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County Manager

# Buncombe County Manager

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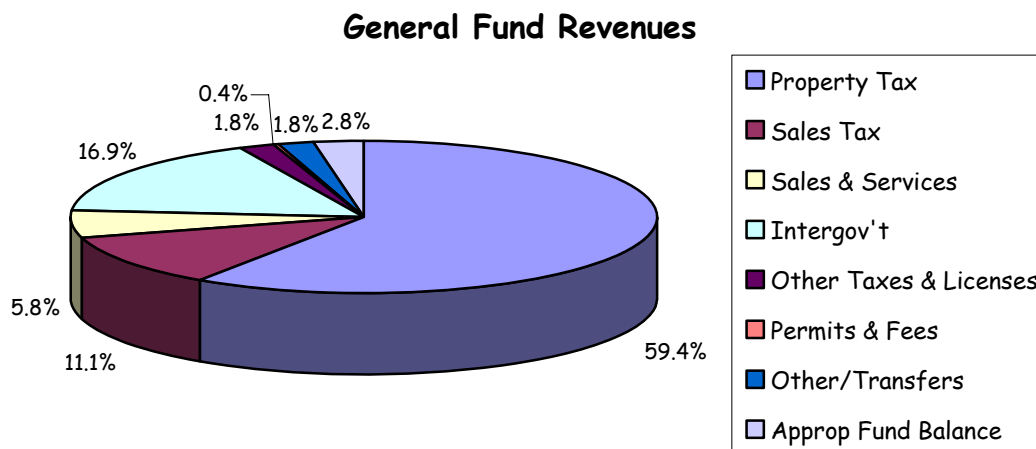
Dear Members of the Board of County Commissioners:

I respectfully present Buncombe County's Fiscal Year 2010-2011 (FY2011) Budget Estimate of \$327,827,466. This Estimate was prepared using our current 52.5 cent tax rate and includes a General Fund Budget Estimate of \$252,804,643 and Non-General Fund operating plans totaling \$75,022,823. This represents a 1.1% increase in the General Fund budget over the FY2009/10 level of funding. Since the non-general funds are paid for with fees and special revenues, this message focuses primarily on the General Fund portion of the budget.

We believe the FY2011 Budget Estimate continues our strong financial management of County resources. Following is information on revenues and expenditures specific to the FY2011 Budget Estimate:

### Revenues:

General fund revenues are derived primarily from 3 sources: property tax, sales tax, and intergovernmental transfers (primarily for human services). The economic decline has negatively impacted our sales tax and other growth related revenues. Property tax now represents 59 percent of our general fund revenue. In North Carolina, counties can access only those revenue streams that the North Carolina General Assembly authorizes counties to use. The following chart reflects the sources of revenue included for the general fund budget:



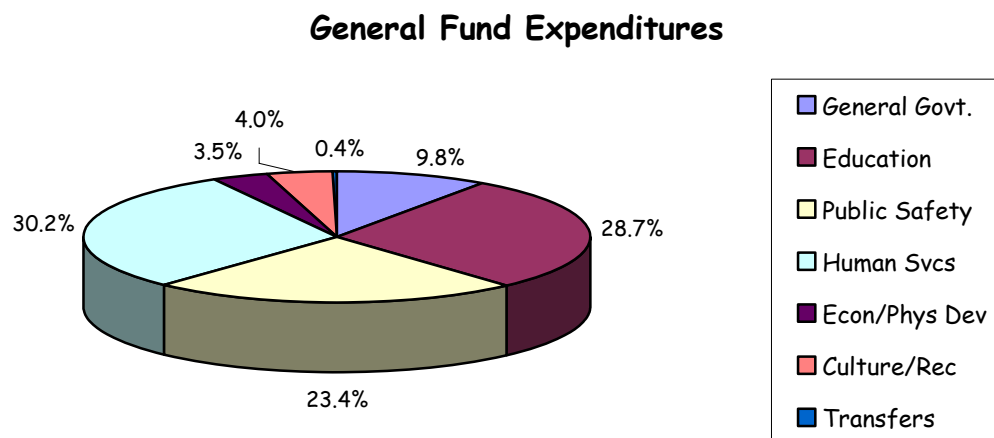
In the FY2011 Budget Estimate, over 97 percent of our revenues come from the combination of property tax, fees, intergovernmental revenues, sales tax, and fund balance. Composition of the County's General Fund Revenues is reflected in the following table:

Revenue Source	Revenues	% of 2011 Budget
Property Tax	\$150,278,615	59.4%
Intergovernmental	42,715,316	16.9%
Sales Tax	27,957,326	11.1%
Other Taxes & Licenses	4,446,000	1.8%
Permits & Fees	1,114,950	0.4%
Sales & Services	14,647,219	5.8%
Other Revenues	4,668,951	1.8%
Fund Balance	6,976,266	2.8%
<b>TOTAL</b>	<b>\$252,804,643</b>	<b>100%</b>

This budget estimate reflects: a \$2.1 million loss in sales tax revenue; a \$550,000 loss of wine and beer tax, \$305,500 revenue loss due to changes in State regulations around soil erosion and storm water permits; and \$290,000 revenue loss from reduction in the amount the State pays to house their inmates in our detention facility.

### Expenditures:

Like all North Carolina counties, our core businesses are education, human services and public safety. Core businesses include: social services, public health, transportation, aging programs, mental health; workforce development; detention center; civil process and court security; emergency management; emergency medical services; court support; juvenile detention; Buncombe County Schools, Asheville City Schools, and Asheville-Buncombe Technical Community College. The following chart reflects the division of expenditures by functional service for the General Fund:



Core business budgets consume 82.3 percent (\$208,103,225) of our FY2011 General Fund Budget Estimate. The history of core service expenditures are reflected in the following table:

Function	Expenditures		
	FY2009	FY2010	FY2011
Education	73,317,302	72,961,465	72,490,575
Human Services	83,799,047	75,481,694	76,357,271
Public Safety	54,100,528	56,578,237	59,255,379
Total Exp	211,216,877	205,021,396	208,103,225
% of Budget	82.6	82.0	82.3

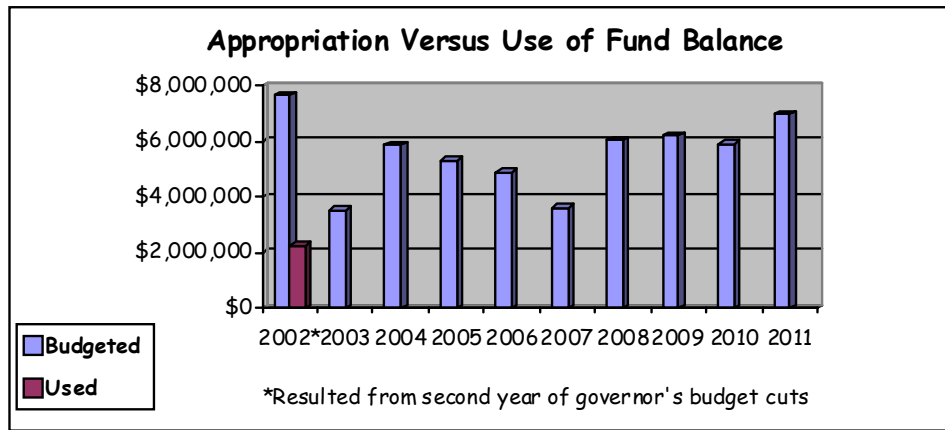
The impact of changes at the State level include: \$169,400 cost increase for probation with the State shifting this cost to counties; and \$944,500 increase in retirement due to the economic impact of lower interest earnings in the system.

The balance of the General Fund budget includes services such as administration, information technology, finance, human resources, facilities, tax, election services, register of deeds, economic development, planning, permitting, recreation, and libraries. The following table reflects the expenditure breakdown for the General Fund:

Function	Expenditures	Revenues	Net County Cost	% of Total Budget
General Government	\$24,682,983	\$5,401,964	\$19,281,019	9.8%
Education	72,490,575	8,735,275	63,755,300	28.7%
Public Safety	59,255,379	9,174,927	50,080,452	23.4%
Human Services	76,357,271	42,927,309	33,429,962	30.2%
Economic/Phys Dev	8,899,419	624,237	8,275,182	3.5%
Culture/Recreation	10,100,290	2,223,674	7,876,616	4.0%
Capital/Transfers	1,018,726	0	1,018,726	0.4%
<b>TOTAL</b>	<b>252,804,643</b>	<b>69,087,386</b>	<b>183,717,257</b>	<b>100%</b>

### Balancing the Budget:

Fund Balance Appropriation is one means to help lower the burden on property tax owners. Each year we appropriate fund balance with the challenge to save the appropriated amount. Historically, we have been able to do that. The FY2011 Budget Estimate includes a fund balance appropriation of \$6,976,266. The following graph reflects the historical appropriation versus use of fund balance in our annual budgets:



**Other Taxing Districts:**

During our budget process, we also set property tax rates for other taxing districts. The following schedule reflects the requested rates for the fire districts and Asheville City Schools. The Fairview Fire District has requested a 1.5 cent increase to their tax rate and Reems Creek has asked for a 2 cent increase in their Haw Creek District.

<b>Buncombe County - Fire, Ambulance and Rescue Service Districts Ad Valorem Tax Rates (in cents)</b>		
	FY2010	FY2011 Requested
Asheville Suburban	8.5	8.5
Barnardsville/Barnardsville N.E.	15.0	15.0
Beaverdam/Beaverdam N.C.	11.0	11.0
Broad River	10.0	10.0
East Buncombe	9.0	9.0
Enka-Candler	7.5	7.5
Fairview	7.5	9.0
Fletcher	7.8	7.8
French Broad	12.0	12.0
Garren Creek	14.0	14.0
Haw Creek-Asheville	9.0	9.0
Haw Creek-Reems Creek	9.0	11.0
Haw Creek-Riceville	9.0	9.0
Jupiter	9.5	9.5
Leicester/Leicester N.W.	10.0	10.0
N. Buncombe /N. Buncombe N.E.	10.6	10.6
N. Buncombe N. C.	10.6	10.6
Reems Creek/Reems Creek N.C.	12.0	12.0
Reems Creek N. E.	12.0	12.0
Reynolds	11.0	11.0
Riceville	11.0	11.0
Skyland/Skyland-S. Buncombe	7.8	7.8
Swannanoa	12.0	12.0
Upper Hominy/Upper Hominy S.D.	11.0	11.0
Woodfin/Woodfin N.C.	10.0	10.0
W. Buncombe/W. Buncombe N.W.	9.0	9.0
<b>School District Ad Valorem Tax Rate (in cents)</b>		
Asheville City Schools	15.0	15.0

We appreciate the Board of County Commissioners' support and guidance as we serve our citizens. We are in the people business - and that includes a wide spectrum of services. With the economic challenges, we find our citizens need us even more than in years past. Every day most of our employees touch a person's life, often having a very significant impact on the person and our community. This budget focuses on maintaining quality in our core service areas that citizens need most.

It is our intention to SERVE our citizens well within the constraints that honor the need to hold costs down for all citizens while serving more citizens than have traditionally needed our services.

As always, Buncombe County Government is here to SERVE.

Respectfully submitted,

Wanda S. Greene, PhD, CPA  
County Manager

WSG/dm