Note 1 - Summary of Significant Accounting Policies

The accounting policies of Buncombe County and its discretely presented component units conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

(A) Reporting Entity

The County, which is governed by a five-member board of commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by generally accepted accounting principles, these financial statements present the County and its component units, legally-separate entities for which the County is financially accountable. Buncombe County Industrial Facility and Pollution Control Financing Authority (the Authority) exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority has no financial transactions or account balances; therefore, it is not presented in the basic financial statements. The Asheville Regional Airport Authority (the Airport Authority), which has a June 30 year-end, is presented as if it is a separate proprietary fund of the County (discrete presentation). Buncombe County Tourism Development Authority (the Development Authority), Avery's Creek Sanitary District (the District), and Western North Carolina Regional Air Quality Agency (the Agency), which have a June 30 year-end, are presented as if they are separate governmental funds of the County (discrete presentation). The discretely presented component units presented below are reported in a separate column in the County's financial statements in order to emphasize that they are legally separate from the County.

Component Unit	Reporting Method	Criteria for Inclusion	Separate Financial Statements
Buncombe County Industrial Facility and Pollution Control Financing Authority	Discrete	The Authority is governed by a seven-member board of commissioners that is appointed by the county commissioners. The County can remove any commissioner of the Authority with or without cause.	None issued (no amounts have been presented because no financial transactions or account balances exist).
Asheville Regional Airport Authority	Discrete	The Airport Authority was established by a joint agreement between the City of Asheville and the County pursuant to State statute. The governing authority is selected by the County Commissioners and the Asheville City Council. The County is responsible for financing any operating deficits of the Airport Authority and the County must approve issuance of any revenue bonds. The County has also issued general obligation bonds for improvement of the Airport Authority's facilities.	Asheville Regional Airport Authority Post Office Box 817 Fletcher, NC 28732

Buncombe County Tourism Development Authority	Discrete	The Development Authority is governed by members appointed by the County Commissioners, the Asheville City Council, and the Asheville Area Chamber of Commerce. The Development Authority derives its revenues through a special room occupancy tax which is authorized by, and may be repealed by, the decision of the County Commissioners.	Tourism Development Authority Post Office Box 1010 Asheville, North Carolina 28812
Avery's Creek Sanitary District	Discrete	The District is governed by a five-member board elected by the constituents of the District every four years. The District receives some delinquent taxes from a levy in fiscal year 1986-87 and otherwise derives its revenues from sewer taps and assessment fees. The County has financial accountability as a result of fiscal dependency of the District. The District's budget is included in the County's annual budget process.	None issued.
Western North Carolina Regional Air Quality Agency	Discrete	The Agency was established by an interlocal agreement between the City of Asheville and the County pursuant to State statute. The governing authority is selected by the County Commissioners and the Asheville City Council. The County and the city are responsible for financing any operating deficits of the Agency and the County shall provide personnel and financial services in that all employees of the Agency shall be County employees subject to the Buncombe County personnel plan in all respects except for the Agency Director which shall serve at the pleasure of the Agency Board. The County will also provide financial, payroll and bookkeeping services for the Agency with cost of services and personnel to be reimbursed by the Agency in accordance with the County cost allocation plan. The Agency's budget is included in the County's annual budget process.	None issued.

(B) <u>Basis of Presentation, Basis of Accounting</u>

Basis of Presentation, Measurement Focus – Basis of Accounting

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

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

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

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

The County reports the following major governmental funds:

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

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

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

The County reports the following major enterprise funds:

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

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

Human Services Facilities Fund: This fund accounts for the rental and management of buildings used by mental health service providers.

The County reports the following fund types:

Internal Service Fund: The Internal Service fund is used to account for the accumulation and allocation of costs associated with the County's self-insured group health and dental insurance program.

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

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

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

Measurement Focus, Basis of Accounting

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

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

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

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

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

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Under State law (as of January 1, 1993), the County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For those motor vehicles registered under the staggered system and for vehicles newly registered under the annual system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2008 through February 2009 apply to the fiscal year ended June 30, 2009. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements.

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

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

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

(C) Budgetary Data

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

All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Capital Projects Funds. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than $10,000. The governing board must approve all amendments. The County Manager is authorized by the budget ordinance to transfer appropriations between functional areas within a fund up to $10,000 per expenditure; however, any revisions that alter total expenditures of any fund or that change functional appropriations by more than $10,000 per expenditure must be approved by the governing board. Budgetary transfers by the Manager must be reported to the County Commissioners at the next board meeting and recorded in the minutes. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

(D) Assets, Liabilities, and Fund Equity

(1) Deposits and Investments

All deposits of the County, Asheville Regional Airport Authority, Buncombe County Tourism Development Authority, Avery's Creek Sanitary District, and Western North Carolina Regional Air Quality Agency (Agency) are made in board-designated official depositories and are secured as required by G.S. 159-31. The County, Airport Authority, Tourism Development Authority, Sanitary District, and Agency may designate as an official depository any bank or savings association whose principal office is located in North Carolina. Also, the County, Airport Authority, Tourism Development Authority, Sanitary District and Agency may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the County, Airport Authority, Tourism Development Authority, Sanitary District, and Agency to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT).

The County, Airport Authority, Tourism Development Authority, Sanitary District, and Agency's investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, an SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earning investment contracts are reported at cost.

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

(2) <u>Cash and Cash Equivalents</u>

The County pools monies from several funds to facilitate disbursement and investment and to maximize the investment income. Therefore, all cash and investments with an original maturity of six months or less are essentially demand deposits and are considered cash and cash equivalents. Unrestricted cash totaling $14,845,592 and restricted cash of $9,209,647 make up the $24,048,239 reported in the statement of cash flows for the Proprietary Funds. Asheville Regional Airport Authority considers demand deposits and investments purchased with an original maturity of three months or less, which are not limited as to use, to be cash and cash equivalents.

(3) <u>Restricted Assets</u>

The unexpended bond proceeds of the County Capital Projects, School Bond, School Capital Commission, and Special Revenue Capital Projects Funds are classified as restricted assets within the governmental funds because their use is completely restricted to the purpose for which the bonds were originally issued.

Restricted cash and cash equivalents of $9,209,647 in the Enterprise Funds are reserved for landfill closure and post closure and for construction of landfill facilities and parking decks from unexpended bond proceeds.

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

(4) <u>Ad Valorem Taxes Receivable</u>

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

(5) Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years and the age of individual outstanding balances.

(6) Inventories and Prepaid Items

Inventory is valued at cost, on a first-in, first-out basis for Governmental Funds. Inventory consists of expendable items, including pharmaceutical and general supplies and items held for sale. The costs of governmental fund type inventories are recorded as expenditures at the time the individual inventory items are consumed rather than when purchased.
Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

(7) Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The minimum capitalization cost is $5,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. No infrastructure assets were acquired prior to the implementation of GASB 34.

Capital assets of the County and Western North Carolina Regional Air Quality Agency are depreciated on a straight-line basis over the following estimated useful lives:

	Years
Buildings	30
Improvements	20
Furniture and equipment	5-10
Vehicles	1-5

Capital assets of the Airport Authority are depreciated on a straight-line basis over the following useful lives:

	Years
Leasehold improvements	5-40
Public safety and maintenance equipment	3-20
Vehicles	3-20
Furniture	5-10

Capital assets of the Avery's Creek Sanitary District are depreciated on a straight-line basis over the following estimated useful lives:

	Years
Improvements	30-50

(8) Long-term Obligations

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

In the fund financial statements for governmental fund types, the face amount of debt issued is reported as an other financing source.

(9) Compensated Absences

County personnel policies permit an employee to accumulate vacation earned during the latest two years of service before such entitlement expires. In addition, non-exempt employees who work beyond the normal working day in conducting County business earn compensatory time at one and one-half hours for each hour actually worked. Upon termination any unexpired entitlement is due to the employee. For the County's government-wide financial statements and proprietary fund types in the fund financial statements, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. Airport personnel policies permit an employee to earn vacation as of January 1 of the related calendar year. Any unused vacation as of December 31 is forfeited. Upon termination, any unexpired vacation pay is due the employee.

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

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

(10) Net Assets/Fund Balances

Net Assets

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

Fund Balances

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

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

The governmental fund types classify fund balances as follows:

Reserved:

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

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

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

Unreserved:

Undesignated – portion of total fund balance available for appropriation that is uncommitted at year-end.

Designated for construction in progress – portion of fund balance designated by the County Commissioners for capital projects.

(E) Reconciliation of Government-wide and Fund Financial Statements

(1) Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets.

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government – wide statement of net assets. The net adjustment consists of several elements as follows:

Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	$ 159,460,121
Less accumulated depreciation	(52,817,999)
Net capital assets	106,642,122
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are not available and therefore deferred in the fund statements	378,945
Liabilities for revenue deferred but earned and therefore recorded in the fund statements but not the government-wide	1,978,323
The assets and liabilities of the internal service fund, which is used by management to charge the cost of insurance to individual funds, are included in governmental activities in the statement of net assets	10,301,776
Deferred charges related to advance refunding bond issued – included on government-wide statement of net assets but are not current financial resources	376,529
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements:	
Bonds, leases, and installment financing	(171,703,268)
Compensated absences	(7,268,632)
Accrued pension obligation	(1,368,546)
Other postemployment benefits	(1,241,967)
Accrued interest payable	(1,236,930)
	(182,819,343)
Total adjustment	$ (63,141,648)

(2) Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. The net adjustment consists of several elements as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	$ 7,150,155
Cost of disposed assets not recorded in fund statements	(263,698)
Cost of assets transferred from use in Governmental Funds to use in Enterprise Funds, recorded as a transfer in the statement of activities but not in the fund statements	(2,579,038)
Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements	(6,147,847)
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities – it affects only the government-wide statement of net assets	(12,799,551)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net assets in the government-wide statements	16,842,942
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements.	
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	435,823
Amortization of refunding costs not recorded on fund statements	(61,139)
Pension obligations	(83,383)
Compensated absences	(399,718)
Other postemployment benefits	(1,908,785)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	
Difference in interest revenue between fund statements (modified accrual) and government-wide statements (full accrual)	(256,432)
Reversal of property taxes deferred in fund statements as of 6/30/08	(1,024,255)

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

(F) Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 - Stewardship, Compliance, and Accountability

Excess of Expenditures Over Appropriation

PDF Woodfin expenditures exceeded appropriations by $379,582.

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

Note 3 - Detail Notes on All Funds

(A) Assets
(1) Deposits

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

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

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

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

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

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

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

(2) Investments

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

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

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

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

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

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

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

	Reported Value	Fair Value
NC Capital Management Trust- Cash Portfolio	$ 4,557,837	$ 4,557,837

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

	Reported Value	Fair Value
NC Capital Management Trust- Cash Portfolio	$ 285,276	$ 285,276

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

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

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

A reconciliation of deposits and investments to the government-wide financial statements is as follows:

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

Interest Rate Risk

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

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

Credit Risk

The County's policy is to limit investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the highest rating of at least one nationally recognized rating service and not bearing a rating below the highest by any nationally recognized rating service which rates the particular obligation. As of June 30, 2009, the County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAm by Standard & Poor's. The County's investments in US Agencies are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

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

Custodial Credit Risk

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

Concentration of Credit Risk

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

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

(3) Property Tax - Use-Value Assessment on Certain Lands

In accordance with the general statutes, agriculture, horticulture, and forestland may be taxed by the County at the present-use value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years, along with the accrued interest from the original due date. This tax is immediately due and payable. The following are property taxes that could become due if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

Year Levied	Tax	Interest	Total
2006	$ 1,876,215	$ 445,601	$ 2,321,816
2007	4,241,567	625,631	4,867,198
2008	4,220,245	242,664	4,462,909
2009	4,583,445	–	4,583,445
Total	$ 14,921,472	$ 1,313,896	$ 16,235,368

4) Receivables

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

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

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

Local option sales tax	$ 12,453,130
Other	3,161,784
Total	$ 15,614,914

No allowance for uncollectible accounts has been recorded by the Airport Authority, Tourism Development Authority, Avery's Creek Sanitary District, or Western North Carolina Regional Air Quality Agency.

(5) **Capital Assets**

Capital asset activity for the year ended June 30, 2009, was as follows:

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

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

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

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

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

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

Construction commitments

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

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

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

Discretely presented component units

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

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

Activity for the Avery's Creek Sanitary District for the year ended June 30, 2009, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets being depreciated:				
Improvements	$ 2,056,471	$ –	$ –	$ 2,056,471
Less accumulated depreciation for:				
Improvements	536,334	$ 42,143	$ –	578,477
Avery's Creek Sanitary District capital assets, net	$ 1,562,281			$ 1,477,994

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

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

(B) Liabilities

(1) Payables

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

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

(2) Pension Plan and Other Postemployment Obligations

(a) Local Governmental Employees' Retirement System

1. Plan Description

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

2. Funding Policy.

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

The Airport Authority's contributions to LGERS for the years ended June 30, 2009, 2008, and 2007 were $108,394, $114,369, and $130,160, respectively. The contributions made by the County and the Airport Authority equaled the required contributions for each year.

(b) Law Enforcement Officers' Special Separation Allowance

1. Plan Description.

Buncombe County administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time County and Airport Authority law enforcement officers are covered by the Separation Allowance. At December 31, 2008, the Separation Allowance's membership consisted of:

	County	Airport Authority
Retirees receiving benefits	19	5
Terminated plan members entitled to but not yet receiving benefits	0	0
Active plan members	237	14
Total	256	19

2. Summary of Significant Accounting Policies.

Basis of Accounting. The County and Airport Authority have chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay these benefits.

Method Used to Value Investments. Investments are reported at fair value. Short-term money market debt instruments, deposits, and repurchase agreements are reported at cost or amortized cost, which approximates fair value. Certain longer term United States Government and United States Agency securities are valued at the last reported sales price.

3. Contributions.

The County and Airport Authority are required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and have chosen to fund the benefits on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The County's and Airport Authority's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administrative costs of the Separation Allowance are paid as they come due.

The annual required contribution for the current year was determined as part of the December 31, 2008 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return (net of administrative expenses) and (b) projected salary increases ranging from 4.5% to 12.3% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include postretirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at December 31, 2008 was 22 years.

4. Annual Pension Cost and Net Pension Obligation.

The County's and Airport Authority's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

	County	Airport Authority
Annual required contribution	$ 248,746	$ 20,572
Interest on net pension obligation	93,174	3,202
Adjustments to annual required contribution	(81,222)	(2,700)
Annual pension cost	260,698	21,074
Contributions made	177,315	52,913
Increase (decrease) in net pension obligation	83,383	(31,839)
Net pension obligation beginning of year	1,285,163	44,159
Net pension obligation end of year	$ 1,368,546	$ 12,320

Three-Year Trend Information
for Buncombe County

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

for Airport Authority

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

5. Funded Status and Funding Progress.

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

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

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

(c) Supplemental Retirement Income Plan for Law Enforcement Officers

1. Plan Description.

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

2. Funding Policy.

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

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

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

1. Plan Description.

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

2. Funding Policy.

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

(e) Register of Deeds' Supplemental Pension Fund

1. Plan Description.

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

2. Funding Policy.

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

(f) <u>Firemen's and Rescue Squad Workers' Pension Fund</u>

1. Plan Description.

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

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

2. Funding Policy.

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

(g) <u>Other Post Employment Benefits</u>

<u>Healthcare Benefits</u>

1. Plan Description.

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

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

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

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

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

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

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

2. Funding Policy.

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

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

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

3. Annual OPEB Cost and Net OPEB Obligation.

The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

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

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

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

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

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

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

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

4. Summary of Significant Accounting Policies.

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

5. Funded Status and Funding Progress.

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

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

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

6. Actuarial Methods and Assumptions.

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

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

(h) <u>Other Employment Benefits</u>

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

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

(3) Closure and Postclosure Care Costs

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

The County has met the requirements of a local government financial test that is one option under state and federal laws and regulations that helps determine if a unit is financially able to meet closure and postclosure care requirements. However, the County has also elected to establish a reserve fund to accumulate resources for the payment of closure and postclosure care costs of this landfill. Transfers of $4,104,186 were made to the Landfill Closures and Postclosure Reserve Fund through June 30, 1997, and those funds, together with cumulative investment earnings are held in investments with a carrying value of $6,038,038 (market value, $6,038,038) at year-end. The County expects that future inflation costs will be paid from the investment earnings on these annual contributions. However, if investment earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or by future tax revenues.

Closed Landfill:
Landfill Permit Number 11-01: The previous landfill site of the County was closed on September 26, 1997. The $2,565,424 reported as landfill postclosure care liability at June 30, 2009, represents the projected actual cost of the closed landfill over the next 20 years based on what it would cost to perform all postclosure care in 2009. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

Landfill in Operation:
Landfill Permit Number 11-07: The $5,150,639 reported as landfill closure and postclosure care liability at June 30, 2009, represents a cumulative amount reported to date based on the use of 22.57 percent of the total estimated capacity of this landfill. The County will recognize the remaining estimated cost of closure and postclosure care of $17,670,417 as the remaining estimated capacity is filled. This amount is based on what it would cost to perform all closure and postclosure care in 2009. The County expects to operate this landfill until at least the year 2031. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The County has met the requirements of a local government financial test that is one option under state and federal laws and regulations that help determine if a unit is financially able to meet closure and postclosure care requirements with respect to this landfill.

(4) Deferred/Unearned Revenues

The balance in deferred or unearned revenues on the fund statements and unearned revenues on the government-wide statement at year-end is composed of the following elements:

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

(5) Risk Management

The County has adopted risk management principles in order to protect the health, safety and welfare of its employees and the citizens it serves; to protect its property, assets, and other resources; and to maintain its reputation and good standing in the wider community. The County provides a wide range of services, all of which give rise to some level of risk. The County regularly assesses and treats these risks to minimize their effects.

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

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

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

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

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

Several department specific risk policies are purchased as well.

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

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

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

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

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

In accordance with G.S. 159-29, The County's employees that have access to $100 or more at any given time of the County's funds are performance bonded through a commercial surety bond. The Finance Director, Tax Collector, Register of Deeds, and Sheriff are each individually bonded for $200,000, $100,000, $50,000, and $20,000, respectively. The remaining employees that have access to funds are bonded under a blanket bond for $250,000.

The Airport Authority component unit is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Authority carries property, general liability, auto liability, employee health and accident, and worker's compensation. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(6) Contingent Liabilities

The County is presently a defendant in several lawsuits and is also subject to potential claims which may arise out of the ordinary conduct of its affairs. It is the opinion of the County's management and the County Attorney that settlement of these matters, if any, will not have a material adverse effect on the County's financial position.

(7) Operating Leases

The County leases certain data processing equipment and other office equipment and facilities. Lease expenditures for the year ended June 30, 2009 amounted to $1,305,687.

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

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

(8) Long-Term Obligations
(a) Installment Note Obligations

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

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

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

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

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

(b) General Obligation Bond Indebtedness

All general obligation bonds serviced by the County's general fund are collateralized by the full faith, credit, and taxing power of the County. Principal and interest payments are appropriated when due.

Bonds payable at June 30, 2009, are comprised of the following individual issues:

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

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

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

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

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

(c) Project Development Financing Bonds

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

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

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

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

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

(d) <u>Business-Type Activities Installment Obligations</u>

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

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

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

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

(e) Special Obligation Revenue Bonds

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

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

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

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

(f) Discretely Presented Component Unit

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

Debt service requirements to maturity are as follows:

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

(g) **Advance Refundings**

In prior years, the County has refunded various general obligation bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase qualified government securities that were placed in the trust funds. As of June 30, 2009, all defeased debt payments have been paid by trust funds.

(h) Long Term Obligation Activity

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

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

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

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

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

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

(j) Conduit Debt Obligations

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

(C) Interfund Balances and Activity

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

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

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

Major Governmental Funds:

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

Nonmajor Governmental Funds:

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

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

Note 4 - Joint Ventures

The County, in conjunction with seven other counties, participates in the Western Highlands Area Authority, which provides mental health, developmental disability, and substance abuse services to residents of the eight-county area. Buncombe County appoints two of the sixteen-member board, with the other counties appointing the remainder. The County has an ongoing financial responsibility for the Authority because it is legally required to provide public health services either directly or jointly with other counties. None of the participating governments have any equity interest in the Authority, so no equity interest has been reflected in the financial statements at June 30, 2009. In accordance with the intergovernmental agreement between the participating governments, the County appropriated $600,000 to the Authority to fund operations. Complete financial statements for the Authority may be obtained from the Authority's offices at 356 Biltmore Avenue, Asheville, NC 28801.

The County, in conjunction with the State of North Carolina and the Buncombe County Board of Education and Madison County, participates in a joint venture to operate the Asheville-Buncombe Community College. The County, the Governor (on behalf of the State of North Carolina) and the Buncombe County Board of Education each appoint four members and Madison County appoints two members of the fifteen-member board of trustees of the community college. The president of the community college's student government serves as an ex officio nonvoting member of the community college's board of trustees. The community college is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the community college and also provides some financial support for the community college's operations. In addition to providing annual appropriations for facilities, the County periodically issues general obligation bonds and certificates of participation to provide financing for new and restructured facilities. Of the general obligation bonds issued for this purpose, $3,992,124 in principal is still outstanding. Of the certificates of participation issued for this purpose $8,745,588 in principal is still outstanding. The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the community college's facilities. The County contributed $8,037,732 to the community college for operating purposes during the fiscal year ended June 30, 2009. In addition, the County made principal and interest payments of $931,058 during the fiscal year on general obligation bonds and $1,177,508 on certificates of participation issued for community college capital facilities. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2009. Complete financial statements for the community college may be obtained from the community college's administrative offices at 340 Victoria Road, Asheville, NC 28801.

Note 5 - Jointly Governed Organizations

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

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

Note 6 - Benefit Payments Issued by the State

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

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

Note 7 - Summary Disclosure of Significant Commitments and Contingencies

Federal and State Assisted Programs

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

Note 8 - Prior Period Adjustment

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

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

Component Unit:	
Airport Authority:	
To correct prior year OPEB calculation	$ (153,858)

Note 9 – Unrestricted Net Assets

Under North Carolina law, the County is responsible for providing capital funding for the Buncombe County Board of Education (the school system), the Asheville-Buncombe Community College (the community college), and the Asheville Regional Airport Authority (the Airport Authority). The County has chosen to meet its legal obligation to provide school system, community college, and airport authority capital funding by using a mixture of County funds and general obligation debt. The assets funded by the County are owned and utilized by the school system, the community college, and the airport authority. Since the County, as the issuing government, acquires no capital assets, the County has incurred a liability without a corresponding increase in assets.

At the end of the fiscal year, the outstanding balance of the debt was $92,362,063, $12,737,712, and $300,000 for the school system, community college, and airport authority, respectively. However, the entire amount of school, community college, and airport authority debt outstanding is general obligation debt, which is collateralized by the full faith, credit, and taxing power of the County. The County is authorized and required by State law to levy ad valorem taxes, without limit as to rate or amount, as may be necessary to pay debt service on its general obligation bonds. Principal and interest requirements will be provided by an appropriation in the year in which they become due.

Note 10 – Subsequent Event

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

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

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

Note 11 – Pledged Revenues and Debt Covenant

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

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

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

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

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