

BUNCOMBE COUNTY, NORTH CAROLINA

Comprehensive Annual Financial Report

For the Fiscal Year Ended
JUNE 30, 2013

BOARD OF COMMISSIONERS

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

COUNTY MANAGER

Wanda S. Greene, PhD, CPA

DIRECTOR OF FINANCE

Donna B. Clark

Prepared by the Finance Department



Comprehensive Annual Financial Report
 For the Year Ended June 30, 2013
 Buncombe County

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Introductory Section





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, 2012

Executive Director/CEO



October 31, 2013

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, 2013. 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, 2013.

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 misstatements. 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 unqualified opinion on the Buncombe County financial statements for the year ended June 30, 2013. 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 Auditor's 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 was established in 1791 and is located in the southwestern portion of North Carolina. It has a total land and water area of 660 square miles and estimated 2012 population of 245,228. There are six municipalities within the County, the largest being the



City of Asheville (population of 85,339 or approximately 34% of the county), which lies at the geographic center of the County and serves as the County seat. The County is 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 staggering 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.

The County provides a full range of services to its citizens including human services, public safety, economic and physical development, environmental protection, cultural and recreational activities and others. However, the majority of the annual budget consists of public safety, human services, and education. The County also extends financial support to certain boards, agencies, and commissions to assist their efforts in serving citizens. Among these 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, and the Western Highlands Area Authority.

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.

Economic Condition of Buncombe County, North Carolina

The information presented in the financial statements is best understood when it is considered from the broader perspective of the specific environment within which the county operates.

The Local Economy

Buncombe County is the most populous county in the western part of the state and serves as a regional economic center for western North Carolina. It is part of the Asheville metropolitan area that includes Buncombe, Haywood, Henderson, and Madison Counties. This area has an estimated population of just over 433,000 and has a diverse commercial and industrial base which includes healthcare, technology, manufacturing, and tourism. The



metropolitan area's economic diversity continues to provide a strong base for the area's economy and continues to show signs of recovery from the prior years' recession.

Healthcare

The healthcare and social assistance industry is a significant portion of the County's economy. The strength of this portion of the County's economy is anticipated to continue because of the aging population in the area, a high concentration of healthcare facilities and a healthcare spending rate higher than the national average.

Mission Health System, based in Asheville, is the state's sixth largest health system and the primary referral center for western North Carolina and the adjoining region. It is licensed for more than 800 beds and is the largest employer in the County with nearly 7,000 employees including over 1,800 registered nurses and 750 physicians. Other large healthcare providers include Community CarePartners, Inc., a private, nonprofit organization that offers a full continuum of post-acute care, and the Charles George Veterans Administration Medical Center, a federal facility serving the health care needs of more than 100,000 veterans living in the 19-county area of western North Carolina.

Healthcare employment increased 5.4% in 2013 ending at 34,100 jobs.

Technology

The County and the City of Asheville have begun to draw technology entrepreneurs from around the nation. Several companies in the science and technology sector are based in the County, including (1) Builderadius, a leading provider of software and data services to organizations involved with building safety and building code enforcement, (2) AvL Technologies, a company that produces mobile satellite communication antenna systems and positioners, (3) Genesys Systems, a designer and producer of high-intensity discharge lighting and (4) Arvato Digital Services, a division of Arvato AG, a global media and communication firm. The County is also the site of several manufacturing facilities that fabricate innovative and technologically advanced products, including BorgWarner Inc., Eaton Corporation, Kearfott Corporation and Thermo Fisher Scientific. In addition to these commercial ventures, the County is home to the National Climatic Data Center, which is the world's largest archive of weather data and has approximately 400 full-time federal employees engaged in climate studies and the newest application of climate change data.

Manufacturing

Manufacturing is a strong segment of the County's economy. The diverse products manufactured include food, textiles, apparel, wood products, printing and publishing, rubber and plastics products, fabricated metal products, industrial machinery and equipment, electrical equipment, and transportation equipment. Total manufacturing jobs are around 18,500.



Tourism

Activities and businesses supporting tourism constitute one of the largest sectors of the County's economy. The impact is multi-dimensional and includes conventioners, commercial visitors, and tourists taking advantage of the mountain scenery, moderate climate, and craft skills of the citizens of the area.

Tourism is an integral part of the Asheville area's economy. In calendar year 2012, 9.1 million visitors spent \$1.5 billion which generated \$2.3 billion in total business sales, including indirect (supply-chain) and induced (income) impacts. The tourism sector supported 14.2% of employment (1-in-7 jobs); tourism as an industry is the third largest employer in the area.

Labor Force and Unemployment

The area's unemployment rate broke below 7% in 2013 for the first time in four years. The average unemployment rate of 6.7% is the second lowest in the state and only slightly higher than the state's lowest. The metro area added over 3,000 jobs, an increase of 1.8%, to end at a total of 174,100 jobs. Leisure and Hospitality and Health Service industries were the leading contributors to job growth in 2013.

Economic Development

A major initiative of Buncombe County is its focus on economic development. In a combined effort with the State, City of Asheville, and the Economic Development Coalition for Asheville-Buncombe County (EDC), the County played a key role in attracting GE Aviation, a global leader in jet engine and aircraft system production, to Asheville. The new 125,000-square-foot facility will produce engine components with a workforce expected to grow to more than 340 people within five years. The new facility will be part of a larger commitment to invest \$195 million across North Carolina.

Long-term Financial Planning

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 any purchase(s) over \$250,000. These are generally for major information technology projects, buildings, land, vehicle replacement programs, etc. The CIP must review all capital projects. This generally occurs in November of the budget year. After the committee reviews and prioritizes all of the projects, they then make recommendations on capital projects to the County Manager. Each capital project includes detailed descriptions, estimated total cost, impact on operating budget, and funding source. The approved CIP budget through fiscal year 2018 is close to \$117 million. Big ticket items on the plan include funding for a new elementary and a new middle school, voting system replacement, and additions to Asheville Buncombe Technical College, including a new building and parking deck.



Fund Balance Reserves

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 government 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. The minimum requirement will be reviewed by the Finance Director as changes in economic conditions occur, new legislation is enacted, or revenue sources change. Fund balance appropriated will not exceed an amount management cannot reasonably expect to save during the year. If fund balance is appropriated to balance the following year's budget in an amount, 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 appropriated fund balance every year for the past 18 years and has had to use it only once (fiscal year 2002) during that time frame.

Sustainability Partnership and Planning

Buncombe County's Sustainability Plan, implemented in fiscal year 2012, continues to build a more sustainable community. The strategic plan addresses growth issues and how the County can adapt to these changes in a sustainable manner. Sustainability is most often thought of as meeting the needs of the present without compromising the ability of future generations to meet their own needs. The Sustainability Plan considers economic, environment and social concerns when evaluating a proposed concern or action. The plan primarily consists of strategies for implementation over a period of five years with an understanding the efforts must be constant and address both short and long term goals. Strategies developed considered educational resources, health of our people and environments, safety, partnerships for the protection of our natural resources, access to transportation and services, local food systems, workforce development, and pollution and waste prevention. In year two of implementation existing and new strategies will be employed to continue to achieve progress on meeting the goals of the Plan. Information on the Sustainability Plan can be found on the County's website at www.buncombecounty.org.

Awards and Acknowledgements

Awards

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, 2012. This marks the thirty-fourth 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, whose contents conform to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program 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 2013 annual budget document. This is the sixteenth 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 2014 budget document continues to conform to program requirements and has submitted it to the GFOA to determine eligibility for another award.

Acknowledgements

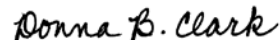
Many professional staff members in the Finance Department contributed to the preparation of this report. Their hard work, dedication, and continuing efforts to produce and improve the quality of this report are a direct benefit to all that read and use it. We would also like to commend each County department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



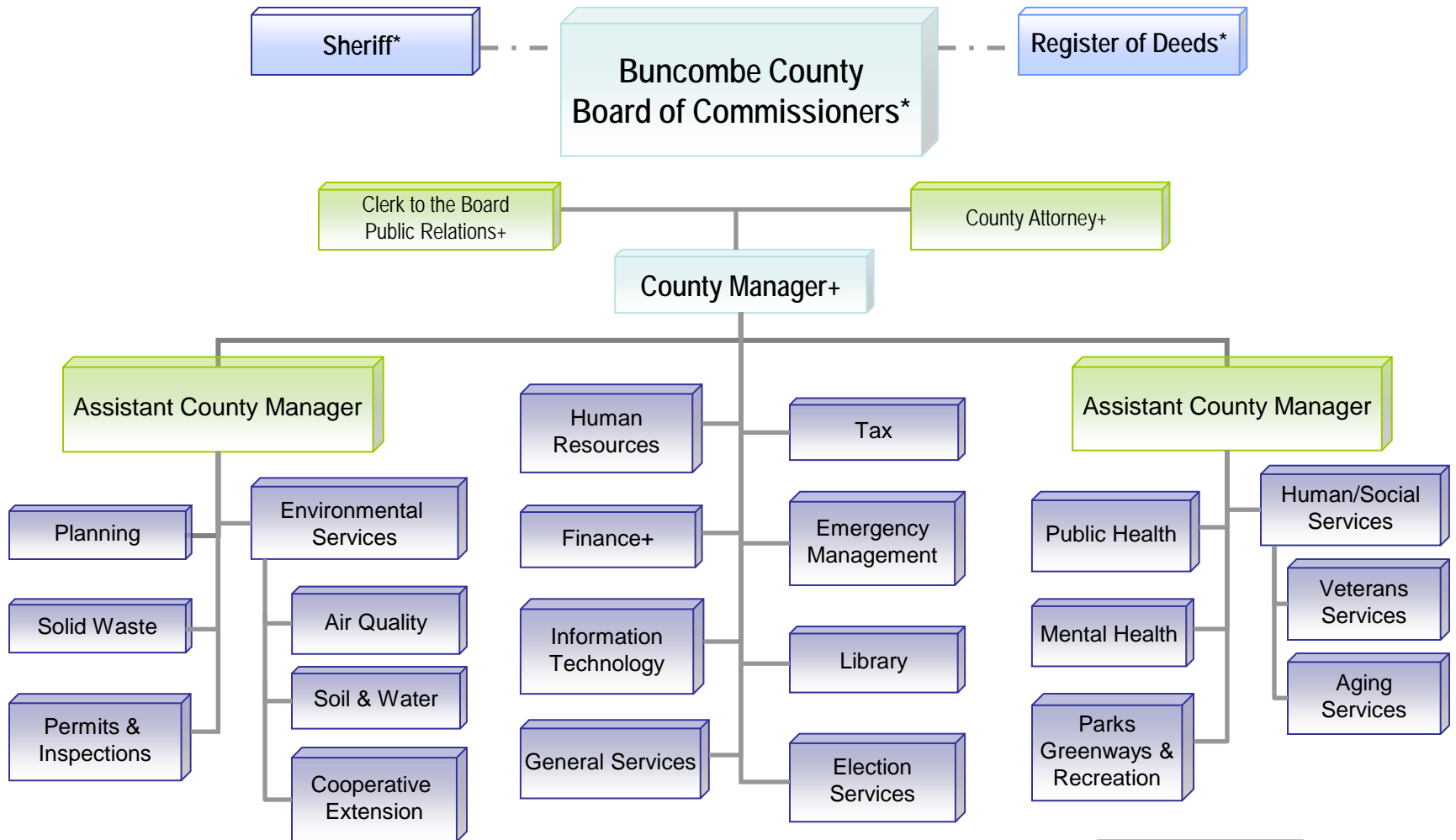
Wanda S. Greene, PhD, CPA
County Manager



Donna B. Clark
Finance Director



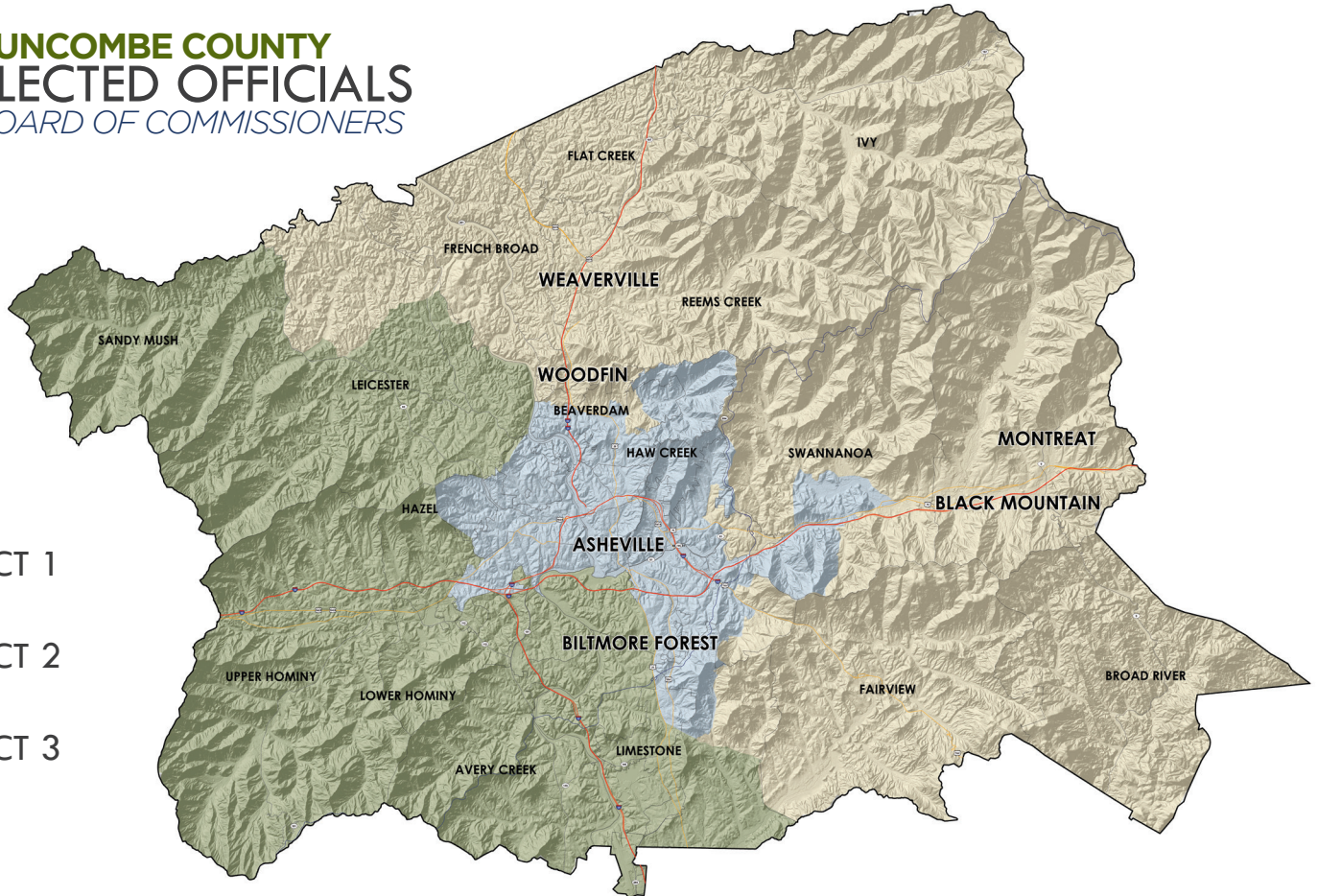
Buncombe County Government






***Elected**
+Appointed by Commissioners



BUNCOMBE COUNTY
ELECTED OFFICIALS
 BOARD OF COMMISSIONERS



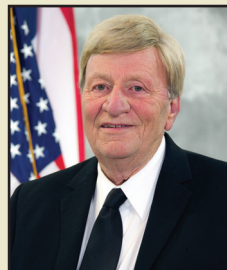
-  DISTRICT 1
-  DISTRICT 2
-  DISTRICT 3

DISTRICT 1



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Amanda Stone, MSW

Kathy Hughes

Donna B. Clark

Drew Reisinger

Van Duncan

Pat Freeman

Trena Parker, MPA

Ed Sheary, MSLS

Jerry Vehaun

Matt Stone

Robert Thornberry, Jr., MA

Kim Pruett

Gary Roberts

Gary Higgins

Steve Duckett

Greg Isreal

County Manager

Asst. County Manager/Planning Director

Asst. County Manager/Human Services Director

Clerk to the Board

Finance Director

Register of Deeds

Sheriff

City/County Bureau of Identification Director

Elections Supervisor

Library, Culture and Recreation Director

Emergency Services Director

Permits & Inspections Director

Human Resources Director

Information Technology Director

Tax Director

Soil & Water Conservation Director

Cooperative Extension Director

General Services

Financial Section





Independent Auditors' Report

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

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, 2013, 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.

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, 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, 2013, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general 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 and the Law Enforcement Officers' Special Separation Allowance and the Other Postemployment Benefits' Schedules of Funding Progress and Employer Contributions on pages 18 through 30 and 87 through 88, respectively, 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 combining and individual fund statements, budgetary schedules, other schedules as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 nonmajor 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, based on our audit and the procedures performed as described above, 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.

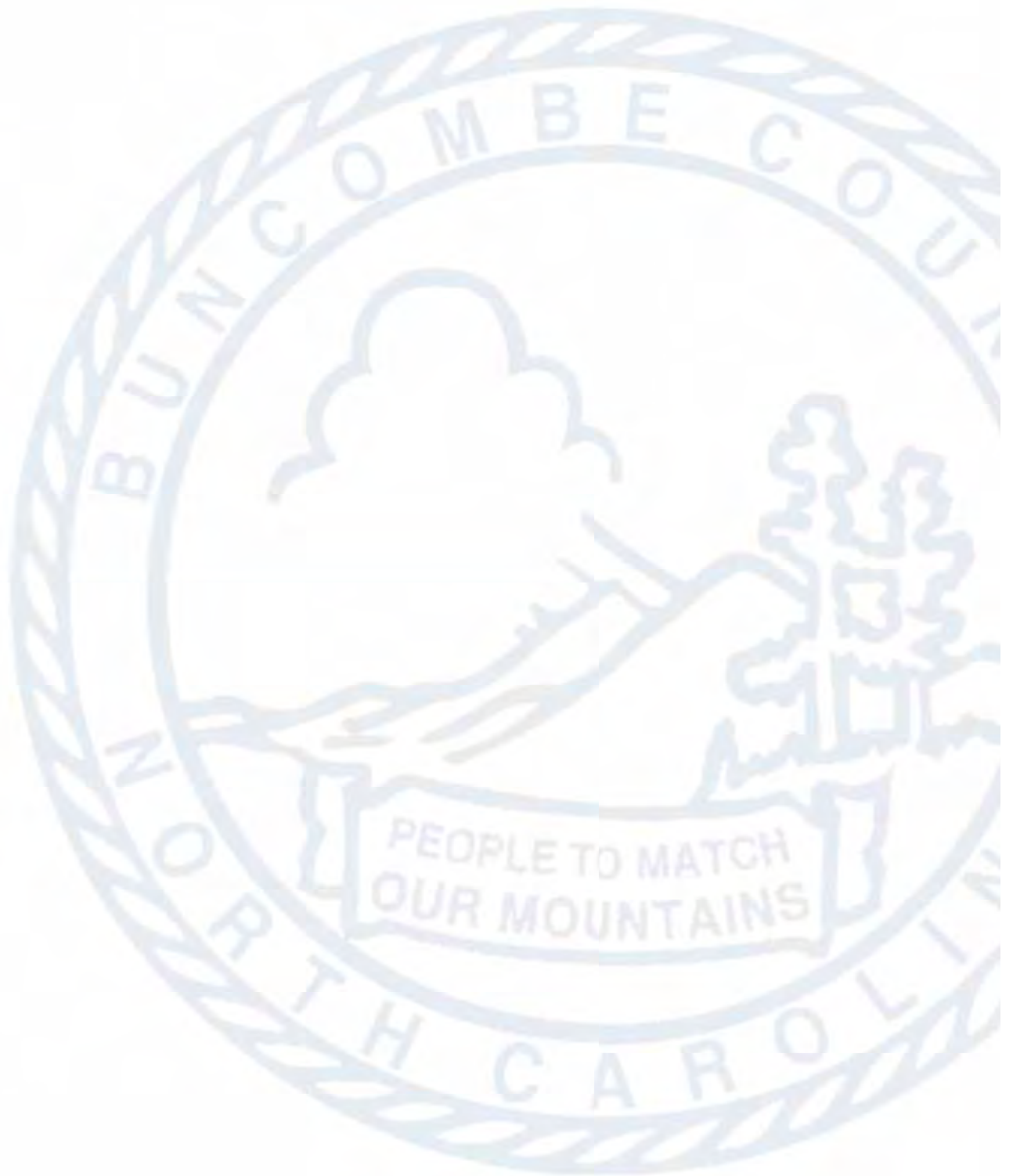
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2013, 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
November 5, 2013



Management's Discussion and Analysis

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, 2013. 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.

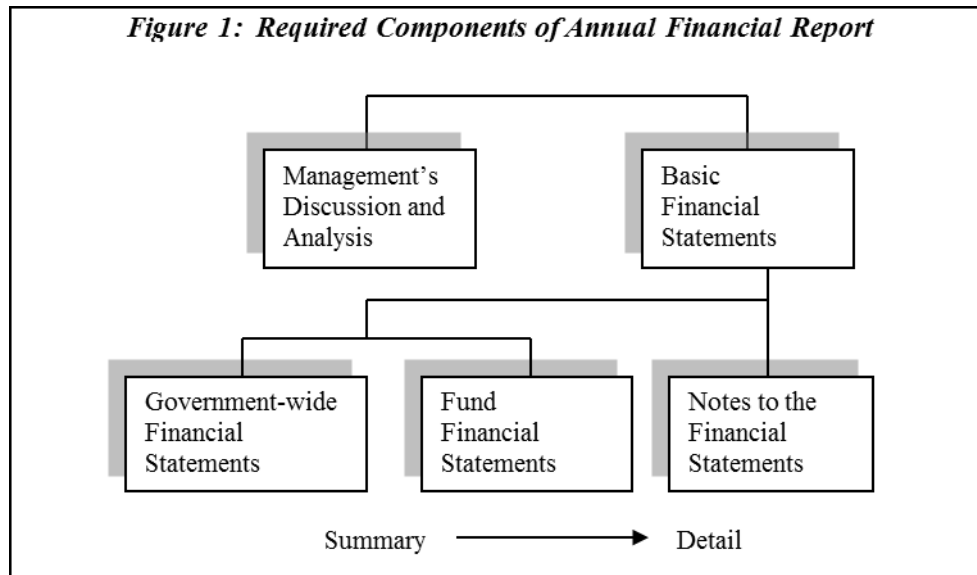
Financial Highlights for Fiscal Year 2013

- 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 \$115.0 million (net position).
- The government's total net position increased by \$9.7 million, which is primarily due to an increase in net position in the County's Capital Projects and AB Tech Capital Projects funds.
- As of the close of the fiscal year, the County's governmental funds reported combined ending fund balances of \$143.3 million, an increase of \$23.0 million from the prior year. Approximately 54.8% of this total amount, or \$78.5 million, is restricted or non-spendable.
- At June 30, 2013, available fund balance for the General Fund was \$51.7 million, or 19.8% of total general fund expenditures and transfers for the fiscal year.
- At June 30, 2013, the total amount of outstanding long-term debt was \$289.7 million, an increase of \$50.4 million from the previous fiscal year. The increase is due to a debt issuance to fund courts expansion, a public safety training center, radio equipment, landfill cell expansion, and education capital projects.
- 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 \$105.0 million or 36.3% 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 its Aa2 rating with Moody's Investor Service.

Overview of the Financial Statements

This discussion and analysis are 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. See Figure 1. 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 10) 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 the General Statutes also can be found in this part of the statements.

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, Criminal Justice Information System, 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

government 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 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, criminal justice information system, 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 pages 43-44 and 132-134.

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 to the financial statements are on pages 45-86 of this report.

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 beginning on page 87 of this report.

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 2, the County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$115.0 million at June 30, 2013. The County's net position increased by \$9.7 million for the fiscal year ended June 30, 2013. The largest portion of Buncombe County's net position is reflected in the County's net investment in capital assets (e.g. land, buildings, machinery and equipment). At June 30, 2013, the amount was \$118.9 million, a decrease of \$2.8 million from the prior year. 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. An additional portion of the County's net position, \$78.3 million, represents resources that are subject to external restrictions on how they may be used.

Figure 2: Buncombe County's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	2012 Restated	2013	2012 Restated	2013	2012 Restated
Current and Other Assets	\$ 180.1	\$ 152.5	\$ 18.6	\$ 16.5	\$ 198.7	\$ 169.0
Capital Assets	224.9	192.8	31.8	31.6	256.7	224.4
Total Assets	<u>405.0</u>	<u>345.3</u>	<u>50.4</u>	<u>48.1</u>	<u>455.4</u>	<u>393.4</u>
Total Deferred Outflows of Resources	<u>1.6</u>	<u>0.6</u>	<u>0.1</u>	<u>0.1</u>	<u>1.7</u>	<u>0.7</u>
Long-term Liabilities Outstanding	298.2	249.1	18.5	16.4	316.7	265.5
Other Liabilities	23.3	20.1	0.6	1.7	23.9	21.8
Total Liabilities	<u>321.5</u>	<u>269.2</u>	<u>19.1</u>	<u>18.1</u>	<u>340.6</u>	<u>287.3</u>
Total Deferred Inflows of Resources	<u>1.5</u>	<u>1.6</u>	<u>-</u>	<u>-</u>	<u>1.5</u>	<u>1.6</u>
Net Position:						
Net Investment in Capital Assets	92.4	94.3	26.5	27.4	118.9	121.7
Restricted	78.2	55.1	-	-	78.2	55.1
Unrestricted	(87.0)	(74.3)	4.9	2.7	(82.1)	(71.6)
Total Net Position	<u>\$ 83.6</u>	<u>\$ 75.1</u>	<u>\$ 31.4</u>	<u>\$ 30.1</u>	<u>\$ 115.0</u>	<u>\$ 105.2</u>

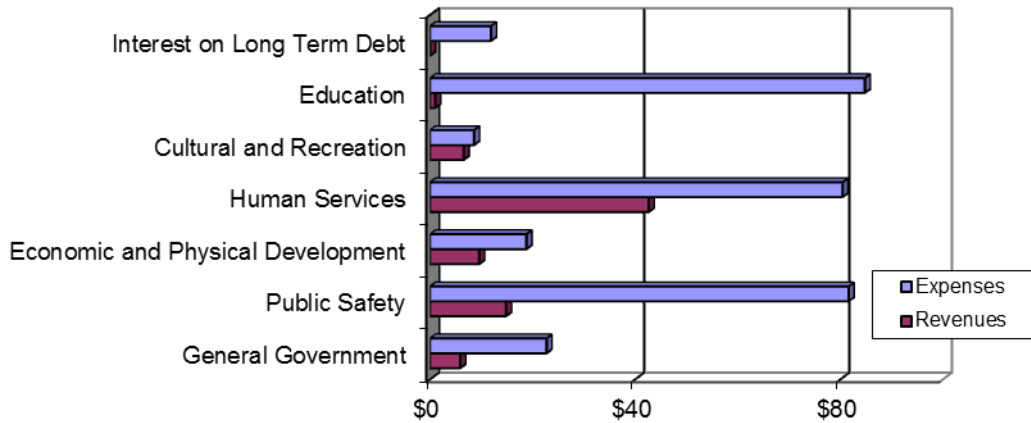
Buncombe County has a negative balance of \$82.1 million in unrestricted net position. As with many counties in the State of North Carolina, the County's deficit in unrestricted net position is due to the portion of the County's outstanding debt incurred for the Buncombe County Board of Education, the 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 general obligation debt. 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 liability without a corresponding increase in assets. At the end of the fiscal year, approximately \$105.0 million (or 36.3%) 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.

Figure 3: Buncombe County's Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	2012 Restated	2013	2012 Restated	2013	2012 Restated
Revenues:						
Program Revenues:						
Charges for Services	\$ 27.2	\$ 26.3	\$ 8.5	\$ 9.7	\$ 35.7	\$ 36.0
Operating Grants and Contributions	45.5	45.3	0.4	0.4	45.9	45.7
Capital Grants and Contributions	7.8	1.8	0.2	1.7	8.0	3.5
General Revenues:						
Property Taxes	171.1	170.1	-	-	171.1	170.1
Other Taxes	64.2	54.9	-	-	64.2	54.9
Other	1.4	1.6	0.1	0.1	1.5	1.7
Total Revenues	<u>317.2</u>	<u>300.0</u>	<u>9.2</u>	<u>11.9</u>	<u>326.4</u>	<u>311.9</u>
Expenses:						
General Government	22.7	23.3	-	-	22.7	23.3
Public Safety	81.6	74.7	-	-	81.6	74.7
Economic and Physical Development	18.8	18.9	-	-	18.8	18.9
Human Services	80.4	81.9	-	-	80.4	81.9
Culture and Recreation	8.6	8.8	-	-	8.6	8.8
Education	84.8	88.3	-	-	84.8	88.3
Interest on Long-term Debt	11.8	10.3	-	-	11.8	10.3
Solid Waste Disposal	-	-	6.5	6.7	6.5	6.7
Other	-	-	1.4	3.4	1.4	3.4
Total Expenses	<u>308.7</u>	<u>306.2</u>	<u>7.9</u>	<u>10.1</u>	<u>316.6</u>	<u>316.3</u>
Increase (Decrease) in Net Position Before Transfers, Contributions, and Special Items	8.5	(6.2)	1.3	1.8	9.8	(4.4)
Transfers, Contributions, and Special Items	-	14.0	-	(16.0)	-	(2.0)
Increase (Decrease) in Net Position	8.5	7.8	1.3	(14.2)	9.8	(6.4)
Net Position, Beginning of Year (Restated)	<u>75.1</u>	<u>67.3</u>	<u>30.1</u>	<u>44.3</u>	<u>105.2</u>	<u>111.6</u>
Net Position, Ending	<u>\$ 83.6</u>	<u>\$ 75.1</u>	<u>\$ 31.4</u>	<u>\$ 30.1</u>	<u>\$ 115.0</u>	<u>\$ 105.2</u>

Figure 4: Buncombe County Expenses and Program Revenues - Governmental Activities (in millions)



Governmental Activities. Governmental activities increased the County’s net position \$8.5 million, thereby accounting for 87.0% of the total growth in the net position of Buncombe County. Key elements of this increase are as follows.

- Over \$5.1 million in contributed capital for assets associated with Pack Square Park following the dissolution of the Pack Square Conservancy.
- Increased revenue resulting from a one-quarter percent (.25%) local sales and use tax implemented in fiscal year 2012 for the AB Tech Capital Projects Fund. This fund is used to account for capital improvements to the Asheville-Buncombe Technical Community College.

Figure 5: Revenues By Source - Governmental Activities

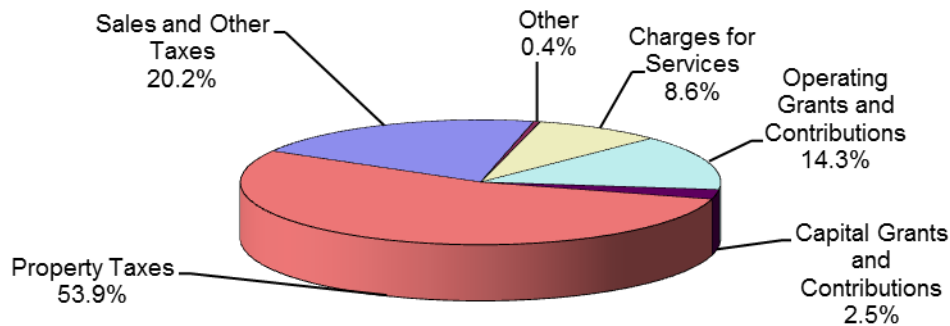
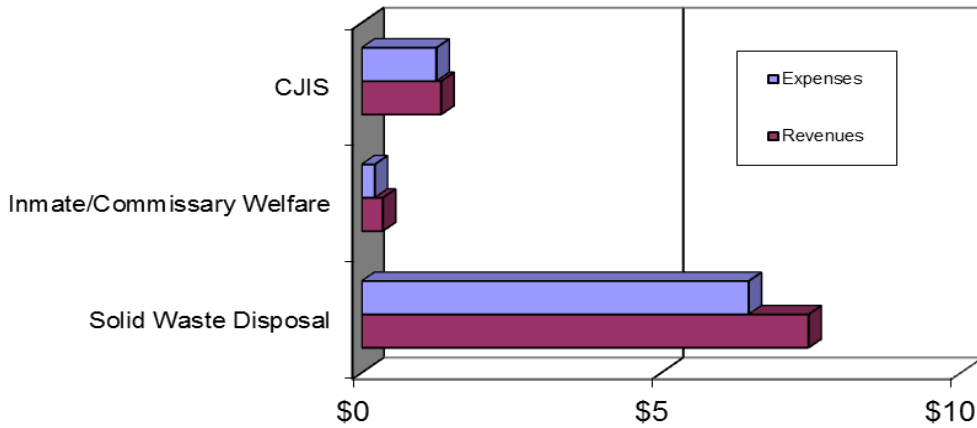


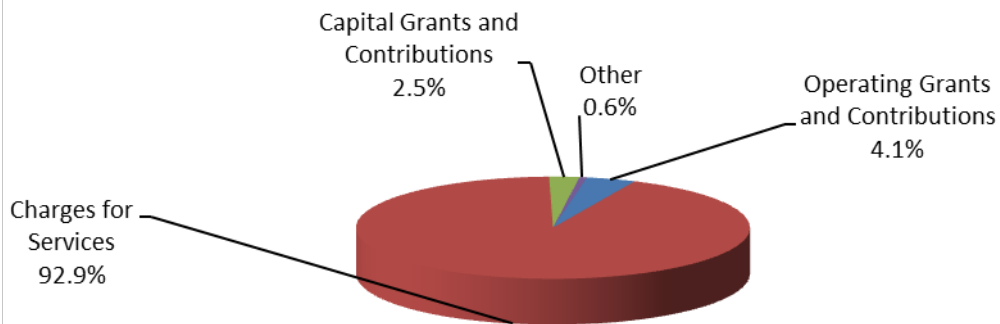
Figure 6: Buncombe County Expenses and Program Revenues - Business-Type Activities (in millions)



Business-type Activities. Business-type activities increased Buncombe County’s net position by \$1.3 million, accounting for 13.0% of the total growth in the government’s net position. Key elements of this increase are as follows:

- A change in the estimate of landfill closure/postclosure care costs due to increased landfill capacity.
- An increase of operating revenues over operating expenses in the two non-major enterprise fund by over \$200,000.

Figure 7: Revenues By Source - Business-Type Activities



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, and the School Capital Commission Fund. The remaining governmental funds are considered non-major.

At June 30, 2013, the governmental funds of Buncombe County reported a combined fund balance of \$143.3 million, a \$23.0 million increase over last year. The primary reason for this increase is the increase in fund balance in County Capital Projects and AB Tech Capital Projects funds. Approximately 54.8% of this total amount, or \$78.6 million, is restricted or non-spendable from inflows of debt proceeds and sales taxes for uncompleted and ongoing projects.

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 \$51.7 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 19.8%.

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 \$3.2 million. The actual revenue collected exceeded the final budget amount by \$2.6 million. This can be attributed to increased collections of ad valorem taxes. Aiding in this increase is a property tax collection rate at 99.0%, which is higher than the statewide average of 98.1%.

The fund balance of the County's General Fund saw a slight increase of just over \$75,000 from the previous year. This is the eleventh 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, 2013, the fund balance for this fund was \$42.3 million, an increase of \$18.9 million from the prior year amount. The fund balance for this fund can fluctuate greatly from one year to the next due to timing of debt issuances and funding from other sources.

The School Capital Commission Fund accounts for revenues restricted for public school capital outlay projects. The total fund balance decreased \$2.9 million from \$16.7 million in fiscal year 2012 to \$13.8 million in 2013. Similar to the County Capital Projects Fund, total fund balance can fluctuate from year to year due to the timing of debt issuances.

Proprietary Funds. The County’s proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Solid Waste Disposal Fund at the end of the fiscal year amounted to \$4.0 million. The total growth in net position was \$1.3 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, 2013, the County’s investment in capital assets, net of accumulated depreciation for its governmental and business-type activities totaled \$256.7 million. These assets include land, buildings and improvements, equipment, automotive equipment, and construction in progress. This is an increase of \$32.4 million, or 14.4%, from fiscal year 2012. The majority of this increase, over 99%, can be attributed to assets in governmental activities. See Figure 8.

<i>Figure 8: Buncombe County's Capital Assets Net of Depreciation (in Millions)</i>							
	Governmental Activities		Business-Type Activities		Total		
	2013	2012	2013	2012	2013	2012	
Land	\$ 12.8	\$ 12.5	\$ 6.3	\$ 6.3	\$ 19.1	\$ 18.8	
Buildings and Improvements	101.4	100.2	23.5	16.9	124.9	117.1	
Equipment	6.2	7.9	1.0	1.2	7.2	9.1	
Automotive Equipment	4.1	3.2	0.2	0.3	4.3	3.5	
Intangibles	-	-	-	-	-	-	
Construction in Progress	100.4	68.9	0.8	6.9	101.2	75.8	
Total Capital Assets	\$ 224.9	\$ 192.7	\$ 31.8	\$ 31.6	\$ 256.7	\$ 224.3	

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

- Completion of a \$15 million Public Safety Training Facility located on the site of the old County landfill. This facility is for law enforcement, fire service and emergency medical services personnel and includes a defensive driving course, fire training tower, burn buildings, rescue evolutions, and educational classroom space. This facility will benefit local governments throughout Western North Carolina.
- The addition of over \$5.1 million in capital assets related to the Pack Square Park following the dissolution of the Pack Square Conservancy during fiscal year 2013. The Conservancy was a non-profit organization that managed the construction of a new park on property shared by the City of Asheville and Buncombe County located in front of City Hall and the Buncombe County Courthouse.

- Continued construction of the new Buncombe County Judicial Complex that will include a new 118,000 square foot, four-story courts building connecting to the existing Courthouse and Detention Center and will include secure parking, holding areas, courtrooms, restrooms, and support areas. The ribbon-cutting for the new complex will occur in the fall of calendar year 2013.
- Continued work on an 11-acre expansion of the County’s construction and demolition (C&D) landfill that includes construction of stormwater improvements. The current C&D landfill is near capacity.
- The beginning of a \$2.2 million upgrade and expansion of the public safety radio network that meets federal regulations requiring a narrower bandwidth.

Additional information on the County’s capital assets can be found in the notes of the financial statements starting on page 60.

Outstanding Debt. The County’s outstanding long-term debt increased by \$50.4 million, or 21.1%, during the past fiscal year. This increase is due to many of the aforementioned capital projects in addition to education capital projects. As of June 30, 2013, the County’s total debt outstanding was \$289.7 million, of which \$44.7 million is debt backed by the full faith and credit of the County and \$2.9 million is special obligation revenue bonds for which revenues are pledged to the payment of and as security for the bonds. Installment notes account for \$229.2 million. Collateral for these notes are the assets purchased or constructed.

The remaining \$12.9 million is for Product Development Financing (PDF) Bonds issued in fiscal year 2009 to fund the Woodfin Downtown District Project. PDF bonds are a financing mechanism whereby the County can promote economic development and redevelopment by capturing the incremental increase in tax revenue created by the project as a means of funding the debt service. In June 2012, a supplemental indenture was executed deferring principal payments from August 2013 to August 2018. This will extend the final maturity to 2036. The revised schedule defers payments to a time at which the incremental revenues are projected to be sufficient to pay both principal and interest payments.

Figure 9: Buncombe County's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
General Obligation Bonds	\$ 44.7	\$ 51.3	\$ -	\$ -	\$ 44.7	\$ 51.3
Special Obligation Revenue Bonds		-	2.9	4.2	2.9	4.2
Installment Notes Payable	225.7	170.9	3.5	-	229.2	170.9
Product Development Financing Bonds	12.9	12.9	-	-	12.9	12.9
Total Capital Assets	<u>\$ 283.3</u>	<u>\$ 235.1</u>	<u>\$ 6.4</u>	<u>\$ 4.2</u>	<u>\$ 289.7</u>	<u>\$ 239.3</u>

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 nearly \$105.0 million, of which \$94.7 million is for the school systems and \$10.3 million is for the community college.

In July 2012, Buncombe County issued installment note obligations in the amount of \$75.4 million. Of this amount, \$11.8 million was used to advance refund existing debt while the remaining amount was used to finance the construction of the new courthouse addition, completion of the public safety training center, purchase of a building to be used by the community college, landfill expansion, and equipment for various locations. Also, in October 2012, the County issued fixed rate General Obligation Refunding Bonds, Series 2012, in the amount of \$32.5 million to advance refund variable rate Series 2002B General Obligation Bonds.

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 Aa2 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 \$2.1 billion. The County has \$915,000 in bonds authorized but unissued at June 30, 2013.

Additional information regarding the County's long-term debt can be found starting on page 74 in the notes of the financial statements.

Fiscal Year 2014 Budget Highlights

The total operating budget for Buncombe County is \$337.6 million. The total General Fund budget for fiscal year 2014 is \$265.0 million. This is a decrease of 0.5% from the fiscal year 2013 adopted General Fund budget.

The tax rate for fiscal year 2014 is set at 56.9 cents per \$100 of property value. This tax rate reflects the results of the property reappraisal conducted by the Buncombe County Tax Department. County-wide values decreased by \$2.8 billion resulting in a revenue-neutral tax rate of 57.83 cents for Buncombe County. The previous tax rate was 52.50 cents per \$100 of property value.

The NC General Assembly passed legislation authorizing Buncombe County to establish a Culture and Recreation Authority to serve as an independent entity focused on wellness and cultural amenities. Buncombe County Commissioners established the Authority and funded it by adopting a 3.5 cent tax rate. During fiscal year 2014 the programs and facilities previously

accounted for in the Buncombe County General Fund Culture and Recreation function will transition to the new Culture and Recreation Authority.

Funding for the County's core services—Education, Public Safety, and Human Services—is maintained in the fiscal year 2014 budget, with some necessary increases:

- Reductions in federal funding for adult protective services, child welfare services and IV-E TANF funding resulted in a \$2.3 million increase in net costs.
- Increased Public Safety costs of \$1.2 million due to general operations and court security needed for the new Courthouse scheduled to open in calendar year 2013; and the opening of two additional pods in the Detention Center due to increased inmate population (resulting from state changes in the length of time misdemeanants have to be held in local jails).
- The addition of eight new social workers and seven school resource officers to improve school safety resulted in a \$1.2 million increase.
- Asheville City Schools and Buncombe County Schools funding increased by \$1.6 million. This included a 1% increase for staff, health insurance rate increases, retirement rate contributions, technology support staff increases, and home based product/support.

The budget includes a fund balance appropriation of \$7.0 million. Fund balance appropriation is one means to lower the burden on property tax owners. The County appropriates fund balance each year with the challenge to save the appropriated amount.

Under the Affordable Care Act, the County is now required to provide coverage to children under the age of 26. A reinsurance fee of \$63 per insured person is also required, effective January 1, 2014. These and other Affordable Care Act requirements are estimated to increase costs by around \$900,000 over the next couple of years.

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.

Buncombe County, North Carolina



Buncombe County, North Carolina
Statement of Net Position

JUNE 30, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 91,005,725	\$ 16,518,474	\$ 107,524,199
Investments	24,500,000	-	24,500,000
Receivables, Net	8,250,252	978,332	9,228,584
Due From Other Governments	19,951,531	-	19,951,531
Due From Primary Government	-	-	-
Inventories	181,995	41,329	223,324
Prepays	446,634	-	446,634
Restricted Assets:			
Restricted Cash and Cash Equivalents	34,213,218	1,084,571	35,297,789
Long-term Receivables	1,531,578	-	1,531,578
Capital Assets:			
Land and Construction In Progress	113,179,878	7,109,699	120,289,577
Other Capital Assets, Net of Depreciation	111,758,247	24,648,572	136,406,819
Total Capital Assets	224,938,125	31,758,271	256,696,396
Total Assets	405,019,058	50,380,977	455,400,035
DEFERRED OUTFLOWS OF RESOURCES	1,597,419	38,596	1,636,015
LIABILITIES			
Accounts Payable and Accrued Expenses	18,292,223	481,098	18,773,321
Other Liabilities	316,024	-	316,024
Accrued Interest Payable	1,348,925	38,096	1,387,021
Payable from Restricted Cash	2,411,465	65,750	2,477,215
Due to Component Unit	839,833	-	839,833
Long-term Liabilities:			
Due Within One Year	21,271,542	1,788,643	23,060,185
Due in More than One Year	276,971,849	16,677,588	293,649,437
Total Long-term Liabilities	298,243,391	18,466,231	316,709,622
Total Liabilities	321,451,861	19,051,175	340,503,036
DEFERRED INFLOWS OF RESOURCES	1,521,416	-	1,521,416
NET POSITION			
Net Investment In Capital Assets	92,417,846	26,526,350	118,944,196
Restricted for:			
Stabilization by State Statute	26,015,373	-	26,015,373
Product Development	-	-	-
Capital Projects	48,621,636	-	48,621,636
Public Safety	2,429,916	-	2,429,916
Register of Deeds	374,894	-	374,894
Debt Service	859,738	-	859,738
Other	-	-	-
Unrestricted	(87,076,203)	4,842,048	(82,234,155)
Total Net Position	\$ 83,643,200	\$ 31,368,398	\$ 115,011,598

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

Exhibit 1

Component Units		
Tourism Development Authority	Buncombe County Service Foundation	WNC Regional Air Quality Agency
\$ 11,074,865	\$ 350,157	\$ 815,260
-	-	-
9,943	-	1,647
-	-	-
839,833	-	-
-	-	-
-	-	-
-	-	-
-	-	81,015
-	-	81,015
11,924,641	350,157	897,922
-	-	-
751,987	20,382	50,877
-	-	-
-	-	-
-	-	-
-	-	127,277
5,000	-	34,291
5,000	-	161,568
756,987	20,382	212,445
-	-	-
-	-	81,015
849,776	-	-
7,452,274	-	-
-	-	-
-	-	-
-	-	-
-	37,418	-
2,865,604	292,357	604,462
\$ 11,167,654	\$ 329,775	\$ 685,477

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

Buncombe County, North Carolina
Statement of Activities

FOR THE YEAR ENDED JUNE 30, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
GOVERNMENTAL ACTIVITIES:				
General Government	\$ 22,719,044	\$ 4,774,384	\$ 1,114,293	\$ -
Public Safety	81,600,718	11,220,535	3,039,200	572,117
Economic and Physical Development	18,787,809	8,424,439	58,064	1,116,269
Human Services	80,404,926	2,222,396	40,420,435	-
Cultural and Recreational	8,579,412	590,408	815,085	5,142,720
Education	84,770,250	-	-	1,017,452
Interest on Long-term Debt	11,873,924	-	-	-
Total Governmental Activities	308,736,083	27,232,162	45,447,077	7,848,558
BUSINESS-TYPE ACTIVITIES:				
Solid Waste Disposal	6,457,464	6,855,245	373,333	226,720
Criminal Justice Information System	1,246,614	1,326,631	-	-
Inmate Commissary/Welfare	216,770	351,049	-	-
Total Business-Type Activities	7,920,848	8,532,925	373,333	226,720
Total Primary Government	\$ 316,656,931	\$ 35,765,087	\$ 45,820,410	\$ 8,075,278
COMPONENT UNITS:				
Tourism Development Authority	5,989,978	-	8,081,558	-
Buncombe County Service Foundation	50,561	-	30,023	-
WNC Regional Air Quality Agency	924,169	278,783	721,064	-
Total Component Units	\$ 6,964,708	\$ 278,783	\$ 8,832,645	\$ -

General Revenues:

Taxes:

Property Taxes, Levied for General Purpose
Local Option Sales Tax
Other Taxes and Licenses
Investment Earnings, Unrestricted
Miscellaneous, Unrestricted

Total General Revenues and Transfers

Change in Net Position

Net Position, Beginning of Year, as Originally Reported

Prior Period Adjustments

Net Position, Beginning of Year, as Restated

Net Position, End of Year

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

Net (Expense) Revenue and Change in Net Position					
Primary Government			Component Units		
Governmental Activities	Business-Type Activities	Totals	Tourism Development Authority	Buncombe County Service Foundation	WNC Regional Air Quality Agency
\$ (16,830,367)	\$ -	\$ (16,830,367)			
(66,768,866)	-	(66,768,866)			
(9,189,037)	-	(9,189,037)			
(37,762,095)	-	(37,762,095)			
(2,031,199)	-	(2,031,199)			
(83,752,798)	-	(83,752,798)			
(11,873,924)	-	(11,873,924)			
(228,208,286)	-	(228,208,286)			
-	997,834	997,834			
-	80,017	80,017			
-	134,279	134,279			
-	1,212,130	1,212,130			
(228,208,286)	1,212,130	(226,996,156)			
			\$ 2,091,580	\$ -	\$ -
			-	(20,538)	-
			-	-	75,678
			2,091,580	(20,538)	75,678
171,095,813	-	171,095,813	-	-	-
58,665,856	-	58,665,856	-	-	-
5,524,997	-	5,524,997	-	-	-
144,603	57,016	201,619	3,352	-	1,214
1,247,045	-	1,247,045	50,000	25	-
236,678,314	57,016	236,735,330	53,352	25	1,214
8,470,028	1,269,146	9,739,174	2,144,932	(20,513)	76,892
75,093,262	30,039,908	105,133,170	9,022,722	350,288	608,585
79,910	59,344	139,254	-	-	-
75,173,172	30,099,252	105,272,424	9,022,722	350,288	608,585
\$ 83,643,200	\$ 31,368,398	\$ 115,011,598	\$ 11,167,654	\$ 329,775	\$ 685,477

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

Buncombe County, North Carolina

Balance Sheet

Governmental Funds

JUNE 30, 2013

Exhibit 3

	General Fund	County Capital Projects	School Capital Commission	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 43,815,918	\$ 12,253,111	\$ 10,145,223	\$ 14,615,642	\$ 80,829,894
Investments	24,500,000	-	-	-	24,500,000
Restricted Cash and Cash Equivalents	-	32,906,961	107,748	1,198,509	34,213,218
Receivables, Net	6,069,644	510,354	-	2,066,678	8,646,676
Due from Other Governments	12,869,768	-	3,534,980	3,546,783	19,951,531
Due from Other Funds	1,609,596	-	-	-	1,609,596
Inventories	181,231	-	-	764	181,995
Prepaid Items	62,634	-	-	-	62,634
Total Assets	<u>\$ 89,108,791</u>	<u>\$ 45,670,426</u>	<u>\$ 13,787,951</u>	<u>\$ 21,428,376</u>	<u>\$ 169,995,544</u>
LIABILITIES					
Accounts Payable and Accrued Liabilities	\$ 14,859,646	\$ 1,077,062	\$ 27,755	\$ 1,895,165	\$ 17,859,628
Miscellaneous Liabilities	71,763	-	-	244,261	316,024
Payable from Restricted Cash	-	2,294,960	-	116,505	2,411,465
Due to Component Unit	-	-	-	839,833	839,833
Due to General Fund	-	-	-	1,609,596	1,609,596
Total Liabilities	<u>14,931,409</u>	<u>3,372,022</u>	<u>27,755</u>	<u>4,705,360</u>	<u>23,036,546</u>
DEFERRED INFLOWS OF RESOURCES	<u>3,044,120</u>	-	-	<u>592,762</u>	<u>3,636,882</u>
FUND BALANCES					
Nonspendable	243,865	-	-	764	244,629
Restricted for:					
Stabilization by State Statute	19,221,755	510,354	3,534,980	2,748,284	26,015,373
Capital Projects	-	32,906,961	10,225,216	5,489,459	48,621,636
Public Safety	-	-	-	2,429,916	2,429,916
Register of Deeds	-	-	-	374,894	374,894
Debt Service	-	-	-	859,738	859,738
Committed	1,200,000	-	-	-	1,200,000
Assigned	7,001,237	8,881,089	-	4,227,199	20,109,525
Unassigned	43,466,405	-	-	-	43,466,405
Total	<u>71,133,262</u>	<u>42,298,404</u>	<u>13,760,196</u>	<u>16,130,254</u>	<u>143,322,116</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances:	<u>\$ 89,108,791</u>	<u>\$ 45,670,426</u>	<u>\$ 13,787,951</u>	<u>\$ 21,428,376</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)

Net Position of Governmental Activities

(59,678,916)

\$ 83,643,200

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

BUNCOMBE COUNTY, NORTH CAROLINA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

FOR THE YEAR ENDED JUNE 30, 2013

Exhibit 4

	General Fund	County Capital Projects	School Capital Commission	Other Governmental Funds	Total Governmental Funds
REVENUES					
Ad Valorem Taxes	\$ 156,568,806	\$ -	\$ -	\$ 14,952,133	\$ 171,520,939
Local Option Sales Taxes	32,272,716	-	13,394,029	12,999,111	58,665,856
Other Taxes and Licenses	4,886,185	-	-	8,204,628	13,090,813
Unrestricted Intergovernmental	638,811	-	-	-	638,811
Restricted Intergovernmental	40,668,716	866,000	1,017,452	5,693,291	48,245,459
Permits and Fees	2,630,342	-	-	-	2,630,342
Sales and Services	14,103,816	-	-	4,305	14,108,121
Investment Earnings	48,851	78,982	6,223	14,078	148,134
Miscellaneous	950,404	18,924	-	277,717	1,247,045
Total Revenues	252,768,647	963,906	14,417,704	42,145,263	310,295,520
EXPENDITURES					
Current:					
General Government	21,655,238	-	-	76,330	21,731,568
Public Safety	51,561,823	-	-	20,932,888	72,494,711
Economic and Physical Development	9,859,754	-	-	8,097,482	17,957,236
Human Services	74,686,842	-	-	4,515,683	79,202,525
Cultural and Recreational	7,207,541	-	-	34,948	7,242,489
Intergovernmental:					
Education	74,828,472	-	-	-	74,828,472
Capital Outlay	-	39,121,202	4,028,772	7,624,697	50,774,671
Debt Service:					
Principal Retirement	12,647,975	-	9,506,025	145,000	22,299,000
Interest and Fees	6,033,505	2,471,187	3,843,466	1,078,079	13,426,237
Total Expenditures	258,481,150	41,592,389	17,378,263	42,505,107	359,956,909
Revenues Over (Under) Expenditures	(5,712,503)	(40,628,483)	(2,960,559)	(359,844)	(49,661,389)
OTHER FINANCING SOURCES (USES)					
Transfers from Other Funds	688,708	1,282,820	-	3,858,272	5,829,800
Transfers to Other Funds	(3,061,973)	(2,618,225)	-	(149,602)	(5,829,800)
General Obligation Bonds Issued	1,067,072	-	31,432,928	-	32,500,000
Installment Obligations Issued	11,845,000	58,355,000	-	3,180,000	73,380,000
Payment to Refunded Bond Escrow Agent	(15,126,422)	-	(31,432,928)	-	(46,559,350)
Premium on Installment Obligations	2,170,702	9,233,919	-	478,843	11,883,464
Sale of Capital Assets	8,204,530	(6,737,209)	-	-	1,467,321
Total Other Financing Sources (Uses)	5,787,617	59,516,305	-	7,367,513	72,671,435
Net Changes in Fund Balances	75,114	18,887,822	(2,960,559)	7,007,669	23,010,046
Fund Balances, Beginning as Previously Reported	70,978,238	23,410,582	16,720,755	9,122,585	120,232,160
Prior Period Adjustment	79,910	-	-	-	79,910
Fund Balances, Beginning as Restated	71,058,148	23,410,582	16,720,755	9,122,585	120,312,070
Fund Balances, End of Year	\$ 71,133,262	\$ 42,298,404	\$ 13,760,196	\$ 16,130,254	\$ 143,322,116

Amounts Reported for Governmental Activities in the Statement of Activities (Exhibit 2) are Different:

Net Changes in Fund Balances - Total Governmental Funds	\$ 23,010,046
Reconciliation to Full Accrual Basis of Accounting (See Note 1)	<u>(14,540,018)</u>
Total Changes in Net Position of Governmental Activities	<u>\$ 8,470,028</u>

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

BUNCOMBE COUNTY, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2013

Exhibit 5

	General Fund			Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Ad Valorem Taxes	\$ 152,174,182	\$ 152,174,182	\$ 156,568,806	\$ 4,394,624
Local Option Sales Taxes	30,017,067	30,959,400	32,272,716	1,313,316
Other Taxes and Licenses	4,723,520	5,036,848	4,886,185	(150,663)
Unrestricted Intergovernmental	660,000	660,000	638,811	(21,189)
Restricted Intergovernmental	42,092,044	43,581,358	40,668,716	(2,912,642)
Permits and Fees	2,609,745	2,634,770	2,630,342	(4,428)
Sales and Services	13,236,033	13,623,090	14,103,816	480,726
Investment Earnings	550,000	550,000	48,851	(501,149)
Miscellaneous	911,312	921,312	950,404	29,092
Total Revenues	246,973,903	250,140,960	252,768,647	2,627,687
EXPENDITURES				
Current:				
General Government	22,730,175	22,751,698	21,655,238	1,096,460
Public Safety	52,674,550	52,560,544	51,561,823	998,721
Economic and Physical Development	11,046,826	11,068,975	9,859,754	1,209,221
Human Services	77,730,059	79,047,689	74,686,842	4,360,847
Cultural and Recreational	7,503,144	7,535,144	7,207,541	327,603
Intergovernmental:				
Education	74,122,271	75,064,604	74,828,472	236,132
Total Current Expenditures	245,807,025	248,028,654	239,799,670	8,228,984
Debt Service:				
Principal Retirement	12,522,975	12,522,975	12,647,975	(125,000)
Interest and Fees	6,526,018	6,399,419	6,033,505	365,914
Total Debt Service	19,048,993	18,922,394	18,681,480	240,914
Total Expenditures	264,856,018	266,951,048	258,481,150	8,469,898
Revenue Over (Under) Expenditures	(17,882,115)	(16,810,088)	(5,712,503)	11,097,585
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds	3,148,066	8,823,073	688,708	(8,134,365)
Transfers to Other Funds	(1,543,923)	(8,518,538)	(3,061,973)	5,456,565
General Obligation Bonds Issued	-	1,067,072	1,067,072	-
Installment Obligations Issued	-	11,845,000	11,845,000	-
Premium on Installment Obligations	-	2,170,702	2,170,702	-
Payment to Refunded Bond Escrow Agent	-	(15,126,422)	(15,126,422)	-
Sale of Capital Assets	8,130,000	8,130,000	8,204,530	74,530
Appropriated Fund Balance	8,147,972	8,419,201	-	(8,419,201)
Total Other Financing Sources (Uses)	17,882,115	16,810,088	5,787,617	(11,022,471)
Net Changes in Fund Balance	\$ -	\$ -	75,114	\$ 75,114
Fund Balance, Beginning of Year			70,978,238	
Prior Period Adjustment			79,910	
Fund Balance, Beginning as Restated			71,058,148	
Fund Balance, End of Year			\$ 71,133,262	

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

BUNCOMBE COUNTY, NORTH CAROLINA

Statement of Net Position

Proprietary Funds

JUNE 30, 2013

Exhibit 6

	Enterprise Funds			Internal Service Fund
	Solid Waste Disposal	Nonmajor Enterprise Funds	Total	Insurance Fund
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 15,612,457	\$ 906,017	\$ 16,518,474	\$ 10,175,831
Restricted Cash and Cash Equivalents	1,084,571	-	1,084,571	-
Receivables, Net	843,631	134,701	978,332	-
Prepaid Items	-	-	-	384,000
Inventories	41,329	-	41,329	-
Total Current Assets	17,581,988	1,040,718	18,622,706	10,559,831
Noncurrent Assets				
Capital Assets:				
Land, Improvements, and Construction in Progress	6,999,305	110,394	7,109,699	-
Other Capital Assets, Net of Depreciation	24,475,598	172,974	24,648,572	-
Total Capital Assets	31,474,903	283,368	31,758,271	-
Total Noncurrent Assets	31,474,903	283,368	31,758,271	-
Total Assets	49,056,891	1,324,086	50,380,977	10,559,831
DEFERRED OUTFLOWS OF RESOURCES				
	38,596	-	38,596	-
LIABILITIES				
Current Liabilities:				
Accounts Payable	260,557	114,426	374,983	432,595
Accrued Interest Payable	38,096	-	38,096	-
Salaries and Payroll Taxes Payable	73,516	32,599	106,115	-
Compensated Absences	90,085	53,558	143,643	-
Payable from Restricted Cash	65,750	-	65,750	-
Revenue Bonds Payable	1,400,000	-	1,400,000	-
Installment Obligations Payable	245,000	-	245,000	-
Total	2,173,004	200,583	2,373,587	432,595
Noncurrent Liabilities:				
Accrued Landfill Closure and Postclosure Costs	11,876,326	-	11,876,326	-
Other Postemployment Benefits	95,047	34,723	129,770	-
Revenue Bonds Payable, Net	1,466,502	-	1,466,502	-
Installment Obligations Payable, Net	3,204,990	-	3,204,990	-
Total Noncurrent Liabilities	16,642,865	34,723	16,677,588	-
Total Liabilities	18,815,869	235,306	19,051,175	432,595
NET POSITION				
Net Investment in Capital Assets	26,242,982	283,368	26,526,350	-
Unrestricted	4,036,636	805,412	4,842,048	10,127,236
Total Net Position	\$ 30,279,618	\$ 1,088,780	\$ 31,368,398	\$ 10,127,236

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

BUNCOMBE COUNTY, NORTH CAROLINA
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds

FOR THE YEAR ENDED JUNE 30, 2013

Exhibit 7

	Enterprise Funds			Internal Service Fund
	Solid Waste Disposal	Nonmajor Enterprise Funds	Total	Insurance Fund
OPERATING REVENUES				
Charges for Services	\$ 6,854,538	\$ 1,677,681	\$ 8,532,219	\$ 22,643,788
Miscellaneous	373,333	-	373,333	-
Total Operating Revenues	<u>7,227,871</u>	<u>1,677,681</u>	<u>8,905,552</u>	<u>22,643,788</u>
OPERATING EXPENSES				
Salaries, Wages and Fringe Benefits	1,593,060	718,965	2,312,025	663,619
Contracted Services	441,679	108,332	550,011	-
Cost of Products Sold	-	52,855	52,855	-
Maintenance and Repairs	648,514	283,963	932,477	-
Other Operating Expenses	1,469,346	205,401	1,674,747	60,032
Landfill Closure and Postclosure Care Costs	98,282	-	98,282	-
Depreciation	2,003,695	93,868	2,097,563	-
Insurance Premiums	-	-	-	1,758,953
Claims	-	-	-	19,148,989
Total Operating Expenses	<u>6,254,576</u>	<u>1,463,384</u>	<u>7,717,960</u>	<u>21,631,593</u>
Operating Income (Loss)	<u>973,295</u>	<u>214,297</u>	<u>1,187,592</u>	<u>1,012,195</u>
NONOPERATING REVENUES (EXPENSES)				
Interest and Investment Revenue	55,380	1,636	57,016	876
Interest and Other Charges	(202,887)	-	(202,887)	-
Gain (Loss) on Disposal of Assets	705	-	705	-
Total Nonoperating Revenues (Expenses)	<u>(146,802)</u>	<u>1,636</u>	<u>(145,166)</u>	<u>876</u>
Income (Loss) Before Contributions	826,493	215,933	1,042,426	1,013,071
Capital Contributions	226,720	-	226,720	-
Change in Net Position	<u>1,053,213</u>	<u>215,933</u>	<u>1,269,146</u>	<u>1,013,071</u>
Net Position, Beginning of Year	29,167,061	872,847	30,039,908	9,114,165
Prior Period Adjustment	59,344	-	59,344	-
Net Position, Beginning, as Restated	<u>29,226,405</u>	<u>872,847</u>	<u>30,099,252</u>	<u>9,114,165</u>
Net Position, End of Year	<u>\$ 30,279,618</u>	<u>\$ 1,088,780</u>	<u>\$ 31,368,398</u>	<u>\$ 10,127,236</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, 2013

Exhibit 8

	Enterprise Funds			Internal Service Fund
	Solid Waste Disposal	Nonmajor Enterprise Funds	Total	Insurance Fund
CASH FLOW FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 6,660,487	\$ 1,662,844	\$ 8,323,331	\$ 22,643,788
Cash Paid for Goods and Services	(2,711,730)	(564,496)	(3,276,226)	(20,718,006)
Cash Paid to Employees for Services	(1,582,358)	(719,875)	(2,302,233)	(663,619)
Other Operating Revenue	373,333	-	373,333	-
Net Cash Provided (Used) by Operating Activities	2,739,732	378,473	3,118,205	1,262,163
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and Construction of Capital Assets	(3,450,053)	(84,964)	(3,535,017)	-
Sale of Capital Assets	705	-	705	-
Capital Contributions	226,720	-	226,720	-
Installment Obligations Issued, Net	3,796,032	-	3,796,032	-
Principal Paid on Installment Obligation	(170,000)	-	(170,000)	-
Principal Paid on Bond Maturities	(1,400,000)	-	(1,400,000)	-
Interest Paid on Long-term Debt	(260,037)	-	(260,037)	-
Net Cash Used by Capital and Related Financing Activities	(1,256,633)	(84,964)	(1,341,597)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on Investments	55,380	1,636	57,016	876
Net Cash Provided by Investing Activities	55,380	1,636	57,016	876
Net Increase (Decrease) in Cash and Cash Equivalents	1,538,479	295,145	333,624	1,263,039
Cash and Cash Equivalents, Beginning of Year	15,158,549	610,872	15,769,421	8,912,792
Cash and Cash Equivalents, End of Year	\$ 16,697,028	\$ 906,017	\$ 16,103,045	\$ 10,175,831

Continued on next page

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, 2013

Exhibit 8

	Enterprise Funds			Internal Service Fund
	Solid Waste Disposal	Nonmajor Enterprise Funds	Total	Insurance Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ 973,295	\$ 214,297	\$ 1,187,592	\$ 1,012,195
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation	2,003,695	93,868	2,097,563	-
Landfill Closure and Postclosure Care Costs	(135,245)	-	(135,245)	-
Changes in Assets and Liabilities:				
Accounts Receivable	(194,052)	(14,837)	(208,889)	-
Prepaid Items	-	-	-	109,353
Inventories	(7,758)	-	(7,758)	-
Accounts Payable	23,342	86,056	109,398	140,615
Salaries and Payroll Taxes Payable	(160)	(1,960)	(2,120)	-
Payable from Restricted Cash	65,750	-	65,750	-
Other Postemployment Benefits	12,692	7,133	19,825	-
Accrued Compensated Absences	(1,827)	(6,084)	(7,911)	-
Total Adjustments	1,766,437	164,176	1,930,613	249,968
Net Cash Provided (Used) by Operating Activities	\$ 2,739,732	\$ 378,473	\$ 3,118,205	\$ 1,262,163

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

BUNCOMBE COUNTY, NORTH CAROLINA

Statement of Fiduciary Net Position

JUNE 30, 2013

Exhibit 9

	OPEB	
	Trust Fund	Agency Funds
ASSETS		
Cash and Cash Equivalents	\$ 8,375,866	\$ 1,649,471
Receivables, Net	-	634,474
	<u>\$ 8,375,866</u>	<u>\$ 2,283,945</u>
LIABILITIES		
Accounts Payable	\$ -	\$ 224,597
Due to Other Taxing Units	-	866,827
Intergovernmental Payable - State of North Carolina	-	24,214
Due to Beneficiaries	-	1,168,307
Total Liabilities	<u>-</u>	<u>2,283,945</u>
NET POSITION		
Assets Held in Trust for Health Benefits	<u>\$ 8,375,866</u>	<u>\$ -</u>

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

BUNCOMBE COUNTY, NORTH CAROLINA
Statement of Changes in Fiduciary Net Position

FOR THE YEAR ENDED JUNE 30, 2013

Exhibit 10

	<u>OPEB Trust Fund</u>
ADDITIONS	
Employer Contributions	\$ 1,000,000
Investment Income:	
Net Appreciation in Fair Value of Investments	796,305
Investment Earnings, Net	<u>165,376</u>
Total Additions	<u>1,961,681</u>
NET POSITION, BEGINNING	<u>6,414,185</u>
NET POSITION, ENDING	<u>\$ 8,375,866</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, 2013

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 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 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

Note 1 - Summary of Significant Accounting Policies (continued)

(A) Reporting Entity (continued)

<p>Buncombe County Service Foundation, Inc.</p>	<p>Discrete</p>	<p>The Foundation is a 501(c)(3) organization dedicated to the enhancement of services for the citizens of Buncombe County. The Foundation is managed through a seven member Board of Directors. Membership of the Board consists of the two Assistant County Managers, the Assistant County Attorney, the Finance Officer, and one member from each of the following Buncombe County boards as elected by their Board membership: Parks, Greenways, and Recreation; Social Services; Library and a member cross appointed to the Health and DSS Board. 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

Note 1 - Summary of Significant Accounting Policies (continued)**(B) Basis of Presentation, Basis of Accounting (continued)****Basis of Presentation, Measurement Focus - Basis of Accounting (continued)**

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. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. 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 nonmajor 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. Nonoperating 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 and general obligation bonds are used to finance these projects. Once constructed, the assets will be capitalized by the local school units.

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:

Note 1 - Summary of Significant Accounting Policies (continued)**(B) Basis of Presentation, Basis of Accounting (continued)****Basis of Presentation, Measurement Focus - Basis of Accounting (continued)**

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 NC Motor Vehicle Interest Fund, which accounts for the 3% interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles; 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 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.

Measurement Focus, Basis of Accounting

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 nonoperating 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 nonoperating 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 are materially past due and are not considered to be an available resource to finance the operations of the current year. Under State law (as of January 1, 1993), the County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For those motor vehicles registered under the staggered system and for vehicles newly registered under the annual system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2012 through February 2013 apply to the fiscal year ended June 30, 2013. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements and are offset by deferred inflows of resources.

Note 1 - Summary of Significant Accounting Policies (continued)**(B) Basis of Presentation, Basis of Accounting (continued)****Measurement Focus, Basis of Accounting (continued)**

Sales taxes 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 is 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 Capital Projects Funds, Grant Projects Fund, PDF Woodfin Fund, PDF Debt Service 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 \$50,000. 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 \$50,000 per expenditure; however, any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$50,000 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) Assests, Liabilities, Deferred Inflows and Outflows, 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 Statue 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

Note 1 - Summary of Significant Accounting Policies (continued)**(D) Assests, Liabilities, Deferred Inflows and Outflows, and Fund Equity (continued)****(1) Deposits and Investments (continued)**

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) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. The STIF securities are reported at cost and maintain a constant \$1 per share 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 \$17.90 per share and the Russell 3000 Alpha Tilts Fund B is priced at \$38.48 per share at June 30, 2013.

(2) Cash and Cash Equivalents

The County pools monies from several funds, except the Pension 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

The unexpended bond proceeds of the County Capital Projects, AB Tech Capital Projects, School Capital Commission, PDF Woodfin, and PDF Debt Service Funds 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.

Restricted cash and cash equivalents of \$1,084,571 in the Enterprise Funds are for construction of landfill facilities.

(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, 2012.

(5) Allowances of 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

Inventory is valued at cost, on a first-in, first-out basis for governmental funds. Inventory consists of expendable items, including pharmaceutical and general supplies and items held for sale. The costs of governmental fund type inventories are recorded as expenditures at the time the individual inventory items are consumed rather than when purchased.

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. These outlays are accounted for using the consumption method. Prepaid pension

Note 1 - Summary of Significant Accounting Policies (continued)**(D) Assests, Liabilities, Deferred Inflows and Outflows, and Fund Equity (continued)****(6) Inventories and Prepaid Items (continued)**

obligations, if any, are reported in the government-wide financial statements.

(7) Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The minimum capitalization cost is \$5,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. No infrastructure assets were acquired prior to the implementation of GASB 34.

The County holds title to certain Buncombe County Board of Education 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 and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board of Education give the Board of Education 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 of Education, once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are reflected as capital assets in the financial statements of the Buncombe County Board of Education.

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

Note 1 - Summary of Significant Accounting Policies (continued)**(D) Assets, Liabilities, Deferred Inflows and Outflows, and Fund Equity (continued)****(8) Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow 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 one item that meets this criterion - a charge on refunding that had previously been classified as an asset. 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 several items that meet the criterion for this category - prepaid taxes, EMS receivable, promissory note receivable, and other pre-payments including rent and parking received in advance.

(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 in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

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

(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 entity has no obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made by the County.

(11) Net Position/Fund Balances**Net Position**

Net position in government-wide and proprietary fund financial statements are classified as net investment 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.

Note 1 - Summary of Significant Accounting Policies (continued)**(D) Assets, Liabilities, Deferred Inflows and Outflows, and Fund Equity (continued)****(11) Net Position/Fund Balances (continued)**

Inventories: Portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

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.

Nonfinancial Assets Held for Resale: Portion of fund balance that is not an available resource because it represents an asset that is being held for resale.

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 Fire Protection: Portion of fund balance that is restricted by revenue source for fire protection expenditures.

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 Tax Revaluation: Portion of fund balance that can only be used for Tax Revaluation purposes.

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 \$50,000.

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

Assigned School Capital Outlay: Portion of fund balance that has been budgeted by the board for future school 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.

Note 1 - Summary of Significant Accounting Policies (continued)**(D) Assets, Liabilities, Deferred Inflows and Outflows, and Fund Equity (continued)****(11) Net Position/Fund Balances (continued)**

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.

(E) Reconciliation of Government-wide and Fund Financial Statements**(1) Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.**

The governmental fund 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:

Description	Amount
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)	\$ 301,645,605
Less accumulated depreciation	<u>(76,707,480)</u>
Net capital assets	224,938,125
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are unavailable in the fund statements	43,576
Long-term receivables are not available to pay current expenditures and therefore are not recognized as assets in the funds	1,091,578
Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide	2,115,466
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 assets	10,127,236
Deferred charges related to advance refunding bond issued – included on government-wide statement of net position but are not current financial resources	1,597,419
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements:	
Bonds and installment financing	(283,402,253)
Compensated absences	(7,063,841)
Accrued pension obligation	(2,001,682)
Other postemployment benefits	(5,775,615)
Accrued interest payable	<u>(1,348,925)</u>
Total	<u>\$ (59,678,916)</u>

Note 1 - Summary of Significant Accounting Policies (continued)**(E) Reconciliation of Government-wide and Fund Financial Statements (continued)****(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 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. The net adjustment consists of several elements as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 45,807,458
Cost of disposed capital assets not recorded in fund statements	(4,344,473)
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	(9,276,833)
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 activities - only the government-wide statement of net position is affected.	
Installment financing obligations issued	(85,263,464)
General obligation bonds issued	(32,500,000)
Principal payments on long-term debt	22,299,000
Payment to refunded bond escrow agent	46,559,349
Assistance payments resulting in long-term receivables use current financial resources and are recognized as expenditures in the fund statements	694,846
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.	
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	1,807,777
Amortization of refunding costs not recorded on fund statements	(255,464)
Pension obligations	(155,474)
Compensated absences	91,732
Other postemployment benefits	(854,999)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements:	
Difference in interest revenue between fund statements (modified accrual) and government-wide statements (full accrual)	(3,536)
Decrease in deferred inflows of resources - taxes receivable - at June 30, 2013	(425,126)
Increase in deferred inflows of resources - EMS receivable - at June 30, 2013	286,118
Amount due of long-term note receivable for sale of property	(20,000)
Net revenue, including transfers, of internal service funds determined to be governmental type	<u>1,013,071</u>
Total	<u>\$ (14,540,018)</u>

Note 1 - Summary of Significant Accounting Policies (continued)**(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, 2013, the County's (including Western North Carolina Regional Air Quality Agency) deposits had a carrying amount of \$34,721,189 and a bank balance of \$37,637,735. Of the bank balance, \$500,000 was covered by federal depository insurance; \$37,137,735 was covered by collateral held under the Pooling Method. These amounts include \$1,649,471 held by the County in its fiduciary capacity for its agency funds.

At June 30, 2013, Buncombe County had \$11,715 cash on hand.

At June 30, 2013, the Tourism Development Authority's deposits had a carrying amount of \$3,304,025 and a bank balance of \$3,817,406. Of the bank balance, \$250,000 was covered by federal depository insurance and \$3,567,406 was covered by collateral held under the Pooling Method.

At June 30, 2013, the Buncombe County Service Foundation deposits had a carrying amount of \$350,157 and a bank balance of \$349,650. Of the bank balance, \$250,000 was covered by federal depository insurance. Cash exceeded federal depository insurance coverage by \$99,650.

Note 2 - Detail Notes on All Funds (continued)**(A) Assets (continued)****(2) Investments**

As of June 30, 2013, the County had the following investments and maturities:

Investment Type	Fair Value	Less Than 30			
		Days	1-6 Months	6-12 Months	1-2 Years
US Government Agencies	\$ 25,462,943	\$ -	\$ -	\$ 1,000,296	\$ 24,462,647
Commercial Paper	20,457,512	3,494,561	12,474,658	4,488,293	-
Certificates of Deposit	8,000,000	-	-	8,000,000	-
NC Capital Management Trust - Cash Portfolio	63,486,580	63,486,580	-	-	-
NC Capital Management Trust - Term Portfolio*	17,646,780	-	17,646,780	-	-
Total	<u>\$135,053,815</u>	<u>\$ 66,981,141</u>	<u>\$ 30,121,438</u>	<u>\$ 13,488,589</u>	<u>\$ 24,462,647</u>

*Because the NC Capital Management Trust Term Portfolio had a duration of 0.30 years, it was presented as an investment with a maturity of 1-6 months.

At June 30, 2013, the Tourism Development Authority's investments consisted of \$7,770,840 in the North Carolina Capital Management Trust's Cash Portfolio, which carried a credit rating of AAAM by Standard and Poor's.

During 2013, the County realized no gain or loss from the sale of investments. 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 2013.

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	Buncombe County Service Foundation	WNC Regional Air Quality
Deposits	\$ 34,721,189	\$ 3,304,025	\$ 350,157	\$ -
Cash on Hand	11,715	-	-	-
Investments	135,053,815	7,770,840	-	-
	169,786,719	11,074,865	350,157	-
Reported in Component Unit	(815,260)	-	-	815,260
	<u>\$168,971,459</u>	<u>\$ 11,074,865</u>	<u>\$ 350,157</u>	<u>\$ 815,260</u>
Reported on Government-wide Statement of Net Position:				
Cash and Cash Equivalents	\$107,524,199	\$ 11,074,865	\$ 350,157	\$ 815,260
Investments	24,500,000	-	-	-
Restricted Cash	35,297,789	-	-	-
	<u>167,321,988</u>	<u>\$ 11,074,865</u>	<u>\$ 350,157</u>	<u>\$ 815,260</u>
Reported in Agency Funds:				
Cash and Cash Equivalents	1,649,471			
	<u>\$168,971,459</u>			

Note 2 - Detail Notes on All Funds (continued)**(A) Assets (continued)****(2) Investments (continued)****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, 2013, 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, 2013, 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.

Concentration of Credit Risk

The County limits that the combined investment in commercial paper and bankers' acceptances shall not exceed 25% of the total portfolio and the investment in commercial paper or bankers' acceptances of a single issuer shall not exceed the lesser of \$5 million or 5% of the total portfolio at the time of investment. The County's combined investment in commercial paper and bankers' acceptances is 14%, with no more than \$5 million or 5% of the total portfolio at the time of investment in any single issuer.

The County places no other limits on the amount that the County may invest in any one issuer. More than 5% of the County's investments are in FHLMC and FFCB. These investments are 8% and 6% respectively of the County's total investments. The County's investment in the North Carolina Capital Management Trust represents 57% of the total investments.

Note 2 - Detail Notes on All Funds (continued)**(A) Assets (continued)****(2) Investments (continued)****State Treasurer's OPEB Trust Fund**

At June 30, 2013, the Buncombe County Healthcare Benefits (HCB) Plan Fund had \$8,375,866 invested in the State Treasurer's Local Government Other Post Employment Benefits (OPEB) Trust Fund pursuant to G.S. 159-30.1. The State Treasurer's OPEB Trust 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 Trust Fund was invested as follows:

	Fair Value	Percent of Total
State Treasurer's Long-Term Investment Fund (LTIF)	\$ 995,901	11.89 %
State Treasurer's Short-Term Investment Fund (STIF)	1,553,897	18.55 %
BlackRock's Global Ex-US Alpha Tilts Fund B and BlackRock's Russell 3000 Alpha Tilts Fund B (equities split 75% domestic/25% international)	5,826,068	69.56 %
Total	<u>\$ 8,375,866</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 1.6 years at June 30, 2013. The State Treasurer's Long Term Investment Fund (LTIF) is unrated and had a weighted average maturity of 15.9 years at June 30, 2013.

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
2010	\$ 4,582,559	\$ 1,088,358	\$ 5,670,917
2011	4,552,919	671,556	5,224,475
2012	4,501,598	258,842	4,760,440
2013	3,416,096	-	3,416,096
Total	<u>\$ 17,053,172</u>	<u>\$ 2,018,756</u>	<u>\$ 19,071,928</u>

Note 2 - Detail Notes on All Funds (continued)**(A) Assets (continued)****(4) Receivables**

Receivables at the government-wide level at June 30, 2013 were as follows:

	Accounts	Taxes and Related Accrued Interest	Due From Other Governments	Total
Governmental Activities				
General	\$ 5,372,235	\$ 2,745,337	\$ 12,869,768	\$ 20,987,340
County Capital Projects	510,354	-	-	510,354
School Capital Commission	-	-	3,534,980	3,534,980
Other Governmental	641,294	1,042,283	3,546,783	5,230,360
	6,523,883	3,787,620	19,951,531	30,263,034
Allowance for Doubtful Accounts	(982,100)	(1,079,151)	-	(2,061,251)
Total - Governmental Activities	\$ 5,541,783	\$ 2,708,469	\$ 19,951,531	\$ 28,201,783
Business-type Activities				
Solid Waste Disposal	\$ 897,170	\$ -	\$ -	\$ 897,170
Other Business-type	134,701	-	-	134,701
	1,031,871	-	-	1,031,871
Allowance for Doubtful Accounts	(53,539)	-	-	(53,539)
Total - Business-type Activities	\$ 978,332	\$ -	\$ -	\$ 978,332

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

Local Option Sales Tax	\$ 15,537,370
Other	4,414,161
Total	<u>\$ 19,951,531</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**Primary Government**

Capital assets activity for the year ended June 30, 2013 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital Assets Not Being Depreciated				
Land	\$ 12,510,391	\$ 1,017,457	\$ 729,053	\$ 12,798,795
Construction in Progress	68,892,524	39,647,962	8,159,403	100,381,083
Total Capital Assets Not Being Depreciated	81,402,915	40,665,419	8,888,456	113,179,878
Capital Assets Being Depreciated				
Buildings	135,481,592	3,722,553	4,611,627	134,592,518
Other Improvements	12,894,784	5,883,470	-	18,778,254
Equipment	23,770,692	738,082	1,274,243	23,234,531
Intangibles	54,391	-	-	54,391
Vehicles	10,765,900	2,821,098	1,780,965	11,806,033
Total Capital Assets Being Depreciated	182,967,359	13,165,203	7,666,835	188,465,727

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

	Beginning Balances	Increases	Decreases	Ending Balances
Less Accumulated Depreciation for				
Buildings	\$ 45,231,343	\$ 4,200,473	\$ 1,609,982	\$ 47,821,834
Other Improvements	2,848,961	1,291,804	-	4,140,765
Equipment	15,922,213	2,028,150	935,460	17,014,903
Intangibles	12,691	10,878	-	23,569
Vehicles	7,603,092	1,745,528	1,642,211	7,706,409
Total Accumulated Depreciation	<u>71,618,300</u>	<u>9,276,833</u>	<u>4,187,653</u>	<u>76,707,480</u>
Total Capital Assets Being Depreciated, Net	<u>111,349,059</u>			<u>111,758,247</u>
Governmental Activities Capital Assets, Net	<u>\$192,751,974</u>			<u>\$224,938,125</u>
Business-type Activities:				
Solid Waste Disposal				
Capital Assets Not Being Depreciated				
Land	\$ 6,308,519	\$ -	\$ -	\$ 6,308,519
Construction in Progress	6,821,796	2,351,936	8,482,946	690,786
Total Capital Assets Not Being Depreciated	<u>13,130,315</u>	<u>2,351,936</u>	<u>8,482,946</u>	<u>6,999,305</u>
Capital Assets Being Depreciated				
Buildings and Improvements	35,383,024	8,243,998	-	43,627,022
Equipment	2,059,556	76,402	-	2,135,958
Vehicles	2,794,516	-	-	2,794,516
Total Capital Assets Being Depreciated	<u>40,237,096</u>	<u>8,320,400</u>	<u>-</u>	<u>48,557,496</u>
Less Accumulated Depreciation for				
Buildings and Improvements	18,475,888	1,684,282	-	20,160,170
Equipment	1,132,656	175,088	-	1,307,744
Vehicles	2,454,003	159,981	-	2,613,984
Total Accumulated Depreciation	<u>22,062,547</u>	<u>2,019,351</u>	<u>-</u>	<u>24,081,898</u>
Total Capital Assets Being Depreciated, Net	<u>18,174,549</u>			<u>24,475,598</u>
Solid Waste Disposal Capital Assets, Net	<u>31,304,864</u>			<u>31,474,903</u>
Other Business-type				
Capital Assets Not Being Depreciated				
Construction in Progress	74,614	35,780	-	110,394
Total Capital Assets Not Being Depreciated	<u>74,614</u>	<u>35,780</u>	<u>-</u>	<u>110,394</u>
Capital Assets Being Depreciated				
Equipment	3,606,308	49,185	-	3,655,493
Total Capital Assets Being Depreciated	<u>3,606,308</u>	<u>49,185</u>	<u>-</u>	<u>3,655,493</u>
Less accumulated depreciation for:				
Equipment	3,388,649	93,870	-	3,482,519
Total Accumulated Depreciation	<u>3,388,649</u>	<u>93,870</u>	<u>-</u>	<u>3,482,519</u>
Total Capital Assets Being Depreciated, Net	<u>217,659</u>			<u>172,974</u>
Other Business-type Capital Assets, Net	<u>292,273</u>			<u>283,368</u>
Business-type Capital Assets, Net	<u>\$ 31,597,137</u>			<u>\$ 31,758,271</u>

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

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

Governmental Activities:	
General Government	\$ 864,647
Public Safety	6,064,206
Economic and Physical Development	172,648
Human Services	921,725
Cultural and Recreational	<u>1,253,607</u>
Total Depreciation Expense	<u>\$ 9,276,833</u>

Net investment in capital assets in the statement of net position is calculated as follows:

	Governmental Activities	Business-type Activities	Total
Capital Assets, Net	<u>\$ 224,938,125</u>	<u>\$ 31,758,271</u>	<u>\$ 256,696,396</u>
Debt:			
General Obligation Bonds	(44,717,127)	-	(44,717,127)
Installment Notes	(225,725,126)	(3,449,990)	(229,175,116)
Special Obligation Revenue Bonds	-	(2,866,502)	(2,866,502)
Project Development Finance Bonds	<u>(12,960,000)</u>	<u>-</u>	<u>(12,960,000)</u>
Gross Debt	(283,402,253)	(6,316,492)	(289,718,745)
Add portion of debt that has not given rise to capital assets:			
Unspent Bond and Note Proceeds	32,906,961	1,084,571	33,991,532
Debt Relating to Schools	105,015,013	-	105,015,013
Project Development Finance Bonds	<u>12,960,000</u>	<u>-</u>	<u>12,960,000</u>
Net Debt	<u>(132,520,279)</u>	<u>(5,231,921)</u>	<u>(137,752,200)</u>
Net Investment in Capital Assets	<u>\$ 92,417,846</u>	<u>\$ 26,526,350</u>	<u>\$ 118,944,196</u>

Note 2 - Detail Notes on All Funds (continued)**(A) Assets (continued)****Construction Commitments**

The government has the following commitments with contractors for active construction projects as of June 30, 2013:

Project	Spent-to-date	Remaining Commitment
AB Tech Classroom	\$ 476,262	\$ 5,761,050
AB Tech Allied Health Building Renovations	2,179,673	2,545,266
Detention Improvements	12,777	6,813
Redundant HVAC - EOC	66,215	1,775
EOC Projects	32,108	3,568
PSTC Firing Range	17,551	1,456
Radio Tower Project	27,047	2,527
CTS Water Line Extension Project	641,481	161,224
Economic Development Project	193,645	177,805
35 Woodfin Street Building Renovation	563,982	5,688,968
Human Services Building Renovation	822,752	144,992
Parks Improvements	445,286	205,815
Roof Replacements	83,068	37,995
200 College Street Building Renovations	10,138	1,246
IT Redundant HVAC System	358,856	68,590
Phase II Courts Addition	4,050	9,450
Courthouse Phase III	28,167,066	12,720,566
Landfill Expansion Cell 6	196,691	108,964
Landfill Expansion Cell 7	48,500	3,500
	65,750	10,711,959
	<u>\$ 34,412,898</u>	<u>\$ 38,363,529</u>

Discretely Presented Component Units

Activity for WNC Regional Air Quality for the year ended June 30, 2013, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital Assets Being Depreciated:				
Equipment	\$ 129,823	\$ 81,357	\$ -	\$ 211,180
Vehicles	33,439	-	-	33,439
Total Capital Assets Being Depreciated	<u>163,262</u>	<u>81,357</u>	<u>-</u>	<u>244,619</u>
Less Accumulated Depreciation for:				
Equipment	121,936	8,229	-	130,165
Vehicles	33,439	-	-	33,439
Total Accumulated Depreciation	<u>155,375</u>	<u>8,229</u>	<u>-</u>	<u>163,604</u>
WNC Regional Air Quality Capital Assets, Net	<u>\$ 7,887</u>			<u>\$ 81,015</u>

Note 2 - Detail Notes on All Funds (continued)**(B) Liabilities****(1) Payables**

Payables at the government-wide level at June 30, 2013, were as follows:

	Vendors	Salaries and Benefits	Accrued Interest	Total
Governmental Activities:				
General	\$ 10,582,856	\$ 4,781,148	\$ 1,348,925	\$ 16,712,929
County Capital Projects	3,372,022	-	-	3,372,022
School Capital Commissions	27,755	-	-	27,755
Other governmental	2,255,931	-	-	2,255,931
Total - Governmental Activities	<u>16,238,564</u>	<u>4,781,148</u>	<u>1,348,925</u>	<u>22,368,637</u>
Business-type Activities:				
Solid Waste Disposal	326,307	73,516	38,096	437,919
Other Business-type	114,426	32,599	-	147,025
Total - Business-type Activities	<u>\$ 440,733</u>	<u>\$ 106,115</u>	<u>\$ 38,096</u>	<u>\$ 584,944</u>

(2) Pension Plan and Other Postemployment Obligations**(a) Local Governmental Employees' Retirement System**

1. Plan Description.

Buncombe County contributes to 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 provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. 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, or by calling (919) 981-5454. It is also available online at www.ncosc.net.

2. Funding Policy.

Plan members are required to contribute 6% of their annual covered salary. The County is required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 6.74% and 6.77%, respectively, of annual covered payroll. Certain County employees assigned to Western North Carolina Regional Air Quality Agency have a current rate of 6.74% of annual covered payroll. The contribution requirements of members and of the County are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2013, 2012, and 2011 were \$3,444,214, \$3,863,913, and \$3,622,546, respectively. The contributions made by the County equaled the required contributions for each year.

(b) Law Enforcement Officers' Special Separation Allowances

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

Note 2 - Detail Notes on All Funds (continued)**(B) Liabilities (continued)**

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.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2012, the Separation Allowance's membership consisted of:

	<u>County</u>
Retirees receiving benefits	22
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>240</u>
Total	<u><u>262</u></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.

Method Used to Value Investments. Investments are reported at fair value. 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 the last reported sales price.

3. Contributions.

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and have 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, 2012 actuarial valuations using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% 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 percentage of pay on a closed basis. The remaining amortization period at December 31, 2012 was 18 years.

Note 2 - Detail Notes on All Funds (continued)**(B) Liabilities (continued)**

4. Annual Pension Cost and Net Pension Obligation.

The net pension obligation is a measure of how much progress the County has made in meeting its annual funding requirement. The County's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

	<u>County</u>
Annual Required Contribution	\$ 411,856
Interest on Net Pension Obligation	92,310
Adjustments to Annual Required Contribution	<u>(114,892)</u>
Annual Pension Cost	389,274
Contributions Made	<u>(233,800)</u>
Increase (Decrease) in Net Pension Obligation	155,474
Net Pension Obligation, Beginning of Year	<u>1,846,208</u>
Net Pension Obligation, End of Year	<u><u>\$ 2,001,682</u></u>

Three Year Trend Information
for Buncombe County

For Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	\$ 394,495	50.89%	\$ 1,692,736
2012	369,206	58.43%	1,846,208
2013	389,274	60.06%	2,001,682

5. Funded Status and Funding Progress.

As of December 31, 2012, 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 actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$3,704,642. The covered payroll (annual payroll of active employees covered by the plan) was \$10,752,113, and the ratio of the UAAL to the covered payroll was 34.46%.

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.

Note 2 - Detail Notes on All Funds (continued)**(B) Liabilities (continued)**

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, 2013 were \$1,088,360, which consisted of \$857,003 from the County and \$231,357 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, 2013 were \$5,312,920 which consisted of \$4,223,188 from the County and \$1,089,732 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 contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any eligible county register of deeds that 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. 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.ncosc.net.

Note 2 - Detail Notes on All Funds (continued)**(B) Liabilities (continued)**

2. Funding Policy.

On a monthly basis, the County remits to the Department of State Treasurer an amount equal to 1.5% of the monthly receipts collected pursuant to Article 3 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides 93% of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining 7% of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2013, the County's required and actual contributions were \$28,694.

(f) Firemen's and Rescue Squad Workers' Pension Fund

1. Plan Description.

The State of North Carolina contributes, on behalf of Buncombe County, to the Firemen's and Rescue Squad Workers' Pension Fund (Fund), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible fire and rescue squad workers who have elected to become members of the fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

The Firemen's and Rescue Squad Workers' 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 Fund. That report may be obtained by writing to the Office of the State Controller, 3512 Bush Street, Raleigh, North Carolina 27609, or by calling (919) 981-5454.

2. Funding Policy.

Plan members are required to contribute \$10 per month to the Fund. The State, a nonemployer contributor, funds the plan through appropriations. The State's annual contribution per rescue squad worker to the Firemen's and Rescue Squad Worker's Pension Fund for the fiscal year ended June 30, 2013 and 2012 was \$189 and \$189, respectively. The State's on behalf contributions are recorded as revenues and expenditures to the County. The County does not contribute to the Fund. Contribution requirements of plan members and the State of North Carolina are established and may be amended by the North Carolina General Assembly.

(g) Other Post Employment Benefits**Healthcare Benefits**

1. Plan Description.

Under a County resolution as of March 4, 2005, Buncombe County provides healthcare benefits 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) and have at least 20 years of creditable service with the County. Under a County resolution prior to March 4, 2005, employees were required to be on the County's health plan at least 3 years prior to retirement and be eligible for retirement. The County pays the full cost of coverage for these benefits. Also, retirees can 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.

Note 2 - Detail Notes on All Funds (continued)**(B) Liabilities (continued)**

Membership of the County's HCB Plan consisted of the following at December 31, 2012:

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	368	25
Active plan members	1,018	237
Total	<u>1,386</u>	<u>262</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 annual required contribution of the employer (ARC) when possible with determinations made on an annual basis.

The current ARC rate is 9.22% of annual covered payroll. For the current year, the County contributed \$5,488,001 or 8.06% 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 \$217,466. The County's obligation to contribute to 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 of 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 the last reported sales price. 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 No. 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

Note 2 - Detail Notes on All Funds (continued)**(B) Liabilities (continued)**

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:

	<u>County</u>
Annual Required Contribution	\$ 6,282,096
Interest on OPEB Obligation	379,437
Actuarial Adjustment	<u>(293,016)</u>
Annual OPEB Cost	6,368,517
Contributions Made	<u>(5,488,001)</u>
Increase in Net OPEB Obligation	880,516
Net OPEB Obligation, Beginning of Year	<u>5,059,160</u>
Net OPEB Obligation, End of Year	<u><u>\$ 5,939,676</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 2013 and the preceding years are as follows:

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011	\$ 6,026,531	95%	\$ 3,196,632
2012	6,256,148	70%	5,059,160
2013	6,368,517	86%	5,939,676

5. Funded Status and Funding Progress.

As of December 31, 2012, the most recent actuarial valuation date, the County's plan was 13.10% 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 \$60,127,792 and the actuarial value of assets was \$7,853,861, resulting in an unfunded actuarial accrued liability (UAAL) of \$52,273,931. The covered payroll (annual payroll of active employees covered by the plan) was \$68,114,542 and the ratio of UAAL to the covered payroll was 76.70%.

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 of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2012 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 a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded

Note 2 - Detail Notes on All Funds (continued)**(B) Liabilities (continued)**

level of the plan at the valuation date. The medical cost trend rate varied between 8.50% and 5.00% for the pre-Medicare trend rate and 6.25% and 5.00% for the post-Medicare trend rate. The investment rate of return includes a 3.00% 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 of percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2012 was 30 years.

(h) 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. All death benefit payments are made from the Death Benefit Plan. 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. Because the benefit payments are made by the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants.

Due to a surplus, the decision was made to temporarily stop employer contributions to the Death Benefit Plan beginning July 1, 2012. Employers have been granted a temporary relief period based on the number of years the employer has contributed to the Death Benefit Plan. The County's relief period is three years based on more than 20 years of contributing to the Death Benefit Plan.

(3) Closure and Post Closure 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 \$2,044,307 reported as landfill postclosure care liability at June 30, 2013, represents the projected actual cost of the closed landfill over the next 16 years based on what it would cost to perform all postclosure care in 2013. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

Landfill in Operation:

Landfill Permit Number 11-07: The \$6,900,675 reported as landfill closure and postclosure care liability at June 30, 2013, represents a cumulative amount reported to date based on the use of 28.46% percent of the total estimated capacity of this landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$17,343,708 as the remaining estimated capacity is filled. This amount is based on what it would cost to perform all closure and postclosure care in 2013. 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.

Note 2 - Detail Notes on All Funds (continued)**(B) Liabilities (continued)****(3) Closure and Post Closure Care Costs (continued)**

Construction and Demolition (C&D) Landfill Permit Number 11-07 – in operation: The County currently operates a C&D landfill with closure and postclosure costs of \$2,931,344 reported as of June 30, 2013 representing a cumulative amount reported to-date based on 81.50% percent of the total estimated capacity of this unit. The County will recognize the remaining of \$665,361 as the remaining estimated capacity is filled. This amount is based on what it would cost to perform all closure and postclosure care in 2013. The County expects to operate this phase (Phase 5) until 2016. Actual costs may differ due to inflation, changes in technology, or changes in regulations.

(4) Deferred Outflows and Inflows of Resources

The amount of deferred outflows of resources is a charge on refunding of debt of \$1,597,419 for governmental activities and \$38,596 for business-type activities.

	Unavailable Revenue	Unearned Revenue
Prepaid taxes not yet earned (General)	\$ -	\$ 1,467,946
Taxes receivable, net (General)	1,236,586	-
Taxes receivable, net (Special Revenue)	132,762	-
Sale of property promissory note (Special Projects)	460,000	-
EMS accounts receivable, net (General)	286,118	-
Other, (General)	-	53,470
Total	<u>\$ 2,115,466</u>	<u>\$ 1,521,416</u>

(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 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 made 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

Note 2 - Detail Notes on All Funds (continued)**(B) Liabilities (continued)****(5) Risk Management (continued)**

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 same self-insured retention levels apply to this coverage. The premium is based on County employees' payroll and classification.

The County adheres to the North Carolina Workers Compensation Act per NCGS 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, 2013 includes a loss reserve liability for estimated outstanding medical claims of \$432,595. Changes in the health claims liability are presented as follows:

Year Ended June 30	Beginning Balance	Claims Incurred	Claims Paid	Ending Balance
2012	\$ 1,277,875	\$ 16,126,373	\$ 17,112,268	\$ 291,980
2013	291,980	20,064,988	19,924,373	432,595

In accordance with G.S. 159-29, the County's 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, 2013 amounted to \$1,151,530.

Future minimum lease payments under these operating lease agreements at June 30, 2013 are as follows:

Year Ending June 30	Amount
2014	\$ 327,322
2015	317,500
2016	275,600
2017	104,685
2018	23,020

Note 2 - Detail Notes on All Funds (continued)**(B) Liabilities (continued)****(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, 2012	Increases	Decreases	Balance June 30, 2013
Serviced by the Governmental Funds:				
COPS 2003, detention center and other improvements, \$19,620,000 issue, partially refunded by LOBS 2012A, interest at 3.75% to 5% payable semiannually to 2014. A remaining premium of \$46,973 is reported as an increase to long-term debt and will be amortized over the remaining life of the debt.	\$ 10,190,000	\$ -	\$ 9,150,000	\$ 1,040,000
COPS 2005, detention center \$14,500,000 issue, partially refunded by LOBS 2012A, interest of 4% to 4.3% payable to 2025. A remaining premium of \$90,620 is reported as an increase to long-term debt and will be amortized over the remaining life of the debt.	9,415,000	-	5,450,000	3,965,000
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.	33,260,000	-	3,230,000	30,030,000
COPS 2007, General government buildings and equipment, \$21,230,000 issue, interest at 4% to 4.75% payable semiannually to 2032. A discount of \$89,541 is reported as a decrease to long-term debt and will be amortized over the life of the debt.	15,545,000	-	615,000	14,930,000
COPS 2009A, General government buildings and equipment, \$12,065,000 issue, interest at 4% to 5% payable semiannually to 2029. A premium of \$417,756 is reported as an increase to long-term debt and will be amortized over the life of the debt.	9,225,000	-	1,000,000	8,225,000
COPS 2009B, Advance refunding of COPS 1998, \$8,120,000 issue, interest at 4% to 5% payable semiannually to 2013. A premium of \$580,380 is reported as an increase to long-term debt and will be amortized over the life of the debt.	2,145,000	-	2,145,000	-
LOBs 2009C, Build America Bonds \$36,465,000 issue, interest at 1.6% to 6.5% payable semiannually to 2030.	33,375,000	-	1,545,000	31,830,000
LOBs 2009D, Build America Bonds \$3,340,000 issue, interest at 1.6% to 6.5% payable semiannually to 2017.	2,380,000	-	480,000	1,900,000

Note 2 - Detail Notes on All Funds (continued)

(B) Liabilities (continued)

Installment Note Obligations	Balance June 30, 2012	Increases	Decreases	Balance June 30, 2013
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. A premium of \$1,619,653 is reported as an increase to long-term debt and will be amortized over life of the debt.	\$ 28,690,000	\$ -	\$ 3,600,000	\$ 25,090,000
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.	3,410,000	-	265,000	3,145,000
LOBS 2012A, public safety buildings and radio network, human services automation and AB Tech building and equipment, \$61,535,000 issue, interest at 2% to 5% payable semiannually to 2032. A premium of \$9,712,762 is reported as an increase to long-term debt and will be amortized over the life of the debt.	-	61,535,000	1,215,000	60,320,000
LOBS 2012A, COPS 2003 and 2005 Refunding, \$11,845,000 issue, interest at 2% to 5% payable semiannually to 2024. A premium of \$2,170,702 is reported as an increase to long-term debt and will be amortized over the life of the debt.	-	11,845,000	-	11,845,000
Total installment note obligations	<u>\$168,055,000</u>	<u>\$ 73,380,000</u>	<u>\$ 28,695,000</u>	<u>\$212,740,000</u>

For Buncombe County, the future minimum payments for installment notes as of June 30, 2013, are:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2014	\$ 13,845,000	\$ 10,669,618
2015	15,620,000	10,163,163
2016	14,565,000	9,460,618
2017	14,580,000	8,816,033
2018	13,835,000	8,151,883
2019-2023	65,630,000	31,225,301
2024-2028	49,055,000	15,561,538
2029-2032	25,610,000	2,926,088
Total	<u>212,740,000</u>	<u>\$ 96,974,242</u>
Add unamortized premium	12,985,126	
	<u>\$225,725,126</u>	

Note 2 - Detail Notes on All Funds (continued)**(B) Liabilities (continued)****(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, 2013, are comprised of the following individual issues:

General Obligation Bonds	Balance June 30, 2012	Increases	Decreases	Balance June 30, 2013
Serviced by the Governmental Funds:				
Refunding Bonds, 2002 \$24,500,000 issue, interest at variable rates in the weekly mode payable semiannually, refunded with 2012 Bonds.	\$ 20,149,006	\$ -	\$ 20,149,006	\$ -
School Bonds, 2002 \$15,000,000 issue, interest at variable rates in the weekly mode payable semiannually, refunded with 2012 Bonds.	12,350,994	-	12,350,994	-
Public Improvement, 2002 \$4,340,000 issue, interest at 2.25% to 3.25% payable semiannually due serially to 2014.	200,000	-	100,000	100,000
Refunding Bonds, 2005 \$12,430,000 issue, interest at 3% to 3.5% payable semiannually, due serially to 2015. A premium of \$101,954 is reported as an increase to long-term debt and will be amortized over the life of the debt.	3,125,000	-	1,060,000	2,065,000
Public Improvement, 2005 \$5,835,000 issue, interest at 3% to 4% payable semiannually, due serially to 2020. A premium of \$43,503 is reported as an increase to long-term debt and will be amortized over the life of the debt.	3,110,000	-	390,000	2,720,000
Qualified School Construction, 2009 \$5,685,000 issue, interest at 0.5% payable semiannually, due serially to 2022.	5,211,000	-	544,000	4,667,000
Refunding Bonds, 2009 \$8,995,000 issue, interest at 2% to 3% payable semiannually, due serially to 2014. A premium of \$463,270 is reported as an increase to long-term debt and will be amortized over the life of the debt.	6,940,000	-	2,355,000	4,585,000
Refunding Bonds, 2012 \$32,500,000 issue, interest at 1.7% payable semiannually, due serially to 2025.	-	32,500,000	2,000,000	30,500,000
Total general obligation bonds	<u>\$ 51,086,000</u>	<u>\$ 32,500,000</u>	<u>\$ 38,949,000</u>	<u>\$ 44,637,000</u>

Note 2 - Detail Notes on All Funds (continued)**(B) Liabilities (continued)**

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

Year Ending June 30	Governmental Activities	
	Principal	Interest
2014	\$ 6,249,000	\$ 802,700
2015	6,259,000	644,055
2016	3,264,000	518,885
2017	3,264,000	462,065
2018	3,264,000	405,245
2019-2023	15,137,000	1,197,788
2024-2026	7,200,000	183,600
Total	44,637,000	\$ 4,214,338
Add unamortized premium	80,127	
	<u>\$ 44,717,127</u>	

At June 30, 2013, Buncombe County had bonds authorized but unissued of \$915,000 and had a legal debt margin of \$2,117,021,478.

(c) Project Development Financing Bonds

On August 20, 2008, the County issued \$12,960,000 of Project Development Financing (PDF) Bonds to Fund the Woodfin Downtown District Project. Project development financing bonds are a financing mechanism whereby the County can promote economic development and redevelopment by capturing the incremental increase in tax revenue created by the project as a means of funding the debt service. The County has entered into an agreement with the Town of Woodfin to define the development financing district, issue the bonds, and pledge the incremental ad valorem taxes to repayment of the bonds. Both the Town of Woodfin's and the County's ad valorem taxes on the incremental increase in the value of the property from the district will be utilized for repayment of the debt. Neither the credit nor the taxing power of the State of North Carolina, the County or the Town are pledged for the repayment of the principal and interest of the bonds.

The Town has the responsibility for overseeing the project and the County is responsible for servicing the debt. The project consists of roadways, sidewalks, water and sewer infrastructure and other improvements within the district which will be property of the Town upon completion. The County has also entered into a minimum assessment agreement with the Town and the project developer to ensure that, at a minimum, the amount of ad valorem tax revenue needed to meet the debt service requirements of the bonds will be assessed.

The PDF bonds were issued in two lots with \$4,490,000 paying 6.75% interest due August 2024 and \$8,470,000 paying 7.25% interest due August 2034. On June 29, 2012 a Supplemental Indenture was executed deferring the principal payments for a period of 5 years from August 2013 to August 2018, and extending the final maturity on one series of bonds by 5 years (from 2024 to 2029) and the other series by 2 years (from 2034 to 2036). The revised schedule defers payments to a time at which the incremental revenues are projected to be sufficient to pay both principal and interest payments.

Note 2 - Detail Notes on All Funds (continued)**(B) Liabilities (continued)**

The PDF bonds are term bonds with combined mandatory sinking fund redemption requirements as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2014	\$ -	\$ 917,150
2015	-	917,150
2016	-	917,150
2017	-	917,150
2018	-	917,150
2019-2023	1,000,000	4,450,750
2024-2028	2,250,000	3,902,313
2029-2033	3,990,000	2,874,488
2034-2037	5,720,000	885,950
	<u>\$ 12,960,000</u>	<u>\$ 16,699,251</u>

(d) 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, 2013 are:

Year Ending June 30	Business-type Activities	
	Principal	Interest
2014	\$ 170,000	\$ 85,400
2015	175,000	80,300
2016	185,000	71,550
2017	195,000	62,300
2018	205,000	52,700
2019-2022	905,000	111,300
Total	1,835,000	\$ 463,550
Add unamortized premium	264,990	
	<u>\$ 2,099,990</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.

Note 2 - Detail Notes on All Funds (continued)**(B) Liabilities (continued)**

The future loan payments as of June 30, 2013 are:

Year Ending June 30	Business-type Activities	
	Principal	Interest
2014	\$ 75,000	\$ -
2015	75,000	-
2016	75,000	-
2017	75,000	-
2018	75,000	-
2019-2023	375,000	-
2024-2028	375,000	-
2029-2031	225,000	-
Total	<u>\$ 1,350,000</u>	<u>\$ -</u>

(e) Special Obligation Revenue Bonds

On October 12, 2005, the County issued \$16,140,000 in tax-exempt Special Obligation Revenue Bonds bearing interest payable semi-annually at fixed rates from 2.875% to 4.5%.

The bonds were issued for construction of cell 6 of the solid waste landfill and miscellaneous access roads and drainage structures in the amount of \$7,900,000, and the advance refunding of the series 1996 and series 2000 Special Obligation Revenue Bonds in the amount of \$8,240,000. The proceeds are held by a Trustee until requisitioned for the stated purposes. Revenues pledged to the payment of and as security for the bonds are as follows: net solid waste system receipts, ambulance fees, undesignated Register of Deeds fees, inspection fees, and jail fees. Neither the faith and credit nor the taxing power of the County is pledged to the payment of the bonds. The debt will be serviced by the Solid Waste Disposal Enterprise Fund and principal and interest requirements will be provided by appropriation in the year in which they become due.

Special Obligation Revenue Bond debt service requirements to maturity are as follows:

Year Ending June 30	Business-type Activities	
	Principal	Interest
2014	\$ 1,400,000	\$ 115,126
2015	1,460,000	57,126
Total	2,860,000	<u>\$ 172,252</u>
Add unamortized premium	<u>6,502</u>	
	<u>\$ 2,866,502</u>	

(f) Advance Refundings

On July 3, 2012, the County issued Limited Obligation Bonds, Series 2012A, in the amount of \$75,365,000. Of this amount, \$11,845,000 was issued to provide resources to purchase US Government securities that were placed in an irrevocable trust to be used for future debt service payments of \$12,845,000 of Series 2003 and 2005 Certificates of Participation. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$1,214,347. This amount is being netted against the new debt and amortized over the life of the refunded debt. This advance refunding was undertaken to reduce total debt service payments over the next 10 years by \$1,223,896 and resulted in an economic gain of \$1,044,336.

Note 2 - Detail Notes on All Funds (continued)**(B) Liabilities (continued)**

On October 1, 2012, the County issued \$32,500,000 of general obligation advance refunding bonds to provide resources to purchase US Government securities that were placed in an irrevocable trust to be used for all future debt service payments of variable rate Series 2002B general obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price equaled the net carrying value of the old debt. This advance refunding was undertaken to reduce total debt service interest payments over the next 13 years by approximately \$5.5 million.

In prior years, the County has refunded various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase qualified government securities that were placed in the trust funds. As of June 30, 2013, all defeased debt had been paid by trust funds.

(g) Long Term Obligation Activity

The following is a summary of changes in the County's long-term obligations for the year ended June 30, 2013:

	Balances			Balances	
	July 1, 2012	Increases	Decreases	June 30, 2013	Current Portion of Balances
Governmental Activities					
General Obligation Bonds	\$ 51,255,849	\$ 32,500,000	\$ 39,038,722	\$ 44,717,127	\$ 6,249,000
Installment Notes	170,913,417	85,242,856	30,431,147	225,725,126	13,845,000
Project Development Financing Bonds	12,960,000	-	-	12,960,000	-
Pension Liability	1,846,208	504,166	348,692	2,001,682	-
Other Postemployment Benefits	4,920,616	6,468,486	5,613,487	5,775,615	-
Compensated Absences	7,155,573	5,519,804	5,611,536	7,063,841	1,177,542
Total Governmental Activities	\$249,051,663	\$130,235,312	\$ 81,043,584	\$298,243,391	\$ 21,271,542
Business-type Activities					
Special Obligation Revenue Bonds, Net	\$ 4,217,634	\$ -	\$ 1,351,132	\$ 2,866,502	\$ 1,400,000
Installment Notes	-	3,721,032	271,042	3,449,990	245,000
Other Postemployment Benefits	110,832	143,271	124,333	129,770	-
Compensated Absences	150,668	107,085	114,110	143,643	143,643
Accrued Landfill Closure and Postclosure Care Costs	12,011,571	477,361	612,606	11,876,326	-
Total Business-type Activities	\$ 16,490,705	\$ 4,448,749	\$ 2,473,223	\$ 18,466,231	\$ 1,788,643

Compensated absences 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.

Note 2 - Detail Notes on All Funds (continued)

(B) Liabilities (continued)

Discretely Presented Component Unit:	Balances July 1, 2012	Increases	Decreases	Balances June 30, 2013	Current Portion of Balances
Air Quality					
Other Postemployment Benefits	\$ 27,712	\$ 49,777	\$ 43,198	\$ 34,291	\$ -
Compensated Absences	133,315	95,072	101,110	127,277	127,277
Total	<u>\$ 161,027</u>	<u>\$ 144,849</u>	<u>\$ 144,308</u>	<u>\$ 161,568</u>	<u>\$ 127,277</u>

(h) 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, 2013, the balance of the bonds outstanding was \$651,000.

(i) 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, 2013, there were 3 series of industrial revenue bonds outstanding with an aggregate principal amount payable of \$32,725,000.

(C) Interfund Balances and Activity

There is a loan outstanding from the General Fund to the Grant Projects Fund of \$1,595,812 to cover the cost of expenditures from reimbursement-based grants until those grants are received from the granting agencies.

There is an interfund payable of \$13,784 from the Transportation Fund to cover a negative cash balance.

Transfers to/from other funds during the year ended June 30, 2013 consist of the following:

<i>General Fund:</i>	
From the General Fund to the Special Projects Fund for special revenue projects	\$ 489,250
From the General Fund to the Grant Projects Fund for interfund loan	175,000
From the General Fund to the Capital Projects Fund to fund future capital projects	1,282,820
From the General Fund to the Transportation Fund for transportation services	1,105,875
From the General Fund to the Emergency Telephone System Fund to adjust PSAP balance	9,028
	<u>\$ 3,061,973</u>

Note 2 - Detail Notes on All Funds (continued)**(C) Interfund Balances and Activity (continued)***County Capital Projects Fund:*

From the County Capital Projects Fund to the General Fund to transfer budget for non-capital expenses and debt service	\$ 565,637
From the County Capital Projects Fund to the Special Projects Fund for special revenue projects	2,000,000
From the County Capital Projects Fund to the Grant Projects Fund to fund grant matches	52,588
	<u>\$ 2,618,225</u>

Nonmajor Governmental Funds:

From the Occupancy Tax Fund to the General Fund for payment of a 1.5% collection fee	\$ 123,071
From the Transportation Fund to the Grant Projects Fund to transfer grant project funds	15,541
From the Sheriff State Forfeiture Fund to the Grant Projects Fund to fund eligible grant matches	10,990
	<u>\$ 149,602</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	Other Governmental Funds
Total Fund Balance	\$ 71,133,262	\$ 42,298,404	\$ 13,760,196	\$ 16,130,254
Less				
Non Spendable				
Inventories	181,231	-	-	764
Prepays	62,634	-	-	-
Restricted				
Stabilization of State Statute	19,221,755	510,354	3,534,980	2,748,284
Capital Projects	-	32,906,961	10,225,216	5,489,459
Public Safety	-	-	-	2,429,916
Register of Deeds	-	-	-	374,894
Debt Service	-	-	-	859,738
Committed				
Tax Revaluation	1,200,000	-	-	-
Assigned				
Appropriated Fund Balance in 2014 Budget	7,001,237	-	-	-
Capital Projects	-	8,881,089	-	-
Special Projects	-	-	-	4,227,199
Unassigned				
Working Capital/Fund Balance Policy	39,128,162	-	-	-
Remaining Fund Balance	<u>\$ 4,338,243</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.

Note 2 - Detail Notes on All Funds (continued)**(D) Fund Balance (continued)**

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. The General Fund and other governmental fund encumbrance amounts are included in the Stabilization of State Statute amount reported in the above table.

Encumbrances	Solid Waste		Non-Major
	General Fund	Disposal Fund	Governmental Funds
	\$ 192,451	\$ 54,429	\$ 510,431

Note 3 - Joint Ventures

The County, in conjunction with seven other counties, participates in the Western Highlands Area Authority, which provides mental health, developmental disability, and substance abuse services to residents of the eight-county area. Buncombe County appoints two of the sixteen-member board, 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, 2013. 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 \$658,959 for the year ended June 30, 2013. 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 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 general obligation bonds issued for this purpose, \$1,524,968 in principal is still outstanding. Of the certificates of participation issued for this purpose \$8,842,800 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 \$8,063,999 to the community college for operating purposes during the fiscal year ended June 30, 2013. In addition, the County made principal and interest payments of \$299,143 during the fiscal year on general obligation bonds and \$1,352,679 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, 2013. 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 (.025%) 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. The Schedule of Revenues and Expenditures for this fund can be found on page 118. 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 \$121,922 to the Council during the fiscal year ended June 30, 2013.

The County appoints three members to the twelve-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, that 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.

	Federal	State
Special Supplemental Nutrition Program for Women, Infants, and Children	\$ 3,770,612	\$ -
Child Welfare Service	-	1,102,794
IV-E Adoption Assistance	1,634,037	432,306
Medical Assistance	181,130,817	101,876,316
Low-Income Home Energy Assistance	583,400	-
State/County Special Assistance for Adults	-	1,788,774
IV-E Foster Care	888,347	270,001
Work First/TANF	1,182,939	(27)
Totals	<u>\$ 189,190,152</u>	<u>\$ 105,470,164</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 school system) and the Asheville-Buncombe Community College (the community college). The County has chosen to meet its legal obligation to provide school system 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 system 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 \$94,647,245 and \$10,367,768 for the school system and community college, respectively. Of the cumulative amount, \$42,013,492 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 - Subsequent Events

On July 16, 2013, pursuant to House Bill 418 ratified by the North Carolina General Assembly, Buncombe County was authorized to create a Culture and Recreation Authority (CRA). On August 6, 2013 the Buncombe County Board of Commissioners officially created the Authority, a body corporate and politic, to manage and operate libraries, parks, greenways, recreation facilities, and cultural organizations in Buncombe County. To fund the Authority, the County approved a 3.5 cent ad valorem tax for Fiscal Year 2014.

On September 30, 2013, Western Highlands Network's contract to manage Medicaid ended, meaning Western Highlands will no longer be the local administrator of mental health, substance abuse, and intellectual/developmental disability Medicaid services. Western Highlands Network is consolidating its operations in Buncombe, Henderson, Madison, Mitchell, Polk, Rutherford, Transylvania and Yancey counties with Smoky Mountain Center. Beginning October 1, 2013, Smoky Mountain Center is the new, local Medicaid Health Plan administrator for mental health, substance abuse, and intellectual/developmental disability Medicaid services. Smoky Mountain Center will serve residents of Alexander, Alleghany, Ashe, Avery, Buncombe, Caldwell, Cherokee, Clay, Graham, Haywood, Henderson, Jackson, Macon, Madison, McDowell, Mitchell, Polk, Rutherford, Swain, Transylvania, Watauga, Wilkes and Yancey counties.

Note 9 - Prior Period Adjustment

The beginning net position of governmental activities on the *Statement of Activities* (Exhibit 2) has been restated due to the correction of prior year Sheriff revenue. This adjustment resulted in an increase in net position of \$79,910, and also affects the fund balance of the General Fund (Exhibits 4 & 5).

The beginning net position of the Solid Waste Disposal Fund has been restated due to the following adjustments, which resulted in an increase in net position of \$59,344. This is reflected in the business type activities on the *Statement of Activities* (Exhibit 2) and the proprietary funds' *Statement of Revenues, Expenses, and Changes in Net Position* (Exhibit 7).

Recording of a Federal Revolving Loan payment made in the prior year	\$ 75,000
Capital asset adjustment to correct amount reported as accumulated depreciation	<u>(15,656)</u>
Change in net position	<u><u>\$ 59,344</u></u>

Note 10 - Solid Waste Bond Covenant

The County has pledged future net solid waste system receipts, ambulance fees, undesignated Register of Deeds fees, inspection fees, and jail fees to repay the Special Obligation Bonds described in (2.B.8)(e). The bonds are payable from net solid waste system revenues and are payable through 2015. Annual principal and interest payments on the bonds are not expected to exceed net solid waste system revenues. The total principal and interest remaining to be paid on the bonds is \$3,032,252.

The County is required to comply with covenants as to rates, fees, and charges covering the debt principal and interest. The County has been in compliance with the covenants since the issuance of the debt. The net solid waste revenues and the total available revenues must be no less than 1.00 times and 1.50 times annual debt service, respectively. The following table presents information with respect to the financial performance of the Solid Waste System for June 30, 2013, as well as information as to available revenues (available revenues differ from Obligated Revenues in that available revenues include Net Solid Waste System Revenues whereas Obligated Revenues include Net Solid Waste System Receipts).

Note 10 - Solid Waste Bond Covenant (continued)

Solid Waste System	
Annual Debt Service ¹	\$ 1,507,413
Solid Waste System Revenues	\$ 7,283,248
Current Expenses ²	(4,375,260)
Net Solid Waste System Revenues	<u>\$ 2,907,988</u>
Debt Service Coverage ³	<u>1.93 times</u>
Available Revenues	
Net Solid Waste System Revenues	2,907,988
Ambulance Fees	5,827,295
Undesignated Register of Deeds Fees	1,532,903
Inspection Fees	1,097,439
Jail Fees	2,042,284
Total Available Revenues	<u>\$ 13,407,909</u>
Debt Service Coverage ⁴	<u>8.89 times</u>

¹ Actual Debt Service for the 2005 Bonds.

² Excludes depreciation.

³ Debt service coverage from Net Solid Waste System Revenues

⁴ Debt service coverage from Available Revenues

Note 11 - Pledged Revenues

The County and the Town of Woodfin have pledged a portion of their future ad valorem tax revenues to repay the \$12,960,000 in project development financing bonds (tax increment bonds) issued in August 2008 to finance the Woodfin Downtown project. The bond proceeds include approximately \$2.3 million to cover construction period interest. The bond principal is payable solely from the incremental ad valorem taxes generated by increased property values in the refurbished district. Incremental taxes were projected to produce 100% of the total debt service requirements after project completion over the life of the bonds; however, the County has a minimum assessment agreement in place in the event that the assessed value in the district does not meet the debt service requirements.

Total principal and interest remaining on the bonds is \$29,659,251 payable through August 2036. For the current year, there were no principal payments and interest of \$917,150 was paid from proceeds designated for construction period interest. The County accumulated tax revenue of \$57,941 during the current year.

Note 12 - Change in Accounting Principles/Restatement

The County implemented Governmental Accounting Standards Board (GASB) Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement 65, *Items Previously reported as Assets and Liabilities*, in the fiscal year ending June 30, 2013. In accordance with GASB Statement 63, the Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified into Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position. Additionally, GASB Statement 65 requires that deferred costs from the refunding of debt, which were previously deferred and amortized, be presented as deferred outflows of resources.

Required Supplemental Financial Data

Buncombe County, North Carolina

Other Post Employment Benefits - Healthcare

Schedules of Funding Progress and Employer Contributions

Law Enforcement Officers' Special Separation Allowance

Schedules of Funding Progress and Employer Contributions

This section contains information required by the 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)	Accrued Liability (AAL) Entry Age Normal (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a/c))
7/1/2006	\$ -	\$ 20,098,900	\$ 20,098,900	0.0 %	\$ 55,042,913	36.5 %
7/1/2007	-	39,652,247	39,652,247	0.0 %	58,914,230	67.3 %
12/31/2008	2,095,376	63,465,014	61,369,638	3.3 %	63,089,492	97.3 %
12/31/2010	3,655,167	70,835,106	67,179,939	5.2 %	65,976,040	101.8 %
12/31/2012	7,853,861	60,127,792	52,273,931	13.1 %	68,114,542	76.7 %

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 %

Notes to Required Supplementary Information:

Actuarial assumptions were revised beginning with the 12/31/2008 actuarial valuation. Specifically, medical trend rates prior to the 12/31/2008 valuation were 8% to 4.5%. These were revised to 10.5% to 5% for the 12/31/2008 and subsequent actuarial valuations.

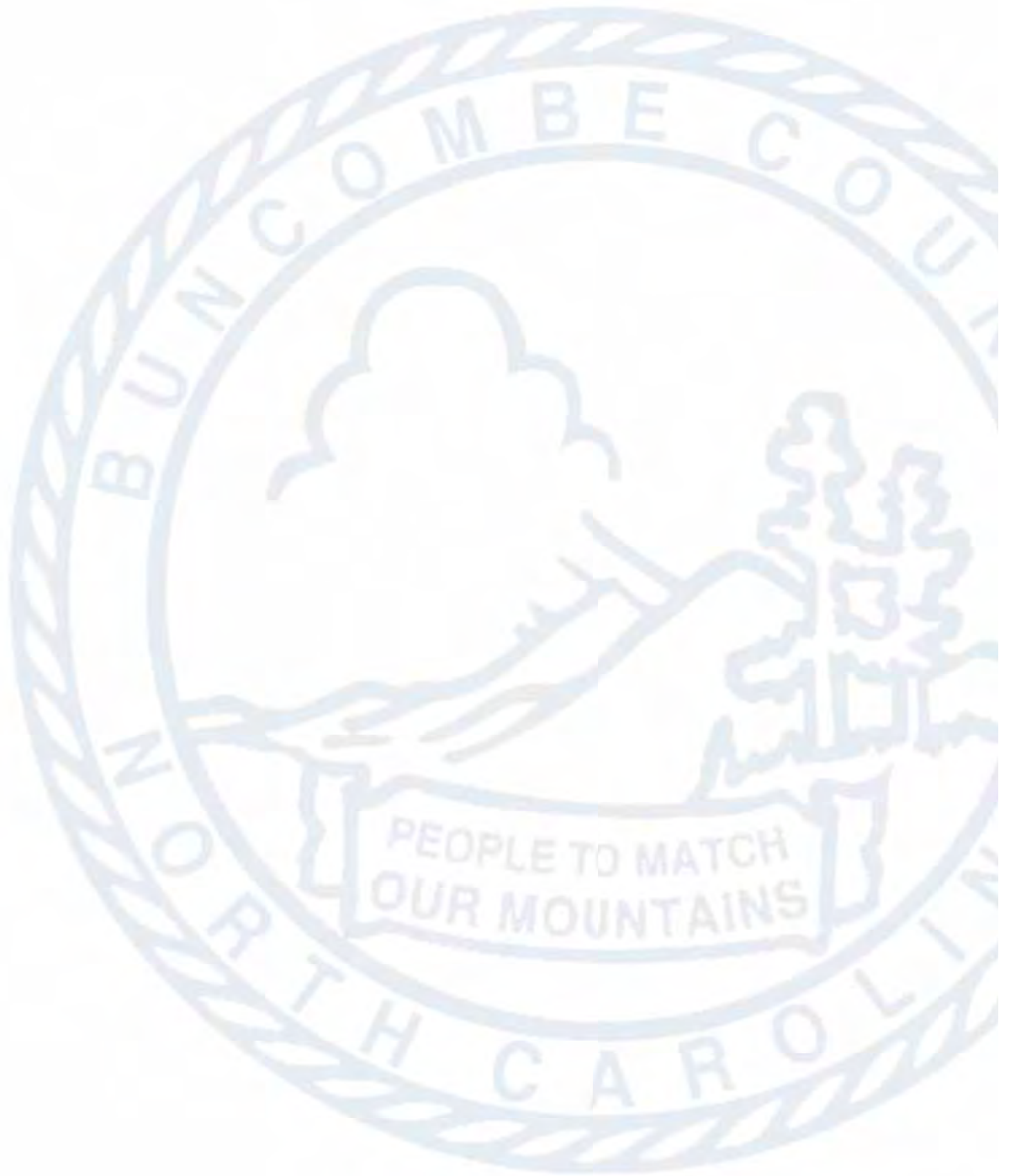
BUNCOMBE COUNTY, NORTH CAROLINA
Law Enforcement Officers' Special Separation Allowance
Schedule of Funding Progress and Employer Contributions

Funding Progress:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2003	\$ -	\$ 1,628,593	\$ 1,628,593	0.00 %	\$ 6,502,320	25.05 %
12/31/2004	-	1,744,037	1,744,037	0.00 %	6,431,564	27.12 %
12/31/2005	-	1,716,110	1,716,110	0.00 %	6,566,698	26.13 %
12/31/2006	-	1,992,331	1,992,331	0.00 %	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 %

Employer Contributions:

Year Ending June 30	Annual Required Contribution	Percentage Contributed
2004	\$ 201,230	31.08 %
2005	203,364	41.78 %
2006	211,635	55.63 %
2007	198,511	76.00 %
2008	227,824	71.62 %
2009	248,746	71.28 %
2010	299,746	59.16 %
2011	399,796	50.21 %
2012	385,549	55.96 %
2013	411,856	56.77 %



Buncombe County, North Carolina



BUNCOMBE COUNTY, NORTH CAROLINA

*Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund*

FOR THE YEAR ENDED JUNE 30, 2013

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Ad Valorem Taxes:			
Taxes		\$ 155,847,190	
Penalties and Interest		721,616	
Total	\$ 152,174,182	156,568,806	\$ 4,394,624
Local Option Sales Taxes:			
Article 39, One Percent*		9,955,575	
Article 40, One-half Percent		9,793,318	
Article 42, One-half Percent		12,374,282	
Article 44, One-half Percent		149,541	
Total	30,959,400	32,272,716	1,313,316
Other Taxes and Licenses:			
Deed Stamp Excise Tax		2,851,593	
Video Programming Tax		1,536,504	
Privilege Licenses		24,885	
Rental Car Tax		473,203	
Total	5,036,848	4,886,185	(150,663)
Unrestricted Intergovernmental:			
Payments in Lieu of Taxes		81,675	
Beer and Wine Tax		557,136	
Total	660,000	638,811	(21,189)
Restricted Intergovernmental:			
Federal, State, and Other Grants		39,847,412	
Mixed Drink Surcharge		348,631	
Court Facilities Fees		385,663	
ABC Bottle Taxes		87,010	
Total	43,581,358	40,668,716	(2,912,642)
Permits and Fees:			
Building Permits and Inspections		1,097,439	
Register of Deeds		1,532,903	
Total	2,634,770	2,630,342	(4,428)

* 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 Balances - Budget and Actual

General Fund

FOR THE YEAR ENDED JUNE 30, 2013

	Budget	Actual	Variance Positive (Negative)
Sales and Services:			
Rents, Concessions, and Fees		\$ 2,273,626	
Jail Fees		2,042,284	
Ambulance and Rescue Squad Fees		5,827,295	
Recreation Fees		357,460	
Other Charges For Services		3,603,151	
Total	\$ 13,623,090	14,103,816	\$ 480,726
Investment Earnings	550,000	48,851	(501,149)
Miscellaneous	921,312	950,404	29,092
Total Revenues	<u>250,140,960</u>	<u>252,768,647</u>	<u>2,627,687</u>
EXPENDITURES			
General Government:			
Governing Body:			
Salaries and Employee Benefits		698,683	
Other Operating Expenditures		157,275	
Total		<u>855,958</u>	
County Manager:			
Salaries and Employee Benefits		749,313	
Other Operating Expenditures		202,777	
Capital Outlay		21,124	
Total		<u>973,214</u>	
Human Resources			
Salaries and Employee Benefits		605,040	
Other Operating Expenditures		116,067	
Total		<u>721,107</u>	
Finance:			
Salaries and Employee Benefits		1,737,899	
Other Operating Expenditures		422,293	
Capital Outlay		69,799	
Program Support		550	
Total		<u>2,230,541</u>	
Tax Department:			
Salaries and Employee Benefits		3,447,170	
Other Operating Expenditures		664,932	
Capital Outlay		29,714	
Total		<u>4,141,816</u>	

Continued on
next page

BUNCOMBE COUNTY, NORTH CAROLINA

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

General Fund

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Board of Elections:			
Salaries and Employee Benefits		\$ 949,146	
Other Operating Expenditures		<u>599,636</u>	
Total		<u>1,548,782</u>	
Register of Deeds:			
Salaries and Employee Benefits		1,202,885	
Other Operating Expenditures		<u>1,682,084</u>	
Total		<u>2,884,969</u>	
Information Technology:			
Salaries and Employee Benefits		4,690,138	
Other Operating Expenditures		3,568,585	
Capital Outlay		40,128	
Total		<u>8,298,851</u>	
Total General Government	\$ 22,751,698	21,655,238	\$ 1,096,460
Public Safety:			
Court Support:			
Salaries and Employee Benefits		126,205	
Other Operating Expenditures		<u>49,934</u>	
Total		<u>176,139</u>	
Day Reporting and Drug Treatment:			
Salaries and Employee Benefits		95,669	
Other Operating Expenditures		<u>43,904</u>	
Total		<u>139,573</u>	
Pretrial Release and Family Treatment Court:			
Salaries and Employee Benefits		596,934	
Other Operating Expenditures		<u>59,788</u>	
Total		<u>656,722</u>	
District Attorney:			
Salaries and Employee Benefits		152,098	
Other Operating Expenditures		<u>11,952</u>	
Total		<u>164,050</u>	
Juvenile Detention		<u>130,906</u>	

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BUNCOMBE COUNTY, NORTH CAROLINA

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

General Fund

FOR THE YEAR ENDED JUNE 30, 2013

	Budget	Actual	Variance Positive (Negative)
ID Bureau and C.D.E.:			
Salaries and Employee Benefits		\$ 1,179,787	
Other Operating Expenditures		<u>62,095</u>	
Total		<u>1,241,882</u>	
Criminal Justice Information System		<u>685,100</u>	
Sheriff:			
Salaries and Employee Benefits		14,852,790	
Other Operating Expenditures		1,810,380	
Program Support		<u>5,700</u>	
Total		<u>16,668,870</u>	
Detention Center:			
Salaries and Employee Benefits		9,634,592	
Other Operating Expenditures		2,988,380	
Capital Outlay		<u>60,357</u>	
Total		<u>12,683,329</u>	
Emergency Services:			
Salaries and Employee Benefits		8,050,351	
Other Operating Expenditures		1,488,723	
Capital Outlay		6,783	
Program Support		<u>17,149</u>	
Total		<u>9,563,006</u>	
Permits and Inspections:			
Salaries and Employee Benefits		1,487,287	
Other Operating Expenditures		<u>139,386</u>	
Total		<u>1,626,673</u>	
Medical Examiner		<u>95,298</u>	
Animal Services		<u>871,659</u>	
Public Safety Training Center:			
Salaries and Employee Benefits		34,582	
Other Operating Expenditures		<u>6,534</u>	
Total		<u>41,116</u>	

Continued on
next page

BUNCOMBE COUNTY, NORTH CAROLINA

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

General Fund

FOR THE YEAR ENDED JUNE 30, 2013

	Budget	Actual	Variance Positive (Negative)
Parking Services:			
Salaries and Employee Benefits		\$ 198,112	
Other Operating Expenditures		46,676	
Capital Outlay		29,900	
Total		<u>274,688</u>	
General Services:			
Salaries and Employee Benefits		2,596,044	
Other Operating Expenditures		3,660,125	
Capital Outlay		51,522	
Program Support		235,121	
Total		<u>6,542,812</u>	
Total Public Safety	\$ 52,560,544	51,561,823	\$ 998,721
Economic and Physical Development:			
Planning:			
Salaries and Employee Benefits		1,528,768	
Other Operating Expenditures		531,457	
Program Support		168,400	
Total		<u>2,228,625</u>	
Economic Development:			
Program Support		<u>6,456,564</u>	
Cooperative Extension:			
Salaries and Employee Benefits		52,449	
Other Operating Expenditures		290,180	
Program Support		30,000	
Total		<u>372,629</u>	
Soil Conservation:			
Salaries and Employee Benefits		365,746	
Other Operating Expenditures		35,636	
Program Support		38,357	
Total		<u>439,739</u>	
Recycling:			
Salaries and Employee Benefits		72,710	
Other Operating Expenditures		289,487	
Total		<u>362,197</u>	
Total Economic and Physical Development	11,068,975	9,859,754	1,209,221

Continued on
next page

BUNCOMBE COUNTY, NORTH CAROLINA

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

General Fund

FOR THE YEAR ENDED JUNE 30, 2013

	Budget	Actual	Variance Positive (Negative)
Human Services:			
Health Services:			
Salaries and Employee Benefits		\$ 10,282,850	
Other Operating Expenditures		2,673,610	
Program Support		<u>136,000</u>	
Total		<u>13,092,460</u>	
Human Services Support:			
Salaries and Employee Benefits		701,598	
Other Operating Expenditures		<u>74,940</u>	
Total		<u>776,538</u>	
Social Services:			
Salaries and Employee Benefits		30,213,429	
Other Operating Expenditures		9,483,831	
Capital Outlay		189,399	
Program Support		<u>18,799,686</u>	
Total		<u>58,686,345</u>	
Other Youth Services:			
Other Operating Expenditures		7,282	
Program Support		<u>503,451</u>	
Total		<u>510,733</u>	
Other Human Services		<u>1,620,766</u>	
Total Human Services	\$ 79,047,689	74,686,842	\$ 4,360,847
Cultural and Recreational:			
Library:			
Salaries and Employee Benefits		3,669,726	
Other Operating Expenditures		<u>1,251,478</u>	
Total		<u>4,921,204</u>	
Recreation:			
Salaries and Employee Benefits		1,281,613	
Other Operating Expenditures		335,882	
Capital Outlay		15,575	
Program Support		<u>35,968</u>	
Total		<u>1,669,038</u>	

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next page

BUNCOMBE COUNTY, NORTH CAROLINA

*Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund*

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Childcare Centers:			
Salaries and Employee Benefits		\$ 425,516	
Other Operating Expenditures		<u>87,283</u>	
Total		<u>512,799</u>	
Art, Museums, and History		<u>104,500</u>	
Total Cultural and Recreational	\$ 7,535,144	7,207,541	\$ 327,603
Education:			
Public schools:			
Current Expenditures		56,401,909	
Capital Outlay		10,362,564	
Community College-Current Expenditures		<u>8,063,999</u>	
Total Education	75,064,604	74,828,472	236,132
Debt Service:			
Principal Retirement		12,647,975	
Interest and Fees		<u>6,033,505</u>	
Total Debt Service	18,922,394	18,681,480	240,914
Total Expenditures	<u>266,951,048</u>	<u>258,481,150</u>	8,469,898
Revenues Over (Under) Expenditures	<u>(16,810,088)</u>	<u>(5,712,503)</u>	11,097,585
OTHER FINANCING SOURCES (USES)			
Operating Transfers from Other Funds	8,823,073	688,708	(8,134,365)
Operating Transfers to Other Funds	(8,518,538)	(3,061,973)	5,456,565
Proceeds from Installment Obligations	11,845,000	11,845,000	-
Premium on Installment Obligations	2,170,702	2,170,702	-
Payment To Refunded Bond Escrow Agent	(15,126,422)	(15,126,422)	-
General Obligation Bonds Issued	1,067,072	1,067,072	-
Sale of Capital Assets	8,130,000	8,204,530	74,530
Appropriated Fund Balance	8,419,201	-	(8,419,201)
Total Other Financing Sources (Uses)	<u>16,810,088</u>	<u>5,787,617</u>	<u>(11,022,471)</u>
Net Change in Fund Balances	<u>\$ -</u>	75,114	<u>\$ 75,114</u>
Fund Balances, Beginning, as Previously Reported		70,978,238	
Prior Period Adjustment		<u>79,910</u>	
Fund Balance, Beginning as Restated		<u>71,058,148</u>	
Fund Balance, End of Year		<u>\$ 71,133,262</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, 2013

	Actual to June 30, 2013				Variance Positive (Negative)
	Project Authorization	Reported in Prior Years	Current Year	Total	
REVENUES					
Restricted Intergovernmental	\$ 1,138,631	\$ 384,076	\$ 756,000	\$ 1,140,076	\$ 1,445
Investment Earnings	322,360	379,524	78,982	458,506	136,146
Contributions and Grants	130,386	-	110,000	110,000	(20,386)
Miscellaneous	18,924	-	18,924	18,924	-
Total Revenues	1,610,301	763,600	963,906	1,727,506	117,205
EXPENDITURES					
Capital Outlay:					
Tax Software System	3,481,986	1,692,267	3,350	1,695,617	1,786,369
Detention Center	396,919	195,263	122,874	318,137	78,782
Firemen's Training Center	61,648	19,106	11,678	30,784	30,864
Public Safety Training Center	15,895,284	12,675,726	2,428,082	15,103,808	791,476
Radio Upgrades	7,856,445	2,658,125	2,432,185	5,090,310	2,766,135
EOC Garage and Redundancy	600,000	408,406	191,594	600,000	-
Human Services Building	7,108,383	4,335,164	1,197,740	5,532,904	1,575,479
Health Building Renovations	6,321,021	4,583,562	1,484,546	6,068,108	252,913
Parks and Greenways Projects	426,582	-	175,005	175,005	251,577
Technology Projects	1,748,547	64,186	468,010	532,196	1,216,351
Roof Replacement	2,021,037	1,803,341	-	1,803,341	217,696
County Administration					
Building	1,857,601	1,063,701	669,661	1,733,362	124,239
Economic Development	15,700,000	-	1,781,295	1,781,295	13,918,705
CTS Waterline Extension	4,300,000	-	199,855	199,855	4,100,145
Owen Park Stream Bank					
Repair	150,000	-	-	-	150,000
Technology Upgrade	1,099,097	-	-	-	1,099,097
Courthouse Life Safety					
Tower	31,490,900	28,585,388	2,345,631	30,931,019	559,881
Courthouse Phase II	42,552,874	5,434,865	22,797,774	28,232,639	14,320,235
Courthouse Phase III	3,000,000	-	198,551	198,551	2,801,449
Special - Vehicles	2,650,073	-	-	-	2,650,073
Closed Projects	4,968,213	2,354,842	2,613,371	4,968,213	-
Total Capital Outlay	153,686,610	65,873,942	39,121,202	104,995,144	48,691,466
Interest and Fees	6,990,127	1,877,898	2,471,187	4,349,085	2,641,042
Total Expenditures	160,676,737	67,751,840	41,592,389	109,344,229	51,332,508
Revenues Over (Under)					
Expenditures	(159,066,436)	(66,988,240)	(40,628,483)	(107,616,723)	51,449,713

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, 2013

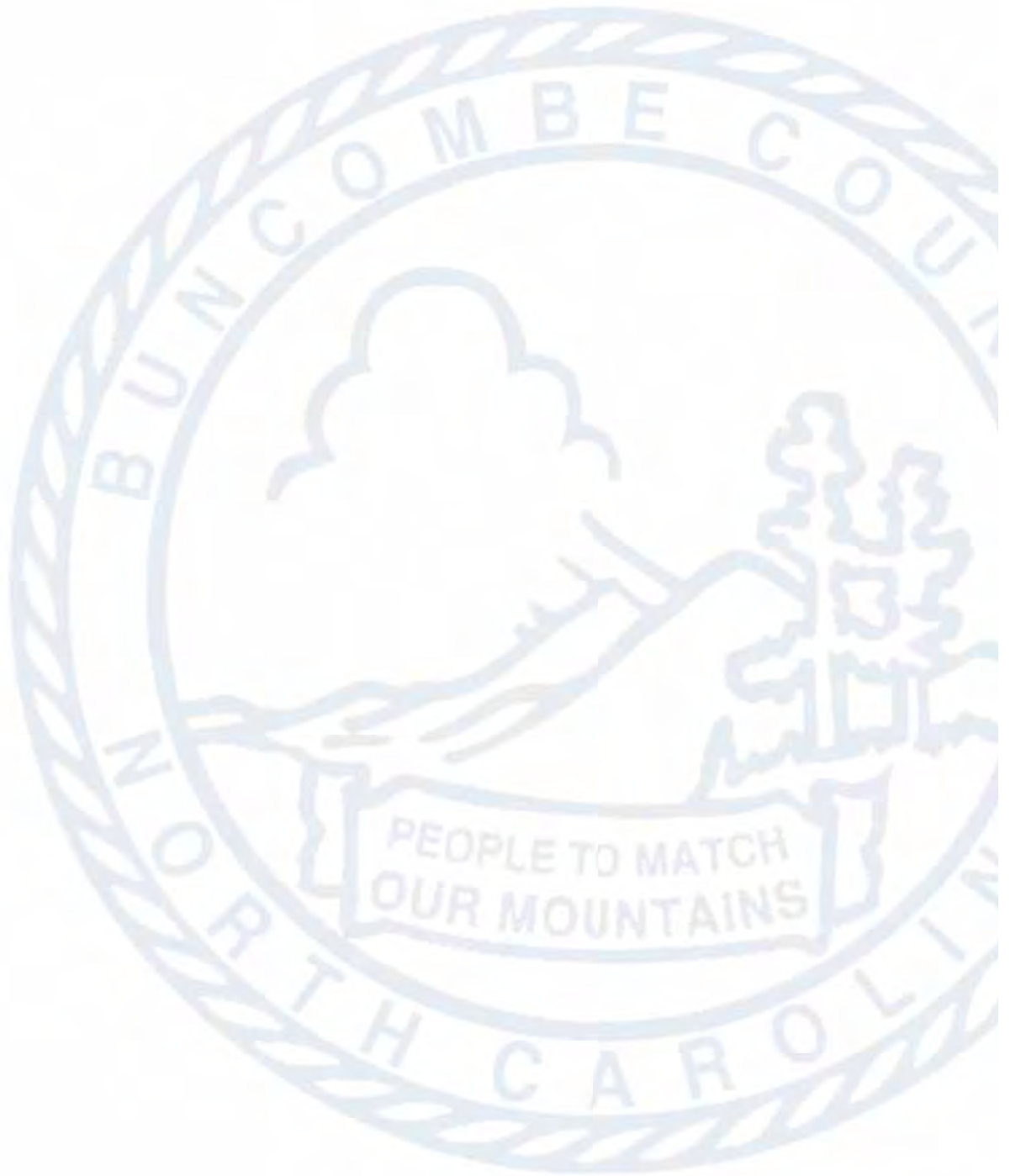
	Project Authorization	Actual to June 30, 2013			Variance Positive (Negative)
		Reported in Prior Years	Current Year	Total	
OTHER FINANCING SOURCES (USES)					
Proceeds from Installment					
Obligations	\$ 74,055,000	\$ -	\$ 58,355,000	\$ 58,355,000	\$ (15,700,000)
Sale of Capital Assets	-	20,000	(6,737,209)	(6,717,209)	(6,717,209)
Loan Proceeds - DENR CTS	4,300,000	-	-	-	(4,300,000)
Premium on Installment					
Obligations	9,469,419	-	9,233,919	9,233,919	(235,500)
Prior Year Revenues	76,905,454	82,877,452	-	82,877,452	5,971,998
Transfer from:					
General Fund	1,282,820	6,262,538	1,282,820	7,545,358	6,262,538
Human Services Facilities	2,418,222	3,132,546	-	3,132,546	714,324
Transfers From Parking Deck	3,785,844	3,785,844	-	3,785,844	-
Transfer to:					
General Fund	(11,097,735)	(4,965,834)	(565,637)	(5,531,471)	5,566,264
Grant Projects	(52,588)	-	(52,588)	(52,588)	-
Mental Health	-	(713,724)	-	(713,724)	(713,724)
Special Revenue	(2,000,000)	-	(2,000,000)	(2,000,000)	-
Total Other Financing Sources (Uses)	159,066,436	90,398,822	59,516,305	149,915,127	(9,151,309)
Revenues and Other Sources					
Over Expenditures and Other Uses	\$ -	\$ 23,410,582	18,887,822	\$ 42,298,404	\$ 42,298,404
Fund Balance, Beginning of Year			23,410,582		
Fund Balance, End of Year			\$ 42,298,404		

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, 2013

	Actual to June 30, 2013			Variance Positive (Negative)	
	Project Authorization	Reported in Prior Years	Current Year		Total
REVENUES					
Local Option Sales Taxes	\$ 151,996,871	\$ 157,322,947	\$ 13,394,029	\$ 170,716,976	\$ 18,720,105
Federal, State, and Other Grants	30,256,168	23,851,831	1,017,452	24,869,283	(5,386,885)
Investment Earnings	1,867,897	4,078,254	6,223	4,084,477	2,216,580
Total revenues	184,120,936	185,253,032	14,417,704	199,670,736	15,549,800
EXPENDITURES					
Capital Outlay:					
Education:					
Buncombe County Schools					
Sales Tax Projects	9,117,367	4,117,439	749,954	4,867,393	4,249,974
ADM Projects	5,000,000		4,968	4,968	4,995,032
Bond Projects	33,536,825	32,507,152	964,494	33,471,646	65,179
Asheville City Schools					
Sales Tax Projects	313,023	48,050	1,922	49,972	263,051
Bond Projects	5,585,151	3,053,701	2,027,434	5,081,135	504,016
Lottery Projects	280,000	-	280,000	280,000	-
Total Capital Outlay	53,832,366	39,726,342	4,028,772	43,755,114	10,077,252
Debt Service:					
Principal Retirement	35,665,137	43,715,991	9,506,025	53,222,016	(17,556,879)
Interest and Fees	22,055,029	31,955,476	3,843,466	35,798,942	(13,743,913)
Total Debt Service	57,720,166	75,671,467	13,349,491	89,020,958	(31,300,792)
Total Expenditures	111,552,532	115,397,809	17,378,263	132,776,072	(21,223,540)
Revenues Over (Under) Expenditures	72,568,404	69,855,223	(2,960,559)	66,894,664	(5,673,740)
OTHER FINANCING SOURCES					
(USES)					
General Obligation Bonds Issued	31,432,928	-	31,432,928	31,432,928	-
Payment To Refunded Bond Escrow Agent	(31,432,928)	-	(31,432,928)	(31,432,928)	-
Prior Year Revenues and Transfers	(74,396,404)	(53,134,468)	-	(53,134,468)	21,261,936
Appropriated Fund Balance	1,828,000	-	-	-	(1,828,000)
Total Other Financing Sources (Uses)	(72,568,404)	(53,134,468)	-	(53,134,468)	19,433,936
Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	\$ 16,720,755	(2,960,559)	\$ 13,760,196	\$ 13,760,196
Fund Balance, Beginning of Year			16,720,755		
Fund Balance, End of Year			\$ 13,760,196		



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.

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.

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 - This fund results from the creation of a Tax Increment Financing (TIF) District by the North Carolina Local Government Commission and accounts for the bonds issued for public purposes associated with the development of the Woodfin Town Center project and remediation and redevelopment of a 156 acre former landfill.

DEBT SERVICE FUNDS:

PDF 2008 Debt Service Reserve - This fund accounts for the principal and interest payments associated with the bonds issued for 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.

AB Tech Capital Projects Fund - This fund is used to account for capital improvements to Asheville – Buncombe Technical Community College.

BUNCOMBE COUNTY, NORTH CAROLINA

Combining Balance Sheet

Nonmajor Governmental Funds

FOR THE YEAR ENDED JUNE 30, 2013

	Special Revenue Funds				
	Special Districts		Occupancy Tax	Register of Deeds	
	Volunteer Fire Departments	Emergency Telephone System		Automation	Grant Projects
ASSETS					
Cash and Cash Equivalents	\$ 416,482	\$ 2,327,759	\$ -	\$ 374,894	\$ 1,624,999
Receivables (Net):					
Taxes Receivable	132,762	-	852,623	-	-
Due from Other Governments	1,146,244	-	-	-	73,118
Accounts Receivable	-	173,036	-	-	-
Inventories	-	-	-	-	-
Restricted Assets:					
Restricted Cash and Cash Equivalents	-	-	-	-	-
Total Assets	\$ 1,695,488	\$ 2,500,795	\$ 852,623	\$ 374,894	\$ 1,698,117
LIABILITIES					
Accounts Payable	\$ 1,562,726	\$ 11,427	\$ 12,790	\$ -	\$ 85,650
Refundable Deposits	-	-	-	-	-
Payable from Restricted Cash	-	-	-	-	-
Due to General Fund	-	-	-	-	1,595,812
Due to Component Unit	-	-	839,833	-	-
Total Liabilities	1,562,726	11,427	852,623	-	1,681,462
DEFERRED INFLOWS OF RESOURCES	132,762	-	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted for:					
Stabilization by State Statute	-	173,036	-	-	16,655
Register of Deeds	-	-	-	374,894	-
Public Safety	-	2,316,332	-	-	-
Capital Projects	-	-	-	-	-
Debt Service	-	-	-	-	-
Assigned	-	-	-	-	-
Total	-	2,489,368	-	374,894	16,655
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,695,488	\$ 2,500,795	\$ 852,623	\$ 374,894	\$ 1,698,117

Transportation	Drug Forfeitures	PDF Woodfin	Debt Service Fund		Capital Projects Funds		Total Nonmajor Governmental Funds
			PDF 2008 Debt Service	Special Projects	AB Tech Capital Projects		
\$ -	\$ 113,584	\$ -	\$ -	\$ 4,490,731	\$ 5,267,193	\$ 14,615,642	
-	-	-	-	-	-	985,385	
-	-	-	-	-	2,327,421	3,546,783	
428,257	-	-	-	480,000	-	1,081,293	
764	-	-	-	-	-	764	
-	-	342,082	631,477	-	224,950	1,198,509	
<u>\$ 429,021</u>	<u>\$ 113,584</u>	<u>\$ 342,082</u>	<u>\$ 631,477</u>	<u>\$ 4,970,731</u>	<u>\$ 7,819,564</u>	<u>\$ 21,428,376</u>	
\$ 203,301	\$ -	\$ -	\$ -	\$ 19,271	\$ -	\$ 1,895,165	
-	-	-	-	244,261	-	244,261	
-	-	-	-	-	116,505	116,505	
13,784	-	-	-	-	-	1,609,596	
-	-	-	-	-	-	839,833	
<u>217,085</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>263,532</u>	<u>116,505</u>	<u>4,705,360</u>	
-	-	-	-	460,000	-	592,762	
764	-	-	-	-	-	764	
211,172	-	-	-	20,000	2,327,421	2,748,284	
-	-	-	-	-	-	374,894	
-	113,584	-	-	-	-	2,429,916	
-	-	113,821	-	-	5,375,638	5,489,459	
-	-	228,261	631,477	-	-	859,738	
-	-	-	-	4,227,199	-	4,227,199	
<u>211,936</u>	<u>113,584</u>	<u>342,082</u>	<u>631,477</u>	<u>4,247,199</u>	<u>7,703,059</u>	<u>16,130,254</u>	
<u>\$ 429,021</u>	<u>\$ 113,584</u>	<u>\$ 342,082</u>	<u>\$ 631,477</u>	<u>\$ 4,970,731</u>	<u>\$ 7,819,564</u>	<u>\$ 21,428,376</u>	

BUNCOMBE COUNTY, NORTH CAROLINA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

FOR THE YEAR ENDED JUNE 30, 2013

	Special Revenue Funds					
	Special Districts					
	Volunteer Fire Departments	Emergency Telephone System	Occupancy Tax	Register of Deeds Automation	Grant Projects	Trans- portation
REVENUES						
Ad Valorem Taxes	\$ 14,894,192	\$ -	\$ -	\$ -	\$ -	\$ -
Local Option Sales Taxes	4,337,136	-	-	-	-	-
Other Taxes and Licenses	-	-	8,204,628	-	-	-
Restricted Intergovernmental Sales and Services	-	1,038,186	-	155,972	1,868,224	2,179,924
Investment Earnings	-	2,320	-	293	4,305	-
Miscellaneous	-	-	-	-	-	58,071
Total Revenues	19,231,328	1,040,506	8,204,628	156,265	1,872,529	2,237,995
EXPENDITURES						
Current:						
General Government	-	-	-	-	76,330	-
Public Safety	19,231,328	897,991	-	-	774,093	-
Economic and Physical Development	-	-	8,081,558	-	15,924	-
Human Services	-	-	-	-	1,249,327	3,266,356
Cultural and Recreational	-	-	-	-	34,948	-
Capital Outlay	-	-	-	-	65,064	-
Debt Service:						
Principal Retirement	-	-	-	-	-	-
Interest and Fees	-	-	-	-	-	-
Total Expenditures	19,231,328	897,991	8,081,558	-	2,215,686	3,266,356
Revenues Over (Under) Expenditures	-	142,515	123,070	156,265	(343,157)	(1,028,361)
OTHER FINANCING SOURCES (USES)						
Transfers from Other Funds	-	9,028	-	-	254,120	1,105,874
Transfers to Other Funds	-	-	(123,070)	-	-	(15,542)
Installment Obligations Issued	-	-	-	-	-	-
Premium on Installment Obligations	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	9,028	(123,070)	-	254,120	1,090,332
Net Change in Fund Balances	-	151,543	-	156,265	(89,037)	61,971
Fund Balances, Beginning of Year	-	2,337,825	-	218,629	105,692	149,965
Fund Balances, End of Year	\$ -	\$ 2,489,368	\$ -	\$ 374,894	\$ 16,655	\$ 211,936

	Debt		Capital Projects Funds		Total Nonmajor Governmental Funds
	Service Fund			AB Tech Capital Projects	
Drug Forfeitures	PDF Woodfin	PDF Debt Service	Special Projects		
\$ -	\$ -	\$ 57,941	\$ -	\$ -	\$ 14,952,133
-	-	-	-	8,661,975	12,999,111
-	-	-	-	-	8,204,628
91,686	-	-	359,299	-	5,693,291
-	-	-	-	-	4,305
604	257	346	-	10,258	14,078
-	-	-	219,646	-	277,717
<u>92,290</u>	<u>257</u>	<u>58,287</u>	<u>578,945</u>	<u>8,672,233</u>	<u>42,145,263</u>
-	-	-	-	-	76,330
29,476	-	-	-	-	20,932,888
-	-	-	-	-	8,097,482
-	-	-	-	-	4,515,683
-	-	-	-	-	34,948
-	57,981	-	1,588,647	5,913,005	7,624,697
-	-	-	-	145,000	145,000
-	2,011	917,900	-	158,168	1,078,079
<u>29,476</u>	<u>59,992</u>	<u>917,900</u>	<u>1,588,647</u>	<u>6,216,173</u>	<u>42,505,107</u>
<u>62,814</u>	<u>(59,735)</u>	<u>(859,613)</u>	<u>(1,009,702)</u>	<u>2,456,060</u>	<u>(359,844)</u>
-	-	-	2,489,250	-	3,858,272
(10,990)	-	-	-	-	(149,602)
-	-	-	-	3,180,000	3,180,000
-	-	-	-	478,843	478,843
<u>(10,990)</u>	<u>-</u>	<u>-</u>	<u>2,489,250</u>	<u>3,658,843</u>	<u>7,367,513</u>
<u>51,824</u>	<u>(59,735)</u>	<u>(859,613)</u>	<u>1,479,548</u>	<u>6,114,903</u>	<u>7,007,669</u>
<u>61,760</u>	<u>401,817</u>	<u>1,491,090</u>	<u>2,767,651</u>	<u>1,588,156</u>	<u>9,122,585</u>
<u>\$ 113,584</u>	<u>\$ 342,082</u>	<u>\$ 631,477</u>	<u>\$ 4,247,199</u>	<u>\$ 7,703,059</u>	<u>\$ 16,130,254</u>

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, 2013

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Ad Valorem Taxes		\$ 14,894,192	
Local Option Sales Taxes		4,337,136	
Total Revenues	\$ 21,172,197	19,231,328	\$ (1,940,869)
EXPENDITURES			
Current:			
Public Safety:			
Operating Expenditures		1,440	
Contract Payments to Volunteer Fire Departments		19,229,888	
Total Expenditures	21,172,197	19,231,328	1,940,869
Net Change in Fund Balance	\$ -	-	\$ -
Fund Balance, Beginning of Year		-	
Fund Balance, End of Year		\$ -	

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, 2013

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Restricted Intergovernmental		\$ 1,038,186	
Investment Earnings		2,320	
Total Revenues	\$ 1,068,186	1,040,506	\$ (27,680)
EXPENDITURES			
Current:			
Public Safety:			
Implemental Functions		63,207	
Telephone and Furniture		373,120	
Software Maintenance		319,841	
Hardware Maintenance		69,907	
Training		1,267	
Capital Outlay		70,649	
Total Expenditures	1,068,186	897,991	170,195
Revenues Over (Under) Expenditures	-	142,515	142,515
OTHER FINANCING SOURCES (USES)			
Operating Transfers from Other Funds	-	9,028	9,028
Net Change in Fund Balance	\$ -	151,543	\$ 151,543
Fund Balance, Beginning of Year		2,337,825	
Fund Balance, End of Year		\$ 2,489,368	

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, 2013

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Occupancy Tax	\$ 8,286,400	\$ 8,204,628	\$ (81,772)
EXPENDITURES			
Current:			
Economic and Physical Development:			
Tourism Development			
Total Expenditures	8,168,854	8,081,558	87,296
Revenues Over (Under) Expenditures	117,546	123,070	5,524
OTHER FINANCING SOURCES (USES)			
Transfer to:			
General Fund	(117,546)	(123,070)	(5,524)
Net Change in Fund Balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance, Beginning of Year		-	
Fund Balance, End of Year		<u>\$ -</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, 2013

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Restricted Intergovernmental		\$ 155,972	
Investment Earnings		293	
Total Revenues	\$ 155,000	156,265	\$ 1,265
EXPENDITURES			
Current:			
Salaries and Employee Benefits		-	
Other Operating Expenditures		-	
Total Expenditures	155,000	-	155,000
Revenues Over (Under) Expenditures	-	156,265	156,265
Net Change in Fund Balance	\$ -	156,265	\$ 156,265
Fund Balance, Beginning of Year		218,629	
Fund Balance, End of Year		\$ 374,894	

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, 2013

	Actual to June 30, 2013			Total	Variance Positive (Negative)
	Project Budget	Reported in Prior Years	Current Year		
REVENUES					
Restricted Intergovernmental	\$ 6,148,057	\$ 1,515,802	\$ 1,868,224	\$ 3,384,026	\$ (2,764,031)
Sales and Services	106,770	29,667	4,305	33,972	(72,798)
Total Revenues	<u>6,254,827</u>	<u>1,545,469</u>	<u>1,872,529</u>	<u>3,417,998</u>	<u>(2,836,829)</u>
EXPENDITURES					
Current:					
General Government	76,330	-	76,330	76,330	-
Public Safety	1,124,604	240,965	774,093	1,015,058	109,546
Cultural and Recreational	275,774	103,158	34,948	138,106	137,668
Economic and Physical Development	2,907,882	1,666,023	15,924	1,681,947	1,225,935
Human Services	2,207,802	(21,684)	1,249,327	1,227,643	980,159
Capital Outlay	65,064	-	65,064	65,064	-
Total Expenditures	<u>6,657,456</u>	<u>1,988,462</u>	<u>2,215,686</u>	<u>4,204,148</u>	<u>2,453,308</u>
Revenues Over (Under) Expenditures	<u>(402,629)</u>	<u>(442,993)</u>	<u>(343,157)</u>	<u>(786,150)</u>	<u>(383,521)</u>
OTHER FINANCING SOURCES (USES)					
Prior Year Revenues	200,591	298,685	-	298,685	98,094
Transfer from:					
General Fund	-	250,000	175,000	425,000	425,000
Transportation	138,460	-	15,542	15,542	(122,918)
Capital Projects	52,588	-	52,588	52,588	-
Drug Forfeitures	10,990	-	10,990	10,990	-
Total Other Financing Sources (Uses)	<u>402,629</u>	<u>548,685</u>	<u>254,120</u>	<u>802,805</u>	<u>400,176</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 105,692</u>	<u>(89,037)</u>	<u>\$ 16,655</u>	<u>\$ 16,655</u>
Fund Balance, Beginning of Year			<u>105,692</u>		
Fund Balance, End of Year			<u>\$ 16,655</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, 2013

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Restricted Intergovernmental		\$ 2,179,924	
Miscellaneous		58,071	
Total Revenues	\$ 2,851,973	2,237,995	\$ (613,978)
EXPENDITURES			
Current:			
Human Services:			
Other Operating Expenditures		3,266,356	
Total Expenditures	4,006,104	3,266,356	739,748
Revenues Over (Under) Expenditures	(1,154,131)	(1,028,361)	125,770
OTHER FINANCING SOURCES (USES)			
Transfer from:			
General Fund	1,169,673	1,105,874	(63,799)
Transfer to:			
Grant Projects	(15,542)	(15,542)	-
Total Other Financing Sources (Uses)	1,154,131	1,090,332	(63,799)
Net Change in Fund Balance	\$ -	61,971	\$ 61,971
Fund Balance, Beginning of Year		149,965	
Fund Balance, End of Year		\$ 211,936	

BUNCOMBE COUNTY, NORTH CAROLINA

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

Drug Forfeitures Fund

FOR THE YEAR ENDED JUNE 30, 2013

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Restricted Intergovernmental		\$ 91,686	
Restricted Investment Earnings		604	
Total Revenues	\$ 33,125	92,290	\$ 59,165
EXPENDITURES			
Current:			
Public Safety:			
Operating Expenditures		12,181	
Capital Outlay		17,295	
Total Expenditures	55,615	29,476	26,139
Revenues Over (Under) Expenditures	(22,490)	62,814	85,304
OTHER FINANCING SOURCES (USES)			
Appropriated Fund Balance	33,480	-	(33,480)
Transfer to:			
Grant Projects	(10,990)	(10,990)	-
Total Other Financing Sources (Uses)	22,490	(10,990)	(33,480)
Net Change in Fund Balance	\$ -	51,824	\$ 51,824
Fund Balance, Beginning of Year		61,760	
Fund Balance, End of Year		\$ 113,584	

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, 2013

	Actual to June 30, 2013			Total	Variance Positive (Negative)
	Project Budget	Reported in Prior Years	Current Year		
REVENUES					
Investment Earnings	\$ 77,919	\$ 68,270	\$ 257	\$ 68,527	\$ (9,392)
EXPENDITURES					
Capital Outlay	7,882,200	7,710,398	57,981	7,768,379	113,821
Debt Service:					
Interest and Fees	623,250	383,586	2,011	385,597	237,653
Total Expenditures	8,505,450	8,093,984	59,992	8,153,976	351,474
Revenues Over (Under) Expenditures	(8,427,531)	(8,025,714)	(59,735)	(8,085,449)	342,082
OTHER FINANCING SOURCES (USES)					
Project Development Bonds Issued	11,664,000	11,664,000	-	11,664,000	-
Premium (Discount) on Project Development Bonds	(160,449)	(160,449)	-	(160,449)	-
Transfer to:					
PDF 2008 Debt Service	(3,076,020)	(3,076,020)	-	(3,076,020)	-
Total Other Financing Sources (Uses)	8,427,531	8,427,531	-	8,427,531	-
Net Change in Fund Balance	\$ -	\$ 401,817	(59,735)	\$ 342,082	\$ 342,082
Fund Balance, Beginning of Year			401,817		
Fund Balance, End of Year			\$ 342,082		

BUNCOMBE COUNTY, NORTH CAROLINA

*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
PDF 2008 Debt Service Reserve*

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

	Actual to June 30, 2013			Total	Variance Positive (Negative)
	Project Budget	Reported in Prior Years	Current Year		
REVENUES					
Ad Valorem Taxes	\$ 24,468,728	\$ 262,163	\$ 57,941	\$ 320,104	\$(24,148,624)
Investment Earnings	1,249,020	22,374	346	22,720	(1,226,300)
Total Revenues	<u>25,717,748</u>	<u>284,537</u>	<u>58,287</u>	<u>342,824</u>	<u>(25,374,924)</u>
EXPENDITURES					
Debt Service:					
Principal Retirement	12,960,000	-	-	-	12,960,000
Interest and Fees	17,129,768	3,165,467	917,900	4,083,367	13,046,401
Total Expenditures	<u>30,089,768</u>	<u>3,165,467</u>	<u>917,900</u>	<u>4,083,367</u>	<u>26,006,401</u>
Revenues Over (Under) Expenditures	<u>(4,372,020)</u>	<u>(2,880,930)</u>	<u>(859,613)</u>	<u>(3,740,543)</u>	<u>631,477</u>
OTHER FINANCING SOURCES (USES)					
Project Development Bonds Issued	1,296,000	1,296,000	-	1,296,000	-
Transfer to:					
PDF Woodfin Downtown	3,076,020	3,076,020	-	3,076,020	-
Total Other Financing Sources (Uses)	<u>4,372,020</u>	<u>4,372,020</u>	<u>-</u>	<u>4,372,020</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 1,491,090</u>	<u>(859,613)</u>	<u>\$ 631,477</u>	<u>\$ 631,477</u>
Fund Balance, Beginning of Year			<u>1,491,090</u>		
Fund Balance, End of Year			<u>\$ 631,477</u>		

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, 2013

	Actual to June 30, 2013				Variance Positive (Negative)
	Project Budget	Reported in Prior Years	Current Year	Total	
REVENUES					
Restricted Intergovernmental:					
Home FY09	\$ 314,705	\$ 295,268	\$ -	\$ 295,268	\$ (19,437)
Home FY08	220,320	132,192	-	132,192	(88,128)
CDBG 2010	400,000	-	334,299	334,299	(65,701)
Program Income CDBG	59,929	59,928	-	59,928	(1)
Home Program Income	119,445	119,443	-	119,443	(2)
USDA Sycamore Valley Easement	-	68,402	-	68,402	68,402
NC Foundation Sycamore Valley Easement	-	10,000	-	10,000	10,000
USDA Grant Brown	400,000	-	-	-	(400,000)
NCDA Grant Brown	200,000	-	-	-	(200,000)
SW Foundation Brown Easement	9,940	-	-	-	(9,940)
Pigeon River Fund Brown	25,000	-	25,000	25,000	-
Sales and Services	-	425,405	-	425,405	425,405
Miscellaneous	781,620	738,126	219,646	957,772	176,152
Total Revenues	2,530,959	1,848,764	578,945	2,427,709	(103,250)
EXPENDITURES					
Capital Outlay:					
Housing:					
LOS Fair Housing	25,000	-	15,350	15,350	9,650
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 FY09	389,705	295,268	23,104	318,372	71,333
Home FY08	295,320	169,692	-	169,692	125,628
Home Program Income	119,445	119,445	-	119,445	-
Program Income CDBG	59,929	59,929	-	59,929	-
CDBG Scattered Sites 2010	410,400	86,529	259,760	346,289	64,111
MHO Eagle Street Loan	2,000,000	-	-	-	2,000,000
Housing Trust:					
Housing Trust Program Income	731,620	232,088	316,593	548,681	182,939
Housing Trust FY13	299,250	-	294,650	294,650	4,600
Housing Trust FY12	250,000	159,853	50,664	210,517	39,483
Housing Trust FY09	300,000	269,500	10,500	280,000	20,000
Housing Trust FY08	250,000	246,600	3,400	250,000	-
Housing Trust FY04	300,000	299,117	-	299,117	883
Mobile Home Disposal FY12	49,250	-	-	-	49,250
Mobile Home Disposal FY11	50,000	7,945	12,928	20,873	29,127
Energy Savings Reinvestment Act	109,263	44,308	41,644	85,952	23,311
Soil Conservation	2,353,535	836,017	205,265	1,041,282	1,312,253
Closed Projects	405,500	109,211	296,289	405,500	-
Total Expenditures	8,623,217	3,000,269	1,588,647	4,588,916	4,034,301
Revenues Over (Under) Expenditures	(6,092,258)	(1,151,505)	(1,009,702)	(2,161,207)	3,931,051

Continued on next page

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, 2013

	Actual to June 30, 2013			Total	Variance Positive (Negative)
	Project Budget	Reported in Prior Years	Current Year		
OTHER FINANCING SOURCES (USES)					
Transfer from:					
General Fund	\$ 374,250	\$ 2,110,973	\$ 489,250	\$ 2,600,223	\$ 2,225,973
Capital Projects	2,000,000	-	2,000,000	2,000,000	-
Prior Year Revenues	3,718,008	1,808,183	-	1,808,183	(1,909,825)
Total Other Financing Sources (Uses)	6,092,258	3,919,156	2,489,250	6,408,406	316,148
Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	\$ 2,767,651	1,479,548	\$ 4,247,199	\$ 4,247,199
Fund Balance, Beginning of Year			2,767,651		
Fund Balance, End of Year			\$ 4,247,199		

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, 2013

	Actual to June 30, 2013				Variance Positive (Negative)
	Project Budget	Reported in Prior Years	Current Year	Total	
REVENUES					
Local Option Sales Taxes	\$ 5,035,993	\$ 2,161,358	\$ 8,661,975	\$ 10,823,333	\$ 5,787,340
Investment Earnings	-	-	10,258	10,258	10,258
Total Revenues	<u>5,035,993</u>	<u>2,161,358</u>	<u>8,672,233</u>	<u>10,833,591</u>	<u>5,797,598</u>
EXPENDITURES					
Community College	68,785,338	569,359	5,913,005	6,482,364	62,302,974
Debt Service:					
Principal Retirement	1,560,115	-	145,000	145,000	1,415,115
Interest and Fees	1,349,383	3,843	158,168	162,011	1,187,372
Total Expenditures	<u>71,694,836</u>	<u>573,202</u>	<u>6,216,173</u>	<u>6,789,375</u>	<u>64,905,461</u>
Revenues Over (Under) Expenditures	<u>(66,658,843)</u>	<u>1,588,156</u>	<u>2,456,060</u>	<u>4,044,216</u>	<u>70,703,059</u>
OTHER FINANCING SOURCES (USES)					
Premium on Installment Obligations	478,843	-	478,843	478,843	-
Proceeds from Installment Obligations	66,180,000	-	3,180,000	3,180,000	(63,000,000)
Total Other Financing Sources (Uses)	<u>66,658,843</u>	<u>-</u>	<u>3,658,843</u>	<u>3,658,843</u>	<u>(63,000,000)</u>
Revenues and Other Sources Over Expenditures	<u>\$ -</u>	<u>\$ 1,588,156</u>	<u>6,114,903</u>	<u>\$ 7,703,059</u>	<u>\$ 7,703,059</u>
Fund Balance, Beginning of Year			<u>1,588,156</u>		
Fund Balance, End of Year			<u>\$ 7,703,059</u>		

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

Solid Waste Disposal Fund - This fund accounts for the revenues and expenditures associated with the Contruction & 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.

BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP)
Solid Waste Disposal Fund

FOR THE YEAR ENDED JUNE 30, 2013

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Operating Revenues:			
Tipping Fees		\$ 5,885,737	
Service Charges and Other Revenues		968,798	
Intergovernmental Revenues		373,333	
Total Operating Revenues	\$ 7,702,087	7,227,868	\$ (474,219)
Nonoperating Revenues:			
Investment Earnings		55,380	
Total Nonoperating Revenues	40,000	55,380	15,380
 Total Revenues	 7,742,087	 7,283,248	 (458,839)
EXPENDITURES			
Landfill:			
Salaries, Wages, and Fringe Benefits		911,530	
Maintenance and Repairs		380,371	
Contracted Services		415,138	
Other Operating Expenditures		1,394,928	
Landfill Closure and Postclosure Care Costs		233,527	
Total Landfill		<u>3,335,494</u>	
Transfer Station:			
Salaries, Wages, and Fringe Benefits		586,262	
Maintenance and Repairs		39,457	
Other Operating Expenditures		49,608	
Total Transfer Station		<u>675,327</u>	
Landfill Gas to Energy Project:			
Salaries, Wages and Fringe Benefits		84,406	
Maintenance and Repairs		228,687	
Contracted Services		26,541	
Other Operating Expenditures		24,805	
Total Landfill Gas to Energy Project		<u>364,439</u>	
Capital Outlay		<u>76,402</u>	
Debt Service:			
Principal Retirement		1,570,000	
Interest and Fees		260,037	
Total Debt Service		<u>1,830,037</u>	
 Total Expenditures	 7,288,119	 6,281,699	 1,006,420
 Revenues Over (Under) Expenditures	 453,968	 1,001,549	 547,581

Continued on next page

BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP)

Solid Waste Disposal Fund

FOR THE YEAR ENDED JUNE 30, 2013

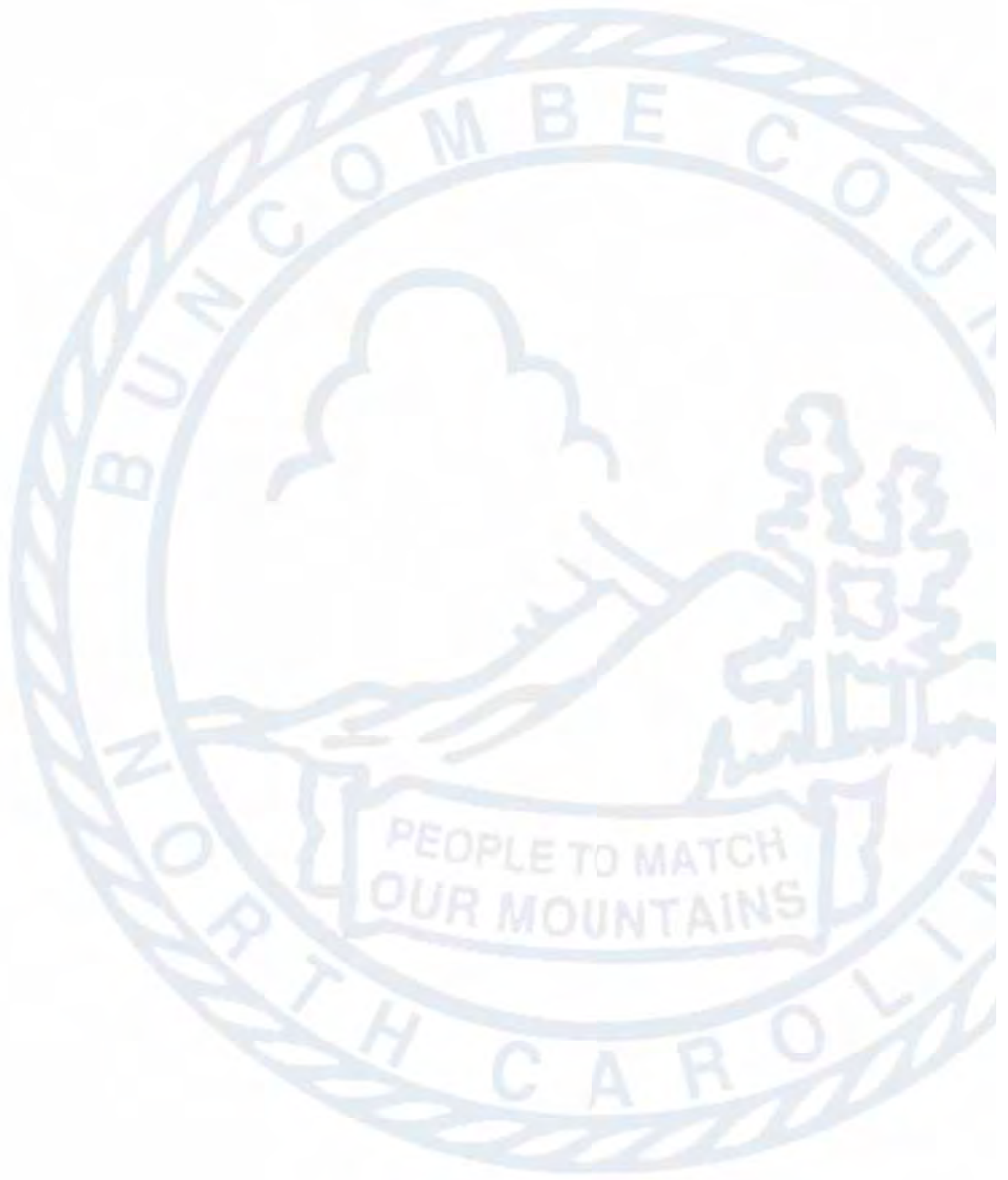
	Budget	Actual	Variance Positive (Negative)
OTHER FINANCING SOURCES (USES)			
Proceeds from Installment Obligations	\$ 1,985,000	\$ 3,485,000	\$ 1,500,000
Premium on Installment Obligations	311,032	311,032	-
Transfer to:			
Solid Waste Capital Projects	(2,750,000)	(3,700,000)	(950,000)
Sale of Capital Assets	-	705	705
	<u> </u>	<u> </u>	<u> </u>
Revenues and Other Sources Over (Under) Expenditures	<u> </u>	<u>1,098,286</u>	<u>\$ 1,098,286</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Reconciling Items:			
Proceeds from Issuance of Debt		(3,796,032)	
Debt Principal		1,570,000	
Decrease in Accrued Interest		22,641	
Amortization of Bond Premium and Deferred Charges		34,509	
Increase in Other Postemployment Benefits		(12,692)	
Decrease in Accrued Compensated Absences		1,827	
Decrease in Accrued Landfill Closure Costs		135,245	
Capital Outlay		76,402	
Depreciation		(2,003,695)	
Transfer to Landfill Capital Projects		3,700,000	
Capital Contributions		226,720	
Total Reconciling Items		<u>(45,075)</u>	
Change in Net Position		<u>\$ 1,053,213</u>	

BUNCOMBE COUNTY, NORTH CAROLINA

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

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

	Actual to June 30, 2013			Variance Positive (Negative)	
	Project Budget	Reported in Prior Years	Current Year		Total
REVENUES					
Restricted Intergovernmental	\$ -	\$ 1,192,147	\$ 226,720	\$ 1,418,867	\$ 1,418,867
Total Revenues	-	1,192,147	226,720	1,418,867	1,418,867
EXPENDITURES					
Capital Outlay	15,028,462	-	690,786	690,786	14,337,676
Closed Projects	-	2,900,485	1,422,201	4,322,686	(4,322,686)
Total Expenditures	15,028,462	2,900,485	2,112,987	5,013,472	10,014,990
Revenues Over (Under) Expenditures	(15,028,462)	(1,708,338)	(1,886,267)	(3,594,605)	11,433,857
OTHER FINANCING SOURCES (USES)					
Transfer from:					
Solid Waste	2,200,000	-	3,700,000	3,700,000	1,500,000
Prior Year Revenues	1,628,462	2,968,951	-	2,968,951	1,340,489
General Obligation Bonds Issued	11,200,000	-	-	-	(11,200,000)
Total Other Financing Sources (Uses)	15,028,462	-	3,700,000	6,668,951	(8,359,511)
Revenues and Other Sources Over (Under) Expenditures	\$ -	\$ 1,260,613	\$ 1,813,733	\$ 3,074,346	\$ 3,074,346



Combining Statements and Schedules for Nonmajor Enterprise Funds

Criminal Justice Information System - This fund accounts for the revenues and expenditures associated with the Criminal Justice Information System which maintains connectivity to data from other County, City, and State agencies and makes data available to public safety employees 24 hours a day, 365 days a year. Services offered by this system are provided on a per officer cost basis to surrounding law enforcement agencies.

CJIS Capital Projects Fund - This fund accounts for the capital projects associated with the Criminal Justice Information System.

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

Combining Statement of Net Position

Nonmajor Enterprise Funds

FOR THE YEAR ENDED JUNE 30, 2013

	CJIS	Inmate Commissary/ Welfare	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 434,501	\$ 471,516	\$ 906,017
Receivables, Net	134,569	132	134,701
Total Current Assets	<u>569,070</u>	<u>471,648</u>	<u>1,040,718</u>
Noncurrent Assets:			
Capital Assets:			
Land, Improvements, and Construction in Progress	110,394	-	110,394
Other Capital Assets, Net of Depreciation	125,430	47,544	172,974
Total Noncurrent Assets	<u>235,824</u>	<u>47,544</u>	<u>283,368</u>
Total Assets	<u>804,894</u>	<u>519,192</u>	<u>1,324,086</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	70,964	43,462	114,426
Salaries and Payroll Taxes Payable	30,388	2,211	32,599
Compensated Absences	52,119	1,439	53,558
Total Current Liabilities	<u>153,471</u>	<u>47,112</u>	<u>200,583</u>
Noncurrent Liabilities:			
Other Postemployment Benefits	29,418	5,305	34,723
Total Liabilities	<u>182,889</u>	<u>52,417</u>	<u>235,306</u>
NET POSITION			
Net Investment in Capital Assets	235,824	47,544	283,368
Unrestricted	386,181	419,231	805,412
Total Net Position	<u>\$ 622,005</u>	<u>\$ 466,775</u>	<u>\$ 1,088,780</u>

BUNCOMBE COUNTY, NORTH CAROLINA

Combining Statement of Revenues, Expenditures and Changes in Net Position

Nonmajor Enterprise Funds

FOR THE YEAR ENDED JUNE 30, 2013

	CJIS	Inmate Commissary/ Welfare	Total Nonmajor Enterprise Funds
OPERATING REVENUES			
Charges for Services	\$ 1,326,632	\$ 351,049	\$ 1,677,681
Total Operating Revenues	<u>1,326,632</u>	<u>351,049</u>	<u>1,677,681</u>
OPERATING EXPENSES			
Salaries, Wages and Fringe Benefits	672,106	46,859	718,965
Contracted Services	41,580	66,752	108,332
Cost of Products Sold	-	52,855	52,855
Maintenance and Repairs	283,963	-	283,963
Depreciation	85,571	8,297	93,868
Other Operating Expenses	163,394	42,007	205,401
Total Operating Expenses	<u>1,246,614</u>	<u>216,770</u>	<u>1,463,384</u>
Operating Income (Loss)	<u>80,018</u>	<u>134,279</u>	<u>214,297</u>
NONOPERATING REVENUES (EXPENSES)			
Interest and Investment Revenue	523	1,113	1,636
Total Nonoperating Revenues (Expenses)	<u>523</u>	<u>1,113</u>	<u>1,636</u>
Change in Net Position	80,541	135,392	215,933
Net Position, Beginning of Year	<u>541,464</u>	<u>331,383</u>	<u>872,847</u>
Net Position, End of Year	<u>\$ 622,005</u>	<u>\$ 466,775</u>	<u>\$ 1,088,780</u>

BUNCOMBE COUNTY, NORTH CAROLINA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds

FOR THE YEAR ENDED JUNE 30, 2013

	CJIS	Inmate Commissary/ Welfare	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Customers	\$ 1,311,816	\$ 351,028	\$ 1,662,844
Cash Paid for Goods and Services	(438,608)	(125,888)	(564,496)
Cash Paid to Employees for Services	(675,706)	(44,169)	(719,875)
Net Cash Provided (Used) by Operating Activities	<u>197,502</u>	<u>180,971</u>	<u>378,473</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and Construction of Capital Assets	<u>(35,780)</u>	<u>(49,184)</u>	<u>(84,964)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on Investments	<u>523</u>	<u>1,113</u>	<u>1,636</u>
Net Increase (Decrease) in Cash and Cash Equivalents	162,245	132,900	295,145
Cash and Cash Equivalents, Beginning of Year	<u>272,256</u>	<u>338,616</u>	<u>610,872</u>
Cash and Cash Equivalents, End of Year	<u>\$ 434,501</u>	<u>\$ 471,516</u>	<u>\$ 906,017</u>
Reconciliation of Operating Loss to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	<u>\$ 80,017</u>	<u>\$ 134,279</u>	<u>\$ 214,296</u>
Adjustment to Reconcile Operating Income (Loss) to Net Cash Used by Operating Activities:			
Depreciation	85,571	8,297	93,868
Changes in Assets and Liabilities:			
Accounts Receivable	(14,814)	(22)	(14,836)
Accounts Payable	50,329	35,727	86,056
Salaries and Payroll Taxes Payable	(3,048)	1,088	(1,960)
Other Postemployment Benefits	5,889	1,244	7,133
Accrued Compensated Absences	(6,442)	358	(6,084)
Total Adjustments	<u>117,485</u>	<u>46,692</u>	<u>164,177</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 197,502</u>	<u>\$ 180,971</u>	<u>\$ 378,473</u>

BUNCOMBE COUNTY, NORTH CAROLINA
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Criminal Justice Information Systems (CJIS) Fund
FOR THE YEAR ENDED JUNE 30, 2013

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Operating Revenues:			
Charges for Services		\$ 1,326,633	
Non Operating Revenues:			
Investment Earnings		523	
Total Revenues	\$ 1,409,578	1,327,156	\$ (82,422)
EXPENDITURES			
Salaries and Employee Benefits		672,660	
Contracted Services		41,580	
Maintenance and Repairs		283,963	
Other Operating Expenditures		163,394	
Total Expenditures	1,458,261	1,161,597	296,664
Revenues Over (Under) Expenditures	(48,683)	165,559	214,242
OTHER FINANCING SOURCES (USES)			
Appropriated Fund Balance	48,683	-	(48,683)
Total Other Financing Sources (Uses)	48,683	-	(48,683)
Revenues and Other Sources Over (Under) Expenditures	\$ -	165,559	\$ 165,559
RECONCILING ITEMS			
Depreciation		(85,571)	
Decrease in Accrued Compensated Absences		6,442	
Increase in Other Postemployment Benefits		(5,889)	
Total Reconciling Items		(85,018)	
Change in Net Position		\$ 80,541	

BUNCOMBE COUNTY, NORTH CAROLINA
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
CJIS Capital Projects Fund

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

	Actual to June 30, 2013			Total	Variance Positive (Negative)
	Project Budget	Reported in Prior Years	Current Year		
REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -
EXPENDITURES					
Capital Outlay	350,000	74,614	35,780	110,394	239,606
Revenues Over (Under) Expenditures	(350,000)	(74,614)	(35,780)	(110,394)	239,606
OTHER FINANCING SOURCES (USES)					
Transfer from:					
CJIS	350,000	350,000	-	350,000	-
Total Other Financing Sources (Uses)	350,000	350,000	-	350,000	-
Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	\$ 275,386	\$ (35,780)	\$ 239,606	\$ 239,606

BUNCOMBE COUNTY, NORTH CAROLINA
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Inmate Commissary/Welfare Fund
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUES			
Operating Revenues:			
Commissary Concessions		\$ 132,711	
Telephone Concessions		218,338	
Total Operating Revenues		<u>351,049</u>	
Nonoperating Revenues:			
Investment Earnings		<u>1,113</u>	
Total Revenues	\$ 413,207	352,162	\$ (61,045)
EXPENDITURES			
Salaries and Employee Benefits		45,257	
Contracted Services		66,752	
Cost of Products Sold		52,855	
Other Operating Expenditures		42,007	
Capital Outlay		<u>49,184</u>	
Total Expenditures	413,207	<u>256,055</u>	157,152
Revenues Over (Under) Expenditures	<u>\$ -</u>	96,107	<u>\$ 96,107</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
RECONCILING ITEMS			
Depreciation		(8,297)	
Increase in Accrued Compensated Absences		(1,244)	
Increase in Other Postemployment Benefits		(358)	
Capital Outlay		<u>49,184</u>	
Total Reconciling Items		<u>39,285</u>	
Change in Net Position		<u>\$ 135,392</u>	

*Schedules and Combining Statements for
Internal Services Fund, Agency Funds, and Component Units*

INTERNAL SERVICES FUND:

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

AGENCY FUNDS:

Inmate Trust Fund - Accounts for the revenues and expenditures of activity funds belonging to inmates during their period of incarceration.

General Agency Accounts - Accounts for ad valorem and local option sales taxes collected for other taxing units.

Social Services Fund - Accounts for monies deposited with the Department of Social Services for the benefit of certain individuals.

Sondley Estate Trust - Accounts for certain monies held by the County which was appointed as fiscal agent by the Courts.

NC Motor Vehicle Interest - Accounts for the 3% interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles.

Deed of Trust 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 - Accounts for forfeitures and controlled substance taxes earmarked for the Buncombe County Anticrime Task Force.

COMPONENT UNIT:

Western North Carolina Regional Air Quality Agency - 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, 2013

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Operating Revenues:			
Charges for Services		\$ 22,643,788	
Nonoperating Revenues:			
Investment Earnings		<u>876</u>	
Total Revenues	<u>\$ 26,127,252</u>	<u>22,644,664</u>	<u>\$ (3,482,588)</u>
EXPENDITURES			
Salaries, Wages, and Fringe Benefits		663,619	
Insurance Premiums		1,758,953	
Claims		19,148,989	
Other Operating Expenditures		<u>60,032</u>	
Total Expenditures	<u>26,127,252</u>	<u>21,631,593</u>	<u>4,495,659</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 1,013,071</u>	<u>\$ 1,013,071</u>

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

FOR THE YEAR ENDED JUNE 30, 2013

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
Inmate Trust Fund:				
Assets				
Cash and Cash Equivalents	\$ 85,108	\$ 529,679	\$ 531,912	\$ 82,875
Liabilities				
Accounts Payable	\$ 1,998	\$ 2,386	\$ 1,903	\$ 2,481
Due to Beneficiaries	83,110	531,884	534,600	80,394
	<u>\$ 85,108</u>	<u>\$ 534,270</u>	<u>\$ 536,503</u>	<u>\$ 82,875</u>
General Agency Accounts:				
Assets				
Cash and Cash Equivalents	\$ 537,872	\$ 66,277,647	\$ 66,361,047	\$ 454,472
Accounts Receivable	563,383	636,093	565,002	634,474
	<u>\$ 1,101,255</u>	<u>\$ 66,913,740</u>	<u>\$ 66,926,049</u>	<u>\$ 1,088,946</u>
Liabilities				
Accounts Payable	\$ 6,007	\$ 368,677	\$ 152,569	\$ 222,115
Due to Other Taxing Units	1,095,248	66,647,803	66,876,220	866,831
	<u>\$ 1,101,255</u>	<u>\$ 67,016,480</u>	<u>\$ 67,028,789</u>	<u>\$ 1,088,946</u>
Social Services Fund:				
Assets				
Cash and Cash Equivalents	\$ 73,960	\$ 204,443	\$ 258,781	\$ 19,622
Liabilities				
Accounts Payable	\$ -	\$ 262,606	\$ 262,606	\$ -
Due to Beneficiaries	73,960	208,832	263,170	19,622
	<u>\$ 73,960</u>	<u>\$ 471,438</u>	<u>\$ 525,776</u>	<u>\$ 19,622</u>
Sondley Estate Trust:				
Assets				
Cash and Cash Equivalents	\$ 845,238	\$ 3,963	\$ 21,493	\$ 827,708
Liabilities				
Due to Beneficiaries	\$ 845,238	\$ 996	\$ 18,526	\$ 827,708

Continued on next page

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

FOR THE YEAR ENDED JUNE 30, 2013

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
NC Motor Vehicle Interest:				
Assets				
Cash and Cash Equivalents	\$ 9,511	\$ 95,101	\$ 97,602	\$ 7,010
Liabilities				
Intergovernmental Payable - State of North Carolina	\$ 9,511	\$ 95,101	\$ 97,602	\$ 7,010
Deed of Trust Fund:				
Assets				
Cash and Cash Equivalents	\$ 15,370	\$ 209,606	\$ 207,771	\$ 17,205
Liabilities				
Intergovernmental Payable - State of North Carolina	\$ 15,370	\$ 209,606	\$ 207,771	\$ 17,205
Buncombe County Anticrime Task Force:				
Assets				
Cash and Cash Equivalents	\$ 691,209	\$ 167,892	\$ 618,517	\$ 240,584
Liabilities				
Due to Beneficiaries	\$ 691,209	\$ -	\$ 450,625	\$ 240,584
Total - All Agency Funds				
Assets				
Cash and Cash Equivalents	\$ 2,258,263	\$ 67,488,331	\$ 68,097,123	\$ 1,649,471
Accounts Receivable	563,383	636,093	565,002	634,474
	<u>\$ 2,821,646</u>	<u>\$ 68,124,424</u>	<u>\$ 68,662,125</u>	<u>\$ 2,283,945</u>
Liabilities				
Accounts Payable	\$ 8,006	\$ 633,669	\$ 417,078	\$ 224,597
Due to Other Taxing Units	1,095,244	66,647,803	66,876,220	866,827
Intergovernmental Payable - State of North Carolina	24,880	304,707	305,373	24,214
Due to Beneficiaries	1,693,516	741,712	1,266,921	1,168,307
	<u>\$ 2,821,646</u>	<u>\$ 68,327,891</u>	<u>\$ 68,865,592</u>	<u>\$ 2,283,945</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, 2013

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Federal, State, and Other Grants		\$ 721,064	
Licenses and Permits		278,783	
Investment Earnings		1,214	
Total Revenues	\$ 968,600	1,001,061	\$ 32,461
EXPENDITURES			
Current:			
Environmental Protection:			
Salaries and Employee Benefits		767,801	
Other Operating Expenditures		147,597	
Capital Outlay		81,358	
Total Expenditures	1,028,711	996,756	31,955
Revenues Over (Under) Expenditures	(60,111)	4,305	64,416
OTHER FINANCING SOURCES (USES)			
Appropriated Fund Balance	60,111	-	(60,111)
Revenues and Other Sources Over (Under) Expenditures	\$ -	4,305	\$ 4,305
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Reconciling Items:			
Decrease in Accrued Compensated Absences		6,038	
Increase in Other Postemployment Benefits		(6,580)	
Depreciation		(8,229)	
Capital Outlay		81,358	
Total Reconciling Items		72,587	
Change in Net Assets		\$ 76,892	

Buncombe County, North Carolina



BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Ad Valorem Taxes Receivable

General Fund

JUNE 30, 2013

Fiscal Year	Uncollected Balance June 30, 2012	Additions	Collections & Credits	Uncollected Balance June 30, 2013
2012-2013	\$ -	\$ 156,147,789	\$ 154,651,831	\$ 1,495,958
2011-2012	1,783,334		1,225,807	557,527
2010-2011	382,691		127,719	254,972
2009-2010	292,620		167,838	124,782
2008-2009	260,840		161,020	99,820
2007-2008	187,433		142,843	44,590
2006-2007	175,021		139,763	35,258
2005-2006	56,761		12,065	44,696
2004-2005	48,426		4,283	44,143
2003 & Prior	92,059		48,468	43,591
Total	\$ 3,279,185	\$ 156,147,789	\$ 156,681,637	2,745,337

Less Allowance for Uncollectible Ad Valorem Taxes Receivable	(1,022,253)
Ad Valorem Taxes Receivable, Net	<u>\$ 1,723,084</u>

Reconciliation with Revenues:

Taxes - Ad Valorem - General Fund	\$ 156,568,806
Reconciling items:	
Releases	147,771
Taxes Written Off	510,071
Fees for Property Tax Audits	95,593
Interest Collected	(569,873)
Amounts Collected 60 Days After Yearend, Net	<u>(70,731)</u>
Total Reconciling Items	<u>112,831</u>
Total Collections and Credits	<u>\$ 156,681,637</u>

BUNCOMBE COUNTY, NORTH CAROLINA
Analysis of Current Year County-Wide Tax Levy

FOR THE YEAR ENDED JUNE 30, 2013

	County Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Motor Vehicles	Registered Motor Vehicles
Original Levy					
County-Wide Ad Valorem	\$29,578,742,095	\$ 0.525	\$ 155,288,396	\$ 145,843,112	\$ 9,445,284
Penalties			159,183	159,183	
Discoveries					
Taxes Levied	210,322,095	0.525	1,104,191	1,104,191	
Penalties			168,706	168,706	
Releases	<u>(109,083,213)</u>	0.525	<u>(572,687)</u>	<u>(373,071)</u>	<u>(199,616)</u>
Net Levy	<u>\$29,679,980,977</u>		156,147,789	146,902,121	9,245,668
Uncollected Taxes at June 30, 2013			<u>1,495,958</u>	<u>821,510</u>	<u>674,448</u>
Current Year's Taxes Collected			<u>\$ 154,651,831</u>	<u>\$ 146,080,611</u>	<u>\$ 8,571,220</u>
Current Levy Collection %			<u>99.04 %</u>	<u>99.44 %</u>	<u>92.71 %</u>

Secondary Market Disclosures:

Assessed Valuation

Assessment Ratio ⁽¹⁾	100.0 %
Real Property	\$25,859,911,453
Personal Property	1,525,312,881
Public Service Companies ⁽²⁾	529,268,249
Registered Motor Vehicles	<u>1,765,488,394</u>
Total Assessed Valuation	<u>29,679,980,977</u>
Tax Rate per \$100	<u>0.525</u>
Levy (Includes Discoveries, Releases and Abatements) ⁽³⁾	<u>\$ 156,147,789</u>

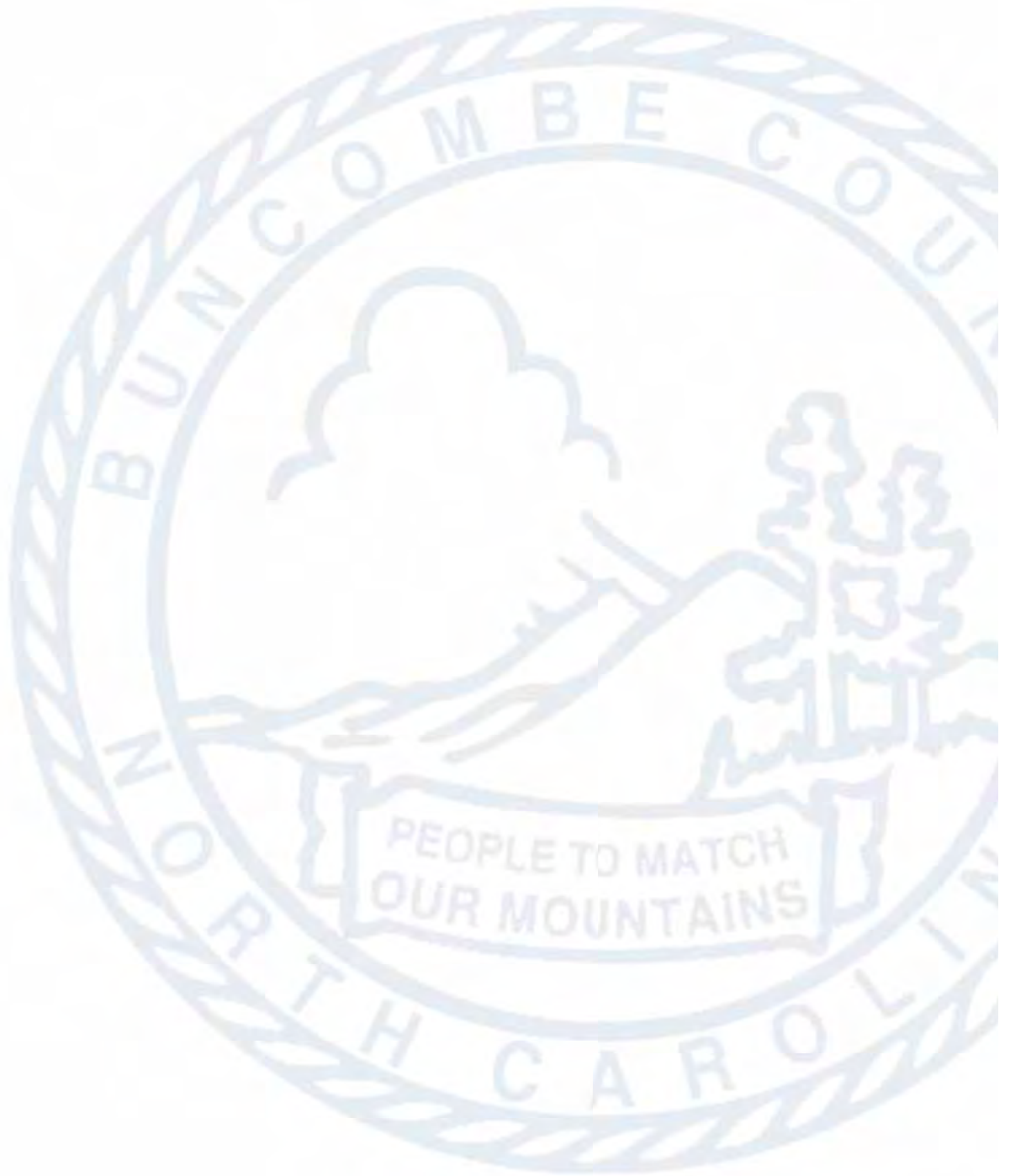
In addition to the County-wide rate, the following table lists the levies by the County on behalf of school districts and fire protection districts for the fiscal year ended June 30:

School Districts	\$ 8,099,257
Fire Protection Districts	<u>14,847,613</u>
Total	<u>\$ 22,946,870</u>

⁽¹⁾Percentage of appraised value has been established by statute.

⁽²⁾Valuation of railroads, telephone companies, and other utilities as determined by the North Carolina Property Tax Commission

⁽³⁾The levy includes interest and penalties.



Statistical Section



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 These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	142
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	147
Debt Capacity 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.	151
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	156
Operating Information 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.	159

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)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net Investment in Capital										
Assets	\$ 42,902,340	\$ 31,930,850	\$ 48,744,203	\$ 62,717,518	\$ 65,887,137	\$ 63,004,798	\$ 67,968,901	\$ 70,313,265	\$ 94,284,411	\$ 92,417,846
Restricted	506,294	713,063	952,667	1,257,585	1,420,800	0	0	91,710,042	55,085,740	78,301,557
Unrestricted	(30,573,359)	(6,631,867)	(19,796,405)	(19,443,597)	(5,345,347)	4,261,288	5,778,818	(94,707,863)	(74,276,889)	(87,076,203)
Total governmental activities net position	12,835,275	26,012,046	29,900,465	44,531,506	61,962,590	67,266,086	73,747,719	67,315,444	75,093,262	83,643,200
Business-type activities										
Net Investment in Capital										
Assets	17,470,314	32,273,305	27,482,628	28,635,180	30,527,905	34,010,820	32,649,006	34,193,312	27,379,503	26,526,350
Restricted	8,398,344	6,175,138	6,285,783	6,432,817	8,956,116	2,589,823	967,892	1,516,288	0	0
Unrestricted	1,175,882	4,357,011	8,218,157	8,758,604	7,124,472	11,105,747	11,184,675	8,653,235	2,660,405	4,842,048
Total business-type activities net position	27,044,540	42,805,454	41,986,568	43,826,601	46,608,493	47,706,390	44,801,573	44,362,835	30,039,908	31,368,398
Primary government										
Net Investment in Capital										
Assets	60,372,654	64,204,155	76,226,831	91,352,698	96,415,042	97,015,618	100,617,907	104,506,577	121,663,914	118,944,196
Restricted	8,904,638	6,888,201	7,238,450	7,690,402	10,376,916	2,589,823	967,892	93,226,330	55,085,740	78,301,557
Unrestricted	(29,397,477)	(2,274,856)	(11,578,248)	(10,684,993)	1,779,125	15,367,035	16,963,493	(86,054,628)	(71,616,484)	(82,234,155)
Total primary government net position	\$ 39,879,815	\$ 68,817,500	\$ 71,887,033	\$ 88,358,107	\$ 108,571,083	\$ 114,972,476	\$ 118,549,292	\$ 111,678,279	\$ 105,133,170	\$ 115,011,598

NOTE: New reporting standards were implemented in fiscal year 2011 which required net assets of capital projects to be reflected as restricted net assets.

In the fiscal years prior to 2011 the net assets of capital project funds were reflected as unreserved net assets.

BUNCOMBE COUNTY, NORTH CAROLINA

Changes in Net Position

Table 2

LAST TEN FISCAL YEARS (accrual basis of accounting)

EXPENSES	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities:										
General government	\$ 16,387,172	\$ 17,644,529	\$ 19,270,179	\$ 22,446,505	\$ 23,377,056	\$ 21,705,398	\$ 22,130,128	\$ 22,459,758	\$ 23,356,495	\$ 22,719,044
Public safety	47,182,012	52,134,950	54,066,643	58,198,788	68,034,705	69,377,438	71,520,365	74,918,302	74,658,163	81,600,718
Economic and physical development	9,834,487	12,131,158	19,334,791	14,735,580	18,585,531	26,226,700	13,804,636	15,057,537	18,902,856	18,787,809
Human services	66,519,726	72,979,844	77,967,312	81,513,029	90,053,452	83,310,485	85,121,982	82,215,499	81,943,587	80,404,926
Cultural and recreational	8,862,116	7,991,232	6,754,166	6,888,549	8,141,862	11,090,242	9,943,947	9,167,471	8,814,503	8,579,412
Education	62,018,004	61,817,647	79,316,200	91,854,360	75,896,726	73,179,775	78,379,830	95,611,470	88,310,103	84,770,250
Interest on long-term debt	6,386,008	5,971,834	7,231,178	7,811,367	7,335,758	7,245,388	7,694,610	9,896,183	10,256,518	11,873,924
Total governmental activities expenses	217,189,525	230,671,194	263,940,469	283,448,178	291,425,090	292,135,426	288,595,498	309,326,220	306,242,225	308,736,083
Business-type activities:										
Solid Waste Disposal	6,559,788	7,503,243	5,095,603	6,892,580	7,713,779	7,325,697	6,175,352	6,103,665	6,759,933	6,457,464
Parking Deck	-	-	-	-	887,004	927,467	1,346,567	2,029,024	770,792	-
Human Services Facilities	-	661,152	1,452,366	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	372,609	444,596	458,792	539,509	524,398	559,422	602,509	524,703	311,120	216,770
Criminal Justice Information System	-	-	-	-	-	1,632,594	1,638,266	1,597,872	1,297,159	1,246,614
County Golf Course	918,611	1,018,611	-	-	-	-	-	-	-	-
After School	2,040,738	1,888,679	1,832,833	377,990	-	-	-	-	-	-
Total business-type activities expenses	9,891,746	11,516,281	8,839,594	10,036,000	11,120,747	11,854,081	11,212,220	11,815,924	10,202,435	7,920,848
Total primary governmental expenses	227,081,271	242,187,475	272,780,063	293,484,178	302,545,837	303,989,507	299,807,718	321,142,144	316,444,660	316,656,931
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government	3,280,066	9,613,785	11,035,741	10,894,196	9,935,830	3,273,340	3,418,209	3,617,461	3,495,120	4,774,384
Public safety	6,527,193	6,576,600	7,942,899	7,463,106	7,954,598	8,384,722	7,178,633	8,197,334	9,773,429	11,220,535
Economic and physical development	266,494	5,468,710	6,327,138	7,287,329	7,593,812	6,695,973	6,485,727	7,976,554	7,914,085	8,424,439
Human services	9,784,088	7,967,861	9,021,899	7,889,380	9,010,072	7,582,007	6,166,294	5,031,516	4,469,804	2,232,396
Cultural and recreational	1,706,858	1,231,519	766,838	708,053	670,295	1,226,864	979,013	873,489	663,930	590,408
Education	-	-	-	-	-	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	34,826,905	42,876,425	49,467,438	44,184,934	47,768,083	49,093,100	52,733,279	52,196,582	45,319,734	45,447,077
Capital grants and contributions	17,775,859	14,513,290	16,433,237	16,873,111	17,577,647	17,489,205	14,962,018	17,111,186	1,783,430	7,848,558
Total governmental activities program revenues	74,167,463	88,248,190	100,995,190	95,300,109	100,510,337	93,745,211	91,923,173	95,004,122	73,419,532	80,537,797
Business-type activities:										
Charges for services:										
Solid Waste Disposal	6,393,638	6,152,947	6,660,231	6,707,965	7,185,473	6,598,240	6,514,503	6,910,220	6,904,275	6,855,245
Parking Deck	-	-	-	-	-	88,148	606,561	663,860	320,826	-
Human Services Facilities	-	638,173	927,145	891,501	841,291	617,530	483,191	474,937	681,105	-
Mental Health	-	-	-	-	-	-	-	-	-	-
Inmate/Commissary Welfare	358,226	366,530	431,502	421,928	388,505	468,406	476,295	412,890	506,366	351,049
Criminal Justice Information System	-	-	-	-	-	1,194,794	1,274,921	1,270,613	1,326,110	1,326,631
County Golf Course	761,137	751,349	-	-	-	-	-	-	-	-
After School	1,671,154	1,706,050	1,861,018	162,956	-	-	-	-	-	-
Operating grants and contributions	278,542	292,798	304,822	322,802	333,931	321,567	325,584	341,098	368,570	373,333
Capital grants and contributions	-	-	-	9,050	42,751	-	-	1,142,529	1,678,147	226,720
Total business-type activities program revenues	9,462,697	9,907,847	10,184,718	8,516,202	8,791,951	9,288,685	9,681,055	11,216,147	11,785,399	9,132,978
Total primary governmental program revenues	83,630,160	98,156,037	111,179,908	103,816,311	109,302,288	103,033,896	101,604,228	106,220,269	85,204,931	89,670,775

Continued On Next Page

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net (expense) revenue										
Governmental activities	\$ (143,022,062)	\$ (142,423,004)	\$ (162,945,279)	\$ (188,148,069)	\$ (190,914,753)	\$ (198,390,215)	\$ (196,672,325)	\$ (214,322,098)	\$ (232,822,693)	\$ (228,198,286)
Business-type activities	(429,049)	(1,608,434)	1,345,124	(1,519,798)	(2,328,796)	(2,565,396)	(1,531,165)	(599,777)	1,582,964	1,212,130
Total primary governmental net expense	<u>(143,451,111)</u>	<u>(144,031,438)</u>	<u>(161,600,155)</u>	<u>(189,667,867)</u>	<u>(193,243,549)</u>	<u>(200,955,611)</u>	<u>(198,203,490)</u>	<u>(214,921,875)</u>	<u>(231,239,729)</u>	<u>(226,986,156)</u>
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes: Property taxes	113,044,025	116,654,786	123,668,417	152,744,354	157,568,418	162,584,050	165,793,158	167,506,260	170,097,044	171,095,813
Taxes: Local Option Sales Tax	30,394,919	35,671,036	40,126,703	43,942,038	45,575,335	37,777,956	32,087,738	33,152,165	49,693,442	58,665,856
Other Taxes and Licenses	13,348,172	-	-	-	-	5,310,017	4,696,043	4,966,792	5,208,845	5,524,997
Investment earnings, unrestricted	760,068	1,964,791	4,123,375	6,252,713	5,417,960	2,513,403	664,878	598,662	567,965	144,603
Gain (Loss) on Sale of Capital Assets	-	-	-	-	-	-	-	-	(2,000,621)	-
Miscellaneous, unrestricted	1,138,580	950,733	1,369,340	1,245,957	1,142,629	1,445,354	1,242,530	1,665,941	1,020,902	1,237,045
Special Item: Transfer Assets for Water Agreement	-	-	(4,787,776)	-	-	-	-	-	-	-
Transfers	50,000	-	1,675,850	(2,000,000)	(3,040,115)	(2,881,638)	(1,621,145)	-	16,012,934	-
Total governmental activities	<u>158,735,764</u>	<u>155,241,346</u>	<u>166,175,909</u>	<u>202,185,062</u>	<u>206,664,227</u>	<u>206,749,142</u>	<u>202,863,202</u>	<u>207,889,820</u>	<u>240,600,511</u>	<u>236,668,314</u>
Business-type activities:										
Investment earnings, unrestricted	136,342	307,773	703,774	1,360,115	2,079,570	781,655	171,999	161,039	106,873	57,016
Miscellaneous, unrestricted	-	-	-	-	-	-	-	-	-	-
Gain (Loss) on Sale of Capital Assets	-	-	-	-	-	-	-	-	170	-
Special Item: Transfer Assets for Water Agreement	-	-	(1,191,934)	-	-	-	-	-	-	-
Transfers	(50,000)	-	(1,675,850)	2,000,000	3,040,115	2,881,638	1,621,145	-	(16,012,934)	-
Total business-type activities	<u>86,342</u>	<u>307,773</u>	<u>(2,164,010)</u>	<u>3,360,115</u>	<u>5,119,685</u>	<u>3,663,293</u>	<u>1,793,144</u>	<u>161,039</u>	<u>(15,905,891)</u>	<u>57,016</u>
Total primary government	<u>158,822,106</u>	<u>155,549,119</u>	<u>164,011,899</u>	<u>205,545,177</u>	<u>211,783,912</u>	<u>210,412,435</u>	<u>204,656,346</u>	<u>208,050,859</u>	<u>224,694,620</u>	<u>236,725,330</u>
Change in Net Assets										
Governmental activities	\$ 15,713,702	\$ 12,818,342	\$ 3,230,630	\$ 14,036,993	\$ 15,749,474	\$ 8,358,927	\$ 6,190,877	\$ (6,432,278)	\$ 7,777,818	\$ 8,470,028
Business-type activities	(342,707)	(1,300,661)	(818,886)	1,840,317	2,790,889	1,097,897	261,979	(438,738)	(14,322,927)	1,269,146
Total primary government	<u>\$ 15,370,995</u>	<u>\$ 11,517,681</u>	<u>\$ 2,411,744</u>	<u>\$ 15,877,310</u>	<u>\$ 18,540,363</u>	<u>\$ 9,456,824</u>	<u>\$ 6,452,856</u>	<u>\$ (6,871,016)</u>	<u>\$ (6,545,109)</u>	<u>\$ 9,739,174</u>

NOTE: In fiscal year 2005, mental health reform caused certain assets used by mental health agencies to revert to the County.

NOTE: The lack of data for the County Golf Course in 2006 is explained by the dissolution of the Water Agreement. In 1981 the Water Agreement created a Regional Water Authority between the City of Asheville, Buncombe County, and, in the mid-1990s, Henderson County. One part of the agreement called for the County to take over McCormick Field, the Golf Course, and some other recreational facilities that had been run by the City. The City dissolved the agreement at the end of fiscal year 2005 and the recreation assets reverted back to City ownership.

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

BUNCOMBE COUNTY, NORTH CAROLINA
Fund Balances of Governmental Funds

Table 3

LAST TEN FISCAL YEARS (modified accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Reserved	\$ 15,257,237	\$ 15,995,465	\$ 16,626,892	\$ 19,381,124	\$ 21,418,705	\$ 17,727,539	\$ 19,549,574	\$ -	\$ -	\$ -
Unreserved	34,033,114	39,239,257	45,402,398	47,834,281	46,578,265	52,275,357	50,940,052	-	-	-
Total General Fund	\$ 49,290,351	\$ 55,234,722	\$ 62,029,290	\$ 67,215,405	\$ 67,996,970	\$ 70,002,896	\$ 70,489,626	\$ -	\$ -	\$ -
All other governmental funds										
Reserved	\$ 2,299,891	\$ 5,952,553	\$ 7,965,982	\$ 9,843,864	\$ 7,765,517	\$ 6,626,512	\$ 6,528,068	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	(334,853)	2,234,023	(8,150)	689,209	(243,876)	6,425,227	6,750,134	-	-	-
Capital projects funds	30,900,955	43,128,348	66,231,654	43,728,583	46,217,136	47,353,099	74,766,762	-	-	-
Total all other governmental funds	\$ 32,865,993	\$ 51,314,924	\$ 74,189,486	\$ 54,261,656	\$ 53,738,777	\$ 60,404,838	\$ 88,044,964	\$ -	\$ -	\$ -
Total Combined Governmental Fund Balances	\$ 82,156,344	\$ 106,549,646	\$ 136,218,776	\$ 121,477,061	\$ 121,735,747	\$ 130,407,734	\$ 158,534,590	\$ -	\$ -	\$ -
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 270,471	\$ 207,455	\$ 243,865
Restricted	-	-	-	-	-	-	-	18,371,636	20,525,004	19,221,755
Committed	-	-	-	-	-	-	-	1,050,000	1,200,000	1,200,000
Assigned	-	-	-	-	-	-	-	7,692,536	8,147,972	7,001,237
Unassigned	-	-	-	-	-	-	-	43,437,530	40,897,807	43,466,405
Total General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,822,173	\$ 70,978,238	\$ 71,133,262
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,717,209	\$ 6,718,509	\$ 764
Restricted	-	-	-	-	-	-	-	73,338,406	34,560,736	59,079,802
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	22,838,171	7,974,677	13,108,288
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 102,893,786	\$ 49,253,922	\$ 72,188,854
Total Combined Governmental Fund Balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 173,715,959	\$ 120,232,160	\$ 143,322,116

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)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
REVENUES										
Ad Valorem Taxes	\$ 113,385,273	\$ 116,769,925	\$ 123,668,417	\$ 152,078,684	\$ 157,250,530	\$ 161,629,983	\$ 166,260,818	\$ 167,950,517	\$ 169,368,975	\$ 171,520,939
Local Option Sales Taxes	30,394,919	35,600,392	40,156,650	43,942,038	45,575,335	37,777,956	32,087,738	33,152,165	49,693,442	58,665,856
Other Taxes and Licenses	13,348,172	10,779,994	13,714,547	14,836,023	13,514,180	10,881,071	10,692,333	11,199,515	11,998,130	13,090,813
Unrestricted Intergovernmental	571,433	592,389	600,307	616,097	634,260	689,376	263,502	649,642	668,378	638,811
Restricted Intergovernmental	55,150,257	57,229,404	66,406,034	61,630,950	63,460,263	67,106,567	68,165,026	69,745,379	47,537,053	48,245,459
Permits and Fees	1,533,037	1,817,537	2,284,153	1,808,826	1,685,014	2,729,721	2,318,479	2,637,544	2,419,599	2,630,342
Sales and Services	16,599,527	17,272,430	17,974,886	16,471,205	18,794,523	17,648,493	15,179,874	15,238,834	16,025,217	14,108,121
Investment Earnings	811,830	1,844,176	3,923,644	5,904,810	5,524,232	2,769,835	727,479	828,614	607,247	148,134
Miscellaneous	1,451,189	1,362,578	1,376,089	1,245,957	1,142,629	1,445,354	1,242,530	1,188,941	1,020,902	1,247,045
Total revenues	\$ 233,245,637	\$ 243,268,825	\$ 270,104,727	\$ 298,534,590	\$ 307,580,966	\$ 302,678,356	\$ 296,937,779	\$ 302,591,151	\$ 299,338,943	\$ 310,295,520
EXPENDITURES										
Current:										
General government	\$ 14,240,645	\$ 16,596,198	\$ 17,941,931	\$ 19,067,585	\$ 21,306,889	\$ 20,039,754	\$ 20,191,172	\$ 21,770,014	\$ 20,996,399	\$ 21,731,568
Public safety	47,803,267	48,413,590	50,254,619	55,977,572	64,778,242	64,511,855	65,391,557	70,523,628	71,809,649	72,494,711
Economic and Physical Development	9,839,009	12,151,298	19,278,134	14,638,280	16,737,657	13,764,192	11,503,725	13,130,547	17,524,599	17,957,236
Human Services	67,701,366	74,176,691	76,977,176	80,825,821	87,205,196	80,454,900	80,291,532	80,948,026	79,160,646	79,202,525
Cultural and Recreational	8,052,872	7,139,629	5,521,542	5,921,511	7,304,597	9,752,430	8,446,969	7,876,119	7,897,539	7,242,489
Intergovernmental:										
Education	51,152,665	54,207,778	56,393,255	61,556,450	66,171,518	70,618,376	69,587,924	70,634,616	74,324,014	74,828,472
Capital Outlay	20,038,349	17,546,029	38,148,616	46,124,292	27,640,050	20,918,808	36,321,329	50,538,800	57,908,742	50,774,671
Debt service										
Principal	16,757,995	15,426,168	24,247,761	17,539,683	17,278,409	16,842,942	17,652,009	18,350,000	20,944,000	22,299,000
Interest and Fees	6,032,427	6,304,258	6,991,875	8,285,284	7,603,639	7,620,072	8,541,195	10,175,923	10,776,086	13,426,237
Total expenditures	\$ 241,618,595	\$ 251,961,639	\$ 295,754,909	\$ 309,936,478	\$ 316,026,197	\$ 304,523,329	\$ 317,927,412	\$ 343,947,673	\$ 361,341,674	\$ 359,956,909
Excess of revenues over (under) expenditures	\$ (8,372,958)	\$ (8,692,814)	\$ (25,650,182)	\$ (11,401,888)	\$ (8,445,231)	\$ (1,844,973)	\$ (20,989,633)	\$ (41,356,522)	\$ (62,002,731)	\$ (49,661,389)
OTHER FINANCING SOURCES (USES)										
Project Development Bonds Issued	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,960,000	\$ -	\$ -	\$ -	\$ -
Discount on Bonds	-	-	-	-	-	(160,449)	-	-	-	-
Transfers From Other Funds	4,029,194	6,838,769	10,430,533	21,116,870	21,336,193	10,512,565	13,639,629	9,035,300	19,541,153	5,829,800
Transfers To Other Funds	(5,090,611)	(6,838,769)	(9,915,533)	(24,917,191)	(26,695,515)	(12,925,599)	(16,260,774)	(11,297,733)	(11,181,584)	(5,829,800)
Advance Refunding Obligations Issued	-	-	-	-	-	-	17,115,000	-	-	-
Transfer of Assets-Dissolution of Water Agreement	-	-	(60,542)	-	-	-	-	-	-	-
Transfers To Component Units	-	-	-	-	-	-	-	-	-	-
Installment Obligations Issued	20,727,018	25,333,944	-	-	-	-	26,705,000	55,720,000	-	73,380,000
Premium on Installment Obligations	-	-	-	-	-	-	998,136	1,619,652	-	11,883,464
Proceeds from Installment Obligations	-	-	-	-	13,455,000	-	-	-	-	-
Discount on Installment Obligations	-	-	-	-	(9,565)	-	-	-	-	-
General Obligation Debt Issued	-	5,878,503	51,985,000	-	-	-	30,850,000	-	-	32,500,000
Premium on Debt Issued	-	-	2,223,983	-	-	-	463,270	-	-	-
Refunding Bonds Issued	-	12,532,470	-	-	-	-	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	(12,428,529)	-	-	-	-	(24,544,763)	-	-	(46,559,350)
Proceeds From Bonds	-	-	-	-	-	-	-	-	-	-
Sale of Capital Assets	71,022	1,779,728	655,871	447,341	20,107	131,219	105,720	1,460,672	159,363	1,467,321
Total other financing sources (uses)	\$ 19,736,623	\$ 33,096,116	\$ 55,319,312	\$ (3,352,980)	\$ 8,106,220	\$ 10,517,736	\$ 49,071,218	\$ 56,537,891	\$ 8,518,932	\$ 72,671,435
Net change in fund balances	\$ 11,363,665	\$ 24,403,302	\$ 29,669,130	\$ (14,754,868)	\$ (339,011)	\$ 8,672,763	\$ 28,081,585	\$ 15,181,369	\$ (53,483,799)	\$ 23,010,046
Debt services as a percentage of noncapital expenditures	9.91%	9.02%	11.16%	8.85%	8.45%	8.23%	8.91%	8.98%	10.06%	11.37%

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				
2004	10,565,996	3,370,995	636,865	49,132	1,560,515	1,395,033	575,165	493,131	17,496,502	0.590
2005	11,028,890	3,449,048	642,673	50,146	1,556,247	1,364,134	545,208	488,950	18,034,880	0.590
2006	11,615,744	3,543,490	626,159	55,296	1,830,013	1,409,297	512,096	537,650	19,105,553	0.590
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

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 is 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 not reassessed in 2011.

BUNCOMBE COUNTY, NORTH CAROLINA

Table 6

Property Tax Rates-Direct And All Overlapping Governments

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

	2004	2005	2006	2007 ²	2008	2009	2010	2011	2012	2013
County Direct Rates:										
County-wide Rate ¹	\$ 0.590	\$ 0.590	\$ 0.590	\$ 0.530	\$ 0.525	\$ 0.525	\$ 0.525	\$ 0.525	\$ 0.525	\$ 0.525
Fire Districts	0.113	0.113	0.113	0.100	0.100	0.113	0.113	0.113	0.113	0.113
Total average direct rate	0.703	0.703	0.703	0.630	0.625	0.638	0.638	0.638	0.638	0.638
Municipality Rates:										
City of Asheville	0.530	0.530	0.530	0.424	0.420	0.420	0.420	0.420	0.420	0.420
Town of Biltmore Forest	0.360	0.360	0.360	0.295	0.295	0.300	0.300	0.320	0.320	0.330
Town of Weaverville	0.430	0.430	0.430	0.430	0.380	0.365	0.355	0.355	0.375	0.375
Town of Black Mountain	0.385	0.385	0.385	0.320	0.320	0.320	0.320	0.365	0.365	0.365
Town of Woodfin	0.285	0.285	0.285	0.265	0.265	0.265	0.265	0.265	0.265	0.265
Town of Montreat	0.350	0.370	0.370	0.370	0.370	0.370	0.370	0.370	0.370	0.370
Asheville School District	0.200	0.200	0.200	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 (fiscal year 2007)

BUNCOMBE COUNTY, NORTH CAROLINA

Table 7

Principal Property Taxpayers

DECEMBER 31, 2012

Taxpayer	December 31, 2012			December 31, 2003		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Progress Energy Carolinas	\$ 314,129,123	1	1.06%	\$ 282,594,998	1	1.62%
Ingles Markets Inc	213,226,216	2	0.72%	106,297,980	2	0.61%
The Cliffs at Walnut Cove LLC	136,498,700	3	0.46%	47,897,800	9	
Jack Tar Hotels (Grove Park)	132,625,290	4	0.45%	80,364,600	4	0.46%
Town Square West LLC	114,808,690	5	0.39%			
Biltmore Company	98,392,382	6	0.33%	77,118,120	5	0.44%
Asheville LLC	78,531,000	7	0.26%	56,830,460	8	0.32%
Bellsouth Telephone Company	70,451,946	8	0.24%	105,206,671	3	0.60%
Southeastern Container	64,746,250	9	0.22%	58,305,945	7	0.33%
Borgwarner Turbo Systems	64,317,250	10	0.22%			
Arvato Digital Services (Sonopress)				69,366,130	6	0.40%
Charter Communications				40,723,840	10	0.23%
Totals	\$ 1,287,726,847		4.34%	\$ 924,706,544		5.29%
Total Overall Valuation	\$ 29,679,980,977			\$ 17,496,502,034		

SOURCE: Buncombe County Tax Department

BUNCOMBE COUNTY, NORTH CAROLINA

Table 8

Property Tax Levies and Collections

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
2004	103,437	102,079	98.7%	4	102,083	98.69%
2005	106,606	105,418	98.9%	3	105,421	98.89%
2006	112,954	111,707	98.9%	4	111,711	98.90%
2007	139,015	137,837	99.2%	12	137,849	99.16%
2008	143,256	142,008	99.1%	16	142,024	99.14%
2009	147,652	145,745	98.7%	26	145,771	98.73%
2010	151,681	149,601	98.6%	41	149,642	98.66%
2011	153,044	151,007	98.7%	117	151,124	98.75%
2012	154,046	152,262	98.8%	1,145	153,407	99.59%
2013	156,148	154,652	99.0%	-	154,652	99.04%

SOURCE: Buncombe County Tax Department

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

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			
2004	106,350	45,482	-	151,832	8,522	384	8,906	160,738	2.49%	754
2005	103,984	64,264	-	168,248	7,697	291	7,988	176,236	2.59%	816
2006	94,641	103,461	-	198,102	14,987	196	15,183	213,285	2.87%	975
2007	85,565	94,639	-	180,204	13,212	99	13,311	193,515	2.45%	868
2008	76,541	99,506	-	176,047	11,375	14,982	26,357	202,404	2.47%	892
2009	67,919	90,980	12,803	171,702	9,494	14,411	23,905	195,607	2.49%	853
2010	65,470	127,153	12,803	205,426	7,536	13,825	21,361	226,787	2.81%	980
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	N/A	991
2013	44,717	225,725	12,960	283,402	2,867	3,450	6,317	289,719	N/A	1,185

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

(1) Personal income and population data can be found on Table 14 (Demographic and Economic Statistics) on page 156

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
2004	106,350	0.61%	499
2005	103,984	0.58%	482
2006	94,641	0.50%	433
2007	85,565	0.33%	384
2008	76,541	0.28%	337
2009	67,919	0.24%	296
2010	65,470	0.23%	283
2011	58,823	0.20%	246
2012	51,256	0.17%	212
2013	44,717	0.15%	183

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) on page 147

²Population data can be found on Table 14 (Demographic and Economic Statistics) on page 156

BUNCOMBE COUNTY, NORTH CAROLINA

Table 11

Direct and Overlapping Governmental Activities Debt

AS OF JUNE 30, 2013

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	\$ 770,000	100%	\$ 770,000
Town of Biltmore Forest	1,841,707	100%	1,841,707
Installment Debt			
City of Asheville	27,917,000	100%	27,917,000
Town of Biltmore Forest	335,547	100%	335,547
Town of Black Mountain	2,831,914	100%	2,831,914
Town of Montreat	74,500	100%	74,500
Town of Weaverville	2,573,867	100%	2,573,867
Town of Woodfin	415,665	100%	415,665
			<hr/>
Subtotal, overlapping debt			36,760,199
County direct debt		100%	283,402,253
Total direct and overlapping debt			<u>\$ 320,162,452</u>

(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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	\$ 1,399,720	\$ 1,442,790	\$ 1,528,444	\$ 2,094,488	\$ 2,180,682	2,246,900	\$ 2,307,293	\$ 2,326,953	\$ 2,345,199	\$ 2,374,398
Total net debt applicable to limit	151,832	168,109	210,082	177,555	191,030	173,379	190,738	240,305	219,141	257,377
Legal debt margin	\$ 1,247,888	\$ 1,274,681	\$ 1,318,362	\$ 1,916,933	\$ 1,989,652	\$ 2,073,521	\$ 2,116,555	\$ 2,086,648	\$ 2,126,058	\$ 2,117,021
Total net debt applicable to the limit as a percentage of debt limit	10.85%	11.65%	13.74%	8.48%	8.76%	7.72%	8.27%	10.33%	9.34%	10.84%

Legal Debt Margin Calculation for Fiscal Year 2012

Assessed value of taxable property	<u>29,679,981</u>
Debt Limit - Eight Percent (8%) of assessed value	2,374,398
Gross Debt:	
Total Bonded Debt	44,637
Authorized and Unissued Bonds	915
Installment Purchase Agreements	<u>212,740</u>
Gross Debt	258,292
Less: Authorized and unissued bonds	<u>915</u>
Total amount of debt applicable to debt limit (net debt)	<u>257,377</u>
Legal debt margin	<u>2,117,021</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

Special Obligation Bonds Revenue Coverage

LAST TEN FISCAL YEARS

Fiscal Year	Solid Waste System Revenues	Available Revenues	Operating Expenses	Net Solid Waste System Revenues	Total Available Revenue	Debt Service		Debt Service Coverage	
						Principal	Interest	From Net Solid Waste System Revenues	From Available Revenues
2004	6,672,180	14,462,002	4,397,655	2,274,525	10,064,347	795,000	489,230	1.77 times	7.84 times
2005	6,445,745	15,068,125	4,807,694	1,638,051	10,260,431	830,000	450,000	1.28 times	8.02 times
2006	6,531,355	16,386,508	4,362,747	2,168,608	12,023,761	1,454,250	521,354	1.10 times	6.09 times
2007	7,030,768	15,384,448	3,394,335	3,636,433	11,990,113	1,755,000	526,175	1.59 times	5.26 times
2008	7,519,404	16,619,311	4,563,241	2,956,163	12,056,070	1,820,000	437,224	1.31 times	5.34 times
2009	6,919,807	17,146,805	4,484,430	2,435,377	12,662,375	1,865,000	417,750	1.07 times	5.55 times
2010	6,920,942	15,545,740	3,734,832	3,186,110	11,891,763	1,945,000	348,144	1.39 times	5.19 times
2011	7,342,590	17,333,713	3,629,977	3,712,613	13,795,008	1,995,000	281,931	1.63 times	6.06 times
2012	7,370,540	17,495,671	4,113,076	3,257,464	13,480,289	1,305,000	207,725	2.15 times	8.91 times
2013	7,283,413	17,728,499	4,375,263	2,907,985	13,407,906	1,400,000	107,413	1.93 times	8.89 times

NOTE: Operating Expenses excludes depreciation. Debt Service includes actual debt service for 2005 Bonds.

BUNCOMBE COUNTY, NORTH CAROLINA

Table 14

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
2004	213,210	6,461,346	29,620	40.0	28,649	3.4
2005	215,867	6,815,418	30,750	40.0	28,766	4.6
2006	218,684	7,424,683	32,777	39.6	29,211	4.0
2007	223,012	7,902,157	34,243	39.8	28,900	4.0
2008	226,823	8,178,954	34,987	41.0	28,894	4.9
2009	229,373	7,840,018	33,171	40.6	29,346	9.0
2010	231,452	8,067,390	33,777	40.7	28,979	8.3
2011	238,846	8,320,875	34,467	40.7	29,113	8.2
2012	241,419	N/A	N/A	41.1	29,238	7.9
2013	244,490	N/A	N/A	N/A	29,451	7.1

NOTE: In FY12, Buncombe County switched from using the Chamber of Commerce to using the US Census website for population. 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 15

Principal Employers

CURRENT YEAR AND NINE YEARS AGO

MANUFACTURING

Employer	2013			2004		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Eaton Corporation - Electrical Division	750	1	0.58%	500	4	0.44%
Arvato Digital Services	650	2	0.50%	725	1	0.63%
Borgwarner Turbo & Emissions Systems	600	3	0.46%	421	6	0.37%
Thermo Fisher Scientific, Inc.	550	4	0.42%			
Kearfott Guidance & Navigation Corp.	420	5	0.32%			0.00%
Flint Group (Day International, Inc.)	325	6	0.25%			
GE Aviation	325	7	0.25%			
Nypro Asheville	310	8	0.24%			
Milkco, Inc.	300	9	0.23%			
Biltmore Estate Winery	235	10	0.18%			
Charles D Owen Mfg. Co., Inc.				580	2	0.51%
Cooper Industries - Bussman Division				380	9	0.33%
Protocol Marketing Group				400	7	0.35%
Tyco Electronics Corp.				392	8	0.34%
Haynes Corporation				480	5	0.42%
Kendro Laboratory Products, Inc				550	3	0.48%
The Sample Group, Inc.				360	10	0.31%
Total	4,465		3.44%	4,788		4.18%

Continued on Next Page

NON-MANUFACTURING

Employer	2013			2004		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Mission Health System and Hospital	6,994	1	5.38%	5,125	1	4.48%
Buncombe County Public Schools	4,000	2	3.08%	3,650	2	3.19%
The Biltmore Company	1,770	3	1.36%	875	9	0.76%
VA Medical Center - Asheville	1,593	4	1.23%	1,068	7	0.93%
Buncombe County Government	1,380	5	1.06%	1,882	4	1.64%
Ingles Markets, Inc.	1,137	6	0.88%	2,225	3	1.94%
The Grove Park Inn Resort & Spa	1,100	7	0.85%	1,000	8	0.87%
Asheville-Buncombe Technical Community College	1,019	8	0.78%			
City of Asheville	1,000	9	0.77%	1,245	5	1.09%
CarePartners	950	10	0.73%	1,100	6	0.96%
Asheville City Schools				722	10	0.63%
Total	20,943		16.12%	18,892		16.50%

* Labor Force Estimate for 2013 per NCESC: 129,900
 Labor Force Estimate for 2004 per NCESC: 114,480

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 2004 are not in business in 2013 and many companies that are top employers in 2013 were not here in 2004.

BUNCOMBE COUNTY, NORTH CAROLINA

Table 16

Summary of Permanent Positions by Service Area

SEVEN FISCAL YEARS

General Fund Function	Number of Permanent Positions by Function							
	2006	2007	2008	2009	2010	2011	2012	2013
General Government	185	182	179	172	173	174	156	161
Public Safety	504	514	555	565	557	555	543	550
Human Services	702	699	688	687	625	569	552	555
Economic & Physical Development	23	23	28	29	28	28	25	23
Culture and Recreation	103	81	80	84	132	108	84	81
Total	1,517	1,499	1,530	1,537	1,515	1,434	1,360	1,370

General Fund Special Revenue Funds Enterprise Funds Internal Service Fund Total	Number of Permanent Positions by Fund							
	2006	2007	2008	2009	2010	2011	2012	2013
General Fund	1,517	1,499	1,530	1,537	1,515	1,434	1,360	1,370
Special Revenue Funds	26	34	32	31	27	26	-	-
Enterprise Funds	79	59	36	46	48	41	32	31
Internal Service Fund	3	3	3	3	1	1	2	5
Total	1,625	1,595	1,601	1,617	1,591	1,502	1,394	1,406

SOURCE: Buncombe County Budget Office.

NOTE: The County began counting employees as the number of permanent positions instead of full-time equivalents with FY2006. Therefore, previous years' data is not included since the figures would not be comparable.

BUNCOMBE COUNTY, NORTH CAROLINA

Table 17

Operating Indicators by Function

LAST TEN FISCAL YEARS

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
GENERAL GOVERNMENT										
Number of Employment Applications Processed	4,679*	5,750*	5,755*	6,031*	6,521*	5,496	6,646	5,826	7,046	6,259
Percentage of Registered Voters Participating in General Election	69.0%	23.6%	49.2%	22.1%	71.0%	19.6%	45.7%	19.0%	69.0%	N/A
PUBLIC SAFETY										
Number of Inmates Processed	13,636*	14,260*	13,758*	16,797*	16,658	15,975	14,713	14,821	15,074	14,492
Number of Building Permits Issued	2,487*	2,834*	2,819*	2,499*	1,791*	1,443*	1,361*	1,286*	1,482*	1,277 YTD
Number of Emergency Calls Dispatched	68,842*	70,346*	62,289*	55,434*	50,110*	64,395	64,867	60,931	62,884	65,127
HUMAN SERVICES										
Number of Food & Lodging Sites Inspected	3,899*	3,528*	3,871*	4,427*	6,301*	4,366	4,209	4,287	4,239	3,640
Percentage of Children Reunified with Family after Foster Care	26%	34%	33%	18%	31%	36%	26%	21%	21%	28%
ECONOMIC AND PHYSICAL DEVELOPMENT										
Number of Subdivision Plan Reviews	459	559	657	712	896	593	454	598	483	494
CULTURAL AND RECREATION										
Library Book Circulation	1,403,777	1,511,189	1,471,860	1,496,169	1,566,680	1,666,464	1,689,996	1,691,227	1,654,975	1,592,279
Number of Visitors to Swimming Pools	81,336	64,116	N/A	78,000	84,066	73,751	66,470	81,210	73,877	59,194
EDUCATION										
Dollars Spent Per Pupil	\$ 1,571	\$ 1,648	\$ 1,708	\$ 1,898	\$ 2,007	\$ 2,139	\$ 2,150	\$ 2,148	\$ 2,266	\$ 2,267
ENTERPRISE FUND - LANDFILL										
Tons of Waste Received	170,170	173,774	122,034	184,742	206,744	164,424	130,683	116,831	131,666	128,408
Tons of Waste Recycled	25,748	29,755	32,544	38,566	41,608	44,750	37,583	19,776	18,687	13,716

SOURCE: Various Buncombe County Government Departments.

* Calendar year data

BUNCOMBE COUNTY, NORTH CAROLINA

Table 18

Capital Asset Statistics by Function

LAST TEN FISCAL YEARS

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
PUBLIC SAFETY										
Sheriff's Office										
Stations	2	2	2	2	2	2	2	2	2	2
Patrol Vehicles	50	50	66	71	83	77	70	71	77	77
CULTURAL AND RECREATION										
Parks acreage	1,058	1,058	235	235	239	556	654	654	674	677
Parks	31	31	23	10	16	16	16	16	18	14
Swimming pools	7	7	6	6	6	6	6	6	6	6
Ball fields and courts	76	75	3	16	23	24	34	34	37	30
Libraries	12	12	12	12	12	12	12	12	12	12
Golf courses	1	1	-	-	-	-	-	-	-	-

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: The decrease for the Parks and Recreation assets between fiscal year 2005 and 2006 is explained by the dissolution of the Water Agreement. In 1981, the Water Agreement created a Regional Water Authority between the City of Asheville, Buncombe County, and, in the mid-1990's, Henderson County. One part of the agreement called for Buncombe County to take over McCormick Field, the Golf Course, and some other recreational facilities that had been run by the City of Asheville. The City of Asheville dissolved the agreement at the end of fiscal year 2005 and the mentioned recreational assets reverted back to the City of Asheville.

Compliance Section





**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

To the Board of County Commissioners
Buncombe County, 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, 2013, and the related notes to the financial statements, which collectively comprises Buncombe County's basic financial statements, and have issued our report thereon dated November 5, 2013.

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*.

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
November 5, 2013



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

**Report On Compliance For Each Major Federal Program; Report on
Internal Control Over Compliance; In accordance with OMB Circular A-133;
and the State Single Audit Implementation Act**

Independent Auditors' Report

To the Board of Commissioners
Buncombe County, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Buncombe County, North Carolina, compliance with the types of compliance requirements described in the *OMB Circular A-133 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, 2013. 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 the requirements of laws, regulations, contracts, and grants 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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, 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, 2013.

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 OMB Circular A-133, 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Donald Killian CPA Group, P.A.

Asheville, North Carolina
November 5, 2013



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

**Report On Compliance For Each Major State Program; Report on
Internal Control Over Compliance; In accordance with OMB Circular A-133;
and the State Single Audit Implementation Act**

Independent Auditors' Report

To the Board of Commissioners
Buncombe County, 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, 2013. 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 the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as described in the *Audit Manual for Government Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, 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, 2013.

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 OMB Circular A-133, 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Donald Killian CPA Group, P.A.

Asheville, North Carolina
November 5, 2013

BUNCOMBE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2013

I. Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____yes Xno
- Significant Deficiency(s) identified that are not considered to be material weakness? _____yes Xnone reported

Noncompliance material to financial statements noted _____yes Xno

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____yes Xno
- Significant Deficiency(s) identified that are not considered to be material weaknesses? _____yes Xnone reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133 _____yes Xno

Major federal programs for Buncombe County for the fiscal year ended June 30, 2013 are:

<u>Program Name or Cluster</u>	<u>CFDA #</u>
Community Development Block Grant	14.228
CDC Community Transformation Grant	93.531
TANF	93.558
State Children's Insurance Program	93.767
Medical Assistance Program	93.778

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

Buncombe County qualifies as a low risk auditee under Section .530 of Circular No. A-133.

BUNCOMBE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2013

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, 2013

Finding: 12-1

Status: The County now requires all significant contracts to be routed through the legal department, followed by the finance and county manager's offices. In addition, the County implemented a new comprehensive contract management system.



BUNCOMBE COUNTY GOVERNMENT

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year ended June 30, 2013

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Fed.(Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
Federal Awards:					
<u>U. S. Dept. of Agriculture</u>					
<u>Food and Nutrition Service</u>					
Passed-through N. C. Department of Health and Human Services:					
Division of Social Services:					
Administration:					
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program					
	10.561		\$ 2,922,458	\$ -	\$ 2,922,507
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		917,214	-	590,208
Breastfeeding Contract					
	10.557		143,933	-	38,450
Direct Benefit Payments:					
Special Supplemental Food Program for Women, Infants, and Children					
	10.557		3,770,612	-	-
Administration:					
Child and Adult Care Food Program					
	10.558		6,538	-	-
Summer Food Service Program for Children					
	10.559		3,975	-	-
Passed through the Office of State Budget and Management:					
Schools and Roads - Grants to States and Counties					
	10.665		34,192	-	-
Total U.S. Department of Agriculture					
			7,798,922	-	3,551,166
<u>U.S. Department of Housing & Urban Development</u>					
Passed-through N. C. Department of Commerce:					
Community Development Block Grant					
	14.228		334,299	-	-
Passed-through the City of Asheville:					
HOME Investment Partnership Programs					
	14.239		81,604	-	-
Total U.S. Department of Housing & Urban Development					
			415,903	-	-
<u>U.S. Department of Justice</u>					
Office of Community Oriented Policing Services					
ARRA-Public Safety Partnership and Community Policing Grants					
	16.710		41,178	-	-
Passed-Through N.C. Department of Public Safety:					
Juvenile Accountability Incentive Block Grant					
	16.523		86,511	-	-
Eastern District of NC - Project Safe Neighborhood Conference					
	16.609		12,156	-	-
Byrne Justice Assistance Grants - Adult Treatment Court					
	16.738		30,000	-	-
Byrne Justice Assistance Grants - Changing Together Grant					
	16.738		79,995	-	-
Byrne Justice Assistance Grants - Prescription Drug Abuse Education Initiative					
	16.738		43,468	-	-
ARRA-Byrne JAG Recovery Act - Law Enforcement Radio Equipment					
	16.803		9,999	-	-
Total U.S. Department of Justice					
			303,307	-	-
<u>U.S. Dept. of Transportation</u>					
<u>Federal Transit Administration</u>					
Passed-through N.C. Department of Transportation:					
Public Transportation for Nonurbanized Areas:					
Administration					
	20.509		195,465	162,606	63,194
Capital					
	20.509		2,709	2,545	585
Governor's Highway Safety Program:					
Capital Assistance Program for Elderly Persons and Persons with Disabilities					
	20.513		2,226	278	278
Total U.S. Department of Transportation					
			200,400	165,429	64,057
<u>U.S. Department of Education</u>					
Passed-through N. C. Department of Cultural Resources:					
LSTA Strengthening Public & Academic Library Collections Grant					
	45.310		20,000	-	-
<u>Environmental Protection Agency</u>					
Air Pollution Control Program Support					
	66.001		222,103	-	-
Ambient Air Monitoring Network					
	66.034		60,000	-	-
Passed-through N.C. Department of Environment and Natural Resources:					
Division of Water Quality					
ARRA-Capitalization Grants for Clean Water State Revolving Funds					
	66.458		1,726,720	-	-
Total Environmental Protection Agency					
			2,008,823	-	-
<u>U.S. Department of Homeland Security</u>					
Passed-through N.C. Department of Public Safety:					
Emergency Management Performance Grants					
	97.042		77,375	-	-
Homeland Security Grant Program - Urban Search and Rescue					
	97.067		60,865	1,611	-
Homeland Security Grant Program - Domestic Preparedness					
	97.067		90,767	-	-
Total U.S. Department of Homeland Security					
			229,007	1,611	-

Continued on next page

BUNCOMBE COUNTY GOVERNMENT

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year ended June 30, 2013

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Fed.(Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
U.S. Election Assistance Commission					
Passed-through N.C. State Board of Elections:					
Help America Vote Act Requirements Payments	90.401		86,765	-	-
Total U.S. Election Assistance Commission			86,765	-	-
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		34,656	-	4,951
SSBG - Adult Day Care	93.667		58,301	60,165	16,924
Total Division of Aging			92,957	60,165	21,875
Division of Public Health:					
Youth Tobacco Prevention	93.667		82,990	-	-
Total Division of Public Health			82,990	-	-
Division of Social Services:					
Family Preservation Services Program	93.556		14,788	-	-
Work First/Temporary Assistance for Needy Families (TANF)	93.558		2,693,726	-	2,605,957
Work First/TANF - Direct Benefit Payments	93.558		1,182,939	(27)	44
Direct Benefit Payments - AFDC	93.560		(3,213)	1,898	(881)
N.C. Child Support Enforcement Section	93.563		1,661,797	(25)	856,103
Refugee Assistance - Administration	93.566		2,088	-	-
Refugee and Entrant Assistance - Cash & Medical Payments	93.566		14,739	-	-
Crisis Intervention Program	93.568		1,377,816	-	-
Energy Assistance Payments - Direct Benefit Payments	93.568		583,400	-	-
Low Income Home Energy Assistance Block Grant - Administration	93.568		184,206	-	-
Child Welfare Services - State Grants					
- Permanency Planning Grant - Families for Kids	93.645		109,488	8,644	39,377
Child Welfare Services - State Grants					
- Adoption Subsidy - Direct Benefit Payments	XXXX		-	1,102,794	287,708
SSBG - Other Services	93.667		802,537	58,736	204,265
Independent Living Grant - LINKS	93.674		128,715	15,366	-
State/County Special Assistance-Administration	93.778		54,488	-	2,264,340
Total Division of Social Services			8,807,513	1,187,385	6,256,912
Foster Care and Adoption Cluster²:					
Division of Social Services:					
Title IV-E Foster Care- Administration	93.658		1,253,649	-	1,227,959
Foster Care- Direct Benefits Payments	93.658		888,347	270,001	297,963
Foster Care - Adoption	93.658		302,673	-	17,782
Foster Care IV-E-CPS	93.658		1,073,488	50,285	1,023,203
Foster Care ⁴			303,039	-	-
Adoption Assistance	93.659		55,354	-	52,481
Adoption Assistance-Direct Benefit Payments	93.659		1,634,037	432,305.78	432,306
Total Foster Care and Adoption⁵			5,510,587	752,592	3,051,693
Division of Child Development:					
Subsidized Child Care³					
Child Care Development Cluster:					
Division of Social Services:					
Childcare Development Fund - Administration	93.596	XXXX	300,227	-	-
Division of Child Development:					
Child Care and Development Fund - Discretionary	93.575		2,377,166	-	-
Child Care and Development Fund - Mandatory	93.596		1,039,388	-	-
Child Care and Development Fund - Match	93.596		1,671,561	734,036	-
Total Child Care Fund Cluster			5,388,342	734,036	-
Temporary Assistance for Needy Families	93.558		1,192,079	-	-
ARRA - Emergency Contingency Fund for					
Social Service Block Grant	93.667		39,195	-	-
Foster Care Title IV-E	93.658		59,399	29,097	-
Smart Start		XXXX	-	43,304	-
State Appropriations		XXXX	-	1,050,259	-
TANF - MOE		XXXX	-	481,144	-
Total Subsidized Child Care Cluster³			6,679,015	2,337,840	-
Total Administration for Children and Families			21,173,062	4,337,981	9,330,480
Centers for Medicare and Medicaid Services					
Passed-through N. C. Department of Health and Human Services:					
Division of Medical Assistance:					
Medical Assistance Program - Administration	93.778		5,646,190	83,709	5,562,481
Medical Assistance Program - Direct Benefit Payments	93.778		181,130,817	101,876,316	(2,714)
State Children's Insurance Program - N.C. Health Choice	93.767		351,466	(7,713)	146,585

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BUNCOMBE COUNTY GOVERNMENT

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year ended June 30, 2013

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Fed.(Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
Centers for Disease Control					
Childhood Lead Poisoning Prevention Project	93.197		6,411	-	-
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		59,908	-	122,158
Immunization Program/Aid to County Funding	93.268		48,083	-	379,350
Division of Community Health:					
Tobacco Prevention	93.283		62,361	-	38,058
Preventive Health and Health Services Block Grant	93.991		9,641	9,045	-
Administration - Preventive Health	XXXX		-	213,346	1,305,694
Women's Preventive Health	93.994		-	9,664	3,786
Women's Preventive Health - TANF	93.558		16,815	-	-
Public Health Preparedness and Response	93.069		93,269	-	13,852
Bioterrorism/Bioterrorism Regional Response Team	93.283		44,914	-	-
CDC Wisewoman Project	93.283		293,044	-	-
ACA Tobacco Prevention	93.520		1,381	-	-
CDC Community Transformation Grants	93.531		694,936	-	-
ARRA - CDC Infection Control	93.717		-	-	-
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919		225,346	229,565	-
Health Resources and Services Administration					
Passed-through N. C. Department of Health and Human Services:					
Division of Public Health:					
ACA - Nurse Family Partnership	93.505		116,237	-	66,610
Child Care Coordination	93.994		43,481	32,615	-
Child Health	93.994		85,572	64,187	1,894,947
Maternal and Child Health Services Block Grant	93.994		204,578	153,452	58,880
School Nursing Funding Initiative	93.994		-	150,000	114,905
Nurse Family Partnership Initiative	93.994		88,536	66,409	87,682
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		45,912	-	70,649
Administration on Aging					
<u>Division of Aging and Adult Services</u>					
Passed-through Land of the Sky Regional Council:					
Social Services Block Grant-Respite	93.667	NC-02	68,450	1,956	-
Aging Cluster:					
Special Program for the Aging Title IIIB - Support Services					
Grants for Supportive Services and Senior Centers	93.044	NC-02	413,932	772,412	-
Special Program for the Aging Title IIIC -Nutrition Services					
Title III C1 - Congregate Nutrition	93.045	NC-02	86,091	5,064	-
Title III C2 - Home-Delivered Meals	93.045	NC-02	65,903	60,651	-
Nutrition Services Incentive Program	93.053	NC-02	28,704	-	-
Total Aging Cluster			594,630	838,127	-
Total U. S. Department of Health and Human Services			211,133,742	108,058,658	19,193,401
Total Federal Awards			222,196,869	108,225,698	22,808,624
State Awards:					
N.C. Department of Administration					
Veterans Service			-	1,452	-
Total N. C. Department of Administration			-	1,452	-
N.C. Department of Agriculture					
Technical Assistance-Soil/Water			-	40,264	-
Total N. C. Department of Agriculture			-	40,264	-
N.C. Department of Commerce					
One NC Fund - Industrial Recruitment			-	111,820	-
Total N. C. Department of Commerce			-	111,820	-
N.C. Department of Cultural Resources					
Division of State Library:					
State Aid to Public Libraries			-	216,793	-
Total N. C. Department of Cultural Resources			-	216,793	-
N.C. Department of Environment & Natural Resources					
Parks & Recreation Trust Fund			-	282,619	-
NC Electronics Management Fund			-	13,996	-
NC Gas Tax Allocation			-	142,825	-
Scrap Tire Disposal Grant			-	953	-
Total N. C. Department of Environment and Natural Resources			-	440,393	-

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BUNCOMBE COUNTY GOVERNMENT

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year ended June 30, 2013

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Fed.(Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
<u>N.C. Dept. of Health and Human Services</u>					
Division of Child Development:					
Passed-through Buncombe County Smart Start					
Center Incentives			-	10,698	-
Total Division of Child Development			-	10,698	-
Division of Public Health:					
Communicable Disease Control	9945100011		-	7,807	879,179
Environmental Health			-	4,000	582,664
Food and Lodging Fees			-	33,754	1,225,475
Mosquito - Public Health Pesticide			-	2,795	-
Minority Health - Closing the Gap			-	166,491	-
Innovative Approaches: Improving Systems of Care			-	216,189	-
Tuberculosis			-	32,935	201,138
Total Division of Public Health			-	463,971	2,888,457
Division of Social Services:					
Non-Allocating County Costs			-	-	430,781
State/County Special Assistance for Adults - Direct Benefit Payments			-	1,788,774	1,788,774
State Foster Care Benefits Program			-	337,733	335,555
Energy Assistance - Private Grants			-	71,267	-
Children's Trust Fund Grant			-	63,909	-
Other County Funded Programs			-	-	6,413,277
Total Division of Social Services			-	2,261,684	8,968,387
Total N.C. Department of Health and Human Services			-	2,736,353	11,856,844
<u>N.C. Department of Public Safety</u>					
Governor's Crime Commission Division					
Grants to Prevent Gang Violence				17,644	-
Division of Juvenile Justice Delinquency Prevention:					
Juvenile Crime Prevention Council Programs			-	510,564	-
Level II Dispositional Alternatives				110,606	-
Total N.C. Department of Crime Control and Public Safety			-	638,814	-
<u>N.C. Department of Public Instruction</u>					
Public School Building Capital Fund - Lottery Proceeds:					
Total N.C. Department of Public Instruction				284,968	-
<u>N.C. Department of Transportation</u>					
Rural Operating Assistance Program (ROAP)					
ROAP Elderly and Disabled Transportation Assistance Program		DOT-16CL	-	127,651	-
ROAP Rural General Public Transportation		DOT-16CL	-	136,578	15,175
ROAP Work First Transitional-Employment Transportation Assitance Program		DOT-16CL	-	48,870	-
Total Rural Operating Assitance Program (ROAP)			-	313,099	15,175
Human Service Transportation Management Program		DOT-3	-	(1,785)	(315)
Total N.C. Department of Transportation			-	311,314	14,860
Total State Awards			-	4,782,171	11,871,704
Total Federal and State Awards			\$ 222,196,869	\$ 113,007,869	\$ 34,680,328

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BUNCOMBE COUNTY GOVERNMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year ended June 30, 2013

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Fed.(Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
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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 includes the federal and state grant activity of Buncombe County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements. Benefit payments directly to recipients and are not included in the County's basic financial statements. However, due to the County's involvement in determining eligibility, they are considered federal awards to the County and are included on this schedule.

2. Subrecipients

Of the federal and state expenditures presented in the schedule, Buncombe County provided federal and state awards to subrecipients as follows:

Subrecipient	Program Name	Federal CFDA Number	State Grant Number/Name	Federal	State
Professional Parenting/App State Univ	Home Based Services for Juv Sex Offenders		Juv. Crime Prev	-	117,875
Caring for Children	Trinity Place		Juv. Crime Prev	-	88,640
Buncombe Alternatives, Inc.	Earn and Learn Program		Juv. Crime Prev	-	215,705
The Mediation Center	Youth & Victim Offender Mediation		Juv. Crime Prev	-	20,900
Buncombe Alternatives, Inc.	Teen Court		Juv. Crime Prev	-	17,221
Aspire Youth and Family, Inc.	Aspire Structured Day		Juv. Crime Prev	-	42,923
Barium Springs Home for Children	Community Based Services for Juveniles that Sexually Offend		Juv. Crime Prev	-	77,236
Caring for Children	Horse Power Gang Grant		Gang Viol Prev	-	15,769
Aspire Youth and Family, Inc.	Kids at Work Gang Grant		Gang Viol Prev	-	77,499
Mediation Center	Changing Together Program		Gang Viol Prev	-	14,699
City of Asheville	GCC Changing Together Program		Gang Viol Prev	-	56,248
Mediation Center	GCC Changing Together Program		Gang Viol Prev	-	14,281
ABCCM	TANF - Emergency Assistance	93.558		22,912	-
ABCCM	TANF - Crisis Intervention	93.568		509,935	-
ABCCM	Helping Each Member Cope	-		-	9,175
ABCCM	Project Share	-		-	28,517
				<u>\$ 532,847</u>	<u>\$ 796,687</u>

3. The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes:
 Subsidized Child Care and Foster Care and Adoption.

4. No federal CFDA number is listed for this program as there was not information available to segregate individual CFDA numbers from multiple sources.