

2017

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**  
FOR THE FISCAL YEAR ENDING JUNE 30, 2017



**BUNCOMBE COUNTY**  
NORTH CAROLINA

BUNCOMBE COUNTY, NORTH CAROLINA

# Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDING  
JUNE 30, 2017

## **BOARD OF COMMISSIONERS**

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

## **COUNTY MANAGER**

Wanda S. Greene, PhD, CPA  
6/30/2017  
  
Mandy Stone, MSW  
7/1/2017

## **DIRECTOR OF FINANCE**

Tim W. Flora, CPA

Prepared by the Finance Department



# Comprehensive Annual Financial Report

For the Fiscal Year Ending June 30, 2017

## Buncombe County

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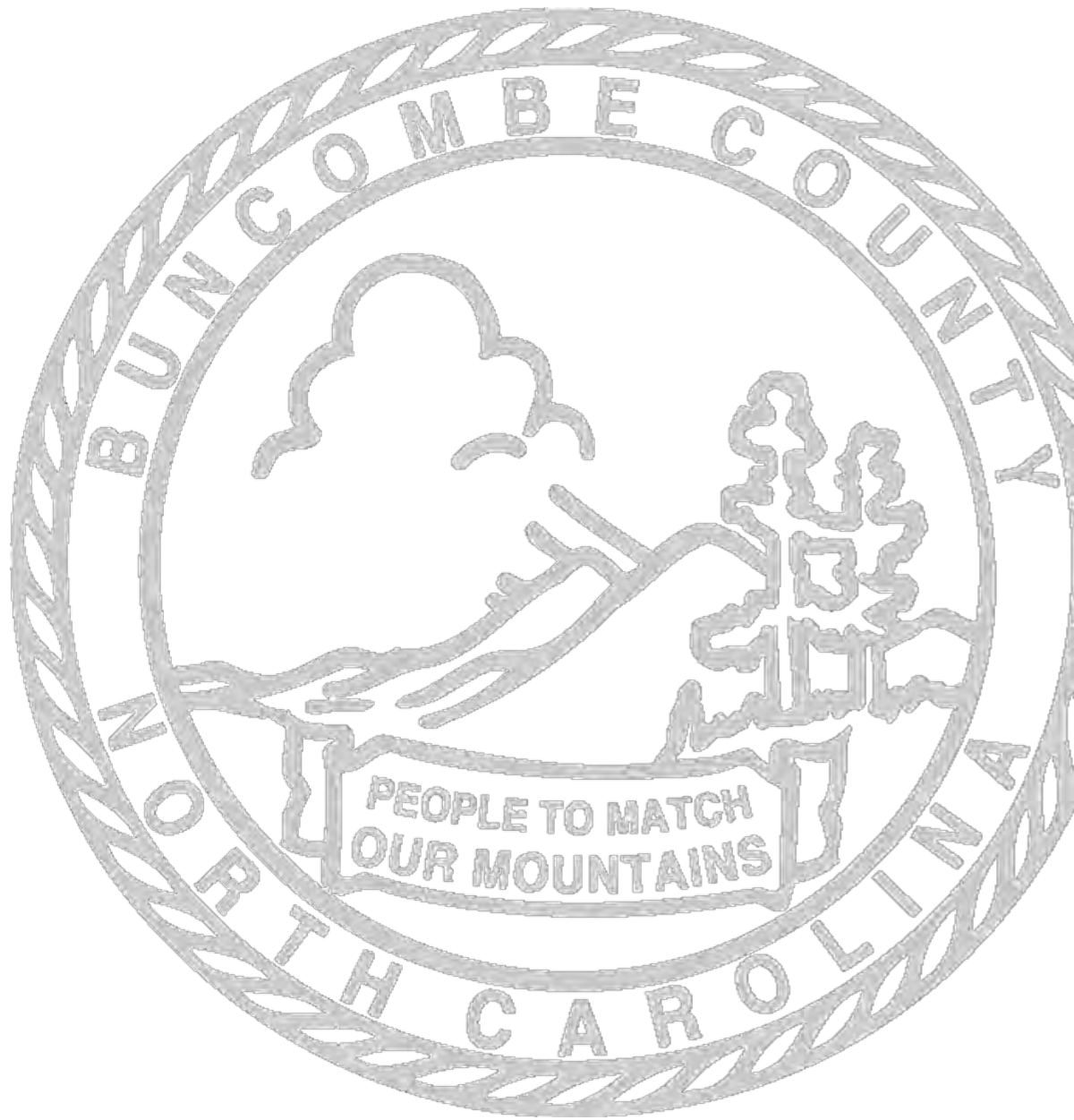
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# Introductory Section



**BUNCOMBE  
COUNTY**  
GOVERNMENT  
— NORTH CAROLINA —





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, 2016**

Executive Director/CEO





*November 17, 2017*

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

We are pleased to present the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2017. 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, 2017.

Gould Killian CPA Group, P.A., Certified Public Accountants, has audited the financial statements in accordance with generally accepted auditing standards. The cost of internal control should not exceed anticipated benefits; therefore, the auditor's review is to provide reasonable rather than absolute assurance that the financial statements are free from material 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, 2017. 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 complements 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 258,000 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 89,000 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.

Buncombe County Manager of over 20 years, Wanda Greene, retired on June 30, 2017. The Board of County Commissioners appointed Mandy Stone, former Assistant County Manager, as her successor. Stone has worked for the County for 36 years and is the County’s fourth County Manager appointed since Buncombe County was established. She has set four core values for the County: Accountability, Transparency, Equity, and Community Engagement.

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.

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 96% of establishments in the Metro area have fewer than 50 employees.

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

Strong growth continues to support a record economy in Buncombe County, which has maintained its place within North Carolina as the county with the lowest unemployment rate at 3.4%, compared to 4.1% for the State and 4.4% for the nation. Wage growth continues at a slower but steady pace, with the average wage per employee increasing about 2.3% from 2015 to 2016 according to the Bureau of Labor Statistics.

The temperature continues to rise in the Buncombe County housing market, with the average home spending only 69 days on market before being sold, almost 100 days less than in 2012. Total sales has risen for the sixth straight year, increasing 6% over the prior year, and the median home price is up 7% for the Asheville area. New construction continues to build steam as the number of homes on market trend upward from its recent low point in 2015, up 4% year-over-year.

Buncombe County received an upgrade to its credit rating by Moody's Investors Service, taking its rating to Aaa status. This is a clear indicator of the strength and vibrancy of the local economy. Buncombe County also has maintained its credit rating of AAA from Standard and Poor's Investor Service since 2012. The addition of a second AAA rating places Buncombe in an exclusive group of governments and 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 \$250,000. 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 2020 includes projects such as library renovations, voting system replacement, greenway expansions, sheriff vehicle replacements and ERP system replacement.

The County is currently testing a new Enterprise Resource Planning (ERP) system. The new ERP replaces the legacy financial and human capital information system, which has been in use since 2002 and is reaching its end of life. Following a comprehensive selection process that involved more than 100 county employees, Workday was selected in the third quarter of fiscal year 2017 as the replacement for the legacy system. Features that Workday offer include system accessibility via mobile devices; electronic workflow and approvals with full audit trails; user interface with greater ease of use; dashboards and other reporting capabilities; and role-based security structure.

The ERP replacement project serves as a catalyst for modification to many of the County's underlying business processes and practices. The project has been underway since September 2015 and implementation of Workday is planned for April 2018.

Senate Bill 888 reinstated a five-member commission for the School Capital Commission Fund to review and prioritize funding requests from the public school districts. Several critical priorities were quickly identified, including major maintenance and renovations for the Asheville High School, Community High School additions, and many others. This commission continues to provide a new level of stewardship for the Article 39 sales tax revenues dedicated to school capital projects.

## Relevant Financial Policies

Fund balance is an accounting term defined as the difference between assets and liabilities in a governmental fund. The term *reserves* is often used by public finance practitioners, but is not a

governmental accounting term. It refers to the portion of fund balance held in reserve to buffer against financial distress or risk. The North Carolina State Treasurer recommends a minimum unallocated general fund balance of 8%. However, the County policy is more restrictive, requiring a minimum unallocated general fund balance of 15% of the total actual expenditures and transfers. Each year County management challenges all County departments to generate savings throughout the year so that appropriated fund balance is never used.

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

The County's debt policy is the operational rulebook for the issuance and management of debt. This policy was updated this year to better align its policy ratios with those tracked by rating agencies. These policy ratios restrict direct debt to less than 3% of the assessed value of the property tax base and keep payments on debt to less than 18% of total governmental fund expenditures. Parameters such as these ensure that debt is issued responsibly, affordably, and in keeping with the best interests of tax payers.

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

## Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Buncombe County for its comprehensive annual financial report for the fiscal year ended June 30, 2016. This marks the thirty-eighth 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 2017 annual budget document. This is the seventeenth 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 2018 budget document continues to conform to program requirements and has submitted it to the GFOA to determine eligibility for another award.

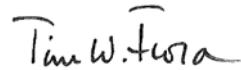
Many professional staff members in the Finance Department contributed to the preparation of this report. Their hard work, dedication, and continuing efforts to produce and improve the quality of this report are a direct benefit to all that read and use it. We would also like to commend each County department 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 Gould Killian CPA Group, P.A., 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.

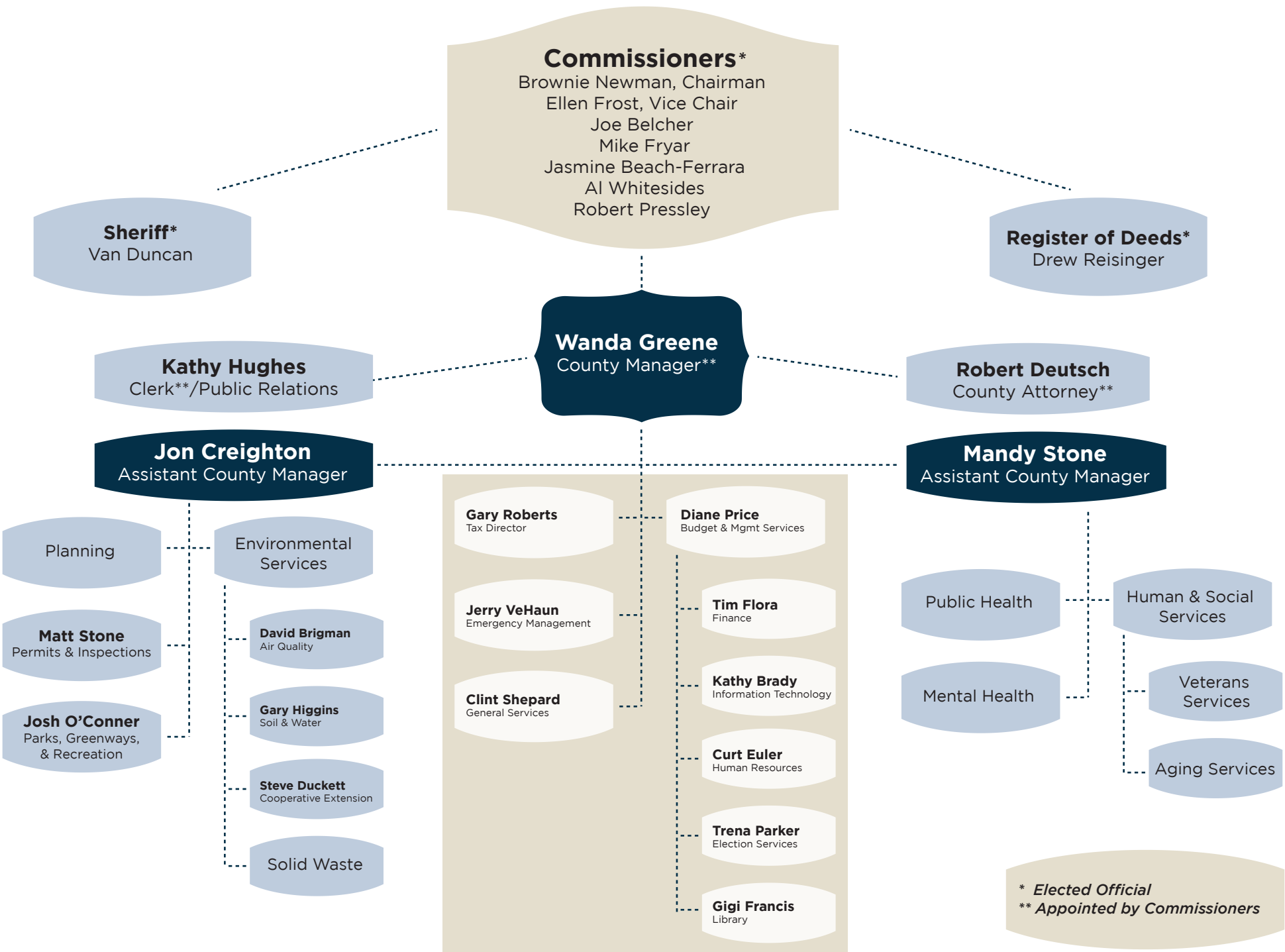
Respectfully submitted,



Mandy Stone, MSW  
County Manager

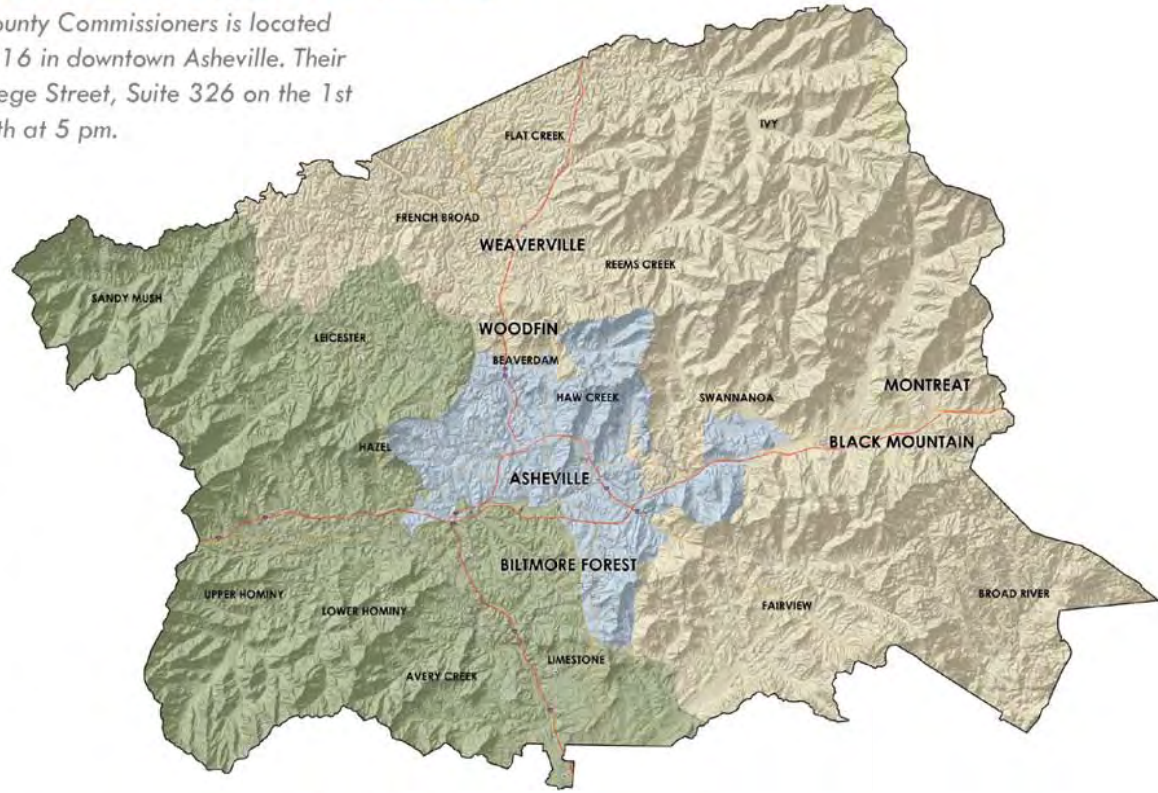


Tim W. Flora, CPA  
Finance Director



# BOARD OF COMMISSIONERS

The office of the Buncombe County Commissioners is located at 200 College Street, Suite 316 in downtown Asheville. Their meetings are held at 200 College Street, Suite 326 on the 1st and 3rd Tuesday of each month at 5 pm.



- DISTRICT 1
- DISTRICT 2
- DISTRICT 3



<b>MIKE FRYAR</b> <i>COMMISSIONER - District 2</i>	<b>JOE BELCHER</b> <i>COMMISSIONER - District 3</i>	<b>ELLEN FROST</b> <i>COMMISSIONER - District 2</i>	<b>BROWNIE NEWMAN</b> <i>CHAIRMAN</i>	<b>JASMINE BEACH-FERRARA</b> <i>COMMISSIONER - District 1</i>	<b>ROBERT PRESSLEY</b> <i>COMMISSIONER - District 3</i>	<b>AL WHITESIDES</b> <i>COMMISSIONER - District 1</i>
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# COUNTY OFFICIALS

**Wanda S. Greene, PhD, CPA**

**Jon Creighton, MPA**

**Amanda Stone, MSW**

**Diane Price, MBA**

**Gary Roberts**

**Jerry Vehau**

**Drew Reisinger**

**Van Duncan**

**Tim Flora, CPA**

**Kathy Brady**

**Kathy Hughes**

**Pat Freeman**

**Trena Parker, MPA**

**Gigi Francis, MSLIS**

**Josh O'Conner**

**Matt Stone**

**Curt Euler, JD**

**Gary Higgins**

**Steve Duckett**

**Clint Shepherd**

**County Manager**

**Asst. County Manager/Planning Director**

**Asst. County Manager/Human Services Director**

**Budget and Management Services Director**

**Tax Director**

**Emergency Services Director**

**Register of Deeds**

**Sheriff**

**Chief Financial Officer**

**Information Technology Director**

**Clerk to the Board/PR Director**

**City/County Bureau of Identification Director**

**Elections Director**

**Library Manager**

**Recreation Manager**

**Permits & Inspections Director**

**Human Resources Director**

**Soil & Water Conservation Director**

**Cooperative Extension Director**

**General Services Director**

# Financial Section



**BUNCOMBE  
COUNTY**  
GOVERNMENT  
— NORTH CAROLINA —



## *Independent Auditors' Report*

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Buncombe County, North Carolina, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County'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. The financial statements of Buncombe County Tourism Development Authority were not audited in accordance with *Government Auditing Standards*.

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 risk 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 basis for our audit opinions.

## **Opinions**

In our opinion, based on our audit, 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 Buncombe County, North Carolina, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4-14, the Other Postemployment Benefits' Schedules of Funding Progress and Employer Contributions on page 76, the Law Enforcement Officers' Special Separation Allowance's Schedules of Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on page 77, the Local Government Employees' Retirement System Schedules of County's Proportionate Share of Net Pension Liability (Asset) and County Contributions on page 78, and the Register of Deeds' Supplemental Pension Fund Schedules of County's Proportionate Share of the Net Pension Liability (Asset) and County Contributions on page 79, the Healthcare Benefits Plan's Schedules of Changes in the Net OPEB Liability and Related Ratios, County Contributions, and Investment Returns – OPEB on pages 80-82, 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.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Buncombe County, North Carolina. The introductory information, combining and individual fund statements, budgetary schedules, other schedules, and statistical section as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules, other schedules and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have 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 them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2017, on our consideration of Buncombe 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 the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering Buncombe County's internal control over financial reporting and compliance.

*Donald Killian CPA Group, P.A.*

Asheville, North Carolina  
November 17, 2017

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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## INTRODUCTION

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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, 2017. 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

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- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$3.5 million (net position).
- The County's total net position decreased by \$4.5 million during the fiscal year. The decrease was caused by the governmental activities, primarily education spending.
- As of the close of the fiscal year, the County's governmental funds reported combined ending fund balances of \$165.3 million, a decrease of \$36.7 million from the prior year. Approximately 57% of this total amount, or \$94.3 million, is restricted or nonspendable.
- The County's General Fund increased fund balance by approximately \$1 million during the fiscal year.
- At June 30, 2017, available fund balance for the General Fund was \$56 million, or 18.8% of total general fund expenditures and transfers for the fiscal year which is 3.8% higher than the County's minimum fund balance policy.
- At June 30, 2017, the total amount of outstanding long-term debt was \$447.6 million, a decrease of \$30 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 \$218 million or 53.6% of the outstanding debt on the County's financial statements is related to assets to be included in the respective entity's statements.
- The County received a Aaa bond rating from Moody's Investor Service and maintained its AAA bond rating from Standard and Poor's Rating Service.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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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

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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

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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

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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modified accrual accounting method which provides a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps determine if there are more or less financial resources available to finance the County's programs. The relationship between governmental activities (reported 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.

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## GOVERNMENT-WIDE FINANCIAL ANALYSIS

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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 assets and deferred outflows of resources exceeded liabilities and deferred inflows of



# MANAGEMENT'S DISCUSSION AND ANALYSIS

resources by \$3.5 million at June 30, 2017. The County's net position decreased by \$4.5 million for the fiscal year ended June 30, 2017. The largest portion of Buncombe County's net position is reflected in the County's Net Investment in Capital Assets. Buncombe County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Buncombe County's investment in its 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	
	2017	2016 (Restated)	2017	2016	2017	2016 (Restated)
Current and other assets	\$ 214.0	\$ 243.6	\$ 23.8	\$ 22.1	\$ 237.8	\$ 265.7
Capital assets	262.4	259.4	25.2	26.2	287.6	285.6
Total assets	476.4	503.0	49.0	48.3	525.4	551.3
Total deferred outflows of resources	30.0	11.3	0.3	-	30.3	11.3
Long-term liabilities outstanding	461.9	503.2	20.2	19.4	482.1	522.6
Other liabilities	66.7	26.8	0.5	0.7	67.2	27.5
Total liabilities	528.6	530.0	20.7	20.1	549.3	550.1
Total deferred inflows of resources	2.9	4.5	-	-	2.9	4.5
<b>Net position:</b>						
Net investment in capital assets	69.3	85.5	23.0	24.7	92.3	110.2
Restricted	62.1	70.3	-	-	62.1	70.3
Unrestricted	(156.5)	(176.0)	5.6	3.5	(150.9)	(172.5)
Total net position (deficit)	\$ (25.1)	\$ (20.2)	\$ 28.6	\$ 28.2	\$ 3.5	\$ 8.0

Buncombe County has a negative balance of \$150.9 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 \$218 million (or 53.6%) 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.

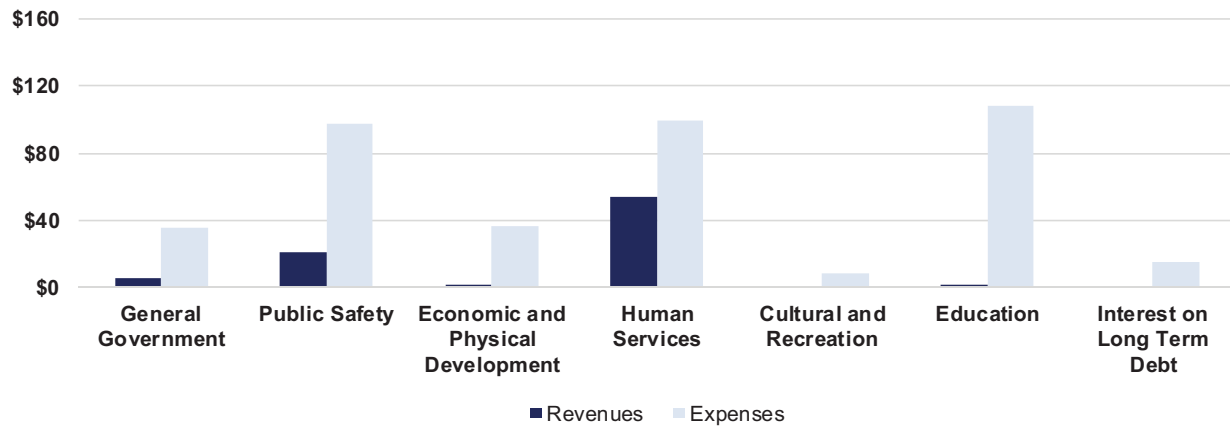
# MANAGEMENT'S DISCUSSION AND ANALYSIS

**Figure 2**  
**Change in Net Position (in millions)**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016 (Restated)	2017	2016	2017	2016 (Restated)
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 23.0	\$ 17.0	\$ 8.7	\$ 7.7	\$ 31.7	\$ 24.7
Operating grants and contributions	60.7	58.3	0.4	0.4	61.1	58.7
Capital grants and contributions	2.2	2.6	-	-	2.2	2.6
<b>General revenues:</b>						
Property taxes	201.5	196.7	0.2	-	201.7	196.7
Other taxes	107.3	99.4	-	-	107.3	99.4
Other	3.5	5.2	-	-	3.5	5.2
Total revenues	<u>398.2</u>	<u>379.2</u>	<u>9.3</u>	<u>8.1</u>	<u>407.5</u>	<u>387.3</u>
<b>Expenses:</b>						
General government	36.0	31.1	-	-	36.0	31.1
Public safety	97.5	100.4	-	-	97.5	100.4
Economic and physical development	36.6	31.9	-	-	36.6	31.9
Human services	99.8	97.0	-	-	99.8	97.0
Culture and recreation	9.1	9.0	-	-	9.1	9.0
Education	108.4	142.3	-	-	108.4	142.3
Interest on long-term debt	15.7	15.4	-	-	15.7	15.4
Solid waste disposal	-	-	8.5	7.3	8.5	7.3
Other	-	-	0.4	0.3	0.4	0.3
Total expenses	<u>403.1</u>	<u>427.1</u>	<u>8.9</u>	<u>7.6</u>	<u>412.0</u>	<u>434.7</u>
Increase (decrease) in net position	(4.9)	(47.9)	0.4	0.5	(4.5)	(47.4)
Net position, beginning of year, restated	<u>(20.2)</u>	<u>27.7</u>	<u>28.2</u>	<u>27.7</u>	<u>8.0</u>	<u>55.4</u>
Net position (deficit), ending	<u>\$ (25.1)</u>	<u>\$ (20.2)</u>	<u>\$ 28.6</u>	<u>\$ 28.2</u>	<u>\$ 3.5</u>	<u>\$ 8.0</u>

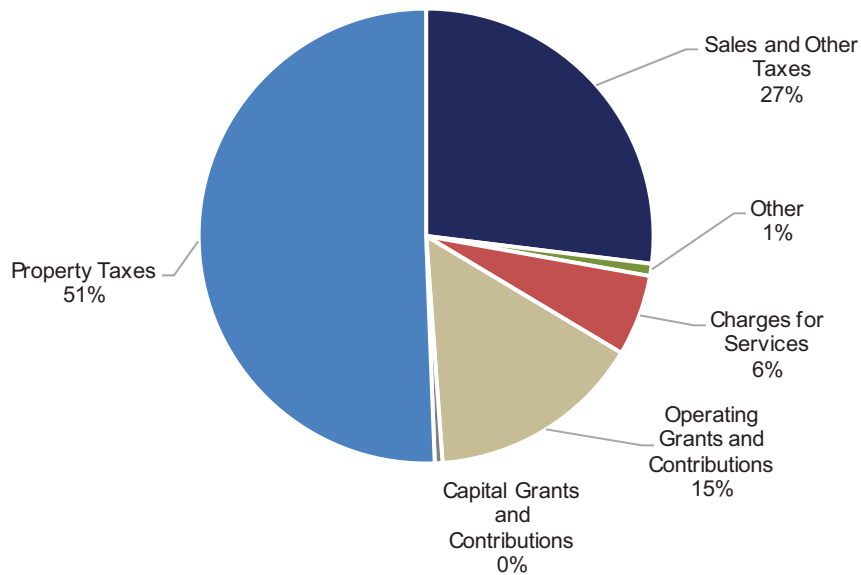
# MANAGEMENT'S DISCUSSION AND ANALYSIS

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



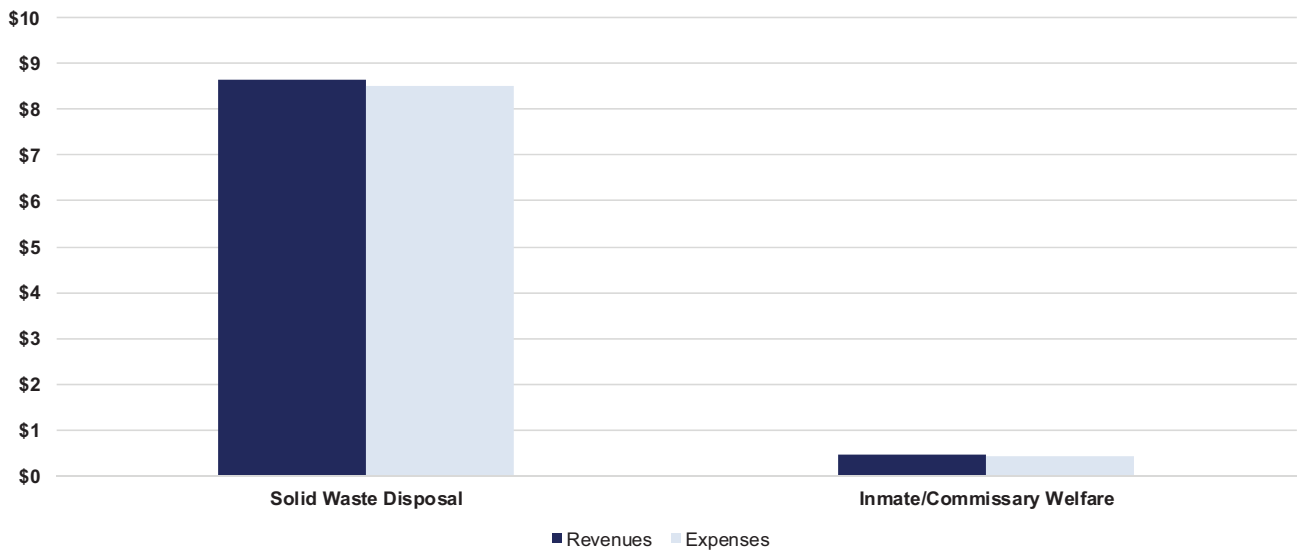
**Governmental Activities.** Governmental activities decreased the County’s net position \$4.9 million. The key element of this decrease is due to spending for capital projects related to AB Tech, Buncombe County Schools and Asheville City Schools.

**Figure 4**  
Revenues By Source  
Governmental Activities



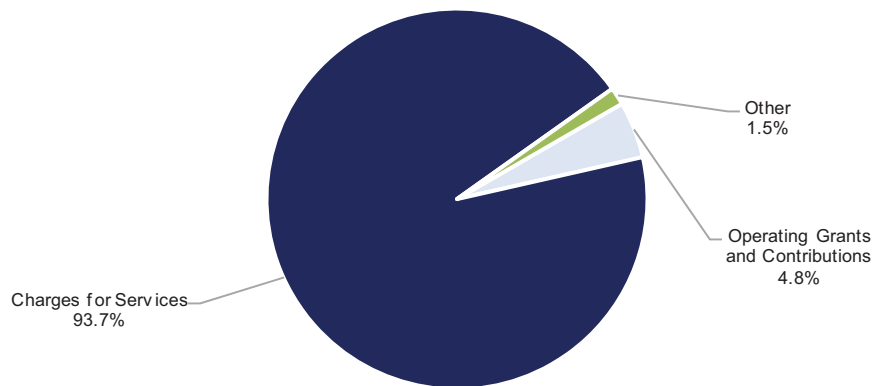
# MANAGEMENT'S DISCUSSION AND ANALYSIS

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



**Business-type Activities.** Business-type activities increased Buncombe County’s overall net position by \$0.4 million in fiscal year ending June 30, 2017.

**Figure 6**  
**Revenues By Source**  
**Business-Type Activities**



# MANAGEMENT'S DISCUSSION AND ANALYSIS

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## FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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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 County Capital Projects Fund, the School Capital Commission Fund, and the AB Tech Capital Projects Fund, and the School Major Maintenance Fund. The remaining governmental funds are considered non-major.

At June 30, 2017, the governmental funds of Buncombe County reported a combined fund balance of \$165.3 million, a \$36.7 million decrease from last year. Of the total governmental fund balance, \$94.3 million, or 57%, 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 \$56 million, while total fund balance reached \$77.6 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 18.8% 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 \$3 million. The actual revenue collected exceeded the final budget amount by \$11 million. This can be attributed to increased revenue from sales taxes and state and federal grants. Aiding in this increase is an overall property tax collection rate at 99.89%.

The fund balance of the County's General Fund saw an increase of approximately \$1 million from the previous year; savings in all functional areas contributed to this increase. This is the fifteenth consecutive year that the County has seen an increase in its General Fund fund balance.

The County Capital Projects Fund accounts for capital asset construction or acquisition. Upon completion, these assets will be owned by the County. As of June 30, 2017, the fund balance for this fund was \$34.6 million, a decrease of \$24 million from the prior year. The fund balance for this fund can fluctuate greatly from one year to the next due to timing of debt issuances or other funding and project completions.

The School Capital Commission Fund accounts for revenues restricted for public school capital outlay projects. The total fund balance decreased \$11.9 million from \$34 million in fiscal year 2016 to \$22.1 million in 2017. Similar to the County Capital Projects Fund, total fund balance can fluctuate from year to year due to the timing of debt issuances or other funding and project completions. The most significant cause to the decrease is due to new approved projects that have not yet been issued debt.

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 \$1.2 million from \$25 million in fiscal year 2016 to \$23.8 million in 2017. New capital projects with debt not yet issued is the reason for the decrease. Similar to other

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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 School Major Maintenance Fund accounts for revenues restricted for public school major capital maintenance projects. The fund was created this year to separate the Article 40/42 sales tax revenues and lottery projects from the article 39 sales tax projects reported in the School Capital Commission Fund.

**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 \$5.1 million. Other factors concerning the finances of these funds have already been addressed in the discussion of Buncombe County's business-type activities.

## Capital Asset and Debt Administration

**Capital Assets.** As of June 30, 2017, the County's investment in capital assets, net of accumulated depreciation for its governmental and business-type activities totaled \$287.6 million. These assets include land, buildings and improvements, equipment, automotive equipment, and construction in progress. This is an increase of \$2 million, or approximately 1%, from fiscal year 2016. This increase is due to an increase in construction in progress in governmental activities. See Figure 7.

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

- Continued construction on the new Human Services Complex that will encompass a new 7 story building to house the Department of Social Services and the Health Department as well as an attached parking deck for citizens and employees.
- Continued major maintenance of older buildings to maintain safety and extend their useful lives.
- Neared completion of an indoor firing range at the Public Safety Training Facility.

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

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

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 20.4	\$ 20.4	\$ 6.8	\$ 6.8	\$ 27.2	\$ 27.2
Buildings and improvements	184.7	187.3	15.8	17.7	200.5	205.0
Equipment	8.3	9.0	1.1	1.0	9.4	10.0
Automotive equipment	2.8	2.5	0.1	0.1	2.9	2.6
Intangibles	3.3	3.2	-	-	3.3	3.2
Construction in progress	42.9	37.0	1.4	0.6	44.3	37.6
<b>Total capital assets</b>	<b>\$ 262.4</b>	<b>\$ 259.4</b>	<b>\$ 25.2</b>	<b>\$ 26.2</b>	<b>\$ 287.6</b>	<b>\$ 285.6</b>

**Outstanding Debt.** As of June 30, 2017, the County's total debt outstanding was \$447.6 million, of which \$24.4 million is debt backed by the full faith and credit of the County. Installment notes account for the remaining \$423.2 million. Collateral for these notes are the assets purchased or constructed. The County received loan proceeds of \$1.7 million from the Drinking Water State Revolving Fund during the current year.

# MANAGEMENT’S DISCUSSION AND ANALYSIS

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 \$218 million, of which \$138 million is for the school systems and \$80 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 \$29.6 million, or 6.6% 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 \$2.0 billion.

**Figure 8  
Outstanding Debt  
(in millions)**

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
General Obligation Bonds	\$ 24.4	\$ 27.2	\$ -	\$ -	\$ 24.4	\$ 27.2
Installment Notes Payable	420.9	447.5	2.3	2.9	423.2	450.4
<b>Total Outstanding Debt</b>	<b>\$ 445.3</b>	<b>\$ 474.7</b>	<b>\$ 2.3</b>	<b>\$ 2.9</b>	<b>\$ 447.6</b>	<b>\$ 477.6</b>

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

## FISCAL YEAR 2018 BUDGET HIGHLIGHTS

The total operating budget for Buncombe County is \$433.2 million. The General Fund budget for fiscal year 2018 is \$330.7 million. This is a increase of 5.7% from the fiscal year 2017 amended General Fund budget.

The tax rate for fiscal year 2018 is set at 53.9 cents per \$100 of property value. The tax rate reflects the results of the property reappraisal conducted by the Buncombe County Tax Department. County-wide values increased by approximately 21%, resulting in a revenue neutral rate of 51.3 cents for Buncombe County. The previous tax rate was 60.4 cents per \$100 of property value.

The FY2018 budget includes increased investment in Education to recognize, retain, and recruit the best teachers and staff and to provide the support needed for our students to reach their full potential. This increase includes \$4,124,247 for Buncombe County Schools and \$759,987 for Asheville City Schools to fulfill the second and final phase of teacher supplement increases, as well as funding to cover State-proposed increases in certified and non-certified personnel pay, health insurance premiums, and retirement contribution rates. Additionally, \$156,632 has been allocated to fund one Pre-K classroom.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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Buncombe County Commissioners continue their commitment to carbon emission reduction and cleaner, smarter energy in the FY2018 budget by allocating the following:

- \$116,019 - Sustainability Office to work with County departments to develop sustainability initiatives and build partnerships with external agencies to achieve carbon emission reduction goals county-wide
- \$50,000 - Rocky Mountain Institute (RMI) support for Energy Innovation Task Force (EITF) efforts
- \$350,000 - Community Clean Energy Projects and Energy Audits
- \$35,000 - Energy Efficiency Home Repair

Court and County officials expressed an interest in widening focus on evidence-based diversion programs for non-violent offenders as a means to prevent/delay the need for capital investment in a jail expansion, as well as to remove barriers to education and employment that result from a conviction. The FY2018 budget includes increased allocations to core-services related to diversion:

- \$115,463 - Justice Resource Coordinator to work with current and additional resources to provide accountability and support to this specific population impacted most by substance abuse and behavioral health issues
- \$432,037 - AOC Contract to hire an Assistant District Attorney and Victim Witness Assistant; a contractual purchase of pre-conviction diversion programming; funding for a case management system
- \$205,580 - Full-Time Pre-Trial Release Coordinators to assist in allowing defendants to receive community supervision rather than incarceration

Other FY2018 budget increases include \$425,000 for Sheriff staffing to assist in combating the opioid crisis, \$534,283 MAHEC school nurse contract increase, and \$150,000 for conservation easement transaction costs. Commissioners continue investing in the community by allocating \$1,264,475 in grant funding to community agencies in the FY2018 budget.

The fiscal year 2018 budget includes a fund balance appropriation of \$15 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.

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## REQUESTS FOR INFORMATION

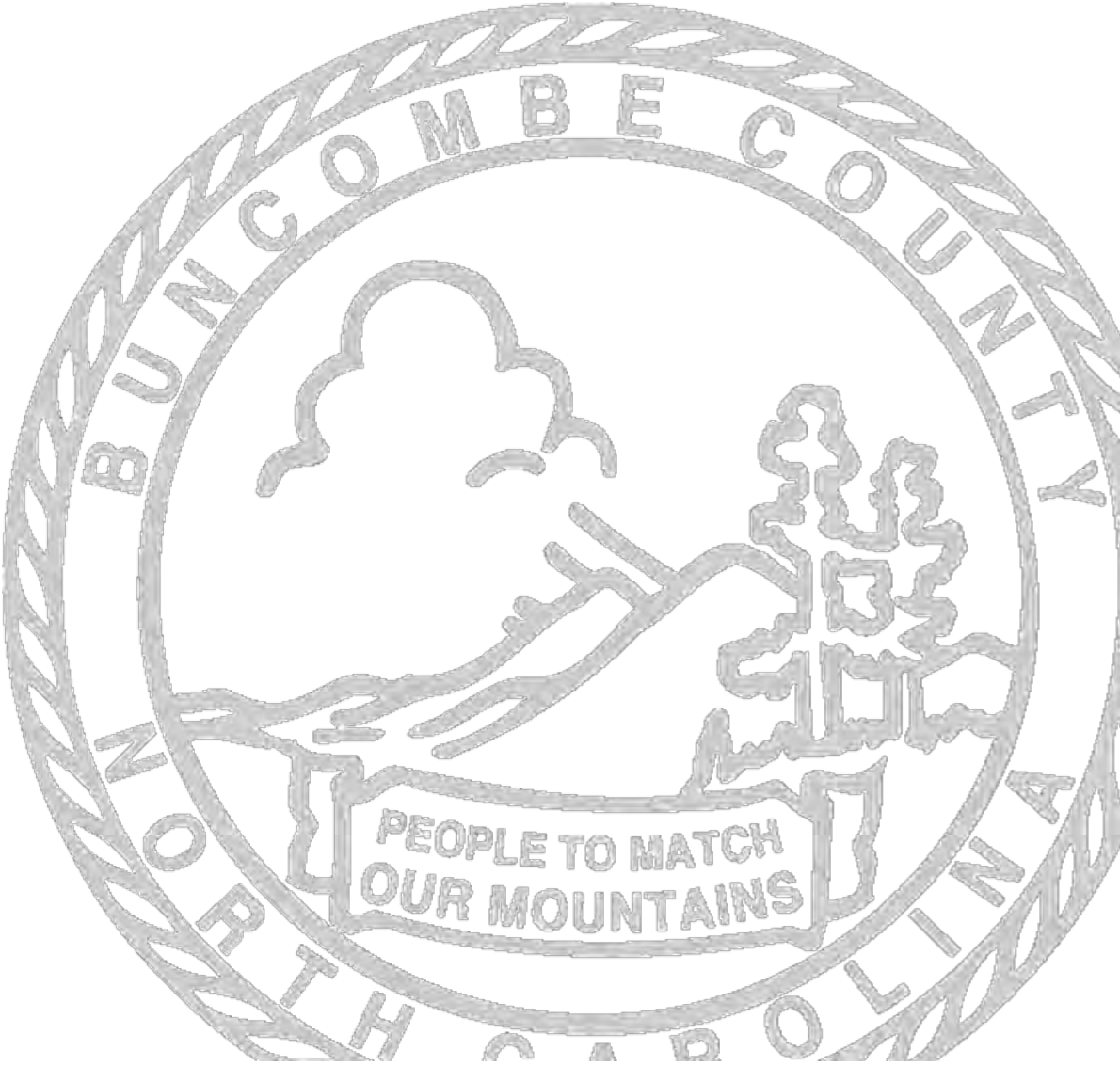
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This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information 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](http://www.buncombecounty.org) or send an email to [FinanceInfo@buncombecounty.org](mailto:FinanceInfo@buncombecounty.org).



*Basic Financial Statements*

Buncombe County, North Carolina



BUNCOMBE COUNTY, NORTH CAROLINA

Exhibit 1

Statement of Net Position

JUNE 30, 2017

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Tourism Development Authority	WNC Regional Air Quality Agency
<b>ASSETS</b>					
Cash and cash equivalents	\$ 112,464,849	\$ 22,983,283	\$ 135,448,132	\$ 3,782,526	\$ 629,868
Investments	31,083,922	-	31,083,922	18,024,711	-
Receivables (net)	5,155,375	804,029	5,959,404	13,587	-
Due from other governments	31,153,242	-	31,153,242	-	-
Due from primary government	-	-	-	1,994,637	-
Inventories	-	15,016	15,016	-	-
Prepays	441,975	-	441,975	-	-
Restricted cash and cash equivalents	31,635,007	20,452	31,655,459	-	-
Net pension asset	648,037	-	648,037	-	-
Long-term receivables	1,429,774	-	1,429,774	-	-
Capital assets:					
Land and construction in progress	63,276,327	8,245,811	71,522,138	-	-
Other capital assets, net of depreciation	199,097,841	16,955,403	216,053,244	-	31,535
Total capital assets	<u>262,374,168</u>	<u>25,201,214</u>	<u>287,575,382</u>	<u>-</u>	<u>31,535</u>
Total assets	<u>476,386,349</u>	<u>49,023,994</u>	<u>525,410,343</u>	<u>23,815,461</u>	<u>661,403</u>
DEFERRED OUTFLOWS OF RESOURCES	29,974,084	321,979	30,296,063	-	144,344
<b>LIABILITIES</b>					
Accounts payable and accrued expenses	24,267,937	446,710	24,714,647	1,296,330	79,047
Accrued interest payable	1,558,102	4,245	1,562,347	-	-
Payable from restricted cash	961,392	-	961,392	-	-
Other liabilities	2,728,002	-	2,728,002	-	-
Due to component unit	1,994,637	-	1,994,637	-	-
Long-term liabilities:					
Total pension liability - LEOSSA	6,504,557	-	6,504,557	-	-
Net pension liability - LGERS	28,640,479	368,657	29,009,136	-	144,107
Due within one year	37,562,395	362,868	37,925,263	-	143,332
Due in more than one year	424,350,977	19,524,627	443,875,604	-	24,755
Total long-term liabilities	<u>497,058,408</u>	<u>20,256,152</u>	<u>517,314,560</u>	<u>-</u>	<u>312,194</u>
Total liabilities	<u>528,568,478</u>	<u>20,707,107</u>	<u>549,275,585</u>	<u>1,296,330</u>	<u>391,241</u>
DEFERRED INFLOWS OF RESOURCES	2,938,568	17,203	2,955,771	-	5,050
<b>NET POSITION</b>					
Net investment in capital assets	69,342,217	22,947,463	92,289,680	-	31,535
Restricted for:					
Stabilization by State statute	29,334,221	-	29,334,221	2,008,224	-
Product development	-	-	-	15,595,495	-
Capital projects	27,863,516	-	27,863,516	-	-
Public safety	2,339,170	-	2,339,170	-	-
Register of Deeds' pension	815,900	-	815,900	-	-
Other	1,618,973	-	1,618,973	-	-
Unrestricted (deficit)	(156,460,610)	5,674,200	(150,786,410)	4,915,412	377,921
Total net position (deficit)	<u>\$ (25,146,613)</u>	<u>\$ 28,621,663</u>	<u>\$ 3,475,050</u>	<u>\$ 22,519,131</u>	<u>\$ 409,456</u>

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

BUNCOMBE COUNTY, NORTH CAROLINA

Exhibit 2

Statement of Activities

FOR THE YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	
					Governmental Activities	Business-type Activities	Total	Tourism Development Authority	WNC Regional Air Quality Agency
<b>PRIMARY GOVERNMENT:</b>									
<b>GOVERNMENTAL ACTIVITIES:</b>									
General government	\$ 35,976,699	\$ 5,207,544	\$ 555,509	\$ -	\$ (30,213,646)	\$ -	\$ (30,213,646)		
Public safety	97,495,863	13,719,683	7,308,462	-	(76,467,718)	-	(76,467,718)		
Economic and physical development	36,634,454	529,488	1,513,413	-	(34,591,553)	-	(34,591,553)		
Human services	99,775,677	3,175,287	51,078,088	-	(45,522,302)	-	(45,522,302)		
Cultural and recreational	9,052,515	361,971	270,820	-	(8,419,724)	-	(8,419,724)		
Education	108,434,971	-	-	2,185,978	(106,248,993)	-	(106,248,993)		
Interest on long-term debt	15,744,885	-	-	-	(15,744,885)	-	(15,744,885)		
Total governmental activities	403,115,064	22,993,973	60,726,292	2,185,978	(317,208,821)	-	(317,208,821)		
<b>BUSINESS-TYPE ACTIVITIES:</b>									
Solid Waste Disposal	8,493,953	8,232,842	441,397	-	-	180,286	180,286		
Inmate Commissary/Welfare	433,890	477,200	-	-	-	43,310	43,310		
Total business-type activities	8,927,843	8,710,042	441,397	-	-	223,596	223,596		
Total primary government	\$ 412,042,907	\$ 31,704,015	\$ 61,167,689	\$ 2,185,978	(317,208,821)	223,596	(316,985,225)		
<b>COMPONENT UNITS:</b>									
Tourism Development Authority	\$ 15,257,881	\$ 157,708	\$ 20,727,883	\$ -				\$ 5,627,710	\$ -
WNC Regional Air Quality Agency	1,165,435	649,219	312,574	-				-	(203,642)
Total component units	\$ 16,423,316	\$ 806,927	\$ 21,040,457	\$ -				5,627,710	(203,642)
General revenues:									
Taxes:									
Property taxes, levied for general purpose					201,518,909	-	201,518,909	-	-
Local option sales tax					79,120,505	-	79,120,505	-	-
Other taxes and licenses					28,199,416	-	28,199,416	-	132,438
Investment earnings, unrestricted					1,244,338	141,511	1,385,849	67,740	3,616
Grants and contributions, unrestricted					840,987	-	840,987	-	-
Miscellaneous, unrestricted					1,262,648	-	1,262,648	-	-
Gain on sale of assets					91,350	4,509	95,859	-	-
Total general revenues					312,278,153	146,020	312,424,173	67,740	136,054
Change in net position					(4,930,668)	369,616	(4,561,052)	5,695,450	(67,588)
Net position (deficit), beginning, as originally reported					(17,670,725)	28,252,047	10,581,322	16,823,681	477,044
Restatements (Note 10)					(2,545,220)	-	(2,545,220)	-	-
Net position (deficit), beginning, as restated					(20,215,945)	28,252,047	8,036,102	16,823,681	477,044
Net position (deficit), end of year					\$ (25,146,613)	\$ 28,621,663	\$ 3,475,050	\$ 22,519,131	\$ 409,456

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

BUNCOMBE COUNTY, NORTH CAROLINA

Exhibit 3

Balance Sheet  
Governmental Funds

JUNE 30, 2017

	General	County Capital Projects	School Capital Commission	AB Tech Capital Projects	School Major Maintenance	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and cash equivalents	\$ 37,550,384	\$ 17,705,831	\$ 11,626,142	\$ 17,066,956	\$ -	\$ 11,294,629	\$ 95,243,942
Investments	31,083,922	-	-	-	-	-	31,083,922
Restricted cash and cash equivalents	1,251,833	19,679,350	6,941,981	3,761,843	-	-	31,635,007
Receivables, net	1,917,392	-	-	-	-	3,052,926	4,970,318
Due from other governments	17,750,810	467,260	4,397,198	2,979,662	4,093,392	1,464,920	31,153,242
Due from other funds	2,561,296	-	-	-	-	-	2,561,296
Prepaid items	57,975	-	-	-	-	-	57,975
Long-term receivable	-	-	-	-	-	1,429,774	1,429,774
<b>Total assets</b>	<b>\$ 92,173,612</b>	<b>\$ 37,852,441</b>	<b>\$ 22,965,321</b>	<b>\$ 23,808,461</b>	<b>\$ 4,093,392</b>	<b>\$ 17,242,249</b>	<b>\$ 198,135,476</b>
<b>LIABILITIES</b>							
Accounts payable and accrued liabilities	\$ 11,517,889	\$ 2,251,865	\$ 827,129	\$ 2,453	\$ 3,449,827	\$ 4,060,534	\$ 22,109,697
Payable from restricted cash	-	961,392	-	-	-	-	961,392
Miscellaneous liabilities	599,355	-	-	-	-	2,128,647	2,728,002
Due to component unit	-	-	-	-	-	1,994,637	1,994,637
Due to other funds	-	-	-	-	643,565	1,917,731	2,561,296
<b>Total liabilities</b>	<b>12,117,244</b>	<b>3,213,257</b>	<b>827,129</b>	<b>2,453</b>	<b>4,093,392</b>	<b>10,101,549</b>	<b>30,355,024</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>2,471,668</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,287</b>	<b>2,490,955</b>
<b>FUND BALANCES</b>							
Nonspendable	57,975	-	-	-	-	1,429,774	1,487,749
Restricted for:							
Stabilization by State statute	21,197,608	467,260	4,397,198	2,979,662	-	292,493	29,334,221
Capital projects	1,251,833	19,679,350	17,740,994	20,826,346	-	-	59,498,523
Public safety	-	-	-	-	-	2,339,170	2,339,170
Other	-	-	-	-	-	1,618,973	1,618,973
Committed	2,019,304	-	-	-	-	-	2,019,304
Assigned	15,363,817	14,492,574	-	-	-	1,441,003	31,297,394
Unassigned	37,694,163	-	-	-	-	-	37,694,163
<b>Total fund balances</b>	<b>77,584,700</b>	<b>34,639,184</b>	<b>22,138,192</b>	<b>23,806,008</b>	<b>-</b>	<b>7,121,413</b>	<b>165,289,497</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 92,173,612</b>	<b>\$ 37,852,441</b>	<b>\$ 22,965,321</b>	<b>\$ 23,808,461</b>	<b>\$ 4,093,392</b>	<b>\$ 17,242,249</b>	

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

Reconciliation to full accrual basis of accounting (see Note 1)	<u>(190,436,110)</u>
Net position (deficit) of governmental activities	<u>\$ (25,146,613)</u>

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

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

Exhibit 4

FOR THE YEAR ENDED JUNE 30, 2017

	County Capital General	School Capital Projects	AB Tech Capital Commission	School Major Projects	School Maintenance	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>							
Ad valorem taxes	\$183,927,906	\$ -	\$ -	\$ -	\$ -	\$ 17,979,098	\$201,907,004
Local option sales taxes	29,135,636	-	18,132,136	12,227,096	13,859,442	5,766,195	79,120,505
Other taxes and licenses	7,155,692	-	-	-	-	21,043,724	28,199,416
Unrestricted intergovernmental	729,915	111,072	-	-	-	-	840,987
Restricted intergovernmental	51,350,479	-	187,020	42,401	1,956,557	9,303,885	62,840,342
Permits and fees	4,715,220	-	-	-	-	-	4,715,220
Sales and services	17,962,229	-	-	-	-	82,702	18,044,931
Investment earnings	710,276	127,125	113,579	177,371	-	12,739	1,141,090
Miscellaneous	1,088,903	-	-	-	-	173,745	1,262,648
Total revenues	<u>296,776,256</u>	<u>238,197</u>	<u>18,432,735</u>	<u>12,446,868</u>	<u>15,815,999</u>	<u>54,362,088</u>	<u>398,072,143</u>
<b>EXPENDITURES</b>							
Current:							
General government	29,305,019	-	-	-	-	11,026	29,316,045
Public safety	63,660,257	-	-	-	-	25,418,908	89,079,165
Economic and physical development	8,515,155	-	-	-	-	21,049,650	29,564,805
Human services	92,125,126	-	-	-	-	7,274,335	99,399,461
Cultural and recreational	7,769,730	-	-	-	-	-	7,769,730
Intergovernmental:							
Education	75,323,300	-	-	-	-	-	75,323,300
Capital outlay	-	24,689,232	14,432,333	2,863,339	15,815,999	1,887,817	59,688,720
Debt service:							
Principal retirement	12,103,584	-	9,635,026	4,366,958	-	40,000	26,145,568
Interest and fees	7,256,869	2,229,025	6,247,962	4,072,242	-	524,569	20,330,667
Total expenditures	<u>296,059,040</u>	<u>26,918,257</u>	<u>30,315,321</u>	<u>11,302,539</u>	<u>15,815,999</u>	<u>56,206,305</u>	<u>436,617,461</u>
Revenues over (under) expenditures	<u>717,216</u>	<u>(26,680,060)</u>	<u>(11,882,586)</u>	<u>1,144,329</u>	<u>-</u>	<u>(1,844,217)</u>	<u>(38,545,318)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers from other funds	3,649,961	1,642,384	-	-	-	1,915,699	7,208,044
Transfers to other funds	(3,445,984)	(799,257)	-	(2,329,654)	-	(633,149)	(7,208,044)
Installment obligations issued	-	1,720,347	-	-	-	-	1,720,347
Sales of capital assets	91,350	-	-	-	-	-	91,350
Total other financing sources (uses)	<u>295,327</u>	<u>2,563,474</u>	<u>-</u>	<u>(2,329,654)</u>	<u>-</u>	<u>1,282,550</u>	<u>1,811,697</u>
Net changes in fund balances	<u>1,012,543</u>	<u>(24,116,586)</u>	<u>(11,882,586)</u>	<u>(1,185,325)</u>	<u>-</u>	<u>(561,667)</u>	<u>(36,733,621)</u>
Fund balances, beginning, as originally reported	76,572,157	58,755,770	34,020,778	24,991,333	-	6,700,939	201,040,977
Restatement (Note 10)	-	-	-	-	-	982,141	982,141
Fund balances, beginning, as restated	<u>76,572,157</u>	<u>58,755,770</u>	<u>34,020,778</u>	<u>24,991,333</u>	<u>-</u>	<u>7,683,080</u>	<u>202,023,118</u>
Fund balances, end of year	<u>\$ 77,584,700</u>	<u>\$ 34,639,184</u>	<u>\$ 22,138,192</u>	<u>\$ 23,806,008</u>	<u>\$ -</u>	<u>\$ 7,121,413</u>	<u>\$ 165,289,497</u>
Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different:							
Net changes in fund balances - total governmental funds							\$ (36,733,621)
Reconciliation to full accrual basis of accounting (see Note 1)							31,802,953
Total change in net position (deficit) of governmental activities							<u>\$ (4,930,668)</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, 2017

	General Fund			Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>REVENUES</b>				
Ad valorem taxes	\$ 180,002,531	\$ 180,002,531	\$ 183,927,906	\$ 3,925,375
Local option sales taxes	27,395,245	27,395,245	29,135,636	1,740,391
Other taxes and licenses	6,037,520	6,487,520	7,155,692	668,172
Unrestricted intergovernmental	725,000	725,000	729,915	4,915
Restricted intergovernmental	49,072,904	50,858,917	51,350,479	491,562
Permits and fees	3,361,855	3,384,855	4,715,220	1,330,365
Sales and services	14,655,080	15,469,879	17,962,229	2,492,350
Investment earnings	285,000	285,000	710,276	425,276
Miscellaneous	1,172,243	1,172,243	1,088,903	(83,340)
Total revenues	282,707,378	285,781,190	296,776,256	10,995,066
<b>EXPENDITURES</b>				
Current:				
General government	29,838,930	30,368,295	29,305,019	1,063,276
Public safety	66,226,857	66,489,375	63,660,257	2,829,118
Economic and physical development	9,819,703	10,829,703	8,515,155	2,314,548
Human services	96,925,224	98,067,472	92,125,126	5,942,346
Cultural and recreational	8,470,976	8,073,976	7,769,730	304,246
Intergovernmental:				
Education	73,919,815	75,323,300	75,323,300	-
Total current expenditures	285,201,505	289,152,121	276,698,587	12,453,534
Debt service:				
Principal retirement			12,103,584	
Interest and other charges			7,256,869	
Total debt service	20,671,686	20,671,686	19,360,453	1,311,233
Total expenditures	305,873,191	309,823,807	296,059,040	13,764,767
Revenues over (under) expenditures	(23,165,813)	(24,042,617)	717,216	24,759,833
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	12,522,426	12,850,426	3,649,961	(9,200,465)
Transfers to other funds	(2,355,698)	(3,775,179)	(3,445,984)	329,195
Sales of capital assets	6,960,000	6,960,000	91,350	(6,868,650)
Appropriated fund balance	6,039,085	8,007,370	-	(8,007,370)
Total other financing sources (uses)	23,165,813	24,042,617	295,327	(23,747,290)
Net changes in fund balance	\$ -	\$ -	1,012,543	\$ 1,012,543
Fund balance, beginning of year			76,572,157	
Fund balance, end of year			\$ 77,584,700	

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

BUNCOMBE COUNTY, NORTH CAROLINA

Exhibit 6

Statement of Net Position

Proprietary Funds

JUNE 30, 2017

	Enterprise Funds			Internal Service Fund
	Solid Waste Disposal Fund	Nonmajor Enterprise Fund	Total	Insurance Fund
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 22,335,970	\$ 647,313	\$ 22,983,283	\$ 17,220,907
Restricted cash and cash equivalents	20,452	-	20,452	-
Receivables, net	803,262	767	804,029	-
Prepays	-	-	-	384,000
Inventories	15,016	-	15,016	-
Total current assets	23,174,700	648,080	23,822,780	17,604,907
Noncurrent assets:				
Capital assets:				
Land, improvements, and construction in progress	8,245,811	-	8,245,811	-
Other capital assets, net of depreciation	16,947,312	8,091	16,955,403	-
Total capital assets	25,193,123	8,091	25,201,214	-
Total noncurrent assets	25,193,123	8,091	25,201,214	-
Total assets	48,367,823	656,171	49,023,994	17,604,907
DEFERRED OUTFLOWS OF RESOURCES	300,678	21,301	321,979	-
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	274,452	69,652	344,104	2,111,953
Accrued interest payable	4,245	-	4,245	-
Salaries and payroll taxes payable	117,294	6,657	123,951	46,287
Compensated absences	59,456	2,067	61,523	-
Installment obligations payable, current portion	280,000	-	280,000	-
Total current liabilities	735,447	78,376	813,823	2,158,240
Noncurrent liabilities:				
Accrued landfill closure and postclosure care costs	17,466,828	-	17,466,828	-
Other postemployment benefits	79,409	4,639	84,048	-
Installment obligations payable	1,973,751	-	1,973,751	-
Net pension liability - LGERS	344,268	24,389	368,657	-
Total noncurrent liabilities	19,864,256	29,028	19,893,284	-
Total liabilities	20,599,703	107,404	20,707,107	2,158,240
DEFERRED INFLOWS OF RESOURCES	16,065	1,138	17,203	-
<b>NET POSITION</b>				
Net investment in capital assets	22,939,372	8,091	22,947,463	-
Unrestricted	5,113,361	560,839	5,674,200	15,446,667
	\$ 28,052,733	\$ 568,930	\$ 28,621,663	\$ 15,446,667

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

BUNCOMBE COUNTY, NORTH CAROLINA

Exhibit 7

Statement of Revenues, Expenses, and Change in Net Position

Proprietary Funds

FOR THE YEAR ENDED JUNE 30, 2017

	Enterprise Funds			Internal Service Fund
	Solid Waste Disposal Fund	Nonmajor Enterprise Fund	Total	Insurance Fund
<b>OPERATING REVENUES</b>				
Charges for services	\$ 8,232,842	\$ 477,200	\$ 8,710,042	\$ 31,954,346
Miscellaneous	441,397	-	441,397	-
Total operating revenues	<u>8,674,239</u>	<u>477,200</u>	<u>9,151,439</u>	<u>31,954,346</u>
<b>OPERATING EXPENSES</b>				
Salaries, wages, and fringe benefits	1,566,976	115,563	1,682,539	767,871
Contracted services	891,984	149,237	1,041,221	-
Cost of products sold	-	84,897	84,897	-
Maintenance and repairs	679,586	-	679,586	-
Other operating expenses	1,879,080	51,634	1,930,714	2,138,005
Landfill closure and postclosure care costs	1,225,211	-	1,225,211	-
Depreciation	2,225,090	32,559	2,257,649	-
Insurance premiums	-	-	-	460,531
Claims	-	-	-	26,914,738
Total operating expenses	<u>8,467,927</u>	<u>433,890</u>	<u>8,901,817</u>	<u>30,281,145</u>
Operating income	<u>206,312</u>	<u>43,310</u>	<u>249,622</u>	<u>1,673,201</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest and investment revenue	138,040	3,471	141,511	-
Interest and other charges	(26,026)	-	(26,026)	-
Gain on disposal of assets	4,509	-	4,509	-
Total nonoperating revenues (expenses)	<u>116,523</u>	<u>3,471</u>	<u>119,994</u>	<u>-</u>
Change in net position	322,835	46,781	369,616	1,673,201
Net position, beginning of year	<u>27,729,898</u>	<u>522,149</u>	<u>28,252,047</u>	<u>13,773,466</u>
Net position, end of year	<u>\$ 28,052,733</u>	<u>\$ 568,930</u>	<u>\$ 28,621,663</u>	<u>\$ 15,446,667</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, 2017

	Enterprise Funds			Internal Service Fund
	Solid Waste Disposal Fund	Nonmajor Enterprise Fund	Total	Insurance Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 8,021,435	\$ 477,200	\$ 8,498,635	\$ 31,954,346
Cash paid for goods and services	(4,013,931)	(269,314)	(4,283,245)	(28,524,687)
Cash paid to employees for services	(1,629,602)	(120,872)	(1,750,474)	(754,982)
Other operating revenue	441,397	-	441,397	-
Net cash provided by operating activities	2,819,299	87,014	2,906,313	2,674,677
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(1,222,448)	-	(1,222,448)	-
Sale of capital assets	4,509	-	4,509	-
Principal paid on installment obligation	(270,000)	-	(270,000)	-
Interest paid on long-term debt	(62,414)	-	(62,414)	-
Net cash used by capital and related financing activities	(1,550,353)	-	(1,550,353)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on investments	138,040	3,471	141,511	-
Net cash provided by investing activities	138,040	3,471	141,511	-
Net increase in cash and cash equivalents	1,406,986	90,485	1,497,471	2,674,677
Cash and cash equivalents, beginning of year	20,949,436	556,828	21,506,264	14,546,230
Cash and cash equivalents, end of year	\$ 22,356,422	\$ 647,313	\$ 23,003,735	\$ 17,220,907

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	\$ 206,312	\$ 43,310	\$ 249,622	\$ 1,673,201
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	2,225,090	32,559	2,257,649	-
Landfill closure and postclosure care costs	894,778	-	894,778	-
Changes in assets, liabilities and deferred outflow and inflows of resources:				
Accounts receivable	(211,407)	(529)	(211,936)	-
Inventories	(3,512)	-	(3,512)	-
Deferred outflows of resources - pensions	(223,869)	(16,179)	(240,048)	-
Accounts payable	(229,336)	16,983	(212,353)	988,587
Salaries and payroll taxes payable	(63,981)	738	(63,243)	12,889
Accrued compensated absences	(2,576)	479	(2,097)	-
Other postemployment benefits	(12,447)	(882)	(13,329)	-
Net pension liability - LGERS	262,532	11,949	274,481	-
Deferred inflows of resources - pensions	(22,285)	(1,414)	(23,699)	-
Total adjustments	2,612,987	43,704	2,656,691	1,001,476
Net cash provided by operating activities	\$ 2,819,299	\$ 87,014	\$ 2,906,313	\$ 2,674,677

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

BUNCOMBE COUNTY, NORTH CAROLINA

Exhibit 9

Statement of Fiduciary Net Position

JUNE 30, 2017

	<u>OPEB Trust Fund</u>	<u>Agency Funds</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 19,589,731	\$ 2,935,781
Accounts receivable	-	712,786
	<u>\$ 19,589,731</u>	<u>\$ 3,648,567</u>
<b>LIABILITIES</b>		
Accounts payable	\$ -	\$ 11,503
Due to other taxing units	-	2,397,046
Intergovernmental payable - State of North Carolina	-	21,578
Due to beneficiaries	-	1,218,440
Total liabilities	<u>-</u>	<u>\$ 3,648,567</u>
<b>NET POSITION</b>		
Net position restricted for postemployment benefits other than pensions	<u>\$ 19,589,731</u>	

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

BUNCOMBE COUNTY, NORTH CAROLINA

Exhibit 10

Statement of Changes in Fiduciary Net Position

FOR THE YEAR ENDED JUNE 30, 2017

	<u>OPEB Trust Fund</u>
ADDITIONS	
Employer contributions	\$ 2,000,000
Investment income:	
Interest and dividends	198,214
Gain on sales of investments	2,824,456
Net appreciation (depreciation) in fair value of investments	(1,050,962)
Less: investment management fees	<u>(21,050)</u>
Investment income, net	<u>1,950,658</u>
Total additions	<u>3,950,658</u>
NET POSITION	
Restricted for postemployment benefits other than pension:	
Beginning of year	<u>15,639,073</u>
End of year	<u>\$ 19,589,731</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, 2017

#### Note 1 - Summary of Significant Accounting Policies

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

#### (A) Reporting Entity

The County, which is governed by a seven-member board of commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by generally accepted accounting principles, these financial statements present the County and its component units, legally-separate entities for which the County is financially accountable. Buncombe County Industrial Facility and Pollution Control Financing Authority (the Authority) exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority has no financial transactions or account balances; therefore, it is not presented in the basic financial statements. Buncombe County Tourism Development Authority (the Tourism Development Authority) and Western North Carolina Regional Air Quality Agency (the Agency), which have a June 30 year-end, are presented as if they are separate governmental funds of the County (discrete presentation). The discretely presented component units presented below are reported in a separate column in the County's financial statements in order to emphasize that they are legally separate from the County. Buncombe County Service Foundation, Inc. (the Foundation) meets the blending requirements of Governmental Accounting Standards Board (GASB) Statement No. 80, and is therefore presented as a special revenue fund of the County.

Component Unit	Reporting Method	Criteria for Inclusion	Separate Financial Statements
Buncombe County Industrial Facility and Pollution Control Financing Authority	Discrete	The Authority is governed by a seven-member board of commissioners that is appointed by the County Commissioners. The County can remove any commissioner of the Authority with or without cause.	None issued (no amounts have been presented because no financial transactions or account balances exist).
Buncombe County Tourism Development Authority	Discrete	The Tourism Development Authority is governed by members appointed by the County Commissioners, the Asheville City Council, and the Asheville Area Chamber of Commerce. The Development Authority derives its revenues through a special room occupancy tax which is authorized by, and may be repealed by, the decision of the County Commissioners.	Tourism Development Authority Post Office Box 1010 Asheville, North Carolina 28812

<p>Buncombe County Service Foundation, Inc.</p>	<p>Blended</p>	<p>The Foundation is a 501(c)(3) nonprofit organization that supports the programs of Buncombe County Government with an emphasis on health and human services activities. The Foundation undertakes projects to improve access to health, safety, independence, wellness, recreation, and community services in alignment with Buncombe County sustainability goals. The Foundation is managed through a seven member board of directors, as appointed by the Buncombe County Manager. The Foundation’s budget is included in the County’s annual budget process.</p>	<p>None issued.</p>
<p>Western North Carolina Regional Air Quality Agency</p>	<p>Discrete</p>	<p>The Agency was established by an interlocal agreement between the City of Asheville and the County pursuant to State statute. The governing authority is selected by the County Commissioners and the Asheville City Council. The County and the City are responsible for financing any operating deficits of the Agency and the County shall provide personnel and financial services in that all employees of the Agency shall be County employees subject to the Buncombe County personnel plan in all respects except for the Agency Director which shall serve at the pleasure of the Agency Board. The County will also provide financial, payroll and bookkeeping services for the Agency with cost of services and personnel to be reimbursed by the Agency in accordance with the County cost allocation plan. The Agency’s budget is included in the County’s annual budget process.</p>	<p>None issued.</p>

**(B) Basis of Presentation, Basis of Accounting**

**Basis of Presentation, Measurement Focus – Basis of Accounting**

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

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. 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.

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

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

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

*School Major Maintenance 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.

The County reports the following major enterprise fund:

*Solid Waste Disposal Fund:* This fund accounts for landfill operations.

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.

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

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

The Inmate Trust Fund, which accounts for the revenues and expenditures of activity funds belonging to inmates during the period of incarceration; the General Agency Accounts, which account for ad valorem and local option sales taxes collected for other taxing units; the Social Services Fund, which accounts for monies deposited with the Department of Social Services for the benefit of certain individuals; the Sondley Estate Trust, which accounts for certain monies held by the County which was appointed as fiscal agent by the Courts; the Deed of Trust Fee Fund, which accounts for the \$6.20 of each fee collected by the register of deeds for registering or filing a deed of trust or mortgage and is remitted to the State Treasurer on a monthly basis; and the Buncombe County Anticrime Task Force, which accounts for forfeiture and controlled substance tax earmarked for the Buncombe County Anticrime Task Force.

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

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

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

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

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

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable 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, Register of Deeds Automation, Drug Forfeitures, and Transportation Special Revenue Funds, the Buncombe County Service Foundation, Inc. and the Enterprise Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the County Capital Projects Fund, the School Capital Commission Fund, the AB Tech Capital Project Fund, the School Major Maintenance Fund, the Grant Projects Fund, the Special Projects Funds, the PDF Woodfin Downtown Fund, and the Enterprise Capital Projects Funds, which are consolidated with the enterprise operating funds for reporting purposes.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$75,000. The governing board must approve all amendments. The County Manager is authorized by the budget ordinance to transfer appropriations between functional areas within a fund up to \$75,000 per expenditure; however, any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$75,000 per expenditure must be approved by the governing board. Budgetary transfers by the Manager must be reported to the County Commissioners at the next board meeting and recorded in the minutes. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

**(D) Assets, Liabilities, Deferred Inflows and Outflows of Resources and Fund Equity****(1) Deposits and Investments**

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

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

General Statute 159-30.1 allows the County to establish an Other Postemployment Benefit (OPEB) Trust managed by the staff of the Department of the State Treasurer and operated in accordance with state laws and regulations. It is not registered with the SEC and G.S. 159-30(g) allows the County to make contributions to the Trust. The State Treasurer in his discretion may invest the proceeds in equities of certain publicly held companies and long or short term fixed income investments as detailed in G.S. 147-69.2(b)(1-6) and (8). Funds submitted are managed in three different sub-funds, the State Treasurer's Short Term Investment Fund (STIF) consisting of short to intermediate treasuries, agencies and corporate issues authorized by G.S. 147-69.1, the Bond Index Fund (BIF) consisting of high quality debt securities eligible under G.S. 147-69.2(b)(1)-(6), and BlackRock's MSCI ACWI EQ Index Non-Lendable Class B Fund authorized under G.S. 147-69.2(b)(8).

The County, Tourism Development Authority, and Agency's investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earning investment contracts

are reported at cost. The securities of the NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to participants of the fund. The BIF is also valued at \$1 per share. The MSCI ACWI EQ Index Non-Lendable Class B Fund is priced at \$19.16 per share at June 30, 2017.

**(2) Cash and Cash Equivalents**

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

**(3) Restricted Assets**

Unexpended bond proceeds are classified as restricted assets within the governmental funds because their use is completely restricted to the purpose for which the bonds were originally issued.

Buncombe County Restricted Cash

Governmental Activities	
County Capital Projects Fund	\$ 19,679,350
School Capital Projects Fund	6,941,981
AB Tech Capital Projects Fund	3,761,843
General Fund	1,251,833
Total Governmental Activities	\$ 31,635,007
Business-Type Activities	
Solid Waste Disposal	\$ 20,452
Total Restricted Cash	\$ 31,655,459

**(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, 2016.

**(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. 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 system 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	1-5

**(8) Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report 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 related deferrals, and contributions made to the pension plans in the current fiscal year.

In addition to liabilities, the statement of financial position can also report 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 receivables, other pre-payments and pension 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 during the latest two years of service before such entitlement expires. In addition, non-exempt employees who work beyond the normal working day in conducting County business earn compensatory time at one and one-half hours for each hour actually worked. Upon termination any unexpired entitlement is due to the employee. For the County's government-wide financial statements and proprietary fund types in the fund financial statements, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned.

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

**(11) Net Position/Fund Balances****Net Position**

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

**Fund Balances**

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

The governmental fund types classify fund balances as follows:

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

Prepaid items: Portion of fund balance that is not an available resource because it represents the year-end portion 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: Portion of fund balance that is restricted by State Statute [G.S. 159-8(a)], totaling \$29,334,221 at June 30, 2017.

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, totaling \$59,498,523 at June 30, 2017.

Restricted for Public Safety: Portion of fund balance that is restricted by revenue source for public safety purposes, totaling \$2,339,170 at June 30, 2017.

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, totaling \$262,079 at June 30, 2017.

Restricted for Human Services: Portion of fund balance that is restricted by revenue source for human services purposes, totaling \$911,299 at June 30, 2017.

Restricted for Grant Projects: Portion of fund balance that is restricted by revenue source for various grant projects, totaling \$405,279 at June 30, 2017.

Restricted for Debt Service: Portion of fund balance that is restricted by revenue source for debt service, totaling \$40,316 at June 30, 2017.

**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, totaling \$2,019,304 at June 30, 2017.

**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, totaling \$15,363,817 at June 30, 2017. 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, totaling \$15,933,577 at June 30, 2017.

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

Buncombe County has a revenue spending guideline for programs with multiple revenue sources. The Finance Director uses resources in the following hierarchy: 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 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 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"). 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.

**(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)	\$ 382,918,962
Less accumulated depreciation	(120,544,794)
Net capital assets	262,374,168
Net pension asset	648,037
Contributions to LGERS and ROD pension plans in the current fiscal year are deferred outflows of resources on the statement of net position	6,005,009
Benefit payments and administrative costs for LEOSSA are deferred outflows of resources on the statement of net position	179,005
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are unavailable in the fund statements	185,057
Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide statements	1,051,177
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	15,446,667
Deferred charges related to advance refunding bonds issued – included on government-wide statement of net position but are not current financial resource	4,576,020
Pension related deferrals	17,715,260
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	(445,228,670)
Compensated absences	(8,084,018)
Total pension liability-LEOSSA	(6,504,557)
Other postemployment benefits	(4,500,760)
Net pension liability-LGERS	(28,640,479)
Accrued salaries related to retirement incentive	(2,019,304)
Pension spiking liability	(2,080,620)
Accrued interest payable	(1,558,102)
Total	<u>\$ (190,436,110)</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:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of net position	\$ 18,761,899
Cost of disposed assets not recorded in fund statements	(7,365)
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	(15,815,826)
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	(1,720,347)
Principal payments on long-term debt	26,145,568
Contributions to the pension plans in the current fiscal year are not included on the Statement of Activities.	6,005,009
Benefit payments and administrative costs for LEOSSA are deferred outflows of resources on the Statement of Net Position.	179,005
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	(212,703)
Amortization of premium on long-term debt	5,139,647
Amortization of refunding costs not recorded on fund statements	(341,162)
Compensated absences	(139,817)
Other postemployment benefits	1,035,453
County's portion of collective pension expense	(8,586,021)
Payments related to the 2014 Retirement Incentive	1,746,129
Pension spiking liability	(2,080,620)
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)	103,248
Decrease of deferred inflows of resources, taxes receivable	(388,095)
Increase of deferred inflows of resources, unavailable revenues	305,750
Net expense, including transfers, of internal service funds determined to be governmental type	1,673,201
Total	<u>\$ 31,802,953</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, 2017, the County's (including Western North Carolina Regional Air Quality) deposits had a carrying amount of \$18,348,277 and a bank balance of \$20,366,918. Of the bank balance, \$250,000 was covered by federal depository insurance and \$20,616,918 was covered by collateral held under the Pooling Method. These amounts include \$2,935,781 held by the County in its fiduciary capacity for its agency funds.

At June 30, 2017, Buncombe County had \$9,750 cash on hand.

At June 30, 2017, the Tourism Development Authority's deposits had a carrying amount of \$3,782,526 and a bank balance of \$4,260,779. Of the bank balance, \$250,000 was covered by federal depository insurance and \$4,010,779 was covered by collateral held under the Pooling Method.



**(2) Investments**

As of June 30, 2017, the County had the following investments and maturities:

Investment Type	Measurement		30 Days	1-6 Months	6-12 Months
	Method	Value			
US Government Agencies	Fair Value-Level 2	\$ 51,843,163	\$ 6,820,761	\$ 26,036,920	\$ 18,985,482
US Treasuries	Fair Value-Level 1	32,083,730	-	21,985,290	10,098,440
Certificate of deposit	Cost	2,000,000	-	-	2,000,000
Commercial Paper	Fair Value-Level 2	4,977,000	-	4,977,000	-
NCCMT - Government Portfolio	Amortized Cost	76,143,495	76,143,495	-	-
NCCMT - Term Portfolio*	Fair Value-Level 1	16,347,747	-	16,347,747	-
Total		<u>\$ 183,395,135</u>	<u>\$ 82,964,256</u>	<u>\$ 69,346,957</u>	<u>\$ 31,083,922</u>

\*Because the NC Capital Management Trust Term Portfolio has a weighted average maturity of less than 90 days, it was presented as an investment with a maturity of 1-6 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, 2017, the Tourism Development Authority's investments consisted of \$18,024,711 in the North Carolina Capital Management Trust's Government Portfolio, which carried a credit rating of AAAM by Standard and Poor's.

The County typically holds investments until maturity. The calculation of realized gains is independent of the calculation of the net increases in the fair value of investments. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of the investment reported in the prior year. There were no realized gains or losses on the County's or Tourism Development Authority's investments during 2017.

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

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

	Primary Government	Tourism Development Authority	WNC Regional Air Quality
Deposits	\$ 18,348,277	\$ 3,782,526	\$ -
Cash on hand	9,750	-	-
Investments	183,395,135	18,024,711	-
	<u>201,753,162</u>	<u>21,807,237</u>	<u>-</u>
Reported in Component Units	<u>(629,868)</u>	<u>-</u>	<u>629,868</u>
	<u>\$ 201,123,294</u>	<u>\$ 21,807,237</u>	<u>\$ 629,868</u>
Reported on government-wide statement of net position:			
Cash and cash equivalents	\$ 135,448,132	\$ 3,782,526	\$ 629,868
Investments	31,083,922	18,024,711	-
Restricted cash	31,655,459	-	-
	<u>198,187,513</u>	<u>\$ 21,807,237</u>	<u>\$ 629,868</u>
Reported in agency funds:			
Cash and cash equivalents	<u>2,935,781</u>		
	<u>\$ 201,123,294</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). As of June 30, 2017, the County's investments in commercial paper were rated P1 by Standard & Poor's, F1 by Fitch Ratings, and A1 by Moody's Investors Service. 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. The County's investments in US Agencies are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

### **Custodial Credit Risk**

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the

possession of an outside party. The Buncombe County Investment Policy mitigates custodial credit risk by stating that all trades where applicable will be executed by Delivery vs. Payment (DVP). This ensures that securities are deposited in the eligible financial institution prior to the release of funds. Securities will be held by a third party custodian as evidenced by safekeeping receipts.

### **Concentration of Credit Risk**

The County's investments in the Federal Home Loan Bank (FHLB) and the Federal Home Loan Mortgage Company (FHLMC) represent 5.45% and 16.24%, of the County's total investments, respectively. 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, 2017, the Buncombe County Healthcare Benefits (HCB) Plan Fund had \$19,589,731 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>Value</u>	<u>Total</u>
State Treasurer's Long-Term Investment Fund (BIF)	\$ 1,808,311	9.23%
State Treasurer's Short-Term Investment Fund (STIF)	4,600,022	23.48%
BlackRock's MSCI ACWI EQ Index Non-Lendable Class B Fund	<u>13,181,398</u>	<u>67.29%</u>
Total	<u>\$ 19,589,731</u>	<u>100.00%</u>

### **Interest Rate Risk**

The County does not have a formal investment interest rate policy that manages its exposure to fair value losses arising from increasing interest rates. The State Treasurer's Short Term Investment Fund (STIF) is unrated and had a weighted average maturity of 1.6 years at June 30, 2017. The State Treasurer's Bond Index Fund (BIF) is classified in Level 2 of the fair value hierarchy. Ownership rates in the LTIF are determined monthly at fair market value based upon units of participation. Units of participation are calculated monthly based upon inflows and outflows as well as allocations of net earnings. At year-end, the BIF had a weighted average maturity of 7.99 years and did not have a credit rating.

### **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.

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 3,954,420	\$ 939,175	\$ 4,893,595
2015	3,941,407	581,358	4,522,765
2016	3,946,712	226,936	4,173,648
2017	4,634,354	-	4,634,354
Total	<u>\$ 16,476,893</u>	<u>\$ 1,747,469</u>	<u>\$ 18,224,362</u>

**(4) Receivables**

Receivables at the government-wide level at June 30, 2017 were as follows:

	<u>Accounts</u>	<u>Taxes and Related Accrued Interest</u>	<u>Due From Other Governments</u>	<u>Total</u>
<b>Governmental Activities:</b>				
General	\$ 2,565,811	\$ 661,631	\$ 17,750,810	\$ 20,978,252
County Capital Projects	-	-	467,260	467,260
School Capital Commission	-	-	4,397,198	4,397,198
AB Tech Capital Projects	-	-	2,979,662	2,979,662
School Major Maintenance	-	-	4,093,392	4,093,392
Other Governmental	1,008,434	2,052,758	1,464,920	4,526,112
Accrual adjustments	-	185,057	-	185,057
	<u>3,574,245</u>	<u>2,899,446</u>	<u>31,153,242</u>	<u>37,626,933</u>
Allowance for doubtful accounts	(888,942)	(429,374)	-	(1,052,316)
Total - governmental activities	<u>\$ 2,685,303</u>	<u>\$ 2,470,072</u>	<u>\$ 31,153,242</u>	<u>\$ 36,308,617</u>
<b>Business-type Activities</b>				
Solid Waste Disposal	\$ 832,035	\$ -	\$ -	\$ 832,035
Other Business-type	767	-	-	767
	<u>832,802</u>	<u>-</u>	<u>-</u>	<u>832,802</u>
Allowance for doubtful accounts	(28,773)	-	-	(28,773)
Total - business-type activities	<u>\$ 804,029</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 804,029</u>

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

Local option sales tax	\$ 20,188,567
Other	10,964,675
Total	<u>\$ 31,153,242</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, 2017, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 20,422,463	\$ -	\$ -	\$ 20,422,463
Construction in progress	37,068,482	24,689,232	18,903,850	42,853,864
Total assets not being depreciated	<u>57,490,945</u>	<u>24,689,232</u>	<u>18,903,850</u>	<u>63,276,327</u>
Capital assets being depreciated				
Buildings	197,124,667	5,047,244	5,800	202,166,111
Other improvements	67,648,198	2,563,813	10,000	70,202,011
Equipment	29,176,568	3,143,100	2,260,740	30,058,928
Intangibles	3,233,050	460,309	-	3,693,359
Vehicles	13,063,990	1,762,051	1,303,815	13,522,226
Total assets being depreciated	<u>310,246,473</u>	<u>12,976,517</u>	<u>3,580,355</u>	<u>319,642,635</u>
Less accumulated depreciation for:				
Buildings	62,465,759	6,139,569	5,800	68,599,528
Other improvements	14,947,897	4,088,465	10,000	19,026,362
Equipment	20,194,453	3,805,126	2,259,232	21,740,347
Intangibles	82,998	343,799	-	426,797
Vehicles	10,610,851	1,438,867	1,297,958	10,751,760
Total accumulated depreciation	<u>108,301,958</u>	<u>\$ 15,815,826</u>	<u>\$ 3,572,990</u>	<u>120,544,794</u>
Total capital assets being depreciated, net	<u>201,944,515</u>			<u>199,097,841</u>
Governmental activities capital assets, net	<u>\$ 259,435,460</u>			<u>\$ 262,374,168</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General government	\$ 1,708,127
Public safety	10,879,998
Economic and physical development	806,715
Human services	1,085,101
Cultural and recreational	1,335,885
Total depreciation expense	<u>\$ 15,815,826</u>

	Beginning			Ending
	<u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances</u>
Business-Type Activities:				
Solid Waste Disposal				
Capital assets not being depreciated:				
Land	\$ 6,842,138	\$ -	\$ -	\$ 6,842,138
Construction in progress	616,032	1,222,448	434,807	1,403,673
Total capital assets not being depreciated	<u>7,458,170</u>	<u>1,222,448</u>	<u>434,807</u>	<u>8,245,811</u>
Capital assets being depreciated:				
Buildings and improvements	43,719,442	-	37,913	43,681,529
Equipment	2,800,737	434,807	49,504	3,186,040
Vehicles	2,519,974	-	26,885	2,493,089
Total capital assets being depreciated	<u>49,040,153</u>	<u>434,807</u>	<u>114,302</u>	<u>49,360,658</u>
Less accumulated depreciation for:				
Buildings and improvements	26,064,484	1,949,259	37,913	27,975,830
Equipment	1,849,217	238,158	49,504	2,037,871
Vehicles	2,388,857	37,673	26,885	2,399,645
Total accumulated depreciation	<u>30,302,558</u>	<u>2,225,090</u>	<u>114,302</u>	<u>32,413,346</u>
Total capital assets being depreciated, net	<u>18,737,595</u>			<u>16,947,312</u>
Solid Waste Disposal capital assets, net	<u>26,195,765</u>			<u>25,193,123</u>
Other Business-Type Activities				
Capital assets being depreciated:				
Equipment	57,938	-	-	57,938
Vehicles	29,129	-	-	29,129
Total capital assets being depreciated	<u>87,067</u>	<u>-</u>	<u>-</u>	<u>87,067</u>
Less accumulated depreciation for:				
Equipment	35,089	22,849	-	57,938
Vehicles	11,328	9,710	-	21,038
Total accumulated depreciation	<u>46,417</u>	<u>\$ 32,559</u>	<u>\$ -</u>	<u>78,976</u>
Total capital assets being depreciated, net	<u>40,650</u>			<u>8,091</u>
Other Business-type capital assets, net	<u>40,650</u>			<u>8,091</u>
Business-type capital assets, net	<u>\$ 26,236,415</u>			<u>\$ 25,201,214</u>

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

	Governmental Activities	Business-Type Activities	Total
Capital assets, net	\$ 262,374,168	\$ 25,201,214	\$ 287,575,382
Debt:			
General obligation bonds	(24,373,276)	-	(24,373,276)
Installment notes	(420,855,394)	(2,253,751)	(423,109,145)
Gross Debt	(445,228,670)	(2,253,751)	(447,482,421)
Add portion of debt that has not give rise to capital assets:			
Unspent bond proceeds	20,930,988	-	20,930,988
Debt relating to schools and community college	218,098,556	-	218,098,556
Debt relating to economic development	13,167,175	-	13,167,175
Net debt	(193,031,951)	(2,253,751)	(195,285,702)
Capital assets, net of related debt	\$ 69,342,217	\$ 22,947,463	\$ 92,289,680

#### Construction commitments

The County has the following commitments with contractors for active construction projects at June 30, 2017:

Project	Spent-to-date	Remaining Commitment
IT Redundant Network Core	\$ 459,708	\$ 15,554
Mental Health Projects	137,974	22757
Family Justice Center	133,929	4084
Health & Human Services Building	32,474,552	8,952,191
Buildings Major Maintenance	15,898	18,897
Parks Improvements	-	300,000
Phase 6 C&D Landfill	165,110	109,890
Solid Waste Transfer Facility	115,737	1,002,745
Subtitle D Vertical Expansion	279,298	180,702
Phase 5 C&D Landfill Phase II	14,900	4,900
Asheville High Renovations	932,039	12,045,350
Total construction commitments	\$ 34,729,145	\$ 22,657,070

**Discretely presented component units**

Activity for WNC Regional Air Quality for the year ended June 30, 2017, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets being depreciated:				
Equipment	\$ 193,438	\$ 31,800	\$ 75,978	\$ 149,260
Vehicles	53,569	-	-	53,569
Total capital assets being depreciated	247,007	31,800	75,978	202,829
Less accumulated depreciation for:				
Equipment	136,762	56,941	75,978	117,725
Vehicles	53,569	-	-	53,569
Total accumulated depreciation	190,331	\$ 56,941	\$ 75,978	171,294
Air Quality Capital Assets, Net	<u>\$ 56,676</u>			<u>\$ 31,535</u>

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

Payables at the government-wide level at June 30, 2017, were as follows:

	Vendors	Salaries and Benefits	Accrued Interest	Total
Governmental Activities:				
General	\$ 4,243,610	\$ 7,873,634	\$ -	\$ 12,117,244
County Capital Projects	3,204,932	8,325	-	3,213,257
School Capital Commission	827,129	-	-	827,129
AB Tech Capital Projects	2,453	-	-	2,453
School Capital Projects	3,449,827	-	-	3,449,827
Internal Service Fund	2,111,953	46,287	-	2,158,240
Other Governmental	6,176,838	12,343	-	6,189,181
Accrual adjustments	-	-	1,558,102	1,558,102
Total - governmental activities	<u>\$ 20,016,742</u>	<u>\$ 7,940,589</u>	<u>\$ 1,558,102</u>	<u>\$ 29,515,433</u>
Business-type Activities				
Solid Waste Disposal	\$ 274,452	\$ 117,294	\$ 4,245	\$ 395,991
Other Business-type	69,652	6,657	-	76,309
Total - business-type activities	<u>\$ 344,104</u>	<u>\$ 123,951</u>	<u>\$ 4,245</u>	<u>\$ 472,300</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 consist of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454 or at [www.osc.nc.gov](http://www.osc.nc.gov).

## 2. Benefits Provided.

LGERS provides retirement 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). 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. Increases are contingent upon actuarial gains of the plan.

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 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 contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2017 was 8.00% of compensation for law enforcement officers and 7.30% 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 \$5,974,471 for the year ended June 30, 2017.

## 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, 2017, the County reported a liability of \$29,009,136 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 utilizing 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, 2016, the County’s proportion was 1.367%, which was a decrease of 0.003% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the County recognized pension expense of \$8,053,068. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Deferred Inflows of	
	Resources	Resources
Differences between expected and actual experience	\$ 545,031	\$ 1,016,513
Changes of assumptions	1,986,867	-
Net difference between projected and actual earnings on pension plan investments	16,038,399	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	791,280	337,196
Employer contributions subsequent to the measurement date	5,974,471	-
Total	<u>\$ 25,336,048</u>	<u>\$ 1,353,709</u>

\$5,974,471 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2018. 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:	
2018	\$ 2,897,198
2019	2,898,078
2020	7,679,811
2021	4,532,781
	<u>\$ 18,007,868</u>

At June 30, 2017, the WNC Regional Air Quality Agency reported a liability of \$144,107 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 utilizing 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, 2016, the Agency’s proportion was 0.0068%, which was an increase of 0.0004% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Agency recognized pension expense of \$42,894. At June 30, 2017, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Deferred Inflows of	
	Resources	Resources
Differences between expected and actual experience	\$ 2,708	\$ 5,050
Changes of assumptions	9,870	-
Net difference between projected and actual earnings on pension plan investments	79,673	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	11,761	-
Employer contributions subsequent to the measurement date	40,332	-
Total	<u>\$ 144,344</u>	<u>\$ 5,050</u>

\$40,332 reported as deferred outflows of resources related to pensions resulting from Agency contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2018. 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:	
2018	\$ 17,091
2019	17,088
2020	40,192
2021	24,591
2022	-
Thereafter	-
	<u>\$ 98,962</u>

*Actuarial assumptions.* The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	3.50% to 7.75%, including inflation and productivity factor
Investment rate of return	7.25%, net of pension plan investment Expense, including inflation

The plan currently uses mortality tables 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, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through 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, 2016 are summarized in the following table:

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

The information above is based on 30 year expectations developed with the consulting actuary for the 201 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 3.00%. All rates of return and inflation are annualized.

*Discount rate.* The discount rate used to measure the total pension liability was 7.25%. 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 proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the County’s proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
County’s proportionate share of the net pension liability (asset)	\$ 68,852,212	\$ 29,009,136	\$ (4,270,764)
WNC Regional Air Quality Agency’s proportionate share of the net pension liability (asset)	\$ 342,032	\$ 144,107	\$ (21,216)

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

**(b) Law Enforcement Officers’ Special Separation Allowance**

1. Plan Description.

Buncombe County administers a public employee retirement system (the Separation Allowance), a single-employer defined benefit pension plan that provides retirement benefits to the County’s qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. 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 December 31, 2015 (valuation date), the Separation Allowance’s membership consisted of:

Retirees receiving benefits	29
Active plan members	<u>275</u>
Total	<u>304</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, 2015 valuation. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	3.50% to 7.35%, including inflation and productivity factor
Discount rate	3.86%

The discount rate used to measure the total pension liability is the weekly average of the Bond Buyer General Obligation 20-year Municipal Bond Index determined at the end of each month.

Mortality rates are based on the RP-2014 mortality tables base rates projected to the valuation date using MP-2015.

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 \$329,281 as benefits came due for the reporting period.

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

At June 30, 2017, the County reported a total pension liability of \$6,504,557. The total pension liability was measured as of December 31, 2016 based on a December 31, 2015 actuarial valuation. The total pension liability was rolled forward to December 31, 2016 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2017, the County recognized pension expense of \$524,228.

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>                    </u>	<u>                    </u>
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions and other inputs	-	125,157
Benefit payments and administrative expenses subsequent to the measurement date	179,005	-
Total	<u>\$ 179,005</u>	<u>\$ 125,157</u>

\$179,005 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$ (24,492)
2019	(24,492)
2020	(24,492)
2021	(24,492)
2022	(24,492)
Thereafter	(2,697)
	<u>\$ (125,157)</u>

\$177,441 paid as benefits came due and \$1,564 of administrative expenses subsequent to the measurement date are reported as deferred outflows of resources.

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 3.86 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 (2.86 percent) or 1-percentage-point higher (4.86 percent) than the current rate:

	1% Decrease (2.86%)	Current Discount Rate (3.86%)	1% Increase (4.86%)
Total pension liability	\$ 7,036,387	\$ 6,504,557	\$ 6,016,433

Schedule of Changes in Total Pension Liability	
Total pension liability as of December 31, 2015	\$ 6,435,449
Changes for the year:	
Service cost at end of year	324,170
Interest	223,868
Change in benefit terms	-
Difference between expected and actual experience	-
Changes of assumptions and other inputs	(149,649)
Benefit payments	(329,281)
Other	-
Net changes	<u>69,108</u>
Total pension liability as of December 31, 2016	<u>\$ 6,504,557</u>

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.

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

**(c) Supplemental Retirement Income Plan for Law Enforcement Officers**

1. Plan Description.

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

2. Funding Policy.

Article 12E of G.S. Chapter 143 requires the County contribute each month an amount equal to 5% of each officer’s salary. The County has opted to fund at an amount equal to 8%. All amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan.

The County contributed \$976,484 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 \$4,975,291 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 (Fund), a noncontributory, defined benefit plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Registers of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454, or online at [www.osc.nc.gov](http://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 \$30,538 for the year ended June 30, 2017.



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

At June 30, 2017, the County reported an asset of \$648,037 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2016. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 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, 2016, the County’s proportion was 3.466%, which was an increase of 0.005% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the County recognized pension expense of \$19,456. At June 30, 2017, 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	\$ 693	\$ 8,388
Changes of assumptions	172,650	-
Net difference between projected and actual earnings on pension plan investments	1,109	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	28,739
Employer contributions subsequent to the measurement date	30,538	-
Total	<u>\$ 204,990</u>	<u>\$ 37,127</u>

\$30,538 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	\$ 45,645
2019	68,788
2020	30,136
2021	(7,244)
2022	-
Thereafter	-
	<u>\$ 137,325</u>

*Actuarial assumptions.* The total pension liability in the December 31, 2015 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 expenses, including inflation

The plan currently uses mortality tables 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, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through 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, 2016 is 1.4%.

The information above is based on 30 year expectations developed with the consulting actuary for the 201 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 5.75%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. 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 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 5.75%, 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 (4.75%) or 1-percentage-point higher (6.75%) 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 liability (asset)	\$ (522,527)	\$ (648,037)	\$ (753,478)

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

**(f) 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 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, 2016:

	General <u>Employees:</u>	Law Enforcement <u>Officers:</u>
Retirees and dependents receiving benefits	508	49
Active plan members	1,051	239
Total	<u>1,559</u>	<u>288</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. This 2006 Buncombe County Cost Reduction Incentive Plan is closed to new entrants. 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 will receive a monthly flat dollar amount of \$268 to purchase the Medicare Supplement Plan of their choice. This benefit begins at age 65 and continues for the retirees' lifetime.

3. Contributions.

The County pays the cost of retiree health insurance coverage as it comes due. In addition, it is the intent of the Board of Commissioners to fully or partially fund the County's annual required contributions (ARC) when possible. Determinations are made on an annual basis. For the year ended June 30, 2017, contributions to the plan consisted of \$6,345,561 in retirees' health insurance benefits and \$2,000,000 contributed to the OPEB Trust Fund.

4. Investments.

*Investment policy.* The HCB Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Commissioners by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The HCB Plan's discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. Investments are valued at fair value. The following was the Board's adopted asset allocation policy as of June 30, 2017:

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

*Rate of return.* For the year ended June 30, 2017, the annual money weighted rate of return on investments, net of investment expense, was 12.35%. The money-weighted rate of return expressed in investment performance, net of investment expense, adjusted for the changing amounts actually invested.

5. Net OPEB Liability of the County.

The components of the net OPEB liability of the County at June 30, 2017 were as follows:

Total OPEB liability	\$ 151,468,212
Plan fiduciary net position	<u>19,589,731</u>
County's net OPEB liability	<u>\$ 131,878,481</u>

Plan fiduciary net position as a percentage of the total OPEB liability	12.93%
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*Actuarial assumptions.* The total OPEB liability was determined by an actuarial valuation as of June 30, 2016 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00%
Salary increases	3.50% to 7.75%, including inflation and productivity factor
Investment rate of return	8.00% net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	
Pre-Medicare	7.75% for 2016 decreasing to an ultimate rate of 5.00% by 2022
Medicare	5.75% for 2016 decreasing to an ultimate rate of 5.00% by 2019

The total OPEB liability was rolled forward to June 30, 2017, 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, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 - December 31, 2014, adopted by the LGERS.

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

estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, are presented above.

*Discount rate (SEIR).* The discount rate used to measure the TOL as of the measurement date was 3.58%. 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, 2016. In addition to the actuarial methods and assumptions of the June 30, 2016 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.
- Additional contributions to the trust were not assumed to be made.

Based on these assumptions, the Plan’s fiduciary net position (FNP) was projected to be depleted in 2019 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 8.00% on plan investments was applied to periods through 2019 and the municipal bond index rate at the measurement date (3.56%) was applied to periods on and after 2019, resulting in an SEIR at the measurement date (3.58%). As a result of the change to the municipal bond index rate, there was a change in the discount rate from 3.03% at the prior measurement date to 3.58% at the measurement date.

The FNP projections are based upon the Plan’s financial status on the valuation 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.

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

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
Net OPEB liability	<u>\$ 157,431,847</u>	<u>\$ 131,878,481</u>	<u>\$ 111,658,924</u>

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

	1% Decrease	Current	1% Increase
Net OPEB liability	<u>\$ 108,689,079</u>	<u>\$ 131,878,481</u>	<u>\$ 162,117,294</u>

5. Annual OPEB Cost and Net OPEB Obligation.

The County’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County’s annual OPEB cost for the current year, the amount actually contributed to the plan, and changes in the County’s net OPEB obligation for the postemployment healthcare benefits:

Annual required contribution	\$ 7,301,754
Interest on OPEB obligation	453,288
Adjustments to annual required contribution	<u>(466,024)</u>
Annual OPEB cost	7,289,018
Contributions made	<u>(8,345,561)</u>
Decrease in net OPEB obligation	(1,056,543)
Net OPEB obligation, beginning of year	<u>5,666,106</u>
Net OPEB obligation, end of year	<u><u>\$ 4,609,563</u></u>

The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the HCB Plan, and the net OPEB obligation for 2017 were as follows:

For Year Ended <u>June 30</u>	Annual OPEB <u>Cost (AOC)</u>	Percentage of AOC <u>Contributed</u>	Net OPEB <u>Obligation</u>
2015	\$ 7,712,564	109%	\$ 4,964,507
2016	7,947,216	91%	5,666,106
2017	7,289,018	114%	4,609,563

6. Funded Status and Funding Progress.

As of June 30, 2016, the most recent actuarial valuation date, the plan was 18.31% funded. The actuarially accrued liability for benefits was \$85,410,571, and the actuarial value of assets was \$15,639,073, resulting in an unfunded actuarial accrued liability (UAAL) of \$69,771,498. The covered payroll (annual payroll of active employees covered by the plan) was \$66,348,252, and the ratio of UAAL to the covered payroll was 105.2%. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the June 30, 2016 actuarial valuation, the entry age normal method was used. The actuarial assumptions included an 8% investment rate of return (net of administrative expenses), which is the expected long-term investment returns on plan assets and on the employer’s own investments calculated based on the funded level of the plan at the valuation date. The medical cost trend rate varied between 7.75% and 5% for the pre-Medicare trend rate and 5.75% and 5% for the post-Medicare trend rate. Both rates included a 3% inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year period. The UAAL is being amortized as a level dollar amount on a closed basis. The remaining amortization period at June 30, 2016 was 30 years.

**(g) 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 (Death Benefit Plan), a multiple-employer, state-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the system at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee’s 12 highest months’ salary in a row during the 24 months prior to the employee’s death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. 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 post closure 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 post closure 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 \$1,525,700 reported as landfill postclosure care liability at June 30, 2017, 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 2017. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

#### **Landfill in Operation:**

Landfill Permit Number 11-07: The \$11,778,726 reported as landfill closure and postclosure care liability at June 30, 2017 represents a cumulative amount reported to date based on the use of 34.4% of the total estimated capacity of this landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$22,461,750 as the remaining estimated capacity is filled. This amount is based on what it would cost to perform all closure and postclosure care in 2017. The County expects to operate this landfill until at least the year 2051. 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 \$4,162,402 reported as of June 30, 2017 representing a cumulative amount reported to date based on the use of 91.5% of the total estimated capacity of this unit. The County will recognize \$386,671 for the remaining life of the C&D landfill. This amount is based on what it would cost to perform all closure and postclosure care in 2017. The remaining capacity of the C&D landfill is expected to last nearly 21 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 at the government-wide level at June 30, 2017 were as follows:

Deferred charges on refunding of debt	\$ 4,576,020
Contributions to pension plans subsequent to measurement date (LGERS and ROD)	6,005,009
Benefit payments and admin expenses for LEOSSA subsequent to measurement date	179,005
Other pension deferrals - ROD	174,452
Other pension deferrals - LGERS	19,039,598
Total deferred outflows of resources	<u>\$ 29,974,084</u>

Deferred inflows of resources at the governmental fund level and government-wide level at June 30, 2017 were as follows:

	Governmental Funds	Governmental Activities
Prepaid taxes not yet earned (general fund)	\$ 1,439,778	\$ 1,439,778
Taxes receivable, net (general fund)	187,749	-
EMS receivable (general fund)	598,425	-
Other receivable (general fund)	245,716	-
Taxes receivable, net (special revenue)	19,287	-
Pension related deferrals (governmental activities)	-	1,498,790
Total	<u>\$ 2,490,955</u>	<u>\$ 2,938,568</u>

**(5) Risk Management**

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

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

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

The County carries liability insurance to include general, auto, law enforcement, public officials and employee benefits liability. Currently, this policy carries a limit of \$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 medical professional liability policy is purchased for the Health Center. This policy carries a primary limit of \$1,000,000 per incident and an excess limit of \$10,000,000 per incident with a \$5,000 deductible. This policy is written for the North Carolina Health Directors and premiums are based on the experience of the pool.

A separate commercial package policy is purchased for EMS operations and equipment. General, professional, and auto liability limit is \$1,000,000 per occurrence with an additional excess limit of



\$2,000,000 per occurrence. Premiums are based on underwriting requirements.

The County purchases excess workers' compensation and employer's liability coverage. Workers' compensation coverage carries a statutory limit. The County currently carries a \$700,000 SIR per occurrence. The limit of Employer's Liability insurance is \$1,000,000. The premium is based on County employees' payroll and classification.

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

Several department-specific risk policies are purchased as well.

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, 2017 include a loss reserve liability for estimated outstanding medical claims of \$2,111,953. Changes in the health claims liability are presented as follows:

	2017	2016
Estimated claims payable, beginning	\$ 1,123,366	\$ 1,383,552
Incurred claims and changes in estimates	26,914,738	27,953,093
Claims paid	(25,926,151)	(28,213,279)
Estimated claims payable, ending	<u>\$ 2,111,953</u>	<u>\$ 1,123,366</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, 2017 amounted to \$1,804,019. Future minimum lease payments under these operating lease agreements at June 30, 2017 are as follows:

Year ended June 30:	
2018	\$ 784,612
2019	561,482
2020	432,601
2021	238,323
2022	116,796
2023-2027	366,774
2028-2032	101,286
	<u>\$ 2,601,874</u>

**(8) Long-Term Obligations**

**(a) Installment Note Obligations**

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

Installment Note Obligations	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017
Serviced by the Governmental Funds:				
COPS 2007, general government buildings and equipment, \$21,230,000 issue, interest at 4.0% to 4.75% payable semiannually to 2027.	\$ 680,000	\$ -	\$ 680,000	\$ -
COPS 2009A, general government buildings and equipment, \$12,065,000 issue, interest at 4.0% to 5.0% payable semiannually to 2029.	6,255,000	-	485,000	5,770,000
LOBs 2009D, general government building, \$3,340,000 issue, interest at 1.60% to 6.50% payable semiannually to 2017.	475,000	-	475,000	-
LOBS 2010A, public safety and human services buildings and equipment, \$31,500,000 issue, interest at 3.0% to 5.25% payable semiannually to 2022.	15,340,000	-	2,560,000	12,780,000
LOBS 2010B, public safety and human services buildings and equipment, \$20,420,000 issue, interest at 6.5% to 6.8% payable semiannually to 2030.	20,420,000	-	-	20,420,000
LOBS 2010C, school building, \$3,800,000 issue, interest at 6.375% payable semiannually to 2025.	2,271,292	-	265,000	2,006,292
LOBS 2012A, public safety buildings and radio network, human services automation and AB Tech building and equipment, \$61,535,000 issue, interest 2% to 5% payable semiannually to 2032.	49,004,790	-	5,324,975	43,679,815

LOBS 2012A, COPS 2003 and 2005 Refunding, \$11,845,000 issue, interest at 2% to 5% payable semiannually to 2024.	11,805,210	-	20,025	11,785,185
LOBS 2014A, AB Tech parking deck and new buildings, Asheville City Schools, Sheriff's Offices, Public Safety Training Center Classroom, \$125,925,000, interest at 3% to 5% payable semiannually to 2032.	119,165,000	-	6,360,000	112,805,000
LOBS 2014A, COPS 2006 Refunding, \$14,380,000 issue, interest at 3% to 5% payable semiannually to 2022.	14,380,000	-	-	14,380,000
LOBS 2014A, PDF Woodfin Refunding, \$11,285,000 issue, interest at 3% to 5% payable semiannually to 2037.	11,215,000	-	40,000	11,175,000
LOBS 2014 B, Taxable bonds, \$28,725,000 issue, interest at 0.5% to 5.1%, payable semiannually to 2032.	26,510,000	-	1,120,000	25,390,000
CTS Drinking Water State Revolving Loan, \$1,929,797 issue, 0% interest, payable annually to 2020.	209,450	1,720,347	101,568	1,828,229
LOBS 2015, Human Services Campus, Enka Intermediate School, Covered Swimming Pool, Firing Range, and Capital Projects. \$82,495,000, issue, interest at 3% to 5% payable semiannually to 2035.	81,410,000	-	1,085,000	80,325,000
LOBS 2015 refunding of GO 2005A, COPS 2005, LOBS 2009C, and partial refunding of COPS 2006 and COPS 2007. \$44,140,000 issues payable semiannually to 2032.	42,670,000	-	4,755,000	37,915,000
Total installment note obligations	<u>\$ 401,810,742</u>	<u>\$ 1,720,347</u>	<u>\$ 23,271,568</u>	<u>\$ 380,259,521</u>

For Buncombe County, the future minimum payments for installment notes as of June 30, 2017, are:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2018	\$ 26,146,568	\$ 18,923,623
2019	26,311,568	17,712,932
2020	26,306,568	16,472,806
2021	25,616,568	15,245,738
2022	24,896,568	14,000,972
2023-2027	113,164,133	52,144,245
2028-2032	100,662,841	23,437,185
2033-2037	37,154,707	3,412,660
Total	380,259,521	\$ 161,350,161
Add unamortized premium	40,595,873	
	<u>\$ 420,855,394</u>	

**(b) General Obligation Bond Indebtedness**

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

Bonds payable at June 30, 2017, are comprised of the following individual issues:

General Obligation Bonds	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017
Serviced by the Governmental Funds:				
Qualified School Construction Bond, 2009 \$5,685,000 issue, interest at 0.5%, payable semiannually, due serially to 2020.	\$ 3,245,000	\$ -	\$ 474,000	\$ 2,771,000
Refunding Bonds, 2012B, \$32,500,000 issue, interest at 1.7%, due serially to 2025.	24,000,000	-	2,400,000	21,600,000
	<u>\$ 27,245,000</u>	<u>\$ -</u>	<u>\$ 2,874,000</u>	<u>\$ 24,371,000</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
2018	\$ 2,873,000	\$ 359,470
2019	2,873,000	316,300
2020	2,873,000	273,133
2021	2,873,000	229,968
2022	2,875,000	186,803
2023-2027	10,004,000	327,410
Total	24,371,000	\$ 1,693,084
Add unamortized premium	2,276	
	<u>\$ 24,373,276</u>	

At June 30, 2017, Buncombe County had a legal debt margin of approximately \$2,027,000,000.

**(c) Business-Type Activities Installment Obligations**

On July 3, 2012, the County issued \$1,985,000 in Limited Obligation Bonds for landfill cell expansion bearing interest payable semi-annually at fixed rates from 2% to 5%. The LOBS will be serviced by the Solid Waste Disposal Enterprise Fund.

The future minimum payments as of June 30, 2017 are:

Year Ending June 30	Business-Type Activities:	
	Principal	Interest
2018	\$ 205,000	\$ 52,700
2019	210,000	43,050
2020	220,000	33,050
2021	230,000	23,350
2022	245,000	11,850
Total	1,110,000	\$ 164,000
Add: unamortized premium	93,751	
	<u>\$ 1,203,751</u>	

The Solid Waste Disposal Fund also services Federal American Recovery and Reinvestment Act (ARRA) Revolving Loan payments on the Landfill Gas to Energy Project. On August 4, 2009 the North Carolina Local Government Commission approved the 0%, 20-year term loan. The total loan amount was \$4,061,396. Principal of \$2,561,396 was forgiven, leaving a total repayment amount of \$1,500,000 payable in annual installments of \$75,000 until May 2031.

The future loan payments as of June 30, 2017 are:

Year Ending June 30	Business-Type Activities:	
	Principal	Interest
2018	\$ 75,000	\$ -
2019	75,000	-
2020	75,000	-
2021	75,000	-
2022	75,000	-
2023-2027	375,000	-
2028-2031	300,000	-
Total	<u>\$ 1,050,000</u>	<u>\$ -</u>

**(d) Advance Refundings**

In prior years, the County has refunded various bond issues by creating separate irrevocable trust funds. At June 30, 2017, the County had refunded debt outstanding in the amount of \$93,220,000. New debt has been issued and the proceeds have been used to purchase qualified government securities that were placed in the trust funds.

**(e) Debt Related to Capital Activities**

Of the total Governmental Activities debt listed, only \$213,962,939 relates to assets for which the County holds title. Unspent restricted cash related to this debt amounts to \$20,930,988.

**(f) 2014 Buncombe County Employee Retirement Incentive Plan**

On July 8, 2014, the Buncombe County Board of Commissioners passed the Fiscal Year 2014-2015 Budget Ordinance which included the 2014 Buncombe County Employee Retirement Incentive Plan. The County's total liability for participating employees was \$6,855,610, with payment to each retiree of an amount equal to one year of salary paid biweekly over the next three years. The County expects to benefit from the Retirement Incentive Plan through cost savings related to possible position elimination, reclassification downgrades, and position freezes. A liability of \$2,019,304 is recorded on the government-wide statements at June 30, 2017 to reflect remaining payments owed under this plan.

**(g) Anti-Pension Spiking Liability**

Anti-pension spiking is a substantial increase in compensation that results in unusually high liabilities to the State's retirement system. North Carolina's anti-pension spiking laws, which became effective on January 1, 2015, apply to retirements with an average final salary greater than \$100,000. A contribution-based benefit cap (CBBC) is calculated, and if the benefit exceeds the cap, the employer must make an additional contribution to the retirement system. The County's potential spiking liability of \$2,080,620 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, 2017.

**(h) Long Term Obligation Activity**

The following is a summary of changes in the County's long-term obligations for the year ended June 30, 2017:

	(Restated)				Current
	Balance			Balance	Portion
	June 30, 2016	Increases	Decreases	June 30, 2017	of Balance
<b>Governmental activities:</b>					
General obligation bonds	\$ 27,245,000	\$ -	\$ 2,874,000	\$ 24,371,000	\$ 2,873,000
Installment notes	401,810,742	1,720,347	23,271,568	380,259,521	26,146,568
Premium on long-term debt	45,737,796	-	5,139,647	40,598,149	-
Total pension liability --					
LEOSSA	6,435,449	548,038	478,930	6,504,557	-
Net pension liability -- LGERS	6,058,976	22,581,503	-	28,640,479	-
Other postemployment benefits	5,536,213	-	1,035,453	4,500,760	-
Retirement incentive payments	3,765,433	-	1,746,129	2,019,304	1,421,140
Anti-pension spiking liability	-	2,080,620	-	2,080,620	741,094
Compensated absences	7,944,201	7,076,049	6,936,232	8,084,018	6,380,593
Total governmental activities	<u>\$ 504,533,810</u>	<u>\$ 34,006,557</u>	<u>\$ 41,481,959</u>	<u>\$ 497,058,408</u>	<u>\$ 37,562,395</u>
	Balance			Balance	Current
	June 30, 2016	Increases	Decreases	June 30, 2017	Portion
					of Balance
<b>Business-type activities:</b>					
Installment notes	\$ 2,430,000	\$ -	\$ 270,000	\$ 2,160,000	\$ 280,000
Premium on long-term debt	129,365	-	35,614	93,751	-
Net pension liability -- LGERS	94,176	274,481	-	368,657	-
Other postemployment benefits	97,377	-	13,329	84,048	-
Retirement incentive payments	96,913	-	75,568	21,345	21,345
Compensated absences	63,620	120,939	123,036	61,523	61,523
Accrued landfill closure and postclosure care costs	16,572,050	894,778	-	17,466,828	-
Total business-type activities	<u>\$ 19,483,501</u>	<u>\$ 1,290,198</u>	<u>\$ 517,547</u>	<u>\$ 20,256,152</u>	<u>\$ 362,868</u>

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

	Balance			Current	
	June 30, 2016	Increases	Decreases	Balance	Portion
				June 30, 2017	of Balance
Discretely presented component unit:					
Air Quality:					
Other postemployment benefits	\$ 32,516	\$ -	\$ 7,761	\$ 24,755	\$ -
Net pension liability -- LGERS	28,723	115,384	-	144,107	-
Compensated absences	125,137	70,823	52,628	143,332	143,332
Total	\$ 186,376	\$ 186,207	\$ 60,389	\$ 312,194	\$ 143,332

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

On July 2, 1990, the County transferred the ownership, operation, and maintenance responsibility for the sanitary districts to the Metropolitan Sewerage District. The contracts affecting the transfer call for the Metropolitan Sewerage District to assume the liability for the Enka-Candler Water and Sewer District Bonds. Consequently, the bonds have been removed from the County’s financial statements. The Enka-Candler Water and Sewer District, for which the County Board of Commissioners is the governing body, is liable for the payments on these bonds if the Metropolitan Sewerage District defaults. As of June 30, 2017, the balance of the bonds outstanding was \$404,000.

**(j) Conduit Debt Obligations**

The Buncombe County Industrial Facility and Pollution Control Financing Authority has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as by letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private businesses served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2017, there were five series of industrial revenue bonds outstanding with an aggregate principal amount payable of \$34,469,867.

**(C) Interfund Balances and Activity**

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



Transfers to/from other funds during the year ended June 30, 2017 consist of the following:

*Major Governmental Funds:*

*General Fund:*

From the General Fund to the Special Projects Fund for special revenue projects	\$ 403,477
From the General Fund to the Grant Projects Fund to fund grant matches	102,867
From the General Fund to the Capital Projects Fund to fund future capital projects	1,642,384
From the General Fund to the Transportation Fund for transportation services	1,297,256

*Nonmajor Governmental Funds:*

From the Transportation Fund to the Grant Projects Fund to transfer grant project funds	112,099
From the Register of Deeds Automation Fund to the General Fund for reimbursement of automation related expenditures	196,050
From Special Projects Fund to General Fund to reflect a delay in a special project	325,000

**(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	\$ 77,584,700
Less:	
Nonspendable - prepaids	57,975
Restricted for stabilization by State statute	21,197,608
Restricted for capital projects	1,251,833
Committed for 2014 retirement incentives	2,019,304
Appropriated fund balance in FY18 budget	15,363,817
Working capital policy	37,694,163
Remaining fund balance	<u><u>\$ -</u></u>

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

Outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. The governmental fund encumbrance amounts are included in the stabilization of State statute amount reported in the above table. There were no encumbrances at June 30, 2017.

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 \$31,635,007.

### Note 3 - Joint Ventures

The County, in conjunction with twenty-two other counties, participates in a joint venture to operate Vaya Health, a public managed care organization (“MCO”), which provided mental health, developmental disability, and substance abuse services to residents of the 23-county area. Buncombe County appoints one of the 21-member board and one of the 24-member advisory council, with the other counties appointing the remainder. The County has an ongoing financial responsibility for the Authority because it is legally required to provide public health services either directly or jointly with other counties. None of the participating governments have any equity interest in the Authority, so no equity interest has been reflected in the financial statements at June 30, 2017. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$600,000 to the MCO to fund operations. The County also leased property to the MCO for approximately \$395,000 for the year ended June 30, 2017. Complete financial statements for Vaya Health may be obtained from their offices at 200 Ridgefield Court, Suite 206, Asheville, NC 28806.

The County, in conjunction with the State of North Carolina and the Buncombe County Board of Education and Madison County, participates in a joint venture to operate the Asheville-Buncombe Community College. The County, the Governor (on behalf of the State of North Carolina) and the Buncombe County Board of Education each appoint four members and Madison County appoints two members of the 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 general obligation bonds and certificates of participation to provide financing for new and restructured facilities. Of the certificates of participation issued for this purpose \$80,473,423 in principal is still outstanding. The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the community college’s facilities. The County contributed \$6,000,000 to the community college for operating purposes during the fiscal year ended June 30, 2017. In addition, the County made principal and interest payments of \$91,525 during the fiscal year on general obligation bonds and \$9,307,404 on certificates of participation issued for community college capital facilities. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County’s financial statements at June 30, 2017. 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. 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

The County, in conjunction with three other counties and 15 municipalities, established the Land-of-Sky Regional Council (Council). The participating governments established the Council to coordinate

various funding received from federal and state agencies. Each participating government appoints one member to the Council’s governing board. The County paid membership fees of \$118,482 to the Council during the fiscal year ended June 30, 2017.

The County appoints three members to the 12-member board of the Metropolitan Sewerage District of Buncombe County, North Carolina. The District owns, operates, and maintains a wastewater treatment plant and collector lines.

**Note 5 - Summary Disclosure of Significant Commitments and Contingencies**

**Federal and State Assisted Programs**

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

**Note 6 - Benefit Payments Issued by the State**

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

	<u>Federal</u>	<u>State</u>
Special Supplemental Nutrition Program for Women, Infants, and Children	\$ 2,953,614	\$ -
Work First/TANF	595,445	234,546
AFDC	(4,090)	716
Low-Income Home Energy Assistance	900,200	-
IV-E Foster Care	1,350,318	379,119
Adoption Assistance	1,635,855	411,204
Medical Assistance	194,684,824	104,416,065
State Children’s Insurance Program	5,903,110	21,742
State/County Special Assistance for Adults	-	1,617,396
CWS Adoption Subsidy	-	1,075,239
Totals	<u>\$ 208,019,276</u>	<u>\$ 108,156,027</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 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 general obligation debt. The assets funded by the County are owned and utilized 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 balance of the debt was \$137,625,133 and \$80,473,423 for the school systems and community college, respectively. Of the cumulative amount, \$24,371,000 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, as may be necessary to pay debt service on its general obligation bonds. The balance of the debt is installment debt and is collateralized by the assets purchased or constructed. Principal and interest requirements will be provided by an appropriation in the year in which they become due.

#### **Note 8 - Pledged Revenues**

The County and the Town of Woodfin have pledged a portion of their future ad valorem tax revenues to repay the \$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 \$18,862,250 payable through June 2037. Total principal and interest payments on the Series 2014A limited obligation bonds through June 30, 2017 were \$564,569. Accumulated tax revenue for the same period of time was \$432,187.

#### **Note 9 - Consolidated PSAP Status**

The County operates a 911 center for the County and other member agencies within the county. The NC 911 Board has taken the position that the County's 911 center is a co-located PSAP, but not a fully consolidated PSAP. Based on NC legislation mandating that the NC 911 Board only provide funding for a single PSAP in a County, the NC 911 Board has determined that they will only fund 1/3 of the costs associated with the County's 911 center. The County and the other member agencies that make up the 911 center do not agree with the NC 911 Board's position regarding the classification of the County's call center as a non-consolidated PSAP. This issue is being reviewed by the County's legal council, and the County does not anticipate receiving State funding for their 911 center until this matter is resolved. The effects of this dispute on the County's future operations and financial position is uncertain.

#### **Note 10 - Changes in Accounting Principles/Restatements**

The County implemented Governmental Accounting Standards Board (GASB) Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, in the fiscal year ending June 30, 2017. The implementation of the statement required the County to record beginning total pension liability and the effects on net position of benefit payments and administrative expenses paid by the County to the Law Enforcement Officers' Special Separation Allowance during the measurement period. As a result, net position for the governmental activities decreased \$3,527,361.

The County implemented Governmental Accounting Standards Board (GASB) Statement No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*, in the fiscal year ending June 30, 2017. The implementation of the statement required the County to present the balances and activity of the not-for-profit component unit, Buncombe County Service Foundation, Inc., as if it were a special revenue fund of the County. The change from a discrete presentation to a blended presentation resulted in an increase in beginning fund balance of governmental funds of \$982,141.

#### **Note 11 – Subsequent Events**

The County's long-time manager retired at the end of the fiscal year, and after noting some irregularities in spending, County staff notified the authorities. A federal investigation has been launched and is ongoing at the date of issuance for this report. No charges have been filed at this time and the County is not aware of any material impact on its financial situation stemming from the investigation.

## *Required Supplemental Financial Data*

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Buncombe County, North Carolina

**Other Post Employment Benefits – Healthcare**

Schedules of Fund Progress and Employer Contributions

**Law Enforcement Officers’ Special Separation Allowance**

Schedules of Changes in Total Pension Liability and Total Pension Liability

**Local Government Employees’ Retirement System**

Schedules of County’s Proportionate Share and County Contributions

**Register of Deeds’ Supplemental Pension Fund**

Schedules of County’s Proportionate Share and County Contributions

**Healthcare Benefits Plan**

Schedule of Changes in the Net OPEB Liability and Related Ratios, Schedule of County Contributions, and Schedule of Investment Returns

This section contains information required by generally accepted accounting principals

BUNCOMBE COUNTY, NORTH CAROLINA  
*Other Postemployment Benefits - Healthcare*  
*Schedules of Funding Progress and Employer Contributions*

*Funding Progress:*

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) Entry Age Normal (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
7/1/2006	\$ -	\$ 20,098,900	\$ 20,098,900	0.00%	\$ 55,042,913	36.5%
7/1/2007	-	39,652,247	39,652,247	0.00%	58,914,230	67.3%
12/31/2008	2,095,376	63,465,014	61,369,638	3.30%	63,089,492	97.3%
12/31/2010	3,655,167	70,835,106	67,179,939	5.20%	65,976,040	101.8%
12/31/2012	7,853,861	60,127,792	52,273,931	13.10%	68,114,542	76.7%
12/31/2014	13,510,143	85,404,799	71,894,656	15.80%	75,674,619	95.0%
6/30/2016	15,639,073	85,410,571	69,771,498	18.31%	66,348,252	105.2%

*Employer Contributions:*

Year ending June 30	Annual Required Contribution	Percentage Contributed
2008	\$ 4,292,429	115%
2009	5,761,340	63%
2010	5,761,340	71%
2011	5,977,390	95%
2012	6,201,543	71%
2013	6,282,096	87%
2014	6,470,559	106%
2015	7,733,884	109%
2016	7,965,901	91%
2017	7,301,754	114%

**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*

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*Schedule of Changes in Total Pension Liability*

	<u>2017*</u>
Beginning balance	\$ 6,435,449
Changes for the year:	
Service cost at end of year	324,170
Interest	223,868
Change in benefit terms	-
Difference between expected and actual experience	-
Changes of assumptions and other inputs	(149,649)
Benefit payments	(329,281)
Other	-
Net changes	<u>69,108</u>
Ending balance of the total pension liability	<u>\$ 6,504,557</u>

*Schedule of Total Pension Liability as a Percentage of Covered Payroll*

Total Pension Liability	\$ 6,504,557
Covered Payroll	13,727,850
Total pension liability as a percentage of covered payroll	47.38%

Notes to the schedule:

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Buncombe County has no assets accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

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

# BUNCOMBE COUNTY, NORTH CAROLINA

## Local Governmental Employees' Retirement System

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

#### LAST FOUR FISCAL YEARS\*

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	1.367%	1.370%	1.263%	1.221%
County's proportion of the net pension liability (asset) \$	\$ 29,009,136	\$ 6,153,152	\$ (7,446,959)	\$ 14,714,123
County's covered payroll	\$ 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	36.93%	7.82%	( 10.20%)	21.20%
Plan fiduciary net position as a percentage of the total pension liability	91.47%	98.09%	102.64%	94.35%

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

##### County Contributions:

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 5,974,471	\$ 5,289,811	\$ 5,552,865	\$ 5,140,387
Contributions in relation to the contractually required contribution	<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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 80,696,295	\$ 78,543,481	\$ 78,653,953	\$ 72,997,430
Contributions as a percentage of covered payroll	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 FOUR FISCAL YEARS\***

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	3.466%	3.461%	3.148%	3.060%
County's proportion of the net pension liability (asset) \$	\$ (648,037)	\$ (802,058)	\$ (713,609)	\$ (653,607)
County's covered payroll	\$ 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	(713.86)%	(920.32)%	(807.45)%	(788.76)%
Plan fiduciary net position as a percentage of the total pension liability	160.17%	197.29%	193.88%	190.50%

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

*County Contributions:*

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

# BUNCOMBE COUNTY, NORTH CAROLINA

## Healthcare Benefits Plan

### Schedule of Changes in the Net OPEB Liability and Related Ratios

	<u>2017</u>	
Total OPEB liability:		
Service cost at end of year	\$ 5,732,800	
Interest on the total OPEB liability	4,776,409	
Changes of benefit terms	-	
Difference between expected and actual experience	-	
Changes of assumptions and other inputs	(13,287,300)	
Benefit payments	<u>(6,781,911)</u>	
Net change in total OPEB liability	(9,560,002)	
Total OPEB liability, beginning of year	<u>161,028,214</u>	
Total OPEB liability, end of year	<u><u>\$ 151,468,212</u></u>	
 Plan Fiduciary Net Position:		
Contributions - employer	\$ 8,781,911	
Net investment income	1,971,359	
Benefit payments	(6,781,911)	
Administrative expense	<u>(20,701)</u>	
Net change in plan fiduciary net position	3,950,658	
Plan fiduciary net position, beginning of year	<u>15,639,073</u>	
Plan fiduciary net position, end of year	<u><u>\$ 19,589,731</u></u>	
 County's net OPEB liability, end of year	 <u><u>\$ 131,878,481</u></u>	
	 <u>2017</u>	<u>2016</u>
Total OPEB liability	\$ 151,468,212	\$ 161,028,214
Plan fiduciary net position	<u>19,589,731</u>	<u>15,639,073</u>
Net OPEB liability	<u><u>\$ 131,878,481</u></u>	<u><u>\$ 145,389,141</u></u>
 Plan fiduciary net position as a percentage of the Total OPEB liability	 12.93%	 9.71%
 Covered payroll	 \$ 66,348,252	 \$ 66,348,252
 County's net OPEB liability as a percentage of covered payroll	 198.77%	 219.13%

Notes to schedule:

*Changes to assumptions or other inputs.*

The single equivalent discount rate (SEIR) was increased from 3.03% to 3.58% to reflect the changes to the Municipal Bond Index Rate from 3.01% on the prior measurement date to 3.56% on the measurement date.

# BUNCOMBE COUNTY, NORTH CAROLINA

## Healthcare Benefits Plan

### Schedule of County Contributions

	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$ 7,301,754	\$ 7,965,901
Contributions in relation to the actuarially determined contribution	<u>8,781,911</u>	<u>7,245,617</u>
Annual contribution deficiency (excess)	(1,480,157)	720,284
Covered payroll	\$ 66,348,252	\$ 66,348,252
Actual contributions as a percentage of covered payroll	13.24%	10.92%

**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	30 years, closed
Asset valuation method	Market value of assets
Inflation	3.00%
Real wage growth	0.50%
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	8.00%
Health care cost trends	
Pre-medicare	7.75% for 2016 decreasing to an ultimate rate of 5.00% by 2022
Medicare	5.75% for 2016 decreasing to an ultimate rate of 5.00% by 2019

BUNCOMBE COUNTY, NORTH CAROLINA

*Healthcare Benefits Plan*

*Schedule of Investment Returns - OPEB*

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**2017**

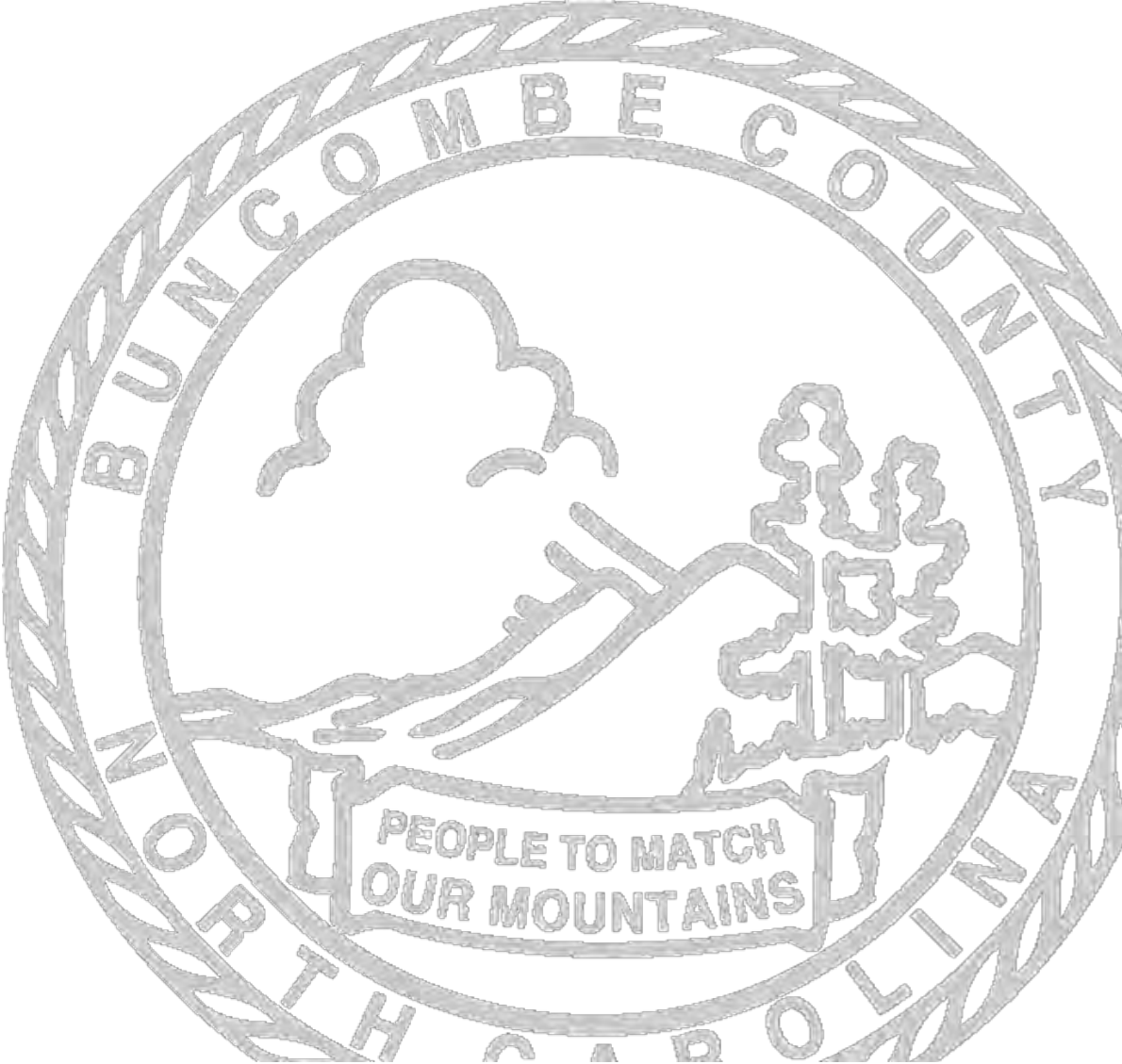
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Annual money-weighted rate of return, net of investment expenses

12.35%

*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  
General Fund

FOR THE YEAR ENDED JUNE 30, 2017

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Ad Valorem Taxes:			
Taxes		\$ 183,493,459	
Penalties and interest		434,447	
Total	\$ 180,002,531	183,927,906	\$ 3,925,375
Local Option Sales Taxes:			
Article 39, one percent *		13,633,589	
Article 40, one-half of one percent		8,765,782	
Article 42, one-half of one percent		6,735,119	
Article 44, one-half of one percent		1,146	
Total	27,395,245	29,135,636	1,740,391
Other Taxes and Licenses:			
Deed stamp excise tax		4,858,201	
Video programming tax		1,493,386	
Privilege licenses		23,230	
Rental car tax		780,875	
Total	6,487,520	7,155,692	668,172
Unrestricted Intergovernmental:			
Payments in lieu of taxes		85,047	
Beer and wine tax		644,868	
Total	725,000	729,915	4,915
Restricted Intergovernmental:			
Federal, State, and other grants		50,161,519	
Mixed drink surcharge		678,583	
Court facilities fees		402,625	
ABC bottle taxes		107,752	
Total	50,858,917	51,350,479	491,562
Permits and Fees:			
Building permits and inspections		2,732,994	
Register of deeds		1,666,385	
Occupancy tax collection fee		315,841	
Total	3,384,855	4,715,220	1,330,365

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

Continued on next page

BUNCOMBE COUNTY, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2017

	Budget	Actual	Variance Positive (Negative)
Sales and Services:			
Rents, concessions, and fees		2,770,727	
Jail fees		3,965,567	
Ambulance and rescue squad fees		6,557,383	
Recreation fees		131,945	
Other charges for services		4,536,607	
Total	15,469,879	17,962,229	2,492,350
Investment Earnings	285,000	710,276	425,276
Miscellaneous	1,172,243	1,088,903	(83,340)
Total revenues	285,781,190	296,776,256	10,995,066
<b>EXPENDITURES</b>			
General Government:			
Governing Body:			
Salaries and employee benefits		901,992	
Other operating expenditures		191,936	
Total		1,093,928	
County Manager:			
Salaries and employee benefits		1,123,959	
Other operating expenditures		138,203	
Total		1,262,162	
Budget and Management Services:			
Salaries and employee benefits		1,394,615	
Other operating expenditures		88,454	
Total		1,483,069	
Human Resources:			
Salaries and employee benefits		666,878	
Other operating expenditures		104,802	
Total		771,680	
Finance:			
Salaries and employee benefits		2,083,159	
Other operating expenditures		425,743	
Total		2,508,902	

Continued on next page

BUNCOMBE COUNTY, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2017

	Budget	Actual	Variance Positive (Negative)
<i>General Government - continued:</i>			
Tax Department:			
Salaries and employee benefits		3,738,869	
Other operating expenditures		862,816	
Total		<u>4,601,685</u>	
Elections:			
Salaries and employee benefits		736,882	
Other operating expenditures		1,379,760	
Total		<u>2,116,642</u>	
Register of Deeds:			
Salaries and employee benefits		1,323,179	
Other operating expenditures		2,698,664	
Total		<u>4,021,843</u>	
Information Technology:			
Salaries and employee benefits		5,825,380	
Other operating expenditures		5,157,819	
Capital outlay		174,953	
Total		<u>11,158,152</u>	
General Government OPEB Contribution		<u>286,956</u>	
Total General Government	<u>30,368,295</u>	<u>29,305,019</u>	1,063,276
Public Safety:			
Justice Resource Center:			
Salaries and employee benefits		15,608	
Other operating expenditures		118,945	
Total		<u>134,553</u>	
Pretrial Release & Family Treatment Court:			
Salaries and employee benefits		841,969	
Other operating expenditures		81,704	
Total		<u>923,673</u>	
District Attorney		<u>222,281</u>	
Juvenile Detention		<u>86,132</u>	

Continued on next page



BUNCOMBE COUNTY, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2017

	Budget	Actual	Variance Positive (Negative)
<i>Public Safety - continued:</i>			
Behavioral Health:			
Salaries and employee benefits		320,328	
Other operating expenditures		13,063	
Total		<u>333,391</u>	
ID Bureau and C.D.E.:			
Salaries and employee benefits		1,430,554	
Other operating expenditures		101,254	
Total		<u>1,531,808</u>	
Criminal Justice Information System:			
Salaries and employee benefits		941,057	
Other operating expenditures		459,719	
Total		<u>1,400,776</u>	
Sheriff:			
Salaries and employee benefits		17,975,316	
Other operating expenditures		1,958,221	
Program support		5,700	
Total		<u>19,939,237</u>	
Detention Center:			
Salaries and employee benefits		11,534,700	
Other operating expenditures		3,342,945	
Total		<u>14,877,645</u>	
Emergency Services:			
Salaries and employee benefits		10,343,145	
Other operating expenditures		1,936,455	
Program support		29,039	
Total		<u>12,308,639</u>	
Permits and Inspections:			
Salaries and employee benefits		1,991,637	
Other operating expenditures		253,999	
Total		<u>2,245,636</u>	
Medical Examiner		<u>241,632</u>	

Continued on next page

BUNCOMBE COUNTY, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2017

	Budget	Actual	Variance Positive (Negative)
<i>Public Safety - continued:</i>			
General Services:			
Salaries and employee benefits		3,194,203	
Other operating expenditures		3,760,713	
Total		<u>6,954,916</u>	
Animal Services		<u>1,242,647</u>	
Public Safety Training Center:			
Salaries and employee benefits		315,495	
Other operating expenditures		191,452	
Total		<u>506,947</u>	
Public Safety OPEB Contribution		<u>710,344</u>	
Total Public Safety	<u>66,489,375</u>	<u>63,660,257</u>	2,829,118
<i>Economic and Physical Development:</i>			
Planning:			
Salaries and employee benefits		2,199,488	
Other operating expenditures		404,351	
Total		<u>2,603,839</u>	
Economic Development		<u>4,806,376</u>	
Community Funding		<u>235,500</u>	
Cooperative Extension:			
Salaries and employee benefits		19,147	
Other operating expenditures		370,253	
Total		<u>389,400</u>	
Soil Conservation:			
Salaries and employee benefits		379,296	
Other operating expenditures		48,493	
Total		<u>427,789</u>	
Economic and Physical Development OPEB Contribution		<u>52,251</u>	
Total Economic and Physical Development	<u>10,829,703</u>	<u>8,515,155</u>	2,314,548

Continued on next page

BUNCOMBE COUNTY, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2017

	Budget	Actual	Variance Positive (Negative)
Human Services:			
Public Health:			
Salaries and employee benefits		10,484,264	
Other operating expenditures		4,961,557	
Program support		36,000	
Total		<u>15,481,821</u>	
Social Services:			
Salaries and employee benefits		40,345,894	
Other operating expenditures		14,488,380	
Program support		18,908,897	
Total		<u>73,743,171</u>	
Other Youth Services:			
Other operating expenditures		15,482	
Program support		519,279	
Total		<u>534,761</u>	
Family Justice Center:			
Salaries and employee benefits		120,447	
Other operating expenditures		43,066	
Total		<u>163,513</u>	
Community Funding		<u>199,500</u>	
Other Human Services		<u>1,170,701</u>	
Human Services OPEB Contribution		<u>831,659</u>	
Total Human Services	<u>98,067,472</u>	<u>92,125,126</u>	5,942,346
Cultural and Recreational:			
Library:			
Salaries and employee benefits		3,827,418	
Other operating expenditures		1,344,415	
Total		<u>5,171,833</u>	
Recreation:			
Salaries and employee benefits		932,393	
Other operating expenditures		504,463	
Program support		1,094,275	
Total		<u>2,531,131</u>	

Continued on next page

BUNCOMBE COUNTY, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2017

	Budget	Actual	Variance Positive (Negative)
<i>Cultural and Recreational - continued:</i>			
Cultural and Recreational OPEB Contribution		66,766	
Total Cultural and Recreational	8,073,976	7,769,730	304,246
Education:			
Public schools - current expenditures		69,323,300	
Community college - current expenditures		6,000,000	
Total Education	75,323,300	75,323,300	-
Debt Service:			
Principal retirement		12,103,584	
Interest and fees		7,256,869	
Total Debt Service	20,671,686	19,360,453	1,311,233
Total expenditures	309,823,807	296,059,040	13,764,767
Revenues over (under) expenditures	(24,042,617)	717,216	24,759,833
OTHER FINANCING SOURCES (USES)			
Operating transfers from other funds	12,850,426	3,649,961	(9,200,465)
Operating transfers to other funds	(3,775,179)	(3,445,984)	329,195
Sales of capital assets	6,960,000	91,350	(6,868,650)
Appropriated fund balance	8,007,370	-	(8,007,370)
Total other financing sources (uses)	24,042,617	295,327	(23,747,290)
Net change in fund balance	\$ -	1,012,543	\$ 1,012,543
Fund balance, beginning of year		76,572,157	
Fund balance, end of year		\$ 77,584,700	

BUNCOMBE COUNTY, NORTH CAROLINA

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

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

	Actual to June 30, 2017				Variance Positive (Negative)
	Project Authorization	Reported In Prior Years	Current Year	Total	
<b>REVENUES</b>					
Contributions and grants	\$ -	\$ -	\$ 111,072	\$ 111,072	\$ 111,072
Investment earnings	190,931	410,830	127,125	537,955	347,024
Total revenues	190,931	410,830	238,197	649,027	458,096
<b>EXPENDITURES</b>					
Capital outlay:					
Family justice center	1,331,339	1,090,578	125,343	1,215,921	115,418
Technology upgrade	6,359,802	-	-	-	6,359,802
Springside Road land	206,277	-	206,277	206,277	-
Enka bridge	3,000,000	2,860,603	139,397	3,000,000	-
Detention center	449,500	169,854	278,587	448,441	1,059
Human services building	48,397,708	17,772,418	16,450,011	34,222,429	14,175,279
Parks and greenways projects	2,784,131	8,475	1,509,309	1,517,784	1,266,347
Capital vehicles - fleet	3,613,540	-	999,182	999,182	2,614,358
Technology projects	2,400,000	124,152	1,641,318	1,765,470	634,530
County building major maintenance	6,681,291	5,045,162	372,080	5,417,242	1,264,049
Firing range	5,054,603	4,453,634	600,969	5,054,603	-
Mental health	1,086,507	200,539	643,367	843,906	242,601
Capital maintenance	6,906,291	5,475,688	3,347	5,479,035	1,427,256
Business systems improvement project	5,116,657	25,370	1,720,367	1,745,737	3,370,920
Closed projects	(15,172,671)	(14,940,177)	(322)	(14,940,499)	(232,172)
Total capital outlay	78,214,975	22,286,296	24,689,232	46,975,528	31,239,447
Debt service:					
Interest and fees	4,649,994	2,420,969	2,229,025	4,649,994	-
Total expenditures	82,864,969	24,707,265	26,918,257	51,625,522	31,239,447
Revenues under expenditures	(82,674,038)	(24,296,435)	(26,680,060)	(50,976,495)	31,697,543
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from installment obligations	1,909,450	209,450	1,720,347	1,929,797	20,347
Proceeds from limited obligation bonds	7,200,000	-	-	-	(7,200,000)
Prior year revenues	83,189,593	82,203,279	-	82,203,279	(986,314)
Transfer from:					
General Fund	2,671,797	639,476	1,642,384	2,281,860	(389,937)
Transfer to:					
General Fund	(12,296,802)	-	(799,257)	(799,257)	11,497,545
Total other financing sources (uses)	82,674,038	83,052,205	2,563,474	85,615,679	2,941,641
Revenues and other sources over (under) expenditures and other uses	\$ -	\$ 58,755,770	(24,116,586)	\$ 34,639,184	\$ 34,639,184
Fund balance, beginning of year			58,755,770		
Fund balance, end of year			\$ 34,639,184		

BUNCOMBE COUNTY, NORTH CAROLINA

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

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

	Actual to June 30, 2017				Variance Positive (Negative)
	Project Authorization	Reported In Prior Years	Current Year	Total	
<b>REVENUES</b>					
Local option sales tax	\$ 15,324,820	\$ 6,563,104	\$ 18,132,136	\$ 24,695,240	\$ 9,370,420
Federal, State and other grants	1,092,140	1,059,385	187,020	1,246,405	154,265
Investment earnings	1,866,439	4,157,984	113,579	4,271,563	2,405,124
Total revenues	18,283,399	11,780,473	18,432,735	30,213,208	11,929,809
<b>EXPENDITURES</b>					
Capital outlay:					
Education:					
Buncombe County schools					
Sales tax projects	45,316,782	1,829,760	6,329,843	8,159,603	37,157,179
Bond projects	31,000,000	24,091,668	1,214,444	25,306,112	5,693,888
Asheville City schools					
Sales tax projects	33,843,642	-	2,257,866	2,257,866	31,585,776
Bond projects	40,909,057	36,022,302	4,630,180	40,652,482	256,575
Total capital outlay	151,069,481	61,943,730	14,432,333	76,376,063	74,693,418
Debt service:					
Principal	26,112,195	16,197,166	9,635,026	25,832,192	280,003
Interest and fees	21,090,625	14,261,211	6,247,962	20,509,173	581,452
Total debt service	47,202,820	30,458,377	15,882,988	46,341,365	861,455
Total expenditures	198,272,301	92,402,107	30,315,321	122,717,428	75,554,873
Revenues under expenditures	(179,988,902)	(80,621,634)	(11,882,586)	(92,504,220)	87,484,682
<b>OTHER FINANCING SOURCES</b>					
Installment obligations issued	69,771,424	-	-	-	(69,771,424)
Prior year revenues and transfers	110,217,478	114,642,412	-	114,642,412	4,424,934
Total other financing sources	179,988,902	114,642,412	-	114,642,412	(65,346,490)
Revenues and other sources over (under) expenditures	\$ -	\$ 34,020,778	(11,882,586)	\$ 22,138,192	\$ 22,138,192
Fund balance, beginning of year			34,020,778		
Fund balance, end of year			\$ 22,138,192		

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, 2017

	Actual to June 30, 2017				Variance Positive (Negative)
	Project Authorization	Reported in Prior Years	Current Year	Total	
<b>REVENUES</b>					
Local option sales taxes	\$ 34,085,294	\$ 41,674,580	\$ 12,227,096	\$ 53,901,676	\$ 19,816,382
Restricted intergovernmental	130,126	126,932	42,401	169,333	39,207
Investment earnings	158,975	214,152	177,371	391,523	232,548
Total revenues	<u>34,374,395</u>	<u>42,015,664</u>	<u>12,446,868</u>	<u>54,462,532</u>	<u>20,088,137</u>
<b>EXPENDITURES</b>					
Capital outlay:					
Education:					
Community College	91,206,590	60,770,517	2,863,339	63,633,856	27,572,734
Debt service:					
Principal retirement	13,220,549	8,139,412	4,366,958	12,506,370	714,179
Interest and fees	11,496,224	6,222,240	4,072,242	10,294,482	1,201,742
Total expenditures	<u>115,923,363</u>	<u>75,132,169</u>	<u>11,302,539</u>	<u>86,434,708</u>	<u>29,488,655</u>
Revenues over (under) expenditures	<u>(81,548,968)</u>	<u>(33,116,505)</u>	<u>1,144,329</u>	<u>(31,972,176)</u>	<u>49,576,792</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from installment obligations	27,000,000	-	-	-	(27,000,000)
Transfer to general fund	(3,558,868)	-	(2,329,654)	(2,329,654)	1,229,214
Prior year revenues	58,107,836	58,107,838	-	58,107,838	2
Total other financing sources (uses)	<u>81,548,968</u>	<u>58,107,838</u>	<u>(2,329,654)</u>	<u>55,778,184</u>	<u>(25,770,784)</u>
Revenues and other sources over expenditures	<u>\$ -</u>	<u>\$ 24,991,333</u>	<u>(1,185,325)</u>	<u>\$ 23,806,008</u>	<u>\$ 23,806,008</u>
Fund balance, beginning of year			<u>24,991,333</u>		
Fund balance, end of year			<u>\$ 23,806,008</u>		

BUNCOMBE COUNTY, NORTH CAROLINA

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

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

	Actual to June 30, 2017			Total	Variance Positive (Negative)
	Project Authorization	Reported in Prior Years	Current Year		
<b>REVENUES</b>					
Local option sales taxes	\$ 28,579,160	\$ -	\$ 13,859,442	\$ 13,859,442	\$ (14,719,718)
Restricted intergovernmental	7,222,000	1,096,746	1,956,557	3,053,303	(4,168,697)
Total revenues	<u>35,801,160</u>	<u>1,096,746</u>	<u>15,815,999</u>	<u>16,912,745</u>	<u>(18,888,415)</u>
<b>EXPENDITURES</b>					
Capital outlay:					
Education:					
Buncombe County schools					
Sales tax projects	24,119,979	-	11,725,087	11,725,087	12,394,892
Lottery projects	5,855,000	372,776	1,313,527	1,686,303	4,168,697
Asheville City schools					
Sales tax projects	4,459,181	-	2,134,355	2,134,355	2,324,826
Lottery projects	1,367,000	723,970	643,030	1,367,000	-
Total capital outlay	<u>35,801,160</u>	<u>1,096,746</u>	<u>15,815,999</u>	<u>16,912,745</u>	<u>18,888,415</u>
Revenues under expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning of year			<u>-</u>		
Fund balance, end of year			<u>\$ -</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 leveying 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 under contracts to volunteer fire departments serving the respective districts. These transactions are accounted for in this fund.

Emergency Telephone System Fund

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

Occupancy Tax Fund

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

Register of Deeds Automation Fund

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

Grant Projects Fund

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

Transportation Fund

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

Drug Forfeitures Fund

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

PDF Woodfin Downtown Fund

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

Buncombe County Service Foundation, Inc.

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.

CAPITAL PROJECTS FUNDS:

Special Projects Capital Projects

This fund is used to account for special projects that may not necessarily result in a capital asset for the County.

BUNCOMBE COUNTY, NORTH CAROLINA

Combining Balance Sheet

Nonmajor Governmental Funds

JUNE 30, 2017

	Special Revenue Funds				Special Revenue Funds Con't					Capital Project Fund	Total
	Special Districts										Nonmajor Governmental Funds
	Volunteer Fire Departments	Emergency Telephone System	Occupancy Tax	Register of Deeds Automation	Grant Projects	Trans- portation	Drug Forfeitures	PDF Woodfin Downtown	BC Service Foundation	Special Projects	
ASSETS											
Cash and cash equivalents	\$ 812,830	\$ 2,106,464	\$ -	\$ 262,079	\$ 2,202,370	\$ -	\$ 276,030	\$ 40,324	\$ 1,970,041	\$ 3,624,491	\$ 11,294,629
Receivables (net):											
Taxes receivable	19,287	-	2,025,205	-	-	-	-	-	-	-	2,044,492
Accounts receivable	-	-	-	-	-	1,005,829	-	-	2,506	99	1,008,434
Due from other governments	1,422,451	-	-	-	42,469	-	-	-	-	-	1,464,920
Long-term receivables	-	-	-	-	-	-	-	-	-	1,429,774	1,429,774
Total assets	\$ 2,254,568	\$ 2,106,464	\$ 2,025,205	\$ 262,079	\$ 2,244,839	\$ 1,005,829	\$ 276,030	\$ 40,324	\$ 1,972,547	\$ 5,054,364	\$ 17,242,249
LIABILITIES											
Accounts payable	\$ 2,235,281	\$ 43,324	\$ 30,568	\$ -	\$ 151,279	\$ 486,491	\$ -	\$ 8	\$ 1,058,742	\$ 54,841	\$ 4,060,534
Refundable deposits	-	-	-	-	-	-	-	-	-	2,128,647	2,128,647
Due to general fund	-	-	-	-	1,645,812	271,919	-	-	-	-	1,917,731
Due to component unit	-	-	1,994,637	-	-	-	-	-	-	-	1,994,637
Total liabilities	2,235,281	43,324	2,025,205	-	1,797,091	758,410	-	8	1,058,742	2,183,488	10,101,549
DEFERRED INFLOWS OF RESOURCES	19,287	-	-	-	-	-	-	-	-	-	19,287
FUND BALANCES											
Nonspendable	-	-	-	-	-	-	-	-	-	1,429,774	1,429,774
Restricted for:											
Stabilization by State statute	-	-	-	-	42,469	247,419	-	-	2,506	99	292,493
Public safety	-	2,063,140	-	-	-	-	276,030	-	-	-	2,339,170
Register of deeds	-	-	-	262,079	-	-	-	-	-	-	262,079
Human services	-	-	-	-	-	-	-	-	911,299	-	911,299
Grant projects	-	-	-	-	405,279	-	-	-	-	-	405,279
Debt service	-	-	-	-	-	-	-	40,316	-	-	40,316
Assigned	-	-	-	-	-	-	-	-	-	1,441,003	1,441,003
Total fund balances	-	2,063,140	-	262,079	447,748	247,419	276,030	40,316	913,805	2,870,876	7,121,413
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,254,568	\$ 2,106,464	\$ 2,025,205	\$ 262,079	\$ 2,244,839	\$ 1,005,829	\$ 276,030	\$ 40,324	\$ 1,972,547	\$ 5,054,364	\$ 17,242,249

BUNCOMBE COUNTY, NORTH CAROLINA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

FOR THE YEAR ENDED JUNE 30, 2017

	Special Revenue Funds					Special Revenue Funds Con't				Capital	Total		
	Special Districts					Grant	Trans- portation	Drug Forfeitures	PDF Woodfin Downtown	BC Service Foundation		Project Fund	Nonmajor Governmental Funds
	Volunteer Fire Departments	Emergency Telephone System	Occupancy Tax	Register of Deeds Automation								Special Projects	
REVENUES													
Ad valorem taxes	\$ 17,546,911	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 432,187	\$ -	\$ -	\$ -	\$ 17,979,098	
Local option sales taxes	5,766,195	-	-	-	-	-	-	-	-	-	-	5,766,195	
Other taxes and licenses	-	-	21,043,724	-	-	-	-	-	-	-	-	21,043,724	
Restricted intergovernmental	-	930,578	-	155,439	2,749,105	2,888,098	264,917	-	2,304,974	10,774	-	9,303,885	
Sales and services	-	-	-	-	82,702	-	-	-	-	-	-	82,702	
Investment earnings	-	10,586	-	1,228	-	-	925	-	-	-	-	12,739	
Miscellaneous	-	-	-	-	-	43,963	-	-	-	-	129,782	173,745	
Total revenues	23,313,106	941,164	21,043,724	156,667	2,831,807	2,932,061	265,842	432,187	2,304,974	140,556	-	54,362,088	
EXPENDITURES													
Current:													
General government	-	-	-	11,026	-	-	-	-	-	-	-	11,026	
Public safety	23,313,106	779,941	-	-	1,172,001	-	153,860	-	-	-	-	25,418,908	
Economic and physical development	-	-	21,043,724	-	5,926	-	-	-	-	-	-	21,049,650	
Human services	-	-	-	-	1,541,311	3,359,714	-	-	2,373,310	-	-	7,274,335	
Capital outlay	-	-	-	-	-	799,225	-	-	-	-	1,088,592	1,887,817	
Debt service:													
Principal retirement	-	-	-	-	-	-	-	40,000	-	-	-	40,000	
Interest and fees	-	-	-	-	-	-	-	524,569	-	-	-	524,569	
Total expenditures	23,313,106	779,941	21,043,724	11,026	2,719,238	4,158,939	153,860	564,569	2,373,310	1,088,592	-	56,206,305	
Revenues over (under) expenditures	-	161,223	-	145,641	112,569	(1,226,878)	111,982	(132,382)	(68,336)	(948,036)	-	(1,844,217)	
OTHER FINANCING SOURCES (USES)													
Transfers from other funds	-	-	-	-	214,966	1,297,256	-	-	-	403,477	-	1,915,699	
Transfers to other funds	-	-	-	(196,050)	-	(112,099)	-	-	-	(325,000)	-	(633,149)	
Total other financing sources (uses)	-	-	-	(196,050)	214,966	1,185,157	-	-	-	78,477	-	1,282,550	
Net change in fund balances	-	161,223	-	(50,409)	327,535	(41,721)	111,982	(132,382)	(68,336)	(869,559)	-	(561,667)	
Fund balances, beginning of year, as originally reported	-	1,901,917	-	312,488	120,213	289,140	164,048	172,698	-	3,740,435	-	6,700,939	
Restatement	-	-	-	-	-	-	-	-	982,141	-	-	982,141	
Fund balances, beginning of year, as restated	-	1,901,917	-	312,488	120,213	289,140	164,048	172,698	982,141	3,740,435	-	7,683,080	
Fund balances, end of year	\$ -	\$ 2,063,140	\$ -	\$ 262,079	\$ 447,748	\$ 247,419	\$ 276,030	\$ 40,316	\$ 913,805	\$ 2,870,876	\$ -	\$ 7,121,413	

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, 2017

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Ad valorem taxes		\$ 17,546,911	
Local option sales taxes		5,766,195	
Total revenues	\$ 25,144,016	23,313,106	\$ (1,830,910)
<b>EXPENDITURES</b>			
Current:			
Public safety:			
Contract payments to Volunteer fire departments		23,313,106	
Total expenditures	25,144,016	23,313,106	1,830,910
Net change in fund balance	\$ -	-	\$ -
Fund balance, beginning of year		-	
Fund balance, end of year		\$ -	

BUNCOMBE COUNTY, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2017

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Restricted intergovernmental		\$ 930,578	
Investment earnings		10,586	
Total revenues	\$ 940,578	941,164	\$ 586
<b>EXPENDITURES</b>			
Current:			
Public safety:			
Phone and furniture		105,231	
Software maintenance		161,944	
Hardware maintenance		25,531	
Training		1,834	
Implemental functions		485,401	
Total expenditures	2,102,500	779,941	1,322,559
Revenues over (under) expenditures	(1,161,922)	161,223	1,323,145
<b>OTHER FINANCING SOURCES</b>			
Appropriated fund balance	1,161,922	-	(1,161,922)
Total other financing sources	1,161,922	-	(1,161,922)
Net change in fund balance	\$ -	161,223	\$ 161,223
Fund balance, beginning of year		1,901,917	
Fund balance, end of year		\$ 2,063,140	

BUNCOMBE COUNTY, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2017

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Occupancy tax	\$ 22,514,005	\$ 21,043,724	\$ (1,470,281)
EXPENDITURES			
Current:			
Economic and physical development:			
Tourism development	22,514,005	21,043,724	1,470,281
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  
Register of Deeds Automation Fund*

FOR THE YEAR ENDED JUNE 30, 2017

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Restricted intergovernmental		\$ 155,439	
Investment earnings		1,228	
Total revenues	\$ 155,000	156,667	\$ 1,667
<b>EXPENDITURES</b>			
Current:			
General government:			
Other operating expenditures		11,026	
Total expenditures	87,180	11,026	76,154
Revenues over expenditures	67,820	145,641	77,821
<b>OTHER FINANCING SOURCES (USES)</b>			
Appropriated fund balance	128,230	-	(128,230)
Transfer to general fund	(196,050)	(196,050)	-
Total other financing sources (uses)	(67,820)	(196,050)	(128,230)
Net change in fund balance	\$ -	(50,409)	\$ (50,409)
Fund balance, beginning of year		312,488	
Fund balance, end of year		\$ 262,079	

# 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, 2017

	Actual to June 30, 2017				Variance Positive (Negative)
	Project Budget	Reported In Prior Years	Current Year	Total	
<b>REVENUES</b>					
Restricted intergovernmental	\$ 9,938,066	\$ 3,623,164	\$ 2,749,105	\$ 6,372,269	\$ (3,565,797)
Sales and services	118,256	51,480	82,702	134,182	15,926
Total revenues	<u>10,056,322</u>	<u>3,674,644</u>	<u>2,831,807</u>	<u>6,506,451</u>	<u>(3,549,871)</u>
<b>EXPENDITURES</b>					
Public safety	3,233,865	1,303,320	1,172,001 <sup>15060C</sup>	2,475,321	758,544
Economic and physical development	3,032,692	1,656,267	5,926	1,662,193	1,370,499
Human services	4,355,505	1,543,420	1,541,311	3,084,731	1,270,774
Cultural and recreational	125,000	-	-	-	125,000
Total expenditures	<u>10,747,062</u>	<u>4,503,007</u>	<u>2,719,238</u>	<u>7,222,245</u>	<u>3,524,817</u>
Revenues over (under) expenditures	<u>(690,740)</u>	<u>(828,363)</u>	112,569	<u>(715,794)</u>	<u>(25,054)</u>
<b>OTHER FINANCING SOURCES</b>					
Prior year revenues	456,640	473,576	-	473,576	16,936
Transfer from:					
General fund	102,867	475,000	102,867	577,867	475,000
Transportation fund	131,233	-	112,099	112,099	(19,134)
Total other financing sources	<u>690,740</u>	<u>948,576</u>	<u>214,966</u>	<u>1,163,542</u>	<u>472,802</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 120,213</u>	327,535	<u>\$ 447,748</u>	<u>\$ 447,748</u>
Fund balance, beginning of year			<u>120,213</u>		
Fund balance, end of year			<u>\$ 447,748</u>		



BUNCOMBE COUNTY, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2017

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Restricted intergovernmental		\$ 2,888,098	
Miscellaneous		43,963	
Total revenues	\$ 3,047,182	2,932,061	\$ (115,121)
EXPENDITURES			
Current:			
Human services:			
Salaries and benefits		34,669	
Other operating expenditures		3,325,045	
Capital outlay		799,225	
Total expenditures	4,605,285	4,158,939	446,346
Revenues under expenditures	(1,558,103)	(1,226,878)	331,225
OTHER FINANCING SOURCES (USES)			
Appropriated fund balance	43,754	-	(43,754)
Transfer from general fund	1,626,448	1,297,256	(329,192)
Transfer to grant projects	(112,099)	(112,099)	-
Total other financing sources (uses)	1,558,103	1,185,157	(372,946)
Net change in fund balance	\$ -	(41,721)	\$ (41,721)
Fund balance, beginning of year		289,140	
Fund balance, end of year		\$ 247,419	

BUNCOMBE COUNTY, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2017

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Restricted intergovernmental		\$ 264,917	
Restricted investment earnings		925	
Total revenues	\$ 198,033	265,842	\$ 67,809
<b>EXPENDITURES</b>			
Current:			
Public safety:			
Operating expenditures		100,411	
Capital outlay		53,449	
Total expenditures	362,258	153,860	208,398
Revenues over (under) expenditures	(164,225)	111,982	276,207
<b>OTHER FINANCING SOURCES</b>			
Appropriated fund balance	164,225	-	(164,225)
Net change in fund balance	\$ -	111,982	\$ 111,982
Fund balance, beginning of year		164,048	
Fund balance, end of year		\$ 276,030	

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, 2017

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Ad valorem taxes		\$ 432,187	
Total revenues	\$ 576,950	432,187	\$ (144,763)
<b>EXPENDITURES</b>			
Debt service:			
Principal retirement		40,000	
Interest and fees		524,569	
Total expenditures	576,950	564,569	12,381
Net change in fund balance	<u>\$ -</u>	(132,382)	<u>\$ (132,382)</u>
Fund balance, beginning of year		<u>172,698</u>	
Fund balance, end of year		<u>\$ 40,316</u>	

BUNCOMBE COUNTY, NORTH CAROLINA

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

FOR THE YEAR ENDED JUNE 30, 2017

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Restricted intergovernmental		\$ 2,304,974	
Total revenues	\$ 1,522,012	2,304,974	\$ 782,962
<b>EXPENDITURES</b>			
Current:			
Human services:			
Operating expenditures		9,763	
Program expenditures		2,363,547	
Total expenditures	2,421,334	2,373,310	48,024
Revenues under expenditures	(899,322)	(68,336)	830,986
<b>OTHER FINANCING SOURCES</b>			
Appropriated fund balance	899,322	-	(899,322)
Net change in fund balance	\$ -	(68,336)	\$ (68,336)
Fund balance, beginning of year, as originally reported		-	
Restatement (Note 10)		982,141	
Fund balance, beginning of year, as restated		982,141	
Fund balance, end of year		\$ 913,805	

# BUNCOMBE COUNTY, NORTH CAROLINA

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

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

	Actual to June 30, 2017				Variance Positive (Negative)
	Project Budget	Reported in Prior Years	Current Year	Total	
<b>REVENUES</b>					
Restricted intergovernmental:					
Program income CDBG	\$ 152,962	\$ 152,960	\$ -	\$ 152,960	\$ (2)
Home program income	147,769	136,992	10,774	147,766	(3)
Sales and services	-	434,705	-	434,705	434,705
Miscellaneous	1,353,136	1,350,424	91,286	1,441,710	88,574
Total revenues	1,653,867	2,075,081	102,060	2,177,141	523,274
<b>EXPENDITURES</b>					
Capital outlay:					
Housing:					
Home FY17	37,500	-	-	-	37,500
Home FY16	75,000	-	-	-	75,000
Home FY15	75,000	4,779	70,221	75,000	-
Home FY14	75,000	-	75,000	75,000	-
Home FY13	75,000	57,648	17,352	75,000	-
Home FY12	75,000	58,500	-	58,500	16,500
Home FY11	75,000	-	75,000	75,000	-
Home FY10	75,000	64,767	-	64,767	10,233
Home program income	147,769	126,288	-	126,288	21,481
Program income CDBG	152,962	152,961	-	152,961	1
MHO Eagle Street	2,000,000	-	-	-	2,000,000
Housing trust:					
Housing trust program income	1,352,136	666,828	316,026	982,854	369,282
Housing trust FY17	250,000	-	226,493	226,493	23,507
Housing trust FY16	299,250	101,865	191,401	293,266	5,984
Housing trust FY15	249,250	190,000	-	190,000	59,250
Housing trust FY14	299,250	255,150	42,000	297,150	2,100
Housing trust FY12	250,000	225,000	-	225,000	25,000
Housing trust FY09	300,000	280,000	6,637	286,637	13,363
Manufactured home disposal FY17	49,250	-	35,495	35,495	13,755
Manufactured home disposal FY15	50,000	47,719	-	47,719	2,281
Energy savings reinvestment fund	85,117	-	23,874	23,874	61,243

Continued on next page

BUNCOMBE COUNTY, NORTH CAROLINA

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

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

	Actual to June 30, 2017			Total	Variance Positive (Negative)
	Project Budget	Reported in Prior Years	Current Year		
<i>Expenditures continued</i>					
Soil conservation	612,992	457,745	9,093	466,838	146,154
Total expenditures	6,660,476	2,689,250	1,088,592	3,777,842	2,882,634
Revenues under expenditures	(5,006,609)	(614,169)	(986,532)	(1,600,701)	3,405,908
OTHER FINANCING SOURCES (USES)					
Transfer from general fund	374,250	-	403,477	403,477	29,227
Transfer to general fund	(2,325,000)	(2,000,000)	(325,000)	(2,325,000)	-
Prior year revenues	4,957,359	4,963,326	-	4,963,326	5,967
Appropriated fund balance	2,000,000	-	-	-	(2,000,000)
Total other financing sources (uses)	5,006,609	2,963,326	78,477	3,041,803	(1,964,806)
Revenues and other sources over (under) expenditures and other uses	\$ -	\$ 2,349,157	(908,055)	\$ 1,441,102	\$ 1,441,102
Reconciliation from budget and actual schedule (budgetary basis) to the fund schedule (modified accrual):					
Reconciling items:					
Net collections on long-term loans			38,496		
Total reconciling items			38,496		
Change in fund balance			\$ (869,559)		

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

Solid Waste Disposal Fund

This fund accounts for the revenues and expenditures associated with the Construction & Demolition landfill, Municipal Solid Waste landfill, transfer station, and the County's old landfill.

Landfill Capital Projects Fund

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

Inmate Commissary/Welfare Fund

This fund is used to offset the daily personal and incidental needs of inmates. Revenue is generated by telephone concessions and family contributions.

BUNCOMBE COUNTY, NORTH CAROLINA

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

Solid Waste Disposal Fund

FOR THE YEAR ENDED JUNE 30, 2017

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Operating revenues:			
Tipping fees		\$ 7,129,746	
Service charges and other revenues		1,103,096	
Intergovernmental revenues		441,397	
Total operating revenues	\$ 14,829,257	8,674,239	\$ (6,155,018)
Nonoperating revenues:			
Investment earnings	40,000	138,040	98,040
Total revenues	14,869,257	8,812,279	(6,056,978)
<b>EXPENDITURES</b>			
Landfill:			
Salaries, wages, and fringe benefits		895,203	
Maintenance and repairs		307,026	
Contracted services		891,984	
Other operating expenses		1,685,203	
Landfill closure and postclosure care costs		330,433	
Total landfill		4,109,849	
Transfer station:			
Salaries, wages, and fringe benefits		653,721	
Maintenance and repairs		119,975	
Other operating expenses		136,553	
Total transfer station		910,249	
Landfill gas to energy project:			
Salaries, wages, and fringe benefits		92,265	
Maintenance and repairs		252,585	
Other operating expenses		57,324	
Total landfill gas to energy project		402,174	
Debt service:			
Principal retirement		270,000	
Interest and fees		62,414	
Total debt service		332,414	
Total expenditures	6,539,273	5,754,686	784,587



BUNCOMBE COUNTY, NORTH CAROLINA

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

Solid Waste Disposal Fund

FOR THE YEAR ENDED JUNE 30, 2017

	Budget	Actual	Variance Positive (Negative)
Revenues over expenditures	8,329,984	3,057,593	(5,272,391)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfer to solid waste capital projects	(8,329,984)	(8,200,000)	129,984
Sale of capital assets	-	4,509	4,509
Total other financing sources (uses)	(8,329,984)	(8,195,491)	134,493
Revenues and other sources under expenditures and other uses	\$ -	(5,137,898)	\$ (5,137,898)
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Debt principal		270,000	
Decrease in accrued interest		774	
Amortization of installment note premium		35,614	
Contributions to the pension plan in the current fiscal year		70,903	
Decrease in accrued compensated absences		2,576	
Decrease in other postemployment benefits liability		12,447	
Decrease in accrued retirement incentive payments		75,568	
Pension expense		(87,281)	
Increase in accrued landfill closure and postclosure care costs		(894,778)	
Depreciation		(2,225,090)	
Transfer to landfill capital projects		8,200,000	
Total reconciling items		5,460,733	
Change in net position		\$ 322,835	

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, 2017

	Actual to June 30, 2017				Variance Positive (Negative)
	Project Authorization	Reported in Prior Years	Current Year	Total to Date	
<b>REVENUES</b>					
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>					
Engineering cell 7	566,000	565,308	-	565,308	692
Phase 5 C&D landfill	58,801	-	53,900	53,900	4,901
Phase 6 C&D landfill	736,461	50,724	175,849	226,573	509,888
Subtitle D vertical expansion	965,192	-	718,017	718,017	247,175
Solid waste transfer facility	8,200,000	-	274,682	274,682	7,925,318
Contingency	95,780	-	-	-	95,780
Closed projects	-	(434,807)	-	(434,807)	434,807
Total expenditures	10,622,234	181,225	1,222,448	1,403,673	9,218,561
Revenues under expenditures	(10,622,234)	(181,225)	(1,222,448)	(1,403,673)	9,218,561
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer from solid waste	8,200,000	-	8,200,000	8,200,000	-
Transfer to solid waste	(345,000)	-	-	-	345,000
Prior year revenues	2,767,234	2,750,030	-	2,750,030	(17,204)
Total other financing sources (uses)	10,622,234	2,750,030	8,200,000	10,950,030	327,796
Revenues and other sources over expenditures and other uses	\$ -	\$ 2,568,805	\$ 6,977,552	\$ 9,546,357	\$ 9,546,357

BUNCOMBE COUNTY, NORTH CAROLINA  
*Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)*  
*Inmate Commissary/Welfare Fund*

FOR THE YEAR ENDED JUNE 30, 2017

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Operating revenues:			
Commissary concessions		\$ 263,715	
Telephone concessions		213,485	
Total operating revenues		<u>477,200</u>	
Nonoperating revenues:			
Investment earnings		<u>3,471</u>	
Total revenues	\$ 341,000	480,671	\$ 139,671
<b>EXPENDITURES</b>			
Salaries, wages, and fringe benefits		121,613	
Contracted services		149,237	
Cost of products sold		84,897	
Other operating expenditures		<u>51,634</u>	
Total expenditures	<u>510,439</u>	407,381	103,058
Revenues over (under) expenditures	<u>(169,439)</u>	73,290	242,729
<b>OTHER FINANCING SOURCES</b>			
Appropriated fund balance	<u>169,439</u>	-	(169,439)
Total other financing sources	<u>169,439</u>	-	(169,439)
Revenues and other sources over expenditures	<u>\$ -</u>	73,290	<u>\$ 73,290</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling Items:			
Depreciation		(32,559)	
Contributions to the pension plan in the current fiscal year		5,023	
Increase in accrued compensated absences		(479)	
Decrease in other postemployment benefits		882	
Pension expense		<u>624</u>	
Total reconciling items		<u>(26,509)</u>	
Change in net position		<u>\$ 46,781</u>	

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

INTERNAL SERVICE FUNDS

Insurance Fund

This fund accounts for the revenues and expenditures related to insurance and well-being programs associated with County employees and retirees. This fund includes health-related costs, workman's compensation costs, and expenses related to other postemployment benefits.

AGENCY FUNDS

Inmate Trust Fund

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

General Agency Accounts

This fund accounts for ad valorem and local option sales taxes collected for other taxing units.

Social Services Fund

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

Sondley Estate Trust

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

Deed of Trust Fee Fund

This fund accounts for the \$6.20 of each fee collected by the Register of Deeds for registering or filing a deed of trust or mortgage and remitted to the State Treasurer on a monthly basis.

Buncombe County Anticrime Task Force

This fund accounts for forfeitures and controlled substance taxes earmarked for the Buncombe County Anticrime Task Force.

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, 2017

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Operating revenues:			
Charges for services		<u>\$ 31,954,346</u>	
Total revenues	<u>\$ 33,074,090</u>	<u>31,954,346</u>	<u>\$ (1,119,744)</u>
EXPENDITURES			
Salaries, wages, and fringe benefits		767,871	
Insurance premiums		460,531	
Claims		26,914,738	
Other operating expenditures		<u>2,138,005</u>	
Total expenditures	<u>33,074,090</u>	<u>30,281,145</u>	<u>2,792,945</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ 1,673,201</u>	<u>\$ 1,673,201</u>

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

FOR THE YEAR ENDED JUNE 30, 2017

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
<b>Inmate Trust Fund:</b>				
Assets				
Cash and cash equivalents	\$ 97,997	\$ 1,408,699	\$ 1,400,538	\$ 106,158
Liabilities				
Accounts payable	\$ 156	\$ 346	\$ 100	\$ 402
Due to beneficiaries	97,841	1,420,236	1,412,321	105,756
	\$ 97,997	\$ 1,420,582	\$ 1,412,421	\$ 106,158
<b>General Agency Accounts:</b>				
Assets				
Cash and cash equivalents	\$ 1,305,106	\$ 78,805,228	\$ 78,414,973	\$ 1,695,361
Accounts receivable	802,968	712,785	802,967	712,786
	\$ 2,108,074	\$ 79,518,013	\$ 79,217,940	\$ 2,408,147
Liabilities				
Accounts payable	\$ 771,042	\$ 22,248	\$ 782,189	\$ 11,101
Due to other taxing units	1,337,032	79,773,819	78,713,805	2,397,046
	\$ 2,108,074	\$ 79,796,067	\$ 79,495,994	\$ 2,408,147
<b>Social Services Fund:</b>				
Assets				
Cash and cash equivalents	\$ 2,987	\$ 228,708	\$ 215,006	\$ 16,689
Liabilities				
Accounts payable	\$ -	\$ 216,374	\$ 216,374	\$ -
Due to beneficiaries	2,987	228,493	214,791	16,689
	\$ 2,987	\$ 444,867	\$ 431,165	\$ 16,689
<b>Sondley Estate Trust:</b>				
Assets				
Cash and cash equivalents	\$ 832,302	\$ 4,059	\$ 392	\$ 835,969
Liabilities				
Due to beneficiaries	\$ 832,302	\$ 3,667	\$ -	\$ 835,969

Continued on next page

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

FOR THE YEAR ENDED JUNE 30, 2017

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
<b>Deed of Trust Fee Fund:</b>				
Assets				
Cash and cash equivalents	\$ 19,612	\$ 223,283	\$ 221,317	\$ 21,578
Liabilities				
Intergovernmental payable - State of North Carolina	\$ 19,612	\$ 223,283	\$ 221,317	\$ 21,578
<b>Buncombe County Anticrime Task Force:</b>				
Assets				
Cash and cash equivalents	\$ 305,130	\$ 14,914	\$ 60,018	\$ 260,026
Liabilities				
Due to beneficiaries	\$ 305,130	\$ -	\$ 45,104	\$ 260,026
<b>Totals - All Agency Funds</b>				
Assets				
Cash and cash equivalents	\$ 2,563,134	\$ 80,684,891	\$ 80,312,244	\$ 2,935,781
Accounts receivable	802,968	712,785	802,967	712,786
	<u>\$ 3,366,102</u>	<u>\$ 81,397,676</u>	<u>\$ 81,115,211</u>	<u>\$ 3,648,567</u>
Liabilities				
Accounts payable	\$ 771,198	\$ 238,968	\$ 998,663	\$ 11,503
Due to other taxing units	1,337,032	79,773,819	78,713,805	2,397,046
Intergovernmental payable - State of North Carolina	19,612	223,283	221,317	21,578
Due to beneficiaries	1,238,260	1,652,396	1,672,216	1,218,440
	<u>\$ 3,366,102</u>	<u>\$ 81,888,466</u>	<u>\$ 81,606,001</u>	<u>\$ 3,648,567</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

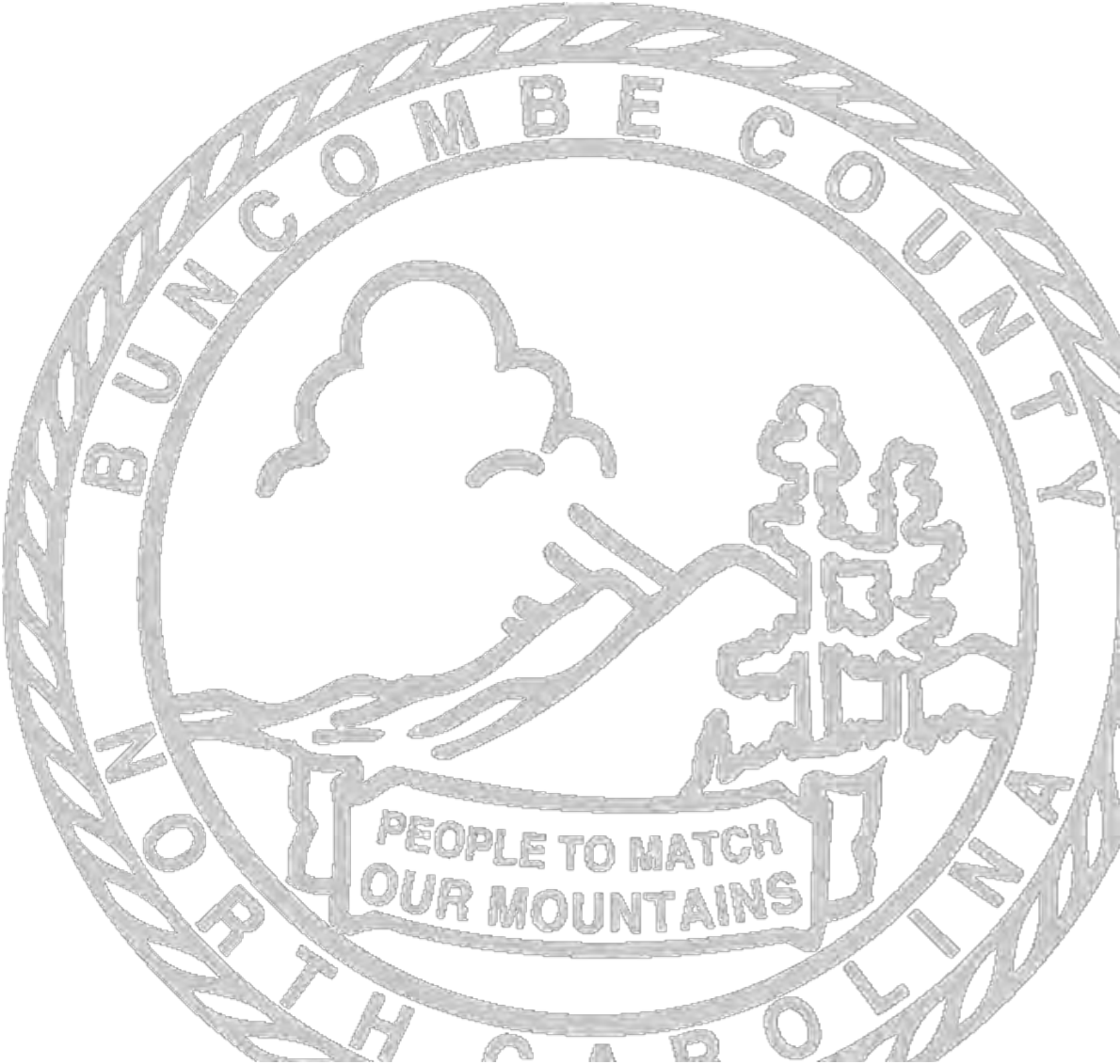
FOR THE YEAR ENDED JUNE 30, 2017

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Federal, State, and other grants		\$ 312,574	
Licenses and permits		496,829	
Other taxes and licenses		132,438	
Investment earnings		3,616	
Miscellaneous		152,390	
Total revenues	\$ 1,130,590	1,097,847	\$ (32,743)
<b>EXPENDITURES</b>			
Environmental protection:			
Salaries and employee benefits		885,607	
Other operating expenses		263,990	
Capital outlay		31,800	
Total expenditures	1,230,445	1,181,397	49,048
Revenues over (under) expenditures	(99,855)	(83,550)	16,305
<b>OTHER FINANCING SOURCES</b>			
Appropriated fund balance		-	
Sale of capital assets		-	
Total other financing sources	99,855	-	(99,855)
Revenues and other sources over expenditures	\$ -	(83,550)	\$ (83,550)
Reconciliation from budgetary basis (modified accrual) to full accrual			
Reconciling items:			
Depreciation		(56,941)	
Capital outlay		31,800	
Contributions to the pension plan in the current fiscal year		40,332	
Increase in accrued compensated absences		(18,196)	
Pension expense		(42,894)	
Decrease in accrued retirement incentive payments		54,100	
Decrease in other postemployment benefits		7,761	
Total reconciling items		15,962	
Change in net position		\$ (67,588)	



*Other Schedules*

Buncombe County, North Carolina



BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Ad Valorem Taxes Receivable

General Fund

JUNE 30, 2017

Fiscal Year	Uncollected Balance July 1, 2016	Additions	Collections and Credits	Uncollected Balance June 30, 2017
2016-2017	\$ -	\$ 183,816,426	\$ 183,614,878	\$ 201,548
2015-2016	279,942	-	219,054	60,888
2014-2015	90,153	-	45,768	44,385
2013-2014	219,886	-	62,712	157,174
2012-2013	205,749	-	158,542	47,207
2011-2012	69,466	-	21,542	47,924
2010-2011	57,308	-	29,044	28,264
2009-2010	36,277	-	14,335	21,942
2008-2009	42,274	-	18,406	23,868
2007 & Prior	80,684	-	52,253	28,431
Total	<u>\$ 1,081,739</u>	<u>\$ 183,816,426</u>	<u>\$ 184,236,534</u>	661,631
Less allowance for uncollectible ad valorem taxes receivable				<u>(421,108)</u>
Ad valorem taxes receivable, net				<u>\$ 240,523</u>
Reconciliation with revenues:				
Taxes - ad valorem - General Fund			\$ 183,927,906	
Taxes - ad valorem - PDF Woodfin			432,187	
Total ad valorem			<u>\$ 184,360,093</u>	
Reconciling items:				
Credits and write-offs				338,809
Interest collected				(434,447)
Prepaid				58,461
Adjustment for amounts collected 60 days after year-end				(52,779)
Other				(33,603)
Total reconciling items				<u>(123,559)</u>
Total collections and credits			<u>\$ 184,236,534</u>	

BUNCOMBE COUNTY, NORTH CAROLINA

Analysis of Current Year County-Wide Tax Levy

FOR THE YEAR ENDED JUNE 30, 2017

	County Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Motor Vehicles	Registered Motor Vehicles
Original levy					
County-wide ad valorem	\$ 30,431,491,437	\$ 0.604	\$ 183,806,208	\$ 170,359,936	\$ 13,446,272
Discoveries					
Taxes levied	93,489,700	Various	662,151	662,151	-
Releases	<u>(107,935,937)</u>		<u>(651,933)</u>	<u>(585,025)</u>	<u>(66,908)</u>
Net levy <sup>(1)</sup>	<u>\$ 30,417,045,200</u>		183,816,426	170,437,062	13,379,364
Uncollected taxes at June 30, 2017			<u>201,548</u>	<u>198,178</u>	<u>3,370</u>
Current year's taxes collected			<u>\$ 183,614,878</u>	<u>\$ 170,238,884</u>	<u>\$ 13,375,994</u>
Current levy collection %			<u>99.89%</u>	<u>99.88%</u>	<u>99.97%</u>
Secondary market disclosures:					
Assessed valuation					
Assessment ratio <sup>(2)</sup>				100.00%	
Real property				\$ 25,714,806,652	
Personal property				1,901,176,187	
Public service companies <sup>(3)</sup>				585,935,871	
Registered motor vehicles				<u>2,215,126,490</u>	
Total assessed valuation				<u>\$ 30,417,045,200</u>	
Tax rate per \$100				<u>0.604</u>	
Levy (includes discoveries, releases, and abatements)				<u>\$ 183,816,426</u>	
In addition to the County-wide rate, the following table lists the levies by the County on behalf of school districts and fire protection districts for the fiscal year ended June 30:					
School districts				\$ 8,168,801	
Fire protection districts				<u>16,052,240</u>	
Total				<u>\$ 24,221,041</u>	

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

<sup>(2)</sup> Percentage of appraised value has been established by statute.

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

# Statistical Section



**BUNCOMBE  
COUNTY**  
GOVERNMENT  
— NORTH CAROLINA —

# BUNCOMBE COUNTY, NORTH CAROLINA

## Statistical Section

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*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.*

<b><i>Contents</i></b>	<b><i>Page</i></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	123
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	128
<b>Debt Capacity</b> 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.	132
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	136
<b>Operating Information</b> 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.	139

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

BUNCOMBE COUNTY, NORTH CAROLINA

Table 1

Net Position by Component

LAST TEN FISCAL YEARS (accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Net Investment in Capital										
Assets	\$ 65,887,137	\$ 63,004,798	\$ 67,968,901	\$ 70,313,265	\$ 94,284,411	\$ 92,417,846	\$ 93,609,590	\$ 84,189,214	\$ 85,535,781	\$ 69,342,217
Restricted	1,420,800	-	-	91,710,042	55,085,740	78,301,557	44,010,550	52,200,321	73,440,149	61,971,780
Unrestricted	(5,345,347)	4,261,288	5,778,818	(94,707,863)	(74,196,979)	(87,076,203)	(60,363,818)	(108,702,036)	(179,191,875)	(156,460,610)
Total governmental activities net position	\$ 61,962,590	\$ 67,266,086	\$ 73,747,719	\$ 67,315,444	\$ 75,173,172	\$ 83,643,200	\$ 77,256,322	\$ 27,687,499	\$ (20,215,945)	\$ (25,146,613)
Business-type activities										
Net Investment in Capital										
Assets	\$ 30,527,905	\$ 34,010,820	\$ 32,649,006	\$ 34,193,312	\$ 27,379,503	\$ 26,526,350	\$ 26,200,976	\$ 24,859,349	\$ 23,677,050	\$ 22,947,463
Restricted	8,956,116	2,589,823	967,892	1,516,288	-	-	-	-	-	-
Unrestricted	7,124,472	11,105,747	11,184,675	8,653,235	2,719,749	1,943,250	2,152,981	2,841,242	4,574,997	5,674,200
Total business-type activities net position	\$ 46,608,493	\$ 47,706,390	\$ 44,801,573	\$ 44,362,835	\$ 30,099,252	\$ 28,469,600	\$ 28,353,957	\$ 27,700,591	\$ 28,252,047	\$ 28,621,663
Primary government										
Net Investment in Capital										
Assets	\$ 96,415,042	\$ 97,015,618	\$ 100,617,907	\$ 104,506,577	\$ 121,663,914	\$ 118,944,196	\$ 119,810,566	\$ 109,048,563	\$ 109,212,831	\$ 92,289,680
Restricted	10,376,916	2,589,823	967,892	93,226,330	55,085,740	78,301,557	44,010,550	52,200,321	73,440,149	61,971,780
Unrestricted	1,779,125	15,367,035	16,963,493	(86,054,628)	(71,477,230)	(85,132,953)	(58,210,837)	(105,860,794)	(174,616,878)	(150,786,410)
Total primary government net position	\$ 108,571,083	\$ 114,972,476	\$ 118,549,292	\$ 111,678,279	\$ 105,272,424	\$ 112,112,800	\$ 105,610,279	\$ 55,388,090	\$ 8,036,102	\$ 3,475,050

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

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

Balances for prior years 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	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental activities:</b>										
General government	\$ 23,377,056	\$ 21,705,398	\$ 22,130,128	\$ 22,459,758	\$ 23,356,495	\$ 22,719,044	\$ 26,179,307	\$ 26,547,924	\$ 28,628,887	\$ 35,976,699
Public safety	68,034,705	69,377,438	71,520,365	74,918,302	74,658,163	81,600,718	86,261,299	93,283,467	100,414,238	97,495,863
Economic and physical development	18,585,531	26,226,700	13,804,636	15,057,537	18,902,856	18,787,809	15,255,668	17,890,984	31,852,491	36,634,454
Human services	90,053,452	83,310,485	85,121,982	82,215,499	81,943,587	80,404,926	86,307,869	92,117,911	96,963,368	99,775,677
Cultural and recreational	8,141,862	11,090,242	9,943,947	9,167,471	8,814,503	8,579,412	10,611,885	9,798,772	8,981,702	9,052,515
Education	75,896,726	73,179,775	78,379,830	95,611,470	88,310,103	84,770,250	107,527,022	154,203,942	142,310,790	108,434,971
Interest on long-term debt	7,335,758	7,245,388	7,694,610	9,896,183	10,256,518	11,873,924	13,657,936	17,044,059	15,432,030	15,744,885
Total governmental activities expenses	291,425,090	292,135,426	288,595,498	309,326,220	306,242,225	308,736,083	345,800,986	410,887,059	424,583,506	403,115,064
<b>Business-type activities:</b>										
Solid waste Disposal	7,713,779	7,325,697	6,175,352	6,103,665	6,759,933	6,457,464	6,811,079	7,830,522	7,270,565	8,493,953
Human Services facilities	1,119,716	802,044	846,717	871,532	570,709	-	-	-	-	-
Mental health	875,850	606,857	602,809	689,128	492,722	-	-	-	-	-
Inmate commissary/welfare	524,398	559,422	602,509	524,703	311,120	216,770	222,997	357,906	335,562	433,890
Criminal justice information system	-	1,632,594	1,638,266	1,597,872	1,297,159	1,246,614	1,416,776	-	-	-
Total business-type activities expenses	10,233,743	10,926,614	9,865,653	9,786,900	9,431,643	7,920,848	8,450,852	8,188,428	7,606,127	8,927,843
Total primary governmental expenses	\$ 301,658,833	\$ 303,062,040	\$ 298,461,151	\$ 319,113,120	\$ 315,673,868	\$ 316,656,931	\$ 354,251,838	\$ 419,075,487	\$ 432,189,633	\$ 412,042,907
<b>PROGRAM REVENUES</b>										
<b>Governmental activities:</b>										
<b>Charges for services:</b>										
General government	\$ 9,935,830	\$ 3,273,340	\$ 3,418,209	\$ 3,617,461	\$ 3,495,120	\$ 4,774,384	\$ 3,542,856	\$ 1,792,710	\$ 2,407,864	\$ 5,207,544
Public safety	7,954,598	8,384,722	7,178,633	8,197,334	9,773,429	11,220,535	10,483,019	11,512,251	10,816,741	13,719,683
Economic and physical development	7,593,812	6,695,973	6,485,727	7,976,554	7,914,085	8,424,439	448,312	489,513	437,203	529,488
Human services	9,010,072	7,582,007	6,166,294	5,031,516	4,469,804	2,232,396	2,237,859	2,268,101	3,031,866	3,175,287
Cultural and recreational	670,295	1,226,864	979,013	873,489	663,930	590,408	517,104	450,484	365,132	361,971
Operating grants and contributions	47,768,083	49,093,100	52,733,279	52,196,582	45,319,734	45,447,077	48,960,176	56,295,309	58,289,268	60,726,292
Capital grants and contributions	17,577,647	17,489,205	14,962,018	17,111,186	1,783,430	7,848,558	9,367,855	6,344,047	2,568,300	2,185,978
Total governmental activities program revenues	100,510,337	93,745,211	91,923,173	95,004,122	73,419,532	80,537,797	75,557,181	79,152,415	77,916,374	85,906,243
<b>Business-type activities:</b>										
<b>Charges for services:</b>										
Solid waste Disposal	7,185,473	6,598,240	6,514,503	6,910,220	6,904,275	6,855,245	6,928,813	6,773,435	7,342,311	8,232,842
Human Services facilities	-	88,148	606,561	663,860	320,826	-	-	-	-	-
Mental health	841,291	617,530	483,191	474,937	681,105	-	-	-	-	-
Inmate commissary/welfare	388,505	468,406	476,295	412,890	506,366	351,049	323,536	311,076	343,402	477,200
Criminal justice information system	-	1,194,794	1,274,921	1,270,613	1,326,110	1,326,631	1,383,407	-	-	-
Operating grants and contributions	333,931	321,567	325,584	341,098	368,570	373,333	371,192	393,715	418,726	441,397
Capital grants and contributions	42,751	-	-	1,142,529	1,678,147	226,720	-	-	-	-
Total business-type activities program revenues	8,791,951	9,288,685	9,681,055	11,216,147	11,785,399	9,132,978	9,006,948	7,478,226	8,104,439	9,151,439
Total primary governmental program revenues	\$ 109,302,288	\$ 103,033,896	\$ 101,604,228	\$ 106,220,269	\$ 85,204,931	\$ 89,670,775	\$ 84,564,129	\$ 86,630,641	\$ 86,020,813	\$ 95,057,682

Continued On Next Page

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net (expense) revenue										
Governmental activities	\$ (190,914,753)	\$ (198,390,215)	\$ (196,672,325)	\$ (214,322,098)	\$ (232,822,693)	\$ (228,198,286)	\$ (270,243,805)	\$ (331,734,644)	\$ (346,667,132)	\$ (317,208,821)
Business-type activities	(1,441,792)	(1,637,929)	(184,598)	1,429,247	2,353,756	1,212,130	556,096	(710,202)	498,312	223,596
Total primary governmental net expense	\$ (192,356,545)	\$ (200,028,144)	\$ (196,856,923)	\$ (212,892,851)	\$ (230,468,937)	\$ (226,986,156)	\$ (269,687,709)	\$ (332,444,846)	\$ (346,168,820)	\$ (316,985,225)

GENERAL REVENUES AND OTHER CHANGES IN NET POSITION

Governmental activities:

Taxes: Property taxes	\$ 157,568,418	\$ 162,584,050	\$ 165,793,158	\$ 167,506,260	\$ 170,097,044	\$ 171,095,813	\$ 192,667,851	\$ 191,247,474	\$ 196,709,722	\$ 201,518,909
Taxes: Local option sales tax	45,575,335	37,777,956	32,087,738	33,152,165	49,693,442	58,665,856	61,962,603	70,792,084	76,001,604	79,120,505
Other taxes and licenses	-	5,310,017	4,696,043	4,966,792	5,208,845	5,524,997	15,039,610	17,209,248	23,374,603	28,199,416
Investment earnings, unrestricted	5,417,960	2,513,403	664,878	598,662	567,965	144,603	300,785	344,674	770,823	1,244,338
Gain (Loss) on sale of capital assets	-	-	-	-	(2,000,621)	-	(417,150)	1,828,088	3,139,269	91,350
Miscellaneous, unrestricted	1,142,629	1,445,354	1,242,530	1,665,941	1,020,902	1,237,045	956,147	1,607,318	1,312,887	2,103,635
Transfers	(3,040,115)	(2,881,638)	(1,621,145)	-	16,012,934	-	601,570	-	-	-
Total governmental activities	206,664,227	206,749,142	202,863,202	207,889,820	240,600,511	236,668,314	271,111,416	283,028,886	301,308,908	312,278,153

Business-type activities:

Investment earnings, unrestricted	2,079,570	781,655	171,999	161,039	106,873	57,016	38,182	55,526	46,854	141,511
Miscellaneous, unrestricted	-	-	-	-	-	-	-	-	-	-
Gain (Loss) on sale of capital assets	-	-	-	-	170	-	-	1,310	6,290	4,509
Transfers	3,040,115	2,881,638	1,621,145	-	(16,012,934)	-	(601,570)	-	-	-
Total business-type activities	5,119,685	3,663,293	1,793,144	161,039	(15,905,891)	57,016	(563,388)	56,836	53,144	146,020
Total primary government	\$ 211,783,912	\$ 210,412,435	\$ 204,656,346	\$ 208,050,859	\$ 224,694,620	\$ 236,725,330	\$ 270,548,028	\$ 283,085,722	\$ 301,362,052	\$ 312,424,173

CHANGE IN NET POSITION

Governmental activities	\$ 15,749,474	\$ 8,358,927	\$ 6,190,877	\$ (6,432,278)	\$ 7,777,818	\$ 8,470,028	\$ 867,611	\$ (48,705,758)	\$ (45,358,224)	\$ (4,930,668)
Business-type activities	3,677,893	2,025,364	1,608,546	1,590,286	(13,552,135)	1,269,146	(7,292)	(653,366)	551,456	369,616
Total primary government	\$ 19,427,367	\$ 10,384,291	\$ 7,799,423	\$ (4,841,992)	\$ (5,774,317)	\$ 9,739,174	\$ 860,319	\$ (49,359,124)	\$ (44,806,768)	\$ (4,561,052)

NOTE: The Parking Deck, Human Services Facilities, and Mental Health funds were closed in fiscal year 2013.



BUNCOMBE COUNTY, NORTH CAROLINA

Table 3

Fund Balances of Governmental Funds

LAST TEN FISCAL YEARS (modified accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Fund</b>										
Reserved	\$ 21,418,705	\$ 17,727,539	\$ 19,549,574	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	46,578,265	52,275,357	50,940,052	-	-	-	-	-	-	-
<b>Total General Fund</b>	<b>\$ 67,996,970</b>	<b>\$ 70,002,896</b>	<b>\$ 70,489,626</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>All other governmental funds</b>										
Reserved	\$ 7,765,517	\$ 6,626,512	\$ 6,528,068	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	(243,876)	6,425,227	6,750,134	-	-	-	-	-	-	-
<b>Total all other governmental funds</b>	<b>\$ 7,521,641</b>	<b>\$ 13,051,739</b>	<b>\$ 13,278,202</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Combined Governmental Fund Balances</b>	<b>\$ 75,518,611</b>	<b>\$ 83,054,635</b>	<b>\$ 83,767,828</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>General Fund</b>										
Nonspendable	\$ -	\$ -	\$ -	\$ 270,471	\$ 207,455	\$ 243,865	\$ 300,407	\$ 52,597	\$ 52,202	\$ 57,975
Restricted	-	-	-	18,371,636	20,525,004	19,221,755	20,197,103	23,297,383	22,973,645	22,449,441
Committed	-	-	-	1,050,000	1,200,000	1,200,000	1,200,000	5,462,421	3,765,433	2,019,304
Assigned	-	-	-	7,692,536	8,147,972	7,001,237	7,584,637	9,643,213	6,039,085	15,363,817
Unassigned	-	-	-	43,437,530	40,897,807	43,466,405	41,869,339	37,121,496	43,741,792	37,694,163
<b>Total General Fund</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 70,822,173</b>	<b>\$ 70,978,238</b>	<b>\$ 71,133,262</b>	<b>\$ 71,151,486</b>	<b>\$ 75,577,110</b>	<b>\$ 76,572,157</b>	<b>\$ 77,584,700</b>
<b>All other governmental funds</b>										
Nonspendable	\$ -	\$ -	\$ -	\$ 6,717,209	\$ 6,718,509	\$ 764	\$ 1,532,974	\$ 1,452,037	\$ 1,391,278	\$ 1,429,774
Restricted	-	-	-	73,338,406	34,560,736	59,079,802	174,502,262	187,815,672	115,566,695	70,341,446
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	22,838,171	7,974,677	13,108,288	27,805,926	21,257,379	8,492,988	15,933,577
Unassigned	-	-	-	-	-	-	-	-	-	-
<b>Total all other governmental funds</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 102,893,786</b>	<b>\$ 49,253,922</b>	<b>\$ 72,188,854</b>	<b>\$ 203,841,162</b>	<b>\$ 210,525,088</b>	<b>\$ 125,450,961</b>	<b>\$ 87,704,797</b>
<b>Total Combined Governmental Fund Balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 173,715,959</b>	<b>\$ 120,232,160</b>	<b>\$ 143,322,116</b>	<b>\$ 274,992,648</b>	<b>\$ 286,102,198</b>	<b>\$ 202,023,118</b>	<b>\$ 165,289,497</b>

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

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

Table 4

LAST TEN FISCAL YEARS (modified accrual basis of accounting)

REVENUES	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Ad valorem taxes	\$ 157,250,530	\$ 161,629,983	\$ 166,260,818	\$ 167,950,517	\$ 169,368,975	\$ 171,520,939	\$ 192,949,306	\$ 191,565,661	\$ 196,458,687	\$ 201,907,004
Local option sales taxes	45,575,335	37,777,956	32,087,738	33,152,165	49,693,442	58,665,856	61,962,603	70,792,084	76,001,604	79,120,505
Other taxes and licenses	13,514,180	10,881,071	10,692,333	11,199,515	11,998,130	13,090,813	14,331,532	16,466,653	22,665,004	28,199,416
Unrestricted intergovernmental	634,260	689,376	263,502	649,642	668,378	638,811	708,078	742,595	709,599	840,987
Restricted intergovernmental	63,460,263	67,106,567	68,165,026	69,745,379	47,537,053	48,245,459	58,328,031	61,016,020	59,150,308	62,840,342
Permits and fees	1,685,014	2,729,721	2,318,479	2,637,544	2,419,599	2,630,342	3,075,411	3,451,565	3,604,379	4,715,220
Sales and services	18,794,523	17,648,493	15,179,874	15,238,834	16,025,217	14,108,121	14,129,326	14,708,008	15,336,262	18,044,931
Investment earnings	5,524,232	2,769,835	727,479	828,614	607,247	148,134	274,061	382,885	721,103	1,141,090
Miscellaneous	1,142,629	1,445,354	1,242,530	1,188,941	1,020,902	1,247,045	956,147	1,607,318	1,312,887	1,262,648
<b>Total revenues</b>	<b>307,580,966</b>	<b>302,678,356</b>	<b>296,937,779</b>	<b>302,591,151</b>	<b>299,338,943</b>	<b>310,295,520</b>	<b>346,714,495</b>	<b>360,732,789</b>	<b>375,959,833</b>	<b>398,072,143</b>
Current:										
General government	21,306,889	20,039,754	20,191,172	21,770,014	20,996,399	21,731,568	23,200,093	25,720,370	26,764,764	29,316,045
Public safety	64,778,242	64,511,855	65,391,557	70,523,628	71,809,649	72,494,711	76,923,039	83,550,101	84,974,813	89,079,165
Economic and physical development	16,737,657	13,764,192	11,503,725	13,130,547	17,524,599	17,957,236	14,823,254	16,376,729	23,576,691	29,564,805
Human services	87,205,196	80,454,900	80,291,532	80,948,026	79,160,646	79,202,525	83,521,333	91,370,860	92,548,588	99,399,461
Cultural and recreation	7,304,597	9,752,430	8,446,969	7,876,119	7,897,539	7,242,489	8,987,448	8,387,620	7,422,146	7,769,730
Intergovernmental:										
Education	66,171,518	70,618,376	69,587,924	70,634,616	74,324,014	74,828,472	74,556,185	79,225,390	82,359,578	75,323,300
Capital outlay	27,640,050	20,918,808	36,321,329	50,538,800	57,908,742	50,774,671	69,217,388	99,951,422	91,403,795	59,688,720
Debt service										
Principal	17,278,409	16,842,942	17,652,009	18,350,000	20,944,000	22,299,000	20,243,994	24,407,151	25,932,708	26,145,568
Interest and fees	7,603,639	7,620,072	8,541,195	10,175,923	10,776,086	13,426,237	15,743,470	18,792,182	21,954,450	20,330,667
<b>Total expenditures</b>	<b>316,026,197</b>	<b>304,523,329</b>	<b>317,927,412</b>	<b>343,947,673</b>	<b>361,341,674</b>	<b>359,956,909</b>	<b>387,216,204</b>	<b>447,781,825</b>	<b>456,937,533</b>	<b>436,617,461</b>
Excess of revenues over (under) expenditures	(8,445,231)	(1,844,973)	(20,989,633)	(41,356,522)	(62,002,731)	(49,661,389)	(40,501,709)	(87,049,036)	(80,977,700)	(38,545,318)
OTHER FINANCING SOURCES (USES)										
Transfers from other funds	21,336,193	10,512,565	13,639,629	9,035,300	19,541,153	5,829,800	18,199,223	11,183,266	23,991,948	7,208,044
Transfers to other funds	(26,695,515)	(12,925,599)	(16,260,774)	(11,297,733)	(11,181,584)	(5,829,800)	(18,582,849)	(13,683,266)	(33,156,948)	(7,208,044)
Project development bonds issued	-	12,960,000	-	-	-	-	-	-	-	-
Advance refunding obligations issued	-	-	17,115,000	-	-	-	-	-	-	-
Installment obligations issued	13,455,000	-	26,705,000	55,720,000	-	73,380,000	180,315,001	126,844,450	-	1,720,347
General obligation debt issued	-	-	30,850,000	-	-	32,500,000	-	-	-	-
Premium/discount on debt issued	(9,565,000)	(160,449)	1,461,406	1,619,652	-	11,883,464	21,379,812	22,736,977	-	-
Payment to refunded bond escrow agent	-	-	(24,544,763)	-	-	(46,559,350)	(30,752,734)	(51,515,579)	-	-
Sale of capital assets	20,107	131,219	105,720	1,460,672	159,363	1,467,321	82,210	2,592,738	5,081,479	91,350
<b>Total other financing sources (uses)</b>	<b>8,106,220</b>	<b>10,517,736</b>	<b>49,071,218</b>	<b>56,537,891</b>	<b>8,518,932</b>	<b>72,671,435</b>	<b>170,640,663</b>	<b>98,158,586</b>	<b>(4,083,521)</b>	<b>1,811,697</b>
Net change in fund balances	\$ (339,011)	\$ 8,672,763	\$ 28,081,585	\$ 15,181,369	\$ (53,483,799)	\$ 23,010,046	\$ 130,138,954	\$ 11,109,550	\$ (85,061,221)	\$ (36,733,621)
Debt services as a percentage of noncapital expenditures	8.45%	8.23%	8.91%	8.98%	10.06%	11.37%	10.32%	10.21%	11.00%	11.19%

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				
2008	17,869,706	5,242,939	1,049,024	93,601	1,857,391	1,562,113	1,036,856	620,602	27,258,520	0.525
2009	18,814,352	5,319,589	1,054,015	94,003	1,687,764	1,635,196	1,043,461	524,793	28,086,251	0.525
2010	19,278,789	5,608,552	1,209,375	96,685	1,628,826	1,627,503	1,125,844	517,281	28,841,167	0.525
2011	19,693,086	5,598,080	1,209,847	97,799	1,576,012	1,546,946	1,148,428	513,573	29,086,915	0.525
2012	19,823,205	5,672,300	1,206,920	96,645	1,693,881	1,477,741	1,181,347	525,644	29,314,988	0.525
2013	19,980,840	5,765,143	1,202,337	100,086	1,765,488	1,528,991	1,192,171	529,268	29,679,981	0.525
2014	18,671,008	5,784,047	1,007,838	96,053	1,342,270	1,595,537	968,969	529,435	28,057,219	0.604
2015	18,895,973	5,995,685	1,015,256	96,185	1,952,226	1,653,573	1,263,593	532,418	28,877,723	0.604
2016	19,122,947	6,143,178	1,034,999	97,419	2,100,032	1,726,624	1,268,909	588,226	29,544,516	0.604
2017	19,416,142	6,445,705	1,014,952	97,091	2,215,126	1,902,707	1,260,614	585,936	30,417,045	0.604

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 2007 and 2014.

BUNCOMBE COUNTY, NORTH CAROLINA

Table 6

Property Tax Rates-Direct And All Overlapping Governments

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

	2008	2009	2010	2011	2012	2013	2014 <sup>2</sup>	2015	2016	2017
County Direct Rates:										
County-wide Rate <sup>1</sup>	\$ 0.525	\$ 0.525	\$ 0.525	\$ 0.525	\$ 0.525	\$ 0.525	\$ 0.604	\$ 0.604	\$ 0.604	\$ 0.604
Fire Districts	0.100	0.113	0.113	0.113	0.113	0.113	0.118	0.118	0.118	0.118
Total average direct rate	0.625	0.638	0.638	0.638	0.638	0.638	0.722	0.722	0.722	0.722
Municipality Rates:										
City of Asheville	0.420	0.420	0.420	0.420	0.420	0.420	0.460	0.475	0.475	0.475
Town of Biltmore Forest	0.295	0.300	0.300	0.320	0.320	0.330	0.385	0.385	0.395	0.395
Town of Weaverville	0.380	0.365	0.355	0.355	0.375	0.375	0.420	0.420	0.440	0.440
Town of Black Mountain	0.320	0.320	0.320	0.365	0.365	0.365	0.375	0.375	0.375	0.375
Town of Woodfin	0.265	0.265	0.265	0.265	0.265	0.265	0.305	0.305	0.305	0.305
Asheville School District	0.150	0.150	0.150	0.150	0.150	0.150	0.150	0.150	0.150	0.150

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 2006 and 2013 (fiscal year 2007 and 2014).

BUNCOMBE COUNTY, NORTH CAROLINA

Table 7

Principal Property Taxpayers

DECEMBER 31, 2016

Taxpayer	December 31, 2016			December 31, 2007		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Duke Energy Progress Inc	\$ 342,378,177	1	1.13%	\$ 401,042,785	1	1.47%
Ingles Markets Inc	299,909,400	2	0.99%	149,177,221	2	0.55%
New Belgium Brewing Company Inc	107,163,815	3	0.35%			
GPI Resort Holdings LLC	104,574,300	4	0.34%	102,511,800	4	0.38%
Biltmore Company	103,572,781	5	0.34%	90,989,510	6	0.33%
Jacob Holm Industries	102,537,024	6	0.34%			
Linamar North Carolina Inc	90,077,751	7	0.30%			
Town Square West LLC	79,293,597	8	0.26%			
Asheville Mall CMBS LLC	75,985,600	9	0.25%	75,782,130	8	0.28%
Novo Nordisk Pharmaceutical Inc.	70,209,068	10	0.23%			
Arvato Digital Services (Sonopress)				112,953,270	3	0.41%
The Cliffs at Walnut Cove LLC				99,818,300	5	0.37%
Bellsouth Tel Co - AT&T North Carolina				90,154,327	7	0.33%
Southeastern Container				71,602,090	9	0.26%
Borgwarner Turbo Systems				69,049,950	10	0.25%
Totals	\$ 1,375,701,513		4.52%	\$ 1,263,081,383		4.63%
Total Overall Valuation	\$ 30,417,045,200			\$ 27,251,353,518		

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
2008	\$ 143,256	\$ 142,008	99.1%	\$ 52	\$ 142,060	99.17%
2009	147,652	145,745	98.7%	18	145,763	98.72%
2010	151,681	149,601	98.6%	14	149,662	98.67%
2011	153,044	151,007	98.7%	29	151,036	98.69%
2012	154,046	152,262	98.8%	22	152,284	98.86%
2013	156,148	154,652	99.0%	159	154,811	99.14%
2014	167,069	166,098	99.4%	63	166,161	99.46%
2015	174,422	173,958	99.7%	46	173,958	99.73%
2016	178,618	178,338	99.8%	219	178,557	99.97%
2017	183,816	183,615	99.9%	-	183,615	99.89%

SOURCE: Buncombe County Tax Department

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

BUNCOMBE COUNTY, NORTH CAROLINA

Table 9

Ratio of Outstanding Debt by Type

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

Fiscal Year	Governmental Activities				Business-type Activities			Total Primary Government	Percentage of Personal Income <sup>1</sup>	Per Capita <sup>1</sup>
	General Obligation Bonds	Installment Notes	Project Development Financing Bonds	Total Governmental Activities	Special Obligation Bonds	Installment Notes	Total Business-Type Activities			
2008	\$ 76,541	\$ 99,506	\$ -	\$ 176,047	\$ 11,375	\$ 14,982	\$ 26,357	\$ 202,404	2.49%	\$ 869
2009	67,919	90,980	12,803	171,702	9,494	14,411	23,905	195,607	2.46%	829
2010	65,470	127,153	12,803	205,426	7,536	13,825	21,361	226,787	2.80%	949
2011	58,823	172,049	12,812	243,684	5,530	13,224	18,754	262,438	3.15%	1,099
2012	51,256	170,913	12,960	235,129	4,218	-	4,218	239,347	2.69%	975
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%	1,751
2015	30,124	476,157	-	506,281	-	2,860	2,860	509,141	4.91%	2,011
2016	27,248	447,545	-	474,793	-	2,559	2,559	477,352	N/A	1,877
2017	24,373	420,856	-	445,229	-	2,254	2,254	447,483	N/A	1,735

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

<sup>1</sup>Personal 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 <sup>1</sup> of Property	Per Capita <sup>2</sup>
2008	\$ 76,541	0.28%	329
2009	67,919	0.24%	288
2010	65,470	0.23%	274
2011	58,823	0.20%	241
2012	51,256	0.17%	212
2013	44,717	0.15%	180
2014	38,344	0.14%	152
2015	30,124	0.11%	111
2016	27,254	0.09%	107
2017	24,373	0.08%	94

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

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

<sup>2</sup>Population 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, 2017

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	\$ 370,000	100%	\$ 370,000
Installment Debt			
City of Asheville	50,649,773	100%	50,649,773
Town of Biltmore Forest	333,739	100%	333,739
Town of Black Mountain	1,516,218	100%	1,516,218
Town of Weaverville	1,551,978	100%	1,551,978
Town of Woodfin	257,105	100%	257,105
Subtotal, overlapping debt			<u>54,678,813</u>
County direct debt		100%	<u>445,228,670</u>
Total direct and overlapping debt			<u><u>\$ 499,907,483</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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 2,180,682	2,246,900	\$ 2,307,293	\$ 2,326,953	\$ 2,345,199	\$ 2,374,398	\$ 2,210,098	\$ 2,154,040	\$ 2,363,561	\$ 2,433,364
Total net debt applicable to limit	191,030	173,379	190,738	240,305	219,141	257,377	402,098	454,994	431,485	406,791
Legal debt margin	\$ 1,989,652	\$ 2,073,521	\$ 2,116,555	\$ 2,086,648	\$ 2,126,058	\$ 2,117,021	\$ 1,808,000	\$ 1,699,046	\$ 1,932,076	\$ 2,026,573
Total net debt applicable to the limit as a percentage of debt limit	8.76%	7.72%	8.27%	10.33%	9.34%	10.84%	18.19%	21.12%	18.26%	16.72%

Assessed value of taxable property	<u>\$ 30,417,045</u>
Debt Limit - Eight Percent (8%) of assessed value	\$ 2,433,364
Gross Debt:	
Total Bonded Debt	24,371
Installment Purchase Agreements	<u>382,420</u>
Gross Debt	406,791
Total amount of debt applicable to debt limit (net debt)	<u>\$ 406,791</u>
Legal debt margin	<u>\$ 2,026,573</u>

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

BUNCOMBE COUNTY, NORTH CAROLINA

Table 13

*Demographic and Economic Statistics*

LAST TEN FISCAL YEARS

Fiscal Year	Population	Personal Income (amounts expressed in thousands)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2008	232,814	\$ 8,136,349	\$ 34,948	41.0	28,894	4.9%
2009	235,879	7,955,053	33,725	40.6	29,346	9.0%
2010	238,884	8,100,049	33,908	40.7	28,979	8.3%
2011	243,673	8,459,317	34,716	40.7	29,113	8.2%
2012	241,419	8,884,892	36,803	40.7	29,238	7.9%
2013	248,929	9,282,566	37,290	40.7	29,451	7.1%
2014	251,995	9,552,676	37,908	40.8	30,535	6.3%
2015	251,271	10,378,772	41,305	40.1	29,198	4.8%
2016	254,344	N/A	N/A	41.0	30,232	3.5%
2017	257,931	N/A	N/A	41.1	31,966	4.1%

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 2017 charter schools are included in total enrollment.

BUNCOMBE COUNTY, NORTH CAROLINA

Table 14

Principal Employers

CURRENT YEAR AND TEN YEARS AGO

MANUFACTURING

Employer	2017			2008		
	Employees	Rank	Approximate Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Eaton Corporation - Electrical Division	750-999	1	0.66%-0.75%	1010	1	0.87%
Thermo Fisher Scientific, Inc.	500-749	2	0.38%-0.57%	550	4	0.48%
Borgwarner Turbo & Emissions Systems	500-749	3	0.38%-0.57%	830	2	0.72%
Kearfott Guidance & Navigation Corp.	400-499	4	0.23%-0.30%	420	5	0.36%
Plasticard-Locktech International	300-399	5	0.23%-0.30%			
Nypro Asheville	300-399	6	0.23%-0.30%			
Medical Action Industries	300-399	7	0.23%-0.30%			
GE Aviation	300-399	8	0.23%-0.30%			
Flint Group (Day International)	300-399	9	0.23%-0.30%			
TE Connectivity	200-299	10	0.15%-0.23%			
Milkco, Inc.				280	10	0.24%
Protocol Marketing Group				360	7	0.31%
Unison Engine Components				330	8	0.29%
Asheville Citizen Times				290	9	0.25%
Day International				380	6	0.33%
Arvato Digital Services				650	3	0.56%
Total	<u>3850-5290</u>		<u>2.91%-3.99%</u>	<u>5,100</u>		<u>4.41%</u>

Continued on Next Page

NON-MANUFACTURING

Employer	2017			2008		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Mission Health System and Hospital	3,000+	1	2.27%	6,990	1	6.04%
Buncombe County Public Schools	3,000+	2	2.27%	4,000	2	3.46%
Asheville-Buncombe Technical Community College	1,000-2,999	3	0.75%-2.26%			
The Biltmore Company	1,000-2,999	4	0.75%-2.26%	1,580	5	1.37%
Buncombe County Government	1,000-2,999	5	0.75%-2.26%	1,670	4	1.44%
City of Asheville	1,000-2,999	6	0.75%-2.26%	1,000	8	0.86%
Ingles Markets, Inc.	1,000-2,999	7	0.75%-2.26%	3,050	3	2.64%
Omni Grove Park Inn	1,000-2,999	8	0.75%-2.26%	1,100	7	0.95%
VA Medical Center - Asheville	1,000-2,999	9	0.75%-2.26%	1,140	6	0.99%
Care Partners	750-999	10	0.57%-0.75%	750	9	0.65%
Asheville City Schools				730	10	0.63%
Total	<u>13,750-21,992</u>		<u>10.4%-16.6%</u>	<u>22,010</u>		<u>19.03%</u>

\* Labor Force Estimate for 2017 per NCESC: 136,244  
 Labor Force Estimate for 2008 per NCESC: 123,597

SOURCE: Asheville Chamber of Commerce

NOTE: Many of the top employers for manufacturing have changed in the past 10 years. Therefore, many companies that were top employers in 2008 are not in business in 2017 and many companies that are top employers in 2017 were not here in 2008.

BUNCOMBE COUNTY, NORTH CAROLINA

Table 15

Summary of Permanent Positions by Service Area

TEN FISCAL YEARS

General Fund Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government	179	172	173	174	156	161	165	172	170	169
Public Safety	555	565	557	555	543	550	580	592	597	603
Human Services	688	687	625	569	552	555	565	586	609	584
Economic & Physical Development	28	29	28	28	25	23	23	22	23	23
Culture and Recreation	80	84	132	108	84	81	81	70	61	63
Total	1,530	1,537	1,515	1,434	1,360	1,370	1,414	1,442	1,460	1,442
General Fund	1,530	1,537	1,515	1,434	1,360	1,370	1,414	1,442	1,460	1,442
Special Revenue Funds	32	31	27	26	-	-	-	9	2	1
Enterprise Funds	36	46	48	41	32	31	31	25	23	26
Internal Service Fund	3	3	1	1	2	5	5	5	2	7
Total	1,601	1,617	1,591	1,502	1,394	1,406	1,450	1,481	1,487	1,476

SOURCE: Buncombe County Budget Office.

BUNCOMBE COUNTY, NORTH CAROLINA

Table 16

Operating Indicators by Function

LAST TEN FISCAL YEARS

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>GENERAL GOVERNMENT</b>										
Number of Employment Applications Processed	6,521*	5,496	6,646	5,826	7,046	6,259	6,980	7,611	3,660	7,296
Percentage of Registered Voters Participating in General Election	71.0%	19.6%	45.7%	19.0%	69.0%	19.0%	49.0%	17.0%	71.0%	N/A
<b>PUBLIC SAFETY</b>										
Number of Inmates Processed	16,658	15,975	14,713	14,821	15,074	14,492	13,870	12,973	13,349	12,962
Number of Building Permits Issued	1,791*	1,443*	1,361*	1,286*	1,482*	1,757	2,057	2,354	2,332	2,419
Number of Emergency Calls Dispatched	50,110*	64,395	64,867	60,931	62,884	65,127	66,223	68,537	70,150	71,837
<b>HUMAN SERVICES</b>										
Percentage of Children Reunified with Family after Foster Care	31%	36%	26%	21%	21%	28%	20%	34%	33%	24%
<b>ECONOMIC AND PHYSICAL DEVELOPMENT</b>										
Number of Subdivision Plan Reviews	896	593	454	598	483	494	518	624	681	785
<b>CULTURE AND RECREATION</b>										
Library Book Circulation	1,566,680	1,666,464	1,689,996	1,691,227	1,654,975	1,592,279	1,608,748	1,602,994	1,757,157	1,667,802
Number of Visitors to Swimming Pools	84,066	73,751	66,470	81,210	73,877	59,194	56,063	47,381	35,421	36,505
<b>EDUCATION</b>										
Dollars Spent Per Pupil**	\$ 2,007	\$ 2,139	\$ 2,150	\$ 2,148	\$ 2,266	\$ 2,267	\$ 2,243	\$ 2,506	\$ 2,293	\$ 2,169
<b>ENTERPRISE FUND - LANDFILL</b>										
Tons of Waste Received	206,744	164,424	130,683	116,831	131,666	128,408	133,795	131,222	139,443	152,302
Tons of Waste Recycled	41,608	44,750	37,583	19,776	18,687	13,716	14,317	12,826	12,591	14,092

SOURCE: Various Buncombe County Government Departments.

\* Calendar year data

\*\*General fund dollars spent per pupil

BUNCOMBE COUNTY, NORTH CAROLINA

Table 17

Capital Asset Statistics by Function

LAST TEN FISCAL YEARS

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>PUBLIC SAFETY</b>										
Sheriff's Office										
Stations	2	2	2	2	2	2	2	3	4	4
Patrol Vehicles	83	77	70	71	77	77	80	81	81	81
<b>CULTURE AND RECREATION</b>										
Parks acreage	239	556	654	654	674	677	646	646	646	646
Parks	16	16	16	16	18	14	14	15	15	15
Swimming pools	6	6	6	6	6	6	6	5	5	5
Ball fields and courts	23	24	34	34	37	30	30	31	31	31
Libraries	12	12	12	12	12	12	13	13	13	13

SOURCE: Various County Departments

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



# Compliance Section



**BUNCOMBE  
COUNTY**  
GOVERNMENT  
— NORTH CAROLINA —



**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***

**Independent Auditors' Report**

Board of 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 the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprises Buncombe County's basic financial statements, and have issued our report thereon dated November 17, 2017. The financial statements of the Buncombe County Tourism Development Authority were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Buncombe 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 Buncombe 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 the 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 material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Buncombe 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.

*David Killian CPA Group, P.A.*

Asheville, North Carolina  
November 17, 2017



**Report On Compliance For Each Major Federal Program And  
On Internal Control Over Compliance Required By The Uniform Guidance  
And The State Single Audit Implementation Act**

**Independent Auditors' Report**

Board of Commissioners  
Buncombe County, North Carolina

**Report on Compliance for Each Major Federal Program**

We have audited Buncombe County, North Carolina's 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 Buncombe County's major federal programs for the year ended June 30, 2017. Buncombe 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 statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Buncombe 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; 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 Buncombe County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Buncombe County's compliance.

**Opinion on Each Major Federal Program**

In our opinion, Buncombe 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, 2017.

### **Report on Internal Control Over Compliance**

Management of Buncombe 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 Buncombe County's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our 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 significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

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.

*Donald Killian CPA Group, P.A.*

Asheville, North Carolina  
November 17, 2017



**Report On Compliance For Each Major State Program And  
On Internal Control Over Compliance Required By The Uniform Guidance  
And The State Single Audit Implementation Act**

**Independent Auditors' Report**

To the Board of Commissioners  
Buncombe County, North Carolina

**Report on Compliance for Each Major State Program**

We have audited Buncombe County, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Buncombe County's major state programs for the year ended June 30, 2017. Buncombe 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Buncombe 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 Government Auditors in North Carolina*, 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 state program occurred. An audit includes examining, on a test basis, evidence about Buncombe County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of Buncombe County's compliance.

**Opinion on Each Major State Program**

In our opinion, Buncombe 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, 2017.

### Report on Internal Control Over Compliance

Management of Buncombe 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 Buncombe County's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our 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 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 significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

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.

*Donald Killian CPA Group, P.A.*

Asheville, North Carolina  
November 17, 2017

BUNCOMBE COUNTY, NORTH CAROLINA

Schedule of Findings and Questioned Costs

For the year ended June 30, 2017

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**I. Summary of Auditors' Results**

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance to GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(s) identified that are not considered to be material weakness? yes none reported

Noncompliance material to financial statements noted yes no

Federal Awards

Internal control over major federal programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes no

Major federal programs for Buncombe County for the fiscal year ended June 30, 2017 are:

<u>Program Name or Cluster</u>	<u>CFDA #</u>
Low-Income Energy Assistance Program	93.568
Medicaid Cluster	93.775, 93.777, 93.778
Foster Care	93.658

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

Buncombe County qualifies as a low risk auditee.





BUNCOMBE COUNTY, NORTH CAROLINA

*Schedule of Findings and Questioned Costs*

For the year ended June 30, 2017

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**II. Financial Statement Findings**

None reported.

**III. Federal Award Findings and Questioned Costs**

None reported.

**IV. State Award Findings and Questioned Costs**

None reported.

BUNCOMBE COUNTY, NORTH CAROLINA

*Summary Schedule of Prior Audit Findings*

For the year ended June 30, 2017

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There were no audit findings reported in the prior year.

**BUNCOMBE COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

<b>Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number</b>	<b>Fed.(Direct &amp; Pass-through) Expenditures</b>	<b>State Expenditures</b>	<b>Passed-through to Subrecipients</b>	<b>Local Expenditures</b>
<b>Federal Awards:</b>						
<b><u>U. S. Dept. of Agriculture</u></b>						
<b><u>Food and Nutrition Service</u></b>						
Passed-through N. C. Department of Health and Human Services:						
Division of Social Services:						
Administration:						
<u>SNAP Cluster:</u>						
Supplemental Nutrition Assistance Program - Admin	10.561		\$ 4,910,957	\$ -	\$ -	\$ 4,910,957
Supplemental Nutrition Assistance Program - Fraud Admin	10.561		239,709	-	-	239,709
Supplemental Nutrition Assistance Program - Education & Training & Dependent Care	10.561		119,654	-	-	7,101
<b>Total SNAP Cluster</b>			<b>5,270,320</b>	<b>-</b>	<b>-</b>	<b>5,157,767</b>
Passed-through N. C. Department of Health and Human Services:						
Division of Public Health						
Administration:						
Special Supplemental Food Program for Women, Infants, and Children	10.557		909,493	-	-	-
Direct Benefit Payments:						
Special Supplemental Food Program for Women, Infants, and Children	10.557		2,953,614	-	-	-
<b>Total U.S. Department of Agriculture</b>			<b>9,133,427</b>	<b>-</b>	<b>-</b>	<b>5,157,767</b>
<b><u>U.S. Department of Housing &amp; Urban Development</u></b>						
Passed-through the City of Asheville:						
HOME Investment Partnership Programs	14.239		237,573	-	-	-
<b>Total U.S. Department of Housing &amp; Urban Development</b>			<b>237,573</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>U.S. Department of Justice</u></b>						
Family Justice Center Arrest Grant	16.590		121,815	-	-	-
Passed-Through N.C. Department of Public Safety:						
Family Justice Center GCC	16.575		657,545	-	-	-
Byrne Justice Assistance Grants - Changing Together Grant	16.738		8,434	-	-	-
Byrne Justice Assistance Grants - Pathways	16.738	RFP19-012355-JJX	136,816	-	-	-
Byrne Justice Assistance Grants - Pathways	16.738	RFP19-012355-JJK	43,376	-	-	-
Byrne Justice Assistance Grants - GCC	16.738	PROJ010961	91,277	-	-	-
<b>Total U.S. Department of Justice</b>			<b>1,059,263</b>	<b>-</b>	<b>-</b>	<b>-</b>

**BUNCOMBE COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

<b>Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number</b>	<b>Fed.(Direct &amp; Pass-through) Expenditures</b>	<b>State Expenditures</b>	<b>Passed-through to Subrecipients</b>	<b>Local Expenditures</b>
<b><u>U.S. Dept. of Transportation</u></b>						
<b><u>Federal Transit Administration</u></b>						
Passed-through N.C. Department of Transportation:						
Public Transportation for Nonurbanized Areas:						
Administration	20.509	36233.13.11.1	231,223	104,790	-	46,361
Capital	20.509	36233.13.10.3	296,797	394,747	-	76,502
Total Public Transportation for Nonurbanized Areas			528,020	499,537	-	122,863
<b><u>Highway Safety Cluster:</u></b>						
Passed-through City of Asheville:						
Traffic Safety - DWI Task Force	20.600		158,783	-	-	-
Total Highway Safety Cluster			158,783	-	-	-
<b><u>Transit Services Programs Cluster:</u></b>						
Passed-through City of Asheville:						
New Freedom	20.521		85,086	-	-	-
Total Transit Services Programs Cluster			85,086	-	-	-
Alcohol Open Container Requirements	20.607		125,333	-	-	-
<b>Total U.S. Department of Transportation</b>			<b>897,222</b>	<b>499,537</b>	<b>-</b>	<b>122,863</b>
<b><u>U.S. Department of Environmental Protection Agency</u></b>						
Air Pollution Control Program Support	66.001		252,574	-	-	-
Ambient Air Monitoring Network	66.034		60,000	-	-	-
Drinking Water State Revolving Fund (DWSRF) Cluster:						
Drinking Water State Revolving Funds (DWSRF)	66.468		1,720,347	-	-	-
Total DWSRF Cluster:			1,720,347	-	-	-
<b>Total Environmental Protection Agency</b>			<b>2,032,921</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>U.S. Department of Homeland Security</u></b>						
Passed-through N.C. Department of Public Safety:						
Emergency Management Performance Grants						
Homeland Security Grant Program - Disaster Prevention & Relief (DPR9 Tent/Heater)	97.067	EMPG-2016-37021	80,459	-	-	-
Homeland Security Grant Program - Rapid Deployment, Tents/Heater	97.067	EMW-2014-SS-00069-S01-1	4,836	-	-	-
Homeland Security Grant Program - Disaster Prevention & Relief (DPR9 Message Boards)	97.067	EMW-2015-SS-00062-S01-1	9,369	-	-	-
Homeland Security Grant Program - Disaster Prevention & Relief (DPR9 Message Boards)	97.067	EMW-2015-SS-00062-S01-1	2,857	-	-	-
Homeland Security Grant Program - 2015 USAR Equipment	97.067	EMW-2014-SS-00069-S01-1	60,920	-	-	-
<b>Total U.S. Department of Homeland Security</b>			<b>158,441</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>U. S. Department of Health and Human Services</u></b>						
<b><u>Administration for Children and Families</u></b>						
Passed-through N.C. Department of Health and Human Services:						
Division of Aging and Adult Services:						
SSBG - In-Home Services	93.667		38,758	-	-	5,537
SSBG - Adult Day Care	93.667		57,531	47,903	-	15,062
Total Division of Aging			96,289	47,903	-	20,599

**BUNCOMBE COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

<b>Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number</b>	<b>Fed.(Direct &amp; Pass-through) Expenditures</b>	<b>State Expenditures</b>	<b>Passed-through to Subrecipients</b>	<b>Local Expenditures</b>
Division of Social Services:						
Family Violence Prevention Program	93.592		29,486	-	-	-
Family Preservation Services Program	93.556		96,105	-	-	-
<u>TANF Cluster:</u>						
Work First/Temporary Assistance for Needy Families (TANF)	93.558		2,432,315	-	-	6,556,598
Work First/TANF- Direct Benefit Payments	93.558		595,445	234,546	-	2,085
Total for TANF Cluster			3,027,760	234,546	-	6,558,683
Direct Benefit Payments - AFDC	93.560		(4,090)	716	-	(1,122)
N.C. Child Support Enforcement Section	93.563		1,112,165	(16)	-	572,950
Refugee Assistance - Administration	93.566		19,923	-	-	-
Refugee and Entrant Assistance - Cash & Medical Payments	93.566		34,402	-	-	-
Crisis Intervention Program	93.568		845,905	-	845,905	-
Energy Assistance Payments - Direct Benefit Payments	93.568		900,200	-	900,200	-
Low Income Home Energy Assistance Block Grant - Administration	93.568		136,167	-	136,167	-
Stephanie Tubbs Jones Child Welfare Services Program:						
- Permanency Planning Grant - Families for Kids	93.645		84,656	-	-	28,218
SSBG - Other Services	93.667		831,894	61,526	-	214,663
Independent Living Grant - LINKS	93.674		125,956	11,548	-	-
<u>Foster Care and Adoption Cluster<sup>3</sup>:</u>						
Title IV-E Foster Care- Administration	93.658		1,916,765	-	-	1,910,484
Foster Care- Direct Benefits Payments	93.658		1,350,318	379,119	-	417,343
Foster Care - Adoption	93.658		248,433	-	-	15,206
Foster Care IV-E-CPS	93.658		796,601	213,263	-	583,338
Adoption Assistance	93.659		187,214	-	-	187,213
Adoption Assistance-Direct Benefit Payments	93.659		1,635,855	411,204	-	463,548
Total Division of Social Services			13,375,715	1,311,906	1,882,272	10,950,524
Division of Child Development:						
<u>Subsidized Child Care<sup>3</sup></u>						
<u>Child Care Development Cluster:</u>						
Division of Social Services:						
Childcare Development Fund - Administration	93.596	XXXX	339,345	-	-	-
<u>CCDF Cluster:</u>						
Temporary Assistance for Needy Families	93.558		1,135,697	-	-	-
Foster Care Title IV-E	93.658		68,113	34,237	-	-
State Appropriations		XXXX	-	467,486	-	-
TANF - MOE		XXXX	-	1,076,939	-	-
Total Subsidized Child Care Cluster <sup>3</sup>			1,543,155	1,544,425	-	-
<b>Total Administration for Children and Families</b>			15,015,159	2,904,234	1,882,272	10,971,123

**BUNCOMBE COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

<b>Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number</b>	<b>Fed.(Direct &amp; Pass-through) Expenditures</b>	<b>State Expenditures</b>	<b>Passed-through to Subrecipients</b>	<b>Local Expenditures</b>
<b><u>Centers for Medicare and Medicaid Services</u></b>						
Passed-through N. C. Department of Health and Human Services:						
Division of Medical Assistance:						
<u>Medicaid Cluster:</u>						
Medical Assistance Program - Administration	93.778		12,480,604	65,048	-	4,436,391
Medical Assistance Program - Direct Benefit Payments	93.778		194,684,824	104,416,065	-	-
Total Medicaid Cluster			207,165,428	104,481,113	-	4,436,391
State Children's Insurance Program - N.C. Health Choice	93.767		814,009	536	-	1,377
State Children's Insurance Program - N.C. Health Choice Direct Benefit Payments	93.767		5,903,110	21,742	-	-
<b>Total Centers for Medicare and Medicaid Services</b>			<b>213,882,547</b>	<b>104,503,391</b>	<b>-</b>	<b>4,437,768</b>
<b><u>Centers for Disease Control and Prevention</u></b>						
Passed-through N. C. Department of Health and Human Services:						
Division of Public Health:						
HIV State Funds - Sexually Trans. Diseases Comm. Exp. Budget	93.940		33,251	-	-	-
Immunization Program/Aid to County Funding	93.268		19,706	-	-	-
Tuberculosis Control Program	93.116		50	-	-	-
Public Health Emergency Preparedness	93.074		84,303	-	-	-
Division of Community Health:						
Healthy Communities	93.758		26,707	-	-	-
CDC Wisewoman Project	93.094		284,445	-	-	-
Health Immunization Infrastructure	93.539		27,906	-	-	-
Affordable Care Refuge Health	93.576		1,881	-	-	-
Cancer Prevention and Control	93.752		194,243	-	-	-
Preventative Health Services for STDs	93.977		3,338	-	-	-
<b>Total Centers for Disease Control</b>			<b>675,830</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Health Resources and Services Administration</u></b>						
Passed-through N. C. Department of Health and Human Services:						
Division of Public Health:						
Nurse Family Partnership	93.505		157,916	-	-	-
Maternal and Child Health Services Block Grant	93.994		576,340	209,814	-	-
<b>Total Health Resources and Services Administration</b>			<b>734,256</b>	<b>209,814</b>	<b>-</b>	<b>-</b>
<b><u>Office of the Population Affairs</u></b>						
Passed-through N. C. Department of Health and Human Services:						
Division of Public Health:						
Family Planning Services Title X	93.217		53,675	-	-	-
<b>Total Office of Population Affairs</b>			<b>53,675</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total U. S. Department of Health and Human Services</b>			<b>230,361,467</b>	<b>107,617,439</b>	<b>1,882,272</b>	<b>15,408,891</b>
<b>Total Federal Awards</b>			<b>243,880,314</b>	<b>108,116,976</b>	<b>1,882,272</b>	<b>20,689,521</b>

**BUNCOMBE COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

<b>Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number</b>	<b>Fed.(Direct &amp; Pass-through) Expenditures</b>	<b>State Expenditures</b>	<b>Passed-through to Subrecipients</b>	<b>Local Expenditures</b>
<b>State Awards:</b>						
<b><u>N.C. Department of Administration</u></b>						
DMVA Community County Grants			-	2,000	-	-
<b>Total N. C. Department of Administration</b>			-	<b>2,000</b>	-	-
<b><u>N.C. Department of Agriculture and Consumer Services</u></b>						
Technical Assistance-Soil/Water			-	26,730	-	-
<b>Total N. C. Department of Agriculture</b>			-	<b>26,730</b>	-	-
<b><u>N.C. Department of Commerce</u></b>						
One NC Fund - Industrial Recruitment			-	1,025,000	-	-
<b>Total N. C. Department of Commerce</b>			-	<b>1,025,000</b>	-	-
<b><u>N.C. Department of Cultural and Natural Resources</u></b>						
Division of State Library:						
State Aid to Public Libraries			-	228,020	-	-
<b>Total N. C. Department of Cultural Resources</b>			-	<b>228,020</b>	-	-
<b><u>N.C. Department of Environmental Quality</u></b>						
Technical Assistance-Soil/Water			-	3,600	-	-
NC Electronics Management Fund			-	18,904	-	-
NC Gas Tax Allocation			-	132,438	-	-
Scrap Tire Disposal Grant			-	14,135	-	-
<b>Total N. C. Department of Environment and Natural Resources</b>			-	<b>169,077</b>	-	-
<b><u>N.C. Dept. of Health and Human Services</u></b>						
Division of Public Health:						
Communicable Disease Control		9945100011	-	7,807	-	-
General Aid to Counties			-	213,346	-	-
Breast and Cervical Cancer Program			-	154,597	-	-
Tuberculosis			-	31,159	-	-
Women's Health Service Fund			-	9,712	-	-
TB Medical Service			-	1,776	-	-
Minority Health Closing the Gap			-	72,978	-	-
Family Planning			-	14,296	-	-
Child Health			-	6,902	-	-
School Nurse Funding Initiative			-	150,000	-	-
Sexually Transmitted Diseases			-	903	-	-
<b>Total Division of Public Health</b>			-	<b>663,476</b>	-	-



**BUNCOMBE COUNTY, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

<b>Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Grantor's Number</b>	<b>Fed.(Direct &amp; Pass-through) Expenditures</b>	<b>State Expenditures</b>	<b>Passed-through to Subrecipients</b>	<b>Local Expenditures</b>
<b>Division of Social Services:</b>						
Non-Allocating County Costs			-	-	-	1,107,817
Work First Non Reimbursable			-	-	-	1,122,748
State/County Special Assistance for Adults - Direct Benefit Payments			-	1,617,396	-	1,605,343
State Foster Care Benefits Program			-	430,774	-	391,668
Energy Assistance - Private Grants			-	60,565	-	-
State Child Welfare CPS			-	241,394	-	-
Other County Funded Programs			-	-	-	7,015,048
Child Welfare Services - State Grants			-	-	-	-
- Adoption Subsidy - Direct Benefit Payments			-	1,075,239	-	285,369
Total Division of Social Services			-	3,425,368	-	11,527,993
<b>Total N.C. Department of Health and Human Services</b>			-	4,088,844	-	11,527,993
<b><u>N.C. Department of Public Instruction</u></b>						
Public School Building Capital Fund - Lottery Proceeds			-	1,956,557	-	-
<b>Total N.C. Department of Public Instruction</b>			-	1,956,557	-	-
Service Weapon Replacement Program						
<b><u>N.C. Department of Public Safety</u></b>						
Service Weapon Replacement Program			-	17,996	-	-
Internet Crimes Against Children (ICAC) Grant		PROJ012114	-	16,445	-	-
Body Camera Grant		PROJ012114	-	7,905	-	-
<b>Total N.C. Department of Crime Control and Public Safety</b>			-	42,346	-	-
<b><u>N.C. Department of Transportation</u></b>						
Demonstration Grant		17-DG-002	-	12,300	-	-
Rural Operating Assistance Program (ROAP) Cluster			-	-	-	-
ROAP Elderly and Disabled Transportation Assistance Program		DOT-16CL	-	86,957	-	-
ROAP Rural General Public Transportation		DOT-16CL	-	77,816	-	8,646
ROAP Work First Transitional-Employment Transportation Assistance Program		DOT-16CL	-	52,100	-	-
Total Rural Operating Assistance Program (ROAP) Cluster			-	216,873	-	8,646
<b>Total N.C. Department of Transportation</b>			-	216,873	-	8,646
<b>Total State Awards</b>						
			-	7,755,447	-	11,536,639
<b>Total Federal and State Awards</b>						
			\$ 243,880,314	\$ 115,872,423	\$ 1,882,272	\$ 32,226,160

**BUNCOMBE COUNTY, NORTH CAROLINA**  
*SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS*

FOR THE YEAR ENDED JUNE 30, 2017

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

1 Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the Buncombe County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2017. 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* (Uniform Guidance) 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.

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. Buncombe County has elected not to use the de minimis indirect cost rate as allowed under the Uniform Guidance.

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  
 Subsidized Child Care Cluster

4 Loans Outstanding

Buncombe County had the following loan balances outstanding at June 30, 2017 for loans that the grantor/pass-through grantor has still imposed continuing compliance requirements. Loans outstanding at the beginning of the year and loans made during the year are included in the SEFSA. The balance of loans outstanding at June 30, 2017 consist of:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Outstanding</u>
Drinking Water State Revolving Fund	66.468	\$ 1,828,229



**BUNCOMBE COUNTY**  
DEPARTMENT OF FINANCE

**828.250.4130**

**[buncombecounty.org](http://buncombecounty.org)**