



2020

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**
FOR THE FISCAL YEAR ENDING JUNE 30, 2020



BUNCOMBE COUNTY
NORTH CAROLINA

BUNCOMBE COUNTY, NORTH CAROLINA

Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDING
JUNE 30, 2020

BOARD OF COMMISSIONERS

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

COUNTY MANAGER

Avril Pinder, CPA, ICMA-CM

DIRECTOR OF FINANCE

Donald P. Warn, MPA

Prepared by the Finance Department



Comprehensive Annual Financial Report
 For the Fiscal Year Ending June 30, 2020
 Buncombe County

Table of Contents	Exhibit	Page
Introductory Section		
		i
GFOA Certificate of Achievement in Financial Reporting		ii
Letter of Transmittal		iii
Organizational Chart		x
Financial Section		
		1
Independent Auditors' Report		2
Management's Discussion and Analysis		6
Basic Financial Statements		
		17
Government-wide Financial Statements:		
Statement of Net Position	1	18
Statement of Activities	2	20
Fund Financial Statements:		
Balance Sheet - Governmental Funds	3	22
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	4	24
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	5	26
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Occupancy Tax Fund	6	27
Statement of Net Position - Proprietary Funds	7	28
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	8	29
Statement of Cash Flows - Proprietary Funds	9	30
Statement of Fiduciary Net Position	10	32
Statement of Changes in Fiduciary Net Position	11	33
Notes to the Financial Statements		34
Required Supplemental Financial Data		
		81
Law Enforcement Officers' Special Separation Allowance - Schedule of Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll		82
Local Government Employees' Retirement System - Schedule of County's Proportionate Share of Net Pension Liability (Asset) and County Contributions		83
Register of Deeds' Supplemental Pension Fund - Schedule of County's Proportionate Share of Net Pension Liability (Asset) and County Contributions		84
Healthcare Benefits Plan - Schedule of Changes in the Net OPEB liability and Related Ratios		85
Healthcare Benefits Plan - Schedule of County Contributions		86
Healthcare Benefits Plan - Schedule of Investment Returns - OPEB		87
Combining and Individual Fund Statements and Schedules		
		88
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:		
General Fund		89
Public School Capital Needs Fund		95
AB Tech Capital Projects Fund		96
Public Schools ADM Sales Tax and Lottery Project Fund		97
County Capital Projects Fund		98
Special Projects Capital Projects Fund		100

Table of Contents, continued

	Table	Page
Combining Statements and Schedules for Nonmajor Governmental Funds:		101
Combining Balance Sheet - Nonmajor Governmental Funds		102
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds		104
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Non-GAAP):		
Special Districts Volunteer Fire Departments Fund		106
Reappraisal Reserve Fund		107
Emergency Telephone System Fund		108
Register of Deeds Automation Fund		109
Grant Projects Fund		110
Transportation Fund		111
Drug Forfeitures		112
PDF Woodfin Downtown Fund		113
Buncombe County Service Foundation		114
Schedules of Revenues and Expenditures - Budget and Actual (Non-GAAP):		115
Solid Waste Disposal Fund		116
Landfill Capital Projects Fund		118
Inmate Commissary/Welfare Fund		119
Schedules and Combining Statements for Internal Service Fund, Agency Funds, and Component Unit:		120
Schedules of Revenues and Expenditures - Budget and Actual (Non-GAAP):		
Insurance Internal Service Fund		121
Combining Statement of Changes in Assets and Liabilities - Agency Funds		122
Schedule of Revenues, Expenditures, and Changes in Net Position Budget and Actual (Non-GAAP) - Component Unit:		
Western North Carolina Regional Air Quality Agency		123
Other Schedules		124
Schedule of Ad Valorem Taxes Receivable - General Fund		125
Analysis of Current Year County-Wide Tax Levy		126
Statistical Section		127
Financial Trends		
Net Position by Component	1	129
Changes in Net Position	2	130
Fund Balances of Governmental Funds	3	132
Changes in Fund Balances of Governmental Funds	4	133
Revenue Capacity		
Assessed Value of Taxable Property	5	134
Property Tax Rates-Direct and All Overlapping Governments	6	135
Principal Property Taxpayers	7	136
Property Tax Levies and Collections	8	137
Debt Capacity		
Ratios of Outstanding Debt by Type	9	138
Ratios of General Bonded Debt Outstanding	10	139
Direct and Overlapping Governmental Activities Debt	11	140
Legal Debt Margin	12	141
Demographic and Economic Information		
Demographic and Economic Statistics	13	142
Principal Employers	14	143
Operating Information		
Summary of Permanent Positions by Service Area	15	145
Operating Indicators by Function	16	146
Capital Asset Statistics by Function	17	147

Compliance Section	148
Independent Auditor's Section	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	149
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	151
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	153
Schedule of Findings and Questioned Costs	156
Schedule of Expenditures of Federal and State Awards	161
Notes to the Schedule of Expenditures of Federal and State Awards	166
Management's Section	
Summary Schedule of Prior Audit Findings	168
Corrective Action Plan	169

Introductory Section





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Buncombe County
North Carolina**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO



January 31, 2021

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

We are pleased to present the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020. 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, 2020.

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, 2020. 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 267,000 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 93,750 or approximately 35% 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.

In early 2020, County Manager, Avril Pinder, began a search to fill two vacant Assistant County Manager positions. After an extensive search process the County hired Sybil Tate on July 10, 2019 and Dakisha (DK) Wesley on July 29, 2019.

Sybil Tate most recently has served as Assistant County Manager in Person County North Carolina for over eight years. In her role she was responsible for day-to-day operations for nine departments including Planning, Inspections, GIS, Recycling/Person Industries, Parks and Recreation, Library, Soil and Water, Cooperative Extension and Transportation. Currently, she is responsible for nine departments including Air Quality, Solid Waste, Agriculture and Land Resources, Sustainability, IT, Permits and Inspections, General Services, Planning and Tax Assessor.

DK Wesley most recently spent over three year as Assistant County Manager in Lake County Illinois. Her key focus areas included the Judicial Circuit Court, State’s Attorney’s Office, Public Defender, Sheriff, Circuit Court Clerk, Coroner and Sheriff’s Merit Commission. Currently, she oversees nine departments, including Elections, Libraries, Parks and Recreation, Communications, ID Bureau, Strategic Partnerships, Health and Human Services, Emergency Services and Justice Services.



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.

During the first nine months of fiscal year 2020, strong growth continued to support a record economy in Buncombe County, which had maintained its place within North Carolina as the county with the lowest unemployment rate. Due to the COVID-19 pandemic a state of emergency was declared on March 12, 2020. The County issued Stay Home-Stay Safe Executive Order on March 25, 2020 that followed State guidance by requiring nonessential businesses to close and for residents to remain at their place of residence unless they are engaged in essential activities.

While the majority of the Fiscal Year demonstrated growth in total employment, much of that growth evaporated as the economic impacts of COVID-19 were felt in March through June 2020. Buncombe County moved from the lowest State-wide unemployment rate at 3.4% to 17.7% in April 2020, but by June had leveled off at 9.7%. Comparatively, by June 2020, the State and Nation reported unemployment rates of 8.5% and 11.0% respectively. The significant change in unemployment is most attributable to the County's Hospitality, Travel, Leisure, and Manufacturing industries which were impacted by travel and business restrictions during the pandemic. Wage growth continues at a steady pace, with year-over-the-year average weekly wage increasing about 2.3% from Q4 2018 to Q4 2019 according to the Bureau of Labor Statistics.

The Buncombe County housing market remains dynamic, with the median days on the market being 85 days on market compared to 91 days in 2018. The number of closed sales are down year-over-year by about 23%, however the median sales price has increased 13.4% from December 2018 to December 2019. The decreased sales, but increasing prices are most likely attributable to decreased housing inventory available for sale due to the pandemic and housing supply.

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 2020 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 2025 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 2020 was the adoption of the Buncombe County Strategic Plan 2020-2025. Plan development began in July 2019 with a series of workshops with Commissioners facilitated by consultant Rebecca Ryan with guidance from UNC School of Government. Focus areas were defined by the Commissioners' priorities and input from employees and the public was considered. The plan was formally adopted on May 5, 2020 and work on implementing the plan will continue into fiscal year 2021.

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.

The Board of County Commissioners adopted an updated Investment Policy on May 19, 2020. The County's investment policy had not been updated since 1996 and there is a need to add clarity and best practice to the policy. The main updates to the policy include replacing National Association of Securities Dealers (NASD) with Financial Industry Regulatory Authority (FINRA) to correspond with the change that occurred with the organization in 2007. The policy also



added language for use of external investment advisors, language that the all investments must be made in accordance with NC General Statute 159-3(c), updated the maximum maturity from two years to five years, added limits to the investment holdings to ensure diversification of investment type, and added a glossary of terms.

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 Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Buncombe County for its comprehensive annual financial report for the fiscal year ending June 30, 2019. This marks the forty-first consecutive year that Buncombe County has received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. 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 2020 annual budget document. This is the twenty-sixth 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 2021 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



Avril Pinder, CPA
County Manager



Donald P. Warn
Finance Director

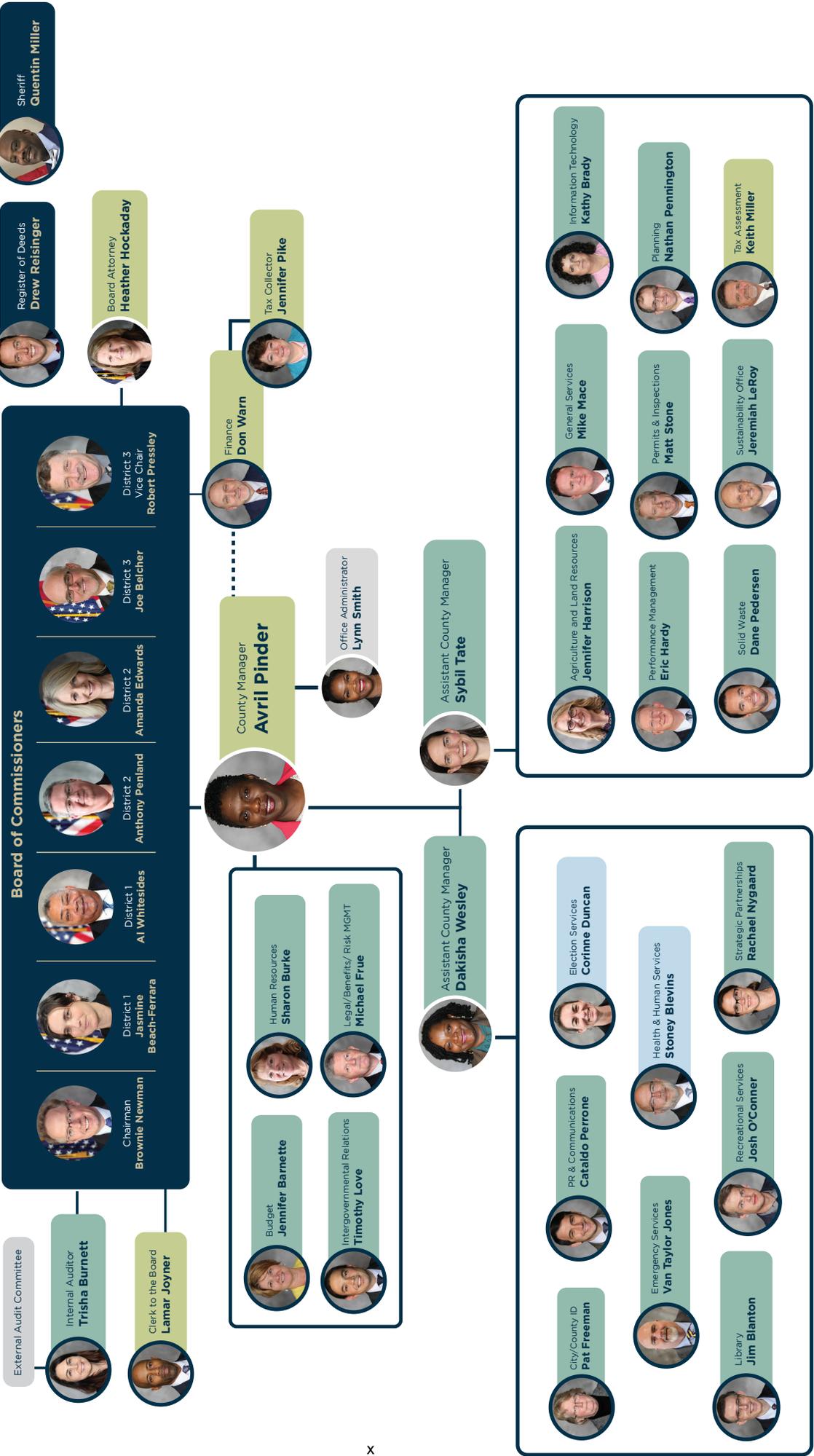




Organizational Chart

● ELECTED
 ● APPOINTED
 SEPARATE BOARD
 ○ DEPARTMENT HEAD

Citizens



Financial Section





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, 2020, 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, 2020, 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

As discussed in Note 10 to the financial statements, the County restated beginning balances resulting from a change in the reporting of the County’s other postretirement benefit plan. Our opinion is 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, the pension schedules, and the other post-employment benefit schedules(collectively referred to as required supplementary information), as listed in the table of contents, 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 for the year ended June 30, 2020 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 the 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. The combining and Individual fund statements and schedules, the other schedules and the schedule of expenditures of federal and state awards have been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2020, 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 combining and Individual fund statements and schedules, the other schedules and the schedule of expenditures of federal and state awards is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2020.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the County as of and for the year ended June 30, 2019 (not presented herein), and have issued our report thereon dated November 7, 2019, which contained unmodified opinions on the respective 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. The amounts reported in prior years in the Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual, Public School Capital Needs, AB Tech Capital Projects, Public Schools ADM Sales Tax and Lottery Project, County Capital Projects, Special Projects Capital Projects and Grants Projects Funds (the supplementary project information) for the year ended June 30, 2019 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2019 financial statements. The amounts reported in prior years in the supplementary information have been subjected to the auditing procedures applied in the audit of the 2019 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the prior year amounts for the supplementary project information are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2019.

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.

Board of Commissioners
Buncombe County, North Carolina

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated January 26, 2021, 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
January 26, 2021

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, 2020. 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 \$127.7 million (net position).
- The County's total net position increased by \$2.1 million during the fiscal year. The increase was primarily caused by the governmental activities, specifically from the net result of revenues exceeding budget expectations and reduced operating costs as a result of COVID 19 closures and cut backs combined with vacant positions that were not filled as of June 30, 2020.
- As of the close of the fiscal year, the County's governmental funds reported combined ending fund balances of \$167.3 million, an increase of \$14.5 million from the prior year. Approximately 48% of this total amount, or \$79.6 million, is restricted or nonspendable.
- The County's General Fund increased fund balance by approximately \$2.5 million during the fiscal year.
- At June 30, 2020, available fund balance for the General Fund was \$72.3 million, or 22.4% of total general fund expenditures and transfers for the fiscal year which is 7.4% higher than the County's minimum fund balance policy.
- At June 30, 2020, the total amount of outstanding long-term debt was \$435.5 million, a decrease of \$1.4 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 \$258.3 million or 59.3% 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 maintains a Aaa bond rating from Moody's Investor Service and a 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

MANAGEMENT'S DISCUSSION AND ANALYSIS

statements; 2) the budgetary comparison statements; 3) the proprietary funds statements; and 4) the fiduciary funds statements.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 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 \$127.7 million at June 30, 2020. The County's net position increased by \$2.1 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;

MANAGEMENT'S DISCUSSION AND ANALYSIS

consequently, these assets are not available for future spending. Although Buncombe County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

Figure 1
Net Position (in millions)

	Governmental Activities		Business-Type Activities		Total	
	2020	2019 Restated	2020	2019 Restated	2020	2019 Restated
Current and other assets	\$ 230.0	\$ 205.0	\$ 20.9	\$ 18.5	\$ 250.9	\$ 223.5
Capital assets	237.8	249.1	31.5	33.3	269.3	282.4
Total assets	467.8	454.1	52.4	51.8	520.2	505.9
Total deferred outflows of resources	44.3	39.0	0.8	0.5	45.1	39.5
Long-term liabilities outstanding	621.9	611.1	22.3	21.6	644.2	632.7
Other liabilities	34.7	31.3	0.6	0.7	35.3	32.0
Total liabilities	656.6	642.4	22.9	22.3	679.5	664.7
Total deferred inflows of resources	13.3	10.5	0.2	-	13.5	10.5
Net position:						
Net investment in capital assets	67.0	51.6	30.2	31.7	97.2	83.3
Restricted	62.8	57.6	-	-	62.8	57.6
Unrestricted	(287.6)	(269.0)	(0.1)	(1.7)	(287.7)	(270.7)
Total net position (deficit)	\$ (157.8)	\$ (159.8)	\$ 30.1	\$ 30.0	\$ (127.7)	\$ (129.8)

Note: The 2019 amounts have been restated as discussed in Note 10

Buncombe County has a negative balance of \$287.7 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 \$258.3 million (or 59.3%) 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 increased by \$17 million from fiscal year 2019.

MANAGEMENT'S DISCUSSION AND ANALYSIS

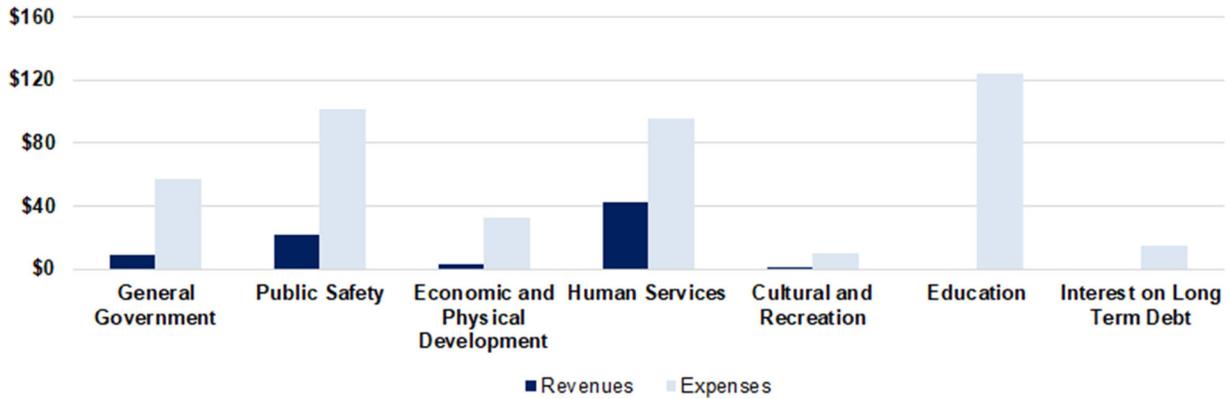
Figure 2
Change in Net Position (in millions)

	Governmental Activities		Business-Type Activities		Total	
	2020	2019 Restated	2020	2019 Restated	2020	2019 Restated
Revenues:						
Program revenues:						
Charges for services	\$ 24.2	\$ 23.0	\$ 11.2	\$ 9.8	\$ 35.4	\$ 32.8
Operating grants and contributions	52.1	51.5	0.6	0.6	52.7	52.1
Capital grants and contributions	2.7	3.4	-	-	2.7	3.4
General revenues:						
Property taxes	232.2	221.5	-	-	232.2	221.5
Other taxes	118.8	121.8	-	-	118.8	121.8
Other	8.2	11.2	(0.5)	0.3	7.7	11.5
Total revenues	438.2	432.4	11.3	10.7	449.5	443.1
Expenses:						
General government	57.0	49.8	-	-	57.0	49.8
Public safety	101.4	90.1	-	-	101.4	90.1
Economic and physical development	32.4	37.2	-	-	32.4	37.2
Human services	95.9	85.2	-	-	95.9	85.2
Culture and recreation	10.1	9.6	-	-	10.1	9.6
Education	124.2	137.6	-	-	124.2	137.6
Interest on long-term debt	15.2	15.6	-	-	15.2	15.6
Solid waste disposal	-	-	10.8	4.5	10.8	4.5
Other	-	-	0.4	0.5	0.4	0.5
Total expenses	436.2	425.1	11.2	5.0	447.4	430.1
Increase (decrease) in net position						
Before transfers	2.0	7.3	0.1	5.7	2.1	13.0
Transfers	-	-	-	-	-	-
Increase (decrease) in net position	2.0	7.3	0.1	5.7	2.1	13.0
Net position, beginning of year, restated	(159.8)	(167.1)	30.0	24.3	(129.8)	(142.8)
Net position (deficit), ending	\$ (157.8)	\$ (159.8)	\$ 30.1	\$ 30.0	\$ (127.7)	\$ (129.8)

Note: The 2019 amounts have been restated as discussed in Note 10

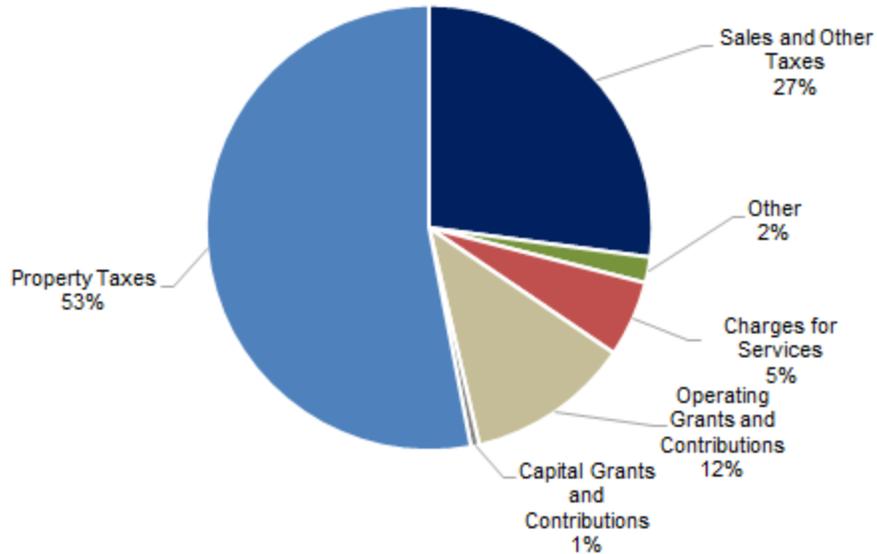
MANAGEMENT’S DISCUSSION AND ANALYSIS

Figure 3
2020 Expenses and Program Revenues - Governmental Activities
 (in millions)



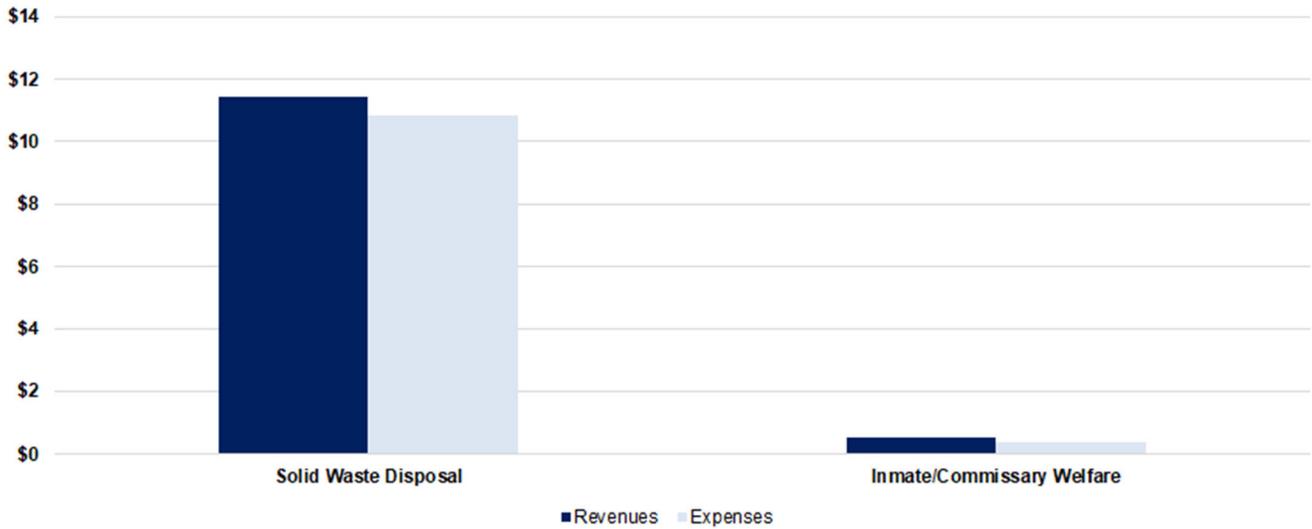
Governmental Activities. Governmental activities increased the County’s net position \$2 million. The key element of this increase is due to economic development incentive payments that did not occur, reduced contract and professional services and positions left vacant due to the COVID 19 cutbacks.

Figure 4
2020 Revenues By Source
Governmental Activities



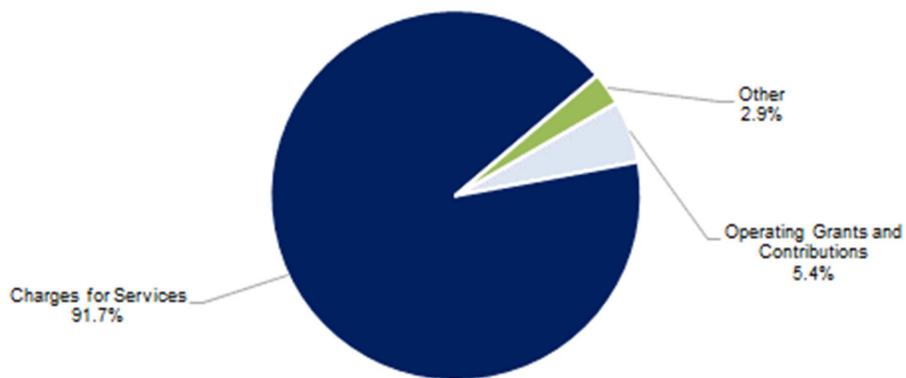
MANAGEMENT'S DISCUSSION AND ANALYSIS

Figure 5
2020 Expenses and Program Revenues - Business-Type Activities
(in millions)



Business-type Activities. Business-type activities increased Buncombe County’s overall net position by \$0.1 million in fiscal year ending June 30, 2020.

Figure 6
2020 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, 2020, the governmental funds of Buncombe County reported a combined fund balance of \$167.3 million, a \$14.5 million increase from last year. Of the total governmental fund balance, \$79.7 million, or 48%, 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 \$72.5 million, while total fund balance reached \$97.8 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 22.4% 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 \$1.99 million. The actual revenue collected was more than the final budget amount by \$2 million. This can be attributed to revenues exceeding budget in multiple areas. Ad Valorem Tax are budgeted based on estimated assessed values and collection rate and actual assessed values were higher than estimated. The County also saw higher than anticipated investment earnings, restricted intergovernmental revenues associated with Health and Human Services, sales and services associated with housing federal prisoners in the detention facility and Medicaid cost settlements.

The fund balance of the County's General Fund saw an increase of approximately \$2.5 million from the previous year; savings in all functional areas contributed to this increase. This is the eighteenth 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 increased \$5.1 million from \$9.8 million in fiscal year 2019 to \$14.9 million in 2020. 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 of the increase is due to debt issued that has not been expended on approved projects as of June 30, 2020.

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 increased \$7.6 million from \$16.7 million in fiscal year 2019 to \$24.3 million in 2020. 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 of the increase is due to debt issued that has not been expended on approved projects as of June 30, 2020.

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 \$1.6 million from \$16.6 million in fiscal year 2019 to \$15 million in 2020. 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. The most significant cause of the decrease is reduced collections of local option sales tax as a result of the COVID 19 "Stay Home Stay Safe" order's effect on businesses in the County, combined with required escalating capital maintenance expenditures for community college facilities.

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 \$0.9 million from \$10.3 million in fiscal year 2019 to \$11.2 million in 2020. Total fund balance can fluctuate from year to year due to the timing of collections on long-term receivables associated with affordable housing loans and project completions. The most significant cause to the increase is due to the timing of when funds are transferred in and when the actual project expenditures occurs combined with collections on long-term receivables.

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 \$0.7 million due to the net investment in capital assets. The Solid Waste Fund net position decreased \$0.04 million from fiscal year 2019, but anticipates improvements in future years with the new transfer station that came online in 2019 being fully operational and a new franchise agreement approved in fiscal year 2020.

Capital Asset and Debt Administration

Capital Assets. As of June 30, 2020, the County's investment in capital assets, net of accumulated depreciation for its governmental and business-type activities totaled \$269.3 million. These assets include land, buildings and improvements, equipment, automotive equipment, and construction in progress. This is a decrease of \$13.1 million, or 4.6%, from fiscal year 2019. This decrease is primarily due to depreciation of capital assets in governmental activities. See Figure 7.

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

- Continuation of the East Asheville Library project
- Continued major maintenance of older buildings to maintain safety and extend their useful lives.
- Courthouse exterior renovations
- Chiller replacement on the Health and Human Service administration building

Additional information on the County's capital assets can be found in Note (5) Capital Assets, 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	
	2020	2019	2020	2019	2020	2019
Land	\$ 21.6	\$ 21.6	\$ 6.8	\$ 6.8	\$ 28.4	\$ 28.4
Buildings and improvements	195.6	205.1	22.1	23.2	217.7	228.3
Equipment	3.9	5.1	1.8	1.9	5.7	7.0
Automotive equipment	4.4	3.8	0.2	0.2	4.6	4.0
Intangibles	6.6	6.8	-	-	6.6	6.8
Construction in progress	5.7	6.7	0.6	1.2	6.3	7.9
Total capital assets	\$ 237.8	\$ 249.1	\$ 31.5	\$ 33.3	\$ 269.3	\$ 282.4

Outstanding Debt. As of June 30, 2020, the County's total debt outstanding was \$435.5 million, of which \$15.7 million is debt backed by the full faith and credit of the County. Installment notes account for the remaining \$419.8 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 \$237 million, of which \$171 million is for the school systems and \$66 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 \$32.9 million, or 8% 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 \$2.7 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	
	2020	2019	2020	2019	2020	2019
General Obligation Bonds	\$ 15.7	\$ 18.6	\$ -	\$ -	\$ 15.7	\$ 18.6
Installment Notes Payable	418.5	416.7	1.3	1.6	419.8	418.3
Total Outstanding Debt	\$ 434.2	\$ 435.3	\$ 1.3	\$ 1.6	\$ 435.5	\$ 436.9

Additional information regarding the County's long-term debt can be found in Note (8) Long-Term Obligations, in the notes of the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FISCAL YEAR 2021 BUDGET HIGHLIGHTS

The total operating budget for Buncombe County is \$448.2 million. The General Fund budget for fiscal year 2021 is \$335.6 million. This is an increase of 0.33% from the fiscal year 2020 amended General Fund budget.

The tax rate for fiscal year 2021 is set at 52.9 cents per \$100 of property value, the tax rate remained the same as 2020.

The FY2021 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 \$3,672,000 for to achieve the following goals:

- Creating new classrooms to serve more children in early care and education settings;
- Supporting capacity and/or quality for existing programs;
- Implementing workforce development strategies to recruit and retain qualified teachers;
- Providing support services for children and families enrolled in early care and education programs;
- Enhancing the effectiveness of overall system of early care and education, including advocacy approaches.

Buncombe County Commissioners continue their commitment to environmental and energy stewardship in the FY2021 budget by allocating the following:

- \$2,440,230 – Solar Panels on County Buildings
- \$408,247 – Agriculture Profitability and Sustainability
- \$90,000 – Conservation Easements
- \$240,000 – Blue Horizons Project
- \$872,000 – Hybrid Vehicles

Other major items funded in the FY2021 budget include:

- \$5.14M for transportation services
- \$3.95M in justice resource support
- \$1.61M investment in substance abuse services
- \$2.31M investment in affordable housing
- \$1.32M investment in economic development
- \$5.04M investment in capital improvements

The fiscal year 2021 budget includes a fund balance appropriation of \$12.2 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, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 164,664,954	\$ 19,745,225	\$ 184,410,179
Receivables (net)	8,903,209	1,175,000	10,078,209
Due from other governments	31,150,014	-	31,150,014
Due from primary government	-	-	-
Due from component unit	-	-	-
Inventories	-	18,100	18,100
Prepays	440,655	-	440,655
Restricted cash and investments	18,745,292	-	18,745,292
Net pension asset	571,128	-	571,128
Long-term receivables	5,546,102	-	5,546,102
Capital assets:			
Land and construction in progress	27,264,696	7,436,956	34,701,652
Other capital assets, net of depreciation	210,547,014	24,066,067	234,613,081
Total capital assets	237,811,710	31,503,023	269,314,733
Total assets	467,833,064	52,441,348	520,274,412
DEFERRED OUTFLOWS OF RESOURCES	44,301,306	814,295	45,115,601
LIABILITIES			
Accounts payable and accrued expenses	20,949,662	661,975	21,611,637
Accrued interest payable	1,166,188	1,881	1,168,069
Payable from restricted cash	2,026,400	-	2,026,400
Unearned revenue	923,990	-	923,990
Other liabilities	7,976,614	-	7,976,614
Due to component unit	1,769,232	-	1,769,232
Long-term liabilities:			
Total pension liability - LEOSSA	7,816,784	-	7,816,784
Net pension liability - LGERS	35,545,929	740,924	36,286,853
Net OPEB liability	131,698,054	2,636,118	134,334,172
Due within one year	42,358,685	472,840	42,831,525
Due in more than one year	404,478,391	18,410,535	422,888,926
Total long-term liabilities	621,897,843	22,260,417	644,158,260
Total liabilities	656,709,929	22,924,273	679,634,202
DEFERRED INFLOWS OF RESOURCES	13,317,019	201,486	13,518,505
NET POSITION			
Net investment in capital assets	67,089,208	30,182,901	97,272,109
Restricted for:			
Stabilization by State statute	24,581,102	-	24,581,102
Product development	-	-	-
Capital projects	33,606,475	-	33,606,475
Public safety	2,456,597	-	2,456,597
Other	2,032,780	-	2,032,780
Unrestricted (deficit)	(287,658,740)	(53,017)	(287,711,757)
Total net position	\$ (157,892,578)	\$ 30,129,884	\$ (127,762,694)

Exhibit 1

	Component Units	
	Tourism Development Authority	WNC Regional Air Quality Agency
ASSETS		
Cash and investments	\$ 28,350,511	\$ 654,576
Receivables (net)	13,782	-
Due from other governments	-	312
Due from primary government	1,769,232	-
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	-	21,995
Total capital assets	-	21,995
Total assets	30,133,525	676,883
DEFERRED OUTFLOWS OF RESOURCES	-	231,121
LIABILITIES		
Accounts payable and accrued expenses	328,557	58,152
Accrued interest payable	-	-
Payable from restricted cash	-	-
Unearned revenue	-	-
Other liabilities	167,748	-
Due to component unit	-	-
Long-term liabilities:		
Total pension liability - LEOSSA	-	-
Net pension liability - LGERS	-	148,835
Net OPEB liability	-	849,301
Due within one year	-	68,999
Due in more than one year	-	-
Total long-term liabilities	-	1,067,135
Total liabilities	496,305	1,125,287
DEFERRED INFLOWS OF RESOURCES	-	61,019
NET POSITION		
Net investment in capital assets	-	21,995
Restricted for:		
Stabilization by State statute	1,783,014	-
Product development	16,729,820	-
Capital projects	-	-
Public safety	-	-
Other	-	-
Unrestricted (deficit)	11,124,386	(300,297)
Total net position	\$ 29,637,220	\$ (278,302)

19
The accompanying notes are an integral part of these financial statements.

BUNCOMBE COUNTY, NORTH CAROLINA

Statement of Activities

FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
GOVERNMENTAL ACTIVITIES:				
General government	\$ 57,033,928	\$ 5,141,450	\$ 4,032,281	\$ -
Public safety	101,420,210	15,808,262	5,728,478	-
Economic and physical development	32,356,232	1,010,471	1,658,015	-
Human services	95,907,482	1,910,601	40,424,928	673,856
Cultural and recreational	10,109,657	310,224	277,274	-
Education	124,192,016	-	-	2,010,206
Interest on long-term debt	15,176,709	-	-	-
Total governmental activities	436,196,234	24,181,008	52,120,976	2,684,062
BUSINESS-TYPE ACTIVITIES:				
Solid Waste Disposal	10,869,728	10,684,973	612,084	-
Inmate Commissary/Welfare	378,732	504,460	-	-
Total business-type activities	11,248,460	11,189,433	612,084	-
Total primary government	\$ 447,444,694	\$ 35,370,441	\$ 52,733,060	\$ 2,684,062
COMPONENT UNITS:				
Tourism Development Authority	\$ 23,501,295	\$ 130,507	\$ 20,469,940	\$ -
WNC Regional Air Quality Agency	712,683	450,650	431,903	-
Total component units	\$ 24,213,978	\$ 581,157	\$ 20,901,843	\$ -

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 (loss) on sale of assets

Total general revenues

Change in net position

Net position, beginning of year, as originally reported

Prior period adjustment (Note 10)

Net position, beginning of year, as restated

Net position, 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
\$ (47,860,197)	\$ -	\$ (47,860,197)		
(79,883,470)	-	(79,883,470)		
(29,687,746)	-	(29,687,746)		
(52,898,097)	-	(52,898,097)		
(9,522,159)	-	(9,522,159)		
(122,181,810)	-	(122,181,810)		
(15,176,709)	-	(15,176,709)		
<u>(357,210,188)</u>	<u>-</u>	<u>(357,210,188)</u>		
-	427,329	427,329		
-	125,728	125,728		
-	553,057	553,057		
<u>(357,210,188)</u>	<u>553,057</u>	<u>(356,657,131)</u>		
			\$ (2,900,848)	\$ -
			-	169,870
			<u>(2,900,848)</u>	<u>169,870</u>
232,199,493	-	232,199,493	-	-
90,357,501	-	90,357,501	-	-
28,405,875	-	28,405,875	-	142,692
339,316	-	339,316	-	-
1,920,858	162,120	2,082,978	364,373	6,237
719,843	-	719,843	-	-
5,051,020	-	5,051,020	8,667	-
145,412	(624,109)	(478,697)	-	-
<u>359,139,318</u>	<u>(461,989)</u>	<u>358,677,329</u>	<u>373,040</u>	<u>148,929</u>
1,929,130	91,068	2,020,198	(2,527,808)	318,799
(168,897,906)	29,857,144	(139,040,762)	32,165,028	(655,632)
9,076,198	181,672	9,257,870	-	58,531
<u>(159,821,708)</u>	<u>30,038,816</u>	<u>(129,782,892)</u>	<u>32,165,028</u>	<u>(597,101)</u>
<u>\$ (157,892,578)</u>	<u>\$ 30,129,884</u>	<u>\$ (127,762,694)</u>	<u>\$ 29,637,220</u>	<u>\$ (278,302)</u>

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

BUNCOMBE COUNTY, NORTH CAROLINA

Balance Sheet

Governmental Funds

JUNE 30, 2020

	General	Occupancy Tax	Public School Capital Needs	AB Tech Capital Projects
ASSETS				
Cash and investments	\$ 94,489,248	\$ 511,017	\$ 14,221,846	\$ 11,996,782
Restricted cash and investments	582,436	-	5,629,559	3,431
Receivables, net	6,994,334	1,277,380	2,550	19,373
Due from other governments	15,512,414	-	4,545,513	3,076,759
Due from other funds	1,113,172	-	-	-
Prepaid items	56,655	-	-	-
Long-term receivable	-	-	-	-
Total assets	<u>\$ 118,748,259</u>	<u>\$ 1,788,397</u>	<u>\$ 24,399,468</u>	<u>\$ 15,096,345</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 11,793,878	\$ -	\$ 6,907	\$ 127,188
Payable from restricted cash	166,674	-	122,253	-
Unearned revenue	188,812	-	-	-
Miscellaneous liabilities	3,537,099	-	-	-
Due to component unit	-	1,769,232	-	-
Due to other funds	-	19,165	-	-
Total liabilities	<u>15,686,463</u>	<u>1,788,397</u>	<u>129,160</u>	<u>127,188</u>
DEFERRED INFLOWS OF RESOURCES	<u>5,276,719</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	56,655	-	-	-
Restricted for:				
Stabilization by State statute	23,827,392	-	-	-
Capital projects	226,950	-	24,270,308	14,969,157
Public safety	-	-	-	-
Other	1,207,445	-	-	-
Committed	2,639,713	-	-	-
Assigned	12,673,752	-	-	-
Unassigned	57,153,170	-	-	-
Total fund balances	<u>97,785,077</u>	<u>-</u>	<u>24,270,308</u>	<u>14,969,157</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 118,748,259</u>	<u>\$ 1,788,397</u>	<u>\$ 24,399,468</u>	<u>\$ 15,096,345</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
\$ -	\$ 4,468,992	\$ 10,171,065	\$ 4,195,538	\$ 140,054,488
-	11,010,191	-	1,519,675	18,745,292
-	303,843	15,538	191,012	8,804,030
4,738,955	-	-	3,276,373	31,150,014
-	-	-	-	1,113,172
-	-	-	-	56,655
-	-	5,546,102	-	5,546,102
<u>\$ 4,738,955</u>	<u>\$ 15,783,026</u>	<u>\$ 15,732,705</u>	<u>\$ 9,182,598</u>	<u>\$ 205,469,753</u>

\$ 3,644,948	\$ 98,131	\$ 42,436	\$ 2,617,202	\$ 18,330,690
-	766,961	-	970,512	2,026,400
-	-	-	735,178	923,990
-	-	4,439,515	-	7,976,614
-	-	-	-	1,769,232
1,094,007	-	-	-	1,113,172
<u>4,738,955</u>	<u>865,092</u>	<u>4,481,951</u>	<u>4,322,892</u>	<u>32,140,098</u>

-	-	-	737,837	6,014,556
---	---	---	---------	-----------

-	-	-	-	56,655
-	-	-	753,710	24,581,102
-	11,010,191	-	-	50,476,606
-	-	-	2,456,597	2,456,597
-	-	-	825,335	2,032,780
-	-	-	-	2,639,713
-	3,907,743	11,250,754	86,227	27,918,476
-	-	-	-	57,153,170
<u>-</u>	<u>14,917,934</u>	<u>11,250,754</u>	<u>4,121,869</u>	<u>167,315,099</u>

\$ 4,738,955 \$ 15,783,026 \$ 15,732,705 \$ 9,182,598

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) (325,207,677)

Net position (deficit) of governmental activities \$ (157,892,578)

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, 2020

	General	Occupancy Tax	Public School Capital Needs	AB Tech Capital Projects
REVENUES				
Ad valorem taxes	\$ 206,786,990	\$ -	\$ -	\$ -
Incremental tax revenue	-	-	-	-
Local option sales taxes	32,468,456	-	20,585,926	13,915,007
Other taxes and licenses	7,623,716	20,782,159	-	-
Unrestricted intergovernmental	719,843	-	-	-
Restricted intergovernmental	45,091,481	-	188,727	21,360
Permits and fees	4,704,686	-	-	-
Sales and services	18,182,557	-	-	-
Investment earnings	1,443,665	-	149,233	170,586
Miscellaneous	1,276,536	-	-	-
Total revenues	318,297,930	20,782,159	20,923,886	14,106,953
EXPENDITURES				
Current:				
General government	45,801,846	-	-	-
Public safety	61,248,034	-	-	-
Economic and physical development	7,968,519	20,782,159	-	-
Human services	83,147,921	-	-	-
Cultural and recreational	7,823,773	-	-	-
Intergovernmental:				
Education	90,709,757	-	-	-
Capital outlay	-	-	13,903,166	2,190,006
Debt service:				
Principal retirement	12,708,361	-	13,997,165	5,094,041
Interest and fees	8,083,380	-	7,732,892	3,475,504
Total expenditures	317,491,591	20,782,159	35,633,223	10,759,551
Revenues over (under) expenditures	806,339	-	(14,709,337)	3,347,402
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	6,842,647	-	-	-
Transfers to other funds	(5,825,384)	-	-	(5,000,000)
Installment obligations issued	54,396,766	-	22,275,296	8,586,619
Payment to refunded bond escrow agent	(53,757,925)	-	-	(8,517,114)
Sales of capital assets	32,680	-	-	-
Total other financing sources (uses)	1,688,784	-	22,275,296	(4,930,495)
Net changes in fund balances	2,495,123	-	7,565,959	(1,583,093)
Fund balances, beginning of year	95,289,954	-	16,704,349	16,552,250
Fund balances, end of year	\$ 97,785,077	\$ -	\$ 24,270,308	\$ 14,969,157

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
\$ -	\$ -	\$ -	\$ 24,777,531	\$ 231,564,521
-	-	-	339,316	339,316
15,596,772	-	-	7,791,340	90,357,501
-	-	-	-	28,405,875
-	-	-	-	719,843
1,800,119	45,555	458,450	6,730,475	54,336,167
-	-	-	153,432	4,858,118
-	-	-	15,200	18,197,757
-	48,741	-	27,644	1,839,869
-	14,703	1,624,591	2,135,190	5,051,020
17,396,891	108,999	2,083,041	41,970,128	435,669,987
-	-	-	1,174,428	46,976,274
-	-	-	35,017,084	96,265,118
-	-	-	6,852	28,757,530
-	-	-	6,420,122	89,568,043
-	-	-	482,007	8,305,780
-	-	-	-	90,709,757
17,396,891	7,457,210	3,628,262	712,152	45,287,687
-	-	-	115,000	31,914,567
-	-	-	513,879	19,805,655
17,396,891	7,457,210	3,628,262	44,441,524	457,590,411
-	(7,348,211)	(1,545,221)	(2,471,396)	(21,920,424)
-	885,780	2,461,845	2,543,609	12,733,881
-	(1,779,400)	-	(129,097)	(12,733,881)
-	13,206,993	-	-	98,465,674
-	-	-	-	(62,275,039)
-	115,000	-	45,100	192,780
-	12,428,373	2,461,845	2,459,612	36,383,415
-	5,080,162	916,624	(11,784)	14,462,991
-	9,837,772	10,334,130	4,133,653	152,852,108
\$ -	\$ 14,917,934	\$ 11,250,754	\$ 4,121,869	\$ 167,315,099

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

Net changes in fund balances - total governmental funds	\$ 14,462,991
Reconciliation to full accrual basis of accounting (see Note 1)	(12,533,861)
Total change in net position (deficit) of governmental activities	<u>\$ 1,929,130</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, 2020

	General Fund			Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Ad valorem taxes	\$ 206,224,379	\$ 206,224,379	\$ 206,786,990	\$ 562,611
Local option sales taxes	33,533,237	33,533,237	32,468,456	(1,064,781)
Other taxes and licenses	7,613,317	7,238,317	7,623,716	385,399
Unrestricted intergovernmental	700,000	700,000	719,843	19,843
Restricted intergovernmental	42,701,919	44,787,952	45,091,481	303,529
Permits and fees	4,010,157	4,010,157	4,704,686	694,529
Sales and services	17,885,815	17,885,815	18,182,557	296,742
Investment earnings	761,250	761,250	1,443,665	682,415
Miscellaneous	871,265	1,154,565	1,276,536	121,971
Total revenues	314,301,339	316,295,672	318,297,930	2,002,258
EXPENDITURES				
Current:				
General government	49,251,090	49,830,976	45,801,846	4,029,130
Public safety	63,672,959	65,774,839	61,248,034	4,526,805
Economic and physical development	7,702,078	10,235,268	7,968,519	2,266,749
Human services	88,704,572	88,008,031	83,147,921	4,860,110
Cultural and recreational	8,534,472	8,563,170	7,823,773	739,397
Intergovernmental:				
Education	90,575,606	90,908,719	90,709,757	198,962
Total current expenditures	308,440,777	313,321,003	296,699,850	16,621,153
Debt service:				
Principal retirement			12,708,361	
Interest and other charges			8,083,380	
Total debt service	22,121,569	21,285,789	20,791,741	494,048
Total expenditures	330,562,346	334,606,792	317,491,591	17,115,201
Revenues over (under) expenditures	(16,261,007)	(18,311,120)	806,339	19,117,459
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	7,235,450	8,535,450	6,842,647	(1,692,803)
Transfers to other funds	(4,614,520)	(5,828,300)	(5,825,384)	2,916
Installment obligations issued	-	53,757,926	54,396,766	638,840
Payment to refunded bond escrow agent	-	(53,757,926)	(53,757,925)	1
Sales of capital assets	-	85,000	32,680	(52,320)
Appropriated fund balance	13,640,077	15,518,970	-	(15,518,970)
Total other financing sources (uses)	16,261,007	18,311,120	1,688,784	(16,622,336)
Net change in fund balance	\$ -	\$ -	2,495,123	\$ 2,495,123
Fund balance, beginning of year			95,289,954	
Fund balance, end of year			<u>\$ 97,785,077</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, 2020

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Occupancy tax	\$ 27,000,000	\$ 20,782,159	\$ (6,217,841)
EXPENDITURES			
Current:			
Economic and physical development:			
Tourism development	27,000,000	20,782,159	6,217,841
Revenues over expenditures	-	-	-
Net change in fund balance	\$ -	-	\$ -
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

BUNCOMBE COUNTY, NORTH CAROLINA

Exhibit 7

Statement of Net Position

Proprietary Funds

JUNE 30, 2020

	Enterprise Funds			Internal Service Fund
	Solid Waste Disposal Fund	Nonmajor Enterprise Fund	Total	Insurance Fund
ASSETS				
Current assets:				
Cash and investments	\$ 18,939,241	\$ 805,984	\$ 19,745,225	\$ 24,610,466
Receivables, net	1,151,507	23,493	1,175,000	12,853
Prepays	-	-	-	384,000
Inventories	18,100	-	18,100	-
Total current assets	20,108,848	829,477	20,938,325	25,007,319
Noncurrent assets:				
Capital assets:				
Land, improvements, and construction in progress	7,436,956	-	7,436,956	-
Other capital assets, net of depreciation	23,956,167	109,900	24,066,067	-
Total capital assets	31,393,123	109,900	31,503,023	-
Total noncurrent assets	31,393,123	109,900	31,503,023	-
Total assets	51,501,971	939,377	52,441,348	25,007,319
DEFERRED OUTFLOWS OF RESOURCES	778,628	35,667	814,295	-
LIABILITIES				
Current liabilities:				
Accounts payable	429,200	78,238	507,438	659,829
Accrued interest payable	1,881	-	1,881	-
Salaries and payroll taxes payable	150,854	3,683	154,537	14,822
Compensated absences	165,663	2,177	167,840	-
Other liabilities	-	-	-	1,944,320
Installment obligations payable, current portion	305,000	-	305,000	-
Total current liabilities	1,052,598	84,098	1,136,696	2,618,971
Noncurrent liabilities:				
Accrued landfill closure and postclosure care costs	17,395,413	-	17,395,413	-
Net OPEB liability	2,495,828	140,290	2,636,118	-
Installment obligations payable	1,015,122	-	1,015,122	-
Net pension liability - LGERS	714,778	26,146	740,924	-
Total noncurrent liabilities	21,621,141	166,436	21,787,577	-
Total liabilities	22,673,739	250,534	22,924,273	2,618,971
DEFERRED INFLOWS OF RESOURCES	191,106	10,380	201,486	-
NET POSITION				
Net investment in capital assets	30,073,001	109,900	30,182,901	-
Unrestricted (deficit)	(657,247)	604,230	(53,017)	22,388,348
Total net position	\$ 29,415,754	\$ 714,130	\$ 30,129,884	\$ 22,388,348

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, 2020

	Enterprise Funds			Internal Service Fund
	Solid Waste Disposal Fund	Nonmajor Enterprise Fund	Total	Insurance Fund
OPERATING REVENUES				
Charges for services	\$ 10,684,973	\$ 504,460	\$ 11,189,433	\$ 38,007,937
Miscellaneous	612,084	-	612,084	-
Total operating revenues	<u>11,297,057</u>	<u>504,460</u>	<u>11,801,517</u>	<u>38,007,937</u>
OPERATING EXPENSES				
Salaries, wages, and fringe benefits	3,148,304	94,797	3,243,101	369,941
Contracted services	809,711	133,453	943,164	-
Cost of products sold	-	78,468	78,468	-
Maintenance and repairs	1,015,916	-	1,015,916	-
Other operating expenses	3,018,877	52,620	3,071,497	1,271,445
Landfill closure and postclosure care costs	942,621	-	942,621	-
Depreciation	1,920,790	19,394	1,940,184	-
Insurance premiums	-	-	-	1,265,068
Claims	-	-	-	30,868,326
Total operating expenses	<u>10,856,219</u>	<u>378,732</u>	<u>11,234,951</u>	<u>33,774,780</u>
Operating income	<u>440,838</u>	<u>125,728</u>	<u>566,566</u>	<u>4,233,157</u>
NONOPERATING REVENUES (EXPENSES)				
Interest and investment revenue	155,751	6,369	162,120	-
Interest and other charges	(13,509)	-	(13,509)	-
Loss on disposal of assets	(624,109)	-	(624,109)	-
Total nonoperating revenues (expenses)	<u>(481,867)</u>	<u>6,369</u>	<u>(475,498)</u>	<u>-</u>
Change in net position	(41,029)	132,097	91,068	4,233,157
Net position, beginning of year	29,284,779	572,365	29,857,144	18,155,191
Prior period adjustment (Note 10)	172,004	9,668	181,672	-
Net position, beginning, as restated	<u>29,456,783</u>	<u>582,033</u>	<u>30,038,816</u>	<u>18,155,191</u>
Net position, ending	<u>\$ 29,415,754</u>	<u>\$ 714,130</u>	<u>\$ 30,129,884</u>	<u>\$ 22,388,348</u>

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, 2020

	Enterprise Funds			Internal Service Fund
	Solid Waste Disposal Fund	Nonmajor Enterprise Fund	Total	Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 10,893,874	\$ 503,494	\$ 11,397,368	\$ 38,002,074
Cash paid for goods and services	(5,293,296)	(249,500)	(5,542,796)	(33,459,538)
Cash paid to employees for services	(2,843,505)	(93,796)	(2,937,301)	(437,777)
Other operating revenue	612,086	-	612,086	-
Net cash provided by operating activities	3,369,159	160,198	3,529,357	4,104,759
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(580,674)	(129,294)	(709,968)	-
Principal paid on installment obligation	(295,000)	-	(295,000)	-
Interest paid on long-term debt	(33,183)	-	(33,183)	-
Net cash used by capital and related financing activities	(908,857)	(129,294)	(1,038,151)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	155,751	6,369	162,120	-
Net cash provided by investing activities	155,751	6,369	162,120	-
Net increase in cash and investments	2,616,053	37,273	2,653,326	4,104,759
Cash and investments, beginning of year	16,323,188	768,711	17,091,899	20,505,707
Cash and investments, end of year	\$ 18,939,241	\$ 805,984	\$ 19,745,225	\$ 24,610,466

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 to net cash provided by operating activities:				
Operating income	\$ 440,838	\$ 125,728	\$ 566,566	\$ 4,233,157
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	1,920,790	19,394	1,940,184	-
Landfill closure and postclosure care costs	619,217	-	619,217	-
Changes in assets, liabilities and deferred outflows and inflows of resources:				
Accounts receivable	208,901	(966)	207,935	(5,863)
Inventories	1,933	-	1,933	-
Deferred outflows of resources - pensions	49,506	10,881	60,387	-
Net pension liability	114,952	(7,570)	107,382	-
Deferred inflows of resources - pensions	3,954	(139)	3,815	-
Accounts payable	(127,321)	15,041	(112,280)	(54,699)
Salaries and payroll taxes payable	59,240	(967)	58,273	(67,836)
Deferred outflows of resources - OPEB	(172,761)	(9,711)	(182,472)	-
Net OPEB liability	178,366	10,026	188,392	-
Deferred inflows of resources - OPEB	35,339	1,986	37,325	-
Accrued compensated absences	36,205	(3,505)	32,700	-
Total adjustments	2,928,321	34,470	2,962,791	(128,398)
Net cash provided by operating activities	\$ 3,369,159	\$ 160,198	\$ 3,529,357	\$ 4,104,759

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

BUNCOMBE COUNTY, NORTH CAROLINA

Exhibit 10

Statement of Fiduciary Net Position

JUNE 30, 2020

	<u>OPEB Trust Fund</u>	<u>Agency Funds</u>
ASSETS		
Cash and investments	\$ 25,984,208	\$ 1,992,866
Intergovernmental receivable	-	1,311,391
	<u>25,984,208</u>	<u>\$ 3,304,257</u>
LIABILITIES		
Intergovernmental payable	\$ -	\$ 2,298,153
Due to beneficiaries	-	1,006,104
Total liabilities	<u>-</u>	<u>\$ 3,304,257</u>
NET POSITION		
Restricted for OPEB	<u>\$ 25,984,208</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, 2020

	<u>OPEB Trust Fund</u>
ADDITIONS	
Employer contributions	\$ 7,098,735
Investment income:	
Interest and dividends	172,056
Loss on sales of investments	(9,589)
Net appreciation in fair value of investments	561,021
Less: investment management fees	<u>(2,252)</u>
Investment income, net	<u>721,236</u>
Total additions	<u>7,819,971</u>
DEDUCTIONS	
Benefit payments	<u>7,098,735</u>
Total deductions	<u>7,098,735</u>
Change in net position	721,236
NET POSITION	
Restricted for OPEB	
Beginning of year	<u>25,262,972</u>
End of year	<u>\$ 25,984,208</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, 2020

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. The OPEB Trust Fund holds funds used to provide postretirement benefits to qualifying employees of the County and the WNC Regional Air Quality Agency. It is presented as a fiduciary fund in the 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 listed 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).
OPEB Trust Fund	Fiduciary Fund	The OPEB Trust Fund provides postretirement healthcare benefits to qualifying employees of the County and the WNC Regional Air Quality component unit. The trust was formed by the decision of the County Commissioners.	None issued.
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 adopted on an annual basis by the Foundation board. The Foundation has no corporate members, however the County provides financial assistance as well as operational staff and other non-monetary support.</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 (City) and the County pursuant to State statute. The governing board members are 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 adopted on an annual basis by the Agency board.</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 budgeted fund is consolidated into the General Fund for reporting purposes.

Occupancy Tax Fund: This fund accounts for the revenues from room occupancy tax used 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.

Public School Capital Needs Fund: This fund accounts for construction related to local public schools funded by article 39 sales tax and general obligation bonds and installment obligations serviced by the tax. 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.

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 Fund, which accounts for ad valorem and local option sales taxes collected for other taxing units as well as fees collected by the register of deeds that are to be remitted to the State Treasurer; 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. 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 Public School Capital Needs Fund, the AB Tech Capital Projects Fund, the Public School ADM Sales Tax/Lottery Projects Fund, the Grant Projects Fund, the Special Projects Capital Projects Funds, and the enterprise capital projects fund, which is 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 and 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 County 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 0.15 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, 2020 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 7.97 years at June 30, 2020.

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, 2020 the fair value of the funds was \$23.107392 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 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 and grant proceeds are classified as restricted assets within the governmental funds because their use is completely restricted to the purpose for which the bonds and grants were originally issued.

Governmental Activities:

General Fund	Unexpended grant proceeds	\$ 355,486
General Fund	Unexpended bond proceeds	226,950
County Capital Projects Fund	Unexpended bond proceeds	5,629,559
Public School Capital Needs Fund	Unexpended bond proceeds	11,010,191
AB Tech Capital Projects Fund	Unexpended bond proceeds	3,431
Other Governmental Funds	Unexpended grant proceeds	<u>1,519,675</u>
Total restricted cash		<u>\$ 18,745,292</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, 2019.

(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, with any accrual in excess of two years 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 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

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt net of any unused bond proceeds that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

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 as determined by the Buncombe County Service Foundation.

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

Restricted for Permits and Inspections: Portion of fund balance that is restricted by revenue source under North Carolina General Statute 153A-354 to the support of the administration and activities of the inspection department.

Restricted for Soil Conservation: Portion of fund balance that is restricted by revenue source to soil conservation activities.

Restricted for Economic Development: Portion of fund balance that is restricted to paying debt service of the PDF Woodfin Downtown Fund.

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 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 (LGERS) 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)	\$ 393,975,922
Less accumulated depreciation	(156,164,212)
Net capital assets	<u>237,811,710</u>
Net pension asset	571,128
Pension and other post-employment benefit activity relating to deferred outflows and inflows is not used or reported in the funds	30,690,056
Accrued interest receivable on long-term loans reported in the government-wide activities, but not in the fund statements	86,325
Deferred inflows of resources are reported in the fund statements but not the government-wide statements	3,800,924
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	22,388,348
Deferred charges related to advance refunding bonds issued – included on government-wide statement of net position, but are not a current financial resource	2,507,863
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	(434,252,389)
Compensated absences	(9,206,818)
Total pension liability - LEOSA	(7,816,784)
Other postemployment benefits	(131,698,054)
Net pension liability - LGERS	(35,545,929)
Accrued salaries related to retirement incentive	(2,639,713)
Pension spiking liability	(738,156)
Accrued interest payable	<u>(1,166,188)</u>
Total	<u>\$ (325,207,677)</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	\$ 4,779,510
Cost of disposed capital assets not recorded in fund statements	(47,368)
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	(15,995,754)
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.	
Proceeds from the issuance of debt	(98,465,674)
Principal and escrow payments on long-term debt	94,189,606
A portion of expense activity related to the Local Government Employee Retirement System, the Law Enforcement Special Separation Allowance, the Register of Deeds' Supplemental Pension Fund, and other post-employment benefits is not reported in the governmental funds and is included in the Statement of Activities:	
Local Government Employee Retirement System expense adjustment	(7,912,552)
Law Enforcement Special Separation Allowance expense adjustment	(177,524)
Register of Deeds' Supplemental Pension Fund expense adjustment	(43,017)
Other post-employment benefit expense adjustment	(2,160,489)
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	378,477
Amortization of premium on long-term debt	4,756,416
Amortization of refunding costs not recorded on fund statements	(505,948)
Compensated absences	(1,234,705)
Payments related to the 2014 Retirement Incentive	1,930,012
Pension spiking liability	1,432,029
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)	86,325
Increase of deferred inflows of resources – taxes receivable	634,972
Increase of deferred inflows of resources – library receivable	1,318
Increase of deferred inflows of resources – EMS receivable	991,709
Increase of deferred inflows of resources – rent receivable	528,461
Increase in deferred inflows of resources - grant receivables	67,178
Net expense, including transfers, of internal service funds determined to be governmental type	4,233,157
Total	<u>\$ (12,533,861)</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, 2020, the County's (including Western North Carolina Regional Air Quality) deposits had a carrying amount of \$18,384,511 and a bank balance of \$18,659,192. Of the bank balance, \$250,000 was covered by federal depository insurance and \$18,409,192 was covered by collateral held under the Pooling Method. These amounts include \$1,992,866 held by the County in its fiduciary capacity for its agency funds. At June 30, 2020, Buncombe County had \$8,752 cash on hand.

At June 30, 2020, the Tourism Development Authority's deposits had a carrying amount of \$4,893,450 and a bank balance of \$4,921,332. Of the bank balance, \$250,000 was covered by federal depository insurance and \$4,671,332 was covered by collateral held under the Pooling Method.

(2) Investments

As of June 30, 2020, 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	\$ 35,000	\$ 35,000	\$ -
NCCMT - Government Portfolio	Fair Value-Level 1	132,116,126	132,116,126	-
NCCMT - Term Portfolio*	Fair Value-Level 1	55,258,524	55,258,524	-
Total		<u>\$ 187,409,650</u>	<u>\$ 187,409,650</u>	<u>\$ -</u>

* As of June 30, 2020, the NCCMT Term Portfolio has a duration of 0.15 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, 2020, the Tourism Development Authority's investments consisted of \$23,457,061 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	\$ 18,384,511	\$ 4,893,450	\$ -
Cash on hand	8,752		-
Investments	187,409,650	23,457,061	-
	205,802,913	28,350,511	-
Reported in Component Units	(654,576)	-	654,576
	<u>\$ 205,148,337</u>	<u>\$ 28,350,511</u>	<u>\$ 654,576</u>
Reported on government-wide statement of net position:			
Cash and investments	\$ 184,410,179	\$ 28,350,511	\$ 654,576
Restricted cash and investments	18,745,292	-	-
	203,155,471	<u>\$ 28,350,511</u>	<u>\$ 654,576</u>
Reported in agency funds:			
Cash and investments	1,992,866		
	<u>\$ 205,148,337</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, 2020, the Buncombe County Healthcare Benefits (HCB) Plan Fund had \$25,984,208 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:

	<u>Fair Value</u>	<u>Percent of Total</u>
State Treasurer’s Long-Term Investment Fund (BIF)	\$ 2,446,349	9.41%
State Treasurer’s Short-Term Investment Fund (STIF)	5,612,682	21.60%
BlackRock’s MSCI ACWI EQ Index Non-Lendable Class B Fund	<u>17,925,176</u>	<u>68.99%</u>
Total	<u>\$ 25,984,208</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, 2020. The State Treasurer’s Bond Index Fund (BIF) is unrated and had a weighted average maturity of 7.97 years at June 30, 2020.

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	Tax	Interest	Total
Levied			
2017	\$ 4,634,354	\$ 1,100,659	\$ 5,735,013
2018	4,143,135	611,112	4,754,247
2019	4,059,361	233,413	4,292,774
2020	4,026,242	-	4,026,242
Total	<u>\$ 16,863,092</u>	<u>\$ 1,945,184</u>	<u>\$ 18,808,276</u>

(4) Receivables

Receivables at the government-wide level at June 30, 2020 were as follows:

	Accounts	Taxes and Related Accrued Interest	Due From Other Governments	Total
Governmental Activities:				
General	\$ 9,083,156	\$ 1,562,395	\$ 15,512,414	\$ 26,157,965
Occupancy Tax	-	1,277,380	-	1,277,380
Public School Capital Needs	2,550	-	4,545,513	4,548,063
AB Tech Capital Projects	19,373	-	3,076,759	3,096,132
Public Schools ADM	-	-	4,738,955	4,738,955
County Capital Projects	303,843	-	-	303,843
Special Projects Capital Projects	15,538	-	-	15,538
Internal Service Fund	12,853	-	-	12,853
Other Governmental	5,755	243,832	3,276,373	3,525,960
	<u>9,443,068</u>	<u>3,083,607</u>	<u>31,150,014</u>	<u>43,676,689</u>
Allowance for doubtful accounts	(3,135,749)	(574,043)	-	(3,709,792)
Total	<u>6,307,319</u>	<u>2,509,564</u>	<u>31,150,014</u>	<u>39,966,897</u>
Governmental Activities	86,325	-	-	86,325
Total - governmental activities	<u>\$ 6,393,644</u>	<u>\$ 2,509,564</u>	<u>\$ 31,150,014</u>	<u>\$ 40,053,222</u>
Business-type Activities				
Solid Waste Disposal	\$ 1,208,549	\$ -	\$ -	\$ 1,208,549
Other Business-type	23,493	-	-	23,493
	<u>1,232,042</u>	<u>-</u>	<u>-</u>	<u>1,232,042</u>
Allowance for doubtful accounts	(57,042)	-	-	(57,042)
Total - business-type activities	<u>\$ 1,175,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,175,000</u>

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

Local option sales tax	\$ 18,820,176
Other	12,329,838
Total	<u>\$ 31,150,014</u>

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, 2020 was as follows:

Governmental Activities:	Beginning Balances	Increases	Decreases	Adjustments	Ending Balances
Capital assets not being depreciated:					
Land	\$ 21,587,883	\$ -	\$ -	\$ -	\$ 21,587,883
Construction in progress	6,690,350	7,457,210	8,470,747	-	5,676,813
Total assets not being depreciated	<u>28,278,233</u>	<u>7,457,210</u>	<u>8,470,747</u>	<u>-</u>	<u>27,264,696</u>
Capital assets being depreciated					
Buildings	217,093,548	3,964	16,872	-	217,080,640
Other improvements	97,980,368	2,728,770	358,510	-	100,350,628
Equipment	25,583,490	511,991	955,764	-	25,139,717
Intangibles	8,273,560	120,723	-	-	8,394,283
Vehicles	14,077,638	2,427,599	717,805	(41,474)	15,745,958
Total assets being depreciated	<u>363,008,604</u>	<u>5,793,047</u>	<u>2,048,951</u>	<u>(41,474)</u>	<u>366,711,226</u>
Less accumulated depreciation for:					
Buildings	81,613,600	6,821,456	8,342	-	88,426,714
Other improvements	28,381,600	5,318,634	319,672	-	33,380,562
Equipment	20,465,388	1,732,526	955,764	-	21,242,150
Intangibles	1,512,995	279,240	-	-	1,792,235
Vehicles	10,237,931	1,843,898	717,805	(41,474)	11,322,550
Total accumulated depreciation	<u>142,211,514</u>	<u>\$ 15,995,754</u>	<u>\$ 2,001,583</u>	<u>\$ (41,474)</u>	<u>156,164,212</u>
Total capital assets being depreciated, net	<u>220,797,090</u>				<u>210,547,014</u>
Governmental activities capital assets, net	<u>\$ 249,075,323</u>				<u>\$ 237,811,710</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General Government	\$ 8,064,089
Public Safety	3,567,536
Economic and Physical Development	45,902
Human Services	3,019,000
Cultural and Recreational	1,299,227
Total depreciation expense	<u>\$ 15,995,754</u>

Business-Type Activities:	Beginning Balances	Increases	Decreases	Adjustments /Transfers	Ending Balances
Solid Waste Disposal					
Capital assets not being depreciated:					
Land	\$ 6,842,138	\$ -	\$ -	\$ -	\$ 6,842,138
Construction in progress	1,169,392	338,672	913,246	-	594,818
Total capital assets not being depreciated	8,011,530	338,672	913,246	-	7,436,956
Capital assets being depreciated:					
Buildings and improvements	54,712,058	493,942	-	-	55,206,000
Equipment	4,325,167	-	-	-	4,325,167
Vehicles	2,908,402	37,197	-	41,474	2,987,073
Total capital assets being depreciated	61,945,627	531,139	-	41,474	62,518,240
Less accumulated depreciation for:					
Buildings and improvements	31,509,834	1,582,318	-	-	33,092,152
Equipment	2,431,031	237,662	-	-	2,668,693
Vehicles	2,658,940	100,810	-	41,478	2,801,228
Total accumulated depreciation	36,599,805	1,920,790	-	41,478	38,562,073
Total capital assets being depreciated, net	25,345,822				23,956,167
Solid Waste Disposal capital assets, net	33,357,352				31,393,123
Other Business-Type Activities					
Capital assets being depreciated:					
Equipment	-	129,294	-	-	129,294
Vehicles	29,129	-	-	-	29,129
Total capital assets being depreciated	29,129	129,294	-	-	158,423
Less accumulated depreciation for:					
Equipment	-	19,394	-	-	19,394
Vehicles	29,129	-	-	-	29,129
Total accumulated depreciation	29,129	19,394	-	-	48,523
Total capital assets being depreciated, net	-				109,900
Other Business-type capital assets, net	-				109,900
Business-type capital assets, net	\$ 33,357,352				\$ 31,503,023

Of the decrease in Solid Waste Disposal construction in progress reported above, \$624,109 is engineering costs that were capitalized as construction in progress in previous years, but did not directly result in the construction of capitalized assets. This amount was expensed in the year ended June 30, 2020 resulting in a loss on sale of assets for business-type activities on the Statement of Activities.

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

	Governmental Activities	Business-Type Activities	Total
Capital assets, net	\$ 237,811,710	\$ 31,503,023	\$ 269,314,733
Debt:			
General obligation bonds	(15,750,000)	-	(15,750,000)
Installment notes (including deferrals)	(415,994,526)	(1,320,122)	(417,314,648)
Gross debt	(431,744,526)	(1,320,122)	(433,064,648)
Add portion of debt that has not given rise to capital assets:			
Unspent bond proceeds	11,237,141	-	11,237,141
Debt relating to schools and community college	237,381,358	-	237,381,358
Debt relating to economic development	12,403,525	-	12,403,525
Net debt	(170,722,502)	(1,320,122)	(172,042,624)
Capital assets, net of related debt	\$ 67,089,208	\$ 30,182,901	\$ 97,272,109

Construction commitments

The County has the following commitments with contractors for active construction projects at June 30, 2020:

Project	Spent-to-date	Remaining Commitment
Asheville High School Campus-wide Renovations	\$ 24,733,197	\$ 54,093
Hall Fletcher Restroom Renovations	372,241	10,410
Hall Fletcher Roof Replacements	405,831	10,393
Montford School 2018 Funding Approval	3,415,533	8,117
AB Tech Capital Plan Maintenance	6,127,524	41,731
FY20 Energy Savings	237,690	33,574
200 College Exterior	414,749	154,004
Buncombe County Health Clinic	1,354,504	56,850
County Buildings Major Maintenance	15,257	9,498
Courthouse Exterior Renovations	265,868	4,305,179
Detention Center Exterior Repair and Cleaning	291,297	847,162
East Asheville Library	2,569,223	4,128,714
Enka Library Renovations	285,335	395
Parks and Recreation Projects FY20	15,264	84,000
Woodfin Greenway	121,239	19,796
Subtitle D Vertical Expansion	570,635	8,793
Total construction commitments	\$ 41,195,389	\$ 9,772,710

Discretely presented component units

Activity for WNC Regional Air Quality for the year ended June 30, 2020, 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	85,371	-	-	85,371
Less accumulated depreciation for:				
Equipment	6,627	3,180	-	9,807
Vehicles	53,569	-	-	53,569
Total accumulated depreciation	60,196	\$ 3,180	\$ -	63,376
WNC Regional Air Quality capital assets, net	\$ 25,175			\$ 21,995

(B) Liabilities**(1) Payables**

Payables at the government-wide level at June 30, 2020, were as follows:

	Vendors	Salaries and Benefits	Accrued Interest	Total
Governmental Activities:				
General	\$ 7,308,478	\$ 8,189,174	\$ 1,166,188	\$ 16,663,840
Occupancy Tax	-	-	-	-
Public School Capital Needs	129,160	-	-	129,160
AB Tech Capital Projects	127,188	-	-	127,188
Public Schools ADM Sales Tax/Lottery Projects	3,644,948	-	-	3,644,948
County Capital Projects	863,984	-	1,108	865,092
Special Projects Capital Projects	4,481,951	-	-	4,481,951
Internal Service Fund	2,604,149	14,822	-	2,618,971
Other Governmental	3,529,082	58,632	-	3,587,714
Total - governmental activities	<u>\$ 22,688,940</u>	<u>\$ 8,262,628</u>	<u>\$ 1,167,296</u>	<u>\$ 32,118,864</u>
Business-type Activities				
Solid Waste Disposal	\$ 429,200	\$ 150,854	\$ 1,881	\$ 581,935
Other Business-type	78,238	3,683	-	81,921
Total - business-type activities	<u>\$ 507,438</u>	<u>\$ 154,537</u>	<u>\$ 1,881</u>	<u>\$ 663,856</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 for the State of North Carolina. The State's report 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, 2020 was 9.70% of compensation for law enforcement officers and 8.95% 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 \$7,930,774 for the year ended June 30, 2020.

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, 2020, the County reported a liability of \$36,286,853 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 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, 2020, the County's proportion was 1.329% (measured as of June 30, 2019), which was a decrease of 0.032% from its proportion as of June 30, 2019 (measured as of June 30, 2018).

For the year ended June 30, 2020, the County recognized pension expense of \$16,014,903. At June 30, 2020, 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	\$ 6,213,228	\$ -
Changes of assumptions	5,914,155	-
Net difference between projected and actual earnings on pension plan investments	885,087	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	935,259
Employer contributions subsequent to the measurement date	7,930,774	-
Total	<u>\$ 20,943,244</u>	<u>\$ 935,259</u>

Deferred outflows of resources related to pensions of \$7,930,774 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, 2021. 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:	
2021	\$ 6,139,749
2022	1,735,439
2023	3,332,694
2024	869,329
	<u>\$ 12,077,211</u>

At June 30, 2020, the WNC Regional Air Quality Agency reported a liability of \$148,835 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 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, 2020, the Agency's proportion was 0.0055% (measured as of June 30, 2019), which was a decrease of 0.0004% from its proportion measured as of June 30, 2019 (measured as of June 30, 2018).

For the year ended June 30, 2020, the Agency recognized pension expense of \$71,543. At June 30, 2020, 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	\$ 25,484	\$ -
Changes in assumptions	24,258	-
Net difference between projected and actual earnings on pension plan investments	3,631	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	12,685	2,257
Employer contributions subsequent to the measurement date	40,488	-
Total	<u>\$ 106,546</u>	<u>\$ 2,257</u>

Deferred outflows of resources related to pensions of \$40,488 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, 2021. 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:		
2021	\$	30,946
2022		10,869
2023		15,770
2024		6,216
	\$	<u>63,801</u>

Actuarial assumptions. The total pension liability in the December 31, 2018 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, 2018 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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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 2018 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	<u>\$ 82,994,668</u>	<u>\$ 36,286,853</u>	<u>\$ (2,536,804)</u>
WNC Regional Air Quality Agency’s proportionate share of the net pension liability	<u>\$ 340,413</u>	<u>\$ 148,835</u>	<u>\$ (10,405)</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 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, 2018 valuation date, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	33
Active plan members	<u>235</u>
Total	<u>268</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, 2018 valuation. The total pension liability in the December 31, 2018 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	3.26%

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, 2018 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 \$477,003 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, 2020, the County reported a total pension liability of \$7,816,784. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 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, 2020, the County recognized pension expense of \$694,478.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 403,380	\$ 22,884
Changes in assumptions	383,588	224,685
County benefit payments and administrative expenses paid subsequent to the measurement date	272,098	-
Total	\$ 1,059,066	\$ 247,569

Year ended June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources	Increase to Pension Expense
2021	\$ 213,679	\$ 81,856	\$ 131,823
2022	213,679	81,856	131,823
2023	183,692	56,644	127,048
2024	123,091	27,213	95,878
2025	52,827	-	52,827
	\$ 786,968	\$ 247,569	\$ 539,399

The County paid \$270,497 in benefit payments and \$1,601 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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 3.26 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 (2.26 percent) or 1-percentage-point higher (4.26 percent) than the current rate:

	1% Decrease (2.26%)	Current Discount Rate (3.26%)	1% Increase (4.26%)
County's proportionate share of the total pension liability	\$ 8,440,901	\$ 7,816,784	\$ 7,244,064

Schedule of Changes in Total Pension Liability

Total pension liability as of December 31, 2018	\$ 7,151,591
Changes for the year:	
Service cost at end of year	309,418
Interest	251,636
Change in benefit terms	-
Difference between expected & actual experience	357,591
Changes of assumptions and other inputs	223,551
Benefit payments	(477,003)
Other	-
Net changes	<u>665,193</u>
Total pension liability as of December 31, 2019	<u>\$ 7,816,784</u>

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.64 percent at December 31, 2018 to 3.26 percent at December 31, 2019.

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 for the State of North Carolina. The State's report 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 \$871,761 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 \$5,419,842 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 for the State of North Carolina. The State's report 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 \$29,605 for the year ended June 30, 2020.

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

At June 30, 2020, the County reported an asset of \$571,128 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2019. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 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, 2020, the County’s proportion was 2.893%, which had a decrease of 0.286% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2020, the County recognized pension expense of \$72,608. At June 30, 2020, 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	\$ -	\$ 27,541
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	5,844	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	65,769	-
Employer contributions subsequent to the measurement date	29,605	-
Total	\$ 101,218	\$ 27,541

Deferred outflows of resources related to pensions of \$29,605 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, 2021. 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:	
2021	\$ 26,966
2022	19,489
2023	8,900
2024	(11,283)
	\$ 44,072

Actuarial assumptions. The total pension liability in the December 31, 2018 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, 2018 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, 2020 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	\$ (38,476)	\$ 571,128	\$ (34,132)

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 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, 2018, 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, 2019, with an actuarial valuation date of December 31, 2018.

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)	\$ 36,286,853	\$ (571,128)	\$ -	\$ 35,715,725
County's proportion of the net pension liability (asset)	1.32874%	-2.89296%	N/A	
Total pension liability	-	-	\$ 7,816,784	\$ 7,816,784
Pension expense	\$ 16,014,903	\$ 72,608	\$ 694,478	\$ 16,781,989

At June 30, 2020, 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	\$ 6,213,228	\$ -	\$ 403,380	\$ 6,616,608
Changes in assumptions	5,914,155	-	383,588	6,297,743
Net difference between projected and actual earnings on pension plan investments	885,087	5,844	-	890,931
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	65,769	-	65,769
County contributions (LGERS, RODSPF)/benefit payments and administration costs (LEOSSA) subsequent to the measurement date	7,930,774	29,605	272,098	8,232,477
Total				<u>\$ 22,103,528</u>

Deferred Inflows of Resources

Differences between expected and actual experience	\$ -	\$ 27,541	\$ 22,884	\$ 50,425
Changes in assumptions	-	-	224,685	224,685
Changes in proportion and differences between employer contributions and proportionate share of contributions	935,259	-	-	935,259
Total				<u>\$ 1,210,369</u>

(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. Actual contributions are reported in the GASB Statement 75 Employer Reporting section of this note.

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, 2020:

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. 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.

5. Net OPEB Liability of the Plan.

The components of the net OPEB liability of the Plan at June 30, 2020 were as follows:

Total OPEB liability	\$ 197,559,005
Plan fiduciary net position	25,984,208
Plan's net OPEB liability	\$ 171,574,797

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, 2020, 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.

Discount rate (SEIR). The discount rate used to measure the TOL as of the measurement date was 2.26%. 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.

- 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 2024 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 2024 and the municipal bond index rate at the measurement date (2.21%) was applied to periods on and after 2024, resulting in an SEIR at the measurement date (2.26%). There was a change in the discount rate from 3.53% at the prior measurement date to 2.26% 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 Plan, as well as what the Plan’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 (1.26%)	Discount Rate (2.26%)	1% Increase (3.26%)
Net OPEB Liability	\$ 205,811,361	\$ 171,574,797	\$ 144,658,618

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the Plan, as well as what the Plan’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	\$ 138,638,567	\$ 171,574,797	\$ 214,977,155

GASB Statement 75 Employer Reporting

1. Contributions.

For the year ended June 30, 2020, contributions to the plan consisted of \$7,098,735 in retirees’ health insurance benefits.

2. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.

At June 30, 2020, 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 OPEB liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions.

For the year ended June 30, 2020, the County recognized OPEB expense of \$9,316,402. At June 30, 2020, 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	-
Contributions subsequent to the measurement date	7,098,735	-
Total	<u>\$ 19,828,670</u>	<u>\$ 9,353,151</u>

Amounts reported as deferred outflows of resources related to contributions to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. These amounts are found in the preceding Deferred Outflows of Resources table. Other 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:	
2021	\$ 529,070
2022	529,070
2023	529,072
2024	528,396
2025	416,393
Thereafter	844,783
	<u>\$ 3,376,784</u>

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the Plan, as well as what the Plan’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%)	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 Plan, as well as what the Plan’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

3. 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, 2020 the WNC Regional Air Quality’s allocation percentage was 0.63%. The Agency reported \$58,351 and \$849,301 for its share of OPEB expense and net OPEB liability, respectively.

4. Investments.

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%	

(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 \$1,154,411 reported as landfill postclosure care liability at June 30, 2020, 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 2020. 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 \$12,236,179 reported as landfill closure and postclosure care liability at June 30, 2020 represents a cumulative amount reported to date based on the use of 37.34% of the total estimated capacity of this landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$27,400,000 as the remaining estimated capacity is filled. This amount is based on what it would cost to perform all closure and postclosure care in 2020. 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 \$4,004,794 reported as of June 30, 2020 representing a cumulative amount reported to date based on the use of 43.29% 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 2020. 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, 2020 were as follows:

	Governmental Activities	Business-type Activities
Deferred charges on refunding of debt	\$ 3,307,978	\$ -
Deferred outflow related to pensions (Note 2)	21,675,898	427,630
Deferred outflow related to OPEB (Note 2)	19,317,430	386,665
Total deferred outflows of resources	<u>\$ 44,301,306</u>	<u>\$ 814,295</u>

Deferred inflows of resources for governmental funds, governmental activities, and business-type activities at June 30, 2020 were as follows:

	Governmental Funds	Governmental Activities	Business-type Activities
Prepaid taxes not yet earned (General Fund)	\$ 2,213,632	\$ 2,213,632	\$ -
Unavailable taxes receivable, net (General Fund)	792,428	-	-
Unavailable EMS revenue receivable (General Fund)	1,645,183	-	-
Unavailable library fines receivable (General Fund)	92,701	-	-
Unavailable taxes receivable, net (Special Revenue)	136,672	-	-
Unavailable rent receivable (General Fund)	528,461	-	-
Unavailable grants receivable (General Fund)	4,314	-	-
Unavailable grants receivable (Special Revenue)	601,165	-	-
Debt refunding related deferrals (Note 2)	-	800,115	-
OPEB related deferrals (Note 2)	-	9,112,000	182,389
Pension related deferrals (Note 2)	-	1,191,272	19,097
Total deferred inflows of resources	<u>\$ 6,014,556</u>	<u>\$ 13,317,019</u>	<u>\$ 201,486</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 Buncombe County Health Department. 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 \$2,000,000. 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, 2020 include a loss reserve liability for estimated outstanding medical claims of \$1,944,320. Changes in the health claims liability are presented as follows:

	2020	2019
Estimated claims payable, beginning	\$ 1,682,223	\$ 1,478,700
Incurred claims and changes in estimates	30,326,127	30,421,123
Claims paid	(30,064,030)	(30,217,600)
Estimated claims payable, ending	<u>\$ 1,944,320</u>	<u>\$ 1,682,223</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, 2020 amounted to \$1,446,612. Future minimum lease payments under these operating lease agreements at June 30, 2020 are as follows:

Year Ended June 30	Amount
2021	\$ 1,059,765
2022	866,248
2023	692,548
2024	567,411
2025	437,947
2026-2030	179,920
2031-2035	7,901
Total	<u>\$ 3,811,740</u>

(8) Long-Term Obligations

(a) General Obligation Bond Indebtedness

The County issues general obligation bonds for the acquisition and construction of major capital facilities for the County and public schools. All general obligation bonds serviced by the County’s general fund are direct obligations collateralized by the full faith, credit, and taxing power of the County. In the event of a default, the County agrees to pay the purchaser, on demand, interest on any and all amounts due and owing by the County.

The 2009B Qualified School Construction General Obligation Bonds were issued to fund the capital costs of acquiring, constructing, renovating and equipping certain public school facilities.

The 2012B General Obligation Refunding Bonds were issued to refund the 2002B variable rate general obligation bonds.

General obligation bonds outstanding at June 30, 2020:

	Original Borrowing	Issue Date	Interest Rates	Final Maturity	Outstanding at Year-end
Governmental Activities					
General Obligation Bonds					
2009 Qualified School Construction Bonds	\$ 5,685,000	November 10, 2009	0.50%	2022	\$ 1,350,000
2012B Refunding Bonds	<u>32,500,000</u>	October 1, 2012	1.70%	2025	<u>14,400,000</u>
	<u>\$ 38,185,000</u>				<u>\$ 15,750,000</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
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	2,400,000	61,200
2026	<u>2,400,000</u>	<u>20,400</u>
Total	<u>\$ 15,750,000</u>	<u>\$ 744,181</u>

The County is subject to the Local Government Bond Act of North Carolina, which limits the amount of net bonded debt, (exclusive of funding and refunding bonds, bonds issued for water, gas, or electric power purposes, and bonds issued for certain other specified purposes). The County may have outstanding up to 8% of the appraised value of property subject to taxation. At June 30, 2020, Buncombe County had a legal debt margin of approximately \$2,747,000,000.

(b) 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 with installment notes, certificates of participation (COPs), or limited obligation bonds (LOBs).

The 2009 Federal American Recovery and Reinvestment Act (ARRA) Revolving Loan, a direct borrowing, was acquired to finance the landfill gas-to-energy project. The loan is payable solely from available funds. If a default occurs, the State may withhold any other monies due to the County and apply them to the payment of this obligation.

The 2010C Taxable Limited Obligation Bonds were issued to provide funds to finance renovations to the science laboratory at Asheville High School pursuant to a deed of trust in which the County's courthouse is pledged as collateral for this debt. If a default occurs, the mortgaged property can be foreclosed, and the proceeds used to pay off the debt. There can be no assurance that the proceeds will be sufficient to pay the principal and interest due and no deficiency judgment can be rendered against the County if the proceeds are not sufficient to pay off the bonds.

The 2012A Limited Obligation Bonds were issued to provide funds for various capital projects for the County, including public safety buildings and radio network, human services automation, expansion of the construction and demolition landfill, as well as capital projects for Asheville-Buncombe Technical Community College. A portion of the issue was also used to refinance 2003 and 2005 certificates of participation. The bonds were issued pursuant to the 2010 deed of trust in which the County's courthouse is pledged as collateral for this debt. If a default occurs, the mortgaged property can be foreclosed, and the proceeds used to pay off the debt. There can be no assurance that the proceeds will be sufficient to pay the principal and interest due and no deficiency judgment can be rendered against the County if the proceeds are not sufficient to pay off the bonds.

The 2014A Limited Obligation Bonds were issued to provide funds for construction of public safety offices and training facility, public school construction, and community college construction projects. A portion of the issue was also used to refinance 2006 certificates of participation and the 2008 Woodfin Downtown Corridor Development bonds. The 2014A bonds were issued pursuant to the 2010 deed of trust in which the County's courthouse is pledged as collateral, with an extension of the lien to include the sites where Asheville Middle School and the community college Allied Health Building were to be constructed. If a default occurs, the mortgaged property can be foreclosed, and the proceeds used to pay off the debt. There can be no assurance that the proceeds will be sufficient to pay the principal and interest due and no deficiency judgment can be rendered against the County if the proceeds are not sufficient to pay off the bonds.

The 2014B Taxable Limited Obligation Bonds were issued to provide funds for construction of a terminal facility to be used by Old Dominion Freight Lines and an office and light manufacturing facility to be used by GE Aviation pursuant to a long-term lease from the County. The security and default provisions of the 2014B bonds are the same as the 2014A limited obligation bonds.

The NC Drinking Water State Revolving Loan, a direct borrowing, was issued by the State of North Carolina to provide funds for the on-going cleanup of the CTS of Asheville, Inc. Superfund Site. The note is payable solely from revenues of the project or benefited systems, or other available funds. If a default occurs, the State may withhold any other monies due to the County and apply them to the payment of this obligation.

The 2015 Limited Obligation Bonds were issued to provide funds for construction of a health and human services facility and parking deck, a public school, public safety training facility additions, a swimming pool, and various County renovations and equipment. A portion of the issuance was used to refinance certain of the County's 2005, 2006, and 2007 certificates of participation, 2009C taxable limited obligation bonds and to refund the County's 2005A general obligation public improvement bonds. The bonds were issued pursuant to a 2015 deed of trust in which the sites of the Enka Intermediate School and the Health and Human Services Facility are pledged as collateral for this debt. If a default occurs, the mortgaged property can be foreclosed, and the proceeds used to pay off the debt. There can be no assurance that the proceeds will be sufficient to pay the principal and interest due and no deficiency judgment can be rendered against the County if the proceeds are not sufficient to pay off the bonds.

The 2018 Limited Obligation Bonds were issued to provide funds for improvements to various County and City school facilities. The bonds were issued pursuant to the 2015 deed of trust with an extension of the lien to include the sites on which Asheville High School and Montford North Star Academy are located. If a default occurs, the mortgaged property can be foreclosed, and the proceeds used to pay off the debt. There can be no assurance that the proceeds will be sufficient to pay the principal and interest due and no deficiency judgment can be rendered against the County if the proceeds are not sufficient to pay off the bonds.

The 2019 Sheriff Vehicle Installment Financing Agreement, a direct borrowing, was entered into to provide financing for vehicles for the sheriff's office. The vehicles and funds held in the project account are pledged as security for the agreement and in the event of default, the lender may take possession of said vehicles and funds.

No deficiency judgement can be rendered against the County if the proceeds are not sufficient to pay off the obligation.

The 2020A Limited Obligation Bonds were issued to provide funds for the acquisition, construction and equipping of improvements to public schools and various County facilities, refinancing portions of the 2009A certificates of participation and 2010A limited obligation bonds, and refinancing all of the 2010B limited obligation bonds. The 2020A bonds were issued pursuant to the 2010 deed of trust in which the County’s courthouse is pledged as collateral for this debt, including the 2014 lien extension of the sites of Asheville Middle School and the community college Allied Health Building. If a default occurs, the mortgaged property can be foreclosed, and the proceeds used to pay off the debt. There can be no assurance that the proceeds will be sufficient to pay the principal and interest due and no deficiency judgment can be rendered against the County if the proceeds are not sufficient to pay off the bonds.

The 2020B Taxable Limited Obligation Bonds were issued to provide funds for the partial refinancing of the 2012A limited obligation bonds. The security and default provisions of the 2020B bonds are the same as the 2020A limited obligation bonds.

Installment financings outstanding at June 30, 2020:

	Original Borrowing	Issue Date	Interest Rates	Final Maturity	Outstanding at Year-end
Governmental Activities					
2010C Taxable Limited Obligation Bonds	\$ 3,800,000	December 16, 2010	6.375%	2025	\$ 1,226,292
2012A Limited Obligation Bonds	73,380,000	July 3, 2012	2.0% - 5.0%	2032	12,590,000
2014A Limited Obligation Bonds	151,590,000	February 27, 2014	3.0% - 5.0%	2037	109,750,000
2014B Taxable Limited Obligation Bonds	28,725,000	February 27, 2014	0.5% - 5.1%	2032	21,920,000
NC Drinking Water State Revolving Loan	1,964,204	February 6, 2015	0.0%	2035	1,523,525
2015 Limited Obligation Bonds	126,635,000	April 30, 2015	3.0% - 5.0%	2035	95,590,000
2018 Limited Obligation Bonds	54,730,000	March 28, 2018	3.0% - 5.0%	2038	49,260,000
2019 Sheriff Vehicle Installment Financing	1,675,000	September 4, 2019	1.9837%	2024	1,675,000
2020A Limited Obligation Bonds	56,495,000	April 9, 2020	2.0% - 5.0%	2040	56,495,000
2020B Taxable Limited Obligation Bonds	32,235,000	April 9, 2020	1.48% - 2.6%	2032	32,235,000
Total governmental activities	<u>531,229,204</u>				<u>382,264,817</u>
Business-type Activities					
2009 ARRA Loan	4,061,396	August 4, 2009	0.0%	2013	825,000
2012A Limited Obligation Bonds	1,985,000	July 3, 2012	2.0% - 5.0%	2022	475,000
Total business-type activities	<u>6,046,396</u>				<u>1,300,000</u>
Total installment financings	<u>\$537,275,600</u>				<u>\$ 383,564,817</u>

For Buncombe County, the future minimum payments for installment financings as of June 30, 2020, are:

Year Ending June 30	Governmental Activities		Business-type Activities		Total Primary Government	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 30,555,569	\$ 17,413,678	\$ 305,000	\$ 23,350	\$ 30,860,569	\$ 17,437,028
2022	29,839,570	15,959,960	320,000	11,850	30,159,570	15,971,810
2023	27,985,567	14,550,085	75,000	-	28,060,567	14,550,085
2024	28,132,568	13,250,144	75,000	-	28,207,568	13,250,144
2025	27,410,859	12,038,982	75,000	-	27,485,859	12,038,982
2026-2030	129,647,844	41,928,941	375,000	-	130,022,844	41,928,941
2031-2035	90,372,840	14,494,670	75,000	-	90,447,840	14,494,670
2036-2040	18,320,000	1,396,881	-	-	18,320,000	1,396,881
Total	<u>\$ 382,264,817</u>	<u>\$ 131,033,341</u>	<u>\$ 1,300,000</u>	<u>\$ 35,200</u>	<u>\$ 383,564,817</u>	<u>\$ 131,068,541</u>

(c) Refundings

In the current fiscal year, the County issued \$26,730,000 of series 2020A tax exempt bonds (interest rates ranging from 2.5% to 5.0%) to refund \$4,320,000 of outstanding 2009A certificates of participation which had interest rates ranging from 4.0% to 4.75%, \$5,110,000 of outstanding 2010A limited obligation bonds which had interest rates ranging from 5.0% to 5.25%, and \$20,420,000 of outstanding 2010B taxable limited obligation bonds which had interest rates ranging from 6.5% to 6.8%. Net proceeds of \$30,266,781 (including premium of \$3,869,464 and after payment of \$327,347 in issuance costs) were deposited in an irrevocable trust with an escrow agent, along with \$460,529 of County funds, to provide funds used to call the balance of these issuances on June 1, 2020. The reacquisition price exceeded the net carrying amount of the old debt, including related premiums of \$162,684, by \$254,098. This amount is reported as a deferred outflow of resources and amortized over the remaining life of the refunded debt. The refunding reduced its total debt service payments by \$3,807,349 (including interest subsidy on 2010B bonds) to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$3,386,066.

Also during the current fiscal year, the County issued \$32,235,000 of series 2020B taxable bonds (interest rates ranging from 1.48% to 2.6%) to advance refund \$29,045,000 of outstanding 2012A limited obligation bonds which had an interest rate of 5.0%. The net proceeds of \$32,008,258 (after payment of \$222,122 in issuance costs) along with additional County funds of \$516,356, were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payments on the refunded bonds. As a result, a portion of the 2012A bonds are considered defeased and the liability for those issuances has been removed from the statement of net position. The net carrying amount of the old debt, including related premiums of \$3,763,373, exceeded the reacquisition price by \$800,115. This amount is reported as a deferred inflow of resources and amortized over the remaining life of the refunded debt. The advance refunding reduced its total debt service payments by \$2,982,193 to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$2,612,592.

The County has defeased debt in prior years and the current year by placing the proceeds of new bonds and the County's own resources into irrevocable trust accounts to provide for all future debt service payments on the old bonds until the debt is called or matures. Accordingly, those trust account assets and the liability for those defeased bonds are not included in the County's financial statements. At June 30, 2020, \$31,270,000 of defeased bonds remain outstanding, which includes bonds refunded during the current fiscal year.

(d) Debt Related to Capital Activities

Of the total Governmental Activities debt listed, only \$181,959,643 relates to assets for which the County holds title. Unspent restricted cash related to this debt amounts to \$11,010,191.

(e) 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 \$2,639,713 is recorded on the government-wide statements at June 30, 2020 to reflect remaining payments owed under this plan.

(f) 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 \$738,156 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, 2020.

(g) Long Term Obligation Activity

The following is a summary of changes in the County's long-term obligations for the year ended June 30, 2020:

	(Restated)			Balance June 30, 2020	Current Portion of Balance
	Balance June 30, 2019	Increases	Decreases		
Governmental Activities:					
General obligation bonds	\$ 18,623,000	\$ -	\$ 2,873,000	\$ 15,750,000	\$ 2,873,000
Installment financings-other	378,171,292	88,730,000	87,835,000	379,066,292	30,130,001
Installment financings-direct borrowing	1,625,093	1,675,000	101,568	3,198,525	425,568
Premium on long-term debt	36,859,370	8,060,674	8,682,472	36,237,572	-
Net pension liability -- LEOSSA	7,151,591	1,142,196	477,003	7,816,784	-
Net pension liability -- LGERS	31,651,186	3,894,743	-	35,545,929	-
Net OPEB liability	123,234,366	8,463,688	-	131,698,054	-
Retirement incentive liability	4,569,725	-	1,930,012	2,639,713	1,284,947
Pension spiking liability	2,170,185	-	1,432,029	738,156	29,578
Compensated absences	7,972,113	8,260,004	7,025,299	9,206,818	7,615,591
Total governmental activities	<u>620,491,609</u>	<u>120,226,305</u>	<u>110,356,383</u>	<u>621,897,843</u>	<u>42,358,685</u>
Business-type Activities:					
Installment financings-other	\$ 695,000	\$ -	\$ 220,000	\$ 475,000	\$ 230,000
Installment financings-direct borrowing	900,000	-	75,000	825,000	75,000
Premium on long-term debt	39,015	-	18,893	20,122	-
Net pension liability -- LGERS	633,542	107,382	-	740,924	-
Net OPEB liability	1,564,026	1,072,092	-	2,636,118	-
Compensated absences	135,141	112,844	80,145	167,840	167,840
Accrued landfill closure and postclosure care costs	16,776,196	869,537	250,320	17,395,413	-
Total business-type activities	<u>21,815,011</u>	<u>2,161,855</u>	<u>644,358</u>	<u>22,260,417</u>	<u>472,840</u>
Total primary government	<u>\$ 642,306,620</u>	<u>\$ 122,388,160</u>	<u>\$ 111,000,741</u>	<u>\$ 644,158,260</u>	<u>\$ 42,831,525</u>
(Restated)					
	Balance			Balance	Current
	June 30, 2019	Increases	Decreases	June 30, 2020	Portion
					of Balance
Discretely Presented Component Unit:					
Air Quality:					
Net pension liability -- LGERS	\$ 139,968	\$ 8,867	\$ -	\$ 148,835	\$ -
Net OPEB liability	724,074	125,227	-	849,301	-
Pension spiking liability	300,665	-	300,665	-	-
Compensated absences	73,039	87,726	91,766	68,999	68,999
	<u>\$ 1,362,973</u>	<u>\$ 221,820</u>	<u>\$ 392,431</u>	<u>\$ 1,067,135</u>	<u>\$ 68,999</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.

(h) 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, 2020, the balance of the bonds outstanding was \$212,000.

(i) 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, 2020, there were three series of industrial revenue bonds outstanding with a principal amount payable of \$18,844,942.

(C) Interfund Balances and Activity

Transfers to/from other funds during the year ended June 30, 2020 consist of the following:

Major Governmental Funds:

General Fund:

From the General Fund to the Grant Projects Fund to fund grant matches	\$ 413,271
From the General Fund to the Special Projects Capital Projects Fund	2,461,845
From the General Fund to the County Capital Projects Fund to fund various capital projects	885,780
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	45,240
From the General Fund to the Emergency Telephone System Fund for 911 related expenses	178,000
From the General Fund to the BC Service Foundation Fund for One Buncombe	200,000
<i>AB Tech Capital Projects Fund:</i>	
From the AB Tech Capital Projects Fund to the General Fund for community college operations	5,000,000
<i>County Capital Projects Fund:</i>	
From the County Capital Projects Fund to the General Fund to return project savings	1,300,000
From the County Capital Projects Fund to the General Fund for debt service costs	479,400
<i>Nonmajor Governmental Funds:</i>	
From the Grant Projects Fund to the Transportation Fund to adjust Section 5310 Grant	65,850
From the Register of Deeds Automation Fund to the General Fund for reimbursement of automation related expenditures	23,620
From the BC Service Foundation Fund to the General Fund to transfer donated funds for a public health initiative	39,627

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	\$ 97,785,077
Less:	
Nonspendable - prepaids	56,655
Restricted for stabilization by State statute	23,827,392
Restricted for capital projects	226,950
Restricted for permits and inspections	987,711
Restricted for soil and water	30,922
Restricted for grants	188,812
Committed for 2014 retirement incentives	2,639,713
Assigned for tax reappraisal	457,370
Appropriated in FY21 budget	12,216,382
Fund balance policy	<u>34,588,255</u>
Remainder available	<u>\$ 22,564,915</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 expenditures.

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

Outstanding encumbrances at June 30, 2020:

<u>Fund</u>	<u>Encumbrances</u>
General	\$ 207,472
Public School Capital Needs	301,616
AB Tech Capital Projects	35,557
County Capital Projects	8,921,617
Special Projects Capital Projects	604,992
Non-Major	<u>1,556,427</u>
	<u>\$ 11,627,681</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 \$16,870,131.

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, 2020. 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 \$65,124,969 in principal are outstanding. Of the general obligations bonds issued for this purpose \$472,795 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 \$6,775,000 to the community college for operating purposes during the fiscal year ended June 30, 2020. In addition, the County made principal and interest payments of \$87,507 during the fiscal year on general obligation bonds and \$8,523,706 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, 2020. 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 \$122,804 to the Council during the fiscal year ended June 30, 2020.

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.

Coronavirus Disease (COVID-19)

During the fiscal year, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the County, COVID-19 may impact various parts of its fiscal year 2020-21 operations and financial results. Management believes the County is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as events associated with the pandemic continue to develop.

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	\$ 2,708,698	\$ -
Work First/Temporary Assistance for Needy Families (TANF)	490,614	-
Refugee Assistance	16,309	-
Adoption Assistance	1,964,668	453,798
Medical Assistance	245,337,532	110,694,528
State Children's Insurance Program	6,476,567	478,165
State/County Special Assistance for Adults	-	1,312,681
Child Welfare Services Adoption Subsidy	852	885,333
Totals	<u>\$ 256,995,240</u>	<u>\$ 113,824,505</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 \$171,783,594 and \$65,597,764 for the school systems and community college, respectively. Of the combined total, \$15,750,000 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 \$16,456,450 payable through June 2037. Total principal and interest payments on the Series 2014A limited obligation bonds from July 1, 2019 through June 30, 2020 were \$625,950. Accumulated tax revenue for the same period of time was \$550,988.

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 – Change in Accounting Principle

The County implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* in the fiscal year ended June 30, 2018. The statement allows the employer to measure the net OPEB liability "as of a date no earlier than the end of the employer's prior fiscal year and no later than the end of the employer's current fiscal year, consistently applied from period to period." Upon implementation, the County selected the method of measuring the liability as of the end of the reporting year. However, in the current fiscal year ended June 30, 2020, the County chose to make a one-time change in accounting principle for the current fiscal year and following to measure the net OPEB liability as of the end of the prior reporting year. To implement this change, the County is required to report the effects on beginning net position if this option had been chosen from implementation of the standard. The result is an increase in beginning net position for the governmental and business-type activities of \$9,076,198 and \$181,672 respectively, as well as an increase of \$58,531 for the WNC Regional Air Quality Agency component unit. Of the business-type activities increase, \$172,004 was for the Solid Waste Disposal Fund and \$9,668 was for the Inmate Commissary/Welfare Fund.

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>2020*</u>	<u>2019*</u>	<u>2018*</u>	<u>2017*</u>
Beginning balance	\$ 7,151,591	\$ 7,076,534	\$ 6,504,557	\$ 6,435,449
Changes for the year:				
Service cost at end of year	309,418	346,181	292,258	324,170
Interest	251,636	217,434	244,382	223,868
Difference between expected and actual experience	357,591	173,058	(49,185)	-
Changes of assumptions and other inputs	223,551	(270,198)	431,353	(149,649)
Benefit payments	(477,003)	(391,418)	(346,831)	(329,281)
Net changes	<u>665,193</u>	<u>75,057</u>	<u>571,977</u>	<u>69,108</u>
Ending balance of the total pension liability	<u>\$ 7,816,784</u>	<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	\$ 7,816,784	\$ 7,151,591	\$ 7,076,534	\$ 6,504,557
Covered Payroll	12,874,345	13,782,414	13,226,166	13,727,850
Total pension liability as a percentage of covered payroll	60.72%	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, 2019 Measurement Date: The Municipal Bond Index Rate decreased from 3.64% to 3.26%.

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 Contribution

LAST SEVEN FISCAL YEARS*

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

	2020	2019	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset)	1.329%	1.361%	1.356%	1.367%	1.370%	1.263%	1.221%
County's proportionate share of the net pension liability (asset)	\$ 32,286,853	\$ 32,284,728	\$ 20,713,021	\$ 29,009,136	\$ 6,153,152	\$ (7,446,959)	\$ 14,714,123
County's covered payroll	\$ 85,711,058	\$ 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	37.67%	37.80%	25.67%	36.93%	7.82%	(10.20%)	21.20%
Plan fiduciary net position as a percentage of the total pension liability	90.86%	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 Contribution:

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 7,930,774	\$ 6,736,044	\$ 6,437,477	\$ 5,974,471	\$ 5,289,811	\$ 5,552,865	\$ 5,140,387
Contribution made	<u>7,930,774</u>	<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	\$ 87,523,909	\$ 85,711,058	\$ 85,410,896	\$ 80,696,295	\$ 78,543,481	\$ 78,653,953	\$ 72,997,430
Contribution as a percentage of covered payroll	9.06%	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 SEVEN FISCAL YEARS*

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

	2020	2019	2018	2017	2016	2015	2014
County's proportion of the net pension asset	2.893%	3.179%	3.515%	3.466%	3.461%	3.148%	3.060%
County's proportionate share of the net pension liability (asset)	\$ (571,128)	\$ (526,518)	\$ (599,938)	\$ (648,037)	\$ (802,058)	\$ (713,609)	\$ (653,607)
County's covered payroll	\$ 94,900	\$ 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	-601.82%	-560.57%	-660.88%	-733.27%	-967.91%	-896.90%	-821.49%
Plan fiduciary net position as a percentage of the total pension liability (asset)	164.11%	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:

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 29,605	\$ 27,497	\$ 27,204	\$ 30,538	\$ 28,316	\$ 27,694	\$ 25,705
Contribution	29,605	27,497	27,204	30,538	28,316	27,694	25,705
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered payroll	\$ 98,498	\$ 94,900	\$ 93,926	\$ 90,779	\$ 88,376	\$ 82,865	\$ 79,564
Contributions as a percentage of covered payroll	30.06%	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

Schedule for the Plan

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability:				
Service cost at end of year	\$ 4,940,481	\$ 4,788,951	\$ 5,127,940	\$ 5,732,800
Interest on the total OPEB liability	5,539,553	5,728,956	5,286,294	4,776,409
Difference between expected and actual experience	540,302	(3,699,090)	2,081,393	-
Changes of assumptions and other inputs	33,190,959	12,695,151	(8,668,680)	(13,287,300)
Benefit payments	<u>(7,098,735)</u>	<u>(6,682,405)</u>	<u>(7,680,277)</u>	<u>(6,781,911)</u>
Net change in total OPEB liability	37,112,560	12,831,563	(3,853,330)	(9,560,002)
Total OPEB liability, beginning of year	<u>160,446,445</u>	<u>147,614,882</u>	<u>151,468,212</u>	<u>161,028,214</u>
Total OPEB liability, end of year	<u>\$ 197,559,005</u>	<u>\$ 160,446,445</u>	<u>\$ 147,614,882</u>	<u>\$ 151,468,212</u>
Plan fiduciary net position:				
Contributions - employer	\$ 7,098,735	\$ 8,682,405	\$ 8,680,277	\$ 8,781,911
Net investment income	721,236	1,170,556	1,502,685	1,971,359
Benefit payments	(7,098,735)	(6,682,405)	(7,680,277)	(6,781,911)
Administrative expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>(20,701)</u>
Net change in plan fiduciary net position	721,236	3,170,556	2,502,685	3,950,658
Plan fiduciary net position, beginning of year	<u>25,262,972</u>	<u>22,092,416</u>	<u>19,589,731</u>	<u>15,639,073</u>
Plan fiduciary net position, end of year	<u>\$ 25,984,208</u>	<u>\$ 25,262,972</u>	<u>\$ 22,092,416</u>	<u>\$ 19,589,731</u>
Net OPEB liability, end of year	<u>\$ 171,574,797</u>	<u>\$ 135,183,473</u>	<u>\$ 125,522,466</u>	<u>\$ 131,878,481</u>
Plan fiduciary net position as a percentage of the total OPEB liability	13.15%	15.75%	14.97%	12.93%
Covered employee payroll	\$ 50,787,597	\$ 61,256,259	\$ 66,348,252	\$ 72,258,181
Net OPEB liability as a percentage of covered employee payroll	337.83%	220.69%	189.19%	182.51%

*Schedule for the Employer**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
County's net OPEB liability	\$ 135,183,473	\$ 125,522,466	\$ 123,198,204
Covered payroll	\$ 61,256,259	\$ 66,348,252	\$ 72,258,181
Net OPEB liability as a percentage of covered employee payroll	220.69%	189.19%	170.50%

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

Notes to schedule:

Changes to assumptions or other inputs. The Single Equivalent Interest Rate (SEIR) decreased from 3.53% to 2.26% to reflect the changes to the Municipal Bond Index Rate from 3.50% on the prior measurement date to 2.21% on the measurement date.

In fiscal year 2020, the County adopted the practice of using the prior year end as the measurement date for GASB 75 reporting resulting in the same net OPEB liability being reported for fiscal years 2019 and 2020.

BUNCOMBE COUNTY, NORTH CAROLINA

Healthcare Benefits Plan

Schedule of County Contributions

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 10,011,572	\$ 7,322,456	\$ 7,322,456	\$ 7,301,754
Contributions in relation to the actuarially determined contribution	<u>7,098,735</u>	<u>8,682,405</u>	<u>8,680,277</u>	<u>8,781,911</u>
Annual contribution deficiency (excess)	2,912,837	(1,359,949)	(1,357,821)	(1,480,157)
Covered employee payroll	\$ 50,787,597	\$ 61,256,259	\$ 66,348,252	\$ 61,814,919
Contributions as a percentage of covered employee payroll	13.98%	14.17%	13.08%	14.21%

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 year
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	3.50%
Measurement date	2.21%
Year FNP is projected to be depleted	
Prior measurement date	2023
Measurement date	2024
Single Equivalent Interest Rate, net of OPEB plan investment expense, including price inflation	
Prior measurement date	3.53%
Measurement date	2.26%
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>2020</u>	<u>2019</u>	<u>2018</u>
Annual money-weighted rate of return, net of investment expenses	2.85%	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, 2020

	Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Ad Valorem Taxes:			
Taxes		\$ 206,347,526	
Penalties and interest		439,464	
Total	\$ 206,224,379	206,786,990	\$ 562,611
Local Option Sales Taxes:			
Article 39, one percent *		14,958,026	
Article 40, one-half of one percent		9,954,565	
Article 42, one-half of one percent		7,553,687	
Article 44, one-half of one percent		2,178	
Total	33,533,237	32,468,456	(1,064,781)
Other Taxes and Licenses:			
Deed stamp excise tax		5,262,587	
Video programming tax		1,316,057	
Privilege licenses		25,600	
Rental car tax		1,019,472	
Total	7,238,317	7,623,716	385,399
Unrestricted Intergovernmental:			
Payments in lieu of taxes		92,680	
Beer and wine tax		627,163	
Total	700,000	719,843	19,843
Restricted Intergovernmental:			
Federal, State, and other grants		43,822,182	
Mixed drink surcharge		822,652	
Court facilities fees		301,563	
ABC bottle taxes		145,084	
Total	44,787,952	45,091,481	303,529
Permits and Fees:			
Building permits and inspections		3,124,909	
Register of deeds		1,579,777	
Total	4,010,157	4,704,686	694,529
Sales and Services:			
Rents, concessions, and fees		2,862,327	
Jail fees		4,253,107	
Ambulance and rescue squad fees		5,625,707	
Recreation fees		158,015	
Other charges for services		5,283,401	
Total	17,885,815	18,182,557	296,742
Investment Earnings	761,250	1,443,665	682,415
Miscellaneous	1,154,565	1,276,536	121,971
Total revenues	316,295,672	318,297,930	2,002,258

* Shown net of 50% remitted directly to Public School Capital Needs Fund

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, 2020

	Final Budget	Actual	Variance Positive (Negative)
EXPENDITURES			
General Government:			
Governing Body:			
Salaries and employee benefits		648,830	
Other operating expenditures		293,777	
Total		<u>942,607</u>	
County Manager:			
Salaries and employee benefits		1,862,732	
Other operating expenditures		291,941	
Program support		263,410	
Total		<u>2,418,083</u>	
Community Engagement:			
Salaries and employee benefits		427,164	
Other operating expenditures		281,050	
Total		<u>708,214</u>	
Community Relations:			
Salaries and employee benefits		372,131	
Other operating expenditures		62,750	
Total		<u>434,881</u>	
Intergovernmental Relations:			
Other operating expenditures		371	
Total		<u>371</u>	
Budget and Management Services			
Salaries and employee benefits		510,195	
Other operating expenditures		22,218	
Total		<u>532,413</u>	
Human Resources:			
Salaries and employee benefits		934,398	
Other operating expenditures		96,423	
Total		<u>1,030,821</u>	
Benefits and Risk:			
Salaries and employee benefits		662,039	
Other operating expenditures		14,738	
Total		<u>676,777</u>	
Finance:			
Salaries and employee benefits		2,018,189	
Other operating expenditures		379,661	
Total		<u>2,397,850</u>	
Internal Audit:			
Salaries and employee benefits		230,990	
Other operating expenditures		18,036	
Total		<u>249,026</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, 2020

	Final Budget	Actual	Variance Positive (Negative)
<i>General Government - continued:</i>			
Performance Management:			
Salaries and employee benefits		1,386,679	
Other operating expenditures		32,019	
Total		<u>1,418,698</u>	
Tax Assessment:			
Salaries and employee benefits		2,802,588	
Other operating expenditures		519,492	
Total		<u>3,322,080</u>	
Tax Collections:			
Salaries and employee benefits		1,304,243	
Other operating expenditures		746,225	
Total		<u>2,050,468</u>	
Elections:			
Salaries and employee benefits		1,126,614	
Other operating expenditures		1,203,524	
Total		<u>2,330,138</u>	
Register of Deeds:			
Salaries and employee benefits		1,399,158	
Other operating expenditures		2,690,312	
Total		<u>4,089,470</u>	
Information Technology:			
Salaries and employee benefits		6,961,586	
Other operating expenditures		6,074,163	
Total		<u>13,035,749</u>	
General Services:			
Salaries and employee benefits		3,161,208	
Other operating expenditures		3,924,461	
Total		<u>7,085,669</u>	
Fleet:			
Salaries and employee benefits		648,623	
Other operating expenditures		346,574	
Total		<u>995,197</u>	
Parking Services		<u>464,276</u>	
Strategic Partnership Grants		<u>1,186,428</u>	
Total General Government	48,940,976	45,369,216	3,571,760
<i>Public Safety:</i>			
Justice Resource Center:			
Salaries and employee benefits		112,632	
Other operating expenditures		906,945	
Total		<u>1,019,577</u>	
Pretrial Release:			
Salaries and employee benefits		1,006,247	
Other operating expenditures		65,418	
Total		<u>1,071,665</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, 2020

	Final Budget	Actual	Variance Positive (Negative)
<i>Public Safety - continued:</i>			
ID Bureau and C.D.E.:			
Salaries and employee benefits		1,653,018	
Other operating expenditures		63,727	
Total		<u>1,716,745</u>	
Criminal Justice Information System:			
Salaries and employee benefits		762,398	
Other operating expenditures		464,573	
Total		<u>1,226,971</u>	
Sheriff:			
Salaries and employee benefits		19,298,870	
Other operating expenditures		1,759,813	
Total		<u>21,058,683</u>	
Detention Center:			
Salaries and employee benefits		14,533,923	
Other operating expenditures		3,475,185	
Capital outlay		37,731	
Total		<u>18,046,839</u>	
Emergency Services:			
Salaries and employee benefits		12,889,814	
Other operating expenditures		2,193,485	
Program support		6,822	
Capital outlay		232,799	
Total		<u>15,322,920</u>	
Animal Services		<u>1,176,747</u>	
Public Safety Training Center:			
Salaries and employee benefits		441,658	
Other operating expenditures		149,815	
Total		<u>591,473</u>	
Juvenile Crime Prevention Council		<u>16,414</u>	
Total Public Safety	<u>65,774,839</u>	<u>61,248,034</u>	4,526,805
<i>Economic and Physical Development:</i>			
Planning:			
Salaries and employee benefits		1,921,206	
Other operating expenditures		85,695	
Total		<u>2,006,901</u>	
Economic Development		<u>2,500,109</u>	
Permits and Inspections:			
Salaries and employee benefits		2,232,274	
Other operating expenditures		197,971	
Total		<u>2,430,245</u>	
Cooperative Extension:			
Salaries and employee benefits		2,680	
Other operating expenditures		404,185	
Total		<u>406,865</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, 2020

	Final Budget	Actual	Variance Positive (Negative)
<i>Economic and Physical Development - continued:</i>			
Soil Conservation:			
Salaries and employee benefits		540,449	
Other operating expenditures		83,950	
Total		<u>624,399</u>	
Total Economic and Physical Development	10,235,268	7,968,519	2,266,749
<i>Human Services:</i>			
Public Health:			
Salaries and employee benefits		12,497,682	
Other operating expenditures		5,353,488	
Program Support		2,950,649	
Total		<u>20,801,819</u>	
Social Services:			
Salaries and employee benefits		40,304,154	
Other operating expenditures		5,766,556	
Program support		13,762,219	
Total		<u>59,832,929</u>	
Veteran Services:			
Salaries and employee benefits		383,541	
Other operating expenditures		5,239	
Total		<u>388,780</u>	
Family Justice Center			
Salaries and employee benefits		193,529	
Other operating expenditures		329,781	
Total		<u>523,310</u>	
Behavioral Health:			
Other operating expenditures		15,519	
Program support		1,530,214	
Total		<u>1,545,733</u>	
Childcare Centers		<u>55,350</u>	
Total Human Services	88,008,031	83,147,921	4,860,110
<i>Cultural and Recreational:</i>			
Library:			
Salaries and employee benefits		4,405,560	
Other operating expenditures		1,350,011	
Total		<u>5,755,571</u>	
Recreation:			
Salaries and employee benefits		1,294,883	
Other operating expenditures		573,319	
Program support		100,000	
Total		<u>1,968,202</u>	
Arts, Museum & History		<u>100,000</u>	
Total Cultural and Recreational	8,563,170	7,823,773	739,397

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, 2020

	Final Budget	Actual	Variance Positive (Negative)
Education:			
Public schools:			
Current expenditures		80,678,567	
Pre-K		2,578,248	
Community college - current expenditures		7,075,600	
Total		<u>90,332,415</u>	
Community Funding		<u>377,342</u>	
Total Education	90,908,719	90,709,757	198,962
Debt Service:			
Principal retirement		12,708,361	
Interest and fees		<u>8,083,380</u>	
Total Debt Service	21,285,789	20,791,741	494,048
Total expenditures	333,716,792	317,058,961	16,657,831
Revenues over (under) expenditures	(17,421,120)	1,238,969	18,660,089
OTHER FINANCING SOURCES (USES)			
Operating transfers from other funds	8,535,450	6,842,647	(1,692,803)
Operating transfers to other funds	(5,991,634)	(5,988,718)	2,916
Installment obligations issued	53,757,926	54,396,766	638,840
Payment to refunded bond escrow agent	(53,757,926)	(53,757,925)	1
Sales of capital assets	85,000	32,680	(52,320)
Appropriated fund balance	14,792,304	-	(14,792,304)
Total other financing sources (uses)	17,421,120	1,525,450	(15,895,670)
Net change in fund balance	\$ -	2,764,419	\$ 2,764,419
Reconciliation from budgetary basis (modified accrual) to GAAP:			
Reconciling items:			
Net Change in Fund Balance in Reappraisal Reserve Fund (Consolidated with General Fund for GAAP Reporting)		<u>(269,296)</u>	
Change in fund balance		2,495,123	
Fund balance, beginning of year		<u>95,289,954</u>	
Fund balance, end of year		<u>\$ 97,785,077</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, 2020

	Actual to June 30, 2020					Variance Positive (Negative)
	Project Authorization	Reported In Prior Years	Closures of Prior Activity	Current Year	Total	
REVENUES						
Local option sales tax	\$ 76,368,843	\$ 64,221,086	\$ -	\$ 20,585,926	\$ 84,807,012	\$ 8,438,169
Restricted intergovernmental	1,279,360	1,622,452	-	188,727	1,811,179	531,819
Investment earnings	2,266,439	5,561,379	-	149,233	5,710,612	3,444,173
Total revenues	<u>79,914,642</u>	<u>71,404,917</u>	<u>-</u>	<u>20,923,886</u>	<u>92,328,803</u>	<u>12,414,161</u>
EXPENDITURES						
Capital outlay:						
Education:						
Buncombe County schools						
Sales tax projects	242,697	4,640,970	(4,477,743)	29,181	192,408	50,289
Bond projects	60,131,782	39,323,632	(4,538,000)	11,425,327	46,210,959	13,920,823
Asheville City schools						
Bond projects	38,062,096	34,187,000	(2,068,392)	(42,552)	32,076,056	5,986,040
Security Assessment	400,000	14,392	-	383,073	397,465	2,535
Radio Upgrade	2,302,225	36,426	-	2,108,137	2,144,563	157,662
Contingency	233,441	-	-	-	-	233,441
Total capital outlay	<u>101,372,241</u>	<u>78,202,420</u>	<u>(11,084,135)</u>	<u>13,903,166</u>	<u>81,021,451</u>	<u>20,350,790</u>
Debt service:						
Principal	65,373,734	51,096,565	-	13,997,165	65,093,730	280,004
Interest and fees	43,460,329	35,470,175	-	7,732,892	43,203,067	257,262
Total debt service	<u>108,834,063</u>	<u>86,566,740</u>	<u>-</u>	<u>21,730,057</u>	<u>108,296,797</u>	<u>537,266</u>
Total expenditures	<u>210,206,304</u>	<u>164,769,160</u>	<u>(11,084,135)</u>	<u>35,633,223</u>	<u>189,318,248</u>	<u>20,888,056</u>
Revenues over (under) expenditures	<u>(130,291,662)</u>	<u>(93,364,243)</u>	<u>11,084,135</u>	<u>(14,709,337)</u>	<u>(96,989,445)</u>	<u>33,302,217</u>
OTHER FINANCING SOURCES						
Proceeds of installment obligations	90,446,103	61,101,796	(6,606,392)	22,275,296	76,770,700	(13,675,403)
Prior year revenues and transfers	39,845,559	48,966,796	(4,477,743)	-	44,489,053	4,643,494
Total other financing sources	<u>130,291,662</u>	<u>110,068,592</u>	<u>(11,084,135)</u>	<u>22,275,296</u>	<u>121,259,753</u>	<u>(9,031,909)</u>
Revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ 16,704,349</u>	<u>-</u>	<u>7,565,959</u>	<u>\$ 24,270,308</u>	<u>\$ 24,270,308</u>
Fund balance, beginning of year				<u>16,704,349</u>		
Fund balance, end of year				<u>\$ 24,270,308</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, 2020

	Actual to June 30, 2020			Total	Variance Positive (Negative)
	Project Authorization	Reported in Prior Years	Current Year		
REVENUES					
Local option sales taxes	\$ 79,475,291	\$ 73,412,914	\$ 13,915,007	\$ 87,327,921	\$ 7,852,630
Restricted intergovernmental	257,640	254,571	21,360	275,931	18,291
Investment earnings	898,863	1,301,231	170,586	1,471,817	572,954
Total revenues	80,631,794	74,968,716	14,106,953	89,075,669	8,443,875
EXPENDITURES					
Community College	15,128,053	6,779,807	2,190,006	8,969,813	6,158,240
Debt service:					
Principal retirement	26,351,713	21,135,163	5,094,041	26,229,204	122,509
Interest and fees	21,108,455	17,391,842	3,475,504	20,867,346	241,109
Total expenditures	62,588,221	45,306,812	10,759,551	56,066,363	6,521,858
Revenues over expenditures	18,043,573	29,661,904	3,347,402	33,009,306	14,965,733
OTHER FINANCING SOURCES (USES)					
Payment to bond escrow agent	(8,520,538)	-	(8,517,114)	(8,517,114)	3,424
Proceeds from installment obligations	8,586,619	-	8,586,619	8,586,619	-
Transfers to other funds	(19,629,654)	(14,629,654)	(5,000,000)	(19,629,654)	-
Transfers from other funds	1,520,000	1,520,000	-	1,520,000	-
Total other financing sources (uses)	(18,043,573)	(13,109,654)	(4,930,495)	(18,040,149)	3,424
Revenues and other sources over (under) expenditures and other uses	\$ -	\$ 16,552,250	(1,583,093)	\$ 14,969,157	\$ 14,969,157
Fund balance, beginning of year			16,552,250		
Fund balance, end of year			\$ 14,969,157		

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, 2020

	Actual to June 30, 2020				Total	Variance Positive (Negative)
	Project Authorization	Reported In Prior Years	Closures of Prior Activity	Current Year Activity		
REVENUES						
Local option sales taxes	\$ 60,100,479	\$ 44,079,445	\$ -	\$ 15,596,772	\$ 59,676,217	\$ (424,262)
Restricted intergovernmental	7,710,000	8,100,559	(3,885,284)	1,800,119	6,015,394	(1,694,606)
Total revenues	<u>67,810,479</u>	<u>52,180,004</u>	<u>(3,885,284)</u>	<u>17,396,891</u>	<u>65,691,611</u>	<u>(2,118,868)</u>
EXPENDITURES						
Capital outlay:						
Education:						
Buncombe County schools						
Sales tax projects	53,183,834	37,196,367	-	13,183,952	50,380,319	2,803,515
Lottery projects	7,710,000	6,635,275	(2,420,000)	1,800,119	6,015,394	1,694,606
Asheville City schools						
Sales tax projects	6,916,645	6,883,078	-	2,412,820	9,295,898	(2,379,253)
Lottery projects	-	1,465,284	(1,465,284)	-	-	-
Total capital outlay	<u>67,810,479</u>	<u>52,180,004</u>	<u>(3,885,284)</u>	<u>17,396,891</u>	<u>65,691,611</u>	<u>2,118,868</u>
Revenues under expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<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 (Non-GAAP)

County Capital Projects Fund

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	Actual to June 30, 2020					Variance Positive (Negative)
	Project Authorization	Reported In Prior Years	Closures of Prior Activity	Current Year	Total	
REVENUES						
Restricted intergovernmental	\$ 1,068,000	\$ 51,436	\$ -	\$ 45,555	\$ 96,991	\$ (971,009)
Miscellaneous	146,072	111,072	-	14,703	125,775	(20,297)
Investment earnings	620,093	887,825	-	48,741	936,566	316,473
Total revenues	1,834,165	1,050,333	-	108,999	1,159,332	(674,833)
EXPENDITURES						
Capital outlay:						
200 College Exterior	626,017	12,312	-	405,439	417,751	208,266
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	581,593	-	418,407	1,000,000	-
ADA Accessible Playground Equipment	-	187,298	(187,298)	-	-	-
Allport Upper High Roof	93,130	430	-	90,004	90,434	2,696
Automark Ballot Marking Replacement	400,000	-	-	372,100	372,100	27,900
Automated Compression Devices	-	113,828	(113,828)	-	-	-
Black Mountain Greenway	266,000	133,000	-	133,000	266,000	-
Building Automation System-Allport	39,600	-	-	-	-	39,600
Bunc Cty Detention Facility Assessment	225,000	-	-	-	-	225,000
Buncombe County Health Clinic	1,474,184	1,246,775	-	107,729	1,354,504	119,680
C3 at 356 Biltmore Avenue	1,086,507	986,871	-	88,121	1,074,992	11,515
Carbon Reduction Measures FY18	181,355	177,651	-	3,665	181,316	39
COA/RADTIP	20,000	-	-	20,000	20,000	-
College St Parking Deck Cameras	-	139,187	(139,187)	-	-	-
Comprehensive Facilities Assessment	835,780	-	-	-	-	835,780
Contract Management Software	92,000	75,919	-	600	76,519	15,481
County Buildings Major Maintenance	179,226	26,191	(26,191)	15,257	15,257	163,969
County Garage Lifts Improvements	74,200	-	-	70,108	70,108	4,092
Courthouse Exterior Renovations	4,565,835	34,930	-	260,172	295,102	4,270,733
Courthouse Security Needs	165,000	-	-	161,492	161,492	3,508
Detention Center Cooling Tower	376,940	16,500	-	-	16,500	360,440
Detention Center Exterior Repair/Cleaning	1,383,931	12,312	-	285,968	298,280	1,085,651
East Asheville Library	6,977,466	239,810	-	2,439,740	2,679,550	4,297,916
Enka Heritage Greenway	80,000	-	-	-	-	80,000
Enka Library Renovations	300,000	183,357	-	101,978	285,335	14,665
1st Floor Renovations and Meeting Rooms	1,025,816	1,015,731	-	-	1,015,731	10,085
Fleet Services Complex	3,500,000	-	-	-	-	3,500,000
Garren Creek Tower	1,000,000	-	-	67,920	67,920	932,080
General Government Vehicles	202,352	387,370	(387,370)	25,146	25,146	177,206
Grading/Paving Lake Julian Playground	180,000	-	-	-	-	180,000
Greenways Contingency	148,849	-	-	-	-	148,849
Grounds Equipment FY20	61,938	-	-	53,761	53,761	8,177
Hominy Creek Greenway	80,000	-	-	-	-	80,000
Human Services Building Expansion	43,213,331	42,035,744	-	91,983	42,127,727	1,085,604
Interchange Building FY20	468,641	-	-	-	-	468,641
IT Redundant Network Configuration	1,000,000	790,166	-	2,016	792,182	207,818
Jail Mezzanine Metal Screen Partitions	318,000	-	-	-	-	318,000
Judicial Complex Chiller Addition	297,000	208,037	-	6,090	214,127	82,873
Lake Julian Marina Dock Replacement	264,000	251,561	-	8,309	259,870	4,130
Lake Julian Pontoon Boat	50,000	-	-	35,027	35,027	14,973
Lake Julian Shelter Replacements	100,000	-	-	4,950	4,950	95,050
Leicester Patrol Office Renovation	6,948	-	-	1,131	1,131	5,817

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, 2020

	Actual to June 30, 2020					Variance Positive (Negative)
	Project Authorization	Reported In Prior Years	Closures of Prior Activity	Current Year	Total	
Library Infrastructure	138,000	28,917	-	65,932	94,849	43,151
Mitel Phone System Upgrade	122,956	-	-	101,724	101,724	21,232
Oakley/South Asheville Library HVAC	94,377	-	-	36,941	36,941	57,436
Orchard Street Park	150,000	-	-	-	-	150,000
Owen Park Exercise Stations	30,000	-	-	29,999	29,999	1
Pack Library Exterior Wash	192,500	-	-	-	-	192,500
Pack Library Fire Suppression System	233,439	-	-	-	-	233,439
Park Utility Vehicles	-	23,485	(23,485)	-	-	-
Parking Lot Improvements FY20	946,523	-	-	2,500	2,500	944,023
Parks and Recreation Projects FY20	787,665	-	-	15,264	15,264	772,401
Playground Maintenance Revolving Fund	30,000	-	-	9,363	9,363	20,637
Reems Creek Greenway	600,000	-	-	-	-	600,000
Register of Deeds Building Envelope	560,475	-	-	-	-	560,475
Repairs for Libraries FY20	366,978	-	-	148,374	148,374	218,604
Roof Replacements FY20	466,900	-	-	-	-	466,900
Roofing Projects	125,624	13,500	-	109,775	123,275	2,349
Shelter at Lake Julian Walking Trail	180,000	-	-	-	-	180,000
Sheriff Vehicles	1,705,204	868,701	(868,701)	1,624,890	1,624,890	80,314
Sidewalks - General	182,000	-	-	-	-	182,000
Soccer Complex Improvements	155,608	-	-	-	-	155,608
Warren Wilson Pool	300,000	-	-	-	-	300,000
Woodfin Greenway	1,160,000	121,239	-	-	121,239	1,038,761
Woodfin Greenway - TDA Grant	2,250,000	-	-	-	-	2,250,000
Zeugner Center Demolition	90,761	-	-	42,335	42,335	48,426
Zeugner Pool Operations & Maintenance	40,625	40,625	-	-	40,625	-
			-			
Total capital outlay	83,586,228	50,070,587	(1,746,060)	7,457,210	55,781,737	27,804,491
Debt service:						
Interest and fees	4,649,994	4,649,994	-	-	4,649,994	-
Revenues over (under) expenditures	(86,402,057)	(53,670,248)	1,746,060	(7,348,211)	(59,272,399)	27,129,658
OTHER FINANCING SOURCES (USES)						
Prior year revenues	\$ 67,511,223	\$ 65,564,159	\$ (990,307)	\$ -	\$ 64,573,852	\$ (2,937,371)
Proceeds from installment obligations	22,546,742	-	-	13,206,993	13,206,993	(9,339,749)
Transfers from other funds	5,545,430	5,342,363	(755,753)	885,780	5,472,390	(73,040)
Transfer to other funds	(9,751,587)	(7,972,187)	-	(1,779,400)	(9,751,587)	-
Contingency	(23,435)	-	-	-	-	23,435
Sale of capital assets	573,684	573,685	-	115,000	688,685	115,001
Total other financing sources (uses)	86,402,057	63,508,020	(1,746,060)	12,428,373	74,190,333	(12,211,724)
Revenues and other sources over expenditures and other uses	\$ -	\$ 9,837,772	\$ -	5,080,162	\$ 14,917,934	\$ 14,917,934
Fund balance, beginning of year				9,837,772		
Fund balance, end of year				\$ 14,917,934		

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, 2020

	Actual to June 30, 2020					Variance Positive (Negative)
	Project Budget	Reported in Prior Years	Closures of Prior Activity	Current Year	Total	
REVENUES						
Restricted intergovernmental	\$ 793,755	\$ 81,267	\$ -	\$ 458,450	\$ 539,717	\$ (254,038)
Sales and services	-	462,856	(425,405)	-	37,451	37,451
Miscellaneous	1,797,664	4,546,986	(2,763,186)	170,944	1,954,744	157,080
Total revenues	<u>2,591,419</u>	<u>5,091,109</u>	<u>(3,188,591)</u>	<u>629,394</u>	<u>2,531,912</u>	<u>(59,507)</u>
EXPENDITURES						
Current:						
Economic and physical development	3,000,000	425,405	(425,405)	-	-	3,000,000
Capital outlay:						
Housing:						
Home FY16	75,000	-	-	75,000	75,000	-
Home FY17	-	75,000	(75,000)	-	-	-
Home FY18	101,733	-	-	-	-	101,733
Home FY19	75,000	-	-	-	-	75,000
Home Program Income	147,769	126,288	-	-	126,288	21,481
MHO Eagle Street	-	2,000,000	(2,000,000)	-	-	-
Lee Walker Heights Redevelopment	4,200,000	2,500,000	-	1,200,000	3,700,000	500,000
East Haven Apartments	925,000	-	-	925,000	925,000	-
Old Haywood Road Neighborhood	680,800	-	-	680,800	680,800	-
Housing trust:						
Housing Trust FY09	-	300,000	(300,000)	-	-	-
Housing Trust FY18	231,165	226,325	-	690	227,015	4,150
Housing Trust FY19	513,145	348,436	-	154,710	503,146	9,999
Housing Trust FY20	1,053,957	-	-	42,436	42,436	1,011,521
Housing Trust Program Income	465,001	436,801	-	-	436,801	28,200
Manufactured Homes Disposal	193,334	126,409	-	20,648	147,057	46,277
Energy Initiatives	148,142	79,107	-	-	79,107	69,035
Small Business Development	200,000	-	-	-	-	200,000
Conservation	1,395,788	616,566	(409,289)	528,978	736,255	659,533
Total expenditures	<u>13,405,834</u>	<u>7,260,337</u>	<u>(3,209,694)</u>	<u>3,628,262</u>	<u>7,678,905</u>	<u>5,726,929</u>
Revenues over (under) expenditures	<u>(10,814,415)</u>	<u>(2,169,228)</u>	<u>21,103</u>	<u>(2,998,868)</u>	<u>(5,146,993)</u>	<u>5,667,422</u>
OTHER FINANCING SOURCES (USES)						
Transfer from other funds	11,139,415	10,752,570	(2,037,769)	2,461,845	11,176,646	37,231
Transfer to other funds	(325,000)	(2,341,666)	2,016,666	-	(325,000)	-
Total other financing sources (uses)	<u>10,814,415</u>	<u>8,410,904</u>	<u>(21,103)</u>	<u>2,461,845</u>	<u>10,851,646</u>	<u>37,231</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ 6,241,676</u>	<u>\$ -</u>	<u>(537,023)</u>	<u>\$ 5,704,653</u>	<u>\$ 5,704,653</u>
Reconciliation from budgetary basis (modified accrual) to GAAP:						
Reconciling items:						
Net collections on long-term loans				<u>1,453,647</u>		
Change in fund balance				916,624		
Fund Balance, beginning of year				<u>10,334,130</u>		
Fund balance, end of year				<u>\$ 11,250,754</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 distributions 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 such as 911.

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 accounts for revenues received from multi-year grants and related expenditures.

Transportation Fund

This fund accounts for revenues and 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, 2020

	Special Revenue Funds			
	Special Districts			
	Volunteer Fire Departments	Emergency Telephone System	Register of Deeds Automation	Grant Projects
ASSETS				
Cash and investments	\$ 138,593	\$ 2,028,051	\$ 231,067	\$ 819,770
Restricted cash and investments	-	-	-	1,519,675
Receivables (net):				
Taxes receivable	136,673	37,060	243	2,199
Accounts receivable	4,582	-	-	-
Due from other governments	1,942,142	2,083	-	587,153
Total assets	\$ 2,221,990	\$ 2,067,194	\$ 231,310	\$ 2,928,797
LIABILITIES				
Accounts payable	\$ 2,085,317	\$ 73,837	\$ 4,360	\$ 235,746
Payable from restricted cash	-	-	-	970,512
Unearned revenue	-	-	-	717,324
Total liabilities	2,085,317	73,837	4,360	1,923,582
DEFERRED INFLOWS OF RESOURCES	136,673	-	-	491,614
FUND BALANCES				
Restricted for:				
Stabilization by State statute	-	39,143	243	-
Register of deeds	-	-	226,707	-
Public safety	-	1,954,214	-	-
Grant projects	-	-	-	513,601
Economic and physical development	-	-	-	-
Human services	-	-	-	-
Assigned	-	-	-	-
Total fund balances	-	1,993,357	226,950	513,601
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,221,990	\$ 2,067,194	\$ 231,310	\$ 2,928,797

Special Revenue Funds Continued

Transportation	Drug Forfeitures	PDF Woodfin Downtown	BC Service Foundation	Total Nonmajor Governmental Funds
\$ 321,050	\$ 545,881	\$ 1,015	\$ 110,111	\$ 4,195,538
-	-	-	-	1,519,675
570	8,088	-	424	185,257
1,170	-	3	-	5,755
744,995	-	-	-	3,276,373
\$ 1,067,785	\$ 553,969	\$ 1,018	\$ 110,535	\$ 9,182,598
\$ 166,199	\$ 43,498	\$ 900	\$ 7,345	\$ 2,617,202
-	-	-	-	970,512
-	-	-	17,854	735,178
166,199	43,498	900	25,199	4,322,892
109,550	-	-	-	737,837
705,809	8,088	3	424	753,710
-	-	-	-	226,707
-	502,383	-	-	2,456,597
-	-	-	-	513,601
-	-	115	-	115
-	-	-	84,912	84,912
86,227	-	-	-	86,227
792,036	510,471	118	85,336	4,121,869
\$ 1,067,785	\$ 553,969	\$ 1,018	\$ 110,535	\$ 9,182,598

BUNCOMBE COUNTY, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2020

	Special Revenue Funds			
	Special Districts	Emergency Telephone System	Register of Deeds Automation	Grant Projects
	Volunteer Fire Departments			
REVENUES				
Ad valorem taxes	\$ 24,777,531	\$ -	\$ -	\$ -
Incremental tax revenue	-	-	-	-
Local option sales taxes	7,791,340	-	-	-
Permits and fees	-	-	153,432	-
Restricted intergovernmental	-	24,984	-	2,781,957
Sales and services	-	-	-	15,200
Investment earnings	-	19,396	1,648	-
Miscellaneous	-	-	-	961,311
Total revenues	32,568,871	44,380	155,080	3,758,468
EXPENDITURES				
Current:				
General government	-	-	59,327	1,115,101
Public safety	32,568,871	737,002	-	1,542,517
Economic and physical development	-	-	-	6,852
Human services	-	-	-	1,198,416
Cultural and recreational	-	-	-	482,007
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fees	-	-	-	-
Total expenditures	32,568,871	737,002	59,327	4,344,893
Revenues over (under) expenditures	-	(692,622)	95,753	(586,425)
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	178,000	-	479,121
Transfers to other funds	-	-	(23,620)	-
Sale of assets	-	-	-	-
Total other financing sources (uses)	-	178,000	(23,620)	479,121
Net change in fund balances	-	(514,622)	72,133	(107,304)
Fund balances, beginning of year	-	2,507,979	154,817	620,905
Fund balances, end of year	\$ -	\$ 1,993,357	\$ 226,950	\$ 513,601

Special Revenue Funds Continued

Transportation	Drug Forfeitures	PDF Woodfin Downtown	BC Service Foundation	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 24,777,531
-	-	339,316	-	339,316
-	-	-	-	7,791,340
-	-	-	-	153,432
3,534,569	76,982	239,893	72,090	6,730,475
-	-	-	-	15,200
-	5,337	47	1,216	27,644
16,399	-	-	1,157,480	2,135,190
3,550,968	82,319	579,256	1,230,786	41,970,128
-	-	-	-	1,174,428
-	168,694	-	-	35,017,084
-	-	-	-	6,852
3,807,488	-	-	1,414,218	6,420,122
-	-	-	-	482,007
712,152	-	-	-	712,152
-	-	115,000	-	115,000
-	-	513,879	-	513,879
4,519,640	168,694	628,879	1,414,218	44,441,524
(968,672)	(86,375)	(49,623)	(183,432)	(2,471,396)
1,641,248	-	45,240	200,000	2,543,609
(65,850)	-	-	(39,627)	(129,097)
45,100	-	-	-	45,100
1,620,498	-	45,240	160,373	2,459,612
651,826	(86,375)	(4,383)	(23,059)	(11,784)
140,210	596,846	4,501	108,395	4,133,653
\$ 792,036	\$ 510,471	\$ 118	\$ 85,336	\$ 4,121,869

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, 2020

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Ad valorem taxes		\$ 24,777,531	
Local option sales taxes		7,791,340	
Total revenues	<u>\$ 35,015,457</u>	<u>32,568,871</u>	<u>\$ (2,446,586)</u>
EXPENDITURES			
Current:			
Public safety:			
Contract payments to			
Volunteer fire departments		32,568,871	
Total expenditures	<u>35,015,457</u>	<u>32,568,871</u>	<u>2,446,586</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, 2020

	Budget	Actual	Variance Positive (Negative)
REVENUES			
		\$ -	
Total revenues	\$ -	-	\$ -
EXPENDITURES			
Current:			
General government:			
Other operating expenditures		432,630	
Total expenditures	890,000	432,630	457,370
Revenues under expenditures	(890,000)	(432,630)	457,370
OTHER FINANCING SOURCES			
Transfers from other funds	163,334	163,334	-
Appropriated fund balance	726,666	-	(726,666)
Total other financing sources	890,000	163,334	(726,666)
Net change in fund balance	\$ -	(269,296)	\$ (269,296)
Fund balance, beginning of year		726,666	
Fund balance, end of year		\$ 457,370	

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, 2020

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Restricted intergovernmental		\$ 24,984	
Investment earnings		19,396	
Total revenues	<u>\$ 34,984</u>	<u>44,380</u>	<u>\$ 9,396</u>
EXPENDITURES			
Current:			
Public safety:			
Other operating expenditures		737,002	
Total expenditures	<u>857,000</u>	<u>737,002</u>	<u>119,998</u>
Revenues over (under) expenditures	<u>(822,016)</u>	<u>(692,622)</u>	<u>129,394</u>
OTHER FINANCING SOURCES			
Transfers from other funds	-	178,000	178,000
Appropriated fund balance	822,016	-	(822,016)
Total other financing sources	<u>822,016</u>	<u>178,000</u>	<u>(644,016)</u>
Net change in fund balance	<u><u>\$ (822,016)</u></u>	<u>(514,622)</u>	<u><u>\$ (514,622)</u></u>
Fund balance, beginning of year		<u>2,507,979</u>	
Fund balance, end of year		<u><u>\$ 1,993,357</u></u>	

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, 2020

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Permits and fees		\$ 153,432	
Investment earnings		1,648	
Total revenues	\$ 155,000	155,080	\$ 80
EXPENDITURES			
Current:			
General government:			
Other operating expenditures		59,327	
Total expenditures	128,082	59,327	68,755
Revenues over expenditures	26,918	95,753	68,835
OTHER FINANCING SOURCES (USES)			
Appropriated fund balance	115,312	-	(115,312)
Transfer to general fund	(142,230)	(23,620)	118,610
Total other financing sources (uses)	(26,918)	(23,620)	3,298
Net change in fund balance	\$ -	72,133	\$ 72,133
Fund balance, beginning of year		154,817	
Fund balance, end of year		\$ 226,950	

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, 2020

	Actual to June 30, 2020				Variance Positive (Negative)
	Project Budget	Reported In Prior Years*	Current Year	Total	
REVENUES					
Restricted intergovernmental	\$ 26,458,913	\$ 7,466,917	\$ 2,781,957	\$ 10,248,874	\$ (16,210,039)
Sales and services	226,766	179,930	15,200	195,130	(31,636)
Miscellaneous	2,650,038	926,946	961,311	1,888,257	(761,781)
Total revenues	<u>29,335,717</u>	<u>8,573,793</u>	<u>3,758,468</u>	<u>12,332,261</u>	<u>(17,003,456)</u>
EXPENDITURES					
General government	1,969,675	237,789	1,115,101	1,352,890	616,785
Public safety	9,068,856	4,412,115	1,542,517	5,954,632	3,114,224
Economic and physical development	203,838	24,186	6,852	31,038	172,800
Human services	7,971,764	4,262,295	1,198,416	5,460,711	2,511,053
Cultural and recreational	12,014,000	904,170	482,007	1,386,177	10,627,823
Total expenditures	<u>31,228,133</u>	<u>9,840,555</u>	<u>4,344,893</u>	<u>14,185,448</u>	<u>17,042,685</u>
Revenues under expenditures	<u>(1,892,416)</u>	<u>(1,266,762)</u>	<u>(586,425)</u>	<u>(1,853,187)</u>	<u>39,229</u>
OTHER FINANCING SOURCES (USES)					
Transfer from other funds	2,017,416	2,012,667	479,121	2,491,788	474,372
Transfer to other funds	(125,000)	(125,000)	-	(125,000)	-
Total other financing sources (uses)	<u>1,892,416</u>	<u>1,887,667</u>	<u>479,121</u>	<u>2,366,788</u>	<u>474,372</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 620,905</u>	<u>(107,304)</u>	<u>\$ 513,601</u>	<u>\$ 513,601</u>
Fund balance, beginning of year			<u>620,905</u>		
Fund balance, end of year			<u>\$ 513,601</u>		

* Miscellaneous reclassifications of amounts within revenue and expenditure categories were done in the current fiscal year.

BUNCOMBE COUNTY, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2020

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Restricted intergovernmental		\$ 3,534,569	
Miscellaneous		16,399	
Total revenues	\$ 3,074,525	3,550,968	\$ 476,443
EXPENDITURES			
Current:			
Human services:			
Salaries and benefits		178,844	
Other operating expenditures		3,628,644	
Capital outlay		712,152	
Total expenditures	4,772,516	4,519,640	252,876
Revenues under expenditures	(1,697,991)	(968,672)	729,319
OTHER FINANCING SOURCES (USES)			
Appropriated fund balance	122,593	-	(122,593)
Sales of capital assets	-	45,100	45,100
Transfer from general fund	1,641,248	1,641,248	-
Transfer to grant projects	(65,850)	(65,850)	-
Total other financing sources (uses)	1,697,991	1,620,498	(77,493)
Net change in fund balance	\$ -	651,826	\$ 651,826
Fund balance, beginning of year		140,210	
Fund balance, end of year		\$ 792,036	

BUNCOMBE COUNTY, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2020

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Restricted intergovernmental		\$ 76,982	
Restricted investment earnings		5,337	
Total revenues	<u>\$ 592,058</u>	<u>82,319</u>	<u>\$ (509,739)</u>
EXPENDITURES			
Current:			
Public safety:			
Operating expenditures		129,346	
Capital outlay		39,348	
Total expenditures	<u>592,058</u>	<u>168,694</u>	<u>423,364</u>
Net change in fund balance	<u>\$ -</u>	<u>(86,375)</u>	<u>\$ (86,375)</u>
Fund balance, beginning of year		<u>596,846</u>	
Fund balance, end of year		<u>\$ 510,471</u>	

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, 2020

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Incremental tax revenue		\$ 339,316	
Restricted intergovernmental		239,893	
Investment earnings		47	
Total revenues	\$ 640,950	579,256	\$ (61,694)
EXPENDITURES			
Debt service:			
Principal retirement		115,000	
Interest and fees		513,879	
Total expenditures	640,950	628,879	12,071
Revenues under expenditures	-	(49,623)	(49,623)
OTHER FINANCING SOURCES			
Transfer from general fund	-	45,240	45,240
Net change in fund balance	\$ -	(4,383)	\$ (4,383)
Fund balance, beginning of year		4,501	
Fund balance, end of year		\$ 118	

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, 2020

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Restricted intergovernmental		\$ 72,090	
Investment earnings		1,216	
Miscellaneous		1,157,480	
Total revenues	\$ 1,832,788	1,230,786	\$ (602,002)
EXPENDITURES			
Current			
Human Services:			
Operating expenditures		1,414,218	
Total expenditures	2,115,486	1,414,218	701,268
Revenues under expenditures	(282,698)	(183,432)	99,266
OTHER FINANCING SOURCES (USES)			
Appropriated fund balance	122,325	-	(122,325)
Transfer from general fund	200,000	200,000	-
Transfer to general fund	(39,627)	(39,627)	-
Total other financing sources (uses)	282,698	160,373	(122,325)
Net change in fund balance	\$ -	(23,059)	\$ (23,059)
Fund balance, beginning of year		108,395	
Fund balance, end of year		\$ 85,336	

*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 closed landfill.

Landfill Capital Projects Fund

This fund accounts for the capital projects associated with the solid waste program.

Inmate Commissary/Welfare Fund

This fund accounts for resources used to offset the daily personal and incidental needs of inmates in the County's detention center. Revenue is generated by telephone concessions and 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, 2020

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Operating revenues:			
Tipping fees		\$ 9,897,576	
Service charges and other revenues		787,397	
Intergovernmental revenues		612,084	
Total operating revenues	\$ 10,203,948	11,297,057	\$ 1,093,109
Nonoperating revenues:			
Investment earnings	15,824	155,751	139,927
Total revenues	10,219,772	11,452,808	1,233,036
EXPENDITURES			
Landfill:			
Salaries, wages, and fringe benefits		1,651,374	
Maintenance and repairs		729,882	
Contracted services		741,290	
Other operating expenses		2,342,324	
Landfill closure and postclosure care costs		323,404	
Total landfill		5,788,274	
Transfer station:			
Salaries, wages, and fringe benefits		1,153,076	
Maintenance and repairs		77,803	
Contracted services		3,214	
Other operating expenses		675,873	
Total transfer station		1,909,966	
Landfill gas to energy project:			
Salaries, wages, and fringe benefits		98,295	
Maintenance and repairs		206,298	
Contracted services		35,782	
Other operating expenses		680	
Total landfill gas to energy project		341,055	
Capital outlay		242,002	
NC electronics management		29,425	
Debt service:			
Principal retirement		295,000	
Interest and fees		33,183	
Total debt service		328,183	
Total expenditures	10,219,772	8,638,905	1,580,867
Revenues over expenditures	\$ -	2,813,903	\$ 2,813,903

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, 2020

	Budget	Actual	Variance Positive (Negative)
Revenues over expenditures		\$ 2,813,903	
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Debt principal		295,000	
Decrease in accrued interest		781	
Amortization of installment note premium		18,893	
Decrease in deferred outflows of resources - pensions		(49,506)	
Increase in deferred outflows of resources - OPEB		131,061	
Increase in net pension liability		(114,952)	
Increase in deferred inflows of resources - pensions		(3,953)	
Increase in accrued compensated absences		(36,205)	
Decrease in fuel inventory		(1,933)	
Increase in accrued landfill closure and postclosure care costs		(619,217)	
Loss on disposed assets		(624,109)	
Capital outlay		242,002	
Depreciation		(1,920,790)	
Prior period adjustment for OPEB		(172,004)	
Total reconciling items		<u>(2,854,932)</u>	
Change in net position		<u>\$ (41,029)</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, 2020

	Actual to June 30, 2020					Variance Positive (Negative)
	Project Authorization	Reported in Prior Years	Closures of Prior Activity	Current Year Activity	Total to Date	
REVENUES						
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cell 7	566,000	565,308	-	1	565,309	691
Phase 5 C&D landfill	-	58,800	(58,800)	-	-	-
Phase 6 C&D landfill	1,796,848	1,576,507	-	216,235	1,792,742	4,106
Subtitle D vertical expansion	782,805	495,078	-	75,557	570,635	212,170
Solid waste transfer facility	10,488,616	10,302,628	-	46,879	10,349,507	139,109
Contingency	95,780	-	-	-	-	95,780
Total expenditures	13,730,049	12,998,321	(58,800)	338,672	13,278,193	451,856
Revenues under expenditures	(13,730,049)	(12,998,321)	58,800	(338,672)	(13,278,193)	451,856
OTHER FINANCING SOURCES						
Sale of assets	-	5,000	-	-	5,000	5,000
Transfer from solid waste	11,021,616	11,021,616	-	-	11,021,616	-
Prior year revenues	2,708,433	2,750,030	(58,800)	-	2,691,230	(17,203)
Total other financing sources	13,730,049	13,776,646	(58,800)	-	13,717,846	(12,203)
Revenues and other sources over (under) expenditures	\$ -	\$ 778,325	\$ -	\$ (338,672)	\$ 439,653	\$ 439,653

BUNCOMBE COUNTY, NORTH CAROLINA

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

Inmate Commissary/Welfare Fund

FOR THE YEAR ENDED JUNE 30, 2020

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Operating revenues:			
Commissary concessions		\$ 324,804	
Telephone concessions		179,656	
Total operating revenues		<u>504,460</u>	
Nonoperating revenues:			
Investment earnings		<u>6,369</u>	
Total revenues	\$ 358,713	510,829	\$ 152,116
EXPENDITURES			
Salaries, wages, and fringe benefits		92,829	
Contracted services		133,453	
Cost of products sold		78,468	
Other operating expenditures		52,620	
Capital outlay	189,000	<u>129,294</u>	
Total expenditures	801,909	486,664	315,245
Revenues over (under) expenditures	(443,196)	24,165	467,361
OTHER FINANCING SOURCES			
Appropriated fund balance	443,196	-	(443,196)
Revenues and other sources over expenditures	\$ -	24,165	\$ 24,165
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling Items:			
Decrease in deferred outflows of resources - pensions		(10,881)	
Increase in deferred outflows of resources - OPEB		7,367	
Decrease in net pension liability		7,570	
Decrease in deferred inflows of resources - pensions		139	
Capital outlay		129,294	
Depreciation		(19,394)	
Decrease in accrued compensated absences		3,505	
Prior period adjustment for OPEB		(9,668)	
Total reconciling items		<u>(25,557)</u>	
Change in net position		\$ (1,392)	

*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 for 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 incarceration.

General Agency Accounts Fund

This fund accounts for ad valorem and local option sales taxes collected for other taxing units and fees collected by the Register of Deeds to be remitted to the State Treasurer.

Social Services Fund

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

Sondley Estate Trust Fund

This fund accounts for certain monies held by the County as fiscal agent.

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, 2020

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Operating revenues:			
Charges for services		\$ 38,007,937	
Total revenues	\$ 37,671,289	38,007,937	\$ 336,648
EXPENDITURES			
Salaries, wages, and fringe benefits		369,941	
Insurance premiums		1,265,068	
Claims		30,585,235	
Other operating expenditures		1,271,445	
Total expenditures	38,919,039	33,491,689	5,427,350
Revenues over (under) expenditures	(1,247,750)	4,516,248	5,763,998
OTHER FINANCING SOURCES (USES)			
Transfer to general fund	(987,250)	-	987,250
Appropriated fund balance	2,235,000	-	(2,235,000)
Total other financing sources (uses)	1,247,750	-	(1,247,750)
Revenues and other sources over expenditures and other uses	\$ -	4,516,248	\$ 4,516,248
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling Item:			
Change in incurred but not reported claims		(283,091)	
Change in net position		\$ 4,233,157	

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

FOR THE YEAR ENDED JUNE 30, 2020

	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020
Inmate Trust Fund:				
Assets				
Cash and investments	\$ 36,730	\$ 2,383,877	\$ 2,339,556	\$ 81,051
Liabilities				
Due to beneficiaries	\$ 36,730	\$ 1,201,372	\$ 1,157,051	\$ 81,051
General Agency Accounts:				
Assets				
Cash and investments	\$ 1,211,252	\$ 100,310,622	\$ 100,535,112	\$ 986,762
Intergovernmental receivable	1,462,225	1,315,047	1,465,881	1,311,391
	<u>\$ 2,673,477</u>	<u>\$ 101,625,669</u>	<u>\$ 102,000,993</u>	<u>\$ 2,298,153</u>
Liabilities				
Intergovernmental payable	\$ 2,673,477	\$ 100,126,923	\$ 100,502,247	\$ 2,298,153
Social Services Fund:				
Assets				
Cash and investments	\$ 43,240	\$ 269,802	\$ 255,366	\$ 57,676
Liabilities				
Due to beneficiaries	\$ 43,240	\$ 270,439	\$ 256,003	\$ 57,676
Sondley Estate Trust:				
Assets				
Cash and investments	\$ 859,914	\$ 7,463	\$ -	\$ 867,377
Liabilities				
Due to beneficiaries	\$ 859,914	\$ 7,463	\$ -	\$ 867,377
Totals - All Agency Funds				
Assets				
Cash and investments	\$ 2,151,136	\$ 102,971,764	\$ 103,130,034	\$ 1,992,866
Intergovernmental receivable	1,462,225	1,315,047	1,465,881	1,311,391
	<u>\$ 3,613,361</u>	<u>\$ 104,286,811</u>	<u>\$ 104,595,915</u>	<u>\$ 3,304,257</u>
Liabilities				
Intergovernmental payable	\$ 2,673,477	\$ 100,126,923	\$ 100,502,247	\$ 2,298,153
Due to beneficiaries	939,884	1,479,274	1,413,054	1,006,104
	<u>\$ 3,613,361</u>	<u>\$ 101,606,197</u>	<u>\$ 101,915,301</u>	<u>\$ 3,304,257</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, 2020

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Federal, State, and other grants		\$ 260,357	
Licenses and permits		450,650	
Other licenses and taxes		142,692	
Investment earnings		6,237	
Miscellaneous		171,546	
Total revenues	\$ 886,200	<u>1,031,482</u>	\$ 145,282
EXPENDITURES			
Environmental protection:			
Salaries and employee benefits		909,553	
Other operating expenses		59,667	
Total expenditures	971,857	<u>969,220</u>	2,637
Revenues over expenditures	(85,657)	62,262	147,919
OTHER FINANCING SOURCES			
Appropriated fund balance	85,657	-	(85,657)
Revenues and other sources over expenditures	<u>\$ -</u>	62,262	<u>\$ 62,262</u>
Reconciliation from budgetary basis (modified accrual) to full accrual			
Reconciling items:			
Depreciation		(3,180)	
Decrease in deferred outflows of resources - pensions		(23,666)	
Increase in deferred outflows of resources - OPEB		44,598	
Increase in net pension liability		(8,867)	
Decrease in deferred inflows of resources - pensions		1,478	
Decrease in accrued compensated absences		4,040	
Decrease in contribution based benefit cap pension expense		300,665	
Prior period adjustment for OPEB		(58,531)	
Total reconciling items		<u>256,537</u>	
Change in net position		<u>\$ 318,799</u>	

Other Schedules

Buncombe County, North Carolina

BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Ad Valorem Taxes Receivable

General Fund

JUNE 30, 2020

Fiscal Year	Uncollected Balance July 1	Additions	Collections and Credits	Uncollected Balance June 30
2019-2020	\$ -	\$ 208,210,267	\$ 206,937,026	\$ 1,273,241
2018-2019	354,677	-	281,149	73,528
2017-2018	129,424	-	85,072	44,352
2016-2017	32,673	-	8,210	24,463
2015-2016	21,691	-	3,425	18,266
2014-2015	28,662	-	2,065	26,597
2013-2014	44,163	-	19,634	24,529
2012-2013	22,565	-	1,324	21,241
2011-2012	19,708	-	753	18,955
2011 & Prior	57,854	-	20,631	37,223
Total	<u>\$ 711,417</u>	<u>\$ 208,210,267</u>	<u>\$ 207,359,289</u>	1,562,395
Less allowance for uncollectible ad valorem taxes receivable				<u>(515,470)</u>
Ad valorem taxes receivable, net				<u>\$ 1,046,925</u>
Reconcilement with Revenues:				
Taxes - Ad valorem - General Fund				206,786,990
Reconciling items:				
Credits and write-offs				368,551
Interest collected				(439,464)
Prepaid				339,129
Ad val tax revenue reported in PDF Woodfin Fund				339,316
Other				(35,233)
Total reconciling items				<u>572,299</u>
Total collections and credits				<u>\$ 207,359,289</u>

BUNCOMBE COUNTY, NORTH CAROLINA

Analysis of Current Year County-Wide Tax Levy

FOR THE YEAR ENDED JUNE 30, 2020

	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	\$ 39,288,130,319	\$ 0.529	\$ 207,834,209	\$ 195,071,658	\$ 12,762,551
Discoveries & Adjustments					
Prior year taxes	<u>50,256,286</u>	Various	<u>376,058</u>	<u>376,058</u>	<u>-</u>
Net levy ⁽¹⁾	<u>\$ 39,338,386,605</u>		208,210,267	195,447,716	12,762,551
Uncollected taxes at June 30, 2020			<u>1,273,241</u>	<u>1,191,503</u>	<u>81,738</u>
Current year's taxes collected			<u>\$ 206,937,026</u>	<u>\$ 194,256,213</u>	<u>\$ 12,680,813</u>
Current levy collection %			<u>99.39%</u>	<u>99.39%</u>	<u>99.36%</u>
Secondary market disclosures:					
Assessed valuation					
Assessment ratio ⁽²⁾				100.00%	
Real property				\$ 33,889,215,567	
Personal property				2,150,140,103	
Public service companies ⁽³⁾				874,955,298	
Registered motor vehicles				<u>2,424,075,637</u>	
Total assessed valuation				<u>\$ 39,338,386,605</u>	
Tax rate per \$100				<u>\$ 0.529</u>	
Levy (includes discoveries, releases, and abatements)				<u>\$ 208,210,267</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				\$ 9,837,550	
Fire protection districts				<u>23,041,828</u>	
Total				<u>\$ 32,879,378</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, 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	129
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	134
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	138
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information	142
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information	145
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Report for the relevant year.

BUNCOMBE COUNTY, NORTH CAROLINA

Table 1

Net Position by Component

LAST TEN FISCAL YEARS (accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net Investment in Capital										
Assets										
Restricted	\$ 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	\$ 66,862,258
Unrestricted	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	62,676,954
Total governmental activities net position	<u>(94,707,863)</u>	<u>(74,196,979)</u>	<u>(87,076,203)</u>	<u>(60,363,818)</u>	<u>(108,702,036)</u>	<u>(179,191,875)</u>	<u>(156,460,610)</u>	<u>(286,835,738)</u>	<u>(267,021,070)</u>	<u>(287,431,790)</u>
Total governmental activities net position	<u>\$ 67,315,444</u>	<u>\$ 75,173,172</u>	<u>\$ 83,643,200</u>	<u>\$ 77,256,322</u>	<u>\$ 27,687,499</u>	<u>\$ (20,215,945)</u>	<u>\$ (25,146,613)</u>	<u>\$ (162,272,491)</u>	<u>\$ (159,821,708)</u>	<u>\$ (157,892,578)</u>
Business-type activities										
Net Investment in Capital										
Assets										
Restricted	\$ 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	\$ 30,182,901
Unrestricted	1,516,288	-	-	-	-	-	-	-	-	-
Total business-type activities net position	<u>8,653,235</u>	<u>2,719,749</u>	<u>1,943,250</u>	<u>2,152,981</u>	<u>2,841,242</u>	<u>4,574,997</u>	<u>5,674,200</u>	<u>(3,834,289)</u>	<u>(1,684,521)</u>	<u>(53,017)</u>
Total business-type activities net position	<u>\$ 44,362,835</u>	<u>\$ 30,099,252</u>	<u>\$ 28,469,600</u>	<u>\$ 28,353,957</u>	<u>\$ 27,700,591</u>	<u>\$ 28,252,047</u>	<u>\$ 28,621,663</u>	<u>\$ 24,336,061</u>	<u>\$ 30,038,816</u>	<u>\$ 30,129,884</u>
Primary government										
Net Investment in Capital										
Assets										
Restricted	\$ 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	\$ 97,045,159
Unrestricted	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	62,676,954
Total primary government net position	<u>(86,054,628)</u>	<u>(71,477,230)</u>	<u>(85,132,953)</u>	<u>(58,210,837)</u>	<u>(105,860,794)</u>	<u>(174,616,878)</u>	<u>(150,786,410)</u>	<u>(290,670,027)</u>	<u>(268,705,591)</u>	<u>(287,484,807)</u>
Total primary government net position	<u>\$ 111,678,279</u>	<u>\$ 105,272,424</u>	<u>\$ 112,112,800</u>	<u>\$ 105,610,279</u>	<u>\$ 55,388,090</u>	<u>\$ 8,036,102</u>	<u>\$ 3,475,050</u>	<u>\$ (137,936,430)</u>	<u>\$ (129,782,892)</u>	<u>\$ (127,762,694)</u>

NOTE: Balances for years prior to FY2019 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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
General government	\$ 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	\$57,033,928
Public safety	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	101,420,210
Economic and physical development	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	32,356,232
Human services	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	95,907,482
Cultural and recreational	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	10,109,657
Education	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	124,192,016
Interest on long-term debt	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	15,176,709
Total governmental activities expenses	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	436,196,234
Business-type activities:										
Solid Waste Disposal	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	10,869,728
Human Services facilities	871,532	570,709	-	-	-	-	-	-	-	-
Mental health	689,128	492,722	-	-	-	-	-	-	-	-
Inmate commissary/welfare	524,703	311,120	216,770	222,997	357,906	335,562	433,890	525,854	477,143	378,732
Criminal justice information system	1,597,872	1,297,159	1,246,614	1,416,776	-	-	-	-	-	-
Total business-type activities expenses	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	11,248,460
Total primary governmental expenses	\$ 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	\$ 447,444,694
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government	\$ 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	\$ 5,141,450
Public safety	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	15,808,262
Economic and physical development	7,976,554	7,914,085	8,424,439	448,312	489,513	437,203	529,488	1,840,544	757,008	1,010,471
Human services	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	1,910,601
Cultural and recreational	873,489	663,930	590,408	517,104	450,484	365,132	361,971	413,519	505,568	310,224
Operating grants and contributions	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	52,120,976
Capital grants and contributions	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	2,684,062
Total governmental activities program revenues	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	78,986,046
Business-type activities:										
Charges for services:										
Solid waste Disposal	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	10,684,973
Human Services facilities	663,860	320,826	-	-	-	-	-	-	-	-
Mental health	474,937	681,105	-	-	-	-	-	-	-	-
Inmate commissary/welfare	412,890	506,366	351,049	323,536	311,076	343,402	477,200	512,433	568,978	504,460
Criminal justice information system	1,270,613	1,326,110	1,326,631	1,383,407	-	-	-	-	-	-
Operating grants and contributions	341,098	368,570	373,333	371,192	393,715	418,726	441,397	631,261	578,909	612,084
Capital grants and contributions	1,142,529	1,678,147	226,720	-	-	-	-	-	-	-
Total business-type activities program revenues	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	11,801,517
Total primary governmental program revenues	\$ 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	\$ 90,787,563

Continued On Next Page

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2019
Net (expense) revenue										
Governmental activities	\$ (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)	\$ (357,210,188)
Business-type activities	1,429,247	2,353,756	1,212,130	556,096	(710,202)	498,312	223,596	(2,967,058)	5,214,068	553,057
Total primary governmental net expense	\$ (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)	\$ (356,657,131)

GENERAL REVENUES AND OTHER CHANGES IN NET POSITION

Governmental activities:

Taxes: Property taxes	\$ 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	\$ 232,199,493
Taxes: Local option sales tax	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	90,357,501
Other taxes and licenses	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	28,405,875
Investment earnings, unrestricted	598,662	567,965	144,603	300,785	344,674	770,823	1,244,338	2,261,540	4,088,580	3,077,122
Gain (Loss) on sale of capital assets	-	(2,000,621)	-	(417,150)	1,828,088	3,139,269	91,350	192,891	157,785	145,412
Miscellaneous, unrestricted	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	4,953,915
Transfers	-	16,012,934	-	601,570	-	-	-	-	-	-
Total governmental activities	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	359,139,318

Business-type activities:

Investment earnings, unrestricted	161,039	106,873	57,016	38,182	55,526	46,854	141,511	234,592	302,015	162,120
Gain (Loss) on sale of capital assets	-	170	-	-	1,310	6,290	4,509	6,039	5,000	(624,109)
Transfers	-	(16,012,934)	-	(601,570)	-	-	-	-	-	-
Total business-type activities	161,039	(15,905,891)	57,016	(563,388)	56,836	53,144	146,020	240,631	307,015	(461,989)
Total primary government	\$ 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	\$ 358,677,329

CHANGE IN NET POSITION

Governmental activities	\$ (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)	\$ 1,929,130
Business-type activities	1,590,286	(13,552,135)	1,269,146	(7,292)	(653,366)	551,456	369,616	(2,726,427)	5,521,083	91,068
Total primary government	\$ (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	\$ 2,020,198

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)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Nonspendable	\$ 270,471	\$ 207,455	\$ 243,865	\$ 300,407	\$ 52,597	\$ 52,202	\$ 57,975	\$ 40,734	\$ 38,481	\$ 56,655
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	25,450,599
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	2,639,713
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	12,673,752
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	56,964,358
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	\$ 97,785,077
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	54,285,298
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	15,244,724
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	\$ 69,530,022
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	\$ 167,315,099

NOTE: 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)

REVENUES	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Ad valorem taxes	\$ 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	\$ 231,903,837
Local option sales taxes	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	90,357,501
Other taxes and licenses	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	28,405,875
Unrestricted intergovernmental	649,642	668,378	638,811	708,078	742,595	709,599	840,987	715,572	718,206	719,843
Restricted intergovernmental	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	54,336,167
Permits and fees	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	4,858,118
Sales and services	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	18,197,757
Investment earnings	828,614	607,247	148,134	274,061	382,885	721,103	1,141,090	2,235,734	4,299,443	1,839,869
Miscellaneous	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	5,051,020
Total revenues	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	435,669,987
Current:										
General government	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	46,976,274
Public safety	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	96,265,118
Economic and physical development	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	28,757,530
Human services	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	89,568,043
Cultural and recreation	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	8,305,780
Intergovernmental:										
Education	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	90,709,757
Capital outlay	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	45,287,687
Debt service										
Principal	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	31,914,567
Interest and fees	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	19,805,655
Total expenditures	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	457,590,411
Excess of revenues over (under) expenditures	(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)	(21,920,424)
OTHER FINANCING SOURCES (USES)										
Transfers from other funds	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	12,733,881
Transfers to other funds	(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)	(12,733,881)
Installment obligations issued	55,720,000	-	73,380,000	180,315,001	126,844,450	-	1,720,347	54,730,000	-	98,465,674
General obligation debt issued	-	-	32,500,000	-	-	-	-	-	-	-
Premium/discount on debt issued	1,619,652	-	11,883,464	21,379,812	22,736,977	-	-	6,371,796	-	-
Payment to refunded bond escrow agent	-	-	(46,559,350)	(30,752,734)	(51,515,579)	-	-	-	-	(62,275,039)
Sale of capital assets	1,460,672	159,363	1,467,321	82,210	2,592,738	5,081,479	91,350	670,495	214,844	192,780
Total other financing sources (uses)	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	36,383,415
Net change in fund balances	\$ 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)	\$ 14,462,991
Debt services as a percentage of noncapital expenditures	8.98%	10.06%	11.37%	10.32%	9.65%	10.48%	10.64%	10.69%	11.46%	11.30%

BUNCOMBE COUNTY, NORTH CAROLINA

Table 5

Assessed Value of Taxable Property

LAST TEN FISCAL YEARS (amounts expressed in thousands)

Fiscal Year Ended June 30	Real Property		Use Value Farm	Historical Property	Personal Property		Less: Tax Exempt Real Property	Public Service Assessed Value	Total Taxable Assessed Value	Total Direct Tax Rate
	Residential Property	Commercial Property			Motor Vehicles	Other				
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
2020	26,328,421	7,831,821	1,174,739	116,260	2,424,076	2,150,140	1,562,025	874,955	39,338,387	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									
	2011	2012	2013	2014 ²	2015	2016	2017 ²	2018	2019	2020
County Direct Rates:										
County-wide Rate ¹	\$ 0.525	\$ 0.525	\$ 0.525	\$ 0.604	\$ 0.604	\$ 0.604	\$ 0.539	\$ 0.529	\$ 0.529	\$ 0.529
Fire Districts	0.113	0.113	0.113	0.118	0.118	0.118	0.118	0.123	0.143	0.143
Total average direct rate	0.638	0.638	0.638	0.722	0.722	0.722	0.657	0.652	0.672	0.672
Municipality Rates:										
City of Asheville	0.420	0.420	0.420	0.460	0.475	0.475	0.475	0.429	0.429	0.429
Town of Biltmore Forest	0.320	0.320	0.330	0.385	0.385	0.395	0.395	0.330	0.345	0.345
Town of Weaverville	0.355	0.375	0.375	0.420	0.420	0.440	0.440	0.380	0.380	0.380
Town of Black Mountain	0.365	0.365	0.365	0.375	0.375	0.375	0.375	0.333	0.333	0.333
Town of Montreat	0.370	0.370	0.410	0.410	0.410	0.410	0.410	0.410	0.410	0.430
Town of Woodfin	0.265	0.265	0.265	0.305	0.305	0.305	0.305	0.280	0.280	0.330
Asheville School District	0.150	0.150	0.150	0.150	0.150	0.150	0.150	0.120	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, 2020

Taxpayer	December 31, 2020			December 31, 2011		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Mission Hospital LLP	\$ 908,778,614	1	2.42%			
Duke Energy Progress Inc	630,427,045	2	1.68%	\$ 298,497,386	1	1.03%
Ingles Markets Inc	313,725,129	3	0.84%	195,281,651	2	0.67%
Linamar North Carolina Inc	169,795,742	4	0.45%			
Biltmore Company	154,225,952	5	0.41%	98,281,125	6	0.34%
New Belgium Brewing Company Inc	131,839,241	6	0.35%			
GPI Resort Holdings LLC	121,525,000	7	0.32%	102,511,800	5	0.35%
Asheville Mall CMBS LLC	95,656,800	8	0.26%	78,938,870	8	0.27%
Town Square West LLC	86,185,011	9	0.23%	119,488,500	4	0.41%
Jacob Holm Industries	85,488,199	10	0.23%			
The Cliffs at Walnut Cove LLC				128,980,600	3	0.44%
Arvato Digital Services (Sonopress)				88,977,070	7	0.31%
Bellsouth Tel Co - AT&T North Carolina				77,387,934	9	0.27%
Southeastern Container Inc				69,570,280	10	0.24%
Totals	\$ 2,697,646,733		7.19%	\$ 1,257,915,216		4.32%
Total Overall Valuation	\$ 37,504,730,424			\$ 29,086,915,048		

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
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%
2020	208,210	206,937	99.39%	-	206,937	99.39%

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			
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
2020	15,750	382,265	-	398,015	-	1,300	1,300	399,315	N/A	1,495

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
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
2020	15,750	0.04%	59

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, 2020

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	\$ 25,960,971	100%	\$ 25,960,971
Town of Weaverville	1,826,000	100%	1,826,000
Installment Debt			
City of Asheville	69,772,691	100%	69,772,691
Town of Biltmore Forest	1,104,458	100%	1,104,458
Town of Black Mountain	882,000	100%	882,000
Town of Weaverville	486,433	100%	486,433
Town of Woodfin	339,129	100%	339,129
Subtotal, overlapping debt			<u>100,371,682</u>
County direct debt		100%	<u>434,252,388</u>
Total direct and overlapping debt			<u><u>\$ 534,624,070</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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt limit	\$ 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	\$ 3,147,071
Total net debt applicable to limit	240,305	219,141	257,377	402,098	454,994	431,485	406,791	432,220	400,014	399,315
Legal debt margin	\$ 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	\$ 2,747,756
Total net debt applicable to the limit as a percentage of debt limit	10.33%	9.34%	10.84%	18.19%	21.12%	18.26%	16.72%	14.90%	13.32%	12.69%
Assessed value of taxable property										
										\$ 39,338,386
Debt Limit - Eight Percent (3%) of assessed value**										
										\$ 1,180,152
Gross Debt:										
Total Bonded Debt										
										15,750
Installment Purchase Agreements										
										382,265
Gross Debt										
										398,015
Total amount of debt applicable to debt limit (net debt)										
										\$ 398,015
Legal debt margin										
										\$ 782,137

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

** Local policy places the following additional restrictions and guidance on the use of debt financing and debt structuring beyond the terms of the General Statutes

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
2011	241,419	\$ 8,690,957	\$ 35,999	40.6	29,113	8.2%
2012	244,490	9,308,930	38,075	40.4	29,238	7.6%
2013	247,912	9,378,025	37,828	41.2	30,535	6.4%
2014	250,539	10,122,897	40,404	41.3	31,003	4.8%
2015	253,178	10,876,194	42,959	41.3	30,232	4.7%
2016	256,088	11,324,635	44,222	42.6	32,008	4.0%
2017	257,607	11,867,353	46,143	42.8	31,966	3.4%
2018	259,103	12,590,381	48,592	42.5	31,828	3.2%
2019	261,191	N/A	N/A	42.0	30,747	3.3%
2020	267,046	N/A	N/A	42.7	30,441	9.7%

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	2020			2011		
	Employees	Rank	Approximate Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Eaton Corporation	1,000-2,999	1	0.71%-2.14%	1010	1	0.91%
Thermo Fisher Scientific, Inc.	500-999	2	0.36%-0.71%	550	4	0.49%
GE Aviation	500-999	3	0.36%-0.71%			
Wilsonart LLC	500-999	4	0.36%-0.71%			
Borgwarner Turbo & Emissions Systems	500-999	5	0.36%-0.71%	834	2	0.75%
Kearfott Guidance & Navigation Corp.	400-499	6	0.29%-0.36%	420	5	0.38%
Nypro Asheville	300-399	7	0.21%-0.28%			
Flint Group (Day International)	300-399	8	0.21%-0.28%			
Medical Action Industries	300-399	9	0.21%-0.28%	250	9	0.22%
Plasticard-Locktech International	300-399	10	0.21%-0.28%			
Total	4,600-9,100		3.28%-6.46%			
Arvato Digital Services				650	3	0.58%
Day International				380	6	0.34%
Unison Engine Components				325	7	0.29%
Milkco, Inc.				270	8	0.24%
Biltmore Estate Winery				235	10	0.21%
Total	4400-7091		3.16%-5.09%			

Continued on Next Page

NON-MANUFACTURING

Employer	2020			2011		
	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	6.29%
Buncombe County Public Schools	3,000+	2	2.14%	4,000	2	3.60%
Ingles Markets, Inc.	1,000-2,999	3	0.71%-2.14%	1,139	6	1.02%
VA Medical Center - Asheville	1,000-2,999	4	0.71%-2.14%	1,139	5	1.02%
The Biltmore Company	1,000-2,999	5	0.71%-2.14%	1,583	4	1.42%
Buncombe County Government	1,000-2,999	6	0.71%-2.14%	1,673	3	1.51%
City of Asheville Government	1,000-2,999	7	0.71%-2.14%	1,000	8	0.90%
Walmart	1,000-2,999	8	0.71%-2.14%			
Asheville-Buncombe Technical Community College	500-999	9	0.36%-0.71%			
Omni Grove Park Inn	500-999	10	0.36%-0.71%	1,100	7	0.99%
Care Partners				917	9	0.82%
Asheville City Schools				728	10	0.65%
Total	14000-28,991		10.0%-20.80%			

* Labor Force Estimate for 2020 per NCESC: 137,766
 Labor Force Estimate for 2011 per NCESC: 125,797

SOURCE: Asheville Chamber of Commerce and Federal Reserve Bank Economic Research (FRED)

NOTE: Many of the top employers for manufacturing have changed in the past 10 years. Therefore, many companies that were top employers in 2011 are not in business in 2020 and many companies that are top employers in 2020 were not here in 2011.

BUNCOMBE COUNTY, NORTH CAROLINA

Table 15

Summary of Permanent Positions by Service Area

TEN FISCAL YEARS

General Fund Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government	174	156	161	165	172	170	169	168	238	247
Public Safety	555	543	550	580	592	597	603	620	562	583
Human Services	569	552	555	565	586	609	584	589	569	566
Economic & Physical Development	28	25	23	23	22	23	23	24	42	43
Culture and Recreation	108	84	81	81	70	61	63	64	65	65
Total	1,434	1,360	1,370	1,414	1,442	1,460	1,442	1,465	1,476	1,504
General Fund	1,434	1,360	1,370	1,414	1,442	1,460	1,442	1,465	1,476	1,504
Special Revenue Funds	26	-	-	-	9	2	1	1	1	1
Enterprise Funds	41	32	31	31	25	23	26	26	31	31
Internal Service Fund	1	2	5	5	5	2	7	6	7	6
Total	1,502	1,394	1,406	1,450	1,481	1,487	1,476	1,498	1,515	1,542

Note: In 2019 General Services (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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
GENERAL GOVERNMENT										
Number of Employment Applications Processed	5,826	7,046	6,259	6,980	7,611	3,660	7,296	7,863	6,789	8,431
Percentage of Registered Voters Participating in General Election	19.0%	69.0%	19.0%	49.0%	17.0%	71.0%	N/A	23.3%	61.0%	N/A
PUBLIC SAFETY										
Number of Inmates Processed	14,821	15,074	14,492	13,870	12,973	13,349	12,962	12,550	12,009	10,821
Number of Building Permits Issued	1,286*	1,482*	1,757	2,057	2,354	2,332	2,419	2,451	3,027	2,967
Number of Emergency Calls Dispatched*	60,931	62,884	65,127	66,223	68,537	70,150	71,837	165,481	187,317	174,904
HUMAN SERVICES										
Percentage of Children Reunified with Family after Foster Care	21%	21%	28%	20%	34%	33%	24%	22%	29%	21%
ECONOMIC AND PHYSICAL DEVELOPMENT										
Number of Subdivision Plan Reviews	598	483	494	518	624	681	785	954	775	927
CULTURE AND RECREATION										
Library Book Circulation	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	1,460,254
Number of Visitors to Swimming Pools**	81,210	73,877	59,194	56,063	47,381	35,421	36,505	38,524	29,743	10,737
EDUCATION										
Dollars Spent Per Pupil***	\$ 2,148	\$ 2,266	\$ 2,267	\$ 2,243	\$ 2,420	\$ 2,384	\$ 2,169	\$ 2,332	\$ 2,517	\$ 2,650
ENTERPRISE FUND - SOLID WASTE										
Tons of Waste Received	116,831	131,666	128,408	133,795	131,222	139,443	152,302	183,455	184,037	216,811
Tons of Waste Recycled	19,776	18,687	13,716	14,317	12,826	12,591	14,092	14,300	16,589	17,964

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
PUBLIC SAFETY										
Sheriff's Office										
Stations	2	2	2	2	3	4	4	4	4	4
Patrol Vehicles	71	77	77	80	81	81	81	86	87	87
CULTURE AND RECREATION										
Parks acreage	654	674	677	646	646	646	646	646	646	646
Parks	16	18	14	14	15	15	15	15	15	15
Swimming pools	6	6	6	6	5	5	5	5	5	5
Ballfields and courts	34	37	30	30	31	31	31	31	31	31
Libraries	12	12	12	13	13	13	13	13	13	13

SOURCE: Various County Departments

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

Compliance Section





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, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 26, 2021.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

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 results 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
January 26, 2021



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, 2020. 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, 2020.

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
January 26, 2021



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, 2020. 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, 2020.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is 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 is described in the accompanying schedule of findings and questioned costs as item 2020-001. Our opinion on each major state program is not modified with respect to this matter.

The County's response to the noncompliance finding 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 a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-001, that we consider to be a significant deficiency.

Board of Commissioners
Buncombe County, North Carolina

The County's response to the internal control over compliance finding 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
January 26, 2021

**BUNCOMBE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

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 x no
 - Significant deficiency(ies) identified? _____ yes x none noted
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x 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 x no

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
21.019	Coronavirus Relief Fund
20.509	Formula Grants for Rural Areas and Tribal Transit Program
93.568	Low-Income Home Energy Assistance
93.778	Medicaid Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$ \$1,169,243

Auditee qualified as low-risk auditee? _____ yes x no

**BUNCOMBE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

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
GOV-5	Juvenile Crime Prevention Council Programs (including Methodist Home for Children – JCPC)
COM-6	One North Carolina Fund Program
20.509	Formula Grants for Rural Areas and Tribal Transit Program

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, 2020**

Section II – Financial Statement Findings

There were no financial statement findings for the fiscal year ended June 30, 2020.

**BUNCOMBE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

Section III – Findings and Questioned Costs – Major Federal Programs

There were no federal award findings for the fiscal year ended June 30, 2020.

**BUNCOMBE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

Section IV – Findings and Questioned Costs – Major State Programs

Reference Number: 2020-001
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: 7/1/19 – 6/30/20
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 project completion.

Questioned Costs

None

Context

The Final Construction Report was not submitted within 60 days of project end for 6 of 6 projects tested.

Cause

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

Repeat Finding: This was a repeat finding in the immediate prior years. See findings 2019-002 and 2018-017.

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 EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

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:					
<u>Food and Nutrition Services Cluster:</u>					
Supplemental Nutrition Assistance Program - Admin	10.561	205NC406S2514	\$ 4,208,768	\$ -	\$ -
Supplemental Nutrition Assistance Program - Fraud Admin	10.561	205NC406S2514	\$ 170,975	-	-
Supplemental Nutrition Assistance Program - Education & Training & Dependent Care	10.561	205NC406S2514	\$ 99,116	-	99,116
Total Food and Nutrition Services Cluster			<u>4,478,859</u>	-	<u>99,116</u>
Division of Public Health					
Special Supplemental Food Program for Women, Infants, and Children Administration	10.557	13A2-5403-GA/13A2-5403-GK/13A2-5405-GA/13A2-5405-GK/13A2-5409-GA/13A2-5409-GK	894,080	-	-
Breastfeeding Peer Counseling Program	10.557	13A2-570B-JQ/13A2-570C-JQ/13A2-570D-JQ	36,024	-	-
Total: Special Supplemental Food Program for Women, Infants, and Children			<u>930,104</u>	-	-
Passed through the Office of State Budget and Management:					
<u>Forest Service Schools and Roads Cluster:</u>					
Schools and Roads - Grants to States and Counties	10.665	N/A	19,257	-	-
Total Forest Service Schools and Roads Cluster			<u>19,257</u>	-	-
Total U.S. Department of Agriculture					
			<u>5,428,220</u>	-	<u>99,116</u>
<u>U.S. Department of Justice</u>					
Family Justice Center Arrest Grant	16.590	2015-W-AX-0015	105,071	-	-
Adult Drug Court	16.585	2018-MU-BX0025	110,181	-	-
State Criminal Alien Assistance Program	16.606	2019-AP-BX-1077/2020-AP-BX-1140	72,363	-	-
Comprehensive Opioid Abuse Site-Based Program (COAP) - Safer Together	16.838	2019-AR-BX-K071	54,131	-	-
Equitable Sharing Program	16.922	NC0110000	134,846	-	-
Passed-Through N.C. Department of Public Safety:					
Family Justice Center GCC	16.575	PROJ012140	510,732	-	-
Crime Victim Assistance - Sobriety Treatment and Recovery Teams (START) Expansion	16.575	PROJ013535	68,447	-	-
Coronavirus Emergency Supplemental Funding Program	16.034	BJA-2020-18553	41,750	-	-
Passed-through City of Asheville:					
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2019-DJ-BX-0500	10,743	-	-
Total U.S. Department of Justice					
			<u>1,108,265</u>	-	-

BUNCOMBE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

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>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	36233.13.14.1	302,854	18,928	-
Capital	20.509	36233.13.13.3	160,920	442,530	-
Capital	20.509	36233.13.13.4	18,775	51,631	-
Total Public Transportation for Nonurbanized Areas			<u>482,549</u>	<u>513,089</u>	<u>-</u>
Passed-through N.C. Department of Transportation:					
<u>Transit Services Programs Cluster:</u>					
Passed-through City of Asheville:					
5307 JARC	20.507	NC-2019-047-00	77,330	-	-
5307 Fuel	20.507	NC-2019-029-00	64,467	-	-
5310 SEDTAP	20.513	NC-2019-017-00	46,575	-	-
5310 RIDE	20.513	NC 2018-043-00/NC-2019-017-00	31,465	-	-
Total Transit Services Programs Cluster			<u>219,837</u>	<u>-</u>	<u>-</u>
Total Federal Transit Administration			<u>702,386</u>	<u>513,089</u>	<u>-</u>
<u>Highway Safety Cluster:</u>					
State and Community Highway Safety - DWI Court	20.600	AL-19-02-11	67,945	-	-
Total Highway Safety Cluster			<u>67,945</u>	<u>-</u>	<u>-</u>
Total U.S. Department of Transportation			<u>770,331</u>	<u>513,089</u>	<u>-</u>
<u>U.S. Department of Treasury</u>					
Equitable Sharing	21.016	NC0110000	8,371	-	-
Passed-through the Office of State Budget and Management: NC Pandemic Recovery Office					
Coronavirus Relief Fund	21.019	N/A	3,698,687	-	907,512
Total U.S. Department of Treasury			<u>3,707,058</u>	<u>-</u>	<u>907,512</u>
<u>U.S. Department of Environmental Protection Agency</u>					
Air Pollution Control Program Support	66.001		200,357	-	-
Ambient Air Monitoring Network	66.034		60,000	-	-
Total U.S Environmental Protection Agency			<u>260,357</u>	<u>-</u>	<u>-</u>
<u>Election Assistance Commission</u>					
Passed-through NC State Board of Elections					
2020 Supplemental COVID-19 Election Security Grants	90.404	NC20101001-11	4,314	-	-
Total Election Assistance Commission			<u>4,314</u>	<u>-</u>	<u>-</u>
<u>U.S. Department of Homeland Security</u>					
Passed-through N.C. Department of Public Safety:					
Fire Management Assistance Grant	97.036	Hurricane Dorian (DR-4465-NC)	2,369	790	-
Emergency Management Performance Grants	97.042	EMPG-2019-19010/EMPG-2019-19010A	80,779	-	-
Homeland Security Grant Program - 2018 USAR Training	97.067	EMW-2018-SS-00053	18,469	-	-
Total U.S. Department of Homeland Security			<u>101,617</u>	<u>790</u>	<u>-</u>

BUNCOMBE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

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>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	G2001NCSOSR	40,214	-	40,214
SSBG - Adult Day Care	93.667	G2001NCSOSR	51,270	52,053	103,323
Adult Home Specialist Fund	93.778	XIX-MAP20	326,050	59,577	-
Total Division of Aging			<u>417,534</u>	<u>111,630</u>	<u>143,537</u>
Division of Public Health:					
Family Planning - TANF	93.558	13A1-5151-T2	29,418	-	-
Total Division of Public Health:			<u>29,418</u>	<u>-</u>	<u>-</u>
Division of Social Services:					
<u>TANF Cluster:</u>					
Work First/Temporary Assistance for Needy Families (TANF)	93.558	2001NCTANF	\$ 2,550,231	\$ -	\$ -
Total for TANF Cluster			<u>2,550,231</u>	<u>-</u>	<u>-</u>
<u>Foster Care and Adoption Cluster³:</u>					
Title IV-E Foster Care- Administration	93.658	2001NCFOST	2,535,131	-	-
Foster Care- Direct Benefits Payments	93.658	2001NCFOST	1,504,124	430,194	-
Foster Care IV-E-CPS	93.658	2001NCFOST	967,000	180,259	-
Adoption Assistance	93.659	2001NCADPT	319,197	-	-
Total for Foster Care and Adoption Cluster:			<u>5,325,452</u>	<u>610,453</u>	<u>-</u>
N.C. Child Support Enforcement Section					
Refugee Assistance - Administration	93.563	2001NCCES	1,050,705	(1,155)	1,050,705
Crisis Intervention Program	93.566	2001NCRMA	10,875	-	-
Energy Assistance Payments - Direct Benefit Payments	93.568	G20B1NCLIEA	882,017	-	882,017
Low Income Home Energy Assistance Block Grant - Administration	93.568	G19B1NCLIEA	940,696	-	940,696
Stephanie Tubbs Jones Child Welfare Services Program:			70,908	-	70,908
- Permanency Planning Grant - Families for Kids	93.645	G2001NCCWSS	50,893	-	-
SSBG - Other Services	93.667	G2001NCCWSS	685,651	(2,734)	-
CPS TANF Transferred to SSBG	93.667	G2001NCCWSS	258,685	-	-
Independent Living Grant - LINKS	93.674	2001NCCILP	37,960	9,490	47,450
Independent Living Grant - LINKS- Direct Benefit Payments	93.674	2001NCCILP	109,067	-	-
Family Reunification	93.556	2001NCFPSS	114,860	-	-
Total Division of Social Services			<u>4,212,316</u>	<u>5,601</u>	<u>2,991,775</u>
			<u>12,087,999</u>	<u>616,054</u>	<u>2,991,775</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	2001NCCCDF	408,602	-	408,602
Total Administration for Children and Families			<u>12,943,552</u>	<u>727,684</u>	<u>3,543,914</u>
<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-MAP20	12,187,729	-	-
Total Medicaid Cluster			<u>12,187,729</u>	<u>-</u>	<u>-</u>
State Children's Insurance Program - N.C. Health Choice					
Total N.C. Health Choice	93.767	CHIP20	\$ 567,295	\$ 17,745	\$ -
Total Centers for Medicare and Medicaid Services			<u>567,295</u>	<u>17,745</u>	<u>-</u>
			<u>12,755,024</u>	<u>17,745</u>	<u>-</u>

BUNCOMBE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

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 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	1311-981C-HV/1311-981B-HV	30,333	-	-
Tuberculosis Control Program	93.116	1460-272E-NF/1460-272A-NF	54	-	-
Public Health Emergency Preparedness	93.074	1264-2680-EN/1264-2680-EZ	75,000	-	19,230
Emergency Overdose: Local Mitigation to the Opioid Crisis	93.354	1175-5176-AA	32,140	-	12,383
COVID-19 Crisis Response	93.354	1264-2680-CP	22,897	-	22,897
Viral Hepatitis Prevention and Control	93.270	1311-720C-HP	27,000	-	27,000
Division of Community Health:					
Wisewoman Project	93.436	1313-372A-AL/1313-372B-AL	141,576	-	-
Immunization Action Plan	93.268	1331-631E-EJ	51,580	-	-
Refugee Health Assessments	93.566	1370-810A-68/1370-810F-68	3,648	-	-
Breast and Cervical Cancer Control Programs	93.898	1320-310A-D7/1320-310C-D7	174,055	-	-
Gonorrhea Partner Services	93.977	1311-462A-NB/1311-462E-NB	58	-	-
Total Centers for Disease Control			558,341	-	81,509
<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	25,416	-	21,606
Nurse Family Partnership - Healthy Families America	93.505	1271-123D-D2/1271-123D-DB	121,656	-	-
Nurse Family Partnership	93.994	1271-5020-AP/13A1-5830-AR	489,197	-	-
Maternal and Child Health Services Block Grant	93.994	13A1-5735-AP/13A1-5735-AR/1271-5318-AR/1271-5745-AR/1271-5351-AR/1271-5745-00	325,152	-	161,974
Total Health Resources and Services Administration			961,421	-	183,580
<u>Injury Prevention and Control Research and State and Community Based Programs</u>					
Passed-through N. C. Department of Health and Human Services:					
Division of Public Health:					
Community Linkages to Care for Overdose Prevention	93.136	1175-852A-DH	51,714	-	23,787
			51,714	-	23,787
<u>Office of the Population Affairs</u>					
Passed-through N. C. Department of Health and Human Services:					
Division of Public Health:					
Family Planning Services Title X	93.217	13A1-592B-FP/13A1-592C-FP/13A1-592D-FP	133,397	-	-
Total Office of Population Affairs			133,397	-	-
CARES Act Provider Relief Fund	93.498	N/A	190,110	-	-
Total U. S. Department of Health and Human Services			27,593,558	745,429	3,832,790
<u>Institute of Museum and Library Services</u>					
Passed-through State Library of North Carolina:					
Grants to States	45.310	N/A	1,053	-	-
Total Institute of Museum and Library Services			1,053	-	-
Total Federal Awards			38,974,773	1,259,308	4,839,417

BUNCOMBE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

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		N/A	\$ -	\$ 2,182	\$ -
Total N. C. Department of Administration			-	2,182	-
<u>N.C. Department of Agriculture and Consumer Services</u>					
Technical Assistance-Soil/Water		N/A	-	27,072	-
Total N. C. Department of Agriculture			-	27,072	-
<u>N.C. Department of Commerce</u>					
One NC Fund - Industrial Recruitment		N/A	-	929,000	-
Total N. C. Department of Commerce			-	929,000	-
<u>N.C. Department of Cultural and Natural Resources</u>					
Division of State Library: Aid to Public Libraries		N/A	-	227,666	-
Total N. C. Department of Cultural Resources			-	227,666	-
<u>N.C. Department of Environmental Quality</u>					
Technical Assistance-Soil/Water		N/A	-	3,600	-
NC Electronics Management Fund		N/A	-	15,300	-
Total N. C. Department of Environment and Natural Resources			-	18,900	-
<u>N.C. Dept. of Health and Human Services</u>					
Division of Public Health:					
Communicable Disease Control		N/A	-	8,458	-
General Aid to Counties		N/A	-	231,204	-
Breast and Cervical Cancer Program		N/A	-	111,025	-
Tuberculosis		N/A	-	35,680	-
Integrated Targeted Testing Services (ITTS)		N/A	-	4,999	-
Minority Diabetes Prevention Program		N/A	-	230,251	221,940
Women's Health Service Fund		N/A	-	14,177	-
Healthy Communities		N/A	-	3,111	2,645
Women and Child Health- Family Planning		N/A	-	34,908	-
Child Health		N/A	-	25,643	-
School Nurse Funding Initiative		N/A	-	150,000	150,000
Viral Hepatitis Prevention Activities		N/A	-	-	-
Total Division of Public Health			-	849,454	374,585
Division of Social Services:					
Non-Allocating County Costs		N/A	\$ -	\$ -	\$ -
Work First Non Reimbursable		N/A	-	-	-
State Foster Care Benefits Program		N/A	-	608,196	-
Energy Assistance - Private Grants		N/A	-	49,506	49,506
State Child Welfare CPS		N/A	-	236,846	-
Other County Funded Programs		N/A	-	-	-
Child Welfare Services - State Grants		N/A	-	-	-
Total Division of Social Services			-	894,548	49,506
Total N.C. Department of Health and Human Services			-	1,744,002	424,091
<u>N.C. Department of Public Instruction</u>					
Public School Building Capital Fund - Lottery Proceeds		N/A	-	1,800,119	1,800,119
Total N.C. Department of Public Instruction			-	1,800,119	1,800,119
<u>N.C. Department of Public Safety</u>					
Division of Juvenile Justice Delinquency Prevention:					
Juvenile Crime Prevention Council Programs		N/A	-	598,027	582,527
Methodist Home For Children - JCPC		N/A	-	996,919	996,919
Total N.C. Department of Crime Control and Public Safety			-	1,594,946	1,579,446

BUNCOMBE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

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
N.C. Department of Transportation					
Rural Operating Assistance Program (ROAP) Cluster					
ROAP Elderly and Disabled Transportation Assistance Program		DOT-16CL	-	171,046	2,986
ROAP Rural General Public Transportation		DOT-16CL	-	104,032	-
ROAP Work First Transitional-Employment Transportation Assistance Program		DOT-16CL	-	60,048	-
Total Rural Operating Assistance Program (ROAP) Cluster			-	335,126	2,986
Total N.C. Department of Transportation			-	335,126	2,986
Total State Awards			-	6,679,011	3,806,642
Total Federal and State Awards			\$ 38,974,773	\$ 7,938,319	\$ 8,646,059

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, 2020. 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

Note 4: Coronavirus Relief Funds

Buncombe County received \$4,499,663 of funding from the Coronavirus Relief Fund (21.019) and is scheduled to receive \$5,069,181 in July 2020. At least twenty-five percent (25%) of the funds are mandated to go to municipalities within Buncombe County, at the discretion of the County. Municipalities are to have a plan to spend these funds by September 1, 2020, or any funds received are to be returned to the County. Counties and municipalities are liable to the State for funds not spent in accordance with US Dept. of Treasury, the granting agency, guidelines. According to the Office of State Budget and Management, the State's pass-through agency, municipalities are considered subrecipients of the Counties. However, under state statute, municipalities are liable to the State, not the County, for any misused or misspent funds. CRF must be spent during the period March 1, 2020 to December 30, 2020.

Total Federal Awards by Cluster and CFDA

SNAP Cluster	10.561	\$ 4,478,859
Total SNAP Cluster		4,478,859
Forest Service Schools and Roads Cluster	10.665	\$ 19,257
Total Forest Service Schools and Roads Cluster		19,257
Highway Safety Cluster	20.600	67,945
Total Highway Safety Cluster		67,945
Federal Transit Cluster	20.507	141,797
Total Federal Transit Cluster		141,797
Transit Services Program Cluster	20.513	78,040
Total Transit Services Program Cluster		78,040

BUNCOMBE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE YEAR ENDED JUNE 30, 2020

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
Medicaid Cluster					
	93.778		12,513,779		
Total Medicaid Cluster			12,513,779		
477 Cluster					
	93.558		2,579,648		
Total 477 Cluster			2,579,648		
CCDF Cluster					
	93.596		408,602		
Total CCDF Cluster			408,602		
	93.898		174,055		
	93.940		30,333		
	93.977		58		
	93.994		814,348		
	97.036		2,369		
	97.042		80,779		
	97.067		18,469		
	10.557		930,104		
	16.034		41,750		
	16.575		579,179		
	16.585		110,181		
	16.590		105,071		
	16.606		72,363		
	16.738		10,743		
	16.838		54,131		
	16.922		134,846		
	20.509		482,549		
	21.016		8,371		
	21.019		3,698,687		
	45.310		1,053		
	66.001		200,357		
	66.034		60,000		
	90.404		4,314		
	93.074		75,000		
	93.116		54		
	93.136		51,714		
	93.217		133,397		
	93.268		51,580		
	93.270		27,000		
	93.354		55,037		
	93.436		141,576		
	93.498		190,110		
	93.556		114,860		
	93.563		1,050,705		
	93.566		14,523		
	93.568		1,893,620		
	93.645		50,893		
	93.658		5,006,255		
	93.659		319,197		
	93.667		1,035,820		
	93.674		147,027		
	93.767		567,295		
	93.991		25,416		
Total Federal Awards			\$ 38,974,773		



Buncombe County Summary Schedule of Prior Audit Findings Year Ended June 30, 2020

Buncombe County respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2020.

Audit period: July 1, 2019 through June 30, 2020

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.

FINDING—FINANCIAL STATEMENT AUDIT

2019-001 Financial Close Process

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 restatement of beginning balances.

Status: This finding has been cleared in fiscal year 2020.

FINDINGS— FEDERAL AWARD PROGRAM AUDITS

There were no federal award program findings in the prior year.

FINDINGS— STATE AWARD PROGRAM AUDITS

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

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: See current year finding 2020-001

Reason for finding's recurrence: Although County staff had developed a system for identifying completed projects on a timely basis, there was a failure in the system early in implementation causing late filing of reports for two projects completed at the end of fiscal year 2019.

Corrective Action: See corrective action plan.

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

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.

Status: This finding has been corrected in the current year.





**Buncombe County
Corrective Action Plan
Year Ended June 30, 2020**

Buncombe County respectfully submits the following corrective action plan for the year ended June 30, 2020.

Audit period: July 1, 2019 through June 30, 2020

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule

Finding – State Aware Programs Audit

2020-001 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 and ensure the Final Construction Reports are timely filed.

Person responsible for corrective action: Donald P. Warn, Finance Director

Anticipated completion date: January 31, 2021

If the N.C. Department of Public Instruction has questions regarding this plan, please call Donald P. Warn at 828.250.4137.





BUNCOMBE COUNTY
DEPARTMENT OF FINANCE

828.250.4130

buncombecounty.org