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Buncombe County Manager

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May 31, 2016

Buncombe County Board of Commissioners:

The Honorable David Gantt, Chairman
The Honorable Brownie Newman, Vice-Chairman
The Honorable Holly Jones
The Honorable Ellen Frost
The Honorable Mike Fryar
The Honorable Joe Belcher
The Honorable Miranda DeBruhl

Mr. Chairman and Members of the Board:

Each year, it is my pleasure, privilege and responsibility to present the Board of County Commissioners and citizens of Buncombe County a balanced budget. The recommended budget for fiscal year 2016-2017 (FY2017) is \$407,169,686 and holds the tax rate at 60.4 cents. The budget is prepared and balanced under the guidelines of the North Carolina Local Government Budget and Fiscal Control Act. This recommendation includes a General Fund Budget of \$320,349,603 and non-General Fund operating plans totaling \$86,820,083. This is a 0.01 percent decrease (\$40,739) from the FY2015-2016 amended General Fund budget.

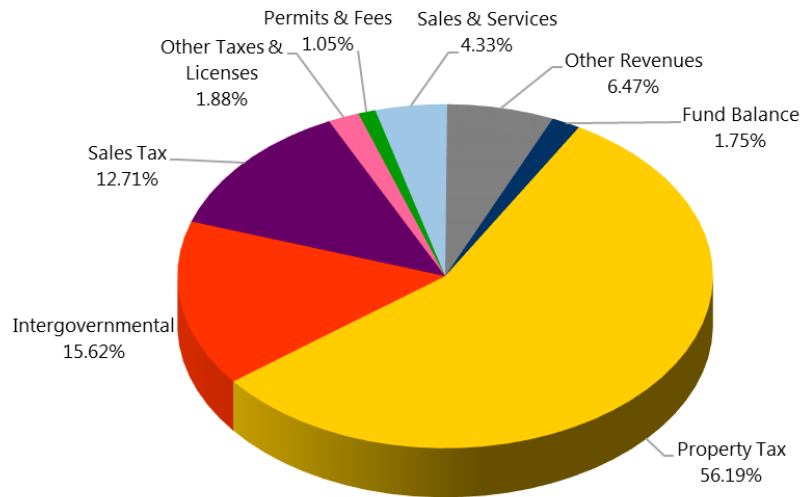
The non-General Fund operation plans are paid for with fees and special revenues. Non-General Funds include: Occupancy Tax Fund, Emergency Telephone System (911) Fund, Register of Deeds Automation Fund, Fire Service Districts Fund, Mountain Mobility Fund, Solid Waste Enterprise Fund, Inmate Commissary Enterprise Fund, Sheriff and BCAT Federal/State Forfeiture Funds, and the Insurance Fund. Since we use property taxes primarily in the General Fund, this message focuses on the General Fund portion of the budget.

Our goal was to focus on core services and priorities and addressing our greatest needs while balancing those needs with our revenue streams. Our resources continue to be allocated, and reallocated as needed, to our highest priorities. Following is information on revenues and expenditures specific to the FY2017 Recommended Budget:

Revenues

The following chart reflects the sources of revenue included in the General Fund budget:

Buncombe County General Fund Revenues FY 2017

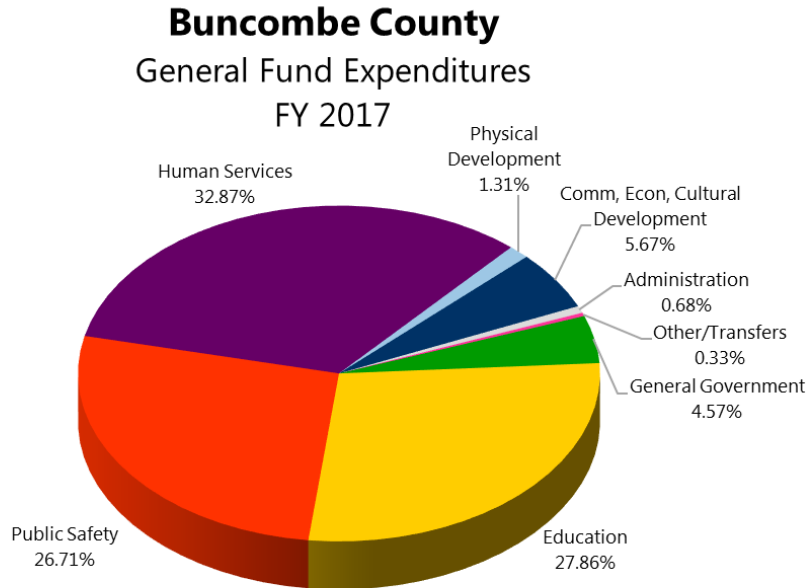


Composition of the County's General Fund Revenues is reflected in the following table:

Revenue Source	Revenues	% of 2017 Budget
Property Tax	\$180,002,531	56.19%
Intergovernmental	50,048,964	15.62%
Sales Tax	40,713,814	12.71%
Other Taxes & Licenses	6,037,520	1.88%
Permits & Fees	3,361,855	1.05%
Sales & Services	13,866,000	4.33%
Other Revenues	20,711,084	6.47%
Fund Balance	5,607,835	1.75%
TOTAL	\$320,349,603	100.00%

Expenditures

We continue to focus on providing core services to our citizens. While revenues remain relatively level and are challenged with state and federal legislation, demand for service, especially public safety, human service, and education continues to increase.



Core businesses of human services, public safety and education consume 87.4 percent (\$280,127,702) of our FY2017 General Fund Recommended Budget. The history of core service expenditures are reflected in the following table:

Function	Amended Expenditures		Recommended Expenditures	
	FY2016	NCC	FY2017	NCC
Education	87,049,888	75,496,637	89,253,475	75,543,656
Human Services	105,557,113	58,693,075	105,314,601	60,531,651
Public Safety	81,729,618	65,574,840	85,559,626	69,725,015
Total Exp	274,336,619	199,764,552	280,127,702	205,800,322
% of Budget/NCC	88.1	84.2	87.4	86.7

*NCC = net County cost

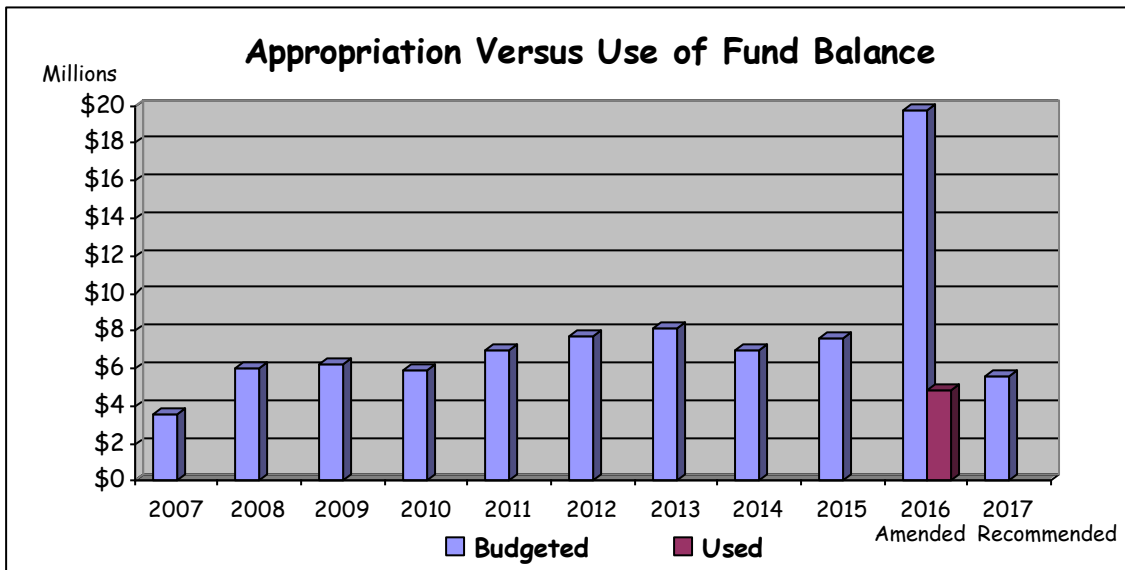
For FY2017, we included support services (information technology, finance, human resources, etc.) with the program functions to more accurately reflect the cost of services. The balance of the General Fund budget includes: administration, tax, election services, Register of

Deeds, economic development, planning, permitting, libraries and recreation. The following table reflects the expenditure breakdown for the General Fund:

Function	Expenditures	% of Total Budget	Net County Cost	% of Net County Cost
Education	89,253,475	27.86%	75,543,656	31.84%
Public Safety	85,559,626	26.71%	69,725,015	29.39%
Human Services	105,314,601	32.87%	60,531,651	25.51%
Culture/Recreation	18,160,165	5.67%	16,119,811	6.79%
General Government	14,647,763	4.57%	8,426,616	3.55%
Economic/Phys Dev	4,187,458	1.31%	3,776,065	1.59%
Administration	2,175,519	0.68%	2,106,227	0.89%
Other/Transfers	1,050,996	0.33%	1,050,996	0.44%
TOTAL	320,349,603	100.00%	237,280,037	100.00%

Fund balance appropriation is one means to maintain the property tax rate. Each year we appropriate fund balance with the challenge to save the appropriated amount. Historically, we have been able to do that.

However, as we end FY2015-2016, it is clear we will not be able to save all of the \$19.7 million of fund balance that we appropriated. Due to settlement of the Medford lawsuit we expect to use up to \$5.5 million of appropriated fund balance. The FY2017 Budget Estimate includes a fund balance appropriation of \$5,607,835 for county government operations. The following graph reflects the historical appropriation versus use of fund balance in our annual budgets:



Other Taxing Districts:

During the budget process, the County also sets property tax rates for other taxing districts. There are no increases requested for these taxing districts. The following schedule reflects the FY2016 adopted and FY2017 requested rates for the fire districts and Asheville City Schools.

Buncombe County Fire, Ambulance and Rescue Service Districts Ad Valorem Tax Rates (in cents)		
District	FY 2016 Adopted Tax Rate	FY 2017 Requested Tax Rate
Asheville Special	9.7	9.7
Barnardsville	15.0	15.0
Broad River	14.0	14.0
East Buncombe	9.9	9.9
Enka	9.0	9.0
Fairview	10.5	10.5
French Broad	14.0	14.0
Garren Creek	15.0	15.0
Jupiter	12.0	12.0
Leicester	14.0	14.0
North Buncombe	11.2	11.2
Reems Creek/Beaverdam	13.0	13.0
Reynolds	11.3	11.3
Riceville	11.0	11.0
Skyland	9.1	9.1
Skyland - Biltmore Forest	8.5	8.5
Swannanoa	12.9	12.9
Upper Hominy	12.5	12.5
West Buncombe	12.0	12.0
Woodfin	10.0	10.0
Other Districts Ad Valorem Tax Rate (in cents)		
Asheville City Schools	15.0	15.0

Summary:

The recommended FY2017 budget is \$407,169,686 and it maintains our current tax rate of 60.4 cents.

Department revenue and expenditure breakdowns are reflected on the attached spreadsheet. As you consider the FY2017 budget, there are a couple of key thoughts to keep in mind. We prepare the recommended budget without a perfect picture of the future. Given what we know about the economy, the state and federal governments, and current challenges, we make

our best assumptions. We will continue to follow closely state and federal activities that can impact our budget.

We appreciate the Board of County Commissioners' support and guidance as we prepare the budget. This budget focuses on maintaining quality in our core service areas that citizens need for their health, safety, and prosperity. I am also very grateful for the employees of Buncombe County who touch the lives of all 257,000 citizens making a meaningful, life changing impact through the programs we offer.

The next step is to hold a public hearing on the budget. The hearing is scheduled for June 7, 2016 at 4:30 pm in the Commissioner Board Room at 200 College Street.

As always, Buncombe County Government is here to SERVE.

Respectfully submitted,

Wanda S. Greene, PhD, CPA
County Manager