

Financial Section



Buncombe County, North Carolina

Independent Auditor's Report

Basic Financial Statements



Gould Killian CPA Group, P.A.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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 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, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Buncombe County's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. We did not audit the financial statements of the Asheville Area Regional Airport Authority. Those financial statements were audited by other auditors whose report thereon has been furnished to us; and our opinion, insofar as it relates to the amounts included for the Asheville Area Regional Airport Authority, is based solely on the report of the other auditor.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditor provide a reasonable basis for our opinion.

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 discretely presented component units, each major fund, and the aggregate remaining fund information of Buncombe County, North Carolina, as of June 30, 2008, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2008, on our consideration of Buncombe County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis, the schedules of funding progress, employer contributions and the notes to the required schedules for the Law Enforcement Officers' Special Separation Allowance, and the schedule of funding progress for the Asheville Regional Airport Authority are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion thereon.

Board of Commissioners
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Our audit was performed 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 nonmajor fund financial statements and schedules and the statistical tables, as well as the accompanying schedule of expenditures of federal and state awards as required by U.S. 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 and schedules and the schedule of expenditures of federal and state awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory and statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on this information.

Donald Killian CPA Group, P.A.

Asheville, North Carolina
October 31, 2008

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, 2008. 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.

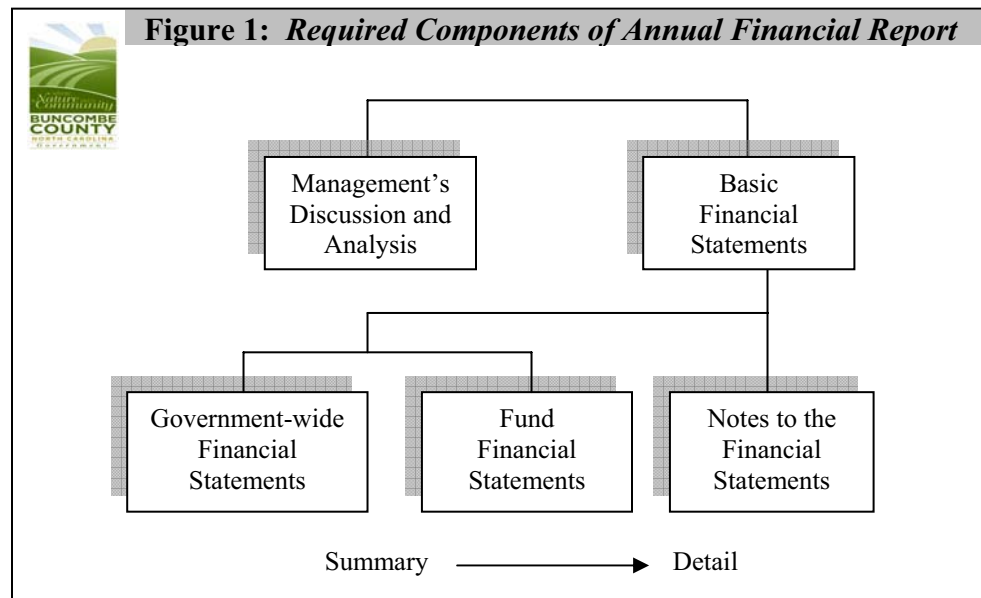
Financial Highlights for Fiscal Year 2008

- On the government-wide statements the assets of the County exceeded the liabilities at the close of the most recent fiscal year by \$110 million (net assets). In accordance with North Carolina law, liabilities of the County include approximately \$116.1 million in long-term debt associated with assets belonging to the Buncombe County Board of Education, the City of Asheville Board of Education, the Asheville-Buncombe Community College, and the Asheville Regional Airport. As these assets are not reflected in the County's financial statements and the full amount of the long-term debt is reported, the County reports a net deficit in governmental unrestricted net assets.
- The County's total net assets including prior period adjustments increased by \$20.2 million. Net assets in the governmental activities increased by \$17.4 million. This is attributable to an increase in program revenues, particularly operating grants and contributions; an increase in general revenues, with property tax accounting for the majority of the increase; and controlled spending in all functional areas, especially human services and economic development.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$121.7 million, an increase of \$0.2 million over the prior year. Including prior period adjustments, approximately 76.0 percent of this total amount, or \$92.6 million of ending fund balance, is unreserved fund balance and is available for spending at the government's discretion.
- At the end of the current fiscal year, the County's unreserved fund balance for the General Fund was \$46.6 million or 17.8 percent of the total general fund expenditures and transfers for the fiscal year. This compares with \$47.8 million or 19.8 percent at the end of fiscal year 2007. The fund balance decrease is a result of increased expenditures of \$19.9 million or 8.2 percent over the previous year in public safety, human services and education.
- The County maintained bonds ratings of Aa2 and AA with Moody's and Standard & Poor's, respectively.
- Certificates of Participation and an interim loan were used to fund \$28.9 million of capital projects.

- As of June 30, 2008, the maturities of investments in the County’s portfolio averaged 135 days. The average yield on investments was 4.17 percent.
- Fiscal year 2007 represents the 29th consecutive year the County’s Comprehensive Annual Financial Report received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada (GFOA).

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County’s basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. 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.



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 assets and how they have changed. The Statement of Net

Assets and the Statement of Activities help to determine if the County is in a better financial position as a result of the current year's activities.

The Statement of Net Assets reflects the County's net assets at the end of the fiscal year. The net assets of the County are the difference between total assets (what is owned) and total liabilities (what is owed). Measuring net assets is one way to evaluate the County's financial condition. However, other non-financial information such as changes in the County's property tax base and the condition of capital assets should be considered as well.

The Statement of Activities reflects the changes in the County's net assets that occurred during the fiscal year. These changes in net assets are reported immediately when an underlying event causes a change, regardless of timing or related cash flows. Accordingly, revenues and expenses are reported for some items that will only result in cash flows in future fiscal years (i.e. uncollected property taxes and earned but unused vacation leave).

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.

Business-type activities – The County charges fees to recover the costs associated with providing certain services. These activities include the parking deck, inmate commissary/welfare, human services facilities, and solid waste disposal.

Component units – The government-wide financial statements include not only the County of Buncombe (known as the primary government), but also a legally separate airport, a legally separate tourism development authority, a legally separate sanitary district, 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 pages 17-20 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 that is 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. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and agency 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 Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The County adopts an annual budget for its General Fund as required by the 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 complies with the budget ordinance and whether or not the County succeeds 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 Statement of Revenues, Expenditures and Changes in Fund Balance. 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, human services facilities, and inmate commissary/welfare operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Assets 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 one activity – its employee health insurance program. Because this operation benefits predominately governmental rather than business-type activities, the internal service fund has been included with the governmental-type activities in the government-wide financial statements.

Agency Funds – Agency funds are used to account for assets held on behalf of others. The County has seven agency funds.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The County has a fiduciary fund to account for assets set aside to fund future health insurance benefits for retirees.

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 32-71 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 72 of this report.

Government-wide Financial Analysis

As noted earlier, net assets over time may serve as a useful indicator of a government's financial position. As shown in Figure 2, assets exceeded liabilities by \$109.6 million at June 30, 2008. Net assets for the County are reported in three categories: invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The invested in capital assets, net of related debt category is defined as the County's investment in County owned capital assets (e.g. land, buildings, automotive equipment and office and other equipment), less any related debt still outstanding that was issued to acquire those assets. The amount as of June 30, 2008 was \$97.4 million. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the 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 resources, since the capital assets cannot be used to liquidate these liabilities. See Figure 2 below.

	Figure 2: Net Assets (in millions)					
	Governmental Activities		Business Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$154.0	\$152.3	\$32.8	\$23.1	\$186.8	\$175.4
Capital assets	112.6	98.8	49.9	41.9	162.5	140.7
Total assets	266.6	251.1	82.7	65.0	349.3	316.1
Long-term liabilities outstanding	184.2	187.3	33.8	20.3	218.0	207.6
Other liabilities	19.4	18.2	2.3	0.9	21.7	19.1
Total liabilities	203.6	205.5	36.1	21.2	239.7	226.7
Net assets:						
Invested in capital assets, net of related debt	66.9	63.8	30.5	28.6	97.4	92.4
Restricted	1.4	1.3	9.0	6.4	10.4	7.7
Unrestricted	(5.3)	(19.5)	7.1	8.8	1.8	(10.7)
Total net assets	\$63.0	\$45.6	\$46.6	\$43.8	\$109.6	\$89.4

The restricted portion of the County's net assets, which was \$10.4 million at June 30, 2008, represents resources that are subject to external restrictions on how the funds may be used.

The unrestricted net assets at June 30, 2008 totaled \$1.8 million. However, the governmental activities unrestricted net reflects a deficit balance of \$5.3 million. As with many counties in the State of North Carolina, the County's deficit in the governmental activities unrestricted net assets is due to the portion of the County's outstanding debt incurred for the Buncombe County Board of Education and the City of Asheville Board of Education (the "school systems"), community college, and airport authority. Under North Carolina law, the County is responsible for providing capital funding for the two local school systems, a community college, and the airport authority. The County has chosen to meet its legal obligation to provide the school systems, community college, and airport authority capital funding by using a mixture of County funds and general obligation debt. The assets funded by the County, however, are owned and utilized by the school systems, community college, and airport authority. Since the County, as the issuing government, acquires no capital assets, the County has incurred a liability without a corresponding increase in assets.

At the end of the fiscal year, approximately \$116.1 million of the outstanding debt on the County's financial statements was related to assets included in the financial statements of the school systems, community college, and the airport authority. \$70.5 million of this debt is general obligation debt, which is collateralized by the full faith, credit, and taxing power of the County. Accordingly, 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 the debt service on its general obligation bonds. Principal and interest requirements will be provided by an appropriation in the year in which they become due. The remaining \$45.6 million of this debt is installment purchase debt, which is collateralized by the purchased or constructed asset.

The impact of the inclusion of the school systems, community college, and airport authority debt without the corresponding assets was offset by the following positive operational initiatives and results:

- An increase in total assets.
- A property tax collection rate of 99.13 percent.
- Actual expenditures, transfers, and other financing uses in the general fund less than the budgeted amount by \$6.6 million.
- Revenues and other financing sources in the general fund exceeding expenditures by \$12 million.

Governmental activities: Governmental activities increased the County's net assets by \$17.4 million (see Figure 7 on page 11.) This increase reflects positive operating results from both program and general revenues. Net program expenses increased by \$8 million. As can be seen in Figure 3, the net expense is mostly attributable to education, human services, and public safety services provided by the County. Figure 4 illustrates the major sources of revenue for the County, including both program and general revenues. Over 65.5 percent of the County's revenues are from property and sales taxes collected.

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

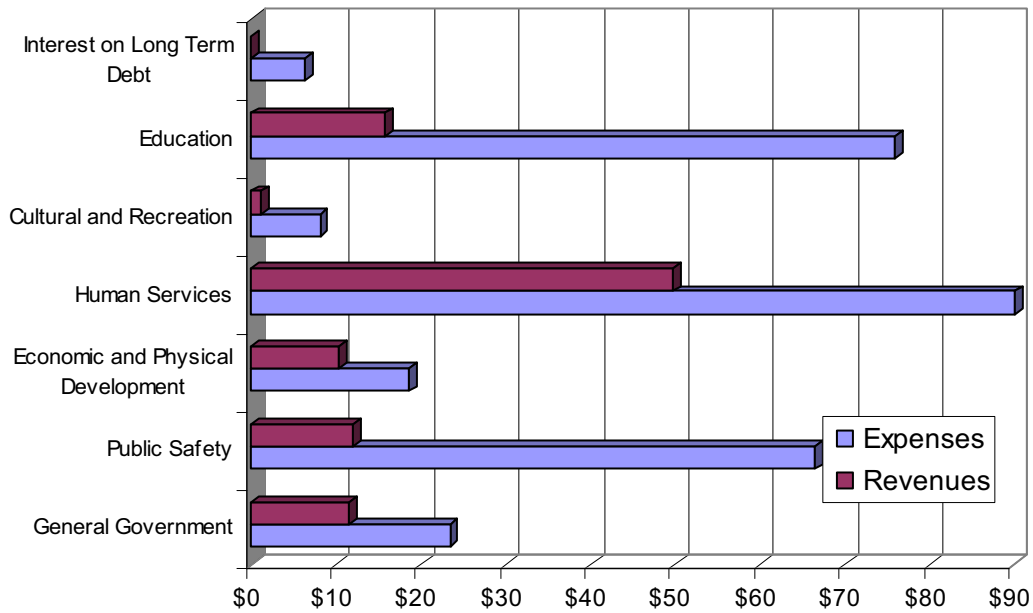
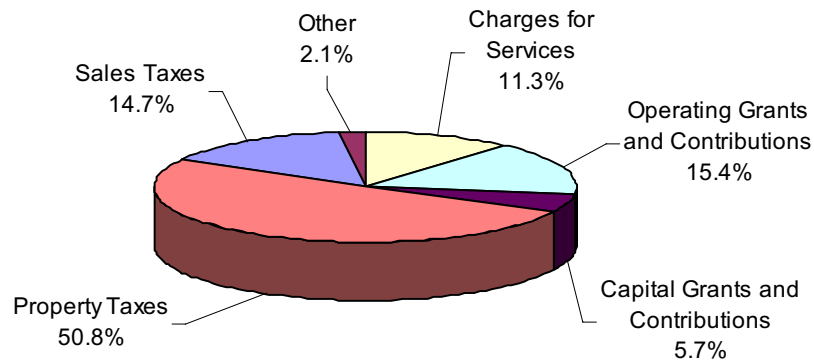


Figure 4: Revenues By Source - Governmental Activities



Business-type activities: Net assets in the business-type activities increased by \$2.8 million. The \$0.7 million positive results in non-operating revenues and the \$0.8 million positive results in Solid Waste expenditures account for the majority of this increase.

See Figures 5 and 6 below, and Figure 7 on the following page.

Figure 5: Buncombe County Expenses and Program Revenues - Business-Type Activities (in millions)

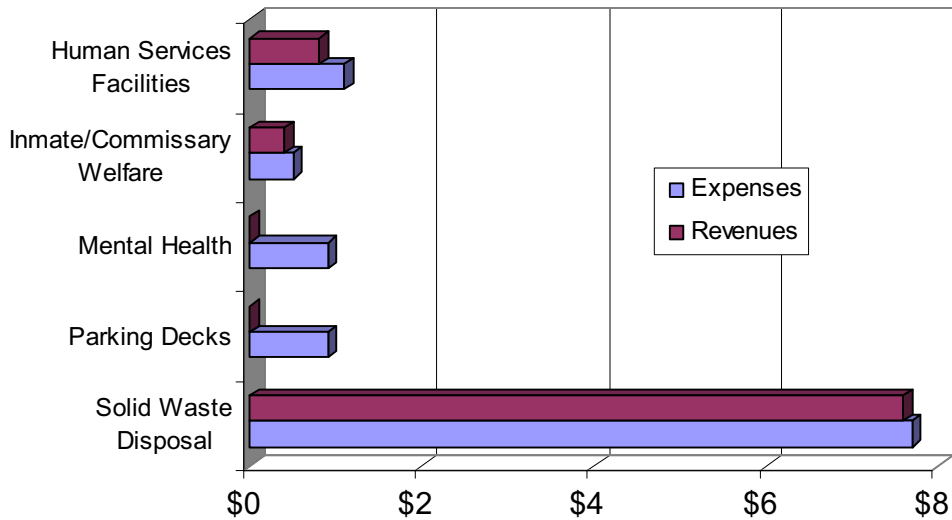


Figure 6: Revenues By Source- Business-Type Activities

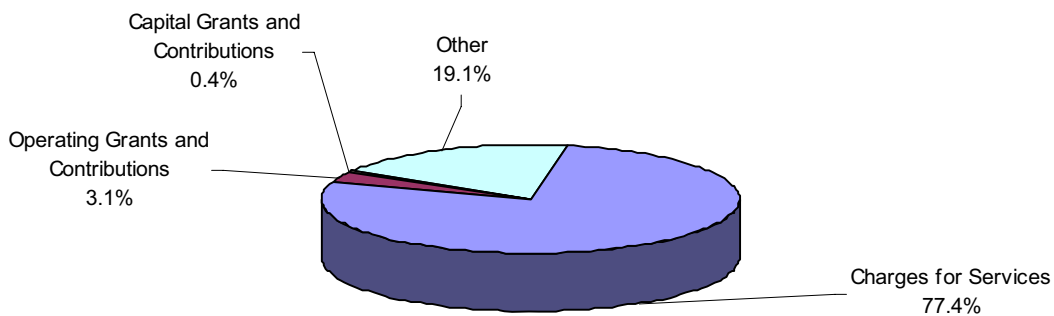




Figure 7: Changes in Net Assets (in millions)

	Governmental Activities		Business Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program Revenues:						
Charges for services	\$35.1	\$34.2	\$8.4	\$8.2	\$43.5	\$42.4
Operating grants and contributions	47.8	44.2	0.3	0.3	48.1	44.5
Capital grants and contributions	17.6	16.9	.1	-	17.7	16.9
General revenues:						
Property taxes	157.6	152.8	-	-	157.6	152.8
Other taxes	45.6	43.9	-	-	45.6	43.9
Other	6.5	7.5	2.1	1.4	8.6	8.9
Total Revenues	310.2	299.5	10.9	9.9	321.1	309.4
Expenses:						
General government	23.4	22.5	-	-	23.4	22.5
Public safety	68.0	58.2	-	-	68.0	58.2
Economic and physical development	18.6	14.7	-	-	18.6	14.7
Human services	90.1	81.5	-	-	90.1	81.5
Culture and recreation	8.1	6.9	-	-	8.1	6.9
Education	75.9	91.9	-	-	75.9	91.9
Interest on long-term debt	6.3	6.7	-	-	6.3	6.7
Solid waste disposal	-	-	7.7	6.9	7.7	6.9
Other	-	-	3.4	3.2	3.4	3.2
Total expenses	290.4	282.4	11.1	10.1	301.5	292.5
Increase (decrease) in net assets before transfers, contributions, and special item	19.8	17.1	(0.2)	(0.2)	19.6	16.9
Transfers, contributions, and special item	(3.0)	(2.0)	3.0	2.0	-	-
Increase (decrease) in net assets	16.8	15.1	2.8	1.8	19.6	16.9
Net assets, beginning of year	45.6	31.0	43.8	42.0	89.4	73.0
Prior period adjustment	0.6	(0.5)	-	-	0.6	(0.5)
Net assets, end of year	\$63.0	\$45.6	\$46.6	\$43.8	\$109.6	\$89.4

Financial Analysis of the County's Funds

As noted earlier, the 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, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year. The County's governmental fund types include the General Fund, Special Revenue Funds, and Capital Project Funds. Major funds include the General Fund, the County Capital Projects Fund, and the School Capital Commission Fund. The remaining governmental funds are considered non-major.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$46.6 million compared to \$47.8 million at the end of the prior fiscal year. Total fund balance at June 30, 2008 was \$68 million in comparison to \$67.2 million at June 30, 2007. As a measure of the general fund's liquidity, it is useful to compare both unreserved fund balance and total fund balance to total fund expenditures and transfers. Unreserved fund balance represents 17.8 percent of total General Fund expenditures and transfers as opposed to 19.8 percent for the preceding fiscal year. Total fund balance represents 26.5 percent of that same amount compared to 27.8 percent at the end of the prior year. The \$0.8 million growth in fund balance is due the positive operating results in revenues, expenditures and transfers.

The County Capital Project Fund accounts for capital asset construction or acquisition. Upon completion these assets will be owned by the County. Total fund balance increased \$4.4 million in fiscal year 2008 as a result of transfers from other funds for future projects.

The School Capital Commission Fund accounts for revenue restricted for public school capital outlay projects. The total fund balance increased \$2.9 million because revenues collected exceeded project expenditures for the fiscal year.

At June 30, 2008, the governmental funds of the County reported a combined fund balance of \$121.7 million, compared to \$121.5 million last year.

Proprietary Funds. The County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. At the end of the fiscal year, unrestricted net assets of \$8.7 million were reported in the Solid Waste Disposal Fund; \$2.3 million in the Human Services Facilities Fund; and \$(6.0) million for the Parking Deck Fund. The other proprietary funds unrestricted net assets totaled \$2.1 million. The Internal Service Fund unrestricted net assets equaled \$11.5 million.


General Fund Budgetary Highlights. The County revised the 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 revenues and expenditures by \$23.3 million or 9.5 percent.

The actual operating revenues and transfers for the General Fund were \$2.9 million more than the budgeted amount. Actual operating expenditures and transfers were less than the budgeted amount by \$6.6 million, thus eliminating the need to draw upon existing fund balance.

Capital Asset and Debt Administration

Capital Assets. The County's investment in capital assets, net of accumulated depreciation for its governmental and business-type activities as of June 30, 2008 totals \$162.5 million, as shown in Figure 8. These assets include land, buildings and improvements, equipment, automotive equipment, and construction in progress. The total increase in the County's capital assets for fiscal year 2008 was 15.4 percent (a 13.8 percent increase for governmental activities and a 19.3 percent decrease for business-type activities).

 **Figure 8: Capital Assets- Net of Depreciation (in millions)**

	Governmental Activities		Business Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$8.1	\$6.6	\$6.3	\$6.3	\$14.4	\$12.9
Buildings and improvements	44.2	42.1	20.2	21.5	64.4	63.6
Equipment	11.1	13.5	0.9	0.3	12.0	13.8
Automotive equipment	4.6	2.4	0.2	0.2	4.8	2.6
Construction in progress	44.5	34.3	22.4	13.6	66.9	47.9
Total capital assets	\$112.5	\$98.9	\$50.0	\$41.9	\$162.5	140.8

Additional information on the County's capital assets can be found in Note 3(5) on page 47 of the Basic Financial Statements.

Long-term Debt. As of June 30, 2008, the County has total debt outstanding of \$202.4 million, of which \$76.5 million is debt backed by the full faith and credit of the County. The remainder is special obligation revenue bonds of \$11.4 million for which revenues are pledged to the payment of and as security for the bonds and installment notes of \$114.5 million for which the asset purchased or constructed is collateral for the note. A summary of long-term debt is shown in Figure 9.



Figure 9: Outstanding Debt (in millions)

	Governmental Activities		Business Type Activities		Total	
	2008	2007	2008	2007	2008	2007
General Obligation Bonds	\$76.5	\$85.6	\$ -	\$ -	\$76.5	\$85.6
Special Obligation Revenue Bonds	-	-	11.4	13.2	11.4	13.2
Installment Notes Payable	99.5	94.6	15.0	0.1	114.5	94.7
Total debt	\$176.0	\$180.2	\$26.4	\$13.3	\$202.4	\$193.5

The County's total long-term debt increased by \$8.9 million or 4.6 percent during the past fiscal year. The increase is a result of two debt issuances during the year. Certificates of Participation were issued for \$22.25 million to fund construction of the College Street parking deck, an animal shelter, an EOC Garage, a repair to the detention facility, and landfill equipment. An interim installment financing contract was issued to fund an addition to the animal shelter and a County government building. The interim loan will be paid with the proceeds of the Certificates of Participation to be issued in 2008.

The bond ratings are a clear indication of the sound financial condition of the County, which helps to keep interest costs low on the County's outstanding debt. The County maintained bond ratings of Aa2 and AA with Moody's and Standard & Poor's, respectively. This excellent rating insures low interest rates on the County's debt.

The State of North Carolina limits the amount of general obligation debt that the unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the County is \$2 billion. The County has \$915,000 in bonds authorized but not issued at June 30, 2008.

Additional information regarding the County's long-term debt can be found in Note 3(8) starting on pages 59 of this report.

Economic Factors Effecting Next Year's Budget and Rates

The County has approved a \$255.6 million general fund budget for fiscal year 2009, which represents a 5 percent decrease over the 2008 final budget. The tax rate remained unchanged at 52.5 cents per \$100 of assessed valuation.

The following factors were considered when developing the 2009 budget:

- The main objective of the Board of Commissioners to reduce the tax burden for the property owner and to save money and operate the County more efficiently.
- An average growth rate of 3 percent for property tax revenues.

- A slowing economy resulting in a decline in the growth rate of sales tax revenue.
- A decline in home sales and residential construction.
- The need for a conservative approach for revenue estimates due to the level of State and Federal funding. As grants are realized throughout the year, the budget is amended to reflect the increased revenues.
- Major increases in the cost of utilities and fuel, the continued rise in health care costs, increases to current operating budgets for public schools and community college, and state mandates for public assistance.

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.

Questions concerning the Asheville Regional Airport Authority may be addressed to the Director of Administration and Finance at PO Box 817, Fletcher, NC 28732.

Buncombe County, North Carolina

Basic Financial Statements



BUNCOMBE COUNTY, NORTH CAROLINA

Statement of Net Assets

JUNE 30, 2008

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 78,548,723	\$ 16,031,160	\$ 94,579,883
Investments	29,144,450	-	29,144,450
Receivables (net)	5,401,318	997,506	6,398,824
Due from other governments	22,615,564	-	22,615,564
Due from primary government	-	-	-
Inventories	111,998	-	111,998
Prepaid OPEB benefit	666,818	-	666,818
Other prepaid items	2,822,220	-	2,822,220
Restricted assets:			
Cash and cash equivalents	14,264,993	15,515,885	29,780,878
Receivables	-	-	-
Deferred cost of refunding	437,668	206,569	644,237
Capital assets:			
Land and construction in progress	52,667,993	28,691,467	81,359,460
Other capital assets, net of depreciation	59,908,844	21,249,466	81,158,310
Total capital assets	112,576,837	49,940,933	162,517,770
Total assets	266,590,589	82,692,053	349,282,642
LIABILITIES			
Accounts payable and accrued expenses	16,018,925	1,937,720	17,956,645
Other liabilities	383,196	-	383,196
Accrued interest payable	1,371,844	293,573	1,665,417
Unearned revenue	956,697	24,000	980,697
Due to component unit	656,060	-	656,060
Long-term liabilities:			
Due within one year	23,282,848	2,996,681	26,279,529
Due in more than one year	160,918,798	30,831,586	191,750,384
Total long-term liabilities	184,201,646	33,828,267	218,029,913
Total liabilities	203,588,368	36,083,560	239,671,928
NET ASSETS			
Invested in capital assets, net of related debt	66,927,545	30,527,905	97,455,450
Restricted for:			
Wireless 911	1,420,023	-	1,420,023
Product development	-	-	-
Capital projects	-	8,956,116	8,956,116
Unrestricted (deficit)	(5,345,347)	7,124,472	1,779,125
Total net assets	\$ 63,002,221	\$ 46,608,493	\$ 109,610,714

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

Exhibit 1

Component Units			
Asheville Regional Airport	Tourism Development Authority	Avery's Creek Sanitary District	WNC Regional Air Quality Agency
\$ 6,770,616	\$ 4,818,575	\$ 383,965	\$ 883,506
993,807	4,453,367	280,425	-
1,043,619	34,750	-	-
-	-	-	-
-	656,060	-	-
-	-	-	-
-	-	-	-
-	-	-	-
3,175,057	-	-	-
1,246,345	-	-	-
-	-	-	-
19,143,507	-	-	-
34,945,482	-	1,520,137	45,189
54,088,989	-	1,520,137	45,189
67,318,433	9,962,752	2,184,527	928,695
2,937,336	1,128,456	-	45,461
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
366,540	-	-	-
4,295,086	-	-	129,986
4,661,626	-	-	129,986
7,598,962	1,128,456	-	175,447
47,470,462	-	1,520,137	45,189
-	-	-	-
-	6,162,192	-	-
-	-	-	-
12,249,009	2,672,104	664,390	708,059
\$ 59,719,471	\$ 8,834,296	\$ 2,184,527	\$ 753,248

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

BUNCOMBE COUNTY, NORTH CAROLINA

Statement of Activities

FOR THE YEAR ENDED JUNE 30, 2008

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
GOVERNMENTAL ACTIVITIES:				
General government	\$ 23,377,056	\$ 9,935,830	\$ 1,076,025	\$ 456,455
Public safety	68,034,705	7,954,598	3,586,212	448,106
Economic and physical development	18,585,531	7,593,812	2,349,207	447,014
Human services	90,053,452	9,010,072	40,359,891	443,152
Cultural and recreational	8,141,862	670,295	396,748	-
Education	75,896,726	-	-	15,782,920
Interest on long-term debt	6,295,350	-	-	-
Total Governmental Activities	<u>290,384,682</u>	<u>35,164,607</u>	<u>47,768,083</u>	<u>17,577,647</u>
BUSINESS-TYPE ACTIVITIES:				
Solid Waste Disposal	7,713,779	7,185,473	333,931	42,751
Human Services Facilities	1,119,716	841,291	-	-
Parking Deck	887,004	-	-	-
Mental Health	875,850	-	-	-
Inmate Commissary/Welfare	524,398	388,505	-	-
Total Business-Type Activities	<u>11,120,747</u>	<u>8,415,269</u>	<u>333,931</u>	<u>42,751</u>
Total Primary Government	<u>\$ 301,505,429</u>	<u>\$ 43,579,876</u>	<u>\$ 48,102,014</u>	<u>\$ 17,620,398</u>
COMPONENT UNITS:				
Asheville Regional Airport	\$ 8,465,092	\$ 6,901,814	\$ -	\$ 2,986,611
Tourism Development Authority	5,375,772	-	6,739,568	-
Avery's Creek Sanitary District	42,760	23,000	-	-
WNC Regional Air Quality Agency	852,244	262,864	634,808	-
Total Component Units	<u>\$ 14,735,868</u>	<u>\$ 7,187,678</u>	<u>\$ 7,374,376</u>	<u>\$ 2,986,611</u>

General revenues:

Taxes:
Property taxes, levied for general purpose
Local option sales tax
Investment earnings, unrestricted
Miscellaneous, unrestricted
Transfers
Total general revenues and transfers
Changes in net assets
Net assets, beginning, as previously reported
Prior period adjustment
Net assets, beginning, as restated
Net assets, ending

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

Net (Expense) Revenue and Changes in Net Assets						
Primary Government			Component Units			
Governmental Activities	Business-type Activities	Total	Asheville Regional Airport	Tourism Development Authority	Avery's Creek Sanitary District	WNC Regional Air Quality Agency
\$ (11,908,746)	\$ -	\$ (11,908,746)				
(56,045,789)	-	(56,045,789)				
(8,195,498)	-	(8,195,498)				
(40,240,337)	-	(40,240,337)				
(7,074,819)	-	(7,074,819)				
(60,113,806)	-	(60,113,806)				
(6,295,350)	-	(6,295,350)				
<u>(189,874,345)</u>	<u>-</u>	<u>(189,874,345)</u>				
	(151,624)	(151,624)				
	(278,425)	(278,425)				
	(887,004)	(887,004)				
	(875,850)	(875,850)				
	(135,893)	(135,893)				
	<u>(2,328,796)</u>	<u>(2,328,796)</u>				
<u>(189,874,345)</u>	<u>(2,328,796)</u>	<u>(192,203,141)</u>				
			\$ 1,423,333	\$ -	\$ -	\$ -
			-	1,363,796	-	-
			-	-	(19,760)	-
			-	-	-	45,428
			<u>1,423,333</u>	<u>1,363,796</u>	<u>(19,760)</u>	<u>45,428</u>
157,568,418	-	157,568,418	-	-	-	-
45,575,335	-	45,575,335	-	-	-	-
5,417,960	2,079,570	7,497,530	492,503	273,335	21,142	55,677
1,142,629	-	1,142,629	1,883,088	83,111	-	-
(3,040,115)	3,040,115	-	-	-	-	-
<u>206,664,227</u>	<u>5,119,685</u>	<u>211,783,912</u>	<u>2,375,591</u>	<u>356,446</u>	<u>21,142</u>	<u>55,677</u>
<u>16,789,882</u>	<u>2,790,889</u>	<u>19,580,771</u>	<u>3,798,924</u>	<u>1,720,242</u>	<u>1,382</u>	<u>101,105</u>
45,614,643	43,826,601	89,441,244	55,920,547	7,114,054	2,183,145	654,939
597,696	(8,997)	588,699	-	-	-	(2,796)
<u>46,212,339</u>	<u>43,817,604</u>	<u>90,029,943</u>	<u>55,920,547</u>	<u>7,114,054</u>	<u>2,183,145</u>	<u>652,143</u>
<u>\$ 63,002,221</u>	<u>\$ 46,608,493</u>	<u>\$ 109,610,714</u>	<u>\$ 59,719,471</u>	<u>\$ 8,834,296</u>	<u>\$ 2,184,527</u>	<u>\$ 753,248</u>

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

BUNCOMBE COUNTY, NORTH CAROLINA

Exhibit 3

Balance Sheet

Governmental Funds

JUNE 30, 2008

	General	County Capital Projects	School Capital Commission	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 29,599,749	\$ 17,459,825	\$ 11,842,483	\$ 9,305,683	\$ 68,207,740
Investments	29,144,450	-	-	-	29,144,450
Receivables, net	3,609,817	27,373	7,784	1,120,968	4,765,942
Due from other governments	17,316,255	-	3,878,362	1,420,947	22,615,564
Due from other funds	1,245,812	-	-	-	1,245,812
Prepaid items	49,138	-	-	-	49,138
Inventories	111,998	-	-	-	111,998
Restricted assets -					
Cash and cash equivalents	-	12,336,662	-	1,928,331	14,264,993
Total assets	\$ 81,077,219	\$ 29,823,860	\$ 15,728,629	\$ 13,775,929	\$ 140,405,637
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 11,137,706	\$ 972,941	\$ 45,189	\$ 2,248,034	\$ 14,403,870
Miscellaneous liabilities	145,339	-	-	237,857	383,196
Unearned revenue	882,889	-	-	73,808	956,697
Due to component unit	-	-	-	656,060	656,060
Due to other funds	-	-	-	1,245,812	1,245,812
Deferred revenue	914,315	-	-	109,940	1,024,255
Total liabilities	13,080,249	972,941	45,189	4,571,511	18,669,890
Fund balances:					
Reserved for:					
Inventories	111,998	-	-	-	111,998
State statute	21,306,707	27,373	3,886,146	2,431,975	27,652,201
Wireless 911	-	-	-	1,420,023	1,420,023
Unreserved, General Fund:					
Designated for:					
Construction in progress	8,200,000	-	-	-	8,200,000
Undesignated	38,378,265	-	-	-	38,378,265
Unreserved, reported in:					
Special revenue funds	-	-	-	(243,876)	(243,876)
Capital projects funds	-	28,823,546	11,797,294	5,596,296	46,217,136
Total fund balances	67,996,970	28,850,919	15,683,440	9,204,418	121,735,747
Total liabilities and fund balances	\$ 81,077,219	\$ 29,823,860	\$ 15,728,629	\$ 13,775,929	\$ 140,405,637

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

BUNCOMBE COUNTY, NORTH CAROLINA

Exhibit 3

Balance Sheet

Governmental Funds

JUNE 30, 2008

Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:

Total fund balances - total governmental funds	\$ 121,735,747
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	112,576,837
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	635,377
Overfunding of OPEB obligation.	666,818
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net assets.	11,499,009
Liabilities for earned but deferred revenues in fund statements.	1,024,255
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds (Note 1).	<u>(185,135,822)</u>
Net assets of governmental activities	<u>\$ 63,002,221</u>

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

BUNCOMBE COUNTY, NORTH CAROLINA

Exhibit 4

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

FOR THE YEAR ENDED JUNE 30, 2008

	General	County Capital Projects	School Capital Commission	Other Governmental Funds	Total Governmental Funds
REVENUES:					
Ad valorem taxes	\$ 143,650,901	\$ -	\$ -	\$ 13,599,629	\$ 157,250,530
Local option sales taxes	40,446,673	-	-	5,128,662	45,575,335
Other taxes and licenses	5,974,706	-	-	7,539,474	13,514,180
Unrestricted intergovernmental	634,260	-	-	-	634,260
Restricted intergovernmental	40,264,027	88,941	15,782,920	7,324,375	63,460,263
Permits and fees	1,685,014	-	-	-	1,685,014
Sales and services	18,794,523	-	-	-	18,794,523
Investment earnings	3,988,340	484,578	470,832	580,482	5,524,232
Miscellaneous	1,112,329	-	-	30,300	1,142,629
Total revenues	256,550,773	573,519	16,253,752	34,202,922	307,580,966
EXPENDITURES:					
Current:					
General government	21,047,852	-	-	259,037	21,306,889
Public safety	45,520,526	-	-	19,257,716	64,778,242
Economic and physical development	7,538,876	-	-	9,198,781	16,737,657
Human services	84,888,420	-	-	2,316,776	87,205,196
Cultural and recreational	7,304,597	-	-	-	7,304,597
Intergovernmental:					
Education	66,171,518	-	-	-	66,171,518
Capital outlay	-	13,932,928	1,969,438	11,737,684	27,640,050
Debt service:					
Principal retirement	8,675,686	-	8,602,723	-	17,278,409
Interest and fees	3,132,216	80,049	4,391,033	341	7,603,639
Total expenditures	244,279,691	14,012,977	14,963,194	42,770,335	316,026,197
Revenues over (under) expenditures	12,271,082	(13,439,458)	1,290,558	(8,567,413)	(8,445,231)
OTHER FINANCING SOURCES /(USES)					
Proceeds from installment obligations	-	13,455,000	-	-	13,455,000
Discount on installment obligations	-	(9,565)	-	-	(9,565)
Transfers from other funds	5,510,564	9,904,284	1,605,182	4,316,163	21,336,193
Transfers to other funds	(17,628,950)	(5,492,930)	-	(3,573,635)	(26,695,515)
Sales of capital assets	20,107	-	-	-	20,107
Total other financing sources (uses)	(12,098,279)	17,856,789	1,605,182	742,528	8,106,220
Net changes in fund balances	172,803	4,417,331	2,895,740	(7,824,885)	(339,011)
Fund balances, beginning of year	67,215,405	24,433,588	12,787,700	17,040,369	121,477,062
Prior period adjustments	608,762	-	-	(11,066)	597,696
Fund balances, beginning as restated	67,824,167	24,433,588	12,787,700	17,029,303	122,074,758
Fund balances, end of year	\$ 67,996,970	\$ 28,850,919	\$ 15,683,440	\$ 9,204,418	\$ 121,735,747

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

Exhibit 4

FOR THE YEAR ENDED JUNE 30, 2008

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	\$ (339,011)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	14,107,436
In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.	(399,973)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	211,618
Payments to fund OPEB obligation in excess of required contributions	666,818
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 has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	2,016,305
Net revenue, including transfers, of internal service funds determined to be governmental-type.	<u>526,689</u>
Total changes in net assets of governmental activities	<u>\$ 16,789,882</u>

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

BUNCOMBE COUNTY, NORTH CAROLINA

Exhibit 5

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

FOR THE YEAR ENDED JUNE 30, 2008

	General Fund			Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Ad valorem taxes	\$ 136,231,238	\$ 142,422,438	\$ 143,650,901	\$ 1,228,463
Local option sales taxes	37,499,723	40,578,662	40,446,673	(131,989)
Other taxes and licenses	6,490,000	5,270,000	5,974,706	704,706
Unrestricted intergovernmental	570,000	570,000	634,260	64,260
Restricted intergovernmental	35,630,183	41,127,797	40,264,027	(863,770)
Permits and fees	1,815,500	1,815,500	1,685,014	(130,486)
Sales and services	16,576,457	16,743,098	18,794,523	2,051,425
Investment earnings	2,300,000	3,350,302	3,988,340	638,038
Miscellaneous	1,474,454	1,186,775	1,112,329	(74,446)
Total revenues	238,587,555	253,064,572	256,550,773	3,486,201
EXPENDITURES				
Current:				
General government	21,519,332	21,410,983	21,047,852	363,131
Public safety	42,421,547	45,550,150	45,520,526	29,624
Economic and physical development	8,000,363	8,554,621	7,538,876	1,015,745
Human services	85,026,728	86,312,166	84,888,420	1,423,746
Cultural and recreational	6,207,117	7,328,535	7,304,597	23,938
Intergovernmental:				
Education	65,894,652	66,171,518	66,171,518	-
Total current expenditures	229,069,739	235,327,973	232,471,789	2,856,184
Debt service:				
Principal retirement			8,675,686	
Interest and other charges			3,132,216	
Total debt service	15,085,796	11,836,795	11,807,902	28,893
Total expenditures	244,155,535	247,164,768	244,279,691	2,885,077
Revenues over (under) expenditures	(5,567,980)	5,899,804	12,271,082	6,371,278
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	648,520	6,133,588	5,510,564	(623,024)
Transfers to other funds	(1,110,042)	(21,379,483)	(17,628,950)	3,750,533
Sales of capital assets	-	-	20,107	20,107
Appropriated fund balance	6,029,502	9,346,091	-	(9,346,091)
Total other financing sources (uses)	5,567,980	(5,899,804)	(12,098,279)	(6,198,475)
Net changes in fund balance	\$ -	\$ -	172,803	\$ 172,803
Fund balance, beginning of year			67,215,405	
Prior period adjustment			608,762	
Fund balance, beginning as restated			<u>67,824,167</u>	
Fund balance, end of year			<u>\$ 67,996,970</u>	

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

BUNCOMBE COUNTY, NORTH CAROLINA

Exhibit 6

Statement of Net Assets

Proprietary Funds

JUNE 30, 2008

	Enterprise Funds					Internal Service Fund
	Solid Waste Disposal Fund	Human Services Facilities Fund	Parking Deck Fund	Other Enterprise Funds	Total	
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 7,970,202	\$ 3,981,140	\$ 3,681,029	\$ 398,789	\$ 16,031,160	\$10,340,983
Receivables, net	834,023	72,905	68,404	22,174	997,506	-
Prepays	-	-	-	-	-	2,773,081
Due from other funds	-	-	-	1,707,365	1,707,365	-
Total current assets	8,804,225	4,054,045	3,749,433	2,128,328	18,736,031	13,114,064
Noncurrent assets:						
Restricted cash and cash equivalents	7,565,769	-	7,950,116	-	15,515,885	-
Deferred cost of refunding	206,569	-	-	-	206,569	-
Capital assets:						
Land, improvements, and construction in progress	18,898,100	-	9,793,367	-	28,691,467	-
Other capital assets, net of depreciation	11,664,597	9,025,928	65,337	493,604	21,249,466	-
Total capital assets	30,562,697	9,025,928	9,858,704	493,604	49,940,933	-
Total noncurrent assets	38,335,035	9,025,928	17,808,820	493,604	65,663,387	-
Total assets	47,139,260	13,079,973	21,558,253	2,621,932	84,399,418	13,114,064
LIABILITIES						
Current liabilities:						
Accounts payable	158,567	11,968	1,610,980	19,452	1,800,967	1,615,055
Accrued interest payable	137,546	-	156,027	-	293,573	-
Salaries and payroll taxes payable	106,390	12,084	-	18,279	136,753	-
Compensated absences	103,354	4,938	-	14,549	122,841	-
Other liabilities	-	-	-	24,000	24,000	-
Due to other funds	-	1,707,365	-	-	1,707,365	-
Revenue bonds payable	1,865,000	-	-	-	1,865,000	-
Installment obligations payable	220,000	-	788,840	-	1,008,840	-
Total current liabilities	2,590,857	1,736,355	2,555,847	76,280	6,959,339	1,615,055
Noncurrent liabilities:						
Liabilities payable from restricted assets:						
Accrued landfill closure and postclosure care costs	7,348,282	-	-	-	7,348,282	-
Revenue bonds payable, net	9,509,838	-	-	-	9,509,838	-
Installment obligations payable, net	663,908	-	13,309,558	-	13,973,466	-
Total noncurrent liabilities	17,522,028	-	13,309,558	-	30,831,586	-
Total liabilities	20,112,885	1,736,355	15,865,405	76,280	37,790,925	1,615,055
NET ASSETS						
Invested in capital assets, net of related debt	17,297,951	9,025,928	3,710,422	493,604	30,527,905	-
Restricted for capital projects	1,006,000	-	7,950,116	-	8,956,116	-
Unrestricted	8,722,424	2,317,690	(5,967,690)	2,052,048	7,124,472	11,499,009
Total net assets	\$ 27,026,375	\$ 11,343,618	\$ 5,692,848	\$ 2,545,652	\$ 46,608,493	\$11,499,009

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

BUNCOMBE COUNTY, NORTH CAROLINA

Exhibit 7

Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds

FOR THE YEAR ENDED JUNE 30, 2008

	Enterprise Funds					
	Solid Waste Disposal Fund	Human Services Facilities Fund	Parking Deck Fund	Other Enterprise Funds	Total	Internal Service Fund
OPERATING REVENUES						
Charges for services	\$ 7,185,473	\$ 841,291	\$ -	\$ 388,505	\$ 8,415,269	\$ 15,373,370
Miscellaneous	333,931	-	-	-	333,931	-
Total operating revenues	<u>7,519,404</u>	<u>841,291</u>	<u>-</u>	<u>388,505</u>	<u>8,749,200</u>	<u>15,373,370</u>
OPERATING EXPENSES						
Salaries, wages, and fringe benefits	1,653,472	166,019	-	250,742	2,070,233	-
Contracted services	1,220,620	286,695	-	130,643	1,637,958	-
Cost of products sold	-	-	-	214,570	214,570	-
Maintenance and repairs	320,801	114,200	-	-	435,001	-
Contributions to outside agencies	-	-	-	760,504	760,504	-
Other operating expenses	1,201,985	249,773	100	29,190	1,481,048	-
Landfill closure and postclosure care costs	166,363	-	-	-	166,363	-
Depreciation	2,219,726	363,029	10,479	14,599	2,607,833	-
Insurance premiums	-	-	-	-	-	1,546,153
Claims	-	-	-	-	-	16,160,668
Total operating expenses	<u>6,782,967</u>	<u>1,179,716</u>	<u>10,579</u>	<u>1,400,248</u>	<u>9,373,510</u>	<u>17,706,821</u>
Operating income (loss)	<u>736,437</u>	<u>(338,425)</u>	<u>(10,579)</u>	<u>(1,011,743)</u>	<u>(624,310)</u>	<u>(2,333,451)</u>
NONOPERATING REVENUES (EXPENSES)						
Interest and investment revenue	871,669	263,029	846,628	98,244	2,079,570	540,933
Interest and other charges	(484,404)	-	(841,291)	-	(1,325,695)	-
Gain (loss) on disposal of assets	-	60,000	(35,134)	-	24,866	-
Decrease in estimated landfill closure and postclosure care cost liability	(446,408)	-	-	-	(446,408)	-
Total nonoperating revenues (expenses)	<u>(59,143)</u>	<u>323,029</u>	<u>(29,797)</u>	<u>98,244</u>	<u>332,333</u>	<u>540,933</u>
Income (loss) before contributions and transfers	677,294	(15,396)	(40,376)	(913,499)	(291,977)	(1,792,518)
Capital contributions	42,751	-	-	-	42,751	-
Transfers from (to) other funds	-	(2,908,339)	3,040,115	2,908,339	3,040,115	2,319,207
Change in net assets	<u>720,045</u>	<u>(2,923,735)</u>	<u>2,999,739</u>	<u>1,994,840</u>	<u>2,790,889</u>	<u>526,689</u>
Net assets, beginning of year	26,313,407	14,268,093	2,693,109	551,992	43,826,601	10,972,320
Prior period adjustments	(7,077)	(740)	-	(1,180)	(8,997)	-
Net assets, beginning as restated	<u>26,306,330</u>	<u>14,267,353</u>	<u>2,693,109</u>	<u>550,812</u>	<u>43,817,604</u>	<u>10,972,320</u>
Net assets, end of year	<u>\$ 27,026,375</u>	<u>\$ 11,343,618</u>	<u>\$ 5,692,848</u>	<u>\$ 2,545,652</u>	<u>\$ 46,608,493</u>	<u>\$ 11,499,009</u>

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

BUNCOMBE COUNTY, NORTH CAROLINA

Exhibit 8

Statement of Cash Flows

Proprietary Funds

FOR THE YEAR ENDED JUNE 30, 2008

	Enterprise Funds					Internal Service Fund
	Solid Waste Disposal Fund	Human Services Facilities Fund	Parking Deck Fund	Other Enterprise Funds	Total	
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	\$ 7,083,628	\$ 801,706	\$ -	\$ 390,331	\$ 8,275,665	\$ 15,373,370
Cash paid for goods and services	(3,250,811)	(655,235)	(100)	(1,115,680)	(5,021,826)	(17,780,940)
Cash paid to employees for services	(1,651,211)	(164,113)	-	(251,922)	(2,067,246)	-
Other operating revenue	333,931	-	-	-	333,931	-
Net cash provided (used) by operating activities	2,515,537	(17,642)	(100)	(977,271)	1,520,524	(2,407,570)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Loans from (to) other funds	-	1,707,365	-	(1,707,365)	-	-
Transfers from (to) other funds	-	(2,500,000)	3,040,115	2,500,000	3,040,115	2,319,207
Net cash provided (used) by noncapital financing activities	-	(792,635)	3,040,115	792,635	3,040,115	2,319,207
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(1,115,147)	(52,000)	(7,827,470)	(99,865)	(9,094,482)	-
Installment obligations issued, net	1,025,081	-	14,320,025	-	15,345,106	-
Principal paid on installment obligation	(239,270)	-	(225,000)	-	(464,270)	-
Principal paid on bond maturities	(1,820,000)	-	-	-	(1,820,000)	-
Interest paid on long-term debt	(515,590)	-	(681,891)	-	(1,197,481)	-
Capital contributions	42,751	-	-	-	42,751	-
Net cash provided (used) by capital and related financing activities	(2,622,175)	(52,000)	5,585,664	(99,865)	2,811,624	-
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds on sale of assets	-	60,000	-	-	60,000	-
Interest on investments	871,669	263,029	846,628	98,244	2,079,570	540,933
Net cash provided by investing activities	871,669	323,029	846,628	98,244	2,139,570	540,933
Net increase (decrease) in cash and cash equivalents	765,031	(539,248)	9,472,307	(186,257)	9,511,833	452,570
Cash and cash equivalents, beginning of year	14,770,940	4,520,388	2,158,838	585,046	22,035,212	9,888,413
Cash and cash equivalents, end of year	\$ 15,535,971	\$ 3,981,140	\$ 11,631,145	\$ 398,789	\$ 31,547,045	\$ 10,340,983

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

BUNCOMBE COUNTY, NORTH CAROLINA

Exhibit 8

Statement of Cash Flows

Proprietary Funds

FOR THE YEAR ENDED JUNE 30, 2008

	Enterprise Funds					Internal Service Fund
	Solid Waste Disposal Fund	Human Services Facilities Fund	Parking Deck Fund	Other Enterprise Funds	Total	
Reconciliation of operating income to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 736,437	\$ (338,425)	\$ (10,579)	\$ (1,011,743)	\$ (624,310)	\$(2,333,451)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation	2,219,726	363,029	10,479	14,599	2,607,833	-
Landfill closure and postclosure care costs	1,940	-	-	-	1,940	-
Prior period adjustment	(7,077)	(740)	-	(1,180)	(8,997)	-
Changes in assets and liabilities:						
Decrease in receivables	(101,845)	(39,585)	-	-	(141,430)	-
Increase in other liabilities	-	-	-	1,826	1,826	-
Decrease in prepaid items	-	-	-	-	-	(17,521)
Increase (decrease) in accounts payable and accrued liabilities	(342,982)	(4,567)	-	14,094	(333,455)	(56,598)
Increase in accrued compensated absences	9,338	2,646	-	5,133	17,117	-
Total adjustments	1,779,100	320,783	10,479	34,472	2,144,834	(74,119)
Net cash provided (used) by operating activities	\$ 2,515,537	\$ (17,642)	\$ (100)	\$ (977,271)	\$ 1,520,524	\$(2,407,570)

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

BUNCOMBE COUNTY, NORTH CAROLINA

Exhibit 9

Statement of Fiduciary Net Assets

JUNE 30, 2008

	OPEB Trust Fund	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 2,501,255	\$ 2,200,382
Accounts receivable	-	786,940
	<u>\$ 2,501,255</u>	<u>\$ 2,987,322</u>
LIABILITIES		
Accounts payable	\$ -	\$ 1,263,896
Due to other taxing units	-	160,945
Due to beneficiaries	-	1,562,481
Total liabilities	<u>-</u>	<u>2,987,322</u>
NET ASSETS		
Assets held in trust for health benefits	<u>\$ 2,501,255</u>	<u>\$ -</u>

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

BUNCOMBE COUNTY, NORTH CAROLINA

Exhibit 10

Statement of Changes in Fiduciary Net Assets

FOR THE YEAR ENDED JUNE 30, 2008

	<u>OPEB Trust Fund</u>
ADDITIONS	
Employer contributions	\$ 2,500,000
Interest income	1,255
Total additions	<u>2,501,255</u>
NET ASSETS, BEGINNING	<u>-</u>
NET ASSETS, ENDING	<u>\$ 2,501,255</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, 2008

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 five-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. The Asheville Regional Airport Authority (the Airport Authority), which has a June 30 year-end, is presented as if it is a separate proprietary fund of the County (discrete presentation). Buncombe County Tourism Development Authority (the Development Authority), Avery's Creek Sanitary District (the District), 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).
Asheville Regional Airport Authority	Discrete	The Airport Authority was established by a joint 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 is responsible for financing any operating deficits of the Airport Authority and the County must approve issuance of any revenue bonds. The County has also issued general obligation bonds for improvement of the Airport Authority's facilities.	Asheville Regional Airport Authority Post Office Box 817 Fletcher, NC 28732

<p>Buncombe County Tourism Development Authority</p>	<p>Discrete</p>	<p>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.</p>	<p>Tourism Development Authority Post Office Box 1010 Asheville, North Carolina 28812</p>
<p>Avery’s Creek Sanitary District</p>	<p>Discrete</p>	<p>The District is governed by a five-member board elected by the constituents of the District every four years. The District receives some delinquent taxes from a levy in fiscal year 1986-87 and otherwise derives its revenues from sewer taps and assessment fees. The County has financial accountability as a result of fiscal dependency of the District. The District’s budget is included in the County’s annual budget process.</p>	<p>None issued.</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 assets and the statement of activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities; however, interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. 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 funds:

Solid Waste Disposal Fund: This fund accounts for landfill activities including disposal and recycling operations.

Human Services Facilities Fund: This fund accounts for the rental and management of buildings used by mental health service providers.

Parking Deck Fund: This fund accounts for the construction and operation of parking decks.

The County reports the following fund types:

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

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

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

The Social Services Fund, which accounts for monies deposited with the Department of Social Services for the benefit of certain individuals; 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 Sondley Estate Trust, which accounts for certain monies held by the County which was appointed as fiscal agent by the Courts; the Buncombe County Anticrime Task Force, which accounts for forfeiture and controlled substance tax earmarked for the Buncombe County Anticrime Task Force; the Sheriff's Forfeiture and Controlled Substance Fund, which accounts for forfeiture and controlled substance tax earmarked for the Sheriff's Department; and the NC Motor Vehicle Interest Fund, which accounts for the three percent 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.

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 2007 through February 2008 apply to the fiscal year ended June 30, 2008. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements.

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 are both restricted and unrestricted net assets 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.

All governmental and business-type activities and enterprise funds of the County follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

(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 Special Districts Volunteer Fire Departments, Emergency Telephone System, Occupancy Tax, Capital Reserve, Workforce Investment Act, Register of Deeds Automation, Grant Projects, 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. 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 \$10,000. 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 \$10,000 per expenditure; however, any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$10,000 per expenditure must be approved by the governing board. Budgetary transfers by the Manager must be reported to the County Commissioners at the next board meeting and recorded in the minutes. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

(D) Assets, Liabilities, and Fund Equity

(1) Deposits and Investments

All deposits of the County, Asheville Regional Airport Authority, Buncombe County Tourism Development Authority, Avery's Creek Sanitary District, and Western North Carolina Regional Air Quality Agency (Agency) are made in board-designated official depositories and are secured as required by G.S. 159-31. The County, Airport Authority, Tourism Development Authority, Sanitary District, and Agency may designate as an official depository any bank or savings association whose principal office is located in North Carolina. Also, the County, Airport Authority, Tourism Development Authority, Sanitary District and Agency 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, Airport Authority, Tourism Development Authority, Sanitary District, and Agency 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).

The County, Airport Authority, Tourism Development Authority, Sanitary District, and Agency'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. The securities of the NCCMT Cash Portfolio, an 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. 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.

(2) Cash and Cash Equivalents

The County pools monies from several funds to facilitate disbursement and investment and to maximize the investment income. Therefore, all cash and investments with an original maturity of six months or less are essentially demand deposits and are considered cash and cash equivalents. Unrestricted cash totaling \$16,031,160 and restricted cash of \$15,515,885 make up the \$31,547,045 reported in the statement of cash flows for the Proprietary Funds. Asheville Regional Airport Authority considers demand deposits and investments purchased with an original maturity of three months or less, which are not limited as to use, to be cash and cash equivalents.

(3) Restricted Assets

The unexpended bond proceeds of the County Capital Projects, School Bond, School Capital Commission, and Special Revenue Capital Projects 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 \$15,515,885 in the Enterprise Funds are reserved for landfill closure and post closure and for construction of parking decks from unexpended bond proceeds.

Receivables of the Asheville Regional Airport Authority are classified as restricted assets of the component unit because their use is legally restricted for designated capital projects.

(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; however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2007.

(5) Allowances for Doubtful Accounts

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

(6) Inventories and Prepaid Items

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.

(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.

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
Vehicles	1-5

Capital assets of the Airport Authority are depreciated on a straight-line basis over the following useful lives:

	<u>Years</u>
Leasehold improvements	5-40
Public safety and maintenance equipment	3-20
Vehicles	3-20
Furniture	5-10

Capital assets of the Avery’s Creek Sanitary District are depreciated on a straight-line basis over the following estimated useful lives:

Improvements	<u>Years</u> 30-50
--------------	-----------------------

(8) 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 assets.

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

(9) 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. Airport personnel policies permit an employee to earn vacation as of January 1 of the related calendar year. Any unused vacation as of December 31 is forfeited. Upon termination, any unexpired vacation pay is due the employee.

The County’s and the Airport Authority’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 neither entity has any obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made by the County or its component unit.

(10) Net Assets/Fund Balances

Net Assets

Net assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

Fund Balances

In the governmental fund financial statements, reservations or restrictions of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

State law [G.S. 159-13(b)(16)] restricts the appropriation of fund balance to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund types classify fund balances as follows:

Reserved:

Reserved for inventories - portion of fund balance not available for appropriation because it represents the year-end balance of ending inventories, which are not expendable available resources.

Reserved by State statute - portion of fund balance in addition to reserves for encumbrances and reserves for inventories, which is not available for appropriation under State law [G.S. 159-13(b)(16)]. This amount is usually comprised of accounts receivable and interfund receivables that are not offset by deferred revenues.

Reserved for Wireless 911 expenditures - portion of fund balance available for the lease, purchase or maintenance of emergency telephone equipment for the wireless enhanced 911 systems (including necessary computer hardware, software and database provisioning), the nonrecurring cost of establishing a wireless enhanced 911 system, and rates associated with the local telephone companies' charges related to the operation of the wireless enhanced 911 system.

Unreserved:

Undesignated - portion of total fund balance available for appropriation that is uncommitted at year-end.

Designated for construction in progress – portion of fund balance designated by the County Commissioners for future capital projects.

(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 assets.

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government – wide statement of net assets. 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)	\$ 162,207,721
Less accumulated depreciation	(49,630,884)
Net capital assets	<u>112,576,837</u>
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are not available and therefore deferred in the fund statements	635,377
Overfunding of OPEB obligation	666,818
Liabilities for revenue deferred but earned and therefore recorded in the fund statements but not the government-wide	1,024,255

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	11,499,009
Deferred charges related to advance refunding bond issued – included on government-wide statement of net assets but are not current financial resources	437,667
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, leases, and installment financing	(176,047,569)
Compensated absences	(6,868,912)
Accrued pension obligation	(1,285,163)
Accrued interest payable	(1,371,845)
	\$ (58,733,526)

- (2) Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets 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	\$ 21,452,668
Cost of disposed assets not recorded in fund statements	(399,973)
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	(7,345,235)
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities – it affects only the government-wide statement of net assets	(13,455,000)
Overfunding of OPEB obligation	666,818
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net assets in the government-wide statements	17,278,409

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)	336,603
Amortization of refunding costs not recorded on fund statements	(59,151)
Pension obligations are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(78,004)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(2,006,547)
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)	(106,272)
Reversal of deferred revenues other than property taxes recorded at 7/1/07	(706,367)
Recording of property taxes deferred in fund statements as of 6/30/08	1,024,255
Net revenue, including transfers, of internal service funds determined to be governmental type	526,689
Total adjustment	\$ 17,128,893

(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 - Stewardship, Compliance, and Accountability

Excess of Expenditures Over Appropriation

Internal Service Fund expenditures exceeded appropriations by \$60,234.

Corrective Action Plan: Budget and Finance staff have been assigned to monitor the Internal Service Fund to assure that budget amendments are done monthly as needed for Board approval.

Note 3 - Detail Notes on All Funds**(A) Assets****(1) Deposits**

All deposits of the County, Airport Authority, Tourism Development Authority, Avery's Creek Sanitary District 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, Airport Authority, Tourism Development Authority, Avery's Creek Sanitary District 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, Airport Authority, Tourism Development Authority, Avery's Creek Sanitary District, 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, Airport Authority, Tourism Development Authority, Avery's Creek Sanitary District, 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.

In accordance with North Carolina General Statute 159-31(b) and the GFOA Recommended Practices on the Collateralization of Public Deposits, full collateralization is required on deposits at interest and savings certificates of deposit. The County, Tourism Development Authority, Avery's Creek Sanitary District and Western North Carolina Regional Air Quality Agency utilize the pooling method of collateralization and use only banking institutions approved by the North Carolina Local Government Commission. The Airport Authority does not have a policy regarding custodial credit risk for deposits.

At June 30, 2008, the County's (including Western North Carolina Regional Air Quality Agency) deposits had a carrying amount of \$27,293,850 and a bank balance of \$30,148,693. Of the bank balance, \$490,223 was covered by federal depository insurance; \$29,658,470 was covered by collateral held under the Pooling Method. These amounts include \$2,200,382 held by the County in its fiduciary capacity for its agency funds.

At June 30, 2008, Buncombe County had \$9,225 cash on hand.

At June 30, 2008, the carrying amount of deposits for the Airport Authority was \$7,202,357 and the bank balance was \$7,371,610. Of the bank balance, \$200,000 was covered by federal depository insurance and \$7,171,610 was covered under the pooling method.

At June 30, 2008, the Tourism Development Authority's deposits had a carrying amount of \$4,818,575 and a bank balance of \$4,864,504. Of the bank balance, \$100,000 was covered by federal depository insurance and \$4,764,504 was covered by collateral held under the Pooling Method.

At June 30, 2008 the Avery's Creek Sanitary District's deposits had a carrying amount and bank balance of \$383,965. Of the bank balance, \$100,000 was covered by federal depository insurance.

(2) Investments

As of June 30, 2008, 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	\$ 28,369,128	\$ -	\$ 6,724,678	\$ 6,065,460	\$ 15,578,990
NC Educational Assistance Authority Bonds	32,850,000	32,850,000	-	-	-
Certificates of Deposit	44,208,602	11,000,000	25,708,602	7,500,000	-
NC Capital Management Trust- Cash Portfolio	23,858,294	23,858,294	-	-	-
Total	\$129,286,024	\$ 67,708,294	\$ 32,433,280	\$ 13,565,460	\$ 15,578,990

The North Carolina State Education Assistance Authority (NCSEAA) instruments in the portfolio have final stated maturities ranging from 2015 to 2036. Historically they could be redeemed at par and the interest rate reset every 7, 28, or 35 days making the effective maturity date the next reset date, until February 2008 when the auctions began failing. At that time the instruments became illiquid and there was no secondary market. These instruments have been called effective July 2008 resolving the matter of illiquid investments for the county.

As of June 30, 2008, the Airport Authority had the following investments and maturities:

Investment Type	Fair Value	Less Than 6 Months
Commercial Paper	\$ 993,807	\$ 993,807
NC Capital Management Trust-Cash	2,743,316	N/A
Total	\$3,737,123	\$ 993,807

At June 30, 2008, Tourism Development Authority's investments with North Carolina Capital Management Trust were as follows:

	Reported Value	Fair Value
NC Capital Management Trust- Cash Portfolio	\$ 4,453,367	\$ 4,453,367

At June 30, 2008, Avery's Creek Sanitary District's investments with North Carolina Capital Management Trust were as follows:

	Reported Value	Fair Value
NC Capital Management Trust- Cash Portfolio	\$ 280,425	\$ 280,425

During 2008, 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 or unrealized gains or losses on the County's, Airport Authority's, Tourism Development Authority's, or Avery's Creek Sanitary District's, investments during 2008.

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

	Primary Government	Airport Authority	Tourism Development Authority	WNC Regional Air Quality
Deposits	\$ 27,293,850	\$ 7,202,357	\$ 4,818,575	\$ -
Cash on hand	9,225	-	-	-
Investments	129,286,024	3,737,123	4,453,367	-
	156,589,099	10,939,480	9,271,942	-
Reported in agency funds and component unit	(3,083,888)	-	-	883,506
	<u>\$ 153,505,211</u>	<u>\$ 10,939,480</u>	<u>\$ 9,271,942</u>	<u>\$ 883,506</u>
	Primary Government	Airport Authority	Tourism Development Authority	WNC Regional Air Quality
Reported on financial statements:				
Cash and cash equivalents	\$ 94,579,883	\$ 6,770,616	\$ 4,818,575	\$ 883,506
Investments	29,144,450	993,807	4,453,367	-
Restricted cash	29,780,878	3,175,057	-	-
	<u>\$ 153,505,211</u>	<u>\$ 10,939,480</u>	<u>\$ 9,271,942</u>	<u>\$ 883,506</u>

Interest Rate Risk

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

Credit Risk

The County's policy is to limit investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the highest rating of at least one nationally recognized rating service and not bearing a rating below the highest by any nationally recognized rating service which rates the particular obligation. As of June 30, 2008, the County's investments in commercial paper were rated P1 by Standard & Poor's, F1 and F1+ by Fitch Ratings, and A1 and A1+ by Moody's Investors Service. The County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2008. 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 0%, 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 percent of the County's investments are in FHLB, FNMA, and NC State Educational Assistance bonds. These investments are 6%, 9%, and 21% respectively of the County's total investments.

(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
2005	\$ 1,962,941	\$ 466,198	\$ 2,429,139
2006	1,876,215	276,742	2,152,957
2007	4,241,567	243,890	4,485,457
2008	4,220,245	-	4,220,245
Total	<u>\$ 12,300,968</u>	<u>\$ 986,830</u>	<u>\$ 13,287,798</u>

4) Receivables

Receivables at the government-wide level at June 30, 2008 were as follows:

	Accounts	Taxes and Related Accrued Interest	Due From Other Governments	Total
Governmental Activities:				
General	\$ 4,126,451	\$ 4,199,534	\$ 17,316,255	\$ 25,642,240
County Capital Projects	27,373	-	-	27,373
School Capital Commission	7,784	-	3,878,362	3,886,146
Other Governmental	344,977	809,420	1,420,947	2,575,344
	<u>4,506,585</u>	<u>5,008,954</u>	<u>22,615,564</u>	<u>32,131,103</u>
Allowance for doubtful accounts	(1,213,981)	(2,900,240)	-	(4,114,221)
Total - governmental activities	<u>\$ 3,292,604</u>	<u>\$ 2,108,714</u>	<u>\$ 22,615,564</u>	<u>\$ 28,016,882</u>

	Accounts	Taxes and Related Accrued Interest	Due From Other Governments	Total
Business-type Activities				
Solid Waste Disposal	\$ 896,028	\$ -	\$ -	\$ 896,028
Other Business-type	163,483	-	-	163,483
	<u>1,059,511</u>	<u>-</u>	<u>-</u>	<u>1,059,511</u>
Allowance for doubtful accounts	(62,005)	-	-	(62,005)
Total - business-type activities	<u>\$ 997,506</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 997,506</u>

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

Local option sales tax	\$ 16,627,204
Other	<u>5,988,360</u>
Total	<u>\$ 22,615,564</u>

No allowance for uncollectible accounts has been recorded by the Airport Authority, Tourism Development Authority, Avery’s Creek Sanitary District, or Western North Carolina Regional Air Quality Agency.

(5) Capital Assets

Capital asset activity for the year ended June 30, 2008, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 6,607,464	\$ 1,530,951	\$ -	\$ 8,138,415
Construction in process	34,329,681	18,166,269	7,966,371	44,529,579
Total capital assets not being depreciated	<u>40,937,145</u>	<u>19,697,220</u>	<u>7,966,371</u>	<u>52,667,994</u>
Capital assets being depreciated:				
Buildings	\$ 68,624,745	\$ 4,127,845	\$ 10,800	\$ 72,741,790
Other improvements	2,583,613	382,565	130,454	2,835,724
Equipment	24,103,487	1,215,198	411,535	24,907,150
Vehicles	7,621,177	3,996,215	2,562,329	9,055,063
Total capital assets being depreciated	<u>102,933,022</u>	<u>9,721,823</u>	<u>3,115,118</u>	<u>109,539,727</u>
Less accumulated depreciation for:				
Buildings	28,556,507	2,078,633	4,793	30,630,348
Other improvements	590,427	162,412	31,926	720,912
Equipment	10,654,125	3,503,845	376,587	13,781,384
Vehicles	5,199,734	1,600,345	2,301,838	4,498,241
Total accumulated depreciation	<u>45,000,793</u>	<u>\$ 7,345,235</u>	<u>\$ 2,715,144</u>	<u>49,630,884</u>
Total capital assets being depreciated, net	<u>57,932,229</u>			<u>59,908,843</u>
Governmental activities capital assets, net	<u>\$ 98,869,374</u>			<u>\$ 112,576,837</u>

Business-type activities:				
Solid Waste Disposal				
Capital assets not being depreciated:				
Land	\$ 6,308,519	\$ –	\$ –	\$ 6,308,519
Construction in process	13,084,125	478,842	973,386	12,589,581
Total capital assets not being depreciated	<u>19,392,644</u>	<u>478,842</u>	<u>973,386</u>	<u>18,898,100</u>
Capital assets being depreciated:				
Buildings and improvements	22,675,550	973,386	–	23,648,936
Equipment	686,835	620,650	–	1,307,485
Vehicles	2,310,106	15,656	212,558	2,113,204
Total capital assets being depreciated	<u>25,672,491</u>	<u>1,609,692</u>	<u>212,558</u>	<u>27,069,625</u>
Less accumulated depreciation for:				
Buildings and improvements	10,890,487	1,956,235	–	12,846,722
Equipment	439,217	95,891	–	535,108
Vehicles	2,068,156	167,600	212,558	2,023,198
Total accumulated depreciation	<u>13,397,860</u>	<u>2,219,726</u>	<u>212,558</u>	<u>15,405,028</u>
Total capital assets being depreciated, net	<u>12,274,631</u>			<u>11,664,597</u>
Solid Waste Disposal capital assets, net	<u>31,667,275</u>			<u>30,562,697</u>
Human Services Facilities				
Capital assets being depreciated:				
Buildings and improvements	10,662,142	–	462,271	10,199,871
Equipment	–	52,000	–	52,000
Total capital assets being depreciated	<u>10,662,142</u>	<u>52,000</u>	<u>462,271</u>	<u>10,251,871</u>
Less accumulated depreciation for:				
Buildings and improvements	916,762	353,496	53,849	1,216,409
Equipment	–	9,534	–	9,534
Total accumulated depreciation	<u>916,762</u>	<u>363,029</u>	<u>53,849</u>	<u>1,225,943</u>
Human Services Facilities capital assets, net	<u>9,745,380</u>			<u>9,025,928</u>
Parking Deck				
Construction in process	534,271	9,259,096	–	9,793,367
Capital assets being depreciated:				
Vehicles	–	110,949	36,983	73,966
Total capital assets being depreciated	<u>–</u>	<u>110,949</u>	<u>36,983</u>	<u>73,966</u>
Less accumulated depreciation for:				
Vehicles	–	10,479	1,849	8,629
Total accumulated depreciation	<u>–</u>	<u>10,479</u>	<u>1,849</u>	<u>8,629</u>
Total capital assets being depreciated, net	<u>–</u>			<u>65,337</u>
Parking Deck capital assets, net	<u>534,271</u>			<u>9,858,704</u>
Other Business-type				
Capital assets being depreciated:				
Buildings and improvements	462,270	–	–	462,270
Equipment	–	99,865	–	99,865
Total capital assets being depreciated	<u>462,270</u>	<u>99,865</u>	<u>–</u>	<u>562,135</u>
Less accumulated depreciation for:				
Buildings and improvements	53,932	1,284	–	55,216
Equipment	–	13,315	–	13,315
Total accumulated depreciation	<u>53,932</u>	<u>\$ 14,599</u>	<u>\$ –</u>	<u>68,531</u>
Other Business-type capital assets, net	<u>\$ 378,338</u>			<u>\$ 493,604</u>

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

Governmental Activities:	
General Government	\$ 1,901,303
Public Safety	3,322,141
Economic and Physical Development	119,527
Human Services	1,154,177
Cultural and Recreational	848,087
Total Depreciation Expense	<u>\$ 7,345,235</u>
Business-Type Activities:	
Solid Waste Disposal	\$ 2,219,726
Human Services Facilities	363,029
Parking Deck	10,479
Other Business- Type	14,599
Total Depreciation Expense	<u>\$ 2,607,833</u>

Construction commitments

The government has the following commitments with contractors for active construction projects as of June 30, 2008:

Project	Spent-to-date	Remaining Commitment
Detention center	\$ 25,405,464	\$ 645,974
EOC building	3,429,211	302,212
Animal shelter	836,690	506,525
Crisis stabilization	899,118	8,837
Library renovation	8,400	8,400
Parking decks	14,338,244	4,239,039
Permits renovation	11,843	3,849
Total construction commitments	<u>\$ 44,928,970</u>	<u>\$ 5,714,836</u>

Discretely presented component units

The capital assets of the Asheville Regional Airport for the year ended June 30, 2008, were as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 3,725,790	\$ -	\$ -	\$ 3,725,790
Capital projects	3,290,771	12,126,946	-	15,417,717
Total capital assets not being depreciated	<u>7,016,561</u>	<u>12,126,946</u>	<u>-</u>	<u>19,143,507</u>
Capital assets being depreciated:				
Leasehold improvements	57,184,386	142,151	-	57,326,536
Public safety & maintenance equipment	4,057,003	37,036	-	4,094,039
Furniture	50,080	52,368	-	102,448
Vehicles	3,073,148	21,800	-	3,094,948
Total capital assets being depreciated	<u>64,364,617</u>	<u>253,355</u>	<u>-</u>	<u>64,617,971</u>

Less accumulated depreciation for:				
Leasehold improvements	22,017,162	2,579,235	–	24,596,397
Public safety & maintenance equipment	2,575,439	243,577	–	2,819,016
Furniture	37,125	10,410	–	47,535
Vehicles	2,079,726	129,815	–	2,209,541
Total accumulated depreciation	<u>26,709,454</u>	<u>\$ 2,963,037</u>	<u>\$ –</u>	<u>29,672,489</u>
Total capital assets being depreciated, net	<u>37,655,163</u>			<u>34,945,482</u>
Asheville Regional Airport capital assets, net	<u>\$ 44,671,724</u>			<u>\$ 54,088,989</u>

Activity for the Avery’s Creek Sanitary District for the year ended June 30, 2008, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets being depreciated:				
Improvements	\$ 2,056,471	\$ –	\$ –	\$ 2,056,471
Less accumulated depreciation for:				
Improvements	494,190	\$ 42,144	\$ –	536,334
Avery’s Creek Sanitary District capital assets, net	<u>\$ 1,562,281</u>			<u>\$ 1,520,137</u>

Activity for WNC Regional Air Quality for the year ended June 30, 2008, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets being depreciated:				
Equipment	\$ 158,625	\$ –	\$ –	\$ 158,625
Vehicles	124,594	–	21,321	103,273
Total capital assets being depreciated	<u>283,219</u>	<u>–</u>	<u>21,321</u>	<u>261,898</u>
Less accumulated depreciation for:				
Equipment	144,249	4,184	–	148,433
Vehicles	62,040	15,120	8,884	68,276
Total accumulated depreciation	<u>206,289</u>	<u>\$ 19,304</u>	<u>\$ 8,884</u>	<u>216,709</u>
WNC Regional Air Quality capital assets, net	<u>\$ 76,930</u>			<u>\$ 45,189</u>

(B) Liabilities

(1) Payables

Payables at the government-wide level at June 30, 2008, were as follows:

	Vendors	Salaries and Benefits	Accrued Interest	Total
Governmental Activities:				
General	\$ 6,458,078	\$ 6,440,112	\$ 1,371,844	\$ 14,270,034
County Capital Projects	972,941	–	–	972,941
School Capital Commission	45,189	–	–	45,189
Other governmental	2,334,801	151,000	–	2,485,801
Total - governmental activities	<u>\$ 9,811,009</u>	<u>\$ 6,591,112</u>	<u>\$ 1,371,844</u>	<u>\$ 17,773,965</u>

Business-type Activities:				
Solid Waste Disposal	\$ 158,567	\$ 106,390	\$ 293,573	\$ 558,530
Human Services Facilities	11,968	12,084	–	24,052
Parking Deck Fund	1,610,980	–	–	1,610,980
Other business-type	19,452	18,279	–	37,731
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total - Business-type activities	\$ 1,800,967	\$ 136,753	\$ 293,573	\$ 2,231,293

(2) Pension Plan Obligations

(a) Local Governmental Employees’ Retirement System

1. Plan Description

Buncombe County and the Airport Authority contribute 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 and the Airport Authority are 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 4.89% and 4.86%, respectively, of annual covered payroll. For the Airport Authority, the current rate for employees not engaged in law enforcement and for law enforcement officers is 7.90% and 7.88%, respectively, of annual covered payroll. Certain County employees assigned to Western North Carolina Regional Air Quality Agency have a current rate of 4.85% of annual covered payroll. The contribution requirements of members and of the County and the Airport Authority are established and may be amended by the North Carolina General Assembly. The County’s contributions to LGERS for the years ended June 30, 2008, 2007, and 2006 were \$2,617,465, \$2,672,285, and \$2,556,012, respectively.

The Airport Authority’s contributions to LGERS for the years ended June 30, 2008, 2007, and 2006 were \$114,369, \$130,160, and \$115,271, respectively. The contributions made by the County and the Airport Authority equaled the required contributions for each year.

(b) Law Enforcement Officers’ Special Separation Allowance

1. Plan Description.

Buncombe County administers a public employee retirement system (the “Separation Allowance”), a single-employer defined benefit pension plan that provides retirement benefits to the County’s qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time County and Airport Authority law enforcement officers are covered by the Separation Allowance. At December 31, 2007, the Separation Allowance’s membership consisted of:

	<u>County</u>	<u>Airport Authority</u>
Retirees receiving benefits	18	5
Terminated plan members entitled to but not yet receiving benefits	0	0
Active plan members	<u>218</u>	<u>11</u>
Total	<u>236</u>	<u>16</u>

2. Summary of Significant Accounting Policies.

Basis of Accounting. The County and Airport Authority have 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 and Airport Authority are 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 and Airport Authority’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 contribution for the current year was determined as part of the December 31, 2007 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4.5% to 12.3% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include postretirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at December 31, 2007 was 23 years.

4. Annual Pension Cost and Net Pension Obligation.

The County’s and Airport Authority’s annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

	<u>County</u>	<u>Airport Authority</u>
Annual required contribution	\$ 227,824	\$ 22,644
Interest on net pension obligation	87,519	4,969
Adjustments to annual required contribution	<u>(74,178)</u>	<u>(4,212)</u>
Annual pension cost	241,165	23,401
Contributions made	<u>163,161</u>	<u>47,785</u>
Increase (decrease) in net pension obligation	78,004	(24,384)
Net pension obligation beginning of year	<u>1,207,159</u>	<u>68,543</u>
Net pension obligation end of year	<u>\$ 1,285,163</u>	<u>\$ 44,159</u>

Three-Year Trend Information
for Buncombe County

For Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2006	\$ 227,236	51.81%	\$ 1,145,027
2007	213,002	70.83	1,207,159
2008	241,165	67.66	1,285,163

for Airport Authority

For Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2006	\$ 26,790	146.61%	\$ 85,928
2007	25,271	168.79	68,543
2008	23,401	204.20	44,159

(c) Supplemental Retirement Income Plan for Law Enforcement Officers

1. Plan Description.

The County and the Airport Authority contribute 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 and the Airport Authority. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State’s CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

2. Funding Policy.

Article 12E of G.S. Chapter 143 requires the County and the Airport Authority to contribute each month an amount equal to 8% of each officer’s salary, and 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, 2008 were \$910,998, which consisted of \$716,026 from the County and \$194,972 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, 2008 were \$5,557,441 which consisted of \$4,193,776 from the County and \$1,363,665 from the employees. Contributions for the year ended June 30, 2007 were \$138,400, which consisted of \$89,981 from the Airport Authority and \$48,419 from their 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 who are 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.

2. Funding Policy.

On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 1 of G.S. Chapter 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (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 seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2008, the County's required and actual contributions were \$26,756.

(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 fireman and rescue squad worker to the Firemen's and Rescue Squad Worker's Pension Fund for the fiscal year ended June 30, 2008 and 2007 was \$437 and \$223, 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.

Membership of the HCB Plan consisted of the following at July 1, 2007, the date of the latest actuarial valuation:

	General	Law
	<u>Employees:</u>	<u>Officers:</u>
Retirees and dependents receiving benefits	168	40
Active plan members	1,276	228
Total	<u>1,444</u>	<u>268</u>

2. Funding Policy.

The Board of Commissioners established the contribution requirements of plan members and may be amended by the Board. The County's members pay the monthly amount for dependent coverage. Per a County resolution, the County is required each year to contribute the annual required contribution of the employer (ARC). The current ARC rate is 7.53% of annual covered payroll. For the current year, the County contributed \$5,104,872 or 8.66% of annual covered payroll. The County obtains healthcare coverage through a self-insured health insurance plan. The County's required contributions, under a Board resolution, for employees not engaged in law enforcement and for law enforcement officers represented 7.19% and 9.91% of covered payroll, respectively. There were no contributions made by employees, except for dependent coverage in the amount of \$176,465. The County's obligation to contribute to HCB Plan is established and may be amended by the Board of Commissioners.

3. Annual OPEB Cost and Net OPEB Obligation.

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

The following table shows the components of the County’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County’s net OPEB obligation for the healthcare benefits:

Annual required contribution	\$ 4,292,429
Interest on OPEB obligation	145,625
Annual OPEB cost	<u>4,438,054</u>
Contributions made	<u>5,104,872</u>
Increase (decrease) in net OPEB obligation	(666,818)
Net OPEB obligation beginning of year	-
Net OPEB obligation end of year	<u>\$ (666,818)</u>

The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the HCB Plan, and the net OPEB obligation for 2008:

For Year Ended	Annual OPEB June 30 Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2008	\$ 4,438,054	115%	\$(666,818)

4. Summary of Significant Accounting Policies.

The Plan’s financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Under a County resolution, the contributions are recognized when due and the County will provide the contributions to the HCB Plan. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations. Administration costs of the HCB Plan are financed through investment earnings.

5. Funded Status and Funding Progress.

As of July 1, 2007, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$39,652,247, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$39,652,247. The covered payroll (annual payroll of active employees covered by the plan) was \$58,914,230, and the ratio of UAAL to the covered payroll was 67.3 percent.

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 information about the actuarial value of plan assets and 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 July 1, 2007 actuarial valuation, the entry age normal method was used. The actuarial assumptions included a 7.0% investment rate of return (net of administrative expenses), which is the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date. The medical cost trend rate varied between 8 and 4.5%. Both rates included a 4.5% 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 July 1, 2007, was 30 years.

(h) Other Employment Benefits

The County and the Airport Authority have 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 and the Airport Authority have no liability beyond the payment of monthly contributions. 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 or the Airport Authority, the County and the Airport Authority do not determine the number of eligible participants.

For the fiscal year ended June 30, 2008, the County made contributions to the State for death benefits of \$23,557 for employees not engaged in law enforcement, \$5,903 for law enforcement officers, and \$112 for employees assigned to Western North Carolina Regional Air Quality Agency. For the fiscal year ended June 30, 2008, the Authority made contributions to the State for death benefits of \$1,475. The County's required contributions for employees not engaged in law enforcement, for law enforcement officers, and for Western North Carolina Regional Air Quality Agency employees represented .05%, .15%, and .09% of covered payroll, respectively. The Authority's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .08% and .14%, respectively, of covered payroll. The contributions to the Death Benefit Plan cannot be separated between the post employment benefit amount and the other benefit amount.

(3) Closure and Postclosure Care Costs

State and federal laws and regulations require the County to place a final cover on its landfills when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County reports a portion of closure and postclosure 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 helps determine if a unit is financially able to meet closure and postclosure care requirements. However, the County has also elected to establish a reserve fund to accumulate resources for the payment of closure and postclosure care costs of this landfill. Transfers of \$4,104,186 were made to the Landfill Closures and Postclosure Reserve Fund through June 30, 1997, and those funds, together with cumulative investment earnings are held in investments with a carrying value of \$6,559,769 (market value, \$6,559,769) at year-end. The County expects that future inflation costs will be paid from the investment earnings on these annual contributions. However, if investment earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or by future tax revenues.

Closed Landfill:

Landfill Permit Number 11-01: The previous landfill site of the County was closed on September 26, 1997. The \$2,717,417 reported as landfill postclosure care liability at June 30, 2008, represents the projected actual cost of the closed landfill over the next 21 years based on what it would cost to perform all postclosure care in 2008. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

Landfill in Operation:

Landfill Permit Number 11-07: The \$4,630,865 reported as landfill closure and postclosure care liability at June 30, 2008, represents a cumulative amount reported to date based on the use of 20.74 percent of the total estimated capacity of this landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$17,698,935 as the remaining estimated capacity is filled. This amount is based on what it would cost to perform all closure and postclosure care in 2008. 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. 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 with respect to this landfill.

(4) Deferred/Unearned Revenues

The balance in deferred or unearned revenues on the fund statements and unearned revenues on the government-wide statement at year-end is composed of the following elements:

	<u>Deferred Revenue</u>	<u>Unearned Revenue</u>
Prepaid taxes not yet earned (General)	\$ -	\$ 882,889
Taxes receivable, net (General)	914,315	-
Taxes receivable, net (Special Revenue)	109,940	-
Other, (Special Revenue, enterprise)	-	97,808
	<u>\$ 1,024,255</u>	<u>\$ 980,697</u>

(5) Risk Management

The County for several years has operated under a limited risk management posture whereby moderate levels of risk are assumed, stop-loss limits are established, and conventional insurance for protection above these limits is purchased. The County has a scheduled limit on property coverage. There is primary coverage of \$2,000,000 on general liability, automobile liability, law enforcement officers' professional liability and public officials' liability. Workers compensation has a statutory limit of \$1,000,000. There is a self-insured retention of \$100,000 on property, \$250,000 on liability, and \$300,000/\$350,000 on workers compensation. The County carries a \$5,000,000 commercial flood insurance policy with a \$100,000 self-retention policy.

The risk manager and safety officer work with departments and employees to control losses. Training, accident investigation, transfer, assumption, and avoidance are some of the methods looked at to reduce costs. Employee health and dental programs are self-insured. The County offers a reimbursement plan for the following wellness programs to hold down rising health care costs: Weight Watchers, fitness club memberships, smoking cessation classes, walking programs, Employee Health Clinic, and cancer screenings, including mammograms and prostate screenings. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

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 assets and balance sheets as of June 30, 2008 includes a loss reserve liability for estimated outstanding medical claims of \$1,615,055. Changes in the health claims liability are presented as follows:

Year Ended June 30	Beginning Balance	Claims Incurred	Claims Paid	Ending Balance
2007	\$ 1,305,211	\$ 15,066,968	\$ 14,700,526	\$ 1,671,653
2008	1,671,653	15,957,792	16,014,390	1,615,055

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.

The Airport Authority component unit is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Authority carries property, general liability, auto liability, employee health and accident, and worker’s compensation. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(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, 2008 amounted to \$933,094.

Future minimum lease payments under these operating lease agreements at June 30, 2008 are as follows:

Year Ended June 30	Amount
2009	\$ 383,796
2010	252,866
2011	197,663
2012	33,522

(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, or certificates of participation (COP’s).

Installment Note Obligations	Balance June 30, 2007	Increases	Decreases	Balance June 30, 2008
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Serviced by the Governmental Funds:

COPS 1998, refunding \$37,020,000 issue, interest at 3.65% to 5% payable semiannually to 2012.	\$ 12,160,000	\$ -	\$ 1,810,000	\$ 10,350,000
EMS vehicles, 2003 \$860,424 issue, interest at 2.34% payable semiannually to 2007.	180,364	-	180,364	-

COPS 2003, detention center and other improvements, \$19,620,000 issue, interest at 2% to 5% payable semiannually to 2023.	16,410,000	-	1,325,000	15,085,000
Sheriff vehicles, 2005 \$755,000 issue, interest at 3.235% payable semiannually to 2008.	251,413	-	251,413	-
Server, 2005 \$1,685,000 issue, interest at 3.33% payable semiannually to 2010.	1,044,208	-	336,632	707,576
COPS 2005, detention center \$14,500,000 issue, interest at 2.5% to 5% payable semiannually to 2025. A premium of \$393,944 is reported as an increase to long-term debt and will be amortized over the life of the debt.	13,055,000	-	725,000	12,330,000
COPS 2006, schools and community college \$51,985,000 issue, interest at 3.375% to 5% payable 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.	48,885,000	-	3,100,000	45,785,000
General government buildings, 2008 \$6,625,000, interest at 3.26%, payable in 2009	-	6,625,000	-	6,625,000
COPS 2007, general government buildings and equipment, \$6,830,000 issue, interest at 4% to 4.75% payable 2027.	-	6,830,000	545,000	6,285,000
Total installment note obligations	<u>\$ 91,985,985</u>	<u>\$ 13,455,000</u>	<u>\$ 8,273,409</u>	<u>\$ 97,167,576</u>

For Buncombe County, the future minimum payments for installment notes as of June 30, 2008, are:

Year Ended June 30	Governmental Activities	
	Principal	Interest
2009	\$ 14,429,102	\$ 4,064,288
2010	7,958,738	3,766,524
2011	7,508,523	3,441,840
2012	7,567,940	3,131,439
2013	7,426,128	2,771,616
2014-2018	25,096,325	10,075,788
2019-2023	21,323,001	4,054,693
2024-2028	4,829,952	714,904
2029-2032	1,027,867	183,336
Total	97,167,576	<u>\$ 32,204,428</u>
Add unamortized premium	2,338,589	
	<u>\$ 99,506,165</u>	

(b) General Obligation Bond Indebtedness

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

Bonds payable at June 30, 2008, are comprised of the following individual issues:

General Obligation Bonds	Balance June 30, 2007	Increases	Decreases	Balance June 30, 2008
Serviced by the Governmental Funds:				
Airport Bonds, 1991 \$2,000,000 issue, interest at 6% to 6.5% payable semiannually, due serially to 2012.				
	\$ 500,000	\$ —	\$ 100,000	\$ 400,000
Refunding Bonds, 1993 \$52,870,000 issue, interest at 5.1% payable semiannually, due serially to 2010.				
	7,360,000	—	3,390,000	3,970,000
Refunding Bonds, 1996 \$5,495,000 issue, interest at 4.5% to 5% payable semiannually, due serially to 2011.				
	1,800,000	—	460,000	1,340,000
Refunding Bonds, 1998 \$3,490,000 issue, interest at 4.4% to 4.6% payable semiannually, due serially to 2009.				
	810,000	—	260,000	550,000
School Bonds, 2000 issue, interest at 4.7% to 5% payable semiannually, due serially to 2014.				
	12,000,000	—	800,000	11,200,000
Public Improvement (Libraries), 2000 \$3,950,000 issue, interest at 4.5% to 4.7% payable semiannually, due serially beginning 2002 to 2009.				
	1,500,000	—	500,000	1,000,000
Refunding Bonds, 2001 \$12,365,000 issue, interest at 4% to 4.4% payable semiannually due serially to 2012.				
	8,140,000	—	765,000	7,375,000
Refunding Bonds, 2002 \$24,500,000 issue, interest at variable rates in the weekly mode payable semiannually, due serially to 2026.				
	23,002,000	—	372,000	22,630,000

School Bonds, 2002 \$15,000,000 issue, interest at variable rates in the weekly mode payable semiannually, due serially to 2026.	14,098,000	–	228,000	13,870,000
Public Improvement, 2002 \$4,340,000 issue, interest at 4% payable semiannually, due serially to 2014.	1,045,000	–	445,000	600,000
Refunding Bonds, 2005 \$12,430,000 issue, interest at 3% to 3.5% payable semiannually, due serially to 2015.	10,155,000	–	1,295,000	8,860,000
Public Improvement, 2005 \$5,835,000 issue, interest at 3% to 4% payable semiannually, due serially to 2020.	<u>5,060,000</u>	<u>–</u>	<u>390,000</u>	<u>4,670,000</u>
Total general obligation bonds	<u>\$ 85,470,000</u>	<u>\$ –</u>	<u>\$ 9,005,000</u>	<u>\$ 76,465,000</u>

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

Year Ending June 30	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2009	\$ 8,605,000	\$ 3,118,368
2010	8,705,000	2,740,993
2011	6,435,000	2,388,345
2012	6,885,000	2,073,555
2013	5,850,000	1,774,195
2014-2018	20,015,000	5,720,325
2019-2023	12,770,000	2,686,200
2024-2026	<u>7,200,000</u>	<u>432,000</u>
Total	76,465,000	<u>\$ 20,933,981</u>
Add unamortized premium	<u>76,405</u>	
	<u>\$ 76,541,405</u>	

At June 30, 2008, Buncombe County had bonds authorized but unissued of \$915,000 and had a legal debt margin of \$1,989,651,754.

(c) Business-Type Activities Installment Obligations

A privately placed installment note was executed on June 30, 2003 for the purchase of a compactor. The \$473,900 transaction requires ten semi-annual payments of \$50,461 including interest at 2.34%.

Installment Note Obligations	Balance June 30, 2007	Increases	Decreases	Balance June 30, 2008
Installment note for purchase of compactor. Semi-annual payments of \$50,461 including interest at 2.34%.	\$ 99,270	\$ -	\$ 99,270	\$ -
COPS 2007, Parking decks and equipment, \$15,420,000 issue, interest at 4% to 4.75% payable 2027.	-	15,420,000	365,000	15,055,000
Total installment note obligations	\$ 99,270	\$ 15,420,000	\$ 464,270	\$ 15,055,000

The future minimum payments as of June 30, 2008 are:

Year Ending June 30	Business-type Activities	
	Principal	Interest
2009	\$ 1,008,840	\$ 627,637
2010	1,015,895	587,142
2011	1,026,477	546,295
2012	1,037,060	505,024
2013	433,872	475,605
2014-2018	2,338,675	2,102,738
2019-2023	2,701,999	1,573,353
2024-2028	3,030,048	930,405
2029-2032	2,462,134	240,603
Total	15,055,000	\$ 7,588,802
Less unamortized premium	72,694	
	<u>\$ 14,982,306</u>	

(d) 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
2009	\$ 1,865,000	\$ 412,638
2010	1,945,000	348,144
2011	1,995,000	281,932
2012	1,305,000	207,725
2013	1,345,000	162,413
2014-2015	2,860,000	172,253
Total	11,315,000	\$ 1,585,105
Add unamortized premium	59,838	
	<u>\$ 11,374,838</u>	

(e) Discretely Presented Component Unit

During the fiscal year ended June 30, 2008, the Asheville Regional Airport issued bonds entitled, Rental Car Facilities Taxable Revenue Bond, Series 2007. These bonds are providing financing for the rental car facility. Interest only was payable until May 2008 at which time payments of principal and interest began in the amount of \$52,235 monthly. The bonds bear interest at 5.79% and will mature in March 2018.

Debt service requirements to maturity are as follows:

Year Ending June 30	Component unit	
	Principal	Interest
2009	\$ 366,540	\$ 260,282
2010	388,335	238,488
2011	411,426	215,397
2012	435,890	190,932
2013	461,809	165,014
2014-2018	2,597,626	379,781
Total	<u>\$ 4,661,626</u>	<u>\$ 1,449,894</u>

(f) Advance Refundings

In prior years, the County has refunded various general obligation 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, 2008, all defeased debt payments have 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, 2008:

	Balances July 1, 2007	Increases	Decreases	Balances June 30, 2008	Current Portion of Balance
Governmental activities:					
General obligation bonds	\$ 85,565,482	\$ –	\$ 9,024,077	\$ 76,541,405	\$ 8,605,000
Installment notes	94,638,775	13,455,000	8,587,610	99,506,165	14,429,102
Pension liability	1,207,159	315,344	237,339	1,285,164	248,746
Compensated absences	5,836,086	4,803,619	3,770,793	6,868,912	–
Total governmental activities	<u>\$ 187,247,502</u>	<u>\$ 18,573,963</u>	<u>\$ 21,619,819</u>	<u>\$ 184,201,646</u>	<u>\$ 23,282,848</u>

	Balances July 1, 2007	Increases	Decreases	Balances June 30, 2008	Current Portion of Balance
Business-type activities:					
Special obligation revenue bonds, net	\$ 13,212,476	\$ –	\$ 1,837,638	\$ 11,374,838	\$ 1,865,000
Installment notes	99,270	15,420,000	536,964	14,982,306	1,008,840
Compensated absences	105,724	17,117	–	122,841	122,841
Accrued landfill closure and postclosure care costs	6,899,934	448,348	–	7,348,282	–
Total business-type activities	<u>\$ 20,317,404</u>	<u>\$ 15,885,465</u>	<u>\$ 2,374,602</u>	<u>\$ 33,828,267</u>	<u>\$ 2,996,681</u>

Compensated absences and pension liability have been liquidated in the funds in which they have been earned. Interest expense for the government-wide statements for the year-end June 30, 2008 was \$8,929,334, including capitalized interest of \$1,040,408.

	Balances July 1, 2007	Increases	Decreases	Balances June 30, 2008	Current Portion of Balance
Discretely presented component units:					
Special obligation revenue bonds - Airport	\$ –	\$4,750,000	\$ 88,374	\$4,661,626	\$ 366,540
Compensated absences – Air Quality	114,056	15,930	–	129,986	–
Total discretely presented component units long-term liabilities	<u>\$ 114,056</u>	<u>\$ 4,765,930</u>	<u>\$ 88,374</u>	<u>\$ 4,791,612</u>	<u>\$ 366,540</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 effecting 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, 2008, the balance of the bonds outstanding was \$902,000.

(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, 2008, there were three series of industrial revenue bonds outstanding with an aggregate principal amount payable of \$8,090,000.

(C) Interfund Balances and Activity

There is a loan outstanding from the General Fund to the Grant Projects Fund of \$1,245,812 to cover the cost of expenditures from reimbursement-based grants until those grants are received from the granting agencies. The full amount of the loan is expected to be repaid within one year.

Transfers to/from other funds loans at June 30, 2008 consist of the following:

General Fund:

From the General Fund to the Special Revenue Capital Projects Fund to future capital projects.	\$ 3,959,050
From the General Fund to the School Capital Commission Fund to transfer balance of restricted article 40/42 sales tax and ADM hold harmless payment.	1,605,182
From the General Fund to the Special Revenue Transportation Fund for transportation services.	327,379
From the General Fund to the County Capital Projects Fund for future capital projects.	6,552,066
From the General Fund to the County Parking Deck Fund for operational funds to begin enterprise.	2,866,066
From the General Fund to the Internal Service Fund for the cost of future post-employment benefits other than pension.	<u>2,319,207</u>
	<u>\$ 17,628,950</u>

Major Governmental Funds:

From the County Capital Projects fund to the General Fund for debt service payments and to supplement other funding sources.	\$ 5,318,881
From the County Capital Projects fund to the Parking Deck Fund to support future parking deck operations.	<u>174,049</u>
	<u>\$ 5,492,930</u>

Nonmajor Governmental Funds:

From the Special Revenue Emergency Telephone System Fund to the County Capital Projects Fund for EOC building and technology capital projects.	\$ 3,222,892
From the Grant Projects Fund to the County Capital Projects Fund to fund future capital projects.	89,326
From the Special Revenue Occupancy tax Fund to the General Fund for payment of a 1.5% collection fee.	102,633
From the Special Revenue Transportation Fund to the Special Revenue Grant Projects Fund to fund multi-year grant project.	29,734
From the Special Revenue Capital Projects Fund to the General Fund to fund future debt payments.	89,050
From the Special Revenue Capital Projects Fund to the County Capital Projects Fund for future capital projects.	<u>40,000</u>
	<u>\$ 3,573,635</u>

Human Services Facilities Fund:

From the Human Services Facilities Fund to the Mental Health Fund for funding of mental health activities.	<u>\$ 2,908,339</u>
	<u>\$ 2,908,339</u>

Note 4 - 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, 2008. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$600,000 to the Authority to fund operations. Complete financial statements for the Authority may be obtained from the Authority's offices at 356 Biltmore Avenue, Asheville, NC 28801.

The County, in conjunction with the State of North Carolina and the Buncombe County Board of Education and Madison County, participates in a joint venture to operate the Asheville-Buncombe Community College. The County, the Governor (on behalf of the State of North Carolina) and the Buncombe County Board of Education each appoint four members and Madison County appoints two members of the fifteen-member board of trustees of the community college. The president of the community college's student government serves as an ex officio nonvoting member of the community college's board of trustees. The community college is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the community college and also provides some financial support for the community college's operations. In addition to providing annual appropriations for facilities, the County periodically issues general obligation bonds and certificates of participation to provide financing for new and restructured facilities. Of the general obligation bonds issued for this purpose, \$9,480,925 in principal is still outstanding. Of the certificates of participation issued for this purpose \$4,739,042 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 \$7,725,254 to the community college for operating purposes during the fiscal year ended June 30, 2008. In addition, the County made principal and interest payments of \$1,670,852 during the fiscal year on general obligation bonds and \$4,045,444 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, 2008. Complete financial statements for the community college may be obtained from the community college's administrative offices at 340 Victoria Road, Asheville, NC 28801.

Note 5 - Jointly Governed Organizations

The County, in conjunction with three other counties and fourteen 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 \$122,341 to the Council during the fiscal year ended June 30, 2008.

The County appoints three members to the eleven 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 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	\$ 3,605,029	\$ -
Food Stamp Program	23,652,272	-
Child Welfare Service	-	1,089,239
IV-E Adoption Assistance	1,282,023	364,901
Medical Assistance	157,046,102	80,667,604
Low-Income Home Energy Assistance	419,393	-
State/County Special Assistance for Adults	-	2,125,813
Refugee Assistance	19,539	-
IV-E Foster Care	637,372	103,088
Temporary Assistance to Needy Families	2,179,714	(227)
	\$ 188,841,444	\$ 84,350,418
Totals		

Note 7 - 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 8 - Prior Period Adjustment

The beginning net assets of governmental and business-type activities on the statement of activities (exhibit 2) have been restated to reflect various corrections of prior period errors of \$597,696 and \$(8,997), respectively. The adjustments also affect the fund balances of governmental funds (exhibit 4) and the net assets of proprietary funds (exhibit 7). The details of these adjustments are as follows:

Governmental Activities:	
General Fund:	
To correct for the short-term accrual of compensated absences	\$ 962,668
To correct the accrual of accrued salaries	<u>(353,906)</u>
Total General Fund	<u>608,762</u>
Emergency Telephone System Fund:	
To correct the accrual of accrued salaries	<u>(450)</u>
Workforce Investment Act Fund:	
To correct the accrual of accrued salaries	<u>(3,654)</u>
Transportation Fund:	
To correct the accrual of accrued salaries	<u>(6,962)</u>
Business-type Activities:	
Solid Waste Disposal Fund:	
To correct the accrual of accrued salaries	<u>(7,077)</u>
Human Services Facilities Fund:	
To correct the accrual of accrued salaries	<u>(740)</u>
Inmate Commissary/Welfare Fund:	
To correct the accrual of accrued salaries	<u>\$ (1,180)</u>

Note 9 – Dissolution of Water Agreement

On October 29, 1981, the City of Asheville and Buncombe County entered into an agreement, which established the Asheville/Buncombe Water Authority, effective January 1, 1982. The agreement was amended in 1994 to include representation from Henderson County and in 1996 was renamed the Regional Water Authority of Asheville, Buncombe, and Henderson. This body had authority to set water rates and to adopt operating and capital budgets of the water funds, subject to approval of the governing bodies of the City and County. On May 25, 2004, the City of Asheville adopted a “Resolution to Amend or Terminate the Restated and Amended Supplemental Water Agreement” and gave notice to the County that the Water Agreement was to terminate effective May 25, 2005.

On July 1, 2005 all recreation assets obtained by the County as a provision of the former "Water Agreement" were returned to the City of Asheville for operation. These assets included Aston Park Tennis Courts, Municipal Golf Course, Recreation Park, McCormick Field, and The Nature Center. The City of Asheville and the County are currently negotiating terms for the provision of water services and ownership of the water system. Pending the outcome of the negotiations, the Water Authority will continue to provide water service to the City of Asheville and the County. The nature of the water service after termination of the Water Agreement and the financial impact of the termination on the County cannot be determined at this time.

The City of Asheville has filed a lawsuit against the State of North Carolina challenging Sullivan II and III. Buncombe County joined the State of North Carolina in the suit. After the Superior Court of Wake County granted summary judgment in favor of the State and the County, Asheville appealed to the N.C. Court of Appeals. A three judge panel of the Court of Appeals unanimously ruled in favor of the State of North Carolina and Buncombe County on August 19, 2008. The City has petitioned the Supreme Court for discretionary review. The Authority is included as an enterprise fund in the City's financial statements, which may be obtained from the City's offices at P.O. Box 7148, Asheville, NC 28812.

Note 10 – Unrestricted (Deficit)

Under North Carolina law, the County is responsible for providing capital funding for the Buncombe County Board of Education (the school system), the Asheville-Buncombe Community College (the community college), and the Asheville Regional Airport Authority (the Airport Authority). The County has chosen to meet its legal obligation to provide school system, community college, and airport authority 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, the community college, and the airport authority. 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 \$100,963,318, \$14,219,967, and \$950,000 for the school system, community college, and airport authority, respectively. However, the entire amount of school, community college, and airport authority debt outstanding 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. Principal and interest requirements will be provided by an appropriation in the year in which they become due.

Note 11 – Subsequent Event

The North Carolina State Education Assistance Agency instruments in the portfolio have been called effective July 2008 resolving the matter of illiquid investments for the County.

On August 20, 2008, Buncombe County issued Project Development Financing Debt Instruments in the amount of \$12,900,000, to fund the Woodfin Downtown District Project.

Note 12 – Bond Covenant Disclosure

The Special Obligation Bonds described in Note 3(B)(8)(d) require the County to comply with covenants as to rates, fees, and charges covering the debt principal and interest. 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, 2008, 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).

Solid Waste System	
Annual Debt Service ¹	\$ 2,257,224
Solid Waste System Revenues	\$ 7,519,404
Current Expenses ²	<u>(4,563,241)</u>
Net Solid Waste System Revenues	<u>\$ 2,956,163</u>
Debt Service Coverage ³	<u>1.31 times</u>
Available Revenues	
Net Solid Waste System Revenues	\$ 2,956,163
Ambulance Fees	4,590,816
Undesignated Register of Deeds Fees	1,675,287
Inspection Fees	1,596,711
Jail Fees	<u>1,237,093</u>
Total Available Revenues	<u>\$ 12,056,070</u>
Debt Service Coverage ⁴	<u>5.34 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.

Required Supplemental Financial Data

This section contains information required by generally accepted accounting principals.

Other Post Employment Benefits - Healthcare
Schedule of Funding Progress

Law Enforcement Officers' Special Separation Allowance -
Schedule of Funding Progress

Law Enforcement Officers' Special Separation Allowance -
Schedule of Employer Contributions

Law Enforcement Officers' Special Separation Allowance -
Notes to the Required Schedules

Law Enforcement Officers' Special Separation Allowance -
Schedule of Funding Progress - Component Unit

Law Enforcement Officers' Special Separation Allowance -
Schedule of Employer Contributions - Component Unit

Law Enforcement Officers' Special Separation Allowance -
Notes to the Required Schedules - Component Unit

BUNCOMBE COUNTY, NORTH CAROLINA

Other Post Employment 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 % of Covered Payroll ((b-a)/c)
7/1/2007	\$ -	\$ 39,652,247	\$ 39,652,247	0.00%	\$ 58,914,230	67.3%

Employer Contributions:

Year ending June 30,	Annual Required Contribution	Percentage Contributed
2008	\$ 4,292,429	115%

BUNCOMBE COUNTY, NORTH CAROLINA
Law Enforcement Officers' Special Separation Allowance
Schedule of 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 % of Covered Payroll ((b-a)/c)
12/31/1997	\$ -	\$ 458,627	\$ 458,627	0.00%	\$ 5,023,880	9.13 %
12/31/1998	-	582,384	582,384	0.00%	5,744,173	10.14
12/31/1999	-	664,267	664,267	0.00%	5,929,142	11.20
12/31/2000	-	1,082,917	1,082,917	0.00%	6,065,702	17.85
12/31/2001	-	1,298,037	1,298,037	0.00%	6,237,344	20.81
12/31/2002	-	1,457,505	1,457,505	0.00%	6,514,381	22.37
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

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

Buncombe County has elected the pay as you go basis.

Year Ending June 30	Annual Required Contribution	Percentage Contributed
1999	\$ 82,630	14.03 %
2000	100,367	13.80
2001	109,815	27.34
2002	163,091	33.78
2003	180,316	29.98
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

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as a part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	December 31, 2007
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	23 years
Asset valuation period	Market value
Actuarial assumptions:	
Investment rate of return	7.25%
Projected salary increases	4.5% to 12.3%
Includes inflation at	3.75%
Cost of living adjustments	N/A

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

Asheville Regional Airport Authority

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/1998	\$ -	\$ 92,186	\$ 92,186	0.00%	\$ 477,332	19.31 %
12/31/1999	-	108,004	108,004	0.00%	562,232	19.21
12/31/2000	-	278,556	278,556	0.00%	507,211	54.92
12/31/2001	-	266,147	266,147	0.00%	550,940	48.31
12/31/2002	-	321,410	321,410	0.00%	546,517	58.81
12/31/2003	-	264,511	264,511	0.00%	490,297	53.95
12/31/2004	-	264,421	264,421	0.00%	514,320	51.41
12/31/2005	-	295,190	295,190	0.00%	529,431	55.76
12/31/2006	-	263,109	263,109	0.00%	575,361	45.73
12/31/2007	-	256,896	256,896	0.00%	402,947	63.75

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

Asheville Regional Airport Authority has elected the pay as you go basis.

Year Ending June 30	Annual Required Contribution	Percentage Contributed
1999	\$ 11,674	0 %
2000	12,365	0
2001	14,395	103.87
2002	26,845	77.06
2003	27,259	82.43
2004	30,881	72.76
2005	26,048	101.72
2006	26,790	146.61
2007	25,271	168.79
2008	23,401	204.20

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as a part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	December 31, 2007
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	23 years
Asset valuation period	Market value

Actuarial assumptions:

Investment rate of return	7.25%
Projected salary increases	4.5% to 12.3%
Includes inflation at	3.75%
Cost of living adjustments	N/A

BUNCOMBE COUNTY, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2008

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Ad Valorem Taxes:			
Taxes		\$ 143,062,566	
Penalties and interest		588,335	
Total	\$ 142,422,438	143,650,901	\$ 1,228,463
Local Option Sales Taxes:			
Article 39, one percent *		10,894,636	
Article 40, one-half of one percent		9,828,032	
Article 42, one-half of one percent		9,700,958	
Article 44, one-half of one percent		10,023,047	
Total	40,578,662	40,446,673	(131,989)
Other Taxes and Licenses:			
Deed stamp excise tax		3,798,195	
Cable franchise tax		1,814,046	
Privilege licenses		23,165	
Rental car tax		339,300	
Total	5,270,000	5,974,706	704,706
Unrestricted Intergovernmental:			
Payments in lieu of taxes		49,211	
Beer and wine tax		585,049	
Total	570,000	634,260	64,260
Restricted Intergovernmental:			
Federal, State, and other grants		39,324,559	
Mixed drink surcharge		329,059	
Court facilities fees		536,630	
ABC bottle taxes		73,779	
Total	41,127,797	40,264,027	(863,770)
Permits and Fees:			
Building permits and inspections		1,596,711	
Register of deeds		88,303	
Total	1,815,500	1,685,014	(130,486)

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

Continued on next page

BUNCOMBE COUNTY, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2008

	Budget	Actual	Variance Positive (Negative)
Sales and Services:			
Rents, concessions, and fees		\$ 2,585,297	
Jail fees		1,237,093	
Ambulance and rescue squad fees		4,590,816	
Recreation fees		328,933	
Other charges for services		9,306,311	
Child care fees		746,073	
Total	\$ 16,743,098	18,794,523	\$ 2,051,425
Investment Earnings	3,350,302	3,988,340	638,038
Miscellaneous	1,186,775	1,112,329	(74,446)
Total revenues	253,064,572	256,550,773	3,486,201
EXPENDITURES			
General Government:			
Governing Body:			
Salaries and employee benefits		675,192	
Other operating expenditures		372,923	
Total		1,048,115	
County Manager:			
Salaries and employee benefits		468,329	
Other operating expenditures		391,595	
Total		859,924	
Personnel:			
Salaries and employee benefits		708,530	
Other operating expenditures		73,082	
Total		781,612	
Print Shop:			
Salaries and employee benefits		19,536	
Other operating expenditures		8,187	
Total		27,723	
Finance:			
Salaries and employee benefits		1,501,395	
Other operating expenditures		410,363	
Capital outlay		14,000	
Total		1,925,758	

Continued on next page

BUNCOMBE COUNTY, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2008

	Budget	Actual	Variance Positive (Negative)
General Government - continued:			
Tax Department:			
Salaries and employee benefits		\$ 3,408,481	
Other operating expenditures		631,877	
Capital outlay		22,666	
Total		<u>4,063,024</u>	
Board of Elections:			
Salaries and employee benefits		542,146	
Other operating expenditures		568,223	
Total		<u>1,110,369</u>	
Register of Deeds:			
Salaries and employee benefits		1,528,283	
Other operating expenditures		2,127,100	
Capital outlay		11,298	
Total		<u>3,666,681</u>	
Information Technology:			
Salaries and employee benefits		4,284,460	
Other operating expenditures		2,994,240	
Capital outlay		285,946	
Total		<u>7,564,646</u>	
Total General Government	\$ 21,410,983	21,047,852	\$ 363,131
Public Safety:			
Court Support:			
Salaries and employee benefits		63,363	
Other operating expenditures		137,378	
Total		<u>200,741</u>	
Day Reporting & Drug Treatment:			
Salaries and employee benefits		85,375	
Other operating expenditures		90,635	
Total		<u>176,010</u>	
Pretrial Release & Family Treatment Court:			
Salaries and employee benefits		446,261	
Other operating expenditures		34,107	
Total		<u>480,368</u>	

Continued on next page

BUNCOMBE COUNTY, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2008

	Budget	Actual	Variance Positive (Negative)
Public Safety - continued:			
District Attorney:			
Salaries and employee benefits		\$ 123,666	
Total		<u>123,666</u>	
Juvenile Detention:			
Other operating expenditures		155,311	
Total		<u>155,311</u>	
ID Bureau and C.D.E.:			
Salaries and employee benefits		1,119,821	
Other operating expenditures		65,733	
Total		<u>1,185,554</u>	
Sheriff:			
Salaries and employee benefits		11,947,366	
Other operating expenditures		1,951,003	
Capital outlay		1,659,272	
Contributions to outside agencies		47,742	
Total		<u>15,605,383</u>	
Detention Center:			
Salaries and employee benefits		7,828,039	
Other operating expenditures		2,680,881	
Capital outlay		47,407	
Total		<u>10,556,327</u>	
Emergency Services:			
Salaries and employee benefits		6,484,281	
Other operating expenditures		1,189,725	
Capital outlay		1,277,534	
Contributions to outside agencies		137,608	
Total		<u>9,089,148</u>	
Permits and Inspections:			
Salaries and employee benefits		1,435,729	
Other operating expenditures		152,060	
Capital outlay		16,916	
Total		<u>1,604,705</u>	

Continued on next page

BUNCOMBE COUNTY, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2008

	Budget	Actual	Variance Positive (Negative)
Public Safety - continued:			
Medical Examiner:			
Other operating expenses		\$ 102,707	
Total		<u>102,707</u>	
General Services:			
Salaries and employee benefits		2,473,143	
Other operating expenditures		3,519,837	
Capital outlay		247,626	
Total		<u>6,240,606</u>	
Total Public Safety	\$ 45,550,150	45,520,526	\$ 29,624
Economic and Physical Development:			
Planning:			
Salaries and employee benefits		1,604,652	
Other operating expenditures		317,849	
Capital outlay		16,916	
Contributions to outside agencies		797,091	
Total		<u>2,736,508</u>	
Economic Development:			
Contributions to outside agencies		3,845,466	
Total		<u>3,845,466</u>	
Cooperative Extension:			
Salaries and employee benefits		60,581	
Other operating expenditures		68,347	
Capital outlay		22,666	
Contributions to outside agencies		392,084	
Total		<u>543,678</u>	
Soil Conservation:			
Salaries and employee benefits		279,428	
Other operating expenditures		99,021	
Contributions to outside agencies		34,775	
Total		<u>413,224</u>	
Total Economic and Physical Development	<u>8,554,621</u>	<u>7,538,876</u>	1,015,745

Continued on next page

BUNCOMBE COUNTY, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2008

	Budget	Actual	Variance Positive (Negative)
Human Services:			
Health Services:			
Salaries and employee benefits		\$ 16,303,433	
Other operating expenditures		3,951,254	
Capital outlay		118,958	
Contributions to outside agencies		91,638	
Total		<u>20,465,283</u>	
Human Services Support:			
Salaries and employee benefits		850,975	
Other operating expenditures		9,493	
Total		<u>860,468</u>	
Social Services:			
Salaries and employee benefits		22,892,878	
Other operating expenditures		3,860,977	
Contributions to outside agencies		21,008,241	
Total		<u>47,762,096</u>	
Other Youth Services:			
Contributions to outside agencies		621,800	
Total		<u>621,800</u>	
Child Development:			
Salaries and employee benefits		3,188,494	
Other operating expenditures		9,465,050	
Total		<u>12,653,544</u>	
Other Human Services:			
Other operating expenditures		2,800	
Contributions to outside agencies		2,522,429	
Total		<u>2,525,229</u>	
Total Human Services	\$ 86,312,166	84,888,420	\$ 1,423,746

Continued on next page

BUNCOMBE COUNTY, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2008

	Budget	Actual	Variance Positive (Negative)
Cultural and Recreation:			
Library:			
Salaries and employee benefits		\$ 3,507,570	
Other operating expenditures		1,459,405	
Capital outlay		130,624	
Total		<u>5,097,599</u>	
Recreation:			
Salaries and employee benefits		763,421	
Other operating expenditures		219,665	
Capital outlay		30,912	
Contributions to outside agencies		1,123,000	
Total		<u>2,136,998</u>	
Art, Museums, and History:			
Contributions to outside agencies		70,000	
Total		<u>70,000</u>	
Total Cultural and Recreation	\$ 7,328,535	7,304,597	\$ 23,938
Education:			
Public schools:			
Current expenditures		50,378,086	
Capital outlay		8,068,178	
Community college - current expenditures		<u>7,725,254</u>	
Total Education	<u>66,171,518</u>	66,171,518	-
Debt Service:			
Principal retirement		8,675,686	
Interest and fees		3,132,216	
Total Debt Service	<u>11,836,795</u>	11,807,902	28,893
Total expenditures	<u>247,164,768</u>	244,279,691	2,885,077
Revenues over expenditures	<u>5,899,804</u>	12,271,082	6,371,278

Continued on next page

BUNCOMBE COUNTY, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2008

	Budget	Actual	Variance Positive (Negative)
OTHER FINANCING SOURCES (USES):			
Operating transfers from other funds	\$ 6,133,588	\$ 5,510,564	\$ (623,024)
Operating transfers to other funds	(21,379,483)	(17,628,950)	3,750,533
Proceeds from sale of capital assets	-	20,107	20,107
Appropriated fund balance	9,346,091	-	(9,346,091)
Total other financing sources (uses)	(5,899,804)	(12,098,279)	(6,198,475)
Net change in fund balance	\$ -	172,803	\$ 172,803
Fund balance, beginning of year		67,215,405	
Prior period adjustment		608,762	
Fund balance, beginning as restated		<u>67,824,167</u>	
Fund balance, end of year		<u>\$ 67,996,970</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, 2008

	Actual to June 30, 2008				Variance Positive (Negative)
	Project Authorization	Reported In Prior Years	Current Year	Total	
REVENUES					
Restricted intergovernmental	\$ 42,058	\$ 62,065	\$ 88,941	\$ 151,006	\$ 108,948
Investment earnings	2,435,591	2,309,278	484,578	2,793,856	358,265
Total revenues	2,477,649	2,371,343	573,519	2,944,862	467,213
EXPENDITURES					
Capital outlay:					
Public facilities:					
Lawson technology	455,344	-	429,774	429,774	25,570
Health/Lawson server	1,514,627	1,473,895	16,374	1,490,269	24,358
Tax software system	2,250,000	275,454	193,768	469,222	1,780,778
Pictometry	125,000	-	-	-	125,000
Detention Center addition	28,899,857	25,533,533	2,251,099	27,784,632	1,115,225
Detention Center security	125,000	-	103,673	103,673	21,327
Detention Center retaining wall	300,000	-	-	-	300,000
EOC technology	1,420,023	-	871,248	871,248	548,775
Medical equipment	280,000	-	195,984	195,984	84,016
EOC garage	495,600	-	489,810	489,810	5,790
EOC 911 unrestricted	1,996,804	-	488,665	488,665	1,508,139
EOC building	3,166,058	1,203,250	1,856,021	3,059,271	106,787
Health exterior cleaning	42,000	20,448	3,178	23,626	18,374
Animal shelter barn	40,000	-	-	-	40,000
Animal shelter	3,000,000	90,080	336,652	426,732	2,573,268
DSS technology	1,034,389	591,716	134,982	726,698	307,691
DSS chiller	200,222	-	-	-	200,222
Crisis stabilization	1,256,000	539,391	414,008	953,399	302,601
Pack library renovation	3,000,000	-	33,009	33,009	2,966,991
Black Mtn library renovation	250,000	-	22,958	22,958	227,042
Recreation projects	148,500	-	-	-	148,500
Parks improvement projects	550,000	-	-	-	550,000
Karpen field improvements	400,000	-	-	-	400,000
N. Bunc/Hominy field lighting	350,000	-	-	-	350,000
Business intelligence	900,000	409,851	160,780	570,631	329,369
Phone system	2,500,000	-	-	-	2,500,000
Technology upgrade	1,850,235	-	-	-	1,850,235
Permit work order system	750,000	-	-	-	750,000
Document imaging equipment	400,000	-	52,372	52,372	347,628
Document imaging personnel	3,862,068	27,630	2,718	30,348	3,831,720
Document imaging facilities	1,867,000	-	-	-	1,867,000
Vehicle replacement	636,694	-	12,628	12,628	624,066
Courthouse generator	192,000	-	11,600	11,600	180,400
Courthouse windows	2,045,000	509	65,790	66,299	1,978,701
Roof replacement	2,040,632	572,087	819,976	1,392,063	648,569
Permits renovations	825,983	4,474	720,158	724,632	101,351

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, 2008

	Actual to June 30, 2008			Total	Variance Positive (Negative)
	Project Authorization	Reported In Prior Years	Current Year		
Expenditures (continued):					
Closed projects	\$ 4,379,345	\$ 133,416	\$ 4,245,703	\$ 4,379,119	\$ 226
Total capital outlay- public facilities	73,548,381	30,875,734	13,932,928	44,808,662	28,739,719
Interest and fees	133,531	41	80,049	80,090	53,441
Total expenditures	73,681,912	30,875,775	14,012,977	44,888,752	28,793,160
Revenues over (under) expenditures	(71,204,263)	(28,504,432)	(13,439,458)	(41,943,890)	29,260,373
OTHER FINANCING SOURCES (USES)					
Proceeds from installment obligations	29,962,004	16,507,004	13,455,000	29,962,004	-
Discount on installment obligations	(9,565)	-	(9,565)	(9,565)	-
Prior year revenues	36,340,470	35,931,016	-	35,931,016	(409,454)
Transfers from:					
General Fund	6,552,066	-	6,552,066	6,552,066	-
Special Revenue Capital Projects	40,000	-	40,000	40,000	-
Emergency Telephone System	3,722,892	500,000	3,222,892	3,722,892	-
Grant Projects	89,326	-	89,326	89,326	-
Transfers to:					
General Fund	(5,318,881)	-	(5,318,881)	(5,318,881)	-
Parking Deck	(174,049)	-	(174,049)	(174,049)	-
Total other financing sources (uses)	71,204,263	52,938,020	17,856,789	70,794,809	(409,454)
Revenues and other sources over expenditures and other uses	\$ -	\$ 24,433,588	4,417,331	\$ 28,850,919	\$ 28,850,919
Fund balance, beginning of year			24,433,588		
Fund balance, end of year			\$ 28,850,919		

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, 2008

	Actual to June 30, 2008				Variance Positive (Negative)
	Project Budget	Reported in Prior Years	Current Year	Total	
REVENUES					
Intergovernmental revenues	\$ 111,569,188	\$105,151,212	\$ 15,782,920	\$ 120,934,132	\$ 9,364,944
Investment earnings	2,248,009	4,219,706	470,832	4,690,538	2,442,529
Total revenues	113,817,197	109,370,918	16,253,752	125,624,670	11,807,473
EXPENDITURES					
Capital outlay:					
Education:					
Buncombe County schools					
Sales tax projects	13,507,740	2,739,853	398,456	3,138,309	10,369,431
ADM projects	2,411,528	1,261,429	1,150,099	2,411,528	-
ADM lottery projects	1,475,200	-	-	-	1,475,200
Asheville City schools					
Sales tax projects	3,535,243	2,072,631	420,883	2,493,514	1,041,729
Total capital outlay	20,929,711	6,073,913	1,969,438	8,043,351	12,886,360
Debt service:					
Principal	39,179,218	29,843,584	8,602,723	38,446,307	732,911
Interest and fees	26,019,367	17,724,629	4,391,033	22,115,662	3,903,705
Total debt service	65,198,585	47,568,213	12,993,756	60,561,969	4,636,616
Total expenditures	86,128,296	53,642,126	14,963,194	68,605,320	17,522,976
Revenues over expenditures	27,688,901	55,728,792	1,290,558	57,019,350	29,330,449
OTHER FINANCING SOURCES (USES)					
Proceeds from issuance of debt	7,791,813	7,791,813	-	7,791,813	-
Premium on debt issued	714,077	714,077	-	714,077	-
Prior year revenues and transfers	(36,194,791)	(51,446,982)	-	(51,446,982)	(15,252,191)
Transfer from:					
General Fund	-	-	1,605,182	1,605,182	1,605,182
Total other financing sources (uses)	(27,688,901)	(42,941,092)	1,605,182	(41,335,910)	(13,647,009)
Revenues and other sources over expenditures and other uses	\$ -	\$ 12,787,700	2,895,740	\$ 15,683,440	\$ 15,683,440
Fund balance, beginning of year			12,787,700		
Fund balance, end of year			\$ 15,683,440		

Combining Statements for Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS:

Special District Water and Sewer Fund - The County's Board of Commissioners also serves as the governing body for a combined special sanitary district. Transactions related to taxes levied and services provided on behalf of this district are accounted for in this fund.

Special Districts Volunteer Fire Departments Fund - The County's Board of Commissioners serves as the tax levying body for twenty-one 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.

Capital Reserve Fund - This fund was established to accumulate funds for future capital projects.

Workforce Investment Act Fund - This fund was established to account for revenues received from the Workforce Investment Act, and related expenditures.

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.

CAPITAL PROJECTS FUNDS:

School Bond Fund - This fund accounts for the public school projects constructed with the proceeds of the \$45 million general obligation school bonds authorized in the year 2000 and \$42 million in installment note financing in 2005 and 2006. Once constructed, the assets will be capitalized by the local school units.

Special Revenue Capital Projects - This fund is used to account for capital assets constructed for other entities such as the Community College and Airport. Once constructed, the assets will be owned by the other entities.

BUNCOMBE COUNTY, NORTH CAROLINA

Combining Balance Sheet

Nonmajor Governmental Funds

JUNE 30, 2008

	Special Revenue Funds					
	Special Districts					
	Water and Sewer	Volunteer Fire Departments	Emergency Telephone System	Occupancy Tax	Capital Reserve	Workforce Investment Act
ASSETS						
Cash and cash equivalents	\$ 200,720	\$ 476,320	\$ 677,908	\$ -	\$ 1,813,373	\$ 217,772
Receivables (net):						
Taxes receivable	-	109,940	-	666,051	-	-
Due from other governments	-	1,420,947	-	-	-	-
Accounts receivable	-	-	159,878	-	-	351
Restricted assets:						
Cash and cash equivalents	-	-	-	-	-	-
Total assets	\$ 200,720	\$ 2,007,207	\$ 837,786	\$ 666,051	\$ 1,813,373	\$ 218,123
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ -	\$ 1,897,254	\$ 13,485	\$ 9,991	\$ -	\$ 94,452
Salaries and payroll taxes payable	-	-	6,469	-	-	49,863
Refundable deposits	-	-	-	-	-	-
Unearned revenues	-	-	-	-	-	73,808
Deferred revenues	-	109,940	-	-	-	-
Due to general fund	-	-	-	-	-	-
Due to component unit	-	-	-	656,060	-	-
Total liabilities	-	2,007,194	19,954	666,051	-	218,123
FUND BALANCES						
Reserved by state statute	-	1,420,947	159,878	666,051	-	351
Reserved for Wireless 911 expenditures	-	-	1,420,023	-	-	-
Unreserved	200,720	(1,420,934)	(762,069)	(666,051)	1,813,373	(351)
Total fund balances	200,720	13	817,832	-	1,813,373	-
Total liabilities and fund balances	\$ 200,720	\$ 2,007,207	\$ 837,786	\$ 666,051	\$ 1,813,373	\$ 218,123

Register of Deeds Automation	Grant Projects	Trans- portation	Total Nonmajor Special Revenue Funds	Capital Projects Funds			Total Nonmajor Governmental Funds
				School Bond	Special Revenue Capital Projects	Total Nonmajor Capital Projects Funds	
\$ 394,352	\$ 1,525,796	\$ 204,462	\$ 5,510,703	\$ -	\$ 3,794,980	\$ 3,794,980	\$ 9,305,683
-	-	-	775,991	-	-	-	775,991
-	-	-	1,420,947	-	-	-	1,420,947
-	-	101,762	261,991	10,631	72,355	82,986	344,977
-	-	-	-	1,017,011	911,320	1,928,331	1,928,331
\$ 394,352	\$ 1,525,796	\$ 306,224	\$ 7,969,632	\$ 1,027,642	\$ 4,778,655	\$ 5,806,297	\$ 13,775,929
\$ 87,762	\$ 81,466	\$ 23,466	\$ 2,207,876	\$ -	\$ 40,158	\$ 40,158	\$ 2,248,034
-	-	94,668	151,000	-	-	-	151,000
-	-	-	-	-	86,857	86,857	86,857
-	-	-	73,808	-	-	-	73,808
-	-	-	109,940	-	-	-	109,940
-	1,245,812	-	1,245,812	-	-	-	1,245,812
-	-	-	656,060	-	-	-	656,060
87,762	1,327,278	118,134	4,444,496	-	127,015	127,015	4,571,511
-	-	101,762	2,348,989	10,631	72,355	82,986	2,431,975
-	-	-	1,420,023	-	-	-	1,420,023
306,590	198,518	86,328	(243,876)	1,017,011	4,579,285	5,596,296	5,352,420
306,590	198,518	188,090	3,525,136	1,027,642	4,651,640	5,679,282	9,204,418
\$ 394,352	\$ 1,525,796	\$ 306,224	\$ 7,969,632	\$ 1,027,642	\$ 4,778,655	\$ 5,806,297	\$ 13,775,929

BUNCOMBE COUNTY, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2008

	Special Revenue Funds					
	Special Districts		Emergency Telephone System	Occupancy Tax	Capital Reserve	Workforce Investment Act
	Water and Sewer	Volunteer Fire Departments				
REVENUES						
Ad valorem taxes	\$ -	\$ 13,599,629	\$ -	\$ -	\$ -	\$ -
Other taxes	-	5,128,662	697,274	6,842,200	-	-
Restricted intergovernmental	-	-	850,415	-	-	2,106,174
Investment earnings	-	-	170,238	-	108,211	-
Miscellaneous	-	-	-	-	-	-
Total revenues	-	18,728,291	1,717,927	6,842,200	108,211	2,106,174
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public safety	-	18,728,291	373,283	-	-	-
Economic and physical development	-	-	-	6,739,567	-	2,106,921
Human services	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Interest and fees	-	-	-	-	-	-
Total expenditures	-	18,728,291	373,283	6,739,567	-	2,106,921
Revenues over (under) expenditures	-	-	1,344,644	102,633	108,211	(747)
OTHER FINANCING SOURCES (USES)						
Transfers from:						
General Fund	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Transfers to:						
General Fund	-	-	-	(102,633)	-	-
Grant Projects	-	-	-	-	-	-
Capital Projects	-	-	(3,222,892)	-	-	-
Total other financing sources (uses)	-	-	(3,222,892)	(102,633)	-	-
Net change in fund balances	-	-	(1,878,248)	-	108,211	(747)
Fund balances, beginning of year	200,720	13	2,696,530	-	1,705,162	4,401
Prior period adjustments	-	-	(450)	-	-	(3,654)
Fund balances, beginning as restated	200,720	13	2,696,080	-	1,705,162	747
Fund balances, end of year	\$ 200,720	\$ 13	\$ 817,832	\$ -	\$ 1,813,373	\$ -

Register of Deeds Automation	Grant Projects	Trans- portation	Capital Projects Funds				
			Total Nonmajor Special Revenue Funds	School Bond	Special Revenue	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 13,599,629	\$ -	\$ -	\$ -	\$ 13,599,629
-	-	-	12,668,136	-	-	-	12,668,136
190,792	1,503,739	2,226,241	6,877,361	-	447,014	447,014	7,324,375
29,173	-	-	307,622	127,926	144,934	272,860	580,482
-	-	20,859	20,859	-	9,441	9,441	30,300
219,965	1,503,739	2,247,100	33,473,607	127,926	601,389	729,315	34,202,922
259,037	-	-	259,037	-	-	-	259,037
-	156,142	-	19,257,716	-	-	-	19,257,716
-	352,293	-	9,198,781	-	-	-	9,198,781
-	57,279	2,259,497	2,316,776	-	-	-	2,316,776
151,697	1,113,534	403,967	1,669,198	2,294,179	7,774,307	10,068,486	11,737,684
-	-	-	-	-	341	341	341
410,734	1,679,248	2,663,464	32,701,508	2,294,179	7,774,648	10,068,827	42,770,335
(190,769)	(175,509)	(416,364)	772,099	(2,166,253)	(7,173,259)	(9,339,512)	(8,567,413)
-	-	327,379	327,379	-	3,959,050	3,959,050	4,286,429
-	29,734	-	29,734	-	-	-	29,734
-	-	-	(102,633)	-	(89,050)	(89,050)	(191,683)
-	-	(29,734)	(29,734)	-	-	-	(29,734)
-	(89,326)	-	(3,312,218)	-	(40,000)	(40,000)	(3,352,218)
-	(59,592)	297,645	(3,087,472)	-	3,830,000	3,830,000	742,528
(190,769)	(235,101)	(118,719)	(2,315,373)	(2,166,253)	(3,343,259)	(5,509,512)	(7,824,885)
497,359	433,619	313,771	5,851,575	3,193,895	7,994,899	11,188,794	17,040,369
-	-	(6,962)	(11,066)	-	-	-	(11,066)
497,359	433,619	306,809	5,840,509	3,193,895	7,994,899	11,188,794	17,029,303
\$ 306,590	\$ 198,518	\$ 188,090	\$ 3,525,136	\$ 1,027,642	\$ 4,651,640	\$ 5,679,282	\$ 9,204,418

BUNCOMBE COUNTY, NORTH CAROLINA

*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Special Districts Water and Sewer Fund*

FOR THE YEAR ENDED JUNE 30, 2008

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Ad valorem taxes	\$ -	\$ -	\$ -
EXPENDITURES			
	-	-	-
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year		<u>200,720</u>	
Fund balance, end of year		<u>\$ 200,720</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, 2008

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Ad valorem taxes		\$ 13,599,629	
Other taxes		5,128,662	
Total revenues	<u>\$ 19,455,273</u>	<u>18,728,291</u>	<u>\$ (726,982)</u>
EXPENDITURES			
Current:			
Public safety:			
Contract payments to Volunteer Fire Departments	<u>19,455,273</u>	<u>18,728,291</u>	<u>726,982</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance, beginning of year		<u>13</u>	
Fund balance, end of year		<u>\$ 13</u>	

BUNCOMBE COUNTY, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2008

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Other taxes and licenses:			
911 system subscriber fees		\$ 697,274	
Restricted intergovernmental		850,415	
Investment earnings - 911 system		142,796	
Investment earnings - Wireless 911		27,442	
Total revenues	\$ 2,730,000	1,717,927	\$ (1,012,073)
EXPENDITURES			
Current:			
Public safety:			
911 system subscriber fees:			
Salaries and employee benefits		154,200	
Other operating expenditures		219,083	
Total expenditures	1,730,000	373,283	1,356,717
Revenues over expenditures	1,000,000	1,344,644	344,644
OTHER FINANCING SOURCES (USES)			
Appropriated fund balance	2,446,827	-	(2,446,827)
Transfer to:			
County Capital Projects	(3,446,827)	(3,222,892)	223,935
Total other financing sources (uses)	(1,000,000)	(3,222,892)	(2,222,892)
Net change in fund balance	\$ -	(1,878,248)	\$ (1,878,248)
Fund balance, beginning of year		2,696,530	
Prior period adjustments		(450)	
Fund balance, beginning as restated		2,696,080	
Fund balance, end of year		\$ 817,832	

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, 2008

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Occupancy tax	\$ 7,304,189	\$ 6,842,200	\$ (461,989)
EXPENDITURES			
Current:			
Economic and physical development:			
Tourism development	7,194,626	6,739,567	455,059
Revenues over expenditures	109,563	102,633	(6,930)
OTHER FINANCING USES			
Transfer to:			
General Fund	(109,563)	(102,633)	6,930
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		<u>\$ -</u>	

BUNCOMBE COUNTY, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2008

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Investment earnings	\$ -	\$ 108,211	\$ 108,211
EXPENDITURES	-	-	-
Net change in fund balance	<u>\$ -</u>	108,211	<u>\$ 108,211</u>
Fund balance, beginning of year		<u>1,705,162</u>	
Fund balance, end of year		<u>\$ 1,813,373</u>	

BUNCOMBE COUNTY, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2008

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Restricted intergovernmental	\$ 2,830,623	\$ 2,106,174	\$ (724,449)
EXPENDITURES			
Current:			
Economic and physical development:			
Salaries and employee benefits		716,015	
Purchased services		1,208,712	
Other operating expenditures		182,194	
Total expenditures	2,830,623	2,106,921	723,702
Net change in fund balance	\$ -	(747)	\$ (747)
Fund balance, beginning of year		4,401	
Prior period adjustments		(3,654)	
Fund balance, beginning as restated		747	
Fund balance, end of year		\$ -	

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, 2008

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Restricted intergovernmental		\$ 190,792	
Investment earnings		29,173	
Total revenues	\$ 204,500	219,965	\$ 15,465
EXPENDITURES			
Current:			
General government		259,037	
Capital outlay		151,697	
Total expenditures	604,500	410,734	193,766
Revenues under expenditures	(400,000)	(190,769)	209,231
OTHER FINANCING SOURCES			
Appropriated fund balance	400,000	-	(400,000)
Net change in fund balance	\$ -	(190,769)	\$ (190,769)
Fund balance, beginning of year		497,359	
Fund balance, end of year		\$ 306,590	

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, 2008

	Actual to June 30, 2008				Variance Positive (Negative)
	Project Budget	Reported in Prior Years	Current Year	Total	
REVENUES					
Restricted intergovernmental	\$ 13,128,318	\$ 6,121,991	\$ 1,503,739	\$ 7,625,730	\$ (5,502,588)
EXPENDITURES					
Current:					
General government	6,428	-	-	-	6,428
Public safety	7,885,547	3,772,005	156,142	3,928,147	3,957,400
Economic and physical development	3,995,621	2,084,535	352,293	2,436,828	1,558,793
Human services	168,822	-	57,279	57,279	111,543
Capital outlay	1,126,634	13,100	1,113,534	1,126,634	-
Total expenditures	13,183,052	5,869,640	1,679,248	7,548,888	5,634,164
Revenues over (under) expenditures	(54,734)	252,351	(175,509)	76,842	131,576
OTHER FINANCING SOURCES (USES)					
Prior year revenues	114,326	181,268	-	181,268	66,942
Transfer from:					
Transportation	29,734	-	29,734	29,734	-
Transfer to:					
Capital projects	(89,326)	-	(89,326)	(89,326)	-
Total other financing sources (uses)	54,734	181,268	(59,592)	121,676	66,942
Net change in fund balance	\$ -	\$ 433,619	(235,101)	\$ 198,518	\$ 198,518
Fund balance, beginning of year			433,619		
Fund balance, end of year			\$ 198,518		

BUNCOMBE COUNTY, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2008

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Restricted intergovernmental		\$ 2,226,241	
Miscellaneous		20,859	
Total revenues	\$ 2,381,063	2,247,100	\$ (133,963)
EXPENDITURES			
Current:			
Human services:			
Salaries and employee benefits		1,469,119	
Other operating expenditures		790,378	
Capital outlay		403,967	
Total expenditures	3,075,142	2,663,464	411,678
Revenues over (under) expenditures	(694,079)	(416,364)	277,715
OTHER FINANCING SOURCES (USES)			
Appropriated fund balance	313,771	-	(313,771)
Transfer from:			
General Fund	410,042	327,379	(82,663)
Transfer to:			
Grant Projects	(29,734)	(29,734)	-
Total other financing sources (uses)	694,079	297,645	(396,434)
Net change in fund balance	\$ -	(118,719)	\$ (118,719)
Fund balance, beginning of year		313,771	
Prior period adjustments		(6,962)	
Fund balance, beginning as restated		306,809	
Fund balance, end of year		\$ 188,090	

BUNCOMBE COUNTY, NORTH CAROLINA

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

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2008

	Actual to June 30, 2008			Variance Positive (Negative)	
	Project Budget	Reported in Prior Years	Current Year		Total
REVENUES					
Investment earnings	\$ 3,872	\$ 903,288	\$ 127,926	\$ 1,031,214	\$ 1,027,342
EXPENDITURES					
Capital outlay:					
Education:					
County schools	33,559,215	31,265,034	2,294,179	33,559,213	2
Revenues under expenditures	(33,555,343)	(30,361,746)	(2,166,253)	(32,527,999)	1,027,344
OTHER FINANCING SOURCES					
Prior year revenues and transfers	33,555,343	33,555,641	-	33,555,641	298
Total other financing sources	33,555,343	33,555,641	-	33,555,641	298
Revenues and other sources over (under) expenditures	\$ -	\$ 3,193,895	(2,166,253)	\$ 1,027,642	\$ 1,027,642
Fund balance, beginning of year			3,193,895		
Fund balance, end of year			\$ 1,027,642		

BUNCOMBE COUNTY, NORTH CAROLINA

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

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2008

	Actual to June 30, 2008				Variance Positive (Negative)
	Project Budget	Reported in Prior Years	Current Year	Total	
REVENUES					
Restricted intergovernmental	\$ 1,946,194	\$ 147,391	\$ 447,014	\$ 594,405	\$ (1,351,789)
Investment earnings	1,396,892	1,325,682	144,934	1,470,616	73,724
Miscellaneous	11,045	3,853	9,441	13,294	2,249
Total revenues	<u>3,354,131</u>	<u>1,476,926</u>	<u>601,389</u>	<u>2,078,315</u>	<u>(1,275,816)</u>
EXPENDITURES					
Capital outlay:					
Soil conservation	4,916,075	388,284	1,659,128	2,047,412	2,868,663
Housing	2,450,418	677,301	478,694	1,155,995	1,294,423
Housing trust	1,534,245	818,493	174,894	993,387	540,858
Community college	9,498,108	2,882,134	5,461,591	8,343,725	1,154,383
Closed projects	145,329	80,588	-	80,588	64,741
Total capital outlay	<u>18,544,175</u>	<u>4,846,800</u>	<u>7,774,307</u>	<u>12,621,107</u>	<u>5,923,068</u>
Debt service:					
Interest and fees	5,373	644	341	985	4,388
Total expenditures	<u>18,549,548</u>	<u>4,847,444</u>	<u>7,774,648</u>	<u>12,622,092</u>	<u>5,927,456</u>
Revenues under expenditures	<u>(15,195,417)</u>	<u>(3,370,518)</u>	<u>(7,173,259)</u>	<u>(10,543,777)</u>	<u>4,651,640</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from issuance of debt	10,899,602	10,899,602	-	10,899,602	-
Premium on debt issued	465,815	465,815	-	465,815	-
Transfer from:					
General Fund	3,959,050	-	3,959,050	3,959,050	-
Transfers to:					
General Fund	(89,050)	-	(89,050)	(89,050)	-
Capital Projects	(40,000)	-	(40,000)	(40,000)	-
Total other financing sources (uses)	<u>15,195,417</u>	<u>11,365,417</u>	<u>3,830,000</u>	<u>15,195,417</u>	<u>-</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ 7,994,899</u>	<u>(3,343,259)</u>	<u>\$ 4,651,640</u>	<u>\$ 4,651,640</u>
Fund balance, beginning of year			<u>7,994,899</u>		
Fund balance, end of year			<u>\$ 4,651,640</u>		

BUNCOMBE COUNTY, NORTH CAROLINA

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

Solid Waste Disposal Fund

FOR THE YEAR ENDED JUNE 30, 2008

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Operating revenues:			
Tipping fees		\$ 7,158,474	
Service charges and other revenues		26,999	
Intergovernmental revenues		333,931	
Total operating revenues	\$ 7,591,887	7,519,404	\$ (72,483)
Nonoperating revenues (expenses):			
Investment earnings		744,716	
Increase in estimated landfill closure and postclosure care cost liability		(446,408)	
Total nonoperating revenues (expenses)	157,918	298,308	140,390
Total revenues	7,749,805	7,817,712	67,907
EXPENDITURES			
Landfill:			
Salaries, wages, and fringe benefits		1,256,845	
Maintenance and repairs		221,478	
Contracted services		1,218,717	
Other operating expenses		1,027,880	
Landfill closure and postclosure care costs		166,363	
Total landfill		3,891,283	
Transfer station:			
Salaries, wages, and fringe benefits		396,627	
Maintenance and repairs		99,323	
Contracted services		1,903	
Other operating expenses		174,105	
Total transfer station		671,958	
Capital outlay		636,306	
Debt service:			
Principal retirement		2,059,270	
Interest and fees		515,590	
Total debt service		2,574,860	
Total expenditures	9,691,632	7,774,407	1,917,225
Revenues over (under) expenditures	(1,941,827)	43,305	1,985,132

Continued on next page

BUNCOMBE COUNTY, NORTH CAROLINA

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

Solid Waste Disposal Fund

FOR THE YEAR ENDED JUNE 30, 2008

	Budget	Actual	Variance Positive (Negative)
OTHER FINANCING SOURCES (USES)			
Fund balance appropriated	\$ 9,822,746	\$ -	\$ (9,822,746)
Proceeds from installment obligations	1,020,000	1,020,000	-
Premium on installment obligations	5,081	5,081	-
Transfer to Landfill Capital Projects Fund	(8,906,000)	(8,906,000)	-
	<hr/>		
Total other financing sources (uses)	1,941,827	(7,880,919)	(9,822,746)
	<hr/>		
Revenues and other sources under expenditures and other uses	<u>\$ -</u>	(7,837,614)	<u>\$ (7,837,614)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Proceeds and premium from installment obligations		(1,025,081)	
Debt principal		2,059,270	
Decrease in bond interest accrued		52,692	
Amortization of bond premium and deferred charges		(21,506)	
Capital outlay		636,306	
Depreciation		(2,219,726)	
From landfill closure and postclosure reserve fund:			
Investment earnings		126,953	
From landfill capital projects fund:			
Capital contributions		42,751	
Transfer to capital projects fund		8,906,000	
Total reconciling items		<u>8,557,659</u>	
Change in net assets		<u>\$ 720,045</u>	

BUNCOMBE COUNTY, NORTH CAROLINA

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

Landfill Closure and Post Closure Reserve Fund

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2008

	Project	Actual		Variance Positive (Negative)	
	Authorization	Prior Years	Current Year		Total to Date
REVENUES					
Investment earnings	\$ 1,000,000	\$ 2,382,171	\$ 126,953	\$ 2,509,124	\$ 1,509,124
EXPENDITURES					
Capital outlay	1,000,000	53,537	-	53,537	946,463
Revenues over expenditures	-	2,328,634	126,953	2,455,587	2,455,587
OTHER FINANCING SOURCES (USES)					
Operating transfers in (out):					
From Solid Waste Disposal Fund	6,771,800	6,771,800	-	6,771,800	-
To Solid Waste Disposal Fund	(6,771,800)	(2,667,614)	-	(2,667,614)	4,104,186
Total other financing sources (uses)	-	4,104,186	-	4,104,186	4,104,186
Revenues and other sources over expenditures and other uses	\$ -	\$ 6,432,820	\$ 126,953	\$ 6,559,773	\$ 6,559,773

BUNCOMBE COUNTY, NORTH CAROLINA

*Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Landfill Capital Projects Fund*

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2008

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
REVENUES					
Investment earnings	\$ -	\$ 33,378	\$ -	\$ 33,378	\$ 33,378
Restricted intergovernmental	453,700	442,750	42,751	485,501	31,801
Total revenues	453,700	476,128	42,751	518,879	65,179
EXPENDITURES					
Capital outlay	17,295,290	12,110,740	478,842	12,589,582	4,705,708
Revenues under expenditures	(16,841,590)	(11,634,612)	(436,091)	(12,070,703)	4,770,887
OTHER FINANCING SOURCES					
Transfer from Solid Waste Disposal Fund	1,006,000	-	8,906,000	8,906,000	7,900,000
Prior year revenues	15,835,590	16,489,165	-	16,489,165	653,575
Total other financing sources	16,841,590	16,489,165	8,906,000	25,395,165	8,553,575
Revenues and other sources over expenditures	\$ -	\$ 4,854,553	\$ 8,469,909	\$ 13,324,462	\$ 13,324,462

BUNCOMBE COUNTY, NORTH CAROLINA

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

Human Services Facilities Fund

FOR THE YEAR ENDED JUNE 30, 2008

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Operating revenues:			
Rental income		\$ 841,291	
Nonoperating revenues:			
Investment earnings		<u>263,029</u>	
Total revenues	<u>\$ 1,467,228</u>	<u>1,104,320</u>	<u>\$ (362,908)</u>
EXPENDITURES			
Salaries, wages, and fringe benefits		166,019	
Contracted services		286,695	
Maintenance and repairs		114,200	
Other operating expenditures		249,773	
Capital outlay		<u>52,000</u>	
Total expenditures	<u>1,917,886</u>	<u>868,687</u>	<u>1,049,199</u>
Revenues over (under) expenditures	<u>(450,658)</u>	<u>235,633</u>	<u>686,291</u>
OTHER FINANCING SOURCES (USES)			
Appropriated fund balance	3,435,786	-	(3,435,786)
Transfer to:			
General Fund	(485,128)	-	485,128
Mental Health	(2,500,000)	(2,908,339)	(408,339)
Sale of capital assets	-	60,000	60,000
Total other financing sources (uses)	<u>450,658</u>	<u>(2,848,339)</u>	<u>(3,298,997)</u>
Revenues and other sources under expenditures	<u>\$ -</u>	<u>(2,612,706)</u>	<u>\$ (2,612,706)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
RECONCILING ITEMS:			
Capital outlay		52,000	
Depreciation		<u>(363,029)</u>	
Total reconciling items		<u>(311,029)</u>	
Change in net assets		<u>\$ (2,923,735)</u>	

BUNCOMBE COUNTY, NORTH CAROLINA

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

Buncombe County Parking Deck Fund

FOR THE YEAR ENDED JUNE 30, 2008

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Operating revenues		\$ -	
Nonoperating revenues:			
Investment earnings		<u>846,628</u>	
Total revenues	<u>\$ -</u>	<u>846,628</u>	<u>\$ 846,628</u>
EXPENDITURES			
Current operating expenses		100	
Capital outlay		110,949	
Debt service:			
Principal retirement		225,000	
Interest and fees		<u>681,891</u>	
Total expenditures	<u>1,031,971</u>	<u>1,017,940</u>	<u>14,031</u>
Revenues under expenditures	<u>(1,031,971)</u>	<u>(171,312)</u>	<u>860,659</u>
OTHER FINANCING SOURCES (USES)			
Fund balance appropriated	634,897	-	(634,897)
Proceeds from installment obligations	14,400,000	14,400,000	-
Discount on installment obligations	(79,975)	(79,975)	-
Transfers from:			
General Fund	-	2,866,066	2,866,066
Capital Projects	111,049	174,049	63,000
Transfer to:			
Parking Deck Capital Projects	<u>(14,034,000)</u>	<u>(14,034,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>1,031,971</u>	<u>3,326,140</u>	<u>2,294,169</u>
Revenues and other sources over expenditures and other uses	<u><u>\$ -</u></u>	<u>3,154,828</u>	<u><u>\$ 3,154,828</u></u>

Continued on next page

BUNCOMBE COUNTY, NORTH CAROLINA

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

Buncombe County Parking Deck Fund

FOR THE YEAR ENDED JUNE 30, 2008

	Budget	Actual	Variance Positive (Negative)
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Proceeds and discount from installment obligations		\$ (14,320,025)	
Debt principal		225,000	
Amortization of installment obligation discount		(3,373)	
Accrued interest		(156,027)	
Capital outlay		110,949	
Book value of assets sold		(35,134)	
Depreciation		(10,479)	
From parking deck capital projects fund:			
Transfer to capital projects fund		14,034,000	
Total reconciling items		<u>(155,089)</u>	
Change in net assets		<u>\$ 2,999,739</u>	

BUNCOMBE COUNTY, NORTH CAROLINA

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

Buncombe County Parking Deck Capital Projects Fund

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2008

	Project	Actual			Variance Positive (Negative)
	Authorization	Prior Years	Current Year	Total to Date	
REVENUES					
Investment earnings	\$ -	\$ -	\$ -	\$ -	\$ -
EXPENDITURES					
Capital outlay:					
Parking deck - College Street	14,034,000	502,751	8,935,339	9,438,090	4,595,910
Parking deck - Coxe Avenue	21,000,000	31,520	323,757	355,277	20,644,723
Total capital outlay	35,034,000	534,271	9,259,096	9,793,367	25,240,633
Revenues under expenditures	(35,034,000)	(534,271)	(9,259,096)	(9,793,367)	25,240,633
OTHER FINANCING SOURCES					
Proceeds from installment obligations	21,000,000	-	-	-	(21,000,000)
Transfer from:					
Parking Deck	14,034,000	-	14,034,000	14,034,000	-
Total other financing sources	35,034,000	-	14,034,000	14,034,000	(21,000,000)
Revenues and other financing sources over (under) expenditures	\$ -	\$ (534,271)	\$ 4,774,904	\$ 4,240,633	\$ 4,240,633

Combining Statements for Nonmajor Enterprise Funds

Enterprise Funds:

Mental Health Fund.

Inmate Commissary/Welfare Fund.

BUNCOMBE COUNTY, NORTH CAROLINA

Combining Statement of Net Assets

Nonmajor Enterprise Funds

JUNE 30, 2008

	Mental Health	Inmate Commissary/ Welfare	Total Nonmajor Enterprise Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ -	\$ 398,789	\$ 398,789
Receivables, net	22,174	-	22,174
Due from other funds	1,707,365	-	1,707,365
Total current assets	1,729,539	398,789	2,128,328
Noncurrent assets:			
Restricted cash and cash equivalents	-	-	-
Capital assets, net	407,055	86,549	493,604
Total noncurrent assets	407,055	86,549	493,604
Total assets	2,136,594	485,338	2,621,932
LIABILITIES			
Current liabilities:			
Accounts payable	12,104	7,348	19,452
Salaries and payroll taxes payable	-	18,279	18,279
Accrued compensated absences	-	14,549	14,549
Other liabilities	24,000	-	24,000
Total current liabilities	36,104	40,176	76,280
NET ASSETS			
Invested in capital assets, net of related debt	407,055	86,549	493,604
Unrestricted	1,693,435	358,613	2,052,048
Total net assets	\$ 2,100,490	\$ 445,162	\$ 2,545,652

BUNCOMBE COUNTY, NORTH CAROLINA

Combining Statement of Revenues, Expenses, and Changes in Net Assets Nonmajor Enterprise Funds

FOR THE YEAR ENDED JUNE 30, 2008

	Mental Health	Inmate Commissary/ Welfare	Total Nonmajor Enterprise Funds
OPERATING REVENUES			
Charges for services and products	\$ -	\$ 388,505	\$ 388,505
Total operating revenues	-	388,505	388,505
OPERATING EXPENSES			
Salaries, wages, and fringe benefits	-	250,742	250,742
Contracted services	114,062	16,581	130,643
Cost of products sold	-	214,570	214,570
Contributions to outside agencies	760,504	-	760,504
Depreciation	1,284	13,315	14,599
Other operating expenses	-	29,190	29,190
Total operating expenses	875,850	524,398	1,400,248
Operating loss	(875,850)	(135,893)	(1,011,743)
NONOPERATING REVENUES			
Investment earnings	68,001	30,243	98,244
Total nonoperating revenues	68,001	30,243	98,244
Loss before transfers	(807,849)	(105,650)	(913,499)
Transfers from:			
Human Services Facilities	2,908,339	-	2,908,339
Change in net assets	2,100,490	(105,650)	1,994,840
Net assets, beginning of year	-	551,992	551,992
Prior period adjustment	-	(1,180)	(1,180)
Net assets, beginning as restated	-	550,812	550,812
Net assets, end of year	\$ 2,100,490	\$ 445,162	\$ 2,545,652

BUNCOMBE COUNTY, NORTH CAROLINA

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

FOR THE YEAR ENDED JUNE 30, 2008

	Mental Health	Inmate Commissary/ Welfare	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 1,826	\$ 388,505	\$ 390,331
Cash paid for goods and services	(862,462)	(253,218)	(1,115,680)
Cash paid to employees for services	-	(251,922)	(251,922)
Net cash used by operating activities	<u>(860,636)</u>	<u>(116,635)</u>	<u>(977,271)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	68,001	30,243	98,244
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Loans (to)/from other funds	(1,707,365)	-	(1,707,365)
Transfers from other funds	2,500,000	-	2,500,000
Net cash provided by noncapital and related financing activities	<u>792,635</u>	<u>-</u>	<u>792,635</u>
CASH FLOWS FROM CAPITAL AND AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	-	(99,865)	(99,865)
Net cash used by capital and related financing activities	<u>-</u>	<u>(99,865)</u>	<u>(99,865)</u>
Net decrease in cash and cash equivalents	-	(186,257)	(186,257)
Cash and cash equivalents, beginning of year	-	585,046	585,046
Cash and cash equivalents, end of year	<u>\$ -</u>	<u>\$ 398,789</u>	<u>\$ 398,789</u>
Reconciliation of operating loss to net cash used by operating activities:			
Operating loss	\$ (875,850)	\$ (135,893)	\$ (1,011,743)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Depreciation	1,284	13,315	14,599
Prior period adjustment	-	(1,180)	(1,180)
Changes in assets and liabilities:			
Increase in other liabilities	1,826	-	1,826
Increase in accounts payable and accrued liabilities	12,104	1,990	14,094
Increase in accrued compensated absences	-	5,133	5,133
Total adjustments	<u>15,214</u>	<u>19,258</u>	<u>34,472</u>
Net cash used by operating activities	<u>\$ (860,636)</u>	<u>\$ (116,635)</u>	<u>\$ (977,271)</u>

BUNCOMBE COUNTY, NORTH CAROLINA

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

Mental Health Fund

FOR THE YEAR ENDED JUNE 30, 2008

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Operating revenues		\$ -	
Nonoperating revenues:			
Investment earnings		<u>68,001</u>	
Total revenues	<u>\$ -</u>	<u>68,001</u>	<u>\$ 68,001</u>
EXPENDITURES			
Contracted services		114,062	
Contributions to outside agencies		<u>760,504</u>	
Total expenditures	<u>2,500,000</u>	<u>874,566</u>	<u>1,625,434</u>
Revenues under expenditures	<u>(2,500,000)</u>	<u>(806,565)</u>	<u>1,693,435</u>
OTHER FINANCING SOURCES			
Transfer from:			
Human Services Facilities	<u>2,500,000</u>	2,908,339	408,339
Total other financing sources	<u>2,500,000</u>	<u>2,908,339</u>	<u>408,339</u>
Revenues and other sources over expenditures	<u>\$ -</u>	2,101,774	<u>\$ 2,101,774</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
RECONCILING ITEMS			
Depreciation		<u>(1,284)</u>	
Total reconciling items		<u>(1,284)</u>	
Change in net assets		<u>\$ 2,100,490</u>	

BUNCOMBE COUNTY, NORTH CAROLINA

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

Inmate Commissary/Welfare Fund

FOR THE YEAR ENDED JUNE 30, 2008

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Operating revenues:			
Commissary concessions		\$ 261,155	
Telephone concessions		127,350	
Total operating revenues		<u>388,505</u>	
Nonoperating revenues:			
Investment earnings		<u>30,243</u>	
Total revenues	\$ 446,853	418,748	\$ (28,105)
EXPENDITURES			
Salaries, wages, and fringe benefits		250,742	
Contracted services		16,581	
Cost of products sold		214,570	
Capital outlay		99,865	
Other operating expenditures		<u>29,190</u>	
Total expenditures	642,373	610,948	31,425
Revenues under expenditures	(195,520)	(192,200)	3,320
OTHER FINANCING SOURCES			
Appropriated fund balance	195,520	-	(195,520)
Revenues and other sources under expenditures	<u>\$ -</u>	(192,200)	<u>\$ (192,200)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
RECONCILING ITEMS			
Capital outlay		99,865	
Depreciation		<u>(13,315)</u>	
Total reconciling items		<u>86,550</u>	
Change in net assets		<u>\$ (105,650)</u>	

BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues and Expenditures - Budget and Actual (NON-GAAP)
 Insurance Internal Service Fund

FOR THE YEAR ENDED JUNE 30, 2008

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Operating revenues:			
Charges for services		\$ 15,373,370	
Nonoperating revenues:			
Investment earnings		540,933	
Total revenues	\$ 15,772,357	15,914,303	\$ 141,946
EXPENDITURES			
Insurance premiums		1,546,153	
Claims		16,160,668	
Total expenditures	17,646,587	17,706,821	(60,234)
Revenues under expenditures	(1,874,230)	(1,792,518)	81,712
OTHER FINANCING SOURCES			
Appropriated fund balance	1,874,230	-	(1,874,230)
Transfer from General Fund	-	2,319,207	2,319,207
Total other financing sources	1,874,230	2,319,207	444,977
Revenues and other sources over expenditures	\$ -	\$ 526,689	\$ 526,689

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

FOR THE YEAR ENDED JUNE 30, 2008

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
Inmate Trust Fund:				
Assets				
Cash and cash equivalents	\$ 19,653	\$ 644,488	\$ 582,493	\$ 81,648
Liabilities				
Accounts payable	\$ 2,647	\$ 1,751	\$ 2,222	\$ 2,176
Due to beneficiaries	17,006	650,827	588,361	79,472
	<u>\$ 19,653</u>	<u>\$ 652,578</u>	<u>\$ 590,583</u>	<u>\$ 81,648</u>
General Agency Accounts:				
Assets				
Cash and cash equivalents	\$ 597,332	\$ 61,868,420	\$ 61,837,338	\$ 628,414
Accounts receivable	844,506	787,618	845,184	786,940
	<u>\$ 1,441,838</u>	<u>\$ 62,656,038</u>	<u>\$ 62,682,522</u>	<u>\$ 1,415,354</u>
Liabilities				
Accounts payable	\$ 1,280,278	\$ 1,507,182	\$ 1,532,177	\$ 1,255,283
Due to other taxing units	161,560	62,680,170	62,681,659	160,071
	<u>\$ 1,441,838</u>	<u>\$ 64,187,352</u>	<u>\$ 64,213,836</u>	<u>\$ 1,415,354</u>
Social Services Fund:				
Assets				
Cash and cash equivalents	\$ 151,170	\$ 994,525	\$ 1,026,620	\$ 119,075
Liabilities				
Accounts payable	\$ 1,182	\$ 1,115,323	\$ 1,116,505	\$ -
Due to beneficiaries	149,988	1,044,619	1,075,532	119,075
	<u>\$ 151,170</u>	<u>\$ 2,159,942</u>	<u>\$ 2,192,037</u>	<u>\$ 119,075</u>
Sondley Estate Trust:				
Assets				
Cash and cash equivalents	\$ 791,269	\$ 49,693	\$ 12,943	\$ 828,019
Liabilities				
Due to beneficiaries	\$ 791,269	\$ 49,441	\$ 12,691	\$ 828,019
NC Motor Vehicle Interest:				
Assets				
Cash and cash equivalents	\$ 6,684	\$ 86,907	\$ 86,280	\$ 7,311
Liabilities				
Accounts payable	\$ 6,191	\$ 6,437	\$ 6,191	\$ 6,437
Due to other taxing units	493	93,098	92,717	874
	<u>\$ 6,684</u>	<u>\$ 99,535</u>	<u>\$ 98,908</u>	<u>\$ 7,311</u>

Continued on next page

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

FOR THE YEAR ENDED JUNE 30, 2008

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
Buncombe County Anticrime Task Force:				
Assets				
Cash and cash equivalents	\$ 361,198	\$ 283,471	\$ 155,368	\$ 489,301
Accounts receivable	4,726	-	4,726	-
	<u>\$ 365,924</u>	<u>\$ 283,471</u>	<u>\$ 160,094</u>	<u>\$ 489,301</u>
Liabilities				
Due to beneficiaries	<u>\$ 365,924</u>	<u>\$ 283,471</u>	<u>\$ 160,094</u>	<u>\$ 489,301</u>
Sheriff's Forfeiture and Controlled Substance Fund:				
Assets				
Cash and cash equivalents	\$ 35,600	\$ 90,942	\$ 79,928	\$ 46,614
	<u>\$ 35,600</u>	<u>\$ 90,942</u>	<u>\$ 79,928</u>	<u>\$ 46,614</u>
Liabilities				
Due to beneficiaries	<u>\$ 35,600</u>	<u>\$ 90,942</u>	<u>\$ 79,928</u>	<u>\$ 46,614</u>
Totals - All Agency Funds				
Assets				
Cash and cash equivalents	\$ 1,962,906	\$ 64,018,446	\$ 63,780,970	\$ 2,200,382
Accounts receivable	849,232	787,618	849,910	786,940
	<u>\$ 2,812,138</u>	<u>\$ 64,806,064</u>	<u>\$ 64,630,880</u>	<u>\$ 2,987,322</u>
Liabilities				
Accounts payable	\$ 1,290,298	\$ 2,630,693	\$ 2,657,095	\$ 1,263,896
Due to other taxing units	162,053	62,773,268	62,774,376	160,945
Due to beneficiaries	1,359,787	2,119,300	1,916,606	1,562,481
	<u>\$ 2,812,138</u>	<u>\$ 67,523,261</u>	<u>\$ 67,348,077</u>	<u>\$ 2,987,322</u>

BUNCOMBE COUNTY, NORTH CAROLINA

*Schedule of Revenues, Expenditures, and Changes in Net Assets - Budget and Actual (Non-GAAP)
Avery's Creek Sanitary District
Component Unit*

FOR THE YEAR ENDED JUNE 30, 2008

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Sales and services		\$ 23,000	
Investment earnings		21,142	
Total revenues	<u>\$ 20,000</u>	<u>44,142</u>	<u>\$ 24,142</u>
EXPENDITURES			
Current:			
Environmental protection:			
Contracted services	20,000	616	19,384
Total expenditures	<u>20,000</u>	<u>616</u>	<u>19,384</u>
Revenues over expenditures	<u>\$ -</u>	43,526	<u>\$ 43,526</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Depreciation		(42,144)	
Total reconciling items		<u>(42,144)</u>	
Changes in net assets		<u>\$ 1,382</u>	

BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Net Assets - Budget and Actual (Non-GAAP)
Western North Carolina Regional Air Quality Agency
Component Unit

FOR THE YEAR ENDED JUNE 30, 2008

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Federal, state, and other grants		\$ 634,808	
Licenses and permits		247,839	
Investment earnings		55,677	
Total revenues	<u>\$ 772,400</u>	<u>938,324</u>	<u>\$ 165,924</u>
EXPENDITURES			
Current:			
Environmental protection:			
Salaries and employee benefits		665,058	
Other operating expenses		155,445	
Total expenditures	<u>831,385</u>	<u>820,503</u>	<u>10,882</u>
Revenues over (under) expenditures	<u>(58,985)</u>	<u>117,821</u>	<u>176,806</u>
OTHER FINANCING SOURCES			
Appropriated fund balance	58,985	-	(58,985)
Sale of capital assets	-	15,025	15,025
Revenues and other sources over expenditures	<u>\$ -</u>	<u>132,846</u>	<u>\$ 132,846</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Book value of assets sold		(12,437)	
Depreciation		(19,304)	
Total reconciling items		<u>(31,741)</u>	
Change in net assets		<u>\$ 101,105</u>	

BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Ad Valorem Taxes Receivable

General Fund

JUNE 30, 2008

Fiscal Year	Uncollected Balance June 30, 2007	Additions	Collections and Credits	Uncollected Balance June 30, 2008
2007-2008	\$ -	\$ 143,255,858	\$ 142,007,524	\$ 1,248,334
2006-2007	1,183,519	-	841,327	342,192
2005-2006	420,384	-	113,461	306,923
2004-2005	307,168	-	68,854	238,314
2003-2004	244,743	-	23,851	220,892
2002-2003	335,692	-	13,511	322,181
2001-2002	257,198	-	11,494	245,704
2000-2001	213,672	-	7,786	205,886
1999-2000	174,069	-	5,182	168,887
1998 & Prior	913,927	-	13,706	900,221
Total	\$ 4,050,372	\$ 143,255,858	\$ 143,106,696	4,199,534
Less allowance for uncollectible ad valorem taxes receivable				<u>(2,866,811)</u>
Ad valorem taxes receivable, net				<u>\$ 1,332,723</u>
Reconciliation with Revenues:				
Taxes - Ad valorem - General Fund				\$ 143,650,901
Reconciling items:				
Releases				71,817
Interest Collected				(493,171)
Amounts collected 60 days after year-end - net				(122,851)
Total reconciling items				<u>(544,205)</u>
Total collections and credits				<u>\$ 143,106,696</u>

BUNCOMBE COUNTY, NORTH CAROLINA

Analysis of Current Year County-Wide Tax Levy

FOR THE YEAR ENDED JUNE 30, 2008

	County Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Motor Vehicles	Registered Motor Vehicles
Original Levy					
County-Wide Ad Valorem	\$ 27,195,325,524	\$ 0.525	\$ 142,775,459	\$ 133,024,921	\$ 9,750,538
Penalties			77,693	77,693	-
Discoveries					
Taxes Levied	163,951,238	0.525	860,744	860,744	-
Penalties			70,932	70,932	-
Releases	<u>(100,756,381)</u>	0.525	<u>(528,970)</u>	<u>(299,107)</u>	<u>(229,863)</u>
Net Levy	<u>\$ 27,258,520,381</u>		143,255,858	133,735,183	9,520,675
Uncollected Taxes at 6/30/08			<u>1,248,334</u>	<u>617,060</u>	<u>631,274</u>
Current Year's Taxes Collected			<u>\$ 142,007,524</u>	<u>\$ 133,118,123</u>	<u>\$ 8,889,401</u>
Current Levy Collection %			<u>99.13%</u>	<u>99.54%</u>	<u>93.37%</u>

Secondary Market Disclosures:

Assessed Valuation

Assessment Ratio ⁽¹⁾	100.00%
Real Property	\$ 23,222,062,826
Personal Property	1,558,463,783
Public Service Companies ⁽²⁾	620,602,348
Registered Motor Vehicles	<u>1,857,391,424</u>
Total Assessed Valuation	<u>27,258,520,381</u>
Tax Rate per \$100	<u>0.525</u>
Levy (includes discoveries, releases and abatements) ⁽³⁾	<u>\$ 143,255,858</u>

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

School Districts	\$ 7,557,174
Fire Protection Districts	<u>13,574,972</u>
Total	<u>\$ 21,132,146</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.