

**ASHE COUNTY
NORTH CAROLINA
AUDIT REPORT
JUNE 30, 2018**

Priscilla L. Norris, CPA

***404 West Main Street PO Box 1422 Jefferson, NC 28640
Telephone (336) 846-2688 Fax (336) 846-4600***

ASHE COUNTY, NORTH CAROLINA
TABLE OF CONTENTS
JUNE 30, 2018

FINANCIAL SECTION

EXHIBIT

Independent Auditor's Report

Management's Discussion and Analysis

Basic Financial Statements:

Government-wide Financial Statements:

Statement of Net Position	1
Statement of Activities	2

Fund Financial Statements:

Balance Sheet - Governmental Funds	3
Statements of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	4
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	5
Statement of Net Position - Proprietary Funds	6
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds	7
Statements of Cash Flows - Proprietary Funds	8
Statement of Fiduciary Net Position - Fiduciary Funds	9

Notes to the Financial Statements

Required Supplemental Financial Data:

Schedule of the Proportionate Share of the Net Pension Liability (Asset) Local Government Employees' Retirement System	A-1
Schedule of Pension Contributions - Local Government Employees' Retirement System	A-2

ASHE COUNTY, NORTH CAROLINA

TABLE OF CONTENTS

JUNE 30, 2018

Schedule of the Proportionate Share of Net Pension Liability (Asset) Register of Deeds Supplemental Pension Fund	A-3
Schedule of Pension Contribution - Register of Deeds	A-4
Schedule of Changes in Total Pension Liability - Law Enforcement Special Separation Allowance	A-5
Schedule of Total Pension Liability as a Percentage of Covered - Employee Payroll - Law Enforcement	A-6
Schedule of Changes in the Total OPEB Liability and Related Ratios	A-7

Combining and Individual Fund Statements and Schedules:

Major Governmental Funds

General Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	B-1
Revaluation Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	B -2
Ashe County Schools Capital Projects Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	B-3

Nonmajor Governmental Funds

Combining Balance Sheet	C-1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	C-2
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
<u>Special Revenue Funds</u>	
Emergency Telephone System Fund (E911)	C-3
4 - H Program Activities Fund	C-4
4 - H Program Afterschool Fund	C-5

ASHE COUNTY, NORTH CAROLINA

TABLE OF CONTENTS

JUNE 30, 2018

Capital Project Funds

CDBG Capital Projects Fund C-6

Government Buildings Capital Projects Fund C-7

Economic Development Capital Projects Fund C-8

Enterprise Fund

Schedule of Revenues and Expenditures - Budget and Actual
(Non - GAAP) D-1

Landfill Closure and Postclosure Reserve Fund - Schedule
of Revenues and Expenditures - Budget and Actual (Non - GAAP) D-2

**Trust and Agency Funds Combining Statement of Changes in
Assets and Liabilities E-1**

Other Schedules

Analysis of Current Tax Levy F-1

Schedule of Ad Valorem Taxes Receivable F-2

Compliance Section

Report on Internal Control Over Financial Reporting and on Compliance and
other Matters Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards

Report on Compliance For Each Major Federal Program and Report on Internal
Control Over Compliance; In Accordance with OMB Uniform Guidance
and the State Audit Implementation Act

Report on Compliance For Each Major State Program and Report on Internal
Control Over Compliance; In Accordance with OMB Uniform Guidance
and the State Single Audit Implementation Act

Schedule of Findings and Questioned Costs

Schedule of Expenditures of Federal and State Awards

ASHE COUNTY, NORTH CAROLINA

BOARD OF COUNTY COMMISSIONERS

William Sands - Chairman

Larry Rhodes - Vice Chairman

Jeff Rose

Todd McNeill

Paula Perry

COUNTY OFFICIALS

Sam Yearick

County Manager
(On paid administrative leave
as of May 21, 2018)

Adam Stumb

Interim County Manager
(As of June 4, 2018)

Sandra Long

Director of Finance

John Kilby

County Attorney

Deaett Roten

Register of Deeds

Chris Lambert

Tax Administrator

Priscilla L. Norris, CPA

404 West Main Street PO Box 1422 Jefferson, NC 28640
Telephone (336) 846-2688 Fax (336) 846-4600

Independent Auditor's Report

To the Board of County Commissioners
Ashe County, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ashe County, North Carolina, as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise Ashe 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.

Auditor's Responsibility

Our responsibility is to express opinions on the 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 of material misstatements.

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

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

Opinions

In our opinion, based upon 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, each major fund, and the aggregate remaining fund information of Ashe County as of June 30, 2018 and the respective changes in financial position, and cash flows, where applicable, thereof and the respective 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 Management's Discussion and Analysis, the Local Government Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Assets and County Contributions, and the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset and Schedule of County Contributions respectively, the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, and the Other Postemployment Benefits Schedules of Changes in the Net OPEB Liability and Related Ratios, 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 the 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 consists 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 Ashe County, North Carolina. The combining and individual fund statements, budgetary schedules, and other schedules 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 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, based on our audit, the procedures performed as described above, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2019, on our consideration of Ashe County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 *Government Auditing Standards* in considering Ashe County's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Priscilla L. Norris". The signature is written in black ink and is positioned above a horizontal line.

Priscilla L. Norris, CPA

Jefferson, NC

February 5, 2019

**ASHE COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

As management of Ashe County, we offer readers of Ashe County's financial statements this narrative overview and analysis of the financial activities of Ashe County for the fiscal year ended June 30, 2018. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

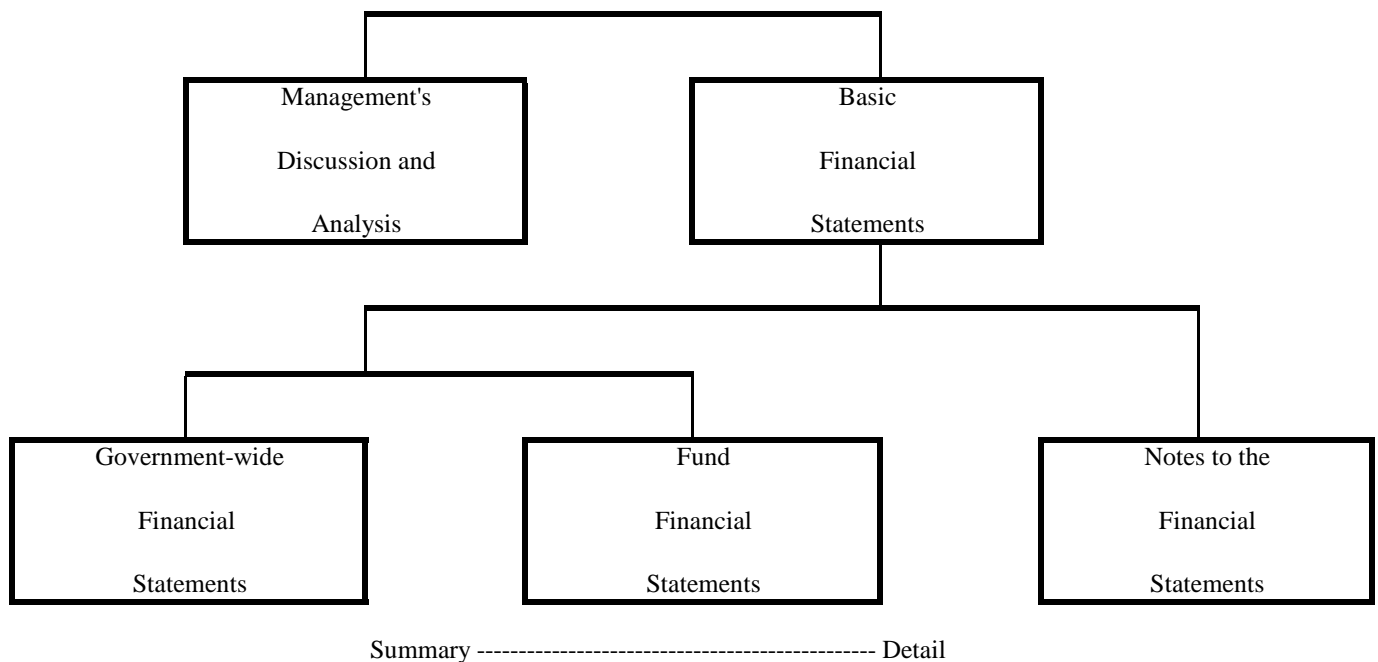
Financial Highlights

- * The assets and deferred outflows of resources of Ashe County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$52,402,225 (net position).
- * The government's total net position decreased by \$1,596,576, primarily due to a restatement of the beginning net position of (\$2,983,377).
- * As of the close of the current fiscal year, Ashe County's governmental funds reported combined ending fund balances of \$18,491,804 an increase of \$1,503,432 in comparison with the prior year. Approximately 45.65 percent of this total amount, or \$8,436,628 is available for spending at the government's discretion (*unassigned fund balance*), beyond amounts assigned for subsequent year's expenditures. Approximately 27.06 percent, or \$5,004,710, is restricted or non-spendable.
- * At the end of the current fiscal year, unassigned fund balance for the General Fund was \$8,436,628 or 27.53 percent of total general fund expenditures for the fiscal year.
- * Ashe County's total debt decreased by \$525,811 (5.57%) during the current fiscal year. The key factors in this decrease are principal payments on debt of \$2,506,454 less new debt of \$1,980,642.

Overview of the Financial Statements

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

**Required Components of Annual Financial Report
Figure 1**



**ASHE COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

Basic Financial Statements

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

The next statements (Exhibits 3 through 9) 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 statement; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund 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, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can 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 to the financial statement of a private-sector business. 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 County's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the County's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The governmental activities include most of the County's basic services such as public safety, human services, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. These include the landfill and environmental services offered by Ashe County.

The government-wide financial statements are 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 that is used to maintain control over resources that have been segregated for specific activities or objectives. Ashe County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of Ashe County can be divided into two categories: governmental funds and proprietary funds.

**ASHE COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

Governmental 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 an accounting method called modified accrual accounting. This method also has a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between government activities (reported in 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.

Ashe County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board 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, balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

Proprietary Funds - Ashe County has one kind of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Ashe County uses enterprise funds to account for its landfill and environmental services operations. These funds are the same as those separate activities shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Ashe County has three fiduciary funds, all of which are agency funds.

Notes to the Financial Statements - The notes provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start after Exhibit 9 of this report.

Other Information - In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Ashe County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on Exhibit A - 1 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets (and deferred outflows of resources, if any) of Ashe County exceeded liabilities (and deferred inflows of resources) by \$52,402,225 as of June 30, 2018. One of the largest portions, \$39,689,142 (75.74%), reflects the County's net investment in capital assets (e.g. land, buildings, machinery, and equipment). Ashe County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Ashe 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. An additional portion of Ashe County's net position, \$5,004,710 (9.55%) represents resources that are subject to external restrictions on how they may be used.

**ASHE COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

**Ashe County's Net Position
Figure 2**

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 22,066,881	\$20,892,110	\$ 4,827,995	\$ 4,434,389	\$26,894,876	\$25,326,499
Capital assets	41,325,392	39,892,607	5,548,153	5,512,529	46,873,545	45,405,136
Total assets	\$ 63,392,273	\$60,784,717	\$ 10,376,148	\$ 9,946,918	\$73,768,421	\$70,731,635
Deferred outflows of resources	\$ 2,053,089	\$ 2,494,629	\$ 151,342	\$ 168,459	\$ 2,204,431	\$ 2,663,088
Long-term liabilities	17,874,518	14,253,640	4,054,930	3,914,435	21,929,448	18,168,075
Other liabilities	926,398	880,328	168,028	94,063	1,094,426	974,391
Total liabilities	\$ 18,800,916	\$15,133,968	\$ 4,222,958	\$ 4,008,498	\$23,023,874	\$19,142,466
Deferred inflows of resources	\$ 518,838	\$ 246,785	\$ 27,915	\$ 6,671	\$ 546,753	\$ 253,456
Net position						
Net investment in capital assets	34,563,920	32,805,107	5,125,222	4,730,538	39,689,142	37,535,645
Restricted	5,004,710	4,854,772			5,004,710	4,854,772
Unrestricted	6,556,978	10,238,714	1,151,395	1,369,670	7,708,373	11,608,384
Total net position	\$ 46,125,608	\$47,898,593	\$ 6,276,617	\$ 6,100,208	\$52,402,225	\$53,998,801

Several particular aspects of the County's financial operations positively influenced the total unrestricted governmental net position:

- * Continued due diligence in the collection of property taxes by increasing its collection percentage from 95.92% to 96.07%
- * Overall Ad Valorem Tax collections of \$17,250,534 were approximately \$763,000 more than the prior year.
- * The County ended the year with an increase over the prior year for sales tax collections of approximately \$286,000.
- * Runway expansion work continued at the County airport, funded mostly by state and federal grants.

**ASHE COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

Ashe County Changes in Net Position

Figure 3

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 1,793,203	\$ 1,701,693	\$ 2,591,626	\$ 2,675,266	\$ 4,384,829	\$ 4,376,959
Operating grants and contributions	5,401,420	6,882,240	108,195	237,238	5,509,615	7,119,478
Capital grants and contributions	690,681	2,770,174	-		690,681	2,770,174
General revenues:						
Property taxes	18,330,778	17,356,373			18,330,778	17,356,373
Other taxes	7,298,756	6,982,389			7,298,756	6,982,389
Grants and contributions not restricted to specific programs						
Other	348,988	67,823	29,895	10,453	378,883	78,276
Total revenues	<u>\$33,863,826</u>	<u>\$ 35,760,692</u>	<u>\$ 2,729,716</u>	<u>\$ 2,922,957</u>	<u>\$36,593,542</u>	<u>38,683,649</u>
Expenses:						
General government	5,479,349	4,656,452			5,479,349	4,656,452
Public safety	7,540,784	7,273,000			7,540,784	7,273,000
Transportation	658,385	591,815			658,385	591,815
Economic and physical development	887,417	871,643			887,417	871,643
Human services	9,004,920	10,911,926			9,004,920	10,911,926
Cultural and recreation	1,441,099	1,471,153			1,441,099	1,471,153
Education	7,685,307	5,838,763			7,685,307	5,838,763
Interest on long-term debt	275,081	317,514			275,081	317,514
Environmental services			2,234,399	2,201,808	2,234,399	2,201,808
Total expenses	<u>\$32,972,342</u>	<u>\$ 31,932,266</u>	<u>\$ 2,234,399</u>	<u>\$ 2,201,808</u>	<u>\$35,206,741</u>	<u>34,134,074</u>
Increase (decrease) in net position before transfers and special items	891,484	3,828,426	495,317	721,149	1,386,801	4,549,575
Gain/Loss on sale of assets						
Increase in net position	<u>891,484</u>	<u>3,828,426</u>	<u>495,317</u>	<u>721,149</u>	<u>1,386,801</u>	<u>4,549,575</u>
Net position, beg previously reported	47,898,593	44,471,546	6,100,208	5,379,059	53,998,801	49,850,605
Prior period adjustment						
Restatement	(2,664,469)	(401,379)	(318,908)		(2,983,377)	(401,379)
Net position, beg restated	<u>45,234,124</u>	<u>44,070,167</u>	<u>5,781,300</u>	<u>5,379,059</u>	<u>51,015,424</u>	<u>49,449,226</u>
Net position, ending	<u>\$46,125,608</u>	<u>\$ 47,898,593</u>	<u>\$ 6,276,617</u>	<u>\$ 6,100,208</u>	<u>\$52,402,225</u>	<u>53,998,801</u>

Governmental activities: Governmental activities increased the County's net position by \$891,484. There was also a negative restatement of the beginning net position of \$2,664,469 due to implementation of GASB 75 (\$4,134,774) less a positive adjustment for prior period donated school properties of \$1,470,305.

Business-type activities: Business-type activities increased Ashe County's net position by \$495,317. There was also a negative restatement of the beginning net position of \$318,908 due to implementation of GASB 75.

**ASHE COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

Financial Analysis of the County's Funds

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

Governmental Funds. The focus of Ashe County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Ashe 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 General Fund is the chief operating fund of Ashe County. At the end of the current fiscal year, fund balance available for appropriation in the General Fund was \$11,878,415 while total fund balance was \$13,932,299. It is recommended that the County maintain an available fund balance of at least 8% 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 36.7% of General Fund expenditures, while total fund balance represents 43.04% of that same amount. Of the total fund balance, the amount that was unassigned at year end was \$8,436,628.

At June 30, 2018, the governmental funds of Ashe County reported a combined fund balance of \$18,491,804, a 8.85 percent increase from last year.

General Fund Budgetary Highlights: During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund budget increased revenues by \$267,119. There was no change in the appropriation of fund balance.

Proprietary Funds: Ashe 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 Environmental Services Fund at the end of the fiscal year amounted to \$1,151,395, a decrease of \$218,275 which is due mainly to a prior period adjustment of \$318,908 due to the implementation of GASB 75.

Capital Asset and Debt Administration

Capital Assets: Ashe County's capital assets for its governmental and business-type activities as of June 30, 2018, totals \$46,873,543 (net of accumulated depreciation). These assets include buildings, airport, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include:

- * Purchase of various vehicles and equipment for several departments.
- * Continued construction of airport runway extension.

**ASHE COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

**Ashe County's Capital Assets
(net of depreciation)
Figure 4**

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	4,701,340	4,405,840	128,198	128,198	4,829,538	4,534,038
Buildings and system	24,491,892	23,994,097	3,437,929	3,299,861	27,929,821	27,293,958
Improvements other than bldgs.	2,490,530	2,570,863			2,490,530	2,570,863
Machinery and equip.	1,333,798	772,999	1,982,023	2,084,470	3,315,821	2,857,469
Infrastructure	484,835	7,804,546			484,835	7,804,546
Vehicles and motorized equip.	7,822,998	344,262			7,822,998	344,262
Construction in progress	-	-			-	
Total	41,325,393	39,892,607	5,548,150	5,512,529	46,873,543	45,405,136

Additional information on the County's capital assets can be found in note IV.A.5 and 6 of the Basic Financial Statements.

Long-term Debt: As of June 30, 2018, Ashe County had no general obligation bonds outstanding.

Ashe County's total debt decreased by \$525,811 during the past fiscal year, primarily due to principal payments on debt.

Additional information regarding Ashe County's long-term debt can be found in note IV.B.7 of this audited financial report.

Economic Factors

The following factors affected the economic outlook for Ashe County in 2017-2018.

- * Ashe County's unemployment rate has continued to drop from the double digit levels from four years ago. For the second year the county ended the fiscal year (June 2018) with an unemployment rate of just over 3% compared with 4.9% from June two years ago. The state unemployment rate for the same period was 4.2% (June 2018). Since the beginning of the fiscal year (July 1, 2018), local, state and national unemployment levels have decreased to under 4%. Ashe County's unemployment rate remains cyclical, due in part to seasonal tourism, the Christmas tree, pumpkin and other agricultural industry. The labor markets which continue to drive Ashe County's unemployment rate lower this year are attributed to sustained growth in the Professional & Business Services, Education and Health Services, Leisure & Hospitality Services, Government, Trade, and, Transportation & Utility Services.
- * Ashe County's Economic Development focus continues to be on locating and bringing suitable business and industry to Ashe County along with providing assistance with grants, relocations, expansions and training to grow and enhance existing businesses and industry in Ashe County. Ashe County's Economic Development Director has stated that she is beginning to get more calls from businesses inquiring about Ashe County which indicates that the uptick in the economy is beginning to reach the outermost areas of the state that tend to be the last areas to benefit from nationwide economic recovery. GE Aviation and AEV, two of Ashe County's top ten employers that depend on economic dynamic, remain strong during the current economy.

**ASHE COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

- * The tax rate in FY2017-2018 increased by 1 cent to 44.3 cents for FY2018 and FY2019 remained the same with no increase. The Board of County Commissioners voted to support Ashe Memorial Hospital with a finite annual appropriation equal to one-cent of the ad valorem tax rate which currently equals \$380,608. Ashe County's ad valorem tax rate remains one of the ten lowest counties in the state. This allows the Article 46 sales tax funds which was given to AMH for three years to now be used to pay future debt services for Education as stated when it began.
- * County support for the Ashe County's Schools current expense and capital funding has again increased significantly. The additional funds will assist the Board of Education in offsetting education funding reductions from state and federal sources to make ongoing purchases and needed repairs to infrastructure and technology.
- * The County and the Board of Education have secured the property for the site of a new middle school which will be paid off in August of 2019. As of this compilation, a \$15 million Needs-Based Public School Capital fund grant was awarded to Ashe County and will be used toward construction of the middle school that is expected to cost between 30 and 40 million dollars. Funds from Article 40, 42, and 46 sales taxes will be available to pay the remaining portion of debt service for this building. A continued modest increase in sales tax collections from retail sales is expected to continue during the next fiscal year barring no unexpected state or national crises. Sales tax and ad valorem tax are the county's two largest revenue sources. A dedicated and increased focus on delinquent ad valorem tax collections added to the county's revenue stream during FY 2018. With the awarded grant funds and sales tax dollars the construction can begin on the new middle school without adding additional burden to taxpayers in our county which has a poverty level of just over 20%.
- * Also, the Board of Commissioners have committed \$6 million dollars toward an approximately 10-11 million dollar expansion of Wilkes Community College/Ashe Campus. WCC has dedicated \$3,000,000 from the recent state bond referendum, along with at least 1 million from their WCC Foundation to this project. Due in part to the sales tax base of taxable services being expanded by the General Assembly, and the redistribution of sales tax dollars to education and economic development, sales tax dollars are also expected to be available to pay the debt service on the expansion. The Ashe County Board of Commissioners are dedicated to adding an industrial shop in the expansion which will be used to incorporate training efforts for current and future manufacturers in Ashe County at the community college level.
- * Ashe County Schools, Wilkes Community College/Ashe Campus, and the Board of Commissioners continue to work together in a joint effort with other community leaders to enhance and strengthen educational and economic opportunities for Ashe County students, its citizens and its community.

Next year's budgets and rates

- * The tax rate will remain unchanged at 44.3 cents for FY2019. Articles 39, 40, and 42 are expected to continue their upward increase next year. FY2019 sales tax funds from Article 46, along with a newly added redistribution of sales tax which is designated by State Statue for Public Schools, Community Colleges, and Economic Development are being placed in reserve fund. The reserves from these sales tax dollars continue to build from retiring loan payments and will be used to finance the debt service payments for a new middle school and the expansion of the Wilkes Community College.
- * Other taxes, licenses and permits, and sales and services revenues are continuing to increase at a slow but steady pace. NC State Misdemeanant jail inmate revenues from holding other counties inmates are beginning to pick back up after a decrease in late FY17 and early FY18. At June 30, revenues exceeded expenditures by 1.1 million which should reflect a near zero use of budgeted fund balance over the previous year in the annual financial statements.

**ASHE COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

- * Some of the larger projects at Ashe County Airport have been completed and several projects with an emphasis on safety have been funded for FY19. The water line extension project is being designed. The fuel farm project, the snow removal equipment project, and property acquisition projects have been funded by the state, some with 90/10% grant monies from NC Department of Transportation, Division Aviation and some with 100% NCDOA grant funds. Additional fuel revenues are being realized with the addition of the single point fueling truck that was leased beginning last year.

- * The final payment will be made on the property for the new Ashe County Middle School. The Board of Education is continuing to finalize the design and is hoping to break ground on the site preparation in the spring of 2019. Plans are also ongoing for the expansion of the Ashe Campus of Wilkes Community College. They are anticipating beginning that project in the spring as well. The County is hopeful that these capital projects can be completed with monies received from Article 40, 42, 44 (redistr.) and 46 sales taxes.

Requests for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, Ashe County, 150 Government Circle, Suite 2500, Jefferson, NC 28640. You can also call (336) 846-5501 or visit our website at www.ashecountygov.com for more information.

ASHE COUNTY, NORTH CAROLINA
STATEMENT OF NET POSITION

6/30/2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 14,387,654	\$ 3,991,533	\$ 18,379,187
Restricted cash	2,760,368		2,760,368
Receivables (net)	2,716,665	804,633	3,521,298
Due from other governments	2,143,577	31,829	2,175,406
Net pension asset - ROD	58,617	-	58,617
Subtotal	<u>22,066,881</u>	<u>4,827,995</u>	<u>26,894,876</u>
Capital assets:			
Land, improvements, and construction in progress	4,701,340	128,198	4,829,538
Other capital assets, net of depreciation	36,624,052	5,419,955	42,044,007
Total capital assets	<u>41,325,392</u>	<u>5,548,153</u>	<u>46,873,545</u>
Total assets	<u>\$ 63,392,273</u>	<u>\$ 10,376,148</u>	<u>\$ 73,768,421</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Deferrals	\$ 1,734,229	\$ 111,285	\$ 1,845,514
OPEB Deferrals	318,860	40,057	358,917
Total Deferred Outflows	<u>2,053,089</u>	<u>151,342</u>	<u>2,204,431</u>
LIABILITIES			
Accounts payable and accrued expenses	799,670	163,090	962,760
Accrued interest payable	126,728	4,938	131,666
Long-term liabilities:			
Net pension liabilities - LGERS	2,026,449	139,200	2,165,649
Total pension liabilities - LEOSSA	566,036		566,036
Net OPEB liability	6,188,693	452,840	6,641,533
Due within one year	1,557,828	322,931	1,880,759
Due in more than one year	7,535,512	3,139,959	10,675,471
Total liabilities	<u>\$ 18,800,916</u>	<u>\$ 4,222,958</u>	<u>\$ 23,023,874</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	\$ 58,231	\$ 3,940	\$ 62,171
OPEB deferrals	327,656	23,975	351,631
Prepaid taxes	132,951	-	132,951
Total deferred inflows of resources	<u>\$ 518,838</u>	<u>\$ 27,915</u>	<u>\$ 546,753</u>
NET POSITION			
Net investment in capital assets	34,563,920	5,125,222	39,689,142
Restricted for:			
Capital projects (education)	2,020,609		2,020,609
Public safety	133,230		133,230
Human services	363,446		363,446
Register of deeds	152,404		152,404
Register of deeds pension plan	58,618		58,618
Stabilization by State statute	2,276,403		2,276,403
Unrestricted	6,556,978	1,151,395	7,708,373
Total net position	<u>\$ 46,125,608</u>	<u>\$ 6,276,617</u>	<u>\$ 52,402,225</u>

The notes to the financial statements are an integral part of this statement.

EXHIBIT 2

ASHE COUNTY, NORTH CAROLINA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Primary government:							
Governmental Activities							
General government	\$ 5,479,349	\$ 503,064	\$ -	\$ -	\$ (4,976,285)	\$ -	\$ (4,976,285)
Public safety	7,540,784	993,994	940,507		(5,606,283)		(5,606,283)
Transportation	658,385	153,044	1,147	396,895	(107,299)		(107,299)
Economic and physical development	887,417	21,188	38,908		(827,321)		(827,321)
Human services	9,004,920	76,099	4,415,556		(4,513,265)		(4,513,265)
Cultural and recreation	1,441,099	45,814			(1,395,285)		(1,395,285)
Education	7,685,307		5,302	293,786	(7,386,219)		(7,386,219)
Interest on long-term debt	275,081				(275,081)		(275,081)
Total governmental activities	<u>32,972,342</u>	<u>1,793,203</u>	<u>5,401,420</u>	<u>690,681</u>	<u>(25,087,038)</u>		<u>(25,087,038)</u>
Business-type Activities:							
Environmental services	2,234,399	2,591,626	108,195			465,422	465,422
Total business-type activities	<u>2,234,399</u>	<u>2,591,626</u>	<u>108,195</u>			<u>465,422</u>	<u>465,422</u>
Totals	<u>\$ 35,206,741</u>	<u>\$ 4,384,829</u>	<u>\$ 5,509,615</u>	<u>\$ 690,681</u>	<u>\$ (25,087,038)</u>	<u>\$ 465,422</u>	<u>\$ (24,621,616)</u>
General Revenues:							
Taxes:							
Property taxes, levied for general purpose					18,330,778		18,330,778
Local Option Sales tax					6,773,434		6,773,434
Other taxes and licenses					525,322		525,322
Grants and contributions not restricted to specific programs							
Investment earnings, unrestricted					144,018	29,895	173,913
Miscellaneous, unrestricted					204,970		204,970
Gain on sale of assets							-
Total general revenues, special items, and transfers					<u>25,978,522</u>	<u>29,895</u>	<u>26,008,417</u>
Change in net position					891,484	495,317	1,386,801
Net position - beginning, previously reported					47,898,593	6,100,208	53,998,801
Restatement						-	-
Prior Period Adjustment					(2,664,469)	(318,908)	(2,983,377)
Net position - beginning, restated					<u>\$ 45,234,124</u>	<u>\$ 5,781,300</u>	<u>\$ 51,015,424</u>
Net position - ending					<u>\$ 46,125,608</u>	<u>\$ 6,276,617</u>	<u>\$ 52,402,225</u>

The notes to the financial statements are an integral part of this statement.

ASHE COUNTY, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

EXHIBIT 3

	<u>Major Governmental Funds</u>			<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>School Capital Projects</u>	<u>Non-Major Governmental Funds</u>	
Assets				
Cash & Investments	\$ 12,332,826	\$ -	\$ 2,054,828	\$ 14,387,654
Restricted Cash	246,576	2,020,609	493,183	2,760,368
Due from Other Funds				
Receivables (Net):				
Taxes	2,010,920			2,010,920
Accounts	132,826			132,826
Due from Other Governments	1,921,058	41,974	180,545	2,143,577
Total Assets	\$ 16,644,206	\$ 2,062,583	\$ 2,728,556	\$ 21,435,345
Liabilities				
Accounts Payable & Accrued Liabilities	\$ 568,036	\$ -	\$ 231,634	\$ 799,670
Total Liabilities	\$ 568,036	\$ -	\$ 231,634	\$ 799,670
Deferred Inflows of Resources				
Property Taxes Receivable	\$ 2,010,920	\$ -	\$ -	\$ 2,010,920
Prepaid Taxes	132,951			132,951
Total Deferred Inflows of Resources	\$ 2,143,871	\$ -	\$ -	\$ 2,143,871
Fund Balances				
Restricted for:				
Stabilization by State Statute	\$ 2,053,884	\$ 41,974	\$ 180,545	\$ 2,276,403
Register of Deeds	152,404			152,404
Human Services	77,567			77,567
School Capital Outlay		2,020,609		2,020,609
Public Safety			133,230	133,230
4-H (Human Services)			285,879	285,879
Committed for:				
Tax Revaluation	94,172			94,172
Human Services	17,625			17,625
Capital Projects			1,897,268	1,897,268
Assigned:				
Subsequent Year's Expenditures	3,100,019			3,100,019
Unassigned:	8,436,628			8,436,628
Total Fund Balance	\$ 13,932,299	\$ 2,062,583	\$ 2,496,922	\$ 18,491,804
Total Liabilities, Deferred Inflows of Resources & Fund Balances	\$ 16,644,206	\$ 2,062,583	\$ 2,728,556	

ASHE COUNTY, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

EXHIBIT 3

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	\$ 41,325,393
Contributions to Pension Plans in the current Fiscal Year	674,074
Net pension asset - ROD	58,617
Contributions to OPEB plan in the current Fiscal Year	270,218
Benefit payments and administration costs for LEOSSA	8,134
Deferred outflows of resources on the Statement of Net Position related to pensions	1,052,021
Deferred outflows of resources on the Statement of Net Position related to OPEB	48,642
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds, such as accrued interest receivable on taxes.	572,919
Deferred inflows of resources for taxes receivable	2,010,920
Deferred inflows of resources on the Statement of Net Position related to pensions	(58,231)
Deferred inflows of resources on the Statement of Net Position related to OPEB	(327,656)
Some liabilities, including debt payable and other postemployment benefits, are not due and payable in the current period and, therefore, are not reported in funds.	(9,220,069)
Net pension liability - LGERS	(2,026,449)
Net OPEB liability	(6,188,693)
Total pension liability - LEOSSA	(566,036)
Total difference	\$ 27,633,804
Total fund balance	\$ 18,491,804
Net position of governmental activities	\$ 46,125,608

The notes to the financial statements are an integral part of this statement.

ASHE COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Major Governmental Funds</u>		<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>School Capital Projects</u>		
Revenues				
Ad Valorem Taxes	\$ 18,693,073	\$ -	\$ -	\$ 18,693,073
Local Option Sales Tax	6,773,434			6,773,434
Other Taxes	525,322			525,322
Unrestricted Intergovernmental Revenues	5,302			5,302
Restricted Intergovernmental Revenues	4,796,041	293,786	936,917	6,026,744
Licenses & Permits	409,227			409,227
Sales & Services	1,446,646		54,665	1,501,311
Investment Earnings	144,018			144,018
Miscellaneous	218,990		78,700	297,690
Total Revenue	<u>\$ 33,012,053</u>	<u>\$ 293,786</u>	<u>\$ 1,070,282</u>	<u>\$ 34,376,121</u>
Expenditures				
General Government	\$ 5,008,015	\$ -	\$ -	\$ 5,008,015
Public Safety	6,895,351		410,399	7,305,750
Transportation	229,219			229,219
Economic & Physical Development	935,516			935,516
Human Services	8,480,483		339,446	8,819,929
Cultural & Recreational	1,253,513			1,253,513
Educational	5,776,483			5,776,483
Capital Outlay		1,849,450	1,279,796	3,129,246
Debt Services:				
Principal Retirement	1,772,593	283,130		2,055,723
Interest	292,923	47,014		339,937
Total Expenditures	<u>\$ 30,644,096</u>	<u>\$ 2,179,594</u>	<u>\$ 2,029,641</u>	<u>\$ 34,853,331</u>
Revenues Over (Under) Expenditures	<u>\$ 2,367,957</u>	<u>\$ (1,885,808)</u>	<u>\$ (959,359)</u>	<u>\$ (477,210)</u>
Other Financing Sources (Uses)				
Loan Proceeds		1,540,000	440,642	1,980,642
Operating Transfer - In	158,375	737,491	987,569	1,883,435
Operating Transfer - Out	(1,725,060)		(158,375)	(1,883,435)
Total Other Financing Sources (Uses)	<u>\$ (1,566,685)</u>	<u>\$ 2,277,491</u>	<u>\$ 1,269,836</u>	<u>\$ 1,980,642</u>
Net Change in Fund Balance	<u>\$ 801,272</u>	<u>\$ 391,683</u>	<u>\$ 310,477</u>	<u>\$ 1,503,432</u>
Fund Balances:				
Beginning of Year, July 1	\$ 13,131,027	\$ 1,670,900	\$ 2,186,445	\$ 16,988,372
End of Year, June 30	<u>\$ 13,932,299</u>	<u>\$ 2,062,583</u>	<u>\$ 2,496,922</u>	<u>\$ 18,491,804</u>

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

ASHE COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	\$ 1,503,432
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current period.	(37,518)
Cost of capital assets disposed of during the year, not recognized on modified accrual basis.	-
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	674,074
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position.	8,134
Contributions and administration costs for OPEB are deferred outflows of resources on the Statement of Net Position	270,218
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 has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	166,752
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Decrease in interest expense between fund statements and government-wide statements	5,482
Decrease in Compensated Absences	(85,842)
OPEB Expense	(472,938)
Pension Expense	(778,015)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Increase (Decrease) in deferred inflows for taxes receivable at year end	(274,617)
Increase (Decrease) in accrued tax interest receivable at end of year	(87,678)
	(87,678)
Total change in net position of governmental activities	\$ 891,484

The notes to the financial statements are an integral part of this statement.

ASHE COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL- GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 17,655,100	\$ 17,655,100	\$ 18,693,073	\$ 1,037,973
Local option sales tax	6,647,000	6,647,000	6,773,434	126,434
Other taxes	459,500	489,500	525,322	35,822
Unrestricted intergovernmental			5,302	5,302
Restricted intergovernmental	6,648,253	6,674,253	4,796,041	(1,878,212)
Licenses & Permits	362,000	362,000	409,227	47,227
Sales and services	1,002,300	1,213,419	1,446,646	233,227
Investment earnings	20,350	20,350	144,018	123,668
Miscellaneous	-	-	218,990	218,990
Total Revenues	<u>\$ 32,794,503</u>	<u>\$ 33,061,622</u>	<u>\$ 33,012,053</u>	<u>\$ (49,569)</u>
Expenditures				
Current:				
General government	4,832,200	5,360,680	4,999,627	361,053
Public safety	7,088,527	7,190,307	6,895,351	294,956
Transportation	260,947	260,947	229,219	31,728
Economic and physical development	1,201,337	1,236,837	935,516	301,321
Human services	10,996,560	11,000,190	8,480,483	2,519,707
Cultural and recreational	1,288,981	1,298,981	1,253,513	45,468
Intergovernmental				
Education	5,715,437	5,781,483	5,776,483	5,000
Debt service:				
Principal retirement	1,800,000	1,772,593	1,772,593	-
Interest and other charges	352,213	301,289	292,923	8,366
Contingency fund	250,000	37,003		37,003
Total expenditures	<u>33,786,202</u>	<u>34,240,310</u>	<u>30,635,708</u>	<u>3,604,602</u>
Revenues over (under) expenditures	<u>\$ (991,699)</u>	<u>\$ (1,178,688)</u>	<u>\$ 2,376,345</u>	<u>\$ 3,555,033</u>
Other financing sources (uses):				
Transfer to other funds	(1,646,738)	(1,725,070)	(1,725,060)	10
Transfer from other funds	158,375	158,375	158,375	-
Appropriated fund balance	2,480,062	2,745,383		(2,745,383)
Total other financing sources (uses)	<u>991,699</u>	<u>1,178,688</u>	<u>(1,566,685)</u>	<u>(2,745,373)</u>
Net change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 809,660</u>	<u>\$ 809,660</u>
Fund balances:				
Beginning of year July 1			<u>13,028,468</u>	
End of year June 30			<u>\$ 13,838,128</u>	
A legally budgeted Tax Revaluation fund is consolidated into the General Fund for reporting purposes:				
Transfer out to General Fund			\$ -	
Expenditures			(8,388)	
Fund Balance, Beginning			<u>102,559</u>	
Fund Balance, Ending, Combined (Exhibit 4)			<u>13,932,299</u>	

The notes to the financial statements are an integral part of this statement.

ASHE COUNTY, NORTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

Environmental Services Fund

Assets

Current Assets:	
Cash & Investments	\$ 3,991,533
Receivables (Net):	
SWDF	765,872
Accounts	38,761
Due From Other Governments	31,829
Total Current Assets	<u>\$ 4,827,995</u>
Non Current Assets:	
Capital Assets, Net of Depreciation	5,548,153
Total Noncurrent Assets	<u>\$ 5,548,153</u>
Total Assets	<u><u>\$ 10,376,148</u></u>

Deferred Outflows of Resources

Pension Deferrals	\$ 111,285
OPEB Deferrals	40,057
Total Deferred Outflows	<u>151,342</u>

Liabilities and Net Position

Current Liabilities:	
Accounts Payable	163,090
Accrued Interest Payable	4,938
Current Portion of Notes Payable	322,931
Total Current Liabilities	<u>\$ 490,959</u>
Noncurrent Liabilities:	
Net Pension Liabilities	\$ 139,200
Compensated Absences Payable	60,015
Other Post - Employment Benefits Payable	452,840
Accrued Landfill Closure and Postclosure Care Costs	2,979,944
Noncurrent Portion of Notes Payable	100,000
Total Noncurrent Liabilities	<u>3,731,999</u>
Total Liabilities	<u><u>\$ 4,222,958</u></u>

Deferred Inflows of Resources

Pension Deferrals	\$ 3,940
OPEB Deferrals	23,975
Total Deferred Outflows	<u>27,915</u>

Net Position

Net Investment in Capital Assets	\$ 5,125,222
Unrestricted	151,395
Total Net Position	<u><u>\$ 6,276,617</u></u>

The notes to the financial statements are an integral part of this statement.

ASHE COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Enterprise Fund</u> Environmental Services Fund
Operating Revenues:	
SWDF - Household Fees	\$ 2,017,225
SWDF - Commercial Fees	388,729
Recycling Revenues	180,997
Miscellaneous Revenue	4,675
Total Operating Revenues	<u>\$ 2,591,626</u>
Operating Expenses:	
Environmental Services - Collections	\$ 1,056,263
Environmental Services - Disposal	651,103
Depreciation	318,538
Landfill Closure and Postclosure Care Costs	191,141
Total Operating Expenses	<u>\$ 2,217,045</u>
Operating Income (Net)	<u>\$ 374,581</u>
Non-Operating Revenues and Expenses	
Contributions From Other Governments	\$ 6,000
Solid Waste Disposal Tax	20,157
Scrap Tire Disposal Tax and Grant	60,510
White Goods Disposal Tax and Grant	17,505
Other DEHNR Grants	1,840
Electronics Management Distr.	2,183
Investment Earnings	29,895
Interest on Long - Term Debt	(17,354)
Total Non-Operating Revenues and Expenses	<u>120,736</u>
Change in Net Position	\$ 495,317
Total Net Position, Beginning, Previously Reported	\$ 6,100,208
Prior Period Adjustment	(318,908)
Total Net Position, Beginning Restated	<u>5,781,300</u>
Total Net Position, Ending	<u><u>\$ 6,276,617</u></u>

The notes to the financial statements are an integral part of this statement.

ASHE COUNTY, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Enterprise Fund</u>
Cash flows from operating activities:	
Cash received from customers	\$ 2,639,554
Cash paid for goods and services	(551,033)
Cash paid to employees for services	(1,050,909)
Net cash provided (used) by operating activities	<u>\$ 1,037,612</u>
Cash flows from non-capital financing activities:	
Contributions from other governments	\$ 6,000
Disposal tax and grants	114,834
Transfer-in from General Fund	
Net cash provided (used) by non-capital financing activities	<u>\$ 120,834</u>
Cash flows from capital and related financing activities:	
Proceeds from Sale of Fixed Assets	\$ -
Acquisition of capital assets	(354,162)
Proceeds from Loan	
Principal paid on loan	(359,019)
Loan interest paid	(20,986)
Net cash provided (used) by capital and related financing activities	<u>(734,167)</u>
Cash flows from investing activities:	
Interest on investments	<u>\$ 29,895</u>
Net cash provided (used) by investing activities	<u>\$ 29,895</u>
Net increase (decrease) in cash and cash equivalents	\$ 454,173
Cash and cash equivalents, July 1	3,537,360
Cash and cash equivalents, June 30	<u>\$ 3,991,533</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 374,581
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	318,538
Landfill closure and postclosure care costs	191,141
Changes in assets, liabilities, and deferred outflows and inflows of resources:	
(Increase) decrease in accounts receivable	47,928
(Increase) decrease in deferred outflows of resources - pensions	57,174
(Increase) in deferred outflows of resources - OPEB	(5,025)
(Decrease) in net pension liability	(51,189)
(Decrease) in net OPEB liabilities	(240)
(Decrease) in deferred inflows of resources - pensions	(2,731)
Increase in deferred inflows of resources - OPEB	23,975
Increase (decrease) in accounts payable and accrued liabilities	77,556
Increase in accrued vacation pay	5,904
Total adjustments	<u>\$ 663,031</u>
Net cash provided (used) by operating activities	<u>\$ 1,037,612</u>

The notes to the financial statements are an integral part of this statement.

EXHIBIT 9

ASHE COUNTY, NORTH CAROLINA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Agency Funds</u>
<u>Assets</u>	
Cash & Investments	\$ 912,629
Fire Taxes Receivable	<u>203,878</u>
Total Assets	<u><u>\$ 1,116,507</u></u>
 <u>Liabilities & Net Position</u>	
Liabilities	
Accounts Payable	\$ 67,680
Due to Individuals	844,949
Reserve for Taxes Receivable	<u>203,878</u>
Total Liabilities & Net Position	<u><u>\$ 1,116,507</u></u>

* The notes to the financial statements are an integral part of this statement.

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

I. Summary of Significant Accounting Policies

The accounting policies of Ashe County conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The County, which is governed by a five-member board of commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10.

Discretely Presented Component Units

Ashe County Industrial Facility and Pollution Control Financing Authority

Ashe 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 is governed by a five-member board of commissioners, all of whom are appointed by the county commissioners. The County can remove any commissioner of the Authority with or without cause. The Authority has no financial transactions or account balances; therefore, it is not presented in the basic financial statements. The Authority does not issue separate financial statements.

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 (the County). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charges to external parties.

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

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

equal values. Nonoperating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The County reports the following major governmental funds:

General Fund. This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The Tax Revaluation Fund is a legally budgeted fund under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement No. 54 it is consolidated in the General Fund.

Ashe County Schools Capital Projects Fund. This fund accounts for capital outlay for Ashe County Schools.

The County reports the following major enterprise fund:

Environmental Services Fund. This fund accounts for the operation, maintenance, and development of landfills and disposal sites.

The County reports the following fund types:

Trust and Agency Funds - Trust and Agency Funds are custodial in nature and do not involve the measurement of operating results. Trust and Agency Funds are used to account for assets the County holds on behalf of others. The County maintains four Trust and Agency Funds: the Social Services Fund, which accounts for moneys deposited with the Department of Social Services for the benefit of certain individuals, the Fire Districts Fund, which the County is required to remit to the various fire departments; the Jail Commissary Fund, which holds monetary assets of the County's inmates; and the IRC 457 Deferred Compensation plan, which holds deferred funds payable to employees upon termination retirement, death or unforeseeable emergency.

Nonmajor Funds . The County maintains six legally budgeted funds. The Emergency Telephone System Fund, the 4-H Activities Fund, and the 4-H Afterschool Fund are reported as nonmajor special revenue funds. The Government Buildings Capital Projects Fund, the Economic Development Capital Projects Fund, and the CDBG Fund are reported as capital projects funds.

Measurement Focus, Basis of Accounting

In accordance with North Carolina 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 which all eligibility requirements have been satisfied.

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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 nonoperating revenues and expenses.

Governmental Fund Financial Statements . Governmental funds are reported using the current financial resources 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 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 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 all registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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 is 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 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, the special revenue (excluding the capital reserve fund), and the enterprise funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Capital Projects Fund, the Capital Reserve Special Revenue Fund, and the Enterprise Capital Projects Fund, which is consolidated with the enterprise operating fund for reporting purposes.

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for the general fund, at the departmental level for the special revenue and enterprise funds, and at the project level for the capital projects funds. The governing board must approve all amendments. During the year, several amendments to the original budget were necessary, the effects of which were not material. 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, and Fund Equity

1. Deposits and Investments

All deposits of the County are made in board-designated official depositories and are secured as required by G. S. 159-31. The County may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County may establish time deposit accounts such as NOW and Super NOW accounts, money market accounts, and certificates of deposit.

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

The County's investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Government Portfolio, an 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.

2. Cash and Cash Equivalents

The County pools money from several funds, to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

3. Restricted Assets

Money in the Tax Revaluation Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150. Money in the Register of Deeds Automation Fund is classified as restricted assets since its use is restricted by North Carolina General Statutes.

Ashe County Restricted Cash

Governmental Activities

General Fund	Tax Revaluation	\$ 94,172
General Fund	Register of Deeds	152,404
Capital Projects Fund	Education	2,020,609
Special Revenue Fund	Public Safety	207,261
Special Revenue Fund	Human Services	285,922
Total Governmental Activities		<u>\$ 2,760,368</u>

Business-Type Activities

None

Total Restricted Cash		<u>\$ 2,760,368</u>
-----------------------	--	---------------------

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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, 2017. As allowed by state law, the County has established a schedule of discounts that apply to taxes which are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

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.

6. Inventories

The inventories of the County's General Fund and enterprise fund consists of expendable supplies that are recorded as expenditures when purchased.

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 as the date of donation. Donated capital assets received after July 1, 2015 are recorded at acquisition value. Minimum capitalization costs are as follows: land, all; buildings, improvements, substations, lines, and other plant and distribution systems, \$5,000; infrastructure, \$100,000; furniture and equipment, \$5,000; computer software, \$5,000; and vehicles, \$5,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

The County holds title to certain Ashe County Board of Education 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 and to permit the County to receive refunds of sales tax paid for construction cost. Agreements between the County and the Board of Education give the Board of Education 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 of Education, once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are reflected as capital assets in the financial statements of the Ashe County Board of Education.

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

	<u>Years</u>
Buildings and plant assets	50
Improvements	25
Furniture and equipment	10
Vehicles	5
Computer equipment	3
Environmental services heavy equipment	25
Computer Software	5

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow 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 currently has several items that meet this criterion - pension and OPEB related deferrals and contributions made to these 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 - prepaid taxes, and other OPEB 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 in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

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

10. Compensated Absences

The vacation policies of the County provide for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the County's government-wide and proprietary funds an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. Time in excess of thirty days rolls over to sick leave at June 30.

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

11. Net Position / Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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. Nonspendable Fund Balance at year end was zero.

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 of State Statute - portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

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

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

Restricted for School Capital Outlay - portion of fund balance that can only be used for School Capital Outlay per G.S. 159-18-22.

Restricted for Public Safety - portion of fund balance restricted by North Carolina General Statutes for specific purposes in the provision of 911 services.

Restricted for 4-H - portion of fund balance restricted by revenue source for 4-H Human Services expenditures.

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

Committed for Tax Revaluation - portion of fund balance that can only be used for Tax Revaluation.

Committed for Human Services - portion of fund balance that has been committed for farm preservation.

Committed for Public Safety - portion of fund balance committed for E911 operations.

Committed for Capital Projects - portion of fund balance that can only be used for capital expenditures.

Assigned Fund Balance - portion of fund balance that the Ashe County governing board has budgeted.

Subsequent year's expenditures - portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation.

Unassigned Fund Balance - portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

Ashe County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local 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 has the authority to deviate from this policy if it's in the best interest of the County.

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

12. Defined Benefit Pension Plans and OPEB Plans

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

E. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund 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 of \$27,633,804 consists of the following:

<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)	\$ 64,235,742
Less accumulated depreciation	<u>(22,910,349)</u>
Net capital assets	\$ 41,325,393
Contributions to pension plans in current fiscal year	674,074
Net pension asset - ROD	58,617
Contributions to OPEB plan in current fiscal year	270,218
Benefit payments and administration cost for LEOSSA	8,134
Deferred outflows of resources related to pensions	1,052,021
Deferred outflows of resources related to OPEB	48,642

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are unavailable in the fund statements	572,919
Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide. (Taxes)	2,010,920
Deferred inflows of resources related to pensions	(58,231)
Deferred inflows of resources related to OPEB	(327,656)
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements:	
Bonds, leases, and installment financing	(8,487,685)
Compensated absences	(605,656)
Accrued interest payable	(126,728)
Other postemployment benefits payable	(6,188,693)
Net pension liability - LGERS	(2,026,449)
Net pension liability - LEO	<u>(566,036)</u>
Total adjustment	<u>\$ 27,633,804</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances include 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. The total adjustment of (\$611,948) is comprised of the following:

<u>Description</u>	<u>Amount</u>
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 1,688,598
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	(1,726,116)
Cost of capital assets disposed of during the year, not recognized on modified accrual basis.	-

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

New debt issued during the year is recorded as a source of funds on the fund statements. It has no effect on the Statement of Activities.	(1,980,642)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statements.	2,147,394
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	674,074
Benefit payments and pension administration cost for LEOSSA are deferred outflows of resources on the Statement of Net Position.	8,134
Contributions to the OPEB plan are deferred outflows of resources on the statement of Net Position	270,218
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements:	
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	5,482
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources (Increase) Decrease in compensated absences payable.	(85,842)
OPEB Expense	(472,938)
Pension expense	(778,015)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements:	
Increase (Decrease) in deferred inflows - taxes receivable - at year end	(274,617)
Increase (Decrease)in accrued interest receivable on taxes at year end	(87,678)
Total adjustment	\$ (611,948)

II. Stewardship, Compliance, and Accountability

There were no instances of material matters of noncompliance with federal and state general statute requirements.

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

III. Detail Notes on All Funds

A. Assets

1. Deposits

All of the County's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's agents in the County's name. 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, these deposits are considered to be held by its agents in its name. 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 or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County 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 County has no policy regarding custodial credit risk for deposits.

At June 30, 2018, the County's deposits had a carrying amount of \$5,894,028 and a bank balance of \$6,392,363. Of the bank balance, \$500,000 was covered by federal depository insurance, and \$5,892,363 in interest bearing deposits were covered by collateral held under the Pooling Method. At June 30, 2018, Ashe County had \$2,795 cash on hand.

2. Investments

At June 30, 2018 the County's investments consisted of \$15,367,340 in the North Carolina Capital Management Trust's Cash Portfolio, which carried a credit rating of AAA by Standard and Poor's. The County has no policy on credit risk.

3. Property Tax-Use-Value Assessment on Certain Lands

In accordance with the general statutes, agriculture, horticulture, and forest land 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>
2014-15	\$ 1,846,758	\$ 604,813	\$ 2,451,571
2015-16	1,723,800	409,403	2,133,203
2016-17	1,795,540	264,842	2,060,382
2017-18	1,793,428	103,122	1,896,550
Total	<u>\$ 7,159,526</u>	<u>\$ 1,382,180</u>	<u>\$ 8,541,706</u>

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

4. Receivables

Receivables at the government-wide level at June 30, 2018, were as follows:

	Accounts	Taxes and Related Accrued Interest	Due from Other Governments	Due from Other Funds	Total
Governmental Activities:					
General	\$ 132,826	\$ 3,408,839	\$ 1,921,058	\$ -	\$ 5,462,723
Other Governmental			222,519		222,519
Total receivables	132,826	3,408,839	2,143,577		5,685,242
Allowance for doubtful accounts		(825,000)			(825,000)
Total-governmental activities	\$ 132,826	\$ 2,583,839	\$ 2,143,577	\$ -	\$ 4,860,242

Business-type Activities

Environmental Services	804,633		31,829		836,462
Total receivables	804,633		31,829		836,462
Allowance for doubtful accounts					
Total-business-type activities	\$ 804,633	\$ -	\$ 31,829	\$ -	\$ 836,462

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

Local option sales tax	\$ 1,173,205
Sales tax and gas tax refund receivable	228,578
Scrap Tire and White Goods Disposal Tax	54,027
Restricted intergovernmental grants	719,596
Total	<u>\$ 2,175,406</u>

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

5. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2018, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 4,701,340	\$ -	\$ -	\$ 4,701,340
Construction in Progress				-
Total cap assets not being depreciated	<u>4,701,340</u>	<u>-</u>	<u>-</u>	<u>4,701,340</u>
Capital assets being depreciated:				
Buildings	35,631,902			35,631,902
Other improvements	6,491,278	101,263		6,592,541
Infrastructure	10,174,937	436,827		10,611,764
Equipment	3,243,963	825,828	5,000	4,064,791
Vehicles and motor equipment	2,457,307	324,680	148,584	2,633,403
Total capital assets being depreciated	<u>57,999,387</u>	<u>1,688,598</u>	<u>153,584</u>	<u>59,534,401</u>
Less accumulated depreciation for:				
Buildings	10,463,000	677,010		11,140,010
Other improvements	3,920,415	181,596		4,102,011
Infrastructure	2,370,391	418,375		2,788,766
Equipment	2,470,965	265,029	5,000	2,730,994
Vehicles and motor equipment	2,113,046	184,106	148,584	2,148,568
Total accumulated depreciation	<u>21,337,817</u>	<u>1,726,116</u>	<u>153,584</u>	<u>22,910,349</u>
Total capital assets being depreciated, net	<u>36,661,570</u>			<u>36,624,052</u>
Governmental activity capital assets, net	<u><u>\$ 41,362,910</u></u>			<u><u>\$ 41,325,392</u></u>

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

General government	\$ 406,908
Public safety	524,688
Transportation	425,834
Economic and physical development	19,284
Human services	96,594
Cultural and recreational	252,808
Total depreciation expense	<u><u>\$ 1,726,116</u></u>

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Environmental Services				
Capital assets not being depreciated:				
Land	\$ 128,198	\$ -	\$ -	\$ 128,198
Construction in Progress				
Total cap assets not being depreciated	<u>\$ 128,198</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128,198</u>
Capital assets being depreciated:				
Building	207,958	9,460		217,418
Plant and distribution systems	4,352,822	232,669		4,585,491
Equipment	4,026,799	112,032		4,138,831
Total capital assets being depreciated	<u>8,587,579</u>	<u>354,161</u>	<u>-</u>	<u>8,941,740</u>
Less accumulated depreciation for:				
Building	82,026	4,538		86,564
Plant and distribution systems	1,178,895	99,521		1,278,416
Equipment	1,942,329	214,479		2,156,808
Total accumulated depreciation	<u>3,203,250</u>	<u>318,538</u>	<u>-</u>	<u>3,521,788</u>
Total cap assets being depreciated, net	<u>\$ 5,384,329</u>			<u>\$ 5,419,952</u>
Environmental services capital assets, net	<u>\$ 5,512,527</u>			<u>\$ 5,548,150</u>

Construction commitments

Ashe County has committed to build a new Middle School and to expand Wilkes Community College. Designs for both of these projects are in the development stage, and bids are expected to be awarded in Spring 2019.

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2018, were as follows:

	Vendors	Salaries and Benefits	Accrued Interest	Other	Total
Governmental Activities:					
General	\$ 568,036	\$ -	\$ 91,187	\$ -	\$ 659,223
Other Governmental	231,634		35,540		267,174
Total-governmental activities	<u>\$ 799,670</u>	<u>\$ -</u>	<u>\$ 126,727</u>	<u>\$ -</u>	<u>\$ 926,397</u>
Business-type Activities					
Environmental services	\$ 163,090	\$ -	\$ 4,938	\$ -	\$ 168,028
Total-business-type activities	<u>\$ 163,090</u>	<u>\$ -</u>	<u>\$ 4,938</u>	<u>\$ -</u>	<u>\$ 168,028</u>

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

2. Pension Plan and Other Postemployment Obligations

a. Local Government Employees' Retirement System

Plan Description . The County is a participating employer in the statewide Local Governmental Employees Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members - nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing the Office of the State Controller, 1410 Mail Services Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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 and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions . Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The 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 contractually required contribution rate for the year ended June 30, 2018, was 8% of compensation for law enforcement officers and 7.570% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year. Contributions to the pension plan from the County were \$717,571 for the year ended June 30, 2018.

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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.

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (LGERS)

At June 30, 2018, the County reported an liability of \$2,165,700 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 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, 2017, the County's proportion was 0.14176% which was an increase of 0.00175% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized pension expense of \$766,795. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>LGERS:</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 124,764	\$ 61,304
Changes of assumptions	309,292	
Net difference between projected and actual earnings on pension plan investments	525,835	
Changes in proportion and differences between County contributions and proportionate share of contributions	53,925	
County contributions subsequent to the measurement date	717,571	
Total	<u>\$ 1,731,387</u>	<u>\$ 61,304</u>

The \$717,571 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, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2019	142,228
2020	640,783
2021	324,078
2022	(154,576)
2023	
Thereafter	
Total	<u>\$ 952,513</u>

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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 percent
Salary increases	3.50 to 7.75 percent, including inflation and productivity factor
Investment rate of return	7.20 percent, 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, 2016 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 rate 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, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 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.

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Discount rate . The discount rate used to measure the total pension liability was 7.20%. 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 contribution 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 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 7.20 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 one percentage point lower (6.20 percent) or one percentage point higher (8.20 percent) than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
County's proportionate share of the net pension liability (asset)	\$ 6,501,481	\$ 2,165,700	\$ (1,453,308)

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 (LEOSSA)

1. Plan Description

Ashe 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, 2017, the Separation Allowance's membership consisted of:

Retirees receiving benefits	1
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	34
Total	35

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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 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 that meets the criteria which are outlined in GASB Statement 73.

Method Used to Value Investments. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

3. Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2016 valuation. The total pension liability in the December 31, 2016 actuarial valuation was determined in using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.5 to 7.35 percent, including inflation and productivity factor
Discount rate	3.16 percent

The discount rate is based on 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 base rates projected to the valuation date using MP-2015 projected forward generationally from 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 amounts necessary to cover the benefits earned 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.

Administration costs of the Separation allowance are financed through investment earnings. The County paid \$23,826 as benefits came due for the reporting period.

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

At June 30, 2018, the County reported a total pension liability \$566,036. The total pension liability was measured as of December 31, 2017 based on a December 31, 2016 actuarial valuation. The total pension liability was rolled forward to December 31, 2017 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2018, the County recognized pension expense of \$68,003.

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

<u>LEOSSA:</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 58,678	\$ -
Changes of assumptions	34,932	8,021
County benefit payments and plan administrative expenditures paid subsequent to the measurement date	8,134	
Total	\$ 101,744	\$ 8,021

The County paid \$8,134 in benefit payments subsequent to the measurement date that reported deferred outflows of resources related to pensions which will be recognized as a decrease of the total pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2019	\$ 1,594
2020	1,594
2021	1,594
2022	1,594
2023	1,594
Thereafter	51
Total	8,021

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 3.16 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 (2.16 percent) or 1-percentage-point higher (4.16 percent) than the current rate:

	1% Decrease (2.16%)	Discount Rate (3.16%)	1% Increase (4.16%)
Total pension liability	\$ 620,528	\$ 566,036	\$ 516,375

**Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance**

	2018
Beginning balance	\$ 432,049
Service cost	33,573
Interest on the total pension liability	16,125
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	70,776
Changes of assumption or other inputs	42,135
Benefit payments	(28,622)
Other changes	-
Ending balance of total pension liability	\$ 566,036

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Changes of assumptions . Changes of assumptions and other inputs reflect a change in the discount rate from 3.86 percent at June 30, 2016 to 3.16 percent at June 30, 2017

Changes in Benefit Terms . Reported compensation adjusted to reflect the assumed rate of pay as the valuation date.

The plan currently uses mortality tables that vary by age, and health statuses (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, 2016 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

Plan Description . The County contributes to the Supplemental Retirement Income 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 GAS. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Non-law enforcement employees can also participate. 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.

Funding Policy . Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions by the County for the year ended June 30, 2018 were \$67,751 for law enforcement officers and \$158,705 for non-law enforcement employees. No amounts were forfeited.

d. Registers of Deeds' Supplemental Pension Fund

Plan Description . Ashe County also contributes to the Register of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefits 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 an ex-officio members. The Registers of Deed's 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 Register 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 29699-1410, by calling (919)981-5454, or at www.osc.nc.gov.

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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.

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. Register 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 \$2,971 for the year ended June 30, 2018.

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

At June 30, 2018, the County reported an asset of \$58,617 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2017. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 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, 2017, the County's proportion was 0.34341% which was a decrease of 0.01229% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized pension expense of \$8,818. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>RODSPF:</u>		
Differences between expected and actual experience	\$ 1,006	\$ 189
Changes in assumptions	9,890	
Net difference between projected and actual earnings on pension plan investments	4,983	
Changes in proportion and difference between County contributions and proportionate share of contributions	1,924	681
County contributions subsequent to the measurement date	2,971	
Total	<u>\$ 20,774</u>	<u>\$ 870</u>

The \$2,971 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, 2019. Other amounts reported as deferred inflows of resources related to pension will be recognized in pension expenses as follows:

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Year ended June 30:

2019	\$	9,485
2020		5,608
2021		570
2022		1,271
2023		
Thereafter		
Total	\$	<u>16,934</u>

Actuarial Assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.75 percent, included inflation and productivity factor
Investment rate of return	3.75 percent, 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, 2016 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 markers 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 expectation 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, 2017 is 1.4%.

The information above is based on 30 years expectations developed with the consulting actuary for the 2017 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Discount rate. The discount rate used to measure the total pension liability was 3.75%. The projection of cash flows used to determine the discount rate assumed that 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 3.75 percent, as well as what the County's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75 percent) or 1-percentage-point higher (4.75 percent) than the current rate:

ROD	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net pension asset (liability)	\$ 46,072	\$ 58,617	\$ 69,166

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.

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

The net pension liability for LGERS and ROD was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of the date. The total pension liability for LEOSSA was measured as of June 30, 2017, with an actuarial valuation date of December 31, 2016. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
Proportionate Share of Net Pension Liability (Asset)	\$ 2,165,700	\$ (58,617)		\$ 2,107,083
Proportion of the Net Pension Liability (Asset)	0.14176%	(0.34341%)	n/a	
Total Pension Liability	-	-	\$ 566,036	\$ 566,036
Pension Expense	\$ 766,795	\$ 8,818	\$ 68,003	\$ 843,616

At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
<u>Deferred Outflows Resources</u>				
Difference between expected and actual experience	\$ 124,764	\$ 1,006	\$ 58,678	\$ 184,448
Changes of assumptions	309,292	9,890	26,911	346,093
Net difference between projected and actual earnings on pensions plan investments	525,835	4,983	-	530,818
Changes in proportion and differences between County contributions and proportionate share of contributions	53,925	1,924		55,849
County contributions (LGERS, ROD)/ benefit payments and administration cost (LEOSSA) subsequent to the measurement date	717,571	2,971	8,134	728,676
<u>Deferred Inflows of Resources</u>				
Difference between expected and actual experience	\$ 61,304	\$ 189	\$ -	\$ 61,493
Changes of assumptions	-	-	-	-
Changes in proportion and differences between County contributions and proportionate share of contributions	-	681	-	681

f. Other Postemployment Benefits

Healthcare Benefits

Plan Description. Under the terms of the County resolution, the County administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). The County Commissioners have the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided. The County pays the full cost of coverage of employees' benefits through private insurers for employees who retire with a minimum of 25 years of creditable service. Employees who retire with less than 25 years of service are not eligible for postemployment coverage. Retirees who qualify for coverage receive the same benefits as active employees. Coverage for all retirees who are eligible for Medicare will be terminated after qualifying for Medicare. The County Commissioners may amend the benefit provisions. As separate report was not issued for the plan.

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Membership of the HCB Plan consisted of the following at June 30, 2016, the date of the latest actuarial valuation:

<u>HCB</u>	General Employees:	Law Enforcement Officers:	Totals:
Retirees and dependents receiving benefits	7	1	8
Terminated plan members entitled to but not yet receiving benefits	-	-	-
Active plan members	163	28	191
Total	<u>170</u>	<u>29</u>	<u>199</u>

Total OPEB Liability

The County's total OPEB liability of \$6,641,654 was measured as of June 30, 2017 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs applied to all periods included in the measurement unless otherwise specified:

Inflation	2.5 percent
Wage Inflation	3.5 percent
Salary increases, including wage inflation:	
General Employees	3.50 percent - 7.75 percent
Law Enforcement Officers	3.50 percent - 7.35 percent
Discount rate	3.56 percent
Healthcare cost trend rates	Medical and Prescription - 7.75 percent

The discount rate is based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by The Bond Buyer.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2017	\$ 6,645,176
Changes for the year	
Service cost	370,800
Interest	196,643
Changes of benefit terms	-
Differences between expected and actual experience	60,135
Changes in assumptions or other inputs	(405,079)
Benefit payments	<u>(226,021)</u>
Net changes	<u>(3,522)</u>
Balance at June 30, 2018	<u><u>\$ 6,641,654</u></u>

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Changes in assumptions and other inputs reflect a change in the discount rate from 3.01% to 3.56%.

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period January 2010 thru December 2014.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56 percent) or 1-percentage-point higher (4.56 percent) than the current discount rate:

	Discount Rate		
	<u>1% Decrease</u>	<u>(3.56%)</u>	<u>1 % Increase</u>
Total OPEB liability	\$ 7,397,308	\$ 6,641,654	\$ 5,968,066

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage -point or 1-percentage-point high than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Total OPEB liability	\$ 5,733,010	\$ 6,641,654	\$ 7,740,051

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018 the County recognized OPEB expense of \$521,935. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 52,202	\$ -
Changes of Assumptions	-	351,638
Benefit payments and administrative costs made subsequent to the measurement date	306,716	
Total	<u>\$ 358,918</u>	<u>\$ 351,638</u>

\$306,716 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, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Year ended June 30:

2018	\$	(45,508)
2019		(45,508)
2020		(45,508)
2021		(45,508)
2022		(45,508)
Thereafter		(71,896)

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. The County has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because 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 considers these contributions to be immaterial.

3. Closure and Post Closure Care Costs - Ashe County Landfill Facility

State and federal laws and regulations require the County to place a final cover on its Ashe County Landfill Facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty 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 a operating expense in each period based on landfill capacity used as of each balance sheet date. The \$2,979,944 reported as landfill closure and post closure care liability at June 30, 2018 represents a cumulative amount reported to-date based on the current use of 3.7 percent of the total estimated capacity of the landfill per year. The County will recognize \$2,186,034 (for a total of \$5,165,978), as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post closure care in 2017. The County expects to close the Ashe County facility in the year 2039, until a new cell is completed. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County has met the requirements of a local government financial test that is one option under State and federal laws and regulations that helps determine if a unit is financially able to meet closure and post closure care requirements. However, the County has also elected to establish a reserve fund to accumulate resources for the payment of closure and post closure care costs.

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

4. Deferred Outflows and Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pensions and OPEB - difference between expected and actual experience	\$ 236,650	\$ 61,493
Pensions - difference between projected and actual investment earnings	530,818	-
Pension - chg in proportion & difference between employer cont. & proportionate share of cont.	55,849	681
Pensions and OPEB - change in assumptions	346,093	-
Contributions to pension plan subsequent to measurement date (LGERS, ROD)	720,542	351,638
Benefit payments for the OPEB plan paid subsequent to measurement date	306,716	
Benefit payments/administration costs paid subsequent to the measurement date (LEOSSA)	8,134	-
Prepaid taxes not yet earned		132,951
Totals for Statement Net Position (Exhibit 1)	\$ 2,204,802	\$ 546,763

5. Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County purchases a Worker's Compensation package to cover its employees through a private provider, Key Risk Insurance Company, with coverage up to the statutory limit of \$2,000,000. Through a private insurance provider, Employers Mutual Casualty Company (EMC), the County obtains property coverage equal to replacement cost values of owned property subject to a blanket limit of \$73,850,406; general, auto, professional, and employment practices liability coverage of \$2 million per occurrence; auto physical damage coverage for owned autos at actual cash value; and crime coverage of \$250,000 per occurrence. The County provides health insurance to employees through the State Health Plan which is operated by the State of North Carolina and governed by G.S 135-48.1 Article 3-B. The State currently contracts with Blue Cross Blue Shield of North Carolina. There is no maximum stop loss in this plan. There is an unlimited lifetime maximum. Dental insurance is provided to employees through a private provider, Delta Dental.

The County carries flood insurance through the National Flood Insurance Plan (NFIP). Because many areas in the county are in an area of the State that has been mapped and designated a floodplain by the Federal Emergency Management Agency (FEMA), the County is eligible to purchase coverage of \$500,000 per structure through NFIP. The County has purchased commercial flood insurance for \$500,000 of coverage for the applicable structures.

In accordance with G. S. 159-29, the County employees who have access to \$100 or more of the County's funds at any given time are performance bonded through a commercial surety bond. The Director of Finance and Tax Collector are individually bonded for \$500,000 each. The remaining employees who have access to funds are bonded under a blanket bond for \$250,000.

The County carries commercial coverage for all other risks of loss. Settled claims have not exceeded coverage in any of the past three fiscal years.

6. Contingent Liabilities

At June 30, 2018, the County was defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

7. Long-Term Obligations

a. Installment Purchases

The County is obligated under the following installment purchase contracts:

Serviced by the General Fund:

- | | |
|--|--------------|
| a. Ashe County entered into an installment financing contract for \$9,900,000 dated December 18, 2007 with PNC Bank to enable the County to construct a jail and law enforcement center (collateral). The County shall repay this balance in 40 semiannual payments of \$247,500 plus interest at 4.03% beginning February 28, 2008. The balance at June 30, 2018 was | \$ 4,702,500 |
| b. Ashe County entered into an installment financing contract for \$3,600,000 dated January 30, 2008 with PNC Bank to enable the County to further construction on a law enforcement center (collateral). The County shall repay this balance in 40 semiannual payments of \$90,000 plus interest at 4.03% beginning February 28, 2008. The balance at June 30, 2018 was | 1,710,000 |
| c. Ashe County entered into an installment financing contract for \$2,896,202 dated November 22, 2010 with BB&T Government Finance to enable the County to undertake replacement of a roof at two school locations plus classroom expansion for the Ashe County Schools. This obligation qualifies as a Qualified School Construction Bond. The County shall repay this balance in 13 annual payments of \$206,871.57 plus interest at 5.37% beginning November 22, 2011. The balance at June 30, 2018 was | 630,005 |
| d. Ashe County entered into an installment financing contract for \$594,600 dated September 14, 2016 with First Citizens Bank. Of this amount, \$230,000 is to enable the County to supply the Ashe County Schools with Chromebooks. The County shall repay this balance in 6 semiannual payments of \$39,166 including interest at 1.54% beginning December 1, 2016. The balance at June 30, 2018 was | 77,437 |
| e. Ashe County entered into an installment financing contract for \$440,643 dated December 14, 2017 with First Citizens Bank. Of this amount, \$440,643 is to enable the County to supply the Ashe County Communications Dept. with new computer and equipment. The County shall repay this balance in 6 annual payments of \$91,671 including interest at 2.01% beginning December 14, 2017. The balance at June 30, 2018 was | 348,972 |
| f. Ashe County entered into an installment financing contract for \$1,540,000 dated July 27, 2017 with First Citizens Bank. Of this amount, \$1,540,000 is to enable the County to supply the Ashe County Schools with land to build a new Middle School. The County shall repay this balance in 3 annual payments of \$521,229 including interest at 1.850% beginning July 27, 2017. The balance at June 30, 2018 was | 1,018,771 |
| Total | \$ 8,487,685 |

Serviced by the Environmental Services Fund:

- | | |
|--|------------|
| a. Ashe County entered into an installment financing contract for \$2,000,000 dated December 15, 2009 with Bank of America to enable the County to construct a new lined landfill cell at Ashe County Landfill. The County shall repay this balance in 20 semiannual payments of \$100,000 plus interest at 3.824% beginning June 15, 2010. The balance at June 30, 2018 was | \$ 300,000 |
|--|------------|

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

- b. Ashe County entered into an installment financing contract for \$594,600 dated September 14, 2016 with First Citizens Bank. Of this amount, \$166,097.65 is to enable the County to purchase a new Roll-off Truck for Environmental Services. The County shall repay this balance in 6 semiannual payments of \$28,325 including int. at 1.54% beginning December 1, 2016. The balance at June 30, 2018 was 56,003
- c. Ashe County entered into an installment financing contract for \$594,600 dated September 14, 2016 with First Citizens Bank. Of this amount, \$198,501.95 is to enable the County to purchase a new Excavator for Environmental Services. The County shall repay this balance in 6 semiannual payments of \$33,851 including interest at 1.54% beginning December 1, 2016. The balance at June 30, 2018 was 66,928
- Total \$ 422,931

The future minimum payments as of June 30, 2018 for the County's installment purchases, including interest are as follows:

Year Ending June 30	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 1,557,828	\$ 312,302	\$ 322,931	\$ 10,982
2020	1,473,138	261,796	100,000	1,912
2021	969,965	212,408		
2022	774,254	172,326		
2023	3,375,000	442,041		
2024-2028	337,500	6,801		
2029-2033				
Total Principal Payments	\$ 8,487,685		\$ 422,931	
Total Interest Payments		\$ 1,407,674		\$ 12,894

b. Debt Related to Capital Activities

Of the total Governmental Activities debt listed, only \$6,761,472 relates to assets the County holds title. Unspent restricted cash related to this debt amounts to \$0.

c. Long-Term Obligation Activities

The following is a summary of changes in the County's long-term obligation for the fiscal year ended June 30, 2018:

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018	Current Portion of Balance
<u>Governmental activities:</u>					
Installment purchases	\$ 8,654,436	\$ 1,980,643	\$ 2,147,394	\$ 8,487,685	\$ 1,557,828
Compensated absences	519,813	305,198	219,356	605,655	
Net pension liab. (LGERS)	2,781,009		754,560	2,026,449	
Net pension liab. (LEO)	432,049	133,987		566,036	
Net OPEB liability	6,192,096		3,403	6,188,693	
Total govern. activities	\$ 18,579,403	\$ 2,419,828	\$ 3,124,713	\$ 17,874,518	\$ 1,557,828

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Business-type activities:

Installment Purchases	\$ 781,991	\$ -	\$ 359,060	\$ 422,931	\$ 322,931
Accrued landfill closure and post closure care costs	2,788,802	191,142		2,979,944	
Compensated absences	54,112	38,506	32,603	60,015	
Net pension liab. (LGERS)	190,389		51,189	139,200	
Net OPEB liability	453,080		240	452,840	
 Total bus-type activities	<u>\$ 4,268,374</u>	<u>\$ 229,648</u>	<u>\$ 443,092</u>	<u>\$ 4,054,930</u>	<u>\$ 322,931</u>

d. Conduit Debt Obligations

Ashe County Industrial Facility and Pollution Control 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 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 business 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, 2018, there were no industrial revenue bonds outstanding.

C. Interfund Balances and Activities

Transfer to / from other funds

Transfers to / from other funds at June 30, 2017, consists of the following:

From the General Fund to the Economic Development Capital Projects Fund for Capital Projects	\$ 187,185
To the General Fund from the Economic Development Capital Projects Fund for Operating Exp.	158,375
To Govt. Buildings Capital Projects Fund from the Economic Develop. Fund for Airport Const.	-
From the General Fund to the Government Buildings Capital Project Fund for Airport Const.	800,384
From the General Fund to the School Capital Projects Fund for School Capital Projects/Debt Svc	737,491
Total	<u>\$ 1,883,435</u>

Reimbursements From Emergency Telephone System Fund to General Fund for Public Safety Exp.	<u>\$ 150,000</u>
--	-------------------

D. Net Investment in Capital Assets

Net investment in capital assets is calculated as follows:

	Governmental Activities	Business-Type Activities
Total capital assets net of depreciation	\$ 41,325,392	\$ 5,548,153
Debt for assets to which the County holds title	(6,761,472)	(422,931)
Net investment in capital assets	<u>\$ 34,563,920</u>	<u>\$ 5,125,222</u>

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

E. Fund Balance

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

Total fund balance - General Fund	\$ 13,932,299
Less:	
Stabilization by State Statute	2,053,884
Appropriated Fund Balance in 2019 budget	3,100,019
Register of Deeds	152,404
Tax Revaluation	94,172
Human Services	95,192
Remaining Fund Balance	\$ 8,436,628

IV. Volunteer Fire Departments

The County is not responsible for any debts of the volunteer fire departments, is not obligated to finance deficits and is not entitled to any surpluses of the departments. Fire district tax levies were made for twelve volunteer fire department in the County during the fiscal year ended June 30, 2018. These special fire district taxes were collected by the County and remitted to the twelve volunteer fire departments. These taxes are accounted for in a separate agency fund. The County Commissioners appoint Fire Protection District Commissions which report to the County regarding the expenditure of the tax monies.

The County makes an appropriation to each volunteer fire department in the County; some of the expenditures are made directly to vendors for obligations of the fire departments which are submitted to and approved by the County Finance Officer; in other instances direct payments are made to the fire departments in order for them to make note or installment contract payments. The County does not exercise control over facilities or property of the fire departments nor is there asset ownership by the County.

V. Joint Ventures

The County participates in a joint venture to operate Appalachian Regional Library with three other local governments. Each participating government appoints one board member to the six member board of the Library. The County has an ongoing financial responsibility for the joint venture because the Library's continued existence depends on the participating governments continued funding. None of the participating governments have any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2018. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$437,736 to the Library to supplement its activities. Complete financial statements for the Library can be obtained from the Library's offices at 148 Library Drive, West Jefferson, North Carolina 28694.

The County also participates in a joint venture to operate the Appalachian District Health Department with three other local governments. Each participating government appoints one board member to the member board of the Health Department. The County has an ongoing financial responsibility for the joint venture because the Health Department continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Health Department, so no equity interest has been reflected in the financial statements at June 30, 2018. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$447,852 to the Center's to supplement its activities. Complete financial statements for the Health Department can be obtained from the Department's offices at P.O. Box 309, Sparta, NC 28675.

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

The County also participates in a joint venture to operate the Smoky Mountain Center with fifteen other local governments. Each participating government appoints one at-large member and one county commissioner member to the board of the Center. The County has an ongoing financial responsibility for the joint venture because the Center's continued existence depends on the participating governments' continued funding. None of the participating governments have an equity interest in the Center, so no equity interest has been reflected in the financial statements at June 30, 2018. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$184,076 to the Center to supplement its activities. Complete financial statements for Smoky Mountain Center can be obtained from the Center's offices at 895 State Farm Road, Suite 507, Boone, NC 28607. More information can be found at Note VIII.

The County, in conjunction with the State of North Carolina and the Ashe County Board of Education, participates in a joint venture to operate the Wilkes Community College. The community college is included as a component unit of the State. The County has the basic responsibility for providing funding for the Ashe County Facilities of the community college and also provides some financial support for the community college's operations. 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 \$366,000 to the community college for operating purposes, and \$15,000 for Capital Outlay during the fiscal year ended June 30, 2018. 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, 2018. Complete financial statements for the community college may be obtained from the community college's administrative offices at Collegiate Drive, Wilkesboro, NC 28697.

VI. Jointly Governed Organization

High Country Council of Governments

The High Country Council of Governments is a voluntary association of seven County governments. The Council was established as a joint venture among the participating Counties to coordinate funding from federal and State agencies. The participating Counties and their percent of support provided to the Council are as follows: Ashe - 13%; Allegheny - 6%; Avery - 9%; Mitchell - 9%; Watauga - 19%, Wilkes - 35%; Yancey - 9%.

Each County appoints one member to the Council's governing board, whose responsibilities include approving the budget and designating the management of the Council. The County paid for membership fees of \$14,320 to the Council during the year ended June 30, 2018.

VII. Benefit Payments Issued by the State

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

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Federal</u>	<u>State</u>
Temporary Assistance to Needy Families and AS, AA & AD	\$ 78,783	\$ 36,000
Medicaid	28,200,479	14,629,679
NC Health Choice	895,735	1,731
Food Stamp Program	4,811,913	
Title IV-E, Foster Care	45,785	196,703
Title IV-E, Adoption Assistance	117,828	102,683
Adult Assistance		257,759
Women, Infants, and Children	345,843	
Independent Living	8,820	
Refugee Assistance		
Total	<u>\$ 34,505,186</u>	<u>\$ 15,224,555</u>

VIII. 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.

IX. Subsequent Events

Subsequent events have been evaluated through the date these financial statements were available to be issued, January 30, 2018.

X. Change in Accounting Principles/Restatement

The County implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in the fiscal year ending June 30, 2018. The implementation of the statement required the County to record beginning total OPEB liability and the effects on net position of benefit payments and administrative expenses paid by the County related to OPEB during the measurement period (fiscal year ending June 30, 2017). Beginning deferred outflows and inflows of resources associated with the implementation were excluded from the restatement. As a result, net position for the governmental activities decreased \$4,134,774 and \$318,908 for business-type activities.

Prior Period Adjustment

In 1997, the Ashe County Board of Education deeded its former Ashe Central High School property to the County. It was recently discovered that the value of this property was not added to the County's fixed asset schedule at that time. The total value of the land and buildings at that time are estimated to be \$2,180,600, with an accumulation of depreciation at the beginning of this fiscal year of \$783,195. In addition, the County owns a portion of land at the Beaver Creek Industrial Park that was also deeded from the Board of Education in 1999. The value of that land is estimated at \$72,900 at the date of the deed. The result is a net increase in governmental activities beginning net position of \$1,470,305.

Required Supplemental Financial Data

- * Schedule of Proportionate Share of Net Pension Liability (Asset) for Local Government Employees' Retirement System
- * Schedule of Contributions to Local Government Employees' Retirement System
- * Schedule of Proportionate Share of Net Pension Asset for Register of Deeds Supplemental Pension Fund
- * Schedule of Contributions to Register of Deeds Supplemental Pension Fund
- * Schedule of Changes in Total Pension Liability Law Enforcement Special Separation Allowance
- * Schedule of Total Pension Liability as a Percentage of Covered Employee Payroll for Law Enforcement
- * Schedule of Changes in the Total OPEB Liability and Related Ratios

ASHE COUNTY, NORTH CAROLINA
SCHEDULE OF COUNTY PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) (LGERS)
LAST FIVE FISCAL YEARS*

LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

	<u>2018</u> <u>(6/30/17)</u>	<u>2017</u> <u>(6/30/16)</u>	<u>2016</u> <u>(6/30/15)</u>	<u>2015</u> <u>(6/30/14)</u>	<u>2014</u> <u>(6/30/13)</u>
Ashe County's proportion of the net pension liability (asset) (%)	0.14176%	0.14001%	0.14352%	0.14383%	0.14100%
Ashe County's proportion of the net pension liability (asset) (\$)	\$ 2,165,700	\$ 2,971,481	\$ 644,109	\$ (793,824)	\$ 1,699,591
Ashe County's covered-employee payroll	\$ 9,144,990	\$ 9,000,974	\$ 8,680,657	\$ 8,468,587	\$ 8,145,582
Ashe County's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	23.68%	33.01%	7.42%	(9.37%)	20.87%
Plan fiduciary net position as a percentage of the total pension liability**	94.18%	91.47%	98.09%	102.64%	94.35%

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

** This will be the same percentage for all participant employers in the LGERS plan.

ASHE COUNTY, NORTH CAROLINA
SCHEDULE OF COUNTY PENSION CONTRIBUTIONS (LGERS)
LAST FIVE FISCAL YEARS

LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 717,571	\$ 680,014	\$ 613,647	\$ 617,984	\$ 601,325
Contributions in relation to the contractually required contribution	<u>717,571</u>	<u>680,014</u>	<u>613,647</u>	<u>617,984</u>	<u>601,325</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Ashe County's covered-employee payroll	\$ 9,357,435	\$ 9,144,990	\$ 9,000,974	\$ 8,680,657	\$ 8,468,587
Contributions as a percentage of covered-employee payroll	7.67%	7.44%	6.82%	7.12%	7.10%

ASHE COUNTY, NORTH CAROLINA
SCHEDULE OF COUNTY PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) (ROD)
LAST FIVE FISCAL YEARS*

REGISTER OF DEEDS SUPPLEMENTAL PENSION FUND

	<u>2018</u> <u>(6/30/17)</u>	<u>2017</u> <u>(6/30/16)</u>	<u>2016</u> <u>(6/30/15)</u>	<u>2015</u> <u>(6/30/14)</u>	<u>2014</u> <u>(6/30/13)</u>
Ashe County's proportion of the net pension liability (asset) (%)	0.34341%	0.35570%	0.35099%	0.33547%	0.33261%
Ashe County's proportion of the net pension liability (asset) (\$)	\$ (58,617)	\$ (66,502)	\$ (81,338)	\$ (76,038)	\$ (71,045)
Ashe County's covered-employee payroll	\$ 63,411	\$ 62,166	\$ 60,066	\$ 59,469	\$ 63,300
Ashe County's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	(92.44%)	106.97%	135.41%	(127.86%)	(112.24%)
Plan fiduciary net position as a percentage of the total pension liability	153.77%	106.17%	197.29%	193.88%	190.50%

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

ASHE COUNTY, NORTH CAROLINA
SCHEDULE OF COUNTY PENSION CONTRIBUTIONS (ROD)
LAST FOUR FISCAL YEARS

REGISTER OF DEEDS' SUPPLEMENTAL PENSION FUND

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 2,971	\$ 2,984	\$ 2,906	\$ 2,809	\$ 2,739
Contributions in relation to the contractually required contribution	<u>2,971</u>	<u>2,984</u>	<u>2,906</u>	<u>2,809</u>	<u>2,739</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Ashe County's covered-employee payroll	\$ 65,955	\$ 63,411	\$ 62,166	\$ 60,066	\$ 59,469
Contributions as a percentage of covered-employee payroll	4.50%	4.71%	4.67%	4.68%	4.61%

ASHE COUNTY, NORTH CAROLINA
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
FOR THE YEAR ENDED JUNE 30, 2018

	<u>2018</u>	<u>2017</u>
Beginning Balance	\$ 432,049	\$ 401,379
Service Cost	33,573	29,018
Interest On The Total Pension Liability	16,125	14,303
Changes of Benefit Terms	-	-
Differences Between Expected And Actual Experience		
In The Measurement Of The Total Pension Liability	70,776	-
Changes Of Assumptions Or Other Inputs	42,135	(11,209)
Benefit Payments	(28,622)	(1,442)
Other Changes	-	-
Ending Balance Of The Total Pension Liability	<u>\$ 566,036</u>	<u>\$ 432,049</u>

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

ASHE COUNTY, NORTH CAROLINA
SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
FOR THE YEAR ENDED JUNE 30, 2018

	<u>2018</u>	<u>2017</u>
Total Pension Liability	\$ 566,036	\$ 432,049
Covered Payroll	\$ 1,456,412	\$ 1,131,985
Total Pension Liability as a Percentage of Covered Payroll	38.87%	38.17%

Notes to the schedules:

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

ASHE COUNTY, NORTH CAROLINA
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
JUNE 30, 2018

Total OPEB Liability	2018
Service Cost	\$ 370,800
Interest	196,643
Changes of Benefit Terms	-
Differences between expected and actual experience	60,135
Changes of assumptions	(405,079)
Benefit payments	(226,021)
Net change in total OPEB liability	(3,522)
Total OPEB liability - beginning	6,645,176
Total OPEB liability - ending	\$6,641,654
Covered Payroll	\$8,626,036
Total OPEB liability as a percentage of covered payroll	77.00%

Notes to Schedule

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

<u>Fiscal Year</u>	<u>Rate</u>
2018	3.56%

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Ad Valorem Taxes			
Current Year	\$ -	\$ 16,964,867	\$ -
Prior Years		1,095,260	
Penalties & Interest		632,946	
Total	\$ 17,655,100	\$ 18,693,073	\$ 1,037,973
Local Option Sales Taxes:			
Article 39	\$ -	\$ 2,523,109	\$ -
Article 44		506,508	
Article 40 One-Half of One Percent		1,742,948	
Article 42 One-Half of One Percent		1,333,906	
Article 46 One-Fourth of One Percent		666,963	
Total	\$ 6,647,000	\$ 6,773,434	\$ 126,434
Other Taxes			
Video Programming Distribution	\$ -	\$ 82,318	\$ -
Gross Receipts Auto Tax		2,345	
Occupancy Tax		274,351	
Deed Stamp Excise Tax		166,308	
Medicaid Hold Harmless			
Total	\$ 489,500	\$ 525,322	\$ 35,822
Unrestricted Intergovernmental Revenues			
Payments in Lieu of Taxes	\$ -	\$ 5,302	\$ -
Total	\$ -	\$ 5,302	\$ 5,302
Restricted Intergovernmental Revenues			
State Grants	\$ -	\$ 1,157,549	\$ -
Federal Grants		3,604,278	
Controlled Substance Tax		7,338	
Court Facility Fees		21,386	
ABC Profits for Law Enforcement		5,490	
Total	\$ 6,674,253	\$ 4,796,041	\$ (1,878,212)
Licenses & Permits			
Gun Permits	\$ -	\$ 21,815	\$ -
Planning Department Fees		790	
Sheriff Department Fees and Reimb		9,764	
Building Permits/Inspection Fees		203,706	
Privilege Licenses		1,320	
Road Signs		301	
Animal License & Adoption Fee		7,498	
Register of Deeds		164,033	
Total	\$ 362,000	\$ 409,227	\$ 47,227

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Sales & Services			
DSS Fees and Other Sales	\$ -	\$ 21,434	\$ -
Sheriff Dept Sales & Services		8,387	
Sheriff Dept & SRO Program from BOE		82,796	
Rents & Concessions		172,604	
Court Costs		49,168	
Jail Fees & Inmate Reimb. From other Counties		595,186	
Drug Fines & Forfeitures		1,563	
Recreational Department		45,814	
Airport Revenues		153,044	
DMV Fees		115,169	
Tax Collection Fees		1,825	
Copy Fees & Other Sales		38,180	
E911 Special Revenue Reimb		150,000	
Town Election Reimb		5,459	
Emerg. Mgmt./Hazmat Reimbursement		223	
Candidate Filing Fee		5,794	
Total	<u>\$ 1,213,419</u>	<u>\$ 1,446,646</u>	<u>\$ 233,227</u>
Investment Earnings			
Investment Earnings	\$ -	\$ 144,018	\$ -
Total	<u>\$ 20,350</u>	<u>\$ 144,018</u>	<u>\$ 123,668</u>
Miscellaneous			
CBDG Program Income	\$ -	\$ 20,097	\$ -
Insurance Proceeds	-	178,546	-
Sale of Assets & Materials		17,606	
Other Grants & Donations		2,741	
Total	<u>\$ -</u>	<u>\$ 218,990</u>	<u>\$ 218,990</u>
TOTAL REVENUES	<u>\$ 33,061,622</u>	<u>\$ 33,012,053</u>	<u>\$ (49,569)</u>
EXPENDITURES			
General Government			
Governing Body			
Salaries & Employee Benefits	\$ -	\$ 113,017	\$ -
Operating Expenses		104,478	
Capital Outlay			
Total	<u>\$ 223,751</u>	<u>\$ 217,495</u>	<u>\$ 6,256</u>
Administration			
Salaries & Employee Benefits	\$ -	\$ 228,934	\$ -
Operating Expenses		21,660	
Capital Outlay			
Total	<u>\$ 258,940</u>	<u>\$ 250,594</u>	<u>\$ 8,346</u>
Finance			
Salaries & Employee Benefits	\$ -	\$ 311,702	\$ -
Operating Expenses		46,610	
Capital Outlay			
Total	<u>\$ 385,847</u>	<u>\$ 358,312</u>	<u>\$ 27,535</u>

ASHE COUNTY, NORTH CAROLINA

EXHIBIT B - 1

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Tax Administration			
Salaries & Employee Benefits	\$ -	\$ 883,526	\$ -
Operating Expenses		178,595	
Capital Outlay		25,230	
Total	<u>\$ 1,161,933</u>	<u>\$ 1,087,351</u>	<u>\$ 74,582</u>
Elections			
Salaries & Employee Benefits	\$ -	\$ 119,346	\$ -
Operating Expenses		78,371	
Capital Outlay			
Total	<u>\$ 259,374</u>	<u>\$ 197,717</u>	<u>\$ 61,657</u>
Register of Deeds			
Salaries & Employee Benefits	\$ -	\$ 346,768	\$ -
Operating Expenses		95,210	
Capital Outlay			
Total	<u>\$ 455,610</u>	<u>\$ 441,978</u>	<u>\$ 13,632</u>
Legal			
Contracted Services	\$ -	\$ 571,943	\$ -
Total	<u>\$ 638,005</u>	<u>\$ 571,943</u>	<u>\$ 66,062</u>
Data Processing (IT)			
Salaries & Employee Benefits	\$ -	\$ 247,770	\$ -
Operating Expenses		170,500	
Capital Outlay		-	
Total	<u>\$ 440,206</u>	<u>\$ 418,270</u>	<u>\$ 21,936</u>
Courts			
Operating Expenses	\$ -	\$ 22,305	\$ -
Capital Outlay			
Total	<u>\$ 63,500</u>	<u>\$ 22,305</u>	<u>\$ 41,195</u>
Public Buildings			
Salaries & Employee Benefits	\$ -	\$ 395,446	\$ -
Operating Expenses		1,038,216	
Capital Outlay		-	
Total	<u>\$ 1,473,514</u>	<u>\$ 1,433,662</u>	<u>\$ 39,852</u>
<i>Total General Government</i>	<u>\$ 5,360,680</u>	<u>\$ 4,999,627</u>	<u>\$ 361,053</u>
Public Safety			
Law Enforcement			
Salaries & Employees Benefits	\$ -	\$ 2,070,790	\$ -
Operating Expenses		324,889	
Capital Outlay		119,034	
Total	<u>\$ 2,536,335</u>	<u>\$ 2,514,713</u>	<u>\$ 21,622</u>

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Corrections			
Salaries & Employee Benefits	\$ -	\$ 1,137,708	\$ -
Operating Expenses		699,803	
Capital Outlay		37,369	
Total	<u>\$ 1,972,460</u>	<u>\$ 1,874,880</u>	<u>\$ 97,580</u>
Ambulance & Rescue			
Ambulance Service - Contracted	\$ -	\$ 950,827	\$ -
Donation to Community Ambulance Services		19,000	
Rescue Unit		50,000	
Total	<u>\$ 1,019,827</u>	<u>\$ 1,019,827</u>	<u>\$ -</u>
Emergency Management			
Salaries & Employee Benefits	\$ -	\$ 120,258	\$ -
Operating Expenses		39,563	
Capital Outlay			
Total	<u>\$ 165,199</u>	<u>\$ 159,821</u>	<u>\$ 5,378</u>
Inspections			
Salaries & Employee Benefits	\$ -	\$ 266,439	\$ -
Operating Expenses		29,821	
Capital Outlay		28,216	
Total	<u>\$ 355,044</u>	<u>\$ 324,476</u>	<u>\$ 30,568</u>
Animal Control			
Salaries & Employee Benefits	\$ -	\$ 173,160	\$ -
Operating Expenses		51,845	
Capital Outlay		31,879	
Total	<u>\$ 279,172</u>	<u>\$ 256,884</u>	<u>\$ 22,288</u>
Fire			
Contracted Services	\$ -	\$ 66,575	\$ -
Contributions to Volunteer Fire Department		69,396	
Total	<u>\$ 191,996</u>	<u>\$ 135,971</u>	<u>\$ 56,025</u>
E911 Coordinator			
Salaries & Employee Benefits	\$ -	\$ 26,766	\$ -
Operating Expenses		7,465	
Capital Outlay			
Total	<u>\$ 66,835</u>	<u>\$ 34,231</u>	<u>\$ 32,604</u>
Medical Examiner			
Contracted Services	\$ -	\$ 12,350	\$ -
Total	<u>\$ 27,000</u>	<u>\$ 12,350</u>	<u>\$ 14,650</u>
Communications			
Salaries & Employee Benefits	\$ -	\$ 476,762	\$ -
Operating Expenses		37,537	
Capital Outlay			
Total	<u>\$ 524,959</u>	<u>\$ 514,299</u>	<u>\$ 10,660</u>

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
E-911 Operations			
Operating Expenses	\$ -	\$ 47,899	\$ -
Capital Outlay			
Total	<u>\$ 51,480</u>	<u>\$ 47,899</u>	<u>\$ 3,581</u>
<i>Total Public Safety</i>	<u>\$ 7,190,307</u>	<u>\$ 6,895,351</u>	<u>\$ 294,956</u>
Transportation			
Airport			
Salaries & Employee Benefits	\$ -	\$ 73,876	\$ -
Operating Expenses		155,343	
Capital Outlay			
Total			
<i>Total Transportation</i>	<u>\$ 260,947</u>	<u>\$ 229,219</u>	<u>\$ 31,728</u>
Economic & Physical Development			
Planning & Zoning			
Salaries & Employee Benefits	\$ -	\$ 128,769	\$ -
Operating Expenses		7,643	
Capital Outlay		28,216	
Total	<u>\$ 187,359</u>	<u>\$ 164,628</u>	<u>\$ 22,731</u>
Economic Development			
Salaries & Employee Benefits	\$ -	\$ 73,770	\$ -
Operating Expenses		55,350	
Capital Outlay			
Total	<u>\$ 348,553</u>	<u>\$ 129,120</u>	<u>\$ 219,433</u>
Cooperative Extension			
Salaries & Employee Benefits	\$ -	\$ 41,458	\$ -
Contracts		198,431	
Operating Expenses		49,675	
Capital Outlay		44,870	
Total	<u>\$ 384,563</u>	<u>\$ 334,434</u>	<u>\$ 50,129</u>
Soil Conservation			
Salaries & Employee Benefits	\$ -	\$ 113,749	\$ -
Operating Expenses		12,000	
Capital Outlay			
Total	<u>\$ 130,987</u>	<u>\$ 125,749</u>	<u>\$ 5,238</u>
Donations & Subsidies			
Industry Incentives	\$ -	\$ 80,000	\$ -
Ashe County Chamber of Commerce		101,585	
Total	<u>\$ 185,375</u>	<u>\$ 181,585</u>	<u>\$ 3,790</u>
<i>Total Economic & Physical Development</i>	<u>\$ 1,236,837</u>	<u>\$ 935,516</u>	<u>\$ 301,321</u>

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Human Services			
Health			
Contribution to District Health Dept.	\$ 447,852	\$ 447,852	\$ -
Mental Health			
ABC Rehab Tax Distribution	\$ -	\$ 5,490	\$ -
Professional Services		4,322	
District Mental Health Dept.		184,076	
Total	<u>\$ 194,566</u>	<u>\$ 193,888</u>	<u>\$ 678</u>
Social Services			
Administration			
Salaries & Employee Benefits	\$ -	\$ 4,638,042	\$ -
Operating Expenses		436,012	
Capital Outlay		47,235	
		<u>5,121,289</u>	
Aid to the Blind		\$ 793	
Food Stamp Issuance Cost		7,072	
Special Assistance to Adults		254,070	
Medicaid Transportation		157,565	
Foster Care & Boarding Home		467,174	
Crisis Intervention Payments		108,703	
Adult Day Care		48,179	
Adoption Expenditures		66,840	
Work First & TNF Expenditures		80,941	
Low Income Energy Assistance Payments		126,900	
Other 100% County SS Expense		112,761	
Total Social Services	<u>\$ 9,048,800</u>	<u>\$ 6,552,287</u>	<u>\$ 2,496,513</u>
Veterans Service Officer			
Salaries & Employee Benefits	\$ -	\$ 54,157	\$ -
Operating Expenses		4,777	
Capital Outlay			
Total	<u>\$ 61,404</u>	<u>\$ 58,934</u>	<u>\$ 2,470</u>
Donations and Subsidies			
JCPC Operational	\$ -	\$ 97,676	\$ -
CIS - Pairs		6,173	
A Safe Home for Everyone		15,000	
Ashe Co. Transportation Auth.		146,226	
Adult Developmental Activities Program		74,153	
Blue Ridge Opportunity Commission		3,700	
Project Graduation		5,000	
New River Senior Services		20,000	
Mountain Farm Life Museum		799	
AMH/ Healthy Carolinas		375,000	
Hospitality House		10,000	
Wilkes Vocational Workshop		2,700	
Ashe Services for Aging		450,000	
Ashe Medication Asst. Program		12,000	
Riverview Community Center		3,000	

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
American Legion		1,391	
Todd Community Pres Org		3,500	
Ashe Homeless Coalition		1,204	
Total	<u>\$ 1,247,568</u>	<u>\$ 1,227,522</u>	<u>\$ 20,046</u>
<i>Total Human Services</i>	<u>\$ 11,000,190</u>	<u>\$ 8,480,483</u>	<u>\$ 2,519,707</u>
Cultural and Recreational			
Parks & Recreation			
Salaries & Employee Benefits	\$ -	\$ 353,783	\$ -
Operating Expenses		201,067	
Capital Outlay		72,593	
Total	<u>\$ 669,245</u>	<u>\$ 627,443</u>	<u>\$ 41,802</u>
Contributions			
Contributions to Regional Library	\$ -	\$ 437,736	\$ -
Contribution to Ashe Civic Center		74,167	
Contribution to 1904 Courthouse		74,167	
Contributions to Ashe Co. Arts Council		40,000	
Total	<u>\$ 629,736</u>	<u>\$ 626,070</u>	<u>\$ 3,666</u>
<i>Total Cultural and Recreational</i>	<u>\$ 1,298,981</u>	<u>\$ 1,253,513</u>	<u>\$ 45,468</u>
Education			
Public Schools - Current Expense	\$ -	\$ 4,784,744	\$ -
Public Schools - Pool R&M		118,072	
Public Schools - Capital Outlay		426,621	
Public School - Capital Outlay PARTF Pool Project		66,046	
Wilkes Comm. College - One Time Operation Supply		21,000	
Wilkes Comm. College - Current Expense		345,000	
Wilkes Comm. College - Capital Outlay		15,000	
<i>Total Education</i>	<u>\$ 5,781,483</u>	<u>\$ 5,776,483</u>	<u>\$ 5,000</u>
Debt Service			
Principal - Education	\$ -	\$ 697,593	\$ -
Interest - Education		4,312	
Principal - Public Buildings		1,075,000	
Interest - Public Buildings		288,611	
<i>Total Debt Service</i>	<u>\$ 2,073,882</u>	<u>\$ 2,065,516</u>	<u>\$ 8,366</u>
<i>Contingency</i>	<u>\$ 37,003</u>	<u>\$ -</u>	<u>\$ 37,003</u>
TOTAL EXPENDITURES	<u>\$ 34,240,310</u>	<u>\$ 30,635,708</u>	<u>\$ 3,604,602</u>
Revenues Over (Under) Expenditures	<u>\$ (1,178,688)</u>	<u>\$ 2,376,345</u>	<u>\$ 3,555,033</u>

ASHE COUNTY, NORTH CAROLINA

EXHIBIT B - 1

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Other Financing Sources (Uses)			
Operating Transfers - In (Out):			
From Econ. Dev. Cap. Project Fund	158,375	158,375	
To Cap. Project Fund	(800,384)	(800,384)	-
To Econ. Dev. Capital Project Fund	(187,185)	(187,185)	-
To School Capital Project Fund	(737,501)	(737,491)	10
Appropriated Fund Balance	2,745,383		(2,745,383)
Total Other Financing Sources (Uses)	<u>\$ 1,178,688</u>	<u>\$ (1,566,685)</u>	<u>\$ (2,745,373)</u>
Excess of Revenues & Other Sources Over (Under) Expenditures & Other (Uses)	<u>\$ -</u>	\$ 809,660	<u>\$ 809,660</u>
Fund Balance			
Beginning of Year, July 1		<u>13,028,468</u>	
End of Year, June 30		<u>\$ 13,838,128</u>	

ASHE COUNTY, NORTH CAROLINA
REVALUATION FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures			
General Government			
Tax Administration			
Salaries & Employee Benefits	\$ -	\$ -	\$ -
Operating Expenses		8,388	
Total Expenditures	<u>\$ 50,000</u>	<u>\$ 8,388</u>	<u>\$ 41,612</u>
Revenues Over (Under)			
Expenditures	<u>\$ (50,000)</u>	<u>\$ (8,388)</u>	<u>\$ 41,612</u>
Other Financing Sources(Uses)			
Transfer Out-General Fund	\$ -	\$ -	\$ -
Fund Balance Appropriated	<u>50,000</u>		<u>(50,000)</u>
Total Other Financing Sources	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ (50,000)</u>
Excess of Revenues & Other			
Sources Over (Under)			
Expenditures	<u>\$ -</u>	\$ (8,388)	<u>\$ (8,388)</u>
Fund Balance, July 1		<u>\$ 102,559</u>	
Fund Balance, June 30		<u>\$ 94,171</u>	

ASHE COUNTY, NORTH CAROLINA
ASHE COUNTY SCHOOLS CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Restricted Intergovernmental Revenue			
Public School Building Capital Fund			
Lottery Funds	\$ 251,812	\$ 251,812	\$ -
IRS Reimbursement of QSCB Interest	41,839	41,974	135
Investment Earnings			
Total Revenues	<u>\$ 293,651</u>	<u>\$ 293,786</u>	<u>\$ 135</u>
Expenditures:			
Education Capital Outlay:			
Construction Projects	\$ -	\$ 309,450	\$ -
Land Acquisition		1,540,000	
Total	<u>\$ 3,258,889</u>	<u>\$ 1,849,450</u>	<u>\$ 1,409,439</u>
Debt Service:			
QSCB Principal	\$ -	\$ 206,872	\$ -
QSCB Interest		44,940	
CPL Principal		76,258	
CPL Interest		2,074	
Total	<u>\$ 330,144</u>	<u>\$ 330,144</u>	<u>\$ -</u>
Total Expenditures	<u>\$ 3,589,033</u>	<u>\$ 2,179,594</u>	<u>\$ 1,409,439</u>
Revenues Over (Under) Expenditures	<u>\$ (3,295,382)</u>	<u>\$ (1,885,808)</u>	<u>\$ 1,409,574</u>
Other Financing Sources & Uses			
Loan Proceeds	\$ 1,540,000	\$ 1,540,000	-
Transfer from General Fund	737,502	737,491	(11)
Fund Balance Appropriated	1,017,880		(1,017,880)
Total Other Financing Sources & Uses	<u>\$ 3,295,382</u>	<u>\$ 2,277,491</u>	<u>\$ (1,017,891)</u>
Revenues and Other Sources			
Over (Under) Expenditures & Other Uses	<u>\$ -</u>	\$ 391,683	<u>\$ 391,683</u>
Fund Balance, July 1		<u>\$ 1,670,900</u>	
Fund Balance, June 30		<u>\$ 2,062,583</u>	

COMBINING STATEMENTS FOR NON-MAJOR FUNDS - ASHE COUNTY

Special Revenue Funds

- * Emergency Telephone System Fund - This fund accounts for the 911 revenues collected by the telephone industry to fund the 911 emergency system
- * 4-H Program Activities Fund - This fund accounts for revenues and expenses of various 4 - H programs.
- * 4 - H Program Afterschool Fund - This fund accounts for revenues and expenses of the 4- H afterschool program.

Capital Projects Funds

- * CDBG Capital Projects Fund - The County uses this fund to account for capital outlay funded by the Community Development Block Grant.
- * County Government Capital Projects Fund - The County uses this fund to account for the purchase or construction of governmental capital assets.
- * Economic Development Capital Projects Fund- The County uses this fund to account for future economic development capital outlay.

ASHE COUNTY, NORTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2018

	Special Revenue Funds			Total Nonmajor Special Revenues Funds	Capital Projects Funds			Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
	Emergency Telephone System Fund	4-H Program Activities Fund	4-H Program Afterschool Fund		CDBG Fund	Government Building Fund	Economic Development Fund		
Assets									
Cash & Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ 5	\$ 1,363,907	\$ 690,916	2,054,828	2,054,828
Restricted Cash	207,261	261,450	24,472	493,183				-	493,183
Accounts Receivable				-				-	-
Due from Other Governments	23,688			23,688		156,857		156,857	180,545
Total Assets	\$ 230,949	\$ 261,450	\$ 24,472	\$ 516,871	\$ 5	\$ 1,520,764	\$ 690,916	\$ 2,211,685	\$ 2,728,556
Liabilities & Fund Balance									
Accounts Payable	\$ 74,031	\$ 43	\$ -	\$ 74,074	\$ 5	\$ 157,555	\$ -	\$ 157,560	\$ 231,634
Due to Other Funds									
Total Liabilities	\$ 74,031	\$ 43	\$ -	\$ 74,074	\$ 5	\$ 157,555	\$ -	\$ 157,560	\$ 231,634
Fund Balance									
Restricted									
Restricted by State Statute	\$ 23,688	\$ -	\$ -	\$ 23,688	\$ -	\$ 156,857	\$ -	\$ 156,857	\$ 180,545
Restricted for E911	133,230			133,230					133,230
Restricted for 4-H		261,407	24,472	285,879					285,879
Committed:									
For Capital Projects						1,206,352	690,916	1,897,268	1,897,268
Unassigned									
Total Fund Balance	\$ 156,918	\$ 261,407	\$ 24,472	\$ 442,797	\$ -	\$ 1,363,209	\$ 690,916	\$ 2,054,125	\$ 2,496,922
Total Liabilities & Fund Balance	\$ 230,949	\$ 261,450	\$ 24,472	\$ 516,871	\$ 5	\$ 1,520,764	\$ 690,916	\$ 2,211,685	\$ 2,728,556

ASHE COUNTY, NORTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Special Revenue Funds</u>			Total Nonmajor Special Revenue Funds	<u>Capital Projects Funds</u>			Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
	Emergency Telephone System Fund	4-H Program Activities Fund	4-H Program Afterschool Fund		CDBG Fund	Government Buildings Fund	Economic Development Fund		
Revenues									
Investment Earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted Intergovern- mental Revenues	284,252	255,770		540,022		396,895		396,895	936,917
Local Fund Raising & Other Revenues		78,700		78,700					78,700
Sales & Service		54,665		54,665					54,665
Other Taxes & Licenses									
Total Revenues	<u>\$ 284,252</u>	<u>\$ 389,135</u>	<u>\$ -</u>	<u>\$ 673,387</u>	<u>\$ -</u>	<u>\$ 396,895</u>	<u>\$ -</u>	<u>\$ 396,895</u>	<u>\$ 1,070,282</u>
Expenditures									
General Government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public Safety	410,399			410,399					410,399
Human Services		339,446		339,446					339,446
Capital Outlay						1,279,796		1,279,796	1,279,796
Economic Development								-	-
Total Expenditures	<u>\$ 410,399</u>	<u>\$ 339,446</u>	<u>\$ -</u>	<u>\$ 749,845</u>	<u>\$ -</u>	<u>\$ 1,279,796</u>	<u>\$ -</u>	<u>\$ 1,279,796</u>	<u>\$ 2,029,641</u>
Revenues Over (Under) Expenditures	\$ (126,147)	\$ 49,689	\$ -	\$ (76,458)	\$ -	\$ (882,901)	\$ -	\$ (882,901)	\$ (959,359)
Other Financing Sources									
Transfer-In						800,384	187,185	987,569	987,569
Transfer-Out							(158,375)	(158,375)	(158,375)
Loan Proceeds						440,642		440,642	
Revenues & Other Sources Over (Under) Expenditures	(126,147)	49,689	-	(76,458)		358,125	28,810	386,935	310,477
Fund Balance, July 1	283,065	211,719	24,472	519,256		1,005,084	662,105	1,667,189	2,186,445
Fund Balance, June 30	<u>\$ 156,918</u>	<u>\$ 261,408</u>	<u>\$ 24,472</u>	<u>\$ 442,798</u>	<u>\$ -</u>	<u>\$ 1,363,209</u>	<u>\$ 690,915</u>	<u>\$ 2,054,124</u>	<u>\$ 2,496,922</u>

ASHE COUNTY, NORTH CAROLINA
EMERGENCY TELEPHONE SYSTEM FUND (E911)
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Restricted Intergovernmental:			
E911 Wireless Surcharge	\$ 284,252	\$ 284,252	\$ -
Total Revenues	\$ 284,252	\$ 284,252	\$ -
Expenditures			
<u>Public Safety :</u>			
Wireless E911 Communications:			
Operating Expenses	\$ -	\$ 328,162	\$ -
Capital Outlay		82,237	
Total Expenditures	\$ 470,000	\$ 410,399	\$ 59,601
Excess of Revenues Over (Under) Expenditures	\$ (185,748)	\$ (126,147)	\$ 59,601
Other Financing Sources (Uses) Appropriated Fund Balance	185,748		(185,748)
Excess of Revenues & Other Sources Over (Under) Expenditures	\$ -	\$ (126,147)	\$ (126,147)
Fund Balance, July 1		283,065	
Fund Balance, June 30		156,918	

ASHE COUNTY, NORTH CAROLINA
4-H PROGRAM ACTIVITIES FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Restricted Intergovernmental Revenue:</u>			
State Grants	\$ -	\$ 4,320	\$ -
Federal Grants		249,462	
Title XX - TRAC		1,988	
Total	<u>\$ 334,000</u>	<u>\$ 255,770</u>	<u>\$ (78,230)</u>
<u>Sales and Service:</u>			
Program Fees	\$ -	\$ 54,665	\$ -
Total	<u>\$ 133,000</u>	<u>\$ 54,665</u>	<u>\$ (78,335)</u>
<u>Other Revenues:</u>			
Donations	\$ -	\$ 17,720	\$ -
Total	<u>\$ 43,492</u>	<u>\$ 17,720</u>	<u>\$ (25,772)</u>
<u>Miscellaneous Revenues:</u>			
4-H General	\$ -	\$ 55,173	\$ -
4-H AG Expo		2	
Children's Trust		5,805	
4-H LEADS			
Total	<u>\$ 91,519</u>	<u>\$ 60,980</u>	<u>\$ (30,539)</u>
Total Revenues	<u>\$ 602,011</u>	<u>\$ 389,135</u>	<u>\$ (212,876)</u>
<u>Expenditures</u>			
General 4-H			
Salaries & Employee Benefits	\$ -	\$ -	\$ -
Operating Expenses		39,537	
Capital Outlay			
Total		<u>\$ 39,537</u>	
4-H LEADS General			
Salaries & Employee Benefits		\$ 20,592	
Operating Expenses		36,600	
Capital Outlay			
Total		<u>\$ 57,192</u>	
Children's Trust Program			
Salaries & Employee Benefits		\$ -	
Operating Expenses		16,574	
Capital Outlay			
Total		<u>\$ 16,574</u>	

ASHE COUNTY, NORTH CAROLINA
4-H PROGRAM ACTIVITIES FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
4-H Link General			
Salaries & Employee Benefits		\$ -	
Operating Expenses		3,359	
Capital Outlay			
Total		<u>\$ 3,359</u>	
4-H LEADS Grant			
Salaries & Employee Benefits		\$ 175,391	
Operating Expenses		47,393	
Capital Outlay			
Total		<u>\$ 222,784</u>	
Total Expenditures	<u>\$ 602,486</u>	<u>\$ 339,446</u>	<u>\$ 263,040</u>
Revenues Over (Under) Expenditures	\$ (475)	\$ 49,689	\$ 50,164
Other Financing Sources			
Fund Balance Appropriated	<u>\$ 475</u>	<u>\$ -</u>	<u>\$ (475)</u>
Revenues & Other Sources Over (Under) Expenditures	<u>\$ -</u>	\$ 49,689	<u>\$ 49,689</u>
Fund Balance, July 1		<u>\$ 211,719</u>	
Fund Balance, June 30		<u>\$ 261,408</u>	

ASHE COUNTY, NORTH CAROLINA
4-H AFTER SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Restricted Intergovernmental Revenues:</u>			
Title XX	\$ -	\$ -	\$ -
Total	<u>\$ 6,000</u>	<u>\$ -</u>	<u>\$ (6,000)</u>
<u>Sales and Service:</u>			
Parent Fees	\$ -	\$ -	\$ -
Total	<u>\$ 12,000</u>	<u>\$ -</u>	<u>\$ (12,000)</u>
<u>Other Revenues</u>			
Miscellaneous	\$ -	\$ -	\$ -
Total	<u>\$ 6,474</u>	<u>\$ -</u>	<u>\$ (6,474)</u>
Total Revenues	<u>\$ 24,474</u>	<u>\$ -</u>	<u>\$ (24,474)</u>
<u>Expenditures:</u>			
Blue Ridge Elementary			
Salaries & Fringe Benefits	\$ -	\$ -	\$ -
Operating Expenses			
Capital Outlay			
Total		<u>\$ -</u>	
Mountain View Elementary			
Salaries & Fringe Benefits		\$ -	
Operating Expenses			
Capital Outlay			
Total		<u>\$ -</u>	
Westwood Elementary			
Salaries & Fringe Benefits		\$ -	
Operating Expenses			
Capital Outlay			
Total		<u>\$ -</u>	
Total Expenditures	<u>\$ 24,474</u>	<u>\$ -</u>	<u>\$ 24,474</u>

ASHE COUNTY, NORTH CAROLINA
4-H AFTER SCHOOL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -
Other Financing Sources			
Fund Balance Appropriated	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenues and Other Sources			
Over (Under) Expenditures	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Fund Balance, July 1		<u>\$ 24,472</u>	
Fund Balance, June 30		<u><u>\$ 24,472</u></u>	

ASHE COUNTY, NORTH CAROLINA
CDBG CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues					
Restricted Intergovernmental Revenues:					
CBDG Commerce Fellows Grant Grant # 02-D-2678	\$ 27,476	\$ 23,518	\$ -	\$ 23,518	\$ (3,958)
Total Revenues	<u>\$ 27,476</u>	<u>\$ 23,518</u>	<u>\$ -</u>	<u>\$ 23,518</u>	<u>\$ (3,958)</u>
Expenditures					
Community Development:					
Training/Employee Education	\$ 27,476	\$ 23,518	\$ -	\$ 23,518	\$ 3,958
Total Expenditures	<u>\$ 27,476</u>	<u>\$ 23,518</u>	<u>\$ -</u>	<u>\$ 23,518</u>	<u>\$ 3,958</u>
Revenue Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -
Other Financing Sources					
Operating Transfers In	\$ -	\$ -	\$ -	\$ -	\$ -
Total Other Financing Sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenue and Other Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	\$ -	<u>\$ -</u>	<u>\$ -</u>
Fund Balance, July 1			<u>\$ -</u>		
Fund Balance, June 30			<u>\$ -</u>		

ASHE COUNTY, NORTH CAROLINA
GOVERNMENT BUILDINGS CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budget	Actual Current Year	Variance Favorable (Unfavorable)
Revenues			
Restricted Intergovernmental Rev Federal Grants	\$ 910,000	\$ 396,895	\$ (513,105)
Total Revenues	\$ 910,000	\$ 396,895	\$ (513,105)
Expenditures			
General Government			
Public Buildings			
Capital Outlay Related		\$ 16,405	
Capital Outlay		28,670	
		\$ 45,075	
Tax Admin			
Capital Outlay	\$ -	\$ 265,000	
Total General Government	\$ 445,797	\$ 310,075	\$ 135,722
Public Safety			
Communications Capital Outlay	\$ 698,618	\$ 441,222	\$ 257,396
Transportation			
Capital Outlay Airport	\$ 1,011,112	\$ 436,828	\$ 574,284
Debt Service			
Principial		\$ 91,671	
Interest		-	
Total Debt Services	\$ 92,000	91,671	\$ 329
Total Expenditures	\$ 2,247,527	\$ 1,279,796	967,731
Revenues Over (Under) Expenditures	\$ (1,337,527)	\$ (882,901)	\$ 454,626
Other Financing Sources			
Loan Proceeds	\$ 440,643	\$ 440,642	\$ (1)
Transfers In	800,384	800,384	-
Fund Balance Appropriated	96,500		(96,500)
Total Other Financing Sources	\$ 1,337,527	\$ 1,241,026	\$ (96,501)
Revenue and Other Sources Over (Under) Expenditures	\$ -	\$ 358,125	\$ 358,125
Fund Balance, July 1		\$ 1,005,084	
Fund Balance, June 30		\$ 1,363,209	

ASHE COUNTY, NORTH CAROLINA
ECONOMIC DEVELOPMENT CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Expenditures			
Economic Development:			
Capital Outlay Related	\$ 28,810	\$ -	\$ 28,810
Revenues Over (Under) Expenditures	\$ (28,810)	\$ -	\$ 28,810
Other Financing Sources & Uses			
Operating Transfers - In (From General Fund)	\$ 187,185	\$ 187,185	\$ -
Operating Transfers - Out (To General Fund)	(158,375)	(158,375)	-
Operating Transfers- Out (To Capital Projects Fund)			-
Fund Balance Appropriated			-
Total Other Fin. Sources & Uses	\$ 28,810	\$ 28,810	\$ -
Revenues & Other Sources Over (Under) Expenditures & Other Uses	\$ -	\$ 28,810	\$ 28,810
Fund Balance, July 1		\$ 662,105	
Fund Balance, June 30		\$ 690,915	

STATEMENTS FOR ENTERPRISE FUNDS

Enterprise Funds

- * Environmental Services Fund - accounts for the County's solid waste activities, including the Landfill Closure and Postclosure Fund to account for funds needed at such time the Landfill operation is closed and the subsequent monitoring that will be needed.

ASHE COUNTY, NORTH CAROLINA
ENVIRONMENTAL SERVICES FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON - GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Operating Revenues:			
Charges for Services:			
SWDF - Household Fees	\$ -	\$ 2,017,225	\$ -
SWDF - Commercial Fees		388,729	
Recycling Revenues		180,997	
Miscellaneous Revenue		4,675	
Total Operating Revenues	<u>\$ 2,533,300</u>	<u>\$ 2,591,626</u>	<u>\$ 58,326</u>
Non-Operating Revenue:			
Investment Earnings	<u>\$ 8,000</u>	<u>\$ 29,895</u>	<u>\$ 21,895</u>
Total Revenues	<u>\$ 2,541,300</u>	<u>\$ 2,621,521</u>	<u>\$ 80,221</u>
Expenditures:			
Environmental Services-Collections			
Salaries & Employee Benefits	\$ -	\$ 747,187	\$ -
Operating Expenses		296,020	
Capital Outlay		263,166	
Total Environmental Services-Collections	<u>\$ 1,407,519</u>	<u>\$ 1,306,373</u>	<u>\$ 101,146</u>
Environmental Services-Disposal			
Salaries & Employee Benefits	\$ -	\$ 303,722	\$ -
Operating Expenses		332,569	
Capital Outlay		90,996	
Total Environmental Services-Disposal	<u>\$ 855,189</u>	<u>\$ 727,287</u>	<u>\$ 127,902</u>
Debt Service			
Principal		\$ 359,019	\$ -
Interest		20,986	
Total Debt Service	<u>\$ 387,592</u>	<u>\$ 380,005</u>	<u>\$ 7,587</u>
Total Expenditures	<u>\$ 2,650,300</u>	<u>\$ 2,413,665</u>	<u>\$ 236,635</u>
Revenues Over (Under) Expenditures	<u>\$ (109,000)</u>	<u>\$ 207,856</u>	<u>\$ 316,856</u>
Other Financing Sources (Uses)			
Contribution From Other Governments	\$ 6,000	\$ 6,000	\$ -
Solid Waste Disposal Tax	19,500	20,157	657
Scrap Tire Disposal Tax and Grant	68,000	60,510	(7,490)
White Goods Disposal Tax and Grant	8,500	17,505	9,005
Electronics Mgmt Distr.	2,000	2,183	183
Other DEHNR Grant		1,840	1,840
Proceeds from Sale of Fixed Assets			-
Proceeds from Loan			-
Transfer Out - Landfill Capital Reserve	(100,000)	(100,000)	-
Fund Balance Appropriated	105,000		(105,000)
Total	<u>\$ 109,000</u>	<u>\$ 8,195</u>	<u>\$ (100,805)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 216,051</u>	<u>\$ 216,051</u>

ASHE COUNTY, NORTH CAROLINA
ENVIRONMENTAL SERVICES FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON - GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Reconciliation to Accrual Basis

Excess of Revenues and Other Sources		
Over (Under) Expenditures	\$	216,051
Debt Principal		359,019
Decrease (Increase) in Interest Payable		3,632
Capital Outlay		354,162
Depreciation		(318,538)
Landfill Closure and Postclosure Care Costs		(191,141)
Transfers Out - Landfill Capital Reserve		100,000
Decrease (Increase) in Accrued Vacation Pay		(5,904)
Increase (Decrease) in Deferred Outflows of Resources - OPEB		5,025
Decrease (Increase) in OPEB Liability		240
Decrease (Increase) in Deferred inflows of Resources -OPEB		(23,975)
Increase (Decrease) in Deferred Outflows of Resources - Pensions		(57,174)
Decrease (Increase) in Net Pension Liability		51,189
Decrease (Increase) in Deferred Inflows of Resources - Pensions		2,731
Change in Net Position	<u>\$</u>	<u>495,317</u>

LANDFILL CLOSURE & POST CLOSURE - RESERVE FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON - GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Investment Earnings	\$ -	\$ -	\$ -
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:			
Landfill Cell Construction	\$ -	\$ -	\$ -
Landfill Closure and Post Closure			
Total Expenditures	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 100,000</u>
Revenues Over (Under) Expenditures	<u>\$ (100,000)</u>	<u>\$ -</u>	<u>\$ 100,000</u>
Other Financing Sources (Uses):			
Transfers In - Environmental Services	\$ 100,000	\$ 100,000	\$ -
Transfers Out- Environmental Services			
Fund Balance Appropriated			-
Total	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>

ASHE COUNTY, NORTH CAROLINA
COMBINING TRUST AND AGENCY FUND STATEMENT OF CHANGES IN ASSETS AND
LIABILITIES - AGENCY FUNDS
JUNE 30, 2018

	<u>Balance</u> <u>7/01/2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/2018</u>
<u>Social Services</u>				
Assets:				
Cash & Investments	\$ 44,404	\$ 359,488	\$ 345,963	\$ 57,929
Liabilities:				
Accounts Payable	\$ 1,343	\$ 3,460	\$ 3,802	\$ 1,001
Due to Individuals	43,061	356,028	342,161	56,928
Total Liabilities	<u>\$ 44,404</u>	<u>\$ 359,488</u>	<u>\$ 345,963</u>	<u>\$ 57,929</u>
<u>Fire Districts</u>				
Assets:				
Cash & Investments	\$ 8,792	\$ 1,484,587	\$ 1,468,544	\$ 24,835
Taxes Receivable	223,936	1,378,875	1,398,933	203,878
Total Assets	<u>\$ 232,728</u>	<u>\$ 2,863,462</u>	<u>\$ 2,867,477</u>	<u>\$ 228,713</u>
Liabilities & Reserves:				
Accounts Payable	\$ 8,792	\$ 1,484,587	\$ 1,468,544	\$ 24,835
Reserve for Taxes Rec.	223,936	1,378,875	1,398,933	203,878
Total Liabilities	<u>\$ 232,728</u>	<u>\$ 2,863,462</u>	<u>\$ 2,867,477</u>	<u>\$ 228,713</u>
<u>Jail Commissary</u>				
Assets:				
Cash & Investments	\$ 36,700	\$ 226,896	\$ 221,752	\$ 41,844
Liabilities:				
Accounts Payable	<u>\$ 36,700</u>	<u>\$ 226,896</u>	<u>\$ 221,752</u>	<u>\$ 41,844</u>
<u>IRC 457 Deferred Compensation Plan</u>				
Assets:				
Cash & Investments	\$ 762,139	\$ 68,498	\$ 42,616	\$ 788,021
Liabilities:				
Due to Individuals	<u>\$ 762,139</u>	<u>\$ 68,498</u>	<u>\$ 42,616</u>	<u>\$ 788,021</u>
<u>Totals-All Agency Funds</u>				
Assets:				
Cash & Investments	\$ 852,035	\$ 2,139,469	\$ 2,078,875	\$ 912,629
Taxes Receivable	223,936	1,378,875	1,398,933	203,878
Total Assets	<u>\$1,075,971</u>	<u>\$ 3,518,344</u>	<u>\$ 3,477,808</u>	<u>\$ 1,116,507</u>
Liabilities & Reserves:				
Accounts Payable	\$ 46,835	\$ 1,714,943	\$ 1,694,098	\$ 67,680
Due to Individuals	805,200	424,526	384,777	844,949
Reserve for Taxes Rec.	223,936	1,378,875	1,398,933	203,878
Total Liabilities & Reserves	<u>\$1,075,971</u>	<u>\$ 3,518,344</u>	<u>\$ 3,477,808</u>	<u>\$ 1,116,507</u>

ASHE COUNTY, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>County - wide</u>			<u>Total Levy</u>	
	<u>Property</u>	<u>Rate</u>	<u>Amount</u>	<u>Property</u>	<u>Registered</u>
	<u>Valuation</u>				
				<u>Registered</u>	<u>Motor</u>
				<u>Vehicles</u>	<u>Vehicles</u>
Original Levy:					
Property Taxed at Current Year's Rate	\$ 3,984,405,252	.443	\$ 17,649,396	\$ 16,768,139	\$ 881,257
Property Taxed at Prior Year's Rate	71,295,918	.433	309,679	-	309,679
Discoveries					
Current year taxes	<u>\$ 34,606,567</u>	.443	<u>\$ 153,307</u>	<u>\$ 153,307</u>	<u>\$ -</u>
Total	<u>\$ 4,090,307,737</u>		<u>\$ 18,112,382</u>	<u>\$ 16,921,446</u>	<u>\$ 1,190,936</u>
Abatements	<u>\$ (35,426,715)</u>	.443	<u>\$ (156,940)</u>	<u>\$ (156,940)</u>	<u>\$ -</u>
Total property valuation	<u><u>\$ 4,054,881,022</u></u>				
Net levy			\$ 17,955,443	\$ 16,764,507	\$ 1,190,936
Uncollected taxes at June 30, 2018			<u>(704,909)</u>	<u>(704,909)</u>	
Current year's taxes collected			<u>\$ 17,250,534</u>	<u>\$ 16,059,598</u>	<u>\$ 1,190,936</u>
Current levy collection percentage			96.07%	95.80%	100.00%

ASHE COUNTY, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2018

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2017</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2018</u>
2017-18	\$ -	\$ 17,955,443	\$ 17,250,534	704,909
2016-17	701,882		300,454	401,428
2015-16	496,694		165,050	331,644
2014-15	390,157		121,474	268,683
2013-14	336,705		86,498	250,207
2012-13	295,656		74,461	221,195
2011-12	260,091		58,739	201,352
2010-11	224,116		49,725	174,391
2009-10	194,453		42,548	151,905
2008-09	167,851		37,645	130,206
2007-08	128,932		128,932	-
	<u>\$ 3,196,537</u>	<u>\$ 17,955,443</u>	<u>\$ 18,316,060</u>	<u>\$ 2,835,920</u>

Less Allowance for Uncollectible Ad Valorem
Taxes Receivable \$ 825,000

Ad Valorem Taxes Receivable (Net) \$ 2,010,920

Reconciliation with Revenues

Taxes - Ad Valorem - General Fund	\$ 18,693,073	
Discount Allowed	202,085	
Amounts Written Off Per Statute of Limitations	(27,843)	*
Adjustments	81,691	
Interest Collected	<u>(632,946)</u>	

Total Collections & Credits \$ 18,316,060

*Amounts written off Per Statue of Limitations is a negative amount due to collections of amounts written off in prior years.

Priscilla L. Norris, CPA

404 West Main Street PO Box 1422 Jefferson, NC 28640
Telephone (336) 846-2688 Fax (336) 846-4600

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 Auditor's Report

To the Board of County Commissioners
Ashe 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, each major fund, and the aggregate remaining fund information of Ashe County, North Carolina, as of and for the year ended June 30, 2018, and the notes to the financial statements, which collectively comprises Ashe County's basic financial statements, and have issued our report thereon dated February 5, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Ashe 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Ashe County's internal control. Accordingly, we do not express an opinion on the effectiveness of the internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ashe 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 statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, 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.

A handwritten signature in cursive script that reads "Priscilla L. Norris". The signature is written in black ink and is positioned above a horizontal line.

Priscilla L. Norris, CPA

Jefferson, NC

February 5, 2019

Priscilla L. Norris, CPA

404 West Main Street PO Box 1422 Jefferson, NC 28640
Telephone (336) 846-2688 Fax (336) 846-4600

**Report on Compliance For Each Major Federal Program;
Report on Internal Control Over Compliance;
In Accordance with OMB Uniform Guidance;
and the State Single Audit Implementation Act**

Independent Auditor's Report

To the Board of County Commissioners
Ashe County, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Ashe County, North Carolina, 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 Ashe County's major federal programs for the year ended June 30, 2018. Ashe County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Ashe County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Those standards, 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 Ashe 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 Ashe County's compliance.

Opinion on Each Major Federal Program

In our opinion, Ashe 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, 2018.

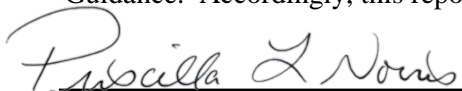
Report on Internal Control Over Compliance

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

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



Priscilla L. Norris, CPA

Jefferson, NC

February 5, 2019

Priscilla L. Norris, CPA

404 West Main Street PO Box 1422 Jefferson, NC 28640
Telephone (336) 846-2688 Fax (336) 846-4600

**Report on Compliance For Each Major State Program;
Report on Internal Control Over Compliance;
In Accordance with OMB Uniform Guidance;
and the State Single Audit Implementation Act**

Independent Auditor's Report

To the Board of County Commissioners
Ashe County, North Carolina

Report on Compliance for Each Major State Program

We have audited Ashe 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 Ashe County's major state programs for the year ended June 30, 2018. Ashe County's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Ashe 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 US *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Ashe 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 Ashe County's compliance.

Opinion on Each Major State Program

In our opinion, Ashe 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, 2018.

Report on Internal Control Over Compliance

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

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



Priscilla L. Norris, CPA

Jefferson, NC

February 5, 2019

ASHE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

I. Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted _____ yes X no

Federal Awards

Internal control over major federal programs:

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

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

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

Identification of major federal programs:

<u>CFDA#</u>	<u>Program Name</u>
93.778	Title XIX - Medicaid

Dollar threshold used to distinguish between Type A and Type B Programs \$ 750,000

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

State Awards

Internal control over major State programs:

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

ASHE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

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

Any audit findings disclosed that are required
to be reported in accordance with the State

Single Audit Implementation Act

_____ yes

 X no

Identification of major State programs:

Program Name

NC Public School Building Capital Fund Lottery Proceeds

State Foster Care and Foster Home Fund Maximization

II. Financial Statement Findings

None Reported.

III. Federal Award Findings and Questioned Costs

None Reported.

IV. State Awards Findings and Questioned Cost

None Reported.

V. Corrective Action Plan for the Following Sections:

Section II - Financial Statement Findings

None Reported.

Section III - Federal Award Findings and Questioned Costs

None Reported.

Section IV - State Award Findings and Questioned Costs

None Reported.

VI. Summary of Prior Audit Findings

None Reported

ASHE COUNTY, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE YEAR ENDED JUNE 30, 2018

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed through to Subrecipients	Local Expenditures
FEDERAL AWARDS:					
<u>U.S. Department of Health and Human Services</u>					
<i>Administration for Children and Families</i>					
Passed-through the N.C. Dept. of Health and Human Serv:					
<u>Division of Child Development:</u>					
Subsidized Child Care Cluster:					
Division of Social Services:					
Child Care Development Fund- Administration	93.596	\$ 80,000	\$ -	\$ -	\$ -
Total Subsidized Child Care Cluster		<u>80,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Division of Social Services:</u>					
<u>Foster Care and Adoption Cluster:</u>					
Title IV-E Foster Care - Admin	93.658	149,889	9,826		110,738
Title IV-E Foster Care - Direct Benefits	93.658	45,785	11,663		11,810
Title IV - E - Adoption -Admin	93.659	165			165
Total Foster Care and Adoption Cluster		<u>195,839</u>	<u>21,489</u>	<u>-</u>	<u>122,713</u>
<u>Temporary Assistance for Needy Families Cluster</u>					
TANF/Work First	93.558	235,503	-		679,962
Total TANF Cluster		<u>235,503</u>	<u>-</u>	<u>-</u>	<u>679,962</u>
<u>All Other DSS:</u>					
Child Support Enforcement	93.563	365,459			188,267
Refugee Assistance - Admin.	93.566	85			
Low Income Home Energy Assistance Block Grant	93.568	254,382			
Child Welfare Services	93.645	7,281	24,158		2,427
Promoting Safe and Stable Families	93.556	17,065			
Social Services Block Grant - Adult Services	93.667	248,093	16,744		49,494
Chafee Foster Care Indep. Program - Admin.	93.674	5,675	1,419		
Chafee Foster Care Indep. Program - Direct Ben. Pmts	93.674	8,820			
Total All Other DSS		<u>906,860</u>	<u>42,321</u>	<u>-</u>	<u>240,188</u>
<i>Total Administration for Children and Families</i>		<u>\$ 1,418,202</u>	<u>\$ 63,810</u>	<u>\$ -</u>	<u>\$ 1,042,863</u>
<u>Health Care Financing Administration</u>					
Passed-through the N.C. Dept. of Health and Human Serv:					
Division of Social Services:					
Administration:					
Medical Assistance Program	93.778	1,519,149	1,374		662,589
NC Health Choice	93.767	53,088	22		
<i>Total Healthcare Financing Administration</i>		<u>\$ 1,572,237</u>	<u>\$ 1,396</u>	<u>\$ -</u>	<u>\$ 662,589</u>
Total U.S. Department of Health and Human Services		<u>\$ 2,990,439</u>	<u>\$ 65,206</u>	<u>\$ -</u>	<u>\$ 1,705,452</u>
<u>U.S. Department of Education:</u>					
Passed-through N.C. Dept. of Public Instruction:					
21st Century Community Learning Center	84.287	\$ 221,862	\$ -	\$ -	\$ -
Total U.S. Department of Education		<u>\$ 221,862</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>U.S. Dept. of Agriculture</u>					
<u>Food and Nutrition Services</u>					
Passed-through the N.C. Dept. of Health and Human Serv:					
Division of Social Services:					
Administration:					
Supplemental Nutrition Assist. Program Cluster					
Administration	10.561	\$ 389,384	\$ -	\$ -	\$ 389,384
Total U.S. Dept. of Agriculture		<u>\$ 389,384</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 389,384</u>

ASHE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

<u>Grantor/Pass-through</u> <u>Grantor/Program Title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>Federal</u> <u>(Direct &</u> <u>Pass-through)</u> <u>Expenditures</u>	<u>State</u> <u>Expenditures</u>	<u>Passed</u> <u>through to</u> <u>Subrecipients</u>	<u>Local</u> <u>Expenditures</u>
<u>U.S. Dept. of Transportation</u>					
Passed - through NC Dept. of Transportation:					
Airport Improvements Program (36237.21.14.1)	20.106	\$ 3,750	\$ -	\$ -	\$ 417
Airport Improvements Program (36237.21.13.1)	20.106	21,467			2,385
Airport Improvements Program (36237.21.15.1)	20.106	6,657			740
Airport Improvements Program (36237.21.13.2)	20.106	264,817			29,424
Airport Improvements Program (36237.21.16.1)	20.106	45,719			5,080
Airport Improvements Program (36237.21.14.1)	20.106	19,511			2,168
Airport Improvements Program (36237.21.17.1)	20.106	17,873			1,986
Airport Improvements Program (36244.29.7.1)	20.106	17,100			1,900
Total U.S. Dept. of Transportation		\$ 396,894	\$ -	-	\$ 44,100
<u>U.S. Dept. of Homeland Security</u>					
Passed - through NC Dept. of Public Safety:					
Emergency Management	97.042	\$ 38,642	\$ -		\$ -
Homeland Security Grant	97.067	11,500			
Hazard Mitigation	97.047	7,565			
Emergency Management Mitigation Plan	97.047	31,810			
Total U.S. Dept. of Homeland Security		\$ 89,517	-	\$ -	\$ -
Total Federal Awards (and state and local match)		\$ 4,088,096	\$ 65,206	-	\$ 2,138,936
STATE AWARDS:					
<u>N.C. Dept. of Transportation</u>					
Rural Operating Assistance Program (EDTAP)			57,856		
Rural Operating Assistance Program (Employment Transportation)			8,505		
Rural Operating Assistance Program (RGP)			62,124		
<u>N.C. Dept. of Environmental Quality</u>					
Scrap Tire Grant			23,988		
White Goods			0		
Mercury Prod. Recycle			1,840		
Electronics Management Fund			2,183		
<u>Administrative Office of the Courts</u>					
Safe Roads Act Funds			1,147		
<u>N.C. Dept. of Public Safety</u>					
Tier II Universal Grant			1,000		
<u>N.C. Dept., of Agriculture</u>					
Soil Technicians Grant			38,908		
<u>N.C. Dept. of Administration</u>					
DMVA Community County Grant			2,175		
<u>Office of Juvenile Justice</u>					
Juvenile Crime Prevention			87,748		
<u>N.C. Community Foundation, Inc.</u>					
4-H Children's Trust Fund			4,320		
<u>N.C. Dept. of Public Instruction</u>					
Public School Building Capital Fund - Lottery Proceeds			251,812	251,812	

ASHE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal (Direct & Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Passed through to Subrecipients</u>	<u>Local Expenditures</u>
<u>N.C. Dept. of Social Services</u>					
Special Children's Adoption			36,000		
State Foster Care			47,286		47,286
State Foster Home Fund (Maximization)			124,440		124,440
Extended Foster Care Max Non IVE			13,314		
Total State Awards and local match			<u>\$ -</u>	<u>\$ 764,646</u>	<u>\$ 251,812</u>
Total Federal and State Awards			<u>\$ 4,088,096</u>	<u>\$ 829,852</u>	<u>\$ 2,310,662</u>

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

1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of Ashe County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements Cost Principles and Audit Requirements, for Federal Awards, and the State Single Audit Implementation Act. Because the SEFSA presents only a selected portion of the operations of Ashe County, it is not intended to and does not present the financial position, changes in net position or cash flows of Ashe 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 reimbursements.

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: Subsidized Child Care, and Foster Care and Adoption.