This report is not an audited document and does not include all details of the audit report; rather, this report is intended to increase awareness of the financial operations of the County. For more in-depth financial information, the CAFR is available online at the County’s website, www.buncombecounty.org.

If you have questions concerning the financial reports or would like additional information, you may send an email to financeinfo@buncombecounty.org or call the Finance Department at 828.250.4130.
Dear Buncombe County Residents,

One of our most important responsibilities to you, as a taxpayer, is to ensure transparency and accountability in our financial operations. This report, the Citizens’ Financial Report, is designed to make our financials open and accessible, allowing you to understand how your tax dollars are being used to run County services and programs. At its core, County government is designed to provide the infrastructure for a sound, safe, and thriving community. Our financial stewardship requires us to invest in ways that address both the short-term needs of the community while responsibly investing in our community’s future. By way of this report we hope to make you an educated partner in our County investments.

The financial information in this report is derived in large part from the financial statements contained in the Buncombe County Comprehensive Annual Financial Report (CAFR) which is prepared in accordance with Generally Accepted Accounting Principles (GAAP) and is audited by an independent certified public accounting firm. The CAFR contains more detailed and extensive information, such as the audited financial statements, notes, schedules, and other relevant information. The data reflects the fiscal year ending June 30, 2017.

Thank you for taking the time to be a partner with us in this process. We hope that this report increases your confidence in the way your County is operated. We invite you to continue the conversation with us. Please take advantage of the many ways you can provide us with input:

• Call and leave us a message at (828) 250-4066
• Email us at letstalk@buncombecounty.org
• Fill out our online form at: buncombecounty.org/letstalk

Sincerely,

MANDY STONE
ABOUT BUNCOMBE

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 657 square miles. There are six incorporated municipalities located within Buncombe County.

Buncombe County government provides citizens with a wide range of services including human services, public safety, economic and physical development, environmental protection, culture and recreation, and others.

Buncombe County has multiple departments that are working daily to exceed the expectations of the citizens. The following pages offer a small sample of what Buncombe County government has accomplished in fiscal year 2017.

MUNICIPALITIES

City of Asheville
Town of Black Mountain
Town of Woodfin
Town of Weaverville
Town of Biltmore Forest
Town of Montreat
Buncombe County’s vibrant and diverse economy is supported by businesses of all shapes and sizes from locally owned art studios to nationally recognized corporations.

**TOURISM**
- Biltmore Estate
- Blue Ridge Parkway
- Great Smoky Mountains National Park
- Omni Grove Park Inn
- Southern Conference Basketball Tournament
- Thomas Wolfe Visitor Center
- US Cellular Center
- Various area tours

**MUSIC & ARTS**
- River Arts District
- The Orange Peel
- Folk music & storytelling
- Folk Art Center
- Film industry
- Colburn Earth Science Museum
- Over 200 artists in residence

**OUTDOORS**
- Biking
- Golf
- Hiking
- Horseback riding
- River sports
- Scenic drives
- Zipline canopy tours

**FOOD & BEVERAGE**
- East coast expansion of New Belgium
- Asheville’s Foodtopia
- Farm tours
- Brewery tours
- Over 17 local farmers markets
- Highland Brewing
- Over 100 local beers
ECONOMIC SUMMARY

Buncombe County is the most populous county in the region and serves as the economic center of Western North Carolina. The diverse commercial and industrial base includes industries such as healthcare, technology, manufacturing, and tourism.

ECONOMIC HIGHLIGHTS FOR THE LAST 5 YEARS

- Notable company economic development announcements include:
  - Avadim Technologies
  - Riverbend Malt
  - Baldor Electric Company
  - Wicked Weed Brewing
  - New Belgium
- Unemployment rate of 4.1% - among the lowest in North Carolina
- The Economic Development Coalition’s efforts continue in growing the regional economy with the launch of AVL 5x5: Vision 2020. The measures of success for AVL 5x5: Vision 2020 are:
  - 3,000 new direct jobs
  - 50 new high-growth companies
  - $50,000 average annual wage
  - $650 million of new capital investment
  - $10 million of new equity investment
The General Fund is the County’s primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in a different fund. The core services of Buncombe County are accounted for in the General Fund, in addition to other services.

### GENERAL GOVERNMENT
- Governing Body
- Human Resources
- Budget & Management
- Finance
- Tax Collections
- Tax Assessment
- Register of Deeds
- Board of Elections
- Information Technology

### PUBLIC SAFETY
- Sheriff’s Office
- Detention Facility
- Emergency Services
- Permits and Inspections
- Pretrial Release
- Animal Services

### ECONOMIC DEVELOPMENT
- Planning
- Cooperative Extension
- Soil Conservation
- Economic Development

### HUMAN SERVICES
- Public Health
- Social Services
- Veterans’ Services

### CULTURAL AND RECREATION
- Libraries
- Recreation

### EDUCATION
- Public Schools

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**FUND BALANCE QUICK FACTS FOR FISCAL YEAR 2017**

Fund Balance is the difference between fund assets (what we own) and fund liabilities (what we owe). Generally Accepted Accounting Principles (GAAP) provide the hierarchy of constraints placed on how fund balance can be spent. Information on fund balance classifications can be found in the notes of the Comprehensive Annual Financial Report.

- At the end of the fiscal year, available fund balance for the General Fund was $56 million.
- The Board of Commissioners has determined that the County should maintain an available fund balance of 15%, approximately two months of general fund expenditures, in case of unforeseen needs or opportunities in addition to meeting cash flow needs of the County. The County has exceeded this requirement with an available fund balance of 18.8%.
- Along with maintaining a AAA credit rating by S&P, Moody’s evaluated and upgraded the County to a Aaa, giving Buncombe the highest rating possible by the two largest rating agencies.
WHERE DOES THE FUNDING COME FROM?

REVENUES
$296,776,256

Property taxes represent the largest source of funds for Buncombe County. Intergovernmental, which is revenue received from other governments and restricted for specific purposes, is the second largest revenue source. Sales taxes, the tax Buncombe County receives from purchases of goods and services, are the third largest revenue source. Revenue generated through Sales and Services, such as recording fees for real estate transactions and permitting fees, make up the fourth largest revenue category. Other revenue includes investment earnings and miscellaneous revenues.

WHERE DOES THE GENERAL FUND MONEY GO?

EXPENDITURES
$296,059,040

As depicted in this chart, Human Services and Education expenditures are the two largest uses of County funds. Public Safety, which includes law enforcement and emergency services, is the third largest group of expenditures. General Government, which includes departments such as Tax, Information Technology, Board of Elections, etc., is the fourth largest spending category. Debt Service, which equals one year of debt repayment expenditures, is the fifth largest group. Culture and Recreation ranks sixth in expenditures, while Economic and Physical Development is the smallest category of expenditures.
In order for Buncombe County to provide many types of services for our citizens, it needs to generate revenue. One of the main sources of revenue is Ad Valorem (property) tax. Property taxes make up 61.98% of the total General Fund revenues and are assessed and collected for things such as real estate, business and personal property, and motor vehicles. In order to fairly tax citizens, the County Tax Department reviews ownership and condition of the taxable property as of January 1st each year.

Top 10 Taxpayers

- Duke Energy Progress, Inc
- Ingles Markets, Inc
- New Belgium Brewing Company, Inc
- GPI Resort Holdings LLC
- Biltmore Company
- Jacob Holm Industries
- Linamar North Carolina, Inc
- Town Square West LLC
- Asheville Mall CMBS LLC
- Novo Nordisk Pharmaceutical, Inc

*2017 information for the State of NC and for NC Counties with population of 100,000+ has not yet been published.
GOVERNMENT-WIDE STATEMENTS

The government-wide statements look at Buncombe County as a single, integrated unit and use the full accrual basis of accounting. These statements are designed to provide readers with a broad overview of the County’s finances in a manner similar to a private sector business. Exhibits 1 and 2 in the CAFR are government-wide statements and are separated by governmental activities and business-type activities.

The charts below focus only on governmental activities. Business-type activities, which include services such as the Landfill, can be viewed in the Comprehensive Annual Financial Report. The Management’s Discussion and Analysis in the CAFR also provides narrative information on changes in net position and activities.

### NET POSITION (in millions)

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016 Restated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current and other assets</td>
<td>$214.0</td>
<td>$243.6</td>
</tr>
<tr>
<td>Capital assets</td>
<td>262.4</td>
<td>259.4</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>476.4</strong></td>
<td><strong>503.0</strong></td>
</tr>
</tbody>
</table>

#### DEFERRED OUTFLOWS

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016 Restated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long term liabilities</td>
<td>461.9</td>
<td>503.2</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>66.7</td>
<td>26.8</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td><strong>528.6</strong></td>
<td><strong>530.0</strong></td>
</tr>
</tbody>
</table>

#### DEFERRED INFLOWS

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016 Restated</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2.9</td>
<td>4.5</td>
</tr>
</tbody>
</table>

#### NET POSITION:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016 Restated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net investment in capital assets</td>
<td>69.3</td>
<td>85.5</td>
</tr>
<tr>
<td>Restricted</td>
<td>62.1</td>
<td>70.3</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>(156.5)</td>
<td>(176.0)</td>
</tr>
<tr>
<td><strong>TOTAL NET POSITION</strong></td>
<td>(<strong>$25.1</strong>)</td>
<td>(<strong>$20.2</strong>)</td>
</tr>
</tbody>
</table>

### GOVERNMENTAL ACTIVITIES (in millions)

#### REVENUES:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016 Restated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program revenues</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charges for services</td>
<td>$23.0</td>
<td>$17.0</td>
</tr>
<tr>
<td>Operating grants/contributions</td>
<td>60.7</td>
<td>58.3</td>
</tr>
<tr>
<td>Capital grants/contributions</td>
<td>2.2</td>
<td>2.6</td>
</tr>
<tr>
<td>General revenues</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property taxes</td>
<td>201.5</td>
<td>196.7</td>
</tr>
<tr>
<td>Other taxes</td>
<td>107.3</td>
<td>99.4</td>
</tr>
<tr>
<td>Other</td>
<td>3.5</td>
<td>5.2</td>
</tr>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td><strong>398.2</strong></td>
<td><strong>379.2</strong></td>
</tr>
</tbody>
</table>

#### EXPENSES:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016 Restated</th>
</tr>
</thead>
<tbody>
<tr>
<td>General government</td>
<td>36.0</td>
<td>31.1</td>
</tr>
<tr>
<td>Public safety</td>
<td>97.5</td>
<td>100.4</td>
</tr>
<tr>
<td>Economic &amp; physical development</td>
<td>36.6</td>
<td>31.9</td>
</tr>
<tr>
<td>Human services</td>
<td>99.8</td>
<td>97.0</td>
</tr>
<tr>
<td>Culture &amp; recreation</td>
<td>9.1</td>
<td>9.0</td>
</tr>
<tr>
<td>Education</td>
<td>108.4</td>
<td>142.3</td>
</tr>
<tr>
<td>Interest on long-term debt</td>
<td>15.7</td>
<td>15.4</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td><strong>403.1</strong></td>
<td><strong>427.1</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016 Restated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase (decrease) in net position</td>
<td>(4.9)</td>
<td>(47.9)</td>
</tr>
<tr>
<td>Net position beginning of year</td>
<td>(20.2)</td>
<td>27.7</td>
</tr>
<tr>
<td><strong>NET POSITION END OF YEAR</strong></td>
<td>(<strong>$25.1</strong>)</td>
<td>(<strong>$20.2</strong>)</td>
</tr>
</tbody>
</table>

#### Change in Net Position

- **Exhibit 1 - Statement of Net Position**
  Shows what the government has in relation to assets (what we own) and liabilities (what we owe)

- **Exhibit 2 - Statement of Activities**
  Reflects the revenues (sources of income) and expenses (uses of money) that yield the annual change in net position

#### Major Financial Changes

The large increase in charges for services revenue occurred in the public safety and general government functions. These charges include building permits, jail fees, and ambulance fees. The 31% decrease in Education expenditures was due to a change in accounting for capital outlay expenditures.

- **Change in Net Position**
  Governmental activities net position decreased in FY17 by $4.9 million. This was primarily due to capital expenses for education purposes.
As of June 30, 2017, Buncombe County’s total debt outstanding was $447.6 million, of which $138 million is for the public school systems and $80 million is for the community college. The Management’s Discussion & Analysis in the CAFR provides more in-depth narrative on the outstanding debt of Buncombe County.

Under North Carolina law, the County is responsible for providing capital funding for the public school systems. Because the assets funded by Buncombe County are owned and utilized by the school systems, Buncombe County has incurred a liability (what we owe) without a corresponding increase in assets (what we own).

**$24.4 million**—General Obligation Bonds, where the debt is backed by the full faith and credit of Buncombe County.

**$420.9 million**—Installment Notes, where the assets purchased or constructed are collateral for the notes.

**OUTSTANDING DEBT (in millions)**

<table>
<thead>
<tr>
<th></th>
<th>Governmental Activities</th>
<th>Business-Type Activities</th>
<th>Total Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Obligation Bonds</td>
<td>2017 $ 24.4 420.9</td>
<td>2017 $ - 2.3</td>
<td>2017 $ 24.4 423.2</td>
</tr>
<tr>
<td>Installment Notes</td>
<td>2016 $ 27.2 447.5</td>
<td>2016 $ 2.3 2.9</td>
<td>2016 $ 27.2 450.4</td>
</tr>
<tr>
<td>Total Debt</td>
<td>$ 445.3</td>
<td>$ 474.7</td>
<td>$ 447.6</td>
</tr>
</tbody>
</table>

10
OVERVIEW OF OPERATIONS

EMPLOYEES
Over the past ten years, the number of Buncombe County employees has decreased by 78 positions. This has been accomplished by partnering with community agencies and increasing operational efficiencies, such as improved technology, which allows employees to broaden the scope of their duties.

2008 - NUMBER OF POSITIONS
1,554

2017 - NUMBER OF POSITIONS
1,476

CAPITAL ASSETS
Capital assets are items used to perform the basic operations of the government, which have a useful life of more than one year and meet the capitalization threshold of $25,000. Some examples of capital assets include: land, buildings, other improvements, equipment, vehicles, intangible assets, and construction in progress. The values shown below for capital assets are a total of governmental and business-type operations. The value is the historical cost less the accumulated depreciation for each type of asset. More detailed information about capital assets can be located in the Comprehensive Annual Financial Report.

CAPITAL ASSETS - NET OF DEPRECIATION (in millions)

<table>
<thead>
<tr>
<th>Type</th>
<th>2017 Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$27.2</td>
</tr>
<tr>
<td>Buildings &amp; Improvements</td>
<td>$200.5</td>
</tr>
<tr>
<td>Equipment &amp; Intangibles</td>
<td>$12.7</td>
</tr>
<tr>
<td>Vehicles</td>
<td>$2.9</td>
</tr>
<tr>
<td>Construction in Progress</td>
<td>$44.3</td>
</tr>
</tbody>
</table>

OPERATING INFORMATION

2008 - NUMBER OF POSITIONS
1,554

2017 - NUMBER OF POSITIONS
1,476
Buncombe County uses a Capital Improvement Program (CIP) to identify all capital projects (those costing over $250,000) requiring funding for the next five years. These are generally for major technology projects, buildings, land, and vehicle replacement programs. The CIP is formulated under the direction of the County Manager based upon priorities outlined by the Board of Commissioners. The budget document contains additional information regarding the CIP and may be found at the County’s website, www.buncombecounty.org.

MAJOR ONGOING PROJECTS DURING FISCAL YEAR 2017 INCLUDE:

- Human Services Complex
- Detention Center Maintenance
- Public Safety Training Center Firing Range

MAJOR PROJECTS PLANNED FROM 2018 - 2022 INCLUDE:

- New Solid Waste Transfer Facility
- New Park in Candler
- Landfill Gas to Energy Generator
- East Asheville Library Renovations
- Roof Replacements
- Phone System Replacement
SOLID WASTE

Buncombe County Solid Waste operates a Landfill and Waste Transfer Station. The Transfer Station serves as a drop off location for residential waste, which is then transferred to the landfill. The Landfill is an EPA Bioreactor Project and provides residential, commercial and industrial waste disposal. Both the Landfill and Transfer Station offer recycling services as well. The mission of Buncombe County Solid Waste is to protect the health and safety of citizens by disposing of all waste in the most efficient, cost effective, and environmentally sound manner possible.

- 14,092 tons of waste recycled
- 152,302 tons of waste received
- Recycled 220 tons of electronics and household hazardous waste in FY17
- The EPA Bioreactor Program is one of a few in the country that is a full scale project, encompassing the entire municipal solid waste landfill footprint
- Decomposing trash in the landfill produces methane gas which the County converts into renewable electricity, powering 1,100 homes
- Smart technology and GPS equipment help to extend the life of the landfill and save money on fuel and maintenance
The General Government function provides administrative support for the County government. It includes the Governing Body, County Manager, Human Resources, Finance, Budget & Management Services, Tax, Board of Elections, Register of Deeds, and Information Technology. This function serves to maintain compliance with various regulatory requirements, improve communications with citizens, utilize technology to provide effective and efficient services, attract and retain a qualified work force, bill and collect taxes for the County and other local governments, record and preserve vital records, and administer the voting process.

- Highest tax collection rate for Buncombe County to date - 99.89% in FY17 increasing from 99.84% in FY16
- Received a Aaa from Moody’s and maintained AAA bond rating from Standard & Poor’s
- Processed nearly 7,300 employment applications
- The Register of Deeds office eRecorded 14,465 documents in FY17, accounting for 24% of total recordings for the year.
- 19 open session commissioner meetings were held in FY17
The Public Safety function is composed of the Sheriff’s Office, Emergency Services, Court Support, Justice Resource Center, Pretrial Services, Identification Bureau and Centralized Data Entry, Criminal Justice Information System, Permits and Inspections, and the Public Safety Training Center. This function works to ensure the safety of Buncombe County citizens by providing a variety of services such as ambulance services, neighborhood patrol, inspection of buildings, training for emergency personnel throughout Western North Carolina, and maintaining a database of criminal history on all persons arrested or cited in the County.

- 71,837 emergency calls were dispatched in FY17
- 13 criminal justice system Diversion Programs in FY17, up from only 10 in FY16
- Average response time for Buncombe County Sheriff emergency calls is 9.38 minutes
- 98% of residential plans reviewed within 3 working days
- 2,419 building permits issued in FY17
HUMAN SERVICES

The Human Services function includes Public Health, Social Services, Aging Services, Veterans’ Services, Human Services Support Team, Child Care Services, and Mental Health. This function serves the community by protecting and promoting the health of all people in Buncombe County, providing resources to citizens that maximize their well-being while promoting self-reliance, meeting the needs of the aging community, and assuring compliance with regulatory agencies which assist in funding human services activities.

- Received a Best Practice award in the area of Advancements in Staff and Leadership Development for the development of a training curriculum map
- Awarded Project Connect grant from Robert Wood Johnson Foundation that built staff capacity in storytelling to better engage policy makers
- Presented to National Adverse Childhood Experiences (ACE) Summit on our local ACE Collaborative and Mobilizing Action for Resilient Communities (MARC) grant
- WIC was awarded the USDA’s Loving Support Award of Excellence - Gold Level for exemplary breastfeeding promotion and support efforts
ECONOMIC & PHYSICAL DEVELOPMENT

The Economic and Physical Development function includes Planning, Economic Development, Cooperative Extension, Sustainability Office, and Soil and Water Conservation. This function serves the community by stimulating economic growth, protecting farmland, preserving water and soil quality, and balancing the need for additional economic and population growth opportunities with environmental stewardship through well-planned infrastructure expansion.

- 214 education programs held by the Soil and Water Conservation District in FY17
- 566 jobs were announced in FY17 for Buncombe County Citizens
- $34.9 million announced in capital investment in local businesses in FY17
- 80 families benefited from County assisted affordable housing in FY17
- Environmental education programs reached a total of 76,605 people
- Created a Sustainability Office to serve as a resource and advocate for environmental sustainability
CULTURE & RECREATION

The Culture and Recreation function includes Parks, Greenways, Recreation, and the Library System. This function serves citizens by providing library and recreational facilities and programs to improve quality of life for Buncombe County residents by responding to the growing and diverse needs of our community.

- The Community Recreation Grant invested in 18 nonprofit projects to enhance recreation, health and wellness and leveraged an additional $24,300 dollars in community investments

- 61 special events and programs were offered in FY17

- 1.7 million library books in circulation in FY17

- Sand Hill Community Garden harvested over 1,900 pounds of fresh produce with 80% being donated to local welcome tables and community organizations

- 882,391 citizens visited the County’s most popular parks (Lake Julian, Sports Park, Hominy Valley, North Buncombe and Owen Park)

- $25,945 was raised for the Special Olympics Program in FY17

- 24,354 children and adults participated in programming and special events put on by Recreation Services
AWARDS

GOVERNMENT FINANCE OFFICERS ASSOCIATION

The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to Buncombe County for its Popular Annual Financial Report for the fiscal year ended June 30, 2016. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards for creativity, presentation, understandability, and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. Buncombe County has received a Popular Award for the last 9 consecutive years. We believe our current report continues to conform to the Popular Annual Financial Reporting standards.

CITY-COUNTY COMMUNICATIONS & MARKETING ASSOCIATION

Buncombe County was awarded a Savvy Award and the Silver Circle Award by The City-County Communications & Marketing Association (3CMA). 3CMA is the nation’s premiere network of local government communicators. The organization was founded in 1988 on the philosophy that communications and marketing are essential to helping governments engage and build stronger relationships with their residents.
RANKED & RATED

The Asheville Area has been recognized by dozens of magazines, websites and publications. Voted as one of *Travel and Leisure’s* best cities in the US and Canada, other accolades include recognition for outdoor adventures, cuisine, the arts community, and as a retirement and relocation destination.

- Ranked #3 out of 18 for the World’s Best Cities for Millennials
  - *Matadornetwork.com*, May 2016

- Ranked one of the best mid-markets in the South to relocate your headquarters
  - *Southern Business & Development*, 2016

- Named a top city to visit in January in “Where to Go in 2016”

- Named one of the best locations for the creative class in North Carolina
  - *Southern Business & Development*, October 2015

- Ranked #9 of the Best Small Cities in the U.S.
  - *Conde Nast Traveler*, October 2015

- Named one of the 10 best outdoor towns in America
  - *SmarterTravel.com*, October 2015