



# FY2026 Budget Work Session

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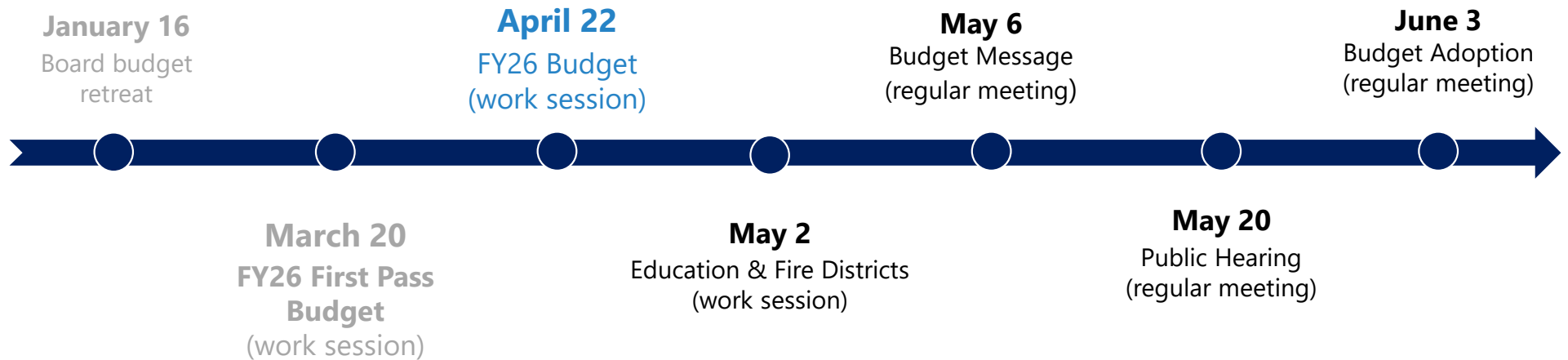
*Presented by*

John Hudson, Budget Director

**April 22, 2025**



# Budget Meetings



# Agenda

- FY2025 Year-End Projections
- Helene Expenditures
- Personnel
- Capital, Vehicles, & ITGC
- Fee Changes
- Education
- FY2026 First & Second Pass Expenditures
- Community Investments
- Balancing Strategies
- Wrap Up



# FY2025 Year-End Projections



# FY2025 Budget Overview

**\$444.2** million  
budgeted expenditures

**\$429.4** million  
budgeted revenues  
(excluding appropriated fund balance)

**\$14.8** million  
appropriated fund balance

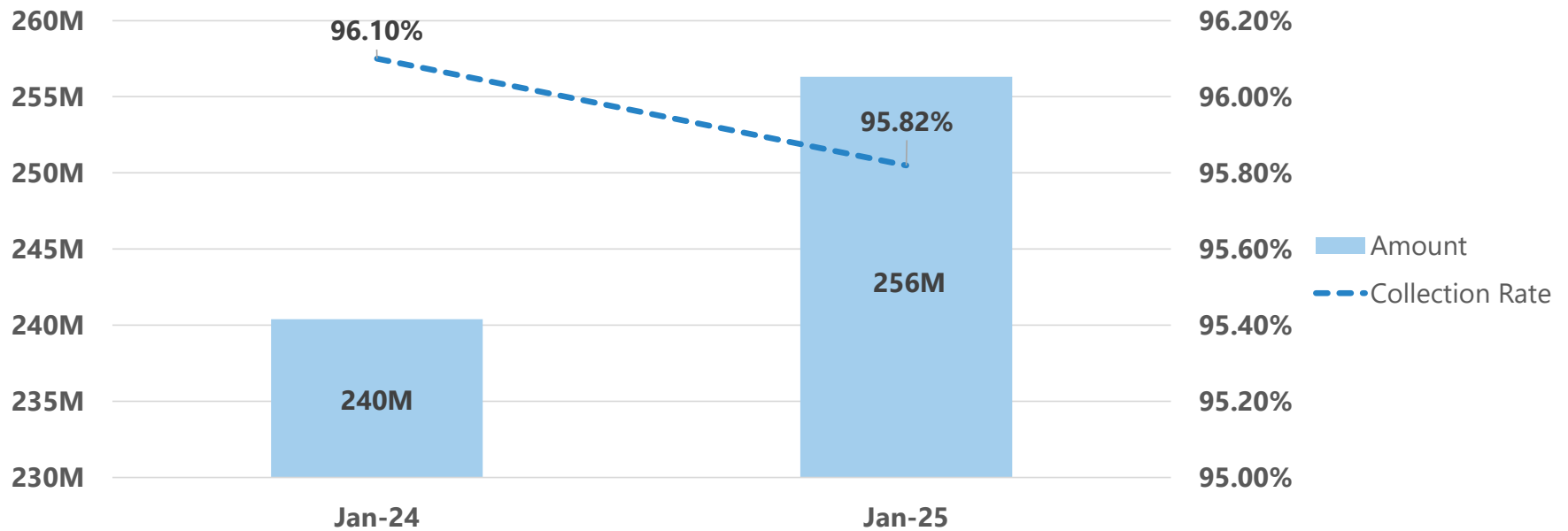
**\$11.8M** adopted  
**\$3.9M** in FY24 carryforwards  
**-\$0.9M** for interfund transfer reduction

**Note:** FY2025 amended budget as of April 16, 2025.



# Buncombe County Collections

## YoY Comparison as of 1/31



**\$436.2** million  
budgeted expenditures

**\$443.7** million  
budgeted expenditures

**\*Note:** Property Tax revenue made up 64% of the FY2024 Adopted revenue budget and 67.5% of the FY2025 Adopted revenue budget.



# Updated FY2025 Revenue Projection

		FY2025 Projections			
Revenue Source (millions of \$)	FY2025 Amended	Jan. Budget Retreat Projection Range		Updated April Projection	Updated Proj. to Amended
Property Tax	278.0	271.5	273.2	272.7	(5.2)
Intergovernmental	49.9	46.2	48.3	49.6	(.4)
Local Option Sales Tax	46.6	39.1	43.2	44.4	(2.2)
Sales & Services	24.9	20.3	21.2	24.0	(.9)
Other Revenues*	30.0	26.0	28.0	25.5	(4.4)
Total	429.4	403.2	413.8	416.3	(13.1)



Revenue projection range is +/- \$1.5M.

**Note:** \$14.8M of appropriated fund balance is budgeted to balance the FY25 budget. \$2.1M of Public Health restricted revenue available for use from 2025-2030 was budgeted in the grants fund.

**\*Note:** Other Revenue includes other taxes and licenses, permits and fees, interfund transfers, bond proceeds, investment earnings, program revenue, and sale of assets. FY2025 amended budget as of April 16, 2025.



# Updated FY2025 Expenditure Projection

Expenditure Category (millions of \$)	FY2025 Amended	FY2025 Projections/Reductions		Proj. to Amended
		Jan. Budget Reductions	FY2025 Projection	
Salaries & Benefits	197.7	-4.2	196.1	-1.6
Education	126.5	-4.8	121.7	-4.8
Program Support	21.7	-2.5	18.5	-3.2
Operating	61.1	-5.1	55.7	-5.4
Debt Service	21.7	0.0	20.8	-0.8
Transfers And Other Financing*	9.9	-0.9	9.9	-0.9*
Capital Outlay	5.1	0.0	5.0	-0.1
Contingency	0.5	0.0	0.0	-0.5
<b>Total</b>	<b>444.2</b>	<b>-17.5</b>	<b>427.6</b>	<b>-17.5</b>

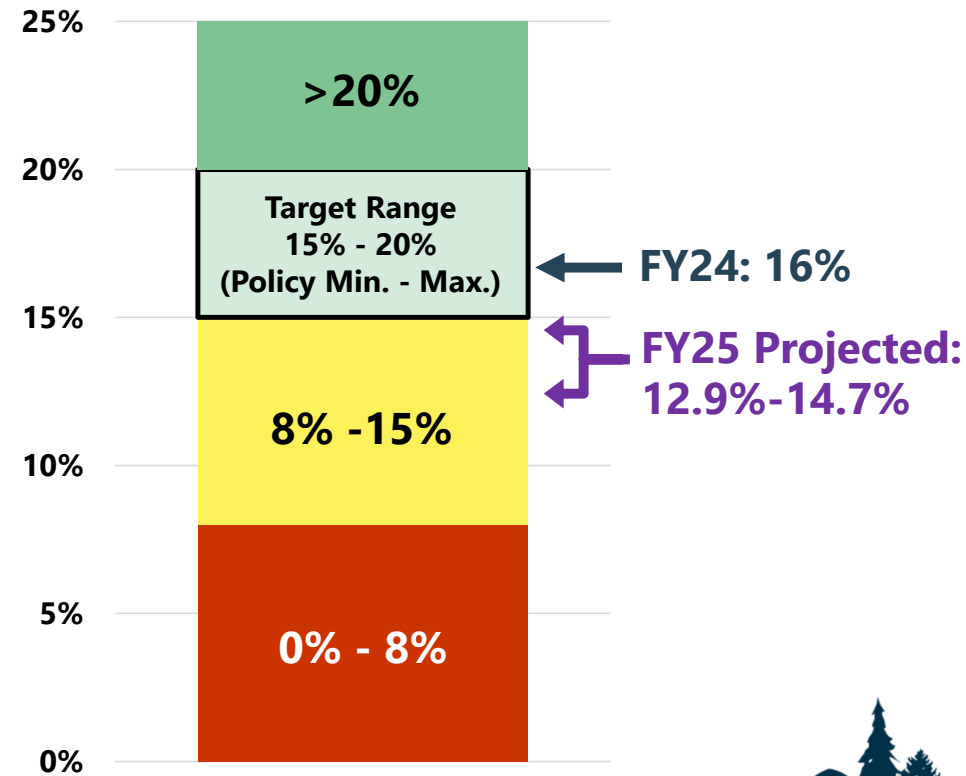
↑  
Expenditure projection range is +/- \$2M.

**\*Note:** Transfers and Other Financing was reduced by \$921,342 by the Board on January 21, 2025. Since it was a reduction that took place, it is shown in the Projection to Amended column as a reduction even though the FY2025 amended budget has already been reduced. FY2025 amended budget as of April 10, 2025.



# FY2025 General Fund Projection

Category	FY25 General Fund Projection Range		
	Lower	Base	Upper
Revenues	\$414.8M	\$416.3M	\$417.8M
Expenditures	\$425.6M	\$427.6M	\$429.6M
Est. FB Use	\$14.8M	\$11.3M	\$7.8M
Est. FB %	12.9%	13.8%	14.7%



**Note:** FY2025 amended budget as of April 16, 2025. Projection based on actuals through March 31, 2025. Numbers may not add up due to rounding.

# FY2025 Projection

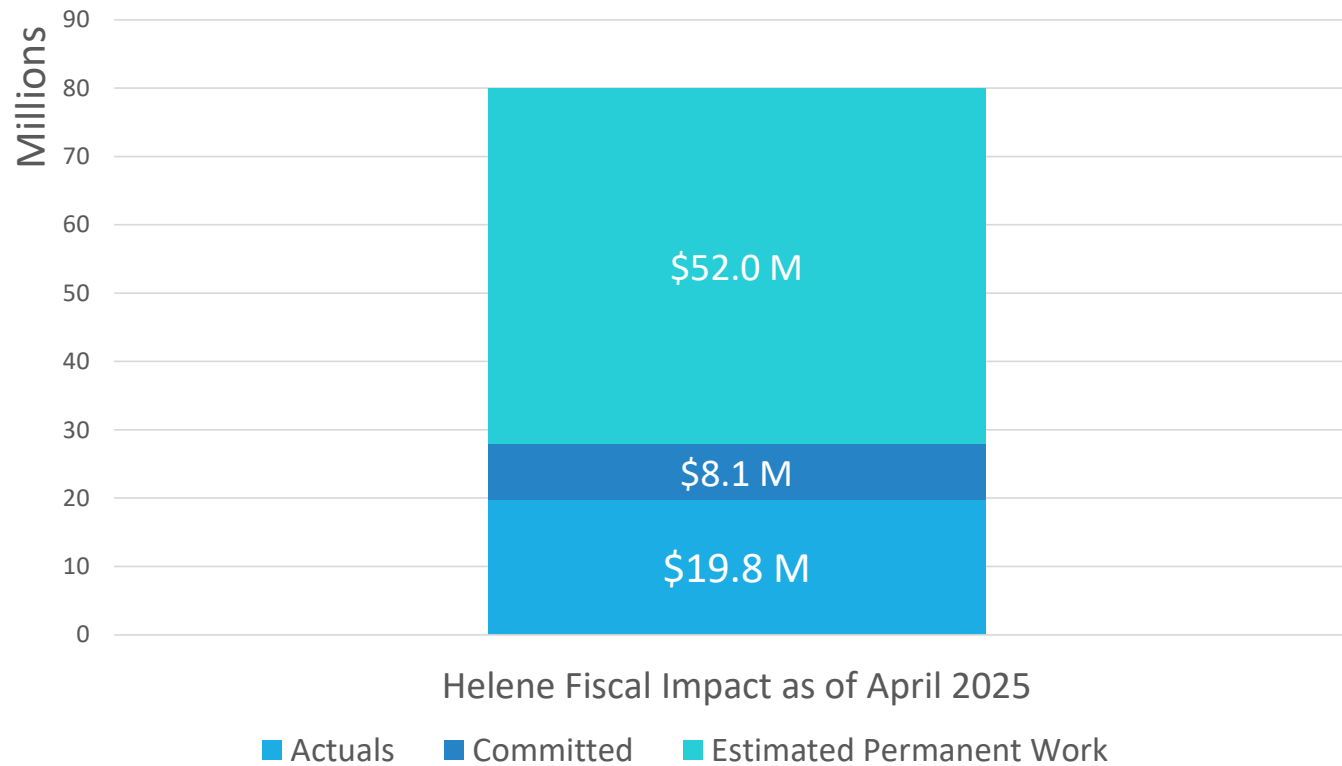
- Questions?



# Helene Expenditures



# Helene Fiscal Impacts

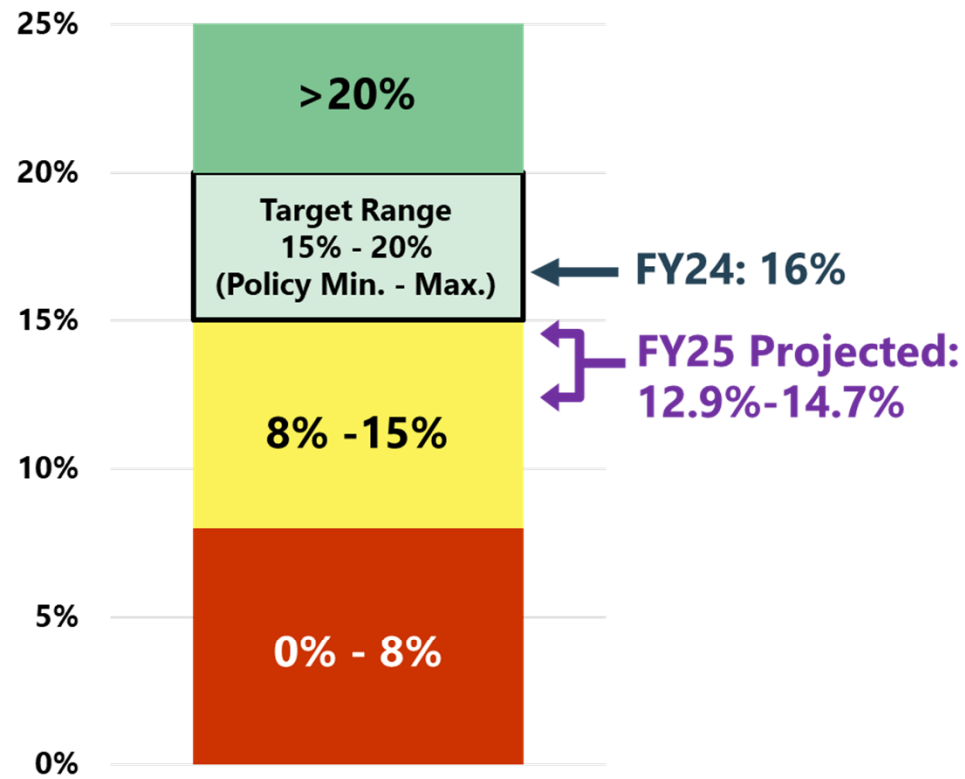


# Helene Cost Recovery

- Expenditure Reimbursement at Risk:
  - Helene Resource Center: \$600K
  - Disaster Recovery Consultant: \$936K
    - Community Navigators: \$486K
    - Recovery Support Coordination: \$145K
    - Program Management: \$76K
    - Emergency Watershed Protection: \$229K
- Fiscal Considerations:
  - Average FEMA reimbursement timeline 3-6 years
  - Available Fund Balance covers Helene costs until reimbursed
    - Every \$4.5M in cost draws down Fund Balance 1%
    - Current cost (\$19.8M) will have ~ 4% reduction in Available Fund Balance



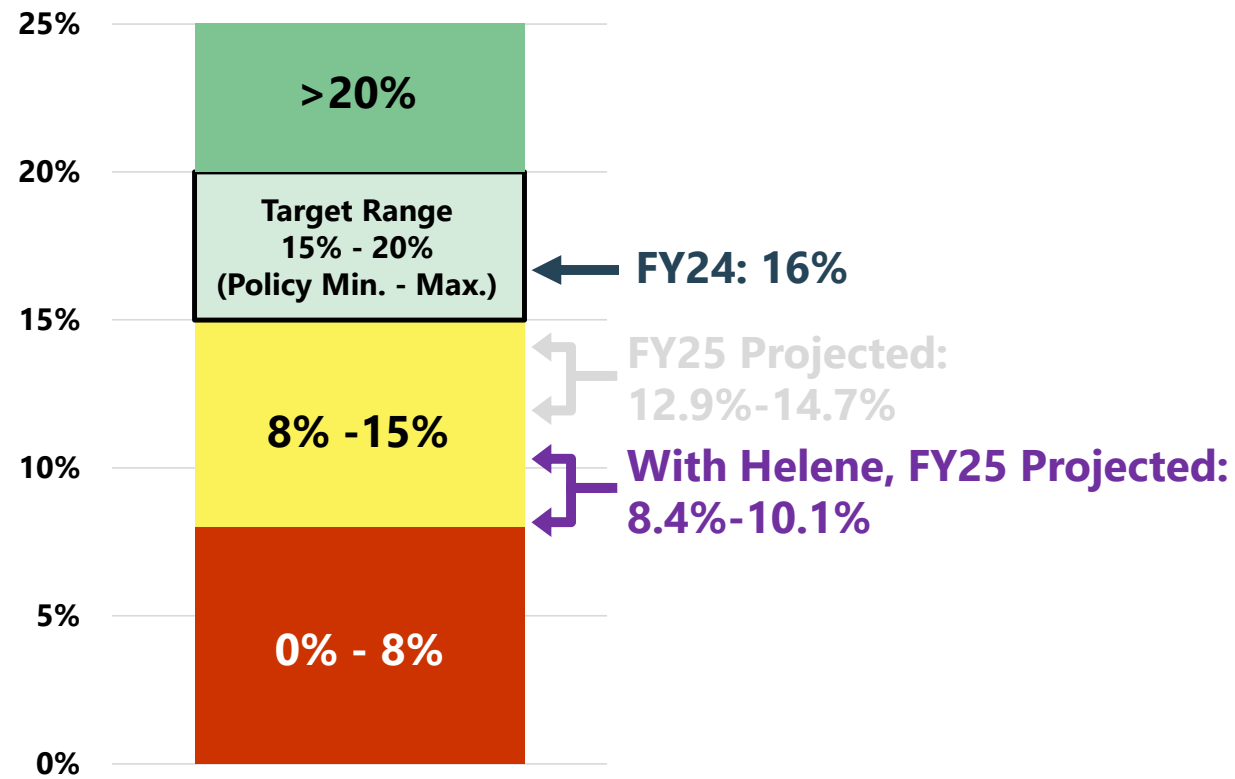
# Helene Fiscal Impacts



**Note:** FY2025 amended budget as of April 16, 2025. Projection based on actuals through March 31, 2025. Numbers may not add up due to rounding.



# Helene Fiscal Impacts



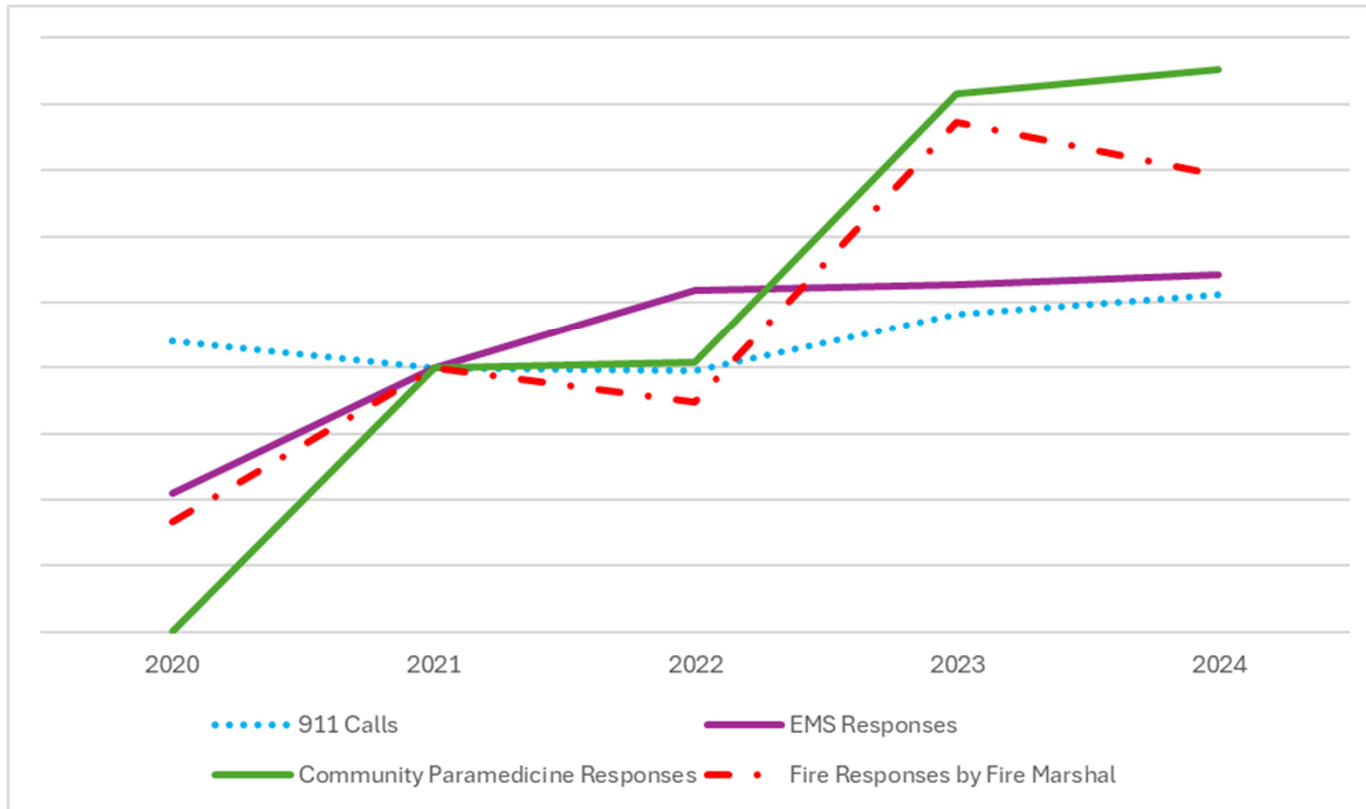
**Note:** FY2025 amended budget as of April 16, 2025. Projection based on actuals through March 31, 2025. Numbers may not add up due to rounding.

# Personnel

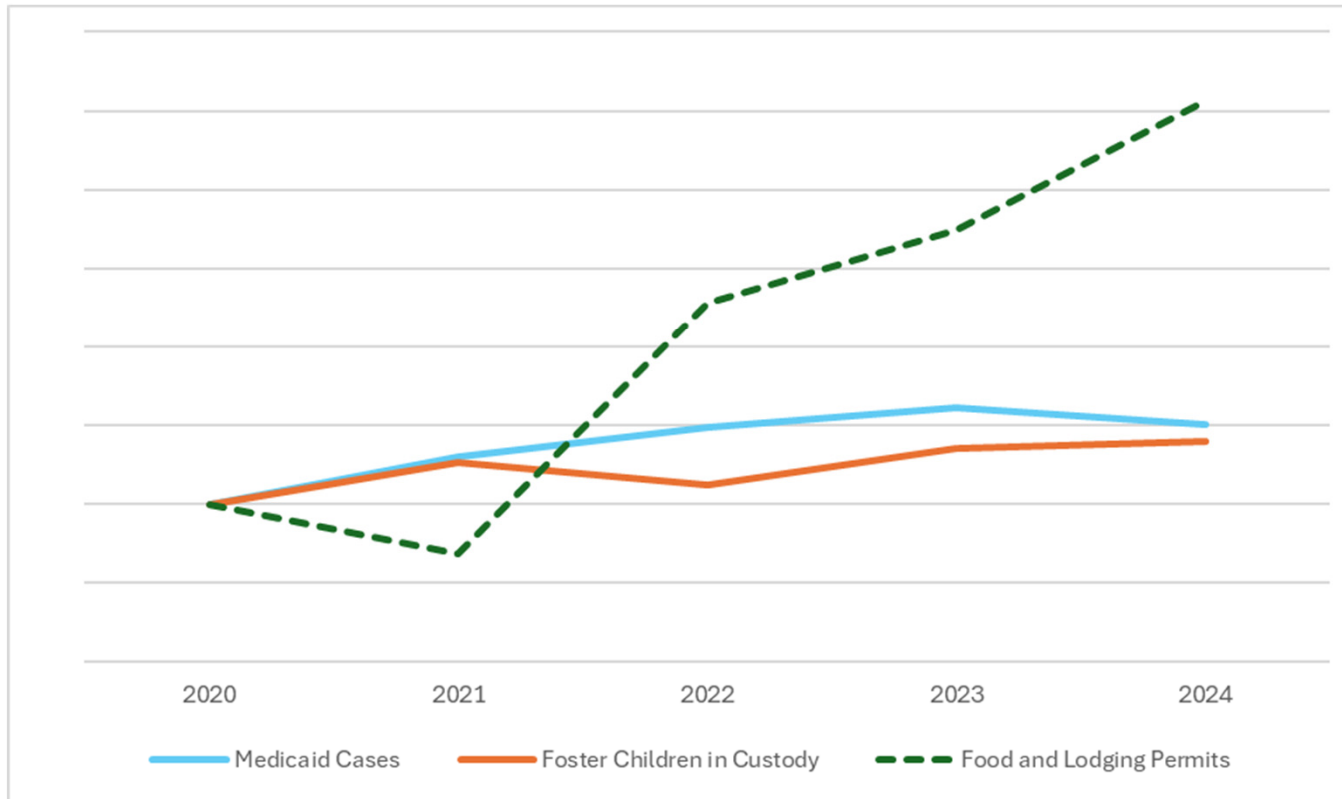




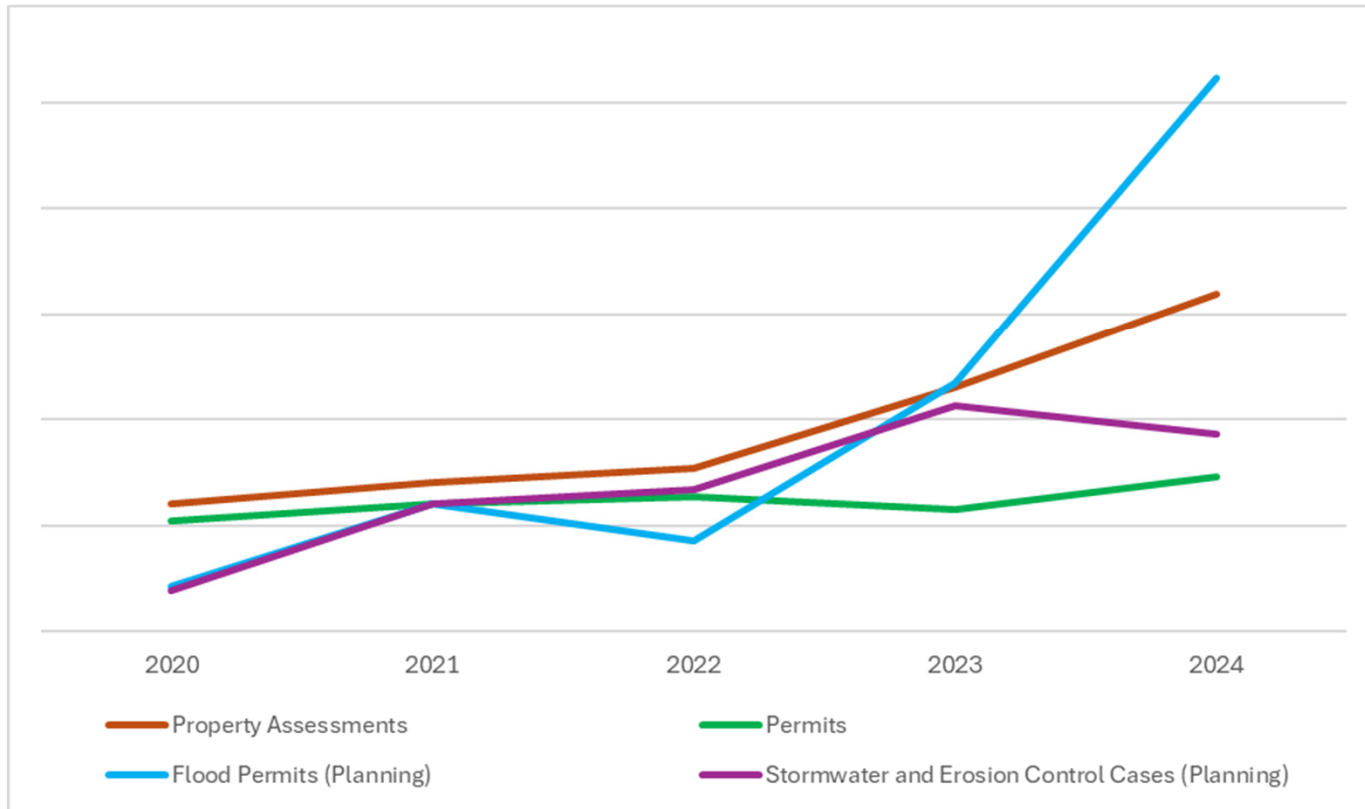
# Public Safety Service Trends



# Health and Human Services Trends



# Economic and Physical Development Trends



# Personnel Requests Not Included

(thousands of \$)

## General Fund Requests

55

Function	Department	Positions	Cost (\$)
Human Services	New Positions	17	1,674*
	Division of Social Services	14	1,342*
	Public Health	3	333

Function	Department	Positions	Cost (\$)
Public Safety	New Positions	3	313
	Detention Center	1	116
	Sheriff's Office	2	197
Public Safety	Reclassifications	1	70

Function	Department	Positions	Cost (\$)
Econ. & Phys. Dev.	New Positions	2	
	Agriculture and Land Resources	1	HR Review
	Planning	1	HR Review
Econ. & Phys. Dev.	Reclassifications	3	38

## Reclassification Requests

8



\*HR Review is included. HR Review indicates that more information would be required for HR to determine classification and compensation.

# Personnel Requests Not Included (cont'd.)

(thousands of \$)

Function	Department	Positions	Cost (\$)
General Government	New Positions	24	1,723*

Budget	1	HR Review
Elections	1	112
Equity & Human Rights Office	1	121
Finance	1	HR Review
Fleet Services	1	92
General Services	9	908*
Legal and Risk	1	HR Review
Strategic Partnership Grants	2	214
Tax Assessment	5	188*
Tax Collections	2	88*

General Government	Reclassifications	4	37*
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Function	Department	Positions	Cost (\$)
Cultural & Rec.	New Positions	9	595*

Library	6	525
Recreation Services	3	70*



General Fund Requests  
55

Reclassification Requests  
8

\*HR Review is included. HR Review indicates that more information would be required for HR to determine classification and compensation.

## Personnel Requests Included

(thousands of \$)

Function	Department	Positions	Cost (\$)
General Government	Reclass - Recovery Manager	1	177



# Cost of Living Adjustment (COLA)

The calculation of the Cost of Living Adjustment is the two-year average annual change in the CPI-W, measured as of the December data release next preceding the date of such presentation. The Board grants the COLA through the annual Budget Ordinance.



# COLA Calculation

## Equation

$$\left( \frac{\text{CPI-W}_{\text{Dec. 2024}} - \text{CPI-W}_{\text{Dec. 2022}}}{\text{CPI-W}_{\text{Dec. 2022}}} \right) = \text{COLA}$$

## FY2026 Calculation

$$\left( \frac{309.067 - 291.051}{291.051} \right) = 3.09\%$$





# Personnel Related Drivers

(millions of \$)

Key Drivers	FY2026 Change
State Retirement	1.1
Health Insurance*	1.5
Non Discretionary Other Post Employment Benefits	1.9
3.09% Cost of Living Adjustment (COLA)	4.8
<b>Salaries &amp; Benefits Key Drivers</b>	<b>9.6</b>

**Note 1:** Retirement rate is estimated to increase from 13.63% to 14.35%; for Law Enforcement: 15.04% to 15.94%

\*: Increases in health insurance results from expected claims and insurance administration costs, not any plan or benefit changes.



# Capital Projects, Vehicles, & ITGC



# FY26 Capital Improvement Plan – Debt Projects

FY26 Recommended Capital Projects	Department	FY2026 Second Pass
FY26 Ambulances*	Emergency Services	\$1.2M
Animal Shelter Renovation & Repair	General Services	\$0.4M
Courthouse Elevators Upgrade	General Services	\$1.1M
Detention Center Facility Assessment Renovation & Repair	Sheriff's Office	\$0.6M
Lake Julian Bathroom Replacement - Fisherman's Trail	Recreation Services	\$0.7M
Radio Tower Roads Repairs	General Services	\$2.4M
<b>Total</b>		<b>\$4.0M</b>

*\*Note: FY26 ambulances purchases will be budgeted in the County Capital Projects Fund (Fund 341) and a resolution was brought to the Board and adopted on 10/1/24 to commit to purchase these vehicles.*

There are no capital projects slated for pay-go funding in FY26 (i.e., having a direct General Fund impact in FY26) – all recommended capital projects are planned to utilize debt funding or outside funding sources, such as federal funding.



# FY26 Capital Improvement Plan – Other Funding Projects

FY26 Recommended Capital Projects	Department	FY2026 Second Pass
Radio Tower Roads Repairs	General Services	\$2.4M
<b>Total</b>		<b>\$2.4M</b>



# FY2026 Recommended Vehicles

Department	Vehicles	Purchase/Lease	FY2026 Second Pass
Sheriff's Office	10 SUVs w/ upfit (replacements)	Purchase	\$588K
Permits & Inspection	2 Hybrid Trucks (replacements)	Lease	\$26K
Solid Waste*	1 Electric Truck (replacement)	Lease	\$13K
<b>TOTAL</b>			<b>\$627K</b>

*\*Note: The lease for the Solid Waste truck will be budgeted in the Solid Waste Enterprise Fund (Fund 466)*

69 new or replacement vehicles were requested during the FY26 budget cycle, with the above ultimately recommended for inclusion after balancing needs with budget constraints.

The above vehicles are separate from the replacement vehicles needed for vehicles damaged during Helene, which are being submitted for insurance proceeds/federal reimbursement.



# FY2026 ITGC Recommendations

Department	ITGC Project	FY2026 Second Pass
Sheriff's Office	Court Enforcement Turnstile Relocation	\$8K
Sheriff's Office	Courthouse Cameras	\$16K
Sheriff's Office	Detention Cameras & Monitors	\$22K
Emergency Services	Warehouse Cellular & Radio Coverage	\$3K
Emergency Services	EMS Inventory Management (FY25 Request)	\$12K
<b>TOTAL</b>		<b>\$61K</b>



# Capital Projects, Vehicles, & ITGC

Questions?



# Charges and Fees





# Credit Card Processing Fees

Credit Card Processing Fees	FY2025 Amended	FY2026 First Pass
Library	1,000	1,200
Recreation Services	5,100	5,100
Permits & Inspections	65,000	75,000
Planning	14,800	14,800
Agriculture and Land Resources	700	600
Finance	4,000	-
General Government	10,300	-
General Services	-	115
Register of Deeds	14,000	14,000
Tax Collections	195,000	172,000
Division of Social Services	1,100	1,000
Public Health	11,000	13,823
Emergency Services	1,390	500
Solid Waste	67,000	80,000
<b>Total</b>	<b>390,390</b>	<b>378,138</b>

\*Debit/Credit Card Processing Fees: An applicable convenience fee may be charged on credit or debit card transactions.



# Solid Waste Tipping Fees

Solid Waste Enterprise Fund	FY25	FY26 Requested
Landfill Tonnage Fee	\$45	\$50
Transfer Station Tonnage Fee	\$52	\$60

## Why increase fees?

- Long-term Planning (Capital)
- Two Year Cycle of Fee Review
- In-Line with Fees in Region and State



# Parks and Recreation Commercial Use Fees

- Fees for non-profit, for-profit, or private businesses using Buncombe County Parks for commercial uses
- Will charge in two tiers – Class 1 (non-profit) and Class 2 (for-profit)
- Includes:
  - Commercial Use Application Fee (\$25 for Class 1 and \$50 for Class 2)
  - Commercial Use Fee (\$1/user for Class 1 and \$2/user for Class 2)



# Charges and Fees

Questions?



# Education



## State Statute

- GS 115C-408 “...it is the policy of the State of North Carolina to provide from **State** revenue sources the **instructional expenses** for current operations  
  
...**facilities requirements** for a public education system will be met **by county governments**.”

Emphasis Added



## State Statute

- GS 115C-426(e) "The **local current expense fund** shall include appropriations sufficient, *when added to appropriations from the State Public School Fund*, for the **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.**"

*Emphasis Added*



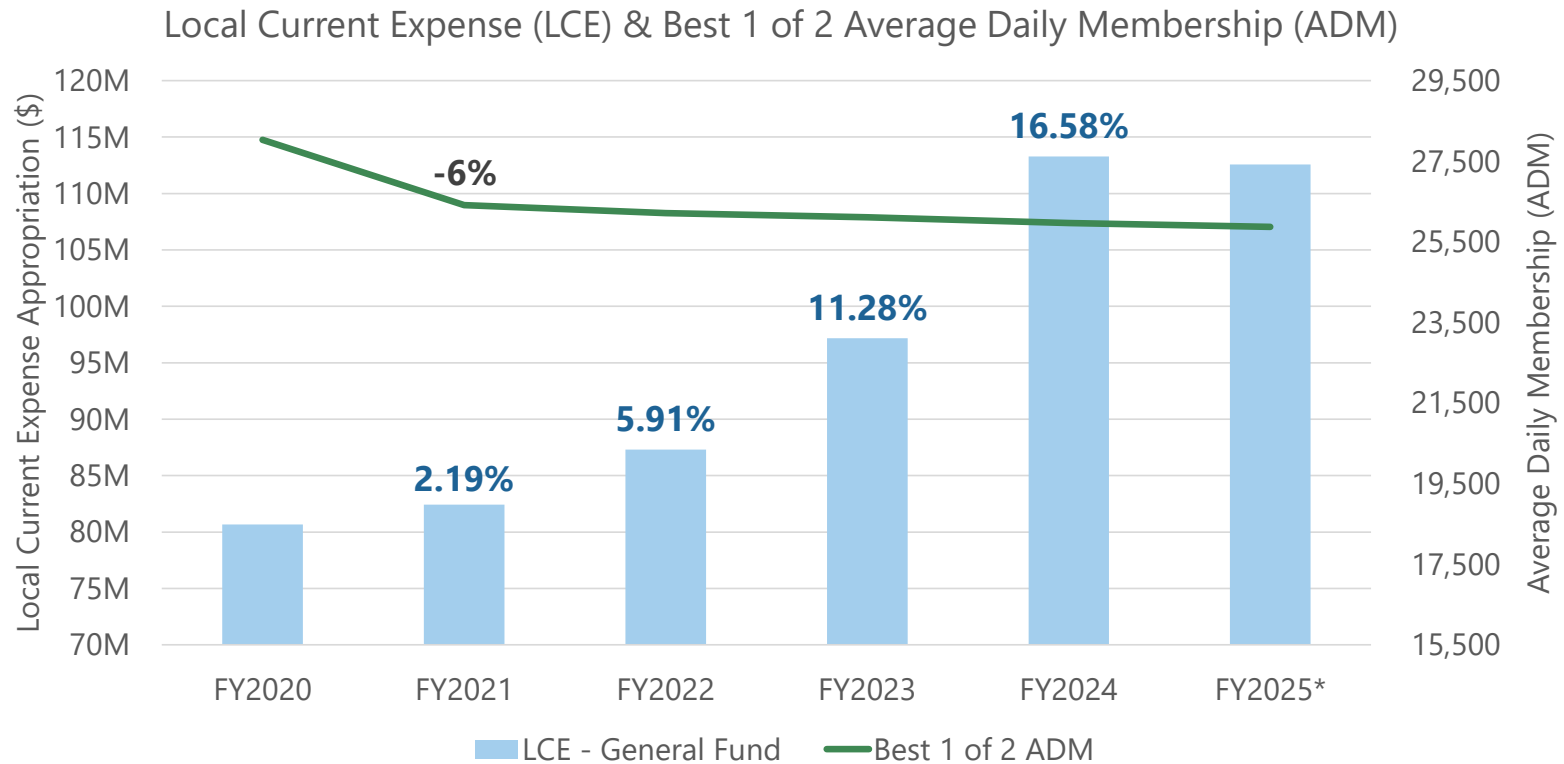
## State Statute

- GS 115C-521(b) Buildings, Furniture, Apparatus
- GS 115C-249(e) Garage and Maintenance Equipment for Buses
- GS 115C-47(25) Liability Insurance
- GS 115C-521(c):524 Maintenance of Facilities
- GS 115C-517 Site Acquisition
- GS 115C-522(c) School Building Supplies, Water and Sewer





# Historical K-12 Funding



\*: Original Budget for FY2025 was \$117M prior to Hurricane Helene related reductions.

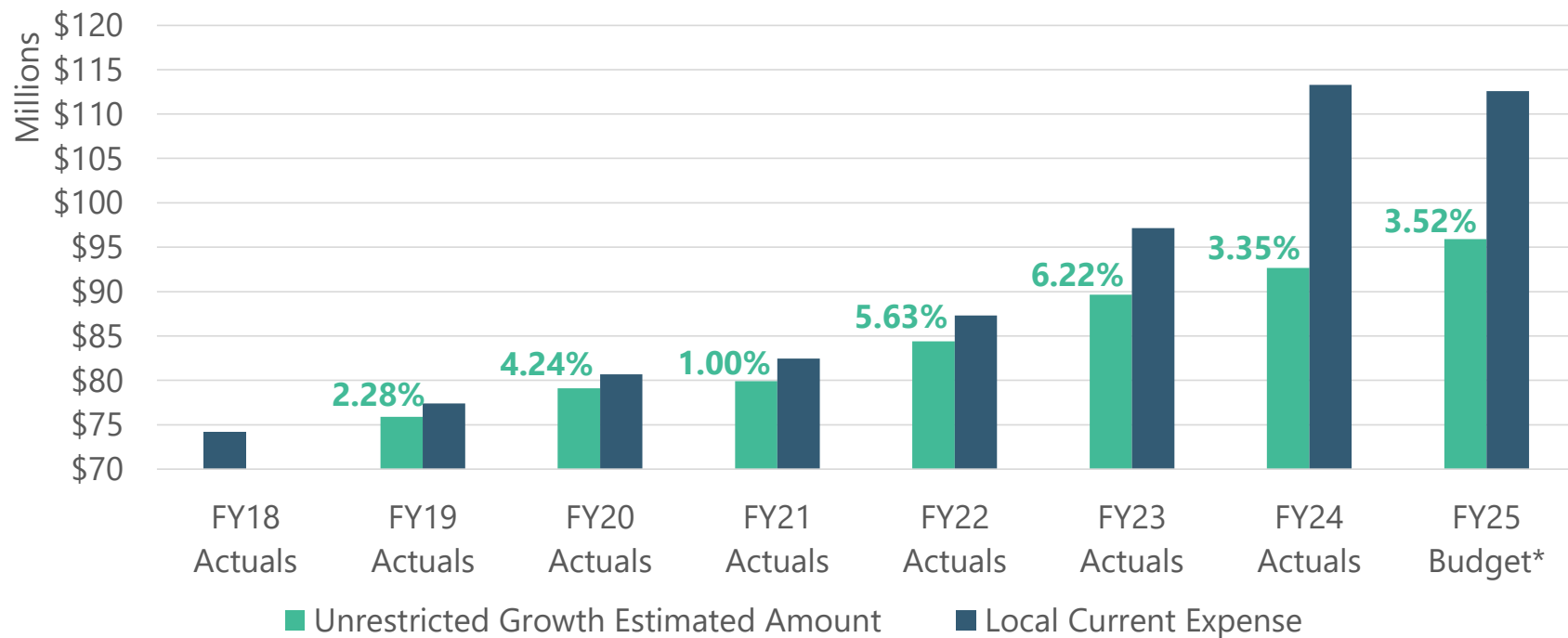
**Note:** Buncombe County is required to split funding on a per ADM basis. Best 1 of 2 is an ADM more closely associated with state funding.

**Source:** NC DPI Student Accounting Data – [Best 1 of 2 Average Daily Membership \(ADM\)](#)



# Historical K-12 Funding

Comparing Unrestricted Revenue Rate & Actual Local Current Expense



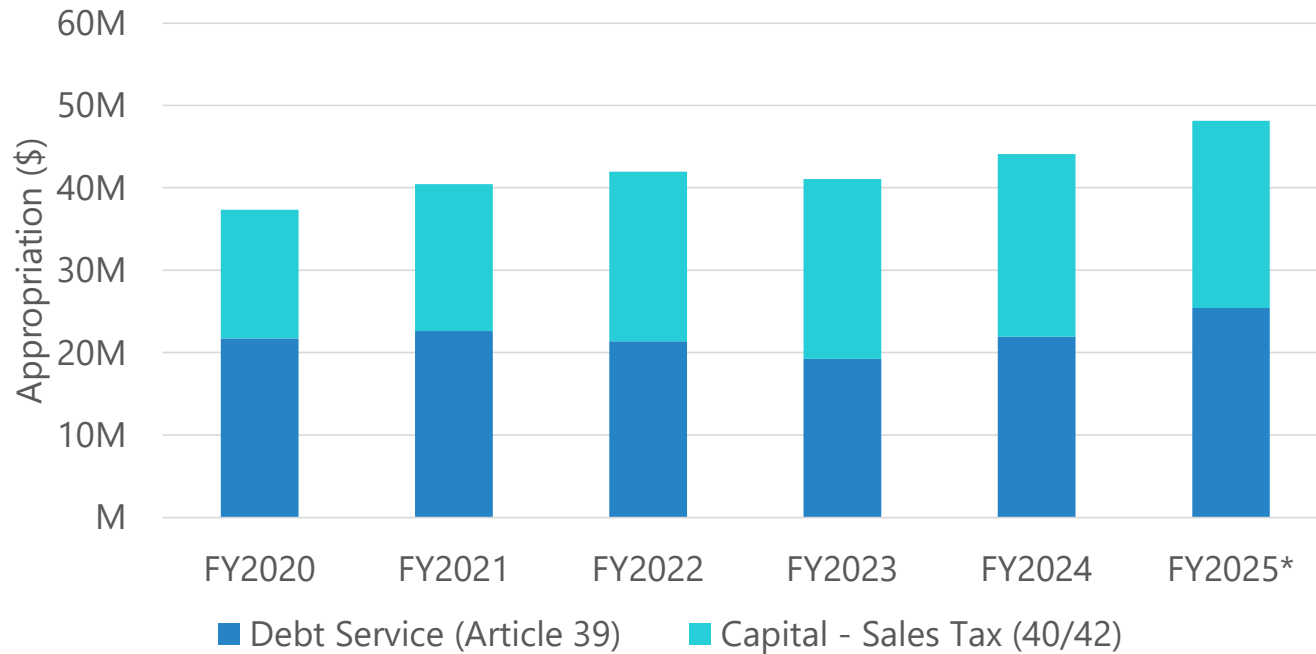
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**Note:** Buncombe County is required to split funding on a per ADM basis. Best 1 of 2 is an ADM more closely associated with state funding.



# Historical K-12 Funding

## Capital K-12 Contributions



\*: FY2025 presents the budgeted amounts rather than actuals.

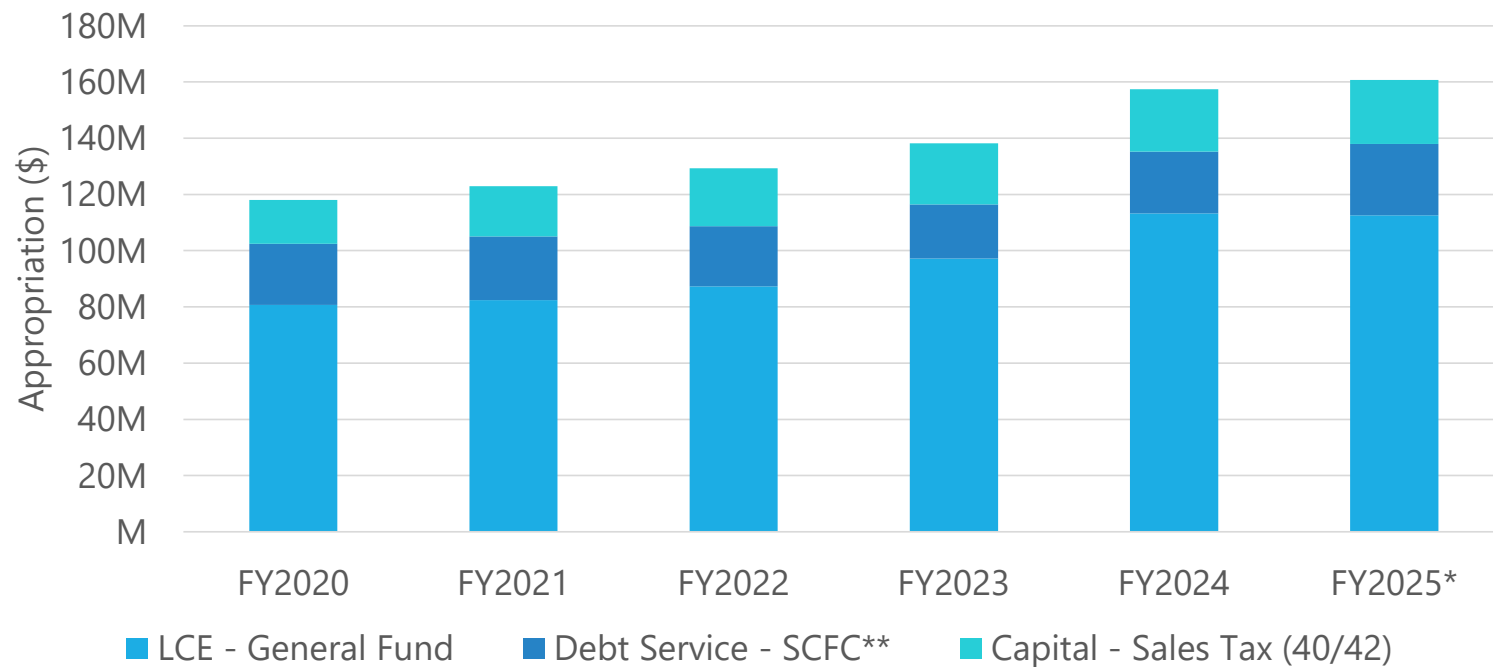
\*\* SCFC is the School Capital Fund Commission. More funds are provided than debt service, but debt service is a more stable reflection of activity.

**Note:** This does not include all dollars going to K-12 schools, but includes major sources of appropriations.



# Historical K-12 Funding

Major K-12 Expenses Across Funds



\*: FY2025 presents the budgeted amounts rather than actuals.

\*\*:: SCFC is the School Capital Fund Commission. More funds are provided than debt service, but debt service is a more stable reflection of activity.

**Note:** This does not include all dollars going to K-12 schools, but includes major sources of appropriations.



# Education

## Questions?



# FY2026 Expenditures



# FY2026 Budget Version Changes

(millions of \$)

Function	FY2025 Amended	FY2026 First Pass	FY2026 Second Pass	Second Pass to Amended
Education (Placeholder)	122.0	121.5	121.5	(0.5)
Public Safety	95.8	105.2	99.2	3.4
Human Services	97.4	100.3	97.4	0.0
General Government	74.9	69.4	67.2	(7.7)
Debt	21.7	20.0	17.0	(4.7)
Other Financing Sources	9.9	12.9	12.4	2.5
Cultural and Recreational	11.3	12.7	12.3	1.0
Economic & Physical Development	11.2	11.1	10.8	(0.3)
<b>Expenditure Total</b>	<b>444.2</b>	<b>453.1</b>	<b>438.0</b>	<b>-6.2</b>
<b>Revenue Total</b>	<b>429.4</b>	<b>413.1</b>	<b>415.5</b>	<b>-13.9</b>
<b>Gap Between Rev. and Exp.</b>	<b>-14.8</b>	<b>-39.9</b>	<b>-22.5</b>	



# FY2026 Second Pass Changes

(millions of \$)

## Major Revenue Changes (FY2026 Second Pass)

Increased ad val collection rate to 98.75%/updated taxable value estimates	+2.1
Increased ambulance revenue	+1.3
Reduced bond proceeds to match recommended vehicle reduction	-1.2
<b>Total</b>	<b>+2.2</b>

## Major Expenditure Changes (FY2026 Second Pass)

Lapsed Salary	-7.5
Reduced debt service from debt refunding	-3.0
Reduced operating expenses/program support	-2.9
Reduced recommended vehicle purchases	-1.2
Reduced Transportation Fund transfer	-0.4
<b>Total</b>	<b>-15.1</b>





# Discretionary Community Investments

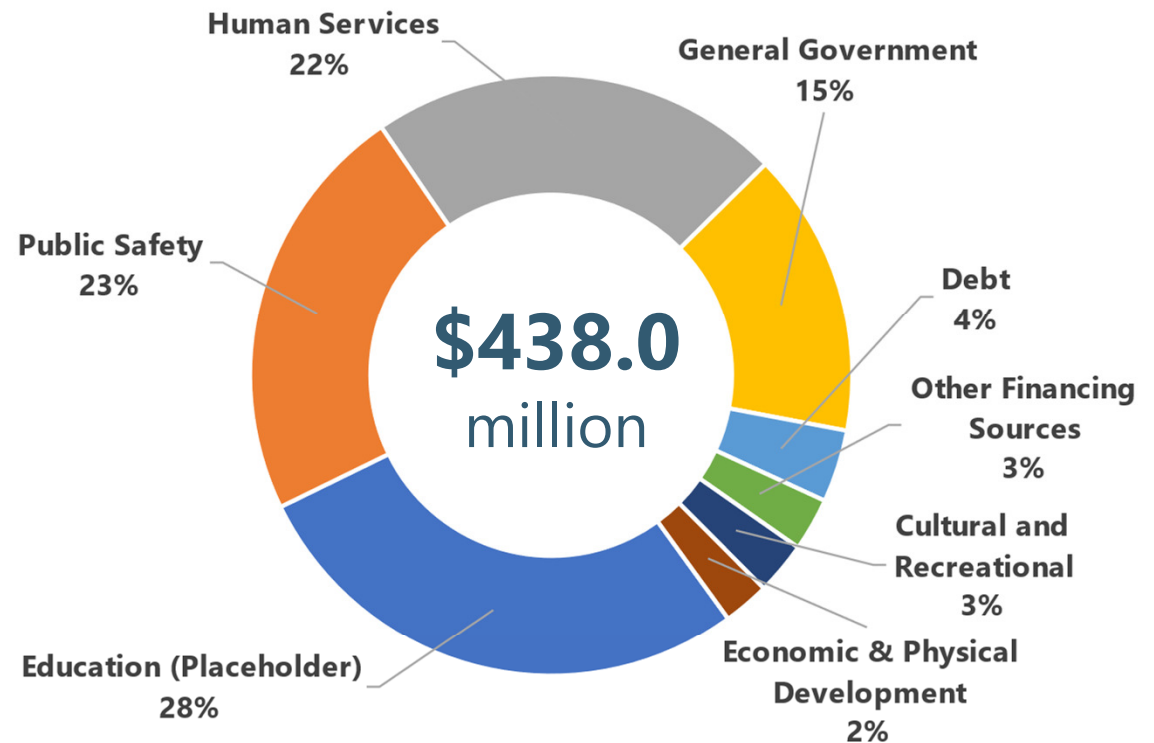
Discretionary Community Investments		Amount
Competitive Applications	Early Childhood Education	\$3,974,691
	Affordable Housing Services Program (AHSP)	\$2,311,845
	Strategic Partnership Grants	\$900,000
	Isaac Coleman Grants	\$500,000
	HCCBG Buncombe Co. Supplemental Aging Funds	\$500,000
	Tipping Point Grants	\$100,000
	Community Recreation Grants	\$100,000
	<b>Subtotal:</b>	<b>\$8,386,536</b>
Specialized Programs	Conservation Easements	\$750,000
	Reparations Contribution	\$530,604
	Homeowner Grant Program	\$280,000
	ARTS Funding	\$129,788
	Career Academy	\$94,000
	School Community Impact funds	\$80,000
	CAYLA	\$65,000
	<b>Subtotal:</b>	<b>\$1,929,392</b>
	<b>Total:</b>	<b>\$10,315,928</b>



# FY2026 Second Pass: Expenditures

(millions of \$)

Function	FY2026 Second Pass
Education (Placeholder)	121.5
Public Safety	99.2
Human Services	97.4
General Government	67.2
Debt	17.0
Other Financing Sources	12.4
Cultural and Recreational	12.3
Economic & Physical Development	10.8
<b>Total</b>	<b>438.0</b>

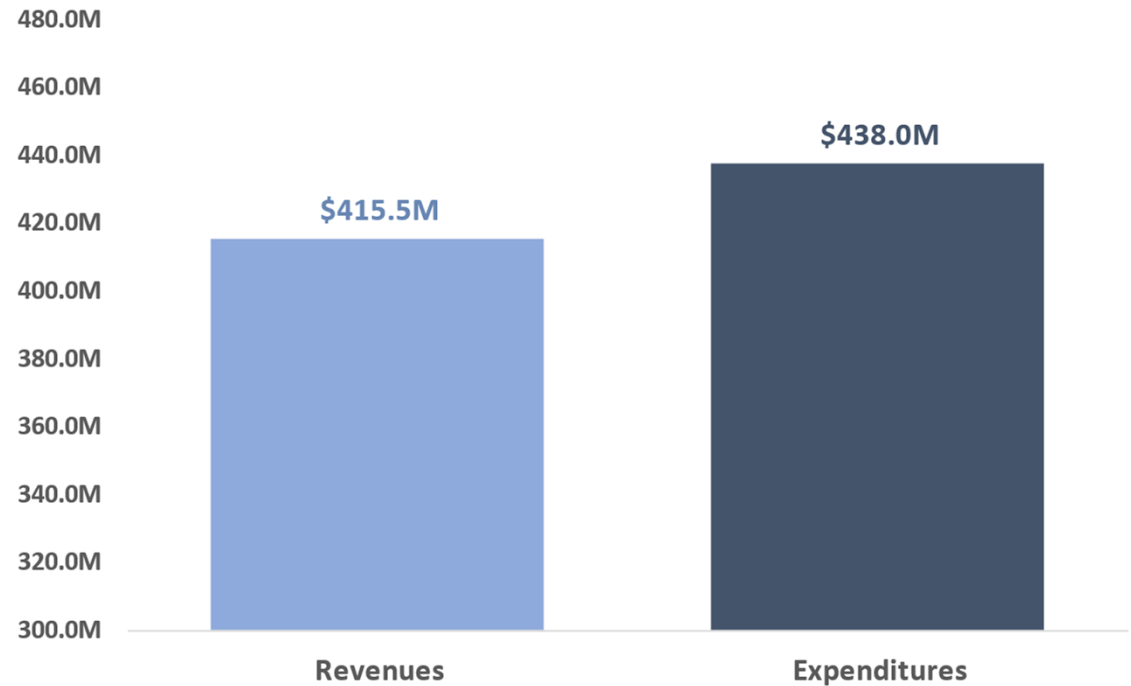


# Total FY2026 Second Pass Budget

**\$415.5** million  
projected revenues  
(excluding appropriated fund balance)

**\$438.0** million  
projected expenditures

**\$22.5** million  
projected gap



# FY2026 Expenditures

Questions?



# Balancing Strategies



# Plan for Future Fiscal Sustainability

Per County Policy, “if fund balance is appropriated to balance the following year’s budget in an amount that, if spent, would reduce the percentage below 15% an explanation of the circumstances of the utilization and a plan to save or replenish the fund balance will be included in the transmittal letter of the Comprehensive Annual Financial Report”

## Plan for Future Fiscal Sustainability:

- Balancing Strategies for FY26
- Reappraisal for FY27



# Roadmap to Balanced Budget

Example Scenarios	To Balance Budget...	Est. FB %	To Cover Helene Expenditures...	Est. FB %
No Revenue Increase	↓ <b>\$22.5M</b> Expenditures	8.7%	N/A	8.7%
No Expenditure Reductions	↑ <b>\$22.5M</b> Revenues	8.2%	↑ <b>\$41.9M</b> Revenues	12.7%
↓ <b>\$10.0M</b> Expenditures	↑ <b>\$12.5M</b> Revenues	8.4%	↑ <b>\$31.9M</b> Revenues	13.0%
↓ <b>\$15.0M</b> Expenditures	↑ <b>\$7.5M</b> Revenues	8.5%	↑ <b>\$26.9M</b> Revenues	13.1%

**Note:** Calculations are based on the ending fund balance of the lower end of the FY25 projection range. Numbers may not add up due to rounding.



# Balancing Strategies

- ✓ Personnel strategies
- ✓ Deferring capital
- ✓ Expenditure reductions
- ❑ Increasing revenue





# Personnel Strategies

## No New Positions

55 Positions Requested  
9 Reclassifications Requested

**Only Submitting 1 Reclass:**  
Recovery Manager



## Lapsed Salary

With outlook on turnover:  
Budget Salaries at 96.5%

**\$7.5M Savings**



## COLA

**3.09%:** \$4.8M

**Oct 1:** Savings of \$1.1M

**Jan 1:** Savings of \$2.6M



# Deferring Capital

## No Pay-GO Funding

All recommended capital projects are slated to be funded by debt or outside funding sources (i.e., federal funding).



## Utilize Debt Funding

\$4.6M in debt funded costs

- \$4.0M capital projects
- \$0.6M vehicles

No FY26 debt service costs from FY26 capital projects or vehicles.



## Reduce Operating Capital Outlay/ITGC

\$367K in non-vehicle capital outlay in General Fund

- \$282K in EMS equipment
- \$85K in park safety measures due to Helene damage

\$61K in ITGC projects



# Expenditure Reductions

## General Operating/Program Support Reductions

**\$2.8M**

(compared to First Pass)

Total Operating/Program Support (excl. Education) is **\$5.4M below FY25 Amended**



## Education

Return to FY25 Adopted Less Unrestricted Revenue Rate:

**Total Reduction: \$4.1M**



## Discretionary Community Investments

**\$10.3M**

Targeted Reductions?

FY26 Pause?



# Increasing Revenue

Example Scenarios	To Balance Budget...	Est. FB %	To Cover Helene Expenditures...	Est. FB %
No Expenditure Reductions	↑ 4.31¢	8.2%	↑ 8.03¢	12.7%
↓ \$10M Expenditures	↑ 2.39¢	8.4%	↑ 6.11¢	13.0%
↓ \$15M Expenditures	↑ 1.44¢	8.5%	↑ 5.16¢	13.1%

*Note: 1¢ property tax rate increase = ~\$5.23M in FY26 (@ 98.75% collection rate)*

**Note:** Numbers may not add up due to rounding.



# Discussion



# Wrap Up and Next Steps



## Next Steps

- May 2 – Education and Fire Districts
- May 6 – Manager’s Recommended Budget
- May 20 – Public Hearing on Recommended Budget
- June 3 – Budget Adoption

