate. \$237 million in property tax revenue reflects an increase of 4 percent. Union County expects the growth throughout the area to continue.

The next largest single revenue source was local option sales tax, which brought in just over 18 percent of all revenues last year.

The County has the ability to increase or decrease revenues only through the setting of the tax rate. Local option sales tax and the rest of the revenues are essentially based on the market, residential growth, and usage. As a result, the County has very little flexibility to increase revenues throughout the year.

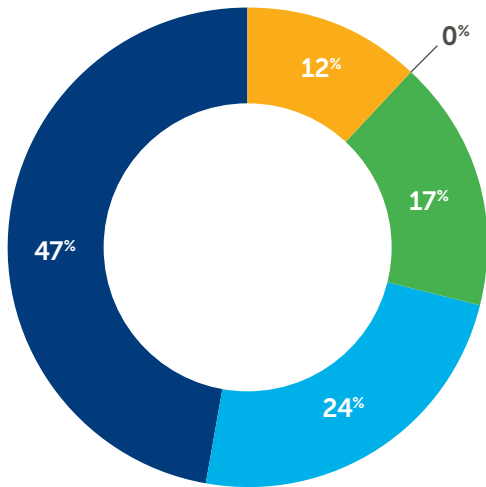
General Fund Activities	2024	2023	2022	2021	2020
Operating Revenues	391,816,122	371,195,204	354,778,911	326,128,886	309,293,344

## PROPRIETARY FUNDS

The proprietary funds (business-type activities) operating revenues include charges for services for water and sewer as well as solid waste disposal fees. Union County Government’s operating budget is for tax-funded services, such as education, County department programs and services, the Union County Sheriff’s Office, supporting community partners, and other crucial services residents rely on. The operating budget for Union County Water is funded solely by rates and fees collected from ratepayers of the utility and is not funded by taxpayer dollars. It is important to note, as in previous years, these revenues are used only in the operations of proprietary funds, and not in general County operations.

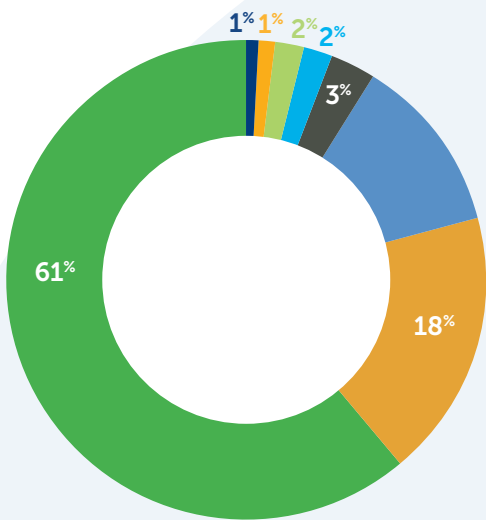
Business-Type Activities	2024	2023	2022	2021	2020
Operating Revenues	88,302,146	91,057,943	84,503,623	74,536,352	63,044,897





**Fund Balance Categories:**

<b>Nonspendable:</b>	Amounts that cannot be spent because they are either not in spendable form such as inventory, prepaid expenses, buildings; or the government is contractually bound to maintain the amount
<b>Restricted:</b>	Amounts that are restricted to a specific purpose by external parties, or laws or regulations, constitutional provisions or legislation
<b>Committed:</b>	Amounts that are committed for a specific purpose by formal action of the government's highest level of decision-making. (the Board)
<b>Assigned:</b>	Amounts that are intended by the government to be used for specific purposes
<b>Unassigned:</b>	Amounts available for any purpose



- Property Taxes
- Sales Tax
- Other Taxes and Licenses
- Intergovernmental
- Permits and Fees
- Sales and Services
- Investment Earnings
- Miscellaneous

# Expenses

## GENERAL FUND

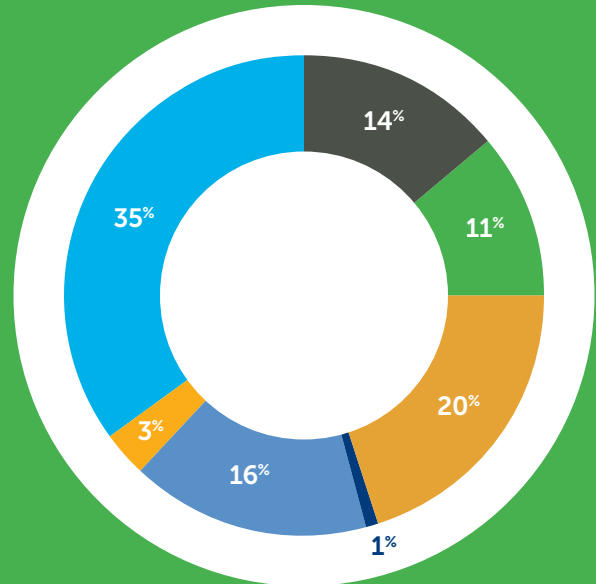
The County has successfully managed expenditures and conservatively budgeted revenues to maintain adequate reserves in the recent past. As a result of these efforts, the County's stability continues to improve.

On the expenditure side, we have broken out the uses in a broad spectrum. Educational funding continues to be the largest cost within the County. With roughly 41,497 students, or nearly one in every six residents of the County attending primary school or South Piedmont Community College, education continues to drive expenditures.

The dramatic population growth, combined with the number of students mentioned above, required a level of capital funding that could only be accomplished through debt funding. While the County is fiscally sound and has enough resources to withstand economic downturn, it continues to have a relatively high debt burden. Today, (combined) debt service and human services areas are 16 percent of the County's expenditures. This is the third largest expenditure of the County. Public Safety at 20 percent, is the second largest expenditure of the County.

Public Safety and Human Services both require significant funding due to the services they provide. Law enforcement, fire and EMS remain diligent and prepared to protect and serve our residents in need. Funding is established for new equipment, training and better apparatus.

Aside from debt service, major expenditure categories that are funded by tax dollars include: General Government, Public Safety (Sheriff's Office, Emergency Management, Emergency Communications, Fire Marshal's Office, Building Code Enforcement, Outside Agencies); Economic and Physical Development (Planning, Cooperative Extension Service, Soil and Water Conservation, Outside Agencies); Cultural and Recreational (Libraries, Parks & Recreation, Outside Agencies); Education (Union County Public Schools, South Piedmont Community College, Literacy Council); and Human Services (Public Health, Social Services, Transportation, Community Outreach, Veterans Services, Outside Agencies).



## PROPRIETARY FUNDS

Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Business-Type Activities	2024	2023	2022	2021	2020
Operating Expenses	82,294,603	65,376,659	62,681,384	58,836,147	54,157,849

General Fund Activities	2024	2023	2022	2021	2020
Operating Expenditures	355,588,698	333,335,013	310,837,676	299,423,218	281,535,688



# A Review of the County's Debt

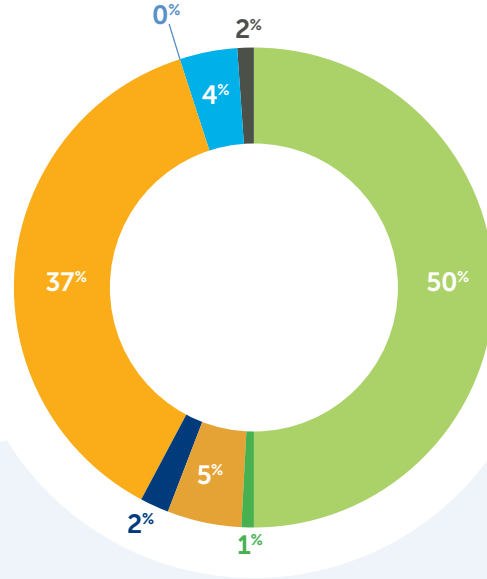
The County has a total of \$827,565,000 debt outstanding. \$338.7 million is for Education including the public school system and the community college, \$38.3 million is for Public Safety, \$15.9 million is for Economic and Physical Development, \$10.6 million is for Cultural & Recreational, \$11.9 million is for General Government, and lastly \$412 million is for Water and Sewer functions of the County.

Debt service is viewed as a necessary tool among municipal governments because few municipalities have the ability to cash fund large projects.

The County has issued debt for a variety of capital projects to fulfill capital needs during prior years. Capital projects that were completed with debt proceeds include schools, libraries, parks, agriculture and conference center, water and sewer infrastructure, jail, public safety, emergency communications equipment, and court facilities. Union County uses financing options such as General Obligation Bonds, Revenue Bonds and Certificates of Participation to finance these projects.

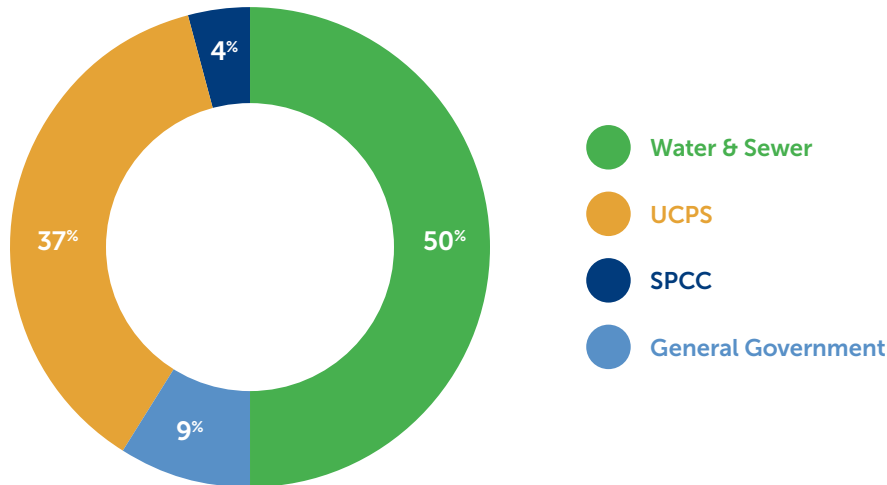
General Obligation bonds serve as a way for a local government to raise funds for projects that create streams of income for resources such as education facilities and county infrastructure. These bonds are usually used to fund government projects that will serve the public community, and they are backed by general revenue of the issuing government entity which is the power of the local government to tax its citizens. It is commonly subject to voter approval and other requirements.

Revenue Bonds issued by a local government unit is backed by a specific stream of revenue. In Union County's case, these are used to finance the construction of water and sewer infrastructure and are paid by water and sewer fees paid by their customers.



- General Government
- Public Safety
- Economic/Physical Development
- Human Services
- Education - UCPS
- Education - SPCC
- Cultural and Recreational
- Water and Sewer

# Outstanding Debt by Use



Function:	GO Bonds	Installment Financing	Revenue Bonds	Total Outstanding Principal
General Government	6,774,000	5,192,444	–	11,966,444
Public Safety	38,341,613	–	–	38,341,613
Economic/Physical Development	15,682,000	223,859	–	15,905,859
Education - UCPS	281,477,387	23,864,699	–	305,342,086
Education - SPCC	33,162,000	205,533	–	33,367,533
Cultural and Recreational	10,490,000	126,465	–	10,616,465
Water and Sewer	–	–	412,025,000	412,025,000
<b>Total</b>	<b>\$385,927,000</b>	<b>\$29,613,000</b>	<b>\$412,025,000</b>	<b>\$827,565,000</b>

## GENERAL FUND DEBT

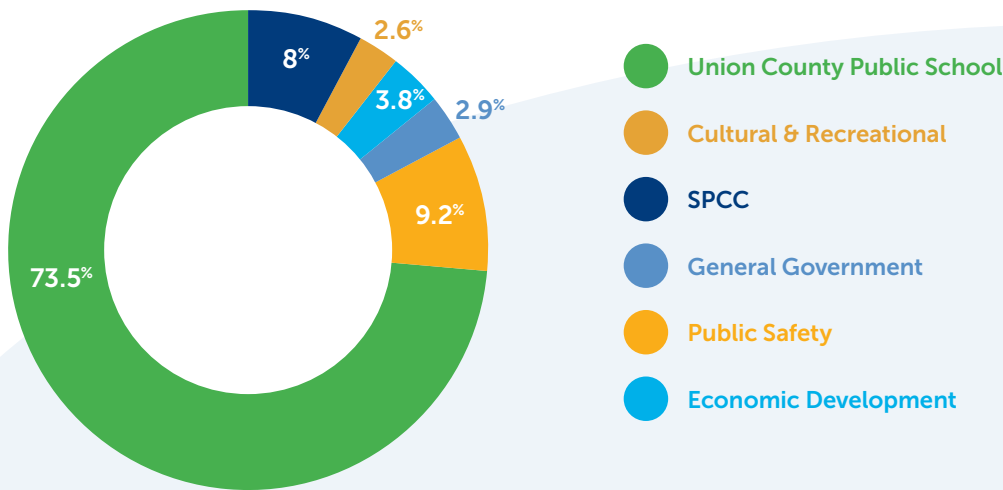
Total outstanding debt for General Fund is \$415.5 million. Of this amount, \$385.9 million is General Obligation Bonds and \$29.6 million is for Limited Obligation Bond and Installment Financing. Approximately 73.5% percent of the County’s outstanding tax backed debt is for Union County Public Schools.

It is important to keep in mind that a government unit may affect its bond ratings negatively if the debt service as a percentage of expenditures becomes too high. Union County has been actively working to mitigate debt service while saving residents funds and working towards reducing the debt. Debt service as a percentage of expenditures is 14.4 percent for fiscal year 2024.

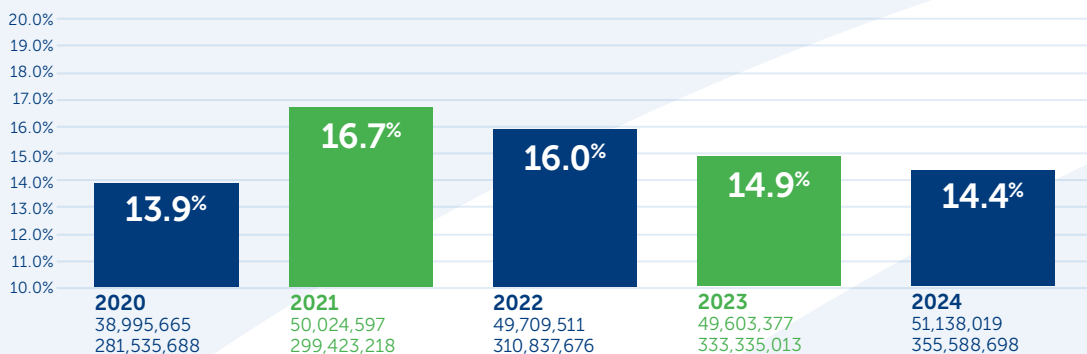




# Debt by Category - Governmental Funds



## Debt Service as Percentage of Expenditures



\*Bond ratings indicate credit quality and financial strength of the issuer. Typically, bonds with higher ratings reflect a strong likelihood the issuer can.

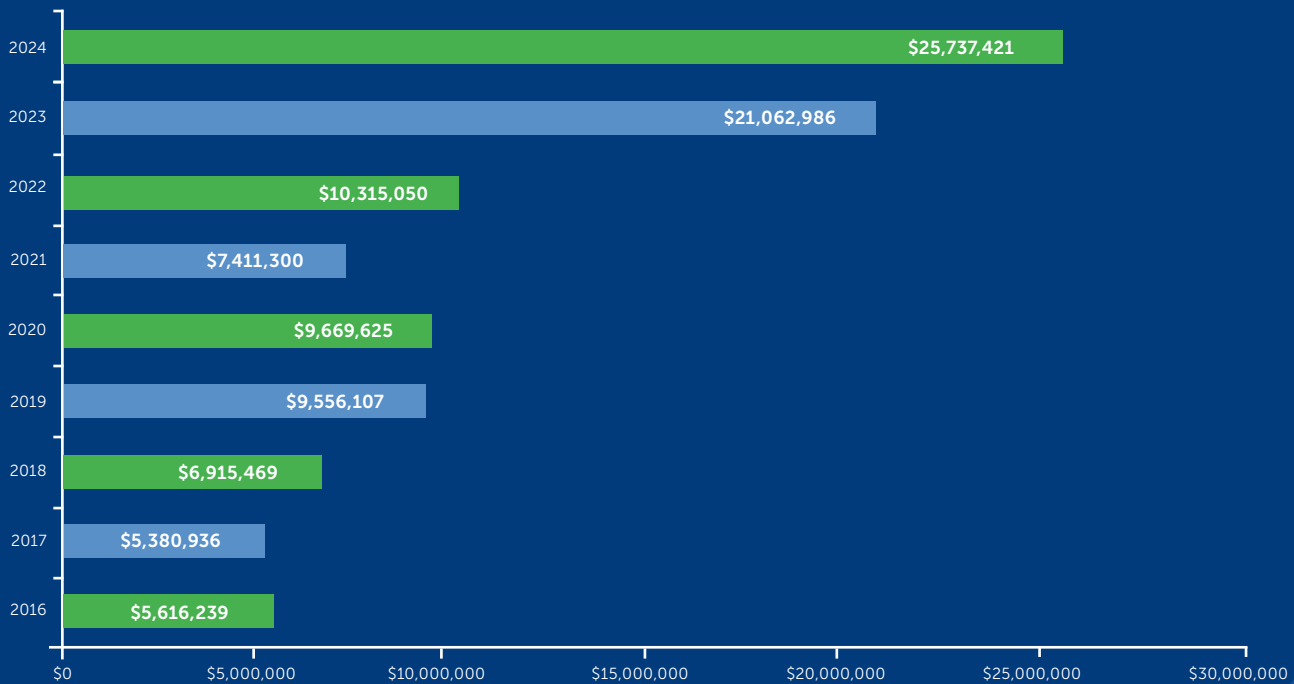
# Enterprise Debt

The County has issued enterprise system debt for water and sewer capital improvements throughout the prior fiscal years.

The utility system has four revenue bond issues outstanding. The debt issued benefitted the system and rate payers by providing capital funding for projects such as:

- Catawba River Water Treatment Plant
- 12 Mile Wastewater Treatment Plant
- 853 West Transmission Main
- Water pressure, distribution and collection systems
- Crooked Creek Headworks Improvements
- Yadkin Regional Water Supply Project

## Enterprise Fund Debt Service



# Capital Improvement Program (CIP)

The adopted FY 2024-2029 Union County Capital Improvement Program (CIP) is made up of three components. Major programs projected for future years in the CIP:



## SOLID WASTE CAPITAL PROGRAM

Union County Solid Waste Capital Program consists of a six-year capital plan for the program to provide for equipment purchases; expansion and renovations of current facilities, and new facilities requested at the Union County landfill and various solid waste convenience sites.

- Austin Chaney Site Redesign
- Construction and Demolition Cell Expansion



## GENERAL CAPITAL PROGRAM

General Capital Program provides the six-year capital plan for non-utility activity County projects, including South Piedmont Community College. The goal of these projects is to provide for critical repairs and facility needs to maintain or improve general services of government.

- Historic Courthouse Phase 2
- Facilities Maintenance & Renewal
- Parks and Recreation Renewal and Expansion
- Jail Replacement & Expansion
- South Piedmont Community College Expansion
- Firearms Training Range



## UNION COUNTY WATER CAPITAL PROGRAM

The Union County Water Capital Program provides the six-year capital plan for the water and wastewater utility program.

This program is largely based on the Comprehensive Water and Wastewater Master Plan that provides a 20-year projection of system needs based on current population growth, population distribution trends, and historical demand data, among several other factors.

- Catawba River Water Treatment Plant Expansion
- Crooked Creek Basin Improvements
- Lower Crooked Creek Water Reclamation Facility
- Twelve Mile Creek Sewer System Expansion
- Various Rehabilitation and Replacements
- West Zone Improvements
- Yadkin Regional Water Supply Project
- 853 West Pressure Zone Improvements



# Our Year in Review

The County continued to experience growth in population, which resulted in increased demand for essential public services.

Here are the major projects that Union County accomplished in the past fiscal year:



After nearly two decades, the **Yadkin Regional Water Supply Project** was completed in late summer 2023. Union County now has a second long-term, reliable source of water to meet current and future water supply needs. Construction for the \$300 million infrastructure project began in the fall of 2020. The County issued revenue bonds in the spring of 2021 for this project and various other water and sewer capital projects.



The new **Southwest Regional Library** is opened in the Spring 2024 with expanded collections, programs and meeting area to serve about 70,000 residents within 15 minutes of the library. The 19,000-square-foot library includes a children's storytime area, reading nooks, a science, technology, engineering, arts, and mathematics (STEAM) lab, study rooms, an outdoor patio, technology spaces and more.

# What's to Come

Union County continues to invest in initiatives to support our growing community. Here are the major projects that are in progress:

## Union County Landfill

The Union County Solid Waste department offers responsible and practical waste management solutions through our network of six residential waste and recycling centers, solid waste transfer station and construction materials solid waste disposal facility. Our final Solid Waste Facility expansion project is nearly complete at our primary facility on Austin Chaney Road. It will include upgrades to our public materials collection area, which will significantly enhance the customer experience, operational safety and efficiency.



## South Piedmont Regional Autopsy Center

The South Piedmont Regional Autopsy Center will be located in Wingate, North Carolina, and will provide morgue and forensic pathology services to the residents of Union County and nine surrounding counties. The County will run the center, which will provide vital assistance for cases for local law enforcement.





