



FY2026 Budget Work Session

Presented by

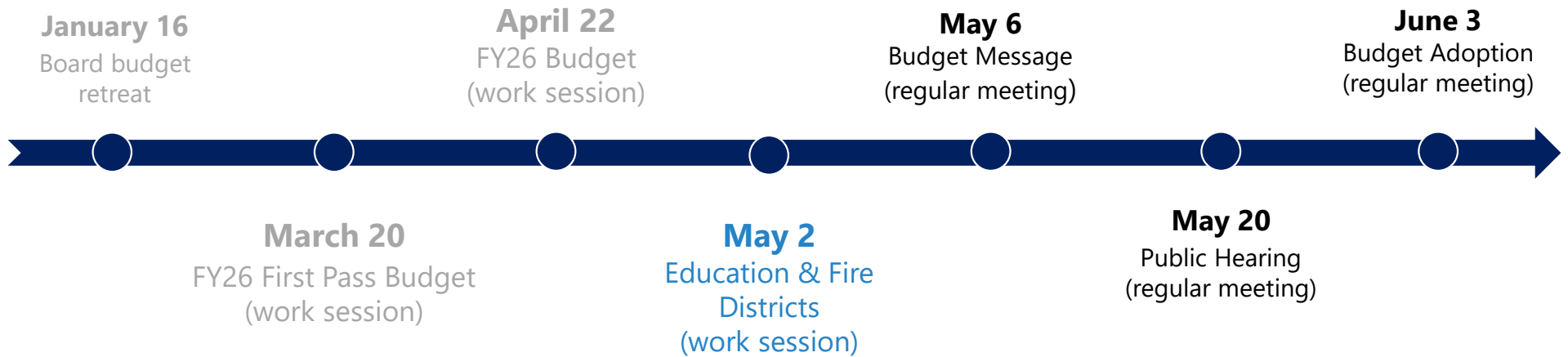
John Hudson, Budget Director

May 2, 2025



BUNCOMBE COUNTY

Budget Meetings



Agenda

- What's In Your Packet
- Fire District Tax Rates
- School Capital
- Education Discussion

BREAK

- Education Presentations
 - AB Tech
 - BCS
 - ACS
- Budget Changes Since Last Work Session
- Next Steps



What's In Your Packet

- Unassigned GO Bond Dollars
- School Capital Commission Project List
- NCACC Education Data Comparison
- Public School Forum Analysis
- Draft Classification and Compensation Plan
- Education Presentations
- Supplemental HCCBG Information
- Grant Recommendations



Fire District Tax Rates



FY2026 Requested Tax Rates

Tax District	FY2025 Tax Rate	FY2026 Requested Tax Rate
Asheville Special	8.36	8.36
Asheville Suburban	8.97	8.97
Barnardsville	22.00	22.00
Broad River	16.00	16.00
East Buncombe	10.69	10.69
Enka-Candler	12.00	13.50
Fairview	16.00	16.00
French Broad	22.20	23.20
Garren Creek	13.84	13.84
Jupiter	12.75	12.75

Tax District	FY2025 Tax Rate	FY2026 Requested Tax Rate
Leicester	14.03	14.03
North Buncombe	12.27	12.27
Reems Creek	15.07	15.07
Reynolds	11.24	13.11
Riceville	16.60	16.60
Skyland	9.80	9.80
Swannanoa	14.00	15.00
Upper Hominy	19.00	20.60
West Buncombe	13.50	15.00
Woodfin	10.59	10.59



Enka-Candler's Request

- FY2025 Tax Rate = 12.00
- FY2026 Request = 13.50
- The 1.5 cent increase generates an additional \$488,110
- Reduced initial increase request after discussions with Budget Office and County Manager
- Prior years tax rate data:

FY20	FY21	FY22 Revenue Neutral	FY22	FY23	FY24	FY25
10.50 – Up from 9.00 in FY19	10.50	9.80	10.50	10.50	12.00	12.00



French Broad's Request

- FY2025 Tax Rate = 22.20
- FY2026 Request = 23.20
- The 1.0 cent increase generates an additional \$42,493
- Prior years tax rate data:

FY20	FY21	FY22 Revenue Neutral	FY22	FY23	FY24	FY25
17.00 – Up from 15.00 in FY19	17.00	15.21	17.20	17.20	22.20	22.20



Swannanoa's Request

- FY2025 Tax Rate = 14.00
- FY2026 Request = 15.00
- The 1.0 cent increase generates an additional \$132,715
- Property tax revenue projected to be down due to Helene
- Prior years tax rate data:

FY20	FY21	FY22 Revenue Neutral	FY22	FY23	FY24	FY25
14.00	14.00	12.25	14.00	14.00	14.00	14.00



Upper Hominy's Request

- FY2025 Tax Rate = 19.00
- FY2026 Request = 20.60
- The 1.6 cent increase generates an additional \$95,917
- Prior years tax rate data:

FY20	FY21	FY22 Revenue Neutral	FY22	FY23	FY24	FY25
14.50	16.50	15.24	16.56	16.56	19.00	19.00



West Buncombe's Request

- FY2025 Tax Rate = 13.50
- FY2026 Request = 15.00
- The 1.5 cent increase generates an additional \$304,843
- Prior years tax rate data:

FY20	FY21	FY22 Revenue Neutral	FY22	FY23	FY24	FY25
14.00 – Up from 13.00 in FY19	14.00	12.67	13.50	13.50	13.50	13.50



Reynolds' Request

- FY2025 Tax Rate = 11.24
- FY2026 Request = 13.11
- The 1.87 cent increase generates an additional \$190,221
- Maintains substantial fund balance
- Prior years tax rate data:

FY20	FY21	FY22 Revenue Neutral	FY22	FY23	FY24	FY25
12.30	12.30	11.24	11.24	11.24	11.24	11.24



Fire District Tax Rates

Questions?



School Capital



School Capital Fund Commission

Purpose

To review eligible capital project requests from Asheville City Schools and Buncombe County Schools and make recommendations to the Board of Commissioners for funding, using Article 39 sales tax.

Authorizing Legislation

Session Law 1983 – Established Commission

Session Law 2016 – Established \$100k min. project threshold; established prioritization requirement (as opposed to allocation based on ADM); established model we currently work with today



School Capital Fund Commission

Funding Source

Article 39 Sales Tax (1/2 of Article 39 revenues collected by Buncombe County)

Project Criteria

- ❖ Be greater than \$100,000
- ❖ Correct Safety and Health Concerns
- ❖ Comply with Legal Requirements
- ❖ Maintain Lowest Life-Cycle Cost
- ❖ Improve the Educational Environment



School Capital Fund Commission

5 Year Funding History

Fiscal Year	Ending Fund Balance in millions	Total Funded in millions	# of Top Priority Projects Requested	# of Projects Funded	% of Requests Funded
2025	\$41*	\$15	26	10	38%
2024	\$67	\$40	30	30	100%
2023	\$34	\$31	23	23	100%
2022	\$41	\$22	22	22	100%
2021	\$16	\$17	18	14	78%
Total		\$125M	119	99	83%

*Projection

Note: Average annual ½ Article 39 Sales Tax Revenue is approximately \$27M

Note: Amounts above represent Board of Commissioner approved annual funding cycle recommendations. An additional \$2M was allocated in FY22 and an additional \$750k was allocated in FY25 due to increased costs for previously approved projects.



Education Discussion



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



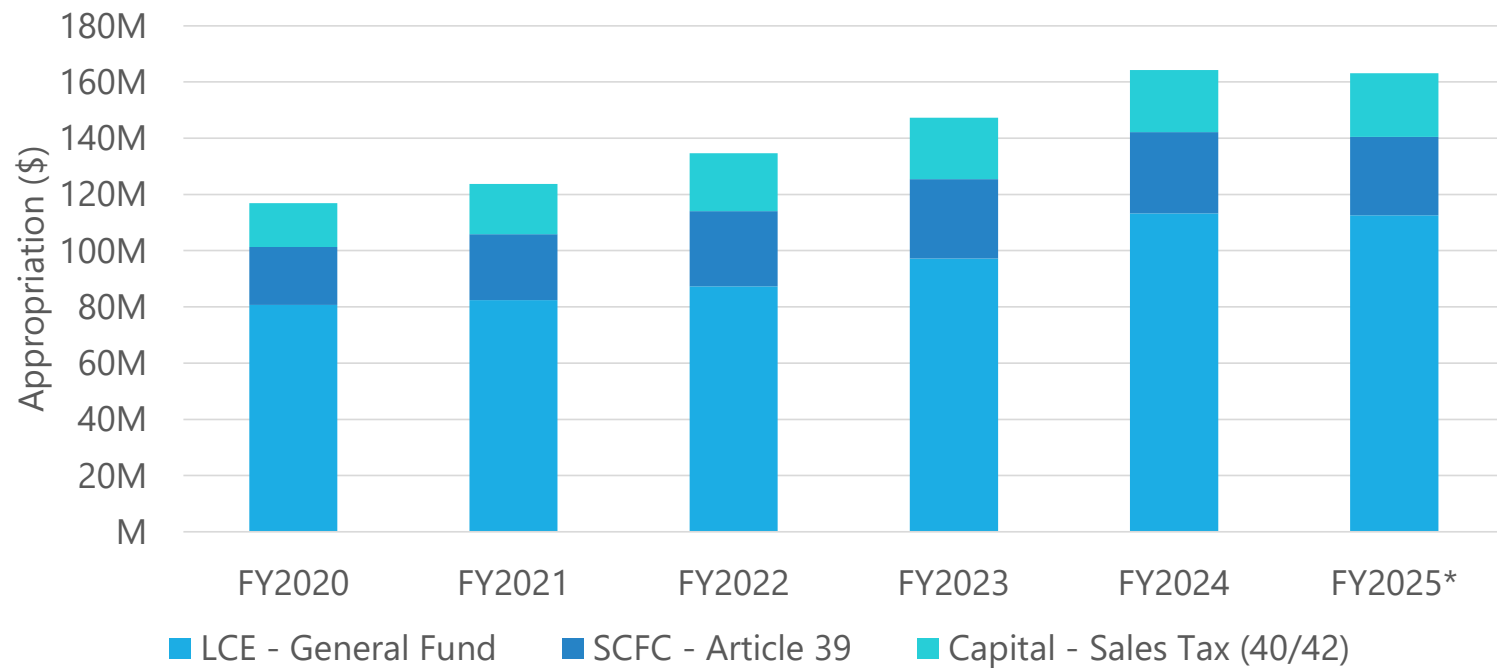
State Statute

- 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

Major K-12 Expenses Across Funds



*: FY2025 presents the budgeted (or projected for Article 39) amounts rather than actuals.

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



K-12 Peer Comparison (NCACC Data)

County	Total Expenditures (FY24)	Best 1 of 2 ADM (FY24)	Total Exp / ADM
Orange*	\$ 174,187,940	18,240	\$9,549.78
Wake	\$ 1,357,020,981	160,183 ↑	\$8,471.69
Durham	\$ 237,838,111	30,905	\$7,695.78
Buncombe*	\$ 179,818,571	25,966	\$6,925.15
Union	\$ 248,879,204	41,423 ↑	\$6,008.24
Guilford	\$ 395,422,471	66,474	\$5,948.53
Mecklenburg	\$ 778,114,725	141,105 ↑	\$5,514.44
New Hanover	\$ 128,656,490	24,900	\$5,166.93
Forsyth	\$ 231,448,615	51,290	\$4,512.55
Cabarrus	\$ 156,530,356	40,344 ↑	\$3,879.89
Cumberland	\$ 126,188,456	48,434	\$2,605.37

*: These two counties levy taxes on special districts to support school funding: Chapel Hill-Carrboro City and Asheville City Schools.



Public School Forum of NC Study

What They Utilize:

- As of FY23
- Adjusted Tax Base from Actual
- Average Effective Tax Rate
- Adjusted Property Tax Revenue
- Income Adjusted Total Revenues Available

What That Means:

- Misses \$16M that comes in FY24
- \$5B Overstatement of Available Levy
- Actual Tax Rate 14.5¢ Lower
- Actual Property Revenue \$78M Lower
- Actual Total Revenue (Restricted & Unrestricted) \$106M Lower

Of the Top 10 Highest Base Per Pupil Allocations in Study,

- Two rank Top 40 in Relative Effort
- Eight rank #62-#99 in Relative Effort



AB Tech – Article 46

In addition to debt service obligations and capital repair:

- G.S. 105-538.1 (3) "The county shall appropriate for each fiscal year an amount up to \$5M annually to an eligible community college for operating costs of the community college."



Education

Questions?



Education Presentations



Budget Changes



FY2026 Second Pass Changes

(millions of \$)

Major Revenue Changes (FY2026 Second Pass)

Increased estimated investment earnings revenue	+1.0
Increased ad val collection rate to 99.0%	+0.6
Increased estimated intergovernmental revenue	+0.4
Increased estimated permits revenue	+0.3

Total	+2.4
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Major Expenditure Changes (FY2026 Second Pass)

Reduced discretionary community investments	-4.6
Additional debt service from FY24 & FY25 vehicle purchases	+1.3
Reduced temporary salary	-0.1

Total	-3.3
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Note: Environmental Plan Reviewer position reclassification related to stormwater, erosion control, and floodplain management is now included per BOC request. Numbers may not add up due to rounding.



Discretionary Community Investments

Competitive Applications

Discretionary Community Investments	FY2026 Second Pass (as of April 22nd)	FY2026 Second Pass (as of May 2nd)
Early Childhood Education	\$3,974,691	\$3,974,691
Affordable Housing Services Program (AHSP)	\$2,311,845	\$0
Strategic Partnership Grants	\$900,000	\$0
Isaac Coleman Grants	\$500,000	\$500,000
HCCBG Buncombe Co. Supplemental Aging Funds	\$500,000	\$375,000
Tipping Point Grants	\$100,000	\$0
Community Recreation Grants	\$100,000	\$0
Subtotal:	\$8,386,536	\$4,849,691
Conservation Easements	\$750,000	\$250,000
Reparations Contribution	\$530,604	\$0
Homeowner Grant Program	\$280,000	\$280,000
ARTS Funding	\$129,788	\$129,788
Career Academy	\$94,000	\$94,000
School Community Impact funds	\$80,000	\$80,000
CAYLA	\$65,000	\$65,000
Subtotal:	\$1,929,392	\$898,788
Total:	\$10,315,928	\$5,748,479

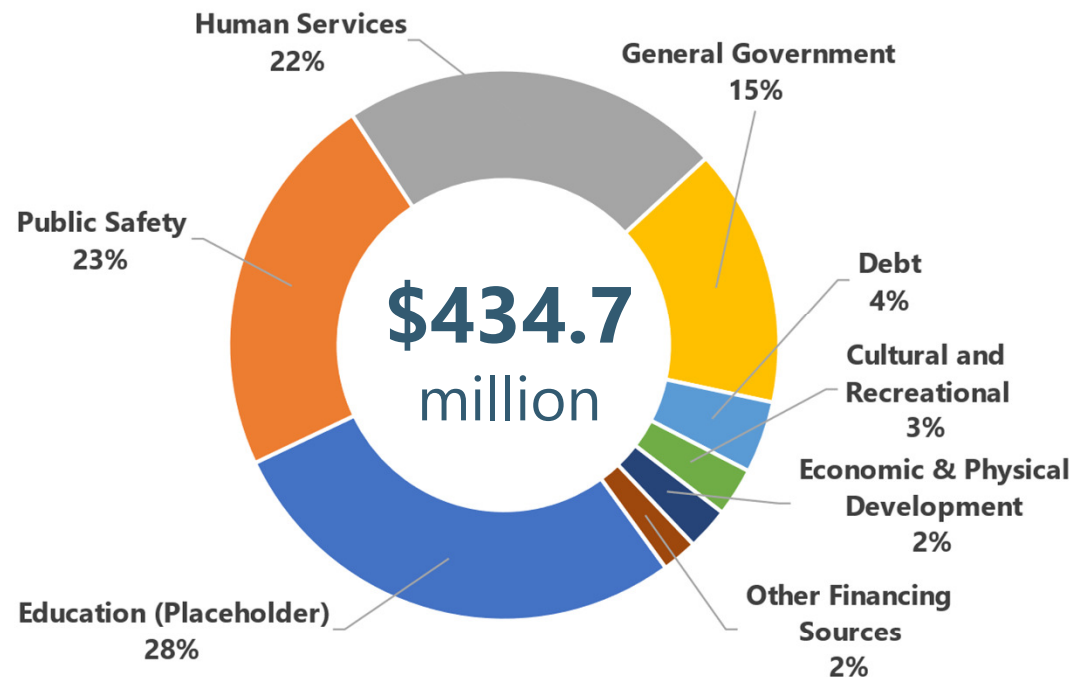
Specialized Programs



FY2026 Second Pass: Expenditures

(millions of \$)

Function	FY2026 Second Pass
Education (Placeholder)	121.5
Public Safety	99.1
Human Services	97.3
General Government	66.3
Debt	18.3
Cultural and Recreational	12.2
Economic & Physical Development	10.8
Other Financing Sources	9.1
Total	434.7



Total FY2026 Second Pass Budget

Category	FY2026 Second Pass <i>(as of April 22nd)</i>	FY2026 Second Pass <i>(as of May 2nd)</i>
Revenues	\$415.5M	\$417.9M
Expenditures	\$438.0M	\$434.7M
Gap	\$22.5M	\$16.8M
Equivalent Revenue to Balance	↑ 4.30¢	↑ 3.21¢

1¢ property tax rate increase = ~\$5.24M in FY26 (@ 99.0% collection rate)



Discussion



Next Steps

- **May 6** – Manager's Recommended Budget
- **May 20** – Public Hearing on Recommended Budget
- **June 3** – Budget Adoption

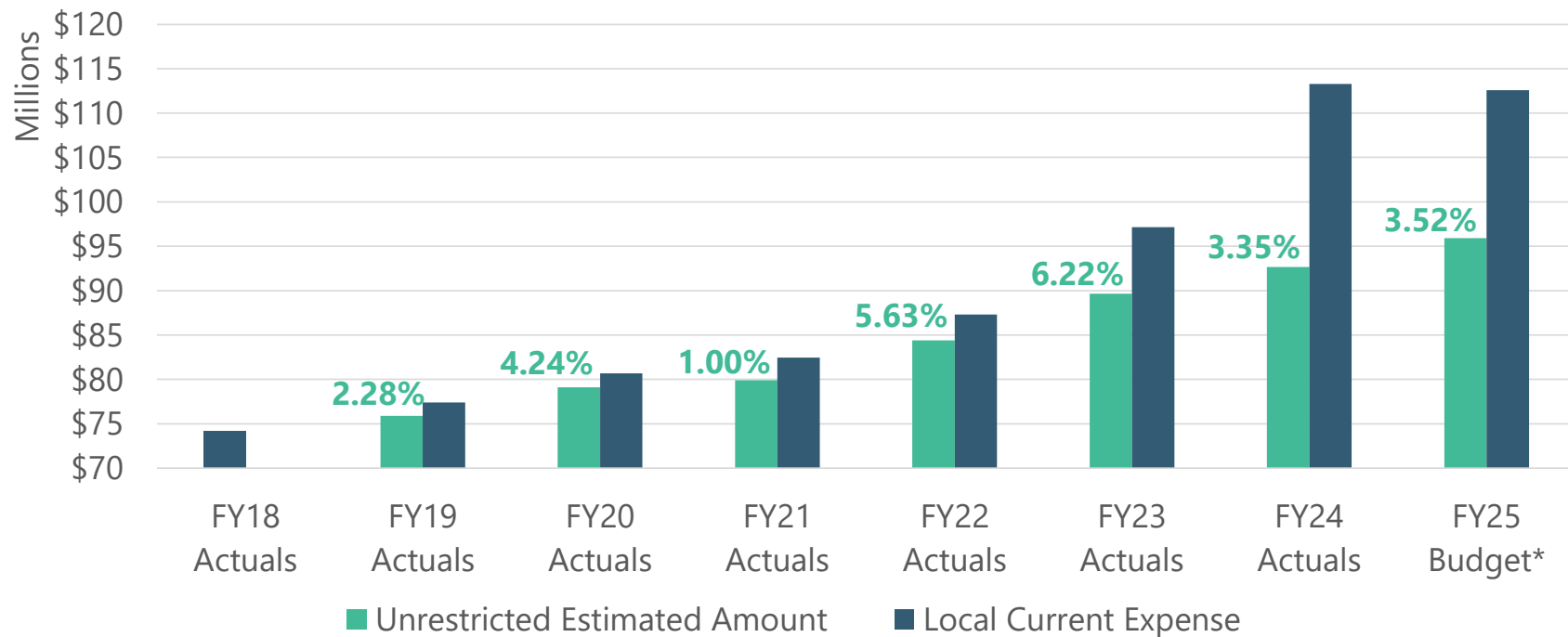


Appendix



Historical K-12 Funding

Comparing Unrestricted Revenue Rate & Actual Local Current Expense



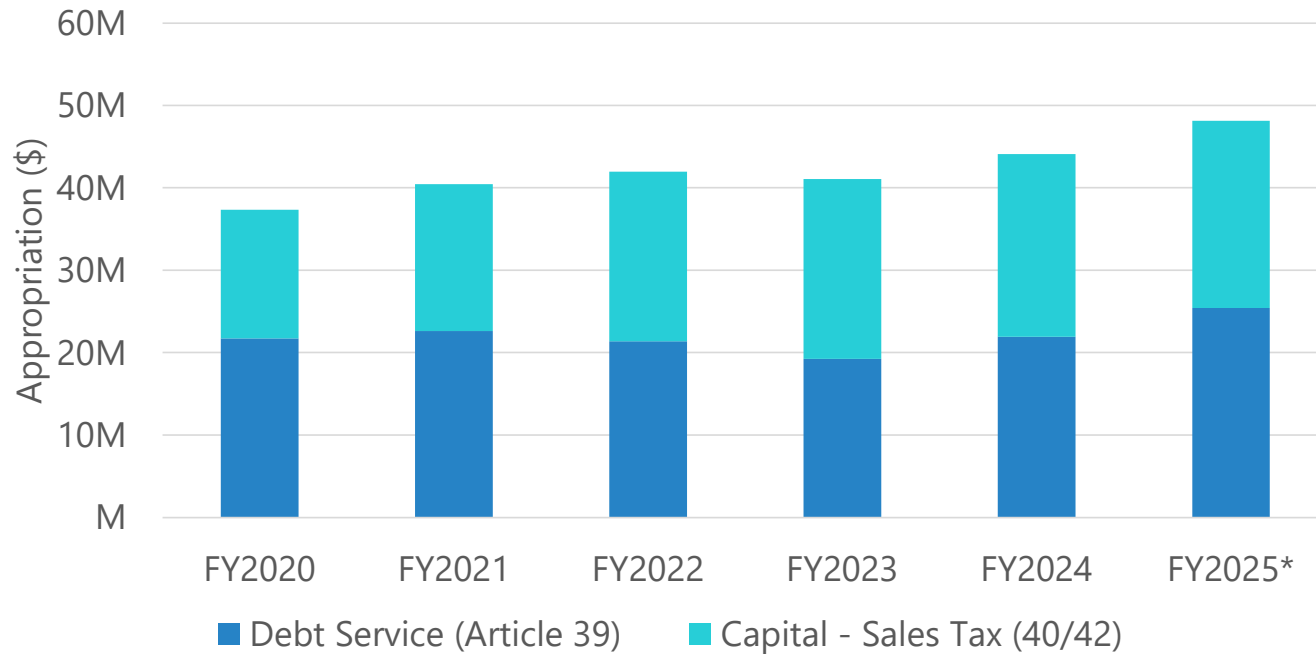
*: Original Budget for FY2025 was \$117M prior to Hurricane Helene related reductions.

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.



Historical K-12 Funding

Capital K-12 Contributions



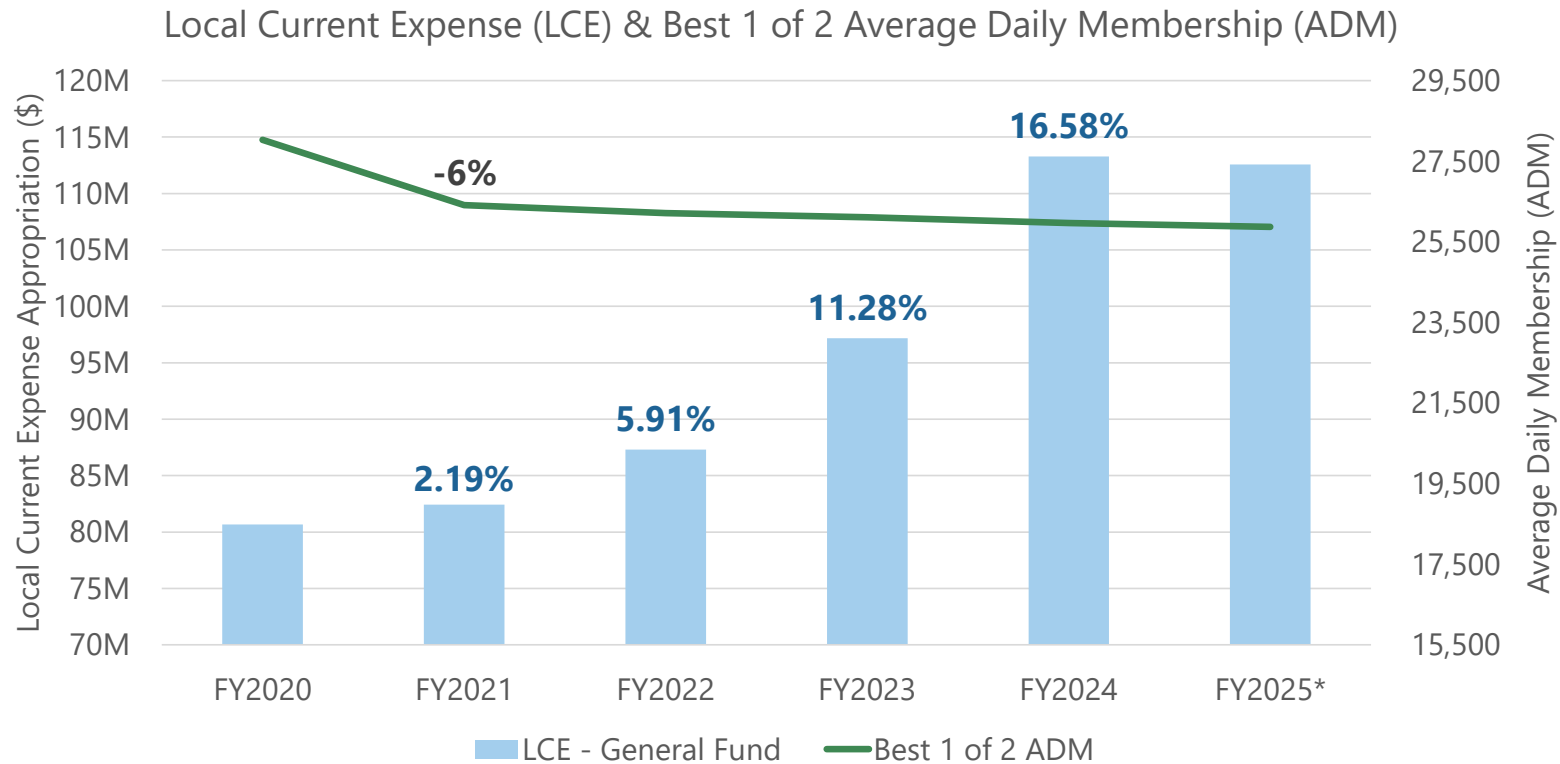
*: FY2025 presents the budgeted amounts rather than actuals.

**:: 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



*: 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 \(ADM\)](#)



FY2026 Second Pass: Expenditures

(millions of \$)

Function	FY2025 Amended	FY2026 Second Pass	\$ Variance
Education (Placeholder)	122.0	121.5	(0.5)
Public Safety	95.8	99.1	3.3
Human Services	97.4	97.3	(0.1)
General Government	74.9	66.3	(8.7)
Debt	21.7	18.3	(3.3)
Cultural and Recreational	11.3	12.2	0.9
Economic & Physical Development	11.2	10.8	(0.3)
Other Financing Sources	9.9	9.1	(0.9)
Total	444.2	434.7	(9.5)

