

BUNCOMBE COUNTY, NORTH CAROLINA

Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDING
JUNE 30, 2011

BOARD OF COMMISSIONERS

David Gantt, Chairman
Bill Stanley, Vice Chairman
K. Ray Bailey
Holly Jones
Carol Peterson

COUNTY MANAGER

Wanda S. Greene, PhD, CPA

DIRECTOR OF FINANCE

Donna B. Clark

Prepared by the Finance Department



Comprehensive Annual Financial Report

For the Fiscal Year Ending June 30, 2011

Buncombe County, North Carolina

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Introductory Section



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Buncombe County
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

Letter of Transmittal

November 23, 2011

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

We are pleased to present the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2011. Laws of the State of North Carolina, along with policies and procedures of the North Carolina Local Government Commission, require that all local governments in the state publish a complete set of financial statements annually.

Management of Buncombe County assumes responsibility for the completeness and reliability of all the information presented in this report based upon a comprehensive framework of internal control that it has established for this purpose. This report consists of management's representations concerning the financial position and results of operations for the fiscal year ended June 30, 2011.

Gould Killian CPA Group, P.A., Certified Public Accountants, has audited the financial statements in accordance with generally accepted auditing standards. The cost of internal control should not exceed anticipated benefits; therefore, the auditor's review is to provide reasonable rather than absolute assurance that the financial statements are free from material misstatements. The independent auditors concluded the financial statements are presented in conformity with generally accepted accounting principles and there was a reasonable basis for issuing an unqualified opinion on the Buncombe County financial statements for the year ended June 30, 2011. The independent auditor's report is located at the front of the financial section of this report.

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

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

Profile of Buncombe County, North Carolina

Buncombe County was established in 1791 and is located in the southwestern portion of North Carolina. It has a total land and water area of 660 square miles and estimated 2010 population of 239,179. There are six municipalities within the County, the largest being the City of Asheville (population of 83,986 or approximately 35 percent of the County), which lies at the geographic center of the County and serves as the County seat. The County is approximately 240 miles west of the state capital, Raleigh, North Carolina; 205 miles north of Atlanta, Georgia; and 120 miles east of Knoxville, Tennessee.

The County operates under a commissioner/manager form of government. Presently, a five-member Board of County Commissioners governs Buncombe County with one commissioner elected by the voters to serve as Chair of the Board. The Board of Commissioners is chosen every four years in partisan elections during presidential election years. Recent State legislation will stagger elections to a two-year cycle and split Buncombe County into three commission districts that mirror the County's State Representative districts. With the election to be held in 2012, two commissioners will now be elected within each district. Only the Commission Chair will be elected countywide. This will increase the Board of County Commissioners to seven members. Commissioners will continue to serve four-year terms.

Commissioners hold policy-making and legislative authority. They are also responsible for adopting the budget and appointing the County Manager, Finance Director, County Attorney, and Clerk to the Board. The County Manager is the chief administrative officer and prepares and recommends the annual budget in addition to being responsible for implementing policies, managing daily operations, and appointing department heads.

The County provides its citizens with a wide range of services including human services, public safety, economic and physical development, environmental protection, cultural and recreational activities and others. However, the majority of the annual budget consists of public safety, human services and education. The County also extends financial support to certain boards, agencies, and commissions to assist their efforts in serving citizens. Among these are the Asheville City Board of Education, the Buncombe County Board of Education, the Asheville-Buncombe Technical Community College, the Tourism Development Authority, the Land of Sky Regional Council and the Western Highlands Area Authority.

The annual budget serves as the base for the County's financial planning and control. Budgets are developed on a departmental basis by expenditure function within a fund. The budgets display all of the County's financial operations including funding for various agencies outside the County's organizational structure. The Board of Commissioners adopted a Strategic Plan for Buncombe County, and in order to implement the Strategic Plan, each County department and intergovernmental agency receiving County funds was asked to address the strategies in its requested budget documents. The County Manager submits the annual balanced budget to the Board of Commissioners before June each year. A public hearing on the budget is held in the middle of June with an expected budget adoption by June 30. In accordance with North Carolina statutes, the governing board shall adopt a budget not earlier than 10 days after the budget is presented to the Board and no later than July 1.

Economic Condition of Buncombe County, North Carolina

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

The Local Economy

Buncombe County is part of the Asheville metropolitan area including Buncombe, Haywood, Henderson, and Madison counties. This area has an estimated population of over 426,000. The metropolitan area's economic diversity continues to provide a strong base for the area's economy; however, conditions have remained stagnant over the past couple years. Key economic factors of 2011 compared to the same time period in 2010 indicate the following:

- The population of the area continues to grow, which has been the trend for the past four decades. Since 2001, the population of the metropolitan area has grown 13.7 percent while Buncombe County saw an increase of 14.4 percent and the State increased by 16.8 percent.
- The average unemployment rate of the metropolitan area decreased from 9.1 percent in 2010 to 8.2 percent in 2011. The unemployment rate in this area fares better compared to the State with 10.1 percent and the Nation at 9.2 percent. Buncombe County's unemployment rate is 7.9 percent. The total number of jobs increased slightly from 2010 to 2011 from 165,863 to 166,150. This amounts to a 0.2 percent increase.
- Healthcare and tourism continue to be leading economic drivers for the area. While employment in the healthcare industry remained flat in 2011, the tourism industry saw a 2.1 percent increase in the number of jobs. In fact, hotel/motel sales saw an 11.3 percent increase with \$17.2 million in sales in 2011 compared to \$15.4 million in 2010.
- For other major industry employers of the area, government (federal, State, and local) saw the greatest number of job losses while the construction industry saw the largest percentage decline. Government employment was down 1,300 positions or 5.1 percent while construction jobs decreased by 800 positions or 10.0 percent. On the up side, retail employment increased 600 positions or 2.6 percent from 2010 to 2011.
- Home sales in the Asheville MLS area were flat with 1,510 homes sold in 2010 compared to 1,506 in 2011. The average cost of homes sold decreased 5.2 percent from \$245,630 in 2010 to \$232,796 in 2011.

The New Normal

Economic recovery has not arrived as hoped for and the County faces significant challenges as the prolonged economic downturn continues to drive unprecedented growth in social services caseloads. The County is adjusting to a new economy, a new reality—a new normal. The

current economic climate has challenged the County to demonstrate its creativity in all aspects of business. Navigating these difficult economic times has been challenging, but the County has fared well, in part due to the vision and strong financial leadership provided by the Board of Commissioners and County management team. As part of this leadership, the County has undergone a transformation in service provision and philosophy. The Commissioners mandated that the government focus on core services. That is services either mandated by policy or statute or, further, those services government is uniquely designed to provide.

The County approached the economic challenge as an opportunity to continue reinventing the way it does business while continuing to focus, first and foremost, on serving its citizens in an effective and efficient manner. The County continues to streamline its services by focusing on core services and strategically managing and shifting its resources and building successful, smart partnerships. This has led to better outcome for the citizens served. These initiatives have included:

- Transitioning the child care center on the A-B Tech Community College campus from the County to the College. This investment allows for continued support of a critical service with a partner that has better expertise. It also provides a solid foundation for program enhancements by capitalizing on the College's early childhood education program.
- Laying the groundwork for the Buncombe County Services Foundation, Inc, a 501(c) (3) nonprofit dedicated to the enhancement of services for citizens of the County. The goal of the Foundation is to link public sector core services providers to private sector initiatives and funding resources that support a vibrant infrastructure. The Foundation is anticipated to mitigate the need for increased core services while improving the health, social, and physical outcomes of residents.
- Beginning the transition of the Workforce Investment Act (WIA) program to the Land of Sky Regional Council, a multi-county, local government planning and development organization that seeks to foster desirable social, economic, cultural and ecological outcomes. WIA is federal workforce development legislation that provides funds to address regional employment and training needs of adults, dislocated workers and youth.
- Contracting out transportation services provided by the County. Transportation is vital to sustaining our communities, promoting a positive quality of life, and providing access to education, employment, health care, and other activities of daily life. Other than for Medicaid, transportation services are not a mandated core service, and the County believes it can limit future liabilities while also potentially increasing services by partnering with the Land of Sky Regional Council. Land of Sky will handle the management of these services while an outside vendor will manage the day-to-day operations.

Economic Development

A major initiative of Buncombe County is its focus of economic development. In a combined effort with the State, City of Asheville, and the Economic Development Coalition for Asheville-Buncombe County (EDC), the County played a key role in attracting Canadian manufacturer Linamar Group to Asheville. This automotive industry manufacturer will bring nearly 400 jobs to the area with an expected \$80 million capital investment. For its part, the County purchased the recently closed Volvo plant for \$7 million, which will house the new manufacturing operation. As part of the deal, Linamar will buy the building from the County in early 2012, allowing the County to recoup its investment.

Long-term Financial Planning

The County uses a Capital Improvement Program (CIP) to identify all capital projects requiring funding for the next five years. The CIP is formulated under the direction of the County Manager based upon priorities outlined by the Board of Commissioners. The stated priorities of the Board of Commissioners are:

- Mandated services by the State and federal government including Health Department and Social Services Department.
- Public Safety, including the Sheriff's Department and Emergency Services.
- Parks and Recreation Facilities.
- Increased productivity in County Government

A capital project is defined as any project costing over \$250,000. The approved CIP budget through fiscal year 2016 is \$62.5 million. Big-ticket items on the plan include funding for a new library branch, construction of satellite human services/DSS offices, construction of new landfill cells, sports park field improvements, construction of a new courthouse addition, and renovations to the existing courthouse.

Cash Management Policies and Practices

Cash temporarily idle during the year was invested in fully insured or collateralized certificates of deposit, obligations of the U.S. Treasury and various federal and NC state agencies, prime quality commercial paper and bankers' acceptances, and demand deposits in a State authorized money-market mutual fund whose portfolio consists of the types of instruments noted above. Investment income includes changes in the fair value of investments year-over-year. Changes in fair value during the current year, however, do not necessarily represent trends; nor are such amounts usually realized, especially in the case of temporary changes in the fair value of investments that Buncombe County intends to hold to maturity. Interest earnings on cash and investments for the fiscal year ended June 30, 2011 was \$1.0 million on an average balance of \$130 million.

Awards and Acknowledgements

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Buncombe County for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2010. This marks the thirty-second consecutive year that Buncombe County has received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

The County also received the GFOA's Award for Distinguished Budget Presentation for its 2011 annual budget document. This is the fourteenth year that the award has been presented to the County. In order to qualify for this award, the County's budget document was judged to be proficient in several categories including policy documentation, financial planning, and organization. The Budget Department believes the fiscal year 2012 budget document continues to conform to program requirements and has submitted it to the GFOA to determine eligibility for another award.

Acknowledgements

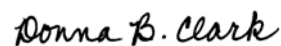
Many professional staff members in the Finance Department contributed to the preparation of this report. Their hard work, dedication, and continuing efforts to produce and improve the quality of this report are a direct benefit to all that read and use it. We would also like to commend each County department for their cooperation and assistance throughout the year in the efficient administration and commitment to the vision, mission and goals of Buncombe County Government. We also thank Gould Killian CPA Group, P.A., for their hard work and assistance with this report.

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

Respectfully submitted,

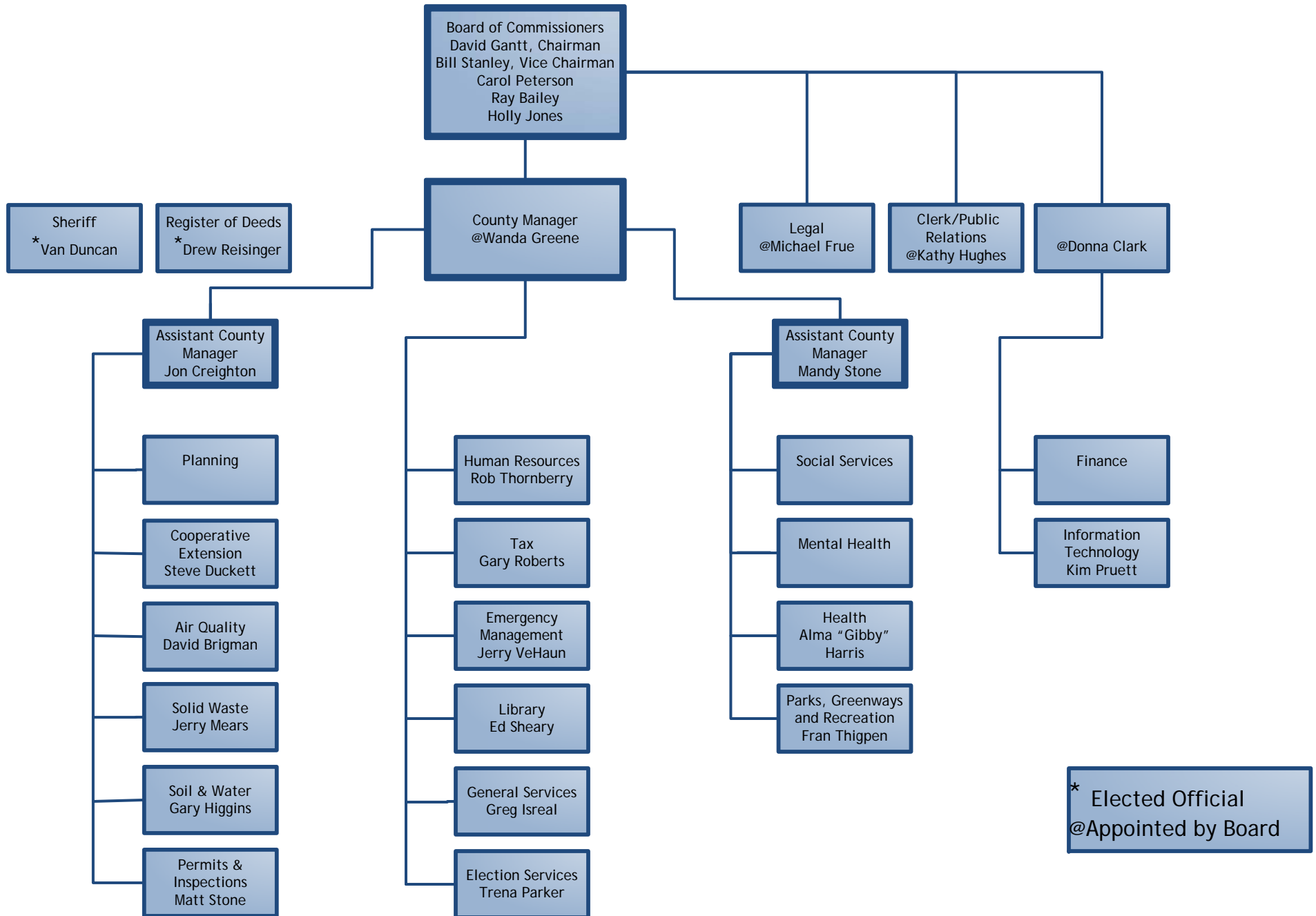


Wanda S. Greene, PhD, CPA
County Manager



Donna B. Clark
Finance Director

Buncombe County Government



Buncombe County Government

List of Principal Officials

June 30, 2011

Board of Commissioners



David Gantt, Chairman

David Gantt, an attorney, is serving his fourth term on the Board. He is currently an active member of the Boards of the Asheville Regional Airport Authority, Eblen Charities, United Way, Asheville Buncombe Community Relations Council, Land of Sky Regional Council, and Martin Luther King, Jr. Committee. Commissioner Gantt is an advocate for education and the working people of Buncombe County.



Bill Stanley, Vice Chairman

A retired high school coach and principal, Bill Stanley is serving his sixth term. In addition to his local involvement in civic affairs, he is a former President of the North Carolina Association of County Commissioners and is currently serving as a member of the MPO, RPO, Land of Sky Regional Council and the Civic Center Task Force. Commissioner Stanley was recently appointed to the NC Advisory Commission on Military Affairs by Senate President Pro Tem Marc Basnight.



K. Ray Bailey, Commissioner

Commissioner K. Ray Bailey was elected to the Buncombe County Board of Commissioners in 2008. He is the President Emeritus of Asheville Buncombe Technical Community College where he served for 42 years serving the last 15 as president. Commissioner Bailey currently serves on the Economic Development Coalition and the Tourism Development Authority.



Holly Jones, Commissioner

Commissioner Holly Jones was elected to the Buncombe County Board of Commissioners in 2008. She served on Asheville City Council from 2001-2008. She currently serves on the Transportation Advisory Committee, Community Energy Advisory Committee and Land of Sky Council. Commissioner Jones works as the executive director of the YWCA in downtown Asheville.



Carol Peterson, Commissioner

A fifth generation native of Buncombe County and a retired Director of Vocation for the Asheville City Schools, Carol Peterson is serving her second term of office. She also serves on Asheville Buncombe Technical Community College Board of Trustees, Asheville Chamber of Commerce Governmental Affairs Task Force, Children First Board, Folk Heritage Committee, Health Partners Board, Juvenile Crime Prevention Committee and the Smart Start Board.

County Officials

Wanda S. Greene, PhD, CPA

Jon Creighton, MBA

Amanda Stone, MSW

Kathy Hughes

Michael Frue, JD

Donna B. Clark

Drew Reisinger

Van Duncan

Fran Thigpen

Pat Freeman

Trena Parker, MPA

Alma "Gibby" Harris, MSPH, FNP

Ed Sheary, MSLS

Jerry Vehaun

Matt Stone

Robert Thornberry, Jr., MA

Kim Pruet

Gary Roberts

Gary Higgins

Steve Duckett

Greg Isreal

County Manager

Asst. County Manager/Planning Director

Asst. County Manager/Social Services Director

Clerk to the Board

County Attorney

Finance Director

Register of Deeds

Sheriff

Parks Greenways and Recreation Director

City/County Bureau of Identification Director

Elections Supervisor

Health Director

Library Director

Emergency Services Director

Permits & Inspections Director

Human Resources Director

Information Technology Director

Tax Director

Soil & Water Conservation Director

Cooperative Extension Director

General Services

Financial Section



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, 2011, 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 auditors.

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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Buncombe County, North Carolina, as of June 30, 2011, and the respective changes in financial position and cash flows, where appropriate, thereof and the 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 November 23, 2011, 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. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting on compliance. 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.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance and the Other Postemployment Benefits Schedules of Funding Progress and Employer Contributions on pages 16 through 28 and 85 through 89 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Buncombe County's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, budgetary schedules, other schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis 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, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements, budgetary schedules, other schedules and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting or other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Donald Killian CPA Group, P.A.

Asheville, North Carolina
November 23, 2011

Management's Discussion and Analysis

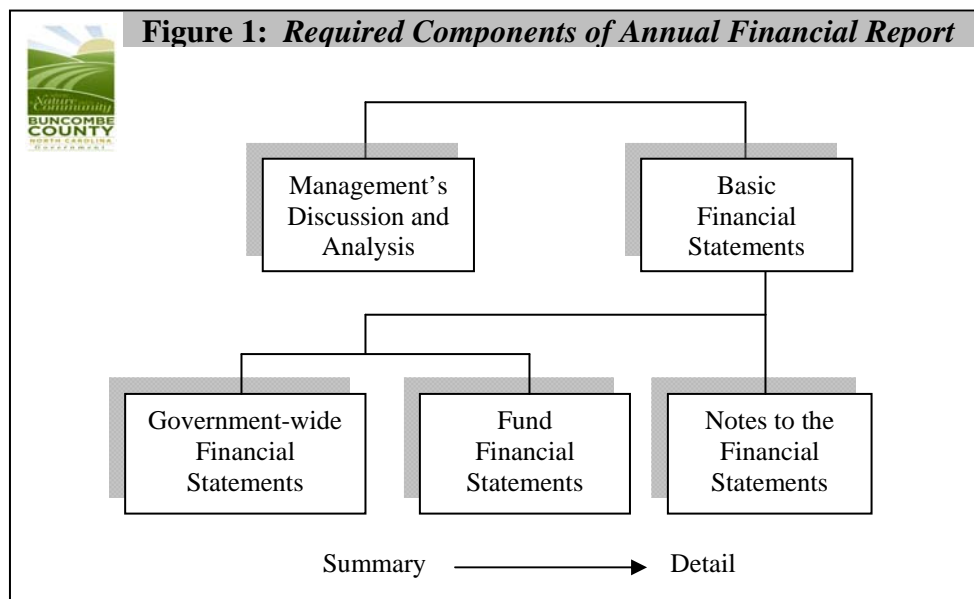
As management of Buncombe County (the County), we offer readers of the financial statements this overview and analysis of the financial activities for the fiscal year ended June 30, 2011. We encourage readers to consider the information here in conjunction with additional information we have furnished in the County's financial statements, which follow this discussion and analysis.

Financial Highlights for Fiscal Year 2011

- The assets of the County exceeded the liabilities at the close of the fiscal year by \$110.9 million (net assets).
- The County's total net assets decreased by \$7.6 million, with \$7.1 million of this amount attributable to governmental activities.
- As of the close of the fiscal year, the County's governmental funds reported combined ending fund balances of \$173.7 million, an increase of \$15.2 million over the prior year. Approximately 56.8 percent of this total amount, or \$98.7 million, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$43.4 million, or 17.4 percent of total general fund expenditures and transfers for the fiscal year.
- At June 30, 2011, the total amount of outstanding long-term debt was \$262.5 million. This is an increase of \$35.7 million or nearly 15.7 percent from the previous fiscal year.
- Under State law, the County is responsible for providing capital funding for the school systems, community college, and airport authority. At the end of the fiscal year, approximately \$124.5 million of the outstanding debt on the County's financial statements is related to assets to be included in the respective entity's statements.
- The County maintained its Standard & Poor's AA+ bond rating and its Moody's rating of Aa2.
- As of June 30, 2011, the maturities of investments in the County's portfolio averaged 217 days. The average yield on investments was 0.59 percent.

Overview of the Financial Statements

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



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, criminal justice information system, 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 service foundation, and a legally separate air quality agency for which the County of Buncombe is financially accountable. Financial information for these component units is reported separately from the financial information for the primary government.

The government-wide financial statements are on pages 30-33 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 fiduciary funds.

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

The County adopts an annual budget for its General Fund as required by the NC General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board of Commissioners about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County 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, mental health, parking deck, criminal justice information system, and inmate commissary/welfare operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net 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 its insurance programs. Because this operation benefits predominately governmental rather than business-type activities, the internal service fund has been included with the governmental activities in the government-wide financial statements.


Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Buncombe County's own programs. Buncombe County has eight fiduciary funds. One is a trust fund for the future health insurance benefits for retirees and the others are agency funds. Information about these funds can be found on pages 41-42 and 140-141.

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 43-84 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 85 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 condition. As shown in Figure 2, assets exceeded liabilities by \$110.9 million at June 30, 2011. The County's net assets decreased by \$7.6 million for the year ended June 30, 2011. The largest portion \$103.8 million (93.6 percent) reflects the County's investment in capital assets (e.g. land, buildings, machinery and equipment), less any related debt still outstanding that was issued to acquire those items. Buncombe County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Buncombe County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

 **Figure 2: Net Assets (in millions)**

	Governmental Activities		Business Type Activities		Total	
	2011	2010*	2011	2010*	2011	2010*
Current and other assets	\$208.7	\$189.0	\$24.8	\$25.2	\$233.5	\$214.2
Capital assets	139.9	123.0	51.4	53.0	191.3	176.0
Total assets	348.6	312.0	76.2	78.2	424.8	390.2
Long-term liabilities outstanding	255.5	217.3	30.6	32.7	286.1	250.0
Other liabilities	26.5	20.9	1.3	0.7	27.8	21.6
Total liabilities	282.0	238.2	31.9	33.4	313.9	271.6
Net assets:						
Invested in capital assets, net of related debt	69.6	68.0	34.2	32.6	103.8	100.6
Restricted	91.7	100.7	1.5	1.0	93.2	101.7
Unrestricted	(94.7)	(95.0)	8.6	11.2	(86.1)	(83.8)
Total net assets	\$66.6	\$73.7	\$44.3	\$44.8	\$110.9	\$118.5

*For comparison purposes, net assets for 2010 have been reclassified according to new reporting standards implemented in 2011.

Because of new reporting standards implemented in fiscal year 2011, how the County classifies restricted net assets has changed significantly. This has created a deficit in unrestricted net assets and an increased amount in restricted net assets. Where in prior reporting years net assets of capital projects funds were reflected as unreserved net assets, these capital projects are now classified as restricted net assets. As such, \$62.9 million of the total \$93.2 million in restricted net assets is related to ongoing capital projects for the County and School systems.

Additionally, as with many counties in the State of North Carolina, the County’s deficit in 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, AB-Tech Community College, and the Asheville Regional Airport Authority. Under North Carolina law, the County is responsible for providing capital funding for these institutions. The County has chosen to meet its legal obligation by using a mixture of County funds and general obligation debt. The assets funded by the County, however, are owned and utilized by these institutions. Since the County, as the issuing government, acquires no capital assets, the County has incurred liability without a corresponding increase in assets. At the end of the fiscal year, approximately \$124.5 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. The amount of this debt in the prior fiscal year was \$130.5 million.

Governmental activities: Net assets in Governmental activities saw a decrease of \$7.1 million. Aspects of the County’s financial operations that influenced the change in the County’s net assets include:

- Program revenues covered 30.6 percent of program expenses, decreasing from 31.8 percent last year.
- Program revenues totaled \$95.0 million, which was an increase by \$3.1 million from the previous year. General revenues also increased from the prior year by \$3.5 million totalling \$207.9 million. This amounts to an overall total revenue increase of 2.2 percent.
- Expenses totaled around \$310.0 million, which is an increase of \$21.4 million or 7.4 percent over the previous year. Education expenses accounted for the majority of the increase with a total increase of \$17.2 million (21.9 percent). Most of the increase is attributed to capital funds expended by the schools as operating funds remained relatively unchanged.
- Buncombe County’s activities would increase net assets if the expenses related to capital funding provided to outside entities and debt and restricted revenue supporting these expenses were eliminated.

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

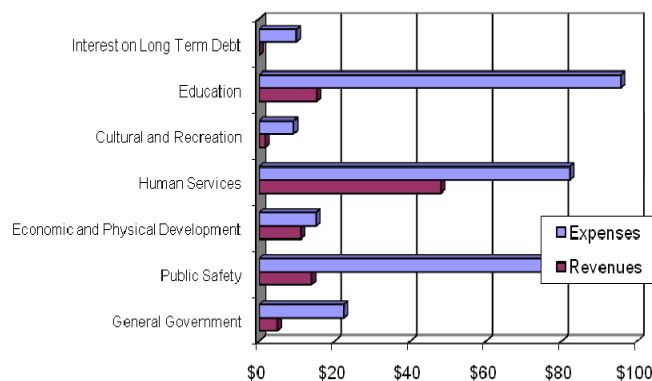
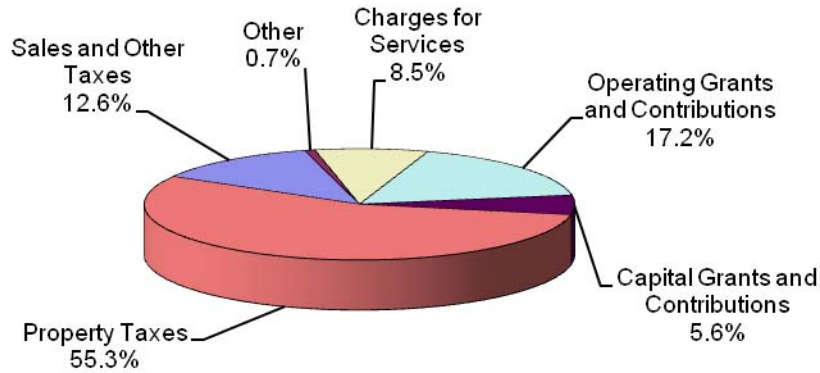


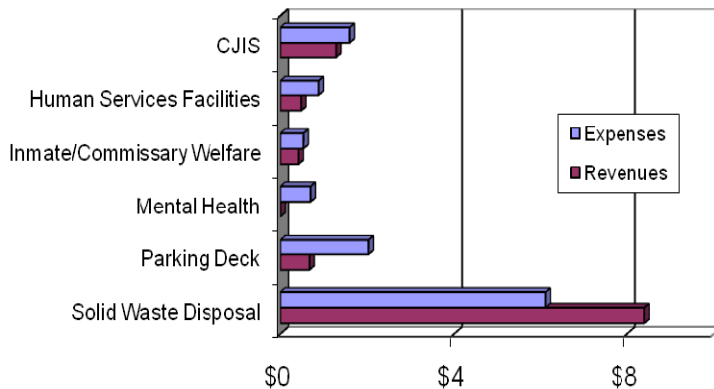
Figure 4: Revenues By Source - Governmental Activities



Business-type activities: Overall, Buncombe County’s net assets for business-type activities decreased by nearly \$.5 million. The decrease results from the Parking Deck Fund and all the non-major enterprise funds, which had a cumulative net asset decrease of \$2.8 million. While part of this decrease can be attributed to Parking Deck revenue streams being less than projected, the decrease in net assets for the aforementioned funds has been anticipated by the County. As the County continually evaluates the efficiencies and effectiveness of some of these programs, some funds will eventually be eliminated.

Buncombe County’s largest enterprise operation, the Solid Waste Disposal fund, experienced a \$2.4 million increase in net assets. This can be attributed to stronger revenues than anticipated and the commitment of staff to hold down expenses. While revenues were over \$.5 million more than projected, expenses were down \$1.1 million.

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



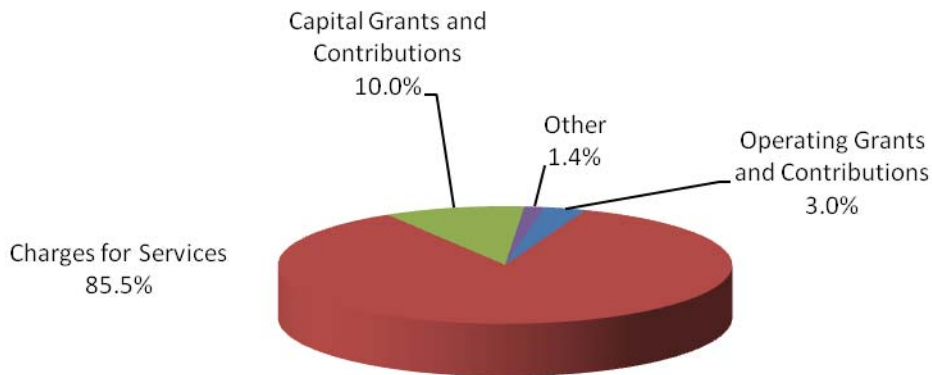


Figure 6: Revenues By Source- Business-Type Activities

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, fund balance available for appropriation can be a useful measure of a government's net resources available for spending at the end of the fiscal year. The County's major governmental funds include the General Fund, the County Capital Projects Fund, and the School Capital Commission Fund. The remaining governmental funds are considered non-major.

The General Fund is the chief operating fund of Buncombe County. At the end of the current fiscal year, Buncombe County's fund balance available in the General Fund was \$43.4 million. The Board of Commissioners has determined that the County should maintain an available fund balance of 15 percent of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. The County currently has an available fund balance of 17.4 percent. The County has been able to maintain its fund balance position during these stressed economic conditions because of operational efficiencies and controlled spending by departments.

The fund balance of the County's General Fund saw an increase of \$332 thousand from the previous year. Aiding in this increase is a property tax collection rate at 98.7 percent, which is higher than the statewide average of 97.9 percent. These tax collections were \$3.0 million higher than budgeted. Other general fund revenues considerably higher than budgeted are from sales taxes and revenues from sales and services. The amounts were higher than budget by \$1.1 million and \$1.0 million, respectively.



Figure 7: Changes in Net Assets (in millions)

	Governmental Activities		Business Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program Revenues:						
Charges for services	\$25.7	\$24.2	\$9.7	\$9.4	\$35.4	\$33.6
Operating grants and contributions	52.2	52.7	0.3	0.3	52.5	53.0
Capital grants and contributions	17.1	15.0	1.1	-	18.2	15.0
General revenues:						
Property taxes	167.5	165.8	-	-	167.5	165.8
Other taxes	38.1	36.8	-	-	38.1	36.8
Other	2.3	1.8	0.2	0.2	2.5	2.0
Total Revenues	302.9	296.3	11.3	9.9	314.2	306.2
Expenses:						
General government	22.5	22.1	-	-	22.5	22.1
Public safety	75.6	71.5	-	-	75.6	71.5
Economic and physical development	15.1	13.8	-	-	15.1	13.8
Human services	82.2	85.2	-	-	82.2	85.2
Culture and recreation	9.2	9.9	-	-	9.2	9.9
Education	95.6	78.4	-	-	95.6	78.4
Interest on long-term debt	9.8	7.7	-	-	9.8	7.7
Solid waste disposal	-	-	6.1	6.2	6.1	6.2
Other	-	-	5.7	5.0	5.7	5.0
Total expenses	310.0	288.6	11.8	11.2	321.8	299.8
Increase (decrease) in net assets before transfers, contributions, and special item	(7.1)	7.7	(0.5)	(1.3)	(7.6)	6.4
Transfers, contributions, and special item	-	(1.6)		1.6	-	-
Increase (decrease) in net assets	(7.1)	6.1	(0.5)	0.3	(7.6)	6.4
Net assets, beginning of year	73.7	67.3	44.8	47.7	118.5	115.0
Prior period adjustment	-	0.3	-	(3.2)	-	(2.9)
Net assets, end of year	\$66.6	\$73.7	\$44.3	\$44.8	\$110.9	\$118.5

The County Capital Project Fund accounts for capital asset construction or acquisition. Upon completion, these assets will be owned by the County. Due to new accounting standards, the Capital Reserve Fund previously reported as a separate special revenue fund has been consolidated into the County Capital Projects Fund. As such, the beginning fund balance for the County Capital Project Fund was increased by \$1.9 million. As of June 30, 2011, the fund balance for this fund was \$62.2 million, an increase of \$33.7 million from the prior year amount. The increase can be attributed to \$53.5 million of debt to be used for human services and public safety capital projects.

The School Capital Commission Fund accounts for revenues restricted for public school capital outlay projects. The total fund balance decreased \$18.9 million. This decrease can be misleading taken out of context. The prior year had a significant increase due to a debt issuance in the amount of \$36.7 million to fund two new intermediate schools for the Buncombe County School System and high school renovations for the Asheville City School System.

Proprietary Funds. The County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the Solid Waste Disposal Fund at the end of the fiscal year amounted to \$3.1 million and those for the Parking Deck equaled \$2.3 million. While the Solid Waste Disposal Fund saw total growth in net assets by \$2.4 million from the prior year, the Parking Deck Fund net assets decreased \$1.3 million during the same period. Other factors concerning the finances of these funds have already been addressed in the discussion of the County's business-type activities.

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 \$6.5 million or 2.5 percent.

The actual operating revenues and transfers for the General Fund were \$2.2 million less than the budgeted amount. To balance the budget, fund balance of \$7.1 million was appropriated for the fiscal year with the challenge to save the appropriated amount. Actual operating expenditures and transfers were less than the budgeted amount by \$9.6 million, thus eliminating the need to draw upon existing fund balance.

Capital Asset and Debt Administration

Capital Assets. As of June 30, 2011, the County's investment in capital assets, net of accumulated depreciation for its governmental and business-type activities totaled \$191.3 million. See Figure 8. These assets include land, buildings and improvements, equipment, automotive equipment, and construction in progress. The County's total capital assets increased 8.7 percent for fiscal year 2011 (a 13.7 percent increase for governmental activities and a 9.3 percent decrease for business-type activities).



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

	Governmental Activities		Business Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$8.6	\$8.4	\$8.6	\$6.3	\$17.2	\$14.7
Buildings and improvements	89.1	83.5	37.6	26.3	126.7	109.8
Equipment	8.1	7.7	1.6	14.7	9.7	22.4
Automotive equipment	3.1	2.4	.5	0.3	3.6	2.7
Intangibles	.1	-	-	-	.1	-
Construction in progress	30.9	21.0	3.1	5.4	34.0	26.4
Total capital assets	\$139.9	\$123.0	\$51.4	\$53.0	\$191.3	\$176.0

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

- Major renovations to the former Health Center building at 35 Woodfin Street to accommodate new County functions. The newly-renovated building now houses the County’s Tax Department, Offices of the Register of Deeds, Elections Services, and the Human Services’ Social Work Division.
- Completion of a total \$3.4 million renovation of Pack Memorial Library, the main branch of the Asheville Buncombe Library System. The renovation was a total overhaul of the building and provides a more secure, energy efficient and user-friendly design.
- The beginning of construction on a \$26 million addition to the County Courthouse. This nine-story tower on the eastern face of the courthouse will add elevators, stairs and restrooms and provide a new secured public entrance to the building. These additions will enable the 1928 courthouse to sufficiently handle traffic and allow the building to empty safely in case of an emergency.
- The beginning of construction on the new \$15 million Public Safety Training Facility, which will be located on the site of the old County landfill. The facility will include a defensive driving course, fire training tower, burn buildings, rescue evolutions, and educational classroom space. This facility will benefit local governments throughout Western North Carolina.

Additional information on the County’s capital assets can be found in Note 2(A)(5) of the financial statements.



Figure 9: Outstanding Debt (in millions)

	Governmental Activities		Business Type Activities		Total	
	2011	2010	2011	2010	2011	2010
General Obligation Bonds	\$58.8	\$65.5	\$ -	\$ -	\$58.8	\$65.5
Special Obligation Revenue Bonds	-	-	5.5	7.5	5.5	7.5
Installment Notes Payable	172.1	127.2	13.2	13.8	185.3	141.0
Product Development Financing Bonds	12.8	12.8	-	-	12.8	12.8
Total debt	\$243.7	\$205.5	\$18.7	\$21.3	\$262.4	\$226.8

Outstanding Debt. The County’s outstanding long-term debt increased by \$35.6 million or 15.7 percent during the past fiscal year. As of June 30, 2011, the County’s total debt outstanding was \$262.4 million, of which \$58.8 million is debt backed by the full faith and credit of the County and \$5.5 million is special obligation revenue bonds for which revenues are pledged to the payment of and as security for the bonds. Installment notes account for \$185.3 million. Collateral for these notes are the assets purchased or constructed.

The remaining \$12.8 million is for Product Development Financing (PDF) Bonds issued in fiscal year 2009 to fund the Woodfin Downtown District Project. PDF bonds are a financing mechanism whereby the County can promote economic development and redevelopment by capturing the incremental increase in tax revenue created by the project as a means of funding the debt service.

Bond ratings are a clear indication of the sound financial condition of the County, which helps insure low interest rates on the County’s debt. As mentioned in the financial highlights section of this document, Buncombe County maintained its AA+ bond rating from Standard & Poor and its Aa2 rating with Moody’s. These ratings reflect on the County’s strong fiscal position supported by management’s long-term adherence to sound fiscal policies and Buncombe County’s role as the regional economic center of Western North Carolina.

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 \$2.1 billion. The County has \$915,000 in bonds authorized but not issued at June 30, 2011.

Additional information regarding the County’s long-term debt can be found in Note 2(B)(8)(a) through (j) of the financial statements.

Economic Factors Affecting Next Year's Budget and Rates

The County has approved a \$257.5 million General Fund budget for fiscal year 2012, which represents a 0.7 percent decrease over the 2011 final budget. The following factors were considered when developing the 2012 budget:

- Economic recovery has not arrived as quickly as hoped and the County faces significant challenges as the prolonged economic downturn continues to drive unprecedented growth in caseloads.
- General fund revenues are derived primarily from three sources: property tax, sales tax, and intergovernmental transfers (primarily for human services). At best, these revenues can be described as stagnant. The economic decline continues to impact sales tax and other growth-related revenues.
- A continued focus to provide those core services the County is required to provide and developing community partnerships to continue services that are not “core” to County government but are essential for the community’s economic vitality.

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 61 Terminal Drive, Fletcher, NC 28732.

Basic Financial Statements

Buncombe County, North Carolina



BUNCOMBE COUNTY, NORTH CAROLINA

Statement of Net Assets

JUNE 30, 2011

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 82,837,415	\$ 22,338,986	\$ 105,176,401
Investments	31,667,497	-	31,667,497
Receivables (net)	7,097,442	823,332	7,920,774
Due from other governments	17,618,116	-	17,618,116
Due from primary government	-	-	-
Inventories	193,160	39,019	232,179
Prepays	2,823,505	-	2,823,505
Assets held for resale	6,717,209	-	6,717,209
Restricted cash and cash equivalents	57,654,128	1,516,288	59,170,416
Deferred cost of refunding	866,737	72,943	939,680
Long-term receivables	1,265,824	-	1,265,824
Other assets	-	-	-
Capital assets:			
Land and construction in progress	39,522,817	11,719,421	51,242,238
Other capital assets, net of depreciation	100,347,884	39,711,923	140,059,807
Total capital assets	139,870,701	51,431,344	191,302,045
Total assets	348,611,734	76,221,912	424,833,646
LIABILITIES			
Accounts payable and accrued expenses	20,941,692	1,043,562	21,985,254
Other liabilities	454,554	-	454,554
Accrued interest payable	1,298,002	220,769	1,518,771
Payable from restricted cash	1,558,632	-	1,558,632
Unearned revenue	1,459,966	29,000	1,488,966
Due to component unit	773,259	-	773,259
Long-term liabilities:			
Due within one year	21,717,000	2,092,818	23,809,818
Due in more than one year	233,807,178	28,472,928	262,280,106
Total long-term liabilities	255,524,178	30,565,746	286,089,924
Total liabilities	282,010,283	31,859,077	313,869,360
NET ASSETS			
Invested in capital assets, net of related debt	69,599,272	34,193,312	103,792,584
Restricted for:			
Stabilization by State statute	21,911,154	-	21,911,154
Product development	-	-	-
Capital projects	63,204,903	1,516,288	64,721,191
Other	6,593,985	-	6,593,985
Unrestricted	(94,707,863)	8,653,235	(86,054,628)
Total net assets	\$ 66,601,451	\$ 44,362,835	\$ 110,964,286

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

Component Units			
Asheville Regional Airport	Tourism Development Authority	Buncombe County Service Foundation	WNC Regional Air Quality Agency
\$ 10,890,553	\$ 9,162,828	\$ 100,000	\$ 779,894
-	-	-	-
994,544	-	-	-
127,694	-	-	-
-	773,259	-	-
-	-	-	-
37,120	-	-	-
-	-	-	-
225,021	-	-	-
-	-	-	-
-	-	-	-
29,392	-	-	-
7,785,101	-	-	-
62,411,388	-	-	10,208
70,196,489	-	-	10,208
82,500,813	9,936,087	100,000	790,102
681,784	835,430	-	82,739
-	-	-	-
-	-	-	-
172,504	-	-	-
-	-	-	-
-	-	-	-
634,788	-	-	125,276
3,820,002	-	-	13,457
4,454,790	-	-	138,733
5,309,078	835,430	-	221,472
66,701,165	-	-	10,208
-	773,259	-	-
-	5,879,496	-	-
-	-	-	-
225,021	-	-	-
10,265,549	2,447,902	100,000	558,422
\$ 77,191,735	\$ 9,100,657	\$ 100,000	\$ 568,630

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

BUNCOMBE COUNTY, NORTH CAROLINA

Statement of Activities

FOR THE YEAR ENDED JUNE 30, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
GOVERNMENTAL ACTIVITIES:				
General government	\$ 22,459,758	\$ 3,617,461	\$ 1,249,348	\$ -
Public safety	75,632,295	8,197,334	4,950,001	795,054
Economic and physical development	15,057,537	7,976,554	2,981,507	130,777
Human services	82,215,499	5,031,516	42,206,037	947,125
Cultural and recreational	9,167,471	873,489	809,689	-
Education	95,611,470	-	-	15,238,230
Interest on long-term debt	9,896,183	-	-	-
Total Governmental Activities	310,040,213	25,696,354	52,196,582	17,111,186
BUSINESS-TYPE ACTIVITIES:				
Solid Waste Disposal	6,103,665	6,910,220	341,098	1,142,529
Parking Deck	2,029,024	663,860	-	-
Human Services Facilities	871,532	474,937	-	-
Mental Health	689,128	-	-	-
Criminal Justice Information System	1,597,872	1,270,613	-	-
Inmate Commissary/Welfare	524,703	412,890	-	-
Total Business-Type Activities	11,815,924	9,732,520	341,098	1,142,529
Total Primary Government	\$ 321,856,137	\$ 35,428,874	\$ 52,537,680	\$ 18,253,715
COMPONENT UNITS:				
Asheville Regional Airport	\$ 11,429,653	\$ 8,331,092	\$ -	\$ 4,547,692
Tourism Development Authority	5,458,424	-	6,779,130	-
Buncombe County Service Foundation	-	100,000	-	-
WNC Regional Air Quality Agency	926,033	182,300	677,400	-
Total Component Units	\$ 17,814,110	\$ 8,613,392	\$ 7,456,530	\$ 4,547,692

General revenues:

Taxes:

Property taxes, levied for general purpose

Local option sales tax

Other taxes and licenses

Investment earnings, unrestricted

Miscellaneous, unrestricted

Total general revenues

Change in net assets

Net assets, beginning of year, as originally reported

Prior period adjustments

Net assets, beginning of year, as restated

Net assets, ending

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

Net (Expense) Revenue and Change in net assets						
Primary Government			Component Units			
Governmental Activities	Business-type Activities	Total	Asheville Regional Airport	Tourism Development Authority	Buncombe County Service Foundation	WNC Regional Air Quality Agency
\$ (17,592,949)	\$ -	\$ (17,592,949)				
(61,689,906)	-	(61,689,906)				
(3,968,699)	-	(3,968,699)				
(34,030,821)	-	(34,030,821)				
(7,484,293)	-	(7,484,293)				
(80,373,240)	-	(80,373,240)				
(9,896,183)	-	(9,896,183)				
<u>(215,036,091)</u>	<u>-</u>	<u>(215,036,091)</u>				
-	2,290,182	2,290,182				
-	(1,365,164)	(1,365,164)				
-	(396,595)	(396,595)				
-	(689,128)	(689,128)				
-	(327,259)	(327,259)				
-	(111,813)	(111,813)				
-	(599,777)	(599,777)				
<u>(215,036,091)</u>	<u>(599,777)</u>	<u>(215,635,868)</u>				
			\$ 1,449,131	\$ -	\$ -	\$ -
			-	1,320,706	-	-
			-	-	100,000	-
			-	-	-	(66,333)
			<u>1,449,131</u>	<u>1,320,706</u>	<u>100,000</u>	<u>(66,333)</u>
167,506,260	-	167,506,260	-	-	-	-
33,152,165	-	33,152,165	-	-	-	-
4,966,792	-	4,966,792	-	-	-	-
598,662	161,039	759,701	32,230	13,128	-	6,636
1,665,941	-	1,665,941	2,430,197	41,743	-	1,410
<u>207,889,820</u>	<u>161,039</u>	<u>208,050,859</u>	<u>2,462,427</u>	<u>54,871</u>	<u>-</u>	<u>8,046</u>
<u>(7,146,271)</u>	<u>(438,738)</u>	<u>(7,585,009)</u>	<u>3,911,558</u>	<u>1,375,577</u>	<u>100,000</u>	<u>(58,287)</u>
73,747,722	44,801,573	118,549,295	73,280,177	7,947,219	-	626,917
-	-	-	-	(222,139)	-	-
<u>73,747,722</u>	<u>44,801,573</u>	<u>118,549,295</u>	<u>73,280,177</u>	<u>7,725,080</u>	<u>-</u>	<u>626,917</u>
\$ 66,601,451	\$ 44,362,835	\$ 110,964,286	\$ 77,191,735	\$ 9,100,657	\$ 100,000	\$ 568,630

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

BUNCOMBE COUNTY, NORTH CAROLINA

Exhibit 3

Balance Sheet
Governmental Funds

JUNE 30, 2011

	General	County Capital Projects	School Capital Commission	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 37,952,663	\$ 22,539,554	\$ 8,234,133	\$ 9,027,771	\$ 77,754,121
Investments	31,667,497	-	-	-	31,667,497
Restricted cash and cash equivalents	-	36,062,159	18,868,985	2,722,984	57,654,128
Receivables, net	5,418,951	78,492	-	1,513,608	7,011,051
Due from other governments	12,369,456	-	3,311,692	1,936,968	17,618,116
Due from other funds	1,420,812	-	-	-	1,420,812
Inventories	193,160	-	-	-	193,160
Prepaid items	77,311	-	-	-	77,311
Assets held for resale	-	6,717,209	-	-	6,717,209
Long-term receivable	-	500,000	-	-	500,000
Total assets	<u>\$ 89,099,850</u>	<u>\$ 65,897,414</u>	<u>\$ 30,414,810</u>	<u>\$ 15,201,331</u>	<u>\$ 200,613,405</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 15,915,972	\$ 1,814,248	\$ -	\$ 1,933,597	\$ 19,663,817
Miscellaneous liabilities	136,841	-	-	317,713	454,554
Payable from restricted cash	-	1,385,607	168,665	4,360	1,558,632
Unearned revenue	1,387,281	-	-	72,685	1,459,966
Due to component unit	-	-	-	773,259	773,259
Due to other funds	-	-	-	1,420,812	1,420,812
Deferred revenue	837,583	500,000	-	228,823	1,566,406
Total liabilities	<u>18,277,677</u>	<u>3,699,855</u>	<u>168,665</u>	<u>4,751,249</u>	<u>26,897,446</u>
Fund balances:					
Nonspendable	270,471	6,717,209	-	-	6,987,680
Restricted for:					
Stabilization by State statute	18,371,636	(421,508)	3,311,692	649,334	21,911,154
Capital projects	-	36,062,159	26,934,453	208,291	63,204,903
Other	-	-	-	6,593,985	6,593,985
Committed	1,050,000	-	-	-	1,050,000
Assigned	7,692,536	19,839,699	-	2,998,472	30,530,707
Unassigned	43,437,530	-	-	-	43,437,530
Total fund balances	<u>70,822,173</u>	<u>62,197,559</u>	<u>30,246,145</u>	<u>10,450,082</u>	<u>173,715,959</u>
Total liabilities and fund balances	<u>\$ 89,099,850</u>	<u>\$ 65,897,414</u>	<u>\$ 30,414,810</u>	<u>\$ 15,201,331</u>	

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

Reconciliation to full accrual basis of accounting (see Note 1)	(107,114,508)
Net assets of governmental activities	<u>\$ 66,601,451</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, 2011

	County Capital Projects	School Capital Commission	Other Governmental Funds	Total Governmental Funds
REVENUES:				
Ad valorem taxes	\$ 153,298,703	\$ -	\$ 14,651,814	\$ 167,950,517
Local option sales taxes	29,166,747	-	3,985,418	33,152,165
Other taxes and licenses	4,317,150	-	6,882,365	11,199,515
Unrestricted intergovernmental	649,642	-	-	649,642
Restricted intergovernmental	43,148,608	-	15,238,230	69,745,379
Permits and fees	2,637,544	-	-	2,637,544
Sales and services	14,893,429	-	345,405	15,238,834
Investment earnings	682,868	53,552	46,321	828,614
Miscellaneous	818,408	-	370,533	1,188,941
Total revenues	249,613,099	53,552	15,284,551	37,639,949
EXPENDITURES:				
Current:				
General government	21,629,654	-	140,360	21,770,014
Public safety	48,608,280	-	21,915,348	70,523,628
Economic and physical developm	6,167,998	-	6,962,549	13,130,547
Human services	74,180,145	-	6,767,881	80,948,026
Cultural and recreational	7,770,410	-	105,709	7,876,119
Intergovernmental:				
Education	70,634,616	-	-	70,634,616
Capital outlay	-	23,794,119	24,976,854	50,538,800
Debt service:				
Principal retirement	9,750,699	-	8,599,301	18,350,000
Interest and fees	3,714,110	1,134,405	4,404,159	10,175,923
Total expenditures	242,455,912	24,928,524	37,980,314	38,582,923
Revenues over (under) expenditures	7,157,187	(24,874,972)	(22,695,763)	(942,974)
OTHER FINANCING SOURCES /(USES)				
Transfers from other funds	291,811	3,763,112	-	4,980,377
Transfers to other funds	(7,277,123)	-	-	(4,020,610)
Installment obligations issued	-	51,920,000	3,800,000	-
Premium on installment obligations	-	1,619,652	-	-
Sales of capital assets	160,672	1,300,000	-	-
Total other financing sources (uses)	(6,824,640)	58,602,764	3,800,000	959,767
Net changes in fund balances	332,547	33,727,792	(18,895,763)	16,793
Fund balances, beginning of year	70,489,626	28,469,767	49,141,908	10,433,289
Fund balances, end of year	\$ 70,822,173	\$ 62,197,559	\$ 30,246,145	\$ 10,450,082
Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different:				
Net changes in fund balances - total governmental funds				\$ 15,181,369
Reconciliation to full accrual basis of accounting (see Note 1)				(22,327,640)
Total Change in net assets of governmental activities				\$ (7,146,271)

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, 2011

	General Fund			Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Ad valorem taxes	\$ 150,278,615	\$ 150,278,615	\$ 153,298,703	\$ 3,020,088
Local option sales taxes	27,957,326	28,047,225	29,166,747	1,119,522
Other taxes and licenses	4,446,000	4,446,000	4,317,150	(128,850)
Unrestricted intergovernmental	49,000	49,000	649,642	600,642
Restricted intergovernmental	42,635,716	44,588,161	43,148,608	(1,439,553)
Permits and fees	1,164,950	2,622,425	2,637,544	15,119
Sales and services	14,680,219	13,854,917	14,893,429	1,038,512
Investment earnings	550,000	550,000	682,868	132,868
Miscellaneous	1,135,841	1,009,455	818,408	(191,047)
Total revenues	242,897,667	245,445,798	249,613,099	4,167,301
EXPENDITURES				
Current:				
General government	22,403,115	22,625,593	21,629,654	995,939
Public safety	48,077,220	48,609,134	48,608,280	854
Economic and physical development	8,242,852	8,254,039	6,167,998	2,086,041
Human services	74,796,453	76,439,460	74,180,145	2,259,315
Cultural and recreational	8,754,123	8,809,742	7,770,410	1,039,332
Intergovernmental:				
Education	70,082,614	71,508,370	70,634,616	873,754
Total current expenditures	232,356,377	236,246,338	228,991,103	7,255,235
Debt service:				
Principal retirement			9,750,699	
Interest and other charges			3,714,110	
Total debt service	17,007,332	15,886,583	13,464,809	2,421,774
Total expenditures	249,363,709	252,132,921	242,455,912	9,677,009
Revenues over (under) expenditures	(6,466,042)	(6,687,123)	7,157,187	13,844,310
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	3,057,382	6,640,775	291,811	(6,348,964)
Transfers to other funds	(3,518,726)	(7,277,124)	(7,277,123)	1
Sales of capital assets	-	130,000	160,672	30,672
Appropriated fund balance	6,927,386	7,193,472	-	(7,193,472)
Total other financing sources (uses)	6,466,042	6,687,123	(6,824,640)	(13,511,763)
Net changes in fund balance	\$ -	\$ -	332,547	\$ 332,547
Fund balance, beginning of year			70,489,626	
Fund balance, end of year			\$ 70,822,173	

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, 2011

	Enterprise Funds			Total	Internal
	Solid Waste Disposal Fund	Parking Deck Fund	Other Enterprise Funds		Service Fund Insurance Fund
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 14,973,914	\$ 3,983,595	\$ 3,381,477	\$ 22,338,986	\$ 5,083,294
Receivables, net	690,358	3,628	129,346	823,332	-
Prepays	-	-	-	-	2,746,194
Inventories	39,019	-	-	39,019	-
Total current assets	15,703,291	3,987,223	3,510,823	23,201,337	7,829,488
Noncurrent assets:					
Restricted cash and cash equivalents	45,475	1,470,813	-	1,516,288	-
Deferred cost of refunding	72,943	-	-	72,943	-
Capital assets:					
Land, improvements, and construction in progress	9,370,842	-	2,348,579	11,719,421	-
Other capital assets, net of depreciation	20,084,655	12,477,815	7,149,453	39,711,923	-
Total capital assets	29,455,497	12,477,815	9,498,032	51,431,344	-
Total noncurrent assets	29,573,915	13,948,628	9,498,032	53,020,575	-
Total assets	45,277,206	17,935,851	13,008,855	76,221,912	7,829,488
LIABILITIES					
Current liabilities:					
Accounts payable	751,758	3,705	98,544	854,007	1,277,875
Accrued interest payable	75,842	144,927	-	220,769	-
Salaries and payroll taxes payable	106,214	14,761	68,580	189,555	-
Compensated absences	89,040	8,861	69,527	167,428	-
Unearned revenue	-	5,000	24,000	29,000	-
Revenue bonds payable	1,305,000	-	-	1,305,000	-
Installment obligations payable	220,390	400,000	-	620,390	-
Total current liabilities	2,548,244	577,254	260,651	3,386,149	1,277,875
Noncurrent liabilities:					
Accrued landfill closure and postclosure care costs	11,570,565	-	-	11,570,565	-
Other postemployment benefits	55,413	3,386	14,634	73,433	-
Revenue bonds payable, net	4,225,476	-	-	4,225,476	-
Installment obligations payable, net	-	12,603,454	-	12,603,454	-
Total noncurrent liabilities	15,851,454	12,606,840	14,634	28,472,928	-
Total liabilities	18,399,698	13,184,094	275,285	31,859,077	1,277,875
NET ASSETS					
Invested in capital assets, net of related debt	23,750,106	945,174	9,498,032	34,193,312	-
Restricted for capital projects	45,475	1,470,813	-	1,516,288	-
Unrestricted	3,081,927	2,335,770	3,235,538	8,653,235	6,551,613
Total net assets	\$ 26,877,508	\$ 4,751,757	\$ 12,733,570	\$ 44,362,835	\$ 6,551,613

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

BUNCOMBE COUNTY, NORTH CAROLINA

Exhibit 7

Statement of Revenues, Expenses, and Change in net assets
Proprietary Funds

FOR THE YEAR ENDED JUNE 30, 2011

	Enterprise Funds			Total	Internal
	Solid Waste Disposal Fund	Parking Deck Fund	Other Enterprise Funds		Service Fund Insurance Fund
OPERATING REVENUES					
Charges for services	\$ 6,910,220	\$ 663,860	\$ 2,158,440	\$ 9,732,520	\$ 19,144,817
Miscellaneous	341,098	-	-	341,098	-
Total operating revenues	<u>7,251,318</u>	<u>663,860</u>	<u>2,158,440</u>	<u>10,073,618</u>	<u>19,144,817</u>
OPERATING EXPENSES					
Salaries, wages, and fringe benefits	1,456,236	190,313	823,128	2,469,677	129,790
Contracted services	634,699	23,343	735,863	1,393,905	-
Cost of products sold	-	-	187,295	187,295	-
Maintenance and repairs	334,642	18,755	468,628	822,025	-
Other operating expenses	975,010	60,629	422,488	1,458,127	-
Landfill closure and postclosure care costs	644,071	-	-	644,071	-
Depreciation	1,746,280	495,597	901,522	3,143,399	-
Insurance premiums	-	-	-	-	1,152,719
Claims	-	-	-	-	20,606,479
Total operating expenses	<u>5,790,938</u>	<u>788,637</u>	<u>3,538,924</u>	<u>10,118,499</u>	<u>21,888,988</u>
Operating income (loss)	<u>1,460,380</u>	<u>(124,777)</u>	<u>(1,380,484)</u>	<u>(44,881)</u>	<u>(2,744,171)</u>
NONOPERATING REVENUES (EXPENSES)					
Interest and investment revenue	91,272	35,405	34,362	161,039	35,004
Interest and other charges	(312,032)	(598,291)	-	(910,323)	-
Loss on disposal of assets	(695)	(642,096)	(144,311)	(787,102)	-
Total nonoperating revenues (expenses)	<u>(221,455)</u>	<u>(1,204,982)</u>	<u>(109,949)</u>	<u>(1,536,386)</u>	<u>35,004</u>
Income (loss) before contributions and transfers	1,238,925	(1,329,759)	(1,490,433)	(1,581,267)	(2,709,167)
Capital contributions	1,142,529	-	-	1,142,529	-
Transfers from other funds	-	-	-	-	2,262,433
Change in net assets	<u>2,381,454</u>	<u>(1,329,759)</u>	<u>(1,490,433)</u>	<u>(438,738)</u>	<u>(446,734)</u>
Net assets, beginning of year	<u>24,496,054</u>	<u>6,081,516</u>	<u>14,224,003</u>	<u>44,801,573</u>	<u>6,998,347</u>
Net assets, end of year	<u>\$ 26,877,508</u>	<u>\$ 4,751,757</u>	<u>\$ 12,733,570</u>	<u>\$ 44,362,835</u>	<u>\$ 6,551,613</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, 2011

	Enterprise Funds			Total	Internal
	Solid Waste Disposal Fund	Parking Deck Fund	Other Enterprise Funds		Service Fund Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 6,933,480	\$ 674,866	\$ 2,127,434	\$ 9,735,780	\$ 19,144,817
Cash paid for goods and services	(2,100,225)	(107,300)	(1,748,643)	(3,956,168)	(22,172,947)
Cash paid to employees for services	(1,431,148)	(185,195)	(801,434)	(2,417,777)	(129,790)
Other operating revenue	341,098	-	-	341,098	-
Net cash provided (used) by operating activities	3,743,205	382,371	(422,643)	3,702,933	(3,157,920)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	-	-	-	-	2,262,433
Net cash provided by noncapital financing activities	-	-	-	-	2,262,433
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(1,772,720)	-	(93,108)	(1,865,828)	-
Capital contributions	1,142,529	-	-	1,142,529	-
Principal paid on installment obligation	(220,000)	(385,000)	-	(605,000)	-
Principal paid on bond maturities	(1,995,000)	-	-	(1,995,000)	-
Interest paid on long-term debt	(301,433)	(597,242)	-	(898,675)	-
Net cash used by capital and related financing activities	(3,146,624)	(982,242)	(93,108)	(4,221,974)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	91,272	35,405	83,625	210,302	35,004
Net cash provided by investing activities	91,272	35,405	83,625	210,302	35,004
Net increase (decrease) in cash and cash equivalents	687,853	(564,466)	(432,126)	(308,739)	(860,483)
Cash and cash equivalents, beginning of year	14,331,536	6,018,874	3,813,603	24,164,013	5,943,777
Cash and cash equivalents, end of year	\$ 15,019,389	\$ 5,454,408	\$ 3,381,477	\$ 23,855,274	\$ 5,083,294

Continued on next page

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, 2011

	Enterprise Funds			Total	Internal
	Solid Waste Disposal Fund	Parking Deck Fund	Other Enterprise Funds		Service Fund Insurance Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 1,460,380	\$ (124,777)	\$ (1,380,484)	\$ (44,881)	\$ (2,744,171)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	1,746,280	495,597	901,522	3,143,399	-
Landfill closure and postclosure care costs	400,012	-	-	400,012	-
Changes in assets and liabilities:					
Accounts receivable	23,260	10,506	(31,006)	2,760	-
Prepaid items	-	-	-	-	34,767
Inventories	(20,924)	-	-	(20,924)	-
Accounts payable	109,109	(4,573)	65,631	170,167	(448,516)
Salaries and payroll taxes payable	10,419	1,426	12,558	24,403	-
Other liabilities	-	500	-	500	-
Other postemployment benefits	4,162	571	2,554	7,287	-
Accrued compensated absences	10,507	3,121	6,582	20,210	-
Total adjustments	2,282,825	507,148	957,841	3,747,814	(413,749)
Net cash provided (used) by operating activities	\$ 3,743,205	\$ 382,371	\$ (422,643)	\$ 3,702,933	\$ (3,157,920)

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

BUNCOMBE COUNTY, NORTH CAROLINA

Exhibit 9

Statement of Fiduciary Net Assets

JUNE 30, 2011

	OPEB Trust Fund	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 3,835,099	\$ 2,215,277
Accounts receivable	-	583,984
	<u>\$ 3,835,099</u>	<u>\$ 2,799,261</u>
LIABILITIES		
Accounts payable	\$ -	\$ 205,564
Due to other taxing units	-	738,878
Intergovernmental payable - State of North Carolina	-	11,397
Due to beneficiaries	-	1,843,422
Total liabilities	<u>-</u>	<u>2,799,261</u>
NET ASSETS		
Assets held in trust for health benefits	<u>\$ 3,835,099</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, 2011

	<u>OPEB Trust Fund</u>
ADDITIONS	
Employer contributions	\$ 1,000,858
Investment income:	
Net appreciation in fair value of investments	510,668
Investment earnings, net	62,579
Total additions	<u>1,574,105</u>
NET ASSETS, BEGINNING	<u>2,260,994</u>
NET ASSETS, ENDING	<u><u>\$ 3,835,099</u></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, 2011

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), Buncombe County Service Foundation, Inc. (the Foundation), and Western North Carolina Regional Air Quality Agency (the Agency), which have a June 30 year-end, are presented as if they are separate governmental funds of the County (discrete presentation). The discretely presented component units presented below are reported in a separate column in the County's financial statements in order to emphasize that they are legally separate from the County.

Component Unit	Reporting Method	Criteria for Inclusion	Separate Financial Statements
Buncombe County Industrial Facility and Pollution Control Financing Authority	Discrete	The Authority is governed by a seven-member board of commissioners that is appointed by the county commissioners. The County can remove any commissioner of the Authority with or without cause.	None issued (no amounts have been presented because no financial transactions or account balances exist).
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

Buncombe County Tourism Development Authority	Discrete	The Development Authority is governed by members appointed by the County Commissioners, the Asheville City Council, and the Asheville Area Chamber of Commerce. The Development Authority derives its revenues through a special room occupancy tax which is authorized by, and may be repealed by, the decision of the County Commissioners.	Tourism Development Authority Post Office Box 1010 Asheville, North Carolina 28812
Buncombe County Service Foundation, Inc.	Discrete	The Foundation is a 501(c)(3) organization dedicated to the enhancement of services for the citizens of Buncombe County. The Foundation is managed through a seven member Board of Directors. Membership of the Board consists of the two Assistant County Managers, the Assistant County Attorney, the Finance Officer, and one member from each of the following Buncombe County boards as elected by their Board membership: Parks, Greenways, and Recreation; Social Services; Library and a member cross appointed to the Health and DSS Board. The Foundation’s budget is included in the County’s annual budget process.	None issued.
Western North Carolina Regional Air Quality Agency	Discrete	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.	None issued.

(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 operations.

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 Inmate Trust Fund, which accounts for the revenues and expenditures of activity funds belonging to inmates during the period of incarceration; the General Agency Accounts, which account for ad valorem and local option sales taxes collected for other taxing units; the Social Services Fund, which accounts for monies deposited with the Department of Social Services for the benefit of certain individuals; the Sondley Estate Trust, which accounts for certain monies held by the County which was appointed as

fiscal agent by the Courts; the NC Motor Vehicle Interest Fund, which accounts for the 3% interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles; the Deed of Trust Fee Fund, which accounts for the five dollars of each fee collected by the register of deeds for registering or filing a deed of trust or mortgage and remitted to the State Treasurer on a monthly basis; and the Buncombe County Anticrime Task Force, which accounts for forfeiture and controlled substance tax earmarked for the Buncombe County Anticrime Task Force.

Measurement Focus, Basis of Accounting

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

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

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

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

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

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Under State law (as of January 1, 1993), the County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For those motor vehicles registered under the staggered system and for vehicles newly registered under the annual system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2010 through February 2011 apply to the fiscal year ended June 30, 2011. 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, and Transportation, Drug Forfeitures, Special Revenue Funds, and the Enterprise Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Capital Projects Funds, Grant Projects Fund, PDF Woodfin Fund, PDF Debt Service Fund and the Enterprise Capital Projects Funds.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$50,000. The governing board must approve all amendments. The County Manager is authorized by the budget ordinance to transfer appropriations between functional areas within a fund up to \$50,000 per expenditure; however, any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$50,000 per expenditure must be approved by the governing board. Budgetary transfers by the Manager must be reported to the County Commissioners at the next board meeting and recorded in the minutes. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

(D) Assets, Liabilities, and Fund Equity

(1) Deposits and Investments

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

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

General Statute 159-30.1 allows the County to establish an Other Postemployment Benefit (OPEB) Trust managed by the staff of the Department of the State Treasurer and operated in accordance with state laws

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

The County, Airport Authority, Tourism Development Authority, Agency and Foundation's investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earning investment contracts are reported at cost. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. The STIF securities are reported at cost and maintain a constant \$1 per share value. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to participants of the fund. The LTIF is also valued at \$1 per share. The Global Ex-US Alpha Tilts Fund B is priced at \$17.94 per share and the Russell 3000 Alpha Tilts Fund B is priced at \$29.14 per share at June 30, 2011.

(2) Cash and Cash Equivalents

The County pools monies from several funds, except the Pension Trust Fund, to facilitate disbursement and investment and to maximize the investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. Unrestricted cash totaling \$22,338,986 and restricted cash of \$1,516,288 make up the \$23,855,274 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 General Fund, County Capital Projects, School Capital Commission, PDF Woodfin, and PDF Debt Service Funds are classified as restricted assets within the governmental funds because their use is completely restricted to the purpose for which the bonds were originally issued.

Restricted cash and cash equivalents of \$1,516,288 in the Enterprise Funds are reserved for construction of landfill facilities and parking decks from unexpended bond proceeds.

The Asheville Regional Airport Authority's revenue bond agreement requires that the Authority maintain restricted cash reserves equal to 50% of the outstanding principal balance of the revenue bonds. Additionally, the agreement requires that net revenues generated from the rental car facility be maintained in a revenue cash fund to service the operating expenses and debt service of the facility.

(4) Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2010.

(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.

The County holds title to certain Buncombe County Board of Education properties that have not been included in capital assets. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education, once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are reflected as capital assets in the financial statements of the Buncombe County Board of Education.

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

	<u>Years</u>
Buildings	30
Improvements	20
Furniture, equipment, and software	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
Computer software	5
Computer equipment	5

(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 other financing sources.

(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 not to exceed 60 days is due the employee.

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

The Airport Authority's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave is earned by regular full-time employees at a rate of 12 days per year. All employees who properly resign, are laid off, or otherwise separate from the Airport Authority in good standing shall be entitled to be paid for 33% of any unused sick leave balance earned by them not to exceed 240 hours.

(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 a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through state statute.

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

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

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

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

Restricted for Capital Projects-Portion of fund balance that is restricted by revenue source for capital project expenditures.

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

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

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

Restricted for School Capital-Portion of fund balance that can only be used for School Capital per G.S. 159-18-22.

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

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

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

Subsequent year's expenditures-Portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however the budget ordinance authorizes the manager to modify the appropriations by resource or appropriation within funds up to \$50,000.

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

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

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

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

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

(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:

<u>Description</u>	<u>Amount</u>
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 203,057,061
Less accumulated depreciation	<u>(63,186,360)</u>
Net capital assets	139,870,701
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	86,391
Long-term receivables are not available to pay current expenditures and therefore are not recognized as assets in the funds	765,824
Liabilities for revenue deferred but earned and therefore recorded in the fund statements but not the government-wide	1,566,406
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	6,551,613
Deferred charges related to advance refunding bond issued – included on government-wide statement of net assets but are not current financial resources	866,737
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Bonds and installment financing	(243,684,878)
Compensated absences	(7,036,823)
Accrued pension obligation	(1,692,736)
Other postemployment benefits	(3,109,741)
Accrued interest payable	<u>(1,298,002)</u>
Total	<u>\$ (107,114,508)</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes 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. There are several elements of that total adjustment as follows:

<u>Description</u>	<u>Amount</u>
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of net assets	\$ 26,290,935
Cost of disposed assets not recorded in fund statements	(2,373,937)
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	(7,039,909)

<u>Description</u>	<u>Amount</u>
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.	
Installment financing obligations issued	(57,339,652)
Principal payments on long-term debt	18,350,000
Assistance payments resulting in long-term receivables use current financial resources and are recognized as expenditures in the fund statements	73,331
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)	412,378
Amortization of refunding costs not recorded on fund statements	(132,638)
Pension obligations	(193,755)
Compensated absences	556,820
Other postemployment benefits	(310,270)
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)	(229,952)
Reversal of property taxes deferred in fund statements as of July 1, 2010	(1,510,663)
Recording of property taxes deferred in the fund statements as of June 30, 2011	1,066,406
Issuance of long-term note receivable for sale of property	500,000
Net revenue, including transfers, of internal service funds determined to be governmental type	<u>(446,734)</u>
Total	<u>\$ (22,327,640)</u>

(F) Estimates

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

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

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

The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County, Tourism Development Authority, Buncombe County Service Foundation, Inc. and Western North Carolina Regional Air Quality Agency rely on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institution used by the County. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The Airport Authority has no formal policy regarding custodial credit risk for deposits.

At June 30, 2011, the County's (including Western North Carolina Regional Air Quality Agency and the Buncombe County Service Foundation) deposits had a carrying amount of \$63,181,231 and a bank balance of \$64,237,198. Of the bank balance, \$764,547 was covered by federal depository insurance and \$63,472,651 was covered by collateral held under the Pooling Method. These amounts include \$2,215,277 held by the County in its fiduciary capacity for its agency funds.

At June 30, 2011, Buncombe County had \$11,465 cash on hand.

At June 30, 2011, the carrying amount of deposits for the Airport Authority was \$10,898,416 and the bank balance was \$10,955,697. Of the bank balance, \$500,000 was covered by federal depository insurance and \$10,455,697 was covered under the Pooling method. The Authority maintains petty cash of \$100.

At June 30, 2011, the Tourism Development Authority's deposits had a carrying amount of \$2,809,992, and a bank balance of \$2,990,713. Of the bank balance, \$250,000 was covered by federal depository insurance and \$2,740,713 was covered by collateral held under the Pooling Method.

(2) Investments

As of June 30, 2011, 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	\$ 15,667,497	\$ -	\$ -	\$ 6,677,892	\$ 8,989,605
Commercial Paper	26,886,025	-	16,921,275	9,964,750	-
Certificates of Deposit	10,000,000	-	4,000,000	6,000,000	-
NC Capital Management Trust- Cash Portfolio	83,363,267	83,363,267	-	-	-
Total	\$135,916,789	\$ 83,363,267	\$ 20,921,275	\$ 22,642,642	\$ 8,989,605

As of June 30, 2011, the Airport Authority had the following investments and maturities:

Investment Type	Fair Value	Less Than 6 Months
NC Capital Management Trust-Cash	\$ 217,058	N/A
Total	\$ 217,058	N/A

At June 30, 2011, Tourism Development Authority’s investments with North Carolina Capital Management Trust were as follows:

	Reported Value	Fair Value
NC Capital Management Trust- Cash Portfolio	\$ 6,352,836	\$ 6,352,836

During 2011, the County realized no gain or loss from the sale of investments. The calculation of realized gains is independent of the calculation of the net increases in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of the investment reported in the prior year. There were no realized gains or losses on the County’s, Airport Authority’s, or Tourism Development Authority’s investments during 2011.

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

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

	Primary Government	Airport Authority	Tourism Development Authority	WNC Regional Air Quality	Buncombe County Service Foundation
Deposits	\$ 63,181,231	\$ 10,898,416	\$ 2,809,992	\$ -	\$ -
Cash on hand	11,465	100	-	-	-
Investments	135,916,789	217,058	6,352,836	-	-
	199,109,485	11,115,574	9,162,828	-	-
Reported in component units	(879,894)	-	-	779,894	100,000
	\$ 198,229,591	\$ 11,115,574	\$ 9,162,828	\$ 779,894	\$ 100,000

Reported on government-wide statement of net assets:

Cash and cash equivalents	\$ 105,176,401	\$ 10,890,553	\$ 9,162,828	\$ 779,894	\$ 100,000
Investments	31,667,497	–	–	–	–
Restricted cash	59,170,416	225,021	–	–	–
	<u>196,014,314</u>	<u>\$ 11,115,574</u>	<u>\$ 9,162,828</u>	<u>\$ 779,894</u>	<u>\$ 100,000</u>

Reported in agency funds:

Cash and cash equivalents	<u>2,215,277</u>
	<u>\$ 198,229,591</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, 2011, the County’s investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor’s. The County’s 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 19%, with no more than \$5 million or 5% of the total portfolio at the time of investment in any single issuer.

The County places no other limits on the amount that the County may invest in any one issuer. More than 5% of the County’s investments are in FHLB and FNMA. These investments are 9% and 2% respectively of the County’s total investments. The County’s and the Airport Authority’s investments in the North Carolina Capital Management Trust represent 60% and 100% of the total investments, respectively.

State Treasurer’s OPEB Fund

At June 30, 2011, the Buncombe County Healthcare Benefits (HCB) Plan Fund had \$3,835,099 invested in the State Treasurer’s Local Government Other Post-Employment Benefits (OPEB) Fund pursuant to G.S. 159-30.1. The State Treasurer’s OPEB Fund may invest in public equities and both long-term and

short-term fixed income obligations as determined by the State Treasurer pursuant to the General Statutes. At year-end, the State Treasurer’s OPEB Fund was invested as follows:

	Fair Value	Percent of Total
State Treasurer’s Long-Term Investment Fund (LTIF)	\$ 393,394	10.26%
State Treasurer’s Short-Term Investment Fund (STIF)	975,176	25.44%
BlackRock’s Global Ex-US Alpha Fund B	595,368	15.52%
BlackRock’s Russell 3000 Alpha Tilts Fund B	1,871,161	48.78%
Total	<u>\$ 3,835,099</u>	<u>100.00%</u>

Interest Rate Risk

The County does not have a formal investment interest rate policy that manages its exposure to fair value losses arising from increasing interest rates. The State Treasurer’s Short Term Investment Fund (STIF) is unrated and had a weighted average maturity of 1.9 years at June 30, 2011. The State Treasurer’s Long Term Investment Fund (LTIF) is unrated and had a weighted average maturity of 16.1 years at June 30, 2011.

Credit Risk

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

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

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

Year Levied	Tax	Interest	Total
2008	\$ 4,220,245	\$ 1,002,308	\$ 5,222,553
2009	4,583,445	676,058	5,259,503
2010	4,582,559	263,497	4,846,056
2011	4,552,919	-	4,552,919
Total	<u>\$ 17,939,168</u>	<u>\$ 1,941,863</u>	<u>\$ 19,881,031</u>

(4) Receivables

Receivables at the government-wide level at June 30, 2011 were as follows:

	Accounts	Taxes and Related Accrued Interest	Due From Other Governments	Total
Governmental Activities:				
General	\$ 4,879,493	\$ 3,781,766	\$ 12,369,456	\$ 21,030,715
County Capital Projects	78,492	-	-	78,492
School Capital Commission	-	-	3,311,692	3,311,692
Other Governmental	499,750	1,055,401	1,936,968	3,492,119
	<u>5,457,735</u>	<u>4,837,167</u>	<u>17,618,116</u>	<u>27,913,018</u>
Allowance for doubtful accounts	(892,524)	(2,304,936)	-	(3,197,460)
Total - governmental activities	<u>\$ 4,565,211</u>	<u>\$ 2,532,231</u>	<u>\$ 17,618,116</u>	<u>\$ 24,715,558</u>
Business-type Activities				
Solid Waste Disposal	\$ 740,028	\$ -	\$ -	\$ 740,028
Parking Deck	3,628	-	-	3,628
Other Business-type	129,346	-	-	129,346
	<u>873,002</u>	<u>-</u>	<u>-</u>	<u>873,002</u>
Allowance for doubtful accounts	(49,670)	-	-	(49,670)
Total - business-type activities	<u>\$ 823,332</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 823,332</u>

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

Local option sales tax	\$ 12,175,867
Other	<u>5,442,249</u>
Total	<u>\$ 17,618,116</u>

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

(5) Capital Assets

Capital asset activity for the year ended June 30, 2011, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 8,438,963	\$ 151,848	\$ 5,000	\$ 8,585,811
Construction in process	21,034,783	23,794,118	13,891,895	30,937,006
Total capital assets not being depreciated	<u>29,473,746</u>	<u>23,945,966</u>	<u>13,896,895</u>	<u>39,522,817</u>
Capital assets being depreciated:				
Buildings	114,204,990	4,432,892	240,400	118,397,482
Other improvements	5,660,847	5,381,622	122,134	10,920,335
Equipment	22,447,648	3,489,564	2,502,066	23,435,146
Intangibles	-	54,391	-	54,391
Vehicles	9,414,201	2,031,943	719,253	10,726,891
Total capital assets being depreciated	<u>151,727,686</u>	<u>15,390,412</u>	<u>3,583,853</u>	<u>163,534,245</u>

	Beginning Balances	Increases	Decreases	Ending Balances
Less accumulated depreciation for:				
Buildings	\$ 35,462,669	\$ 3,540,973	\$ 240,400	\$ 38,763,242
Other improvements	960,699	523,589	21,629	1,462,659
Equipment	14,751,739	1,687,796	1,092,426	15,347,109
Intangibles	–	1,813	–	1,813
Vehicles	7,032,713	1,285,738	706,913	7,611,538
Total accumulated depreciation	<u>58,207,820</u>	<u>\$ 7,039,909</u>	<u>\$ 2,061,368</u>	<u>63,186,361</u>
Total capital assets being depreciated, net	<u>93,519,866</u>			<u>100,347,884</u>
Governmental activities capital assets, net	<u>\$ 122,993,612</u>			<u>\$ 139,870,701</u>
Business-type activities:				
Solid Waste Disposal				
Capital assets not being depreciated:				
Land	\$ 6,308,519	\$ –	\$ –	\$ 6,308,519
Construction in process	4,771,557	1,951,881	3,661,115	3,062,323
Total capital assets not being depreciated	<u>11,080,076</u>	<u>1,951,881</u>	<u>3,661,115</u>	<u>9,370,842</u>
Capital assets being depreciated:				
Buildings and improvements	32,166,214	3,652,486	–	35,818,700
Equipment	2,132,923	–	9,262	2,123,661
Vehicles	2,541,668	283,526	–	2,825,194
Total capital assets being depreciated	<u>36,840,805</u>	<u>3,936,012</u>	<u>9,262</u>	<u>40,767,555</u>
Less accumulated depreciation for:				
Buildings and improvements	15,856,831	1,451,981	–	17,308,812
Equipment	852,417	179,400	8,567	1,023,250
Vehicles	2,235,939	114,899	–	2,350,838
Total accumulated depreciation	<u>18,945,187</u>	<u>1,746,280</u>	<u>8,567</u>	<u>20,682,900</u>
Total capital assets being depreciated, net	<u>17,895,618</u>			<u>20,084,655</u>
Solid Waste Disposal capital assets, net	<u>28,975,694</u>			<u>29,455,497</u>
Parking Deck				
Capital assets not being depreciated:				
Construction in process	642,097	–	642,097	–
Capital assets being depreciated:				
Buildings and improvements	13,099,974	–	–	13,099,974
Equipment	326,746	–	–	326,746
Total capital assets being depreciated	<u>13,426,720</u>	<u>–</u>	<u>–</u>	<u>13,426,720</u>
Less accumulated depreciation for:				
Buildings and improvements	400,277	436,666	–	836,943
Equipment	53,031	58,931	–	111,962
Total accumulated depreciation	<u>453,308</u>	<u>495,597</u>	<u>–</u>	<u>948,905</u>
Total capital assets being depreciated, net	<u>12,973,412</u>			<u>12,477,815</u>
Parking Deck capital assets, net	<u>13,615,509</u>			<u>12,477,815</u>
Other Business-type				
Capital assets not being depreciated:				
Land	2,305,300	–	–	2,305,300
Construction in process	–	43,279	–	43,279
Total capital assets not being depreciated	<u>2,305,300</u>	<u>43,279</u>	<u>–</u>	<u>2,348,579</u>
Capital assets being depreciated:				
Buildings and improvements	9,494,839	–	181,018	9,313,821
Equipment	3,583,382	49,829	7,677	3,625,534
Total capital assets being depreciated	<u>13,078,221</u>	<u>49,829</u>	<u>188,695</u>	<u>12,939,355</u>

	Beginning Balances	Increases	Decreases	Ending Balances
Less accumulated depreciation for:				
Buildings and improvements	2,110,410	374,116	36,707	2,447,819
Equipment	2,822,354	527,406	7,677	3,342,083
Total accumulated depreciation	<u>4,932,764</u>	<u>\$ 901,522</u>	<u>\$ 44,384</u>	<u>5,789,902</u>
Total capital assets being depreciated, net	<u>8,145,457</u>			<u>7,149,453</u>
Other Business-type capital assets, net	<u>10,450,757</u>			<u>9,498,032</u>
Business-type capital assets, net	<u>\$ 53,041,960</u>			<u>\$ 51,431,344</u>

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

Governmental Activities:		
General Government		\$ 500,366
Public Safety		4,466,089
Economic and Physical Development		226,398
Human Services		900,076
Cultural and Recreational		946,980
Total Depreciation Expense		<u>\$ 7,039,909</u>

Net assets invested in capital assets, net of related debt in the statement of net assets is calculated as follows:

	Governmental Activities	Business-type Activities	Total
Capital assets, net	\$ 139,870,701	\$ 51,431,344	\$ 191,302,045
Debt:			
General obligation bonds	(58,823,452)	-	(58,823,452)
Installment notes	(172,048,920)	(13,223,844)	(185,272,764)
Special obligation revenue bonds	-	(5,530,476)	(5,530,476)
Project development finance bonds	(12,812,506)	-	(12,812,506)
Gross debt	<u>(243,684,878)</u>	<u>(18,754,320)</u>	<u>(262,439,198)</u>
Add portion of debt that has not given rise to capital assets:			
Unspent bond and note proceeds	36,062,159	1,516,288	37,578,447
Debt relating to schools and airport	124,538,784	-	124,538,784
Project development finance bonds	12,812,506	-	12,812,506
Net debt	<u>(70,271,429)</u>	<u>(17,238,032)</u>	<u>(87,509,461)</u>
Capital assets, net of related debt	<u>\$ 69,599,272</u>	<u>\$ 34,193,312</u>	<u>\$ 103,792,584</u>

Construction commitments

The County has the following commitments with contractors for active construction projects at June 30, 2011:

Project	Spent-to-date	Remaining Commitment
Life safety tower	\$ 10,121,834	\$ 14,953,873
Engineering – landfill gas to energy	1,949,403	2,238,342
Public safety training center	4,175,458	2,043,200
Human services building renovation	326,705	443,300
200 College Street building renovation	107,020	248,857
Radio upgrade	21,450	215,955
Health building renovation	1,198,171	86,662
Landfill C&D Phases V-VIII	201,447	57,253
Alexander greenway extension	-	33,625
Facilities shop	-	27,096

Project	Spent-to-date	Remaining Commitment
Detention wall repair	–	22,500
Roof replacements	28,200	18,800
Parks improvement	21,176	8,824
Engineering – Landfill cell 6 expansion	49,600	2,400
Total construction commitments	<u>\$ 18,200,464</u>	<u>\$ 20,400,687</u>

Discretely presented component units

Activity for the Asheville Regional Airport for the year ended June 30, 2011, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 7,133,951	\$ –	\$ –	\$ 7,133,951
Construction in progress	8,269,606	4,680,244	12,298,700	651,150
Total capital assets not being depreciated	<u>15,403,557</u>	<u>4,680,244</u>	<u>12,298,700</u>	<u>7,785,101</u>
Capital assets being depreciated:				
Leasehold improvements	82,627,451	11,794,155	2,373,884	92,047,722
Equipment	5,104,432	389,408	1,217,795	4,276,045
Furniture	140,892	28,429	27,024	142,297
Vehicles	3,153,576	86,708	241,757	2,998,527
Total capital assets being depreciated	<u>91,026,351</u>	<u>12,298,700</u>	<u>3,860,460</u>	<u>99,464,591</u>
Less accumulated depreciation for:				
Leasehold improvements	30,245,868	4,051,850	2,373,884	31,923,834
Equipment	3,555,614	380,911	1,213,600	2,722,925
Furniture	72,269	15,440	27,024	60,685
Vehicles	2,469,961	117,555	241,757	2,345,759
Total accumulated depreciation	<u>36,343,712</u>	<u>\$ 4,565,756</u>	<u>\$ 3,856,265</u>	<u>37,053,203</u>
Total capital assets being depreciated, net	<u>54,682,639</u>			<u>62,411,388</u>
Asheville Regional Airport capital assets, net	<u>\$ 70,086,196</u>			<u>\$ 70,196,489</u>

Activity for WNC Regional Air Quality for the year ended June 30, 2011, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets being depreciated:				
Equipment	\$ 163,997	\$ –	\$ 17,958	\$ 146,039
Vehicles	33,438	–	–	33,438
Total capital assets being depreciated	<u>197,435</u>	<u>–</u>	<u>17,958</u>	<u>179,477</u>
Less accumulated depreciation for:				
Equipment	151,466	2,322	17,958	135,830
Vehicles	28,894	4,545	–	33,439
Total accumulated depreciation	<u>180,360</u>	<u>\$ 6,867</u>	<u>\$ 17,958</u>	<u>169,269</u>
WNC Regional Air Quality capital assets, net	<u>\$ 17,075</u>			<u>\$ 10,208</u>

(B) Liabilities

(1) Payables

Payables at the government-wide level at June 30, 2011, were as follows:

	Vendors	Salaries and Benefits	Accrued Interest	Total
Governmental Activities:				
General	\$ 9,183,492	\$ 8,147,196	\$ 1,298,002	\$ 18,628,690
County Capital Projects	3,199,855	-	-	3,199,855
School Capital Commission	168,665	-	-	168,665
Other governmental	2,062,560	193,110	-	2,255,670
Total - governmental activities	<u>\$ 14,614,572</u>	<u>\$ 8,340,306</u>	<u>\$ 1,298,002</u>	<u>\$ 24,252,880</u>
Business-type Activities:				
Solid Waste Disposal	\$ 751,758	\$ 106,214	\$ 75,842	\$ 933,814
Parking Deck	3,705	14,761	144,927	163,393
Other business-type	98,544	68,580	-	167,124
Total - business-type activities	<u>\$ 854,007</u>	<u>\$ 189,555</u>	<u>\$ 220,769</u>	<u>\$ 1,264,331</u>

(2) Pension Plan and Other Postemployment 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 6.43% and 6.41%, 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 6.43% of annual covered payroll. Certain County employees assigned to Western North Carolina Regional Air Quality Agency have a current rate of 6.42% 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, 2011, 2010, and 2009 were \$3,622,546, \$2,779,754, and \$2,848,562, respectively.

The Airport Authority's contributions to LGERS for the years ended June 30, 2011, 2010, and 2009 were \$148,577, \$109,903, and \$108,394, 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 and the Airport Authority each administer a public employee retirement system (the “Separation Allowance”), a single-employer defined benefit pension plan that provides retirement benefits to the County’s and Airport Authority’s qualified sworn law enforcement officers. The Separation Allowance is equal to 0.85% of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time County and Airport Authority law enforcement officers are covered by the Separation Allowance. At December 31, 2010, the Separation Allowance’s membership consisted of:

	<u>County</u>	<u>Airport Authority</u>
Retirees receiving benefits	17	4
Terminated plan members entitled to but not yet receiving benefits	–	–
Active plan members	<u>237</u>	<u>14</u>
Total	<u>254</u>	<u>18</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 contributions for the current year were determined as part of the December 31, 2010 actuarial valuations using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4.25% to 7.85% per year for the County and 4.5% to 12.3% for the Airport Authority. Both (a) and (b) included an inflation component of 3% for the County and 3.75% for the Airport Authority. The assumptions did not include postretirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2010 was 20 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:

	County	Airport Authority
Annual required contribution	\$ 399,796	\$ 25,255
Interest on net pension obligation	74,949	(696)
Adjustments to annual required contribution	<u>(80,250)</u>	<u>745</u>
Annual pension cost	394,495	25,304
Contributions made	<u>(200,740)</u>	<u>(40,783)</u>
Increase (decrease) in net pension obligation	193,755	(15,479)
Net pension obligation, beginning of year	<u>1,498,981</u>	<u>(13,913)</u>
Net pension obligation, end of year	<u>\$ 1,692,736</u>	<u>\$ (29,392)</u>

Three-Year Trend Information
for Buncombe County

For Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2009	\$ 260,698	68.02%	\$ 1,368,546
2010	312,757	58.30	1,498,981
2011	394,495	50.89	1,692,736

for Airport Authority

For Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2009	\$ 21,074	251.80%	\$ 12,320
2010	20,927	225.35	(13,913)
2011	25,304	161.17	(29,392)

5. Funded Status and Funding Progress.

As of December 31, 2010, the most recent actuarial valuation date, the County’s plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$3,211,792. The covered payroll (annual payroll of active employees covered by the plan) was \$10,036,335, and the ratio of the UAAL to the covered payroll was 32%.

As of December 31, 2010, the most recent actuarial valuation date, the Airport Authority’s plan was not funded. The actuarial accrued liability for benefits was \$252,074, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$252,074. The covered payroll (annual payroll of active employees covered by the plan) was \$552,075, and the ratio of the UAAL to the covered payroll was 45.66%.

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

(c) Supplemental Retirement Income Plan for Law Enforcement Officers

1. Plan Description.

The County 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 contribute each month an amount equal to 5% of each officer's salary. The County has opted to fund at an amount equal to 8%. All amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2011 were \$1,028,979, which consisted of \$812,735 from the County and \$216,244 from the law enforcement officers.

The Airport Authority is required to contribute each month an amount equal to 5% of each officer's salary. In addition to the required contribution for law enforcement officers, the Authority makes a monthly contribution equal to 5% of non-law enforcement employees' salary. Authority contributions for the year ended June 30, 2011 for law enforcement officers were \$28,465 from the Authority and \$5,981 from the officers, and for non-law enforcement employees were \$86,895 from the Authority and \$32,842 from the employees.

(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, 2011 were \$5,654,797 which consisted of \$4,367,646 from the County and \$1,287,151 from the employees.

(e) Register of Deeds' Supplemental Pension Fund

1. Plan Description.

Buncombe County also contributes to the Register of Deeds' Supplemental Pension Fund (Fund), a noncontributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any eligible county register of deeds that is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Registers of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454, or online at www.ncosc.net.

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 3 of G.S. 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, 2011, the County's required and actual contributions were \$41,346.

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

1. Plan Description.

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

The Firemen's and Rescue Squad Workers' Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Fund. That report may be obtained by writing to the Office of the State Controller, 3512 Bush Street, Raleigh, North Carolina 27609, or by calling (919) 981-5454.

2. Funding Policy.

Plan members are required to contribute \$10 per month to the Fund. The State, a nonemployer contributor, funds the plan through appropriations. The State's annual contribution per rescue squad worker to the Firemen's and Rescue Squad Worker's Pension Fund for the fiscal year ended June 30, 2011 and 2010 was \$264 and \$215, 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.

Under the terms of an Airport Authority resolution, the Authority administers a single-employer defined benefit healthcare plan ("the Retiree Health Plan"). The plan provides postemployment healthcare benefits to retirees of the Authority up to age sixty-five, provided they participate in the North Carolina Local Governmental Employees' Retirement System. To be eligible, an employee must have either reached sixty years of age and have five years of service, reached fifty years of age and have twenty years of service, or be any age and have thirty years of service. Also, the employee must have been covered by the Authority's group health plan for the three years immediately preceding retirement. The Authority pays the full cost of coverage for their dependents at the Authority's group rates. The Authority board may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the County’s HCB Plan consisted of the following at December 31, 2011:

	General <u>Employees:</u>	Law Enforcement <u>Officers:</u>
Retirees and dependents receiving benefits	250	58
Active plan members	<u>1,143</u>	<u>237</u>
Total	<u>1,393</u>	<u>295</u>

Membership of the Airport Authority’s Retiree Health Plan consisted of the following at December 31, 2009, the date of the latest actuarial valuation:

	General <u>Employees:</u>	Law Enforcement <u>Officers:</u>
Retirees and dependents receiving benefits	2	5
Active plan members	<u>41</u>	<u>14</u>
Total	<u>43</u>	<u>19</u>

2. Funding Policy.

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

The current ARC rate is 9.25% of annual covered payroll. For the current year, the County contributed \$5,706,653 or 8.65% of annual covered payroll. The County obtains healthcare coverage through a self-insured health insurance plan. There were no contributions made by employees, except for dependent coverage in the amount of \$238,514. The County’s obligation to contribute to HCB Plan is established and may be amended by the Board of Commissioners.

By Authority resolution, the Airport Authority pays the full cost of coverage for the healthcare benefits paid to qualified retirees. The Authority’s retirees pay the full cost for any dependent coverage. The Authority has chosen to fund the healthcare benefits on a pay as you go basis. Postemployment expenditures are made from the proprietary fund, which is maintained on the accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due. In fiscal year ended June 30, 2011, the Authority’s total contributions were \$58,359 and total members’ contributions were \$6,163 for dependent coverage.

3. Summary of Significant Accounting Policies.

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

The Airport Authority’s postemployment expenditures are made from the proprietary fund, which is maintained on the accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

4. Annual OPEB Cost and Net OPEB Obligation.

The County’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 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 and the Authority’s annual OPEB cost for the current year, the amount actually contributed to the plan, and changes in the net OPEB obligation for the postemployment healthcare benefits:

	<u>County</u>	<u>Airport Authority</u>
Annual required contribution	\$ 5,977,390	\$ 145,738
Interest on OPEB obligation	215,757	23,389
Adjustment to annual required contribution	<u>(166,616)</u>	<u>(20,179)</u>
Annual OPEB cost (expense)	6,026,531	148,948
Contributions made	<u>(5,706,653)</u>	<u>(58,359)</u>
Increase in net OPEB obligation	319,878	90,589
Net OPEB obligation, beginning of year	<u>2,876,754</u>	<u>584,737</u>
Net OPEB obligation, end of year	<u>\$ 3,196,632</u>	<u>\$ 675,326</u>

The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the HCB Plan, and the net OPEB obligation for 2011 and the preceding years are as follows:

For Year Ended	Annual OPEB June 30 Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 5,764,726	66%	\$ 1,274,156
2010	5,696,698	72%	2,876,754
2011	6,026,531	95%	3,196,632

The Authority’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 and the preceding years are as follows:

For Year Ended	Annual OPEB June 30 Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 260,346	13.00%	\$ 380,310
2010	262,434	22.10%	584,737
2011	148,948	39.18%	675,326

5. Funded Status and Funding Progress.

As of December 31, 2010, the most recent actuarial valuation date, the County’s plan was 5.2% funded. The actuarial accrued liability for benefits was \$70,835,106, and the actuarial value of assets was \$3,655,167, resulting in an unfunded actuarial accrued liability (UAAL) of \$67,179,939. The covered payroll (annual payroll of active employees covered by the plan) was \$65,976,040, and the ratio of UAAL to the covered payroll was 101.8%.

As of December 31, 2009, the Authority’s actuarial accrued liability for benefits was \$1,058,716 all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$2,265,417, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 46.7%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are

subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

6. Actuarial Methods and Assumptions.

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

In the December 31, 2010 actuarial valuation, the entry age normal, level percentage of pay method was used. The actuarial assumptions included a 7.5% investment rate of return (net of administrative expenses), which is the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date. The medical cost trend rate varied between 10.5% and 5% for the pre-Medicare trend rate and 8.5% and 5% for the post-Medicare trend rate. Both rates included a 3% inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2010 was 30 years.

In the Authority's December 31, 2009 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 10.5% to 5% annually. The investment rate included a 3.75% inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2009 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, 2011, the County made contributions to the State for death benefits of \$2,898 for employees not engaged in law enforcement, \$919 for law enforcement officers, and \$20 for employees assigned to Western North Carolina Regional Air Quality Agency. 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 .08%, .14%, and .07% of covered payroll, respectively. 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. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

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

Closed Landfill:

Landfill Permit Number 11-01: The previous landfill site of the County was closed on September 26, 1997. The \$2,281,772 reported as landfill postclosure care liability at June 30, 2011, represents the projected actual cost of the closed landfill over the next 18 years based on what it would cost to perform all postclosure care in 2011. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

Landfill in Operation:

Landfill Permit Number 11-07: The \$5,937,178 reported as landfill closure and postclosure care liability at June 30, 2011, represents a cumulative amount reported to date based on the use of 25.45% of the total estimated capacity of this landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$17,388,679 as the remaining estimated capacity is filled. This amount is based on what it would cost to perform all closure and postclosure care in 2011. 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.

Construction and Demolition (C&D) Landfill Permit Number 11-07 – in operation: The County currently operates a C&D landfill with closure and postclosure costs of \$3,351,615 reported as of June 30, 2011 representing a cumulative amount reported to-date based on 97.61% of the total estimated capacity of this unit. The County will recognize the remaining \$82,014 as the remaining estimated capacity is filled. This amount is based on what it would cost to perform all closure and postclosure care in 2011. The County expects to operate this unit until the year 2012. Actual costs may differ due to inflation, changes in technology, or changes in regulations.

(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:

	Deferred Revenue	Unearned Revenue
Prepaid taxes not yet earned (General)	\$ –	\$ 1,387,281
Taxes receivable, net (General)	837,583	–
Taxes receivable, net (Special Revenue)	228,823	–
Sale of property promissory note (Capital Projects)	500,000	–
Other, (Special Revenue)	–	72,685
Other, (Enterprise)	–	29,000
Total	<u>\$ 1,566,406</u>	<u>\$ 1,488,966</u>

(5) Risk Management

The County has adopted risk management principles in order to protect the health, safety and welfare of its employees and the citizens it serves; to protect its property, assets, and other resources; and to maintain its reputation and good standing in the wider community. The County provides a wide range of services, all of

which give rise to some level of risk. The County regularly assesses and treats these risks to minimize their effects.

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

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

The County carries liability insurance to include general, auto, law enforcement, public officials and employee benefits liability. Currently, this policy carries a limit of \$5,000,000 per occurrence/claim with a \$350,000 SIR. Public officials and employee benefits liability are per claims made. Premiums are based on underwriting requirements.

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

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

Several department specific risk policies are purchased as well.

The County purchases excess workers' compensation and employer's liability coverage. Workers' compensation coverage carries a statutory limit. The County currently carries a \$350,000 SIR for regular employees and a \$400,000 SIR for law enforcement and paramedics. The limit of Employer's Liability insurance is \$1,000,000. The same self-insured retention levels apply to this coverage. The premium is based on County employees' payroll.

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

The County carries flood insurance through the National Flood Insurance Plan.

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, 2011 includes a loss reserve liability for estimated outstanding medical claims of \$1,277,875. Changes in the health claims liability are presented as follows:

Year Ended June 30	Beginning Balance	Claims Incurred	Claims Paid	Ending Balance
2010	\$ 1,643,015	\$ 19,480,652	\$ 19,397,276	\$ 1,726,391
2011	1,726,391	18,947,224	19,395,740	1,277,875

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, flood, automobile, worker's compensation, crime, public officials, law enforcement, and employment practices coverages. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The Authority carries commercial flood insurance. All employees, including the Finance Officer, are covered under the Authority’s crime insurance with a limit of \$250,000 per loss.

For the past three years, the Authority has participated in risk pools for its various insurance coverages. As a participant in the risk pools, the Authority retains the risk of loss in the event that an assessment is deemed necessary due to a determination that one of the pools is insolvent, financially impaired or is otherwise found to be unable to discharge its legal liabilities and other obligations. The medical pool in which the Authority participates is in the process of being dissolved; the amount of any deficiency or excess of pool funds cannot be determined at this time.

(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, 2011 amounted to \$1,409,031.

Future minimum lease payments under these operating lease agreements at June 30, 2011 are as follows:

Year Ended June 30	Amount
2012	\$ 249,534
2013	95,000
2014	38,633
2015	22,800
2016	22,800
Thereafter	45,600

(8) Long-Term Obligations

(a) Installment Note Obligations

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

Installment Note Obligations	Balance June 30, 2010	Increases	Decreases	Balance June 30, 2011
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Serviced by the Governmental Funds:

COPS 2003, detention center and other improvements, \$19,620,000 issue, interest at 2% to 5.25% payable semiannually to 2023.	\$ 12,395,000	\$ –	\$ 1,185,000	\$ 11,210,000
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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.	10,865,000	–	725,000	10,140,000
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Installment Note Obligations	Balance June 30, 2010	Increases	Decreases	Balance June 30, 2011
COPS 2006, schools and community college \$51,985,000 issue, interest at 3.5% to 5% payable semiannually to 2026. A premium of \$2,223,983 is reported as an increase to long-term debt and will be amortized over the life of the debt.	\$ 39,585,000	\$ —	\$ 3,095,000	\$ 36,490,000
COPS 2007, general government buildings and equipment, \$6,830,000 issue, interest at 4% to 4.75% payable semiannually to 2027. A discount of \$9,566 is reported as a decrease to long-term debt and will be amortized over the life of the debt.	4,580,000	—	850,000	3,730,000
COPS 2009A, General government buildings and equipment, \$12,065,000 issue, interest at 4% to 5% payable to 2029. A premium of \$417,756 is reported as an increase to long-term debt and will be amortized over the life of the debt.	11,225,000	—	1,000,000	10,225,000
COPS 2009B, Advance refunding of COPS 1998, \$8,120,000 issue, interest at 4% to 5% payable to 2013. A premium of \$580,380 is reported as an increase to long-term debt and will be amortized over the life of the debt.	6,160,000	—	1,960,000	4,200,000
LOBs 2009C, Build America Bonds \$36,465,000 issue, interest at 1.6% to 6.5% payable semiannually to 2030.	36,465,000	—	1,545,000	34,920,000
LOBs 2009D, Build America Bonds \$3,340,000 issue, interest at 1.6% to 6.5% payable semiannually to 2017.	3,340,000	—	480,000	2,860,000
LOBS 2010A, public safety and human services buildings and equipment, \$31,500,000 issue, interest at 3.0% to 5.25% payable semiannually to 2022. A premium of \$1,619,653 is reported as an increase to long-term debt and will be amortized over the life of the debt.	—	31,500,000	880,000	30,620,000
LOBS 2010B, public safety and human services buildings and equipment, \$20,420,000 issue, interest at 6.5% to 6.8% payable semiannually to 2030.	—	20,420,000	—	20,420,000

Installment Note Obligations	Balance June 30, 2010	Increases	Decreases	Balance June 30, 2011
LOBS 2010C, school building, \$3,800,000 issue, interest at 6.375% payable semiannually to 2025.	\$ —	\$ 3,800,000	\$ 125,000	\$ 3,675,000
Total installment note obligations	\$ 124,615,000	\$ 55,720,000	\$ 11,845,000	\$ 168,490,000

For Buncombe County, the future minimum payments for installment notes as of June 30, 2011, are:

Year Ended June 30	Governmental Activities	
	Principal	Interest
2012	\$ 13,100,000	\$ 8,331,720
2013	14,220,000	7,814,934
2014	12,065,000	7,263,660
2015	11,340,000	6,798,305
2016	10,310,000	6,309,410
2017-2021	51,225,000	24,696,212
2022-2026	36,525,000	12,950,551
2027-2030	19,705,000	3,156,714
Total	168,490,000	\$ 77,321,506
Add unamortized premium	3,558,920	
	\$ 172,048,920	

(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, 2011, are comprised of the following individual issues:

General Obligation Bonds	Balance June 30, 2010	Increases	Decreases	Balance June 30, 2011
Serviced by the Governmental Funds:				
Airport Bonds, 1991 \$2,000,000 issue, interest at 6% to 6.5% payable semiannually, due serially to 2012.	\$ 200,000	\$ —	\$ 100,000	\$ 100,000
Refunding Bonds, 1996 \$5,495,000 issue, interest at 4.5% to 5% payable semiannually, due serially to 2011.	440,000	—	440,000	—
School Bonds, 2000 interest at 4.7% to 5% payable semiannually, due serially to 2011.	800,000	—	800,000	—

<u>General Obligation Bonds</u>	Balance June 30, 2010	Increases	Decreases	Balance June 30, 2011
Refunding Bonds, 2001 \$12,365,000 issue, interest at 4% to 4.4% payable semiannually, due serially to 2012.	\$ 3,770,000	\$ —	\$ 2,405,000	\$ 1,365,000
Refunding Bonds, 2002 \$24,500,000 issue, interest at variable rates in the weekly mode payable semiannually, due serially to 2026.	21,823,689	—	434,177	21,389,512
School Bonds, 2002 \$15,000,000 issue, interest at variable rates in the weekly mode payable semiannually, due serially to 2026.	13,376,311	—	265,823	13,110,488
Public Improvement, 2002 \$4,340,000 issue, interest at 2.25% to 3.25% payable semiannually, due serially to 2014.	400,000	—	100,000	300,000
Refunding Bonds, 2005 \$12,430,000 issue, interest at 3% to 3.5% payable semiannually, due serially to 2015.	5,655,000	—	1,500,000	4,155,000
Public Improvement, 2005 \$5,835,000 issue, interest at 3% to 4% payable semiannually, due serially to 2020. A premium of \$43,503 is reported as an increase to long-term debt and will be amortized over the life of the debt.	3,890,000	—	390,000	3,500,000
Qualified School Construction, 2009 \$5,685,000 issue, interest at 0.5% payable semiannually beginning in 2011, due serially to 2022.	5,685,000	—	—	5,685,000
Refunding Bonds, 2009 \$8,995,000 issue, interest at 2% to 3% payable semiannually, due serially to 2014. A premium of \$463,270 is reported as an increase to long-term debt and will be amortized over the life of the debt.	8,995,000	—	70,000	8,925,000
Total general obligation bonds	<u>\$ 65,035,000</u>	<u>\$ —</u>	<u>\$ 6,505,000</u>	<u>\$ 58,530,000</u>

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

Year Ending June 30	Governmental Activities	
	Principal	Interest
2012	\$ 7,444,000	\$ 1,948,920
2013	6,379,000	1,684,440
2014	6,319,000	1,481,200
2015	6,259,000	1,275,405
2016	3,264,000	1,098,485
2017-2021	15,918,000	3,803,960
2022-2026	12,947,000	1,204,738
Total	58,530,000	\$ 12,497,148
Add unamortized premium	293,452	
	<u>\$ 58,823,452</u>	

At June 30, 2011, Buncombe County had bonds authorized but unissued of \$915,000 and had a legal debt margin of \$2,086,648,204.

(c) Project Development Financing Bonds

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

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

The PDF bonds were issued in two lots with \$4,490,000 paying 6.75% interest due August 2024 and \$8,470,000 paying 7.25% interest due August 2034. The bonds may be redeemed prior to their maturity at the option of the County.

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

Year Ending June 30	Governmental Activities	
	Principal	Interest
2012	\$ -	\$ 917,150
2013	-	917,150
2014	700,000	893,525
2015	150,000	864,838
2016	265,000	850,831
2017-2021	1,630,000	3,948,550
2022-2026	2,260,000	3,296,900
2027-2031	3,185,000	2,339,031
2032-2035	4,770,000	854,775
Total	12,960,000	\$ 14,882,750
Less unamortized discount	(147,494)	
	\$ 12,812,506	

(d) Business-Type Activities Installment Obligations

On August 8, 2007, the County issued \$15,420,000 in Certificates of Participation bearing interest payable semi-annually at fixed rates from 4% to 4.75%.

The COPS were issued for construction of a parking deck in the amount of \$14,320,025 and for the purchase of equipment in the amount of \$1,025,081.

The future minimum payments as of June 30, 2011 are:

Year Ending June 30	Business-type Activities	
	Principal	Interest
2012	\$ 620,000	\$ 588,506
2013	415,000	563,706
2014	430,000	547,106
2015	450,000	529,906
2016	465,000	511,906
2017-2021	2,640,000	2,251,188
2022-2026	3,260,000	1,630,794
2027-2031	4,070,000	818,164
2032	935,000	44,413
Total	13,285,000	\$ 7,485,689
Less unamortized discount	(61,155)	
	\$ 13,223,845	

(e) Special Obligation Revenue Bonds

On October 12, 2005, the County issued \$16,140,000 in tax-exempt Special Obligation Revenue Bonds bearing interest payable semiannually 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
2012	\$ 1,305,000	\$ 207,726
2013	1,345,000	162,413
2014	1,400,000	115,126
2015	1,460,000	57,126
Total	5,510,000	\$ 542,391
Add unamortized premium	20,476	
	<u>\$ 5,530,476</u>	

(f) Discretely Presented Component Unit

On October 15, 2007, the Asheville Regional Airport Authority issued \$4,750,000 of bonds entitled Rental Car Facilities Taxable Revenue Bond, Series 2007. These bonds provided financing for the rental car facility. Interest only was payable until April 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
2012	\$ 435,890	\$ 190,933
2013	461,809	165,014
2014	489,269	137,554
2015	518,361	108,461
2016	549,184	77,639
2017-2018	1,040,811	56,127
Total	<u>\$ 3,495,324</u>	<u>\$ 735,728</u>

The Authority has pledged future net revenues derived from the rental car facility to repay these revenue bonds and is in compliance with the covenants of the bond order.

(g) Advance Refundings

In prior years, the County has refunded various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase qualified government securities that were placed in the trust funds. As of June 30, 2011, all defeased debt had been paid by trust funds.

(h) Long Term Obligation Activity

The following is a summary of changes in the County's long-term obligations for the year ended June 30, 2011:

	Balances July 1, 2010	Increases	Decreases	Balances June 30, 2011	Current Portion of Balance
Governmental activities:					
General obligation bonds	\$ 65,470,175	\$ –	\$ 6,646,723	\$ 58,823,452	\$ 7,444,000
Installment notes	127,153,284	57,339,652	12,444,016	172,048,920	13,100,000
Project development financing bonds	12,803,417	9,089	–	12,812,506	–
Pension liability	1,498,981	474,745	280,990	1,692,736	–
Other postemployment benefits	2,799,471	6,007,127	5,696,856	3,109,742	–
Compensated absences	7,593,643	4,115,273	4,672,094	7,036,822	1,173,000
Total governmental activities	\$ 217,318,971	\$ 67,945,886	\$ 29,740,679	\$ 255,524,178	\$ 21,717,000
Business-type activities:					
Special obligation revenue bonds, net	\$ 7,536,119	\$ –	\$ 2,005,643	\$ 5,530,476	\$ 1,305,000
Installment notes	13,824,727	–	600,883	13,223,844	620,390
Other postemployment benefits	66,147	141,064	133,778	73,433	–
Compensated absences	147,218	132,141	111,931	167,428	167,428
Accrued landfill closure and postclosure care costs	11,170,553	531,547	131,535	11,570,565	–
Total business-type activities	\$ 32,744,764	\$ 804,752	\$ 2,983,770	\$ 30,565,746	\$ 2,092,818

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

	Balances July 1, 2010	Increases	Decreases	Balances June 30, 2011	Current Portion of Balance
Discretely presented component units:					
Asheville Regional Airport:					
Revenue bonds	\$ 3,906,750	\$ –	\$ 411,426	\$ 3,495,324	\$ 435,890
Compensated absences	249,598	209,100	174,558	284,140	198,898
Other postemployment benefits	584,737	148,948	58,359	675,326	–
Total	\$ 4,741,085	\$ 358,048	\$ 644,343	\$ 4,454,790	\$ 634,788
Air Quality:					
Other postemployment benefits	\$ 11,136	\$ 44,956	\$ 42,635	\$ 13,457	\$ –
Compensated absences	124,836	73,389	72,949	125,276	125,276
Total	\$ 135,972	\$ 118,345	\$ 115,584	\$ 138,733	\$ 125,276

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

On July 2, 1990, the County transferred the ownership, operation, and maintenance responsibility for the sanitary districts to the Metropolitan Sewerage District. The contracts affecting the transfer call for the Metropolitan Sewerage District to assume the liability for the Enka-Candler Water and Sewer District Bonds. Consequently, the bonds have been removed from the County’s financial statements. The Enka-Candler Water and Sewer District, for which the County Board of Commissioners is the governing body, is liable for the payments on these bonds if the Metropolitan Sewerage District defaults. As of June 30, 2011, the balance of the bonds outstanding was \$759,000.

(j) 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, 2011, there were four series of industrial revenue bonds outstanding with an aggregate principal amount payable of \$109,575,000.

(C) Interfund Balances and Activity

There is a loan outstanding from the General Fund to the Grant Projects Fund of \$1,420,812 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, 2011 consist of the following:

General Fund:

From the General Fund to the Special Projects Fund for special revenue projects	\$ 1,711,723
From the General Fund to the Grant Projects Fund to fund grant matches	68,000
From the General Fund to the Capital Projects Fund to fund future capital projects	3,113,855
From the General Fund to the Transportation Fund for transportation services	121,112
From the General Fund to the Insurance Fund for Other Post-Employment Benefits funding	<u>2,262,433</u>
	<u>\$ 7,277,123</u>

Nonmajor Governmental Funds:	
From the Occupancy Tax Fund to the General Fund for payment of a 1.5% collection fee	\$ 103,235
From the Transportation Fund to the Grant Projects Fund to transfer grant project funds	3,522
From the Register of Deeds Automation Fund to the General Fund for reimbursement of automation related expenditures	156,576
From the Drug Forfeitures Fund to the General Fund for reimbursement of overtime expenses of enforcement activities	32,000
From the Emergency Telephone System Fund to the County Capital Projects Fund to transfer unrestricted 911 funds for future capital projects	445,266
From the Grant Projects Fund to the County Capital Projects Fund to return unused grant match	3,271
From the Water & Sewer Fund to the County Capital Projects Fund to transfer fund balance	200,720
From the PDF Woodfin Fund to the PDF Debt Service Fund to transfer debt service reserve budget to the appropriate fund	<u>3,076,020</u>
	<u>\$ 4,020,610</u>

(D) Fund Balance

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

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

Total Fund Balance - General Fund	\$ 70,822,173
Less:	
Inventories	193,160
Prepays	77,311
Stabilization of State Statute	18,371,636
Tax Revaluation	1,050,000
Appropriated Fund Balance in 2012 Budget	7,692,536
Working Capital/Fund Balance Policy	<u>37,416,184</u>
Remaining Fund Balance	<u>\$ 6,021,346</u>

Note 3 - Joint Ventures

The County, in conjunction with seven other counties, participates in the Western Highlands Area Authority, which provides mental health, developmental disability, and substance abuse services to residents of the eight-county area. Buncombe County appoints two of the sixteen-member board, with the other counties appointing the remainder. The County has an ongoing financial responsibility for the Authority because it is legally required to provide public health services either directly or jointly with other counties. None of the participating governments have any equity interest in the Authority, so no equity interest has been reflected in the financial statements at June 30, 2011. 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, \$2,299,614 in principal is still outstanding. Of the certificates of participation issued for this purpose \$7,283,030 in principal is still outstanding. The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the community college's facilities. The County contributed \$8,013,999 to the community college for operating purposes during the fiscal year ended June 30, 2011. In addition, the County made principal and interest payments of \$855,262 during the fiscal year on general obligation bonds and \$1,113,747 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, 2011. 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 4 - 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 \$121,922 to the Council during the fiscal year ended June 30, 2011.

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 5 - Summary Disclosure of Significant Commitments and Contingencies**Federal and State Assisted Programs**

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

Note 6 - Benefit Payments Issued by the State

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

	Federal	State
Special Supplemental Nutrition Program for Women, Infants, and Children	\$ 3,402,264	\$ -
Food Stamp Program	55,821,303	-
Child Welfare Service	461,574	690,633
IV-E Adoption Assistance	1,662,471	366,667
Medical Assistance	200,436,106	79,731,989
Low-Income Home Energy Assistance	1,923,563	-
State/County Special Assistance for Adults	-	2,043,265
Refugee Assistance	17,342	-
IV-E Foster Care	766,287	200,088
Temporary Assistance to Needy Families	755,434	(289)
	\$ 265,246,344	\$ 83,032,353
Totals		

Note 7 – Unrestricted Net Assets

Under North Carolina law, the County is responsible for providing capital funding for the Buncombe County Board of Education and the City of Asheville Board of Education (the school systems), 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 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 are owned and utilized by the school systems, 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 \$114,856,140, \$9,582,644, and \$100,000 for the school systems, community college, and airport authority, respectively. Of the cumulative amount, \$54,982,840 is general obligation debt, which is collateralized by the full faith, credit, and taxing power of the County. The County is authorized and required by State law to levy ad valorem taxes, without limit as to rate or amount, as may be necessary to pay debt service on its general obligation bonds. The balance of the debt is installment debt and is collateralized by the assets purchased or constructed. Principal and interest requirements will be provided by an appropriation in the year in which they become due.

Note 8 – Pledged Revenues and Debt Covenant

The County has pledged a portion of future ad valorem tax revenues to repay the \$12,960,000 in project development financing bonds (tax increment bonds) issued in August 2008 to finance the refurbishing of the Woodfin Downtown financing district. The bond proceeds include approximately \$2.3 million to cover construction period interest. The bond principal is payable solely from the incremental ad valorem taxes generated by increased property values in the refurbished district. Incremental taxes were projected to produce 100 percent of the total debt service requirements after project completion over the life of the bonds; however, the County has a minimum assessment agreement in place in the event that the assessed value in the district does not meet the debt service requirements. Total principal and interest remaining on the bonds is \$27,482,750 payable through August 2034. For the current year, there were no principal payments and interest of \$917,150 was paid from proceeds designated for construction period interest. The County accumulated tax revenue of \$96,904 during the current year.

The County has pledged future net solid waste system receipts, ambulance fees, undesignated Register of Deeds fees, inspection fees, and jail fees to repay the Special Obligation Bonds described in Note 2(B)(8)(e). The bonds are payable from net solid waste system revenues and are payable through 2015. Annual principal and interest payments on the bonds are not expected to exceed net solid waste system revenues. The total principal and interest remaining to be paid on the bonds is \$6,052,388.

The County is required to comply with covenants as to rates, fees, and charges covering the debt principal and interest. The County has been in compliance with the covenants since the issuance of the debt. The net solid waste revenues and the total available revenues must be no less than 1.00 times and 1.50 times annual debt service, respectively. The following table presents information with respect to the financial performance of the Solid Waste System for June 30, 2011, 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	\$ 2,276,931
Solid Waste System Revenues	\$ 7,342,590
Current Expenses ²	<u>(3,629,977)</u>
Net Solid Waste System Revenues	<u>\$ 3,712,613</u>
Debt Service Coverage ³	<u>1.63 times</u>
Available Revenues	
Net Solid Waste System Revenues	\$ 3,712,613
Ambulance Fees	6,134,889
Undesignated Register of Deeds Fees	1,428,035
Inspection Fees	1,209,509
Jail Fees	<u>1,309,962</u>
Total Available Revenues	<u>\$ 13,795,008</u>
Debt Service Coverage ⁴	<u>6.06 times</u>

¹ Actual Debt Service for the 2005 Bonds.
² Excludes depreciation.
³ Debt service coverage from Net Sold Waste System Revenues.
⁴ Debt service coverage from Available Revenues.

Required Supplemental Financial Data

Buncombe County, North Carolina

Other Post Employment Benefits - Healthcare

Schedules of Funding Progress and Employer Contributions

Law Enforcement Officers' Special Separation Allowance

Schedules of Funding Progress and Employer Contributions

This section contains information required by generally accepted accounting principals



BUNCOMBE COUNTY, NORTH CAROLINA

Other Postemployment Benefits - Healthcare

Schedule of Funding Progress and Employer Contributions

Funding Progress:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (AAL) Entry Age Normal (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
7/1/2005	\$ -	\$ 19,746,218	\$ 19,746,218	0.00%	\$ 49,652,516	39.8%
7/1/2006	-	20,098,900	20,098,900	0.00%	55,042,913	36.5%
7/1/2007	-	39,652,247	39,652,247	0.00%	58,914,230	67.3%
12/31/2008	2,095,376	63,465,014	61,369,638	3.30%	63,089,492	97.3%
12/31/2010	3,655,167	70,835,106	67,179,939	5.20%	65,976,040	101.8%

Employer Contributions:

Year ending June 30,	Annual Required Contribution	Percentage Contributed
2008	\$ 4,292,429	115%
2009	5,761,340	63%
2010	5,761,340	71%
2011	5,977,390	95%

Notes to Required Supplementary Information:

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

BUNCOMBE COUNTY, NORTH CAROLINA

Other Postemployment Benefits - Healthcare

Schedule of Funding Progress and Employer Contributions

Asheville Regional Airport Authority

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)
6/30/2008	\$ -	\$ 752,739	\$ 752,739	0.00%	\$ 1,834,165	41.04%
6/30/2009	-	915,011	915,011	0.00%	2,545,647	35.94%
12/31/2009	-	1,058,716	1,058,716	0.00%	2,265,417	46.73%

Employer Contributions:

Year ending June 30,	Annual Required Contribution	Percentage Contributed
2008	\$ 183,849	16.31%
2009	247,949	13.67%
2010	260,346	22.28%
2011	145,738	40.04%

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

Funding Progress:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
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%
12/31/2008	-	2,490,199	2,490,199	0.00%	9,779,673	25.46%
12/31/2009	-	3,430,974	3,430,974	0.00%	10,327,729	33.22%
12/31/2010	-	3,211,792	3,211,792	0.00%	10,036,335	32.00%

Employer Contributions:

Year Ending June 30	Annual Required Contribution	Percentage Contributed
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%
2009	248,746	71.28%
2010	299,746	59.16%
2011	399,796	50.21%

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

Asheville Regional Airport Authority

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)
12/31/2001	-	\$ 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%
12/31/2008	-	232,926	232,926	0.00%	508,081	45.84%
12/31/2009	-	254,547	254,547	0.00%	632,374	40.25%
12/31/2010	-	252,074	252,074	0.00%	552,075	45.66%

Employer Contributions:

Year Ending June 30	Annual Required Contribution	Percentage Contributed
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%
2009	20,572	251.08%
2010	20,810	226.62%
2011	25,255	161.48%



Combining and Individual Fund Statements and Schedules

Buncombe County, North Carolina



BUNCOMBE COUNTY, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2011

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Ad Valorem Taxes:			
Taxes		\$ 152,544,375	
Penalties and interest		754,328	
Total	\$ 150,278,615	153,298,703	\$ 3,020,088
Local Option Sales Taxes:			
Article 39, one percent *		9,055,488	
Article 40, one-half of one percent		8,671,802	
Article 42, one-half of one percent		11,142,895	
Article 44, one-half of one percent		296,562	
Total	28,047,225	29,166,747	1,119,522
Other Taxes and Licenses:			
Deed stamp excise tax		2,225,172	
Video programming tax		1,614,222	
Privilege licenses		26,355	
Rental car tax		451,401	
Total	4,446,000	4,317,150	(128,850)
Unrestricted Intergovernmental:			
Payments in lieu of taxes		81,993	
Beer and wine tax		567,649	
Total	49,000	649,642	600,642
Restricted Intergovernmental:			
Federal, State, and other grants		42,421,092	
Mixed drink surcharge		211,508	
Court facilities fees		437,611	
ABC bottle taxes		78,397	
Total	44,588,161	43,148,608	(1,439,553)
Permits and Fees:			
Building permits and inspections		1,209,509	
Register of deeds		1,428,035	
Total	2,622,425	2,637,544	15,119

* 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, 2011

	Budget	Actual	Variance Positive (Negative)
Sales and Services:			
Rents, concessions, and fees		\$ 1,453,058	
Jail fees		1,309,962	
Ambulance and rescue squad fees		6,134,889	
Recreation fees		568,277	
Other charges for services		5,427,243	
Total	\$ 13,854,917	14,893,429	\$ 1,038,512
Investment Earnings	550,000	682,868	132,868
Miscellaneous	1,009,455	818,408	(191,047)
Total revenues	245,445,798	249,613,099	4,167,301
EXPENDITURES			
General Government:			
Governing Body:			
Salaries and employee benefits		688,168	
Other operating expenditures		216,721	
Capital outlay		17,617	
Total		922,506	
County Manager:			
Salaries and employee benefits		706,192	
Other operating expenditures		196,841	
Total		903,033	
Personnel:			
Salaries and employee benefits		601,800	
Other operating expenditures		88,363	
Total		690,163	
Finance:			
Salaries and employee benefits		1,932,921	
Other operating expenditures		619,054	
Total		2,551,975	
Tax Department:			
Salaries and employee benefits		3,293,774	
Other operating expenditures		963,209	
Total		4,256,983	

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, 2011

	Budget	Actual	Variance Positive (Negative)
General Government - continued:			
Elections:			
Salaries and employee benefits		\$ 628,907	
Other operating expenditures		382,340	
Total		<u>1,011,247</u>	
Register of Deeds:			
Salaries and employee benefits		1,872,705	
Other operating expenditures		1,423,270	
Total		<u>3,295,975</u>	
Information Technology:			
Salaries and employee benefits		4,557,863	
Other operating expenditures		2,954,898	
Capital outlay		485,011	
Total		<u>7,997,772</u>	
Total General Government	\$ 22,625,593	21,629,654	\$ 995,939
Public Safety:			
Court Support:			
Salaries and employee benefits		124,679	
Other operating expenditures		232,581	
Total		<u>357,260</u>	
Day Reporting & Drug Treatment:			
Salaries and employee benefits		87,636	
Other operating expenditures		76,416	
Total		<u>164,052</u>	
Pretrial Release & Family Treatment Court:			
Salaries and employee benefits		632,294	
Other operating expenditures		41,304	
Total		<u>673,598</u>	
District Attorney:			
Salaries and employee benefits		138,111	
Other operating expenditures		9,169	
Total		<u>147,280</u>	
Juvenile Detention		<u>129,459</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, 2011

	Budget	Actual	Variance Positive (Negative)
Public Safety - continued:			
ID Bureau and C.D.E.:			
Salaries and employee benefits		\$ 1,095,444	
Other operating expenditures		76,466	
Total		<u>1,171,910</u>	
Criminal Justice Information System		<u>697,500</u>	
Sheriff:			
Salaries and employee benefits		13,462,678	
Other operating expenditures		1,722,780	
Capital outlay		5,128	
Contributions to outside agencies		5,700	
Total		<u>15,196,286</u>	
Detention Center:			
Salaries and employee benefits		9,058,037	
Other operating expenditures		3,116,292	
Total		<u>12,174,329</u>	
Emergency Services:			
Salaries and employee benefits		7,384,286	
Other operating expenditures		1,727,853	
Contributions to outside agencies		134,601	
Total		<u>9,246,740</u>	
Permits and Inspections:			
Salaries and employee benefits		1,504,704	
Other operating expenditures		126,717	
Total		<u>1,631,421</u>	
Medical Examiner		<u>92,388</u>	
General Services:			
Salaries and employee benefits		2,525,926	
Other operating expenditures		3,305,209	
Capital outlay		97,565	
Contributions to outside agencies		268,364	
Total		<u>6,197,064</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, 2011

	Budget	Actual	Variance Positive (Negative)
Public Safety - continued:			
Animal Services		\$ 728,993	
Total Public Safety	\$ 48,609,134	48,608,280	\$ 854
Economic and Physical Development:			
Planning:			
Salaries and employee benefits		1,446,530	
Other operating expenditures		280,245	
Contributions to outside agencies		197,922	
Total		1,924,697	
Economic Development		2,650,747	
Cooperative Extension:			
Salaries and employee benefits		47,234	
Other operating expenditures		30,903	
Contributions to outside agencies		311,436	
Total		389,573	
Soil Conservation:			
Salaries and employee benefits		396,435	
Other operating expenditures		52,974	
Contributions to outside agencies		23,750	
Total		473,159	
Recycling:			
Salaries and employee benefits		416,471	
Other operating expenditures		313,351	
Total		729,822	
Total Economic and Physical Development	8,254,039	6,167,998	2,086,041
Human Services:			
Public Health:			
Salaries and employee benefits		13,090,539	
Other operating expenditures		3,024,007	
Capital outlay		30,443	
Contributions to outside agencies		69,950	
Total		16,214,939	

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, 2011

	Budget	Actual	Variance Positive (Negative)
Human Services (continued):			
Human Services Support:			
Salaries and employee benefits		\$ 737,199	
Other operating expenditures		28,847	
Total		<u>766,046</u>	
Social Services:			
Salaries and employee benefits		26,410,631	
Other operating expenditures		6,026,191	
Contributions to outside agencies		22,509,248	
Total		<u>54,946,070</u>	
Other Youth Services:			
Other operating expenditures		14,725	
Contributions to outside agencies		504,181	
Total		<u>518,906</u>	
Other Human Services		<u>1,734,184</u>	
Total Human Services	\$ 76,439,460	74,180,145	\$ 2,259,315
Cultural and Recreational:			
Library:			
Salaries and employee benefits		3,662,493	
Other operating expenditures		1,426,404	
Total		<u>5,088,897</u>	
Recreation:			
Salaries and employee benefits		1,204,058	
Other operating expenditures		387,503	
Contributions to outside agencies		79,635	
Total		<u>1,671,196</u>	
Childcare Centers:			
Salaries and employee benefits		759,550	
Other operating expenditures		191,142	
Total		<u>950,692</u>	
Art, Museums, and History		<u>59,625</u>	
Total Cultural and Recreational	8,809,742	7,770,410	1,039,332

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, 2011

	Budget	Actual	Variance Positive (Negative)
Education:			
Public schools:			
Current expenditures		\$ 53,333,340	
Capital outlay		9,287,277	
Community college - current expenditures		<u>8,013,999</u>	
Total Education	\$ 71,508,370	70,634,616	\$ 873,754
Debt Service:			
Principal retirement		9,750,699	
Interest and fees		3,714,110	
Total Debt Service	<u>15,886,583</u>	<u>13,464,809</u>	<u>2,421,774</u>
Total expenditures	<u>252,132,921</u>	<u>242,455,912</u>	<u>9,677,009</u>
Revenues over (under) expenditures	<u>(6,687,123)</u>	<u>7,157,187</u>	<u>13,844,310</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers from other funds	6,640,775	291,811	(6,348,964)
Operating transfers to other funds	(7,277,124)	(7,277,123)	1
Sales of capital assets	130,000	160,672	30,672
Appropriated fund balance	<u>7,193,472</u>	<u>-</u>	<u>(7,193,472)</u>
Total other financing sources (uses)	<u>6,687,123</u>	<u>(6,824,640)</u>	<u>(13,511,763)</u>
Net change in fund balance	<u>\$ -</u>	<u>332,547</u>	<u>\$ 332,547</u>
Fund balance, beginning of year		<u>70,489,626</u>	
Fund balance, end of year		<u>\$ 70,822,173</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, 2011

	Actual to June 30, 2011				Variance Positive (Negative)
	Project Authorization	Reported In Prior Years	Current Year	Total	
REVENUES					
Restricted intergovernmental	\$ 326,081	\$ -	\$ -	\$ -	\$ (326,081)
Investment earnings	322,360	335,885	31,886	367,771	45,411
Total revenues	648,441	335,885	31,886	367,771	(280,670)
EXPENDITURES					
Capital outlay:					
Tax software system	3,278,699	539,080	1,144,937	1,684,017	1,594,682
Detention center	352,272	-	257,502	257,502	94,770
EMS radio dispatch consoles	150,000	-	-	-	150,000
Public safety training center	17,400,054	780,730	4,287,004	5,067,734	12,332,320
Radio upgrades	5,186,860	-	318,836	318,836	4,868,024
Primary care	2,034,874	351,482	-	351,482	1,683,392
Health building renovation	4,682,921	722,729	3,485,164	4,207,893	475,028
DSS technology	1,363,693	946,238	190,506	1,136,744	226,949
Human services building	9,074,772	260,595	929,116	1,189,711	7,885,061
Parks improvement projects	92,818	-	24,816	24,816	68,002
Karpen field improvements	341,032	23,295	305,737	329,032	12,000
Parks and greenways projects	250,000	-	-	-	250,000
Phone system	2,500,000	1,707,108	200,452	1,907,560	592,440
Permit work order system	600,000	332,963	99,948	432,911	167,089
ERP technology upgrade	267,437	226,193	30,858	257,051	10,386
Document imaging equipment	206,079	195,946	-	195,946	10,133
Demolition	75,000	-	16,500	16,500	58,500
Roof replacement	1,821,037	1,799,617	1,374	1,800,991	20,046
County administration building	1,423,731	-	206,941	206,941	1,216,790
IT redundant HVAC system	136,976	-	55,267	55,267	81,709
Facilities shop	1,084,000	-	852,488	852,488	231,512
Fleet vehicle replacement	4,036,425	-	-	-	4,036,425
Courthouse life safety tower	28,626,228	1,405,132	9,238,453	10,643,585	17,982,643
Special vehicles	3,617,283	-	-	-	3,617,283
Technology upgrade	474,419	-	-	-	474,419
Closed projects	15,511,829	11,743,676	2,148,220	13,891,896	1,619,933
Total capital outlay	104,588,439	21,034,784	23,794,119	44,828,903	59,759,536
Interest and fees	548,689	-	1,134,405	1,134,405	(585,716)
Total expenditures	105,137,128	21,034,784	24,928,524	45,963,308	59,173,820
Revenues under expenditures	(104,488,687)	(20,698,899)	(24,896,638)	(45,595,537)	58,893,150

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, 2011

	Actual to June 30, 2011			Variance Positive (Negative)	
	Project Authorization	Reported In Prior Years	Current Year		
OTHER FINANCING SOURCES (USES)					
Installment obligations issued	83,572,721	21,338,339	51,920,000	73,258,339	(10,314,382)
Premium (discount) on installment obligations	1,831,992	182,721	1,619,652	1,802,373	(29,619)
Prior year revenues and transfers	16,935,145	23,137,924	-	23,137,924	6,202,779
Sales of capital assets	1,300,000	-	1,300,000	1,300,000	-
Transfer from:					
General Fund	3,117,126	2,607,549	3,113,855	5,721,404	2,604,278
Grant Projects	-	-	3,271	3,271	3,271
Capital Reserve	1,924,917	-	1,923,799	1,923,799	(1,118)
Emergency Telephone System	2,073,973	-	445,266	445,266	(1,628,707)
Water and Sewer	200,720	-	200,720	200,720	-
Transfer to General Fund	(6,467,907)	-	-	-	6,467,907
Total other financing sources (uses)	104,488,687	47,266,533	60,526,563	107,793,096	3,304,409
Revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ 26,567,634</u>	<u>35,629,925</u>	<u>\$ 62,197,559</u>	<u>\$ 62,197,559</u>
Fund balance, beginning of year			<u>26,567,634</u>		
Fund balance, end of year				<u>\$ 62,197,559</u>	
Amounts reported on the statement of revenues, expenditures and changes fund balance - governmental funds (Exhibit 4) are different due to consolidation of the Capital Reserve Fund:					
Fund balance, beginning of year			\$ 1,902,133		
Investment earning			21,666		
Transfer to Capital Projects Fund			(1,923,799)		
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, 2011

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Investment earnings	\$ -	\$ 21,666	\$ 21,666
EXPENDITURES	-	-	-
Revenues over expenditures	-	21,666	21,666
OTHER FINANCING SOURCES (USES)			
Appropriated fund balance	1,927,756	-	(1,927,756)
Transfer to Capital Projects	(1,927,756)	(1,923,799)	3,957
Total other financing sources (uses)	-	(1,923,799)	(1,923,799)
Net change in fund balance	<u>\$ -</u>	<u>(1,902,133)</u>	<u>\$ (1,902,133)</u>
Fund balance, beginning of year		<u>1,902,133</u>	
Fund balance, end of year		<u>\$ -</u>	

BUNCOMBE COUNTY, NORTH CAROLINA

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

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011

	Actual to June 30, 2011				Variance Positive (Negative)
	Project Budget	Reported In Prior Years	Current Year	Total	
REVENUES					
Intergovernmental revenues	\$161,012,350	\$152,043,282	\$ 15,238,230	\$167,281,512	\$ 6,269,162
Investment earnings	1,866,439	4,021,316	46,321	4,067,637	2,201,198
Total revenues	<u>162,878,789</u>	<u>156,064,598</u>	<u>15,284,551</u>	<u>171,349,149</u>	<u>8,470,360</u>
EXPENDITURES					
Capital outlay:					
Education:					
Buncombe County schools					
Sales tax projects	12,416,443	1,932,890	1,820,363	3,753,253	8,663,190
ADM projects	4,905,000	2,549,015	2,355,985	4,905,000	-
Bond projects	33,536,825	2,931,377	18,432,843	21,364,220	12,172,605
Asheville City schools					
Bond projects	3,757,151	-	1,577,564	1,577,564	2,179,587
Closed projects	3,608,175	2,791,804	790,099	3,581,903	26,272
Total capital outlay	<u>58,223,594</u>	<u>10,205,086</u>	<u>24,976,854</u>	<u>35,181,940</u>	<u>23,041,654</u>
Debt service:					
Principal	37,323,032	25,759,025	8,599,301	34,358,326	2,964,706
Interest and fees	35,307,027	23,700,225	4,404,159	28,104,384	7,202,643
Total debt service	<u>72,630,059</u>	<u>49,459,250</u>	<u>13,003,460</u>	<u>62,462,710</u>	<u>10,167,349</u>
Total expenditures	<u>130,853,653</u>	<u>59,664,336</u>	<u>37,980,314</u>	<u>97,644,650</u>	<u>33,209,003</u>
Revenues over (under) expenditures	<u>32,025,136</u>	<u>96,400,262</u>	<u>(22,695,763)</u>	<u>73,704,499</u>	<u>41,679,363</u>
OTHER FINANCING SOURCES (USES)					
Installment obligations issued	6,836,825	3,036,825	3,800,000	6,836,825	-
General obligation bonds issued	30,850,000	30,850,000	-	30,850,000	-
Premium on bonds	463,270	463,270	-	463,270	-
Refunding bonds issued	8,995,000	8,995,000	-	8,995,000	-
Transfer to General Fund	(1,425,756)	-	-	-	1,425,756
Prior year revenues and transfers	(77,744,475)	(90,603,449)	-	(90,603,449)	(12,858,974)
Total other financing sources (uses)	<u>(32,025,136)</u>	<u>(47,258,354)</u>	<u>3,800,000</u>	<u>(43,458,354)</u>	<u>(11,433,218)</u>
Revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ 49,141,908</u>	<u>(18,895,763)</u>	<u>\$ 30,246,145</u>	<u>\$ 30,246,145</u>
Fund balance, beginning of year			<u>49,141,908</u>		
Fund balance, end of year			<u>\$ 30,246,145</u>		



Combining Statements and Schedules 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.

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.

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

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

DEBT SERVICE FUNDS:

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

CAPITAL PROJECTS FUNDS:

Special Projects Capital Projects - This fund is used to account for 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, 2011

	Special Revenue Funds					
	Special Districts			Occupancy Tax	Workforce Investment Act	Register of Deeds Automation
	Water and Sewer	Volunteer Fire Departments	Emergency Telephone System			
ASSETS						
Cash and cash equivalents	\$ -	\$ 493,738	\$ 3,684,664	\$ -	\$ 278,916	\$ 362,154
Receivables (net):						
Taxes receivable	-	228,823	-	785,035	-	-
Due from other governments	-	1,075,965	-	-	-	-
Accounts receivable	-	-	143,101	-	6	-
Restricted cash and cash equivalents	-	-	-	-	-	-
Total assets	\$ -	\$ 1,798,526	\$ 3,827,765	\$ 785,035	\$ 278,922	\$ 362,154
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ -	\$ 1,569,703	\$ 55,742	\$ 11,776	\$ 156,617	\$ -
Salaries and payroll taxes payable	-	-	-	-	49,620	-
Refundable deposits	-	-	-	-	-	-
Payable from restricted cash	-	-	-	-	-	-
Unearned revenues	-	-	-	-	72,685	-
Deferred revenues	-	228,823	-	-	-	-
Due to general fund	-	-	-	-	-	-
Due to component unit	-	-	-	773,259	-	-
Total liabilities	-	1,798,526	55,742	785,035	278,922	-
FUND BALANCES						
Restricted for:						
Stabilization by State statute	-	-	143,101	-	-	-
Register of deeds	-	-	-	-	-	362,154
Public safety	-	-	3,628,922	-	-	-
Capital projects	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Total fund balances	-	-	3,772,023	-	-	362,154
Total liabilities and fund balances	\$ -	\$ 1,798,526	\$ 3,827,765	\$ 785,035	\$ 278,922	\$ 362,154

				Debt	Capital		
				Service Fund	Projects Fund		
Grant	Trans-	Drug	PDF	PDF Debt	Special	Total	
Projects	portation	Forfeitures	Woodfin	Service	Projects	Nonmajor	Governmental
						Funds	
\$ 986,448	\$ -	\$ 95,076	\$ -	\$ -	\$ 3,126,775	\$ 9,027,771	
-	-	-	-	-	-	1,013,858	
861,003	-	-	-	-	-	1,936,968	
8,125	348,518	-	-	-	-	499,750	
-	-	-	454,254	2,268,730	-	2,722,984	
\$ 1,855,576	\$ 348,518	\$ 95,076	\$ 454,254	\$ 2,268,730	\$ 3,126,775	\$ 15,201,331	
\$ 78,496	\$ 55,063	\$ 2,500	\$ -	\$ -	\$ 3,700	\$ 1,933,597	
-	143,490	-	-	-	-	193,110	
-	-	-	-	-	124,603	124,603	
-	-	-	4,360	-	-	4,360	
-	-	-	-	-	-	72,685	
-	-	-	-	-	-	228,823	
1,420,812	-	-	-	-	-	1,420,812	
-	-	-	-	-	-	773,259	
1,499,308	198,553	2,500	4,360	-	128,303	4,751,249	
356,268	149,965	-	-	-	-	649,334	
-	-	-	-	-	-	362,154	
-	-	92,576	-	-	-	3,721,498	
-	-	-	208,291	-	-	208,291	
-	-	-	241,603	2,268,730	-	2,510,333	
-	-	-	-	-	2,998,472	2,998,472	
356,268	149,965	92,576	449,894	2,268,730	2,998,472	10,450,082	
\$ 1,855,576	\$ 348,518	\$ 95,076	\$ 454,254	\$ 2,268,730	\$ 3,126,775	\$ 15,201,331	

BUNCOMBE COUNTY, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2011

	Special Revenue Funds					
	Special Districts			Occupancy Tax	Workforce Investment Act	Register of Deeds Automation
	Water and Sewer	Volunteer Fire Departments	Emergency Telephone System			
REVENUES						
Ad valorem taxes	\$ -	\$ 14,554,910	\$ -	\$ -	\$ -	\$ -
Local option sales taxes	-	3,985,418	-	-	-	-
Other taxes and licenses	-	-	-	6,882,365	-	-
Restricted intergovernmental	-	-	1,717,210	-	2,748,697	150,457
Sales and services	-	-	-	-	-	-
Investment earnings	-	-	31,326	-	-	3,350
Miscellaneous	-	-	-	-	-	-
Total revenues	-	18,540,328	1,748,536	6,882,365	2,748,697	153,807
EXPENDITURES						
Current:						
General government	-	-	-	-	-	140,360
Public safety	-	18,540,328	1,233,925	-	-	-
Economic and physical development	-	-	-	6,779,130	-	-
Human services	-	-	-	-	2,748,697	-
Cultural and recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Interest and fees	-	-	-	-	-	-
Total expenditures	-	18,540,328	1,233,925	6,779,130	2,748,697	140,360
Revenues over (under) expenditures	-	-	514,611	103,235	-	13,447
OTHER FINANCING SOURCES (USES)						
Transfers from other funds	-	-	-	-	-	-
Transfers to other funds	(200,720)	-	(445,266)	(103,235)	-	(156,576)
Total other financing sources (uses)	(200,720)	-	(445,266)	(103,235)	-	(156,576)
Net change in fund balances	(200,720)	-	69,345	-	-	(143,129)
Fund balances, beginning, as previously reported	200,720	-	3,702,678	-	-	505,283
Prior period adjustments	-	-	-	-	-	-
Fund balances, beginning as restated	200,720	-	3,702,678	-	-	505,283
Fund balances, end of year	\$ -	\$ -	\$ 3,772,023	\$ -	\$ -	\$ 362,154

Grant Projects	Trans- portation	Drug Forfeitures	PDF Woodfin	Debt	Capital	Total Nonmajor Governmental Funds
				Service Fund	Projects Fund	
\$ -	\$ -	\$ -	\$ -	\$ 96,904	\$ -	\$ 14,651,814
-	-	-	-	-	-	3,985,418
-	-	-	-	-	-	6,882,365
3,428,628	2,352,622	830,150	-	-	130,777	11,358,541
-	-	-	-	-	345,405	345,405
-	-	7,471	2,092	1,633	1	45,873
-	123,200	-	-	-	247,333	370,533
3,428,628	2,475,822	837,621	2,092	98,537	723,516	37,639,949
-	-	-	-	-	-	140,360
1,392,066	-	749,029	-	-	-	21,915,348
183,419	-	-	-	-	-	6,962,549
1,627,282	2,391,902	-	-	-	-	6,767,881
105,709	-	-	-	-	-	105,709
-	261,130	-	5,608	-	1,501,089	1,767,827
-	-	-	6,100	917,149	-	923,249
3,308,476	2,653,032	749,029	11,708	917,149	1,501,089	38,582,923
120,152	(177,210)	88,592	(9,616)	(818,612)	(777,573)	(942,974)
71,522	121,112	-	-	3,076,020	1,711,723	4,980,377
(3,271)	(3,522)	(32,000)	(3,076,020)	-	-	(4,020,610)
68,251	117,590	(32,000)	(3,076,020)	3,076,020	1,711,723	959,767
188,403	(59,620)	56,592	(3,085,636)	2,257,408	934,150	16,793
167,865	209,585	35,984	2,205,662	1,341,190	2,064,322	10,433,289
-	-	-	1,329,868	(1,329,868)	-	-
167,865	209,585	35,984	3,535,530	11,322	2,064,322	10,433,289
\$ 356,268	\$ 149,965	\$ 92,576	\$ 449,894	\$ 2,268,730	\$ 2,998,472	\$ 10,450,082

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, 2011

	Budget	Actual	Variance Positive (Negative)
REVENUES	\$ -	\$ -	\$ -
EXPENDITURES	-	-	-
Revenues over expenditures	-	-	-
OTHER FINANCING SOURCES (USES)			
Appropriated fund balance	200,720	-	(200,720)
Transfer to capital projects	(200,720)	(200,720)	-
Total other financing sources (uses)	-	(200,720)	(200,720)
Net change in fund balance	<u>\$ -</u>	(200,720)	<u>\$ (200,720)</u>
Fund balance, beginning of year		<u>200,720</u>	
Fund balance, end of year		<u>\$ -</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, 2011

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Ad valorem taxes		\$ 14,554,910	
Local option sales taxes		3,985,418	
Total revenues	\$ 21,046,711	18,540,328	\$ (2,506,383)
EXPENDITURES			
Current:			
Public safety:			
Operating expenditures		7,986	
Contract payments to Volunteer Fire Departments		18,532,342	
Total expenditures	21,046,711	18,540,328	2,506,383
Net change in fund balance	\$ -	-	\$ -
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

BUNCOMBE COUNTY, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2011

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Restricted intergovernmental		\$ 1,717,210	
Investment earnings		31,326	
Total revenues	\$ 1,780,549	1,748,536	\$ (32,013)
EXPENDITURES			
Current:			
Public safety:			
Implemental functions		56,502	
Telephone		232,839	
Software maintenance		134,532	
Hardware maintenance		45,192	
Training		1,127	
Capital outlay		736,733	
S.L. 2010-158 expenditures		27,000	
Total expenditures	1,831,927	1,233,925	598,002
Revenues over (under) expenditures	(51,378)	514,611	565,989
OTHER FINANCING SOURCES (USES)			
Appropriated fund balance	2,125,351	-	(2,125,351)
Transfer to Capital Projects	(2,073,973)	(445,266)	1,628,707
Total other financing sources (uses)	51,378	(445,266)	(496,644)
Net change in fund balance	\$ -	69,345	\$ 69,345
Fund balance, beginning of year		3,702,678	
Fund balance, end of year		\$ 3,772,023	

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, 2011

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Occupancy tax	\$ 7,535,000	\$ 6,882,365	\$ (652,635)
EXPENDITURES			
Current:			
Economic and physical development:			
Tourism development	7,421,975	6,779,130	642,845
Revenues over expenditures	113,025	103,235	(9,790)
OTHER FINANCING USES			
Transfer to General Fund	(113,025)	(103,235)	9,790
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
Workforce Investment Act Fund*

FOR THE YEAR ENDED JUNE 30, 2011

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Restricted intergovernmental	\$ 3,927,174	\$ 2,748,697	\$ (1,178,477)
EXPENDITURES			
Current:			
Human services:			
Salaries and employee benefits		790,841	
Purchased services		1,782,580	
Other operating expenditures		175,276	
Total expenditures	3,927,174	2,748,697	1,178,477
Net change in fund balance	\$ -	-	\$ -
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

BUNCOMBE COUNTY, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2011

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Restricted intergovernmental		\$ 150,457	
Investment earnings		3,350	
Total revenues	\$ 135,000	153,807	\$ 18,807
EXPENDITURES			
Current:			
General government	285,300	140,360	144,940
Capital outlay	207,700	-	207,700
Total expenditures	493,000	140,360	352,640
Revenues over (under) expenditures	(358,000)	13,447	371,447
OTHER FINANCING SOURCES (USES)			
Appropriated fund balance	514,576	-	(514,576)
Transfer to General Fund	(156,576)	(156,576)	-
Total other financing sources (uses)	358,000	(156,576)	(514,576)
Net change in fund balance	\$ -	(143,129)	\$ (143,129)
Fund balance, beginning of year		505,283	
Fund balance, end of year		\$ 362,154	

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, 2011

	Actual to June 30, 2011				Variance Positive (Negative)
	Project Budget	Reported In Prior Years	Current Year	Total	
REVENUES					
Restricted intergovernmental	\$ 8,094,402	\$ 2,459,049	\$ 3,428,628	\$ 5,887,677	\$ (2,206,725)
Sales and services	106,770	-	-	-	(106,770)
Total revenues	<u>8,201,172</u>	<u>2,459,049</u>	<u>3,428,628</u>	<u>5,887,677</u>	<u>(2,313,495)</u>
EXPENDITURES					
Public safety	2,023,345	407,098	1,392,066	1,799,164	224,181
Economic and physical development	3,359,383	1,837,818	183,419	2,021,237	1,338,146
Human services	2,805,372	370,752	1,627,282	1,998,034	807,338
Cultural and recreation	313,732	4,132	105,709	109,841	203,891
Total expenditures	<u>8,501,832</u>	<u>2,619,800</u>	<u>3,308,476</u>	<u>5,928,276</u>	<u>2,573,556</u>
Revenues under expenditures	<u>(300,660)</u>	<u>(160,751)</u>	<u>120,152</u>	<u>(40,599)</u>	<u>260,061</u>
OTHER FINANCING SOURCES					
Prior year revenues and transfers	25,296	5,963	-	5,963	(19,333)
Transfer from:					
General Fund	96,000	278,000	68,000	346,000	250,000
Transportation	146,435	4,453	3,522	7,975	(138,460)
Capital Projects	36,200	40,200	-	40,200	4,000
Transfer to Capital Projects	(3,271)	-	(3,271)	(3,271)	-
Total other financing sources	<u>300,660</u>	<u>328,616</u>	<u>68,251</u>	<u>396,867</u>	<u>96,207</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 167,865</u>	<u>188,403</u>	<u>\$ 356,268</u>	<u>\$ 356,268</u>
Fund balance, beginning of year			<u>167,865</u>		
Fund balance, end of year			<u>\$ 356,268</u>		

BUNCOMBE COUNTY, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2011

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Restricted intergovernmental		\$ 2,352,622	
Miscellaneous		123,200	
Total revenues	\$ 2,471,896	2,475,822	\$ 3,926
EXPENDITURES			
Current:			
Human services:			
Salaries and employee benefits		1,550,459	
Other operating expenditures		841,443	
Capital outlay		261,130	
Total expenditures	3,292,706	2,653,032	639,674
Revenues under expenditures	(820,810)	(177,210)	643,600
OTHER FINANCING SOURCES (USES)			
Appropriated fund balance	209,584	-	(209,584)
Transfer from General Fund	611,226	121,112	(490,114)
Transfer to Grant Projects	-	(3,522)	(3,522)
Total other financing sources (uses)	820,810	117,590	(703,220)
Net change in fund balance	\$ -	(59,620)	\$ (59,620)
Fund balance, beginning of year		209,585	
Fund balance, end of year		\$ 149,965	

BUNCOMBE COUNTY, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2011

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Restricted intergovernmental		\$ 830,150	
Restricted investment earnings		7,471	
Total revenues	<u>\$ 841,164</u>	<u>837,621</u>	<u>\$ (3,543)</u>
EXPENDITURES			
Current:			
Public safety:			
Operating expenditures		105,329	
Payments to Buncombe County Anticrime Task Force		624,126	
Capital outlay		19,574	
Total expenditures	<u>838,577</u>	<u>749,029</u>	<u>89,548</u>
Revenues over (under) expenditures	<u>2,587</u>	<u>88,592</u>	<u>86,005</u>
OTHER FINANCING SOURCES (USES)			
Appropriated fund balance	29,413	-	(29,413)
Transfer to General Fund	(32,000)	(32,000)	-
Total other financing sources (uses)	<u>(2,587)</u>	<u>(32,000)</u>	<u>(29,413)</u>
Net change in fund balance	<u>\$ -</u>	<u>56,592</u>	<u>\$ 56,592</u>
Fund balance, beginning of year		<u>35,984</u>	
Fund balance, end of year		<u>\$ 92,576</u>	

BUNCOMBE COUNTY, NORTH CAROLINA

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

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011

	Actual to June 30, 2011				Variance Positive (Negative)
	Project Budget	Reported In Prior Years	Current Year	Total	
REVENUES					
Investment earnings	\$ 77,919	\$ 65,765	\$ 2,092	\$ 67,857	\$ (10,062)
EXPENDITURES					
Capital outlay	7,882,200	7,668,301	5,608	7,673,909	208,291
Debt service:					
Interest and fees	623,250	365,485	6,100	371,585	251,665
Total expenditures	8,505,450	8,033,786	11,708	8,045,494	459,956
Revenues under expenditures	(8,427,531)	(7,968,021)	(9,616)	(7,977,637)	449,894
OTHER FINANCING SOURCES					
Project development bonds issued	11,664,000	11,664,000	-	11,664,000	-
Discount on project development bonds	(160,449)	(160,449)	-	(160,449)	-
Transfer to PDF 2008 Debt Service	(3,076,020)	-	(3,076,020)	(3,076,020)	-
Total other financing sources	8,427,531	11,503,551	(3,076,020)	8,427,531	-
Net change in fund balance	\$ -	\$ 3,535,530	(3,085,636)	\$ 449,894	\$ 449,894
Fund balance, beginning, as previously reported			2,205,662		
Prior period adjustment			1,329,868		
Fund balance, beginning, as restated			3,535,530		
Fund balance, end of year			\$ 449,894		

BUNCOMBE COUNTY, NORTH CAROLINA

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

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011

	Actual to June 30, 2011				Variance Positive (Negative)
	Project Budget	Reported In Prior Years	Current Year	Total	
REVENUES					
Ad valorem taxes	\$ 24,468,728	\$ 25,208	\$ 96,904	\$ 122,112	\$ (24,346,616)
Investment earnings	1,249,020	19,982	1,633	21,615	(1,227,405)
Total revenues	<u>25,717,748</u>	<u>45,190</u>	<u>98,537</u>	<u>143,727</u>	<u>(25,574,021)</u>
EXPENDITURES					
Debt service:					
Principal retirement	12,960,000	-	-	-	12,960,000
Interest and fees	17,129,768	1,329,868	917,149	2,247,017	14,882,751
Total expenditures	<u>30,089,768</u>	<u>1,329,868</u>	<u>917,149</u>	<u>2,247,017</u>	<u>27,842,751</u>
Revenues under expenditures	<u>(4,372,020)</u>	<u>(1,284,678)</u>	<u>(818,612)</u>	<u>(2,103,290)</u>	<u>2,268,730</u>
OTHER FINANCING SOURCES					
Project development bonds issued	1,296,000	1,296,000	-	1,296,000	-
Transfer from:					
PDF Woodfin downtown	3,076,020	-	3,076,020	3,076,020	-
Total other financing sources	<u>4,372,020</u>	<u>1,296,000</u>	<u>3,076,020</u>	<u>4,372,020</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 11,322</u>	<u>2,257,408</u>	<u>\$ 2,268,730</u>	<u>\$ 2,268,730</u>
Fund balance, beginning, as previously reported			1,341,190		
Prior period adjustment			<u>(1,329,868)</u>		
Fund balance, beginning, as restated			<u>11,322</u>		
Fund balance, end of year			<u>\$ 2,268,730</u>		

BUNCOMBE COUNTY, NORTH CAROLINA

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

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011

	Actual to June 30, 2011				Variance Positive (Negative)
	Project Budget	Reported in Prior Years	Current Year	Total	
REVENUES					
Restricted intergovernmental:					
Home FY09	\$ 314,705	\$ 189,493	\$ 52,375	\$ 241,868	\$ (72,837)
Home FY08	220,320	132,192	-	132,192	(88,128)
Program income CDBG	59,929	59,928	-	59,928	(1)
Home program income	119,445	119,443	-	119,443	(2)
USDA Sycamore Valley easement	110,000	-	68,402	68,402	(41,598)
NCDA Sycamore Valley easement	345,206	-	-	-	(345,206)
NC Foundation Sycamore Valley easement	10,000	-	10,000	10,000	-
Sales and services	-	-	345,405	345,405	345,405
Investment earnings	-	-	1	1	1
Miscellaneous	461,622	382,798	247,333	630,131	168,509
Total revenues	1,641,227	883,854	723,516	1,607,370	(33,857)
EXPENDITURES					
Capital outlay:					
Housing:					
Home FY10	75,000	-	27,214	27,214	47,786
Home FY09	389,705	198,085	43,783	241,868	147,837
Home FY08	295,320	132,192	32,982	165,174	130,146
Home FY07	239,076	232,058	7,018	239,076	-
Home program income	119,445	119,166	279	119,445	-
Program income CDBG	59,929	59,929	-	59,929	-
CDBG scattered sites 2010	10,400	-	-	-	10,400
Housing trust:					
Housing trust program income	411,622	-	227,437	227,437	184,185
Housing trust FY11	282,500	-	-	-	282,500
Housing trust FY10	232,500	200,000	29,121	229,121	3,379
Housing trust FY09	300,000	164,104	105,396	269,500	30,500
Housing trust FY08	250,000	146,661	87,339	234,000	16,000
Housing trust FY04	300,000	283,309	5,808	289,117	10,883
Mobile home disposal FY11	50,000	-	-	-	50,000
Mobile home disposal FY10	100,000	-	57,973	57,973	42,027
Mobile home disposal FY09	50,000	40,805	9,195	50,000	-
Energy savings reinvestment fund	128,068	-	8,777	8,777	119,291
Soil conservation	2,433,594	550,296	287,620	837,916	1,595,678
Community college	1,047,447	776,300	271,147	1,047,447	-
Economic development	600,000	-	300,000	300,000	300,000
Total expenditures	7,374,606	2,902,905	1,501,089	4,403,994	2,970,612
Revenues under expenditures	(5,733,379)	(2,019,051)	(777,573)	(2,796,624)	2,936,755

Continued on next page

BUNCOMBE COUNTY, NORTH CAROLINA

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

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011

	Actual to June 30, 2011			Variance Positive (Negative)	
	Project Budget	Reported in Prior Years	Current Year		Total
OTHER FINANCING SOURCES					
Transfer from General Fund	1,711,723	-	1,711,723	1,711,723	-
Prior year revenues and transfers	4,021,656	4,083,373	-	4,083,373	61,717
Total other financing sources	<u>5,733,379</u>	<u>4,083,373</u>	<u>1,711,723</u>	<u>5,795,096</u>	<u>61,717</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 2,064,322</u>	934,150	<u>\$ 2,998,472</u>	<u>\$ 2,998,472</u>
Fund balance, beginning of year			<u>2,064,322</u>		
Fund balance, end of year			<u>\$ 2,998,472</u>		

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

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

Landfill Capital Projects Fund- This fund was created to account for the capital projects associated with the solid waste program.

Buncombe County Parking Deck Fund- This fund accounts for the revenues and expenditures associated with the County's parking deck located on College Street.

BUNCOMBE COUNTY, NORTH CAROLINA

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

Solid Waste Disposal Fund

FOR THE YEAR ENDED JUNE 30, 2011

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Operating revenues:			
Tipping fees		\$ 6,359,963	
Service charges and other revenues		550,257	
Intergovernmental revenues		341,098	
Total operating revenues	\$ 6,798,287	7,251,318	\$ 453,031
Nonoperating revenues:			
Investment earnings	5,000	91,272	86,272
Total revenues	6,803,287	7,342,590	539,303
EXPENDITURES			
Landfill:			
Salaries, wages, and fringe benefits		935,510	
Maintenance and repairs		256,997	
Contracted services		633,949	
Other operating expenses		871,068	
Landfill closure and postclosure care costs		244,059	
Total landfill		2,941,583	
Transfer station:			
Salaries, wages, and fringe benefits		506,057	
Maintenance and repairs		77,645	
Contracted services		750	
Other operating expenses		103,942	
Total transfer station		688,394	
Capital outlay		274,898	
Debt service:			
Principal retirement		2,215,000	
Interest and fees		301,433	
Total debt service		2,516,433	
Total expenditures	7,555,538	6,421,308	1,134,230
Revenues over (under) expenditures	(752,251)	921,282	1,673,533

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, 2011

	Budget	Actual	Variance Positive (Negative)
OTHER FINANCING SOURCES			
Appropriated fund balance	\$ 4,767,251	\$ -	\$ (4,767,251)
Transfer from Solid Waste Capital Projects	(4,015,000)	(4,015,000)	-
Total other financing sources	752,251	(4,015,000)	(4,767,251)
Revenues and other sources under expenditures	<u>\$ -</u>	<u>(3,093,718)</u>	<u>\$ (3,093,718)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Debt principal		2,215,000	
Decrease in accrued interest		24,735	
Amortization of bond premium and deferred charges		(35,334)	
Decrease in accrued compensated absences		(10,507)	
Increase in other postemployment benefits liability		(4,162)	
Increase in accrued landfill closure and postclosure care costs		(400,012)	
Remaining cost of disposed assets		(695)	
Capital outlay		274,898	
Depreciation		(1,746,280)	
From Landfill Capital Projects Fund:			
Capital contributions		1,142,529	
Transfer		4,015,000	
Total reconciling items		<u>5,475,172</u>	
Change in net assets		<u><u>\$ 2,381,454</u></u>	

BUNCOMBE COUNTY, NORTH CAROLINA

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

Landfill Capital Projects Fund

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011

	Actual to June 30, 2011			Variance	
	Project Authorization	(Restated) Reported in Prior Years	Current Year		Total to Date
REVENUES					
Investment earnings	\$ 33,378	\$ 33,378	\$ -	\$ 33,378	\$ -
Restricted intergovernmental	3,000,000	-	1,142,529	1,142,529	(1,857,471)
Total revenues	<u>3,033,378</u>	<u>33,378</u>	<u>1,142,529</u>	<u>1,175,907</u>	<u>(1,857,471)</u>
EXPENDITURES					
Capital outlay	7,832,059	1,148,972	1,913,351	3,062,323	4,769,736
Closed projects	4,646,819	3,622,585	38,530	3,661,115	985,704
Total expenditures	<u>12,478,878</u>	<u>4,771,557</u>	<u>1,951,881</u>	<u>6,723,438</u>	<u>5,755,440</u>
Revenues under expenditures	<u>(9,445,500)</u>	<u>(4,738,179)</u>	<u>(809,352)</u>	<u>(5,547,531)</u>	<u>3,897,969</u>
OTHER FINANCING SOURCES					
Transfer from Solid Waste	-	-	4,015,000	4,015,000	4,015,000
Prior year revenues and transfers	9,445,500	4,874,470	-	4,874,470	(4,571,030)
Total other financing sources	<u>9,445,500</u>	<u>4,874,470</u>	<u>4,015,000</u>	<u>8,889,470</u>	<u>(556,030)</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 136,291</u>	<u>\$ 3,205,648</u>	<u>\$ 3,341,939</u>	<u>\$ 3,341,939</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, 2011

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Operating revenues:			
Parking rental fees		\$ 663,860	
Nonoperating revenues:			
Investment earnings		<u>35,405</u>	
Total revenues	<u>\$ 1,041,850</u>	<u>699,265</u>	<u>\$ (342,585)</u>
EXPENDITURES			
Salaries, wages, and fringe benefits		186,622	
Contracted services		23,343	
Maintenance and repairs		18,755	
Other operating expenditures		60,629	
Debt service:			
Principal retirement		385,000	
Interest and fees		<u>597,242</u>	
Total expenditures	<u>1,344,083</u>	<u>1,271,591</u>	<u>72,492</u>
Revenues under expenditures	<u>(302,233)</u>	<u>(572,326)</u>	<u>(270,093)</u>
OTHER FINANCING SOURCES			
Appropriated fund balance	<u>302,233</u>	<u>-</u>	<u>(302,233)</u>
Revenues and other sources under expenditures	<u><u>\$ -</u></u>	<u>(572,326)</u>	<u><u>\$ (572,326)</u></u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Debt principal		385,000	
Decrease in accrued interest		3,850	
Amortization of installment obligation discount		(4,899)	
Increase in accrued compensated absences		(3,121)	
Increase in other postemployment benefits liability		(570)	
Remaining cost of disposed assets		(642,096)	
Depreciation		<u>(495,597)</u>	
Total reconciling items		<u>(757,433)</u>	
Change in net assets		<u><u>\$ (1,329,759)</u></u>	

Combining Statements and Schedules for Nonmajor Enterprise Funds

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

Mental Health Fund - This fund was created to account for the operating expenditures related to mental health services that the County pays for due to the dissolution of a local regional mental health agreement.

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

Inmate Commissary/Welfare Fund - This fund is used to offset the daily personal and incidental needs of inmates. Revenue is generated by telephone concessions and family contributions.

BUNCOMBE COUNTY, NORTH CAROLINA

Combining Statement of Net Assets

Nonmajor Enterprise Funds

JUNE 30, 2011

	Human Services Facilities	Mental Health	CJIS	Inmate Commissary/ Welfare	Total Nonmajor Enterprise Funds
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 2,653,784	\$ 288,776	\$ 276,629	\$ 162,288	\$ 3,381,477
Receivables, net	1,665	169	127,413	99	129,346
Total current assets	2,655,449	288,945	404,042	162,387	3,510,823
Noncurrent assets:					
Capital assets:					
Land, improvements, and construction in progress	2,263,000	42,300	43,279	-	2,348,579
Other capital assets, net of depreciation	6,557,009	320,260	245,553	26,631	7,149,453
Total noncurrent assets	8,820,009	362,560	288,832	26,631	9,498,032
Total assets	11,475,458	651,505	692,874	189,018	13,008,855
LIABILITIES					
Current liabilities:					
Accounts payable	9,237	20,978	55,484	12,845	98,544
Salaries and payroll taxes payable	-	-	51,412	17,168	68,580
Accrued compensated absences	-	-	50,097	19,430	69,527
Unearned revenue	-	24,000	-	-	24,000
Total current liabilities	9,237	44,978	156,993	49,443	260,651
Noncurrent liabilities:					
Other postemployment benefits	-	-	10,032	4,602	14,634
Total liabilities	9,237	44,978	167,025	54,045	275,285
NET ASSETS					
Invested in capital assets, net of related debt	8,820,009	362,560	288,832	26,631	9,498,032
Unrestricted	2,646,212	243,967	237,017	108,342	3,235,538
Total net assets	\$ 11,466,221	\$ 606,527	\$ 525,849	\$ 134,973	\$ 12,733,570

BUNCOMBE COUNTY, NORTH CAROLINA

Combining Statement of Revenues, Expenses, and Change in net assets Nonmajor Enterprise Funds

FOR THE YEAR ENDED JUNE 30, 2011

	Human Services Facilities	Mental Health	CJIS	Inmate Commissary/ Welfare	Total Nonmajor Enterprise Funds
OPERATING REVENUES					
Charges for services and products	\$ 474,937	\$ -	\$ 1,270,613	\$ 412,890	\$ 2,158,440
Total operating revenues	474,937	-	1,270,613	412,890	2,158,440
OPERATING EXPENSES					
Salaries, wages, and fringe benefits	-	-	580,477	242,651	823,128
Contracted services	62,261	645,459	-	28,143	735,863
Cost of products sold	-	-	-	187,295	187,295
Maintenance and repairs	118,250	-	350,378	-	468,628
Depreciation	370,839	13,677	497,033	19,973	901,522
Other operating expenses	175,871	29,992	169,984	46,641	422,488
Total operating expenses	727,221	689,128	1,597,872	524,703	3,538,924
Operating loss	(252,284)	(689,128)	(327,259)	(111,813)	(1,380,484)
NONOPERATING REVENUES					
Investment earnings	15,437	2,663	15,211	1,051	34,362
Loss on disposal of assets	(144,311)	-	-	-	(144,311)
Total nonoperating revenues	(128,874)	2,663	15,211	1,051	(109,949)
Change in net assets	(381,158)	(686,465)	(312,048)	(110,762)	(1,490,433)
Net assets, beginning of year	11,847,379	1,292,992	837,897	245,735	14,224,003
Net assets, end of year	\$ 11,466,221	\$ 606,527	\$ 525,849	\$ 134,973	\$ 12,733,570

BUNCOMBE COUNTY, NORTH CAROLINA

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

FOR THE YEAR ENDED JUNE 30, 2011

	Human Services Facilities	Mental Health	CJIS	Inmate Commissary/ Welfare	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 479,126	\$ -	\$ 1,235,418	\$ 412,890	\$ 2,127,434
Cash paid for goods and services	(364,642)	(654,923)	(470,507)	(258,571)	(1,748,643)
Cash paid to employees for services	-	-	(552,497)	(248,937)	(801,434)
Net cash provided (used) by operating activities	114,484	(654,923)	212,414	(94,618)	(422,643)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	-	-	(93,108)	-	(93,108)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	15,437	51,431	15,211	1,546	83,625
Net increase (decrease) in cash and cash equivalents	129,921	(603,492)	134,517	(93,072)	(432,126)
Cash and cash equivalents, beginning of year	2,523,863	892,268	142,112	255,360	3,813,603
Cash and cash equivalents, end of year	\$ 2,653,784	\$ 288,776	\$ 276,629	\$ 162,288	\$ 3,381,477
Reconciliation of operating loss to net cash provided (used) by operating activities:					
Operating loss	\$ (252,284)	\$ (689,128)	\$ (327,259)	\$ (111,813)	\$ (1,380,484)
Adjustments to reconcile operating loss to net cash used by operating activities:					
Depreciation	370,839	13,677	497,033	19,973	901,522
Changes in assets and liabilities:					
Accounts receivable	4,189	-	(35,195)	-	(31,006)
Accounts payable	(8,260)	20,528	49,855	3,508	65,631
Salaries and payroll taxes payable	-	-	15,049	(2,491)	12,558
Other postemployment benefits	-	-	1,875	679	2,554
Accrued compensated absences	-	-	11,056	(4,474)	6,582
Total adjustments	366,768	34,205	539,673	17,195	957,841
Net cash provided (used) by operating activities	\$ 114,484	\$ (654,923)	\$ 212,414	\$ (94,618)	\$ (422,643)

BUNCOMBE COUNTY, NORTH CAROLINA

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

Human Services Facilities Fund

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUES			
Operating revenues:			
Rental income		\$ 474,937	
Nonoperating revenues:			
Investment earnings		<u>15,437</u>	
Total revenues	\$ 599,915	490,374	\$ (109,541)
EXPENDITURES			
Contracted services		62,261	
Maintenance and repairs		118,250	
Other operating expenditures		<u>175,871</u>	
Total expenditures	<u>754,874</u>	<u>356,382</u>	398,492
Revenues over (under) expenditures	<u>(154,959)</u>	133,992	288,951
OTHER FINANCING SOURCES			
Appropriated fund balance	<u>154,959</u>	-	<u>(154,959)</u>
Revenues and other sources under expenditures	<u>\$ -</u>	133,992	<u>\$ 133,992</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
RECONCILING ITEMS:			
Depreciation		(370,839)	
Remaining cost of disposed assets		<u>(144,311)</u>	
Total reconciling items		<u>(515,150)</u>	
Change in net assets		<u>\$ (381,158)</u>	

BUNCOMBE COUNTY, NORTH CAROLINA

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

Mental Health Fund

FOR THE YEAR ENDED JUNE 30, 2011

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Operating revenues		\$ -	
Nonoperating revenues:			
Investment earnings		<u>2,663</u>	
Total revenues	<u>\$ -</u>	<u>2,663</u>	<u>\$ 2,663</u>
EXPENDITURES			
Contracted services		645,459	
Other operating expenses		<u>29,992</u>	
Total expenditures	<u>952,000</u>	<u>675,451</u>	<u>276,549</u>
Revenues under expenditures	<u>(952,000)</u>	<u>(672,788)</u>	<u>279,212</u>
OTHER FINANCING SOURCES			
Appropriated fund balance	<u>952,000</u>	-	<u>(952,000)</u>
Revenues and other sources under expenditures	<u>\$ -</u>	<u>(672,788)</u>	<u>\$ (672,788)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
RECONCILING ITEMS			
Depreciation		<u>(13,677)</u>	
Total reconciling items		<u>(13,677)</u>	
Change in net assets		<u>\$ (686,465)</u>	

BUNCOMBE COUNTY, NORTH CAROLINA

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

Criminal Justice Information Systems (CJIS) Fund

FOR THE YEAR ENDED JUNE 30, 2011

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Operating revenues:			
Charges for services		\$ 1,270,613	
Nonoperating revenues:			
Investment earnings		<u>15,211</u>	
Total revenues	\$ 1,335,236	1,285,824	\$ (49,412)
EXPENDITURES			
Salaries, wages, and fringe benefits		567,546	
Maintenance and repairs		350,378	
Other operating expenditures		169,984	
Capital outlay		<u>49,829</u>	
Total expenditures	1,335,236	1,137,737	197,499
Revenues over expenditures	-	148,087	148,087
OTHER FINANCING SOURCES (USES)			
Transfer to CJIS Capital Projects	(350,000)	(350,000)	-
General obligation bonds issued	350,000	-	(350,000)
Total other financing sources (uses)	-	(350,000)	(350,000)
Revenues and other sources under expenditures and other uses	<u>\$ -</u>	(201,913)	<u>\$ (201,913)</u>
RECONCILING ITEMS:			
Capital outlay		49,829	
Depreciation		(497,033)	
Decrease in accrued compensated absences		(11,056)	
Increase in other postemployment benefits		(1,875)	
Transfer to CJIS Capital Projects		350,000	
Total reconciling items		<u>(110,135)</u>	
Change in net assets		<u>\$ (312,048)</u>	

BUNCOMBE COUNTY, NORTH CAROLINA

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

CJIS Capital Projects Fund

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011

	Actual to June 30, 2011				Variance Positive (Negative)
	Project Authorization	Reported In Prior Years	Current Year	Total	
REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -
EXPENDITURES					
Capital outlay	350,000	-	43,279	43,279	306,721
Revenues under expenditures	(350,000)	-	(43,279)	(43,279)	306,721
OTHER FINANCING SOURCES					
Transfer from CJIS	350,000	-	350,000	350,000	-
Revenues and other sources over expenditures	\$ -	\$ -	\$ 306,721	\$ 306,721	\$ 306,721

BUNCOMBE COUNTY, NORTH CAROLINA

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

Inmate Commissary/Welfare Fund

FOR THE YEAR ENDED JUNE 30, 2011

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Operating revenues:			
Commissary concessions		\$ 293,536	
Telephone concessions		119,354	
Total operating revenues		<u>412,890</u>	
Nonoperating revenues:			
Investment earnings		<u>1,051</u>	
Total revenues	\$ 503,608	413,941	\$ (89,667)
EXPENDITURES			
Salaries, wages, and fringe benefits		246,446	
Contracted services		28,143	
Cost of products sold		187,295	
Other operating expenditures		<u>46,641</u>	
Total expenditures	<u>629,077</u>	508,525	120,552
Revenues under expenditures	<u>(125,469)</u>	<u>(94,584)</u>	30,885
OTHER FINANCING SOURCES			
Appropriated fund balance	<u>125,469</u>	-	<u>(125,469)</u>
Revenues and other sources under expenditures	<u>\$ -</u>	(94,584)	<u>\$ (94,584)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
RECONCILING ITEMS			
Depreciation		(19,973)	
Increase in accrued compensated absences		4,474	
Increase in other postemployment benefits		(679)	
Total reconciling items		<u>(16,178)</u>	
Change in net assets		<u>\$ (110,762)</u>	

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

INTERNAL SERVICES FUND:

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

AGENCY FUNDS:

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

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

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

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

NC Motor Vehicle Interest - Accounts for the 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.

Deed of Trust Fund - Accounts for the five dollars of each fee collected by the register of deeds for registering or filing a deed of trust or mortgage and remitted to the State Treasurer on a monthly basis.

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

COMPONENT UNITS:

Buncombe County Service Foundation - Accounts for the revenues and expenditures of a nonprofit dedicated to the enhancement of services for the citizens of Buncombe County.

Western North Carolina Regional Air Quality Agency - Accounts for the revenues and expenditures associated with the local air quality regulatory agency formed by an interlocal agreement between Buncombe County and the City of Asheville.

BUNCOMBE COUNTY, NORTH CAROLINA

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

Insurance Internal Service Fund

FOR THE YEAR ENDED JUNE 30, 2011

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Operating revenues:			
Charges for services		\$ 19,144,817	
Nonoperating revenues:			
Investment earnings		<u>35,004</u>	
Total revenues	<u>\$ 18,236,418</u>	<u>19,179,821</u>	<u>\$ 943,403</u>
EXPENDITURES			
Salaries, wages, and fringe benefits		129,790	
Insurance premiums		1,152,719	
Claims		<u>20,606,479</u>	
Total expenditures	<u>24,997,802</u>	<u>21,888,988</u>	<u>3,108,814</u>
Revenues under expenditures	<u>(6,761,384)</u>	<u>(2,709,167)</u>	<u>4,052,217</u>
OTHER FINANCING SOURCES			
Appropriated fund balance	5,954,998	-	(5,954,998)
Transfer from General Fund	<u>806,386</u>	<u>2,262,433</u>	<u>1,456,047</u>
Total other financing sources	<u>6,761,384</u>	<u>2,262,433</u>	<u>(4,498,951)</u>
Revenues and other sources under expenditures	<u>\$ -</u>	<u>\$ (446,734)</u>	<u>\$ (446,734)</u>

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

FOR THE YEAR ENDED JUNE 30, 2011

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
Inmate Trust Fund:				
Assets				
Cash and cash equivalents	\$ 79,085	\$ 517,401	\$ 517,926	\$ 78,560
Liabilities				
Accounts payable	\$ 923	\$ 997	\$ 870	\$ 1,050
Due to beneficiaries	78,162	522,288	522,940	77,510
	<u>\$ 79,085</u>	<u>\$ 523,285</u>	<u>\$ 523,810</u>	<u>\$ 78,560</u>
General Agency Accounts:				
Assets				
Cash and cash equivalents	\$ 539,312	\$ 65,168,341	\$ 65,348,245	\$ 359,408
Accounts receivable	520,107	583,984	520,107	583,984
	<u>\$ 1,059,419</u>	<u>\$ 65,752,325</u>	<u>\$ 65,868,352</u>	<u>\$ 943,392</u>
Liabilities				
Accounts payable	\$ 576,255	\$ 399,055	\$ 770,796	\$ 204,514
Due to other taxing units	483,164	65,780,243	65,524,529	738,878
	<u>\$ 1,059,419</u>	<u>\$ 66,179,298</u>	<u>\$ 66,295,325</u>	<u>\$ 943,392</u>
Social Services Fund:				
Assets				
Cash and cash equivalents	\$ 185,594	\$ 346,336	\$ 469,977	\$ 61,953
Liabilities				
Accounts payable	\$ -	\$ 469,020	\$ 469,020	\$ -
Due to beneficiaries	185,594	343,163	466,804	61,953
	<u>\$ 185,594</u>	<u>\$ 812,183</u>	<u>\$ 935,824</u>	<u>\$ 61,953</u>
Sondley Estate Trust:				
Assets				
Cash and cash equivalents	\$ 858,979	\$ 10,464	\$ 19,830	\$ 849,613
Liabilities				
Due to beneficiaries	\$ 858,979	\$ 7,052	\$ 16,418	\$ 849,613
NC Motor Vehicle Interest:				
Assets				
Cash and cash equivalents	\$ 7,526	\$ 125,876	\$ 125,605	\$ 7,797
Liabilities				
Intergovernmental payable - State of North Carolina	\$ 7,526	\$ 94,861	\$ 94,590	\$ 7,797

Continued on next page

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

FOR THE YEAR ENDED JUNE 30, 2011

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
Deed of Trust Fund:				
Assets				
Cash and cash equivalents	\$ 3,890	\$ 50,925	\$ 51,215	\$ 3,600
Liabilities				
Intergovernmental payable - State of North Carolina	\$ 3,890	\$ 50,925	\$ 51,215	\$ 3,600
Buncombe County Anticrime Task Force:				
Assets				
Cash and cash equivalents	\$ 425,148	\$ 889,139	\$ 459,941	\$ 854,346
Liabilities				
Due to beneficiaries	\$ 425,148	\$ 429,198	\$ -	\$ 854,346
Totals - All Agency Funds				
Assets				
Cash and cash equivalents	\$ 2,099,534	\$ 67,108,482	\$ 66,992,739	\$ 2,215,277
Accounts receivable	520,107	583,984	520,107	583,984
	<u>\$ 2,619,641</u>	<u>\$ 67,692,466</u>	<u>\$ 67,512,846</u>	<u>\$ 2,799,261</u>
Liabilities				
Accounts payable	\$ 577,178	\$ 869,072	\$ 1,240,686	\$ 205,564
Due to other taxing units	483,164	65,780,243	65,524,529	738,878
Intergovernmental payable - State of North Carolina	11,416	145,786	145,805	11,397
Due to beneficiaries	1,547,883	1,301,701	1,006,162	1,843,422
	<u>\$ 2,619,641</u>	<u>\$ 68,096,802</u>	<u>\$ 67,917,182</u>	<u>\$ 2,799,261</u>

BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Change in net assets - Budget and Actual (Non-GAAP)

Buncombe County Service Foundation

Component Unit

FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Service fees	\$ -	\$ 100,000	\$ 100,000
EXPENDITURES			
	-	-	-
Revenues over expenditures	<u>\$ -</u>	<u>100,000</u>	<u>\$ 100,000</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items		<u>-</u>	
Change in net assets		<u>\$ 100,000</u>	

BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Change in net assets - Budget and Actual (Non-GAAP)

Western North Carolina Regional Air Quality Agency

Component Unit

FOR THE YEAR ENDED JUNE 30, 2011

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Federal, State, and other grants		\$ 677,400	
Licenses and permits		182,300	
Investment earnings		6,636	
Total revenues	\$ 805,900	866,336	\$ 60,436
EXPENDITURES			
Current:			
Environmental protection:			
Salaries and employee benefits		742,081	
Other operating expenses		177,085	
Total expenditures	940,817	919,166	21,651
Revenues under expenditures	(134,917)	(52,830)	82,087
OTHER FINANCING SOURCES			
Appropriated fund balance	134,917	-	(134,917)
Sales of capital assets	-	1,410	1,410
Revenues and other sources under expenditures	\$ -	(51,420)	\$ (51,420)
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Depreciation		(6,867)	
Total reconciling items		(6,867)	
Change in net assets		\$ (58,287)	

Other Schedules

Buncombe County, North Carolina



BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Ad Valorem Taxes Receivable

General Fund

JUNE 30, 2011

Fiscal Year	Uncollected Balance June 30, 2010	Additions	Collections and Credits	Uncollected Balance June 30, 2011
2010-2011	\$ -	\$ 153,044,467	\$ 151,006,915	\$ 2,037,552
2009-2010	2,079,614		1,590,053	489,561
2008-2009	559,762		188,035	371,727
2007-2008	256,127		32,704	223,423
2006-2007	223,189		19,492	203,697
2005-2006	85,051		7,254	77,797
2004-2005	78,949		20,176	58,773
2003-2004	62,457		3,256	59,201
2002-2003	102,943		4,428	98,515
2001 & Prior	167,018		5,498	161,520
Total	\$ 3,615,110	\$ 153,044,467	\$ 152,877,811	3,781,766
Less allowance for uncollectible ad valorem taxes receivable				<u>(2,262,682)</u>
Ad valorem taxes receivable, net				<u>\$ 1,519,084</u>
Reconciliation with Revenues:				
Taxes - Ad valorem - General Fund				\$ 153,298,703
Reconciling items:				
Releases				67,415
Taxes written off				17,163
Fees for property tax audits				221,900
Interest collected				(596,917)
Amounts collected 60 days after year-end - net				(130,453)
Total reconciling items				<u>(420,892)</u>
Total collections and credits				<u>\$ 152,877,811</u>

BUNCOMBE COUNTY, NORTH CAROLINA

Analysis of Current Year County-Wide Tax Levy

FOR THE YEAR ENDED JUNE 30, 2011

	County Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Motor Vehicles	Registered Motor Vehicles
Original Levy					
County-Wide Ad Valorem	\$ 28,973,788,613	0.525	\$ 152,112,390	\$ 143,706,149	\$ 8,406,241
Penalties			142,519	142,519	-
Discoveries					
Taxes Levied	220,826,286	0.525	1,159,338	1,159,338	-
Penalties			195,645	195,645	-
Releases	<u>(107,699,851)</u>	0.525	<u>(565,425)</u>	<u>(397,808)</u>	<u>(167,617)</u>
Net Levy	<u>\$ 29,086,915,048</u>		153,044,467	144,805,843	8,238,624
Uncollected Taxes at June 30, 2011			<u>2,037,552</u>	<u>1,460,457</u>	<u>577,095</u>
Current Year's Taxes Collected			<u>\$ 151,006,915</u>	<u>\$ 143,345,386</u>	<u>\$ 7,661,529</u>
Current Levy Collection %			<u>98.67%</u>	<u>98.99%</u>	<u>93.00%</u>
Secondary Market Disclosures:					
Assessed Valuation					
Assessment Ratio ⁽¹⁾				100.00%	
Real Property				\$ 25,454,061,649	
Personal Property				1,543,267,506	
Public Service Companies ⁽²⁾				513,573,883	
Registered Motor Vehicles				<u>1,576,012,010</u>	
Total Assessed Valuation				<u>29,086,915,048</u>	
Tax Rate per \$100				<u>0.525</u>	
Levy (includes discoveries, releases and abatements) ⁽³⁾				<u>\$ 153,044,467</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				\$ 7,999,648	
Fire Protection Districts				<u>14,585,148</u>	
Total				<u>\$ 22,584,796</u>	

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

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

⁽³⁾ The levy includes interest and penalties.

Statistical Section



BUNCOMBE COUNTY, NORTH CAROLINA

Statistical Section

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

<i>Contents</i>	<i>Page</i>
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	151
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	156
Debt Capacity These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	160
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	165
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	168

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

BUNCOMBE COUNTY, NORTH CAROLINA

Table 1

Net Assets by Component

LAST TEN FISCAL YEARS (accrual basis of accounting)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities										
Invested in capital assets, net of related debt	\$ 33,065,394	\$ 37,926,986	\$ 42,902,340	\$ 31,930,850	\$ 48,744,203	\$ 62,717,518	\$ 65,887,137	\$ 63,004,798	\$ 67,968,901	\$ 69,599,272
Restricted	836,051	206,091	506,294	713,063	952,667	1,257,585	1,420,800	0	0	91,710,042
Unrestricted	(46,535,303)	(43,287,878)	(30,573,359)	(6,631,867)	(19,796,405)	(19,443,597)	(5,345,347)	4,261,288	5,778,818	(94,707,863)
Total governmental activities net assets	(12,633,858)	(5,154,801)	12,835,275	26,012,046	29,900,465	44,531,506	61,962,590	67,266,086	73,747,719	66,601,451
Business-type activities										
Invested in capital assets, net of related debt	17,201,445	17,062,735	17,470,314	32,273,305	27,482,628	28,635,180	30,527,905	34,010,820	32,649,006	34,193,312
Restricted	6,756,819	6,857,926	8,398,344	6,175,138	6,285,783	6,432,817	8,956,116	2,589,823	967,892	1,516,288
Unrestricted	3,559,791	3,475,207	1,175,882	4,357,011	8,218,157	8,758,604	7,124,472	11,105,747	11,184,675	8,653,235
Total business-type activities net assets	27,518,055	27,395,868	27,044,540	42,805,454	41,986,568	43,826,601	46,608,493	47,706,390	44,801,573	44,362,835
Primary government										
Invested in capital assets, net of related debt	50,266,839	54,989,721	60,372,654	64,204,155	76,226,831	91,352,698	96,415,042	97,015,618	100,617,907	103,792,584
Restricted	7,592,870	7,064,017	8,904,638	6,888,201	7,238,450	7,690,402	10,376,916	2,589,823	967,892	93,226,330
Unrestricted	(42,975,512)	(39,812,671)	(29,397,477)	(2,274,856)	(11,578,248)	(10,684,993)	1,779,125	15,367,035	16,963,493	(86,054,628)
Total primary government net assets	\$ 14,884,197	\$ 22,241,067	\$ 39,879,815	\$ 68,817,500	\$ 71,887,033	\$ 88,358,107	\$ 108,571,083	\$ 114,972,476	\$ 118,549,292	\$ 110,964,286

BUNCOMBE COUNTY, NORTH CAROLINA

Table 2

Changes in Net Assets

LAST TEN FISCAL YEARS (accrual basis of accounting)

EXPENSES	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities:										
General government	\$ 15,893,885	\$ 17,992,240	\$ 16,387,172	\$ 17,644,529	\$ 19,270,179	\$ 22,446,505	\$ 23,377,056	\$ 21,705,398	\$ 22,130,128	\$ 22,459,758
Public safety	37,090,297	40,687,839	47,182,012	52,134,950	54,066,643	58,198,788	68,034,705	69,377,438	71,520,365	75,632,295
Economic and physical development	3,992,760	9,017,323	9,834,487	12,131,158	19,334,791	14,735,580	18,585,531	26,226,700	13,804,636	15,057,537
Human services	65,137,567	64,608,667	66,519,726	72,979,844	77,967,312	81,513,029	90,053,452	83,310,485	85,121,982	82,215,499
Cultural and recreational	8,437,392	8,279,421	8,862,116	7,991,232	6,754,166	6,888,549	8,141,862	11,090,242	9,943,947	9,167,471
Education	78,973,677	61,168,150	62,018,004	61,817,647	79,316,200	91,854,360	75,896,726	73,179,775	78,379,830	95,611,470
Interest on long-term debt	6,794,663	6,252,005	6,386,008	5,971,834	7,231,178	7,811,367	7,335,758	7,245,388	7,694,610	9,896,183
Total governmental activities expenses	216,320,241	208,005,645	217,189,525	230,671,194	263,940,469	283,448,178	291,425,090	292,135,426	288,595,498	310,040,213
Business-type activities:										
Solid Waste Disposal	5,056,489	5,325,050	6,559,788	7,503,243	5,095,603	6,892,580	7,713,779	7,325,697	6,175,352	6,103,665
Parking Deck	-	-	-	-	-	-	887,004	927,467	1,346,567	2,029,024
Human Services Facilities	-	-	-	661,152	1,452,366	2,225,921	1,119,716	802,044	846,717	871,532
Mental Health	-	-	-	-	-	-	875,850	606,857	602,809	689,128
Inmate Commissary/Welfare	197,746	357,891	372,609	444,596	458,792	539,509	524,398	559,422	602,509	524,703
Criminal Justice Information System	-	-	-	-	-	-	-	1,632,594	1,638,266	1,597,872
County Golf Course	856,631	908,649	918,611	1,018,611	-	-	-	-	-	-
After School	1,917,732	1,972,993	2,040,738	1,888,679	1,832,833	377,990	-	-	-	-
Total business-type activities expenses	8,028,598	8,564,583	9,891,746	11,516,281	8,839,594	10,036,000	11,120,747	11,854,081	11,212,220	11,815,924
Total primary governmental expenses	224,348,839	216,570,228	227,081,271	242,187,475	272,780,063	293,484,178	302,545,837	303,989,507	299,807,718	321,856,137
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government	3,216,589	3,151,420	3,280,066	9,613,785	11,035,741	10,894,196	9,935,830	3,273,340	3,418,209	3,617,461
Public safety	7,254,394	6,178,432	6,527,193	6,576,600	7,942,899	7,463,106	7,954,598	8,384,722	7,178,633	8,197,334
Economic and physical development	213,356	316,372	266,494	5,468,710	6,327,138	7,287,329	7,593,812	6,695,973	6,485,727	7,976,554
Human services	8,652,818	8,737,788	9,784,088	7,967,861	9,021,899	7,889,380	9,010,072	7,582,007	6,166,294	5,031,516
Cultural and recreational	684,831	1,131,292	1,706,858	1,231,519	766,838	708,053	670,295	1,226,864	979,013	873,489
Education	-	-	-	-	-	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	32,866,046	35,530,761	34,826,905	42,876,425	49,467,438	44,184,934	47,768,083	49,093,100	52,733,279	52,196,582
Capital grants and contributions	17,537,734	12,868,292	17,775,859	14,513,290	16,433,237	16,873,111	17,577,647	17,489,205	14,962,018	17,111,186
Total governmental activities program revenues	70,425,768	67,914,357	74,167,463	88,248,190	100,995,190	95,300,109	100,510,337	93,745,211	91,923,173	95,004,122
Business-type activities:										
Charges for services:										
Solid Waste Disposal	5,533,545	5,392,359	6,393,638	6,152,947	6,660,231	6,707,965	7,185,473	6,598,240	6,514,503	6,910,220
Parking Deck	-	-	-	-	-	-	-	88,148	606,561	663,860
Human Services Facilities	-	-	-	638,173	927,145	891,501	841,291	617,530	483,191	474,937
Mental Health	-	-	-	-	-	-	-	-	-	-
Inmate/Commissary Welfare	337,386	358,886	358,226	366,530	431,502	421,928	388,505	468,406	476,295	412,890
Criminal Justice Information System	-	-	-	-	-	-	-	1,194,794	1,274,921	1,270,613
County Golf Course	886,096	775,098	761,137	751,349	-	-	-	-	-	-
After School	1,934,276	1,735,199	1,671,154	1,706,050	1,861,018	162,956	-	-	-	-
Operating grants and contributions	269,032	269,402	278,542	292,798	304,822	322,802	333,931	321,567	325,584	341,098
Capital grants and contributions	-	-	-	-	-	9,050	42,751	-	-	1,142,529
Total business-type activities program revenues	8,960,335	8,530,944	9,462,697	9,907,847	10,184,718	8,516,202	8,791,951	9,288,685	9,681,055	11,216,147
Total primary governmental program revenues	79,386,103	76,445,301	83,630,160	98,156,037	111,179,908	103,816,311	109,302,288	103,033,896	101,604,228	106,220,269

Continued On Next Page

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Net (expense) revenue										
Governmental activities	\$ (145,894,473)	\$ (140,091,288)	\$ (143,022,062)	\$ (142,423,004)	\$ (162,945,279)	\$ (188,148,069)	\$ (190,914,753)	\$ (198,390,215)	\$ (196,672,325)	\$ (215,036,091)
Business-type activities	931,737	(33,639)	(429,049)	(1,608,434)	1,345,124	(1,519,798)	(2,328,796)	(2,565,396)	(1,531,165)	(599,777)
Total primary governmental net expense	(144,962,736)	(140,124,927)	(143,451,111)	(144,031,438)	(161,600,155)	(189,667,867)	(193,243,549)	(200,955,611)	(198,203,490)	(215,635,868)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes: Property taxes	93,527,086	108,802,529	113,044,025	116,654,786	123,668,417	152,744,354	157,568,418	162,584,050	165,793,158	167,506,260
Taxes: Local Option Sales Tax	22,338,676	25,319,117	30,394,919	35,671,036	40,126,703	43,942,038	45,575,335	37,777,956	32,087,738	33,152,165
Other Taxes and Licenses	15,763,253	11,741,173	13,348,172	-	-	-	-	5,310,017	4,696,043	4,966,792
Investment earnings, unrestricted	2,087,614	1,099,292	760,068	1,964,791	4,123,375	6,252,713	5,417,960	2,513,403	664,878	598,662
Gain (Loss) on Sale of Capital Assets	438,310	(282,591)	-	-	-	-	-	-	-	-
Miscellaneous, unrestricted	461,792	899,778	1,138,580	950,733	1,369,340	1,245,957	1,142,629	1,445,354	1,242,530	1,665,941
Special Item: Transfer Assets for Water Agreement	-	-	-	-	(4,787,776)	-	-	-	-	-
Transfers	(4,269,988)	486,481	50,000	-	1,675,850	(2,000,000)	(3,040,115)	(2,881,638)	(1,621,145)	-
Total governmental activities	130,346,743	148,065,779	158,735,764	155,241,346	166,175,909	202,185,062	206,664,227	206,749,142	202,863,202	207,889,820
Business-type activities:										
Investment earnings, unrestricted	475,674	202,933	136,342	307,773	703,774	1,360,115	2,079,570	781,655	171,999	161,039
Miscellaneous, unrestricted	-	-	-	-	-	-	-	-	-	-
Gain (Loss) on Sale of Capital Assets	-	195,000	-	-	-	-	-	-	-	-
Special Item: Transfer Assets for Water Agreement	-	-	-	-	(1,191,934)	-	-	-	-	-
Transfers	(157,597)	(486,481)	(50,000)	-	(1,675,850)	2,000,000	3,040,115	2,881,638	1,621,145	-
Total business-type activities	318,077	(88,548)	86,342	307,773	(2,164,010)	3,360,115	5,119,685	3,663,293	1,793,144	161,039
Total primary government	130,664,820	147,977,231	158,822,106	155,549,119	164,011,899	205,545,177	211,783,912	210,412,435	204,656,346	208,050,859
Change in Net Assets										
Governmental activities	\$ (15,547,730)	\$ 7,974,491	\$ 15,713,702	\$ 12,818,342	\$ 3,230,630	\$ 14,036,993	\$ 15,749,474	\$ 8,358,927	\$ 6,190,877	\$ (7,146,271)
Business-type activities	1,249,814	(122,187)	(342,707)	(1,300,661)	(818,886)	1,840,317	2,790,889	1,097,897	261,979	(438,738)
Total primary government	\$ (14,297,916)	\$ 7,852,304	\$ 15,370,995	\$ 11,517,681	\$ 2,411,744	\$ 15,877,310	\$ 18,540,363	\$ 9,456,824	\$ 6,452,856	\$ (7,585,009)

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

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

BUNCOMBE COUNTY, NORTH CAROLINA
Fund Balances of Governmental Funds

Table 3

LAST TEN FISCAL YEARS (modified accrual basis of accounting)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund										
Reserved	\$ 13,195,643	\$ 17,327,685	\$ 15,257,237	\$ 15,995,465	\$ 16,626,892	\$ 19,381,124	\$ 21,418,705	\$ 17,727,539	\$ 19,549,574	\$ -
Unreserved	24,153,451	26,552,475	34,033,114	39,239,257	45,402,398	47,834,281	46,578,265	52,275,357	50,940,052	-
Total General Fund	\$ 37,349,094	\$ 43,880,160	\$ 49,290,351	\$ 55,234,722	\$ 62,029,290	\$ 67,215,405	\$ 67,996,970	\$ 70,002,896	\$ 70,489,626	\$ -
All other governmental funds										
Reserved	\$ 4,776,671	\$ 1,636,277	\$ 2,299,891	\$ 5,952,553	\$ 7,965,982	\$ 9,843,864	\$ 7,765,517	\$ 6,626,512	\$ 6,528,068	\$ -
Unreserved, reported in:										
Special revenue funds	269,114	107,867	(334,853)	2,234,023	(8,150)	689,209	(243,876)	6,425,227	6,750,134	-
Capital projects funds	14,943,238	22,819,414	30,900,955	43,128,348	66,231,654	43,728,583	46,217,136	47,353,099	74,766,762	-
Total all other governmental funds	\$ 19,989,023	\$ 24,563,558	\$ 32,865,993	\$ 51,314,924	\$ 74,189,486	\$ 54,261,656	\$ 53,738,777	\$ 60,404,838	\$ 88,044,964	\$ -
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 270,471
Restricted	-	-	-	-	-	-	-	-	-	18,371,636
Committed	-	-	-	-	-	-	-	-	-	1,050,000
Assigned	-	-	-	-	-	-	-	-	-	7,692,536
Unassigned	-	-	-	-	-	-	-	-	-	43,437,530
Total General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,822,173
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,717,209
Restricted	-	-	-	-	-	-	-	-	-	73,338,406
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	22,838,171
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 102,893,786

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

BUNCOMBE COUNTY, NORTH CAROLINA

Table 4

Changes in Fund Balances of Governmental Funds

LAST TEN FISCAL YEARS (modified accrual basis of accounting)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
REVENUES										
Ad Valorem Taxes	\$ 94,262,914	\$ 109,065,659	\$ 113,385,273	\$ 116,769,925	\$ 123,668,417	\$ 152,078,684	\$ 157,250,530	\$ 161,629,983	\$ 166,260,818	\$ 167,950,517
Local Option Sales Taxes	22,338,676	25,319,117	30,394,919	35,600,392	40,156,650	43,942,038	45,575,335	37,777,956	32,087,738	33,152,165
Other Taxes and Licenses	10,646,340	11,741,173	13,348,172	10,779,994	13,714,547	14,836,023	13,514,180	10,881,071	10,692,333	11,199,515
Unrestricted Intergovernmental	4,745,435	560,341	571,433	592,389	600,307	616,097	634,260	689,376	263,502	649,642
Restricted Intergovernmental	53,248,557	49,521,780	55,150,257	57,229,404	66,406,034	61,630,950	63,460,263	67,106,567	68,165,026	69,745,379
Permits and Fees	1,481,805	1,465,868	1,533,037	1,817,537	2,284,153	1,808,826	1,685,014	2,729,721	2,318,479	2,637,544
Sales and Services	15,359,599	15,644,420	16,599,527	17,272,430	17,974,886	16,471,205	18,794,523	17,648,493	15,179,874	15,238,834
Investment Earnings	2,247,303	1,070,561	811,830	1,844,176	3,923,644	5,904,810	5,524,232	2,769,835	727,479	828,614
Miscellaneous	1,280,433	1,620,724	1,451,189	1,362,578	1,376,089	1,245,957	1,142,629	1,445,354	1,242,530	1,188,941
Total revenues	\$ 205,611,062	\$ 216,009,643	\$ 233,245,637	\$ 243,268,825	\$ 270,104,727	\$ 298,534,590	\$ 307,580,966	\$ 302,678,356	\$ 296,937,779	\$ 302,591,151
EXPENDITURES										
Current:										
General government	\$ 15,224,828	\$ 18,378,252	\$ 14,240,645	\$ 16,596,198	\$ 17,941,931	\$ 19,067,585	\$ 21,306,889	\$ 20,039,754	\$ 20,191,172	\$ 21,770,014
Public safety	35,031,591	38,413,412	47,803,267	48,413,590	50,254,619	55,977,572	64,778,242	64,511,855	65,391,557	70,523,628
Economic and Physical Development	3,637,987	4,391,217	9,839,009	12,151,298	19,278,134	14,638,280	16,737,657	13,764,192	11,503,725	13,130,547
Human Services	65,095,404	64,220,403	67,701,366	74,176,691	76,977,176	80,825,821	87,205,196	80,454,900	80,291,532	80,948,026
Cultural and Recreational	7,763,952	7,421,103	8,052,872	7,139,629	5,521,542	5,921,511	7,304,597	9,752,430	8,446,969	7,876,119
Intergovernmental:										
Education	47,032,182	48,356,755	51,152,665	54,207,778	56,393,255	61,556,450	66,171,518	70,618,376	69,587,924	70,634,616
Capital Outlay	38,924,222	20,116,601	20,038,349	17,546,029	38,148,616	46,124,292	27,640,050	20,918,808	36,321,329	50,538,800
Debt service										
Principal	12,397,798	23,527,919	16,757,995	15,426,168	24,247,761	17,539,683	17,278,409	16,842,942	17,652,009	18,350,000
Interest and Fees	6,691,395	6,519,620	6,032,427	6,304,258	6,991,875	8,285,284	7,603,639	7,620,072	8,541,195	10,175,923
Total expenditures	\$ 231,799,359	\$ 231,345,282	\$ 241,618,595	\$ 251,961,639	\$ 295,754,909	\$ 309,936,478	\$ 316,026,197	\$ 304,523,329	\$ 317,927,412	\$ 343,947,673
Excess of revenues over (under) expenditures	\$ (26,188,297)	\$ (15,335,639)	\$ (8,372,958)	\$ (8,692,814)	\$ (25,650,182)	\$ (11,401,888)	\$ (8,445,231)	\$ (1,844,973)	\$ (20,989,633)	\$ (41,356,522)
OTHER FINANCING SOURCES (USES)										
Project Development Bonds Issued	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,960,000	\$ -	\$ -
Discount on Bonds	-	-	-	-	-	-	-	(160,449)	-	-
Transfers From Other Funds	10,610,361	2,751,073	4,029,194	6,838,769	10,430,533	21,116,870	21,336,193	10,512,565	13,639,629	9,035,300
Transfers To Other Funds	(11,752,244)	(2,264,592)	(5,090,611)	(6,838,769)	(9,915,533)	(24,917,191)	(26,695,515)	(12,925,599)	(16,260,774)	(11,297,733)
Advance Refunding Obligations Issued	-	-	-	-	-	-	-	-	17,115,000	-
Transfer of Assets-Dissolution of Water Agreement	-	-	-	-	(60,542)	-	-	-	-	-
Transfers To Component Units	(4,427,585)	(4,625,074)	-	-	-	-	-	-	-	-
Installment Obligations Issued	5,165,500	1,498,733	20,727,018	25,333,944	-	-	-	-	26,705,000	55,720,000
Premium on Installment Obligations	-	-	-	-	-	-	-	-	998,136	1,619,652
Proceeds from Installment Obligations	-	-	-	-	-	-	13,455,000	-	-	-
Discount on Installment Obligations	-	-	-	-	-	-	(9,565)	-	-	-
General Obligation Debt Issued	-	-	-	5,878,503	51,985,000	-	-	-	30,850,000	-
Premium on Debt Issued	-	-	-	-	2,223,983	-	-	-	463,270	-
Refunding Bonds Issued	-	-	-	12,532,470	-	-	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	(12,428,529)	-	-	-	-	(24,544,763)	-
Proceeds From Bonds	-	29,807,858	-	-	-	-	-	-	-	-
Sale of Capital Assets	794,625	108,637	71,022	1,779,728	655,871	447,341	20,107	131,219	105,720	1,460,672
Total other financing sources (uses)	\$ 390,657	\$ 27,276,635	\$ 19,736,623	\$ 33,096,116	\$ 55,319,312	\$ (3,352,980)	\$ 8,106,220	\$ 10,517,736	\$ 49,071,218	\$ 56,537,891
Net change in fund balances	\$ (25,797,640)	\$ 11,940,996	\$ 11,363,665	\$ 24,403,302	\$ 29,669,130	\$ (14,754,868)	\$ (339,011)	\$ 8,672,763	\$ 28,081,585	\$ 15,181,369
Debt services as a percentage of noncapital expenditures	8.50%	13.48%	9.91%	9.02%	11.16%	8.85%	8.45%	8.23%	8.91%	8.98%

BUNCOMBE COUNTY, NORTH CAROLINA

Table 5

Assessed Value of Taxable Property

LAST TEN FISCAL YEARS (amounts expressed in thousands)

Fiscal Year Ended June 30	Real Property		Use Value Farm	Historical Property	Personal Property		Less: Tax Exempt Real Property*	Public Service Assessed Value	Total Taxable Assessed Value	Total Direct Tax Rate
	Residential Property	Commercial Property			Motor Vehicles	Other				
2002	7,762,200	2,523,491	456,916	24,379	1,402,305	1,440,043	312,476	481,054	13,777,912	0.630
2003	10,134,161	3,279,197	653,644	45,311	1,658,507	1,406,688	571,942	489,587	17,095,153	0.590
2004	10,565,996	3,370,995	636,865	49,132	1,560,515	1,395,033	575,165	493,131	17,496,502	0.590
2005	11,028,890	3,449,048	642,673	50,146	1,556,247	1,364,134	545,208	488,950	18,034,880	0.590
2006	11,615,744	3,543,490	626,159	55,296	1,830,013	1,409,297	512,096	537,650	19,105,553	0.590
2007	16,832,000	5,274,306	1,155,382	104,262	1,776,699	1,502,617	1,082,515	618,348	26,181,099	0.530
2008	17,869,706	5,242,939	1,049,024	93,601	1,857,391	1,562,113	1,036,856	620,602	27,258,520	0.525
2009	18,814,352	5,319,589	1,054,015	94,003	1,687,764	1,635,196	1,043,461	524,793	28,086,251	0.525
2010	19,278,789	5,608,552	1,209,375	96,685	1,628,826	1,627,503	1,125,844	517,281	28,841,167	0.525
2011	19,693,086	5,598,080	1,209,847	97,799	1,576,012	1,546,946	1,148,428	513,573	29,086,915	0.525

SOURCE: Buncombe County Tax Department

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

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

NOTE: Property in Buncombe County was not reassessed in 2011.

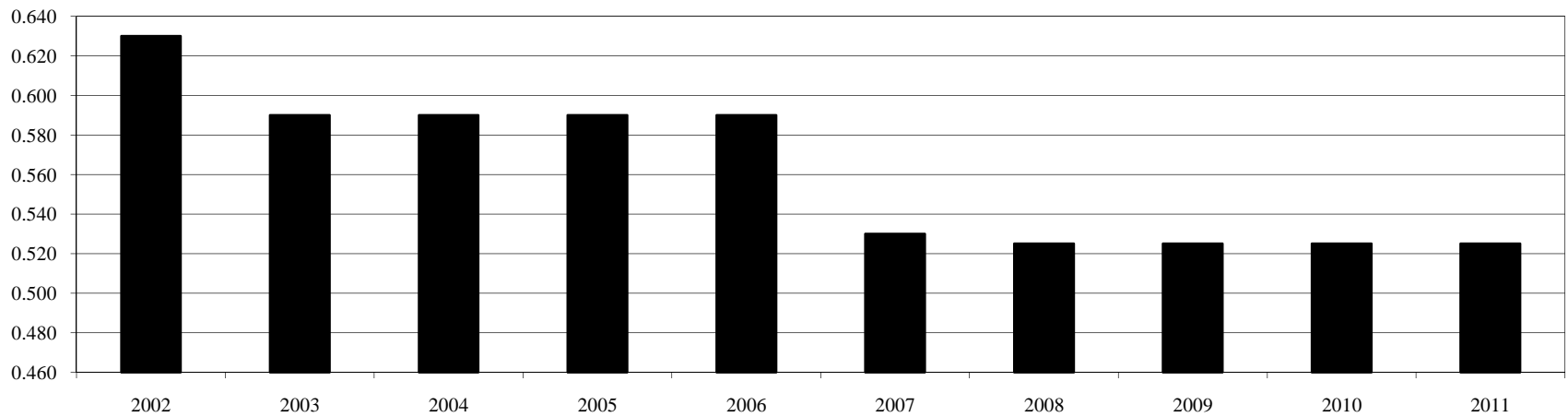
BUNCOMBE COUNTY, NORTH CAROLINA

Table 6

Property Tax Rates-Direct And All Overlapping Governments

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
County of Buncombe	0.630	0.590	0.590	0.590	0.590	0.530	0.525	0.525	0.525	0.525
City of Asheville	0.560	0.530	0.530	0.530	0.530	0.424	0.420	0.420	0.420	0.420
Town of Biltmore Forest	0.360	0.360	0.360	0.360	0.360	0.295	0.295	0.300	0.300	0.320
Town of Weaverville	0.430	0.430	0.430	0.430	0.430	0.430	0.380	0.365	0.355	0.355
Town of Black Mountain	0.385	0.385	0.385	0.385	0.385	0.320	0.320	0.320	0.320	0.365
Town of Woodfin	0.400	0.325	0.285	0.285	0.285	0.265	0.265	0.265	0.265	0.265
Town of Montreat	0.450	0.310	0.350	0.370	0.370	0.370	0.370	0.370	0.370	0.370
Asheville School District	0.200	0.200	0.200	0.200	0.200	0.150	0.150	0.150	0.150	0.150
Fire Districts	0.060-0.150	0.075-0.150	0.075-0.150	0.075-0.150	0.075-0.150	0.075-0.125	0.075-0.125	0.075-0.150	0.075-0.150	0.075-0.150
Maximum Combined Rate	1.390	1.320	1.320	1.320	1.320	1.104	1.095	1.095	1.095	1.095



NOTE: Property was revalued and effective in fiscal years 2003, and 2007.

NOTE: Property in Buncombe County was not reassessed in 2011.

BUNCOMBE COUNTY, NORTH CAROLINA

Table 7

Principal Property Taxpayers

DECEMBER 31, 2010

Taxpayer	2011			2002		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Progress Energy Carolinas	\$ 298,497,386	1	1.03%	\$ 252,566,172	1	1.83%
Ingles Markets Inc	195,281,651	2	0.67%	99,504,020	3	0.72%
The Cliffs at Walnut Cove LLC	128,980,600	3	0.44%			
Town Square West LLC	119,488,500	4	0.41%			
Jack Tar Hotels (Grove Park)	102,511,800	5	0.35%	74,819,100	5	0.54%
Biltmore Company	98,281,125	6	0.34%	86,460,140	4	0.63%
Arvato Digital Services (Sonopress)	88,977,070	7	0.31%	73,424,170	6	0.53%
Asheville LLC	78,938,870	8	0.27%	59,503,100	8	0.43%
Bellsouth Telephone Company	77,387,934	9	0.27%	115,304,845	2	0.84%
Southeastern Container	69,570,280	10	0.24%	67,321,520	7	0.49%
BASF Corporation				57,030,060	9	0.41%
Biltmore Square				32,865,400	10	0.24%
Totals	\$ 1,257,915,216		4.32%	\$ 918,798,527		6.67%
Total Overall Valuation	\$ 29,086,915,048			\$ 13,777,911,719		

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SOURCE: Buncombe County Tax Department

BUNCOMBE COUNTY, NORTH CAROLINA

Table 8

Property Tax Levies and Collections

LAST TEN FISCAL YEARS (amounts expressed in thousands)

Fiscal Year	Total Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage		Amount	Percentage of Levy
2002	87,481	85,903	98.2%	938	86,841	99.27%
2003	100,861	99,107	98.3%	1,464	100,571	99.71%
2004	103,437	102,079	98.7%	1,152	103,231	99.80%
2005	106,606	105,418	98.9%	996	106,414	99.82%
2006	112,954	111,707	98.9%	1,035	112,742	99.81%
2007	139,015	137,837	99.2%	1,004	138,841	99.87%
2008	143,256	142,008	99.1%	1,055	143,063	99.87%
2009	147,652	145,745	98.7%	1,731	147,476	99.88%
2010	151,681	149,601	98.6%	1,852	151,453	99.85%
2011	153,044	151,007	98.7%	-	151,007	98.67%

SOURCE: Buncombe County Tax Department

NOTE: Property was revalued and effective in fiscal years 1999, 2003, and 2007.

BUNCOMBE COUNTY, NORTH CAROLINA

Table 9

Ratio of Outstanding Debt by Type

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

Fiscal Year	Governmental Activities			Business-type Activities		Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	General Obligation Bonds	Installment Notes	Project Development Financing Bonds	Special Obligation Bonds	Installment Notes			
2002	102,745	37,281	-	10,063	-	150,089	2.65%	708
2003	115,105	32,758	-	9,312	474	157,649	2.77%	733
2004	106,350	45,482	-	8,522	384	160,738	2.59%	744
2005	103,984	64,264	-	7,697	291	176,236	2.68%	808
2006	94,641	103,461	-	14,987	196	213,285	3.02%	969
2007	85,565	94,639	-	13,212	99	193,515	2.56%	863
2008	76,541	99,506	-	11,375	14,982	202,404	2.52%	884
2009	67,919	90,980	12,803	9,494	14,411	195,607	2.43%	832
2010	65,470	127,153	12,803	7,536	13,825	226,787	N/A	970
2011	58,823	172,049	12,812	5,530	13,224	262,438	N/A	N/A

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

(1) Personal income and population data can be found on Table 14 (Demographic and Economic Statistics) on page 165.

BUNCOMBE COUNTY, NORTH CAROLINA

Table 10

Ratios of General Bonded Debt Outstanding

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

Fiscal Year	General Obligation Bonds	Percentage of Estimated Actual Taxable Value ¹	
		of Property	Per Capita ²
2002	102,745	0.75%	485
2003	115,105	0.67%	535
2004	106,350	0.61%	492
2005	103,984	0.58%	477
2006	94,641	0.50%	430
2007	85,565	0.33%	382
2008	76,541	0.28%	334
2009	67,919	0.24%	289
2010	65,470	0.23%	280
2011	58,823	0.20%	N/A

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

¹Property value data can be found on Table 5 (Assessed Value of Taxable Property) on page 156.

²Population data can be found on Table 14 (Demographic and Economic Statistics) on page 165.

BUNCOMBE COUNTY, NORTH CAROLINA

Table 11

Direct and Overlapping Governmental Activities Debt

AS OF JUNE 30, 2011 (amounts expressed in thousands)

Government Unit	Debt Outstanding	Percentage Applicable to County (1)	Estimated share of Direct and Overlapping debt (2)
Net general obligation bonded debt			
City of Asheville	\$ 1,290,000	100%	\$ 1,290,000
Town of Biltmore Forest	-		-
Town of Black Mountain	-		-
Town of Montreat	274,000	100%	274,000
Town of Weaverville	3,060,000	100%	3,060,000
Town of Woodfin	-		-
Metropolitan Sewerage District	759,000	100%	759,000
Installment Debt			
City of Asheville	27,163,061	100%	27,163,061
Town of Biltmore Forest	2,953,185	100%	2,953,185
Town of Black Mountain	2,899,729	100%	2,899,729
Town of Montreat	-		-
Town of Weaverville	2,867,333	100%	2,867,333
Town of Woodfin	-		-
Metropolitan Sewerage District	-		-
Revenue bonds			
City of Asheville	80,870,000	100%	80,870,000
Metropolitan Sewerage District	127,554,666	100%	127,554,666
Revolving loans			
City of Asheville	900,000	100%	900,000
Subtotal, overlapping debt			\$ 250,590,973
County direct debt		100%	\$ 240,305,000
Total direct and overlapping debt			\$ 490,895,973

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

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

BUNCOMBE COUNTY, NORTH CAROLINA

Table 12

Legal Debt Margin

LAST TEN FISCAL YEARS (amounts expressed in thousands)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	\$ 1,102,233	\$ 1,367,612	\$ 1,399,720	\$ 1,442,790	\$ 1,528,444	\$ 2,094,488	\$ 2,180,682	2,246,900	\$ 2,307,293	\$ 2,326,953
Total net debt applicable to limit	140,026	148,337	151,832	168,109	210,082	177,555	191,030	173,379	190,738	240,305
Legal debt margin	\$ 962,207	\$ 1,219,275	\$ 1,247,888	\$ 1,274,681	\$ 1,318,362	\$ 1,916,933	\$ 1,989,652	\$ 2,073,521	\$ 2,116,555	\$ 2,086,648
Total net debt applicable to the limit as a percentage of debt limit	12.70%	10.85%	10.85%	11.65%	13.74%	8.48%	8.76%	7.72%	8.27%	10.33%

Legal Debt Margin Calculation for Fiscal Year 2011

Assessed value of taxable property	<u>\$ 29,086,915</u>
Debt Limit - Eight Percent (8%) of assessed value	2,326,953
Gross Debt:	
Total Bonded Debt	58,530
Authorized and Unissued Bonds	915
Installment Purchase Agreements	168,490
Enterprise Debt (2007 COPS)	<u>13,285</u>
Gross Debt	241,220
Less: Authorized and unissued bonds	<u>915</u>
Total amount of debt applicable to debt limit (net debt)	<u>240,305</u>
Legal debt margin	<u>\$ 2,086,648</u>

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

BUNCOMBE COUNTY, NORTH CAROLINA

Table 13

Special Obligation Bonds Revenue Coverage

LAST TEN FISCAL YEARS

Fiscal Year	Solid Waste System Revenues	Available Revenues	Operating Expenses	Net Solid Waste System Revenues	Total Available Revenue	Debt Service		Debt Service Coverage	
						Principal	Interest	From Net Solid Waste System Revenues	From Available Revenues
2002	6,139,932	12,544,391	3,780,628	2,359,304	8,763,763	725,000	560,815	1.83 times	6.82 times
2003	5,800,002	13,623,059	4,254,532	1,545,470	9,368,527	755,000	525,990	1.21 times	7.31 times
2004	6,672,180	14,462,002	4,397,655	2,274,525	10,064,347	795,000	489,230	1.77 times	7.84 times
2005	6,445,745	15,068,125	4,807,694	1,638,051	10,260,431	830,000	450,000	1.28 times	8.02 times
2006	6,531,355	16,386,508	4,362,747	2,168,608	12,023,761	1,454,250	521,354	1.10 times	6.09 times
2007	7,030,768	15,384,448	3,394,335	3,636,433	11,990,113	1,755,000	526,175	1.59 times	5.26 times
2008	7,519,404	16,619,311	4,563,241	2,956,163	12,056,070	1,820,000	437,224	1.31 times	5.34 times
2009	6,919,807	17,146,805	4,484,430	2,435,377	12,662,375	1,865,000	417,750	1.07 times	5.55 times
2010	6,920,942	15,545,740	3,734,832	3,186,110	11,891,763	1,945,000	348,144	1.39 times	5.19 times
2011	7,342,590	17,333,713	3,629,977	3,712,613	13,795,008	1,995,000	281,931	1.63 times	6.06 times

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

BUNCOMBE COUNTY, NORTH CAROLINA

Table 14

Demographic and Economic Statistics

LAST TEN FISCAL YEARS

Fiscal Year	Population	Personal Income (amounts expressed in thousands)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2002	212,000 *	5,671,946	26,929	38.0	28,159	4.6
2003	215,000 *	5,698,286	26,738	39.0	28,380	4.0
2004	216,000 *	6,195,268	28,711	40.0	28,649	3.4
2005	218,000 *	6,571,239	30,060	40.0	28,766	4.6
2006	220,159	7,063,622	31,743	39.6	29,211	4.0
2007	224,267	7,549,711	33,347	39.8	28,900	4.0
2008	228,909	8,020,952	34,969	41.0	28,894	4.9
2009	235,123	8,048,421	34,774	40.6	29,346	9.0
2010	233,764	N/A	N/A	40.7	28,979	8.3
2011	N/A	N/A	N/A	N/A	29,113	8.2

NOTE: Population and median age information are based on surveys conducted during the last quarter of the calendar year. Personal income information is a total for the year. Unemployment rate information is as of the month ending June. School enrollment is based on the census at the start of the school year.

*Population: Chamber, rounded to the nearest thousand

BUNCOMBE COUNTY, NORTH CAROLINA

Table 15

Principal Employers

CURRENT YEAR AND NINE YEARS AGO

MANUFACTURING

Employer	2011			2002		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Eaton Corporation - Electrical Division	1,010	1	0.91%	700	2	0.66%
Borgwarner Turbo & Emissions Systems	834	2	0.75%	475	8	0.45%
Arvato Digital Services	650	3	0.58%			
Thermo Fisher Scientific, Inc.	550	4	0.49%			
Kearfott Guidance & Navigation Corp.	420	5	0.38%	425	10	0.40%
Day International, Inc.	380	6	0.34%	450	9	0.43%
Unison Engine Components	325	7	0.29%			
Milkco, Inc.	270	9	0.24%			
Medical Action Industries Inc	250	10	0.22%			
Biltmore Estate Winery	235	10	0.21%			
Sonopress, Inc.				830	1	0.78%
Pillowtex Corporation/Blanket Division				560	6	0.53%
Square D Company				585	3	0.55%
Charles D Owen Mfg. Co., Inc.				580	4	0.55%
Cooper Industries - Bussman Division				575	5	0.54%
Revco Technologies				525	7	0.50%
Total	4,924		4.43%	5,705		5.40%

Continued on Next Page

NON-MANUFACTURING

Employer	2011			2002		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Mission Health System and Hospital	6,994	1	6.29%	5,125	1	4.85%
Buncombe County Public Schools	4,000	2	3.60%	3,650	2	3.45%
Buncombe County Government	1,673	3	1.51%	1,835	3	1.74%
The Biltmore Company	1,583	4	1.42%	900	7	0.85%
VA Medical Center - Asheville	1,139	5	1.02%	991	6	0.94%
Ingles Markets, Inc.	1,137	6	1.02%	900	8	0.85%
The Grove Park Inn Resort & Spa	1,100	7	0.99%	891	9	0.84%
City of Asheville	1,000	8	0.90%	1,237	4	1.17%
CarePartners	917	9	0.82%	1,200	5	1.13%
Asheville City Schools	728	10	0.65%	722	10	0.68%
Total	20,271		18.24%	17,451		16.50%

* Labor Force Estimate for 2011 = 111,161, per NC Employment Security Commission
 Labor Force Estimate for 2002 = 105,733, per NC Employment Security Commission

SOURCE: Asheville Chamber of Commerce

NOTE: Many of the top employers for manufacturing have changed in the past 10 years. Therefore, many companies that were top employers in 2002 are not in business in 2011 and many companies that are top employers in 2011 were not here in 2002.

BUNCOMBE COUNTY, NORTH CAROLINA

Table 16

Summary of Permanent Positions by Service Area

TEN FISCAL YEARS

General Fund Function	Number of Permanent Positions by Function									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government	185	182	179	172	173	174	-	-	-	-
Public Safety	504	514	555	565	557	555	-	-	-	-
Human Services	702	699	688	687	625	569	-	-	-	-
Economic & Physical Development	23	23	28	29	28	28	-	-	-	-
Culture and Recreation	103	81	80	84	132	108	-	-	-	-
Total	1,517	1,499	1,530	1,537	1,515	1,434	-	-	-	-

General Fund Function	Number of Permanent Positions by Fund									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund	1,517	1,499	1,530	1,537	1,515	1,434	-	-	-	-
Special Revenue Funds	26	34	32	31	27	26	-	-	-	-
Enterprise Funds	79	59	36	46	48	41	-	-	-	-
Internal Service Fund	3	3	3	3	1	1	-	-	-	-
Total	1,625	1,595	1,601	1,617	1,591	1,502	-	-	-	-

SOURCE: Buncombe County Budget Office.

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

BUNCOMBE COUNTY, NORTH CAROLINA

Table 17

Operating Indicators by Function

LAST TEN FISCAL YEARS

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
GENERAL GOVERNMENT										
Number of Employment Applications Processed	N/A	4,271*	4,679*	5,750*	5,755*	6,031*	6,521*	5496	6646	4,427 YTD
Percentage of Registered Voters Participating in General Election	48.0%	25.7%	69.0%	23.6%	49.2%	22.1%	71.0%	19.6%	45.7%	N/A
PUBLIC SAFETY										
Number of Inmates Processed	12,598*	12,365*	13,636*	14,260*	13,758*	16,797*	16,658	15,975	14,713	14,821
Number of Building Permits Issued	2,600*	2,438*	2,487*	2,834*	2,819*	2,499*	1,791*	1,443	1,361	771 YTD
Number of Emergency Calls Dispatched	N/A	N/A	68,842*	70,346*	62,289*	55,434*	50,110*	64,395	50,755	64,867 YTD
HUMAN SERVICES										
Number of Food & Lodging Sites Inspected	N/A	4,518*	3,899*	3,528*	3,871*	4,427*	6,301*	4,366	4,209	4,287
Percentage of Children Reunified with Family after Foster Care	N/A	N/A	26%	34%	33%	18%	31%	36%	26%	21%
ECONOMIC AND PHYSICAL DEVELOPMENT										
Number of Subdivision Plan Reviews	311	484	459	559	657	712	896	593	454	598
CULTURAL AND RECREATION										
Library Book Circulation	1,470,243	1,327,399	1,403,777	1,511,189	1,471,860	1,496,169	1,566,680	1,666,464	1,689,996	1,691,227
Number of Visitors to Swimming Pools	N/A	N/A	81,336	64,116	N/A	78,000	84,066	73,751	66,470	81,210
EDUCATION										
Dollars Spent Per Pupil	\$ 1,505	\$ 1,497	\$ 1,571	\$ 1,648	\$ 1,708	\$ 1,898	\$ 2,007	\$ 2,139	\$ 2,150	\$ 2,148
ENTERPRISE FUND - LANDFILL										
Tons of Waste Received	155,371	160,862	170,170	173,774	122,034	184,742	206,744	164,424	130,683	116,831
Tons of Waste Recycled	25,585	27,108	25,748	29,755	32,544	38,566	41,608	44,750	37,583	19,776

SOURCE: Various Buncombe County Government Departments.

* Calendar year data

NOTE: There is not 10 years of data for all of the indicators. The maximum number of data years available is presented here.

BUNCOMBE COUNTY, NORTH CAROLINA

Table 18

Capital Asset Statistics by Function

LAST TEN FISCAL YEARS

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
PUBLIC SAFETY										
Sheriff's Office										
Stations	2	2	2	2	2	2	2	2	2	2
Patrol Vehicles	54	54	50	50	66	71	83	77	70	71
CULTURAL AND RECREATION										
Parks acreage	1,058	1,058	1,058	1,058	235	235	239	556	654	654
Parks	31	31	31	31	23	10	16	16	16	16
Swimming pools	6	7	7	7	6	6	6	6	6	6
Ball fields and courts	76	76	76	75	3	16	23	24	34	34
Libraries	12	12	12	12	12	12	12	12	12	12
Golf courses	1	1	1	1	-	-	-	-	-	-

SOURCE: Various County Departments

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

NOTE: The format by which Parks and Recreation data was collected changed between fiscal year 2001 and 2002, which explains the drastic change in the number of parks acreage, parks, and ball fields and courts. In 2009, Lake Julian Park acreage was included.

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

Compliance Section



Gould Killian CPA Group, P.A.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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

To the Board of County Commissioners
Buncombe County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregated remaining fund information of Buncombe County, North Carolina as of and for the year ended June 30, 2011, which collectively comprises Buncombe County's basic financial statements, and have issued our report thereon dated November 23, 2011. Our report includes a reference to other auditors. 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. Other auditors audited the financial statements of the Asheville Area Regional Airport Authority, as described in our report on Buncombe County, North Carolina's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

The management of Buncombe County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Buncombe County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of Buncombe County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to management of Buncombe County in a separate letter dated November 23, 2011.

Board of Commissioners
Page Two

This report is intended solely for the information and use of the audit committee, management, members of the Board of Commissioners, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Donald Killian CPA Group, P.A.

Asheville, North Carolina
November 23, 2011

Gould Killian CPA Group, P.A.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

Report On Compliance With Requirements Applicable To Each Major Federal Program And Internal Control Over Compliance In Accordance With OMB Circular A-133 And The State Single Audit Implementation Act

To the Board of Commissioners
Buncombe County, North Carolina

Compliance

We have audited Buncombe County, North Carolina, compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Buncombe County's major federal programs for the year ended June 30, 2011. Buncombe County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Buncombe County's management. Our responsibility is to express an opinion on Buncombe County's compliance based on our audit.

Buncombe County's financial statements include the operations of the Asheville Regional Airport Authority, which received \$4,547,692 in federal awards which is not included in the accompanying schedule of expenditures of federal and state awards for the year ended June 30, 2011. Our audit, described below, did not include operations of the Asheville Regional Airport Authority because the Authority engaged other auditors to perform an audit in accordance with OMB Circular A-133.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Buncombe County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Buncombe County's compliance with those requirements.

In our opinion, Buncombe County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of Buncombe County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Buncombe County's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

This report is intended solely for the information and use of the audit committee, management, members of the Board of Commissioners, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Donald Killian CPA Group, P.A.

Asheville, North Carolina
November 23, 2011

Gould Killian CPA Group, P.A.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

Report On Compliance With Requirements Applicable To Each Major State Program And Internal Control Over Compliance In Accordance With Applicable Sections of OMB Circular A-133 and the State Single Audit Implementation Act

To the Board of Commissioners
Buncombe County, North Carolina

Compliance

We have audited Buncombe County, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of its major State programs for the year ended June 30, 2011. Buncombe County's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of Buncombe County's management. Our responsibility is to express an opinion on Buncombe County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of OMB Circular A-133, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about Buncombe County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Buncombe County's compliance with those requirements.

In our opinion, Buncombe County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of Buncombe County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered Buncombe County's internal control over compliance with the requirements that could have a direct and material effect on a major State program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a State program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis.

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

Board of Commissioners
Page Two

This report is intended solely for the information and use of the audit committee, management, members of the Board of Commissioners, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Donald Killian CPA Group, P.A.

Asheville, North Carolina
November 23, 2011

BUNCOMBE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the year ended June 30, 2011

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted ___yes X_no

Federal Awards

Internal control over major federal programs:

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

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

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

Major federal programs for Buncombe County for the fiscal year ended June 30, 2011 are:

<u>Program Name</u>	<u>CFDA #</u>
Child Care & Development Fund	93.575, 93.596, 93.713
Energy Assistance	93.568
Title XIX Medicaid	93.778
Public Transportation for Nonurbanized Areas	20.509
Child Welfare Services	93.645

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

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

BUNCOMBE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2011

II. Financial Statement Findings

None reported.

III. Federal Award Findings and Questioned Costs

None reported.

IV. State Award Findings and Questioned Costs

None reported.

BUNCOMBE COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the year ended June 30, 2011

Finding: 10-1

Description: Project Development Bonds for Woodfin expenditures exceeded appropriations by \$1,313,015.

Status: Corrected

Corrective Action: The County has designated specific staff members to monitor and take action on items requiring budget amendments.

BUNCOMBE COUNTY GOVERNMENT

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year ended June 30, 2011

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Fed.(Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
Federal Awards:					
<u>U. S. Dept. of Agriculture</u>					
<u>Food and Nutrition Service</u>					
Passed-through N. C. Department of Health and Human Services:					
Division of Social Services:					
Administration:					
State Administrative Matching Grants for the Supplemental Nutritional Assistance Program	10.561		\$ 2,429,399	-	\$ 2,201,255
Passed-through N. C. Department of Health and Human Services:					
Divison of Public Health					
Administration:					
Special Supplemental Food Program for Women, Infants, and Children	10.557		951,205	-	263,360
Breastfeeding Contract	10.557		127,178	-	-
Direct Benefit Payments:					
Special Supplemental Food Program for Women, Infants, and Children	10.557		3,402,264	-	-
Administration:					
Child and Adult Care Food Program	10.558		22,997	-	-
Summer Food Service Program for Children	10.559		347	-	-
Passed through the Office of State Budget and Management:					
Schools and Roads - Grants to States and Counties	10.665		35,390	-	-
Total U.S. Department of Agriculture			6,968,780	-	263,360
<u>U.S. Department of Housing & Urban Development</u>					
Passed-through the City of Asheville:					
HOME Investment Partnership Programs	14.239		52,375	-	-
Total U.S. Department of Housing & Urban Development			52,375	-	-
<u>U.S. Department of Justice</u>					
Office of Community Oriented Policing Services					
ARRA-Public Safety Partnership and Community Policing Grants	16.710		148,315	-	-
Passed-Through N.C. Department of Crime Control and Public Safety:					
Juvenile Accountability Incentive Block Grant	16.523		161,109	-	-
Byrne Justice Assistance Grants - GVPP Changing Together Grant	16.738		141,964	-	-
Total U.S. Department of Justice			451,388	-	-
<u>U. S. Department of Labor</u>					
<u>Employment and Training Administration</u>					
Passed-through N.C. Department of Commerce:					
Division of Employment and Training:					
TA/Incentive	17.266		258,376	-	-
Workforce Investment Act Cluster:					
WIA Adult Program	17.258		492,781	-	-
ARRA Adult Program	17.258		5,795	-	-
WIA Youth Program	17.259		525,822	-	-
ARRA Youth Program	17.259		52,017	-	-
WIA Dislocated Workers	17.260		647,721	-	-
ARRA Dislocated Workers	17.260		134,383	-	-
Work Incentive Grants	17.266		631,802	-	-
Total Workforce Investment Act Cluster			2,490,321	-	-
Total U. S. Department of Labor			2,748,697	-	-
<u>U.S. Dept. of Transportation</u>					
<u>Federal Highway Administration</u>					
Passed-through N.C. Department of Transportation:					
ARRA-Highway Planning and Construction	20.205		732,325	-	-

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BUNCOMBE COUNTY GOVERNMENT

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year ended June 30, 2011

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Fed.(Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
<u>Federal Transit Administration</u>					
Passed-through N.C. Department of Transportation:					
Public Transportation for Nonurbanized Areas:					
ARRA - Formula Grants	20.509	51003.44.3.STT1	\$ 231,841	\$ 182,709	\$ -
Administration	20.509	36233.13.5.1	35,361	256,904	66,248
Total U.S. Department of Transportation			999,526	439,613	66,248
<u>Environmental Protection Agency</u>					
Passed-through N.C. Department of Environment and Natural Resources:					
Division of Water Quality					
ARRA-Capitalization Grants for Clean Water State Revolving Funds	66.458		1,142,529	-	-
Nonpoint Source Implementation Grants - Section 319	66.460		154,346	-	-
Total Environmental Protection Agency			1,296,875	-	-
<u>U.S. Department of Energy</u>					
Office of Energy Efficiency and Renewable Energy					
ARRA-Energy Efficiency and Conservation Block Grant Program	81.128		579,483	-	-
Total U.S. Department of Energy			579,483	-	-
<u>U.S. Department of Homeland Security</u>					
Passed-through N.C. Department of Crime Control and Public Safety:					
Emergency Management Performance Grants	97.042		157,694	-	-
Homeland Security Grant Program - WNC Search Exercise Grant	97.067		30,000	-	-
Homeland Security Grant Program - Urban Search and Rescue	97.067		30,000	-	-
Homeland Security Grant Program - Domestic Preparedness	97.067		221,771	-	-
CERT (FEMA)	97.073		4,377	-	-
Citizen Corps (FEMA)	97.073		6,524	-	-
Buffer Zone Protection Plan	97.078		92,608	-	-
Total U.S. Department of Homeland Security			542,974	-	-
<u>U. S. Department of Health and Human Services</u>					
<u>Administration for Children and Families</u>					
Passed-through N.C. Department of Health and Human Services:					
Division of Aging and Adult Services:					
SSBG - In-Home Services	93.667		32,491	-	4,642
SSBG - Adult Day Care	93.667		60,010	61,471	17,354
Total Division of Aging			92,500	61,471	21,996
Division of Social Services:					
Family Preservation Services Program	93.556		17,877	-	-
Work First/Temporary Assistance for Needy Families (TANF)	93.558		3,067,385	3,290	2,431,503
Work First/TANF- Direct Benefit Payments	93.558		755,434	(289)	295
Direct Benefit Payments - AFDC	93.560		(3,450)	(295)	(946)
Crisis Intervention Program	93.568		1,374,398	-	-
Energy Assistance Payments - Direct Benefit Payments	93.568		1,923,563	-	250.00
Low Income Home Energy Assistance Block Grant - Administration	93.568		99,867	-	-
Refugee and Entrant Assistance - Cash & Medical Payments	93.566		17,342	-	-
N.C. Child Support Enforcement Section	93.563		1,705,864	37	916,750
Child Welfare Services - State Grants					
- Permanency Planning Grant - Families for Kids	93.645		62,541	-	21,825
Child Welfare Services - State Grants					
- Adoption Subsidy - Direct Benefit Payments	93.645		461,574	690,633	303,596
SSBG - Other Services	93.667		633,083	66,028	233,763
Family Violence Prevention Program	93.671		5,477	-	-
Independent Living Grant - LINKS	93.674		110,948	12,733	-
ARRA TANF Emergency Contingency Fund	93.714		55,243	-	-
Total Division of Social Services			10,287,148	772,137	3,907,037
<u>Foster Care and Adoption³</u>					
Title IV-E Foster Care- Administration	93.658		1,040,084	-	1,021,961
Foster Care- Direct Benefits Payments	93.658		766,287	200,088	229,326
Foster Care - Adoption	93.658		297,905	-	-
Foster Care IV-E-CPS	93.658		2,103,607	236,576	1,867,030
Family Finding Pilot	93.658		15,935	43,998	-
Adoption Assistance	93.659		41,889	-	41,889
Adoption Assistance-Direct Benefit Payments	93.659		1,662,471	366,667	417,659
Total Foster Care and Adoption ³			5,928,177	847,329	3,577,866

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BUNCOMBE COUNTY GOVERNMENT

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year ended June 30, 2011

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Fed.(Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
Division of Child Development:					
<u>Subsidized Child Care³</u>					
<u>Child Care Development Cluster:</u>					
Division of Social Services:					
Childcare Development Fund - Administration	93.596		433,812	-	-
Division of Child Development:					
Child Care and Development Fund - Discretionary	93.575		2,702,435	-	-
Child Care and Development Fund - Contingency	93.575		534,089	-	-
Child Care and Development Fund - Mandatory	93.596		724,041	-	-
Child Care and Development Fund - Match	93.596		1,404,987	763,618	-
ARRA - Child Care and Development Fund	93.713		310,744	-	-
Total Child Care Development Fund Cluster			6,110,107	763,618	-
ARRA - TANF Emergency Contingency	93.714		534,089	-	-
Temporary Assistance for Needy Families	93.558		1,050,168	-	-
Social Service Block Grant	93.667		15,800	-	-
Smart Start	XXXX		-	554,234	-
State Appropriations	XXXX		-	1,680,481	-
TANF - Maintenance of Effort	XXXX		-	226,496	-
Total Subsidized Child Care ³			1,600,057	2,461,211	-
Total Administration for Children and Families			24,017,989	4,905,766	7,506,899
<u>Centers for Medicare and Medicaid Services</u>					
Passed-through N. C. Department of Health and Human Services:					
Division of Medical Assistance:					
Medical Assistance Program - Administration	93.778		5,189,766	107,309	5,078,689
Medical Assistance Program - Direct Benefit Payments	93.778		200,436,106	79,731,989	111,815
State Children's Insurance Program - N.C. Health Choice	93.767		246,042	13,243	67,330
<u>Centers for Disease Control</u>					
Passed-through N. C. Department of Health and Human Services:					
Division of Public Health:					
HIV State Funds - Sexually Trans. Diseases Comm. Exp. Budget	93.940		38,987	-	65,679
Immunization Program/Aid to County Funding	93.268		52,717	-	154,854
Division of Community Health:					
Tobacco Prevention	93.283		76,175	-	31,253
Preventive Health and Health Services Block Grant	93.991		21,011	9,807	22,875
Administration - Preventive Health	XXXX		-	393,268	851,915
Women's Preventive Health	93.994		67,933	8,553	64,838
Women's Preventive Health - TANF	93.558		20,382	-	17,278
Public Health Preparedness and Response	93.069		105,476	-	10,215
Bioterrorism/Bioterrorism Regional Response Team	93.283		605,547	-	59,954
CDC Chronic Disease	93.283		210,435	-	203
CDC Breast and Cervical Cancer	93.283		237,741	74,441	-
CDC Investigations And Technical Assistance	93.283		19,498	-	2,225
<u>Health Resources and Services Administration</u>					
Passed-through N. C. Department of Health and Human Services:					
Division of Public Health:					
Child Care Coordination	93.994		76,096	-	228,819
Child Health	93.994		121,288	200,000	1,200,627
Family Strengthening Initiative	93.994		49,950	-	-
Innovative Approaches: Improving Systems of Care	93.994		241,204	-	-
Maternal and Child Health Services Block Grant	93.994		111,408	-	125,581
Nurse Family Partnership Initiative	93.994		154,945	-	247,579
Maternity Care Coordination	93.994		35,160	-	119,481
Cardiovascular Health	XXXX		-	400	-
Adolescent Health Care	XXXX		-	115,216	217,916

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BUNCOMBE COUNTY GOVERNMENT

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year ended June 30, 2011

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Fed.(Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
<u>Office of the Population Affairs</u>					
Passed-through N. C. Department of Health and Human Services:					
Division of Public Health:					
Family Planning Services Title X	93.218		\$ 124,835	\$ -	\$ 105,825
<u>Administration on Aging</u>					
Division of Aging and Adult Services					
Passed-through Land of the Sky Regional Council:					
Nutrition Services Incentive Program	93.053	NC-77	29,434		
Social Services Block Grant-Respite	93.667	NC-77	96,106	2,746	
Aging Cluster:					
Special Program for the Aging Title IIIB - Support Services					
Grants for Supportive Services and Senior Centers	93.044	NC-77	440,535	686,558	
Special Program for the Aging Title IIIC -Nutrition Services					
Title III C1 - Congregate	93.045	NC-77	90,567	5,327	
Title III C2 - Home-Delivered Meals	93.045	NC-77	31,668	72,832	
ARRA - Congregate Nutrition	93.707	09AANCC1RR	35,798	2,106	
Total Aging Cluster			<u>598,568</u>	<u>766,823</u>	<u>-</u>
Total U. S. Department of Health and Human Services			<u>232,984,799</u>	<u>86,329,561</u>	<u>16,291,849</u>
Total Federal Awards			<u>246,624,898</u>	<u>91,674,940</u>	<u>24,128,357</u>
State Awards:					
<u>N.C. Department of Cultural Resources</u>					
Division of State Library:					
State Aid to Public Libraries			-	256,021	-
Total N. C. Department of Cultural Resources			<u>-</u>	<u>256,021</u>	<u>-</u>
<u>N.C. Department of Environment & Natural Resources</u>					
Technical Assistance-Soil/Water			-	3,960	-
Parks & Recreation Trust Fund			-	19,836	-
NC Electronics Management Fund			-	16,596	-
Childhood Lead			-	300	-
Food & Lodging			-	36,804	-
Total N. C. Department of Environment and Natural Resources			<u>-</u>	<u>77,496</u>	<u>-</u>
<u>N.C. Dept. of Health and Human Services</u>					
Division of Child Development:					
Passed-through Buncombe County Smart Start					
Smart Start Health Consultants			-	231,700	43,020
Child Care Quality Enhancement			-	63,687	-
Center Incentives			-	16,288	-
Total Division of Child Development			<u>-</u>	<u>311,675</u>	<u>43,020</u>
Division of Public Health:					
Communicable Disease Control		9945100011	-	7,807	753,398
Tuberculosis			-	32,935	303,621
Total Division of Public Health			<u>-</u>	<u>40,742</u>	<u>1,057,019</u>
Division of Social Services:					
Non-Allocating County Costs			-	-	946,304
State/County Special Assistance-Administration			-	-	1,422,752
State/County Special Assistance for Adults - Direct Benefit Payments			-	2,043,265	2,043,604
State Foster Care Benefits Program			-	344,587	319,122
Energy Assistance - Private Grants			-	86,621	-
CPS Expansion Program			-	248,117	-
Other County Funded Programs			-	-	2,330,722
Total Division of Social Services			<u>-</u>	<u>2,722,590</u>	<u>7,062,504</u>
Division of Veterans Affairs:					
Veteran Services		GS 165-6(9)	-	2,000	-
Total N.C. Department of Health and Human Services			<u>-</u>	<u>3,077,007</u>	<u>8,162,542</u>

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BUNCOMBE COUNTY GOVERNMENT

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year ended June 30, 2011

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Fed.(Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
<u>Office of the Governor</u>					
Department of Juvenile Justice and Delinquency Prevention					
ARRA - Gang Assessments			\$ -	\$ 9,633	\$ -
Juvenile Crime Prevention Council Programs				508,064	-
Total Office of the Governor			-	517,697	-
<u>N.C. Department of Crime Control and Public Safety</u>					
Governor's Crime Commission Division					
Gangs to Prevent Gang Violence (Buncombe Co. Gang Violence Prev Proj)			-	6,023	-
NC Street Gang Prevention Funds (GVPP - High Point Model)			-	348,126	22,097
Total N.C. Department of Crime Control and Public Safety			-	354,149	22,097
<u>N.C. Department of Public Instruction</u>					
Public School Building Capital Fund:					
Corporate Income Tax Collections			-	2,355,985	-
Lottery Proceeds			-	1,425,756	-
Total N.C. Department of Public Instruction			-	3,781,741	-
<u>N.C. Department of Transportation</u>					
NCDOT Intern Grant Program		DOT-11	-	10,992	1,221
NC Demonstration Grant		DOT-11	-	29,400	3,267
Rural Capital Program					
Buncombe Co. 11-SC-002, Cap Facility		DOT-14	-	203,209	22,579
Rural Operating Assistance Program (ROAP)					
ROAP Elderly and Disabled Transportation Assistance Program		DOT-16CL	-	168,087	-
ROAP Rural General Public Transportation		DOT-16CL	-	164,003	18,223
ROAP Work First Transitional-Employment Transportation Assistance Program		DOT-16CL	-	60,549	-
Total N.C. Department of Transportation			-	636,241	45,289
<u>N.C. Division of Health Service Regulation</u>					
Office of Emergency Medical Services					
ASPR Hospital Preparedness Grant			-	4,995	-
Total N.C. Division of Health Service Regulation			-	4,995	-
<u>N.C. Division of Parks & Recreation</u>					
NC Parks and Recreation Trust Fund					
Owen Park PARTF Grant			-	19,836	-
Total N.C. Division of Parks & Recreation			-	19,836	-
Total State Awards			-	8,725,183	8,229,929
Total Federal and State Awards			\$ 246,624,898	\$ 100,400,123	\$ 32,358,285

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BUNCOMBE COUNTY GOVERNMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year ended June 30, 2011

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

1. Basis of Presentation

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of Buncombe County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements. Benefit payments are paid directly to recipients and are not included in the County's basic financial statements. However, due to the County's involvement in determining eligibility, they are considered federal awards to the County and are included on this schedule.

2. Subrecipients

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

Subrecipient	Program Name	Federal	State Grant	Federal	State
		CFDA Number	Number/Name		
Professional Parenting/App State Univ	Home Based Services for Juv Sex Offenders		Juv. Crime Prev	\$ -	\$ 117,078
Caring for Children	Trinity Place		Juv. Crime Prev	-	80,750
Getting Back to the Basics Inc	Helping Our Parents Excel		Juv. Crime Prev	-	67,049
Green Opportunities	Asheville Green Opportunities After School		Juv. Crime Prev	-	8,550
Green Opportunities	Asheville Green Opportunities Transitions		Juv. Crime Prev	-	5,348
Family Preservation Community	Temporary Therapeutic Foster Care		Juv. Crime Prev	-	38,558
Buncombe Alternatives, Inc.	Earn and Learn Program		Juv. Crime Prev	-	113,040
The Mediation Center	Youth & Victim Offender Mediation		Juv. Crime Prev	-	20,900
The Mediation Center	Life Skills		Juv. Crime Prev	-	10,176
Buncombe Alternatives, Inc.	Teen Court		Juv. Crime Prev	-	31,890
ACS Foundation	Listening to our Teens Program		Gang Viol Prev	-	49,285
Mediation Center	Changing Together Program		Gang Viol Prev	-	90,000
City of Asheville	Asheville Police Department		Gang Viol Prev	-	8,936
Partners Unlimited, Inc.	New Day Program		Gang Viol Prev	-	32,600
Asheville Green Opportunity Corps	Training & Leadership Program		Gang Viol Prev	-	42,000
Western Carolinian's for Criminal Justice	Men's Program		Gang Viol Prev	-	29,051
River of Life Church	Impact Tutoring		Gang Viol Prev	-	10,000
Asheville City Schools	Asheville High School Aspire Program		Gang Viol Prev	-	29,994
Horse Sense	Horse Sense		Gang Viol Prev	-	39,673
YWCA	SOS & Future Vision		Gang Viol Prev	-	50,000
Asheville Housing Authority	Upfront Management Sports		Gang Viol Prev	-	24,000
The Mediation Center	Coordination Services		Gang Viol Prev	-	54,755
ABCCM	TANF - Emergency Assistance	93.558		26,792	-
ABCCM	TANF - Crisis Intervention	93.568		520,280	-
ABCCM	Helping Each Member Cope	-		-	5,006
ABCCM	Project Share	-		-	20,100
				\$ 547,072	\$ 978,739

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

Subsidized Child Care, Foster Care and Adoption, Mental Health Services, Developmental Disability Waiting List Services, and Substance Abuse Services.