BOARD OF COMMISSIONERS

CHAIRMAN
DAVID GANTT

DISTRICT 1
HOLLY JONES

DISTRICT 2
MIKE FRYAR

DISTRICT 3
JOE BELCHER

DISTRICT 1
BROWNIE NEWMAN

DISTRICT 2
ELLEN FROST

DISTRICT 3
TIM MOFFITT

DISTRICT 1

DISTRICT 2

DISTRICT 3
MANAGER’S MESSAGE

Dear Buncombe County Residents,

We are excited to present the County’s Popular Annual Financial Report (PAFR) for the fiscal year ending June 30, 2016. 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 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 2016.

MUNICIPALITIES
City of Asheville
Town of Black Mountain
Town of Woodfin
Town of Weaverville
Town of Biltmore Forest
Town of Montreat

<table>
<thead>
<tr>
<th>POPULATION</th>
<th>PUBLIC SCHOOL ENROLLMENT</th>
<th>MEDIAN AGE</th>
<th>UNEMPLOYMENT</th>
<th>TOTAL HOUSING UNITS</th>
<th>AVERAGE HIGH TEMPERATURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>254,344</td>
<td>30,232</td>
<td>41</td>
<td>3.5%</td>
<td>116,638</td>
<td>January: 47°</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>July: 85°</td>
</tr>
</tbody>
</table>
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**
- 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

**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
- Over 17 local farmers markets
- Highland Brewing
- Over 25 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 2016**

- Notable company economic development announcements include:
  - Avadim Technologies
  - Baldor Electric Company
  - Burial Beer Co.
  - Wicked Weed Brewing
  - Duke Energy
- Unemployment rate of 3.5% - 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.

**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’s Office
- Detention Facility
- Emergency Services
- Permits and Inspections
- General Services
- 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 2016**

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 $53.5 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 17.4%.

- 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?

REVENUES
$299,088,609

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, which is the tax Buncombe County receives from purchases of goods and services, is 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
$291,008,538

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 59.86% 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
- GPI Resort Holdings LLC
- Biltmore Company
- Jacob Holm Industries
- Town Square West LLC
- Asheville Mall CMBS LLC
- Novo Nordisk Pharmaceutical, Inc
- Public Service Co of NC, Inc
- Borgwarner Turbo Systems

*2016 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. 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>2016</th>
<th>2015 Restated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current and other assets</td>
<td>$243.6</td>
<td>$334.8</td>
</tr>
<tr>
<td>Capital assets</td>
<td>259.4</td>
<td>254.9</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>503.0</strong></td>
<td><strong>589.7</strong></td>
</tr>
</tbody>
</table>

**Deferred Outflows of Resources**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long term liabilities</td>
<td>500.7</td>
<td>526.0</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>26.8</td>
<td>27.7</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td><strong>527.5</strong></td>
<td><strong>553.7</strong></td>
</tr>
</tbody>
</table>

**Deferred Inflows of Resources**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4.5</td>
<td>19.4</td>
</tr>
</tbody>
</table>

**Net Position:**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net investment in capital assets</td>
<td>85.5</td>
<td>84.2</td>
</tr>
<tr>
<td>Restricted</td>
<td>72.8</td>
<td>52.2</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>(176.0)</td>
<td>(108.7)</td>
</tr>
<tr>
<td><strong>TOTAL NET POSITION</strong></td>
<td><strong>($17.7)</strong></td>
<td><strong>$27.7</strong></td>
</tr>
</tbody>
</table>

### GOVERNMENTAL ACTIVITIES (in millions)

#### Revenues:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015 Restated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program revenues</td>
<td>$17.0</td>
<td>$16.5</td>
</tr>
<tr>
<td>Operating grants/contributions</td>
<td>58.3</td>
<td>56.3</td>
</tr>
<tr>
<td>Capital grants/contributions</td>
<td>2.6</td>
<td>6.3</td>
</tr>
<tr>
<td><strong>General revenues</strong></td>
<td>196.7</td>
<td>191.2</td>
</tr>
<tr>
<td>Property taxes</td>
<td>99.4</td>
<td>88.0</td>
</tr>
<tr>
<td>Other taxes</td>
<td>5.2</td>
<td>3.8</td>
</tr>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td><strong>379.2</strong></td>
<td><strong>362.1</strong></td>
</tr>
</tbody>
</table>

#### Expenses:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>General government</td>
<td>28.6</td>
<td>26.6</td>
</tr>
<tr>
<td>Public safety</td>
<td>100.4</td>
<td>93.6</td>
</tr>
<tr>
<td>Economic &amp; physical development</td>
<td>31.9</td>
<td>18.0</td>
</tr>
<tr>
<td>Human services</td>
<td>97.0</td>
<td>92.4</td>
</tr>
<tr>
<td>Culture &amp; recreation</td>
<td>9.0</td>
<td>9.8</td>
</tr>
<tr>
<td>Education</td>
<td>142.3</td>
<td>154.2</td>
</tr>
<tr>
<td>Interest on long-term debt</td>
<td>15.4</td>
<td>17.0</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td><strong>424.6</strong></td>
<td><strong>411.6</strong></td>
</tr>
</tbody>
</table>

Increase (decrease) in net position (45.4) (49.5) Net position beginning of year 27.7 77.2 **Net Position End of Year** ($17.7) $27.7

### Major Financial Changes

The large decrease in capital grants and contributions revenue was primarily due to a one-time sale of land that occurred in FY15. The 44% increase in Economic and Physical Development expenditures was due to increased economic incentives during FY16.

#### Exhibits

- **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**
  Governmental activities net position decreased in FY16 by $45.4 million. This was primarily due to capital expenses for education purposes.
As of June 30, 2016, Buncombe County’s total debt outstanding was $477.3 million, of which $147.6 million is for the public school systems and $85.6 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).

$27.2 million—General Obligation Bonds, where the debt is backed by the full faith and credit of Buncombe County.

$450.1 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></td>
<td>2016</td>
<td>2015</td>
<td>2016</td>
</tr>
<tr>
<td>General Obligation Bonds</td>
<td>$ 27.2</td>
<td>$ 30.1</td>
<td>$ -</td>
</tr>
<tr>
<td>Installment Notes</td>
<td>$ 447.5</td>
<td>$ 476.2</td>
<td>$ 2.6</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$ 474.7</td>
</tr>
<tr>
<td>Total Debt</td>
<td>$ 474.7</td>
<td>$ 506.3</td>
<td>$ 2.6</td>
</tr>
<tr>
<td></td>
<td>$ 477.3</td>
<td>$ 509.2</td>
<td></td>
</tr>
</tbody>
</table>
EMPLOYEES
Over the past ten years, the number of Buncombe County employees has decreased by 108 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.

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Positions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>1,595</td>
</tr>
<tr>
<td>2016</td>
<td>1,487</td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th>Capital Assets - Net of Depreciation (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>LAND</td>
</tr>
<tr>
<td>BUILDINGS &amp; IMPROVEMENTS</td>
</tr>
<tr>
<td>EQUIPMENT</td>
</tr>
<tr>
<td>AUTOMOTIVE EQUIPMENT</td>
</tr>
<tr>
<td>CONSTRUCTION IN PROGRESS</td>
</tr>
<tr>
<td>$27.2</td>
</tr>
<tr>
<td>$204.9</td>
</tr>
<tr>
<td>$12.5</td>
</tr>
<tr>
<td>$3.3</td>
</tr>
<tr>
<td>$37.7</td>
</tr>
</tbody>
</table>

More detailed information about capital assets can be located in the Comprehensive Annual Financial Report.
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, 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.

**MAJOR PROJECTS PLANNED FROM 2017 - 2021 INCLUDE:**
- Enterprise Resource Planning (ERP) System Replacement
- Greenways Master Plan
- New Solid Waste Transfer Facility
- Detention Center Major Maintenance
- Library Renovations
- New Candler Park

**MAJOR PROJECTS COMPLETED DURING FISCAL YEAR 2016 INCLUDE:**
- Asheville Middle School
- Isaac Dickson Elementary School
- Enka Intermediate School
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 - 99.84% in FY16 increasing from 99.72% in FY15

• Maintained AAA bond rating from Standard & Poor's and Aa1 with a positive outlook from Moody’s

• 194,728 registered voters in FY2016, a 4.8% increase since 2012

• Register of Deeds office finished the digitization of all birth, death and marriage records
The Public Safety function is composed of the Sheriff’s Office, 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.

- Average response time for Buncombe County Sheriff emergency calls is 8.42 minutes
- 7,886 hours of training for public safety personnel in FY16
- 11 alternatives to incarceration in Buncombe County in FY16
- 99% of residential plans reviewed within 3 working days
- 97% of EMS calls for service are dispatched within 90 seconds of confirmed location
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.

- North Carolina Governor’s Crime Commission grant recipient for the Family Justice Center
- Host for NC Division of Public Health State Communicable Disease Conference
- Successfully reaccredited by NC Local Health Department Accreditation Board
- GlaxoSmithKline North Carolina Child Health Award for the Shield of Protection campaign on raising awareness about the importance of immunizations
- Partner in launching Comprehensive Care Center at 356 Biltmore Avenue (C3356) offering crisis support and ongoing care for those with mental health and substance abuse needs
ECONOMIC & PHYSICAL DEVELOPMENT

The Economic and Physical Development function includes Planning, Economic Development, Cooperative Extension 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.

- 146 education programs held by the Soil and Water Conservation District in FY16
- 1,567 acres of conservation plans in FY16
- $6 million announced in capital investment in local businesses in FY16
- 87 families benefited from County assisted affordable housing in FY16
- 12,591 tons of waste recycled in FY16
- Environmental education programs reached a total of 73,653 people
CULTURE & RECREATION

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 19 non-profit projects to enhance recreation, health and wellness and leveraged an additional $32,850 dollars in community investments

• 834,000 citizens visited the County’s most popular parks (Lake Julian, Sports Park, Hominy Valley, North Buncombe and Owen Park)

• Library book circulation increased nearly 10% in FY16

• Sand Hill Community Garden harvested over 1,600 pounds of fresh produce with 70% being donated to local welcome tables and community organizations

• Over 115,000 residents attended library programs in FY16

• 24,000 children and adults participated in programming and special events put on by Recreation Services
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, 2015. 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 8 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 *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”
  - Money.com, January 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