

# Budget Overview & Financial Update

Dena R. Diorio  
County Manager  
February 21, 2024





# FY2024 Financial Status & FY2025 Preliminary Revenue Forecast

Impact of Capital Improvement Plan (CIP)

FY 2024 Revenue and Expenditure Trends

FY2024 Forecast

FY2025 Preliminary Revenue Forecast

# Summary of Capital Improvement Plan

- Five Year CIP totals - \$4 billion  
CMS: \$2.5 billion  
County: \$1.5 billion
- Built-in Tax Increases until Fiscal Year 2029

Expected Tax Increases								
	2024	2025	2026	2027	2028	2029	2030	2031
Debt (millions)	\$100	\$500	\$450	\$600	\$600	\$650	\$325	
Annual Tax Increase (cents)	1.00	1.00			2.00	1.00		
Cumulative Tax Increase (cents)	1.00	2.00	2.00	2.00	4.00	5.00	5.00	5.00

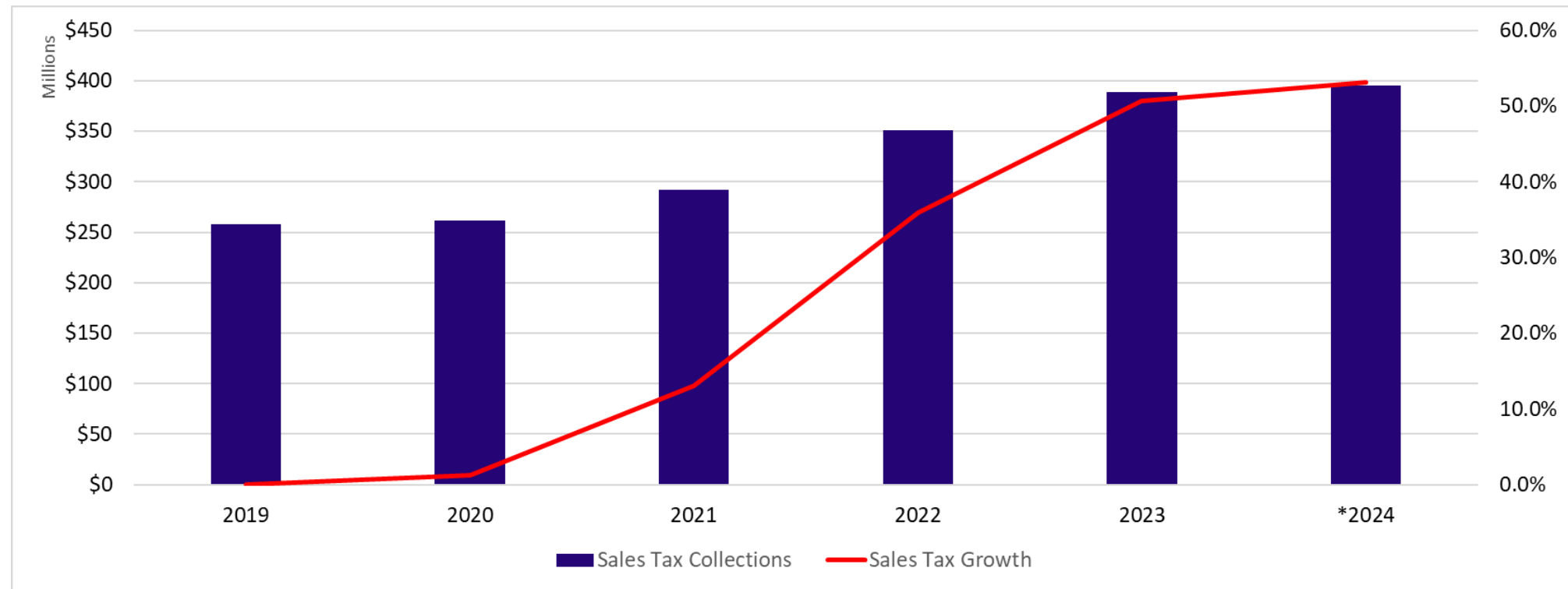
## Sales Taxes Collected (\$ in millions)

Sales Taxes	FY23	FY24	Inc./((Dec.) (%)
Total Sales Tax Budgeted	\$ 335.1	\$ 387.3	15.6%
Sales Tax Revenue thru December (July - September)	98.1	97.0	-1.1%
Sales Tax Revenue thru December as a Percent of Total Sales Tax Budgeted	29.3%	25.0%	
Total Sales Tax Revenue FY23 (July - June)	\$ 388.8		

# Sales Tax Collections

- Early insights show Nov-Dec collections increasing
- Projecting FY24 to be 1.5% over FY23 levels

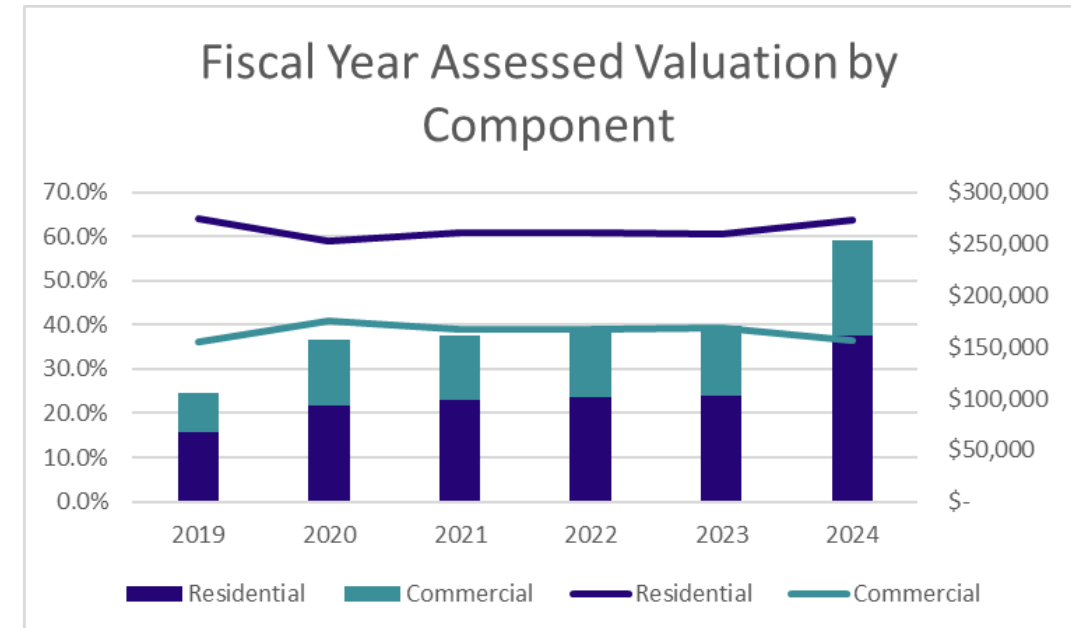
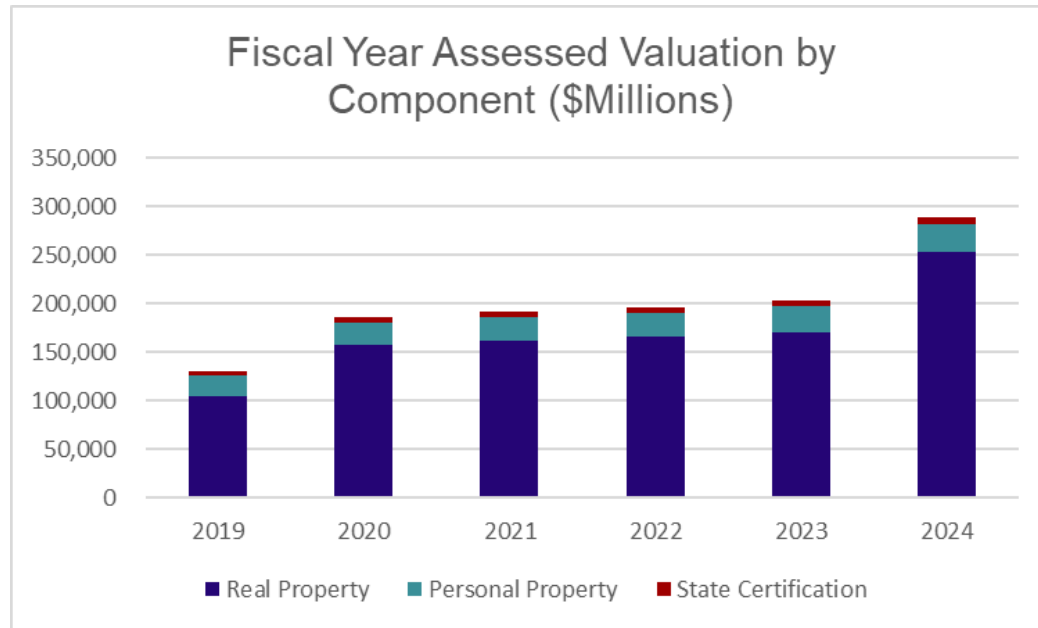
# Sales Tax Collections



\*2024 is projected

# FY24: Growth in the Tax Base

Distribution of valuation shifted from commercial to residential as part of 2023 revaluation



*Revaluation conducted in FY2019 (effective FY20-FY23) and FY2023 (effective FY24)*

# Property Tax Levy

Property Tax Levy FY23 vs. FY24 (\$ in millions)		
Property Taxes	FY23 as of 1/9/23	FY24 as of 1/9/24
Total Levy Billed	\$1,171.0	\$ 1,299.0
Tax Collections	967.7	1,123.6
Collections as a % of Billed Levy	82.6%	86.5%
Total Tax Levy for FY2023	\$ 1,254.9	
Total Tax Collections for FY2023	1,249.1	
FY2023 Collection Rate	99.5%	

# FY24 Forecast: General Fund

General Fund Revenues (\$ in millions)					
Revenue Source	FY23 Actual	FY24 Adopted Budget	FY24 Amended Budget	FY24 Forecast	FY24 Forecast vs. FY24 Budget (%)
Property Taxes	\$ 994.7	\$ 1,034.8	\$ 1,034.8	\$ 1,055.8	2.0%
Sales Taxes	299.3	299.7	299.7	303.8	1.4%
Licenses and Permits	45.6	2.6	2.5	1.8	-28.0%
Intergovernmental	131.1	134.5	130.3	119.4	-8.4%
Charges for Services	67.9	65.0	68.7	47.7	-30.6%
Investment Income	11.6	14.0	14.0	14.7	5.0%
*Other	35.9	29.4	29.8	33.8	13.4%
<b>Total</b>	<b>\$ 1,586.1</b>	<b>\$ 1,580.0</b>	<b>\$ 1,579.8</b>	<b>\$ 1,577.0</b>	<b>-0.2%</b>
Total County Dollars	\$ 1,305.6	\$ 1,348.5	\$ 1,348.5	\$ 1,374.3	1.9%

\*Other includes Administrative Charges, Other Taxes, Rental, Document Fees, Miscellaneous Revenue, Sale of Capital Assets, and Transfers.



# FY24 Forecast: General Fund

General Fund Expenditures (\$ in millions)					
Expenditures	FY23 Actual	FY24 Adopted Budget	FY24 Amended Budget	FY24 Forecast	FY24 Forecast vs. FY24 Budget (%)
Business Partners	\$ 628.2	\$ 673.4	\$ 682.7	\$ 682.7	0.0%
Health & Human Services	341.1	398.8	401.5	361.7	-9.9%
Detention & Court Support services	152.3	160.5	162.2	159.6	-1.6%
Other Expenditures	359.8	350.2	359.1	346.7	-3.5%
Transfers	52.8	23.8	23.8	23.8	0.0%
<b>Total</b>	<b>\$ 1,534.2</b>	<b>\$ 1,606.7</b>	<b>\$ 1,629.3</b>	<b>\$ 1,574.5</b>	<b>-3.4%</b>
Budget	\$ 1,613.0			\$ 1,629.3	
Expended as a Percent of Amended Budget	95.1%			96.6%	

# FY24 Forecast: Summary

## FY24 Forecast: General Fund Summary (\$ in millions)

	FY24 Amended Budget	FY24 Forecast	FY24 Forecast vs. FY24 Budget (\$)	FY24 Forecast vs. FY24 Budget (%)
- Revenues	\$ 1,579.8	\$ 1,577.0	\$ (2.8)	-0.2%
- Expenditures	1,629.3	1,574.5	(54.8)	-3.4%
<b>Net Change in Fund Balance</b>	<b>\$ (49.5)</b>	<b>\$ 2.5</b>		

# FY24 Fund Balance Projection

Combined Fund Balance Projection (\$ in millions)			
	General Fund	Debt Service Fund	Total
- Revenues	\$ 1,577.0	\$ 413.3	\$ 1,990.3
- Expenditures	1,574.5	496.4	2,070.9
Net Change in Fund Balance	2.5	(83.1)	(80.6)
Total Fund Balance - Beginning	707.2	248.1	955.3
<b>Total Fund Balance - Ending</b>	<b>\$ 709.7</b>	<b>\$ 165.0</b>	<b>\$ 874.7</b>

# Mecklenburg County Fund Balance Policy

- Fund Balance reserve requirement will be 28% of General Fund actual revenues per the Fund Balance Policy.
- Projected Fund Balance over policy minimum to be \$149.8M as of 6/30/24

June 30, 2024 Estimated Unassigned Fund Balance as of 11/30/23 (\$ in millions)	
General Fund Ending Balance	\$ 709.7
Debt Service Fund Ending Balance	165.0
<b>Total Ending Fund Balance</b>	<b>874.7</b>
Projected General Fund Restricted by State Statute	(213.1)
Projected General Fund Committed by BOCC for specific purposes	(1.4)
Projected General Fund to be transferred to Code Enforcement	(57.2)
Projected Prior Year Expenditures	(12.0)
<b>Projected Unassigned Fund Balance</b>	<b>591.0</b>
Less minimum required	441.2
<b>Remaining fund balance in excess of policy</b>	<b>149.8</b>
Projected Unassigned FB % of Rev	37.5%

## 28% Reserve requirement:

FY2024 General Fund Projected Revenues	\$ 1,575.7
28% of General Fund Revenue (\$1575.7 x .28)	\$ 441.2

*Note: The projected revenue is operating revenue only (not including other financing sources).*

# Mecklenburg County Fund Balance Policy

- Why 28 percent?
  - Ensures County can meet cash obligations
  - Reserve for emergencies, unforeseen events, unexpected opportunities
  - Flexibility in budgeting
  - Bond rating agencies' benchmark is roughly 35% for AAA-credits in NC
  - Bond ratings, lower interest rates
  - Help to avoid service reductions
  - Avoid LGC warnings

# Unassigned Fund Balance in Excess of Policy

	FY18	FY19	FY20	FY21	FY22	FY23	*FY24
Total Unassigned Prior to Allocation	544.5	548.3	544.0	637.7	664.2	677.4	591.0
Fund Balance Above 28% Available	197.9	185.9	158.4	228.5	236.6	227.1	149.8
Amount Allocated in next FY	57.9	81.7	52.0	96.3	130.1	137.1	TBD
FB Remaining After Allocation	140.0	104.2	106.4	132.2	106.5	90.0	TBD

\*FY24 Projected

## FY24 Appropriated Fund Balance

Appropriated Fund Balance includes committed items approved by the BOCC to be used for a specific purpose, as well as carry forwards from FY2023.

## FY24 Appropriated Fund Balance

Land Acquisition in Support of ELAP	\$50,000,000
Technology Upgrades	14,660,000
Replacement, Renovation, and Repair	12,000,000
Funding to expand the HOMES Program	8,500,000
Affordable Housing Fund	5,271,000
Auto-Load Stretcher System	4,564,878
Vehicle Replacement	3,567,000
West Blvd. Food Co-Op Capital	3,000,000
Home for All Investments in Affordable Housing Fund	2,075,000
Charlotte Rescue Mission Capital Contribution	2,000,000
Funding for Digital and Print Collections	1,700,000
Funding to Hold Four Elections	1,575,000
MeckSuccess Program Expansion	1,000,000
2027 Reval Reserve Contribution	1,000,000
Continue Sign-On Bonus Program, and Increase to \$7,500	556,875
Cisco Voice Enterprise License Agreement (ELA)	480,031
Cabarrus Rowan Community Health Centers Clinic Renovations/Sprinter Van	437,500

(Continued next slide)

## FY24 Appropriated Fund Balance

Appropriated Fund Balance includes committed items approved by the BOCC to be used for a specific purpose, as well as carry forwards from FY2023.

## FY24 Appropriated Fund Balance

Two Mobile Market Vans	370,000
Economic Services Division (ESD) Call Center Contractual Staffing	226,969
Technology for (111) ESD Positions	214,452
Prenatal - 3 Program Implementation Vendor	200,000
Behavioral Health Strategy	200,000
Funding for Public Defender's Office Document Management	154,886
Behavioral Health Strategic Planning Support	150,000
Dental Equipment Replacement	88,343
Background Screening of New Hires	84,000
Food Service Equipment Replacement	71,234
OnBase Document Scanning of HR Files	70,000
Technology to Expand Veterans Services	15,800
Temporary Funding to Close Out Cases Performed by Retiring Forensic Pathologist	12,000
Funding to Outsource the Backlog of Board Meeting Minutes Transcription Services	10,000
Carry forwards and other amendments	22,894,215
<b>Total</b>	<b>\$137,149,183</b>



# FY25: Revenue Forecast

---

- Key Revenue Streams
  - Property Taxes
  - Sales Taxes
- General Fund Overall Revenues



# Assessed Valuation (millions)

	FY22 Budgeted	FY23 Budgeted	FY24 Budgeted	FY25 Projected
Real Property	\$166,431	\$169,481	\$248,272	\$257,400
Personal Property	12,561	13,466	14,225	16,111
Vehicles	11,279	12,424	13,119	14,977
State Certifications	5,442	5,392	5,593	6,172
<b>Total</b>	<b>\$195,715</b>	<b>\$200,765</b>	<b>281,210</b>	<b>\$294,662</b>
Percent Change	3.3%	2.6%	40.1%	4.8%
<b>Value of a Penny</b>	<b>\$19,375</b>	<b>\$19,926</b>	<b>\$27,938</b>	<b>\$29,275</b>

## General Fund County Dollars (\$ in millions)

Revenue Source	FY24 Adopted Budget	FY24 Forecast	FY25 Forecast	FY25 vs. FY24 Budget
Property Taxes	\$1,034.8	\$1,055.8	\$1,079.9	\$45.1
Sales Taxes*	299.7	303.8	303.8	4.1
Investment Income	14.0	14.7	18.8	4.8
<b>Total</b>	<b>\$1,348.5</b>	<b>\$1,374.3</b>	<b>\$1,402.5</b>	<b>\$54.0</b>

FY25 Forecast vs. FY24 Budget      \$    54.0      4.0%

# FY25 Forecast: General Fund – County Dollars

\*Flat sales tax is starting point -  
will monitor and adjust as more  
data becomes available

## FY25 Forecast: General Fund - Other Impacts

Revenue	Millions
Property Tax, Sales Tax, Interest	\$ 54.0
Loss of Federal Inmate Revenue	(12.30)
Decline in Register of Deeds Revenue	(7.50)
Medicaid Admin Revenue Change	(2.20)
Park & Rec User Fees	2.00
Other Tax Revenues	2.20
Net FY25 Revenue vs. FY24 Budget	\$ 36.2





Questions?

