

FY2019 Budget Message
County Manager, Mandy Stone
May 15, 2018

Proposed FY2019 General Fund Budget

Prepared budget prior to education requests

- Penny decrease from the current tax rate through realized efficiencies
- Holds all services whole
- Advances the strategic priorities

\$315,311,448 at 52.9¢

Education funding requests (received May 8)

\$4,025,557

Proposed budget with education increase

- Includes \$3.4 million of education request to remain in compliance with the county fund balance policy
- Addresses the majority of education requests and holds the tax rate flat

\$318,720,851 at 53.9¢

In the middle of
adversity
lies
opportunity



Coming Together with Focus and Discipline

- 1. Strengthening management**
 - Building infrastructure for financial and budget oversight with ongoing monitoring and evaluation to support transparency and accountability
- 2. Delivering quality services**
 - Prioritizing excellence in services to the public and giving departments ownership
- 3. Advancing strategic priorities**
 - Balancing short and long term community needs



Strengthening Management

- Improved fiscal accountability structure
- Realigned senior staff and salaries
- Built management infrastructure:
 - team structure
 - internal and external communication
 - performance management model
 - data analytics tools
 - workforce development

Delivering Quality Services



Buncombe County professionals: Working to shape our community
<https://youtu.be/rif4jvdgdtI>

Advancing Strategic Priorities



Affordable Housing



Diverse Community Workforce



Early Childhood Education



Justice Resource Support



Opioid Addiction



Renewable Energy

Highlights of Accomplishments



Helped over 500 families maintain housing & avoid eviction



Invested in neighborhood based economic pipelines



Created more than 180 new preschool & childcare spots



Served more than 500 people in the Justice Resource Center



Opened Abba's House 14-room transitional recovery housing

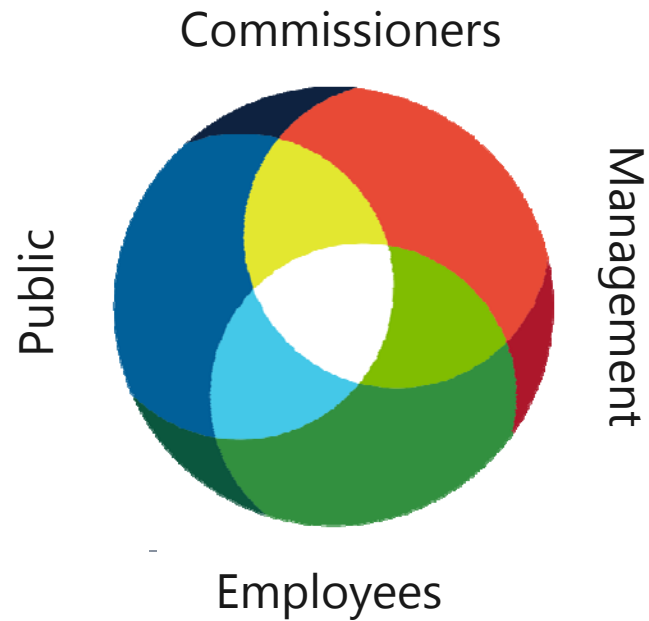


Weatherized more than 80 homes



Refer to document: *Strategic Priorities, Activities & Results*

Management Approach: Honoring Legislated Roles



County in a Strong Fiscal Position

- Strong, diverse local economy
- Enhanced internal controls
- Highest rating from both major credit rating agencies
- Financial transparency to Board and public:
 - Includes updates on fund performance, expenditures, revenue, net county cost, fund balance, debt, and investments

FY2019 budget framework

Ownership



Accountability



Rightsizing



Process



 Refer to document: *Budget Framework*

Budget Work Sessions & Online Tools

DASHBOARDS



BUDGET
EXPLORER



BUDGET
RESOURCES



DEBT
TRANSPARENCY



DEBT
AFFORDABILITY



CAPITAL
PROJECTS



POSITIONS
& PAY

[BuncombeCounty.org/Transparency](https://www.buncombecounty.org/Transparency)

Interactive Budget Explorer with Line Item Detail

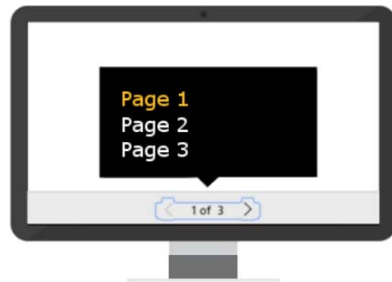
EXPLORE THE BUDGET

Welcome to a new way to explore the budget for Buncombe County Government

For a more in-depth look at how the Buncombe County budget works, including a glossary of terms and narrative describing major changes each year, please read view our [Annual Budget Reports](#).

LET'S GET STARTED!

To begin, click the numbers at the bottom of this page for a pop-up menu, or use the arrows to change pages.



BuncombeCounty.org/Transparency

Proposed FY2019 General Fund Budget

- Prepared Budget: \$315,311,448 at 52.9¢
- Education Funding Requests: \$4,025,557
- Proposed Education Increase: \$3,409,403
- **Proposed General Fund Budget: \$318,720,851 at 53.9¢**

 Refer to document: *Proposed Operating Budget*

Proposed FY2019 General Fund Budget

- Value of 1¢ per \$100 of assessed value = \$3,727,814
- Difference between the proposed education increase and the value of a penny = \$318,411
- To comply with BoC policy, maintains a 15% undesignated fund balance
- Unknown factors include State budget and final sales tax

General Fund Budget Comparison

FY2018 Adopted

Revenues: \$315,371,571
Appropriated Fund Balance: \$15,363,817
Expenditures: \$330,735,388

Total **\$330,735,388**

FY2019 Proposed

Revenues: \$311,910,851
Appropriated Fund Balance: \$6,810,000
Expenditures: \$318,720,851

Total **\$318,720,851**



- ✓ Anticipate ending FY2018 spending little to no fund balance
- ✓ Holds expenditures & reduces appropriated fund balance by ~\$8.6m

Proposed FY2019 General Fund Budget

Without Education Increase

Tax rate = 52.9¢

Appropriated Fund Balance = \$7.3m

Undesignated Fund Balance = 15.0%

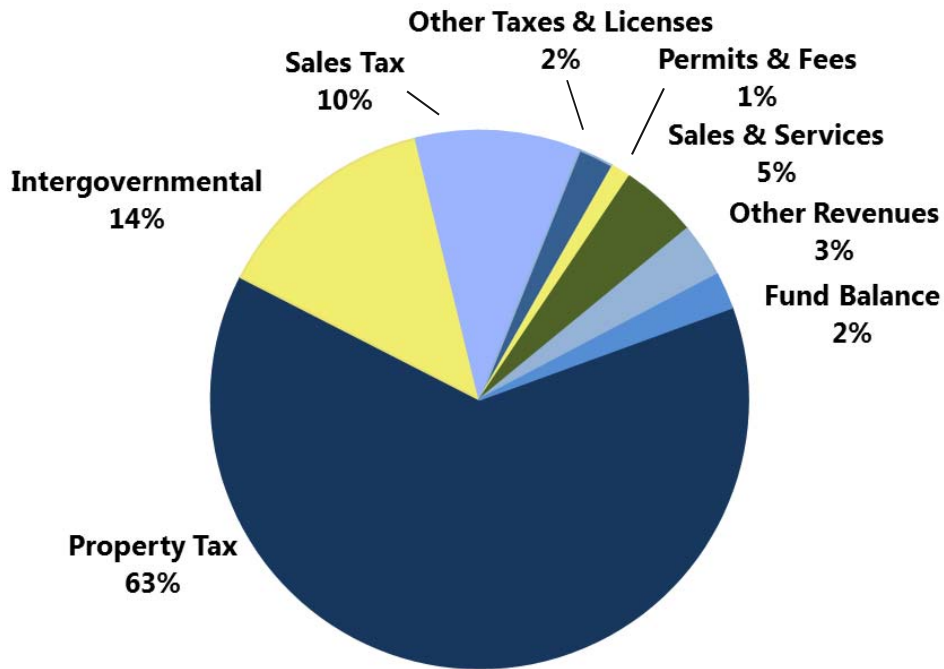
With Education Increase

Tax rate = 53.9¢

Appropriated Fund Balance = \$6.8m

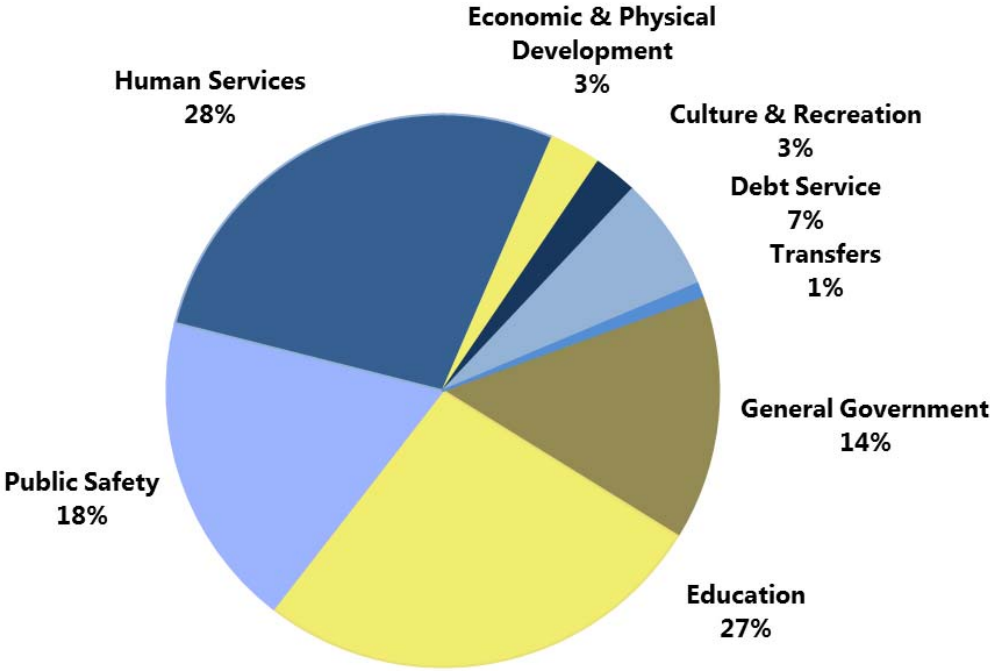
Undesignated Fund Balance = 15.0%

General Fund Revenues



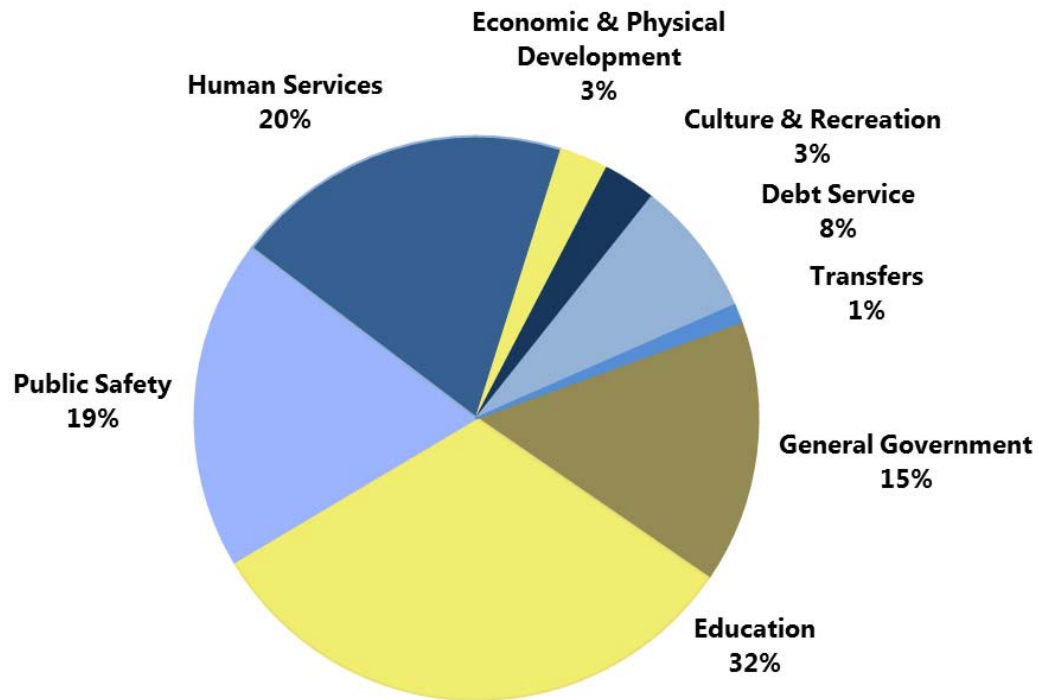
Revenue Source	Revenues
Property Tax	\$201,029,828
Intergovernmental	43,514,500
Sales Tax	31,608,204
Other Taxes & Licenses	6,931,520
Permits & Fees	3,702,841
Sales & Services	14,767,243
Other Revenues	10,356,715
Fund Balance	6,810,000
TOTAL	\$318,720,851

Budget by Function – Total Expenditure Budget



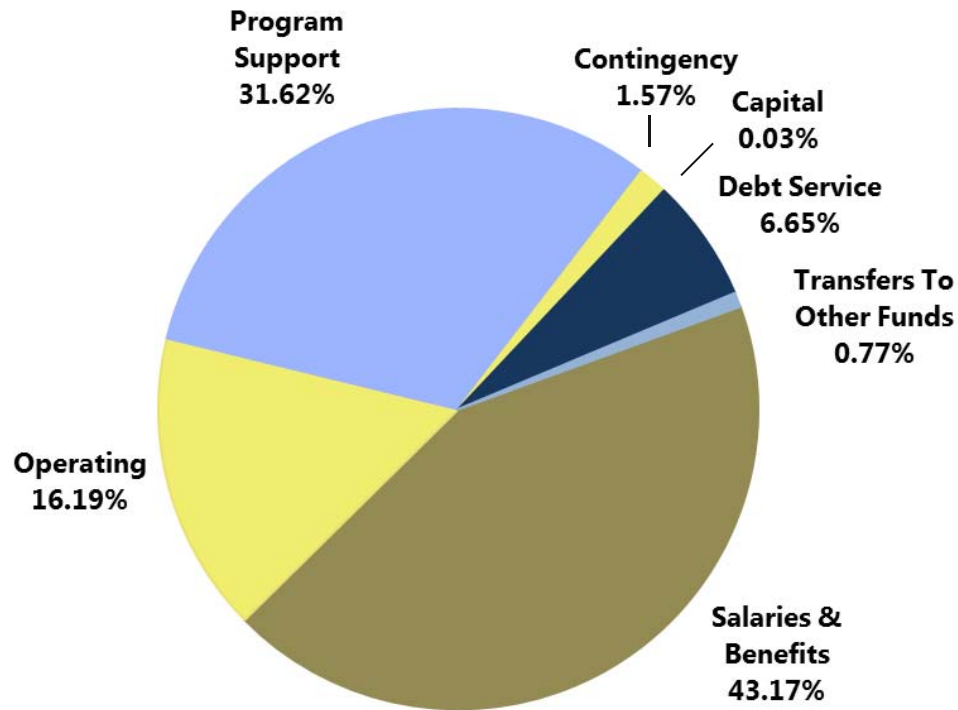
Function	Expenditures
Human Services	\$87,859,936
Education	85,113,015
Public Safety	58,714,634
General Government	45,776,154
Debt Service	21,205,824
Culture & Recreation	8,029,183
Economic & Physical Development	9,556,607
Transfers	2,465,498
TOTAL	\$318,720,851

Net County Cost



Function	Net County Cost
Education	\$78,578,015
Human Services	48,217,571
Public Safety	46,442,935
General Government	37,283,479
Debt Service	19,134,409
Culture & Recreation	7,438,580
Economic & Physical Development	6,818,916
Transfers	2,465,498
TOTAL	\$246,379,403

Budget by Type



Type	Expenditures
Salaries & Benefits	\$137,594,238
Program Support	100,764,331
Operating	51,610,616
Debt Service	21,205,824
Contingency	4,993,449
Transfers To Other Funds	2,465,498
Capital	86,895
TOTAL	\$318,720,851

HUMAN SERVICES

Aging Services
Behavioral Services
Child Care Services
Family Justice Center
Public Health
Social Services
Veterans Services
School Nurses



569 Positions

\$87,859,936

Proposed Budget \$318,720,851

PUBLIC SAFETY

911 Communications
Bureau of Identification
Criminal Justice
Information
Detention Center
EMS
Justice Resource Center
Pretrial Services
Sheriff's Office
School Resource Officers



560 Positions



Proposed Budget \$318,720,851

GENERAL GOVERNMENT

County Administration
Elections
Governing Body
Legal
Register of Deeds
Sustainability Office
Tax Assessment &
Collections



238 Positions

\$45,776,154



Proposed Budget \$318,720,851

ECONOMIC & PHYSICAL DEVELOPMENT

Cooperative Extension
Economic
Development
Permits & Inspections
Planning
Soil & Water



43 Positions

\$9,556,607



Proposed Budget \$318,720,851

CULTURE & RECREATION

- Cultural Partnerships
- Greenways
- Libraries
- Parks
- Recreation Services



65 Positions

\$8,029,183



Proposed Budget \$318,720,851

EDUCATION

A-B Tech
Asheville City Schools
Buncombe County Schools
Early Childhood Education
Educational Support
Youth Programs



\$85,113,015

Proposed Budget \$318,720,851

County Responsibility for School Funding per N.C.G.S. §115C.

- School facilities, furniture, and apparatus, buildings for bus and vehicle storage, library, science, and classroom equipment, maintenance and repair of school buildings
- Instructional supplies and reference books, school property insurance, and fire inspections
- The local current expense fund shall include appropriations sufficient, when added to appropriations from [the State], for current operating expense of the public school system in conformity with the educational goals and policies of the State and the local board of education, within the financial resources and **consistent with the fiscal policies of the board of county commissioners**

Buncombe County Schools Funding



REQUESTED

\$62,526,370 : FY2018 amended county contribution

\$3,204,279 : FY2019 increase request
(salary increases for local staff, health insurance and retirement, behavioral health, textbooks, and graduation initiative)

\$65,730,649 - FY2019 total request

PROPOSED

\$62,526,370 : Base budget

\$2,563,279 : Contingency pending final state budget action

\$641,000 : Graduation Initiative, textbooks, and utilities

(\$518,802) : Reduction to comply with BoC policy*

\$65,211,847 : Total with contingency, an increase of \$2,685,477

*\$616,154 - Overall expenditure reduction needed to maintain Buncombe County fund balance policy of 15%; Buncombe County Schools reduction is \$518,802

Asheville City Schools Funding



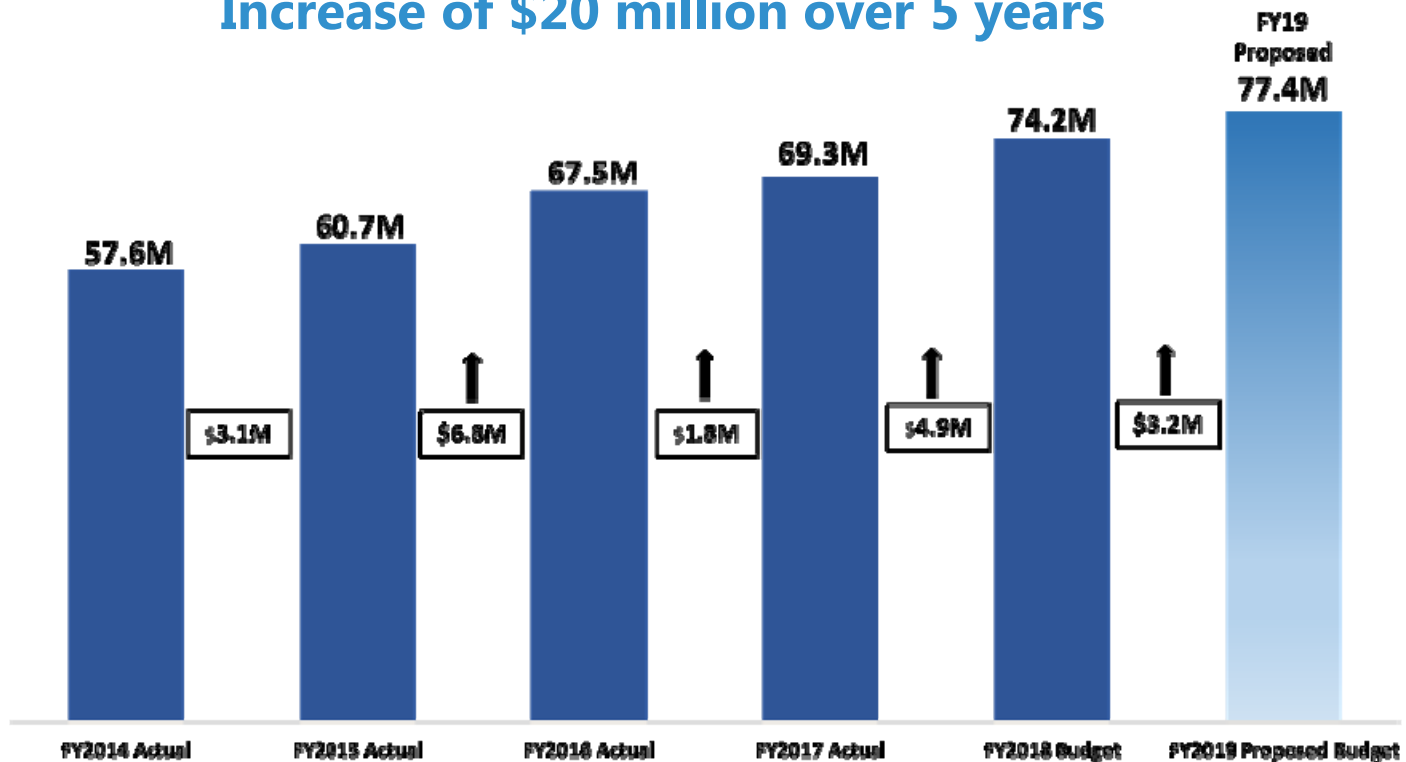
- Per state statute, local current expense funds must be apportioned according to Average Daily Membership (ADM)
- \$616,154 overall reduction needed to maintain Buncombe County fund balance policy of 15%; Asheville City Schools ADM share of reduction is \$97,352

PROPOSED

\$11,681,164:	Base budget
\$480,995:	ADM share of Buncombe County Schools contingency
\$120,283:	ADM share of Buncombe County Schools increase
-\$97,352 :	ADM share of reduction to comply with Board policy
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\$12,185,090:	Total with contingency, an increase of \$503,926

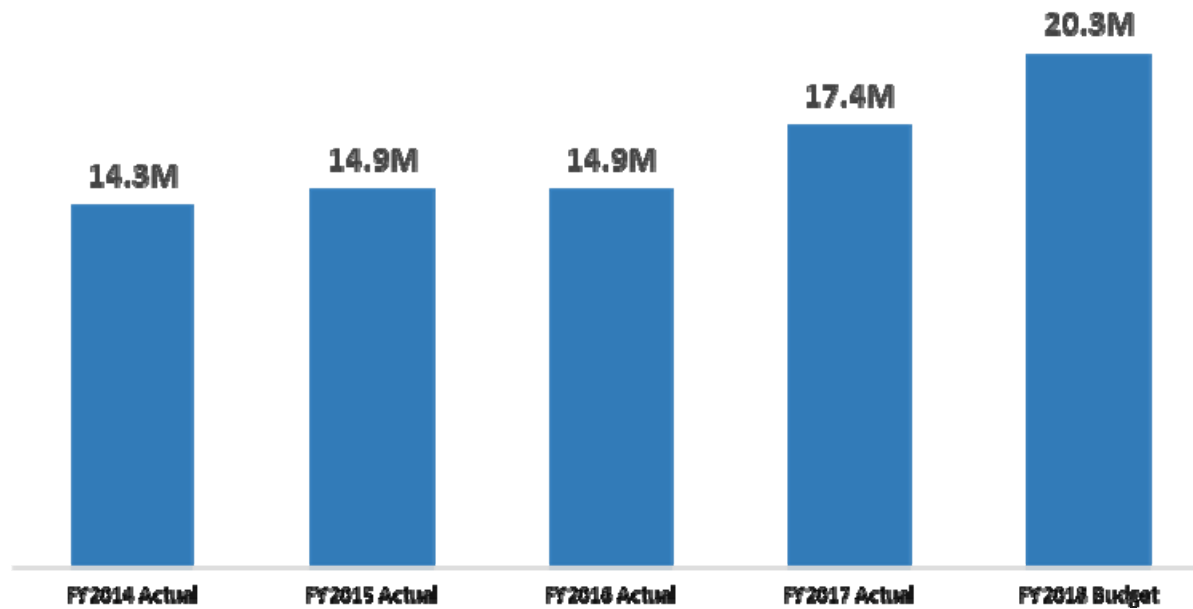
GENERAL FUND PUBLIC SCHOOL CONTRIBUTION: Operations Support Funding

Increase of \$20 million over 5 years



GENERAL FUND PUBLIC SCHOOL CONTRIBUTION: Operations Support Funding: Salary Supplement

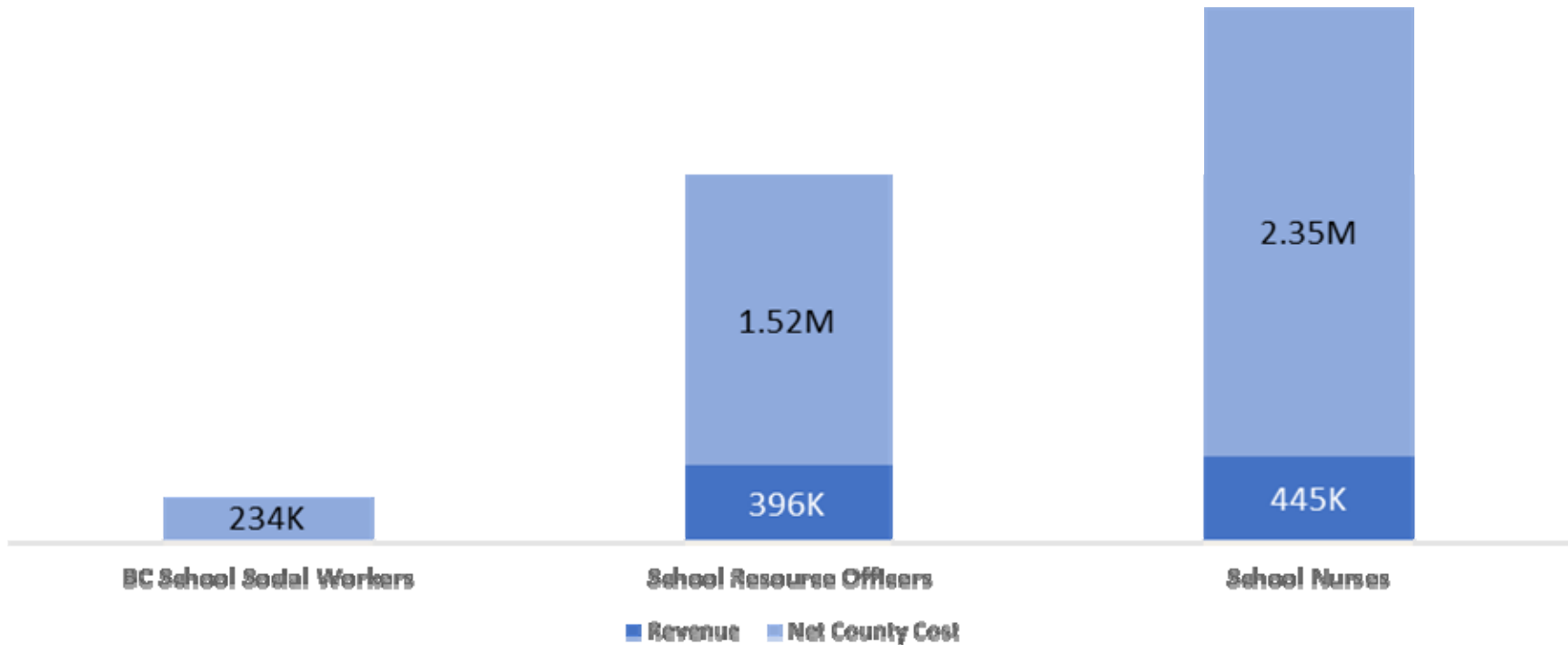
Increase of \$6 million since FY2014



FY2019 Salary supplement not available until State Education budget finalized

PUBLIC SCHOOL GENERAL FUND CONTRIBUTION: Program Support Funding

FY2019 Proposed County Investment: \$4.1M

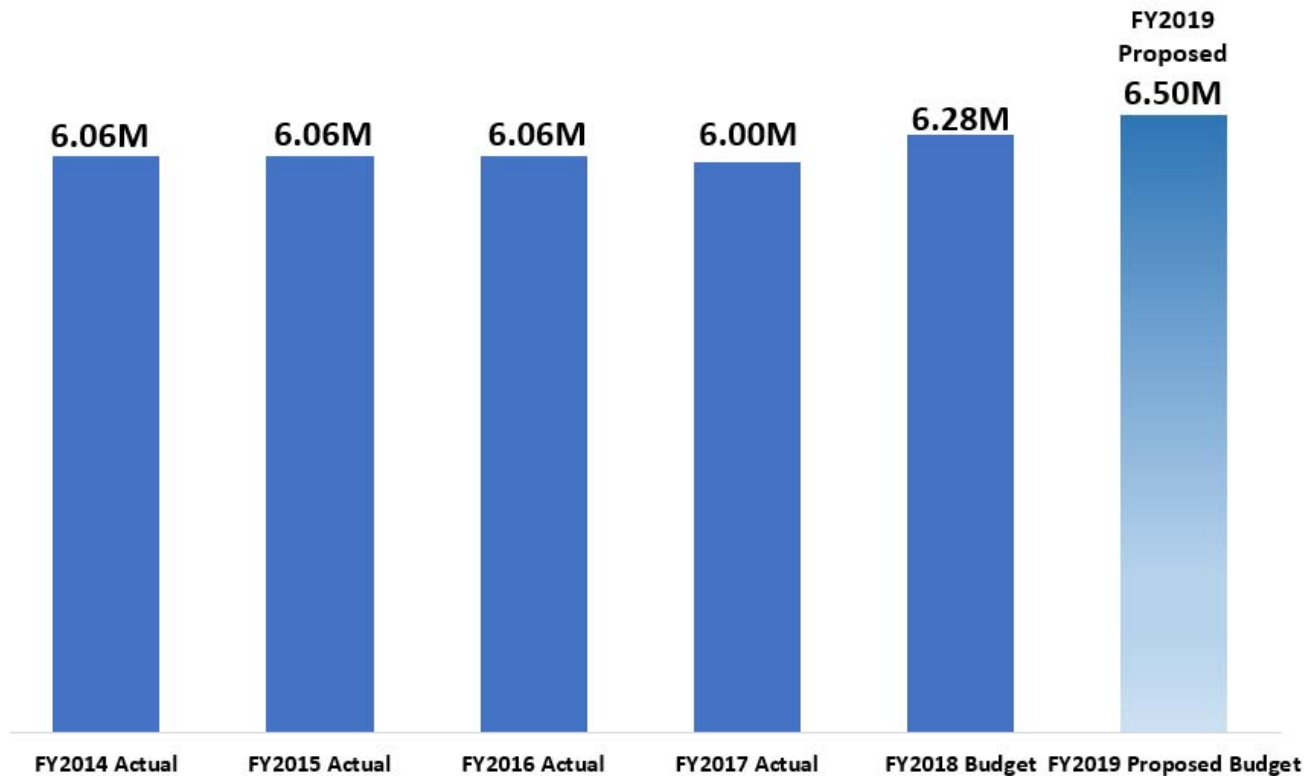


A-B Tech Funding



- **\$6,280,000** – FY2018 amended county contribution
 - **\$220,000** - FY2019 increase request (salary increases, routine preventative maintenance and repairs, and utility rate increases)
 - **\$6,500,000** – Total FY2019 request
- Per Board of Commissioner resolution, proceeds from Article 46 sales tax revenues can be used to offset operating, capital, debt service, and maintenance and repairs related to A-B Tech. Projections show sufficient funding to cover this requested funding increase

COMMUNITY COLLEGE FUNDING: Operations Support Funding: Asheville-Buncombe Technical College



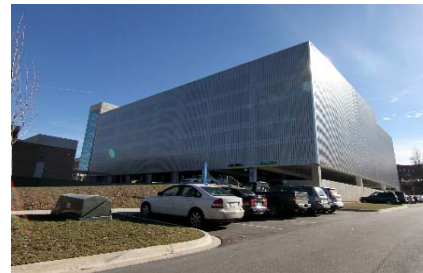
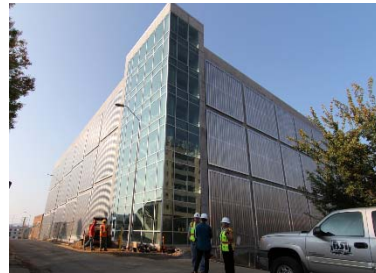
Board of Commissioners approved use of Article 46 to fund operations support, effective FY2018

DEBT SERVICE

Investment in
Infrastructure &
Equipment

Major Projects:
Radio Towers
HHS Campus
Judicial Complex
GE Aviation Lease
Voting Machines

30+ Projects

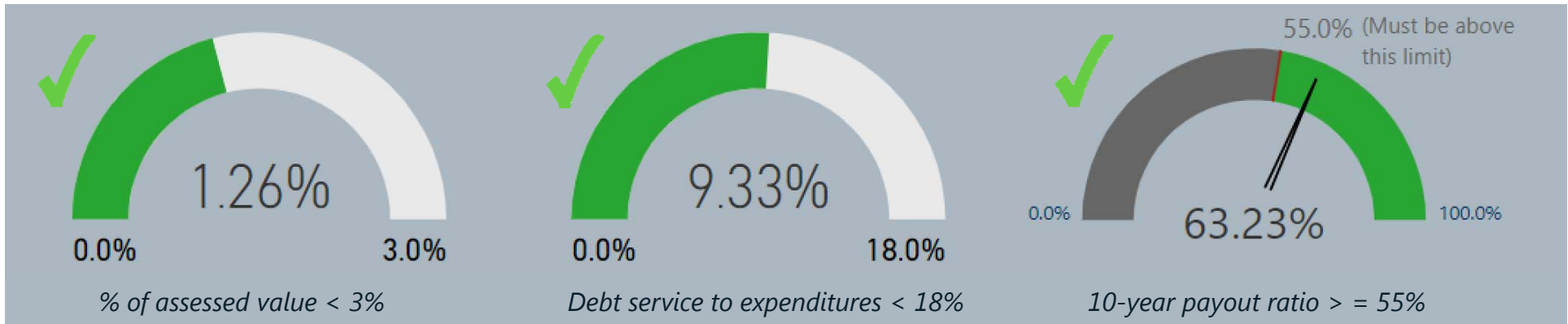
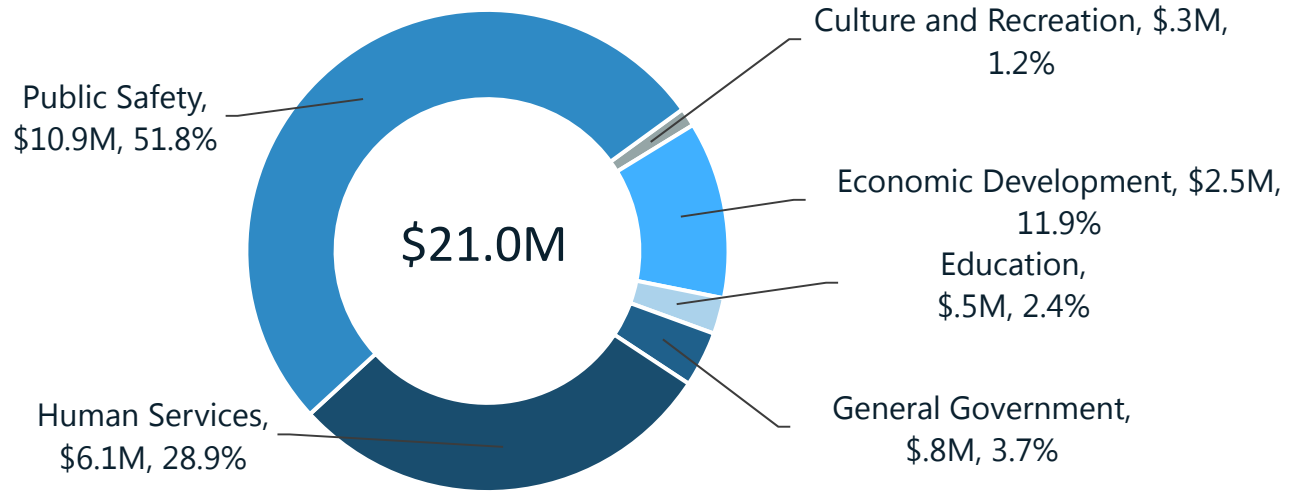


\$21,205,824




Proposed Budget \$318,720,851

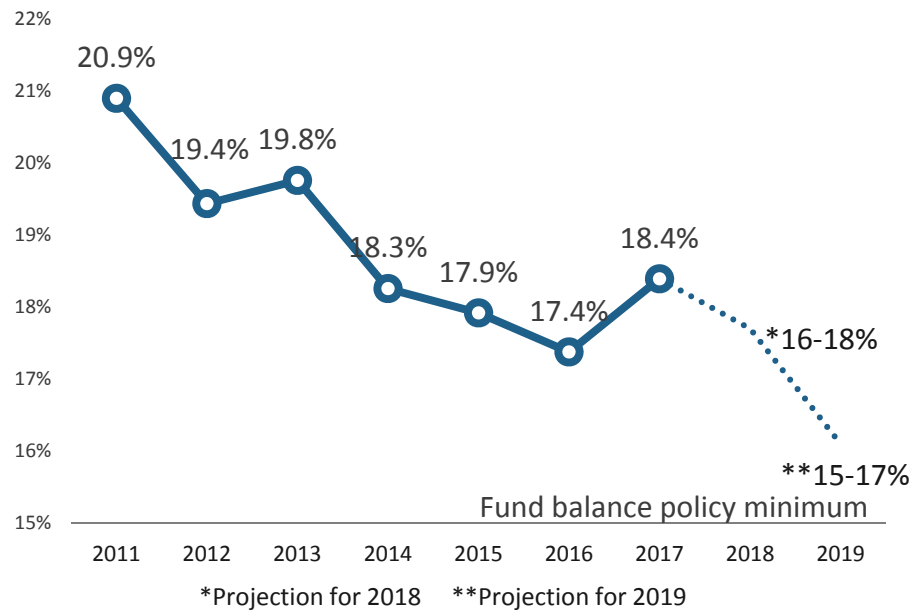
GENERAL FUND FY2019 DEBT SERVICE



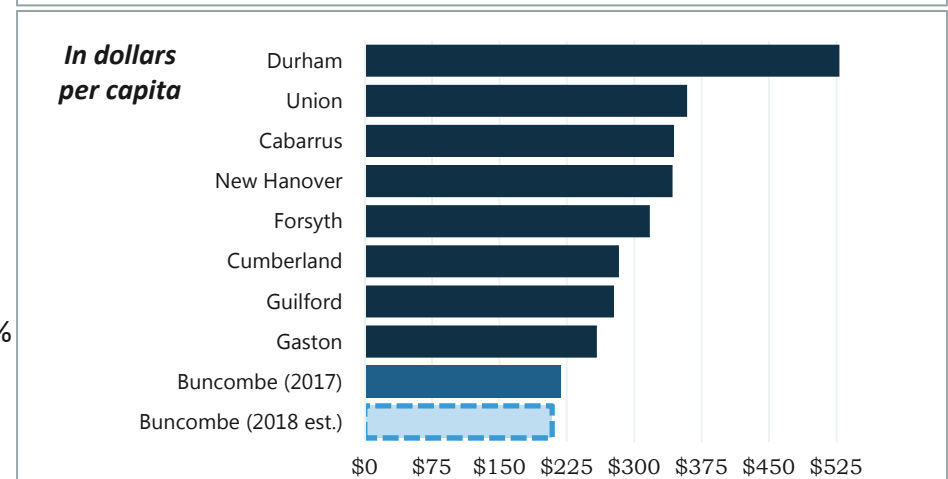
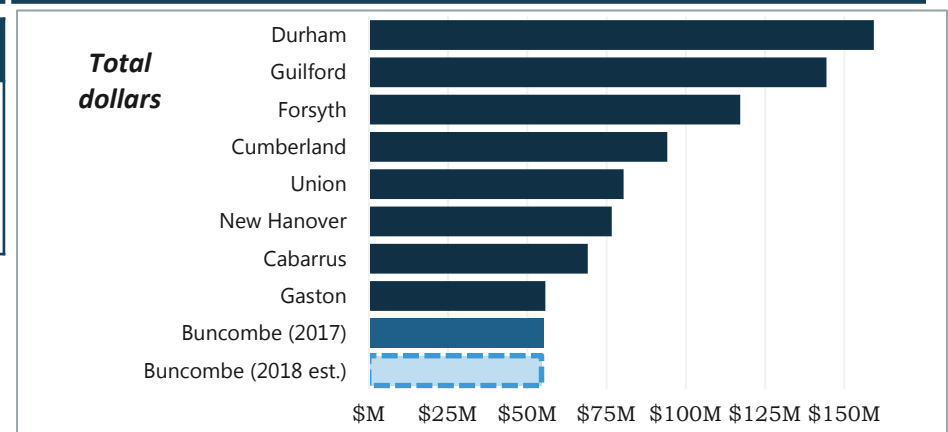
RIGHTSIZING FUND BALANCE

Our Fund Balance

Fund Balance Policy	Target	Status
 Available/Undesignated Fund Balance as a Percentage of Total Expenditures 23%	No less than 15%	18.4%



Comparison to NC Counties

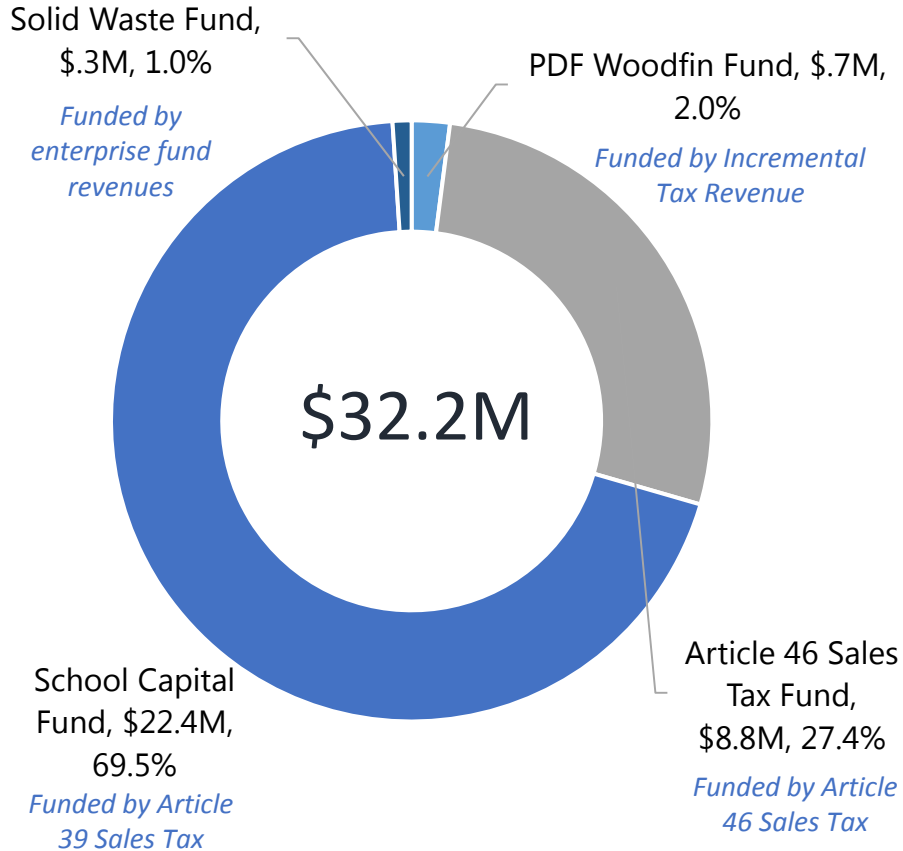


Non-General Fund Budget Overview

FY2019 Proposed Budget = \$107,849,894
Offset by supporting revenues and transfers

- 911 System
- Fire Service Districts
- Inmate Commissary
- Health, Employment, Property & Casualty Insurance
- Occupancy Tax
- Woodfin PDF
- Register of Deeds Automation
- Solid Waste
- Transportation

FY2019 DEBT SERVICE – NON-GENERAL FUND



- The County issued new debt totaling \$54.7 million for School Capital Fund Commission projects
- Debt transparency dashboards were developed to give citizens more visibility

Recently Added Debt Financed Projects Include:

- Asheville High School Major Renovations
- Community High School Major Renovations
- Ira. B Jones Major Renovations
- Montford North Star Academy Major Renovations
- Various Asheville City Schools Maintenance Projects
- Various Buncombe County Schools Maintenance Projects
- LED Retrofit Projects

What This Budget Delivers

Delivers a flat tax rate and:

- Addresses education requests
- Maintains quality services
- Fulfills commitment to post retirement liability
- Strengthens capital infrastructure
- Restores fleet management funding
- Addresses salaries for lowest paid employees

Projects Delivered

- Affordable housing
- Greenways/Trails (Enka, Woodfin & Black Mountain)
- Lake Julian playground and dock
- New East Asheville library
- Renovations to Enka library
- Community investment grants
- Commissioner strategic priorities

What New Management Approach Delivered

- Saved taxpayers 1 cent on the tax rate for County expenditures, making it possible to absorb 1 cent for education
- Reduced appropriated fund balance by 56% from FY2018
- Met departmental needs
- Developed Performance Management system
- Addressed salaries of lowest paid employees
- Reallocated staff to better leverage resources

Identifying & mitigating risks

RISKS

- Salary study
- Healthcare costs
- Delayed debt/capital
- Jail population
- New department heads
- Slowing growth in tax value
- General Assembly - e.g. sales tax redistribution, education funding

MITIGATION

- Improved financial software
- Increased transparency and communication
- Clarity of roles
- Performance management model
- Increased internal audit capacity

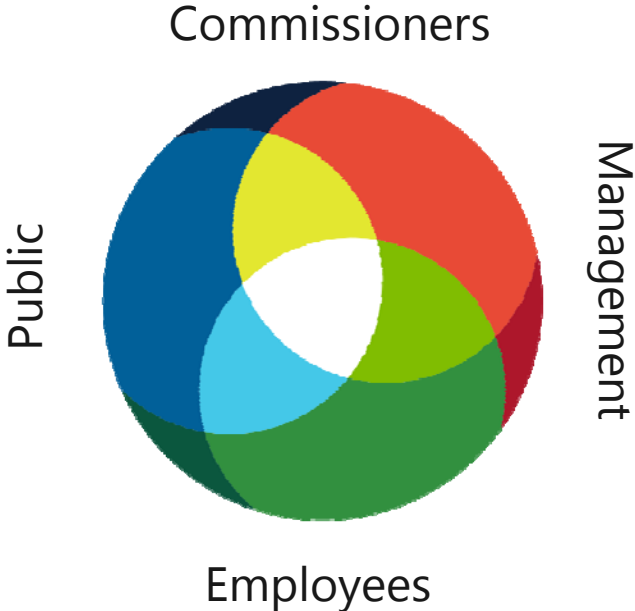
Moving Forward

- Solidifying changes into practice
- Establishing an online checkbook
- Exploring a participatory budget process & open government platform
- Updating the County strategic plan
- Board committing one-time revenues to one-time expenditures or apply to lower debt



**Focus &
discipline**

Fire Districts



Fire Districts: Front Line Public Safety

- Financial difficulties for some local Fire Districts have been an area of public focus
- Need a sustainable public safety model given the critical importance of fire service
- Through multiple work sessions, Board has assessed business operations and risks to the system

Fire Districts Tax Rate Requests

- Tax rate increase requests from 12 of 20 districts
- Total increase of \$2.7M
- Requests seek to increase salaries to move closer to the North Carolina state averages
- Some Districts are requesting increases to support capital and reserves

Fire District Requested Tax Rates

DISTRICT	FY2017 Tax Rate	FY2018 Tax Rate	FY2019 Request	Tax Rate Increase	FY2019 Requested Increase (\$)
BARNARDSVILLE	15.00	16.00	20.00	4.00	\$144,942
BROAD RIVER FIRE	14.00	14.00	16.00	2.00	\$35,577
EAST BUNCOMBE	9.90	9.90	12.00	2.10	\$162,821
FAIRVIEW	10.50	10.50	16.00	5.50	\$950,976
FRENCH BROAD	14.00	14.00	16.50	2.50	\$67,874
NORTH BUNCOMBE	11.20	11.20	12.00	0.80	\$78,099
REYNOLDS	11.30	11.30	12.30	1.00	\$71,733
RICEVILLE	11.00	11.00	12.80	1.80	\$127,037
SKYLAND	9.10	9.10	10.10	1.00	\$440,139
SWANNANOA	12.90	12.90	14.00	1.10	\$103,360
UPPER HOMINY	12.50	12.50	14.50	2.00	\$89,635
WEST BUNCOMBE	12.00	12.00	13.50	1.50	\$205,346

County Support Moving Forward

- Cash Flow Support (1/12th monthly property tax distributions)
- Update Service Agreements:
 - Financial, capital and personnel benchmarks
 - Financial Training for Fire District Staff and Boards
 - Assessment/consolidation of back office functions
 - Assessment of Health Insurance Pool
 - Centralized ambulance billing
- Assessment of long term sustainability (e.g., financial, capital planning, reserves)

Reference documents

The following materials are available for review at [BuncombeCounty.org/Commissioners](https://www.buncombecounty.org/commissioners) (click on May 15th agenda)

- Budget Message Letter & Presentation
- Proposed Capital Plan
- Proposed Operating Budget
- Citizen's Guide to the Budget
- Strategic Priorities, Activities and Results
- Budget Framework
- Interactive Budget Explorer

Inviting public input

The public is invited to share input, via...

- Let's Talk hotline: (828) 250-4066
- Email us:
LetsTalk@BuncombeCounty.org
Budget@BuncombeCounty.org
- During the public budget hearing during the regular Board of Commissioners meeting on 6/5/18

Budget adoption scheduled for 6/19/18



Questions?