

Comprehensive Annual  
*Financial Report*

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# Heritage

*In The Mountains*

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Buncombe County North Carolina  
*For the Fiscal Year Ending June 30th, 2007*



# Comprehensive Annual Financial Report

For the Year Ending June 30, 2007

Prepared by the Finance Department

BUNCOMBE COUNTY, NORTH CAROLINA

# Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED  
JUNE 30, 2007

**BOARD OF COMMISSIONERS**

Nathan Ramsey, Chairman

Carol Peterson, Vice-Chairman

Bill Stanley

David Young

David Gantt

**COUNTY MANAGER**

Wanda S. Greene, PhD, CPA

**DIRECTOR OF FINANCE**

Donna B. Clark

# Annual Financial Report

*For the Fiscal Year ended June 30, 2007*

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### Credits

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# Buncombe County, North Carolina

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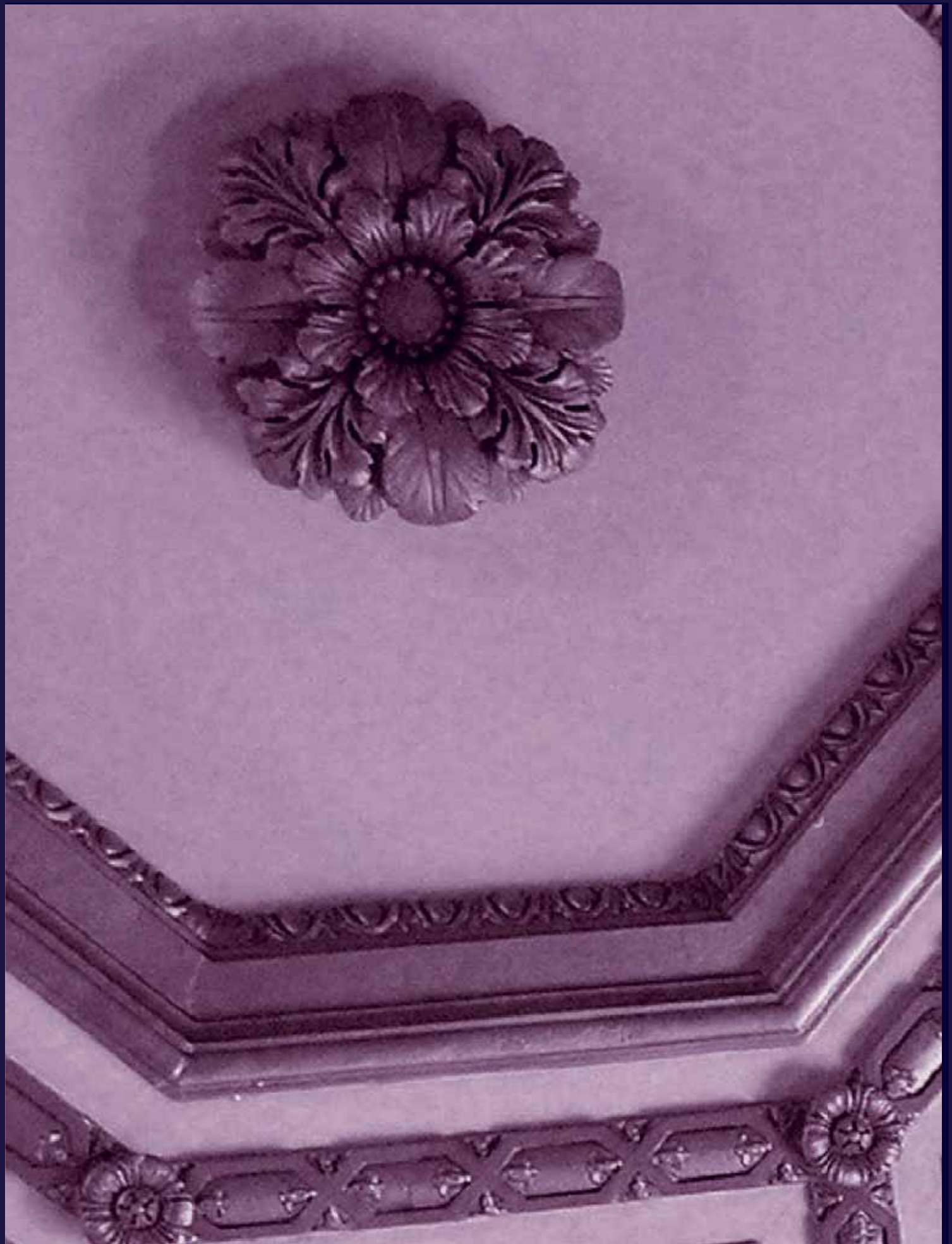




Courthouse construction

# Introductory Section

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# 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, 2006

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



A handwritten signature in black ink, appearing to read "Ronald J. Klein".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

# Letter of Transmittal

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*November 28, 2007*

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, 2007. Laws of the State of North Carolina, along with policies and procedures of the North Carolina Local Government Commission, require that all local governments in the state publish a complete set of financial statements annually.

Management of Buncombe County assumes responsibility for the completeness and reliability of all the information presented in this report based upon a comprehensive framework of internal control that it has established for this purpose. This report consists of management's representations concerning the financial position and results of operations for the fiscal year ended June 30, 2007.

Gould Killian CPA Group, P.A., Certified Public Accountants, have audited the financial statements in accordance with generally accepted auditing standards. The cost of internal control should not exceed anticipated benefits; therefore, the auditor's review is to provide reasonable rather than absolute assurance that the financial statements are free from material misstatements. The independent auditors concluded the financial statements are presented in conformity with generally accepted accounting principles and there was a reasonable basis for issuing an unqualified opinion on the Buncombe County financial statements for the year ended June 30, 2007. 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 need of federal grantor agencies. Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the County's internal controls and compliance with legal requirements, with emphasis on administration of federal grants.

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



## Profile of Buncombe County, North Carolina

Buncombe County was established in 1791 and is located in the southwestern portion of North Carolina. It has a total land and water area of 660 square miles and an estimated population of 222,174 at June 30, 2006. There are six municipalities within the County, the largest being the City of Asheville (population of 69,045 or approximately 31.1 percent of the County), which lies at the geographic center of the County and serves as the County seat. The County of Buncombe 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. Seventy-five percent of the United States population is within a day's drive of Buncombe County.

The County operates under a commissioner/manager form of government with one commissioner elected by the voters to serve as Chair of the Board. A five-member Board of County Commissioners governs Buncombe County. The Board of Commissioners is chosen every four years in partisan elections during presidential election years. Commissioners hold policy-making and legislative authority. They are also responsible for adopting the budget and appointing the County Manager, Finance Director, County Attorney, and Clerk to the Board. The County Manager is the chief administrative officer and prepares and recommends the annual budget in addition to being responsible for implementing policies, managing daily operations, and appointing department heads.

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

The annual budget serves as the base for the County's financial planning and control. Budgets are developed on a departmental basis by expenditure function within a fund. The budgets display all of the County's financial operations including funding for various agencies outside the County's organizational structure. The Board of Commissioners adopted a Strategic Plan for Buncombe County, and in order to implement the Strategic Plan, each County department and intergovernmental agency receiving County funds was asked to address the strategies in its requested budget documents. The County Manager submits the annual balanced budget to the Board of Commissioners before June each year. A public hearing on the budget is held in the

middle of June with an expected budget adoption by June 30. In accordance with North Carolina statutes, the governing board shall adopt a budget not earlier than ten days after the budget is presented to the Board and no later than July 1.

## Economic Condition of Buncombe County, North Carolina

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

### The Local Economy

Buncombe County is part of the Asheville metropolitan area including Buncombe, Haywood, Henderson, and Madison counties. The area has a regional labor draw of nine Counties in Western North Carolina and through the second quarter of 2007, the area had undergone 40 straight months of record-setting job levels. During this same period, 2,100 net new jobs were added and employment grew at a rate of 1.2 percent. The average unemployment rate held at 3.7 percent over the fiscal year, well below the rate for both the state and nation. The Asheville metro area has developed a distinctive and balanced economy. As discussed below, historically there are four major economic drivers which are centered around the area's quality of life amenities. In the past, it has been proven that the action of each driver supports the other drivers. This was evident in the recent growth of the health services industry to overcome the transition from manufacturing. Beyond the four major economic drivers, a new growth industry has emerged over the last fiscal year that of professional and business services.

### Health Services Industry

Health services are one of the area's major job creators employing nearly 27,000 workers. Now the largest industry sector in the Asheville metro, the gain in well-paying health care jobs helped offset the losses in traditional manufacturing jobs. The sector added 700 new jobs over the last year and has added employment in every month for more than fifteen years.

### Manufacturing Industries

The local manufacturing employment level, which had experienced a decade of decline, has stabilized and restructured itself around an advanced group of machinery, plastics and electronics manufacturers. At the end of the first quarter of 2007 the industry employs approximately 21,000 workers.

## Leisure and Hospitality Industry

The Asheville metro area is a popular travel destination, and the sector continues to be a major contributor to the area's economy. Hotel sales, occupancy and average room rates continue to increase. Overnight accommodation sales are up 9.6 percent over the fiscal year and the industry employs over 21,000 workers.

## Population Growth

Population growth in the Asheville metro area has increased for the last thirty-five years. Estimates indicate moderate growth patterns will continue between 1.5 – 2.0 percent per year. More than ninety percent of the local population growth is from in-migration largely from other North Carolina communities and Florida. Mild population increases, stable job growth, and the quality-of-life attraction, have kept the residential housing relatively secure. Unlike other communities, the Asheville market has avoided dramatic price swings and the threat of steep falling prices. Home appreciation is up 10.9 percent, placing the area 10<sup>th</sup> in the nation when ranked among other metros.

## Professional and Business Services

The professional and business services sector has added 300 new jobs, growing to a total employment size of 16,500. This sector includes many highly technical and well-paid services such as engineering and computer design along with a sizeable section providing temporary employment services. Temporary employment is an indication of the growth phase of many local firms who seek to fill positions quickly.

## Long-term Financial Planning

Buncombe County prepares a five year capital plan and updates it each year in the annual budget process. At June 30, 2007 general fund projects estimated at \$14.7 million are planned over the next five years. Future plans include the renovation of Pack Library and the new construction of an East Asheville Branch Library, the cost is projected at \$5 million. The completion of the Recreation master plan will result in renovation projects for current facilities and the construction of an additional Soccer Complex, the cost is unknown at this time. In 2010 the plans are to begin on a master plan for the aging courthouse facilities. These costs are also not known at this time, but it is anticipated that long-term debt will be issued to finance these costs and the County will have sufficient debt capacity to do so.



## Other Postemployment Benefits

Buncombe County maintains a retiree medical plan in which the County pays 100 percent of the employee-only coverage for retirees until age 65. The benefit also applies to disabled employees. In general, retirees must be age 60 with 25 years of service, or have 30 years of service at any age. Cash outlays currently are approximately \$225,580 per month. Buncombe County also maintains retiree medical plan in which the County pays 100 percent of an employee-only Medicare Supplement policy. Employees with 25 years of service are offered this as an incentive for early retirement. Cash outlays currently are approximately \$5,780 per month. In fiscal year ending June 30, 2007, the County adopted procedures under Governmental Accounting Standards Board (“GASB”) Statements No. 43 and 45. The County has determined the expense of the retiree medical plan using the requirements and procedures of these statements. An actuarial study completed as of June 30, 2005, reported an Annual Required Contribution of \$1,793,274. The County has reserved \$5,133,562 as of June 30, 2007 for future Other Postemployment Benefits (OPEB).

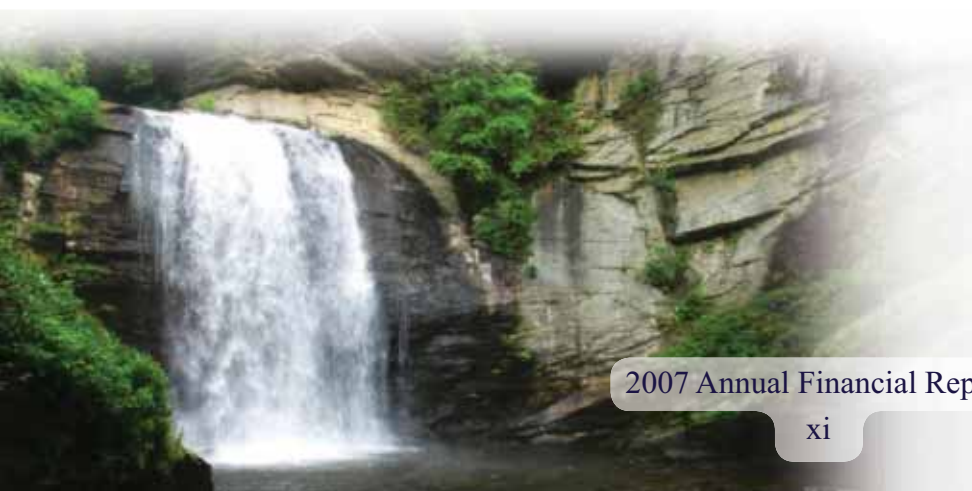
## Awards and Acknowledgements

### 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, 2006. This marks the twenty-eighth 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 2007 annual budget document. This is the eleventh 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 2008 budget document continues to conform to program requirements and is submitting it to the GFOA to determine eligibility for another award.

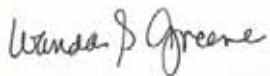
In addition, the Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to Buncombe County for its Popular Annual Financial Report for the fiscal year ended June 30, 2006. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. The Award is valid for a period of one year only. Buncombe County has received a Popular Award for the last seven consecutive years (fiscal years ended 2000-2006). We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to the GFOA.

## Acknowledgements

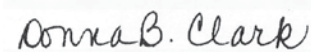
We commend each County department for the commitment to the goals, vision and mission of Buncombe County Government. This commitment is reflected in the quality services provided to our citizens. We also thank each department for their cooperation in carrying out the financial activities of the County. We sincerely appreciate the entire staff of the Finance Department for their attentiveness and commitment during the year and especially during the preparation of this report. We also thank Gould Killian CPA Group, P.A., Certified Public Accountants for their assistance with the report.

Providing effective and efficient government our citizens can trust is an important component of the Buncombe County mission. Preparation of this report supports this component by assuring fiscal accountability. We commend the Board of County Commissioners for their leadership and support for maintaining the highest standards in the management of the County's finances.

Respectfully submitted,



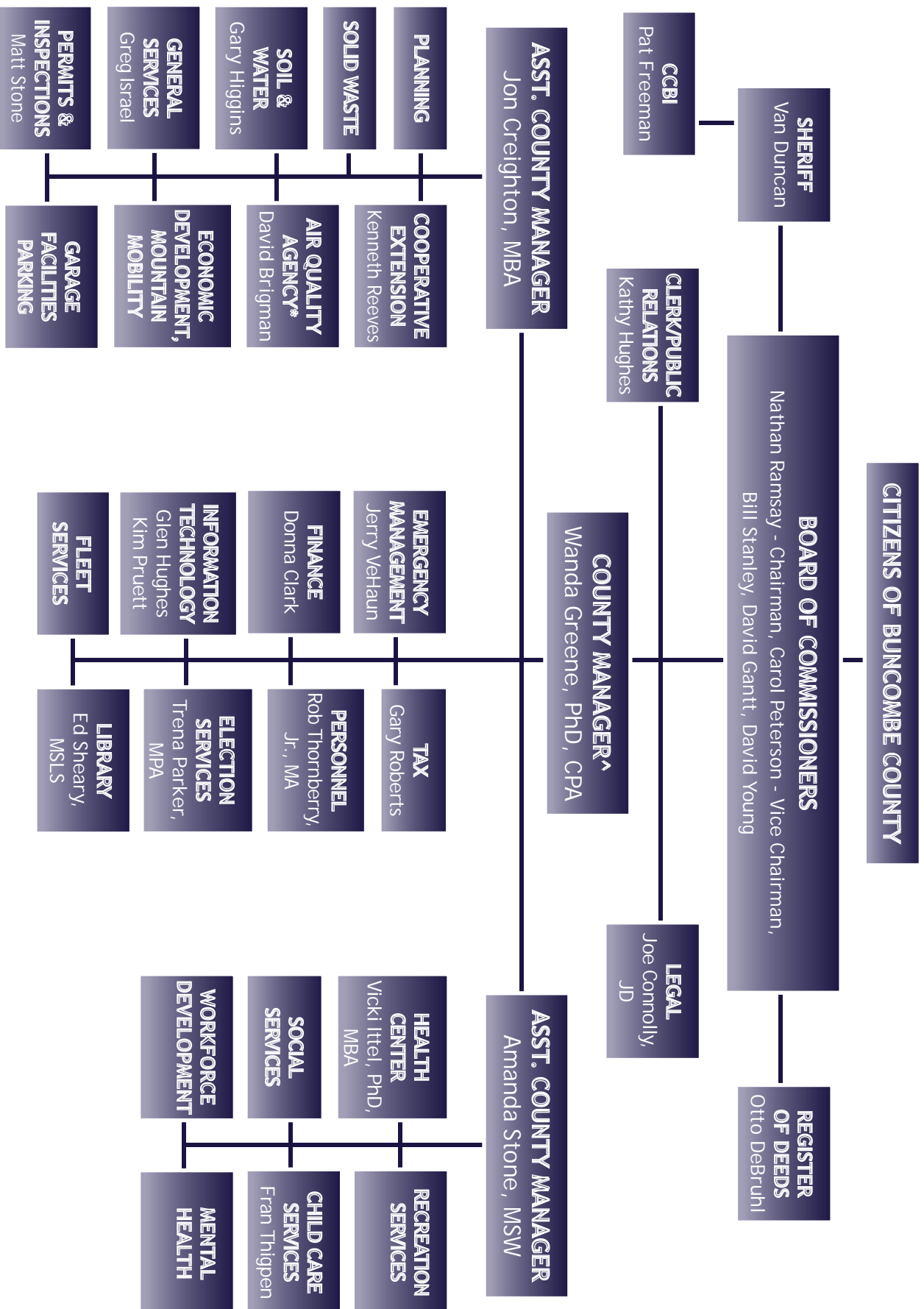
Wanda S. Greene, PhD, CPA  
County Manager



Donna B. Clark  
Finance Director



# C E C Y E R E ORGANIZATIONAL CHART



# C E C Y E R E

## List of Principal Officials

*June 30, 2007*

### Board of Commissioners



#### ***Nathan Ramsey • Chairman***

Nathan Ramsey is in his second term as Chairman of the Board. He is a thirty year resident of the Fairview Community in Buncombe County. He has a BS degree in accounting from the University of North Carolina at Asheville and a law degree from the University of Tennessee. Nathan and his wife, Robin, live in Fairview. Chairman Ramsey currently serves on the Buncombe County Health Board, Buncombe County Audit Committee, Asheville Area Chamber of Commerce, Buncombe County Farm Bureau Board, French Broad MPO and the NC Health Insurance Innovations Commission..



#### ***Carol Peterson • Vice-Chairman***

A fifth generation native of Buncombe County and a retired Director of Vocation for the Asheville City Schools, Carol Peterson is serving her first term of office. She also serves as the Vice Chair for Asheville Buncombe Technical Community College Board of Trustees, and on Boards for Children First, College for Seniors, UNC-A, Juvenile Crime Prevention Committee, Pack Place and Smart Start.



#### ***David Gantt***

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



#### ***Bill Stanley***

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



#### ***David Young***

In his fourth term as Commissioner, David Young is very involved in local and regional economic development serving as the past Chairman and current member of the Economic Development Coalition., Blue Ridge Film Advisory Board, Tourism & Development Authority, and was the past chair of the Asheville Regional Airport Authority. He is currently serving on the UNC Board of Governors and is 2nd Vice President of the NC Association of County Commissioners. He is also part owner of Fugazy Travel.

# Officials

## County Officials

<i>Name</i>	<i>Title</i>
Wanda S. Greene, PhD, CPA	County Manager
Jon Creighton, MBA	Asst. County Manager/Planning Director
Amanda Stone, MSW	Asst. County Manager/Social Services Director
Kathy Hughes	Clerk to the Board
Joseph A. Connolly, JD	County Attorney
Donna B. Clark	Finance Director
Otto DeBruhl	Register of Deeds
Van Duncan	Sheriff
Fran Thigpen	Child Care Services Director
Pat Freeman	City/County Bureau of Identification Director
Trena Parker, MPA	Elections Supervisor
Vicki Ittel, PhD, MBA	Health Director
Ed Sheary, MSLS	Library Director
Jerry VeHaun	Emergency Services Director
Matt Stone	Permits & Inspections Director
Robert Thornberry, Jr., MA	Personnel Director
Glen Hughes	Information Technology Co-Director
Kim Pruet	Information Technology Co-Director
Gary Roberts	Tax Director
Gary Higgins	Soil & Water Conservation Director
Kenneth Reeves	Cooperative Extension Director
Greg Israel	General Services

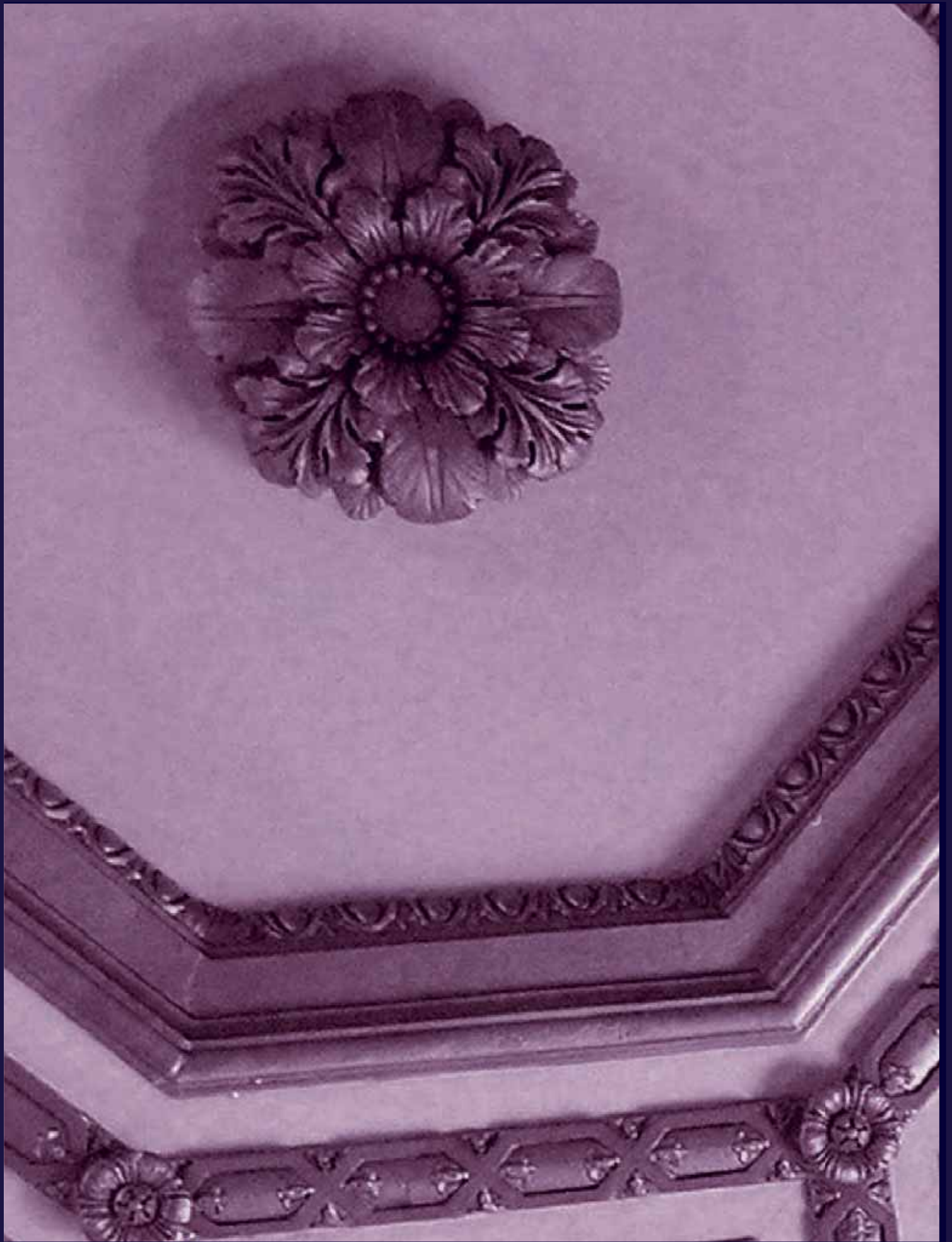


The Union County Courthouse on College Street in 1903

# Financial Section

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Buncombe County, North Carolina  
**Independent Auditor's  
Report**

Basic Financial Statements

# *Gould Killian CPA Group, P.A.*

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Buncombe County, North Carolina, as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Buncombe County's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. We did not audit the financial statements of the Asheville Area Regional Airport Authority. Those financial statements were audited by other auditors whose report thereon has been furnished to us; and our opinion, insofar as it relates to the amounts included for the Asheville Area Regional Airport Authority, is based solely on the report of the other auditor.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditor provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Buncombe County, North Carolina, as of June 30, 2007, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 28, 2007, on our consideration of Buncombe County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards, and should be read in conjunction with this report in considering the results of our audit.

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



Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Buncombe County, North Carolina. The combining and individual nonmajor fund financial statements and schedules and the statistical tables, as well as the accompanying schedule of expenditures of federal and state awards as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non major fund financial statements and schedules and the schedule of expenditures of federal and state awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory and statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on this information.

*Donald Killian CPA Group, P.A.*

Asheville, North Carolina

November 28, 2007

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, 2007. 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 2007

- On the government-wide statements the assets of the County exceeded the liabilities at the close of the most recent fiscal year by \$89 million (net assets). In accordance with North Carolina law, liabilities of the County include approximately \$126.9 million in long-term debt associated with assets belonging to the Buncombe County Board of Education, the City of Asheville Board of Education, the Asheville-Buncombe Community College, and the Asheville Regional Airport. As these assets are not reflected in the County's financial statements and the full amount of the long-term debt is reported, the County reports a net deficit in unrestricted net assets.
- The County's total net assets increased by \$16.4 million. Net assets in the governmental activities increased by \$14.4 million, as a result of higher ad valorem collections, increased investment earnings on unspent proceeds, and controlled spending in all functions with the best results in the Human Service function. Net assets in the business-type activities increased by \$1.8 million as a result of a positive operating income in the Solid Waste Disposal fund and a large transfer from the General Fund to the Parking Deck Capital Fund for future construction.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$121.5 million, a decrease of \$14.7 million in comparison with the prior year, due in large part to the completion of and continued expenditures for public school bond projects. Approximately 75.9 percent of this total amount, or \$92.3 million, of ending fund balance is unreserved fund balance, and is available for spending at the government's discretion.

- At the end of the current fiscal year, the County's unreserved fund balance for the General Fund was \$47.8 million or 19.8 percent of the total general fund expenditures and transfers for the fiscal year. This compares with \$44 million or 21 percent at the end of fiscal year 2006. The dollar value of unreserved fund balance increased; however, the percentage decreased by 1.2 percent as a result of higher expenditures and transfers in the calculation basis.
- The County maintained bonds ratings of Aa2 and AA with Moody's and Standard & Poor's, respectively.
- As of June 30, 2007 the maturities of investments in the County's portfolio averaged 190 days. The average yield on investments was 5.09 percent.
- Fiscal year 2006 represents the 28th consecutive year the County's Comprehensive Annual Financial Report received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada (GFOA).

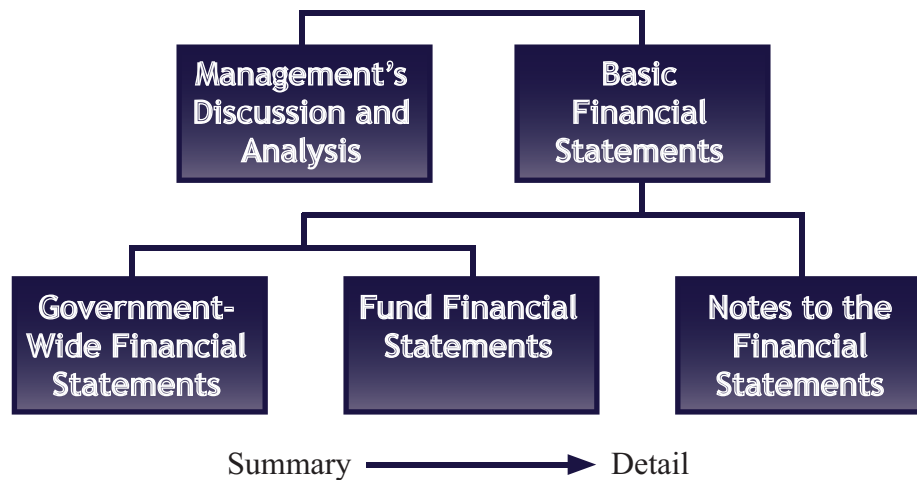
## Overview of the Financial Statements

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





Figure 1: Required Components of Annual Financial Report



## Basic Financial Statements

The first two statements 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 9) are the **Fund Financial Statements**. These statements focus on the activity of the County and 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 fund statements; and 4) the fiduciary fund statements.

The final section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in the statements.

Following the notes is the required **supplemental information**. This section contains funding information about the County's and component unit's law enforcement officers' pension plans. Also, details about the County's non-major governmental funds, non-major proprietary funds, and internal service fund are shown. These are added together in two columns in the basic financial statements: other governmental and other enterprise funds, respectively. The internal service fund is allocated in the government-type activities in the government-wide financial statements. Budgetary information required by General Statutes can also be found in this part of the statements.



**Government-wide Financial Statements.** The government-wide financial statements are designed to provide the reader with a broad overview of the County’s finances, similar in format to a financial statement of a private-sector business. These statements are prepared under the full-accrual basis of accounting where all the current year’s revenues and expenses are included regardless of when cash is received or paid. The government-wide statements provide short and long-term information about the County’s financial status as a whole. The two government-wide statements report the County’s net assets and how they have changed. The Statement of Net Assets and the Statement of Activities help to determine if the County is in a better financial position as a result of the current year’s activities.

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

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

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

**Governmental activities** – These activities of the County include general government, public safety, human services, economic and physical development, education, and cultural and recreation.

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

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



The government-wide financial statements are on pages 20-23 of this report.

## Fund Financial Statements.

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

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

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



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

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

*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 34-77 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 pension benefits to its law enforcement officers. Required supplementary information can be found beginning on page 75 of this report.

## Government-wide Financial Analysis

As noted earlier, net assets over time may serve as a useful indicator of a government’s financial position. As shown in Figure 2, assets exceeded liabilities by \$89.4 million at June 30, 2007. Net assets for the County are reported in three categories: Invested in capital assets, net of related debt of \$92.4 million; restricted net assets of \$7.7 million; and unrestricted net assets of (\$10.7 million).

The invested in capital assets, net of related debt category is defined as the County’s investment in County owned capital assets (e.g. land, buildings, automotive equipment and office and other equipment), less any related debt still outstanding that was issued to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County’s investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other resources, since the capital assets cannot be used to liquidate these liabilities. See Figure 2.



Figure 2: Net Assets (in millions)

	Governmental Activities		Business Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$152.3	\$165.1	\$23.1	\$21.8	\$175.4	\$186.9
Capital assets	98.8	89.6	41.9	42.7	140.7	132.3
<b>Total assets</b>	<b>251.1</b>	<b>254.7</b>	<b>65.0</b>	<b>64.5</b>	<b>316.1</b>	<b>319.2</b>
Long-term liabilities outstanding	187.3	203.8	20.3	21.9	207.6	225.7
Other liabilities	18.2	19.9	0.9	0.6	19.1	20.5
<b>Total Liabilities</b>	<b>205.5</b>	<b>223.7</b>	<b>21.2</b>	<b>22.5</b>	<b>226.7</b>	<b>246.2</b>
Net assets:						
Invested in capital assets, net of related debt	63.8	49.9	28.6	27.5	92.4	77.4
Restricted	1.3	.9	6.4	6.3	7.7	7.2
Unrestricted	(19.5)	(19.8)	8.8	8.2	(10.7)	(11.6)
<b>Total net assets</b>	<b>\$45.6</b>	<b>\$31.0</b>	<b>\$43.8</b>	<b>\$42.0</b>	<b>\$89.4</b>	<b>\$73.0</b>

The restricted portion of the County’s net assets, \$7.7 million, represents resources that are subject to external restrictions on how the funds may be used.

Another category of net assets is unrestricted net assets. At June 30, 2007, the total net deficit of (\$10.7 million) is attributable to the governmental activities unrestricted net deficit balance of (\$19.5 million). As with many counties in the State of North Carolina, the County’s deficit in unrestricted net assets is due primarily to the portion of the County’s outstanding debt incurred for the Buncombe County Board of Education and the City of Asheville Board of Education (the “school systems”), community college, and airport authority. Under North Carolina law, the County is responsible for providing capital funding for the school systems, community college, and airport authority. The County has chosen to meet its legal obligation to provide the school system, community college, and airport authority capital funding by using a mixture of County funds and general obligation debt. The assets funded by the County, however, are owned and utilized by the school systems, community college, and airport authority. Since the County, as the issuing government, acquires no capital assets, the County has incurred a liability without a corresponding increase in assets.



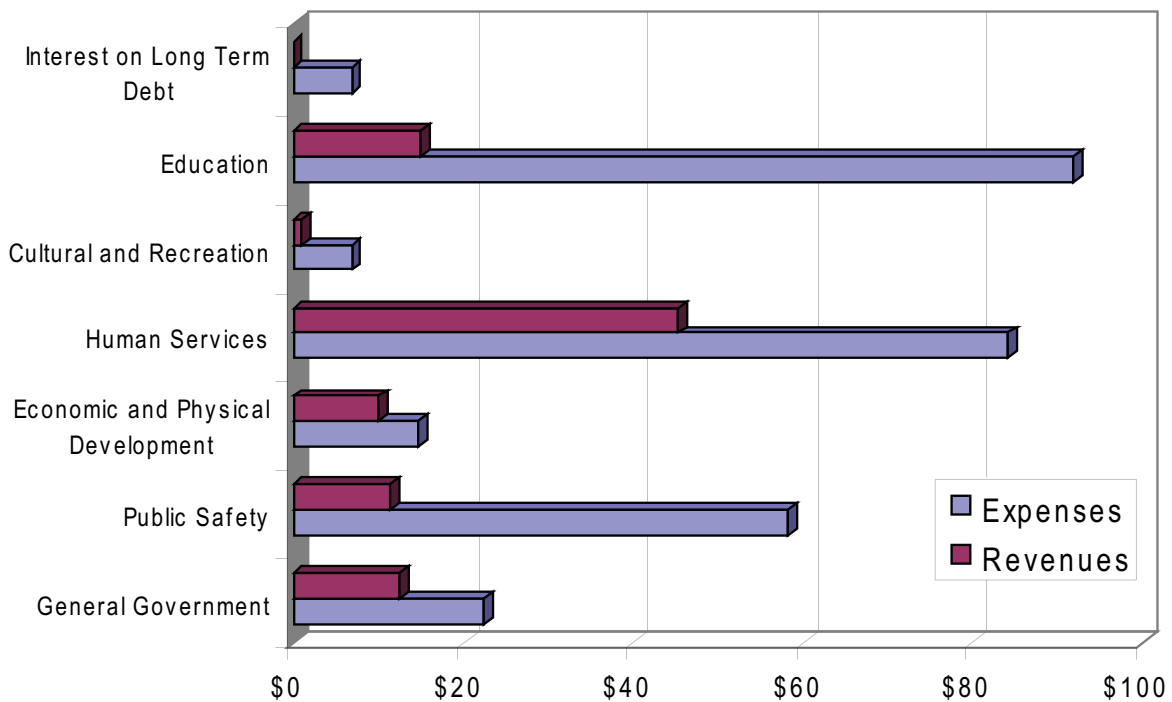
At the end of the fiscal year, approximately \$126.9 million of the outstanding debt on the County's financial statements was related to assets included in the school systems', community college's, and airport authority's financial statements. \$78.2 million of this debt is general obligation debt, which is collateralized by the full faith, credit, and taxing power of the County. Accordingly, the County is authorized and required by State law to levy ad valorem taxes, without limit as to rate or amount, as may be necessary to pay the debt service on its general obligation bonds. Principal and interest requirements will be provided by an appropriation in the year in which they become due. The remaining \$48.7 million of this debt is installment purchase debt, which is collateralized by the purchased or constructed asset.

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

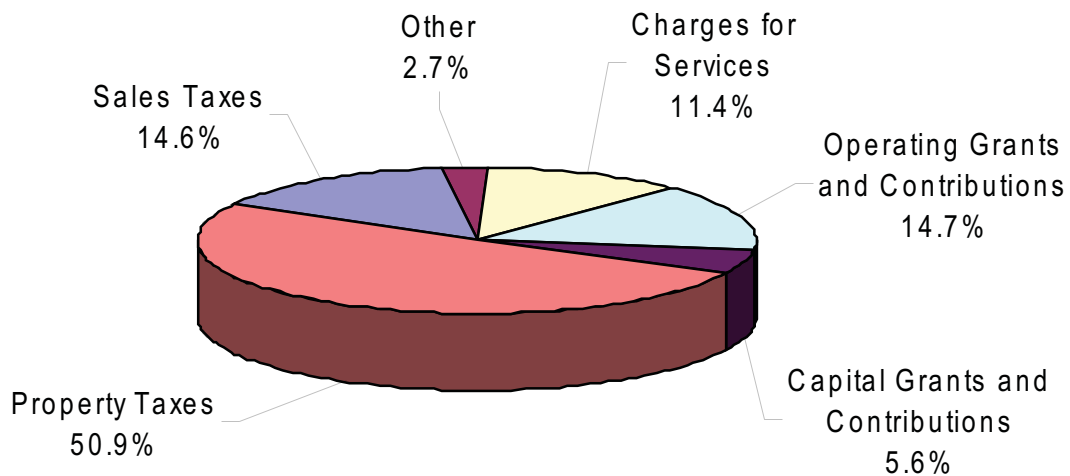
- An increase in total assets.
- A property tax collection rate of 99.15 percent, compared to the statewide average of 96.63 percent.
- Actual expenditures, transfers, and other financing uses in the general fund were less than the budgeted amount by \$11.1 million.
- Revenues and other financing sources in the general fund exceeded expenditures, transfers, and other financing uses by \$5.2 million.

**Governmental activities:** Governmental activities increased the County’s net assets by \$14.6 million (see Figure 7 on page 13.) This increase reflects positive operating results from increased general revenues. Net program expenses increased by \$19.6 million. As can be seen in Figures 3, the net expense is mostly attributable to education, human services, and public safety services provided by the County. Figure 4 illustrates the major sources of revenue for the County, including both program and general revenues. Over 65% of the County’s revenues are from taxes collected.

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



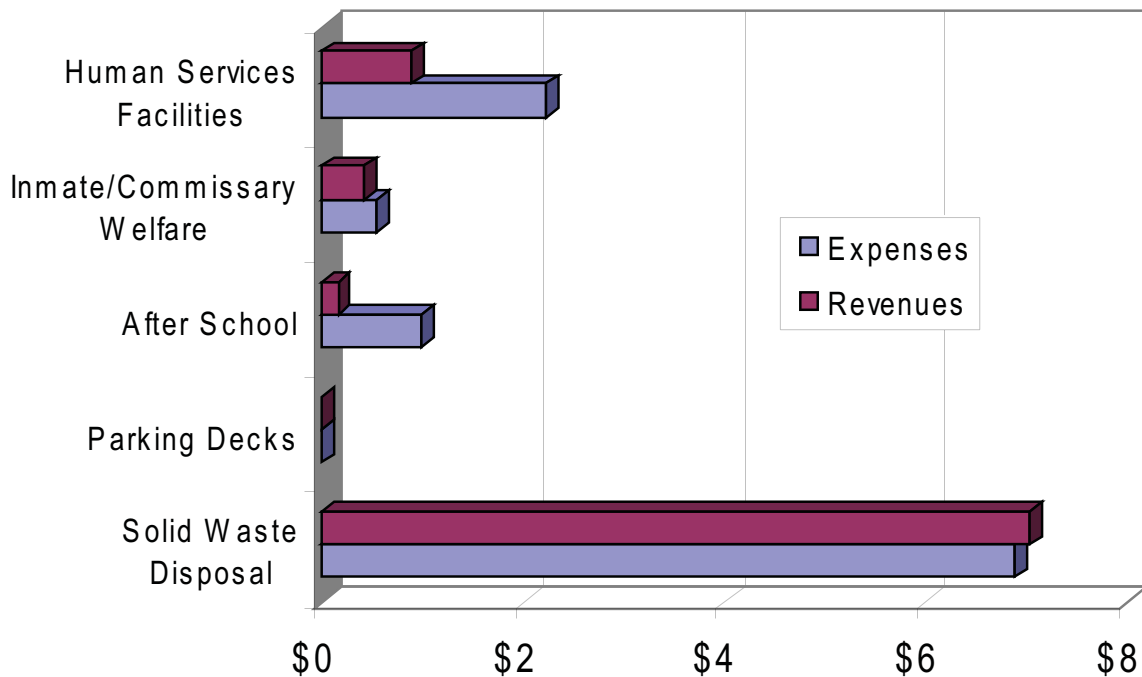
*Figure 4: Revenues By Source - Governmental Activities*



**Business-type activities:** Net assets in the business-type activities increased by \$1.8 million. The business-type activities produced positive operating results of \$1.4 million and \$.4 million from non operating revenues.

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

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



*Figure 6: Revenues By Source - Business Type Activities*

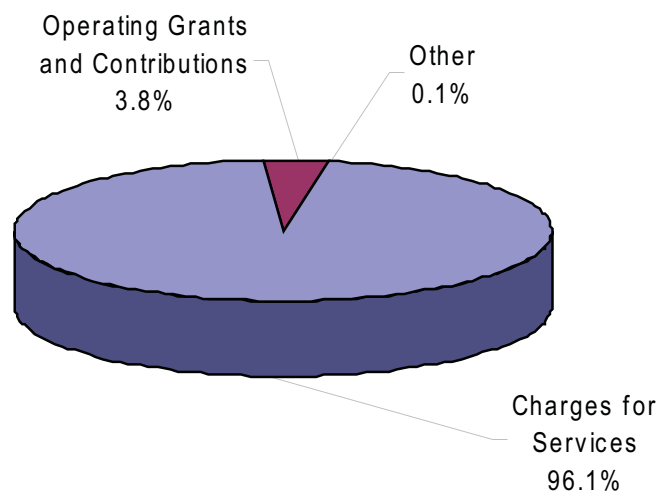


Figure 7: Changes in Net Assets (in millions)

	Governmental Activities		Business Type Activities		Total	
	2007	2006	2007	2006	2007	2006
<b>Revenues:</b>						
<b>Program revenues</b>						
Charges for services	\$34.2	\$35.1	\$8.2	\$9.9	\$42.4	\$45.0
Operating grants and contributions	44.2	49.5	0.3	0.3	44.5	49.8
Capital grants and contributions	16.9	16.4	-	-	16.9	16.4
<b>General revenues</b>						
Property taxes	152.8	123.7	-	-	152.8	123.7
Other taxes	43.9	40.1	-	-	43.9	40.1
Other	7.5	5.4	1.4	0.7	8.9	6.1
<b>Total Revenue</b>	<b>299.5</b>	<b>270.2</b>	<b>9.9</b>	<b>10.9</b>	<b>309.4</b>	<b>281.1</b>
<b>Expenses:</b>						
General Government	22.5	19.3	-	-	22.5	19.3
Public Safety	58.2	54.1	-	-	58.2	54.1
Economic and Physical Development	14.7	19.3	-	-	14.7	19.3
Human Services	81.5	78.0	-	-	81.5	78.0
Cultural and Recreation	6.9	6.7	-	-	6.9	6.7
Education	91.9	79.3	-	-	91.9	79.3
Interest on Long-Term Debt	6.7	6.1	-	-	6.7	6.1
Solid Waste Disposal	-	-	6.9	5.1	6.9	5.1
Other	-	-	3.2	3.7	3.2	3.7
<b>Total Expenses</b>	<b>282.4</b>	<b>262.8</b>	<b>10.1</b>	<b>8.8</b>	<b>292.5</b>	<b>271.6</b>
Increase( decrease) in net assets before transfers, contributions, and special item	17.1	7.4	(0.2)	2.1	16.9	9.5
Transfers, contributions, and special item	(2.0)	(3.1)	2.0	(2.9)	-	(6.0)
Increase (decrease) in net assets	15.1	4.3	1.8	(0.8)	16.9	3.5
Net assets, beginning of year	31.0	26.7	42.0	44.7	73.0	71.4
Prior period adjustment	(0.5)	-	-	(1.9)	(0.5)	(1.9)
<b>Net assets, end of year</b>	<b>\$45.6</b>	<b>\$31.0</b>	<b>\$43.8</b>	<b>\$42.0</b>	<b>\$89.4</b>	<b>\$73.0</b>





## Financial Analysis of the County's Funds

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

### Governmental Funds.

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

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$47.8 million compared to \$44 million at the end of the prior fiscal year. Total fund balance at June 30, 2007 was \$67.2 million in comparison to \$62 million at June 30, 2006. As a measure of the general fund's liquidity, it is useful to compare both unreserved fund balance and total fund balance to total fund expenditures and transfers. Unreserved fund balance represents 19.8 percent of total General Fund expenditures and transfers as opposed to 21 percent for the preceding fiscal year. Total fund balance represents 27.8 percent of that same amount compared to 29.6 percent at the end of the prior year. The \$5.2 million growth in fund balance is attributable to the following key factors:

- An aggressive collection effort by the Tax Collector to collect \$0.8 million more than budgeted for ad valorem tax revenue.
- Other taxes and licenses were \$.6 million more than budgeted as a result of increased deed stamp excise tax collections from the increased land transfer recordings for developments and gated communities along with higher cable franchise tax collections from increasing customer base.
- Investment earnings were \$0.3 million more than budgeted due to rising interest rates.
- Public safety expenditures were \$1.8 million less than anticipated mainly due to savings in operational costs such as fuel and heating oil that was budgeted in anticipation of a higher price per gallon that did not materialize.
- Human Service expenditures were \$6.1 million less than budgeted due to operating efficiencies and less expenditures for public assistance.

The County Capital Project Fund accounts for capital asset construction or acquisition. Upon completion these assets will be owned by the County. Total fund balance increased \$0.5 million in fiscal year 2007 as a result of sales of capital assets and transfers from other funds.

The School Bond Fund accounts for public school projects constructed with a portion of the \$52 million proceeds of the Certificates of Participation issued in 2006. The total fund balance decreased \$20.7 million as funds were expended on projects.

At June 30, 2007, the governmental funds of the County reported a combined fund balance of \$121.5 million, a 10.8 percent decrease from last year. The decrease is attributable to the completion of and continued work on School Bond Fund public school projects.

### Proprietary Funds.

The County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the Solid Waste Disposal Fund at the end of the fiscal year amounted to \$1.5 million. For the other proprietary funds unrestricted net assets totaled \$7.2 million. The Internal Service Fund unrestricted net assets equaled \$11 million.

### General Fund Budgetary Highlights.

The County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased revenues and expenditures by \$24.6 million or 10 percent.

These positive operating results were discussed in the "Governmental Funds" section on page 14. Although the County collected less intergovernmental revenue than budgeted for human services, the largest consumer of intergovernmental revenues, human service expenditures were less than budgeted as well.

The actual operating revenues and transfers for the General Fund were less than the budgeted amount by \$0.5 million. Actual operating expenditures and transfers were less than the budgeted amount by \$11.1 million, thus eliminating the need to draw upon existing fund balance.

## Capital Asset and Debt Administration

### Capital Assets.

The County's investment in capital assets, net of accumulated depreciation for its governmental and business-type activities as of June 30, 2007 totals \$140.8 million, as shown in Figure 8. These assets include land, buildings and improvements, equipment, automotive equipment, and construction in progress. The total increase in the County's capital assets for the fiscal year 2007 was 6.4 percent (a 10.4 percent increase for governmental activities and a 1.9 percent decrease for business-type activities).

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

	Governmental Activities		Business Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$6.6	\$6.6	\$6.3	\$6.3	\$12.9	\$12.9
Buildings and Improvement	42.1	44.1	21.5	23.8	63.6	67.9
Equipment	13.5	15.2	0.3	0.3	13.8	15.5
Automotive Equipment	2.4	2.6	0.2	0.4	2.6	3.0
Construction in Progress	34.3	21.1	13.6	11.9	47.9	33.0
<b>Total Capital Assets</b>	<b>\$98.9</b>	<b>\$89.6</b>	<b>\$41.9</b>	<b>\$42.7</b>	<b>\$140.8</b>	<b>\$132.3</b>

Additional information on the County's capital assets can be found in Note 3(5) on page 51 of the Basic Financial Statements.

### Long-term Debt.

As of June 30, 2007, the County has total debt outstanding of \$193.5 million, of which \$85.6 million is debt backed by the full faith and credit of the County. The remainder is special obligation revenue bonds of \$13.2 million for which revenues are pledged to the payment of and as security for the bonds and installment notes of \$94.7 million for which the asset purchased or constructed is collateral for the note. A summary of long-term debt is shown in Figure 9.



Figure 9: Outstanding Debt (in millions)

	Governmental Activities		Business Type Activities		Total	
	2007	2006	2007	2006	2007	2006
General Obligation Bonds	\$85.6	\$94.6	-	-	\$85.6	\$94.6
Special Obligation Revenue Bonds	-	-	13.2	15.0	13.2	15.0
Installment Notes Payable	94.6	103.5	0.1	0.2	94.7	103.7
<b>Total Long Term Debt</b>	<b>\$180.2</b>	<b>\$198.1</b>	<b>\$13.3</b>	<b>\$15.2</b>	<b>\$193.5</b>	<b>\$213.3</b>

The County's total long-term debt decreased by \$19.8 million or 9.3 percent during the past fiscal year.

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

The State of North Carolina limits the amount of general obligation debt that the unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the County is \$1.9 billion. The County has \$915,000 in bonds authorized but not issued at June 30, 2007.

Additional information regarding the County's long-term debt can be found in Note 3(8) on pages 62-68 of this report.

### Economic Factors Effecting Next Year's Budget and Rates

The County has approved a \$245.3 million general fund budget for fiscal year 2008, which represents a 18 percent increase over the 2007 final budget. The tax rate decreased from 53 cents to 52.5 cents per \$100 of assessed valuation.





The following factors were considered when developing the 2008 budget:

- Total employment increased 1.2 percent over the year. Employment totals are at a new all-time high at 173,900. Over 2,100 new jobs were added and the unemployment rate at 3.7 percent remains below the state and nation rate.
- Smiths Aerospace, a manufacturer of turbine engine components, is planning to spend a total of \$16 million for an expansion of their operations. This expansion will create 200 new jobs.
- General fund revenue from retail sales increased 8.6 percent from fiscal year 2006.
- Residential building permits increased 2.9 percent from calendar year 2006 to 2007.
- Tourism hotel/motel sales are up 9.6 percent for the year. Employment in the leisure and hospitality industry remains stable at 21,000 workers.
- A growth rate of 31.7 percent in the tax base from fiscal year 2006 to 2007 resulting from increased housing developments and gated communities.
- Major increases in the cost of utilities and fuel, the continued rise in health care costs, increased economic development incentives, bringing the workforce from 37.5 hour to 40.0 hour week, and requests for additional funding for public schools.

The seal of Buncombe County, North Carolina, is a large, light blue watermark in the background. It features a central figure of a Native American holding a bow and arrow, with a plow and sheaves of wheat to the right. A banner at the bottom reads "PEOPLE TO MATCH OUR MOUNTAINS". The outer ring contains the text "BUNCOMBE COUNTY NORTH CAROLINA".

## ***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, P O Box 7526, Asheville, NC 28802.

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



Buncombe County, North Carolina

# Basic Financial Statements



# BUNCOMBE COUNTY, NORTH CAROLINA

## Statement of Net Assets

JUNE 30, 2007

	Primary Government		
	Governmental Activities	Business- Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 82,366,350	\$ 15,602,395	\$ 97,968,745
Investments	20,561,189	-	20,561,189
Receivables (net)	4,910,492	765,499	5,675,991
Due from other governments	22,661,109	-	22,661,109
Due from primary government	-	-	-
Inventories	147,178	-	147,178
Prepaid items	2,798,346	-	2,798,346
Restricted assets:			
Cash and cash equivalents	18,290,822	6,432,817	24,723,639
Receivables	-	-	-
Deferred cost of refunding	496,819	246,886	743,705
Capital assets:			
Land and construction in progress	40,937,145	19,392,644	60,329,789
Other capital assets, net of depreciation	57,932,229	22,554,282	80,486,511
Total capital assets	98,869,374	41,946,926	140,816,300
Total assets	251,101,679	64,994,523	316,096,202
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	14,938,634	660,280	15,598,914
Other liabilities	210,633	-	210,633
Accrued interest payable	1,375,166	190,238	1,565,404
Unearned revenue	1,031,309	-	1,031,309
Due to component unit	683,794	-	683,794
Long-term liabilities:			
Due within one year	17,943,328	2,024,994	19,968,322
Due in more than one year	169,304,174	18,292,410	187,596,584
Total long-term liabilities	187,247,502	20,317,404	207,564,906
Total liabilities	205,487,038	21,167,922	226,654,960
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	63,800,653	28,635,180	92,435,833
Restricted for:			
Wireless 911	1,257,585	-	1,257,585
Product development	-	-	-
Capital projects	-	6,432,817	6,432,817
Unrestricted (deficit)	(19,443,597)	8,758,604	(10,684,993)
Total net assets	\$ 45,614,641	\$ 43,826,601	\$ 89,441,242

The accompanying notes are an integral part of these financial statements



Component Units			
Asheville Regional Airport	Tourism Development Authority	Avery's Creek Sanitary District	WNC Regional Air Quality Agency
\$ 8,083,820	\$ 2,629,709	\$ 352,046	\$ 729,257
3,909,047	4,951,785	268,818	-
464,608	30,000	-	-
-	-	-	-
-	683,794	-	-
-	-	-	-
127,182	-	-	-
-	-	-	-
105,321	-	-	-
-	-	-	-
7,016,561	-	-	-
37,655,163	-	1,562,281	76,930
44,671,724	-	1,562,281	76,930
57,361,702	8,295,288	2,183,145	806,187
1,441,155	1,181,234	-	37,192
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	114,056
-	-	-	114,056
1,441,155	1,181,234	-	151,248
43,910,615	-	1,562,281	76,930
-	-	-	-
-	4,495,140	-	-
-	-	-	-
12,009,932	2,618,914	620,864	578,009
\$ 55,920,547	\$ 7,114,054	\$ 2,183,145	\$ 654,939

The accompanying notes are an integral part of these financial statements

# BUNCOMBE COUNTY, NORTH CAROLINA

## Statement of Activities

FOR THE YEAR ENDED JUNE 30, 2007

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>PRIMARY GOVERNMENT:</b>				
<b>GOVERNMENTAL ACTIVITIES:</b>				
General government	\$ 22,446,505	\$ 10,894,196	\$ 981,640	\$ 697,585
Public safety	58,198,788	7,463,106	3,431,748	600,298
Economic and physical development	14,735,580	7,287,329	2,336,239	335,882
Human services	81,513,029	7,889,380	37,116,270	344,237
Cultural and recreational	6,888,549	708,053	319,037	-
Education	91,854,360	-	-	14,895,109
Interest on long-term debt	6,728,232	-	-	-
<b>Total Governmental Activities</b>	<b>282,365,043</b>	<b>34,242,064</b>	<b>44,184,934</b>	<b>16,873,111</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>				
Solid Waste Disposal	6,892,580	6,707,965	322,802	9,050
Human Services Facilities	2,225,921	891,501	-	-
Parking Deck	-	-	-	-
After School	377,990	162,956	-	-
Inmate Commissary/Welfare	539,509	421,928	-	-
<b>Total Business-Type Activities</b>	<b>10,036,000</b>	<b>8,184,350</b>	<b>322,802</b>	<b>9,050</b>
<b>Total Primary Government</b>	<b>\$ 292,401,043</b>	<b>\$ 42,426,414</b>	<b>\$ 44,507,736</b>	<b>\$ 16,882,161</b>
<b>COMPONENT UNITS:</b>				
Asheville Regional Airport	\$ 7,634,739	\$ 6,442,277	\$ -	\$ 2,084,633
Tourism Development Authority	4,914,943	-	6,470,723	-
Avery's Creek Sanitary District	42,144	54,000	-	-
WNC Regional Air Quality Agency	857,337	191,781	716,684	-
<b>Total Component Units</b>	<b>\$13,449,163</b>	<b>\$6,688,058</b>	<b>\$7,187,407</b>	<b>\$2,084,633</b>

General revenues:

Taxes:

Property taxes, levied for general purpose

Local option sales tax

Investment earnings, unrestricted

Miscellaneous, unrestricted

Transfers

Total general revenues and transfers

Changes in net assets

Net assets, beginning, as previously reported

Prior period adjustment

Net assets, beginning, as restated

Net assets, ending

The accompanying notes are an integral part of these financial statements

Net (Expense) Revenue and Changes in Net Assets							
Primary Government			Component Units				
Governmental Activities	Business-type Activities	Total	Asheville Regional Airport	Tourism Development Authority	Avery's Creek Sanitary District	WNC Regional Air Quality Agency	
\$ (9,873,084)	\$ -	\$ (9,873,084)					
(46,703,636)	-	(46,703,636)					
(4,776,130)	-	(4,776,130)					
(36,163,142)	-	(36,163,142)					
(5,861,459)	-	(5,861,459)					
(76,959,251)	-	(76,959,251)					
(6,728,232)	-	(6,728,232)					
<u>(187,064,934)</u>	<u>-</u>	<u>(187,064,934)</u>					
-	147,237	147,237					
-	(1,334,420)	(1,334,420)					
-	-	-					
-	(215,034)	(215,034)					
-	(117,581)	(117,581)					
-	(1,519,798)	(1,519,798)					
<u>(187,064,934)</u>	<u>(1,519,798)</u>	<u>(188,584,732)</u>					
			\$ 892,171	\$ -	\$ -	\$ -	
			-	1,555,780	-	-	
			-	-	11,856	-	
			-	-	-	51,128	
			<u>892,171</u>	<u>1,555,780</u>	<u>11,856</u>	<u>51,128</u>	
152,744,354	-	152,744,354	-	-	-	-	
43,942,038	-	43,942,038	-	-	-	-	
6,252,713	1,360,115	7,612,828	644,521	291,639	27,651	49,423	
1,245,957	-	1,245,957	1,266,772	25,000	-	-	
(2,000,000)	2,000,000	-	-	-	-	-	
<u>202,185,062</u>	<u>3,360,115</u>	<u>205,545,177</u>	<u>1,911,293</u>	<u>316,639</u>	<u>27,651</u>	<u>49,423</u>	
<u>15,120,128</u>	<u>1,840,317</u>	<u>16,960,445</u>	<u>2,803,464</u>	<u>1,872,419</u>	<u>39,507</u>	<u>100,551</u>	
<u>31,029,204</u>	<u>41,986,568</u>	<u>73,015,772</u>	<u>53,117,083</u>	<u>5,241,635</u>	<u>2,143,638</u>	<u>554,388</u>	
<u>(534,691)</u>	<u>(284)</u>	<u>(534,975)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
<u>30,494,513</u>	<u>41,986,284</u>	<u>72,480,797</u>	<u>53,117,083</u>	<u>5,241,635</u>	<u>2,143,638</u>	<u>554,388</u>	
<u>\$ 45,614,641</u>	<u>\$ 43,826,601</u>	<u>\$ 89,441,242</u>	<u>\$ 55,920,547</u>	<u>\$ 7,114,054</u>	<u>\$ 2,183,145</u>	<u>\$ 654,939</u>	

The accompanying notes are an integral part of these financial statements

BUNCOMBE COUNTY, NORTH CAROLINA

Exhibit 3

Balance Sheet

Governmental Funds

JUNE 30, 2007

	General	County Capital Projects	School Bond Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$38,659,149	\$17,711,125	\$ 18,093	\$16,089,570	\$ 72,477,937
Investments	20,561,189	-	-	-	20,561,189
Receivables, net	2,239,931	16,176	286,216	1,626,521	4,168,844
Due from other governments	15,959,192	-	-	6,701,917	22,661,109
Due from other funds	1,420,812	-	-	-	1,420,812
Prepaid items	42,787	-	-	-	42,787
Inventories	147,178	-	-	-	147,178
Restricted assets -					
Cash and cash equivalents	-	7,713,332	3,078,335	7,499,155	18,290,822
<b>Total assets</b>	<b>\$79,030,238</b>	<b>\$25,440,633</b>	<b>\$3,382,644</b>	<b>\$31,917,163</b>	<b>\$139,770,678</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable and accrued liabilities	\$ 9,301,378	\$ 1,007,045	\$ 188,749	\$ 2,769,809	\$ 13,266,981
Miscellaneous liabilities	28,272	-	-	182,361	210,633
Unearned revenue	860,699	-	-	170,610	1,031,309
Due to component unit	-	-	-	683,794	683,794
Due to other funds	-	-	-	1,420,812	1,420,812
Deferred revenue	661,816	-	-	44,551	706,367
Accrued compensated absences	962,668	-	-	11,053	973,721
<b>Total liabilities</b>	<b>11,814,833</b>	<b>1,007,045</b>	<b>188,749</b>	<b>5,282,990</b>	<b>18,293,617</b>
Fund balances:					
Reserved for:					
Inventories	147,178	-	-	-	147,178
State statute	19,000,906	16,176	286,216	8,283,887	27,587,185
Encumbrances	233,040	-	-	-	233,040
Wireless 911	-	-	-	1,257,585	1,257,585
Unreserved, General Fund:					
Designated for:					
Construction in progress	8,200,000	-	-	-	8,200,000
Undesignated	39,634,281	-	-	-	39,634,281
Unreserved, reported in:					
Special revenue funds	-	-	-	689,209	689,209
Capital projects funds	-	24,417,412	2,907,679	16,403,492	43,728,583
<b>Total fund balances</b>	<b>67,215,405</b>	<b>24,433,588</b>	<b>3,193,895</b>	<b>26,634,173</b>	<b>121,477,061</b>
<b>Total liabilities and fund balances</b>	<b>\$79,030,238</b>	<b>\$25,440,633</b>	<b>\$3,382,644</b>	<b>\$31,917,163</b>	<b>\$139,770,678</b>

The accompanying notes are an integral part of these financial statements



*Balance Sheet*  
*Governmental Funds*

JUNE 30, 2007

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

Total fund balances - total governmental funds	\$ 121,477,061
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	98,869,374
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	741,647
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net assets.	10,972,320
Liabilities for earned but deferred revenues in fund statements.	706,367
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds (Note 1).	<u>(187,152,128)</u>
Net assets of governmental activities	<u><u>\$ 45,614,641</u></u>

The accompanying notes are an integral part of these financial statements

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

Exhibit 4

FOR THE YEAR ENDED JUNE 30, 2007

	General	County Capital Projects	School Bond Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Ad valorem taxes	\$139,141,442	\$ -	\$ -	\$ 12,937,242	\$152,078,684
Local option sales taxes	38,986,798	-	-	4,955,240	43,942,038
Other taxes and licenses	6,929,084	-	-	7,906,939	14,836,023
Unrestricted intergovernmental	616,097	-	-	-	616,097
Restricted intergovernmental	37,837,155	759,650	-	23,034,145	61,630,950
Permits and fees	1,808,826	-	-	-	1,808,826
Sales and services	16,471,205	-	-	-	16,471,205
Investment earnings	3,380,296	727,882	662,166	1,134,466	5,904,810
Miscellaneous	1,190,070	-	-	55,887	1,245,957
Total revenues	<u>246,360,973</u>	<u>1,487,532</u>	<u>662,166</u>	<u>50,023,919</u>	<u>298,534,590</u>
<b>EXPENDITURES</b>					
Current:					
General government	18,911,898	-	-	155,687	19,067,585
Public safety	36,052,002	-	-	19,925,570	55,977,572
Economic and physical development	4,882,446	-	-	9,755,834	14,638,280
Human services	78,772,241	-	-	2,053,580	80,825,821
Cultural and recreational	5,892,578	-	-	28,933	5,921,511
Intergovernmental:					
Education	61,556,450	-	-	-	61,556,450
Capital outlay	-	15,826,382	21,350,309	8,947,601	46,124,292
Debt service:					
Principal	8,603,330	-	-	8,936,353	17,539,683
Interest and fees	3,223,424	41	-	5,061,819	8,285,284
Total expenditures	<u>217,894,369</u>	<u>15,826,423</u>	<u>21,350,309</u>	<u>54,865,377</u>	<u>309,936,478</u>
Revenues over (under) expenditures	<u>28,466,604</u>	<u>(14,338,891)</u>	<u>(20,688,143)</u>	<u>(4,841,458)</u>	<u>(11,401,888)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	714,633	14,656,405	-	5,745,832	21,116,870
Transfers to other funds	(24,137,397)	-	(37,442)	(742,352)	(24,917,191)
Sales of capital assets	141,441	305,900	-	-	447,341
Total other financing sources (uses)	<u>(23,281,323)</u>	<u>14,962,305</u>	<u>(37,442)</u>	<u>5,003,480</u>	<u>(3,352,980)</u>
Net changes in fund balances	5,185,281	623,414	(20,725,585)	162,022	(14,754,868)
Fund balances, beginning of year	62,029,290	23,934,896	23,919,480	26,335,110	136,218,776
Prior period adjustments	834	(124,722)	-	137,041	13,153
Fund balances, beginning as restated	<u>62,030,124</u>	<u>23,810,174</u>	<u>23,919,480</u>	<u>26,472,151</u>	<u>136,231,929</u>
Fund balances, end of year	<u>\$ 67,215,405</u>	<u>\$ 24,433,588</u>	<u>\$ 3,193,895</u>	<u>\$ 26,634,173</u>	<u>\$121,477,061</u>

The accompanying notes are an integral part of these financial statements

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

Exhibit 4

FOR THE YEAR ENDED JUNE 30, 2007

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

Net changes in fund balances - total governmental funds \$ (14,754,868)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. 11,359,157

In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in nets assets differs from the change in fund balance by the cost of the capital assets sold. (1,580,001)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 950,580

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 17,595,851

Net revenue including transfers, of internal service funds determined to be governmental-type. 1,549,409

Total changes in net assets of governmental activities \$ 15,120,128

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, 2007

	General Fund			
	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
<b>REVENUES:</b>				
Ad valorem taxes	\$ 130,470,100	\$ 138,389,354	\$ 139,141,442	\$ 752,088
Local option sales taxes	33,650,046	39,367,254	38,986,798	(380,456)
Other taxes and licenses	5,030,000	6,380,000	6,929,084	549,084
Unrestricted intergovernmental	570,000	570,000	616,097	46,097
Restricted intergovernmental	34,768,754	38,823,018	37,837,155	(985,863)
Permits and fees	1,771,050	1,771,050	1,808,826	37,776
Sales and services	15,159,933	16,013,917	16,471,205	457,288
Investment earnings	1,166,342	3,055,664	3,380,296	324,632
Miscellaneous	2,566,412	1,333,842	1,190,070	(143,772)
Total revenues	<u>225,152,637</u>	<u>245,704,099</u>	<u>246,360,973</u>	<u>656,874</u>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
General government	19,412,476	19,895,130	18,911,898	983,232
Public safety	37,393,691	37,826,558	36,052,002	1,774,556
Economic and physical development	6,477,623	5,966,788	4,882,446	1,084,342
Human services	80,432,380	84,878,575	78,772,241	6,106,334
Cultural and recreational	6,026,526	6,209,064	5,892,578	316,486
<b>Intergovernmental:</b>				
Education	61,556,450	61,556,450	61,556,450	-
Total current expenditures	<u>211,299,146</u>	<u>216,332,565</u>	<u>206,067,615</u>	<u>10,264,950</u>
<b>Debt service:</b>				
Principal retirement			8,603,330	
Interest and other charges			3,223,424	
Total debt service	<u>15,545,758</u>	<u>11,912,889</u>	<u>11,826,754</u>	<u>86,135</u>
Total expenditures	<u>226,844,904</u>	<u>228,245,454</u>	<u>217,894,369</u>	<u>10,351,085</u>
Revenues over (under) expenditures	<u>(1,692,267)</u>	<u>17,458,645</u>	<u>28,466,604</u>	<u>11,007,959</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers from other funds	182,471	722,082	714,633	(7,449)
Transfers to other funds	(1,787,631)	(24,941,938)	(24,137,397)	804,541
Sales of capital assets	-	1,305,983	141,441	(1,164,542)
Appropriated fund balances	3,597,427	5,455,228	-	(5,455,228)
Contingency	(300,000)	-	-	-
Total other financing sources (uses)	<u>1,692,267</u>	<u>(17,458,645)</u>	<u>(23,281,323)</u>	<u>(5,822,678)</u>
Revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>5,185,281</u>	<u>\$ 5,185,281</u>
Fund balance, beginning of year			62,029,290	
Prior period adjustment			834	
Fund balance, beginning as restated			<u>62,030,124</u>	
Fund balance, end of year			<u>\$ 67,215,405</u>	

The accompanying notes are an integral part of these financial statements



BUNCOMBE COUNTY, NORTH CAROLINA

Exhibit 6

Statement of Net Assets

Proprietary Funds

JUNE 30, 2007

	Enterprise Funds				
	Solid Waste Disposal Fund	Human Services Facilities Fund	Other Enterprise Funds	Total	Internal Service Fund
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 8,338,123	\$ 4,520,388	\$ 2,743,884	\$ 15,602,395	\$ 9,888,413
Receivables, net	732,179	33,320	-	765,499	-
Prepays	-	-	-	-	2,755,560
Total current assets	9,070,302	4,553,708	2,743,884	16,367,894	12,643,973
Noncurrent assets:					
Restricted cash and cash equivalents	6,432,817	-	-	6,432,817	-
Deferred cost of refunding	246,886	-	-	246,886	-
Capital assets:					
Land, improvements, and construction in progress	19,392,644	-	-	19,392,644	-
Other capital assets, net of depreciation	12,274,631	9,745,380	534,271	22,554,282	-
Total capital assets	31,667,275	9,745,380	534,271	41,946,926	-
Total noncurrent assets	38,346,978	9,745,380	534,271	48,626,629	-
Total assets	47,417,280	14,299,088	3,278,155	64,994,523	12,643,973
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	531,841	20,631	10,929	563,401	1,671,653
Accrued interest payable	190,238	-	-	190,238	-
Salaries and payroll taxes payable	76,098	8,072	12,709	96,879	-
Compensated absences	94,016	2,292	9,416	105,724	-
Revenue bonds payable	1,820,000	-	-	1,820,000	-
Installment obligations payable	99,270	-	-	99,270	-
Total current liabilities	2,811,463	30,995	33,054	2,875,512	1,671,653
Noncurrent liabilities:					
Liabilities payable from restricted assets:					
Accrued landfill closure and postclosure care costs	6,899,934	-	-	6,899,934	-
Revenue bonds payable, net	11,392,476	-	-	11,392,476	-
Total noncurrent liabilities	18,292,410	-	-	18,292,410	-
Total liabilities	21,103,873	30,995	33,054	21,167,922	1,671,653
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	18,355,529	9,745,380	534,271	28,635,180	-
Restricted for capital projects	6,432,817	-	-	6,432,817	-
Unrestricted	1,525,061	4,522,713	2,710,830	8,758,604	10,972,320
Total net assets	\$ 26,313,407	\$ 14,268,093	\$ 3,245,101	\$ 43,826,601	\$ 10,972,320

The accompanying notes are an integral part of these financial statements

BUNCOMBE COUNTY, NORTH CAROLINA

Exhibit 7

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

FOR THE YEAR ENDED JUNE 30, 2007

	Enterprise Funds				Internal Service Fund
	Solid Waste Disposal Fund	Human Services Facilities Fund	Other Enterprise Funds	Total	
<b>OPERATING REVENUES</b>					
Charges for services	\$ 6,707,965	\$ 891,501	\$ 584,884	\$ 8,184,350	\$ 15,572,593
Miscellaneous	322,802	-	-	322,802	-
Total operating revenues	<u>7,030,767</u>	<u>891,501</u>	<u>584,884</u>	<u>8,507,152</u>	<u>15,572,593</u>
<b>OPERATING EXPENSES</b>					
Salaries, wages, and fringe benefits	1,380,267	161,379	391,541	1,933,187	-
Contracted services	959,878	1,050,458	76,207	2,086,543	-
Cost of products sold	-	-	221,149	221,149	-
Maintenance and repairs	372,253	124,587	-	496,840	-
Contributions to outside agencies	-	185,504	-	185,504	-
Other operating expenses	852,507	349,808	218,862	1,421,177	-
Landfill closure and postclosure care costs	294,126	-	-	294,126	-
Depreciation	2,111,111	354,185	700	2,465,996	-
Insurance premiums	-	-	-	-	1,728,346
Claims	-	-	-	-	14,599,103
Total operating expenses	<u>5,970,142</u>	<u>2,225,921</u>	<u>908,459</u>	<u>9,104,522</u>	<u>16,327,449</u>
Operating income (loss)	<u>1,060,625</u>	<u>(1,334,420)</u>	<u>(323,575)</u>	<u>(597,370)</u>	<u>(754,856)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest and investment revenue	881,304	341,848	136,963	1,360,115	503,944
Interest and other charges	(565,886)	-	-	(565,886)	-
Loss on disposal of assets	(4,089)	-	(9,040)	(13,129)	-
Decrease in estimated landfill closure and postclosure care cost liability	(352,463)	-	-	(352,463)	-
Total nonoperating revenues (expenses)	<u>(41,134)</u>	<u>341,848</u>	<u>127,923</u>	<u>428,637</u>	<u>503,944</u>
Income (loss) before contributions and transfers	1,019,491	(992,572)	(195,652)	(168,733)	(250,912)
Capital contributions	9,050	-	-	9,050	-
Transfer from General Fund	-	-	2,000,000	2,000,000	1,800,321
Change in net assets	<u>1,028,541</u>	<u>(992,572)</u>	<u>1,804,348</u>	<u>1,840,317</u>	<u>1,549,409</u>
Net assets, beginning of year	25,285,150	15,260,665	1,440,753	41,986,568	9,422,911
Prior period adjustment	(284)	-	-	(284)	-
Net assets, beginning as restated	<u>25,284,866</u>	<u>15,260,665</u>	<u>1,440,753</u>	<u>41,986,284</u>	<u>9,422,911</u>
Net assets, end of year	<u>\$26,313,407</u>	<u>\$14,268,093</u>	<u>\$ 3,245,101</u>	<u>\$43,826,601</u>	<u>\$ 10,972,320</u>

The accompanying notes are an integral part of these financial statements

BUNCOMBE COUNTY, NORTH CAROLINA

Exhibit 8

Statement of Cash Flows

Proprietary Funds

FOR THE YEAR ENDED JUNE 30, 2007

	Enterprise Funds				
	Solid Waste Disposal Fund	Human Services Facilities Fund	Other Enterprise Funds	Total	Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers	\$ 7,175,510	\$ 858,181	\$ 590,643	\$ 8,624,334	\$ 15,572,593
Cash paid for goods and services	(2,182,671)	(1,698,214)	(618,617)	(4,499,502)	(15,960,742)
Cash paid to employees for services	(1,384,675)	(159,690)	(399,079)	(1,943,444)	-
Other operating revenue	322,802	-	-	322,802	-
Net cash provided (used) by operating activities	3,930,966	(999,723)	(427,053)	2,504,190	(388,149)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers in	-	-	2,000,000	2,000,000	1,800,321
Net cash provided by noncapital financing activities	-	-	2,000,000	2,000,000	1,800,321
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition and construction of capital assets	(1,225,921)	-	(534,271)	(1,760,192)	-
Principal paid on installment obligation	(96,895)	-	-	(96,895)	-
Principal paid on bond maturities	(1,755,000)	-	-	(1,755,000)	-
Interest paid on long-term debt	(530,201)	-	-	(530,201)	-
Capital contributions	9,050	-	-	9,050	-
Net cash used by capital and related financing activities	(3,598,967)	-	(534,271)	(4,133,238)	-
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>					
Interest on investments	881,304	341,848	136,963	1,360,115	503,944
Net cash provided by investment activities	881,304	341,848	136,963	1,360,115	503,944
Net increase (decrease) in cash and cash equivalents	1,213,303	(657,875)	(824,361)	(268,933)	1,916,116
Cash and cash equivalents, beginning of year	13,557,637	5,178,263	1,568,245	20,304,145	7,972,297
Cash and cash equivalents, end of year	\$ 14,770,940	\$ 4,520,388	\$ 2,743,884	\$ 22,035,212	\$ 9,888,413

The accompanying notes are an integral part of these financial statements

BUNCOMBE COUNTY, NORTH CAROLINA

Exhibit 8

Statement of Cash Flows  
Proprietary Funds

FOR THE YEAR ENDED JUNE 30, 2007

	Enterprise Funds				
	Solid Waste Disposal Fund	Human Services Facilities Fund	Other Enterprise Funds	Total	Internal Service Fund
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 1,060,625	\$(1,334,420)	\$ (323,575)	\$ (597,370)	\$ (754,856)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	2,111,111	354,185	700	2,465,996	-
Landfill closure and postclosure care costs	(21,813)	-	-	(21,813)	-
Prior period adjustment	(284)	-	-	(284)	-
Changes in assets and liabilities:					
Decrease in receivables	467,829	(33,320)	5,759	440,268	-
Decrease in prepaid items	-	-	-	-	2,558
Increase (decrease) in accounts payable and accrued liabilities	317,906	12,143	(101,459)	228,590	364,149
Increase (decrease) in accrued compensated absences	(4,408)	1,689	(8,478)	(11,197)	-
Total adjustments	2,870,341	334,697	(103,478)	3,101,560	366,707
Net cash provided (used) by operating activities	\$ 3,930,966	\$ (999,723)	\$ (427,053)	\$ 2,504,190	\$ (388,149)

The accompanying notes are an integral part of these financial statements

BUNCOMBE COUNTY, NORTH CAROLINA

Exhibit 9

Statement of Fiduciary Net Assets

JUNE 30, 2007

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	<u>Agency Funds</u>
ASSETS	
Cash and cash equivalents	\$ 1,962,906
Accounts receivable	849,232
	<u>\$ 2,812,138</u>
LIABILITIES	
Accounts payable	\$ 1,290,298
Due to other taxing units	162,053
Due to beneficiaries	1,359,787
	<u>\$ 2,812,138</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, 2007

### Note 1 - Summary of Significant Accounting Policies

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

#### (A) Reporting Entity

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

Component Unit	Reporting Method	Criteria for Inclusion	Separate Financial Statements
Buncombe County Industrial Facility and Pollution Control Financing Authority	Discrete	The Authority is governed by a seven-member board of commissioners that is appointed by the county commissioners. The County can remove any commissioner of the Authority with or without cause.	None issued (no amounts have been presented because no financial transactions or account balances exist).
Asheville Regional Airport Authority	Discrete	The Airport Authority was established by a joint agreement between the City of Asheville and the County pursuant to State statute. The governing authority is selected by the County Commissioners and the Asheville City Council. The County is responsible for financing any operating deficits of the Airport Authority and the County must approve issuance of any revenue bonds. The County has also issued general obligation bonds for improvement of the Airport Authority's facilities.	Asheville Regional Airport Authority Post Office Box 817 Fletcher, NC 28732

<p>Buncombe County Tourism Development Authority</p>	<p>Discrete</p>	<p>The Development Authority is governed by members appointed by the County Commissioners, the Asheville City Council, and the Asheville Area Chamber of Commerce. The Development Authority derives its revenues through a special room occupancy tax which is authorized by, and may be repealed by, the decision of the County Commissioners.</p>	<p>Tourism Development Authority Post Office Box 1010 Asheville, North Carolina 28812</p>
<p>Avery's Creek Sanitary District</p>	<p>Discrete</p>	<p>The District is governed by a five-member board elected by the constituents of the District every four years. The District receives some delinquent taxes from a levy in fiscal year 1986-87 and otherwise derives its revenues from sewer taps and assessment fees. The County has financial accountability as a result of fiscal dependency of the District. The District's budget is included in the County's annual budget process.</p>	<p>None issued.</p>
<p>Western North Carolina Regional Air Quality Agency</p>	<p>Discrete</p>	<p>The Agency was established by an interlocal agreement between the City of Asheville and the County pursuant to State statute. The governing authority is selected by the County Commissioners and the Asheville City Council. The County and the city are responsible for financing any operating deficits of the Agency and the County shall provide personnel and financial services in that all employees of the Agency shall be County employees subject to the Buncombe County personnel plan in all respects except for the Agency Director which shall serve at the pleasure of the Agency Board. The County will also provide financial, payroll and bookkeeping services for the Agency with cost of services and personnel to be reimbursed by the Agency in accordance with the County cost allocation plan. The Agency's budget is included in the County's annual budget process.</p>	<p>None issued.</p>

**(B) Basis of Presentation, Basis of Accounting****Basis of Presentation, Measurement Focus – Basis of Accounting**

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

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

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

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

The County reports the following major governmental funds:

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

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

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

The County reports the following major enterprise funds:

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

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

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.

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

The Social Services Fund, which accounts for monies deposited with the Department of Social Services for the benefit of certain individuals; the Inmate Trust Fund, which accounts for the revenues and expenditures of activity funds belonging to inmates during the period of incarceration; the General Agency Accounts, which account for ad valorem and local option sales taxes collected for other taxing units; the Sondley Estate Trust, which accounts for certain monies held by the County which was appointed as fiscal agent by the Courts; the Buncombe County Anticrime Task Force, which accounts for forfeiture and controlled substance tax earmarked for the Buncombe County Anticrime Task Force; the Sheriff's Forfeiture and Controlled Substance Fund, which accounts for forfeiture and controlled substance tax earmarked for the Sheriff's Department; and the NC Motor Vehicle Interest Fund, which accounts for the three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles.

### **Measurement Focus, Basis of Accounting**

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

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital

grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

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

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Under State law (as of January 1, 1993), the County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For those motor vehicles registered under the staggered system and for vehicles newly registered under the annual system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2006 through February 2007 apply to the fiscal year ended June 30, 2007. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements. In addition, as of January 1, 2006, State law implemented a staggered expiration date system for annually registered vehicles as part of the conversion into the staggered registration. Originally, annually registration expired December 31<sup>st</sup> each year with taxes due by May 1<sup>st</sup> of the following year. To transition from the staggered into the annual registration, the initial 2007 registration renewals will vary from 7 to 18 months after December 31, 2006. Once these initial renewals have expired, all vehicles that were previously annually registered will be in the staggered system.

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

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



grant resources to such programs, followed by categorical block grants, and then by general revenues.

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

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

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Special Districts Volunteer Fire Departments, Emergency Telephone System, Occupancy Tax, Capital Reserve, Workforce Investment Act, Register of Deeds Automation, and Grant Projects Special Revenue Funds and the Enterprise Funds.

All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Capital Projects Funds. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$10,000. The governing board must approve all amendments. The County Manager is authorized by the budget ordinance to transfer appropriations between functional areas within a fund up to \$10,000 per expenditure; however, any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$10,000 per expenditure must be approved by the governing board. Budgetary transfers by the Manager must be reported to the County Commissioners at the next board meeting and recorded in the minutes. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

### **(D) Assets, Liabilities, and Fund Equity**

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

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

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

The County, Airport Authority, Tourism Development Authority, Sanitary District, and Agency's investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, an SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earning investment contracts are reported at cost.

## **(2) Cash and Cash Equivalents**

The County pools monies from several funds to facilitate disbursement and investment and to maximize the investment income. Therefore, all cash and investments with an original maturity of six months or less are essentially demand deposits and are considered cash and cash equivalents. Unrestricted cash totaling \$15,602,395 and restricted cash of \$6,432,817 make up the \$22,035,212 reported in the statement of cash flows for the Proprietary Funds. Asheville Regional Airport Authority considers demand deposits and investments purchased with an original maturity of three months or less, which are not limited as to use, to be cash and cash equivalents.

## **(3) Restricted Assets**

The unexpended bond proceeds of the County Capital Projects, School Bond, School Capital Commission, and Special Revenue Capital Projects Funds are classified as restricted assets within the governmental funds because their use is completely restricted to the purpose for which the bonds were originally issued.

Restricted cash and cash equivalents of \$6,432,817 in the Enterprise Funds are reserved for landfill closure and post closure.

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

## **(4) Ad Valorem Taxes Receivable**

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1; however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2006.

## **(5) Allowances for Doubtful Accounts**

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

## **(6) Inventories and Prepaid Items**

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

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

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

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

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

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

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

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

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

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

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

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

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

**(9) Compensated Absences**

County personnel policies permit an employee to accumulate vacation earned during the latest two years of service before such entitlement expires. In addition, non-exempt employees who work beyond the normal working day in conducting County business earn compensatory time at one and one-half hours for each hour actually worked. Upon termination any unexpired entitlement is due to the employee. For the County's government-wide financial statements and proprietary fund types in the fund financial statements, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. Airport personnel policies permit an employee to earn vacation as of January 1 of the related calendar year. Any unused vacation as of December 31 is forfeited. Upon termination, any unexpired vacation pay is due the employee.

The County's and the Airport Authority's sick leave policies provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since neither entity has any obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made by the County or its component unit.

**(10) Net Assets/Fund Balances****Net Assets**

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

**Fund Balances**

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

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

The governmental fund types classify fund balances as follows:

**Reserved:**

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

Reserved for encumbrances - portion of fund balance available to pay for any commitments related to purchase orders and contracts which remain unperformed at

year-end.

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

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

**Unreserved:**

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

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

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

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

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

Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 143,870,167
Less accumulated depreciation	<u>(45,000,793)</u>
Net capital assets	98,869,374
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are not available and therefore deferred in the fund statements	741,647
Liabilities for revenue deferred but earned and therefore recorded in the fund statements but not the government-wide	706,367



Description	Amount
The assets and liabilities of the internal service fund, which is used by management to charge the cost of insurance to individual funds, are included in governmental activities in the statement of net assets	10,972,320
Deferred charges related to advance refunding bond issued – included on government-wide statement of net assets but are not current financial resources	496,819
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements:	
Bonds, leases, and installment financing	(180,204,257)
Compensated absences	(4,862,365)
Accrued pension obligation	(1,207,159)
Accrued interest payable	(1,375,166)
	<u>\$ (75,865,420)</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 – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. The net adjustment consists of several elements as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities (including prior period adjustment)	\$ 18,206,640
Cost of disposed assets not recorded in fund statements	(1,580,001)
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	(6,847,483)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net assets in the government-wide statements	17,539,683
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)	530,793
Amortization of refunding costs not recorded on fund statements	(56,916)
Pension obligations are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(62,132)

Description	Amount
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(355,577)
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)	347,903
Reversal of deferred revenues other than property taxes recorded at 7/1/06	(103,691)
Recording of property taxes deferred in fund statements as of 6/30/07	706,368
Net revenue, including transfers, of internal service funds determined to be governmental type	1,549,409
Total adjustment	<u>\$ 29,874,996</u>

**(F) Estimates**

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

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

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

stability for each depository that collateralizes public deposits under the Pooling Method.

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

At June 30, 2007, the County's (including Western North Carolina Regional Air Quality Agency) deposits had a carrying amount of \$51,418,845 and a bank balance of \$52,632,914. Of the bank balance, \$4,907,500 was covered by federal depository insurance; \$47,725,414 was covered by collateral held under the Pooling Method. These amounts include \$1,962,906 held by the County in its fiduciary capacity for its agency funds.

At June 30, 2007, Buncombe County had \$9,155 cash on hand.

At June 30, 2007, the carrying amount of deposits for the Airport Authority was \$5,237,140 and the bank balance was \$6,298,211. Of the bank balance, \$200,000 was covered by federal depository insurance and \$6,098,211 was covered under the pooling method.

At June 30, 2007, the Tourism Development Authority's deposits had a carrying amount of \$2,629,709 and a bank balance of \$2,676,393. Of the bank balance, \$100,000 was covered by federal depository insurance and \$2,576,393 was covered by collateral held under the Pooling Method.

At June 30, 2007 the Avery's Creek Sanitary District's deposits had a carrying amount and bank balance of \$352,046. Of the bank balance, \$100,000 was covered by federal depository insurance.

## (2) Investments

As of June 30, 2007, the County had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 30</u>			
		<u>Days</u>	<u>1-6 Months</u>	<u>6-12 Months</u>	<u>1-2 Years</u>
US Government Agencies	\$ 30,688,065	\$ 1,402,422	\$ 8,724,454	\$ 494,815	\$ 20,066,374
NC Educational Assistance Authority					
Bonds	12,350,000	12,350,000	—	—	—
Commercial Paper	15,391,614	1,979,489	13,412,125	—	—
Bankers Acceptances	1,413,634	—	1,413,634	—	—
Certificates of Deposit	12,275,811	—	12,275,811	—	—
NC Capital Management Trust- Cash Portfolio	<u>22,398,612</u>	<u>22,398,612</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total	<u>\$ 94,517,736</u>	<u>\$ 38,130,523</u>	<u>\$ 35,826,024</u>	<u>\$ 494,815</u>	<u>\$ 20,066,374</u>

As of June 30, 2007, the Airport Authority had the following investments and maturities:

Investment Type	Fair Value	Less Than 6 Months
Commercial Paper	\$ 3,909,047	\$ 3,909,047
NC Capital Management Trust Cash	2,846,680	N/A
Total	\$ 6,755,727	\$ 3,909,047

At June 30, 2007, Tourism Development Authority's investments with North Carolina Capital Management Trust were as follows:

	Reported Value	Fair Value
NC Capital Management Trust- Cash Portfolio	\$ 4,951,785	\$ 4,951,785

At June 30, 2007, Avery's Creek Sanitary District's investments with North Carolina Capital Management Trust were as follows:

	Reported Value	Fair Value
NC Capital Management Trust- Cash Portfolio	\$ 268,818	\$ 268,818

During 2007, the County realized no gain or loss from the sale of investments. The calculation of realized gains is independent of the calculation of the net increases in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of the investment reported in the prior year. There were no realized or unrealized gains or losses on the County's, Airport Authority's, Tourism Development Authority's, or Avery's Creek Sanitary District's, investments during 2007.

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

	Primary Government	Airport Authority	Tourism Development Authority	WNC Regional Air Quality
Deposits	\$ 51,418,845	\$ 5,237,140	\$ 2,629,709	\$ -
Cash on hand	9,155	-	-	-
Investments	94,517,736	6,755,727	4,951,785	-
	145,945,736	11,992,867	7,581,494	-
Reported in agency funds and component unit	(2,692,163)	-	-	729,257
	\$ 143,253,573	\$ 11,992,867	\$ 7,581,494	\$ 729,257
Reported on financial statements:				
Cash and cash equivalents	\$ 97,968,745	\$ 8,083,820	\$ 2,629,709	\$ 729,257
Investments	20,561,189	3,909,047	4,951,785	-
Restricted cash	24,723,639	-	-	-
	\$143	\$ 11,992,867	\$ 7,581,494	\$ 729,257

**Interest Rate Risk**

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

**Credit Risk**

The County's policy is to limit investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the highest rating of at least one nationally recognized rating service and not bearing a rating below the highest by any nationally recognized rating service which rates the particular obligation. As of June 30, 2007, the County's investments in commercial paper were rated P1 by Standard & Poor's, F1 and F1+ by Fitch Ratings, and A1 and A1+ by Moody's Investors Service. The County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2007. 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 dollars or 5 percent of the total portfolio at the time of investment. The County's combined investment in commercial paper and bankers' acceptances is 12%, with no more than 5 million dollars or 5 percent of the total portfolio at the time of investment in any single issuer.

The County places no other limits on the amount that the County may invest in any one issuer. More than 5 percent of the County's investments are in FHLB, FNMA, and NC State Educational Assistance bonds. These investments are 9%, 8%, and 9% respectively of the County's total investments.

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

In accordance with the general statutes, agriculture, horticulture, and forestland may be taxed by the County at the present-use value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current



year and the three preceding fiscal years, along with the accrued interest from the original due date. This tax is immediately due and payable. The following are property taxes that could become due if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2004	\$ 1,821,297	\$ 432,558	\$ 2,253,855
2005	1,876,215	276,742	2,152,957
2006	4,281,963	246,213	4,528,176
2007	<u>4,260,438</u>	<u>—</u>	<u>4,260,438</u>
Total	<u>\$ 12,239,913</u>	<u>\$ 955,513</u>	<u>\$ 13,195,426</u>

#### 4) Receivables

Receivables at the government-wide level at June 30, 2007 were as follows:

	<u>Accounts</u>	<u>Taxes and Related Accrued Interest</u>	<u>Due From Other Governments</u>	<u>Total</u>
<b>Governmental Activities:</b>				
General	\$ 2,846,012	\$ 4,050,373	\$ 15,959,192	\$ 22,855,577
County Capital Projects	16,176	—	—	16,176
School Bond	286,216	—	—	286,216
Other Governmental	<u>887,764</u>	<u>883,107</u>	<u>6,701,917</u>	<u>8,472,788</u>
	4,036,168	4,933,480	22,661,109	31,630,757
Allowance for doubtful accounts	<u>(821,881)</u>	<u>(3,237,275)</u>	<u>—</u>	<u>(4,059,156)</u>
Total - governmental activities	<u>\$ 3,214,287</u>	<u>\$ 1,696,205</u>	<u>\$ 22,661,109</u>	<u>\$ 27,571,601</u>
	<u>Accounts</u>	<u>Taxes and Related Accrued Interest</u>	<u>Due From Other Governments</u>	<u>Total</u>
<b>Business-type Activities</b>				
Solid Waste Disposal	\$ 794,184	\$ —	\$ —	\$ 794,184
Other Business-type	<u>33,320</u>	<u>—</u>	<u>—</u>	<u>33,320</u>
	827,504	—	—	827,504
Allowance for doubtful accounts	<u>(62,005)</u>	<u>—</u>	<u>—</u>	<u>(62,005)</u>
Total - business-type activities	<u>\$ 765,499</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 765,499</u>

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

Local option sales tax	\$ 16,265,343
Other	<u>6,395,766</u>
Total	<u>\$ 22,661,109</u>

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

**(5) Capital Assets**

Capital asset activity for the year ended June 30, 2007, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 6,570,791	\$ 36,673	\$ –	\$ 6,607,464
Construction in process	<u>21,250,160</u>	<u>16,909,558</u>	<u>3,830,037</u>	<u>34,329,681</u>
Total capital assets not being depreciated	<u>27,820,951</u>	<u>16,946,231</u>	<u>3,830,037</u>	<u>40,937,145</u>
Capital assets being depreciated:				
Buildings	67,966,176	716,185	57,616	68,624,745
Other improvements	2,623,613	–	40,000	2,583,613
Equipment	24,011,714	3,206,258	3,114,485	24,103,487
Vehicles	<u>7,432,741</u>	<u>1,043,281</u>	<u>854,845</u>	<u>7,621,177</u>
Total capital assets being depreciated	<u>102,034,244</u>	<u>4,965,724</u>	<u>4,066,946</u>	<u>102,933,022</u>
Less accumulated depreciation for:				
Buildings	26,536,507	2,071,679	51,679	28,556,507
Other improvements	457,680	136,074	3,327	590,427
Equipment	8,797,238	3,448,951	1,592,064	10,654,125
Vehicles	<u>4,848,830</u>	<u>1,190,779</u>	<u>839,875</u>	<u>5,199,734</u>
Total accumulated depreciation	<u>40,640,255</u>	<u>\$ 6,847,483</u>	<u>\$ 2,486,945</u>	<u>45,000,793</u>
Total capital assets being depreciated, net	<u>61,393,989</u>			<u>57,932,229</u>
Governmental activities capital assets, net	<u>\$ 89,214,940</u>			<u>\$ 98,869,374</u>
Business-type activities:				
Solid Waste Disposal				
Capital assets not being depreciated:				
Land	\$ 6,308,519	\$ –	\$ –	\$ 6,308,519
Construction in process	<u>11,908,677</u>	<u>1,175,448</u>	<u>–</u>	<u>13,084,125</u>
Total capital assets not being depreciated	<u>18,217,196</u>	<u>1,175,448</u>	<u>–</u>	<u>19,392,644</u>
Capital assets being depreciated:				
Buildings and improvements	22,675,550	–	–	22,675,550
Equipment	662,102	50,472	25,739	686,835
Vehicles	<u>2,310,106</u>	<u>56,291</u>	<u>76,882</u>	<u>2,310,106</u>
Total capital assets being depreciated	<u>25,647,758</u>	<u>50,472</u>	<u>25,739</u>	<u>25,672,491</u>

	Beginning Balances	Increases	Decreases	Ending Balances
Less accumulated depreciation for:				
Buildings and improvements	\$ 8,994,991	\$ 1,895,496	\$ —	\$10,890,487
Equipment	430,504	30,363	21,650	439,217
Vehicles	1,882,904	185,252	—	2,068,156
Total accumulated depreciation	<u>11,308,399</u>	<u>2,111,111</u>	<u>21,650</u>	<u>13,397,860</u>
Total capital assets being depreciated, net	<u>14,339,359</u>			<u>12,274,631</u>
Solid Waste Disposal capital assets, net	<u>32,556,555</u>			<u>31,667,275</u>
Human Services Facilities				
Capital assets being depreciated:				
Buildings and improvements	<u>10,662,142</u>	<u>—</u>	<u>—</u>	<u>10,662,142</u>
Less accumulated depreciation for:				
Buildings and improvements	<u>567,577</u>	<u>354,185</u>	<u>—</u>	<u>916,762</u>
Human Services Facilities capital assets, net	<u>10,099,565</u>			<u>9,745,380</u>
Other Business-type				
Construction in process	<u>—</u>	<u>534,271</u>	<u>—</u>	<u>534,271</u>
Capital assets being depreciated:				
Maintenance equipment	8,351	—	8,351	—
Vehicles	<u>18,175</u>	<u>—</u>	<u>18,175</u>	<u>—</u>
Total capital assets being depreciated	<u>26,526</u>	<u>—</u>	<u>26,526</u>	<u>—</u>
Less accumulated depreciation for:				
Maintenance equipment	5,379	405	5,784	—
Vehicles	<u>11,407</u>	<u>295</u>	<u>11,702</u>	<u>—</u>
Total accumulated depreciation	<u>16,786</u>	<u>\$ 700</u>	<u>\$ 17,486</u>	<u>—</u>
Total capital assets being depreciated, net	<u>9,740</u>			<u>—</u>
Other Business-type capital assets, net	<u>9,740</u>			<u>534,271</u>
Business-type capital assets, net	<u>\$ 42,665,860</u>			<u>\$ 41,946,926</u>

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

Governmental Activities:	
General Government	\$ 1,879,602
Public Safety	2,963,896
Economic and Physical Development	63,828
Human Services	1,077,579
Cultural and Recreational	862,578
Total Depreciation Expense	<u>\$ 6,847,483</u>
Business-Type Activities:	
Solid Waste Disposal	\$ 2,111,111
Human Services Facilities	354,185
Other Business-Type	700
Total Depreciation Expense	<u>\$ 2,465,996</u>

**Construction commitments**

The government has the following commitments with contractors for active construction projects as of June 30, 2007:

Project	Spent-to-date	Remaining Commitment
Detention center	\$ 27,984,650	\$ 3,091,675
EOC building	2,779,486	1,615,142
Animal shelter	72,000	68,800
Crisis stabilization	794,785	287,241
Roof replacement	1,374,774	800,225
Parking deck	566,467	159,831
EPA project – bioreactor	1,430,038	247,959
Total construction commitments	<u>\$ 35,002,200</u>	<u>\$ 6,270,873</u>

**Discretely presented component units**

The fixed assets of the Asheville Regional Airport for the year ended June 30, 2007, were as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 3,725,790	\$ –	\$ –	\$ 3,725,790
Capital projects	<u>2,416,974</u>	<u>5,627,135</u>	<u>4,753,338</u>	<u>3,290,771</u>
Total capital assets not being depreciated	<u>6,142,764</u>	<u>5,627,135</u>	<u>4,753,338</u>	<u>7,016,561</u>
Capital assets being depreciated:				
Leasehold improvements	53,032,870	4,151,516	–	57,184,386
Public safety & maintenance equipment	3,776,157	280,846	–	4,057,003
Furniture	50,080	–	–	50,080
Vehicles	<u>2,365,660</u>	<u>707,488</u>	<u>–</u>	<u>3,073,148</u>
Total capital assets being depreciated	<u>59,224,767</u>	<u>5,139,850</u>	<u>–</u>	<u>64,364,617</u>
Less accumulated depreciation for:				
Leasehold improvements	19,788,848	2,228,314	–	22,017,162
Public safety & maintenance equipment	2,299,040	276,399	–	2,575,439
Furniture	36,641	485	–	37,125
Vehicles	<u>1,935,159</u>	<u>144,568</u>	<u>–</u>	<u>2,079,726</u>
Total accumulated depreciation	<u>24,079,688</u>	<u>\$ 2,649,766</u>	<u>\$ –</u>	<u>26,709,454</u>
Total capital assets being depreciated, net	<u>35,165,079</u>			<u>37,655,163</u>
Asheville Regional Airport capital assets, net	<u>\$ 41,307,843</u>			<u>\$ 44,671,724</u>

Activity for the Avery's Creek Sanitary District for the year ended June 30, 2007, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets being depreciated:				
Improvements	\$ 2,056,471	\$ —	\$ —	\$ 2,056,471
Less accumulated depreciation for:				
Improvements	452,046	<u>\$ 42,144</u>	<u>\$ —</u>	494,190
Avery's Creek Sanitary District capital assets, net	<u>\$ 1,604,425</u>			<u>\$ 1,562,281</u>

Activity for WNC Regional Air Quality for the year ended June 30, 2007, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets being depreciated:				
Equipment	\$ 146,145	\$ 12,480	\$ —	\$ 158,625
Vehicles	168,225	26,294	69,925	124,594
Total capital assets being depreciated	314,370	38,774	69,925	283,219
Less accumulated depreciation for:				
Equipment	140,336	3,913	—	144,249
Vehicles	92,792	20,389	51,141	62,040
Total accumulated depreciation	233,128	<u>\$ 24,302</u>	<u>\$ 51,141</u>	206,289
WNC Regional Air Quality capital assets, net	<u>\$ 81,242</u>			<u>\$ 76,930</u>

**(B) Liabilities**

**(1) Payables**

Payables at the government-wide level at June 30, 2007, were as follows:

	Vendors	Salaries and Benefits	Accrued Interest	Total
Governmental Activities:				
General	\$ 6,122,211	\$ 4,879,092	\$ 1,375,166	\$ 12,376,469
County Capital Projects	1,007,045	-	-	1,007,045
School Bond	188,749	-	-	188,749
Other governmental	2,838,272	113,898	-	2,952,170
Total - governmental activities	<u>\$ 10,156,277</u>	<u>\$ 4,992,990</u>	<u>\$ 1,375,166</u>	<u>\$ 16,524,433</u>



	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Accrued Interest</u>	<u>Total</u>
Business-type Activities:				
Solid Waste Disposal	\$ 531,841	\$ 76,098	\$ 190,238	\$ 798,177
Human Services				
Facilities	20,631	8,072	-	28,703
Other business-type	<u>10,929</u>	<u>12,709</u>	<u>-</u>	<u>23,638</u>
Total - Business-type activities	<u>\$ 563,401</u>	<u>\$ 96,879</u>	<u>\$ 190,238</u>	<u>\$ 850,518</u>

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

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

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The County and the Airport Authority are required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.89% and 4.78%, respectively, of annual covered payroll. For the Airport Authority, the current rate for employees not engaged in law enforcement and for law enforcement officers is 7.93% and 7.80%, respectively, of annual covered payroll. Certain County employees assigned to Western North Carolina Regional Air Quality Agency have a current rate of 4.88% of annual covered payroll. The contribution requirements of members and of the County and the Airport Authority are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2007, 2006, and 2005 were \$2,672,285, \$2,556,012, and \$2,061,979, respectively.

The Airport Authority's contributions to LGERS for the years ended June 30, 2007, 2006, and 2005 were \$130,160, \$115,271, and \$92,494, respectively. The contributions made by the County and the Airport Authority equaled the required contributions for each year.

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

## 1. Plan Description.

Buncombe County administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the

General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time County and Airport Authority law enforcement officers are covered by the Separation Allowance. At December 31, 2006, the Separation Allowance's membership consisted of:

	County	Airport Authority
Retirees receiving benefits	16	4
Terminated plan members entitled to but not yet receiving benefits	0	0
Active plan members	203	19
Total	<u>219</u>	<u>23</u>

## 2. Summary of Significant Accounting Policies.

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

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

## 3. Contributions.

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

The annual required contribution for the current year was determined as part of the December 31, 2006 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4.5% to 12.3% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include postretirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at December 31, 2006 was 24 years.

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

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

	County	Airport Authority
Annual required contribution	\$ 198,511	\$ 24,101
Interest on net pension obligation	83,014	6,230
Adjustments to annual required contribution	(68,523)	(5,060)
Annual pension cost	213,002	25,271
Contributions made	150,870	42,657
Increase (decrease) in net pension obligation	62,132	(17,385)
Net pension obligation beginning of year	1,145,027	85,928
Net pension obligation end of year	<u>\$ 1,207,159</u>	<u>\$ 68,543</u>

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

For Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2005	\$ 218,164	38.95%	\$ 1,035,527
2006	227,236	51.81	1,145,027
2007	213,002	70.83	1,207,159

for Airport Authority

For Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2005	\$ 26,048	101.72%	\$ 98,416
2006	26,790	146.61	85,928
2007	25,271	168.79	68,543

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

**Plan Description.** The County and the Airport Authority contribute to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County and the Airport Authority. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

**Funding Policy.** Article 12E of G.S. Chapter 143 requires the County and the Airport Authority to contribute each month an amount equal to eight percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2007 were \$745,676, which consisted of \$610,878 from the County and \$134,798 from the law enforcement officers.

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

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.

Funding Policy. The Board of Commissioners has directed that the County contribute each month an amount equal to eight percent 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, 2007 were \$4,728,752 which consisted of \$3,649,919 from the County and \$1,078,833 from the employees. Contributions for the year ended June 30, 2006 were \$122,896, which consisted of \$82,681 from the Airport Authority and \$40,215 from their employees.

**(e) Register of Deeds' Supplemental Pension Fund**

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

Funding Policy. On a monthly basis, the County remits to the Department of State Treasurer an amount equal to four and one-half percent (4.5%) of the monthly receipts collected pursuant to Article 1 of G.S. Chapter 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2007, the County's required and actual contributions were \$89,115.

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

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

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

Funding Policy. Plan members are required to contribute \$10 per month to the Fund. The State, a nonemployer contributor, funds the plan through appropriations. The State's annual contribution per fireman and rescue squad worker to the Firemen's and Rescue Squad Worker's Pension Fund for the fiscal year ended June 30, 2007 and 2006 was \$223 and \$223, respectively. The State's on behalf contributions are recorded as revenues and expenditures to the County. The County does not contribute to the Fund. Contribution requirements of plan members and the State of North Carolina are established and may be amended by the North Carolina General Assembly.

**(g) Other Post Employment Benefits**

According to a County resolution, the County provides health care benefits to retirees of the County who participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least five years of creditable service with the County. 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. Currently 221 retirees are eligible for postretirement health benefits. For the fiscal year ended June 30, 2007, the County made payments for postretirement health benefit premiums of \$2,706,959.

**(h) Other Employment Benefits**

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

For the fiscal year ended June 30, 2007, the County made contributions to the State for death benefits of \$20,929 for employees not engaged in law enforcement, \$4,856 for law enforcement officers, and \$157 for employees assigned to Western North Carolina Regional Air Quality Agency. For the fiscal year ended June 30, 2007, the Authority made contributions to the State for death benefits of \$2,006. The County's required contributions for employees not engaged in law enforcement, for law enforcement officers, and for Western North Carolina Regional Air Quality Agency employees represented .09%, .14%, and .08% of covered payroll, respectively. The Authority's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .11% and .14%, respectively, of covered payroll. The contributions to the Death Benefit Plan cannot be separated between the post employment benefit amount and the other benefit amount.

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

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



The County has met the requirements of a local government financial test that is one option under state and federal laws and regulations that helps determine if a unit is financially able to meet closure and postclosure care requirements. However, the County has also elected to establish a reserve fund to accumulate resources for the payment of closure and postclosure care costs of this landfill. Transfers of \$4,104,186 were made to the Landfill Closures and Postclosure Reserve Fund through June 30, 1997, and those funds, together with cumulative investment earnings are held in investments with a carrying value of \$6,432,817 (market value, \$6,432,817) at year-end. The County expects that future inflation costs will be paid from the investment earnings on these annual contributions. However, if investment earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or by future tax revenues.

**Closed Landfill:**

Landfill Permit Number 11-01: The previous landfill site of the County was closed on September 26, 1997. The \$2,841,295 reported as landfill postclosure care liability at June 30, 2007, represents the projected actual cost of the closed landfill over the next 22 years based on what it would cost to perform all postclosure care in 2007. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

**Landfill in Operation:**

Landfill Permit Number 11-07: The \$4,058,639 reported as landfill closure and postclosure care liability at June 30, 2007, represents a cumulative amount reported to date based on the use of 18.74 percent of the total estimated capacity of this landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$17,559,751 as the remaining estimated capacity is filled. This amount is based on what it would cost to perform all closure and postclosure care in 2007. The County expects to operate this landfill until at least the year 2031. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The County has met the requirements of a local government financial test that is one option under state and federal laws and regulations that help determine if a unit is financially able to meet closure and postclosure care requirements with respect to this landfill.

**(4) Deferred/Unearned Revenues**

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

	<u>Deferred Revenue</u>	<u>Unearned Revenue</u>
Prepaid taxes not yet earned (General)	\$ —	\$ 860,699
Taxes receivable, net (General)	661,816	—
Taxes receivable, net (Special Revenue)	44,551	—
Other, (Special Revenue)	—	170,610
	<u>\$ 706,367</u>	<u>\$ 1,031,309</u>

**(5) Risk Management**

The County for several years has operated under a limited risk management posture whereby moderate levels of risk are assumed, stop-loss limits are established, and conventional insurance for protection above these limits is purchased. The County has a scheduled limit on property coverage.

There is primary coverage of \$2,000,000 on general liability, automobile liability, law enforcement officers' professional liability and public officials' liability. Workers compensation has a statutory limit of \$1,000,000. There is a self-insured retention of \$100,000 on property, \$250,000 on liability, and \$300,000/\$350,000 on workers compensation. The County carries a \$5,000,000 commercial flood insurance policy with a \$100,000 self-retention policy.

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

The County provides health insurance benefits through a self-insured health insurance plan. The County is protected against catastrophic individual and aggregate loss by stop-loss insurance coverage. The accompanying statement of net assets and balance sheets as of June 30, 2007 includes a loss reserve liability for estimated outstanding medical claims of \$1,671,653. Changes in the health claims liability are presented below:

Year Ended June 30th	Beginning Balance	Claims Incurred	Claims Paid	Ending Balance
2006	\$ 883,735	\$ 12,371,361	\$ 11,949,885	\$ 1,305,211
2007	1,305,211	15,066,968	14,700,526	1,671,653

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

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

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

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

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

The County leases certain data processing equipment and other office equipment and facilities. Lease expenditures for the year ended June 30, 2007 amounted to \$1,085,284.

Future minimum lease payments under these operating lease agreements at June 30, 2007 are as follows:

<u>Year Ended June 30th</u>	<u>Amount</u>
2008	\$296,209
2009	181,416
2010	92,386
2011	94,824

**(8) Long-Term Obligations**

**(a) Installment Note Obligations**

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

<u>Installment Note Obligations</u>	<u>Balance June 30, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2007</u>
Serviced by the Governmental Funds:				
COPS 1998, refunding \$37,020,000 issue, interest at 3.65% to 5.0% payable semiannually to 2012.	\$ 13,890,000	\$ -	\$ 1,730,000	\$ 12,160,000
Building acquisition, 2000 \$1,665,000 issue, interest at 7.35% payable semiannually to 2006.	147,220	-	147,220	-
Criminal justice information system, 2001 \$3,000,000 issue, interest at 4.287% payable semiannually to 2006.	329,430	-	329,430	-
Health patient management system, 2001 \$741,400 issue, interest at 4.4% payable semiannually to 2006.	81,428	-	81,428	-
EMS vehicles, 2003 \$860,424 issue, interest at 2.34% payable semiannually to 2007.	356,413	-	176,049	180,364
COPS 2003, detention center and other improvements, \$19,620,000 issue, interest at 2.0% to 5.0% payable semiannually to 2023.	17,835,000	-	1,425,000	16,410,000
Sheriff vehicles, 2004 \$594,775 issue, interest at 1.83% payable semiannually to 2007.	189,913	-	189,913	-

<u>Installment Note Obligations</u>	<u>Balance June 30, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2007</u>
Sheriff vehicles, 2005 \$755,000 issue, interest at 3.235% payable semiannually to 2008.	\$ 511,367	-	\$ 259,954	\$ 251,413
Server, 2005 \$1,685,000 issue, interest at 3.33% payable semiannually to 2010.	1,369,897	-	325,689	1,044,208
COPS 2005, detention center \$14,500,000 issue, interest at 2.5% to 5.0% payable semiannually to 2025. A premium of \$393,944 is reported as an increase to long-term debt and will be amortized over the life of the debt.	13,775,000	-	720,000	13,055,000
COPS 2006, schools and community college \$51,985,000 issue, interest at 3.375% to 5.0% payable to 2026. A premium of \$2,223,983 is reported as an increase to long-term debt and will be amortized over the life of the debt.	<u>51,985,000</u>	<u>-</u>	<u>3,100,000</u>	<u>48,885,000</u>
Total installment note obligations	<u>\$ 100,470,668</u>	<u>\$ -</u>	<u>\$ 8,484,683</u>	<u>\$ 91,985,985</u>

For Buncombe County, the future minimum payments for installment notes as of June 30, 2007, are:

<u>Year Ended June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2008	\$ 7,736,783	\$ 4,057,639
2009	7,374,570	3,773,669
2010	7,534,632	3,492,610
2011	7,075,000	3,184,679
2012	7,140,000	2,891,207
2013-2017	26,580,000	10,320,752
2018-2022	23,020,000	4,461,740
2023-2026	<u>5,525,000</u>	<u>452,544</u>
Total	91,985,985	<u>\$ 32,634,840</u>
Add unamortized premium	<u>2,652,790</u>	
	<u>\$ 94,638,775</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, 2007, are comprised of the following individual issues:

<u>General Obligation Bonds</u>	<u>Balance June 30, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2007</u>
Serviced by the Governmental Funds:				
Airport Bonds, 1991 \$2,000,000 issue, interest at 6% to 6.5% payable semiannually, due serially to 2012.	\$ 600,000	\$ —	\$ 100,000	\$ 500,000
Refunding Bonds, 1993 \$52,870,000 issue, interest at 5.1% payable semiannually, due serially to 2010.	10,815,000	—	3,455,000	7,360,000
Refunding Bonds, 1996 \$5,495,000 issue, interest at 4.5% to 5.0% payable semiannually, due serially to 2011.	2,270,000	—	470,000	1,800,000
Refunding Bonds, 1998 \$3,490,000 issue, interest at 4.4% to 4.6% payable semiannually, due serially to 2009.	1,080,000	—	270,000	810,000
School Bonds, 2000 issue, interest at 4.7% to 5.0% payable semiannually, due serially to 2014.	12,800,000	—	800,000	12,000,000
Public Improvement (Libraries), 2000 \$3,950,000 issue, interest at 4.5% to 4.7% payable semiannually, due serially beginning 2002 to 2009.	2,000,000	—	500,000	1,500,000
Refunding Bonds, 2001 \$12,365,000 issue, interest at 4.0% to 4.4% payable semiannually due serially to 2012.	8,915,000	—	775,000	8,140,000



General Obligation Bonds	Balance June 30, 2006	Increases	Decreases	Balance June 30, 2007
Refunding Bonds, 2002 \$24,500,000 issue, interest at variable rates in the weekly mode payable semiannually, due serially to 2026.	\$ 23,384,000	\$ —	\$ 382,000	\$ 23,002,000
School Bonds, 2002 \$15,000,000 issue, interest at variable rates in the weekly mode payable semiannually, due serially to 2026.	14,316,000	—	218,000	14,098,000
Public Improvement, 2002 \$4,340,000 issue, interest at 4% payable semiannually, due serially to 2014.	1,475,000	—	430,000	1,045,000
Refunding Bonds, 2005 \$12,430,000 issue, interest at 3% to 3.5% payable semi- annually, due serially to 2015.	11,425,000	—	1,270,000	10,155,000
Public Improvement, 2005 \$5,835,000 issue, interest at 3% to 4% payable semi- annually, due serially to 2020.	<u>5,445,000</u>	<u>—</u>	<u>385,000</u>	<u>5,060,000</u>
Total general obligation bonds	<u>\$ 94,525,000</u>	<u>\$ —</u>	<u>\$ 9,055,000</u>	<u>\$ 85,470,000</u>

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

Year Ending June 30	Governmental Activities	
	Principal	Interest
2008	\$ 9,005,000	\$ 3,507,285
2009	8,605,000	3,118,368
2010	8,705,000	2,740,993
2011	6,435,000	2,388,345
2012	6,885,000	2,073,555
2013-2017	23,075,000	6,633,095
2018-2022	13,160,000	3,211,625
2023-2027	<u>9,600,000</u>	<u>768,000</u>
Total	85,470,000	<u>\$ 24,441,266</u>
Add unamortized premium	<u>95,482</u>	
	<u>\$ 85,565,482</u>	

At June 30, 2007, Buncombe County had bonds authorized but unissued of \$915,000 and had a legal debt margin of \$1,916,932,652.

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

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

The future minimum payments as of June 30, 2007 are:

Year Ending June 30	Business-type Activities	
	Principal	Interest
2008	\$ 99,270	\$ 1,652
Total	<u>\$ 99,270</u>	<u>\$ 1,652</u>

**(d) Special Obligation Revenue Bonds**

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

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

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

Year Ending June 30	Business-type Activities	
	Principal	Interest
2008	\$ 1,820,000	\$ 467,238
2009	1,865,000	412,638
2010	1,945,000	348,144
2011	1,995,000	281,932
2012	1,305,000	207,725
2013-2016	<u>5,510,000</u>	<u>542,391</u>
Total	13,135,000	<u>\$ 2,052,341</u>
Add unamortized premium	<u>77,476</u>	
	<u>\$ 13,212,476</u>	

**(e) Advance Refundings**

In prior years, the County has refunded various general obligation bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase qualified government securities that were placed in the trust funds. As of June 30, 2007, all defeased debt payments have been paid by trust funds.

**(f) Long Term Obligation Activity**

The following is a summary of changes in the County's long-term obligations for the year ended June 30, 2007:

	<u>Balances</u> <u>July 1, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances</u> <u>June 30, 2007</u>	<u>Current</u> <u>Portion</u> <u>of Balance</u>
Governmental activities:					
General obligation bonds	\$ 94,641,630	\$ —	\$ 9,076,148	\$ 85,565,482	\$ 9,005,000
Installment notes	103,461,328	—	8,822,553	94,638,775	7,736,783
Pension liability	1,145,027	281,525	219,393	1,207,159	227,824
Compensated absences	<u>5,413,291</u>	<u>4,430,980</u>	<u>4,008,185</u>	<u>5,836,086</u>	<u>973,721</u>
Total governmental activities	<u>\$204,661,276</u>	<u>\$ 4,712,505</u>	<u>\$ 22,126,279</u>	<u>\$187,247,502</u>	<u>\$ 17,943,328</u>
Business-type activities:					
Special obligation revenue bonds, net	\$ 14,987,067	\$ —	\$ 1,774,591	\$ 13,212,476	\$ 1,820,000
Installment notes	196,165	—	96,895	99,270	99,270
Compensated absences	116,921	—	11,197	105,724	105,724
Accrued landfill closure and postclosure care costs	<u>6,569,284</u>	<u>330,650</u>	<u>—</u>	<u>6,899,934</u>	<u>—</u>
Total business-type activities	<u>\$ 21,869,437</u>	<u>\$ 330,650</u>	<u>\$ 1,882,683</u>	<u>\$ 20,317,404</u>	<u>\$ 2,024,994</u>

Compensated absences and pension liability have been liquidated in the funds in which they have been earned. Interest expense for the government-wide statements for the year-end June 30, 2007 was \$7,811,367, including capitalized interest of \$1,083,135.

	Balances July 1, 2006	Increases	Decreases	Balances June 30, 2007	Current Portion of Balance
Discretely presented component units:					
Compensated absences	\$ 80,380	\$ 33,676	\$ —	\$ 114,056	\$ —
Total discretely presented component units long-term liabilities	<u>\$ 80,380</u>	<u>\$ 33,676</u>	<u>\$ —</u>	<u>\$ 114,056</u>	<u>\$ —</u>

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

On July 2, 1990, the County transferred the ownership, operation, and maintenance responsibility for the sanitary districts to the Metropolitan Sewerage District. The contracts effecting the transfer call for the Metropolitan Sewerage District to assume the liability for the Enka-Candler Water and Sewer District Bonds. Consequently, the bonds have been removed from the County's financial statements. The Enka-Candler Water and Sewer District, for which the County Board of Commissioners is the governing body, is liable for the payments on these bonds if the Metropolitan Sewerage District defaults. As of June 30, 2007, the balance of the bonds outstanding was \$945,000.

**(h) Conduit Debt Obligations**

The Buncombe County Industrial Facility and Pollution Control Financing Authority has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as by letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private businesses served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2007, there were three series of industrial revenue bonds outstanding with an aggregate principal amount payable of \$9,150,000.

**(C) Interfund Balances and Activity**

There is a loan outstanding from the General Fund to the Grant Projects Fund of \$1,420,812 to cover the cost of expenditures from reimbursement-based grants until those grants are received from the granting agencies. The full amount of the loan is expected to be repaid within one year.

Transfers to/from other funds loans at June 30, 2007 consist of the following:

General Fund:		
From the General Fund to the Special Revenue Capital Reserve Fund to transfer available funds to capital reserve contingency.	\$	500,000
From the General Fund to the Special Revenue Capital Projects Fund for special revenue capital projects.		2,848,825

*General fund continued*

From the General Fund to the School Capital Commission Fund to transfer balance of restricted article 40/42 sales tax.	\$ 1,944,838
From the General Fund to the Special Revenue Transportation Fund for transportation services.	394,727
From the General Fund to the County Capital Projects Fund for future capital projects.	14,032,592
From the General Fund to the County Parking Deck Fund for operational funds to begin enterprise.	2,616,094
From the General Fund to the Internal Service Fund for the cost of future post-employment benefits other than pension.	<u>1,800,321</u>
	<u>\$ 24,137,397</u>

## Major Governmental Funds:

From the School Bond Fund to the School Capital Commission Fund for debt service payments.	\$ <u>37,442</u>
	<u>\$ 37,442</u>

## Non major Governmental Funds:

From the Special Revenue Occupancy Tax Fund to the General Fund for payment of a 1.5% collection fee.	\$ 98,539
From the Special Revenue Emergency Telephone System Fund to the County Capital Projects Fund for aerial photography capital project.	500,000
From the Transportation Fund to the Special Revenue Grant Projects Fund to transfer grant project revenues.	20,000
From the Transportation Fund to the County Capital Projects Fund for future capital projects.	<u>123,813</u>
	<u>\$ 742,352</u>

## Solid Waste Disposal Fund:

From the Solid Waste Disposal Fund to the Solid Waste Capital Projects Fund for future capital projects.	\$ <u>4,982,253</u>
	<u>\$ 4,982,253</u>



*General fund continued*

## Non major Enterprise Funds:

From the After School Fund to the General Fund to transfer remaining fund balance and operations of the fund.	\$ <u>616,094</u>
	<u>\$ 616,094</u>

**Note 3 - Joint Ventures**

The County, in conjunction with seven other counties, participates in the Western Highlands Area Authority, which provides mental health, developmental disability, and substance abuse services to residents of the eight-county area. Buncombe County appoints two of the sixteen-member board, with the other counties appointing the remainder. The County has an ongoing financial responsibility for the Authority because it is legally required to provide public health services either directly or jointly with other counties. None of the participating governments have any equity interest in the Authority, so no equity interest has been reflected in the financial statements at June 30, 2007. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$600,000 to the Authority to fund operations. Complete financial statements for the Authority may be obtained from the Authority's offices at 356 Biltmore Avenue, Asheville, NC 28801.

The County, in conjunction with the State of North Carolina and the Buncombe County Board of Education and Madison County, participates in a joint venture to operate the Asheville-Buncombe Community College. The County, the Governor (on behalf of the State of North Carolina) and the Buncombe County Board of Education each appoint four members and Madison County appoints two members of the fifteen-member board of trustees of the community college. The president of the community college's student government serves as an ex officio nonvoting member of the community college's board of trustees. The community college is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the community college and also provides some financial support for the community college's operations. In addition to providing annual appropriations for facilities, the County periodically issues general obligation bonds and certificates of participation to provide financing for new and restructured facilities. Of the general obligation bonds issued for this purpose, \$10,298,057 in principal is still outstanding. Of the certificates of participation issued for this purpose \$15,789,732 in principal is still outstanding. The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the community college's facilities. The County contributed \$7,133,254 to the community college for operating purposes during the fiscal year ended June 30, 2007. In addition, the County made principal and interest payments of \$1,005,079 during the fiscal year on general obligation bonds and \$1,169,217 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, 2007. Complete financial statements for the community college may be obtained from the community college's administrative offices at 340 Victoria Road, Asheville, NC 28801.

**Note 4 - Jointly Governed Organizations**

The County, in conjunction with three other counties and fourteen municipalities, established the Land-of-Sky Regional Council (Council). The participating governments established the

Council to coordinate various funding received from federal and state agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$118,897 to the Council during the fiscal year ended June 30, 2007.

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

#### Note 5 - Benefit Payments Issued by the State

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

	<u>Federal</u>	<u>State</u>
Special Supplemental Nutrition Program for Women, Infants, and Children	\$ 3,113,822	\$ -
Food Stamp Program	21,655,003	-
Child Welfare Service	-	990,395
IV-E Adoption Assistance	1,295,194	356,742
Medical Assistance	150,490,624	74,155,535
Low-Income Home Energy Assistance	696,961	-
State/County Special Assistance for Adults	-	2,024,179
Refugee Assistance	14,384	-
IV-E Foster Care	681,528	134,492
Temporary Assistance to Needy Families	<u>2,105,596</u>	<u>(159)</u>
Totals	<u>\$ 180,053,112</u>	<u>\$ 77,661,184</u>

#### Note 6 - 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 7 - Prior Period Adjustment**

The beginning net assets of governmental and business-type activities on the statement of activities (exhibit 2) have been restated to reflect various corrections of prior period errors of \$(409,969) and \$(284), respectively. The adjustments also affect the fund balances of governmental funds (exhibit 4) and the net assets of proprietary funds (exhibit 7). The details of these adjustments are as follows:

## Governmental Activities:

## General Fund:

To correct for grant expenditures erroneously charged to General Fund.	\$ 28,933
To apply the receipt of federal gasoline in prior years to the amount recorded as receivable and allocate it between the General Fund and the Solid Waste Disposal Fund.	<u>(28,099)</u>
Total General Fund	<u>834</u>

## County Capital Projects Fund:

To record capital expenditures originally charged to the Emergency Telephone System Fund in the prior year as a capital project.	<u>(124,722)</u>
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## Non major Governmental Funds:

To record capital expenditures originally charged to the Emergency Telephone System Fund in the prior year as a capital project.	124,722
To correct life-to-date debt service payments charged to the Emergency Telephone System Fund.	<u>12,319</u>
Total non major governmental funds	<u>137,041</u>

## Governmental Activities:

To correct the life-to-date depreciation for a building acquired in 1981.	<u>(547,844)</u>
Net prior period adjustment – governmental activities	<u><u>\$ (534,691)</u></u>

## Business-type Activities:

To apply the receipt of federal gasoline in prior years to the amount recorded as receivable and allocate it between the General Fund and the Solid Waste Disposal Fund.	<u><u>\$ (284)</u></u>
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**Note 8 – Dissolution of Water Agreement**

On October 29, 1981, the City of Asheville and Buncombe County entered into an agreement, which established the Asheville/Buncombe Water Authority, effective January 1, 1982. The agreement was amended in 1994 to include representation from Henderson County and in 1996 was renamed

the Regional Water Authority of Asheville, Buncombe, and Henderson. This body had authority to set water rates and to adopt operating and capital budgets of the water funds, subject to approval of the governing bodies of the City and County. On May 25, 2004, the City of Asheville adopted a "Resolution to Amend or Terminate the Restated and Amended Supplemental Water Agreement" and gave notice to the County that the Water Agreement was to terminate effective May 25, 2005. On July 1, 2005 all recreation assets obtained by the County as a provision of the former "Water Agreement" were returned to the City of Asheville for operation. These assets included Aston Park Tennis Courts, Municipal Golf Course, Recreation Park, McCormick Field, and The Nature Center. The City of Asheville and the County are currently negotiating terms for the provision of water services and ownership of the water system. Pending the outcome of the negotiations, the Water Authority will continue to provide water service to the City of Asheville and the County. The nature of the water service after termination of the Water Agreement and the financial impact of the termination on the County cannot be determined at this time.

The City of Asheville has filed a lawsuit against the State of North Carolina challenging Sullivan II and III. Buncombe County has joined the State of North Carolina in the suit. After the Superior Court of Wake County granted summary judgment in favor of the State and the County, Asheville appealed to the N.C. Court of Appeals. The City also petitioned the N.C. Supreme Court to "by-pass" the Court of Appeals and take the case directly. The Supreme Court has denied the City's petition to "by-pass" the Court of Appeals. The appeal will now be heard by the Court of Appeals. The Authority is included as an enterprise fund in the City's financial statements, which may be obtained from the City's offices at P.O. Box 7148, Asheville, NC 28812.

#### **Note 9 – Unrestricted (Deficit)**

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

At the end of the fiscal year, the outstanding balance of the debt was \$109,816,783, \$15,789,732, and \$1,310,000 for the school system, community college, and airport authority, respectively. However, the entire amount of school, community college, and airport authority debt outstanding is general obligation debt, which is collateralized by the full faith, credit, and taxing power of the County. The County is authorized and required by State law to levy ad valorem taxes, without limit as to rate or amount, as may be necessary to pay debt service on its general obligation bonds. Principal and interest requirements will be provided by an appropriation in the year in which they become due.

#### **Note 10 – Subsequent Event**

On August 8, 2007, the County issued \$22,250,000 Certificates of Participation to finance purchases and construction including tax software, heavy landfill equipment, College Street Parking Deck, Animal Shelter, and EOC Garage.

**Note 11 – Bond Covenant Disclosure**

The Special Obligation Bonds described in Note 2(B)(8)(d) require the County to comply with covenants as to rates, fees, and charges covering the debt principal and interest. The net solid waste revenues and the total available revenues must be no less than 1.00 times and 1.50 times annual debt service, respectively. The following table presents information with respect to the financial performance of the Solid Waste System for June 30, 2007, 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>2,281,175</u>
Solid Waste System Revenues	\$ 7,030,768
Current Expenses <sup>2</sup>	<u>(3,394,335)</u>
Net Solid Waste System Revenues	\$ <u>3,636,433</u>
Debt Service Coverage <sup>3</sup>	<u>1.59 times</u>
Available Revenues	
Net Solid Waste System Revenues	\$ 3,636,433
Ambulance Fees	3,973,265
Undesignated Register of Deeds Fees	1,891,553
Inspection Fees	1,718,053
Jail Fees	<u>770,809</u>
Total Available Revenues	\$ <u>11,990,113</u>
Debt Service Coverage <sup>4</sup>	<u>5.26 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.





## Required Supplemental Financial Data

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This section contains information required by generally accepted accounting principals.

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Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance.

Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance.

Notes to Required Schedules for the Law Enforcement Officers Special Separation Allowance.

Schedule of Funding Progress for the Asheville Regional Airport Authority's Law Enforcement Officers' Special Separation Allowance.

Schedule of Employer Contributions for the Asheville Regional Airport Authority's Law Enforcement Officers' Special Separation Allowance.

Notes to the Required Schedules for the Asheville Regional Airport Authority's Law Enforcement Officer's Special Separation Allowance.

# BUNCOMBE COUNTY, NORTH CAROLINA

## *Law Enforcement Officers' Special Separation Allowance Schedule of Funding Progress*

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/1997	\$ -	\$ 458,627	\$ 458,627	0.00%	\$ 5,023,880	9.13%
12/31/1998	-	582,384	582,384	0.00	5,744,173	10.14
12/31/1999	-	664,267	664,267	0.00	5,929,142	11.20
12/31/2000	-	1,082,917	1,082,917	0.00	6,065,702	17.85
12/31/2001	-	1,298,037	1,298,037	0.00	6,237,344	20.81
12/31/2002	-	1,457,505	1,457,505	0.00	6,514,381	22.37
12/31/2003	-	1,628,593	1,628,593	0.00	6,502,320	25.05
12/31/2004	-	1,744,037	1,744,037	0.00	6,431,564	27.12
12/31/2005	-	1,716,110	1,716,110	0.00	6,566,698	26.13
12/31/2006	-	1,992,331	1,992,331	0.00	7,353,011	27.10

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

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Buncombe County has elected the pay as you go basis.

Year Ending June 30	Annual Required Contribution	Percentage Contributed
1998	\$63,850	8.83 %
1999	82,630	14.03
2000	100,367	13.80
2001	109,815	27.34
2002	163,091	33.78
2003	180,316	29.98
2004	201,230	31.08
2005	203,364	41.78
2006	211,635	55.63
2007	198,511	76.00

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Notes to the Required Schedules:

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

Valuation date	December 31, 2006
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	24 years
Asset valuation period	Market value

Actuarial assumptions:

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

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

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Asheville Regional Airport Authority

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/1997	\$ -	\$ 83,155	\$ 83,155	0.00%	\$ 483,514	17.20%
12/31/1998	-	92,186	92,186	0.00	477,332	19.31
12/31/1999	-	108,004	108,004	0.00	562,232	19.21
12/31/2000	-	278,556	278,556	0.00	507,211	54.92
12/31/2001	-	266,147	266,147	0.00	550,940	48.31
12/31/2002	-	321,410	321,410	0.00	546,517	58.81
12/31/2003	-	264,511	264,511	0.00	490,297	53.95
12/31/2004	-	264,421	264,421	0.00	514,320	51.41
12/31/2005	-	295,190	295,190	0.00	529,431	55.76
12/31/2006	-	263,109	263,109	0.00	575,361	45.73

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

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

Year Ending June 30	Annual Required Contribution	Percentage Contributed
1998	\$ 10,479	0%
1999	11,674	0
2000	12,365	0
2001	14,395	103.87
2002	26,845	77.06
2003	27,259	82.43
2004	30,881	72.76
2005	26,048	101.72
2006	26,790	146.61
2007	25,271	168.79

Notes to the Required Schedules:

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

Valuation date	December 31, 2006
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	24 years
Asset valuation period	Market value
Actuarial assumptions:	
Investment rate of return	7.25%
Projected salary increases	4.5% to 12.3%
Includes inflation at	3.75%
Cost of living adjustments	N/A

# BUNCOMBE COUNTY, NORTH CAROLINA

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

### General Fund

FOR THE YEAR ENDED JUNE 30, 2007

	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
<b>Ad Valorem Taxes:</b>			
Taxes		\$ 138,426,570	
Penalties and interest		714,872	
Total	\$ 138,389,354	139,141,442	\$ 752,088
<b>Local Option Sales Taxes:</b>			
Article 39, one percent *		10,568,802	
Article 40, one-half of one percent		9,388,727	
Article 42, one-half of one percent		9,265,877	
Article 44, one-half of one percent		9,763,392	
Total	39,367,254	38,986,798	(380,456)
<b>Other Taxes and Licenses:</b>			
Deed stamp excise tax		5,128,233	
Cable franchise tax		1,452,107	
Privilege licenses		21,120	
Rental car tax		327,624	
Total	6,380,000	6,929,084	549,084
<b>Unrestricted Intergovernmental:</b>			
Payments in lieu of taxes		49,689	
Beer and wine tax		566,408	
Total	570,000	616,097	46,097
<b>Restricted Intergovernmental:</b>			
Federal, State, and other grants		36,937,299	
Mixed drink surcharge		321,220	
Court facilities fees		509,913	
ABC bottle taxes		68,723	
Total	38,823,018	37,837,155	(985,863)
<b>Permits and Fees:</b>			
Building permits and inspections		1,718,053	
Register of deeds		90,773	
Total	1,771,050	1,808,826	37,776

\* 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, 2007

	Budget	Actual	Variance Positive (negative)
<b>Sales and Services:</b>			
Rents, concessions, and fees		\$ 2,634,126	
Jail fees		770,809	
Ambulance and rescue squad fees		3,973,265	
Recreation fees		360,678	
Other charges for services		8,013,132	
Child care fees		719,195	
Total	\$16,013,917	16,471,205	\$457,288
Investment Earnings	3,055,664	3,380,296	324,632
Miscellaneous	1,333,842	1,190,070	(143,772)
Total revenues	245,704,099	246,360,973	656,874
<b>Expenditures:</b>			
<b>General Government:</b>			
<b>Governing Body:</b>			
Salaries and employee benefits		493,189	
Other operating expenditures		342,881	
Total		836,070	
<b>County Manager:</b>			
Salaries and employee benefits		354,835	
Other operating expenditures		365,801	
Total		720,636	
<b>Personnel:</b>			
Salaries and employee benefits		575,424	
Other operating expenditures		65,951	
Total		641,375	
<b>Print Shop:</b>			
Salaries and employee benefits		10,074	
Other operating expenditures		18,121	
Total		28,195	
<b>Finance:</b>			
Salaries and employee benefits		1,433,486	
Other operating expenditures		441,376	
Total		1,874,862	

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, 2007

	Budget	Actual	Variance Positive (negative)
General Government - continued:			
Tax Department:			
Salaries and employee benefits		\$ 3,375,502	
Other operating expenditures		517,259	
Capital outlay		28,000	
Total		<u>3,920,761</u>	
Board of Elections:			
Salaries and employee benefits		581,349	
Other operating expenditures		308,120	
Total		<u>889,469</u>	
Register of Deeds:			
Salaries and employee benefits		1,431,727	
Other operating expenditures		2,882,696	
Total		<u>4,314,423</u>	
Information technology:			
Salaries and employee benefits		3,091,737	
Other operating expenditures		2,475,540	
Capital outlay		118,830	
Total		<u>5,686,107</u>	
Total General Government	\$ 19,895,130	18,911,898	\$ 983,232
Public Safety:			
Court Support:			
Salaries and employee benefits		3,405	
Other operating expenditures		103,589	
Total		<u>106,994</u>	
Day Reporting & Drug Treatment:			
Salaries and employee benefits		77,936	
Other operating expenditures		71,125	
Total		<u>149,061</u>	
Pretrial Release & Family Treatment Court:			
Salaries and employee benefits		335,812	
Other operating expenditures		17,685	
Total		<u>353,497</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, 2007

	Budget	Actual	Variance Positive (negative)
Public Safety - continued:			
District Attorney:			
Salaries and employee benefits		\$ 76,988	
Other operating expenditures		186	
Total		<u>77,174</u>	
Juvenile Detention:			
Other operating expenditures		103,008	
Total		<u>103,008</u>	
ID Bureau and C.D.E.:			
Salaries and employee benefits		845,585	
Other operating expenditures		51,538	
Capital outlay		37,247	
Total		<u>934,370</u>	
Sheriff:			
Salaries and employee benefits		10,792,506	
Other operating expenditures		1,262,157	
Capital outlay		126,293	
Contributions to outside agencies		6,000	
Total		<u>12,186,956</u>	
Detention Center:			
Salaries and employee benefits		6,338,121	
Other operating expenditures		1,753,395	
Capital outlay		46,790	
Total		<u>8,138,306</u>	
Emergency Services:			
Salaries and employee benefits		5,981,599	
Other operating expenditures		1,030,787	
Capital outlay		13,590	
Contributions to outside agencies		123,429	
Total		<u>7,149,405</u>	
Permits and Inspections:			
Salaries and employee benefits		1,280,248	
Other operating expenditures		145,632	
Total		<u>1,425,880</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, 2007

	Budget	Actual	Variance Positive (negative)
Public Safety - continued:			
Medical Examiner:			
Other operating expenses		\$ 95,649	
Total		<u>95,649</u>	
General Services:			
Salaries and employee benefits		2,149,550	
Other operating expenditures		2,796,302	
Capital outlay		160,850	
Contributions to outside agencies		<u>225,000</u>	
Total		<u>5,331,702</u>	
Total Public Safety	\$ 37,826,558	36,052,002	\$ 1,774,556
Economic and Physical Development:			
Planning:			
Salaries and employee benefits		1,434,003	
Other operating expenditures		280,895	
Contributions to outside agencies		<u>798,897</u>	
Total		<u>2,513,795</u>	
Economic Development:			
Contributions to outside agencies		<u>1,722,595</u>	
Total		<u>1,722,595</u>	
Cooperative Extension:			
Other operating expenditures		18,653	
Other operating expenditures		34,515	
Contributions to outside agencies		<u>287,515</u>	
Total		<u>340,683</u>	
Soil Conservation:			
Salaries and employee benefits		234,730	
Other operating expenditures		25,868	
Contributions to outside agencies		<u>44,775</u>	
Total		<u>305,373</u>	
Total Economic and Physical Development	5,966,788	4,882,446	1,084,342

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, 2007

	Budget	Actual	Variance Positive (negative)
Human Services:			
Health Services:			
Salaries and employee benefits		\$ 15,192,086	
Other operating expenditures		3,217,973	
Capital outlay		175,636	
Contributions to outside agencies		<u>145,975</u>	
Total		<u>18,731,670</u>	
Human Services Support:			
Salaries and employee benefits		524,224	
Other operating expenditures		<u>7,179</u>	
Total		<u>531,403</u>	
Social Services:			
Salaries and employee benefits		19,980,783	
Other operating expenditures		3,832,564	
Contributions to outside agencies		<u>21,269,966</u>	
Total		<u>45,083,313</u>	
Other Youth Services:			
Contributions to outside agencies		<u>622,554</u>	
Total		<u>622,554</u>	
Child Development:			
Salaries and employee benefits		2,768,052	
Other operating expenditures		8,475,676	
Contributions to outside agencies		<u>53,932</u>	
Total		<u>11,297,660</u>	
Other Human Services:			
Other operating expenditures		2,220	
Contributions to outside agencies		<u>2,503,421</u>	
Total		<u>2,505,641</u>	
Total Human Services	<u>\$ 84,878,575</u>	<u>78,772,241</u>	<u>\$ 6,106,334</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, 2007

	Budget	Actual	Variance Positive (negative)
Cultural and Recreation:			
Library:			
Salaries and employee benefits		\$ 3,100,822	
Other operating expenditures		1,414,870	
Total		<u>4,515,692</u>	
Recreation:			
Salaries and employee benefits		701,558	
Other operating expenditures		190,328	
Total		<u>891,886</u>	
Art, Museums, and History:			
Contributions to outside agencies		485,000	
Total		<u>485,000</u>	
Total Cultural and Recreation	\$ 6,209,064	5,892,578	\$ 316,486
Education:			
Public schools:			
Current expenditures		47,471,291	
Capital outlay		6,951,905	
Community college - current expenditures		<u>7,133,254</u>	
Total Education	<u>61,556,450</u>	<u>61,556,450</u>	-
Debt Service:			
Principal retirement		8,603,330	
Interest and fees		3,223,424	
Total Debt Service	<u>11,912,889</u>	<u>11,826,754</u>	86,135
Total expenditures	<u>228,245,454</u>	<u>217,894,369</u>	10,351,085
Revenues over expenditures	<u>17,458,645</u>	<u>28,466,604</u>	11,007,959

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, 2007

	Budget	Actual	Variance Positive (negative)
Other Financing Sources (Uses):			
Operating transfers from other funds	\$ 722,082	\$ 714,633	\$ (7,449)
Operating transfers to other funds	(24,941,938)	(24,137,397)	804,541
Proceeds from sale of capital assets	1,305,983	141,441	(1,164,542)
Appropriated fund balance	5,455,228	-	(5,455,228)
Total other financing sources (uses)	<u>(17,458,645)</u>	<u>(23,281,323)</u>	<u>(5,822,678)</u>
Net change in fund balance	<u>\$ -</u>	5,185,281	<u>\$ 5,185,281</u>
Fund balance, beginning of year		62,029,290	
Prior period adjustment		834	
Fund balance, beginning as restated		<u>62,030,124</u>	
Fund balance, end of year		<u>\$ 67,215,405</u>	

# BUNCOMBE COUNTY, NORTH CAROLINA

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

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2007

	Actual to June 30, 2007				Variance Positive (Negative)
	Project Authorization	Reported	Current	Total	
		In Prior Years	Year		
<b>REVENUES:</b>					
Restricted intergovernmental	\$ -	\$ -	\$ 759,650	\$ 759,650	\$ 759,650
Investment earnings	309,525	1,581,396	727,882	2,309,278	1,999,753
<b>Total revenues</b>	<b>309,525</b>	<b>1,581,396</b>	<b>1,487,532</b>	<b>3,068,928</b>	<b>2,759,403</b>
<b>EXPENDITURES:</b>					
Capital outlay:					
Public facilities:					
Lawson technology	250,000	-	-	-	250,000
Health/Lawson server	1,514,627	1,436,014	37,881	1,473,895	40,732
Tax software system	3,000,000	-	275,454	275,454	2,724,546
Aerial photography	500,000	-	276,065	276,065	223,935
Detention Center addition	28,928,857	15,470,291	10,063,242	25,533,533	3,395,324
Detention Center security	125,000	-	-	-	125,000
Detention Center retaining wall	250,000	-	-	-	250,000
EOC building	3,000,000	108,833	1,094,417	1,203,250	1,796,750
Health parking lot	63,000	-	-	-	63,000
Health exterior cleaning	42,000	-	20,448	20,448	21,552
Animal shelter	3,000,000	32,000	58,080	90,080	2,909,920
DSS technology	1,034,389	341,353	250,363	591,716	442,673
Crisis stabilization	1,256,000	-	539,391	539,391	716,609
Black Mtn library renovation	250,000	-	-	-	250,000
FY07 recreation	200,000	-	133,416	133,416	66,584
Business intelligence	450,000	-	-	-	450,000
Phone system	1,500,000	-	-	-	1,500,000
IT pretrial automation	53,963	35,000	18,963	53,963	-
Technology upgrade	2,529,645	-	409,851	409,851	2,119,794
Document imaging equipment	2,000,000	-	-	-	2,000,000
Document imaging personnel	1,457,959	50,000	(22,370)	27,630	1,430,329
Document imaging facilities	1,867,000	-	-	-	1,867,000
Vehicle replacement	1,534,068	-	-	-	1,534,068
Courthouse generator	192,000	-	-	-	192,000
Mowing equipment	70,000	-	70,000	70,000	-
Courthouse annex renovation	500,000	-	-	-	500,000
Courthouse windows	1,645,000	-	509	509	1,644,491
Fitness center	1,000,000	-	-	-	1,000,000
Roof replacement	2,040,632	-	572,087	572,087	1,468,545
Naval reserve	475,983	-	4,474	4,474	471,509
Closed projects	4,276,535	2,007,735	2,024,111	4,031,846	244,689
<b>Total capital outlay-public facilities</b>	<b>65,006,658</b>	<b>19,481,226</b>	<b>15,826,382</b>	<b>35,307,608</b>	<b>29,699,050</b>

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, 2007

	Actual to June 30, 2007				Variance Positive (Negative)
	Project Authorization	Reported	Current	Total	
		In Prior Years	Year		
Expenditures (continued):					
Interest and fees	\$ 5,000	\$ -	\$ 41	\$ 41	\$ 4,959
Total expenditures	65,011,658	19,481,226	15,826,423	35,307,649	29,704,009
Revenues under expenditures	(64,702,133)	(17,899,830)	(14,338,891)	(32,238,721)	32,463,412
OTHER FINANCING SOURCES:					
Proceeds from issuance of debt	40,843,472	34,288,416	-	34,288,416	(6,555,056)
Premium on debt issued	29,560	29,560	-	29,560	-
Proceeds from installment obligations	1,842,857	1,842,857	-	1,842,857	-
Sale of capital assets	305,900	-	305,900	305,900	-
Prior year revenues	7,023,939	5,549,171	-	5,549,171	(1,474,768)
Operating transfers in:					
From General Fund	14,032,592	-	14,032,592	14,032,592	-
From Special Revenue	500,000	-	500,000	500,000	-
From Transportation	123,813	-	123,813	123,813	-
Total other financing sources	64,702,133	41,710,004	14,962,305	56,672,309	(8,029,824)
Revenues and other sources over expenditures	\$ -	\$ 23,810,174	623,414	\$ 24,433,588	\$ 24,433,588
Fund balance, beginning of year			23,934,896		
Prior period adjustment			(124,722)		
			23,810,174		
Fund balance, end of year			\$ 24,433,588		

BUNCOMBE COUNTY, NORTH CAROLINA

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

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2007

	Actual to June 30, 2007			Variance Positive (Negative)	
	Project Budget	Reported in Prior Years	Current Year		Total
<b>REVENUES:</b>					
Investment earnings	\$ 33,868	\$ 552,326	\$ 662,166	\$ 1,214,492	\$ 1,180,624
<b>EXPENDITURES:</b>					
Capital outlay:					
Education:					
County schools	33,559,215	11,209,503	20,055,531	31,265,034	2,294,181
Closed projects	8,500,000	7,205,222	1,294,778	8,500,000	-
Total capital outlay - education	42,059,215	18,414,725	21,350,309	39,765,034	2,294,181
Revenues under expenditures	(42,025,347)	(17,862,399)	(20,688,143)	(38,550,542)	3,474,805
<b>OTHER FINANCING SOURCES (USES):</b>					
Proceeds from issuance of debt	32,487,579	32,487,579	-	32,487,579	-
Premium on debt issued	1,071,636	1,071,635	-	1,071,635	(1)
Transfer to School Capital	(37,442)	-	(37,442)	(37,442)	-
Prior year revenues	8,503,574	8,222,665	-	8,222,665	(280,909)
Total other financing sources	42,025,347	41,781,879	(37,442)	41,744,437	(280,910)
Revenues and other sources over expenditures and other uses	\$ -	\$ 23,919,480	(20,725,585)	\$ 3,193,895	\$ 3,193,895
Fund balance, beginning of year			23,919,480		
Fund balance, end of year			\$ 3,193,895		

## *Combining Statements for Non major Governmental Funds*

### SPECIAL REVENUE FUNDS:

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

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

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

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

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

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

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

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

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

### CAPITAL PROJECTS FUNDS:

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

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

# BUNCOMBE COUNTY, NORTH CAROLINA

## Combining Balance Sheet

### Non major Governmental Funds

JUNE 30, 2007

	Special Revenue Funds					
	Special Districts					
	Water and Sewer	Volunteer Fire Departments	Emergency Telephone System	Occupancy Tax	Capital Reserve	Workforce Investment Act
<b>Assets:</b>						
Cash and cash equivalents	\$ 200,720	\$ 604,653	\$ 2,570,054	\$ -	\$ 1,717,979	\$ 107,017
<b>Receivables (net):</b>						
Taxes receivable	-	44,551	-	694,207	-	-
Due from other governments	-	1,322,302	-	-	-	-
Accounts receivable	-	-	153,361	-	-	223,651
<b>Restricted assets:</b>						
Cash and cash equivalents	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 200,720</b>	<b>\$ 1,971,506</b>	<b>\$ 2,723,415</b>	<b>\$ 694,207</b>	<b>\$ 1,717,979</b>	<b>\$ 330,668</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities:</b>						
Accounts payable	\$ -	\$ 1,926,942	\$ 21,019	\$ 10,413	\$ 12,817	\$ 108,438
Salaries and payroll taxes payable	-	-	4,861	-	-	39,607
Refundable deposits	-	-	-	-	-	-
Unearned revenues	-	-	-	-	-	170,610
Deferred revenues	-	44,551	-	-	-	-
Due to general fund	-	-	-	-	-	-
Due to component unit	-	-	-	683,794	-	-
Accrued compensated absences	-	-	1,005	-	-	7,613
<b>Total liabilities</b>	<b>-</b>	<b>1,971,493</b>	<b>26,885</b>	<b>694,207</b>	<b>12,817</b>	<b>326,268</b>
<b>Fund Balances:</b>						
Reserved by state statute	-	1,322,302	153,361	694,207	-	223,651
Reserved for Wireless 911 expenditures	-	-	1,257,585	-	-	-
Unreserved	200,720	(1,322,289)	1,285,584	(694,207)	1,705,162	(219,251)
<b>Total fund balances</b>	<b>200,720</b>	<b>13</b>	<b>2,696,530</b>	<b>-</b>	<b>1,705,162</b>	<b>4,400</b>
<b>Total liabilities and fund balances</b>	<b>\$ 200,720</b>	<b>\$ 1,971,506</b>	<b>\$ 2,723,415</b>	<b>\$ 694,207</b>	<b>\$ 1,717,979</b>	<b>\$ 330,668</b>



Special Revenue Funds				Capital Projects Funds			
Register of Deeds Automation	Grant Projects	Transportation	Total Non major Special Revenue Funds	School Capital Commission	Special Revenue Capital Projects	Total Non major Capital Projects Funds	Total Non major Governmental Funds
\$ 497,359	\$ 861,939	\$ -	\$ 6,559,721	\$ 8,025,249	\$ 1,504,600	\$ 9,529,849	\$ 16,089,570
-	-	-	738,758	-	-	-	738,758
-	1,009,423	-	2,331,725	4,370,192	-	4,370,192	6,701,917
-	-	501,836	878,848	8,915	-	8,915	887,763
-	-	-	-	916,656	6,582,499	7,499,155	7,499,155
<u>\$497,359</u>	<u>\$1,871,362</u>	<u>\$501,836</u>	<u>\$10,509,052</u>	<u>\$13,321,012</u>	<u>\$8,087,099</u>	<u>\$21,408,111</u>	<u>\$31,917,163</u>
\$ -	\$ 16,931	\$ 116,200	\$ 2,212,760	\$ 533,312	\$ 23,737	\$ 557,049	\$ 2,769,809
-	-	69,430	113,898	-	-	-	113,898
-	-	-	-	-	68,463	68,463	68,463
-	-	-	170,610	-	-	-	170,610
-	-	-	44,551	-	-	-	44,551
-	1,420,812	-	1,420,812	-	-	-	1,420,812
-	-	-	683,794	-	-	-	683,794
-	-	2,435	11,053	-	-	-	11,053
-	1,437,743	188,065	4,657,478	533,312	92,200	625,512	5,282,990
-	1,009,423	501,836	3,904,780	4,379,107	-	4,379,107	8,283,887
-	-	-	1,257,585	-	-	-	1,257,585
497,359	(575,804)	(188,065)	689,209	8,408,593	7,994,899	16,403,492	17,092,701
497,359	433,619	313,771	5,851,574	12,787,700	7,994,899	20,782,599	26,634,173
<u>\$ 497,359</u>	<u>\$ 1,871,362</u>	<u>\$ 501,836</u>	<u>\$ 10,509,052</u>	<u>\$ 13,321,012</u>	<u>\$ 8,087,099</u>	<u>\$ 21,408,111</u>	<u>\$ 31,917,163</u>

# BUNCOMBE COUNTY, NORTH CAROLINA

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

### Non major Governmental Funds

FOR THE YEAR ENDED JUNE 30, 2007

	Special Revenue Funds					
	Special Districts					
	Water and Sewer	Volunteer Fire Departments	Emergency Telephone System	Occupancy Tax	Capital Reserve	Workforce Investment Act
Revenues:						
Ad valorem taxes	\$ -	\$12,937,242	\$ -	\$ -	\$ -	\$ -
Other taxes	-	4,955,240	1,337,677	6,569,262	-	-
Restricted intergovernmental	-	-	379,533	-	-	2,099,612
Investment earnings	-	-	129,832	-	72,386	-
Miscellaneous	-	-	-	-	-	-
Total revenues	-	17,892,482	1,847,042	6,569,262	72,386	2,099,612
Expenditures:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	17,892,482	709,576	-	-	-
Economic and physical development	-	-	-	6,470,723	-	2,099,612
Human services	-	-	-	-	-	-
Cultural and recreational	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	271,854	-	-	-
Interest and fees	-	-	2,372	-	-	-
Total expenditures	-	17,892,482	983,802	6,470,723	-	2,099,612
Revenues over (under) expenditures	-	-	863,240	98,539	72,386	-
Other Financing Sources (Uses):						
Transfers from:						
General Fund	-	-	-	-	500,000	-
School Bond Fund	-	-	-	-	-	-
Transfer to:						
General Fund	-	-	-	(98,539)	-	-
Grant Projects	-	-	-	-	-	-
Capital Projects	-	-	(500,000)	-	-	-
Total other financing sources (uses)	-	-	(500,000)	(98,539)	500,000	-
Net change in fund balances	-	-	363,240	-	572,386	-
Fund balances, beginning of year	200,720	13	2,196,249	-	1,132,776	4,400
Prior period adjustments	-	-	137,041	-	-	-
Fund balances, beginning as restated	200,720	13	2,333,290	-	1,132,776	4,400
Fund balances, end of year	\$ 200,720	\$ 13	\$ 2,696,530	\$ -	\$ 1,705,162	\$ 4,400

Special Revenue Funds				Capital Projects Funds			
Register of Deeds Automation	Grant Projects	Trans- portation	Total Non major Special Revenue Funds	School Capital Commission	Special Revenue	Total Non major Capital Projects Funds	Total Non major Governmental Funds
\$ -	\$ -	\$ -	\$12,937,242	\$ -	\$ -	\$ -	\$ 12,937,242
-	-	-	12,862,179	-	-	-	12,862,179
214,950	3,033,504	2,075,555	7,803,154	14,895,109	335,882	15,230,991	23,034,145
28,500	-	-	230,718	522,519	381,229	903,748	1,134,466
-	-	52,034	52,034	-	3,853	3,853	55,887
243,450	3,033,504	2,127,589	33,885,327	15,417,628	720,964	16,138,592	50,023,919
155,687	-	-	155,687	-	-	-	155,687
-	1,323,512	-	19,925,570	-	-	-	19,925,570
-	1,185,499	-	9,755,834	-	-	-	9,755,834
-	100,010	1,953,570	2,053,580	-	-	-	2,053,580
-	28,933	-	28,933	-	-	-	28,933
-	13,100	384,525	397,625	3,945,361	4,604,615	8,549,976	8,947,601
-	-	-	271,854	8,664,499	-	8,664,499	8,936,353
-	-	-	2,372	5,059,447	-	5,059,447	5,061,819
155,687	2,651,054	2,338,095	32,591,455	17,669,307	4,604,615	22,273,922	54,865,377
87,763	382,450	(210,506)	1,293,872	(2,251,679)	(3,883,651)	(6,135,330)	(4,841,458)
-	20,000	394,727	914,727	1,944,838	2,848,825	4,793,663	5,708,390
-	-	-	-	37,442	-	37,442	37,442
-	-	-	(98,539)	-	-	-	(98,539)
-	-	(20,000)	(20,000)	-	-	-	(20,000)
-	-	(123,813)	(623,813)	-	-	-	(623,813)
-	20,000	250,914	172,375	1,982,280	2,848,825	4,831,105	5,003,480
87,763	402,450	40,408	1,466,247	(269,399)	(1,034,826)	(1,304,225)	162,022
409,596	31,169	273,363	4,248,286	13,057,099	9,029,725	22,086,824	26,335,110
-	-	-	137,041	-	-	-	137,041
409,596	31,169	273,363	4,385,327	13,057,099	9,029,725	22,086,824	26,472,151
\$ 497,359	\$ 433,619	\$ 313,771	\$ 5,851,574	\$ 12,787,700	\$ 7,994,899	\$ 20,782,599	\$ 26,634,173

BUNCOMBE COUNTY, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2007

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

BUNCOMBE COUNTY, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
REVENUES:			
Ad valorem taxes		\$ 12,937,242	
Other taxes		4,955,240	
Total revenues	<u>\$ 17,929,587</u>	<u>17,892,482</u>	<u>\$ (37,105)</u>
EXPENDITURES:			
Current:			
Public safety:			
Contract payments to Volunteer Fire Departments	<u>17,929,587</u>	<u>17,892,482</u>	<u>37,105</u>
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year		<u>13</u>	
Fund balance, end of year		<u>\$ 13</u>	

# BUNCOMBE COUNTY, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2007

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>			
Other taxes and licenses:			
911 system subscriber fees		\$ 1,337,677	
Restricted intergovernmental:			
Wireless 911 funds		379,533	
Investment earnings - 911 system		78,219	
Investment earnings - Wireless 911		51,613	
Total revenues	<u>\$ 1,542,000</u>	<u>1,847,042</u>	<u>\$ 305,042</u>
<b>EXPENDITURES:</b>			
Current:			
Public safety:			
911 system subscriber fees:			
Salaries and employee benefits		86,211	
Other operating expenditures		623,365	
Debt service:			
Principal retirement		271,854	
Interest and fees		2,372	
Total expenditures	<u>1,526,390</u>	<u>983,802</u>	<u>542,588</u>
Revenues over expenditures	<u>15,610</u>	<u>863,240</u>	<u>847,630</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Appropriated fund balance	484,390	-	(484,390)
Transfer to County Capital Projects	(500,000)	(500,000)	-
Total other financing sources (uses)	<u>(15,610)</u>	<u>(500,000)</u>	<u>(484,390)</u>
Net change in fund balance	<u>\$ -</u>	<u>363,240</u>	<u>\$ 363,240</u>
Fund balance, beginning of year		2,196,249	
Prior period adjustments		<u>137,041</u>	
Fund balance, beginning as restated		<u>2,333,290</u>	
Fund balance, end of year		<u>\$ 2,696,530</u>	



BUNCOMBE COUNTY, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2007

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>			
Occupancy tax	\$ 7,065,849	\$ 6,569,262	\$ (496,587)
<b>EXPENDITURES:</b>			
Current:			
Economic and physical development:			
Tourism development	6,959,861	6,470,723	489,138
Revenues over expenditures	105,988	98,539	(7,449)
<b>OTHER FINANCING USES:</b>			
Transfer to General Fund	(105,988)	(98,539)	7,449
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		<u>\$ -</u>	

BUNCOMBE COUNTY, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2007

	Budget	Actual	Variance Positive (Negative)
REVENUES:			
Investment earnings	\$ -	\$72,386	\$ 72,386
EXPENDITURES:	-	-	-
Revenues over expenditures	-	72,386	72,386
OTHER FINANCING SOURCES:			
Transfer from General Fund	-	500,000	500,000
Net change in fund balance	<u>\$ -</u>	572,386	<u>\$ 572,386</u>
Fund balance, beginning of year		<u>1,132,776</u>	
Fund balance, end of year		<u>\$ 1,705,162</u>	

BUNCOMBE COUNTY, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2007

	Budget	Actual	Variance Positive (Negative)
REVENUES:			
Restricted intergovernmental	\$ 2,785,615	\$ 2,099,612	\$ (686,003)
EXPENDITURES:			
Current:			
Economic and physical development:			
Salaries and employee benefits		686,004	
Purchased services		1,245,455	
Other operating expenditures		168,153	
Total expenditures	<u>2,785,615</u>	<u>2,099,612</u>	<u>686,003</u>
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year		<u>4,400</u>	
Fund balance, end of year		<u>\$ 4,400</u>	

BUNCOMBE COUNTY, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2007

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>			
Restricted intergovernmental		\$ 214,950	
Investment earnings		28,500	
Total revenues	<u>\$ 204,500</u>	<u>243,450</u>	<u>\$ 38,950</u>
<b>EXPENDITURES:</b>			
Current:			
General government	<u>477,000</u>	<u>155,687</u>	<u>321,313</u>
Revenues over (under) expenditures	<u>(272,500)</u>	<u>87,763</u>	<u>360,263</u>
<b>OTHER FINANCING SOURCES:</b>			
Appropriated fund balance	<u>272,500</u>	-	<u>(272,500)</u>
Net change in fund balance	<u>\$ -</u>	<u>87,763</u>	<u>\$ 87,763</u>
Fund balance, beginning of year		<u>409,596</u>	
Fund balance, end of year		<u>\$ 497,359</u>	

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, 2007

	Actual to June 30, 2007				Variance Positive (Negative)
	Project Budget	Reported in Prior Years	Current Year	Total	
<b>REVENUES:</b>					
Restricted intergovernmental	\$ 11,634,344	\$ 3,629,898	\$ 3,033,504	\$ 6,663,402	\$ (4,970,942)
<b>EXPENDITURES:</b>					
Current:					
Public safety	7,473,630	2,448,493	1,323,512	3,772,005	3,701,625
Economic and physical development	3,692,896	899,036	1,185,499	2,084,535	1,608,361
Human services	479,718	294,796	100,010	394,806	84,912
Cultural and recreational	28,933	-	28,933	28,933	-
Capital outlay	13,100	-	13,100	13,100	-
Closed projects	6,260,718	6,055,914	-	6,055,914	204,804
Total expenditures	17,948,995	9,698,239	2,651,054	12,349,293	5,599,702
Revenues over (under) expenditures	(6,314,651)	(6,068,341)	382,450	(5,685,891)	628,760
<b>OTHER FINANCING SOURCES:</b>					
Prior year revenues	6,294,651	6,099,510	-	6,099,510	(195,141)
Transfer from Transportation	20,000	-	20,000	20,000	-
Total other financing sources	6,314,651	6,099,510	20,000	6,119,510	(195,141)
Net change in fund balance	\$ -	\$ 31,169	402,450	\$ 433,619	\$ 433,619
Fund balance, beginning of year			31,169		
Fund balance, end of year			\$ 433,619		

BUNCOMBE COUNTY, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2007

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>			
Restricted intergovernmental		\$ 2,075,555	
Miscellaneous		52,034	
Total revenues	<u>\$ 2,312,011</u>	<u>2,127,589</u>	<u>\$ (184,422)</u>
<b>EXPENDITURES:</b>			
Current:			
Human services:			
Salaries and employee benefits		1,265,672	
Other operating expenditures		687,898	
Capital outlay		384,525	
Total expenditures	<u>2,686,738</u>	<u>2,338,095</u>	<u>348,643</u>
Revenues under expenditures	<u>(374,727)</u>	<u>(210,506)</u>	<u>164,221</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Appropriated fund balance	123,813	-	(123,813)
Transfer from General Fund	394,727	394,727	-
Transfer to Grant Projects	(20,000)	(20,000)	-
Transfer to County Capital Projects	(123,813)	(123,813)	-
Total other financing sources (uses)	<u>374,727</u>	<u>250,914</u>	<u>(123,813)</u>
Net change in fund balance	<u>\$ -</u>	40,408	<u>\$ 40,408</u>
Fund balance, beginning of year		<u>273,363</u>	
Fund balance, end of year		<u>\$ 313,771</u>	



# BUNCOMBE COUNTY, NORTH CAROLINA

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

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2007

	Project Budget	Actual to June 30, 2007			Variance Positive (Negative)
		Reported in Prior Years	Current Year	Total	
<b>REVENUES:</b>					
Intergovernmental revenues	\$ 97,831,661	\$ 90,256,103	\$ 14,895,109	\$ 105,151,212	\$ 7,319,551
Investment earnings	2,248,009	3,697,187	522,519	4,219,706	1,971,697
Total revenues	<u>100,079,670</u>	<u>93,953,290</u>	<u>15,417,628</u>	<u>109,370,918</u>	<u>9,291,248</u>
<b>EXPENDITURES:</b>					
Capital outlay:					
Education:					
Buncombe County schools					
Sales tax projects	13,527,498	190,981	2,676,582	2,867,563	10,659,935
ADM projects	3,667,804	730,836	530,593	1,261,429	2,406,375
Bond projects	144,804	89,323	-	89,323	55,481
Asheville City schools					
Sales tax projects	4,320,143	2,102,301	738,186	2,840,487	1,479,656
Bond projects	57,841	50,107	-	50,107	7,734
Closed projects	38,754,768	53,202,421	-	53,202,421	14,447,653
Total capital outlay	<u>60,472,858</u>	<u>56,365,969</u>	<u>3,945,361</u>	<u>60,311,330</u>	<u>29,056,834</u>
Debt service:					
Principal	30,361,147	21,179,085	8,664,499	29,843,584	517,563
Interest and fees	21,196,279	12,514,930	5,059,447	17,574,377	3,621,902
Total debt service	<u>51,557,426</u>	<u>33,694,015</u>	<u>13,723,946</u>	<u>47,417,961</u>	<u>4,139,465</u>
Total expenditures	<u>112,030,284</u>	<u>90,059,984</u>	<u>17,669,307</u>	<u>107,729,291</u>	<u>33,196,299</u>
Revenues over (under) expenditures	<u>(11,950,614)</u>	<u>3,893,306</u>	<u>(2,251,679)</u>	<u>1,641,627</u>	<u>13,592,241</u>
<b>OTHER FINANCING SOURCES:</b>					
Proceeds from issuance of debt	7,791,813	7,791,813	-	7,791,813	-
Premium on debt issued	714,077	714,077	-	714,077	-
Transfer from General Fund	3,407,282	657,903	1,944,838	2,602,741	(804,541)
Transfer from School Bond Fund	37,442	-	37,442	37,442	-
Total other financing sources	<u>11,950,614</u>	<u>9,163,793</u>	<u>1,982,280</u>	<u>11,146,073</u>	<u>(804,541)</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ 13,057,099</u>	<u>(269,399)</u>	<u>\$ 12,787,700</u>	<u>\$ 12,787,700</u>
Fund balance, beginning of year			<u>13,057,099</u>		
Fund balance, end of year			<u>\$ 12,787,700</u>		

BUNCOMBE COUNTY, NORTH CAROLINA

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

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2007

	Actual to June 30, 2007				Variance Positive (Negative)
	Project Budget	Reported in Prior Years	Current Year	Total	
<b>REVENUES:</b>					
Restricted intergovernmental revenue	\$ 539,264	\$ 237,106	\$ 66,357	\$ 303,463	\$ (235,801)
CDBG Scattered Site Grant 04-C-1249	400,000	130,475	269,525	400,000	-
CDBG Program Income	59,929	59,928	-	59,928	(1)
CDBG 04-C-1348	487,800	-	-	-	(487,800)
Investment earnings	1,262,842	944,453	381,229	1,325,682	62,840
Miscellaneous	3,853	-	3,853	3,853	-
Total revenues	<u>2,753,688</u>	<u>1,371,962</u>	<u>720,964</u>	<u>2,092,926</u>	<u>(660,762)</u>
<b>EXPENDITURES:</b>					
Capital outlay:					
Soil conservation	2,642,025	25,078	363,206	388,284	2,253,741
Housing	751,165	300,532	133,029	433,561	317,604
CDBG 04-C-1249 Housing Rehabilitation	364,063	234,820	129,243	364,063	-
CDBG 04-C-1249 Emergency Repairs	46,337	28,654	17,059	45,713	624
CDBG Program Income Housing Rehab	8,288	-	8,288	8,288	-
CDBG Program Income Emerg Repairs	51,641	-	51,641	51,641	-
CDBG 04-C-1348 Housing Replacement	488,424	-	183,811	183,811	304,613
Housing trust	1,236,003	575,896	301,547	877,443	358,560
Community college	12,218,800	3,225,962	3,416,147	6,642,109	5,576,691
Total capital outlay	<u>17,806,746</u>	<u>4,390,942</u>	<u>4,603,971</u>	<u>8,994,913</u>	<u>8,811,833</u>
Debt service:					
Interest and fees	132,552	127,178	644	127,822	4,730
Total expenditures	<u>17,939,298</u>	<u>4,518,120</u>	<u>4,604,615</u>	<u>9,122,735</u>	<u>8,816,563</u>
Revenues under expenditures	<u>(15,185,610)</u>	<u>(3,146,158)</u>	<u>(3,883,651)</u>	<u>(7,029,809)</u>	<u>8,155,801</u>
<b>OTHER FINANCING SOURCES:</b>					
Proceeds from issuance of debt	10,899,602	10,899,602	-	10,899,602	-
Premium on debt issued	465,815	465,815	-	465,815	-
Prior year revenues	971,368	810,466	-	810,466	(160,902)
Transfer from General Fund	2,848,825	-	2,848,825	2,848,825	-
Total other financing sources	<u>15,185,610</u>	<u>12,175,883</u>	<u>2,848,825</u>	<u>15,024,708</u>	<u>(160,902)</u>
Revenues and other sources over (under) expenditures	<u>\$ -</u>	<u>\$ 9,029,725</u>	<u>(1,034,826)</u>	<u>\$ 7,994,899</u>	<u>\$ 7,994,899</u>
Fund balance, beginning of year			<u>9,029,725</u>		
Fund balance, end of year			<u>\$ 7,994,899</u>		

BUNCOMBE COUNTY, NORTH CAROLINA

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

Solid Waste Disposal Fund

FOR THE YEAR ENDED JUNE 30, 2007

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>			
Operating revenues:			
Tipping fees		\$ 6,547,115	
Service charges and other revenues		160,850	
Intergovernmental revenues		322,802	
Total operating revenues	\$ 7,153,621	7,030,767	\$ (122,854)
Nonoperating revenues (expenses):			
Investment earnings		734,148	
Increase in estimated landfill closure and postclosure care cost liability		(352,463)	
Total nonoperating revenues (expenses)	157,918	381,685	223,767
Total revenues	7,311,539	7,412,452	100,913
<b>EXPENDITURES:</b>			
Landfill:			
Salaries, wages, and fringe benefits		1,092,850	
Maintenance and repairs		290,035	
Contracted services		959,878	
Other operating expenses		757,446	
Landfill closure and postclosure care costs		294,126	
Total landfill		3,394,335	
Transfer station:			
Salaries, wages, and fringe benefits		287,417	
Maintenance and repairs		82,218	
Other operating expenses		95,061	
Total transfer station		464,696	
Capital outlay		50,472	
Debt service:			
Principal retirement		1,851,895	
Interest and fees		530,201	
Total debt service		2,382,096	
Total expenditures	7,376,547	6,291,599	1,084,948
Revenues over (under) expenditures	(65,008)	1,120,853	1,185,861

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, 2007

	Budget	Actual	Variance Positive (Negative)
OTHER FINANCING SOURCES (USES):			
Fund balance appropriated	\$ 5,047,261	\$ -	\$ (5,047,261)
Transfer to Landfill Capital Projects Fund	(4,982,253)	(4,982,253)	-
Total other financing sources (uses)	65,008	(4,982,253)	(5,047,261)
Revenues and other sources under expenditures and other uses	<u>\$ -</u>	(3,861,400)	<u>\$ (3,861,400)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Debt principal		1,851,895	
Increase in bond interest accrued		(17,246)	
Amortization of bond premium and deferred charges		(18,439)	
Capital outlay		50,472	
Book value of assets sold		(4,089)	
Depreciation		(2,111,111)	
From landfill closure and postclosure reserve fund:			
Investment earnings		147,036	
From landfill capital projects fund:			
Investment earnings		120	
Capital contributions		9,050	
Transfer to capital projects fund		4,982,253	
Total reconciling items		<u>4,889,941</u>	
Change in net assets		<u>\$ 1,028,541</u>	

BUNCOMBE COUNTY, NORTH CAROLINA

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

Landfill Closure and Post Closure Reserve Fund

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2007

	Project	Actual			Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive
					(Negative)
REVENUES:					
Investment earnings	\$ 1,000,000	\$ 2,235,135	\$ 147,036	\$ 2,382,171	\$ 1,382,171
EXPENDITURES:					
Capital outlay	1,000,000	53,537	-	53,537	946,463
Revenues over expenditures	-	2,181,598	147,036	2,328,634	2,328,634
OTHER FINANCING SOURCES					
(USES):					
Operating transfers in (out):					
From Solid Waste Disposal Fund	6,771,800	6,771,800	-	6,771,800	-
To Solid Waste Disposal Fund	(6,771,800)	(2,667,614)	-	(2,667,614)	4,104,186
Total other financing sources					
(uses)	-	4,104,186	-	4,104,186	4,104,186
Revenues and other financing					
sources over expenditures and					
other financing uses	\$ -	\$ 6,285,784	\$ 147,036	\$ 6,432,820	\$ 6,432,820

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, 2007

	Project	Actual			Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
<b>REVENUES:</b>					
Investment earnings	\$ -	\$ 33,258	\$ 120	\$ 33,378	\$ 33,378
Restricted					
intergovernmental	453,700	433,700	9,050	442,750	(10,950)
Total revenues	453,700	466,958	9,170	476,128	22,428
<b>EXPENDITURES:</b>					
Capital outlay	17,975,792	11,908,677	1,175,449	13,084,126	4,891,666
Revenues under expenditures	(17,522,092)	(11,441,719)	(1,166,279)	(12,607,998)	4,914,094
<b>OTHER FINANCING SOURCES:</b>					
Transfer from Solid Waste					
Disposal Fund	4,982,253	-	4,982,253	4,982,253	-
Prior year revenues	12,539,839	12,480,298	-	12,480,298	(59,541)
Total other financing sources	17,522,092	12,480,298	4,982,253	17,462,551	(59,541)
Revenues and other sources over (under) expenditures	\$ -	\$ 1,038,579	\$ 3,815,974	\$ 4,854,553	\$ 4,854,553

BUNCOMBE COUNTY, NORTH CAROLINA

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

Human Services Facilities Fund

FOR THE YEAR ENDED JUNE 30, 2007

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>			
Operating revenues:			
Rental income		\$ 891,501	
Nonoperating revenues:			
Investment earnings		<u>341,848</u>	
Total revenues	<u>\$ 1,193,458</u>	<u>1,233,349</u>	<u>\$ 39,891</u>
<b>EXPENDITURES:</b>			
Salaries, wages, and fringe benefits		161,379	
Contracted services		1,050,458	
Maintenance and repairs		124,587	
Contributions to outside agencies		185,504	
Other operating expenditures		<u>349,808</u>	
Total expenditures	<u>2,830,095</u>	<u>1,871,736</u>	<u>958,359</u>
Revenues under expenditures	<u>(1,636,637)</u>	<u>(638,387)</u>	<u>998,250</u>
<b>OTHER FINANCING SOURCES:</b>			
Appropriated fund balance	<u>1,636,637</u>	-	<u>(1,636,637)</u>
Total other financing sources	<u>1,636,637</u>	-	<u>(1,636,637)</u>
Revenues and other sources under expenditures	<u>\$ -</u>	<u>(638,387)</u>	<u>\$ (638,387)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
<b>RECONCILING ITEMS:</b>			
Depreciation		<u>(354,185)</u>	
Total reconciling items		<u>(354,185)</u>	
Change in net assets		<u>\$ (992,572)</u>	



*Combining Statements for Non major Enterprise Funds*

Enterprise Funds:

Buncombe County Parking Deck Fund.

Buncombe County After School Fund.

Inmate Commissary/Welfare Fund.

BUNCOMBE COUNTY, NORTH CAROLINA

Combining Statement of Net Assets

Non major Enterprise Funds

JUNE 30, 2007

	Parking Deck	After School	Inmate Commissary/ Welfare	Total Non major Enterprise Funds
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 2,158,838	\$ -	\$ 585,046	\$ 2,743,884
Total current assets	2,158,838	-	585,046	2,743,884
Noncurrent assets:				
Capital assets	534,271	-	-	534,271
Total noncurrent assets	534,271	-	-	534,271
Total assets	2,693,109	-	585,046	3,278,155
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	-	-	10,929	10,929
Salaries and payroll taxes payable	-	-	12,709	12,709
Accrued compensated absences	-	-	9,416	9,416
Total current liabilities	-	-	33,054	33,054
<b>NET ASSETS</b>				
Invested in capital assets	534,271	-	-	534,271
Unrestricted	2,158,838	-	551,992	2,710,830
Total net assets	\$ 2,693,109	\$ -	\$ 551,992	\$ 3,245,101

BUNCOMBE COUNTY, NORTH CAROLINA

*Combining Statement of Revenues, Expenses, and Changes in Net Assets*

*Nonmajor Enterprise Funds*

FOR THE YEAR ENDED JUNE 30, 2007

	Parking Deck	After School	Inmate Commissary/ Welfare	Total Non major Enterprise Funds
<b>OPERATING REVENUES:</b>				
Charges for services and products	\$ -	\$ 162,956	\$ 421,928	\$ 584,884
Total operating revenues	-	162,956	421,928	584,884
<b>OPERATING EXPENSES:</b>				
Salaries, wages, and fringe benefits	-	174,713	216,828	391,541
Contracted services	-	68,407	7,800	76,207
Cost of products sold	-	-	221,149	221,149
Depreciation	-	700	-	700
Other operating expenses	-	125,130	93,732	218,862
Total operating expenses	-	368,950	539,509	908,459
Operating income (loss)	-	(205,994)	(117,581)	(323,575)
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Investment earnings	77,015	21,064	38,884	136,963
Disposal of capital assets	-	(9,040)	-	(9,040)
Total nonoperating revenues (expenses)	77,015	12,024	38,884	127,923
Income (loss) before transfers	77,015	(193,970)	(78,697)	(195,652)
Transfer from (to) General Fund	2,616,094	(616,094)	-	2,000,000
Change in net assets	2,693,109	(810,064)	(78,697)	1,804,348
Net assets, beginning of year	-	810,064	630,689	1,440,753
Net assets, end of year	\$ 2,693,109	\$ -	\$ 551,992	\$ 3,245,101

# BUNCOMBE COUNTY, NORTH CAROLINA

## Combining Statement of Cash Flows

### Nonmajor Enterprise Funds

FOR THE YEAR ENDED JUNE 30, 2007

	Parking Deck	After School	Inmate Commissary/ Welfare	Total Non major Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers	\$ -	\$ 168,715	\$ 421,928	\$ 590,643
Cash paid for goods and services	-	(299,483)	(319,134)	(618,617)
Cash paid to employees for services	-	(182,251)	(216,828)	(399,079)
Net cash used by operating activities	-	(313,019)	(114,034)	(427,053)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest on investments	77,015	21,064	38,884	136,963
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfer from (to) General Fund	2,616,094	(616,094)	-	2,000,000
<b>CASH FLOWS FROM CAPITAL ACTIVITIES:</b>				
Construction of capital assets	(534,271)	-	-	(534,271)
Net increase (decrease) in cash and cash equivalents	2,158,838	(908,049)	(75,150)	1,175,639
Cash and cash equivalents, beginning of year	-	908,049	660,196	1,568,245
Cash and cash equivalents, end of year	\$ 2,158,838	\$ -	\$ 585,046	\$ 2,743,884
Reconciliation of operating income (loss) to net cash used by operating activities:				
Operating income (loss)	\$ -	\$(205,994)	\$(117,581)	\$(323,575)
Adjustments to reconcile operating income to net cash used by operating activities:				
Depreciation	-	700	-	700
Changes in assets and liabilities:				
Decrease in accounts receivables	-	5,759	-	5,759
Decrease in accounts payable and accrued liabilities	-	(105,946)	4,487	(101,459)
Decrease in accrued compensated absences	-	(7,538)	(940)	(8,478)
Total adjustments	-	(107,025)	3,547	(103,478)
Net cash used by operating activities	\$ -	\$ (313,019)	\$ (114,034)	\$ (427,053)

BUNCOMBE COUNTY, NORTH CAROLINA

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

Buncombe County Parking Deck Fund

FOR THE YEAR ENDED JUNE 30, 2007

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>			
Operating revenues		\$ -	
Nonoperating revenues:			
Investment earnings		<u>77,015</u>	
Total revenues	<u>\$ -</u>	<u>77,015</u>	<u>\$77,015</u>
<b>EXPENDITURES</b>			
	-	-	-
Revenues over expenditures	<u>-</u>	<u>77,015</u>	<u>77,015</u>
<b>OTHER FINANCING SOURCES:</b>			
Transfer from General Fund	-	2,616,094	2,616,094
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 2,693,109</u>	<u>\$ 2,693,109</u>

BUNCOMBE COUNTY, NORTH CAROLINA

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

*Buncombe County Parking Deck Capital Projects Fund*

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2007

	Project Authorization	Actual	Variance Positive (Negative)
REVENUES:	\$ -	\$ -	\$ -
EXPENDITURES:			
Capital outlay	35,500,000	534,271	34,965,729
Revenues over (under) expenditures	(35,500,000)	(534,271)	34,965,729
OTHER FINANCING SOURCES:			
Installment notes issued	35,500,000	-	(35,500,000)
Revenues and other sources under expenditures	\$ -	\$ (534,271)	\$ (534,271)

# BUNCOMBE COUNTY, NORTH CAROLINA

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

### Buncombe County After School Fund

FOR THE YEAR ENDED JUNE 30, 2007

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>			
Operating revenues:			
Fees		\$ 160,614	
Food reimbursement		<u>2,342</u>	
Total operating revenues		<u>162,956</u>	
Nonoperating revenues:			
Investment earnings		<u>21,064</u>	
Total revenues	<u>\$ 260,114</u>	<u>184,020</u>	<u>\$ (76,094)</u>
<b>EXPENDITURES:</b>			
Salaries, wages, and fringe benefits		174,713	
Contracted services		68,407	
Other operating expenses		<u>125,130</u>	
Total expenditures	<u>406,476</u>	<u>368,250</u>	<u>38,226</u>
Revenues under expenditures	<u>(146,362)</u>	<u>(184,230)</u>	<u>(37,868)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Appropriated fund balance	762,456	-	(762,456)
Transfer to General Fund	<u>(616,094)</u>	<u>(616,094)</u>	<u>-</u>
Total other financing sources (uses)	<u>146,362</u>	<u>(616,094)</u>	<u>(762,456)</u>
Revenues and other sources under expenditures	<u>\$ -</u>	<u>(800,324)</u>	<u>\$ (800,324)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
<b>RECONCILING ITEMS:</b>			
Book value of assets disposed		(9,040)	
Depreciation		<u>(700)</u>	
Total reconciling items		<u>(9,740)</u>	
Change in net assets		<u>\$ (810,064)</u>	



BUNCOMBE COUNTY, NORTH CAROLINA

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

Inmate Commissary/Welfare Fund

FOR THE YEAR ENDED JUNE 30, 2007

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>			
Operating revenues:			
Commissary concessions		\$ 302,979	
Telephone concessions		118,949	
Total operating revenues		<u>421,928</u>	
Nonoperating revenues:			
Investment earnings		<u>38,884</u>	
Total revenues	<u>\$ 375,000</u>	<u>460,812</u>	<u>\$ 85,812</u>
<b>EXPENDITURES:</b>			
Salaries, wages, and fringe benefits		216,828	
Contracted services		7,800	
Cost of products sold		221,149	
Other operating expenditures		<u>93,732</u>	
Total expenditures	<u>616,444</u>	<u>539,509</u>	<u>76,935</u>
Revenues over (under) expenditures	<u>(241,444)</u>	<u>(78,697)</u>	<u>162,747</u>
<b>OTHER FINANCING SOURCES:</b>			
Appropriated fund balance	<u>241,444</u>	-	<u>(241,444)</u>
Revenues and other sources under expenditures	<u>\$ -</u>	<u>\$ (78,697)</u>	<u>\$ (78,697)</u>

BUNCOMBE COUNTY, NORTH CAROLINA

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

Insurance Internal Service Fund

FOR THE YEAR ENDED JUNE 30, 2007

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>			
Operating revenues:			
Charges for services		\$ 15,572,593	
Nonoperating revenues:			
Investment earnings		<u>503,944</u>	
Total revenues	<u>\$ 15,325,000</u>	<u>16,076,537</u>	<u>\$ 751,537</u>
<b>EXPENDITURES:</b>			
Insurance premiums		1,728,346	
Claims		<u>14,599,103</u>	
Total expenditures	<u>15,333,476</u>	<u>16,327,449</u>	<u>(993,973)</u>
Revenues under expenditures	<u>(8,476)</u>	<u>(250,912)</u>	<u>(242,436)</u>
<b>OTHER FINANCING SOURCES:</b>			
Appropriated fund balance	8,476	-	(8,476)
Transfer from General Fund	-	1,800,321	1,800,321
Total other financing sources	<u>8,476</u>	<u>1,800,321</u>	<u>1,791,845</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 1,549,409</u>	<u>\$ 1,549,409</u>

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

FOR THE YEAR ENDED JUNE 30, 2007

	Balance			Balance
	July 1, 2006	Additions	Deductions	June 30, 2007
<b>Inmate Trust Fund:</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 22,737	\$ 607,493	\$ 610,577	\$ 19,653
<b>Liabilities</b>				
Accounts payable	\$983	\$2,869	\$1,205	\$2,647
Due to beneficiaries	21,754	615,143	619,891	17,006
	<u>\$ 22,737</u>	<u>\$ 618,012</u>	<u>\$ 621,096</u>	<u>\$ 19,653</u>
<b>General Agency Accounts:</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 729,592	\$ 59,828,672	\$ 59,960,932	\$ 597,332
Accounts receivable	792,436	845,500	793,430	844,506
	<u>\$ 1,522,028</u>	<u>\$ 60,674,172</u>	<u>\$ 60,754,362</u>	<u>\$ 1,441,838</u>
<b>Liabilities</b>				
Accounts payable	\$ 1,366,338	\$ 1,280,344	\$ 1,366,404	\$ 1,280,278
Due to other taxing units	155,690	60,683,782	60,677,912	161,560
	<u>\$ 1,522,028</u>	<u>\$ 61,964,126</u>	<u>\$ 62,044,316</u>	<u>\$ 1,441,838</u>
<b>Social Services Fund:</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 202,252	\$ 1,008,781	\$ 1,059,863	\$ 151,170
<b>Liabilities</b>				
Accounts payable	\$ 20,290	\$ 1,058,697	\$ 1,077,805	\$ 1,182
Due to beneficiaries	181,962	1,007,169	1,039,143	149,988
	<u>\$ 202,252</u>	<u>\$ 2,065,866</u>	<u>\$ 2,116,948</u>	<u>\$ 151,170</u>
<b>Sondley Estate Trust:</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 762,330	\$ 47,754	\$ 18,815	\$ 791,269
<b>Liabilities</b>				
Due to beneficiaries	\$ 762,330	\$ 47,754	\$ 18,815	\$ 791,269
<b>NC Motor Vehicle Interest:</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 7,213	\$ 84,219	\$ 84,748	\$ 6,684
<b>Liabilities</b>				
Accounts payable	\$ 6,388	\$ 6,191	\$ 6,388	\$ 6,191
Due to other taxing units	825	90,608	90,940	493
	<u>\$ 7,213</u>	<u>\$ 96,799</u>	<u>\$ 97,328</u>	<u>\$ 6,684</u>

Continued on next page

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

FOR THE YEAR ENDED JUNE 30, 2007

	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
Buncombe County Anticrime Task Force:				
Assets				
Cash and cash equivalents	\$ 442,699	\$ 241,617	\$ 323,118	\$ 361,198
Accounts receivable	-	4,726	-	4,726
	<u>\$ 442,699</u>	<u>\$ 246,343</u>	<u>\$ 323,118</u>	<u>\$ 365,924</u>
Liabilities				
Due to beneficiaries	<u>\$ 442,699</u>	<u>\$ 257,012</u>	<u>\$ 333,787</u>	<u>\$ 365,924</u>
Sheriff's Forfeiture and Controlled Substance Fund:				
Assets				
Cash and cash equivalents	\$ 32,968	\$ 7,497	\$ 4,865	\$ 35,600
Liabilities				
Due to beneficiaries	<u>\$ 32,968</u>	<u>\$ 7,497</u>	<u>\$ 4,865</u>	<u>\$ 35,600</u>
Totals - All Agency Funds				
Assets				
Cash and cash equivalents	\$ 2,199,791	\$ 61,826,033	\$ 62,062,918	\$ 1,962,906
Accounts receivable	792,436	850,226	793,430	849,232
	<u>\$ 2,992,227</u>	<u>\$ 62,676,259</u>	<u>\$ 62,856,348</u>	<u>\$ 2,812,138</u>
Liabilities				
Accounts payable	\$ 1,393,999	\$ 2,348,101	\$ 2,451,802	\$ 1,290,298
Due to other taxing units	156,515	60,774,390	60,768,852	162,053
Due to beneficiaries	1,441,713	1,934,575	2,016,501	1,359,787
	<u>\$ 2,992,227</u>	<u>\$ 65,057,066</u>	<u>\$ 65,237,155</u>	<u>\$ 2,812,138</u>

BUNCOMBE COUNTY, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2007

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>			
Sales and services		\$ 54,000	
Investment earnings		27,651	
Total revenues	<u>\$ 50,000</u>	<u>81,651</u>	<u>\$ 31,651</u>
<b>EXPENDITURES:</b>			
Current:			
Environmental protection:			
Contracted services	50,000	-	50,000
Total expenditures	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Revenues over expenditures	<u>\$ -</u>	81,651	<u>\$ 81,651</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Depreciation		<u>(42,144)</u>	
Total reconciling items		<u>(42,144)</u>	
Changes in net assets		<u>\$ 39,507</u>	

BUNCOMBE COUNTY, NORTH CAROLINA

*Schedule of Revenues, Expenditures, and Changes in Net Assets - Budget and Actual (Non-GAAP)*

*Western North Carolina Regional Air Quality Agency*

*Component Unit*

FOR THE YEAR ENDED JUNE 30, 2007

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>			
Federal, state, and other grants		\$ 716,684	
Licenses and permits		166,665	
Investment earnings		49,423	
Total revenues	\$ 785,700	932,772	\$ 147,072
<b>EXPENDITURES:</b>			
Current:			
Environmental protection:			
Salaries and employee benefits		611,402	
Other operating expenses		202,850	
Capital outlay		38,774	
Total expenditures	896,358	853,026	43,332
Revenues over (under) expenditures	(110,658)	79,746	190,404
<b>OTHER FINANCING SOURCES:</b>			
Appropriated fund balance	110,658	-	(110,658)
Sale of capital assets	-	25,116	25,116
Revenues and other sources over expenditures	\$ -	104,862	\$ 104,862
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Capital outlay expenditures		38,774	
Book value of assets sold		(18,367)	
Depreciation		(24,718)	
Total reconciling items		(4,311)	
Change in net assets		\$ 100,551	

BUNCOMBE COUNTY, NORTH CAROLINA

*Schedule of Ad Valorem Taxes Receivable*

*General Fund*

JUNE 30, 2007

Fiscal Year	Uncollected Balance June 30, 2006	Additions	Collections and Credits	Uncollected Balance June 30, 2007
2006-2007	\$ -	\$ 139,021,203	\$ 137,837,684	\$ 1,183,519
2005-2006	1,246,276	84	825,976	420,384
2004-2005	403,271	-	96,103	307,168
2003-2004	286,781	-	42,038	244,743
2002-2003	365,438	-	29,746	335,692
2001-2002	283,469	-	26,271	257,198
2000-2001	237,476	-	23,804	213,672
1999-2000	183,698	-	9,629	174,069
1998-1999	164,891	-	6,957	157,934
1997 & Prior	1,123,667	-	367,673	755,994
Total	\$ 4,294,967	\$ 139,021,287	\$ 139,265,881	4,050,373
Less allowance for uncollectible ad valorem taxes receivable				(3,092,926)
Ad valorem taxes receivable, net				\$ 957,447
Reconciliation with Revenues:				
Taxes - Ad valorem - General Fund				\$139,141,442
Reconciling items:				
Releases				210,974
Taxes Written Off				333,584
Interest Collected				(460,527)
Amounts collected 60 days after year-end - net				40,408
Total reconciling items				124,439
Total collections and credits				\$ 139,265,881



# BUNCOMBE COUNTY, NORTH CAROLINA

## Analysis of Current Year County-Wide Tax Levy

FOR THE YEAR ENDED JUNE 30, 2007

	County Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Motor Vehicles	Registered Motor Vehicles
Original Levy					
County-Wide Ad Valorem	\$ 25,154,134,340	\$ 0.53	\$ 133,316,912	\$ 123,625,887	\$ 9,691,025
Penalties			132,827	132,827	-
Discoveries					
Taxes Levied	1,204,368,302	0.53	6,383,152	6,383,152	-
Penalties			128,552	128,552	-
Releases	<u>(177,403,774)</u>	0.53	<u>(940,240)</u>	<u>(697,700)</u>	<u>(242,540)</u>
Net Levy	<u>\$26,181,098,868</u>		139,021,203	129,572,718	9,448,485
Uncollected Taxes at 6/30/07			<u>1,183,519</u>	<u>581,969</u>	<u>601,550</u>
Current Year's Taxes Collected			<u>\$ 137,837,684</u>	<u>\$ 128,990,749</u>	<u>\$ 8,846,935</u>
Current Levy Collection %			<u>99.15%</u>	<u>99.55%</u>	<u>93.63%</u>
Secondary Market Disclosures:					
Assessed Valuation					
Assessment Ratio <sup>(1)</sup>				100.00%	
Real Property				\$22,287,067,466	
Personal Property				1,498,984,143	
Public Service Companies <sup>(2)</sup>				618,348,419	
Registered Motor Vehicles				<u>1,776,698,840</u>	
Total Assessed Valuation				26,181,098,868	
Tax Rate per \$100				<u>0.53</u>	
Levy (includes discoveries, releases and abatements) <sup>(3)</sup>				<u>\$ 139,021,203</u>	

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# BUNCOMBE COUNTY, NORTH CAROLINA

## *Analysis of Current Year County-Wide Tax Levy*

FOR THE YEAR ENDED JUNE 30, 2007

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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	\$ 7,390,766
Fire Protection Districts	<u>12,943,722</u>
Total	<u>\$ 20,334,488</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.





The Interchange Building.

# Statistical Section

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# BUNCOMBE COUNTY, NORTH CAROLINA

## *Statistical Section*

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*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.*

### ***Contents***

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#### **Financial Trends**

*These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.*

#### **Revenue Capacity**

*These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.*

#### **Debt Capacity**

*These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.*

#### **Demographic and Economic Information**

*These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.*

#### **Operating Information**

*These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.*

BUNCOMBE COUNTY, NORTH CAROLINA  
*Net Assets by Component*

Table 1

Last Ten Fiscal Years  
 (accrual basis of accounting)

	<u>FISCAL YEAR</u>					
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Governmental activities</b>						
Invested in capital assets, net of related debt	\$33,065,394	\$37,926,986	\$43,086,554	\$32,588,639	\$49,872,942	\$63,800,653
Restricted	836,051	206,091	506,294	713,063	952,667	1,257,585
Unrestricted	(46,535,303)	(43,287,878)	(30,573,359)	(6,631,867)	(19,796,405)	(19,443,597)
Total Governmental activities net assets	<u>(12,633,858)</u>	<u>(5,154,801)</u>	<u>13,019,489</u>	<u>26,669,835</u>	<u>31,029,204</u>	<u>45,614,641</u>
<b>Business-type activities</b>						
Invested in capital assets, net of related debt	17,201,445	17,062,735	17,470,314	34,181,685	27,482,628	28,635,180
Restricted	6,756,819	6,857,926	8,398,344	6,175,138	6,285,783	6,432,817
Unrestricted	3,559,791	3,475,207	1,175,882	4,357,011	8,218,157	8,758,604
Total business-type activities net assets	<u>27,518,055</u>	<u>27,395,868</u>	<u>27,044,540</u>	<u>44,713,834</u>	<u>41,986,568</u>	<u>43,826,601</u>
<b>Primary government</b>						
Invested in capital assets, net of related debt	50,266,839	54,989,721	60,556,868	66,770,324	77,355,570	92,435,833
Restricted	7,592,870	7,064,017	8,904,638	6,888,201	7,238,450	7,690,402
Unrestricted	(42,975,512)	(39,812,671)	(29,397,477)	(2,274,856)	(11,578,248)	(10,684,993)
Total primary government net assets	<u>\$14,884,197</u>	<u>\$22,241,067</u>	<u>\$40,064,029</u>	<u>\$71,383,669</u>	<u>\$73,015,772</u>	<u>\$89,441,242</u>

NOTE: Buncombe County began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002. Therefore, data is not available for fiscal years 1998 through 2001.



BUNCOMBE COUNTY, NORTH CAROLINA  
*Changes in Net Assets*

Table 2

	FISCAL YEAR					
	2002	2003	2004	2005	2006	2007
<b>Expenses</b>						
Governmental activities:						
General government	\$15,893,885	\$17,992,240	\$16,387,172	\$17,644,529	\$19,270,179	\$22,446,505
Public safety	37,090,297	40,687,839	47,182,012	52,134,950	54,066,643	58,198,788
Economic & Physical Development	3,992,760	9,017,323	9,834,487	12,131,158	19,334,791	14,735,580
Human Services	65,137,567	64,608,667	66,519,726	72,979,844	77,967,312	81,513,029
Cultural & Recreational	8,437,392	8,279,421	8,862,116	7,991,232	6,754,166	6,888,549
Education	78,973,677	61,168,150	62,018,004	61,817,647	79,316,200	91,854,360
Interest on long-term debt	6,794,663	6,252,005	6,201,794	5,314,045	6,102,439	6,728,232
<i>Total governmental activities expenses</i>	<u>216,320,241</u>	<u>208,005,645</u>	<u>217,005,311</u>	<u>230,013,405</u>	<u>262,811,730</u>	<u>282,365,043</u>
Business-type activities:						
Solid Waste Disposal	5,056,489	5,325,050	6,559,788	7,503,243	5,095,603	6,892,580
Human Services Facilities	0	0	0	661,152	1,452,366	2,225,921
County Golf Course	856,631	908,649	918,611	1,018,611	0	0
Parking Deck						
After School	1,917,732	1,972,993	2,040,738	1,888,679	1,832,833	377,990
Inmate/Commissary Welfare	197,746	357,891	372,609	444,596	458,792	539,509
	8,028,598	8,564,583	9,891,746	11,516,281	8,839,594	10,036,000
<i>Total business-type activities</i>	<u>\$224,348,839</u>	<u>\$216,570,228</u>	<u>\$226,897,057</u>	<u>\$241,529,686</u>	<u>\$271,651,324</u>	<u>\$292,401,043</u>
<b>Program Revenues</b>						
Governmental activities:						
Charges for services:						
General government	\$3,216,569	\$3,151,420	\$3,280,066	\$9,613,785	\$11,035,741	\$10,894,196
Public Safety	7,254,394	6,178,432	6,527,193	6,576,600	7,942,899	7,463,106
Economic & Physical Development	213,356	316,372	266,494	5,468,710	6,327,138	7,287,329
Human Services	8,652,818	8,737,788	9,784,088	7,967,861	9,021,899	7,889,380
Cultural & Recreational	684,831	1,131,292	1,706,858	1,231,519	766,838	708,053
Education	0	0	0	0	0	0
Interest on long-term debt	0	0	0	0	0	0
Operating grants and contributions	32,866,046	35,530,761	34,826,905	42,876,425	49,467,438	44,184,934
Capital grants and contributions	17,537,734	12,868,292	17,775,859	14,513,290	16,433,237	16,873,111
<i>Total governmental activities program revenues</i>	<u>70,425,768</u>	<u>67,914,357</u>	<u>74,167,463</u>	<u>88,248,190</u>	<u>100,995,190</u>	<u>95,300,109</u>

Continued on Next Page



BUNCOMBE COUNTY, NORTH CAROLINA

*Fund Balances of Governmental Funds*

Last Ten Fiscal Years

(modified accrual basis of accounting)

	FISCAL YEAR									
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Fund										
Reserved	\$11,717,701	\$13,365,325	\$12,557,664	\$13,797,931	\$13,195,643	\$17,327,685	\$15,257,237	\$15,995,465	\$16,626,892	\$19,381,124
Unreserved	24,505,185	25,118,626	25,336,235	25,805,141	24,153,451	26,552,475	34,033,114	39,239,257	45,402,398	47,834,281
Total General Fund	<u>36,222,886</u>	<u>38,483,951</u>	<u>37,893,899</u>	<u>39,603,072</u>	<u>37,349,094</u>	<u>43,880,160</u>	<u>49,290,351</u>	<u>55,234,722</u>	<u>62,029,290</u>	<u>67,215,405</u>
All other governmental funds										
Reserved	1,895,913	2,863,487	1,599,503	2,912,364	4,776,671	1,636,277	2,299,891	5,952,553	7,965,982	9,843,864
Unreserved, reported in:										
Special revenue funds	345,787	514,126	641,406	998,409	269,114	107,867	(334,853)	2,234,023	(8,150)	689,209
Capital projects funds	25,009,936	23,411,235	21,338,957	39,621,912	14,943,238	22,819,414	30,900,955	43,128,348	66,231,654	43,728,583
Permanent funds	0	0	0	0	0	0	0	0	0	0
Total all other governmental funds	<u>\$27,251,636</u>	<u>\$26,788,848</u>	<u>\$23,579,866</u>	<u>\$43,532,685</u>	<u>\$19,989,023</u>	<u>\$24,563,558</u>	<u>\$32,865,993</u>	<u>\$51,314,924</u>	<u>\$74,189,486</u>	<u>\$54,261,656</u>

BUNCOMBE COUNTY, NORTH CAROLINA  
*Changes in Fund Balances of Governmental Funds*

Last Ten Fiscal Years

(modified accrual basis of accounting)

	FISCAL YEAR									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Revenues</b>										
Ad Valorem Taxes	\$79,584,741	\$86,467,412	\$88,028,252	\$91,187,640	\$94,262,914	\$109,065,659	\$113,385,273	\$116,769,925	\$123,668,417	\$152,078,684
Local Option Sales Taxes	20,682,845	21,867,271	22,581,109	22,742,802	22,338,676	25,319,117	30,394,919	35,600,392	40,156,650	43,942,038
Other Taxes and Licenses	6,398,623	7,086,523	7,788,389	8,916,489	10,646,340	11,741,173	13,348,172	10,779,994	13,714,547	14,836,023
Unrestricted Intergovernmental	19,275,140	25,175,457	28,830,633	6,745,851	4,745,435	560,341	571,433	592,389	600,307	616,097
Restricted Intergovernmental	24,235,787	31,102,886	32,514,965	52,004,914	53,248,557	49,521,780	55,150,257	57,229,404	66,406,034	61,630,950
Permits and Fees	963,151	1,349,566	1,267,682	1,422,797	1,481,805	1,465,868	1,533,037	1,817,537	2,284,153	1,808,826
Sales and Services	13,557,469	11,889,758	13,220,933	14,172,661	15,359,599	15,644,420	16,599,527	17,272,430	17,974,886	16,471,205
Investment Earnings	3,213,120	3,358,797	3,717,526	5,096,954	2,247,303	1,070,561	811,830	1,844,176	3,923,644	5,904,810
Miscellaneous	254,864	1,618,254	1,783,009	3,279,948	1,280,433	1,620,724	1,451,189	1,362,578	1,376,089	1,245,957
<i>Total revenues</i>	<u>168,165,740</u>	<u>189,895,924</u>	<u>199,732,498</u>	<u>205,570,056</u>	<u>205,611,062</u>	<u>216,009,643</u>	<u>233,245,637</u>	<u>243,268,825</u>	<u>270,104,727</u>	<u>298,534,590</u>
<b>Expenditures</b>										
<b>Current:</b>										
General government	10,738,870	11,516,833	12,770,457	13,938,818	15,224,828	18,378,252	14,240,645	16,596,198	17,941,931	19,067,585
Public safety	29,789,971	32,448,222	33,347,655	34,109,664	35,031,591	38,413,412	47,803,267	48,413,590	50,254,619	55,977,572
Economic and Physical Development	3,653,176	3,828,514	3,644,770	3,567,122	3,637,987	4,391,217	9,839,009	12,151,298	19,278,134	14,638,280
Human Services	47,252,326	55,343,414	58,542,403	64,217,861	65,095,404	64,220,403	67,701,366	74,176,691	76,977,176	80,825,821
**Environmental Protection	821,377	877,151	973,959	60,000						
***Sanitation										
Cultural and Recreational	6,815,750	7,164,113	7,969,987	7,658,753	7,763,952	7,421,103	8,052,872	7,139,629	5,521,542	5,921,511
<b>Intergovernmental:</b>										
Education	38,894,960	40,945,672	42,880,362	46,348,438	47,032,182	48,356,755	51,152,665	54,207,778	56,393,255	61,556,450
Capital Outlay	16,603,730	20,498,048	24,094,621	26,722,822	38,924,222	20,116,601	20,038,349	17,546,029	38,148,616	46,124,292
Debt service										
Principal	14,238,672	10,426,403	11,603,701	13,581,338	12,397,798	23,527,919	16,757,995	15,426,168	24,247,761	17,539,683
Interest and Fees	6,777,371	6,786,224	6,622,579	7,227,411	6,691,395	6,519,620	6,032,427	6,304,258	6,991,875	8,285,284
<i>Total expenditures</i>	<u>175,586,203</u>	<u>189,834,594</u>	<u>202,450,494</u>	<u>217,432,227</u>	<u>231,799,359</u>	<u>231,345,282</u>	<u>241,618,595</u>	<u>251,961,639</u>	<u>295,754,909</u>	<u>309,936,478</u>
Excess of revenues over (under) expenditures	(7,420,463)	61,330	(2,717,996)	(11,862,171)	(26,188,297)	(15,335,639)	(8,372,958)	(8,692,814)	(25,650,182)	(11,401,888)

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*Assessed Value of Taxable Property*

Last Ten Fiscal Years

(amounts expressed in thousands)

<u>Fiscal Year Ended June 30</u>	<u>Real Property</u>		<u>Commercial Property</u>	<u>Use Value Farm Property</u>	<u>Historical Property</u>	<u>Personal Property</u>		<u>Less: Tax Exempt Real Property*</u>	<u>Public Service Assessed Value</u>		<u>Total Taxable Assessed Value</u>		<u>Total Direct Tax Rate</u>
	<u>Residential Property</u>	<u>Other Property</u>				<u>Motor Vehicles</u>	<u>Other</u>		<u>Assessed Value</u>	<u>Assessed Value</u>	<u>Assessed Value</u>	<u>Assessed Value</u>	
1998	\$5,384,169	\$1,777,875	\$285,755	\$16,406	\$1,173,035	\$1,264,556	\$211,130	\$401,769	\$10,092,435	0.73			
1999	7,014,997	2,276,815	418,006	22,959	1,319,647	1,355,772	305,041	425,550	12,528,705	0.63			
2000	7,259,881	2,318,442	433,546	24,116	1,422,553	1,395,650	314,390	460,471	13,000,269	0.63			
2001	7,508,503	2,430,102	424,991	24,149	1,469,333	1,385,734	307,854	484,544	13,419,502	0.63			
2002	7,762,200	2,523,491	456,916	24,379	1,402,305	1,440,043	312,476	481,054	13,777,912	0.63			
2003	10,134,161	3,279,197	653,644	45,311	1,658,507	1,406,688	571,942	489,587	17,095,153	0.59			
2004	10,565,996	3,370,995	636,865	49,132	1,560,515	1,395,033	575,165	493,131	17,496,502	0.59			
2005	11,028,890	3,449,048	642,673	50,146	1,556,247	1,364,134	545,208	488,950	18,034,880	0.59			
2006	11,615,744	3,543,490	626,159	55,296	1,830,013	1,409,297	512,096	537,650	19,105,553	0.59			
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	0.53			

SOURCE: Buncombe County Tax Department

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

NOTE: Property in the county is reassessed every four years. The county assesses property at approximately 100 percent of actual value.

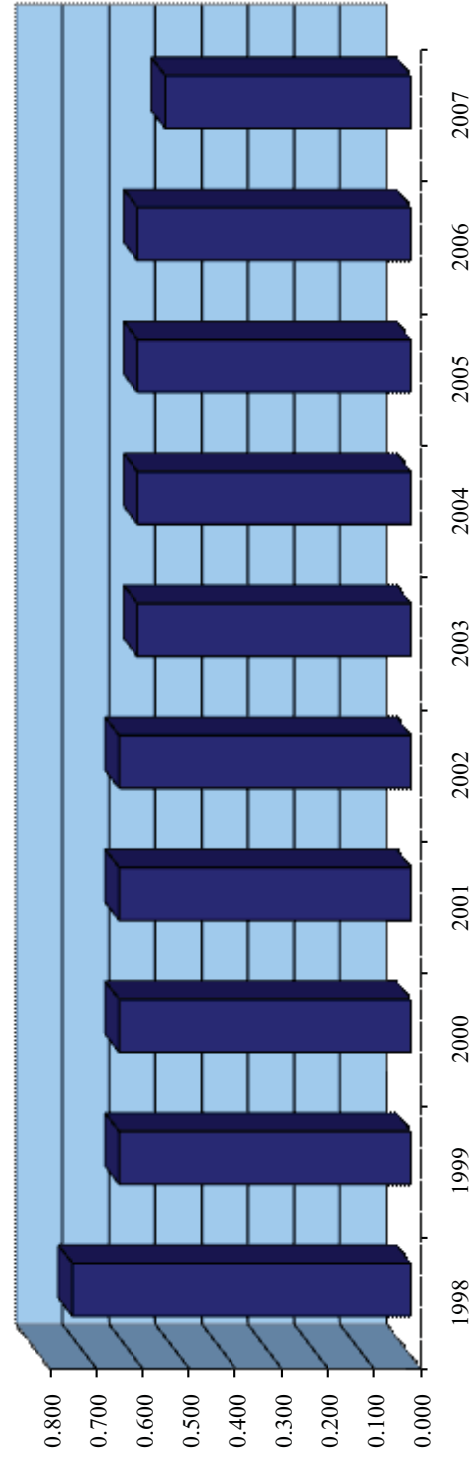
Tax rates are per \$100 of assessed value.

*Property Tax Rates-Direct And All Overlapping Governments*

Last Ten Fiscal Years

Per \$100 of Assessed Value

	FISCAL YEAR									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
County of Buncombe	0.730	0.630	0.630	0.630	0.630	0.590	0.590	0.590	0.590	0.530
City of Asheville	0.570	0.520	0.560	0.560	0.560	0.530	0.530	0.530	0.530	0.424
Town of Biltmore Forest	0.365	0.350	0.360	0.360	0.360	0.360	0.360	0.360	0.360	0.295
Town of Weaverville	0.450	0.430	0.430	0.430	0.430	0.430	0.430	0.430	0.430	0.430
Town of Black Mountain	0.400	0.350	0.385	0.385	0.385	0.385	0.385	0.385	0.385	0.320
Town of Woodfin	0.320	0.280	0.280	0.400	0.400	0.325	0.285	0.285	0.285	0.265
Town of Montreat	0.450	0.400	0.400	0.450	0.450	0.310	0.350	0.370	0.370	0.370
Asheville School District	0.210	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.150
Fire Districts	0.040-0.150	0.040-0.150	0.040-0.150	0.060-0.150	0.060-0.150	0.075-0.150	0.075-0.150	0.075-0.150	0.075-0.150	0.075-0.125
Maximum Combined Rate	1.510	1.350	1.390	1.390	1.390	1.320	1.320	1.320	1.320	1.104



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



*Principal Property Taxpayers*

December 31, 2006

	2007			1998		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Progress Energy/CP & L	\$400,914,330	1	1.53%	\$175,149,802	1	1.74%
Ingles Markets	139,549,610	2	0.53%	93,119,220	3	0.92%
Sonopress Inc.	104,866,600	3	0.40%	69,965,560	6	0.69%
Jack Tar Hotels (AKA Grove Park)	102,511,800	4	0.39%	59,142,630	7	0.59%
Bellsouth Telephone Co.	94,287,974	5	0.36%	109,132,172	2	1.08%
Biltmore Company	91,393,290	6	0.35%	43,866,980	8	0.43%
Asheville LLC	75,879,520	7	0.29%			
Southeastern Container	60,978,536	8	0.23%	89,669,690	4	0.89%
Borgwarner Turbo Systems	60,842,610	9	0.23%	0		
Waterfall Investment Group LLC	59,947,200	10	0.23%	0		
BASF Corporation				72,766,498	5	0.72%
ITT Automotive				39,831,720	9	0.39%
RBR & ST				36,732,930	10	0.36%
Totals	<u>1,191,171,470</u>		<u>4.55%</u>	<u>789,377,202</u>		<u>7.82%</u>
<b>Total Overall Valuation</b>	<b>26,199,470,602</b>			<b>10,092,434,946</b>		

SOURCE: Buncombe County Tax Department

BUNCOMBE COUNTY, NORTH CAROLINA

*Property Tax Levies and Collections*

Last Ten Fiscal Years

(Amounts Expressed in Thousands)

<u>Fiscal Year Ended December 31</u>	<u>Total Levy for Fiscal Year</u>	<u>Collected Within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>		<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>	<u>Percentage of Levy</u>	<u>Amount</u>	<u>Percentage of Levy</u>
1998	\$73,846	\$72,300	97.9%	\$1,659		\$73,959	100.2%
1999	80,205	78,980	98.5%	1,368		80,348	100.2%
2000	81,712	80,380	98.4%	1,144		81,524	99.8%
2001	84,431	82,950	98.2%	1,146		84,096	99.6%
2002	87,481	85,903	98.2%	1,160		87,063	99.5%
2003	100,861	99,107	98.3%	1,304		100,411	99.6%
2004	103,437	102,079	98.7%	1,515		103,594	100.2%
2005	106,606	105,418	98.9%	1,211		106,629	100.0%
2006	112,954	111,707	98.9%	999		112,706	99.8%
2007	139,015	137,837	99.2%	983		138,820	99.9%

SOURCE: Buncombe County Tax Department

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

BUNCOMBE COUNTY, NORTH CAROLINA  
*Ratio of Outstanding Debt by Type*

Last Ten Fiscal Years  
 (amounts expressed in thousands, except per capita amount)

Fiscal Year	<u>Governmental Activities</u>		<u>Business-type Activities</u>		Total Primary Government	Percentage of Personal Income <sup>1</sup>	Per Capita <sup>1</sup>
	General	Special	Installment Notes	Installment Notes			
1998	\$92,700	\$7,490	\$45,222	-	\$145,412	2.88%	753
1999	86,790	7,000	45,979	-	139,769	2.67%	717
2000	80,815	11,585	42,111	-	134,511	2.43%	686
2001	109,260	10,835	37,997	-	158,092	2.81%	767
2002	102,745	10,063	37,281	-	150,089	2.65%	708
2003	115,105	9,312	32,758	474	157,649	2.77%	733
2004	106,350	8,522	45,482	384	160,738	2.66%	744
2005	103,845	7,697	64,264	291	176,097	2.67%	808
2006	94,525	14,890	100,667	196	210,278	N/A	955
2007	85,470	13,135	91,995	99	190,699	N/A	N/A

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

<sup>1</sup>See the Schedule of Demographic and Economic Statistics on page 147 for personal income and population data.

BUNCOMBE COUNTY, NORTH CAROLINA

*Ratios of General Bonded Debt Outstanding*

Last Ten Fiscal Years  
 (amounts expressed in thousands, except per capita amount)

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Percentage of Estimated Actual Taxable Value<sup>1</sup> of Property</u>	<u>Per Capita<sup>2</sup></u>
1998	\$92,700	0.92%	\$480
1999	86,790	0.69%	\$445
2000	80,815	0.62%	\$412
2001	109,260	0.81%	\$530
2002	102,745	0.75%	\$485
2003	115,105	0.67%	\$535
2004	106,350	0.61%	\$492
2005	103,845	0.58%	\$476
2006	94,525	0.49%	\$429
2007	85,470	0.33%	N/A

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

<sup>1</sup>See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 138 for property value data.

<sup>2</sup>Population data can be found in the Schedule of Demographic and Economic Statistics on page 147.

*Direct and Overlapping Governmental Activities Debt*

As of June 30, 2007

(amounts expressed in thousands)

Government Unit	DEBT OUTSTANDING	PERCENTAGE APPLICABLE TO COUNTY (1)	ESTIMATED SHARE OF DIRECT AND OVERLAPPING DEBT (2)
<b>Net General Obligation Bonded Debt</b>			
City of Asheville	\$12,470,000	100.0%	\$12,470,000
Town of Black Mountain	\$-	100.0%	\$-
Town of Montreat	\$374,000	100.0%	\$374,000
Town of Weaverville	\$3,590,000	100.0%	\$3,590,000
Metropolitan Sewerage District	\$986,000	100.0%	\$986,000
<b>Installment Debt</b>			
City of Asheville	\$25,015,300	100.0%	\$25,015,300
Town of Biltmore Forest	\$3,902,922	100.0%	\$3,902,922
Town of Black Mountain	\$128,974	100.0%	\$128,974
Town of Montreat	\$-	100.0%	\$-
Town of Weaverville	\$4,997,429	100.0%	\$4,997,429
Town of Woodfin	\$280,756	100.0%	\$280,756
Metropolitan Sewerage District	\$-	100.0%	\$-
<b>Revenue Bonds</b>			
City of Asheville	\$41,800,000	100.0%	\$41,800,000
Metropolitan Sewerage District	\$105,730,000	100.0%	\$105,730,000
<b>Revolving Loans</b>			
City of Asheville	\$1,650,000	100.0%	\$1,650,000
Subtotal, Overlapping Debt			\$200,925,381
County Direct Debt		100.0%	\$177,455,000
<b>TOTAL DIRECT AND OVERLAPPING DEBT</b>			<b>\$378,380,381</b>

(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.

*Legal Debt Margin*

Last Ten Fiscal Years  
(amounts expressed in thousands)

	<u>Fiscal Year</u>									
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Debt limit	\$807,395	\$1,002,296	\$1,040,022	\$1,073,560	\$1,102,233	\$1,367,612	\$1,399,720	\$1,442,790	\$1,528,444	\$2,094,488
Total net debt applicable to limit	<u>137,922</u>	<u>132,770</u>	<u>122,926</u>	<u>147,257</u>	<u>140,026</u>	<u>148,337</u>	<u>151,832</u>	<u>168,109</u>	<u>210,082</u>	<u>177,555</u>
Legal debt margin	<u>\$669,473</u>	<u>\$869,526</u>	<u>\$917,096</u>	<u>\$926,303</u>	<u>\$962,207</u>	<u>\$1,219,275</u>	<u>\$1,247,888</u>	<u>\$1,274,681</u>	<u>\$1,318,362</u>	<u>\$1,916,933</u>
Total net debt applicable to the limit as a percentage of debt limit	17.08%	13.25%	11.82%	13.72%	12.70%	10.85%	10.85%	11.65%	13.74%	8.48%

Legal Debt Margin Calculation for Fiscal Year 2007

Assessed value of taxable property	<u>\$26,181,099</u>
Debt Limit - Eight Percent (8%) of assessed value	2,094,488
Gross Debt:	
Total Bonded Debt	85,470
Authorized and Unissued Bonds	915
Installment Purchase Agreements	<u>92,085</u>
Gross Debt	178,470
Less: Authorized and unissued bonds	<u>915</u>
Total amount of debt applicable to debt limit (net debt)	<u>177,555</u>
Legal debt margin	<u>\$1,916,933</u>

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

*Special Obligation Bonds Revenue Coverage*

Last Ten Fiscal Years

Fiscal Year	Solid Waste System		Available Revenues		Operating Expenses		Net Solid Waste System Revenues		Total Available Revenue		Debt Service		From Net Solid Waste System Revenues		Debt Service Coverage from Available Revenues	
	Revenues	Revenues	Revenues	Revenues	Expenses	Expenses	Revenues	Revenues	Revenue	Revenue	Principal	Interest	Revenues	Revenues	Revenues	Revenues
1998	\$5,183,879	\$10,394,031	\$3,265,332	\$1,918,547	\$7,128,699	\$475,000	\$396,660	2.20 times	8.18times							
1999	5,331,327	11,461,930	2,698,299	2,633,028	8,763,631	490,000	377,185	3.04 times	10.11times							
2000	6,087,419	11,336,625	3,019,981	3,067,438	8,316,644	515,000	356,115	3.52 times	9.55times							
2001	6,595,473	12,890,337	3,664,069	2,931,404	9,226,268	750,000	530,495	2.29 times	7.21times							
2002	6,139,932	12,544,391	3,780,628	2,359,304	8,763,763	725,000	560,815	1.83 times	6.82times							
2003	5,800,002	13,623,059	4,254,532	1,545,470	9,368,527	755,000	525,990	1.21 times	7.31times							
2004	6,672,180	14,462,002	4,397,655	2,274,525	10,064,347	795,000	489,230	1.77 times	7.84times							
2005	6,445,745	15,068,125	4,807,694	1,638,051	10,260,431	830,000	450,000	1.28 times	8.02times							
2006	6,531,355	15,952,810	4,362,747	2,168,608	11,590,063	1,454,250	521,354	1.10 times	5.87times							
2007	3,636,433	15,384,448	3,394,335	3,636,433	11,990,113	1,755,000	526,175	1.59 times	5.26times							

NOTE: Operating Expenses excludes depreciation. Debt Service includes actual debt service for 1996, 2000 and 2005 Bonds.



BUNCOMBE COUNTY, NORTH CAROLINA

*Demographic and Economic Statistics*

Last Ten Fiscal Years

Fiscal Year	Population*	Personal Income (amounts expressed in thousands)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
1998	193,000	\$5,046,378	\$25,022	39.0	28,787	2.6
1999	195,000	5,235,973	25,624	39.0	28,928	2.1
2000	196,000	5,524,659	26,693	40.0	28,348	2.5
2001	206,000	5,629,127	27,020	39.0	28,549	2.6
2002	212,000	5,671,946	26,952	38.0	28,159	4.6
2003	215,000	5,681,883	26,672	39.0	28,380	4.0
2004	216,000	6,047,658	28,037	40.0	28,649	3.4
2005	218,000	6,585,970	30,158	40.0	28,766	4.6
2006	220,159	N/A	N/A	39.6	29,211	4.0
2007	N/A	N/A	N/A	N/A	28,900	4.0

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

\*Population: Chamber, rounded to the nearest thousand

BUNCOMBE COUNTY, NORTH CAROLINA  
*Principal Employers*

Table 15

Current Year and Nine Years Ago

Employer	2007			1998		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
MANUFACTURING						
Pillowtex Corporation/Blanket Division				832	2	0.80%
Square D Company				637	4	0.61%
Sonopress, LLC	800	3	0.71%	870	1	0.84%
Thermo Fisher Scientific, Inc.	550	4	0.49%			
BorgWarner Turbo Systems	840	2	0.75%			
Owen Manufacturing				575	5	0.55%
BASF Corporation- Fiber Division				447	7	0.43%
Eaton Corporation - Electrical Division	860	1	0.76%	648	3	0.62%
Communications Instruments, Inc.				469	8	0.45%
Cooper Industries- Bussman Division				525	6	0.51%
General Signal Laboratory Equipment				458	9	0.44%
Protocol Services, Inc.	360	5	0.32%			
Unison Engine Components	330	7	0.29%			
Kearfott Guidance & Navigation Corp.	350	6	0.31%	413	10	0.40%
Asheville Citizen - Times Publishing Co.	290	8	0.26%			
Day International, Inc.	290	9	0.26%			
Milkco, Inc.	290	10	0.26%			
<b>Total</b>	<b>4,960</b>		<b>4.40%</b>	<b>5,874</b>		<b>5.65%</b>

Continued on Next Page

NON-MANUFACTURING

Employer	2007			1998		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Mission Health & Hospitals	6,000	1	5.33%	5,000	1	4.81%
Buncombe County Public Schools	3,720	2	3.30%	3,200	2	3.08%
Ingles Markets, Inc.	3,050	3	2.71%	900	7	0.87%
Buncombe County Government	1,670	4	1.48%	1,737	3	1.67%
City of Asheville				906	6	0.87%
VA Medical Center	1,140	6	1.01%	1,000	5	0.96%
The Biltmore Company	1,580	5	1.40%	750	9	0.72%
CarePartners	990	8	0.88%	1,400	4	1.35%
The Grove Park Inn & Spa	1,100	7	0.98%	857	8	0.82%
Asheville City Schools	750	10	0.67%	722	10	0.69%
Wal-Mart Stores, Inc.	750	9	0.67%			
Total	<u>20,750</u>		<u>18.42%</u>	<u>16,472</u>		<u>15.85%</u>

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 1998 are not in 2007 and many companies that are top employers in 2007 were not here in 1998.

*Summary of Permanent Positions by Service Area*

Ten Fiscal Years

GENERAL FUND Function	<u>Number of Permanent Positions by Function</u>									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government	185	182	-	-	-	-	-	-	-	-
Public Safety	504	514	-	-	-	-	-	-	-	-
Human Services	702	699	-	-	-	-	-	-	-	-
Economic & Physical Development	23	23	-	-	-	-	-	-	-	-
Culture and Recreation	<u>103</u>	<u>81</u>	-	-	-	-	-	-	-	-
Total	1,517	1,499	-	-	-	-	-	-	-	-
ALL FUNDS Function	<u>Number of Permanent Positions by Function</u>									
2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	
General Fund	1,517	1,499	-	-	-	-	-	-	-	-
Special Revenue Funds	26	34	-	-	-	-	-	-	-	-
Enterprise Funds	79	59	-	-	-	-	-	-	-	-
Internal Service Fund	<u>3</u>	<u>3</u>	-	-	-	-	-	-	-	-
Total	1,625	1,595	-	-	-	-	-	-	-	-

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

*Operating Indicators by Function*

Table 17

Last Ten Fiscal Years

Function	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<u>General Government</u>										
Number of Employment Applications Processed	N/A	N/A	N/A	N/A	N/A	4,271*	4,679*	5,750*	5,755	4,534* YTD
Percentage of registered voters participating in General Election	46%	N/A	61%	N/A	48%	N/A	69%	N/A	N/A	N/A
<u>Public Safety</u>										
Number of inmates processed	N/A	11,407*	11,487*	12,005*	12,598*	12,365*	13,636*	14,260*	13,758*	13,741 YTD
Number of building permits issued	1,383*	1,432*	1,479*	1,886*	2,600*	2,438*	2,487*	2,834*	2,819*	1,776 YTD
Number of emergency calls dispatched							68,842*	70,346*	62,289	47,247 YTD
<u>Human Services</u>										
Number of food & lodging sites inspected	N/A	N/A	N/A	N/A	N/A	4,518*	3,899*	3,528*	3,871*	3,200 YTD
Percentage of children reunified with family after foster care	N/A	N/A	N/A	N/A	N/A	N/A	26%	34%	33%	18%
<u>Economic &amp; Physical Development</u>										
Number of subdivision plan reviews	N/A	N/A	210	216	311	484	459	559	657	712
<u>Culture and Recreation</u>										
Library Book Circulation	1,304,784	1,326,665	1,344,761	1,380,966	1,470,243	1,327,399	1,403,777	1,511,189	1,471,860	1,496,169
Number of visitors to swimming pools	N/A	N/A	N/A	N/A	N/A	N/A	81,336	64,116	N/A	78,000
<u>Education</u>										
Dollars spent per pupil	\$1,226	\$1,283	\$1,357	\$1,472	\$1,505	\$1,497	\$1,571	\$1,648	\$1,708	\$1,898
<u>Enterprise Fund-Landfill</u>										
Tons of waste received	86,622**	109,734	120,143	133,816	155,371	160,862	170,170	173,774	122,034	184,742

SOURCE: Various government departments.

\* Calendar year data

\*\* Partial year, first year it opened.

\*\*\* Parks and Recreation recorded number of visits, instead of number of visitors, in FY07.

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

*Capital Asset Statistics by Function*

Last Ten Fiscal Years

Function	FISCAL YEAR									
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b>Public Safety</b>										
Sheriff Department Stations	1	1	1	1	2	2	2	2	2	2
Patrol Vehicles	55	55	55	55	54	54	50	50	66	71
<b>Culture and Recreation</b>										
Parks Acreage	297	297	297	297	1,058	1,058	1,058	1,058	235	235
Parks	28	28	28	28	31	31	31	31	23	10
Swimming Pools	5	6	6	6	6	7	7	7	6	6
Ball Fields and Courts	90	92	92	92	76	76	76	75	3	16
Libraries	10	10	10	10	12	12	12	12	12	12
Golf Courses	1	1	1	1	1	1	1	1	0	0

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.

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

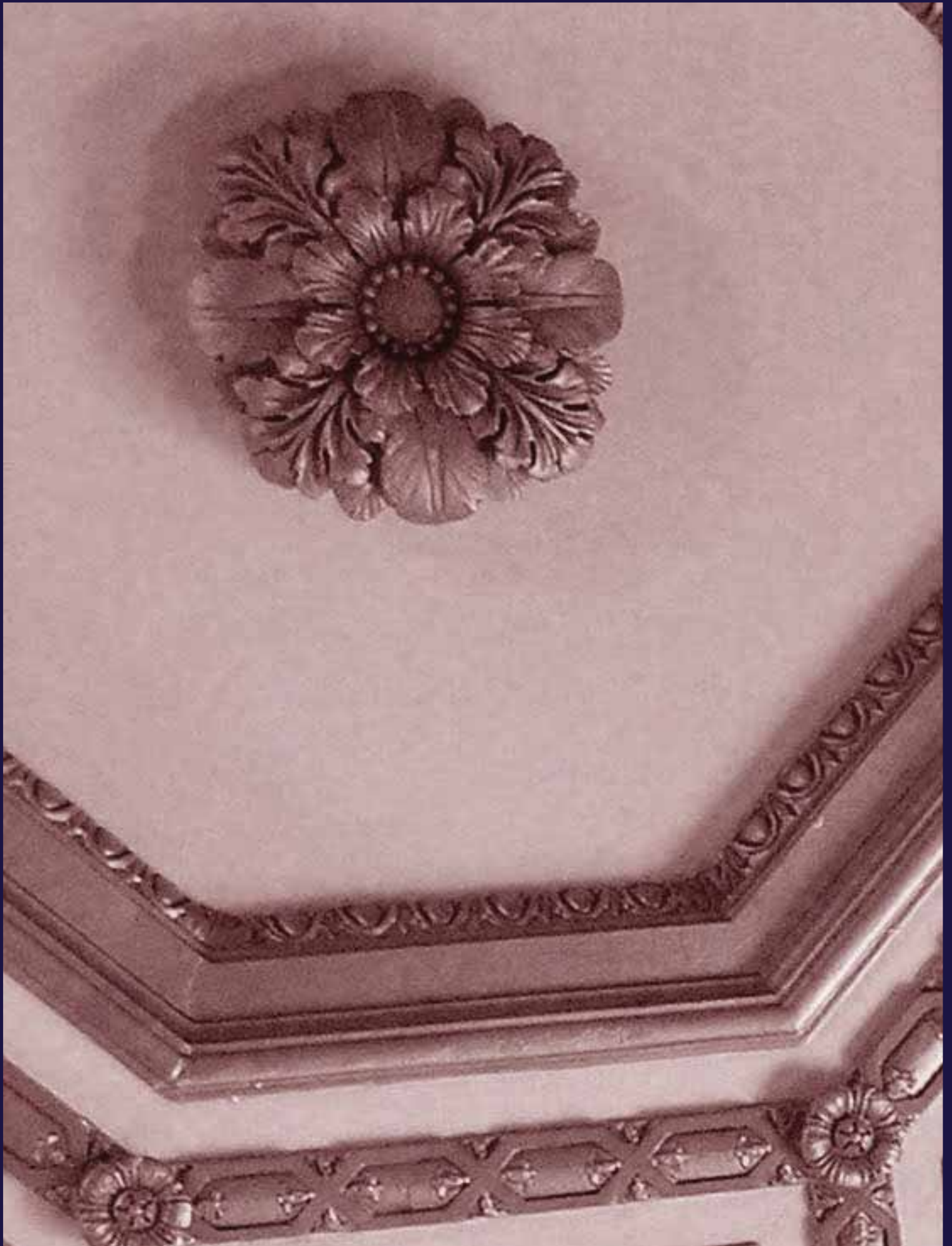


The Buncombe County Courthouse as it stands today

# Compliance Report

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# *Gould Killian CPA Group, P.A.*

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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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**

TO THE BOARD OF COUNTY COMMISSIONERS  
BUNCOMBE COUNTY, NORTH CAROLINA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregated remaining fund information of Buncombe County, North Carolina as of and for the year ended June 30, 2007, which collectively comprises Buncombe County's basic financial statements, and have issued our report thereon dated November 28, 2007. We did not audit the financial statements of the Asheville Area Regional Airport Authority. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Asheville Area Regional Airport Authority is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Buncombe County's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. We noted certain matters that we reported to management of Buncombe County in a separate letter dated November 28, 2007.

### Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

BOARD OF COMMISSIONERS

Page two

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

This report is intended for the information of the audit committee, management, members of the Board of Commissioners, and federal and state awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

*Donald Killian CPA Group, P.A.*

Asheville, North Carolina

November 28, 2007

# *Gould Killian CPA Group, P.A.*

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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

TO THE BOARD OF COMMISSIONERS  
BUNCOMBE COUNTY, NORTH CAROLINA

### Compliance

We have audited the compliance of Buncombe County, North Carolina, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that are applicable to each of its major federal programs for the year ended June 30, 2007. Buncombe County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Buncombe County's management. Our responsibility is to express an opinion on Buncombe County's compliance based on our audit.

Buncombe County's financial statements include the operations of the Asheville Regional Airport Authority, which received \$1,534,753 in federal awards which is not included in the accompanying schedule of expenditures of federal and state awards for the year ended June 30, 2007. Our audit, described below, did not include operations of the Asheville Regional Airport Authority because the Authority engaged other auditors to perform an audit in accordance with OMB Circular A-133.

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

In our opinion, Buncombe County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

### Internal Control Over Compliance

The management of Buncombe County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Buncombe County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in

BOARD OF COMMISSIONERS

Page Two

order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control 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, as defined above.

This report is intended for the information of the audit committee, management, members of the Board of Commissioners, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

*Donald Killian CPA Group, P.A.*

Asheville, North Carolina  
November 28, 2007



# *Gould Killian CPA Group, P.A.*

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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

TO THE BOARD OF COMMISSIONERS  
BUNCOMBE COUNTY, NORTH CAROLINA

### Compliance

We have audited the compliance of Buncombe County, North Carolina, with the types of compliance requirements described in the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that are applicable to each of its major State programs for the year ended June 30, 2007. Buncombe County's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of Buncombe County's management. Our responsibility is to express an opinion on Buncombe County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations as described in the Audit Manual for Governmental 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. Our audit does not provide a legal determination on Buncombe County's compliance with those requirements.

In our opinion, Buncombe County complied, in all material respects, with the requirements referred to above that are applicable to each of its major State programs for the year ended June 30, 2007.

### Internal Control Over Compliance

The management of Buncombe County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered Buncombe County's internal control over compliance with requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned



BOARD OF COMMISSIONERS

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functions, to prevent or detect noncompliance with a type of compliance requirement of a State program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to administer a State program such that there is more than a remote likelihood that noncompliance with a type of a compliance requirement of a State program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a State program will not be prevented or detected by the County's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control 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, as defined above.

This report is intended for the information of the audit committee, management, members of the Board of Commissioners, and State awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

*Donald Killian CPA Group, P.A.*

Asheville, North Carolina  
November 28, 2007

**BUNCOMBE COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the year ended June 30, 2007

**I. Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

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

Federal Awards

Internal control over major federal programs:

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

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

Any audit findings disclosed that are  
required to be reported in accordance  
with Section 510(a) of Circular A-133            \_\_\_yes                             X no

Major federal programs for Buncombe County for the fiscal year ended June 30, 2007 are:

<u>Program Name</u>	<u>CFDA #</u>
Food Stamp Cluster	10.551, 10.561
WIC	10.557
Foster Care & Adoption Cluster	93.658, 93.659
Title XIX Medicaid	93.778
State Children's Health Insurance Program	93.767

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

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

**BUNCOMBE COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the year ended June 30, 2007

State Awards

Internal control over major State 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 State programs: Unqualified

Any audit findings disclosed that are required  
to be reported in accordance with the State  
Single Audit Implementation Act            \_\_\_yes                              X  no

Major State programs (over \$300,000) for Buncombe County for the fiscal year ended June 30,  
2007 are:

Program Name

Foster Care & Adoption Cluster  
Medicaid  
State Children's Health Insurance Program  
Juvenile Crime Prevention Council  
Public School Building Capital Fund

**BUNCOMBE COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the year ended June 30, 2007

**II. Financial Statement Findings**

None reported.

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

None reported.

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

None reported.

**BUNCOMBE COUNTY, NORTH CAROLINA**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
For the year ended June 30, 2007

Finding 06-1

Finding: G.S. 153A-292 states that transfers of property out of a solid waste disposal fund are not permitted except for compensation of administrative or other costs. If used in this manner, the expense should be budgeted and accounted for as a reimbursement of an expenditure. The Solid Waste Disposal Fund reported a transfer out in the amount of \$160,850 to the General Fund. This transfer consisted of vehicles and other equipment.

Current Status / Corrective Action plan: The County agrees with this finding. The Solid Waste Disposal Fund was reimbursed for the fair value of the assets transferred during the year ended June 30, 2007.

Finding 06-2

Finding: G.S. 159-8(a) states that all moneys received and expended by a local government or public authority should be included in the budget ordinance. Buncombe County expended \$5,452 more for debt service expenditures than appropriated in the annual budget ordinance.

Current Status / Corrective Action plan: The County agrees with this finding. Special care will be taken to insure all necessary budget amendments are made.

BUNCOMBE COUNTY GOVERNMENT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
 For the Year ended June 30, 2007

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Fed.(Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
<b>Federal Awards:</b>					
<u>U. S. Dept. of Agriculture</u>					
<b><u>Food and Nutrition Service</u></b>					
Passed-through N. C. Department of Agriculture:					
Passed-through Land of the Sky Regional Council:					
Food Stamp Program - Noncash	10.570	NC-77	\$27,593	\$-	\$-
Passed-through N. C. Department of Health and Human Services:					
Division of Social Services:					
Administration:					
<u>Food Stamp Cluster:</u>					
Food Stamp Program - Noncash	10.551		21,655,003	-	-
State Administrative Matching Grants for the					
Food Stamp Program	10.561		1,185,612	-	1,185,612
Total Food Stamp Cluster			22,868,208	-	1,185,612
Passed-through N. C. Department of Health and Human Services:					
Divison of Public Health					
Administration:					
Special Supplemental Food Program for Women,					
Infants, and Children	10.557		696,917	-	65,206
Breastfeeding Contract	10.557		69,317	-	-
Direct Benefit Payments:					
Special Supplemental Food Program for Women,					
Infants, and Children	10.557		3,113,822	-	-
Administration:					
Child and Adult Care Food Program	10.558		118,333	-	-
Summer Food Service Program for Children	10.559		236	-	-
Passed through the Office of State Budget and Management:					
Schools and Roads - Grants to States and Counties	10.665		22,713	-	-
<b>Total U.S. Department of Agriculture</b>			26,889,546	-	1,250,818
<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		269,525	-	4,576
Passed-through the City of Asheville:					
HOME Investment Partnership Programs	14.239		66,357	-	70,394
Total U.S. Department of Housing & Urban Development			335,882	-	74,970

continued on next page

BUNCOMBE COUNTY GOVERNMENT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
 For the Year ended June 30, 2007

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 Justice</u></b>					
Safe Havens Grant	16.527		\$65,927	\$ -	\$ -
Passed-Through N.C. Department of Crime Control and Public Safety:					
Juvenile Accountability Incentive Block Grant	16.523		106,406	-	-
<b>Total U.S. Department of Justice</b>			<b>172,333</b>	<b>-</b>	<b>-</b>
<b><u>U. S. Department of Labor</u></b>					
<b><u>Employment and Training Administration</u></b>					
Passed-through N.C. Department of Commerce:					
Division of Employment and Training:					
TA/Incentive	17.255		412,522	-	-
Workforce Investment Act Cluster:					
WIA Adult Program	17.258		329,643	-	-
WIA Youth Program	17.259		377,554	-	-
WIA Dislocated Workers	17.260		866,907	-	-
Workforce Investment Act	17.255		112,986	-	-
Total Workforce Investment Act Cluster			1,687,090	-	-
<b>Total U. S. Department of Labor</b>			<b>2,099,612</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	36221.3.5.1	-	246,360	-
Capital	20.509	36226.16.7.3	-	344,237	32,423
<b>Total U.S. Department of Transportation</b>			<b>-</b>	<b>590,597</b>	<b>32,423</b>
<b><u>U.S. Department of Education</u></b>					
Passed-through N. C. Department of Cultural Resources:					
Public Library Services - LSTA Grant	45.310		27,061	-	-
<b><u>Environmental Protection Agency</u></b>					
Passed-through N.C. Department of Environment and Natural Resources:					
Indoor Air Quality	66.034		110	-	-
Clean Air Section 319(h)	66.460		88,675	-	-
<b>Total Environmental Protection Agency</b>			<b>88,785</b>	<b>-</b>	<b>-</b>
<b><u>U.S. Department of Homeland Security</u></b>					
Passed-through N.C. Department of Crime Control and Public Safety:					
Bulletproof Vest Partnership Program	16.607		19,296	-	-
State Domestic Preparedness Equipment Support Program	97.004		363,559	-	-
Homeland Security Grant Program - Urban Search and Rescue	97.067		26,923	-	-
Hazard Mitigation Planning Grant	97.039		653,035	-	-
Emergency Management Performance Grants	97.042		86,052	-	-

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# BUNCOMBE COUNTY GOVERNMENT

## SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year ended June 30, 2007

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Fed.(Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
Buffer Zone Protection Plan	97.078		47,854	-	-
<b>Total U.S. Department of Homeland Security</b>			<b>1,196,718</b>	<b>-</b>	<b>-</b>
<b><u>U.S. Election Assistance Commission</u></b>					
Passed-Through N.C. State Board of Elections:					
Help America Vote Act Requirements Payments	90.401		1,168,055	-	-
<b>Total U.S. Election Assistance Commission</b>			<b>1,168,055</b>	<b>-</b>	<b>-</b>
<b><u>U. S. Department of Health and Human Services</u></b>					
<b><u>Administration for Children and Families</u></b>					
Medical Reserve Corps	93.008		47,318	-	-
Passed-through N.C. Department of Health and Human Services:					
Division of Aging:					
SSBG - In-Home Services	93.667		34,585	-	4,941
SSBG - Adult Day Care	93.667		63,223	53,010	16,605
Total Division of Aging			<b>97,808</b>	<b>53,010</b>	<b>21,546</b>
Division of Social Services:					
Work First/Temporary Assistance for Needy Families (TANF)	93.558		3,067,861	2,704	2,616,104
Work First/TANF- Direct Benefit Payments	93.558		2,105,596	(159)	1,165
Direct Benefit Payments - AFDC	93.560		(5,235)	(683)	(1,435)
Crisis Intervention Program	93.568		789,890	-	-
Energy Assistance Payments - Direct Benefit Payments	93.568		696,961	-	-
Low Income Home Energy Assistance Block Grant - Administration	93.568		59,099	-	-
Refugee and Entrant Assistance - Cash & Medical Payments	93.566		14,384	-	-
Refugee and Entrant Assistance - State Administered Program	93.566		297	-	-
N.C. Child Support Enforcement Section	93.563		1,217,457	-	627,175
Permanency Planning Grant - Families for Kids	93.645		121,698	35,628	4,938
Adoption Guardianship	93.645		14,677	4,893	-
Adoption Subsidy - Direct Benefit Payments	93.645		-	990,395	270,294
SSBG - Other Services	93.667		717,923	65,920	263,108
Independent Living Grant - LINKS	93.674		69,034	14,970	-
Total Division of Social Services			<b>8,869,641</b>	<b>1,113,668</b>	<b>3,781,349</b>
<b><u>Foster Care and Adoption Cluster:</u></b>					
Title IV-E Foster Care- Administration	93.658		859,034	30,510	809,173
Foster Care- Direct Benefits Payments	93.658		681,528	134,492	282,221
Foster Care - Adoption	93.658		296,387	-	52
Foster Care IV-E-CPS	93.658		1,490,931	288,505	1,202,425
Adoption Assistance	93.659		108,448	-	108,448
Adoption Assistance-Direct Benefit Payments	93.659		1,295,194	356,742	375,920
Total Foster Care and Adoption Cluster			<b>4,731,521</b>	<b>810,249</b>	<b>2,778,241</b>

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BUNCOMBE COUNTY GOVERNMENT

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year ended June 30, 2007

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Fed.(Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
<u>Subsidized Child Care Cluster:</u>					
<u>Division of Social Services:</u>					
Child Care and Development Fund - Administration	93.596		\$292,873	\$-	\$-
<u>Division of Child Development:</u>					
Child Care and Development Fund - Discretionary	93.575		2,572,758	-	-
Child Care and Development Fund - Mandatory	93.596		1,036,632	-	-
Child Care and Development Fund - Matching	93.596		603,148	381,078	-
Total Child Care Development Fund Cluster			<u>4,505,412</u>	<u>381,078</u>	-
Social Service Block Grant	93.667		158,455	-	-
Katrina Funds	93.667		2,199	-	-
Temporary Assistance for Needy Families	93.558		950,129	-	-
Smart Start	XXXX		-	629,402	-
State Appropriations	XXXX		-	1,299,599	-
TANF - Maintenance of Effort	XXXX		-	717,570	-
Total Subsidized Child Care			<u>5,616,196</u>	<u>3,027,648</u>	-
<b>Total Administration for Children and Families</b>			<u>19,362,485</u>	<u>5,004,575</u>	<u>6,581,135</u>
 <u>Health Care Financing Administration</u>					
Passed-through N. C. Department of Health and Human Services:					
Division of Medical Assistance:					
Medical Assistance Program - Administration	93.778		3,855,632	180,581	3,664,502
Medical Assistance Program - Direct Benefit Payments	93.778		150,490,624	74,155,535	12,386,383
Health Choice	93.767		173,403	13,568	43,956
 <u>Centers for Disease Control</u>					
Passed-through N. C. Department of Health and Human Services:					
Division of Public Health:					
HIV State Funds - Sexually Trans. Diseases Comm. Exp. Budget	93.940		28,000	-	28,970
Immunization Program/Aid to County Funding	93.268		47,612	133	-
Public Health Emergency Preparedness - Pandemic Flu Grant	93.069		34,884	-	-
Division of Community Health:					
Project Assist - Comprehensive State Tobacco Statewide Health Promotion/Risk Reduction Programs	93.283		-	-	-
Administration - Preventive Health	93.991		22,633	11,760	27,731
Administration - Preventive Health	XXXX		-	225,346	4,475,104
Children's Special Health Services	XXXX		-	35,750	74
Women's Preventive Health	93.994		67,933	2,542	-
Women's Preventive Health - TANF	93.558		20,382	-	-

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BUNCOMBE COUNTY GOVERNMENT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year ended June 30, 2007

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass- Through Grantor's Number	Fed.(Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
Bioterrorism/Bioterrorism Regional Response Team	93.283		651,415	-	1,078
CDC Chronic Disease	93.283		19,257	-	130
CDC Breast and Cervical Cancer	93.283		86,401	-	63,154
CDC Restaurant Heart Healthy Survey	93.283		65,059	-	-
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919		85,750	-	17,163
CDC Refugee Health	93.576		1,450	-	1,401
Passed-through N. C. Department of Environmental and Natural Resources:					
Childhood Lead	93.197		55,000	2,991	-
<b><u>Health Resources and Services Administration</u></b>					
Passed-through N. C. Department of Health and Human Services:					
Division of Facility Services:					
Bioterrorism Hospital Preparedness Grant	93.889		35,208	-	-
Division of Public Health:					
Child Care Coordination	93.994		76,095	-	87,149
Child Health	93.994		121,307	150,000	157,959
Maternal and Child Health Services Block Grant	93.994		111,408	-	136,129
Maternity Care Coordination	XXXX		-	35,160	3,064
Cancer Control	XXXX		-	4,224	-
Cardiovascular Health	XXXX		-	800	-
Adolescent Health Care	XXXX		-	203,946	194,324
<b><u>Office of Secretary</u></b>					
Passed-through N. C. Department of Health and Human Services:					
Division of Public Health:					
Family Planning Services Title X	93.217		131,226	-	-
<b><u>Administration on Aging</u></b>					
Division of Social Services:					
Passed-through Land of the Sky Regional Council:					
Social Services Block Grant-Respite	93.667	NC-77	\$51,062	\$1,459	\$18,933
<u>Aging Cluster:</u>					
Special Program for the Aging Title IIIB - Support Services					
Grants for Supportive Services and Senior Centers	93.044	NC-77	253,618	875,461	407,024
Special Program for the Aging Title IIIC -Nutrition Services					
Title III C1 - Congregate	93.045	NC-77	50,911	32,120	66,505
Title III C2 - Home-Delivered Meals	93.045	NC-77	37,519	13,912	58,568
Total Aging Cluster			342,048	921,493	532,097

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BUNCOMBE COUNTY GOVERNMENT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
 For the Year ended June 30, 2007

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Fed.(Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
Total U. S. Department of Health and Human Services			175,936,273	80,949,863	28,420,437
<b>Total Federal Awards</b>			<b>207,914,264</b>	<b>81,540,460</b>	<b>29,778,649</b>
<b>State Awards:</b>					
<b><u>N.C. Department of Cultural Resources</u></b>					
Division of State Library:					
State Aid to Public Libraries			-	270,709	-
<b>Total N. C. Department of Cultural Resources</b>			<b>-</b>	<b>270,709</b>	<b>-</b>
<b><u>N.C. Department of Environment &amp; Natural Resources</u></b>					
Technical Assistance-Soil/Water			-	12,250	-
Soil & Water Conservation			-	42,443	-
NC Clean Water Management Trust Fund			-	87,509	-
Environmental Health			-	6,000	-
Food & Lodging			-	16,827	-
Waste Reduction Trust Fund			-	9,050	-
<b>Total N. C. Department of Environment and Natural Resources</b>			<b>-</b>	<b>174,079</b>	<b>-</b>
<b><u>N.C. Dept. of Health and Human Services</u></b>					
Division of Child Development:					
Passed-through Buncombe County Smart Start					
Smart Start Health Consultants			-	192,501	22,047
Smart Start Early Intervention			-	122,993	14,662
Smart Start Early Childhood Dental Program			-	99,698	10,327
More at Four			-	13,553	-
Center Incentives			-	45,847	-
Passed-through Madison County Smart Start					
Star Supplement/Subsidy/REWARDS			-	153,864	-
Passed-through Southwest Child Development Commission, Inc.					
Regional Initiatives			-	463,901	48,668
Center Transition Grants			-	7,955	-
Total Division of Child Development			<b>-</b>	<b>1,100,312</b>	<b>95,704</b>
Division of Public Health:					
Communicable Disease Control		9945100011	-	7,807	426,786
Students Eating Smart And Moving More			-	1,000	-
Tuberculosis			-	32,935	55,410
Total Division of Public Health			<b>-</b>	<b>41,742</b>	<b>482,196</b>
Division of Social Services:					
Non-Allocating County Costs			-	-	1,031,277
State/County Special Assistance-Administration			-	-	529,618
State/County Special Assistance for Adults - Direct Benefit Payments			-	2,024,179	2,024,179
State Foster Care Benefits Program			-	163,963	137,318
CP&L Energy Program			-	565	-
CPS Expansion Program			-	295,439	-

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BUNCOMBE COUNTY GOVERNMENT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year ended June 30, 2007

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Fed.(Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
DCD Smart Start			-	96,393	-
Energy Assistance - Private Grants			-	29,707	-
State Aid to Counties			-	155,548	-
Other County Funded Programs			-	-	1,504,001
Total Division of Social Services			-	2,765,793	5,226,393
Division of Veterans Affairs:					
Veteran Services		GS 165-6(9)	-	2,000	-
<b>Total N.C. Department of Health and Human Services</b>			-	3,909,847	5,804,293
<b>Office of the Governor</b>					
Department of Juvenile Justice and Delinquency Prevention					
Non-Secure Detention			\$-	\$7,875	\$-
Gang Violence Prevention Program			-	106,430	-
Juvenile Crime Prevention Council Programs			-	516,202	-
Total Office of the Governor			-	630,507	-
<b>N.C. Department of Crime Control and Public Safety</b>					
Hurricane Recovery Assistance			-	227,377	-
Crisis Housing Assistance Fund			-	994,329	-
Total N.C. Department of Crime Control and Public Safety			-	1,221,706	-
<b>N.C. Department of Public Instruction</b>					
Public School Building Capital Fund			-	530,593	-
Total N.C. Department of Public Instruction			-	530,593	-
<b>N.C. Department of Transportation</b>					
Elderly and Disabled Transportation Assistance Program		DOT-16CL	-	136,434	-
Rural General Public Transportation		DOT-16CL	-	78,740	8,749
Work First/Employment		DOT-16CL	-	18,336	-
<b>Total N.C. Department of Transportation</b>			-	233,510	8,749
<b>Total State Awards</b>			-	6,970,951	5,813,042
<b>Total Federal and State Awards</b>			<b>\$207,914,264</b>	<b>\$88,511,412</b>	<b>\$35,591,691</b>

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**BUNCOMBE COUNTY GOVERNMENT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
For the Year ended June 30, 2007

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 are not included in the County's basic financial statements. However, due to the County's involvement in determining eligibility, they are considered federal awards to the County and are included on this schedule.

**2. Subrecipients**

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

Subrecipient/Program Name	Federal CFDA Number	State Grant Number/Name	Federal	State
Professional Parenting, App State Univ/Home Based Services for Juv Sex Offender		Juv. Crime Prev	\$-	\$73,334
Caring for Children/Trinity Place		Juv. Crime Prev	-	87,500
Caring for Children/Crossroads		Juv. Crime Prev	-	116,875
Caring for Children/Counterpoint		Juv. Crime Prev	-	87,484
Buncombe Alternatives, Inc./Earn and Learn Program		Juv. Crime Prev	-	71,714
The Mediation Center/Youth & Victim Offender Mediation		Juv. Crime Prev	-	11,000
Buncombe Alternatives, Inc./Teen Court		Juv. Crime Prev	-	29,074
Mountin' Hopes/Horsepower		Juv. Crime Prev	-	25,199
Caring for Children/Latino-Paid Mentoring Outreach		Juv. Crime Prev	-	19,208
Partners' Unlimited/New Day Program		Juv. Crime Prev	-	17,575
Horse Sense/Horse Sense		Juv. Crime Prev	-	22,061
YWCA/SOS Program		Juv. Crime Prev	-	19,208
ABCCM/TANF Emergency Assistance	93.558		15,000	-
ABCCM/TANF Crisis Intervention	93.568		300,000	-
ABCCM/Energy Neighbor			-	3,000
			<u>\$315,000</u>	<u>\$583,232</u>

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

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





Buncombe County Department of Finance  
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