



**Popular Annual Financial Report
For the Fiscal Year Ending June 30, 2012**

Introduction from the County Manager

 **BUNCOMBE COUNTY**
NORTH CAROLINA
GOVERNMENT

Buncombe County Manager
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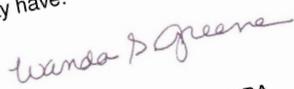
Dear Buncombe County Residents,

We are pleased to present the Buncombe County Popular Annual Financial Report (PAFR) for the fiscal year ending June 30, 2012. Analyzing financial statements can be challenging, especially for those who do not do so on a regular basis. The PAFR is designed to address that issue by providing a summary of the County's financial position in a user-friendly format. The PAFR also represents the ongoing commitment of Buncombe County officials to keep citizens informed about County finances and to be accountable for the receipt and use of public funds.

The PAFR summarizes and simplifies the information contained in the Buncombe County Comprehensive Annual Financial Report (CAFR). We encourage you to read the CAFR, which is prepared in accordance with Generally Accepted Accounting Principles (GAAP) and is audited by the County's external auditors. The CAFR contains more detailed and extensive information, such as the audited financial statements, notes, schedules, and other relevant information. The CAFR is available online at www.buncombecounty.org in the Budget & Finance section under "County Services." 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.

The PAFR is intended to be a supplement to the CAFR, not a replacement. The information contained in the PAFR is unaudited and focuses more on the primary governmental activities. It is designed to be a user-friendly report on Buncombe County's overall financial position.

We hope that you find the PAFR to be informative and understandable. As you review the PAFR, please share any questions, concerns or recommendations that you may have with us. We value your input and look forward to addressing any comments you may have.


Wanda Greene, PhD, CPA

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Wanda Greene
PhD, CPA

Award for Outstanding Achievement in Popular Annual Financial Reporting

PRESENTED TO

**Buncombe County
North Carolina**

for the Fiscal Year Ended

June 30, 2011




Christopher P. Merrill
President


Jeffrey L. Essex
Executive Director

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, 2011. 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. We believe our current report continues to conform to the Popular Annual Financial Reporting standards.

Buncombe County Board of Commissioners

Buncombe County operates under a commissioner/manager form of government. At June 30, 2012, a five-member Board of County Commissioners governed Buncombe County, with one commissioner elected by voters to serve as the Chair to the Board. Recent State legislation changed the number and structure of the Buncombe County Board of Commissioners. In fiscal year 2013, Buncombe County was split into three commission districts that mirror the County's State Representative districts and will also be staggered in two-year cycles. Two commissioners now represent each district and the Chair to the Board is the only commissioner elected county-wide. This will increase the Board of County Commissioners to seven members.

Commissioners hold policy-making and legislative authority. They are responsible for adopting the budget, as well as appointing the County Manager, the Finance Director, the County Attorney, and the Clerk to the Board. The County Manager is the chief administrative officer and is responsible for preparing the annual budget, implementing policies, managing daily operations, and appointing department heads.

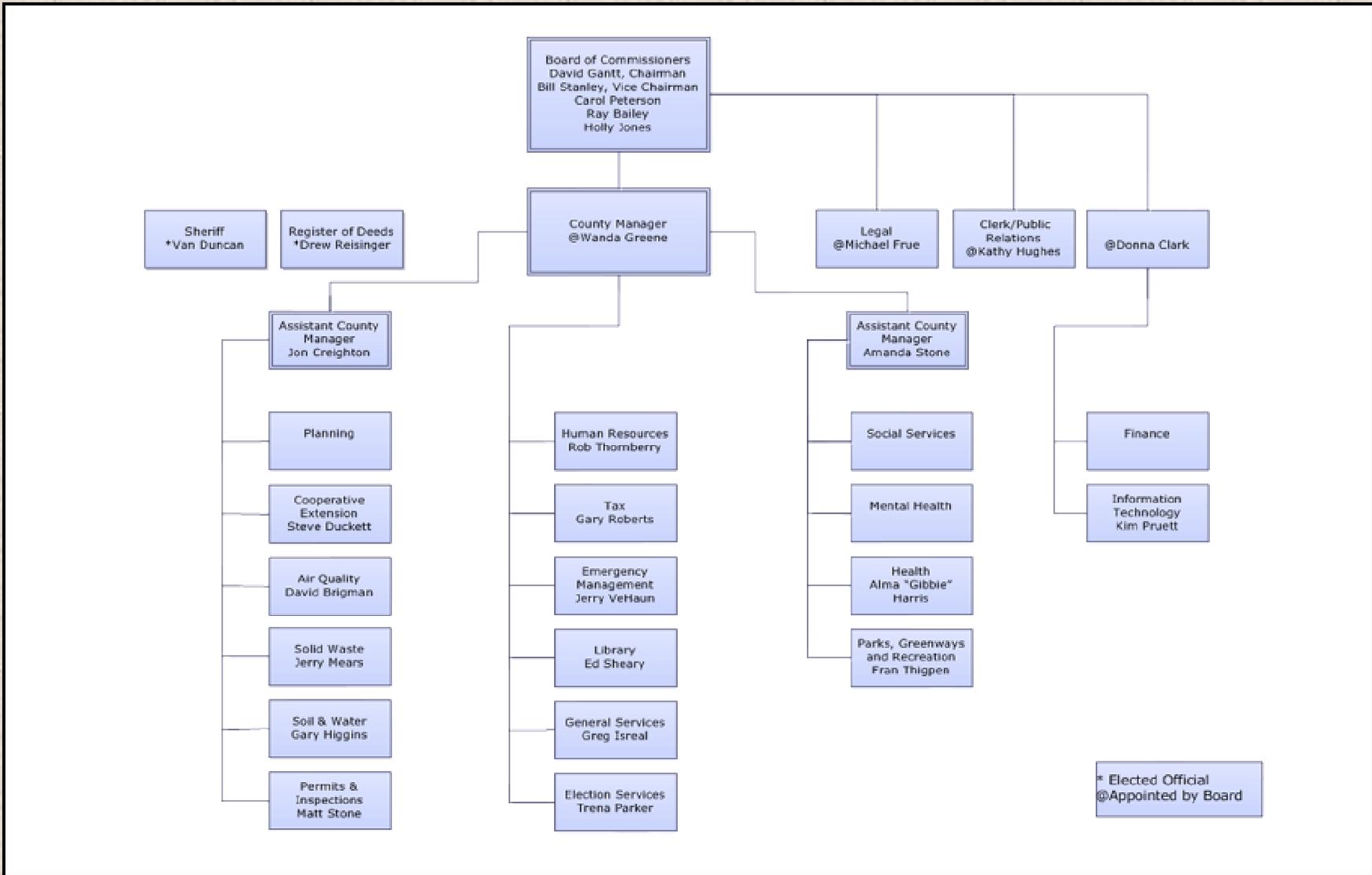
The Buncombe County Board of Commissioners meet at 4:30 PM on the first and the third Tuesday of each month on the third floor of 200 College Street, Asheville, NC 28801. Meetings may also be viewed online at www.buncombecounty.org or viewed on County Government Channel 2 (BCTV).



Board of Commissioners as of June 30, 2012:

(Left to Right): Commissioner K. Ray Bailey; Commissioner Holly Jones; Chairman David Gantt; Commissioner Carol Peterson; Vice Chairman Bill Stanley.

Buncombe County Organizational Chart



A Little Bit About Buncombe County

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:

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



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.

Average Temperature:

January: 32 Degrees

July: 76 Degrees

Average Elevation:

2,171 Feet

Population:

241,419

Public School Enrollment:

29,238

Unemployment Rate (as of June 2012):

7.9%

Median Age:

40.7

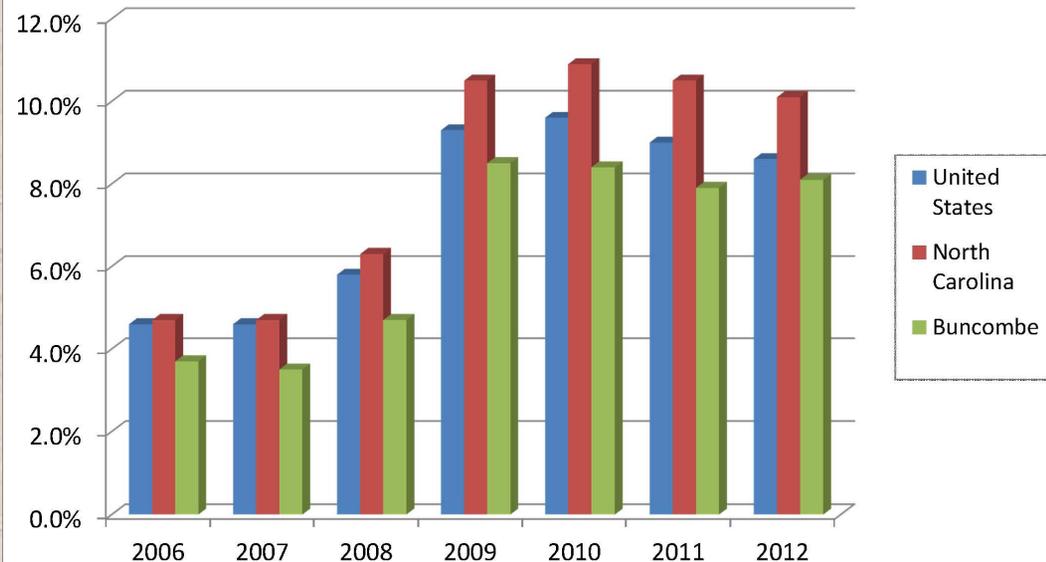
Total Housing Units:

116,160

Population with educational attainment above high school:

61.8%

Annual Unemployment Rates



Buncombe County - A Vibrant Economy

Buncombe County has a diverse and vibrant economy

- Downtown Asheville Central Business District
 - Lexington Avenue
 - US Cellular Center
 - Southern Conference Basketball Tournament
- River Arts District
 - Around 200 Artists in Residence
 - Depot Street Revitalization
- Microbreweries
 - East coast expansions of New Belgium, Sierra Nevada (Henderson County) and Oskar Blues (Transylvania County)
 - An additional 10 craft breweries
- Music
 - Moog Music
 - Warren Haynes Christmas Jam
- Cinema
 - The Hunger Games
 - Asheville Cinema Festival
- Tourism
 - Grove Park Inn
 - Biltmore Estate
 - Blue Ridge Parkway
 - Great Smoky Mountains National Park
 - North Carolina Arboretum



Buncombe County Economic Summary

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

Economic Highlights for Fiscal Year 2012

- Increase in healthcare employment of 4.2 percent in 2012.
- Several technology companies are based in Buncombe County including: BUILDERadius, AvL Technologies, Genesys Systems, Arvato Digital Services, and the National Climatic Data Center.
- The manufacturing industry experienced the largest growth in the market segment in two decades with an increase of 600 jobs.
- Hotel/motel sales in Buncombe County increased 9.0 percent.
- Economic development has attracted several large employers to the area:
 - Linamar Group (Buncombe County)
 - New Belgium Brewing Company (Buncombe County)
 - Sierra Nevada Brewing Company (Henderson County)
- Sustainability Partnership and Planning completed in fiscal year 2012. The plan consists of strategies to meet the needs of the present without compromising the ability of future generations to meet their own needs.



The 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**—Examples include Governing Body, Human Resources, Finance, the Tax Department, Register of Deeds, Board of Elections, and Information Technology.
- **Public Safety**— Examples include Pre-Trial Release, Sheriff Department, Detention Facility, Emergency Services, Permits and Inspections, and General Services
- **Economic Development**— Examples include Planning, Cooperative Extension, Soil Conservation, and Recycling
- **Human Services**— Examples include Public Health and Social Services
- **Cultural and Recreation**— Examples include Libraries, Recreation, and Child Care Centers
- **Education**-Expenditures for public schools

Fund Balance Quick Facts for Fiscal Year 2012

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 \$50.2 million.
- The Board of Commissioners has determined that the County should maintain an available fund balance of 15.0 percent 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 19.7 percent.
- The County has been able to maintain its fund balance position during the economic downturn because of operational efficiencies and controlled spending.



Where Does the General Fund Money Come From?



Property taxes make up the largest portion of incoming money for Buncombe County. Restricted intergovernmental, which is revenue received from other governments which 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.

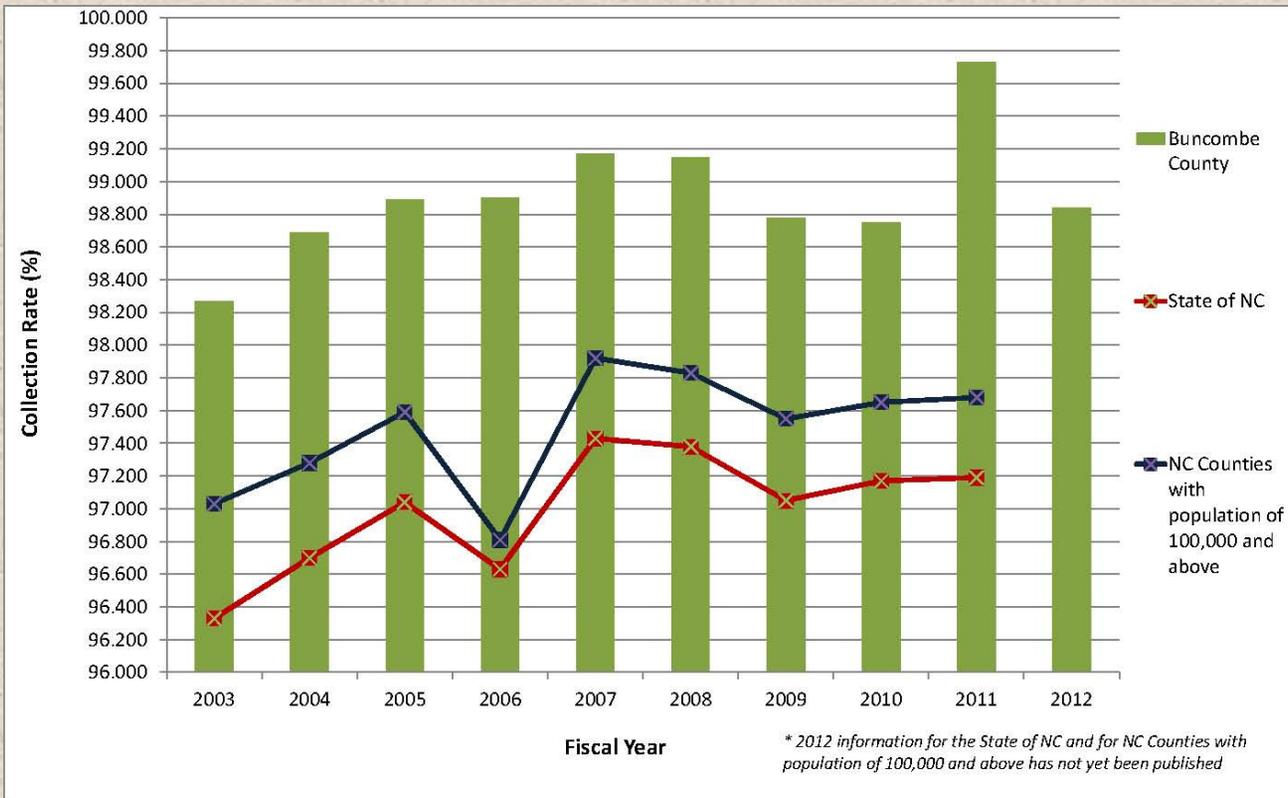
Where Does the General Fund Money Go?

Human Services, which is made up of Social Services and Health, makes up the largest portion of outgoing money for Buncombe County. Education is 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. The “Other” group includes Economic and Physical Development and Recreation.



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 (or property) tax. Property taxes make up 61.49% 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:

- Progress Energy Carolinas
- Ingles Markets
- Jack Tar Hotels
- Cliffs at Walnut Cove
- Town Square West
- Biltmore Company
- Asheville LLC
- Bellsouth
- Arvato Digital Services
- Southeastern Container

Buncombe County Tax Revaluation Coming Up in 2013:

In 2013, Buncombe County will be reassessing all real estate values. The County will appraise all real estate at its full market value as of January 1, 2013. Reappraisals are required by local governments to be fair and equitable to all citizens with their property values. Over time, many properties sell for more or less than others because of location and market conditions. The change in property value over a greater period of time can cause inequity between the amount of taxes citizens pay.

The Government-Wide Statements

The government-wide statements look at Buncombe County as a single, integrated unit. There are two government-wide financial statements in the CAFR:

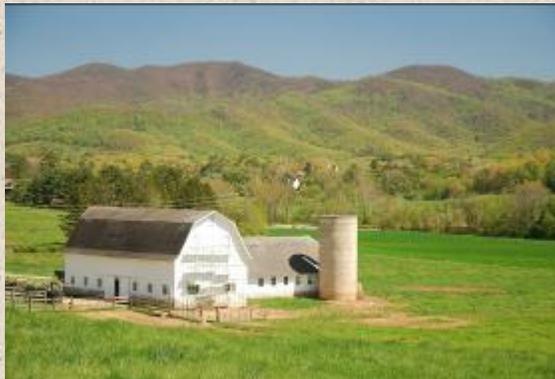
- Exhibit 1, which is the Statement of Net Assets - Shows what the government has in relation to assets (what we own) and liabilities (what we owe)
- Exhibit 2, which is the Statement of Activities - Reflects the revenues (sources of income) and expenses (uses of money) that yield the annual change in net assets.

Exhibits 1 and 2 are broken down by governmental activities (typically the governmental funds grouped together) and business-type activities (typically the enterprise funds grouped together). The governmental-wide statements employ the full accrual basis of accounting.

The charts to the right focus only on the governmental activities. The business-type activities, which include services such as the Landfill and the Inmate Commissary, can be viewed in the Comprehensive Annual Financial Report.

Summary of Net Assets

	Governmental Activities	
	2012	2011
Current and Other Assets	\$ 153.1	\$ 208.7
Capital Assets	192.8	140.6
Total Assets	345.9	349.3
Long-term Liabilities	249.1	255.5
Other Liabilities	21.7	26.5
Total Liabilities	270.8	282.0
Net Assets:		
Invested in capital assets, net of related debt	94.3	70.3
Restricted	55.1	91.7
Unrestricted	(74.3)	(94.7)
Total Net Assets	\$ 75.1	\$ 67.3



Summary of Activities

	Governmental Activities	
	2012	2011
Revenues:		
Program revenues		
Charges for services	\$ 26.3	\$ 25.7
Operating grants/contributions	45.3	52.2
Capital grants/contributions	1.8	17.1
General revenues		
Property taxes	170.1	167.5
Other taxes	54.9	38.1
Other	1.6	2.3
Total Revenues	300.0	302.9
Expenses:		
General government	23.4	22.5
Public safety	74.7	74.9
Economic & physical development	18.9	15.1
Human services	81.9	82.2
Culture & recreation	8.8	9.2
Education	88.3	95.6
Interest on long-term debt	10.2	9.8
Solid waste disposal	-	-
Other	-	-
Total Expenses	306.2	309.3
Increase (decrease) in net assets before transfers, contributions, & special items	(6.2)	(6.4)
Transfers, contributions, & special items	14.0	
Increase (decrease) in net assets	7.8	(6.4)
Net assets, beginning of year	66.6	73.7
Prior period adjustment	0.7	
Net assets, end of year	\$ 75.1	\$ 67.3

Outstanding Debt

Buncombe County's outstanding long-term debt decreased by \$23.1 million during fiscal year 2012. As of June 30, 2012, Buncombe County's total debt outstanding was \$239.3 million, of which \$104.4 million is for the public school system and \$8.3 million is for Asheville-Buncombe Community College. 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).

- \$51.3 million—General Obligation Bonds, where the debt is backed by the full faith and credit of Buncombe County.
- \$4.2 million—Special Revenue Bonds, where revenues are pledged to the payment of and security for the bonds.
- \$170.9 million—Installment Notes, where the assets purchased or constructed are collateral for the notes
- \$12.9 million—Product Development Financing, where funding for the debt service comes from the incremental increase in tax revenue



Did You Know?

Buncombe County's credit rating was recently upgraded to AAA from Standard and Poor's bond rating agency. By upgrading the rating, the experts are saying that Buncombe County is a safe place to invest and do business.

“Despite budgetary pressures attributed to the economic downturn, Buncombe’s financial performance has remained very strong. Management has consistently produced general fund surpluses and maintained strong reserves above policy targets. Buncombe’s financial management practices are strong, well-embedded, and likely sustainable.”

— Standard and Poor’s

Outstanding Debt (in millions)

	Governmental Activities		Business-Type Activities		Total Debt	
	2012	2011	2012	2011	2012	2011
General Obligation Bonds	\$ 51.3	\$ 58.8	\$ -	\$ -	\$ 51.3	\$ 58.8
Special Obligation Revenue Bonds	-	-	4.2	5.5	4.2	5.5
Installment Notes Payable	170.9	172.1	-	13.2	170.9	185.3
Product Development Financing Bonds	12.9	12.8	-	-	12.9	12.8
Total Debt	\$ 235.1	\$ 243.7	\$ 4.2	\$ 18.7	\$ 239.3	\$ 262.4

Buncombe County 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 \$5,000. Some examples of capital assets include: land, buildings, other improvements, equipment, vehicles, intangible assets, and construction in progress.

	Governmental Activities		Business Type Activities		Total	
	2012	2011	2012	2011	2012	2011
	Land	\$ 12.5	\$ 10.1	\$ 6.3	\$ 8.6	\$ 18.8
Buildings & Improvements	100.2	87.6	16.9	37.6	117.1	125.2
Equipment	7.9	8.1	1.2	1.6	9.1	9.7
Automotive Equipment	3.2	3.1	0.3	0.5	3.5	3.6
Intangibles	-	0.1	-	-	-	0.1
Construction in progress	68.9	31.6	6.9	3.1	75.8	34.7
Total Capital Assets	\$ 192.7	\$ 140.6	\$ 31.6	\$ 51.4	\$ 224.3	\$ 192.0

Employees

Over the past seven years, the number of Buncombe County employees has decreased, due to partnerships with community agencies and operational efficiencies, such as increased technology which allows employees to broaden the scope of their duties.

Buncombe County counts employees as the number of permanent positions. The chart to the right shows the number of employees for the General Fund by function.

	2006	2007	2008	2009	2010	2011	2012
General Government	185	182	179	172	173	174	156
Public Safety	504	514	555	565	557	555	543
Human Services	702	699	688	687	625	569	552
Economic & Physical Development	23	23	28	29	28	28	25
Culture and Recreation	103	81	80	84	132	108	84
Total	1,517	1,499	1,530	1,537	1,515	1,434	1,360

Capital Improvement Plan

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. [Click Here](#) to view the Budget Document, which contains additional information regarding the CIP.

Major projects planned from 2013 - 2017 include:

- Remainder of C&D landfill expansion
- Landfill Cell # 7 Construction
- South and West Buncombe satellite offices for Human Services
- East Buncombe Library and satellite offices for Human Services
- Sprinkler system for existing courthouse building
- Sports Park, Lake Julian and Greenway master plan implementation
- Roof replacement for Detention Facility
- Community Aquatics Center
- Relocation of Oakley Library Branch

Major projects completed during fiscal year 2012 include:

- Karpen Field improvements
- Telephone system upgrade
- Technology projects
- Window replacements of Human Services building
- Primary Care building improvements

The Public Safety Training Center, a major capital project, was completed in the Fall of 2012.



Drawing of future courts addition building



Karpen Field Soccer Fields and Walking Trail



Aerial View of the Public Safety Training Center

What is Buncombe County Doing?

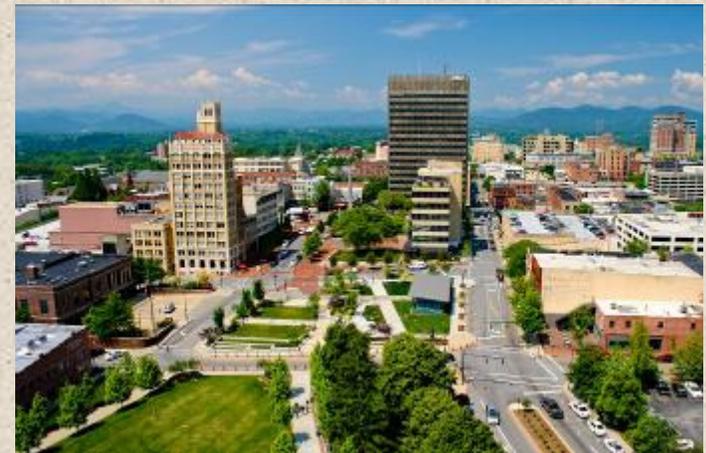
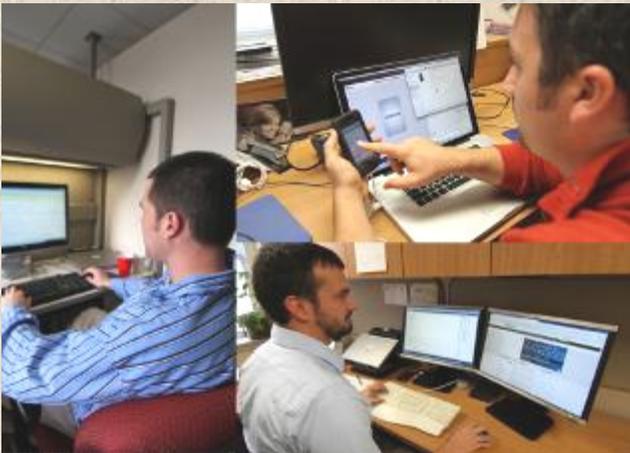
Buncombe County's mission:

- Promote a healthy, safe, well-educated, and thriving community with a sustainable quality of life.
- Provide effective and efficient government our citizens can trust.
- Deliver needed service through a responsive work force committed to excellence, integrity, and teamwork.

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 2012.

General Government

- Buncombe County's website took top honors at the National Association of Government Webmasters conference.
- Bond Rating upgraded to AAA.
- Sample ballots were redesigned, which cut the cost in half.
- The Tax Department had the third highest collection rate in NC with counties of 100,000 population or greater.
- The Register of Deeds office began e-Recording documents.
- The Register of Deeds office partnered with the Center for Diversity Education and Old Buncombe Genealogical Society to display slave deeds at UNCA and online.



Health and Human Services

- Best Outbreak Investigation Award for Salmonella outbreak from the NC Communicable Disease Branch
- Permitted 91 tattoo artists
- Worked with five city and county schools to continue progress to support safe walking and biking to school
- Received 100 percent compliance in two preparedness audits: Strategic National Stockpile and the Bi-Annual Bioterrorism agreement review
- Supported School Health Action Council to improve school policies to increase physical activity and improve nutrition (focused on vending machine options)
- Integrated Health and Human Services Facility: The renovation of the 40 Coxe Avenue building has allowed for a combination of Health and Human Services in a single location to meet the needs of citizens. This allows citizens to receive multiple services under one roof.
- Implementation of Northwoods Document Management System, which reduces the amount of paper documents stored. The reduction in paper storage allows for 4,000 square feet to accommodate work and meeting space needs at the new integrated Health and Human Services Building. The Northwoods System has also increased efficiency in data sharing between Economic Services.
- Implementation of the Q-Flow System, which allows citizens to check in at a kiosk, with the option of multiple languages, and be routed to the appropriate service area(s). The Q-Flow System tracks client wait times and service times and also improves our ability to monitor staff productivity, track customer service metrics, and perform important trend-analyses to determine staffing needs at different times of the day or at certain times of the month.
- Behavioral Health diversion programs assisted the County in generating an additional \$386,352 in revenue by selling empty jail beds to other law enforcement agencies. [Click Here](#) to watch a video about the jail diversion program.



Economic and Physical Development

- Completed Sustainability Plan for Buncombe County ([Click Here to view the Sustainability Plan](#))
- Removed 39 abandoned mobile homes to prevent potential safety and health risks
- Revised areas of the Zoning Ordinance (examples include Outdoor Lighting Standards, Vacation Rental standards, and Retaining Wall standards)
- Transitioned to electronic files in Erosion Control
- Mountain Mobility received the Clean Air Excellence Award for converting over half of fleet to dual fuel systems
- Mountain Mobility installed security cameras on all vehicles used to transport passengers to increase safety and security
- The Landfill began producing renewable energy in November 2011 with the gas-to-energy facility
- The Buncombe County Bioreactor program was highlighted in “Waste Age,” a national trade magazine
- Construction and Demolition Landfill expansion completed, providing the Landfill with an additional 30 years of space for construction and demolition debris
- An 18 percent increase in recycling participation throughout Buncombe County
- Cooking oil recycling program started at the Landfill
- Two conservation easements closed (total of 85 acres)—Value \$269,500—Buncombe County cost \$12,962
- Environmental education outreach to 65,000 citizens through 14 programs
- Provided 275 consultations for soil and water issues to citizens
- Approximately 103 Cooperative Extension Master Gardener volunteers assisted 4,000 people and recorded 4,600 volunteer hours—the equivalent of two full-time employees



Landfill Gas to Energy Facility



Cultural and Recreation

- Parks, Greenways, and Recreation (PGR) partnered with the Buncombe County School Nutrition Department to provide over 2,000 meals to children in the month of June 2012 at the County swimming pool sites.
- PGR and Sand Hill Community Garden provides fresh produce to Manna Food Bank.
- Valley Child Development Center reached five star status, which is the highest rating obtained by the state of NC.
- Record number of visitors to the Lake Julian Festival of Lights Show in December 2011.
- PGR Department Director was recertified as a nationally certified playground safety inspector.
- The library system sponsored over 284 adult programs and 1,555 children's programs, with a total attendance of 94,716.
- Around 12,250 e-books made available to Buncombe County readers to check out.
- The Library system Wi-Fi server was upgraded for all 12 library branches.
- The Preschool Outreach Project had 80 volunteers giving over 2,000 story times at child care centers across the county.
- Over 18,000 children's book collections were loaned to the child care centers in Buncombe County



Public Safety

- Energy-efficient building improvements, including HVAC automation, energy efficient lighting, and thermal windows
- Building renovations completed for \$47 per square foot utilizing County staff (an estimated savings of \$48 per square foot if outside contractors had been used)
- Sheriff Department obtained the Prescription Drug Abuse Education Grant to fund drug abuse education in Buncombe County Schools
- Sheriff Department equipment grants from Target Stores, Wal-Mart, and Fire House Subs
- Converted 10 Sheriff Department patrol vehicles to propane
- City-County Bureau of Identification (CCBI) processed 5,334 purchase permits and 1,774 concealed handgun permits.
- Emergency Management renewed certification as a Storm Ready Community through the National Weather Service.



www.buncombecounty.org

To learn more about Buncombe County services, visit our website where you can:

- Watch Board of Commissioners meetings online
- Review Buncombe County Financial Reports
- Sign up for the Buncombe County E-Zine (weekly emails)
- Look up and pay tax bills
- Access deeds online
- Find recreational facilities in your neighborhood
- Research how your favorite restaurant measures up in health inspections
- Learn about the Whistleblower Hotline (1-866-908-7236)