



2014

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**  
FOR THE FISCAL YEAR ENDING JUNE 30, 2014



**BUNCOMBE COUNTY**  
NORTH CAROLINA



BUNCOMBE COUNTY, NORTH CAROLINA

# Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDING  
JUNE 30, 2014

## **BOARD OF COMMISSIONERS**

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

## **COUNTY MANAGER**

Wanda S. Greene, PhD, CPA

## **DIRECTOR OF FINANCE**

Donna B. Clark

Prepared by the Finance Department



# Comprehensive Annual Financial Report

## *For the Fiscal Year Ending June 30, 2014*

### Buncombe County

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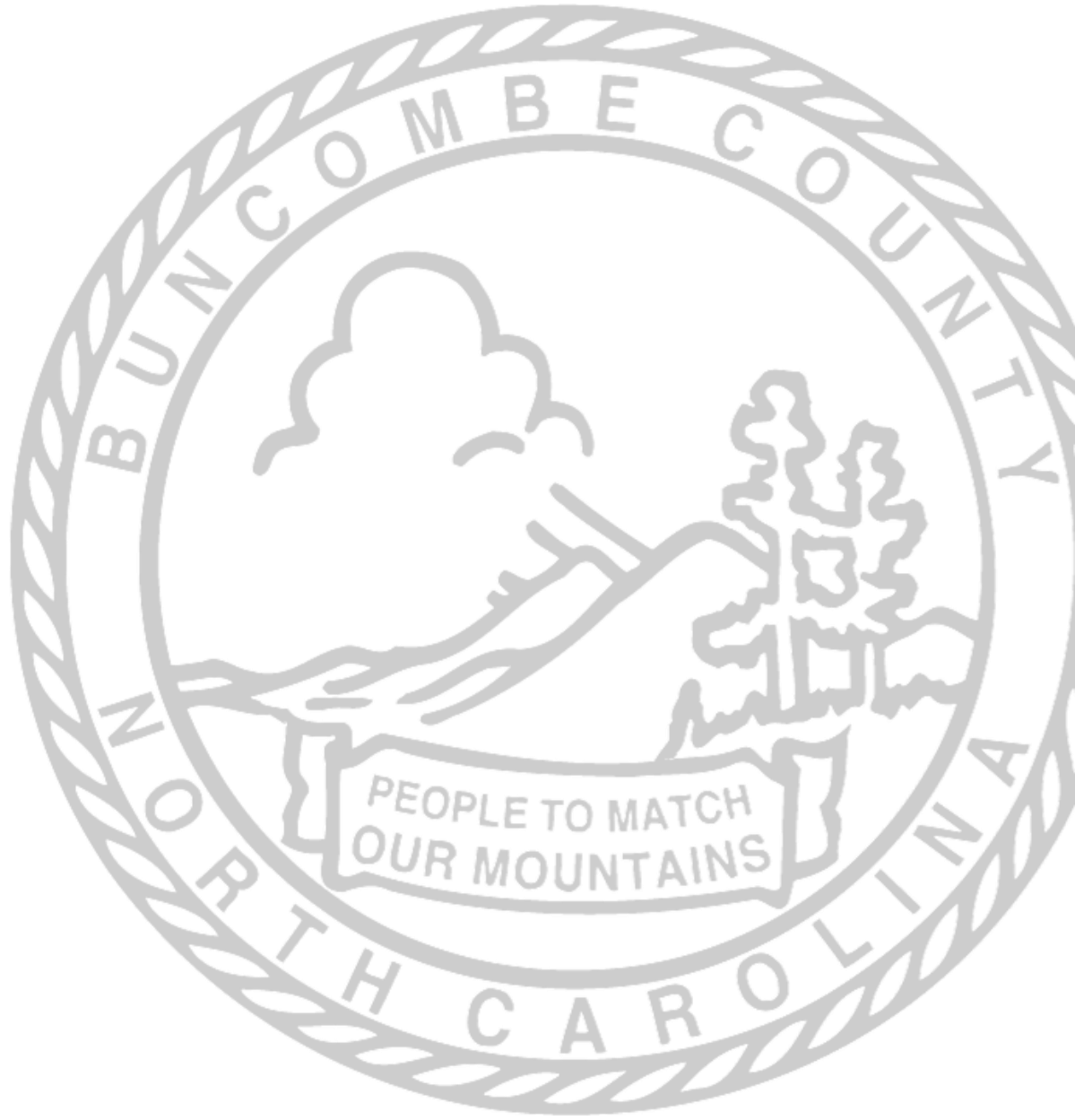
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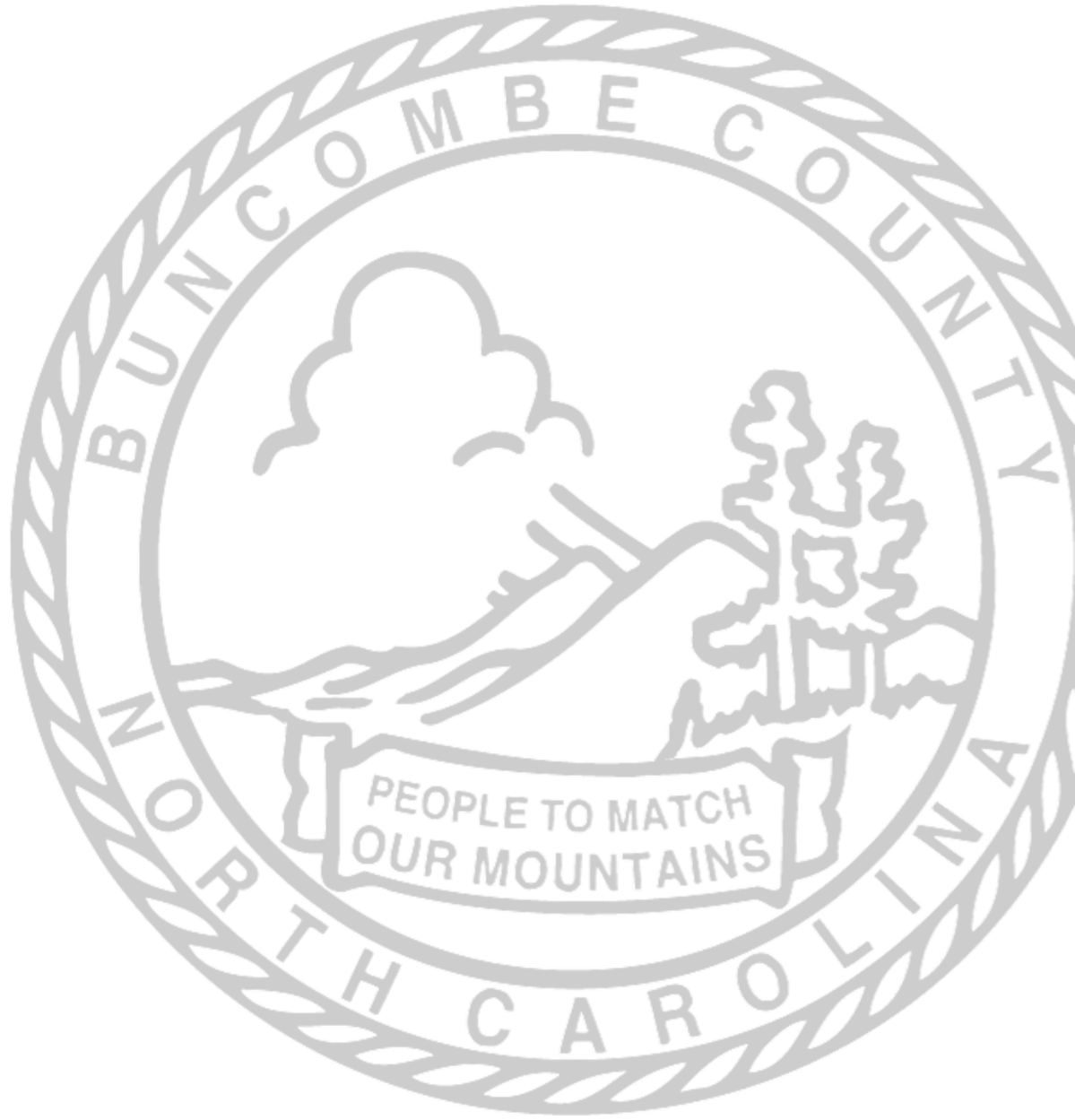
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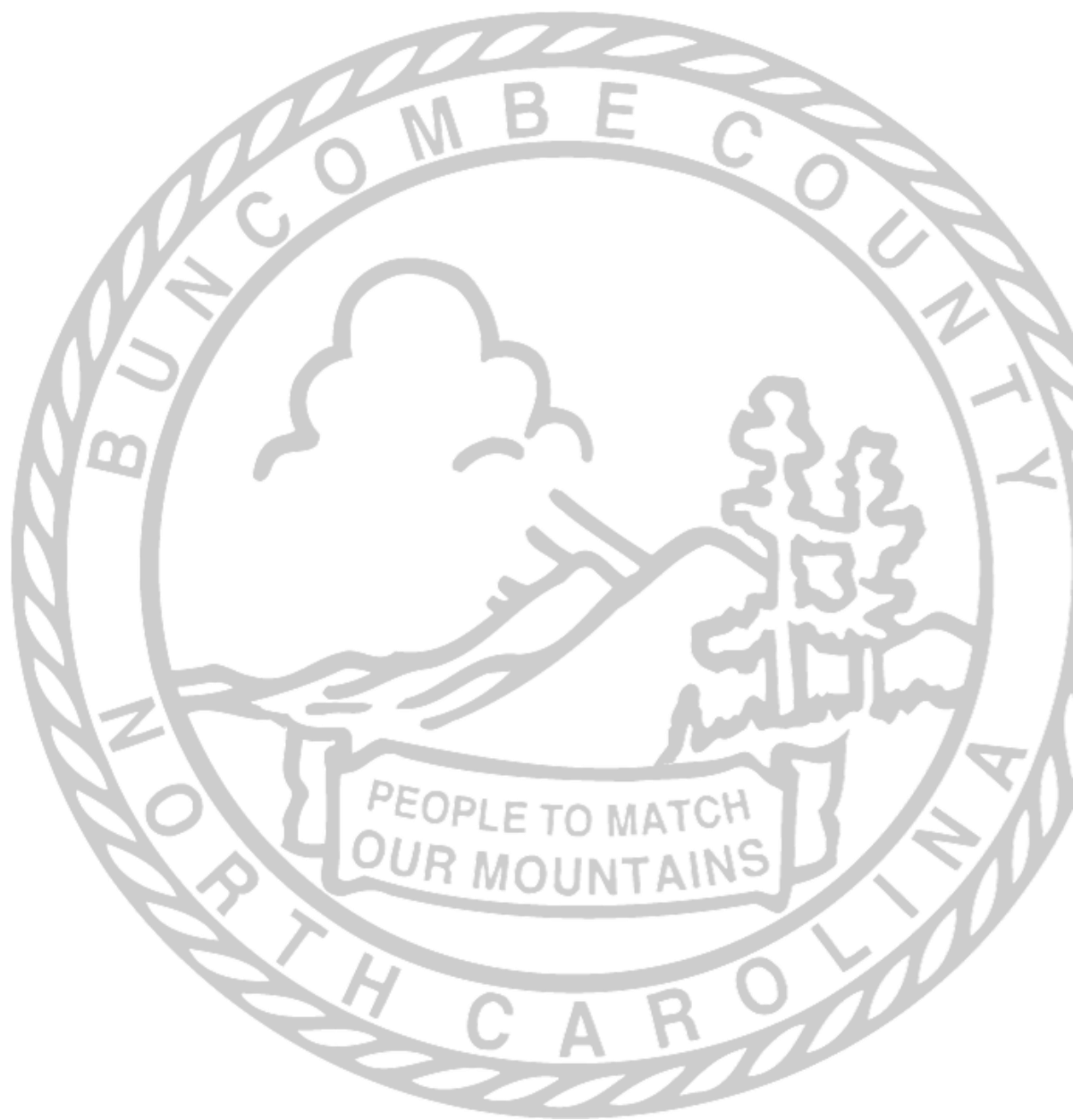


# Introductory Section



**BUNCOMBE  
COUNTY**  
GOVERNMENT  
— NORTH CAROLINA —

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Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Buncombe County  
North Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

A handwritten signature in black ink, reading "Jeffrey R. Emer". The signature is written in a cursive, flowing style.

Executive Director/CEO



*November 24, 2014*

## 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, 2014. State law requires local governments to publish a complete set of financial statements annually.

Management of Buncombe County assumes responsibility for the completeness and reliability of all the information presented in this report based upon a comprehensive framework of internal control that it has established for this purpose. This report consists of management's representations concerning the financial position and results of operations for the fiscal year ended June 30, 2014.

Gould Killian CPA Group, P.A., Certified Public Accountants, has audited the financial statements in accordance with generally accepted auditing standards. The cost of internal control should not exceed anticipated benefits; therefore, the auditor's review is to provide reasonable rather than absolute assurance that the financial statements are free from material misstatement. The independent auditors concluded that the statements are presented in conformity with generally accepted accounting principles and there was a reasonable basis for issuing an unmodified opinion on the Buncombe County financial statements for the year ended June 30, 2014. 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, located in the southwestern portion of North Carolina in the heart of the Blue Ridge Mountains. Nicknamed the “Land of the Sky”, the County comprises 657 square miles of land and water and is shaped by one of the oldest mountain ranges in the world. Buncombe is the most populous county in Western North Carolina with approximately 252,000 residents which accounts for over half of the population in the four county Asheville Metropolitan Area. The County has experienced 45 consecutive years of unbroken population growth, and has grown by 1.5% per year since 2000.

There are six incorporated municipalities within the County, the largest being the City of Asheville (population of approximately 86,000 or approximately 35% of the county), which lies at the geographic center of the County and serves as the County seat. The County is approximately 240 miles west of the state capital, Raleigh, North Carolina; 205 miles north of Atlanta, Georgia; and 120 miles east of Knoxville, Tennessee.

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

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

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

### *Science and Technology*

The County and the City of Asheville have begun drawing technology entrepreneurs from around the nation. Several companies in the science and technology sector are based in the County, including (1) BUILDERadius, an innovative building code database provider for users in the building trades, including government agencies, (2) AvL Technologies, a manufacturer of mobile satellite telecommunications antennas from suitcase size to full military configurations, (3) Curious Sense, a company that designs high tech video games with worldwide rights to create a popular series of Grateful Dead game products, and (4) Plasticard-Locktech International (PLI), which is the world's largest keycard manufacturer and leader in the development of electronic keycards used by the hospitality and retail industries for keycards, gift cards, and loyalty program cards.

The County is also the site of several leading companies in sustainability including (1) FLS Energy, a solar energy generation company, (2) American Recycling, one of the largest independently owned collectors, processors and marketers of recovered paper in the Carolinas and, (3) Renaissance Computing Institute (RENCI), a company offering cutting edge experiential technology so that public decision makers from local, regional, and federal jurisdictions can visualize mitigation, preparedness planning, and other crucial issues together.

In addition to these commercial ventures, the County is home to the National Oceanic and Atmospheric Administration (NOAA) and the National Climatic Data Center (NCDC). NOAA, under the United States Department of Commerce, collects and reports time sensitive weather data that thousands of businesses, farmers, local government planners and vacationers rely on. NCDC, a branch of NOAA, is the world's largest archive of weather data and has approximately 400 full-time federal employees engaged in climate studies and the newest application of climate change data.

### *Manufacturing*

Manufacturing is a strong segment of the County's economy. It is the fifth largest industry in the Asheville Metropolitan Area with over 300 companies making up approximately 11 percent of employment. Some of the top manufacturers are (1) Linimar Corporation, manufacturing transportation equipment, (2) New Belgium Brewing, the nation's third largest craft brewer, (3) Thermo Fisher Scientific, producing biotechnology machinery, and (4) Arvato Digital Services, manufacturing computer and electronic products.

### *Arts and Culture*

Arts and culture are two of the County's most deeply-rooted assets. The western region of North Carolina has the highest rate of creative self-employed persons in the state, with the

River Arts District being the hub for the entire region. The River Arts District is the home of many of the areas painters, sculptors, iron workers, glass blowers, ceramic specialists, and other varieties of artists.

Along with visual artists, an innovative mix of Asheville-based enterprises are building the city's reputation in the music industry bringing emerging and established national artists to record their music at world-class facilities like Echo Mountain Studios. Musicians can also visit makers of their instruments at places like Moog Music, Flute Company, and Stauffer Percussion.

The Orange Peel, which Rolling Stone Magazine has named as one of the best music venues in the country, showcases music ranging from bluegrass and old-time to electronic. Asheville is widely known as a great place for acts to perform.

### *Labor Force and Unemployment*

The area's average unemployment rate for fiscal year 2014 was 6.3%, among the lowest in North Carolina. The metro area added over 3,300 jobs, an increase of 2%, to end at a total of over 176,000 jobs. The Health Services and Private Education sectors made up the largest percentage of total employment in the Asheville metro region. Since 2000, it has grown at the fastest rate (52%), followed by Professional and Business Services (43%).

### Economic Development

Buncombe County and Western North Carolina continuously strive to bring investors to the region. In fiscal year 2014 there were several announcements for investments in Buncombe County including: BorgWarner Turbo systems, Kearfott Corporation, Jacob Holm Industries, and GE Aviation. Collectively, these investments will inject over \$215 million in to the local economy and will result in the creation of over 250 jobs.

### Long-term Financial Planning

The County uses a Capital Improvement Program (CIP) to identify all capital projects for the next budget year and five additional years. The CIP is formulated under the direction of the County Manager for financial planning purposes. A capital project is defined as any purchase(s) over \$250,000. These are generally for major information technology projects, buildings, land, vehicle replacement programs, etc. The CIP must review all capital projects. This generally occurs in November of the budget year. After the committee reviews and prioritizes all of the projects, they then make recommendations on capital projects to the County Manager. Each capital project includes detailed descriptions, estimated total cost, impact on operating budget, and funding source. The CIP budget through fiscal year 2018 includes such projects as: an expansion of Human Services facilities, a new intermediate

school, a new indoor swimming facility, voting system replacement, library renovations, greenway expansions, and an expansion of parking at the Public Safety Training Center.

## Fund Balance Reserves

Fund balance is an accounting term defined as the difference between assets and liabilities in a governmental fund. The term *reserves* is often used by public finance practitioners, but is not a governmental accounting term. It refers to the portion of fund balance held in reserve to buffer against financial distress or risk. The North Carolina State Treasurer recommends a minimum unallocated general fund balance of 8%. However, the County policy is more restrictive, requiring a minimum unallocated general fund balance of 15% of the total actual expenditures and transfers. The minimum requirement will be reviewed by the Finance Director as changes in economic conditions occur, new legislation is enacted, or revenue sources change. Fund balance appropriated will not exceed an amount management can reasonably expect to save during the year. If fund balance is appropriated to balance the following year's budget in an amount that, if spent, would reduce the percentage below 15% an explanation and a plan to save or replenish the fund balance will be included in this transmittal letter. The County has appropriated fund balance every year for the past 19 years and has had to use it only once (fiscal year 2002) during that time frame.

## Sustainability Partnership and Planning

Buncombe County's Sustainability Plan, implemented in fiscal year 2012, continues to build a more sustainable community. The strategic plan addresses growth issues and how the County can adapt to these changes in a sustainable manner. Sustainability is most often thought of as meeting the needs of the present without compromising the ability of future generations to meet their own needs. The Sustainability Plan considers economic, environment and social concerns when evaluating a proposed concern or action. The plan primarily consists of strategies for implementation over a period of five years with an understanding the efforts must be constant and address both short and long term goals. Strategies developed considered educational resources, health of our people and environments, safety, partnerships for the protection of our natural resources, access to transportation and services, local food systems, workforce development, and pollution and waste prevention. Some noteworthy accomplishments during the first 2 years include an increase of 3.1% in the high school graduation rate, obesity among adults decreased by .4%, the volunteer participation rate increased to 30.4%, and 18% of residential waste was recycled.

The adoption of carbon footprint reduction goals by the County Commissioners added a new element to the Sustainability Plan in fiscal year 2014. In order to meet the goal of a 10% reduction in the carbon footprint over the next five years, the County will focus on short term



efforts to meet 2% annual reductions while developing long term goals and strategies that will allow sustained reductions over the coming years.

Information on the Sustainability Plan can be found on the County's website at [www.buncombecounty.org](http://www.buncombecounty.org).

## Awards and Acknowledgements

### Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Buncombe County for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013. This marks the thirty-fifth 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 2014 annual budget document. This is the seventeenth year that the award has been presented to the County. In order to qualify for this award, the County's budget document was judged to be proficient in several categories including policy documentation, financial planning, and organization. The Budget Department believes the fiscal year 2015 budget document continues to conform to program requirements and has submitted it to the GFOA to determine eligibility for another award.

### Acknowledgements

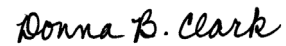
Many professional staff members in the Finance Department contributed to the preparation of this report. Their hard work, dedication, and continuing efforts to produce and improve the quality of this report are a direct benefit to all that read and use it. We would also like to commend each County department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

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

Respectfully submitted,

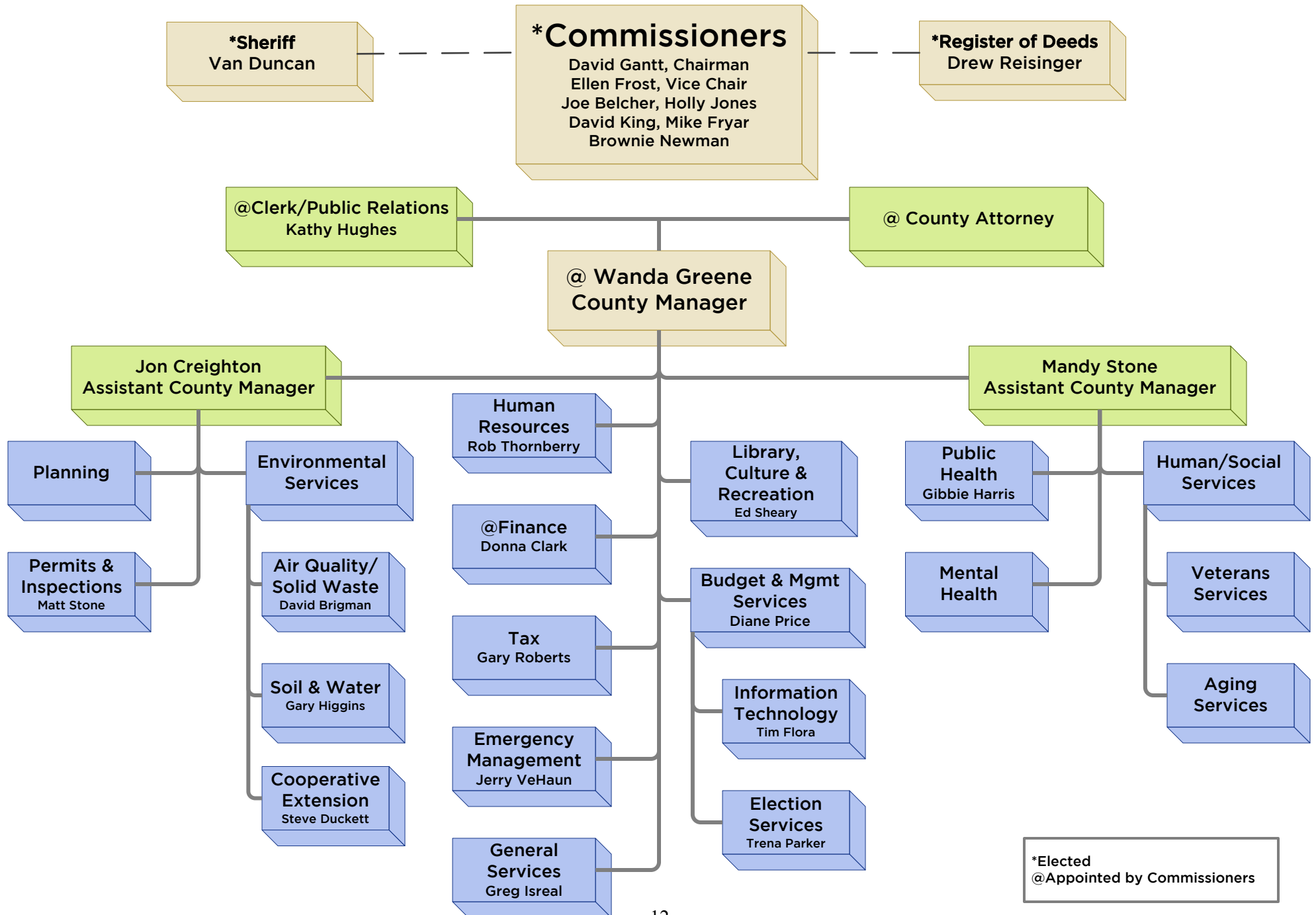


Wanda S. Greene, PhD, CPA  
County Manager






Donna B. Clark  
Finance Director

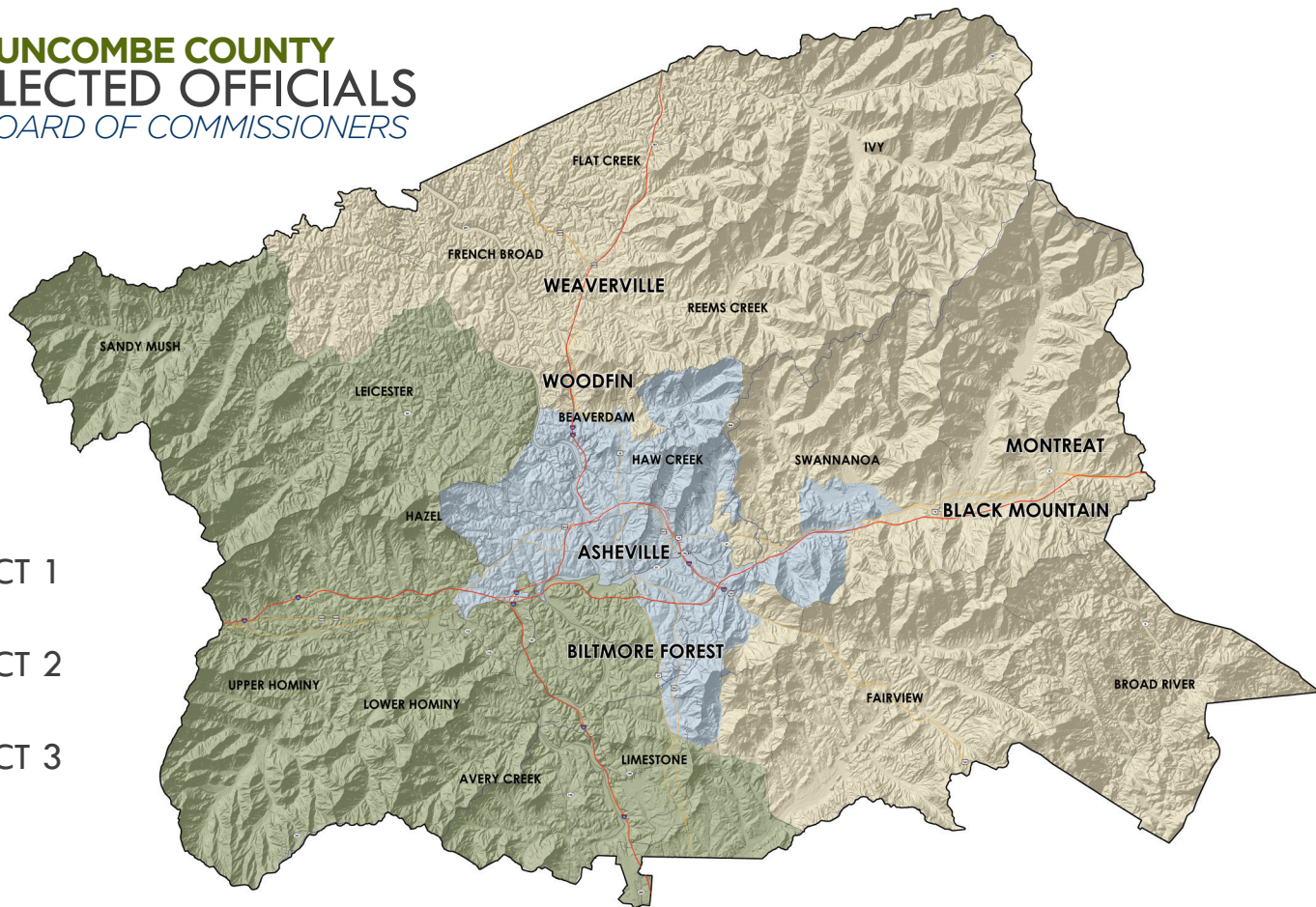
# Buncombe County Government





# BUNCOMBE COUNTY ELECTED OFFICIALS BOARD OF COMMISSIONERS

-  DISTRICT 1
-  DISTRICT 2
-  DISTRICT 3

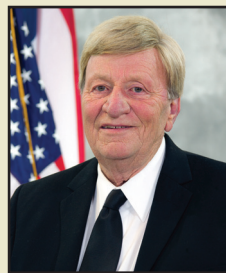


## DISTRICT 1



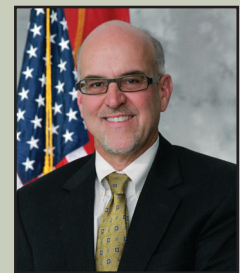
**HOLLY JONES**  
COMMISSIONER - District 1  
200 College Street Suite 316  
Asheville, NC 28801  
250-4004  
holly.jones@buncombecounty.org

## DISTRICT 2



**MIKE FRYAR**  
COMMISSIONER - District 2  
200 College Street Suite 316  
Asheville, NC 28801  
250-4007  
mike.fryar@buncombecounty.org

## DISTRICT 3



**JOE BELCHER**  
COMMISSIONER - District 3  
200 College Street Suite 316  
Asheville, NC 28801  
250-4008  
joe.belcher@buncombecounty.org

## CHAIRMAN



**DAVID GANTT**  
COMMISSIONER CHAIRMAN

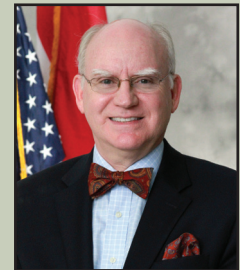
The Law Offices of David Gantt  
82 Church Street  
Asheville, NC 28801  
252-2852  
david@davidgantt.com



**BROWNIE NEWMAN**  
COMMISSIONER - District 1  
200 College Street Suite 316  
Asheville, NC 28801  
250-4011  
brownie.newman@buncombecounty.org



**ELLEN FROST**  
COMMISSIONER - District 2  
200 College Street Suite 316  
Asheville, NC 28801  
250-4005  
ellen.frost@buncombecounty.org



**DAVID KING**  
COMMISSIONER - District 3  
200 College Street Suite 316  
Asheville, NC 28801  
250-4010  
david.king@buncombecounty.org

# County Officials

**Wanda S. Greene, PhD, CPA**

**Jon Creighton, MBA**

**Amanda Stone, MSW**

**Kathy Hughes**

**Donna B. Clark**

**Drew Reisinger**

**Van Duncan**

**Diane Price, MBA**

**Pat Freeman**

**Trena Parker, MPA**

**Ed Sheary, MSLS**

**Jerry Vehaun**

**Matt Stone**

**Robert Thornberry, Jr., MA**

**Tim Flora, CPA**

**Gary Roberts**

**Gary Higgins**

**Steve Duckett**

**Greg Isreal**

**County Manager**

**Asst. County Manager/Planning Director**

**Asst. County Manager/Human Services Director**

**Clerk to the Board**

**Finance Director**

**Register of Deeds**

**Sheriff**

**Budget and Management Services Director**

**City/County Bureau of Identification Director**

**Elections Supervisor**

**Library, Culture and Recreation Director**

**Emergency Services Director**

**Permits & Inspections Director**

**Human Resources Director**

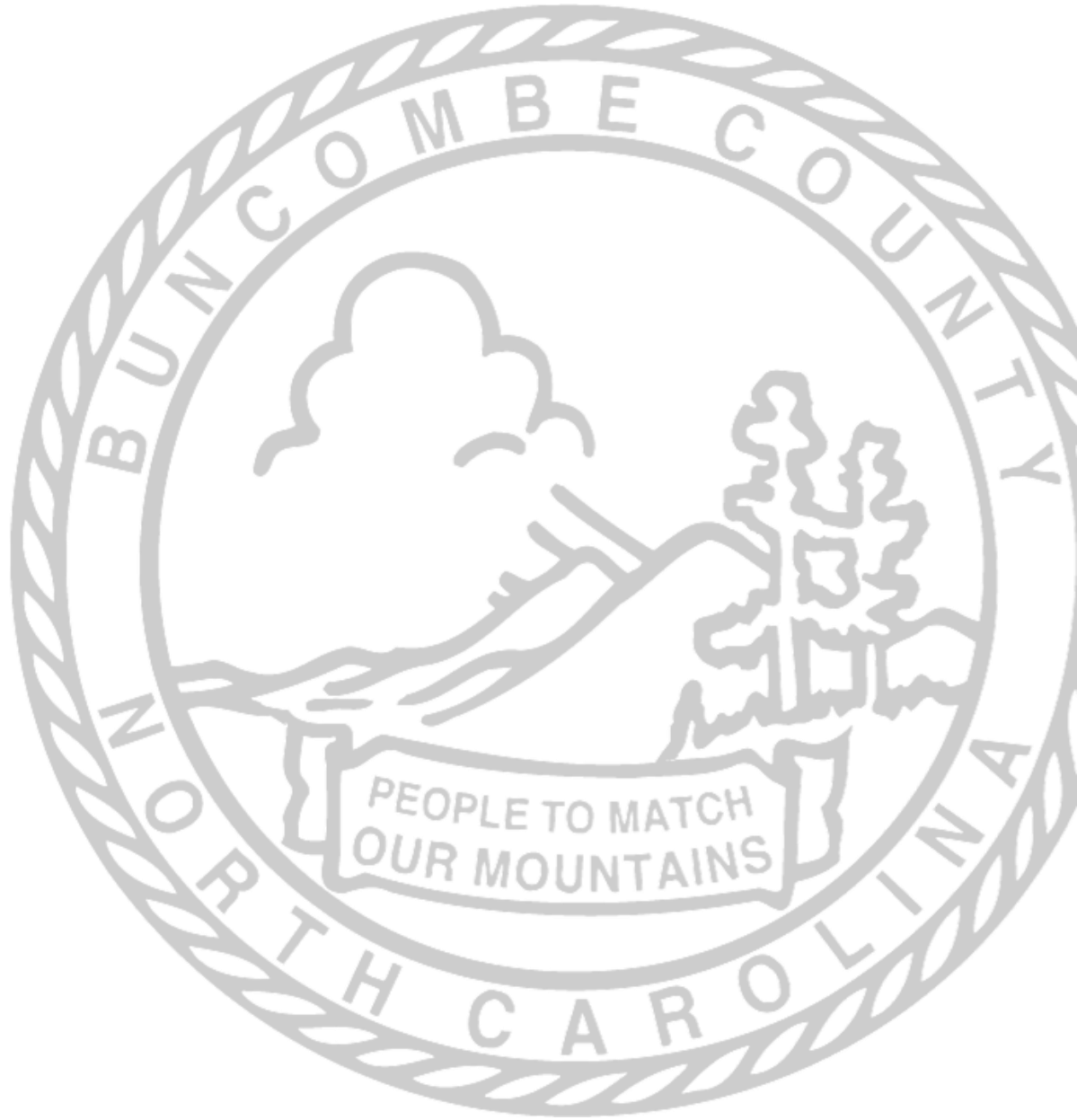
**Information Technology Director**

**Tax Director**

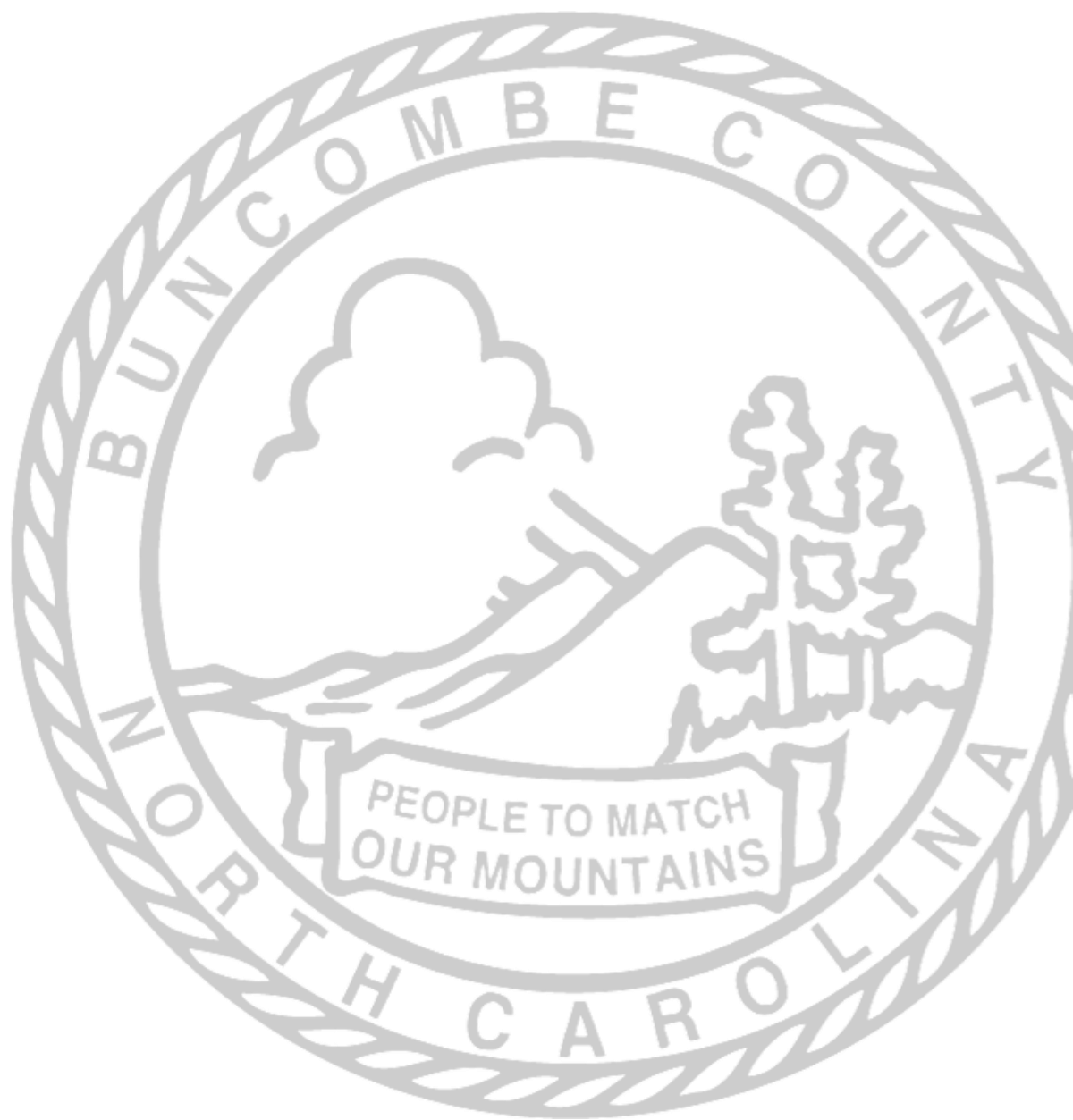
**Soil & Water Conservation Director**

**Cooperative Extension Director**

**General Services**







# Financial Section



**BUNCOMBE  
COUNTY**  
GOVERNMENT  
— NORTH CAROLINA —

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### ***Independent Auditors' Report***

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

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Buncombe County, North Carolina, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

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

#### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Buncombe County, North Carolina, as of June 30, 2014, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance and the Other Postemployment Benefits' Schedules of Funding Progress and Employer Contributions on pages 22 through 34 and 92 through 93, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Buncombe County, North Carolina. The introductory information, combining and individual fund statements, budgetary schedules, other schedules, and statistical section as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Implementation Act* are presented for purposes of additional analysis and are not a required part of the basic financial statements as a whole.

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

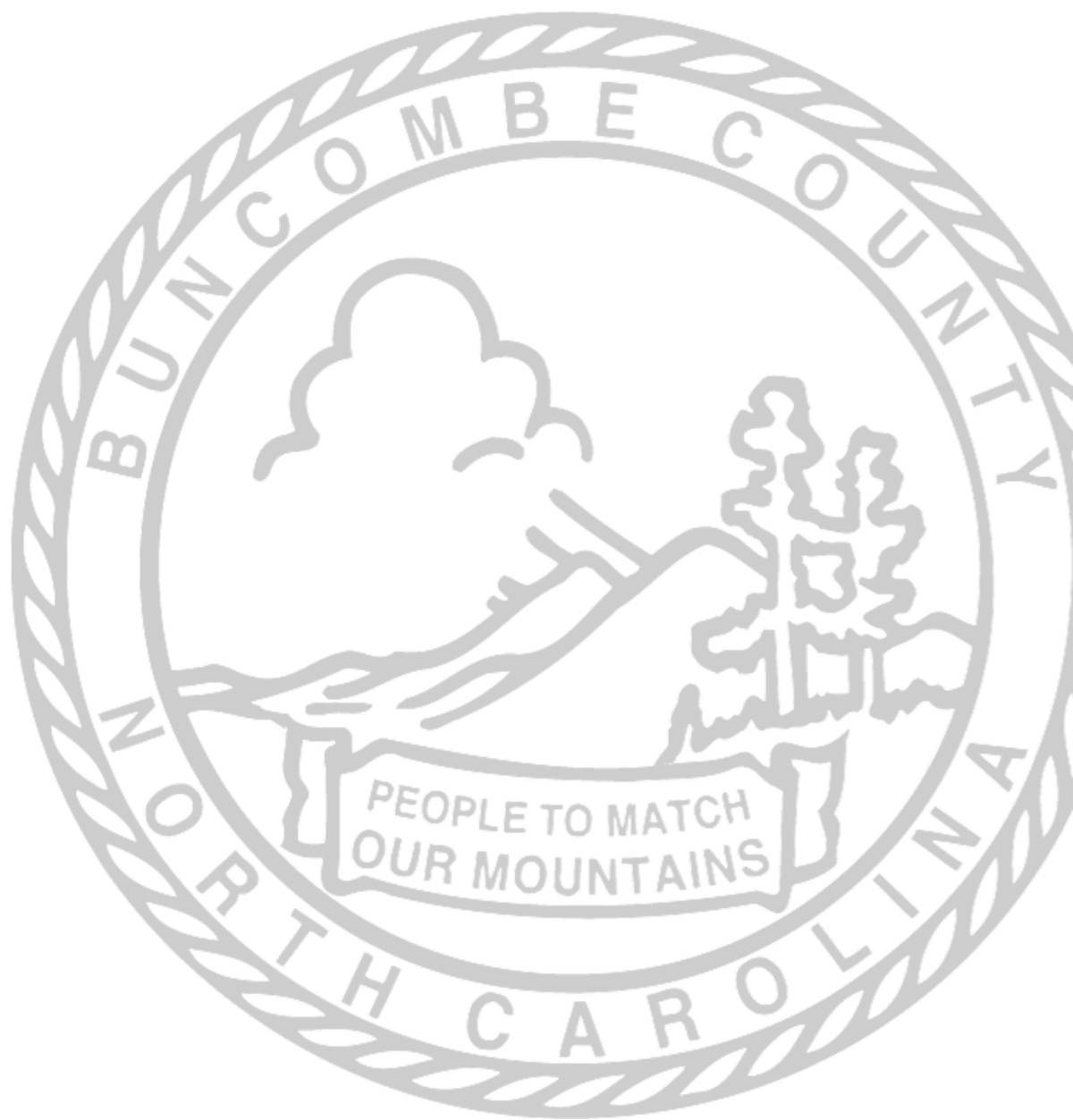
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2014, on our consideration of Buncombe County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering Buncombe County's internal control over financial reporting and compliance.

*Donald Killian CPA Group, P.A.*

Asheville, North Carolina  
November 24, 2014



# Management's Discussion and Analysis

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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, 2014. 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.

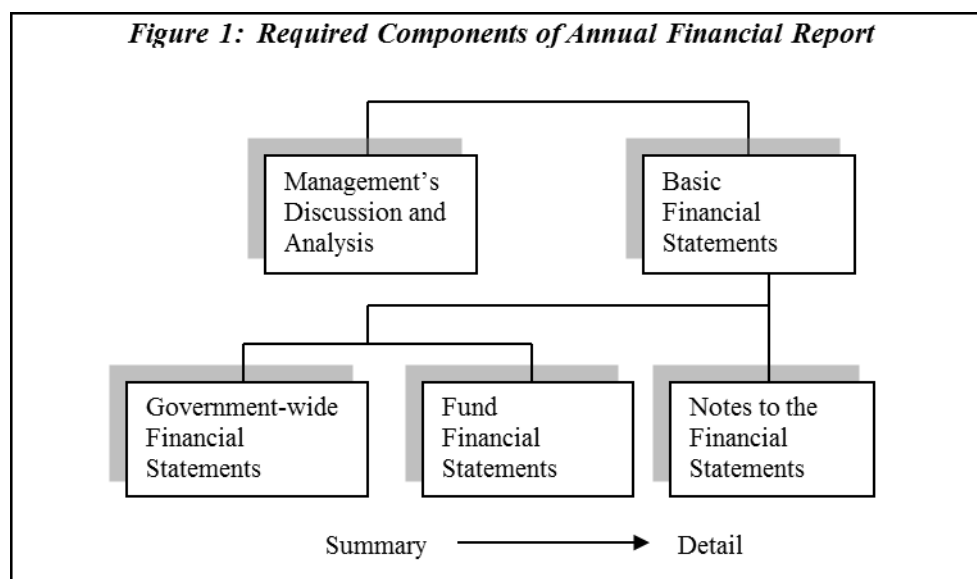
## **Financial Highlights for Fiscal Year 2014**

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$113 million (net position).
- The County's total net position increased by \$0.9 million during the fiscal year. This is primarily due to increases in County-owned capital assets, as well as restricted cash balances representing unspent debt proceeds being offset by a significant increase in long-term debt due to a large debt issuance during the year.
- As of the close of the fiscal year, the County's governmental funds reported combined ending fund balances of \$273.5 million, an increase of \$130.1 million from the prior year. Approximately 71.3% of this total amount, or \$195.0 million, is restricted or nonspendable.
- At June 30, 2014, available fund balance for the General Fund was \$50.6 million, or 18.2% of total general fund expenditures and transfers for the fiscal year.
- At June 30, 2014, the total amount of outstanding long-term debt was \$438.8 million, an increase of \$149 million from the previous fiscal year. The increase is due to a debt issuance used primarily to fund numerous education-related capital projects and economic development.
- Under State law, the County is responsible for providing capital funding for the school systems and community college. At the end of the fiscal year, approximately \$228 million or 51.9% of the outstanding debt on the County's financial statements is related to assets to be included in the respective entity's statements.
- The County maintained its AAA bond rating from Standard and Poor's Rating Service and its Aa1 rating with Moody's Investor Service.

## **Overview of the Financial Statements**

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

The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the readers' understanding of the fiscal condition of the County.



## Basic Financial Statements

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

The next statements (Exhibits 3 through 10) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary funds statements; and 4) the fiduciary funds statements.

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

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

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

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

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

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

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

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

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

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

*Governmental Funds* are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using the modified accrual accounting method which provides a current financial resources focus. As a result, the governmental fund financial

statements give the reader a detailed short-term view that helps determine if there are more or less financial resources available to finance the County's programs. The relationship between governmental activities (reported on the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements. A detailed reconciliation can be found in the notes to the financial statements.

The County adopts an annual budget for its General Fund as required by the NC General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board of Commissioners about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

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

*Fiduciary Funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Buncombe County's own programs. Buncombe County has eight fiduciary funds. One is a trust fund for the future health insurance benefits for retirees and the others are agency funds. Information about these funds can be found on pages 48-49 and 138-140.

**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 50-90 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 92 of this report.

## Government-wide Financial Analysis

As noted earlier, net position may serve as a useful indicator of a government's financial condition. As shown in Figure 2, the County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$113.0 million at June 30, 2014. The County's net position increased by \$0.9 million for the fiscal year ended June 30, 2014. The largest portion of Buncombe County's net position is reflected in the County's restricted net position. Restricted net position represents resources subject to external restrictions on how they may be used. At June 30, 2014, the amount was \$194.7 million, an increase of \$116.5 million from the prior year. This increase is due largely to unspent capital project balances related to the debt that was issued in 2014. An additional portion of the County's net position, \$119.8 million, represents Net Investment in Capital Assets. Buncombe County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Buncombe County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

**Figure 2: Buncombe County's Net Position**

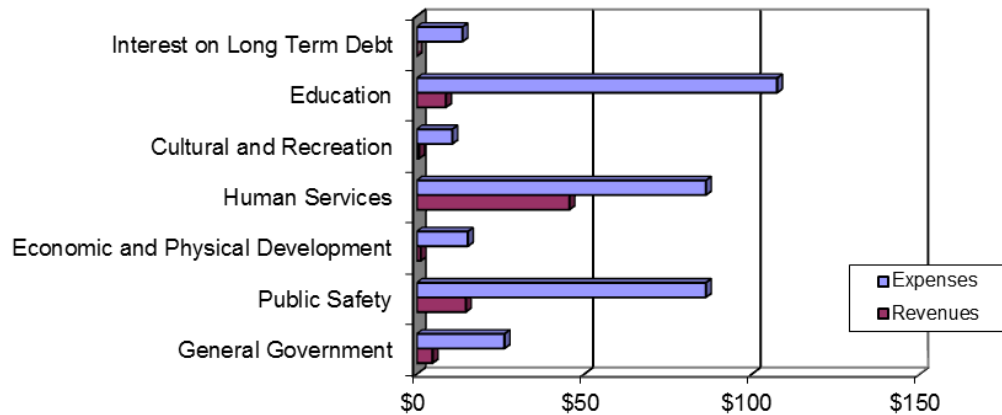
	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013 <i>Restated</i>	2014	2013 <i>Restated</i>
Current and Other Assets	\$ 310.8	\$ 180.1	\$ 19.3	\$ 18.6	\$ 330.1	\$ 198.7
Capital Assets	245.6	224.9	29.6	31.8	275.2	256.7
Total Assets	556.4	405.0	48.9	50.4	605.3	455.4
Total Deferred Outflows of Resources	3.4	1.6	0.1	0.1	3.5	1.7
Long-term Liabilities Outstanding	448.8	298.2	20.1	21.4	468.9	319.6
Other Liabilities	25.3	23.3	0.4	0.6	25.7	23.9
Total Liabilities	474.1	321.5	20.5	22.0	494.6	343.5
Total Deferred Inflows of Resources	1.2	1.5	-	-	1.2	1.5
Net Position:						
Net Investment in Capital Assets	93.6	92.4	26.2	26.5	119.8	118.9
Restricted	194.7	78.2	-	-	194.7	78.2
Unrestricted	(203.8)	(87.0)	2.3	2.0	(201.5)	(85.0)
Total Net Position	\$ 84.5	\$ 83.6	\$ 28.5	\$ 28.5	\$ 113.0	\$ 112.1

Buncombe County has a negative balance of \$201.5 million in unrestricted net position. As with many counties in the State of North Carolina, the County's deficit in unrestricted net position is due to the portion of the County's outstanding debt incurred for the benefit of local educational entities: the Buncombe County Board of Education, the City of Asheville Board of Education, and AB-Tech Community College. Under North Carolina law, the County is responsible for providing capital funding for these institutions. The County has chosen to meet its legal obligation by using a mixture of County funds and 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 \$228.0 million (or 51.9%) of the outstanding debt on the County's financial statements was related to assets included in the financial statements of the school systems and community college.

**Figure 3: Buncombe County's Change in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues:						
Charges for Services	\$ 17.2	\$ 27.2	\$ 8.6	\$ 8.5	\$ 25.8	\$ 35.7
Operating Grants and Contributions	49.0	45.5	0.4	0.4	49.4	45.9
Capital Grants and Contributions	9.4	7.8	-	0.2	9.4	8.0
General Revenues:						
Property Taxes	192.7	171.1	-	-	192.7	171.1
Other Taxes	77.0	64.2	-	-	77.0	64.2
Other	0.8	1.4	0.1	0.1	0.9	1.5
Total Revenues	346.1	317.2	9.1	9.2	355.2	326.4
Expenses:						
General Government	26.2	22.7	-	-	26.2	22.7
Public Safety	86.3	81.6	-	-	86.3	81.6
Economic and Physical Development	15.3	18.8	-	-	15.3	18.8
Human Services	86.3	80.4	-	-	86.3	80.4
Culture and Recreation	10.6	8.6	-	-	10.6	8.6
Education	107.5	84.8	-	-	107.5	84.8
Interest on Long-term Debt	13.6	11.8	-	-	13.6	11.8
Solid Waste Disposal	-	-	6.8	6.5	6.8	6.5
Other	-	-	1.7	1.4	1.7	1.4
Total Expenses	345.8	308.7	8.5	7.9	354.3	316.6
Increase (Decrease) in Net Position						
Before Transfers	0.3	8.5	0.6	1.3	0.9	9.8
Transfers	0.6	-	(0.6)	-	-	-
Increase (Decrease) in Net Position	0.9	8.5	-	1.3	0.9	9.8
Net Position, Beginning of Year (Restated)	83.6	75.1	28.5	27.2	112.1	102.3
Net Position, Ending	\$ 84.5	\$ 83.6	\$ 28.5	\$ 28.5	\$ 113.0	\$ 112.1

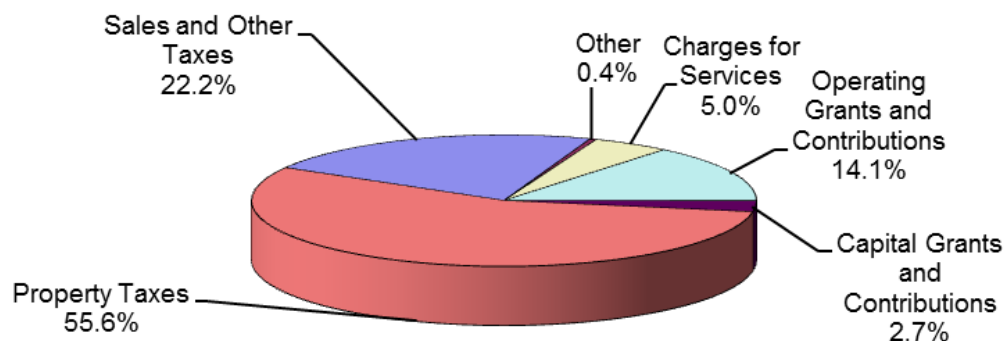
**Figure 4: Buncombe County Expenses and Program Revenues - Governmental Activities (in millions)**



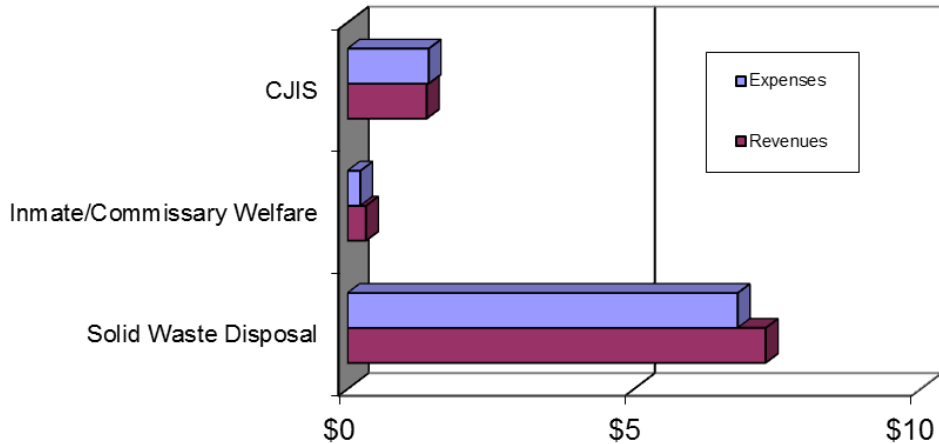
**Governmental Activities.** Governmental activities increased the County's net position \$0.9 million, thereby accounting for 100% of the total growth in the net position of Buncombe County. Key elements of these results are as follows:

- Increased ad valorem tax and sales tax revenue related to property revaluations and continued improvement in the general economy.
- Significant increases in education-related expenses due to costs associated with funding several capital projects for the various school systems that will not be capitalized as an asset of the County.

**Figure 5: Revenues By Source - Governmental Activities**



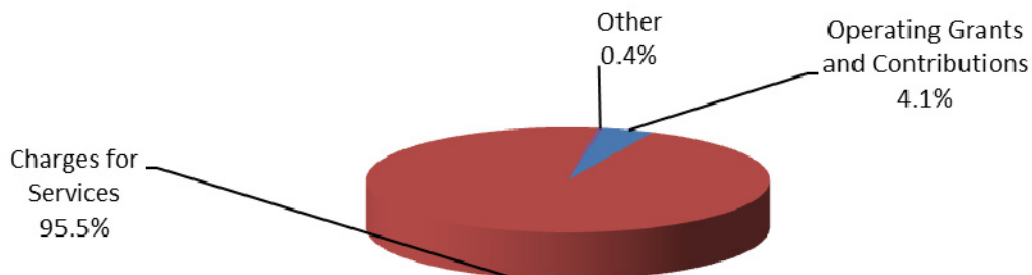
**Figure 6: Buncombe County Expenses and Program Revenues - Business-Type Activities (in millions)**



**Business-type Activities.** Business-type activities did not change Buncombe County's overall net position in fiscal year ending June 30, 2014. Reasons for this are as follows:

- Revenues in the business-type activities stayed relatively flat in 2014 from the prior year.
- A slight increase in operating expenses in the business-type activities over the prior year combined with a \$600k decrease in net position related to the General Fund absorbing the Criminal Justice Information Systems Fund as of June 30, 2014. This was done because management did not feel as though it was feasible to charge fees sufficient to make this fund self-supporting thereby causing the fund to not meet the criteria for reporting as an enterprise fund.

**Figure 7: Revenues By Source - Business-Type Activities**



## **Financial Analysis of the County's Funds**

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

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

At June 30, 2014, the governmental funds of Buncombe County reported a combined fund balance of \$273.5 million, a \$130.1 million increase over last year. The primary reason for this increase is the increases in fund balance in the School Capital Commission Fund and the AB Tech Capital Projects funds. These increases are almost entirely due to increased cash balances in each fund which represent bond proceeds restricted for use on certain capital projects that are in various stages of completion. Accordingly, 71% of total governmental fund balance, or \$195 million, is considered nonspendable or legally restricted as to use.

The General Fund is the chief operating fund of Buncombe County. At the end of the current fiscal year, Buncombe County's fund balance available in the General Fund was \$50.6 million. The Board of Commissioners has determined that the County should maintain an available fund balance of 15% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. The County currently has an available fund balance of 18.2%.

During the fiscal year, the County revised the General Fund budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased revenue \$9.7 million. The actual revenue collected exceeded the final budget amount by \$2.7 million. This can be attributed to increased revenue from ad valorem and sales taxes. Aiding in this increase is an overall property tax collection rate at 99.42%, which is higher than the statewide average of 97.3%.

The fund balance of the County's General Fund saw a slight increase of just over \$18,000 from the previous year. This is the twelfth consecutive year that the County has seen an increase in its General Fund fund balance.

The County Capital Projects Fund accounts for capital asset construction or acquisition. Upon completion, these assets will be owned by the County. As of June 30, 2014, the fund balance for this fund was \$50.8 million, an increase of \$8.5 million from the prior year amount. The fund

balance for this fund can fluctuate greatly from one year to the next due to timing of debt issuances or other funding and project completions.

The School Capital Commission Fund accounts for revenues restricted for public school capital outlay projects. The total fund balance increased \$56.8 million from \$13.8 million in fiscal year 2013 to \$70.6 million in 2014. A significant debt issuance is the reason for the increase. Similar to the County Capital Projects Fund, total fund balance can fluctuate from year to year due to the timing of debt issuances or other funding and project completions.

The AB Tech Capital Project Fund accounts for revenues restricted for use on capital projects benefiting AB Tech Community College. The total fund balance increased \$65.3 million from \$7.7 million in fiscal year 2013 to \$73.0 million in 2014. Again, a significant debt issuance is the reason for the increase. Similar to other capital project funds, total fund balance can fluctuate from year to year due to the timing of debt issuances or other funding and project completions.

**Proprietary Funds.** The County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Solid Waste Disposal Fund at the end of the fiscal year amounted to \$1.8 million. Other factors concerning the finances of these funds have already been addressed in the discussion of Buncombe County's business-type activities.

### Capital Asset and Debt Administration

**Capital Assets.** As of June 30, 2014, the County's investment in capital assets, net of accumulated depreciation for its governmental and business-type activities totaled \$275.2 million. These assets include land, buildings and improvements, equipment, automotive equipment, and construction in progress. This is an increase of \$18.5 million, or 7.2%, from fiscal year 2013. The majority of this increase, over 99%, can be attributed to assets in governmental activities. See Figure 8.

<b>Figure 8: Buncombe County's Capital Assets</b>						
<b>Net of Depreciation (in Millions)</b>						
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Land	\$ 13.0	\$ 12.8	\$ 6.8	\$ 6.3	\$ 19.8	\$ 19.1
Buildings and Improvements	189.7	101.4	21.5	23.5	211.2	124.9
Equipment	12.5	6.2	0.7	1.0	13.2	7.2
Automotive Equipment	4.0	4.1	0.1	0.2	4.1	4.3
Intangibles	0.1	-	-	-	0.1	-
Construction in Progress	26.3	100.4	0.5	0.8	26.8	101.2
Total Capital Assets	\$ 245.6	\$ 224.9	\$ 29.6	\$ 31.8	\$ 275.2	\$ 256.7

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

- Completion of \$10.6 million in renovations and updating to county owned buildings housing human services, register of deeds, elections and tax departments.
- Completed construction of the new Buncombe County Judicial Complex that includes a 118,000 square foot, four-story courts building connecting to the existing Courthouse and Detention Center and includes secure parking, holding areas, courtrooms, restrooms, and support areas. The ribbon-cutting for the new complex occurred on November 7, 2013.
- Continued work on an 11-acre expansion of the County's construction and demolition (C&D) landfill that includes construction of stormwater improvements. The current C&D landfill is near capacity.
- Continued work on a \$9.2 million upgrade and expansion of the public safety radio and communication tower network that meets federal regulations requiring a narrower bandwidth.
- As of June 30, 2014, the County was nearing completion on the implementation of an upgraded billings and collections system in the Tax Office.

Additional information on the County's capital assets can be found in the notes of the financial statements starting on page 65.

**Outstanding Debt.** The County's outstanding long-term debt increased by \$149.0 million, or 51.4%, during the past fiscal year. This increase is due to financing necessary for completing the aforementioned education-related capital projects in addition to funding other County capital projects and economic development initiatives. As of June 30, 2014, the County's total debt outstanding was \$438.7 million, of which \$38.3 million is debt backed by the full faith and credit of the County and \$1.5 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 the remaining \$398.9 million. Collateral for these notes are the assets purchased or constructed.

<i><b>Figure 9: Buncombe County's Outstanding Debt</b></i>							
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>		
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	
General Obligation Bonds	\$ 38.3	\$ 44.7	\$ -	\$ -	\$ 38.3	\$ 44.7	
Special Obligation Revenue Bonds	-	-	1.5	2.9	1.5	2.9	
Installment Notes Payable	395.8	225.7	3.1	3.5	398.9	229.2	
Product Development Financing Bonds	-	12.9	-	-	-	12.9	
Total Outstanding Debt	<u>\$ 434.1</u>	<u>\$ 283.3</u>	<u>\$ 4.6</u>	<u>\$ 6.4</u>	<u>\$ 438.7</u>	<u>\$ 289.7</u>	

As mentioned earlier, the County is required by State law to provide capital funding for the two local public school systems and the community college. At the end of the fiscal year, the

outstanding balance of the debt for these activities is approximately \$228 million, of which \$144 million is for the school systems and \$84 million is for the community college.

State law also requires the County to provide court facilities for the State of North Carolina. At the end of the fiscal year, the outstanding balance of the debt related to courthouse facilities was \$45.8 million, or 10.4% of the total outstanding debt of the County.

In February 2014, Buncombe County issued installment note obligations in the amount of \$180.3 million. Of this amount \$25.7 million was used to refund existing debt while the remaining amount will be used to finance the construction of community college and school system buildings, an additional classroom at the public safety training center, offices for the Sheriff, and economic development projects.

As mentioned in the financial highlights section of this document, Buncombe County maintained its AAA bond rating from Standard and Poor's Corporation and its Aa2 rating with Moody's Investor Service. These bond ratings are a clear indication of the sound financial condition of Buncombe County. This achievement is a primary factor in keeping interest costs low on the County's outstanding debt.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Buncombe County is \$1.8 billion.

Additional information regarding the County's long-term debt can be found starting on page 77 in the notes of the financial statements.

### **Fiscal Year 2015 Budget Highlights**

The total operating budget for Buncombe County is \$368.4 million. The General Fund budget for fiscal year 2015 is \$292 million, which includes the return of library, recreation, and cultural programs due to the state's dissolution of the Buncombe County Culture and Recreation Authority and its subsequent merger back into the Buncombe County General Fund.

In July 2013, the NC General Assembly passed House Bill 418 authorizing Buncombe County to establish a Culture and Recreation Authority to serve as an independent entity focused on wellness and cultural amenities. Buncombe County Commissioners established the Authority and funded it by adopting a 3.5 cent tax rate. During fiscal year 2014 the programs and facilities previously accounted for in the Buncombe County General Fund Culture and Recreation function transitioned to the new Culture and Recreation Authority. However, in June 2014 the NC General Assembly passed House Bill 531 repealing the previous session law authorizing the Culture & Recreation Authority. As a result, the programs and facilities under the Authority have transitioned back to the General Fund Culture & Recreation function for fiscal year 2015. This includes \$10.6 million budgeted in the culture and recreation function of the General Fund. Under the provisions of Governmental Accounting Standards Board (GASB) Statement 69, *Government Combinations and Disposals of Government Operations*, the fiscal year 2014 results of the Buncombe County Culture and Recreation Authority have been included in the results of



the Buncombe County General Fund. For additional information, see page 86 in the notes to the financial statements.

The tax rate for fiscal year 2015 is set at 60.4 cents per \$100 of property value, which equals the fiscal year 2014 combined tax rates of 56.9 cents for the General Fund and 3.5 cents for the Culture & Recreation Authority to continue funding for those programs and facilities.

Funding for our core services—Education, Public Safety, and Human Services—is maintained in the fiscal year 2015 budget, with some necessary increases. Many state and federal changes have impacted the budget. Appropriations include:

- Increased costs in Human Services of \$3.6 million primarily due to the NC FAST conversion. Seventeen new DSS positions were approved during fiscal year 2014 to allow Buncombe County to meet the requirements of the State system.
- Asheville City Schools and Buncombe County Schools funding increased by \$3.1 million, which includes \$927,000 to cover a projected 3% pay increase, \$253,000 to cover increased pay for teachers with 0-9 years of experience, and \$350,000 to supplant the loss of federal Race to the Top funds. The \$3.1 million increase also includes \$676,000 in anticipation of State budget changes.
- Funding for Public Safety increased by \$3.8 million primarily due to increased debt service costs on the new Courts Building. The increase also includes an additional \$133,000 for Medical Examiner due to an increase in fees from \$100 to \$250 per exam.
- The Affordable Care Act requires employers to provide health insurance to temporary employees that work at least 30 hours a week. This requirement is effective January 1, 2015 and \$218,000 has been appropriated to meet this requirement.

The fiscal year 2015 budget includes a fund balance appropriation of \$7.6 million. Fund balance appropriation is one of the available means to lower the burden on property tax owners. We appropriate fund balance each year with the challenge to save the appropriated amount; historically we have been able to do this.

### **Requests for Information**

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

# *Basic Financial Statements*

Buncombe County, North Carolina



# BUNCOMBE COUNTY, NORTH CAROLINA

## Statement of Net Position

June 30, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 77,295,553	\$ 17,389,208	\$ 94,684,761
Investments	50,495,309	-	50,495,309
Receivables (net)	5,118,240	688,811	5,807,051
Due from other governments	25,271,059	-	25,271,059
Due from primary government	-	-	-
Inventories	258,221	28,333	286,554
Prepays	427,582	-	427,582
Restricted cash and cash equivalents	150,688,815	1,219,505	151,908,320
Long-term receivables	1,311,422	-	1,311,422
Capital assets:			
Land and construction in progress	39,279,449	7,319,743	46,599,192
Other capital assets, net of depreciation	206,288,800	22,280,056	228,568,856
Total capital assets	245,568,249	29,599,799	275,168,048
Total assets	556,434,450	48,925,656	605,360,106
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
	3,440,833	19,893	3,460,726
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	17,104,141	390,000	17,494,141
Accrued interest payable	1,057,821	25,511	1,083,332
Payable from restricted cash	5,483,934	-	5,483,934
Other liabilities	717,136	-	717,136
Due to component unit	951,956	-	951,956
Long-term liabilities:			
Due within one year	28,550,072	1,775,306	30,325,378
Due in more than one year	420,292,362	18,292,424	438,584,786
Total long-term liabilities	448,842,434	20,067,730	468,910,164
Total liabilities	474,157,422	20,483,241	494,640,663
<b>DEFERRED INFLOWS OF RESOURCES</b>			
	1,207,049	-	1,207,049
<b>NET POSITION</b>			
Net investment in capital assets	93,609,590	26,200,976	119,810,566
Restricted for:			
Stabilization by State statute	26,971,339	-	26,971,339
Product development	-	-	-
Capital projects	164,577,421	-	164,577,421
Public safety	2,686,694	-	2,686,694
Other	463,911	-	463,911
Unrestricted	(203,798,143)	2,261,332	(201,536,811)
Total Net Position	\$ 84,510,812	\$ 28,462,308	\$ 112,973,120

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

**Exhibit 1**

	Component Units		
	Tourism Development Authority	Buncombe County Service Foundation	WNC Regional Air Quality Agency
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,466,740	\$ 363,870	\$ 839,266
Investments	7,632,695	-	-
Receivables (net)	3,346	851	1,476
Due from other governments	951,956	-	-
Due from primary government	-	-	-
Inventories	-	-	-
Prepays	-	-	-
Restricted cash and cash equivalents	-	-	-
Long-term receivables	-	-	-
Capital assets:			
Land and construction in progress	-	-	-
Other capital assets, net of depreciation	-	-	76,617
Total capital assets	-	-	76,617
Total assets	12,054,737	364,721	917,359
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
	-	-	-
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	899,066	31,359	38,681
Accrued interest payable	-	-	-
Payable from restricted cash	-	-	-
Other liabilities	-	-	-
Due to component unit	-	-	-
Long-term liabilities:			
Due within one year	-	-	121,542
Due in more than one year	-	-	32,253
Total long-term liabilities	-	-	153,795
Total liabilities	899,066	31,359	192,476
<b>DEFERRED INFLOWS OF RESOURCES</b>			
	-	-	-
<b>NET POSITION</b>			
Net investment in capital assets	-	-	76,617
Restricted for:			
Stabilization by State statute	955,302	-	-
Product development	6,569,740	-	-
Capital projects	-	-	-
Public safety	-	-	-
Other	-	25,960	-
Unrestricted	3,630,629	307,402	648,266
Total Net Position	\$ 11,155,671	\$ 333,362	\$ 724,883

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

# BUNCOMBE COUNTY, NORTH CAROLINA

## Statement of Activities

FOR THE YEAR ENDED June 30, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
GOVERNMENTAL ACTIVITIES:				
General government	\$ 26,179,307	\$ 3,542,856	\$ 1,177,426	\$ -
Public safety	86,261,299	10,483,019	4,153,591	-
Economic and physical development	15,255,668	448,312	83,096	643,746
Human services	86,307,869	2,237,859	43,326,624	-
Cultural and recreational	10,611,885	517,104	219,439	-
Education	107,527,021	-	-	8,724,109
Interest on long-term debt	13,657,936	-	-	-
Total governmental activities	345,800,985	17,229,150	48,960,176	9,367,855
BUSINESS-TYPE ACTIVITIES:				
Solid Waste Disposal	6,811,079	6,928,813	371,192	-
Criminal Justice Information System	1,416,776	1,383,407	-	-
Inmate Commissary/Welfare	222,997	323,536	-	-
Total business-type activities	8,450,852	8,635,756	371,192	-
Total primary government	\$ 354,251,837	\$ 25,864,906	\$ 49,331,368	\$ 9,367,855
COMPONENT UNITS:				
Tourism Development Authority	\$ 9,059,699	\$ -	\$ 9,046,664	\$ -
Buncombe County Service Foundation	1,181,176	-	1,184,763	-
WNC Regional Air Quality Agency	953,655	594,321	396,842	-
Total component units	\$ 11,194,530	\$ 594,321	\$ 10,628,269	\$ -

### General revenues:

#### Taxes:

Property taxes, levied for general purpose

Local option sales tax

Other taxes and licenses

Investment earnings, unrestricted

Miscellaneous, unrestricted

Gain (loss) on disposal of capital assets

#### Transfers

Total general revenues and transfers

#### Change in Net Position

Net Position, beginning of year, as originally reported

Prior period adjustments (Note 10)

Net Position, beginning of year, as restated

Net Position, ending

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

Net (Expense) Revenue and Change in Net Position					
Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	Tourism Development Authority	Buncombe County Service Foundation	WNC Regional Air Quality Agency
\$ (21,459,025)	\$ -	\$ (21,459,025)			
(71,624,689)	-	(71,624,689)			
(14,080,514)	-	(14,080,514)			
(40,743,386)	-	(40,743,386)			
(9,875,342)	-	(9,875,342)			
(98,802,912)	-	(98,802,912)			
(13,657,936)	-	(13,657,936)			
(270,243,804)	-	(270,243,804)			
-	488,926	488,926			
-	(33,369)	(33,369)			
-	100,539	100,539			
-	556,096	556,096			
(270,243,804)	556,096	(269,687,708)			
			\$ (13,035)	\$ -	\$ -
			-	3,587	-
			-	-	37,508
			(13,035)	3,587	37,508
192,667,851	-	192,667,851	-	-	-
61,962,603	-	61,962,603	-	-	-
15,039,610	-	15,039,610	-	-	-
300,785	38,182	338,967	1,052	-	1,898
956,147	-	956,147	-	-	-
(417,150)	-	(417,150)	-	-	-
601,570	(601,570)	-	-	-	-
271,111,416	(563,388)	270,548,028	1,052	-	1,898
867,612	(7,292)	860,320	(11,983)	3,587	39,406
83,643,200	31,368,398	115,011,598	11,167,654	329,775	685,477
-	(2,898,798)	(2,898,798)	-	-	-
83,643,200	28,469,600	112,112,800	11,167,654	329,775	685,477
\$ 84,510,812	\$ 28,462,308	\$ 112,973,120	\$ 11,155,671	\$ 333,362	\$ 724,883

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

# BUNCOMBE COUNTY, NORTH CAROLINA

Exhibit 3

## Balance Sheet

### Governmental Funds

June 30, 2014

	General	County Capital Projects	School Capital Commission	AB Tech Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 11,512,116	\$ 27,952,459	\$ 6,870,428	\$ 11,767,038	\$ 9,870,523	\$ 67,972,564
Investments	50,495,309	-	-	-	-	50,495,309
Restricted cash and cash equivalents	865,326	26,865,661	60,143,676	62,666,653	147,499	150,688,815
Receivables, net	3,474,033	-	-	-	1,573,907	5,047,940
Due from other governments	17,071,877	473,550	3,581,284	2,305,759	1,838,589	25,271,059
Due from other funds	1,604,965	-	-	-	-	1,604,965
Inventories	256,825	-	-	-	1,396	258,221
Prepaid items	43,582	-	-	-	-	43,582
Total assets	<u>\$ 85,324,033</u>	<u>\$ 55,291,670</u>	<u>\$ 70,595,388</u>	<u>\$ 76,739,450</u>	<u>\$ 13,431,914</u>	<u>\$ 301,382,455</u>
<b>LIABILITIES</b>						
Accounts payable and accrued liabilities	\$ 11,506,654	\$ 1,283,306	\$ -	\$ 1,469,978	\$ 2,297,983	\$ 16,557,921
Payable from restricted cash	-	3,217,877	-	2,266,057	-	5,483,934
Miscellaneous liabilities	145,267	-	-	-	571,869	717,136
Due to component unit	-	-	-	-	951,956	951,956
Due to other funds	-	-	-	-	1,604,965	1,604,965
Total liabilities	<u>11,651,921</u>	<u>4,501,183</u>	<u>-</u>	<u>3,736,035</u>	<u>5,426,773</u>	<u>25,315,912</u>
DEFERRED INFLOWS OF RESOURCES	<u>2,520,626</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>84,847</u>	<u>2,605,473</u>
<b>FUND BALANCES</b>						
Nonspendable	300,407	-	-	-	1,396	301,803
Restricted for:						
Stabilization by State statute	20,197,103	473,550	3,581,284	2,305,759	413,643	26,971,339
Capital projects	-	26,865,661	67,014,104	70,697,656	-	164,577,421
Public Safety	-	-	-	-	2,686,694	2,686,694
Other	-	-	-	-	463,911	463,911
Committed	1,200,000	-	-	-	-	1,200,000
Assigned	7,584,637	23,451,276	-	-	4,354,650	35,390,563
Unassigned	41,869,339	-	-	-	-	41,869,339
Total fund balances	<u>71,151,486</u>	<u>50,790,487</u>	<u>70,595,388</u>	<u>73,003,415</u>	<u>7,920,294</u>	<u>273,461,070</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 85,324,033</u>	<u>\$ 55,291,670</u>	<u>\$ 70,595,388</u>	<u>\$ 76,739,450</u>	<u>\$ 13,431,914</u>	
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different:						
Reconciliation to full accrual basis of accounting (see Note 1)						(188,950,258)
Net Position of governmental activities						<u>\$ 84,510,812</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, 2014

	General	County Capital Projects	School Capital Commission	AB Tech Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>						
Ad valorem taxes	\$175,862,176	\$ -	\$ -	\$ -	\$ 17,087,130	\$192,949,306
Local option sales taxes	33,998,496	-	14,260,854	9,115,928	4,587,325	61,962,603
Other taxes and licenses	5,147,102	-	-	-	9,184,430	14,331,532
Unrestricted intergovernmental	687,692	20,386	-	-	-	708,078
Restricted intergovernmental	42,614,208	425,000	8,681,844	42,265	6,564,714	58,328,031
Permits and fees	3,075,411	-	-	-	-	3,075,411
Sales and services	14,122,951	-	-	-	6,375	14,129,326
Investment earnings	192,297	38,311	3,301	32,876	7,276	274,061
Miscellaneous	594,733	-	-	-	361,414	956,147
Total revenues	276,295,066	483,697	22,945,999	9,191,069	37,798,664	346,714,495
<b>EXPENDITURES:</b>						
Current:						
General government	23,180,913	-	-	-	19,180	23,200,093
Public safety	53,980,193	-	-	-	22,942,846	76,923,039
Economic and physical development	5,766,555	-	-	-	9,056,699	14,823,254
Human services	79,037,487	-	-	-	4,483,846	83,521,333
Cultural and recreational	8,908,612	-	-	-	78,836	8,987,448
Intergovernmental:						
Education	74,556,185	-	-	-	-	74,556,185
Capital outlay	-	34,684,236	17,394,250	15,576,586	1,562,316	69,217,388
Debt service:						
Principal retirement	9,720,468	-	9,549,737	973,789	-	20,243,994
Interest and fees	5,276,170	2,458,199	4,734,873	2,103,822	1,170,406	15,743,470
Total expenditures	260,426,583	37,142,435	31,678,860	18,654,197	39,314,129	387,216,204
Revenues over (under) expenditures	15,868,483	(36,658,738)	(8,732,861)	(9,463,128)	(1,515,465)	(40,501,709)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers from other funds	543,908	14,885,255	-	-	2,770,060	18,199,223
Transfers to other funds	(17,052,443)	(973,753)	-	(248,842)	(307,811)	(18,582,849)
Installment obligations issued	3,317,606	30,935,000	69,077,395	65,700,000	11,285,000	180,315,001
Premium on installment obligations	573,713	304,319	10,322,798	9,312,326	866,656	21,379,812
Payment to refunded bond escrow agent	(3,315,253)	-	(13,832,140)	-	(13,605,341)	(30,752,734)
Sales of capital assets	82,210	-	-	-	-	82,210
Total other financing sources (uses)	(15,850,259)	45,150,821	65,568,053	74,763,484	1,008,564	170,640,663
Net changes in fund balances	18,224	8,492,083	56,835,192	65,300,356	(506,901)	130,138,954
Fund balances, beginning of year	71,133,262	42,298,404	13,760,196	7,703,059	8,427,195	143,322,116
Fund balances, end of year	\$ 71,151,486	\$ 50,790,487	\$ 70,595,388	\$ 73,003,415	\$ 7,920,294	\$273,461,070

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

Net changes in fund balances - total governmental funds	\$130,138,954
Reconciliation to full accrual basis of accounting (see Note 1)	(129,271,342)
Total change in net position of governmental activities	\$ 867,612

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, 2014

	General Fund			Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Ad valorem taxes	\$ 166,659,941	\$ 173,746,941	\$ 175,862,176	\$ 2,115,235
Local option sales taxes	32,032,174	32,980,965	33,998,496	1,017,531
Other taxes and licenses	4,837,184	5,087,184	5,147,102	59,918
Unrestricted intergovernmental	-	675,000	687,692	12,692
Restricted intergovernmental	43,477,447	44,213,955	42,614,208	(1,599,747)
Permits and fees	2,548,615	2,563,615	3,075,411	511,796
Sales and services	13,128,762	14,068,462	14,122,951	54,489
Investment earnings	175,000	175,000	192,297	17,297
Miscellaneous	954,928	36,130	594,733	558,603
Total revenues	263,814,051	273,547,252	276,295,066	2,747,814
<b>EXPENDITURES</b>				
Current:				
General government	24,014,556	24,555,297	23,180,913	1,374,384
Public safety	55,049,876	55,880,638	53,980,193	1,900,445
Economic and physical development	7,930,927	8,178,373	5,766,555	2,411,818
Human services	81,461,581	85,723,464	79,037,487	6,685,977
Cultural and recreational	10,479,740	9,972,782	8,908,612	1,064,170
Intergovernmental:				
Education	73,705,012	74,653,803	74,556,185	97,618
Total current expenditures	252,641,692	258,964,357	245,429,945	13,534,412
Debt service:				
Principal retirement			9,720,468	
Interest and other charges			5,276,170	
Total debt service	18,542,168	14,920,512	14,996,638	(76,126)
Total expenditures	271,183,860	273,884,869	260,426,583	13,458,286
Revenues over (under) expenditures	(7,369,809)	(337,617)	15,868,483	16,206,100
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	4,701,848	6,658,641	543,908	(6,114,733)
Transfers to other funds	(4,333,276)	(17,259,576)	(17,052,443)	207,133
Installment obligations issued	-	3,475,931	3,317,606	(158,325)
Premium (discount) on installment obligations	-	257,439	573,713	316,274
Payment to refunded bond escrow agent	-	(3,725,000)	(3,315,253)	409,747
Sales of capital assets	-	160,000	82,210	(77,790)
Appropriated fund balance	7,001,237	10,770,182	-	(10,770,182)
Total other financing sources (uses)	7,369,809	337,617	(15,850,259)	(16,187,876)
Net changes in fund balance	\$ -	\$ -	18,224	\$ 18,224
Fund balance, beginning of year			71,133,262	
Fund balance, end of year			\$ 71,151,486	

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

# BUNCOMBE COUNTY, NORTH CAROLINA

Exhibit 6

## Statement of Net Position

### Proprietary Funds

June 30, 2014

	Enterprise Funds			Internal Service Fund
	Solid Waste Disposal Fund	Nonmajor Enterprise Funds	Total	Insurance Fund
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 16,844,834	\$ 544,374	\$ 17,389,208	\$ 9,322,989
Restricted cash and cash equivalents	1,219,505	-	1,219,505	-
Receivables, net	688,674	137	688,811	-
Prepays	-	-	-	384,000
Inventories	28,333	-	28,333	-
Total current assets	18,781,346	544,511	19,325,857	9,706,989
Noncurrent assets:				
Capital assets:				
Land, improvements, and construction in progress	7,307,638	12,105	7,319,743	-
Other capital assets, net of depreciation	22,234,032	46,024	22,280,056	-
Total capital assets	29,541,670	58,129	29,599,799	-
Total noncurrent assets	29,541,670	58,129	29,599,799	-
Total assets	48,323,016	602,640	48,925,656	9,706,989
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	19,893	-	19,893	-
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	283,174	31,932	315,106	526,964
Accrued interest payable	25,511	-	25,511	-
Salaries and payroll taxes payable	72,791	2,103	74,894	19,256
Compensated absences	61,849	1,300	63,149	-
Installment obligations payable, current portion	250,000	-	250,000	-
Revenue bonds payable, current portion	1,462,157	-	1,462,157	-
Total current liabilities	2,155,482	35,335	2,190,817	546,220
Noncurrent liabilities:				
Accrued landfill closure and postclosure care costs	15,289,928	-	15,289,928	-
Other postemployment benefits	91,127	5,198	96,325	-
Installment obligations payable	2,906,171	-	2,906,171	-
Total noncurrent liabilities	18,287,226	5,198	18,292,424	-
Total liabilities	20,442,708	40,533	20,483,241	546,220
<b>NET POSITION</b>				
Net investment in capital assets	26,142,847	58,129	26,200,976	-
Unrestricted	1,757,354	503,978	2,261,332	9,160,769
Total net position	\$ 27,900,201	\$ 562,107	\$ 28,462,308	\$ 9,160,769

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 Position Proprietary Funds

FOR THE YEAR ENDED June 30, 2014

	Enterprise Funds			Internal Service Fund
	Solid Waste Disposal Fund	Nonmajor Enterprise Funds	Total	Insurance Fund
<b>OPERATING REVENUES</b>				
Charges for services	\$ 6,928,813	\$ 1,706,943	\$ 8,635,756	\$ 23,286,064
Miscellaneous	371,192	-	371,192	-
Total operating revenues	7,300,005	1,706,943	9,006,948	23,286,064
<b>OPERATING EXPENSES</b>				
Salaries, wages, and fringe benefits	1,606,043	786,186	2,392,229	1,065,172
Contracted services	312,019	59,037	371,056	-
Cost of products sold	-	82,861	82,861	-
Maintenance and repairs	600,835	331,242	932,077	-
Other operating expenses	1,119,760	289,569	1,409,329	48,262
Landfill closure and postclosure care costs	775,444	-	775,444	-
Depreciation	2,241,566	90,878	2,332,444	-
Insurance premiums	-	-	-	1,917,822
Claims	-	-	-	22,146,148
Total operating expenses	6,655,667	1,639,773	8,295,440	25,177,404
Operating income (loss)	644,338	67,170	711,508	(1,891,340)
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest and investment revenue	30,455	7,727	38,182	24,873
Interest and other charges	(155,412)	-	(155,412)	-
Total nonoperating revenues (expenses)	(124,957)	7,727	(117,230)	24,873
Income (loss) before transfers	519,381	74,897	594,278	(1,866,467)
Transfers from other funds	-	-	-	900,000
Transfers to other funds	-	(601,570)	(601,570)	-
Change in net position	519,381	(526,673)	(7,292)	(966,467)
Net position, beginning of year	30,279,618	1,088,780	31,368,398	10,127,236
Prior period adjustment (Note 10)	(2,898,798)	-	(2,898,798)	-
Net position, beginning, as restated	27,380,820	1,088,780	28,469,600	10,127,236
Net position, end of year	\$ 27,900,201	\$ 562,107	\$ 28,462,308	\$ 9,160,769

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

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# BUNCOMBE COUNTY, NORTH CAROLINA

## Statement of Cash Flows

### Proprietary Funds

FOR THE YEAR ENDED June 30, 2014

	Enterprise Funds			Internal Service Fund
	Solid Waste Disposal Fund	Nonmajor Enterprise Funds	Total	Insurance Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 7,083,770	\$ 1,713,515	\$ 8,797,285	\$ 23,286,064
Cash paid for goods and services	(2,323,391)	(844,715)	(3,168,106)	(24,017,863)
Cash paid to employees for services	(1,638,924)	(794,938)	(2,433,862)	(1,045,916)
Other operating revenue	371,192	-	371,192	-
Net cash provided (used) by operating activities	3,492,647	73,862	3,566,509	(1,777,715)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from (to) other funds	-	(419,648)	(419,648)	900,000
Net cash used by noncapital financing activities	-	(419,648)	(419,648)	900,000
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(308,333)	(23,584)	(331,917)	-
Principal paid on installment obligation	(293,819)	-	(293,819)	-
Principal paid on bond maturities	(1,404,345)	-	(1,404,345)	-
Interest paid on long-term debt	(149,294)	-	(149,294)	-
Net cash used by capital and related financing activities	(2,155,791)	(23,584)	(2,179,375)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on investments	30,455	7,727	38,182	24,873
Net cash provided by investing activities	30,455	7,727	38,182	24,873
Net increase (decrease) in cash and cash equivalents	1,367,311	(361,643)	1,005,668	(852,842)
Cash and cash equivalents, beginning of year	16,697,028	906,017	17,603,045	10,175,831
Cash and cash equivalents, end of year	\$ 18,064,339	\$ 544,374	\$ 18,608,713	\$ 9,322,989

Continued on next page

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

	Enterprise Funds			Internal Service Fund
	Solid Waste Disposal Fund	Nonmajor Enterprise Funds	Total	Insurance Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 644,338	\$ 67,170	\$ 711,508	\$ (1,891,340)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	2,241,566	90,878	2,332,444	-
Landfill closure and postclosure care costs	514,804	-	514,804	-
Changes in assets and liabilities:				
Accounts receivable	154,957	6,572	161,529	-
Inventories	12,996	-	12,996	-
Accounts payable	(43,133)	(82,006)	(125,139)	94,369
Salaries and payroll taxes payable	(725)	5,940	5,215	19,256
Other postemployment benefits	(3,920)	(2,031)	(5,951)	-
Accrued compensated absences	(28,236)	(12,661)	(40,897)	-
Total adjustments	2,848,309	6,692	2,855,001	113,625
Net cash provided (used) by operating activities	\$ 3,492,647	\$ 73,862	\$ 3,566,509	\$ (1,777,715)

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

**BUNCOMBE COUNTY, NORTH CAROLINA****Exhibit 9***Statement of Fiduciary Net Position*

June 30, 2014

	<u>OPEB Trust Fund</u>	<u>Agency Funds</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 11,209,388	\$ 2,301,373
Accounts receivable	-	1,009,168
	<u>\$ 11,209,388</u>	<u>\$ 3,310,541</u>
<b>LIABILITIES</b>		
Accounts payable	\$ -	\$ 124,245
Due to other taxing units	-	1,888,875
Intergovernmental payable - State of North Carolina	-	15,193
Due to beneficiaries	-	1,282,228
Total liabilities	<u>-</u>	<u>3,310,541</u>
<b>NET POSITION</b>		
Assets held in trust for health benefits	<u>\$ 11,209,388</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 Position***FOR THE YEAR ENDED June 30, 2014**

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	<u>OPEB Trust Fund</u>
ADDITIONS	
Employer contributions	\$ 1,250,000
Investment income:	
Net appreciation in fair value of investments	1,381,094
Investment earnings, net	<u>202,428</u>
Total additions	<u>2,833,522</u>
NET POSITION, BEGINNING	<u>8,375,866</u>
NET POSITION, ENDING	<u>\$ 11,209,388</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, 2014**

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**Note 1 - Summary of Significant Accounting Policies**

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

**(A) Reporting Entity**

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

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

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.	Buncombe County Service Foundation 200 College Street Suite 400 Asheville, North Carolina 28801
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 position and the statement of activities display information about the primary government net position (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities; however, interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. 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. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The County reports the following major governmental funds:

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

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

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

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

The County reports the following major enterprise fund:

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

The County reports the following fund types:

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

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

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

The Inmate Trust Fund, which accounts for the revenues and expenditures of activity funds belonging to inmates during the period of incarceration; the General Agency Accounts, which account for ad valorem and local option sales taxes collected for other taxing units; the Social Services Fund, which accounts for monies deposited with the Department of Social Services for the benefit of certain individuals; the Sondley Estate Trust, which accounts for certain monies held by the County which was appointed as fiscal agent by the Courts; the NC Motor Vehicle Interest Fund, which accounts for the 3% interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles; the Deed of Trust Fee Fund, which accounts for the \$6.20 of each fee collected by the register of deeds for registering or filing a deed of trust or mortgage and is remitted to the State Treasurer on a monthly basis; and the Buncombe County Anticrime Task Force, which accounts for forfeiture and controlled substance tax earmarked for the Buncombe County Anticrime Task Force.

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

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

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

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

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

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

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

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

### **(C) Budgetary Data**

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

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

### **(D) Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Fund Equity**

#### **(1) Deposits and Investments**

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

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

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

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

(2a-7) 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 \$22.20 per share and the Russell 3000 Alpha Tilts Fund B is priced at \$48.35 per share at June 30, 2014.

**(2) Cash and Cash Equivalents**

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

**(3) Restricted Assets**

The unexpended bond proceeds of the County Capital Projects Fund, AB Tech Capital Projects Fund, and the School Capital Commission Fund 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 \$1,219,505 in the Enterprise Funds are for construction of landfill facilities.

**Buncombe County Restricted Cash**

Governmental Activities	
County Capital Projects Fund	\$ 26,865,661
School Capital Projects Fund	60,143,676
AB Tech Capital Projects Fund	62,666,653
General Fund	865,326
PDF Woodfin Downtown Fund	<u>147,499</u>
Total Governmental Activities	\$150,688,815
Business-Type Activities	
Solid Waste Disposal	<u>1,219,505</u>
Total Restricted Cash	<u>\$151,908,320</u>

**(4) Ad Valorem Taxes Receivable**

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2013.

**(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. These outlays are accounted for using the consumption method. Prepaid pension obligations, if any, are reported in the government-wide financial statements.

### **(7) Capital Assets**

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The minimum capitalization cost is \$5,000. Subsequent to June 30, 2014, the County has increased the minimum capitalization threshold to \$10,000. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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

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

### **(8) Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has one item that meets this criterion – a charge on refunding that had been previously classified as an asset.

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

### **(9) Long-term Obligations**

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

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

## **(10) Compensated Absences**

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

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

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

### **Net Position**

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

### **Fund Balances**

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

The governmental fund types classify fund balances as follows:

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

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.

**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, including fund balance that can only be used for School Capital per G.S. 159-18-22.

Restricted for Debt Service: Portion of fund balance that is restricted by revenue source for future debt service requirements.

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

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



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

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

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

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

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

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

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

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

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

#### **(E) Reconciliation of Government-wide and Fund Financial Statements**

##### **(1) Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.**

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

<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)	\$ 334,306,099
Less accumulated depreciation	<u>(88,737,850)</u>
Net capital assets	245,568,249

Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are unavailable in the fund statements

70,300

Long-term receivables are not available to pay current expenditures and therefore are not recognized as assets in the funds	1,311,422
Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide statements	1,398,424
The assets and liabilities of the internal service fund, which is used by management to charge the cost of insurance to individual funds, are included in governmental activities in the statement of net position	9,160,769
Deferred charges related to advance refunding bond issued – included on government-wide statement of net position but are not current financial resources	3,440,833
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	(434,149,322)
Compensated absences	(6,999,814)
Accrued pension obligation	(2,157,337)
Other postemployment benefits	(5,535,961)
Accrued interest payable	<u>(1,057,821)</u>
Total	<u>\$ (188,950,258)</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances for the governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment as follows:

<u>Description</u>	<u>Amount</u>
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of net position	\$ 38,720,117
Cost of disposed assets not recorded in fund statements	(5,868,148)
Net carrying value of capital assets transferred from enterprise funds	152,287
Less related debt transferred from enterprise funds	<u>(67,091)</u>
Net noncash transfers from enterprise funds	85,196
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	(12,374,132)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the statement of net activities – only the government-wide statement of net position is affected.	
Installment obligations issued	(201,694,812)
Principal payments on long-term debt	20,243,994
Payment to refunded bond escrow agent	30,752,734

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)	2,278,423
Amortization of refunding costs not recorded on fund statements	(192,889)
Pension obligations	(155,655)
Compensated absences	103,624
Other postemployment benefits	267,148

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)	26,724
Increase of deferred inflows of resources – taxes receivable – at June 30, 2014	(281,455)
Decrease of deferred inflows of resources – EMS receivable – June 30, 2014	24,414
Collection of long-term note receivable for sale of property	(240,158)

Net expense, including transfers, of internal service funds determined to be governmental type	<u>(966,467)</u>
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Total	<u>\$ (129,271,342)</u>
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**(F) Estimates**

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

**Note 2 - Detail Notes on All Funds**

**(A) Assets**

**(1) Deposits**

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

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

At June 30, 2014, the County's (including Western North Carolina Regional Air Quality) deposits had a carrying amount of \$12,681,570 and a bank balance of \$12,901,412. Of the bank balance, \$500,000 was covered by federal depository insurance and \$12,401,412 was covered by collateral held under the Pooling Method. These amounts include \$2,301,373 held by the County in its fiduciary capacity for its agency funds.

At June 30, 2014, Buncombe County had \$11,695 cash on hand.

At June 30, 2014, the Tourism Development Authority's deposits had a carrying amount of \$3,466,740 and a bank balance of \$3,522,541. Of the bank balance, \$250,000 was covered by federal depository insurance and \$3,272,541 was covered by collateral held under the Pooling Method.

At June 30, 2014, the Buncombe County Service Foundation's deposits had a carrying amount of \$363,870 and a bank balance of \$384,888. Of the bank balance, \$250,000 was covered by federal depository insurance. Cash exceeded federal depository insurance by \$134,888.

## (2) **Investments**

As of June 30, 2014, 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	\$ 48,500,689	\$ -	\$ -	\$ 6,009,288	\$ 42,491,401
Commercial Paper	26,934,336	-	24,939,716	1,994,620	-
- NC Capital Management Trust- Cash Portfolio	191,422,957	191,422,957	-	-	-
NC Capital Management Trust- Term Portfolio*	20,677,782	-	20,677,782	-	-
Total	<u>\$287,535,764</u>	<u>\$191,422,957</u>	<u>\$ 45,617,498</u>	<u>\$ 8,003,908</u>	<u>\$ 42,491,401</u>

\*Because the NC Capital Management Trust Term Portfolio had a duration of 0.23 years, it was presented as an investment with a maturity of 1-6 months.

At June 30, 2014, the Tourism Development Authority's investments consisted of \$7,632,695 in the North Carolina Capital Management Trust's Cash Portfolio, which carried a credit rating of AAAM by Standard and Poor's.

During 2014, the County realized no gain or loss from the sale of investments. The calculation of realized gains is independent of the calculation of the net increases in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of the investment reported in the prior year. There were no realized gains or losses on the County's or Tourism Development Authority's investments during 2014.

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

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

	Primary Government	Tourism Development Authority	WNC Regional Air Quality	Buncombe County Service Foundation
Deposits	\$ 12,681,570	\$ 3,466,740	\$ —	\$ —
Cash on hand	11,695	—	—	—
Investments	287,535,764	7,632,695	—	—
	300,229,029	11,099,435	—	—
Reported in component units	(839,266)	—	839,266	363,870
	<u>\$ 299,389,763</u>	<u>\$ 11,099,435</u>	<u>\$ 839,266</u>	<u>\$ 363,870</u>
Reported on government-wide statement of net position:				
Cash and cash equivalents	\$ 94,684,761	\$ 11,099,435	\$ 839,266	\$ 363,870
Investments	50,495,309	—	—	—
Restricted cash	151,908,320	—	—	—
	297,088,390	<u>\$ 11,099,435</u>	<u>\$ 839,266</u>	<u>\$ 363,870</u>
Reported in agency funds:				
Cash and cash equivalents	2,301,373			
	<u>\$ 299,389,763</u>			

### **Interest Rate Risk**

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

### **Credit Risk**

The County's policy is to limit investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2014, the County's investments in commercial paper were rated P1 by Standard & Poor's, F1 by Fitch Ratings, and A1 by Moody's Investors Service. As of June 30, 2014, the County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's. The County's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the US government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended. The County's investments in US Agencies are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

### **Custodial Credit Risk**

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

### **Concentration of Credit Risk**

The County limits that the combined investment in commercial paper and bankers' acceptances shall not exceed 25% of the total portfolio and the investment in commercial paper or bankers' acceptances of a single issuer shall not exceed the lesser of \$5 million or 5% of the total portfolio at the time of investment. The County's combined investment in commercial paper and bankers' acceptances is 9%, with no more than \$5 million or 5% of the total portfolio at the time of investment in any single issuer.

The County places no other limits on the amount that the County may invest in any one issuer. More than 5% of the County's investments are in FHLMC and FFCB. These investments are 8% and 5% respectively of the County's total investments. The County's investments in the North Carolina Capital Management Trust represents 74% of the total investments.

### **State Treasurer's OPEB Fund**

At June 30, 2014, the Buncombe County Healthcare Benefits (HCB) Plan Fund had \$11,209,388 invested in the State Treasurer's Local Government Other Post-Employment Benefits (OPEB) Fund pursuant to G.S. 159-30.1. The State Treasurer's OPEB Fund may invest in public equities and both long-term and short-term fixed income obligations as determined by the State Treasurer pursuant to the General Statutes.

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

	Fair Value	Percent of Total
State Treasurer's Long-Term Investment Fund (LTIF)	\$ 1,054,475	9.40%
State Treasurer's Short-Term Investment Fund (STIF)	2,499,308	22.30%
BlackRock's Global Ex-US Alpha Tilts Fund B and BlackRock's Russell 3000 Alpha Tilts Fund B (equities split 75% domestic/25% international)	7,655,605	68.30%
Total	<u>\$ 11,209,388</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 1.3 years at June 30, 2014. The State Treasurer's Long Term Investment Fund (LTIF) is unrated and had a weighted average maturity of 16.3 years at June 30, 2014.

### **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
2011	\$ 4,552,919	\$ 1,081,318	\$ 5,634,237
2012	4,501,598	663,986	5,165,584
2013	3,416,096	196,426	3,612,522
2014	3,723,557	-	3,723,557
Total	<u>\$ 16,194,170</u>	<u>\$ 1,941,730</u>	<u>\$ 18,135,900</u>

**(4) Receivables**

Receivables at the government-wide level at June 30, 2014 were as follows:

	Accounts	Taxes and Related Accrued Interest	Due From Other Governments	Total
Governmental Activities:				
General	\$ 3,018,695	\$ 1,975,651	\$ 17,071,877	\$ 22,066,223
County Capital Projects	—	—	473,550	473,550
School Capital Commission	—	—	3,581,284	3,581,284
AB Tech Capital Projects	—	—	2,305,759	2,305,759
Other Governmental	522,607	1,087,663	1,838,589	3,448,859
	<u>3,541,302</u>	<u>3,063,314</u>	<u>25,271,059</u>	<u>31,875,675</u>
Allowance for doubtful accounts	<u>(765,441)</u>	<u>(720,935)</u>	<u>—</u>	<u>(1,486,376)</u>
Total - governmental activities	<u>\$ 2,775,861</u>	<u>\$ 2,342,379</u>	<u>\$ 25,271,059</u>	<u>\$ 30,389,299</u>
Business-type Activities				
Solid Waste Disposal	\$ 741,962	\$ —	\$ —	\$ 741,962
Other Business-type	137	—	—	137
	<u>742,099</u>	<u>—</u>	<u>—</u>	<u>742,099</u>
Allowance for doubtful accounts	<u>(53,288)</u>	<u>—</u>	<u>—</u>	<u>(53,288)</u>
Total - business-type activities	<u>\$ 688,811</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 688,811</u>

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

Local option sales tax	\$ 15,879,503
Other	<u>9,391,555</u>
Total	<u>\$ 25,271,058</u>

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

## (5) Capital Assets

Capital asset activity for the year ended June 30, 2014, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 12,798,795	\$ 161,178	\$ —	\$ 12,959,973
Construction in progress	100,381,083	35,799,195	109,860,802	26,319,476
Total capital assets not being depreciated	113,179,878	35,960,373	109,860,802	39,279,449
Capital assets being depreciated:				
Buildings	134,592,518	47,500,501	5,000	182,088,019
Other improvements	18,778,254	48,548,694	18,560	67,308,388
Equipment	23,234,531	12,940,271	3,544,650	32,630,152
Intangibles	54,391	125,950	—	180,341
Vehicles	11,806,033	1,755,904	742,187	12,819,750
Total capital assets being depreciated	188,465,727	110,871,320	4,310,397	295,026,650
Less accumulated depreciation for:				
Buildings	47,821,834	4,719,529	5,000	52,536,363
Other improvements	4,140,765	3,058,093	4,949	7,193,909
Equipment	17,014,903	6,221,900	3,058,901	20,177,902
Intangibles	23,569	17,604	—	41,173
Vehicles	7,706,409	1,824,281	742,187	8,788,503
Total accumulated depreciation	76,707,480	\$ 15,841,407	\$ 3,811,037	88,737,850
Total capital assets being depreciated, net	111,758,247			206,288,800
Governmental activities capital assets, net	\$ 224,938,125			\$ 245,568,249
	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Solid Waste Disposal				
Capital assets not being depreciated:				
Land	\$ 6,308,519	\$ 533,619	\$ —	\$ 6,842,138
Construction in progress	690,786	308,333	533,619	465,500
Total capital assets not being depreciated	6,999,305	841,952	533,619	7,307,638
Capital assets being depreciated:				
Buildings and improvements	43,627,022	—	—	43,627,022
Equipment	2,135,958	—	—	2,135,958
Vehicles	2,794,516	—	—	2,794,516
Total capital assets being depreciated	48,557,496	—	—	48,557,496
Less accumulated depreciation for:				
Buildings and improvements	20,160,170	1,975,000	—	22,135,170
Equipment	1,307,744	175,817	—	1,483,561
Vehicles	2,613,984	90,749	—	2,704,733
Total accumulated depreciation	24,081,898	2,241,566	—	26,323,464
Total capital assets being depreciated, net	24,475,598			22,234,032
Solid Waste Disposal capital assets, net	31,474,903			29,541,670



Other Business-type

Capital assets not being depreciated:				
Construction in progress	110,394	59,998	158,287	12,105
Total capital assets not being depreciated	110,394	59,998	158,287	12,105
Capital assets being depreciated:				
Equipment	3,655,493	8,754	3,606,309	57,938
Intangibles	—	113,118	113,118	—
Total capital assets being depreciated	3,655,493	121,872	3,719,427	57,938
Less accumulated depreciation for:				
Equipment	3,482,518	90,880	3,561,484	11,914
Intangibles	—	5,656	5,656	—
Total accumulated depreciation	3,482,518	\$ 96,536	\$ 3,567,140	11,914
Total capital assets being depreciated, net	172,975			46,024
Other Business-type capital assets, net	283,369			58,129
Business-type capital assets, net	\$ 31,758,272			\$ 29,599,799

At the end of the fiscal year, one enterprise fund was closed. The remaining assets and liabilities were transferred to governmental activities. The historic cost and accumulated depreciation of the transferred assets are included as increases in capital assets of governmental activities above as follows:

	Cost	Accumulated Depreciation	Net Carrying Value
Equipment	\$ 3,506,444	\$ 3,461,619	\$ 44,825
Intangibles	113,118	5,656	107,462
Total	\$ 3,619,562	\$ 3,467,275	\$ 152,287

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

Governmental Activities:	
General Government	\$ 773,996
Public Safety	9,016,491
Economic and Physical Development	177,095
Human Services	1,000,332
Cultural and Recreational	1,406,218
Total depreciation expense	12,374,132
Transfer of enterprise fund capital assets to governmental activities (net of accumulated depreciation)	3,467,275
Total increase in accumulated depreciation for primary government	\$ 15,841,407

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

	Governmental Activities	Business-type Activities	Total
Capital assets, net	\$ 245,568,249	\$ 29,599,799	\$ 275,168,048
Debt:			
General obligation bonds	(38,343,516)	—	(38,343,516)
Installment notes	(395,805,806)	(3,156,171)	(398,961,977)
Special obligation revenue bonds	—	(1,462,157)	(1,462,157)
Gross debt	(434,149,322)	(4,618,328)	(438,767,650)
Add portion of debt that has not given rise to capital assets:			
Unspent bond and note proceeds	14,203,245	1,219,505	15,422,750
Debt relating to schools	227,977,418	—	227,977,418
Debt relating to economic development	40,010,000	—	40,010,000
Net debt	(151,958,659)	(3,398,823)	(155,357,482)
Capital assets, net of related debt	\$ 93,609,590	\$ 26,200,976	\$ 119,810,566

#### Construction commitments

The County has the following commitments with contractors for active construction projects at June 30, 2014:

Project	Spent-to-date	Remaining Commitment
AB Tech Classroom	\$ 5,308,184	\$ 1,429,768
AB Tech Parking Deck	923,140	13,828,570
AB Tech Multipurpose Building	265,622	113,146
AB Tech Allied Health Building	6,717,115	29,492,483
Radio Tower Project	51,480	507,781
CTS Water Line Extension Project	351,815	1,452,740
Economic Development Project	18,195,004	6,841,460
Interchange Building Roof Replacement	20,150	10,850
Buildings Major Maintenance	450,140	1,006,044
Parks Improvements	53,879	2,921
Landfill Expansion Cell 7	294,500	80,500
Total construction commitments	\$ 32,631,029	\$ 54,766,263

#### Discretely presented component units

Activity for WNC Regional Air Quality for the year ended June 30, 2014, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets being depreciated:				
Equipment	\$ 211,180	\$ 14,318	\$ —	\$ 225,498
Vehicles	33,439	—	—	33,439
Total capital assets being depreciated	244,619	14,318	—	258,937
Less accumulated depreciation for:				
Equipment	130,165	18,716	—	148,881
Vehicles	33,439	—	—	33,439
Total accumulated depreciation	163,604	\$ 18,716	\$ —	182,320
WNC Regional Air Quality capital assets, net	\$ 81,015			\$ 76,617

**(B) Liabilities****(1) Payables**

Payables at the government-wide level at June 30, 2014, were as follows:

	Vendors	Salaries and Benefits	Accrued Interest	Total
Governmental Activities:				
General	\$ 6,657,751	\$ 5,395,123	\$ 1,057,821	\$ 13,110,695
County Capital Projects	4,501,183	—	—	4,501,183
School Capital Commission	—	—	—	—
AB Tech Capital Projects	3,736,035	—	—	3,736,035
Other governmental	2,270,047	27,936	—	2,297,983
Total - governmental activities	<u>\$ 17,165,016</u>	<u>\$ 5,423,059</u>	<u>\$ 1,057,821</u>	<u>\$ 23,645,896</u>
Business-type Activities:				
Solid Waste Disposal	\$ 283,174	\$ 72,791	\$ 25,511	\$ 381,476
Other business-type	31,932	2,103	—	34,035
Total - business-type activities	<u>\$ 315,106</u>	<u>\$ 74,894</u>	<u>\$ 25,511</u>	<u>\$ 415,511</u>

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

1. Plan Description.

Buncombe County contributes to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454. It is also available online at [www.ncosc.net](http://www.ncosc.net).

2. Funding Policy.

Plan members are required to contribute six percent of their annual covered salary. The County is required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 7.07% and 7.28%, respectively, of annual covered payroll. Certain County employees assigned to Western North Carolina Regional Air Quality Agency have a current rate of 7.07% of annual covered payroll. The contribution requirements of members and of the County are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2014, 2013, and 2012 were \$4,257,124, \$3,868,991, and \$3,863,913 respectively. The contributions made by the County equaled the required contributions for each year.

**(b) Law Enforcement Officers' Special Separation Allowance**

1. Plan Description.

Buncombe County administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is equal to 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 law enforcement officers are covered by the Separation Allowance. At December 31, 2013, the Separation Allowance's membership consisted of:

Retirees receiving benefits	22
Terminated plan members entitled to but not yet receiving benefits	—
Active plan members	265
Total	<u>287</u>

## 2. Summary of Significant Accounting Policies.

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

*Method Used to Value Investments.* Investments are reported at fair value. Short-term money market debt instruments, deposits, and repurchase agreements are reported at cost or amortized cost, which approximates fair value. Certain longer term United States Government and United States Agency securities are valued at the last reported sales price.

## 3. Contributions.

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

The annual required contributions for the current year were determined as part of the December 31, 2013 actuarial valuations using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4.25% to 7.85% per year. Both (a) and (b) included an inflation component of 3.00%. The assumptions did not include postretirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level dollar on a closed basis. The remaining amortization period at December 31, 2013 was 17 years.

## 4. Annual Pension Cost and Net Pension Obligation.

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

Annual required contribution	\$ 454,532
Interest on net pension obligation	100,084
Adjustments to annual required contribution	<u>(163,082)</u>
Annual pension cost	391,534
Contributions made	<u>(235,879)</u>
Increase (decrease) in net pension obligation	155,655
Net pension obligation, beginning of year	<u>2,001,682</u>
Net pension obligation, end of year	<u>\$ 2,157,337</u>

**Three-Year Trend Information**  
for Buncombe County

For Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2012	\$ 369,206	58.43%	\$ 1,846,208
2013	389,274	60.06%	2,001,682
2014	391,534	60.24%	2,157,337

5. Funded Status and Funding Progress.

As of December 31, 2013, the most recent actuarial valuation date, the County's plan was not funded. The actuarial accrued liability is a more long-term view of the County's obligation to pay pension benefits in the future. It represents the actuarially determined value of all future benefits that have been earned but not yet paid. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$4,064,392. The covered payroll (annual payroll of active employees covered by the plan) was \$11,986,686, and the ratio of the UAAL to the covered payroll was 33.91%.

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

**(c) Supplemental Retirement Income Plan for Law Enforcement Officers**

1. Plan Description.

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

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, 2014 were \$1,152,053, which consisted of \$906,511 from the County and \$245,542 from the law enforcement officers.

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

1. Plan Description.

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

## 2. Funding Policy.

The Board of Commissioners has directed that the County contribute each month an amount equal to 8% of each qualified non-law enforcement employee's salary which is vested immediately. Also, the employees may elect to make voluntary contributions to the plan. Contributions for the year ended June 30, 2014 were \$5,411,294, which consisted of \$4,344,481 from the County and \$1,066,813 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 who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. 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](http://www.ncosc.net).

#### 2. Funding Policy.

On a monthly basis, the County remits to the Department of State Treasurer an amount equal to 1.5% of the monthly receipts collected pursuant to Article 3 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides 93% of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining 7% of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2014, the County's required and actual contributions were \$25,705.

### **(f) Firefighter's and Rescue Squad Workers' Pension Fund**

#### 1. Plan Description.

The State of North Carolina contributes, on behalf of Buncombe County, to the Firefighter'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 Firefighter'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, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454. It is also available online at [www.ncosc.net](http://www.ncosc.net).

#### 2. Funding Policy.

Plan members are required to contribute \$10 per month to the Fund. The State, a non-employer contributor, funds the plan through appropriations. The State's annual contribution per rescue squad worker to the Firefighter's and Rescue Squad Worker's Pension Fund for the fiscal year ended June 30, 2014 and 2013 was \$358 and \$189, respectively. The State's on behalf contributions are recorded as revenues and expenditures to the County. The County does not contribute to the Fund.

Contribution requirements of plan members and the State of North Carolina are established and may be amended by the North Carolina General Assembly.

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

**Healthcare Benefits**

**1. Plan Description.**

Under a County resolution as of March 4, 2005, Buncombe County provides healthcare benefits through the Healthcare Benefits Plan (the HCB Plan) as a single-employer defined benefit plan to cover retirees of the County who participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least 20 years of creditable service with the County. Under a County resolution prior to March 4, 2005, employees were required to be on the County's health plan at least 3 years prior to retirement and be eligible for retirement. The County pays the full cost of coverage for these benefits. Also, retirees can purchase coverage for their dependents at the County's group rates. The HCB Plan is available to qualified retirees at 100% until the age of 65 or until Medicare eligible, whichever is sooner. The Board of Commissioners may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the County's HCB Plan consisted of the following at December 31, 2013:

	General Employees:	Law Enforcement Officers:
Retirees and dependents receiving benefits	356	35
Active plan members	1,076	256
Total	<u>1,432</u>	<u>291</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 9.50% of annual covered payroll. For the current year, the County contributed \$6,847,161 or 9.78% 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 \$232,875. The County's obligation to contribute to HCB Plan is established and may be amended by the Board of Commissioners.

**3. Summary of Significant Accounting Policies.**

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

#### 4. Annual OPEB Cost and Net OPEB Obligation.

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

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

Annual required contribution	\$ 6,470,559
Interest on OPEB obligation	445,475
Adjustment to annual required contribution	<u>(344,013)</u>
Annual OPEB cost (expense)	6,572,021
Contributions made	<u>(6,847,161)</u>
Decrease in net OPEB obligation	(275,140)
Net OPEB obligation, beginning of year	<u>5,939,676</u>
Net OPEB obligation, end of year	<u>\$ 5,664,536</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the HCB Plan, and the net OPEB obligation for 2014 and the preceding years are as follows:

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 6,256,148	70%	\$ 5,059,160
2013	6,368,517	86%	5,939,676
2014	6,572,021	104%	5,664,536

#### 5. Funded Status and Funding Progress.

As of December 31, 2012, the most recent actuarial valuation date, the County's plan was 13.1% funded. The actuarial accrued liability is a more long-term view of the County's obligation to pay pension benefits in the future. It represents the actuarially determined value of all future benefits that have been earned but not yet paid. The actuarial accrued liability for benefits was \$60,127,792, and the actuarial value of assets was \$7,853,861, resulting in an unfunded actuarial accrued liability (UAAL) of \$52,273,931. The covered payroll (annual payroll of active employees covered by the plan) was \$68,114,542, and the ratio of UAAL to the covered payroll was 76.7%.

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, 2012 actuarial valuation, the entry age normal, level percentage of pay method was used. The actuarial assumptions included a 7.50% investment rate of return (net of administrative expenses), which is 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 8.5% and 5% for the pre-Medicare trend rate and 6.25% 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 of percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2012 was 30 years.

#### **(h) Other Employment Benefits**

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

Due to a surplus, the decision was made to temporarily stop employer contributions to the Death Benefit Plan beginning July 1, 2012. Employers have been granted a temporary relief period based on the number of years the employer has contributed to the Death Benefit Plan. The County's relief period is three years based on more than 20 years on contributing to the Death Benefit Plan. Contributions will resume in the fiscal year beginning July 1, 2015.

#### **(3) Closure and Postclosure Care Costs**

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

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

##### **Closed Landfill:**

Landfill Permit Number 11-01: The previous landfill site of the County was closed on September 26, 1997. The \$1,910,890 reported as landfill postclosure care liability at June 30, 2014, represents the projected actual cost of the closed landfill over the next 15 years based on what it would cost to perform all postclosure care in 2014. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

##### **Landfill in Operation:**

Landfill Permit Number 11-07: The \$9,513,156 reported as landfill closure and postclosure care liability at June 30, 2014, represents a cumulative amount reported to date based on the use of 30.03% of the total

estimated capacity of this landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$22,163,382 as the remaining estimated capacity is filled. This amount is based on what it would cost to perform all closure and postclosure care in 2014. The County expects to operate this landfill until at least the year 2031. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

Construction and Demolition (C&D) Landfill Permit Number 11-07 – in operation: The County currently operates a C&D landfill with closure and postclosure costs of \$3,865,882 reported as of June 30, 2014 representing a cumulative amount reported to-date based on 84.6% of the total estimated capacity of this unit. The County will recognize the remaining \$701,572 as the remaining estimated capacity is filled. This amount is based on what it would cost to perform all closure and postclosure care in 2014. The County expects to operate this phase (Phase 5) until the year 2016. Actual costs may differ due to inflation, changes in technology, or changes in regulations.

#### **(4) Deferred Outflows and Inflows of Resources**

The amount of deferred outflows of resources is a charge on refunding of debt of \$3,440,833 for governmental activities and \$19,893 for business-type activities.

	Unavailable Revenue	Unearned Revenue
Prepaid taxes not yet earned (General)	\$ –	\$ 1,197,608
Taxes receivable, net (General)	1,003,046	–
Taxes receivable, net (Special Revenue)	84,847	–
EMS accounts receivable, net (General)	310,532	–
Other, (General)	–	9,440
Total	<u>\$ 1,398,425</u>	<u>\$ 1,207,048</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 \$500,000 SIR. Public officials and employee benefits liability are per claims made. Premiums are based on underwriting requirements.

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

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

The County purchases excess workers' compensation and employer's liability coverage. Workers' compensation coverage carries a statutory limit. The County currently carries a \$500,000 SIR per occurrence.

The limit of Employer's Liability insurance is \$1,000,000. The premium is based on County employees' payroll and classification.

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

Several department-specific risk policies are purchased as well.

The County provides health insurance benefits through a self-insured health insurance plan. The County is protected against catastrophic individual and aggregate loss by stop-loss insurance coverage. The accompanying statement of net position and balance sheets as of June 30, 2014 includes a loss reserve liability for estimated outstanding medical claims of \$526,964. Changes in the health claims liability are presented as follows:

Year Ended June 30	Beginning Balance	Claims Incurred	Claims Paid	Ending Balance
2013	\$ 291,980	\$ 20,064,988	\$ 19,924,373	\$ 432,595
2014	432,595	22,789,789	22,695,420	526,964

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

#### **(6) Contingent Liabilities**

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

#### **(7) Operating Leases**

The County leases certain data processing equipment and other office equipment and facilities. Lease expenditures for the year ended June 30, 2014 amounted to \$1,100,000.

Future minimum lease payments under these operating lease agreements at June 30, 2014 are as follows:

Year Ended June 30	Amount
2015	\$ 480,000
2016	425,000
2017	250,000
2018	35,500
2019	11,500
2020-2024	57,500
2025-2029	57,500
2030-2032	25,000
Total	<u>\$ 1,342,000</u>

**(8) Long-Term Obligations**

**(a) Installment Note Obligations**

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

<u>Installment Note Obligations</u>	<u>Balance June 30, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2014</u>
Serviced by the Governmental Funds:				
COPS 2003, detention center and other improvements, \$19,620,000 issue, partially refunded by LOBS 2012A, interest at 3.75% to 5.0% payable semiannually to 2014.	\$ 1,040,000	\$ —	\$ 1,040,000	\$ —
COPS 2005, detention center \$14,500,000 issue, partially refunded by LOBS 2012A, interest of 4.0% to 4.3% payable semiannually to 2025. A remaining premium of \$90,620 is reported as an increase to long-term debt and will be amortized over the life of the debt.	3,965,000	—	725,000	3,240,000
COPS 2006, schools and community college \$51,985,000 issue, interest at 3.5% to 5% payable semiannually to 2026. A premium of \$2,223,983 is reported as an increase to long-term debt and will be amortized over the life of the debt.	30,030,000	—	18,575,000	11,455,000
COPS 2007, general government buildings and equipment, \$21,230,000 issue, interest at 4.0% to 4.75% payable semiannually to 2032. A discount of \$89,541 is reported as a decrease to long-term debt and will be amortized over the life of the debt.	14,930,000	—	630,000	14,300,000
COPS 2009A, general government buildings and equipment, \$12,065,000 issue, interest at 4.0% to 5.0% payable semiannually to 2029. A premium of \$417,756 is reported as an increase to long-term debt and will be amortized over the life of the debt.	8,225,000	—	1,000,000	7,225,000
LOBs 2009C, schools and general government building, \$34,465,000 issue, interest at 1.6% to 6.5% payable semiannually to 2030.	31,830,000	—	1,544,995	30,285,005
LOBs 2009D, general government building, \$3,340,000 issue, interest at 1.6% to 6.5% payable semiannually to 2017.	1,900,000	—	475,000	1,425,000

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.	25,090,000	—	3,590,000	21,500,000
LOBS 2010 B, public safety and human services buildings and equipment, \$20,420,000 issue, interest at 6.5% to 6.8% payable semiannually to 2030.	20,420,000	—	—	20,420,000
LOBS 2010C, school building, \$3,800,000 issue, interest at 6.375% payable semiannually to 2025.	3,145,000	—	345,000	2,800,000
LOBS 2012A, public safety buildings and radio network, human services automation and AB Tech building and equipment, \$61,535,000 issue, interest 2% to 5% payable semiannually to 2032. A premium of \$9,712,762 is reported as an increase to long-term debt and will be amortized over the life of the debt.	60,320,000	—	1,350,000	58,970,000
LOBS 2012A, COPS 2003 and 2005 Refunding, \$11,845,000 issue, interest at 2% to 5% payable semiannually to 2024. A premium of \$2,170,702 is reported as an increase to long-term debt and will be amortized over the life of the debt.	11,845,000	—	—	11,845,000
LOBS 2014A, AB Tech parking deck and new buildings, Asheville City Schools, Sheriff's Offices, Public Safety Training Center Classroom, \$125,925,000, interest at 3% to 5% payable semiannually to 2032. A premium of \$17,944,408 is reported as an increase to long-term debt and will be amortized over the life of the debt.	—	125,925,000	—	125,925,000
LOBS 2014A, COPS 2006 Refunding, \$14,380,000 issue, interest at 3% to 5% payable semiannually to 2022. A premium of \$2,568,747 is reported as an increase to long-term debt and will be amortized over the life of the debt.	—	14,380,000	—	14,380,000
LOBS 2014A, PDF Woodfin Refunding, \$11,285,000 issue, interest at 3% to 5% payable semiannually to 2022. A premium of \$866,657 is reported as an increase to long-term debt and will be amortized over the life of the debt.	—	11,285,000	—	11,285,000

LOBS 2014 B, Taxable bonds, \$28,725,000 issue, interest at 0.5% to 5.1%, payable semiannually to 2032.

	—	28,725,000	—	28,725,000
Total installment note obligations	<u>\$ 212,740,000</u>	<u>\$ 180,315,000</u>	<u>\$ 29,274,995</u>	<u>\$ 363,780,005</u>

For Buncombe County, the future minimum payments for installment notes as of June 30, 2014, are:

Year Ended June 30	Governmental Activities	
	Principal	Interest
2015	\$ 17,180,005	\$ 17,984,994
2016	22,050,000	17,262,943
2017	22,100,000	16,290,950
2018	21,215,000	15,291,568
2019	21,370,000	14,339,257
2020-2024	102,280,000	56,808,342
2025-2029	90,065,000	31,510,693
2030-2034	63,640,000	9,444,823
2035-2037	3,880,000	318,400
Total	<u>363,780,005</u>	<u>\$ 179,251,970</u>
Add unamortized premium	<u>32,025,801</u>	
	<u>\$ 395,805,806</u>	

**(b) General Obligation Bond Indebtedness**

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

Bonds payable at June 30, 2014, are comprised of the following individual issues:

General Obligation Bonds	Balance June 30, 2013	Increases	Decreases	Balance June 30, 2014
Serviced by the Governmental Funds:				
Public Improvement , 2002, \$4,340,000 issue, interest at 2.25% to 3.25% payable semiannually, due serially to 2014.	\$ 100,000	\$ —	\$ 100,000	\$ —
Refunding Bonds, 2005, \$12,430,000 issue, interest at 3.0% to 3.5% payable semiannually, due serially to 2015. A premium of \$101,954 is reported as an increase to long-term debt and will be amortized over the life of the debt.	2,065,000	—	1,040,000	1,025,000
Public Improvement, 2005, \$5,385,000 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.	2,720,000	—	390,000	2,330,000

Qualified School Construction, 2009, \$5,685,000 issue, interest at 0.5%, payable semiannually, due serially to 2022.

4,667,000	—	474,000	4,193,000
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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.

4,585,000	—	2,315,000	2,270,000
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Refunding Bonds, 2012B, \$32,500,000 issue, interest at 1.7%, due serially to 2025.

30,500,000	—	2,000,000	28,500,000
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Total general obligation bonds	\$ 44,637,000	\$ —	\$ 6,319,000	\$ 38,318,000
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Annual debt service requirements to maturity for the County's general obligation bonds are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2015	\$ 6,259,000	\$ 644,055
2016	3,264,000	518,885
2017	3,264,000	462,065
2018	3,264,000	405,245
2019	3,259,000	347,450
2020-2024	14,278,000	952,338
2025-2026	4,730,000	81,600
Total	38,318,000	\$ 3,411,638
Add unamortized premium	25,516	
	<u>\$ 38,343,516</u>	

At June 30, 2014, Buncombe County had a legal debt margin of approximately \$1,800,000,000.

### (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 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. The agreement stated that 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 would be utilized for repayment of the debt. Neither the credit nor the taxing powers of the State of North Carolina, the County or the Town were pledged for the repayment of the principal and interest of the bonds. These bonds were refunded and fully defeased as of April 22, 2014 as described in Note 2(B)8(f) and the minimum assessment agreement was cancelled and replaced with a new agreement to pledge future incremental tax revenues as described in Note 12.

**(d) Business-Type Activities Installment Obligations**

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

The future minimum payments as of June 30, 2014 are:

Year Ending June 30	Business-type Activities	
	Principal	Interest
2015	\$ 175,000	\$ 80,300
2016	185,000	71,550
2017	195,000	62,300
2018	205,000	52,700
2019	210,000	43,050
2020	220,000	33,050
2021	230,000	23,350
2022	245,000	11,850
Total	1,665,000	\$ 378,150
Add unamortized premium	216,171	
	<u>\$ 1,881,171</u>	

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

The future loan payments as of June 30, 2014 are:

Year Ending June 30	Business-type Activities	
	Principal	Interest
2015	\$ 75,000	\$ —
2016	75,000	—
2017	75,000	—
2018	75,000	—
2019	75,000	—
2020-2024	375,000	—
2025-2029	375,000	—
2030-2031	150,000	—
Total	<u>\$ 1,275,000</u>	<u>\$ —</u>



**(e) Special Obligation Revenue Bonds**

On October 12, 2005, the County issued \$16,140,000 in tax-exempt Special Obligation Revenue Bonds bearing interest payable 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
2015	\$ 1,460,000	\$ 57,126
Total	1,460,000	\$ 57,126
Add unamortized premium	2,157	
	<u>\$ 1,462,157</u>	

**(f) Advance Refundings**

On February 27, 2014, the County issued Limited Obligation Bonds, Series 2014A, in the amount of \$172,969,812. Of this amount, \$17,147,179 was issued to provide resources to purchase US Government Securities that were placed in an irrevocable trust, along with \$12,124,127 in cash, to be used for future debt service payments of \$15,350,000 of Series 2006 Certificates of Participation and \$11,885,000 of Series 2008 Project Development Financing Revenue Bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$2,036,306. This amount is being netted against the new debt and amortized over the life of the refunded debt. This advance refunding was undertaken to reduce total debt service payments over the next 23 years by \$7,335,399 and resulted in an economic gain of \$5,668,674.

On April 22, 2014, the County made a payment in the amount of \$1,481,429 to provide resources to purchase US Government securities that were placed in an irrevocable trust to be used for future debt service payments of the remaining \$1,075,000 of Series 2008 Project Development Financing Revenue Bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price exceeded the net carrying value of the old debt by \$406,429. This amount has been charged as interest expense in the current year since no new debt was issued. This advance refunding was undertaken fully defease the Series 2008 Project Development Financing Revenue Bonds thereby allowing the minimum tax assessment agreement associated with this issuance to be cancelled.

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, 2014, all defeased debt had been paid by trust funds.

**(g) Long Term Obligation Activity**

The following is a summary of changes in the County's long-term obligations for the year ended June 30, 2014:

	(As Restated) Balances June 30, 2013	Increases	Decreases	Balances June 30, 2014	Current Portion of Balance
<b>Governmental activities:</b>					
General obligation bonds	\$ 44,717,127	\$ —	\$ 6,373,611	\$ 38,343,516	\$ 6,259,000
Installment notes	225,725,126	201,694,812	31,614,132	395,805,806	17,180,005
Project development financing					
Bonds	12,960,000	—	12,960,000	—	—
Pension liability	2,001,682	391,534	235,879	2,157,337	—
Other postemployment benefits	5,775,615	6,422,847	6,662,501	5,535,961	—
Compensated absences	7,063,841	6,539,995	6,604,022	6,999,814	5,111,067
Total governmental activities	<u>\$ 298,243,391</u>	<u>\$ 215,049,188</u>	<u>\$ 64,450,145</u>	<u>\$ 448,842,434</u>	<u>\$ 28,550,072</u>
<b>Business-type activities:</b>					
Special obligation revenue bonds, net	\$ 2,866,502	\$ —	\$ 1,404,345	\$ 1,462,157	\$ 1,462,157
Installment notes	3,449,990	—	293,819	3,156,171	250,000
Other postemployment benefits	129,770	149,587	183,032	96,325	—
Compensated absences	143,643	56,582	137,076	63,149	63,149
Accrued landfill closure and postclosure care costs	14,775,124	648,221	133,417	15,289,928	—
Total business-type activities	<u>\$ 21,365,029</u>	<u>\$ 854,390</u>	<u>\$ 2,151,689</u>	<u>\$ 20,067,730</u>	<u>\$ 1,775,306</u>

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 June 30, 2013	Increases	Decreases	Balances June 30, 2014	Current Portion of Balance
Discretely presented component unit:					
Air Quality:					
Other postemployment benefits	\$ 34,291	\$ 51,254	\$ 53,292	\$ 32,253	\$ —
Compensated absences	127,277	109,467	115,202	121,542	121,542
Total	<u>\$ 161,568</u>	<u>\$ 160,721</u>	<u>\$ 168,494</u>	<u>\$ 153,795</u>	<u>\$ 121,542</u>

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

On July 2, 1990, the County transferred the ownership, operation, and maintenance responsibility for the sanitary districts to the Metropolitan Sewerage District. The contracts affecting the transfer call for the Metropolitan Sewerage District to assume the liability for the Enka-Candler Water and Sewer District Bonds. Consequently, the bonds have been removed from the County's financial statements. The Enka-Candler Water and Sewer District, for which the County Board of Commissioners is the governing body, is liable for the payments on these bonds if the Metropolitan Sewerage District defaults. As of June 30, 2014, the balance of the bonds outstanding was \$593,000.

**(i) Conduit Debt Obligations**

The Buncombe County Industrial Facility and Pollution Control Financing Authority has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as by letters of credit and are

payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private businesses served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2014, there were four series of industrial revenue bonds outstanding with an aggregate principal amount payable of \$32,181,090.

**(C) Interfund Balances and Activity**

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

There is also an interfund payable of \$9,153 from the Transportation fund to the general fund, to cover a negative cash balance.

Transfers to/from other funds during the year ended June 30, 2014 consist of the following:

*General Fund:*

From the General Fund to the Special Projects Fund for special revenue projects	\$ 401,159
From the General Fund to the Grant Projects Fund to fund grant matches	23,416
From the General Fund to the Capital Projects Fund to fund future capital projects	14,350,760
From the General Fund to the Transportation Fund for transportation services	1,158,112
From the General Fund to the Insurance Fund for health insurance claims	900,000
From the General Fund to the Woodfin 2008 Debt Service fund for refunding of 2008 PDF Bonds	137,046
From the General Fund to the CJIS Enterprise Fund for NC Automated Warrant Repository system requirements	81,950
	<u>\$ 17,052,443</u>

*County Capital Projects Fund:*

From the County Capital Projects Fund to the PDF Woodfin Downtown Fund for debt service	\$ 900,000
From the County Capital Projects Fund to the 911 Fund for 911 projects	73,753
	<u>\$ 973,753</u>

*AB Tech Capital Projects Fund:*

From the AB Tech Capital Projects Fund to the General Fund for reimbursement of expenditures	<u>\$ 248,842</u>
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*Nonmajor Governmental Funds:*

From the Occupancy Tax Fund to the General Fund for payment of a 1.5% collection fee	\$ 137,766
From the Transportation Fund to the Grant Projects Fund to transfer grant project funds	12,745
From the Register of Deeds Automation Fund to the General Fund for reimbursement of automation related expenditures	<u>157,300</u>
	<u>\$ 307,811</u>
<i>Enterprise Funds:</i>	
From the CJIS Fund to the 911 Fund for 911 projects	\$ 63,829
From the CJIS Fund to the Capital Projects Fund to close the CJIS Enterprise Fund	528,212
From the CJIS Fund to the General Fund to close the CJIS Enterprise Fund	3,246
From the Inmate Commissary Fund to the Capital Projects Fund for capital projects	<u>6,283</u>
	<u>\$ 601,570</u>

**(D) Fund Balance**

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

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

	General Fund	County Capital Projects	School Capital Commission	AB Tech Capital Projects	Other Governmental Funds
Total Fund Balance	\$ 71,151,486	\$ 50,790,487	\$ 70,595,388	\$ 73,003,414	\$ 7,920,294
Less:					
Nonspendable					
Inventories	256,825	—	—	—	1,396
Prepays	43,582	—	—	—	—
Restricted					
Stabilization by State Statute	20,197,103	473,550	3,581,284	2,305,758	413,643
Capital Projects	—	26,865,661	67,014,104	70,697,656	—
Public Safety	—	—	—	—	2,686,694
Register of Deeds	—	—	—	—	335,746
Debt Service	—	—	—	—	128,165
Committed					
Tax Revaluation	1,200,000	—	—	—	—
Assigned					
Appropriated Fund Balance - FY2015	7,584,637	—	—	—	—
Capital Projects	—	23,451,276	—	—	—
Special Projects	—	—	—	—	4,354,650
Unassigned					
Working Capital/Fund Balance Policy	41,082,730	—	—	—	—
Remaining Fund Balance	\$ 786,609	\$ —	\$ —	\$ —	\$ —

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

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. The General Fund and other governmental fund encumbrance amounts are included in the Stabilization of State Statute amount reported in the above table. Total encumbrances at June 30, 2014 are: General Fund, \$566,848; and Other Governmental Funds, \$0.

### Note 3 - Joint Ventures

The County, in conjunction with twenty-two other counties, participated in the Smokey Mountain Center LME/MCO Authority, which provided mental health, developmental disability, and substance abuse services to residents of the twenty-three-county area. Buncombe County appoints one of the 21-member board and one of the 24-member advisory council, with the other counties appointing the remainder. The County has an ongoing financial responsibility for the Authority because it is legally required to provide public health services either directly or jointly with other counties. None of the participating governments have any equity interest in the Authority, so no equity interest has been reflected in the financial statements at June 30, 2014. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$600,000 to the Authority to fund operations. The County also leased property to the Authority for approximately \$667,000 for the year ended June 30, 2014. 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, \$167,912 in principal is still outstanding. Of the certificates of participation issued for this purpose \$83,827,994 in principal is still outstanding. The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the community college's facilities. The County contributed \$6,063,999 to the community college for operating purposes during the fiscal year ended June 30, 2014. In addition, the County made principal and interest payments of \$293,842 during the fiscal year on general obligation bonds and \$3,415,363 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, 2014. Complete financial statements for the community college may be obtained from the community college's administrative offices at 340 Victoria Road, Asheville, NC 28801.

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

#### **Note 4 - Jointly Governed Organizations**

The County, in conjunction with three other counties and 15 municipalities, established the Land-of-Sky Regional Council (Council). The participating governments established the Council to coordinate various funding received from federal and state agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$122,240 to the Council during the fiscal year ended June 30, 2014.

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

#### **Note 5 - Summary Disclosure of Significant Commitments and Contingencies**

##### **Federal and State Assisted Programs**

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

#### **Note 6 - Benefit Payments Issued by the State**

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

	Federal	State
Special Supplemental Nutrition Program for Women, Infants, and Children	\$ 3,567,493	\$ –
Child Welfare Service	–	1,129,214
IV-E Adoption Assistance	1,656,379	432,721
Medical Assistance	181,130,817	101,876,316
Low-Income Home Energy Assistance	673,700	–
State/County Special Assistance for Adults	–	1,677,082
Refugee Assistance	4,887	–
IV-E Foster Care	1,026,336	322,324
Temporary Assistance to Needy Families	879,560	11,231
Totals	<u>\$ 188,939,172</u>	<u>\$ 105,448,888</u>

#### **Note 7 – Unrestricted Net Position**

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

At the end of the fiscal year, the outstanding balance of the debt was \$143,981,512 and \$83,995,906 for the school system and community college, respectively. Of the cumulative amount, \$37,850,013 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 – Merger Between Buncombe County and the Buncombe County Culture and Recreation Authority**

On July 16, 2013, the NC General Assembly passed House Bill 418 authorizing Buncombe County to establish a Culture and Recreation Authority to serve as an independent entity focused on wellness and cultural amenities. The Buncombe County Board of Commissioners established the Authority and funded it by adopting a 3.5 cent tax rate. During mid-July of fiscal year 2014, the programs and facilities previously accounted for in the Buncombe County general fund culture and recreation function transitioned to the newly formed Culture and Recreation Authority (CRA). However, in June 2014, the NC General Assembly passed House Bill 531 repealing the previous session law authorizing the CRA. As a result, on June 24, 2014, the programs and facilities that were previously transitioned to the CRA have transitioned back to the general fund culture & recreation function. This includes \$10.6 million in ad valorem revenue and expense budgeted in the culture and recreation function of the General Fund for fiscal year 2015. Per the parameters of Governmental Accounting Standards Board (GASB) Statement 69, *Government Combinations and Disposals of Government Operations*, the June 2014 merger between Buncombe County and the CRA will be treated as if it took place on the first day of the reporting period of the continuing entity, Buncombe County. Therefore, the fiscal year 2014 results of the CRA have been included in the results of the Buncombe County general fund. No transfers of assets were reported because as of July 1, 2013, the CRA was not yet a legal entity and therefore had no assets. Upon establishment, all assets of the CRA were contributed at net book value by Buncombe County. These assets have been reflected on the governmental fund *Balance Sheet* as assets of the General Fund and on the government-wide *Statement of Net Position* as assets of the Governmental Activities of Buncombe County. This is consistent with the reporting of these assets for all fiscal years prior to 2014.

## Note 9 – Subsequent Events

On July 8, 2014, the Buncombe County Board of Commissioners passed the Fiscal Year 2014-2015 Budget Ordinance which included the 2014 Buncombe County Employee Retirement Incentive Plan. One feature of the plan was a payment to each retiree of an amount equal to one year of salary paid biweekly over the next three years. Over 100 County employees retired between July 1, 2014 and October 1, 2014 under the incentive plan creating a future commitment for the County of approximately \$6,500,000 in salaries and benefits to be paid through the plan. The County expects to benefit from the Retirement Incentive Plan through cost savings related to possible position elimination, reclassification downgrades, and position freezes.

## Note 10 – Prior Period Adjustment

The beginning net position of the Solid Waste Disposal Fund has been restated due to the discovery that previous assumptions used in the calculation of the closure/postclosure liability was incorrect and had resulted in the liability being understated. This adjustment resulted in a decrease in net position of \$2,898,798. This restatement is reflected in the business-type activities on the *Statement of Activities* (Exhibit 2) and the proprietary funds' *Statement of Revenues, Expenses, and Changes in Net Position* (Exhibit 7).

## Note 11 – Solid Waste Bond Covenant

The County has pledged future net solid waste system receipts, ambulance fees, undesignated Register of Deeds fees, inspection fees, and jail fees to repay the Special Obligation Bonds described in 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 \$1,517,126.

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, 2014, 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 <sup>1</sup>	\$ <u>1,503,549</u>
 Solid Waste System Revenues	 \$ 7,330,460
Current Expenses <sup>2</sup>	<u>(4,569,513)</u>
Net Solid Waste System Revenues	\$ <u>2,760,947</u>
 Debt Service Coverage <sup>3</sup>	 <u>1.84 times</u>



Available Revenues	
Net Solid Waste System Revenues	\$ 2,760,947
Ambulance Fees	5,543,269
Undesignated Register of Deeds Fees	1,389,353
Inspection Fees	1,686,058
Jail Fees	<u>1,836,680</u>
Total Available Revenues	<u>\$ 13,216,307</u>
Debt Service Coverage <sup>4</sup>	<u>8.79 times</u>

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<sup>1</sup> Actual Debt Service for the 2005 Bonds.

<sup>2</sup> Excludes depreciation.

<sup>3</sup> Debt service coverage from Net Sold Waste System Revenues.

<sup>4</sup> Debt service coverage from Available Revenues.

## Note 12 – Pledged Revenues

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

Total principal and interest remaining on the bonds is \$19,980,700 payable through June 2037. For the current fiscal year, there were no principal payments and interest payments of \$137,018 on the Series 2014A limited obligation bonds. Also, there were principal payments of \$1,075,000 made to defease the unrefunded portion of the Series 2008 PDF Revenue Bonds as well as interest of \$917,150 that was paid prior to the refunding. The County accumulated tax revenue of \$747,036 during the current fiscal year.

## *Required Supplemental Financial Data*

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Buncombe County, North Carolina

### **Other Post Employment Benefits – Healthcare**

Schedules of Fund 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)
7/1/2006	\$ -	\$ 20,098,900	\$ 20,098,900	0.00%	\$ 55,042,913	36.5%
7/1/2007	-	39,652,247	39,652,247	0.00%	58,914,230	67.3%
12/31/2008	2,095,376	63,465,014	61,369,638	3.30%	63,089,492	97.3%
12/31/2010	3,655,167	70,835,106	67,179,939	5.20%	65,976,040	101.8%
12/31/2012	7,853,861	60,127,792	52,273,931	13.10%	68,114,542	76.7%

#### Employer Contributions:

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

#### Notes to Required Supplementary Information:

Actuarial assumptions were revised beginning with the 12/31/2008 actuarial valuation.

Specifically, medical trend rates prior to the 12/31/2008 valuation were 8% to 4.5%.

These were revised to 10.5% to 5% for the 12/31/2008 and subsequent actuarial valuations.

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

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*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)
12/31/2004	\$ -	\$ 1,744,037	\$ 1,744,037	0.00%	\$ 6,431,564	27.12%
12/31/2005	-	1,716,110	1,716,110	0.00%	6,566,698	26.13%
12/31/2006	-	1,992,331	1,992,331	0.00%	7,353,011	27.10%
12/31/2007	-	2,150,171	2,150,171	0.00%	8,161,535	26.35%
12/31/2008	-	2,490,199	2,490,199	0.00%	9,779,673	25.46%
12/31/2009	-	3,430,974	3,430,974	0.00%	10,327,729	33.22%
12/31/2010	-	3,211,792	3,211,792	0.00%	10,036,335	32.00%
12/31/2011	-	3,452,000	3,452,000	0.00%	10,057,206	34.32%
12/31/2012	-	3,704,642	3,704,642	0.00%	10,752,113	34.46%
12/31/2013	-	4,064,392	4,064,392	0.00%	11,986,686	33.91%

*Employer Contributions:*

Year Ending June 30	Annual Required Contribution	Percentage Contributed
2005	\$ 203,364	41.78%
2006	211,635	55.63%
2007	198,511	76.00%
2008	227,824	71.62%
2009	248,746	71.28%
2010	299,746	59.16%
2011	399,796	50.21%
2012	385,549	55.96%
2013	411,856	56.77%
2014	454,532	51.89%

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*Combining and Individual Fund Statements and Schedules*

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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, 2014

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Ad Valorem Taxes:			
Taxes		\$ 174,976,124	
Penalties and interest		886,052	
Total	\$ 173,746,941	175,862,176	\$ 2,115,235
Local Option Sales Taxes:			
Article 39, one percent *		10,605,586	
Article 40, one-half of one percent		10,218,743	
Article 42, one-half of one percent		13,141,882	
Article 44, one-half of one percent		32,285	
Total	32,980,965	33,998,496	1,017,531
Other Taxes and Licenses:			
Deed stamp excise tax		3,072,190	
Video programming tax		1,518,845	
Privilege licenses		27,075	
Rental car tax		528,992	
Total	5,087,184	5,147,102	59,918
Unrestricted Intergovernmental:			
Payments in lieu of taxes		82,663	
Beer and wine tax		605,029	
Total	675,000	687,692	12,692
Restricted Intergovernmental:			
Federal, State, and other grants		41,775,289	
Mixed drink surcharge		394,965	
Court facilities fees		352,079	
ABC bottle taxes		91,875	
Total	44,213,955	42,614,208	(1,599,747)
Permits and Fees:			
Building permits and inspections		1,686,058	
Register of deeds		1,389,353	
Total	2,563,615	3,075,411	511,796
Sales and Services:			
Rents, concessions, and fees		2,302,040	
Jail fees		1,836,680	
Ambulance and rescue squad fees		5,543,269	
Recreation fees		283,806	
Other charges for services		4,157,156	
Total	14,068,462	14,122,951	54,489
Investment Earnings	175,000	192,297	17,297
Miscellaneous	36,130	594,733	558,603
Total revenues	273,547,252	276,295,066	2,747,814

\* 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, 2014

	Budget	Actual	Variance Positive (Negative)
EXPENDITURES			
General Government:			
Governing Body:			
Salaries and employee benefits		843,114	
Other operating expenditures		197,462	
Total		<u>1,040,576</u>	
County Manager:			
Salaries and employee benefits		851,983	
Other operating expenditures		224,484	
Total		<u>1,076,467</u>	
Human Resources:			
Salaries and employee benefits		606,856	
Other operating expenditures		71,891	
Total		<u>678,747</u>	
Finance:			
Salaries and employee benefits		1,664,348	
Other operating expenditures		378,993	
Program support		550	
Total		<u>2,043,891</u>	
Tax Department:			
Salaries and employee benefits		3,439,708	
Other operating expenditures		858,614	
Total		<u>4,298,322</u>	
Elections:			
Salaries and employee benefits		749,586	
Other operating expenditures		468,765	
Total		<u>1,218,351</u>	
Register of Deeds:			
Salaries and employee benefits		1,229,927	
Other operating expenditures		1,817,418	
Total		<u>3,047,345</u>	
Information Technology:			
Salaries and employee benefits		5,062,259	
Other operating expenditures		4,654,010	
Capital outlay		60,945	
Total		<u>9,777,214</u>	
Total General Government	<u>24,555,297</u>	<u>23,180,913</u>	<u>1,374,384</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, 2014

	Budget	Actual	Variance Positive (Negative)
Public Safety:			
Court Support:			
Salaries and employee benefits		146,047	
Other operating expenditures		36,644	
Total		182,691	
Day Reporting & Drug Treatment:			
Salaries and employee benefits		105,136	
Other operating expenditures		50,998	
Total		156,134	
Pretrial Release & Family Treatment Court:			
Salaries and employee benefits		614,664	
Other operating expenditures		47,182	
Total		661,846	
District Attorney:			
Salaries and employee benefits		156,220	
Other operating expenditures		11,326	
Total		167,546	
Juvenile Detention		109,434	
ID Bureau and C.D.E.:			
Salaries and employee benefits		1,157,878	
Other operating expenditures		73,555	
Total		1,231,433	
Criminal Justice Information System		716,100	
Sheriff:			
Salaries and employee benefits		15,434,043	
Other operating expenditures		1,991,900	
Capital outlay		10,264	
Program support		5,700	
Total		17,441,907	
Detention Center:			
Salaries and employee benefits		10,432,232	
Other operating expenditures		3,448,335	
Total		13,880,567	
Emergency Services:			
Salaries and employee benefits		8,506,404	
Other operating expenditures		1,567,019	
Program support		8,860	
Total		10,082,283	
Permits and Inspections:			
Salaries and employee benefits		1,540,813	
Other operating expenditures		177,112	
Total		1,717,925	

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, 2014

	Budget	Actual	Variance Positive (Negative)
<i>Public Safety - continued:</i>			
Medical Examiner		108,694	
General Services:			
Salaries and employee benefits		2,338,009	
Other operating expenditures		3,714,070	
Capital outlay		13,380	
Total		6,065,459	
Animal Services		922,518	
Public safety training center:			
Salaries and employee benefits		117,234	
Other operating expenditures		108,529	
Total		225,763	
Parking services:			
Salaries and employee benefits		251,427	
Other operating expenditures		40,321	
Capital outlay		18,145	
Total		309,893	
Total Public Safety	55,880,638	53,980,193	1,900,445
Economic and Physical Development:			
Planning:			
Salaries and employee benefits		1,599,153	
Other operating expenditures		821,831	
Contributions to outside agencies		18,034	
Total		2,439,018	
Economic Development:			
Capital outlay		36,625	
Program support		1,846,745	
Total		1,883,370	
Community Funding		255,000	
Cooperative Extension:			
Salaries and employee benefits		53,612	
Other operating expenditures		328,951	
Total		382,563	
Soil Conservation:			
Salaries and employee benefits		369,012	
Other operating expenditures		45,531	
Total		414,543	
Recycling:			
Salaries and employee benefits		81,454	
Other operating expenditures		310,607	
Total		392,061	
Total Economic and Physical Development	8,178,373	5,766,555	2,411,818

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, 2014

	Budget	Actual	Variance Positive (Negative)
Human Services:			
Public Health:			
Salaries and employee benefits		10,438,816	
Other operating expenditures		2,696,410	
Capital outlay		2,635	
Contributions to outside agencies		133,000	
Total		13,270,861	
Human Services Support:			
Salaries and employee benefits		825,588	
Other operating expenditures		77,669	
Total		903,257	
Social Services:			
Salaries and employee benefits		32,141,062	
Other operating expenditures		10,507,169	
Capital outlay		2,635	
Program support		19,187,994	
Total		61,838,860	
Other Youth Services:			
Other operating expenditures		3,377	
Program support		508,440	
Total		511,817	
Childcare Centers:			
Salaries and employee benefits		328,481	
Other operating expenditures		153,405	
Total		481,886	
Community Funding		860,250	
Other Human Services		1,170,556	
Total Human Services	85,723,464	79,037,487	6,685,977
Cultural and Recreational (See Note 8):			
Library:			
Salaries and employee benefits		4,159,434	
Other operating expenditures		1,314,338	
Capital outlay		6,553	
Total		5,480,325	
Recreation:			
Salaries and employee benefits		1,427,582	
Other operating expenditures		835,351	
Capital outlay		150,800	
Program support		1,014,554	
Total		3,428,287	
Total Cultural and Recreational	9,972,782	8,908,612	1,064,170

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, 2014

	Budget	Actual	Variance Positive (Negative)
Education:			
Public schools:			
Current expenditures		57,541,434	
Capital outlay		10,950,752	
Community college - current expenditures		6,063,999	
Total Education	74,653,803	74,556,185	97,618
Debt Service:			
Principal retirement		9,720,468	
Interest and fees		5,276,170	
Total Debt Service	14,920,512	14,996,638	(76,126)
Total expenditures	273,884,869	260,426,583	13,458,286
Revenues over (under) expenditures	(337,617)	15,868,483	16,206,100
OTHER FINANCING SOURCES (USES)			
Operating transfers from other funds	6,658,641	543,908	(6,114,733)
Operating transfers to other funds	(17,259,576)	(17,052,443)	207,133
Installment obligations issued	3,475,931	3,317,606	(158,325)
Premium (discount) on installment obligations	257,439	573,713	316,274
Payment to refunded bond escrow agent	(3,725,000)	(3,315,253)	409,747
Sales of capital assets	160,000	82,210	(77,790)
Appropriated fund balance	10,770,182	-	(10,770,182)
Total other financing sources (uses)	337,617	(15,850,259)	(16,187,876)
Net change in fund balance	\$ -	18,224	\$ 18,224
Fund balance, beginning of year		71,133,262	
Fund balance, end of year		\$ 71,151,486	

# 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, 2014

	Actual to June 30, 2014				Variance Positive (Negative)
	Project Authorization	Reported In Prior Years	Current Year	Total	
REVENUES					
Restricted intergovernmental	\$ -	\$ -	\$ 425,000	\$ 425,000	\$ 425,000
Contributions and grants	130,386	110,000	20,386	130,386	-
Miscellaneous	653,924	18,924	-	18,924	(635,000)
Investment earnings	322,360	458,464	38,311	496,775	174,415
Total revenues	1,106,670	587,388	483,697	1,071,085	(35,585)
EXPENDITURES					
Capital outlay:					
Tax software system	3,481,986	1,695,617	263,075	1,958,692	1,523,294
Detention center	2,847,000	94,220	159,215	253,435	2,593,565
Fireman's training center	61,648	30,784	30,864	61,648	-
Firing range	2,000,000	-	-	-	2,000,000
Public safety training center	651,043	27,048	623,995	651,043	-
Radio upgrades	3,787,043	370,101	229,209	599,310	3,187,733
Human services building	5,532,904	5,532,904	(1,266,119)	4,266,785	1,266,119
Health building renovations	6,133,468	5,997,712	135,756	6,133,468	-
Parks and greenways projects	320,452	172,475	147,977	320,452	-
Technology projects	2,040,670	532,196	836,018	1,368,214	672,456
Roof replacement	234,102	-	16,805	16,805	217,297
County administration building	1,792,399	1,733,361	59,038	1,792,399	-
Economic development	31,500,000	1,781,295	19,315,278	21,096,573	10,403,427
CTS waterline extension	2,500,000	199,855	404,251	604,106	1,895,894
Owen Park stream bank repair	150,000	-	58,673	58,673	91,327
Technology upgrade	5,450,650	-	122,103	122,103	5,328,547
Courthouse phase II	42,552,874	28,232,639	4,208,069	32,440,708	10,112,166
Courthouse phase III	8,026,525	198,551	7,827,974	8,026,525	-
Special - vehicles	2,250,073	-	-	-	2,250,073
County building major maintenance	5,888,658	-	606,517	606,517	5,282,141
Capital vehicles - fleet	1,730,019	-	905,538	905,538	824,481
Total capital outlay	128,931,514	46,598,758	34,684,236	81,282,994	47,648,520
Interest and fees	6,993,946	4,349,085	2,458,199	6,807,284	186,662
Total expenditures	135,925,460	50,947,843	37,142,435	88,090,278	47,835,182
Revenues over (under) expenditures	(134,818,790)	(50,360,455)	(36,658,738)	(87,019,193)	47,799,597

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, 2014

	Actual to June 30, 2014				Variance
	Project Authorization	Reported In Prior Years	Current Year	Total	Positive (Negative)
OTHER FINANCING SOURCES (USES)					
Proceeds from installment obligations	89,290,000	58,355,000	30,935,000	89,290,000	-
Premium on installment obligations	9,538,238	9,233,919	304,319	9,538,238	-
Prior year revenues	31,086,395	25,069,940	-	25,069,940	(6,016,455)
Transfer from:					
General Fund	13,538,029	-	14,350,760	14,350,760	812,731
CJIS	-	-	528,212	528,212	528,212
Inmate commissary	6,283	-	6,283	6,283	-
Transfer to:					
General Fund	(7,666,401)	-	-	-	7,666,401
911	(73,754)	-	(73,753)	(73,753)	1
PDF Woodfin downtown	(900,000)		(900,000)	(900,000)	-
Total other financing sources (uses)	134,818,790	92,658,859	45,150,821	137,809,680	2,990,890
Revenues and other sources over					
expenditures and other uses	\$ -	\$ 42,298,404	8,492,083	\$ 50,790,487	\$ 50,790,487
Fund balance, beginning of year			42,298,404		
Fund balance, end of year			\$ 50,790,487		

# 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, 2014

	Actual to June 30, 2014				Variance
	Project Authorization	Reported In Prior Years	Current Year	Total	Positive (Negative)
<b>REVENUES</b>					
Local option sales tax	\$168,663,168	\$170,716,976	\$ 14,260,854	\$184,977,830	\$ 16,314,662
Federal, State and other grants	36,899,384	24,869,283	8,681,844	33,551,127	(3,348,257)
Investment earnings	1,867,897	4,084,477	3,301	4,087,778	2,219,881
Total revenues	207,430,449	199,670,736	22,945,999	222,616,735	15,186,286
<b>EXPENDITURES</b>					
Capital outlay:					
Education:					
Buncombe County schools					
Sales tax projects	12,588,967	4,867,393	2,583,289	7,450,682	5,138,285
ADM projects	10,000,000	4,968	7,792,860	7,797,828	2,202,172
Asheville City schools					
Sales tax projects	343,299	49,972	1,512	51,484	291,815
Lottery projects	700,000	-	190,000	190,000	510,000
Bond projects	60,887,601	1,415,540	6,826,589	8,242,129	52,645,472
Total capital outlay	84,519,867	6,337,873	17,394,250	23,732,123	60,787,744
Debt service:					
Principal	45,044,547	32,703,097	9,549,737	42,252,834	2,791,713
Interest and fees	31,653,111	21,419,439	4,734,873	26,154,312	5,498,799
Total debt service	76,697,658	54,122,536	14,284,610	68,407,146	8,290,512
Total expenditures	161,217,525	60,460,409	31,678,860	92,139,269	69,078,256
Revenues over (under) expenditures	46,212,924	139,210,327	(8,732,861)	130,477,466	84,264,542
<b>OTHER FINANCING SOURCES (USES)</b>					
Installment obligations issued	69,077,395	-	69,077,395	69,077,395	-
General obligation bonds issued	31,432,928	31,432,928	-	31,432,928	-
Payment to refunded bond escrow agent	(45,016,992)	(31,432,928)	(13,832,140)	(45,265,068)	(248,076)
Premium on bonds	10,322,798	-	10,322,798	10,322,798	-
Prior year revenues and transfers	(112,029,053)	(125,450,131)	-	(125,450,131)	(13,421,078)
Total other financing sources (uses)	(46,212,924)	(125,450,131)	65,568,053	(59,882,078)	(13,669,154)
Revenues and other sources over (under) expenditures and other uses	\$ -	\$ 13,760,196	56,835,192	\$ 70,595,388	\$ 70,595,388
Fund balance, beginning of year			13,760,196		
Fund balance, end of year			\$ 70,595,388		

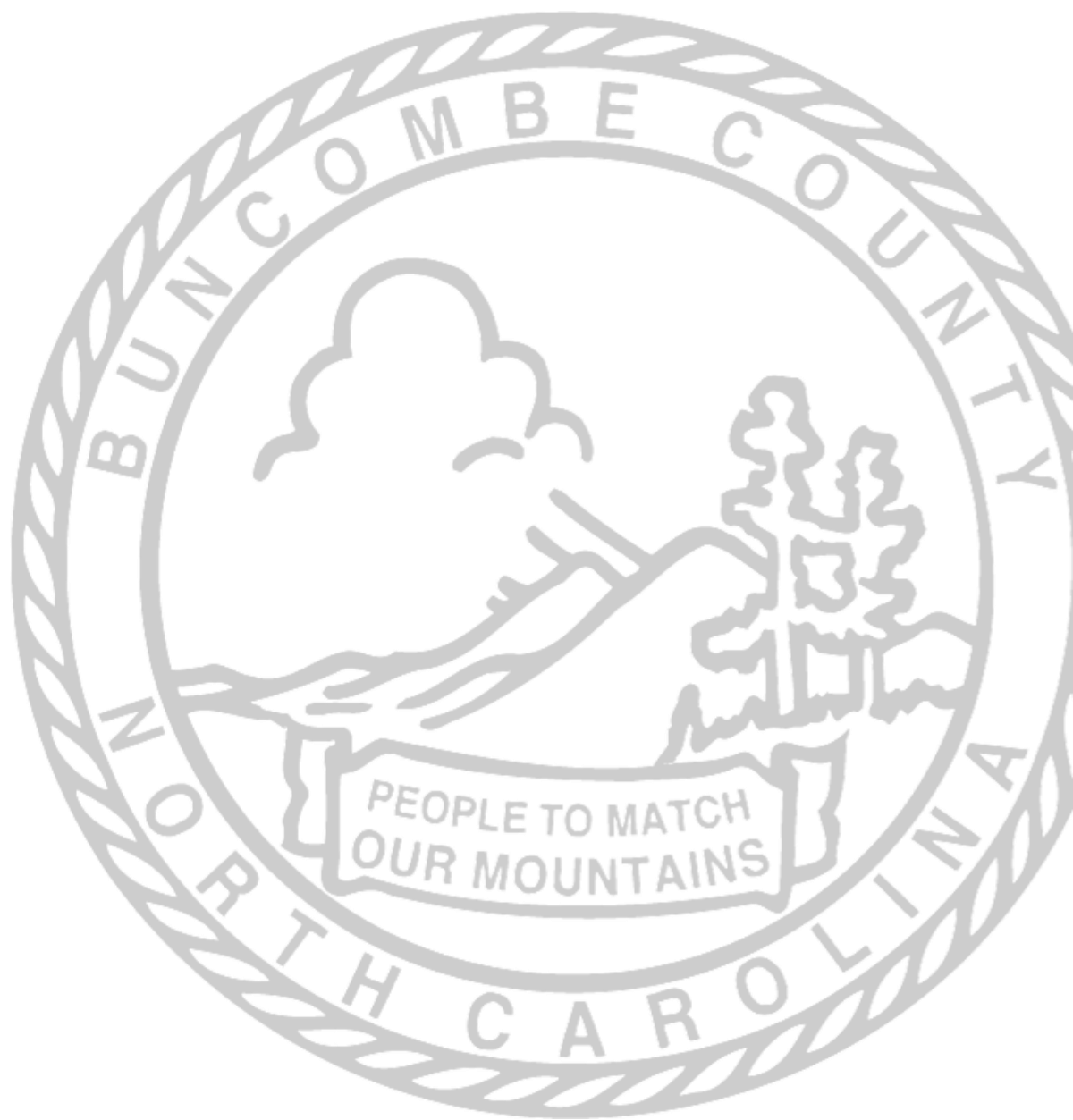
# BUNCOMBE COUNTY, NORTH CAROLINA

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

FROM INCEPTION AND FOR THE YEAR ENDED June 30, 2014

		Actual to June 30, 2014			
	Project Authorization	Reported in Prior Years	Current Year	Total	Variance Positive (Negative)
REVENUES					
Local option sales taxes	\$ 5,674,289	\$10,823,333	\$ 9,115,928	\$ 19,939,261	\$ 14,264,972
Restricted Intergovernmental	-	-	42,265	42,265	42,265
Investment Earnings	-	10,258	32,876	43,134	43,134
Total revenues	5,674,289	10,833,591	9,191,069	20,024,660	14,350,371
EXPENDITURES					
Community College	72,162,000	2,830,708	15,576,586	18,407,294	53,754,706
Debt service:					
Principal Retirement	1,560,115	145,000	973,789	1,118,789	441,326
Interest and fees	6,400,023	133,686	2,103,822	2,237,508	4,162,515
Total expenditures	80,122,138	3,109,394	18,654,197	21,763,591	58,358,547
Revenues over (under) expenditures	(74,447,849)	7,724,197	(9,463,128)	(1,738,931)	72,708,918
OTHER FINANCING SOURCES (USES):					
Premium on installment obligations	9,312,326	-	9,312,326	9,312,326	-
Proceeds from installment obligations	65,700,000	-	65,700,000	65,700,000	-
Transfer to general fund	(543,338)	-	(248,842)	(248,842)	294,496
Prior year revenues	(21,139)	(21,138)	-	(21,138)	1
Total other financing sources (uses)	74,447,849	(21,138)	74,763,484	74,742,346	294,497
Revenues and other sources over expenditures	\$ -	\$ 7,703,059	65,300,356	\$ 73,003,415	\$ 73,003,415
Fund balance, beginning of year			7,703,059		
Fund balance, end of year			\$73,003,415		





## *Combining Statements and Schedules for Nonmajor Governmental Funds*

### **SPECIAL REVENUE FUNDS:**

#### Special Districts Volunteer Fire Departments Fund

The County's Board of Commissioners serves as the tax leveraging 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.

#### Register of Deeds Automation Fund

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

#### Grant Projects Fund

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

#### Transportation Fund

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

#### Drug Forfeitures Fund

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

#### PDF Woodfin Downtown Fund

This fund 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.

### **CAPITAL PROJECTS FUNDS:**

#### Special Projects Capital Projects

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

# BUNCOMBE COUNTY, NORTH CAROLINA

## Combining Balance Sheet

### Nonmajor Governmental Funds

June 30, 2014

	Special Revenue Funds				
	Special Districts				
	Volunteer Fire Departments	Emergency Telephone System	Occupancy Tax	Register of Deeds Automation	Grant Projects
ASSETS					
Cash and cash equivalents	\$ 591,570	\$ 2,637,819	\$ -	\$ 336,654	\$ 1,282,345
Receivables (net):					
Taxes receivable	84,847	-	966,453	-	-
Accounts receivable	-	82,006	-	-	736
Due from other governments	1,280,226	-	-	-	558,363
Inventories	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-
Total assets	\$ 1,956,643	\$ 2,719,825	\$ 966,453	\$ 336,654	\$ 1,841,444
LIABILITIES					
Accounts payable	\$ 1,871,758	\$ 38,429	\$ 14,497	\$ 908	\$ 115,385
Payable from restricted cash	-	-	-	-	-
Refundable deposits	-	-	-	-	-
Deferred revenues	-	-	-	-	-
Due to general fund	-	-	-	-	1,595,812
Due to component unit	-	-	951,956	-	-
Total liabilities	1,871,758	38,429	966,453	908	1,711,197
DEFERRED INFLOWS OF RESOURCES	84,847	-	-	-	-
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted for:					
Stabilization by State statute	-	82,006	-	-	130,247
Register of deeds	-	-	-	335,746	-
Public safety	38	2,599,390	-	-	-
Debt service	-	-	-	-	-
Assigned	-	-	-	-	-
Total fund balances	38	2,681,396	-	335,746	130,247
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,956,643	\$ 2,719,825	\$ 966,453	\$ 336,654	\$ 1,841,444

Special Revenue Funds Con't			Capital Project Fund	Total Nonmajor Governmental Funds
Trans- portation	Drug Forfeitures	PDF Woodfin Downtown	Special Projects	
\$ -	\$ 92,439	\$ -	\$ 4,929,696	\$ 9,870,523
-	-	-	-	1,051,300
439,865	-	-	-	522,607
-	-	-	-	1,838,589
1,396	-	-	-	1,396
-	-	147,499	-	147,499
\$ 441,261	\$ 92,439	\$ 147,499	\$ 4,929,696	\$ 13,431,914
\$ 229,322	\$ 5,173	\$ 19,334	\$ 3,177	\$ 2,297,983
-	-	-	-	-
-	-	-	571,869	571,869
-	-	-	-	-
9,153	-	-	-	1,604,965
-	-	-	-	951,956
238,475	5,173	19,334	575,046	5,426,773
-	-	-	-	84,847
1,396	-	-	-	1,396
201,390	-	-	-	413,643
-	-	-	-	335,746
-	87,266	-	-	2,686,694
-	-	128,165	-	128,165
-	-	-	4,354,650	4,354,650
202,786	87,266	128,165	4,354,650	7,920,294
\$ 441,261	\$ 92,439	\$ 147,499	\$ 4,929,696	\$ 13,431,914

# BUNCOMBE COUNTY, NORTH CAROLINA

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

FOR THE YEAR ENDED June 30, 2014

	Special Revenue Funds				
	Special Districts				
	Volunteer Fire Departments	Emergency Telephone System	Occupancy Tax	Register of Deeds Automation	Grant Projects
REVENUES					
Ad valorem taxes	\$ 16,340,094	\$ -	\$ -	\$ -	\$ -
Local option sales taxes	4,587,325	-	-	-	-
Other taxes and licenses	-	-	9,184,430	-	-
Restricted intergovernmental	-	984,067	-	136,700	2,132,756
Sales and services	-	-	-	-	6,375
Investment earnings	-	6,347	-	632	-
Miscellaneous	-	-	-	-	-
Total revenues	20,927,419	990,414	9,184,430	137,332	2,139,131
EXPENDITURES					
Current:					
General government	-	-	-	19,180	-
Public safety	20,927,381	935,968	-	-	962,356
Economic and physical development	-	-	9,046,664	-	10,035
Human services	-	-	-	-	1,010,473
Cultural and recreational	-	-	-	-	78,836
Capital outlay	-	-	-	-	-
Debt service:					
Interest and fees	-	-	-	-	-
Total expenditures	20,927,381	935,968	9,046,664	19,180	2,061,700
Revenues over (under) expenditures	38	54,446	137,766	118,152	77,431
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	-	137,582	-	-	36,161
Transfers to other funds	-	-	(137,766)	(157,300)	-
Installment obligation proceeds	-	-	-	-	-
Premium on installment obligation	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
Total other financing sources (uses)	-	137,582	(137,766)	(157,300)	36,161
Net change in fund balances	38	192,028	-	(39,148)	113,592
Fund balances, beginning of year	-	2,489,368	-	374,894	16,655
Fund balances, end of year	\$ 38	\$ 2,681,396	\$ -	\$ 335,746	\$ 130,247

Special Revenue Funds Con't			Capital Project Fund	Total Nonmajor Governmental Funds
Trans- portation	Drug Forfeitures	PDF Woodfin Downtown	Special Projects	
\$ -	\$ -	\$ 747,036	\$ -	\$ 17,087,130
-	-	-	-	4,587,325
-	-	-	-	9,184,430
3,001,837	90,608	-	218,746	6,564,714
-	-	-	-	6,375
-	215	82	-	7,276
76,637	-	-	284,777	361,414
3,078,474	90,823	747,118	503,523	37,798,664
-	-	-	-	19,180
-	117,141	-	-	22,942,846
-	-	-	-	9,056,699
3,473,373	-	-	-	4,483,846
-	-	-	-	78,836
759,618	-	5,467	797,231	1,562,316
-	-	1,170,406	-	1,170,406
4,232,991	117,141	1,175,873	797,231	39,314,129
(1,154,517)	(26,318)	(428,755)	(293,708)	(1,515,465)
1,158,112	-	1,037,046	401,159	2,770,060
(12,745)	-	-	-	(307,811)
-	-	11,285,000	-	11,285,000
-	-	866,656	-	866,656
-	-	(13,605,341)	-	(13,605,341)
1,145,367	-	(416,639)	401,159	1,008,564
(9,150)	(26,318)	(845,394)	107,451	(506,901)
211,936	113,584	973,559	4,247,199	8,427,195
\$ 202,786	\$ 87,266	\$ 128,165	\$ 4,354,650	\$ 7,920,294

# 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, 2014

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Ad valorem taxes		\$ 16,340,094	
Local option sales taxes		4,587,325	
Total revenues	\$ 22,224,943	20,927,419	\$ (1,297,524)
EXPENDITURES			
Current:			
Public safety:			
Contract payments to		20,927,381	
Volunteer Fire Departments			
Total expenditures	22,224,943	20,927,381	1,297,562
Revenues over expenditures	-	38	38
Net change in fund balance	\$ -	38	\$ 38
Fund balance, beginning of year		-	
Fund balance, end of year		\$ 38	

# 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, 2014

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Restricted intergovernmental		\$ 984,067	
Investment earnings		6,347	
Total revenues	\$ 1,014,067	990,414	\$ (23,653)
EXPENDITURES			
Current:			
Public safety:			
Phone and furniture		123,927	
Software maintenance		336,624	
Hardware maintenance		125,248	
Training		1,035	
Implemental functions		349,134	
Total expenditures	1,014,067	935,968	78,099
Revenues over expenditures	-	54,446	54,446
OTHER FINANCING SOURCES			
Operating transfers from other funds	-	137,582	(137,582)
Net change in fund balance	\$ -	192,028	\$ 192,028
Fund balance, beginning of year		2,489,368	
Fund balance, end of year		\$ 2,681,396	



# 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, 2014

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Occupancy tax	\$ 9,586,860	\$ 9,184,430	\$ (402,430)
EXPENDITURES			
Current:			
Economic and physical development:			
Tourism development	9,451,682	9,046,664	405,018
Revenues over expenditures	135,178	137,766	2,588
OTHER FINANCING USES			
Transfer to General Fund	(135,178)	(137,766)	(2,588)
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, 2014

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Restricted intergovernmental		\$ 136,700	
Investment earnings		632	
Total revenues	\$ 155,000	137,332	\$ (17,668)
EXPENDITURES			
Current:			
General government:			
Salaries and employee benefits		13,698	
Other operating expenditures		5,482	
Total expenditures	74,262	19,180	55,082
Revenues over (under) expenditures	80,738	118,152	37,414
OTHER FINANCING SOURCES (USES)			
Appropriated fund balance	76,562	-	(76,562)
Transfer to General Fund	(157,300)	(157,300)	-
Total other financing sources (uses)	(80,738)	(157,300)	(76,562)
Net change in fund balance	\$ -	(39,148)	\$ (39,148)
Fund balance, beginning of year		374,894	
Fund balance, end of year		\$ 335,746	

# 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, 2014

	Actual to June 30, 2014				Variance
	Project Budget	Reported In Prior Years	Current Year	Total	Positive (Negative)
REVENUES					
Restricted intergovernmental	\$ 7,583,356	\$ 2,363,727	\$ 2,132,756	\$ 4,496,483	\$ (3,086,873)
Sales and services	106,770	4,415	6,375	10,790	(95,980)
Total revenues	7,690,126	2,368,142	2,139,131	4,507,273	(3,182,853)
EXPENDITURES					
Public safety	2,158,235	348,825	962,356	1,311,181	847,054
Economic and physical development	2,893,262	1,652,791	10,035	1,662,826	1,230,436
Human services	2,856,910	1,003,919	1,010,473	2,014,392	842,518
Cultural and recreational	142,774	4,607	78,836	83,443	59,331
Total expenditures	8,051,181	3,010,142	2,061,700	5,071,842	2,979,339
Revenues over (under) expenditures	(361,055)	(642,000)	77,431	(564,569)	(203,514)
OTHER FINANCING SOURCES					
Prior year revenues	220,446	233,655	-	233,655	13,209
Transfer from:					
General Fund	23,416	425,000	23,416	448,416	425,000
Transportation	117,193	-	12,745	12,745	(104,448)
Total other financing sources	361,055	658,655	36,161	694,816	333,761
Net change in fund balance	\$ -	\$ 16,655	113,592	\$ 130,247	\$ 130,247
Fund balance, beginning of year			16,655		
Fund balance, end of year			\$ 130,247		

# BUNCOMBE COUNTY, NORTH CAROLINA

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

FOR THE YEAR ENDED June 30, 2014

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Restricted intergovernmental		\$ 3,001,837	
Miscellaneous		76,637	
Total revenues	\$ 3,002,031	3,078,474	\$ 76,443
EXPENDITURES			
Current:			
Human services:			
Other operating expenditures		3,473,373	
Capital outlay		759,618	
Total expenditures	4,477,705	4,232,991	244,714
Revenues under expenditures	(1,475,674)	(1,154,517)	321,157
OTHER FINANCING SOURCES (USES)			
Appropriated fund balance	61,971	-	(61,971)
Transfer from General Fund	1,426,448	1,158,112	(268,336)
Transfer to Grant Projects	(12,745)	(12,745)	-
Total other financing sources (uses)	1,475,674	1,145,367	(330,307)
Net change in fund balance	\$ -	(9,150)	\$ (9,150)
Fund balance, beginning of year		211,936	
Fund balance, end of year		\$ 202,786	

# BUNCOMBE COUNTY, NORTH CAROLINA

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

FOR THE YEAR ENDED June 30, 2014

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Restricted intergovernmental		\$ 90,608	
Restricted investment earnings		215	
Total revenues	\$ 51,609	90,823	\$ 39,214
EXPENDITURES			
Current:			
Public safety:			
Operating expenditures		109,058	
Capital outlay		8,083	
Total expenditures	162,100	117,141	44,959
Revenues under expenditures	(110,491)	(26,318)	84,173
OTHER FINANCING SOURCES			
Appropriated fund balance	110,491	-	(110,491)
Net change in fund balance	\$ -	(26,318)	\$ (26,318)
Fund balance, beginning of year		113,584	
Fund balance, end of year		\$ 87,266	

# BUNCOMBE COUNTY, NORTH CAROLINA

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

FROM INCEPTION AND FOR THE YEAR ENDED June 30, 2014

	Actual to June 30, 2014				Variance Positive (Negative)
	Project Budget	Reported In Prior Years	Current Year	Total	
REVENUES					
Ad valorem taxes	\$ 24,468,728	\$ 320,104	\$ 747,036	\$ 1,067,140	\$(23,401,588)
Investment earnings	1,326,939	91,247	82	91,329	(1,235,610)
Total revenues	25,795,667	411,351	747,118	1,158,469	(24,637,198)
EXPENDITURES					
Capital outlay	7,882,200	7,768,379	5,467	7,773,846	108,354
Debt service:					
Principal retirement	12,685,000	-	-	-	12,685,000
Interest and fees	18,054,687	4,468,964	1,170,406	5,639,370	12,415,317
Total expenditures	38,621,887	12,237,343	1,175,873	13,413,216	25,208,671
Revenues under expenditures	(12,826,220)	(11,825,992)	(428,755)	(12,254,747)	571,473
OTHER FINANCING SOURCES (USES)					
Project development bonds issued	12,960,000	12,960,000	-	12,960,000	-
Installment obligation proceeds	11,610,000	-	11,285,000	11,285,000	(325,000)
Premium on installment obligation	584,380	-	866,656	866,656	282,276
Discount on 2008 PDF Bonds	(160,449)	(160,449)	-	(160,449)	-
Payment to refunded bond escrow agent	(13,067,711)	-	(13,605,341)	(13,605,341)	(537,630)
Transfer from:					
General fund	-	-	137,046	137,046	137,046
Capital projects	900,000	-	900,000	900,000	-
Total other financing sources (uses)	12,826,220	12,799,551	(416,639)	12,382,912	(443,308)
Net change in fund balance	\$ -	\$ 973,559	(845,394)	\$ 128,165	\$ 128,165
Fund balance, beginning of year			973,559		
Fund balance, end of year			\$ 128,165		

# 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, 2014

		Actual to June 30, 2014			
	Project Budget	Reported in Prior Years	Current Year	Total	Variance Positive (Negative)
REVENUES					
Restricted intergovernmental:					
Home FY09	\$ 314,705	\$ 295,268	\$ -	\$ 295,268	\$ (19,437)
Home FY08	220,320	132,192	-	132,192	(88,128)
CDBG 2010	400,000	334,299	4,234	338,533	(61,467)
Program income CDBG	59,929	59,928	-	59,928	(1)
Home program income	124,017	119,443	4,572	124,015	(2)
USDA grant Brown	400,000	-	-	-	(400,000)
NCDA grant Brown	200,000	-	200,000	200,000	-
SW Foundation Brown easement	9,940	-	9,940	9,940	-
Pigeon River fund Brown	25,000	25,000	-	25,000	-
Sales and services	-	425,405	-	425,405	425,405
Miscellaneous	807,105	957,772	284,777	1,242,549	435,444
Total revenues	2,561,016	2,349,307	503,523	2,852,830	291,814
EXPENDITURES					
Capital outlay:					
Housing:					
LOS fair housing	25,000	15,350	-	15,350	9,650
Home FY13	75,000	-	13,800	13,800	61,200
Home FY12	75,000	58,500	-	58,500	16,500
Home FY11	75,000	-	-	-	75,000
Home FY10	75,000	64,767	-	64,767	10,233
Home FY09	389,705	318,372	50,800	369,172	20,533
Home FY08	295,320	169,692	-	169,692	125,628
Home program income	124,017	119,445	-	119,445	4,572
Program income CDBG	59,929	59,929	-	59,929	-
MHO Eagle Street	2,000,000	-	-	-	2,000,000
CDBG scattered sites 2013	10,400	-	-	-	10,400
CDBG scattered sites 2010	410,400	346,289	-	346,289	64,111
Housing trust:					
Housing trust program income	731,620	548,681	96,335	645,016	86,604
Housing trust FY14	299,250	-	43,122	43,122	256,128
Housing trust FY13	299,250	294,650	-	294,650	4,600
Housing trust FY12	250,000	210,517	14,483	225,000	25,000
Housing trust FY09	300,000	280,000	-	280,000	20,000
Housing trust FY08	250,000	250,000	-	250,000	-
Housing trust FY04	300,000	299,117	-	299,117	883
Mobile home disposal FY12	49,250	-	28,244	28,244	21,006
Mobile home disposal FY11	50,000	20,873	29,127	50,000	-
Energy savings reinvestment fund	225,317	67,147	136,020	203,167	22,150

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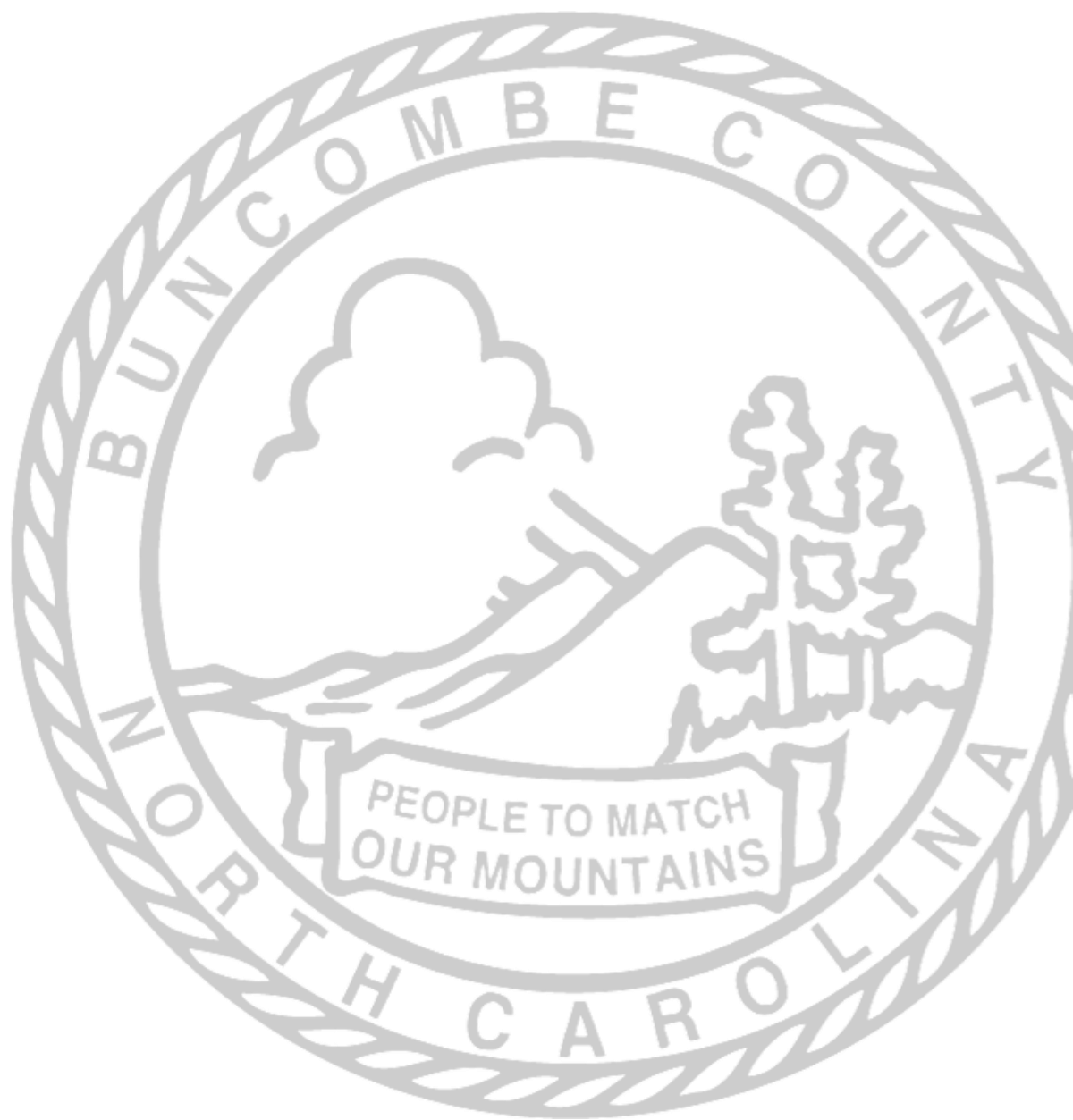
# BUNCOMBE COUNTY, NORTH CAROLINA

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

FROM INCEPTION AND FOR THE YEAR ENDED June 30, 2014

	Project Budget	Actual to June 30, 2014			Variance Positive (Negative)
		Reported in Prior Years	Current Year	Total	
<i>Expenditures continued</i>					
Soil conservation	1,818,638	255,776	385,300	641,076	1,177,562
Total expenditures	8,188,096	3,379,105	797,231	4,176,336	4,011,760
Revenues under expenditures	(5,627,080)	(1,029,798)	(293,708)	(1,323,506)	4,303,574
OTHER FINANCING SOURCES					
Transfer from General Fund	384,650	489,250	401,159	890,409	505,759
Transfer from Capital Projects	2,000,000	2,000,000	-	2,000,000	-
Prior year revenues	3,242,430	2,787,747	-	2,787,747	(454,683)
Total other financing sources	5,627,080	5,276,997	401,159	5,678,156	51,076
Revenues and other sources over (under) expenditures	\$ -	\$ 4,247,199	107,451	\$ 4,354,650	\$ 4,354,650
Fund balance, beginning of year			4,247,199		
Fund balance, end of year			\$ 4,354,650		





*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, NORTH CAROLINA

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

### Solid Waste Disposal Fund

FOR THE YEAR ENDED June 30, 2014

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Operating revenues:			
Tipping fees		\$ 6,085,856	
Service charges and other revenues		842,957	
Intergovernmental revenues		371,192	
Total operating revenues	\$ 7,076,287	7,300,005	\$ 223,718
Nonoperating revenues:			
Investment earnings	40,000	30,455	(9,545)
Total revenues	7,116,287	7,330,460	214,173
EXPENDITURES			
Landfill:			
Salaries, wages, and fringe benefits		979,495	
Maintenance and repairs		266,204	
Contracted services		312,019	
Other operating expenses		992,876	
Landfill closure and postclosure care costs		260,640	
Total landfill		2,811,234	
Transfer station:			
Salaries, wages, and fringe benefits		586,099	
Maintenance and repairs		44,801	
Other operating expenses		52,951	
Total transfer station		683,851	
Landfill gas to energy project:			
Salaries, wages, and fringe benefits		72,606	
Maintenance and repairs		289,830	
Other operating expenses		73,933	
Total landfill gas to energy project		436,369	
Debt service:			
Principal retirement		1,645,000	
Interest and fees		221,515	
Total debt service		1,866,515	
Total expenditures	7,030,887	5,797,969	1,232,918
Revenues over expenditures	\$ 85,400	1,532,491	\$ 1,447,091

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, 2014

	Budget	Actual	Variance Positive (Negative)
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Debt principal		1,645,000	
Decrease in accrued interest		12,938	
Amortization of bond premium and deferred charges		53,165	
Decrease in accrued compensated absences		28,236	
Decrease in other postemployment benefits liability		3,921	
Increase in accrued landfill closure and postclosure care costs		(514,804)	
Depreciation		(2,241,566)	
Total reconciling items		(1,013,110)	
Change in Net Position		\$ 519,381	

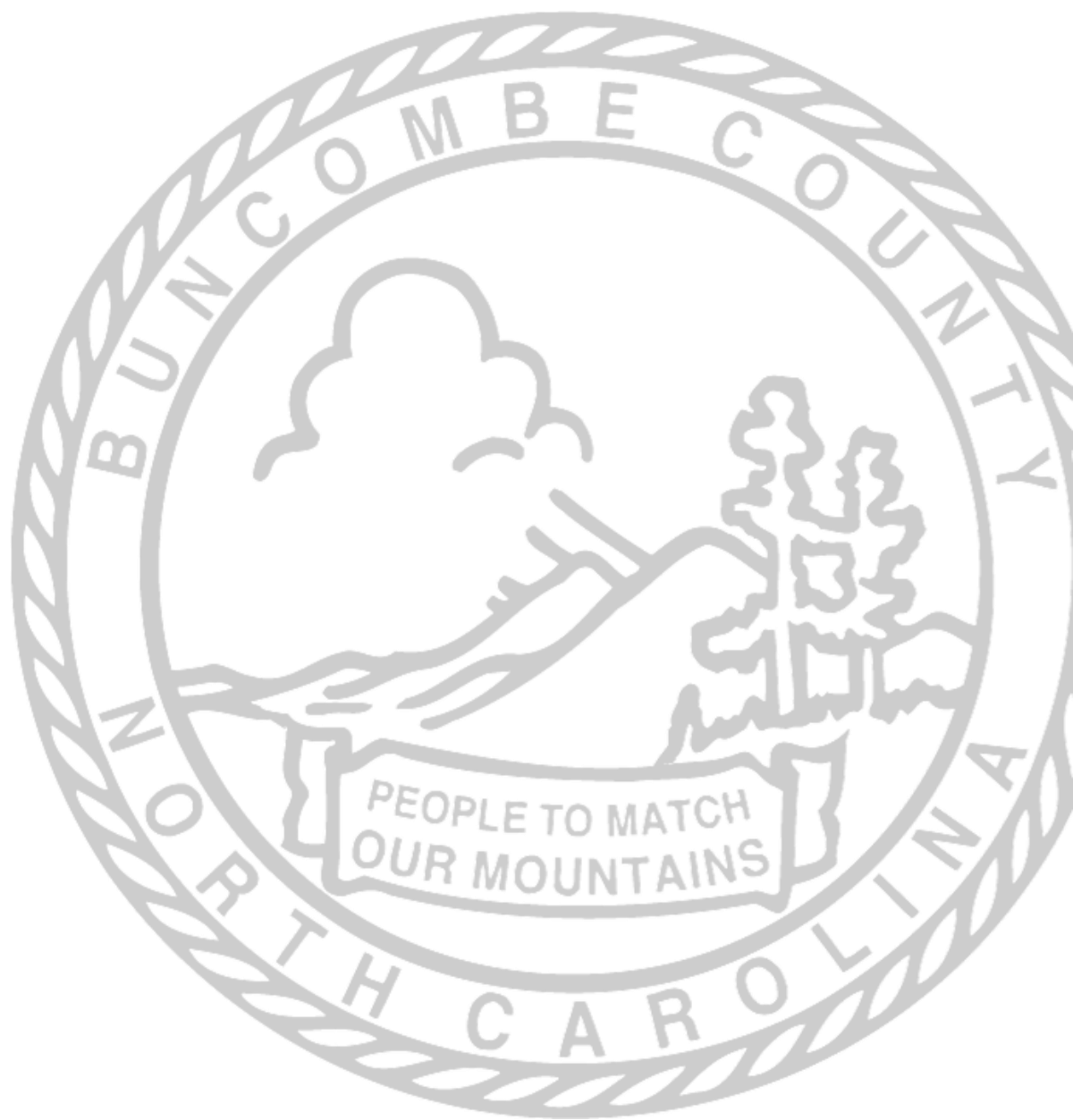
# BUNCOMBE COUNTY, NORTH CAROLINA

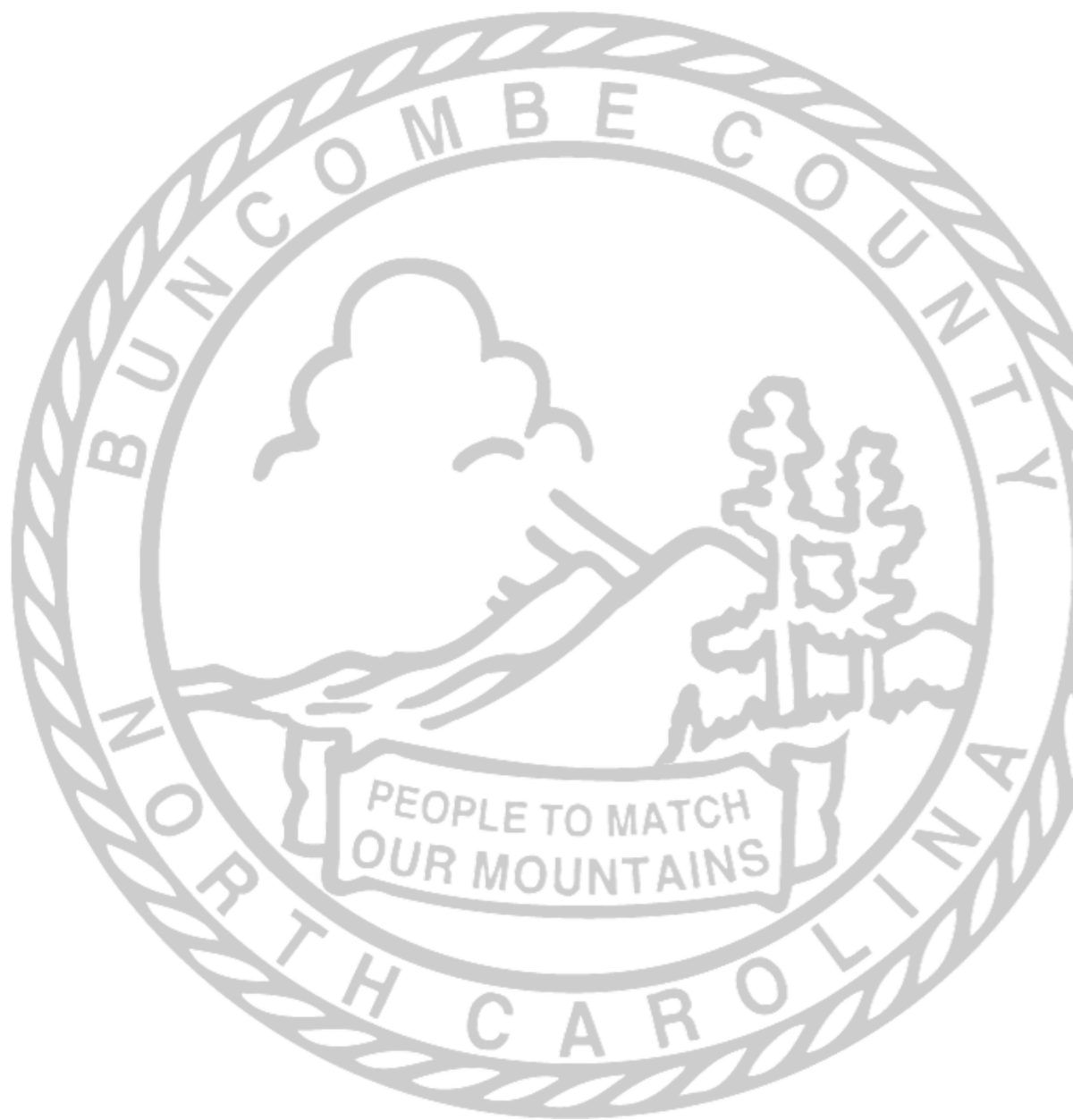
## Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)

### Landfill Capital Projects Fund

FROM INCEPTION AND FOR THE YEAR ENDED June 30, 2014

	Actual to June 30, 2014				Variance Positive (Negative)
	Project Authorization	Reported in Prior Years	Current Year	Total to Date	
REVENUES					
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
EXPENDITURES					
Engineering cell 7	800,000	211,750	253,750	465,500	334,500
Cap land - woodson	534,000	479,035	54,584	533,619	381
Contingency	2,494,462	-	-	-	2,494,462
Total expenditures	3,828,462	690,785	308,334	999,119	2,829,343
Revenues under expenditures	(3,828,462)	(690,785)	(308,334)	(999,119)	2,829,343
OTHER FINANCING SOURCES					
Transfer from solid waste	2,200,000	-	-	-	(2,200,000)
Prior year revenues	1,628,462	3,810,876	-	3,810,876	2,182,414
Total other financing sources	3,828,462	3,810,876	-	3,810,876	(17,586)
Revenues and other sources over (under) expenditures	\$ -	\$ 3,120,091	\$ (308,334)	\$ 2,811,757	\$ 2,811,757





*Combining Statements and Schedules for Nonmajor Enterprise Funds*

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

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

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



# BUNCOMBE COUNTY, NORTH CAROLINA

## Combining Statement of Net Position

### Nonmajor Enterprise Funds

June 30, 2014

	CJIS	Inmate Commissary/ Welfare	Total Nonmajor Enterprise Funds
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ -	\$ 544,374	\$ 544,374
Receivables, net	-	137	137
Total current assets	-	544,511	544,511
Noncurrent assets:			
Capital assets:			
Land, improvements, and construction in progress	-	12,105	12,105
Other capital assets, net of depreciation	-	46,024	46,024
Total noncurrent assets	-	58,129	58,129
Total assets	-	602,640	602,640
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	-	31,932	31,932
Salaries and payroll taxes payable	-	2,103	2,103
Accrued compensated absences	-	1,300	1,300
Total current liabilities	-	35,335	35,335
Noncurrent liabilities:			
Other postemployment benefits	-	5,198	5,198
Total liabilities	-	40,533	40,533
<b>Net Position</b>			
Invested in capital assets, net of related debt	-	58,129	58,129
Unrestricted	-	503,978	503,978
Total Net Position	\$ -	\$ 562,107	\$ 562,107

# BUNCOMBE COUNTY, NORTH CAROLINA

## *Combining Statement of Revenues, Expenses, and Changes in Net Position Nonmajor Enterprise Funds*

FOR THE YEAR ENDED June 30, 2014

	CJIS	Inmate Commissary/ Welfare	Total Nonmajor Enterprise Funds
<b>OPERATING REVENUES</b>			
Charges for services and products	\$ 1,383,407	\$ 323,536	\$ 1,706,943
Total operating revenues	1,383,407	323,536	1,706,943
<b>OPERATING EXPENSES</b>			
Salaries, wages, and fringe benefits	736,220	49,966	786,186
Contracted services	300	58,737	59,037
Cost of products sold	-	82,861	82,861
Maintenance and repairs	331,242	-	331,242
Depreciation	80,604	10,274	90,878
Other operating expenses	268,410	21,159	289,569
Total operating expenses	1,416,776	222,997	1,639,773
Operating income (loss)	(33,369)	100,539	67,170
<b>NONOPERATING REVENUES</b>			
Investment earnings	6,651	1,076	7,727
Change in Net Position before transfers	(26,718)	101,615	74,897
Transfers from (to) other funds:			
General Fund	(3,246)	-	(3,246)
911	(63,829)	-	(63,829)
Capital Projects	(528,212)	(6,283)	(534,495)
Total transfers	(595,287)	(6,283)	(601,570)
Change in Net Position	(622,005)	95,332	(526,673)
Net Position, beginning of year	622,005	466,775	1,088,780
Net Position, end of year	\$ -	\$ 562,107	\$ 562,107

# BUNCOMBE COUNTY, NORTH CAROLINA

## Combining Statement of Cash Flows

### Nonmajor Enterprise Funds

FOR THE YEAR ENDED June 30, 2014

	CJIS	Inmate Commissary/ Welfare	Total Nonmajor Enterprise Funds
<b>CASH FLOWS FROM</b>			
<b>OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 1,389,984	\$ 323,531	\$ 1,713,515
Cash paid for goods and services	(670,428)	(174,287)	(844,715)
Cash paid to employees for services	(744,618)	(50,320)	(794,938)
Net cash provided (used) by operating activities	(25,062)	98,924	73,862
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Transfers from (to) other funds	(413,365)	(6,283)	(419,648)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(2,725)	(20,859)	(23,584)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investments	6,651	1,076	7,727
Net increase (decrease) in cash and cash equivalents	(434,501)	72,858	(361,643)
Cash and cash equivalents, beginning of year	434,501	471,516	906,017
Cash and cash equivalents, end of year	\$ -	\$ 544,374	\$ 544,374
Reconciliation of operating loss to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (33,369)	\$ 100,539	\$ 67,170
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	80,604	10,274	90,878
Changes in assets and liabilities:			
Accounts receivable	6,577	(5)	6,572
Accounts payable	(70,476)	(11,530)	(82,006)
Salaries and payroll taxes payable	6,048	(108)	5,940
Other postemployment benefits	(1,924)	(107)	(2,031)
Accrued compensated absences	(12,522)	(139)	(12,661)
Total adjustments	8,307	(1,615)	6,692
Net cash provided (used) by operating activities	\$ (25,062)	\$ 98,924	\$ 73,862

# 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, 2014

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Operating revenues:			
Charges for services		\$ 1,383,407	
Nonoperating revenues:			
Investment earnings (loss)		6,651	
Total revenues	\$ 1,440,578	1,390,058	\$ (50,520)
<b>EXPENDITURES</b>			
Salaries, wages, and fringe benefits		817,757	
Contracted services		300	
Maintenance and repairs		331,242	
Other operating expenditures		223,242	
Total expenditures	1,437,854	1,372,541	65,313
Revenues over expenditures	2,724	17,517	14,793
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer from general fund	149,000	81,950	(67,050)
Transfer to 911 fund	(63,829)	(63,829)	-
Transfer to capital projects	(427,249)	(336,499)	90,750
Appropriated fund balance	339,354	-	(339,354)
Total other financing sources (uses)	(2,724)	(318,378)	(315,654)
Revenues and other sources over (under) expenditures	\$ -	(300,861)	\$ (300,861)
<b>Reconciling Items:</b>			
Depreciation		(80,604)	
Capital outlay		2,725	
Transfer of government-wide type assets to governmental activities		(85,196)	
Decrease in accrued compensated absences		52,119	
Decrease in other postemployment benefits		29,418	
Expenditures from CJIS Capital Project Fund		(47,893)	
Transfer from CJIS Capital Project Fund to General Capital Project Fund		(191,713)	
Total reconciling items		(321,144)	
Change in Net Position		\$ (622,005)	

# 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, 2014

	Actual to June 30, 2014				Variance Positive (Negative)
	Project Authorization	Reported In Prior Years	Current Year	Total	
REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -
EXPENDITURES					
Capital outlay	350,000	110,394	47,893	158,287	191,713
Revenues under expenditures	(350,000)	(110,394)	(47,893)	(158,287)	191,713
OTHER FINANCING SOURCES (USES)					
Transfer to capital projects	-	-	(191,713)	(191,713)	(191,713)
Transfer from CJIS	350,000	350,000	-	350,000	-
Total other financing sources (uses)	350,000	350,000	(191,713)	158,287	(191,713)
Revenues and other sources over (under) expenditures	\$ -	\$ 239,606	\$ (239,606)	\$ -	\$ -

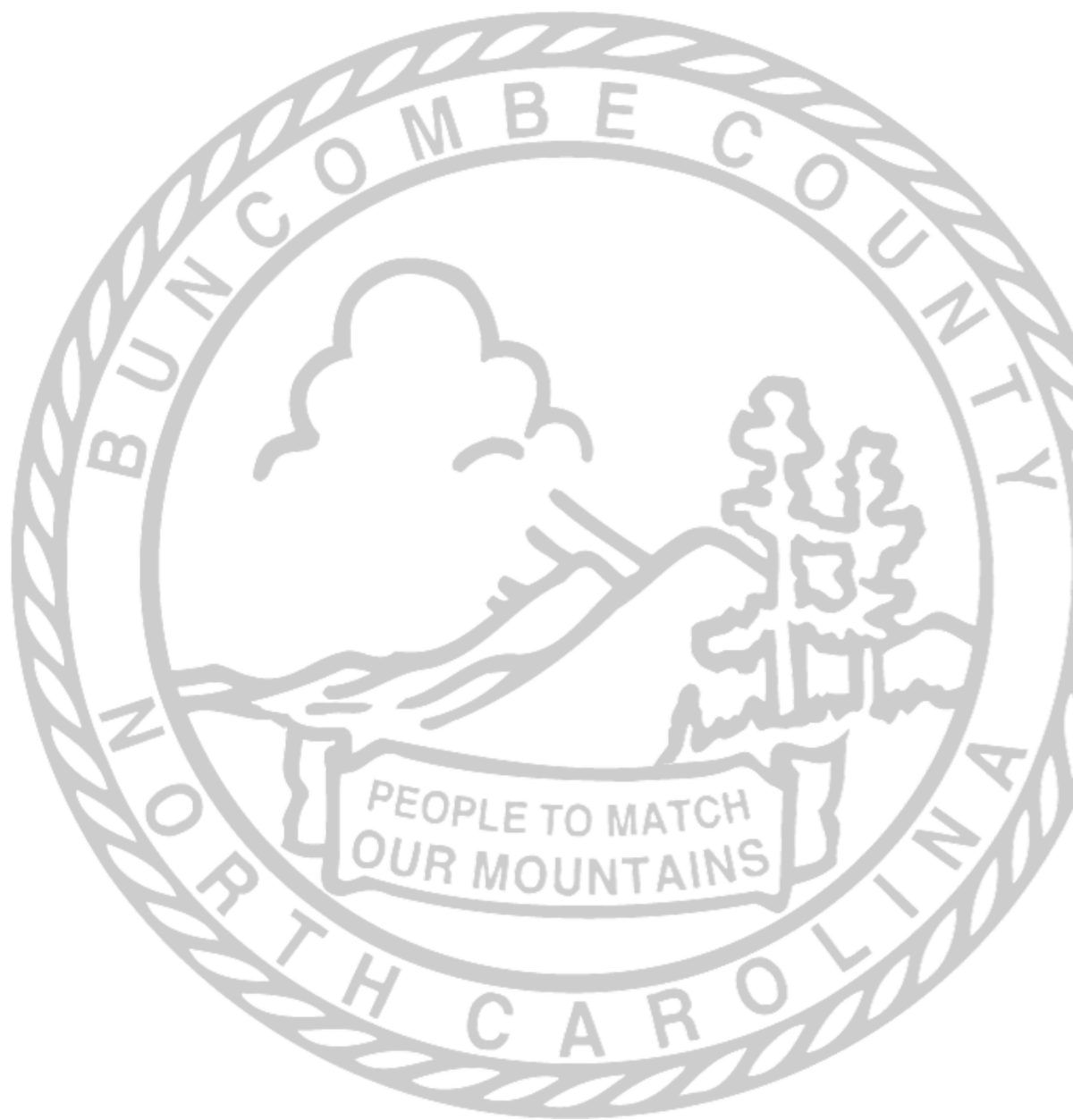
# BUNCOMBE COUNTY, NORTH CAROLINA

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

### Inmate Commissary/Welfare Fund

FOR THE YEAR ENDED June 30, 2014

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Operating revenues:			
Commissary concessions		\$ 159,210	
Telephone concessions		164,326	
Total operating revenues		<u>323,536</u>	
Nonoperating revenues:			
Investment earnings		<u>1,076</u>	
Total revenues	\$ 341,000	324,612	\$ (16,388)
EXPENDITURES			
Salaries, wages, and fringe benefits		50,212	
Contracted services		58,737	
Cost of products sold		82,861	
Other operating expenditures		21,159	
Capital Outlay		<u>20,859</u>	
Total expenditures	395,563	233,828	161,735
Revenues over (under) expenditures	(54,563)	90,784	145,347
OTHER FINANCING SOURCES (USES)			
Transfer to capital projects	(6,283)	(6,283)	-
Appropriated fund balance	60,846	-	(60,846)
Total other financing sources (uses)	54,563	(6,283)	(60,846)
Revenues and other sources over expenditures	\$ -	84,501	\$ 84,501
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling Items:			
Depreciation		(10,274)	
Capital Outlay		20,859	
Decrease in accrued compensated absences		139	
Decrease in other postemployment benefits		107	
Total reconciling items		<u>10,831</u>	
Change in Net Position		<u>\$ 95,332</u>	



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

**INTERNAL SERVICE 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 \$6.20 of each fee collected by the register of deeds for registering or filing a deed of trust or mortgage and remitted to the State Treasurer on a monthly basis.

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

**COMPONENT UNIT:**

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



# BUNCOMBE COUNTY, NORTH CAROLINA

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

### *Insurance Internal Service Fund*

FOR THE YEAR ENDED June 30, 2014

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Operating revenues:			
Charges for services		\$ 23,286,064	
Nonoperating revenues:			
Investment earnings		24,873	
Total revenues	\$ 26,621,277	23,310,937	\$ (3,310,340)
EXPENDITURES			
Salaries, wages, and fringe benefits		1,065,172	
Insurance premiums		1,917,822	
Claims		22,146,148	
Other operating expenditures		48,262	
Total expenditures	26,621,277	25,177,404	1,443,873
Revenues over (under) expenditures	-	(1,866,467)	(1,866,467)
OTHER FINANCING SOURCES			
Transfer from general fund	-	900,000	900,000
Revenues and other sources under expenditures	\$ -	\$ (966,467)	\$ (966,467)

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

FOR THE YEAR ENDED June 30, 2014

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
<b>Inmate Trust Fund:</b>				
Assets				
Cash and cash equivalents	\$ 82,875	\$ 766,819	\$ 754,682	\$ 95,012
Liabilities				
Accounts payable	\$ 2,481	\$ 903	\$ 1,544	\$ 1,840
Due to beneficiaries	80,394	780,824	768,046	93,172
	\$ 82,875	\$ 781,727	\$ 769,590	\$ 95,012
<b>General Agency Accounts:</b>				
Assets				
Cash and cash equivalents	\$ 454,472	\$ 72,667,936	\$ 72,120,296	\$ 1,002,112
Accounts receivable	634,474	1,009,168	634,474	1,009,168
	\$ 1,088,946	\$ 73,677,104	\$ 72,754,770	\$ 2,011,280
Liabilities				
Accounts payable	\$ 222,115	\$ 727,287	\$ 826,997	\$ 122,405
Due to other taxing units	866,831	73,548,660	72,526,616	1,888,875
	\$ 1,088,946	\$ 74,275,947	\$ 73,353,613	\$ 2,011,280
<b>Social Services Fund:</b>				
Assets				
Cash and cash equivalents	\$ 19,622	\$ 246,874	\$ 227,340	\$ 39,156
Liabilities				
Accounts payable	\$ -	\$ 225,863	\$ 225,863	\$ -
Due to beneficiaries	19,622	246,372	226,838	39,156
	\$ 19,622	\$ 472,235	\$ 452,701	\$ 39,156
<b>Sondley Estate Trust:</b>				
Assets				
Cash and cash equivalents	\$ 827,708	\$ 1,982	\$ 2,336	\$ 827,354
Liabilities				
Due to beneficiaries	\$ 827,708	\$ 641	\$ 995	\$ 827,354
<b>NC Motor Vehicle Interest:</b>				
Assets				
Cash and cash equivalents	\$ 7,010	\$ 185	\$ 7,195	\$ -
Liabilities				
Intergovernmental payable - State of North Carolina	\$ 7,010	\$ 185	\$ 7,195	\$ -

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

FOR THE YEAR ENDED June 30, 2014

	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
Continued on next page				
<b>Deed of Trust Fee Fund:</b>				
Assets				
Cash and cash equivalents	\$ 17,205	\$ 190,814	\$ 192,826	\$ 15,193
Liabilities				
Intergovernmental payable - State of North Carolina	\$ 17,205	\$ 190,814	\$ 192,826	\$ 15,193
<b>Buncombe County Anticrime Task Force:</b>				
Assets				
Cash and cash equivalents	\$ 240,584	\$ 191,230	\$ 109,268	\$ 322,546
Liabilities				
Due to beneficiaries	\$ 240,584	\$ 81,962	\$ -	\$ 322,546
<b>Totals - All Agency Funds</b>				
Assets				
Cash and cash equivalents	\$ 1,649,476	\$ 74,065,840	\$ 73,413,943	\$ 2,301,373
Accounts receivable	634,474	1,009,168	634,474	1,009,168
	<u>\$ 2,283,950</u>	<u>\$ 75,075,008</u>	<u>\$ 74,048,417</u>	<u>\$ 3,310,541</u>
Liabilities				
Accounts payable	\$ 224,596	\$ 954,053	\$ 1,054,404	\$ 124,245
Due to other taxing units	866,831	73,548,660	72,526,616	1,888,875
Intergovernmental payable - State of North Carolina	24,215	190,999	200,021	15,193
Due to beneficiaries	1,168,308	1,109,799	995,879	1,282,228
	<u>\$ 2,283,950</u>	<u>\$ 75,803,511</u>	<u>\$ 74,776,920</u>	<u>\$ 3,310,541</u>

# BUNCOMBE COUNTY, NORTH CAROLINA

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

### *Western North Carolina Regional Air Quality Agency*

#### *Component Unit*

FOR THE YEAR ENDED June 30, 2014

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Federal, State, and other grants		\$ 396,842	
Licenses and permits		594,321	
Investment earnings		1,898	
Total revenues	\$ 970,200	993,061	\$ 22,861
EXPENDITURES			
Environmental protection:			
Salaries and employee benefits		794,253	
Other operating expenses		148,460	
Capital outlay		12,409	
Total expenditures	998,873	955,122	43,751
Revenues over (under) expenditures	(28,673)	37,939	66,612
OTHER FINANCING SOURCES			
Appropriated fund balance	28,673	-	(28,673)
Revenues and other sources over expenditures	\$ -	37,939	\$ 37,939
Reconciliation from budgetary basis (modified accrual) to full accrual			
Reconciling items:			
Depreciation		(18,716)	
Capital outlay		12,409	
Decrease in accrued compensated absences		5,735	
Decrease in other postemployment benefits		2,039	
Total reconciling items		1,467	
Change in Net Position		\$ 39,406	

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## *Other Schedules*

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Buncombe County, North Carolina



# BUNCOMBE COUNTY, NORTH CAROLINA

## Schedule of Ad Valorem Taxes Receivable

### General Fund

June 30, 2014

Fiscal Year	Uncollected Balance July 1, 2013	Additions	Collections and Credits	Uncollected Balance June 30, 2014
2013-2014	\$ -	\$ 167,068,748	\$ 166,097,717	\$ 971,031
2012-2013	1,495,958	-	1,139,718	356,240
2011-2012	557,527	-	281,862	275,665
2010-2011	254,972	-	148,194	106,778
2009-2010	124,782	-	53,584	71,198
2008-2009	99,820	-	39,692	60,128
2007-2008	44,590	-	14,757	29,833
2006-2007	35,258	-	7,394	27,864
2005-2006	44,696	-	7,230	37,466
2004 & Prior	87,734	-	48,286	39,448
Total	<u>\$ 2,745,337</u>	<u>\$ 167,068,748</u>	<u>\$ 167,838,434</u>	1,975,651
Less allowance for uncollectible ad valorem taxes receivable				<u>(684,572)</u>
Ad valorem taxes receivable, net				<u>\$ 1,291,079</u>
Reconcilement with Revenues:				
Taxes - Ad valorem - General Fund				\$ 175,862,176
Reconciling items:				
Releases				70,100
Taxes written off				141,127
Fees for property tax audits				180,847
Interest collected				(566,318)
Amounts collected 60 days after year-end - net				198,569
Tax & Tag DMV revenues collected by state				<u>(8,048,067)</u>
Total reconciling items				<u>(8,023,742)</u>
Total collections and credits				<u>\$ 167,838,434</u>

# BUNCOMBE COUNTY, NORTH CAROLINA

## Analysis of Current Year County-Wide Tax Levy

FOR THE YEAR ENDED June 30, 2014

	County Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Motor Vehicles	Registered Motor Vehicles
Original Levy					
County-Wide Ad Valorem	\$ 27,664,393,767	\$ 0.604	\$ 167,092,938	\$ 161,150,354	\$ 5,942,584
Penalties			103,187	103,187	-
Discoveries					
Taxes Levied	137,436,755	0.604	830,118	830,118	-
Penalties			103,188	103,188	-
Releases	(175,609,768)	0.604	(1,060,683)	(930,982)	(129,701)
Net Levy	<u>\$ 27,626,220,753</u>		167,068,748	161,255,865	5,812,883
Uncollected Taxes at June 30, 2014			971,031	707,327	263,704
Current Year's Taxes Collected			<u>\$ 166,097,717</u>	<u>\$ 160,548,538</u>	<u>\$ 5,549,179</u>
Current Levy Collection %			<u>99.42%</u>	<u>99.56%</u>	<u>95.46%</u>

### Secondary Market Disclosures:

#### Assessed Valuation

Assessment Ratio <sup>(1)</sup>	100.00%
Real Property	\$ 24,593,708,119
Personal Property	1,591,806,032
Public Service Companies <sup>(2)</sup>	529,434,962
Registered Motor Vehicles	911,271,640
Total Assessed Valuation	<u>27,626,220,753</u>
Tax Rate per \$100	<u>0.604</u>
Levy before penalites	166,862,373
Plus: penalties	<u>206,375</u>
Levy (includes discoveries, releases and abatements) <sup>(3)</sup>	<u>\$ 167,068,748</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:

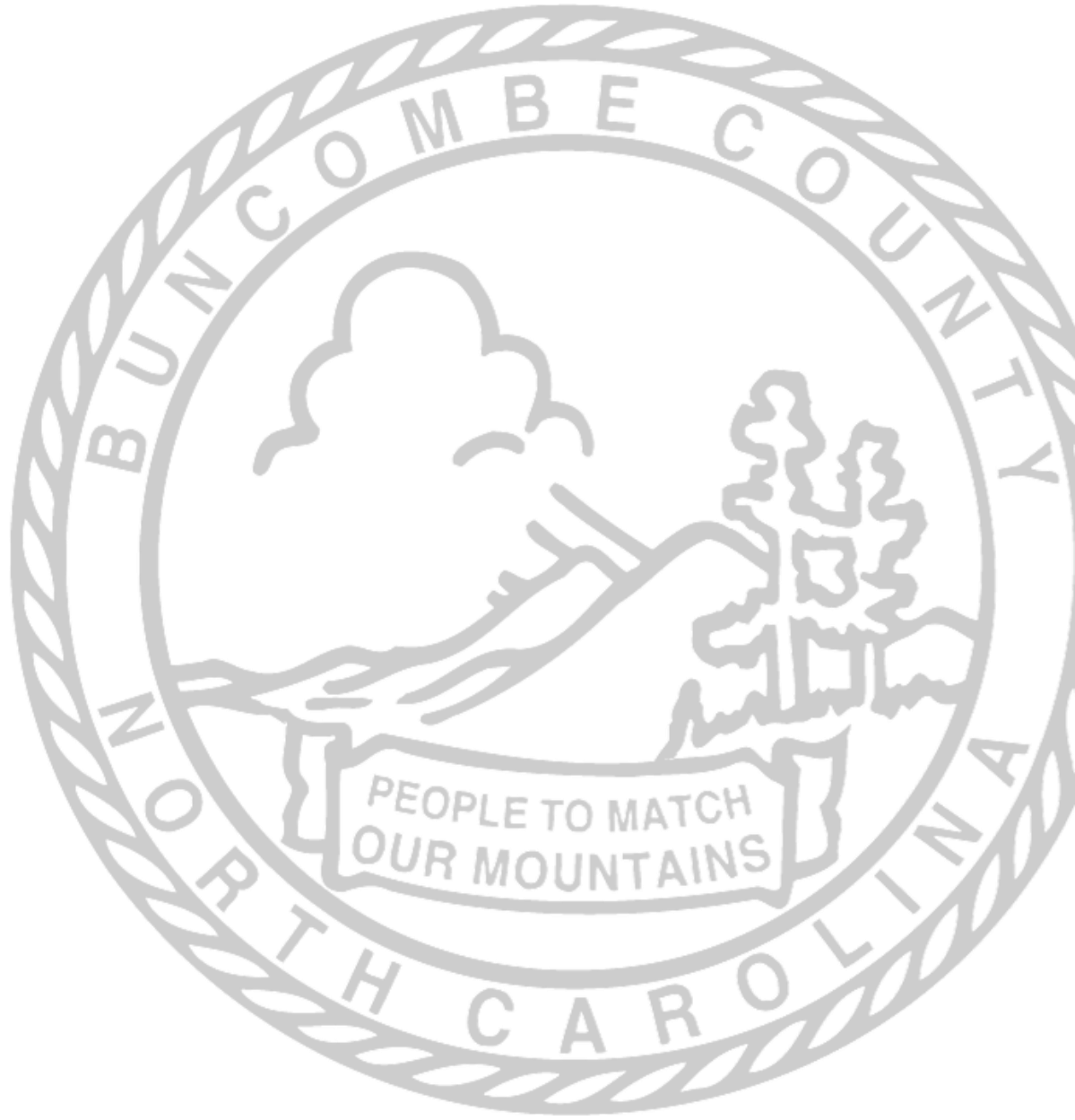
School Districts	\$ 7,856,834
Fire Protection Districts	<u>15,432,028</u>
Total	<u>\$ 23,288,862</u>

<sup>(1)</sup> Percentage of appraised value has been established by statute.

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

<sup>(3)</sup> The levy includes interest and penalties.





# Statistical Section



**BUNCOMBE  
COUNTY**  
GOVERNMENT  
— NORTH CAROLINA —

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# 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.*

<b><i>Contents</i></b>	<b><i>Page</i></b>
<b>Financial Trends</b>	145
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	150
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
<b>Debt Capacity</b>	154
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.	
<b>Demographic and Economic Information</b>	159
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
<b>Operating Information</b>	162
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

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

# BUNCOMBE COUNTY, NORTH CAROLINA

**Table 1**

## Net Position by Component

LAST TEN FISCAL YEARS (accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net Investment in Capital										
Assets	\$ 31,930,850	\$ 48,744,203	\$ 62,717,518	\$ 65,887,137	\$ 63,004,798	\$ 67,968,901	\$ 70,313,265	\$ 94,284,411	\$ 92,417,846	\$ 93,609,590
Restricted	713,063	952,667	1,257,585	1,420,800	0	0	91,710,042	55,085,740	78,301,557	194,699,364
Unrestricted	(6,631,867)	(19,796,405)	(19,443,597)	(5,345,347)	4,261,288	5,778,818	(94,707,863)	(74,276,889)	(87,076,203)	(203,798,143)
Total governmental activities net position	\$ 26,012,046	\$ 29,900,465	\$ 44,531,506	\$ 61,962,590	\$ 67,266,086	\$ 73,747,719	\$ 67,315,444	\$ 75,093,262	\$ 83,643,200	\$ 84,510,811
Business-type activities										
Net Investment in Capital										
Assets	\$ 32,273,305	\$ 27,482,628	\$ 28,635,180	\$ 30,527,905	\$ 34,010,820	\$ 32,649,006	\$ 34,193,312	\$ 27,379,503	\$ 26,526,350	\$ 26,200,976
Restricted	6,175,138	6,285,783	6,432,817	8,956,116	2,589,823	967,892	1,516,288	-	-	-
Unrestricted	4,357,011	8,218,157	8,758,604	7,124,472	11,105,747	11,184,675	8,653,235	2,660,405	4,842,048	2,261,332
Total business-type activities net position	\$ 42,805,454	\$ 41,986,568	\$ 43,826,601	\$ 46,608,493	\$ 47,706,390	\$ 44,801,573	\$ 44,362,835	\$ 30,039,908	\$ 31,368,398	\$ 28,462,308
Primary government										
Net Investment in Capital										
Assets	\$ 64,204,155	\$ 76,226,831	\$ 91,352,698	\$ 96,415,042	\$ 97,015,618	\$ 100,617,907	\$ 104,506,577	\$ 121,663,914	\$ 118,944,196	\$ 119,810,566
Restricted	6,888,201	7,238,450	7,690,402	10,376,916	2,589,823	967,892	93,226,330	55,085,740	78,301,557	194,699,364
Unrestricted	(2,274,856)	(11,578,248)	(10,684,993)	1,779,125	15,367,035	16,963,493	(86,054,628)	(71,616,484)	(82,234,155)	(201,536,811)
Total primary government net position	\$ 68,817,500	\$ 71,887,033	\$ 88,358,107	\$ 108,571,083	\$ 114,972,476	\$ 118,549,292	\$ 111,678,279	\$ 105,133,170	\$ 115,011,598	\$ 112,973,119

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

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

**BUNCOMBE COUNTY, NORTH CAROLINA**  
*Changes in Net Position*

**Table 2**

**LAST TEN FISCAL YEARS (accrual basis of accounting)**

EXPENSES	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Governmental activities:</b>										
General government	\$ 17,644,529	\$ 19,270,179	\$ 22,446,505	\$ 23,377,056	\$ 21,705,398	\$ 22,130,128	\$ 22,459,758	\$ 23,356,495	\$ 22,719,044	\$ 26,179,307
Public safety	52,134,950	54,066,643	58,198,788	68,034,705	69,377,438	71,520,365	74,918,302	74,658,163	81,600,718	86,261,299
Economic and physical development	12,131,158	19,334,791	14,735,580	18,585,531	26,226,700	13,804,636	15,057,537	18,902,856	18,787,809	15,255,668
Human services	72,979,844	77,967,312	81,513,029	90,053,452	83,310,485	85,121,982	82,215,499	81,943,587	80,404,926	86,307,869
Cultural and recreational	7,991,232	6,754,166	6,888,549	8,141,862	11,090,242	9,943,947	9,167,471	8,814,503	8,579,412	10,611,885
Education	61,817,647	79,316,200	91,854,360	75,896,726	73,179,775	78,379,830	95,611,470	88,310,103	84,770,250	107,527,022
Interest on long-term debt	5,971,834	7,231,178	7,811,367	7,335,758	7,245,388	7,694,610	9,896,183	10,256,518	11,873,924	13,657,936
Total governmental activities expenses	230,671,194	263,940,469	283,448,178	291,425,090	292,135,426	288,595,498	309,326,220	306,242,225	308,736,083	345,800,986
<b>Business-type activities:</b>										
Solid Waste Disposal	7,503,243	5,095,603	6,892,580	7,713,779	7,325,697	6,175,352	6,103,665	6,759,933	6,457,464	6,811,079
Parking Deck	-	-	-	887,004	927,467	1,346,567	2,029,024	770,792	-	-
Human Services Facilities	661,152	1,452,366	2,225,921	1,119,716	802,044	846,717	871,532	570,709	-	-
Mental Health	-	-	-	875,850	606,857	602,809	689,128	492,722	-	-
Inmate/Commissary/Welfare	444,596	458,792	539,509	524,398	559,422	602,509	524,703	311,120	216,770	222,997
Criminal Justice Information System	-	-	-	-	1,632,594	1,638,266	1,597,872	1,297,159	1,246,614	1,416,776
County Golf Course	1,018,611	-	-	-	-	-	-	-	-	-
After School	1,888,679	1,832,833	377,990	-	-	-	-	-	-	-
Total business-type activities expenses	11,516,281	8,839,594	10,036,000	11,120,747	11,854,081	11,212,220	11,815,924	10,202,435	7,920,848	8,450,852
Total primary governmental expenses	\$ 242,187,475	\$ 272,780,063	\$ 293,484,178	\$ 302,545,837	\$ 303,989,507	\$ 299,807,718	\$ 321,142,144	\$ 316,444,660	\$ 316,656,931	\$ 354,251,838
<b>PROGRAM REVENUES</b>										
<b>Governmental activities:</b>										
Charges for services:										
General government	\$ 9,613,785	\$ 11,035,741	\$ 10,894,196	\$ 9,935,830	\$ 3,273,340	\$ 3,418,209	\$ 3,617,461	\$ 3,495,120	\$ 4,774,384	\$ 3,542,856
Public safety	6,576,600	7,942,899	7,463,106	7,954,598	8,384,722	7,178,633	8,197,334	9,773,429	11,220,535	10,483,019
Economic and physical development	5,468,710	6,327,138	7,287,329	7,593,812	6,695,973	6,485,727	7,976,554	7,914,085	8,424,439	448,312
Human services	7,967,861	9,021,899	7,889,380	9,010,072	7,582,007	6,166,294	5,031,516	4,469,804	2,232,396	2,237,859
Cultural and recreational	1,231,519	766,838	708,053	670,295	1,226,864	979,013	873,489	663,930	590,408	517,104
Operating grants and contributions	42,876,425	49,467,438	44,184,934	47,768,083	49,093,100	52,733,279	52,196,582	45,319,734	45,447,077	48,960,176
Capital grants and contributions	14,513,290	16,433,237	16,873,111	17,577,647	17,489,205	14,962,018	17,111,186	1,783,430	7,848,558	9,367,855
Total governmental activities program revenues	88,248,190	100,995,190	95,300,109	100,510,337	93,745,211	91,923,173	95,004,122	73,419,532	80,537,797	75,557,181
<b>Business-type activities:</b>										
Charges for services:										
Solid Waste Disposal	6,152,947	6,660,231	6,707,965	7,185,473	6,598,240	6,514,503	6,910,220	6,904,275	6,855,245	6,928,813
Parking Deck	-	-	-	-	88,148	606,561	663,860	320,826	-	-
Human Services Facilities	638,173	927,145	891,501	841,291	617,530	483,191	474,937	681,105	-	-
Inmate/Commissary Welfare	366,530	431,502	421,928	388,505	468,406	476,295	412,890	506,366	351,049	323,536
Criminal Justice Information System	-	-	-	-	1,194,794	1,274,921	1,270,613	1,326,110	1,326,631	1,383,407
County Golf Course	751,349	-	-	-	-	-	-	-	-	-
After School	1,706,050	1,861,018	162,956	-	-	-	-	-	-	-
Operating grants and contributions	292,798	304,822	322,802	333,931	321,567	325,584	341,098	368,570	373,333	371,192
Capital grants and contributions	-	-	9,050	42,751	-	-	1,142,529	1,678,147	226,720	-
Total business-type activities program revenues	9,907,847	10,184,718	8,516,202	8,791,951	9,288,685	9,681,055	11,216,147	11,785,399	9,132,978	9,006,948
Total primary governmental program revenues	\$ 98,156,037	\$ 111,179,908	\$ 103,816,311	\$ 109,302,288	\$ 103,033,896	\$ 101,604,228	\$ 106,220,269	\$ 85,204,931	\$ 89,670,775	\$ 84,564,129

Continued On Next Page

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net (expense) revenue										
Governmental activities	\$ (142,423,004)	\$ (162,945,279)	\$ (188,148,069)	\$ (190,914,753)	\$ (198,390,215)	\$ (196,672,325)	\$ (214,322,098)	\$ (232,822,693)	\$ (228,198,286)	\$ (270,243,805)
Business-type activities	(1,608,434)	1,345,124	(1,519,798)	(2,328,796)	(2,565,396)	(1,531,165)	(599,777)	1,582,964	1,212,130	556,096
Total primary governmental net expense	\$ (144,031,438)	\$ (161,600,155)	\$ (189,667,867)	\$ (193,243,549)	\$ (200,955,611)	\$ (198,203,490)	\$ (214,921,875)	\$ (231,239,729)	\$ (226,986,156)	\$ (269,687,709)

#### GENERAL REVENUES AND OTHER CHANGES IN NET POSITION

##### Governmental activities:

Taxes: Property taxes	\$ 116,654,786	\$ 123,668,417	\$ 152,744,354	\$ 157,568,418	\$ 162,584,050	\$ 165,793,158	\$ 167,506,260	\$ 170,097,044	\$ 171,095,813	\$ 192,667,851
Taxes: Local Option Sales Tax	35,671,036	40,126,703	43,942,038	45,575,335	37,777,956	32,087,738	33,152,165	49,693,442	58,665,856	61,962,603
Other Taxes and Licenses	-	-	-	-	5,310,017	4,696,043	4,966,792	5,208,845	5,524,997	15,039,610
Investment earnings, unrestricted	1,964,791	4,123,375	6,252,713	5,417,960	2,513,403	664,878	598,662	567,965	144,603	300,785
Gain (Loss) on Sale of Capital Assets	-	-	-	-	-	-	-	(2,000,621)	-	(417,150)
Miscellaneous, unrestricted	950,733	1,369,340	1,245,957	1,142,629	1,445,354	1,242,530	1,665,941	1,020,902	1,237,045	956,147
Special Item: Transfer Assets for Water Agreement	-	(4,787,776)	-	-	-	-	-	-	-	-
Transfers	-	1,675,850	(2,000,000)	(3,040,115)	(2,881,638)	(1,621,145)	-	16,012,934	-	601,570
Total governmental activities	155,241,346	166,175,909	202,185,062	206,664,227	206,749,142	202,863,202	207,889,820	240,600,511	236,668,314	271,111,416

##### Business-type activities:

Investment earnings, unrestricted	307,773	703,774	1,360,115	2,079,570	781,655	171,999	161,039	106,873	57,016	38,182
Miscellaneous, unrestricted	-	-	-	-	-	-	-	-	-	-
Gain (Loss) on Sale of Capital Assets	-	-	-	-	-	-	-	170	-	-
Special Item: Transfer Assets for Water Agreement	-	(1,191,934)	-	-	-	-	-	-	-	-
Transfers	-	(1,675,850)	2,000,000	3,040,115	2,881,638	1,621,145	-	(16,012,934)	-	(601,570)
Total business-type activities	307,773	(2,164,010)	3,360,115	5,119,685	3,663,293	1,793,144	161,039	(15,905,891)	57,016	(563,388)
Total primary government	\$ 155,549,119	\$ 164,011,899	\$ 205,545,177	\$ 211,783,912	\$ 210,412,435	\$ 204,656,346	\$ 208,050,859	\$ 224,694,620	\$ 236,725,330	\$ 270,548,028

#### CHANGE IN NET POSITION

Governmental activities	\$ 12,818,342	\$ 3,230,630	\$ 14,036,993	\$ 15,749,474	\$ 8,358,927	\$ 6,190,877	\$ (6,432,278)	\$ 7,777,818	\$ 8,470,028	\$ 867,611
Business-type activities	(1,300,661)	(818,886)	1,840,317	2,790,889	1,097,897	261,979	(438,738)	(14,322,927)	1,269,146	(7,292)
Total primary government	\$ 11,517,681	\$ 2,411,744	\$ 15,877,310	\$ 18,540,363	\$ 9,456,824	\$ 6,452,856	\$ (6,871,016)	\$ (6,545,109)	\$ 9,739,174	\$ 860,319

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

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

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

# BUNCOMBE COUNTY, NORTH CAROLINA

## Fund Balances of Governmental Funds

Table 3

LAST TEN FISCAL YEARS (modified accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Reserved	\$ 15,995,465	\$ 16,626,892	\$ 19,381,124	\$ 21,418,705	\$ 17,727,539	\$ 19,549,574	\$ -	\$ -	\$ -	\$ -
Unreserved	39,239,257	45,402,398	47,834,281	46,578,265	52,275,357	50,940,052	-	-	-	-
Total General Fund	\$ 55,234,722	\$ 62,029,290	\$ 67,215,405	\$ 67,996,970	\$ 70,002,896	\$ 70,489,626	\$ -	\$ -	\$ -	\$ -
All other governmental funds										
Reserved	\$ 5,952,553	\$ 7,965,982	\$ 9,843,864	\$ 7,765,517	\$ 6,626,512	\$ 6,528,068	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	2,234,023	(8,150)	689,209	(243,876)	6,425,227	6,750,134	-	-	-	-
Capital projects funds	43,128,348	66,231,654	43,728,583	46,217,136	47,353,099	74,766,762	-	-	-	-
Total all other governmental funds	\$ 51,314,924	\$ 74,189,486	\$ 54,261,656	\$ 53,738,777	\$ 60,404,838	\$ 88,044,964	\$ -	\$ -	\$ -	\$ -
<b>Total Combined Governmental Fund Balances</b>	<b>\$ 106,549,646</b>	<b>\$ 136,218,776</b>	<b>\$ 121,477,061</b>	<b>\$ 121,735,747</b>	<b>\$ 130,407,734</b>	<b>\$ 158,534,590</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 270,471	\$ 207,455	\$ 243,865	\$ 300,407
Restricted	-	-	-	-	-	-	18,371,636	20,525,004	19,221,755	20,197,103
Committed	-	-	-	-	-	-	1,050,000	1,200,000	1,200,000	1,200,000
Assigned	-	-	-	-	-	-	7,692,536	8,147,972	7,001,237	7,584,637
Unassigned	-	-	-	-	-	-	43,437,530	40,897,807	43,466,405	41,869,339
Total General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70,822,173	\$ 70,978,238	\$ 71,133,262	\$ 71,151,486
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,717,209	\$ 6,718,509	\$ 764	\$ 1,396
Restricted	-	-	-	-	-	-	73,338,406	34,560,736	59,079,802	174,502,261
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	22,838,171	7,974,677	13,108,288	27,805,926
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 102,893,786	\$ 49,253,922	\$ 72,188,854	\$ 202,309,583
<b>Total Combined Governmental Fund Balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 173,715,959</b>	<b>\$ 120,232,160</b>	<b>\$ 143,322,116</b>	<b>\$ 273,461,069</b>

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

# BUNCOMBE COUNTY, NORTH CAROLINA

**Table 4**

## Changes in Fund Balances of Governmental Funds

### LAST TEN FISCAL YEARS (modified accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>REVENUES</b>										
Ad Valorem Taxes	\$ 116,769,925	\$ 123,668,417	\$ 152,078,684	\$ 157,250,530	\$ 161,629,983	\$ 166,260,818	\$ 167,950,517	\$ 169,368,975	\$ 171,520,939	\$ 192,949,306
Local Option Sales Taxes	35,600,392	40,156,650	43,942,038	45,575,335	37,777,956	32,087,738	33,152,165	49,693,442	58,665,856	61,962,603
Other Taxes and Licenses	10,779,994	13,714,547	14,836,023	13,514,180	10,881,071	10,692,333	11,199,515	11,998,130	13,090,813	14,331,532
Unrestricted Intergovernmental	592,389	600,307	616,097	634,260	689,376	263,502	649,642	668,378	638,811	708,078
Restricted Intergovernmental	57,229,404	66,406,034	61,630,950	63,460,263	67,106,567	68,165,026	69,745,379	47,537,053	48,245,459	58,328,031
Permits and Fees	1,817,537	2,284,153	1,808,826	1,685,014	2,729,721	2,318,479	2,637,544	2,419,599	2,630,342	3,075,411
Sales and Services	17,272,430	17,974,886	16,471,205	18,794,523	17,648,493	15,179,874	15,238,834	16,025,217	14,108,121	14,129,326
Investment Earnings	1,844,176	3,923,644	5,904,810	5,524,232	2,769,835	727,479	828,614	607,247	148,134	274,061
Miscellaneous	1,362,578	1,376,089	1,245,957	1,142,629	1,445,354	1,242,530	1,188,941	1,020,902	1,247,045	956,147
Total revenues	243,268,825	270,104,727	298,534,590	307,580,966	302,678,356	296,937,779	302,591,151	299,338,943	310,295,520	346,714,495
<b>EXPENDITURES</b>										
<b>Current:</b>										
General government	16,596,198	17,941,931	19,067,585	21,306,889	20,039,754	20,191,172	21,770,014	20,996,399	21,731,568	23,200,093
Public safety	48,413,590	50,254,619	55,977,572	64,778,242	64,511,855	65,391,557	70,523,628	71,809,649	72,494,711	76,923,039
Economic and Physical Development	12,151,298	19,278,134	14,638,280	16,737,657	13,764,192	11,503,725	13,130,547	17,524,599	17,957,236	14,823,254
Human Services	74,176,691	76,977,176	80,825,821	87,205,196	80,454,900	80,291,532	80,948,026	79,160,646	79,202,525	83,521,333
Cultural and Recreational	7,139,629	5,521,542	5,921,511	7,304,597	9,752,430	8,446,969	7,876,119	7,897,539	7,242,489	8,987,448
<b>Intergovernmental:</b>										
Education	54,207,778	56,393,255	61,556,450	66,171,518	70,618,376	69,587,924	70,634,616	74,324,014	74,828,472	74,556,185
Capital Outlay	17,546,029	38,148,616	46,124,292	27,640,050	20,918,808	36,321,329	50,538,800	57,908,742	50,774,671	69,217,389
<b>Debt service</b>										
Principal	15,426,168	24,247,761	17,539,683	17,278,409	16,842,942	17,652,009	18,350,000	20,944,000	22,299,000	20,243,994
Interest and Fees	6,304,258	6,991,875	8,285,284	7,603,639	7,620,072	8,541,195	10,175,923	10,776,086	13,426,237	15,743,470
Total expenditures	251,961,639	295,754,909	309,936,478	316,026,197	304,523,329	317,927,412	343,947,673	361,341,674	359,956,909	387,216,205
Excess of revenues over (under) expenditures	(8,692,814)	(25,650,182)	(11,401,888)	(8,445,231)	(1,844,973)	(20,989,633)	(41,356,522)	(62,002,731)	(49,661,389)	(40,501,710)
<b>OTHER FINANCING SOURCES (USES)</b>										
Project Development Bonds Issued	-	-	-	-	12,960,000	-	-	-	-	-
Discount on Bonds	-	-	-	-	(160,449)	-	-	-	-	-
Transfers From Other Funds	6,838,769	10,430,533	21,116,870	21,336,193	10,512,565	13,639,629	9,035,300	19,541,153	5,829,800	18,199,223
Transfers To Other Funds	(6,838,769)	(9,915,533)	(24,917,191)	(26,695,515)	(12,925,599)	(16,260,774)	(11,297,733)	(11,181,584)	(5,829,800)	(18,582,849)
Advance Refunding Obligations Issued	-	-	-	-	-	17,115,000	-	-	-	-
Transfer of Assets-Dissolution of Water Agreement	-	(60,542)	-	-	-	-	-	-	-	-
Installment Obligations Issued	25,333,944	-	-	-	-	26,705,000	55,720,000	-	73,380,000	180,315,001
Premium on Installment Obligations	-	-	-	-	-	998,136	1,619,652	-	11,883,464	21,379,812
Proceeds from Installment Obligations	-	-	-	13,455,000	-	-	-	-	-	-
Discount on Installment Obligations	-	-	-	(9,565)	-	-	-	-	-	-
General Obligation Debt Issued	5,878,503	51,985,000	-	-	-	30,850,000	-	-	32,500,000	-
Premium on Debt Issued	-	2,223,983	-	-	-	463,270	-	-	-	-
Refunding Bonds Issued	12,532,470	-	-	-	-	-	-	-	-	-
Payment to Refunded Bond Escrow Agent	(12,428,529)	-	-	-	-	(24,544,763)	-	-	(46,559,350)	(30,752,734)
Sale of Capital Assets	1,779,728	655,871	447,341	20,107	131,219	105,720	1,460,672	159,363	1,467,321	82,210
Total other financing sources (uses)	33,096,116	55,319,312	(3,352,980)	8,106,220	10,517,736	49,071,218	56,537,891	8,518,932	72,671,435	170,640,663
Net change in fund balances	\$ 24,403,302	\$ 29,669,130	\$ (14,754,868)	\$ (339,011)	\$ 8,672,763	\$ 28,081,585	\$ 15,181,369	\$ (53,483,799)	\$ 23,010,046	\$ 130,138,953
Debt services as a percentage of noncapital expenditures	9.27%	12.13%	9.79%	8.63%	8.63%	9.30%	9.72%	10.45%	11.55%	11.32%



# 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				
2005	\$ 11,028,890	\$ 3,449,048	\$ 642,673	\$ 50,146	\$ 1,556,247	\$ 1,364,134	\$ 545,208	\$ 488,950	\$ 18,034,880	\$0.590
2006	11,615,744	3,543,490	626,159	55,296	1,830,013	1,409,297	512,096	537,650	19,105,553	0.590
2007	16,832,000	5,274,306	1,155,382	104,262	1,776,699	1,502,617	1,082,515	618,348	26,181,099	0.530
2008	17,869,706	5,242,939	1,049,024	93,601	1,857,391	1,562,113	1,036,856	620,602	27,258,520	0.525
2009	18,814,352	5,319,589	1,054,015	94,003	1,687,764	1,635,196	1,043,461	524,793	28,086,251	0.525
2010	19,278,789	5,608,552	1,209,375	96,685	1,628,826	1,627,503	1,125,844	517,281	28,841,167	0.525
2011	19,693,086	5,598,080	1,209,847	97,799	1,576,012	1,546,946	1,148,428	513,573	29,086,915	0.525
2012	19,823,205	5,672,300	1,206,920	96,645	1,693,881	1,477,741	1,181,347	525,644	29,314,988	0.525
2013	19,980,840	5,765,143	1,202,337	100,086	1,765,488	1,528,991	1,192,171	529,268	29,679,981	0.525
2014	18,671,008	5,784,047	1,007,838	96,053	911,272	1,595,537	968,969	529,435	27,626,221	0.604

SOURCE: Buncombe County Tax Department

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

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

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

# BUNCOMBE COUNTY, NORTH CAROLINA

**Table 6**

## Property Tax Rates-Direct And All Overlapping Governments

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

	2005	2006	2007 <sup>2</sup>	2008	2009	2010	2011	2012	2013	2014 <sup>2</sup>
County Direct Rates:										
County-wide Rate <sup>1</sup>	\$ 0.590	\$ 0.590	\$ 0.530	\$ 0.525	\$ 0.525	\$ 0.525	\$ 0.525	\$ 0.525	\$ 0.525	\$ 0.604
Fire Districts	0.113	0.113	0.100	0.100	0.113	0.113	0.113	0.113	0.113	0.118
Total average direct rate	0.703	0.703	0.630	0.625	0.638	0.638	0.638	0.638	0.638	0.722
Municipality Rates:										
City of Asheville	0.530	0.530	0.424	0.420	0.420	0.420	0.420	0.420	0.420	0.460
Town of Biltmore Forest	0.360	0.360	0.295	0.295	0.300	0.300	0.320	0.320	0.330	0.385
Town of Weaverville	0.430	0.430	0.430	0.380	0.365	0.355	0.355	0.375	0.375	0.420
Town of Black Mountain	0.385	0.385	0.320	0.320	0.320	0.320	0.365	0.365	0.365	0.375
Town of Woodfin	0.285	0.285	0.265	0.265	0.265	0.265	0.265	0.265	0.265	0.305
Town of Montreat	0.370	0.370	0.370	0.370	0.370	0.370	0.370	0.370	0.370	0.410
Asheville School District	0.200	0.200	0.150	0.150	0.150	0.150	0.150	0.150	0.150	0.150

### NOTES:

(1) All taxable property is subject to the county-wide tax. Most property in unincorporated areas are also subject to fire district taxes.

(2) A revaluation of real property is required by N.C. General Statute at least every eight years.

Revaluation was completed for tax year 2006 and 2013 (fiscal year 2007 and 2014).

# BUNCOMBE COUNTY, NORTH CAROLINA

**Table 7**

## Principal Property Taxpayers

DECEMBER 31, 2013

Taxpayer	December 31, 2013			December 31, 2004		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Progress Energy Carolinas	\$ 323,318,363	1	1.17%	\$ 282,594,998	1	1.62%
Ingles Markets, Inc	253,344,730	2	0.92%	106,297,980	2	0.61%
Town Square West LLC	107,582,750	3	0.39%			
GPI Resort Holdings LLC (Grove Park)	104,565,000	4	0.38%	80,364,600	4	0.46%
Biltmore Company	99,993,052	5	0.36%	77,118,120	5	0.44%
Asheville Mall CMBS LLC	75,985,600	6	0.28%	56,830,460	8	0.32%
Borgwarner Turbo Systems	64,093,710	7	0.23%			
Southeastern Container	62,859,470	8	0.23%	58,305,945	7	0.33%
Bellsouth Telephone Co	62,351,865	9	0.23%	105,206,671	3	0.60%
Public Service Co of NC Inc	60,953,371	10	0.22%			
Arvato Digital Services (Sonopress)				69,633,130	6	0.40%
The Cliffs at Walnut Cove				47,897,800	9	0.27%
Charter Communications				40,723,840	10	0.23%
Totals	\$ 1,215,047,911		4.40%	\$ 924,973,544		5.29%
Total Overall Valuation	\$ 27,626,220,753			\$ 17,496,502,034		

SOURCE: Buncombe County Tax Department

# BUNCOMBE COUNTY, NORTH CAROLINA

## Property Tax Levies and Collections

Table 8

LAST TEN FISCAL YEARS (amounts expressed in thousands)

Fiscal Year	Total Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage		Amount	Percentage of Levy
2005	\$ 106,606	\$ 105,418	98.9%	\$ 6	\$ 105,424	98.89%
2006	112,954	111,707	98.9%	4	111,711	98.90%
2007	139,015	137,837	99.2%	5	137,842	99.16%
2008	143,256	142,008	99.1%	5	142,013	99.13%
2009	147,652	145,745	98.7%	39	145,784	98.73%
2010	151,681	149,601	98.6%	52	149,653	98.66%
2011	153,044	151,007	98.7%	41	151,048	98.70%
2012	154,046	152,262	98.8%	271	152,533	99.02%
2013	156,148	154,652	99.0%	1,107	155,759	99.75%
2014	167,069	166,098	99.4%	-	166,098	99.42%

SOURCE: Buncombe County Tax Department

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

BUNCOMBE COUNTY, NORTH CAROLINA

Table 9

Ratio of Outstanding Debt by Type

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

Fiscal Year	Governmental Activities				Business-type Activities			Total Primary Government	Percentage of Personal Income <sup>1</sup>	Per Capita <sup>1</sup>
	General Obligation	Installment	Project Development	Total	Special Obligation	Installment	Total			
	Bonds	Notes	Financing Bonds	Governmental Activities	Bonds	Notes	Business-Type Activities			
2005	\$ 103,984	\$ 64,264	\$ -	\$ 168,248	\$ 7,697	\$ 291	\$ 7,988	\$ 176,236	2.56%	\$ 804
2006	94,641	103,461	-	198,102	14,987	196	15,183	213,285	2.84%	948
2007	85,565	94,639	-	180,204	13,212	99	13,311	193,515	2.43%	843
2008	76,541	99,506	-	176,047	11,375	14,982	26,357	202,404	2.49%	869
2009	67,919	90,980	12,803	171,702	9,494	14,411	23,905	195,607	2.46%	829
2010	65,470	127,153	12,803	205,426	7,536	13,825	21,361	226,787	2.80%	949
2011	58,823	172,049	12,812	243,684	5,530	13,224	18,754	262,438	3.10%	1,077
2012	51,256	170,913	12,960	235,129	4,218	-	4,218	239,347	2.69%	975
2013	44,717	225,725	12,960	283,402	2,867	3,450	6,317	289,719	N/A	1,164
2014	38,344	395,806	-	434,150	1,462	3,156	4,618	438,768	N/A	1,741

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 159

# 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 <sup>1</sup> of Property	Per Capita <sup>2</sup>
2005	\$ 103,984	0.58%	\$ 474
2006	94,641	0.50%	421
2007	85,565	0.33%	373
2008	76,541	0.28%	329
2009	67,919	0.24%	288
2010	65,470	0.23%	274
2011	58,823	0.20%	241
2012	51,256	0.17%	209
2013	44,717	0.15%	180
2014	38,344	0.14%	152

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

<sup>1</sup>Property value data can be found on Table 5 (Assessed Value of Taxable Property) on page 150

<sup>2</sup>Population data can be found on Table 14 (Demographic and Economic Statistics) on page 159

# BUNCOMBE COUNTY, NORTH CAROLINA

**Table 11**

## *Direct and Overlapping Governmental Activities Debt*

AS OF JUNE 30, 2014

	Debt Outstanding	Percentage Applicable to County (1)	Estimated share of Direct and Overlapping debt (2)
Government Unit			
Net general obligation bonded debt			
City of Asheville	\$ 670,000	100%	\$ 670,000
Installment Debt			
City of Asheville	26,092,000	100%	26,092,000
Town of Biltmore Forest	1,760,708	100%	1,760,708
Town of Black Mountain	2,351,492	100%	2,351,492
Town of Montreat	-	100%	-
Town of Weaverville	2,270,990	100%	2,270,990
Town of Woodfin	351,327	100%	351,327
Subtotal, overlapping debt			33,496,517
County direct debt		100%	434,149,322
Total direct and overlapping debt			\$ 467,645,839

(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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit	\$ 1,442,790	\$ 1,528,444	\$ 2,094,488	\$ 2,180,682	2,246,900	\$ 2,307,293	\$ 2,326,953	\$ 2,345,199	\$ 2,374,398	\$ 2,210,098
Total net debt applicable to limit	168,109	210,082	177,555	191,030	173,379	190,738	240,305	219,141	257,377	402,098
Legal debt margin	\$ 1,274,681	\$ 1,318,362	\$ 1,916,933	\$ 1,989,652	\$ 2,073,521	\$ 2,116,555	\$ 2,086,648	\$ 2,126,058	\$ 2,117,021	\$ 1,808,000
Total net debt applicable to the limit as a percentage of debt limit	11.65%	13.74%	8.48%	8.76%	7.72%	8.27%	10.33%	9.34%	10.84%	18.19%

### Legal Debt Margin Calculation for Fiscal Year 2014

Assessed value of taxable property	<u>\$ 27,626,221</u>
Debt Limit - Eight Percent (8%) of assessed value	\$ 2,210,098
Gross Debt:	
Total Bonded Debt	38,318
Installment Purchase Agreements	<u>363,780</u>
Gross Debt	402,098
Total amount of debt applicable to debt limit (net debt)	<u>\$ 402,098</u>
Legal debt margin	<u>\$ 1,808,000</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		Operating Expenses	Net Solid		Total		Debt Service		Debt Service Coverage	
	System Revenues	Available Revenues		Waste System Revenues	Available Revenue	Principal	Interest	From Net Solid Waste		From Available Revenues	
								System Revenues	Revenues		
2005	\$ 6,445,745	\$ 15,068,125	\$ 4,807,694	\$ 1,638,051	\$ 10,260,431	\$ 830,000	\$ 450,000	1.28	times	8.02	times
2006	6,531,355	16,386,508	4,362,747	2,168,608	12,023,761	1,454,250	521,354	1.10	times	6.09	times
2007	7,030,768	15,384,448	3,394,335	3,636,433	11,990,113	1,755,000	526,175	1.59	times	5.26	times
2008	7,519,404	16,619,311	4,563,241	2,956,163	12,056,070	1,820,000	437,224	1.31	times	5.34	times
2009	6,919,807	17,146,805	4,484,430	2,435,377	12,662,375	1,865,000	417,750	1.07	times	5.55	times
2010	6,920,942	15,545,740	3,734,832	3,186,110	11,891,763	1,945,000	348,144	1.39	times	5.19	times
2011	7,342,590	17,333,713	3,629,977	3,712,613	13,795,008	1,995,000	281,931	1.63	times	6.06	times
2012	7,370,540	17,495,671	4,113,076	3,257,464	13,480,289	1,305,000	207,725	2.15	times	8.91	times
2013	7,283,413	17,728,499	4,375,263	2,907,985	13,407,906	1,400,000	107,413	1.93	times	8.89	times
2014	7,330,460	17,785,820	4,569,513	2,760,947	13,216,306	1,400,000	103,549	1.84	times	8.79	times

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

# BUNCOMBE COUNTY, NORTH CAROLINA

## Demographic and Economic Statistics

Table 14

### LAST TEN FISCAL YEARS

Fiscal Year	Population	Personal Income (amounts expressed in thousands)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2005	219,247	\$ 6,895,776	\$ 31,452	40.0	28,766	4.6%
2006	225,065	7,522,066	33,422	39.6	29,211	4.0%
2007	229,526	7,971,685	34,731	39.8	28,900	4.0%
2008	232,814	8,136,349	34,948	41.0	28,894	4.9%
2009	235,879	7,955,053	33,725	40.6	29,346	9.0%
2010	238,884	8,100,049	33,908	40.7	28,979	8.3%
2011	243,673	8,459,317	34,716	40.7	29,113	8.2%
2012	245,381	8,884,892	36,209	41.1	29,238	7.9%
2013	248,929	N/A	N/A	40.7	29,451	7.1%
2014	251,995	N/A	N/A	N/A	30,535	6.3%

NOTE: Population estimates come from the North Carolina Office of State Budget and Management.

Personal income information is a total for the year. Unemployment rate information is as of the month ending June. School enrollment is based on the census at the start of the school year.

# BUNCOMBE COUNTY, NORTH CAROLINA

**Table 15**

## *Principal Employers*

### CURRENT YEAR AND NINE YEARS AGO

#### MANUFACTURING

Employer	2014			2005		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Eaton Corporation - Electrical Division	750	1	0.58%	500	4	0.43%
Arvato Digital Services	650	2	0.50%	725	1	0.62%
Borgwarner Turbo & Emissions Systems	600	3	0.47%	421	6	0.36%
Thermo Fisher Scientific, Inc.	550	4	0.43%			
Kearfott Guidance & Navigation Corp.	420	5	0.33%	339	10	0.29%
Flint Group (Day International, Inc.)	325	6	0.25%			
GE Aviation	325	7	0.25%			
Nypro Asheville	310	8	0.24%			
Milkco, Inc.	300	9	0.23%			
Biltmore Estate Winery	235	10	0.18%			
Charles D Owen Mfg. Co., Inc.				580	2	0.50%
Protocol Marketing Group				400	7	0.34%
Tyco Electronics Corp.				392	8	0.34%
Haynes Corporation				480	5	0.41%
Kendro Laboratory Products, Inc				550	3	0.47%
The Sample Group, Inc.				360	9	0.31%
Total	4,465		3.46%	4,747		4.06%

*Continued on Next Page*

# NON-MANUFACTURING

Employer	2014			2005		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Mission Health System and Hospital	6,994	1	5.42%	5,125	1	4.38%
Buncombe County Public Schools	4,000	2	3.10%	3,650	2	3.12%
The Biltmore Company	1,770	3	1.37%	1,057	7	0.90%
VA Medical Center - Asheville	1,593	4	1.24%	1,068	6	0.91%
Buncombe County Government	1,369	5	1.06%	1,959	4	1.67%
Ingles Markets, Inc.	1,137	6	0.88%	2,225	3	1.90%
The Grove Park Inn Resort & Spa	1,100	7	0.85%	1,000	8	0.85%
Asheville-Buncombe Technical Community College	1,019	8	0.79%			
City of Asheville	1,000	9	0.78%	1,245	5	1.06%
CarePartners	950	10	0.74%	1,000	9	0.85%
Asheville City Schools				722	10	0.62%
Total	20,932		16.23%	19,051		16.28%

\* Labor Force Estimate for 2014 per NCESC: 128,950  
 Labor Force Estimate for 2005 per NCESC: 117,000

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 2005 are not in business in 2014 and many companies that are top employers in 2014 were not here in 2005.

# BUNCOMBE COUNTY, NORTH CAROLINA

**Table 16**

## Summary of Permanent Positions by Service Area

### NINE FISCAL YEARS

General Fund Function	Number of Permanent Positions by Function								
	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government	185	182	179	172	173	174	156	161	165
Public Safety	504	514	555	565	557	555	543	550	580
Human Services	702	699	688	687	625	569	552	555	565
Economic & Physical Development	23	23	28	29	28	28	25	23	23
Culture and Recreation	103	81	80	84	132	108	84	81	81
Total	1,517	1,499	1,530	1,537	1,515	1,434	1,360	1,370	1,414

	Number of Permanent Positions by Fund								
	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund	1,517	1,499	1,530	1,537	1,515	1,434	1,360	1,370	1,414
Special Revenue Funds	26	34	32	31	27	26	-	-	-
Enterprise Funds	79	59	36	46	48	41	32	31	31
Internal Service Fund	3	3	3	3	1	1	2	5	5
Total	1,625	1,595	1,601	1,617	1,591	1,502	1,394	1,406	1,450

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>GENERAL GOVERNMENT</b>										
Number of Employment Applications Processed	5,750*	5,755*	6,031*	6,521*	5,496	6,646	5,826	7,046	6,259	6,980
Percentage of Registered Voters Participating in General Election	23.6%	49.2%	22.1%	71.0%	19.6%	45.7%	19.0%	69.0%	19.0%	N/A
<b>PUBLIC SAFETY</b>										
Number of Inmates Processed	14,260*	13,758*	16,797*	16,658	15,975	14,713	14,821	15,074	14,492	13,870
Number of Building Permits Issued	2,834*	2,819*	2,499*	1,791*	1,443*	1,361*	1,286*	1,482*	1,757	2,057
Number of Emergency Calls Dispatched	70,346*	62,289*	55,434*	50,110*	64,395	64,867	60,931	62,884	65,127	66,223
<b>HUMAN SERVICES</b>										
Number of Food & Lodging Sites Inspected	3,528*	3,871*	4,427*	6,301*	4,366	4,209	4,287	4,239	3,640	3,718
Percentage of Children Reunified with Family after Foster Care	34%	33%	18%	31%	36%	26%	21%	21%	28%	20%
<b>ECONOMIC AND PHYSICAL DEVELOPMENT</b>										
Number of Subdivision Plan Reviews	559	657	712	896	593	454	598	483	494	518
<b>CULTURE AND RECREATION</b>										
Library Book Circulation	1,511,189	1,471,860	1,496,169	1,566,680	1,666,464	1,689,996	1,691,227	1,654,975	1,592,279	1,608,748
Number of Visitors to Swimming Pools	64,116	N/A	78,000	84,066	73,751	66,470	81,210	73,877	59,194	56,063
<b>EDUCATION</b>										
Dollars Spent Per Pupil**	\$ 1,648	\$ 1,708	\$ 1,898	\$ 2,007	\$ 2,139	\$ 2,150	\$ 2,148	\$ 2,266	\$ 2,267	\$ 2,243
<b>ENTERPRISE FUND - LANDFILL</b>										
Tons of Waste Received	173,774	122,034	184,742	206,744	164,424	130,683	116,831	131,666	128,408	133,795
Tons of Waste Recycled	29,755	32,544	38,566	41,608	44,750	37,583	19,776	18,687	13,716	14,317

SOURCE: Various Buncombe County Government Departments.

\* Calendar year data

\*\*General fund dollars spent per pupil

# BUNCOMBE COUNTY, NORTH CAROLINA

**Table 18**

## *Capital Asset Statistics by Function*

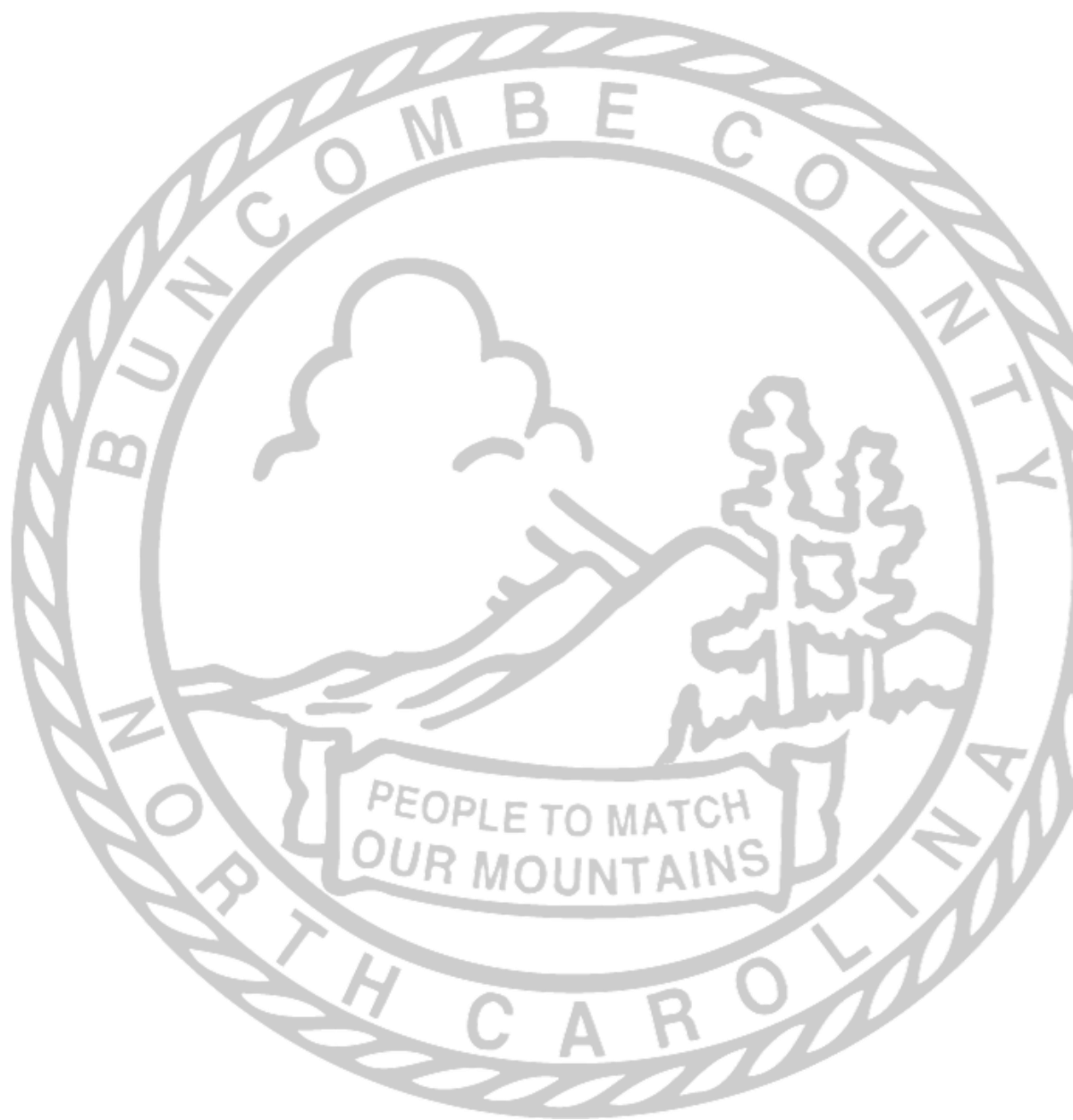
### LAST TEN FISCAL YEARS

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>PUBLIC SAFETY</b>										
Sheriff's Office										
Stations	2	2	2	2	2	2	2	2	2	2
Patrol Vehicles	50	66	71	83	77	70	71	77	77	80
<b>CULTURE AND RECREATION</b>										
Parks acreage	1,058	235	235	239	556	654	654	674	677	646
Parks	31	23	10	16	16	16	16	18	14	14
Swimming pools	7	6	6	6	6	6	6	6	6	6
Ball fields and courts	75	3	16	23	24	34	34	37	30	30
Libraries	12	12	12	12	12	12	12	12	12	13
Golf courses	1	-	-	-	-	-	-	-	-	-

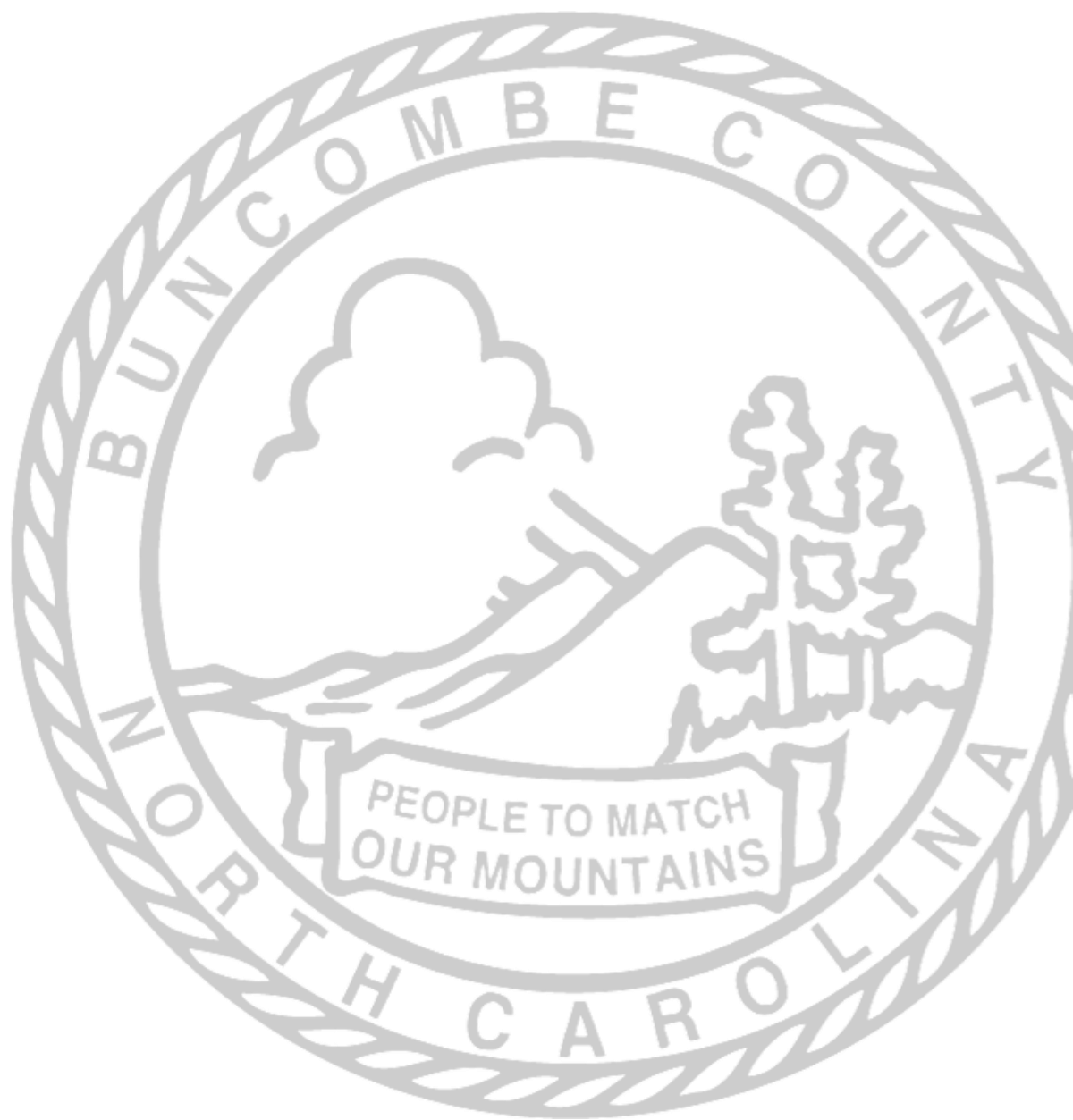
SOURCE: Various County Departments

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

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







# Compliance Section



**BUNCOMBE  
COUNTY**  
GOVERNMENT  
— NORTH CAROLINA —

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

**Independent Auditors' Report**

To the Board of County Commissioners  
Buncombe County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Buncombe County, North Carolina, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprises Buncombe County's basic financial statements, and have issued our report thereon dated November 24, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

*Donald Killian CPA Group, P.A.*

Asheville, North Carolina  
November 24, 2014



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

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

**Independent Auditors' Report**

To the Board of Commissioners  
Buncombe County, North Carolina

**Report on Compliance for Each Major Federal Program**

We have audited Buncombe County, North Carolina, compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Buncombe County's major federal programs for the year ended June 30, 2014. Buncombe County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Buncombe County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Buncombe County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

**Opinion on Each Major Federal Program**

In our opinion, Buncombe County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

### **Report on Internal Control Over Compliance**

Management of Buncombe County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Buncombe County's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*David Killian CPA Group, P.A.*

Asheville, North Carolina  
November 24, 2014



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

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

**Independent Auditors' Report**

To the Board of Commissioners  
Buncombe County, North Carolina

**Report on Compliance for Each Major State Program**

We have audited Buncombe County, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Buncombe County's major state programs for the year ended June 30, 2014. Buncombe County's major State programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Buncombe County's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as described in the *Audit Manual for Government Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Buncombe County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

**Opinion on Each Major State Program**

In our opinion, Buncombe County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2014.

### **Report on Internal Control Over Compliance**

Management of Buncombe County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Buncombe County's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Donald Killian CPA Group, P.A.*

Asheville, North Carolina  
November 24, 2014



**BUNCOMBE COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the year ended June 30, 2014

**I. Summary of Auditors' 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 weakness? \_\_\_\_\_yes   X  none reported

Noncompliance material to financial statements noted \_\_\_\_\_yes   X  no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? \_\_\_\_\_yes   X  no
- Significant deficiency(s) identified that are not considered to be material weaknesses? \_\_\_\_\_yes   X  none reported

Type of auditor's report issued on compliance for major federal programs: 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, 2014 are:

<u>Program Name or Cluster</u>	<u>CFDA #</u>
Non-urbanized Area Formula Program	20.509
Aging Cluster	93.044, 93.045, 93.053
Child Welfare Services – State Grants	93.645
CCDF Cluster	93.575, 93.596
State Children's Insurance Program	93.767
Medicaid Cluster	93.778

Federal programs that did not meet the criteria for a major program using the criteria discussed in OMB Circular No. A-133 Section .520 but were tested as a major program because the State awards met the threshold for a major State program are included in the list of major federal programs (Non-urbanized Area Formula Program, Aging Cluster, and Child Welfare Services – State Grants).

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

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



**BUNCOMBE COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the year ended June 30, 2014

**II. Financial Statement Findings**

None reported.

**III. Federal Award Findings and Questioned Costs**

None reported.

**IV. State Award Findings and Questioned Costs**

None reported.

**BUNCOMBE COUNTY, NORTH CAROLINA**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
For the year ended June 30, 2014

There were no audit findings reported in the prior year.

**BUNCOMBE COUNTY GOVERNMENT**

***SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS***

**For the Year ended June 30, 2014**

<b>Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number</b>	<b>Fed.(Direct &amp; Pass-through) Expenditures</b>	<b>State Expenditures</b>	<b>Local Expenditures</b>
<b>Federal Awards:</b>					
<b><u>U. S. Dept. of Agriculture</u></b>					
<b><u>Food and Nutrition Service</u></b>					
Passed-through N. C. Department of Health and Human Services:					
Division of Public Health					
Administration:					
Special Supplemental Food Program for Women,					
Infants, and Children	10.557		\$ 917,214	\$ -	\$ 526,180
Breastfeeding Contract	10.557		150,233	-	61,113
Direct Benefit Payments:					
Special Supplemental Food Program for Women,					
Infants, and Children	10.557		3,567,493	-	-
Administration:					
Child and Adult Care Food Program	10.558		14,284	-	-
Summer Food Service Program for Children	10.559		3,689	-	-
Passed through the Office of State Budget and Management:					
Schools and Roads - Grants to States and Counties	10.665		31,649	-	-
<b>Total U.S. Department of Agriculture</b>			<b>4,684,562</b>	<b>-</b>	<b>587,293</b>
<b><u>U.S. Department of Housing &amp; Urban Development</u></b>					
Passed-through N. C. Department of Commerce:					
Community Development Block Grant	14.228		4,234	-	-
Passed-through the City of Asheville:					
HOME Investment Partnership Programs	14.239		64,600	-	-
<b>Total U.S. Department of Housing &amp; Urban Development</b>			<b>68,834</b>	<b>-</b>	<b>-</b>
<b><u>U.S. Department of Justice</u></b>					
Passed-Through N.C. Department of Public Safety:					
Juvenile Accountability Incentive Block Grant	16.523		114,002	-	-
Byrne Justice Assistance Grants - Changing Together Grant	16.738		75,391	-	-
Byrne Justice Assistance Grants - Prescription Drug Abuse Education Initiative	16.738		750	-	-
<b>Total U.S. Department of Justice</b>			<b>190,143</b>	<b>-</b>	<b>-</b>
<b><u>U.S. Dept. of Transportation</u></b>					
<b><u>Federal Transit Administration</u></b>					
Passed-through N.C. Department of Transportation:					
Public Transportation for Nonurbanized Areas:					
Administration	20.509		197,839	164,581	63,961
Capital	20.509		319,776	300,479	68,921
Governor's Highway Safety Program:					
Alcohol Impaired Driving Countermeasures	20.601		37,897	-	-
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513		43,755	5,226	7,071
<b>Total U.S. Department of Transportation</b>			<b>599,267</b>	<b>470,286</b>	<b>139,953</b>
<b><u>U.S. Department of Education</u></b>					
Passed-through N. C. Department of Cultural Resources:					
LSTA Strengthening Public & Academic Library Collections Grant	45.310		20,000	-	-
<b>Total U.S. Department of Education</b>			<b>20,000</b>	<b>-</b>	<b>-</b>
<b><u>Environmental Protection Agency</u></b>					
Air Pollution Control Program Support	66.001		184,430	-	-
Ambient Air Monitoring Network	66.034		60,000	-	-
<b>Total Environmental Protection Agency</b>			<b>244,430</b>	<b>-</b>	<b>-</b>
<b><u>U.S. Department of Homeland Security</u></b>					
Passed-through N.C. Department of Public Safety:					
Emergency Management Performance Grants	97.042		76,321	-	-
Homeland Security Grant Program - Urban Search and Rescue	97.067		51,130	-	-
Homeland Security Grant Program - Domestic Preparedness	97.067		469,717	-	-
<b>Total U.S. Department of Homeland Security</b>			<b>597,168</b>	<b>-</b>	<b>-</b>

Continued on next page

BUNCOMBE COUNTY GOVERNMENT

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

For the Year ended June 30, 2014

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Fed.(Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
<b><u>U. S. Department of Health and Human Services</u></b>					
<b><u>Administration for Children and Families</u></b>					
Passed-through N.C. Department of Health and Human Services:					
Division of Aging and Adult Services:					
SSBG - In-Home Services	93.667		33,083	-	4,726
SSBG - Adult Day Care	93.667		43,541	70,477	16,288
Total Division of Aging			76,624	70,477	21,014
Division of Social Services:					
Family Preservation Services Program	93.556		38,249	-	-
Work First/Temporary Assistance for Needy Families (TANF)	93.558		2,630,453	-	2,923,795
Work First/TANF- Direct Benefit Payments	93.558		879,560	11,231	362
Direct Benefit Payments - AFDC	93.560		(2,134)	2,527	(585)
N.C. Child Support Enforcement Section	93.563		1,369,418	-	705,458
Refugee Assistance - Administration	93.566		578	-	-
Refugee and Entrant Assistance - Cash & Medical Payments	93.566		4,887	-	-
Crisis Intervention Program	93.568		922,024	-	-
Energy Assistance Payments - Direct Benefit Payments	93.568		673,700	-	-
Low Income Home Energy Assistance Block Grant - Administration	93.568		182,100	-	-
Child Welfare Services - State Grants					
- Permanency Planning Grant - Families for Kids	93.645		167,590		55,863
Child Welfare Services - State Grants					
- Adoption Subsidy - Direct Benefit Payments	XXXX		-	1,129,214	293,359
SSBG - Other Services	93.667		809,438	71,703	210,955
Independent Living Grant - LINKS	93.674		111,643	10,976	-
State/County Special Assistance-Administration	93.778		(8,406)	-	1,796,712
Total Division of Social Services			7,779,100	1,225,651	5,985,919
<b><u>Foster Care and Adoption Cluster<sup>3</sup>:</u></b>					
Division of Social Services:					
Title IV-E Foster Care- Administration	93.658		1,405,149	-	1,380,720
Foster Care- Direct Benefits Payments	93.658		1,026,336	322,324	349,086
Foster Care - Adoption	93.658		209,617	-	154
Foster Care IV-E-CPS	93.658		760,742	339,796	532,523
Adoption Assistance	93.659		47,811	-	47,811
Adoption Assistance-Direct Benefit Payments	93.659		1,656,379	432,721	432,719
Total Foster Care and Adoption <sup>3</sup>			5,106,034	1,094,841	2,743,013
Division of Child Development:					
<b><u>Subsidized Child Care<sup>3</sup></u></b>					
<b><u>Child Care Development Cluster:</u></b>					
Division of Social Services:					
Childcare Development Fund - Administration	93.596	XXXX	313,026	-	-
Division of Child Development:					
Child Care and Development Fund - Discretionary	93.575		2,562,157	-	-
Child Care and Development Fund - Mandatory	93.596		1,469,066	-	-
Child Care and Development Fund - Match	93.596		1,565,352	658,963	-
Total Child Care Fund Cluster			5,909,601	658,963	-
Temporary Assistance for Needy Families	93.558		1,238,819	-	-
Foster Care Title IV-E	93.658		67,660	35,392	-
Smart Start		XXXX	-	183	-
State Appropriations		XXXX	-	877,911	-
TANF - MOE		XXXX	-	502,262	-
Total Subsidized Child Care Cluster <sup>3</sup>			7,216,080	2,074,711	-
<b>Total Administration for Children and Families</b>			<b>20,177,838</b>	<b>4,465,680</b>	<b>8,749,946</b>
<b><u>Centers for Medicare and Medicaid Services</u></b>					
Passed-through N. C. Department of Health and Human Services:					
Division of Medical Assistance:					
Medical Assistance Program - Administration	93.778		7,120,628	94,272	5,281,683
Medical Assistance Program - Direct Benefit Payments	93.778		185,187,066	102,128,332	-
State Children's Insurance Program - N.C. Health Choice	93.767		173,066	10,497	83,649
State Children's Insurance Program - N.C. Health Choice Direct Benefit Payments	93.767		4,998,212	1,576,487	-
<b><u>Centers for Disease Control</u></b>					
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		64,494	-	146,354
Immunization Program/Aid to County Funding	93.268		47,612	-	287,509

Continued on next page

BUNCOMBE COUNTY GOVERNMENT

***SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS***

For the Year ended June 30, 2014

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 Community Health:					
Tobacco Prevention	93.283		59,567	-	12,796
Preventive Health and Health Services Block Grant	93.991		10,783	6,285	920
Administration - Preventive Health	XXXX		-	213,346	1,088,380
Women's Preventive Health - TANF	93.558		16,775	-	16,889
Public Health Preparedness and Response	93.069		74,826	-	10,201
CDC Wisewoman Project	93.283		15,980	-	-
CDC Wisewoman Project	93.094		124,785	-	-
CDC Community Transformation Grants	93.531		479,372	-	-
Cooperative Agreements for State-Based Comprehensive					
Breast and Cervical Cancer Early Detection Programs	93.919		222,933	228,038	-
Breast and Cervical Cancer Screening Opportunities	93.774		8,794	-	-
<b><u>Health Resources and Services Administration</u></b>					
Passed-through N. C. Department of Health and Human Services:					
Division of Public Health:					
ACA - Nurse Family Partnership	93.505		116,237	-	86,327
Child Care Coordination	93.994		43,481	32,615	-
Child Health	93.994		385,002	147,755	2,213,118
Maternal and Child Health Services Block Grant	93.994		87,514	69,937	146,310
School Nursing Funding Initiative	93.994		-	150,000	111,115
Nurse Family Partnership Initiative	93.994		88,536	66,409	115,075
<b><u>Office of the Population Affairs</u></b>					
Passed-through N. C. Department of Health and Human Services:					
Division of Public Health:					
Family Planning Services Title X	93.217		53,675	-	54,040
<b><u>Administration on Aging</u></b>					
<b><u>Division of Aging and Adult Services</u></b>					
Passed-through Land of the Sky Regional Council:					
Social Services Block Grant-Respite	93.667	NC-02	132,370	3,782	-
Aging Cluster:					
Special Program for the Aging Title IIIB - Support Services					
Grants for Supportive Services and Senior Centers	93.044	NC-02	477,858	598,644	-
Special Program for the Aging Title IIIC -Nutrition Services					
Title III C1 - Congregate Nutrition	93.045	NC-02	79,265	4,663	-
Title III C2 - Home-Delivered Meals	93.045	NC-02	81,392	49,647	-
Nutrition Services Incentive Program	93.053	NC-02	38,085	-	-
Total Aging Cluster			676,600	652,954	-
<b>Total U. S. Department of Health and Human Services</b>			220,366,146	109,846,389	18,404,312
<b>Total Federal Awards</b>			226,770,550	110,316,675	19,131,558
<b>State Awards:</b>					
<b><u>N.C. Department of Administration</u></b>					
Veterans Service			-	1,452	-
<b>Total N. C. Department of Administration</b>			-	1,452	-
<b><u>N.C. Department of Agriculture</u></b>					
Technical Assistance-Soil/Water			-	39,875	-
<b>Total N. C. Department of Agriculture</b>			-	39,875	-
<b><u>N.C. Department of Commerce</u></b>					
One NC Fund - Industrial Recruitment			-	43,750	-
<b>Total N. C. Department of Commerce</b>			-	43,750	-
<b><u>N.C. Department of Cultural Resources</u></b>					
Division of State Library:					
State Aid to Public Libraries			-	217,439	-
<b>Total N. C. Department of Cultural Resources</b>			-	217,439	-
<b><u>N.C. Department of Environment &amp; Natural Resources</u></b>					
NC Electronics Management Fund			-	16,215	-
NC Gas Tax Allocation			-	144,471	-
<b>Total N. C. Department of Environment and Natural Resources</b>			-	160,686	-

Continued on next page

**BUNCOMBE COUNTY GOVERNMENT**

***SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS***

**For the Year ended June 30, 2014**

<b>Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number</b>	<b>Fed.(Direct &amp; Pass-through) Expenditures</b>	<b>State Expenditures</b>	<b>Local Expenditures</b>
<b><u>N.C. Dept. of Health and Human Services</u></b>					
Division of Child Development:					
Passed-through Buncombe County Smart Start Center Incentives			-	3,960	-
Total Division of Child Development			-	3,960	-
Division of Public Health:					
Communicable Disease Control		9945100011	-	7,807	860,808
Environmental Health			-	4,000	668,377
Food and Lodging Fees			-	57,176	956,603
Mosquito - Public Health Pesticide			-	1,335	938
Minority Health - Closing the Gap			-	204,956	-
Innovative Approaches: Improving Systems of Care			77,139	57,861	2,803
Women's Health Service Fund			-	9,712	9,778
Maternal Care			-	18,007	-
Tuberculosis			-	32,935	207,868
Total Division of Public Health			77,139	393,789	2,707,175
Division of Social Services:					
Non-Allocating County Costs			-	-	1,423,211
State/County Special Assistance for Adults - Direct Benefit Payments			-	1,677,082	1,677,082
State Foster Care Benefits Program			-	356,021	353,886
Energy Assistance - Private Grants			-	87,200	-
Other County Funded Programs			-	-	6,756,958
Total Division of Social Services			-	2,120,303	10,211,137
<b>Total N.C. Department of Health and Human Services</b>			77,139	2,518,052	12,918,312
<b><u>N.C. Department of Public Safety</u></b>					
Governor's Crime Commission Division					
Grants to Prevent Gang Violence			-	12,456	-
Division of Juvenile Justice Delinquency Prevention:					
Juvenile Crime Prevention Council Programs			-	511,922	-
Level II Dispositional Alternatives				110,596	-
<b>Total N.C. Department of Crime Control and Public Safety</b>			-	634,974	-
<b><u>N.C. Department of Public Instruction</u></b>					
Public School Building Capital Fund - Lottery Proceeds:			-	7,982,860	-
<b>Total N.C. Department of Public Instruction</b>			-	7,982,860	-
<b><u>N.C. Department of Transportation</u></b>					
Rural Operating Assistance Program (ROAP)					
ROAP Elderly and Disabled Transportation Assistance Program		DOT-16CL	-	141,304	-
ROAP Rural General Public Transportation		DOT-16CL	-	161,967	17,996
ROAP Work First Transitional-Employment Transportation Assistance Program		DOT-16CL	-	45,610	-
Total Rural Operating Assistance Program (ROAP)			-	348,881	17,996
<b>Total N.C. Department of Transportation</b>			-	348,881	17,996
<b>Total State Awards</b>			77,139	11,947,969	12,936,308
<b>Total Federal and State Awards</b>			\$ 226,847,689	\$ 122,264,644	\$ 32,067,866

Continued on next page



**BUNCOMBE COUNTY GOVERNMENT**

***SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS***

**For the Year ended June 30, 2014**

<b>Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number</b>	<b>Fed.(Direct &amp; Pass-through) Expenditures</b>	<b>State Expenditures</b>	<b>Local Expenditures</b>
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Notes to the Schedule of Expenditures of Federal and State Awards:

1. Basis of Presentation

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

2. Subrecipients

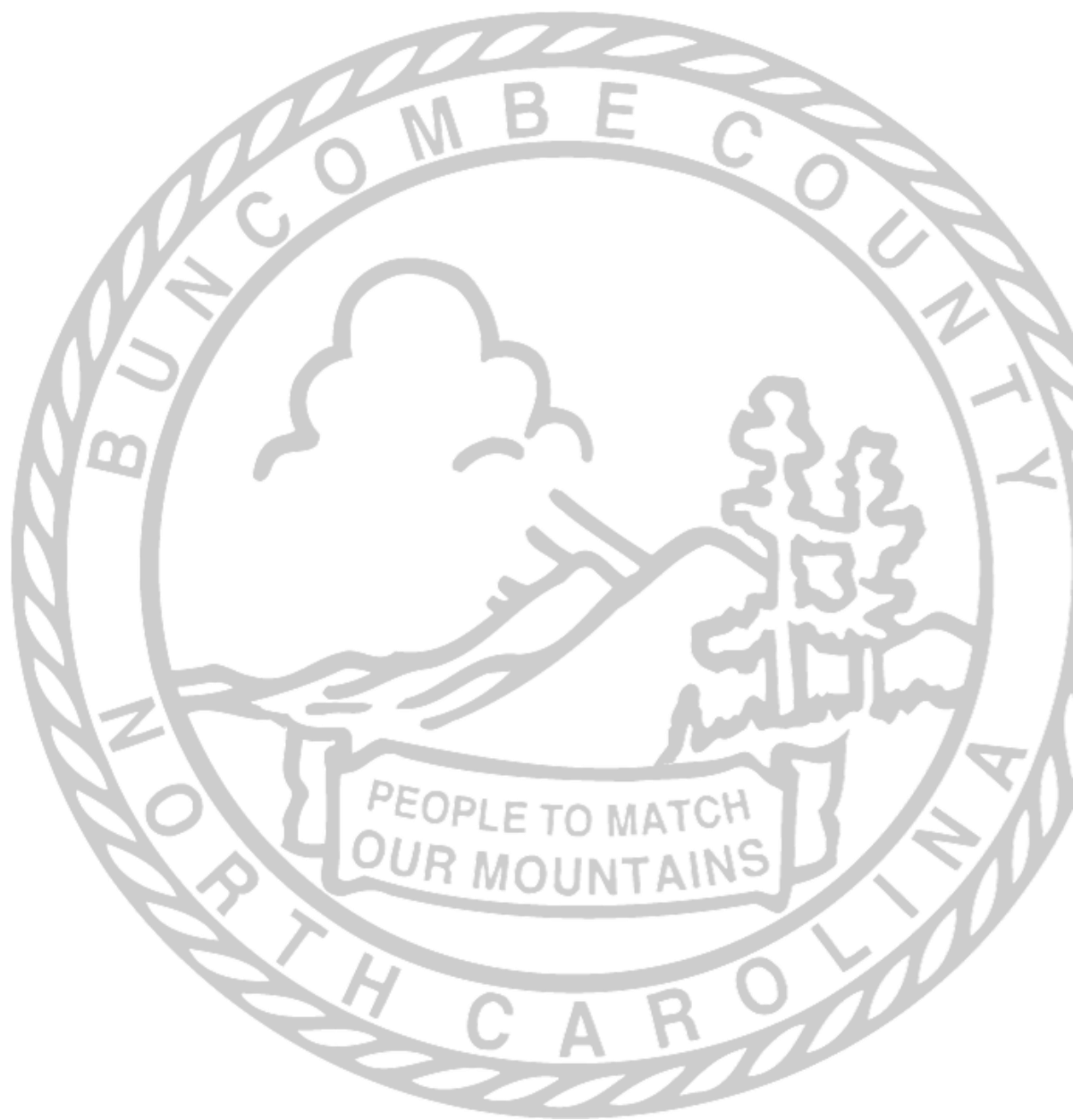
Of the federal and state expenditures presented in the schedule, Buncombe County provided federal and state awards to subrecipients as follows:

<b>Subrecipient</b>	<b>Program Name</b>	<b>Federal CFDA Number</b>	<b>State Grant Number/Name</b>	<b>Federal</b>	<b>State</b>
Professional Parenting/App State Univ	Home Based Services for Juv Sex Offenders		Juv. Crime Prev	-	101,103
Caring for Children	Trinity Place		Juv. Crime Prev	-	85,500
Buncombe Alternatives, Inc.	Earn and Learn Program		Juv. Crime Prev	-	211,205
The Mediation Center	Youth & Victim Offender Mediation		Juv. Crime Prev	-	20,900
Buncombe Alternatives, Inc.	Teen Court		Juv. Crime Prev	-	17,221
Partners Unlimited, Inc.	Academic Enhancement		Juv. Crime Prev		36,540
First	First - Blue Ridge Treks		Juv. Crime Prev		35,953
ABCCM	TANF - Emergency Assistance	93.558		27,828	-
ABCCM	TANF - Crisis Intervention	93.568		321,796	-
ABCCM	Helping Each Member Cope	-		-	2,933
ABCCM	Project Share	-			25,369
				<b>\$ 349,624</b>	<b>\$ 536,724</b>

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

Subsidized Child Care and Foster Care and Adoption.

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





**BUNCOMBE COUNTY**  
DEPARTMENT OF FINANCE

**828.250.4130**

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