

COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ending June 30, 2009



BUNCOMBE COUNTY, NORTH CAROLINA

Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED
JUNE 30, 2009

BOARD OF COMMISSIONERS

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

COUNTY MANAGER

Wanda S. Greene, PhD, CPA

DIRECTOR OF FINANCE

Donna B. Clark

Prepared by the Finance Department

Annual Financial Report

For the Fiscal Year Ended June 30, 2009

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Introductory Section



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Buncombe County
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

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 "M. L. Post".

President

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

Executive Director

Letter of Transmittal

October 30, 2009

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, 2009. 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, 2009.

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, 2009. The independent auditor's report is located at the front of the financial section of this report.

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

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

Profile of Buncombe County, North Carolina

Buncombe County was established in 1791 and is located in the southwestern portion of North Carolina. It has a total land and water area of 660 square miles and an estimated 2008 population of 228,909. There are six municipalities within the County, the largest being the City of Asheville (population of 73,034 or approximately 31.9 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 metropolitan area has an estimated economy of \$13.2 billion and a population just over 407,000. The area continues to suffer economically like the rest of the nation; however, due to diversification into various industries, comparatively, the impact has been modest. Key economic factors through the second quarter of 2009 compared to the same time period in 2008 indicate the following:

- The population of the area continues to grow, which has been the trend for the past four decades. Since 2000, the population has grown 10.3 percent. Domestic in-migration continues to account for the majority of the population growth.
- The unemployment rate increased to 9.0 percent from 5.2 percent. While high, it is lower than the state and the nation, which are 11.1 and 9.7 percent, respectively. The Asheville metropolitan area's unemployment rate is the third lowest in the state behind the Raleigh/Durham and Jacksonville metro areas.
- The total number of jobs decreased 4.5 percent with decreases in every major industry category except for health services and private education. These areas experienced a 3.1 percent increase. Health services, leisure & hospitality services, and manufacturing continue to be major employment sectors for the area.
- The number of residential homes sold is down 8.2 percent in the Asheville MLS area with the average price of a home sold down 7.7 percent from \$275,551 to \$254,203. New residential building permits have decreased 55 percent.
- While same-home appreciation rates are declining nationwide, the declines in the area have been modest. The appreciation of homes last year in Buncombe County was -2.70 percent. Charlotte's appreciation rate was -2.20 percent while Atlanta and Miami experienced appreciation rates of -11.70 percent and -27.60 percent, respectively.

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, 2008, general fund projects estimated at \$192.2 million are planned over the next five years. However, future projects may be impacted by future economic conditions. Major projects include the following:

FY 2010

- \$24.5 million – Courthouse Life Safety Tower addition
- \$16.5 million – Emergency Services Training Center

FY 2011

- \$80 million – Courthouse renovations and new Court Annex

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 20 years of service, or have 30 years of service at any age. Buncombe County also maintains a 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. In fiscal year ending June 30, 2008, the County adopted procedures under Governmental Accounting Standards Board (GASB) Statements No. 43 and 45 for reporting and accounting for other post-employment benefits (OPEB). This is the second year the County has been reporting according to these OPEB requirements.

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, 2008. This marks the thirtieth 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 2009 annual budget document. This is the twelfth 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 2010 budget document continues to conform to program requirements and is submitting it to the GFOA to determine eligibility for another award.

Acknowledgements

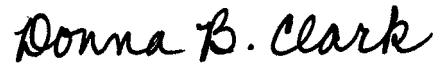
Many professional staff members in the Finance Department contributed to the preparation of this report. Their hard work, dedication, and continuing efforts to produce and improve the quality of this report are a direct benefit to all that read and use it. We would also like to commend each County department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

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

Respectfully submitted,



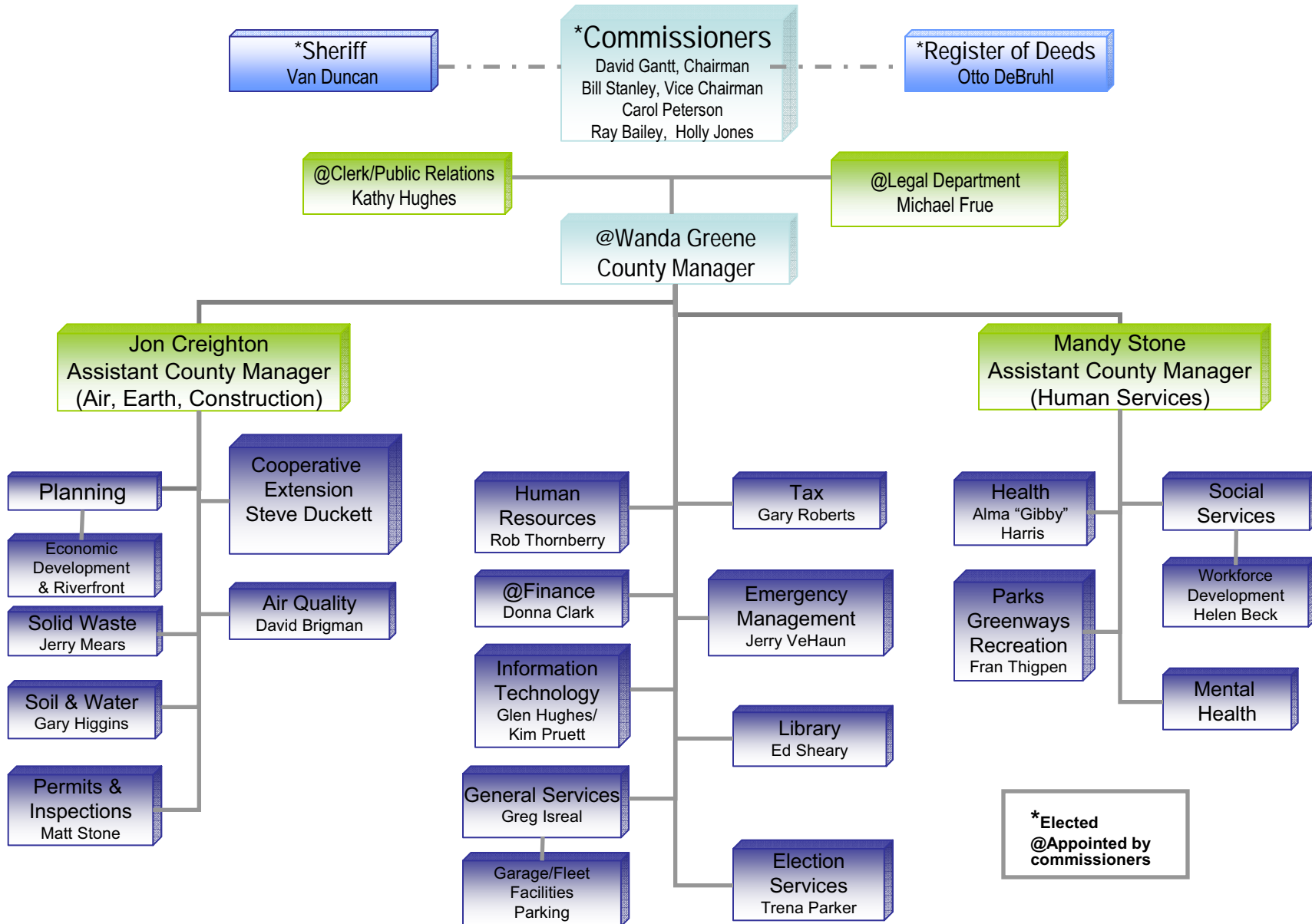
Wanda S. Greene, PhD, CPA
County Manager



Donna B. Clark
Finance Director



Buncombe County Government



Buncombe County Government

List of Principal Officials

June 30, 2009

Board of Commissioners



David Gantt, Chairman

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



Bill Stanley, Vice Chairman

A retired high school coach and principal, Bill Stanley is serving his sixth term. In addition to his local involvement in civic affairs, he is a former President of the North Carolina Association of County Commissioners and is currently serving as a member of the Metropolitan Sewage District Board, 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 by Senate President Pro Tem Marc Basnight.



K. Ray Bailey, Commissioner

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



Holly Jones, Commissioner

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



Carol Peterson, Commissioner

A fifth generation native of Buncombe County and a retired Director of Vocation for the Asheville City Schools, Carol Peterson is serving her second term of office. She also serves as the 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.

County Officials

Wanda S. Greene, PhD, CPA

Jon Creighton, MBA

Amanda Stone, MSW

Kathy Hughes

Michael Frue, JD

Donna B. Clark

Otto DeBruhl

Van Duncan

Fran Thigpen

Pat Freeman

Trena Parker, MPA

Alma "Gibby" Harris, MSPH, FNP

Ed Sheary, MSLS

Jerry VeHaun

Matt Stone

Robert Thornberry, Jr., MA

Glen Hughes

Kim Pruet

Gary Roberts

Gary Higgins

Steve Duckett

Greg Isreal

County Manager

Asst. County Manager/Planning Director

Asst. County Manager/Social Services Director

Clerk to the Board

County Attorney

Finance Director

Register of Deeds

Sheriff

Parks Greenways and Recreation Director

City/County Bureau of Identification Director

Elections Supervisor

Health Director

Library Director

Emergency Services Director

Permits & Inspections Director

Human Resources Director

Technology Services Director

Information Systems Director

Tax Director

Soil & Water Conservation Director

Cooperative Extension Director

General Services

Financial Section



Gould Killian CPA Group, P.A.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Buncombe County, North Carolina, as of and for the year ended June 30, 2009, 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, 2009, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2009, on our consideration of Buncombe County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in considering the results of our audit.

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

Board of Commissioners
Page Two

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

Donald Killian CPA Group, P.A.

Asheville, North Carolina
October 30, 2009

Management's Discussion and Analysis

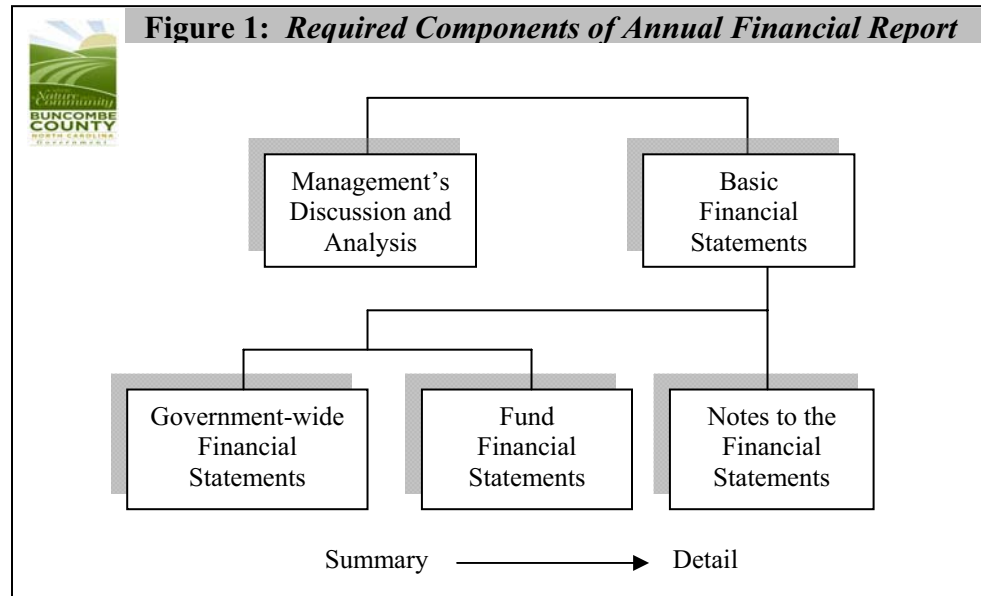
As management of Buncombe County (the County), we offer readers of the financial statements this overview and analysis of the financial activities for the fiscal year ended June 30, 2009. We encourage readers to consider the information here in conjunction with additional information we have furnished in the County's financial statements, which follow this discussion and analysis.

Financial Highlights for Fiscal Year 2009

- The assets of the County exceeded the liabilities at the close of the fiscal year by \$115.0 million (net assets). Of this amount, \$15.4 million may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net assets increased by \$9.5 million. Net assets in the governmental activities increased by \$8.5 million. These increases are significantly less than those experienced in the prior year.
- At the close of the fiscal year, the County's governmental funds reported combined ending fund balances of \$130.4 million, an increase of \$8.7 million over the prior year. Approximately 81.4 percent of this total amount, or \$106.1 million of ending fund balance, is unreserved fund balance and is available for spending at the government's discretion. A large part of this amount is either designated or appropriated for continuing activities and capital expenditures of the County.
- The County's unreserved fund balance for the General Fund was \$52.3 million or 20.9 percent of the total general fund expenditures and transfers for the fiscal year. This compares with \$46.6 million or 17.8 percent at the end of fiscal year 2008.
- At June 30, 2009, the total amount of outstanding long-term debt was \$195.6 million. This is a decrease of \$6.8 million or 3.4 percent from the previous fiscal year.
- The County maintained bonds ratings of Aa2 and AA with Moody's and Standard & Poor's, respectively, in fiscal year 2009; however, as a result of the County's strong fiscal position, management policies and continued economic diversity and growth, particularly in the current economic environment, Standard & Poor's has since upgraded the County's rating to AA+.
- As of June 30, 2009, the maturities of investments in the County's portfolio averaged 173 days. The average yield on investments was 2.54 percent.

Overview of the Financial Statements

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



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

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

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

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

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

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

Component units – The government-wide financial statements include not only the County of Buncombe (known as the primary government), but also a legally separate airport, a legally separate tourism development authority, a legally separate 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 30-33 of this report.

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

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

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

Proprietary Funds – The County has two kinds of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its solid waste, human services facilities, mental health, parking deck, criminal justice information system, and inmate commissary/welfare operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Assets and the Statement of Activities. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the functions of the County. The County uses an internal service fund to account for one activity, which is 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 are used to account for assets held on behalf of others. The County has seven agency funds.

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

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 45-86 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the County's progress in funding its obligation to provide health insurance benefits to retirees and pension benefits to its law enforcement officers. Required supplementary information can be found beginning on page 87 of this report.

Government-wide Financial Analysis

As noted earlier, net assets over time may serve as a useful indicator of a government's financial position. As shown in Figure 2, assets exceeded liabilities by \$115.0 million at June 30, 2009. Net assets for the County are reported in three categories: invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

By far the largest portion of Buncombe County's net assets (84.4 percent) reflects its investment in capital assets (e.g. land, buildings, automotive equipment and office and other equipment), less any related debt used to acquire those assets that is still outstanding. The amount as of June 30, 2009 was \$97.0 million. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other resources, since the capital assets cannot be used to liquidate these liabilities. See Figure 2 below.

	Figure 2: Net Assets (in millions)					
	Governmental Activities		Business Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$161.0	\$154.0	\$25.3	\$32.8	\$186.3	\$186.8
Capital assets	106.6	108.4	55.3	50.0	161.9	158.4
Total assets	267.6	262.4	80.6	82.8	348.2	345.2
Long-term liabilities outstanding	181.6	184.2	31.8	33.8	213.4	218.0
Other liabilities	18.7	19.4	1.1	2.3	19.8	21.7
Total liabilities	200.3	203.6	32.9	36.1	233.2	239.7
Net assets:						
Invested in capital assets, net of related debt	63.0	62.7	34.0	30.5	97.0	93.3
Restricted	-	1.4	2.6	9.0	2.6	10.4
Unrestricted	4.3	(5.3)	11.1	7.1	15.4	1.8
Total net assets	\$67.3	\$58.8	\$47.7	\$46.7	\$115.0	\$105.5

An additional portion of the County's net assets represents resources that are subject to external restrictions on how the funds may be used. This amount represents 2.3 percent of total net assets, or \$2.6 million. The remaining balance of unrestricted net assets, \$15.4 million or 13.4 percent, may be used to meet the government's ongoing obligations to citizens and creditors.

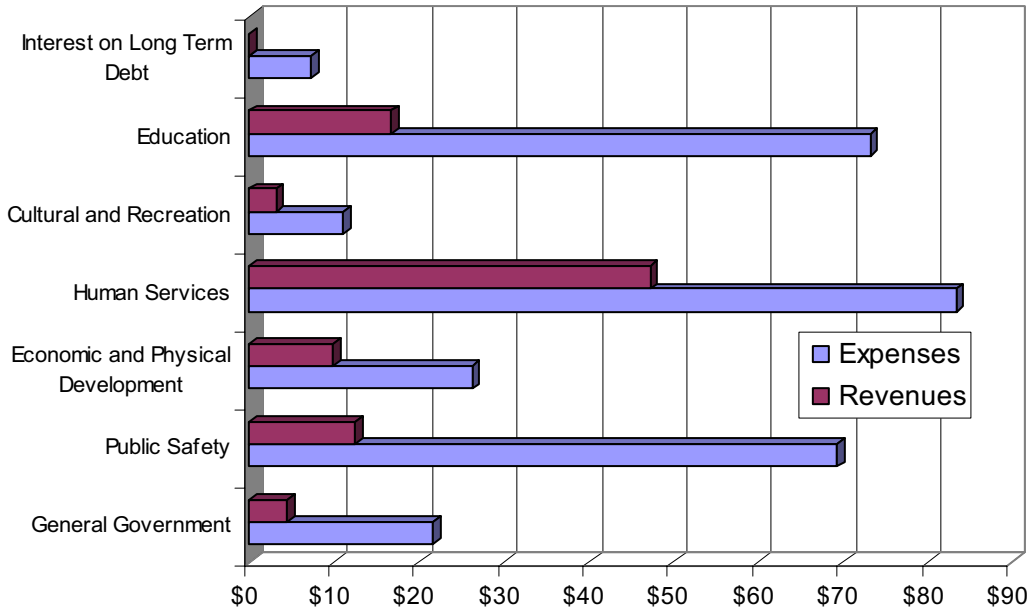
At the end of the current fiscal year, Buncombe County is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. This is the first time in several years that this has been the case. In previous years, the County has reported net deficits in governmental unrestricted net assets as part of its legal obligation to provide capital funding for the two local school systems, a community college, and the airport authority. While the assets are funded by the County, they are owned and utilized by the respective entity and reflected as assets on their financial statements. Therefore, the County has incurred a liability without a corresponding increase in assets. At the end of the fiscal year, approximately \$105.4 million of the outstanding debt on the County's financial statements was related to assets included in the financial statements of the school systems, community college, and the airport authority. This amount was \$116.1 million in the prior year.

The government's net assets were increased by \$9.5 million during the current fiscal year. The increase can be tied to increases in ad valorem collections and savings from operational efficiencies and controlled spending by departments. Other tax revenues were down from the prior year, particularly sales tax revenues, which were down \$7.8 million or 17 percent. While the national economic downturn in the economy has impacted the sales tax revenue, also impacting this revenue stream is the State initiated Medicaid for sales tax swap. In October 2008, the State completed a three-year phase out of counties' costs for Medicaid. In return for the State assuming the costs of Medicaid, the County lost a portion of sales tax revenue. In fiscal year 2009, the decrease in sales tax revenue associated with this swap was \$4.0 million.

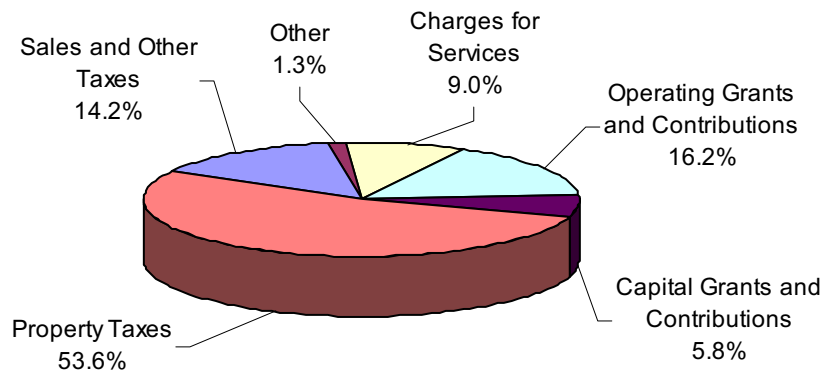
Governmental activities: Governmental activities increased the County's net assets by \$8.5 million, thereby accounting for over 89 percent of the total growth in net assets. (See Figure 7 on page 24.) Key elements of the increase include \$5 million more collected in ad valorem property tax revenue and a \$1.3 million increase in operating grant revenues. Figure 4 illustrates the major sources of revenue for the County, including both program and general revenues. Over 68 percent of the County's revenues are from property and sales taxes collected.

Net program expenses increased slightly (by \$1.7 million or 1 percent) in the current fiscal year. As can be seen in Figure 3, the net expense is mostly attributable to education, human services, and public safety services provided by the County. Expenses for economic and physical development had a significant increase (\$7.6 million or 29 percent) over the previous year. This is related to a \$7.7 million capital outlay for special Product Development Financing bonds issued for the Town of Woodfin Downtown District Project discussed later under long-term debt. Human services expenses indicate a \$6.8 million decrease from the previous year. This can be misleading as the demand for human services increased during fiscal year 2009. Part of the decrease in expenses is attributed to the State assuming Medicaid costs per the sales tax swap previously discussed. Also, prior year expenses once grouped under the human services category have been reclassified under the culture and recreation category, which accounts for this \$3 million increase.

**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 business-type activities increased by \$1.1 million. This was despite total revenues being down approximately \$0.8 million and total expenses increasing approximately \$0.7 million from the previous fiscal year. Transfers from governmental activities account for the increase in net assets. Charges for services account for 89 percent of the revenues for business-type activities.

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)

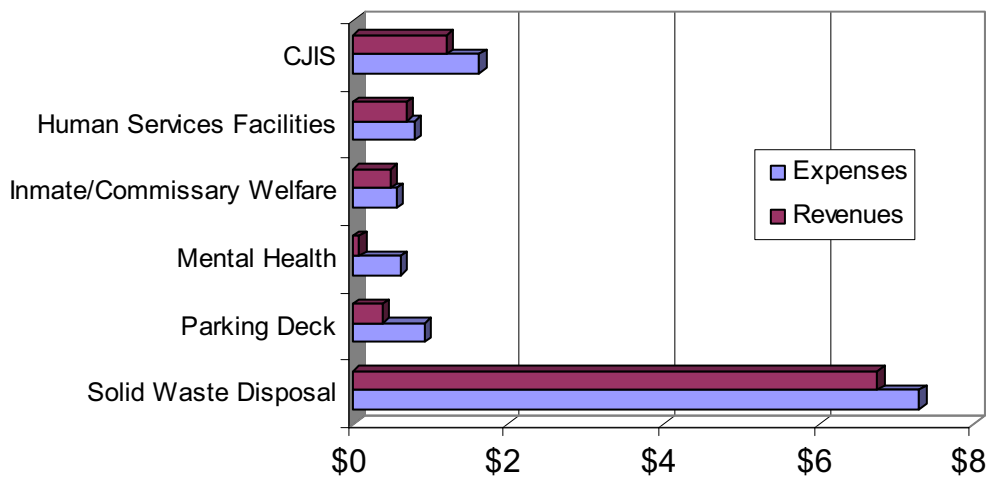


Figure 6: Revenues By Source- Business-Type Activities

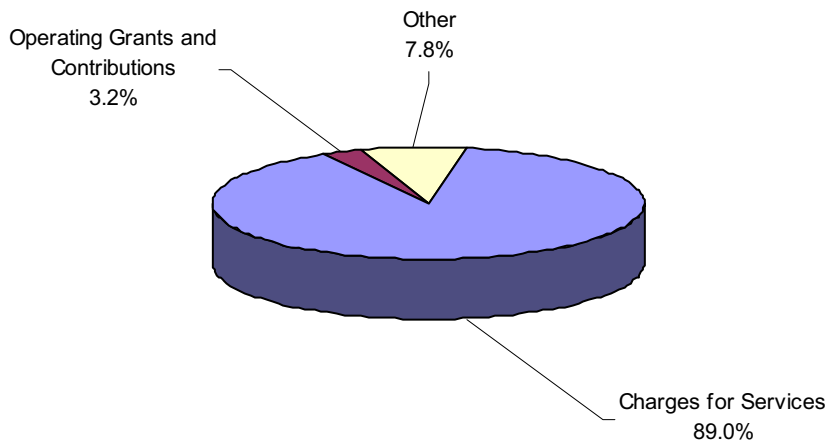




Figure 7: Changes in Net Assets (in millions)

	Governmental Activities		Business Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program Revenues:						
Charges for services	\$27.2	\$35.1	\$9.0	\$8.4	\$36.2	\$43.5
Operating grants and contributions	49.1	47.8	0.3	0.3	49.4	48.1
Capital grants and contributions	17.5	17.6	-	.1	17.5	17.7
General revenues:						
Property taxes	162.6	157.6	-	-	162.6	157.6
Other taxes	43.1	45.6	-	-	43.1	45.6
Other	3.9	6.5	.8	2.1	4.7	8.6
Total Revenues	303.4	310.2	10.1	10.9	313.5	321.1
Expenses:						
General government	21.7	23.4	-	-	21.7	23.4
Public safety	69.4	68.0	-	-	69.4	68.0
Economic and physical development	26.2	18.6	-	-	26.2	18.6
Human services	83.3	90.1	-	-	83.3	90.1
Culture and recreation	11.1	8.1	-	-	11.1	8.1
Education	73.2	75.9	-	-	73.2	75.9
Interest on long-term debt	7.2	6.3	-	-	7.2	6.3
Solid waste disposal	-	-	7.3	7.7	7.3	7.7
Other	-	-	4.6	3.4	4.6	3.4
Total expenses	292.1	290.4	11.9	11.1	304.0	301.5
Increase (decrease) in net assets before transfers, contributions, and special item	11.3	19.8	(1.8)	(0.2)	9.5	19.6
Transfers, contributions, and special item	(2.9)	(3.0)	2.9	3.0	-	-
Increase (decrease) in net assets	8.4	16.8	1.1	2.8	9.5	19.6
Net assets, beginning of year	63.0	45.6	46.6	43.8	109.6	89.4
Prior period adjustment	(4.1)	0.6	-	-	(4.1)	0.6
Net assets, end of year	\$67.3	\$63.0	\$47.7	\$46.6	\$115.0	\$109.6

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

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$52.3 million compared to \$46.6 million at the end of the prior fiscal year. Total fund balance at June 30, 2009 was \$70.0 million in comparison to \$68.0 million at June 30, 2008. 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 20.9 percent of total General Fund expenditures and transfers as opposed to 17.8 percent for the preceding fiscal year. Total fund balance represents 28.0 percent of that same amount compared to 26.5 percent at the end of the prior year. The \$2.0 million growth in fund balance is due to operational efficiencies and controlled spending by departments.

The County Capital Project Fund accounts for capital asset construction or acquisition. Upon completion these assets will be owned by the County. The total fund balance decreased \$344 thousand in fiscal year 2009.

The School Capital Commission Fund accounts for revenue restricted for public school capital outlay projects. The total fund balance increased \$3.6 million because revenues collected exceeded project expenditures for the fiscal year.

At June 30, 2009, the governmental funds of the County reported a combined fund balance of \$130.4 million, compared to \$121.7 million in the prior year.


Proprietary Funds. The County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. At the end of the fiscal year, total unrestricted net assets increased \$4.0 million from the prior year with balances of \$5.0 million reported in the Solid Waste Disposal Fund, \$1.7 million in the Parking Deck Fund, and \$4.4 million in the other enterprise funds. The unrestricted net assets in the Internal Service Fund equaled \$8 million, a decrease of \$1.2 million from the prior fiscal year.

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 \$8.5 million or 3.2 percent.

The actual operating revenues and transfers for the General Fund were \$3.5 million less than the budgeted amount. Actual operating expenditures and transfers were less than the budgeted amount by \$11.6 million, thus eliminating the need to draw upon existing fund balance.

Capital Asset and Debt Administration

Capital Assets. As of June 30, 2009, the County's investment in capital assets, net of accumulated depreciation for its governmental and business-type activities totaled \$162 million. See Figure 8. These assets include land, buildings and improvements, equipment, automotive equipment, and construction in progress. The County's total capital assets increased just over 2 percent for fiscal year 2009 (a 1.6 percent decrease for governmental activities and a 10 percent increase for business-type activities).

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

	Governmental Activities		Business Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$8.4	\$8.1	\$6.3	\$6.3	\$14.7	\$14.4
Buildings and improvements	42.2	44.2	27.8	20.2	70.0	64.4
Equipment	9.7	11.1	2.6	0.9	12.3	12.0
Automotive equipment	3.5	4.6	0.4	0.2	3.9	4.8
Construction in progress	42.8	40.4	18.2	22.4	61.0	62.8
Total capital assets	\$106.6	\$108.4	\$55.3	\$50.0	\$161.9	\$158.4

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

- A prior period adjustment in the amount of \$4.1 million was made to correct construction in progress for governmental activities. Interest on amounts borrowed for construction of the County's detention center was improperly capitalized as a cost of the detention center instead of being treated as an expenditure during the construction period. The fiscal year 2008 numbers in Figure 8 reflect the adjusted amounts.
- Construction began and continues on several governmental capital projects including major initiatives such as renovations for a satellite human services office, construction of a new animal shelter, replacement of courthouse windows, and the near completion of the new detention center addition. In the current fiscal year, construction in process for governmental activities increased \$2.4 million to an ending balance of \$42.8.


- Business-type net capital assets increased \$5.3 million in the current fiscal year. Major initiatives include: work on cell six and a construction and debris area at the landfill, near completion of the new parking deck facility, and building improvements for the adult crisis stabilization project for the Human Services Facilities fund.

Additional information on the County’s capital assets can be found in the Notes to the Basic Financial Statements.

Long-term Debt. The County’s total long-term debt decreased by \$6.8 million or 3.4 percent during the past fiscal year. As of June 30, 2009, the County’s total debt outstanding was \$195.6 million, of which \$67.9 million is debt backed by the full faith and credit of the County and \$9.5 million is special obligation revenue bonds for which revenues are pledged to the payment of and as security for the bonds. Installment notes account for \$105.4 million. Collateral for these notes are the asset purchased or constructed.

The remainder of \$12.8 million is for Product Development Financing (PDF) Bonds issued in fiscal year 2009 to fund the Woodfin Downtown District Project. PDF bonds are a financing mechanism whereby the County can promote economic development and redevelopment by capturing the incremental increase in tax revenue created by the project as a means of funding the debt service. The County has entered into an agreement with the Town of Woodfin to define the development financing district, issue the bonds, and pledge the incremental ad valorem taxes for the repayment of the bonds.

A summary of long-term debt is shown in Figure 9.

 **Figure 9: Outstanding Debt (in millions)**

	Governmental Activities		Business Type Activities		Total	
	2009	2008	2009	2008	2009	2008
General Obligation Bonds	\$67.9	\$76.5	\$ -	\$ -	\$67.9	\$76.5
Special Obligation Revenue Bonds	-	-	9.5	11.4	9.5	11.4
Installment Notes Payable	91.0	99.5	14.4	15.0	105.4	114.5
Product Development Financing Bonds	12.8	-	-	-	12.8	-
Total debt	\$171.7	\$176.0	\$23.9	\$26.4	\$195.6	\$202.4

Bond ratings are a clear indication of the sound financial condition of the County, which helps keep interest costs low on the County’s outstanding debt. As a result of its strong fiscal position, management’s policies and continued economic diversity, the County received a bond upgrade from Standard & Poor’s to AA+ from AA. It maintained its bond rating of Aa2 with Moody’s.

The State of North Carolina limits the amount of general obligation debt that the unit of government can issue to 8 percent of the total assessed value of taxable property located within

that government's boundaries. The legal debt margin for the County is \$2.1 billion. The County has \$915,000 in bonds authorized but not issued at June 30, 2009.

Additional information regarding the County's long-term debt can be found in the Notes to the Basic Financial Statements.

Economic Factors Effecting Next Year's Budget and Rates

The County has approved a \$250.1 million General Fund budget for fiscal year 2010, which represents a 2 percent decrease over the 2009 final budget. The tax rate remained unchanged at 52.5 cents per \$100 of assessed valuation.

The following factors were considered when developing the 2010 budget:

- A turbulent economy, both local and national, that is reflected in decreases in both home sales and new residential construction projects and increases in the unemployment rate. This has resulted in increased demand for human services and more volatile revenue sources (such as sales tax revenue) that are particularly sensitive to economic fluctuations.
- The need for a conservative approach for revenue estimates due to the level of State and Federal funding. The County is especially cognizant that American Recovery and Reinvestment funds are not recurring funds. The County continues to see steady population growth and anticipates 2 percent annual growth in the property tax base.
- An increased focus on providing for those core services the County is required to provide and developing community partnerships to continue services that are not "core" to County government but are essential for the community's economic vitality.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Director of Finance, PO Box 7526, Asheville, NC 28802.

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

Buncombe County, North Carolina

Basic Financial Statements



BUNCOMBE COUNTY, NORTH CAROLINA

Statement of Net Assets

JUNE 30, 2009

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 84,537,175	\$ 14,845,592	\$ 99,382,767
Investments	34,808,695	-	34,808,695
Receivables (net)	8,390,648	1,088,206	9,478,854
Due from other governments	15,614,914	-	15,614,914
Due from primary government	-	-	-
Inventories	121,846	-	121,846
Other prepaid items	2,822,905	-	2,822,905
Restricted assets:			
Cash and cash equivalents	14,299,210	9,202,647	23,501,857
Receivables	-	-	-
Deferred cost of refunding	376,529	164,382	540,911
Capital assets:			
Land and construction in progress	51,280,074	24,557,094	75,837,168
Other capital assets, net of depreciation	55,362,048	30,769,044	86,131,092
Total capital assets	106,642,122	55,326,138	161,968,260
Total assets	267,614,044	80,626,965	348,241,009
LIABILITIES			
Accounts payable and accrued expenses	15,377,855	785,417	16,163,272
Other liabilities	324,675	-	324,675
Accrued interest payable	1,236,930	275,125	1,512,055
Unearned revenue	1,237,285	30,750	1,268,035
Due to component unit	588,800	-	588,800
Long-term liabilities:			
Due within one year	25,226,116	2,710,889	27,937,005
Due in more than one year	156,356,297	29,118,394	185,474,691
Total long-term liabilities	181,582,413	31,829,283	213,411,696
Total liabilities	200,347,958	32,920,575	233,268,533
NET ASSETS			
Invested in capital assets, net of related debt	63,004,798	34,010,820	97,015,618
Restricted for:			
Product development	-	-	-
Capital projects	-	2,589,823	2,589,823
Other	-	-	-
Unrestricted	4,261,288	11,105,747	15,367,035
Total net assets	\$ 67,266,086	\$ 47,706,390	\$ 114,972,476

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

Exhibit 1

Component Units				
Asheville Regional Airport	Tourism Development Authority	Avery's Creek Sanitary District	WNC Regional Air Quality Agency	
\$ 4,848,787	\$ 2,369,344	\$ 389,726	\$ 823,454	
-	4,557,837	285,276	-	
602,903	16,775	-	-	
-	-	-	-	
-	588,800	-	-	
-	-	-	-	
-	-	-	-	
2,910,968	-	-	-	
2,496,165	-	-	-	
-	-	-	-	
19,469,759	-	-	-	
41,726,418	-	1,477,994	32,089	
61,196,177	-	1,477,994	32,089	
72,055,000	7,532,756	2,152,996	855,543	
2,216,734	856,037	4,017	50,018	
-	-	-	-	
-	-	-	-	
115,300	-	-	-	
-	-	-	-	
648,723	-	-	155,057	
4,287,060	-	-	-	
4,935,783	-	-	155,057	
7,267,817	856,037	4,017	205,075	
55,380,043	-	1,477,994	32,089	
-	4,053,525	-	-	
-	-	-	-	
2,910,968	-	-	-	
6,496,172	2,623,194	670,985	618,379	
\$ 64,787,183	\$ 6,676,719	\$ 2,148,979	\$ 650,468	

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

BUNCOMBE COUNTY, NORTH CAROLINA

Statement of Activities

FOR THE YEAR ENDED JUNE 30, 2009

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
GOVERNMENTAL ACTIVITIES:				
General government	\$ 21,705,398	\$ 3,273,340	\$ 1,071,006	\$ -
Public safety	69,377,438	8,384,722	4,110,771	-
Economic and physical development	26,226,700	6,695,973	2,688,202	500,700
Human services	83,310,485	7,582,007	39,380,501	283,331
Cultural and recreational	11,090,242	1,226,864	1,842,620	40,000
Education	73,179,775	-	-	16,665,174
Interest on long-term debt	7,245,388	-	-	-
Total Governmental Activities	292,135,426	27,162,906	49,093,100	17,489,205
BUSINESS-TYPE ACTIVITIES:				
Solid Waste Disposal	7,325,697	6,598,240	321,567	-
Parking Deck	927,467	88,148	-	-
Human Services Facilities	802,044	617,530	-	-
Mental Health	606,857	-	-	-
Criminal Justice Information System	1,632,594	1,194,794	-	-
Inmate Commissary/Welfare	559,422	468,406	-	-
Total Business-Type Activities	11,854,081	8,967,118	321,567	-
Total Primary Government	\$ 303,989,507	\$ 36,130,024	\$ 49,414,667	\$ 17,489,205
COMPONENT UNITS:				
Asheville Regional Airport	\$ 9,674,235	\$ 6,754,657	\$ -	\$ 5,710,017
Tourism Development Authority	8,504,107	-	6,124,732	-
Avery's Creek Sanitary District	47,952	6,500	-	-
WNC Regional Air Quality Agency	889,923	211,621	540,064	-
Total Component Units	\$ 19,116,217	\$ 6,972,778	\$ 6,664,796	\$ 5,710,017

General revenues:

Taxes:
Property taxes, levied for general purpose
Local option sales tax
Other taxes and licenses
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
\$ (17,361,052)	\$ -	\$ (17,361,052)				
(56,881,945)	-	(56,881,945)				
(16,341,825)	-	(16,341,825)				
(36,064,646)	-	(36,064,646)				
(7,980,758)	-	(7,980,758)				
(56,514,601)	-	(56,514,601)				
(7,245,388)	-	(7,245,388)				
<u>(198,390,215)</u>	<u>-</u>	<u>(198,390,215)</u>				
	(405,890)	(405,890)				
	(839,319)	(839,319)				
	(184,514)	(184,514)				
	(606,857)	(606,857)				
	(437,800)	(437,800)				
	(91,016)	(91,016)				
<u>-</u>	<u>(2,565,396)</u>	<u>(2,565,396)</u>				
<u>(198,390,215)</u>	<u>(2,565,396)</u>	<u>(200,955,611)</u>				
			\$ 2,790,439	\$ -	\$ -	\$ -
			-	(2,379,375)	-	-
			-	-	(41,452)	-
			-	-	-	(138,238)
			<u>2,790,439</u>	<u>(2,379,375)</u>	<u>(41,452)</u>	<u>(138,238)</u>
162,584,050	-	162,584,050	-	-	-	-
37,777,956	-	37,777,956	-	-	-	-
5,310,017	-	5,310,017	-	-	-	-
2,513,403	781,655	3,295,058	112,577	130,386	5,903	35,481
1,445,354	-	1,445,354	2,318,555	91,412	-	-
(2,881,638)	2,881,638	-	-	-	-	-
<u>206,749,142</u>	<u>3,663,293</u>	<u>210,412,435</u>	<u>2,431,132</u>	<u>221,798</u>	<u>5,903</u>	<u>35,481</u>
<u>8,358,927</u>	<u>1,097,897</u>	<u>9,456,824</u>	<u>5,221,571</u>	<u>(2,157,577)</u>	<u>(35,549)</u>	<u>(102,757)</u>
63,002,222	46,608,493	109,610,715	59,719,471	8,834,296	2,184,528	756,021
(4,095,063)	-	(4,095,063)	(153,859)	-	-	(2,796)
<u>58,907,159</u>	<u>46,608,493</u>	<u>105,515,652</u>	<u>59,565,612</u>	<u>8,834,296</u>	<u>2,184,528</u>	<u>753,225</u>
<u>\$ 67,266,086</u>	<u>\$ 47,706,390</u>	<u>\$ 114,972,476</u>	<u>\$ 64,787,183</u>	<u>\$ 6,676,719</u>	<u>\$ 2,148,979</u>	<u>\$ 650,468</u>

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

BUNCOMBE COUNTY, NORTH CAROLINA

Exhibit 3

Balance Sheet

Governmental Funds

JUNE 30, 2009

	General	County Capital Projects	School Capital Commission	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 29,403,873	\$ 19,330,608	\$ 16,205,041	\$ 10,431,388	\$ 75,370,910
Investments	34,808,695	-	-	-	34,808,695
Receivables, net	6,625,264	44,860	-	1,341,580	8,011,704
Due from other governments	11,496,897	-	3,081,520	1,036,497	15,614,914
Due from other funds	1,245,812	-	-	-	1,245,812
Prepaid items	44,378	-	-	-	44,378
Inventories	121,846	-	-	-	121,846
Restricted assets -					
Cash and cash equivalents	-	9,768,601	-	4,530,609	14,299,210
Total assets	\$ 83,746,765	\$ 29,144,069	\$ 19,286,561	\$ 17,340,074	\$ 149,517,469
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 10,723,335	\$ 637,541	\$ -	\$ 2,373,964	\$ 13,734,840
Miscellaneous liabilities	85,169	-	-	239,506	324,675
Unearned revenue	1,147,997	-	-	89,288	1,237,285
Due to component unit	-	-	-	588,800	588,800
Due to other funds	-	-	-	1,245,812	1,245,812
Deferred revenue	1,787,368	-	-	190,955	1,978,323
Total liabilities	13,743,869	637,541	-	4,728,325	19,109,735
Fund balances:					
Reserved for:					
Inventories	121,846	-	-	-	121,846
State statute	17,624,983	44,860	3,081,520	2,187,122	22,938,485
Debt service	-	-	-	1,313,010	1,313,010
Unreserved, General Fund:					
Designated for:					
Construction in progress	8,200,000	-	-	-	8,200,000
Undesignated	44,056,067	-	-	-	44,056,067
Unreserved, reported in:					
Special revenue funds	-	-	-	6,425,227	6,425,227
Capital projects funds	-	28,461,668	16,205,041	2,686,390	47,353,099
Total fund balances	70,002,896	28,506,528	19,286,561	12,611,749	130,407,734
Total liabilities and fund balances	\$ 83,746,765	\$ 29,144,069	\$ 19,286,561	\$ 17,340,074	\$ 149,517,469

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

BUNCOMBE COUNTY, NORTH CAROLINA

Exhibit 3

Balance Sheet

Governmental Funds

JUNE 30, 2009

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

Total fund balances - total governmental funds	\$ 130,407,734
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	106,642,122
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	378,945
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.	10,301,776
Liabilities for earned but deferred revenues in fund statements.	1,978,323
Some liabilities, including bonds payable and other postemployment benefits, are not due and payable in the current period and therefore are not reported in the funds (Note 1).	<u>(182,442,814)</u>
Net assets of governmental activities	<u>\$ 67,266,086</u>

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

BUNCOMBE COUNTY, NORTH CAROLINA

Exhibit 4

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

FOR THE YEAR ENDED JUNE 30, 2009

	General	County Capital Projects	School Capital Commission	Other Governmental Funds	Total Governmental Funds
REVENUES:					
Ad valorem taxes	\$ 147,418,433	\$ -	\$ -	\$ 14,211,550	\$ 161,629,983
Local option sales taxes	33,381,366	-	-	4,396,590	37,777,956
Other taxes and licenses	4,620,641	-	-	6,260,430	10,881,071
Unrestricted intergovernmental	689,376	-	-	-	689,376
Restricted intergovernmental	42,151,308	40,000	16,665,174	8,250,085	67,106,567
Permits and fees	2,729,721	-	-	-	2,729,721
Sales and services	17,648,493	-	-	-	17,648,493
Investment earnings	2,182,849	132,116	234,530	220,340	2,769,835
Miscellaneous	705,751	464,201	-	275,402	1,445,354
Total revenues	251,527,938	636,317	16,899,704	33,614,397	302,678,356
EXPENDITURES:					
Current:					
General government	19,981,394	-	-	58,360	20,039,754
Public safety	44,793,445	-	-	19,718,410	64,511,855
Economic and physical development	5,076,748	-	-	8,687,444	13,764,192
Human services	78,106,470	-	-	2,348,430	80,454,900
Cultural and recreational	9,721,760	-	-	30,670	9,752,430
Intergovernmental:					
Education	70,618,376	-	-	-	70,618,376
Capital outlay	-	6,276,420	2,561,399	12,080,989	20,918,808
Debt service:					
Principal retirement	8,584,721	-	8,258,221	-	16,842,942
Interest and fees	3,341,908	-	3,502,761	775,403	7,620,072
Total expenditures	240,224,822	6,276,420	14,322,381	43,699,706	304,523,329
Revenues over (under) expenditures	11,303,116	(5,640,103)	2,577,323	(10,085,309)	(1,844,973)
OTHER FINANCING SOURCES /(USES)					
Project development bonds issued	-	-	-	12,960,000	12,960,000
Discount on bonds	-	-	-	(160,449)	(160,449)
Transfers from other funds	1,065,710	6,408,716	1,031,993	2,006,146	10,512,565
Transfers to other funds	(10,500,776)	(1,113,004)	-	(1,311,819)	(12,925,599)
Sales of capital assets	131,219	-	-	-	131,219
Total other financing sources (uses)	(9,303,847)	5,295,712	1,031,993	13,493,878	10,517,736
Net changes in fund balances	1,999,269	(344,391)	3,609,316	3,408,569	8,672,763
Fund balances, beginning,					
as previously reported	67,996,970	28,850,919	15,683,440	9,204,419	121,735,748
Prior period adjustments	6,657	-	(6,195)	(1,239)	(777)
Fund balances, beginning as restated	68,003,627	28,850,919	15,677,245	9,203,180	121,734,971
Fund balances, end of year	\$ 70,002,896	\$ 28,506,528	\$ 19,286,561	\$ 12,611,749	\$ 130,407,734

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, 2009

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

Net changes in fund balances - total governmental funds	\$ 8,672,763
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.	1,002,307
In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net assets differs from the change in fund balance by the basis of the capital assets sold and transferred.	(2,842,736)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	697,635
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	2,026,191
Net loss, including transfers, of internal service funds determined to be governmental-type.	<u>(1,197,233)</u>
Total changes in net assets of governmental activities	<u>\$ 8,358,927</u>

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

BUNCOMBE COUNTY, NORTH CAROLINA

Exhibit 5

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

FOR THE YEAR ENDED JUNE 30, 2009

	General Fund			Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Ad valorem taxes	\$ 143,983,613	\$ 147,404,487	\$ 147,418,433	\$ 13,946
Local option sales taxes	36,189,817	36,689,817	33,381,366	(3,308,451)
Other taxes and licenses	5,921,000	5,921,000	4,620,641	(1,300,359)
Unrestricted intergovernmental	599,000	599,000	689,376	90,376
Restricted intergovernmental	40,767,637	43,073,339	42,151,308	(922,031)
Permits and fees	1,776,750	3,576,750	2,729,721	(847,029)
Sales and services	15,966,565	14,412,735	17,648,493	3,235,758
Investment earnings	2,100,000	2,100,000	2,182,849	82,849
Miscellaneous	1,273,487	1,238,461	705,751	(532,710)
Total revenues	<u>248,577,869</u>	<u>255,015,589</u>	<u>251,527,938</u>	<u>(3,487,651)</u>
EXPENDITURES				
Current:				
General government	21,746,846	21,749,301	19,981,394	1,767,907
Public safety	45,464,195	45,168,147	44,793,445	374,702
Economic and physical development	7,788,075	7,591,905	5,076,748	2,515,157
Human services	85,384,547	83,880,977	78,106,470	5,774,507
Cultural and recreational	6,785,560	10,125,676	9,721,760	403,916
Intergovernmental:				
Education	70,792,600	71,352,600	70,618,376	734,224
Total current expenditures	<u>237,961,823</u>	<u>239,868,606</u>	<u>228,298,193</u>	<u>11,570,413</u>
Debt service:				
Principal retirement			8,584,721	
Interest and other charges			3,341,908	
Total debt service	<u>16,576,124</u>	<u>13,823,682</u>	<u>11,926,629</u>	<u>1,897,053</u>
Total expenditures	<u>254,537,947</u>	<u>253,692,288</u>	<u>240,224,822</u>	<u>13,467,466</u>
Revenues over (under) expenditures	<u>(5,960,078)</u>	<u>1,323,301</u>	<u>11,303,116</u>	<u>9,979,815</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	804,686	1,051,237	1,065,710	14,473
Transfers to other funds	(1,046,064)	(10,500,776)	(10,500,776)	-
Sales of capital assets	-	136,600	131,219	(5,381)
Appropriated fund balance	6,201,456	7,989,638	-	(7,989,638)
Total other financing sources (uses)	<u>5,960,078</u>	<u>(1,323,301)</u>	<u>(9,303,847)</u>	<u>(7,980,546)</u>
Net changes in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>1,999,269</u>	<u>\$ 1,999,269</u>
Fund balance, beginning, as previously reported			67,996,970	
Prior period adjustment			6,657	
Fund balance, beginning as restated			<u>68,003,627</u>	
Fund balance, end of year			<u>\$ 70,002,896</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, 2009

	Enterprise Funds					Internal Service Fund
	Solid Waste Disposal Fund	Parking Deck Fund	Human Services Facilities Fund	Other Enterprise Funds	Total	
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 7,122,967	\$ 3,163,739	\$ 2,566,913	\$ 1,991,973	\$ 14,845,592	\$ 9,166,265
Receivables, net	716,448	312,900	7,264	51,594	1,088,206	-
Prepays	-	-	-	-	-	2,778,526
Total current assets	<u>7,839,415</u>	<u>3,476,639</u>	<u>2,574,177</u>	<u>2,043,567</u>	<u>15,933,798</u>	<u>11,944,791</u>
Noncurrent assets:						
Restricted cash and cash equivalents	7,660,623	1,542,024	-	-	9,202,647	-
Deferred cost of refunding	164,382	-	-	-	164,382	-
Capital assets:						
Land, improvements, and construction in progress	10,496,752	14,060,342	-	-	24,557,094	-
Other capital assets, net of depreciation	19,543,062	-	9,645,504	1,580,478	30,769,044	-
Total capital assets	<u>30,039,814</u>	<u>14,060,342</u>	<u>9,645,504</u>	<u>1,580,478</u>	<u>55,326,138</u>	<u>-</u>
Total noncurrent assets	<u>37,864,819</u>	<u>15,602,366</u>	<u>9,645,504</u>	<u>1,580,478</u>	<u>64,693,167</u>	<u>-</u>
Total assets	<u>45,704,234</u>	<u>19,079,005</u>	<u>12,219,681</u>	<u>3,624,045</u>	<u>80,626,965</u>	<u>11,944,791</u>
LIABILITIES						
Current liabilities:						
Accounts payable	532,726	14,703	9,725	37,208	594,362	1,643,015
Accrued interest payable	122,648	152,477	-	-	275,125	-
Salaries and payroll taxes payable	118,635	11,827	12,700	47,893	191,055	-
Compensated absences	101,756	3,849	10,716	59,568	175,889	-
Other liabilities	-	6,750	-	24,000	30,750	-
Revenue bonds payable	1,945,000	-	-	-	1,945,000	-
Installment obligations payable	220,000	370,000	-	-	590,000	-
Total current liabilities	<u>3,040,765</u>	<u>559,606</u>	<u>33,141</u>	<u>168,669</u>	<u>3,802,181</u>	<u>1,643,015</u>
Noncurrent liabilities:						
Liabilities payable from restricted assets:						
Accrued landfill closure and postclosure care costs	7,716,063	-	-	-	7,716,063	-
Other postemployment benefits	32,190	-	-	-	32,190	-
Revenue bonds payable, net	7,549,261	-	-	-	7,549,261	-
Installment obligations payable, net	442,345	13,378,535	-	-	13,820,880	-
Total noncurrent liabilities	<u>15,739,859</u>	<u>13,378,535</u>	<u>-</u>	<u>-</u>	<u>29,118,394</u>	<u>-</u>
Total liabilities	<u>18,780,624</u>	<u>13,938,141</u>	<u>33,141</u>	<u>168,669</u>	<u>32,920,575</u>	<u>1,643,015</u>
NET ASSETS						
Invested in capital assets, net of related debt	20,931,007	1,853,831	9,645,504	1,580,478	34,010,820	-
Restricted for capital projects	1,047,799	1,542,024	-	-	2,589,823	-
Unrestricted	4,944,804	1,745,009	2,541,036	1,874,898	11,105,747	10,301,776
Total net assets	<u>\$ 26,923,610</u>	<u>\$ 5,140,864</u>	<u>\$ 12,186,540</u>	<u>\$ 3,455,376</u>	<u>\$ 47,706,390</u>	<u>\$ 10,301,776</u>

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

BUNCOMBE COUNTY, NORTH CAROLINA

Exhibit 7

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

FOR THE YEAR ENDED JUNE 30, 2009

	Enterprise Funds					Internal Service Fund
	Solid Waste Disposal Fund	Parking Deck Fund	Human Services Facilities Fund	Other Enterprise Funds	Total	
OPERATING REVENUES						
Charges for services	\$ 6,598,240	\$ 88,148	\$ 617,530	\$ 1,663,200	\$ 8,967,118	\$ 17,567,289
Miscellaneous	321,567	-	-	-	321,567	-
Total operating revenues	<u>6,919,807</u>	<u>88,148</u>	<u>617,530</u>	<u>1,663,200</u>	<u>9,288,685</u>	<u>17,567,289</u>
OPERATING EXPENSES						
Salaries, wages, and fringe benefits	1,724,410	108,573	186,066	768,950	2,787,999	-
Contracted services	1,142,486	1,583	96,537	480,876	1,721,482	-
Cost of products sold	-	-	-	216,758	216,758	-
Maintenance and repairs	410,019	8,810	26,698	282,486	728,013	-
Contributions to outside agencies	-	-	-	153,000	153,000	-
Other operating expenses	994,840	135,336	158,920	254,609	1,543,705	-
Landfill closure and postclosure care costs	559,283	-	-	-	559,283	-
Depreciation	1,811,745	13,560	333,823	642,194	2,801,322	-
Insurance premiums	-	-	-	-	-	2,309,073
Claims	-	-	-	-	-	18,915,395
Total operating expenses	<u>6,642,783</u>	<u>267,862</u>	<u>802,044</u>	<u>2,798,873</u>	<u>10,511,562</u>	<u>21,224,468</u>
Operating income (loss)	<u>277,024</u>	<u>(179,714)</u>	<u>(184,514)</u>	<u>(1,135,673)</u>	<u>(1,222,877)</u>	<u>(3,657,179)</u>
NONOPERATING REVENUES (EXPENSES)						
Interest and investment revenue	303,125	287,335	74,037	117,158	781,655	349,512
Interest and other charges	(459,888)	(627,829)	-	-	(1,087,717)	-
Gain (loss) on disposal of assets	(121,147)	(31,776)	-	-	(152,923)	-
Decrease in estimated landfill closure and postclosure care cost liability	(101,879)	-	-	-	(101,879)	-
Total nonoperating revenues (expenses)	<u>(379,789)</u>	<u>(372,270)</u>	<u>74,037</u>	<u>117,158</u>	<u>(560,864)</u>	<u>349,512</u>
Loss before contributions and transfers	(102,765)	(551,984)	(110,477)	(1,018,515)	(1,783,741)	(3,307,667)
Capital contributions	-	-	953,399	1,625,639	2,579,038	-
Transfers from other funds	-	-	-	302,600	302,600	2,110,434
Change in net assets	(102,765)	(551,984)	842,922	909,724	1,097,897	(1,197,233)
Net assets, beginning of year	<u>27,026,375</u>	<u>5,692,848</u>	<u>11,343,618</u>	<u>2,545,652</u>	<u>46,608,493</u>	<u>11,499,009</u>
Net assets, end of year	<u>\$ 26,923,610</u>	<u>\$ 5,140,864</u>	<u>\$ 12,186,540</u>	<u>\$ 3,455,376</u>	<u>\$ 47,706,390</u>	<u>\$ 10,301,776</u>

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

Statement of Cash Flows

Proprietary Funds

FOR THE YEAR ENDED JUNE 30, 2009

	Enterprise Funds					
	Solid Waste Disposal Fund	Parking Deck Fund	Human Services Facilities Fund	Other Enterprise Funds	Total	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	\$ 6,715,815	\$ 94,898	\$ 683,171	\$ 1,616,820	\$ 9,110,704	\$ 17,567,289
Cash paid for goods and services	(2,672,534)	(131,025)	(284,398)	(1,369,972)	(4,457,929)	(21,201,953)
Cash paid to employees for services	(1,681,573)	(92,897)	(179,672)	(694,317)	(2,648,459)	-
Other operating revenue	321,567	-	-	-	321,567	-
Net cash provided (used) by operating activities	2,683,275	(129,024)	219,101	(447,469)	2,325,883	(3,634,664)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Loans from (to) other funds	-	-	(1,707,365)	1,707,365	-	-
Transfers from other funds	-	-	-	302,600	302,600	2,110,434
Net cash provided (used) by noncapital financing activities	-	-	(1,707,365)	2,009,965	302,600	2,110,434
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and construction of capital assets	(1,208,562)	(6,158,109)	-	(103,429)	(7,470,100)	-
Proceeds on sale of assets	4,520	20,000	-	-	24,520	-
Principal paid on installment obligation	(220,000)	(355,000)	-	-	(575,000)	-
Principal paid on bond maturities	(1,865,000)	-	-	-	(1,865,000)	-
Interest paid on long-term debt	(449,739)	(626,242)	-	-	(1,075,981)	-
Net cash used by capital and related financing activities	(3,738,781)	(7,119,351)	-	(103,429)	(10,961,561)	-
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest on investments	303,125	322,993	74,037	134,117	834,272	349,512
Net cash provided by investing activities	303,125	322,993	74,037	134,117	834,272	349,512
Net increase (decrease) in cash and cash equivalents	(752,381)	(6,925,382)	(1,414,227)	1,593,184	(7,498,806)	(1,174,718)
Cash and cash equivalents, beginning of year	15,535,971	11,631,145	3,981,140	398,789	31,547,045	10,340,983
Cash and cash equivalents, end of year	\$ 14,783,590	\$ 4,705,763	\$ 2,566,913	\$ 1,991,973	\$ 24,048,239	\$ 9,166,265

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, 2009

	Enterprise Funds					Internal Service Fund
	Solid Waste Disposal Fund	Parking Deck Fund	Human Services Facilities Fund	Other Enterprise Funds	Total	
Reconciliation of operating income to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 277,024	\$ (179,714)	\$ (184,514)	\$ (1,135,673)	\$ (1,222,877)	\$ (3,657,179)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation	1,811,745	13,560	333,823	642,194	2,801,322	-
Landfill closure and postclosure care costs	265,902	-	-	-	265,902	-
Changes in assets and liabilities:						
Accounts receivable	117,575	-	65,641	(46,380)	136,836	-
Prepaid items	-	-	-	-	-	(5,445)
Accounts payable	168,192	14,704	(2,243)	17,757	198,410	27,960
Salaries and payroll taxes payable	12,245	11,827	616	29,614	54,302	-
Other liabilities	-	6,750	-	-	6,750	-
Other postemployment benefits	32,190	-	-	-	32,190	-
Accrued compensated absences	(1,598)	3,849	5,778	45,019	53,048	-
Total adjustments	2,406,251	50,690	403,615	688,204	3,548,760	22,515
Net cash provided (used) by operating activities	\$ 2,683,275	\$ (129,024)	\$ 219,101	\$ (447,469)	\$ 2,325,883	\$ (3,634,664)

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

BUNCOMBE COUNTY, NORTH CAROLINA

Exhibit 9

Statement of Fiduciary Net Assets

JUNE 30, 2009

	OPEB Trust Fund	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 2,095,376	\$ 2,058,668
Accounts receivable	-	580,883
	<u>\$ 2,095,376</u>	<u>\$ 2,639,551</u>
LIABILITIES		
Accounts payable	\$ -	\$ 992,089
Due to other taxing units	-	159,414
Due to beneficiaries	-	1,488,048
Total liabilities	<u>\$ -</u>	<u>\$ 2,639,551</u>
NET ASSETS		
Assets held in trust for health benefits	<u>\$ 2,095,376</u>	<u>\$ -</u>

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

BUNCOMBE COUNTY, NORTH CAROLINA

Exhibit 10

Statement of Changes in Fiduciary Net Assets

FOR THE YEAR ENDED JUNE 30, 2009

	<u>OPEB Trust Fund</u>
ADDITIONS	
Employer contributions	\$ -
Investment income:	
Net appreciation (depreciation) in fair value of investments	(475,927)
Investment earnings, net	70,048
Total decrease in additions	<u>(405,879)</u>
NET ASSETS, BEGINNING	<u>2,501,255</u>
NET ASSETS, ENDING	<u>\$ 2,095,376</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, 2009

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

Buncombe County Tourism Development Authority	Discrete	The Development Authority is governed by members appointed by the County Commissioners, the Asheville City Council, and the Asheville Area Chamber of Commerce. The Development Authority derives its revenues through a special room occupancy tax which is authorized by, and may be repealed by, the decision of the County Commissioners.	Tourism Development Authority Post Office Box 1010 Asheville, North Carolina 28812
Avery’s Creek Sanitary District	Discrete	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.	None issued.
Western North Carolina Regional Air Quality Agency	Discrete	The Agency was established by an interlocal agreement between the City of Asheville and the County pursuant to State statute. The governing authority is selected by the County Commissioners and the Asheville City Council. The County and the city are responsible for financing any operating deficits of the Agency and the County shall provide personnel and financial services in that all employees of the Agency shall be County employees subject to the Buncombe County personnel plan in all respects except for the Agency Director which shall serve at the pleasure of the Agency Board. The County will also provide financial, payroll and bookkeeping services for the Agency with cost of services and personnel to be reimbursed by the Agency in accordance with the County cost allocation plan. The Agency’s budget is included in the County’s annual budget process.	None issued.

(B) Basis of Presentation, Basis of Accounting

Basis of Presentation, Measurement Focus – Basis of Accounting

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

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

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

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

The County reports the following major governmental funds:

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

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

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

The County reports the following major enterprise funds:

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

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

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.

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

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

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

Measurement Focus, Basis of Accounting

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

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

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

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

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

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Under State law (as of January 1, 1993), the County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For those motor vehicles registered under the staggered system and for vehicles newly registered under the annual system, property taxes are due the first day of the fourth month after the vehicles are

registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2008 through February 2009 apply to the fiscal year ended June 30, 2009. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements.

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

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

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

(C) Budgetary Data

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

General Statute 147-69.4 allows the County to establish an OPEB Trust Fund under the management of the State Treasurer and G.S. 159-30(g) allows the County to make contributions to the Fund. The State Treasurer in her discretion may invest the proceeds in equities of certain publicly held companies and long or short term fixed income investments as detailed in G.S. 147-69.2(1-6) and (8). Funds submitted are managed in three different sub-funds, the State Treasurer's Short Term Investment Fund (STIF) consisting of short to intermediate treasuries, agencies and corporate issues authorized by G.S. 147-69.1, the long-term investment fund (LTIF) consisting of investment grade corporate securities, treasuries, and agencies, and Barclay's Global International Equity Fund authorized under G.S. 147-69.2(8).

(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 \$14,845,592 and restricted cash of \$9,209,647 make up the \$24,048,239 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 \$9,209,647 in the Enterprise Funds are reserved for landfill closure and post closure and for construction of landfill facilities and parking decks from unexpended bond proceeds.

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

(4) Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1; however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2008.

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

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

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

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

Fund Balances

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

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

The governmental fund types classify fund balances as follows:

Reserved:

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

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

Reserved for debt service – portion of fund balance reserved for future debt service on the Woodfin project development financing bonds.

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 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)	\$ 159,460,121
Less accumulated depreciation	(52,817,999)
Net capital assets	106,642,122
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	378,945
Liabilities for revenue deferred but earned and therefore recorded in the fund statements but not the government-wide	1,978,323
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	10,301,776
Deferred charges related to advance refunding bond issued – included on government-wide statement of net assets but are not current financial resources	376,529
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	(171,703,268)
Compensated absences	(7,268,632)
Accrued pension obligation	(1,368,546)
Other postemployment benefits	(1,241,967)
Accrued interest payable	(1,236,930)
	(182,819,343)
Total adjustment	\$ (63,141,648)

- (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	\$ 7,150,155
Cost of disposed assets not recorded in fund statements	(263,698)
Cost of assets transferred from use in Governmental Funds to use in Enterprise Funds, recorded as a transfer in the statement of activities but not in the fund statements	(2,579,038)
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	(6,147,847)
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities – it affects only the government-wide statement of net assets	(12,799,551)
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	16,842,942
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)	435,823
Amortization of refunding costs not recorded on fund statements	(61,139)
Pension obligations	(83,383)
Compensated absences	(399,718)
Other postemployment benefits	(1,908,785)
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)	(256,432)
Reversal of property taxes deferred in fund statements as of 6/30/08	(1,024,255)

Description	Amount
Recording of property taxes deferred in fund Statements as of 6/30/09	\$ 1,978,323
Net revenue, including transfers, of internal service funds determined to be governmental type	<u>(1,197,233)</u>
Total adjustment	<u>\$ (313,836)</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 - Stewardship, Compliance, and Accountability

Excess of Expenditures Over Appropriation

PDF Woodfin expenditures exceeded appropriations by \$379,582.

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

Note 3 - Detail Notes on All Funds

(A) Assets

(1) Deposits

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

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

At June 30, 2009, the County’s (including Western North Carolina Regional Air Quality Agency) deposits had a carrying amount of \$21,371,335 and a bank balance of \$20,952,800. Of the bank balance, \$1,006,173 was covered by federal depository insurance; \$19,946,627 was covered by collateral held under the Pooling Method. These amounts include \$2,058,668 held by the County in its fiduciary capacity for its agency funds.

At June 30, 2009, Buncombe County had \$9,755 cash on hand.

At June 30, 2009, the carrying amount of deposits for the Airport Authority was \$3,191,676 and the bank balance was \$3,389,607. Of the bank balance, \$500,000 was covered by federal depository insurance and \$2,889,607 was covered under the Pooling method. The Authority maintains petty cash of \$100.

At June 30, 2009, the Tourism Development Authority’s deposits had a carrying amount of \$2,369,344 and a bank balance of \$2,618,948. Of the bank balance, \$250,000 was covered by federal depository insurance and \$2,368,948 was covered by collateral held under the Pooling Method.

At June 30, 2009 the Avery’s Creek Sanitary District’s deposits had a carrying amount and bank balance of \$389,726. Of the bank balance, \$250,000 was covered by federal depository insurance.

(2) Investments

As of June 30, 2009, the County had the following investments and maturities:

Investment Type	Fair Value	Less Than 30 Days	1-6 Months	6-12 Months	1-2 Years
US Government Agencies	\$ 15,616,925	\$ –	\$ 4,057,520	\$ –	\$ 11,559,405
Certificates of Deposit	38,087,884	–	14,838,594	3,000,000	20,249,290
NC Capital Management Trust- Cash Portfolio	85,489,542	85,489,542	–	–	–
Total	<u>\$139,194,351</u>	<u>\$ 85,489,542</u>	<u>\$ 18,896,114</u>	<u>\$ 3,000,000</u>	<u>\$ 31,808,695</u>

At June 30, 2009, the Buncombe County Healthcare Benefits (HCB) Plan Fund had \$2,095,376 invested in the State Treasurer’s Local Government Other Post-Employment Benefits (OPEB) Fund pursuant to G.S. 147-69.4. The State Treasurer’s OPEB Fund may invest in public equities and both long-term and short-term fixed income obligations as determined by the State Treasurer pursuant to the General Statutes. At year-end, the State Treasurer’s OPEB Fund was invested as follows:

	Reported Value	Fair Value
State Treasurer’s Long-Term Investment Fund (LTIF)	\$ 261,084	\$ 261,084
State Treasurer’s Short-Term Investment Fund (STIF)	614,993	614,993
Barclay’s Global International Equity Fund	1,219,299	1,219,299
Total	<u>\$ 2,095,376</u>	<u>\$ 2,095,376</u>

As of June 30, 2009, the Airport Authority had the following investments and maturities:

Investment Type	Fair Value	Less Than 6 Months
NC Capital Management Trust-Cash	\$ 4,567,979	N/A
Total	<u>\$ 4,567,979</u>	<u>N/A</u>

At June 30, 2009, Tourism Development Authority’s investments with North Carolina Capital Management Trust were as follows:

	<u>Reported Value</u>	<u>Fair Value</u>
NC Capital Management Trust- Cash Portfolio	\$ 4,557,837	\$ 4,557,837

At June 30, 2009, Avery’s Creek Sanitary District’s investments with North Carolina Capital Management Trust were as follows:

	<u>Reported Value</u>	<u>Fair Value</u>
NC Capital Management Trust- Cash Portfolio	\$ 285,276	\$ 285,276

During 2009, the County realized no gain or loss from the sale of investments. The calculation of realized gains is independent of the calculation of the net increases in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of the investment reported in the prior year. There were no realized gains or losses on the County’s, Airport Authority’s, Tourism Development Authority’s, or Avery’s Creek Sanitary District’s investments during 2009.

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

The STIF securities are reported at cost and maintain a constant \$1 per share value. Under the authority of G.S. 147.69.3, no unrealized gains or losses of the STIF are distributed to participants of the fund. The LTIF and Barclay’s Global International Equity Fund are valued at fair value.

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	\$ 21,371,335	\$ 3,191,676	\$ 2,369,344	\$ –
Cash on hand	9,755	100	–	–
Investments	141,289,727	4,567,979	4,557,837	–
	162,670,817	7,759,755	6,927,181	–
Reported in component unit	(823,454)	–	–	823,454
	<u>\$ 161,847,363</u>	<u>\$ 7,759,755</u>	<u>\$ 6,927,181</u>	<u>\$ 823,454</u>
Reported on government-wide statement of net assets:				
Cash and cash equivalents	\$ 99,382,767	\$ 4,848,787	\$ 2,369,344	\$ 823,454
Investments	34,808,695	–	4,557,837	–
Restricted cash	23,501,857	2,910,968	–	–
	157,693,319	7,759,755	6,927,181	823,454
Reported on fiduciary statement of net assets:				
Cash and cash equivalents	4,154,044	–	–	–
	<u>\$ 161,847,363</u>	<u>\$ 7,759,755</u>	<u>\$ 6,927,181</u>	<u>\$ 823,454</u>

Interest Rate Risk

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

The State Treasurer's Short Term Investment Fund (STIF) is unrated and had a weighted average maturity of 1.8 years at June 30, 2009. The State Treasurer's Long Term Investment Fund (LTIF) is unrated and had a weighted average maturity of 15.6 years at June 30, 2009.

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, 2009, the County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's. The County's investments in US Agencies are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

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

Custodial Credit Risk

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

Concentration of Credit Risk

The County limits that the combined investment in commercial paper and bankers' acceptances shall not exceed 25% of the total portfolio and the investment in commercial paper or bankers' acceptances of a single issuer shall not exceed the lesser of \$5 million or 5% of the total portfolio at the time of investment. The County's combined investment in commercial paper and bankers' acceptances is 0%, with no more than \$5 million or 5% of the total portfolio at the time of investment in any single issuer.

The County places no other limits on the amount that the County may invest in any one issuer. More than 5 percent of the County's investments are in FHLMC, FNMA, and FFCB. These investments are 9%, 12%, and 7% respectively of the County's total investments. The County's and the Airport Authority's investments in the North Carolina Capital Management Trust represent 61% and 100% of the total investments, respectively.

(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>
2006	\$ 1,876,215	\$ 445,601	\$ 2,321,816
2007	4,241,567	625,631	4,867,198
2008	4,220,245	242,664	4,462,909
2009	4,583,445	-	4,583,445
Total	<u>\$ 14,921,472</u>	<u>\$ 1,313,896</u>	<u>\$ 16,235,368</u>

4) Receivables

Receivables at the government-wide level at June 30, 2009 were as follows:

	<u>Accounts</u>	<u>Taxes and Related Accrued Interest</u>	<u>Due From Other Governments</u>	<u>Total</u>
Governmental Activities:				
General	\$ 5,937,311	\$ 4,921,061	\$ 11,496,897	\$ 22,355,269
County Capital Projects	44,860	-	-	44,860
School Capital Commission	-	-	3,081,520	3,081,520
Other Governmental	552,859	829,810	1,036,497	2,419,166
	<u>6,535,030</u>	<u>5,750,871</u>	<u>15,614,914</u>	<u>27,900,815</u>
Allowance for doubtful accounts	(1,261,412)	(2,633,841)	-	(3,895,253)
Total - governmental activities	<u>\$ 5,273,618</u>	<u>\$ 3,117,030</u>	<u>\$ 15,614,914</u>	<u>\$ 24,005,562</u>
Business-type Activities				
Solid Waste Disposal	\$ 773,007	\$ -	\$ -	\$ 773,007
Parking Deck	312,900	-	-	312,900
Other Business-type	58,858	-	-	58,858
	<u>1,144,765</u>	<u>-</u>	<u>-</u>	<u>1,144,765</u>
Allowance for doubtful accounts	(56,559)	-	-	(56,559)
Total - business-type activities	<u>\$ 1,088,206</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,088,206</u>

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

Local option sales tax	\$ 12,453,130
Other	<u>3,161,784</u>
Total	<u>\$ 15,614,914</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, 2009, was as follows:

	Beginning Balances (as restated)	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 8,138,415	\$ 300,548	\$ –	\$ 8,438,963
Construction in process	40,435,293	6,276,420	3,870,602	42,841,111
Total capital assets not being depreciated	48,573,708	6,576,968	3,870,602	51,280,074
Capital assets being depreciated:				
Buildings	72,741,790	489,810	89,060	73,142,540
Other improvements	2,835,724	36,661	327,316	2,545,069
Equipment	21,773,656	2,302,998	694,834	23,381,820
Vehicles	9,055,063	660,921	605,366	9,110,618
Total capital assets being depreciated	106,406,233	3,490,390	1,716,576	108,180,047
Less accumulated depreciation for:				
Buildings	30,630,348	2,207,330	84,132	32,753,546
Other improvements	720,912	155,733	141,254	735,391
Equipment	12,273,529	2,033,794	652,968	13,654,355
Vehicles	4,498,241	1,750,990	574,524	5,674,707
Total accumulated depreciation	48,123,030	\$ 6,147,847	\$ 1,452,878	52,817,999
Total capital assets being depreciated, net	58,283,203			55,362,048
Governmental activities capital assets, net	\$ 106,856,911			\$ 106,642,122
Business-type activities:				
Solid Waste Disposal				
Capital assets not being depreciated:				
Land	\$ 6,308,519	\$ –	\$ –	\$ 6,308,519
Construction in process	12,589,581	651,930	9,053,278	4,188,233
Total capital assets not being depreciated	18,898,100	651,930	9,053,278	10,496,752
Capital assets being depreciated:				
Buildings and improvements	23,648,936	8,662,278	145,000	32,166,214
Equipment	1,307,485	715,499	10,291	2,012,693
Vehicles	2,113,204	438,100	–	2,551,304
Total capital assets being depreciated	18,898,100	9,815,877	155,291	36,730,211
Less accumulated depreciation for:				
Buildings and improvements	12,846,722	1,551,785	19,333	14,379,175
Equipment	535,108	153,025	10,291	677,842
Vehicles	2,023,198	106,935	–	2,130,133
Total accumulated depreciation	15,405,028	1,811,745	29,624	17,187,149
Total capital assets being depreciated, net	11,664,597			19,543,062
Solid Waste Disposal capital assets, net	30,562,697			30,039,814
Parking Deck				
Capital assets not being depreciated:				
Construction in process	9,793,367	4,266,975	–	14,060,342
Capital assets being depreciated:				
Vehicles	73,966	–	73,966	–
Total capital assets being depreciated	73,966	–	73,966	–
Less accumulated depreciation for:				
Vehicles	8,629	13,561	22,190	–
Total accumulated depreciation	8,629	13,561	22,190	–
Total capital assets being depreciated, net	65,337			–
Parking Deck capital assets, net	9,858,704			14,060,342

	Beginning Balances (as restated)	Increases	Decreases	Ending Balances
Human Services Facilities				
Capital assets being depreciated:				
Buildings and improvements	\$ 10,199,871	\$ 953,399	\$ —	\$ 11,153,270
Equipment	52,000	—	—	52,000
Total capital assets being depreciated	<u>10,251,871</u>	<u>953,399</u>	<u>—</u>	<u>11,205,270</u>
Less accumulated depreciation for:				
Buildings and improvements	1,216,409	323,423	—	1,539,832
Equipment	9,534	10,400	—	19,934
Total accumulated depreciation	<u>1,225,943</u>	<u>333,823</u>	<u>—</u>	<u>1,559,766</u>
Human Services Facilities capital assets, net	<u>9,025,928</u>			<u>9,645,504</u>
Other Business-type				
Capital assets being depreciated:				
Buildings and improvements	462,270	—	—	462,270
Equipment	3,233,359	103,429	—	3,336,788
Total capital assets being depreciated	<u>3,695,629</u>	<u>103,429</u>	<u>—</u>	<u>3,799,058</u>
Less accumulated depreciation for:				
Buildings and improvements	55,216	15,408	—	70,624
Equipment	1,521,170	626,786	—	2,147,956
Total accumulated depreciation	<u>1,576,386</u>	<u>\$ 642,195</u>	<u>\$ —</u>	<u>2,218,580</u>
Other Business-type capital assets, net	<u>2,119,243</u>			<u>1,580,478</u>
Business-type capital assets, net	<u>\$ 51,566,572</u>			<u>\$ 55,326,138</u>

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

Governmental Activities:	
General Government	\$ 651,306
Public Safety	3,336,067
Economic and Physical Development	235,844
Human Services	1,067,851
Cultural and Recreational	856,779
Total Depreciation Expense	<u>\$ 6,147,847</u>

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

	Governmental Activities	Business-type Activities	Total
Capital assets, net	\$ 106,642,122	\$ 55,326,138	\$ 161,968,260
Debt:			
General obligation bonds	(67,919,415)	—	(67,919,415)
Installment notes	(90,980,436)	(14,410,880)	(105,391,316)
Special obligation revenue bonds	—	(9,494,261)	(9,494,261)
Project development finance bonds	(12,803,417)	—	(12,803,417)
Gross debt	<u>(171,703,268)</u>	<u>(23,905,141)</u>	<u>(195,608,409)</u>
Add portion of debt that has not given rise to capital assets:			
Unspent bond and note proceeds	9,922,752	2,589,823	12,512,575
Debt relating to schools and airport	105,339,775	—	105,339,775
Project development finance bonds	12,803,417	—	12,803,417
Net debt	<u>(43,637,324)</u>	<u>(21,315,318)</u>	<u>(64,952,642)</u>
Capital assets, net of related debt	<u>\$ 63,004,798</u>	<u>\$ 34,010,820</u>	<u>\$ 97,015,618</u>

Construction commitments

The government has the following commitments with contractors for active construction projects as of June 30, 2009:

Project	Spent-to-date	Remaining Commitment
Detention center	\$ 25,256,916	\$ 207,802
EOC building	2,817,370	17,000
Animal shelter	3,224,403	2,861,978
Eng LF	426,500	53,439
Public Safety Training Center	874,650	769,730
Library renovation	205,520	44,297
Health Building Renovation	10,000	10,000
Courthouse Windows	1,638,221	805,033
N Buncombe/Hominy Field Lights	398,000	374,200
DSS Repair	103,725	38,675
Total construction commitments	<u>\$ 34,955,305</u>	<u>\$ 5,128,154</u>

The Airport Authority has construction commitments of approximately \$5.2 million for the construction/renovation of facilities. These projects are being funded through Federal grants and passenger facility charges totaling \$1.8 million and Authority funds of \$3.4 million.

Discretely presented component units

The capital assets of the Asheville Regional Airport for the year ended June 30, 2009, were as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 3,725,790	\$ –	\$ –	\$ 3,725,790
Capital projects	15,417,717	9,978,191	9,651,939	15,743,969
Total capital assets not being depreciated	19,143,507	9,978,191	9,651,939	19,469,759
Capital assets being depreciated:				
Leasehold improvements	57,326,536	9,290,954	–	66,617,490
Public safety & maintenance equipment	3,514,093	461,308	–	3,975,401
Furniture	102,448	16,112	–	118,560
Vehicles	3,094,948	85,793	41,853	3,138,888
Total capital assets being depreciated	64,617,971	10,013,861	41,853	74,589,979
Less accumulated depreciation for:				
Leasehold improvements	24,596,397	2,724,078	–	27,320,475
Public safety & maintenance equipment	2,495,795	232,656	–	2,728,451
Furniture	47,535	9,089	–	56,633
Vehicles	2,209,541	156,531	41,853	2,324,219
Total accumulated depreciation	29,672,489	<u>\$ 3,232,925</u>	<u>\$ 41,853</u>	32,863,561
Total capital assets being depreciated, net	34,945,482			41,726,418
Asheville Regional Airport capital assets, net	<u>\$ 54,088,989</u>			<u>\$ 61,196,177</u>

Activity for the Avery's Creek Sanitary District for the year ended June 30, 2009, 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	536,334	\$ 42,143	\$ –	578,477
Avery's Creek Sanitary District capital assets, net	<u>\$ 1,562,281</u>			<u>\$ 1,477,994</u>

Activity for WNC Regional Air Quality for the year ended June 30, 2009, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets being depreciated:				
Equipment	\$ 158,625	\$ —	\$ —	\$ 158,625
Vehicles	103,273	—	—	103,273
Total capital assets being depreciated	<u>261,898</u>	<u>—</u>	<u>—</u>	<u>261,898</u>
Less accumulated depreciation for:				
Equipment	148,433	1,248	—	149,681
Vehicles	68,276	11,852	—	80,128
Total accumulated depreciation	<u>216,709</u>	<u>\$ 13,100</u>	<u>\$ —</u>	<u>229,809</u>
WNC Regional Air Quality capital assets, net	<u>\$ 45,189</u>			<u>\$ 32,089</u>

(B) Liabilities

(1) Payables

Payables at the government-wide level at June 30, 2009, were as follows:

	Vendors	Salaries and Benefits	Accrued Interest	Total
Governmental Activities:				
General	\$ 5,357,344	\$ 7,094,175	\$ 1,236,930	\$ 13,688,449
County Capital Projects	637,541	—	—	637,541
Other governmental	<u>2,453,615</u>	<u>159,855</u>	<u>—</u>	<u>2,613,470</u>
Total - governmental activities	<u>\$ 8,448,500</u>	<u>\$ 7,254,030</u>	<u>\$ 1,236,930</u>	<u>\$ 16,939,460</u>
Business-type Activities:				
Solid Waste Disposal	\$ 532,726	\$ 118,635	\$ 122,648	\$ 774,009
Parking Deck	14,703	11,827	152,477	179,007
Human Services Facilities	9,725	12,700	—	22,425
Other business-type	<u>37,208</u>	<u>47,893</u>	<u>—</u>	<u>85,101</u>
Total - Business-type activities	<u>\$ 594,362</u>	<u>\$ 191,055</u>	<u>\$ 275,125</u>	<u>\$ 1,060,542</u>

(2) Pension Plan and Other Postemployment Obligations

(a) Local Governmental Employees' Retirement System

1. Plan Description

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

2. Funding Policy.

Plan members are required to contribute 6% of their annual covered salary. The County and the Airport Authority are required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.89% and 4.86%, respectively, of annual covered payroll. For the Airport Authority, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.88% and 4.86%, respectively, of annual covered payroll. Certain County employees assigned to Western North Carolina Regional Air Quality Agency have a current rate of 4.85% of annual covered payroll. The contribution requirements of members and of the County and the Airport Authority are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2009, 2008, and 2007 were \$2,848,562, \$2,617,465, and \$2,672,285, respectively.

The Airport Authority's contributions to LGERS for the years ended June 30, 2009, 2008, and 2007 were \$108,394, \$114,369, and \$130,160, 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, 2008, the Separation Allowance's membership consisted of:

	<u>County</u>	<u>Airport Authority</u>
Retirees receiving benefits	19	5
Terminated plan members entitled to but not yet receiving benefits	0	0
Active plan members	<u>237</u>	<u>14</u>
Total	<u>256</u>	<u>19</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, 2008 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, 2008 was 22 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	\$ 248,746	\$ 20,572
Interest on net pension obligation	93,174	3,202
Adjustments to annual required contribution	(81,222)	(2,700)
Annual pension cost	260,698	21,074
Contributions made	177,315	52,913
Increase (decrease) in net pension obligation	83,383	(31,839)
Net pension obligation beginning of year	1,285,163	44,159
Net pension obligation end of year	<u>\$ 1,368,546</u>	<u>\$ 12,320</u>

Three-Year Trend Information
for Buncombe County

For Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2007	\$ 213,002	70.83%	\$ 1,207,159
2008	241,165	67.66	1,285,163
2009	260,698	68.02	1,368,546

for Airport Authority

For Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2007	\$ 25,271	168.79%	\$ 68,543
2008	23,401	204.20	44,159
2009	21,074	251.80	12,320

5. Funded Status and Funding Progress.

As of December 31, 2008, the most recent actuarial valuation date, the County’s plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$2,490,199. The covered payroll (annual payroll of active employees covered by the plan) was \$9,779,673, and the ratio of the UAAL to the covered payroll was 25.46 percent.

As of December 31, 2008, the most recent actuarial valuation date, the Airport Authority’s plan was not funded. The actuarial accrued liability for benefits was \$232,926, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$232,926. The covered payroll (annual payroll of active employees covered by the plan) was \$508,081, and the ratio of the UAAL to the covered payroll was 45.84 percent.

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

(c) Supplemental Retirement Income Plan for Law Enforcement Officers

1. Plan Description.

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

2. Funding Policy.

Article 12E of G.S. Chapter 143 requires the County contribute each month an amount equal to 8% of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2009 were \$1,000,658, which consisted of \$782,108 from the County and \$218,550 from the law enforcement officers.

The Airport Authority is required to contribute each month an amount equal to 5% of each employee's salary. Authority contributions for the year ended June 30, 2009 were \$160,837, which consisted of \$111,197 from the Authority and \$49,640 from the employees.

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

1. Plan Description.

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

2. Funding Policy.

The Board of Commissioners has directed that the County contribute each month an amount equal to 8% of each qualified non-law enforcement employee's salary which is vested immediately. Also, the employees may elect to make voluntary contributions to the plan. Contributions for the year ended June 30, 2009 were \$5,734,433 which consisted of \$4,517,833 from the County and \$1,216,600 from the employees. Contributions for the year ended June 30, 2009 were \$160,837, which consisted of \$111,197 from the Airport Authority and \$49,640 from their employees.

(e) Register of Deeds' Supplemental Pension Fund

1. Plan Description.

Buncombe County also contributes to the Register of Deeds' Supplemental Pension Fund (Fund), a noncontributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any eligible county register of deeds

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

2. Funding Policy.

On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 1 of G.S. Chapter 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2009, the County's required and actual contributions were \$21,665.

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

1. Plan Description.

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

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

2. Funding Policy.

Plan members are required to contribute \$10 per month to the Fund. The State, a nonemployer contributor, funds the plan through appropriations. The State's annual contribution per fireman and rescue squad worker to the Firemen's and Rescue Squad Worker's Pension Fund for the fiscal year ended June 30, 2009 and 2008 was \$625 and \$437, respectively. The State's on behalf contributions are recorded as revenues and expenditures to the County. The County does not contribute to the Fund. Contribution requirements of plan members and the State of North Carolina are established and may be amended by the North Carolina General Assembly.

(g) Other Post Employment Benefits

Healthcare Benefits

1. Plan Description.

Under a County resolution as of March 4, 2005, Buncombe County provides healthcare benefits through the Healthcare Benefits Plan (the HCB Plan) as a single-employer defined benefit plan to cover retirees of the County who participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least 20 years of creditable service with the County. Under a County resolution prior to March 4, 2005, employees were required to be on the County's health plan at least 3 years prior to retirement and be eligible for retirement. The County pays the full cost of coverage for these benefits. Also, retirees can purchase coverage for their dependents at the County's group rates. The HCB Plan is available to qualified retirees at 100% until the age of 65 or until

Medicare eligible, whichever is sooner. The Board of Commissioners may amend the benefit provisions. A separate report was not issued for the plan.

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

Membership of the County’s HCB Plan consisted of the following at December 31, 2008, the date of the latest actuarial valuation:

	General	Law
	<u>Employees:</u>	<u>Officers:</u>
Retirees and dependents receiving benefits	297	66
Active plan members	<u>1,175</u>	<u>229</u>
Total	<u><u>1,472</u></u>	<u><u>295</u></u>

Membership of the Airport Authority’s Retiree Health Plan consisted of the following at December 31, 2008, the date of the latest actuarial valuation:

	General	Law
	<u>Employees:</u>	<u>Officers:</u>
Retirees and dependents receiving benefits	2	5
Active plan members	<u>31</u>	<u>14</u>
Total	<u><u>33</u></u>	<u><u>19</u></u>

2. Funding Policy.

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

The current ARC rate is 9.13% of annual covered payroll. For the current year, the County contributed \$3,823,752 or 6.06% of annual covered payroll. The County obtains healthcare coverage through a self-insured health insurance plan. There were no contributions made by employees, except for dependent coverage in the amount of \$238,702. The County’s obligation to contribute to HCB Plan is established and may be amended by the Board of Commissioners.

By Authority resolution, the Airport Authority pays the full cost of coverage for the healthcare benefits paid to qualified retirees. The Authority’s retirees pay the full cost for any dependent coverage. The Authority has chosen to fund the healthcare benefits on a pay as you go basis. Postemployment expenditures are made from the proprietary fund, which is maintained on the accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due. In fiscal year ended June 30, 2009, the Authority’s total contributions were \$33,894 and total members’ contributions were \$10,508 for dependent coverage.

3. Annual OPEB Cost and Net OPEB Obligation.

The County’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal

cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The Airport Authority has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members.

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

	County	Airport Authority
Annual required contribution	\$ 5,761,340	\$ 247,949
Interest on OPEB obligation	50,011	12,397
Actuarial Adjustment	(46,625)	-
Annual OPEB cost	5,764,726	260,346
Contributions made	3,823,752	33,894
Increase in net OPEB obligation	1,940,974	226,452
Net OPEB obligation beginning of year	(666,818)	153,858
Net OPEB obligation end of year	<u>\$ 1,274,156</u>	<u>\$ 380,310</u>

The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the HCB Plan, and the net OPEB obligation for 2009 and the preceding year are as follows:

For Year Ended	Annual OPEB June 30 Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2008	\$ 4,438,054	115%	\$ (666,818)
2009	5,764,726	66%	1,274,156

The Authority’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 and the preceding year are as follows:

For Year Ended	Annual OPEB June 30 Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2008	\$ 183,849	16.31%	\$ 153,858
2009	260,346	13.02%	380,310

4. Summary of Significant Accounting Policies.

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

5. Funded Status and Funding Progress.

As of December 31, 2008, the most recent actuarial valuation date, the County’s plan was 3.3% funded. The actuarial accrued liability for benefits was \$63,465,014, and the actuarial value of assets was \$2,095,376, resulting in an unfunded actuarial accrued liability (UAAL) of \$61,369,638. The covered payroll (annual payroll of active employees covered by the plan) was \$63,089,492, and the ratio of UAAL to the covered payroll was 97.3 percent.

As of June 30, 2009, the Authority's actuarial accrued liability for benefits was \$915,011 all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$2,545,647, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 35.94 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

6. Actuarial Methods and Assumptions.

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

In the December 31, 2008 actuarial valuation, the entry age normal, level percentage of pay method was used. The actuarial assumptions included a 7.5% investment rate of return (net of administrative expenses), which is the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date. The medical cost trend rate varied between 10.5% and 5%. Both rates included a 3.75% inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year period. The UAAL is being amortized as a level of percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2008 was 30 years.

(h) Other Employment Benefits

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

For the fiscal year ended June 30, 2009, the County made contributions to the State for death benefits of \$25,637 for employees not engaged in law enforcement, \$6,990 for law enforcement officers, and \$165 for employees assigned to Western North Carolina Regional Air Quality Agency. For the fiscal year ended June 30, 2009, the Authority made contributions to the State for death benefits of \$2,443. 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 .07%, .14%, and .09% of covered payroll, respectively. The Authority's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .08% and .14%,

respectively, of covered payroll. The contributions to the Death Benefit Plan cannot be separated between the post employment benefit amount and the other benefit amount.

(3) Closure and Postclosure Care Costs

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

The County has met the requirements of a local government financial test that is one option under state and federal laws and regulations that helps determine if a unit is financially able to meet closure and postclosure care requirements. However, the County has also elected to establish a reserve fund to accumulate resources for the payment of closure and postclosure care costs of this landfill. Transfers of \$4,104,186 were made to the Landfill Closures and Postclosure Reserve Fund through June 30, 1997, and those funds, together with cumulative investment earnings are held in investments with a carrying value of \$6,038,038 (market value, \$6,038,038) 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 \$2,565,424 reported as landfill postclosure care liability at June 30, 2009, represents the projected actual cost of the closed landfill over the next 20 years based on what it would cost to perform all postclosure care in 2009. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

Landfill in Operation:

Landfill Permit Number 11-07: The \$5,150,639 reported as landfill closure and postclosure care liability at June 30, 2009, represents a cumulative amount reported to date based on the use of 22.57 percent of the total estimated capacity of this landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$17,670,417 as the remaining estimated capacity is filled. This amount is based on what it would cost to perform all closure and postclosure care in 2009. 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:

	Deferred Revenue	Unearned Revenue
Prepaid taxes not yet earned (General)	\$ —	\$ 1,147,997
Taxes receivable, net (General)	1,787,368	—
Taxes receivable, net (Special Revenue)	190,955	—
Other, (Special Revenue, Enterprise)	—	120,038
	<u>\$ 1,978,323</u>	<u>\$ 1,268,035</u>

(5) Risk Management

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

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

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

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

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

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

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

Several department specific risk policies are purchased as well.

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

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

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

The County provides health insurance benefits through a self-insured health insurance plan. The County is protected against catastrophic individual and aggregate loss by stop-loss insurance coverage. The accompanying statement of net assets and balance sheets as of June 30, 2009 includes a loss reserve liability for estimated outstanding medical claims of \$1,643,015. Changes in the health claims liability are presented as follows:

Year Ended June 30	Beginning Balance	Claims Incurred	Claims Paid	Ending Balance
2008	\$ 1,671,653	\$ 15,957,792	\$ 16,014,390	\$ 1,615,055
2009	1,615,055	18,840,163	18,812,203	1,643,015

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, 2009 amounted to \$1,305,687.

Future minimum lease payments under these operating lease agreements at June 30, 2009 are as follows:

Year Ended June 30	Amount
2010	\$ 611,031
2011	561,827
2012	134,687
2013	118,707
2014	12,000

(8) Long-Term Obligations

(a) Installment Note Obligations

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

Installment Note Obligations	Balance June 30, 2008	Increases	Decreases	Balance June 30, 2009
Serviced by the Governmental Funds:				
COPS 1998, refunding \$37,020,000 issue, interest at 3.65% to 5% payable semiannually to 2012.	\$ 10,350,000	\$ –	\$ 1,880,000	\$ 8,470,000
COPS 2003, detention center and other improvements, \$19,620,000 issue, interest at 2% to 5% payable semiannually to 2023.	15,085,000	–	1,335,000	13,750,000
Server, 2005 \$1,685,000 issue, interest at 3.33% payable semiannually to 2010.	707,576	–	347,942	359,634
COPS 2005, detention center \$14,500,000 issue, interest at 2.5% to 5% payable semiannually to 2025. A premium of \$393,944 is reported as an increase to long-term debt and will be amortized over the life of the debt.	12,330,000	–	720,000	11,610,000
COPS 2006, schools and community college \$51,985,000 issue, interest at 3.375% to 5% payable semiannually to 2026. A premium of \$2,223,983 is reported as an increase to long-term debt and will be amortized over the life of the debt.	45,785,000	–	3,100,000	42,685,000

Installment Note Obligations	Balance June 30, 2008	Increases	Decreases	Balance June 30, 2009
General government buildings, 2008 \$6,625,000, interest at 3.26%, payable in full in 2009.	\$ 6,625,000	\$ —	\$ —	\$ 6,625,000
COPS 2007, general government buildings and equipment, \$6,830,000 issue, interest at 4% to 4.75% payable semiannually to 2027. A discount of \$9,566 is reported as a decrease to long-term debt and will be amortized over the life of the debt.	6,285,000	—	855,000	5,430,000
Total installment note obligations	\$ 97,167,576	\$ —	\$ 8,237,942	\$ 88,929,634

For Buncombe County, the future minimum payments for installment notes as of June 30, 2009, are:

Year Ended June 30	Governmental Activities	
	Principal	Interest
2010	\$ 15,009,634	\$ 3,743,760
2011	7,930,000	3,393,029
2012	7,985,000	3,056,757
2013	7,445,000	2,683,515
2014	5,190,000	2,396,678
2015-2019	24,895,000	9,720,013
2020-2024	18,310,000	7,097,771
2025-2029	2,165,000	1,387,147
Total	88,929,634	\$ 33,478,670
Add unamortized premium	2,050,802	
	\$ 90,980,436	

(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, 2009, are comprised of the following individual issues:

General Obligation Bonds	Balance June 30, 2008	Increases	Decreases	Balance June 30, 2009
Serviced by the Governmental Funds:				
Airport Bonds, 1991 \$2,000,000 issue, interest at 6% to 6.5% payable semiannually, due serially to 2012.	\$ 400,000	\$ —	\$ 100,000	\$ 300,000
Refunding Bonds, 1993 \$52,870,000 issue, interest at 5.1% payable semiannually, due serially to 2010.	3,970,000	—	2,585,000	1,385,000

General Obligation Bonds	Balance June 30, 2008	Increases	Decreases	Balance June 30, 2009
Refunding Bonds, 1996 \$5,495,000 issue, interest at 4.5% to 5% payable semiannually, due serially to 2011.	\$ 1,340,000	\$ —	\$ 455,000	\$ 885,000
Refunding Bonds, 1998 \$3,490,000 issue, interest at 4.4% to 4.6% payable semiannually, due serially to 2009.	550,000	—	550,000	—
School Bonds, 2000 issue, interest at 4.7% to 5% payable semiannually, due serially to 2014.	11,200,000	—	800,000	10,400,000
Public Improvement (Libraries), 2000 \$3,950,000 issue, interest at 4.5% to 4.7% payable semiannually, due serially beginning 2002 to 2009.	1,000,000	—	500,000	500,000
Refunding Bonds, 2001 \$12,365,000 issue, interest at 4% to 4.4% payable semiannually, due serially to 2012.	7,375,000	—	1,160,000	6,215,000
Refunding Bonds, 2002 \$24,500,000 issue, interest at variable rates in the weekly mode payable semiannually, due serially to 2026.	22,629,848	—	403,165	22,226,683
School Bonds, 2002 \$15,000,000 issue, interest at variable rates in the weekly mode payable semiannually, due serially to 2026.	13,870,152	—	246,835	13,623,317
Public Improvement, 2002 \$4,340,000 issue, interest at 4% payable semiannually, due serially to 2014.	600,000	—	100,000	500,000
Refunding Bonds, 2005 \$12,430,000 issue, interest at 3% to 3.5% payable semiannually, due serially to 2015.	8,860,000	—	1,315,000	7,545,000
Public Improvement, 2005 \$5,835,000 issue, interest at 3% to 4% payable semiannually, due serially to 2020.	4,670,000	—	390,000	4,280,000
Total general obligation bonds	\$ 76,465,000	\$ —	\$ 8,605,000	\$ 67,860,000

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

Year Ending June 30	Governmental Activities	
	Principal	Interest
2010	\$ 8,705,000	\$ 2,740,993
2011	6,435,000	2,388,345
2012	6,885,000	2,073,555
2013	5,850,000	1,774,195
2014	5,830,000	1,528,375
2015-2019	16,970,000	4,942,750
2020-2024	12,385,000	2,175,400
2025-2029	4,800,000	192,000
Total	67,860,000	\$ 17,815,613
Add unamortized premium	59,415	
	<u>\$ 67,919,415</u>	

At June 30, 2009, Buncombe County had bonds authorized but unissued of \$915,000 and had a legal debt margin of \$2,073,520,279.

(c) Project Development Financing Bonds

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

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

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

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

Year Ending June 30	Governmental Activities	
	Principal	Interest
2010	\$ —	\$ 917,150
2011	—	917,150
2012	—	917,150
2013	—	917,150
2014	700,000	893,525
2015-2019	1,330,000	4,151,387
2020-2024	1,980,000	3,584,050
2025-2029	2,770,000	2,769,025
2030-2034	3,920,000	1,568,538
2035	2,260,000	81,925
Total	12,960,000	\$ 16,717,050
Less unamortized discount	(156,583)	
	<u>\$ 12,803,417</u>	

(d) Business-Type Activities Installment Obligations

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

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

The future minimum payments as of June 30, 2009 are:

Year Ending June 30	Business-type Activities	
	Principal	Interest
2010	\$ 590,000	\$ 636,306
2011	605,000	612,706
2012	620,000	588,506
2013	415,000	563,706
2014	430,000	547,106
2015-2019	2,430,000	2,458,513
2020-2024	2,995,000	1,898,669
2025-2029	3,720,000	1,171,025
2030-2033	2,675,000	258,163
Total	14,480,000	\$ 8,734,700
Less unamortized discount	(69,120)	
	<u>\$ 14,410,880</u>	

(e) Special Obligation Revenue Bonds

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

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

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

Year Ending June 30	Business-type Activities	
	Principal	Interest
2010	\$ 1,945,000	\$ 348,144
2011	1,995,000	281,932
2012	1,305,000	207,725
2013	1,345,000	162,413
2014	1,400,000	115,125
2015	1,460,000	57,125
Total	9,450,000	\$ 1,172,464
Add unamortized premium	44,261	
	<u>\$ 9,494,261</u>	

(f) Discretely Presented Component Unit

During the fiscal year ended June 30, 2009, the Asheville Regional Airport issued bonds entitled, Rental Car Facilities Taxable Revenue Bond, Series 2007. These bonds are providing financing for the rental car facility. Interest only was payable until May 2008 at which time payments of principal and interest began in the amount of \$52,235 monthly. The bonds bear interest at 5.79% and will mature in March 2018.

Debt service requirements to maturity are as follows:

Year Ending June 30	Component unit	
	Principal	Interest
2010	\$ 388,335	\$ 238,488
2011	411,426	215,397
2012	435,890	190,932
2013	461,809	165,014
2014	498,268	137,554
2015-2018	2,108,357	242,227
Total	<u>\$ 4,295,085</u>	<u>\$ 1,189,612</u>

(g) 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, 2009, all defeased debt payments have been paid by trust funds.

(h) Long Term Obligation Activity

The following is a summary of changes in the County's long-term obligations for the year ended June 30, 2009:

	Balances July 1, 2008	Increases	Decreases	Balances June 30, 2009	Current Portion of Balance
Governmental activities:					
General obligation bonds	\$ 76,541,405	\$ —	\$ 8,621,990	\$ 67,919,415	\$ 8,705,000
Installment notes	99,506,165	—	8,525,729	90,980,436	15,009,634
Project development financing bonds	—	12,803,417	—	12,803,417	—
Pension liability	1,285,164	341,920	258,538	1,368,546	299,746
Other postemployment benefits	—	5,014,563	3,772,597	1,241,967	—
Compensated absences	6,868,912	6,354,350	5,954,630	7,268,632	1,211,736
Total governmental activities	\$ 184,201,646	\$ 24,514,250	\$ 27,133,484	\$ 181,582,413	\$ 25,226,116
Business-type activities:					
Special obligation revenue bonds, net	\$ 11,374,838	\$ —	\$ 1,880,577	\$ 9,494,261	\$ 1,945,000
Installment notes	14,982,306	—	571,426	14,410,880	590,000
Other postemployment benefits	—	129,970	97,780	32,190	—
Compensated absences	122,841	143,933	90,885	175,889	175,889
Accrued landfill closure and postclosure care costs	7,348,282	367,781	—	7,716,063	—
Total business-type activities	\$ 33,828,267	\$ 641,684	\$ 2,640,668	\$ 31,829,283	\$ 2,710,889

Compensated absences and pension liability have been liquidated in the funds in which they have been earned.

	Balances July 1, 2008	Increases	Decreases	Balances June 30, 2009	Current Portion of Balance
Discretely presented component units:					
Asheville Regional Airport:					
General obligation bonds	\$ 4,661,626	\$ —	\$ 366,541	\$ 4,295,085	\$ 388,335
Pension liability	44,159	23,774	55,613	12,320	12,320
Compensated absences	99,275	277,026	128,233	248,068	248,068
Other postemployment benefits	153,858	260,346	33,894	380,310	—
Total	\$ 4,958,918	\$ 561,146	\$ 584,281	\$ 4,935,783	\$ 648,723
Air Quality:					
Compensated absences	\$ 129,986	\$ 104,939	\$ 79,878	\$ 155,047	\$ 155,047

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

On July 2, 1990, the County transferred the ownership, operation, and maintenance responsibility for the sanitary districts to the Metropolitan Sewerage District. The contracts affecting the transfer call for the Metropolitan Sewerage District to assume the liability for the Enka-Candler Water and Sewer District Bonds. Consequently, the bonds have been removed from the County’s financial statements. The Enka-Candler Water and Sewer District, for which the County Board of Commissioners is the governing body, is liable for the payments on these bonds if the Metropolitan Sewerage District defaults. As of June 30, 2009, the balance of the bonds outstanding was \$857,000.

(j) Conduit Debt Obligations

The Buncombe County Industrial Facility and Pollution Control Financing Authority has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as by letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private businesses served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2009, there were three series of industrial revenue bonds outstanding with an aggregate principal amount payable of \$7,030,000.

(C) Interfund Balances and Activity

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

Transfers to/from other funds loans at June 30, 2009 consist of the following:

General Fund:

From the General Fund to the Special Revenue Fund for capital projects	\$ 1,480,784
From the General Fund to the Special Revenue Capital Projects Fund to future capital projects	6,408,716
From the General Fund to the Grant Fund to fund in-kind grant match	250,612
From the General Fund to the Special Revenue Transportation Fund for transportation services	250,230
From the General Fund to the Internal Service Fund for increased health costs and for future post-employment benefits other than pension	2,110,434
	\$ 10,500,776

Major Governmental Funds:

From the County Capital Projects fund to the General Fund for debt service payments and to supplement other funding sources.	\$ 787,297
From the County Capital Projects fund to the Grant Projects Fund for grant match	23,107
From Capital Projects Fund to Mental Health Fund to support future parking deck operations	<u>302,600</u>
	<u>\$ 1,113,004</u>

Nonmajor Governmental Funds:

From the Special Revenue Occupancy Tax Fund to the General Fund for payment of a 1.5% collection fee	\$ 93,270
From the Grant Projects Fund to the General Fund to close completed grant projects and transfer unrestricted match back to General Fund	140,211
From the Special Revenue Capital Projects Fund to the General Fund to close completed housing projects and transfer unrestricted match back to the General Fund	44,931
From the Special Revenue Transportation Fund to the Special Revenue Grant Projects Fund to transfer grant project funds	1,414
From the School Bond Fund to the School Capital Fund to transfer interest earnings to fund school capital projects and debt service	<u>1,031,993</u>
	<u>\$ 1,311,819</u>

A building with a cost of \$953,399 was transferred from the County Capital Projects fund to the Human Services Facilities Fund and equipment with a net book value of \$1,625,639 was transferred from the General Fund to create the new Criminal Justice Information System Fund during the year. The transfers are shown as capital contributions in the proprietary fund statements and are not reflected in the governmental fund statements because they did not involve current economic resources. However, in the government-wide statements, they have been reclassified from capital contributions to transfers for both governmental and business-type activities. Since the transfers were not included in the governmental fund statements, they are included as a reconciling item between the statement of revenues, expenditures, and changes in fund balances of governmental funds and the statement of activities.

Note 4 - Joint Ventures

The County, in conjunction with seven other counties, participates in the Western Highlands Area Authority, which provides mental health, developmental disability, and substance abuse services to residents of the eight-county area. Buncombe County appoints two of the sixteen-member board, with the other counties appointing the remainder. The County has an ongoing financial responsibility for the Authority because it is legally required to provide public health services either directly or jointly with other counties. None of the participating governments have any equity interest in the Authority, so no equity interest has been reflected in the financial statements at June 30, 2009. 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, \$3,992,124 in principal is still outstanding. Of the certificates of participation issued for this purpose \$8,745,588 in principal is still outstanding. The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the community college's facilities. The County contributed \$8,037,732 to the community college for operating purposes during the fiscal year ended June 30, 2009. In addition, the County made principal and interest payments of \$931,058 during the fiscal year on general obligation bonds and \$1,177,508 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, 2009. Complete financial statements for the community college may be obtained from the community college's administrative offices at 340 Victoria Road, Asheville, NC 28801.

Note 5 - Jointly Governed Organizations

The County, in conjunction with three other counties and fourteen municipalities, established the Land-of-Sky Regional Council (Council). The participating governments established the Council to coordinate various funding received from federal and state agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$122,341 to the Council during the fiscal year ended June 30, 2009.

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

Note 6 - Benefit Payments Issued by the State

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

	Federal	State
Special Supplemental Nutrition Program for Women, Infants, and Children	\$ 3,722,527	\$ -
Food Stamp Program	32,331,587	-
Child Welfare Service	-	1,190,600
IV-E Adoption Assistance	1,621,448	296,999
Medical Assistance	180,841,482	70,853,244
Low-Income Home Energy Assistance	1,091,239	-
State/County Special Assistance for Adults	-	2,149,498
Refugee Assistance	10,984	-
IV-E Foster Care	822,919	139,341
Temporary Assistance to Needy Families	1,933,984	(741)
	\$ 222,376,170	\$ 74,628,941
Totals		

Note 7 - Summary Disclosure of Significant Commitments and Contingencies

Federal and State Assisted Programs

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

Note 8 - Prior Period Adjustment

The beginning net assets of governmental activities on the statement of activities (exhibit 2) have been restated to reflect various corrections of prior period errors of \$(4,095,063). The adjustments also affect the fund balances of governmental funds (exhibit 4) in the amount of \$(777.) The details of these adjustments are as follows:

Governmental Activities:	
Government-wide statement of activities:	
To remove capitalized interest on construction in progress, affecting only the amounts reported for capital assets and net assets invested in capital assets, with no effect on unrestricted net assets	\$ (4,094,286)
General Fund:	
To correct prior year grant expenditures	21,586
To adjust prior year accrued interest and debt issuance costs	11,638
To refund fuel taxes paid in error in prior years	(26,567)
Total General Fund	6,657
School Capital Commission Fund:	
To adjust prior year accrued interest	(6,195)
Transportation Fund:	
To correct the accrual of accrued salaries	(1,239)
Total governmental activities	\$ (4,095,063)

Component Unit:	
Airport Authority:	
To correct prior year OPEB calculation	\$ <u>(153,858)</u>

Note 9 – Unrestricted Net Assets

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 \$92,362,063, \$12,737,712, and \$300,000 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 July 29, 2009, Buncombe County issued Certificates of Participation 2009A in the amount of \$12,065,000 to acquire equipment, complete an expansion to Pack Library and refinance an outstanding Installment Financing Contract between the County and Bank of America.

On July 29, 2009, Buncombe County issued Certificates of Participation 2009B in the amount of \$8,120,000 to advance refund the \$8,370,000 outstanding Certificates of Participation, Series 1998.

On July 9, 2009, as a result of Buncombe County's strong fiscal position, management policies and continued economic diversity and growth, particularly in the current economic environment, S&P upgraded the County's General Obligation rating from "AA" to "AA+".

Note 11 – Pledged Revenues and Debt Covenant

The County has pledged a portion of future ad valorem tax revenues to repay the \$12,960,000 in project development financing bonds (tax increment bonds) issued in August 2008 to finance the refurbishing of the Woodfin Downtown financing district. The bond proceeds included approximately \$2.3 million to cover construction period interest. The bond principal is payable solely from the incremental ad valorem taxes generated by increased property values in the refurbished district. Incremental taxes were projected to produce 100 percent of the total debt service requirements after project completion over the life of the bonds; however, the County has a minimum assessment agreement in place in the event that the assessed value in the district does not meet the debt service requirements. Total principal and interest remaining on the bonds is \$29,677,050, payable through August 2034. For the current year, there were no principal payments and interest of \$412,718 was paid from proceeds designated for construction period interest. The County has not yet begun to accumulate the incremental tax revenue because it is the first year of the project.

The County has pledged future net solid waste system receipts, ambulance fees, undesignated Register of Deeds fees, inspection fees, and jail fees to repay the Special Obligation Bonds described in Note 3(B)(8)(d). The bonds are payable from net solid waste system revenues and are payable through 2015. Annual principal and interest payments on the bonds are not expected to exceed net solid waste system revenues. The total principal and interest remaining to be paid on the bonds is \$10,622,464.

The County is required to comply with covenants as to rates, fees, and charges covering the debt principal and interest. The County has been in compliance with the covenants since the issuance of the debt. The net solid waste revenues and the total available revenues must be no less than 1.00 times and 1.50 times annual debt service, respectively. The following table presents information with respect to the financial performance of the Solid Waste System for June 30, 2009, as well as information as to available revenues (available revenues differ from Obligated Revenues in that available revenues include Net Solid Waste System Revenues whereas Obligated Revenues include Net Solid Waste System Receipts).

Solid Waste System	
Annual Debt Service ¹	<u>\$ 2,277,638</u>
Solid Waste System Revenues	\$ 7,174,398
Current Expenses ²	<u>(4,800,446)</u>
Net Solid Waste System Revenues	<u>\$ 2,373,952</u>
Debt Service Coverage ³	<u>1.04 times</u>
Available Revenues	
Net Solid Waste System Revenues	\$ 2,373,952
Ambulance Fees	5,892,892
Undesignated Register of Deeds Fees	1,493,456
Inspection Fees	1,236,265
Jail Fees	1,604,385
Total Available Revenues	<u>\$ 12,600,950</u>
Debt Service Coverage ⁴	<u>5.53 times</u>

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



Required Supplemental Financial Data

Other Post Employment Benefits - Healthcare
Schedule of Funding Progress

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

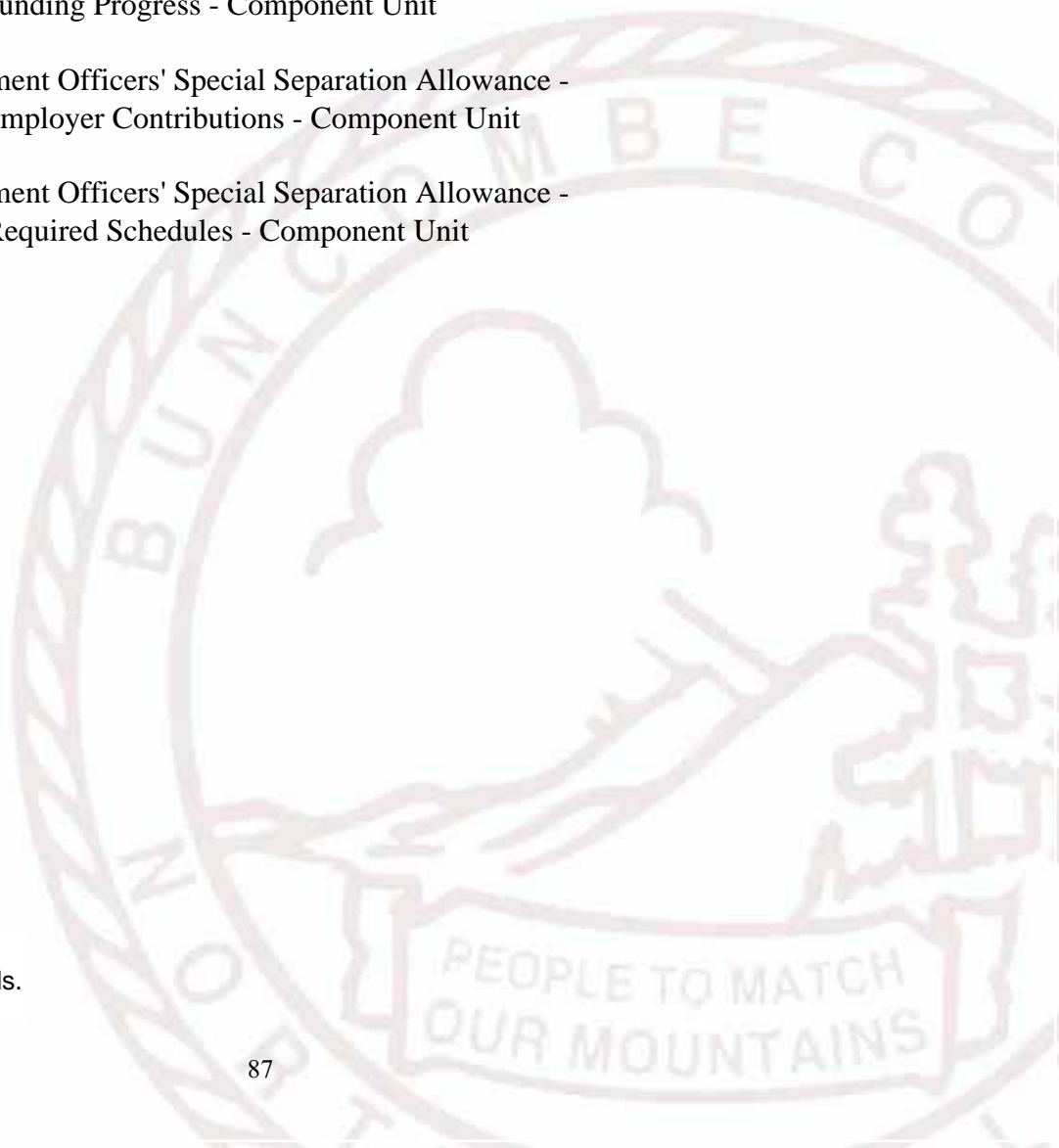
Law Enforcement Officers' Special Separation Allowance -
Schedule of Employer Contributions

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

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

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

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



BUNCOMBE COUNTY, NORTH CAROLINA

Other Post Employment Benefits - Healthcare

Schedule of Funding Progress and Employer Contributions

Funding Progress:

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

Employer Contributions:

Year ending June 30,	Annual Required Contribution	Percentage Contributed
2008	\$ 4,292,429	115%
2009	5,761,340	63%

Asheville Regional Airport Authority

Funding Progress:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (AAL) Entry Age Normal (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
6/30/2008	\$ -	\$ 752,739	\$ 752,739	0.00%	\$ 1,834,165	41.04%
6/30/2009	-	915,011	915,011	0.00%	2,545,647	35.94%

Employer Contributions:

Year ending June 30,	Annual Required Contribution	Percentage Contributed
2008	\$ 183,849	16.31%
2009	247,949	13.67%

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)
12/31/1999	\$ -	\$ 664,267	\$ 664,267	0.00%	\$ 5,929,142	11.20
12/31/2000	-	1,082,917	1,082,917	0.00%	6,065,702	17.85
12/31/2001	-	1,298,037	1,298,037	0.00%	6,237,344	20.81
12/31/2002	-	1,457,505	1,457,505	0.00%	6,514,381	22.37
12/31/2003	-	1,628,593	1,628,593	0.00%	6,502,320	25.05
12/31/2004	-	1,744,037	1,744,037	0.00%	6,431,564	27.12
12/31/2005	-	1,716,110	1,716,110	0.00%	6,566,698	26.13
12/31/2006	-	1,992,331	1,992,331	0.00%	7,353,011	27.10
12/31/2007	-	2,150,171	2,150,171	0.00%	8,161,535	26.35
12/31/2008	-	2,490,199	2,490,199	0.00%	9,779,673	25.46

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

Buncombe County has elected the pay as you go basis.

Year Ending June 30	Annual Required Contribution	Percentage Contributed
2000	\$ 100,367	13.80 %
2001	109,815	27.34
2002	163,091	33.78
2003	180,316	29.98
2004	201,230	31.08
2005	203,364	41.78
2006	211,635	55.63
2007	198,511	76.00
2008	227,824	71.62
2009	248,746	71.28

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, 2008
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	22 years
Asset valuation period	Market value
Actuarial assumptions:	
Investment rate of return	7.25%
Projected salary increases	4.5% to 12.3%
Includes inflation at	3.75%
Cost of living adjustments	N/A

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

Asheville Regional Airport Authority

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/1999	\$ -	\$ 108,004	\$ 108,004	0.00%	\$ 562,232	19.21
12/31/2000	-	278,556	278,556	0.00%	507,211	54.92
12/31/2001	-	266,147	266,147	0.00%	550,940	48.31
12/31/2002	-	321,410	321,410	0.00%	546,517	58.81
12/31/2003	-	264,511	264,511	0.00%	490,297	53.95
12/31/2004	-	264,421	264,421	0.00%	514,320	51.41
12/31/2005	-	295,190	295,190	0.00%	529,431	55.76
12/31/2006	-	263,109	263,109	0.00%	575,361	45.73
12/31/2007	-	256,896	256,896	0.00%	402,947	63.75
12/31/2008	-	232,926	232,926	0.00%	508,081	45.84

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
2000	\$ 12,365	0 %
2001	14,395	103.87
2002	26,845	77.06
2003	27,259	82.43
2004	30,881	72.76
2005	26,048	101.72
2006	26,790	146.61
2007	25,271	168.79
2008	23,401	204.20
2009	20,572	251.08

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, 2008
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	22 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

Combining and Individual Fund Statements and Schedules



BUNCOMBE COUNTY, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2009

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Ad Valorem Taxes:			
Taxes		\$ 146,759,597	
Penalties and interest		658,836	
Total	\$ 147,404,487	147,418,433	\$ 13,946
Local Option Sales Taxes:			
Article 39, one percent *		9,742,056	
Article 40, one-half of one percent		8,886,125	
Article 42, one-half of one percent		8,742,614	
Article 44, one-half of one percent		6,010,571	
Total	36,689,817	33,381,366	(3,308,451)
Other Taxes and Licenses:			
Deed stamp excise tax		2,338,289	
Cable franchise tax		1,933,934	
Privilege licenses		20,890	
Rental car tax		327,528	
Total	5,921,000	4,620,641	(1,300,359)
Unrestricted Intergovernmental:			
Payments in lieu of taxes		110,534	
Beer and wine tax		578,842	
Total	599,000	689,376	90,376
Restricted Intergovernmental:			
Federal, State, and other grants		41,277,746	
Mixed drink surcharge		275,000	
Court facilities fees		524,262	
ABC bottle taxes		74,300	
Total	43,073,339	42,151,308	(922,031)
Permits and Fees:			
Building permits and inspections		1,236,265	
Register of deeds		1,493,456	
Total	3,576,750	2,729,721	(847,029)

* 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, 2009

	Budget	Actual	Variance Positive (Negative)
Sales and Services:			
Rents, concessions, and fees		\$ 1,137,958	
Jail fees		1,604,385	
Ambulance and rescue squad fees		5,892,892	
Recreation fees		904,616	
Other charges for services		8,108,642	
Total	\$ 14,412,735	17,648,493	\$ 3,235,758
Investment Earnings	2,100,000	2,182,849	82,849
Miscellaneous	1,238,461	705,751	(532,710)
Total revenues	255,015,589	251,527,938	(3,487,651)
EXPENDITURES			
General Government:			
Governing Body:			
Salaries and employee benefits		661,827	
Other operating expenditures		332,202	
Capital outlay		12,857	
Total		1,006,886	
County Manager:			
Salaries and employee benefits		450,491	
Other operating expenditures		286,035	
Total		736,526	
Personnel:			
Salaries and employee benefits		745,993	
Other operating expenditures		63,079	
Total		809,072	
Print Shop		6,118	
Finance:			
Salaries and employee benefits		1,452,573	
Other operating expenditures		385,768	
Total		1,838,341	

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, 2009

	Budget	Actual	Variance Positive (Negative)
General Government - continued:			
Records:			
Salaries and employee benefits		\$ 128,006	
Other operating expenditures		452	
Total		<u>128,458</u>	
Tax Department:			
Salaries and employee benefits		3,464,692	
Other operating expenditures		637,575	
Total		<u>4,102,267</u>	
Board of Elections:			
Salaries and employee benefits		657,242	
Other operating expenditures		454,278	
Total		<u>1,111,520</u>	
Register of Deeds:			
Salaries and employee benefits		1,510,884	
Other operating expenditures		1,489,598	
Total		<u>3,000,482</u>	
Information Technology:			
Salaries and employee benefits		4,258,056	
Other operating expenditures		2,815,087	
Capital outlay		168,581	
Total		<u>7,241,724</u>	
Total General Government	\$ 21,749,301	19,981,394	\$ 1,767,907
Public Safety:			
Court Support:			
Salaries and employee benefits		85,547	
Other operating expenditures		169,695	
Total		<u>255,242</u>	
Day Reporting & Drug Treatment:			
Salaries and employee benefits		93,232	
Other operating expenditures		70,076	
Total		<u>163,308</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, 2009

	Budget	Actual	Variance Positive (Negative)
Public Safety - continued:			
Pretrial Release & Family Treatment Court:			
Salaries and employee benefits		\$ 473,560	
Other operating expenditures		31,675	
Total		<u>505,235</u>	
District Attorney		<u>134,553</u>	
Juvenile Detention		<u>79,532</u>	
ID Bureau and C.D.E.:			
Salaries and employee benefits		963,781	
Other operating expenditures		116,641	
Capital outlay		14,856	
Total		<u>1,095,278</u>	
Criminal Justice Information System		<u>666,500</u>	
Sheriff:			
Salaries and employee benefits		12,873,475	
Other operating expenditures		1,352,639	
Capital outlay		13,210	
Contributions to outside agencies		47,742	
Total		<u>14,287,066</u>	
Detention Center:			
Salaries and employee benefits		8,892,237	
Other operating expenditures		2,872,797	
Capital outlay		43,080	
Total		<u>11,808,114</u>	
Emergency Services:			
Salaries and employee benefits		6,800,628	
Other operating expenditures		1,271,109	
Contributions to outside agencies		129,799	
Total		<u>8,201,536</u>	
Permits and Inspections:			
Salaries and employee benefits		1,522,529	
Other operating expenditures		108,801	
Total		<u>1,631,330</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, 2009

	Budget	Actual	Variance Positive (Negative)
Public Safety - continued:			
Medical Examiner		\$ 86,715	
General Services:			
Salaries and employee benefits		2,533,883	
Other operating expenditures		3,027,635	
Capital outlay		51,909	
Contributions to outside agencies		265,609	
Total		<u>5,879,036</u>	
Total Public Safety	\$ 45,168,147	44,793,445	\$ 374,702
Economic and Physical Development:			
Planning:			
Salaries and employee benefits		1,695,850	
Other operating expenditures		353,267	
Contributions to outside agencies		749,941	
Total		<u>2,799,058</u>	
Economic Development		<u>1,470,250</u>	
Cooperative Extension:			
Salaries and employee benefits		64,908	
Other operating expenditures		34,198	
Contributions to outside agencies		317,029	
Total		<u>416,135</u>	
Soil Conservation:			
Salaries and employee benefits		313,610	
Other operating expenditures		42,920	
Contributions to outside agencies		34,775	
Total		<u>391,305</u>	
Total Economic and Physical Development	7,591,905	5,076,748	2,515,157
Human Services:			
Health Services:			
Salaries and employee benefits		16,206,805	
Other operating expenditures		3,424,993	
Capital outlay		37,795	
Contributions to outside agencies		45,727	
Total		<u>19,715,320</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, 2009

	Budget	Actual	Variance Positive (Negative)
Human Services - continued:			
Human Services Support:			
Salaries and employee benefits		\$ 830,226	
Other operating expenditures		291	
Total		<u>830,517</u>	
Social Services:			
Salaries and employee benefits		24,516,164	
Other operating expenditures		4,096,287	
Contributions to outside agencies		25,241,347	
Total		<u>53,853,798</u>	
Other Youth Services		<u>609,798</u>	
Other Human Services:			
Other operating expenditures		1,907	
Contributions to outside agencies		3,095,130	
Total		<u>3,097,037</u>	
Total Human Services	\$ 83,880,977	78,106,470	\$ 5,774,507
Cultural and Recreation:			
Library:			
Salaries and employee benefits		3,595,585	
Other operating expenditures		1,487,744	
Total		<u>5,083,329</u>	
Recreation:			
Salaries and employee benefits		1,223,871	
Other operating expenditures		240,574	
Capital outlay		36,661	
Contributions to outside agencies		88,146	
Total		<u>1,589,252</u>	
Childcare centers:			
Salaries and employee benefits		2,473,540	
Other operating expenditures		505,639	
Total		<u>2,979,179</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, 2009

	Budget	Actual	Variance Positive (Negative)
Cultural and Recreation - continued:			
Art, Museums, and History		\$ 70,000	
Total Cultural and Recreation	\$ 10,125,676	9,721,760	\$ 403,916
Education:			
Public schools:			
Current expenditures		53,944,174	
Capital outlay		8,636,470	
Community college - current expenditures		8,037,732	
Total Education	71,352,600	70,618,376	734,224
Debt Service:			
Principal retirement		8,584,721	
Interest and fees		3,341,908	
Total Debt Service	13,823,682	11,926,629	1,897,053
Total expenditures	253,692,288	240,224,822	13,467,466
Revenues over expenditures	1,323,301	11,303,116	9,979,815
OTHER FINANCING SOURCES (USES):			
Operating transfers from other funds	1,051,237	1,065,710	14,473
Operating transfers to other funds	(10,500,776)	(10,500,776)	-
Proceeds from sale of capital assets	136,600	131,219	(5,381)
Appropriated fund balance	7,989,638	-	(7,989,638)
Total other financing sources (uses)	(1,323,301)	(9,303,847)	(7,980,546)
Net change in fund balance	\$ -	1,999,269	\$ 1,999,269
Fund balance, beginning, as previously reported		67,996,970	
Prior period adjustment		6,657	
Fund balance, beginning as restated		68,003,627	
Fund balance, end of year		\$ 70,002,896	



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, 2009

	Actual to June 30, 2009				Variance Positive (Negative)
	Project Authorization	Reported In Prior Years	Current Year	Total	
REVENUES					
Restricted intergovernmental	\$ 40,000	\$ 108,948	\$ 40,000	\$ 148,948	\$ 108,948
Investment earnings	2,435,591	2,793,856	132,116	2,925,972	490,381
Miscellaneous	864,201	-	464,201	464,201	(400,000)
Total revenues	3,339,792	2,902,804	636,317	3,539,121	199,329
EXPENDITURES					
Capital outlay:					
Public facilities:					
Tax software system	2,268,660	469,222	152,368	621,590	1,647,070
Detention Center addition	28,899,857	27,784,632	512,445	28,297,077	602,780
Detention Center security	125,000	103,673	9,560	113,233	11,767
Detention Center retaining wall	300,000	-	292,009	292,009	7,991
EOC technology	1,420,023	871,248	311,654	1,182,902	237,121
Radio EMS	1,250,000	-	514,397	514,397	735,603
EOC 911 unrestricted	796,804	488,665	182,717	671,382	125,422
EOC building	3,166,058	3,059,271	67,505	3,126,776	39,282
Public safety training center	15,000,000	-	106,093	106,093	14,893,907
Animal shelter barn	40,000	-	-	-	40,000
Primary care	2,034,874	-	-	-	2,034,874
Animal shelter	4,689,201	426,732	958,487	1,385,219	3,303,982
Health building renovation	4,107,000	-	-	-	4,107,000
DSS technology	1,104,389	726,698	122,332	849,030	255,359
DSS brick work	488,868	-	5,135	5,135	483,733
DSS floor repairs	500,000	-	28,986	28,986	471,014
Human services building expansion	566,519	-	566,519	566,519	-
Library system upgrade	361,000	-	-	-	361,000
Pack library renovation	4,775,000	33,009	288,832	321,841	4,453,159
Black Mtn library renovation	322,000	22,958	299,042	322,000	-
Parks improvement projects	526,893	-	45,858	45,858	481,035
Karpen field improvements	400,000	-	-	-	400,000
N. Bunc/Hominy field lighting	402,000	-	23,858	23,858	378,142
Business intelligence	900,000	570,631	21,829	592,460	307,540
Phone system	2,500,000	-	163,375	163,375	2,336,625
Limited two-factor authentication	150,000	-	67,705	67,705	82,295
Technology upgrade	1,850,235	-	-	-	1,850,235
Permit work order system	750,000	-	70,665	70,665	679,335
ERP technology upgrade	267,437	-	-	-	267,437
Document imaging equipment	410,400	52,372	143,493	195,865	214,535
Document imaging personnel	3,181,111	30,345	2,558	32,903	3,148,208
Document imaging facilities	1,867,000	-	-	-	1,867,000
Vehicle replacement	3,124,066	-	-	-	3,124,066
Courthouse generator	192,000	11,600	48,781	60,381	131,619
Courthouse windows	2,045,000	66,299	732,745	799,044	1,245,956

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, 2009

	Actual to June 30, 2009				Variance Positive (Negative)
	Project Authorization	Reported In Prior Years	Current Year	Total	
Expenditures (continued):					
Roof replacement	\$ 2,445,632	\$ 1,392,063	\$ 164,862	\$ 1,556,925	\$ 888,707
Permits renovations	825,983	724,632	101,351	825,983	-
Closed projects	2,398,471	2,116,027	271,259	2,387,286	11,185
Total capital outlay- public facilities	96,451,481	38,950,077	6,276,420	45,226,497	51,224,984
Interest and fees	23,696	1,938	-	1,938	21,758
Total expenditures	96,475,177	38,952,015	6,276,420	45,228,435	51,246,742
Revenues under expenditures	(93,135,385)	(36,049,211)	(5,640,103)	(41,689,314)	51,446,071
OTHER FINANCING SOURCES (USES)					
Installment obligations issued	52,678,523	29,962,004	-	29,962,004	(22,716,519)
Discount on installment obligations	(9,565)	(9,565)	-	(9,565)	-
Prior year revenues	35,423,157	34,947,691	-	34,947,691	(475,466)
Transfer from:					
General Fund	6,156,274	-	6,408,716	6,408,716	252,442
Transfers to:					
General Fund	(787,297)	-	(787,297)	(787,297)	-
Grant Projects	(23,107)	-	(23,107)	(23,107)	-
Mental Health	(302,600)	-	(302,600)	(302,600)	-
Total other financing sources (uses)	93,135,385	64,900,130	5,295,712	70,195,842	(22,939,543)
Revenues and other sources over (under) expenditures and other uses	\$ -	\$ 28,850,919	(344,391)	\$ 28,506,528	\$ 28,506,528
Fund balance, beginning of year			28,850,919		
Fund balance, end of year			\$ 28,506,528		

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, 2009

	Actual to June 30, 2009				Variance Positive (Negative)
	Project Budget	Reported in Prior Years	Current Year	Total	
REVENUES					
Intergovernmental revenues	\$ 130,320,113	\$ 120,934,132	\$ 16,665,174	\$ 137,599,306	\$ 7,279,193
Investment earnings	2,248,009	4,690,538	234,530	4,925,068	2,677,059
Total revenues	<u>132,568,122</u>	<u>125,624,670</u>	<u>16,899,704</u>	<u>142,524,374</u>	<u>9,956,252</u>
EXPENDITURES					
Capital outlay:					
Education:					
Buncombe County schools					
Sales tax projects	14,981,754	3,241,369	983,951	4,225,320	10,756,434
ADM projects	2,625,000	-	133,095	133,095	2,491,905
ADM lottery projects	1,475,200	-	1,420,811	1,420,811	54,389
Asheville City schools					
Sales tax projects	1,807,045	531,771	23,542	555,313	1,251,732
Total capital outlay	<u>20,888,999</u>	<u>3,773,140</u>	<u>2,561,399</u>	<u>6,334,539</u>	<u>14,554,460</u>
Debt service:					
Principal	50,469,432	38,446,307	8,258,221	46,704,528	3,764,904
Interest and fees	30,132,319	21,965,409	3,502,761	25,468,170	4,664,149
Total debt service	<u>80,601,751</u>	<u>60,411,716</u>	<u>11,760,982</u>	<u>72,172,698</u>	<u>8,429,053</u>
Total expenditures	<u>101,490,750</u>	<u>64,184,856</u>	<u>14,322,381</u>	<u>78,507,237</u>	<u>22,983,513</u>
Revenues over expenditures:	<u>31,077,372</u>	<u>61,439,814</u>	<u>2,577,323</u>	<u>64,017,137</u>	<u>32,939,765</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from issuance of debt	7,791,813	7,791,813	-	7,791,813	-
Premium on debt issued	714,077	714,077	-	714,077	-
Prior year revenues and transfers	(40,615,255)	(54,268,459)	-	(54,268,459)	(13,653,204)
Transfer from:					
School Bond Fund	1,031,993	-	1,031,993	1,031,993	-
Total other financing sources (uses)	<u>(31,077,372)</u>	<u>(45,762,569)</u>	<u>1,031,993</u>	<u>(44,730,576)</u>	<u>(13,653,204)</u>
Revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ 15,677,245</u>	<u>3,609,316</u>	<u>\$ 19,286,561</u>	<u>\$ 19,286,561</u>
Fund balance, beginning, as previously reported			15,683,440		
Prior period adjustment			(6,195)		
Fund balance, beginning as restated			<u>15,677,245</u>		
Fund balance, end of year			<u>\$ 19,286,561</u>		

Combining Statements for Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS:

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

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

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

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

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

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

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

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

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

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

DEBT SERVICE FUNDS:

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

CAPITAL PROJECTS FUNDS:

School Bond Fund - This fund accounts for the public school projects constructed with proceeds from general obligation school bonds and installment note financing. Once constructed, the assets will be capitalized by the local school units.

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

BUNCOMBE COUNTY, NORTH CAROLINA

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2009

	Special Revenue Funds					
	Special Districts			Occupancy Tax	Capital Reserve	Workforce Investment Act
	Water and Sewer	Volunteer Fire Departments	Emergency Telephone System			
ASSETS						
Cash and cash equivalents	\$ 200,720	\$ 588,548	\$ 2,451,667	\$ -	\$ 1,883,330	\$ 101,690
Receivables (net):						
Taxes receivable	-	190,955	-	597,766	-	-
Due from other governments	-	1,036,497	-	-	-	-
Accounts receivable	-	-	143,101	-	-	409,758
Restricted assets:						
Cash and cash equivalents	-	-	-	-	-	-
Total assets	\$ 200,720	\$ 1,816,000	\$ 2,594,768	\$ 597,766	\$ 1,883,330	\$ 511,448
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ -	\$ 1,625,045	\$ 42,263	\$ 8,966	\$ -	\$ 370,013
Salaries and payroll taxes payable	-	-	-	-	-	52,147
Refundable deposits	-	-	-	-	-	-
Unearned revenues	-	-	-	-	-	89,288
Deferred revenues	-	190,955	-	-	-	-
Due to general fund	-	-	-	-	-	-
Due to component unit	-	-	-	588,800	-	-
Total liabilities	-	1,816,000	42,263	597,766	-	511,448
FUND BALANCES						
Reserved by state statute	-	1,036,497	143,101	597,766	-	409,758
Unreserved	200,720	(1,036,497)	2,409,404	(597,766)	1,883,330	(409,758)
Total fund balances	200,720	-	2,552,505	-	1,883,330	-
Total liabilities and fund balances	\$ 200,720	\$ 1,816,000	\$ 2,594,768	\$ 597,766	\$ 1,883,330	\$ 511,448

Register of Deeds Automation	Grant Projects	Trans- portation	PDF Woodfin	Debt	Capital Projects Funds			Total Nonmajor Governmental Funds
				Service Fund	School Bond	Special Revenue Capital Projects		
\$ 418,942	\$ 1,668,228	\$ 338,803	\$ 42,694	\$ 26,770	\$ -	\$ 2,709,996	\$ 10,431,388	
-	-	-	-	-	-	-	788,721	
-	-	-	-	-	-	-	1,036,497	
-	-	-	-	-	-	-	552,859	
-	-	-	3,090,216	1,286,240	-	154,153	4,530,609	
<u>\$ 418,942</u>	<u>\$ 1,668,228</u>	<u>\$ 338,803</u>	<u>\$ 3,132,910</u>	<u>\$ 1,313,010</u>	<u>\$ -</u>	<u>\$ 2,864,149</u>	<u>\$ 17,340,074</u>	
\$ -	\$ 208,059	\$ 21,510	\$ -	\$ -	\$ -	\$ 98,108	\$ 2,373,964	
-	-	107,708	-	-	-	-	159,855	
-	-	-	-	-	-	79,651	79,651	
-	-	-	-	-	-	-	89,288	
-	-	-	-	-	-	-	190,955	
-	1,245,812	-	-	-	-	-	1,245,812	
-	-	-	-	-	-	-	588,800	
-	1,453,871	129,218	-	-	-	177,759	4,728,325	
-	-	-	-	-	-	-	2,187,122	
418,942	214,357	209,585	3,132,910	1,313,010	-	2,686,390	10,424,627	
418,942	214,357	209,585	3,132,910	1,313,010	-	2,686,390	12,611,749	
<u>\$ 418,942</u>	<u>\$ 1,668,228</u>	<u>\$ 338,803</u>	<u>\$ 3,132,910</u>	<u>\$ 1,313,010</u>	<u>\$ -</u>	<u>\$ 2,864,149</u>	<u>\$ 17,340,074</u>	

BUNCOMBE COUNTY, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2009

	Special Revenue Funds					
	Special Districts			Occupancy Tax	Capital Reserve	Workforce Investment Act
	Water and Sewer	Volunteer Fire Departments	Emergency Telephone System			
REVENUES						
Ad valorem taxes	\$ -	\$ 14,211,550	\$ -	\$ -	\$ -	\$ -
Other taxes	-	4,396,590	42,427	6,218,003	-	-
Restricted intergovernmental	-	-	1,886,731	-	-	2,307,831
Investment earnings	-	-	50,932	-	69,957	-
Miscellaneous	-	-	-	-	-	-
Total revenues	-	18,608,140	1,980,090	6,218,003	69,957	2,307,831
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public safety	-	18,608,153	245,418	-	-	-
Economic and physical development	-	-	-	6,124,733	-	2,307,831
Human services	-	-	-	-	-	-
Cultural and recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Interest and fees	-	-	-	-	-	-
Total expenditures	-	18,608,153	245,418	6,124,733	-	2,307,831
Revenues over (under) expenditure:	-	(13)	1,734,672	93,270	69,957	-
OTHER FINANCING SOURCES (USES)						
Project development bonds issued	-	-	-	-	-	-
Discount on project development bonds	-	-	-	-	-	-
Transfers from:						
General Fund	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-
Transfers to:						
General Fund	-	-	-	(93,270)	-	-
Grant Projects	-	-	-	-	-	-
School Capital Commission	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	(93,270)	-	-
Net change in fund balances	-	(13)	1,734,672	-	69,957	-
Fund balances, beginning, as previously reported	200,720	13	817,833	-	1,813,373	-
Prior period adjustments	-	-	-	-	-	-
Fund balances, beginning as restated	200,720	13	817,833	-	1,813,373	-
Fund balances, end of year	\$ 200,720	\$ -	\$ 2,552,505	\$ -	\$ 1,883,330	\$ -

Register of Deeds Automation	Grant Projects	Trans- portation	PDF Woodfin	Debt		School Bond	Special Revenue	Total Nonmajor Governmental Funds
				Service Fund	Capital Projects Funds			
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,211,550
-	-	-	-	-	-	-	-	10,657,020
150,389	1,039,760	2,364,674	-	-	-	-	500,700	8,250,085
13,895	-	-	59,580	17,010	4,351	-	4,615	220,340
-	-	93,766	-	-	-	-	181,636	275,402
164,284	1,039,760	2,458,440	59,580	17,010	4,351	686,951	33,614,397	
51,932	6,428	-	-	-	-	-	-	58,360
-	864,839	-	-	-	-	-	-	19,718,410
-	254,880	-	-	-	-	-	-	8,687,444
-	2,025	2,346,405	-	-	-	-	-	2,348,430
-	30,670	-	-	-	-	-	-	30,670
-	-	338,117	7,654,818	-	-	-	4,088,054	12,080,989
-	-	-	775,403	-	-	-	-	775,403
51,932	1,158,842	2,684,522	8,430,221	-	-	4,088,054	43,699,706	
112,352	(119,082)	(226,082)	(8,370,641)	17,010	4,351	(3,401,103)	(10,085,309)	
-	-	-	11,664,000	1,296,000	-	-	-	12,960,000
-	-	-	(160,449)	-	-	-	-	(160,449)
-	250,000	250,230	-	-	-	1,480,784	1,981,014	
-	2,025	-	-	-	-	-	2,025	
-	23,107	-	-	-	-	-	23,107	
-	(140,211)	-	-	-	-	(44,931)	(278,412)	
-	-	(1,414)	-	-	-	-	(1,414)	
-	-	-	-	-	(1,031,993)	-	(1,031,993)	
-	134,921	248,816	11,503,551	1,296,000	(1,031,993)	1,435,853	13,493,878	
112,352	15,839	22,734	3,132,910	1,313,010	(1,027,642)	(1,965,250)	3,408,569	
306,590	198,518	188,090	-	-	1,027,642	4,651,640	9,204,419	
-	-	(1,239)	-	-	-	-	(1,239)	
306,590	198,518	186,851	-	-	1,027,642	4,651,640	9,203,180	
\$ 418,942	\$ 214,357	\$ 209,585	\$ 3,132,910	\$ 1,313,010	\$ -	\$ 2,686,390	\$ 12,611,749	

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, 2009

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

BUNCOMBE COUNTY, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2009

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Ad valorem taxes		\$ 14,211,550	
Other taxes		4,396,590	
Total revenues	\$ 20,378,983	18,608,140	\$ (1,770,843)
EXPENDITURES			
Current:			
Public safety:			
Operating expenditures		11,531	
Contract payments to Volunteer Fire Departments		18,596,622	
Total expenditures	20,378,983	18,608,153	1,770,830
Net change in fund balance	\$ -	(13)	\$ (13)
Fund balance, beginning of year		13	
Fund balance, end of year		\$ -	

BUNCOMBE COUNTY, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2009

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Other taxes and licenses		\$ 42,427	
Restricted intergovernmental		1,886,731	
Investment earnings		50,932	
Total revenues	<u>\$ 1,800,000</u>	<u>1,980,090</u>	<u>\$ 180,090</u>
EXPENDITURES			
Current:			
Public safety:			
Operating expenditures		245,418	
Total expenditures	<u>1,800,000</u>	<u>245,418</u>	<u>1,554,582</u>
Net change in fund balance	<u>\$ -</u>	1,734,672	<u>\$ 1,734,672</u>
Fund balance, beginning of year		<u>817,833</u>	
Fund balance, end of year		<u>\$ 2,552,505</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, 2009

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Occupancy tax	\$ 6,681,215	\$ 6,218,003	\$ (463,212)
EXPENDITURES			
Current:			
Economic and physical development:			
Tourism development	6,580,997	6,124,733	456,264
Revenues over expenditures	100,218	93,270	(6,948)
OTHER FINANCING USES			
Transfer to:			
General Fund	(100,218)	(93,270)	6,948
Net change in fund balance	\$ -	-	\$ -
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

BUNCOMBE COUNTY, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2009

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Investment earnings	\$ -	\$ 69,957	\$ 69,957
EXPENDITURES	-	-	-
Net change in fund balance	<u>\$ -</u>	69,957	<u>\$ 69,957</u>
Fund balance, beginning of year		<u>1,813,373</u>	
Fund balance, end of year		<u>\$ 1,883,330</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, 2009

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Restricted intergovernmental	\$ 3,087,332	\$ 2,307,831	\$ (779,501)
EXPENDITURES			
Current:			
Economic and physical development:			
Salaries and employee benefits		703,230	
Purchased services		1,493,766	
Other operating expenditures		110,835	
Total expenditures	3,087,332	2,307,831	779,501
Net change in fund balance	\$ -	-	\$ -
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

BUNCOMBE COUNTY, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2009

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Restricted intergovernmental		\$ 150,389	
Investment earnings		13,895	
Total revenues	\$ 194,800	164,284	\$ (30,516)
EXPENDITURES			
Current:			
General government	200,000	51,932	148,068
Capital outlay	402,800	-	402,800
Total expenditures	602,800	51,932	550,868
Revenues over (under) expenditures	(408,000)	112,352	520,352
OTHER FINANCING SOURCES			
Appropriated fund balance	408,000	-	(408,000)
Net change in fund balance	\$ -	112,352	\$ 112,352
Fund balance, beginning of year		306,590	
Fund balance, end of year		\$ 418,942	

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, 2009

	Actual to June 30, 2009				Variance Positive (Negative)
	Project Budget	Reported in Prior Years	Current Year	Total	
REVENUES					
Restricted intergovernmental	\$ 10,898,701	\$ 4,157,382	\$ 1,039,760	\$ 5,197,142	\$ (5,701,559)
Sales and services	74,270	-	-	-	(74,270)
Total revenues	<u>10,972,971</u>	<u>4,157,382</u>	<u>1,039,760</u>	<u>5,197,142</u>	<u>(5,775,829)</u>
EXPENDITURES					
Current:					
General government	6,428	-	6,428	6,428	-
Public safety	5,769,896	1,712,887	864,839	2,577,726	3,192,170
Economic and physical development	4,465,822	2,436,828	254,880	2,691,708	1,774,114
Human services	555,088	-	2,025	2,025	553,063
Cultural and recreation	76,214	-	30,670	30,670	45,544
Capital outlay	317,522	20,186	-	20,186	297,336
Total expenditures	<u>11,190,970</u>	<u>4,169,901</u>	<u>1,158,842</u>	<u>5,328,743</u>	<u>5,862,227</u>
Revenues under expenditures	<u>(217,999)</u>	<u>(12,519)</u>	<u>(119,082)</u>	<u>(131,601)</u>	<u>86,398</u>
OTHER FINANCING SOURCES (USES)					
Prior year revenues and transfers	201,373	211,037	-	211,037	9,664
Transfer to:					
General Fund	(140,211)	-	(140,211)	(140,211)	-
Transfer from:					
General Fund	-	-	250,000	250,000	250,000
Transportation	133,730	-	2,025	2,025	(131,705)
Capital projects	23,107	-	23,107	23,107	-
Total other financing sources (uses)	<u>217,999</u>	<u>211,037</u>	<u>134,921</u>	<u>345,958</u>	<u>127,959</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 198,518</u>	15,839	<u>\$ 214,357</u>	<u>\$ 214,357</u>
Fund balance, beginning of year			<u>198,518</u>		
Fund balance, end of year			<u>\$ 214,357</u>		

BUNCOMBE COUNTY, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2009

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Restricted intergovernmental		\$ 2,364,674	
Miscellaneous		93,766	
Total revenues	\$ 2,401,704	2,458,440	\$ 56,736
EXPENDITURES			
Current:			
Human services:			
Salaries and employee benefits		1,540,673	
Other operating expenditures		805,732	
Capital outlay		338,117	
Total expenditures	3,019,437	2,684,522	334,915
Revenues under expenditures	(617,733)	(226,082)	391,651
OTHER FINANCING SOURCES (USES)			
Appropriated fund balance	8,483	-	(8,483)
Transfer from:			
General Fund	610,664	250,230	(360,434)
Transfer to:			
Grant Projects	(1,414)	(1,414)	-
Total other financing sources (uses)	617,733	248,816	(368,917)
Net change in fund balance	\$ -	22,734	\$ 22,734
Fund balance, beginning, as previously stated		188,090	
Prior period adjustments		(1,239)	
Fund balance, beginning as restated		186,851	
Fund balance, end of year		\$ 209,585	

BUNCOMBE COUNTY, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2009

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Investment earnings	\$ 27,125	\$ 59,580	\$ 32,455
EXPENDITURES			
Capital outlay	7,431,689	7,654,818	(223,129)
Debt service:			
Interest and fees	618,950	775,403	(156,453)
Total expenditures	8,050,639	8,430,221	(379,582)
Revenues under expenditures	(8,023,514)	(8,370,641)	(347,127)
OTHER FINANCING SOURCES			
Project development bonds issued	8,023,514	11,664,000	3,640,486
Discount on project development bonds	-	(160,449)	(160,449)
Total other financing sources	8,023,514	11,503,551	3,480,037
Net change in fund balance	\$ -	3,132,910	\$ 3,132,910
Fund balance, beginning of year		-	
Fund balance, end of year		\$ 3,132,910	

BUNCOMBE COUNTY, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2009

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Investment earnings	\$ 1,249,020	\$ 17,010	\$ (1,232,010)
EXPENDITURES			
Debt service:			
Principal retirement	2,384,640	-	2,384,640
Interest and fees	-	-	-
Total expenditures	2,384,640	-	2,384,640
Revenues under expenditures	(1,135,620)	17,010	1,152,630
OTHER FINANCING SOURCES (USES)			
Project development bonds issued	1,296,000	1,296,000	-
Transfer to:			
PDF Woodfin downtown	(160,380)	-	160,380
Total other financing sources (uses)	1,135,620	1,296,000	160,380
Net change in fund balance	\$ -	1,313,010	\$ 1,313,010
Fund balance, beginning of year		-	
Fund balance, end of year		\$ 1,313,010	

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, 2009

	Actual to June 30, 2009				Variance Positive (Negative)
	Project Budget	Reported in Prior Years	Current Year	Total	
REVENUES					
Investment earnings	\$ 1,035,565	\$ 1,031,214	\$ 4,351	\$ 1,035,565	\$ -
EXPENDITURES					
Capital outlay:					
Education:					
County schools	-	-	-	-	-
Revenues over expenditures	1,035,565	1,031,214	4,351	1,035,565	-
OTHER FINANCING USES					
Prior year revenues and transfers	(3,572)	(3,572)	-	(3,572)	-
Transfer to:					
School capital commission	(1,031,993)	-	(1,031,993)	(1,031,993)	-
Total other financing uses	(1,035,565)	(3,572)	(1,031,993)	(1,035,565)	-
Revenues over (under) expenditures and other uses	\$ -	\$ 1,027,642	(1,027,642)	\$ -	\$ -
Fund balance, beginning of year			1,027,642		
Fund balance, end of year			\$ -		

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, 2009

	Actual to June 30, 2009				Variance Positive (Negative)
	Project Budget	Reported in Prior Years	Current Year	Total	
REVENUES					
Restricted intergovernmental:					
Home FY05	\$ 47,800	\$ 33,337	\$ 14,463	\$ 47,800	\$ -
CDBG scattered site project 3	400,000	-	226,127	226,127	(173,873)
Home FY07	164,076	-	164,076	164,076	-
Home FY08	220,320	-	65,458	65,458	(154,862)
HFA single-family rehab program	400,000	-	-	-	(400,000)
Program income CDBG	59,929	59,928	-	59,928	(1)
CDBG urgent needs	600,000	371,394	-	371,394	(228,606)
Home program income	119,166	88,588	30,576	119,164	(2)
Advantage West	25,000	13,003	-	13,003	(11,997)
CAT grant - PEG fund	10,000	-	-	-	(10,000)
Investment earnings	1,396,892	1,470,616	4,615	1,475,231	78,339
Miscellaneous	183,420	13,294	181,636	194,930	11,510
Total revenues	3,626,603	2,050,160	686,951	2,737,111	(889,492)
EXPENDITURES					
Capital outlay:					
Housing:					
Scattered site CDBG project	410,400	93,597	242,187	335,784	74,616
Home FY08	295,320	-	70,933	70,933	224,387
Home FY07	239,076	123,442	108,616	232,058	7,018
Home FY06	75,000	57,500	17,500	75,000	-
Home FY05	79,750	42,470	18,080	60,550	19,200
Home program income	119,166	88,589	30,577	119,166	-
HFA single-family rehab	410,400	-	-	-	410,400
Program income CDBG	59,929	59,929	-	59,929	-
CDBG urgent needs	600,624	371,394	-	371,394	229,230
Housing trust:					
Housing trust program income	183,420	-	-	-	183,420
Housing trust FY09	300,000	-	78,750	78,750	221,250
Mobile home disposal FY09	50,000	-	-	-	50,000
Housing trust FY08	250,000	-	75,000	75,000	175,000
Mobile home disposal FY08	100,000	17,035	60,734	77,769	22,231
Housing trust FY07	250,000	116,615	132,850	249,465	535
Housing trust FY06	273,200	266,255	6,945	273,200	-
Housing trust FY04	300,000	243,482	27,339	270,821	29,179
Soil conservation	1,685,534	156,671	189,891	346,562	1,338,972
Community college	1,047,447	-	475,418	475,418	572,029
Closed projects	9,693,234	7,125,973	2,553,234	9,679,207	14,027
Total capital outlay	16,422,500	8,762,952	4,088,054	12,851,006	3,571,494

Continued on next page

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, 2009

	Actual to June 30, 2009			Variance Positive (Negative)	
	Project Budget	Reported in Prior Years	Current Year		Total
Expenditures (continued):					
Debt service:					
Interest and fees	\$ 5,373	\$ 985	\$ -	\$ 985	\$ 4,388
Total expenditures	16,427,873	8,763,937	4,088,054	12,851,991	3,575,882
Revenues under expenditures	(12,801,270)	(6,713,777)	(3,401,103)	(10,114,880)	2,686,390
OTHER FINANCING SOURCES (USES):					
Proceeds from issuance of debt	10,899,602	10,899,602	-	10,899,602	-
Premium on debt issued	465,815	465,815	-	465,815	-
Transfer from:					
General Fund	1,480,784	-	1,480,784	1,480,784	-
Transfers to:					
General Fund	(44,931)	-	(44,931)	(44,931)	-
Total other financing sources (uses)	12,801,270	11,365,417	1,435,853	12,801,270	-
Revenues and other sources over (under) expenditures and other uses	\$ -	\$ 4,651,640	(1,965,250)	\$ 2,686,390	\$ 2,686,390
Fund balance, beginning of year			4,651,640		
Fund balance, end of year			\$ 2,686,390		

BUNCOMBE COUNTY, NORTH CAROLINA

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

Solid Waste Disposal Fund

FOR THE YEAR ENDED JUNE 30, 2009

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Operating revenues:			
Tipping fees		\$ 6,448,485	
Service charges and other revenues		149,755	
Intergovernmental revenues		321,567	
Total operating revenues	\$ 6,710,562	6,919,807	\$ 209,245
Nonoperating revenues (expenses):			
Investment earnings		250,071	
Increase in estimated landfill closure and postclosure care cost liability		(101,879)	
Total nonoperating revenues (expenses)	157,918	148,192	(9,726)
Total revenues	6,868,480	7,067,999	199,519
EXPENDITURES			
Landfill:			
Salaries, wages, and fringe benefits		1,252,890	
Maintenance and repairs		276,542	
Contracted services		1,132,328	
Other operating expenses		837,332	
Landfill closure and postclosure care costs		559,283	
Total landfill		4,058,375	
Transfer station:			
Salaries, wages, and fringe benefits		440,928	
Maintenance and repairs		133,477	
Contracted services		10,158	
Other operating expenses		157,508	
Total transfer station		742,071	
Capital outlay		762,599	
Debt service:			
Principal retirement		2,085,000	
Interest and fees		449,739	
Total debt service		2,534,739	
Total expenditures	9,405,442	8,097,784	1,307,658
Revenues under expenditures	(2,536,962)	(1,029,785)	1,507,177

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, 2009

	Budget	Actual	Variance Positive (Negative)
OTHER FINANCING SOURCES			
Fund balance appropriated	\$ 2,536,962	\$ -	\$ (2,536,962)
Sale of capital assets	-	4,520	4,520
Total other financing sources	2,536,962	4,520	(2,532,442)
Revenues and other sources under expenditures	<u>\$ -</u>	(1,025,265)	<u>\$ (1,025,265)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Debt principal		2,085,000	
Decrease in accrued interest		14,898	
Amortization of bond premium and deferred charges		(25,047)	
Decrease in accrued compensated absences		1,598	
Increase in other postemployment benefits liability		(32,190)	
Capital outlay		762,599	
Depreciation		(1,811,745)	
Book value of disposed assets		(125,667)	
From landfill closure and postclosure reserve fund:			
Investment earnings		53,054	
Total reconciling items		<u>922,500</u>	
Change in net assets		<u><u>\$ (102,765)</u></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, 2009

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
REVENUES					
Investment earnings	\$ 1,000,000	\$ 2,509,124	\$ 53,054	\$ 2,562,178	\$ 1,562,178
EXPENDITURES					
Capital outlay	1,000,000	53,537	-	53,537	946,463
Revenues over expenditures	-	2,455,587	53,054	2,508,641	2,508,641
OTHER FINANCING SOURCES (USES)					
Operating transfers in (out):					
From Solid Waste Disposal Fund	6,771,800	6,771,800	-	6,771,800	-
To Solid Waste Disposal Fund	(6,771,800)	(2,667,614)	-	(2,667,614)	4,104,186
Total other financing sources (uses)	-	4,104,186	-	4,104,186	4,104,186
Revenues and other sources over expenditures and other uses	\$ -	\$ 6,559,773	\$ 53,054	\$ 6,612,827	\$ 6,612,827

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, 2009

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
REVENUES					
Investment earnings	\$ -	\$ 33,378	\$ -	\$ 33,378	\$ 33,378
Restricted intergovernmental	453,700	485,501	-	485,501	31,801
Total revenues	453,700	518,879	-	518,879	65,179
EXPENDITURES					
Capital outlay	8,918,011	3,536,303	651,930	4,188,233	4,729,778
Revenues under expenditures	(8,464,311)	(3,017,424)	(651,930)	(3,669,354)	4,794,957
OTHER FINANCING SOURCES					
Prior year revenues	8,464,311	16,341,886	-	16,341,886	7,877,575
Revenues and other sources over (under) expenditures	\$ -	\$ 13,324,462	\$ (651,930)	\$ 12,672,532	\$ 12,672,532

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, 2009

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Operating revenues:			
Parking rental fees		\$ 88,148	
Nonoperating revenues:			
Investment earnings		<u>287,335</u>	
Total revenues	<u>\$ 743,450</u>	<u>375,483</u>	<u>\$ (367,967)</u>
EXPENDITURES			
Salaries, wages, and fringe benefits		104,724	
Contracted services		1,583	
Maintenance and repairs		8,810	
Other operating expenditures		135,336	
Debt service:			
Principal retirement		355,000	
Interest and fees		<u>626,242</u>	
Total expenditures	<u>1,372,131</u>	<u>1,231,695</u>	<u>140,436</u>
Revenues under expenditures	<u>(628,681)</u>	<u>(856,212)</u>	<u>(227,531)</u>
OTHER FINANCING SOURCES			
Fund balance appropriated	628,681	-	(628,681)
Sale of capital assets	-	20,000	20,000
Total other financing sources	<u>628,681</u>	<u>20,000</u>	<u>(608,681)</u>
Revenues and other sources under expenditures	<u>\$ -</u>	<u>(836,212)</u>	<u>\$ (836,212)</u>

Continued on next page

BUNCOMBE COUNTY, NORTH CAROLINA

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

Buncombe County Parking Deck Fund

FOR THE YEAR ENDED JUNE 30, 2009

	Budget	Actual	Variance Positive (Negative)
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Debt principal		\$ 355,000	
Decrease in accrued interest		3,550	
Amortization of installment obligation discount		(5,137)	
Increase in accrued compensated absences		(3,849)	
Depreciation		(13,560)	
Book value of disposed assets		(51,776)	
Total reconciling items		<u>284,228</u>	
Change in net assets		<u>\$ (551,984)</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, 2009

	Project	Actual			Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
REVENUES					
Investment earnings	\$ -	\$ -	\$ -	\$ -	\$ -
EXPENDITURES					
Capital outlay:					
Parking deck - College Street	14,034,000	9,438,090	3,980,155	13,418,245	615,755
Parking deck - Coxe Avenue	642,097	355,277	286,820	642,097	-
Total capital outlay	14,676,097	9,793,367	4,266,975	14,060,342	615,755
Revenues under expenditures	(14,676,097)	(9,793,367)	(4,266,975)	(14,060,342)	615,755
OTHER FINANCING SOURCES					
Proceeds from installment obligations	642,097	-	-	-	(642,097)
Prior year transfers	14,034,000	14,034,000	-	14,034,000	-
Total other financing sources	14,676,097	14,034,000	-	14,034,000	(642,097)
Revenues and other financing sources over (under) expenditures	\$ -	\$ 4,240,633	\$ (4,266,975)	\$ (26,342)	\$ (26,342)

BUNCOMBE COUNTY, NORTH CAROLINA

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

Human Services Facilities Fund

FOR THE YEAR ENDED JUNE 30, 2009

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Operating revenues:			
Rental income		\$ 617,530	
Nonoperating revenues:			
Investment earnings		<u>74,037</u>	
Total revenues	<u>\$ 599,915</u>	<u>691,567</u>	<u>\$ 91,652</u>
EXPENDITURES			
Salaries, wages, and fringe benefits		180,288	
Contracted services		96,537	
Maintenance and repairs		26,698	
Other operating expenditures		<u>158,920</u>	
Total expenditures	<u>1,191,541</u>	<u>462,443</u>	<u>729,098</u>
Revenues over (under) expenditures	<u>(591,626)</u>	<u>229,124</u>	<u>820,750</u>
OTHER FINANCING SOURCES			
Appropriated fund balance	<u>591,626</u>	<u>-</u>	<u>(591,626)</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>229,124</u>	<u>\$ 229,124</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
RECONCILING ITEMS:			
Depreciation		(333,823)	
Transfer of capital assets		953,399	
Increase in accrued compensated absences		<u>(5,778)</u>	
Total reconciling items		<u>613,798</u>	
Change in net assets		<u>\$ 842,922</u>	

Combining Statements for Nonmajor Enterprise Funds

Enterprise Funds:

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

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

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

BUNCOMBE COUNTY, NORTH CAROLINA

Combining Statement of Net Assets

Nonmajor Enterprise Funds

JUNE 30, 2009

	Mental Health	CJIS	Inmate Commissary/ Welfare	Total Nonmajor Enterprise Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,531,592	\$ 113,002	\$ 347,379	\$ 1,991,973
Receivables, net	4,250	46,380	964	51,594
Total current assets	1,535,842	159,382	348,343	2,043,567
Noncurrent assets:				
Capital assets, net	391,646	1,122,255	66,577	1,580,478
Total noncurrent assets	391,646	1,122,255	66,577	1,580,478
Total assets	1,927,488	1,281,637	414,920	3,624,045
LIABILITIES				
Current liabilities:				
Accounts payable	17,499	11,338	8,371	37,208
Salaries and payroll taxes payable	-	29,105	18,788	47,893
Accrued compensated absences	-	41,034	18,534	59,568
Other liabilities	24,000	-	-	24,000
Total current liabilities	41,499	81,477	45,693	168,669
NET ASSETS				
Invested in capital assets, net of related debt	391,646	1,122,255	66,577	1,580,478
Unrestricted	1,494,343	77,905	302,650	1,874,898
Total net assets	\$ 1,885,989	\$ 1,200,160	\$ 369,227	\$ 3,455,376

BUNCOMBE COUNTY, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2009

	Mental Health	CJIS	Inmate Commissary/ Welfare	Total Nonmajor Enterprise Funds
OPERATING REVENUES				
Charges for services and products	\$ -	\$ 1,194,794	\$ 468,406	\$ 1,663,200
Total operating revenues	-	1,194,794	468,406	1,663,200
OPERATING EXPENSES				
Salaries, wages, and fringe benefits	-	511,066	257,884	768,950
Contracted services	363,449	90,900	26,527	480,876
Cost of products sold	-	-	216,758	216,758
Maintenance and repairs	-	282,486	-	282,486
Contributions to outside agencies	153,000	-	-	153,000
Depreciation	15,408	606,813	19,973	642,194
Other operating expenses	75,000	141,329	38,280	254,609
Total operating expenses	606,857	1,632,594	559,422	2,798,873
Operating loss	(606,857)	(437,800)	(91,016)	(1,135,673)
NONOPERATING REVENUES				
Investment earnings	89,756	12,321	15,081	117,158
Total nonoperating revenues	89,756	12,321	15,081	117,158
Loss before contributions and transfers	(517,101)	(425,479)	(75,935)	(1,018,515)
Capital contributions	-	1,625,639	-	1,625,639
Transfer from:				
Capital projects	302,600	-	-	302,600
Change in net assets	(214,501)	1,200,160	(75,935)	909,724
Net assets, beginning of year	2,100,490	-	445,162	2,545,652
Net assets, end of year	\$ 1,885,989	\$ 1,200,160	\$ 369,227	\$ 3,455,376

BUNCOMBE COUNTY, NORTH CAROLINA

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

FOR THE YEAR ENDED JUNE 30, 2009

	Mental Health	CJIS	Inmate Commissary/ Welfare	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ -	\$ 1,148,414	\$ 468,406	\$ 1,616,820
Cash paid for goods and services	(586,053)	(503,377)	(280,542)	(1,369,972)
Cash paid to employees for services	-	(440,927)	(253,390)	(694,317)
Net cash provided (used) by operating activities	(586,053)	204,110	(65,526)	(447,469)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	107,680	12,321	14,116	134,117
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Loans (to)/from other funds	1,707,365	-	-	1,707,365
Transfers from other funds	302,600	-	-	302,600
Net cash provided by noncapital and related financing activities	2,009,965	-	-	2,009,965
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	-	(103,429)	-	(103,429)
Net increase (decrease) in cash and cash equivalents	1,531,592	113,002	(51,410)	1,593,184
Cash and cash equivalents, beginning of year	-	-	398,789	398,789
Cash and cash equivalents, end of year	\$ 1,531,592	\$ 113,002	\$ 347,379	\$ 1,991,973
Reconciliation of operating loss to net cash provided (used) by operating activities:				
Operating loss	\$ (606,857)	\$ (437,800)	\$ (91,016)	\$ (1,135,673)
Adjustments to reconcile operating loss to net cash used by operating activities:				
Depreciation	15,408	606,813	19,973	642,194
Changes in assets and liabilities:				
Accounts receivable	-	(46,380)	-	(46,380)
Accounts payable	5,396	11,338	1,023	17,757
Salaries and payroll taxes payable	-	29,105	509	29,614
Accrued compensated absences	-	41,034	3,985	45,019
Total adjustments	20,804	641,910	25,490	688,204
Net cash provided (used) by operating activities	\$ (586,053)	\$ 204,110	\$ (65,526)	\$ (447,469)

BUNCOMBE COUNTY, NORTH CAROLINA

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

Mental Health Fund

FOR THE YEAR ENDED JUNE 30, 2009

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Operating revenues		\$ -	
Nonoperating revenues:			
Investment earnings		<u>89,756</u>	
Total revenues	<u>\$ -</u>	<u>89,756</u>	<u>\$ 89,756</u>
EXPENDITURES			
Contracted services		363,449	
Contributions to outside agencies		153,000	
Other operating expenses		<u>75,000</u>	
Total expenditures	<u>1,141,668</u>	<u>591,449</u>	<u>550,219</u>
Revenues under expenditures	<u>(1,141,668)</u>	<u>(501,693)</u>	<u>639,975</u>
OTHER FINANCING SOURCES			
Appropriated fund balance	1,141,668	-	(1,141,668)
Transfer from:			
Capital Projects	<u>-</u>	<u>302,600</u>	<u>302,600</u>
Total other financing sources	<u>1,141,668</u>	<u>302,600</u>	<u>(839,068)</u>
Revenues and other sources under expenditures	<u>\$ -</u>	<u>(199,093)</u>	<u>\$ (199,093)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
RECONCILING ITEMS			
Depreciation		<u>(15,408)</u>	
Total reconciling items		<u>(15,408)</u>	
Change in net assets		<u>\$ (214,501)</u>	

BUNCOMBE COUNTY, NORTH CAROLINA

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

Criminal Justice Information Systems (CJIS) Fund

FOR THE YEAR ENDED JUNE 30, 2009

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Operating revenues:			
Charges for services		\$ 1,194,794	
Nonoperating revenues:			
Investment earnings		<u>12,321</u>	
Total revenues	\$ 1,341,836	1,207,115	\$ (134,721)
EXPENDITURES			
Salaries, wages, and fringe benefits		470,032	
Contracted services		90,900	
Maintenance and repairs		282,486	
Other operating expenditures		141,329	
Capital outlay		<u>103,429</u>	
Total expenditures	1,841,836	1,088,176	753,660
Revenues over (under) expenditures	<u>(500,000)</u>	118,939	618,939
OTHER FINANCING SOURCES			
Installment obligations issued	500,000	-	(500,000)
Revenues and other sources over expenditures	<u>\$ -</u>	118,939	<u>\$ 118,939</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
RECONCILING ITEMS:			
Capital outlay		103,429	
Transfer of capital assets		1,625,639	
Depreciation		(606,813)	
Increase in accrued compensated absences		(41,034)	
Total reconciling items		<u>1,081,221</u>	
Change in net assets		<u>\$ 1,200,160</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, 2009

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Operating revenues:			
Commissary concessions		\$ 327,417	
Telephone concessions		140,989	
Total operating revenues		<u>468,406</u>	
Nonoperating revenues:			
Investment earnings		<u>15,081</u>	
Total revenues	\$ 453,695	483,487	\$ 29,792
EXPENDITURES			
Salaries, wages, and fringe benefits		257,884	
Contracted services		26,527	
Cost of products sold		216,758	
Other operating expenditures		<u>38,280</u>	
Total expenditures	586,907	539,449	47,458
Revenues under expenditures	(133,212)	(55,962)	77,250
OTHER FINANCING SOURCES			
Appropriated fund balance	133,212	-	(133,212)
Revenues and other sources under expenditures	<u>\$ -</u>	(55,962)	<u>\$ (55,962)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
RECONCILING ITEMS			
Depreciation		<u>(19,973)</u>	
Total reconciling items		<u>(19,973)</u>	
Change in net assets		<u>\$ (75,935)</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, 2009

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Operating revenues:			
Charges for services		\$ 17,567,289	
Nonoperating revenues:			
Investment earnings		<u>349,512</u>	
Total revenues	\$ 17,794,679	17,916,801	\$ 122,122
EXPENDITURES			
Insurance premiums		2,309,073	
Claims		<u>18,915,395</u>	
Total expenditures	22,747,060	21,224,468	1,522,592
Revenues under expenditures	(4,952,381)	(3,307,667)	1,644,714
OTHER FINANCING SOURCES			
Appropriated fund balance	4,952,381	-	(4,952,381)
Transfer from General Fund	-	2,110,434	2,110,434
Total other financing sources	4,952,381	2,110,434	(2,841,947)
Revenues and other sources under expenditures	\$ -	\$ (1,197,233)	\$ (1,197,233)

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

FOR THE YEAR ENDED JUNE 30, 2009

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
Inmate Trust Fund:				
Assets				
Cash and cash equivalents	\$ 81,648	\$ 621,847	\$ 613,329	\$ 90,166
Liabilities				
Accounts payable	\$ 2,176	\$ 1,996	\$ 1,868	\$ 2,304
Due to beneficiaries	79,472	624,277	615,887	87,862
	<u>\$ 81,648</u>	<u>\$ 626,273</u>	<u>\$ 617,755</u>	<u>\$ 90,166</u>
General Agency Accounts:				
Assets				
Cash and cash equivalents	\$ 628,414	\$ 62,002,093	\$ 62,068,233	\$ 562,274
Accounts receivable	786,940	581,038	787,095	580,883
	<u>\$ 1,415,354</u>	<u>\$ 62,583,131</u>	<u>\$ 62,855,328</u>	<u>\$ 1,143,157</u>
Liabilities				
Accounts payable	\$ 1,255,283	\$ 991,843	\$ 1,263,383	\$ 983,743
Due to other taxing units	160,071	62,640,669	62,641,326	159,414
	<u>\$ 1,441,838</u>	<u>\$ 63,632,512</u>	<u>\$ 63,904,709</u>	<u>\$ 1,143,157</u>
Social Services Fund:				
Assets				
Cash and cash equivalents	\$ 119,075	\$ 1,026,345	\$ 991,165	\$ 154,255
Liabilities				
Accounts payable	\$ -	\$ 1,005,324	\$ 999,282	\$ 6,042
Due to beneficiaries	119,075	1,035,994	1,006,856	148,213
	<u>\$ 151,170</u>	<u>\$ 2,041,318</u>	<u>\$ 2,006,138</u>	<u>\$ 154,255</u>
Sondley Estate Trust:				
Assets				
Cash and cash equivalents	\$ 828,019	\$ 31,882	\$ 6,659	\$ 853,242
Liabilities				
Due to beneficiaries	\$ 828,019	\$ 31,768	\$ 6,545	\$ 853,242
NC Motor Vehicle Interest:				
Assets				
Cash and cash equivalents	\$ 7,311	\$ 83,297	\$ 90,608	\$ -
Liabilities				
Accounts payable	\$ 6,437	\$ -	\$ 6,437	\$ -
Due to other taxing units	874	89,733	90,607	-
	<u>\$ 7,311</u>	<u>\$ 89,733</u>	<u>\$ 97,044</u>	<u>\$ -</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, 2009

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
Buncombe County Anticrime Task Force:				
Assets				
Cash and cash equivalents	\$ 489,301	\$ 199,605	\$ 307,313	\$ 381,593
Accounts receivable	-	-	-	-
	<u>\$ 489,301</u>	<u>\$ 199,605</u>	<u>\$ 307,313</u>	<u>\$ 381,593</u>
Liabilities				
Due to beneficiaries	\$ 489,301	\$ 899,420	\$ 1,007,128	\$ 381,593
Sheriff's Forfeiture and Controlled Substance Fund:				
Assets				
Cash and cash equivalents	\$ 46,614	\$ 26,092	\$ 55,568	\$ 17,138
Liabilities				
Due to beneficiaries	\$ 46,614	\$ 43,230	\$ 72,706	\$ 17,138
Totals - All Agency Funds				
Assets				
Cash and cash equivalents	\$ 2,200,382	\$ 63,991,161	\$ 64,132,875	\$ 2,058,668
Accounts receivable	786,940	581,038	787,095	580,883
	<u>\$ 2,987,322</u>	<u>\$ 64,572,199</u>	<u>\$ 64,919,970</u>	<u>\$ 2,639,551</u>
Liabilities				
Accounts payable	\$ 1,263,896	\$ 1,999,163	\$ 2,270,970	\$ 992,089
Due to other taxing units	160,945	62,730,402	62,731,933	159,414
Due to beneficiaries	1,562,481	2,634,689	2,709,122	1,488,048
	<u>\$ 2,987,322</u>	<u>\$ 67,364,254</u>	<u>\$ 67,712,025</u>	<u>\$ 2,639,551</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, 2009

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Sales and services		\$ 6,500	
Investment earnings		5,903	
Total revenues	<u>\$ 20,000</u>	<u>12,403</u>	<u>\$ (7,597)</u>
EXPENDITURES			
Current:			
Environmental protection:			
Contracted services	20,000	5,809	14,191
Total expenditures	<u>20,000</u>	<u>5,809</u>	<u>14,191</u>
Revenues over expenditures	<u>\$ -</u>	6,594	<u>\$ 6,594</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Depreciation		(42,143)	
Total reconciling items		<u>(42,143)</u>	
Changes in net assets		<u>\$ (35,549)</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, 2009

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Federal, state, and other grants		\$ 540,064	
Licenses and permits		211,621	
Investment earnings		35,481	
Total revenues	<u>\$ 741,900</u>	<u>787,166</u>	<u>\$ 45,266</u>
EXPENDITURES			
Current:			
Environmental protection:			
Salaries and employee benefits		710,164	
Other operating expenses		166,659	
Total expenditures	<u>900,122</u>	<u>876,823</u>	<u>23,299</u>
Revenues under expenditures	<u>(158,222)</u>	<u>(89,657)</u>	<u>68,565</u>
OTHER FINANCING SOURCES			
Appropriated fund balance	<u>158,222</u>	<u>-</u>	<u>(158,222)</u>
Revenues and other sources under expenditures	<u>\$ -</u>	<u>(89,657)</u>	<u>\$ (89,657)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Depreciation		<u>(13,100)</u>	
Total reconciling items		<u>(13,100)</u>	
Change in net assets		<u>\$ (102,757)</u>	

Other Schedules



BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Ad Valorem Taxes Receivable

General Fund

JUNE 30, 2009

Fiscal Year	Uncollected Balance June 30, 2008	Additions	Collections and Credits	Uncollected Balance June 30, 2009
2008-2009	\$ -	\$ 147,652,420	\$ 145,745,096	\$ 1,907,324
2007-2008	1,248,334	-	890,708	357,626
2006-2007	342,192	5,948	95,459	252,681
2005-2006	306,923	-	59,774	247,149
2004-2005	238,314	-	25,160	213,154
2003-2004	220,892	-	11,936	208,956
2002-2003	322,181	-	69,519	252,662
2001-2002	245,704	-	7,484	238,220
2000-2001	205,886	-	5,886	200,000
1999 & Prior	1,069,108	-	25,819	1,043,289
Total	\$ 4,199,534	\$ 147,658,368	\$ 146,936,841	4,921,061
Less allowance for uncollectible ad valorem taxes receivable				<u>(2,592,752)</u>
Ad valorem taxes receivable, net				<u>\$ 2,328,309</u>
Reconciliation with Revenues:				
Taxes - Ad valorem - General Fund				\$ 147,418,433
Reconciling items:				
Releases				175,913
Interest Collected				(535,046)
Amounts collected 60 days after year-end - net				(122,459)
Total reconciling items				<u>(481,592)</u>
Total collections and credits				<u>\$ 146,936,841</u>

BUNCOMBE COUNTY, NORTH CAROLINA

Analysis of Current Year County-Wide Tax Levy

FOR THE YEAR ENDED JUNE 30, 2009

	County Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Motor Vehicles	Registered Motor Vehicles
Original Levy					
County-Wide Ad Valorem	\$ 28,044,497,333	\$ 0.525	\$ 147,233,611	\$ 137,977,727	\$ 9,255,884
Penalties			57,125	57,125	-
Discoveries					
Taxes Levied	142,874,667	0.525	750,092	750,092	-
Penalties			142,474	142,474	-
Releases	<u>(101,120,371)</u>	0.525	<u>(530,882)</u>	<u>(332,030)</u>	<u>(198,852)</u>
Net Levy	<u>\$ 28,086,251,629</u>		147,652,420	138,595,388	9,057,032
Uncollected Taxes at 6/30/09			<u>1,907,324</u>	<u>1,248,234</u>	<u>659,090</u>
Current Year's Taxes Collected			<u>\$ 145,745,096</u>	<u>\$ 137,347,154</u>	<u>\$ 8,397,942</u>
Current Levy Collection %			<u>98.71%</u>	<u>99.10%</u>	<u>92.72%</u>

Secondary Market Disclosures:

Assessed Valuation

Assessment Ratio ⁽¹⁾	100.00%
Real Property	\$ 24,242,104,929
Personal Property	1,631,590,064
Public Service Companies ⁽²⁾	524,792,775
Registered Motor Vehicles	<u>1,687,763,861</u>
Total Assessed Valuation	<u>28,086,251,629</u>
Tax Rate per \$100	<u>0.525</u>
Levy (includes discoveries, releases and abatements) ⁽³⁾	<u>\$ 147,652,420</u>

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

School Districts	\$ 7,767,282
Fire Protection Districts	<u>14,214,206</u>
Total	<u>\$ 21,981,488</u>

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

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

⁽³⁾ The levy includes interest and penalties.

Statistical Section



BUNCOMBE COUNTY, NORTH CAROLINA

Statistical Section

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

<i>Contents</i>	<i>Page</i>
Financial Trends These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	149
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	155
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.	159
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.	164
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.	167

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

BUNCOMBE COUNTY, NORTH CAROLINA

Table 1

Net Assets by Component

LAST TEN FISCAL YEARS (accrual basis of accounting)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009		
Governmental activities										
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	\$ 66,927,545	\$ 63,004,798		
Restricted	836,051	206,091	506,294	713,063	952,667	1,257,585	1,420,023	-		
Unrestricted	(46,535,303)	(43,287,878)	(30,573,359)	(6,631,867)	(19,796,405)	(19,443,597)	(5,345,347)	4,261,288		
Total governmental activities net assets	(12,633,858)	(5,154,801)	13,019,489	26,669,835	31,029,204	45,614,641	63,002,221	67,266,086		
Business-type activities										
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	30,527,905	34,010,820		
Restricted	6,756,819	6,857,926	8,398,344	6,175,138	6,285,783	6,432,817	8,956,116	2,589,823		
Unrestricted	3,559,791	3,475,207	1,175,882	4,357,011	8,218,157	8,758,604	7,124,472	11,105,747		
Total business-type activities net assets	27,518,055	27,395,868	27,044,540	44,713,834	41,986,568	43,826,601	46,608,493	47,706,390		
Primary government										
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	97,455,450	97,015,618		
Restricted	7,592,870	7,064,017	8,904,638	6,888,201	7,238,450	7,690,402	10,376,139	2,589,823		
Unrestricted	(42,975,512)	(39,812,671)	(29,397,477)	(2,274,856)	(11,578,248)	(10,684,993)	1,779,125	15,367,035		
Total primary government net assets	\$ 14,884,197	\$ 22,241,067	\$ 40,064,029	\$ 71,383,669	\$ 73,015,772	\$ 89,441,242	\$ 109,610,714	\$ 114,972,476		

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 2000 and 2001.

BUNCOMBE COUNTY, NORTH CAROLINA
Changes in Net Assets

Table 2

LAST TEN FISCAL YEARS (accrual basis of accounting)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009		
EXPENSES										
Governmental activities:										
General government	\$ 15,893,885	\$ 17,992,240	\$ 16,387,172	\$ 17,644,529	\$ 19,270,179	\$ 22,446,505	\$ 23,377,056	\$ 21,705,398		
Public safety	37,090,297	40,687,839	47,182,012	52,134,950	54,066,643	58,198,788	68,034,705	69,377,438		
Economic and physical development	3,992,760	9,017,323	9,834,487	12,131,158	19,334,791	14,735,580	18,585,531	26,226,700		
Human services	65,137,567	64,608,667	66,519,726	72,979,844	77,967,312	81,513,029	90,053,452	83,310,485		
Cultural and recreational	8,437,392	8,279,421	8,862,116	7,991,232	6,754,166	6,888,549	8,141,862	11,090,242		
Education	78,973,677	61,168,150	62,018,004	61,817,647	79,316,200	91,854,360	75,896,726	73,179,775		
Interest on long-term debt	6,794,663	6,252,005	6,201,794	5,314,045	6,102,439	6,728,232	6,295,350	7,245,388		
Total governmental activities expenses	216,320,241	208,005,645	217,005,311	230,013,405	262,811,730	282,365,043	290,384,682	292,135,426		
Business-type activities:										
Solid Waste Disposal	5,056,489	5,325,050	6,559,788	7,503,243	5,095,603	6,892,580	7,713,779	7,325,697		
Parking Deck	-	-	-	-	-	-	887,004	927,467		
Human Services Facilities	-	-	-	661,152	1,452,366	2,225,921	1,119,716	802,044		
Mental Health	-	-	-	-	-	-	875,850	606,857		
Inmate Commissary/Welfare	197,746	357,891	372,609	444,596	458,792	539,509	524,398	559,422		
Criminal Justice Information System	-	-	-	-	-	-	-	1,632,594		
County Golf Course	856,631	908,649	918,611	1,018,611	-	-	-	-		
After School	1,917,732	1,972,993	2,040,738	1,888,679	1,832,833	377,990	-	-		
Total business-type activities expenses	8,028,598	8,564,583	9,891,746	11,516,281	8,839,594	10,036,000	11,120,747	11,854,081		
Total primary governmental expenses	224,348,839	216,570,228	226,897,057	241,529,686	271,651,324	292,401,043	301,505,429	303,989,507		
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government	3,216,589	3,151,420	3,280,066	9,613,785	11,035,741	10,894,196	9,935,830	3,273,340		
Public safety	7,254,394	6,178,432	6,527,193	6,576,600	7,942,899	7,463,106	7,954,598	8,384,722		
Economic and physical development	213,356	316,372	266,494	5,468,710	6,327,138	7,287,329	7,593,812	6,695,973		
Human services	8,652,818	8,737,788	9,784,088	7,967,861	9,021,899	7,889,380	9,010,072	7,582,007		
Cultural and recreational	684,831	1,131,292	1,706,858	1,231,519	766,838	708,053	670,295	1,226,864		
Education	-	-	-	-	-	-	-	-		
Interest on long-term debt	-	-	-	-	-	-	-	-		
Operating grants and contributions	32,866,046	35,530,761	34,826,905	42,876,425	49,467,438	44,184,934	47,768,083	49,093,100		
Capital grants and contributions	17,537,734	12,868,292	17,775,859	14,513,290	16,433,237	16,873,111	17,577,647	17,489,205		
Total governmental activities program revenues	70,425,768	67,914,357	74,167,463	88,248,190	100,995,190	95,300,109	100,510,337	93,745,211		

Continued on Next Page

	2002	2003	2004	2005	2006	2007	2008	2009
Business-type activities:								
Charges for services:								
Solid Waste Disposal	\$ 5,533,545	\$ 5,392,359	\$ 6,393,638	\$ 6,152,947	\$ 6,660,231	\$ 6,707,965	\$ 7,185,473	\$ 6,598,240
Parking Deck	-	-	-	-	-	-	-	88,148
Human Services Facilities	-	-	-	638,173	927,145	891,501	841,291	617,530
Mental Health	-	-	-	-	-	-	-	-
Inmate/Commissary Welfare	337,386	358,886	358,226	366,530	431,502	421,928	388,505	468,406
Criminal Justice Information System	-	-	-	-	-	-	-	1,194,794
County Golf Course	886,096	775,098	761,137	751,349	-	-	-	-
After School	1,934,276	1,735,199	1,671,154	1,706,050	1,861,018	162,956	-	-
Operating grants and contributions	269,032	269,402	278,542	292,798	304,822	322,802	333,931	321,567
Capital grants and contributions	-	-	-	-	-	9,050	42,751	-
Total business-type activities program revenues	8,960,335	8,530,944	9,462,697	9,907,847	10,184,718	8,516,202	8,791,951	9,288,685
Total primary governmental program revenues	79,386,103	76,445,301	83,630,160	98,156,037	111,179,908	103,816,311	109,302,288	103,033,896
Net (expense) revenue								
Governmental activities	(145,894,473)	(140,091,288)	(142,837,848)	(141,765,215)	(161,816,540)	(187,064,934)	(189,874,345)	(198,390,215)
Business-type activities	931,737	(33,639)	(429,049)	(1,608,434)	1,345,124	(1,519,798)	(2,328,796)	(2,565,396)
Total primary governmental net expense	(144,962,736)	(140,124,927)	(143,266,897)	(143,373,649)	(160,471,416)	(188,584,732)	(192,203,141)	(200,955,611)
General Revenues and Other Changes in Net Assets								
Governmental activities:								
Taxes: Property taxes	\$93,527,086	\$108,802,529	\$113,044,025	\$116,654,786	\$123,668,417	\$152,744,354	\$157,568,418	\$162,584,050
Taxes: Local Option Sales Tax	22,338,676	25,319,117	30,394,919	35,671,036	40,126,703	43,942,038	45,575,335	37,777,956
Other Taxes and Licenses	15,763,253	11,741,173	13,348,172	-	-	-	-	5,310,017
Investment earnings, unrestricted	2,087,614	1,099,292	760,068	1,964,791	4,123,375	6,252,713	5,417,960	2,513,403
Gain (Loss) on Sale of Capital Assets	438,310	(282,591)	-	-	-	-	-	-
Miscellaneous, unrestricted	461,792	899,778	1,138,580	950,733	1,369,340	1,245,957	1,142,629	1,445,354
Special Item: Transfer of Assets for Water Agreement	(4,269,988)	486,481	50,000	-	(4,787,776)	-	-	-
Transfers	130,346,743	148,065,779	158,735,764	155,241,346	166,175,909	202,185,062	(3,040,115)	(2,881,638)
Total governmental activities	475,674	202,933	136,342	307,773	703,774	1,360,115	2,079,570	781,655
Business-type activities:								
Investment earnings, unrestricted	-	-	-	-	-	-	-	-
Miscellaneous, unrestricted	-	195,000	-	-	-	-	-	-
Gain (Loss) on Sale of Capital Assets	-	-	-	-	(1,191,934)	-	-	-
Special Item: Transfer of Assets for Water Agreement	(157,597)	(486,481)	(50,000)	-	(1,675,850)	2,000,000	3,040,115	2,881,638
Transfers	318,077	(88,548)	86,342	307,773	(2,164,010)	3,360,115	5,119,685	3,663,293
Total business-type activities	130,664,820	147,977,231	158,822,106	155,549,119	164,011,899	205,545,177	211,783,912	210,412,485
Total primary government	(15,547,730)	7,974,491	15,897,916	13,476,131	4,359,369	15,120,128	16,789,882	8,358,927
Governmental activities	1,249,814	(122,187)	(342,707)	(1,300,661)	(818,886)	1,840,317	2,790,889	1,097,897
Business-type activities	\$ (14,297,916)	\$ 7,852,304	\$ 15,555,209	\$ 12,175,470	\$ 3,540,483	\$ 16,960,445	\$ 19,580,771	\$ 9,456,824
Total primary government								

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 2000 and 2001.

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

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

BUNCOMBE COUNTY, NORTH CAROLINA
Fund Balances of Governmental Funds

Table 3

LAST TEN FISCAL YEARS (modified accrual basis of accounting)

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Fund										
Reserved	\$ 12,557,664	\$ 13,797,931	\$ 13,195,643	\$ 17,327,685	\$ 15,257,237	\$ 15,995,465	\$ 16,626,892	\$ 19,381,124	\$ 21,418,705	\$ 17,727,539
Unreserved	25,336,235	25,805,141	24,153,451	26,552,475	34,033,114	39,239,257	45,402,398	47,834,281	46,578,265	52,275,357
Total General Fund	37,893,899	39,603,072	37,349,094	43,880,160	49,290,351	55,234,722	62,029,290	67,215,405	67,996,970	70,002,896
All other governmental funds										
Reserved	1,599,503	2,912,364	4,776,671	1,636,277	2,299,891	5,952,553	7,965,982	9,843,864	7,765,517	6,626,512
Unreserved, reported in:										
Special revenue funds	641,406	998,409	269,114	107,867	(334,853)	2,234,023	(8,150)	689,209	(243,876)	6,425,227
Capital projects funds	21,338,957	39,621,912	14,943,238	22,819,414	30,900,955	43,128,348	66,231,654	43,728,583	46,217,136	47,353,099
Total all other governmental funds	\$ 23,579,866	\$ 43,532,685	\$ 19,989,023	\$ 24,563,558	\$ 32,865,993	\$ 51,314,924	\$ 74,189,486	\$ 54,261,656	\$ 53,738,777	\$ 60,404,838

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

Table 4

Last Ten Fiscal Years (modified accrual basis of accounting)

	FISCAL YEAR									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenues										
Ad Valorem Taxes	\$ 88,028,252	\$ 91,187,640	\$ 94,262,914	\$109,065,659	\$113,385,273	\$116,769,925	\$123,668,417	\$152,078,684	\$157,250,530	\$161,629,983
Local Option Sales Taxes	22,581,109	22,742,802	22,338,676	25,319,117	30,394,919	35,600,392	40,156,650	43,942,038	45,575,335	37,777,956
Other Taxes and Licenses	7,788,389	8,916,489	10,646,340	11,741,173	13,348,172	10,779,994	13,714,547	14,836,023	13,514,180	10,881,071
Unrestricted Intergovernmental	28,830,633	6,745,851	4,745,435	560,341	571,433	592,389	600,307	616,097	634,260	689,376
Restricted Intergovernmental	32,514,965	52,004,914	53,248,557	49,521,780	55,150,257	57,229,404	66,406,034	61,630,950	63,460,263	67,106,567
Permits and Fees	1,267,682	1,422,797	1,481,805	1,465,868	1,533,037	1,817,537	2,284,153	1,808,826	1,685,014	2,729,721
Sales and Services	13,220,933	14,172,661	15,359,599	15,644,420	16,599,527	17,272,430	17,974,886	16,471,205	18,794,523	17,648,493
Investment Earnings	3,717,526	5,096,954	2,247,303	1,070,561	811,830	1,844,176	3,923,644	5,904,810	5,524,232	2,769,835
Miscellaneous	1,783,009	3,279,948	1,280,433	1,620,724	1,451,189	1,362,578	1,376,089	1,245,957	1,142,629	1,445,354
Total revenues	199,732,498	205,570,056	205,611,062	216,009,643	233,245,637	243,268,825	270,104,727	298,534,590	307,580,966	302,678,356
Expenditures										
Current:										
General government	12,770,457	13,938,818	15,224,828	18,378,252	14,240,645	16,596,198	17,941,931	19,067,585	21,306,889	20,039,754
Public safety	33,347,655	34,109,664	35,031,591	38,413,412	47,803,267	48,413,590	50,254,619	55,977,572	64,778,242	64,511,855
Economic and Physical Development	3,644,770	3,567,122	3,637,987	4,391,217	9,839,009	12,151,298	19,278,134	14,638,280	16,737,657	13,764,192
Human Services	58,542,403	64,217,861	65,095,404	64,220,403	67,701,366	74,176,691	76,977,176	80,825,821	87,205,196	80,454,900
**Environmental Protection	973,959	60,000	-	-	-	-	-	-	-	-
Cultural and Recreational	7,969,987	7,658,753	7,763,952	7,421,103	8,052,872	7,139,629	5,521,542	5,921,511	7,304,597	9,752,430
Intergovernmental:										
Education	42,880,362	46,348,438	47,032,182	48,356,755	51,152,665	54,207,778	56,393,255	61,556,450	66,171,518	70,618,376
Capital Outlay	24,094,621	26,722,822	38,924,222	20,116,601	20,038,349	17,546,029	38,148,616	46,124,292	27,640,050	20,918,808
Debt service										
Principal	11,603,701	13,581,338	12,397,798	23,527,919	16,757,995	15,426,168	24,247,761	17,539,683	17,278,409	16,842,942
Interest and Fees	6,622,579	7,227,411	6,691,395	6,519,620	6,032,427	6,304,258	6,991,875	8,285,284	7,603,639	7,620,072
Total expenditures	202,450,494	217,432,227	231,799,359	231,345,282	241,618,595	251,961,639	295,754,909	309,936,478	316,026,197	304,523,329
Excess of revenues over (under) expenditures	(2,717,996)	(11,862,171)	(26,188,297)	(15,335,639)	(8,372,958)	(8,692,814)	(25,650,182)	(11,401,888)	(8,445,231)	(1,844,973)

Continued on Next Page

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Other financing sources (uses)										
Project Development Bonds Issued	-	-	-	-	-	-	-	-	-	\$ 12,960,000
Discount on Bonds	-	-	-	-	-	-	-	-	-	(160,449)
Transfers From Other Funds	11,606,881	11,014,503	10,610,361	2,751,073	4,029,194	6,838,769	10,430,533	21,116,870	21,336,193	10,512,565
Transfers To Other Funds	(11,606,945)	(11,995,630)	(11,752,244)	(2,264,592)	(5,090,611)	(6,838,769)	(9,915,533)	(24,917,191)	(26,695,515)	(12,925,599)
Transfer of Assets-Dissolution of Water Agreement	-	-	-	-	-	-	(60,542)	-	-	-
Transfers To Component Units	(2,835,403)	(3,000,925)	(4,427,585)	(4,625,074)	-	-	-	-	-	-
Installment Purchase Obligations Issued	1,761,082	2,350,000	5,165,500	1,498,733	20,727,018	25,333,944	-	-	-	-
Proceeds from Installment Obligations	-	-	-	-	-	-	-	-	13,455,000	-
Discount on Installment Obligations	-	-	-	-	-	-	-	-	(9,565)	-
General Obligation Debt Issued	-	33,950,920	-	-	-	5,878,503	51,985,000	-	-	-
Premium on Debt Issued	-	-	-	-	-	-	2,223,983	-	-	-
Refunding Bonds Issued	-	12,488,031	-	-	-	12,532,470	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	(11,570,000)	-	-	-	(12,428,529)	-	-	-	-
Proceeds From Bonds	-	-	-	29,807,858	-	-	-	-	-	-
Sale of Capital Assets	-	-	794,625	108,637	71,022	1,779,728	655,871	447,341	20,107	131,219
Total other financing sources (uses)	(1,074,385)	33,236,899	390,657	27,276,635	19,736,623	33,096,116	55,319,312	(3,352,980)	8,106,220	10,517,736
Net change in fund balances	\$ (3,792,381)	\$ 21,374,728	\$ (25,797,640)	\$ 11,940,996	\$ 11,363,665	\$ 24,403,302	\$ 29,669,130	\$ (14,754,868)	\$ (339,011)	\$ 8,672,763

Debt services as a percentage of noncapital expenditures	* N/A	* N/A	8.50%	13.48%	9.91%	9.02%	11.16%	12.24%	12.23%	12.62%
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* Capital asset information not available for 2000 and 2001, due to implementation of GASE34

** Environmental Protection was made up of Air Pollution (which became a component unit in FY99) and Quality Forward (which became a separate non-profit agency in fiscal year 1999).

BUNCOMBE COUNTY, NORTH CAROLINA

Table 5

Assessed Value of Taxable Property

LAST TEN FISCAL YEARS (amounts expressed in thousands)

Fiscal Year Ended June 30	Real Property			Use Value Farm	Historical Property	Personal Property		Less: Tax Exempt Real Property*	Public Service		Total Taxable Assessed Value	Total Direct Tax Rate
	Residential Property	Commercial Property	Other			Motor Vehicles	Other		Assessed Value	Assessed Value		
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		
2008	17,869,706	5,242,939	1,049,024	93,601	1,857,391	1,562,113	1,036,856	620,602	27,258,520	0.53		
2009	18,814,352	5,319,589	1,054,015	94,003	1,687,764	1,635,196	1,043,461	524,793	28,086,251	0.53		

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.

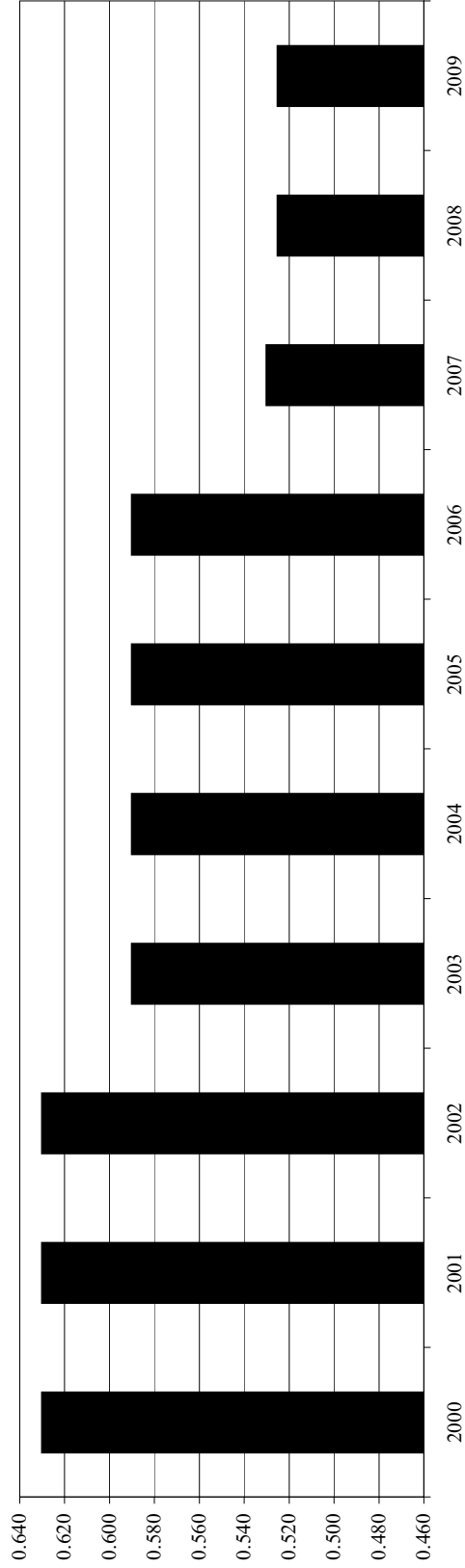
BUNCOMBE COUNTY, NORTH CAROLINA

Table 6

Property Tax Rates-Direct And All Overlapping Governments

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
County of Buncombe	0.630	0.630	0.630	0.590	0.590	0.590	0.590	0.530	0.525	0.525
City of Asheville	0.560	0.560	0.560	0.530	0.530	0.530	0.530	0.424	0.420	0.420
Town of Biltmore Forest	0.360	0.360	0.360	0.360	0.360	0.360	0.360	0.295	0.295	0.300
Town of Weaverville	0.430	0.430	0.430	0.430	0.430	0.430	0.430	0.430	0.380	0.365
Town of Black Mountain	0.385	0.385	0.385	0.385	0.385	0.385	0.385	0.320	0.320	0.320
Town of Woodfin	0.280	0.400	0.400	0.325	0.285	0.285	0.285	0.265	0.265	0.265
Town of Montreat	0.400	0.450	0.450	0.310	0.350	0.370	0.370	0.370	0.370	0.370
Asheville School District	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.150	0.150	0.150
Fire Districts	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	0.075-0.125	0.075-0.150
Maximum Combined Rate	1.390	1.390	1.390	1.320	1.320	1.320	1.320	1.104	1.095	1.095



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

BUNCOMBE COUNTY, NORTH CAROLINA

Table 7

Principal Property Taxpayers

DECEMBER 31, 2008

Taxpayer	2009			2000		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Progress Energy Carolinas	\$ 305,649,932	1	1.08%	\$ 205,352,683	1	1.58%
Ingles Markets Inc	185,810,320	2	0.66%	108,893,315	3	0.84%
The Cliffs at Walnut Cove LLC	153,161,700	3	0.54%			
Jack Tar Hotels (AKA Grove Park)	102,511,800	4	0.36%	67,624,570	7	0.52%
Arvato Digital Services (Sonopress)	99,160,850	5	0.35%	67,820,210	6	0.52%
Biltmore Company	94,737,970	6	0.34%	66,042,260	8	0.51%
Bellsouth Telephone Co.	89,149,301	7	0.32%	114,235,843	2	0.88%
Asheville LLC	75,689,620	8	0.27%	57,039,490	9	0.44%
Southeastern Container	75,501,700	9	0.27%	76,307,400	5	0.59%
Borgwarner Turbo Systems	65,384,381	10	0.23%			
BASF Corporation				76,901,700	4	0.59%
Biltmore Square				33,008,670	10	0.25%
Totals	\$ 1,246,757,574		4.42%	\$ 873,226,141		6.72%
Total Overall Valuation	\$28,230,299,496			\$13,000,268,918		

SOURCE: Buncombe County Tax Department

BUNCOMBE COUNTY, NORTH CAROLINA
Property Tax Levies and Collections

LAST TEN FISCAL YEARS (amounts expressed in thousands)

Calendar Year Ended December 31	Total Levy for Fiscal Year		Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
	Amount	Percentage	Amount	Percentage		Amount	Percentage of Levy
2000	\$ 81,712	80.380	\$ 80,380	98.4%	1,144	\$ 81,524	99.77%
2001	84,431	82,950	82,950	98.2%	1,146	84,096	99.60%
2002	87,481	85,903	85,903	98.2%	1,160	87,063	99.52%
2003	100,861	99,107	99,107	98.3%	1,304	100,411	99.55%
2004	103,437	102,079	102,079	98.7%	1,515	103,594	100.15%
2005	106,606	105,418	105,418	98.9%	1,211	106,629	100.02%
2006	112,954	111,707	111,707	98.9%	999	112,706	99.78%
2007	139,015	137,837	137,837	99.2%	983	138,820	99.86%
2008	143,256	142,008	142,008	99.1%	1,039	143,047	99.85%
2009	147,652	145,745	145,745	98.7%	1,077	146,822	99.44%

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

Table 9

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

Fiscal Year	Governmental Activities				Business-type Activities				Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	General Obligation Bonds	Installment Notes	Project Development Financing Bonds	Special Obligation Bonds	Installment Notes	Special Obligation Bonds	Installment Notes	Government			
2000	\$ 80,815	\$ 42,111	\$ -	\$ 11,585	\$ -	\$ -	\$ -	\$ 134,511	2.43%	\$ 686	
2001	109,260	37,997	-	10,835	-	-	-	158,092	2.81%	767	
2002	102,745	37,281	-	10,063	-	-	-	150,089	2.65%	708	
2003	115,105	32,758	-	9,312	474	384	474	157,649	2.77%	733	
2004	106,350	45,482	-	8,560	384	291	384	160,776	2.60%	744	
2005	103,984	64,264	-	7,730	291	196	291	176,269	2.68%	809	
2006	94,641	103,461	-	14,987	196	99	196	213,285	3.02%	969	
2007	85,565	94,639	-	13,212	99	14,982	99	193,515	2.56%	863	
2008	76,541	99,506	-	11,375	14,982	14,410	14,982	202,404	N/A	884	
2009	67,919	90,980	12,800	9,494	14,410	14,410	14,410	195,603	N/A	N/A	

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

¹See the Schedule of Demographic and Economic Statistics on page 164 for personal income and population data.

BUNCOMBE COUNTY, NORTH CAROLINA
Ratios of General Bonded Debt Outstanding

Table 10

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

Fiscal Year	General Obligation Bonds	Percentage of Estimated Actual Taxable Value ¹ of Property	Per Capita ²
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	103,984	0.58%	477
2006	94,642	0.50%	430
2007	85,565	0.33%	382
2008	76,541	0.28%	334
2009	67,919	0.24%	N/A

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

¹ See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 155 for property value data.

² Population data can be found in the Schedule of Demographic and Economic Statistics on page 164.

BUNCOMBE COUNTY, NORTH CAROLINA
Direct and Overlapping Governmental Activities Debt

Table 11

AS OF JUNE 30, 2009 (amounts expressed in thousands)

Government Unit	Debt Outstanding	Percentage Applicable to County (1)	Estimated share of Direct and Overlapping debt (2)
Net general obligation bonded debt			
City of Asheville	\$ 4,680,000	100%	\$ 4,680,000
Town of Black Mountain	-	100%	-
Town of Montreat	317,000	100%	317,000
Town of Weaverville	3,285,000	100%	3,285,000
Metropolitan Sewerage District	857,000	100%	857,000
Installment debt			
City of Asheville	16,114,040	100%	16,114,040
Town of Biltmore Forest	3,681,159	100%	3,681,159
Town of Black Mountain	867,833	100%	867,833
Town of Montreat	-	100%	-
Town of Weaverville	3,697,943	100%	3,697,943
Town of Woodfin	-	100%	-
Metropolitan Sewerage District	-	100%	-
Revenue bonds			
City of Asheville	86,780,000	100%	86,780,000
Metropolitan Sewerage District	139,245,000	100%	139,245,000
Revolving loans			
City of Asheville	1,200,000	100%	1,200,000
Subtotal, overlapping debt			
			260,724,975
County direct debt			
		100%	171,699,402
Total direct and overlapping debt			\$ 432,424,377

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

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

BUNCOMBE COUNTY, NORTH CAROLINA

Table 12

Legal Debt Margin

LAST TEN FISCAL YEARS (amounts expressed in thousands)

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt limit	\$ 1,040,022	\$ 1,073,560	\$ 1,102,233	\$ 1,367,612	\$ 1,399,720	\$ 1,442,790	\$ 1,528,444	\$ 2,094,488	\$ 2,180,682	\$ 2,246,900
Total net debt applicable to limit	122,926	147,257	140,026	148,337	151,832	168,109	210,082	177,555	191,030	173,379
Legal debt margin	\$ 917,096	\$ 926,303	\$ 962,207	\$ 1,219,275	\$ 1,247,888	\$ 1,274,681	\$ 1,318,362	\$ 1,916,933	\$ 1,989,652	\$ 2,073,521
Total net debt applicable to the limit as a percentage of debt limit	11.82%	13.72%	12.70%	10.85%	10.85%	11.65%	13.74%	8.48%	8.76%	7.72%

Legal Debt Margin Calculation for Fiscal Year 2009

Assessed value of taxable property	\$ 28,086,252
Debt Limit - Eight Percent (8%) of assessed value	2,246,900
Gross Debt:	
Total Bonded Debt	67,919
Authorized and Unissued Bonds	915
Installment Purchase Agreements	105,460
Gross Debt	174,294
Less: Authorized and unissued bonds	915
Total amount of debt applicable to debt limit (net debt)	173,379
Legal debt margin	\$ 2,073,521

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

BUNCOMBE COUNTY, NORTH CAROLINA

Table 13

Special Obligation Bonds Revenue Coverage

LAST TEN FISCAL YEARS

Fiscal Year	Solid Waste System Revenues		Available Revenues		Operating Expenses		Net Solid Waste System Revenues		Total Available Revenue		Debt Service			Debt Service Coverage				
											Principal	Interest	From Net Solid Waste System Revenues	From Available Revenues				
2000	\$	6,087,419	\$	11,336,625	\$	3,019,981	\$	3,067,438	\$	8,316,644	\$	515,000	\$	356,115	3.52	times	9.55	times
2001		6,595,473		12,890,337		3,664,069		2,931,404		9,226,268		750,000		530,495	2.29	times	7.21	times
2002		6,139,932		12,544,391		3,780,628		2,359,304		8,763,763		725,000		560,815	1.83	times	6.82	times
2003		5,800,002		13,623,059		4,254,532		1,545,470		9,368,527		755,000		525,990	1.21	times	7.31	times
2004		6,672,180		14,462,002		4,397,655		2,274,525		10,064,347		795,000		489,230	1.77	times	7.84	times
2005		6,445,745		15,068,125		4,807,694		1,638,051		10,260,431		830,000		450,000	1.28	times	8.02	times
2006		6,531,355		16,386,508		4,362,747		2,168,608		12,023,761		1,454,250		521,354	1.10	times	6.09	times
2007		7,030,768		15,384,448		3,394,335		3,636,433		11,990,113		1,755,000		526,175	1.59	times	5.26	times
2008		7,519,404		16,619,311		4,563,241		2,956,163		12,056,070		1,820,000		437,224	1.31	times	5.34	times
2009		6,919,807		17,146,805		4,484,430		2,435,377		12,662,374		1,865,000		417,750	1.07	times	5.55	times

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

BUNCOMBE COUNTY, NORTH CAROLINA

Table 14

Demographic and Economic Statistics

LAST TEN FISCAL YEARS

Fiscal Year	Population*	Personal Income (amounts expressed in thousands)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2000	196,000	\$ 5,524,659	\$ 26,688	40.0	28,348	2.5
2001	206,000	5,629,127	27,007	39.0	28,549	2.6
2002	212,000	5,671,946	26,929	38.0	28,159	4.6
2003	215,000	5,698,286	26,738	39.0	28,380	4.0
2004	216,000	6,195,268	28,711	40.0	28,649	3.4
2005	218,000	6,571,239	30,060	40.0	28,766	4.6
2006	220,159	7,063,622	31,743	39.6	29,211	4.0
2007	224,267	7,549,711	33,347	39.8	28,900	4.0
2008	228,909	N/A	N/A	41.0	28,894	4.9
2009	N/A	N/A	N/A	N/A	29,346	9.0

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

Table 15

Principal Employers

CURRENT YEAR AND NINE YEARS AGO

Employer	2009			2000		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
MANUFACTURING						
Eaton Corporation - Electrical Division	1,010	1	0.92%	410	9	0.39%
Borgwarner Turbo & Emissions Systems	830	2	0.75%			
Arvato Digital Services	650	3	0.59%			
Thermo Fisher Scientific, Inc.	550	4	0.50%			
Kearfott Guidance & Navigation Corp.	420	5	0.38%	420	8	0.40%
Day International, Inc.	380	6	0.35%			
Unison Engine Components	325	7	0.30%			
Asheville Citizen-Times Publishing Company (Gannett)	290	8	0.26%			
Milkco, Inc.	280	9	0.25%			
Medical Action Industries Inc	250	10	0.23%			
Sonopress, Inc.				1,085	1	1.03%
Pillowtex Corporation/Blanket Division				832	2	0.79%
Square D Company				697	3	0.66%
Cutler Hammer				582	4	0.55%
Charles D Owen Mfg. Co., Inc.				575	5	0.55%
Cooper Industries - Bussman Division				575	6	0.55%
General Signal Laboratory Equipment				480	7	0.46%
BASF Corporation				365	10	0.35%
Total	4,985		4.53%	6,021		5.73%

Continued on Next Page

NON-MANUFACTURING

Employer	2009			2000		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Mission Health Systems and Hospital	6,990	1	6.35%	5,250	1	4.99%
Buncombe County Public Schools	4,010	2	3.64%	3,400	2	3.23%
Ingles Markets, Inc.	3,050	3	2.77%	900	7	0.86%
Buncombe County Government	1,670	4	1.52%	1,425	3	1.36%
The Biltmore Company	1,580	5	1.43%	750	9	0.71%
VA Medical Center - Asheville	1,140	6	1.04%	1,000	6	0.95%
The Grove Park Inn Resort & Spa	1,100	7	1.00%	891	8	0.85%
City of Asheville	1,000	8	0.91%	1,350	4	1.28%
CarePartners	750	9	0.68%	1,200	5	1.14%
Asheville City Schools	730	10	0.66%	722	10	0.69%
Total	22,020		20.00%	16,888		16.07%

* Labor Force Estimate for 2009 = 110,111, per NC Employment Security Commission
 Labor Force Estimate for 2000 = 105,110, per NC Employment Security Commission

SOURCE: Asheville Chamber of Commerce

NOTE: Many of the top employers for manufacturing have changed in the past 10 years. Therefore, many companies that were top employers in 2000 are not in business in 2009 and many companies that are top employers in 2009 were not here in 2000.

BUNCOMBE COUNTY, NORTH CAROLINA

Table 16

Summary of Permanent Positions by Service Area

TEN FISCAL YEARS

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

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

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
GENERAL GOVERNMENT										
Number of Employment Applications Processed	N/A	N/A	N/A	4,271*	4,679*	5,750*	5,755*	6,031*	6,521*	3,533 YTD
Percentage of Registered Voters Participating in General Election	61.0%	31.9%	48.0%	25.7%	69.0%	23.6%	49.2%	22.1%	71.0%	N/A
PUBLIC SAFETY										
Number of Inmates Processed	11,487*	12,005*	12,598*	12,365*	13,636*	14,260*	13,758*	16,797*	16,658	15,975
Number of Building Permits Issued	1,479*	1,886*	2,600*	2,438*	2,487*	2,834*	2,819*	2,499*	1,791*	868 YTD
Number of Emergency Calls Dispatched	N/A	N/A	N/A	N/A	68,842*	70,346*	62,289*	55,434*	50,110*	33,131 YTD
HUMAN SERVICES										
Number of Food & Lodging Sites Inspected	N/A	N/A	N/A	4,518*	3,899*	3,528*	3,871*	4,427*	6,301*	4,589 YTD
Percentage of Children Reunited with Family after Foster Care	N/A	N/A	N/A	N/A	26%	34%	33%	18%	31%	36%
ECONOMIC AND PHYSICAL DEVELOPMENT										
Number of Subdivision Plan Reviews	210	216	311	484	459	559	657	712	896	593
CULTURAL AND RECREATION										
Library Book Circulation	1,344,761	1,380,966	1,470,243	1,327,399	1,403,777	1,511,189	1,471,860	1,496,169	1,566,680	1,666,464
Number of Visitors to Swimming Pools	N/A	N/A	N/A	N/A	81,336	64,116	N/A	78,000	84,066	73,751
EDUCATION										
Dollars Spent Per Pupil	\$ 1,357	\$ 1,472	\$ 1,505	\$ 1,497	\$ 1,571	\$ 1,648	\$ 1,708	\$ 1,898	\$ 2,007	\$ 2,139
ENTERPRISE FUND - LANDFILL										
Tons of Waste Received	120,143	133,816	155,371	160,862	170,170	173,774	122,034	184,742	206,744	164,424
Tons of Waste Recycled	12,188	18,760	25,585	27,108	25,748	29,755	32,544	38,566	41,608	44,750

SOURCE: Various Buncombe County Government Departments.

* Calendar year data

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

BUNCOMBE COUNTY, NORTH CAROLINA
Capital Asset Statistics by Function

Table 18

LAST TEN FISCAL YEARS

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Fiscal Year										
PUBLIC SAFETY										
Sheriff's Office										
Stations	1	1	2	2	2	2	2	2	2	2
Patrol vehicles	55	55	54	54	50	50	66	71	83	77
CULTURAL AND RECREATION										
Parks acreage	297	297	1,058	1,058	1,058	1,058	235	235	239	556
Parks	28	28	31	31	31	31	23	10	16	16
Swimming pools	6	6	6	7	7	7	6	6	6	6
Ball fields and courts	92	92	76	76	76	75	3	16	23	24
Libraries	10	10	12	12	12	12	12	12	12	12
Golf courses	1	1	1	1	1	1	-	-	-	-

SOURCE: Various County Departments

NOTE: The figures for Parks and for Ball Fields/Courts changed from 2006 and 2007. The soccer fields were originally classified as parks but was reclassified as Ball Fields/Courts in 2007.

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

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



Compliance Report



Gould Killian CPA Group, P.A.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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

To the Board of County Commissioners
Buncombe County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregated remaining fund information of Buncombe County, North Carolina as of and for the year ended June 30, 2009, which collectively comprises Buncombe County's basic financial statements, and have issued our report thereon dated October 30, 2009. 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 October 30, 2009.

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. We consider the deficiencies noted as 09-1 and 09-2 described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting.

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

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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. However, we believe that none of the significant deficiencies described above is a material weakness.

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

October 30, 2009

Gould Killian CPA Group, P.A.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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

To the Board of Commissioners
Buncombe County, North Carolina

Compliance

We have audited 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, 2009. 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 \$3,925,153 in federal awards which is not included in the accompanying schedule of expenditures of federal and state awards for the year ended June 30, 2009. 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, 2009. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and the State Single Audit Implementation Act, and which is described in the accompanying schedule of findings and questioned costs as item 09-3.

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 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.

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below. However, as we discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 a compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 09-3 to be a significant deficiency.

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. We did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

Buncombe County's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on it.

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
October 30, 2009

Gould Killian CPA Group, P.A.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

Report On Compliance With Requirements Applicable To Each Major State Program And Internal Control Over Compliance In Accordance With 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, 2009. 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, 2009.

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 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.

Board of Commissioners
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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 the internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below. We did not identify any deficiencies 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
October 30, 2009

BUNCOMBE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2009

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 ___X yes ___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? ___X yes ___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 ___X yes ___no

Major federal programs for Buncombe County for the fiscal year ended June 30, 2009 are:

<u>Program Name</u>	<u>CFDA #</u>
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.557
Temporary Aid For Needy Families	93.558
Child Care & Development Fund	93.558, 93.575, 93.596, 93.667
Title XIX Medicaid	93.778

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, 2009

II. Financial Statement Findings

Finding 09-1

Criteria: 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.

Condition: Project Development Bonds for Woodfin expenditures exceeded appropriations by \$379,582.

Recommendation: Budget amendments should be adopted when expenditures exceed estimated expenditures in the budget ordinance prior to expending the funds.

Current Status / Corrective Action plan / View of Responsible Officials: The County agrees with this finding. Budget and Finance staff have been assigned to monitor the PDF Woodfin Fund to assure that budget amendments are done monthly as needed for Board approval.

Name of Contact Person: Donna B. Clark, Finance Director

Finding 09-2

Criteria: Under GASB Statement 34 as amended by GASB Statement 37, all ancillary costs incurred during the construction of assets should be included in the cost of the asset to be capitalized and depreciated. For assets constructed for use in business-type activities of the government, interest on amounts borrowed for the construction is generally included as an ancillary charge. However, GASB 34, as amended, removed the requirement to capitalize interest on the construction of capital assets to be used in governmental activities, but did not explicitly prohibit it.

Condition: During the periods from 2004 to 2008 the County capitalized interest on amounts borrowed to finance the construction of a major asset to be used in governmental activities. As described in Note 8, a prior period adjustment was made to remove interest from the cost of the asset.

Questioned Cost: Depreciation had not begun on the asset described above; therefore, there are no questioned costs.

Recommendation: We recommend that the County implement an annual review of their application of accounting principles to respond to new accounting standards or changes in the operations of the County.

Current Status / Corrective Action Plan / View of Responsible Officials: The County believes the capitalization of construction period interest was within the spirit of full accrual intended by GASB 34. Since GASB 34 does not explicitly prohibit this accounting treatment, the County disagrees with this finding. However, the County has made the adjustment and will not capitalize interest on future governmental assets in order to present financial statements that are consistent in presentation to other governments.

Name of Contact Person: Donna B. Clark, Finance Director

BUNCOMBE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2009

III. Federal Award Findings and Questioned Costs

Finding 09-3

U.S. Department of Agriculture

Passed through the North Carolina Department of Health and Human Services
Program name: Food Stamp Program – Direct Benefit Payment

Criteria: Counties must maintain adequate case documentation to substantiate claim entries in EPICS.

Condition: Tests of the EPICS documentation maintained by the County revealed that a program integrity file was missing for a food stamp program claim entered into the system.

Questioned Costs: The claim for recoupment of funding was previously entered into the EPICS system and recent collections have been made on the outstanding balance. Therefore, there are no questioned costs associated with this finding.

Recommendation: A review of the record retention schedule and the program integrity guidelines should be reviewed with the appropriate staff members.

Current Status / Corrective Action plan / View of Responsible Officials: The County agrees with this finding. A third-party vendor has been contracted to provide assistance with file storage and archiving to improve file maintenance and accessibility and prevent future occurrences of missing files. Custody of the files has been turned over to the vendor.

Name of Contact Person: Amanda Stone, DSS Director

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, 2009

Finding: 08-01

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

Status: This finding was made in a separate fund in the current year audit findings.

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

Finding: 08-02

Description: Audit procedures discovered a check that had been prepared and recorded as a disbursement, but not distributed until weeks after year-end.

Status: Current year testing revealed that prior year corrective actions were successful.

Finding: 08-03

Description: Two files out of our sample did not contain the required Form DMA-5046 or documentation that it was sent to the applicant.

Status: Current year testing revealed that prior year corrective actions were successful.

Finding: 08-04

Description: The County's method of estimating accrued salaries could have resulted in a misstatement of total salaries incurred for a particular month when the month end did not coincide with the end of the pay period.

Status: Current year testing revealed that prior year corrective actions were successful.

BUNCOMBE COUNTY GOVERNMENT

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year ended June 30, 2009

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Fed.(Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
Federal Awards:					
<u>U. S. Dept. of Agriculture</u>					
<u>Food and Nutrition Service</u>					
Passed-through N. C. Department of Health and Human Services:					
Division of Social Services:					
Administration:					
<u>Food Stamp Cluster:</u>					
Food Stamp Program - Direct Benefit Payment	10.551		\$ 32,331,587	\$ -	\$ -
State Administrative Matching Grants for the Food Stamp Program	10.561		1,589,309	-	1,589,308
Total Food Stamp Cluster			33,920,896	-	1,589,308
Passed-through N. C. Department of Health and Human Services:					
Division of Public Health					
Administration:					
Special Supplemental Food Program for Women, Infants, and Children	10.557		798,255	-	329,255
Breastfeeding Contract	10.557		86,399	-	49,265
Direct Benefit Payments:					
Special Supplemental Food Program for Women, Infants, and Children	10.557		3,722,527	-	-
Administration:					
Child and Adult Care Food Program	10.558		123,817	-	-
Summer Food Service Program for Children	10.559		223	-	-
Passed through the Office of State Budget and Management:					
Schools and Roads - Grants to States and Counties	10.665		42,712	-	-
Total U.S. Department of Agriculture			38,694,829	-	1,967,828
<u>U.S. Department of Housing & Urban Development</u>					
Passed-through N. C. Department of Commerce:					
Community Development Block Grant	14.228		226,127	-	-
Passed-through the City of Asheville:					
HOME Investment Partnership Programs	14.239		274,574	-	89,098
Total U.S. Department of Housing & Urban Development			500,701	-	89,098
<u>U.S. Department of Justice</u>					
Passed-Through N.C. Department of Crime Control and Public Safety:					
Juvenile Accountability Incentive Block Grant	16.523		162,706	-	-
Total U.S. Department of Justice			162,706	-	-
<u>U. S. Department of Labor</u>					
<u>Employment and Training Administration</u>					
Passed-through N.C. Department of Commerce:					
Division of Employment and Training:					
TA/Incentive	17.266		125,470	-	-
Workforce Investment Act Cluster:					
WIA Adult Program	17.258		411,001	-	-
ARRA Adult Program	17.258		10,121	-	-
WIA Youth Program	17.259		303,638	-	-
ARRA Youth Program	17.259		106,013	-	-
WIA Dislocated Workers	17.260		539,709	-	-
ARRA Dislocated Workers	17.260		36,150	-	-
Work Incentive Grants	17.266		772,186	-	-
Total Workforce Investment Act Cluster			2,178,819	-	-
Total U. S. Department of Labor			2,304,288	-	-

BUNCOMBE COUNTY GOVERNMENT

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year ended June 30, 2009

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Fed.(Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
<u>U.S. Dept. of Transportation</u>					
<u>Federal Transit Administration</u>					
Passed-through N.C. Department of Transportation:					
Public Transportation for Nonurbanized Areas:					
Administration	20.509	36221.3.6.1	\$ -	\$ 303,427	\$ 40,049
Capital	20.509	36226.16.8.3	-	283,331	31,481
Governor's Highway Safety Program:					
State and Community Highway Safety	20.600		3,411	-	-
Alcohol Impaired Driving Countermeasures	20.601		21,231	-	-
Total U.S. Department of Transportation			24,642	586,758	71,530
<u>U.S. Department of Education</u>					
Passed-through N. C. Department of Cultural Resources:					
Public Library Services - LSTA Grant	45.310		4,222	-	-
Total U.S. Department of Education			4,222	-	-
<u>Environmental Protection Agency</u>					
Passed-through N.C. Department of Environment and Natural Resources:					
Division of Water Quality					
Nonpoint Source Implementation Grants - Section 319	66.460		156,607	-	-
Total Environmental Protection Agency			156,607	-	-
<u>U.S. Department of Homeland Security</u>					
Passed-through N.C. Department of Crime Control and Public Safety:					
Homeland Security Grant Program - Urban Search and Rescue	97.067		10,223	-	-
Hazard Mitigation Planning Grant	97.039		14,879	-	-
Emergency Management Performance Grants	97.042		139,178	-	-
Total U.S. Department of Homeland Security			164,280	-	-
<u>U. S. Department of Health and Human Services</u>					
<u>Administration for Children and Families</u>					
Passed-through N.C. Department of Health and Human Services:					
Division of Aging and Adult Services:					
SSBG - In-Home Services	93.667		37,336	-	5,334
SSBG - Adult Day Care	93.667		69,991	61,119	18,730
Total Division of Aging			107,327	61,119	24,064
Division of Social Services:					
Family Preservation Services Program	93.556		4,137	-	-
Work First/Temporary Assistance for Needy Families (TANF)	93.558		2,831,289	4,050	2,956,353
Work First/TANF- Direct Benefit Payments	93.558		1,933,984	(741)	22,646
Direct Benefit Payments - AFDC	93.560		(5,784)	(762)	(1,586)
Crisis Intervention Program	93.568		1,316,444	-	-
Energy Assistance Payments - Direct Benefit Payments	93.568		1,091,239	-	-
Low Income Home Energy Assistance Block Grant - Administration	93.568		146,779	-	-
Refugee and Entrant Assistance - Cash & Medical Payments	93.566		10,984	-	-
N.C. Child Support Enforcement Section	93.563		1,612,542	-	830,704
Child Welfare Services - State Grants					
- Permanency Planning Grant - Families for Kids	93.645		1,414	(4,397)	4,868
Child Welfare Services - State Grants					
- Adoption Subsidy - Direct Benefit Payments	93.645		-	1,190,600	321,716
SSBG - Other Services	93.667		401,767	65,920	156,945
Independent Living Grant - LINKS	93.674		68,673	9,448	-
Total Division of Social Services			9,413,468	1,264,119	4,291,645
<u>Foster Care and Adoption³</u>					
Title IV-E Foster Care- Administration	93.658		843,320	-	825,684
Foster Care- Direct Benefits Payments	93.658		822,919	139,341	334,329
Foster Care - Adoption	93.658		292,348	-	57
Foster Care IV-E-CPS	93.658		2,018,597	256,318	1,762,278
Adoption Assistance	93.659		10,269	-	10,269
Adoption Assistance-Direct Benefit Payments	93.659		1,621,448	296,999	420,011
Total Foster Care and Adoption³			5,608,901	692,657	3,352,628

BUNCOMBE COUNTY GOVERNMENT

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year ended June 30, 2009

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Fed.(Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
Division of Child Development: Subsidized Child Care ³ Child Care Development Cluster:					
Division of Social Services: Childcare Development Fund - Administration	93.596		\$ 351,100	\$ -	\$ -
Division of Child Development: Child Care and Development Fund - Discretionary	93.575		3,109,950	-	-
Child Care and Development Fund - Mandatory	93.596		1,315,903	-	-
Child Care and Development Fund - Match	93.596		501,126	275,543	-
Total Child Care Development Fund Cluster			<u>5,278,079</u>	<u>275,543</u>	<u>-</u>
Social Service Block Grant	93.667		156,962	-	-
Temporary Assistance for Needy Families	93.558		1,165,059	-	-
Smart Start	XXXX		-	831,597	-
State Appropriations	XXXX		-	1,600,802	-
TANF - Maintenance of Effort	XXXX		-	(131,452)	-
Total Subsidized Child Care ³			<u>1,322,021</u>	<u>2,300,947</u>	<u>-</u>
Total Administration for Children and Families			<u>21,729,796</u>	<u>4,594,384</u>	<u>7,668,337</u>
<u>Centers for Medicare and Medicaid Services</u>					
Passed-through N. C. Department of Health and Human Services: Division of Medical Assistance:					
Medical Assistance Program - Administration	93.778		4,421,742	157,120	4,253,710
Medical Assistance Program - Direct Benefit Payments	93.778		180,841,482	70,853,244	5,130,029
State Children's Insurance Program - N.C. Health Choice	93.767		225,378	13,259	61,284
<u>Centers for Disease Control</u>					
Passed-through N. C. Department of Health and Human Services: Division of Public Health:					
HIV State Funds - Sexually Trans. Diseases Comm. Exp. Budget	93.940		38,000	-	100,694
Immunization Program/Aid to County Funding	93.268		50,612	-	175,884
Preventive Health and Health Services Block Grant	93.991		21,313	13,078	42,428
Administration - Preventive Health	XXXX		-	350,812	2,326,873
Women's Preventive Health	93.994		67,933	8,553	2,742
Women's Preventive Health - TANF	93.558		20,382	-	731
Bioterrorism/Bioterrorism Regional Response Team	93.283		171,193	451,198	68,092
CDC Chronic Disease	93.283		97,746	-	-
CDC Breast and Cervical Cancer	93.283		108,267	243,525	-
CDC Restaurant Heart Healthy Survey	93.283		52,930	-	19,195
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919		202,887	-	4,777
Refugee Health Services	93.576		125	-	2,094
Passed-through N. C. Department of Environmental and Natural Resources: Childhood Lead	93.197		-	4,359	-
<u>Health Resources and Services Administration</u>					
Passed-through N. C. Department of Health and Human Services: Division of Public Health:					
Child Care Coordination	93.994		76,095	-	46,579
Child Health	93.994		121,586	200,000	1,413,595
Maternal and Child Health Services Block Grant	93.994		111,408	-	232,013
Maternity Care Coordination	XXXX		-	35,160	57,428
Cancer Advisory	XXXX		-	8,000	2,800
Cardiovascular Health	XXXX		-	400	-
Adolescent Health Care	XXXX		-	234,460	303,446
Passed-through Health Partners Healthy Carolinians Partnership Support	XXXX		-	5,727	-

BUNCOMBE COUNTY GOVERNMENT

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year ended June 30, 2009

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Fed.(Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
<u>Office of the Population Affairs</u>					
Passed-through N. C. Department of Health and Human Services:					
Division of Public Health:					
Family Planning Services Title X	93.217		\$ 119,293	\$ -	\$ 9,593
<u>Administration on Aging</u>					
Division of Aging and Adult Services					
Passed-through Land of the Sky Regional Council:					
Nutrition Services Incentive Program	93.053	NC-77	20,427	-	-
<u>Aging Cluster:</u>					
Special Program for the Aging Title IIIB - Support Services Grants for Supportive Services and Senior Centers	93.044	NC-77	462,785	682,249	571,766
Special Program for the Aging Title IIIC -Nutrition Services					
Title III C1 - Congregate	93.045	NC-77	84,034	23,537	57,258
Title III C2 - Home-Delivered Meals	93.045	NC-77	61,883	48,091	13
Total Aging Cluster			608,702	753,877	629,037
Total U. S. Department of Health and Human Services			209,107,296	77,927,155	22,551,361
Total Federal Awards			251,119,572	78,513,913	24,679,817
State Awards:					
<u>N.C. Department of Commerce</u>					
One NC Fund - Industrial Recruitment			-	100,000	-
Total N. C. Department of Commerce			-	100,000	-
<u>N.C. Department of Cultural Resources</u>					
Division of State Library:					
State Aid to Public Libraries			-	245,485	-
Total N. C. Department of Cultural Resources			-	245,485	-
<u>N.C. Department of Environment & Natural Resources</u>					
Technical Assistance-Soil/Water			-	4,000	-
Biltmore Estate Stream Restoration			-	8,136	-
Water Resources Grants			-	116,931	-
Environmental Health			-	6,000	-
Food & Lodging			-	29,615	-
Scrap Tire Disposal Grant			-	11,789	-
Total N. C. Department of Environment and Natural Resources			-	176,471	-
<u>N.C. Dept. of Health and Human Services</u>					
Division of Child Development:					
Passed-through Buncombe County Smart Start					
Smart Start Health Consultants			-	-	61,669
Smart Start Early Intervention			-	-	8,720
Smart Start Parents as Teachers			-	-	34,881
Smart Start Early Childhood Dental Program			-	-	36,312
More at Four			-	44,159	-
Child Care Quality Enhancement			-	165,252	-
Center Incentives			-	44,499	-
Passed-through Madison County Smart Start					
REWARDS			-	18,079	-
Passed-through Southwest Child Development Commission, Inc.					
Regional Initiatives			-	430,228	-
Total Division of Child Development			-	702,217	141,582

BUNCOMBE COUNTY GOVERNMENT

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year ended June 30, 2009

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Fed.(Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
Division of Public Health:					
Communicable Disease Control		9945100011	\$ -	\$ 7,807	\$ 608,068
Tuberculosis			-	32,935	167,512
Total Division of Public Health			-	40,742	775,580
Division of Social Services:					
Non-Allocating County Costs			-	-	705,308
State/County Special Assistance-Administration			-	-	710,376
State/County Special Assistance for Adults - Direct Benefit Payments			-	2,149,498	2,149,498
State Foster Care Benefits Program			-	401,633	308,346
Energy Assistance - Private Grants			-	85,178	-
CPS Expansion Program			-	295,439	-
DCD Smart Start			-	92,665	-
Family Finding Pilot			-	84,070	-
State Aid to Counties			-	155,548	-
Other County Funded Programs			-	-	3,044,373
Total Division of Social Services			-	3,264,032	6,917,901
Division of Veterans Affairs:					
Veteran Services		GS 165-6(9)	-	2,000	-
Total N.C. Department of Health and Human Services			-	4,008,991	7,835,063
Office of the Governor					
Department of Juvenile Justice and Delinquency Prevention					
Non-Secure Detention			-	8,100	-
Gang Violence Prevention Program			-	99,618	-
Juvenile Crime Prevention Council Programs			-	515,032	-
Total Office of the Governor			-	622,750	-
N.C. Department of Crime Control and Public Safety					
Division of Emergency Management					
Hurricane Recovery Assistance			-	59,092	-
Crisis Housing Assistance Fund			-	384	-
Total N.C. Department of Crime Control and Public Safety			-	59,476	-
N.C. Department of Public Instruction					
Public School Building Capital Fund:					
Corporate Income Tax Collections			-	133,095	-
Lottery Proceeds			-	3,420,811	-
Total Public School Building Capital Fund			-	3,553,906	-
Total N.C. Department of Public Instruction			-	3,553,906	-
N.C. Department of Transportation					
Human Service Transportation Management Program					
Buncombe Co. 08-US-002, Admin	36221.3.6.1	DOT-3	-	76,486	13,497
Buncombe Co. 09-US-002, Admin	36221.3.7.1	DOT-3	-	226,942	26,552
Rural Capital Program					
Buncombe Co. 08-SC-002, CAP	36226.16.8.3	DOT-14	-	115,945	12,883
Buncombe Co. 09-SC-002, CAP	36226.16.9.3	DOT-14	-	167,386	18,598
Rural Operating Assistance Program (ROAP)					
Elderly and Disabled Transportation Assistance Program	36220.10.1.1	DOT-16CL	-	168,473	-
Rural General Public Transportation	36228.22.1.1	DOT-16CL	-	146,756	16,306
Work First/Employment	36236.9.1.1	DOT-16CL	-	41,723	-
Total N.C. Department of Transportation			-	943,711	87,836
Total State Awards			-	9,610,791	7,922,900
Total Federal and State Awards			\$ 251,119,572	\$ 88,124,704	\$ 32,602,716

BUNCOMBE COUNTY GOVERNMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year ended June 30, 2009

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

1. Basis of Presentation

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

2. Subrecipients

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

Subrecipient	Program Name	Federal CFDA Number	State Grant Number/Name	Federal	State
Professional Parenting/App State Univ	Home Based Services for Juv Sex Offenders		Juv. Crime Prev	\$ -	\$ 85,104
Caring for Children	Trinity Place		Juv. Crime Prev	-	73,451
Caring for Children	Crossroads		Juv. Crime Prev	-	68,451
Caring for Children	Counterpoint		Juv. Crime Prev	-	58,763
Partners Unlimited, Inc.	New Day Program		Juv. Crime Prev	-	19,823
Asheville Housing Authority	Upfront Management Sports		Juv. Crime Prev	-	22,527
Buncombe Alternatives, Inc.	Earn and Learn Program		Juv. Crime Prev	-	82,511
The Mediation Center	Youth & Victim Offender Mediation		Juv. Crime Prev	-	15,610
The Mediation Center	Life Skills		Juv. Crime Prev	-	19,591
Buncombe Alternatives, Inc.	Teen Court		Juv. Crime Prev	-	31,996
Sheperd's Equine Assisted Therapy	Horsepower		Juv. Crime Prev	-	11,826
Caring for Children	Latino-Paid Mentoring Outreach		Gang Viol Prev	-	9,050
Partners Unlimited, Inc.	New Day Program		Gang Viol Prev	-	17,263
Horse Sense	Horse Sense		Gang Viol Prev	-	20,544
YWCA	SOS		Gang Viol Prev	-	20,296
Asheville Housing Authority	Upfront Management Sports		Gang Viol Prev	-	12,262
The Mediation Center	Coordination Services		Gang Viol Prev	-	20,000
ABCCM	TANF - Emergency Assistance	93.558		40,419	-
ABCCM	TANF - Crisis Intervention	93.568		425,117	-
ABCCM	Helping Each Member Cope	-		-	2,569
ABCCM	Project Share	-		-	33,404
				<u>\$ 465,536</u>	<u>\$ 625,041</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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www.buncombecounty.org