

FY21 Financial Results



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Board Retreat FY2023

FY21 Financial Results

Summary of Fiscal Year 2021

General Fund and Debt Service Fund Results

Fund Balance

County Investments and Debt

How Does the County Compare?

Summary of Fiscal Year 2021



- The FY21 Audit is being finalized – there are significant delays due to vacancies in key positions; no problems anticipated
- The County maintained a healthy tax base with continuing economic and population growth
- The County performed better than expected due to conservative budgeting which factored in possible negative impacts from COVID 19
- While certain revenue streams declined due to the pandemic, overall revenues continued to increase during fiscal year 2021
- Intentionally conservative spending decisions due to uncertainty resulted in positive variances from budgeted amounts

Glossary

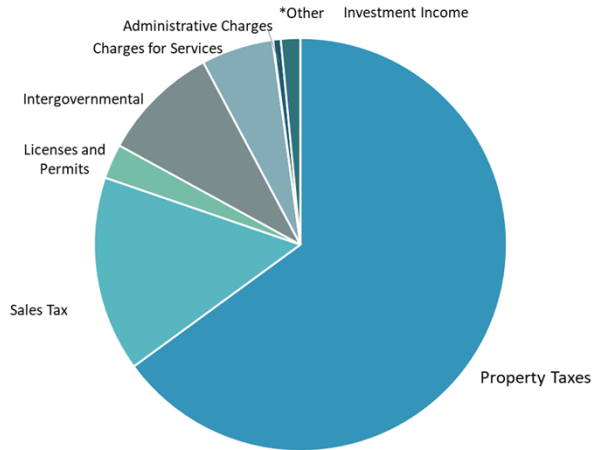
General Fund - primary operating fund of the County which accounts for all financial resources except those to be accounted for in another fund

Debt Service Fund – accounts for the accumulation of resources for, and the payment of general long-term debt principal and interest as well as cash funded capital projects

Fund Balance – represents fund equity or the amount of assets less liabilities remaining in the fund as of June 30.

Business Partners – Expenditure classification consisting primarily of CMS, CPCC & MEDIC along with costs for Community Service Grants, Historical Landmark Commission & Joint City/County Agencies

FY21 General Fund Revenues



- Revenues for the year totaled \$1.461B, \$83M or 6.0% above FY20
- Property tax revenues were up a total of \$50.4M or 5.6% over the prior year
- Sales tax revenues increased \$22.7M (11.3%)

Category	Amount	Percentage
Property Taxes	\$ 949.4	65.0%
Sales Tax	223.7	15.3%
Licenses and Permits	39.6	2.7%
Intergovernmental	135.0	9.2%
Charges for Services	82.2	5.6%
Investment Income	0.8	0.1%
Administrative Charges	8.7	0.6%
Other	22.2	1.5%
Total revenues	\$ 1,461.6	100.0%

FY21 General Fund Results: Revenues

- Actual revenues came in 1.7% over Final budget
- Property tax collections were within 1.9% of Budget
- Sales taxes were 11.6% above Budget as a result of conservative budgeting

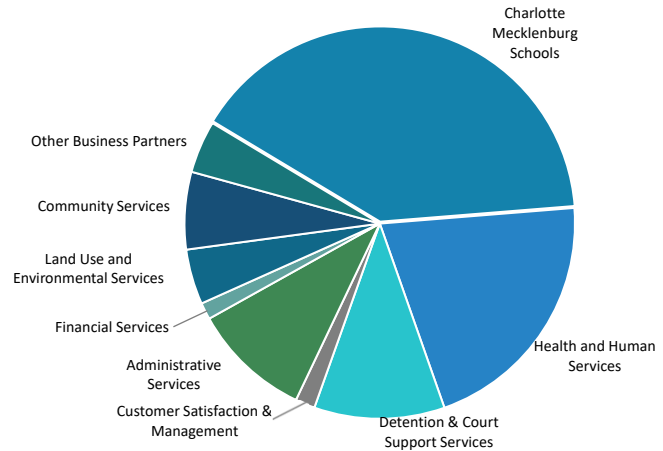
	Budget	Actual	Variance from Final Budget	
REVENUES				
Property taxes	\$ 931.7	\$ 949.4	\$ 17.7	1.9%
Sales taxes	200.5	223.7	23.2	11.6%
Licenses and permits	33.8	39.6	5.8	17.2%
Intergovernmental	156.6	135.0	(21.6)	-13.9%
Charges for services	81.2	82.2	1.0	1.2%
Interest on investments	6.3	0.8	(5.5)	-87.3%
Administrative charges	8.8	8.7	(0.1)	-1.1%
Other	18.3	22.2	3.9	21.3%
General Fund Revenue	\$ 1,437.2	\$ 1,461.6	\$ 24.4	1.7%

FY21 General Fund Expenditures

- Expenditures were \$1.332B for the year, \$20.1M or 1.5% higher than FY20
- CMS Operating expenditures of \$534.2M comprised 40.1% of spending

General Fund Expenditures
Year ended June 30, 2021
(\$ in millions)

Charlotte Mecklenburg Schools	\$	534.2	40.1%
Health and Human Services		278.2	21.0%
Detention & Court Support Services		144.0	10.8%
Customer Satisfaction & Management		21.6	1.6%
Administrative Services		131.3	9.9%
Financial Services		18.4	1.4%
Land Use and Environmental Services		60.9	4.6%
Community Services		85.3	6.4%
Other Business Partners		57.8	4.3%
Total expenditures	\$	1,331.7	100.1%



FY21 General Fund Results: Expenditures

- Overall Expenditures and transfers were about \$1.4B, or 11.8% below Final Budget

General Fund Expenditures (\$ in millions)				
	Budget	Actual	Variance from Final Budget	
EXPENDITURES				
Customer Satisfaction and Management	\$ 33.7	\$ 21.6	\$ 12.1	-35.9%
Administrative Services	151.2	131.3	20.0	-13.2%
Financial Services	22.2	18.4	3.8	-17.1%
Land Use and Environmental Services	75.9	60.9	15.0	-19.8%
Community Services	101.8	85.3	16.4	-16.2%
Detention and Court Support Services	166.0	144.0	22.0	-13.3%
Health and Human Services	372.0	278.2	93.8	-25.2%
Business Partners	593.6	592.0	1.6	-0.3%
Total Expenditures	1,516.4	1,331.7	184.7	-12.2%
Transfers (net)	48.6	48.5	0.1	
General Fund Expenditures	\$ 1,565.0	\$ 1,380.2	\$ 184.8	-11.8%

Debt Service Fund (\$ in millions)				
	Budget	Actual	Variance from Final Budget	
REVENUES				
Property taxes	\$ 232.7	\$ 232.7	\$ -	0.0%
Sales taxes	60.0	67.9	7.9	11.6%
Intergovernmental	13.2	11.9	(1.3)	-10.9%
Interest earned on investments	4.5	0.1	(4.4)	-4400.0%
Other	1.3	1.0	(0.3)	-30.0%
Debt Service Fund Revenues	\$ 311.7	\$ 313.6	\$ 1.9	0.6%
EXPENDITURES				
Debt Service	230.4	212.3	(18.1)	-8.5%
Transfers (net)	81.3	81.3	-	0.0%
Debt Service Fund Expenditures	\$ 311.7	\$ 293.6	\$ (18.1)	-6.2%

FY21 Debt Service Fund Results

- Debt Service Fund revenues were \$1.9M, or 0.6% over budget
- Expenditures were \$18.1M under, or 6.2% below budget

FY21 Results: Combined Fund Balance

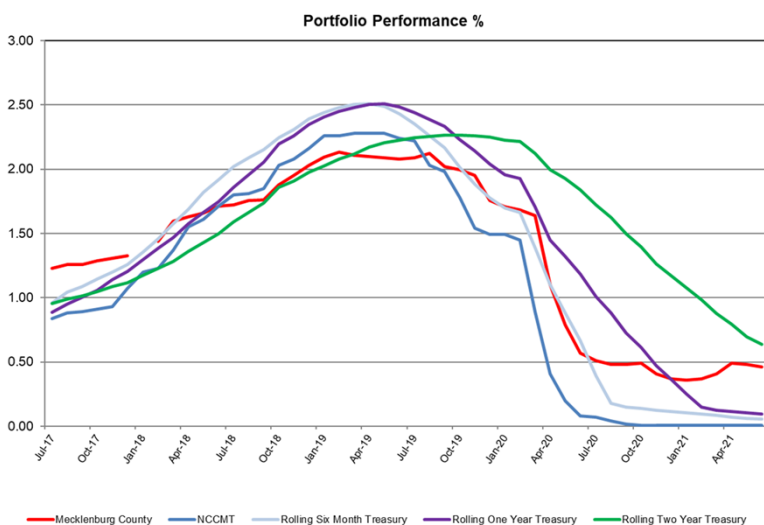
- Combined Fund Balance is \$836.6M as of June 30, and increase of \$101.5 from 2020
- The County's combined unassigned fund balance is \$519.5M, an increase of \$27.4M, which is 35.5% of General Fund Revenues

Combined Fund Balance (\$ in millions)			
	General Fund	Debt Service Fund	Combined
Fund Balance:	\$ 577.6	\$ 259.0	\$ 836.6
Less: Restricted			
Stabilization by State Statute	\$ 158.6	\$ 20.1	\$ 178.7
Less: Committed			
Administrative Services	25.2	-	25.2
Land Use and Environmental Services	52.2	-	52.2
Capital Projects	24.9	-	24.9
Detention and Court Support Services	3.8	-	3.8
Community Services	6.4	-	6.4
Health and Human Services	19.0	-	19.0
Business Partners	6.9	-	6.9
Unassigned	\$ 280.6	238.9	\$ 519.5

County Investments as of 6/30/21

Investments (\$ in millions)		
U.S. Government Agencies	\$ 905.9	59.9%
NC Capital Management Trust – Government	289.2	19.1%
Money Market Accounts	105.5	7.0%
U.S. Treasuries	161.2	10.7%
NC Capital Management Trust – Term	-	0.0%
Commercial Paper	50.0	3.3%
Certificates of Deposits	0.1	0.0%
Total Investments	\$ 1,511.9	100.0%

- The County actively manages cashflow, and invests funds to earn interest and maintain liquidity
- Daily investment balances ~ \$1.2-\$1.5B

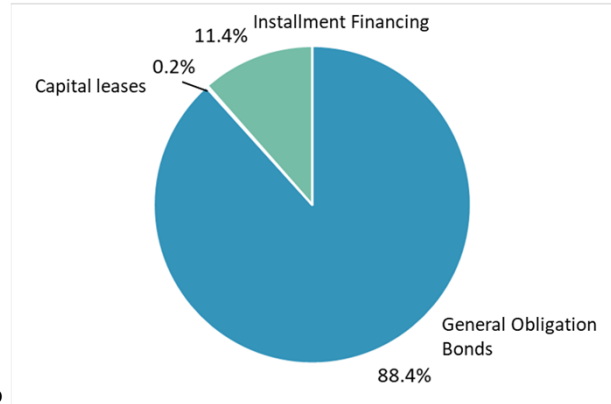


County Investment Performance

- The County actively manages investments to achieve risk-appropriate yield objectives.
- Investment Metrics represent various static investment strategy benchmarks.
- The County's investment policy focuses on safety, liquidity and yield.

County Debt as of 6/30/21

Outstanding Debt (\$ in millions)		
General Obligation Bonds	\$ 1,418.5	88.4%
Capital Leases	2.9	0.2%
Installment Financing	184.0	11.4%
Total Debt	\$ 1,605.4	100.0%



- County direct debt was \$1.605B at the end of FY21
- Net bonded debt was 0.86% of Assessed value, well below the statutory maximum of 8%
- Strong debt management part of the fiscal stewardship behind the County's AAA Credit Rating

Debt Balance History



Over the past decade, the County has made a concerted effort to manage its total outstanding debt to ensure it doesn't exceed sustainable levels

Debt Policy Metric	Policy Target	FY2021 Actual	Better Than Policy Target
Overall Debt as % of Assessed Value	4.00%	1.30%	✓
Overall Debt per Capita	\$4,000	\$2,201	✓
Direct Debt as % of Assessed Value	1.75%	0.86%	✓
Direct Debt per Capita	\$2,000	\$1,433	✓
Ten Year Payout ratio	64.00%	70.10%	✓
Debt Service % of Operational Expenditures	17.00%	12.52%	✓
Variable Rate Debt as % of Outstanding Debt	15.00%	0.00%	✓

Debt Management Policy

How does the County Compare

- The County is performing in line with or better than similar counties in the state.

Comparison of North Carolina Counties	Mecklenburg County	Durham County	Forsyth County	Guilford County	Wake County
Net Debt Outstanding (\$M)	\$1,530M	\$510M	\$552M	\$641M	\$2,390M
Debt as % Assessed Value	0.8%	1.2%	1.5%	1.2%	1.5%
Debt Per Capita (\$)	\$1,433	\$1,634	\$1,471	\$1,215	\$2,235
Debt Service as % of Operating Expenditures	12.5%	12.6%	15.5%	15.5%	20.7%

*Comparisons based on FY 2020 data, from Moody's Investor Service.

How does the County Compare

Comparison of Counties in Other States	Mecklenburg County	Baltimore County (Maryland)	Fairfax County (Virginia)	Gwinnett County (Georgia)	Montgomery County (Maryland)
Net Debt Outstanding (\$M)	\$1,530M	\$4,234M	\$3,505M	\$347M	\$3,970M
Direct Debt % Assessed Value	0.8%	4.7%	1.3%	0.4%	1.9%
Debt Per Capita (\$)	\$1,424	\$5,113	\$3,058	\$379	\$3,804
Debt Service % Operating Expenditures	12.3%	7.4%	9.0%	0.2%	15.7%

*Data from FY2020, Moody's Investor Services. Review looked to similarly rated East Coast counties, with similar populations. Rating agencies make similar comparisons in their evaluations, taking into consideration different laws, requirements, and responsibilities.

Summary



- Despite pandemic uncertainty when developing 2021 budget – positive variances on both revenues and expenditures
- Strong ending fund balance position
- Safe & liquid investment portfolio
- Manageable debt levels



Questions?