



# County of Buncombe

## Office of the County Manager

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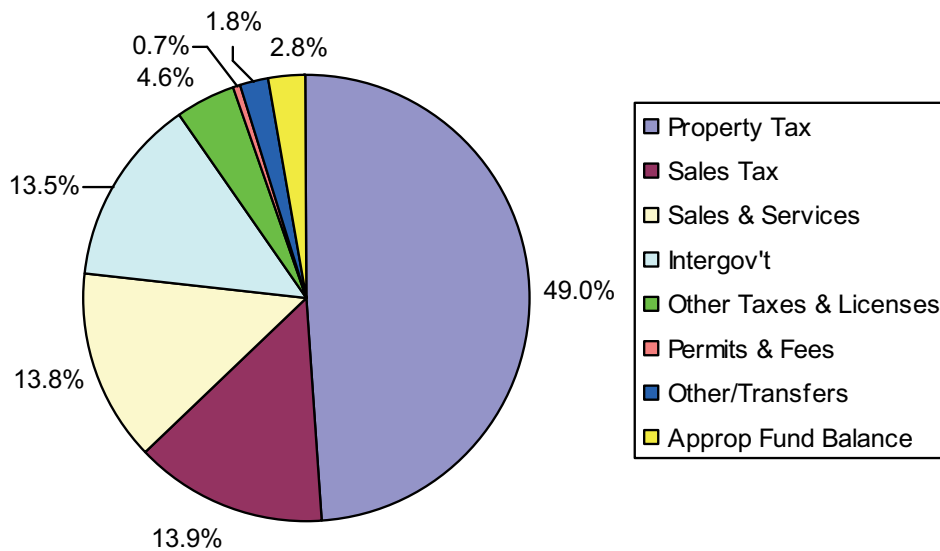
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May 15, 2007

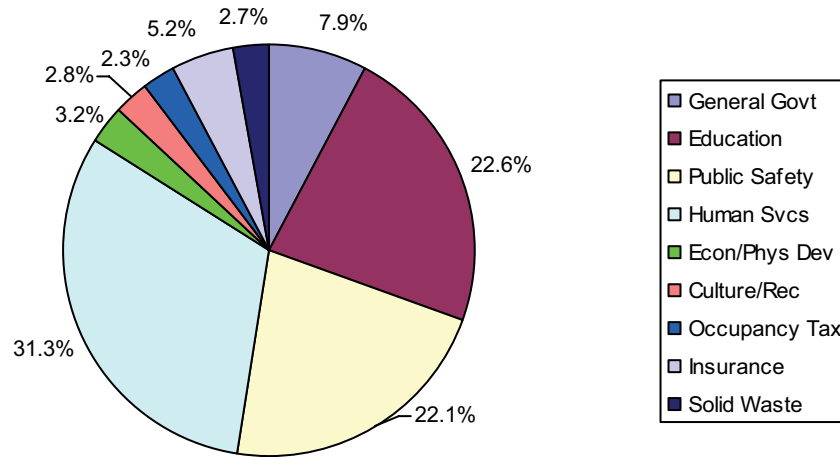
Dear Members of the Board of County Commissioners:

I respectfully present Buncombe County's Fiscal Year 2007-2008 (FY2008) Budget Estimate of \$303,398,806. This includes the General Fund Budget Estimate of \$244,171,995 and Non-General Fund operating plans totaling \$59,226,811. We recommend maintaining a 53-cent tax rate. The following graphs represent the sources of revenue included in this budget and the division of expenditures by functional service.

### Revenues



## Expenditures



Like all North Carolina counties, our core businesses are education, human services and public safety. Core businesses include: Buncombe County Schools; Asheville City Schools; and Asheville-Buncombe Technical Community College; social services, health, child care services, transportation, youth services, aging programs, mental health, workforce development and Medicaid; detention center; sheriff operations; homeland security; emergency management; emergency medical services; court support; and juvenile detention.

Core business budgets consume 83.5 percent (\$203,821,676) of our FY2008 General Fund Budget Estimate. We generate \$57,506,688 of intergovernmental revenues to cover a portion of these costs; however, it takes all the budgeted property tax to cover the balance of the core service costs. The history of core business expenditures are reflected in the following table:

Function	Expenditures		
	FY 2006	FY 2007	FY2008
Education	58,493,557	64,746,954	68,490,035
Human Services	79,776,813	86,155,528	87,725,906
Public Safety	39,442,533	42,853,325	47,605,735
<b>Total Exp</b>	<b>177,712,903</b>	<b>193,755,807</b>	<b>203,821,676</b>
Revenues	58,301,362	58,722,980	57,506,688
<b>Net County Cost</b>	<b>119,411,541</b>	<b>135,032,827</b>	<b>146,314,988</b>

The balance of the General Fund budget includes services such as administration, information technology, finance, personnel, 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	%
General Government	\$23,179,703	\$9,348,832	\$13,830,871	7.9
Education	68,490,035	8,068,178	60,421,857	34.4
Public Safety	47,605,735	9,035,847	38,569,888	22.0
Human Services	87,725,906	40,402,663	47,323,243	27.0
Economic/Phys Dev	8,124,826	751,870	7,372,956	4.2
Culture/Recreation	8,285,748	1,003,120	7,282,628	4.1
Capital/Transfers	760,042	0	760,042	0.4
<b>TOTAL</b>	<b>244,171,995</b>	<b>68,610,510</b>	<b>175,561,485</b>	<b>100%</b>

Further detail included in attachment.

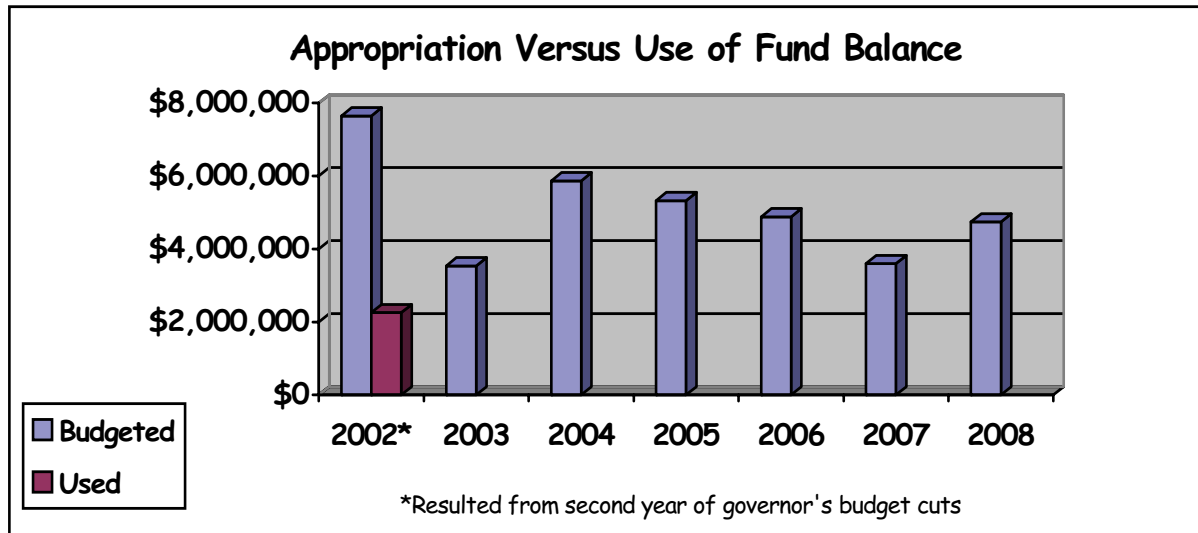
One of the most pressing issues all employers face is the continued rise in health care costs. With the success of our employee health clinic and innovative wellness programs, we have been able to maintain our health insurance costs at the FY2007 level. The success of county government is attributable to the efforts of many. Our employees are our greatest assets. To ensure that we attract and retain qualified staff to work with our citizens, this Budget Estimate includes a 4 percent cost-of-living adjustment for County employees. This increase would be effective in July 2007.

County funding sources are limited by the North Carolina General Assembly. In the FY2008 Budget Estimate, over 98 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	FY2008 Revenues	% of Budget
Property Tax	\$136,000,000	55.7%
Intergovernmental	36,304,219	14.9%
Sales Tax	37,499,723	15.4%
Other Taxes & Licenses	6,490,000	2.7%
Permits & Fees	1,815,500	0.7%
Sales & Services	16,606,050	6.8%
Other Revenues	4,717,668	1.9%
Fund Balance	4,738,835	1.9%
<b>TOTAL</b>	<b>\$244,171,995</b>	<b>100%</b>

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 FY2008 Budget Estimate includes a fund balance appropriation of \$4,738,835. The following graph reflects the historical appropriation versus use of fund balance in our annual budgets:



Under the leadership of this Board, Buncombe County has maintained a strong financial position and our excellent Aa2/AA ratings from Moody's Investors Services and Standard and Poor's Corporation.

During our budget process, we also set rates for other taxing districts. The following schedule reflects the requested rates for the fire districts and Asheville City Schools. Requested tax rate increases are highlighted.

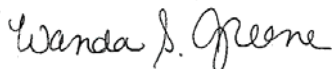
<b>Buncombe County - Fire, Ambulance and Rescue Service Districts Ad Valorem Rates FY2008 (in cents)</b>		
<b>District</b>	<b>FY2007 Tax Rate</b>	<b>FY2008 Recommended Tax Rate</b>
Asheville Suburban	8.5	12.5
Barnardsville/Barnardsville N.E.	11.5	11.5
Beaverdam/Beaverdam N.C.	11.0	11.0
Broad River	10.0	10.0
East Buncombe	9.0	9.0
Enka-Candler	7.5	7.5
Fairview	7.5	7.5
Fletcher	7.8	7.8
French Broad	12.0	12.0
Garren Creek	12.0	12.0
Haw Creek	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	9.0	9.0
Riceville	11.0	11.0
Skyland/Skyland-S. Buncombe	7.8	7.8
Swannanoa	12.5	12.5
Upper Hominy/Upper Hominy S.D.	11.0	11.0
Woodfin/Woodfin N.C.	10.0	10.0
W. Buncombe/W. Buncombe N.W.	8.0	8.0
<b>School District Ad Valorem Rate FY2008 (in cents)</b>		
Asheville City Schools	15.0	17.0

We pay close attention to our external environment, particularly federal and state governments, and to our economy; we are alert to potential long-run problems and opportunities; and we develop appropriate ways for dealing with each. With the Commissioners' leadership and guidance, we have weathered many external storms. We continue to look closely at our programs to assess their efficiency, effectiveness, and alignment with our strategic goals. We will ask you to eliminate outdated programs and embrace systemic changes and realignments to support a streamlined organization. We recommend against changing department missions or looking for new "fits" for old functions. We will make changes, develop new partnerships and eliminate services and processes that no longer add increased value to the lives of a majority of County citizens. Realigning resources to achieve key goals is every employee's everyday job. We must always ask: Are we doing the right things? Are we doing things right? What should we do differently? What should we do: more of; less of; or not at all?

I want to thank all County employees for their dedication and service to our citizens. We could not get the job done without such a dedicated workforce. There are vulnerable people in our community, and we invest in their safety and well being. We often touch their lives during periods of great need. My thanks go to the departments for their contribution in developing budgets that enable us to continue providing a solid base of services. On behalf of the staff, I thank the Commissioners for your guidance, direction, and support through the budget process. I am grateful for your willingness to serve as elected officials. You serve where the rubber meets the road, and your phone numbers are the ones citizens call when there is a need or concern. Special thanks go to Dawn Peter, Diane Masologites, Donna Clark, and Andrea Lee for their hard work and dedication in preparing this budget and making this letter and presentation a reality. There will be continued budgetary pressures, and we will continue our approach of seeing this as an opportunity, and look for alternatives and cost saving measures. We must deliver results to our citizens.

As always, Buncombe County Government is here to SERVE.

Respectfully submitted,

A handwritten signature in cursive script that reads "Wanda S. Greene".

Wanda S. Greene, Ph.D., CPA

County Manager