



# Financial Outlook

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Budget Office



# Overview



## Regional Economic Conditions

- Inflation
- Wages
- Local Economic Activity
- Employment



## FY24 Budget Planning

- Expenditures
- Revenues



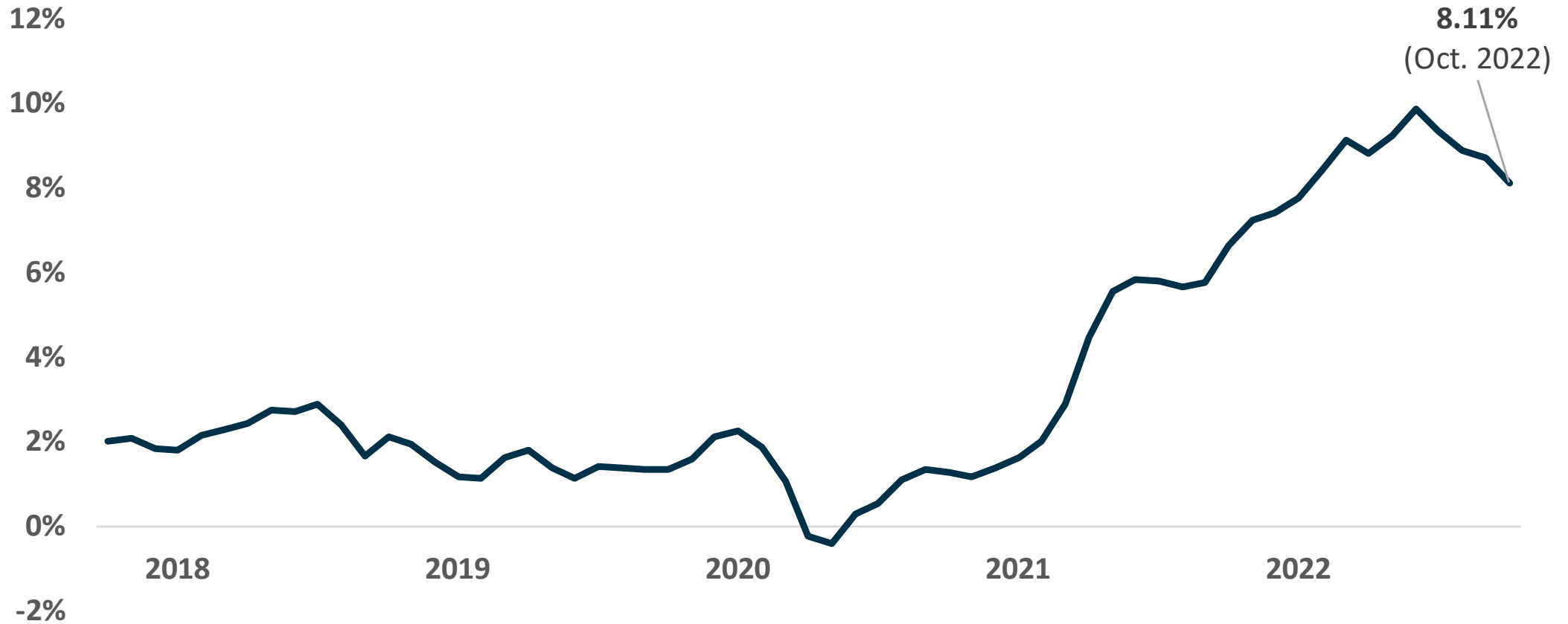


# Regional Economic Conditions



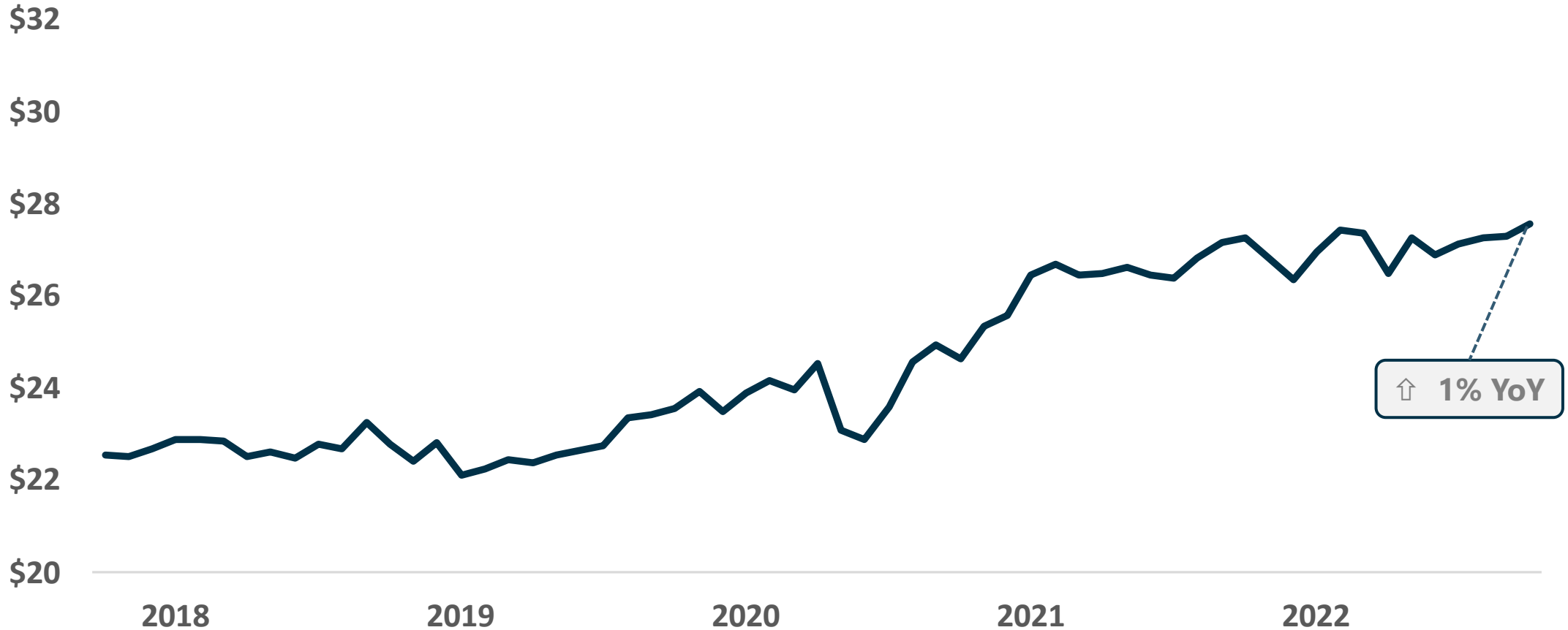
# Inflation

Annual Inflation Rate – CPI-U, U.S. South Region, Past Five Years as of Oct. 2022



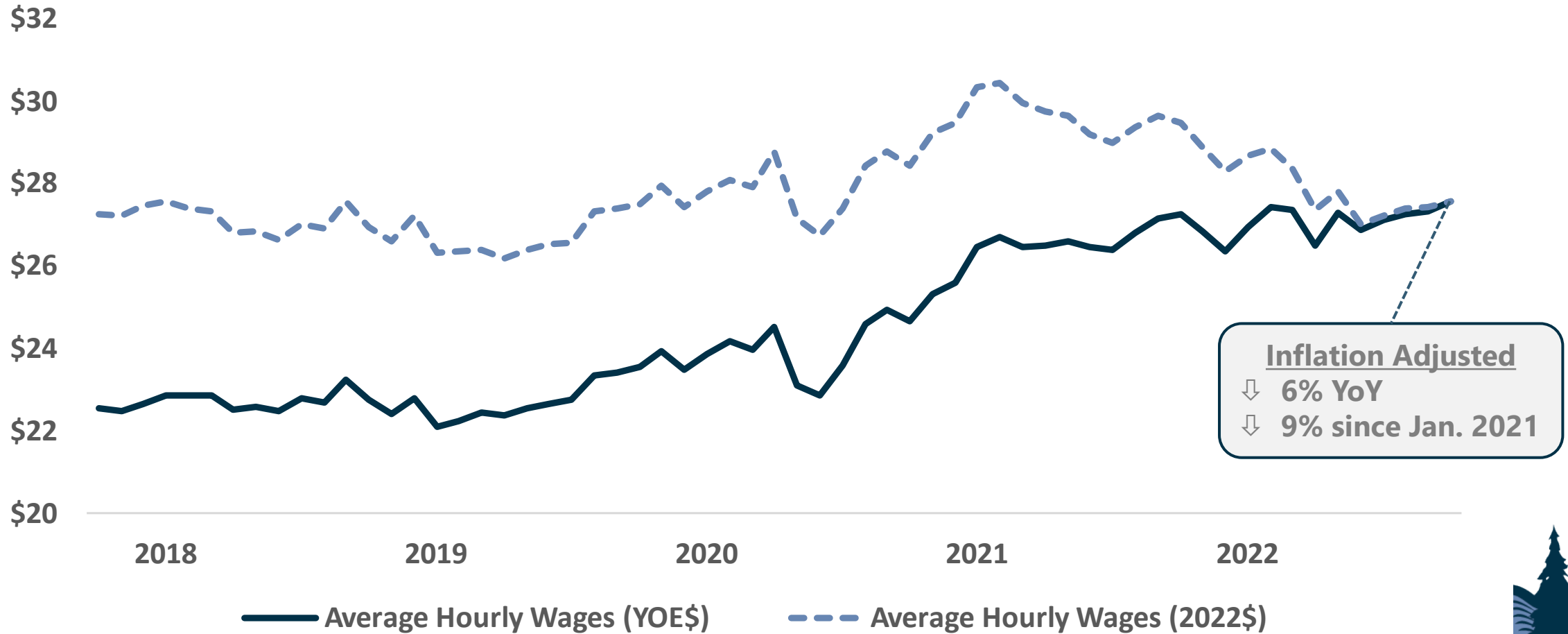
# Wages and Earnings

Average Hourly Wages (Total Private Employment), Asheville MSA, Past Five Years as of Oct. 2022



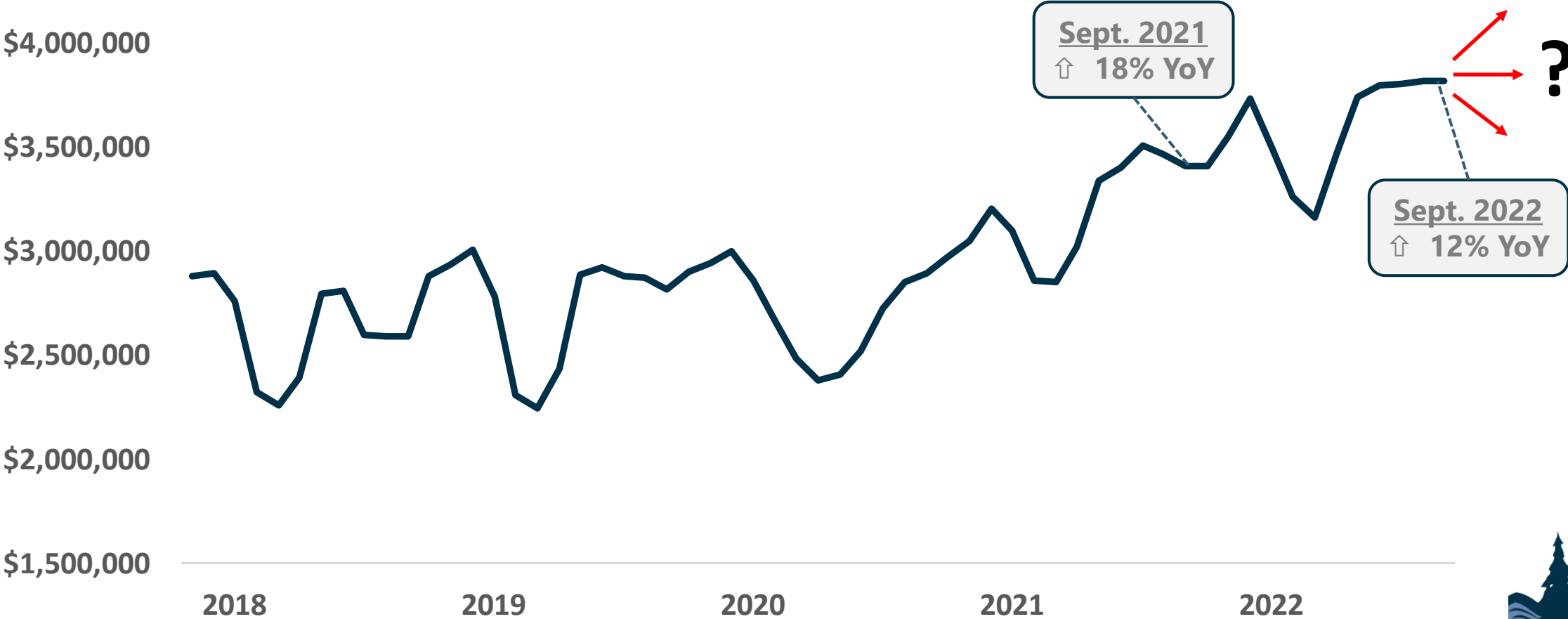
# Wages and Earnings – Inflation Adjusted

Average Hourly Wages (Total Private Employment), Asheville MSA, Past Five Years as of Oct. 2022, October 2022\$



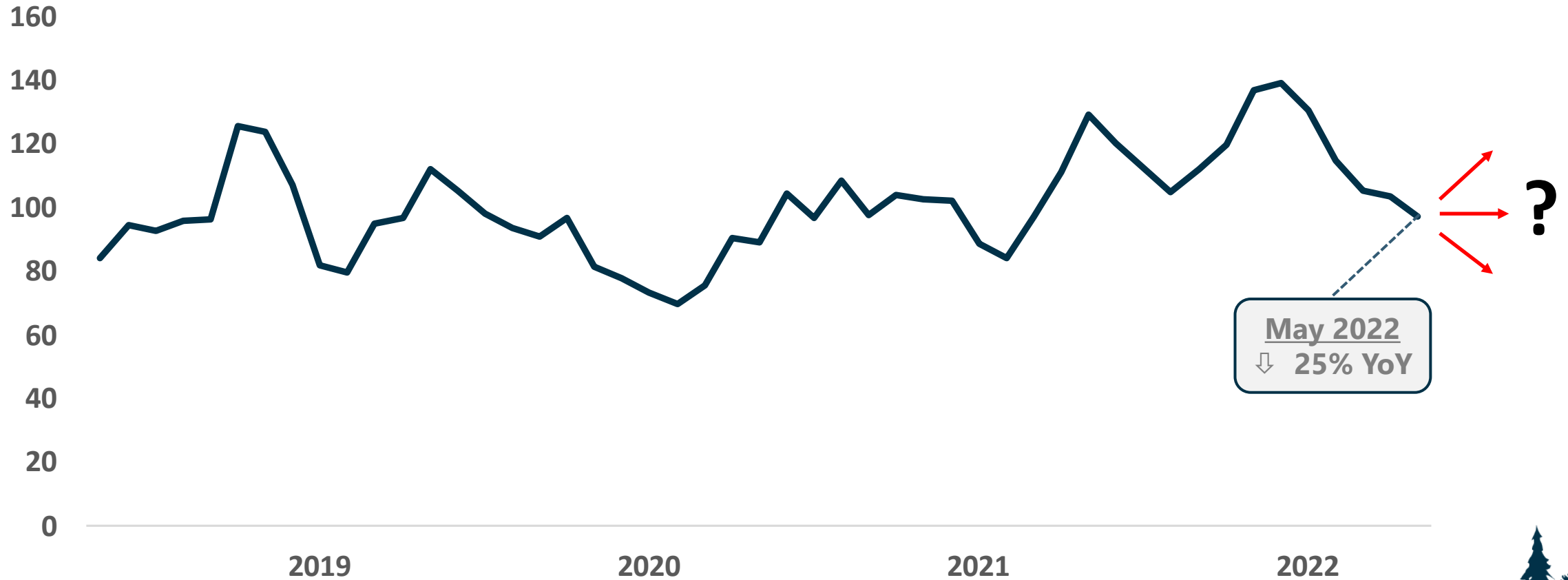
# Local Sales Tax

Sales Tax Revenues, Buncombe County, 3-Month Moving Average, Past Five Years as of Sept. 2022



# Permits for New Construction

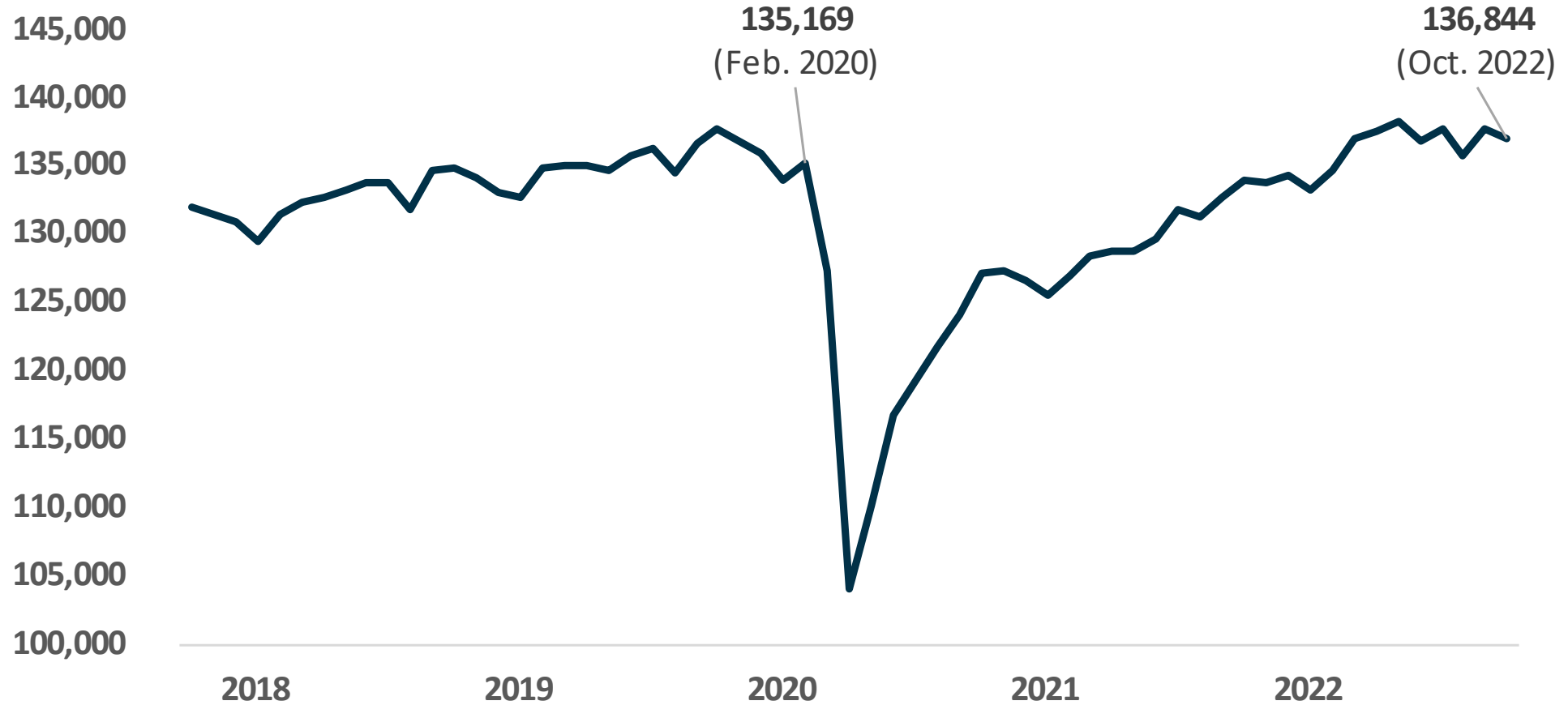
Permits for New Construction, Buncombe County, 3-Month Moving Average, Past Four Years as of May 2022





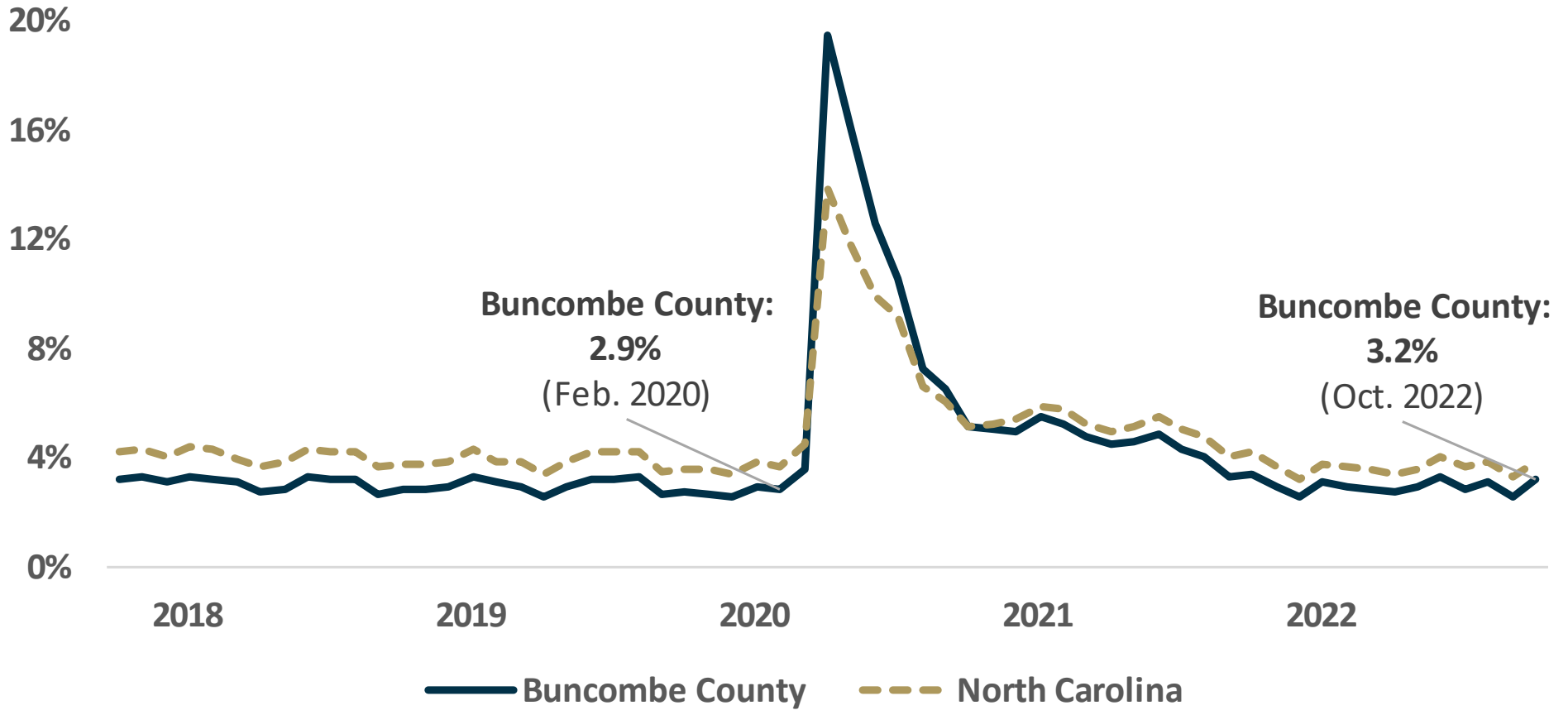
# Employment

Employed Persons, Buncombe County, Past Five Years as of Oct. 2022



# Unemployment

Unemployment Rate, Buncombe County & North Carolina, Past Five Years as of Oct. 2022





# Regional Economic Conditions



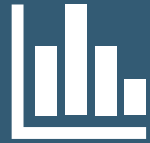
- **High inflation** around 8% YoY, with wage growth around 1% YoY
- **Economic uncertainty**
  - Local sales tax collections strong but slowing
  - Local permitting activity has seen pullback
- **Strong labor market**, with local employment above pre-pandemic levels and unemployment low





# FY24 Budget Planning





# FY24 Budget Drivers

- **Higher expenditure growth expected**
  - Education
  - Inflation
- **Slower revenue growth expected**
  - Non-revaluation year
  - Potential slowing economy

$$\uparrow \text{Expenditures} - \uparrow \text{Revenues} = \text{Less Fund Balance}$$



# Expenditures

## Strategic Plan Priorities

### Community

*Continue annual commitment to community focus areas*

E.g., Affordable Housing, Early Childhood Education, Conservation Easements

## Foundational

### Recurring

*Annual commitment to primary services*

E.g., Staffing, Operating, Education (school systems)

### One-time

*One-time appropriations*

E.g., Capital PAYGO, IT projects, Vehicles



# Expenditures

## Strategic Plan Priorities

### Community

*Continue annual commitment to community focus areas*

E.g., Affordable Housing, Early Childhood Education, Conservation Easements

## Foundational

**59% of FY23 Budget**

### Recurring

*Annual commitment to primary services*

E.g., Staffing, Operating Education (school systems)

**26% of FY23 Budget**

### One-time

*One-time appropriations*

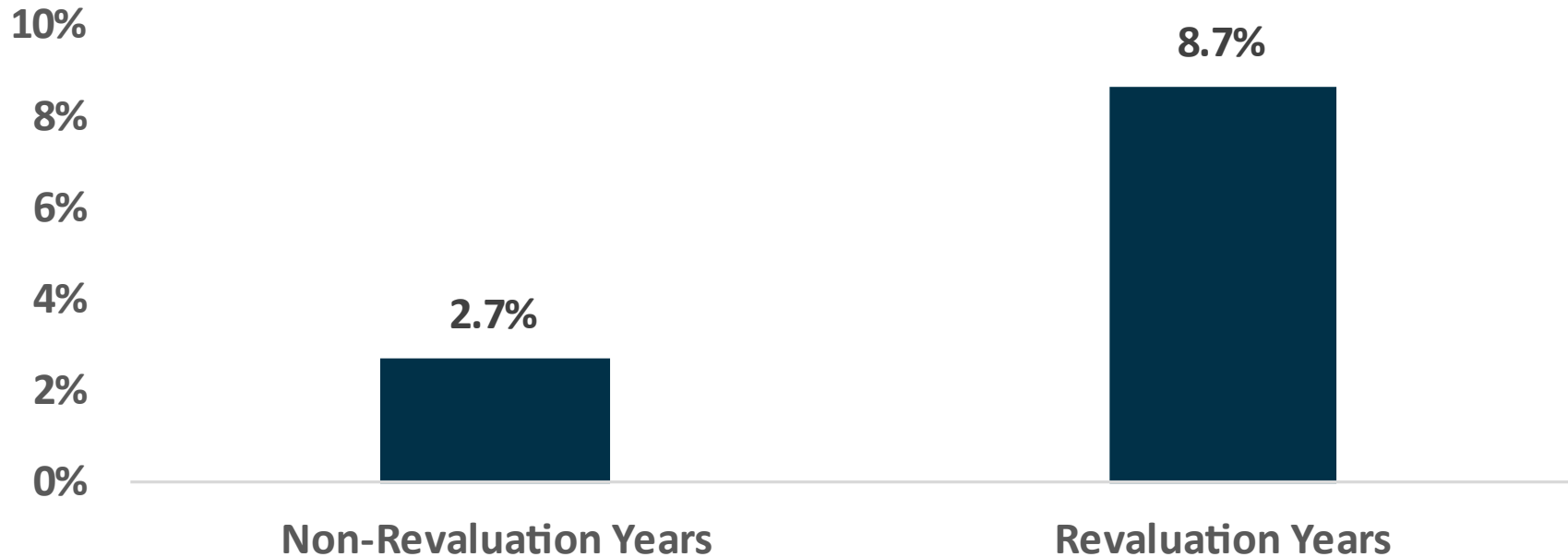
E.g., Capital PAYGO, IT projects, Vehicles



# Revenues – Property Tax

- 63% of General Fund revenues – largest revenue source
- After revaluation in 2021, slower growth is expected in FY23 and beyond

## Property Tax Revenue Average Annual Growth, 2014-2022

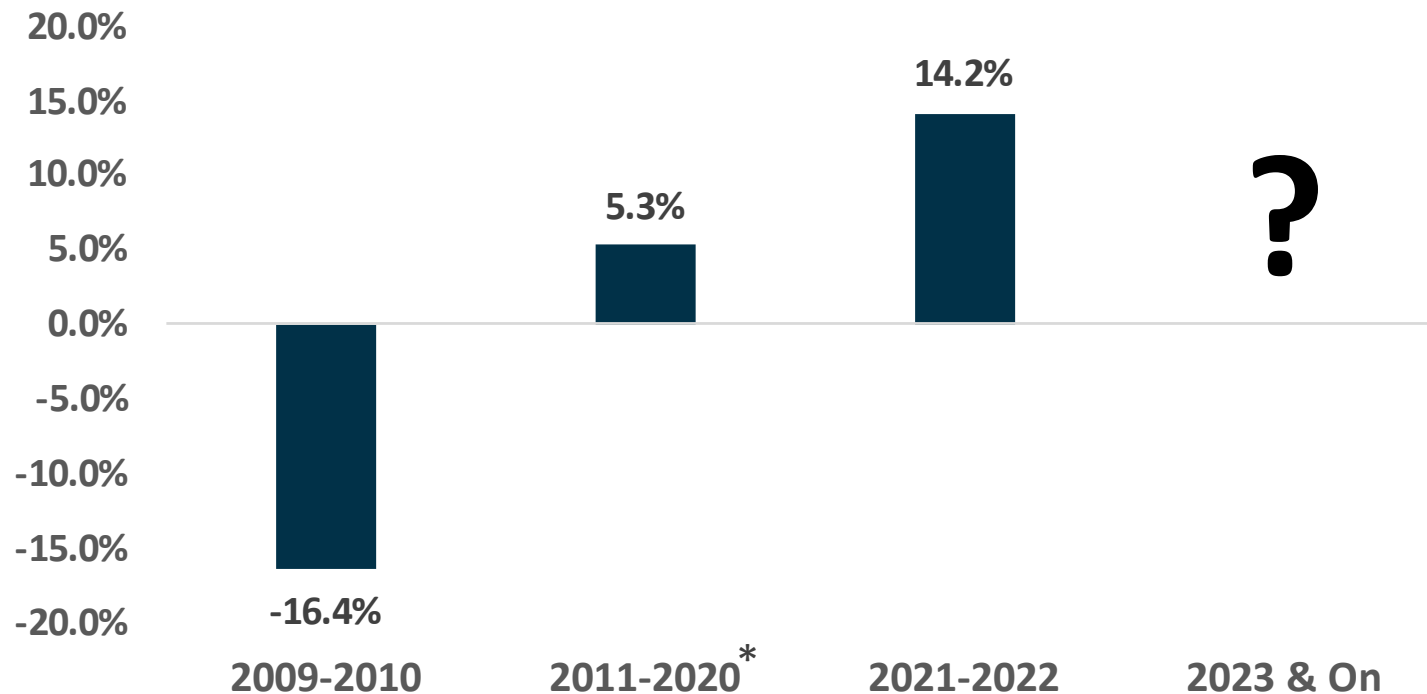




# Revenues – Sales Tax

- 12% of General Fund revenues – 2<sup>nd</sup> largest revenue source
- Volatile with business cycles; uncertainty about economic picture going forward

## Sales Tax Revenue Average Annual Growth, 2009-2022





# Financial Outlook Summary



**Expenditures** – **↑ Revenues** = Less Fund Balance

**GOAL: One-time costs not to exceed one-time revenues (i.e., appropriated fund balance)**

- The current economic reality is an inflationary environment and potentially slowing economy.

