Dear Buncombe County Residents,

We are excited to present the County’s Popular Annual Financial Report (PAFR) for the fiscal year ending June 30, 2015. The purpose of the PAFR is to provide an effective way of communicating complex financial data and governmental initiatives to our citizens. It is intended to provide a summary of the County’s financial position in a user friendly format. The PAFR is a reflection of our efforts to keep citizens informed about the County’s financial operations and what we are achieving with our financial resources. Within this report you will find an analysis of where our financial resources come from and where the dollars are spent in a format that is easy to understand.

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.

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.

Our goal is to ensure that you have the best, most easily understandable financial information available and to increase your confidence in the way our County is operated. 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.

WANDA GREENE PhD, CPA
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 660 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 2015.

MUNICIPALITIES

City of Asheville
Town of Black Mountain
Town of Woodfin
Town of Weaverville
Town of Biltmore Forest
Town of Montreat
VIBRANT ECONOMY

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
• Walking and BusTours

OUTDOORS
• Biking
• Golf
• Hiking
• Horseback Riding
• River Sports
• Scenic Drives
• Zipline Canopy Tours

MUSIC & ARTS
• Revitalization of River Arts District
• The Orange Peel
• Folk Music & Storytelling
• Folk Art Center
• Film Industry
• Colburn Earth Science Museum
• Over 200 artists in residence

FOOD & BEVERAGE
• East coast expansion of New Belgium
• Asheville’s Foodtopia
• Farm Tours
• Tailgate Markets
• WNC Farmer’s Market
• Highland Brewing
• Multiple other craft breweries
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 FISCAL YEAR 2015**

- 22,859 local jobs in the healthcare and social assistance industry
- Manufacturing jobs account for approximately 11% of area employment
- Notable company announcements include:
  - Linamar
  - AVL Technologies
  - Thermo Fisher Scientific
  - GE Aviation
  - New Belgium Brewery
- Unemployment rate of 4.8% - among the lowest in North Carolina
- Since 2010 local economic development investments created over 6,300 jobs and $1 billion in capital investment
GENERAL FUND
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.

What kinds of services are accounted for in the General Fund?

GENERAL GOVERNMENT
• Governing Body
• Human Resources
• Budget & Management
• Finance
• Tax Department
• Register of Deeds
• Board of Elections
• Information Technology

PUBLIC SAFETY
• Pre-Trial Release
• Sheriff Office
• Detention Facility
• Emergency Services
• Permits and Inspections
• General Services

ECONOMIC DEVELOPMENT
• Planning
• Cooperative Extension
• Soil Conservation
• Recycling

HUMAN SERVICES
• Public Health
• Social Services
• Veterans’ Services

CULTURAL AND RECREATION
• Libraries
• Recreation

EDUCATION
• Public Schools

FUND BALANCE QUICK FACTS FOR FISCAL YEAR 2015
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 $52.2 million.

• The Board of Commissioners has determined that the County should maintain an available fund balance of 15% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting cash flow needs of the County. The County has exceeded this requirement with an available fund balance of 18%.

• The County has been able to maintain its fund balance position during the economic fluctuations because of operational efficiencies and controlled spending.
WHERE DOES THE FUNDING COME FROM?

Property taxes make up the largest portion of incoming money for Buncombe County. Restricted intergovernmental, which is revenue received from other governments that must be used for a specific purpose, is the second largest revenue source. Sales tax, which is the tax Buncombe County receives from purchases of goods, is the third largest revenue source. Sales and services, which are fees that Buncombe County charges for certain services, is the fourth largest revenue source. The “other category” is made up of miscellaneous revenues, permits and fees, and investment earnings.

WHERE DOES THE GENERAL FUND MONEY GO?

Human Services, which consists of Social and Health Services, makes up the largest portion of outgoing money for Buncombe County. Education makes up the second largest group of expenditures. Public Safety, which is made up of services such as law enforcement and emergency services, is the third largest group of expenditures. General Government, which includes departments such as the Tax Department, Information Technology, Board of Elections, etc., is the fourth largest group. Debt Service, which is paying back outstanding debt, is the fifth largest group. Cultural and Recreation ranks sixth in expenditures. Economic and Physical Development is the smallest percentage of expenditures.
PROPERTY TAXES

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 the Ad Valorem (property) tax. Property taxes make up 60.47% of the total General Fund revenues and are assessed and collected for things such as real estate, business and personal property assets 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
• Ingles Markets, Inc
• GPI Resort Holdings LLC
• Town Square West LLC
• Biltmore Company
• Asheville Mall CMBS LLC
• Southeastern Container
• Public Service Co of NC Inc.
• Bellsouth Telephone Co.
• Borgwarner Turbo Systems

* 2015 information for the State of NC and for NC Counties with population of 100,000 and above 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. Exhibits 1 and 2 in the CAFR are government-wide statements and are separated by the governmental activities and the business-type activities.

The charts below focus only on the governmental activities. The 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.

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**NET POSITION** (in millions)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current and Other Assets</td>
<td>$334.8</td>
<td>$311.5</td>
</tr>
<tr>
<td>Capital Assets</td>
<td>254.9</td>
<td>245.6</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>$589.7</strong></td>
<td><strong>$557.1</strong></td>
</tr>
</tbody>
</table>

**DEFERRED OUTFLOWS OF RESOURCES**

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long Term Liabilities</td>
<td>526.0</td>
<td>463.4</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>26.8</td>
<td>25.3</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td><strong>552.8</strong></td>
<td><strong>488.7</strong></td>
</tr>
</tbody>
</table>

**DEFERRED INFLOWS OF RESOURCES**

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>19.4</td>
<td>1.2</td>
</tr>
</tbody>
</table>

**NET POSITION INCREASE (DECREASE)**

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Investment in Capital Assets</td>
<td>84.2</td>
<td>93.6</td>
</tr>
<tr>
<td>Restricted</td>
<td>52.2</td>
<td>194.7</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>(107.8)</td>
<td>(211.1)</td>
</tr>
<tr>
<td><strong>TOTAL NET POSITION</strong></td>
<td><strong>$28.6</strong></td>
<td><strong>$77.2</strong></td>
</tr>
</tbody>
</table>

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**GOVERNMENTAL ACTIVITIES** (in millions)

- **REVENUES:**
  - Program revenues: $16.5 (Restated), $17.2
  - Charges for services: 56.3, 49.0
  - Operating grants/contributions: 6.3, 9.4
  - Capital grants/contributions: 6.3, 9.4
  - General revenues:
    - Property taxes: 191.2, 192.7
    - Other taxes: 88.0, 77.0
    - Other: 3.8, 0.8
  - **TOTAL REVENUES**: $362.1, 346.1

- **EXPENSES:**
  - General government: 26.5, 26.2
  - Public safety: 93.2, 86.3
  - Economic & physical development: 17.9, 15.3
  - Human services: 92.1, 86.3
  - Culture & recreation: 9.8, 10.6
  - Education: 154.2, 107.5
  - Interest on long-term debt: 17.0, 13.6
  - **TOTAL EXPENSES**: 410.7, 345.8

- **Increase (decrease) in net position** before transfers, contributions, 
  & special items: (48.6), 0.3

- **Transfers, contributions, 
  & special items**: 0.0, 0.6

- **Increase (decrease) in net position**
  Net position beginning of year: (48.6), 0.9

- **NET POSITION END OF YEAR**: $28.6, $77.2

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- **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.*

- **Change in Net Position**
  *Net Position decreased in FY15 by $49.3 million. This was primarily due to an increase in public safety, human services and education expenses and a large debt issuance during the year.*
Buncombe County’s outstanding long-term debt increased by $70.5 million during fiscal year 2015 due to financing required for education and County-related capital projects. As of June 30, 2015, Buncombe County’s total debt outstanding was $509.2 million, of which $241 million is for the public school system and $152 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 both education 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).

• $30.1 million—General Obligation Bonds, where the debt is backed by the full faith and credit of Buncombe County.

• $479.1 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>$ 30.1</td>
<td>$ 38.3</td>
<td>0.0</td>
</tr>
<tr>
<td>Special Obligation Revenue Bonds</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Installment Notes Payable</td>
<td>476.2</td>
<td>395.8</td>
<td>2.9</td>
</tr>
<tr>
<td><strong>Total Debt</strong></td>
<td><strong>$ 506.3</strong></td>
<td><strong>$ 434.1</strong></td>
<td><strong>$ 2.9</strong></td>
</tr>
</tbody>
</table>
EMPLOYEES
Over the past ten years, the number of Buncombe County employees has decreased by 75 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. The numbers reported below are the number of permanent positions in the General Fund.

EMPLOYEES
2006 - NUMBER OF POSITIONS
1,517

2015 - NUMBER OF POSITIONS
1,442

OPERATING INFORMATION

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 $10,000. 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>LAND</th>
<th>BUILDINGS &amp; IMPROVEMENTS</th>
<th>EQUIPMENT</th>
<th>AUTOMOTIVE EQUIPMENT</th>
<th>CONSTRUCTION IN PROGRESS</th>
</tr>
</thead>
<tbody>
<tr>
<td>$26.6</td>
<td>$218.5</td>
<td>$11.1</td>
<td>$3.2</td>
<td>$23.1</td>
</tr>
</tbody>
</table>

2015 - NUMBER OF POSITIONS
1,442
Buncombe County uses a Capital Improvement Plan (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, vehicle replacement programs, etc. 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.

**CITATION:**

Buncombe County Administration Building

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**MAJOR PROJECTS PLANNED FROM 2016 - 2020 INCLUDE:**

- Human Services Campus Expansion
- Lake Julian Master Plan
- Tax Revaluation Software
- Expansion of Landfill Cells
- Voting System Replacement
- Enterprise Resource Planning (ERP) System Replacement

**MAJOR PROJECTS COMPLETED DURING FISCAL YEAR 2015 INCLUDE:**

- Public Safety Training Center
- Courthouse Renovations
- AB Tech Ferguson Center for Allied Health and Workforce Development
The General Government function provides administrative support for county government. It includes the Governing Body, County Manager, Human Resources, Finance, Budget & Management Services, the Tax Department, 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 six municipalities, record and preserve vital records and administer the voting process.

- Highest tax collection rate for Buncombe County to date - 99.72% in FY15 increasing from 99.42% in FY14

- Maintained AAA bond rating from Standard & Poor's and received a positive outlook on Aa1 rating from Moody's

- Election Services increased early voting participants to 50,007 in FY15 from 8,280 in FY14

- Register of Deeds office e-Recording transactions increased 15.5%

- IT and Tax implemented a new vendor system for the billing and collection of business, personal and real estate property taxes
PUBLIC SAFETY

The Public Safety function is composed of the Sheriff’s Department, Emergency Services, Court Support, Justice Resource Center, Pre-Trial Services, Identification Bureau and Centralized Data Entry, Criminal Justice Information System, Permits and Inspections, General Services, 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.

- Updated all EMS units with new advanced care equipment
- Adjacent to the Public Safety Training Center, Buncombe County is constructing an indoor firing range for law enforcement. The range includes 12 lanes, 50 yards in length
- Crisis Intervention Training (CIT) trained an additional 19 officers bringing the total to 272
- Average call time for Level 1 priority calls decreased 30 seconds
- 99% of residential plans reviewed within 3 working days
- Operating expense per square foot reduced $0.11 from prior year
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 assists in funding human services activities.

- NC Association of County Commissioners Innovation Award for the pop up market model for fresh food distribution and community engagement
- NCDHSS Communicable Disease Conference Award for the Shield of Protection Campaign raising awareness about the importance of immunizations
- NC Association of County Directors of Social Services Best Practice Award for employee performance and professional development initiative
- National presentation at the National Association of Public Child Welfare Administrators’ Conference on social worker resiliency
- North Carolina Social Services Institute showcase of best practices in business intelligence
ECONOMIC & PHYSICAL DEVELOPMENT

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

- Cooperative Extension educated 15,450 citizens in practices to reduce fertilizer and pesticide use that could impact water bodies
- 367 acres protected through two permanent conservation easements
- Increased capital investment in local business, totalling $146.2M in FY15
- Increased job announcements, totalling 417 in FY15
- County drop-off recycling increased 13.5%
- Environmental education programs reached a total of 70,087 people
The Culture and Recreation function includes Parks, Greenways, and 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 15 non-profit projects to enhance recreation, health & wellness
- 5% increase in active library cards
- Sand Hill Community Garden raised over one ton of fresh vegetables which helped local communities and families have access to fresh produce
- Over 500,000 citizens visited our most popular parks (Lake Julian, Sports Park, Hominy Valley, North Buncombe and Owen Park)
- 19,600 children and adults participated in programming and special events put on by Recreation Services
- Over 195,000 electronic library resources available to the public
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, 2014. 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 7 consecutive years. We believe our current report continues to conform to the Popular Annual Financial Reporting standards.
The Asheville Area has been recognized by dozens of magazines, websites and publications. Voted as one of *Frommer's* top travel destinations in the world, other accolades include recognition for outdoor adventures, cuisine, the arts community and as a retirement and relocation destination.

- *National Geographic Travel* named Asheville one of the "World's Best Cities"
- TravelChannel.com named Asheville one of its "Top 5 Pet-Friendly Towns"
- *Matador Network* selected Asheville number-one slot in its round-up of "The 20 Coolest Towns in the U.S."
- *Condé Nast Traveler* included Asheville among its "America's Best Beer Cities" round-up
- Asheville is considered one of "America’s Smartest Cities" by *Forbes"
- Asheville was featured in the *Huffington Post* on "The 13 Greatest Destination Food Towns in America"
- Real Estate Scorecard recognized Asheville as the "Most Beautiful Place in America to Live and More"