

Wanda Greene, PhD, CPA
County Manager

Buncombe County Manager

Jon Creighton, MBA
Assistant County Manager/Planning Director

Mandy Stone, MSW
Assistant County Manager/HHS Director

May 2, 2017

Buncombe County Board of Commissioners:

The Honorable Brownie Newman, Chairman
The Honorable Ellen Frost, Vice-Chairman
The Honorable Al Whitesides
The Honorable Jasmine Beach-Ferrara
The Honorable Mike Fryar
The Honorable Robert Pressley
The Honorable Joe Belcher

Mr. Chairman and Members of the Board:

It is my pleasure to present the Board of County Commissioners and citizens of Buncombe County a balanced recommended budget. The recommended budget for fiscal year 2017-2018 (FY2018) is \$419,289,728. 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 \$320,079,949 and non-General Fund operating plans totaling \$99,209,779. This is a 2.3 percent increase (\$7,276,801) from the FY2016-2017 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.

In 2003, the North Carolina General Assembly enacted S.L. 2003-64 requiring every jurisdiction to publish a "revenue-neutral" tax rate that produces the level of property tax generated with the previous rate and tax base. Once we factor in all the components of the calculation, our revenue neutral rate is 51.3 cents. The FY2018 recommended General Fund budget was prepared using a property tax rate of 55.9 cents. The recommended tax rate recognizes loss of one-time revenues of \$6.8 million in FY2016/17 and supports new costs within our core services and priority areas. These costs include new debt service of \$4.7

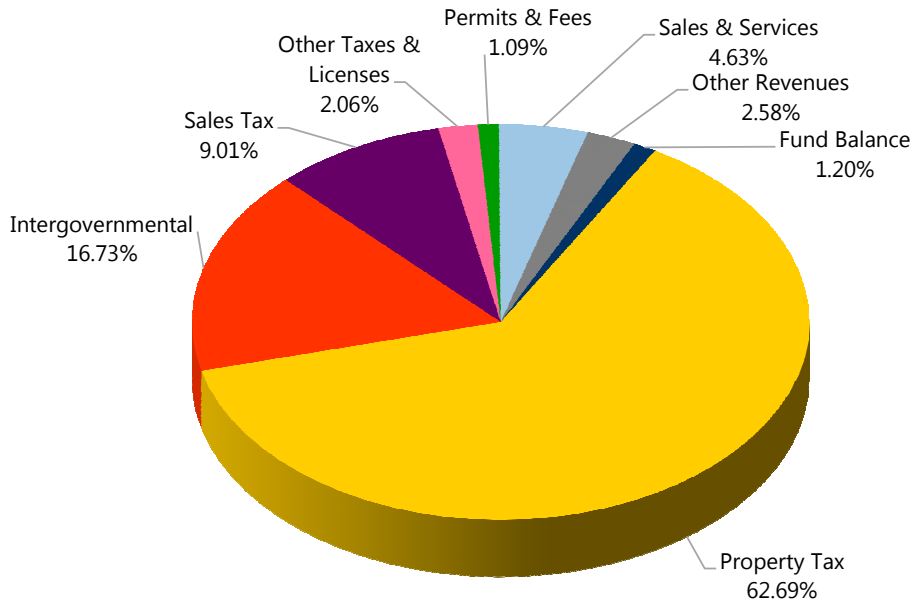
million on the Human Services Campus and Parking Deck; additional Public Safety positions and operating costs needed for jail diversion efforts (\$456,121); social work support for NC FAST implementation go-live and data conversion (\$221,067); a County Sustainability Office (\$122,179); and mandated state retirement increase of \$173,500.

Following is information on revenues and expenditures specific to the FY2018 Recommended Budget:

Revenues

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

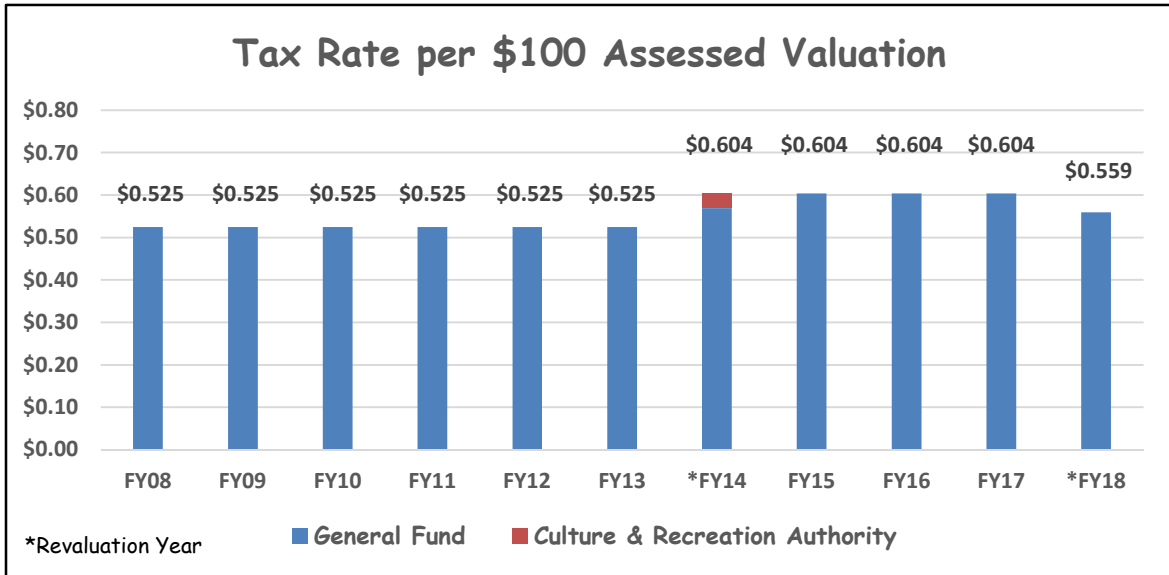
**Buncombe County
General Fund Revenues
FY 2018**



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

Revenue Source	Revenues	% of 2018 Budget
Property Tax	\$200,658,978	62.69%
Intergovernmental	53,555,016	16.73%
Sales Tax	28,851,375	9.01%
Other Taxes & Licenses	6,581,520	2.06%
Permits & Fees	3,501,655	1.09%
Sales & Services	14,821,204	4.63%
Other Revenues	8,270,732	2.58%
Fund Balance	3,839,469	1.20%
TOTAL	\$320,079,949	100.00%

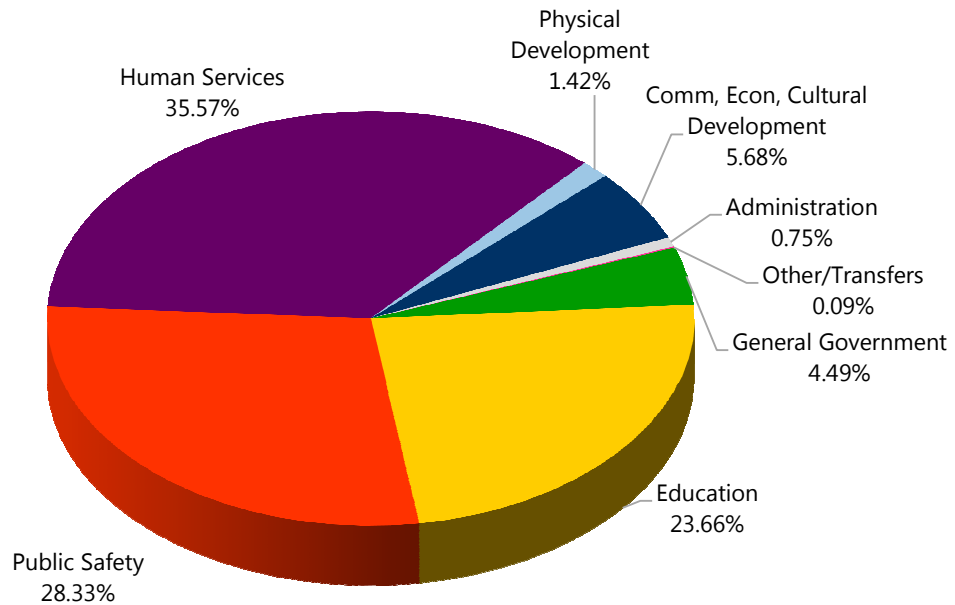
The FY2018 recommended General Fund budget requires a property tax rate of 55.9 cents. A history of property tax rates are reflected in the following graph:



Expenditures

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

Buncombe County General Fund Expenditures FY 2018



Core businesses of human services, public safety and education consume 87.6 percent (\$280,247,741) of our FY2018 General Fund Recommended Budget. The history of core service expenditures are reflected in the following table:

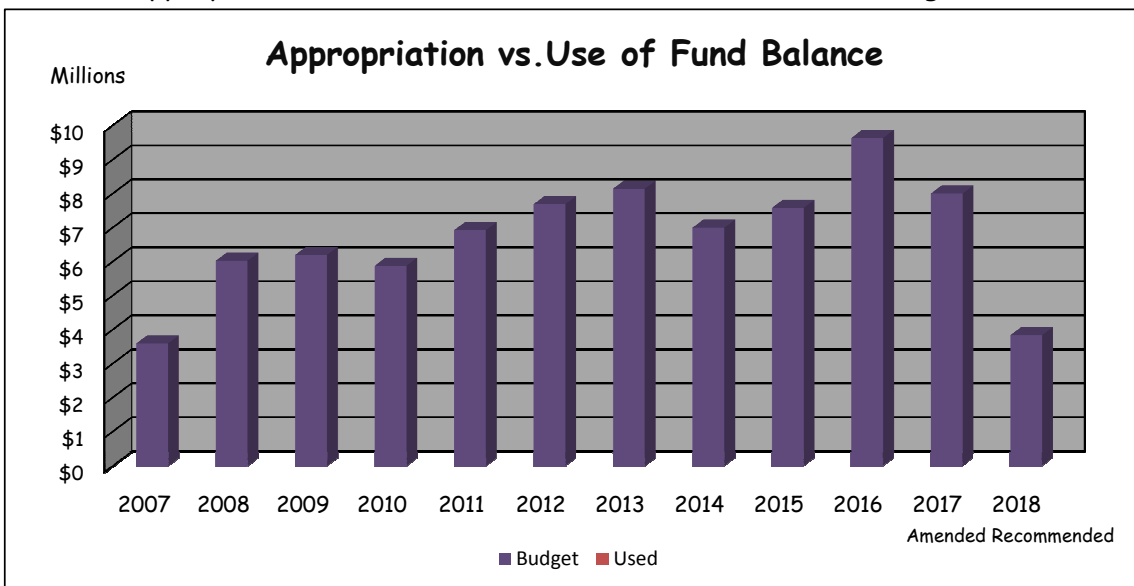
Function	Amended Expenditures		Recommended Expenditures	
	FY2017	NCC	FY2018	NCC
Education	76,262,762	76,227,762	75,732,521	75,697,521
Human Services	107,032,159	61,304,720	113,848,404	65,495,151
Public Safety	89,082,183	65,574,840	90,666,816	73,868,964
Total Expenditures	272,377,104	203,107,322	280,247,741	215,061,636
% of Budget/NCC	87.1	84.1	87.6	87.5

*NCC = net County cost

For FY2018, 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	75,732,521	23.66%	75,697,521	30.81%
Public Safety	90,666,816	28.33%	73,868,964	30.06%
Human Services	113,848,404	35.57%	65,495,151	26.65%
Culture/Recreation	18,177,898	5.68%	16,521,360	6.72%
General Government	14,387,471	4.49%	7,353,869	2.99%
Economic/Phys Dev	4,561,008	1.42%	4,129,745	1.68%
Administration	2,403,831	0.75%	2,353,713	0.96%
Other/Transfers	302,000	0.09%	302,000	0.12%
TOTAL	320,079,949	100.00%	245,722,323	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. The FY2018 Budget Estimate includes a fund balance appropriation of \$3,839,469 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. The following schedule reflects the revenue neutral and 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 2017 Adopted Tax Rate	FY 2018 Revenue Neutral Tax Rate	FY 2018 Requested Tax Rate
Asheville Special	9.7	8.6	8.6
Barnardsville	15.0	15.0	15.0
Broad River	14.0	13.8	14.0
East Buncombe	9.9	9.3	9.9
Enka	9.0	8.0	9.0
Fairview	10.5	9.7	10.5
French Broad	14.0	13.2	14.0
Garren Creek	15.0	13.2	15.0
Jupiter	12.0	10.8	12.0
Leicester	14.0	13.3	14.0
North Buncombe	11.2	9.8	11.2
Reems Creek/Beaverdam	13.0	11.3	15.0
Reynolds	11.3	10.0	11.3
Riceville	11.0	9.8	11.0
Skyland	9.1	7.8	9.1
Skyland - Biltmore Forest	8.5	8.5	8.5
Swannanoa	12.9	11.8	12.9
Upper Hominy	12.5	11.5	12.5
West Buncombe	12.0	10.9	12.0
Woodfin	10.0	8.1	10.0
Other Districts Ad Valorem Tax Rate (in cents)			
Asheville City Schools	15.0	12.0	13.0

Summary:

The recommended FY2018 budget is \$419,289,728. The recommended FY2018 General Fund Budget is \$320,079,949.

Department revenue and expenditure breakdowns are reflected on the attached spreadsheet. As you consider the FY2018 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 before adoption on June 20, 2017.

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

You will hear additional budget presentations at your meeting on May 16. The public hearing on the budget is scheduled for June 6 at 5 p.m. in Commission Chambers, Room 326 at 200 College Street.

As always, Buncombe County Government is here to SERVE.

Respectfully submitted,

A handwritten signature in cursive script that reads "Wanda Greene".

Wanda S. Greene, PHD, CPA
County Manager