

2019

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**
FOR THE FISCAL YEAR ENDING JUNE 30, 2019



BUNCOMBE COUNTY
NORTH CAROLINA

BUNCOMBE COUNTY, NORTH CAROLINA

Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDING
JUNE 30, 2019

BOARD OF COMMISSIONERS

Brownie Newman, Chair
Jasmine Beach-Ferrara, Vice Chair
Joe Belcher
Amanda Edwards
Mike Fryar
Robert Pressley
Al Whitesides

COUNTY MANAGER

Avril Pinder, CPA, ICMA-CM

DIRECTOR OF FINANCE

Donald P. Warn, MPA

Prepared by the Finance Department



**BUNCOMBE
COUNTY**
GOVERNMENT
— NORTH CAROLINA —

Comprehensive Annual Financial Report
 For the Fiscal Year Ending June 30, 2019
 Buncombe County

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Introductory Section



**BUNCOMBE
COUNTY**
GOVERNMENT
— NORTH CAROLINA —



November 7, 2019

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, 2019. State law requires local governments to 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, 2019.

CliftonLarsonAllen LLP (known as CliftonLarsonAllen or CLA), was engaged this year to conduct the annual audit. CLA is the eight largest accountancy firm in the United States and has brought a wealth of experience and advanced accounting techniques to their audit approach.

CLA 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 misstatement. The independent auditors concluded that the statements are presented in conformity with generally accepted accounting principles and there was a reasonable basis for issuing an unmodified opinion on the Buncombe County financial statements for the year ended June 30, 2019. 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 Auditors' Report and provides an introduction, overview, and analysis of the basic financial statements. The discussion and analysis complement this letter of transmittal and should be read in combination with it.

Profile of Buncombe County, North Carolina

Buncombe County, established in 1791, is located in the southwestern portion of North Carolina in the heart of the Blue Ridge Mountains. Nicknamed the "Land of the Sky", the County comprises 657 square miles of land and water and is shaped by one of the oldest mountain ranges in the world. With approximately 265,500 residents who call this home, Buncombe is the most populous county in Western North Carolina accounting for over half of the population in the four-county Asheville Metropolitan Area.

The County encompasses six incorporated municipalities, the largest being the City of Asheville (population of approximately 92,000 or approximately 34% of the County), which lies at the geographic center of the County and serves as the County seat. Throughout history Buncombe County has been an important crossroads, being 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. Presently, a seven-member Board of County Commissioners governs Buncombe County. The Chair is elected separately by all the qualified voters in Buncombe County every four years. Two commissioners are elected from each of the three House of Representative Districts in Buncombe County to serve staggered four-year terms. Each commissioner is required to reside in and represent one of the districts, and only the qualified voters of that district will be eligible to vote for that district seat.

After the retirement of long-time County Manager Wanda Greene on June 30, 2017, the Board of Commissioners appointed Mandy Stone, former Assistant County Manager, as her successor. Stone served as manager through the 2018 fiscal year and retired on June 30, 2018. The Board appointed George Wood on June 19, 2018 to serve as Interim County Manager and facilitate a national candidate search for a long-term County Manager. Mr. Wood brought 40 years of local government management experience with him and had served most recently as County Manager of the North Carolina counties of Lincoln and Wayne.

Mr. Wood made several key hiring decisions due to retirements of senior positions, including the hiring of Jennifer Barnette as Budget Director and Cataldo Perrone as Communications

Director. Mr. Wood guided the Board through a national candidate search for a new Finance Director and successfully brought Donald Warn onboard in this role on November 13, 2018. Fulfilling his primary goal, Mr. Wood's rigorous search process for a long-term County Manager ended on February 5, 2019 with the Board's appointment of Avril Pinder as the new Buncombe County Manager.

Avril Pinder most recently has served the County of New Hanover as Deputy County Manager since 2015, and prior to that as Assistant County Manager and Finance Director. Pinder earned an MBA from Delaware University and has 23 years of local government experience. Her professional accomplishments include obtaining New Hanover County's first Triple-A bond rating and establishing a pool of private banks to increase capital access for startup businesses.

Buncombe County is a caring community in harmony with its environment where citizens succeed, thrive, and realize their potential. The County promotes a healthy, safe, well-educated, and thriving community with a sustainable quality of life. To that effort the County provides a full range of services to meet the complex needs of this unique community including human services, public safety, economic and physical development, environmental protection, cultural and recreational activities and others. The majority of the annual budget is spent on public safety, human services, and support of local public education entities. The County also extends financial support to certain boards, agencies, and commissions to assist their efforts in serving citizens. Among these partners 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, Buncombe County Service Foundation, and the Vaya Health Managed Care Organization.

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 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.

The Local Economy

Buncombe County serves as the regional economic center for western North Carolina. The County's economy is supported by a variety of robust and growing industries. Major industries located within the County's boundaries include the region's growing healthcare system, a thriving tourism and hospitality industry, strong educational and public sector systems, and a resurgent manufacturing industry. In addition, small businesses and

entrepreneurship are active engines fueling the region's diverse business landscape. Approximately 97% of establishments in the Metro area have fewer than 50 employees.

Buncombe County's economic development growth is driven by businesses innovating in advanced manufacturing, science and technology, healthcare and knowledge-based entrepreneurship. These industries are supported by a highly skilled workforce, steady population growth and reputable educational institutions meeting the talent needs of top-tier companies. The area stands as a hub for technology and business innovation and growth, making it an attractive destination for corporate relocation. Thanks to its remarkable quality of life, Buncombe County is a thriving center for outdoor recreation, creative arts and mountain cultures, as well as a budding community for entrepreneurs across all industries. Economic development in the region is supported by strong workforce development initiatives which work to ensure that the region has a globally competitive workforce that encourages business growth and relocation. Workforce Development anticipates and delivers the types of education and training that are relevant to the local economy, provides transferable skills that benefit individuals into the future and ensures that the region's workforce is capable of meeting the ever-changing demands of the business world.

Strong growth continues to support a record economy in Buncombe County, which has maintained its place within North Carolina as the county with the lowest unemployment rate at 3.30%, compared to 4.0% for the State and 3.7% for the nation. Wage growth continues at a slower but steady pace, with year-over-the-year average weekly wage increasing about 1.03% from 2017 to 2018 according to the Bureau of Labor Statistics.

The Buncombe County housing market remains dynamic, with the average home spending only 64 days on market before being sold, almost 100 days less than in 2012. The number of closed sales are up year-over-year by about 5.8%, and the median sales price has increased 5.3% from 2018 to 2019. Additionally, new residential permits and valuation have each increased by 26.5% and 25.3% respectively since 2018.

Buncombe County maintained its Triple-A credit ratings from Moody's and Standard and Poor's for general obligation debt as part of the credit opinion received for the 2018 Limited Obligation Bonds issuance. Buncombe continues to be in an exclusive group of governments with two Triple-A ratings and this strongly affirms the County's financial strength and position to support the needs of the community as well as encouraging business development.

Long-term Financial Planning and Major Initiatives

The County uses a Capital Improvement Program (CIP) to identify all capital projects for the next budget year and five additional years. The CIP is formulated under the direction of the County Manager for financial planning purposes. A capital project is defined as purchases

over \$25,000. These items are generally for major information technology projects, buildings, land, vehicle replacement programs, etc. All capital projects are reviewed by the CIP committee around November of each year. After the projects are reviewed and prioritized, they are submitted to the Board of Commissioners for further discussion and approval. Each capital project includes detailed descriptions, estimated total cost, impact on operating budget and funding source. The CIP budget through fiscal year 2024 includes projects such as Elections facilities, new library, radio system and fleet replacements for emergency services, parks and recreation upgrades, and detention center facility expansion.

A major achievement in fiscal year 2019 was the successful implementation of a county-wide contract management system that provides the County with a single system of electronic workflows, documentation, and auditability for all county contracts moving forward.

The Board of County Commissioners adopted a new Procurement Manual in November 2018, which mandates new processes and policies around the review, execution, and approval of all contracts and purchases occurring within Buncombe County.

In March 2019, the County and A-B Tech Community College signed an MOU to create a Joint Capital Advisory Committee to review and prioritize capital funding requests from the community college and to define the use of Article 46 sales tax dollars.

Relevant Financial Policies

Fund balance is an accounting term defined as the difference between assets and liabilities in a governmental fund. The term *reserves* is often used by public finance practitioners, but is not a governmental accounting term. It refers to the portion of fund balance held in reserve to buffer against financial distress or risk. The North Carolina State Treasurer recommends a minimum unallocated general fund balance of 8%. However, the County policy is more restrictive, requiring a minimum unallocated general fund balance of 15% of the total actual expenditures and transfers. Each year County management challenges all County departments to generate savings throughout the year so that appropriated fund balance is never used.

If fund balance is appropriated to balance the following year's budget in an amount that, if spent, would reduce the percentage below 15%, an explanation and a plan to save or replenish the fund balance will be included in this transmittal letter. The County has a strong history of meeting the challenge to realize cost savings and avoid spending appropriated fund balance. It has not had to tap into this resource for over a decade.

The County's debt policy is the operational rulebook for the issuance and management of debt. This policy was updated this year to better align its policy ratios with those tracked by rating agencies. These policy ratios restrict direct debt to less than 3% of the assessed value

of the property tax base and keep payments on debt to less than 18% of total governmental fund expenditures. Parameters such as these ensure that debt is issued responsibly, affordably, and in keeping with the best interests of tax payers.

In addition, Buncombe County has adopted a Sustainability Plan dedicated to strengthening the quality of life for our region by taking fiscally and socially responsible actions to ensure future prosperity. This Sustainability Plan was created through the development of goals and objectives that address the wide-reaching and interconnected needs and desires of the community. By setting these goals, the County defines what it wants to achieve within its environment, community, and economy through the adoption of this Plan. Buncombe County will revisit the plan every five years to ensure both the relevancy of the plan and to maintain positive direction for its community in the years ahead.

Awards and Acknowledgements

The 2018 CAFR has been submitted to the Government Finance Officers Association of the United States and Canada (GFOA) for the Certificate of Achievement for Excellence in Financial Reporting. Buncombe County has not received notification of the award, but anticipates receiving the award which would mark the fortieth 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. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's 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 2019 annual budget document. This is the twenty-fifth 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 2020 budget document continues to conform to program requirements and has submitted it to the GFOA to determine eligibility for another award.

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 CliftonLarsonAllen for their hard work and efforts throughout the audit process.

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

A handwritten signature in black ink, appearing to read 'Avril Pinder'.

Avril Pinder, CPA
County Manager

A handwritten signature in black ink, appearing to read 'Donald P. Warn'.

Donald P. Warn
Finance Director

Citizens

Board of Commissioners

- Chairman **Brownie Newman**
- District 1 **Al Whitesides**
- District 1 Vice Chair **Jasmine Beach-Ferrara**
- District 2 **Mike Fryar**
- District 2 **Amanda Edwards**
- District 3 **Joe Belcher**
- District 3 **Robert Pressley**

External Audit Committee

Internal Auditor **Kelly Houston**

Register of Deeds **Drew Reisinger**

Sheriff **Quentin Miller**

Asheville Police Dept.

Board Attorney **Heather Hockaday**

City/County ID **Pat Freeman**

Clerk to the Board **Lamar Joyner**

Deputy Clerk **Stacey Woody**

Finance **Don Warn**

Financial Services

Tax Collector **Jennifer Pike**

County Manager **Avril Pinder**

Office Administrator **Lynn Smith**

Performance Management **Eric Hardy**

Assistant County Manager **Jim Holland**

General Services **Mike Mace**

Library **Jim Blanton**

Permits & Inspections **Matt Stone**

Health & Human Services **Stoney Blevins**

Air & Environmental Services **David Brigman**

Cooperative Extension **Steve Duckett**

Planning **Nathan Pennington**

Recreational Services **Josh O'Conner**

Solid Waste **Dane Pedersen**

Soil & Water **Gary Higgins**

Interim Human Resources **Margaret Ellis**

Information Technology **Kathy Brady**

Intergovernmental Project Management **Tim Love**

Sustainability Office **Jeremiah LeRoy**

Communications **Cataldo Perrone**

Legal/Benefits/ Risk MGMT **Michael Frue**

Emergency Management Services & Public Safety Training **Jerry Vehaun**

Strategic Partnerships **Rachael Nygaard**

Budget & Administrative Services **Jennifer Chilton**

Election Services **Trena Velez**

Tax Assessment **Keith Miller**

XI.



Organizational Chart

● ELECTED ● APPOINTED ● SEPARATE BOARD

Financial Section



**BUNCOMBE
COUNTY**
GOVERNMENT
— NORTH CAROLINA —



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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 aggregate remaining fund information of Buncombe County, North Carolina (the County), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and the occupancy tax fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Correction of Error

As described in Note 10 to the financial statements, the County restated beginning balances resulting from the correction of accounting errors related to liabilities that occurred in the prior period. Our opinion was not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7-17, the pension schedules on pages 86-88, and the other post-employment benefit schedules on pages 89-91 (collectively referred to as required supplementary information) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, the combining and individual fund statements and schedules, the other schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and State Single Audit Implementation Act, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining and Individual fund statements and schedules, the other schedules and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial

statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2019, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Charlotte, North Carolina
November 7, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

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, 2019. 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

- The liabilities and deferred inflows of resources of the County exceeded its assets and deferred outflows of resources at the close of the fiscal year by \$139.1 million (net position).
- The County's total net position increased by \$3.7 million during the fiscal year. The increase was caused by the business type activities, primarily from reduced expenses in landfill operations.
- As of the close of the fiscal year, the County's governmental funds reported combined ending fund balances of \$152.9 million, a decrease of \$27.3 million from the prior year. Approximately 47% of this total amount, or \$71.8 million, is restricted or nonspendable.
- The County's General Fund increased fund balance by approximately \$13 million during the fiscal year.
- At June 30, 2019, available fund balance for the General Fund was \$73.9 million, or 24.6% of total general fund expenditures and transfers for the fiscal year which is 8.9% higher than the County's minimum fund balance policy.
- At June 30, 2019, the total amount of outstanding long-term debt was \$436.9 million, a decrease of \$37.4 million from the previous fiscal year.
- Under State law, the County is responsible for providing capital funding for the school systems and community college. At the end of the fiscal year, approximately \$220.6 million or 50.5% of the outstanding debt on the County's financial statements is related to assets to be included in the respective entity's statements.
- The County received a Aaa bond rating from Moody's Investor Service and maintained its AAA bond rating from Standard and Poor's Rating Service.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is 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. 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.

BASIC FINANCIAL STATEMENTS

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the County's financial status.

The next statements (Exhibits 3 through 10) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary funds statements; and 4) the fiduciary funds statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The next section of the basic financial statements is the **Notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **Supplemental Information** is provided to show details about the County's non-major governmental funds and internal service funds, all of which are added together in one column on the basic financial statements. Budgetary information required by general statutes can also be found in this part of the statements. Following the notes is the required supplemental information. This section contains funding information about the County's pension plans.

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 position and how it has changed. Net position is the difference between the total of the County's assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the County's financial condition.

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. Property taxes and state and federal grant funds finance most of these activities.

Business-type Activities – The County charges fees to recover the costs associated with providing certain services. These activities include Solid Waste Disposal and Inmate Commissary/Welfare.

Component Units – The government-wide financial statements include not only the County of Buncombe (known as the primary government), but also a legally separate tourism development authority 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 Exhibits 1 and 2 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 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. The funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary 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 governmental activities (reported

MANAGEMENT'S DISCUSSION AND ANALYSIS

on the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements. A detailed reconciliation can be found in the notes to the financial statements.

The County adopts an annual budget for its General Fund as required by the NC 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 complied with the budget ordinance and whether or not the County succeeded 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 legal budget document. 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 and inmate commissary/welfare operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position 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 its insurance programs. Because this operation benefits predominately governmental rather than business-type activities, the internal service fund has been included with the governmental activities in the government-wide financial statements.

Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Buncombe County's own programs. Buncombe County has eight fiduciary funds. One is a trust fund for the future health insurance benefits for retirees and the others are agency funds. Information about these funds can be found on Exhibits 9 and 10 as well as the budgetary statements following the notes.

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 follow the financial statements.

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 after the notes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve as a useful indicator of a government's financial condition. As shown in Figure 1, the County's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$139.1 million at June 30, 2019. The County's net position increased by \$3.7 million for the fiscal year ended June 30, 2019. The largest portion of Buncombe County's net position is reflected in the County's Net Investment in Capital Assets. Buncombe County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Buncombe County's investment in its

MANAGEMENT'S DISCUSSION AND ANALYSIS

capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

Figure 1
Net Position (in millions)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 205.0	\$ 238.6	\$ 18.5	\$ 21.2	\$ 223.5	\$ 259.8
Capital assets	249.1	257.9	33.3	30.1	282.4	288.0
Total assets	454.1	496.5	51.8	51.3	505.9	547.8
Total deferred outflows of resources	41.2	22.3	0.7	0.2	41.9	22.5
Long-term liabilities outstanding	620.5	635.0	21.8	25.6	642.3	660.6
Other liabilities	31.3	34.8	0.7	1.5	32.0	36.3
Total liabilities	651.8	669.8	22.5	27.1	674.3	696.9
Total deferred inflows of resources	12.4	11.5	0.2	0.1	12.6	11.6
Net position:						
Net investment in capital assets	51.6	63.8	31.7	28.1	83.3	91.9
Restricted	55.6	60.8	-	-	55.6	60.8
Unrestricted	(276.1)	(287.1)	(1.9)	(3.8)	(278.0)	(290.9)
Total net position (deficit)	\$ (168.9)	\$ (162.5)	\$ 29.8	\$ 24.3	\$ (139.1)	\$ (138.2)

Note: The 2018 amounts have not been restated for any correction of errors as discussed in Note 11

Buncombe County has a negative balance of \$278 million in unrestricted net position (deficit). As with many counties in the State of North Carolina, the County's deficit in unrestricted net position is due to the portion of the County's outstanding debt incurred for the benefit of local educational entities: the Buncombe County Board of Education, the City of Asheville Board of Education, and AB-Tech Community College. Under North Carolina law, the County is responsible for providing capital funding for these institutions. The County has chosen to meet its legal obligation by using a mixture of County funds and debt financing. The assets funded by the County, however, are owned and utilized by these institutions. 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, approximately \$220.6 million (or 50.5%) of the outstanding debt on the County's financial statements was related to assets included in the financial statements of the school systems and community college. The unrestricted net position deficit decreased by \$12.9 million from fiscal year 2018.

MANAGEMENT'S DISCUSSION AND ANALYSIS

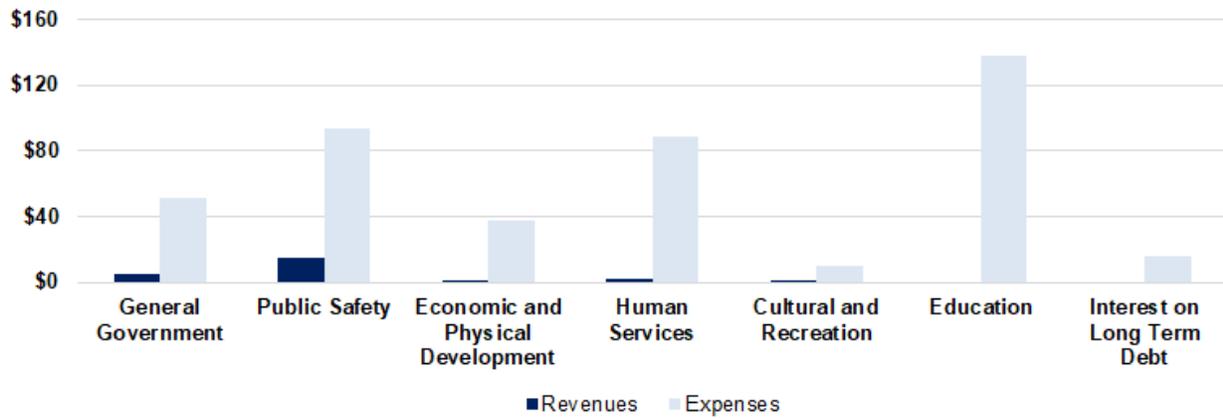
Figure 2
Change in Net Position (in millions)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 23.0	\$ 23.5	\$ 9.8	\$ 8.8	\$ 32.8	\$ 32.3
Operating grants and contributions	51.5	48.7	0.6	0.6	52.1	49.3
Capital grants and contributions	3.4	3.4	-	-	3.4	3.4
General revenues:						
Property taxes	221.5	216.2	-	-	221.5	216.2
Other taxes	121.8	115.6	-	-	121.8	115.6
Other	11.2	5.1	0.3	0.3	11.5	5.4
Total revenues	432.4	412.5	10.7	9.7	443.1	422.2
Expenses:						
General government	51.5	31.7	-	-	51.5	31.7
Public safety	93.3	103.4	-	-	93.3	103.4
Economic and physical development	37.5	32.8	-	-	37.5	32.8
Human services	88.7	91.0	-	-	88.7	91.0
Culture and recreation	10.0	8.8	-	-	10.0	8.8
Education	137.6	138.9	-	-	137.6	138.9
Interest on long-term debt	15.6	16.1	-	-	15.6	16.1
Solid waste disposal	-	-	4.7	12.0	4.7	12.0
Other	-	-	0.5	0.5	0.5	0.5
Total expenses	434.2	422.7	5.2	12.5	439.4	435.2
Increase (decrease) in net position	(1.8)	(10.2)	5.5	(2.8)	3.7	(13.0)
Net position, beginning of year, restated	(167.1)	(152.3)	24.3	27.1	(142.8)	(125.2)
Net position (deficit), ending	\$ (168.9)	\$ (162.5)	\$ 29.8	\$ 24.3	\$ (139.1)	\$ (138.2)

Note: The 2018 amounts have not been restated for any correction of errors as discussed in Note 11

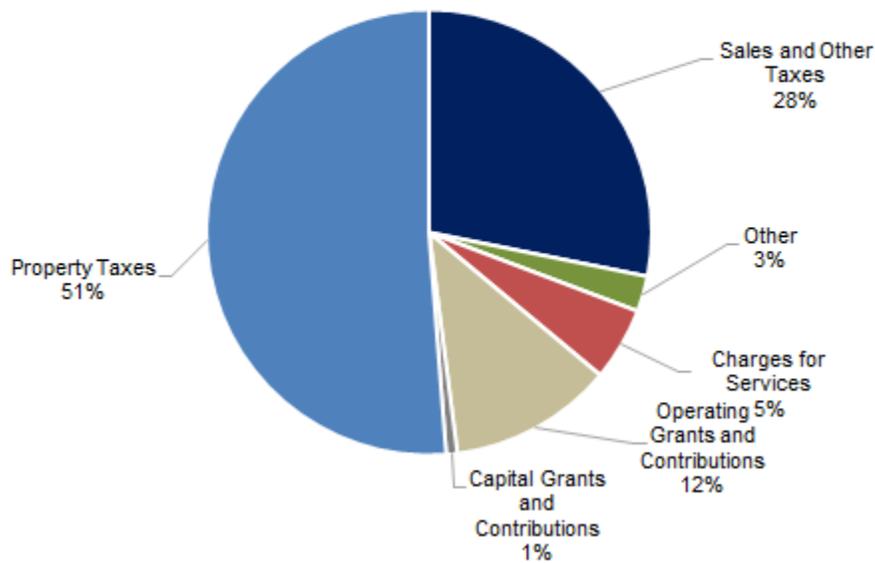
MANAGEMENT’S DISCUSSION AND ANALYSIS

Figure 3
2019 Expenses and Program Revenues - Governmental Activities
 (in millions)



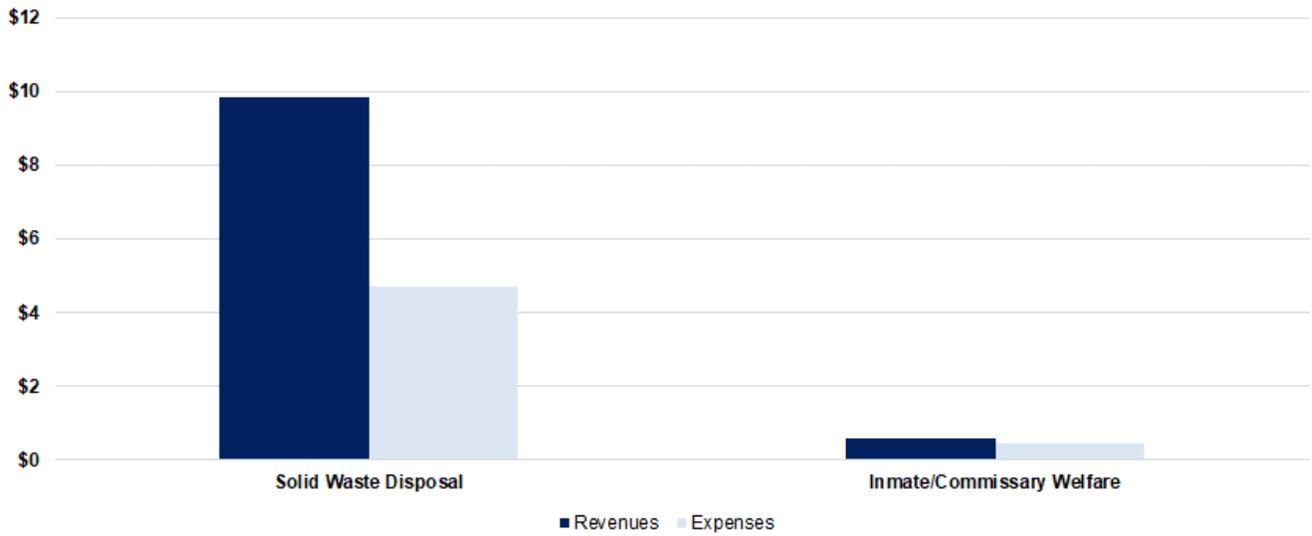
Governmental Activities. Governmental activities decreased the County’s net position \$1.8 million. The key element of this decrease is due to spending for capital projects related to AB Tech, Buncombe County Schools and Asheville City Schools.

Figure 4
2019 Revenues By Source
Governmental Activities



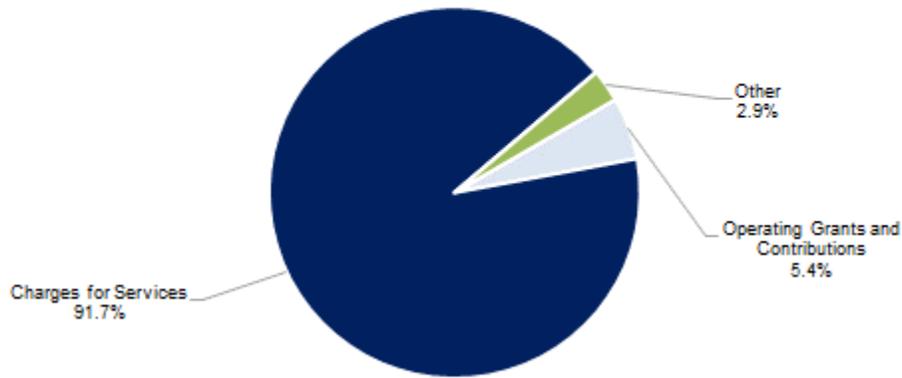
MANAGEMENT'S DISCUSSION AND ANALYSIS

Figure 5
2019 Expenses and Program Revenues - Business-Type Activities
 (in millions)



Business-type Activities. Business-type activities increased Buncombe County’s overall net position by \$5.5 million in fiscal year ending June 30, 2019.

Figure 6
2019 Revenues By Source
Business-Type Activities



MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, Buncombe 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, fund balance available for appropriation 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 Public School Capital Needs Fund, the AB Tech Capital Projects Fund, the Public School ADM Project Fund, the County Capital Fund, the Special Projects Capital Projects Fund and the Occupancy Tax Fund. The remaining governmental funds are considered non-major.

At June 30, 2019, the governmental funds of Buncombe County reported a combined fund balance of \$152.9 million, a \$27.3 million decrease from last year. Of the total governmental fund balance, \$71.7 million, or 47%, is considered nonspendable or legally restricted as to use.

The General Fund is the chief operating fund of Buncombe County. At the end of the current fiscal year, Buncombe County's fund balance available in the General Fund was \$73.9 million, while total fund balance reached \$95.3 million. The Board of Commissioners has determined that the County should maintain an available fund balance of 15% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. The County currently has an available fund balance of 24.6% of general fund expenditures and transfers.

During the fiscal year, the County revised the General Fund 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 revenue \$2.23 million. The actual revenue collected was more than the final budget amount by \$11.98 million. This can be attributed to revenues exceeding budget in multiple areas. Ad Valorem Taxes are budgeted based on estimated assessed values and collection rate. Actual assessed values were higher than estimated and the collection rate used for budget was 99.75% collection and the actual collection rate was 99.89%. The County also saw higher than anticipated local option sales tax revenue, restricted intergovernmental revenues associated with Health and Human Services and miscellaneous revenue associated with legal settlements and insurance recoveries.

The fund balance of the County's General Fund saw an increase of approximately \$13 million from the previous year; savings in all functional areas contributed to this increase. This is the seventeenth consecutive year that the County has seen an increase in its General Fund fund balance.

County Capital Projects Fund accounts for capital asset construction or acquisition from general government resources and financing. The total fund balance decreased \$4.8 million from \$14.6 million in fiscal year 2018 to \$9.8 million in 2019. Total fund balance can fluctuate from year to year due to the timing of debt issuances or other funding and project completions. The most significant cause to the decrease is due to expenditures on approved projects.

Public School ADM Sales Tax/Lottery Projects Fund accounts for major capital maintenance projects for local public schools with article 40/42 sales tax and lottery funds. Once constructed, the assets will be capitalized by the local school units.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Public School Capital Needs Fund accounts for revenues restricted for public school capital outlay projects. The total fund balance decreased \$29.9 million from \$46.6 million in fiscal year 2018 to \$16.7 million in 2019. Total fund balance can fluctuate from year to year due to the timing of debt issuances or other funding and project completions. The most significant cause to the decrease is due to expenditures on approved projects.

The AB Tech Capital Project Fund accounts for revenues restricted for use on capital projects benefiting AB Tech Community College. The total fund balance decreased \$6.2 million from \$22.7 million in fiscal year 2018 to \$16.5 million in 2019. New capital projects with debt not yet issued is the reason for the decrease. Similar to other capital project funds, total fund balance can fluctuate from year to year due to the timing of debt issuances or other funding and project completions.

Special Projects Capital Projects Fund accounts for special projects that may not necessarily result in a capital asset for the County. The total fund balance increased \$0.6 million from \$9.7 million in fiscal year 2018 to \$10.3 million in 2019. Total fund balance can fluctuate from year to year due to the timing of project completions. The most significant cause for the increase is due to the timing of when funds are transferred in and when the actual project expenditures occur.

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

Proprietary Funds. The County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Solid Waste Disposal Fund at the end of the fiscal year amounted to a deficit of \$2.4 million primarily due to the net investment in capital assets. The Solid Waste Fund is anticipated to improve its net position in future years with the new transfer station being fully operational and a new franchise agreement slated for approval in early fiscal year 2020.

Capital Asset and Debt Administration

Capital Assets. As of June 30, 2019, the County's investment in capital assets net of accumulated depreciation for its governmental and business-type activities totaled \$282.4 million. These assets include land, buildings and improvements, equipment, automotive equipment, and construction in progress. This is a decrease of \$5.6 million, or 1.9%, from fiscal year 2018. This decrease is due to depreciation of capital assets in governmental activities. See Figure 7.

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

- Initiation of the East Asheville Library project
- Continued major maintenance of older buildings to maintain safety and extend their useful lives.
- Completion of the Lake Julian marina dock replacement
- Sheriff vehicle replacement

Additional information on the County's capital assets can be found in the notes of the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Figure 7
Capital Assets - Net of Depreciation
(in millions)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 21.6	\$ 21.6	\$ 6.8	\$ 6.8	\$ 28.4	\$ 28.4
Buildings and improvements	205.1	175.7	23.2	13.7	228.3	189.4
Equipment	5.1	6.4	1.9	1.0	7.0	7.4
Automotive equipment	3.8	7.4	0.2	0.1	4.0	7.5
Intangibles	6.8	3.8	-	-	6.8	3.8
Construction in progress	6.7	43.0	1.2	8.5	7.9	51.5
Total capital assets	\$ 249.1	\$ 257.9	\$ 33.3	\$ 30.1	\$ 282.4	\$ 288.0

Outstanding Debt. As of June 30, 2019, the County's total debt outstanding was \$436.9 million, of which \$18.6 million is debt backed by the full faith and credit of the County. Installment notes account for the remaining \$418.3 million. Collateral for these notes are the assets purchased or constructed

As mentioned earlier, the County is required by State law to provide capital funding for the two local public school systems and the community college. At the end of the fiscal year, the outstanding balance of the debt for these activities is approximately \$220 million, of which \$150 million is for the school systems and \$70 million is for the community college.

State law also requires the County to provide court facilities for the State of North Carolina. At the end of the fiscal year, the outstanding balance of the debt related to courthouse facilities was \$33 million, or 9% of the total outstanding debt of the County.

As mentioned in the financial highlights section of this document, Buncombe County maintained its AAA bond rating from Standard and Poor's Corporation and received a Aaa rating with Moody's Investor Service. These bond ratings are a clear indication of the sound financial condition of Buncombe County. This achievement is a primary factor in keeping interest costs low on the County's outstanding debt.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Buncombe County is \$2.6 billion. The County's policy is to limit amount of debt issued to 3% of the total assessed value of taxable property located within that government's boundaries. The County's imposed debt margin is \$1.1 billion.

Figure 8
Outstanding Debt
(in millions)

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
General Obligation Bonds	\$ 18.6	\$ 21.5	\$ -	\$ -	\$ 18.6	\$ 21.5
Installment Notes Payable	416.7	450.9	1.6	1.9	418.3	452.8
Total Outstanding Debt	\$ 435.3	\$ 472.4	\$ 1.6	\$ 1.9	\$ 436.9	\$ 474.3

MANAGEMENT'S DISCUSSION AND ANALYSIS

Additional information regarding the County's long-term debt can be found in the notes of the financial statements.

FISCAL YEAR 2020 BUDGET HIGHLIGHTS

The total operating budget for Buncombe County is \$454.4 million. The General Fund budget for fiscal year 2020 is \$334.5 million. This is an increase of 3.27% from the fiscal year 2019 amended General Fund budget.

The tax rate for fiscal year 2020 is set at 52.9 cents per \$100 of property value, the tax rate remained the same as 2019.

The FY2020 budget includes increased investment in Early Childhood Education to ensure that every child has an equal opportunity to thrive during their first 2,000 days. This includes \$3,600,000 for to achieve the following goals:

- Collaborate with community leaders and stakeholders for a coordinated system approach.
- Increase the availability of high quality early childhood care and education with an emphasis on pre-k programs.
- Address issues of affordability, both for providers in a sustainable business model and for families in access to care.
- Support a robust career track in the field of early education, with development ladders from entry level to highly educated, credentialed, seasoned professionals.
- Cultivate a system that responds to the needs of families, such as those impacted by trauma, poverty and addiction.

Buncombe County Commissioners continue their commitment to carbon emission reduction and cleaner, smarter energy in the FY2020 budget by allocating the following:

- \$214,236 - Sustainability Office to work with County departments to develop sustainability initiatives and build partnerships with external agencies to achieve carbon emission reduction goals county-wide
- \$350,000 - Community Clean Energy Projects and Energy Audits

Other major items funded in the FY2020 budget include:

- \$3.8M for affordable housing programs
- \$1.7M investment in community workforce development
- \$1.5M in justice resource support
- \$926k investment in opioid awareness and prevention
- \$583k in county-wide staff development

The fiscal year 2020 budget includes a fund balance appropriation of \$12.9 million. Fund balance appropriation is one of the available means to lower the burden on property tax owners. The County appropriates fund balance each year with the challenge to save the appropriated amount.

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 Chief Financial Officer, PO Box 7526, Asheville, NC 28802. You can also call the Finance Department at 828-250-4130, visit our website at www.buncombecounty.org or send an email to FinanceInfo@buncombecounty.org.



Basic Financial Statements

Buncombe County, North Carolina



BUNCOMBE COUNTY, NORTH CAROLINA

Statement of Net Position

JUNE 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 146,842,734	\$ 17,091,899	\$ 163,934,633
Receivables (net)	7,755,122	1,382,935	9,138,057
Due from other governments	33,344,529	-	33,344,529
Due from primary government	-	-	-
Inventories	-	20,033	20,033
Prepays	422,481	-	422,481
Restricted cash and investments	12,043,685	-	12,043,685
Net pension asset	526,518	-	526,518
Long-term receivables	4,092,455	-	4,092,455
Capital assets:			
Land and construction in progress	28,278,233	8,011,530	36,289,763
Other capital assets, net of depreciation	220,797,090	25,345,822	246,142,912
Total capital assets	<u>249,075,323</u>	<u>33,357,352</u>	<u>282,432,675</u>
Total assets	<u>454,102,847</u>	<u>51,852,219</u>	<u>505,955,066</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>41,184,992</u>	<u>736,254</u>	<u>41,921,246</u>
LIABILITIES			
Accounts payable and accrued expenses	20,327,882	715,982	21,043,864
Accrued interest payable	1,544,665	2,662	1,547,327
Payable from restricted cash	710,085	-	710,085
Unearned revenue	260,779	-	260,779
Other liabilities	4,070,333	-	4,070,333
Due to component unit	4,632,551	-	4,632,551
Long-term liabilities:			
Net pension liability - LEOSSA	7,151,591	-	7,151,591
Net pension liability - LGERS	31,651,186	633,542	32,284,728
Net OPEB liability	131,698,054	2,636,118	134,334,172
Due within one year	40,924,926	430,140	41,355,066
Due in more than one year	409,065,852	18,115,211	427,181,063
Total long-term liabilities	<u>620,491,609</u>	<u>21,815,011</u>	<u>642,306,620</u>
Total liabilities	<u>652,037,904</u>	<u>22,533,655</u>	<u>674,571,559</u>
DEFERRED INFLOWS OF RESOURCES	<u>12,147,841</u>	<u>197,674</u>	<u>12,345,515</u>
NET POSITION			
Net investment in capital assets	51,588,548	31,723,337	83,311,885
Restricted for:			
Stabilization by State statute	40,399,183	-	40,399,183
Product development	-	-	-
Capital projects	13,863,230	-	13,863,230
Public safety	3,000,494	-	3,000,494
Other	262,698	-	262,698
Unrestricted (deficit)	(278,012,059)	(1,866,193)	(279,878,252)
Total net position (deficit)	<u>\$ (168,897,906)</u>	<u>\$ 29,857,144</u>	<u>\$ (139,040,762)</u>

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

Exhibit 1

	Component Units	
	Tourism Development Authority	WNC Regional Air Quality Agency
ASSETS		
Cash and investments	\$ 33,458,103	\$ 537,382
Receivables (net)	15,368	-
Due from other governments	-	154
Due from primary government	4,632,551	-
Inventories	-	-
Prepays	-	-
Restricted cash and investments	-	-
Net pension asset	-	-
Long-term receivables	-	-
Capital assets:		
Land and construction in progress	-	-
Other capital assets, net of depreciation	-	25,175
Total capital assets	-	25,175
Total assets	38,106,022	562,711
DEFERRED OUTFLOWS OF RESOURCES	-	210,189
LIABILITIES		
Accounts payable and accrued expenses	5,397,174	3,062
Accrued interest payable	-	-
Payable from restricted cash	-	-
Unearned revenue	-	-
Other liabilities	543,820	-
Due to component unit	-	-
Long-term liabilities:		
Total pension liability - LEOSSA	-	-
Net pension liability - LGERS	-	139,968
Net OPEB liability	-	849,301
Due within one year	-	373,704
Due in more than one year	-	-
Total long-term liabilities	-	1,362,973
Total liabilities	5,940,994	1,366,035
DEFERRED INFLOWS OF RESOURCES	-	62,497
NET POSITION		
Net investment in capital assets	-	25,175
Restricted for:		
Stabilization by State statute	4,647,919	-
Product development	21,381,511	-
Capital projects	-	-
Public safety	-	-
Other	-	-
Unrestricted (deficit)	6,135,598	(680,807)
Total net position (deficit)	\$ 32,165,028	\$ (655,632)

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

BUNCOMBE COUNTY, NORTH CAROLINA

Statement of Activities

FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
GOVERNMENTAL ACTIVITIES:				
General government	\$ 51,470,532	\$ 5,352,685	\$ 1,520,509	\$ -
Public safety	93,302,005	14,624,759	6,627,735	-
Economic and physical development	37,520,161	757,008	340,446	-
Human services	88,717,827	1,717,706	42,769,033	-
Cultural and recreational	9,974,167	505,568	280,895	-
Education	137,601,291	-	-	3,454,933
Interest on long-term debt	15,617,573	-	-	-
Total governmental activities	434,203,556	22,957,726	51,538,618	3,454,933
BUSINESS-TYPE ACTIVITIES:				
Solid Waste Disposal	4,715,353	9,258,677	578,909	-
Inmate Commissary/Welfare	477,143	568,978	-	-
Total business-type activities	5,192,496	9,827,655	578,909	-
Total primary government	\$ 439,396,052	\$ 32,785,381	\$ 52,117,527	\$ 3,454,933
COMPONENT UNITS:				
Tourism Development Authority	\$ 20,866,902	\$ 192,504	\$ 24,917,026	\$ -
WNC Regional Air Quality Agency	941,845	458,109	265,904	-
Total component units	\$ 21,808,747	\$ 650,613	\$ 25,182,930	\$ -

General revenues:

Taxes:

Property taxes, levied for general purpose

Local option sales tax

Other taxes and licenses

Payments in lieu of taxes

Investment earnings, unrestricted

Grants and contributions, unrestricted

Miscellaneous, unrestricted

Gain on sale of assets

Total general revenues

Change in net position

Net position, beginning of year, as originally reported

Prior period adjustments (Note 11)

Net position, beginning of year, as restated

Net position (deficit), ending

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

Exhibit 2

Net (Expense) Revenue and Change in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Tourism Development Authority	WNC Regional Air Quality Agency
\$ (44,597,338)	\$ -	\$ (44,597,338)		
(72,049,511)	-	(72,049,511)		
(36,422,707)	-	(36,422,707)		
(44,231,088)	-	(44,231,088)		
(9,187,704)	-	(9,187,704)		
(134,146,358)	-	(134,146,358)		
(15,617,573)	-	(15,617,573)		
<u>(356,252,279)</u>	<u>-</u>	<u>(356,252,279)</u>		
-	5,122,233	5,122,233		
-	91,835	91,835		
-	5,214,068	5,214,068		
<u>(356,252,279)</u>	<u>5,214,068</u>	<u>(351,038,211)</u>		
			\$ 4,242,628	\$ -
			-	(217,832)
			<u>4,242,628</u>	<u>(217,832)</u>
221,478,724	-	221,478,724	-	-
87,852,117	-	87,852,117	-	-
33,902,440	-	33,902,440	-	149,468
302,201	-	302,201	-	-
4,088,580	302,015	4,390,595	526,165	9,746
718,206	-	718,206	-	-
5,915,315	-	5,915,315	6,354	-
157,785	5,000	162,785	-	-
<u>354,415,368</u>	<u>307,015</u>	<u>354,722,383</u>	<u>532,519</u>	<u>159,214</u>
<u>(1,836,911)</u>	<u>5,521,083</u>	<u>3,684,172</u>	<u>4,775,147</u>	<u>(58,618)</u>
(162,518,207)	24,336,061	(138,182,146)	27,389,881	(597,014)
(4,542,788)	-	(4,542,788)	-	-
<u>(167,060,995)</u>	<u>24,336,061</u>	<u>(142,724,934)</u>	<u>27,389,881</u>	<u>(597,014)</u>
<u>\$ (168,897,906)</u>	<u>\$ 29,857,144</u>	<u>\$ (139,040,762)</u>	<u>\$ 32,165,028</u>	<u>\$ (655,632)</u>

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

BUNCOMBE COUNTY, NORTH CAROLINA

Balance Sheet

Governmental Funds

JUNE 30, 2019

	General	Occupancy Tax	Public School Capital Needs	AB Tech Capital Projects
ASSETS				
Cash and investments	\$ 84,243,067	\$ 2,201,288	\$ 4,191,272	\$ 13,273,518
Restricted cash and investments	16,400	-	7,492,714	-
Receivables, net	4,691,685	2,467,679	90,103	80,299
Due from other governments	16,984,394	-	5,429,836	3,718,222
Due from other funds	1,819,806	640	-	-
Prepaid items	38,481	-	-	-
Long-term receivable	-	-	-	-
Total assets	<u>\$ 107,793,833</u>	<u>\$ 4,669,607</u>	<u>\$ 17,203,925</u>	<u>\$ 17,072,039</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 9,032,497	\$ -	\$ 2,200	\$ 519,789
Payable from restricted cash	-	-	497,376	-
Unearned revenue	-	-	-	-
Miscellaneous liabilities	542,394	-	-	-
Due to component unit	-	4,632,551	-	-
Due to other funds	640	37,056	-	-
Total liabilities	<u>9,575,531</u>	<u>4,669,607</u>	<u>499,576</u>	<u>519,789</u>
DEFERRED INFLOWS OF RESOURCES	2,928,348	-	-	-
FUND BALANCES				
Nonspendable	38,481	-	-	-
Restricted for:				
Stabilization by State statute	23,247,150	-	5,906,881	5,993,774
Capital projects	16,400	-	10,797,468	10,558,476
Public safety	-	-	-	-
Other	-	-	-	-
Committed	4,569,725	-	-	-
Assigned	13,640,077	-	-	-
Unassigned	53,778,121	-	-	-
Total fund balances	<u>95,289,954</u>	<u>-</u>	<u>16,704,349</u>	<u>16,552,250</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 107,793,833</u>	<u>\$ 4,669,607</u>	<u>\$ 17,203,925</u>	<u>\$ 17,072,039</u>

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

Exhibit 3

Public Schools			Other	Total
ADM Sales Tax/ Lottery Projects	County Capital Projects	Special Projects Capital Projects	Governmental Funds	Governmental Funds
\$ -	\$ 5,735,022	\$ 9,436,393	\$ 7,256,467	\$ 126,337,027
-	4,534,571	-	-	12,043,685
-	303,716	-	114,650	7,748,132
4,246,669	-	-	2,965,408	33,344,529
-	-	-	-	1,820,446
-	-	-	-	38,481
-	-	4,092,455	-	4,092,455
<u>\$ 4,246,669</u>	<u>\$ 10,573,309</u>	<u>\$ 13,528,848</u>	<u>\$ 10,336,525</u>	<u>\$ 185,424,755</u>

\$ 4,174,034	\$ 180,328	\$ 9,279	\$ 3,668,249	\$ 17,586,376
-	212,709	-	-	710,085
-	-	-	260,779	260,779
-	342,500	3,185,439	-	4,070,333
-	-	-	-	4,632,551
72,635	-	-	1,710,115	1,820,446
<u>4,246,669</u>	<u>735,537</u>	<u>3,194,718</u>	<u>5,639,143</u>	<u>29,080,570</u>
-	-	-	563,729	3,492,077

-	-	4,092,455	-	4,130,936
-	1,999,694	2,381,223	870,461	40,399,183
-	4,534,571	-	-	25,906,915
-	-	-	3,000,494	3,000,494
-	-	-	262,698	262,698
-	-	-	-	4,569,725
-	3,303,507	3,860,452	-	20,804,036
-	-	-	-	53,778,121
-	<u>9,837,772</u>	<u>10,334,130</u>	<u>4,133,653</u>	<u>152,852,108</u>

\$ 4,246,669 \$ 10,573,309 \$ 13,528,848 \$ 10,336,525

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

Reconciliation to full accrual basis of accounting (see Note 1)	<u>(321,750,014)</u>
Net position (deficit) of governmental activities	<u>\$ (168,897,906)</u>

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

BUNCOMBE COUNTY, NORTH CAROLINA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

FOR THE YEAR ENDED JUNE 30, 2019

	General	Occupancy Tax	Public School Capital Needs	AB Tech Capital Projects
REVENUES				
Ad valorem taxes	\$ 198,764,491	\$ -	\$ -	\$ -
Incremental Tax Revenue	-	-	-	-
Local option sales taxes	32,293,168	-	19,991,041	13,671,316
Other taxes and licenses	8,605,531	25,296,909	-	-
Unrestricted intergovernmental	718,206	-	-	-
Restricted intergovernmental	44,803,581	-	188,425	42,712
Permits and fees	4,730,736	-	-	-
Sales and services	17,520,892	-	-	-
Investment earnings	2,455,950	-	967,503	613,781
Miscellaneous	3,816,987	-	-	-
Total revenues	313,709,542	25,296,909	21,146,969	14,327,809
EXPENDITURES				
Current:				
General government	41,733,963	-	-	-
Public safety	57,655,287	-	-	-
Economic and physical development	6,877,152	25,296,755	-	-
Human services	82,388,023	-	-	-
Cultural and recreational	7,404,979	-	-	-
Intergovernmental:				
Education	85,165,897	-	-	-
Capital outlay	-	-	28,650,940	5,182,833
Debt service:				
Principal retirement	12,705,272	-	14,001,613	5,073,683
Interest and fees	8,251,067	-	8,388,749	3,763,954
Total expenditures	302,181,640	25,296,755	51,041,302	14,020,470
Revenues over (under) expenditures	11,527,902	154	(29,894,333)	307,339
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	9,195,169	-	-	-
Transfers to other funds	(7,832,711)	-	-	(6,500,000)
Sales of capital assets	109,532	-	-	-
Total other financing sources (uses)	1,471,990	-	-	(6,500,000)
Net changes in fund balances	12,999,892	154	(29,894,333)	(6,192,661)
Fund balances, beginning of year as originally reported	82,290,062	(154)	46,598,682	22,744,911
Prior period adjustments (Note 11)	-	-	-	-
Fund balances, beginning as restated	82,290,062	(154)	46,598,682	22,744,911
Fund balances, end of year	\$ 95,289,954	\$ -	\$ 16,704,349	\$ 16,552,250

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

Exhibit 4

Public Schools ADM Sales Tax/ Lottery Projects	County Capital Projects	Special Projects Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 22,703,556	\$ 221,468,047
-	-	-	302,201	302,201
15,379,276	-	-	6,517,316	87,852,117
-	-	-	-	33,902,440
-	-	-	-	718,206
3,223,796	51,436	81,267	6,558,149	54,949,366
-	-	-	139,934	4,870,670
-	-	106,358	30,147	17,657,397
-	151,382	-	110,827	4,299,443
-	-	2,081,982	16,346	5,915,315
18,603,072	202,818	2,269,607	36,378,476	431,935,202
-	-	-	115,411	41,849,374
-	-	-	31,749,338	89,404,625
-	-	-	10,620	32,184,527
-	-	-	4,691,605	87,079,628
-	-	-	904,170	8,309,149
-	-	-	-	85,165,897
18,603,058	6,300,505	5,334,320	403,883	64,475,539
-	-	-	140,000	31,920,568
-	-	-	519,450	20,923,220
18,603,058	6,300,505	5,334,320	38,534,477	461,312,527
14	(6,097,687)	(3,064,713)	(2,156,001)	(29,377,325)
-	2,213,101	3,676,045	2,409,415	17,493,730
-	(935,459)	(16,666)	(344,987)	(15,629,823)
-	-	-	105,312	214,844
-	1,277,642	3,659,379	2,169,740	2,078,751
14	(4,820,045)	594,666	13,739	(27,298,574)
(14)	14,657,817	11,136,071	4,119,914	181,547,289
-	-	(1,396,607)	-	(1,396,607)
(14)	14,657,817	9,739,464	4,119,914	180,150,682
\$ -	\$ 9,837,772	\$ 10,334,130	\$ 4,133,653	\$ 152,852,108

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

Net changes in fund balances - total governmental funds	\$ (27,298,574)
Reconciliation to full accrual basis of accounting (see Note 1)	25,461,663
Total change in net position (deficit) of governmental activities	<u>\$ (1,836,911)</u>

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 Balance - Budget and Actual
General Fund

FOR THE YEAR ENDED JUNE 30, 2019

	General Fund			Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Ad valorem taxes	\$ 197,302,014	\$ 197,302,014	\$ 198,764,491	\$ 1,462,477
Local option sales taxes	31,608,204	31,608,204	32,293,168	684,964
Other taxes and licenses	6,931,520	7,916,614	8,605,531	688,917
Unrestricted intergovernmental	700,000	700,000	718,206	18,206
Restricted intergovernmental	41,325,273	42,970,782	44,803,581	1,832,799
Permits and fees	4,047,841	4,122,841	4,730,736	607,895
Sales and services	16,457,570	15,584,085	17,520,892	1,936,807
Investment earnings	725,000	725,000	2,455,950	1,730,950
Miscellaneous	789,565	791,247	3,816,987	3,025,740
Total revenues	<u>299,886,987</u>	<u>301,720,787</u>	<u>313,709,542</u>	<u>11,988,755</u>
EXPENDITURES				
Current:				
General government	35,544,976	46,199,014	41,733,963	4,465,051
Public safety	73,014,646	60,798,881	57,655,287	3,143,594
Economic and physical development	8,815,739	8,061,640	6,877,152	1,184,488
Human services	84,611,840	87,364,534	82,388,023	4,976,511
Cultural and recreational	8,022,168	7,833,478	7,404,979	428,499
Intergovernmental:				
Education	83,181,108	85,166,015	85,165,897	118
Total current expenditures	<u>293,190,477</u>	<u>295,423,562</u>	<u>281,225,301</u>	<u>14,198,261</u>
Debt service:				
Principal retirement			12,705,272	
Interest and other charges			8,251,067	
Total debt service	<u>21,205,824</u>	<u>21,072,833</u>	<u>20,956,339</u>	<u>116,494</u>
Total expenditures	<u>314,396,301</u>	<u>316,496,395</u>	<u>302,181,640</u>	<u>14,314,755</u>
Revenues over (under) expenditures	<u>(14,509,314)</u>	<u>(14,775,608)</u>	<u>11,527,902</u>	<u>26,303,510</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	8,196,050	10,612,082	9,195,169	(1,416,913)
Transfers to other funds	(2,465,498)	(7,832,711)	(7,832,711)	-
Sales of capital assets	100,000	100,000	109,532	9,532
Appropriated fund balance	8,678,762	11,896,237	-	(11,896,237)
Total other financing sources (uses)	<u>14,509,314</u>	<u>14,775,608</u>	<u>1,471,990</u>	<u>(13,303,618)</u>
Net changes in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>12,999,892</u>	<u>\$ 12,999,892</u>
Fund balance, beginning of year			<u>82,290,062</u>	
Fund balance, end of year			<u>\$ 95,289,954</u>	

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

BUNCOMBE COUNTY, NORTH CAROLINA

Exhibit 6

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

FOR THE YEAR ENDED JUNE 30, 2019

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Occupancy tax	\$ 27,000,000	\$ 25,296,909	\$ (1,703,091)
EXPENDITURES			
Current:			
Economic and physical development:			
Tourism development	27,000,000	25,296,755	1,703,245
Revenues over expenditures	-	154	154
Net change in fund balance	\$ -	154	\$ 154
Fund balance, beginning of year		(154)	
Fund balance, end of year		\$ -	

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

BUNCOMBE COUNTY, NORTH CAROLINA

Exhibit 7

Statement of Net Position

Proprietary Funds

JUNE 30, 2019

	Enterprise Funds			Internal Service Fund
	Solid Waste Disposal Fund	Nonmajor Enterprise Fund	Total	Insurance Fund
ASSETS				
Current assets:				
Cash and investments	\$ 16,323,188	\$ 768,711	\$ 17,091,899	\$ 20,505,707
Receivables, net	1,360,408	22,527	1,382,935	6,990
Prepays	-	-	-	384,000
Inventories	20,033	-	20,033	-
Total current assets	17,703,629	791,238	18,494,867	20,896,697
Noncurrent assets:				
Capital assets:				
Land, improvements, and construction in progress	8,011,530	-	8,011,530	-
Other capital assets, net of depreciation	25,345,822	-	25,345,822	-
Total capital assets	33,357,352	-	33,357,352	-
Total noncurrent assets	33,357,352	-	33,357,352	-
Total assets	51,060,981	791,238	51,852,219	20,896,697
DEFERRED OUTFLOWS OF RESOURCES	697,073	39,181	736,254	-
LIABILITIES				
Current liabilities:				
Accounts payable	556,521	63,197	619,718	976,625
Accrued interest payable	2,662	-	2,662	-
Salaries and payroll taxes payable	91,614	4,650	96,264	82,658
Compensated absences	129,458	5,682	135,140	-
Other liabilities	-	-	-	1,682,223
Installment obligations payable, current portion	295,000	-	295,000	-
Total current liabilities	1,075,255	73,529	1,148,784	2,741,506
Noncurrent liabilities:				
Accrued landfill closure and postclosure care costs	16,776,196	-	16,776,196	-
Net OPEB liability	2,495,828	140,290	2,636,118	-
Installment obligations payable	1,339,015	-	1,339,015	-
Net pension liability - LGERS	599,826	33,716	633,542	-
Total noncurrent liabilities	21,210,865	174,006	21,384,871	-
Total liabilities	22,286,120	247,535	22,533,655	2,741,506
DEFERRED INFLOWS OF RESOURCES	187,155	10,519	197,674	-
NET POSITION				
Net investment in capital assets	31,723,337	-	31,723,337	-
Unrestricted	(2,438,558)	572,365	(1,866,193)	18,155,191
TOTAL NET POSITION	\$ 29,284,779	\$ 572,365	\$ 29,857,144	\$ 18,155,191

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

BUNCOMBE COUNTY, NORTH CAROLINA

Exhibit 8

Statement of Revenues, Expenses, and Change in Net Position
Proprietary Funds

FOR THE YEAR ENDED JUNE 30, 2019

	Enterprise Funds			Internal Service Fund
	Solid Waste Disposal Fund	Nonmajor Enterprise Fund	Total	Insurance Fund
OPERATING REVENUES				
Charges for services	\$ 9,258,677	\$ 568,978	\$ 9,827,655	\$ 34,333,108
Miscellaneous	578,909	-	578,909	1,413,956
Total operating revenues	9,837,586	568,978	10,406,564	35,747,064
OPERATING EXPENSES				
Salaries, wages, and fringe benefits	3,485,497	186,104	3,671,601	942,457
Contracted services	639,182	206,274	845,456	-
Cost of products sold	-	38,686	38,686	-
Maintenance and repairs	867,630	-	867,630	-
Other operating expenses	2,636,385	46,079	2,682,464	2,359,519
Landfill closure and postclosure care costs	(4,860,720)	-	(4,860,720)	-
Depreciation	1,929,745	-	1,929,745	-
Insurance premiums	-	-	-	1,248,009
Claims	-	-	-	30,664,191
Total operating expenses	4,697,719	477,143	5,174,862	35,214,176
Operating income	5,139,867	91,835	5,231,702	532,888
NONOPERATING REVENUES (EXPENSES)				
Interest and investment revenue	291,168	10,847	302,015	-
Interest and other charges	(17,634)	-	(17,634)	-
Gain on disposal of assets	5,000	-	5,000	-
Total nonoperating revenues (expenses)	278,534	10,847	289,381	-
Income before contributions and transfers	5,418,401	102,682	5,521,083	532,888
Transfers to other funds	-	-	-	(1,863,907)
Change in net position	5,418,401	102,682	5,521,083	(1,331,019)
Net position, beginning of year	23,866,378	469,683	24,336,061	19,486,210
Net position, end of year	\$ 29,284,779	\$ 572,365	\$ 29,857,144	\$ 18,155,191

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

BUNCOMBE COUNTY, NORTH CAROLINA

Statement of Cash Flows

Proprietary Funds

FOR THE YEAR ENDED JUNE 30, 2019

	Enterprise Funds			Internal Service Fund
	Solid Waste Disposal Fund	Nonmajor Enterprise Fund	Total	Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 9,146,073	\$ 547,779	\$ 9,693,852	\$ 35,002,310
Cash paid for goods and services	(5,005,503)	(275,432)	(5,280,935)	(33,091,571)
Cash paid to employees for services	(2,470,223)	(137,713)	(2,607,936)	(885,936)
Other operating revenue	578,909	-	578,909	1,413,956
Net cash provided by operating activities	2,249,256	134,634	2,383,890	2,438,759
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers to other funds	-	-	-	(1,863,907)
Net cash used by noncapital financing activities	-	-	-	(1,863,907)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(5,173,124)	-	(5,173,124)	-
Sale of capital assets	5,000	-	5,000	-
Principal paid on installment obligation	(285,000)	-	(285,000)	-
Interest paid on long-term debt	(43,050)	-	(43,050)	-
Net cash used by capital and related financing activities	(5,496,174)	-	(5,496,174)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	291,168	10,847	302,015	-
Net cash provided by investing activities	291,168	10,847	302,015	-
Net increase (decrease) in cash and investments	(2,955,750)	145,481	(2,810,269)	574,852
Cash and investments, beginning of year	19,278,938	623,230	19,902,168	19,930,855
Cash and investments, end of year	\$ 16,323,188	\$ 768,711	\$ 17,091,899	\$ 20,505,707

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

	Enterprise Funds			Internal Service Fund
	Solid Waste Disposal Fund	Nonmajor Enterprise Fund	Total	Insurance Fund
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 5,139,867	\$ 91,835	\$ 5,231,702	\$ 532,888
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	1,929,745	-	1,929,745	-
Landfill closure and postclosure care costs	(4,973,930)	-	(4,973,930)	-
Changes in assets, liabilities and deferred outflow and inflows of resources:				
Accounts receivable	(112,604)	(21,199)	(133,803)	669,202
Inventories	9,700	-	9,700	-
Deferred outflows of resources - pensions	(272,296)	(14,080)	(286,376)	-
Net pension liability	355,550	18,408	373,958	-
Deferred inflows of resources - pensions	627	(55)	572	-
Accounts payable	(758,796)	15,607	(743,189)	1,180,152
Salaries and payroll taxes payable	6,248	1,265	7,513	56,517
Deferred outflows of resources - OPEB	(214,052)	(11,896)	(225,948)	-
Net OPEB liability	1,024,036	48,055	1,072,091	-
Deferred inflows of resources - OPEB	85,457	4,240	89,697	-
Accrued compensated absences	29,704	2,454	32,158	-
Total adjustments	(2,890,611)	42,799	(2,847,812)	1,905,871
Net cash provided (used) by operating activities	\$ 2,249,256	\$ 134,634	\$ 2,383,890	\$ 2,438,759

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

BUNCOMBE COUNTY, NORTH CAROLINA

Exhibit 10

Statement of Fiduciary Net Position

JUNE 30, 2019

	OPEB Trust Fund	Agency Funds
ASSETS		
Cash and investments	\$ 26,562,972	\$ 2,151,136
Intergovernmental receivable State of North Carolina	-	1,462,225
	<u>26,562,972</u>	<u>\$ 3,613,361</u>
LIABILITIES		
Accounts payable	1,300,000	\$ 8,894
Due to other taxing units	-	2,591,048
Intergovernmental payable - State of North Carolina	-	82,429
Due to beneficiaries	-	930,990
Total liabilities	<u>1,300,000</u>	<u>\$ 3,613,361</u>
NET POSITION		
Restricted for OPEB	<u>\$ 25,262,972</u>	

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

BUNCOMBE COUNTY, NORTH CAROLINA

Exhibit 11

Statement of Changes in Fiduciary Net Position

FOR THE YEAR ENDED JUNE 30, 2019

	<u>OPEB Trust Fund</u>
ADDITIONS	
Employer contributions	\$ 8,682,405
Investment income:	
Interest and dividends	157,046
Gain (loss) on sales of investments	(13,639)
Net appreciation (depreciation) in fair value of investments	1,029,869
Less: investment management fees	<u>(2,720)</u>
Investment income, net	<u>1,170,556</u>
Total additions	<u>9,852,961</u>
DEDUCTIONS	
Benefit payments	<u>6,682,405</u>
Total deductions	<u>6,682,405</u>
Change in net position	3,170,556
NET POSITION	
Restricted for OPEB	
Beginning of year	<u>22,092,416</u>
End of year	<u>\$ 25,262,972</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, 2019

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 seven-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. Buncombe County Tourism Development Authority (the Tourism Development Authority) 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. Buncombe County Service Foundation, Inc. (the Foundation) meets the blending requirements of Governmental Accounting Standards Board (GASB) Statement No. 80, and is therefore presented as a special revenue fund of 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).
Buncombe County Tourism Development Authority	Discrete	The Tourism 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

<p>Buncombe County Service Foundation, Inc.</p>	<p>Blended</p>	<p>The Foundation is a 501(c)(3) nonprofit organization that supports the programs of Buncombe County Government with an emphasis on health and human services activities. The Foundation undertakes projects to improve access to health, safety, independence, wellness, recreation, and community services in alignment with Buncombe County sustainability goals. The Foundation is managed through a seven member board of directors, as appointed by the Buncombe County Manager. The Foundation’s budget is included in the County’s annual budget process.</p>	<p>None issued.</p>
<p>Western North Carolina Regional Air Quality Agency</p>	<p>Discrete</p>	<p>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.</p>	<p>None issued.</p>

(B) Basis of Presentation, Basis of Accounting

Basis of Presentation, Measurement Focus – Basis of Accounting

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government net position (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. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities are generally 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. 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 non-major 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. Non-operating 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. The Reappraisal Reserve Fund is consolidated into the General Fund for reporting purposes.

Public School Capital Needs Fund: This fund accounts for construction related to local public schools with article 39 sales tax. Sales tax, general obligation bonds, and installment obligations are used to finance these projects. Once constructed, the assets will be capitalized by the local school units.

AB Tech Capital Projects Fund: This fund is used to account for capital improvements to Asheville-Buncombe Technical Community College (ABTCC). Sales tax and installment obligations are used to finance these projects. Once completed, these assets will be capitalized by ABTCC.

Public School ADM Sales Tax/Lottery Projects Fund: This fund accounts for major capital maintenance projects for local public schools with article 40/42 sales tax and lottery funds. Once constructed, the assets will be capitalized by the local school units.

Occupancy Tax Fund: This fund accounts for the revenues from the room occupancy tax to fund the development and implementation of strategies to promote tourism in Buncombe County. Occupancy tax net of collection fees is remitted to the Tourism Development Authority component unit to achieve this purpose.

County Capital Projects Fund: This fund accounts for capital asset construction or acquisition from general government resources and financing. Assets constructed or acquired by this fund will be owned by the County.

Special Projects Capital Projects Fund: This fund accounts for special projects that may not necessarily result in a capital asset for the County.

The County reports the following major enterprise fund:

Solid Waste Disposal Fund: This fund accounts for landfill operations. For financial reporting purposes, the Landfill Capital Projects budgeted fund has been consolidated into this fund.

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, and other insurance and risk-related programs.

Trust Funds: Trust funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, or other postemployment benefit plans. The OPEB Trust Fund 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 as well as the portion of each fee collected by the register of deeds for registering or filing a deed of trust or mortgage that is remitted to the State Treasurer on a monthly basis; the Social Services Fund, which accounts for funds deposited with the Department of Social Services for the benefit of certain individuals; and the Sondley Estate Trust, which accounts for certain funds held by the County as fiscal agent.

Non-major Funds: The County maintains these additional legally budgeted special revenue funds: the Emergency Telephone System Fund, the Volunteer Fire Departments Fund, the Register of Deeds Automation Fund, the Grant Projects Fund, the Transportation Fund, the Drug Forfeitures Fund, the PDF Woodfin Downtown Fund, and the Buncombe County Service Foundation blended component unit presented as a fund. The Reappraisal Reserve Fund is legally budgeted, but is consolidated into the General Fund for reporting purposes.

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 non-operating 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 non-operating 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 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 for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, State Law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when the vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received.

Sales taxes and certain intergovernmental revenues, such as utilities franchise tax, 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 position 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.

(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 Volunteer Fire Departments, Emergency Telephone System, Occupancy Tax Fund, Register of Deeds Automation Fund, Drug Forfeitures Fund, PDF Woodfin Downtown Fund, Transportation Fund, the Reappraisal Reserve Fund, the Buncombe County Service Foundation, Inc. and the Enterprise Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the County Capital Projects Fund, the School Capital Commission Fund, the AB Tech Capital Project Fund, the Public School ADM Project Fund, the Grant Projects Fund, the Special Projects Funds, and the Enterprise Capital Projects Funds, which are consolidated with the enterprise operating funds for reporting purposes.

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 \$75,000. 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 \$75,000 per expenditure; however, any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$75,000 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, Deferred Inflows and Outflows of Resources and Fund Equity

(1) Deposits and Investments

All deposits of the County, Buncombe County Tourism Development Authority, 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, Tourism Development Authority, and Agency may designate as an official depository any bank or savings association whose principal office is located in North Carolina. Also, the County, Tourism Development Authority, 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, Tourism Development Authority, 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 159-30.1 allows the County to establish an Other Postemployment Benefit (OPEB) Trust 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 Trust. The State Treasurer in his 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(b)(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 Bond Index Fund (BIF) consisting of high quality debt securities eligible under G.S. 147-69.2(b)(1)-(6), and BlackRock's MSCI ACWI EQ Index Non-Lendable Class B Fund authorized under G.S. 147-69.2(b)(8).

The County, Tourism Development Authority, 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. 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 North Carolina Capital Management Trust (NCCMT) is a SEC registered money market mutual fund allowable by G.S. 159-30(c)(8). The NCCMT Government Portfolio is a 2a-7 fund maintaining an AAAm rating from S&P. The NCCMT Term Portfolio is a bond fund, has no rating and has a duration of .11 years. Both the NCCMT Government and Term Portfolios are reported at fair value.

Ownership of the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. STIF investments are valued by the custodian using Level 2 inputs which in this case involves inputs—other than quoted prices—included within Level 1 that are either directly or indirectly observable for the asset or liability. The STIF is valued at \$1 per share. The STIF portfolio is unrated and had a weighted average maturity at June 30, 2019 of 1.3 years. 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 BIF is measured at fair value using Level 2 inputs and is based upon units of participation. Units of participation are calculated monthly based upon inflows and outflows as well as allocations of net earnings. BIF does not have a credit rating, was valued at \$1 per unit and had an average maturity of 7.81 years at June 30, 2019.

The BlackRock's MSCI ACWI EQ Index Non-Lendable Class B fund, authorized under G.S. 147-69.2(b)(8), is a common trust fund considered to be commingled in nature. The Fund's fair value is the number of shares times the net asset value as determined by a third party. At June 30, 2019 the fair value of the funds was \$22,562,358 per share. Fair value for this Blackrock fund is determined using Level 1 inputs which are directly observable, quoted prices (unadjusted) in active markets for identical assets or liabilities.

(2) Cash and Cash Equivalents

The County pools monies from several funds, except the OPEB Trust Fund, to facilitate disbursement and investment and to maximize the investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

(3) Restricted Assets

Unexpended bond proceeds 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.

Buncombe County Restricted Cash

Governmental Activities	
County Capital Projects Fund	\$ 4,534,571
Public School Capital Needs Fund	7,492,714
General Fund	<u>16,400</u>
Total Restricted Cash	<u>\$ 12,043,685</u>

(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 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2018.

(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

The inventories of the County are valued at cost (first-in, first-out), which approximates market. The inventory of the County's enterprise funds consists of materials and supplies held for consumption or resale. The cost of the inventory carried in the County's enterprise funds is recorded as an expense as it is consumed or sold.

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 received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after July 1, 2015 are recorded at acquisition value. The minimum capitalization cost is \$25,000 (except for land and vehicles, which are capitalized regardless of cost). The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

The County holds title to certain Buncombe County Board of Education, Asheville City Board of Education and AB-Tech Community College properties that have not been included in capital assets. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs. Agreements between the County and the respective boards give the school systems full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the board once all restrictions of the financing agreements have been met. The properties are reflected as capital assets in the financial statements of the school systems.

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 and equipment	5-10
Intangibles	5
Vehicles	3-5

(8) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has several items that meets this criterion – charges on refunding of debt, pension and OPEB related deferrals, and contributions made to the benefit plans in the current fiscal year.

In addition to liabilities, the statement of net position has a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has several items that meet the criterion for this category – advance receipt of ad valorem taxes, various unavailable receivables, other pre-payments, and pension and OPEB related deferrals.

(9) 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 on the statements of net position. Bond and installment note premiums and discounts are deferred and amortized over the life of the debt using the effective interest method. Bond and installment notes payable are reported net of the applicable bond premiums or discount. Debt issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred.

In fund financial statements, governmental fund types recognize bond and note premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(10) Compensated Absences

County personnel policies permit an employee to accumulate vacation earned in the equivalent of two years of service, any accrual in excess of two years shall be converted to sick leave on January 1 of each year. 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.

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 County has no obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

(11) Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements is classified as investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are either a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through State statute.

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Prepaid items: Portion of fund balance that is not an available resource because it represents the year-end balance of prepaid items, which are not spendable resources.

Long-term revolving loans: Portion of fund balance that is not an available resource because it represents the long-term amount of loans and notes receivable.

Restricted Fund Balance: This classification includes revenue sources that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State Statute: North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding encumbrances are included within RSS. RSS is included as a component of restricted net position and restricted fund balance on the face of the balance sheet.

Restricted for Capital Projects: Portion of fund balance that is restricted by revenue source for capital project expenditures, including fund balance that can only be used for School Capital per G.S. 159-18-22.

Restricted for Public Safety: Portion of fund balance that is restricted by revenue source for public safety purposes.

Other restricted fund balance:

Restricted for Register of Deeds: Portion of fund balance that is restricted by revenue source to pay for the computer equipment and imaging technology for the Register of Deeds office.

Restricted for Human Services: Portion of fund balance that is restricted by revenue source for human services purposes.

Restricted for Grant Projects: Portion of fund balance that is restricted by revenue source for various grant projects.

Committed Fund Balance: Portion of fund balance that can only be used for specific purpose imposed by majority vote of Buncombe County's Board of Commissioners (highest level of decision-making authority). Any changes or removal of specific purposes requires majority action by the governing body.

Committed for Retirement Incentive: Portion of fund balance to be used for payments made under the 2014 Buncombe County Employee Retirement Incentive Plan.

Assigned Fund Balance: Portion of fund balance that the Buncombe County Board of Commissioners has budgeted.

Subsequent Year's Expenditures: Portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however the budget ordinance authorizes the manager to modify the appropriations by resource or appropriation within funds up to \$75,000.

Assigned for Capital Projects: Portion of fund balance that has been budgeted or designated by the Board of Commissioners for capital projects.

Unassigned Fund Balance: Portion of fund balance in the General Fund that has not been restricted, committed, or assigned to specific purposes or other funds.

Buncombe County has a revenue spending guideline for programs with multiple revenue sources. The Finance Director uses resources in the following hierarchy: debt proceeds, federal funds, State funds, local non-county funds, and County funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Director may deviate from this policy if it is in the best interest of the County.

Buncombe County has also adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that available fund balance is at least equal to or greater than 15% of budgeted expenditures. Any portion of the General Fund balance in excess of 15% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the County in a future budget.

(12) Defined Benefit Pension and OPEB Plans

The County participates in two cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State: the Local Government Employees' Retirement System (LERS) and the Registers of Deeds' Supplemental Pension Fund (RODSPF) (collectively, the "state-administered, defined benefit pension plans"), administers a single-employer Law Enforcement Officers' Special Separation Allowance (LEOSSA) defined benefit pension plan, and administers one other postemployment benefit plan (OPEB), the Healthcare Benefits Plan (HCB). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. Investments are reported at fair value. For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the HCB and additions to/deductions from the HCB's fiduciary net position have been determined on the same basis as they are reported by the HCB. For this purpose, the HCB recognizes benefit payments when due and payable in accordance with the benefit terms. Investments for all plans are reported at fair value.

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

(1) Explanation of certain differences between the governmental funds Balance Sheet and the government-wide Statement of Net Position. The governmental funds Balance Sheet includes a reconciliation between total fund balance for the governmental funds and net position for governmental activities as reported in the government-wide Statement of Net Position. 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)	\$ 391,286,837
Less accumulated depreciation	<u>(142,211,514)</u>
Net capital assets	249,075,323
 Net pension asset	 526,518
 Contributions to LGERS and ROD pension plans in the current fiscal year are deferred outflows of resources on the statement of net position	 6,631,356
 Benefit Payments and administrative costs for LEOSSA are deferred outflows of resources on the statement of net position	 233,748
 Deferred inflows of resources reported in the fund statements but not the government-wide statements	 1,577,286
 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 position	 18,155,191
 Deferred charges related to advance refunding bonds issued – included on government-wide statement of net position but are not current financial resource	 3,559,828
 Pension related deferrals	 17,237,289
OPEB related deferrals	3,289,721
 Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Bonds and installment financing	(435,278,755)
Compensated absences	(7,972,113)
Total pension liability - LEOSSA	(7,151,591)
Other postemployment benefits	(131,698,054)
Net pension liability - LGERS	(31,651,186)
Accrued salaries related to retirement incentive	(4,569,725)
Pension spiking liability	(2,170,185)
Accrued interest payable	<u>(1,544,665)</u>
 Total	 <u>\$ (321,750,014)</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 a reconciliation between net changes in fund balances for the governmental funds and changes in net position of governmental activities as reported in the government-wide Statement of Activities. There are several elements of that total adjustment as follows:

<u>Description</u>	<u>Amount</u>
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of net position	\$ 7,390,554
Cost of disposed assets not recorded in fund statements	(57,060)
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	(16,207,669)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the statement of net activities – only the government-wide statement of net position is affected.	
Principal payments on long-term debt	31,920,568
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	6,631,356
Benefit payments and administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	233,748
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:	
Accrued interest payable on long-term debt	570,979
Amortization of premium on long-term debt	5,247,020
Amortization of refunding costs not recorded on fund statements	(512,352)
Compensated absences	241,676
OPEB expense	373,263
County's portion of collective pension expense - LGERS, ROD, LEO	(9,257,785)
Payments related to the 2014 Retirement Incentive	916,494
Pension spiking liability	(971,768)
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)	(210,863)
Increase of deferred inflows of resources – taxes receivable – at June 30, 2019	10,677
Increase of deferred inflows of resources – library fines – at June 30, 2019	91,383
Decrease of deferred inflows of resources – EMS receivable – at June 30, 2019	(155,839)
Increase in deferred inflows of resources - grant receivables - at June 30, 2019	538,300
Net expense, including transfers, of internal service funds determined to be governmental type	<u>(1,331,019)</u>
Total	<u>\$ 25,461,663</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 - Detail Notes on All Funds

(A) Assets

(1) Deposits

All deposits of the County, Tourism Development Authority, 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, Tourism Development Authority, 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, Tourism Development Authority, 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, Tourism Development Authority, 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.

The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County, Tourism Development Authority, and Western North Carolina Regional Air Quality Agency rely on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institution used by the County. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2019, the County's (including Western North Carolina Regional Air Quality) deposits had a carrying amount of \$30,013,701 and a bank balance of \$31,002,506. Of the bank balance, \$250,000 was covered by federal depository insurance and \$30,752,506 was covered by collateral held under the Pooling Method. These amounts include \$2,151,136 held by the County in its fiduciary capacity for its agency funds.

At June 30, 2019, Buncombe County had \$9,100 cash on hand.

At June 30, 2019, the Tourism Development Authority's deposits had a carrying amount of \$6,347,136 and a bank balance of \$6,393,059. Of the bank balance, \$250,000 was covered by federal depository insurance and \$6,143,059 was covered by collateral held under the Pooling Method.

(2) Investments

As of June 30, 2019, the County had the following investments and maturities:

Investment Type	Valuation Measurement Method	Fair Value	Less Than 6	
			Months	6-12 Months
Municipal Bonds	Fair Value-Level 2	\$ 36,298	\$ -	\$ 36,298
NCCMT - Government Portfolio	Fair Value-Level 1	84,546,363	84,546,363	-
NCCMT - Term Portfolio*	Fair Value-Level 1	64,061,374	64,061,374	-
Total		<u>\$ 148,644,035</u>	<u>\$ 148,607,737</u>	<u>\$ 36,298</u>

* As of June 30, 2019, the NCCMT Term Portfolio has a duration of .11 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level 1 debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2 debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

At June 30, 2019, the Tourism Development Authority's investments consisted of \$27,110,967 in the North Carolina Capital Management Trust's Government Portfolio, which carried a credit rating of AAAM by Standard and Poor's.

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

	Primary Government	Tourism Development Authority	WNC Regional Air Quality
Deposits	\$ 30,013,701	\$ 6,347,136	\$ -
Cash on hand	9,100	-	-
Investments	148,644,035	27,110,967	-
	178,666,836	33,458,103	-
Reported in Component Units	(537,382)	-	537,382
	<u>\$ 178,129,454</u>	<u>\$ 33,458,103</u>	<u>\$ 537,382</u>
Reported on government-wide statement of net position:			
Cash and investments	\$ 163,934,633	\$ 33,458,103	\$ 537,382
Restricted cash	12,043,685	-	-
	175,978,318	<u>\$ 33,458,103</u>	<u>\$ 537,382</u>
Reported in agency funds:			
Cash and investments	2,151,136		
	<u>\$ 178,129,454</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 top rating issued by nationally recognized statistical rating organizations (NRSROs). The County’s investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor’s. The County’s investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the US government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

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’s investment policy limits commercial paper to \$5 million per issuer and less than or equal to 25% of the portfolio in total. Management also employs an internal target holding allocation to limit concentrations of credit risk.

State Treasurer’s OPEB Fund

At June 30, 2019, the Buncombe County Healthcare Benefits (HCB) Plan Fund had \$25,262,972 invested in the State Treasurer’s Local Government Other Post-Employment Benefits (OPEB) Fund pursuant to G.S. 159-30.1. 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:

	Fair Value	Percent of Total
State Treasurer’s Long-Term Investment Fund (BIF)	\$ 2,049,955	8.11%
State Treasurer’s Short-Term Investment Fund (STIF)	5,708,303	22.60%
BlackRock’s MSCI ACWI EQ Index Non-Lendable Class B Fund	17,504,714	69.29%
Total	<u>\$ 25,262,972</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 1.3 years at June 30, 2019. The State Treasurer’s Bond Index Fund (BIF) is unrated and had a weighted average maturity of 7.81 years at June 30, 2019.

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 BIF is unrated and authorized under NC General Statute 147-69.1 and 147-69.2. The State Treasurer's BIF is invested in high quality debt securities eligible under G.S. 147-69.2(b)(1)-(6).

(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.

Fiscal Year	Fiscal Year			Total
	Levied	Tax	Interest	
2016	\$	3,946,712	\$ 937,344	\$ 4,884,056
2017		4,634,354	683,567	5,317,921
2018		4,143,135	238,231	4,381,366
2019		4,059,361	-	4,059,361
Total	\$	16,783,562	\$ 1,859,142	\$ 18,642,704

(4) Receivables

Receivables at the government-wide level at June 30, 2019 were as follows:

	Accounts	Taxes and	Due From	Total
		Related Accrued Interest	Other Governments	
Governmental Activities:				
General	\$ 6,941,474	\$ 547,437	\$ 16,984,394	\$ 24,473,305
Occupancy Tax	-	2,467,679	-	2,467,679
Public School Capital Needs	90,103	-	5,429,836	5,519,939
AB Tech Capital Projects	80,299	-	3,718,222	3,798,521
Public Schools ADM	-	-	4,246,669	4,246,669
County Capital Projects	303,716	-	-	303,716
Special Projects Capital Projects	-	-	-	-
Internal Service Fund	6,990	-	-	6,990
Other Governmental	42,141	83,407	2,965,408	3,090,956
	7,464,723	3,098,523	33,344,529	43,907,775
Allowance for doubtful accounts	(2,582,374)	(225,750)	-	(2,808,124)
Total - governmental activities	\$ 4,882,349	\$ 2,872,773	\$ 33,344,529	\$ 41,099,651
Business-type Activities				
Solid Waste Disposal	\$ 1,408,227	\$ -	\$ -	\$ 1,408,227
Other Business-type	22,527	-	-	22,527
	1,430,754	-	-	1,430,754
Allowance for doubtful accounts	(47,819)	-	-	(47,819)
Total - business-type activities	\$ 1,382,935	\$ -	\$ -	\$ 1,382,935

Due from other governments owed to the County consists of the following:

Local option sales tax	\$ 22,083,006
Other	11,261,523
Total	\$ 33,344,529

No allowance for uncollectible accounts has been recorded by the Tourism Development Authority or Western North Carolina Regional Air Quality Agency.

(5) Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

Governmental Activities:	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 21,587,883	\$ -	\$ -	\$ 21,587,883
Construction in progress	43,096,203	7,930,310	44,336,163	6,690,350
Total assets not being depreciated	<u>64,684,086</u>	<u>7,930,310</u>	<u>44,336,163</u>	<u>28,278,233</u>
Capital assets being depreciated				
Buildings	201,968,882	15,124,666	-	217,093,548
Other improvements	71,468,122	26,512,247	-	97,980,368
Equipment	27,574,152	528,996	2,519,659	25,583,490
Intangibles	8,273,560	-	-	8,273,560
Vehicles	13,838,066	1,630,498	1,390,926	14,077,638
Total assets being depreciated	<u>323,122,782</u>	<u>43,796,407</u>	<u>3,910,585</u>	<u>363,008,604</u>
Less accumulated depreciation for:				
Buildings	74,729,936	6,883,664	-	81,613,600
Other improvements	23,048,224	5,333,376	-	28,381,600
Equipment	21,210,227	1,723,536	2,468,375	20,465,388
Intangibles	879,217	633,778	-	1,512,995
Vehicles	9,989,765	1,633,316	1,385,150	10,237,931
Total accumulated depreciation	<u>129,857,369</u>	<u>\$ 16,207,670</u>	<u>\$ 3,853,525</u>	<u>142,211,514</u>
Total capital assets being depreciated, net	<u>193,265,413</u>			<u>220,797,090</u>
Governmental activities capital assets, net	<u>\$ 257,949,499</u>			<u>\$ 249,075,323</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General Government	\$ 8,303,006
Public Safety	3,474,445
Economic and Physical Development	97,038
Human Services	3,032,070
Cultural and Recreational	1,301,111
Total depreciation expense	<u>\$ 16,207,670</u>

Business-Type Activities:	Beginning Balances	Increases	Decreases	Ending Balances
Solid Waste Disposal				
Capital assets not being depreciated:				
Land	\$ 6,842,138	\$ -	\$ -	\$ 6,842,138
Construction in progress	8,471,446	4,526,878	11,828,932	1,169,392
Total capital assets not being depreciated	<u>15,313,584</u>	<u>4,526,878</u>	<u>11,828,932</u>	<u>8,011,530</u>
Capital assets being depreciated:				
Buildings and improvements	43,681,529	11,030,529	-	54,712,058
Equipment	3,166,658	1,158,509	-	4,325,167
Vehicles	2,450,478	457,924	-	2,908,402
Total capital assets being depreciated	<u>49,298,665</u>	<u>12,646,962</u>	<u>-</u>	<u>61,945,627</u>
Less accumulated depreciation for:				
Buildings and improvements	29,886,622	1,623,212	-	31,509,834
Equipment	2,217,723	213,308	-	2,431,031
Vehicles	2,393,929	265,011	-	2,658,940
Total accumulated depreciation	<u>34,498,274</u>	<u>2,101,531</u>	<u>-</u>	<u>36,599,805</u>
Total capital assets being depreciated, net	<u>14,800,391</u>			<u>25,345,822</u>
Solid Waste Disposal capital assets, net	<u>30,113,975</u>			<u>33,357,352</u>
Other Business-Type Activities				
Capital assets being depreciated:				
Vehicles	29,129	-	-	29,129
Total capital assets being depreciated	<u>29,129</u>	<u>-</u>	<u>-</u>	<u>29,129</u>
Less accumulated depreciation for:				
Vehicles	29,129	-	-	29,129
Total accumulated depreciation	<u>29,129</u>	<u>\$ -</u>	<u>\$ -</u>	<u>29,129</u>
Total capital assets being depreciated, net	<u>-</u>			<u>-</u>
Other Business-type capital assets, net	<u>-</u>			<u>-</u>
Business-type capital assets, net	<u>\$ 30,113,975</u>			<u>\$ 33,357,352</u>

Net investment in capital assets on the Statement of Net Position is calculated as follows:

	Governmental Activities	Business-Type Activities	Total
Capital assets, net	\$ 249,075,323	\$ 33,357,352	\$ 282,432,675
Debt:			
General obligation bonds	(18,623,383)	-	(18,623,383)
Installment notes	(416,655,372)	(1,634,015)	(418,289,387)
Gross Debt	<u>(435,278,755)</u>	<u>(1,634,015)</u>	<u>(436,912,770)</u>
Add portion of debt that has not given rise to capital assets:			
Unspent bond proceeds	4,534,571	-	4,534,571
Debt relating to schools and community college	220,637,316	-	220,637,316
Debt relating to economic development	12,620,093	-	12,620,093
Net debt	<u>(197,486,775)</u>	<u>(1,634,015)</u>	<u>(199,120,790)</u>
Capital assets, net of related debt	<u>\$ 51,588,548</u>	<u>\$ 31,723,337</u>	<u>\$ 83,311,885</u>

Construction commitments

The County has the following commitments with contractors for active construction projects at June 30, 2019:

Project	Spent-to-date	Remaining Commitment
Asheville High School Campus-wide Renovations	\$ 25,025,829	\$ 58,034
Hall Fletcher Restroom Renovations	20,356	9,204
Hall Fletcher Roof Replacements	20,313	9,187
Ira B. Jones Elem School Roof Decking	1,025,071	4,089
Montford School 2018 Funding Approval	3,409,572	304,428
AB Tech Allied Health Building	1,280,272	24,857
AB Tech Capital Plan Maintenance	5,279,796	2,170,156
Jones ES Windows & Renovations	1,465,284	54,137
200 College Exterior	12,312	58,278
50 Coxe Renovations	561,511	475,939
Buncombe County Health Clinic	1,246,775	56,325
C3 at 356 Biltmore Avenue	986,871	8,200
Carbon Reduction Measures FY18	177,651	3,216
County Buildings Major Maintenance	26,191	33,498
Courthouse Exterior Renovations	34,930	80,440
Detention Center Exterior Repair and Cleaning	12,312	53,353
East Asheville Library	239,810	244,704
Enka Library Renovations	183,357	6,079
First Floor Renovations and Meeting Rooms	1,015,731	1,514
Human Services Building Expansion	42,253,558	121,013
Judicial Complex Chiller Addition	208,037	12,328
Lake Julian Marina Dock Replacement	251,561	12,185
Woodfin Greenway	121,239	19,796
Phase 6 C&D Landfill Expansion	1,526,301	561,057
Subtitle D Vertical Expansion	495,078	4,788
Transfer Facility	10,302,628	106,800
Total construction commitments	<u>\$ 97,182,344</u>	<u>\$ 4,493,606</u>

Discretely presented component units

Activity for WNC Regional Air Quality for the year ended June 30, 2019, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets being depreciated:				
Equipment	\$ 31,802	\$ -	\$ -	\$ 31,802
Vehicles	53,569	-	-	53,569
Total capital assets being depreciated	<u>85,371</u>	<u>-</u>	<u>-</u>	<u>85,371</u>
Less accumulated depreciation for:				
Equipment	3,447	3,180	-	6,627
Vehicles	53,569	-	-	53,569
Total accumulated depreciation	<u>57,016</u>	<u>\$ 3,180</u>	<u>\$ -</u>	<u>60,196</u>
WNC Regional Air Quality capital assets, net	<u>\$ 28,355</u>			<u>\$ 25,175</u>

(B) Liabilities

(1) Payables

Payables at the government-wide level at June 30, 2019, were as follows:

	Vendors	Salaries and Benefits	Accrued Interest	Total
Governmental Activities:				
General	\$ 3,533,981	\$ 6,040,910	\$ 1,544,665	\$ 11,119,556
Occupancy Tax	-	-	-	-
Public School Capital Needs	499,576	-	-	499,576
AB Tech Capital Projects	519,789	-	-	519,789
Public Schools ADM Sales Tax/Lottery Projects	4,174,034	-	-	4,174,034
County Capital Projects	735,230	307	-	735,537
Special Projects Capital Projects	3,194,718	-	-	3,194,718
Internal Service Fund	2,658,848	82,658	-	2,741,506
Other Governmental	3,654,267	13,982	-	3,668,249
Total - governmental activities	<u>\$ 18,970,443</u>	<u>\$ 6,137,857</u>	<u>\$ 1,544,665</u>	<u>\$ 26,652,965</u>
Business-type Activities				
Solid Waste Disposal	\$ 556,521	\$ 91,614	\$ 2,662	\$ 650,797
Other Business-type	63,197	4,650	-	67,847
Total - business-type activities	<u>\$ 619,718</u>	<u>\$ 96,264</u>	<u>\$ 2,662</u>	<u>\$ 718,644</u>

(2) Pension Plan and Other Postemployment Obligations

(a) Local Governmental Employees' Retirement System

1. Plan Description.

Buncombe County is a participating employer in 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 membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. 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, by calling (919) 981-5454, or at www.osc.nc.gov.

2. Benefits Provided.

LGERS provides retirement, disability and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters and rescue squad workers). Disabled members may qualify for disability benefits at earlier ages. Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of

creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Cost of living benefit increases are contingent upon investment gains of the plan at the discretion of the LGERS Board of Trustees, except as authorized by the General Assembly.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

3. Contributions.

Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contribution rates are set periodically and affirmed annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2019 was 8.5% of compensation for law enforcement officers and 7.79% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$6,736,044 for the year ended June 30, 2019.

4. Refunds of Contributions.

County employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By State law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

5. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

At June 30, 2019, the County reported a liability of \$32,284,728 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 using update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2019, the County's proportion was 1.361% (measured as of June 30, 2018), which was an increase of 0.005% from its proportion as of June 30, 2018 (measured as of June 30, 2017).

For the year ended June 30, 2019, the County recognized pension expense of \$9,133,377. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,980,766	\$ 167,130
Changes of assumptions	8,567,121	-
Net difference between projected and actual earnings on pension plan investments	4,431,733	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	153,265	611,807
Employer contributions subsequent to the measurement date	6,736,044	-
Total	<u>\$ 24,868,929</u>	<u>\$ 778,937</u>

\$6,736,044 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$ 8,536,695
2021	5,402,909
2022	890,250
2023	2,524,095
	<u>\$ 17,353,949</u>

At June 30, 2019, the WNC Regional Air Quality Agency reported a liability of \$139,968 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 using update procedures incorporating the actuarial assumptions. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2019, the Agency's proportion was 0.0059% (measured as of June 30, 2018), which was a decrease of 0.0012% from its proportion measured as of June 30, 2018 (measured as of June 30, 2017).

For the year ended June 30, 2019, the Agency recognized pension expense of \$43,512. At June 30, 2019, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 21,594	\$ 725
Changes in assumptions	37,142	-
Net difference between projected and actual earnings on pension plan investments	19,214	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	7,995	3,010
Employer contributions subsequent to the measurement date	44,267	-
Total	<u>\$ 130,212</u>	<u>\$ 3,735</u>

\$44,267 reported as deferred outflows of resources related to pensions resulting from Agency contributions subsequent to the measurement date will be recognized as a decrease of the net pension

liability in the year ended June 30, 2020. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$ 40,228
2021	26,587
2022	4,993
2023	10,402
	<u>\$ 82,210</u>

Actuarial assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	3.50%
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

The plan currently uses mortality tables based on the *RP-2014 Total Data Set for Healthy Annuitants Mortality Table* that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study as of December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100.0%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2017 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic

annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County’s proportionate share of the net pension liability to changes in the discount rate. The following presents the County’s and Agency’s proportionate shares of the net pension asset calculated using the discount rate of 7.00%, as well as what the County’s and Agency’s proportionate shares of the net pension asset or net pension liability would be if they were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
County’s proportionate share of the net pension liability (asset)	<u>\$ 77,550,713</u>	<u>\$ 32,284,728</u>	<u>\$ (5,540,238)</u>
WNC Regional Air Quality Agency’s proportionate share of the net pension liability (asset)	<u>\$ 336,216</u>	<u>\$ 139,968</u>	<u>\$ (24,019)</u>

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

(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 under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service, and have completed at least five years of continuous service as a law enforcement officer immediately preceding a service retirement. The Separation Allowance is equal to 0.85 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 law enforcement officers are covered by the Separation Allowance. At the December 31, 2017 valuation date, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	27
Active plan members	<u>259</u>
Total	<u>286</u>

2. Summary of Significant Accounting Policies.

Basis of Accounting. The County has 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. Benefits are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the criteria which are outlined in GASB Statement 73.

3. Actuarial Assumptions.

The entry age normal actuarial cost method was used in the December 31, 2017 valuation. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	3.50% to 7.35%, including inflation and productivity factor
Discount rate	3.64%

The discount rate used to measure the total pension liability is the S&P Municipal Bond 20 year High Grade Rate Index.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five year period ending December 31, 2014.

DEATHS AFTER RETIREMENT (HEALTHY): RP-2014 Healthy Annuitant base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 104% for males and 100% for females.

DEATHS BEFORE RETIREMENT: RP-2014 Employee base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015.

DEATHS AFTER RETIREMENT (BENEFICIARY): RP-2014 Healthy Annuitant base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 123% for males and females.

DEATHS AFTER RETIREMENT (DISABLED): RP-2014 Disabled Retiree base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 103% for males and 99% for females.

4. Contributions.

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has 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 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 County paid \$391,418 as benefits came due for the measurement period.

5. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

At June 30, 2019, the County reported a total pension liability of \$7,151,591. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was rolled forward to December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the County recognized pension expense of \$591,346.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 141,932	\$ 31,651
Changes in assumptions and other inputs	277,573	297,774
County benefit payments and administrative expenses paid subsequent to the measurement date	233,748	-
Total	<u>\$ 653,253</u>	<u>\$ 329,425</u>

The County paid \$232,151 in benefit payments and \$1,597 in admin expenditures subsequent to the measurement date that are reported as deferred outflows of resources related to pensions which will be recognized as a decrease of the total pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources	Increase to Pension Expense
2020	\$ 108,016	\$ 81,856	\$ 26,160
2021	108,016	81,856	26,160
2022	108,016	81,856	26,160
2023	78,029	56,644	21,385
2024	17,428	27,213	(9,785)
	<u>\$ 419,505</u>	<u>\$ 329,425</u>	<u>\$ 90,080</u>

Sensitivity of the County's total pension liability to changes in the discount rate. The following presents the County's total pension liability calculated using the discount rate of 3.64 percent, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.64 percent) or 1-percentage-point higher (4.64 percent) than the current rate:

	1% Decrease (2.64%)	Current Discount Rate (3.64%)	1% Increase (4.64%)
County's proportionate share of the net pension liability	<u>\$ 7,727,241</u>	<u>\$ 7,151,591</u>	<u>\$ 6,623,757</u>

Schedule of Changes in Total Pension Liability

Total pension liability as of December 31, 2017	\$ 7,076,534
Changes for the year:	
Service cost at end of year	346,181
Interest	217,434
Change in benefit terms	-
Difference between expected & actual experience	173,058
Changes of assumptions and other inputs	(270,198)
Benefit payments	(391,418)
Other	-
Net changes	<u>75,057</u>
Total pension liability as of December 31, 2018	<u>\$ 7,151,591</u>

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.16 percent at December 31, 2017 to 3.64 percent at December 31, 2018.

The plan currently uses mortality tables that vary by age, and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant

portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

(c) Supplemental Retirement Income Plan for Law Enforcement Officers

1. Plan Description.

The County contributes 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. 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. The County contributed \$1,014,557 for the reporting year. No amounts were forfeited.

(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. The County contributed \$5,357,885 for the reporting year. No amounts were forfeited.

(e) Register of Deeds' Supplemental Pension Fund

1. Plan Description.

Buncombe County also contributes to the Register of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, cost-sharing multiple-employer defined benefit plan administered by the North Carolina Department of State Treasurer. The RODSPF provides supplemental pension benefits to any eligible county register of deeds who is 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. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members - nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. 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.osc.nc.gov.

2. Benefits Provided.

An individual's benefits for the year are calculated as a share of accumulated contributions available for benefits for that year, subject to certain statutory limits. An individual's eligibility is based on at least 10 years of service as a register of deeds with the individual's share increasing with years of service. Because of the statutory limits noted above, not all contributions available for benefits are distributed.

3. Contributions.

Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$27,497 for the year ended June 30, 2019.

4. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

At June 30, 2019, the County reported an asset of \$526,518 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2018. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2018, the County's proportion was 3.179%, which was a decrease of 0.34% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the County recognized pension expense of \$114,849. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,641	\$ 24,032
Changes of assumptions	24,763	-
Net difference between projected and actual earnings on pension plan investments	83,922	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	48,455	3,942
Employer contributions subsequent to the measurement date	27,497	-
Total	<u>\$ 189,278</u>	<u>\$ 27,974</u>

\$27,497 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$ 65,489
2021	30,554
2022	24,732
2023	13,032
	<u>\$ 133,807</u>

Actuarial assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.50% to 7.75%, including inflation and productivity factor
Investment rate of return	3.75%, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study as of December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2019 is 1.4%.

The information above is based on 30 year expectations developed with the consulting actuary for the 2019 asset, liability, and investment policy study for the North Carolina Retirement Systems (System), including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 3.75%. The projection of cash flows used to determine the discount rate assumed that System contributions will continue to follow the current funding policy. Based on these assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County’s Proportionate Share of the net pension asset to changes in the discount rate. The following presents the County’s proportionate share of the net pension asset calculated using the discount rate of 3.75%, as well as what the County’s proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75%) or 1-percentage-point higher (4.75%) than the current rate:

	1% Decrease (2.75%)	Current Discount Rate (3.75%)	1% Increase (4.75%)
County’s proportionate share of the net pension asset	\$ 415,130	\$ 526,518	\$ 620,454

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

(f) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for LGERS and RODSPF was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability for the Law Enforcement Officers’ Special Separation Allowance (LEOSSA) was measured as of June 30, 2018, with an actuarial valuation date of December 31, 2017.

The County’s proportion of the net pension liability was based on the County’s share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>LGERS</u>	<u>RODSPF</u>	<u>LEOSSA</u>	<u>Total</u>
County’s proportionate share of the net pension liability (asset)	\$ 32,284,728	\$ (526,518)	\$ -	\$ 31,758,210
County’s proportion of the net pension liability (asset)	1.36088%	-3.17888%	N/A	
Total pension liability	-	-	\$ 7,151,591	\$ 7,151,591
Pension expense	\$ 9,133,377	\$ 114,849	\$ 420,385	\$ 9,668,611

At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>LGERS</u>	<u>RODSPF</u>	<u>LEOSSA</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>				
Differences between expected and actual experience	\$ 4,980,766	\$ 4,641	\$ 141,932	\$ 5,127,339
Changes of assumptions	8,567,121	24,763	277,573	8,869,457
Net difference between projected and actual earnings on pension plan investments	4,431,733	83,922	-	4,515,655
Changes in proportion and differences between employer contributions and proportionate share of contributions	153,265	48,455	-	201,720
County contributions (LGERS, RODSPF)/benefit payments and administration costs (LEOSSA) subsequent to the measurement date	6,736,044	27,497	233,748	6,997,289
<u>Deferred Inflows of Resources</u>				
Differences between expected and actual experience	\$ 167,130	\$ 24,032	\$ 31,651	\$ 222,813
Changes of assumptions	-	-	297,774	297,774
Changes in proportion and differences between employer contributions and proportionate share of contributions	611,807	3,942	-	615,749

(g) Other Post-Employment Benefits

Healthcare Benefits

1. Plan Description.

Under a County resolution, Buncombe County provides healthcare benefits to employees hired before July 1, 2008 through the Healthcare Benefits Plan (the HCB Plan) as a single-employer defined benefit plan to cover retirees of the County and the WNC Regional Air Quality component unit who participate in the North Carolina Local Governmental Employees' Retirement System (System). Employees who are hired on or after July 1, 2008 and before July 1, 2015 and have at least 20 years of creditable service with the County are covered by the HCB plan. The County pays the full cost of coverage for these benefits. Retirees may also 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. Employees hired after June 30, 2015 will not be eligible to receive health insurance coverage upon retirement.

Management of the HCB Plan is vested with the Buncombe County Board of Commissioners.

Membership of the County's HCB Plan consisted of the following at June 30, 2018, the valuation date:

	<u>2018</u>
Inactive plan members or beneficiaries currently receiving benefit payments	482
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	<u>1,097</u>
Total	<u><u>1,579</u></u>

2. Benefits Provided.

Employees will have the full cost for the eligible retiree's individual health insurance coverage paid for by the County until the retiree attains age sixty-five. Retiring members that elected to retire under the provisions of the 2006 Buncombe County Cost Reduction Incentive Plan will receive either a monthly flat dollar amount (either \$268 or \$371) to purchase the Medicare Supplement Plan of their choice or the County will purchase Medicare Supplement Plan F and Medicare Part D prescription drug coverage on their behalf. This benefit begins at age 65 and continues for the retirees' life time. Employees hired after June 30, 2014 will not be eligible for the 2006 Buncombe County Cost Reduction Incentive Plan. Retiring members that elect to retire under the 2014 Buncombe County Employee Retirement Incentive Plan will receive one year of the employee's annual salary at retirement paid on a bi-weekly basis over three (3) years. In addition, the retiree can elect to receive a monthly flat dollar amount of \$268 to purchase the Medicare Supplement Plan of their choice, or receive a one-time payment of one-half of the retiree's annual salary. The Medicare Supplement Plan option benefit begins at age 65 and continues for the retirees' lifetime.

3. Contributions.

The County pays the cost of retiree health insurance coverage as it comes due. In addition, it is the intent of the Board of Commissioners to fully or partially fund the County's annual required contributions (ARC) when possible. Determinations are made on an annual basis. For the year ended June 30, 2019, contributions to the plan consisted of \$6,682,405 in retirees' health insurance benefits and \$2,000,000 contributed to the OPEB Trust Fund.

4. Investments.

Investment policy. The HCB Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Commissioners by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The HCB Plan's discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. Investments are valued at fair value.

The following was the Board’s adopted asset allocation policy as of June 30, 2019:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity Index Fund	65.0%	7.0%
Bond Index Fund	10.0%	2.0%
Short-term Investment Fund	25.0%	1.0%
Total	100.0%	

Rate of return. For the year ended June 30, 2019, the annual money weighted rate of return on investments, net of investment expense, was 5.30%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

5. Net OPEB Liability of the County.

The components of the net OPEB liability of the County at June 30, 2019 were as follows:

Total OPEB liability	\$ 160,446,445
Plan fiduciary net position	25,262,972
County’s net OPEB liability	\$ 135,183,473
 Plan fiduciary net position as a percentage of the total OPEB liability	15.75%

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.50% to 7.75%, including wage inflation
Investment rate of return	5.00% net of OPEB plan investment expense, including price inflation
Healthcare cost trend rates	
Pre-Medicare Medical and Prescription Drug	7.25% for 2018 decreasing to an ultimate rate of 4.75% by 2028
Medicare Medical and Prescription Drug	5.38% for 2018 decreasing to an ultimate rate of 4.75% by 2022

The total OPEB liability was rolled forward to June 30, 2019, utilizing update procedures incorporating the actuarial assumptions.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 - December 31, 2014, adopted by the LGERS Board.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the major target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, are presented above.

Discount rate (SEIR). The discount rate used to measure the TOL as of the measurement date was 3.53%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 74. The projection’s basis was an actuarial valuation performed as of June 30, 2018. In addition to the actuarial methods and assumptions of the June 30, 2018 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Benefit payments are assumed to be paid out of the trust until the trust is depleted.
- Active employees do not explicitly contribute to the Plan.
- Cash flows occur mid-year.
- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.50%.
- Projected assets do not include employer contributions that fund the estimated service costs of future employees.

Based on these assumptions, the Plan’s fiduciary net position (FNP) was projected to be depleted in 2023 and, as a result, the municipal bond index rate was used in the determination of the SEIR. Here, the long-term expected rate of return of 5.00% on plan investments was applied to periods through 2023 and the municipal bond index rate at the measurement date (3.50%) was applied to periods on and after 2023, resulting in an SEIR at the measurement date (3.53%). As a result of the change to the municipal bond index rate, there was a change in the discount rate from 3.97% at the prior measurement date to 3.53% at the measurement date.

The FNP projections are based upon the Plan’s financial status on the measurement date, the indicated set of methods and assumptions, and the requirements of GASB 74. As such, the FNP projections are not reflective of the cash flows and asset accumulations that would occur on an ongoing plan basis, reflecting the impact of future members. Therefore, the results of this test do not necessarily indicate whether or not the fund will actually run out of money, the financial condition of the Plan, or the Plan’s ability to make benefit payments in future years.

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the County, as well as what the County’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (2.53%)	Current Discount Rate (3.53%)	1% Increase (4.53%)
Net OPEB liability	\$ 159,975,868	\$ 135,183,473	\$ 115,304,102

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the County, as well as what the County’s net OPEB liability would be if it were to calculate healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease	Current	1% Increase
Net OPEB liability	\$ 111,941,391	\$ 135,183,473	\$ 165,035,447

Changes in Net OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At June 30, 2019, the County reported a net OPEB liability of \$135,183,473. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions.

At June 30, 2019, the components of the net OPEB liability of the County, were determined as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances at June 30, 2018	\$ 147,614,882	\$ 22,092,416	\$ 125,522,466
Changes for the Year:			-
Service Cost	4,788,951	-	4,788,951
Interest	5,728,956	-	5,728,956
Differences between expected and actual experience	(3,699,090)	-	(3,699,090)
Changes of assumptions	12,695,151	-	12,695,151
Contributions	-	8,682,405	(8,682,405)
Net Investment Income	-	1,170,556	(1,170,556)
Benefit Payments	(6,682,405)	(6,682,405)	-
Net Changes	12,831,563	3,170,556	9,661,007
Balances at June 30, 2019	\$ 160,446,445	\$ 25,262,972	\$ 135,183,473

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.97 percent in 2018 to 3.53 percent in 2019.

For the year ended June 30, 2019, the County recognized OPEB expense of \$9,316,402. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,490,927	\$ 3,143,671
Changes of assumptions or other inputs	10,788,972	6,209,480
Net difference between projected and actual earnings on plan investments	450,036	-
Total	\$ 12,729,935	\$ 9,353,151

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2020	\$ 529,070
2021	529,070
2022	529,072
2023	528,396
2024	416,393
Thereafter	844,783
	<u>\$ 3,376,784</u>

5. Component Unit Allocation.

Employees of the WNC Regional Air Quality component unit are eligible for participation in the HCB plan. Allocation of OPEB expense and liability to the component unit is based on the component unit's percentage of total salary expense when combined with salary expense of the County. At June 30, 2019 the WNC Regional Air Quality's allocation percentage was 0.63%. The Agency reported an expense of \$58,351 and liability of \$849,301 for its share of OPEB expense and net OPEB liability, respectively.

(h) Other Employment Benefits

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (System), 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. Because all death benefit payments are made from the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. The County has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. 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. The County considers these contributions to be immaterial.

(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 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these 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 help determine if a unit is financially able to meet closure and postclosure care requirements.

Closed Landfill:

Landfill Permit Number 11-01: The previous landfill site of the County was closed on September 26, 1997. The \$1,282,712 reported as landfill postclosure care liability at June 30, 2019, represents the projected actual cost of the closed landfill over the next 12 years based on what it would cost to perform all postclosure care in 2019. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

Landfills in Operation:

Municipal Solid Waste Landfill Permit Number 11-07: The \$11,366,642 reported as landfill closure and postclosure care liability at June 30, 2019 represents a cumulative amount reported to date based on the use of 34.75% of the total estimated capacity of this landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$32,700,000 as the remaining estimated capacity is filled. This amount is based on what it would cost to perform all closure and postclosure care in 2019. The County expects to operate this landfill until at least the year 2046. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

Construction and Demolition (C&D) Landfill Permit Number 11-07: The County currently operates a C&D landfill with a closure and postclosure care liability of \$4,126,842 reported as of June 30, 2019 representing a cumulative amount reported to date based on the use of 41.78% of the total estimated

capacity of this unit. The County will recognize the remaining estimated cost of closure and postclosure care of \$9,900,000 as the remaining estimated capacity is filled. This amount is based on what it would cost to perform all closure and postclosure care in 2019. The remaining capacity of the C&D landfill is expected to last nearly 20 years. Actual costs may differ due to inflation, changes in technology, or changes in regulations.

(4) Deferred Outflows and Inflows of Resources

Deferred outflows of resources for governmental activities and business-type activities at June 30, 2019 were as follows:

	Governmental Activities	Business-type Activities
Deferred charges on refunding of debt	\$ 3,559,828	\$ -
Deferred outflow related to pensions (Note 2)	25,223,443	488,017
Deferred outflow related to OPEB (Note 2)	12,401,721	248,237
Total deferred outflows of resources	<u>\$ 41,184,992</u>	<u>\$ 736,254</u>

Deferred inflows of resources for governmental funds, governmental activities, and business-type activities at June 30, 2019 were as follows:

	Governmental Funds	Governmental Activities	Business-type Activities
Prepaid taxes not yet earned (General Fund)	\$ 1,914,791	\$ 1,914,791	\$ -
Unavailable taxes receivable, net (General Fund)	268,700	-	-
Unavailable EMS revenue receivable (General Fund)	653,474	-	-
Unavailable library fines receivable (General Fund)	91,383	-	-
Unavailable taxes receivable, net (Special Revenue)	25,429	-	-
Unavailable grants receivable (Special Revenue)	538,300	-	-
OPEB related deferrals (Note 2)	-	9,112,000	182,389
Pension related deferrals (Note 2)	-	1,121,050	15,285
Total deferred inflows of resources	<u>\$ 3,492,077</u>	<u>\$ 12,147,841</u>	<u>\$ 197,674</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. Several department-specific risk policies are purchased as well.

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 \$7,000,000 per occurrence/claim with a \$500,000 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, professional, 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.

The County purchases excess workers' compensation and employer's liability coverage. Workers' compensation coverage carries a statutory limit. The County currently carries a \$750,000 SIR per occurrence.

The limit of Employer’s Liability insurance is \$1,000,000. The premium is based on County employees’ payroll and classification. The County adheres to the North Carolina Workers Compensation Act per N.C.G.S. Chapter 97 as administered by the North Carolina Industrial Commission, a division of the North Carolina Department of Insurance.

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 position and balance sheets as of June 30, 2019 include a loss reserve liability for estimated outstanding medical claims of \$1,682,223. Changes in the health claims liability are presented as follows:

	2019	2018
Estimated claims payable, beginning	\$ 1,478,700	\$ 2,111,953
Incurred claims and changes in estimates	30,421,123	26,776,357
Claims paid	(30,217,600)	(27,409,610)
Estimated claims payable, ending	<u>\$ 1,682,223</u>	<u>\$ 1,478,700</u>

In accordance with North Carolina General Statutes, the following are required to be individually bonded for faithful performance in the discharge of the duties of their office: Finance Officer at \$200,000; Tax Collector at \$100,000; Register of Deeds at \$10,000; and the Sheriff at \$20,000. In addition, any County officer, employee, or agent who handles or has custody of more than \$100 of County money at any one time is performance bonded under a commercial blanket bond at \$250,000 per occurrence.

(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, 2019 amounted to \$1,556,489. Future minimum lease payments under these operating lease agreements at June 30, 2019 are as follows:

Year Ended June 30	Amount
2020	\$ 932,627
2021	659,824
2022	471,733
2023	302,626
2024	179,020
2025-2029	181,670
2030-2034	41,245
Total	<u>\$ 2,768,745</u>

(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 (COPs), or limited obligation bonds (LOBs). All of the LOBs and COPs are secured by various properties of the County and each agreement contains a provision that in the event of default, outstanding amounts become immediately due if the County is unable to make payment. The CTS Drinking Water State Revolving Loan agreement states it is payable solely from available funds and provides that any other monies due to the County from the State may be withheld by the State and applied to the payment of the obligation whenever the County fails to make any payment of principal or interest on the note when due.

Installment Note Obligations	Balance June 30, 2018	Increases	Decreases	Balance June 30, 2019
Serviced by the Governmental Funds				
COPS 2009A, general government buildings and equipment, \$12,065,000 issue, interest at 4.0% to 5.0% payable semiannually to 2029.	\$ 5,285,000	\$ -	\$ 485,000	\$ 4,800,000
LOBS 2010A, public safety and human services buildings and equipment, \$31,500,000 issue, interest at 3.0% to 5.25% payable semiannually to 2022	10,225,000	-	2,560,000	\$ 7,665,000
LOBS 2010B, public safety and human services buildings and equipment, \$20,420,000 issue, interest at 6.5% to 6.8% payable semiannually to 2030	20,420,000	-	-	\$ 20,420,000
LOBS 2010C, school building, \$3,800,000 issue, interest at 6.375% payable semiannually to 2025	1,746,292	-	260,000	\$ 1,486,292
LOBS 2012A, public safety buildings and radio network, human services automation and AB Tech building and equipment, \$61,535,000 issue, interest at 2% to 5% payable semiannually to 2032. A premium of \$9,712,762 is reported as an increase to long-term debt and will be amortized over the life of the debt.	40,514,814	-	3,165,000	\$ 37,349,814
LOBS 2012A, COPS 2003 and 2005 Refunding, \$11,845,000 issue, interest at 2% to 5% payable semiannually to 2024. A premium of \$2,170,702 is reported as an increase to long-term debt and will be amortized over the life of the debt.	10,320,186	-	1,465,000	\$ 8,855,186
LOBS 2014A, AB Tech parking deck and new buildings, Asheville City Schools, Sheriff's Offices, Public Safety Training Center Classroom, \$125,925,000, interest at 3% to 5% payable semiannually to 2032.	106,425,000	-	6,400,000	\$ 100,025,000
LOBS 2014A, partial COPS 2006 Refunding, \$14,380,000 issue, interest at 3% to 5%, payable semiannually to 2022	11,330,000	-	3,040,000	\$ 8,290,000
LOBS 2014A, PDF Woodfin Refunding, \$11,285,000 issue, interest at 3% to 5%, payable semiannually to 2037	11,135,000	-	140,000	\$ 10,995,000
LOBS 2014B, Taxable bonds, \$28,725,000 issue, interest at 0.5% to 5.1% payable semiannually to 2032	24,255,000	-	1,155,000	\$ 23,100,000
CTS Drinking Water State Revolving Loan, \$214,850 issue, 0% interest, payable annually to 2020	1,726,661	-	101,568	\$ 1,625,093
LOBS 2015, Human Services Campus, Enka Intermediate School, Covered Swimming Pool, Firing Range, and Capital Projects. \$82,495,000, issue, interest at 3% to 5% payable semiannually to 2035.	75,435,000	-	4,880,000	\$ 70,555,000
LOBS 2015 refunding of GO 2005A, COPS 2005, LOBS 2009C, and partial refundings of COPS 2006 and COPS 2007. \$44,140,000 issued, payable semiannually to 2032.	35,295,000	-	2,660,000	\$ 32,635,000
LOBs 2018, Asheville High School major renovations, Community High School, Montford North Star Academy, and various school capital major maintenance projects. \$54,730,000 issued, interest 3% to 5%, payable semiannually to 2038.	54,730,000	-	2,735,000	\$ 51,995,000
Total installment note obligations	<u>\$ 408,842,953</u>	<u>\$ -</u>	<u>\$ 29,046,568</u>	<u>\$ 379,796,385</u>

For Buncombe County, the future minimum payments for installment notes as of June 30, 2019, are:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2020	\$ 29,041,568	\$ 18,822,869
2021	28,351,568	17,468,751
2022	27,631,568	16,098,735
2023	25,936,568	14,769,655
2024	26,066,568	13,510,413
2025-2029	124,214,133	47,565,800
2030-2034	99,247,841	17,493,423
2035-2038	19,306,571	1,460,994
Total	379,796,385	\$ 147,190,640
Add unamortized premium	36,858,986	
	<u>\$ 416,655,371</u>	

(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, 2019, are comprised of the following individual issues:

General Obligation Bonds	Balance June 30, 2018	Increases	Decreases	Balance June 30, 2019
Serviced by the Governmental Funds:				
Qualified School Construction Bond, 2009 \$5,685,000 issue, interest at 0.5% payable semiannually, due serially to 2020	\$ 2,297,000	\$ -	\$ 474,000	\$ 1,823,000
Refunding Bonds, 2012B, \$32,500,000 issue, interest at 1.7%, due serially to 2025	19,200,000	-	2,400,000	16,800,000
	<u>\$ 21,497,000</u>	<u>\$ -</u>	<u>\$ 2,874,000</u>	<u>\$ 18,623,000</u>

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

Year Ending June 30	Governmental Activities	
	Principal	Interest
2020	\$ 2,873,000	\$ 273,133
2021	2,873,000	229,968
2022	2,873,000	186,803
2023	2,804,000	143,810
2024	2,400,000	102,000
2025-2026	4,800,000	81,600
	18,623,000	\$ 1,017,313
Add unamortized premium	383	
Total	<u>\$ 18,623,383</u>	

At June 30, 2019, Buncombe County had a legal debt margin of approximately \$2,602,000,000.

(c) Business-Type Activities Installment Obligations

On July 3, 2012, the County issued \$1,985,000 in Limited Obligation Bonds for landfill cell expansion bearing interest payable semi-annually at fixed rates from 2% to 5%. The LOBS will be serviced by the Solid Waste Disposal Enterprise Fund and are secured by County property. In the event of default, outstanding amounts become immediately due if the County is unable to make payment.

The future minimum payments as of June 30, 2019 are:

Year Ending June 30	Business-Type Activities	
	Principal	Interest
2020	\$ 220,000	\$ 33,050
2021	230,000	23,350
2022	245,000	11,850
	695,000	\$ 68,250
Add unamortized premium	39,015	
Total	\$ 734,015	

The Solid Waste Disposal Fund also services Federal American Recovery and Reinvestment Act (ARRA) Revolving Loan payments on the Landfill Gas to Energy Project. On August 4, 2009, the North Carolina Local Government Commission approved the 0%, 20-year term loan. The total loan amount was \$4,061,396. Principal of \$2,561,396 was forgiven, leaving a total repayment amount of \$1,500,000 payable in annual installments of \$75,000 until May 2031. The agreement states the loan is payable solely from available funds and provides that any other monies due to the County from the State may be withheld by the State and applied to the payment of the obligation whenever the County fails to make any payment of principal or interest on the note when due.

The future loan payments as of June 30, 2019 are:

Year Ending June 30	Business-Type Activities	
	Principal	Interest
2020	\$ 75,000	\$ -
2021	75,000	-
2022	75,000	-
2023	75,000	-
2024	75,000	-
2025-2029	375,000	-
2030-2031	150,000	-
Total	\$ 900,000	\$ -

(d) Advance Refundings

In prior years, the County has refunded various bond issues by creating separate irrevocable trust funds. At June 30, 2019, the County had refunded debt outstanding in the amount of \$73,940,000. New debt has been issued and the proceeds have been used to purchase qualified government securities that were placed in trust.

(e) Debt Related to Capital Activities

Of the total Governmental Activities debt listed, only \$202,021,346 relates to assets for which the County holds title. Unspent restricted cash related to this debt amounts to \$4,534,571.

(f) 2014 Buncombe County Employee Retirement Incentive Plan

On July 8, 2014, the Buncombe County Board of Commissioners passed the Fiscal Year 2014-2015 Budget Ordinance which included the 2014 Buncombe County Employee Retirement Incentive Plan. A liability of \$4,569,725 is recorded on the government-wide statements at June 30, 2019 to reflect remaining payments owed under this plan.

(g) Pension Spiking Liability

Pension spiking is a substantial increase in compensation that results in unusually high liabilities to the State's retirement system which, without intervention, would then be absorbed by other members and employers in the System. To mitigate the effects of possible pension spiking on other members and employers in the system, North Carolina adopted anti-pension spiking laws, effective January 1, 2015, which apply to retirements with an average final salary greater than \$100,000. A contribution-based benefit cap (CBBC) is calculated, and if the benefit exceeds the cap, the employer must make an additional contribution to the retirement system. The County's potential spiking liability of \$2,470,849 for current active employees who will be retiring with an average final salary greater than \$100,000 has been recorded on the government-wide statements at June 30, 2019. This includes potential spiking liability of \$300,665 for Air Quality.

(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, 2019:

	(Restated) Balance June 30, 2018	Increases	Decreases	Balance June 30, 2019	Current Portion of Balance
Governmental activities:					
General obligation bonds	\$ 21,497,000	\$ -	\$ 2,874,000	\$ 18,623,000	\$ 2,873,000
Installment notes	408,842,953	-	29,046,568	379,796,385	29,041,568
Premium on long-term debt	42,106,390	-	5,247,020	36,859,370	-
Net pension liability -- LEOSSA	7,076,534	736,673	661,616	7,151,591	-
Net pension liability -- LGERS	20,453,437	11,197,749	-	31,651,186	-
Net OPEB liability	123,234,366	8,463,688	-	131,698,054	-
Retirement incentive liability	5,486,219	92,610	1,009,104	4,569,725	974,871
Pension spiking liability	1,198,417	971,768	-	2,170,185	1,277,622
Compensated absences	8,213,789	8,029,625	8,271,301	7,972,113	6,757,865
	<u>\$ 638,109,105</u>	<u>\$ 29,492,113</u>	<u>\$ 47,109,609</u>	<u>\$ 620,491,609</u>	<u>\$ 40,924,926</u>

Compensated absences, other postemployment benefits and pension liability typically have been liquidated in the funds in which they have been earned, with the majority of governmental activities liquidated in the General Fund and business-type activities in the Solid Waste Disposal Fund. The County has estimated the current portion of compensated absences based on historical trends and expectations for the coming year.

	Balance			Current	
	June 30, 2018	Increases	Decreases	Balance	Portion
				June 30, 2019	of Balance
Business-type activities:					
Installment notes	\$ 1,880,000	\$ -	\$ 285,000	\$ 1,595,000	\$ 295,000
Premium on long-term debt	63,625	-	24,610	39,015	-
Net pension liability -- LGERS	259,584	373,958	-	633,542	-
Net OPEB liability	1,564,026	1,072,092	-	2,636,118	-
Compensated absences	102,983	126,317	94,160	135,140	135,140
Accrued landfill closure and postclosure care costs	21,750,126	1,100,432	6,074,362	16,776,196	-
	<u>\$ 25,620,344</u>	<u>\$ 2,672,799</u>	<u>\$ 6,478,132</u>	<u>\$ 21,815,011</u>	<u>\$ 430,140</u>

	Balance			Current	
	June 30, 2018	Increases	Decreases	Balance	Portion
				June 30, 2019	of Balance
Discretely Presented Component Unit:					
Air Quality:					
Net pension liability -- LGERS	\$ 108,163	\$ 31,805	\$ -	\$ 139,968	\$ -
Net OPEB liability	724,074	125,227	-	849,301	-
Pension spiking liability	240,880	59,785	-	300,665	300,665
Compensated absences	137,616	14,195	78,772	73,039	73,039
	<u>\$ 1,210,733</u>	<u>\$ 231,012</u>	<u>\$ 78,772</u>	<u>\$ 1,362,973</u>	<u>\$ 373,704</u>

(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 effecting 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, 2019, the balance of the bonds outstanding was \$276,000.

(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, 2019, there was one series of industrial revenue bonds outstanding with a principal amount payable of \$16,186,685.

(C) Interfund Balances and Activity

There is a loan outstanding from the General Fund to the Grant Projects Fund of \$1,645,812 to cover the cost of expenditures from reimbursement-based grants until those grants are received from the granting agencies.

Transfers to/from other funds during the year ended June 30, 2019 consist of the following:

Major Governmental Funds:

General Fund:

From the General Fund to the Grant Projects Fund to fund grant matches	\$ 169,326
From the General Fund to the Special Projects Capital Projects Fund for housing projects (\$526,045), conservation easements (\$150,000), economic development project (\$3,000,000)	3,676,045
From the General Fund to the County Capital Projects Fund to fund various capital projects	2,213,101
From the General Fund to the Transportation Fund for transportation services	1,641,248
From the General Fund to the PDF Woodfin Downtown Fund to subsidize debt service costs	132,991

AB Tech Capital Projects Fund:

From the AB Tech Capital Projects Fund to the General Fund for community college operations	6,500,000
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County Capital Projects Fund:

From the County Capital Projects Fund to the General Fund to return project savings	535,459
From the County Capital Projects Fund to the Grant Projects Fund to provide matching funds for a capital project grant	400,000

Special Projects Capital Projects Fund:

From the Special Projects Capital Projects Fund to the General Fund to return project savings	16,666
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Nonmajor Governmental Funds:

From the Transportation Fund to the Grant Projects Fund to transfer grant project funds	65,850
From the Register of Deeds Automation Fund to the General Fund for reimbursement of automation related expenditures	196,050
From the BC Service Foundation Fund to the General Fund to transfer donated funds for a public health initiative (\$14,519) and to return unused program funds (\$68,567)	83,086

Internal Service Fund:

From the Internal Service Fund to the General Fund for education funding provided to the schools	1,863,907
--	-----------

D) Fund Balance

Buncombe County has a revenue spending guideline for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, state funds, local non-county funds, and County funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer may deviate from this policy if it is in the best interest of the County.

The following schedule provides management and citizens with information on the portion of fund balance that is available for appropriation:

Total fund balance - General Fund	\$ 95,289,954
Less:	
Nonspendable - prepaids	38,481
Restricted for stabilization by State statute	23,247,150
Restricted for capital projects	16,400
Committed for 2014 retirement incentives	4,569,725
Assigned for tax reappraisal	726,666
Appropriated in FY20 budget	12,913,411
Fund balance policy	<u>28,292,351</u>
Remainder available	<u><u>\$ 25,485,770</u></u>

The County has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that available fund balance is at least equal to or greater than 15% of budgeted expenditures.

Outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. The governmental fund encumbrance amounts are included in the stabilization of State statute amount reported in the above table.

Outstanding encumbrances at June 30, 2019:

<u>Fund</u>	<u>Encumbrances</u>
General	\$ 764,822
Public School Capital Needs	386,942
AB Tech Capital Projects	2,195,253
Public School ADM Sales Tax/Lottery Projects	54,137
County Capital Projects	1,695,978
Special Projects Capital Projects	2,381,223
Non-Major	<u>2,096,747</u>
	<u><u>\$ 9,575,102</u></u>

Net position restricted for capital projects on the government-wide statements does not equal the amount of fund balance restricted for capital projects on the governmental statements due to unspent bond proceeds in the amount of \$12,043,685.

Note 3 - Joint Ventures

Vaya Health

The County, in conjunction with 22 other counties, participates in a joint venture to operate Vaya Health, a public managed care organization (“MCO”), which manages federal, state and local funding for services related to mental health, developmental disability, and substance abuse in its 23-county area. Buncombe County appoints one member of the 21-member board and one member of the 24-member advisory council, with the other counties appointing the remainder. The County has an ongoing financial responsibility for the MCO 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 MCO, so no equity interest has been reflected in the financial statements at June 30, 2019. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$600,000 to the MCO to fund operations. Complete financial statements for Vaya Health may be obtained from their offices at 200 Ridgely Court, Suite 206, Asheville, NC 28806.

Asheville-Buncombe Technical Community College

The County, in conjunction with the State of North Carolina, the Buncombe County Board of Education and Madison County, participates in a joint venture to operate the Asheville-Buncombe Technical 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 15-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 debt to provide financing for new and restructured facilities. Limited obligation bonds (refunding certificates of participation originally issued for this purpose) of \$69,798,368 in principal are outstanding. Of the general obligations bonds issued for this purpose \$551,594 in principal is still outstanding. The County has an ongoing financial responsibility for the community college because of the statutory responsibility to provide funding for the community college’s facilities. The County contributed \$6,500,000 to the community college for operating purposes during the fiscal year ended June 30, 2019. In addition, the County made principal and interest payments of \$88,842 during the fiscal year on general obligation bonds and \$8,748,751 on limited obligation bonds 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, 2019. Complete financial statements for the community college may be obtained from the community college’s administrative offices at 340 Victoria Road, Asheville, NC 28801.

Furthermore, by authority of Article 46 of Chapter 105 of the North Carolina General Statutes and following a majority vote of an advisory referendum in the November 2011 elections, the Buncombe County Board of Commissioners adopted a resolution in December 2011 to levy a local sales and use tax at a rate of one-quarter percent (.25%) to be used exclusively for the stated capital improvement needs of the community college. For this purpose, the County has created a fund to manage the collections and related capital projects and debt service expenditures. In June 2017 the Buncombe County Board of Commissioners adopted a resolution to expand the use of the sales and use tax to include major maintenance and operational needs of the community college. As required by the Board of Commissioners, the tax will sunset in 2029. All capital assets from this funding source will become the property of the community college and reflected on their financial statements once completed.

Note 4 - Jointly Governed Organizations

Land of Sky Regional Council

The County is a founding member of the Land of Sky Regional Council (Council) which now serves 71 member governments. The Council coordinates various funding received from federal and state agencies and administers programs related to aging, workforce development, volunteer services and economic and community development. The participating governments appoints the Council's governing board. The County paid membership fees of \$118,482 to the Council during the fiscal year ended June 30, 2019.

Metropolitan Sewerage District of Buncombe County, North Carolina

The County appoints three members to the 12-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 5 - 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 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, which 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.

	<u>Federal</u>	<u>State</u>
Special Supplemental Nutrition Program for Women, Infants and Children	\$ 2,681,539	\$ -
Work First/Temporary Assistance for Needy Families (TANF)	478,010	-
Refugee Assistance	9,774	-
Adoption Assistance	1,758,444	431,164
Medical Assistance	210,971,108	109,874,188
State Children's Insurance Program	6,687,289	-
State/County Special Assistance for Adults	-	1,407,146
Child Welfare Services Adoption Subsidy	2,129	986,962
Totals	<u>\$ 222,588,293</u>	<u>\$ 112,699,460</u>

Note 7 - Unrestricted Net Position

Under North Carolina law, the County is responsible for providing capital funding for the Buncombe County Board of Education, the Asheville City Board of Education (the school systems) and the Asheville-Buncombe Technical Community College (the community college). The County has chosen to meet its legal obligation to provide school systems and community college capital funding by using a mixture of County funds and debt. The assets funded by the County are owned and used by the school systems and

the community college. 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 debt balance was \$150,287,354 and \$70,349,962 for the school systems and community college, respectively. Of the combined total, \$2,374,594 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, necessary to pay debt service on its general obligation bonds. The remainder of the debt is installment debt and is collateralized by the assets purchased or constructed. Principal and interest requirements are appropriated in the year they become due.

Note 8 - Pledged Revenues

The County and the Town of Woodfin have pledged a portion of their future ad valorem tax revenues to repay \$11,285,000 in Series 2014A limited obligation bonds issued in February 2014. This issuance refunded \$11,885,000 of Series 2008 Project Development Financing (PDF) Revenue Bonds that were used to finance the Woodfin Downtown project. The bond principal is payable from the incremental ad valorem tax revenues generated by increased property values in the refurbished district to the extent that these revenues are available. In the event that the incremental tax revenues are not sufficient to meet the debt service requirements, the Buncombe County General Fund will advance the funds necessary to keep the debt service current. The Buncombe County General Fund will then be reimbursed as additional incremental revenues become available in the future.

The total principal and interest amount remaining on the bonds is \$17,082,400 payable through June 2037. Total principal and interest payments on the Series 2014A limited obligation bonds from July 1, 2018 through June 30, 2019 were \$657,950. Accumulated tax revenue for the same period of time was \$462,156.

Note 9 - Consolidated PSAP Status

The County operates a 911 center for the County with the Buncombe County Sheriff and the Asheville Police Department. The NC 911 Board took the position that the County's 911 center is a co-located PSAP, but not a fully consolidated PSAP because the each dispatching unit is under different leadership. Based on NC legislation mandating that the NC 911 Board only provide funding for a single PSAP in a County, the NC 911 Board stated they will only fund 1/3 of the costs associated with the County's 911 center. The County and the other member agencies disagreed with the NC 911 Board's position regarding the classification of the County's call center as a co-located PSAP. In May of 2018, the 911 Board adopted a policy defining consolidation versus co-location. On July 1, 2018, the County EMS and Sheriff dispatch was consolidated under the County. As a result of the consolidation the County now receives funding for 2/3 of the costs associated with the County's 911 center. The Asheville Police Dispatch remains co-located. The County is in the process of obtaining Secondary PSAP funding from the 911 Board for the APD.

Note 10 – Subsequent Events

The County was defendant in a civil lawsuit arising from an incident at the County's Detention Center on October 2, 2018. On October 22, 2019, the case was settled for \$2,000,000. The County will pay up to \$500,000, including legal fees, and the County's insurance company will pay the remainder. A liability of \$446,591 was recorded in the Insurance Fund as of June 30, 2019, which is the net of the \$500,000 insurance deductible and the legal fees incurred as of that date.

Note 11 - Restatements

Prior Period Adjustments

During the fiscal year ended June 30, 2019, the County determined that two liabilities were underreported in the fiscal year ended June 30, 2018 resulting in a total decrease to beginning net position for governmental activities of \$4,542,788. The two components of this total are as follows. A portion of stormwater cash sureties deposited with the County were incorrectly written off from the June 30, 2018

liability balance in the Special Projects Capital Projects Fund. Therefore, an adjustment to beginning fund balance has been recorded to account for those omissions decreasing it by \$1,396,607.

In addition, the retirement incentive liability at the governmental activity level as of June 30, 2018 was calculated for employees who had retired, but did not include liability for those employees who had qualified for and opted into the program, but were not yet retired. This resulted in an understatement of the liability and decrease in beginning net position of \$3,146,181.

Required Supplemental Financial Data

Buncombe County, North Carolina

Law Enforcement Officers' Special Separation Allowance

Schedules of Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll

Local Governmental Employees' Retirement System

Schedules of County's Proportionate Share of Net Pension Liability (Asset) and County Contributions

Register of Deeds' Supplemental Pension Fund

Schedules of County's Proportionate Share of Net Pension Liability (Asset) and County Contributions

Healthcare Benefits Plan

Schedule of Changes in the Net OPEB Liability and Related Ratios

Schedule of County Contributions

Schedule of Investment Returns - OPEB

This section contains information required by generally accepted accounting principles



BUNCOMBE COUNTY, NORTH CAROLINA
Law Enforcement Officers' Special Separation Allowance
Schedules of Changes in Total Pension Liability and Total Pension Liability
as a Percentage of Covered Payroll

Schedule of Changes in Total Pension Liability

	<u>2019*</u>	<u>2018*</u>	<u>2017*</u>
Beginning balance	\$ 7,076,534	\$ 6,504,557	\$ 6,435,449
Changes for the year:			
Service cost at end of year	346,181	292,258	324,170
Interest	217,434	244,382	223,868
Difference between expected and actual experience	173,058	(49,185)	-
Changes of assumptions and other inputs	(270,198)	431,353	(149,649)
Benefit payments	(391,418)	(346,831)	(329,281)
Net changes	<u>75,057</u>	<u>571,977</u>	<u>69,108</u>
Ending balance of the total pension liability	<u>\$ 7,151,591</u>	<u>\$ 7,076,534</u>	<u>\$ 6,504,557</u>

Schedule of Total Pension Liability as a Percentage of Covered Payroll

Total Pension Liability	\$ 7,151,591	\$ 7,076,534	\$ 6,504,557
Covered Payroll	13,782,414	13,226,166	13,727,850
Total pension liability as a percentage of covered payroll	51.89%	53.50%	47.38%

Notes to the schedule:

Buncombe County has no assets accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement 73 nor does the Plan provide pay related benefits.

Changes in actuarial assumptions or other inputs:

December 31, 2018 Measurement Date: The Municipal Bond Index Rate increased from 3.16% to 3.64%.

December 31, 2017 Measurement Date: The Municipal Bond Index Rate decreased from 3.86% to 3.16%. The assumed inflation rate has been reduced from 3.00% to 2.50% and assumed wage inflation was increased from 0.5% to 1.0%.

December 31, 2016 Measurement Date: The Municipal Bond Index Rate increased from 3.57% to 3.86%.

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending December 31.

BUNCOMBE COUNTY, NORTH CAROLINA

Local Governmental Employees' Retirement System

Schedules of County's Proportionate Share of Net Pension Liability (Asset) and County Contributions

LAST SIX FISCAL YEARS*

County's Proportionate Share of Net Pension Liability (Asset):

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	1.361%	1.356%	1.367%	1.370%	1.263%	1.221%
County's proportionate share of the net pension liability (asset) \$	\$ 32,284,728	\$ 20,713,021	\$ 29,009,136	\$ 6,153,152	\$ (7,446,959)	\$ 14,714,123
County's covered payroll	\$ 85,410,896	\$ 80,696,295	\$ 78,543,481	\$ 78,653,953	\$ 72,997,430	\$ 69,413,042
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	37.80%	25.67%	36.93%	7.82%	(10.20%)	21.20%
Plan fiduciary net position as a percentage of the total pension liability	92.00%	94.18%	91.47%	98.09%	102.64%	94.35%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

County Contributions:

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 6,736,044	\$ 6,437,477	\$ 5,974,471	\$ 5,289,811	\$ 5,552,865	\$ 5,140,387
Contributions in relation to the contractually required contribution	<u>6,736,044</u>	<u>6,437,477</u>	<u>5,974,471</u>	<u>5,289,811</u>	<u>5,552,865</u>	<u>5,140,387</u>
Contribution deficiency (excess)	<u>\$ -</u>					
County's covered payroll	\$ 85,711,058	\$ 85,410,896	\$ 80,696,295	\$ 78,543,481	\$ 78,653,953	\$ 72,997,430
Contributions as a percentage of covered payroll	7.86%	7.54%	7.40%	6.73%	7.06%	7.04%

BUNCOMBE COUNTY, NORTH CAROLINA

Register of Deeds' Supplemental Pension Fund

Schedules of County's Proportionate Share of Net Pension Liability (Asset) and County Contributions

LAST SIX FISCAL YEARS*

County's Proportionate Share of Net Pension Liability (Asset):

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	3.179%	3.515%	3.466%	3.461%	3.148%	3.060%
County's proportionate share of the net pension liability (asset) \$	\$ (526,518)	\$ (599,938)	\$ (648,037)	\$ (802,058)	\$ (713,609)	\$ (653,607)
County's covered payroll	\$ 93,926	\$ 90,779	\$ 88,376	\$ 82,865	\$ 79,564	\$ 79,564
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(560.57)%	(660.88)%	(713.86)%	(920.32)%	(807.45)%	(788.76)%
Plan fiduciary net position as a percentage of the total pension liability	153.31%	153.77%	160.17%	197.29%	193.88%	190.50%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

County Contributions:

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 27,497	\$ 27,204	\$ 30,538	\$ 28,316	\$ 27,694	\$ 25,705
Contributions in relation to the contractually required contribution	<u>27,497</u>	<u>27,204</u>	<u>30,538</u>	<u>28,316</u>	<u>27,694</u>	<u>25,705</u>
Contribution deficiency (excess)	<u>\$ -</u>					
County's covered payroll	\$ 94,900	\$ 93,926	\$ 90,779	\$ 88,376	\$ 82,865	\$ 79,564
Contributions as a percentage of covered payroll	28.97%	28.96%	33.64%	32.04%	33.42%	32.31%

BUNCOMBE COUNTY, NORTH CAROLINA
Healthcare Benefits Plan

Schedule of Changes in the Net OPEB Liability and Related Ratios

	<u>2019</u>	<u>2018</u>
Total OPEB liability:		
Service cost at end of year	\$ 4,788,951	\$ 5,127,940
Interest on the total OPEB liability	5,728,956	5,286,294
Difference between expected and actual experience	(3,699,090)	2,081,393
Changes of assumptions and other inputs	12,695,151	(8,668,680)
Benefit payments	<u>(6,682,405)</u>	<u>(7,680,277)</u>
Net change in total OPEB liability	12,831,563	(3,853,330)
Total OPEB liability, beginning of year	<u>147,614,882</u>	<u>151,468,212</u>
Total OPEB liability, end of year	<u><u>\$ 160,446,445</u></u>	<u><u>\$ 147,614,882</u></u>
 Plan Fiduciary Net Position:		
Contributions - employer	\$ 8,682,405	\$ 8,680,277
Net investment income	1,170,556	1,502,685
Benefit payments	<u>(6,682,405)</u>	<u>(7,680,277)</u>
Net change in plan fiduciary net position	3,170,556	2,502,685
Plan fiduciary net position, beginning of year	<u>22,092,416</u>	<u>19,589,731</u>
Plan fiduciary net position, end of year	<u><u>\$ 25,262,972</u></u>	<u><u>\$ 22,092,416</u></u>
 County's net OPEB liability, end of year	<u><u>\$ 135,183,473</u></u>	<u><u>\$ 125,522,466</u></u>
	<u>2019</u>	<u>2018</u>
Total OPEB liability	\$ 160,446,445	\$ 147,614,882
Plan fiduciary net position	<u>25,262,972</u>	<u>22,092,416</u>
Net OPEB liability	<u><u>\$ 135,183,473</u></u>	<u><u>\$ 125,522,466</u></u>
 Plan fiduciary net position as a percentage of the Total OPEB liability	15.75%	14.97%
 Covered employee payroll	\$ 61,256,259	\$ 66,348,252
 County's net OPEB liability as a percentage of covered employee payroll	220.69%	189.19%

Notes to schedule:

Changes to assumptions or other inputs . The single equivalent discount rate (SEIR) decreased from 3.97% to 3.53% to reflect the changes to the Municipal Bond Index Rate from 3.89% on the prior measurement date to 3.50% on the measurement date.

BUNCOMBE COUNTY, NORTH CAROLINA
Healthcare Benefits Plan

Schedule of County Contributions

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 7,322,456	\$ 7,322,456	\$ 7,301,754
Contributions in relation to the actuarially determined contribution	<u>8,682,405</u>	<u>8,680,277</u>	<u>8,781,911</u>
Annual contribution deficiency (excess)	(1,359,949)	(1,357,821)	(1,480,157)
Covered employee payroll	\$ 61,256,259	\$ 66,348,252	\$ 66,348,252
Actual contributions as a percentage of covered employee payroll	14.17%	13.08%	13.24%

Notes to schedule:

Valuation date. Actuarially determined contribution rates were calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates.

Actuarial cost method	Entry age normal
Amortization method	Level dollar
Amortization period	28 years
Asset valuation method	Market value of assets
Inflation	2.50%
Real wage growth	1.00%
Wage inflation	3.50%
Salary increases, including wage inflation	
General employees	3.50% - 7.75%
Firefighters	3.50% - 7.75%
Law enforcement officers	3.50% - 7.35%
Long-term investment rate of return, net of OPEB plan investment expense, including price inflation	5.00%
Municipal Bond Index Rate	
Prior measurement date	3.89%
Measurement date	3.50%
Year FNP is projected to be depleted	
Prior measurement date	2021
Measurement date	2023
Health care cost trends	
Pre-medicare Medical and Prescription Drug	7.25% for 2018 decreasing to an ultimate rate of 4.75% by 2028
Medicare Medical and Prescription Drug	5.38% for 2018 decreasing to an ultimate rate of 4.75% by 2022

BUNCOMBE COUNTY, NORTH CAROLINA
Healthcare Benefits Plan

Schedule of Investment Returns - OPEB

	<u>2019</u>	<u>2018</u>
Annual money-weighted rate of return, net of investment expenses	5.30%	7.64%

Combining and Individual Fund Statements and Schedules
Buncombe County, North Carolina



BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP)
General Fund

FOR THE YEAR ENDED JUNE 30, 2019

	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Ad Valorem Taxes:			
Taxes		\$ 198,295,375	
Penalties and interest		469,116	
Total	\$ 197,302,014	198,764,491	\$ 1,462,477
Local Option Sales Taxes:			
Article 39, one percent *		15,081,359	
Article 40, one-half of one percent		9,741,848	
Article 42, one-half of one percent		7,469,466	
Article 44, one-half of one percent		495	
Total	31,608,204	32,293,168	684,964
Other Taxes and Licenses:			
Deed stamp excise tax		6,074,375	
Video programming tax		1,369,186	
Privilege licenses		30,355	
Rental car tax		1,131,615	
Total	7,916,614	8,605,531	688,917
Unrestricted Intergovernmental:			
Payments in lieu of taxes		88,553	
Beer and wine tax		629,653	
Total	700,000	718,206	18,206
Restricted Intergovernmental:			
Federal, State, and other grants		43,452,541	
Mixed drink surcharge		874,044	
Court facilities fees		344,378	
ABC bottle taxes		132,618	
Total	42,970,782	44,803,581	1,832,799
Permits and Fees:			
Building permits and inspections		2,892,880	
Register of deeds		1,458,051	
Occupancy Tax Collection Fee		379,805	
Total	4,122,841	4,730,736	607,895
Sales and Services:			
Rents, concessions, and fees		3,876,221	
Jail fees		3,914,754	
Ambulance and rescue squad fees		6,321,134	
Recreation fees		190,964	
Other charges for services		3,217,819	
Total	15,584,085	17,520,892	1,936,807
Investment Earnings	725,000	2,455,950	1,730,950
Miscellaneous	791,247	3,816,987	3,025,740
Total revenues	301,720,787	313,709,542	11,988,755

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

BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP)
General Fund

FOR THE YEAR ENDED JUNE 30, 2019

	Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES			
General Government:			
Governing Body:			
Salaries and employee benefits		686,057	
Other operating expenditures		146,254	
Program support		4	
Total		<u>832,315</u>	
County Manager:			
Salaries and employee benefits		1,490,283	
Other operating expenditures		261,672	
Program support		144,113	
Total		<u>1,896,068</u>	
Community Engagement:			
Salaries and employee benefits		440,753	
Other operating expenditures		188,882	
Total		<u>629,635</u>	
Community Relations:			
Salaries and employee benefits		345,761	
Other operating expenditures		46,189	
Total		<u>391,950</u>	
Intergovernmental Relations:			
Salaries and employee benefits		119,661	
Other operating expenditures		2,061	
Total		<u>121,722</u>	
Budget and Management Services			
Salaries and employee benefits		467,505	
Other operating expenditures		18,452	
Total		<u>485,957</u>	
Human Resources:			
Salaries and employee benefits		784,960	
Other operating expenditures		159,367	
Total		<u>944,327</u>	
Finance:			
Salaries and employee benefits		1,651,250	
Other operating expenditures		559,423	
Total		<u>2,210,673</u>	
Internal Audit:			
Salaries and employee benefits		229,790	
Other operating expenditures		22,066	
Total		<u>251,856</u>	
Performance Management:			
Salaries and employee benefits		1,475,133	
Other operating expenditures		47,732	
Total		<u>1,522,865</u>	

BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP)
General Fund

FOR THE YEAR ENDED JUNE 30, 2019

	Final Budget	Actual	Variance Positive (Negative)
<i>General Government - continued:</i>			
Tax Assessment:			
Salaries and employee benefits		2,612,592	
Other operating expenditures		625,309	
Total		<u>3,237,901</u>	
Tax Collections:			
Salaries and employee benefits		1,222,188	
Other operating expenditures		690,426	
Total		<u>1,912,614</u>	
Elections:			
Salaries and employee benefits		809,179	
Other operating expenditures		1,131,627	
Total		<u>1,940,806</u>	
Register of Deeds:			
Salaries and employee benefits		1,346,129	
Other operating expenditures		3,132,562	
Total		<u>4,478,691</u>	
Information Technology:			
Salaries and employee benefits		6,440,824	
Other operating expenditures		5,163,390	
Total		<u>11,604,214</u>	
General Services:			
Salaries and employee benefits		3,082,219	
Other operating expenditures		3,616,368	
Capital outlay		68,920	
Total		<u>6,767,507</u>	
Fleet:			
Salaries and employee benefits		544,582	
Other operating expenditures		327,202	
Total		<u>871,784</u>	
Strategic Partnership Grants		<u>1,272,301</u>	
General Government OPEB Contribution		<u>360,777</u>	
Total General Government	46,199,014	41,733,963	4,465,051
Public Safety:			
Justice Resource Center:			
Salaries and employee benefits		96,073	
Other operating expenditures		780,147	
Total		<u>876,220</u>	
Pretrial Release:			
Salaries and employee benefits		1,021,879	
Other operating expenditures		84,712	
Total		<u>1,106,591</u>	
ID Bureau and C.D.E.:			
Salaries and employee benefits		1,513,145	
Other operating expenditures		66,173	
Capital outlay		31,575	
Total		<u>1,610,893</u>	

BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP)
General Fund

FOR THE YEAR ENDED JUNE 30, 2019

	Final Budget	Actual	Variance Positive (Negative)
<i>Public Safety - continued:</i>			
Criminal Justice Information System:			
Salaries and employee benefits		735,134	
Other operating expenditures		439,536	
Total		<u>1,174,670</u>	
Sheriff:			
Salaries and employee benefits		17,486,037	
Other operating expenditures		1,879,777	
Program support		5,700	
Total		<u>19,371,514</u>	
Detention Center:			
Salaries and employee benefits		14,173,840	
Other operating expenditures		3,416,017	
Total		<u>17,589,857</u>	
Emergency Services:			
Salaries and employee benefits		11,983,580	
Other operating expenditures		1,466,686	
Program support		18,416	
Total		<u>13,468,682</u>	
Animal Services		<u>1,180,575</u>	
Public Safety Training Center:			
Salaries and employee benefits		416,303	
Other operating expenditures		184,507	
Total		<u>600,810</u>	
Juvenile Crime Prevention Council		<u>13,546</u>	
Public Safety OPEB Contribution		<u>661,929</u>	
Total Public Safety	60,798,881	57,655,287	3,143,594
<i>Economic and Physical Development:</i>			
Planning:			
Salaries and employee benefits		1,952,715	
Other operating expenditures		239,408	
Total		<u>2,192,123</u>	
Economic Development		<u>1,388,878</u>	
Permits and Inspections:			
Salaries and employee benefits		2,088,237	
Other operating expenditures		212,036	
Total		<u>2,300,273</u>	
Cooperative Extension:			
Salaries and employee benefits		-	
Other operating expenditures		401,885	
Total		<u>401,885</u>	
Soil Conservation:			
Salaries and employee benefits		475,267	
Other operating expenditures		48,591	
Total		<u>523,858</u>	
Economic and Physical Development OPEB Contribution		<u>70,135</u>	
Total Economic and Physical Development	8,061,640	6,877,152	1,184,488

BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP)
General Fund

FOR THE YEAR ENDED JUNE 30, 2019

	Final Budget	Actual	Variance Positive (Negative)
Human Services:			
Public Health:			
Salaries and employee benefits		11,087,808	
Other operating expenditures		5,786,343	
Program Support		2,759,931	
Total		<u>19,634,082</u>	
Social Services:			
Salaries and employee benefits		39,110,284	
Other operating expenditures		5,938,321	
Capital outlay		-	
Program support		14,816,309	
Total		<u>59,864,914</u>	
Veteran Services:			
Salaries and employee benefits		344,326	
Other operating expenditures		8,358	
Total		<u>352,684</u>	
Family Justice Center			
Salaries and employee benefits		105,864	
Other operating expenditures		216,204	
Program Support		-	
Total		<u>322,068</u>	
Behavioral Health:			
Other operating expenditures		769,224	
Program support		600,000	
Total		<u>1,369,224</u>	
Childcare Centers		<u>68,000</u>	
Community Funding		<u>-</u>	
Human Services OPEB Contribution		<u>777,051</u>	
Total Human Services	<u>87,364,534</u>	<u>82,388,023</u>	4,976,511
Cultural and Recreational:			
Library:			
Salaries and employee benefits		4,112,687	
Other operating expenditures		1,383,089	
Total		<u>5,495,776</u>	
Recreation:			
Salaries and employee benefits		1,183,955	
Other operating expenditures		464,851	
Program support		93,855	
Total		<u>1,742,661</u>	
Arts, Museum & History		<u>100,000</u>	
Community Funding		<u>-</u>	
Culture and Recreational OPEB Contribution		<u>66,542</u>	
Total Cultural and Recreational	<u>7,833,478</u>	<u>7,404,979</u>	428,499

BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP)
General Fund

FOR THE YEAR ENDED JUNE 30, 2019

	Final Budget	Actual	Variance Positive (Negative)
Education:			
Public schools:			
Current expenditures		77,396,937	
Pre-K		951,460	
Community college - current expenditures		6,500,000	
Total		<u>84,848,397</u>	
Community Funding		<u>317,500</u>	
Total Education	<u>85,166,015</u>	<u>85,165,897</u>	118
Debt Service:			
Principal retirement		12,705,272	
Interest and fees		<u>8,251,067</u>	
Total Debt Service	<u>21,072,833</u>	<u>20,956,339</u>	116,494
Total expenditures	<u>316,496,395</u>	<u>302,181,640</u>	14,314,755
Revenues over (under) expenditures	<u>(14,775,608)</u>	<u>11,527,902</u>	26,303,510
OTHER FINANCING SOURCES (USES)			
Operating transfers from other funds	10,612,082	9,195,169	(1,416,913)
Operating transfers to other funds	(8,559,377)	(8,559,377)	-
Sales of capital assets	100,000	109,532	9,532
Appropriated fund balance	12,622,903	-	(12,622,903)
Total other financing sources (uses)	<u>14,775,608</u>	<u>745,324</u>	<u>(14,030,284)</u>
Net change in fund balance	<u>\$ -</u>	<u>12,273,226</u>	<u>\$ 12,273,226</u>
Reconciliation from budgetary basis (modified accrual) to GAAP:			
Reconciling items:			
Operating transfer to Reappraisal Reserve Fund (Consolidated with General Fund for GAAP Reporting)		<u>726,666</u>	
Change in fund balance		12,999,892	
Fund balance, beginning of year		<u>82,290,062</u>	
Fund balance, end of year		<u>\$ 95,289,954</u>	

BUNCOMBE COUNTY, NORTH CAROLINA

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

Public School Capital Needs Fund

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

	Actual to June 30, 2019				Variance Positive (Negative)
	Project Authorization	Reported In Prior Years	Current Year	Total	
REVENUES					
Local option sales tax	\$ 55,092,216	\$ 44,230,045	\$ 19,991,041	\$ 64,221,086	\$ 9,128,870
Restricted intergovernmental	1,279,360	1,434,027	188,425	1,622,452	343,092
Investment earnings	1,866,439	4,593,876	967,503	5,561,379	3,694,940
Total revenues	<u>58,238,015</u>	<u>50,257,948</u>	<u>21,146,969</u>	<u>71,404,917</u>	<u>13,166,902</u>
EXPENDITURES					
Capital outlay:					
Education:					
Buncombe County schools					
Sales tax projects	4,839,000	4,579,709	61,261	4,640,970	198,030
Bond projects	52,669,782	18,858,072	20,465,560	39,323,632	13,346,150
Asheville City schools					
Sales tax projects	100,000	-	-	-	100,000
Bond projects	35,130,488	26,113,699	8,073,301	34,187,000	943,488
Security Assessment	400,000	-	14,392	14,392	385,608
Radio Upgrade	2,010,400	-	36,426	36,426	1,973,974
Contingency	233,441	-	-	-	233,441
Total capital outlay	<u>95,383,111</u>	<u>49,551,480</u>	<u>28,650,940</u>	<u>78,202,420</u>	<u>17,180,691</u>
Debt service:					
Principal	51,376,567	37,094,952	14,001,613	51,096,565	280,002
Interest and fees	35,780,869	27,081,426	8,388,749	35,470,175	310,694
Total debt service	<u>87,157,436</u>	<u>64,176,378</u>	<u>22,390,362</u>	<u>86,566,740</u>	<u>590,696</u>
Total expenditures	<u>182,540,547</u>	<u>113,727,858</u>	<u>51,041,302</u>	<u>164,769,160</u>	<u>17,771,387</u>
Revenues (under) expenditures	<u>(124,302,532)</u>	<u>(63,469,910)</u>	<u>(29,894,333)</u>	<u>(93,364,243)</u>	<u>30,938,289</u>
OTHER FINANCING SOURCES					
Installment obligations issued - projects	79,760,670	54,730,000	-	54,730,000	(25,030,670)
Premium on installment obligations	-	6,371,796	-	6,371,796	6,371,796
Prior year revenues and transfers	44,541,862	48,966,796	-	48,966,796	4,424,934
Total other financing sources	<u>124,302,532</u>	<u>110,068,592</u>	<u>-</u>	<u>110,068,592</u>	<u>(14,233,940)</u>
Revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ 46,598,682</u>	<u>(29,894,333)</u>	<u>\$ 16,704,349</u>	<u>\$ 16,704,349</u>
Fund balance, beginning of year			<u>46,598,682</u>		
Fund balance, end of year				<u>\$ 16,704,349</u>	

BUNCOMBE COUNTY, NORTH CAROLINA

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

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

	Actual to June 30, 2019				Variance Positive (Negative)
	Project Authorization	Reported in Prior Years	Current Year	Total	
REVENUES					
Local option sales taxes	\$ 63,312,926	\$ 59,741,598	\$ 13,671,316	\$ 73,412,914	\$ 10,099,988
Restricted intergovernmental	214,928	211,859	42,712	254,571	39,643
Investment earnings	352,699	687,450	613,781	1,301,231	948,532
Total revenues	<u>63,880,553</u>	<u>60,640,907</u>	<u>14,327,809</u>	<u>74,968,716</u>	<u>11,088,163</u>
EXPENDITURES					
Community College	9,350,000	1,596,974	5,182,833	6,779,807	2,570,193
Debt service:					
Principal retirement	22,468,429	16,061,480	5,073,683	21,135,163	1,333,266
Interest and fees	17,510,203	13,627,888	3,763,954	17,391,842	118,361
Total expenditures	<u>49,328,632</u>	<u>31,286,342</u>	<u>14,020,470</u>	<u>45,306,812</u>	<u>4,021,820</u>
Revenues over expenditures	<u>14,551,921</u>	<u>29,354,565</u>	<u>307,339</u>	<u>29,661,904</u>	<u>15,109,983</u>
OTHER FINANCING SOURCES (USES)					
Transfers to other funds	(15,858,868)	(8,129,654)	(6,500,000)	(14,629,654)	1,229,214
Transfers from other funds	1,520,000	1,520,000	-	1,520,000	-
Budgetary Contingency	(213,053)	-	-	-	213,053
Total other financing sources (uses)	<u>(14,551,921)</u>	<u>(6,609,654)</u>	<u>(6,500,000)</u>	<u>(13,109,654)</u>	<u>1,442,267</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ 22,744,911</u>	<u>(6,192,661)</u>	<u>\$ 16,552,250</u>	<u>\$ 16,552,250</u>
Fund balance, beginning of year			<u>22,744,911</u>		
Fund balance, end of year			<u>\$ 16,552,250</u>		

BUNCOMBE COUNTY, NORTH CAROLINA

*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Public Schools ADM Sales Tax and Lottery Project Fund*

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

	Actual to June 30, 2019				Variance Positive (Negative)
	Project Authorization	Reported In Prior Years	Current Year	Total	
REVENUES					
Local option sales taxes	\$ 44,281,804	\$ 28,700,169	\$ 15,379,276	\$ 44,079,445	\$ (202,359)
Restricted intergovernmental	9,303,362	4,876,763	3,223,796	8,100,559	(1,202,803)
Total revenues	<u>53,585,166</u>	<u>33,576,932</u>	<u>18,603,072</u>	<u>52,180,004</u>	<u>(1,405,162)</u>
EXPENDITURES					
Capital outlay:					
Education:					
Buncombe County schools					
Sales tax projects	37,365,159	24,223,948	12,972,419	37,196,367	168,792
Lottery projects	7,760,000	4,876,763	1,758,512	6,635,275	1,124,725
Asheville City schools					
Sales tax projects	6,916,645	4,476,235	2,406,843	6,883,078	33,567
Lottery projects	1,543,362	-	1,465,284	1,465,284	78,078
Total capital outlay	<u>53,585,166</u>	<u>33,576,946</u>	<u>18,603,058</u>	<u>52,180,004</u>	<u>1,405,162</u>
Revenues under expenditures	<u>-</u>	<u>(14)</u>	<u>14</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year			<u>(14)</u>		
Fund balance, end of year			<u>\$ -</u>		

BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP)

County Capital Projects Fund

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

	Actual to June 30, 2019				Variance Positive (Negative)
	Project Authorization	Reported In Prior Years	Current Year	Total	
REVENUES					
Restricted intergovernmental	\$ -	\$ -	\$ 51,436	\$ 51,436	\$ 51,436
Contributions and grants	111,072	111,072	-	111,072	-
Investment earnings	620,093	736,443	151,382	887,825	267,732
Total revenues	731,165	847,515	202,818	1,050,333	319,168
EXPENDITURES					
Capital outlay:					
200 College Exterior	975,000	-	12,312	12,312	962,688
35 Woodfin Chiller Replacement	117,547	-	117,547	117,547	-
50 Coxe Ave Elections Training Room	200,000	-	-	-	200,000
50 Coxe Renovations	1,000,000	26,130	555,463	581,593	418,407
ADA Accessible Playground Equipment	188,254	10,145	177,153	187,298	956
Allport Upper High Roof	93,130	-	430	430	92,700
Automated Compression Devices	113,828	-	113,828	113,828	-
Black Mountain Greenway	133,000	-	133,000	133,000	-
Buncombe County Health Clinic	1,474,184	71,218	1,175,557	1,246,775	227,409
Business Systems Improvement*	5,116,657	4,417,131	13,945	4,431,076	685,581
C3 at 356 Biltmore Avenue	1,086,507	981,488	5,383	986,871	99,636
Carbon Reduction Measures FY18	181,355	51,007	126,644	177,651	3,704
COA/RADTIP	20,000	-	-	-	20,000
College Street Parking Deck Surveillance Cameras	144,510	-	139,187	139,187	5,323
Contract Management Software	92,000	-	75,919	75,919	16,081
County Buildings Major Maintenance*	4,861,270	4,655,853	26,191	4,682,044	179,226
Courthouse Art*	10,000	10,000	-	10,000	-
Courthouse Exterior Renovations	2,850,783	22,617	12,313	34,930	2,815,853
Detention Center Cooling Tower Replacement	376,940	16,500	-	16,500	360,440
Detention Center Exterior Repair and Cleaning	2,750,000	-	12,312	12,312	2,737,688
East Asheville Library	5,800,000	55,218	184,592	239,810	5,560,190
Enka Heritage Greenway	80,000	-	-	-	80,000
Enka Library Renovations	300,000	36,608	146,749	183,357	116,643
Erwin Pool Resurfacing*	55,000	44,650	-	44,650	10,350
First Floor Renovations and Meeting Rooms	1,025,816	34,012	981,719	1,015,731	10,085
General Government Vehicles*	653,586	163,864	387,370	551,234	102,352
Hominy Creek Greenway	80,000	-	-	-	80,000
Human Services Building Expansion	43,213,331	41,569,179	466,565	42,035,744	1,177,587
IT Redundant Network Configuration	1,000,000	782,666	7,500	790,166	209,834
Judicial Complex Chiller Addition	297,000	-	208,037	208,037	88,963
Lake Julian Marina Dock Replacement	264,000	-	251,561	251,561	12,439
Lake Julian Park Expansion*	196,877	196,876	-	196,876	1
Library Infrastructure	138,000	-	28,917	28,917	109,083
Mitel Phone System Upgrade	122,956	-	-	-	122,956
Orchard Street Park	150,000	-	-	-	150,000
Owen Park Exercise Stations	30,000	-	-	-	30,000
Pack Library Fire Suppression System	233,439	-	-	-	233,439
Park Utility Vehicles	24,400	-	23,485	23,485	915
Playground Maintenance Revolving Fund	30,000	-	-	-	30,000
Public Safety Vehicles*	2,345,397	2,345,397	-	2,345,397	-

BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP)

County Capital Projects Fund

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

	Actual to June 30, 2019				Variance Positive (Negative)
	Project Authorization	Reported In Prior Years	Current Year	Total	
Reems Creek Greenway	60,000	-	-	-	60,000
Roofing Projects	125,624	6,000	7,500	13,500	112,124
Sheriff Vehicles*	950,361	27,630	868,701	896,331	54,030
Sidewalks - General	132,000	-	-	-	132,000
Technology Upgrade	796,692	-	-	-	796,692
Warren Wilson Pool	300,000	-	-	-	300,000
Woodfin Greenway	382,000	121,239	-	121,239	260,761
Woodfin Greenway - TDA Grant	2,250,000	-	-	-	2,250,000
Zeugner Pool Operations & Maintenance	40,625	-	40,625	40,625	-
Less: Project closures and partial closures*	(12,571,278)	(11,861,401)	(13,945)	(11,875,346)	(695,932)
Total capital outlay	70,290,791	43,784,027	6,286,560	50,070,587	20,220,204
Debt service:					
Interest and fees	4,649,994	4,649,994	-	4,649,994	-
Total expenditures	74,940,785	48,434,021	6,286,560	54,720,581	20,220,204
Revenues under expenditures	(74,209,620)	(47,586,506)	(6,083,742)	(53,670,248)	20,539,372
OTHER FINANCING SOURCES (USES)					
Prior year revenues	\$ 80,215,569	\$ 77,197,704	\$ -	\$ 77,197,704	\$ (3,017,865)
Proceeds from installment obligations	9,021,605	-	-	-	(9,021,605)
Transfers from other funds	5,583,904	3,371,063	2,213,101	5,584,164	260
Transfer to other funds	(7,972,187)	(7,036,728)	(935,459)	(7,972,187)	-
Contingency	(763,925)	-	-	-	763,925
Sale of capital assets	-	573,685	-	573,685	573,685
Less: Project closures and partial closures	(11,875,346)	(11,875,346)	-	(11,875,346)	-
Total other financing sources (uses)	74,209,620	62,230,378	1,277,642	63,508,020	(10,701,600)
Revenues and other sources over (under) expenditures and other uses	\$ -	\$ 14,643,872	(4,806,100)	\$ 9,837,772	\$ 9,837,772
Reconciliation from budgetary basis (modified accrual) to GAAP:					
Reconciling items:					
Close of current year expenditures			(13,945)		
Change in fund balance			(4,820,045)		
Fund balance, beginning of year			14,657,817		
Fund balance, end of year			\$ 9,837,772		

BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP)

Special Projects Capital Projects Fund

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

	Actual to June 30, 2019				Variance Positive (Negative)
	Project Budget	Reported in Prior Years	Current Year	Total	
REVENUES					
Restricted intergovernmental	\$ 72,000	\$ -	\$ 81,267	\$ 81,267	\$ 9,267
Sales and services	-	1,753,105	106,358	1,859,463	1,859,463
Miscellaneous	4,303,004	4,271,286	275,700	4,546,986	243,982
Total revenues	<u>4,375,004</u>	<u>6,024,391</u>	<u>463,325</u>	<u>6,487,716</u>	<u>2,112,712</u>
EXPENDITURES					
Current:					
Economic and physical development	3,000,000	425,405	-	425,405	2,574,595
Capital outlay:					
Housing:					
Home FY16	75,000	-	-	-	75,000
Home FY17	75,000	-	75,000	75,000	-
Home FY18	101,733	-	-	-	101,733
Home Program Income	147,769	126,288	-	126,288	21,481
MHO Eagle Street	2,000,000	-	2,000,000	2,000,000	-
Lee Walker Heights Redevelopment	4,200,000	-	2,500,000	2,500,000	1,700,000
Housing trust:					
Housing Trust FY09	300,000	294,630	5,370	300,000	-
Housing Trust FY18	250,000	37,998	188,327	226,325	23,675
Housing Trust FY19	638,145	-	348,436	348,436	289,709
Housing Trust Program Income	531,543	406,854	29,947	436,801	94,742
Manufactured Homes Disposal	147,750	87,909	38,500	126,409	21,341
Energy Initiatives	148,142	58,030	21,077	79,107	69,035
Soil conservation	1,133,326	488,903	127,663	616,566	516,760
Total expenditures	<u>12,748,408</u>	<u>1,926,017</u>	<u>5,334,320</u>	<u>7,260,337</u>	<u>5,488,071</u>
Revenues over (under) expenditures	<u>(8,373,404)</u>	<u>4,098,374</u>	<u>(4,870,995)</u>	<u>(772,621)</u>	<u>7,600,783</u>
OTHER FINANCING SOURCES (USES)					
Transfer from other funds	8,715,070	7,076,525	3,676,045	10,752,570	2,037,500
Transfer to other funds	(2,341,666)	(2,325,000)	(16,666)	(2,341,666)	-
Appropriated fund balance	2,000,000	-	-	-	(2,000,000)
Total other financing sources (uses)	<u>8,373,404</u>	<u>4,751,525</u>	<u>3,659,379</u>	<u>8,410,904</u>	<u>37,500</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ 8,849,899</u>	<u>(1,211,616)</u>	<u>\$ 7,638,283</u>	<u>\$ 7,638,283</u>
Reconciliation from budgetary basis (modified accrual) to GAAP:					
Reconciling items:					
Net collections on long-term loans			<u>1,806,282</u>		
Change in fund balance			<u>594,666</u>		
Fund Balance, beginning of year, as originally reported			11,136,071		
Prior period adjustments (Note 11)			<u>(1,396,607)</u>		
Fund Balance, beginning of year, as restated			<u>9,739,464</u>		
Fund balance, end of year			<u>\$ 10,334,130</u>		



Combining Statements and Schedules for Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

Special Districts Volunteer Fire Departments Fund

The County's Board of Commissioners serves as the tax levying body for 21 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 to volunteer fire departments serving the respective districts under contracts. 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.

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 Fund

This fund accounts for a portion of County and Town of Woodfin ad valorem tax revenues pledged to meet the debt service requirements related to the Woodfin Downtown project.

Buncombe County Service Foundation

This non-profit organization is a component unit of the County. The Foundation's purpose is to support and improve access to wellness, recreation, health and community services by building partnerships throughout Buncombe County.

BUNCOMBE COUNTY, NORTH CAROLINA

Combining Balance Sheet

Nonmajor Governmental Funds

JUNE 30, 2019

	Special Revenue Funds		
	Special Districts	Emergency Telephone System	Register of Deeds Automation
	Volunteer Fire Departments		
ASSETS			
Cash and investments	\$ 331,589	\$ 2,538,233	\$ 154,575
Receivables (net):			
Taxes receivable	25,430	36,932	245
Accounts receivable	34,201	-	-
Due from other governments	1,925,335	59,752	-
Long-term receivables	-	-	-
Total assets	\$ 2,316,555	\$ 2,634,917	\$ 154,820
LIABILITIES			
Accounts payable	\$ 2,291,126	\$ 126,938	\$ 3
Unearned revenue	-	-	-
Due to general fund	-	-	-
Total liabilities	2,291,126	126,938	3
DEFERRED INFLOWS OF RESOURCES	25,429	-	-
FUND BALANCES			
Restricted for:			
Stabilization by State statute	-	96,684	245
Register of deeds	-	-	154,572
Public safety	-	2,411,295	-
Human services	-	-	-
Total fund balances	-	2,507,979	154,817
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,316,555	\$ 2,634,917	\$ 154,820

Special Revenue Funds Continued

Grant Projects	Transportation	Drug Forfeitures	PDF Woodfin Downtown	BC Service Foundation	Total Nonmajor Governmental Funds
\$ 3,143,223	\$ 188,480	\$ 734,107	\$ -	\$ 166,260	\$ 7,256,467
1,448	539	7,647	-	268	72,509
7,940	-	-	-	-	42,141
328,158	583,359	-	68,804	-	2,965,408
-	-	-	-	-	-
\$ 3,480,769	\$ 772,378	\$ 741,754	\$ 68,804	\$ 166,528	\$ 10,336,525
\$ 903,090	\$ 201,621	\$ 144,908	\$ -	\$ 563	\$ 3,668,249
203,209	-	-	-	57,570	260,779
1,645,812	-	-	64,303	-	1,710,115
2,752,111	201,621	144,908	64,303	58,133	5,639,143
107,753	430,547	-	-	-	563,729
620,906	140,210	7,647	4,501	268	870,461
-	-	-	-	-	154,572
-	-	589,199	-	-	3,000,494
-	-	-	-	108,127	108,127
620,905	140,210	596,846	4,501	108,395	4,133,653
\$ 3,480,769	\$ 772,378	\$ 741,754	\$ 68,804	\$ 166,528	\$ 10,336,525

BUNCOMBE COUNTY, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue Funds		
	Special Districts	Emergency Telephone System	Register of Deeds Automation
	Volunteer Fire Departments		
REVENUES			
Ad valorem taxes	\$ 22,703,556	\$ -	\$ -
Incremental tax revenue	-	-	-
Local option sales taxes	6,517,316	-	-
Permits and fees	-	-	139,934
Restricted intergovernmental	-	717,022	-
Sales and services	-	-	-
Investment earnings	-	43,775	3,189
Miscellaneous	-	-	-
Total revenues	29,220,872	760,797	143,123
EXPENDITURES			
Current:			
General government	-	-	-
Public safety	29,220,872	742,449	-
Economic and physical development	-	-	-
Human services	-	-	-
Cultural and recreational	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fees	-	-	-
Total expenditures	29,220,872	742,449	-
Revenues over (under) expenditures	-	18,348	143,123
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	-	-	-
Transfers to other funds	-	-	(196,050)
Sale of assets	-	-	-
Total other financing sources (uses)	-	-	(196,050)
Net change in fund balances	-	18,348	(52,927)
Fund balances, beginning of year	-	2,489,631	207,744
Fund balances, end of year	\$ -	\$ 2,507,979	\$ 154,817

Special Revenue Funds Continued

Grant Projects	Transportation	Drug Forfeitures	PDF Woodfin Downtown	BC Service Foundation	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,703,556
-	-	-	302,201	-	302,201
-	-	-	-	-	6,517,316
-	-	-	-	-	139,934
2,999,560	2,259,468	322,929	228,759	30,411	6,558,149
30,147	-	-	-	-	30,147
-	-	12,570	-	51,293	110,827
8,730	2,837	-	-	4,779	16,346
3,038,437	2,262,305	335,499	530,960	86,483	36,378,476
115,411	-	-	-	-	115,411
1,345,992	-	440,025	-	-	31,749,338
10,620	-	-	-	-	10,620
1,037,688	3,613,041	-	-	40,876	4,691,605
904,170	-	-	-	-	904,170
-	403,883	-	-	-	403,883
-	-	-	140,000	-	140,000
-	-	-	519,450	-	519,450
3,413,881	4,016,924	440,025	659,450	40,876	38,534,477
(375,444)	(1,754,619)	(104,526)	(128,490)	45,607	(2,156,001)
635,176	1,641,248	-	132,991	-	2,409,415
-	(65,850)	-	-	(83,087)	(344,987)
-	72,012	33,300	-	-	105,312
635,176	1,647,410	33,300	132,991	(83,087)	2,169,740
259,732	(107,209)	(71,226)	4,501	(37,480)	13,739
361,173	247,419	668,072	-	145,875	4,119,914
\$ 620,905	\$ 140,210	\$ 596,846	\$ 4,501	\$ 108,395	\$ 4,133,653

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, 2019

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Ad valorem taxes		\$ 22,703,556	
Local option sales taxes		6,517,316	
Total revenues	<u>\$ 31,276,959</u>	<u>29,220,872</u>	<u>\$ (2,056,087)</u>
EXPENDITURES			
Current:			
Public safety:			
Contract payments to			
Volunteer fire departments		29,220,872	
Total expenditures	<u>31,276,959</u>	<u>29,220,872</u>	<u>2,056,087</u>
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		<u>\$ -</u>	

BUNCOMBE COUNTY, NORTH CAROLINA

*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Reappraisal Reserve Fund (Consolidated with General Fund for GAAP reporting)*

FOR THE YEAR ENDED JUNE 30, 2019

	Budget	Actual	Variance Positive (Negative)
REVENUES			
		\$ -	
Total revenues	\$ -	-	\$ -
EXPENDITURES			
Current:			
General government:			
Other operating expenditures		-	
Total expenditures	726,666	-	726,666
Revenues over (under) expenditures	(726,666)	-	726,666
OTHER FINANCING SOURCES			
Transfers from other funds	726,666	726,666	-
Total other financing sources	726,666	726,666	-
Net change in fund balance	\$ -	726,666	\$ 726,666
Fund balance, beginning of year		-	
Fund balance, end of year		\$ 726,666	

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, 2019

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Restricted intergovernmental		\$ 717,022	
Investment earnings		43,775	
Total revenues	\$ 727,022	760,797	\$ 33,775
EXPENDITURES			
Current:			
Public safety:			
Other operating expenditures		742,449	
Total expenditures	1,627,500	742,449	885,051
Revenues over (under) expenditures	(900,478)	18,348	918,826
OTHER FINANCING SOURCES			
Appropriated fund balance	900,478	-	(900,478)
Total other financing sources	900,478	-	(900,478)
Net change in fund balance	\$ -	18,348	\$ 18,348
Fund balance, beginning of year		2,489,631	
Fund balance, end of year		\$ 2,507,979	

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, 2019

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Permits and fees		\$ 139,934	
Investment earnings		3,189	
Total revenues	\$ 155,000	143,123	\$ (11,877)
EXPENDITURES			
Current:			
General government:			
Other operating expenditures		-	
Total expenditures	74,262	-	74,262
Revenues over expenditures	80,738	143,123	62,385
OTHER FINANCING SOURCES (USES)			
Appropriated fund balance	115,312	-	(115,312)
Transfer to general fund	(196,050)	(196,050)	-
Total other financing sources (uses)	(80,738)	(196,050)	(115,312)
Net change in fund balance	\$ -	(52,927)	\$ (52,927)
Fund balance, beginning of year		207,744	
Fund balance, end of year		\$ 154,817	

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, 2019

	Actual to June 30, 2019				Variance Positive (Negative)
	Project Budget	Reported In Prior Years	Current Year	Total	
REVENUES					
Restricted intergovernmental	\$ 21,971,154	\$ 5,372,582	\$ 2,999,560	\$ 8,372,142	\$ (13,599,012)
Sales and services	190,596	149,783	30,147	179,930	(10,666)
Miscellaneous	85,573	84,970	8,730	93,700	8,127
Less: Completed Projects	(60,224)	(58,065)	-	(58,065)	2,159
Total revenues	<u>22,187,099</u>	<u>5,549,270</u>	<u>3,038,437</u>	<u>8,587,707</u>	<u>(13,599,392)</u>
EXPENDITURES					
General government	450,000	122,378	115,411	237,789	212,211
Public safety	7,733,451	3,113,964	1,345,992	4,459,956	3,273,495
Economic and physical development	192,462	23,790	10,620	34,410	158,052
Human services	4,384,164	3,224,607	1,037,688	4,262,295	121,869
Cultural and recreational	12,000,000	-	904,170	904,170	11,095,830
Less: Completed Projects	(60,224)	(58,065)	-	(58,065)	(2,159)
Total expenditures	<u>24,699,853</u>	<u>6,426,674</u>	<u>3,413,881</u>	<u>9,840,555</u>	<u>14,859,298</u>
Revenues under expenditures	<u>(2,512,754)</u>	<u>(877,404)</u>	<u>(375,444)</u>	<u>(1,252,848)</u>	<u>1,259,906</u>
OTHER FINANCING SOURCES (USES)					
Transfer from other funds	2,637,754	1,363,577	635,176	1,998,753	(639,001)
Transfer to other funds	(125,000)	(125,000)	-	(125,000)	-
Total other financing sources (uses)	<u>2,512,754</u>	<u>1,238,577</u>	<u>635,176</u>	<u>1,873,753</u>	<u>(639,001)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 361,173</u>	<u>259,732</u>	<u>\$ 620,905</u>	<u>\$ 620,905</u>
Fund balance, beginning of year			<u>361,173</u>		
Fund balance, end of year			<u>\$ 620,905</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, 2019

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Restricted intergovernmental		\$ 2,259,468	
Miscellaneous		2,837	
Total revenues	\$ 3,267,545	2,262,305	\$ (1,005,240)
EXPENDITURES			
Current:			
Human services:			
Salaries and benefits		66,028	
Other operating expenditures		3,547,013	
Capital outlay		403,883	
Total expenditures	4,902,865	4,016,924	885,941
Revenues under expenditures	(1,635,320)	(1,754,619)	(119,299)
OTHER FINANCING SOURCES (USES)			
Appropriated fund balance	74,251	-	(74,251)
Sales of capital assets	-	72,012	72,012
Transfer from general fund	1,641,248	1,641,248	-
Transfer to grant projects	(80,179)	(65,850)	14,329
Total other financing sources (uses)	1,635,320	1,647,410	12,090
Net change in fund balance	\$ -	(107,209)	\$ (107,209)
Fund balance, beginning of year		247,419	
Fund balance, end of year		\$ 140,210	

BUNCOMBE COUNTY, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2019

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Restricted intergovernmental		\$ 322,929	
Restricted investment earnings		12,570	
Total revenues	\$ 813,354	335,499	\$ (477,855)
EXPENDITURES			
Current:			
Public safety:			
Operating expenditures		311,029	
Capital outlay		128,996	
Total expenditures	813,354	440,025	373,329
Revenues under expenditures	-	(104,526)	(104,526)
OTHER FINANCING SOURCES			
Sales of capital assets	-	33,300	33,300
Net change in fund balance	\$ -	(71,226)	\$ (71,226)
Fund balance, beginning of year		668,072	
Fund balance, end of year		\$ 596,846	

BUNCOMBE COUNTY, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2019

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Incremental tax revenue		\$ 302,201	
Restricted intergovernmental		228,759	
Total revenues	\$ 672,950	530,960	\$ (141,990)
EXPENDITURES			
Debt service:			
Principal retirement		140,000	
Interest and fees		519,450	
Total expenditures	672,950	659,450	13,500
Revenues under expenditures	-	(128,490)	(128,490)
OTHER FINANCING SOURCES			
Transfer from general fund	-	132,991	132,991
Net change in fund balance	\$ -	4,501	\$ 4,501
Fund balance, beginning of year		-	
Fund balance, end of year		\$ 4,501	

BUNCOMBE COUNTY, NORTH CAROLINA

*Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Buncombe County Service Foundation
Blended Component Unit*

FOR THE YEAR ENDED JUNE 30, 2019

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Restricted intergovernmental		\$ 30,411	
Investment earnings		4,779	
Miscellaneous		51,293	
Total revenues	\$ 131,249	86,483	\$ (44,766)
EXPENDITURES			
Current			
Human Services:			
Operating Expenditures		40,876	
Total expenditures	154,584	40,876	113,708
Revenues over (under) expenditures	(23,335)	45,607	68,942
OTHER FINANCING SOURCES (USES)			
Appropriated fund balance	106,422	-	(106,422)
Transfer to general fund	(83,087)	(83,087)	-
Total other financing sources (uses)	23,335	(83,087)	(106,422)
Net change in fund balance	\$ -	(37,480)	\$ (37,480)
Fund balance, beginning of year		145,875	
Fund balance, end of year		\$ 108,395	

*Schedules of Revenues and Expenditures - Budget and Actual (Non-GAAP)
for Enterprise Funds*

Solid Waste Disposal Fund

This fund accounts for the revenues and expenditures associated with the construction & demolition landfill, municipal solid waste landfill, transfer station, and the County's old landfill.

Landfill Capital Projects Fund

This fund was created to account for the capital projects associated with the solid waste program.

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

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

Solid Waste Disposal Fund

FOR THE YEAR ENDED JUNE 30, 2019

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Operating revenues:			
Tipping fees		\$ 8,390,744	
Service charges and other revenues		867,933	
Intergovernmental revenues		578,909	
Total operating revenues	\$ 9,873,610	9,837,586	\$ (36,024)
Nonoperating revenues:			
Investment earnings	15,824	291,168	275,344
Total revenues	9,889,434	10,128,754	239,320
EXPENDITURES			
Landfill:			
Salaries, wages, and fringe benefits		1,366,947	
Maintenance and repairs		483,523	
Contracted services		604,916	
Other operating expenses		2,046,839	
Landfill closure and postclosure care costs		113,210	
Total landfill		4,615,435	
Transfer station:			
Salaries, wages, and fringe benefits		1,011,920	
Maintenance and repairs		56,950	
Contracted services		1,972	
Other operating expenses		552,934	
Total transfer station		1,623,776	
Landfill gas to energy project:			
Salaries, wages, and fringe benefits		97,604	
Maintenance and repairs		317,457	
Contracted services		15,782	
Other operating expenses		1,992	
Total landfill gas to energy project		432,835	
Capital outlay		680,866	
NC electronics management		16,512	
Debt service:			
Principal retirement		285,000	
Interest and fees		43,050	
Total debt service		328,050	
Total expenditures	9,859,592	7,697,474	2,162,118
Revenues over (under) expenditures	29,842	2,431,280	2,401,438

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, 2019

	Budget	Actual	Variance Positive (Negative)
OTHER FINANCING USES			
Transfer to solid waste capital projects	\$ (29,842)	\$ (11,937)	\$ 17,905
Total other financing uses	(29,842)	(11,937)	17,905
Revenues and other sources over expenditures and other uses	\$ -	2,419,343	\$ 2,419,343

Reconciliation from budgetary basis (modified accrual) to full accrual:

Reconciling items:

Debt principal	285,000
Decrease in accrued interest	806
Amortization of installment note premium	24,610
Contributions to the pension plan in the current fiscal year	125,151
Increase in accrued compensated absences	(29,704)
Increase in other postemployment benefits	(895,441)
Decrease in fuel inventory	(9,700)
Pension expense	(209,032)
Decrease in accrued landfill closure and postclosure care costs	4,973,930
Capital outlay	680,866
Depreciation	(1,929,745)
Transfer to landfill capital projects	11,937
Total reconciling items	<u>3,028,678</u>
Change in net position	<u>\$ 5,448,021</u>

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, 2019

	Actual to June 30, 2019				Variance Positive (Negative)
	Project Authorization	Reported in Prior Years	Current Year	Total to Date	
REVENUES					
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
EXPENDITURES					
Engineering cell 7	566,000	565,308	-	565,308	692
Phase 5 C&D landfill	58,801	58,800	-	58,800	1
Phase 6 C&D landfill	1,959,980	401,937	1,174,570	1,576,507	383,473
Subtitle D vertical expansion	619,673	382,008	113,070	495,078	124,595
Solid waste transfer facility	10,488,616	7,063,390	3,239,238	10,302,628	185,988
Contingency	95,780	-	-	-	95,780
Total expenditures	13,788,850	8,471,443	4,526,878	12,998,321	790,529
Revenues under expenditures	(13,788,850)	(8,471,443)	(4,526,878)	(12,998,321)	790,529
OTHER FINANCING SOURCES					
Sale of assets	-	-	5,000	5,000	5,000
Transfer from solid waste	11,021,616	11,009,679	11,937	11,021,616	-
Prior year revenues	2,767,234	2,750,030	-	2,750,030	(17,204)
Total other financing sources	13,788,850	13,759,709	16,937	13,776,646	(12,204)
Revenues and other sources over (under) expenditures	\$ -	\$ 5,288,266	\$ (4,509,941)	\$ 778,325	\$ 778,325

BUNCOMBE COUNTY, NORTH CAROLINA

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

Inmate Commissary/Welfare Fund

FOR THE YEAR ENDED JUNE 30, 2019

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Operating revenues:			
Commissary concessions		\$ 317,886	
Telephone concessions		251,092	
Total operating revenues		<u>568,978</u>	
Nonoperating revenues:			
Investment earnings		<u>10,847</u>	
Total revenues	\$ 358,713	579,825	\$ 221,112
EXPENDITURES			
Salaries, wages, and fringe benefits		138,978	
Contracted services		206,274	
Cost of products sold		38,686	
Other operating expenditures		<u>46,079</u>	
Total expenditures	724,640	430,017	294,623
Revenues over (under) expenditures	<u>(365,927)</u>	149,808	515,735
OTHER FINANCING SOURCES			
Appropriated fund balance	365,927	-	<u>(365,927)</u>
Total other financing sources	<u>365,927</u>	-	<u>(365,927)</u>
Revenues and other sources over expenditures	<u>\$ -</u>	149,808	<u>\$ 149,808</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling Items:			
Contributions to the pension plan in the current fiscal year		7,035	
Increase in accrued compensated absences		(2,454)	
Increase in other postemployment benefits		(40,399)	
Pension expense		<u>(11,308)</u>	
Total reconciling items		<u>(47,126)</u>	
Change in net position		<u>\$ 102,682</u>	

*Schedules and Combining Statements for
Internal Service Fund, Agency Funds, and Component Unit*

INTERNAL SERVICE FUND

Insurance Fund

This fund accounts for the revenues and expenditures related to property, liability, business, and health insurance. It includes well-being programs associated with County employees and retirees.

AGENCY FUNDS

Inmate Trust Fund

This fund accounts for the revenues and expenditures of funds belonging to inmates during their period of

General Agency Accounts

This fund accounts for ad valorem and local option sales taxes collected for other taxing units as well as the \$6.20 of each fee collected by the Register of Deeds for registering or filing a deed of trust or mortgage and remitted to the

Social Services Fund

This fund accounts for monies deposited with the Department of Social Services for the benefit of certain individuals.

Sondley Estate Trust

This fund accounts for certain monies held by the County which was appointed as fiscal agent by the Courts.

COMPONENT UNIT

Western North Carolina Regional Air Quality Agency

This fund accounts for the revenues and expenditures associated with the local air quality regulatory agency formed by an interlocal agreement between Buncombe County and the City of Asheville.

BUNCOMBE COUNTY, NORTH CAROLINA

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

Insurance Internal Service Fund

FOR THE YEAR ENDED JUNE 30, 2019

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Operating revenues:			
Charges for services		\$ 34,333,108	
Miscellaneous		1,413,956	
Total revenues	\$ 36,553,758	35,747,064	\$ (806,694)
EXPENDITURES			
Salaries, wages, and fringe benefits		942,457	
Insurance premiums		1,248,009	
Claims		29,020,977	
Other operating expenditures		2,359,519	
Total expenditures	34,689,851	33,570,962	1,118,889
Revenues over expenditures	1,863,907	2,176,102	312,195
OTHER FINANCING SOURCES (USES)			
Transfer to general fund	(3,363,907)	(1,863,907)	1,500,000
Appropriated fund balance	1,500,000	-	(1,500,000)
Total other financing sources (uses)	(1,863,907)	(1,863,907)	-
Revenues and other sources over expenditures and other uses	\$ -	312,195	\$ 312,195
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling Item:			
Incurred but not reported claims		(1,643,214)	
Change in net position		\$ (1,331,019)	

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

FOR THE YEAR ENDED JUNE 30, 2019

	Balance June 30, 2018	Additions	Deductions	Balance June 30, 2019
Inmate Trust Fund:				
Assets				
Cash and investments	\$ 99,788	\$ 1,438,813	\$ 1,501,871	\$ 36,730
Liabilities				
Due to beneficiaries	\$ 99,788	\$ 1,357,001	\$ 1,420,059	\$ 36,730
General Agency Accounts:				
Assets				
Cash and investments	\$ 1,639,807	\$ 92,074,700	\$ 92,503,255	\$ 1,211,252
Intergovernmental receivable - State of North Carolina	832,667	1,464,643	835,085	1,462,225
	\$ 2,472,474	\$ 93,539,343	\$ 93,338,340	\$ 2,673,477
Liabilities				
Intergovernmental payable - State of North Carolina	\$ 76,345	\$ 649,101	\$ 643,017	\$ 82,429
Due to other governmental units	2,396,129	94,987,481	94,792,562	2,591,048
	\$ 2,472,474	\$ 95,636,582	\$ 95,435,579	\$ 2,673,477
Social Services Fund:				
Assets				
Cash and investments	\$ 32,610	\$ 319,573	\$ 308,943	\$ 43,240
Liabilities				
Accounts payable	\$ 20,082	\$ 248,636	\$ 259,824	\$ 8,894
Due to beneficiaries	12,528	270,855	249,037	34,346
	\$ 32,610	\$ 519,491	\$ 508,861	\$ 43,240
Sondley Estate Trust:				
Assets				
Cash and investments	\$ 844,897	\$ 15,017	\$ -	\$ 859,914
Liabilities				
Due to beneficiaries	\$ 844,897	\$ 15,017	\$ -	\$ 859,914

Continued on next page

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

FOR THE YEAR ENDED JUNE 30, 2019

	Balance June 30, 2018	Additions	Deductions	Balance June 30, 2019
Totals - All Agency Funds				
Assets				
Cash and investments	\$ 2,617,102	\$ 93,848,103	\$ 94,314,069	\$ 2,151,136
Intergovernmental receivable - State of North Carolina	832,667	1,464,643	835,085	1,462,225
	<u>\$ 3,449,769</u>	<u>\$ 95,312,746</u>	<u>\$ 95,149,154</u>	<u>\$ 3,613,361</u>
Liabilities				
Accounts payable	\$ 20,082	\$ 248,636	\$ 259,824	\$ 8,894
Intergovernmental payable - State of North Carolina	76,345	649,101	643,017	82,429
Other governmental units	2,396,129	94,987,481	94,792,562	2,591,048
Due to beneficiaries	957,213	1,642,873	1,669,096	930,990
	<u>\$ 3,449,769</u>	<u>\$ 97,528,091</u>	<u>\$ 97,364,499</u>	<u>\$ 3,613,361</u>

BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Revenues, Expenditures, and Change in Net Position - Budget and Actual (Non-GAAP)

Western North Carolina Regional Air Quality Agency

Component Unit

FOR THE YEAR ENDED JUNE 30, 2019

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Federal, State, and other grants		\$ 265,904	
Licenses and permits		458,109	
Other licenses and taxes		149,468	
Investment earnings		9,746	
Miscellaneous		-	
Total revenues	\$ 886,200	<u>883,227</u>	\$ (2,973)
EXPENDITURES			
Environmental protection:			
Salaries and employee benefits		791,142	
Other operating expenses		81,651	
Total expenditures	1,011,677	<u>872,793</u>	138,884
Revenues over expenditures	<u>(125,477)</u>	10,434	135,911
OTHER FINANCING SOURCES			
Appropriated fund balance	125,477	-	(125,477)
Total other financing sources	<u>125,477</u>	<u>-</u>	<u>(125,477)</u>
Revenues and other sources over expenditures	<u>\$ -</u>	10,434	<u>\$ 10,434</u>
Reconciliation from budgetary basis (modified accrual) to full accrual			
Reconciling items:			
Depreciation		(3,180)	
Contributions to the pension plan in the current fiscal year		44,267	
Decrease in accrued compensated absences		64,577	
Pension expense		(43,512)	
Increase in contribution based benefit cap pension liability		(59,785)	
Increase in other postemployment benefits		(71,419)	
Total reconciling items		<u>(69,052)</u>	
Change in net position		<u>\$ (58,618)</u>	

Other Schedules

Buncombe County, North Carolina



BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Ad Valorem Taxes Receivable

General Fund

JUNE 30, 2019

Fiscal Year	Uncollected Balance July 1	Additions	Collections and Credits	Uncollected Balance June 30
2018-2019	\$ -	\$ 198,724,105	\$ 198,458,806	\$ 265,299
2017-2018	269,842	-	215,020	54,822
2016-2017	55,195	-	22,522	32,673
2015-2016	31,539	-	9,848	21,691
2014-2015	36,640	-	7,978	28,662
2013-2014	51,322	-	7,159	44,163
2012-2013	41,206	-	18,641	22,565
2011-2012	23,468	-	3,760	19,708
2010-2011	21,870	-	1,688	20,182
2010 & Prior	51,955	-	14,283	37,672
Total	\$ 583,037	\$ 198,724,105	\$ 198,759,705	547,437
Less allowance for uncollectible ad valorem taxes receivable				<u>(214,852)</u>
Ad valorem taxes receivable, net				<u>\$ 332,585</u>
Reconciliation with Revenues:				
Taxes - Ad valorem - General Fund				198,764,491
Reconciling items:				
Credits and write-offs				97,620
Interest collected				(469,116)
Prepaid				61,261
Ad val tax revenue reported in PDF Woodfin Fund				302,201
Other				3,248
Total reconciling items				<u>(4,786)</u>
Total collections and credits				<u>\$ 198,759,705</u>

BUNCOMBE COUNTY, NORTH CAROLINA

Analysis of Current Year County-Wide Tax Levy

FOR THE YEAR ENDED JUNE 30, 2019

	County Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Motor Vehicles	Registered Motor Vehicles
Original levy					
Property taxed at current year's rate	\$ 37,450,529,478	\$ 0.529	\$ 198,113,301	\$ 185,323,371	\$ 12,789,930
Discoveries & Adjustments					
Prior year taxes	<u>77,583,935</u>	Various	<u>610,804</u>	<u>610,804</u>	<u>-</u>
Net levy ⁽¹⁾	<u>\$ 37,528,113,413</u>		198,724,105	185,934,175	12,789,930
Uncollected taxes at June 30, 2019			<u>265,299</u>	<u>201,913</u>	<u>63,385</u>
Current year's taxes collected			<u>\$ 198,458,806</u>	<u>\$ 185,732,262</u>	<u>\$ 12,726,545</u>
Current levy collection %			<u>99.87%</u>	<u>99.89%</u>	<u>99.50%</u>
Secondary market disclosures:					
Assessed valuation					
Assessment ratio ⁽²⁾				100.00%	
Real property				\$ 32,415,177,336	
Personal property				1,973,941,610	
Public service companies ⁽³⁾				709,941,047	
Registered motor vehicles				<u>2,429,053,420</u>	
Total assessed valuation				<u>\$ 37,528,113,413</u>	
Tax rate per \$100				<u>\$ 0.529</u>	
Levy (includes discoveries, releases, and abatements)				<u>\$ 198,724,105</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				\$ 8,931,229	
Fire protection districts				<u>20,996,835</u>	
Total				<u>\$ 29,928,064</u>	

⁽¹⁾ Beginning in FY15 penalties collected are distributed directly to the local school systems, therefore no longer included in the net levy.

⁽²⁾ Percentage of appraised value has been established by statute.

⁽³⁾ Valuation of railroads, telephone companies, and other utilities as determined by the North Carolina Property Tax Commission.

Statistical Section



**BUNCOMBE
COUNTY**
GOVERNMENT
— NORTH CAROLINA —

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 These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	139
Revenue Capacity These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	144
Debt Capacity 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.	148
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	152
Operating Information 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.	156

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 Position by Component

LAST TEN FISCAL YEARS (accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net Investment in Capital										
Assets	\$ 67,968,901	\$ 70,313,265	\$ 94,284,411	\$ 92,417,846	\$ 93,609,590	\$ 84,189,214	\$ 85,535,781	\$ 69,342,217	\$ 63,771,597	\$ 51,588,548
Restricted	-	91,710,042	55,085,740	78,301,557	44,010,550	52,200,321	73,440,149	61,971,780	60,791,650	55,610,814
Unrestricted	5,778,818	(94,707,863)	(74,196,979)	(87,076,203)	(60,363,818)	(108,702,036)	(179,191,875)	(156,460,610)	(286,835,738)	(276,097,268)
Total governmental activities net position	\$ 73,747,719	\$ 67,315,444	\$ 75,173,172	\$ 83,643,200	\$ 77,256,322	\$ 27,687,499	\$ (20,215,945)	\$ (25,146,613)	\$ (162,272,491)	\$ (168,897,906)
Business-type activities										
Net Investment in Capital										
Assets	\$ 32,649,006	\$ 34,193,312	\$ 27,379,503	\$ 26,526,350	\$ 26,200,976	\$ 24,859,349	\$ 23,677,050	\$ 22,947,463	\$ 28,170,350	\$ 31,723,337
Restricted	967,892	1,516,288	-	-	-	-	-	-	-	-
Unrestricted	11,184,675	8,653,235	2,719,749	1,943,250	2,152,981	2,841,242	4,574,997	5,674,200	(3,834,289)	(1,866,193)
Total business-type activities net position	\$ 44,801,573	\$ 44,362,835	\$ 30,099,252	\$ 28,469,600	\$ 28,353,957	\$ 27,700,591	\$ 28,252,047	\$ 28,621,663	\$ 24,336,061	\$ 29,857,144
Primary government										
Net Investment in Capital										
Assets	\$ 100,617,907	\$ 104,506,577	\$ 121,663,914	\$ 118,944,196	\$ 119,810,566	\$ 109,048,563	\$ 109,212,831	\$ 92,289,680	\$ 91,941,947	\$ 83,311,885
Restricted	967,892	93,226,330	55,085,740	78,301,557	44,010,550	52,200,321	73,440,149	61,971,780	60,791,650	55,610,814
Unrestricted	16,963,493	(86,054,628)	(71,477,230)	(85,132,953)	(58,210,837)	(105,860,794)	(174,616,878)	(150,786,410)	(290,670,027)	(277,963,461)
Total primary government net position	\$ 118,549,292	\$ 111,678,279	\$ 105,272,424	\$ 112,112,800	\$ 105,610,279	\$ 55,388,090	\$ 8,036,102	\$ 3,475,050	\$ (137,936,430)	\$ (139,040,762)

NOTE: New reporting standards were implemented in fiscal year 2011 which required net position of capital projects to be reflected as restricted net position.

In the fiscal years prior to 2011 the net position of capital project funds were reflected as unreserved net position.

Balances for years prior to FY2017 reflect restatements made in subsequent years.

BUNCOMBE COUNTY, NORTH CAROLINA

Table 2

Changes in Net Position

LAST TEN FISCAL YEARS (accrual basis of accounting)

EXPENSES	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities:										
General government	\$ 22,130,128	\$ 22,459,758	\$ 23,356,495	\$ 22,719,044	\$ 26,179,307	\$ 26,547,924	\$ 28,628,887	\$ 35,976,699	\$ 31,735,854	\$51,470,532
Public safety	71,520,365	74,918,302	74,658,163	81,600,718	86,261,299	93,283,467	100,414,238	97,495,863	103,351,595	93,302,005
Economic and physical development	13,804,636	15,057,537	18,902,856	18,787,809	15,255,668	17,890,984	31,852,491	36,634,454	32,751,395	37,520,161
Human services	85,121,982	82,215,499	81,943,587	80,404,926	86,307,869	92,117,911	96,963,368	99,775,677	90,982,306	88,717,827
Cultural and recreational	9,943,947	9,167,471	8,814,503	8,579,412	10,611,885	9,798,772	8,981,702	9,052,515	8,758,786	9,974,167
Education	78,379,830	95,611,470	88,310,103	84,770,250	107,527,022	154,203,942	142,310,790	108,434,971	138,902,609	137,601,291
Interest on long-term debt	7,694,610	9,896,183	10,256,518	11,873,924	13,657,936	17,044,059	15,432,030	15,744,885	16,124,173	15,617,573
Total governmental activities expenses	288,595,498	309,326,220	306,242,225	308,736,083	345,800,986	410,887,059	424,583,506	403,115,064	422,606,718	434,203,556
Business-type activities:										
Solid waste Disposal	6,175,352	6,103,665	6,759,933	6,457,464	6,811,079	7,830,522	7,270,565	8,493,953	11,911,302	4,715,353
Human Services facilities	846,717	871,532	570,709	-	-	-	-	-	-	-
Mental health	602,809	689,128	492,722	-	-	-	-	-	-	-
Inmate commissary/welfare	602,509	524,703	311,120	216,770	222,997	357,906	335,562	433,890	525,854	477,143
Criminal justice information system	1,638,266	1,597,872	1,297,159	1,246,614	1,416,776	-	-	-	-	-
Total business-type activities expenses	9,865,653	9,786,900	9,431,643	7,920,848	8,450,852	8,188,428	7,606,127	8,927,843	12,437,156	5,192,496
Total primary governmental expenses	\$ 298,461,151	\$ 319,113,120	\$ 315,673,868	\$ 316,656,931	\$ 354,251,838	\$ 419,075,487	\$ 432,189,633	\$ 412,042,907	\$ 435,043,874	\$ 439,396,052
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government	\$ 3,418,209	\$ 3,617,461	\$ 3,495,120	\$ 4,774,384	\$ 3,542,856	\$ 1,792,710	\$ 2,407,864	\$ 5,207,544	\$ 5,206,280	\$ 5,352,685
Public safety	7,178,633	8,197,334	9,773,429	11,220,535	10,483,019	11,512,251	10,816,741	13,719,683	14,253,115	14,624,759
Economic and physical development	6,485,727	7,976,554	7,914,085	8,424,439	448,312	489,513	437,203	529,488	1,840,544	757,008
Human services	6,166,294	5,031,516	4,469,804	2,232,396	2,237,859	2,268,101	3,031,866	3,175,287	1,790,538	1,717,706
Cultural and recreational	979,013	873,489	663,930	590,408	517,104	450,484	365,132	361,971	413,519	505,568
Operating grants and contributions	52,733,279	52,196,582	45,319,734	45,447,077	48,960,176	56,295,309	58,289,268	60,726,292	48,691,985	51,538,618
Capital grants and contributions	14,962,018	17,111,186	1,783,430	7,848,558	9,367,855	6,344,047	2,568,300	2,185,978	3,420,608	3,454,933
Total governmental activities program revenues	91,923,173	95,004,122	73,419,532	80,537,797	75,557,181	79,152,415	77,916,374	85,906,243	75,616,589	77,951,277
Business-type activities:										
Charges for services:										
Solid waste Disposal	6,514,503	6,910,220	6,904,275	6,855,245	6,928,813	6,773,435	7,342,311	8,232,842	8,326,404	9,258,677
Human Services facilities	606,561	663,860	320,826	-	-	-	-	-	-	-
Mental health	483,191	474,937	681,105	-	-	-	-	-	-	-
Inmate commissary/welfare	476,295	412,890	506,366	351,049	323,536	311,076	343,402	477,200	512,433	568,978
Criminal justice information system	1,274,921	1,270,613	1,326,110	1,326,631	1,383,407	-	-	-	-	-
Operating grants and contributions	325,584	341,098	368,570	373,333	371,192	393,715	418,726	441,397	631,261	578,909
Capital grants and contributions	-	1,142,529	1,678,147	226,720	-	-	-	-	-	-
Total business-type activities program revenues	9,681,055	11,216,147	11,785,399	9,132,978	9,006,948	7,478,226	8,104,439	9,151,439	9,470,098	10,406,564
Total primary governmental program revenues	\$ 101,604,228	\$ 106,220,269	\$ 85,204,931	\$ 89,670,775	\$ 84,564,129	\$ 86,630,641	\$ 86,020,813	\$ 95,057,682	\$ 85,086,687	\$ 88,357,841

Continued On Next Page

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Net (expense) revenue										
Governmental activities	\$ (196,672,325)	\$ (214,322,098)	\$ (232,822,693)	\$ (228,198,286)	\$ (270,243,805)	\$ (331,734,644)	\$ (346,667,132)	\$ (317,208,821)	\$ (346,990,129)	\$ (356,252,279)
Business-type activities	(184,598)	1,429,247	2,353,756	1,212,130	556,096	(710,202)	498,312	223,596	(2,967,058)	5,214,068
Total primary governmental net expense	\$ (196,856,923)	\$ (212,892,851)	\$ (230,468,937)	\$ (226,986,156)	\$ (269,687,709)	\$ (332,444,846)	\$ (346,168,820)	\$ (316,985,225)	\$ (349,957,187)	\$ (351,038,211)

GENERAL REVENUES AND OTHER CHANGES IN NET POSITION

Governmental activities:

Taxes: Property taxes	\$ 165,793,158	\$ 167,506,260	\$ 170,097,044	\$ 171,095,813	\$ 192,667,851	\$ 191,247,474	\$ 196,709,722	\$ 201,518,909	\$ 216,163,406	\$ 221,478,724
Taxes: Local option sales tax	32,087,738	33,152,165	49,693,442	58,665,856	61,962,603	70,792,084	76,001,604	79,120,505	84,964,773	87,852,117
Other taxes and licenses	4,696,043	4,966,792	5,208,845	5,524,997	15,039,610	17,209,248	23,374,603	28,199,416	30,567,315	33,902,440
Investment earnings, unrestricted	664,878	598,662	567,965	144,603	300,785	344,674	770,823	1,244,338	2,261,540	4,088,580
Gain (Loss) on sale of capital assets	-	-	(2,000,621)	-	(417,150)	1,828,088	3,139,269	91,350	192,891	157,785
Miscellaneous, unrestricted	1,242,530	1,665,941	1,020,902	1,237,045	956,147	1,607,318	1,312,887	2,103,635	2,935,957	6,935,722
Transfers	(1,621,145)	-	16,012,934	-	601,570	-	-	-	-	-
Total governmental activities	202,863,202	207,889,820	240,600,511	236,668,314	271,111,416	283,028,886	301,308,908	312,278,153	337,085,882	354,415,368

Business-type activities:

Investment earnings, unrestricted	171,999	161,039	106,873	57,016	38,182	55,526	46,854	141,511	234,592	302,015
Miscellaneous, unrestricted	-	-	-	-	-	-	-	-	-	-
Gain (Loss) on sale of capital assets	-	-	170	-	-	1,310	6,290	4,509	6,039	5,000
Transfers	1,621,145	-	(16,012,934)	-	(601,570)	-	-	-	-	-
Total business-type activities	1,793,144	161,039	(15,905,891)	57,016	(563,388)	56,836	53,144	146,020	240,631	307,015
Total primary government	\$ 204,656,346	\$ 208,050,859	\$ 224,694,620	\$ 236,725,330	\$ 270,548,028	\$ 283,085,722	\$ 301,362,052	\$ 312,424,173	\$ 337,326,513	\$ 354,722,383

CHANGE IN NET POSITION

Governmental activities	\$ 6,190,877	\$ (6,432,278)	\$ 7,777,818	\$ 8,470,028	\$ 867,611	\$ (48,705,758)	\$ (45,358,224)	\$ (4,930,668)	\$ (9,904,247)	\$ (1,836,911)
Business-type activities	1,608,546	1,590,286	(13,552,135)	1,269,146	(7,292)	(653,366)	551,456	369,616	(2,726,427)	5,521,083
Total primary government	\$ 7,799,423	\$ (4,841,992)	\$ (5,774,317)	\$ 9,739,174	\$ 860,319	\$ (49,359,124)	\$ (44,806,768)	\$ (4,561,052)	\$ (12,630,674)	\$ 3,684,172

NOTE: The Parking Deck, Human Services Facilities, and Mental Health funds were closed in fiscal year 2013.
Balances for prior years do not reflect restatements made in subsequent years.

BUNCOMBE COUNTY, NORTH CAROLINA

Table 3

Fund Balances of Governmental Funds

LAST TEN FISCAL YEARS (modified accrual basis of accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$ 19,549,574	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	50,940,052	-	-	-	-	-	-	-	-	-
Total General Fund	\$ 70,489,626	\$ -								
All other governmental funds										
Reserved	\$ 6,528,068	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	6,750,134	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 13,278,202	\$ -								
Total Combined Governmental Fund Balances	\$ 83,767,828	\$ -								
General Fund										
Nonspendable	\$ -	\$ 270,471	\$ 207,455	\$ 243,865	\$ 300,407	\$ 52,597	\$ 52,202	\$ 57,975	\$ 40,734	\$ 38,481
Restricted	-	18,371,636	20,525,004	19,221,755	20,197,103	23,297,383	22,973,645	22,449,441	16,994,461	21,348,759
Committed	-	1,050,000	1,200,000	1,200,000	1,200,000	5,462,421	3,765,433	2,019,304	2,340,038	4,569,725
Assigned	-	7,692,536	8,147,972	7,001,237	7,584,637	9,643,213	6,039,085	15,363,817	9,042,094	13,640,077
Unassigned	-	43,437,530	40,897,807	43,466,405	41,869,339	37,121,496	43,741,792	37,694,163	53,872,735	55,692,912
Total General Fund	\$ -	\$ 70,822,173	\$ 70,978,238	\$ 71,133,262	\$ 71,151,486	\$ 75,577,110	\$ 76,572,157	\$ 77,584,700	\$ 82,290,062	\$ 95,289,954
All other governmental funds										
Nonspendable	\$ -	\$ 6,717,209	\$ 6,718,509	\$ 764	\$ 1,532,974	\$ 1,452,037	\$ 1,391,278	\$ 1,429,774	\$ 2,286,174	\$ 4,092,455
Restricted	-	73,338,406	34,560,736	59,079,802	174,502,262	187,815,672	115,566,695	70,341,446	82,685,453	46,305,740
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	22,838,171	7,974,677	13,108,288	27,805,926	21,257,379	8,492,988	15,933,577	14,285,768	7,163,959
Unassigned	-	-	-	-	-	-	-	-	(168)	-
Total all other governmental funds	\$ -	\$ 102,893,786	\$ 49,253,922	\$ 72,188,854	\$ 203,841,162	\$ 210,525,088	\$ 125,450,961	\$ 87,704,797	\$ 99,257,227	\$ 57,562,154
Total Combined Governmental Fund Balances	\$ -	\$ 173,715,959	\$ 120,232,160	\$ 143,322,116	\$ 274,992,648	\$ 286,102,198	\$ 202,023,118	\$ 165,289,497	\$ 181,547,289	\$ 152,852,108

NOTE: GASB Statement # 54 (Fund Balance Reporting) established new fund balance classifications in FY11. The first section shows the fund balance information prior to the implementation of GASB Statement # 54 and the second section shows the fund balance information after the implementation of GASB Statement # 54. Balances for prior years reflect restatements made in subsequent years.

BUNCOMBE COUNTY, NORTH CAROLINA

Table 4

Changes in Fund Balances of Governmental Funds

LAST TEN FISCAL YEARS (modified accrual basis of accounting)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
REVENUES											
Ad valorem taxes	\$ 161,629,983	\$ 166,260,818	\$ 167,950,517	\$ 169,368,975	\$ 171,520,939	\$ 192,949,306	\$ 191,565,661	\$ 196,458,687	\$ 201,907,004	\$ 216,086,991	\$ 221,770,248
Local option sales taxes	37,777,956	32,087,738	33,152,165	49,693,442	58,665,856	61,962,603	70,792,084	76,001,604	79,120,505	84,964,773	87,852,117
Other taxes and licenses	10,881,071	10,692,333	11,199,515	11,998,130	13,090,813	14,331,532	16,466,653	22,665,004	28,199,416	30,567,315	33,902,440
Unrestricted intergovernmental	689,376	263,502	649,642	668,378	638,811	708,078	742,595	709,599	840,987	715,572	718,206
Restricted intergovernmental	67,106,567	68,165,026	69,745,379	47,537,053	48,245,459	58,328,031	61,016,020	59,150,308	62,840,342	52,681,247	54,949,366
Permits and fees	2,729,721	2,318,479	2,637,544	2,419,599	2,630,342	3,075,411	3,451,565	3,604,379	4,715,220	4,664,396	4,870,670
Sales and services	17,648,493	15,179,874	15,238,834	16,025,217	14,108,121	14,129,326	14,708,008	15,336,262	18,044,931	18,060,057	16,260,790
Investment earnings	2,769,835	727,479	828,614	607,247	148,134	274,061	382,885	721,103	1,141,090	2,235,734	4,299,443
Miscellaneous	1,445,354	1,242,530	1,188,941	1,020,902	1,247,045	956,147	1,607,318	1,312,887	1,262,648	2,220,385	5,915,315
Total revenues	302,678,356	296,937,779	302,591,151	299,338,943	310,295,520	346,714,495	360,732,789	375,959,833	398,072,143	412,196,470	430,538,595
Current:											
General government	20,039,754	20,191,172	21,770,014	20,996,399	21,731,568	23,200,093	25,720,370	26,764,764	29,316,045	29,248,466	41,849,374
Public safety	64,511,855	65,391,557	70,523,628	71,809,649	72,494,711	76,923,039	83,550,101	84,974,813	89,079,165	94,780,349	89,404,625
Economic and physical developmen	13,764,192	11,503,725	13,130,547	17,524,599	17,957,236	14,823,254	16,376,729	23,576,691	29,564,805	31,733,817	32,184,527
Human services	80,454,900	80,291,532	80,948,026	79,160,646	79,202,525	83,521,333	91,370,860	92,548,588	99,399,461	90,401,483	87,079,628
Cultural and recreation	9,752,430	8,446,969	7,876,119	7,897,539	7,242,489	8,987,448	8,387,620	7,422,146	7,769,730	7,580,495	8,309,149
Intergovernmental:											
Education	70,618,376	69,587,924	70,634,616	74,324,014	74,828,472	74,556,185	79,225,390	82,359,578	75,323,300	80,815,035	85,165,897
Capital outlay	20,918,808	36,321,329	50,538,800	57,908,742	50,774,671	69,217,388	99,951,422	91,403,795	59,688,720	74,464,435	64,475,539
Debt service											
Principal	16,842,942	17,652,009	18,350,000	20,944,000	22,299,000	20,243,994	24,407,151	25,932,708	26,145,568	29,020,567	31,920,567
Interest and fees	7,620,072	8,541,195	10,175,923	10,776,086	13,426,237	15,743,470	18,792,182	21,954,450	20,330,667	19,926,347	20,923,220
Total expenditures	304,523,329	317,927,412	343,947,673	361,341,674	359,956,909	387,216,204	447,781,825	456,937,533	436,617,461	457,970,994	461,312,526
Excess of revenues over (under) expenditures	(1,844,973)	(20,989,633)	(41,356,522)	(62,002,731)	(49,661,389)	(40,501,709)	(87,049,036)	(80,977,700)	(38,545,318)	(45,774,524)	(30,773,931)
OTHER FINANCING SOURCES (USES)											
Transfers from other funds	10,512,565	13,639,629	9,035,300	19,541,153	5,829,800	18,199,223	11,183,266	23,991,948	7,208,044	19,385,843	17,493,731
Transfers to other funds	(12,925,599)	(16,260,774)	(11,297,733)	(11,181,584)	(5,829,800)	(18,582,849)	(13,683,266)	(33,156,948)	(7,208,044)	(19,385,843)	(15,629,823)
Project development bonds issued	12,960,000	-	-	-	-	-	-	-	-	-	-
Advance refunding obligations issued	-	17,115,000	-	-	-	-	-	-	-	-	-
Installment obligations issued	-	26,705,000	55,720,000	-	73,380,000	180,315,001	126,844,450	-	1,720,347	54,730,000	-
General obligation debt issued	-	30,850,000	-	-	32,500,000	-	-	-	-	-	-
Premium/discount on debt issued	(160,449)	1,461,406	1,619,652	-	11,883,464	21,379,812	22,736,977	-	-	6,371,796	-
Payment to refunded bond escrow agent	-	(24,544,763)	-	-	(46,559,350)	(30,752,734)	(51,515,579)	-	-	-	-
Sale of capital assets	131,219	105,720	1,460,672	159,363	1,467,321	82,210	2,592,738	5,081,479	91,350	670,495	214,844
Total other financing sources (uses)	10,517,736	49,071,218	56,537,891	8,518,932	72,671,435	170,640,663	98,158,586	(4,083,521)	1,811,697	61,772,291	2,078,752
Net change in fund balances	\$ 8,672,763	\$ 28,081,585	\$ 15,181,369	\$ (53,483,799)	\$ 23,010,046	\$ 130,138,954	\$ 11,109,550	\$ (85,061,221)	\$ (36,733,621)	\$ 15,997,767	\$ (28,695,179)
Debt services as a percentage of noncapital expenditures	8.23%	8.91%	8.98%	10.06%	11.37%	10.32%	9.65%	10.48%	10.64%	10.69%	11.46%

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				Personal Property		Less: Tax Exempt Real Property	Public Service Assessed Value	Total Taxable Assessed Value	Total Direct Tax Rate
	Residential Property	Commercial Property	Use Value Farm	Historical Property	Motor Vehicles	Other				
2010	\$ 19,278,789	\$ 5,608,552	\$ 1,209,375	\$ 96,685	\$ 1,628,826	\$ 1,627,503	\$ 1,125,844	\$ 517,281	\$ 28,841,167	0.525
2011	19,693,086	5,598,080	1,209,847	97,799	1,576,012	1,546,946	1,148,428	513,573	29,086,915	0.525
2012	19,823,205	5,672,300	1,206,920	96,645	1,693,881	1,477,741	1,181,347	525,644	29,314,988	0.525
2013	19,980,840	5,765,143	1,202,337	100,086	1,765,488	1,528,991	1,192,171	529,268	29,679,981	0.525
2014	18,671,008	5,784,047	1,007,838	96,053	1,342,270	1,595,537	968,969	529,435	28,057,219	0.604
2015	18,895,973	5,995,685	1,015,256	96,185	1,952,226	1,653,573	1,263,593	532,418	28,877,723	0.604
2016	19,122,947	6,143,178	1,034,999	97,419	2,100,032	1,726,624	1,268,909	588,226	29,544,516	0.604
2017	19,416,142	6,445,705	1,014,952	97,091	2,215,126	1,902,707	1,260,614	585,936	30,417,045	0.539
2018	23,644,415	7,987,749	1,281,038	118,491	2,320,683	1,893,655	1,595,053	613,635	36,264,613	0.529
2019	24,468,024	8,110,475	1,272,935	150,588	2,429,053	1,975,798	1,588,701	709,941	37,528,113	0.529

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 can be reassessed every four years. The county assesses property at approximately 100 percent of actual value. Tax rates are per \$100 of assessed value.

NOTE: Property in Buncombe County was reassessed in 2014, and 2017.

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										
	2010	2011	2012	2013	2014 ²	2015	2016	2017 ²	2018	2019	
County Direct Rates:											
County-wide Rate ¹	\$ 0.525	\$ 0.525	\$ 0.525	\$ 0.525	\$ 0.604	\$ 0.604	\$ 0.604	\$ 0.539	\$ 0.529	\$ 0.529	
Fire Districts	0.113	0.113	0.113	0.113	0.118	0.118	0.118	0.118	0.123	0.143	
Total average direct rate	0.638	0.638	0.638	0.638	0.722	0.722	0.722	0.657	0.652	0.672	
Municipality Rates:											
City of Asheville	0.420	0.420	0.420	0.420	0.460	0.475	0.475	0.475	0.429	0.429	
Town of Biltmore Forest	0.300	0.320	0.320	0.330	0.385	0.385	0.395	0.395	0.330	0.345	
Town of Weaverville	0.355	0.355	0.375	0.375	0.420	0.420	0.440	0.440	0.380	0.380	
Town of Black Mountain	0.320	0.365	0.365	0.365	0.375	0.375	0.375	0.375	0.333	0.333	
Town of Montreat	0.370	0.370	0.370	0.410	0.410	0.410	0.410	0.410	0.410	0.410	
Town of Woodfin	0.265	0.265	0.265	0.265	0.305	0.305	0.305	0.305	0.280	0.280	
Asheville School District	0.150	0.150	0.150	0.150	0.150	0.150	0.150	0.150	0.120	0.120	

NOTES:

(1) All taxable property is subject to the county-wide tax. Most property in unincorporated areas are also subject to fire district taxes.

(2) A revaluation of real property is required by N.C. General Statute at least every eight years.

Revaluation was completed for tax year 2013 and 2016 (fiscal year 2014 and 2017).

BUNCOMBE COUNTY, NORTH CAROLINA

Table 7

Principal Property Taxpayers

DECEMBER 31, 2019

Taxpayer	December 31, 2019			December 31, 2010		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Duke Energy Progress Inc	\$ 465,871,066	1	1.24%	\$ 299,025,926	1	1.06%
Ingles Markets Inc	317,331,449	2	0.85%	189,762,544	2	0.67%
Biltmore Company	225,565,830	3	0.60%	96,333,481	7	0.34%
GPI Resort Holdings LLC	121,525,900	4	0.32%	102,511,800	6	0.36%
New Belgium Brewing Company Inc	120,922,844	5	0.32%			
Asheville Mall CMBS LLC	95,656,800	6	0.25%	78,472,240	9	0.28%
Jacob Holm Industries	91,176,593	7	0.24%			
Town Square West LLC	86,185,759	8	0.23%	106,661,700	5	0.38%
Linamar North Carolina Inc	70,206,984	9	0.19%			
Southeastern Container Inc	69,082,219	10	0.18%			
The Cliffs at Walnut Cove LLC				135,844,200	3	0.48%
Arvato Digital Services (Sonopress)				109,242,880	4	0.39%
Bellsouth Tel Co - AT&T North Carolina				86,012,740	8	0.30%
Southeastern Container				73,941,910	10	0.26%
Totals	\$ 1,663,525,444		4.43%	\$ 1,277,809,421		4.53%
Total Overall Valuation	\$ 37,528,113,413			\$ 28,230,299,496		

SOURCE: Buncombe County Tax Department

BUNCOMBE COUNTY, NORTH CAROLINA

Property Tax Levies and Collections

Table 8

LAST TEN FISCAL YEARS (amounts expressed in thousands)

Fiscal Year	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
2010	\$ 151,681	\$ 149,601	98.63%	3	\$ 149,604	98.63%
2011	153,044	151,007	98.67%	6	151,013	98.67%
2012	154,046	152,262	98.84%	24	152,286	98.86%
2013	156,148	154,652	99.04%	6	154,658	99.05%
2014	167,069	166,098	99.42%	106	166,204	99.48%
2015	174,422	173,958	99.73%	8	173,966	99.74%
2016	178,618	178,338	99.84%	29	178,367	99.86%
2017	183,816	183,615	99.89%	146	183,761	99.97%
2018	195,601	195,331	99.86%	-	195,331	99.86%
2019	198,724	198,505	99.89%	-	198,505	99.89%

SOURCE: Buncombe County Tax Department

NOTE: Property was revalued and effective in fiscal year 2007 and 2014

BUNCOMBE COUNTY, NORTH CAROLINA

Table 9

Ratios 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	Total Governmental Activities	Special Obligation Bonds	Installment Notes	Total Business-Type Activities			
2010	\$ 65,470	\$ 127,153	\$ 12,803	\$ 205,426	\$ 7,536	\$ 13,825	\$ 21,361	\$ 226,787	2.80%	\$ 949
2011	58,823	172,049	12,812	243,684	5,530	13,224	18,754	262,438	3.15%	1,099
2012	51,256	170,913	12,960	235,129	4,218	-	4,218	239,347	2.69%	991
2013	44,717	225,725	12,960	283,402	2,867	3,450	6,317	289,719	3.12%	1,164
2014	38,344	395,806	-	434,150	1,462	3,156	4,618	438,768	4.59%	1,741
2015	30,124	476,152	-	506,276	-	2,860	2,860	509,141	4.91%	2,011
2016	27,248	447,545	-	474,793	-	2,559	2,559	477,352	4.31%	1,864
2017	24,373	420,856	-	445,229	-	2,254	2,254	447,483	N/A	1,732
2018	21,498	450,948	-	472,446	-	1,944	1,944	474,390	N/A	1,814
2019	18,623	419,925	-	438,548	-	1,702	1,702	440,250	N/A	1,658

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

¹Personal income and population data can be found on Table 13 (Demographic and Economic Statistics)

BUNCOMBE COUNTY, NORTH CAROLINA

Table 10

Ratios of General Bonded Debt Outstanding

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
2010	\$ 65,470	0.23%	\$ 274
2011	58,823	0.20%	241
2012	51,256	0.17%	212
2013	44,717	0.15%	185
2014	38,344	0.14%	154
2015	30,124	0.10%	119
2016	27,248	0.09%	106
2017	24,373	0.08%	94
2018	21,498	0.06%	82
2019	18,623	0.05%	70

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

¹Property value data can be found on Table 5 (Assessed Value of Taxable Property)

²Population data can be found on Table 13 (Demographic and Economic Statistics)

BUNCOMBE COUNTY, NORTH CAROLINA

Table 11

Direct and Overlapping Governmental Activities Debt

AS OF JUNE 30, 2019

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	\$ 12,475,384	100%	\$ 12,475,384
Town of Weaverville	1,989,000	100%	1,989,000
Installment Debt			
City of Asheville	71,538,825	100%	71,538,825
Town of Biltmore Forest	1,114,932	100%	1,114,932
Town of Black Mountain	1,134,000	100%	1,134,000
Town of Weaverville	769,837	100%	769,837
Town of Woodfin	602,666	100%	602,666
Subtotal, overlapping debt			<u>89,624,644</u>
County direct debt		100%	<u>435,278,753</u>
Total direct and overlapping debt			<u><u>\$ 524,903,397</u></u>

(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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	\$ 2,307,293	\$ 2,326,953	\$ 2,345,199	\$ 2,374,398	\$ 2,210,098	\$ 2,154,040	\$ 2,363,561	\$ 2,433,364	\$ 2,901,169	\$ 3,002,249
Total net debt applicable to limit	190,738	240,305	219,141	257,377	402,098	454,994	431,485	406,791	432,220	400,014
Legal debt margin	\$ 2,116,555	\$ 2,086,648	\$ 2,126,058	\$ 2,117,021	\$ 1,808,000	\$ 1,699,046	\$ 1,932,076	\$ 2,026,573	\$ 2,468,949	\$ 2,602,235
Total net debt applicable to the limit as a percentage of debt limit	8.27%	10.33%	9.34%	10.84%	18.19%	21.12%	18.26%	16.72%	14.90%	13.32%

Assessed value of taxable property	<u>\$ 37,528,113</u>
Debt Limit - Eight Percent (8%) of assessed value	\$ 3,002,249
Gross Debt:	
Total Bonded Debt	18,623
Installment Purchase Agreements	<u>381,391</u>
Gross Debt	400,014
Total amount of debt applicable to debt limit (net debt)	<u>\$ 400,014</u>
Legal debt margin	<u>\$ 2,602,235</u>

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

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
2010	238,884	\$ 8,100,049	\$ 33,908	40.7	28,979	8.3%
2011	243,673	8,459,317	34,716	40.7	29,113	8.2%
2012	241,419	8,884,892	36,803	40.7	29,238	7.9%
2013	248,929	9,282,566	37,290	40.7	30,535	7.1%
2014	251,995	9,552,676	37,908	40.8	31,003	6.3%
2015	253,178	10,378,772	40,994	40.1	30,232	4.8%
2016	256,088	11,071,174	43,232	41.0	32,008	3.5%
2017	258,406	N/A	N/A	41.1	31,966	4.1%
2018	261,532	N/A	N/A	41.7	31,828	4.1%
2019	265,586	N/A	N/A	41.9	31,435	4.2%

NOTE: Population estimates come from the North Carolina Office of State Budget and Management. 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. Beginning in 2016 charter schools are included in total enrollment.

BUNCOMBE COUNTY, NORTH CAROLINA

Table 14

Principal Employers

CURRENT YEAR AND TEN YEARS AGO

MANUFACTURING

Employer	2019			2010		
	Employees	Rank	Approximate Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Eaton Corporation - Electrical Division	1000+	1	0.72%	1010	1	0.92%
Borgwarner Turbo & Emissions Systems	500-999	2	0.36%-0.71%	834	2	0.75%
Thermo Fisher Scientific, Inc.	500-999	3	0.36%-0.71%	550	4	0.50%
GE Aviation	500-999	4	0.36%-0.71%			
Unison Engine Components	500-999	5	0.36%-0.71%	325	7	0.30%
Kearfott Guidance & Navigation Corp.	400-499	6	0.29%-0.36%	420	5	0.38%
Medical Action Industries	300-399	7	0.21%-0.28%	250	9	0.23%
Plasticard-Locktech International	300-399	8	0.21%-0.28%			
Nypro Asheville	300-399	9	0.21%-0.28%			
Flint Group (Day International)	300-399	10	0.21%-0.28%			
TE Connectivity	200-299		0.14%-0.21%			
Arvato Digital Services				650	3	0.59%
Day International				380	6	0.35%
Milkco, Inc.				270	8	0.25%
Biltmore Estate Winery				235	10	0.26%
Total	4400-7091		3.16%-5.09%			

Continued on Next Page

NON-MANUFACTURING

Employer	2019			2010		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Mission Health System and Hospital	3,000+	1	2.14%	6,994	1	6.35%
Buncombe County Public Schools	3,000+	2	2.14%	4,000	2	3.64%
Asheville-Buncombe Technical Community College	1,000-2,999	3	0.72%-2.14%			
The Biltmore Company	1,000-2,999	4	0.72%-2.14%	1,583	4	1.43%
Buncombe County Government	1,000-2,999	5	0.72%-2.14%	1,673	3	1.52%
City of Asheville	1,000-2,999	6	0.72%-2.14%	1,000	8	0.91%
Ingles Markets, Inc.	1,000-2,999	7	0.72%-2.14%	1,137	6	2.77%
Omni Grove Park Inn	1,000-2,999	8	0.72%-2.14%	1,100	7	1.00%
VA Medical Center - Asheville	1,000-2,999	9	0.72%-2.14%	1,139	5	1.04%
Care Partners	500-999	10	0.36%-0.71%	917	9	0.68%
Asheville City Schools	500-999		0.36%-0.71%	728	10	0.66%
Total	14000-28,991		10.0%-20.80%			

* Labor Force Estimate for 2018 per NCESC: 139,319
 Labor Force Estimate for 2010 per NCESC: 124,694

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 2008 are not in business in 2017 and many companies that are top employers in 2017 were not here in 2008.

BUNCOMBE COUNTY, NORTH CAROLINA

Table 15

Summary of Permanent Positions by Service Area

TEN FISCAL YEARS

General Fund Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government	173	174	156	161	165	172	170	169	168	238
Public Safety	557	555	543	550	580	592	597	603	620	562
Human Services	625	569	552	555	565	586	609	584	589	569
Economic & Physical Development	28	28	25	23	23	22	23	23	24	42
Culture and Recreation	132	108	84	81	81	70	61	63	64	65
Total	1,515	1,434	1,360	1,370	1,414	1,442	1,460	1,442	1,465	1,476
General Fund	1,515	1,434	1,360	1,370	1,414	1,442	1,460	1,442	1,465	1,476
Special Revenue Funds	27	26	-	-	-	9	2	1	1	1
Enterprise Funds	48	41	32	31	31	25	23	26	26	34
Internal Service Fund	1	1	2	5	5	5	2	7	6	7
Total	1,591	1,502	1,394	1,406	1,450	1,481	1,487	1,476	1,498	1,518

Note: In 2019 General Service (44) moved from Public Safety to General Government and Inspections and Permits (21) moved from Public Safety to Economic & Physical Development

SOURCE: Buncombe County Budget Office.

BUNCOMBE COUNTY, NORTH CAROLINA

Table 16

Operating Indicators by Function

LAST TEN FISCAL YEARS

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
GENERAL GOVERNMENT											
Number of Employment Applications Processed	5,496	6,646	5,826	7,046	6,259	6,980	7,611	3,660	7,296	7,863	6,789
Percentage of Registered Voters Participating in General Election	19.6%	45.7%	19.0%	69.0%	19.0%	49.0%	17.0%	71.0%	N/A	23.3%	61.0%
PUBLIC SAFETY											
Number of Inmates Processed	15,975	14,713	14,821	15,074	14,492	13,870	12,973	13,349	12,962	12,550	12,009
Number of Building Permits Issued	1,443*	1,361*	1,286*	1,482*	1,757	2,057	2,354	2,332	2,419	2,451	3,027
Number of Emergency Calls Dispatched*	64,395	64,867	60,931	62,884	65,127	66,223	68,537	70,150	71,837	165,481	187,317
HUMAN SERVICES											
Percentage of Children Reunified with Family after Foster Care	36%	26%	21%	21%	28%	20%	34%	33%	24%	22%	29%
ECONOMIC AND PHYSICAL DEVELOPMENT											
Number of Subdivision Plan Reviews	593	454	598	483	494	518	624	681	785	954	775
CULTURE AND RECREATION											
Library Book Circulation	1,666,464	1,689,996	1,691,227	1,654,975	1,592,279	1,608,748	1,602,994	1,757,157	1,667,802	1,716,038	1,659,826
Number of Visitors to Swimming Pools**	73,751	66,470	81,210	73,877	59,194	56,063	47,381	35,421	36,505	38,524	29,743
EDUCATION											
Dollars Spent Per Pupil***	\$ 2,139	\$ 2,150	\$ 2,148	\$ 2,266	\$ 2,267	\$ 2,243	\$ 2,420	\$ 2,384	\$ 2,169	\$ 2,332	\$ 2,462
ENTERPRISE FUND - LANDFILL											
Tons of Waste Received	164,424	130,683	116,831	131,666	128,408	133,795	131,222	139,443	152,302	183,455	184,037
Tons of Waste Recycled	44,750	37,583	19,776	18,687	13,716	14,317	12,826	12,591	14,092	14,300	16,589

SOURCE: Various Buncombe County Government Departments.

*Prior to 2018 the County was only dispatching EMS calls and in 2018 the County began dispatching EMS and Sheriff calls

** 2019 visitors are down due to a short closure at one pool and a rainy spring and summer

BUNCOMBE COUNTY, NORTH CAROLINA

Table 17

Capital Asset Statistics by Function

LAST TEN FISCAL YEARS

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
PUBLIC SAFETY										
Sheriff's Office										
Stations	2	2	2	2	2	3	4	4	4	4
Patrol Vehicles	70	71	77	77	80	81	81	81	86	87
CULTURE AND RECREATION										
Parks acreage	654	654	674	677	646	646	646	646	646	646
Parks	16	16	18	14	14	15	15	15	15	15
Swimming pools	6	6	6	6	6	5	5	5	5	5
Ball fields and courts	34	34	37	30	30	31	31	31	31	31
Libraries	12	12	12	12	13	13	13	13	13	13

SOURCE: Various County Departments

NOTE: A new sheriff station annex was added in FY15.

Compliance Section



**BUNCOMBE
COUNTY**
GOVERNMENT
— NORTH CAROLINA —





INDEPENDENT AUDITORS' 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

Board of County Commissioners
Buncombe County, North Carolina

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Buncombe County, North Carolina, (the County) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 7, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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 and correct, 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. *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.

Our consideration of internal control 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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a material weakness.

Compliance and Other Matters

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

The County’s Response to Findings

The County’s responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned. The County’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Charlotte, North Carolina
November 7, 2019



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB UNIFORM GUIDANCE AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT

Board of Commissioners
Buncombe County, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Buncombe County, North Carolina's (the County) compliance with the types of compliance requirements described in the *OMB 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 the County's major federal programs for the year ended June 30, 2019. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, 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 the 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of 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, 2019.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 a 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 federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Charlotte, North Carolina
November 7, 2019



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR STATE PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB UNIFORM GUIDANCE AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT

Board of Commissioners
Buncombe County, North Carolina

Report on Compliance for Each Major State Program

We have audited Buncombe County, North Carolina's (the County) compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, which could have a direct and material effect on each of the County's major state programs for the year ended June 30, 2019. The County's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major state programs based on our audit of the types of compliance requirements referred to above. 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 applicable sections of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, Uniform Guidance, 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 the 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 on compliance for each major state program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major State Program

In our opinion, the County complied, in all material respects, with the types of 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, 2019.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with applicable sections of the Uniform Guidance as described in the *Audit Manual for Governmental Auditors in North Carolina* and which are described in the accompanying schedule of findings and questioned costs as items 2019-002 and 2019-003. Our opinion on each major state program is not modified with respect to this matter.

The County's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2019-002 and 2019-003, that we consider to be significant deficiencies.

Board of County Commissioners
Buncombe County, North Carolina

The County's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Charlotte, North Carolina
November 7, 2019

**BUNCOMBE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? yes no
 - Significant deficiency(ies) identified? yes none noted
3. Noncompliance material to financial statements noted? yes no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? yes no
 - Significant deficiency(ies) identified? yes none noted
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes no

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
93.563	Child Support Enforcement
93.658	Foster Care – Title IV-E
93.778	Medicaid Cluster

- Dollar threshold used to distinguish between Type A and Type B programs: \$ \$1,131,004
- Auditee qualified as low-risk auditee? yes no

**BUNCOMBE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

State Awards

1. Internal control over state programs:

- Material weakness(es) identified? _____ yes x no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? x yes _____ none noted

2. Type of auditors' report issued on compliance for state programs: Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with state requirements? x yes _____ no

Identification of Major State Programs

Program Number(s)	Program Name
*GOV-1	Public School Building Capital Fund - Lottery Proceeds
93.658	Foster Care – Title IV-E

In addition, state match on federal programs, included in the list of major federal programs above for the Medicaid Cluster.

Dollar threshold used to distinguish between Type A and Type B state programs: \$ 500,000

**BUNCOMBE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

Section II – Financial Statement Findings

2019-001 – Financial Close Process

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Condition

There were multiple adjusting journal entries posted during 2019 that were either the result of audit procedures or entries resulting from errors that were not detected by management in a timely manner and resulted in a restatement of beginning balances.

Criteria

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control Framework states that control activities are a component of internal control. Control activities are policies and procedures established to ensure that management directives are carried out, and consist of two elements; a policy that establishes what should be done and the procedure that implements the policy. COSO Framework states that control activities must be in place for there to be adequate internal control procedures over financial reporting. Internal control procedures affect the County's ability to ensure financial transactions are authorized and accurate.

Context

During 2019, the adjustments were made to correct the County's financial statements, including beginning net position and fund balance. Many were detected by the County's management, but not in a timely manner to prevent errors in the prior year financial statements.

Effect

Ineffective controls over the financial reporting process could result in inaccurate account balances that require a restatement, significant number of audit adjustments or a lack of timely financial information. Inaccurate reporting could adversely affect the County's funding.

Cause

The County's internal controls over financial reporting did not detect the errors in a timely manner.

Repeat Finding

The finding is a repeat of a finding in the immediate prior year. Prior year finding number was 2018-001.

Recommendation

The County should continue to evaluate and strengthen its financial reporting processes and controls to ensure that misstatements in the financial statements are detected in a timely manner.

Views of Responsible Offices and Corrective Action Plan

Management agrees with the finding. See Corrective Action Plan.

**BUNCOMBE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

Section III – Findings and Questioned Costs – Major Federal Programs

There were no federal award findings for the fiscal year ended June 30, 2019.

**BUNCOMBE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

Section IV – Findings and Questioned Costs – Major State Programs

Reference Number: 2019-002
Prior Year Finding: Yes
State Agency: N.C. Department of Public Instruction
State Program Title: Public School Building Capital fund
State Program No: *GOV-1
Award Number and Year: 7/1/18 – 6/30/19
Compliance Requirement: Reporting
Type of Finding: Significant Deficiency in Internal Control over Compliance;
Other Matter

Criteria or specific requirement

North Carolina General Statutes Chapter 159-34(a), states: The recipients are required to submit a brief final report using the categories of expenditures listed in the application within 60 days of completion of the project. Responsibility for submitting the final report is undertaken jointly by the county and the LEA, unless there is a local agreement in force to designate responsibility. Per paragraph 13 in the chapter, the county has overall accountability to monitor the process and ensure that all activities are completed as required.

Condition

The County does not have a proper process in place to verify that all Final Construction Reports are submitted within 60 days of completion.

Context

Final Construction Report was not issued within 60 days of project end for 5 of 5 projects tested.

Questioned Costs

None

Cause

The County has not implemented a process to ensure that all Final Construction Reports are issued for completed projects within 60 days of completion.

Effect

The County is not in compliance with State reporting requirements.

Recommendation

We recommend that the County implement a process to verify that all Final Construction Reports are submitted to the State within 60 days of project completion.

Views of Responsible Offices and Corrective Action Plan

Management agrees with the finding. See Corrective Action Plan.

**BUNCOMBE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019**

Reference Number: 2019-003
Prior Year Finding: No
State Agency: N.C. Department of Public Instruction
State Program Title: Public School Building Capital fund
State Program No: *GOV-1
Award Number and Year: 7/1/18 – 6/30/19
Compliance Requirement: Cash Management
Type of Finding: Significant Deficiency in Internal Control over Compliance;
Other Matter

Criteria or specific requirement

State funds outlined in the State's Budget and Fiscal Control Act (G.S. 159) should be reconciled on a monthly basis.

Condition

During our testing, we noted that bank reconciliations for the program's bank account were only prepared in the months of May 2019 and June 2019 for fiscal year 2019.

Context

We noted bank reconciliations for the program's bank account were not prepared in 10 out of 12 months of the fiscal year.

Questioned Costs

None

Cause

The County did not reconcile the bank account for the program on a monthly basis, as required.

Effect

The County is not in compliance with State cash management requirements.

Recommendation

We recommend the County implement procedures to ensure the program's bank account is reconciled on a monthly basis, as required.

Views of Responsible Offices and Corrective Action Plan

Management agrees with the finding. See Corrective Action Plan.



BUNCOMBE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/Pass-Through Grantor's Number	Fed.(Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients
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:					
Food and Nutrition Services Cluster:					
Supplemental Nutrition Assistance Program - Admin	10.561	195NC406S2514	\$ 4,718,991	\$ 66,600	\$ -
Supplemental Nutrition Assistance Program - Fraud Admin	10.561	195NC406S2514	243,953	-	-
Supplemental Nutrition Assistance Program - Education & Training & Dependent Care	10.561	195NC406S2514	9,541	-	-
Total Food and Nutrition Services Cluster			<u>4,972,485</u>	<u>66,600</u>	<u>-</u>
Division of Public Health:					
Special Supplemental Food Program for Women, Infants, and Children Administration	10.557	13A2-54__-GJ/13A2-54__-GK	830,885	-	-
Breastfeeding Peer Counseling Program	10.557	13A2-570_-JQ	47,472	-	-
Total Division of Public Health			<u>878,357</u>	<u>-</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>5,850,843</u>	<u>66,600</u>	<u>-</u>
<u>U.S. Department of Justice</u>					
Family Justice Center Arrest Grant	16.590	2015-W-AX-0015	145,150	-	-
Adult Drug Court	16.585	2018-MU-BX-0025	31,947	-	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738		11,205	-	-
Passed-Through N.C. Department of Public Safety:					
Family Justice Center GCC	16.575	PROJ012140	529,291	-	-
Total U.S. Department of Justice			<u>717,593</u>	<u>-</u>	<u>-</u>
<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	36233.13.13.1	174,703	141,250	-
Capital	20.509	44637.25.1.3	91,912	11,489	-
Capital	20.509	36233.13.11.5	-	249,146	-
Total Public Transportation for Nonurbanized Areas			<u>266,615</u>	<u>401,885</u>	<u>-</u>

BUNCOMBE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/Pass-Through Grantor's Number	Fed.(Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients
<u>Transit Services Programs Cluster:</u>					
Passed-through City of Asheville:					
5307 JARC	20.507		69,456	-	-
5307 Fuel	20.507		82,628	-	-
5310 SEDTAP	20.513		46,814	-	-
5310 RIDE	20.513		40,896	-	-
Total Transit Services Programs Cluster			239,794	-	-
Total Federal Transit Administration			506,409	401,885	-
<u>Highway Safety Cluster:</u>					
Passed-through City of Asheville:					
Traffic Safety - DWI Task Force	20.600	2000004422	37,608	-	-
State and Community Highway Safety - DWI Court	20.600	AL-19-02-11	115,487	-	-
Total Highway Safety Cluster			153,095	-	-
Total U.S. Department of Transportation			659,504	401,885	-
<u>U.S. Department of Environmental Protection Agency</u>					
Air Pollution Control Program Support	66.001		205,904	-	-
Ambient Air Monitoring Network	66.034		60,000	-	-
Total U.S Environmental Protection Agency			265,904	-	-
<u>U.S. Department of Homeland Security</u>					
Passed-through N.C. Department of Public Safety:					
Fire Management Assistance Grant	97.036		202,216	43,108	144,898
Emergency Management Performance Grants	97.042	EMA-2018-EP-00005-18010	80,104	-	-
Hazardous Materials Emergency Preparedness Grant	20.703		3,109	777	-
Homeland Security Grant Program - 2018 USAR Training	97.067		9,509	-	-
Homeland Security Grant Program - Exercise Grant	97.067		16,498	-	-
Total U.S. Department of Homeland Security			311,436	43,886	144,898
<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	G1901NCSOSR	33,762	-	33,762
SSBG - Adult Day Care	93.667	G1901NCSOSR	56,089	51,883	107,972
Adult Home Specialist Fund	93.778	XIX-MAP19	351,388	67,620	-
Total Division of Aging and Adult Services			441,239	119,503	141,734
Division of Public Health:					
Family Planning - TANF	93.558	1901NCTANF	27,155	-	-
Total Division of Public Health:			27,155	-	-

BUNCOMBE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/Pass-Through Grantor's Number	Fed.(Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients
Division of Social Services:					
<u>TANF Cluster:</u>					
Work First/Temporary Assistance for Needy Families (TANF)	93.558	1901NCTANF	2,469,943	-	-
Total TANF Cluster			<u>2,469,943</u>	<u>-</u>	<u>-</u>
<u>Foster Care and Adoption Cluster³:</u>					
Title IV-E Foster Care- Administration	93.658	1901NCFOST	3,224,113	-	-
Foster Care- Direct Benefits Payments	93.658	1901NCFOST	1,786,643	539,959	-
Foster Care IV-E-CPS	93.658	1901NCFOST	992,368	253,125	-
Adoption Assistance	93.659	1901NCADPT	276,036	-	-
Total Foster Care and Adoption Cluster:			<u>6,279,160</u>	<u>793,084</u>	<u>-</u>
N.C. Child Support Enforcement Section	93.563	1904NC4005	1,207,878	-	-
Refugee Assistance - Administration	93.566	1901NCRMA	6,131	-	-
Crisis Intervention Program	93.568	G19B1NCLIEA	1,009,595	-	1,009,595
Energy Assistance Payments - Direct Benefit Payments	93.568	G19B1NCLIEA	887,300	-	887,300
Low Income Home Energy Assistance Block Grant - Administration	93.568	G19B1NCLIEA	78,065	-	78,065
Stephanie Tubbs Jones Child Welfare Services Program:					
- Permanency Planning Grant - Families for Kids	93.645	G1901NCCWSS	82,695	-	-
SSBG - Other Services	93.667	G1901NCSOSR	831,859	-	-
CPS TANF Transferred to SSBG	93.667	G1901NCSOSR	255,890	-	-
Independent Living Grant - LINKS	93.674	1901NCCILP	37,923	9,481	47,404
Independent Living Grant - LINKS- Direct Benefit Payments	93.674	1901NCCILP	122,887	-	-
Family Reunification	93.556	1901NCFPSS	91,707	-	-
Total Division of Social Services			<u>13,361,034</u>	<u>802,565</u>	<u>2,022,365</u>
Division of Child Development:					
<u>Subsidized Child Care³</u>					
<u>Child Care Development Cluster:</u>					
Division of Social Services:					
Childcare Development Fund - Administration	93.596	G1901NCCDF	455,395	-	-
Total Administration for Children and Families			<u>14,284,823</u>	<u>922,068</u>	<u>2,164,098</u>

BUNCOMBE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/Pass-Through Grantor's Number	Fed.(Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients
<u>Centers for Medicare and Medicaid Services</u>					
Passed-through N. C. Department of Health and Human Services:					
Division of Medical Assistance:					
<u>Medicaid Cluster:</u>					
Medical Assistance Program - Administration	93.778	XIX-MAP19	13,478,445	-	-
Total Medicaid Cluster			<u>13,478,445</u>	-	-
<u>State Children's Insurance Program - N.C. Health Choice</u>	93.767	CHIP19	751,749	-	-
Total Centers for Medicare and Medicaid Services			<u>14,230,194</u>	-	-
<u>Centers for Disease Control and Prevention</u>					
Passed-through N. C. Department of Health and Human Services:					
Division of Public Health:					
HIV Funds - CAPUS Safe Spaces	93.940	1311-981A-HV/1311-981B-HV	28,000	-	-
Tuberculosis Control Program	93.116	1460-272D-NF/1460-272E-NF	50	-	-
Public Health Emergency Preparedness	93.074	1264-2680-EZ	75,000	-	-
Cooperative Agreement For Emergency Response - Viral Hepatitis Prevention	93.354	1175-5176-AA	76,693	-	-
Division of Community Health:					
Wisewoman Project	93.436	1313-372A-AL	60,965	-	-
Immunization Action Plan	93.268	1331-631E-EJ	47,612	-	-
Refugee Health Assessments	93.566	1901NCRMA	3,591	-	-
Breast and Cervical Cancer Control Programs	93.898	1320-310A-D7/1320-310B-D7	158,610	-	-
Gonorrhea Partner Services	93.977	1311-462A-NB/1311-462E-NB	100	-	-
Total Centers for Disease Control			<u>450,621</u>	-	-
<u>Health Resources and Services Administration</u>					
Passed-through N. C. Department of Health and Human Services:					
Division of Public Health:					
Preventative Health and Health Services Block Grant	93.991	1261-5503-PH	41,314	-	10,000
Nurse Family Partnership - Healthy Families America	93.505	1271-123D-D2/1271-123D-VH	130,655	-	-
Nurse Family Partnership	93.994	1271-5020-AP/13A1-5830-AR	451,566	-	-
Maternal and Child Health Services Block Grant	93.994	13A1-5735-A_/1271-53__-AR	240,570	-	200,723
Maternal and Child Health Mini-Grants	93.994	13A1-5146-AR	17,709	-	-
Total Health Resources and Services Administration			<u>881,814</u>	-	<u>210,723</u>
<u>Office of Population Affairs</u>					
Passed-through N. C. Department of Health and Human Services:					
Division of Public Health:					
Family Planning Services Title X	93.217	13A1-59__-FP/1271-5318-AR	47,405	-	-
Total Office of Population Affairs			<u>47,405</u>	-	-
Total U. S. Department of Health and Human Services			<u>29,894,857</u>	<u>922,068</u>	<u>2,374,821</u>
Total Federal Awards			<u>37,700,137</u>	<u>1,434,439</u>	<u>2,519,720</u>

BUNCOMBE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/Pass-Through Grantor's Number	Fed.(Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients
State Awards:					
<u>N.C. Department of Administration</u>					
DMVA Community County Grants			\$ -	\$ 2,216	\$ -
Total N.C. Department of Administration			-	2,216	-
<u>N.C. Department of Agriculture and Consumer Services</u>					
Technical Assistance-Soil/Water			-	26,820	-
Total N.C. Department of Agriculture and Consumer Services			-	26,820	-
<u>N.C. Department of Natural and Cultural Resources</u>					
Division of State Library:					
Aid to Public Libraries			-	229,459	-
Total N.C. Department of Natural and Cultural Resources			-	229,459	-
<u>N.C. Department of Environmental Quality</u>					
Technical Assistance-Soil/Water			-	3,600	-
NC Electronics Management Fund			-	16,194	-
Total N.C. Department of Environmental Quality			-	19,794	-
<u>N.C. Dept. of Health and Human Services</u>					
Division of Public Health:					
Communicable Disease Control			-	7,807	-
General Aid to Counties			-	213,419	-
Breast and Cervical Cancer Program			-	108,378	-
Tuberculosis			-	32,935	-
Integrated Targeted Testing Services (ITTS)			-	5,100	-
Minority Diabetes Prevention Program			-	230,272	221,940
Women's Health Service Fund			-	13,086	-
Healthy Communities			-	4,811	-
Women and Child Health- Family Planning			-	91,515	-
Child Health			-	23,670	-
School Nurse Funding Initiative			-	150,000	150,000
Viral Hepatitis Prevention Activities			-	80,000	80,000
Total Division of Public Health			-	960,993	451,940

BUNCOMBE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/Pass-Through Grantor's Number	Fed.(Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients
Division of Social Services:					
Non-Allocating County Costs			-	(31,731)	-
State Foster Care Benefits Program			-	483,081	-
Energy Assistance - Private Grants			-	54,455	-
State Child Welfare CPS			-	241,892	-
Total Division of Social Services			-	747,697	-
Total N.C. Department of Health and Human Services			-	1,708,690	451,940
<u>N.C. Department of Public Instruction</u>					
Public School Building Capital Fund - Lottery Proceeds			-	3,223,796	3,223,796
Total N.C. Department of Public Instruction			-	3,223,796	3,223,796
<u>N.C. Department of Public Safety</u>					
Re-Entry			-	167,437	-
Division of Juvenile Justice Delinquency Prevention:					
Juvenile Crime Prevention Council Programs			-	513,573	498,877
Methodist Home For Children - JCPC			-	900,000	900,000
Total N.C. Department of Public Safety			-	1,581,010	1,398,877
<u>N.C. Department of Transportation</u>					
Rural Operating Assistance Program (ROAP) Cluster					
ROAP Elderly and Disabled Transportation Assistance Program		DOT-16CL/36220.10.7.1	-	143,678	5,231
ROAP Rural General Public Transportation		DOT-16CL/36228.22.7.1	-	88,823	-
ROAP Work First Transitional-Employment Transportation Assistance Program		DOT-16CL/36236.11.6.1	-	51,330	-
Total Rural Operating Assistance Program (ROAP) Cluster			-	283,831	5,231
Total N.C. Department of Transportation			-	283,831	5,231
Total State Awards			-	7,075,616	5,079,844
Total Federal and State Awards			\$ 37,700,137	\$ 8,510,055	\$ 7,599,564

BUNCOMBE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/Pass-Through Grantor's Number	Fed.(Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients
Total Federal Awards by Cluster and CFDA					
SNAP Cluster					
Total SNAP Cluster	10.561		\$ 4,972,485	4,972,485	
Highway Safety Cluster					
Total Highway Safety Cluster	20.600		153,095	153,095	
Transit Services Cluster					
Total Transit Services Cluster	20.507/20.513		239,794	239,794	
Medicaid Cluster					
Total Medicaid Cluster	93.778		13,829,833	13,829,833	
TANF Cluster					
Total TANF Cluster	93.558		2,497,098	2,497,098	
CCDF Cluster					
Total CCDF Cluster	93.596		455,395	455,395	
Maternal, Infant, and Early Childhood Home Visiting Cluster					
Total Maternal, Infant, and Early Childhood Home Visiting Cluster	93.505		130,655	130,655	
	93.898		158,610		
	93.940		28,000		
	93.977		100		
	93.994		709,845		
	97.036		202,216		
	97.042		80,104		
	97.067		26,007		
	10.557		878,357		
	16.575		529,291		
	16.585		31,947		
	16.590		145,150		
	16.738		11,205		
	20.509		266,615		
	20.703		3,109		

BUNCOMBE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/Pass-Through Grantor's Number	Fed.(Direct & Pass-through) Expenditures	State Expenditures	Passed-through to Subrecipients
	66.001		\$ 205,904		
	66.034		60,000		
	93.074		75,000		
	93.116		50		
	93.217		47,405		
	93.268		47,612		
	93.354		76,693		
	93.436		60,965		
	93.556		91,707		
	93.563		1,207,878		
	93.566		9,722		
	93.568		1,974,960		
	93.645		82,695		
	93.658		6,003,125		
	93.659		276,036		
	93.667		1,177,599		
	93.674		160,811		
	93.767		751,749		
	93.991		41,314		
Total Federal Awards			\$ 37,700,137		

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

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of Buncombe County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2019. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of Buncombe County, it is not intended to and does not present the financial position, changes in net position or cash flows of Buncombe County.

Note 2: Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The County has elected not to use the de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3: Cluster of Programs

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



Buncombe County
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2019

Buncombe County respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2019.

Audit period: July 1, 2018 through June 30, 2019

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

FINDINGS—FINANCIAL STATEMENT AUDIT

2018-001 Schedule of Expenditures of Federal and State Awards (SEFSA)

Condition: On the County's FY2018 Schedule of Expenditures of Federal and State Awards (SEFSA), Federal expenditures were overstated by \$221,238,143. In addition, State expenditures were overstated by \$112,046,122.

Status: This finding has been cleared in fiscal year 2019.

2018-002 – Other Post Employment Benefits Liability (OPEB)

Condition: The County does not have a formal written policy in place to review and approve schedules and associated journal entries over the OPEB liability.

Status: This finding has been cleared in fiscal year 2019.

2018-003 – Wire Transfers

Condition: The County does not properly monitor the administrative function of the banking website to ensure incompatible permissions are not present, resulting in the ability of County personnel, with access to transfer funds, to be able to initiate and approve the same transfer.

Status: This finding has been cleared in fiscal year 2019.



2018-004 – Stormwater Surety Bonds Liability

Condition: In the reporting of the Special Programs fund, miscellaneous liabilities were overstated and the sales and service revenue was understated due to the balance related to Stormwater Surety Bonds not being compared to the underlying source support and adjusted accordingly.

Status: There was a prior period adjustment related to this liability in fiscal year 2019. See current year finding 2019-001.

Reason for finding's recurrence: During the fiscal year 2019 closing process, staff discovered that the fiscal year 2018 adjustment to the stormwater surety bond liability was incorrectly calculated and made a corresponding correcting entry for fiscal year 2019.

Corrective Action: The stormwater surety bond liability reconciliation process was adjusted and the liability was correctly calculated for fiscal year 2019, which resulted in a prior period adjustment for the incorrect balance in fiscal year 2018.

2018-005 – Insurance Policies

Condition: In the reporting for the Insurance Fund, the prepaid asset balance and miscellaneous revenue balance for the insurance fund were understated due to the County not recording insurance policies that were an asset of the County as of year-end.

Status: This finding has been cleared in fiscal year 2019.

2018-006 – Construction in Progress

Condition: In the reporting of construction in progress, the prior period net position for governmental activities was overstated due to projects that should have been recorded as retirements in the prior period that were not. The construction in progress, other improvements and equipment balances were also misstated due to the misclassification of projects in the construction in progress balance that were complete and should have been included in their appropriate capital asset categories.

Status: There was a finding related to the prior period construction in progress balance. See finding 2019-001.

Reason for finding's recurrence: In the process of improving the construction in progress reconciliation process for the fiscal year 2019 closing, an error in the fiscal year 2018 reconciliation was discovered and corrected.

Corrective Action: The improved reconciliation process resulted in the discovery of the 2018 error. Staff will continue to improve the construction in progress reconciliation process and perform it throughout the year to discover errors in a timely fashion.

2018-007 – Management Timecards

Condition: The County does not have policies and procedures in place to ensure management timecards are reviewed and approved.

Status: This finding has been cleared in fiscal year 2019.

2018-008 – Procurement Card Transaction Limit Increases

Condition: The County has a policy in place over procurement card transaction limit increases to ensure proper authorization. However, the control was not properly monitored to ensure compliance.

Status: This finding has been cleared in fiscal year 2019.

2018-009 – Revenue Recognition

Condition: The County does not have policies and procedures in place to reconcile the recording of revenue that is automatically uploaded to the general ledger from various software systems used at County departments.

Status: This finding has been cleared in fiscal year 2019.

2018-010 – General Disbursements

Condition: The County does not have a written policy in place over general disbursement approvals to ensure proper authorization.

Status: This finding has been cleared in fiscal year 2019.

2018-011 – Invoice Accruals

Condition: The County does not have a formal written policy in place to track and record any necessary accruals for invoices received after year-end that relate to the current year.

Status: This finding has been cleared in fiscal year 2019.

2018-012 – Payroll Accrual

Condition: The County does not have procedures in place to compare the automatic payroll accrual performed within the general ledger software to the actual payroll amounts paid subsequent to year-end.

Status: This finding has been cleared in fiscal year 2019.

2018-013 – Emergency Medical Services (EMS) Billing

Condition: The County does not have procedures in place to ensure that complementary controls listed in the SSAE report for the third party EMS billing provider that relate to regulatory compliance are implemented and documented.

Status: This finding has been cleared in fiscal year 2019.

2018-014 – Sheriff's Office Manual Checks

Condition: The County does not have internal controls in place to provide proper oversight of the manual check maintenance and writing process at the Sheriff's Office.

Status: This finding has been cleared in fiscal year 2019.

2018-015 – Expense Reimbursements

Condition: The County's policy that was in place as of year-end does not require Department Directors to obtain approval over their expense reimbursements.

Status: This finding has been cleared in fiscal year 2019.

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS

2018-016 – Timely Submission of Data Collection Form

Condition: The County's single audit reporting package was not submitted to the federal clearinghouse by the regulatory due date. The reporting package is required to be submitted by the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period. The earlier of these two resulted in a March 31, 2019 due date.

Status: This finding has been cleared in fiscal year 2019.

FINDINGS— STATE AWARD PROGRAMS AUDITS

2018-017 – Timely Submission of Final Construction Reports

Condition: The County does not have a proper process in place to verify that all Final Construction Reports are submitted within 60 days of completion.

Status: This was a finding in the current year. See current year finding 2019-002.

Reason for finding's recurrence: The finding was received at the completion of the 2018 audit near the end of fiscal year 2019, which is when current staff became aware of the reporting requirement. At this point, the reports had also not been filed for fiscal year 2019.

Corrective Action: In the first quarter of fiscal year 2020, staff consulted with the school systems to determine which outstanding projects were complete and final reports were filed for these. Staff has implemented a process to confirm with the school systems on a monthly basis what projects are complete and will submit any necessary Final Construction Reports to the State.





Buncombe County Corrective Action Plan Year Ended June 30, 2019

Findings-Financial Statement Findings

2019-001 Financial Close Process

The auditors recommend that the County continue to evaluate and strengthen its financial reporting processes and controls to ensure that corrections to the financial statements are detected in a timely manner.

There is no disagreement with the audit finding.

The County Finance Department has developed new checklists and procedures that will result in additional reconciliations being performed throughout the year on a monthly and quarterly basis. This will result in identification of adjustments in a timely manner.

Person responsible for corrective action: Assistant Finance Director

Anticipated completion date: October 31, 2019

Findings-Major State Programs

2019-002 Public School Building Capital Fund - GOV-1

The auditors recommend that the County implement a process to verify that all Final Construction Reports are submitted to the State within 60 days of project completion.

There is no disagreement with the audit finding.

Finance staff will coordinate with the County's General Services Department and the public school districts to ensure that information regarding the status of construction projects are communicated on a regular basis when completion occurs, finance staff ensure the Final Construction Reports are timely filed.

Person responsible for corrective action: Finance Director

Anticipated completion date: October 31, 2019



2019-003 Public School Building Capital Fund - GOV-1

The auditors recommend that the County implement procedures to ensure the program's bank account is reconciled on a monthly basis.

There is no disagreement with the audit finding.

Finance staff will ensure the program's bank account is reconciled on a monthly basis.

Person responsible for corrective action: Accounting and Financial Reporting Manager

Anticipated completion date: October 31, 2019