

BUNCOMBE COUNTY, NORTH CAROLINA

Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDING
JUNE 30, 2010

BOARD OF COMMISSIONERS

David Gantt, Chairman
Bill Stanley, Vice Chairman
K. Ray Bailey
Holly Jones
Carol Peterson

COUNTY MANAGER

Wanda S. Greene, PhD, CPA

DIRECTOR OF FINANCE

Donna B. Clark

Prepared by the Finance Department



Comprehensive Annual Financial Report

For the Fiscal Year Ending June 30, 2010

Buncombe County, North Carolina

<i>Table of Contents</i>	<i>Exhibit</i>	<i>Page</i>
Introductory Section		
GFOA Certificate of Achievement in Financial Reporting		3
Letter of Transmittal		4
Organizational Chart		10
Board of Commissioners		11
County Officials		12
Financial Section		
Independent Auditors' Report		14
Management's Discussion and Analysis		16
Basic Financial Statements		31
Government-wide Financial Statements:		
Statement of Net Assets	1	32
Statement of Activities	2	34
Fund Financial Statements:		
Balance Sheet - Government Funds	3	36
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	4	37
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	5	38
Statement of Net Assets - Proprietary Funds	6	39
Statement of Revenues, Expenses, and Changes in Net Assets - Proprietary Funds	7	40
Statement of Cash Flows - Proprietary Funds	8	41
Statement of Fiduciary Net Assets	9	43
Statement of Changes in Fiduciary Net Assets	10	44
Notes to the Financial Statements		45
Required Supplemental Financial Data		87
Other Post Employment Benefits - Healthcare		
Schedule of Funding Progress and Employer Contributions		88
Law Enforcement Officers' Special Separation Allowance - Schedule of Funding Progress		89
Law Enforcement Officers' Special Separation Allowance - Schedule of Employer Contributions		90
Law Enforcement Officers' Special Separation Allowance - Schedule of Funding Progress - Component Unit		91
Law Enforcement Officers' Special Separation Allowance - Schedule of Employer Contributions - Component Unit		92
Combining and Individual Fund Statements and Schedules		93
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:		
General Fund		94
County Capital Projects Fund		102
School Capital Commission Fund		104

Table of Contents, continued**Table****Page**

Combining Statements for Nonmajor Governmental Funds:		105
Combining Balance Sheet - Nonmajor Governmental Funds		106
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds		108
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:		
Special Districts Water and Sewer Fund		110
Special Districts Volunteer Fire Departments Fund		111
Emergency Telephone System Fund		112
Occupancy Tax Fund		113
Capital Reserve Fund		114
Workforce Investment Act Fund		115
Register of Deeds Automation Fund		116
Grant Projects Fund		117
Transportation Fund		118
Drug Forfeitures		119
PDF Woodfin Downtown Fund		120
PDF 2008 Debt Service Reserve		121
Special Revenue Capital Projects Fund		122
Schedules of Revenues and Expenditures - Budget and Actual (Non-GAAP):		
Solid Waste Disposal Fund		124
Landfill Closure and Postclosure Reserve Fund		126
Landfill Capital Projects Fund		127
Buncombe County Parking Deck Fund		128
Buncombe County Parking Deck Capital Projects Fund		130
Combining Statements for Nonmajor Enterprises Funds:		131
Combining Statement of Net Assets - Nonmajor Enterprise Funds		132
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets - Nonmajor Enterprise Funds		133
Combining Statement of Cash Flows - Nonmajor Enterprise Funds		134
Schedules of Revenues and Expenditures - Budget and Actual (Non-GAAP):		
Human Services Facilities Fund		135
Mental Health Fund		136
Criminal Justice Information System (CJIS) Fund		137
Inmate Commissary/Welfare Fund		138
Insurance Internal Service Fund		139
Combining Statement of Changes in Assets and Liabilities - Agency Funds		140
Schedule of Revenues, Expenditures, and Changes in Net Assets Budget and Actual (Non-GAAP) - Component Units		
Avery's Creek Sanitary District		142
Western North Carolina Regional Air Quality Agency		143
Other Schedules		144
Schedule of Ad Valorem Taxes Receivable - General Fund		145
Analysis of Current Year County-Wide Tax Levy		146

Statistical Section

Financial Trends		
Net Assets by Component	1	149
Changes in Net Assets	2	150
Fund Balances of Governmental Funds	3	152
Changes in Fund Balances of Governmental Funds	4	153

Table of Contents, continued**Table****Page**

Revenue Capacity		
Assessed Value of Taxable Property	5	155
Property Tax Rates-Direct and All Overlapping Governments	6	156
Principal Property Taxpayers	7	157
Property Tax Levies and Collections	8	158
Debt Capacity		
Ratio of Outstanding Debt by Type	9	159
Ratio of General Bonded Debt Outstanding	10	160
Direct and Overlapping Governmental Activities	11	161
Legal Debt Margin	12	162
Special Obligation Bonds Revenue Coverage	13	163
Demographic and Economic Information		
Demographic and Economic Statistics	14	164
Principal Employers	15	165
Operating Information		
Summary of Permanent Positions by Service Area	16	167
Operating Indicators by Function	17	168
Capital Asset Statistics by Function	18	169

Compliance Section

Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards		172
Report On Compliance With Requirements Applicable To Each Major Federal Program And Internal Control Over Compliance In Accordance With OMB Circular A-133 And The State Single Audit Implementation Act		174
Report On Compliance With Requirements Applicable To Each Major State Program And Internal Control Over Compliance In Accordance With OMB Circular A-133 And the State Single Audit Implementation Act		176
Schedule of Findings and Questioned Costs		178
Summary Schedule of Prior Audit Findings		182
Schedule of Expenditures of Federal and State Awards		183
Notes to the Schedule of Expenditures of Federal and State Awards		188

Introductory Section



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Buncombe County
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

Letter of Transmittal

November 1, 2010

To the Board of County Commissioners and the Citizens of Buncombe County, North Carolina

We are pleased to present the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2010. Laws of the State of North Carolina, along with policies and procedures of the North Carolina Local Government Commission, require that all local governments in the state publish a complete set of financial statements annually.

Management of Buncombe County assumes responsibility for the completeness and reliability of all the information presented in this report based upon a comprehensive framework of internal control that it has established for this purpose. This report consists of management's representations concerning the financial position and results of operations for the fiscal year ended June 30, 2010.

Gould Killian CPA Group, P.A., Certified Public Accountants, has audited the financial statements in accordance with generally accepted auditing standards. The cost of internal control should not exceed anticipated benefits; therefore, the auditor's review is to provide reasonable rather than absolute assurance that the financial statements are free from material misstatements. The independent auditors concluded the financial statements are presented in conformity with generally accepted accounting principles and there was a reasonable basis for issuing an unqualified opinion on the Buncombe County financial statements for the year ended June 30, 2010. The independent auditor's report is located at the front of the financial section of this report.

The independent audit of the financial statements was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the County's internal controls and compliance with legal requirements, with emphasis on administration of federal grants.

Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditor's Report and provides an introduction, overview, and analysis of the basic financial statements. The discussion and analysis complements this letter of transmittal and should be read in combination with it.

Profile of Buncombe County, North Carolina

Buncombe County was established in 1791 and is located in the southwestern portion of North Carolina. It has a total land and water area of 660 square miles and estimated 2009 population of 230,421. There are six municipalities within the County, the largest being the City of Asheville (population of 79,973 or approximately 34.7 percent of the County), which lies at the geographic center of the County and serves as the County seat. The County is approximately 240 miles west of the state capital, Raleigh, North Carolina; 205 miles north of Atlanta, Georgia; and 120 miles east of Knoxville, Tennessee.

The County operates under a commissioner/manager form of government with one commissioner elected by the voters to serve as Chair of the Board. A five-member Board of County Commissioners governs Buncombe County. The Board of Commissioners is chosen every four years in partisan elections during presidential election years. Commissioners hold policy-making and legislative authority. They are also responsible for adopting the budget and appointing the County Manager, Finance Director, County Attorney, and Clerk to the Board. The County Manager is the chief administrative officer and prepares and recommends the annual budget in addition to being responsible for implementing policies, managing daily operations, and appointing department heads.

The County provides its citizens with a wide range of services including human services, public safety, economic and physical development, environmental protection, cultural and recreational activities and others. However, the majority of the annual budget consists of public safety, human services and education. The County also extends financial support to certain boards, agencies, and commissions to assist their efforts in serving citizens. Among these are the Asheville City Board of Education, the Buncombe County Board of Education, the Asheville-Buncombe Technical Community College, the Tourism Development Authority, the Land-of-Sky Regional Council and the Western Highlands Area Authority.

The annual budget serves as the base for the County's financial planning and control. Budgets are developed on a departmental basis by expenditure function within a fund. The budgets display all of the County's financial operations including funding for various agencies outside the County's organizational structure. The Board of Commissioners adopted a Strategic Plan for Buncombe County, and in order to implement the Strategic Plan, each County department and intergovernmental agency receiving County funds was asked to address the strategies in its requested budget documents. The County Manager submits the annual balanced budget to the Board of Commissioners before June each year. A public hearing on the budget is held in the middle of June with an expected budget adoption by June 30. In accordance with North Carolina statutes, the governing board shall adopt a budget not earlier than 10 days after the budget is presented to the Board and no later than July 1.

Economic Condition of Buncombe County, North Carolina

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates.

The Local Economy

Buncombe County is part of the Asheville metropolitan area including Buncombe, Haywood, Henderson, and Madison counties. This area has an estimated population of over 416,000. While the metropolitan area continues to suffer economically, there are signs of slight improvement. Key economic factors through the second quarter of 2010 compared to the same time period in 2009 indicate the following:

- The population of the area continues to grow, which has been the trend for the past four decades. Since 2000, the population of the metropolitan area has grown 12.8 percent while Buncombe County saw an increase of 11.7 percent. Domestic in-migration continues to account for the majority of the County's population growth. However, this in-migration growth is down from its peak of 3,000 new arrivals in 2006 to 1,000 in 2009.
- The unemployment rate of the metropolitan area decreased from 9.4 to 8.5. While January and February saw unemployment rates over 10 percent, months since show gradual declines with only a slight jump in June. While the unemployment rate is down, the size of the labor force has increased by over 1 percent to just over 206,500 positions.
- Healthcare and tourism continue to be leading economic drivers for the area.
- Some major industry sectors in the economy continue to suffer while others had slight improvements in fiscal year 2010. Professional and Business Services and Construction are two industries that saw the most job losses accounting for 1,200 of the 2,000 positions lost. Government along with Leisure and Hospitality saw jobs added to their sectors accounting for 2,100 of the 2,500 jobs created. Temporary census workers account for much of the increase in government positions.
- Existing home sales increased over 20 percent from July 2009 with 1,994 units sold to June 2010 with 2,407 units sold. The average cost of the homes sold increased 4 percent from \$253,852 to \$263,412 during that same time period.
- Buncombe County continued to see a decline in its home appreciation. Last year, the appreciation of homes was -5.66 percent. For comparative purposes, other values across the state include -2.71 percent for Forsyth County, -8.28 percent for Mecklenburg County, and -6.43 percent for Wake County.

Long-term Financial Planning

The County uses a Capital Improvement Program (CIP) to identify all capital projects requiring funding for the next five years. The CIP is formulated under the direction of the County Manager based upon priorities outlined by the Board of Commissioners. A capital project is defined as any project costing over \$250,000. The approved CIP budget through fiscal year 2015 is \$62.2 million. Big-ticket items on the plan include funding for a new library branch, construction of satellite human services/DSS offices, construction of new landfill cells, sports park field improvements, construction of a new courthouse addition, and renovations to the existing courthouse.

Cash Management Policies and Practices

Cash temporarily idle during the year was invested in fully insured or collateralized certificates of deposit, obligations of the U.S. Treasury and various Federal and N.C. State Agencies, prime quality commercial paper and bankers' acceptances, and demand deposits in a State authorized money-market mutual fund whose portfolio consists of the types of instruments noted above. Investment income includes changes in the fair value of investments year-over-year. Changes in fair value during the current year, however, do not necessarily represent trends; nor are such amounts usually realized, especially in the case of temporary changes in the fair value of investments that Buncombe County intends to hold to maturity. Interest earnings on cash and investments for the fiscal year ended June 30, 2010 was \$1.2 million on an average balance of \$122 million.

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. Additional information on Buncombe County's risk management activity can be found in Note 3(B)(5) of the financial statements.

Pension and Other Postemployment Benefits

Buncombe County provides pension and death benefits for its employees through the statewide North Carolina Local Governmental Employees' Retirement System (LGERS). LGERS is a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. Buncombe County has no obligation in connection with employee benefits offered through this plan beyond making the required contributions as set by the North Carolina General Assembly. The contribution rate is currently 4.88 percent of salary for general employees and 4.86 percent for Law Enforcement employees.

Buncombe County administers a public employee retirement plan, the Law Enforcement Officers' Special Separation Allowance, a single-employer defined benefit pension plan that

provides benefits to the County's qualified sworn law enforcement officers. The County is required to provide these benefits by the North Carolina General Statutes (Statutes).

The County contributes to the Supplemental Retirement Income Plan of North Carolina, a defined contribution pension plan administered by the North Carolina Department of State Treasurer and a Board of Trustees. The authority to establish and amend benefits rests with the North Carolina General Assembly. The Statutes require that the County contribute monthly 5 percent of each law enforcement officer's qualified salary. The County has elected to contribute 8 percent for both law enforcement and all other eligible employees. Employees may also make additional contributions to the plan in accordance with Internal Revenue Service Code Section 401k. For the fiscal year ending June 30, 2010, County contributions for all eligible employees were nearly \$5.2 million.

Buncombe County also contributes to the Registers of Deeds' Supplemental Pension Fund (Fund), a noncontributory, defined contribution pension plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental benefits to any county Register of Deeds who is retired under LGERS or an equivalent locally sponsored plan. The authority to establish and amend benefits rests with the North Carolina General Assembly. The County is required to remit 1.5 percent of certain statutory fees collected by the Register of Deeds monthly to the Fund. The amount contributed by the County in fiscal year 2010 was \$22,648.

Buncombe County also provides post-retirement healthcare benefits through its healthcare plan to retirees of the County who participate in the North Carolina Local Governmental Employees' Retirement System. The County pays 100 percent of the employee-only coverage for retirees until age 65. The benefit also applies to disabled employees. In general, retirees must be age 60 with 20 years of service, or have 30 years of service at any age. Buncombe County also maintains a retiree medical plan in which the County pays 100 percent of an employee-only Medicare Supplement policy. Employees with 25 years of service are offered this as an incentive for early retirement. Before the fiscal year ending June 30, 2008, benefits were mostly financed on a pay-as-you-go basis. Since then the County adopted procedures under Governmental Accounting Standards Board (GASB) Statements No. 43 and 45 for reporting and accounting for other post-employment benefits (OPEB). In fiscal year 2010, the County contributed \$1 million to the North Carolina State Treasurer's Local Government OPEB Trust Fund, an irrevocable trust administered within the meaning of North Carolina General Statute Section 147-69.4. The total amount contributed since fiscal year 2008 is \$3.5 million.

Additional information on Buncombe County's pension arrangements, postemployment and other employment benefits can be found in Note 3(B)(2)(a)-(h) of the financial statements.

Awards and Acknowledgements

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Buncombe County for its

Comprehensive Annual Financial Report for the fiscal year ended June 30, 2009. This marks the thirty-first consecutive year that Buncombe County has received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The County also received the GFOA's Award for Distinguished Budget Presentation for its 2010 annual budget document. This is the thirteenth year that the award has been presented to the County. In order to qualify for this award, the County's budget document was judged to be proficient in several categories including policy documentation, financial planning, and organization. The Budget Department believes the fiscal year 2011 budget document continues to conform to program requirements and has submitted it to the GFOA to determine eligibility for another award.

Acknowledgements

Many professional staff members in the Finance Department contributed to the preparation of this report. Their hard work, dedication, and continuing efforts to produce and improve the quality of this report are a direct benefit to all that read and use it. We would also like to commend each County department for their cooperation and assistance throughout the year in the efficient administration and commitment to the vision, mission and goals of Buncombe County Government. We also thank Gould Killian CPA Group, P.A., for their hard work and assistance with this report.

Recognition and appreciation are also extended to the Board of County Commissioners for their leadership and dedication to serving the people of Buncombe County. This report is a testament to their continued support and desire for maintaining the highest standards in fiscal management and accountability.

Respectfully submitted,

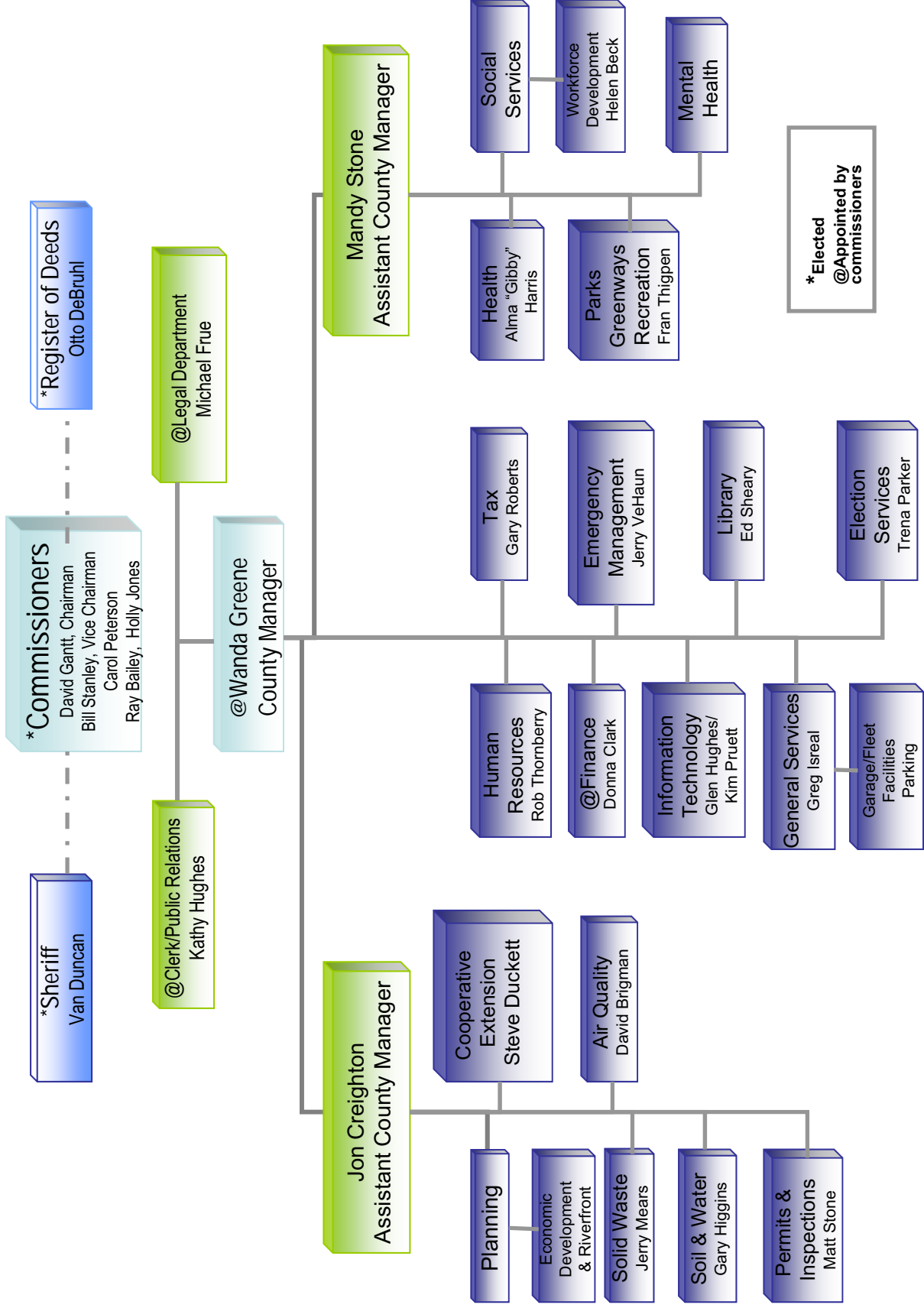


Wanda S. Greene, PhD, CPA
County Manager



Donna B. Clark
Finance Director

Buncombe County Government



* Elected
@Appointed by
commissioners

Buncombe County Government

List of Principal Officials

June 30, 2010

Board of Commissioners



David Gantt, Chairman

David Gantt, an attorney, is serving his fourth term on the Board. He is currently an active member of the Boards of the Asheville Regional Airport Authority, Eblen Charities, United Way, Asheville Buncombe Community Relations Council, Land of Sky Regional Council, and Martin Luther King, Jr. Committee. Commissioner Gantt is an advocate for education and the working people of Buncombe County.



Bill Stanley, Vice Chairman

A retired high school coach and principal, Bill Stanley is serving his sixth term. In addition to his local involvement in civic affairs, he is a former President of the North Carolina Association of County Commissioners and is currently serving as a member of the MPO, RPO, Land of Sky Regional Council and the Civic Center Task Force. Commissioner Stanley was recently appointed to the NC Advisory Commission on Military Affairs by Senate President Pro Tem Marc Basnight.



K. Ray Bailey, Commissioner

Commissioner K. Ray Bailey was elected to the Buncombe County Board of Commissioners in 2008. He is the President Emeritus of Asheville Buncombe Technical Community College where he served for 42 years serving the last 15 as president. Commissioner Bailey currently serves on the Economic Development Coalition and the Tourism Development Authority.



Holly Jones, Commissioner

Commissioner Holly Jones was elected to the Buncombe County Board of Commissioners in 2008. She served on Asheville City Council from 2001-2008. She currently serves on the Transportation Advisory Committee, Community Energy Advisory Committee and Land of Sky Council. Commissioner Jones works as the executive director of the YWCA in downtown Asheville.



Carol Peterson, Commissioner

A fifth generation native of Buncombe County and a retired Director of Vocation for the Asheville City Schools, Carol Peterson is serving her second term of office. She also serves on Asheville Buncombe Technical Community College Board of Trustees, Asheville Chamber of Commerce Governmental Affairs Task Force, Children First Board, Folk Heritage Committee, Health Partners Board, Juvenile Crime Prevention Committee and the Smart Start Board.

County Officials

Wanda S. Greene, PhD, CPA

Jon Creighton, MBA

Amanda Stone, MSW

Kathy Hughes

Michael Frue, JD

Donna B. Clark

Otto DeBruhl

Van Duncan

Fran Thigpen

Pat Freeman

Trena Parker, MPA

Alma "Gibby" Harris, MSPH, FNP

Ed Sheary, MSLS

Jerry VeHaun

Matt Stone

Robert Thornberry, Jr., MA

Glen Hughes

Kim Pruet

Gary Roberts

Gary Higgins

Steve Duckett

Greg Isreal

County Manager

Asst. County Manager/Planning Director

Asst. County Manager/Social Services Director

Clerk to the Board

County Attorney

Finance Director

Register of Deeds

Sheriff

Parks Greenways and Recreation Director

City/County Bureau of Identification Director

Elections Supervisor

Health Director

Library Director

Emergency Services Director

Permits & Inspections Director

Human Resources Director

Technology Services Director

Information Systems Director

Tax Director

Soil & Water Conservation Director

Cooperative Extension Director

General Services

Financial Section



Gould Killian CPA Group, P.A.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

Independent Auditors' Report

Board of Commissioners
Buncombe County, North Carolina
Asheville, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Buncombe County, North Carolina, as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Buncombe County's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. We did not audit the financial statements of the Asheville Area Regional Airport Authority. Those financial statements were audited by other auditors whose report thereon has been furnished to us; and our opinion, insofar as it relates to the amounts included for the Asheville Area Regional Airport Authority, is based solely on the report of the other auditor.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditor provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Buncombe County, North Carolina, as of June 30, 2010, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2010, on our consideration of Buncombe County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance and the Other Postemployment Benefits Schedules of Funding Progress and Employer Contributions are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion thereon.

Board of Commissioners
Page Two

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Buncombe County, North Carolina. The combining and individual nonmajor fund financial statements, budgetary schedules, other schedules, as well as the accompanying schedule of expenditures of federal and state awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary schedules, other schedules and the schedule of expenditures of federal and state awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory and statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on this information.

Donald Killian CPA Group, P.A.

Asheville, North Carolina
November 1, 2010

Management's Discussion and Analysis

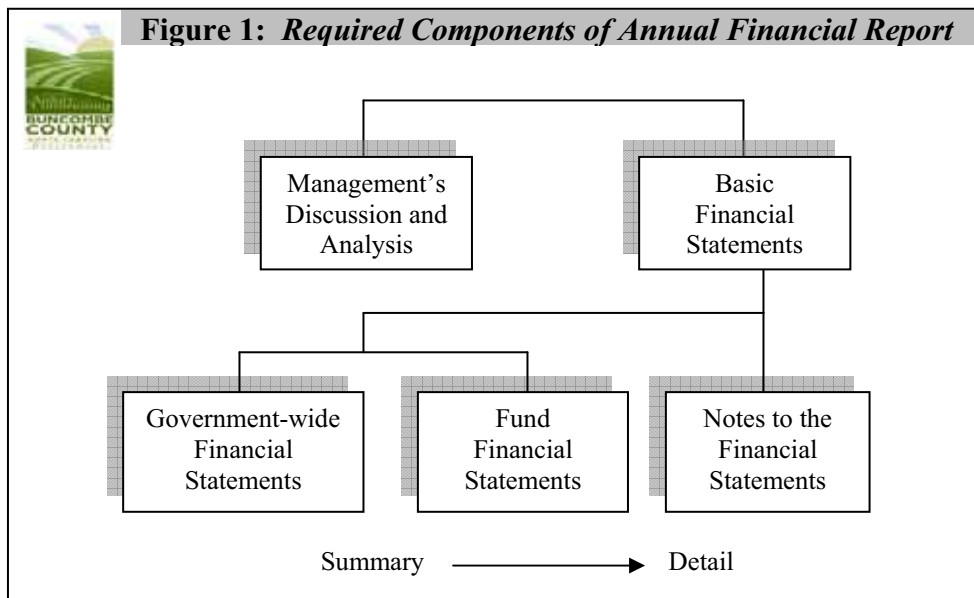
As management of Buncombe County (the County), we offer readers of the financial statements this overview and analysis of the financial activities for the fiscal year ended June 30, 2010. We encourage readers to consider the information here in conjunction with additional information we have furnished in the County's financial statements, which follow this discussion and analysis.

Financial Highlights for Fiscal Year 2010

- The assets of the County exceeded the liabilities at the close of the fiscal year by \$118.5 million (net assets). Of this amount, \$17.0 million may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net assets increased by \$6.4 million, with \$6.1 million of this amount attributable to governmental activities.
- At the close of the fiscal year, the County's governmental funds reported combined ending fund balances of \$158.5 million, an increase of \$28.1 million over the prior year. Approximately 83.6 percent of this total amount, or \$132.5 million of ending fund balance, is unreserved fund balance and is available for spending at the government's discretion. However, a large portion (\$81.5 million) is either designated or appropriated for continuing activities and capital expenditures.
- The County's unreserved fund balance for the General Fund was \$50.9 million or 20.4 percent of the total General Fund expenditures and transfers for the fiscal year. This compares with \$52.3 million or 20.9 percent at the end of fiscal year 2009.
- At June 30, 2010, the total amount of outstanding long-term debt was \$226.8 million. This is an increase of \$31.2 million or 16 percent from the previous fiscal year.
- Under State law, the County is responsible for providing capital funding for the school systems, community college, and airport authority. At the end of the fiscal year, approximately \$130.5 million of the outstanding debt on the County's financial statements is related to assets to be included in the respective entity's statements.
- As a result of the County's strong fiscal position, management policies and continued economic diversity and growth, particularly in the current economic environment, Standard & Poor's upgraded the County's rating to from AA to AA+. The County maintained its Moody's rating of Aa2.
- As of June 30, 2010, the maturities of investments in the County's portfolio averaged 259 days. The average yield on investments was 1.36 percent.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. See Figure 1. The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the readers' understanding of the fiscal condition of the County.



Government-wide Financial Statements. The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, similar in format to a financial statement of a private-sector business. These statements are prepared under the full-accrual basis of accounting where all the current year's revenues and expenses are included regardless of when cash is received or paid. The government-wide statements provide short and long-term information about the County's financial status as a whole. The two government-wide statements report the County's net assets and how they have changed. The Statement of Net Assets and the Statement of Activities help to determine if the County is in a better financial position as a result of the current year's activities.

The Statement of Net Assets reflects the County's net assets at the end of the fiscal year. The net assets of the County are the difference between total assets (what is owned) and total liabilities (what is owed). Measuring net assets is one way to evaluate the County's financial condition. However, other non-financial information such as changes in the County's property tax base and the condition of capital assets should be considered as well.

The Statement of Activities reflects the changes in the County's net assets that occurred during the fiscal year. These changes in net assets are reported immediately when an underlying event causes a change, regardless of timing or related cash flows. Accordingly, revenues and expenses are reported for some items that will only result in cash flows in future fiscal years (i.e. uncollected property taxes and earned but unused vacation leave).

The government-wide financial statements are divided into the following three types of activities:

Governmental activities – These activities of the County include general government, public safety, human services, economic and physical development, education, and cultural and recreation.

Business-type activities – The County charges fees to recover the costs associated with providing certain services. These activities include the parking deck, criminal justice information system, inmate commissary/welfare, human services facilities, and solid waste disposal.

Component units – The government-wide financial statements include not only the County of Buncombe (known as the primary government), but also a legally separate airport, a legally separate tourism development authority, a legally separate sanitary district, and a legally separate air quality agency for which the County of Buncombe is financially accountable. Financial information for these component units is reported separately from the financial information for the primary government.

The government-wide financial statements are on pages 32-35 of this report.

Fund Financial Statements. The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like all other governmental entities in North Carolina, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and agency funds.

Governmental Funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using the modified accrual accounting method which provides a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps determine if there are more or less financial resources available to finance the County's programs. The relationship between government activities (reported on the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The County adopts an annual budget for its General Fund as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board of Commissioners about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complies with the budget ordinance and whether or not the County succeeds in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the Statement of Revenues, Expenditures and Changes in Fund Balance. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds – The County has two kinds of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its solid waste, human services facilities, mental health, parking deck, criminal justice information system, and inmate commissary/welfare operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Assets and the Statement of Activities. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the functions of the County. The County uses an internal service fund to account for one activity, which is its employee health insurance program. Because this operation benefits predominately governmental rather than business-type activities, the internal service fund has been included with the governmental-type activities in the government-wide financial statements.

Agency Funds are used to account for assets held on behalf of others. The County has seven agency funds.

Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. The County has a fiduciary fund to account for assets set aside to fund future health insurance benefits for retirees.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 45-86 of this report.


Other Information. In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the County's progress in funding its obligation to provide health insurance benefits to retirees and pension benefits to its law enforcement officers. Required supplementary information can be found beginning on page 74 of this report.

Government-wide Financial Analysis

As noted earlier, net assets over time may serve as a useful indicator of a government's financial position. As shown in Figure 2, assets exceeded liabilities by \$118.5 million at June 30, 2010. Net assets for the County are reported in three categories: invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

By far the largest portion of Buncombe County's net assets (85 percent) reflects its investment in capital assets (e.g. land, buildings, automotive equipment, and office and other equipment), less any related debt used to acquire those assets that is still outstanding. The amount as of June 30, 2010 was \$100.6 million. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other resources, since the capital assets cannot be used to liquidate these liabilities. See Figure 2 below.

An additional portion of the County's net assets represents resources that are subject to external restrictions on how the funds may be used. This amount represents nearly 1 percent of total net assets, or \$1.0 million. The remaining balance of unrestricted net assets, \$17.0 million or 14.3 percent, may be used to meet the government's ongoing obligations to citizens and creditors.

 Figure 2: Net Assets (in millions)						
	Governmental Activities		Business Type Activities		Total	
	2010	2009	2010	2009	2010	2009
		<i>Restated</i>		<i>Restated</i>		<i>Restated</i>
Current and other assets	\$189.0	\$161.0	\$25.2	\$25.3	\$214.2	\$186.3
Capital assets	123.0	106.6	53.0	55.3	176.0	161.9
Total assets	312.0	267.6	78.2	80.6	390.2	348.2
Long-term liabilities outstanding	217.3	181.3	32.7	35.0	250.0	216.3
Other liabilities	20.9	18.7	0.7	1.1	21.6	19.8
Total liabilities	238.2	200.0	33.4	36.1	271.6	236.1
Net assets:						
Invested in capital assets, net of related debt	68.0	62.7	32.6	34.0	100.6	96.7
Restricted	-	-	1.0	2.6	1.0	2.6
Unrestricted	5.8	4.9	11.2	7.9	17.0	12.8
Total net assets	\$73.7	\$67.6	\$44.8	\$44.5	\$118.5	\$112.1

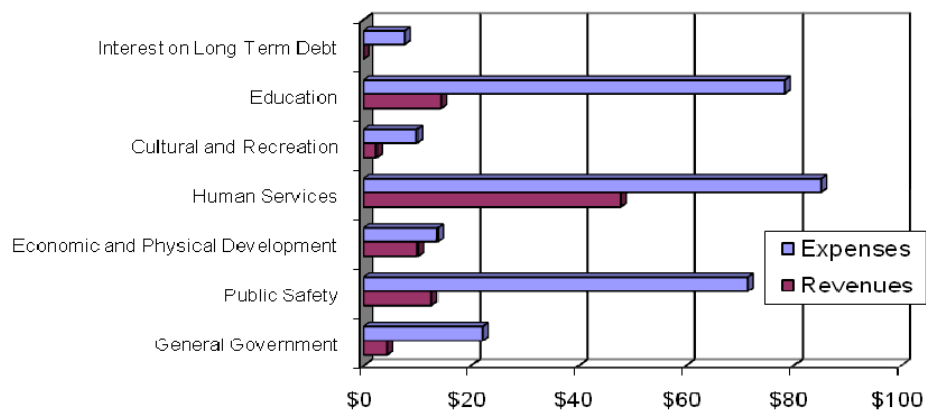
At the end of the current fiscal year, Buncombe County is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. This is consistent with the prior fiscal year.

The government’s total net assets were increased by \$6.4 million during the current fiscal year despite a \$7.3 million decline in revenues from the prior fiscal year. This increase can be attributed to lower than anticipated expenses resulting from a continued countywide effort by departments to improve operational efficiencies while maintaining a high level of service. While overall revenues were down, the County did see a slight increase in grants and contributions revenues, most notably American Recovery and Reinvestment Act (ARRA) funds.

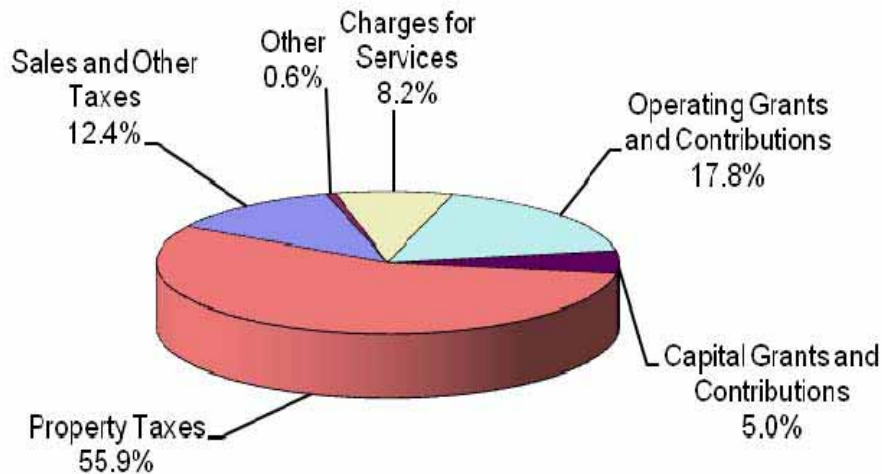
Governmental activities: Governmental activities increased the County’s net assets by \$6.1 million despite decreases in both program and general revenues, which were down \$7.1 million from the previous year. (See Figure 7 on page 25) Figure 4 illustrates the major sources of revenue for the County, including both program and general revenues. Over 68 percent of the County’s revenues are from property and sales taxes collected.

Net program expenses decreased by \$3.5 million or 1.2 percent from the previous fiscal year. As can be seen in Figure 3 below, the net expense is mostly attributable to the County’s core businesses: education, human services, and public safety. This is consistent with prior years. Economic and physical development saw the most dramatic decrease in expenses (\$12.4 million or 47 percent) for the fiscal year. This can be misleading since fiscal year 2009 saw a dramatic increase in this category partly due to a \$7.7 million capital outlay for special Product Development Financing bonds issued for the Town of Woodfin Downtown District Project. Expenses for economic and physical development are now more consistent with fiscal years 2008 and earlier.

Figure 3: Buncombe County Expenses and Program Revenues - Governmental Activities (in millions)



**Figure 4: Revenues By Source -
Governmental Activities**



The County believes that while expenses decreased from the prior fiscal year, county services have not suffered. The County's commitment to focus on core services has led to a number of initiatives to leverage resources in order to increase service capacity. This included a partnership with a federally-qualified health center that increased primary care services at reduced costs to the County and a partnership with an outside agency to provide administration to the County's community child care centers. This allowed the County to enhance its quality care of children and increase services to special needs children.

Business-type activities: After adjusting for a \$3.2 million prior period adjustment attributable to a change in regulatory requirements for closure and post-closure costs of the C&D landfill, net assets in business-type activities increased \$300 thousand from the previous year. Overall, expenses for all business-type activities were down \$700 thousand from the prior year while charges for services increased \$400 thousand. Investment earnings fell \$600 thousand due to poor market conditions. Transfers from governmental activities account for the increase in net assets. Charges for services represent 95 percent of the revenues for business-type activities.

Figure 5: Buncombe County Expenses and Program Revenues - Business-Type Activities (in millions)

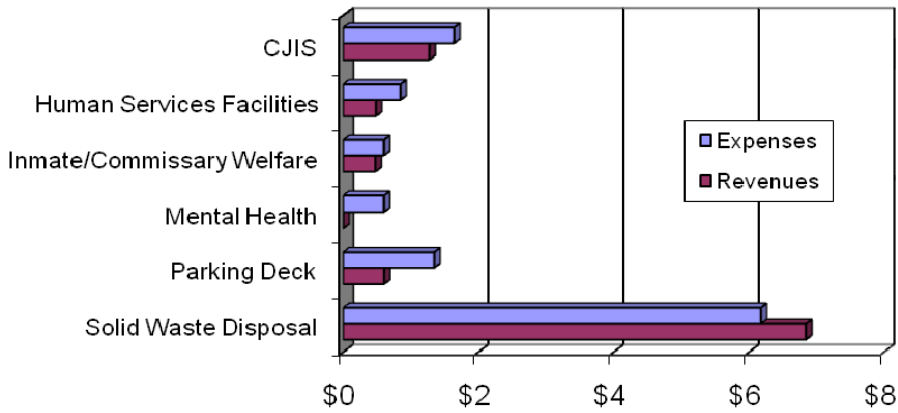
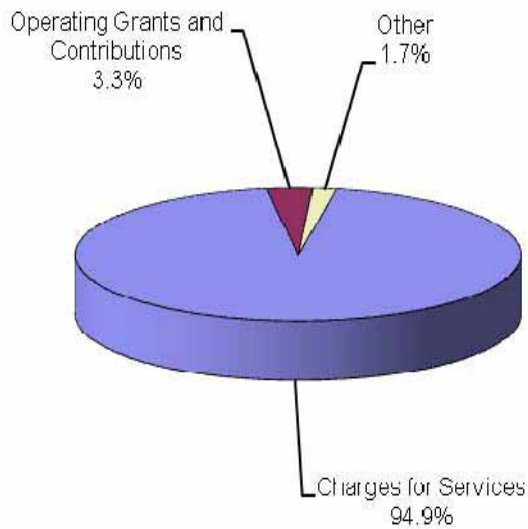


Figure 6: Revenues By Source- Business-Type Activities



Financial Analysis of the County's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the County's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year. The County's major governmental funds include the General Fund, the County Capital Projects Fund, and the School Capital Commission Fund. The remaining governmental funds are considered non-major.

As of the end of the current fiscal year, Buncombe County's governmental funds reported combined ending fund balances of \$158.5 million, an increase of \$28.1 million over the prior year. Approximately 83.6 percent of this total amount, or \$132.5 million of ending fund balance, is unreserved fund balance and is available for spending at the government's discretion. However, a large portion (\$81.5 million) is either designated or appropriated for continuing activities and capital expenditures of the County.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$50.9 million compared to \$52.3 million at the end of the prior fiscal year. Total fund balance at June 30, 2010 was \$70.5 million in comparison to \$70.3 million (restated) at June 30, 2009. As a measure of the general fund's liquidity, it is useful to compare both unreserved fund balance and total fund balance to total fund expenditures and transfers. Unreserved fund balance represents 20.4 percent of total General Fund expenditures and transfers as opposed to 20.9 percent for the preceding fiscal year. Total fund balance represents 28.3 percent of that same amount compared to 28.1 percent (restated) at the end of the prior year. The County has been able to maintain its fund balance position during these stressed economic conditions because of operational efficiencies and controlled spending by departments.

The fund balance of the County's General Fund increased slightly by \$225 thousand from the previous year. Aiding in this increase is a property tax collection rate at 98.6 percent, compared to the statewide average of 97.05 percent. These collections were \$567 thousand higher than budgeted. Also, actual expenditures, transfers, and other financing uses were less than the budgeted amount by \$5.8 million.

The County Capital Project Fund accounts for capital asset construction or acquisition. Upon completion these assets will be owned by the County. The total fund balance decreased \$1.9 million in fiscal year 2010.

The School Capital Commission Fund accounts for revenues restricted for public school capital outlay projects. The total fund balance increased \$29.9 million. This is mainly due to debt in the amount of \$36.7 million issued to fund two new intermediate schools for the Buncombe County School System and high school renovations for the Asheville City School System.

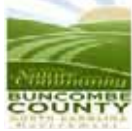


Figure 7: Changes in Net Assets (in millions)

	Governmental Activities		Business Type Activities		Total	
	2010	2009	2010	2009	2010	2009
		Restated		Restated		Restated
Revenues:						
Program Revenues:						
Charges for services	\$24.2	\$27.2	\$9.4	\$9.0	\$33.6	\$36.2
Operating grants and contributions	52.7	49.1	0.3	0.3	53.0	49.4
Capital grants and contributions	15.0	17.5	-	-	15.0	17.5
General revenues:						
Property taxes	165.8	162.6	-	-	165.8	162.6
Other taxes	36.8	43.1	-	-	36.8	43.1
Other	1.8	3.9	0.2	0.8	2.0	4.7
Total Revenues	296.3	303.4	9.9	10.1	306.2	313.5
Expenses:						
General government	22.1	21.7	-	-	22.1	21.7
Public safety	71.5	69.4	-	-	71.5	69.4
Economic and physical development	13.8	26.2	-	-	13.8	26.2
Human services	85.2	83.3	-	-	85.2	83.3
Culture and recreation	9.9	11.1	-	-	9.9	11.1
Education	78.4	73.2	-	-	78.4	73.2
Interest on long-term debt	7.7	6.9	-	-	7.7	6.9
Solid waste disposal	-	-	6.2	7.3	6.2	7.3
Other	-	-	5.0	4.6	5.0	4.6
Total expenses	288.6	291.8	11.2	11.9	299.8	303.7
Increase (decrease) in net assets before transfers, contributions, and special item	7.7	11.6	(1.3)	(1.8)	6.4	9.8
Transfers, contributions, and special item	(1.6)	(2.9)	1.6	2.9	-	-
Increase (decrease) in net assets	6.1	8.7	0.3	1.1	6.4	9.8
Net assets, beginning of year	67.3	63.0	47.7	43.4	115.0	106.4
Prior period adjustment	0.3	(4.1)	(3.2)	-	(2.9)	(4.1)
Net assets, end of year	\$73.7	\$67.6	\$44.8	\$44.5	\$118.5	\$112.1

Proprietary Funds. The County’s proprietary funds provide the same type of information found in the government-wide statements but in more detail. At the end of the fiscal year, total unrestricted net assets increased \$3.3 million from the prior year with balances of \$3.5 million reported in the Solid Waste Disposal Fund, \$3.9 million in the Parking Deck Fund, and \$3.8 million in the other enterprise funds. The unrestricted net assets in the Internal Service Fund equaled \$7 million, a decrease of \$3.3 million from the prior fiscal year.

General Fund Budgetary Highlights. The County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased revenues and expenditures by \$7.1 million or 2.8 percent.

The actual operating revenues and transfers for the General Fund were \$5.6 million less than the budgeted amount. However, actual operating expenditures and transfers were less than the budgeted amount by \$5.8 million, thus eliminating the need to draw upon existing fund balance.

Capital Asset and Debt Administration

Capital Assets. As of June 30, 2010, the County’s investment in capital assets, net of accumulated depreciation for its governmental and business-type activities totaled \$176.0 million. See Figure 8. These assets include land, buildings and improvements, equipment, automotive equipment, and construction in progress. The County’s total capital assets increased 8.7 percent for fiscal year 2010 (a 15.4 percent increase for governmental activities and a 4.2 percent decrease for business-type activities).

	Governmental Activities		Business Type Activities		Total	
	2010	2009	2010	2009	2010	2009
	Land	\$8.4	\$8.4	\$6.3	\$6.3	\$14.7
Buildings and improvements	83.5	42.2	26.3	27.8	109.8	70.0
Equipment	7.7	9.7	14.7	2.6	22.4	12.3
Automotive equipment	2.4	3.5	0.3	0.4	2.7	3.9
Construction in progress	21.0	42.8	5.4	18.2	26.4	61.0
Total capital assets	\$123.0	\$106.6	\$53.0	\$55.3	\$176.0	\$161.9

Major capital asset events during the current fiscal year included the following:

- Purchase of Carolina First Building on College Street for \$9.5 million. This building will aid in streamlining several county operations by consolidating administrative functions into one location.
- Near completion of a new County animal shelter as part of a two-building, 33,000 square-foot animal care campus. The animal shelter, which was funded by the County at a cost of \$4.3 million, has a capacity for 205 animals and houses Buncombe County animal control and the A-B Tech Veterinary Medical Technology Program. The second building constructed by the Asheville Humane Society with private donations is an animal adoption and education center.
- Near completion of a total \$3.4 million renovation of Pack Memorial Library, the main branch of the Asheville Buncombe Library System. The renovation was a total overhaul of the building and provides a more secure, energy efficient and user-friendly design.
- Design work on a \$26 million addition to the County Courthouse. This nine story tower on the eastern face of the courthouse will add elevators, stairs and restrooms and provide a new secured public entrance to the building. These additions will enable the 1928 courthouse to sufficiently handle traffic and allow the building to empty safely in case of an emergency.
- Design work on the new \$15 million Public Safety Training Facility, which will be located on the site of the old County landfill. The facility will include a defensive driving course, fire training tower, burn buildings, rescue evolutions, and educational classroom space. This facility will benefit local governments throughout Western North Carolina.


Additional information on the County's capital assets can be found in Note 3(A)(5) of the financial statements.

Long-term Debt. The County's total long-term debt increased by \$31.2 million or 16 percent during the past fiscal year. As of June 30, 2010, the County's total debt outstanding was \$226.8 million, of which \$65.5 million is debt backed by the full faith and credit of the County and \$7.5 million is special obligation revenue bonds for which revenues are pledged to the payment of and as security for the bonds. Installment notes account for \$141.0 million. Collateral for these notes are the assets purchased or constructed.

Under North Carolina law, the County is responsible for providing capital funding for the school systems, community college, and airport authority. The County has chosen to meet this legal obligation by using a mixture of County funds and debt. At the end of the fiscal year, approximately \$130.5 million of the outstanding debt on the County's financial statements was related to assets included in the financial statements of the school system, community college, and the airport authority. The amount of this debt in the prior fiscal year was \$105.4 million.

The County issued two new types of debt in fiscal year 2010. The first is Qualified School Construction Bonds (QSCBs). This financing structure was authorized by the American Recovery and Reinvestment Act (ARRA), and the County had the first QSCB sale in North Carolina. This debt in the amount of \$5.7 million (included as general obligation debt) will fund several construction and renovation projects for both the County and Asheville City schools systems. The County also issued Taxable Limited Obligation Bonds (LOBs). The 2010 LOBs are a combination of taxable Build America Bonds and taxable Recovery Zone Economic Development Bonds and are collateralized by the assets purchased or constructed. This combined structure was the first of its kind in North Carolina and includes federal subsidies that result in a low interest cost to the County. These bonds in the amount of \$39.8 million fund the construction and equipping of two intermediate school facilities for Buncombe County Schools and the purchase of a County office building.

A summary of long-term debt is shown in Figure 9.

 **Figure 9: Outstanding Debt (in millions)**

	Governmental Activities		Business Type Activities		Total	
	2010	2009	2010	2009	2010	2009
General Obligation Bonds	\$65.5	\$67.9	\$ -	\$ -	\$65.5	\$67.9
Special Obligation						
Revenue Bonds	-	-	7.5	9.5	7.5	9.5
Installment Notes Payable	127.2	91.0	13.8	14.4	141.0	105.4
Product Development						
Financing Bonds	12.8	12.8	-	-	12.8	12.8
Total debt	\$205.5	\$171.7	\$21.3	\$23.9	\$226.8	\$195.6

Bond ratings are a clear indication of the sound financial condition of the County, which helps keep interest costs low on the County's outstanding debt. In 2010, the County saw one of its bond ratings increased. Because of the County's strong fiscal position supported by management's long-term adherence to sound fiscal policies and its role as the regional economic center of Western North Carolina, Standard & Poor increased its bond rating from AA to AA+. This is a single step from the highest rating of AAA. The County maintained its Aa2 rating with Moody's. These excellent ratings insure low interest rates on the County's debt.

The State of North Carolina limits the amount of general obligation debt that the unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the County is \$2.1 billion. The County has \$915,000 in bonds authorized but not issued at June 30, 2010.

Additional information regarding the County's long-term debt can be found in Note (B)(8)(a) through (j) of the financial statements.

Economic Factors Affecting Next Year's Budget and Rates

The County has approved a \$252.9 million General Fund budget for fiscal year 2011, which represents a 1 percent decrease over the 2010 final budget. The following factors were considered when developing the 2011 budget:

- Due to shifts in the housing market, the gap between the assessed tax value and market value of Buncombe County homes decreased. As such, the County maintained the tax rate of 52.5 cents per \$100 of assessed valuation and postponed the 2010 property revaluation.
- A continued weakened economy, both local and national, that is reflected in increased demand for human services and volatile revenue sources (such as sales tax revenue) that are particularly sensitive to economic fluctuations. The County maintains its conservative approach to revenue estimations.
- A continued focus to provide those core services the County is required to provide and developing community partnerships to continue services that are not "core" to County government but are essential for the community's economic vitality.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Director of Finance, PO Box 7526, Asheville, NC 28802.

Questions concerning the Asheville Regional Airport Authority may be addressed to the Director of Administration and Finance at 61 Terminal Drive, Fletcher, NC 28732.



Basic Financial Statements



BUNCOMBE COUNTY, NORTH CAROLINA

Statement of Net Assets

JUNE 30, 2010

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 80,228,722	\$ 23,196,121	\$ 103,424,843
Investments	36,006,450	-	36,006,450
Receivables (net)	10,125,809	875,355	11,001,164
Due from other governments	14,920,549	-	14,920,549
Due from primary government	-	-	-
Inventories	130,579	18,095	148,674
Prepays	2,846,670	-	2,846,670
Restricted assets:			
Cash and cash equivalents	43,022,917	967,892	43,990,809
Deferred cost of refunding	999,375	119,702	1,119,077
Long-term receivables	692,493	-	692,493
Capital assets:			
Land and construction in progress	29,473,746	11,722,173	41,195,919
Other capital assets, net of depreciation	93,519,866	41,319,787	134,839,653
Total capital assets	122,993,612	53,041,960	176,035,572
Total assets	311,967,176	78,219,125	390,186,301
LIABILITIES			
Accounts payable and accrued expenses	17,506,585	394,934	17,901,519
Other liabilities	418,908	-	418,908
Accrued interest payable	978,733	249,354	1,228,087
Unearned revenue	1,353,298	28,500	1,381,798
Due to component unit	642,962	-	642,962
Long-term liabilities:			
Due within one year	17,815,860	2,747,218	20,563,078
Due in more than one year	199,503,111	29,997,546	229,500,657
Total long-term liabilities	217,318,971	32,744,764	250,063,735
Total liabilities	238,219,457	33,417,552	271,637,009
NET ASSETS			
Invested in capital assets, net of related debt	67,968,901	32,649,006	100,617,907
Restricted for:			
Product development	-	-	-
Capital projects	-	967,892	967,892
Other	-	-	-
Unrestricted	5,778,818	11,184,675	16,963,493
Total net assets	\$ 73,747,719	\$ 44,801,573	\$ 118,549,292

The accompanying notes are an integral part of these financial statements.

Exhibit 1

Component Units				
Asheville Regional Airport	Tourism Development Authority	Avery's Creek Sanitary District	WNC Regional Air Quality Agency	
\$ 5,483,445	\$ 2,795,441	\$ 377,348	\$ 807,558	
-	4,981,870	285,811	-	
1,259,248	-	79	-	
1,576,495	-	-	-	
-	642,962	-	-	
-	-	-	-	
11,540	-	-	-	
2,225,994	-	-	-	
-	-	-	-	
-	-	-	-	
15,403,557	-	-	-	
54,682,639	-	-	17,075	
70,086,196	-	-	17,075	
80,642,918	8,420,273	663,238	824,633	
1,464,372	473,055	663,238	61,744	
1,087,457	-	-	-	
-	-	-	-	
83,740	-	-	-	
-	-	-	-	
661,024	-	-	124,835	
4,066,148	-	-	11,137	
4,727,172	-	-	135,972	
7,362,741	473,055	663,238	197,716	
64,176,271	-	-	17,075	
-	4,594,793	-	-	
-	-	-	-	
2,225,994	-	-	-	
6,877,912	3,352,425	-	609,842	
\$ 73,280,177	\$ 7,947,218	\$ -	\$ 626,917	

The accompanying notes are an integral part of these financial statements.

BUNCOMBE COUNTY, NORTH CAROLINA

Statement of Activities

FOR THE YEAR ENDED JUNE 30, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
GOVERNMENTAL ACTIVITIES:				
General government	\$ 22,130,128	\$ 3,418,209	\$ 996,476	\$ -
Public safety	71,520,365	7,178,633	5,490,017	-
Economic and physical development	13,804,636	6,485,727	3,136,906	518,042
Human services	85,121,982	6,166,294	41,666,402	-
Cultural and recreational	9,943,947	979,013	1,443,478	-
Education	78,379,830	-	-	14,443,976
Interest on long-term debt	7,694,610	-	-	-
Total Governmental Activities	288,595,498	24,227,876	52,733,279	14,962,018
BUSINESS-TYPE ACTIVITIES:				
Solid Waste Disposal	6,175,352	6,514,503	325,584	-
Parking Deck	1,346,567	606,561	-	-
Human Services Facilities	846,717	483,191	-	-
Mental Health	602,809	-	-	-
Criminal Justice Information System	1,638,266	1,274,921	-	-
Inmate Commissary/Welfare	602,509	476,295	-	-
Total Business-Type Activities	11,212,220	9,355,471	325,584	-
Total Primary Government	\$ 299,807,718	\$ 33,583,347	\$ 53,058,863	\$ 14,962,018
COMPONENT UNITS:				
Asheville Regional Airport	\$ 9,937,648	\$ 7,694,363	\$ -	\$ 8,559,637
Tourism Development Authority	5,009,661	-	6,165,895	-
Avery's Creek Sanitary District	54,890	4,000	-	-
WNC Regional Air Quality Agency	879,568	225,254	602,360	-
Total Component Units	\$ 15,881,767	\$ 7,923,617	\$ 6,768,255	\$ 8,559,637

General revenues:

Taxes:

Property taxes, levied for general purpose

Local option sales tax

Other taxes and licenses

Investment earnings, unrestricted

Miscellaneous, unrestricted

Total general revenues excluding special items and transfers

Special item - contribution of Avery's Creek assets to MSD

Transfers

Total general revenues, special items, and transfers

Changes in net assets

Net assets, beginning, as previously reported

Prior period adjustment

Net assets, beginning, as restated

Net assets, ending

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Changes in Net Assets						
Primary Government			Component Units			
Governmental Activities	Business-type Activities	Total	Asheville Regional Airport	Tourism Development Authority	Avery's Creek Sanitary District	WNC Regional Air Quality Agency
\$ (17,715,443)	\$ -	\$ (17,715,443)				
(58,851,715)	-	(58,851,715)				
(3,663,961)	-	(3,663,961)				
(37,289,286)	-	(37,289,286)				
(7,521,456)	-	(7,521,456)				
(63,935,854)	-	(63,935,854)				
(7,694,610)	-	(7,694,610)				
<u>(196,672,325)</u>	<u>-</u>	<u>(196,672,325)</u>				
-	664,735	664,735				
-	(740,006)	(740,006)				
-	(363,526)	(363,526)				
-	(602,809)	(602,809)				
-	(363,345)	(363,345)				
-	(126,214)	(126,214)				
-	<u>(1,531,165)</u>	<u>(1,531,165)</u>				
<u>(196,672,325)</u>	<u>(1,531,165)</u>	<u>(198,203,490)</u>				
			\$ 6,316,352	\$ -	\$ -	\$ -
			-	1,156,234	-	-
			-	-	(50,890)	-
			-	-	-	(51,954)
			<u>6,316,352</u>	<u>1,156,234</u>	<u>(50,890)</u>	<u>(51,954)</u>
165,793,158	-	165,793,158	-	-	-	-
32,087,738	-	32,087,738	-	-	-	-
4,696,043	-	4,696,043	-	-	-	-
664,878	171,999	836,877	28,124	18,547	1,000	8,429
1,242,530	-	1,242,530	2,148,518	95,718	-	19,974
<u>204,484,347</u>	<u>171,999</u>	<u>204,656,346</u>	<u>2,176,642</u>	<u>114,265</u>	<u>1,000</u>	<u>28,403</u>
-	-	-	-	-	(2,099,089)	-
<u>(1,621,145)</u>	<u>1,621,145</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>202,863,202</u>	<u>1,793,144</u>	<u>204,656,346</u>	<u>2,176,642</u>	<u>114,265</u>	<u>(2,098,089)</u>	<u>28,403</u>
<u>6,190,877</u>	<u>261,979</u>	<u>6,452,856</u>	<u>8,492,994</u>	<u>1,270,499</u>	<u>(2,148,979)</u>	<u>(23,551)</u>
<u>67,266,086</u>	<u>47,706,390</u>	<u>114,972,476</u>	<u>64,787,183</u>	<u>6,676,719</u>	<u>2,148,979</u>	<u>650,468</u>
<u>290,756</u>	<u>(3,166,796)</u>	<u>(2,876,040)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>67,556,842</u>	<u>44,539,594</u>	<u>112,096,436</u>	<u>64,787,183</u>	<u>6,676,719</u>	<u>2,148,979</u>	<u>650,468</u>
<u>\$ 73,747,719</u>	<u>\$ 44,801,573</u>	<u>\$ 118,549,292</u>	<u>\$ 73,280,177</u>	<u>\$ 7,947,218</u>	<u>\$ -</u>	<u>\$ 626,917</u>

The accompanying notes are an integral part of these financial statements.

BUNCOMBE COUNTY, NORTH CAROLINA

Exhibit 3

Balance Sheet

Governmental Funds

JUNE 30, 2010

	General	County Capital Projects	School Capital Commission	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 29,467,569	\$ 20,302,723	\$ 13,907,479	\$ 10,607,174	\$ 74,284,945
Investments	36,006,450	-	-	-	36,006,450
Receivables, net	8,515,040	109,829	-	1,184,597	9,809,466
Due from other governments	10,900,204	-	2,863,673	1,156,672	14,920,549
Due from other funds	1,320,812	-	-	-	1,320,812
Prepaid items	65,709	-	-	-	65,709
Inventories	130,579	-	-	-	130,579
Restricted assets -					
Cash and cash equivalents	60,160	7,042,839	32,373,066	3,546,852	43,022,917
Total assets	\$ 86,466,523	\$ 27,455,391	\$ 49,144,218	\$ 16,495,295	\$ 179,561,427
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 13,174,819	\$ 887,757	\$ 2,310	\$ 1,715,308	\$ 15,780,194
Miscellaneous liabilities	144,400	-	-	274,508	418,908
Unearned revenue	1,274,908	-	-	78,390	1,353,298
Due to component unit	-	-	-	642,962	642,962
Due to other funds	-	-	-	1,320,812	1,320,812
Deferred revenue	1,382,770	-	-	127,893	1,510,663
Total liabilities	15,976,897	887,757	2,310	4,159,873	21,026,837
Fund balances:					
Reserved for:					
Inventories	130,579	-	-	-	130,579
State statute	19,418,995	109,829	2,863,673	2,213,376	24,605,873
Debt service	-	-	-	1,341,190	1,341,190
Unreserved, General Fund:					
Designated for:					
Construction in progress	8,200,000	-	-	-	8,200,000
Undesignated	42,740,052	-	-	-	42,740,052
Unreserved, reported in:					
Special revenue funds	-	-	-	6,750,134	6,750,134
Capital projects funds	-	26,457,805	46,278,235	2,030,722	74,766,762
Total fund balances	70,489,626	26,567,634	49,141,908	12,335,422	158,534,590
Total liabilities and fund balances	\$ 86,466,523	\$ 27,455,391	\$ 49,144,218	\$ 16,495,295	

Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different:

Adjustment to full accrual basis of accounting (see Note 1)	<u>(84,786,871)</u>
Net assets of governmental activities	<u>\$ 73,747,719</u>

The accompanying notes are an integral part of these financial statements.

BUNCOMBE COUNTY, NORTH CAROLINA

Exhibit 4

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

FOR THE YEAR ENDED JUNE 30, 2010

	General	County Capital Projects	School Capital Commission	Other Governmental Funds	Total Governmental Funds
REVENUES:					
Ad valorem taxes	\$ 151,593,812	\$ -	\$ -	\$ 14,667,006	\$ 166,260,818
Local option sales taxes	28,241,510	-	-	3,846,228	32,087,738
Other taxes and licenses	4,432,541	-	-	6,259,792	10,692,333
Unrestricted intergovernmental	263,502	-	-	-	263,502
Restricted intergovernmental	44,161,378	-	14,443,976	9,559,672	68,165,026
Permits and fees	2,318,479	-	-	-	2,318,479
Sales and services	15,179,874	-	-	-	15,179,874
Investment earnings	589,342	21,515	50,699	65,923	727,479
Miscellaneous	964,607	-	-	277,923	1,242,530
Total revenues	247,745,045	21,515	14,494,675	34,676,544	296,937,779
EXPENDITURES:					
Current:					
General government	20,154,362	-	-	36,810	20,191,172
Public safety	45,652,486	-	-	19,739,071	65,391,557
Economic and physical development	5,183,659	-	-	6,320,066	11,503,725
Human services	74,116,648	-	-	6,174,884	80,291,532
Cultural and recreational	8,396,914	-	-	50,055	8,446,969
Intergovernmental:					
Education	69,587,924	-	-	-	69,587,924
Capital outlay	-	24,908,837	8,791,906	2,620,586	36,321,329
Debt service:					
Principal retirement	9,099,703	-	8,552,306	-	17,652,009
Interest and fees	3,492,815	180,932	3,947,498	919,950	8,541,195
Total expenditures	235,684,511	25,089,769	21,291,710	35,861,422	317,927,412
Revenues over (under) expenditures	12,060,534	(25,068,254)	(6,797,035)	(1,184,878)	(20,989,633)
OTHER FINANCING SOURCES /(USES)					
Transfers from other funds	1,700,830	10,156,921	-	1,781,878	13,639,629
Transfers to other funds	(13,875,477)	(1,728,187)	-	(657,110)	(16,260,774)
General obligation bonds issued	-	-	30,850,000	-	30,850,000
Premium on bonds	-	-	463,270	-	463,270
Installment obligations issued	6,511,661	14,508,339	5,685,000	-	26,705,000
Premium on installment obligations	805,849	192,287	-	-	998,136
Advance refunding obligations issued	8,120,000	-	8,995,000	-	17,115,000
Payment to refunded bond escrow agent	(15,203,875)	-	(9,340,888)	-	(24,544,763)
Sales of capital assets	105,720	-	-	-	105,720
Total other financing sources (uses)	(11,835,292)	23,129,360	36,652,382	1,124,768	49,071,218
Net changes in fund balances	225,242	(1,938,894)	29,855,347	(60,110)	28,081,585
Fund balances, beginning,					
as previously reported	70,002,896	28,506,528	19,286,561	12,628,887	130,424,872
Prior period adjustments	261,488	-	-	(233,355)	28,133
Fund balances, beginning as restated	70,264,384	28,506,528	19,286,561	12,395,532	130,453,005
Fund balances, end of year	\$ 70,489,626	\$ 26,567,634	\$ 49,141,908	\$ 12,335,422	\$ 158,534,590

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different:

Net changes in fund balances - total governmental funds	\$ 28,081,585
Adjustment to full accrual basis of accounting (see Note 1)	(21,890,708)
Total changes in net assets of governmental activities	\$ 6,190,877

The accompanying notes are an integral part of these financial statements.

BUNCOMBE COUNTY, NORTH CAROLINA

Exhibit 5

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund

FOR THE YEAR ENDED JUNE 30, 2010

	General Fund			Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Ad valorem taxes	\$ 148,551,148	\$ 151,027,281	\$ 151,593,812	\$ 566,531
Local option sales taxes	30,073,605	30,117,547	28,241,510	(1,876,037)
Other taxes and licenses	4,446,000	4,446,000	4,432,541	(13,459)
Unrestricted intergovernmental	599,000	599,000	263,502	(335,498)
Restricted intergovernmental	40,082,917	43,684,013	44,161,378	477,365
Permits and fees	2,433,930	2,524,930	2,318,479	(206,451)
Sales and services	14,587,694	15,442,112	15,179,874	(262,238)
Investment earnings	750,000	750,000	589,342	(160,658)
Miscellaneous	1,149,042	1,149,042	964,607	(184,435)
Total revenues	242,673,336	249,739,925	247,745,045	(1,994,880)
EXPENDITURES				
Current:				
General government	21,386,579	21,765,644	20,154,362	1,611,282
Public safety	45,769,715	46,804,206	45,652,486	1,151,720
Economic and physical development	8,731,860	5,410,973	5,183,659	227,314
Human services	73,618,191	77,654,199	74,116,648	3,537,551
Cultural and recreational	9,032,527	9,114,249	8,396,914	717,335
Intergovernmental:				
Education	70,165,016	70,165,016	69,587,924	577,092
Total current expenditures	228,703,888	230,914,287	223,091,993	7,822,294
Debt service:				
Principal retirement			9,099,703	
Interest and other charges			3,492,815	
Total debt service	17,610,864	13,167,716	12,592,518	575,198
Total expenditures	246,314,752	244,082,003	235,684,511	8,397,492
Revenues over (under) expenditures	(3,641,416)	5,657,922	12,060,534	6,402,612
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	1,376,169	1,719,958	1,700,830	(19,128)
Transfers to other funds	(3,753,398)	(13,983,610)	(13,875,477)	108,133
Installment obligations issued	-	6,511,661	6,511,661	-
Advance refunding obligations issued	-	8,120,000	8,120,000	-
Premium on installment obligations	-	805,849	805,849	-
Payment to refunded bond escrow agent	-	(15,203,875)	(15,203,875)	-
Sales of capital assets	136,600	136,600	105,720	(30,880)
Appropriated fund balance	5,882,045	6,235,495	-	(6,235,495)
Total other financing sources (uses)	3,641,416	(5,657,922)	(11,835,292)	(6,177,370)
Net changes in fund balance	\$ -	\$ -	225,242	\$ 225,242
Fund balance, beginning, as previously reported			70,002,896	
Prior period adjustment			261,488	
Fund balance, beginning as restated			70,264,384	
Fund balance, end of year			\$ 70,489,626	

The accompanying notes are an integral part of these financial statements.

BUNCOMBE COUNTY, NORTH CAROLINA

Exhibit 6

Statement of Net Assets

Proprietary Funds

JUNE 30, 2010

	Enterprise Funds				Internal Service Fund
	Solid Waste Disposal Fund	Parking Deck Fund	Other Enterprise Funds	Total	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 14,331,318	\$ 5,051,200	\$ 3,813,603	\$ 23,196,121	\$ 5,943,777
Receivables, net	713,618	14,134	147,603	875,355	-
Prepays	-	-	-	-	2,780,961
Inventories	18,095	-	-	18,095	-
Total current assets	15,063,031	5,065,334	3,961,206	24,089,571	8,724,738
Noncurrent assets:					
Restricted cash and cash equivalents	218	967,674	-	967,892	-
Deferred cost of refunding	119,702	-	-	119,702	-
Capital assets:					
Land, improvements, and construction in progress	11,080,076	642,097	-	11,722,173	-
Other capital assets, net of depreciation	17,895,618	12,973,412	10,450,757	41,319,787	-
Total capital assets	28,975,694	13,615,509	10,450,757	53,041,960	-
Total noncurrent assets	29,095,614	14,583,183	10,450,757	54,129,554	-
Total assets	44,158,645	19,648,517	14,411,963	78,219,125	8,724,738
LIABILITIES					
Current liabilities:					
Accounts payable	188,591	8,278	32,913	229,782	1,726,391
Accrued interest payable	100,577	148,777	-	249,354	-
Salaries and payroll taxes payable	95,795	13,335	56,022	165,152	-
Compensated absences	78,533	5,740	62,945	147,218	-
Other liabilities	-	4,500	24,000	28,500	-
Revenue bonds payable	1,995,000	-	-	1,995,000	-
Installment obligations payable	220,000	385,000	-	605,000	-
Total current liabilities	2,678,496	565,630	175,880	3,420,006	1,726,391
Noncurrent liabilities:					
Liabilities payable from restricted assets:					
Accrued landfill closure and postclosure care costs	11,170,553	-	-	11,170,553	-
Other postemployment benefits	51,251	2,816	12,080	66,147	-
Revenue bonds payable, net	5,541,119	-	-	5,541,119	-
Installment obligations payable, net	221,172	12,998,555	-	13,219,727	-
Total noncurrent liabilities	16,984,095	13,001,371	12,080	29,997,546	-
Total liabilities	19,662,591	13,567,001	187,960	33,417,552	1,726,391
NET ASSETS					
Invested in capital assets, net of related debt					
Restricted for capital projects	20,998,621	1,199,628	10,450,757	32,649,006	-
Unrestricted	218	967,674	-	967,892	-
Total net assets	3,497,215	3,914,214	3,773,246	11,184,675	6,998,347
Total net assets	\$ 24,496,054	\$ 6,081,516	\$ 14,224,003	\$ 44,801,573	\$ 6,998,347

The accompanying notes are an integral part of these financial statements.

BUNCOMBE COUNTY, NORTH CAROLINA

Exhibit 7

Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds

FOR THE YEAR ENDED JUNE 30, 2010

	Enterprise Funds				Internal Service Fund
	Solid Waste Disposal Fund	Parking Deck Fund	Other Enterprise Funds	Total	
OPERATING REVENUES					
Charges for services	\$ 6,514,503	\$ 606,561	\$ 2,234,407	\$ 9,355,471	\$ 17,633,215
Miscellaneous	325,584	-	-	325,584	-
Total operating revenues	<u>6,840,087</u>	<u>606,561</u>	<u>2,234,407</u>	<u>9,681,055</u>	<u>17,633,215</u>
OPERATING EXPENSES					
Salaries, wages, and fringe benefits	1,359,587	184,693	793,704	2,337,984	-
Contracted services	802,327	16,284	613,967	1,432,578	-
Cost of products sold	-	-	231,005	231,005	-
Maintenance and repairs	339,213	17,477	407,576	764,266	-
Contributions to outside agencies	-	-	30,000	30,000	-
Other operating expenses	907,179	61,864	459,631	1,428,674	-
Landfill closure and postclosure care costs	653,369	-	-	653,369	-
Depreciation	1,745,680	453,308	1,154,418	3,353,406	-
Insurance premiums	-	-	-	-	2,230,553
Claims	-	-	-	-	19,788,557
Total operating expenses	<u>5,807,355</u>	<u>733,626</u>	<u>3,690,301</u>	<u>10,231,282</u>	<u>22,019,110</u>
Operating income (loss)	<u>1,032,732</u>	<u>(127,065)</u>	<u>(1,455,894)</u>	<u>(550,227)</u>	<u>(4,385,895)</u>
NONOPERATING REVENUES (EXPENSES)					
Interest and investment revenue	74,505	59,513	37,981	171,999	82,466
Interest and other charges	(384,709)	(612,941)	-	(997,650)	-
Gain (loss) on disposal of assets	6,350	-	-	6,350	-
Decrease in estimated landfill closure and postclosure care cost liability	10,362	-	-	10,362	-
Total nonoperating revenues (expenses)	<u>(293,492)</u>	<u>(553,428)</u>	<u>37,981</u>	<u>(808,939)</u>	<u>82,466</u>
Loss before transfers	739,240	(680,493)	(1,417,913)	(1,359,166)	(4,303,429)
Transfers from other funds	-	1,621,145	-	1,621,145	1,000,000
Change in net assets	739,240	940,652	(1,417,913)	261,979	(3,303,429)
Net assets, beginning, as previously reported	26,923,610	5,140,864	15,641,916	47,706,390	10,301,776
Prior period adjustment	(3,166,796)	-	-	(3,166,796)	-
Net assets, beginning, as restated	<u>23,756,814</u>	<u>5,140,864</u>	<u>15,641,916</u>	<u>44,539,594</u>	<u>10,301,776</u>
Net assets, end of year	<u>\$ 24,496,054</u>	<u>\$ 6,081,516</u>	<u>\$ 14,224,003</u>	<u>\$ 44,801,573</u>	<u>\$ 6,998,347</u>

The accompanying notes are an integral part of these financial statements.

BUNCOMBE COUNTY, NORTH CAROLINA

Exhibit 8

Statement of Cash Flows

Proprietary Funds

FOR THE YEAR ENDED JUNE 30, 2010

	Enterprise Funds				
	Solid Waste Disposal Fund	Parking Deck Fund	Other Enterprise Funds	Total	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 6,517,333	\$ 609,039	\$ 2,190,349	\$ 9,316,721	\$ 17,633,215
Cash paid for goods and services	(2,555,341)	(102,050)	(1,800,886)	(4,458,277)	(21,938,169)
Cash paid to employees for services	(1,386,589)	(178,478)	(793,534)	(2,358,601)	-
Other operating revenue	325,584	-	-	325,584	-
Net cash provided (used) by operating activities	2,900,987	328,511	(404,071)	2,825,427	(4,304,954)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	-	1,621,145	-	1,621,145	1,000,000
Net cash provided by noncapital financing activities	-	1,621,145	-	1,621,145	1,000,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(892,481)	-	(379,193)	(1,271,674)	-
Refund of construction sales tax	-	285,563	-	285,563	-
Proceeds on sale of assets	6,350	-	-	6,350	-
Principal paid on installment obligation	(220,000)	(370,000)	-	(590,000)	-
Principal paid on bond maturities	(1,945,000)	-	-	(1,945,000)	-
Interest paid on long-term debt	(376,415)	(611,621)	-	(988,036)	-
Net cash used by capital and related financing activities	(3,427,546)	(696,058)	(379,193)	(4,502,797)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	74,505	59,513	37,981	171,999	82,466
Net cash provided (used) by investing activities	74,505	59,513	37,981	171,999	82,466
Net increase (decrease) in cash and cash equivalents	(452,054)	1,313,111	(745,283)	115,774	(3,222,488)
Cash and cash equivalents, beginning of year	14,783,590	4,705,763	4,558,886	24,048,239	9,166,265
Cash and cash equivalents, end of year	\$ 14,331,536	\$ 6,018,874	\$ 3,813,603	\$ 24,164,013	\$ 5,943,777

Continued on next page

The accompanying notes are an integral part of these financial statements.

BUNCOMBE COUNTY, NORTH CAROLINA

Exhibit 8

Statement of Cash Flows

Proprietary Funds

FOR THE YEAR ENDED JUNE 30, 2010

	Enterprise Funds				
	Solid Waste Disposal Fund	Parking Deck Fund	Other Enterprise Funds	Total	Internal Service Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 1,032,732	\$ (127,065)	\$ (1,455,894)	\$ (550,227)	\$ (4,385,895)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	1,745,680	453,308	1,154,418	3,353,406	-
Landfill closure and postclosure care costs	331,005	-	-	331,005	-
Changes in assets and liabilities:					
Accounts receivable	2,830	4,728	(88,745)	(81,187)	-
Prepaid items	-	-	-	-	(2,435)
Inventories	(18,095)	-	-	(18,095)	-
Accounts payable	(166,163)	(6,425)	(14,020)	(186,608)	83,376
Salaries and payroll taxes payable	(22,840)	1,508	(4,571)	(25,903)	-
Other liabilities	-	(2,250)	-	(2,250)	-
Other postemployment benefits	19,061	2,816	12,080	33,957	-
Accrued compensated absences	(23,223)	1,891	(7,339)	(28,671)	-
Total adjustments	1,868,255	455,576	1,051,823	3,375,654	80,941
Net cash provided (used) by operating activities	\$ 2,900,987	\$ 328,511	\$ (404,071)	\$ 2,825,427	\$ (4,304,954)

The accompanying notes are an integral part of these financial statements.

BUNCOMBE COUNTY, NORTH CAROLINA

Exhibit 9

Statement of Fiduciary Net Assets

JUNE 30, 2010

	OPEB Trust Fund	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 2,260,994	\$ 2,099,534
Accounts receivable	-	520,107
	<u>\$ 2,260,994</u>	<u>\$ 2,619,641</u>
LIABILITIES		
Accounts payable	\$ -	\$ 577,178
Due to other taxing units	-	483,164
Intergovernmental payable - State of North Carolina	-	11,416
Due to beneficiaries	-	1,547,883
Total liabilities	<u>\$ -</u>	<u>\$ 2,619,641</u>
NET ASSETS		
Assets held in trust for health benefits	<u>\$ 2,260,994</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

BUNCOMBE COUNTY, NORTH CAROLINA

Exhibit 10

Statement of Changes in Fiduciary Net Assets

FOR THE YEAR ENDED JUNE 30, 2010

	<u>OPEB Trust Fund</u>
ADDITIONS	
Employer contributions	\$ -
Investment income:	
Net appreciation in fair value of investments	116,231
Investment earnings, net	49,387
Total additions	<u>165,618</u>
NET ASSETS, BEGINNING	<u>2,095,376</u>
NET ASSETS, ENDING	<u><u>\$ 2,260,994</u></u>

The accompanying notes are an integral part of these financial statements.

BUNCOMBE COUNTY, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2010

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 61 Terminal Drive 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) Basis of Presentation, Basis of Accounting

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.

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 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 Social Services Fund, which accounts for monies deposited with the Department of Social Services for the benefit of certain individuals; the Sondley Estate Trust, which accounts for certain monies

held by the County which was appointed as fiscal agent by the Courts; 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; the Deed of Trust Fee Fund, which accounts for the five dollars of each fee collected by the register of deeds for registering or filing a deed of trust or mortgage and remitted to the State Treasurer on a monthly basis; and 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 has previously been reported as an agency fund due to its close relationship with the Buncombe County Anticrime Task Force Fund. The County has reported this fund as a special revenue fund as of June 30, 2010. (See also Note 8.)

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 2009 through February 2010 apply to the fiscal year ended June 30, 2010. 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, and Transportation, Drug Forfeitures, Special Revenue Funds, and the Enterprise Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Capital Projects Funds, Grant Projects Fund, PDF Woodfin Fund, PDF Debt Service Fund and the Enterprise 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 \$50,000. 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 \$50,000 per expenditure; however, any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$50,000 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).

General Statute 147-69.4 allows the County to establish an OPEB Trust Fund managed by the staff of the Department of the State Treasurer and operated in accordance with state laws and regulations. It is not registered with the SEC 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 BlackRock's Global Ex-US Alpha Tilts Fund B and BlackRock's Russell 3000 Alpha Tilts Fund B authorized under G.S. 147-69.2(8).

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. 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 the Equity Fund are also valued at \$1 per share.

(2) Cash and Cash Equivalents

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 \$23,196,121 and restricted cash of \$967,892 make up the \$24,164,013 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) Restricted Assets

The unexpended bond proceeds of the General Fund, County Capital Projects, School Capital Commission, PDF Woodfin, and PDF Debt Service 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 \$967,892 in the Enterprise Funds are for construction of landfill facilities and parking decks from unexpended bond proceeds.

The Asheville Regional Airport Authority's revenue bond agreement requires that the Authority maintain restricted cash reserves equal to fifty percent of the outstanding principal balance of the revenue bonds. Additionally, the agreement requires that net revenues generated from the rental car facility be maintained in a revenue cash fund to service the operating expenses and debt service of the facility.

(4) Ad Valorem Taxes Receivable

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, 2009.

(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:

	<u>Years</u>
Buildings	30
Improvements	20
Furniture, equipment, and software	5-10
Vehicles	1-5

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

	<u>Years</u>
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:

	<u>Years</u>
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 not to exceed 60 days 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 future 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:

<u>Description</u>	<u>Amount</u>
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)	\$ 181,201,432
Less accumulated depreciation	(58,207,820)
Net capital assets	<u>122,993,612</u>
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	316,343
Long-term receivables are not available to pay current expenditures and therefore are not recognized as assets in the funds	692,493
Liabilities for revenues earned but deferred in the fund statements because they are not available are eliminated on the government-wide statements	1,510,663
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	6,998,347
Deferred charges related to advance refunding bond issued – included on government-wide statement of net assets but are not current financial resources	999,375
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	(205,426,876)
Compensated absences	(7,593,643)
Accrued pension obligation	(1,498,981)
Other postemployment benefits	(2,799,471)
Accrued interest payable	<u>(978,733)</u>
Total adjustment	<u>\$ (84,786,871)</u>

- (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 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	\$ 23,985,438
Cost of disposed assets not recorded in fund statements	(943,167)
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	(6,690,781)
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	(76,131,406)
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	42,196,772
The excess of payments to refunded bond escrow agent over the remaining principal balances of refunded bonds are capitalized on the government-wide statements	766,392
Assistance payments resulting in long-term receivables use current financial resources and are recognized as expenditures in the fund statements	692,493
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)	223,741
Amortization of refunding costs not recorded on fund statements	(143,546)
Pension obligations	(130,435)
Compensated absences	(325,013)
Other postemployment benefits	(1,557,504)

Description	Amount
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)	\$ (62,601)
Reversal of property taxes deferred in fund statements as of 6/30/09	(1,978,323)
Recording of property taxes deferred in fund Statements as of 6/30/10	1,510,663
Net revenue, including transfers, of internal service funds determined to be governmental type	(3,303,429)
Total adjustment	<u>\$ (21,890,708)</u>

(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 \$1,313,015.

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, 2010, the County’s (including Western North Carolina Regional Air Quality Agency) deposits had a carrying amount of \$55,830,570 and a bank balance of \$56,727,502. Of the bank balance, \$574,533 was covered by federal depository insurance; \$56,152,969 was covered by collateral held under the Pooling Method. These amounts include \$2,099,534 held by the County in its fiduciary capacity for its agency funds.

At June 30, 2010, Buncombe County had \$9,955 cash on hand.

At June 30, 2010, the carrying amount of deposits for the Airport Authority was \$7,492,547 and the bank balance was \$8,192,581. Of the bank balance, \$500,000 was covered by federal depository insurance and \$7,692,581 was covered under the Pooling method. The Authority maintains petty cash of \$100.

At June 30, 2010, the Tourism Development Authority’s deposits had a carrying amount of \$2,795,441 and a bank balance of \$3,170,728. Of the bank balance, \$250,000 was covered by federal depository insurance and \$2,920,728 was covered by collateral held under the Pooling Method.

At June 30, 2010 the Avery’s Creek Sanitary District’s deposits had a carrying amount and bank balance of \$377,348. Of the bank balance, \$250,000 was covered by federal depository insurance and \$127,348 was covered by collateral held under the Pooling Method.

(2) Investments

As of June 30, 2010, 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	\$ 22,019,850	\$ –	\$ –	\$ –	\$ 22,019,850
Commercial Paper	7,975,538	4,988,938	–	2,986,600	–
Certificates of Deposit	22,301,290	4,000,000	7,301,290	11,000,000	–
NC Capital Management Trust- Cash Portfolio	78,191,991	78,191,991	–	–	–
Total	\$130,488,669	\$ 87,180,929	\$ 7,301,290	\$ 13,986,600	\$ 22,019,850

As of June 30, 2010, the Airport Authority had the following investments and maturities:

Investment Type	Fair Value	Less Than 6 Months
NC Capital Management Trust-Cash	\$ 216,792	N/A
Total	\$ 216,792	N/A

At June 30, 2010, Tourism Development Authority’s investments with North Carolina Capital Management Trust were as follows:

	Reported Value	Fair Value
NC Capital Management Trust- Cash Portfolio	\$ 4,981,870	\$ 4,981,870

At June 30, 2010, 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	\$ 285,811	\$ 285,811

During 2010, 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 2010.

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.

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	\$ 55,830,570	\$ 7,492,547	\$ 2,795,441	\$ –
Cash on hand	9,955	100	–	–
Investments	130,488,669	216,792	4,981,870	–
	186,329,194	7,709,439	7,777,311	–
Reported in component unit	(807,558)	–	–	807,558
	<u>\$ 185,521,636</u>	<u>\$ 7,709,439</u>	<u>\$ 7,777,311</u>	<u>\$ 807,558</u>
Reported on government-wide statement of net assets:				
Cash and cash equivalents	\$ 103,424,843	\$ 5,483,445	\$ 2,795,441	\$ 807,558
Investments	36,006,450	–	4,981,870	–
Restricted cash	43,990,809	2,225,994	–	–
	183,422,102	7,709,439	7,777,311	807,558
Reported in Agency Funds:				
Cash and cash equivalents	2,099,534	–	–	–
	<u>\$ 185,521,636</u>	<u>\$ 7,709,439</u>	<u>\$ 7,777,311</u>	<u>\$ 807,558</u>

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.

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, 2010, 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.

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 6%, 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 FHLB. These investments are 7%, 5%, and 5% respectively of the County's total investments. The County's and the Airport Authority's investments in the North Carolina Capital Management Trust represent 59% and 100% of the total investments, respectively.

State Treasurer's OPEB Fund

At June 30, 2010, the Buncombe County Healthcare Benefits (HCB) Plan Fund had \$2,260,994 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:

	<u>Fair Value</u>	<u>Percent of Total</u>
State Treasurer's Long-Term Investment Fund (LTIF)	\$ 259,882	11.50%
State Treasurer's Short-Term Investment Fund (STIF)	612,340	27.08
BlackRock's Global Ex-US Alpha Tilt Fund B and BlackRock's Russell Russell 3000 Alpha Tilts Fund B (equities split 75% domestic/25% international)	<u>1,388,772</u>	<u>61.42</u>
Total	<u>\$ 2,260,994</u>	<u>100.00%</u>

Interest Rate Risk

The County does not have a formal investment interest rate policy that manages its exposure to fair value losses arising from increasing interest rates. The State Treasurer's Short Term Investment Fund (STIF) is unrated and had a weighted average maturity of 1.6 years at June 30, 2010. The State Treasurer's Long Term Investment Fund (LTIF) is unrated and had a weighted average maturity of 15.8 years at June 30, 2010.

Credit Risk

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.

(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.

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 4,241,567	\$ 1,007,372	\$ 5,248,939
2008	4,220,245	622,486	4,842,731
2009	4,583,445	263,548	4,846,993
2010	4,582,559	–	4,582,559
Total	<u>\$ 17,627,816</u>	<u>\$ 1,893,406</u>	<u>\$ 19,521,222</u>

4) Receivables

Receivables at the government-wide level at June 30, 2010 were as follows:

	<u>Accounts</u>	<u>Taxes and Related Accrued Interest</u>	<u>Due From Other Governments</u>	<u>Total</u>
Governmental Activities:				
General	\$ 7,455,692	\$ 3,615,110	\$ 10,900,204	\$ 21,971,006
County Capital Projects	109,829	–	–	109,829
School Capital Commission	–	–	2,863,673	2,863,673
Other Governmental	403,950	827,999	1,156,672	2,388,621
	<u>7,969,471</u>	<u>4,443,109</u>	<u>14,920,549</u>	<u>27,333,129</u>
Allowance for doubtful accounts	(558,114)	(1,728,657)	–	(2,286,771)
Total - governmental activities	<u>\$ 7,411,357</u>	<u>\$ 2,714,452</u>	<u>\$ 14,920,549</u>	<u>\$ 25,046,358</u>
Business-type Activities				
Solid Waste Disposal	\$ 770,177	\$ –	\$ –	\$ 770,177
Parking Deck	14,134	–	–	14,134
Other Business-type	147,603	–	–	147,603
	<u>931,914</u>	<u>–</u>	<u>–</u>	<u>931,914</u>
Allowance for doubtful accounts	(56,559)	–	–	(56,559)
Total - business-type activities	<u>\$ 875,355</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 875,355</u>

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

Local option sales tax	\$ 11,238,970
Other	<u>3,681,579</u>
Total	<u>\$ 14,920,549</u>

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, 2010, was as follows:

	Beginning Balances (as restated)	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 8,438,963	\$ —	\$ —	\$ 8,438,963
Construction in process	42,841,111	24,908,837	46,715,165	21,034,783
Total capital assets not being depreciated	<u>51,280,074</u>	<u>24,908,837</u>	<u>46,715,165</u>	<u>29,473,746</u>
Capital assets being depreciated:				
Buildings	73,142,540	41,062,450	—	114,204,990
Other improvements	2,545,069	3,148,259	32,481	5,660,847
Equipment	23,381,820	1,098,204	2,032,376	22,447,648
Vehicles	9,110,618	482,853	179,270	9,414,201
Total capital assets being depreciated	<u>108,180,047</u>	<u>45,791,766</u>	<u>2,244,127</u>	<u>151,727,686</u>
Less accumulated depreciation for:				
Buildings	32,753,546	2,709,123	—	35,462,669
Other improvements	735,391	241,278	15,970	960,699
Equipment	13,654,355	2,216,610	1,119,226	14,751,739
Vehicles	5,674,707	1,523,770	165,764	7,032,713
Total accumulated depreciation	<u>52,817,999</u>	<u>\$ 6,690,781</u>	<u>\$ 1,300,960</u>	<u>58,207,820</u>
Total capital assets being depreciated, net	<u>55,362,048</u>			<u>93,519,866</u>
Governmental activities capital assets, net	<u>\$ 106,642,122</u>			<u>\$ 122,993,612</u>
Business-type activities:				
Solid Waste Disposal				
Capital assets not being depreciated:				
Land	\$ 6,308,519	\$ —	\$ —	\$ 6,308,519
Construction in process	4,188,233	620,440	37,116	4,771,557
Total capital assets not being depreciated	<u>10,496,752</u>	<u>620,440</u>	<u>37,116</u>	<u>11,080,076</u>
Capital assets being depreciated:				
Buildings and improvements	32,166,214	—	—	32,166,214
Equipment	2,012,693	120,230	—	2,132,923
Vehicles	2,551,304	10,956	20,592	2,541,668
Total capital assets being depreciated	<u>36,730,211</u>	<u>131,186</u>	<u>20,592</u>	<u>36,840,805</u>
Less accumulated depreciation for:				
Buildings and improvements	14,412,124	1,444,707	—	15,856,831
Equipment	677,842	174,575	—	852,417
Vehicles	2,130,133	126,398	20,592	2,235,939
Total accumulated depreciation	<u>17,220,099</u>	<u>1,745,680</u>	<u>20,592</u>	<u>18,945,187</u>
Total capital assets being depreciated, net	<u>19,510,112</u>			<u>17,895,618</u>
Solid Waste Disposal capital assets, net	<u>30,006,864</u>			<u>28,975,694</u>
Parking Deck				
Capital assets not being depreciated:				
Construction in process	14,060,342	—	13,418,245	642,097
Capital assets being depreciated:				
Buildings and improvements	—	326,746	—	326,746
Equipment	—	13,099,974	—	13,099,974
Total capital assets being depreciated	<u>—</u>	<u>13,426,720</u>	<u>—</u>	<u>13,426,720</u>

	Beginning Balances (as restated)	Increases	Decreases	Ending Balances
Parking Deck (continued)				
Less accumulated depreciation for:				
Buildings and improvements	\$ –	\$ 53,031	\$ –	\$ 53,031
Equipment	–	400,277	–	400,277
Total accumulated depreciation	–	453,308	–	453,308
Total capital assets being depreciated, net	–			12,973,412
Parking Deck capital assets, net	<u>14,060,342</u>			<u>13,615,509</u>
Other Business-type				
Capital assets being depreciated:				
Buildings and improvements	11,615,540	184,599	–	11,800,139
Equipment	3,388,788	194,594	–	3,583,382
Total capital assets being depreciated	<u>15,004,328</u>	<u>379,193</u>	–	<u>15,383,521</u>
Less accumulated depreciation for:				
Buildings and improvements	1,610,456	499,954	–	2,110,410
Equipment	2,167,890	654,464	–	2,822,354
Total accumulated depreciation	<u>3,778,346</u>	<u>\$ 1,154,418</u>	<u>\$ –</u>	<u>4,932,764</u>
Other Business-type capital assets, net	<u>11,225,982</u>			<u>10,450,757</u>
Business-type capital assets, net	<u>\$ 55,293,188</u>			<u>\$ 53,041,960</u>

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

Governmental Activities:	
General Government	\$ 798,058
Public Safety	3,779,591
Economic and Physical Development	226,398
Human Services	1,031,751
Cultural and Recreational	854,983
Total Depreciation Expense	<u>\$ 6,690,781</u>

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	\$ 122,993,612	\$ 53,041,960	\$ 176,035,572
Debt:			
General obligation bonds	(65,470,175)	–	(65,470,175)
Installment notes	(127,153,284)	(13,824,727)	(140,978,011)
Special obligation revenue bonds	–	(7,536,119)	(7,536,119)
Project development finance bonds	<u>(12,803,417)</u>	–	<u>(12,803,417)</u>
Gross debt	(205,426,876)	(21,360,846)	(226,787,722)
Add portion of debt that has not given rise to capital assets:			
Unspent bond and note proceeds	7,102,999	967,892	8,070,891
Debt relating to schools and airport	130,495,749	–	130,495,749
Project development finance bonds	<u>12,803,417</u>	–	<u>12,803,417</u>
Net debt	<u>(55,024,711)</u>	<u>(20,392,954)</u>	<u>(75,417,665)</u>
Capital assets, net of related debt	<u>\$ 67,968,901</u>	<u>\$ 32,649,006</u>	<u>\$ 100,617,907</u>

Construction commitments

The government has the following commitments with contractors for active construction projects as of June 30, 2010:

Project	Spent-to-date	Remaining Commitment
Life Safety Tower	\$ 1,262,419	\$ 1,029,334
Roof Replacement – 356 Biltmore	211,329	46,671
Animal shelter	3,247,482	16,780
Engineering – Landfill Gas to Energy	151,063	4,036,681
Engineering – Landfill C&D Phase IV	41,640	84,860
Engineering – Landfill Cell 6 Expansion	19,775	32,225
Bioreactor Project	25,026	46,974
Public Safety Training Center	602,314	262,836
Library renovation	2,967,126	297,994
Health Building Renovation	48,375	236,076
Roof Replacements	28,200	18,800
Karpen Field Improvements	17,300	28,950
DSS Repair	165,512	184,440
Total construction commitments	<u>\$ 8,787,561</u>	<u>\$ 6,322,639</u>

The Airport Authority has construction commitments of approximately \$3.6 million for the construction/renovation of facilities. These projects are being funded through Federal grants and passenger facility charges totaling \$2.9 million and Authority funds of approximately \$700,000.

Discretely presented component units

The capital assets of the Asheville Regional Airport for the year ended June 30, 2010, were as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 3,725,790	\$ 3,408,161	\$ –	\$ 7,133,951
Construction in progress	15,743,969	12,392,597	19,866,960	8,269,606
Total capital assets not being depreciated	<u>19,469,759</u>	<u>15,800,758</u>	<u>19,866,960</u>	<u>15,403,557</u>
Capital assets being depreciated:				
Leasehold improvements	66,617,490	16,009,961	–	82,627,451
Public safety & maintenance equipment	3,975,401	26,831	–	4,002,232
Computer equipment	591,312	199,360	–	790,672
Computer Software	148,328	163,200	–	311,528
Furniture	118,560	22,332	–	140,892
Vehicles	3,138,888	37,116	22,428	3,153,576
Total capital assets being depreciated	<u>74,589,979</u>	<u>16,458,800</u>	<u>22,428</u>	<u>91,026,351</u>
Less accumulated depreciation for:				
Leasehold improvements	27,320,477	2,925,391	–	30,245,868
Public safety & maintenance equipment	2,728,451	227,480	–	2,955,931
Computer Equipment	387,469	131,290	–	518,759
Computer Software	46,312	34,612	–	80,924
Furniture	56,633	15,636	–	72,269
Vehicles	2,324,219	168,170	22,428	2,469,961
Total accumulated depreciation	<u>32,863,561</u>	<u>\$ 3,502,579</u>	<u>\$ 22,428</u>	<u>36,343,712</u>
Total capital assets being depreciated, net	41,726,418			54,682,639
Asheville Regional Airport capital assets, net	<u>\$ 61,196,177</u>			<u>\$ 70,086,196</u>

Activity for the Avery’s Creek Sanitary District for the year ended June 30, 2010, 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	578,478	\$ 42,144	\$ 536,334	–
Avery’s Creek Sanitary District capital assets, net	<u>\$ 1,477,993</u>			<u>\$ –</u>

Activity for WNC Regional Air Quality for the year ended June 30, 2010, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets being depreciated:				
Equipment	\$ 158,625	\$ 5,372	\$ –	\$ 163,997
Vehicles	103,273	–	69,835	33,438
Total capital assets being depreciated	261,898	5,372	69,835	197,435
Less accumulated depreciation for:				
Equipment	149,681	1,785	–	151,466
Vehicles	80,128	7,645	58,879	28,894
Total accumulated depreciation	229,809	\$ 9,430	\$ 58,879	180,360
WNC Regional Air Quality capital assets, net	<u>\$ 32,089</u>			<u>\$ 17,075</u>

(B) Liabilities

(1) Payables

Payables at the government-wide level at June 30, 2010, were as follows:

	Vendors	Salaries and Benefits	Accrued Interest	Total
Governmental Activities:				
General	\$ 7,935,369	\$ 7,110,243	\$ 978,733	\$ 16,024,345
County Capital Projects	887,757	–	–	887,757
Other governmental	1,832,691	159,433	–	1,992,124
Total - governmental activities	<u>\$ 10,655,817</u>	<u>\$ 7,269,676</u>	<u>\$ 978,733</u>	<u>\$ 18,904,226</u>
Business-type Activities:				
Solid Waste Disposal	\$ 188,591	\$ 95,795	\$ 100,577	\$ 384,963
Parking Deck	8,278	13,335	148,777	170,390
Other business-type	32,913	56,022	–	88,935
Total - Business-type activities	<u>\$ 229,782</u>	<u>\$ 165,152</u>	<u>\$ 249,354</u>	<u>\$ 644,288</u>

(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 4.88% 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 4.86% of annual covered payroll. Certain County employees assigned to Western North Carolina Regional Air Quality Agency have a current rate of 4.87% 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, 2010, 2009, and 2008 were \$2,779,754, \$2,848,562, and \$2,617,465, respectively.

The Airport Authority’s contributions to LGERS for the years ended June 30, 2010, 2009, and 2008 were \$109,903, \$108,394, and \$114,369, 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, 2009, the Separation Allowance’s membership consisted of:

	<u>County</u>	<u>Airport Authority</u>
Retirees receiving benefits	18	4
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	<u>237</u>	<u>16</u>
Total	<u>255</u>	<u>20</u>

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, 2009 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% 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, 2009 was 21 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:

	<u>County</u>	<u>Airport Authority</u>
Annual required contribution	\$ 299,746	\$ 20,810
Interest on net pension obligation	99,220	893
Adjustments to annual required contribution	<u>(86,209)</u>	<u>(776)</u>
Annual pension cost	312,757	20,927
Contributions made	<u>(182,322)</u>	<u>(47,160)</u>
Increase (decrease) in net pension obligation	130,435	(26,233)
Net pension obligation, beginning of year	<u>1,368,546</u>	<u>12,320</u>
Net pension obligation, end of year	<u>\$ 1,498,981</u>	<u>\$ (13,913)</u>

Three-Year Trend Information
for Buncombe County

<u>For Year Ended June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2008	\$ 241,165	67.66%	\$ 1,285,163
2009	260,698	68.02	1,368,546
2010	312,757	58.30	1,498,981

for Airport Authority

<u>For Year Ended June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2008	\$ 23,401	204.20%	\$ 44,159
2009	21,074	251.80	12,320
2010	20,927	225.35	(13,913)

5. Funded Status and Funding Progress.

As of December 31, 2009, 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 \$3,430,974. The covered payroll (annual payroll of active employees covered by the plan) was \$10,327,729, and the ratio of the UAAL to the covered payroll was 33.22 percent.

As of December 31, 2009, the most recent actuarial valuation date, the Airport Authority's plan was not funded. The actuarial accrued liability for benefits was \$254,547, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$254,547. The covered payroll (annual payroll of active employees covered by the plan) was \$632,374, and the ratio of the UAAL to the covered payroll was 40.25 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 5% of each officer's salary. The County has opted to fund at an amount equal to 8%. 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, 2010 were \$997,656, which consisted of \$779,045 from the County and \$218,611 from the law enforcement officers.

The Airport Authority is required to contribute each month an amount equal to 5% of each officer's salary. In addition to the required contribution for law enforcement officers, the Authority makes a monthly contribution equal to 5% of non-law enforcement employees' salary. Authority contributions for the year ended June 30, 2010 for law enforcement officers were \$28,369 from the Authority and \$7,054 from the officers, and for non-law enforcement employees were \$84,072 from the Authority and \$26,324 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, 2010 were \$5,570,497 which consisted of \$4,415,095 from the County and \$1,155,402 from the 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 Registers 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, 2010, the County's required and actual contributions were \$22,648.

(f) Firemen's and Rescue Squad Workers' Pension Fund

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, 2010 and 2009 was \$499 and \$625, 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) Other Post Employment Benefits

Healthcare Benefits

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, 2009:

	General Employees:	Law Enforcement Officers:
Retirees and dependents receiving benefits	245	58
Active plan members	1,187	228
Total	<u>1,432</u>	<u>286</u>

Membership of the Airport Authority's Retiree Health Plan consisted of the following at December 31, 2009, the date of the latest actuarial valuation:

	General Employees:	Law Enforcement Officers:
Retirees and dependents receiving benefits	2	5
Active plan members	41	14
Total	<u>43</u>	<u>19</u>

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 \$4,094,100 or 6.45% 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 \$186,583. 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 \$58,007 and total members’ contributions were \$5,586 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:

	<u>County</u>	<u>Airport Authority</u>
Annual required contribution	\$ 5,761,340	\$ 260,346
Interest on OPEB obligation	95,562	15,212
Actuarial adjustment	<u>(160,204)</u>	<u>(13,124)</u>
Annual OPEB cost	5,696,698	262,434
Contributions made	<u>(4,094,100)</u>	<u>(58,007)</u>
Increase in net OPEB obligation	1,602,598	204,427
Net OPEB obligation, beginning of year	<u>1,274,156</u>	<u>380,310</u>
Net OPEB obligation, end of year	<u>\$ 2,876,754</u>	<u>\$ 584,737</u>

The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the HCB Plan, and the net OPEB obligation for 2010 and the preceding year are as follows:

For Year Ended	Annual OPEB June 30 Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 5,764,726	66%	\$ 1,274,156
2010	5,696,698	72%	2,876,754

The Authority’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 and the preceding years 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
2010	262,434	22.10%	584,737

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 December 31, 2009, the Authority's actuarial accrued liability for benefits was \$1,058,716 all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$2,265,417, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 46.7 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) Other Employment Benefits

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, 2010, the County made contributions to the State for death benefits of \$2,224 for employees not engaged in law enforcement, \$670 for law enforcement officers, and \$18 for employees assigned to Western North Carolina Regional Air Quality Agency. 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 .08%, .14%, and .07% of covered payroll, respectively. 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. 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 \$2,413,306 reported as landfill postclosure care liability at June 30, 2010, represents the projected actual cost of the closed landfill over the next 19 years based on what it would cost to perform all postclosure care in 2010. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

Landfill in Operation:

Landfill Permit Number 11-07: The \$5,504,507 reported as landfill closure and postclosure care liability at June 30, 2010, represents a cumulative amount reported to date based on the use of 23.83 percent of the total estimated capacity of this landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$17,590,402 as the remaining estimated capacity is filled. This amount is based on what it would cost to perform all closure and postclosure care in 2010. 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.

Construction and Demolition (C&D) Landfill Permit Number 11-07 – in operation: The County currently operates a C&D landfill with closure and postclosure costs of \$3,252,740 reported as of June 30, 2010 representing a cumulative amount reported to-date based on 95 percent of the total estimated capacity of this unit. The County will recognize the remaining of \$173,439 as the remaining estimated capacity is filled. This amount is based on what it would cost to perform all closure and postclosure care in 2010. The County expects to operate this unit until the year 2012. Actual costs may differ due to inflation, changes in technology, or changes in regulations.

Included in the amount reported as of June 30, 2010 is \$3,133,847 in closure and postclosure care costs accumulated up to June 30, 2009, based on the capacity used to-date, that had not previously been reported by the County. The County is now reporting the cumulative cost of the landfill due to changes in the regulatory requirements of the State and Federal environmental agencies.

(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)	\$ -	\$ 1,274,908
Taxes receivable, net (General)	1,382,770	-
Taxes receivable, net (Special Revenue)	127,893	-
Other, (Special Revenue)	-	78,390
Other, (Enterprise)	-	28,500
	<u>\$ 1,510,663</u>	<u>\$ 1,381,798</u>

(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, 2010 includes a loss reserve liability for estimated outstanding medical claims of \$1,726,391. Changes in the health claims liability are presented as follows:

Year Ended June 30	Beginning Balance	Claims Incurred	Claims Paid	Ending Balance
2009	\$ 1,615,055	\$ 18,840,163	\$ 18,812,203	\$ 1,643,015
2010	1,643,015	19,480,652	19,397,276	1,726,391

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, 2010 amounted to \$1,336,827.

Future minimum lease payments under these operating lease agreements at June 30, 2010 are as follows:

Year Ended June 30	Amount
2011	\$ 551,345
2012	168,948
2013	104,389
2014	45,336
2015	22,800
Thereafter	68,400

(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, certificates of participation (COP's), or limited obligation bonds (LOB's).

<u>Installment Note Obligations</u>	<u>Balance June 30, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2010</u>
Serviced by the Governmental Funds:				
COPS 1998, refunding \$37,020,000 issue, interest at 3.65% to 5% payable semiannually to 2012.	\$ 8,470,000	\$ —	\$ 8,470,000	\$ —
COPS 2003, detention center and other improvements, \$19,620,000 issue, interest at 2% to 5% payable semiannually to 2023.	13,750,000	—	1,355,000	12,395,000
Server, 2005 \$1,685,000 issue, interest at 3.33% payable semiannually to 2010.	359,634	—	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.	11,610,000	—	745,000	10,865,000
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.	42,685,000	—	3,100,000	39,585,000
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.	5,430,000	—	850,000	4,580,000
COPS 2009A, General government buildings and equipment, \$12,065,000 issue, interest at 4% to 5% payable to 2029. A premium of \$417,756 is reported as an increase to long-term debt and will be amortized over the life of the debt.	—	12,065,000	840,000	11,225,000

Installment Note Obligations	Balance June 30, 2009	Increases	Decreases	Balance June 30, 2010
COPS 2009B, Advance refunding of COPS 1998, \$8,120,000 issue, interest at 4% to 5% payable to 2013. A premium of \$580,380 is reported as an increase to long-term debt and will be amortized over the life of the debt.	\$ —	\$ 8,120,000	\$ 1,960,000	\$ 6,160,000
LOBs 2009C, Build America Bonds \$8,120,000 issue, interest at 1.6% to 6.5% payable to 2030.	—	36,465,000	—	36,465,000
LOBs 2009D, Build America Bonds \$3,340,000 issue, interest at 1.6% to 6.5% payable to 2030.	—	3,340,000	—	3,340,000
Total installment note obligations	\$ 88,929,634	\$ 59,990,000	\$ 24,304,634	\$ 124,615,000

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

Year Ended June 30	Governmental Activities	
	Principal	Interest
2011	\$ 10,845,000	\$ 5,893,174
2012	10,900,000	5,485,882
2013	10,355,000	5,026,997
2014	8,210,000	4,583,722
2015	7,480,000	4,226,067
2016-2020	37,245,000	16,004,391
2021-2025	26,995,000	7,404,760
2026-2030	12,585,000	2,183,773
Total	124,615,000	\$ 50,808,766
Add unamortized premium	2,538,284	
	\$ 127,153,284	

(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, 2010, are comprised of the following individual issues:

General Obligation Bonds	Balance June 30, 2009	Increases	Decreases	Balance June 30, 2010
Serviced by the Governmental Funds:				
Airport Bonds, 1991 \$2,000,000 issue, interest at 6% to 6.5% payable semiannually, due serially to 2012.	\$ 300,000	\$ —	\$ 100,000	\$ 200,000
Refunding Bonds, 1993 \$52,870,000 issue, interest at 5.1% payable semiannually, due serially to 2010.	1,385,000	—	1,385,000	—

General Obligation Bonds	Balance June 30, 2009	Increases	Decreases	Balance June 30, 2010
Refunding Bonds, 1996 \$5,495,000 issue, interest at 4.5% to 5% payable semiannually, due serially to 2011.	\$ 885,000	\$ —	\$ 445,000	\$ 440,000
School Bonds, 2000 issue, interest at 4.7% to 5% payable semiannually, due serially to 2014.	10,400,000	—	9,600,000	800,000
Public Improvement (Libraries), 2000 \$3,950,000 issue, interest at 4.5% to 4.7% payable semiannually, due serially beginning 2002 to 2009.	500,000	—	500,000	—
Refunding Bonds, 2001 \$12,365,000 issue, interest at 4% to 4.4% payable semiannually, due serially to 2012.	6,215,000	—	2,445,000	3,770,000
Refunding Bonds, 2002 \$24,500,000 issue, interest at variable rates in the weekly mode payable semiannually, due serially to 2026.	22,226,683	—	402,994	21,823,689
School Bonds, 2002 \$15,000,000 issue, interest at variable rates in the weekly mode payable semiannually, due serially to 2026.	13,623,317	—	247,006	13,376,311
Public Improvement, 2002 \$4,340,000 issue, interest at 4% payable semiannually, due serially to 2014.	500,000	—	100,000	400,000
Refunding Bonds, 2005 \$12,430,000 issue, interest at 3% to 3.5% payable semiannually, due serially to 2015.	7,545,000	—	1,890,000	5,655,000
Public Improvement, 2005 \$5,835,000 issue, interest at 3% to 4% payable semiannually, due serially to 2020. A premium of \$43,503 is reported as an increase to long-term debt and will be amortized over the life of the debt.	4,280,000	—	390,000	3,890,000

General Obligation Bonds	Balance June 30, 2009	Increases	Decreases	Balance June 30, 2010
School Construction, 2009 \$5,685,000 issue, interest at .5% payable semiannually, due serially to 2022.	\$ —	\$ 5,685,000	\$ —	\$ 5,685,000
Refunding Bonds, 2009 \$8,995,000 issue, interest at 2-3% payable semiannually, due serially to 2014. A premium of \$463,270 is reported as an increase to long-term debt and will be amortized over the life of the debt.	—	8,995,000	—	8,995,000
Total general obligation bonds	\$ 67,860,000	\$ 14,680,000	\$ 17,505,000	\$ 65,035,000

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

Year Ending June 30	Governmental Activities	
	Principal	Interest
2011	\$ 6,505,000	\$ 2,230,920
2012	7,444,000	1,948,920
2013	6,379,000	1,684,440
2014	6,319,000	1,481,200
2015	6,259,000	1,275,405
2016-2020	16,309,000	4,368,528
2021-2025	13,420,000	1,690,656
2026-2030	2,400,000	48,000
Total	65,035,000	<u>\$ 14,728,069</u>
Add unamortized premium	435,175	
	<u>\$ 65,470,175</u>	

At June 30, 2010, Buncombe County had bonds authorized but unissued of \$915,000 and had a legal debt margin of \$2,114,669,898.

(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	Interest
2011	\$ -	\$ 917,150
2012	-	917,150
2013	-	917,150
2014	700,000	893,525
2015	150,000	864,838
2016-2020	1,525,000	4,055,031
2021-2025	2,115,000	3,445,843
2026-2030	2,970,000	2,562,150
2031-2035	5,500,000	1,227,063
Total	12,960,000	\$ 15,799,900
Less unamortized discount	(156,583)	
	\$ 12,803,417	

(d) Business-Type Activities Installment Obligations

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, 2010 are:

Year Ending June 30	Business-type Activities	
	Principal	Interest
2011	\$ 605,000	\$ 612,706
2012	620,000	588,506
2013	415,000	563,706
2014	430,000	547,106
2015	450,000	529,906
2016-2020	2,530,000	2,357,550
2021-2025	3,125,000	1,768,331
2026-2030	3,890,000	999,481
2031-2032	1,825,000	131,100
Total	13,890,000	\$ 8,098,392
Less unamortized discount	(65,271)	
	<u>\$ 13,824,729</u>	

(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:

Year Ending June 30	Business-type Activities	
	Principal	Interest
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	7,505,000	\$ 824,320
Add unamortized premium	31,119	
	<u>\$ 7,536,119</u>	

(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:

Year Ending June 30	Component unit	
	Principal	Interest
2011	\$ 411,426	\$ 215,397
2012	435,890	190,932
2013	461,809	165,014
2014	489,268	137,554
2015	518,361	108,461
2016-2018	1,589,996	133,766
Total	<u>\$ 3,906,750</u>	<u>\$ 951,124</u>

(g) Advance Refundings

On July 29, 2009, the County issued \$8,120,000 of general obligation advance refunding bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of general resources for all future debt service payments of \$8,470,000 of Certificate of Participation issued in 1998. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$225,504. This amount has been added as an asset on the statement of net assets and is being amortized over the life of the refunded debt. This advance refunding was undertaken to reduce the total debt service payments over the next 3 years by \$250,060 and resulted in an economic gain of \$318,820.

On November 10, 2009, the County issued \$8,995,000 of general obligation advance refunding bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of general resources for all future debt service payments of \$8,800,000 of School Bonds issued in 2000. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. There acquisition price exceeded the net carrying amount of the old debt by \$540,888. This amount has been added as an asset on the statement of net assets and is being amortized over the life of the refunded debt. This advance refunding was undertaken to reduce the total debt service payments over the next 5 years by \$423,307 and resulted in an economic gain of \$410,829.

In prior years, the County has refunded various 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, 2010, all defeased debt had 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, 2010:

	Balances July 1, 2009	Increases	Decreases	Balances June 30, 2010	Current Portion of Balance
Governmental activities:					
General obligation bonds	\$ 67,919,415	\$ 15,143,270	\$ 17,592,510	\$ 65,470,175	\$ 5,705,000
Installment notes	90,980,436	60,988,137	24,815,289	127,153,284	10,845,000
Project development financing					
Bonds	12,803,417	—	—	12,803,417	—
Pension liability	1,368,546	398,966	268,531	1,498,981	—
Other postemployment benefits	1,241,967	5,699,560	4,142,056	2,799,471	—
Compensated absences	7,268,630	4,674,732	4,349,719	7,593,643	1,265,860
Total governmental activities	\$ 181,582,411	\$ 86,904,665	\$ 51,168,105	\$ 217,318,971	\$ 17,815,860
Business-type activities:					
Special obligation revenue bonds, net	\$ 9,494,261	\$ —	\$ 1,958,142	\$ 7,536,119	\$ 1,995,000
Installment notes	14,410,880	—	586,153	13,824,727	605,000
Other postemployment benefits	32,190	134,669	100,712	66,147	—
Compensated absences	175,889	55,175	83,846	147,218	147,218
Accrued landfill closure and postclosure care costs	7,716,063	3,454,490	—	11,170,553	—
Total business-type activities	\$ 31,829,283	\$ 3,644,334	\$ 2,728,853	\$ 32,744,764	\$ 2,747,218

Compensated absences and pension liability have been liquidated in the funds in which they have been earned. The County has estimated the current portion of compensated absences based on historical trends and expectations for the coming year.

	Balances July 1, 2009	Increases	Decreases	Balances June 30, 2010	Current Portion of Balance
Discretely presented component units:					
Asheville Regional Airport:					
Revenue bonds	\$ 4,295,085	\$ —	\$ 388,335	\$ 3,906,750	\$ 411,426
Compensated absences	248,068	224,968	223,438	249,598	249,598
Other postemployment benefits:					
Healthcare benefits	380,310	262,434	58,007	584,737	—
Law Enforcement Officers Special Separation Allowance	12,320	20,927	47,160	(13,913)	—
Total	\$ 4,935,783	\$ 508,329	\$ 716,940	\$ 4,727,172	\$ 661,024
Air Quality:					
Other postemployment benefits	\$ —	\$ 22,673	\$ 11,537	\$ 11,136	\$ —
Compensated absences	155,047	41,418	71,629	124,836	124,836
Total	\$ 155,047	\$ 64,091	\$ 83,168	\$ 135,972	\$ 124,836

(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, 2010, the balance of the bonds outstanding was \$809,000.

(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, 2010, there were three series of industrial revenue bonds outstanding with an aggregate principal amount payable of \$10,520,000.

(C) Interfund Balances and Activity

There is a loan outstanding from the General Fund to the Grant Projects Fund of \$1,320,812 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, 2010 consist of the following:

General Fund:

From the General Fund to the Special Revenue Capital Projects Fund for capital projects	\$ 1,552,900
From the General Fund to the County Capital Projects Fund for future capital projects	10,156,921
From the General Fund to the Grant Fund to fund in-kind grant match	30,283
From the General Fund to the Parking Deck Fund to support operations	979,048
From the General Fund to the Special Revenue Transportation Fund for transportation services	156,325
From the General Fund to the Health and Dental fund for Other Post-Employment Benefits funding	<u>1,000,000</u>
	<u>\$ 13,875,477</u>

Major Governmental Funds:

From the County Capital Projects Fund to the General Fund for debt service payments and to supplement other funding sources.	\$ 1,045,890
From the County Capital Projects Fund to the Parking Deck Fund for Parking Deck capital projects	642,097
From the County Capital Projects Fund to the Grant Projects Fund for grant match	<u>40,200</u>
	<u>\$ 1,728,187</u>

Nonmajor Governmental Funds:

From the Special Revenue Occupancy Tax Fund to the General Fund for payment of a 1.5% collection fee	\$ 93,897
From the Special Revenue Transportation Fund to the Grant Projects Fund to transfer grant projects funds	2,170
From the Special Revenue Capital Projects Fund to the General Fund to fund land conservation easements and debt service payments	<u>561,043</u>
	<u>\$ 657,110</u>

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, 2010. 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, \$3,039,289 in principal is still outstanding. Of the certificates of participation issued for this purpose \$8,009,726 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 \$7,861,223 to the community college for operating purposes during the fiscal year ended June 30, 2010. In addition, the County made principal and interest payments of \$1,106,041 during the fiscal year on general obligation bonds and \$1,152,498 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, 2010. 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 \$121,922 to the Council during the fiscal year ended June 30, 2010.

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	\$ 3,447,763	\$ -
Food Stamp Program	47,506,039	-
Child Welfare Service	-	1,262,346
IV-E Adoption Assistance	1,793,870	365,584
Medical Assistance	194,196,725	67,790,816
Low-Income Home Energy Assistance	1,308,479	-
State/County Special Assistance for Adults	-	1,973,395
Refugee Assistance	17,800	-
IV-E Foster Care	861,766	225,419
Temporary Assistance to Needy Families	1,569,863	(532)
Totals	\$ 250,702,305	\$ 71,617,028

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/Beginning Fund Balance

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 resulting in an increase in net assets of \$290,756 as of the beginning of the year. The adjustments also affect the fund balances of governmental funds (exhibit 4) in the amount of \$28,133. The details of these adjustments are as follows:

Governmental Activities:	
Government-wide statement of activities:	
To account for principal payment made with unspent debt proceeds	\$ 262,623
General Fund:	
To correct prior year revenues	(11,338)
To correct balance of prepaid bulk mailing	39,471
To adjust for eligible 911 expenditures made from general fund	233,355
Total General Fund	261,488

Emergency Telephone System:	
To adjust for eligible 911 expenditures made from general fund	\$ (233,355)
Total governmental activities	<u>\$ 290,756</u>

The beginning net assets of the Solid Waste Disposal Fund have been adjusted as follows:

To record the beginning balance of the landfill closure and postclosure care costs of the C&D landfill due to new regulatory reporting requirements	\$ 3,133,847
To adjust the beginning balance of accumulated depreciation	<u>32,949</u>
Total Solid Waste Disposal Fund	<u>\$ 3,166,796</u>

Beginning fund balances as previously reported of governmental funds of \$130,424,872 are \$17,138 less than originally reported of \$130,407,734 as of June 30, 2009 due to the reclassification of the Sheriff's Drug Forfeitures Fund from an agency fund to a special revenue fund in the current year. The \$17,138 was reported on the fiduciary statement of assets in the prior year.

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 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 \$119,246,735, \$11,049,014, and \$200,000 for the school system, community college, and airport authority, respectively. Of the cumulative amount, \$60,226,014 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. The balance of the debt is installment debt and is collateralized by the assets purchased or constructed. Principal and interest requirements will be provided by an appropriation in the year in which they become due.

Note 10 – Subsequent Event and Special Item

As of June 30, 2010, Buncombe County transferred the operations of the Avery's Creek Sanitary District (a component unit) to the Metropolitan Sewage District (MSD.) All remaining assets of the District of \$2,099,089 were contributed to MSD, including \$1,435,851 representing the remaining book value of capital assets. On August 8, 2010, the District issued a check for the cash balance in the amount of \$663,238 to complete the transfer.

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 \$28,759,900, payable through August 2034. For the current year, there were no principal payments and interest of \$917,150 was paid from proceeds designated for construction period interest. The County accumulated incremental tax revenue of \$25,208 during the current year.

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 \$8,329,322.

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, 2010, 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	<u>\$ 2,293,144</u>
Solid Waste System Revenues	\$ 6,920,942
Current Expenses ²	<u>(3,734,832)</u>
Net Solid Waste System Revenues	<u>\$ 3,186,110</u>
Debt Service Coverage ³	<u>1.39 times</u>
Available Revenues	
Net Solid Waste System Revenues	\$ 3,186,110
Ambulance Fees	5,250,246
Undesignated Register of Deeds Fees	1,418,649
Inspection Fees	899,830
Jail Fees	1,136,928
Total Available Revenues	<u>\$ 11,891,763</u>
Debt Service Coverage ⁴	<u>5.19 times</u>

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.

Required Supplemental Financial Data

Other Post Employment Benefits - Healthcare
Schedule of Funding Progress and Employer Contributions

Law Enforcement Officers' Special Separation Allowance -
Schedule of Funding Progress

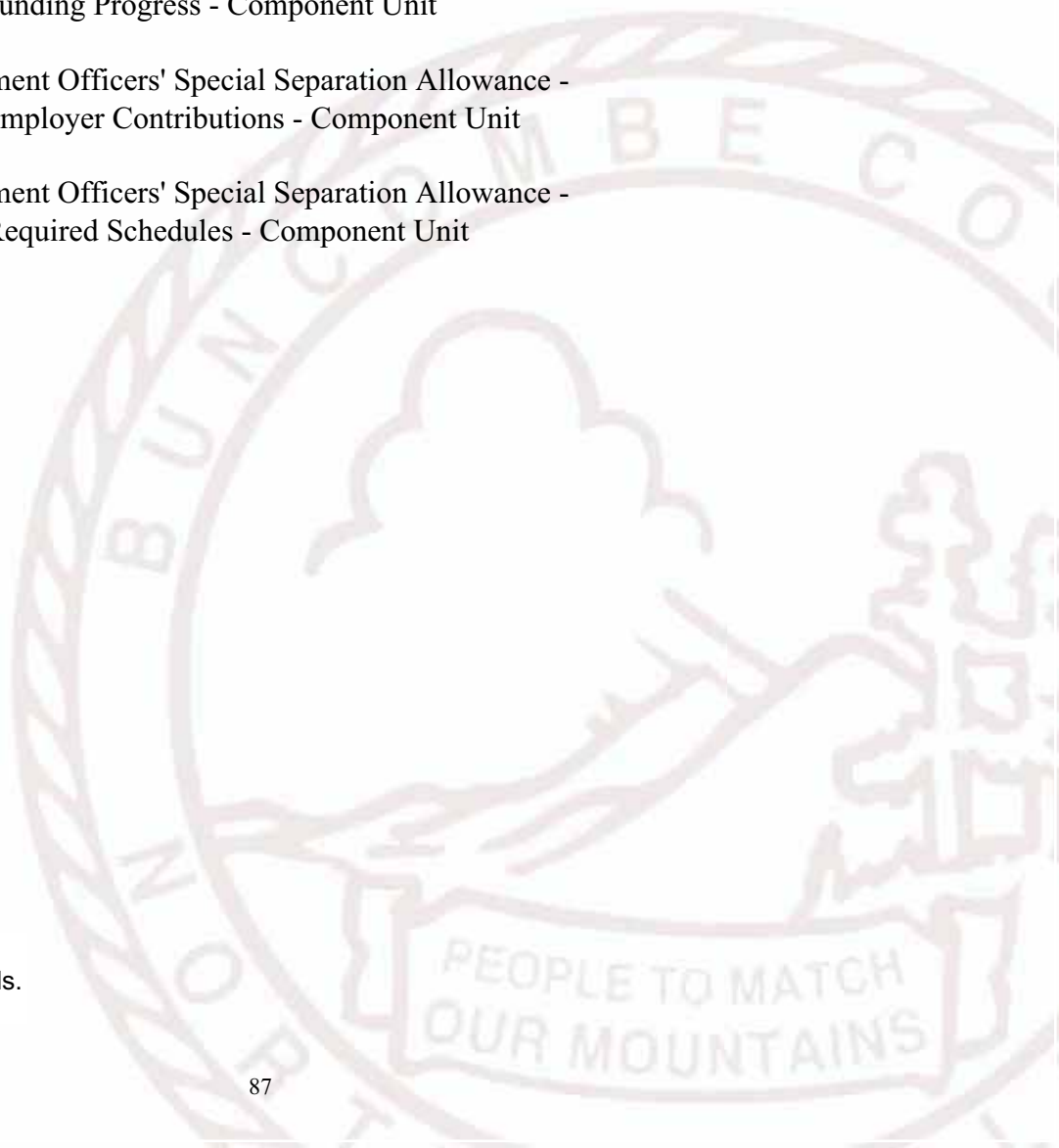
Law Enforcement Officers' Special Separation Allowance -
Schedule of Employer Contributions

Law Enforcement Officers' Special Separation Allowance -
Notes to the Required Schedules

Law Enforcement Officers' Special Separation Allowance -
Schedule of Funding Progress - Component Unit

Law Enforcement Officers' Special Separation Allowance -
Schedule of Employer Contributions - Component Unit

Law Enforcement Officers' Special Separation Allowance -
Notes to the Required Schedules - Component Unit



BUNCOMBE COUNTY, NORTH CAROLINA

Other Post Employment Benefits - Healthcare

Schedule of Funding Progress and Employer Contributions

Funding Progress:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (AAL) Entry Age Normal (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
7/1/2005	\$ -	\$ 19,746,218	\$ 19,746,218	0.00%	\$ 49,652,516	39.8%
7/1/2006	-	20,098,900	20,098,900	0.00%	55,042,913	36.5%
7/1/2007	-	39,652,247	39,652,247	0.00%	58,914,230	67.3%
12/31/2008	2,095,376	63,465,014	61,369,638	3.30%	63,089,492	97.3%

Employer Contributions:

Year ending June 30,	Annual Required Contribution	Percentage Contributed
2008	\$ 4,292,429	115%
2009	5,761,340	63%
2010	5,761,340	71%

Asheville Regional Airport Authority

Funding Progress:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (AAL) Entry Age Normal (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
6/30/2008	\$ -	\$ 752,739	\$ 752,739	0.00%	\$ 1,834,165	41.04%
6/30/2009	-	915,011	915,011	0.00%	2,545,647	35.94%
12/31/2009	-	1,058,716	1,058,716	0.00%	2,265,417	46.73%

Employer Contributions:

Year ending June 30,	Annual Required Contribution	Percentage Contributed
2008	\$ 183,849	16.31%
2009	247,949	13.67%
2010	260,346	22.28%

BUNCOMBE COUNTY, NORTH CAROLINA
Law Enforcement Officers' Special Separation Allowance
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/2000	\$ -	\$ 1,082,917	\$ 1,082,917	0.00%	\$ 6,065,702	17.85%
12/31/2001	-	1,298,037	1,298,037	0.00%	6,237,344	20.81%
12/31/2002	-	1,457,505	1,457,505	0.00%	6,514,381	22.37%
12/31/2003	-	1,628,593	1,628,593	0.00%	6,502,320	25.05%
12/31/2004	-	1,744,037	1,744,037	0.00%	6,431,564	27.12%
12/31/2005	-	1,716,110	1,716,110	0.00%	6,566,698	26.13%
12/31/2006	-	1,992,331	1,992,331	0.00%	7,353,011	27.10%
12/31/2007	-	2,150,171	2,150,171	0.00%	8,161,535	26.35%
12/31/2008	-	2,490,199	2,490,199	0.00%	9,779,673	25.46%
12/31/2009	-	3,430,974	3,430,974	0.00%	10,327,729	33.22%

BUNCOMBE COUNTY, NORTH CAROLINA
Law Enforcement Officers' Special Separation Allowance
Schedule of Employer Contributions

Buncombe County has elected the pay as you go basis.

Year Ending June 30	Annual Required Contribution	Percentage Contributed
2001	\$ 109,815	27.34%
2002	163,091	33.78%
2003	180,316	29.98%
2004	201,230	31.08%
2005	203,364	41.78%
2006	211,635	55.63%
2007	198,511	76.00%
2008	227,824	71.62%
2009	248,746	71.28%
2010	299,746	59.16%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as a part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	December 31, 2009
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	21 years
Asset valuation period	Market value
Actuarial assumptions:	
Investment rate of return	5.00%
Projected salary increases	4.5% to 12.3%
Includes inflation at	3.75%
Cost of living adjustments	N/A

BUNCOMBE COUNTY, NORTH CAROLINA
Law Enforcement Officers' Special Separation Allowance
Schedule of Funding Progress

Asheville Regional Airport Authority

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/2000	-	278,556	278,556	0.00%	507,211	54.92%
12/31/2001	-	266,147	266,147	0.00%	550,940	48.31%
12/31/2002	-	321,410	321,410	0.00%	546,517	58.81%
12/31/2003	-	264,511	264,511	0.00%	490,297	53.95%
12/31/2004	-	264,421	264,421	0.00%	514,320	51.41%
12/31/2005	-	295,190	295,190	0.00%	529,431	55.76%
12/31/2006	-	263,109	263,109	0.00%	575,361	45.73%
12/31/2007	-	256,896	256,896	0.00%	402,947	63.75%
12/31/2008	-	232,926	232,926	0.00%	508,081	45.84%
12/31/2009	-	254,547	254,547	0.00%	632,374	40.25%

BUNCOMBE COUNTY, NORTH CAROLINA
Law Enforcement Officers' Special Separation Allowance
Schedule of Employer Contributions

Asheville Regional Airport Authority has elected the pay as you go basis.

Year Ending June 30	Annual Required Contribution	Percentage Contributed
2001	\$ 14,395	103.87%
2002	26,845	77.06%
2003	27,259	82.43%
2004	30,881	72.76%
2005	26,048	101.72%
2006	26,790	146.61%
2007	25,271	168.79%
2008	23,401	204.20%
2009	20,572	251.08%
2010	20,810	226.62%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as a part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	December 31, 2009
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	21 years
Asset valuation period	Market value
Actuarial assumptions:	
Investment rate of return	5.00%
Projected salary increases	4.5% to 12.3%
Includes inflation at	3.75%
Cost of living adjustments	N/A

Combining and Individual Fund Statements and Schedules



BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual General Fund

FOR THE YEAR ENDED JUNE 30, 2010

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Ad Valorem Taxes:			
Taxes		\$ 150,766,644	
Penalties and interest		827,168	
Total	\$ 151,027,281	151,593,812	\$ 566,531
Local Option Sales Taxes:			
Article 39, one percent *		8,658,183	
Article 40, one-half of one percent		8,456,038	
Article 42, one-half of one percent		10,084,560	
Article 44, one-half of one percent		1,042,729	
Total	30,117,547	28,241,510	(1,876,037)
Other Taxes and Licenses:			
Deed stamp excise tax		2,291,156	
Video programming tax		1,711,226	
Privilege licenses		25,275	
Rental car tax		404,884	
Total	4,446,000	4,432,541	(13,459)
Unrestricted Intergovernmental:			
Payments in lieu of taxes		81,349	
Beer and wine tax		182,153	
Total	599,000	263,502	(335,498)
Restricted Intergovernmental:			
Federal, State, and other grants		43,349,940	
Mixed drink surcharge		266,000	
Court facilities fees		469,729	
ABC bottle taxes		75,709	
Total	43,684,013	44,161,378	477,365
Permits and Fees:			
Building permits and inspections		899,830	
Register of deeds		1,418,649	
Total	2,524,930	2,318,479	(206,451)

* Shown net of 50% remitted directly to School Capital Commission

Continued on next page

BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual General Fund

FOR THE YEAR ENDED JUNE 30, 2010

	Budget	Actual	Variance Positive (Negative)
Sales and Services:			
Rents, concessions, and fees		\$ 1,358,343	
Jail fees		1,136,928	
Ambulance and rescue squad fees		5,250,246	
Recreation fees		685,962	
Other charges for services		6,748,395	
Total	\$ 15,442,112	15,179,874	\$ (262,238)
Investment Earnings	750,000	589,342	(160,658)
Miscellaneous	1,149,042	964,607	(184,435)
Total revenues	249,739,925	247,745,045	(1,994,880)
EXPENDITURES			
General Government:			
Governing Body:			
Salaries and employee benefits		659,174	
Other operating expenditures		306,979	
Total		966,153	
County Manager:			
Salaries and employee benefits		580,255	
Other operating expenditures		202,557	
Total		782,812	
Personnel:			
Salaries and employee benefits		625,486	
Other operating expenditures		76,374	
Total		701,860	
Print Shop		591	
Finance:			
Salaries and employee benefits		1,336,775	
Other operating expenditures		419,661	
Total		1,756,436	
Records:			
Salaries and employee benefits		475,091	
Other operating expenditures		84,988	
Total		560,079	

Continued on next page

BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual General Fund

FOR THE YEAR ENDED JUNE 30, 2010

	Budget	Actual	Variance Positive (Negative)
General Government - continued:			
Tax Department:			
Salaries and employee benefits		\$ 3,386,996	
Other operating expenditures		629,499	
Total		<u>4,016,495</u>	
Board of Elections:			
Salaries and employee benefits		574,329	
Other operating expenditures		523,156	
Total		<u>1,097,485</u>	
Register of Deeds:			
Salaries and employee benefits		1,485,377	
Other operating expenditures		1,562,824	
Total		<u>3,048,201</u>	
Information Technology:			
Salaries and employee benefits		4,291,400	
Other operating expenditures		2,856,098	
Capital outlay		76,752	
Total		<u>7,224,250</u>	
Total General Government	\$ 21,765,644	20,154,362	\$ 1,611,282
Public Safety:			
Court Support:			
Salaries and employee benefits		112,657	
Other operating expenditures		188,462	
Total		<u>301,119</u>	
Day Reporting & Drug Treatment:			
Salaries and employee benefits		83,471	
Other operating expenditures		72,278	
Total		<u>155,749</u>	
Pretrial Release & Family Treatment Court:			
Salaries and employee benefits		576,377	
Other operating expenditures		35,998	
Total		<u>612,375</u>	

Continued on next page

BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual General Fund

FOR THE YEAR ENDED JUNE 30, 2010

	Budget	Actual	Variance Positive (Negative)
Public Safety - continued:			
District Attorney:			
Salaries and employee benefits		\$ 134,916	
Other operating expenditures		2,646	
Total		<u>137,562</u>	
Juvenile Detention		<u>93,499</u>	
ID Bureau and C.D.E.:			
Salaries and employee benefits		1,036,141	
Other operating expenditures		52,510	
Total		<u>1,088,651</u>	
Criminal Justice Information System		<u>654,100</u>	
Sheriff:			
Salaries and employee benefits		12,622,526	
Other operating expenditures		1,460,377	
Capital outlay		5,995	
Contributions to outside agencies		5,700	
Total		<u>14,094,598</u>	
Detention Center:			
Salaries and employee benefits		8,595,793	
Other operating expenditures		2,995,263	
Total		<u>11,591,056</u>	
Emergency Services:			
Salaries and employee benefits		7,056,410	
Other operating expenditures		1,837,904	
Contributions to outside agencies		228,676	
Total		<u>9,122,990</u>	
Permits and Inspections:			
Salaries and employee benefits		1,508,072	
Other operating expenditures		108,220	
Total		<u>1,616,292</u>	
Medical Examiner		<u>92,234</u>	
Animal Services		<u>529,018</u>	

Continued on next page

BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual General Fund

FOR THE YEAR ENDED JUNE 30, 2010

	Budget	Actual	Variance Positive (Negative)
Public Safety - continued:			
General Services:			
Salaries and employee benefits		\$ 2,368,990	
Other operating expenditures		2,938,049	
Contributions to outside agencies		256,204	
Total		<u>5,563,243</u>	
Total Public Safety	\$ 46,804,206	45,652,486	\$ 1,151,720
Economic and Physical Development:			
Planning:			
Salaries and employee benefits		1,625,924	
Other operating expenditures		212,392	
Contributions to outside agencies		197,922	
Total		<u>2,036,238</u>	
Economic Development:			
Other operating expenditures		859	
Contributions to outside agencies		1,532,300	
Total		<u>1,533,159</u>	
Cooperative Extension:			
Salaries and employee benefits		56,437	
Other operating expenditures		32,299	
Contributions to outside agencies		319,840	
Total		<u>408,576</u>	
Soil Conservation:			
Salaries and employee benefits		347,476	
Other operating expenditures		41,879	
Contributions to outside agencies		24,524	
Total		<u>413,879</u>	
Recycling:			
Salaries and employee benefits		348,919	
Other operating expenditures		442,888	
Total		<u>791,807</u>	
Total Economic and Physical Development	<u>5,410,973</u>	<u>5,183,659</u>	227,314

Continued on next page

BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual General Fund

FOR THE YEAR ENDED JUNE 30, 2010

	Budget	Actual	Variance Positive (Negative)
Human Services:			
Health Services:			
Salaries and employee benefits		\$ 14,942,474	
Other operating expenditures		3,201,531	
Capital outlay		136,738	
Contributions to outside agencies		85,864	
Total		<u>18,366,607</u>	
Human Services Support:			
Salaries and employee benefits		750,127	
Other operating expenditures		22,115	
Total		<u>772,242</u>	
Social Services:			
Salaries and employee benefits		24,817,111	
Other operating expenditures		5,194,880	
Contributions to outside agencies		22,712,369	
Total		<u>52,724,360</u>	
Other Youth Services		<u>523,079</u>	
Other Human Services		<u>1,730,360</u>	
Total Human Services	\$ 77,654,199	74,116,648	\$ 3,537,551
Cultural and Recreation:			
Library:			
Salaries and employee benefits		3,373,087	
Other operating expenditures		1,476,080	
Total		<u>4,849,167</u>	
Recreation:			
Salaries and employee benefits		1,158,924	
Other operating expenditures		350,745	
Contributions to outside agencies		79,649	
Total		<u>1,589,318</u>	
Childcare centers:			
Salaries and employee benefits		1,431,898	
Other operating expenditures		455,031	
Total		<u>1,886,929</u>	

Continued on next page

BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual General Fund

FOR THE YEAR ENDED JUNE 30, 2010

	Budget	Actual	Variance Positive (Negative)
Cultural and Recreation - continued:			
Art, Museums, and History		\$ 71,500	
Total Cultural and Recreation	\$ 9,114,249	8,396,914	\$ 717,335
Education:			
Public schools:			
Current expenditures		53,139,154	
Capital outlay		8,587,547	
Community college - current expenditures		7,861,223	
Total Education	70,165,016	69,587,924	577,092
Debt Service:			
Principal retirement		9,099,703	
Interest and fees		3,492,815	
Total Debt Service	13,167,716	12,592,518	575,198
Total expenditures	244,082,003	235,684,511	8,397,492
Revenues over expenditures	5,657,922	12,060,534	6,402,612
OTHER FINANCING SOURCES (USES):			
Operating transfers from other funds	1,719,958	1,700,830	(19,128)
Operating transfers to other funds	(13,983,610)	(13,875,477)	108,133
Installment obligations issued	6,511,661	6,511,661	-
Advance refunding obligations issued	8,120,000	8,120,000	-
Premium on installment obligations	805,849	805,849	-
Payment to refunded bond escrow agent	(15,203,875)	(15,203,875)	-
Proceeds from sale of capital assets	136,600	105,720	(30,880)
Appropriated fund balance	6,235,495	-	(6,235,495)
Total other financing sources (uses)	(5,657,922)	(11,835,292)	(6,177,370)
Net change in fund balance	\$ -	225,242	\$ 225,242
Fund balance, beginning, as previously reported		70,002,896	
Prior period adjustment		261,488	
Fund balance, beginning as restated		70,264,384	
Fund balance, end of year		\$ 70,489,626	



BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual County Capital Projects Fund

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010

	Actual to June 30, 2010				Variance Positive (Negative)
	Project Authorization	Reported In Prior Years	Current Year	Total	
REVENUES					
Restricted intergovernmental	\$ -	\$ 108,948	\$ -	\$ 108,948	\$ 108,948
Investment earnings	912,363	904,375	21,515	925,890	13,527
Miscellaneous	464,201	464,201	-	464,201	-
Total revenues	1,376,564	1,477,524	21,515	1,499,039	122,475
EXPENDITURES					
Capital outlay:					
Tax software system	3,278,699	31,629	507,451	539,080	2,739,619
EOC technology	1,420,023	1,182,902	125,521	1,308,423	111,600
Radio EMS	1,250,000	514,397	419,221	933,618	316,382
Radio dispatch consoles	975,000	-	-	-	975,000
EOC 911 unrestricted	796,804	671,382	61,935	733,317	63,487
Public safety training center	15,000,000	106,093	674,637	780,730	14,219,270
Animal shelter barn	40,000	-	-	-	40,000
Primary care	2,034,874	-	351,482	351,482	1,683,392
Animal shelter	4,689,201	1,385,219	2,866,774	4,251,993	437,208
Health building renovation	4,124,526	-	722,729	722,729	3,401,797
DSS technology	1,238,389	849,030	97,208	946,238	292,151
DSS contracts management	72,384	-	-	-	72,384
DSS window replacement	137,500	-	-	-	137,500
DSS brick work	568,868	5,135	255,460	260,595	308,273
DSS flashing replace	64,404	-	-	-	64,404
Satellite office renovation	500,000	-	-	-	500,000
Library system upgrade	361,000	-	-	-	361,000
East Asheville library	884,000	-	-	-	884,000
Pack library renovation	4,335,119	321,841	3,132,805	3,454,646	880,473
Parks improvement projects	522,893	45,858	105,229	151,087	371,806
Karpen field improvements	400,000	-	23,295	23,295	376,705
Business intelligence	627,461	592,460	2,590	595,050	32,411
Phone system	2,500,000	163,375	1,543,733	1,707,108	792,892
Permit work order system	600,000	70,665	262,298	332,963	267,037
ERP technology upgrade	267,437	-	226,193	226,193	41,244
Public safety systems	267,300	-	-	-	267,300
Document imaging equipment	206,079	195,865	81	195,946	10,133
Demolition	75,000	-	-	-	75,000
Roof replacement	2,409,432	1,556,925	242,692	1,799,617	609,815
IT redundant HVAC system	107,000	-	-	-	107,000
Facilities shop	200,000	-	-	-	200,000
Public safety vehicles	600,000	-	-	-	600,000
Courthouse life safety tower	2,954,489	-	1,405,132	1,405,132	1,549,357
Technology upgrade	2,758,896	-	315,541	315,541	2,443,355
Document imaging personnel	2,367,770	-	-	-	2,367,770

Continued on next page

BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
County Capital Projects Fund

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010

	Actual to June 30, 2010				Variance Positive (Negative)
	Project Authorization	Reported In Prior Years	Current Year	Total	
Expenditures (continued):					
Vehicle replacement	\$ 4,037,294	\$ -	\$ -	\$ -	\$ 4,037,294
Document imaging facilities	1,847,321	-	-	-	1,847,321
Closed projects	11,835,498	-	11,566,830	11,566,830	268,668
Total capital outlay- public facilities	76,354,661	7,692,776	24,908,837	32,601,613	43,753,048
Interest and fees	-	-	180,932	180,932	180,932
Total expenditures	76,354,661	7,692,776	25,089,769	32,782,545	43,933,980
Revenues under expenditures	(74,978,097)	(6,215,252)	(25,068,254)	(31,283,506)	43,694,591
OTHER FINANCING SOURCES (USES)					
Installment obligations issued	42,708,721	6,830,000	14,508,339	21,338,339	(21,370,382)
Premium (discount) on installment obligations	212,340	(9,566)	192,287	182,721	(29,619)
Prior year revenues	26,235,851	27,901,346	-	27,901,346	1,665,495
Transfer from:					
General Fund	7,549,372	-	10,156,921	10,156,921	2,607,549
Transfers to:					
General Fund	(1,045,890)	-	(1,045,890)	(1,045,890)	-
Grant Projects	(40,200)	-	(40,200)	(40,200)	-
Parking Deck	(642,097)	-	(642,097)	(642,097)	-
Total other financing sources (uses)	74,978,097	34,721,780	23,129,360	57,851,140	(17,126,957)
Revenues and other sources over (under) expenditures and other uses	\$ -	\$ 28,506,528	(1,938,894)	\$ 26,567,634	\$ 26,567,634
Fund balance, beginning of year			28,506,528		
Fund balance, end of year			\$ 26,567,634		

BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
School Capital Commission Fund

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010

	Actual to June 30, 2010			Variance Positive (Negative)	
	Project Budget	Reported in Prior Years	Current Year		Total
REVENUES					
Intergovernmental revenues	\$ 142,978,359	\$ 137,599,306	\$ 14,443,976	\$ 152,043,282	\$ 9,064,923
Investment earnings	2,820,891	4,925,068	50,699	4,975,767	2,154,876
Total revenues	145,799,250	142,524,374	14,494,675	157,019,049	11,219,799
EXPENDITURES					
Capital outlay:					
Education:					
Buncombe County schools					
Sales tax projects	15,602,477	4,225,320	1,489,603	5,714,923	9,887,554
ADM projects	2,625,000	133,095	2,415,920	2,549,015	75,985
ADM lottery projects	1,510,778	1,420,811	89,967	1,510,778	-
Bond projects	33,536,825	-	2,931,377	2,931,377	30,605,448
Asheville City schools					
Sales tax projects	1,849,013	555,313	6,168	561,481	1,287,532
Bond projects	2,648,175	-	1,858,871	1,858,871	789,304
Total capital outlay	57,772,268	6,334,539	8,791,906	15,126,445	42,645,823
Debt service:					
Principal	58,868,995	46,704,528	8,552,306	55,256,834	3,612,161
Interest and fees	34,732,996	25,468,169	3,947,498	29,415,667	5,317,329
Total debt service	93,601,991	72,172,697	12,499,804	84,672,501	8,929,490
Total expenditures	151,374,259	78,507,236	21,291,710	99,798,946	51,575,313
Revenues over (under) expenditures	(5,575,009)	64,017,138	(6,797,035)	57,220,103	62,795,112
OTHER FINANCING SOURCES (USES)					
Installment obligations issued	5,685,000	-	5,685,000	5,685,000	-
General obligation bonds issued	30,850,000	-	30,850,000	30,850,000	-
Premium on bonds	463,270	-	463,270	463,270	-
Refunding bonds issued	8,995,000	-	8,995,000	8,995,000	-
Payment to refunded bond escrow agent	(9,340,888)	-	(9,340,888)	(9,340,888)	-
Prior year revenues and transfers	(31,077,373)	(44,730,577)	-	(44,730,577)	(13,653,204)
Total other financing sources (uses)	5,575,009	(44,730,577)	36,652,382	(8,078,195)	(13,653,204)
Revenues and other sources over expenditures and other uses	\$ -	\$ 19,286,561	29,855,347	\$ 49,141,908	\$ 49,141,908
Fund balance, beginning of year			19,286,561		
Fund balance, end of year			\$ 49,141,908		

Combining Statements for Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS:

Special District Water and Sewer Fund - The County's Board of Commissioners also serves as the governing body for a combined special sanitary district. Transactions related to taxes levied and services provided on behalf of this district are accounted for in this fund.

Special Districts Volunteer Fire Departments Fund - The County's Board of Commissioners serves as the tax levying body for twenty-one special fire protection districts. These districts are areas of the County, not legally separate districts. Taxes levied and collected on behalf of these districts are distributed under contracts to volunteer fire departments serving the respective districts. These transactions are accounted for in this fund.

Emergency Telephone System Fund - This fund was established in accordance with North Carolina law to account for the accumulation of telephone surcharges to be used for emergency telephone systems.

Occupancy Tax Fund - This fund was established to account for the revenues from the room occupancy tax to fund the development and implementation of strategies designed to promote tourism in Buncombe County. Occupancy tax net of collection fees are remitted to the component unit (Tourism Development Authority) to achieve this purpose.

Capital Reserve Fund - This fund was established to accumulate funds for future capital projects.

Workforce Investment Act Fund - This fund was established to account for revenues received from the Workforce Investment Act, and related expenditures.

Register of Deeds Automation Fund - This fund was established in accordance with North Carolina law to account for the accumulation of Register of Deeds fees to be used for future automation projects.

Grant Projects Fund - This fund was established to account for revenues received from multi-year grants and related expenditures.

Transportation Fund - This fund was established to account for all revenues and related expenditures of a public transportation program.

Drug Forfeitures Fund - This fund accounts for forfeiture and controlled substance tax earmarked for the Sheriff's department.

PDF Woodfin Downtown - This fund results from the creation of a Tax Increment Financing (TIF) District by the North Carolina Local Government Commission and accounts for the bonds issued for public purposes associated with the development of the Woodfin Town Center project and remediation and redevelopment of a 156 acre former landfill.

DEBT SERVICE FUNDS:

PDF 2008 Debt Service Reserve - This fund accounts for the principal and interest payments associated with the bonds issued for the Woodfin Downtown project.

CAPITAL PROJECTS FUNDS:

Special Revenue Capital Projects - This fund is used to account for capital assets constructed for other entities such as the Community College and Airport. Once constructed, the assets will be owned by the other entities.

BUNCOMBE COUNTY, NORTH CAROLINA

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2010

	Special Revenue Funds					
	Special Districts			Occupancy Tax	Capital Reserve	Workforce Investment Act
	Water and Sewer	Volunteer Fire Departments	Emergency Telephone System			
ASSETS						
Cash and cash equivalents	\$ 200,720	\$ 450,357	\$ 3,559,577	\$ -	\$ 1,902,133	\$ 117,983
Receivables (net):						
Taxes receivable	-	127,893	-	652,754	-	-
Due from other governments	-	943,453	-	-	-	-
Accounts receivable	-	-	143,101	-	-	140,000
Restricted assets:						
Cash and cash equivalents	-	-	-	-	-	-
Total assets	\$ 200,720	\$ 1,521,703	\$ 3,702,678	\$ 652,754	\$ 1,902,133	\$ 257,983
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ -	\$ 1,393,810	\$ -	\$ 9,792	\$ -	\$ 127,518
Salaries and payroll taxes payable	-	-	-	-	-	52,075
Refundable deposits	-	-	-	-	-	-
Unearned revenues	-	-	-	-	-	78,390
Deferred revenues	-	127,893	-	-	-	-
Due to general fund	-	-	-	-	-	-
Due to component unit	-	-	-	642,962	-	-
Total liabilities	-	1,521,703	-	652,754	-	257,983
FUND BALANCES						
Reserved by state statute	-	943,453	143,101	652,754	-	140,000
Unreserved	200,720	(943,453)	3,559,577	(652,754)	1,902,133	(140,000)
Total fund balances	200,720	-	3,702,678	-	1,902,133	-
Total liabilities and fund balances	\$ 200,720	\$ 1,521,703	\$ 3,702,678	\$ 652,754	\$ 1,902,133	\$ 257,983

Register of Deeds Automation	Grant Projects	Trans- portation	Drug Forfeitures	PDF Woodfin	Debt	Capital	Total Nonmajor Governmental Funds
					Service Fund	Projects Fund	
					PDF Debt Service	Special Revenue Capital Projects	
\$ 505,283	\$ 1,403,772	\$ 265,818	\$ 35,984	\$ -	\$ -	\$ 2,165,547	\$ 10,607,174
-	-	-	-	-	-	-	780,647
-	213,219	-	-	-	-	-	1,156,672
-	378	86,871	-	-	-	33,600	403,950
-	-	-	-	2,205,662	1,341,190	-	3,546,852
<u>\$ 505,283</u>	<u>\$ 1,617,369</u>	<u>\$ 352,689</u>	<u>\$ 35,984</u>	<u>\$ 2,205,662</u>	<u>\$ 1,341,190</u>	<u>\$ 2,199,147</u>	<u>\$ 16,495,295</u>
\$ -	\$ 128,692	\$ 35,745	\$ -	\$ -	\$ -	\$ 19,751	\$ 1,715,308
-	-	107,359	-	-	-	-	159,434
-	-	-	-	-	-	115,074	115,074
-	-	-	-	-	-	-	78,390
-	-	-	-	-	-	-	127,893
-	1,320,812	-	-	-	-	-	1,320,812
-	-	-	-	-	-	-	642,962
-	1,449,504	143,104	-	-	-	134,825	4,159,873
-	213,597	86,871	-	-	-	33,600	2,213,376
505,283	(45,732)	122,714	35,984	2,205,662	1,341,190	2,030,722	10,122,046
505,283	167,865	209,585	35,984	2,205,662	1,341,190	2,064,322	12,335,422
<u>\$ 505,283</u>	<u>\$ 1,617,369</u>	<u>\$ 352,689</u>	<u>\$ 35,984</u>	<u>\$ 2,205,662</u>	<u>\$ 1,341,190</u>	<u>\$ 2,199,147</u>	<u>\$ 16,495,295</u>

BUNCOMBE COUNTY, NORTH CAROLINA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds

FOR THE YEAR ENDED JUNE 30, 2010

	Special Revenue Funds					
	Special Districts		Emergency Telephone System	Occupancy Tax	Capital Reserve	Workforce Investment Act
	Water and Sewer	Volunteer Fire Departments				
REVENUES						
Ad valorem taxes	\$ -	\$ 14,641,798	\$ -	\$ -	\$ -	\$ -
Other taxes	-	3,846,228	-	6,259,792	-	-
Restricted intergovernmental	-	-	1,717,210	-	-	3,411,467
Investment earnings	-	-	29,091	-	18,803	-
Miscellaneous	-	-	-	-	-	-
Total revenues	-	18,488,026	1,746,301	6,259,792	18,803	3,411,467
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Public safety	-	18,488,026	362,773	-	-	-
Economic and physical development	-	-	-	6,165,895	-	-
Human services	-	-	-	-	-	3,411,467
Cultural and recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Interest and fees	-	-	-	-	-	-
Total expenditures	-	18,488,026	362,773	6,165,895	-	3,411,467
Revenues over (under) expenditure:	-	-	1,383,528	93,897	18,803	-
OTHER FINANCING SOURCES (USES)						
Transfers from:						
General Fund	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-
Transfers to:						
General Fund	-	-	-	(93,897)	-	-
Grant Projects	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	(93,897)	-	-
Net change in fund balances	-	-	1,383,528	-	18,803	-
Fund balances, beginning, as previously reported	200,720	-	2,552,505	-	1,883,330	-
Prior period adjustments	-	-	(233,355)	-	-	-
Fund balances, beginning as restated	200,720	-	2,319,150	-	1,883,330	-
Fund balances, end of year	\$ 200,720	\$ -	\$ 3,702,678	\$ -	\$ 1,902,133	\$ -

Register of Deeds Automation	Grant Projects	Trans- portation	Drug Forfeitures	PDF Woodfin	Debt	Capital	Total Nonmajor Governmental Funds
					Service Fund	Projects Fund	
					PDF Debt Service	Special Revenue	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,208	\$ -	\$ 14,667,006
-	-	-	-	-	-	-	10,106,020
118,541	1,502,915	2,080,255	211,242	-	-	518,042	9,559,672
4,610	-	-	4,186	6,185	2,972	76	65,923
-	-	90,055	-	-	-	187,868	277,923
123,151	1,502,915	2,170,310	215,428	6,185	28,180	705,986	34,676,544
36,810	-	-	-	-	-	-	36,810
-	691,690	-	196,582	-	-	-	19,739,071
-	154,171	-	-	-	-	-	6,320,066
-	444,941	2,318,476	-	-	-	-	6,174,884
-	50,055	-	-	-	-	-	50,055
-	281,203	5,989	-	13,483	-	2,319,911	2,620,586
-	-	-	-	919,950	-	-	919,950
36,810	1,622,060	2,324,465	196,582	933,433	-	2,319,911	35,861,422
86,341	(119,145)	(154,155)	18,846	(927,248)	28,180	(1,613,925)	(1,184,878)
-	30,283	156,325	-	-	-	1,552,900	1,739,508
-	2,170	-	-	-	-	-	2,170
-	40,200	-	-	-	-	-	40,200
-	-	-	-	-	-	(561,043)	(654,940)
-	-	(2,170)	-	-	-	-	(2,170)
-	72,653	154,155	-	-	-	991,857	1,124,768
86,341	(46,492)	-	18,846	(927,248)	28,180	(622,068)	(60,110)
418,942	214,357	209,585	17,138	3,132,910	1,313,010	2,686,390	12,628,887
-	-	-	-	-	-	-	(233,355)
418,942	214,357	209,585	17,138	3,132,910	1,313,010	2,686,390	12,395,532
\$ 505,283	\$ 167,865	\$ 209,585	\$ 35,984	\$ 2,205,662	\$ 1,341,190	\$ 2,064,322	\$ 12,335,422

BUNCOMBE COUNTY, NORTH CAROLINA

*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Special Districts Water and Sewer Fund*

FOR THE YEAR ENDED JUNE 30, 2010

	Budget	Actual	Variance Positive (Negative)
REVENUES	\$ -	\$ -	\$ -
EXPENDITURES	-	-	-
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year		<u>200,720</u>	
Fund balance, end of year		<u>\$ 200,720</u>	

BUNCOMBE COUNTY, NORTH CAROLINA

*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Special Districts Volunteer Fire Departments Fund*

FOR THE YEAR ENDED JUNE 30, 2010

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Ad valorem taxes		\$ 14,641,798	
Other taxes		3,846,228	
Total revenues	\$ 21,423,838	18,488,026	\$ (2,935,812)
EXPENDITURES			
Current:			
Public safety:			
Operating expenditures		8,218	
Contract payments to Volunteer Fire Departments		18,479,808	
Total expenditures	21,423,838	18,488,026	2,935,812
Net change in fund balance	\$ -	-	\$ -
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

BUNCOMBE COUNTY, NORTH CAROLINA

*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Emergency Telephone System Fund*

FOR THE YEAR ENDED JUNE 30, 2010

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Restricted intergovernmental		\$ 1,717,210	
Investment earnings		29,091	
Total revenues	<u>\$ 2,082,191</u>	<u>1,746,301</u>	<u>\$ (335,890)</u>
EXPENDITURES			
Current:			
Public safety:			
Operating expenditures		362,773	
Total expenditures	<u>2,082,191</u>	<u>362,773</u>	<u>1,719,418</u>
Net change in fund balance	<u>\$ -</u>	1,383,528	<u>\$ 1,383,528</u>
Fund balance, beginning, as previously reported		2,552,505	
Prior period adjustment		<u>(233,355)</u>	
Fund balance, beginning as restated		<u>2,319,150</u>	
Fund balance, end of year		<u>\$ 3,702,678</u>	

BUNCOMBE COUNTY, NORTH CAROLINA

*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Occupancy Tax Fund*

FOR THE YEAR ENDED JUNE 30, 2010

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Occupancy tax	\$ 7,535,000	\$ 6,259,792	\$ (1,275,208)
EXPENDITURES			
Current:			
Economic and physical development:			
Tourism development	7,421,975	6,165,895	1,256,080
Revenues over expenditures	113,025	93,897	(19,128)
OTHER FINANCING USES			
Transfer to:			
General Fund	(113,025)	(93,897)	19,128
Net change in fund balance	\$ -	-	\$ -
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

BUNCOMBE COUNTY, NORTH CAROLINA

*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Capital Reserve Fund*

FOR THE YEAR ENDED JUNE 30, 2010

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Investment earnings	\$ -	\$ 18,803	\$ 18,803
EXPENDITURES	-	-	-
Net change in fund balance	<u>\$ -</u>	18,803	<u>\$ 18,803</u>
Fund balance, beginning of year		<u>1,883,330</u>	
Fund balance, end of year		<u>\$ 1,902,133</u>	

BUNCOMBE COUNTY, NORTH CAROLINA

*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Workforce Investment Act Fund*

FOR THE YEAR ENDED JUNE 30, 2010

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Restricted intergovernmental	\$ 4,183,445	\$ 3,411,467	\$ (771,978)
EXPENDITURES			
Current:			
Human services:			
Salaries and employee benefits		734,144	
Purchased services		2,568,878	
Other operating expenditures		108,445	
Total expenditures	4,183,445	3,411,467	771,978
Net change in fund balance	\$ -	-	\$ -
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

BUNCOMBE COUNTY, NORTH CAROLINA

*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Register of Deeds Automation Fund*

FOR THE YEAR ENDED JUNE 30, 2010

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Restricted intergovernmental		\$ 118,541	
Investment earnings		4,610	
Total revenues	\$ 143,000	123,151	\$ (19,849)
EXPENDITURES			
Current:			
General government	128,000	36,810	91,190
Capital outlay	365,000	-	365,000
Total expenditures	493,000	36,810	456,190
Revenues over (under) expenditures	(350,000)	86,341	436,341
OTHER FINANCING SOURCES			
Appropriated fund balance	350,000	-	(350,000)
Net change in fund balance	\$ -	86,341	\$ 86,341
Fund balance, beginning of year		418,942	
Fund balance, end of year		\$ 505,283	

BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual Grant Projects Fund

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010

	Actual to June 30, 2010				Variance Positive (Negative)
	Project Budget	Reported in Prior Years	Current Year	Total	
REVENUES					
Restricted intergovernmental	\$ 13,007,738	\$ 4,334,237	\$ 1,502,915	\$ 5,837,152	\$ (7,170,586)
Sales and services	106,770	-	-	-	(106,770)
Total revenues	<u>13,114,508</u>	<u>4,334,237</u>	<u>1,502,915</u>	<u>5,837,152</u>	<u>(7,277,356)</u>
EXPENDITURES					
Current:					
Public safety	7,044,097	2,540,129	691,690	3,231,819	3,812,278
Economic and physical development	4,534,138	2,121,505	154,171	2,275,676	2,258,462
Human services	594,255	-	444,941	444,941	149,314
Cultural and recreation	181,214	30,670	50,055	80,725	100,489
Capital outlay	1,025,571	20,186	281,203	301,389	724,182
Total expenditures	<u>13,379,275</u>	<u>4,712,490</u>	<u>1,622,060</u>	<u>6,334,550</u>	<u>7,044,725</u>
Revenues under expenditures	<u>(264,767)</u>	<u>(378,253)</u>	<u>(119,145)</u>	<u>(497,398)</u>	<u>(232,631)</u>
OTHER FINANCING SOURCES					
Prior year revenues and transfers	50,132	342,610	-	342,610	292,478
Transfer from:					
General Fund	28,000	250,000	30,283	280,283	252,283
Transportation	146,435	-	2,170	2,170	(144,265)
Capital projects	40,200	-	40,200	40,200	-
Total other financing sources	<u>264,767</u>	<u>592,610</u>	<u>72,653</u>	<u>665,263</u>	<u>400,496</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 214,357</u>	<u>(46,492)</u>	<u>\$ 167,865</u>	<u>\$ 167,865</u>
Fund balance, beginning of year			<u>214,357</u>		
Fund balance, end of year			<u>\$ 167,865</u>		

BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Transportation Fund

FOR THE YEAR ENDED JUNE 30, 2010

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Restricted intergovernmental		\$ 2,080,255	
Miscellaneous		90,055	
Total revenues	\$ 2,263,713	2,170,310	\$ (93,403)
EXPENDITURES			
Current:			
Human services:			
Salaries and employee benefits		1,505,970	
Other operating expenditures		812,506	
Capital outlay		5,989	
Total expenditures	2,829,481	2,324,465	505,016
Revenues under expenditures	(565,768)	(154,155)	411,613
OTHER FINANCING SOURCES (USES)			
Transfer from:			
General Fund	580,498	156,325	(424,173)
Transfer to:			
Grant Projects	(14,730)	(2,170)	12,560
Total other financing sources (uses)	565,768	154,155	(411,613)
Net change in fund balance	\$ -	-	\$ -
Fund balance, beginning of year		209,585	
Fund balance, end of year		\$ 209,585	

BUNCOMBE COUNTY, NORTH CAROLINA

*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Drug Forfeitures*

FOR THE YEAR ENDED JUNE 30, 2010

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Restricted intergovernmental		\$ 211,242	
Restricted investment earnings		4,186	
Total revenues	\$ 399,091	215,428	\$ (183,663)
EXPENDITURES			
Current:			
Operating expenditures		6,731	
Payments to Buncombe County Anticrime Task Force		189,851	
Total expenditures	399,091	196,582	202,509
Net change in fund balance	\$ -	18,846	\$ 18,846
Fund balance, beginning of year		17,138	
Fund balance, end of year		\$ 35,984	

BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 PDF Woodfin Downtown

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010

	Actual to June 30, 2010				Variance Positive (Negative)
	Project Budget	Reported in Prior Years	Current Year	Total	
REVENUES					
Investment earnings	\$ 27,125	\$ 59,580	\$ 6,185	\$ 65,765	\$ 38,640
EXPENDITURES					
Capital outlay	7,431,689	7,654,818	13,483	7,668,301	(236,612)
Debt service:					
Interest and fees	618,950	775,403	919,950	1,695,353	(1,076,403)
Total expenditures	8,050,639	8,430,221	933,433	9,363,654	(1,313,015)
Revenues under expenditures	(8,023,514)	(8,370,641)	(927,248)	(9,297,889)	(1,274,375)
OTHER FINANCING SOURCES					
Project development bonds issued	8,183,963	11,664,000	-	11,664,000	3,480,037
Discount on project development bonds	(160,449)	(160,449)	-	(160,449)	-
Total other financing sources	8,023,514	11,503,551	-	11,503,551	3,480,037
Net change in fund balance	\$ -	\$ 3,132,910	(927,248)	\$ 2,205,662	\$ 2,205,662
Fund balance, beginning of year			3,132,910		
Fund balance, end of year			\$ 2,205,662		

BUNCOMBE COUNTY, NORTH CAROLINA

*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
PDF 2008 Debt Service Reserve*

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010

	Actual to June 30, 2010				Variance Positive (Negative)
	Project Budget	Reported in Prior Years	Current Year	Total	
REVENUES					
Ad valorem taxes	\$ -	\$ -	\$ 25,208	\$ 25,208	\$ 25,208
Investment earnings	1,249,020	17,010	2,972	19,982	(1,229,038)
Total revenues	1,249,020	17,010	28,180	45,190	(1,203,830)
EXPENDITURES					
Debt service:					
Principal retirement	2,384,640	-	-	-	2,384,640
Revenues over (under) expenditures	(1,135,620)	17,010	28,180	45,190	1,180,810
OTHER FINANCING SOURCES (USES)					
Project development bonds issued	1,296,000	1,296,000	-	1,296,000	-
Transfer to:					
PDF Woodfin downtown	(160,380)	-	-	-	160,380
Total other financing sources (uses)	1,135,620	1,296,000	-	1,296,000	160,380
Net change in fund balance	\$ -	\$ 1,313,010	28,180	\$ 1,341,190	\$ 1,341,190
Fund balance, beginning of year			1,313,010		
Fund balance, end of year			\$ 1,341,190		

BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual Special Revenue Capital Projects Fund

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010

	Actual to June 30, 2010			Variance Positive (Negative)	
	Project Budget	Reported in Prior Years	Current Year		Total
REVENUES					
Restricted intergovernmental:					
CDBG scattered site project 3	500,000	226,127	261,536	487,663	(12,337)
Home FY09	314,705	-	189,493	189,493	
Home FY08	220,320	65,458	66,734	132,192	(88,128)
Home FY07	164,076	164,076	-	164,076	-
Program income CDBG	59,929	59,928	-	59,928	(1)
Home program income	119,445	119,164	279	119,443	(2)
Advantage West	25,000	13,003	-	13,003	(11,997)
CAT grant - PEG fund	10,000	-	-	-	(10,000)
USDA Sycamore Valley easement	110,000	-	-	-	(110,000)
NCDA Sycamore Valley easement	345,206	-	-	-	(345,206)
NC Foundation Sycamore Valley easement	10,000	-	-	-	(10,000)
Investment earnings	1,475,229	1,475,231	76	1,475,307	78
Miscellaneous	374,523	194,930	187,868	382,798	8,275
Total revenues	3,728,433	2,317,917	705,986	3,023,903	(579,318)
EXPENDITURES					
Capital outlay:					
Housing:					
Scattered site CDBG project	510,400	335,784	157,079	492,863	17,537
Home FY09	389,705	-	198,085	198,085	191,620
Home FY08	295,320	70,933	61,259	132,192	163,128
Home FY07	239,076	232,058	-	232,058	7,018
Home program income	119,445	119,166	-	119,166	279
Program income CDBG	59,929	59,929	-	59,929	-
CDBG scattered sites 2010	10,400	-	-	-	10,400
Housing trust:					
Housing trust program income	324,523	-	-	-	324,523
Housing trust FY10	232,500	-	200,000	200,000	32,500
Housing trust FY09	300,000	78,750	85,354	164,104	135,896
Housing trust FY08	250,000	75,000	71,661	146,661	103,339
Housing trust FY04	300,000	270,821	12,488	283,309	16,691
Mobile home disposal FY10	100,000	-	-	-	100,000
Mobile home disposal FY09	50,000	-	40,805	40,805	9,195
Mobile home disposal FY08	100,000	77,769	22,231	100,000	-
Energy savings reinvestment fund	50,000	-	-	-	50,000
Soil conservation	2,233,792	346,562	1,170,067	1,516,629	717,163
Community college	1,047,447	475,418	300,882	776,300	271,147
Economic development	600,000	-	-	-	600,000
Closed projects	8,867,797	8,853,769	-	8,853,769	14,028
Total capital outlay	16,080,334	10,995,959	2,319,911	13,315,870	2,764,464

Continued on next page

BUNCOMBE COUNTY, NORTH CAROLINA

*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Special Revenue Capital Projects Fund*

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010

	Project Budget	Actual to June 30, 2010			Variance Positive (Negative)
		Reported in Prior Years	Current Year	Total	
Expenditures (continued):					
Debt service:					
Interest and fees	\$ 5,373	\$ 985	\$ -	\$ 985	\$ 4,388
Total expenditures	16,085,707	10,996,944	2,319,911	13,316,855	2,768,852
Revenues under expenditures	(12,357,274)	(8,679,027)	(1,613,925)	(10,292,952)	2,064,322
OTHER FINANCING SOURCES (USES):					
Installment obligations issued	10,899,602	10,899,602	-	10,899,602	-
Premium on debt issued	465,815	465,815	-	465,815	-
Transfer from:					
General Fund	1,552,900	-	1,552,900	1,552,900	-
Transfers to:					
General Fund	(561,043)	-	(561,043)	(561,043)	-
Total other financing sources (uses)	12,357,274	11,365,417	991,857	12,357,274	-
Revenues and other sources over (under) expenditures and other uses	\$ -	\$ 2,686,390	(622,068)	\$ 2,064,322	\$ 2,064,322
Fund balance, beginning of year			2,686,390		
Fund balance, end of year			\$ 2,064,322		

BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)

Solid Waste Disposal Fund

FOR THE YEAR ENDED JUNE 30, 2010

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Operating revenues:			
Tipping fees		\$ 5,869,463	
Service charges and other revenues		645,040	
Intergovernmental revenues		325,584	
Total operating revenues	\$ 6,813,962	6,840,087	\$ 26,125
Nonoperating revenues:			
Investment earnings		74,505	
Decrease in estimated landfill closure and postclosure care cost liability		10,362	
Total nonoperating revenues	157,918	84,867	(73,051)
Total revenues	6,971,880	6,924,954	(46,926)
EXPENDITURES			
Landfill:			
Salaries, wages, and fringe benefits		865,608	
Maintenance and repairs		246,944	
Contracted services		802,327	
Other operating expenses		763,585	
Landfill closure and postclosure care costs		322,364	
Total landfill		3,000,828	
Transfer station:			
Salaries, wages, and fringe benefits		498,141	
Maintenance and repairs		92,269	
Other operating expenses		143,594	
Total transfer station		734,004	
Capital outlay		131,186	
Debt service:			
Principal retirement		2,165,000	
Interest and fees		376,415	
Total debt service		2,541,415	
Total expenditures	9,116,797	6,407,433	2,709,364
Revenues over (under) expenditures	(2,144,917)	517,521	2,662,438

Continued on next page

BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)

Solid Waste Disposal Fund

FOR THE YEAR ENDED JUNE 30, 2010

	Budget	Actual	Variance Positive (Negative)
OTHER FINANCING SOURCES			
Fund balance appropriated	\$ 2,144,917	\$ -	\$ (2,144,917)
Sale of capital assets	-	6,350	6,350
Transfer from:			
landfill capital reserve fund	-	6,612,827	6,612,827
Total other financing sources	2,144,917	6,619,177	4,474,260
Revenues and other sources under expenditures	<u>\$ -</u>	<u>7,136,698</u>	<u>\$ 7,136,698</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Debt principal		2,165,000	
Decrease in accrued interest		22,071	
Amortization of bond premium and deferred charges		(30,365)	
Decrease in accrued compensated absences		23,223	
Increase in other postemployment benefits liability		(19,061)	
Increase in accrued landfill closure and postclosure care costs		(331,005)	
Capital outlay		131,186	
Depreciation		(1,745,680)	
Transfer from landfill closure and postclosure reserve fund		(6,612,827)	
Total reconciling items		<u>(6,397,458)</u>	
Change in net assets		<u>\$ 739,240</u>	

BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)

Landfill Closure and Post Closure Reserve Fund

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
REVENUES					
Investment earnings	\$ 1,000,000	\$ -	\$ -	\$ -	\$ (1,000,000)
EXPENDITURES					
Capital outlay	1,000,000	-	-	-	1,000,000
Revenues over expenditures	-	-	-	-	-
OTHER FINANCING SOURCES (USES):					
Operating transfers in (out):					
From Solid Waste Disposal Fund	6,771,800	6,771,800	-	6,771,800	-
To Solid Waste Disposal Fund	(6,771,800)	(158,973)	(6,612,827)	(6,771,800)	-
Total other financing sources (uses)	-	6,612,827	(6,612,827)	-	-
Revenues and other sources over expenditures and other uses	\$ -	\$ 6,612,827	\$ (6,612,827)	\$ -	\$ -

BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)

Landfill Capital Projects Fund

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010

	Project	Actual			Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
REVENUES					
Investment earnings	\$ -	\$ 33,378	\$ -	\$ 33,378	\$ 33,378
Restricted intergovernmental	3,453,700	442,750	-	442,750	(3,010,950)
Total revenues	3,453,700	476,128	-	476,128	(2,977,572)
EXPENDITURES					
Capital outlay	11,918,011	4,151,119	620,438	4,771,557	7,146,454
Revenues under expenditures	(8,464,311)	(3,674,991)	(620,438)	(4,295,429)	(10,124,026)
OTHER FINANCING SOURCES					
Prior year revenues	8,464,311	16,347,523	-	16,347,523	7,883,212
Revenues and other sources over (under) expenditures	\$ -	\$ 12,672,532	\$ (620,438)	\$ 12,052,094	\$ (2,240,814)

BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)

Buncombe County Parking Deck Fund

FOR THE YEAR ENDED JUNE 30, 2010

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Operating revenues:			
Parking rental fees		\$ 606,561	
Nonoperating revenues:			
Investment earnings		<u>59,513</u>	
Total revenues	<u>\$ 970,450</u>	<u>666,074</u>	<u>\$ (304,376)</u>
EXPENDITURES			
Salaries, wages, and fringe benefits		179,986	
Contracted services		16,284	
Maintenance and repairs		17,477	
Other operating expenditures		61,864	
Capital outlay		8,475	
Debt service:			
Principal retirement		370,000	
Interest and fees		<u>611,621</u>	
Total expenditures	<u>1,861,034</u>	<u>1,265,707</u>	<u>595,327</u>
Revenues under expenditures	<u>(890,584)</u>	<u>(599,633)</u>	<u>290,951</u>
OTHER FINANCING SOURCES			
Fund balance appropriated	274,830	-	(274,830)
Transfer from:			
General	-	979,048	979,048
Parking Deck capital projects	615,754	615,754	-
Total other financing sources	<u>890,584</u>	<u>1,594,802</u>	<u>704,218</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>995,169</u>	<u>\$ 995,169</u>

Continued on next page

BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)

Buncombe County Parking Deck Fund

FOR THE YEAR ENDED JUNE 30, 2010

	Budget	Actual	Variance Positive (Negative)
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Debt principal		\$ 370,000	
Decrease in accrued interest		3,700	
Amortization of installment obligation discount		(5,020)	
Increase in accrued compensated absences		(1,891)	
Increase in other postemployment benefits liability		(2,816)	
Capital outlay		8,475	
Depreciation		(453,308)	
From Parking Deck Capital Projects:			
Transfer to Parking Deck		(615,754)	
Transfer from Capital Projects		642,097	
Total reconciling items		<u>(54,517)</u>	
Change in net assets		<u>\$ 940,652</u>	

BUNCOMBE COUNTY, NORTH CAROLINA
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Buncombe County Parking Deck Capital Projects Fund

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
REVENUES					
Investment earnings	\$ -	\$ -	\$ -	\$ -	\$ -
EXPENDITURES					
Capital outlay:					
Parking deck - Coxe Avenue	642,097	642,097	-	642,097	-
Total capital outlay	642,097	642,097	-	642,097	-
Revenues under expenditures	(642,097)	(642,097)	-	(642,097)	-
OTHER FINANCING SOURCES					
Prior year transfers	615,754	615,755	-	615,755	1
Transfer from:					
Capital Projects	642,097	-	642,097	642,097	-
Transfer to:					
Parking Deck	(615,754)	-	(615,754)	(615,754)	-
Total other financing sources	642,097	615,755	26,343	642,098	1
Revenues and other financing sources over (under) expenditures	\$ -	\$ (26,342)	\$ 26,343	\$ 1	\$ 1

Combining Statements for Nonmajor Enterprise Funds

Enterprise Funds:

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

Mental Health Fund - This fund was created to account for the operating expenditures related to mental health services that the County pays for due to the dissolution of a local regional mental health agreement.

Criminal Justice Information System - This fund accounts for the revenues and expenditures associated with the Criminal Justice Information System which maintains connectivity to data from other County, City, and State agencies and makes data available to public safety employees 24 hours a day, 365 days a year. Services offered by this system are provided on a per officer cost basis to surrounding law enforcement agencies.

Inmate Commissary/Welfare Fund - This fund is used to offset the daily personal and incidental needs of inmates. Revenue is generated by telephone concessions and family contributions.

BUNCOMBE COUNTY, NORTH CAROLINA

Combining Statement of Net Assets

Nonmajor Enterprise Funds

JUNE 30, 2010

	Human Services Facilities	Mental Health	CJIS	Inmate Commissary/ Welfare	Total Nonmajor Enterprise Funds
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 2,523,863	\$ 892,268	\$ 142,112	\$ 255,360	\$ 3,813,603
Receivables, net	5,854	48,937	92,218	594	147,603
Total current assets	2,529,717	941,205	234,330	255,954	3,961,206
Noncurrent assets:					
Capital assets, net	9,335,159	376,237	692,757	46,604	10,450,757
Total noncurrent assets	9,335,159	376,237	692,757	46,604	10,450,757
Total assets	11,864,876	1,317,442	927,087	302,558	14,411,963
LIABILITIES					
Current liabilities:					
Accounts payable	17,497	450	5,629	9,337	32,913
Salaries and payroll taxes payable	-	-	36,363	19,659	56,022
Accrued compensated absences	-	-	39,041	23,904	62,945
Other liabilities	-	24,000	-	-	24,000
Total current liabilities	17,497	24,450	81,033	52,900	175,880
Noncurrent liabilities:					
Other postemployment benefits	-	-	8,157	3,923	12,080
Total liabilities	17,497	24,450	89,190	56,823	187,960
NET ASSETS					
Invested in capital assets, net of related debt	9,335,159	376,237	692,757	46,604	10,450,757
Unrestricted	2,512,220	916,755	145,140	199,131	3,773,246
Total net assets	\$ 11,847,379	\$ 1,292,992	\$ 837,897	\$ 245,735	\$ 14,224,003

BUNCOMBE COUNTY, NORTH CAROLINA

Combining Statement of Revenues, Expenses, and Changes in Net Assets Nonmajor Enterprise Funds

FOR THE YEAR ENDED JUNE 30, 2010

	Human Services Facilities	Mental Health	CJIS	Inmate Commissary/ Welfare	Total Nonmajor Enterprise Funds
OPERATING REVENUES					
Charges for services and products	\$ 483,191	\$ -	\$ 1,274,921	\$ 476,295	\$ 2,234,407
Total operating revenues	483,191	-	1,274,921	476,295	2,234,407
OPERATING EXPENSES					
Salaries, wages, and fringe benefits	27,507	-	494,667	271,530	793,704
Contracted services	101,629	482,400	2,615	27,323	613,967
Cost of products sold	-	-	-	231,005	231,005
Maintenance and repairs	68,389	-	339,187	-	407,576
Contributions to outside agencies	-	30,000	-	-	30,000
Depreciation	494,945	15,409	624,091	19,973	1,154,418
Other operating expenses	154,247	75,000	177,706	52,678	459,631
Total operating expenses	846,717	602,809	1,638,266	602,509	3,690,301
Operating loss	(363,526)	(602,809)	(363,345)	(126,214)	(1,455,894)
NONOPERATING REVENUES					
Investment earnings	24,365	9,812	1,082	2,722	37,981
Change in net assets	(339,161)	(592,997)	(362,263)	(123,492)	(1,417,913)
Net assets, beginning of year	12,186,540	1,885,989	1,200,160	369,227	15,641,916
Net assets, end of year	\$ 11,847,379	\$ 1,292,992	\$ 837,897	\$ 245,735	\$ 14,224,003

BUNCOMBE COUNTY, NORTH CAROLINA

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

FOR THE YEAR ENDED JUNE 30, 2010

	Human Services Facilities	Mental Health	CJIS	Inmate Commissary/ Welfare	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 484,601	\$ -	\$ 1,229,083	\$ 476,665	\$ 2,190,349
Cash paid for goods and services	(316,494)	(649,136)	(525,216)	(310,040)	(1,800,886)
Cash paid to employees for services	(50,923)	-	(481,245)	(261,366)	(793,534)
Net cash provided (used) by operating activities	117,184	(649,136)	222,622	(94,741)	(404,071)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	24,365	9,812	1,082	2,722	37,981
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(184,599)	-	(194,594)	-	(379,193)
Net increase (decrease) in cash and cash equivalents	(43,050)	(639,324)	29,110	(92,019)	(745,283)
Cash and cash equivalents, beginning of year	2,566,913	1,531,592	113,002	347,379	4,558,886
Cash and cash equivalents, end of year	\$ 2,523,863	\$ 892,268	\$ 142,112	\$ 255,360	\$ 3,813,603
Reconciliation of operating loss to net cash provided (used) by operating activities:					
Operating loss	\$ (363,526)	\$ (602,809)	\$ (363,345)	\$ (126,214)	\$ (1,455,894)
Adjustments to reconcile operating loss to net cash used by operating activities:					
Depreciation	494,945	15,409	624,091	19,973	1,154,418
Changes in assets and liabilities:					
Accounts receivable	1,410	(44,687)	(45,838)	370	(88,745)
Accounts payable	7,771	(17,049)	(5,708)	966	(14,020)
Salaries and payroll taxes payable	(12,700)	-	7,258	871	(4,571)
Other postemployment benefits	-	-	8,157	3,923	12,080
Accrued compensated absences	(10,716)	-	(1,993)	5,370	(7,339)
Total adjustments	480,710	(46,327)	585,967	31,473	1,051,823
Net cash provided (used) by operating activities	\$ 117,184	\$ (649,136)	\$ 222,622	\$ (94,741)	\$ (404,071)

BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)

Human Services Facilities Fund

FOR THE YEAR ENDED JUNE 30, 2010

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Operating revenues:			
Rental income		\$ 483,191	
Nonoperating revenues:			
Investment earnings		<u>24,365</u>	
Total revenues	<u>\$ 599,915</u>	<u>507,556</u>	<u>\$ (92,359)</u>
EXPENDITURES			
Salaries, wages, and fringe benefits		38,223	
Contracted services		101,629	
Maintenance and repairs		68,389	
Other operating expenditures		154,247	
Capital outlay		<u>184,599</u>	
Total expenditures	<u>1,939,892</u>	<u>547,087</u>	<u>1,392,805</u>
Revenues under expenditures	<u>(1,339,977)</u>	<u>(39,531)</u>	<u>1,300,446</u>
OTHER FINANCING SOURCES			
Appropriated fund balance	<u>1,339,977</u>	-	<u>(1,339,977)</u>
Revenues and other sources under expenditures	<u>\$ -</u>	<u>(39,531)</u>	<u>\$ (39,531)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
RECONCILING ITEMS:			
Capital outlay		184,599	
Depreciation		(494,945)	
Decrease in accrued compensated absences		10,716	
Total reconciling items		<u>(299,630)</u>	
Change in net assets		<u>\$ (339,161)</u>	

BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)

Mental Health Fund

FOR THE YEAR ENDED JUNE 30, 2010

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Operating revenues		\$ -	
Nonoperating revenues:			
Investment earnings		<u>9,812</u>	
Total revenues	<u>\$ -</u>	<u>9,812</u>	<u>\$ 9,812</u>
EXPENDITURES			
Contracted services		482,400	
Contributions to outside agencies		30,000	
Other operating expenses		<u>75,000</u>	
Total expenditures	<u>952,000</u>	<u>587,400</u>	<u>364,600</u>
Revenues under expenditures	<u>(952,000)</u>	<u>(577,588)</u>	<u>374,412</u>
OTHER FINANCING SOURCES			
Appropriated fund balance	<u>952,000</u>	<u>-</u>	<u>(952,000)</u>
Revenues and other sources under expenditures	<u>\$ -</u>	<u>(577,588)</u>	<u>\$ (577,588)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
RECONCILING ITEMS			
Depreciation		<u>(15,409)</u>	
Total reconciling items		<u>(15,409)</u>	
Change in net assets		<u>\$ (592,997)</u>	

BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)

Criminal Justice Information Systems (CJIS) Fund

FOR THE YEAR ENDED JUNE 30, 2010

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Operating revenues:			
Charges for services		\$ 1,274,921	
Nonoperating revenues:			
Investment earnings		<u>1,082</u>	
Total revenues	<u>\$ 1,270,936</u>	<u>1,276,003</u>	<u>\$ 5,067</u>
EXPENDITURES			
Salaries, wages, and fringe benefits		488,503	
Contracted services		2,615	
Maintenance and repairs		339,187	
Other operating expenditures		177,706	
Capital outlay		<u>194,594</u>	
Total expenditures	<u>1,270,936</u>	<u>1,202,605</u>	<u>68,331</u>
Revenues over expenditures	<u>\$ -</u>	<u>73,398</u>	<u>\$ 73,398</u>
RECONCILING ITEMS:			
Capital outlay		194,594	
Depreciation		(624,091)	
Decrease in accrued compensated absences		1,993	
Increase in other postemployment benefits		<u>(8,157)</u>	
Total reconciling items		<u>(435,661)</u>	
Change in net assets		<u>\$ (362,263)</u>	

BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)

Inmate Commissary/Welfare Fund

FOR THE YEAR ENDED JUNE 30, 2010

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Operating revenues:			
Commissary concessions		\$ 334,707	
Telephone concessions		141,588	
Total operating revenues		<u>476,295</u>	
Nonoperating revenues:			
Investment earnings		<u>2,722</u>	
Total revenues	\$ 423,695	479,017	\$ 55,322
EXPENDITURES			
Salaries, wages, and fringe benefits		262,237	
Contracted services		27,323	
Cost of products sold		231,005	
Other operating expenditures		<u>52,678</u>	
Total expenditures	650,558	573,243	77,315
Revenues under expenditures	(226,863)	(94,226)	132,637
OTHER FINANCING SOURCES			
Appropriated fund balance	226,863	-	(226,863)
Revenues and other sources under expenditures	<u>\$ -</u>	(94,226)	<u>\$ (94,226)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
RECONCILING ITEMS			
Depreciation		(19,973)	
Increase in accrued compensated absences		(5,370)	
Increase in other postemployment benefits		(3,923)	
Total reconciling items		<u>(29,266)</u>	
Change in net assets		<u>\$ (123,492)</u>	

BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues and Expenditures - Budget and Actual (NON-GAAP)

Insurance Internal Service Fund

FOR THE YEAR ENDED JUNE 30, 2010

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Operating revenues:			
Charges for services		\$ 17,633,215	
Nonoperating revenues:			
Investment earnings		82,466	
Total revenues	\$ 17,796,771	17,715,681	\$ (81,090)
EXPENDITURES			
Insurance premiums		2,230,553	
Claims		19,788,557	
Total expenditures	25,238,143	22,019,110	3,219,033
Revenues under expenditures	(7,441,372)	(4,303,429)	3,137,943
OTHER FINANCING SOURCES			
Appropriated fund balance	6,441,372	-	(6,441,372)
Transfer from General Fund	1,000,000	1,000,000	-
Total other financing sources	7,441,372	1,000,000	(6,441,372)
Revenues and other sources under expenditures	\$ -	\$ (3,303,429)	\$ (3,303,429)

BUNCOMBE COUNTY, NORTH CAROLINA
Combining Statement of Changes in Assets and Liabilities
Agency Funds

FOR THE YEAR ENDED JUNE 30, 2010

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
Inmate Trust Fund:				
Assets				
Cash and cash equivalents	\$ 90,166	\$ 548,807	\$ 559,888	\$ 79,085
Liabilities				
Accounts payable	\$ 2,304	\$ 870	\$ 2,251	\$ 923
Due to beneficiaries	87,862	556,998	566,698	78,162
	<u>\$ 90,166</u>	<u>\$ 557,868</u>	<u>\$ 568,949</u>	<u>\$ 79,085</u>
General Agency Accounts:				
Assets				
Cash and cash equivalents	\$ 562,274	\$ 63,235,743	\$ 63,258,705	\$ 539,312
Accounts receivable	580,883	520,152	580,928	520,107
	<u>\$ 1,143,157</u>	<u>\$ 63,755,895</u>	<u>\$ 63,839,633</u>	<u>\$ 1,059,419</u>
Liabilities				
Accounts payable	\$ 983,743	\$ 588,233	\$ 995,721	\$ 576,255
Due to other taxing units	159,414	64,168,093	63,844,343	483,164
	<u>\$ 1,143,157</u>	<u>\$ 64,756,326</u>	<u>\$ 64,840,064</u>	<u>\$ 1,059,419</u>
Social Services Fund:				
Assets				
Cash and cash equivalents	\$ 154,255	\$ 947,721	\$ 916,382	\$ 185,594
Liabilities				
Accounts payable	\$ 6,042	\$ 913,424	\$ 919,466	\$ -
Due to beneficiaries	148,213	952,020	914,639	185,594
	<u>\$ 154,255</u>	<u>\$ 1,865,444</u>	<u>\$ 1,834,105</u>	<u>\$ 185,594</u>
Sondley Estate Trust:				
Assets				
Cash and cash equivalents	\$ 853,242	\$ 8,714	\$ 2,977	\$ 858,979
Liabilities				
Due to beneficiaries	\$ 853,242	\$ 8,498	\$ 2,761	\$ 858,979
NC Motor Vehicle Interest:				
Assets				
Cash and cash equivalents	\$ -	\$ 88,646	\$ 81,120	\$ 7,526
Liabilities				
Intergovernmental payable - State of North Carolina	\$ -	\$ 96,053	\$ 88,527	\$ 7,526

Continued on next page

BUNCOMBE COUNTY, NORTH CAROLINA
Combining Statement of Changes in Assets and Liabilities
Agency Funds

FOR THE YEAR ENDED JUNE 30, 2010

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
Deed of Trust Fund:				
Assets				
Cash and cash equivalents	\$ -	\$ 32,235	\$ 28,345	\$ 3,890
Liabilities				
Intergovernmental payable - State of North Carolina	\$ -	\$ 32,235	\$ 28,345	\$ 3,890
Buncombe County Anticrime Task Force:				
Assets				
Cash and cash equivalents	\$ 381,593	\$ 189,851	\$ 146,296	\$ 425,148
Liabilities				
Due to beneficiaries	\$ 381,593	\$ 215,590	\$ 172,035	\$ 425,148
Totals - All Agency Funds				
Assets				
Cash and cash equivalents	\$ 2,041,530	\$ 65,051,717	\$ 64,993,713	\$ 2,099,534
Accounts receivable	580,883	520,152	580,928	520,107
	<u>\$ 2,622,413</u>	<u>\$ 65,571,869</u>	<u>\$ 65,574,641</u>	<u>\$ 2,619,641</u>
Liabilities				
Accounts payable	\$ 992,089	\$ 1,502,527	\$ 1,917,438	\$ 577,178
Due to other taxing units	159,414	64,168,093	63,844,343	483,164
Intergovernmental payable - State of North Carolina	-	128,288	116,872	11,416
Due to beneficiaries	1,470,910	1,733,106	1,656,133	1,547,883
	<u>\$ 2,622,413</u>	<u>\$ 67,532,014</u>	<u>\$ 67,534,786</u>	<u>\$ 2,619,641</u>

BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Net Assets - Budget and Actual (Non-GAAP)
Avery's Creek Sanitary District
Component Unit

FOR THE YEAR ENDED JUNE 30, 2010

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Sales and services		\$ 4,000	
Investment earnings		1,000	
Total revenues	<u>\$ -</u>	<u>5,000</u>	<u>\$ 5,000</u>
EXPENDITURES			
Current:			
Environmental protection:			
Contracted services	680,000	12,746	667,254
Total expenditures	<u>680,000</u>	<u>12,746</u>	<u>667,254</u>
Revenues under expenditures	<u>(680,000)</u>	<u>(7,746)</u>	<u>672,254</u>
OTHER FINANCING SOURCES			
Appropriated fund balance	<u>680,000</u>	-	<u>(680,000)</u>
Revenues and other sources under expenditures	<u>\$ -</u>	<u>(7,746)</u>	<u>\$ (7,746)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Assets contributed to MSD		(2,099,089)	
Depreciation		<u>(42,144)</u>	
Total reconciling items		<u>(2,141,233)</u>	
Changes in net assets		<u>\$ (2,148,979)</u>	

BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Net Assets - Budget and Actual (Non-GAAP)
Western North Carolina Regional Air Quality Agency
Component Unit

FOR THE YEAR ENDED JUNE 30, 2010

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Federal, state, and other grants		\$ 602,360	
Licenses and permits		225,254	
Investment earnings		8,429	
Total revenues	<u>\$ 805,900</u>	<u>836,043</u>	<u>\$ 30,143</u>
EXPENDITURES			
Current:			
Environmental protection:			
Salaries and employee benefits		702,427	
Other operating expenses		167,711	
Total expenditures	<u>935,264</u>	<u>870,138</u>	<u>65,126</u>
Revenues under expenditures	<u>(129,364)</u>	<u>(34,095)</u>	<u>95,269</u>
OTHER FINANCING SOURCES			
Appropriated fund balance	129,364	-	(129,364)
Sale of capital assets	-	30,930	30,930
Revenues and other sources under expenditures	<u>\$ -</u>	<u>(3,165)</u>	<u>\$ (3,165)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Book value of disposed assets		(10,956)	
Depreciation		(9,430)	
Total reconciling items		<u>(20,386)</u>	
Change in net assets		<u>\$ (23,551)</u>	

Other Schedules



BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Ad Valorem Taxes Receivable

General Fund

JUNE 30, 2010

Fiscal Year	Uncollected Balance June 30, 2009	Additions	Collections and Credits	Uncollected Balance June 30, 2010
2009-2010	\$ -	\$ 151,680,787	\$ 149,601,173	\$ 2,079,614
2008-2009	1,907,324	55,818	1,403,380	559,762
2007-2008	357,626	1,909	103,408	256,127
2006-2007	252,681	1,110	30,602	223,189
2005-2006	247,149	946	163,044	85,051
2004-2005	213,154	765	134,970	78,949
2003-2004	208,956	671	147,170	62,457
2002-2003	252,662	666	150,385	102,943
2001-2002	238,220	638	133,475	105,383
2000 & Prior	1,243,289	2,455	1,184,109	61,635
Total	\$ 4,921,061	\$ 151,745,765	\$ 153,051,716	3,615,110
Less allowance for uncollectible ad valorem taxes receivable				(1,681,305)
Ad valorem taxes receivable, net				\$ 1,933,805
Reconciliation with Revenues:				
Taxes - Ad valorem - General Fund			\$ 151,593,812	
Reconciling items:				
Releases				274,622
Taxes written off				1,819,977
Interest Collected				(626,601)
Amounts collected 60 days after year-end - net				(10,094)
Total reconciling items				1,457,904
Total collections and credits			\$ 153,051,716	

BUNCOMBE COUNTY, NORTH CAROLINA

Analysis of Current Year County-Wide Tax Levy

FOR THE YEAR ENDED JUNE 30, 2010

	County Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Motor Vehicles	Registered Motor Vehicles
Original Levy					
County-Wide Ad Valorem	\$ 28,799,922,476	\$ 0.525	\$ 151,199,593	\$ 142,664,393	\$ 8,535,200
Penalties			258,306	258,306	-
Discoveries					
Taxes Levied	134,970,476	0.525	708,595	708,595	-
Penalties			6,354	6,354	-
Releases	<u>(93,725,987)</u>	0.525	<u>(492,061)</u>	<u>(290,668)</u>	<u>(201,393)</u>
Net Levy	<u>\$ 28,841,166,965</u>		151,680,787	143,346,980	8,333,807
Uncollected Taxes at 6/30/10			<u>2,079,614</u>	<u>1,486,340</u>	<u>593,274</u>
Current Year's Taxes Collected			<u>\$ 149,601,173</u>	<u>\$ 141,860,640</u>	<u>\$ 7,740,533</u>
Current Levy Collection %			<u>98.63%</u>	<u>98.96%</u>	<u>92.88%</u>

Secondary Market Disclosures:

Assessed Valuation

Assessment Ratio ⁽¹⁾	100.00%
Real Property	\$ 25,070,912,121
Personal Property	1,624,148,685
Public Service Companies ⁽²⁾	517,280,636
Registered Motor Vehicles	<u>1,628,825,523</u>
Total Assessed Valuation	<u>28,841,166,965</u>
Tax Rate per \$100	<u>0.525</u>
Levy (includes discoveries, releases and abatements) ⁽³⁾	<u>\$ 151,680,787</u>

In addition to the County-wide rate, the following table lists the levies by the County on behalf of school districts and fire protection districts for the fiscal year ended June 30:

School Districts	\$ 7,848,595
Fire Protection Districts	<u>14,523,274</u>
Total	<u>\$ 22,371,869</u>

⁽¹⁾ Percentage of appraised value has been established by statute.

⁽²⁾ Valuation of railroads, telephone companies, and other utilities as determined by the North Carolina Property Tax Commission.

⁽³⁾ The levy includes interest and penalties.

Statistical Section



BUNCOMBE COUNTY, NORTH CAROLINA

Statistical Section

This part of the Buncombe County comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

<i>Contents</i>	<i>Page</i>
Financial Trends	149
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	155
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	159
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information	164
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information	167
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

BUNCOMBE COUNTY, NORTH CAROLINA

Table 1

Net Assets by Component

LAST TEN FISCAL YEARS (accrual basis of accounting)

	2002	2003	2004	2005	2006	2007	2008	2009	2010
			Restated	Restated	Restated	Restated	Restated		
Governmental activities									
Invested in capital assets, net of related debt	\$ 33,065,394	\$ 37,926,986	\$ 42,902,340	\$ 31,930,850	\$ 48,744,203	\$ 62,717,518	\$ 65,887,137	\$ 63,004,798	\$ 67,968,901
Restricted	836,051	206,091	506,294	713,063	952,667	1,257,585	1,420,800	-	-
Unrestricted	(46,535,303)	(43,287,878)	(30,573,359)	(6,631,867)	(19,796,405)	(19,443,597)	(5,345,347)	4,261,288	5,778,818
Total governmental activities net assets	(12,633,858)	(5,154,801)	12,835,275	26,012,046	29,900,465	44,531,506	61,962,590	67,266,086	73,747,719
Business-type activities									
Invested in capital assets, net of related debt	17,201,445	17,062,735	17,470,314	32,273,305	27,482,628	28,635,180	30,527,905	34,010,820	32,649,006
Restricted	6,756,819	6,857,926	8,398,344	6,175,138	6,285,783	6,432,817	8,956,116	2,589,823	967,892
Unrestricted	3,559,791	3,475,207	1,175,882	4,357,011	8,218,157	8,758,604	7,124,472	11,105,747	11,184,675
Total business-type activities net assets	27,518,055	27,395,868	27,044,540	42,805,454	41,986,568	43,826,601	46,608,493	47,706,390	44,801,573
Primary government									
Invested in capital assets, net of related debt	50,266,839	54,989,721	60,372,654	64,204,155	76,226,831	91,352,698	96,415,042	97,015,618	100,617,907
Restricted	7,592,870	7,064,017	8,904,638	6,888,201	7,238,450	7,690,402	10,376,916	2,589,823	967,892
Unrestricted	(42,975,512)	(39,812,671)	(29,397,477)	(2,274,856)	(11,578,248)	(10,684,993)	1,779,125	15,367,035	16,963,493
Total primary government net assets	\$ 14,884,197	\$ 22,241,067	\$ 39,879,815	\$ 68,817,500	\$ 71,887,033	\$ 88,358,107	\$ 108,571,083	\$ 114,972,476	\$ 118,549,292

NOTE: Buncombe County began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002. Therefore, data is not available for fiscal year 2001.

NOTE: Restatements made are as follows: 1) 2009 prior period adjustment for \$4.1 million in interest for the construction of capital assets that were improperly capitalized during a five-year construction period beginning in fiscal year 2004; 2) 2006 prior period adjustment for the value of assets, net of accumulated depreciation, in a business-type activity that was originally overstated by \$1.9 million.

BUNCOMBE COUNTY, NORTH CAROLINA

Changes in Net Assets

Table 2

LAST TEN FISCAL YEARS (accrual basis of accounting)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
EXPENSES										
Governmental activities:										
General government	\$ 15,893,885	\$ 17,992,240	\$ 16,387,172	\$ 17,644,529	\$ 19,270,179	\$ 22,446,505	\$ 23,377,056	\$ 21,705,398	\$ 22,130,128	\$ 22,130,128
Public safety	37,090,297	40,687,839	47,182,012	52,134,950	54,066,643	58,198,788	68,034,705	69,377,438	71,520,365	71,520,365
Economic and physical development	3,992,760	9,017,323	9,834,487	12,131,158	19,334,791	14,735,580	18,585,531	26,226,700	13,804,636	13,804,636
Human services	65,137,567	64,608,667	66,519,726	72,979,844	77,967,312	81,513,029	90,053,452	83,310,485	85,121,982	85,121,982
Cultural and recreational	8,437,392	8,279,421	8,862,116	7,991,232	6,754,166	6,888,549	8,141,862	11,090,242	9,943,947	9,943,947
Education	78,973,677	61,168,150	62,018,004	61,817,647	79,316,200	91,854,360	75,896,726	73,179,775	78,379,830	78,379,830
Interest on long-term debt	6,794,663	6,252,005	6,386,008	5,971,834	7,231,178	7,811,367	7,335,758	7,245,388	7,694,610	7,694,610
Total governmental activities expenses	216,320,241	208,005,645	217,189,525	230,671,194	263,940,469	283,448,178	291,425,090	292,135,426	288,595,498	288,595,498
Business-type activities:										
Solid Waste Disposal	5,056,489	5,325,050	6,559,788	7,503,243	5,095,603	6,892,580	7,713,779	7,325,697	6,175,352	6,175,352
Parking Deck	-	-	-	-	-	-	887,004	927,467	1,346,567	1,346,567
Human Services Facilities	-	-	-	661,152	1,452,366	2,225,921	1,119,716	802,044	846,717	846,717
Mental Health	-	-	-	-	-	-	875,850	606,857	602,809	602,809
Criminal Justice Information System	-	-	-	-	-	-	-	1,632,594	1,638,266	1,638,266
Inmate Commissary/Welfare	197,746	357,891	372,609	444,596	458,792	539,509	524,398	559,422	602,509	602,509
County Golf Course	856,631	908,649	918,611	1,018,611	-	-	-	-	-	-
After School	1,917,732	1,972,993	2,040,738	1,888,679	1,832,833	377,990	-	-	-	-
Total business-type activities expenses	8,028,598	8,564,583	9,891,746	11,516,281	8,839,594	10,036,000	11,120,747	11,854,081	11,212,220	11,212,220
Total primary government expenses	224,348,839	216,570,228	227,081,271	242,187,475	272,780,063	293,484,178	302,545,837	303,989,507	299,807,718	299,807,718
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government	3,216,589	3,151,420	3,280,066	9,613,785	11,035,741	10,894,196	9,935,830	3,273,340	3,418,209	3,418,209
Public safety	7,254,394	6,178,432	6,527,193	6,576,600	7,942,899	7,463,106	7,954,598	8,384,722	7,178,633	7,178,633
Economic and physical development	213,356	316,372	266,494	5,468,710	6,327,138	7,287,329	7,593,812	6,695,973	6,485,727	6,485,727
Human services	8,652,818	8,737,788	9,784,088	7,967,861	9,021,899	7,889,380	9,010,072	7,582,007	6,166,294	6,166,294
Cultural and recreational	684,831	1,131,292	1,706,858	1,231,519	766,838	708,053	670,295	1,226,864	979,013	979,013
Education	-	-	-	-	-	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	32,866,046	35,530,761	34,826,905	42,876,425	49,467,438	44,184,934	47,768,083	49,093,100	52,733,279	52,733,279
Capital grants and contributions	17,537,734	12,868,292	17,775,859	14,513,290	16,433,237	16,873,111	17,577,647	17,489,205	14,962,018	14,962,018
Total governmental activities program revenues	70,425,768	67,914,357	74,167,463	88,248,190	100,995,190	95,300,109	100,510,337	93,745,211	91,923,173	91,923,173
Business-type activities:										
Charges for services:										
Solid Waste Disposal	\$ 5,533,545	\$ 5,392,359	\$ 6,393,638	\$ 6,152,947	\$ 6,660,231	\$ 6,707,965	\$ 7,185,473	\$ 6,598,240	\$ 6,514,503	\$ 6,514,503
Parking Deck	-	-	-	-	-	-	-	88,148	606,561	606,561

Continued on Next Page

	2002	2003	2004	2005	2006	2007	2008	2009	2010
Human Services Facilities	\$ -	\$ -	\$ -	\$ 638,173	\$ 927,145	\$ 891,501	\$ 841,291	\$ 617,530	\$ 483,191
Mental Health	-	-	-	-	-	-	-	-	-
Inmate/Commissary Welfare	337,386	358,886	358,226	366,530	431,502	421,928	388,505	468,406	476,295
Criminal Justice Information System	-	-	-	-	-	-	-	1,194,794	1,274,921
County Golf Course	886,096	775,098	761,137	751,349	-	-	-	-	-
After School	1,934,276	1,735,199	1,671,154	1,706,050	1,861,018	162,956	-	-	-
Operating grants and contributions	269,032	269,402	278,542	292,798	304,822	322,802	333,931	321,567	325,584
Capital grants and contributions	-	-	-	-	-	9,050	42,751	-	-
Total business-type activities program revenues	8,962,337	8,532,947	9,464,701	9,909,852	10,186,724	8,518,209	8,793,959	9,290,694	9,683,065
Total primary government program revenues	79,388,105	76,447,304	83,632,164	98,158,042	111,181,914	103,818,318	109,304,296	103,035,905	101,606,238

Net (expense) revenue	(145,894,473)	(140,091,288)	(143,022,062)	(142,423,004)	(161,816,540)	(188,148,069)	(189,874,345)	(198,390,215)	(196,672,325)
Governmental activities	933,739	(31,636)	(427,045)	(1,606,429)	1,347,130	(1,517,791)	(2,326,788)	(2,563,387)	(1,529,155)
Business-type activities	(144,960,734)	(140,122,924)	(143,449,107)	(144,029,433)	(160,469,410)	(189,665,860)	(192,201,133)	(200,953,602)	(198,201,480)

General Revenues and Other Changes in Net Assets

Governmental activities:									
Taxes: Property taxes	\$93,527,086	\$108,802,529	\$113,044,025	\$116,654,786	\$123,668,417	\$152,744,354	\$157,568,418	\$162,584,050	\$165,793,158
Taxes: Local Option Sales Tax	22,338,676	25,319,117	30,394,919	35,671,036	40,126,703	43,942,038	45,575,335	37,777,956	32,087,738
Other Taxes and Licenses	15,763,253	11,741,173	13,348,172	-	-	-	-	5,310,017	4,696,043
Investment earnings, unrestricted	2,087,614	1,099,292	760,068	1,964,791	4,123,375	6,252,713	5,417,960	2,513,403	664,878
Gain (Loss) on Sale of Capital Assets	438,310	(282,591)	-	-	-	-	-	-	-
Miscellaneous, unrestricted	461,792	899,778	1,138,580	950,733	1,369,340	1,245,957	1,142,629	1,445,354	1,242,530
Special Item: Transfer Assets for Water Agreement	-	-	-	-	(4,787,776)	-	-	-	-
Transfers	(4,269,988)	486,481	50,000	-	1,675,850	(2,000,000)	(3,040,115)	(2,881,638)	(1,621,145)
Total governmental activities	130,346,743	148,065,779	158,735,764	155,241,346	166,175,909	202,185,062	206,664,227	206,749,142	202,863,202

Business-type activities:

Investment earnings, unrestricted	475,674	202,933	136,342	307,773	703,774	1,360,115	2,079,570	781,655	171,999
Miscellaneous, unrestricted	-	-	-	-	-	-	-	-	-
Gain (Loss) on Sale of Capital Assets	-	195,000	-	-	-	-	-	-	-
Special Item: Transfer Assets for Water Agreement	-	-	-	-	(1,191,934)	-	-	-	-
Transfers	(157,597)	(486,481)	(50,000)	-	(1,675,850)	2,000,000	3,040,115	2,881,638	1,621,145
Total business-type activities	318,077	(88,548)	86,342	307,773	(2,164,010)	3,360,115	5,119,685	3,663,293	1,793,144
Total primary government	130,664,820	147,977,231	158,822,106	155,549,119	164,011,899	205,545,177	211,783,912	210,412,435	204,656,346

Change in Net Assets

Governmental activities	(15,547,730)	7,974,491	15,713,702	12,818,342	3,230,630	14,036,993	15,749,474	8,358,927	6,190,877
Business-type activities	1,249,814	(122,187)	(340,703)	(1,298,656)	(816,880)	1,842,324	2,792,897	1,099,906	263,989
Total primary government	\$ (14,297,916)	\$ 7,852,304	\$ 15,372,999	\$ 11,519,686	\$ 2,413,750	\$ 15,879,317	\$ 18,542,371	\$ 9,458,833	\$ 6,454,866

NOTE: Buncombe County began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002. Therefore, data is not available for fiscal year 2000.

NOTE: In fiscal year 2005, mental health reform caused certain assets used by mental health agencies to revert to the County.

NOTE: After dissolution of a 1981 Water Agreement between the City and County, in 2005 the County returned McCormick Field, the Golf Course, and some other recreational facilities that had been owned by the City prior to 1981.

NOTE: Restatements were made for a 2009 prior period adjustment of \$4.1 million in interest for the construction of capital assets that were improperly capitalized during a five-year construction period: beginning in fiscal year 2004.

BUNCOMBE COUNTY, NORTH CAROLINA
Fund Balances of Governmental Funds

Table 3

LAST TEN FISCAL YEARS (modified accrual basis of accounting)

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund										
Reserved	\$ 13,797,931	\$ 13,195,643	\$ 17,327,685	\$ 15,257,237	\$ 15,995,465	\$ 16,626,892	\$ 19,381,124	\$ 21,418,705	\$ 17,727,539	\$ 19,549,574
Unreserved	25,805,141	24,153,451	26,552,475	34,033,114	39,239,257	45,402,398	47,834,281	46,578,265	52,275,357	50,940,052
Total General Fund	39,603,072	37,349,094	43,880,160	49,290,351	55,234,722	62,029,290	67,215,405	67,996,970	70,002,896	70,489,626
All other governmental funds										
Reserved	2,912,364	4,776,671	1,636,277	2,299,891	5,952,553	7,965,982	9,843,864	7,765,517	6,626,512	6,528,068
Unreserved, reported in:										
Special revenue funds	998,409	269,114	107,867	(334,853)	2,234,023	(8,150)	689,209	(243,876)	6,425,227	6,750,134
Capital projects funds	39,621,912	14,943,238	22,819,414	30,900,955	43,128,348	66,231,654	43,728,583	46,217,136	47,353,099	74,766,762
Total all other governmental funds	\$ 43,532,685	\$ 19,989,023	\$ 24,563,558	\$ 32,865,993	\$ 51,314,924	\$ 74,189,486	\$ 54,261,656	\$ 53,738,777	\$ 60,404,838	\$ 88,044,964

BUNCOMBE COUNTY, NORTH CAROLINA
Changes in Fund Balances of Governmental Funds

Table 4

LAST TEN FISCAL YEARS (modified accrual basis of accounting)

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
REVENUES										
Ad valorem taxes	\$ 91,187,640	\$ 94,262,914	\$ 109,065,659	\$ 113,385,273	\$ 116,769,925	\$ 123,668,417	\$ 152,078,684	\$ 157,250,530	\$ 161,629,983	\$ 166,260,818
Local option sales taxes	22,742,802	22,338,676	25,319,117	30,394,919	35,600,392	40,156,650	43,942,038	45,575,335	37,777,956	32,087,738
Other taxes and licenses	8,916,489	10,646,340	11,741,173	13,348,172	10,779,994	13,714,547	14,836,023	13,514,180	10,881,071	10,692,333
Unrestricted intergovernmental	6,745,851	4,745,435	560,341	571,433	592,389	600,307	616,097	634,260	689,376	263,502
Restricted intergovernmental	52,004,914	53,248,557	49,521,780	55,150,257	57,229,404	66,406,034	61,630,950	63,460,263	67,106,567	68,165,026
Permits and fees	1,422,797	1,481,805	1,465,868	1,533,037	1,817,537	2,284,153	1,808,826	1,685,014	2,729,721	2,318,479
Sales and services	14,172,661	15,359,599	15,644,420	16,599,527	17,272,430	17,974,886	16,471,205	18,794,523	17,648,493	15,179,874
Investment earnings	5,096,954	2,247,303	1,070,561	811,830	1,844,176	3,923,644	5,904,810	5,524,232	2,769,835	727,479
Miscellaneous	3,279,948	1,280,433	1,620,724	1,451,189	1,362,578	1,376,089	1,245,957	1,142,629	1,445,354	1,242,530
Total revenues	205,570,056	205,611,062	216,009,643	233,245,637	243,268,825	270,104,727	298,534,590	307,580,966	302,678,356	296,937,779
EXPENDITURES										
Current:										
General government	13,938,818	15,224,828	18,378,252	14,240,645	16,596,198	17,941,931	19,067,585	21,306,889	20,039,754	20,191,172
Public safety	34,109,664	35,031,591	38,413,412	47,803,267	48,413,590	50,254,619	55,977,572	64,778,242	64,511,855	65,391,557
Economic and physical development	3,567,122	3,637,987	4,391,217	9,839,009	12,151,298	19,278,134	14,638,280	16,737,657	13,764,192	11,503,725
Human services	64,217,861	65,095,404	64,220,403	67,701,366	74,176,691	76,977,176	80,825,821	87,205,196	80,454,900	80,291,532
**Environmental protector	60,000	-	-	-	-	-	-	-	-	-
Cultural and recreational	7,658,753	7,763,952	7,421,103	8,052,872	7,139,629	5,521,542	5,921,511	7,304,597	9,752,430	8,446,969
Intergovernmental										
Education	46,348,438	47,032,182	48,356,755	51,152,665	54,207,778	56,393,255	61,556,450	66,171,518	70,618,376	69,587,924
Capital outlay	26,722,822	38,924,222	20,116,601	20,038,349	17,546,029	38,148,616	46,124,292	27,640,050	20,918,808	36,321,329
Debt service										
Principal	13,581,338	12,397,798	23,527,919	16,757,995	15,426,168	24,247,761	17,539,683	17,278,409	16,842,942	17,652,009
Interest and fees	7,227,411	6,691,395	6,519,620	6,032,427	6,304,258	6,991,875	8,285,284	7,603,639	7,620,072	8,541,195
Total expenditures	217,432,227	231,799,359	231,345,282	241,618,595	251,961,639	295,754,909	309,936,478	316,026,197	304,523,329	317,927,412
Excess of revenues over (under) expenditures	(11,862,171)	(26,188,297)	(15,335,639)	(8,372,958)	(8,692,814)	(25,650,182)	(11,401,888)	(8,445,231)	(1,844,973)	(20,989,633)

Continued on Next Page

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
OTHER FINANCING SOURCES (USES)										
Transfers from other funds	\$ 11,014,503	\$ 10,610,361	\$ 2,751,073	\$ 4,029,194	\$ 6,838,769	\$ 10,430,533	\$ 21,116,870	\$ 21,336,193	\$ 10,512,565	\$ 13,639,629
Transfers to other funds	(11,995,630)	(11,752,244)	(2,264,592)	(5,090,611)	(6,838,769)	(9,915,533)	(24,917,191)	(26,695,515)	(12,925,599)	(16,260,774)
Transfers to component units	(3,000,925)	(4,427,585)	(4,625,074)	-	-	-	-	-	-	-
Proceeds from general obligation bonds issued	33,950,920	-	29,807,858	-	5,878,503	51,985,000	-	-	-	30,850,000
Premium (discount) on bonds	-	-	-	-	-	2,223,983	-	-	(160,449)	463,270
Proceeds from installment obligations issued	2,350,000	5,165,500	1,498,733	20,727,018	25,333,944	-	-	13,455,000	-	26,705,000
Premium (discount) on installment obligation	-	-	-	-	-	-	-	(9,565)	-	998,136
Advance refunding bonds issued	12,488,031	-	-	-	12,532,470	-	-	-	-	17,115,000
Project development bonds issued	-	-	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	(12,428,529)	-	-	-	12,960,000	-
Transfer of assets-dissolution of water agreement	(11,570,000)	-	-	-	-	-	-	-	-	(24,544,763)
Sale of capital assets	-	794,625	108,637	71,022	1,779,728	(60,542)	447,341	20,107	131,219	105,720
Total other financing sources (uses)	33,236,899	390,657	27,276,635	19,736,623	33,096,116	55,319,312	(3,352,980)	8,106,220	10,517,736	49,071,218
Net change in fund balances	\$ 21,374,728	\$ (25,797,640)	\$ 11,940,996	\$ 11,363,665	\$ 24,403,302	\$ 29,669,130	\$ (14,754,868)	\$ (339,011)	\$ 8,672,763	\$ 28,081,585

Debt services as a percentage of noncapital expenditures	*N/A	8.50%	13.48%	9.91%	9.02%	11.16%	12.24%	12.23%	12.62%	13.44%
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* Capital asset information not available for 2000 and 2001 due to implementation of GASB34

** Environmental Protection was made up of Air Pollution (which became a component unit in FY99) and Quality Forward (which became a separate non-profit agency in fiscal year 1999).

BUNCOMBE COUNTY, NORTH CAROLINA

Table 5

Assessed Value of Taxable Property

LAST TEN FISCAL YEARS (amounts expressed in thousands)

Fiscal Year Ended June 30	Real Property			Use Value Farm	Historical Property	Personal Property		Less: Tax Exempt Real Property*	Public Service Assessed Value		Total Taxable Assessed Value	Total Direct Tax Rate
	Residential Property	Commercial Property	Other			Motor Vehicles	Other		Assessed Value	Assessed Value		
2001	7,508,503	2,430,102	1,385,734	424,991	24,149	1,469,333	1,385,734	307,854	484,544	13,419,502	0.630	
2002	7,762,200	2,523,491	1,440,043	456,916	24,379	1,402,305	1,440,043	312,476	481,054	13,777,912	0.630	
2003	10,134,161	3,279,197	1,406,688	653,644	45,311	1,658,507	1,406,688	571,942	489,587	17,095,153	0.590	
2004	10,565,996	3,370,995	1,395,033	636,865	49,132	1,560,515	1,395,033	575,165	493,131	17,496,502	0.590	
2005	11,028,890	3,449,048	1,364,134	642,673	50,146	1,556,247	1,364,134	545,208	488,950	18,034,880	0.590	
2006	11,615,744	3,543,490	1,409,297	626,159	55,296	1,830,013	1,409,297	512,096	537,650	19,105,553	0.590	
2007	16,832,000	5,274,306	1,502,617	1,155,382	104,262	1,776,699	1,502,617	1,082,515	618,348	26,181,099	0.530	
2008	17,869,706	5,242,939	1,562,113	1,049,024	93,601	1,857,391	1,562,113	1,036,856	620,602	27,258,520	0.525	
2009	18,814,352	5,319,589	1,635,196	1,054,015	94,003	1,687,764	1,635,196	1,043,461	524,793	28,086,251	0.525	
2010	19,278,789	5,608,552	1,627,503	1,209,375	96,685	1,628,826	1,627,503	1,125,844	517,281	28,841,167	0.525	

SOURCE: Buncombe County Tax Department

NOTE: Tax exempt real property includes: elderly exclusion, use value deferred, and classified historic exempt property.

NOTE: Property in the county is reassessed every four years. The county assesses property at approximately 100 percent of actual value. Tax rates are per \$100 of assessed value.

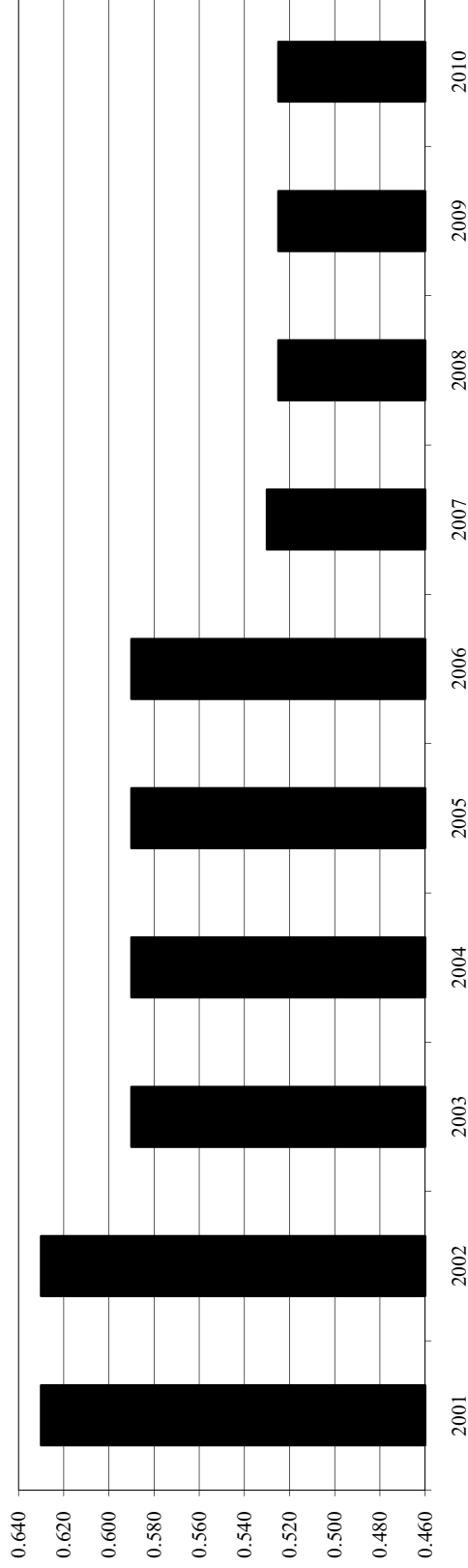
BUNCOMBE COUNTY, NORTH CAROLINA

Table 6

Property Tax Rates-Direct And All Overlapping Governments

LAST TEN FISCAL YEARS (per \$100 of assessed value)

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
County of Buncombe	0.630	0.630	0.590	0.590	0.590	0.590	0.530	0.525	0.525	0.525
City of Asheville	0.560	0.560	0.530	0.530	0.530	0.530	0.424	0.420	0.420	0.420
Town of Biltmore Forest	0.360	0.360	0.360	0.360	0.360	0.360	0.295	0.295	0.300	0.300
Town of Weaverville	0.430	0.430	0.430	0.430	0.430	0.430	0.430	0.380	0.365	0.355
Town of Black Mountain	0.385	0.385	0.385	0.385	0.385	0.385	0.320	0.320	0.320	0.320
Town of Woodfin	0.400	0.400	0.325	0.285	0.285	0.285	0.265	0.265	0.265	0.265
Town of Montreat	0.450	0.450	0.310	0.350	0.370	0.370	0.370	0.370	0.370	0.370
Asheville School District	0.200	0.200	0.200	0.200	0.200	0.200	0.150	0.150	0.150	0.150
Fire Districts	0.060-0.150	0.060-0.150	0.075-0.150	0.075-0.150	0.075-0.150	0.075-0.150	0.075-0.125	0.075-0.125	0.075-0.150	0.075-0.150
Maximum Combined Rate	1.390	1.390	1.320	1.320	1.320	1.320	1.104	1.095	1.095	1.095



NOTE: Property was revalued and effective in fiscal years 2003 and 2007.

BUNCOMBE COUNTY, NORTH CAROLINA

Table 7

Principal Property Taxpayers

DECEMBER 31, 2009

Taxpayer	2010			2001		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Progress Energy Carolinas	\$ 299,025,926	1	1.04%	\$ 231,289,297	1	1.72%
Ingles Markets Inc	189,762,544	2	0.66%	116,675,360	2	0.87%
The Cliffs at Walnut Cove LLC	135,844,200	3	0.47%			
Arvato Digital Services (Sonopress)	109,242,880	4	0.38%	77,611,140	4	0.58%
Town Square West LLC	106,661,700	5	0.37%			
Jack Tar Hotels (Grove Park)	102,511,800	6	0.36%	71,682,110	5	0.53%
Biltmore Company	96,333,481	7	0.33%	69,110,050	7	0.51%
Bellsouth Telephone Company	86,012,740	8	0.30%	114,885,092	3	0.86%
Asheville LLC	78,472,240	9	0.27%	47,077,270	9	0.35%
Southeastern Container	73,941,910	10	0.26%	71,453,051	6	
BASF Corporation				63,044,280	8	0.47%
Biltmore Square				32,984,420	10	0.25%
Totals	\$ 1,277,809,421		4.43%	\$ 895,812,070		6.68%
Total Overall Valuation	\$28,841,167,000			\$13,419,502,000		

SOURCE: Buncombe County Tax Department

Table 8

BUNCOMBE COUNTY, NORTH CAROLINA
Property Tax Levies and Collections

LAST TEN FISCAL YEARS (amounts expressed in thousands)

Calendar Year Ended December 31	Total Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage		Amount	Percentage of Levy
2001	84,431	82,950	98.2%	1,146	84,096	99.60%
2002	87,481	85,903	98.2%	1,160	87,063	99.52%
2003	100,861	99,107	98.3%	1,304	100,411	99.55%
2004	103,437	102,079	98.7%	1,515	103,594	100.15%
2005	106,606	105,418	98.9%	1,211	106,629	100.02%
2006	112,954	111,707	98.9%	999	112,706	99.78%
2007	139,015	137,837	99.2%	983	138,820	99.86%
2008	143,256	142,008	99.1%	1,039	143,047	99.85%
2009	147,652	145,745	98.7%	1,077	146,822	99.44%
2010	151,681	149,601	98.6%	1,516	151,117	99.63%

SOURCE: Buncombe County Tax Department

NOTE: Property was revalued and effective in fiscal years 2003 and 2007.

BUNCOMBE COUNTY, NORTH CAROLINA

Table 9

Ratio of Outstanding Debt by Type

LAST TEN FISCAL YEARS (amounts expressed in thousands, except per capita amount)

Fiscal Year	Governmental Activities				Business-type Activities				Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	General Obligation Bonds	Installment Notes	Project Development Financing Bonds	Special Obligation Bonds	Installment Notes	Special Obligation Bonds	Installment Notes	Government			
2001	109,260	37,997	-	10,835	-	-	-	158,092	2.81%	767	
2002	102,745	37,281	-	10,063	-	-	-	150,089	2.65%	708	
2003	115,105	32,758	-	9,312	474	-	474	157,649	2.77%	733	
2004	106,350	45,482	-	8,560	384	-	384	160,776	2.60%	744	
2005	103,984	64,264	-	7,730	291	-	291	176,269	2.68%	809	
2006	94,641	103,461	-	14,987	196	-	196	213,285	3.02%	969	
2007	85,565	94,639	-	13,212	99	-	99	193,515	2.56%	863	
2008	76,541	99,506	-	11,375	14,982	-	14,982	202,404	2.52%	884	
2009	67,919	90,980	12,803	9,494	14,410	-	14,410	195,606	N/A	832	
2010	65,470	127,153	12,803	7,536	13,825	-	13,825	226,787	N/A	N/A	

NOTE: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

¹See the Schedule of Demographic and Economic Statistics on page 164 for personal income and population data.

BUNCOMBE COUNTY, NORTH CAROLINA
Ratios of General Bonded Debt Outstanding

Table 10

LAST TEN FISCAL YEARS (amounts expressed in thousands, except per capita amount)

Fiscal Year	General Obligation Bonds	Percentage of Estimated Actual Taxable Value ¹ of Property	Per Capita ²
2001	109,260	0.81%	530
2002	102,745	0.75%	485
2003	115,105	0.67%	535
2004	106,350	0.61%	492
2005	103,984	0.58%	477
2006	94,642	0.50%	430
2007	85,565	0.33%	382
2008	76,541	0.28%	334
2009	67,919	0.24%	289
2010	65,470	0.23%	N/A

NOTE: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

¹See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 155 for property value data.

²Population data can be found in the Schedule of Demographic and Economic Statistics on page 164.

BUNCOMBE COUNTY, NORTH CAROLINA
Direct and Overlapping Governmental Activities Debt

Table 11

AS OF JUNE 30, 2010 (amounts expressed in thousands)

Government Unit	Debt Outstanding	Percentage Applicable to County (1)	Estimated share of Direct and Overlapping debt (2)
Net general obligation bonded debt			
City of Asheville	\$ 2,650,000	100%	\$ 2,650,000
Town of Black Mountain	-	100%	-
Town of Montreat	296,000	100%	296,000
Town of Weaverville	3,175,000	100%	3,175,000
Metropolitan Sewerage District	809,000	100%	809,000
Installment debt			
City of Asheville	13,990,287	100%	13,990,287
Town of Biltmore Forest	3,323,605	100%	3,323,605
Town of Black Mountain	2,897,225	100%	2,897,225
Town of Montreat	-	100%	-
Town of Weaverville	3,264,781	100%	3,264,781
Town of Woodfin	-	100%	-
Metropolitan Sewerage District	-	100%	-
Revenue bonds			
City of Asheville	83,875,000	100%	83,875,000
Metropolitan Sewerage District	134,640,000	100%	134,640,000
Revolving loans			
City of Asheville	1,050,000	100%	1,050,000
Subtotal, overlapping debt			
			249,970,897
County direct debt			
		100%	192,623,459
Total direct and overlapping debt			
			\$ 442,594,356

(1) The percentage of overlap is based on assessed property values.

(2) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the County of Buncombe.

BUNCOMBE COUNTY, NORTH CAROLINA

Table 12

Legal Debt Margin

LAST TEN FISCAL YEARS (amounts expressed in thousands)

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt limit	\$ 1,073,560	\$ 1,102,233	\$ 1,367,612	\$ 1,399,720	\$ 1,442,790	\$ 1,528,444	\$ 2,094,488	\$ 2,180,682	\$ 2,246,900	\$ 2,307,293
Total net debt applicable to limit	147,257	140,026	148,337	151,832	168,109	210,082	177,555	191,030	173,379	192,623
Legal debt margin	\$ 926,303	\$ 962,207	\$ 1,219,275	\$ 1,247,888	\$ 1,274,681	\$ 1,318,362	\$ 1,916,933	\$ 1,989,652	\$ 2,073,521	\$ 2,114,670
Total net debt applicable to the limit as a percentage of debt limit	13.72%	12.70%	10.85%	10.85%	11.65%	13.74%	8.48%	8.76%	7.72%	8.35%

Legal Debt Margin Calculation for Fiscal Year 2010

Assessed value of taxable property	\$ 28,841,167
Debt Limit - Eight Percent (8%) of assessed value	2,307,293
Gross Debt:	
Total Bonded Debt	65,470
Authorized and Unissued Bonds	915
Installment Purchase Agreements	127,153
Gross Debt	193,538
Less: Authorized and unissued bonds	915
Total amount of debt applicable to debt limit (net debt)	192,623
Legal debt margin	\$ 2,114,670

NOTE: Under state finance law, Buncombe County's outstanding general obligation debt should not exceed 8 percent of total assessed property value.

BUNCOMBE COUNTY, NORTH CAROLINA

Table 13

Special Obligation Bonds Revenue Coverage

LAST TEN FISCAL YEARS

Fiscal Year	Solid Waste System Revenues		Available Revenues	Operating Expenses	Net Solid Waste System Revenues		Total Available Revenue	Debt Service			Debt Service Coverage	
	Revenues	Revenues			Revenues	Revenues		Principal	Interest	From Net Solid Waste System Revenues	From Available Revenues	
2001	6,595,473	12,890,337	3,664,069	2,931,404	9,226,268	750,000	530,495	2.29	2.29	7.21	7.21	
2002	6,139,932	12,544,391	3,780,628	2,359,304	8,763,763	725,000	560,815	1.83	1.83	6.82	6.82	
2003	5,800,002	13,623,059	4,254,532	1,545,470	9,368,527	755,000	525,990	1.21	1.21	7.31	7.31	
2004	6,672,180	14,462,002	4,397,655	2,274,525	10,064,347	795,000	489,230	1.77	1.77	7.84	7.84	
2005	6,445,745	15,068,125	4,807,694	1,638,051	10,260,431	830,000	450,000	1.28	1.28	8.02	8.02	
2006	6,531,355	16,386,508	4,362,747	2,168,608	12,023,761	1,454,250	521,354	1.10	1.10	6.09	6.09	
2007	7,030,768	15,384,448	3,394,335	3,636,433	11,990,113	1,755,000	526,175	1.59	1.59	5.26	5.26	
2008	7,519,404	16,619,311	4,563,241	2,956,163	12,056,070	1,820,000	437,224	1.31	1.31	5.34	5.34	
2009	7,174,398	17,401,396	4,800,446	2,373,952	12,600,950	1,865,000	412,636	1.04	1.04	5.53	5.53	
2010	6,920,942	15,626,595	3,734,832	3,186,110	11,891,763	1,945,000	348,144	1.39	1.39	5.19	5.19	

NOTE: Operating Expenses excludes depreciation. Debt Service includes actual debt service for 2005 Bonds.

BUNCOMBE COUNTY, NORTH CAROLINA

Table 14

Demographic and Economic Statistics

LAST TEN FISCAL YEARS

Fiscal Year	Population*	Personal Income (amounts expressed in thousands)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2001	206,000	5,629,127	27,007	39.0	28,549	2.6
2002	212,000	5,671,946	26,929	38.0	28,159	4.6
2003	215,000	5,698,286	26,738	39.0	28,380	4.0
2004	216,000	6,195,268	28,711	40.0	28,649	3.4
2005	218,000	6,571,239	30,060	40.0	28,766	4.6
2006	220,159	7,063,622	31,743	39.6	29,211	4.0
2007	224,267	7,549,711	33,347	39.8	28,900	4.0
2008	228,909	8,020,952	34,969	41.0	28,894	4.9
2009	235,123	N/A	N/A	40.6	29,346	9.0
2010	N/A	N/A	N/A	N/A	28,979	8.3

NOTE: Population and median age information are based on surveys conducted during the last quarter of the calendar year. Personal income information is a total for the year. Unemployment rate information is as of the month ending June. School enrollment is based on the census at the start of the school year.

*Population: Chamber, rounded to the nearest thousand

BUNCOMBE COUNTY, NORTH CAROLINA

Table 15

Principal Employers

CURRENT YEAR AND NINE YEARS AGO

MANUFACTURING	2010			2001		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Eaton Corporation - Electrical Division	1,010	1	0.91%			
Borgwarner Turbo & Emissions Systems	834	2	0.75%	475	8	0.46%
Arvato Digital Services	650	3	0.59%			
Thermo Fisher Scientific, Inc.	550	4	0.50%			
Kearfott Guidance & Navigation Corp.	420	5	0.38%	425	10	0.41%
Day International, Inc.	380	6	0.34%	450	9	0.43%
Unison Engine Components	325	7	0.29%			
Milkco, Inc.	270	9	0.24%			
Medical Action Industries Inc	250	10	0.23%			
Biltmore Estate Winery	235	10	0.21%			
Sonopress, Inc.				830	1	0.80%
Pillowtex Corporation/Blanket Division				560	6	0.54%
Square D Company				585	3	0.56%
Cutler Hammer				700	2	0.67%
Charles D Owen Mfg. Co., Inc.				580	4	0.56%
Cooper Industries - Bussman Division				575	5	0.55%
Revco Technologies				525	7	0.51%
Total	4,924		4.46%	5,705		5.49%

Continued on Next Page

NON-MANUFACTURING

Employer	2010			2001		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Mission Health System and Hospital	6,994	1	6.33%	5,125	1	4.93%
Buncombe County Public Schools	4,000	2	3.62%	3,650	2	3.51%
Buncombe County Government	1,673	3	1.51%	1,835	3	1.77%
The Biltmore Company	1,583	4	1.43%	900	8	0.87%
VA Medical Center - Asheville	1,139	5	1.03%	991	6	0.95%
Ingles Markets, Inc.	1,137	6	1.03%	900	7	0.87%
The Grove Park Inn Resort & Spa	1,100	7	1.00%	891	9	0.86%
City of Asheville	1,000	8	0.91%	1,237	4	1.19%
CarePartners	917	9	0.83%	1,200	5	1.16%
Asheville City Schools	728	10	0.66%	722	10	0.70%
Total	20,271		18.35%	17,451		16.80%

* Labor Force Estimate for 2010 = 110,464, per NC Employment Security Commission
 Labor Force Estimate for 2001 = 103,860, per NC Employment Security Commission

SOURCE: Asheville Chamber of Commerce

NOTE: Many of the top employers for manufacturing have changed in the past 10 years. Therefore, many companies that were top employers in 2001 are not in business in 2010 and many companies that are top employers in 2010 were not here in 2001.

BUNCOMBE COUNTY, NORTH CAROLINA

Table 16

Summary of Permanent Positions by Service Area

TEN FISCAL YEARS

General Fund Function	Number of Permanent Positions by Function									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government	185	182	179	172	173	-	-	-	-	-
Public Safety	504	514	555	565	557	-	-	-	-	-
Human Services	702	699	688	687	625	-	-	-	-	-
Economic & Physical Development	23	23	28	29	28	-	-	-	-	-
Culture and Recreation	103	81	80	84	132	-	-	-	-	-
Total	1,517	1,499	1,530	1,537	1,515	-	-	-	-	-

General Fund	Number of Permanent Positions by Fund									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund	1,517	1,499	1,530	1,537	1,515	-	-	-	-	-
Special Revenue Funds	26	34	32	31	27	-	-	-	-	-
Enterprise Funds	79	59	36	46	48	-	-	-	-	-
Internal Service Fund	3	3	3	3	1	-	-	-	-	-
Total	1,625	1,595	1,601	1,617	1,591	-	-	-	-	-

SOURCE: Buncombe County Budget Office

NOTE: The County began counting employees as the number of permanent positions instead of full-time equivalents with FY2006. Therefore, previous years' data is not included since the figures would not be comparable.

BUNCOMBE COUNTY, NORTH CAROLINA

Table 17

Operating Indicators by Function

LAST TEN FISCAL YEARS

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
GENERAL GOVERNMENT										
Number of Employment Applications Processed	N/A	N/A	4,271*	4,679*	5,750*	5,755*	6,031*	6,521*	5,496*	4,656 YTD
Percentage of Registered Voters Participating in General Election	31.9%	48.0%	25.7%	69.0%	23.6%	49.2%	22.1%	71.0%	19.6%	N/A
PUBLIC SAFETY										
Number of Inmates Processed	12,005*	12,598*	12,365*	13,636*	14,260*	13,758*	16,797*	16,658*	15,975*	14,713
Number of Building Permits Issued	1,886*	2,600*	2,438*	2,487*	2,834*	2,819*	2,499*	1,791*	1,443*	966 YTD
Number of Emergency Calls Dispatched	N/A	N/A	N/A	68,842*	70,346*	62,289*	55,434*	50,110*	64,395*	46,984 YTD
HUMAN SERVICES										
Number of Food & Lodging Sites Inspected	N/A	N/A	4,518*	3,899*	3,528*	3,871*	4,427*	6,301*	4,366*	2,739 YTD
Percentage of Children Reunited with Family after Foster Care	N/A	N/A	N/A	26%	34%	33%	18%	31%	36%	26%
ECONOMIC AND PHYSICAL DEVELOPMENT										
Number of Subdivision Plan Reviews	216	311	484	459	559	657	712	896	593	454
CULTURAL AND RECREATION										
Library Book Circulation	1,380,966	1,470,243	1,327,399	1,403,777	1,511,189	1,471,860	1,496,169	1,566,680	1,666,464	1,689,996
Number of Visitors to Swimming Pools	N/A	N/A	N/A	81,336	64,116	N/A	78,000	84,066	73,751	66,470
EDUCATION										
Dollars Spent Per Pupil	\$ 1,472	\$ 1,505	\$ 1,497	\$ 1,571	\$ 1,648	\$ 1,708	\$ 1,898	\$ 2,007	\$ 2,139	\$ 2,150
ENTERPRISE FUND - LANDFILL										
Tons of Waste Received	133,816	155,371	160,862	170,170	173,774	122,034	184,742	206,744	164,424	130,683
Tons of Waste Recycled	18,760	25,585	27,108	25,748	29,755	32,544	38,566	41,608	44,750	37,583

SOURCE: Various Buncombe County Government Departments.

* Calendar year data

NOTE: There is not 10 years of data for all of the indicators. The maximum number of data years available is presented here.

BUNCOMBE COUNTY, NORTH CAROLINA
Capital Asset Statistics by Function

Table 18

LAST TEN FISCAL YEARS

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
PUBLIC SAFETY										
Sheriff's Office										
Stations	1	2	2	2	2	2	2	2	2	2
Patrol Vehicles	55	54	54	50	50	66	71	83	77	70
CULTURAL AND RECREATION										
Parks acreage	297	1,058	1,058	1,058	1,058	235	235	239	556	654
Parks	28	31	31	31	31	23	10	16	16	16
Swimming pools	6	6	7	7	7	6	6	6	6	6
Ball fields and courts	92	76	76	76	75	3	16	23	24	34
Libraries	10	12	12	12	12	12	12	12	12	12
Golf courses	1	1	1	1	1	-	-	-	-	-

SOURCE: Various County Departments

NOTE: The figures for Parks and for Ball Fields/Courts changed from 2006 and 2007. The soccer fields were originally classified as parks but was reclassified as Ball Fields/Courts in 2007. Additional acreage in 2010 was due to including playgrounds and trails in the calculation.

NOTE: The format by which Parks and Recreation data was collected changed between fiscal year 2001 and 2002, which explains the drastic change in the number of parks acreage, parks, and ball fields and courts. In 2009, Lake Julian Park acreage was included.

NOTE: The decrease for the Parks and Recreation assets between fiscal year 2005 and 2006 is explained by the dissolution of the Water Agreement. In 1981, the Water Agreement created a Regional Water Authority between the City of Asheville, Buncombe County, and, in the mid-1990's, Henderson County. One part of the agreement called for Buncombe County to take over McCormick Field, the Golf Course, and some other recreational facilities that had been run by the City of Asheville. The City of Asheville dissolved the agreement at the end of fiscal year 2005 and the mentioned recreational assets reverted back to the City of Asheville.



Compliance Report



Gould Killian CPA Group, P.A.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards

To the Board of County Commissioners
Buncombe County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregated remaining fund information of Buncombe County, North Carolina as of and for the year ended June 30, 2010, which collectively comprises Buncombe County's basic financial statements, and have issued our report thereon dated November 1, 2010. We did not audit the financial statements of the Asheville Area Regional Airport Authority. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Asheville Area Regional Airport Authority is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Buncombe County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of Buncombe County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies in internal control over financial reporting. We consider the deficiency noted as 10-1 described in the accompanying schedule of findings and responses to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Buncombe County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

Board of Commissioners

Page Two

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. We noted certain matters that we reported to management of Buncombe County in a separate letter dated November 1, 2010.

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, members of the Board of Commissioners, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Donald Killian CPA Group, P.A.

Asheville, North Carolina
November 1, 2010

Gould Killian CPA Group, P.A.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

Report On Compliance With Requirements Applicable To Each Major Federal Program And Internal Control Over Compliance In Accordance With OMB Circular A-133 And The State Single Audit Implementation Act

To the Board of Commissioners
Buncombe County, North Carolina

Compliance

We have audited Buncombe County, North Carolina, compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Buncombe County's major federal programs for the year ended June 30, 2010. Buncombe County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Buncombe County's management. Our responsibility is to express an opinion on Buncombe County's compliance based on our audit.

Buncombe County's financial statements include the operations of the Asheville Regional Airport Authority, which received \$8,338,224 in federal awards which is not included in the accompanying schedule of expenditures of federal and state awards for the year ended June 30, 2010. Our audit, described below, did not include operations of the Asheville Regional Airport Authority because the Authority engaged other auditors to perform an audit in accordance with OMB Circular A-133.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Buncombe County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Buncombe County's compliance with those requirements.

In our opinion, Buncombe County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of Buncombe County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Buncombe County's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information of the audit committee, management, members of the Board of Commissioners, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Donald Killian CPA Group, P.A.

Asheville, North Carolina
November 1, 2010

Gould Killian CPA Group, P.A.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

Report On Compliance With Requirements Applicable To Each Major State Program And Internal Control Over Compliance In Accordance With Applicable Sections of OMB Circular A-133 and the State Single Audit Implementation Act

To the Board of Commissioners
Buncombe County, North Carolina

Compliance

We have audited Buncombe County, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of its major State programs for the year ended June 30, 2010. Buncombe County's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of Buncombe County's management. Our responsibility is to express an opinion on Buncombe County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of OMB Circular A-133, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about Buncombe County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Buncombe County's compliance with those requirements.

In our opinion, Buncombe County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of Buncombe County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered Buncombe County's internal control over compliance with the requirements that could have a direct and material effect on a major State program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Board of Commissioners
Page Two

This report is intended solely for the information and use of the audit committee, management, members of the Board of Commissioners, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Donald Killian CPA Group, P.A.

Asheville, North Carolina
November 1, 2010

BUNCOMBE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2010

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ___yes X no
- Significant Deficiency(s) identified that are not considered to be material weaknesses ___X yes ___none reported

Noncompliance material to financial statements noted ___yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ___yes X no
- Significant Deficiency(s) identified that are not considered to be material weaknesses? ___yes X none reported

Type of auditor's report issued on compliance for major federal programs: Unqualified.

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133 ___yes X no

Major federal programs for Buncombe County for the fiscal year ended June 30, 2010 are:

<u>Program Name</u>	<u>CFDA #</u>
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.557
Workforce Investment Act Cluster	17.258, 17.259, 17.260, 17.266
TANF/Work First Program	93.558, 93.714
Foster Care and Adoption Cluster	93.658, 93.659
Child Care & Development Fund	93.558, 93.575, 93.596, 93.667
Title XIX Medicaid	93.778
ARRA Immunizations	93.712

The threshold for determining Federal Type A programs for Buncombe County is \$3,000,000.

Buncombe County does qualify as a low risk auditee under Section .530 of Circular No. A-133.

BUNCOMBE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2010

State Awards

Internal control over major State programs:

- Material weakness(es) identified? ___yes X no

- Significant Deficiency(s) identified
that are not considered to be
material weaknesses ___yes X none reported

Type of auditor's report issued on compliance for major State programs: Unqualified

Any audit findings disclosed that are required
to be reported in accordance with the State
Single Audit Implementation Act ___yes X no

Major State programs (over \$300,000) for Buncombe County for the fiscal year ended June 30, 2010 are:

Program Name

Title XIX Medicaid
Foster Care and Adoption
Subsidized Child Care Program
Juvenile Crime Prevention Council Program
Gang Violence Prevention Project
Public School Building Capital Fund

BUNCOMBE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2010

II. Financial Statement Findings

Finding 10-1

Criteria: G.S. 159-8(a) states that all moneys received and expended by a local government or public authority should be included in the budget ordinance.

Condition: Project Development Bonds for Woodfin expenditures exceeded appropriations by \$1,313,015.

Recommendation: Budget amendments should be adopted when expenditures exceed estimated expenditures in the budget ordinance prior to expending the funds.

Current Status / Corrective Action plan / View of Responsible Officials: The County agrees with this finding. 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.

Name of Contact Person: Donna B. Clark, Finance Director

BUNCOMBE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2010

III. Federal Award Findings and Questioned Costs

None reported.

IV. State Award Findings and Questioned Costs

None reported.

BUNCOMBE COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the year ended June 30, 2010

Finding: 09-01

Description: Project Development Bonds for Woodfin expenditures exceeded appropriations by \$379,582.

Status: This finding was made in the same fund in the current year audit findings.

Corrective Action: The County has designated specific staff members to monitor and take action on items requiring budget amendments.

Finding: 09-02

Description: During the periods from 2004 to 2008 the County capitalized interest on amounts borrowed to finance the construction of a major asset to be used in governmental activities. A prior period adjustment was made to remove interest from the cost of the asset.

Status: Current year testing revealed that prior year corrective actions were successful.

Finding: 09-03

Description: Tests of the EPICS documentation maintained by the County revealed that a program integrity file was missing for a food stamp program claim entered into the system.

Status: Current year testing revealed that prior year corrective actions were successful.

BUNCOMBE COUNTY GOVERNMENT

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year ended June 30, 2010

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Fed.(Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
Federal Awards:					
<u>U. S. Dept. of Agriculture</u>					
<u>Food and Nutrition Service</u>					
Passed-through N. C. Department of Health and Human Services:					
Division of Social Services:					
Administration:					
<u>Food Stamp Cluster:</u>					
Food Stamp Program - Direct Benefit Payment	10.551		\$ 47,506,039	\$ -	\$ -
State Administrative Matching Grants for the Food Stamp Program	10.561		1,835,358	-	1,835,357
Total Food Stamp Cluster			49,341,397	-	1,835,357
Passed-through N. C. Department of Health and Human Services:					
Divison of Public Health					
Administration:					
Special Supplemental Food Program for Women, Infants, and Children	10.557		926,937	-	208,378
Breastfeeding Contract	10.557		112,563	-	15,831
Direct Benefit Payments:					
Special Supplemental Food Program for Women, Infants, and Children	10.557		3,447,763	-	-
Administration:					
Child and Adult Care Food Program	10.558		107,942	-	-
Summer Food Service Program for Children	10.559		761	-	-
Passed through the Office of State Budget and Management:					
Schools and Roads - Grants to States and Counties	10.665		37,389	-	-
Total U.S. Department of Agriculture			53,974,751	-	2,059,566
<u>U.S. Department of Housing & Urban Development</u>					
Passed-through N. C. Department of Commerce:					
Community Development Block Grant	14.228		261,536	-	867
Passed-through the City of Asheville:					
HOME Investment Partnership Programs	14.239		256,506	-	1
Total U.S. Department of Housing & Urban Development			518,042	-	868
<u>U.S. Department of Justice</u>					
Passed-Through N.C. Department of Crime Control and Public Safety:					
Juvenile Accountability Incentive Block Grant	16.523		155,243	-	-
Total U.S. Department of Justice			155,243	-	-
<u>U. S. Department of Labor</u>					
<u>Employment and Training Administration</u>					
Passed-through N.C. Department of Commerce:					
Division of Employment and Training:					
Work Incentive Grants	17.266		76,567	-	-
ARRA - Work Incentive Grants	17.266		140,039	-	-
Workforce Investment Act Cluster:					
WIA Adult Program	17.258		435,170	-	-
ARRA - Adult Program	17.258		213,369	-	-
WIA Youth Program	17.259		349,274	-	-
ARRA - Youth Program	17.259		249,906	-	-
WIA Dislocated Workers	17.260		440,333	-	-
ARRA - Dislocated Workers	17.260		452,598	-	-
Work Incentive Grants	17.266		1,054,213	-	-
Total Workforce Investment Act Cluster			3,194,861	-	-
Total U. S. Department of Labor			3,411,467	-	-

Continued on next page

BUNCOMBE COUNTY GOVERNMENT

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year ended June 30, 2010

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Fed.(Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
<u>U.S. Dept. of Transportation</u>					
<u>Federal Transit Administration</u>					
Passed-through N.C. Department of Transportation:					
Public Transportation for Nonurbanized Areas:					
Administration	20.509	36233.13.4.1	\$ 124,526	\$ 110,250	\$ 54,928
Capital	20.509	36233.13.4.3	4,744	4,458	1,022
Technology	20.509	36235.14.1.8	-	253,083	28,120
Total U.S. Department of Transportation			129,269	367,790	84,071
<u>U.S. Department of Education</u>					
Passed-through N. C. Department of Cultural Resources:					
Public Library Services - LSTA Grant	45.310		25,000	-	-
Total U.S. Department of Education			25,000	-	-
<u>Environmental Protection Agency</u>					
Passed-through N.C. Department of Environment and Natural Resources:					
Division of Water Quality					
Nonpoint Source Implementation Grants - Section 319	66.460		175,232	-	-
Total Environmental Protection Agency			175,232	-	-
<u>U.S. Department of Energy</u>					
Office of Energy Efficiency and Renewable Energy					
Energy Efficiency and Conservation Block Grant Program	81.128		31,800	-	-
Total U.S. Department of Energy			31,800	-	-
<u>U.S. Department of Homeland Security</u>					
Passed-through N.C. Department of Crime Control and Public Safety:					
Public Assistance Grants Program for Infrastructure Support (FEMA)					
Support (FEMA)	97.036		98,922	32,974	-
Homeland Security Grant Program - Urban Search and Rescue	97.067		26,318	-	-
Homeland Security Grant Program - Domestic Preparedness	97.067		56,310	-	-
Homeland Security Grant Program - State Mortuary Assistance Team	97.067		200,000	-	-
Emergency Management Performance Grants	97.042		145,193	-	-
Total U.S. Department of Homeland Security			526,743	32,974	-
<u>U. S. Department of Health and Human Services</u>					
<u>Administration for Children and Families</u>					
Passed-through N.C. Department of Health and Human Services:					
Division of Aging and Adult Services:					
SSBG - In-Home Services	93.667		31,792	-	4,542
SSBG - Adult Day Care	93.667		68,375	43,404	15,968
Total Division of Aging			100,168	43,404	20,510
Division of Social Services:					
Family Preservation Services Program	93.556		8,685	-	-
<u>Temporary Assistance for Needy Families Cluster</u>					
Temporary Assistance for Needy Families (TANF) /Work First	93.558		3,095,852	3,317	3,502,464
TANF/Work First- Direct Benefit Payments	93.558		1,569,863	(532)	-
ARRA - TANF Emergency Contingency Fund for Temporary Assistance for Needy Families State Programs	93.714		45,203	-	-
			4,710,918	2,785	3,502,464
Direct Benefit Payments - AFDC	93.560		(4,694)	(547)	(1,287)
Crisis Intervention Program	93.568		1,149,862	-	-
Energy Assistance Payments - Direct Benefit Payments	93.568		1,308,479	-	240
Low Income Home Energy Assistance Block Grant - Administration	93.568		152,137	-	-
Refugee and Entrant Assistance - Cash & Medical Payments	93.566		17,800	-	-
N.C. Child Support Enforcement Section	93.563		1,718,842	(37)	885,501
Child Welfare Services - State Grants					
- Permanency Planning Grant - Families for Kids	93.645		66,353	18,723	4,885
Child Welfare Services - State Grants					

Continued on next page

BUNCOMBE COUNTY GOVERNMENT

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year ended June 30, 2010

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Fed.(Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
- Adoption Subsidy - Direct Benefit Payments	93.645		\$ -	\$ 1,262,346	\$ 334,102
SSBG - Other Services	93.667		640,653	41,731	226,304
Independent Living Grant - LINKS	93.674		99,948	10,354	-
Total Division of Social Services			9,868,983	1,335,354	4,952,209
Foster Care and Adoption³:					
Title IV-E Foster Care- Administration	93.658		899,759	-	882,090
Foster Care- Direct Benefits Payments	93.658		830,950	225,419	246,694
Foster Care - Adoption	93.658		291,475	-	-
Foster Care IV-E-CPS	93.658		1,948,245	206,412	1,741,833
Family Finding Pilot	93.658		35,644	65,621	-
ARRA - Foster Care Direct Benefit Payments	93.658		30,816	-	-
Adoption Assistance	93.659		36,485	-	36,484
ARRA - Adoption Assistance Direct Benefit Payments	93.659		78,172	-	-
Adoption Assistance-Direct Benefit Payments	93.659		1,715,698	365,584	365,059
Total Foster Care and Adoption ³			5,867,244	863,036	3,272,161
Division of Child Development:					
Subsidized Child Care³					
Child Care Development Cluster:					
Division of Social Services:					
Childcare Development Fund - Administration	93.596		433,007	-	-
Division of Child Development:					
Child Care and Development Fund - Discretionary	93.575		2,004,307	-	-
Child Care and Development Fund - Contingency	93.575		273,715	-	-
Child Care and Development Fund - Mandatory	93.596		633,002	-	-
Child Care and Development Fund - Match	93.596		820,269	505,136	-
ARRA - Child Care and Development Fund	93.713		2,741,304	-	-
Total Child Care Development Fund Cluster			6,905,604	505,136	-
Social Service Block Grant	93.667		182,192	-	-
Temporary Assistance for Needy Families	93.558		1,185,386	-	-
Smart Start	XXXX		-	736,120	-
State Appropriations	XXXX		-	1,753,906	-
TANF - Maintenance of Effort	XXXX		-	456,577	-
Total Subsidized Child Care ³			1,367,578	2,946,604	-
Total Administration for Children and Families			24,109,577	5,693,534	8,244,880
Centers for Medicare and Medicaid Services					
Passed-through N. C. Department of Health and Human Services:					
Division of Medical Assistance:					
Medical Assistance Program - Administration	93.778		4,750,566	141,958	4,608,608
Medical Assistance Program - Direct Benefit Payments	93.778		194,196,726	67,790,816	(1,885)
State Children's Insurance Program - N.C. Health Choice	93.767		254,959	11,262	71,278
Centers for Disease Control					
Passed-through N. C. Department of Health and Human Services:					
Division of Public Health:					
HIV State Funds - Sexually Trans. Diseases Comm. Exp. Budget	93.940		28,000	-	81,495
Immunization Program/Aid to County Funding	93.268		53,190	-	162,578
Division of Community Health:					
Tobacco Prevention	93.283		10,531	-	-
Preventive Health and Health Services Block Grant	93.991		21,011	9,808	33,399
Administration - Preventive Health	XXXX		-	393,268	1,843,448
Women's Preventive Health	93.994		67,933	-	-
Women's Preventive Health - TANF	93.558		20,382	-	-
Bioterrorism/Bioterrorism Regional Response Team	93.283		1,185,306	-	79,650
CDC Chronic Disease	93.283		212,203	-	3,249
CDC Breast and Cervical Cancer	93.283		93,407	270,873	-
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919		58,977	-	27,181

Continued on next page

BUNCOMBE COUNTY GOVERNMENT

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year ended June 30, 2010

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Fed.(Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
<u>Health Resources and Services Administration</u>					
Passed-through N. C. Department of Health and Human Services:					
Division of Public Health:					
Child Care Coordination	93.994		\$ 76,096	\$ -	\$ 91,462
Child Health	93.994		121,478	200,000	1,128,349
Genetic Counseling	93.994		45,864	-	-
Innovative Approaches: Improving Systems of Care	93.994		35,776	-	-
Maternal and Child Health Services Block Grant	93.994		111,408	-	108,634
Nurse Family Partnership Initiative	93.994		177,890	-	78,507
Maternity Care Coordination	93.994		35,160	-	62,516
Adolescent Health Care	XXXX		-	115,216	-
<u>Immunization Cluster</u>					
ARRA - Immunizations	93.712		74,625	-	-
Total Immunization Cluster			74,625	-	-
<u>Office of the Population Affairs</u>					
Passed-through N. C. Department of Health and Human Services:					
Division of Public Health:					
Family Planning Services Title X	93.218		151,014	-	-
<u>Administration on Aging</u>					
<u>Division of Aging and Adult Services</u>					
Passed-through Land of the Sky Regional Council:					
Nutrition Services Incentive Program	93.053	NC-77	21,617	-	-
Social Services Block Grant-Respite	93.667	NC-77	-	-	-
<u>Aging Cluster:</u>					
Special Program for the Aging Title IIIB - Support Services					
Grants for Supportive Services and Senior Centers	93.044	NC-77	583,142	581,230	545,586
Special Program for the Aging Title IIIC -Nutrition Services					
Title III C1 - Congregate	93.045	NC-77	94,445	5,555	59,774
Title III C2 - Home-Delivered Meals	93.045	NC-77	60,140	44,360	-
ARRA - Home-Delivered Nutrition	93.705	09AANCC2RR	24,399	1,435	-
ARRA - Congregate Nutrition	93.707	09AANCC1RR	13,770	810	-
Total Aging Cluster			775,896	633,390	605,360
Total U. S. Department of Health and Human Services			226,689,592	75,260,125	17,228,710
Total Federal Awards			285,637,139	75,660,889	19,373,216
State Awards:					
<u>N.C. Department of Cultural Resources</u>					
Division of State Library:					
State Aid to Public Libraries			-	246,800	-
Total N. C. Department of Cultural Resources			-	246,800	-
<u>N.C. Department of Environment & Natural Resources</u>					
Childhood Lead			-	1,147	-
Technical Assistance-Soil/Water			-	4,000	-
Environmental Health			-	6,000	-
Food & Lodging			-	28,879	-
Public Health Pest Management			-	1,091	-
Total N. C. Department of Environment and Natural Resources			-	41,117	-
<u>N.C. Dept. of Health and Human Services</u>					
Division of Child Development:					
Passed-through Buncombe County Smart Start					
Smart Start Health Consultants			-	-	54,262
Smart Start Early Childhood Dental Program			-	-	24,142

Continued on next page

BUNCOMBE COUNTY GOVERNMENT

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the Year ended June 30, 2010

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Fed.(Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
Child Care Quality Enhancement			\$ -	\$ 176,771	\$ 24,565
Center Incentives			-	24,255	-
Passed-through Madison County Smart Start REWARDS			-	12,065	545
Passed-through Southwest Child Development Commission, Inc.					
Infant Toddler Enhancement			-	47,546	-
Promoting Healthy Social Behaviors			-	47,546	-
School Age Quality Improvement			-	38,115	-
Regional Initiatives			-	266,822	-
Total Division of Child Development			-	613,120	103,514
Division of Public Health:					
Communicable Disease Control		9945100011	-	7,807	636,675
Local Health Department's Smokefree Law			-	8,424	-
Tuberculosis			-	32,935	282,602
Women's Health Service Fund			-	8,553	-
Total Division of Public Health			-	57,719	919,276
Division of Social Services:					
Non-Allocating County Costs			-	-	1,138,406
State/County Special Assistance-Administration			-	-	284,312
State/County Special Assistance for Adults - Direct Benefit Payments			-	1,973,395	1,973,394
State Foster Care Benefits Program			-	481,929	395,125
Energy Assistance - Private Grants			-	91,463	-
CPS Expansion Program			-	248,434	-
Other County Funded Programs			-	-	2,023,230
Total Division of Social Services			-	2,795,220	5,814,467
Division of Veterans Affairs:					
Veteran Services		GS 165-6(9)	-	2,000	-
Total N.C. Department of Health and Human Services			-	3,468,059	6,837,257
<u>Office of the Governor</u>					
Department of Juvenile Justice and Delinquency Prevention					
ARRA - Gang Assessments			-	1,198	-
Juvenile Crime Prevention Council Programs			-	508,064	-
Total Office of the Governor			-	509,262	-
<u>N.C. Department of Crime Control and Public Safety</u>					
Governor's Crime Commission Division					
Gang Violence Prevention Project			-	93,415	29,589
Gang Violence Prevention Project - High Point Model			-	379,165	5,427
Total N.C. Department of Crime Control and Public Safety			-	472,580	35,016
<u>N.C. Department of Public Instruction</u>					
Public School Building Capital Fund:					
Corporate Income Tax Collections			-	2,415,920	-
Lottery Proceeds			-	89,967	-
Total Public School Building Capital Fund			-	2,505,887	-
Total N.C. Department of Public Instruction			-	2,505,887	-
<u>N.C. Department of Transportation</u>					
Rural Operating Assistance Program (ROAP)					
Elderly and Disabled Transportation Assistance Program		DOT-16CL	-	169,798	-
Rural General Public Transportation		DOT-16CL	-	142,598	15,844
Work First/Employment		DOT-16CL	-	43,402	-
Total N.C. Department of Transportation			-	355,798	15,844
Total State Awards			-	7,599,503	6,888,118
Total Federal and State Awards			\$ 285,637,139	\$ 83,260,392	\$ 26,261,333

Continued on next page

BUNCOMBE COUNTY GOVERNMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year ended June 30, 2010

Notes to the Schedule of Expenditures of Federal and State Awards:

1. Basis of Presentation

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of Buncombe County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements. Benefit payments directly to recipients and are not included in the County's basic financial statements. However, due to the County's involvement in determining eligibility, they are considered federal awards to the County and are included on this schedule.

2. Subrecipients

Of the federal and state expenditures presented in the schedule, Buncombe County provided federal and state awards to subrecipients as follows:

Subrecipient	Program Name	Federal		State Grant	
		CFDA Number	Number/Name	Federal	State
Professional Parenting/App State Univ	Home Based Services for Juv Sex Offenders		Juv. Crime Prev	\$ -	\$ 112,336
Caring for Children	Trinity Place		Juv. Crime Prev	-	70,321
Caring for Children	Crossroads		Juv. Crime Prev	-	66,500
Getting Back to the Basics Inc	Helping Our Parents Excel		Juv. Crime Prev	-	30,350
Partners Unlimited, Inc.	New Day Program		Juv. Crime Prev	-	19,000
Asheville Housing Authority	Upfront Management Sports		Juv. Crime Prev	-	21,850
Buncombe Alternatives, Inc.	Earn and Learn Program		Juv. Crime Prev	-	92,548
The Mediation Center	Youth & Victim Offender Mediation		Juv. Crime Prev	-	19,650
The Mediation Center	Life Skills		Juv. Crime Prev	-	19,259
Buncombe Alternatives, Inc.	Teen Court		Juv. Crime Prev	-	32,040
Sheperd's Equine Assisted Therapy	Horsepower		Juv. Crime Prev	-	11,284
City of Asheville	Asheville Police Department		Gang Viol Prev	-	15,280
Partners Unlimited, Inc.	New Day Program		Gang Viol Prev	-	51,220
Asheville Green Opportunity Corps	Training & Leadership Program		Gang Viol Prev	-	42,000
Western Carolinian's for Criminal Justice	Men's Program		Gang Viol Prev	-	39,840
River of Life Church	Impact Tutoring		Gang Viol Prev	-	9,983
Asheville City Schools	Asheville High School Aspire Program		Gang Viol Prev	-	30,000
Horse Sense	Horse Sense		Gang Viol Prev	-	46,911
YWCA	SOS & Future Vision		Gang Viol Prev	-	65,736
Asheville Housing Authority	Upfront Management Sports		Gang Viol Prev	-	37,620
The Mediation Center	Coordination Services		Gang Viol Prev	-	81,134
ABCCM	TANF - Emergency Assistance	93.558		35,553	-
ABCCM	TANF - Crisis Intervention	93.568		392,797	-
ABCCM	Helping Each Member Cope	-		-	2,812
ABCCM	Project Share	-		-	42,600
				<u>\$ 428,350</u>	<u>\$ 960,274</u>

3. The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes: