



2016

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**
FOR THE FISCAL YEAR ENDING JUNE 30, 2016



BUNCOMBE COUNTY
NORTH CAROLINA

BUNCOMBE COUNTY, NORTH CAROLINA

Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDING
JUNE 30, 2016

BOARD OF COMMISSIONERS

David Gantt, Chair
Brownie Newman, Vice Chair
Joe Belcher
Ellen Frost
Mike Fryar
Holly Jones
Tim Moffitt

COUNTY MANAGER

Wanda S. Greene, PhD, CPA

DIRECTOR OF FINANCE

Tim W. Flora, CPA

Prepared by the Finance Department



**BUNCOMBE
COUNTY**
GOVERNMENT
— NORTH CAROLINA —

Comprehensive Annual Financial Report
 For the Fiscal Year Ending June 30, 2016
 Buncombe County

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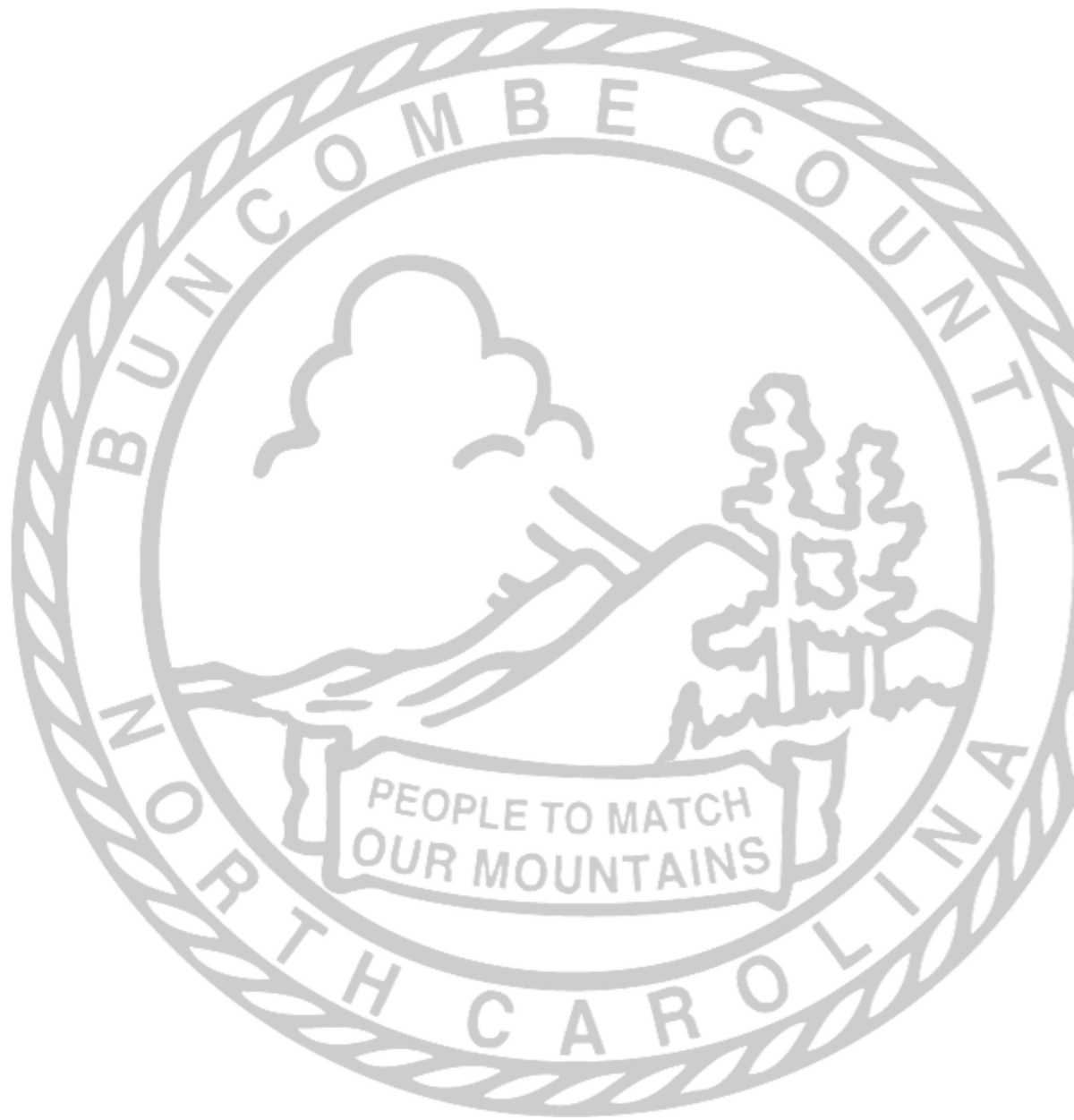
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Introductory Section



**BUNCOMBE
COUNTY**
GOVERNMENT
— NORTH CAROLINA —





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Buncombe County
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO



October 28, 2016

To the Board of County Commissioners and the Citizens of Buncombe County, North Carolina

We are pleased to present the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2016. State law requires local governments to publish a complete set of financial statements annually.

Management of Buncombe County assumes responsibility for the completeness and reliability of all the information presented in this report based upon a comprehensive framework of internal control that it has established for this purpose. This report consists of management's representations concerning the financial position and results of operations for the fiscal year ended June 30, 2016.

Gould Killian CPA Group, P.A., Certified Public Accountants, has audited the financial statements in accordance with generally accepted auditing standards. The cost of internal control should not exceed anticipated benefits; therefore, the auditor's review is to provide reasonable rather than absolute assurance that the financial statements are free from material misstatement. The independent auditors concluded that the statements are presented in conformity with generally accepted accounting principles and there was a reasonable basis for issuing an unmodified opinion on the Buncombe County financial statements for the year ended June 30, 2016. The independent auditor's report is located at the front of the financial section of this report.

The independent audit of the financial statements was part of a broader, federally mandated Single Audit designed to meet the special needs of federal grantor agencies. Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the County's internal controls and compliance with legal requirements, with emphasis on administration of federal grants.

Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditors' Report and provides an introduction, overview, and analysis of the basic financial statements. The discussion and analysis complements this letter of transmittal and should be read in combination with it.



Profile of Buncombe County, North Carolina

Buncombe County, established in 1791, is located in the southwestern portion of North Carolina in the heart of the Blue Ridge Mountains. Nicknamed the “Land of the Sky”, the County comprises 657 square miles of land and water and is shaped by one of the oldest mountain ranges in the world. With approximately 254,000 residents who call this home, Buncombe is the most populous county in Western North Carolina accounting for over half of the population in the four-county Asheville Metropolitan Area.

The County encompasses six incorporated municipalities, the largest being the City of Asheville (population of approximately 89,000 or approximately 35% of the County), which lies at the geographic center of the County and serves as the County seat. Throughout history Buncombe County has been an important crossroads, being approximately 240 miles west of the state capital, Raleigh, North Carolina; 205 miles north of Atlanta, Georgia; and 120 miles east of Knoxville, Tennessee.

The County operates under a commissioner/manager form of government. Presently, a seven-member Board of County Commissioners governs Buncombe County. The Chair is elected separately by all the qualified voters in Buncombe County every four years. Two commissioners are elected from each of the three House of Representative Districts in Buncombe County to serve staggered four-year terms. Each commissioner is required to reside in and represent one of the districts, and only the qualified voters of that district will be eligible to vote for that district seat.

Buncombe County is a caring community in harmony with its environment where citizens succeed, thrive, and realize their potential. The County promotes a healthy, safe, well-educated, and thriving community with a sustainable quality of life. To that effort the County provides a full range of services to meet the complex needs of this unique community including human services, public safety, economic and physical development, environmental protection, cultural and recreational activities and others. The majority of the annual budget is spent on public safety, human services, and support of local public education entities. The County also extends financial support to certain boards, agencies, and commissions to assist their efforts in serving citizens. Among these partners are the Asheville City Board of Education, the Buncombe County Board of Education, the Asheville-Buncombe Technical Community College, the Tourism Development Authority, the Land of Sky Regional Council, Buncombe County Service Foundation, and the Smoky Mountain Center.

The annual budget serves as the base for the County’s financial planning and control. Budgets are developed on a departmental basis by expenditure function within a fund. The budgets display all of the County’s financial operations including funding for various agencies outside the County’s organizational structure. The County Manager submits the annual balanced budget to the Board of Commissioners before June each year. A public hearing on the budget is held in the middle of June with an expected budget adoption by June 30. In accordance with North Carolina statutes, the

governing board shall adopt a budget not earlier than 10 days after the budget is presented to the Board and no later than July 1.

The Local Economy

Buncombe County serves as the regional economic center for western North Carolina. The County's economy is supported by a variety of robust and growing industries. Major industries located within the County's boundaries include the region's growing healthcare system, a thriving tourism and hospitality industry, strong educational and public sector systems, and a resurgent manufacturing industry. In addition, small businesses and entrepreneurship are active engines fueling the region's diverse business landscape. Approximately 96% of establishments in the Metro area have fewer than 50 employees.

Buncombe County's economic development growth is driven by businesses innovating in advanced manufacturing, science and technology, healthcare and knowledge-based entrepreneurship. These industries are supported by a highly skilled workforce, steady population growth and reputable educational institutions meeting the talent needs of top-tier companies. The area stands as a hub for technology and business innovation and growth, making it an attractive destination for corporate relocation. Thanks to its remarkable quality of life, Buncombe County is a thriving center for outdoor recreation, creative arts and mountain cultures, as well as a budding community for entrepreneurs across all industries. Economic development in the region is supported by strong workforce development initiatives which work to ensure that the region has a globally competitive workforce that encourages business growth and relocation. Workforce Development anticipates and delivers the types of education and training that is relevant to the local economy, provides transferable skills that benefit individuals into the future and ensures that the region's workforce is capable of meeting the ever changing demands of the business world.

These strong economic and workforce development efforts have supported a record setting economy in Buncombe County over the past several years. Buncombe County leads the state with the lowest unemployment rate at 3.8%. The County has had more than 39 straight months in which it was either first or second in lowest unemployment and the metro area has had over 21 consecutive months in which a new record has been set for total jobs. The strong labor market has put an upward pressure on wages, which are averaging an annual increase of 4.7%.

Due to its strong and healthy local economy, Buncombe County has maintained a credit rating of AAA from Standard and Poor's Investor Service since 2012, the highest bond rating given to any government in the state. This top rating affirms the County's financial strength and provides an indicator that it is well positioned to support the needs of the community as well as encouraging business development.

Long-term Financial Planning and Major Initiatives

The County uses a Capital Improvement Program (CIP) to identify all capital projects for the next budget year and five additional years. The CIP is formulated under the direction of the County Manager for financial planning purposes. A capital project is defined as purchases over \$250,000. These items are generally for major information technology projects, buildings, land, vehicle replacement programs, etc. All capital projects are reviewed by the CIP committee around November of each year. After the projects are reviewed and prioritized, they are submitted to the Board of Commissioners for further discussion and approval. Each capital project includes detailed descriptions, estimated total cost, impact on operating budget and funding source. The CIP budget through fiscal year 2020 includes projects such as library renovations, voting system replacement, greenway expansions, sheriff vehicle replacements and ERP system replacement.

The County's ongoing directive to leverage the latest in business intelligence and data analytic tools continues to improve process efficiency and create better informed decision making across all departments. Manual review processes are steadily being replaced with automated checks, and process workflows have been developed to streamline operations. Additionally, a suite of management dashboards have been created to aggregate information and make it easily accessible. These information tools are a framework for capturing management expertise and integrating it permanently into the organization and is an effective tool for measuring performance and policy compliance tracking. New objectives are also underway to implement advanced analytics as a core practice in the County. These include predictive and prescriptive analytic methods that use data to determine the best actions for the best outcomes.

The County has embarked on a plan to replace its current Enterprise Resource Planning (ERP) financial and human resources software system. The County's current ERP system has been in use since 2002 and is reaching its end of life. This change has provided an impetus for the County to consider its business software options along with the underlying business practices and processes. Under the umbrella of the Business System Improvement Project started in September 2015, County staff have been engaged in the assessment of current practices and recommendations for change where improvements are indicated. A decision is anticipated in fiscal year 2017 to select the system replacement with planning and implementation to follow during an estimated subsequent 18-month period.

Relevant Financial Policies

Fund balance is an accounting term defined as the difference between assets and liabilities in a governmental fund. The term *reserves* is often used by public finance practitioners, but is not a governmental accounting term. It refers to the portion of fund balance held in reserve to buffer against financial distress or risk. The North Carolina State Treasurer recommends a minimum unallocated general fund balance of 8%. However, the County policy is more restrictive, requiring a minimum unallocated general fund balance of 15% of the total actual expenditures and transfers.

Each year County management challenges all County departments to generate savings throughout the year so that appropriated fund balance is never used.

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 and a plan to save or replenish the fund balance will be included in this transmittal letter. The County has a strong history of meeting the challenge to realize cost savings and avoid spending appropriated fund balance. It has not had to tap into this resource for over a decade.

In addition, Buncombe County has adopted a Sustainability Plan dedicated to strengthening the quality of life for our region by taking fiscally and socially responsible actions to ensure future prosperity. This Sustainability Plan was created through the development of goals and objectives that address the wide-reaching and interconnected needs and desires of the community. By setting these goals, the County defines what it wants to achieve within its environment, community, and economy through the adoption of this Plan. Buncombe County will revisit the plan every five years to ensure both the relevancy of the plan and to maintain positive direction for its community in the years ahead.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Buncombe County for its comprehensive annual financial report for the fiscal year ended June 30, 2015. This marks the thirty-seventh consecutive year that Buncombe County has received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.


The County also received the GFOA's Award for Distinguished Budget Presentation for its 2015 annual budget document. This is the seventeenth year that the award has been presented to the County. In order to qualify for this award, the County's budget document was judged to be proficient in several categories including policy documentation, financial planning, and organization. The Budget Department believes the fiscal year 2017 budget document continues to conform to program requirements and has submitted it to the GFOA to determine eligibility for another award.

Many professional staff members in the Finance Department contributed to the preparation of this report. Their hard work, dedication, and continuing efforts to produce and improve the quality of this report are a direct benefit to all that read and use it. We would also like to commend each County department for their cooperation and assistance throughout the year in the efficient

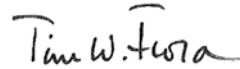
administration and commitment to the vision, mission and goals of Buncombe County Government. We also thank Gould Killian CPA Group, P.A., for their hard work and efforts throughout the audit process.

Recognition and appreciation are also extended to the Board of County Commissioners for their leadership and dedication to serving the people of Buncombe County. This report is a testament to their continued support and desire for maintaining the highest standards in fiscal management and accountability.

Respectfully submitted,



Wanda S. Greene, PhD, CPA
County Manager



Tim W. Flora, CPA
Finance Director

Commissioners*
 David Gantt, Chairman
 Brownie Newman, Vice Chairman
 Ellen Frost
 Holly Jones
 Joe Belcher
 Tim Moffitt
 Mike Fryar

Sheriff*
 Van Duncan

Register of Deeds*
 Drew Reisinger

Wanda Greene
 County Manager**

Kathy Hughes
 Clerk**/Public Relations

Robert Deutsch
 County Attorney**

Jon Creighton
 Assistant County Manager

Mandy Stone
 Assistant County Manager

Planning

Environmental Services

Matt Stone
 Permits & Inspections

David Brigman
 Air Quality

Josh O'Conner
 Parks, Greenways,
 & Recreation

Gary Higgins
 Soil & Water

Steve Duckett
 Cooperative Extension

Solid Waste

Jerry VeHaun
 Emergency Management

Clint Shepherd
 General Services

Diane Price
 Budget & Mgmt Services

Tim Flora
 Finance

Tim Flora
 Information Technology

Curt Euler
 Human Resources

Trena Parker
 Election Services

Gigi Francis
 Library

Gary Roberts
 Tax

Public Health

Mental Health

Family Justice Center

Human & Social Services

Veterans Services




Aging Services

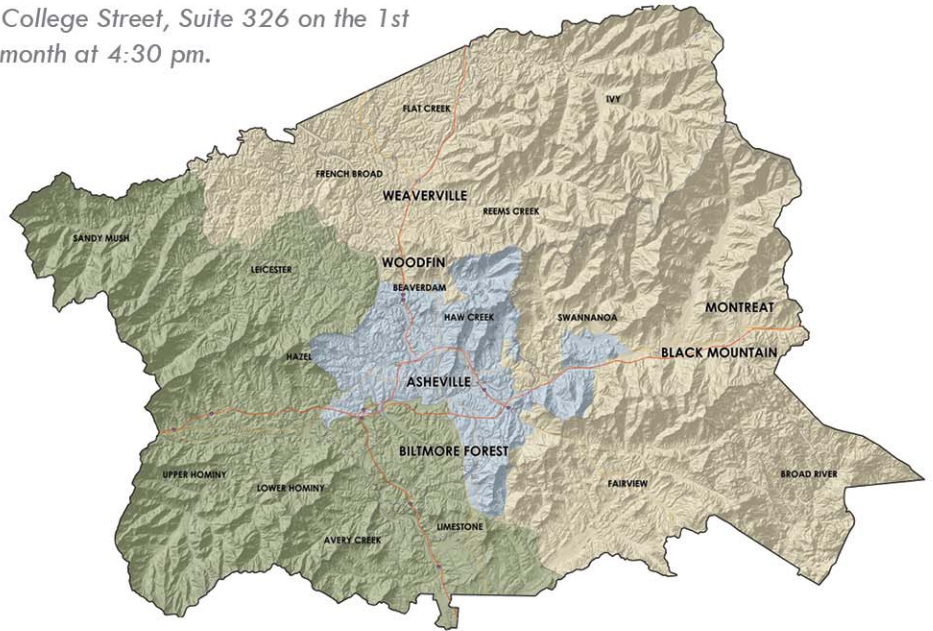
* Elected Official
 ** Appointed by Commissioners



BUNCOMBE COUNTY BOARD OF COMMISSIONERS

The office of the Buncombe County Commissioners is located at 200 College Street, Suite 316 in downtown Asheville. Their meetings are held at 200 College Street, Suite 326 on the 1st and 3rd Tuesday of each month at 4:30 pm.

-  DISTRICT 1
-  DISTRICT 2
-  DISTRICT 3



JOE BELCHER
COMMISSIONER - District 3

HOLLY JONES
COMMISSIONER - District 1

TIM MOFFITT
COMMISSIONER - District 3

MIKE FRYAR
COMMISSIONER - District 2

DAVID GANTT
COMMISSION CHAIRMAN

ELLEN FROST
COMMISSIONER - District 2

BROWNIE NEWMAN
COMMISSIONER - District 1

COUNTY OFFICIALS

Wanda S. Greene, PhD, CPA

Jon Creighton, MPA

Amanda Stone, MSW

Diane Price, MBA

Gary Roberts

Jerry Vehaun

Drew Reisinger

Van Duncan

Tim Flora, CPA

Kathy Hughes

Pat Freeman

Trena Parker, MPA

Gigi Francis, MSLIS

Josh O'Conner

Matt Stone

Curt Euler, JD

Gary Higgins

Steve Duckett

Clint Shepherd

County Manager

Asst. County Manager/Planning Director

Asst. County Manager/Human Services Director

Budget and Management Services Director

Tax Director

Emergency Services Director

Register of Deeds

Sheriff

Finance Director/Information Technology Director

Clerk to the Board/PR Director

City/County Bureau of Identification Director

Elections Director

Library Manager

Recreation Manager

Permits & Inspections Director

Human Resources Director

Soil & Water Conservation Director

Cooperative Extension Director

General Services Director

Financial Section



**BUNCOMBE
COUNTY**
GOVERNMENT
— NORTH CAROLINA —



**GOULD KILLIAN
CPA GROUP, P.A.**
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

Board of Commissioners
Buncombe County, North Carolina
Asheville, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Buncombe County, North Carolina, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Buncombe County Tourism Development Authority and Buncombe County Service Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our audit opinions.

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Buncombe County, North Carolina, as of June 30, 2016, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the general fund and the occupancy tax fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 18-28, the Other Postemployment Benefits' Schedules of Funding Progress and Employer Contributions on page 90, the Law Enforcement Officers' Special Separation Allowance's Schedule of Funding Progress on page 91, the Local Government Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Liability (Asset) and County Contributions on page 92, and the Register of Deeds' Supplemental Pension Fund Schedules of the County's Proportionate Share of the Net Pension Asset and County Contributions on page 93, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Buncombe County, North Carolina. The introductory information, combining and individual fund statements, budgetary schedules, other schedules, and statistical section as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules, other schedules and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

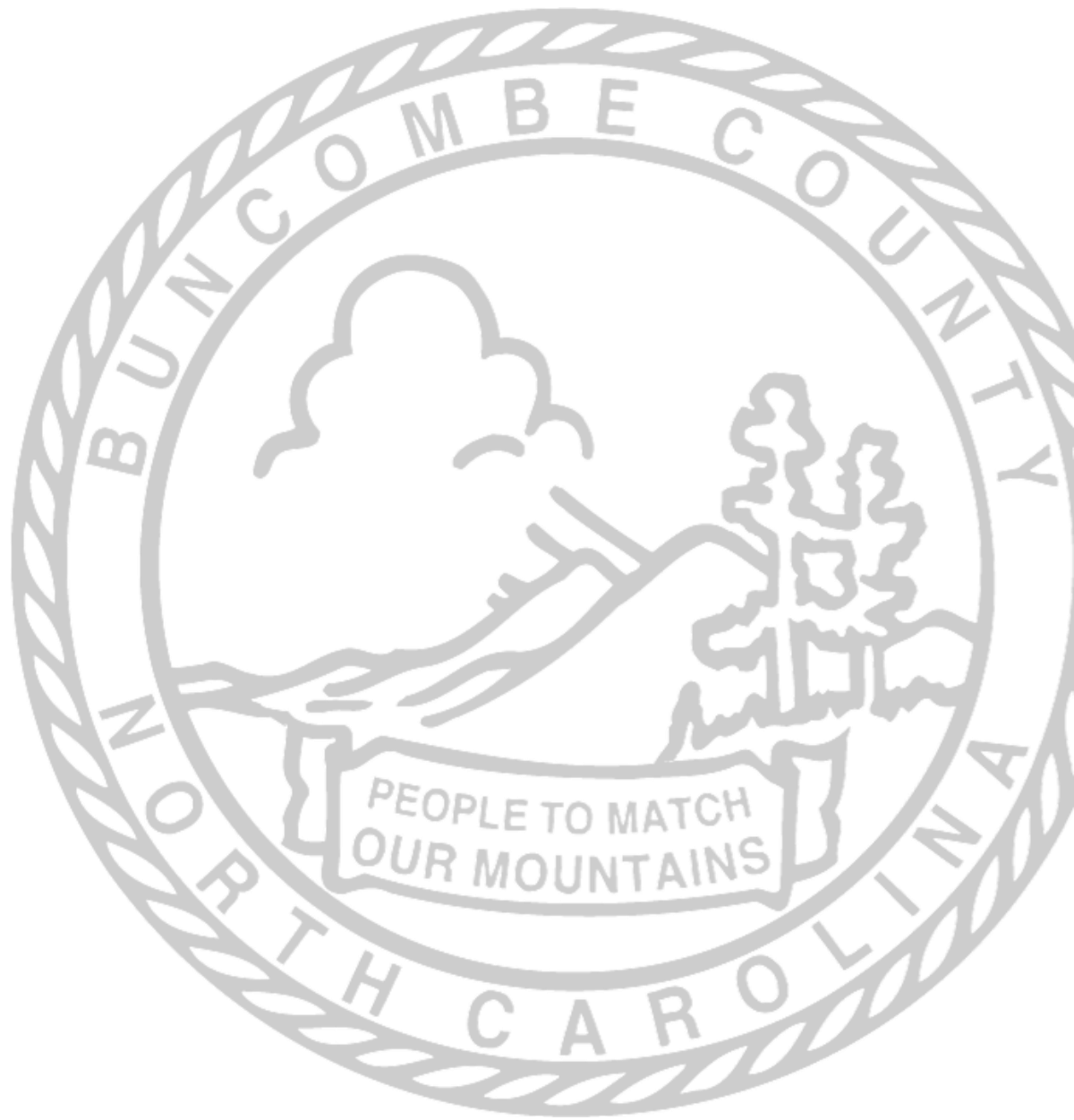
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2016, on our consideration of Buncombe County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering Buncombe County's internal control over financial reporting and compliance.

Donald Killian CPA Group, P.A.

Asheville, North Carolina
October 31, 2016



MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

As management of Buncombe County (the County), we offer readers of the financial statements this overview and analysis of the financial activities for the fiscal year ended June 30, 2016. We encourage readers to consider the information here in conjunction with additional information we have furnished in the County's financial statements, which follow this discussion and analysis.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$10.5 million (net position).
- The County's total net position decreased by \$44.9 million during the fiscal year. The decrease was caused by the governmental activities, primarily education spending.
- As of the close of the fiscal year, the County's governmental funds reported combined ending fund balances of \$201 million, a decrease of \$85 million from the prior year. Approximately 69% of this total amount, or \$139 million, is restricted or nonspendable.
- The County's General Fund increased fund balance by approximately \$1 million during the fiscal year.
- At June 30, 2016, available fund balance for the General Fund was \$53.5 million, or 17.4% of total general fund expenditures and transfers for the fiscal year which is 2.4% higher than the County's minimum fund balance policy.
- At June 30, 2016, the total amount of outstanding long-term debt was \$474.7 million, a decrease of \$31.6 million from the previous fiscal year.
- Under State law, the County is responsible for providing capital funding for the school systems and community college. At the end of the fiscal year, approximately \$233.2 million or 48.8% of the outstanding debt on the County's financial statements is related to assets to be included in the respective entity's statements.

- The County maintained its AAA bond rating from Standard and Poor's Rating Service and Aa1 rating with a positive outlook with Moody's Investor Service.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the readers' understanding of the fiscal condition of the County.

BASIC FINANCIAL STATEMENTS

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the County's financial status.

The next statements (Exhibits 3 through 11) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary funds statements; and 4) the fiduciary funds statements.

The next section of the basic financial statements is the **Notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **Supplemental Information** is provided to show details about the County's non-major governmental funds and internal service funds, all of which are added together in one column on the basic financial statements. Budgetary information required by general statutes can also be found in this part of the statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Following the notes is the required supplemental information. This section contains funding information about the County's pension plans.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, similar in format to a financial statement of a private-sector business. These statements are prepared under the full-accrual basis of accounting where all the current year's revenues and expenses are included regardless of when cash is received or paid. The government-wide statements provide short and long-term information about the County's financial status as a whole.

The two government-wide statements report the County's net position and how it has changed. Net position is the difference between the total of the County's assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the County's financial condition.

The government-wide financial statements are divided into the following three types of activities:

Governmental Activities – These activities of the County include general government, public safety, human services, economic and physical development, education, and cultural and recreation. Property taxes and state and federal grant funds finance most of these activities.

Business-type Activities – The County charges fees to recover the costs associated with providing certain services. These activities include Solid Waste Disposal and Inmate Commissary/Welfare.

Component Units – The government-wide financial statements include not only the County of Buncombe (known as the primary government), but also a legally separate tourism development authority, a legally separate service foundation, and a legally separate air quality agency for which the County of Buncombe is financially accountable. Financial information for these component units is reported separately from the financial information for the primary government.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The County, like all other governmental entities in North Carolina, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using the modified accrual accounting method which provides a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps determine if there are more or less financial resources available to finance the County's programs. The relationship between governmental activities (reported on the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements. A detailed reconciliation can be found in the notes to the financial statements.

The County adopts an annual budget for its General Fund as required by the NC General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board of Commissioners about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County

MANAGEMENT'S DISCUSSION AND ANALYSIS

succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds – The County has two kinds of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its solid waste and inmate commissary/welfare operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the functions of the County. The County uses an internal service fund to account for its insurance programs. Because this operation benefits predominately governmental rather than business-type activities, the internal service fund has been included with the governmental activities in the government-wide financial statements.

Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Buncombe County's own programs. Buncombe County has eight fiduciary funds. One is a trust fund for the future health insurance benefits for retirees and the others are agency funds. Information about these funds can be found on Exhibits 10 and 11 as well as the budgetary statements following the notes.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes follow the financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the County's progress in funding its obligation to provide health insurance benefits to retirees and pension benefits to its law enforcement officers. Required supplementary information can be found after the notes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve as a useful indicator of a government's financial condition. As shown in Figure 1, the County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$10.5 million at June 30, 2016. The County's net position decreased by \$44.9 million for the fiscal year ended June 30, 2016. The largest portion of Buncombe County's net position is reflected in the County's Net Investment in Capital Assets. Buncombe County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Buncombe County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Figure 1
Net Position (in millions)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015 (Restated)	2016	2015	2016	2015 (Restated)
Current and other assets	\$ 243.6	\$ 334.8	\$ 22.1	\$ 20.1	\$ 265.7	\$ 354.9
Capital assets	259.4	254.9	26.2	27.7	285.6	282.6
Total assets	503.0	589.7	48.3	47.8	551.3	637.5
Total deferred outflows of resources	11.3	11.1	-	0.1	11.3	11.2
Long-term liabilities outstanding	500.7	526.0	19.4	19.5	520.1	545.5
Other liabilities	26.8	27.7	0.7	0.5	27.5	28.2
Total liabilities	527.5	553.7	20.1	20.0	547.6	573.7
Total deferred inflows of resources	4.5	19.4	-	0.2	4.5	19.6
Net position:						
Net investment in capital assets	85.5	84.2	24.7	24.9	110.2	109.1
Restricted	72.8	52.2	-	-	72.8	52.2
Unrestricted	(176.0)	(108.7)	3.5	2.8	(172.5)	(105.9)
Total net position (deficit)	\$ (17.7)	\$ 27.7	\$ 28.2	\$ 27.7	\$ 10.5	\$ 55.4

Buncombe County has a negative balance of \$172.5 million in unrestricted net position. As with many counties in the State of North Carolina, the County's deficit in unrestricted net position is due to the portion of the County's outstanding debt incurred for the benefit of local educational entities: the Buncombe County Board of Education, the City of Asheville Board of Education, and AB-Tech Community College. Under North Carolina law, the County is responsible for providing capital funding for these institutions.

The County has chosen to meet its legal obligation by using a mixture of County funds and debt financing. The assets funded by the County, however, are owned and utilized by these institutions. Since the County, as the issuing government, acquires no capital assets, the County has incurred a liability without a corresponding increase in assets. At the end of the fiscal year, approximately \$233.2 million (or 48.8%) of the outstanding debt on the County's financial statements was related to assets included in the financial statements of the school systems and community college.

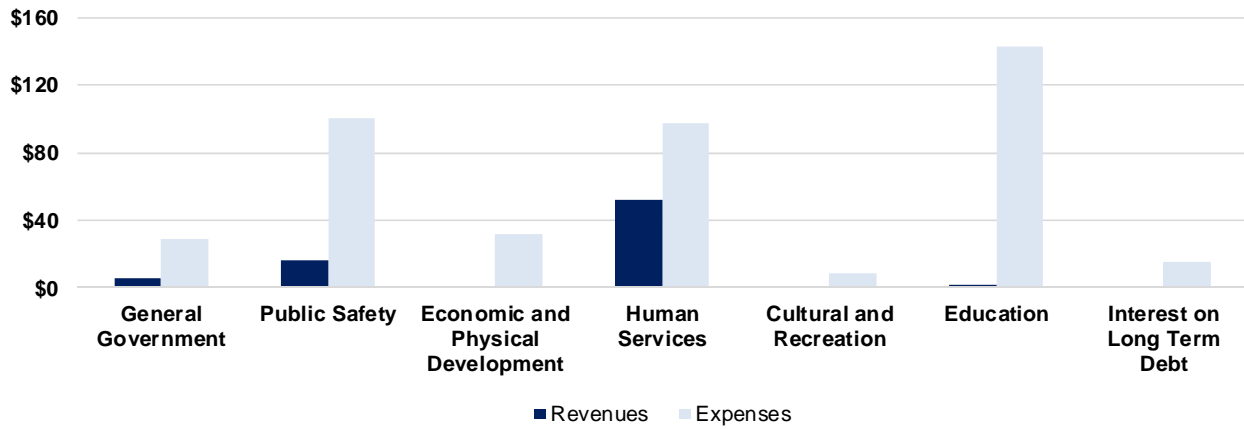
MANAGEMENT'S DISCUSSION AND ANALYSIS

Figure 2
Change in Net Position (in millions)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015 (Restated)	2016	2015	2016	2015 (Restated)
Revenues:						
Program revenues:						
Charges for services	\$ 17.0	\$ 16.5	\$ 7.7	\$ 7.1	\$ 24.7	\$ 23.6
Operating grants and contributions	58.3	56.3	0.4	0.4	58.7	56.7
Capital grants and contributions	2.6	6.3	-	-	2.6	6.3
General revenues:						
Property taxes	196.7	191.2	-	-	196.7	191.2
Other taxes	99.4	88.0	-	-	99.4	88.0
Other	5.2	3.8	-	-	5.2	3.8
Total revenues	379.2	362.1	8.1	7.5	387.3	369.6
Expenses:						
General government	28.6	26.6	-	-	28.6	26.6
Public safety	100.4	93.6	-	-	100.4	93.6
Economic and physical development	31.9	18.0	-	-	31.9	18.0
Human services	97.0	92.4	-	-	97.0	92.4
Culture and recreation	9.0	9.8	-	-	9.0	9.8
Education	142.3	154.2	-	-	142.3	154.2
Interest on long-term debt	15.4	17.0	-	-	15.4	17.0
Solid waste disposal	-	-	7.3	7.8	7.3	7.8
Other	-	-	0.3	0.4	0.3	0.4
Total expenses	424.6	411.6	7.6	8.2	432.2	419.8
Increase (decrease) in net position	(45.4)	(49.5)	0.5	(0.7)	(44.9)	(50.2)
Net position, beginning of year, restated	27.7	77.2	27.7	28.4	55.4	105.6
Net position (deficit), ending	\$ (17.7)	\$ 27.7	\$ 28.2	\$ 27.7	\$ 10.5	\$ 55.4

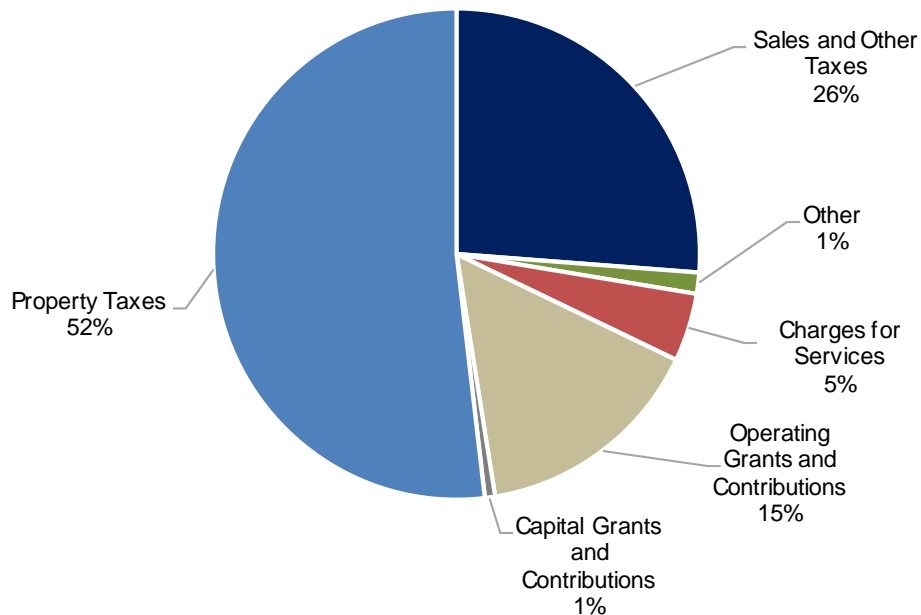
MANAGEMENT'S DISCUSSION AND ANALYSIS

Figure 3
Expenses and Program Revenues - Governmental Activities
(in millions)

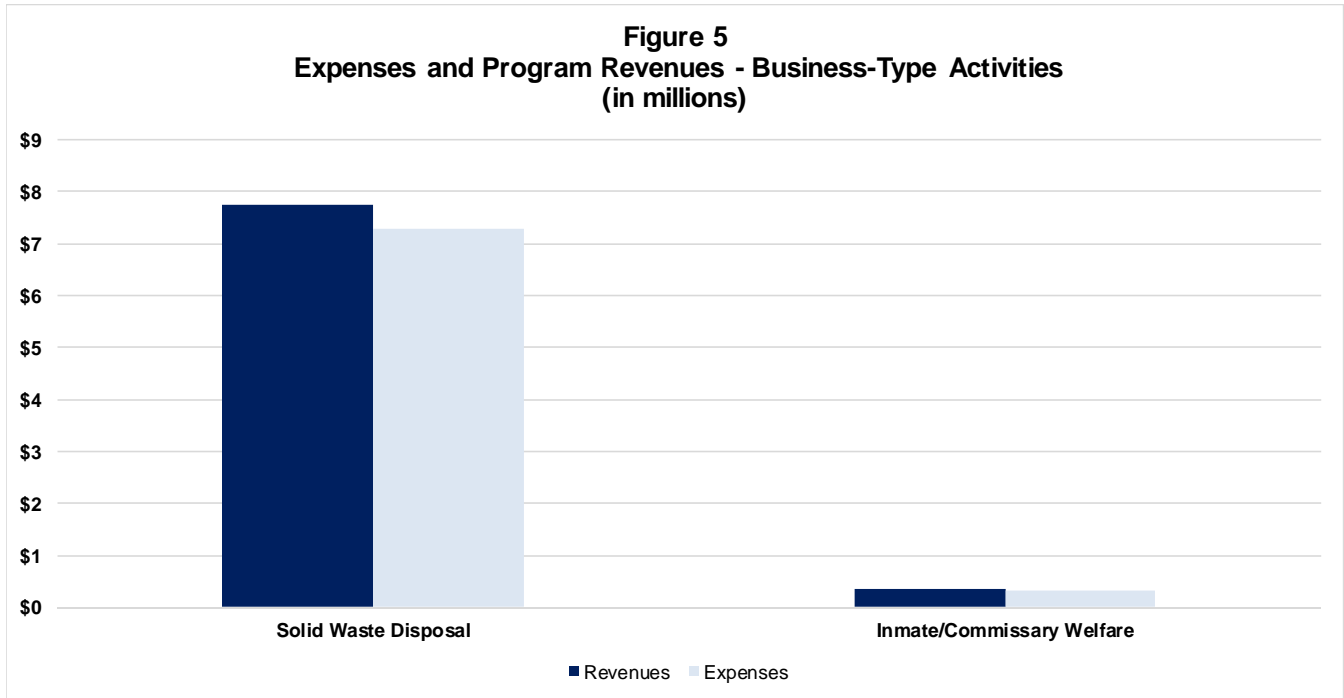


Governmental Activities. Governmental activities decreased the County’s net position \$45.4 million. The key element of this decrease is an increase in spending for capital projects related to AB Tech, Buncombe County Schools and Asheville City Schools.

Figure 4
Revenues By Source
Governmental Activities

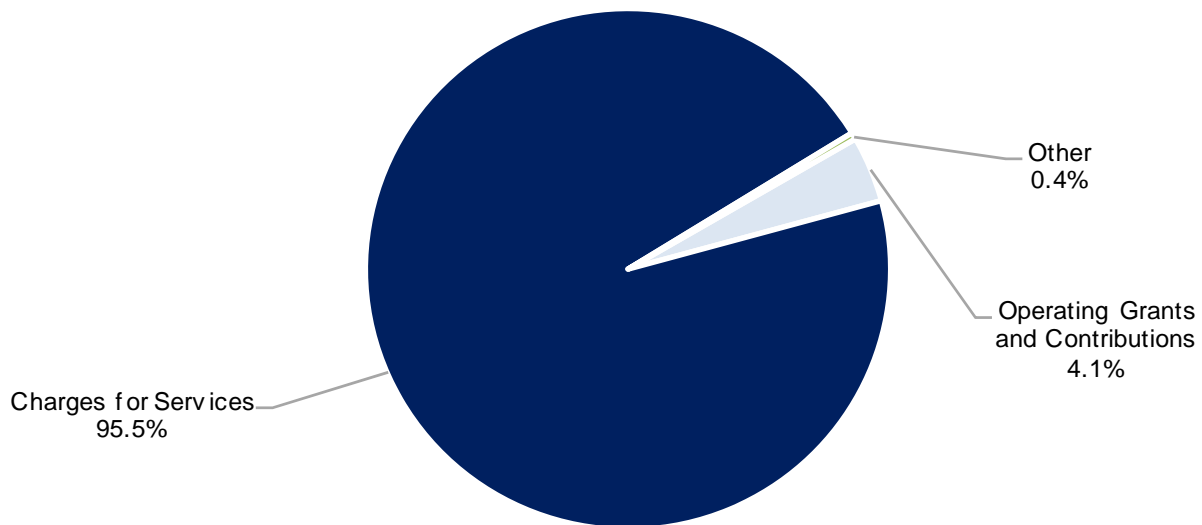


MANAGEMENT'S DISCUSSION AND ANALYSIS



Business-type Activities. Business-type activities increased Buncombe County’s overall net position by \$0.5 million in fiscal year ending June 30, 2016.

Figure 6
Revenues By Source
Business-Type Activities



MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, Buncombe County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the County's financing requirements. Specifically, fund balance available for appropriation can be a useful measure of a government's net resources available for spending at the end of the fiscal year. The County's major governmental funds include the General Fund, the County Capital Projects Fund, the School Capital Commission Fund, the AB Tech Capital Projects Fund, and the Occupancy Tax Fund. The remaining governmental funds are considered non-major.

At June 30, 2016, the governmental funds of Buncombe County reported a combined fund balance of \$201 million, an \$85 million decrease from last year. Of the total governmental fund balance, \$139 million, or 69%, is considered nonspendable or legally restricted as to use.

The General Fund is the chief operating fund of Buncombe County. At the end of the current fiscal year, Buncombe County's fund balance available in the General Fund was \$53.5 million, while total fund balance reached \$76.6 million. The Board of Commissioners has determined that the County should maintain an available fund balance of 15% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. The County currently has an available fund balance of 17.4% of general fund expenditures and transfers.

During the fiscal year, the County revised the General Fund budget on several occasions. Generally, budget amendments fall into one of three categories:

- 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available;
- 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and
- 3) increases in appropriations that become necessary to maintain services.

Total amendments to the General

Fund increased revenue \$7.4 million. The actual revenue collected exceeded the final budget amount by \$4.3 million. This can be attributed to increased revenue from sales taxes and state and federal grants. Aiding in this increase is an overall property tax collection rate at 99.84%.

The fund balance of the County's General Fund saw an increase of approximately \$1 million from the previous year; savings in all functional areas contributed to this increase. This is the fourteenth consecutive year that the County has seen an increase in its General Fund fund balance.

The County Capital Projects Fund accounts for capital asset construction or acquisition. Upon completion, these assets will be owned by the County. As of June 30, 2016, the fund balance for this fund was \$58.8 million, a decrease of \$38.7 million from the prior year. The fund balance for this fund can fluctuate greatly from one year to the next due to timing of debt issuances or other funding and project completions. The most significant reason for this year's decrease is related to the ongoing construction of the Human Services building.

The School Capital Commission Fund accounts for revenues restricted for public school capital outlay projects. The total fund balance decreased \$35.3 million from \$69.3 million in fiscal year 2015 to \$34 million in 2016. Three new schools were completed in 2016 causing the decrease in fund balance. Similar to the County Capital Projects Fund, total fund balance can fluctuate from year to year due to the timing of debt issuances or other funding and project completions.

The AB Tech Capital Project Fund accounts for revenues restricted for use on capital projects benefiting AB Tech Community College. The total fund balance decreased \$9.4 million from \$34.4 million in fiscal year 2015 to \$25 million in 2016. New construction of county capital projects is the reason for the decrease. Similar to other capital project funds, total fund balance can fluctuate from year to year due to the timing of debt issuances or other funding and project completions.

Proprietary Funds. The County's proprietary funds provide the same type of information found in the government-wide statements but in more detail.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Unrestricted net position of the Solid Waste Disposal Fund at the end of the fiscal year amounted to \$4 million. Other factors concerning the finances of these funds have already been addressed in the discussion of Buncombe County's business-type activities.

Capital Asset and Debt Administration

Capital Assets. As of June 30, 2016, the County's investment in capital assets, net of accumulated depreciation for its governmental and business-type activities totaled \$285.6 million. These assets include land, buildings and improvements, equipment, automotive equipment, and construction in progress. This is an increase of \$3 million, or 1.1%, from fiscal year 2015. This increase is due to assets in governmental activities. See Figure 7.

Major capital asset events during the current fiscal year included the following:

- Initiated construction on the new Human Services Complex that will encompass a new 7 story building to house the Department of Social Services and the Health Department, as well as, and attached parking deck for citizens and employees.
- Continued major maintenance of older buildings to maintain safety and extend their useful lives.
- Started the process of replacing the county-wide enterprise resource planning software after 15 years on its legacy system.

Additional information on the County's capital assets can be found in the notes of the financial statements.

Figure 7
Capital Assets - Net of Depreciation
(in millions)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 20.4	\$ 19.8	\$ 6.8	\$ 6.8	\$ 27.2	\$ 26.6
Buildings and Improvements	187.2	198.9	17.7	19.6	204.9	218.5
Equipment	9.0	10.7	1.0	0.4	10.0	11.1
Automotive Equipment	3.2	2.9	0.1	0.3	3.3	3.2
Intangibles	2.5	0.1	-	-	2.5	0.1
Construction in Progress	37.1	22.5	0.6	0.6	37.7	23.1
Total Capital Assets	\$ 259.4	\$ 254.9	\$ 26.2	\$ 27.7	\$ 285.6	\$ 282.6

MANAGEMENT'S DISCUSSION AND ANALYSIS

Figure 8
Outstanding Debt
(in millions)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
General Obligation Bonds	\$ 27.2	\$ 30.1	\$ -	\$ -	\$ 27.2	\$ 30.1
Installment Notes Payable	447.5	476.2	2.9	2.9	450.4	479.1
Total Outstanding Debt	\$ 474.7	\$ 506.3	\$ 2.9	\$ 2.9	\$ 477.6	\$ 509.2

Outstanding Debt. As of June 30, 2016, the County's total debt outstanding was \$477.6 million, of which \$27.2 million is debt backed by the full faith and credit of the County. Installment notes account for the remaining \$450.4 million. Collateral for these notes are the assets purchased or constructed. The County did not issue any new debt in fiscal year 2016.

As mentioned earlier, the County is required by State law to provide capital funding for the two local public school systems and the community college. At the end of the fiscal year, the outstanding balance of the debt for these activities is approximately \$233.2 million, of which \$147.6 million is for the school systems and \$85.6 million is for the community college.

State law also requires the County to provide court facilities for the State of North Carolina. At the end of the fiscal year, the outstanding balance of the debt related to courthouse facilities was \$43.2 million, or 8.5% of the total outstanding debt of the County.

As mentioned in the financial highlights section of this document, Buncombe County maintained its AAA bond rating from Standard and Poor's Corporation and its Aa1 with a positive outlook rating with Moody's Investor Service. These bond ratings are a clear indication of the sound financial condition of Buncombe County. This achievement is a primary factor in keeping interest costs low on the County's outstanding debt.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Buncombe County is \$1.9 billion.

Additional information regarding the County's long-term debt can be found in the notes of the financial statements.

FISCAL YEAR 2017 BUDGET HIGHLIGHTS

The total operating budget for Buncombe County is \$413.5 million. The General Fund budget for fiscal year 2017 is \$308.2 million. This is a decrease of 4.8% from the fiscal year 2016 amended General Fund budget. This decrease is largely due to a \$13 million shift in Article 40 (30%) and Article 42 (60%) sales tax from the General Fund to a Public Schools ADM Capital Projects Fund. This sales tax revenue is statutorily designated for public school outlay.

The tax rate for fiscal year 2017 remains at 60.4 cents per \$100 of property value.

Senate Bill 888 (SB 888) was ratified on June 21, 2016. Prior to SB 888, one half of Article 39 sales and use tax revenue was allocated to Buncombe County Schools and Asheville City Schools pro rata according to average daily membership in the two school systems. SB 888 removes this distribution method and allocates funding based on prioritization of capital needs. The change in the allocation method has allowed Buncombe County to shift debt service requirements of \$5 million for public school capital projects from the General Fund to the Public School Capital Needs Fund in FY2017.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Buncombe County Board of Commissioners approved utilizing the gained capacity in the General Fund to fund the following, with the remainder to be placed in an Education Contingency for anticipated personnel salary increases to be included in the State budget:

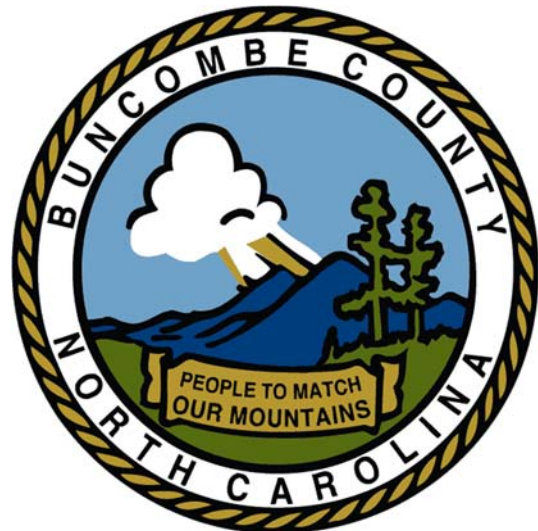
- \$100,000 Greenways funding (to be added to the existing \$300,000 allocation)
- \$75,000 Asheville Museum of Science funding
- Funding for Buncombe County Schools for the following items, with a proportionate share going to Asheville City Schools based on average daily membership in the two school systems:
 - \$1,648,656 – First year of teacher supplement increases to be phased in over a 2 year period
 - \$423,650 – Pay increases for non-certified employees
 - \$1,349,400 – Enka Intermediate personnel and start up instructional supplies cost
 - \$199,839 – Nesbitt Discovery Academy personnel – Unified Arts and Physical Education
 - \$174,265 – Estimated increase in the retirement contribution rate and health insurance premium
 - \$120,000 – Cost for HOMEBASE and CANVAS student subscription

Other FY2017 budget increases include a \$400,000 increase in Elections due to the general election cycle, \$365,080 increase for Nonemergency Medicaid Transportation Service, \$132,656 general operating costs for the new Family Justice Center, \$436,844 for Firing Range personnel and operating costs, \$158,600 for the Tax reappraisal, \$200,000 for the Detention Center kitchen remodel, and an increased health insurance premium for Buncombe County employees.

The fiscal year 2016 budget includes a fund balance appropriation of \$6 million. Fund balance appropriation is one of the available means to lower the burden on property tax owners. The County appropriates fund balance each year with the challenge to save the appropriated amount.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Director of Finance, PO Box 7526, Asheville, NC 28802. You can also call the Finance Department at 828-250-4130, visit our website at www.buncombecounty.org or send an email to FinanceInfo@buncombecounty.org.



Basic Financial Statements

Buncombe County, North Carolina



BUNCOMBE COUNTY, NORTH CAROLINA

Statement of Net Position

Exhibit 1

JUNE 30, 2016

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	Tourism Development Authority	Buncombe County Service Foundation	WNC Regional Air Quality Agency
ASSETS						
Cash and cash equivalents	\$ 114,862,549	\$ 20,403,487	\$ 135,266,036	\$ 2,936,376	\$ 1,474,367	\$ 696,806
Investments	26,176,024	-	26,176,024	12,399,057	-	-
Receivables (net)	4,398,842	592,093	4,990,935	38,522	-	-
Due from other governments	30,355,605	-	30,355,605	-	-	-
Due from primary government	-	-	-	3,501,594	-	-
Inventories	-	11,504	11,504	-	-	-
Prepays	436,202	-	436,202	-	-	-
Restricted cash and cash equivalents	65,100,191	1,102,777	66,202,968	-	-	-
Net pension asset	802,058	-	802,058	-	-	-
Long-term receivables	1,391,278	-	1,391,278	-	-	-
Capital assets:						
Land and construction in progress	57,490,945	7,458,170	64,949,115	-	-	-
Other capital assets, net of depreciation	201,944,515	18,778,245	220,722,760	-	-	56,676
Total capital assets	259,435,460	26,236,415	285,671,875	-	-	56,676
Total assets	502,958,209	48,346,276	551,304,485	18,875,549	1,474,367	753,482
DEFERRED OUTFLOWS OF RESOURCES	11,308,030	81,931	11,389,961	-	-	41,400
LIABILITIES						
Accounts payable and accrued expenses	18,795,493	743,651	19,539,144	2,051,868	492,226	116,534
Accrued interest payable	1,345,399	5,019	1,350,418	-	-	-
Payable from restricted cash	1,433,615	-	1,433,615	-	-	-
Other liabilities	1,730,913	-	1,730,913	-	-	-
Due to component unit	3,501,594	-	3,501,594	-	-	-
Long-term liabilities:						
Due within one year	34,537,239	333,620	34,870,859	-	-	125,137
Due in more than one year	466,139,247	19,052,968	485,192,215	-	-	61,239
Total long-term liabilities	500,676,486	19,386,588	520,063,074	-	-	186,376
Total liabilities	527,483,500	20,135,258	547,618,758	2,051,868	492,226	302,910
DEFERRED INFLOWS OF RESOURCES	4,453,464	40,902	4,494,366	-	-	14,928
NET POSITION						
Net investment in capital assets	85,535,781	23,677,050	109,212,831	-	-	56,676
Restricted for:						
Stabilization by State statute	31,565,613	-	31,565,613	3,540,116	-	-
Product development	-	-	-	10,794,328	-	-
Capital projects	38,351,974	-	38,351,974	-	-	-
Public safety	1,993,023	-	1,993,023	-	-	-
Other	547,398	-	547,398	-	963,342	-
Unrestricted (deficit)	(175,664,514)	4,574,997	(171,089,517)	2,489,237	18,799	420,368
Total net position (deficit)	\$ (17,670,725)	\$ 28,252,047	\$ 10,581,322	\$ 16,823,681	\$ 982,141	\$ 477,044

BUNCOMBE COUNTY, NORTH CAROLINA

Statement of Activities

Exhibit 2

FOR THE YEAR ENDED JUNE 30, 2016

Functions/Programs	Program Revenues				Net (Expense) Revenue and Change in Net Position			Component Units		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Tourism	Buncombe	WNC Regional
								Development Authority	County Service Foundation	Air Quality Agency
PRIMARY GOVERNMENT:										
GOVERNMENTAL ACTIVITIES:										
General government	\$ 28,628,887	\$ 2,407,864	\$ 2,953,653	\$ -	\$ (23,267,370)	\$ -	\$ (23,267,370)			
Public safety	100,414,238	10,816,741	5,526,392	-	(84,071,105)	-	(84,071,105)			
Economic and physical development	31,852,491	437,203	367,748	599,651	(30,447,889)	-	(30,447,889)			
Human services	96,963,368	3,031,866	49,216,255	-	(44,715,247)	-	(44,715,247)			
Cultural and recreational	8,981,702	365,132	225,220	-	(8,391,350)	-	(8,391,350)			
Education	142,310,790	-	-	1,968,649	(140,342,141)	-	(140,342,141)			
Interest on long-term debt	15,432,030	-	-	-	(15,432,030)	-	(15,432,030)			
Total governmental activities	424,583,506	17,058,806	58,289,268	2,568,300	(346,667,132)	-	(346,667,132)			
BUSINESS-TYPE ACTIVITIES:										
Solid Waste Disposal	7,270,565	7,342,311	418,726	-	-	490,472	490,472			
Inmate Commissary/Welfare	335,562	343,402	-	-	-	7,840	7,840			
Total business-type activities	7,606,127	7,685,713	418,726	-	-	498,312	498,312			
Total primary government	\$ 432,189,633	\$ 24,744,519	\$ 58,707,994	\$ 2,568,300	(346,667,132)	498,312	(346,168,820)			
COMPONENT UNITS:										
Tourism Development Authority	\$ 11,598,936	\$ -	\$ 16,033,507	\$ -				\$ 4,434,571	\$ -	\$ -
Buncombe County Service Foundation	2,619,534	-	2,674,915	-				-	55,381	-
WNC Regional Air Quality Agency	948,541	569,325	443,608	-				-	-	64,392
Total component units	\$ 15,167,011	\$ 569,325	\$ 19,152,030	\$ -				4,434,571	55,381	64,392
General revenues:										
Taxes:										
Property taxes, levied for general purpose					196,709,722	-	196,709,722	-	-	-
Local option sales tax					76,001,604	-	76,001,604	-	-	-
Other taxes and licenses					23,374,603	-	23,374,603	-	-	-
Investment earnings, unrestricted					770,823	46,854	817,677	24,797	-	1,184
Payments in lieu of taxes					368,130	-	368,130	-	-	-
Miscellaneous, unrestricted					944,757	-	944,757	-	-	-
Gain on sale of assets					3,139,269	6,290	3,145,559	-	-	-
Total general revenues					301,308,908	53,144	301,362,052	24,797	-	1,184
Change in net position					(45,358,224)	551,456	(44,806,768)	4,459,368	55,381	65,576
Net position, beginning of year, as originally reported					27,687,499	27,700,591	55,388,090	12,364,313	926,760	411,468
Net position, ending					\$ (17,670,725)	\$ 28,252,047	\$ 10,581,322	\$ 16,823,681	\$ 982,141	\$ 477,044

BUNCOMBE COUNTY, NORTH CAROLINA

Exhibit 3

Balance Sheet

Governmental Funds

JUNE 30, 2016

	General	County Capital Projects	School Capital Commission	AB Tech Capital Projects	Occupancy Tax	Other Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 41,909,272	\$ 8,492,603	\$ 21,557,697	\$ 18,126,911	\$ 1,649,329	\$ 8,580,507	\$ 100,316,319
Investments	26,176,024	-	-	-	-	-	26,176,024
Restricted cash and cash equivalents	804,879	52,336,124	7,696,547	4,262,641	-	-	65,100,191
Receivables, net	1,774,093	-	-	-	1,880,488	662,452	4,317,033
Due from other governments	20,660,204	275,815	4,766,534	3,129,536	-	1,523,516	30,355,605
Due from other funds	1,645,812	-	-	-	-	-	1,645,812
Prepaid items	52,202	-	-	-	-	-	52,202
Long-term receivable	-	-	-	-	-	1,391,278	1,391,278
Total assets	<u>\$ 93,022,486</u>	<u>\$ 61,104,542</u>	<u>\$ 34,020,778</u>	<u>\$ 25,519,088</u>	<u>\$ 3,529,817</u>	<u>\$ 12,157,753</u>	<u>\$ 229,354,464</u>
LIABILITIES							
Accounts payable and accrued liabilities	\$ 13,300,585	\$ 1,369,194	\$ -	\$ 73,718	\$ 28,223	\$ 2,867,010	\$ 17,638,730
Payable from restricted cash	-	979,578	-	454,037	-	-	1,433,615
Miscellaneous liabilities	813,983	-	-	-	-	916,930	1,730,913
Due to component unit	-	-	-	-	3,501,594	-	3,501,594
Due to other funds	-	-	-	-	-	1,645,812	1,645,812
Total liabilities	<u>14,114,568</u>	<u>2,348,772</u>	<u>-</u>	<u>527,755</u>	<u>3,529,817</u>	<u>5,429,752</u>	<u>25,950,664</u>
DEFERRED INFLOWS OF RESOURCES	2,335,761	-	-	-	-	27,062	2,362,823
FUND BALANCES							
Nonspendable	52,202	-	-	-	-	1,391,278	1,443,480
Restricted for:							
Stabilization by State statute	22,973,645	275,815	4,766,534	3,129,536	-	420,083	31,565,613
Capital projects	-	52,336,124	29,254,244	21,861,797	-	-	103,452,165
Public safety	-	-	-	-	-	1,993,023	1,993,023
Other	-	-	-	-	-	547,398	547,398
Committed	3,765,433	-	-	-	-	-	3,765,433
Assigned	6,039,085	6,143,831	-	-	-	2,349,157	14,532,073
Unassigned	43,741,792	-	-	-	-	-	43,741,792
Total fund balances	<u>76,572,157</u>	<u>58,755,770</u>	<u>34,020,778</u>	<u>24,991,333</u>	<u>-</u>	<u>6,700,939</u>	<u>201,040,977</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 93,022,486</u>	<u>\$ 61,104,542</u>	<u>\$ 34,020,778</u>	<u>\$ 25,519,088</u>	<u>\$ 3,529,817</u>	<u>\$ 12,157,753</u>	
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different:							
Reconciliation to full accrual basis of accounting (see Note 1)							(218,711,702)
Net position (deficit) of governmental activities							<u>\$ (17,670,725)</u>

The accompanying notes are an integral part of these financial statements.

BUNCOMBE COUNTY, NORTH CAROLINA

Exhibit 4

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

FOR THE YEAR ENDED JUNE 30, 2016

	County Capital Projects	School Capital Commission	AB Tech Capital Projects	Occupancy Tax	Other Governmental Funds	Total Governmental Funds
REVENUES						
Ad valorem taxes	\$ 179,042,248	\$ -	\$ -	\$ -	\$ 17,416,439	\$ 196,458,687
Local option sales taxes	41,684,088	-	17,572,166	11,328,970	5,416,380	76,001,604
Other taxes and licenses	6,438,869	-	-	16,226,135	-	22,665,004
Unrestricted intergovernmental	709,599	-	-	-	-	709,599
Restricted intergovernmental	51,162,279	30,250	1,926,201	42,448	5,989,130	59,150,308
Permits and fees	3,604,379	-	-	-	-	3,604,379
Sales and services	15,306,316	-	-	-	29,946	15,336,262
Investment earnings	262,461	229,097	109,121	116,140	4,284	721,103
Payments in lieu of taxes	-	-	-	-	368,130	368,130
Miscellaneous	878,370	-	-	-	66,387	944,757
Total revenues	299,088,609	259,347	19,607,488	11,487,558	16,226,135	375,959,833
EXPENDITURES						
Current:						
General government	26,760,103	-	-	-	4,661	26,764,764
Public safety	59,188,461	-	-	-	25,786,352	84,974,813
Economic and physical development	7,594,064	-	-	15,982,627	-	23,576,691
Human services	88,590,319	-	-	-	3,958,269	92,548,588
Cultural and recreational	7,372,146	-	-	-	50,000	7,422,146
Intergovernmental:						
Education	82,359,578	-	-	-	-	82,359,578
Capital outlay	-	29,774,395	49,154,920	10,796,294	-	91,403,795
Debt service:						
Principal retirement	11,308,860	-	9,546,448	5,042,400	35,000	25,932,708
Interest and fees	7,835,007	2,480,155	6,786,347	4,326,493	526,448	21,954,450
Total expenditures	291,008,538	32,254,550	65,487,715	20,165,187	15,982,627	456,937,533
Revenues over (under) expenditures	8,080,071	(31,995,203)	(45,880,227)	(8,677,629)	243,508	(80,977,700)
OTHER FINANCING SOURCES (USES)						
Transfers from other funds	9,941,051	1,029,412	10,569,060	-	2,452,425	23,991,948
Transfers to other funds	(17,162,554)	(12,682,872)	-	(689,215)	(243,508)	(33,156,948)
Sales of capital assets	136,479	4,945,000	-	-	-	5,081,479
Total other financing sources (uses)	(7,085,024)	(6,708,460)	10,569,060	(689,215)	(243,508)	(4,083,521)
Net changes in fund balances	995,047	(38,703,663)	(35,311,167)	(9,366,844)	-	(85,061,221)
Fund balances, beginning of year	75,577,110	97,459,433	69,331,945	34,358,177	9,375,533	286,102,198
Fund balances, end of year	\$ 76,572,157	\$ 58,755,770	\$ 34,020,778	\$ 24,991,333	\$ 6,700,939	\$ 201,040,977

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different:

Net changes in fund balances - total governmental funds	\$ (85,061,221)
Reconciliation to full accrual basis of accounting (see Note 1)	39,702,997
Total change in net position (deficit) of governmental activities	<u>\$ (45,358,224)</u>

The accompanying notes are an integral part of these financial statements.

BUNCOMBE COUNTY, NORTH CAROLINA

Exhibit 5

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund

FOR THE YEAR ENDED JUNE 30, 2016

	General Fund			Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Ad valorem taxes	\$ 175,598,725	\$ 177,467,823	\$ 179,042,248	\$ 1,574,425
Local option sales taxes	37,349,984	40,099,984	41,684,088	1,584,104
Other taxes and licenses	5,362,520	5,912,520	6,438,869	526,349
Unrestricted intergovernmental	719,363	719,363	709,599	(9,764)
Restricted intergovernmental	48,922,117	51,089,511	51,162,279	72,768
Permits and fees	3,293,008	3,311,008	3,604,379	293,371
Sales and services	14,930,008	14,945,008	15,306,316	361,308
Investment earnings	200,000	200,000	262,461	62,461
Miscellaneous	1,038,115	1,038,115	878,370	(159,745)
Total revenues	287,413,840	294,783,332	299,088,609	4,305,277
EXPENDITURES				
Current:				
General government	27,479,143	27,559,254	26,760,103	799,151
Public safety	61,703,475	61,346,158	59,188,461	2,157,697
Economic and physical development	9,051,128	9,313,502	7,594,064	1,719,438
Human services	94,367,577	96,797,297	88,590,319	8,206,978
Cultural and recreational	8,120,791	7,689,813	7,372,146	317,667
Intergovernmental:				
Education	80,480,659	83,230,659	82,359,578	871,081
Total current expenditures	281,202,773	285,936,683	271,864,671	14,072,012
Debt service:				
Principal retirement			11,308,860	
Interest and other charges			7,835,007	
Total debt service	20,024,201	20,024,201	19,143,867	880,334
Total expenditures	301,226,974	305,960,884	291,008,538	14,952,346
Revenues over (under) expenditures	(13,813,134)	(11,177,552)	8,080,071	19,257,623
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	11,139,679	9,270,581	9,941,051	670,470
Transfers to other funds	(7,129,758)	(17,541,673)	(17,162,554)	379,119
Sales of capital assets	160,000	160,000	136,479	(23,521)
Appropriated fund balance	9,643,213	19,737,050	-	(19,737,050)
Total other financing sources (uses)	13,813,134	11,625,958	(7,085,024)	(18,710,982)
Net changes in fund balance	\$ -	\$ 448,406	995,047	\$ 546,641
Fund balance, beginning of year			<u>75,577,110</u>	
Fund balance, end of year			<u>\$ 76,572,157</u>	

The accompanying notes are an integral part of these financial statements.

BUNCOMBE COUNTY, NORTH CAROLINA

Exhibit 6

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Occupancy Tax Fund

FOR THE YEAR ENDED JUNE 30, 2016

	Occupancy Tax			Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Occupancy Tax	\$ 11,970,004	\$ 17,470,004	\$ 16,226,135	\$ (1,243,869)
Total revenues	11,970,004	17,470,004	16,226,135	(1,243,869)
EXPENDITURES				
Current:				
Economic and physical development	11,790,454	17,290,454	15,982,627	1,307,827
Total expenditures	11,790,454	17,290,454	15,982,627	1,307,827
Revenues over (under) expenditures	179,550	179,550	243,508	63,958
OTHER FINANCING SOURCES (USES)				
Transfers to other funds	(179,550)	(179,550)	(243,508)	(63,958)
Total other financing sources (uses)	(179,550)	(179,550)	(243,508)	(63,958)
Net changes in fund balance	\$ -	\$ -	-	\$ -
Fund balance, beginning of year			-	
Fund balance, end of year			\$ -	

The accompanying notes are an integral part of these financial statements.

BUNCOMBE COUNTY, NORTH CAROLINA

Exhibit 7

Statement of Net Position

Proprietary Funds

JUNE 30, 2016

	Enterprise Funds			Internal
	Solid Waste	Nonmajor	Total	Service Fund
	Disposal	Enterprise		Insurance
	Fund	Fund		Fund
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 19,846,659	\$ 556,828	\$ 20,403,487	\$ 14,546,230
Restricted cash and cash equivalents	1,102,777	-	1,102,777	-
Receivables, net	591,855	238	592,093	-
Prepays	-	-	-	384,000
Inventories	11,504	-	11,504	-
Total current assets	21,552,795	557,066	22,109,861	14,930,230
Noncurrent assets:				
Capital assets:				
Land, improvements, and construction in progress	7,458,170	-	7,458,170	-
Other capital assets, net of depreciation	18,737,595	40,650	18,778,245	-
Total capital assets	26,195,765	40,650	26,236,415	-
Total noncurrent assets	26,195,765	40,650	26,236,415	-
Total assets	47,748,560	597,716	48,346,276	14,930,230
DEFERRED OUTFLOWS OF RESOURCES	76,809	5,122	81,931	-
LIABILITIES				
Current liabilities:				
Accounts payable	503,788	52,669	556,457	1,123,366
Accrued interest payable	5,019	-	5,019	-
Salaries and payroll taxes payable	181,275	5,919	187,194	33,398
Compensated absences	62,032	1,588	63,620	-
Installment obligations payable, current portion	270,000	-	270,000	-
Total current liabilities	1,022,114	60,176	1,082,290	1,156,764
Noncurrent liabilities:				
Accrued landfill closure and postclosure care costs	16,572,050	-	16,572,050	-
Other postemployment benefits	91,856	5,521	97,377	-
Installment obligations payable	2,289,365	-	2,289,365	-
Other noncurrent liabilities	81,736	12,440	94,176	-
Total noncurrent liabilities	19,035,007	17,961	19,052,968	-
Total liabilities	20,057,121	78,137	20,135,258	1,156,764
DEFERRED INFLOWS OF RESOURCES	38,350	2,552	40,902	-
NET POSITION				
Net investment in capital assets	23,636,400	40,650	23,677,050	-
Unrestricted	4,093,498	481,499	4,574,997	13,773,466
	\$ 27,729,898	\$ 522,149	\$ 28,252,047	\$ 13,773,466

The accompanying notes are an integral part of these financial statements.

BUNCOMBE COUNTY, NORTH CAROLINA

Exhibit 8

Statement of Revenues, Expenses, and Change in Net Position

Proprietary Funds

FOR THE YEAR ENDED JUNE 30, 2016

	Enterprise Funds			Internal Service Fund
	Solid Waste Disposal Fund	Nonmajor Enterprise Fund	Total	Insurance Fund
OPERATING REVENUES				
Charges for services	\$ 7,342,311	\$ 343,402	\$ 7,685,713	\$ 28,601,978
Miscellaneous	418,726	-	418,726	-
Total operating revenues	<u>7,761,037</u>	<u>343,402</u>	<u>8,104,439</u>	<u>28,601,978</u>
OPERATING EXPENSES				
Salaries, wages, and fringe benefits	1,468,744	122,633	1,591,377	455,317
Contracted services	859,511	108,486	967,997	-
Cost of products sold	-	62,433	62,433	-
Maintenance and repairs	910,326	-	910,326	-
Other operating expenses	1,416,796	20,713	1,437,509	57,569
Landfill closure and postclosure care costs	371,543	-	371,543	-
Depreciation	2,213,690	21,297	2,234,987	-
Insurance premiums	-	-	-	2,562,086
Claims	-	-	-	33,781,589
Total operating expenses	<u>7,240,610</u>	<u>335,562</u>	<u>7,576,172</u>	<u>36,856,561</u>
Operating income (loss)	<u>520,427</u>	<u>7,840</u>	<u>528,267</u>	<u>(8,254,583)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest and investment revenue	45,877	977	46,854	-
Interest and other charges	(29,955)	-	(29,955)	-
Gain on disposal of assets	6,290	-	6,290	-
Total nonoperating revenues (expenses)	<u>22,212</u>	<u>977</u>	<u>23,189</u>	<u>-</u>
Income (loss) before transfers	<u>542,639</u>	<u>8,817</u>	<u>551,456</u>	<u>(8,254,583)</u>
Transfers from other funds	-	-	-	9,165,000
Change in net position	<u>542,639</u>	<u>8,817</u>	<u>551,456</u>	<u>910,417</u>
Net position, beginning of year	27,187,259	513,332	27,700,591	13,726,114
Prior period adjustment (note 9)	-	-	-	(863,065)
Net position, beginning, as restated	<u>27,187,259</u>	<u>513,332</u>	<u>27,700,591</u>	<u>12,863,049</u>
Net position, end of year	<u>\$ 27,729,898</u>	<u>\$ 522,149</u>	<u>\$ 28,252,047</u>	<u>\$ 13,773,466</u>

The accompanying notes are an integral part of these financial statements.

BUNCOMBE COUNTY, NORTH CAROLINA

Statement of Cash Flows

Proprietary Funds

FOR THE YEAR ENDED JUNE 30, 2016

	Enterprise Funds			Internal Service Fund
	Solid Waste Disposal Fund	Nonmajor Enterprise Fund	Total	Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 7,441,921	\$ 343,223	\$ 7,785,144	\$ 28,601,978
Cash paid for goods and services	(3,167,143)	(190,279)	(3,357,422)	(36,661,430)
Cash paid to employees for services	(1,507,592)	(110,412)	(1,618,004)	(451,898)
Other operating revenue	418,726	-	418,726	-
Net cash provided (used) by operating activities	3,185,912	42,532	3,228,444	(8,511,350)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	-	-	-	9,165,000
Net cash provided by noncapital financing activities	-	-	-	9,165,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(751,786)	-	(751,786)	-
Sale of capital assets	6,290	-	6,290	-
Principal paid on installment obligation	(260,000)	-	(260,000)	-
Interest paid on long-term debt	(71,602)	-	(71,602)	-
Net cash used by capital and related financing activities	(1,077,098)	-	(1,077,098)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	45,877	977	46,854	-
Net cash provided by investing activities	45,877	977	46,854	-
Net increase in cash and cash equivalents	2,154,691	43,509	2,198,200	653,650
Cash and cash equivalents, beginning of year	18,794,745	513,319	19,308,064	13,892,580
Cash and cash equivalents, end of year	\$ 20,949,436	\$ 556,828	\$ 21,506,264	\$ 14,546,230

The accompanying notes are an integral part of these financial statements.

	Enterprise Funds			Internal Service Fund
	Solid Waste Disposal Fund	Nonmajor Enterprise Fund	Total	Insurance Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 520,427	\$ 7,840	\$ 528,267	\$ (8,254,583)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	2,213,690	21,297	2,234,987	-
Landfill closure and postclosure care costs	141,392	-	141,392	-
Changes in assets, liabilities and deferred outflow and inflows of resources:				
Accounts receivable	99,612	(179)	99,433	-
Inventories	1,662	-	1,662	-
Net pension asset	81,411	2,872	84,283	-
Deferred outflows of resources - pensions	(7,902)	(2,666)	(10,568)	-
Net pension liability	81,736	12,440	94,176	-
Deferred inflows of resources - pensions	(160,068)	(4,446)	(164,514)	-
Accounts payable	247,977	1,351	249,328	(260,186)
Salaries and payroll taxes payable	(57,499)	3,598	(53,901)	3,419
Other postemployment benefits	8,331	(166)	8,165	-
Accrued compensated absences	15,143	591	15,734	-
Total adjustments	2,665,485	34,692	2,700,177	(256,767)
Net cash provided (used) by operating activities	\$ 3,185,912	\$ 42,532	\$ 3,228,444	\$ (8,511,350)

The accompanying notes are an integral part of these financial statements.

BUNCOMBE COUNTY, NORTH CAROLINA

Exhibit 10

Statement of Fiduciary Net Position

JUNE 30, 2016

	OPEB Trust Fund	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 15,639,073	\$ 2,563,134
Accounts receivable	-	802,968
	<u>\$ 15,639,073</u>	<u>\$ 3,366,102</u>
LIABILITIES		
Accounts payable	\$ -	\$ 771,198
Due to other taxing units	-	1,337,032
Intergovernmental payable - State of North Carolina	-	19,612
Due to beneficiaries	-	1,238,260
Total liabilities	<u>-</u>	<u>3,366,102</u>
NET POSITION		
Assets held in trust for health benefits	<u>\$ 15,639,073</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

BUNCOMBE COUNTY, NORTH CAROLINA

Exhibit 11

Statement of Changes in Fiduciary Net Position

FOR THE YEAR ENDED JUNE 30, 2016

	<u>OPEB Trust Fund</u>
ADDITIONS	
Employer contributions	\$ -
Investment income:	
Net appreciation in fair value of investments	325,236
Investment earnings (loss), net	<u>(517,113)</u>
Total additions	<u>(191,877)</u>
NET POSITION, BEGINNING	<u>15,830,950</u>
NET POSITION, ENDING	<u>\$ 15,639,073</u>

The accompanying notes are an integral part of these financial statements.

BUNCOMBE COUNTY, NORTH CAROLINA

Notes to the Financial Statements

For the Year Ended June 30, 2016

Note 1 - Summary of Significant Accounting Policies

The accounting policies of Buncombe County and its discretely presented component units conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

(A) Reporting Entity

The County, which is governed by a seven-member board of commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by generally accepted accounting principles, these financial statements present the County and its component units, legally-separate entities for which the County is financially accountable. Buncombe County Industrial Facility and Pollution Control Financing Authority (the Authority) exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority has no financial transactions or account balances; therefore, it is not presented in the basic financial statements. Buncombe County Tourism Development Authority (the Tourism Development Authority), Buncombe County Service Foundation, Inc. (the Foundation), and Western North Carolina Regional Air Quality Agency (the Agency), which have a June 30 year-end, are presented as if they are separate governmental funds of the County (discrete presentation). The discretely presented component units presented below are reported in a separate column in the County's financial statements in order to emphasize that they are legally separate from the County.

Component Unit	Reporting Method	Criteria for Inclusion	Separate Financial Statements
Buncombe County Industrial Facility and Pollution Control Financing Authority	Discrete	The Authority is governed by a seven-member board of commissioners that is appointed by the County Commissioners. The County can remove any commissioner of the Authority with or without cause.	None issued (no amounts have been presented because no financial transactions or account balances exist).
Buncombe County Tourism Development Authority	Discrete	The Tourism Development Authority is governed by members appointed by the County Commissioners, the Asheville City Council, and the Asheville Area Chamber of Commerce. The Development Authority derives its revenues through a special room occupancy tax which is authorized by, and may be repealed by, the decision of the County Commissioners.	Tourism Development Authority Post Office Box 1010 Asheville, North Carolina 28812

<p>Buncombe County Service Foundation, Inc.</p>	<p>Discrete</p>	<p>The Foundation is a 501(c)(3) nonprofit organization that supports the programs of Buncombe County Government with an emphasis on health and human services activities. The Foundation undertakes projects to improve access to health, safety, independence, wellness, recreation, and community services in alignment with Buncombe County sustainability goals. The Foundation is managed through a seven member board of directors, as appointed by the Buncombe County Manager. The Foundation’s budget is included in the County’s annual budget process.</p>	<p>Buncombe County Service Foundation 200 College Street Suite 400 Asheville, North Carolina 28801</p>
<p>Western North Carolina Regional Air Quality Agency</p>	<p>Discrete</p>	<p>The Agency was established by an interlocal agreement between the City of Asheville and the County pursuant to State statute. The governing authority is selected by the County Commissioners and the Asheville City Council. The County and the City are responsible for financing any operating deficits of the Agency and the County shall provide personnel and financial services in that all employees of the Agency shall be County employees subject to the Buncombe County personnel plan in all respects except for the Agency Director which shall serve at the pleasure of the Agency Board. The County will also provide financial, payroll and bookkeeping services for the Agency with cost of services and personnel to be reimbursed by the Agency in accordance with the County cost allocation plan. The Agency’s budget is included in the County’s annual budget process.</p>	<p>None issued.</p>

(B) Basis of Presentation, Basis of Accounting

Basis of Presentation, Measurement Focus – Basis of Accounting

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government net position (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities; however, interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The County reports the following major governmental funds:

General Fund: This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

County Capital Projects Fund: This fund is used to account for capital asset construction from general government resources and financing. Assets constructed from this fund will be owned by the County.

School Capital Commission Fund: This fund accounts for the construction of local public schools. Sales tax, general obligation bonds, and installment obligations are used to finance these projects. Once constructed, the assets will be capitalized by the local school units.

AB Tech Capital Projects Fund: This fund is used to account for capital improvements to Asheville-Buncombe Technical Community College (ABTCC). Sales tax and installment obligations are used to finance these projects. Once completed, these assets will be capitalized by ABTCC.

Occupancy Tax Fund: This fund was established to account for the revenues from the room occupancy tax to fund the development and implementation of strategies designed to promote tourism in Buncombe County. Occupancy tax net of collection fees are remitted to the component unit (Tourism Development Authority) to achieve this purpose.

The County reports the following major enterprise fund:

Solid Waste Disposal Fund: This fund accounts for landfill operations.

The County reports the following fund types:

Internal Service Fund: The Internal Service fund is used to account for the accumulation and allocation of costs associated with the County's self-insured group health and dental insurance program.

OPEB Trust Fund: A fiduciary fund is used to account for the trust fund that is used for the accumulation of funds and the payment of other post-employment benefit costs related to health benefits.

Agency Funds: Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds:

The Inmate Trust Fund, which accounts for the revenues and expenditures of activity funds belonging to inmates during the period of incarceration; the General Agency Accounts, which account for ad valorem and local option sales taxes collected for other taxing units; the Social Services Fund, which accounts for monies deposited with the Department of Social Services for the benefit of certain individuals; the Sondley Estate Trust, which accounts for certain monies held by the County which was appointed as fiscal agent by the Courts; the Deed of Trust Fee Fund, which accounts for the \$6.20 of each fee collected by the register of deeds for registering or filing a deed of trust or mortgage and is remitted to the State Treasurer on a monthly basis; and the Buncombe County Anticrime Task Force, which accounts for forfeiture and controlled substance tax earmarked for the Buncombe County Anticrime Task Force.

In accordance with North Carolina General Statutes, all funds of the County are maintained during the year using the modified accrual basis of accounting.

Government-wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds which have no measurement focus. The government-wide, proprietary fund and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, State Law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when the vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received.

Sales taxes and certain intergovernmental revenues, such as utilities franchise tax, collected and held by the State at year-end on behalf of the County are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

(C) Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Volunteer Fire Departments, Emergency Telephone System, Occupancy Tax, Register of Deeds Automation, Drug Forfeitures, and Transportation Special Revenue Funds, and the Enterprise Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the County Capital Projects Fund, the School Capital Commission Fund, the AB Tech Capital Project Fund, the Grant Projects Fund, the Special Projects Funds, the PDF Woodfin Downtown Fund, and the Enterprise Capital Projects Funds, which are consolidated with the enterprise operating funds for reporting purposes.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$75,000. The governing board must approve all amendments. The County Manager is authorized by the budget ordinance to transfer appropriations between functional areas within a fund up to \$75,000 per expenditure; however, any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$75,000 per expenditure must be approved by the governing board. Budgetary transfers by the Manager must be reported to the County Commissioners at the next board meeting and recorded in the minutes. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

(D) Assets, Liabilities, Deferred Inflows and Outflows of Resources and Fund Equity**(1) Deposits and Investments**

All deposits of the County, Buncombe County Tourism Development Authority, Western North Carolina Regional Air Quality Agency (Agency), and Buncombe County Service Foundation (Foundation) are made in board-designated official depositories and are secured as required by G.S. 159-31. The County, Tourism Development Authority, Agency and Foundation may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County, Tourism Development Authority, Agency and Foundation may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the County, Tourism Development Authority, Agency and Foundation to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT).

General Statute 159-30.1 allows the County to establish an Other Postemployment Benefit (OPEB) Trust managed by the staff of the Department of the State Treasurer and operated in accordance with state laws and regulations. It is not registered with the SEC and G.S. 159-30(g) allows the County to make contributions to the Trust. The State Treasurer in her discretion may invest the proceeds in equities of certain publicly held companies and long or short term fixed income investments as detailed in G.S. 147-69.2(b)(1-6) and (8). Funds submitted are managed in three different sub-funds, the State Treasurer's Short Term Investment Fund (STIF) consisting of short to intermediate treasuries, agencies and corporate issues authorized by G.S. 147-69.1, the Long Term Investment Fund (LTIF) consisting of investment grade corporate securities, treasuries, and agencies, and BlackRock's Global Ex-US Alpha Tilts Fund B and BlackRock's Russell 3000 Alpha Tilts Fund B authorized under G.S. 147-69.2(b)(8).

The County, Tourism Development Authority, Agency and Foundation's investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earning investment contracts are reported at cost. The securities of the NCCMT Cash Portfolio, a SEC-registered

(2a-7) external investment pool, is measured at amortized cost, which is the NCCMT’s share price. The NCCMT Term Portfolio’s securities are valued at fair value. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to participants of the fund. The LTIF is also valued at \$1 per share. The Global Ex-US Alpha Tilts Fund B is priced at \$19.54 per share and the Russell 3000 Alpha Tilts Fund B is priced at \$52.91 per share at June 30, 2016.

(2) Cash and Cash Equivalents

The County pools monies from several funds, except the OPEB Trust Fund, to facilitate disbursement and investment and to maximize the investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

(3) Restricted Assets

Unexpended bond proceeds are classified as restricted assets within the governmental funds because their use is completely restricted to the purpose for which the bonds were originally issued.

Buncombe County Restricted Cash

	Governmental Activities	
County Capital Projects Fund		\$ 52,336,124
School Capital Projects Fund		7,696,547
AB Tech Capital Projects Fund		4,262,641
General Fund		<u>804,879</u>
Total Governmental Activities		\$ 65,100,191
	Business-Type Activities	
Solid Waste Disposal		<u>\$ 1,102,777</u>
Total Restricted Cash		<u>\$ 66,202,968</u>

(4) Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2015.

(5) Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years and the age of individual outstanding balances.

(6) Inventories and Prepaid Items

The inventories of the County are valued at cost (first-in, first-out), which approximates market. The County’s General Fund inventory consists of expendable supplies that are recorded as expenditures when purchased. The inventory of the County’s enterprise funds consists of materials and supplies held for consumption or resale. The cost of the inventory carried in the County’s enterprise funds is recorded as an expense as it is consumed or sold.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

(7) Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. The minimum capitalization cost is \$10,000. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized.

The County holds title to certain Buncombe County Board of Education, Asheville City Board of Education and AB-Tech Community College properties that have not been included in capital assets. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs. Agreements between the County and the respective boards give the school system full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the board once all restrictions of the financing agreements have been met. The properties are reflected as capital assets in the financial statements of the school systems.

Capital assets of the County and Western North Carolina Regional Air Quality Agency are depreciated on a straight-line basis over the following estimated useful lives:

	<u>Years</u>
Buildings	30
Improvements	20
Furniture and equipment	5-10
Intangibles	5
Vehicles	1-5

(8) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has three items that meets this criterion – charges on refunding of debt, pension related deferrals, and contributions made to the pension plan in the current fiscal year.

In addition to liabilities, the statement of financial position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has three items that meet the criterion for this category – advance receipt of ad valorem taxes, other pre-payments and pension related deferrals.

(9) Long-term Obligations

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities on the statements of net position.

In the fund financial statements for governmental fund types, the face amount of debt issued is reported as other financing sources.

(10) Compensated Absences

County personnel policies permit an employee to accumulate vacation earned during the latest two years of service before such entitlement expires. In addition, non-exempt employees who work beyond the normal working day in conducting County business earn compensatory time at one and one-half hours for each hour actually worked. Upon termination any unexpired entitlement is due to the employee. For the County’s government-wide financial statements and proprietary fund types in the fund financial

statements, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned.

The County's sick leave policies provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the County has no obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

(11) Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements are classified as invested in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are either a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through State statute.

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Prepaid items: Portion of fund balance that is not an available resource because it represents the year-end portion of prepaid items, which are not spendable resources.

Long-term revolving loans: Portion of fund balance that is not an available resource because it represents the long-term amount of loans and notes receivable.

Restricted Fund Balance: This classification includes revenue sources that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State Statute: Portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

Restricted for Capital Projects: Portion of fund balance that is restricted by revenue source for capital project expenditures, including fund balance that can only be used for School Capital per G.S. 159-18-22.

Restricted for Register of Deeds: Portion of fund balance that is restricted by revenue source to pay for the computer equipment and imaging technology for the Register of Deeds office.

Restricted for Public Safety: Portion of fund balance that is restricted by revenue source for public safety purposes.

Committed Fund Balance: Portion of fund balance that can only be used for specific purpose imposed by majority vote of Buncombe County's Board of Commissioners (highest level of decision-making authority). Any changes or removal of specific purposes requires majority action by the governing body.

Committed for Retirement Incentive: Portion of fund balance to be used for payments made under the 2014 Buncombe County Employee Retirement Incentive Plan.

Assigned Fund Balance: Portion of fund balance that the Buncombe County Board of Commissioners has budgeted.

Subsequent Year's Expenditures: Portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however the budget ordinance authorizes the manager to modify the appropriations by resource or appropriation within funds up to \$75,000.

Assigned for Capital Projects: Portion of fund balance that has been budgeted or designated by the Board of Commissioners for capital projects.

Unassigned Fund Balance: Portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

Buncombe County has a revenue spending guideline for programs with multiple revenue sources. The Finance Director uses resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-county funds, and County funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Director may deviate from this policy if it is in the best interest of the County.

Buncombe County has also adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that available fund balance is at least equal to or greater than 15% of budgeted expenditures. Any portion of the General Fund balance in excess of 15% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the County in a future budget.

(12) Defined Benefit Pension Plans

The County participates in two cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State; the Local Government Employees' Retirement System (LGERS) and the Registers of Deeds' Supplemental Pension Fund (RODSPF) (collectively, the "state-administered, defined benefit pension plans"). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. Investments are reported at fair value.

(E) Reconciliation of Government-wide and Fund Financial Statements**(1) Explanation of certain differences between the governmental funds Balance Sheet and the government-wide Statement of Net Position.**

The governmental funds Balance Sheet includes a reconciliation between total fund balance for the governmental funds and net position for governmental activities as reported in the government-wide Statement of Net Position. The net adjustment consists of several elements as follows:

<u>Description</u>	<u>Amount</u>
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 367,737,418
Less accumulated depreciation	<u>(108,301,958)</u>
Net capital assets	259,435,460
Net pension asset	802,058
Contributions to the pension plan in the current fiscal year	5,249,726
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are unavailable in the fund statements	81,809
Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide statements	1,133,522
The assets and liabilities of the internal service fund, which is used by management to charge the cost of insurance to individual funds, are included in governmental activities in the statement of net position	13,773,466
Deferred charges related to advance refunding bonds issued – included on government-wide statement of net position but are not current financial resource	4,917,182
Pension related deferrals	(2,083,040)
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Bonds and installment financing	(474,793,538)
Compensated absences	(7,944,201)
Accrued pension obligation	(2,578,125)
Other postemployment benefits	(5,536,213)
Net pension liability	(6,058,976)
Accrued salaries related to retirement incentive	(3,765,433)
Accrued interest payable	<u>(1,345,399)</u>
Total	<u>\$ (218,711,702)</u>

(2) Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the government-wide Statement of Activities.

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between net changes in fund balances for the governmental funds and changes in net position of governmental activities as reported in the government-wide Statement of Activities. There are several elements of that total adjustment as follows:

<u>Description</u>	<u>Amount</u>
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of net position	\$ 21,448,099
Cost of disposed assets not recorded in fund statements	(1,942,210)
Depreciation expense, the allocation of those assets over their useful lives that is recorded on the statement of activities but not in the fund statements	(15,004,281)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the statement of net activities – only the government-wide statement of net position is affected.</p>	
Principal payments on long-term debt	25,932,708
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	5,318,127
<p>Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements:</p>	
Accrued interest payable on long-term debt	1,123,230
Amortization of premium on long-term debt	5,550,288
Amortization of refunding costs not recorded on fund statements	(151,098)
Pension obligations - LEO	(205,762)
Compensated absences	(843,278)
Other postemployment benefits	(687,760)
County's portion of collective pension expense	(3,568,649)
Payments related to the 2014 Retirement Incentive	1,696,988
<p>Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements:</p>	
Difference in interest revenue between fund statements (modified accrual) and government-wide statements (full accrual)	49,720
Decrease of deferred inflows of resources – taxes receivable – at June 30, 2016	(174,575)
Increase of deferred inflows of resources – EMS receivable – June 30, 2016	251,033
Net expense, including transfers, of internal service funds determined to be governmental type	<u>910,417</u>
Total	<u>\$ 39,702,997</u>

(F) Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 - Detail Notes on All Funds**(A) Assets****(1) Deposits**

All deposits of the County, Tourism Development Authority, Buncombe County Service Foundation, Inc. and Western North Carolina Regional Air Quality Agency are either insured or collateralized by using the Pooling Method. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, Tourism Development Authority, Buncombe County Service Foundation, Inc. and Western North Carolina Regional Air Quality Agency, these deposits are considered to be held by their agents in the entities' names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County, Tourism Development Authority, Buncombe County Service Foundation, Inc., and Western North Carolina Regional Air Quality Agency or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County, Tourism Development Authority, Buncombe County Service Foundation, Inc., and Western North Carolina Regional Air Quality Agency under the Pooling Method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County, Tourism Development Authority, Buncombe County Service Foundation, Inc. and Western North Carolina Regional Air Quality Agency rely on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institution used by the County. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2016, the County's (including Western North Carolina Regional Air Quality) deposits had a carrying amount of \$20,937,036 and a bank balance of \$22,773,874. Of the bank balance, \$250,000 was covered by federal depository insurance and \$22,523,874 was covered by collateral held under the Pooling Method. These amounts include \$2,561,240 held by the County in its fiduciary capacity for its agency funds.

At June 30, 2016, Buncombe County had \$9,704 cash on hand.

At June 30, 2016, the Tourism Development Authority's deposits had a carrying amount of \$2,936,376 and a bank balance of \$4,342,292. Of the bank balance, \$250,000 was covered by federal depository insurance and \$4,092,292 was covered by collateral held under the Pooling Method.

At June 30, 2016, the Buncombe County Service Foundation's deposits had a carrying amount of \$1,474,367 and a bank balance of \$1,485,607. Of the bank balance, \$250,000 was covered by federal depository insurance. Cash exceeded federal depository insurance by \$1,235,607.

(2) Investments

As of June 30, 2016, the County had the following investments and maturities:

Investment Type	Valuation Measurement Cost	Fair Value	Less Than 30 Days	1-6 Months	6-12 Months
US Government Agencies	Fair Value-Level 1	\$ 33,141,767	\$ -	\$ 26,999,633	\$ 6,142,134
US Treasuries	Fair Value-Level 1	20,033,890	-	-	20,033,890
Commercial Paper	Cost	14,906,429	-	14,906,429	-
NC Capital Management Trust- Cash Portfolio	Amortized Cost	121,100,075	121,100,075	-	-
NC Capital Management Trust- Term Portfolio*	Fair Value-Level 1	20,776,067	-	20,776,067	-
Total		<u>\$ 209,958,228</u>	<u>\$ 121,100,075</u>	<u>\$ 62,682,129</u>	<u>\$ 26,176,024</u>

*Because the NC Capital Management Trust Term Portfolio has a weighted average maturity of less than 90 days, it was presented as an investment with a maturity of 1-6 months.

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level 1 debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2 debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

At June 30, 2016, the Tourism Development Authority's investments consisted of \$12,399,057 in the North Carolina Capital Management Trust's Cash Portfolio, which carried a credit rating of AAAM by Standard and Poor's.

During 2016, the County realized no gain or loss from the sale of investments. The County typically holds investments until maturity. The calculation of realized gains is independent of the calculation of the net increases in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of the investment reported in the prior year. There were no realized gains or losses on the County's or Tourism Development Authority's investments during 2016.

Investments with maturity dates of greater than one year at the time of purchase are reported at fair value using quoted market prices or the best available estimate thereof. All unrealized gains and losses arising from changes in fair value are included in investment earnings in the accompanying statements.

A reconciliation of deposits and investments to the government-wide financial statements is as follows:

	Primary Government	Tourism Development Authority	WNC Regional Air Quality	Buncombe County Service Foundation
Deposits	\$ 20,937,036	\$ 2,936,376	\$ -	\$ 1,474,367
Cash on hand	9,704	-	-	-
Investments	209,958,228	12,399,057	-	-
	<u>230,904,968</u>	<u>15,335,433</u>	<u>-</u>	<u>1,474,367</u>
Reported in Component Units	(696,806)	-	696,806	-
	<u>\$ 230,208,162</u>	<u>\$ 15,335,433</u>	<u>\$ 696,806</u>	<u>\$ 1,474,367</u>
Reported on government-wide statement of net position:				
Cash and cash equivalents	\$ 135,266,036	\$ 2,936,376	\$ 696,806	\$ 1,474,367
Investments	26,176,024	12,399,057	-	-
Restricted cash	<u>66,202,968</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>227,645,028</u>	<u>\$ 15,335,433</u>	<u>\$ 696,806</u>	<u>\$ 1,474,367</u>
Reported in agency funds:				
Cash and cash equivalents	<u>2,563,134</u>			
	<u>\$ 230,208,162</u>			

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the County’s investment policy mitigates interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in shorter-term securities. The County’s investment policy also requires that the portfolio be diversified by security type and institution as well as limiting all securities to a final maturity of no more than three years.

Credit Risk

The County’s policy is to limit investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2016, the County’s investments in commercial paper were rated P1 by Standard & Poor’s, F1 by Fitch Ratings, and A1 by Moody’s Investors Service. As of June 30, 2016, the County’s investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor’s. The County’s investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the US government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended. The County’s investments in US Agencies are rated AAA by Standard & Poor’s and Aaa by Moody’s Investors Service.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Buncombe County Investment Policy mitigates custodial credit risk by stating that all trades where applicable will be executed by Delivery vs. Payment (DVP). This ensures that securities are deposited in the eligible financial institution prior to the release of funds. Securities will be held by a third party custodian as evidenced by safekeeping receipts.

State Treasurer’s OPEB Fund

At June 30, 2016, the Buncombe County Healthcare Benefits (HCB) Plan Fund had \$15,639,073 invested in the State Treasurer’s Local Government Other Post-Employment Benefits (OPEB) Fund pursuant to G.S. 159-30.1. The State Treasurer’s OPEB Fund may invest in public equities and both long-term and short-term fixed income obligations as determined by the State Treasurer pursuant to the General Statutes.

At year-end, the State Treasurer’s OPEB Fund was invested as follows:

	Fair Value	Percent of Total
State Treasurer’s Long-Term Investment Fund (LTIF)	\$ 1,666,295	10.65%
State Treasurer’s Short-Term Investment Fund (STIF)	3,977,235	25.43%
BlackRock’s Global Ex-US Alpha Tilts Fund B and BlackRock’s Russell 3000 Alpha Tilts Fund B (equities split 77% domestic/23% international)	9,995,543	63.92%
Total	<u>\$ 15,639,073</u>	<u>100.00%</u>

Interest Rate Risk

The County does not have a formal investment interest rate policy that manages its exposure to fair value losses arising from increasing interest rates. The State Treasurer’s Short Term Investment Fund (STIF) is unrated and had a weighted average maturity of 1.5 years at June 30, 2016. The State Treasurer’s Long Term Investment Fund (LTIF) is classified in Level 2 of the fair value hierarchy. Ownership rates in the LTIF are determined monthly at fair market value based upon units of participation. Units of participation are calculated monthly based upon inflows and outflows as well as allocations of net earnings. At year-end, the LTIF had a weighted average maturity of 17.9 years and did not have a credit rating. BlackRock’s Global Ex-US Alpha Tilts Fund B and BlackRock’s Russel 3000 Alpha Tilts Fund B consisted of one domestic equity fund and one international equity fund a

Credit Risk

The County does not have a formal investment policy regarding credit risk for the HCB Plan Fund. The STIF is unrated and authorized under NC General Statute 147-69.1. The State Treasurer’s STIF is invested in highly liquid fixed income securities consisting primarily of short to intermediate treasuries, agencies, and money market instruments. The LTIF is unrated and authorized under NC General Statute 147-69.1 and 147-69.2. The State Treasurer’s LTIF is invested in treasuries, agencies and corporate bonds with longer term maturities.

(3) Property Tax - Use-Value Assessment on Certain Lands

In accordance with the general statutes, agriculture, horticulture, and forestland may be taxed by the County at the present-use value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years, along with the accrued interest from the original due date. This tax is immediately due and payable. The following are property taxes that could become due if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

Year Levied	Tax	Interest	Total
2013	\$ 3,927,955	\$ 932,889	\$ 4,860,844
2014	3,954,420	583,277	4,537,697
2015	3,941,407	226,631	4,168,038
2016	3,946,712	-	3,946,712
Total	<u>\$ 15,770,494</u>	<u>\$ 1,742,797</u>	<u>\$ 17,513,291</u>

(4) Receivables

Receivables at the government-wide level at June 30, 2016 were as follows:

	Accounts	Taxes and Related Accrued Interest	Due From Other Governments	Total
Governmental Activities:				
General	\$ 1,814,881	\$ 1,081,739	\$ 20,660,204	\$ 23,556,824
County Capital Projects	-	-	275,815	275,815
School Capital Commission	-	-	4,766,534	4,766,534
AB Tech Capital Projects	-	-	3,129,536	3,129,536
Other Governmental	635,391	1,919,147	1,523,516	4,078,054
	<u>2,450,272</u>	<u>3,000,886</u>	<u>30,355,605</u>	<u>35,806,763</u>
Allowance for doubtful accounts	(621,463)	(430,853)	-	(1,052,316)
Total - governmental activities	<u>\$ 1,828,809</u>	<u>\$ 2,570,033</u>	<u>\$ 30,355,605</u>	<u>\$ 34,754,447</u>
Business-type Activities				
Solid Waste Disposal	\$ 654,085	\$ -	\$ -	\$ 654,085
Other Business-type	238	-	-	238
	<u>654,323</u>	<u>-</u>	<u>-</u>	<u>654,323</u>
Allowance for doubtful accounts	(62,230)	-	-	(62,230)
Total - business-type activities	<u>\$ 592,093</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 592,093</u>

Due from other governments that is owed to the County consists of the following:

Local option sales tax	\$ 21,377,159
Other	8,978,446
Total	<u>\$ 30,355,605</u>

No allowance for uncollectible accounts has been recorded by the Tourism Development Authority, Buncombe County Service Foundation, Inc., or Western North Carolina Regional Air Quality Agency.

(5) Capital Assets

Capital asset activity for the year ended June 30, 2016, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 19,834,545	\$ 630,218	\$ 42,300	\$ 20,422,463
Construction in progress	22,454,042	29,596,905	14,982,465	37,068,482
Total capital assets not being depreciated	<u>42,288,587</u>	<u>30,227,123</u>	<u>15,024,765</u>	<u>57,490,945</u>
Capital assets being depreciated:				
Buildings	200,527,275	351,389	3,753,997	197,124,667
Other improvements	67,476,284	171,914	-	67,648,198
Equipment	29,511,819	1,323,631	1,658,882	29,176,568
Intangibles	180,341	3,107,100	54,391	3,233,050
Vehicles	12,538,082	1,249,407	723,499	13,063,990
Total capital assets being depreciated	<u>310,233,801</u>	<u>6,203,441</u>	<u>6,190,769</u>	<u>310,246,473</u>
Less accumulated depreciation for:				
Buildings	58,113,642	6,283,840	1,931,723	62,465,759
Other improvements	11,022,212	3,925,685	-	14,947,897
Equipment	18,763,983	3,063,308	1,632,838	20,194,453
Intangibles	77,241	60,148	54,391	82,998
Vehicles	9,611,458	1,671,300	671,907	10,610,851
Total accumulated depreciation	<u>97,588,536</u>	<u>\$ 15,004,281</u>	<u>\$ 4,290,859</u>	<u>108,301,958</u>
Total capital assets being depreciated, net	<u>212,645,265</u>			<u>201,944,515</u>
Governmental activities capital assets, net	<u>\$ 254,933,852</u>			<u>\$ 259,435,460</u>
	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Solid Waste Disposal				
Capital assets not being depreciated:				
Land	\$ 6,842,138	\$ -	\$ -	\$ 6,842,138
Construction in progress	564,400	51,632	-	616,032
Total capital assets not being depreciated	<u>7,406,538</u>	<u>51,632</u>	<u>-</u>	<u>7,458,170</u>
Capital assets being depreciated:				
Buildings and improvements	43,719,442	-	-	43,719,442
Equipment	2,135,958	664,779	-	2,800,737
Vehicles	2,661,683	35,376	177,085	2,519,974
Total capital assets being depreciated	<u>48,517,083</u>	<u>700,157</u>	<u>177,085</u>	<u>49,040,153</u>
Less accumulated depreciation for:				
Buildings and improvements	24,109,026	1,955,458	-	26,064,484
Equipment	1,659,378	189,839	-	1,849,217
Vehicles	2,497,549	68,393	177,085	2,338,856
Total accumulated depreciation	<u>28,265,953</u>	<u>2,213,690</u>	<u>177,085</u>	<u>30,302,558</u>
Total capital assets being depreciated, net	<u>20,251,130</u>			<u>18,737,595</u>
Solid Waste Disposal capital assets, net	<u>27,657,668</u>			<u>26,195,765</u>

Other Business-type Activities				
Capital assets being depreciated:				
Equipment	57,938	—	—	57,938
Vehicles	29,129	—	—	29,129
Total capital assets being depreciated	<u>87,067</u>	<u>—</u>	<u>—</u>	<u>87,067</u>
Less accumulated depreciation for:				
Equipment	23,501	11,588	—	35,089
Vehicles	1,618	9,710	—	11,328
Total accumulated depreciation	<u>25,119</u>	<u>\$ 21,297</u>	<u>\$ —</u>	<u>46,417</u>
Total capital assets being depreciated, net	<u>61,948</u>			<u>40,650</u>
Other Business-type capital assets, net	<u>61,948</u>			<u>40,650</u>
Business-type capital assets, net	<u>\$ 27,719,616</u>			<u>\$ 26,236,414</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General Government	\$ 885,497
Public Safety	10,807,287
Economic and Physical Development	788,266
Human Services	1,203,984
Cultural and Recreational	1,319,247
Total depreciation expense	<u>\$ 15,004,281</u>

Net investment in capital assets on the Statement of Net Position is calculated as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Capital assets, net	<u>\$ 259,345,460</u>	<u>\$ 26,236,415</u>	<u>\$ 285,581,875</u>
Debt:			
General obligation bonds	(27,248,743)	-	(27,248,743)
Installment notes	(447,544,795)	(2,559,365)	(450,104,160)
Gross debt	<u>(474,793,538)</u>	<u>(2,559,365)</u>	<u>(477,352,903)</u>
Add portion of debt that has not given rise to capital assets:			
Unspent bond and note proceeds	52,083,566	-	52,083,566
Debt relating to schools and community college	233,160,296	-	233,160,296
Debt relating to economic development	13,739,997	-	13,739,997
Net debt	<u>(175,809,679)</u>	<u>(2,559,365)</u>	<u>(178,369,044)</u>
Capital assets, net of related debt	<u>\$ 83,535,781</u>	<u>\$ 23,677,050</u>	<u>\$ 107,212,831</u>

Construction commitments

The County has the following commitments with contractors for active construction projects at June 30, 2016:

Project	Spent-to-date	Remaining Commitment
AB Tech Parking Deck	\$ 11,713,177	\$ 12,808
AB Tech Multipurpose Building	6,160,901	16,976
AB Tech Allied Health Building	26,905,340	1,363,768
AB Tech Rhododendron Building	698,076	1,412,553
Tax System	650,000	392,000
Firing Range	3,258,129	553,058
Economic Development Project	1,327,608	289,897
Mental Health Projects	122,533	18,467
Family Justice Center	145,959	22,271
Health & Human Services Building	17,936,966	23,351,293
Voting Machines	818,050	8,706
Buildings Major Maintenance	71,307	29,084
Capital Maintenance Projects	41,672	13,229
Business Systems Improvement	29,650	75,050
Parks Improvements	5,831	350,479
Phase 6 C&D Landfill	10,923	264,076
Total construction commitments	<u>\$ 69,896,122</u>	<u>\$ 28,173,715</u>

Discretely presented component units

Activity for WNC Regional Air Quality for the year ended June 30, 2016, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets being depreciated:				
Equipment	\$ 171,653	\$ 21,785	\$ -	\$ 193,438
Vehicles	75,468	-	21,899	53,569
Total capital assets being depreciated	<u>247,121</u>	<u>21,785</u>	<u>21,899</u>	<u>247,007</u>
Less accumulated depreciation for:				-
Equipment	114,170	22,592	-	136,762
Vehicles	75,468	-	21,899	53,569
Total accumulated depreciation	<u>189,638</u>	<u>\$ 22,592</u>	<u>\$ 21,899</u>	<u>190,331</u>
WNC Regional Air Quality capital assets, net	<u>\$ 57,483</u>			<u>\$ 56,676</u>

(B) Liabilities

(1) Payables

Payables at the government-wide level at June 30, 2016, were as follows:

	Vendors	Salaries and Benefits	Accrued Interest	Total
Governmental Activities:				
General	\$ 6,707,530	\$ 6,626,455	\$ 1,345,397	\$ 14,679,382
County Capital Projects	2,348,772	-	-	2,348,772
AB Tech Capital Projects	527,755	-	-	527,755
Internal Service Fund	1,123,365	-	-	1,123,365
Other Governmental	2,895,233	-	-	2,895,233
Total - governmental activities	\$ 13,602,655	\$ 6,626,455	\$ 1,345,397	\$ 21,574,507
Business-type Activities				
Solid Waste Disposal	\$ 503,788	\$ 181,275	\$ 5,019	\$ 690,082
Other Business-type	52,669	5,919	-	58,588
Total - business-type activities	\$ 556,457	\$ 187,194	\$ 5,019	\$ 748,670

(2) Pension Plan and Other Postemployment Obligations

(a) Local Governmental Employees' Retirement System

1. Plan Description.

Buncombe County is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consist of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454 or at www.osc.nc.gov.

2. Benefits Provided.

LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached

age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

3. Contributions.

Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2016 was 7.15% of compensation for law enforcement officers and 6.74% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$5,289,811 for the year ended June 30, 2016.

4. Refunds of Contributions.

County employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By State law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

5. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

At June 30, 2016, the County reported a liability of \$6,153,152 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2015, the County's proportion was 1.37%, which was an increase of 0.107% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the County recognized pension expense of \$3,613,062. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ —	\$ 1,445,295
Net difference between projected and actual earnings on pension plan investments	—	1,750,516
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,110,949	—
Employer contributions subsequent to the measurement date	5,289,811	—
Total	\$ 6,400,760	\$ 3,195,811

\$5,289,811 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ (1,719,987)
2018	(1,719,987)
2019	(1,719,102)
2020	3,074,213
2021	-
Thereafter	-
	<u>\$ (2,084,862)</u>

At June 30, 2016, the WNC Regional Air Quality Agency reported a liability of \$28,723 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 utilizing update procedures incorporating the actuarial assumptions. The Agency’s proportion of the net pension liability was based on a projection of the Agency’s long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2015, the Agency’s proportion was 0.0064%, which was a decrease of 0.0011% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Agency recognized pension expense of \$16,160. At June 30, 2016, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ —	\$ 6,752
Net difference between projected and actual earnings on pension plan investments	—	8,176
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,004	—
Employer contributions subsequent to the measurement date	35,396	—
Total	\$ 41,400	\$ 14,928

\$35,396 reported as deferred outflows of resources related to pensions resulting from Agency contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ (7,652)
2018	(7,652)
2019	(7,656)
2020	14,036
2021	-
Thereafter	-
	<u>\$ (8,924)</u>

Actuarial assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 %
Salary increases	4.25 to 8.55%, including inflation and productivity factor
Investment rate of return	7.25%, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	2.2%
Global Equity	42.0%	5.8%
Real Estate	8.0%	5.2%
Alternatives	8.0%	9.8%
Credit	7.0%	6.8%
Inflation Protection	6.0%	3.4%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2014 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County’s proportionate share of the net pension liability to changes in the discount rate. The following presents the County’s proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the County’s proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
County’s proportionate share of the net pension liability (asset)	\$ 42,875,757	\$ 6,153,152	\$ (24,793,028)
WNC Regional Air Quality Agency’s proportionate share of the net pension liability (asset)	\$ 200,289	\$ 28,723	\$ (115,818)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

(b) Law Enforcement Officers’ Special Separation Allowance

1. Plan Description.

Buncombe County administers a public employee retirement system (the “Separation Allowance”), a single-employer defined benefit pension plan that provides retirement benefits to the County’s qualified sworn law enforcement officers. The Separation Allowance is equal to 0.85% of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. A separate report was not issued for the plan.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2015, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	29
Active plan members	275
Total	<u>304</u>

2. Summary of Significant Accounting Policies.

Basis of Accounting. The County has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay these benefits.

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statements 67 and 68:

- contributions to the pension plan and earnings on those contributions are irrevocable
- pension plan assets are dedicated to providing benefits to plan members
- pension plan assets are legally protected from the creditors or employers

3. Contributions.

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefits on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The County’s obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administrative costs of the Separation Allowance are paid as they come due.

The annual required contributions for the current year were determined as part of the December 31, 2014 actuarial valuations using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.0% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4.25% to 7.85% per year. Both (a) and (b) included an inflation component of 3.00%. The assumptions did not include postretirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level dollar on a closed basis. The remaining amortization period at December 31, 2014 was 16 years.

Annual Pension Cost and Net Pension Obligation. The County’s annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual required contribution	\$ 625,354
Interest on net pension obligation	118,618
Adjustments to annual required contribution	<u>(208,474)</u>
Annual pension cost	535,498
Contributions made	<u>(329,736)</u>
Increase (decrease) in net pension obligation	205,762
Net pension obligation, beginning of year	<u>2,372,363</u>
Net pension obligation, end of year	<u>\$ 2,578,125</u>

4. Funded Status and Funding Progress.

Three-Year Trend Information
for Buncombe County

For Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2014	\$ 391,534	60.24%	\$ 2,157,337
2015	505,749	57.48%	2,372,363
2016	535,498	61.58%	2,578,125

As of December 31, 2015, the most recent actuarial valuation date, the County’s plan was not funded. The actuarial accrued liability is a more long-term view of the County’s obligation to pay pension benefits in the future. It represents the actuarially determined value of all future benefits that have been earned but not yet paid. The unfunded actuarial accrued liability (UAAL) at the valuation date

was \$6,435,449. The covered payroll (annual payroll of active employees covered by the plan) was \$13,727,850, and the ratio of the UAAL to the covered payroll was 46.88%.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

(c) Supplemental Retirement Income Plan for Law Enforcement Officers

1. Plan Description.

The County contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

2. Funding Policy.

Article 12E of G.S. Chapter 143 requires the County contribute each month an amount equal to 5% of each officer's salary. The County has opted to fund at an amount equal to 8%. All amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2016 were \$1,372,044, which consisted of \$1,095,101 from the County and \$276,943 from the law enforcement officers.

(d) Supplemental Retirement Income Plan for Non-Law Enforcement Officers 401(k) Plan

1. Plan Description.

The County contributes to the Supplemental Retirement Income Plan of North Carolina, often referred to as the State's 401(k) Plan, a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to employees of the County who are members of the Local Government Employees' Retirement System. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

2. Funding Policy.

The Board of Commissioners has directed that the County contribute each month an amount equal to 8% of each qualified non-law enforcement employee's salary which is vested immediately. Also, the employees may elect to make voluntary contributions to the plan. Contributions for the year ended June 30, 2016 were \$5,686,262, which consisted of \$4,536,320 from the County and \$1,149,942 from the employees.

(e) Register of Deeds' Supplemental Pension Fund

1. Plan Description.

Buncombe County also contributes to the Register of Deeds' Supplemental Pension Fund (Fund), a noncontributory, defined benefit plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend

benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Registers of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454, or online at www.osc.nc.gov.

2. Benefits Provided.

An individual's benefits for the year are calculated as a share of accumulated contributions available for benefits for that year, subject to certain statutory limits. An individual's eligibility is based on at least 10 years of service as a register of deeds with the individual's share increasing with years of service. Because of the statutory limits noted above, not all contributions available for benefits are distributed.

3. Contributions.

Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$28,316 for the year ended June 30, 2016.

4. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

At June 30, 2016, the County reported an asset of \$802,058 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2015, the County's proportion was 3.46096%, which was an increase of 0.31265% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the County recognized pension expense (benefit) of \$(45,467). At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,926	\$ 13,277
Net difference between projected and actual earnings on pension plan investments	39,777	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	55,982
Employer contributions subsequent to the measurement date	28,316	-
Total	\$ 72,019	\$ 69,259

\$28,316 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ (21,210)
2018	(19,109)
2019	4,027
2020	10,736
2021	-
Thereafter	-
	<u>\$ (25,556)</u>

Actuarial assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 %
Salary increases	4.25 to 7.75%, including inflation and productivity factor
Investment rate of return	5.75%, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2014 is 2.2%.

The information above is based on 30 year expectations developed with the consulting actuary for the 2014 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 5.75%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of

the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the net pension asset to changes in the discount rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 5.75%, as well as what the County's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75%) or 1-percentage-point higher (6.75%) than the current rate:

	1% Decrease (4.75%)	Current Discount Rate (5.75%)	1% Increase (6.75%)
County's proportionate share of the net pension liability (asset)	\$ (723,618)	\$ (802,058)	\$ (869,532)

Pension plan fiduciary net pension. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

(f) Other Post-Employment Benefits

Healthcare Benefits

1. Plan Description.

Under a County resolution, Buncombe County provides healthcare benefits to employees hired before July 1, 2008 through the Healthcare Benefits Plan (the HCB Plan) as a single-employer defined benefit plan to cover retirees of the County who participate in the North Carolina Local Governmental Employees' Retirement System (System). Employees who are hired on or after July 1, 2008 and before July 1, 2015 and have at least 20 years of creditable service with the County are covered by the HCB plan. Employees hired after June 30, 2015 will not be eligible to receive health insurance coverage upon retirement. The County pays the full cost of coverage for these benefits. Retirees may also purchase coverage for their dependents at the County's group rates. The HCB Plan is available to qualified retirees at 100% until the age of 65 or until Medicare eligible, whichever is sooner. The Board of Commissioners may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the County's HCB Plan consisted of the following at December 31, 2015:

	General Employees:	Law Enforcement Officers:
Retirees and dependents receiving benefits	416	72
Active plan members	1,221	276
Total	<u>1,637</u>	<u>348</u>

2. Funding Policy.

The County pays the full cost of coverage for the healthcare benefits paid for qualified retirees under a County resolution that can be amended by the County Commissioners. Qualified County members pay an established amount for dependent coverage. It is the intent of the Board of Commissioners to fully or partially fund the County's annual required contribution (ARC) when possible. Determinations are made on an annual basis.

The current ARC rate is 10.14% of annual covered payroll. For the current year, the County contributed \$7,245,617 or 9.22% of annual covered payroll. The County obtains healthcare coverage through a self-insured health insurance plan. There were no contributions made by employees, except

for dependent coverage in the amount of \$367,342. The County’s obligation to contribute to the HCB Plan is established and may be amended by the Board of Commissioners.

3. Summary of Significant Accounting Policies.

The Plan’s financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Under a County resolution, the contributions are recognized when due and the County will provide the contributions to the HCB Plan. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations. Short-term money market debt instruments, deposits, and repurchase agreements, are reported at cost or amortized cost, which approximates fair value. Certain longer term United States Government and United States Agency securities are valued at fair value. Administration costs of the HCB Plan are financed through investment earnings.

4. Annual OPEB Cost and Net OPEB Obligation.

The County’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement Number 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The net OPEB obligation is a measure of how much progress the County has made in meeting its annual funding requirement. The following table shows the components of the County’s annual OPEB cost for the current year, the amount actually contributed to the plan, and changes in the net OPEB obligation for the postemployment healthcare benefits:

Annual required contribution	\$	7,965,901
Interest on OPEB obligation		372,338
Adjustment to annual required contribution		(391,023)
Annual OPEB cost (expense)		<u>7,947,216</u>
Contributions made		<u>(7,245,617)</u>
Increase in net OPEB obligation		701,599
Net OPEB obligation, beginning of year		<u>4,964,507</u>
Net OPEB obligation, end of year	\$	<u><u>5,666,106</u></u>

The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the HCB Plan, and the net OPEB obligation for 2016 and the preceding years are as follows:

For Year Ended	Percentage of Annual			
	June 30	Annual OPEB	OPEB Cost Contributed	Net OPEB Obligation
2013	\$	6,368,517	86%	\$ 5,939,676
2014		6,572,021	104%	5,664,536
2015		7,712,564	109%	4,964,507
2016		7,947,216	91%	5,666,106

5. Funded Status and Funding Progress.

As of December 31, 2014, the most recent actuarial valuation date, the County’s plan was 15.8% funded. The actuarial accrued liability is a more long-term view of the County’s obligation to pay pension benefits in the future. It represents the actuarially determined value of all future benefits that have been earned but not yet paid. The actuarial accrued liability for benefits was \$85,404,799, and the actuarial value of assets was \$13,510,143, resulting in an unfunded actuarial accrued liability

(UAAL) of \$71,894,656. The covered payroll (annual payroll of active employees covered by the plan) was \$75,674,619, and the ratio of UAAL to the covered payroll was 95%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

6. Actuarial Methods and Assumptions.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the December 31, 2014 actuarial valuation, the entry age normal, level percentage of pay method was used. The actuarial assumptions included a 7.50% investment rate of return (net of administrative expenses), which is the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date. The medical cost trend rate varied between 7.5% and 5% for the pre-Medicare trend rate and 5.5% and 5% for the post-Medicare trend rate. Both rates included a 3% inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year period. The UAAL is being amortized as a level dollar amount on an open basis. The remaining amortization period at December 31, 2014 was 30 years.

(g) Other Employment Benefits

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, state-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the system at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. Because all death benefit payments are made from the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. The County has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The County considers these contributions to be immaterial.

(3) Closure and Postclosure Care Costs

State and federal laws and regulations require the County to place a final cover on its landfills when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

The County has met the requirements of a local government financial test that is one option under state and federal laws and regulations that help determine if a unit is financially able to meet closure and postclosure care requirements.

Closed Landfill:

Landfill Permit Number 11-01: The previous landfill site of the County was closed on September 26, 1997. The \$1,647,946 reported as landfill postclosure care liability at June 30, 2016, represents the projected actual cost of the closed landfill over the next 13 years based on what it would cost to perform all postclosure care in 2016. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

Landfill in Operation:

Landfill Permit Number 11-07: The \$11,196,649 reported as landfill closure and postclosure care liability at June 30, 2016 represents a cumulative amount reported to date based on the use of 33.1% of the total estimated capacity of this landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$22,630,079 as the remaining estimated capacity is filled. This amount is based on what it would cost to perform all closure and postclosure care in 2016. The County expects to operate this landfill until at least the year 2031. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

Construction and Demolition (C&D) Landfill Permit Number 11-07: The County currently operates a C&D landfill with a closure and postclosure care liability of \$3,727,455 reported as of June 30, 2016 representing a cumulative amount reported to date based on the use of 83% of the total estimated capacity of this unit. The County completed Phase 5A of C&D Landfill in FY16, adding nine months of additional capacity. The County will recognize the remaining \$763,240 as the remaining estimated capacity is filled. This amount is based on what it would cost to perform all closure and postclosure care in 2016. The County expects to operate this phase (Phase 5A) until the year 2018. Actual costs may differ due to inflation, changes in technology, or changes in regulations.

(4) Deferred Outflows and Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Charge on refunding of debt	\$ 4,917,182	\$ -
Pension – difference between expected and actual experience (LGERS)	-	1,445,295
Pension – difference between expected and actual experience (ROD)	3,926	13,277
Pension – difference between projected and actual investment earnings (LGERS)	-	1,750,516
Pension – difference between projected and actual investment earnings (ROD)	39,777	-
Pension – change in proportion and difference between employer contributions and proportionate share of contributions (LGERS)	1,110,949	-
Pension – change in proportion and difference between employer contributions and proportionate share of contributions (ROD)	-	55,982
Contributions to pension plan subsequent to the measurement date (ROD and LGERS)	5,318,127	-
Prepaid taxes not yet earned	-	1,229,297
Taxes receivable, net (General)	-	568,070
Taxes receivable, net (Special Revenue)	-	27,061
EMS accounts receivable, net (General)	-	538,391
Total	\$ 11,389,961	\$ 5,627,889

(5) Risk Management

The County has adopted risk management principles in order to protect the health, safety and welfare of its employees and the citizens it serves; to protect its property, assets, and other resources; and to maintain its reputation and good standing in the wider community. The County provides a wide range of services, all of which give rise to some level of risk. The County regularly assesses and treats these risks to minimize their effects.

The County is primarily self-insured and purchases conventional insurance to manage the effect of unavoidable risks.

The County-owned properties are insured at their scheduled limits and this policy carries a \$100,000 self-insured retention (SIR). The premium is based on the amount of scheduled items.

The County carries liability insurance to include general, auto, law enforcement, public officials and employee benefits liability. Currently, this policy carries a limit of \$5,000,000 per occurrence/claim with a \$500,000 SIR. Public officials and employee benefits liability are per claims made. Premiums are based on underwriting requirements.

A separate claims medical professional liability policy is purchased for the Health Center. This policy carries a primary limit of \$1,000,000 per incident and an excess limit of \$10,000,000 per incident with a \$5,000 deductible. This policy is written for the North Carolina Health Directors and premiums are based on the experience of the pool.

A separate commercial package policy is purchased for EMS operations and equipment. General and auto liability limit is \$1,000,000 per occurrence with an additional excess limit of \$2,000,000 per occurrence. Premiums are based on underwriting requirements.

The County purchases excess workers' compensation and employer's liability coverage. Workers' compensation coverage carries a statutory limit. The County currently carries a \$500,000 SIR per occurrence. The limit of Employer's Liability insurance is \$1,000,000. The premium is based on County employees' payroll and classification.

The County adheres to the North Carolina Workers Compensation Act per NC G.S. Chapter 97 as administered by the North Carolina Industrial Commission, a division of the North Carolina Department of Commerce.

Several department-specific risk policies are purchased as well.

The County provides health insurance benefits through a self-insured health insurance plan. The County is protected against catastrophic individual and aggregate loss by stop-loss insurance coverage. The accompanying statement of net position and balance sheets as of June 30, 2016 include a loss reserve liability for estimated outstanding medical claims of \$1,123,366. Changes in the health claims liability are presented as follows:

Year Ended June 30	Beginning Balance	Claims Incurred	Claims Paid	Ending Balance
2015 (Restated)	\$ 526,964	\$ 24,182,896	\$ 23,326,308	\$ 1,383,552
2016	1,383,552	27,953,093	28,213,279	1,123,366

In accordance with G.S. 159-29, County employees that have access to \$100 or more at any given time of the County's funds are performance bonded through a commercial surety bond. The Finance Director, Tax Collector, Register of Deeds, and Sheriff are each individually bonded for \$200,000, \$100,000, \$50,000, and \$20,000, respectively. The remaining employees that have access to funds are bonded under a blanket bond for \$250,000.

(6) Contingent Liabilities

The County is presently a defendant in several lawsuits and is also subject to potential claims which may arise out of the ordinary conduct of its affairs. It is the opinion of the County’s management and the County Attorney that settlement of these matters, if any, will not have a material adverse effect on the County’s financial position.

(7) Operating Leases

The County leases certain data processing equipment and other office equipment and facilities. Lease expenditures for the year ended June 30, 2016 amounted to \$1,964,238.

Future minimum lease payments under these operating lease agreements at June 30, 2016 are as follows:

Year Ended June 30	Amount
2017	\$ 1,086,692
2018	749,149
2019	561,482
2020	432,601
2021	238,323
2022-2026	460,285
2027-2032	116,571
Total	<u>\$ 3,645,103</u>

(8) Long-Term Obligations

(a) Installment Note Obligations

As authorized by State law [G.S. 160A-20 and 153A-158.1], the County has financed various property acquisitions including general government buildings and facilities, equipment, and vehicles by installment notes, private placement, certificates of participation (COP’s), or limited obligation bonds (LOB’s).

Installment Note Obligations	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
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Serviced by the Governmental Funds:

COPS 2006, schools and community college \$51,985,000 issue, interest at 3.5% to 5% payable semiannually to 2026. A premium of \$2,223,983 is reported as an increase to long-term debt and will be amortized over the life of the debt.	\$ 3,225,000	\$ –	\$ 3,225,000	\$ –
COPS 2007, general government buildings and equipment, \$21,230,000 issue, interest at 4.0% to 4.75% payable semiannually to 2027.	1,340,000	–	660,000	680,000
COPS 2009A, general government buildings and equipment, \$12,065,000 issue, interest at 4.0% to 5.0% payable semiannually to 2029.	6,740,000	–	485,000	6,255,000

LOBs 2009D, general government building, \$3,340,000 issue, interest at 1.60% to 6.50% payable semiannually to 2017.	950,000	–	475,000	475,000
LOBS 2010A, public safety and human services buildings and equipment, \$31,500,000 issue, interest at 3.0% to 5.25% payable semiannually to 2022.	17,905,000	–	2,565,000	15,340,000
LOBS 2010B, public safety and human services buildings and equipment, \$20,420,000 issue, interest at 6.5% to 6.8% payable semiannually to 2030.	20,420,000	–	–	20,420,000
LOBS 2010C, school building, \$3,800,000 issue, interest at 6.375% payable semiannually to 2025.	2,535,000	–	263,708	2,271,292
LOBS 2012A, public safety buildings and radio network, human services automation and AB Tech building and equipment, \$61,535,000 issue, interest 2% to 5% payable semiannually to 2032.	54,329,895	–	5,325,105	49,004,789
LOBS 2012A, COPS 2003 and 2005 Refunding, \$11,845,000 issue, interest at 2% to 5% payable semiannually to 2024.	11,825,105	–	19,895	11,805,211
LOBS 2014A, AB Tech parking deck and new buildings, Asheville City Schools, Sheriff's Offices, Public Safety Training Center Classroom, \$125,925,000, interest at 3% to 5% payable semiannually to 2032.	125,925,000	–	6,340,000	119,165,000
LOBS 2014A, COPS 2006 Refunding, \$14,380,000 issue, interest at 3% to 5% payable semiannually to 2022.	14,380,000	–	–	14,380,000
LOBS 2014A, PDF Woodfin Refunding, \$11,285,000 issue, interest at 3% to 5% payable semiannually to 2037.	11,250,000	–	35,000	11,215,000
LOBS 2014 B, Taxable bonds, \$28,725,000 issue, interest at 0.5% to 5.1%, payable semiannually to 2032.	27,620,000	–	1,110,000	26,510,000
CTS Drinking Water State Revolving Loan, \$209,450 issue, 0% interest, payable annually to 2020.	209,450	–	–	209,450
LOBS 2015, Human Services Campus, Enka Intermediate School, Covered Swimming Pool, Firing Range, and Capital Projects. \$82,495,000, issue, interest at 3% to 5% payable semiannually to 2035.	82,495,000	–	1,085,000	81,410,000

LOBS 2015 refunding of GO 2005A, COPS 2005, LOBS 2009C, and partial refunding of COPS 2006 and COPS 2007. \$44,140,000 issues payable semiannually to 2032.	44,140,000	—	1,470,000	42,670,000
Total installment note obligations	<u>\$ 424,869,450</u>	<u>\$ —</u>	<u>\$ 23,058,708</u>	<u>\$ 401,810,742</u>

For Buncombe County, the future minimum payments for installment notes as of June 30, 2016, are:

Year Ended June 30	Governmental Activities	
	Principal	Interest
2017	\$ 23,211,890	\$ 19,878,229
2018	26,086,890	18,876,023
2019	26,251,890	17,674,982
2020	26,246,890	16,444,856
2021	25,556,890	15,227,488
2022-2026	115,696,292	58,137,030
2027-2031	104,795,000	28,824,283
2032-2036	52,570,000	5,986,500
2037	1,395,000	55,800
Total	<u>401,810,742</u>	<u>\$ 181,105,191</u>
Add unamortized premium	<u>45,734,053</u>	
	<u>\$ 447,544,795</u>	

(b) General Obligation Bond Indebtedness

All general obligation bonds serviced by the County’s general fund are collateralized by the full faith, credit, and taxing power of the County. Principal and interest payments are appropriated when due.

Bonds payable at June 30, 2016, are comprised of the following individual issues:

General Obligation Bonds	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
Serviced by the Governmental Funds:				
Qualified School Construction Bond, 2009 \$5,685,000 issue, interest at 0.5%, payable semiannually, due serially to 2020.	\$ 3,719,000	\$ —	\$ 474,000	\$ 3,245,000
Refunding Bonds, 2012B, \$32,500,000 issue, interest at 1.7%, due serially to 2025.	<u>26,400,000</u>	<u>—</u>	<u>2,400,000</u>	<u>24,000,000</u>
Total general obligation bonds	<u>\$ 30,119,000</u>	<u>\$ —</u>	<u>\$ 2,874,000</u>	<u>\$ 27,245,000</u>

Annual debt service requirements to maturity for the County's general obligation bonds are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2017	\$ 2,874,000	\$ 402,990
2018	2,874,000	359,820
2019	2,874,000	316,650
2020	2,873,000	273,483
2021	2,873,000	230,318
2022-2026	12,877,000	514,738
Total	\$ 27,245,000	\$ 2,097,998
Add unamortized premium	3,743	
	<u>\$ 27,248,743</u>	

At June 30, 2016, Buncombe County had a legal debt margin of approximately \$1,932,000,000.

(c) Business-Type Activities Installment Obligations

On July 3, 2012, the County issued \$1,985,000 in Limited Obligation Bonds for landfill cell expansion bearing interest payable semi-annually at fixed rates from 2% to 5%. The LOBS will be serviced by the Solid Waste Disposal Enterprise Fund.

The future minimum payments as of June 30, 2016 are:

Year Ending June 30	Business-type Activities	
	Principal	Interest
2017	\$ 195,000	\$ 62,300
2018	205,000	52,700
2019	210,000	43,050
2020	220,000	33,050
2021	230,000	23,350
2022	245,000	11,850
Total	1,305,000	\$ 226,300
Add unamortized premium	129,365	
	<u>\$ 1,434,365</u>	

The Solid Waste Disposal Fund also services Federal American Recovery and Reinvestment Act (ARRA) Revolving Loan payments on the Landfill Gas to Energy Project. On August 4, 2009 the North Carolina Local Government Commission approved the 0%, 20-year term loan. The total loan amount was \$4,061,396. Principal of \$2,561,396 was forgiven, leaving a total repayment amount of \$1,500,000 payable in annual installments of \$75,000 until May 2031.

The future loan payments as of June 30, 2016 are:

Year Ending June 30	Business-type Activities	
	Principal	Interest
2017	\$ 75,000	\$ -
2018	75,000	-
2019	75,000	-
2020	75,000	-
2021-2025	375,000	-
2026-2030	375,000	-
2031	75,000	-
Total	<u>\$ 1,125,000</u>	<u>\$ -</u>

(d) Advance Refundings

In prior years, the County has refunded various bond issues by creating separate irrevocable trust funds. At June 30, 2016, the County had refunded debt outstanding in the amount of \$90,665,000. New debt has been issued and the proceeds have been used to purchase qualified government securities that were placed in the trust funds.

Debt Related to Capital Activities: Of the total Governmental Activities debt listed, only \$227,893,245 relates to assets for which the County holds title. Unspent restricted cash related to this debt amounts to \$52,083,566.

(e) 2014 Buncombe County Employee Retirement Incentive Plan

On July 8, 2014, the Buncombe County Board of Commissioners passed the Fiscal Year 2014-2015 Budget Ordinance which included the 2014 Buncombe County Employee Retirement Incentive Plan. One feature of the plan was a payment to each retiree of an amount equal to one year of salary paid biweekly over the next three years. The County expects to benefit from the Retirement Incentive Plan through cost savings related to possible position elimination, reclassification downgrades, and position freezes. A liability has been recorded on the government-wide statements to reflect payments owed under this plan.

(f) Long Term Obligation Activity

The following is a summary of changes in the County’s long-term obligations for the year ended June 30, 2016:

	Balances June 30, 2015	Increases	Decreases	Balances June 30, 2016	Current Portion of Balance
Governmental activities:					
General obligation bonds	\$ 30,119,000	\$ –	\$ 2,874,000	\$ 27,245,000	\$ 2,874,000
Installment notes	424,869,450	–	23,058,708	401,810,742	23,211,890
Premium on long-term debt	51,288,084	–	5,550,288	45,737,796	–
Pension liability -- LEO	2,372,363	535,498	329,736	2,578,125	–
Net pension liability -- LGERS	–	11,532,411	5,473,435	6,058,976	–
Other postemployment benefits	4,848,453	7,790,640	7,102,880	5,536,213	–
Retirement incentive payments	5,462,421	633,365	2,330,353	3,765,433	2,602,334
Compensated absences	7,100,923	8,173,266	7,329,988	7,944,201	5,849,015
Total governmental activities	\$ 526,060,694	\$ 28,665,180	\$ 54,049,388	\$ 500,676,486	\$ 34,537,239
Business-type activities:					
Installment notes	\$ 2,690,000	\$ –	\$ 260,000	\$ 2,430,000	\$ 270,000
Premium on long-term debt	170,267	–	40,902	129,365	–
Net pension liability -- LGERS	–	165,144	70,968	94,176	–
Other postemployment benefits	88,455	100,941	92,019	97,377	–
Retirement incentive payments	–	96,913	–	96,913	75,568
Compensated absences	48,644	143,375	128,399	63,620	63,620
Accrued landfill closure and postclosure care costs	16,430,658	275,184	133,792	16,572,050	–
Total business-type activities	\$ 19,428,024	\$ 684,644	\$ 726,098	\$ 19,386,588	\$ 333,620

Compensated absences, other postemployment benefits and pension liability typically have been liquidated in the funds in which they have been earned, with the majority of governmental activities liquidated in the General Fund and business-type activities in the Solid Waste Disposal Fund. The County has estimated the current portion of compensated absences based on historical trends and expectations for the coming year.

	Balances June 30, 2015	Increases	Decreases	Balances June 30, 2016	Current Portion of Balance
Discretely presented component unit:					
Air Quality:					
Other postemployment benefits	\$ 27,602	\$ 9,986	\$ 5,072	\$ 32,516	\$ –
Net pension liability -- LGERS	–	66,715	37,992	28,723	–
Compensated absences	124,316	51,129	50,308	125,137	125,137
Total	\$ 151,918	\$ 127,830	\$ 93,372	\$ 186,376	\$ 125,137

(g) Transfer of Enka-Candler Water and Sewer District Bonds

On July 2, 1990, the County transferred the ownership, operation, and maintenance responsibility for the sanitary districts to the Metropolitan Sewerage District. The contracts affecting the transfer call for the Metropolitan Sewerage District to assume the liability for the Enka-Candler Water and Sewer District Bonds. Consequently, the bonds have been removed from the County’s financial statements. The Enka-Candler Water and Sewer District, for which the County Board of Commissioners is the governing body, is liable for the payments on these bonds if the Metropolitan Sewerage District defaults. As of June 30, 2016, the balance of the bonds outstanding was \$468,000.

(h) Conduit Debt Obligations

The Buncombe County Industrial Facility and Pollution Control Financing Authority has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as by letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private businesses served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2016, there were five series of industrial revenue bonds outstanding with an aggregate principal amount payable of \$33,197,772.

(C) Interfund Balances and Activity

There is a loan outstanding from the General Fund to the Grant Projects Fund of \$1,645,812 to cover the cost of expenditures from reimbursement-based grants until those grants are received from the granting agencies.

Transfers to/from other funds during the year ended June 30, 2016 consist of the following:

Major Governmental Funds:

General Fund:

From the General Fund to the Special Projects Fund for special revenue projects	\$ 420,874
From the General Fund to the Grant Projects Fund to fund grant matches	614,676
From the General Fund to the Capital Projects Fund to fund future capital projects	1,029,412
From the General Fund to the Transportation Fund for transportation services	1,353,207
From the General Fund to the 911 Fund for 911 projects	10,325
From the General Fund to the Internal Service Fund to cover settlements and claims	9,165,000
From the General Fund to the School Capital Fund for capital projects	<u>4,569,060</u>
	<u>\$ 17,162,554</u>

County Capital Projects Fund:

From the County Capital Projects Fund to the General Fund	\$ 6,682,872
From the County Capital Projects Fund to the School Capital Fund for capital projects	<u>6,000,000</u>
	<u>\$ 12,682,872</u>

<i>AB Tech Capital Projects Fund:</i>	
From the AB Tech Capital Projects Fund to the General Fund for reimbursement of expenditures	\$ 689,215
<i>Occupancy Tax Fund:</i>	
From the Occupancy Tax Fund to the General Fund for payment of a 1.5% collection fee	\$ 243,508
<i>Nonmajor Governmental Funds:</i>	
From the Transportation Fund to the Grant Projects Fund to transfer grant project funds	53,343
From the Register of Deeds Automation Fund to the General Fund for reimbursement of automation related expenditures	129,050
From Special Projects Fund to General Fund to reflect a delay in a special project	2,196,406
	<u>2,196,406</u>
	<u>\$ 2,622,307</u>

(D) Fund Balance

Buncombe County has a revenue spending guideline for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, state funds, local non-county funds, and County funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer may deviate from this policy if it is in the best interest of the County.

The following schedule provides management and citizens with information on the portion of fund balance that is available for appropriation:

	General Fund	County Capital Projects	School Capital Commission	AB Tech Capital Projects	Governmental Funds
Total fund balances	\$ 76,572,157	58,755,770	\$ 34,020,778	\$ 24,991,333	\$ 6,700,939
Less:					
Nonspendable					
Prepays	52,202	-	-	-	-
Long-term receivable	-	-	-	-	1,391,278
Restricted					
Stabilization by State statute	22,973,645	275,815	4,766,534	3,129,536	420,083
Capital Projects	-	52,336,124	29,254,244	21,861,797	-
Public Safety	-	-	-	-	1,993,023
Register of Deeds	-	-	-	-	547,398
Committed					
2014 retirement incentive payments	3,765,433	-	-	-	-
Assigned					
Appropriated fund balance - FY2017	6,039,085	-	-	-	-
Capital Projects	-	6,143,831	-	-	-
Special Projects	-	-	-	-	2,349,157
Unassigned					
Working capital	43,741,792	-	-	-	-
Remaining fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The County has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that available fund balance is at least equal to or greater than 15% of budgeted expenditures.

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. The governmental fund encumbrance amounts are included in the stabilization of State statute amount reported in the above table. Total encumbrances at June 30, 2016 are \$296,200.

Net position restricted for capital projects on the government-wide statements does not equal the amount of fund balance restricted for capital projects on the governmental statements due to unspent bond proceeds in the amount of \$65,100,191.

Note 3 - Joint Ventures

The County, in conjunction with twenty-two other counties, participated in the Smokey Mountain Center LME/MCO Authority, which provided mental health, developmental disability, and substance abuse services to residents of the twenty-three-county area. Buncombe County appoints one of the 21-member board and one of the 24-member advisory council, with the other counties appointing the remainder. The County has an ongoing financial responsibility for the Authority because it is legally required to provide public health services either directly or jointly with other counties. None of the participating governments have any equity interest in the Authority, so no equity interest has been reflected in the financial statements at June 30, 2016. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$600,000 to the Authority to fund operations. The County also leased property to the Authority for approximately \$375,000 for the year ended June 30, 2016. Complete financial statements for the Authority may be obtained from the Authority's offices at 356 Biltmore Avenue, Asheville, NC 28801.

The County, in conjunction with the State of North Carolina and the Buncombe County Board of Education and Madison County, participates in a joint venture to operate the Asheville-Buncombe Community College. The County, the Governor (on behalf of the State of North Carolina) and the Buncombe County Board of Education each appoint four members and Madison County appoints two members of the fifteen-member board of trustees of the community college. The president of the community college's student government serves as an ex-officio nonvoting member of the community college's board of trustees. The community college is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the community college and also provides some financial support for the community college's operations. In addition to providing annual appropriations for facilities, the County periodically issues general obligation bonds and certificates of participation to provide financing for new and restructured facilities. Of the certificates of participation issued for this purpose \$85,621,430 in principal is still outstanding. The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the community college's facilities. The County contributed \$6,063,999 to the community college for operating purposes during the fiscal year ended June 30, 2016. In addition, the County made principal and interest payments of \$92,865 during the fiscal year on general obligation bonds and \$9,588,138 on certificates of participation issued for community college capital facilities. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2016. Complete financial statements for the community college may be obtained from the community college's administrative offices at 340 Victoria Road, Asheville, NC 28801.

Furthermore, by authority of Article 46 of Chapter 105 of the North Carolina General Statutes and following a majority vote of an advisory referendum in the November 2011 elections, the Buncombe County Board of Commissioners adopted a resolution in December 2011 to levy a local sales and use tax at a rate of one-quarter percent (.25%) to be used exclusively for the stated capital improvement needs of the community college. For this purpose, the County has created a fund to manage the collections and related capital projects and debt service expenditures. As required by the Board of Commissioners, the tax will sunset in 2029. All capital assets from this funding source will become the property of the community college and reflected on their financial statements once completed.

Note 4 - Jointly Governed Organizations

The County, in conjunction with three other counties and 15 municipalities, established the Land-of-Sky Regional Council (Council). The participating governments established the Council to coordinate various funding received from federal and state agencies. Each participating government appoints one member to the Council’s governing board. The County paid membership fees of \$121,179 to the Council during the fiscal year ended June 30, 2016.

The County appoints three members to the 12-member board of the Metropolitan Sewerage District of Buncombe County, North Carolina. The District owns, operates, and maintains a wastewater treatment plant and collector lines.

Note 5 - Summary Disclosure of Significant Commitments and Contingencies

Federal and State Assisted Programs

The County has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

Note 6 - Benefit Payments Issued by the State

The amounts listed below were paid directly to individual recipients by the State from federal and State monies. County personnel are involved with certain functions, primarily eligibility determinations, which cause benefit payments to be issued by the State. These amounts disclose this additional aid to County recipients that do not appear in the basic financial statements because they are not revenues and expenditures of the County.

	<u>Federal</u>	<u>State</u>
Special Supplemental Nutrition Program for Women, Infants, and Children	\$ 3,226,596	\$ –
Child Welfare Service	–	1,047,293
IV-E Adoption Assistance	1,667,937	428,008
Medical Assistance	191,860,939	105,071,270
Low-Income Home Energy Assistance	894,300	–
State/County Special Assistance for Adults	–	1,473,009
IV-E Foster Care	1,188,318	335,736
State Children’s Insurance Program	4,961,720	252,286
Temporary Assistance to Needy Families	849,259	–
Totals	<u>\$ 204,649,069</u>	<u>\$ 108,607,602</u>

Note 7 – Unrestricted Net Position

Under North Carolina law, the County is responsible for providing capital funding for the Buncombe County Board of Education, the Asheville City Board of Education (the school systems) and the Asheville-Buncombe Community College (the community college). The County has chosen to meet its legal obligation to provide school systems and community college capital funding by using a mixture of County funds and general obligation debt. The assets funded by the County are owned and utilized by the school systems and the community college. Since the County, as the issuing government, acquires no capital assets, the County has incurred a liability without a corresponding increase in assets.

At the end of the fiscal year, the outstanding balance of the debt was \$147,538,866 and \$85,621,430 for the school systems and community college, respectively. Of the cumulative amount, \$27,245,000

is general obligation debt, which is collateralized by the full faith, credit, and taxing power of the County. The County is authorized and required by State law to levy ad valorem taxes, without limit as to rate or amount, as may be necessary to pay debt service on its general obligation bonds. The balance of the debt is installment debt and is collateralized by the assets purchased or constructed. Principal and interest requirements will be provided by an appropriation in the year in which they become due.

Note 8 – Pledged Revenues

The County and the Town of Woodfin have pledged a portion of their future ad valorem tax revenues to repay the \$11,285,000 in Series 2014A limited obligation bonds issued in February 2014. This issuance refunded \$11,885,000 of Series 2008 Project Development Financing (PDF) Revenue Bonds that were used to finance the Woodfin Downtown project. The bond principal is payable from the incremental ad valorem tax revenues generated by increased property values in the refurbished district to the extent that these revenues are available. In the event that the incremental tax revenues are not sufficient to meet the debt service requirements, the Buncombe County general fund will advance the funds necessary to keep the debt service current. The Buncombe County general fund will then be reimbursed as additional incremental revenues become available in the future.

The total principal and interest amount remaining on the bonds is \$18,862,250 payable through June 2037. Total principal and interest payments on the Series 2014A limited obligation bonds through June 30, 2016 were \$558,700. Accumulated tax revenue for the same period of time was \$331,716.

Note 9 - Change in Accounting Principles/Restatement

The County changed its method of accounting for health insurance claims incurred but not reported at June 30 resulting in a prior period adjustment of \$863,065 in the County's Insurance Internal Service Fund.

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Required Supplemental Financial Data

Buncombe County, North Carolina

Other Post Employment Benefits – Healthcare

Schedules of Fund Progress and Employer Contributions

Law Enforcement Officers’ Special Separation Allowance

Schedule of Funding Progress

Local Government Employees’ Retirement System

Schedules of County’s Proportionate Share and County Contributions

Register of Deeds’ Supplemental Pension Fund

Schedules of County’s Proportionate Share and County Contributions

This section contains information required by generally accepted accounting principals



BUNCOMBE COUNTY, NORTH CAROLINA
Other Postemployment Benefits - Healthcare
Schedule of Funding Progress and Employer Contributions

Funding Progress:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Entry Age Normal (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
7/1/2006	\$ -	\$ 20,098,900	\$ 20,098,900	0.00%	\$ 55,042,913	36.5%
7/1/2007	-	39,652,247	39,652,247	0.00%	58,914,230	67.3%
12/31/2008	2,095,376	63,465,014	61,369,638	3.30%	63,089,492	97.3%
12/31/2010	3,655,167	70,835,106	67,179,939	5.20%	65,976,040	101.8%
12/31/2012	7,853,861	60,127,792	52,273,931	13.10%	68,114,542	76.7%
12/31/2014	13,510,143	85,404,799	71,894,656	15.80%	75,674,619	95.0%

Employer Contributions:

Year ending June 30	Annual Required Contribution	Percentage Contributed
2008	\$ 4,292,429	115%
2009	5,761,340	63%
2010	5,761,340	71%
2011	5,977,390	95%
2012	6,201,543	71%
2013	6,282,096	87%
2014	6,470,559	106%
2015	7,733,884	109%
2016	7,965,901	91%

BUNCOMBE COUNTY, NORTH CAROLINA
Law Enforcement Officers' Special Separation Allowance
Schedule of Funding Progress

Funding Progress:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/2006	\$ -	\$ 1,992,331	\$ 1,992,331	\$ -	\$ 7,353,011	27.10%
12/31/2007	-	2,150,171	2,150,171	0.00%	8,161,535	26.35%
12/31/2008	-	2,490,199	2,490,199	0.00%	9,779,673	25.46%
12/31/2009	-	3,430,974	3,430,974	0.00%	10,327,729	33.22%
12/31/2010	-	3,211,792	3,211,792	0.00%	10,036,335	32.00%
12/31/2011	-	3,452,000	3,452,000	0.00%	10,057,206	34.32%
12/31/2012	-	3,704,642	3,704,642	0.00%	10,752,113	34.46%
12/31/2013	-	4,064,392	4,064,392	0.00%	11,986,686	33.91%
12/31/2014	-	4,202,424	4,202,424	0.00%	12,747,719	32.97%
12/31/2015	-	6,435,449	6,435,449	0.00%	13,727,850	46.88%

BUNCOMBE COUNTY, NORTH CAROLINA

Local Governmental Employees' Retirement System

Schedule of County's Proportionate Share of Net Pension Liability (Asset) and County Contributions

County's Proportionate Share of Net Pension Liability (Asset):

	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	1.370%	1.263%	1.221%
County's proportionate share of the net pension liability (asset) \$	\$ 6,153,152	\$ (7,446,959)	\$ 14,714,123
County's covered-employee payroll	\$ 78,653,953	\$ 72,997,430	\$ 69,413,042
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	7.82%	(10.20%)	21.20%
Plan fiduciary net position as a percentage of the total pension liability	98.09%	102.64%	94.35%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

County Contributions:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 5,289,811	\$ 5,552,865	\$ 5,140,387
Contributions in relation to the contractually required contribution	<u>5,289,811</u>	<u>5,552,865</u>	<u>5,140,387</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 78,543,481	\$ 78,653,953	\$ 72,997,430
Contributions as a percentage of covered-employee payroll	6.73%	7.06%	7.04%

BUNCOMBE COUNTY, NORTH CAROLINA

Register of Deeds' Supplemental Pension Fund

Schedule of County's Proportionate Share of Net Pension Liability (Asset) and County Contributions

County's Proportionate Share of Net Pension Liability (Asset):

	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	3.461%	3.148%	3.060%
County's proportionate share of the net pension liability (asset) \$	\$ (802,058)	\$ (713,609)	\$ (653,607)
County's covered-employee payroll	\$ 88,376	\$ 82,865	\$ 79,564
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(920.32)%	(807.45)%	(788.76)%
Plan fiduciary net position as a percentage of the total pension liability	197.29%	193.88%	190.50%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

County Contributions:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 28,316	\$ 27,694	\$ 25,705
Contributions in relation to the contractually required contribution	<u>28,316</u>	<u>27,694</u>	<u>25,705</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 88,376	\$ 82,865	\$ 79,564
Contributions as a percentage of covered-employee payroll	32.04%	33.42%	32.31%

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Combining and Individual Fund Statements and Schedules

Buncombe County, North Carolina



BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

General Fund

FOR THE YEAR ENDED JUNE 30, 2016

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Ad Valorem Taxes:			
Taxes		\$ 178,537,639	
Penalties and interest		504,609	
Total	\$ 177,467,823	179,042,248	\$ 1,574,425
Local Option Sales Taxes:			
Article 39, one percent *		13,297,617	
Article 40, one-half of one percent		12,093,530	
Article 42, one-half of one percent		16,281,848	
Article 44, one-half of one percent		11,093	
Total	40,099,984	41,684,088	1,584,104
Other Taxes and Licenses:			
Deed stamp excise tax		4,232,106	
Video programming tax		1,478,561	
Privilege licenses		24,115	
Rental car tax		704,087	
Total	5,912,520	6,438,869	526,349
Unrestricted Intergovernmental:			
Payments in lieu of taxes		89,608	
Beer and wine tax		619,991	
Total	719,363	709,599	(9,764)
Restricted Intergovernmental:			
Federal, State, and other grants		49,950,212	
Mixed drink surcharge		720,917	
Court facilities fees		388,635	
ABC bottle taxes		102,515	
Total	51,089,511	51,162,279	72,768
Permits and Fees:			
Building permits and inspections		2,066,193	
Register of deeds		1,538,186	
Total	3,311,008	3,604,379	293,371
Sales and Services:			
Rents, concessions, and fees		3,049,212	
Jail fees		2,588,188	
Ambulance and rescue squad fees		5,656,998	
Recreation fees		130,244	
Other charges for services		3,881,674	
Total	14,945,008	15,306,316	361,308
Investment Earnings	200,000	262,461	62,461
Miscellaneous	1,038,115	878,370	(159,745)
Total revenues	294,783,332	299,088,609	4,305,277

* Shown net of 50% remitted directly to School Capital Commission

Continued on next page

BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

General Fund

FOR THE YEAR ENDED JUNE 30, 2016

	Budget	Actual	Variance Positive (Negative)
EXPENDITURES			
General Government:			
Governing Body:			
Salaries and employee benefits		826,627	
Other operating expenditures		154,159	
Total		<u>980,786</u>	
County Manager:			
Salaries and employee benefits		654,107	
Other operating expenditures		186,029	
Total		<u>840,136</u>	
Budget and Management Services			
Salaries and employee benefits		1,298,964	
Other operating expenditures		98,935	
Total		<u>1,397,899</u>	
Human Resources:			
Salaries and employee benefits		602,006	
Other operating expenditures		87,059	
Total		<u>689,065</u>	
Finance:			
Salaries and employee benefits		1,654,522	
Other operating expenditures		369,250	
Total		<u>2,023,772</u>	
Tax Department:			
Salaries and employee benefits		3,463,997	
Other operating expenditures		862,114	
Total		<u>4,326,111</u>	
Elections:			
Salaries and employee benefits		600,326	
Other operating expenditures		1,242,506	
Total		<u>1,842,832</u>	
Register of Deeds:			
Salaries and employee benefits		1,254,622	
Other operating expenditures		2,348,187	
Total		<u>3,602,809</u>	
Information Technology:			
Salaries and employee benefits		5,890,654	
Other operating expenditures		4,866,619	
Capital outlay		299,420	
Total		<u>11,056,693</u>	
Total General Government	27,559,254	26,760,103	799,151

Continued on next page

BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

General Fund

FOR THE YEAR ENDED JUNE 30, 2016

	Budget	Actual	Variance Positive (Negative)
Public Safety:			
Court Support:			
Salaries and employee benefits		198,186	
Other operating expenditures		40,764	
Total		<u>238,950</u>	
Justice Resource Center			
Salaries and employee benefits		26,649	
Other operating expenditures		22,631	
Total		<u>49,280</u>	
Pretrial Release & Family Treatment Court:			
Salaries and employee benefits		819,830	
Other operating expenditures		63,966	
Total		<u>883,796</u>	
District Attorney		201,346	
Juvenile Detention		93,696	
Behavioral Health:			
Salaries and employee benefits		274,215	
Other operating expenditures		20,619	
Total		<u>294,834</u>	
ID Bureau and C.D.E.:			
Salaries and employee benefits		1,370,779	
Other operating expenditures		87,302	
Total		<u>1,458,081</u>	
Criminal Justice Information System:			
Salaries and employee benefits		862,774	
Other operating expenditures		425,474	
Total		<u>1,288,248</u>	
Sheriff:			
Salaries and employee benefits		16,609,206	
Other operating expenditures		1,564,258	
Program support		5,700	
Total		<u>18,179,164</u>	
Detention Center:			
Salaries and employee benefits		11,338,765	
Other operating expenditures		3,250,447	
Capital outlay		29,600	
Total		<u>14,618,812</u>	
Emergency Services:			
Salaries and employee benefits		9,654,039	
Other operating expenditures		1,693,938	
Program support		43,820	
Total		<u>11,391,797</u>	

Continued on next page

BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

General Fund

FOR THE YEAR ENDED JUNE 30, 2016

	Budget	Actual	Variance Positive (Negative)
<i>Public Safety - continued:</i>			
Permits and Inspections:			
Salaries and employee benefits		1,764,467	
Other operating expenditures		167,409	
Total		<u>1,931,876</u>	
Medical Examiner		<u>140,299</u>	
General Services:			
Salaries and employee benefits		3,160,086	
Other operating expenditures		3,742,077	
Capital outlay		10,494	
Total		<u>6,912,657</u>	
Animal Services		<u>1,076,093</u>	
Public Safety Training Center:			
Salaries and employee benefits		224,247	
Other operating expenditures		192,525	
Total		<u>416,772</u>	
Parking Services:			
Salaries and employee benefits		4,787	
Other operating expenditures		7,973	
Total		<u>12,760</u>	
Total Public Safety	<u>61,346,158</u>	<u>59,188,461</u>	<u>2,157,697</u>
<i>Economic and Physical Development:</i>			
Planning:			
Salaries and employee benefits		1,883,109	
Other operating expenditures		448,639	
Total		<u>2,331,748</u>	
Economic Development		<u>4,271,127</u>	
Community Funding		<u>227,500</u>	
Cooperative Extension:			
Salaries and employee benefits		17,785	
Other operating expenditures		346,052	
Total		<u>363,837</u>	
Soil Conservation:			
Salaries and employee benefits		350,868	
Other operating expenditures		48,984	
Total		<u>399,852</u>	
Total Economic and Physical Development	<u>9,313,502</u>	<u>7,594,064</u>	<u>1,719,438</u>

Continued on next page

BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

General Fund

FOR THE YEAR ENDED JUNE 30, 2016

	Budget	Actual	Variance Positive (Negative)
Human Services:			
Public Health:			
Salaries and employee benefits		10,889,377	
Other operating expenditures		4,413,296	
Contributions to outside agencies		136,000	
Total		<u>15,438,673</u>	
Social Services:			
Salaries and employee benefits		37,413,400	
Other operating expenditures		11,218,483	
Program support		21,283,804	
Total		<u>69,915,687</u>	
Other Youth Services:			
Other operating expenditures		15,499	
Program support		530,994	
Total		<u>546,493</u>	
Childcare Centers		<u>207,508</u>	
Community Funding		<u>1,312,455</u>	
Other Human Services		<u>1,169,503</u>	
Total Human Services	96,797,297	88,590,319	8,206,978
Cultural and Recreational:			
Library:			
Salaries and employee benefits		3,646,151	
Other operating expenditures		1,283,365	
Total		<u>4,929,516</u>	
Recreation:			
Salaries and employee benefits		855,644	
Other operating expenditures		440,210	
Program support		1,146,776	
Total		<u>2,442,630</u>	
Total Cultural and Recreational	7,689,813	7,372,146	317,667
Education:			
Public schools:			
Current expenditures		62,898,410	
Capital outlay		13,397,169	
Community college - current expenditures		6,063,999	
Total Education	83,230,659	82,359,578	871,081
Debt Service:			
Principal retirement		11,308,860	
Interest and fees		7,835,007	
Total Debt Service	20,024,201	19,143,867	880,334
Total expenditures	305,960,884	291,008,538	14,952,346
Revenues over (under) expenditures	(11,177,552)	8,080,071	19,257,623

Continued on next page

BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

General Fund

FOR THE YEAR ENDED JUNE 30, 2016

	Budget	Actual	Variance Positive (Negative)
OTHER FINANCING SOURCES (USES)			
Operating transfers from other funds	9,270,581	9,941,051	670,470
Operating transfers to other funds	(17,541,673)	(17,162,554)	379,119
Sales of capital assets	160,000	136,479	(23,521)
Appropriated fund balance	19,737,050	-	(19,737,050)
	<hr/>		
Total other financing sources (uses)	11,625,958	(7,085,024)	(18,710,982)
	<hr/>		
Net change in fund balance	<u>\$ 448,406</u>	995,047	<u>\$ 546,641</u>
Fund balance, beginning of year		<u>75,577,110</u>	
Fund balance, end of year		<u>\$ 76,572,157</u>	

BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
County Capital Projects Fund

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016

	Actual to June 30, 2016				Variance Positive (Negative)
	Project Authorization	Reported In Prior Years	Current Year	Total	
REVENUES					
Restricted intergovernmental	\$ 30,250	\$ -	\$ 30,250	\$ 30,250	\$ -
Contributions and grants	130,386	130,386	-	130,386	-
Investment earnings	555,994	547,077	229,097	776,174	220,180
Total revenues	716,630	677,463	259,347	936,810	220,180
EXPENDITURES					
Capital outlay:					
Tax software system	3,481,986	2,866,617	428,483	3,295,100	186,886
Detention center	329,500	172,976	153,524	326,500	3,000
Firing range	7,400,000	1,441,660	3,011,974	4,453,634	2,946,366
Radio upgrades	2,539,304	1,139,859	1,399,767	2,539,626	(322)
Human services building	49,379,315	1,547,171	17,206,854	18,754,025	30,625,290
Parks and greenways projects	8,220,701	129,504	141,468	270,972	7,949,729
Technology projects	3,112,266	1,607,182	1,250,402	2,857,584	254,682
Roof replacement	408,000	368,783	37,514	406,297	1,703
Economic development	36,547,796	33,948,104	2,460,295	36,408,399	139,397
CTS waterline extension	2,121,807	2,121,807	-	2,121,807	-
Owen Park stream bank repair	150,000	59,002	90,573	149,575	425
Technology upgrade	6,509,699	-	-	-	6,509,699
Special - vehicles	2,639,145	-	-	-	2,639,145
County building major maintenance	11,428,483	3,642,249	1,904,273	5,546,522	5,881,961
Capital vehicles - fleet	1,188,158	-	510,899	510,899	677,259
Family justice center	1,617,581	80,869	1,068,620	1,149,489	468,092
Evidence room move	29,121	27,825	1,296	29,121	-
Mental health	1,086,507	117,456	83,083	200,539	885,968
Business systems improvement project	116,657	-	25,370	25,370	91,287
Closed projects	(47,710,456)	(42,350,408)	-	(42,350,408)	(5,360,048)
Total capital outlay	90,595,570	6,920,656	29,774,395	36,695,051	53,900,519
Interest and fees	12,170,416	7,461,236	2,480,155	9,941,391	2,229,025
Total expenditures	102,765,986	14,381,892	32,254,550	46,636,442	56,129,544
Revenues over (under) expenditures	(102,049,356)	(13,704,429)	(31,995,203)	(45,699,632)	56,349,724

Continued on next page

BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
County Capital Projects Fund

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016

	Actual to June 30, 2016			Variance Positive (Negative)	
	Project Authorization	Reported In Prior Years	Current Year		Total
OTHER FINANCING SOURCES (USES)					
Proceeds from installment obligations - projects	1,909,450	209,450	-	209,450	(1,700,000)
Sale of capital assets	595,000	-	4,945,000	4,945,000	4,350,000
Prior year revenues	119,485,880	110,954,412	-	110,954,412	(8,531,468)
Transfer from:					
General Fund	1,029,413	-	1,029,412	1,029,412	(1)
Transfer to:					
General Fund	(14,970,387)	-	(6,682,872)	(6,682,872)	8,287,515
School Capital Fund	(6,000,000)	-	(6,000,000)	(6,000,000)	-
Total other financing sources (uses)	102,049,356	111,163,862	(6,708,460)	104,455,402	2,406,046
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ 97,459,433</u>	<u>(38,703,663)</u>	<u>\$ 58,755,770</u>	<u>\$ 58,755,770</u>
Fund balance, beginning of year			<u>97,459,433</u>		
Fund balance, end of year			<u>\$ 58,755,770</u>		

BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
School Capital Commission Fund

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016

	Actual to June 30, 2016				Variance Positive (Negative)
	Project Authorization	Reported In Prior Years	Current Year	Total	
REVENUES					
Local option sales tax	\$ 213,150,880	\$ 201,365,160	\$ 17,572,166	\$ 218,937,326	\$ 5,786,446
Federal, State and other grants	1,092,140	812,930	1,926,201	2,739,131	1,646,991
Investment earnings	1,915,401	4,097,823	109,121	4,206,944	2,291,543
Total revenues	<u>216,158,421</u>	<u>206,275,913</u>	<u>19,607,488</u>	<u>225,883,401</u>	<u>9,724,980</u>
EXPENDITURES					
Capital outlay:					
Education:					
Buncombe County schools					
Sales tax projects	23,497,258	9,030,810	3,652,874	12,683,684	10,813,574
ADM projects	10,990,000	9,940,764	432,012	10,372,776	617,224
Bond projects	31,000,000	7,567,451	16,524,217	24,091,668	6,908,332
Asheville City schools					
Sales tax projects	702,282	51,512	-	51,512	650,770
ADM projects	1,950,000	-	1,306,970	1,306,970	643,030
Bond projects	60,887,601	28,761,999	27,238,847	56,000,846	4,886,755
Closed projects	(10,000,000)	(10,000,000)	-	(10,000,000)	-
Total capital outlay	<u>119,027,141</u>	<u>45,352,536</u>	<u>49,154,920</u>	<u>94,507,456</u>	<u>24,519,685</u>
Debt service:					
Principal	48,388,407	28,926,050	9,546,448	38,472,498	9,915,909
Interest and fees	33,786,716	20,171,834	6,786,347	26,958,181	6,828,535
Total debt service	<u>82,175,123</u>	<u>49,097,884</u>	<u>16,332,795</u>	<u>65,430,679</u>	<u>16,744,444</u>
Total expenditures	<u>201,202,264</u>	<u>94,450,420</u>	<u>65,487,715</u>	<u>159,938,135</u>	<u>41,264,129</u>
Revenues over (under) expenditures	<u>14,956,157</u>	<u>111,825,493</u>	<u>(45,880,227)</u>	<u>65,945,266</u>	<u>50,989,109</u>
OTHER FINANCING SOURCES (USES)					
Prior year revenues and transfers	(25,525,217)	(42,493,548)	-	(42,493,548)	(16,968,331)
Transfer from General Fund	4,569,060	-	4,569,060	4,569,060	-
Transfer from Capital Projects Fund	6,000,000	-	6,000,000	6,000,000	-
Total other financing sources (uses)	<u>(14,956,157)</u>	<u>(42,493,548)</u>	<u>10,569,060</u>	<u>(31,924,488)</u>	<u>(16,968,331)</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ 69,331,945</u>	<u>(35,311,167)</u>	<u>\$ 34,020,778</u>	<u>\$ 34,020,778</u>
Fund balance, beginning of year			<u>69,331,945</u>		
Fund balance, end of year			<u>\$ 34,020,778</u>		

BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 AB Tech Capital Projects Fund

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016

	Actual to June 30, 2016			Total	Variance Positive (Negative)
	Project Authorization	Reported in Prior Years	Current Year		
REVENUES					
Local option sales taxes	\$ 23,559,540	\$ 30,345,611	\$ 11,328,970	\$ 41,674,581	\$ 18,115,041
Restricted intergovernmental	-	84,484	42,448	126,932	126,932
Investment earnings	-	103,372	116,140	219,512	219,512
Total revenues	<u>23,559,540</u>	<u>30,533,467</u>	<u>11,487,558</u>	<u>42,021,025</u>	<u>18,461,485</u>
EXPENDITURES					
Community College	75,974,645	54,742,774	10,796,294	65,539,068	10,435,577
Debt service:					
Principal retirement	8,840,774	3,097,012	5,042,400	8,139,412	701,362
Interest and fees	11,894,952	6,392,058	4,326,493	10,718,551	1,176,401
Total expenditures	<u>96,710,371</u>	<u>64,231,844</u>	<u>20,165,187</u>	<u>84,397,031</u>	<u>12,313,340</u>
Revenues over (under) expenditures	<u>(73,150,831)</u>	<u>(33,698,377)</u>	<u>(8,677,629)</u>	<u>(42,376,006)</u>	<u>30,774,825</u>
OTHER FINANCING SOURCES (USES)					
Premium on installment obligations	9,312,326	9,312,326	-	9,312,326	-
Proceeds from installment obligations	72,700,000	65,700,000	-	65,700,000	(7,000,000)
Transfer to general fund	(2,545,815)	-	(689,215)	(689,215)	1,856,600
Prior year revenues	(6,315,680)	(6,955,772)	-	(6,955,772)	(640,092)
Total other financing sources (uses)	<u>73,150,831</u>	<u>68,056,554</u>	<u>(689,215)</u>	<u>67,367,339</u>	<u>(5,783,492)</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 34,358,177</u>	<u>(9,366,844)</u>	<u>\$ 24,991,333</u>	<u>\$ 24,991,333</u>
Fund balance, beginning of year			<u>34,358,177</u>		
Fund balance, end of year			<u>\$ 24,991,333</u>		

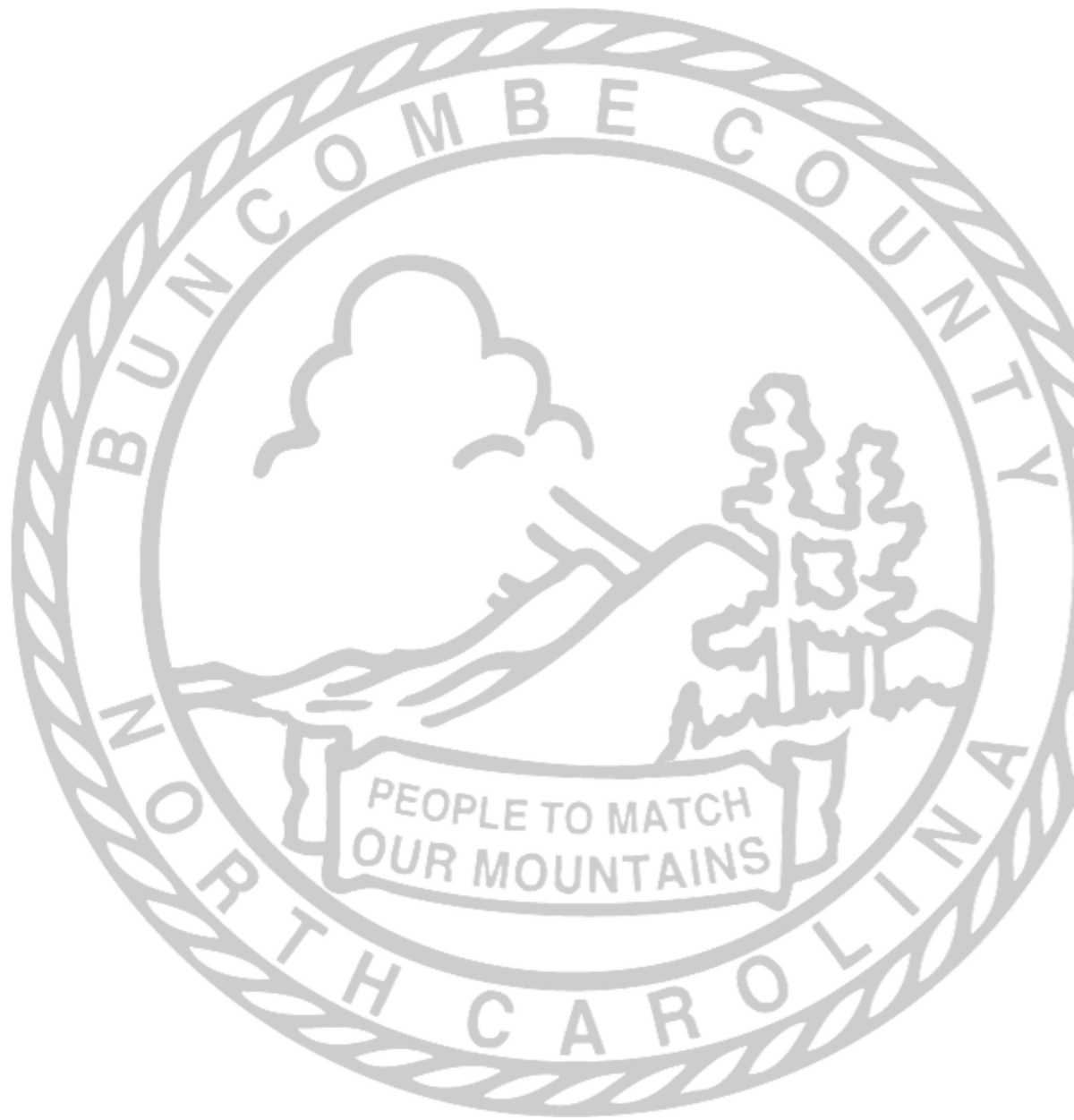
BUNCOMBE COUNTY, NORTH CAROLINA

*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Occupancy Tax Fund*

FOR THE YEAR ENDED JUNE 30, 2016

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Occupancy tax	\$ 17,470,004	\$ 16,226,135	\$ (1,243,869)
EXPENDITURES			
Current:			
Economic and physical development:			
Tourism development	17,290,454	15,982,627	1,307,827
Revenues over expenditures	179,550	243,508	63,958
OTHER FINANCING USES			
Transfer to general fund	(179,550)	(243,508)	(63,958)
Net change in fund balance	\$ -	-	\$ -
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

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Combining Statements and Schedules for Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

Special Districts Volunteer Fire Departments Fund

The County's Board of Commissioners serves as the tax levying body for 21 special fire protection districts. These districts are areas of the County, not legally separate districts. Taxes levied and collected on behalf of these districts are distributed under contracts to volunteer fire departments serving the respective districts. These transactions are accounted for in this fund.

Emergency Telephone System Fund

This fund was established in accordance with North Carolina law to account for the accumulation of telephone surcharges to be used for emergency telephone systems.

Register of Deeds Automation Fund

This fund was established in accordance with North Carolina law to account for the accumulation of Register of Deeds fees to be used for future automation projects.

Grant Projects Fund

This fund was established to account for revenues received from multi-year grants and related expenditures.

Transportation Fund

This fund was established to account for all revenues and related expenditures of a public transportation program.

Drug Forfeitures Fund

This fund accounts for forfeiture and controlled substance tax earmarked for the Sheriff's department.

PDF Woodfin Downtown Fund

This fund accounts for a portion of County and Town of Woodfin ad valorem tax revenues pledged to meet the debt service requirements related to the Woodfin Downtown project.

CAPITAL PROJECTS FUNDS:

Special Projects Capital Projects

This fund is used to account for special projects that may not necessarily result in a capital asset for the County.

BUNCOMBE COUNTY, NORTH CAROLINA

Combining Balance Sheet
Nonmajor Governmental Funds

JUNE 30, 2016

	Special Revenue Funds			Special Revenue Funds Con't				Capital Project Fund	Total Nonmajor Governmental Funds
	Special Districts Volunteer Fire Departments	Emergency Telephone System	Register of Deeds Automation	Grant Projects	Trans- portation	Drug Forfeitures	PDF Woodfin Downtown	Special Projects	
ASSETS									
Cash and cash equivalents	\$ 749,797	\$ 1,867,441	\$ 312,488	\$ 1,922,259	\$ 7,524	\$ 164,048	\$ 172,698	\$ 3,384,252	\$ 8,580,507
Receivables (net):									
Taxes receivable	27,061	-	-	-	-	-	-	-	27,061
Accounts receivable	-	72,942	-	-	562,449	-	-	-	635,391
Due from other governments	1,465,515	-	-	58,001	-	-	-	-	1,523,516
Long-term receivables	-	-	-	-	-	-	-	1,391,278	1,391,278
Total assets	\$ 2,242,373	\$ 1,940,383	\$ 312,488	\$ 1,980,260	\$ 569,973	\$ 164,048	\$ 172,698	\$ 4,775,530	\$ 12,157,753
LIABILITIES									
Accounts payable	\$ 2,215,311	\$ 38,466	\$ -	\$ 214,235	\$ 280,833	\$ -	\$ -	\$ 118,165	\$ 2,867,010
Refundable deposits	-	-	-	-	-	-	-	916,930	916,930
Due to general fund	-	-	-	1,645,812	-	-	-	-	1,645,812
Due to component unit	-	-	-	-	-	-	-	-	-
Total liabilities	2,215,311	38,466	-	1,860,047	280,833	-	-	1,035,095	5,429,752
DEFERRED INFLOWS OF RESOURCES	27,062	-	-	-	-	-	-	-	27,062
FUND BALANCES									
Nonspendable	-	-	-	-	-	-	-	1,391,278	1,391,278
Restricted for:									
Stabilization by State statute	-	72,942	-	58,001	289,140	-	-	-	420,083
Register of deeds	-	-	312,488	-	-	-	-	-	312,488
Public safety	-	1,828,975	-	-	-	164,048	-	-	1,993,023
Grant projects	-	-	-	62,212	-	-	-	-	62,212
Debt service	-	-	-	-	-	-	172,698	-	172,698
Assigned	-	-	-	-	-	-	-	2,349,157	2,349,157
Total fund balances	-	1,901,917	312,488	120,213	289,140	164,048	172,698	3,740,435	6,700,939
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,242,373	\$ 1,940,383	\$ 312,488	\$ 1,980,260	\$ 569,973	\$ 164,048	\$ 172,698	\$ 4,775,530	\$ 12,157,753

BUNCOMBE COUNTY, NORTH CAROLINA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

FOR THE YEAR ENDED JUNE 30, 2016

	Special Revenue Funds			Special Revenue Funds Con't				Capital Project Fund	Total
	Special Districts	Emergency Telephone System	Register of Deeds Automation	Grant Projects	Transportation	Drug Forfeitures	PDF Woodfin Downtown	Special Projects	Nonmajor Governmental Funds
	Volunteer Fire Departments								
REVENUES									
Ad valorem taxes	\$ 17,084,723	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 331,716	\$ -	\$ 17,416,439
Local option sales taxes	5,416,380	-	-	-	-	-	-	-	5,416,380
Other taxes and licenses	-	-	-	-	-	-	-	-	-
Restricted intergovernmental	-	875,308	148,211	1,533,445	2,735,608	127,157	-	569,401	5,989,130
Sales and services	-	-	-	29,946	-	-	-	-	29,946
Investment earnings	-	3,442	538	-	-	304	-	-	4,284
Payments in lieu of taxes	-	-	-	-	-	-	368,130	-	368,130
Miscellaneous	-	-	-	-	16,040	-	-	50,347	66,387
Total revenues	22,501,103	878,750	148,749	1,563,391	2,751,648	127,461	699,846	619,748	29,290,696
EXPENDITURES									
Current:									
General government	-	-	4,661	-	-	-	-	-	4,661
Public safety	22,505,976	1,546,090	-	1,549,800	-	184,486	-	-	25,786,352
Economic and physical development	-	-	-	-	-	-	-	-	-
Human services	-	-	-	518,329	3,439,940	-	-	-	3,958,269
Cultural and recreational	-	-	-	50,000	-	-	-	-	50,000
Capital outlay	-	-	-	-	567,820	-	-	1,110,366	1,678,186
Debt service:									
Principal retirement	-	-	-	-	-	-	35,000	-	35,000
Interest and fees	-	-	-	-	-	-	526,448	-	526,448
Total expenditures	22,505,976	1,546,090	4,661	2,118,129	4,007,760	184,486	561,448	1,110,366	32,038,916
Revenues over (under) expenditures	(4,873)	(667,340)	144,088	(554,738)	(1,256,112)	(57,025)	138,398	(490,618)	(2,748,220)
OTHER FINANCING SOURCES (USES)									
Transfers from other funds	-	10,325	-	668,019	1,353,207	-	-	420,874	2,452,425
Transfers to other funds	-	-	(129,050)	-	(53,343)	-	-	(2,196,406)	(2,378,799)
Total other financing sources (uses)	-	10,325	(129,050)	668,019	1,299,864	-	-	(1,775,532)	73,626
Net change in fund balances	(4,873)	(657,015)	15,038	113,281	43,752	(57,025)	138,398	(2,266,150)	(2,674,594)
Fund balances, beginning as restated	4,873	2,558,932	297,450	6,932	245,388	221,073	34,300	6,006,585	9,375,533
Fund balances, end of year	\$ -	\$ 1,901,917	\$ 312,488	\$ 120,213	\$ 289,140	\$ 164,048	\$ 172,698	\$ 3,740,435	\$ 6,700,939

BUNCOMBE COUNTY, NORTH CAROLINA

*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Special Districts Volunteer Fire Departments Fund*

FOR THE YEAR ENDED JUNE 30, 2016

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Ad valorem taxes		\$ 17,084,723	
Local option sales taxes		5,416,380	
Total revenues	<u>\$ 24,217,091</u>	<u>22,501,103</u>	<u>\$ (1,715,988)</u>
EXPENDITURES			
Current:			
Public safety:			
Contract payments to Volunteer fire departments		22,505,976	
Total expenditures	<u>24,217,091</u>	<u>22,505,976</u>	<u>1,711,115</u>
Net change in fund balance	<u>\$ -</u>	(4,873)	<u>\$ (4,873)</u>
Fund balance, beginning of year		<u>4,873</u>	
Fund balance, end of year		<u>\$ -</u>	

BUNCOMBE COUNTY, NORTH CAROLINA

*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Emergency Telephone System Fund*

FOR THE YEAR ENDED JUNE 30, 2016

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Restricted intergovernmental		\$ 875,308	
Investment earnings		3,442	
Total revenues	<u>\$ 885,308</u>	<u>878,750</u>	<u>\$ (6,558)</u>
EXPENDITURES			
Current:			
Public safety:			
Phone and furniture		106,013	
Software maintenance		189,301	
Hardware maintenance		746,551	
Training		950	
Implemental functions		503,275	
Total expenditures	<u>2,102,500</u>	<u>1,546,090</u>	<u>556,410</u>
Revenues under expenditures	<u>(1,217,192)</u>	<u>(667,340)</u>	<u>549,852</u>
OTHER FINANCING SOURCES			
Operating transfers from other funds	-	10,325	10,325
Appropriated fund balance	1,217,192	-	(1,217,192)
Total other financing sources	<u>1,217,192</u>	<u>10,325</u>	<u>(1,206,867)</u>
Net change in fund balance	<u>\$ -</u>	<u>(657,015)</u>	<u>\$ (657,015)</u>
Fund balance, beginning of year		<u>2,558,932</u>	
Fund balance, end of year		<u>\$ 1,901,917</u>	

BUNCOMBE COUNTY, NORTH CAROLINA

*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Register of Deeds Automation Fund*

FOR THE YEAR ENDED JUNE 30, 2016

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Restricted intergovernmental		\$ 148,211	
Investment earnings		538	
Total revenues	\$ 155,000	148,749	\$ (6,251)
EXPENDITURES			
Current:			
General government:			
Salaries and employee benefits		343	
Other operating expenditures		4,318	
Total expenditures	87,180	4,661	82,519
Revenues over expenditures	67,820	144,088	76,268
OTHER FINANCING SOURCES (USES)			
Appropriated fund balance	61,230	-	(61,230)
Transfer to general fund	(129,050)	(129,050)	-
Total other financing sources (uses)	(67,820)	(129,050)	(61,230)
Net change in fund balance	\$ -	15,038	\$ 15,038
Fund balance, beginning of year		297,450	
Fund balance, end of year		\$ 312,488	

BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual Grant Projects Fund

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016

	Actual to June 30, 2016				Variance Positive (Negative)
	Project Budget	Reported In Prior Years	Current Year	Total	
REVENUES					
Restricted intergovernmental	\$ 10,673,481	\$ 3,417,481	\$ 1,533,445	\$ 4,950,926	\$ (5,722,555)
Sales and services	74,270	21,534	29,946	51,480	(22,790)
Total revenues	<u>10,747,751</u>	<u>3,439,015</u>	<u>1,563,391</u>	<u>5,002,406</u>	<u>(5,745,345)</u>
EXPENDITURES					
Public safety	4,345,836	1,415,864	1,549,800	2,965,664	1,380,172
Economic and physical development	2,897,162	1,656,267	-	1,656,267	1,240,895
Human services	4,191,009	1,025,091	518,329	1,543,420	2,647,589
Cultural and recreational	175,000	-	50,000	50,000	125,000
Total expenditures	<u>11,609,007</u>	<u>4,097,222</u>	<u>2,118,129</u>	<u>6,215,351</u>	<u>5,393,656</u>
Revenues under expenditures	<u>(861,256)</u>	<u>(658,207)</u>	<u>(554,738)</u>	<u>(1,212,945)</u>	<u>(351,689)</u>
OTHER FINANCING SOURCES (USES)					
Prior year revenues	174,103	190,139	-	190,139	16,036
Transfer from:					
General fund	614,676	475,000	614,676	1,089,676	475,000
Transportation	72,477	-	53,343	53,343	(19,134)
Total other financing sources (uses)	<u>861,256</u>	<u>665,139</u>	<u>668,019</u>	<u>1,333,158</u>	<u>471,902</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 6,932</u>	113,281	<u>\$ 120,213</u>	<u>\$ 120,213</u>
Fund balance, beginning of year			<u>6,932</u>		
Fund balance, end of year			<u>\$ 120,213</u>		

BUNCOMBE COUNTY, NORTH CAROLINA

*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Transportation Fund*

FOR THE YEAR ENDED JUNE 30, 2016

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Restricted intergovernmental		\$ 2,735,608	
Miscellaneous		16,040	
Total revenues	<u>\$ 3,021,750</u>	<u>2,751,648</u>	<u>\$ (270,102)</u>
EXPENDITURES			
Current:			
Human services:			
Salaries and benefits		33,036	
Other operating expenditures		3,406,904	
Capital outlay		567,820	
Total expenditures	<u>4,637,452</u>	<u>4,007,760</u>	<u>629,692</u>
Revenues under expenditures	<u>(1,615,702)</u>	<u>(1,256,112)</u>	<u>359,590</u>
OTHER FINANCING SOURCES (USES)			
Appropriated fund balance	42,597	-	(42,597)
Transfer from general fund	1,626,448	1,353,207	(273,241)
Transfer to grant projects	(53,343)	(53,343)	-
Total other financing sources (uses)	<u>1,615,702</u>	<u>1,299,864</u>	<u>(315,838)</u>
Net change in fund balance	<u>\$ -</u>	<u>43,752</u>	<u>\$ 43,752</u>
Fund balance, beginning of year		<u>245,388</u>	
Fund balance, end of year		<u>\$ 289,140</u>	

BUNCOMBE COUNTY, NORTH CAROLINA

*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Drug Forfeitures*

FOR THE YEAR ENDED JUNE 30, 2016

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Restricted intergovernmental		\$ 127,157	
Restricted investment earnings		304	
Total revenues	<u>\$ 117,394</u>	<u>127,461</u>	<u>\$ 10,067</u>
EXPENDITURES			
Current:			
Public safety:			
Operating expenditures		99,336	
Capital outlay		85,150	
Total expenditures	<u>338,467</u>	<u>184,486</u>	<u>153,981</u>
Revenues under expenditures	<u>(221,073)</u>	<u>(57,025)</u>	<u>164,048</u>
OTHER FINANCING SOURCES			
Appropriated fund balance	<u>221,073</u>	-	<u>(221,073)</u>
Net change in fund balance	<u>\$ -</u>	<u>(57,025)</u>	<u>\$ (57,025)</u>
Fund balance, beginning of year		<u>221,073</u>	
Fund balance, end of year		<u>\$ 164,048</u>	

BUNCOMBE COUNTY, NORTH CAROLINA

*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
PDF Woodfin Downtown Fund*

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016

	Actual to June 30, 2016				Variance Positive (Negative)
	Project Budget	Reported In Prior Years	Current Year	Total	
REVENUES					
Ad valorem taxes	\$ 21,319,130	\$ -	\$ 331,716	\$ 331,716	\$ (20,987,414)
Investment earnings	100,699	-	-	-	(100,699)
Payments in lieu of taxes	-	-	368,130	368,130	368,130
Total revenues	<u>21,419,829</u>	<u>-</u>	<u>699,846</u>	<u>699,846</u>	<u>(20,719,983)</u>
EXPENDITURES					
Capital outlay	7,882,200	-	-	-	7,882,200
Debt service:					
Principal retirement	11,285,000	-	35,000	35,000	11,250,000
Interest and fees	14,635,541	-	526,448	526,448	14,109,093
Total expenditures	<u>33,802,741</u>	<u>-</u>	<u>561,448</u>	<u>561,448</u>	<u>33,241,293</u>
Revenues over (under) expenditures	<u>(12,382,912)</u>	<u>-</u>	<u>138,398</u>	<u>138,398</u>	<u>12,521,310</u>
OTHER FINANCING SOURCES (USES)					
Project development bonds issued	12,960,000	-	-	-	(12,960,000)
Installment obligation proceeds	11,285,000	-	-	-	(11,285,000)
Premium on installment obligation	866,656	-	-	-	(866,656)
Discount on 2008 PDF bonds	(160,449)	-	-	-	160,449
Payment to refunded bond escrow agent	(13,605,341)	-	-	-	13,605,341
Transfer from:					
General fund	137,046	-	-	-	(137,046)
Capital projects	900,000	-	-	-	(900,000)
Closed projects	-	34,300	-	34,300	34,300
Total other financing sources (uses)	<u>12,382,912</u>	<u>34,300</u>	<u>-</u>	<u>34,300</u>	<u>(12,348,612)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 34,300</u>	<u>138,398</u>	<u>\$ 172,698</u>	<u>\$ 172,698</u>
Fund balance, beginning of year			<u>34,300</u>		
Fund balance, end of year			<u>\$ 172,698</u>		

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BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual Special Projects Capital Projects Fund

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016

	Actual to June 30, 2016				Variance Positive (Negative)
	Project Budget	Reported in Prior Years	Current Year	Total	
REVENUES					
Restricted intergovernmental:					
Home FY08	\$ 220,320	\$ 132,192	\$ -	\$ 132,192	\$ (88,128)
Program income CDBG	152,962	124,693	28,267	152,960	(2)
Home program income	136,994	130,858	6,134	136,992	(2)
NCDA grant Hutchins easement	110,000	-	110,000	110,000	-
NCDA grant Peterson	425,000	-	425,000	425,000	-
Sales and services	-	434,705	-	434,705	434,705
Miscellaneous	1,250,843	1,241,001	111,108	1,352,109	101,266
Total revenues	2,296,119	2,063,449	680,509	2,743,958	447,839
EXPENDITURES					
Capital outlay:					
Housing:					
LOS fair housing	25,000	25,000	-	25,000	-
Home FY15	75,000	-	4,779	4,779	70,221
Home FY14	75,000	-	-	-	75,000
Home FY13	75,000	50,800	6,848	57,648	17,352
Home FY12	75,000	58,500	-	58,500	16,500
Home FY11	75,000	-	-	-	75,000
Home FY10	75,000	64,767	-	64,767	10,233
Home FY08	295,320	169,692	-	169,692	125,628
Home program income	136,994	126,288	-	126,288	10,706
Program income CDBG	152,962	124,695	28,266	152,961	1
MHO Eagle Street	2,000,000	-	-	-	2,000,000
Oak Hill Commons hard-to-house	325,000	-	-	-	325,000
Housing trust:					
Housing trust program income	1,249,843	647,996	18,832	666,828	583,015
Housing trust FY16	299,250	-	101,865	101,865	197,385
Housing trust FY15	249,250	97,112	92,888	190,000	59,250
Housing trust FY14	299,250	255,150	-	255,150	44,100
Housing trust FY12	250,000	225,000	-	225,000	25,000
Housing trust FY09	300,000	280,000	-	280,000	20,000
Mobile home disposal FY15	50,000	2,500	45,219	47,719	2,281
Mobile home disposal FY12	49,250	46,998	2,252	49,250	-
Energy savings reinvestment fund	83,250	-	8,941	8,941	74,309

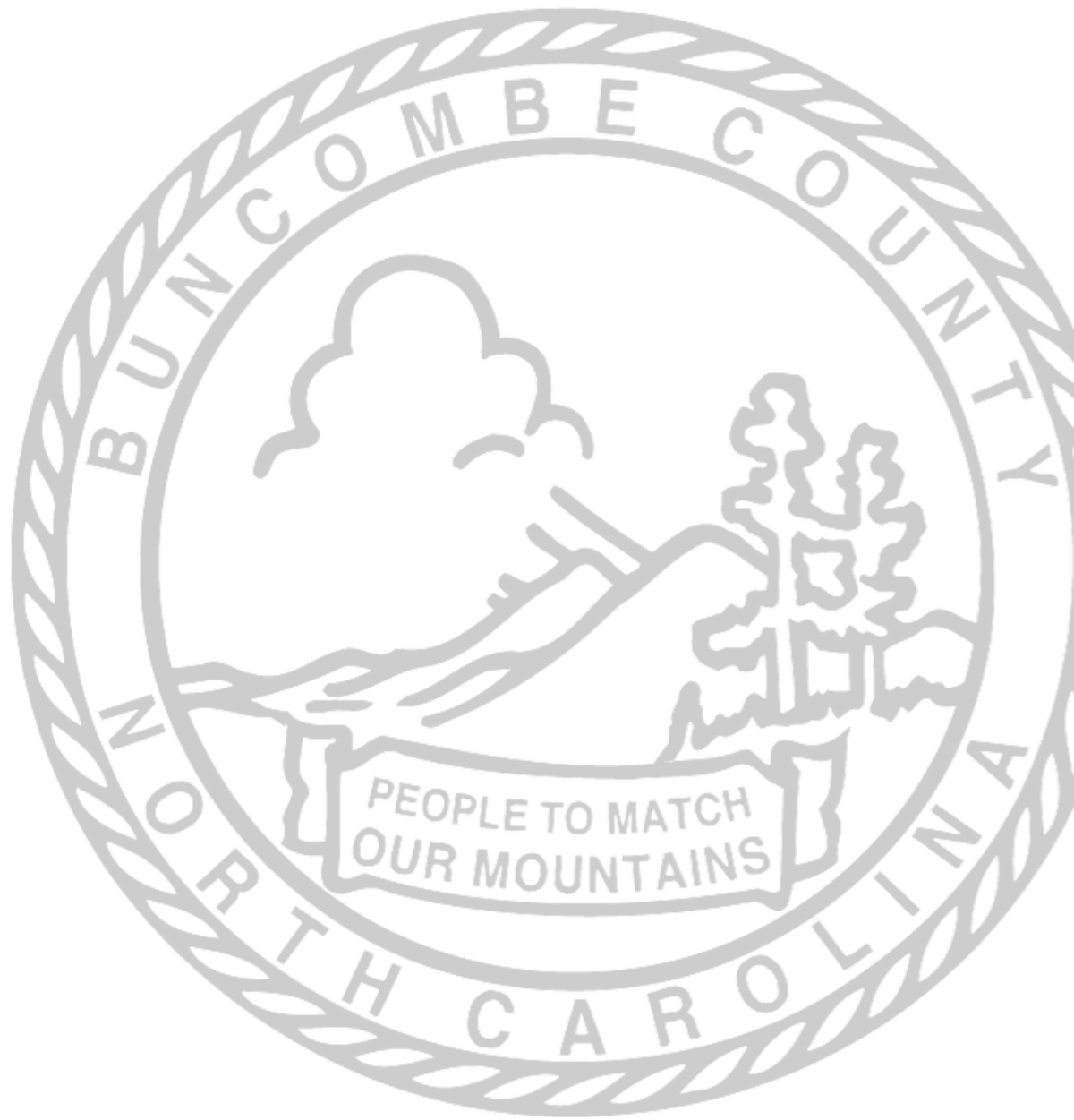
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BUNCOMBE COUNTY, NORTH CAROLINA

*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Special Projects Capital Projects Fund*

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016

	Actual to June 30, 2016			Variance Positive (Negative)	
	Project Budget	Reported in Prior Years	Current Year		Total
<i>Expenditures continued</i>					
Soil conservation	1,367,992	412,270	800,476	1,212,746	155,246
Total expenditures	<u>7,583,361</u>	<u>2,586,768</u>	<u>1,110,366</u>	<u>3,697,134</u>	<u>3,886,227</u>
Revenues under expenditures	<u>(5,287,242)</u>	<u>(523,319)</u>	<u>(429,857)</u>	<u>(953,176)</u>	<u>4,334,066</u>
OTHER FINANCING SOURCES (USES)					
Transfer from general fund	411,750	-	420,874	420,874	9,124
Transfer to general fund	(2,196,406)	-	(2,196,406)	(2,196,406)	-
Prior year revenues	5,071,898	5,077,865	-	5,077,865	5,967
Appropriated fund balance	2,000,000	-	-	-	(2,000,000)
Total other financing sources (uses)	<u>5,287,242</u>	<u>5,077,865</u>	<u>(1,775,532)</u>	<u>3,302,333</u>	<u>(1,984,909)</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ 4,554,546</u>	<u>(2,205,389)</u>	<u>\$ 2,349,157</u>	<u>\$ 2,349,157</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:					
Reconciling items:					
Net collections on long-term loans			(60,761)		
Total reconciling items			<u>(60,761)</u>		
Change in fund balance					<u><u>\$ (2,266,150)</u></u>



*Schedules of Revenues and Expenditures - Budget and Actual (Non-GAAP)
for Enterprise Funds*

Solid Waste Disposal Fund

This fund accounts for the revenues and expenditures associated with the Construction & Demolition landfill, Municipal Solid Waste landfill, transfer station, and the County's old landfill.

Landfill Capital Projects Fund

This fund was created to account for the capital projects associated with the solid waste program.

Inmate Commissary/Welfare Fund

This fund is used to offset the daily personal and incidental needs of inmates. Revenue is generated by telephone concessions and family contributions.

BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)

Solid Waste Disposal Fund

FOR THE YEAR ENDED JUNE 30, 2016

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Operating revenues:			
Tipping fees		\$ 6,471,636	
Service charges and other revenues		870,675	
Intergovernmental revenues		418,726	
Total operating revenues	\$ 6,507,287	<u>7,761,037</u>	\$ 1,253,750
Nonoperating revenues:			
Investment earnings	40,000	45,877	5,877
Total revenues	<u>6,547,287</u>	<u>7,806,914</u>	<u>1,259,627</u>
EXPENDITURES			
Landfill:			
Salaries, wages, and fringe benefits		864,444	
Maintenance and repairs		297,700	
Contracted services		859,511	
Other operating expenses		1,163,026	
Landfill closure and postclosure care costs		230,151	
Total landfill		<u>3,414,832</u>	
Transfer station:			
Salaries, wages, and fringe benefits		570,997	
Maintenance and repairs		201,707	
Other operating expenses		126,986	
Total transfer station		<u>899,690</u>	
Landfill gas to energy project:			
Salaries, wages, and fringe benefits		90,221	
Maintenance and repairs		410,919	
Other operating expenses		126,784	
Total landfill gas to energy project		<u>627,924</u>	
Capital outlay		<u>700,157</u>	
Debt service:			
Principal retirement		260,000	
Interest and fees		71,602	
Total debt service		<u>331,602</u>	
Total expenditures	<u>6,892,287</u>	<u>5,974,205</u>	918,082
Revenues over (under) expenditures	<u>(345,000)</u>	<u>1,832,709</u>	<u>2,177,709</u>

Continued on next page

BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)

Solid Waste Disposal Fund

FOR THE YEAR ENDED JUNE 30, 2016

	Budget	Actual	Variance Positive (Negative)
OTHER FINANCING SOURCES			
Transfer to solid waste capital projects	\$ 345,000	-	\$ (345,000)
Sale of capital assets	-	6,290	6,290
Total other financing sources	<u>345,000</u>	<u>6,290</u>	<u>(338,710)</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>1,838,999</u>	<u>\$ 1,838,999</u>

Reconciliation from budgetary basis (modified accrual) to full accrual:

Reconciling items:

Debt principal	260,000
Decrease in accrued interest	745
Amortization of bond premium and deferred charges	40,902
Contributions to the pension plan in the current fiscal year	63,470
Increase in accrued compensated absences	(15,141)
Increase in other postemployment benefits liability	(8,331)
Decrease in accrued retirement incentive payments	75,568
Pension expense	(58,648)
Increase in accrued landfill closure and postclosure care costs	(141,392)
Capital outlay	700,157
Depreciation	(2,213,690)
Total reconciling items	<u>(1,296,360)</u>
Change in net position	<u>\$ 542,639</u>

BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)

Landfill Capital Projects Fund

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016

	Actual to June 30, 2016				Variance Positive (Negative)
	Project Authorization	Reported in Prior Years	Current Year	Total to Date	
REVENUES					
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
EXPENDITURES					
Engineering cell 7	605,000	564,400	908	565,308	39,692
Phase 6 C&D landfill	750,000	-	50,724	50,724	699,276
Subtitle D vertical expansion	450,000	-	-	-	450,000
Contingency	1,052,042	-	-	-	1,052,042
Total expenditures	2,857,042	564,400	51,632	616,032	2,241,010
Revenues under expenditures	(2,857,042)	(564,400)	(51,632)	(616,032)	2,241,010
OTHER FINANCING SOURCES (USES)					
Transfer to solid waste	(345,000)	-	-	-	345,000
Prior year revenues	3,202,042	3,184,837	-	3,184,837	(17,205)
Total other financing sources (uses)	2,857,042	3,184,837	-	3,184,837	327,795
Revenues and other sources over (under) expenditures and other uses	\$ -	\$ 2,620,437	\$ (51,632)	\$ 2,568,805	\$ 2,568,805

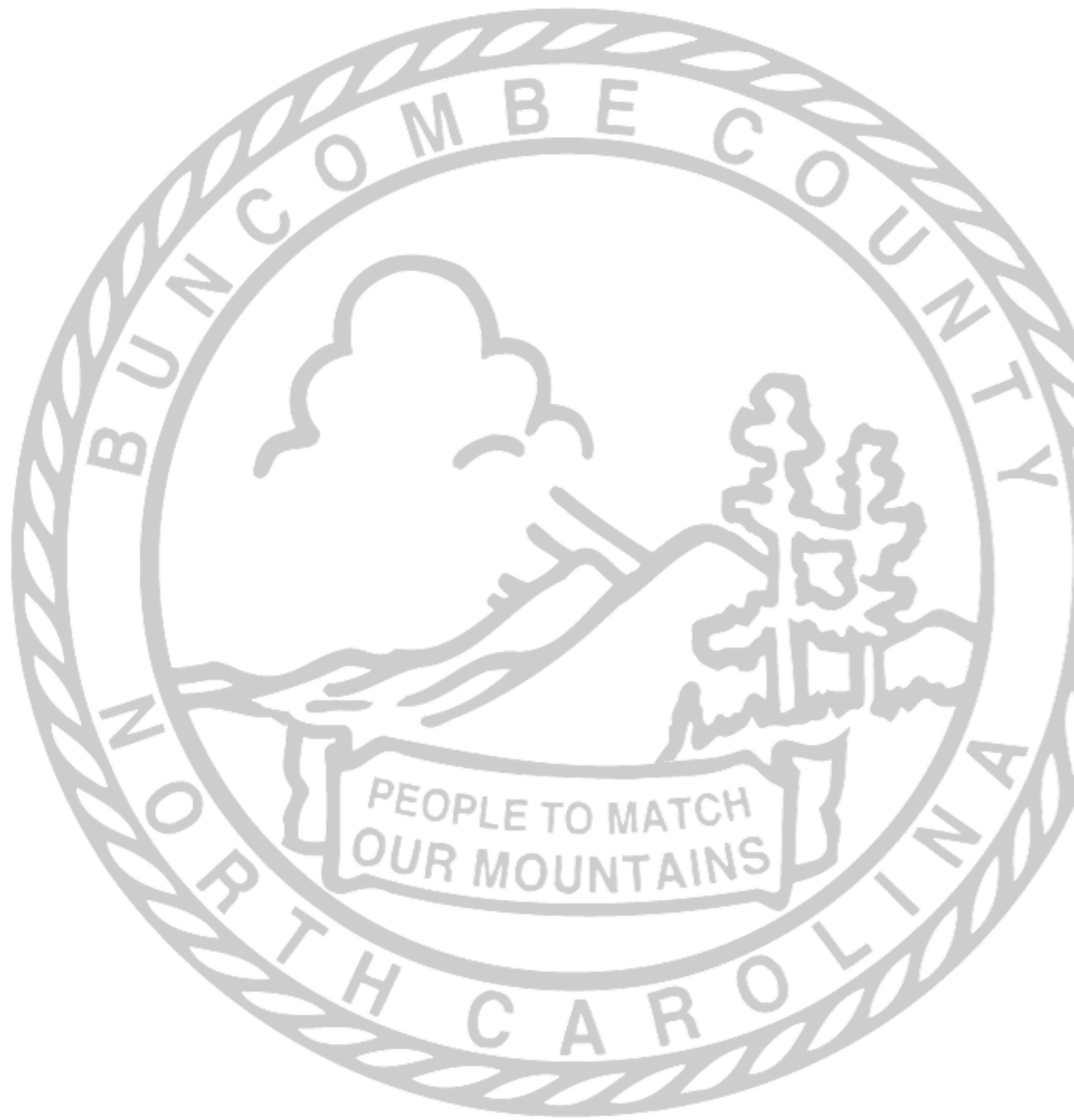
BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)

Inmate Commissary/Welfare Fund

FOR THE YEAR ENDED JUNE 30, 2016

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Operating revenues:			
Commissary concessions		\$ 159,961	
Telephone concessions		183,441	
Total operating revenues		<u>343,402</u>	
Nonoperating revenues:			
Investment earnings		<u>977</u>	
Total revenues	\$ 341,000	344,379	\$ 3,379
EXPENDITURES			
Salaries, wages, and fringe benefits		114,009	
Contracted services		108,486	
Cost of products sold		62,433	
Other operating expenditures		<u>20,713</u>	
Total expenditures	496,568	305,641	190,927
Revenues over (under) expenditures	(155,568)	38,738	194,306
OTHER FINANCING SOURCES			
Appropriated fund balance	155,568	-	(155,568)
Total other financing sources	155,568	-	(155,568)
Revenues and other sources over expenditures	\$ -	38,738	\$ 38,738
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling Items:			
Depreciation		(21,297)	
Contributions to the pension plan in the current fiscal year		4,231	
Decrease in accrued compensated absences		167	
Increase in other postemployment benefits		(591)	
Pension expense		<u>(12,431)</u>	
Total reconciling items		<u>(29,921)</u>	
Change in net position		<u>\$ 8,817</u>	



*Schedules and Combining Statements for
Internal Service Fund, Agency Funds, and Component Unit*

INTERNAL SERVICE FUNDS

Insurance Fund

This fund accounts for the revenues and expenditures related to insurance and well-being programs associated with County employees and retirees. This fund includes health-related costs, workman's compensation costs, and expenses related to other postemployment benefits.

AGENCY FUNDS

Inmate Trust Fund

This fund accounts for the revenues and expenditures of activity funds belonging to inmates during their period of incarceration.

General Agency Accounts

This fund accounts for ad valorem and local option sales taxes collected for other taxing units.

Social Services Fund

This fund accounts for monies deposited with the Department of Social Services for the benefit of certain individuals.

Sondley Estate Trust

This fund accounts for certain monies held by the County which was appointed as fiscal agent by the Courts.

Deed of Trust Fund

This fund accounts for the \$6.20 of each fee collected by the Register of Deeds for registering or filing a deed of trust or mortgage and remitted to the State Treasurer on a monthly basis.

Buncombe County Anticrime Task Force

This fund accounts for forfeitures and controlled substance taxes earmarked for the Buncombe County Anticrime Task Force.

COMPONENT UNIT

Western North Carolina Regional Air Quality Agency

This fund accounts for the revenues and expenditures associated with the local air quality regulatory agency formed by an interlocal agreement between Buncombe County and the City of Asheville.

BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)

Insurance Internal Service Fund

FOR THE YEAR ENDED JUNE 30, 2016

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Operating revenues:			
Charges for services		\$ 28,601,978	
Total revenues	\$ 30,532,962	28,601,978	\$ (1,930,984)
EXPENDITURES			
Salaries, wages, and fringe benefits		455,317	
Insurance premiums		2,562,086	
Claims		33,781,589	
Other operating expenditures		57,569	
Total expenditures	39,122,962	36,856,561	2,266,401
Revenues over (under) expenditures	(8,590,000)	(8,254,583)	335,417
OTHER FINANCING SOURCES			
Transfer from general fund	8,590,000	9,165,000	575,000
Revenues and other sources over expenditures	\$ -	\$ 910,417	\$ 910,417

BUNCOMBE COUNTY, NORTH CAROLINA
 Combining Statement of Changes in Assets and Liabilities
 Agency Funds

FOR THE YEAR ENDED JUNE 30, 2016

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
Inmate Trust Fund:				
Assets				
Cash and cash equivalents	\$ 92,952	\$ 1,188,843	\$ 1,183,798	\$ 97,997
Liabilities				
Accounts payable	\$ 464	\$ 126	\$ 434	\$ 156
Due to beneficiaries	92,488	1,189,720	1,184,367	97,841
	<u>\$ 92,952</u>	<u>\$ 1,189,846</u>	<u>\$ 1,184,801</u>	<u>\$ 97,997</u>
General Agency Accounts:				
Assets				
Cash and cash equivalents	\$ 1,286,532	\$ 76,451,914	\$ 76,433,340	\$ 1,305,106
Accounts receivable	721,154	802,968	721,154	802,968
	<u>\$ 2,007,686</u>	<u>\$ 77,254,882</u>	<u>\$ 77,154,494</u>	<u>\$ 2,108,074</u>
Liabilities				
Accounts payable	\$ 52,395	\$ 822,946	\$ 104,299	\$ 771,042
Due to other taxing units	1,955,291	77,153,817	77,772,076	1,337,032
	<u>\$ 2,007,686</u>	<u>\$ 77,976,763</u>	<u>\$ 77,876,375</u>	<u>\$ 2,108,074</u>
Social Services Fund:				
Assets				
Cash and cash equivalents	\$ 11,348	\$ 184,460	\$ 192,821	\$ 2,987
Liabilities				
Accounts payable	\$ -	\$ 192,506	\$ 192,506	\$ -
Due to beneficiaries	11,348	184,562	192,923	2,987
	<u>\$ 11,348</u>	<u>\$ 377,068</u>	<u>\$ 385,429</u>	<u>\$ 2,987</u>
Sondley Estate Trust:				
Assets				
Cash and cash equivalents	\$ 830,249	\$ 2,100	\$ 47	\$ 832,302
Liabilities				
Due to beneficiaries	\$ 830,249	\$ 2,053	\$ -	\$ 832,302

Continued on next page

BUNCOMBE COUNTY, NORTH CAROLINA
Combining Statement of Changes in Assets and Liabilities
Agency Funds

FOR THE YEAR ENDED JUNE 30, 2016

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
Deed of Trust Fee Fund:				
Assets				
Cash and cash equivalents	\$ 18,074	\$ 206,189	\$ 204,651	\$ 19,612
Liabilities				
Intergovernmental payable - State of North Carolina	\$ 18,074	\$ 206,189	\$ 204,651	\$ 19,612
Buncombe County Anticrime Task Force:				
Assets				
Cash and cash equivalents	\$ 274,244	\$ 89,951	\$ 59,065	\$ 305,130
Liabilities				
Due to beneficiaries	\$ 274,244	\$ 30,886	\$ -	\$ 305,130
Totals - All Agency Funds				
Assets				
Cash and cash equivalents	\$ 2,513,399	\$ 78,123,457	\$ 78,073,722	\$ 2,563,134
Accounts receivable	721,154	802,968	721,154	802,968
	<u>\$ 3,234,553</u>	<u>\$ 78,926,425</u>	<u>\$ 78,794,876</u>	<u>\$ 3,366,102</u>
Liabilities				
Accounts payable	\$ 52,859	\$ 1,015,578	\$ 297,239	\$ 771,198
Due to other taxing units	1,955,291	77,153,817	77,772,076	1,337,032
Intergovernmental payable - State of North Carolina	18,074	206,189	204,651	19,612
Due to beneficiaries	1,208,329	1,407,221	1,377,290	1,238,260
	<u>\$ 3,234,553</u>	<u>\$ 79,782,805</u>	<u>\$ 79,651,256</u>	<u>\$ 3,366,102</u>

BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Change in Net Position - Budget and Actual (Non-GAAP)

Western North Carolina Regional Air Quality Agency

Component Unit

FOR THE YEAR ENDED JUNE 30, 2016

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Federal, State, and other grants		\$ 443,608	
Licenses and permits		463,849	
Investment earnings		1,184	
Miscellaneous		105,476	
Total revenues	\$ 1,041,759	1,014,117	\$ (27,642)
EXPENDITURES			
Environmental protection:			
Salaries and employee benefits		817,723	
Other operating expenses		178,229	
Total expenditures	1,096,671	995,952	100,719
Revenues over (under) expenditures	(54,912)	18,165	73,077
OTHER FINANCING SOURCES			
Sale of capital assets		2,399	
Total other financing sources	54,912	2,399	(52,513)
Revenues and other sources over expenditures	\$ -	20,564	\$ 20,564
Reconciliation from budgetary basis (modified accrual) to full accrual			
Reconciling items:			
Depreciation		(22,590)	
Contributions to the pension plan in the current fiscal year		35,396	
Increase in accrued compensated absences		(820)	
Pension expense		(16,160)	
Decrease in accrued retirement incentive payments		54,100	
Increase in other postemployment benefits		(4,914)	
Total reconciling items		45,012	
Change in net position		\$ 65,576	

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Other Schedules

Buncombe County, North Carolina



BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Ad Valorem Taxes Receivable

General Fund

JUNE 30, 2016

Fiscal Year	Uncollected Balance July 1, 2015	Additions	Collections and Credits	Uncollected Balance June 30, 2016
2015-2016	\$ -	\$ 178,618,129	\$ 178,338,187	\$ 279,942
2014-2015	463,612	-	373,459	90,153
2013-2014	331,158	-	111,272	219,886
2012-2013	256,585	-	50,836	205,749
2011-2012	213,715	-	144,249	69,466
2010-2011	80,756	-	23,448	57,308
2009-2010	61,273	-	24,996	36,277
2008-2009	54,183	-	11,909	42,274
2007-2008	26,612	-	3,713	22,899
2006 & Prior	100,524	-	42,737	57,787
Total	<u>\$ 1,588,416</u>	<u>\$ 178,618,129</u>	<u>\$ 179,124,806</u>	1,081,739
Less allowance for uncollectible ad valorem taxes receivable				<u>(419,255)</u>
Ad valorem taxes receivable, net				<u>\$ 662,484</u>
Reconciliation with revenues:				
Taxes - ad valorem - General Fund			\$ 179,042,248	
Taxes - ad valorem - PDF Woodfin			331,716	
Total ad valorem			<u>\$ 179,373,964</u>	
Reconciling items:				
Credits and write-offs				188,621
Interest collected				(504,609)
Prepaid				93,375
Adjustment for amounts collected 60 days after year-end				(21,206)
Other				(5,339)
Total reconciling items				<u>(249,158)</u>
Total collections and credits			<u>\$ 179,124,806</u>	

BUNCOMBE COUNTY, NORTH CAROLINA

Analysis of Current Year County-Wide Tax Levy

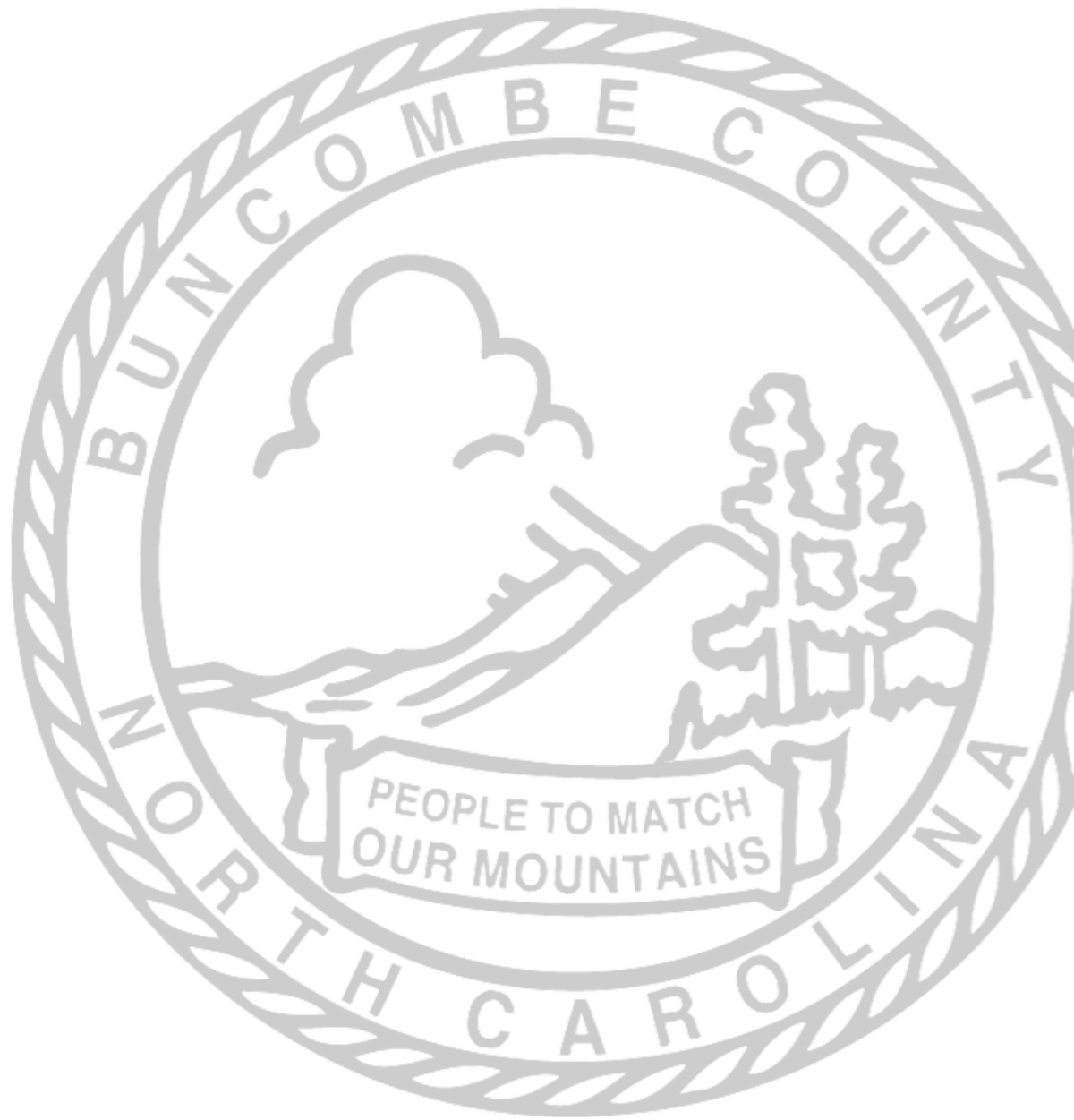
FOR THE YEAR ENDED JUNE 30, 2016

	County Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Motor Vehicles	Registered Motor Vehicles
Original levy					
County-wide ad valorem	\$ 29,580,547,351	\$ 0.604	\$ 178,666,506	\$ 165,918,412	\$ 12,748,094
Discoveries					
Taxes levied	77,818,361	Various	639,274	639,274	-
Releases	<u>(113,849,599)</u>		<u>(687,651)</u>	<u>(624,195)</u>	<u>(63,456)</u>
Net levy ⁽¹⁾	<u>\$ 29,544,516,113</u>		178,618,129	165,933,491	12,684,638
Uncollected taxes at June 30, 2016			<u>279,942</u>	<u>274,944</u>	<u>4,998</u>
Current year's taxes collected			<u>\$ 178,338,187</u>	<u>\$ 165,658,547</u>	<u>\$ 12,679,640</u>
Current levy collection %			<u>99.84%</u>	<u>99.83%</u>	<u>99.96%</u>
Secondary market disclosures:					
Assessed valuation					
Assessment ratio ⁽²⁾				100.00%	
Real property				\$ 25,131,113,047	
Personal property				1,725,144,706	
Public service companies ⁽³⁾				588,226,406	
Registered motor vehicles				<u>2,100,031,954</u>	
Total assessed valuation				<u>\$ 29,544,516,113</u>	
Tax rate per \$100				<u>\$ 0.604</u>	
Levy (includes discoveries, releases, and abatements)				<u>\$ 178,618,129</u>	
In addition to the County-wide rate, the following table lists the levies by the County on behalf of school districts and fire protection districts for the fiscal year ended June 30:					
School districts				\$ 7,853,762	
Fire protection districts				<u>15,666,466</u>	
Total				<u>\$ 23,520,228</u>	

⁽¹⁾ Beginning in FY15 penalties collected are distributed directly to the local school systems, therefore no longer included in the net levy.

⁽²⁾ Percentage of appraised value has been established by statute.

⁽³⁾ Valuation of railroads, telephone companies, and other utilities as determined by the North Carolina Property Tax Commission.



Statistical Section



**BUNCOMBE
COUNTY**
GOVERNMENT
— NORTH CAROLINA —

BUNCOMBE COUNTY, NORTH CAROLINA

Statistical Section

This part of the Buncombe County Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

<i>Contents</i>	<i>Page</i>
Financial Trends	143
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	148
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	152
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information	156
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information	159
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

BUNCOMBE COUNTY, NORTH CAROLINA

Table 1

Net Position by Component

LAST TEN FISCAL YEARS (accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net Investment in Capital										
Assets	\$ 62,717,518	\$ 65,887,137	\$ 63,004,798	\$ 67,968,901	\$ 70,313,265	\$ 94,284,411	\$ 92,417,846	\$ 93,609,590	\$ 84,189,214	\$ 85,535,781
Restricted	1,257,585	1,420,800	-	-	91,710,042	55,085,740	78,301,557	44,010,550	52,200,321	72,458,008
Unrestricted	(19,443,597)	(5,345,347)	4,261,288	5,778,818	(94,707,863)	(74,276,889)	(87,076,203)	(53,109,328)	(107,838,971)	(175,664,514)
Total governmental activities net position	\$ 44,531,506	\$ 61,962,590	\$ 67,266,086	\$ 73,747,719	\$ 67,315,444	\$ 75,093,262	\$ 83,643,200	\$ 84,510,812	\$ 28,550,564	\$ (17,670,725)
Business-type activities										
Net Investment in Capital										
Assets	\$ 28,635,180	\$ 30,527,905	\$ 34,010,820	\$ 32,649,006	\$ 34,193,312	\$ 27,379,503	\$ 26,526,350	\$ 26,200,976	\$ 24,859,349	\$ 23,677,050
Restricted	6,432,817	8,956,116	2,589,823	967,892	1,516,288	-	-	-	-	-
Unrestricted	8,758,604	7,124,472	11,105,747	11,184,675	8,653,235	2,660,405	4,842,048	2,261,332	2,841,242	4,574,997
Total business-type activities net position	\$ 43,826,601	\$ 46,608,493	\$ 47,706,390	\$ 44,801,573	\$ 44,362,835	\$ 30,039,908	\$ 31,368,398	\$ 28,462,308	\$ 27,700,591	\$ 28,252,047
Primary government										
Net Investment in Capital										
Assets	\$ 91,352,698	\$ 96,415,042	\$ 97,015,618	\$ 100,617,907	\$ 104,506,577	\$ 121,663,914	\$ 118,944,196	\$ 119,810,566	\$ 109,048,563	\$ 109,212,831
Restricted	7,690,402	10,376,916	2,589,823	967,892	93,226,330	55,085,740	78,301,557	44,010,550	52,200,321	72,458,008
Unrestricted	(10,684,993)	1,779,125	15,367,035	16,963,493	(86,054,628)	(71,616,484)	(82,234,155)	(50,847,996)	(104,997,729)	(171,089,517)
Total primary government net position	\$ 88,358,107	\$ 108,571,083	\$ 114,972,476	\$ 118,549,292	\$ 111,678,279	\$ 105,133,170	\$ 115,011,598	\$ 112,973,120	\$ 56,251,155	\$ 10,581,322

NOTE: New reporting standards were implemented in fiscal year 2011 which required net position of capital projects to be reflected as restricted net position. In the fiscal years prior to 2011 the net position of capital project funds were reflected as unreserved net position.

BUNCOMBE COUNTY, NORTH CAROLINA

Table 2

Changes in Net Position

LAST TEN FISCAL YEARS (accrual basis of accounting)

EXPENSES	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities:										
General government	\$ 22,446,505	\$ 23,377,056	\$ 21,705,398	\$ 22,130,128	\$ 22,459,758	\$ 23,356,495	\$ 22,719,044	\$ 26,179,307	\$ 26,547,924	\$ 28,628,887
Public safety	58,198,788	68,034,705	69,377,438	71,520,365	74,918,302	74,658,163	81,600,718	86,261,299	93,283,467	100,414,238
Economic and physical development	14,735,580	18,585,531	26,226,700	13,804,636	15,057,537	18,902,856	18,787,809	15,255,668	17,890,984	31,852,491
Human services	81,513,029	90,053,452	83,310,485	85,121,982	82,215,499	81,943,587	80,404,926	86,307,869	92,117,911	96,963,368
Cultural and recreational	6,888,549	8,141,862	11,090,242	9,943,947	9,167,471	8,814,503	8,579,412	10,611,885	9,798,772	8,981,702
Education	91,854,360	75,896,726	73,179,775	78,379,830	95,611,470	88,310,103	84,770,250	107,527,022	154,203,942	142,310,790
Interest on long-term debt	7,811,367	7,335,758	7,245,388	7,694,610	9,896,183	10,256,518	11,873,924	13,657,936	17,044,059	15,432,030
Total governmental activities expenses	<u>283,448,178</u>	<u>291,425,090</u>	<u>292,135,426</u>	<u>288,595,498</u>	<u>309,326,220</u>	<u>306,242,225</u>	<u>308,736,083</u>	<u>345,800,986</u>	<u>410,887,059</u>	<u>424,583,506</u>
Business-type activities:										
Solid Waste Disposal	6,892,580	7,713,779	7,325,697	6,175,352	6,103,665	6,759,933	6,457,464	6,811,079	7,830,522	7,270,565
Human Services Facilities	2,225,921	1,119,716	802,044	846,717	871,532	570,709	-	-	-	-
Mental Health	-	875,850	606,857	602,809	689,128	492,722	-	-	-	-
Inmate Commissary/Welfare	539,509	524,398	559,422	602,509	524,703	311,120	216,770	222,997	357,906	335,562
Criminal Justice Information System	-	-	1,632,594	1,638,266	1,597,872	1,297,159	1,246,614	1,416,776	-	-
County Golf Course	-	-	-	-	-	-	-	-	-	-
After School	377,990	-	-	-	-	-	-	-	-	-
Total business-type activities expenses	<u>10,036,000</u>	<u>10,233,743</u>	<u>10,926,614</u>	<u>9,865,653</u>	<u>9,786,900</u>	<u>9,431,643</u>	<u>7,920,848</u>	<u>8,450,852</u>	<u>8,188,428</u>	<u>7,606,127</u>
Total primary governmental expenses	<u>\$ 293,484,178</u>	<u>\$ 301,658,833</u>	<u>\$ 303,062,040</u>	<u>\$ 298,461,151</u>	<u>\$ 319,113,120</u>	<u>\$ 315,673,868</u>	<u>\$ 316,656,931</u>	<u>\$ 354,251,838</u>	<u>\$ 419,075,487</u>	<u>\$ 432,189,633</u>
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government	\$ 10,894,196	\$ 9,935,830	\$ 3,273,340	\$ 3,418,209	\$ 3,617,461	\$ 3,495,120	\$ 4,774,384	\$ 3,542,856	\$ 1,792,710	\$ 2,407,864
Public safety	7,463,106	7,954,598	8,384,722	7,178,633	8,197,334	9,773,429	11,220,535	10,483,019	11,512,251	10,816,741
Economic and physical development	7,287,329	7,593,812	6,695,973	6,485,727	7,976,554	7,914,085	8,424,439	448,312	489,513	437,203
Human services	7,889,380	9,010,072	7,582,007	6,166,294	5,031,516	4,469,804	2,232,396	2,237,859	2,268,101	3,031,866
Cultural and recreational	708,053	670,295	1,226,864	979,013	873,489	663,930	590,408	517,104	450,484	365,132
Operating grants and contributions	44,184,934	47,768,083	49,093,100	52,733,279	52,196,582	45,319,734	45,447,077	48,960,176	56,295,309	58,289,268
Capital grants and contributions	16,873,111	17,577,647	17,489,205	14,962,018	17,111,186	1,783,430	7,848,558	9,367,855	6,344,047	2,568,300
Total governmental activities program revenues	<u>95,300,109</u>	<u>100,510,337</u>	<u>93,745,211</u>	<u>91,923,173</u>	<u>95,004,122</u>	<u>73,419,532</u>	<u>80,537,797</u>	<u>75,557,181</u>	<u>79,152,415</u>	<u>77,916,374</u>
Business-type activities:										
Charges for services:										
Solid Waste Disposal	6,707,965	7,185,473	6,598,240	6,514,503	6,910,220	6,904,275	6,855,245	6,928,813	6,773,435	7,342,311
Parking Deck	-	-	88,148	606,561	663,860	320,826	-	-	-	-
Human Services Facilities	891,501	841,291	617,530	483,191	474,937	681,105	-	-	-	-
Inmate/Commissary Welfare	421,928	388,505	468,406	476,295	412,890	506,366	351,049	323,536	311,076	343,402
Criminal Justice Information System	-	-	1,194,794	1,274,921	1,270,613	1,326,110	1,326,631	1,383,407	-	-
After School	162,956	-	-	-	-	-	-	-	-	-
Operating grants and contributions	322,802	333,931	321,567	325,584	341,098	368,570	373,333	371,192	393,715	418,726
Capital grants and contributions	9,050	42,751	-	-	1,142,529	1,678,147	226,720	-	-	-
Total business-type activities program revenues	<u>8,516,202</u>	<u>8,791,951</u>	<u>9,288,685</u>	<u>9,681,055</u>	<u>11,216,147</u>	<u>11,785,399</u>	<u>9,132,978</u>	<u>9,006,948</u>	<u>7,478,226</u>	<u>8,104,439</u>
Total primary governmental program revenues	<u>\$ 103,816,311</u>	<u>\$ 109,302,288</u>	<u>\$ 103,033,896</u>	<u>\$ 101,604,228</u>	<u>\$ 106,220,269</u>	<u>\$ 85,204,931</u>	<u>\$ 89,670,775</u>	<u>\$ 84,564,129</u>	<u>\$ 86,630,641</u>	<u>\$ 86,020,813</u>

Continued On Next Page

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net (expense) revenue										
Governmental activities	\$ (188,148,069)	\$ (190,914,753)	\$ (198,390,215)	\$ (196,672,325)	\$ (214,322,098)	\$ (232,822,693)	\$ (228,198,286)	\$ (270,243,805)	\$ (331,734,644)	\$ (346,667,132)
Business-type activities	(1,519,798)	(1,441,792)	(1,637,929)	(184,598)	1,429,247	2,353,756	1,212,130	556,096	(710,202)	498,312
Total primary governmental net expense	\$ (189,667,867)	\$ (192,356,545)	\$ (200,028,144)	\$ (196,856,923)	\$ (212,892,851)	\$ (230,468,937)	\$ (226,986,156)	\$ (269,687,709)	\$ (332,444,846)	\$ (346,168,820)

GENERAL REVENUES AND OTHER CHANGES IN NET POSITION

Governmental activities:

Taxes: Property taxes	\$ 152,744,354	\$ 157,568,418	\$ 162,584,050	\$ 165,793,158	\$ 167,506,260	\$ 170,097,044	\$ 171,095,813	\$ 192,667,851	191,247,474	196,709,722
Taxes: Local Option Sales Tax	43,942,038	45,575,335	37,777,956	32,087,738	33,152,165	49,693,442	58,665,856	61,962,603	70,792,084	76,001,604
Other Taxes and Licenses	-	-	5,310,017	4,696,043	4,966,792	5,208,845	5,524,997	15,039,610	17,209,248	23,374,603
Investment earnings, unrestricted	6,252,713	5,417,960	2,513,403	664,878	598,662	567,965	144,603	300,785	344,674	770,823
Gain (Loss) on Sale of Capital Assets	-	-	-	-	-	(2,000,621)	-	(417,150)	1,828,088	3,139,269
Miscellaneous, unrestricted	1,245,957	1,142,629	1,445,354	1,242,530	1,665,941	1,020,902	1,237,045	956,147	1,607,318	1,312,887
Transfers	(2,000,000)	(3,040,115)	(2,881,638)	(1,621,145)	-	16,012,934	-	601,570	-	-
Total governmental activities	202,185,062	206,664,227	206,749,142	202,863,202	207,889,820	240,600,511	236,668,314	271,111,416	283,028,886	301,308,908

Business-type activities:

Investment earnings, unrestricted	1,360,115	2,079,570	781,655	171,999	161,039	106,873	57,016	38,182	55,526	46,854
Miscellaneous, unrestricted	-	-	-	-	-	-	-	-	-	-
Gain (Loss) on Sale of Capital Assets	-	-	-	-	-	170	-	-	1,310	6,290
Transfers	2,000,000	3,040,115	2,881,638	1,621,145	-	(16,012,934)	-	(601,570)	-	-
Total business-type activities	3,360,115	5,119,685	3,663,293	1,793,144	161,039	(15,905,891)	57,016	(563,388)	56,836	53,144
Total primary government	\$ 205,545,177	\$ 211,783,912	\$ 210,412,435	\$ 204,656,346	\$ 208,050,859	\$ 224,694,620	\$ 236,725,330	\$ 270,548,028	283,085,722	301,362,052

CHANGE IN NET POSITION

Governmental activities	\$ 14,036,993	\$ 15,749,474	\$ 8,358,927	\$ 6,190,877	\$ (6,432,278)	\$ 7,777,818	\$ 8,470,028	\$ 867,611	(48,705,758)	(45,358,224)
Business-type activities	1,840,317	3,677,893	2,025,364	1,608,546	1,590,286	(13,552,135)	1,269,146	(7,292)	(653,366)	551,456
Total primary government	\$ 15,877,310	\$ 19,427,367	\$ 10,384,291	\$ 7,799,423	\$ (4,841,992)	\$ (5,774,317)	\$ 9,739,174	\$ 860,319	(49,359,124)	(44,806,768)

NOTE: The Parking Deck, Human Services Facilities, and Mental Health funds were closed in fiscal year 2013.

BUNCOMBE COUNTY, NORTH CAROLINA

Table 3

Fund Balances of Governmental Funds

LAST TEN FISCAL YEARS (modified accrual basis of accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 19,381,124	\$ 21,418,705	\$ 17,727,539	\$ 19,549,574	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	47,834,281	46,578,265	52,275,357	50,940,052	-	-	-	-	-	-
Total General Fund	\$ 67,215,405	\$ 67,996,970	\$ 70,002,896	\$ 70,489,626	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
All other governmental funds										
Reserved	\$ 9,843,864	\$ 7,765,517	\$ 6,626,512	\$ 6,528,068	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	689,209	(243,876)	6,425,227	6,750,134	-	-	-	-	-	-
Total all other governmental funds	\$ 10,533,073	\$ 7,521,641	\$ 13,051,739	\$ 13,278,202	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Combined Governmental Fund Balances	\$ 77,748,478	\$ 75,518,611	\$ 83,054,635	\$ 83,767,828	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 270,471	\$ 207,455	\$ 243,865	\$ 300,407	\$ 52,597	\$ 52,202
Restricted	-	-	-	-	18,371,636	20,525,004	19,221,755	20,197,103	23,297,383	22,973,645
Committed	-	-	-	-	1,050,000	1,200,000	1,200,000	1,200,000	5,462,421	3,765,433
Assigned	-	-	-	-	7,692,536	8,147,972	7,001,237	7,584,637	9,643,213	6,039,085
Unassigned	-	-	-	-	43,437,530	40,897,807	43,466,405	41,869,339	37,121,496	43,741,792
Total General Fund	\$ -	\$ -	\$ -	\$ -	\$ 70,822,173	\$ 70,978,238	\$ 71,133,262	\$ 71,151,486	\$ 75,577,110	\$ 76,572,157
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 6,717,209	\$ 6,718,509	\$ 764	\$ 1,396	\$ 1,452,037	\$ 1,391,278
Restricted	-	-	-	-	73,338,406	34,560,736	59,079,802	174,502,262	187,815,672	114,584,554
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	22,838,171	7,974,677	13,108,288	27,805,926	21,257,379	8,492,988
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ -	\$ -	\$ -	\$ -	\$ 102,893,786	\$ 49,253,922	\$ 72,188,854	\$ 202,309,584	\$ 210,525,088	\$ 124,468,820
Total Combined Governmental Fund Balances	\$ -	\$ -	\$ -	\$ -	\$ 173,715,959	\$ 120,232,160	\$ 143,322,116	\$ 273,461,070	\$ 286,102,198	\$ 201,040,977

NOTE: GASB Statement # 54 (Fund Balance Reporting) established new fund balance classifications in FY11. The first section shows the fund balance information prior to the implementation of GASB Statement # 54 and the second section shows the fund balance information after the implementation of GASB Statement # 54.

BUNCOMBE COUNTY, NORTH CAROLINA

Table 4

Changes in Fund Balances of Governmental Funds

LAST TEN FISCAL YEARS (modified accrual basis of accounting)

REVENUES	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Ad Valorem Taxes	\$ 152,078,684	\$ 157,250,530	\$ 161,629,983	\$ 166,260,818	\$ 167,950,517	\$ 169,368,975	\$ 171,520,939	\$ 192,949,306	\$ 191,565,661	\$ 196,458,687
Local Option Sales Taxes	43,942,038	45,575,335	37,777,956	32,087,738	33,152,165	49,693,442	58,665,856	61,962,603	70,792,084	76,001,604
Other Taxes and Licenses	14,836,023	13,514,180	10,881,071	10,692,333	11,199,515	11,998,130	13,090,813	14,331,532	16,466,653	22,665,004
Unrestricted Intergovernmental	616,097	634,260	689,376	263,502	649,642	668,378	638,811	708,078	742,595	709,599
Restricted Intergovernmental	61,630,950	63,460,263	67,106,567	68,165,026	69,745,379	47,537,053	48,245,459	58,328,031	61,016,020	59,150,308
Permits and Fees	1,808,826	1,685,014	2,729,721	2,318,479	2,637,544	2,419,599	2,630,342	3,075,411	3,451,565	3,604,379
Sales and Services	16,471,205	18,794,523	17,648,493	15,179,874	15,238,834	16,025,217	14,108,121	14,129,326	14,708,008	15,336,262
Investment Earnings	5,904,810	5,524,232	2,769,835	727,479	828,614	607,247	148,134	274,061	382,885	721,103
Miscellaneous	1,245,957	1,142,629	1,445,354	1,242,530	1,188,941	1,020,902	1,247,045	956,147	1,607,318	1,312,887
Total revenues	298,534,590	307,580,966	302,678,356	296,937,779	302,591,151	299,338,943	310,295,520	346,714,495	360,732,789	375,959,833
Current:										
General government	19,067,585	21,306,889	20,039,754	20,191,172	21,770,014	20,996,399	21,731,568	23,200,093	25,720,370	26,764,764
Public safety	55,977,572	64,778,242	64,511,855	65,391,557	70,523,628	71,809,649	72,494,711	76,923,039	83,550,101	84,974,813
Economic and Physical Development	14,638,280	16,737,657	13,634,192	11,503,725	13,130,547	17,524,599	17,957,236	14,823,254	16,376,729	23,576,691
Human Services	80,825,821	87,205,196	80,454,900	80,291,532	80,948,026	79,160,646	79,202,525	83,521,333	91,370,860	92,548,588
Cultural and Recreational	5,921,511	7,304,597	9,752,430	8,446,969	7,876,119	7,897,539	7,242,489	8,987,448	8,387,620	7,422,146
Intergovernmental:										
Education	61,556,450	66,171,518	70,618,376	69,587,924	70,634,616	74,324,014	74,828,472	74,556,185	79,225,390	82,359,578
Capital Outlay	46,124,292	27,640,050	20,918,808	36,321,329	50,538,800	57,908,742	50,774,671	69,217,388	99,951,422	91,403,795
Debt service:										
Principal	17,539,683	17,278,409	16,842,942	17,652,009	18,350,000	20,944,000	22,299,000	20,243,994	24,407,151	25,932,708
Interest and Fees	8,285,284	7,603,639	7,620,072	8,541,195	10,175,923	10,776,086	13,426,237	15,743,470	18,792,182	21,954,450
Total expenditures	309,936,478	316,026,197	304,523,329	317,927,412	343,947,673	361,341,674	359,956,909	387,216,204	447,781,825	456,937,533
Excess of revenues over (under) expenditures	(11,401,888)	(8,445,231)	(1,844,973)	(20,989,633)	(41,356,522)	(62,002,731)	(49,661,389)	(40,501,709)	(87,049,036)	(80,977,700)
OTHER FINANCING SOURCES (USES):										
Transfers From Other Funds	\$ 21,116,870	\$ 21,336,193	\$ 10,512,565	\$ 13,639,629	\$ 9,035,300	\$ 19,541,153	\$ 5,829,800	\$ 18,199,223	\$ 11,183,266	\$ 23,991,948
Transfers To Other Funds	(24,917,191)	(26,695,515)	(12,925,599)	(16,260,774)	(11,297,733)	(11,181,584)	(5,829,800)	(18,582,849)	(13,683,266)	(33,156,948)
Project Development Bonds Issued	-	-	12,960,000	-	-	-	-	-	-	-
Advance Refunding Obligations Issued	-	-	-	17,115,000	-	-	-	-	-	-
Installment Obligations Issued	-	13,455,000	-	26,705,000	55,720,000	-	73,380,000	180,315,001	126,844,450	-
General Obligation Debt Issued	-	-	-	30,850,000	-	-	32,500,000	-	-	-
Premium/Discount on Debt Issued	-	(9,565,000)	(160,449)	1,461,406	1,619,652	-	11,883,464	21,379,812	22,736,977	-
Payment to Refunded Bond Escrow Agent	-	-	-	(24,544,763)	-	-	(46,559,350)	(30,752,734)	(51,515,579)	-
Sale of Capital Assets	447,341	20,107	131,219	105,720	1,460,672	159,363	1,467,321	82,210	2,592,738	5,081,479
Total other financing sources (uses)	(3,352,980)	8,106,220	10,517,736	49,071,218	56,537,891	8,518,932	72,671,435	170,640,663	98,158,586	(4,083,521)
Net change in fund balances	\$ (14,754,868)	\$ (339,011)	\$ 8,672,763	\$ 28,081,585	\$ 15,181,369	\$ (53,483,799)	\$ 23,010,046	\$ 130,138,954	\$ 11,109,550	\$ (85,061,221)
Debt services as a percentage of noncapital expenditures	8.85%	8.45%	8.23%	8.91%	8.98%	10.06%	11.37%	10.32%	10.21%	11.00%

BUNCOMBE COUNTY, NORTH CAROLINA

Table 5

Assessed Value of Taxable Property

LAST TEN FISCAL YEARS (amounts expressed in thousands)

Fiscal Year Ended June 30	Real Property		Use Value Farm	Historical Property	Personal Property		Less: Tax Exempt Real Property	Public Service Assessed Value	Total Taxable Assessed Value	Total Direct Tax Rate
	Residential Property	Commercial Property			Motor Vehicles	Other				
2007	16,832,000	5,274,306	1,155,382	104,262	1,776,699	1,502,617	1,082,515	618,348	26,181,099	0.530
2008	17,869,706	5,242,939	1,049,024	93,601	1,857,391	1,562,113	1,036,856	620,602	27,258,520	0.525
2009	18,814,352	5,319,589	1,054,015	94,003	1,687,764	1,635,196	1,043,461	524,793	28,086,251	0.525
2010	19,278,789	5,608,552	1,209,375	96,685	1,628,826	1,627,503	1,125,844	517,281	28,841,167	0.525
2011	19,693,086	5,598,080	1,209,847	97,799	1,576,012	1,546,946	1,148,428	513,573	29,086,915	0.525
2012	19,823,205	5,672,300	1,206,920	96,645	1,693,881	1,477,741	1,181,347	525,644	29,314,988	0.525
2013	19,980,840	5,765,143	1,202,337	100,086	1,765,488	1,528,991	1,192,171	529,268	29,679,981	0.525
2014	18,671,008	5,784,047	1,007,838	96,053	1,342,270	1,595,537	968,969	529,435	28,057,219	0.604
2015	18,895,973	5,995,685	1,015,256	96,185	1,952,226	1,653,573	1,263,593	532,418	28,877,723	0.604
2016	19,122,947	6,143,178	1,034,999	97,419	2,100,032	1,726,624	1,268,909	588,226	29,544,516	0.604

SOURCE: Buncombe County Tax Department

NOTE: Tax exempt real property includes: elderly exclusion, use value deferred, and classified historic exempt property.

NOTE: Property in the county can be reassessed every four years. The county assesses property at approximately 100 percent of actual value. Tax rates are per \$100 of assessed value.

NOTE: Property in Buncombe County was reassessed in 2007 and 2014.

BUNCOMBE COUNTY, NORTH CAROLINA

Table 6

Property Tax Rates-Direct And All Overlapping Governments

LAST TEN FISCAL YEARS (per \$100 of assessed value)

	2007 ²	2008	2009	2010	2011	2012	2013	2014 ²	2015	2016
County Direct Rates:										
County-wide Rate ¹	\$ 0.530	\$ 0.525	\$ 0.525	\$ 0.525	\$ 0.525	\$ 0.525	\$ 0.525	\$ 0.604	\$ 0.604	\$ 0.604
Fire Districts	0.100	0.100	0.113	0.113	0.113	0.113	0.113	0.118	0.118	0.118
Total average direct rate	0.630	0.625	0.638	0.638	0.638	0.638	0.638	0.722	0.722	0.722
Municipality Rates:										
City of Asheville	0.424	0.420	0.420	0.420	0.420	0.420	0.420	0.460	0.475	0.475
Town of Biltmore Forest	0.295	0.295	0.300	0.300	0.320	0.320	0.330	0.385	0.385	0.395
Town of Weaverville	0.430	0.380	0.365	0.355	0.355	0.375	0.375	0.420	0.420	0.440
Town of Black Mountain	0.320	0.320	0.320	0.320	0.365	0.365	0.365	0.375	0.375	0.375
Town of Woodfin	0.265	0.265	0.265	0.265	0.265	0.265	0.265	0.305	0.305	0.305
Asheville School District	0.150	0.150	0.150	0.150	0.150	0.150	0.150	0.150	0.150	0.150

NOTES:

- (1) All taxable property is subject to the county-wide tax. Most property in unincorporated areas are also subject to fire district taxes.
- (2) A revaluation of real property is required by N.C. General Statute at least every eight years.
Revaluation was completed for tax year 2006 and 2013 (fiscal year 2007 and 2014).

BUNCOMBE COUNTY, NORTH CAROLINA

Table 7

Principal Property Taxpayers

DECEMBER 31, 2015

Taxpayer	December 31, 2015			December 31, 2006		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Duke Energy Progress Inc	\$ 338,108,091	1	1.14%	\$ 400,914,330	1	1.53%
Ingles Markets Inc	269,140,129	2	0.91%	139,549,610	2	0.53%
GPI Resort Holdings LLC	104,318,800	3	0.35%	102,511,800	4	0.39%
Biltmore Company	95,322,077	4	0.32%	91,393,290	6	0.35%
Jacob Holm Industries	84,046,582	5	0.28%			
Town Square West LLC	79,212,500	6	0.27%			
Asheville Mall CMBS LLC	75,135,300	7	0.25%	75,879,520	7	0.29%
Novo Nordisk Pharmaceutical Inc.	73,173,004	8	0.25%			
Public Service Company of NC, Inc	65,238,358	9	0.22%			
Borgwarner Turbo Systems	61,383,141	10	0.21%	60,842,610	9	0.23%
Bellsouth Tel Co - AT&T North Carolina				94,287,974	5	0.36%
Arvato Digital Services (Sonopress)				104,866,600	3	0.40%
Waterfall Investment Group LLC				59,974,200	10	0.23%
Southeastern Container				60,978,536	8	0.23%
Totals	\$ 1,245,077,982		4.21%	\$ 1,191,198,470		4.55%
Total Overall Valuation	\$ 29,544,516,113			\$ 26,199,470,602		

SOURCE: Buncombe County Tax Department

BUNCOMBE COUNTY, NORTH CAROLINA

Property Tax Levies and Collections

Table 8

LAST TEN FISCAL YEARS (amounts expressed in thousands)

Fiscal Year	Total Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage		Amount	Percentage of Levy
2007	139,015	137,837	99.2%	43	137,880	99.18%
2008	143,256	142,008	99.1%	4	142,012	99.13%
2009	147,652	145,745	98.7%	12	145,757	98.72%
2010	151,681	149,601	98.6%	25	149,662	98.67%
2011	153,044	151,007	98.7%	23	151,030	98.68%
2012	154,046	152,262	98.8%	144	152,406	98.94%
2013	156,148	154,652	99.0%	51	154,703	99.07%
2014	167,069	166,098	99.4%	111	166,209	99.49%
2015	174,422	173,958	99.7%	373	173,958	99.73%
2016	178,618	178,338	99.8%	-	178,338	99.84%

SOURCE: Buncombe County Tax Department

NOTE: Property was revalued and effective in fiscal year 2007 and 2014

BUNCOMBE COUNTY, NORTH CAROLINA

Table 9

Ratio of Outstanding Debt by Type

LAST TEN FISCAL YEARS (amounts expressed in thousands, except per capita amount)

Fiscal Year	Governmental Activities				Business-type Activities			Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	General Obligation Bonds	Installment Notes	Project Development Financing Bonds	Total Governmental Activities	Special Obligation Bonds	Installment Notes	Total Business-Type Activities			
2007	85,565	94,639	-	180,204	13,212	99	13,311	193,515	2.43%	843
2008	76,541	99,506	-	176,047	11,375	14,982	26,357	202,404	2.49%	869
2009	67,919	90,980	12,803	171,702	9,494	14,411	23,905	195,607	2.46%	829
2010	65,470	127,153	12,803	205,426	7,536	13,825	21,361	226,787	2.80%	949
2011	58,823	172,049	12,812	243,684	5,530	13,224	18,754	262,438	3.15%	1,099
2012	51,256	170,913	12,960	235,129	4,218	-	4,218	239,347	2.69%	975
2013	44,717	225,725	12,960	283,402	2,867	3,450	6,317	289,719	3.12%	1,164
2014	38,344	395,806	-	434,150	1,462	3,156	4,618	438,768	4.59%	1,751
2015	30,124	476,157	-	506,281	-	2,860	2,860	509,141	N/A	2,026
2016	27,248	447,545	-	474,793	-	2,559	2,559	477,352	N/A	1,877

NOTE: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

¹Personal income and population data can be found on Table 13 (Demographic and Economic Statistics)

BUNCOMBE COUNTY, NORTH CAROLINA

Table 10

Ratios of General Bonded Debt Outstanding

LAST TEN FISCAL YEARS (amounts expressed in thousands, except per capita amount)

Fiscal Year	General Obligation Bonds	Percentage of Estimated Actual Taxable Value ¹ of Property	Per Capita ²
2007	85,565	0.33%	373
2008	76,541	0.28%	329
2009	67,919	0.24%	288
2010	65,470	0.23%	274
2011	58,823	0.20%	241
2012	51,256	0.17%	212
2013	44,717	0.15%	180
2014	38,344	0.14%	152
2015	30,124	0.11%	111
2016	27,254	0.09%	107

NOTE: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

¹Property value data can be found on Table 5 (Assessed Value of Taxable Property)

²Population data can be found on Table 13 (Demographic and Economic Statistics)

BUNCOMBE COUNTY, NORTH CAROLINA

Table 11

Direct and Overlapping Governmental Activities Debt

AS OF JUNE 30, 2016

Government Unit	Debt Outstanding	Percentage Applicable to County (1)	Estimated share of Direct and Overlapping debt (2)
Net general obligation bonded debt			
City of Asheville	\$ 470,000	100%	\$ 470,000
Installment Debt			
City of Asheville	48,575,780	100%	48,575,780
Town of Biltmore Forest	240,000	100%	240,000
Town of Black Mountain	1,676,000	100%	1,676,000
Town of Weaverville	1,183,667	100%	1,183,667
Town of Woodfin	217,510	100%	217,510
Subtotal, overlapping debt			52,362,957
County direct debt		100%	474,793,538
Total direct and overlapping debt			\$ 527,156,495

(1) The percentage of overlap is based on assessed property values.

(2) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the County of Buncombe.

BUNCOMBE COUNTY, NORTH CAROLINA

Table 12

Legal Debt Margin

LAST TEN FISCAL YEARS (amounts expressed in thousands)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 2,094,488	\$ 2,180,682	2,246,900	\$ 2,307,293	\$ 2,326,953	\$ 2,345,199	\$ 2,374,398	\$ 2,210,098	\$ 2,154,040	\$ 2,363,561
Total net debt applicable to limit	177,555	191,030	173,379	190,738	240,305	219,141	257,377	402,098	454,994	431,485
Legal debt margin	\$ 1,916,933	\$ 1,989,652	\$ 2,073,521	\$ 2,116,555	\$ 2,086,648	\$ 2,126,058	\$ 2,117,021	\$ 1,808,000	\$ 1,699,046	\$ 1,932,076
Total net debt applicable to the limit as a percentage of debt limit	8.48%	8.76%	7.72%	8.27%	10.33%	9.34%	10.84%	18.19%	21.12%	18.26%

Assessed value of taxable property	<u>\$ 29,544,516</u>
Debt Limit - Eight Percent (8%) of assessed value	\$ 2,363,561
Gross Debt:	
Total Bonded Debt	27,245
Installment Purchase Agreements	<u>404,240</u>
Gross Debt	431,485
Total amount of debt applicable to debt limit (net debt)	<u>\$ 431,485</u>
Legal debt margin	<u>\$ 1,932,076</u>

NOTE: Under state finance law, Buncombe County's outstanding general obligation debt should not exceed 8 percent of total assessed property value.

BUNCOMBE COUNTY, NORTH CAROLINA

Table 13

Demographic and Economic Statistics

LAST TEN FISCAL YEARS

Fiscal Year	Population	Personal Income (amounts expressed in thousands)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2007	229,526	7,971,685	34,731	39.8	28,900	4.0%
2008	232,814	8,136,349	34,948	41.0	28,894	4.9%
2009	235,879	7,955,053	33,725	40.6	29,346	9.0%
2010	238,884	8,100,049	33,908	40.7	28,979	8.3%
2011	243,673	8,459,317	34,716	40.7	29,113	8.2%
2012	241,419	8,884,892	36,803	40.7	29,238	7.9%
2013	248,929	9,282,566	37,290	40.7	29,451	7.1%
2014	251,995	9,552,676	37,908	40.8	30,535	6.3%
2015	251,271	N/A	N/A	40.1	29,198	4.8%
2016	254,344	N/A	N/A	41.0	30,232	3.5%

NOTE: Population estimates come from the North Carolina Office of State Budget and Management. Personal income information is a total for the year. Unemployment rate information is as of the month ending June. School enrollment is based on the census at the start of the school year.

BUNCOMBE COUNTY, NORTH CAROLINA

Table 14

Principal Employers

CURRENT YEAR AND TEN YEARS AGO

MANUFACTURING

Employer	2016			2007		
	Employees	Rank	Approximate Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Eaton Corporation - Electrical Division	750-999	1	0.66%-0.75%	860	1	0.76%
Thermo Fisher Scientific, Inc.	500-749	2	0.38%-0.57%	550	4	0.49%
Borgwarner Turbo & Emissions Systems	500-749	3	0.38%-0.57%	840	2	0.75%
Kearfott Guidance & Navigation Corp.	400-499	4	0.23%-0.30%	350	6	0.31%
Plasticard-Locktech International	300-399	5	0.23%-0.30%			
Nypro Asheville	300-399	6	0.23%-0.30%			
Medical Action Industries	300-399	7	0.23%-0.30%			
GE Aviation	300-399	8	0.23%-0.30%			
Flint Group (Day International)	300-399	9	0.23%-0.30%			
TE Connectivity	200-299	10	0.15%-0.23%			
Milkco, Inc.				290	10	0.26%
Sonopress, LLC				800	3	0.71%
Protocol Marketing Group				360	5	0.32%
Unison Engine Components				330	7	0.29%
Asheville Citizen Times				290	8	0.26%
Day International				290	9	0.26%
Total	3850-5290		2.91%-3.99%			

Continued on Next Page

NON-MANUFACTURING

Employer	2016			2007		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Mission Health System and Hospital	3,000+	1	2.27%	6,000	1	5.33%
Buncombe County Public Schools	3,000+	2	2.27%	3,720	2	3.30%
Asheville-Buncombe Technical Community College	1,000-2,999	3	0.75%-2.26%			
The Biltmore Company	1,000-2,999	4	0.75%-2.26%	1,580	5	1.40%
Buncombe County Government	1,000-2,999	5	0.75%-2.26%	1,670	4	1.48%
City of Asheville	1,000-2,999	6	0.75%-2.26%			
Ingles Markets, Inc.	1,000-2,999	7	0.75%-2.26%	3,050	3	2.71%
Omni Grove Park Inn	1,000-2,999	8	0.75%-2.26%	1,100	7	0.98%
VA Medical Center - Asheville	1,000-2,999	9	0.75%-2.26%	1,140	6	1.01%
Care Partners	750-999	10	0.57%-0.75%	990	8	0.88%
Asheville City Schools				750	10	0.67%
Wal-Mart Stores, Inc				750	9	0.67%
Total	13,750-21,992		10.4%-16.6%			

* Labor Force Estimate for 2016 per NCESC: 132,433
 Labor Force Estimate for 2007 per NCESC: 119,985

SOURCE: Asheville Chamber of Commerce

NOTE: Many of the top employers for manufacturing have changed in the past 10 years. Therefore, many companies that were top employers in 2007 are not in business in 2015 and many companies that are top employers in 2016 were not here in 2007.

BUNCOMBE COUNTY, NORTH CAROLINA

Table 15

Summary of Permanent Positions by Service Area

TEN FISCAL YEARS

General Fund Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government	182	179	172	173	174	156	161	165	172	170
Public Safety	514	555	565	557	555	543	550	580	592	597
Human Services	699	688	687	625	569	552	555	565	586	609
Economic & Physical Development	23	28	29	28	28	25	23	23	22	23
Culture and Recreation	81	80	84	132	108	84	81	81	70	61
Total	1,499	1,530	1,537	1,515	1,434	1,360	1,370	1,414	1,442	1,460
General Fund	1,499	1,530	1,537	1,515	1,434	1,360	1,370	1,414	1,442	1,460
Special Revenue Funds	34	32	31	27	26	-	-	-	9	2
Enterprise Funds	59	36	46	48	41	32	31	31	25	23
Internal Service Fund	3	3	3	1	1	2	5	5	5	2
Total	1,595	1,601	1,617	1,591	1,502	1,394	1,406	1,450	1,481	1,487

SOURCE: Buncombe County Budget Office.

BUNCOMBE COUNTY, NORTH CAROLINA

Table 16

Operating Indicators by Function

LAST TEN FISCAL YEARS

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
GENERAL GOVERNMENT										
Number of Employment Applications Processed	6,031*	6,521*	5,496	6,646	5,826	7,046	6,259	6,980	7,611	3,660
Percentage of Registered Voters Participating in General Election	22.1%	71.0%	19.6%	45.7%	19.0%	69.0%	19.0%	49.0%	17.0%	N/A
PUBLIC SAFETY										
Number of Inmates Processed	16,797*	16,658	15,975	14,713	14,821	15,074	14,492	13,870	12,973	13,349
Number of Building Permits Issued	2,499*	1,791*	1,443*	1,361*	1,286*	1,482*	1,757	2,057	2,354	2,332
Number of Emergency Calls Dispatched	55,434*	50,110*	64,395	64,867	60,931	62,884	65,127	66,223	68,537	70,150
HUMAN SERVICES										
Percentage of Children Reunified with Family after Foster Care	18%	31%	36%	26%	21%	21%	28%	20%	34%	33%
ECONOMIC AND PHYSICAL DEVELOPMENT										
Number of Subdivision Plan Reviews	712	896	593	454	598	483	494	518	624	681
CULTURE AND RECREATION										
Library Book Circulation	1,496,169	1,566,680	1,666,464	1,689,996	1,691,227	1,654,975	1,592,279	1,608,748	1,602,994	1,757,157
Number of Visitors to Swimming Pools	78,000	84,066	73,751	66,470	81,210	73,877	59,194	56,063	47,381	35,421
EDUCATION										
Dollars Spent Per Pupil**	\$ 1,898	\$ 2,007	\$ 2,139	\$ 2,150	\$ 2,148	\$ 2,266	\$ 2,267	\$ 2,243	\$ 2,506	\$ 2,524
ENTERPRISE FUND - LANDFILL										
Tons of Waste Received	184,742	206,744	164,424	130,683	116,831	131,666	128,408	133,795	131,222	13,943
Tons of Waste Recycled	38,566	41,608	44,750	37,583	19,776	18,687	13,716	14,317	12,826	12,591

SOURCE: Various Buncombe County Government Departments.

* Calendar year data

**General fund dollars spent per pupil

BUNCOMBE COUNTY, NORTH CAROLINA

Table 17

Capital Asset Statistics by Function

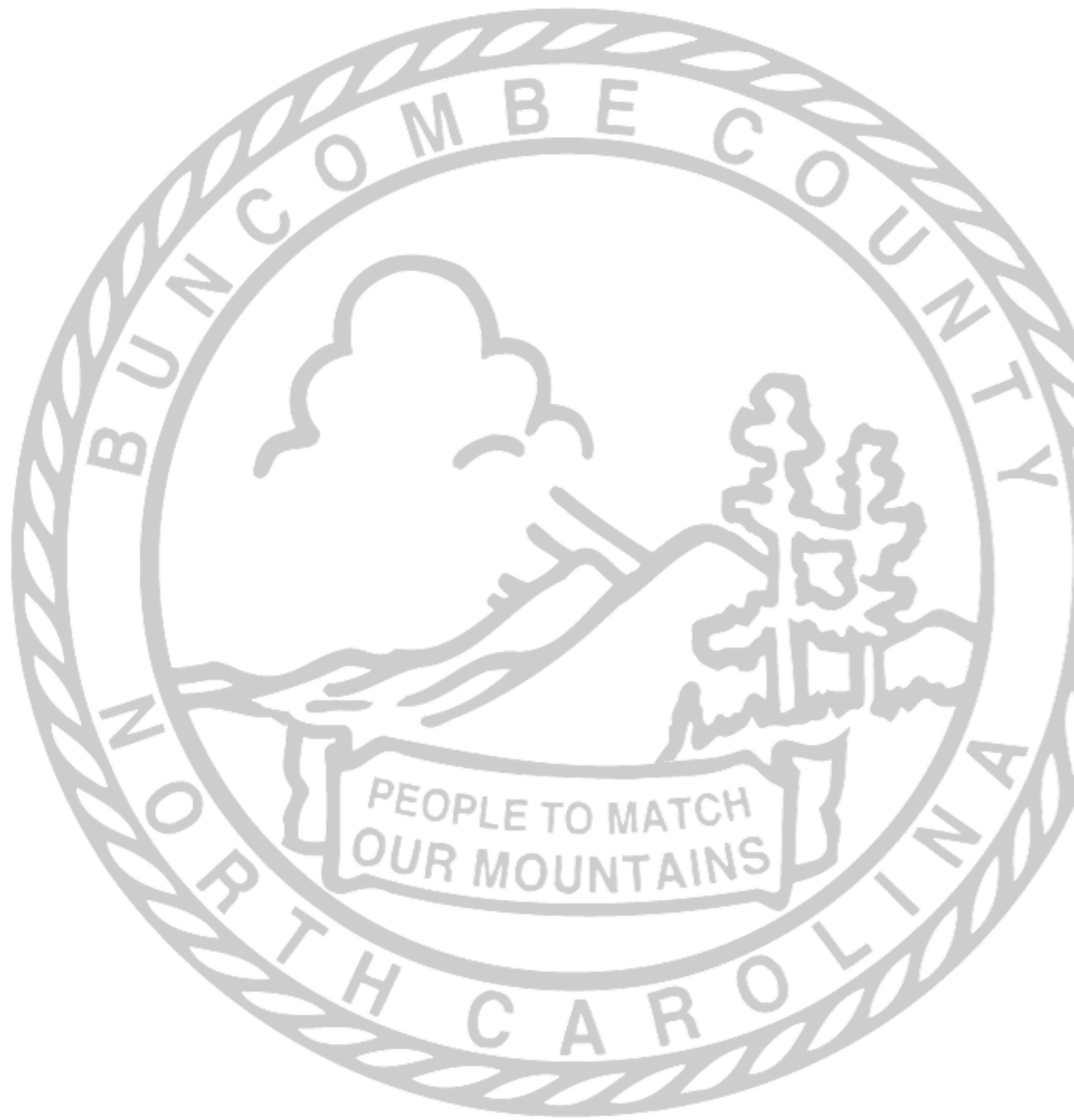
LAST TEN FISCAL YEARS

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
PUBLIC SAFETY										
Sheriff's Office										
Stations	2	2	2	2	2	2	2	2	3	4
Patrol Vehicles	71	83	77	70	71	77	77	80	81	81
CULTURE AND RECREATION										
Parks acreage	235	239	556	654	654	674	677	646	646	646
Parks	10	16	16	16	16	18	14	14	15	15
Swimming pools	6	6	6	6	6	6	6	6	5	5
Ball fields and courts	16	23	24	34	34	37	30	30	31	31
Libraries	12	12	12	12	12	12	12	13	13	13

SOURCE: Various County Departments

NOTE: The figures for Parks and for Ball Fields/Courts changed from 2006 and 2007. The soccer fields were originally classified as parks but was reclassified as Ball Fields/Courts in 2007. Additional acreage in 2010 was due to including playgrounds and trails in the calculation.

NOTE: A new sheriff station annex was added in FY15.



Compliance Section



**BUNCOMBE
COUNTY**
GOVERNMENT
— NORTH CAROLINA —



**Report On Internal Control Over Financial Reporting And On Compliance
And Other Matters Based On An Audit Of Financial Statements
Performed In Accordance With *Government Auditing Standards***

Independent Auditors' Report

Board of Commissioners
Buncombe County, North Carolina
Asheville, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Buncombe County, North Carolina, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprises Buncombe County's basic financial statements, and have issued our report thereon dated October 31, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Buncombe County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Buncombe County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Buncombe County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Board of Commissioners
Page Two

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Donald Killian CPA Group, P.A.

Asheville, North Carolina
October 31, 2016



**Independent Auditors' Report On Compliance For Each Major Federal Program And
On Internal Control Over Compliance Required By The Uniform Guidance
And The State Single Audit Implementation Act**

Board of Commissioners
Buncombe County, North Carolina
Asheville, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Buncombe County, North Carolina's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Buncombe County's major federal programs for the year ended June 30, 2016. Buncombe County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Buncombe County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Buncombe County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Buncombe County's compliance.

Opinion on Each Major Federal Program

In our opinion, Buncombe County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of Buncombe County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Buncombe County's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Donald Killian CPA Group, P.A.

Asheville, North Carolina
October 31, 2016



**Independent Auditors' Report On Compliance For Each Major State Program And
On Internal Control Over Compliance Required By The Uniform Guidance
And The State Single Audit Implementation Act**

To the Board of Commissioners
Buncombe County, North Carolina
Asheville, North Carolina

Report on Compliance for Each Major State Program

We have audited Buncombe County, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Buncombe County's major state programs for the year ended June 30, 2016. Buncombe County's major State programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Buncombe County's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of *Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), as described in the *Audit Manual for Government Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Buncombe County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of Buncombe County's compliance.

Opinion on Each Major State Program

In our opinion, Buncombe County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of Buncombe County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Buncombe County's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Donald Killian CPA Group, P.A.

Asheville, North Carolina
October 31, 2016

BUNCOMBE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2016

I. Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance to GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___yes X_no
- Significant deficiency(s) identified that are not considered to be material weakness? ___yes X_none reported

Noncompliance material to financial statements noted ___yes X_no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ___yes X_no
- Significant deficiency(s) identified that are not considered to be material weaknesses? ___yes X_none reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ___yes X_no

Major federal programs for Buncombe County for the fiscal year ended June 30, 2016 are:

<u>Program Name or Cluster</u>	<u>CFDA #</u>
Special Supplemental Food Program for Women, Infants, and Children	10.557
Temporary Assistance for Needy Families (TANF) Cluster	93.558, 93.714
Title IV-E Foster Care	93.658
Adoption Assistance	93.659
Medicaid Cluster	93.775, 93.777, 93.778
State Children's Insurance Program – N.C. Health Choice	93.767

The threshold for determining Federal Type A programs for Buncombe County is \$3,000,000.

Buncombe County qualifies as a low risk auditee.

BUNCOMBE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2016

II. Financial Statement Findings

None reported.

III. Federal Award Findings and Questioned Costs

None reported.

IV. State Award Findings and Questioned Costs

None reported.

BUNCOMBE COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the year ended June 30, 2016

There were no audit findings reported in the prior year.

BUNCOMBE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Fed.(Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
Federal Awards:						
U. S. Dept. of Agriculture						
Food and Nutrition Service						
Passed-through N. C. Department of Health and Human Services:						
Division of Social Services:						
Administration:						
SNAP:						
Supplemental Nutrition Assistance Program - Admin	10.561		\$ 4,511,653	\$ -	\$ -	\$ 4,511,653
Supplemental Nutrition Assistance Program - Fraud Admin	10.561		8,737	-	-	251
Supplemental Nutrition Assistance Program - Education & Training	10.561		93	-	-	93
Supplemental Nutrition Assistance Program - Education & Training & Dependent Care	10.561		232,920	-	-	232,920
Total SNAP Cluster			4,753,403	-	-	4,744,917
Passed-through N. C. Department of Health and Human Services:						
Division of Public Health						
Administration:						
Special Supplemental Food Program for Women, Infants, and Children	10.557		871,302	-	-	802,119
Breastfeeding Contract	10.557		162,087	-	-	35,750
Direct Benefit Payments:						
Special Supplemental Food Program for Women, Infants, and Children	10.557		3,226,596	-	-	-
Passed through the Office of State Budget and Management:						
Forest Service Schools and Roads Cluster:						
Schools and Roads - Grants to States and Counties	10.665		28,636	-	-	-
Total U.S. Department of Agriculture			9,042,024	-	-	5,582,786
U.S. Department of Housing & Urban Development						
Passed-through N. C. Department of Commerce:						
Community Development Block Grant	14.228		28,267	-	-	-
Passed-through the City of Asheville:						
HOME Investment Partnership Programs	14.239		11,627	-	-	-
Total U.S. Department of Housing & Urban Development			39,894	-	-	-
U.S. Department of Justice						
Family Justice Center Arrest Grant						
Office of Community Oriented Policing Services	16.590		8,625	-	-	-
ARRA-Public Safety Partnership and Community Policing Grants COPS Hiring						
Passed-Through N.C. Department of Public Safety:	16.710		366,022	-	-	-
Juvenile Accountability Incentive Block Grant	16.523		20,189	-	-	-
Family Justice Center GCC	16.575		142,397	-	-	-
Byrne Justice Assistance Grants - Changing Together Grant	16.738		73,154	-	-	-
Byrne Justice Assistance Grants - Pathways	16.738	RFP19-012355-JJX	132,927	-	-	-
Byrne Justice Assistance Grants - Pathways	16.738	RFP19-012355-JJK	37,880	-	-	-
Byrne Justice Assistance Grants - GCC	16.738	PROJ010961	43,893	-	-	-
Total U.S. Department of Justice			825,087	-	-	-
U.S. Dept. of Transportation						
Federal Transit Administration						
Passed-through N.C. Department of Transportation:						
Public Transportation for Nonurbanized Areas:						
Administration	20.509	36233.13.8.1	152,699	97,206	-	42,155
Capital	20.509	36233.13.9.3	221,493	226,552	-	80,868
Total Public Transportation for Nonurbanized Areas			374,192	323,758	-	123,023
Highway Safety Cluster:						
Alcohol Impaired Driving Countermeasures	20.601		33,394	-	-	-
Passed-through City of Asheville:						
Traffic Safety - DWI Task Force	20.600		29,040	-	-	-
Total Highway Safety Cluster			62,434	-	-	-
Transit Services Programs Cluster:						
Enhanced Mobility of Seniors & Individuals with Disabilities - Operating	20.513		(2,887)	-	-	(2,877)
Passed-through City of Asheville:						
New Freedom	20.521		56,665	-	-	32,269
Total Transit Services Programs Cluster			53,778	-	-	29,392
Alcohol Open Container Requirements	20.607		32,354	-	-	-
Total U.S. Department of Transportation			522,758	323,758	-	152,415
U.S. Department of Education						
Passed-through N. C. Department of Cultural and Natural Resources:						
Public Library Services - LSTA Basic Equipment Grant	45.310		750	-	-	-
LSTA Project Access & Digitization Grant	45.310		36,741	-	-	-
Total US Department of Education			37,491	-	-	-
Environmental Protection Agency						
Air Pollution Control Program Support						
Ambient Air Monitoring Network	66.001		229,762	-	-	-
Ambient Air Monitoring Network	66.034		59,450	-	-	-
Total Environmental Protection Agency			289,212	-	-	-
U.S. Department of Homeland Security						
Passed-through N.C. Department of Public Safety:						
Emergency Management Performance Grants						
Homeland Security Grant Program - Disaster Prevention & Relief (DPR9 Tent)	97.042		79,532	-	-	-
Homeland Security Grant Program - Disaster Prevention & Relief (DPR9 Message Board)	97.067		2,700	-	-	-
Homeland Security Grant Program - 2015 WNC SAR Exercise	97.067		17,267	-	-	-
Homeland Security Grant Program - Rapid Deployment, Tents/Heater	97.067		57,018	-	-	-
Homeland Security Grant Program - Disaster Prevention & Relief (DPR9 Message Boards)	97.067		53,999	-	-	-
Total U.S. Department of Homeland Security			68,143	-	-	-
Total U.S. Department of Homeland Security			278,659	-	-	-

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Fed.(Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
U. S. Department of Health and Human Services						
Administration for Children and Families						
Passed-through N.C. Department of Health and Human Services:						
Division of Aging and Adult Services:						
SSBG - In-Home Services	93.667		42,093	-	-	6,013
SSBG - Adult Day Care	93.667		66,865	39,185	-	15,150
Total Division of Aging			108,958	39,185	-	21,163
Division of Social Services:						
Family Preservation Services Program	93.556		63,295	-	-	-
TANF Cluster:						
Work First/Temporary Assistance for Needy Families (TANF)	93.558		2,400,334	-	-	3,620,838
Work First/TANF- Direct Benefit Payments	93.558		849,259	50	-	-
Temporary Assistance for Needy Families	93.558		979,969	-	-	-
Women's Preventive Health - TANF	93.558		27,155	-	-	47,993
Total for TANF Cluster			4,256,717	50	-	3,668,831
Direct Benefit Payments - AFDC	93.560		(2,970)	(814)	-	(814)
N.C. Child Support Enforcement Section	93.563		1,124,128	-	-	579,096
Refugee Assistance - Administration	93.566		3,668	-	-	-
Refugee and Entrant Assistance - Cash & Medical Payments	93.566		3,978	-	-	-
Crisis Intervention Program	93.568		979,919	-	1,092,774	-
Energy Assistance Payments - Direct Benefit Payments	93.568		894,300	-	1,033,448	-
Low Income Home Energy Assistance Block Grant - Administration	93.568		155,258	-	-	-
Stephanie Tubbs Jones Child Welfare Services Program:						
- Permanency Planning Grant - Families for Kids	93.645		80,936	-	-	26,979
SSBG - Other Services	93.667		830,996	63,091	-	215,010
Independent Living Grant - LINKS	93.674		100,346	11,446	-	-
Foster Care and Adoption Cluster³:						
Title IV-E Foster Care- Administration	93.658		1,665,461	-	-	1,626,117
Foster Care- Direct Benefits Payments	93.658		1,188,318	335,736	-	385,460
Foster Care - Adoption	93.658		228,819	-	-	5,957
Foster Care IV-E-CPS	93.658		793,785	211,807	-	581,978
Adoption Assistance	93.659		108,094	-	-	108,094
Adoption Assistance-Direct Benefit Payments	93.659		1,667,937	428,008	-	428,008
Total Division of Social Services			14,142,985	1,049,324	2,126,222	7,624,716
Division of Child Development:						
Subsidized Child Care³						
Child Care Development Cluster:						
Division of Social Services:						
Childcare Development Fund - Administration	93.596	XXXX	339,345	-	-	-
CCDF Cluster:						
Child Care and Development Fund - Discretionary	93.575		3,360,648	-	-	-
Child Care and Development Fund - Mandatory	93.596		1,090,311	-	-	-
Child Care and Development Fund - Match	93.596		1,713,996	749,246	-	-
Total CCDF Cluster			6,164,955	749,246	-	-
Foster Care Title IV-E	93.658		60,702	31,080	-	-
State Appropriations		XXXX	-	131,276	-	-
TANF - MOE		XXXX	-	952,371	-	-
Total Subsidized Child Care Cluster ³			6,565,002	1,863,973	-	-
Total Administration for Children and Families			20,816,945	2,952,482	2,126,222	7,645,879
Centers for Medicare and Medicaid Services						
Passed-through N. C. Department of Health and Human Services:						
Division of Medical Assistance:						
Medicaid Cluster:						
Medical Assistance Program - Administration	93.778		11,595,216	64,210	-	4,110,671
Medical Assistance Program - Direct Benefit Payments	93.778		191,860,939	105,071,270	2,806,919	105,071,270
State/County Special Assistance-Administration	93.778		-	-	-	2,880,650
Total Medicaid Cluster			203,456,155	105,135,480	2,806,919	112,062,591
State Children's Insurance Program - N.C. Health Choice	93.767		821,923	20,900	-	4,963
State Children's Insurance Program - N.C. Health Choice Direct Benefit Payments	93.767		4,961,720	252,286	-	-
Total Centers for Medicare and Medicaid Services			209,239,798	105,408,666	2,806,919	112,067,554
Centers for Disease Control						
Passed-through N. C. Department of Health and Human Services:						
Division of Public Health:						
HIV State Funds - Sexually Trans. Diseases Comm. Exp. Budget	93.940		29,993	-	-	32,930
Immunization Program/Aid to County Funding	93.268		36,422	213,346	-	1,178,975
Tuberculosis Control Program	93.116		43	31,159	-	198,680
Public Health Emergency Preparedness	93.074		85,000	-	-	75,943
Division of Community Health:						
Healthy Communities	93.758		30,991	-	-	349,946
Public Health Preparedness and Response	93.069		75,000	-	-	-
CDC Wisewoman Project	93.094		247,865	-	-	-
Breast and Cervical Cancer Early Detection Programs	93.919		177,079	170,189	-	-
Total Centers for Disease Control			682,393	414,694	-	1,836,474
Health Resources and Services Administration						
Passed-through N. C. Department of Health and Human Services:						
Division of Public Health:						
Nurse Family Partnership	93.505		140,550	-	-	7,287
Child Care Coordination	93.994		43,481	32,614	-	-
Child Health	93.994		188,545	148,327	-	-
Maternal and Child Health Services Block Grant	93.994		57,542	84,471	-	267,592
School Nursing Funding Initiative	93.994		-	150,000	-	3,115,365
Nurse Family Partnership Initiative	93.994		385,157	66,409	-	503,534
Innovative Approaches: Community Systems Building	93.994		75,374	56,537	-	-
Total Health Resources and Services Administration			890,649	538,358	-	3,893,778

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Fed.(Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
Office of the Population Affairs						
Passed-through N. C. Department of Health and Human Services:						
Division of Public Health:						
Family Planning Services Title X						
	93.217		53,675	-	-	159,975
Total Office of Population Affairs						
			53,675	-	-	159,975
Administration on Aging						
Division of Aging and Adult Services						
Passed-through Land of the Sky Regional Council:						
Social Services Block Grant-Respite						
	93.667	NC-01	59,647	1,704	-	-
Aging Cluster:						
Special Program for the Aging Title IIIB - Support Services						
	93.044	NC-01	341,941	800,117	1,142,058	-
Grants for Supportive Services and Senior Centers						
	93.044	NC-01	54,364	3,198	57,562	-
Grants for Supportive Services and Senior Centers - Legal						
Special Program for the Aging Title IIIC -Nutrition Services						
	93.045	NC-01	94,092	5,535	99,627	-
Title III C1 - Congregate Nutrition						
	93.045	NC-01	58,210	102,933	161,143	-
Title III C2 - Home-Delivered Meals						
	93.053	NC-02	41,476	-	41,476	-
Nutrition Services Incentive Program						
			649,730	913,487	1,501,866	-
Total Aging Cluster						
			232,333,190	110,227,687	6,435,007	125,603,660
Total U. S. Department of Health and Human Services						
			243,368,315	110,551,445	6,435,007	131,338,861
Total Federal Awards						
State Awards:						
N.C. Department of Administration						
DMVA Community County Grants						
			-	1,525.00	-	-
Total N. C. Department of Administration						
			-	1,525.00	-	-
N.C. Department of Agriculture and Consumer Services						
Technical Assistance-Soil/Water						
			-	26,629.00	-	-
Total N. C. Department of Agriculture						
			-	26,629.00	-	-
N.C. Department of Commerce						
One NC Fund - Industrial Recruitment						
			-	159,000.00	-	-
Total N. C. Department of Commerce						
			-	159,000.00	-	-
N.C. Department of Cultural and Natural Resources						
Division of State Library:						
State Aid to Public Libraries						
			-	224,470.00	-	-
Total N. C. Department of Cultural Resources						
			-	224,470.00	-	-
N.C. Department of Environmental Quality						
Technical Assistance-Soil/Water						
			-	3,600	-	-
NC Electronics Management Fund						
			-	24,192	-	-
NC Gas Tax Allocation						
			-	154,396	-	-
Scrap Tire Disposal Grant						
			-	3,945	-	-
Total N. C. Department of Environment and Natural Resources						
			-	186,133	-	-
N.C. Dept. of Health and Human Services						
Division of Public Health:						
Communicable Disease Control						
		9945100011	-	7,807	-	1,409,307
Food and Lodging Fees						
			-	107,265	-	1,653,809
Mosquito - Public Health Pesticide						
			-	412	-	-
Interpreter Grant II						
			-	239,702	-	-
Women's Health Service Fund						
			-	9,712	-	20,368
NC Certified Well Contractor Training						
			-	2,068	-	-
State Agency Model SFY 2013						
			-	-	-	-
Tuberculosis Medical Services						
			-	1,776	-	11,309
Sexually Transmitted Diseases						
			-	2,191	-	-
Total Division of Public Health						
			-	370,933	-	3,094,793
Division of Social Services:						
Non-Allocating County Costs						
			-	-	-	1,033,572
State/County Special Assistance for Adults - Direct Benefit Payments						
			-	1,603,014	-	1,603,014
State Foster Care Benefits Program						
			-	333,559	-	328,808
Energy Assistance - Private Grants						
			-	64,118	-	-
State Child Welfare CPS						
			-	242,226	-	-
Other County Funded Programs						
			-	-	-	6,605,481
Child Welfare Services - State Grants						
			-	1,047,293	-	270,078
- Adoption Subsidy - Direct Benefit Payments						
			-	3,290,210	-	9,840,953
Total Division of Social Services						
			-	3,661,143	-	12,935,746
Total N.C. Department of Health and Human Services						
N.C. Department of Public Instruction						
Public School Building Capital Fund - Lottery Proceeds						
			-	1,155,982	-	-
Total N.C. Department of Public Instruction						
			-	1,155,982	-	-
N.C. Department of Public Safety						
Pathways Program						
			-	37,880	-	-
Total N.C. Department of Crime Control and Public Safety						
			-	37,880	-	-
N.C. Department of Transportation						
Rural Operating Assistance Program (ROAP) Cluster						
ROAP Elderly and Disabled Transportation Assistance Program						
		DOT-16CL	-	87,035	-	45,298
ROAP Rural General Public Transportation						
		DOT-16CL	-	78,611	-	29,033
ROAP Work First Transitional-Employment Transportation Assistance Program						
		DOT-16CL	-	53,983	-	11,534
Total Rural Operating Assistance Program (ROAP) Cluster						
			-	219,629	-	85,865
Total N.C. Department of Transportation						
			-	219,629	-	85,865
Total State Awards						
			-	5,672,391	-	13,021,611
Total Federal and State Awards						
			\$ 243,368,315	\$ 116,223,836	\$ 6,435,007	\$ 144,360,472

BUNCOMBE COUNTY GOVERNMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

Notes to the Schedule of Expenditures of Federal and State Awards:

1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the Buncombe County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2016. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Buncombe County, it is not intended to and does not present the financial position, changes in net position or cash flows of Buncombe County.

2. Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Buncombe County has elected not to use the de minimis indirect cost rate as allowed under the Uniform Guidance.

3. Cluster of Programs

The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes:

Foster Care and Adoption

Subsidized Child Care Cluster



BUNCOMBECOUNTY
DEPARTMENT OF FINANCE

828.250.4130

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