

FY2022 Financial Status & FY2023 Preliminary Revenue Forecast



David Boyd, CFO
Board Retreat FY2023



FY2022 Financial Status & FY2023 Preliminary Revenue Forecast

Revenue and Expenditure Trends

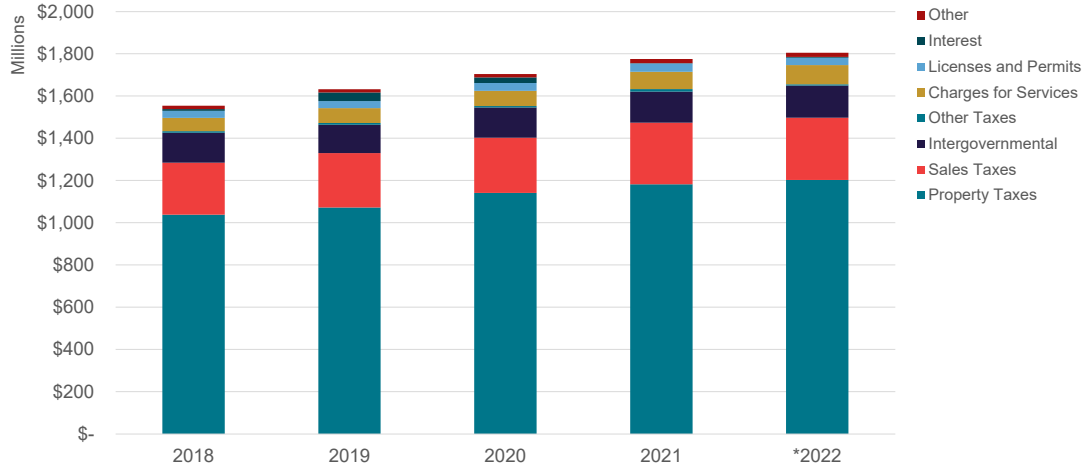
FY2022 Forecast

County Property and Sales Tax Revenue

Assessed Values: (County Assessor)

FY2023 Preliminary Revenue Forecast

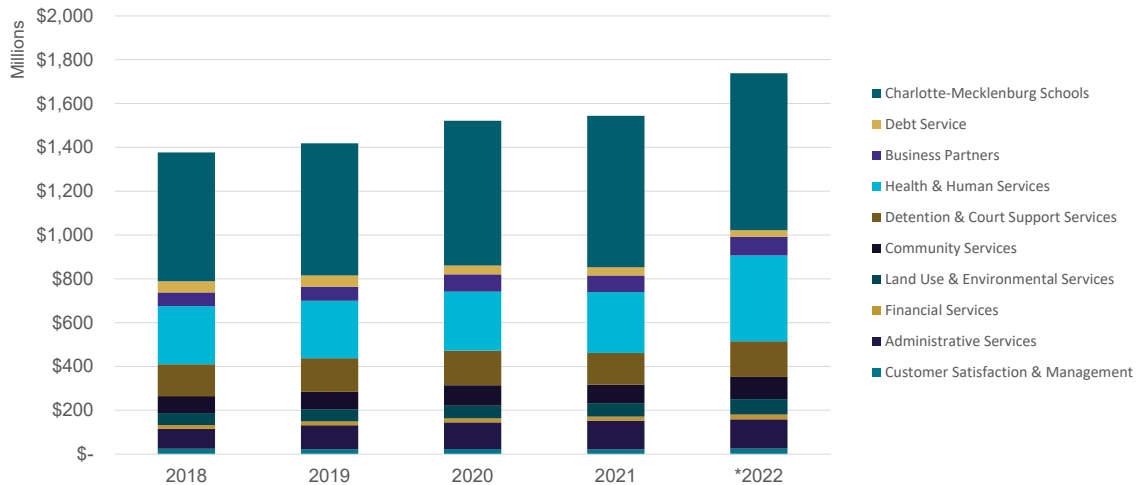
Fiscal Year Revenue by Source



Prop. Tax Rates 81.57 82.32 **61.69 61.69 61.69 Cents per \$100 value

*2022 reflects current budget
 **Revaluation conducted in FY2020

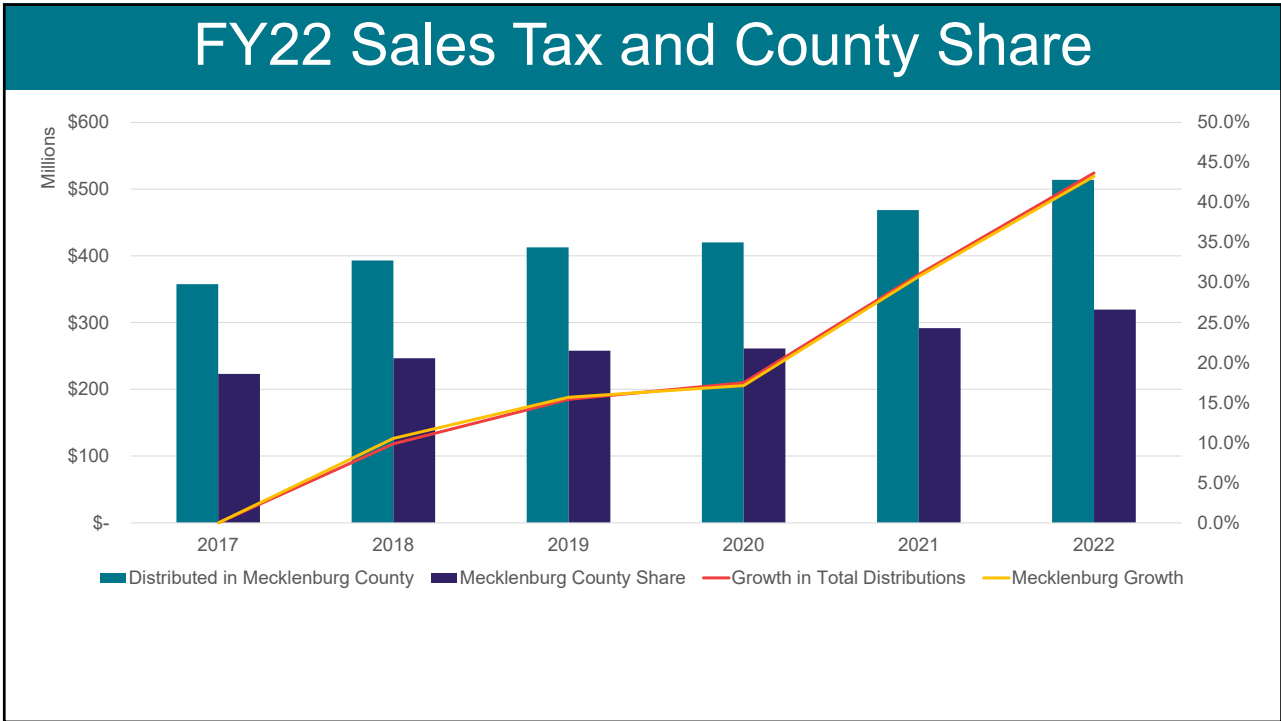
Fiscal Year Expenditures by Core Service



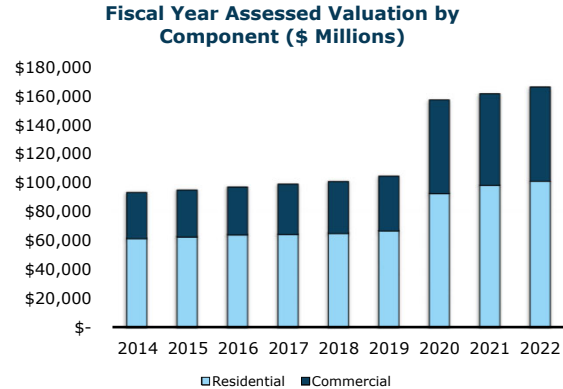
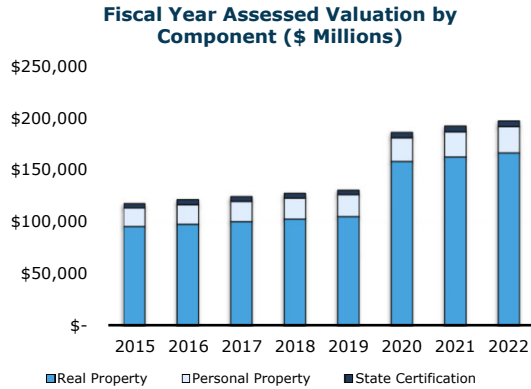
*2022 reflects current budget

Sales Taxes Collected (\$ in millions)			
Sales Taxes	FY21 as of 12/31/21	FY22 as of 12/31/21	Inc./(Dec.) (%)
Total Sales Tax Budgeted	\$ 260.5	\$ 294.9	13.2%
Sales Tax Revenue through December (July - September)	67.7	84.0	24.0%
Sales Tax Revenue to date as a Percent of Total Sales Tax Budgeted	26.0%	28.5%	
Total Sales Tax Revenue FY21 (July - June)	\$ 291.6		

Sales Tax Collections



FY22: Growth in the Tax Base



Property tax base growth is strong reflecting the growing population and increasing valuations.

Revaluation conducted in FY2020

Property Tax Levy FY21 vs. FY22 (\$ in millions)

Property Taxes	FY21 as of 12/31/20	FY22 as of 12/31/21
Total Levy Billed	\$ 1,143.3	\$ 1,172.0
Tax Collections	861.0	828.8
Collections as a % of Billed Levy	73.7%	68.6%
Total Tax Levy for FY2021	\$ 1,182.1	
Total Tax Collections for FY2021	1,173.1	
FY2021 Collection Rate	99.24%	

Property Tax
Levy

Property Tax Collections

Property Tax Collections (\$ in millions)			
	FY21 Actual	FY22 Budget	FY22 Forecast
Current Year Tax Collections	\$ 1,173.1	\$ 1,195.4	\$ 1,200.7
Prior Years Tax Collections	9.4	7.3	7.3

FY22 Forecast: General Fund

General Fund Revenues (\$ in millions)					
Revenue Source	FY21 Actual	FY22 Adopted Budget	FY22 Amended Budget	FY22 Forecast	FY22 Budget vs. FY22 Forecast (%)
Property Taxes	\$ 949.4	\$ 952.3	\$ 952.3	\$ 957.7	0.6%
Sales Taxes	223.7	226.8	226.8	245.7	8.3%
Intergovernmental	135.0	113.3	139.3	139.3	0.0%
Investment Income	0.8	2.7	2.7	3.2	18.5%
Licenses and Permits	39.6	35.0	35.0	42.4	21.1%
Charges for Services	82.2	86.6	90.9	81.8	-10.0%
*Other	31.9	25.6	26.6	28.2	6.0%
Total	\$ 1,462.6	\$ 1,442.3	\$ 1,473.6	\$ 1,498.3	1.7%
<i>Total County Dollars</i>	<i>\$ 1,173.9</i>	<i>\$ 1,181.8</i>	<i>\$ 1,181.8</i>	<i>\$ 1,206.6</i>	<i>2.1%</i>

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

FY22 Forecast: General Fund

General Fund Expenditures (\$ in millions)

Expenditures	FY21 Actual	FY22 Adopted Budget	FY22 Amended Budget	FY22 Forecast	FY22 Budget vs. FY22 Forecast (%)
Business Partners	\$ 592.1	\$ 598.4	\$ 609.5	\$ 609.5	0.0%
Health & Human Services	278.1	354.7	391.5	332.3	-15.1%
Detention & Court Support services	144.0	162.7	162.7	150.7	-7.4%
Other Expenditures	317.5	348.1	352.3	320.9	-8.9%
Transfers	49.5	53.9	53.9	53.9	0.0%
Total	\$ 1,381.2	\$ 1,517.8	\$ 1,569.9	\$ 1,467.3	-6.5%
Amended Budget		\$ 1,565.9		\$ 1,569.9	
Expended as a Percent of Amended Budget		88.2%		93.5%	

FY22 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 FY2021.

FY22 Appropriated Fund Balance (\$ in millions)

Charlotte-Mecklenburg Schools ongoing funding	\$ 11,117,032
Fund Balance to support revenue gap	10,000,000
Capital Reserve	9,000,000
Other Post Employment Benefits	8,000,000
Additional Land Acquisition in ELAP	7,400,000
Technology Reserve	7,000,000
MEDIC - Ambulances and Cardiac Monitors	6,900,000
Park Equity Investments	5,000,000
Rental Subsidy Program funding	5,000,000
Child Care Subsidy Program – FY2021 Carry Forward	5,000,000
Land Use & Environmental Services Agency	3,241,777
Revaluation Reserve funding	3,000,000
Hotel Purchase by Salvation Army	2,500,000
Continued Pandemic Support	2,318,408
Equity Action Plan investments	2,000,000
Behavioral Health Urgent Care support with Smith Family Foundation	1,700,000

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FY22 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 FY2021.

FY22 Appropriated Fund Balance (\$ in millions)

Fleet Reserve	1,500,000
MECK Pre-K - FY2021 Carry Forward	1,100,000
Charlotte-Mecklenburg Schools website upgrades and consulting	1,000,000
Park & Recreation vehicles, equipment, and computer purchases	839,000
The Relatives OnRamp Center Expansion	750,000
Board of Elections	519,000
Cain Center for the Arts	500,000
Facility Security - FY2021 Carry Forward	256,112
UNCC Institute for Social Capital Data Infrastructure	250,000
HOMES Program - FY2021 Carry Forward	116,482
Criminal Justice - Microfilming	96,000
Child Fatality Prevention Study	56,000
Information Services & Technology	50,000
Van purchase for Florence Crittenton	50,000
Arts and Science Council – Therapeutic Recreation Pilot	30,000
Total	\$ 96,289,811

FY22 Forecast: Summary

FY22 Forecast: General Fund Summary (\$ in millions)

	FY22 Amended Budget	FY22 Forecast	FY22 Budget vs. FY22 Forecast (\$)	FY22 Budget vs. FY22 Forecast (%)
- Revenues	\$ 1,473.6	\$ 1,498.3	\$ 24.7	1.7%
- Expenditures	1,569.9	1,467.3	(102.6)	-6.5%
Net Change in Fund balance	\$ (96.3)	\$ 31.0		

FY22 Forecast: Debt Service Fund

Debt Service Fund Revenues (\$ in millions)					
Revenue Source	FY21 Actual	FY22 Adopted Budget	FY22 Amended Budget	FY22 Forecast	FY22 Budget vs. FY22 Forecast (%)
Property Taxes	\$ 232.7	\$ 250.3	\$ 250.3	\$ 250.3	0.0%
Sales Taxes	67.9	68.1	68.1	73.8	8.3%
Intergovernmental	11.9	12.6	12.6	19.6	55.6%
Investment Income	0.1	1.0	1.0	2.7	170.0%
*Other	1.9	1.1	1.1	1.1	0.0%
Total	\$ 314.5	\$ 333.1	\$ 333.1	\$ 347.5	4.3%

*Other includes reimbursement of costs

FY22 Forecast: Debt Service Fund

Debt Service Fund Expenditures (\$ in millions)					
Expenditures	FY21 Actual	FY22 Adopted Budget	FY22 Amended Budget	FY22 Forecast	FY22 Budget vs. FY22 Forecast (%)
Principal	\$ 149.0	\$ 153.8	\$ 153.8	\$ 154.6	0.5%
Interest	63.3	68.4	68.4	63.1	-7.7%
Capital Transfers	82.2	110.9	110.9	110.9	0.0%
Expended	\$ 294.5	\$ 333.1	\$ 333.1	\$ 328.6	-1.4%
Amended Budget	\$ 312.6			\$ 333.1	
Expended as a Percent of Amended Budget	94.2%			98.6%	

FY22 Forecast: Summary

FY22 Forecast: Debt Service Fund Summary (\$ in millions)

	FY22 Amended Budget	FY22 Forecast	FY22 Budget vs. FY22 Forecast (\$)	FY22 Budget vs. FY22 Forecast (%)
- Revenues	\$ 333.1	\$ 347.5	\$ 14.4	4.3%
- Expenditures	333.1	328.6	(4.5)	-1.4%
Net Change in Fund balance	\$ -	\$ 18.9		

FY22 Fund Balance Projection

Combined Fund Balance Projection (\$ in millions)

	General Fund	Debt Service Fund	Total
- Revenues	\$ 1,498.3	\$ 347.5	\$ 1,845.8
- Expenditures	1,467.3	328.6	1,795.9
Net Change in Fund Balance	31.0	18.9	49.9
Total Fund Balance - Beginning	577.6	259.0	836.6
Total Fund Balance - Ending	\$ 608.6	\$ 277.9	\$ 886.5



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 \$246.2M as of 6/30/22

June 30, 2022 Estimated Unassigned Fund Balance As of 11/30/21 (\$ in millions)

General Fund Ending Balance	\$ 608.6
Debt Service Fund Ending Balance	<u>277.9</u>
Total Ending Fund Balance	886.5
Projected General Fund Restricted by State Statute	(158.6)
Projected General Fund Committed by BOCC for specific purposes	(42.1)
Projected Debt Service Fund Restricted by State Statute	<u>(20.1)</u>
Projected Unassigned Fund Balance	665.7
Less minimum required	<u>(419.5)</u>
Remaining fund balance in excess of policy	<u>\$ 246.2</u>
Projected Unassigned FB % of Rev	44.4%

28% Reserve requirement:

FY2022 General Fund Projected Revenues	\$ 1,498.3
28% of General Fund Revenue (\$1,499.7 x .28)	\$ 419.5

Mecklenburg County Fund Balance Policy

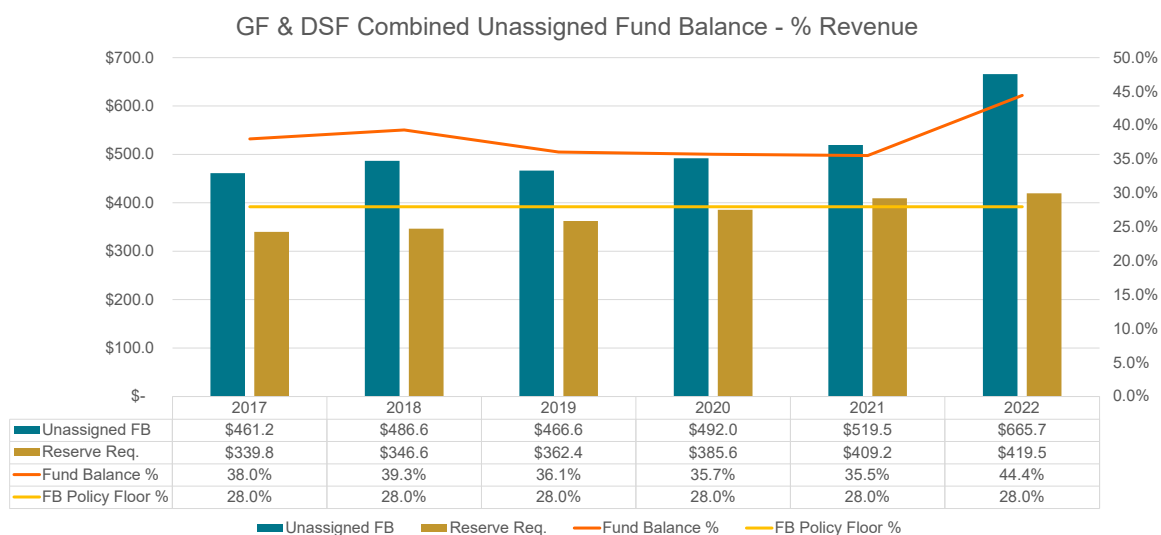
Why 28 percent?

- Ensures County can meet cash obligations
- Reserve for emergencies, unforeseen events, unexpected opportunities
- Standard and Poor's benchmark is roughly 35% for AAA-credits in NC
 - Bond ratings, lower interest rates
- Help to avoid service reductions
- LGC's 8% threshold is bare minimum, one month of expenditures
- Avoid LGC warnings

Unassigned Fund Balance in Excess of Policy

Percent of Available Fund Balance Allocated	2015	2016	2017	2018	2019	2020	2021
Total available prior to allocation	\$ 522.6	\$ 477.1	\$ 506.0	\$ 544.5	\$ 548.3	\$ 544.0	\$ 615.8
Fund balance above 28% minimum	\$ 217.4	\$ 139.3	\$ 166.2	\$ 197.9	\$ 185.9	\$ 158.4	\$ 206.6
Amount allocated	\$ 74.1	\$ 47.0	\$ 44.8	\$ 57.9	\$ 81.7	\$ 52.0	\$ 96.3
Percent fund balance above 28% allocated	34%	34%	27%	29%	44%	33%	47%

Unassigned Fund Balance in Excess of Policy



FY22 Assessed Value Actuals and FY23 Projections



Ken Joyner, County Assessor
Board Retreat FY2023

	FY22 Budget	FY22 Actuals
Real Estate	\$ 166,431,039,181	\$ 165,882,821,755
Personal Property	12,561,749,851	13,262,408,389
Motor Vehicles	11,279,861,811	12,062,562,022
State Certifications	5,442,608,086	5,392,320,931
Total Assessed Values	\$ 195,715,258,929	\$ 196,600,113,097

Assessed Valuation FY22 Results

	FY22 Budget	FY22 Actuals	FY23 Estimate
Real Estate	\$ 166,431,039,181	\$ 165,882,821,755	\$ 169,481,627,809
Personal Property	12,561,749,851	13,262,408,389	13,466,924,262
Motor Vehicles	11,279,861,811	12,062,562,022	12,424,438,883
State Certifications	5,442,608,086	5,392,320,931	5,392,320,931
Total Assessed Values	\$ 195,715,258,929	\$ 196,600,113,097	\$ 200,765,311,885

Estimated FY23 Growth

Over FY22 Actual

Over FY22 Budget

2.1%

2.6%

*FY23 Estimates to include estimated discoveries

Assessed Valuation FY23 Estimates

FY23: Revenues Forecast

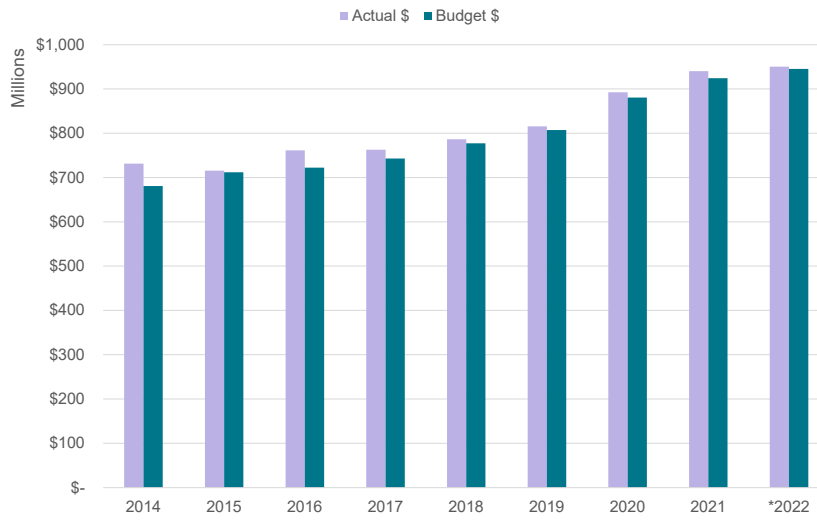
David Boyd, CFO
Board Retreat FY2023



- Key Revenue Streams
 - Property Taxes
 - Sales Taxes
 - Investment Income
- General Fund Overall Revenues
- Debt Service Fund Revenues

General Fund Property Tax

Current Property Taxes

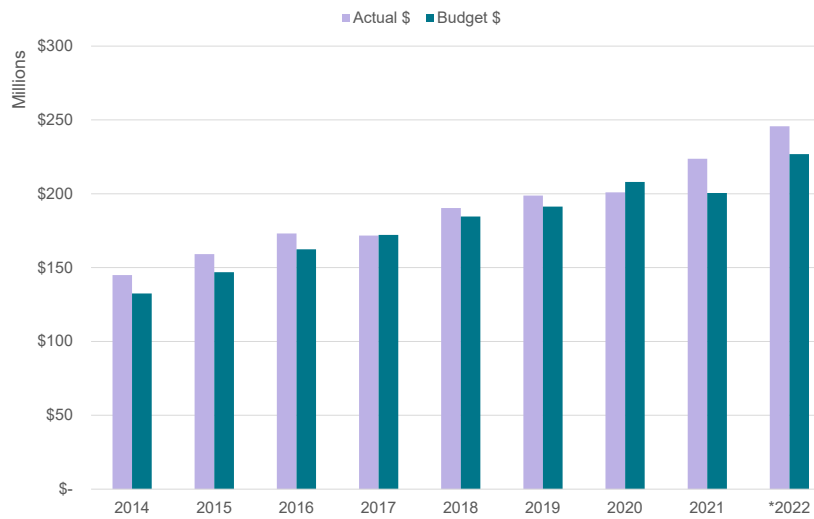


- Expect growth in Property Tax Revenues with increased assessed values for FY22

*2022 is projected

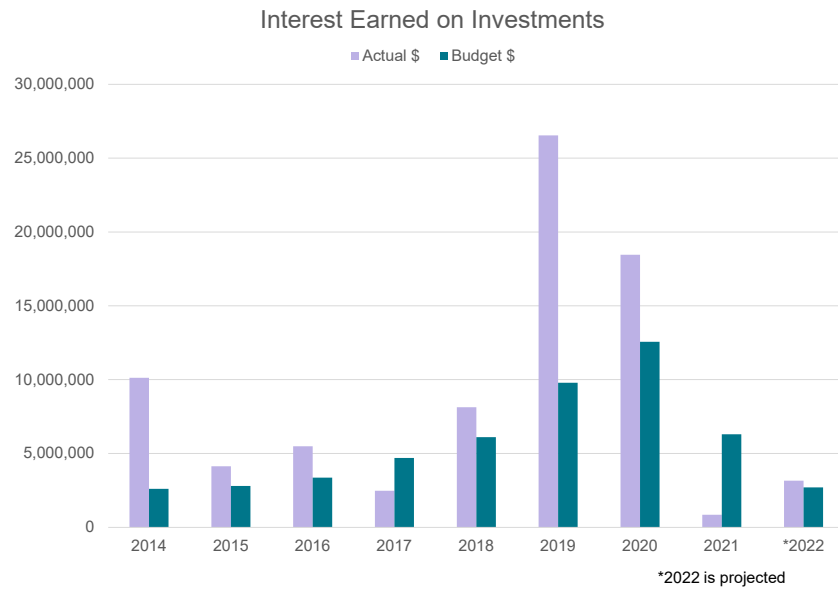
General Fund Sales Tax

Sales Tax



*2022 is projected

General Fund Interest Earned on Investments



General Fund County Dollars (\$ in millions)

Revenue Source	FY22 Adopted Budget	FY22 Forecast	FY23 Forecast	FY23 vs. FY22 Forecast (%)
Property Taxes	\$ 952.3	\$ 957.7	\$ 977.9	2.1%
Sales Taxes	226.8	245.7	253.1	3.0%
Investment Income	2.7	3.2	4.2	31.3%
Total	\$ 1,181.8	\$ 1,206.6	\$ 1,235.2	2.4%

FY23 Financial Forecast: General Fund – County Dollars

FY23 Forecast vs. FY22 Budget	\$ 53.4M	4.5%
FY23 Forecast vs. FY22 Forecast	\$ 28.6M	2.4%

General Fund Revenues
(\$ in millions)

Revenue Source	FY22 Adopted Budget	FY22 Forecast	FY23 Forecast	FY23 vs. FY22 Forecast (%)
Property Taxes	\$ 952.3	\$ 957.7	\$ 977.9	2.1%
Sales Taxes	226.8	245.7	253.1	3.0%
Intergovernmental	113.3	139.3	114.5	-17.8%
Investment Income	2.7	3.2	4.2	31.3%
Licenses and Permits	35.0	42.4	42.8	0.9%
Charges for Services	86.6	81.8	82.8	1.2%
*Other	25.6	28.2	28.0	-0.7%
Total	\$ 1,442.3	\$ 1,498.3	\$ 1,503.3	0.3%

**FY23 Financial
Forecast:
General Fund -
Total Revenue**

FY23 Forecast vs. FY22 Forecast \$ 5.0M 0.3%

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

Debt Service Fund Revenues
(\$ in millions)

Revenue Source	FY22 Adopted Budget	FY22 Forecast	FY23 Forecast	FY23 vs. FY22 Forecast (%)
Property Taxes	\$ 250.3	\$ 250.3	\$ 255.6	2.1%
Sales Taxes	68.1	73.8	76.0	3.0%
Intergovernmental	12.6	19.6	12.8	-34.7%
Investment Income	1.0	2.7	3.6	33.3%
*Other (incl. transfers)	1.1	1.1	0.9	-18.2%
Total	\$ 333.1	\$ 347.5	\$ 348.9	0.4%

**FY23 Financial
Forecast:
Debt Service
Fund**

FY23 Forecast vs. FY22 Forecast \$ 1.4M 0.4%

*Other includes reimbursement of costs

Summary

- FY22 to finish much better than when budget was established
- Revenues expected to increase in FY23, but at slower pace
- Going into FY23 budget development, County is well positioned to deal with continuing challenges and uncertainty created by the pandemic

Questions?

