

General Fund Budget Update

May 6th, 2024



General Fund - 3rd Quarter Projection

FY 2024 Total Revenue Projected	218,763,408
FY 2024 Total Revenue Projected	217,240,558

<i>Revenue Over Expense</i>	1,522,849
<i>% of GF Budget Projected Unspent</i>	0.7%

- Prior Projection at Mid-Year reflected a \$700k surplus or .3%
- Expected surplus still less than 1%, within the margin of error
- Expected End of Year Position is improving slightly due to:
 - Increased Ad Valorem revenue
 - Investment Revenue
 - Impacts of hiring freeze

GF Revenue - 3rd Quarter Projection

Category	Revised FY 2024	Actual FY 2024	YE Proj. FY 2024	Change Budget to Actual	%
Revenues					
Ad Valorem Taxes and Fees	64,108,171	67,208,936	68,510,637	4,402,466	106.9%
Local Option Sales Tax	56,179,446	25,383,904	48,429,446	(7,750,000)	86.2%
Other Taxes	4,125,500	3,054,561	4,037,625	(87,875)	97.9%
Intergovernmental Rev, Unrestrict	22,440,769	17,219,777	19,348,064	(3,092,705)	86.2%
Intergovernmental Rev, Restrict.	827,240	715,336	817,527	(9,713)	98.8%
Intergovernmental Rev, Federal	20,357,737	9,433,677	17,469,772	(2,887,965)	85.8%
Intergovernmental Rev, State	3,955,435	2,884,337	4,120,481	165,046	104.2%
Non-Enterprise Charges	11,624,110	8,179,194	11,359,992	(264,118)	97.7%
Investment Revenue	1,200,000	1,578,755	3,100,000	1,900,000	258.3%
Interfund Transfers	6,176,545	3,429,157	6,176,545	-	100.0%
Other Revenue	7,677,862	8,739,292	8,917,645	1,239,783	116.1%
Fund Balance Appropriated	26,475,674	26,475,674	26,475,674	-	100.0%
Debt Proceeds - Restricted	-	-	-	-	-
Total	\$225,148,489	\$174,302,600	218,763,408	(6,385,081)	97.2%

- Current Ad Valorem Collections are ahead of previous year through March 31st; Ad Valorem tax base reflecting strong growth
- Ad Valorem collections trending (FY24 – 106.9%, FY23 – 103.2%, FY22 – 102.9%) collection rate higher than projected (99.5%)
- Sales Tax trending significantly lower than FY 2024 budget, (\$7.75M below), but has stabilized in line with rest of NC
- Intergovernmental Revenue – Unrestricted trending significantly lower due to statewide decrease in Medicaid Hold Harmless (linked to Sales Tax)
- Investment Revenue trending up in FY 2023 going forward, could increase by year end

Sales Tax – 3rd Quarter Projection

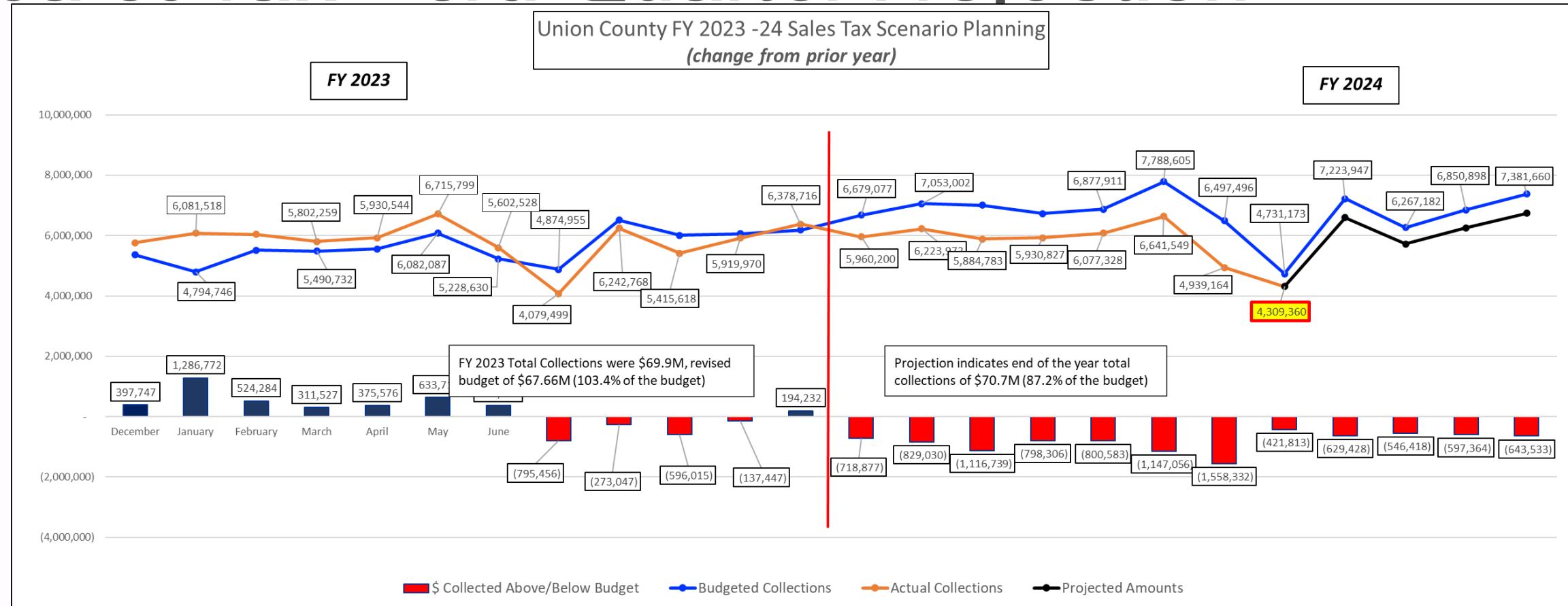
Union County Sales Tax History (FY 2024 Projected)						
<u>Fiscal Year</u>	<u>Adopted Budget</u>	<u>Revised Budget</u>	<u>**Actual Collected</u>	<u>Over/Under Budget</u>	<u>% Budget Collected</u>	<u>% Annual Increase</u>
FY 2018	44,713,531	44,713,531	43,070,620	(1,642,911)	96.3%	-
FY 2019	48,745,636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

*FY 2024 Projected Actual of \$70.1M (Total) is the projected total through four months of collections (will change)

**Includes County budget of \$56.2M (County GF) and \$24.9M allocated to Education debt fund

- FY 2024 actuals are currently trending 13.8% below adopted budget through seven collection periods
- FY 2024 actuals are trending 1.2% above prior year actual collections, total growth over prior year is stabilizing
- 3rd Qtr. projection indicates 87.5% annual collection, under collection of \$9.75M - \$10.25M (GF/Educ) or (GF-\$7.5M and UCPS-\$2.5M)
- Overall economic activity slowing with current economic conditions

Sales Tax – 3rd Quarter Projection



- Actual Collections have been above monthly budget consistently since FY 2020 (Covid)
- Actual Collections began negative trend the month after the FY 2024 Recommended budget was presented to BoCC
- 3rd Qtr. year projection indicates continued collections below the budgeted amount through end of FY 2024 (expected case)

GF Expense – 3rd Quarter Projection

Category	Revised FY 2024	Actual FY 2024	YE Proj. FY 2024	Change Budget to Actual	%
Expenditures					
Employee Compensation	81,178,296	55,505,076	79,406,403	(1,771,893)	97.8%
Employee Benefits	47,854,371	34,528,556	46,913,799	(940,572)	98.0%
Operating Cost	41,654,024	23,080,401	37,472,001	(4,182,023)	90.0%
Capital Outlay	5,431,532	2,735,976	4,959,194	(472,338)	91.3%
Contracts, Grants, and Subsidies	17,512,210	12,945,071	16,921,661	(590,549)	96.6%
Debt Service	-	-	-	-	-
Interdepartmental Charges	(3,999,321)	(2,872,346)	(3,944,010)	55,311	98.6%
Interfund Transfers, Out	35,117,377	31,097,018	35,117,377	-	100.0%
Contingency	400,000	-	394,132	(5,868)	0.0%
Fund Balance Contribution	-	-	-	-	-
Total	\$225,148,489	\$157,019,752	217,240,558	(7,907,931)	96.5%

- Employee Compensation typically ends year around 3.5% - 4.0% annual savings, Job Market competitive, recruitment is challenging
- Employee Benefits typically end the year slightly below budget; (in line with previous years)
- Lapsed Salary & Benefits used to supplement class & comp phase I implementation
- Manager Implemented Hiring Freeze helped to preserve lapsed salary
- Operating Budget spending is in line with regular trends
- Contracts, Grants and Subsidies mostly made up of EMS, Business Grant and Business Partner payments
- Interfund Transfers, Out are annual payments to other funds. (County PayGo Capital, Transfers to Solid Waste, Reappraisal Fund and Fire Depts.)

GF Revenue & Expense – 3rd Quarter Projection

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Over/(Under)	-	17,282,848	1,522,849 1,522,849 0.7%

Take Away

- Ad Valorem Revenue is strong and growing
- Sales Tax Revenue stabilizing after volatile post covid period at normal growth rate
- County Expense trending within normal historical ranges
- Manager's cost saving strategies have been effective (Hiring Freeze)
- Current projections indicate small margin of revenue over expense at year end (\$1.5M, 0.7% of GF)
- Projection indicates small positive margin of less than 1%, which is within the margin of error
- Expected final budget position is slightly better than at mid-year

A nighttime aerial photograph of a small town. In the center, a large, ornate building with a prominent clock tower rises above the rooftops. The town is built on a hillside, with streets and buildings leading up towards the tower. The sky is dark, and the town is illuminated by streetlights and the building's own lights.

Questions?

