

**ASHE COUNTY  
NORTH CAROLINA  
AUDIT REPORT  
JUNE 30, 2020**

***Priscilla L. Norris, CPA***

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## **ASHE COUNTY, NORTH CAROLINA**

### **BOARD OF COUNTY COMMISSIONERS**

Todd McNeill - Chairman

William Sands - Vice Chairman

Larry Dix - (Resigned 9/9/20)

Larry Rhodes

Paula Perry

### **COUNTY OFFICIALS**

Adam Stumb

County Manager

Sandra Long

Director of Finance

John Kilby

County Attorney

Deaett Roten

Register of Deeds

Chris Lambert

Tax Administrator

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# *Priscilla L. Norris, CPA*

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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, 2020 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, North Carolina as of June 30, 2020 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 10, 2021, 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, reading "Priscilla L. Norris", is positioned above a horizontal line.

Priscilla L. Norris, CPA

Jefferson, NC

February 10, 2021



**ASHE COUNTY, NORTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

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, 2020. 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.

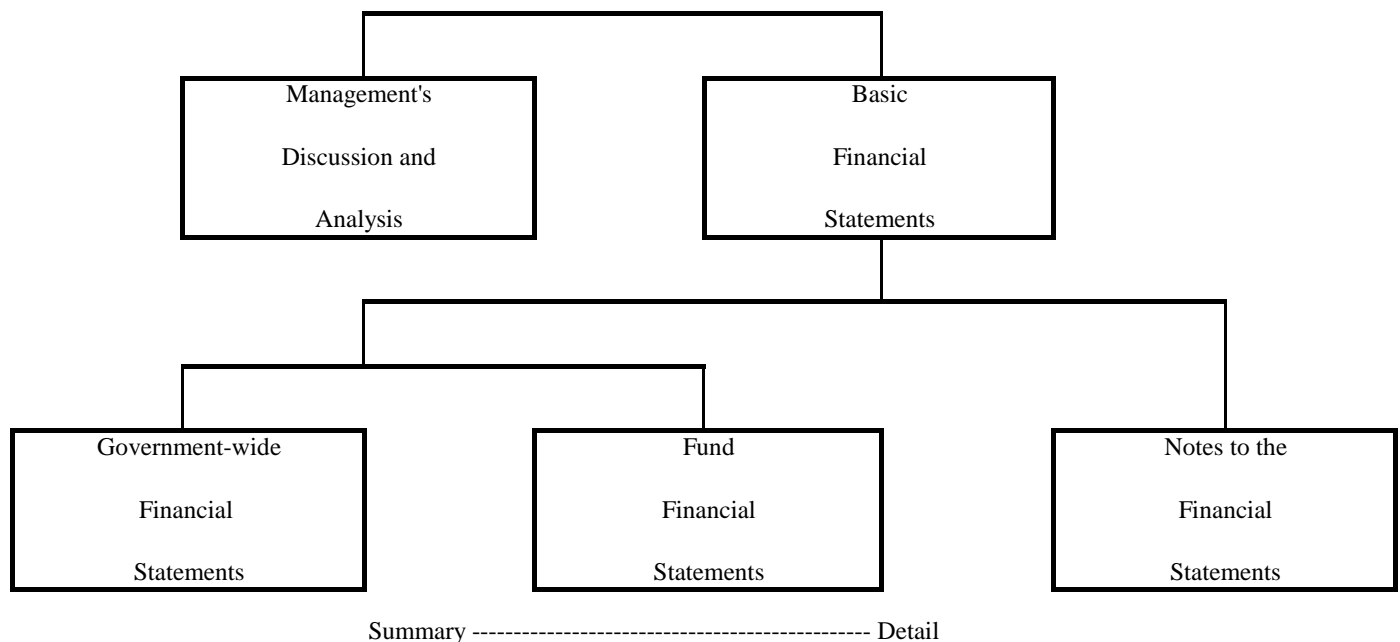
**Financial Highlights**

- \* 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 \$53,958,606 (net position).
- \* The government's total net position decreased by \$526,063, compared to an increase of \$2,082,444 in the prior year.
- \* As of the close of the current fiscal year, Ashe County's governmental funds reported combined ending fund balances of \$19,585,094, a decrease of \$464,077 in comparison with the prior year. Approximately 29.76 percent of this total amount, or \$5,828,107, is available for spending at the government's discretion (*unassigned fund balance*), beyond amounts assigned for subsequent year's expenditures. Approximately 29.72 percent, or \$5,820,952, is restricted or non-spendable.
- \* At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,828,107, or 18.01 percent, of total general fund expenditures for the fiscal year.
- \* Ashe County's total debt decreased by \$1,020,234 (13.43%) during the current fiscal year. The key factors in this decrease are principal payments on debt of \$1,767,781 less new debt of only \$747,547.

**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, 2020**

**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.

**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, NORTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

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,) of Ashe County exceeded liabilities (and deferred inflows of resources) by \$53,958,606 as of June 30, 2020. One of the largest portions, \$40,972,480 (75.93%), 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, \$5,879,795 (10.90%) 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, 2020**

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

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 23,504,238	\$ 23,102,133	\$ 5,392,119	\$ 4,958,037	\$ 28,896,357	\$ 28,060,170
Capital assets	40,456,832	40,707,671	6,875,433	6,072,514	47,332,265	46,780,185
Total assets	<u>\$ 63,961,070</u>	<u>\$ 63,809,804</u>	<u>\$ 12,267,552</u>	<u>\$ 11,030,551</u>	<u>\$ 76,228,622</u>	<u>\$ 74,840,355</u>
Deferred outflows of resources	<u>\$ 3,645,369</u>	<u>\$ 3,589,677</u>	<u>\$ 233,857</u>	<u>\$ 237,031</u>	<u>\$ 3,879,226</u>	<u>\$ 3,826,708</u>
Long-term liabilities	18,240,422	18,265,374	5,298,553	4,563,527	23,538,975	22,828,901
Other liabilities	1,673,348	570,236	312,131	124,709	1,985,479	694,945
Total liabilities	<u>\$ 19,913,770</u>	<u>\$ 18,835,610</u>	<u>\$ 5,610,684</u>	<u>\$ 4,688,236</u>	<u>\$ 25,524,454</u>	<u>\$ 23,523,846</u>
Deferred inflows of resources	<u>\$ 597,564</u>	<u>\$ 624,490</u>	<u>\$ 27,224</u>	<u>\$ 34,058</u>	<u>\$ 624,788</u>	<u>\$ 658,548</u>
Net position						
Net investment in capital assets	35,216,374	34,705,855	5,756,106	5,415,514	40,972,480	40,121,369
Restricted	5,879,795	5,496,570			5,879,795	5,496,570
Unrestricted	5,998,936	7,736,956	1,107,395	1,129,774	7,106,331	8,866,730
Total net position	<u>\$ 47,095,105</u>	<u>\$ 47,939,381</u>	<u>\$ 6,863,501</u>	<u>\$ 6,545,288</u>	<u>\$ 53,958,606</u>	<u>\$ 54,484,669</u>

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 96.18% to 96.36%
- \* Current Year Ad Valorem Tax collections of \$17,925,977 were approximately \$342,880 more than the prior year.
- \* The County ended the year with an increase over the prior year for sales tax collections of approximately \$589,908.
- \* Infrastructure construction work continued at the County airport, funded mostly by state and federal grants.

**ASHE COUNTY, NORTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

**Ashe County Changes in Net Position**

**Figure 3**

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 1,724,856	\$ 1,846,964	\$ 2,877,727	\$ 2,548,639	\$ 4,602,583	\$ 4,395,603
Operating grants and contributions	5,615,241	5,464,269	98,039	132,332	5,713,280	5,596,601
Capital grants and contributions	1,059,404	834,561			1,059,404	834,561
General revenues:						
Property taxes	18,638,853	18,400,817			18,638,853	18,400,817
Other taxes	8,503,079	7,866,972			8,503,079	7,866,972
Grants and contributions not restricted to specific programs						
Other	307,159	376,246	34,717	54,965	341,876	431,211
Total revenues	\$ 35,848,592	\$ 34,789,829	\$ 3,010,483	\$ 2,735,936	\$ 38,859,075	\$ 37,525,765
Expenses:						
General government	6,202,129	5,400,488			6,202,129	5,400,488
Public safety	8,557,404	8,112,756			8,557,404	8,112,756
Transportation	703,592	700,785			703,592	700,785
Economic and physical development	1,294,142	979,074			1,294,142	979,074
Human services	10,124,582	9,542,639			10,124,582	9,542,639
Cultural and recreation	1,617,272	1,546,378			1,617,272	1,546,378
Education	7,974,790	6,445,690			7,974,790	6,445,690
Interest on long-term debt	218,957	248,246			218,957	248,246
Environmental services			2,692,270	2,467,265	2,692,270	2,467,265
Total expenses	\$ 36,692,868	\$ 32,976,056	\$ 2,692,270	\$ 2,467,265	\$ 39,385,138	\$ 35,443,321
Increase (decrease) in net position before transfers and special items	(844,276)	1,813,773	318,213	268,671	(526,063)	2,082,444
Gain/Loss on sale of assets						
Increase in net position	(844,276)	1,813,773	318,213	268,671	(526,063)	2,082,444
Net position, beginning	47,939,381	46,125,608	6,545,288	6,276,617	54,484,669	52,402,225
Net position, ending	\$ 47,095,105	\$ 47,939,381	\$ 6,863,501	\$ 6,545,288	\$ 53,958,606	\$ 54,484,669

**Governmental activities:** Governmental activities decreased the County's net position by \$844,276.

**Business-type activities:** Business-type activities increased Ashe County's net position by \$318,213.

**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.

**ASHE COUNTY, NORTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

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 \$11,558,663 while total fund balance was \$13,713,676. The NC State Treasurer recommends 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 32.52% of General Fund expenditures, while total fund balance represents 42.73% of that same amount. Of the total fund balance, the amount that was unassigned at year end was \$5,828,107.

At June 30, 2020, the governmental funds of Ashe County reported a combined fund balance of \$19,585,094, a 2.31 percent decrease 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 \$345,641. There was an increase of \$155,830 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 \$1,107,395, a decrease of \$22,379. Total net position of the Environmental Services Fund increased by \$318,213, compared to \$268,671 in the prior year.

#### **Capital Asset and Debt Administration**

**Capital Assets:** Ashe County's capital assets for its governmental and business-type activities as of June 30, 2020, totals \$47,332,262 (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 infrastructure, including a fuel farm and fence.

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

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	4,943,257	4,938,457	492,906	128,198	5,436,163	5,066,655
Buildings and system	23,136,612	23,814,042	3,460,572	3,485,455	26,597,184	27,299,497
Improvements other than bldgs.	2,302,215	2,389,865			2,302,215	2,389,865
Machinery and equip.	1,264,345	1,287,348	2,921,951	2,458,856	4,186,296	3,746,204
Infrastructure	689,902	598,493			689,902	598,493
Vehicles and motorized equip.	8,120,502	7,679,466			8,120,502	7,679,466
Construction in progress	-	-			-	-
<b>Total</b>	<b>40,456,833</b>	<b>40,707,671</b>	<b>6,875,429</b>	<b>6,072,509</b>	<b>47,332,262</b>	<b>46,780,180</b>

**ASHE COUNTY, NORTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

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, 2020, Ashe County had no general obligation bonds outstanding.

Ashe County's total debt decreased by \$1,020,234 during the past fiscal year, primarily due to principal payments on debt of 1,767,781 less new debt of 747,547.

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 2019-2020.**

- \* Ashe County's economic outlook for the first six months of FY2019-2020 remained constant. A low rate of 3% unemployment continued the four months of September through December of 2019. In the previous winter of January 2019 the county's unemployment rate was 4.8%. In January 2020, we saw the rate decrease from the prior year slightly to 4.2% as expected during our slower tourism season. Then, as the COVID-19 pandemic brought much of the country to a standstill, our unemployment numbers rose to double digits of 10.5% and 10.2% for April and May respectively. With the oncoming of spring and summer and businesses beginning to open back up, people from metropolitan areas flocked to our lesser populated area that offers many outdoor tourism opportunities and by August our unemployment rate was back down to 5.1%. This represents a difference of employed in Ashe County's labor force from August 2019 to August 2020 of approximately an additional 160 unemployed and around 100 more actually employed compared to prior year.
- \* The state forecasts predicted major losses in sales tax collections but due to the existing retail components within Ashe County our sales tax numbers did not reflect the expected losses anticipated and we ended the year with sales tax collections up 12% over the budgeted revenues and 8% over the prior year's collections. Occupancy tax revenues appropriated to the Chamber of Commerce, 1904 Museum of Ashe County History, and the Ashe Civic Center ended the year over the budgeted projections as well. These additional revenues helped offset other service revenues which fell short during the year allowing Ashe County to use less than \$500,000 from the \$3.9 million budgeted fund balance for the General Fund.
- \* Due diligence on the Ray Taylor Road property which has been under contract for purchase for some time has been finished and a closing date of August 18th has been established. This parcel of property will allow for expansion directly across Ray Taylor Road from the county's existing Industrial Park. Partnering with Ashe County Job Development and a loan from Skyline Corporation, the County will purchase this almost 42 acre tract for future industrial expansion. Funds for site development and further infrastructure development of the site are being sought and the outlook seems promising for funds from loans and grant monies which are available for these purposes.
- \* We feel Ashe County is on sound footing economically and financially as we enter into FY2021.

**Next year's budgets and rates**

- \* For the fourth year, Ashe County's ad valorem tax rate remains unchanged for FY2021 at 44.3 cents. During the budget process in the spring of 2020, the unknown factors of the COVID-19 pandemic led the County to budget revenues conservatively. County sales tax revenues were forecast by state economists to continue to be lower for at least the first half of the year. As of this writing, sales within Ashe County are strong and will hopefully make up for any shortfalls that may come later into the winter months with the emergent possibility of a second wave of the pandemic which could reverse the economy with new shutdowns within the state and nation. Occupancy taxes collected during the first quarter of the year are reflecting an increase over last year barring any closures that might be necessitated.
- \* By using only around 14% of the General Fund- fund balance amount budgeted in FY2020, the county should be able to weather any declining revenues that could arise as a result of the pandemic.
- \* The financing for the Wilkes Community College (WCC) expansion was closed during July of 2020. \$13,500,000 was borrowed at a significantly lower interest rate to refinance the existing jail debt service. Almost \$300,000 of savings will be refunded during the remaining term of the jail loan. The remaining \$8,000,000 of the loan will complete the county's commitment to WCC.

**ASHE COUNTY, NORTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

Substantial sales tax reserves have been set aside, along with the "Sales Tax Redistribution Article" funds from NCDOR which are received monthly, to pay the first five years of the 20 year debt service. The Sales Tax Redistribution is projected to cover the remaining 15 years of the loan.

- \* The Enterprise Fund (Environmental Services Collection and Disposal departments) Household Solid Waste Disposal Fee (SWDF) will for the second year remain at \$150. This fee has allowed the Enterprise Fund to generate enough funds to maintain both departments, allow the county to put back required post-closure monies, finance aging trucks and equipment, along with being able to purchase property for a new Convenience Center on NC Highway 163 in West Jefferson. Plans are underway to build this new convenience center during the FY2021 budget year and funds to cover those expenditures were provided in the FY2021 budget.
- \* Nearly 5.5 million in federal and state transportation dollars have been awarded to Ashe County Airport for continuing projects which include adding a new parallel taxiway and apron and multiple other safety and obstruction projects using less than \$170,000 in the county tax dollars to complete.
- \* Support for the one-half cent (\$194,270) of ad valorem tax to be set aside in the Economic Development Reserve Fund continued unanimously for FY2021. Proceeds from this fund are being used directly as Industrial Incentive Agreement payments and also for the purchase and development of Ashe County's recently purchased 41.9 acre expansion to its existing industrial park site.
- \* The DSS/Health Department building exploratory committee continues their discussions and funds were budgeted to hire an engineering firm to study the feasibility of this committee's findings.
- \* The County continues on a progressive track and it has been demonstrated by the stability in the tax rates and fees that a lot can be accomplished when our county departments and agencies, community partners, and our Board of Commissioners work together.

**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](http://www.ashecountygov.com) for more information.



ASHE COUNTY, NORTH CAROLINA  
STATEMENT OF NET POSITION  
6/30/2020

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 14,710,913	\$ 4,604,470	\$ 19,315,383
Restricted cash	3,858,611		3,858,611
Receivables (net)	2,306,958	766,909	3,073,867
Due from other governments	2,568,913	20,740	2,589,653
Net pension asset - ROD	58,843	-	58,843
Subtotal	23,504,238	5,392,119	28,896,357
Capital assets:			
Land, improvements, and construction in progress	4,943,257	492,906	5,436,163
Other capital assets, net of depreciation	35,513,575	6,382,527	41,896,102
Total capital assets	40,456,832	6,875,433	47,332,265
Total assets	\$ 63,961,070	\$ 12,267,552	\$ 76,228,622
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Deferrals	\$ 2,427,775	\$ 156,724	\$ 2,584,499
OPEB Deferrals	1,217,594	77,133	1,294,727
Total Deferred Outflows	3,645,369	233,857	3,879,226
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	902,962	293,587	1,196,549
Advances from grantors	692,602		692,602
Accrued interest payable	77,784	18,544	96,328
Long-term liabilities:			
Net pension liabilities - LGERS	3,732,231	251,222	3,983,453
Total pension liabilities - LEOSSA	526,078		526,078
Total OPEB liability	7,793,265	493,691	8,286,956
Due within one year	969,965	332,008	1,301,973
Due in more than one year	5,218,883	4,221,632	9,440,515
Total liabilities	\$ 19,913,770	\$ 5,610,684	\$ 25,524,454
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension deferrals	\$ 73,539	\$ 281	\$ 73,820
OPEB deferrals	425,321	26,943	452,264
Prepaid taxes	98,704	-	98,704
Total deferred inflows of resources	\$ 597,564	\$ 27,224	\$ 624,788
<b>NET POSITION</b>			
Net investment in capital assets	35,216,374	5,756,106	40,972,480
Restricted for:			
Capital projects (education)	2,755,091		2,755,091
Public safety	104,388		104,388
Human services	143,136		143,136
Register of deeds	130,406		130,406
Register of deeds pension plan	58,843		58,843
Stabilization by State statute	2,687,931		2,687,931
Unrestricted	5,998,936	1,107,395	7,106,331
Total net position	\$ 47,095,105	\$ 6,863,501	\$ 53,958,606

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, 2020

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
<b>Primary government:</b>							
Governmental Activities							
General government	\$ 6,202,129	\$ 514,087	\$ -	\$ -	\$ (5,688,042)	\$ -	\$ (5,688,042)
Public safety	8,557,404	908,226	1,079,917		(6,569,261)		(6,569,261)
Transportation	703,592	164,895	1,572	808,110	270,985		270,985
Economic and physical development	1,294,142	10,236	125,343		(1,158,563)		(1,158,563)
Human services	10,124,582	101,362	4,402,647		(5,620,573)		(5,620,573)
Cultural and recreation	1,617,272	26,050			(1,591,222)		(1,591,222)
Education	7,974,790		5,762	251,294	(7,717,734)		(7,717,734)
Interest on long-term debt	218,957				(218,957)		(218,957)
Total governmental activities	36,692,868	1,724,856	5,615,241	1,059,404	(28,293,367)		(28,293,367)
Business-type Activities:							
Environmental services	2,692,270	2,877,727	98,039			283,496	283,496
Total business-type activities	2,692,270	2,877,727	98,039			283,496	283,496
Totals	\$ 39,385,138	\$ 4,602,583	\$ 5,713,280	\$ 1,059,404	\$ (28,293,367)	\$ 283,496	\$ (28,009,871)
General Revenues:							
Taxes:							
Property taxes, levied for general purpose					18,638,853		18,638,853
Local Option Sales tax					7,908,155		7,908,155
Other taxes and licenses					594,924		594,924
Grants and contributions not restricted to specific programs							
Investment earnings, unrestricted					236,404	34,717	271,121
Miscellaneous, unrestricted					70,755		70,755
Gain on sale of assets							-
Total general revenues, special items, and transfers					27,449,091	34,717	27,483,808
Change in net position					(844,276)	318,213	(526,063)
Net position - beginning					47,939,381	6,545,288	54,484,669
Net position - ending					\$ 47,095,105	\$ 6,863,501	\$ 53,958,606

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

ASHE COUNTY, NORTH CAROLINA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2020

EXHIBIT 3

	<u>Major Governmental Funds</u>		<u>Non-Major</u>	<u>Total</u>
	<u>General</u>	<u>School Capital</u>	<u>Governmental</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Projects</u>	<u>Funds</u>	<u>Funds</u>
<b>Assets</b>				
Cash & Investments	\$ 11,934,559	\$ -	\$ 2,776,354	\$ 14,710,913
Restricted Cash	233,982	2,733,184	891,445	3,858,611
Due from Other Funds				
Receivables (Net):				
Taxes	1,721,802			1,721,802
Accounts	140,925			140,925
Due from Other Governments	2,014,088	21,907	532,918	2,568,913
Total Assets	<u>\$ 16,045,356</u>	<u>\$ 2,755,091</u>	<u>\$ 4,200,717</u>	<u>\$ 23,001,164</u>
<b>Liabilities</b>				
Accounts Payable & Accrued Liabilities	\$ 511,174	\$ -	\$ 391,788	\$ 902,962
Advances from Grantors			692,602	692,602
Total Liabilities	<u>\$ 511,174</u>	<u>\$ -</u>	<u>\$ 1,084,390</u>	<u>\$ 1,595,564</u>
<b>Deferred Inflows of Resources</b>				
Property Taxes Receivable	\$ 1,721,802	\$ -	\$ -	\$ 1,721,802
Prepaid Taxes	98,704			98,704
Total Deferred Inflows of Resources	<u>\$ 1,820,506</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,820,506</u>
<b>Fund Balances</b>				
Restricted for:				
Stabilization by State Statute	\$ 2,155,013	\$ -	\$ 532,918	\$ 2,687,931
Register of Deeds	130,406			130,406
Human Services	48,686		94,450	143,136
School Capital Outlay		2,755,091		2,755,091
Public Safety			104,388	104,388
Committed for:				
Tax Revaluation	103,576			103,576
Human Services	17,445			17,445
Capital Projects			2,384,571	2,384,571
Assigned:				
Subsequent Year's Expenditures	5,430,443			5,430,443
Unassigned:	5,828,107			5,828,107
Total Fund Balance	<u>\$ 13,713,676</u>	<u>\$ 2,755,091</u>	<u>\$ 3,116,327</u>	<u>\$ 19,585,094</u>
Total Liabilities, Deferred Inflows of Resources & Fund Balances	<u>\$ 16,045,356</u>	<u>\$ 2,755,091</u>	<u>\$ 4,200,717</u>	

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

ASHE COUNTY, NORTH CAROLINA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2020

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.	\$ 40,456,832
Contributions to Pension Plans in the current Fiscal Year	915,300
Net pension asset - ROD	58,843
Contributions to OPEB plan in the current Fiscal Year	227,992
Deferred outflows of resources on the Statement of Net Position related to pensions	1,512,475
Deferred outflows of resources on the Statement of Net Position related to OPEB	989,602
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.	444,231
Deferred inflows of resources for taxes receivable	1,721,802
Deferred inflows of resources on the Statement of Net Position related to pensions	(73,539)
Deferred inflows of resources on the Statement of Net Position related to OPEB	(425,321)
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.	(6,266,632)
Net pension liability - LGERS	(3,732,231)
Net OPEB liability	(7,793,265)
Total pension liability - LEOSA	(526,078)
Total difference	<u>\$ 27,510,011</u>
Total fund balance	\$ 19,585,094
Net position of governmental activities	<u><u>\$ 47,095,105</u></u>

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, 2020

	<u>Major Governmental Funds</u>		<u>Non-Major</u>	<u>Total</u>
	<u>General</u>	<u>School</u>	<u>Governmental</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Capital Projects</u>	<u>Funds</u>	<u>Funds</u>
<b>Revenues</b>				
Ad Valorem Taxes	\$ 18,910,530	\$ -	\$ -	\$ 18,910,530
Local Option Sales Tax	7,908,155			7,908,155
Other Taxes	594,924			594,924
Unrestricted Intergovernmental Revenues	5,762			5,762
Restricted Intergovernmental Revenues	5,228,911	251,294	1,193,868	6,674,073
Licenses & Permits	414,207			414,207
Sales & Services	1,373,878		76,962	1,450,840
Investment Earnings	236,404			236,404
Miscellaneous	88,501		13,273	101,774
<b>Total Revenue</b>	<u>\$ 34,761,272</u>	<u>\$ 251,294</u>	<u>\$ 1,284,103</u>	<u>\$ 36,296,669</u>
<b>Expenditures</b>				
General Government	\$ 5,131,044	\$ -	\$ -	\$ 5,131,044
Public Safety	7,932,401		386,445	8,318,846
Transportation	259,183			259,183
Economic & Physical Development	1,279,178			1,279,178
Human Services	9,400,255		246,633	9,646,888
Cultural & Recreational	1,350,497			1,350,497
Educational	6,116,839			6,116,839
Capital Outlay		1,839,911	1,166,027	3,005,938
Debt Services:				
Principal Retirement	675,000	721,205		1,396,205
Interest	223,741	32,387		256,128
<b>Total Expenditures</b>	<u>\$ 32,368,138</u>	<u>\$ 2,593,503</u>	<u>\$ 1,799,105</u>	<u>\$ 36,760,746</u>
Revenues Over (Under) Expenditures	<u>\$ 2,393,134</u>	<u>\$ (2,342,209)</u>	<u>\$ (515,002)</u>	<u>\$ (464,077)</u>
<b>Other Financing Sources (Uses)</b>				
Loan Proceeds				-
Operating Transfer - In	204,600	2,375,000	797,168	3,376,768
Operating Transfer - Out	(3,172,168)		(204,600)	(3,376,768)
<b>Total Other Financing Sources (Uses)</b>	<u>\$ (2,967,568)</u>	<u>\$ 2,375,000</u>	<u>\$ 592,568</u>	<u>\$ -</u>
<b>Net Change in Fund Balance</b>	<u>\$ (574,434)</u>	<u>\$ 32,791</u>	<u>\$ 77,566</u>	<u>\$ (464,077)</u>
Fund Balances:				
Beginning of Year, July 1	\$ 14,288,110	\$ 2,722,300	\$ 3,038,761	\$ 20,049,171
End of Year, June 30	<u>\$ 13,713,676</u>	<u>\$ 2,755,091</u>	<u>\$ 3,116,327</u>	<u>\$ 19,585,094</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, 2020

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

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 (or is exceeded by) depreciation in the current period.	\$ (224,440)
Cost of capital assets disposed of during the year, not recognized on modified accrual basis.	(26,400)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	895,055
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position.	20,245
Contributions and administration costs for OPEB are deferred outflows of resources on the Statement of Net Position	227,992
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.	1,482,577
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 (increase) in interest expense between fund statements and government-wide statements	24,444
Decrease (increase) in Compensated Absences	(72,948)
OPEB Expense	(672,679)
Pension Expense	(1,762,368)
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	(188,418)
Increase (Decrease) in accrued tax interest receivable at end of year	(83,259)
Total difference	(380,199)
Net changes in fund balances - total governmental funds	\$ (464,077)
Total change in net position of governmental activities	\$ (844,276)

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, 2020

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 18,233,148	\$ 18,233,148	\$ 18,910,530	\$ 677,382
Local option sales tax	7,060,000	7,060,000	7,908,155	848,155
Other taxes	542,000	542,000	594,924	52,924
Unrestricted intergovernmental			5,762	5,762
Restricted intergovernmental	5,467,803	5,663,923	5,228,911	(435,012)
Licenses & Permits	393,000	393,000	414,207	21,207
Sales and services	1,464,250	1,613,601	1,373,878	(239,723)
Investment earnings	200,000	200,170	236,404	36,234
Miscellaneous	-	-	88,501	88,501
Total Revenues	\$ 33,360,201	\$ 33,705,842	\$ 34,761,272	\$ 1,055,430
Expenditures				
Current:				
General government	5,399,766	5,730,566	5,131,044	599,522
Public safety	7,108,920	8,297,308	7,932,401	364,907
Transportation	333,978	333,978	259,183	74,795
Economic and physical development	1,454,192	1,373,502	1,279,178	94,324
Human services	11,331,830	10,497,611	9,400,255	1,097,356
Cultural and recreational	1,436,747	1,436,747	1,350,497	86,250
Intergovernmental				
Education	6,121,046	6,121,046	6,116,839	4,207
Debt service:				
Principal retirement	675,000	675,000	675,000	-
Interest and other charges	224,421	224,421	223,741	680
Contingency fund	300,000	80,802		80,802
Total expenditures	34,385,900	34,770,981	32,368,138	2,402,843
Revenues over (under) expenditures	\$ (1,025,699)	\$ (1,065,139)	\$ 2,393,134	\$ 3,458,273
Other financing sources (uses):				
Transfer to other funds	(2,979,378)	(3,180,368)	(3,180,368)	-
Transfer from other funds	120,000	204,600	204,600	-
Appropriated fund balance	3,885,077	4,040,907		(4,040,907)
Total other financing sources (uses)	1,025,699	1,065,139	(2,975,768)	(4,040,907)
Net change in Fund Balance	\$ -	\$ -	\$ (582,634)	\$ (582,634)

## Fund Balances, General Fund:

Beginning of year July 1	14,192,735
End of year June 30	<u>\$ 13,610,101</u>

A legally budgeted Tax Revaluation fund is consolidated into the General Fund for reporting purposes:

Transfer in from General Fund	\$ 8,200
Expenditures	-
Fund Balance, Beginning, Tax Revaluation	95,375
Fund Balance, Ending, Combined (Exhibit 4)	<u>13,713,676</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, 2020

Environmental Services Fund

**Assets**

Current Assets:

Cash & Investments	\$ 4,604,470
Receivables (Net):	
SWDF	734,049
Accounts	32,860
Due From Other Governments	20,740

Total Current Assets	\$ 5,392,119
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Non Current Assets:

Capital Assets, Net of Depreciation	6,875,433
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Total Noncurrent Assets	\$ 6,875,433
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Total Assets	\$ 12,267,552
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**Deferred Outflows of Resources**

Pension Deferrals	\$ 156,724
OPEB Deferrals	77,133
Total Deferred Outflows	233,857

**Liabilities and Net Position**

Current Liabilities:

Accounts Payable	293,587
Accrued Interest Payable	18,544
Current Portion of Notes Payable	332,008

Total Current Liabilities	\$ 644,139
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Noncurrent Liabilities:

Net Pension Liabilities	\$ 251,222
Compensated Absences Payable	60,925
Other Post - Employment Benefits Payable	493,691
Accrued Landfill Closure and Postclosure Care Costs	3,373,388
Noncurrent Portion of Notes Payable	787,319

Total Noncurrent Liabilities	4,966,545
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Total Liabilities	\$ 5,610,684
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**Deferred Inflows of Resources**

Pension Deferrals	\$ 281
OPEB Deferrals	26,943
Total Deferred Outflows	27,224

**Net Position**

Net Investment in Capital Assets	\$ 5,756,106
Unrestricted	1,107,395

Total Net Position	\$ 6,863,501
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The notes to the financial statements are an integral part of this statement.



ASHE COUNTY, NORTH CAROLINA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Enterprise Fund</u>
	<u>Environmental Services</u>
	<u>Fund</u>
Operating Revenues:	
SWDF - Household Fees	\$ 2,336,303
SWDF - Commercial Fees	429,602
Recycling Revenues	105,639
Miscellaneous Revenue	6,183
Total Operating Revenues	<u>\$ 2,877,727</u>
Operating Expenses:	
Environmental Services - Collections	\$ 1,221,432
Environmental Services - Disposal	847,383
Depreciation	402,098
Landfill Closure and Postclosure Care Costs	198,862
Total Operating Expenses	<u>\$ 2,669,775</u>
Operating Income (Net)	<u>\$ 207,952</u>
Non-Operating Revenues and Expenses	
Contributions From Other Governments	\$ 6,000
Solid Waste Disposal Tax	23,335
Scrap Tire Disposal Tax and Grant	40,815
White Goods Disposal Tax and Grant	12,506
Gain on Sale of Fixed Assets	13,769
Electronics Management Distr.	1,614
Investment Earnings	34,717
Interest on Long - Term Debt	(22,495)
Total Non-Operating Revenues and Expenses	<u>110,261</u>
Change in Net Position	\$ 318,213
Total Net Position, Beginning	<u>\$ 6,545,288</u>
Total Net Position, Ending	<u><u>\$ 6,863,501</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, 2020

	<u>Enterprise Fund</u>
Cash flows from operating activities:	
Cash received from customers	\$ 2,859,529
Cash paid for goods and services	(848,662)
Cash paid to employees for services	(1,153,689)
Net cash provided (used) by operating activities	<u>\$ 857,178</u>
Cash flows from non-capital financing activities:	
Contributions from other governments	\$ 6,000
Disposal tax and grants	165,495
Transfer-in from General Fund	
Net cash provided (used) by non-capital financing activities	<u>\$ 171,495</u>
Cash flows from capital and related financing activities:	
Proceeds from Sale of Fixed Assets	\$ 16,900
Acquisition of capital assets	(1,028,148)
Proceeds from Loan	747,547
Principal paid on loan	(285,219)
Loan interest paid	(11,355)
Net cash provided (used) by capital and related financing activities	<u>(560,275)</u>
Cash flows from investing activities:	
Interest on investments	\$ 34,711
Net cash provided (used) by investing activities	<u>\$ 34,711</u>
Net increase (decrease) in cash and cash equivalents	\$ 503,109
Cash and cash equivalents, July 1	4,101,361
Cash and cash equivalents, June 30	<u>\$ 4,604,470</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	<u>\$ 207,952</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	402,098
Landfill closure and postclosure care costs	198,862
Changes in assets, liabilities, and deferred outflows and inflows of resources:	
(Increase) decrease in accounts receivable	(18,198)
(Increase) decrease in deferred outflows of resources - pensions	9,478
(Increase) decrease in deferred outflows of resources - OPEB	(6,304)
Increase (decrease) in net pension liability	46,112
Increase (decrease) in net OPEB liabilities	27,956
Increase (decrease) in deferred inflows of resources - pensions	(1,157)
Increase (decrease) in deferred inflows of resources - OPEB	(5,677)
Increase (decrease) in accounts payable and accrued liabilities	(3,713)
Increase (decrease) in accrued vacation pay	(231)
Total adjustments	<u>\$ 649,226</u>
Net cash provided (used) by operating activities	<u>\$ 857,178</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, 2020

	<u>Agency Funds</u>
 <b><u>Assets</u></b>	
Cash & Investments	\$ 898,863
Fire Taxes Receivable	<u>193,936</u>
 <b>Total Assets</b>	 <b><u><u>\$ 1,092,799</u></u></b>
 <b><u>Liabilities &amp; Net Position</u></b>	
Liabilities	
Accounts Payable	\$ 62,341
Due to Individuals	836,522
Reserve for Taxes Receivable	<u>193,936</u>
 <b>Total Liabilities &amp; Net Position</b>	 <b><u><u>\$ 1,092,799</u></u></b>

\* 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, 2020

**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, 2020

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 seven legally budgeted funds. The Emergency Telephone System Fund, the 4-H Activities Fund, the 4-H Afterschool Fund, and the Coronavirus Relief 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.

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

ASHE COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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 coronavirus relief fund), and the enterprise funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Capital Projects Funds, the Coronavirus Relief fund, and the Enterprise Capital Projects Fund, which is consolidated with the enterprise operating fund for reporting purposes.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for the general fund, at the departmental level for the special revenue and

ASHE COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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 North Carolina Capital Management Trust (NCCMT), which consists of two SEC-registered funds, is authorized by G.S. 159-30 (c)(8). One of these funds, the Government Portfolio is a 2a7 fund which invests in treasuries and government agencies and is rated AA+ by S&P. The second fund, the Term Portfolio, is a short-term bond fund investing in treasuries, government agencies, and money market instruments allowed under G.S. 159-30. The Term Portfolio has no rating. Both the Government Portfolio and the Term Portfolio are reported 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	\$ 103,576
General Fund	Register of Deeds	130,406
Capital Projects Fund	Education	2,733,184
Special Revenue Fund	Public Safety	104,393
Special Revenue Fund	Human Services	787,052

Total Governmental Activities		<u>\$ 3,858,611</u>
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Business-Type Activities

None

Total Restricted Cash		<u><u>\$ 3,858,611</u></u>
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ASHE COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**4. Ad Valorem Taxes Receivable**

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1; (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2019. 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, \$ 0; 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, 2020

**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:

Nonspendable Fund Balance - This classification includes amounts that cannot be spent because they are either (a) not

ASHE COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

Restricted for 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, such as DSS, 4-H, and Coronavirus Relief.

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.

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.

**ASHE COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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.

**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 (LGERS), 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 \$27,510,011 consists of the following:

<b>Description</b>	<b>Amount</b>
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)	\$ 66,789,895
Less accumulated depreciation	(26,333,063)
Net capital assets	<u>\$ 40,456,832</u>
 Contributions to pension plans in current fiscal year (in Deferred Outflows)	 895,055
 Net pension asset - ROD	 58,843

ASHE COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Contributions to OPEB plan in current fiscal year	227,992
Benefit payments and administration cost for LEOSSA that are in deferred outflows	20,245
Deferred outflows of resources related to pensions	1,512,475
Deferred outflows of resources related to OPEB	989,602
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are unavailable in the fund statements	444,231
Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide. (Taxes)	1,721,802
Deferred inflows of resources related to pensions	(73,539)
Deferred inflows of resources related to OPEB	(425,321)
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	(5,456,720)
Compensated absences	(732,128)
Accrued interest payable	(77,784)
Other postemployment benefits payable	(7,793,265)
Net pension liability - LGERS	(3,732,231)
Net pension liability - LEO	(526,078)
Total adjustment	<u>\$ 27,510,011</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 (\$380,199) is comprised of the following:

ASHE COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

<u>Description</u>	<u>Amount</u>
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 1,643,555
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	(1,867,995)
Cost of capital assets disposed of during the year, not recognized on modified accrual basis.	(26,400)
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.	-
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.	1,482,577
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	895,055
Benefit payments and pension administration cost for LEOSSA that are deferred outflows of resources on the Statement of Net Position.	20,245
Contributions to the OPEB plan are deferred outflows of resources on the statement of Net Position	227,992
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)	24,444
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.	(72,948)
OPEB Expense	(672,679)
Pension expense	(1,762,368)
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	(188,418)
Increase (Decrease) in accrued interest receivable on taxes at year end	(83,259)
Total adjustment	<u>\$ (380,199)</u>

**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, 2020

**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, 2020, the County's deposits had a carrying amount of \$5,548,641 and a bank balance of \$6,433,762. Of the bank balance, \$500,000 was covered by federal depository insurance, and \$5,933,762 in interest bearing deposits were covered by collateral held under the Pooling Method. At June 30, 2020, Ashe County had \$3,270 cash on hand.

**2. Investments**

At June 30, 2020 the County's investments consisted of \$17,769,665 in the North Carolina Capital Management Trust Government Portfolio, fair value level 1. As of June 30, 2020, the NCCMT Term Portfolio has a duration of 0.15 years. Because the NCCMT Government Portfolio and Term Portfolio have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months. The NCCMT Government Portfolio has an AAA in rating from S&P. The NCCMT Term Portfolio has no rating. Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. The County has no policy on credit risk. The IRC 457 Deferred Compensation plan has a balance of \$751,283 at year end.

**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>
2016-17	\$ 1,755,655	\$ 574,977	\$ 2,330,632
2017-18	1,735,762	412,244	2,148,006
2018-19	1,756,295	259,054	2,015,349
2019-20	1,676,175	96,380	1,772,555
Total	<u>\$ 6,923,887</u>	<u>\$ 1,342,655</u>	<u>\$ 8,266,542</u>

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**4. Receivables**

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

	Accounts	Taxes and Related Accrued Interest	Due from Other Governments	Due from Other Funds	Total
<u>Governmental Activities:</u>					
General	\$ 140,925	\$ 2,963,033	\$ 2,014,088	\$ -	\$ 5,118,046
Other Governmental			554,825		554,825
Total receivables	140,925	2,963,033	2,568,913		5,672,871
Allowance for doubtful accounts		(797,000)			(797,000)
Total-governmental activities	\$ 140,925	\$ 2,166,033	\$ 2,568,913	\$ -	\$ 4,875,871
<u>Business-type Activities:</u>					
Environmental Services	766,909		20,740		\$ 787,649
Total receivables	766,909		20,740		787,649
Allowance for doubtful accounts					
Total-business-type activities	\$ 766,909	\$ -	\$ 20,740	\$ -	\$ 787,649

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

Local option sales tax	\$ 1,334,469
Sales tax and gas tax refund receivable	221,741
Scrap Tire and White Goods Disposal Tax	20,740
Restricted intergovernmental grants	1,012,703
Total	<u>\$ 2,589,653</u>

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**5. Capital Assets**

**Primary Government**

Capital asset activity for the year ended June 30, 2020, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>GOVERNMENTAL ACTIVITIES:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 4,938,457	\$ 4,800	\$ -	\$ 4,943,257
Construction in Progress				-
Total cap assets not being depreciated	4,938,457	4,800	-	4,943,257
<b>Capital assets being depreciated:</b>				
Buildings	35,631,902			35,631,902
Other improvements	6,676,967	102,148		6,779,115
Infrastructure	10,892,540	892,384		11,784,924
Equipment	4,282,393	246,325	14,000	4,514,718
Vehicles and motor equipment	2,840,064	397,898	101,984	3,135,978
Total capital assets being depreciated	60,323,866	1,638,755	115,984	61,846,637
Less accumulated depreciation for:				
Buildings	11,817,860	677,430		12,495,290
Other improvements	4,287,102	189,798		4,476,900
Infrastructure	3,213,074	451,349		3,664,423
Equipment	2,995,045	269,328	14,000	3,250,373
Vehicles and motor equipment	2,241,571	280,090	75,584	2,446,077
Total accumulated depreciation	24,554,652	1,867,995	89,584	26,333,063
Total capital assets being depreciated, net	35,769,214			35,513,574
<b>Governmental activity capital assets, net</b>	<u>\$ 40,707,671</u>			<u>\$ 40,456,831</u>

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

General government	\$ 408,167
Public safety	575,709
Transportation	481,795
Economic and physical development	31,306
Human services	112,119
Cultural and recreational	258,899
Total depreciation expense	<u>\$ 1,867,995</u>



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	Beginning Balances	Increases	Decreases	Ending Balances
<b>BUSINESS-TYPE ACTIVITIES:</b>				
<b>Environmental Services</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 128,198	\$ 364,708	\$ -	\$ 492,906
Construction in Progress				
Total cap assets not being depreciated	<u>\$ 128,198</u>	<u>\$ 364,708</u>	<u>\$ -</u>	<u>\$ 492,906</u>
<b>Capital assets being depreciated:</b>				
Building	246,698	-		246,698
Plant and distribution systems	4,711,486	84,662		4,796,148
Equipment	4,836,474	758,779	243,174	5,352,079
Total capital assets being depreciated	<u>9,794,658</u>	<u>843,441</u>	<u>243,174</u>	<u>10,394,925</u>
Less accumulated depreciation for:				
Building	92,272	5,708		97,980
Plant and distribution systems	1,380,457	103,837		1,484,294
Equipment	2,377,618	292,553	240,043	2,430,128
Total accumulated depreciation	<u>3,850,347</u>	<u>402,098</u>	<u>240,043</u>	<u>4,012,402</u>
Total cap assets being depreciated, net	<u>\$ 5,944,311</u>			<u>\$ 6,382,523</u>
<b>Environmental services capital assets, net</b>	<u><u>\$ 6,072,509</u></u>			<u><u>\$ 6,875,429</u></u>

**Construction commitments**

Ashe County has also committed to build a new Middle School. Designs for the project are in the development stage, and bids are expected to be awarded in FY 20/21.

Ashe County airport is nearing completion of the Fuel Farm and Terminal Fencing project contract with SPATCO; Spent to date \$522,213; remaining commitment \$107,251.

The County is currently assisting in the expansion of Wilkes Community College/Ashe Campus. The project, owned by Wilkes Community College, totaled \$12 million dollars. Ashe County committed \$8 million toward the project. A total of \$946,496 has been paid by Ashe County as of June 30th leaving an outstanding commitment of \$7,053,504. Financing was approved by the LGC July 7, 2020 and loan funds were secured in July as well.

**B. Liabilities**

**1. Payables**

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

	Vendors	Salaries and Benefits	Accrued Interest	Advances from Grantors	Total
Governmental Activities:					
General	\$ 511,174	\$ -	\$ 71,010	\$ -	\$ 582,184
Other Governmental	391,788		6,774	692,602	1,091,164
Total-governmental activities	<u>\$ 902,962</u>	<u>\$ -</u>	<u>\$ 77,784</u>	<u>\$ 692,602</u>	<u>\$ 1,673,348</u>

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Business-type Activities

Environmental services	\$	293,587	\$	-	\$	18,544	\$	-	\$	312,131
Total-business-type activities	\$	293,587	\$	-	\$	18,544	\$	-	\$	312,131

**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](http://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, 2020, was 9.7% of compensation for law enforcement officers and 8.95% 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

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to the pension plan from the County were \$951,955 for the year ended June 30, 2020.

*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, 2020, the County reported a liability of \$3,983,596 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 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, 2019, the County's proportion was 0.29806% which was a decrease of 0.04910% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the County recognized pension expense of \$1,816,740. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>LGERS:</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 682,092	\$ -
Changes of assumptions	649,260	
Net difference between projected and actual earnings on pension plan investments	97,166	
Changes in proportion and differences between County contributions and proportionate share of contributions	104,668	4,461
County contributions subsequent to the measurement date	951,955	
Total	<u>\$ 2,485,141</u>	<u>\$ 4,461</u>

The \$951,955 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, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2021	740,513
2022	248,004
2023	407,264
2024	132,944
Thereafter	
Total	<u>\$ 1,528,725</u>

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*Actuarial Assumptions* . The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 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, 2018 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, 2019 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	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2018 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All

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rates of return and inflation are annualized.

*Discount rate* . The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate, and that 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 7.00 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 (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability (asset)	\$ 9,111,212	\$ 3,983,596	\$ (278,492)

*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, 2018, the Separation Allowance's membership consisted of:

Retirees receiving benefits	2
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	31
Total	33

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**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 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, 2018 valuation. The total pension liability in the December 31, 2018 actuarial valuation was determined in using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.26 percent
Salary increases	3.5 to 7.35 percent, including inflation and productivity factor
Discount rate	2.50 percent

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

Mortality rates are based on the RP-2014 mortality base rates projected to 2015 using MP-2015, projected forward generationally from 2015 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 \$40,489 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, 2020, the County reported a total pension liability \$526,078. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was rolled forward to December 31, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the County recognized pension expense of \$53,290.

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<u>LEOSSA:</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 34,482	\$ 50,974
Changes of assumptions	33,817	15,277
County benefit payments and plan administrative expenditures paid subsequent to the measurement date	20,245	
Total	<u>\$ 88,544</u>	<u>\$ 66,251</u>

The County paid \$20,245 in benefit payments subsequent to the measurement date that are reported as deferred outflows of resources related to pensions which will be recognized as a decrease of the total pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	Outflows	Inflows	Increase/ Decrease
2021	\$ 21,767	\$ 18,561	\$ 3,206
2022	21,767	18,561	3,206
2023	18,872	18,561	311
2024	2,466	9,072	(6,606)
2025	2,466	1,077	1,389
Thereafter	961	419	542
Total	<u>68,299</u>	<u>66,251</u>	<u>2,048</u>

*Sensitivity of the County's total pension liability to changes in the discount rate.* The following presents the County's total pension liability calculated using the discount rate of 3.26 percent, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.26 percent) or 1-percentage-point higher (4.26 percent) than the current rate:

	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Total pension liability	\$ 570,440	\$ 526,078	\$ 485,859

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

	2020
Beginning balance	\$ 508,267
Service cost	31,660
Interest on the total pension liability	17,764
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	(6,881)
Changes of assumption or other inputs	15,757
Benefit payments	(40,489)
Other changes	-
Ending balance of total pension liability	<u>\$ 526,078</u>

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*Changes of assumptions* . Changes of assumptions and other inputs reflect a change in the discount rate from 3.64 percent at June 30, 2018 to 3.26 percent at June 30, 2019.

*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 status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study 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, 2020 were \$68,545 for law enforcement officers and \$270,218 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 as ex-officio members. The Registers of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the 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 27699-1410, by calling (919)981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).



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*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 \$3,168 for the year ended June 30, 2020.

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

At June 30, 2020, the County reported an asset of \$58,843 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2019. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2019, the County's proportion was 0.29806% which was a decrease of 0.04910% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the County recognized pension expense of \$6,909. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

<u>RODSPF:</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,838
Changes in assumptions	-	
Net difference between projected and actual earnings on pension plan investments	602	
Changes in proportion and difference between County contributions and proportionate share of contributions	7,132	270
County contributions subsequent to the measurement date	3,168	
Total	<u>\$ 10,902</u>	<u>\$ 3,108</u>

The \$3,168 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, 2021. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expenses as follows:

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**Year ended June 30:**

2021	\$ 963
2022	2,959
2023	1,867
2024	(1,162)
2025	
Thereafter	
Total	<u>\$ 4,627</u>

*Actuarial Assumptions.* The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 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, 2018 valuation were based on the results of an actuarial experience study as of December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital 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, 2020 is 1.4%.

The information above is based on 30 years expectations developed with the consulting actuary for the 2020 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

*Discount rate.* The discount rate used to measure the total pension liability was 3.75%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at

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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:

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
ROD			
County's proportionate share of the net pension asset (liability)	\$ (3,964)	\$ 58,843	\$ 2,945

*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, 2018, 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, 2019, with an actuarial valuation date of December 31, 2018. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
Proportionate Share of Net Pension Liability (Asset)	\$ 3,983,596	\$ (58,843)		\$ 4,042,439
Proportion of the Net Pension Liability (Asset)	0.14587%	0.29806%	n/a	
Total Pension Liability	-	-	\$ 526,078	\$ 526,078
Pension Expense	\$ 1,816,740	\$ 6,909	\$ 53,290	\$ 1,876,939

At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
<b><u>Deferred Outflows Resources</u></b>				
Difference between expected and actual experience	\$ 682,092	\$ -	\$ 34,482	\$ 716,574
Changes of assumptions	649,260	-	33,817	683,077
Net difference between projected and actual earnings on pensions plan investments	97,166	602	-	97,768
Changes in proportion and differences between County contributions and proportionate share of contributions	104,668	7,132		111,800
County contributions (LGERS, ROD)/ benefit payments and administration cost (LEOSSA) subsequent to the measurement date	951,955	3,168	20,245	975,368
Totals	<u>2,485,141</u>	<u>10,902</u>	<u>88,544</u>	<u>2,584,587</u>
<b><u>Deferred Inflows of Resources</u></b>				
Difference between expected and actual experience	\$ -	\$ 2,838	\$ 50,974	\$ 53,812
Changes of assumptions	-	-	15,277	15,277
Changes in proportion and differences between County contributions and proportionate share of contributions	4,461	270	-	4,731
Total	<u>\$ 4,461</u>	<u>\$ 3,108</u>	<u>66,251</u>	<u>73,820</u>

**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.

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Membership of the HCB Plan consisted of the following at June 30, 2019, the date of the latest actuarial valuation:

<u>HCB</u>	General Employees:	Law Enforcement Officers:	Totals:
Retirees and dependents receiving benefits	14	2	16
Terminated plan members entitled to but not yet receiving benefits	-	-	-
Active plan members	180	34	214
Total	<u>194</u>	<u>36</u>	<u>230</u>

**Total OPEB Liability**

The County's total OPEB liability of \$8,286,956 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

*Actuarial assumptions and other inputs.* The total OPEB liability in June 30, 2019 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
Municipal Bond Index Rate	Prior Measurement date 3.89 percent Measurement date 3.50 percent
Healthcare cost trend rates	Medical and Prescription - 7.5% for 2017 decreasing to an ultimate rate of 5.00% by 2023.

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

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

**Changes in the Total OPEB Liability**

	<b>Total OPEB Liability</b>
<b>Balance at July 1, 2018</b>	\$ 7,585,256
<b>Changes for the year</b>	
Service cost	366,515
Interest	289,761
Changes of benefit terms	-
Differences between expected and actual experience	(4,775)
Changes in assumptions or other inputs	325,612
Benefit payments	<u>(275,413)</u>
<b>Net changes</b>	<u>701,700</u>
<b>Balance at June 30, 2019</b>	<u><u>\$ 8,286,956</u></u>

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The actuarial assumptions used in the June 30, 2019 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 (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

	<b>1% Decrease (2.50%)</b>	<b>Discount Rate (3.50%)</b>	<b>1 % Increase (4.50%)</b>
Total OPEB liability	\$ 9,192,889	\$ 8,286,956	\$ 7,481,467

*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:

	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
Total OPEB liability	\$ 7,224,084	\$ 8,286,956	\$ 9,567,332

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

For the year ended June 30, 2020 the County recognized OPEB expense of \$723,974. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 763,590	\$ 4,234
Changes of Assumptions	288,695	448,030
Benefit payments and administrative costs made subsequent to the measurement date	242,442	
Total	<u>\$ 1,294,727</u>	<u>\$ 452,264</u>

\$242,442 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**Year ended June 30:**

2021	\$ 67,698
2022	67,698
2023	67,698
2024	67,698
2025	86,818
Thereafter	242,411
Total	<u>\$ 600,021</u>

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**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 \$3,373,888 reported as landfill closure and post closure care liability at June 30, 2020 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 \$2,001,275 (for a total of \$5,374,663), 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 2019. 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.

**4. Deferred Outflows and Inflows of Resources**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pensions and OPEB - difference between expected and actual experience	\$ 1,480,164	\$ 58,046
Pensions - difference between projected and actual investment earnings	97,768	-
Pension - chg in proportion & difference between employer cont. & proportionate share of cont.	112,000	4,731
Pensions and OPEB - change in assumptions	971,772	463,307
Contributions to pension plan subsequent to measurement date (LGRS, ROD)	955,123	-
Benefit payments for the OPEB plan paid subsequent to measurement date	242,442	-
Benefit payments/administration costs paid subsequent to the measurement date (LEOSSA)	20,245	-
Prepaid taxes not yet earned		98,704
Totals for Statement Net Position (Exhibit 1)	<u>\$ 3,879,514</u>	<u>\$ 624,788</u>

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**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 participates in one self-funded risk-financing pool administered by the North Carolina Association of County Commissioners for liability and property insurance, as well as Workers' Compensation coverage up to the statutory limit of \$2,000,000. The pool is audited annually by certified public accountants, and the audited financial statements are available to the County upon request. The County obtains property coverage equal to replacement cost values of owned property subject to a blanket limit of \$67,380,649; 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, 2020, 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.

**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. In the event of default, the lender may demand payment, or begin court action to exercise deed of trust and force sale. The balance at June 30, 2020 was \$ 3,712,500



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- 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. In the event of default, the lender may demand payment, or begin court action to exercise deed of trust and force sale. The balance at June 30, 2020 was 1,350,000
- 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. Collateral for this contract is Mountain View School property, 23.45 acres. The County shall repay this balance in 13 annual payments of \$206,871.57 plus interest at 5.37% beginning November 22, 2011. In the event of default, the lender may demand payment, or begin court action to exercise deed of trust and force sale. The balance at June 30, 2020 was 216,262
- d. 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 supply the Ashe County Emergency Services with a new two-way Simulcast communications system (collateral). The County shall repay this balance in 6 annual payments of \$91,671 including interest at 2.01% beginning December 14, 2017. In the event of default, the lender may demand full payment. The balance at June 30, 2020 was 177,958
- Total \$ 5,456,720

**Serviced by the Environmental Services Fund:**

- a. Ashe County entered into an installment financing contract for \$557,000 dated February 28, 2019 with First Citizens Bank, to enable the County to purchase a new Track Loader and Garbage Truck for Environmental Services (collateral). The County shall repay this balance in 3 annual payments of \$194,663 including interest at 3.13% beginning September 15, 2019. In the event of default, the lender may demand full payment. The balance at June 30, 2019 was \$ 371,780
- b. Ashe County entered into an installment financing contract for \$747,547 dated December 2, 2019 with First National Bank, to enable the County to purchase a new Landfill Compactor for Environmental Services (collateral). The County shall repay this balance in 5 annual payments of \$159,380 including interest at 2.14% beginning July 20, 2020. In the event of default, the lender may demand full payment. The balance at June 30, 2020 was 747,547
- Total \$ 1,119,327

The future minimum payments as of June 30, 2020 for the County's installment purchases, including interest are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 969,965	\$ 212,408	\$ 332,008	\$ 22,035
2022	774,255	172,326	335,148	18,895
2023	675,000	142,813	149,569	9,810
2024	675,000	115,611	152,814	6,565
2025	675,000	88,408	149,787	3,258
2026-2030	1,687,500	102,009		
Total Principal Payments	\$ 5,456,720		\$ 1,119,326	
Total Interest Payments		\$ 833,575		\$ 60,563

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**b. Debt Related to Capital Activities**

Of the total Governmental Activities debt listed, \$5,240,458 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, 2020:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020	Current Portion of Balance
<u>Governmental activities:</u>					
Direct placement					
installment purchases	\$ 6,939,282	\$ -	\$ 1,482,562	\$ 5,456,720	\$ 969,965
Compensated absences	659,180	315,690	242,742	732,128	
Net pension liab. (LGERS)	3,039,146	693,085	-	3,732,231	
Net pension liab. (LEO)	508,267	17,811	-	526,078	
Net OPEB liability	7,119,499	673,766		7,793,265	
Total govern. activities	<u>\$ 18,265,374</u>	<u>\$ 1,700,352</u>	<u>\$ 1,725,304</u>	<u>\$ 18,240,422</u>	<u>\$ 969,965</u>

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020	Current Portion of Balance
<u>Business-type activities:</u>					
Direct placement					
installment purchases	\$ 657,000	\$ 747,547	\$ 285,220	\$ 1,119,327	\$ 332,008
Accrued landfill closure and post closure care costs	3,174,526	198,862		3,373,388	
Compensated absences	61,156	26,968	27,199	60,925	
Net pension liab. (LGERS)	205,110	46,112		251,222	
Net OPEB liability	465,735	27,956		493,691	
Total bus-type activities	<u>\$ 4,563,527</u>	<u>\$ 1,047,445</u>	<u>\$ 312,419</u>	<u>\$ 5,298,553</u>	<u>\$ 332,008</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, 2020, there were no industrial revenue bonds outstanding.

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**C. Interfund Balances and Activities**

**Transfer to / from other funds**

Transfers to / from other funds at June 30, 2020, consists of the following:

From the General Fund to the Economic Development Capital Projects Fund for Capital Projects	\$ 192,790
To the General Fund from the Economic Development Capital Projects Fund for Operating Exp.	204,600
From the General Fund to the Government Buildings Capital Project Fund for Various Projects	604,378
From the General Fund to the School Capital Projects Fund for School Capital Projects/Debt Svc	2,375,000
Total	<u>\$ 3,376,768</u>

Reimbursements From Emergency Telephone System Fund to General Fund for Public Safety Exp.	<u>\$ 150,000</u>
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**D. Net Investment in Capital Assets**

Net investment in capital assets is calculated as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Total capital assets net of depreciation	\$ 40,456,832	\$ 6,875,433
Debt for assets to which the County holds title	(5,240,458)	(1,119,327)
Net investment in capital assets	<u>\$ 35,216,374</u>	<u>\$ 5,756,106</u>

**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	\$ 13,713,676
Less:	
Stabilization by State Statute	2,155,013
Appropriated Fund Balance in 2021 budget	5,430,443
Register of Deeds	130,406
Tax Revaluation	103,576
Human Services	66,131
Remaining Fund Balance	<u>\$ 5,828,107</u>

**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, 2020. 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

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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, 2020. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$512,335 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, 2020. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$544,358 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.

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, 2020. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$182,837 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 \$448,660 to the community college for operating purposes, and \$961,496 for Capital Outlay during the fiscal year ended June 30, 2020. The participating governments do not have any equity interest in the joint venture; therefore no equity interest has been reflected in the County's financial statements at June 30, 2020. Complete financial statements for the community college may be obtained from the community college's administrative offices at Collegiate Drive, Wilkesboro, NC 28697.

**ASHE COUNTY, NORTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**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 \$14,327 to the Council during the year ended June 30, 2020.

**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.

	<u>Federal</u>	<u>State</u>
Temporary Assistance to Needy Families and AS, AA & AD	\$ 85,613	\$ -
Medicaid	31,570,684	14,607,206
NC Health Choice	1,045,565	-
Food Stamp Program	5,215,131	
Title IV-E, Foster Care	128,296	186,843
Title IV-E, Adoption Assistance	181,541	85,301
Adult Assistance		229,190
Women, Infants, and Children	354,848	
Independent Living	7,909	
Total	<u>\$ 38,589,587</u>	<u>\$ 15,108,540</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 27, 2021.

## **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 SEVEN FISCAL YEARS\*

LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

	<u>2020</u> <u>(6/30/19)</u>	<u>2019</u> <u>(6/30/18)</u>	<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) (%)	0.14587%	0.13675%	0.14176%	0.14001%	0.14352%	0.14383%	0.14100%
Ashe County's proportion of the net pension liability (asset) (\$)	\$ 3,983,596	\$ 3,244,178	\$ 2,165,700	\$ 2,971,481	\$ 644,109	\$ (793,824)	\$ 1,699,591
Ashe County's covered-employee payroll	\$ 10,051,324	\$ 9,357,435	\$ 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	39.63%	34.67%	23.68%	33.01%	7.42%	(9.37%)	20.87%
Plan fiduciary net position as a percentage of the total pension liability**	90.86%	92.00%	94.18%	91.47%	98.09%	102.64%	94.35%

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

\*\* 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 SEVEN FISCAL YEARS

LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 951,955	\$ 795,171	\$ 717,571	\$ 680,014	\$ 613,647	\$ 617,984	\$ 601,325
Contributions in relation to the contractually required contribution	<u>951,955</u>	<u>795,171</u>	<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>	<u>\$ -</u>	<u>\$ -</u>
Ashe County's covered-employee payroll	\$ 10,450,563	\$ 10,051,324	\$ 9,357,435	\$ 9,144,990	\$ 9,000,974	\$ 8,680,657	\$ 8,468,587
Contributions as a percentage of covered-employee payroll	9.11%	7.91%	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 SEVEN FISCAL YEARS\*

REGISTER OF DEEDS SUPPLEMENTAL PENSION FUND

	<u>2020</u> <u>(6/30/19)</u>	<u>2019</u> <u>(6/30/18)</u>	<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) (%)	0.29806%	0.34716%	0.34341%	0.35570%	0.35099%	0.33547%	0.33261%
Ashe County's proportion of the net pension liability (asset) (\$)	\$ (58,843)	\$ (57,500)	\$ (58,617)	\$ (66,502)	\$ (81,338)	\$ (76,038)	\$ (71,045)
Ashe County's covered-employee payroll	\$ 67,935	\$ 65,955	\$ 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	(86.62%)	(87.18%)	(92.44%)	106.97%	135.41%	(127.86%)	(112.24%)
Plan fiduciary net position as a percentage of the total pension liability	164.11%	153.31%	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 SEVEN FISCAL YEARS

REGISTER OF DEEDS' SUPPLEMENTAL PENSION FUND

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 3,168	\$ 2,833	\$ 2,971	\$ 2,984	\$ 2,906	\$ 2,809	\$ 2,739
Contributions in relation to the contractually required contribution	<u>3,168</u>	<u>2,833</u>	<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>	<u>\$ -</u>	<u>\$ -</u>
Ashe County's covered-employee payroll	\$ 71,013	\$ 67,935	\$ 65,955	\$ 63,411	\$ 62,166	\$ 60,066	\$ 59,469
Contributions as a percentage of covered-employee payroll	4.46%	4.17%	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, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning Balance	\$ 508,267	\$ 566,036	\$ 432,049	\$ 401,379
Service Cost	31,660	28,627	33,573	29,018
Interest On The Total Pension Liability	17,764	17,624	16,125	14,303
Changes of Benefit Terms	-	-	-	-
Differences Between Expected And Actual Experience				
In The Measurement Of The Total Pension Liability	(6,881)	(70,982)	70,776	-
Changes Of Assumptions Or Other Inputs	15,757	(16,412)	42,135	(11,209)
Benefit Payments	(40,489)	(16,626)	(28,622)	(1,442)
Other Changes	-	-	-	-
Ending Balance Of The Total Pension Liability	<u>\$ 526,078</u>	<u>\$ 508,267</u>	<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, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total Pension Liability	\$ 526,078	\$ 508,267	\$ 566,036	\$ 432,049
Covered Payroll	\$ 1,315,775	\$ 1,418,836	\$ 1,456,412	\$ 1,131,985
Total Pension Liability as a Percentage of Covered Payroll	39.98%	35.82%	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, 2020

<b>Total OPEB Liability</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Service Cost	\$ 366,515	\$ 341,647	\$ 370,800
Interest	289,761	231,031	196,643
Changes of Benefit Terms		-	-
Differences between expected and actual experience	(4,775)	940,524	60,135
Changes of assumptions	325,612	(262,884)	(405,079)
Benefit payments	(275,413)	(306,716)	(226,021)
<b>Net change in total OPEB liability</b>	<b>701,700</b>	<b>943,602</b>	<b>(3,522)</b>
<b>Total OPEB liability - beginning</b>	<b>7,585,256</b>	<b>6,641,654</b>	<b>6,645,176</b>
<b>Total OPEB liability - ending</b>	<b>\$8,286,956</b>	<b>\$7,585,256</b>	<b>\$6,641,654</b>
 <b>Covered Payroll</b>	 \$9,203,269	 \$9,203,269	 \$8,626,036
<b>Total OPEB liability as a percentage of covered payroll</b>	<b>90.04%</b>	<b>82.42%</b>	<b>77.00%</b>

**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:

<b>Fiscal Year</b>	<b>Rate</b>
2020	3.50%
2019	3.89%
2018	3.56%

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
<b>Ad Valorem Taxes</b>			
Current Year	\$ -	\$ 17,664,235	\$ -
Prior Years		815,782	
Penalties & Interest		430,513	
Total	<u>\$ 18,233,148</u>	<u>\$ 18,910,530</u>	<u>\$ 677,382</u>
<b>Local Option Sales Taxes:</b>			
Article 39	\$ -	\$ 3,052,765	\$ -
Article 44		568,650	
Article 40 One-Half of One Percent		1,904,888	
Article 42 One-Half of One Percent		1,594,256	
Article 46 One-Fourth of One Percent		787,596	
Total	<u>\$ 7,060,000</u>	<u>\$ 7,908,155</u>	<u>\$ 848,155</u>
<b>Other Taxes</b>			
Video Programming Distribution	\$ -	\$ 74,430	\$ -
Gross Receipts Auto Tax		2,087	
Occupancy Tax		337,181	
Deed Stamp Excise Tax		181,226	
Medicaid Hold Harmless			
Total	<u>\$ 542,000</u>	<u>\$ 594,924</u>	<u>\$ 52,924</u>
<b>Unrestricted Intergovernmental Revenues</b>			
Payments in Lieu of Taxes	\$ -	\$ 5,762	\$ -
Total	<u>\$ -</u>	<u>\$ 5,762</u>	<u>\$ 5,762</u>
<b>Restricted Intergovernmental Revenues</b>			
State Grants	\$ -	\$ 1,407,876	\$ -
Federal Grants		3,791,289	
Controlled Substance Tax		2,729	
Court Facility Fees		20,288	
ABC Profits for Law Enforcement		6,729	
Total	<u>\$ 5,663,923</u>	<u>\$ 5,228,911</u>	<u>\$ (435,012)</u>
<b>Licenses &amp; Permits</b>			
Gun Permits	\$ -	\$ 30,777	\$ -
Planning Department Fees		9,996	
Sheriff Department Fees and Reimb		9,469	
Building Permits/Inspection Fees		175,812	
Privilege Licenses		1,140	
Road Signs		240	
Animal License & Adoption Fee		9,339	
Register of Deeds		177,434	
Total	<u>\$ 393,000</u>	<u>\$ 414,207</u>	<u>\$ 21,207</u>

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Sales &amp; Services</b>			
Commercial Kitchen Usage Fees	\$ -	\$ 1,288	\$ -
DSS Fees and Other Sales		24,400	
Sheriff Dept Sales & Services		4,000	
Sheriff Dept & SRO Program from BOE		91,088	
Rents & Concessions		206,830	
Court Costs		39,001	
Jail Fees & Inmate Reimb. From other Counties		533,129	
Drug Fines & Forfeitures		4,662	
Recreational Department		26,050	
Airport Revenues		164,895	
DMV Fees		105,741	
Tax Collection Fees		2,392	
Copy Fees & Other Sales		9,074	
E911 Special Revenue Reimb		150,000	
Town Election Reimb		9,345	
Candidate Filing Fee		1,983	
Total	<u>\$ 1,613,601</u>	<u>\$ 1,373,878</u>	<u>\$ (239,723)</u>
<b>Investment Earnings</b>			
Investment Earnings	\$ -	\$ 236,404	\$ -
Total	<u>\$ 200,170</u>	<u>\$ 236,404</u>	<u>\$ 36,234</u>
<b>Miscellaneous</b>			
Insurance Proceeds	\$ -	\$ 68,288	\$ -
Sale of Assets & Materials		18,388	
Other Grants & Donations		1,825	
Total	<u>\$ -</u>	<u>\$ 88,501</u>	<u>\$ 88,501</u>
<b>TOTAL REVENUES</b>	<u><b>\$ 33,705,842</b></u>	<u><b>\$ 34,761,272</b></u>	<u><b>\$ 1,055,430</b></u>
<b>EXPENDITURES</b>			
<b>General Government</b>			
Governing Body			
Salaries & Employee Benefits	\$ -	\$ 113,043	\$ -
Operating Expenses		110,455	
Capital Outlay			
Total	<u>\$ 233,101</u>	<u>\$ 223,498</u>	<u>\$ 9,603</u>
Administration			
Salaries & Employee Benefits	\$ -	\$ 242,806	\$ -
Operating Expenses		21,053	
Capital Outlay			
Total	<u>\$ 277,373</u>	<u>\$ 263,859</u>	<u>\$ 13,514</u>
Finance			
Salaries & Employee Benefits	\$ -	\$ 366,721	\$ -
Operating Expenses		54,414	
Capital Outlay			
Total	<u>\$ 450,284</u>	<u>\$ 421,135</u>	<u>\$ 29,149</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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Tax Administration			
Salaries & Employee Benefits	\$ -	\$ 877,444	\$ -
Operating Expenses		235,533	
Capital Outlay		-	
Total	<u>\$ 1,242,462</u>	<u>\$ 1,112,977</u>	<u>\$ 129,485</u>
Elections			
Salaries & Employee Benefits	\$ -	\$ 135,070	\$ -
Operating Expenses		98,317	
Capital Outlay			
Total	<u>\$ 283,343</u>	<u>\$ 233,387</u>	<u>\$ 49,956</u>
Register of Deeds			
Salaries & Employee Benefits	\$ -	\$ 366,224	\$ -
Operating Expenses		96,639	
Capital Outlay			
Total	<u>\$ 488,321</u>	<u>\$ 462,863</u>	<u>\$ 25,458</u>
Legal			
Contracted Services	\$ -	\$ 330,994	\$ -
Total	<u>\$ 400,260</u>	<u>\$ 330,994</u>	<u>\$ 69,266</u>
Data Processing (IT)			
Salaries & Employee Benefits	\$ -	\$ 272,238	\$ -
Operating Expenses		155,012	
Capital Outlay		-	
Total	<u>\$ 508,430</u>	<u>\$ 427,250</u>	<u>\$ 81,180</u>
Courts			
Operating Expenses	\$ -	\$ 20,773	\$ -
Capital Outlay			
Total	<u>\$ 39,500</u>	<u>\$ 20,773</u>	<u>\$ 18,727</u>
Public Buildings			
Salaries & Employee Benefits	\$ -	\$ 435,851	\$ -
Operating Expenses		1,111,210	
Capital Outlay		87,247	
Total	<u>\$ 1,807,492</u>	<u>\$ 1,634,308</u>	<u>\$ 173,184</u>
<i>Total General Government</i>	<u><i>\$ 5,730,566</i></u>	<u><i>\$ 5,131,044</i></u>	<u><i>\$ 599,522</i></u>
<b>Public Safety</b>			
Law Enforcement			
Salaries & Employees Benefits	\$ -	\$ 2,278,918	\$ -
Operating Expenses		405,697	
Capital Outlay		245,501	
Total	<u>\$ 3,010,005</u>	<u>\$ 2,930,116</u>	<u>\$ 79,889</u>



GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Corrections			
Salaries & Employee Benefits	\$ -	\$ 1,437,106	\$ -
Operating Expenses		769,155	
Capital Outlay		53,179	
Total	<u>\$ 2,328,704</u>	<u>\$ 2,259,440</u>	<u>\$ 69,264</u>
Ambulance & Rescue			
Ambulance Service - Contracted	\$ -	\$ 950,827	\$ -
Donation to Community Ambulance Services		20,000	
Rescue Unit		50,000	
Total	<u>\$ 1,020,827</u>	<u>\$ 1,020,827</u>	<u>\$ -</u>
Emergency Management			
Salaries & Employee Benefits	\$ -	\$ 130,950	\$ -
Operating Expenses		24,952	
Capital Outlay		31,833	
Total	<u>\$ 211,085</u>	<u>\$ 187,735</u>	<u>\$ 23,350</u>
Inspections			
Salaries & Employee Benefits	\$ -	\$ 327,415	\$ -
Operating Expenses		39,214	
Capital Outlay		-	
Total	<u>\$ 415,000</u>	<u>\$ 366,629</u>	<u>\$ 48,371</u>
Animal Control			
Salaries & Employee Benefits	\$ -	\$ 220,267	\$ -
Operating Expenses		38,233	
Capital Outlay			
Total	<u>\$ 277,836</u>	<u>\$ 258,500</u>	<u>\$ 19,336</u>
Fire			
Contracted and Professional Services	\$ -	\$ 131,931	\$ -
Contributions to Volunteer Fire Department		69,396	
Total	<u>\$ 253,359</u>	<u>\$ 201,327</u>	<u>\$ 52,032</u>
E911 Coordinator			
Salaries & Employee Benefits	\$ -	\$ -	\$ -
Operating Expenses		8,792	
Capital Outlay		5,038	
Total	<u>\$ 25,750</u>	<u>\$ 13,830</u>	<u>\$ 11,920</u>
Medical Examiner			
Contracted Services	\$ -	\$ 21,000	\$ -
Total	<u>\$ 27,000</u>	<u>\$ 21,000</u>	<u>\$ 6,000</u>
Communications			
Salaries & Employee Benefits	\$ -	\$ 578,008	\$ -
Operating Expenses		41,535	
Capital Outlay			
Total	<u>\$ 653,602</u>	<u>\$ 619,543</u>	<u>\$ 34,059</u>

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
E-911 Operations			
Operating Expenses	\$ -	\$ 53,454	\$ -
Capital Outlay		-	
Total	<u>\$ 74,140</u>	<u>\$ 53,454</u>	<u>\$ 20,686</u>
<i>Total Public Safety</i>	<u>\$ 8,297,308</u>	<u>\$ 7,932,401</u>	<u>\$ 364,907</u>
<b>Transportation</b>			
Airport			
Salaries & Employee Benefits	\$ -	\$ 80,289	\$ -
Operating Expenses		134,281	
Capital Outlay		44,613	
<i>Total Transportation</i>	<u>\$ 333,978</u>	<u>\$ 259,183</u>	<u>\$ 74,795</u>
<b>Economic &amp; Physical Development</b>			
Planning & Zoning			
Salaries & Employee Benefits	\$ -	\$ 143,120	\$ -
Operating Expenses		26,867	
Capital Outlay		27,712	
Total	<u>\$ 245,884</u>	<u>\$ 197,699</u>	<u>\$ 48,185</u>
Economic Development			
Salaries & Employee Benefits	\$ -	\$ 81,081	\$ -
Operating Expenses		145,173	
Capital Outlay			
Total	<u>\$ 234,051</u>	<u>\$ 226,254</u>	<u>\$ 7,797</u>
Cooperative Extension			
Salaries & Employee Benefits	\$ -	\$ 48,938	\$ -
Contracts		271,969	
Operating Expenses		56,712	
Capital Outlay		26,723	
Total	<u>\$ 454,304</u>	<u>\$ 404,342</u>	<u>\$ 49,962</u>
Soil Conservation			
Salaries & Employee Benefits	\$ -	\$ 112,003	\$ -
Operating Expenses		15,000	
Capital Outlay			
Total	<u>\$ 127,263</u>	<u>\$ 127,003</u>	<u>\$ 260</u>
Donations & Subsidies			
Industry Incentives	\$ -	\$ 215,000	\$ -
Ashe County Farmers Market		-	
Ashe County Chamber of Commerce		108,880	
Total	<u>\$ 312,000</u>	<u>\$ 323,880</u>	<u>\$ (11,880)</u>
<i>Total Economic &amp; Physical Development</i>	<u>\$ 1,373,502</u>	<u>\$ 1,279,178</u>	<u>\$ 94,324</u>

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Human Services</b>			
Health			
Contribution to District Health Dept.	\$ 544,358	\$ 544,358	\$ -
Mental Health			
ABC Rehab Tax Distribution	\$ -	\$ 6,729	\$ -
Professional Services		597	
District Mental Health Dept.		182,837	
Total	<u>\$ 191,066</u>	<u>\$ 190,163</u>	<u>\$ 903</u>
Social Services			
Administration			
Salaries & Employee Benefits	\$ -	\$ 5,207,796	\$ -
Operating Expenses		422,076	
Capital Outlay		59,534	
		<u>5,689,406</u>	
Aid to the Blind		\$ 870	
Food Stamp Issuance Cost		5,504	
Special Assistance to Adults		231,716	
Medicaid Transportation		127,758	
Foster Care & Boarding Home		531,943	
Crisis Intervention Payments		137,461	
Adult Day Care		76,001	
Adoption Expenditures		80,588	
Work First & TNF Expenditures		37,313	
Low Income Energy Assistance Payments		133,528	
Other 100% County SS Expense		105,380	
Total Social Services	<u>\$ 8,205,097</u>	<u>\$ 7,157,468</u>	<u>\$ 1,047,629</u>
Veterans Service Officer			
Salaries & Employee Benefits	\$ -	\$ 59,519	\$ -
Operating Expenses		1,959	
Capital Outlay			
Total	<u>\$ 63,848</u>	<u>\$ 61,478</u>	<u>\$ 2,370</u>
Donations and Subsidies			
JCPC Operational	\$ -	\$ 114,048	\$ -
Helton Community Center		10,000	
A Safe Home for Everyone		30,000	
Ashe Co. Transportation Authority		168,212	
Adult Developmental Activities Program		74,153	
Blue Ridge Opportunity Commission		5,000	
Project Graduation		5,000	
New River Senior Services		20,000	
Mountain Farm Life Museum		180	
AMH/ Healthy Carolinas		385,580	
Hospitality House		10,000	
Wilkes Vocational Workshop		2,700	
Ashe Services for Aging		600,000	
Ashe Medication Assistance Program		12,000	

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Riverview Community Center		3,000	
American Legion		1,415	
Todd Community Pres Org		3,500	
Ashe Homeless Coalition		2,000	
Total	<u>\$ 1,493,242</u>	<u>\$ 1,446,788</u>	<u>\$ 46,454</u>
<i>Total Human Services</i>	<u>\$ 10,497,611</u>	<u>\$ 9,400,255</u>	<u>\$ 1,097,356</u>
<b>Cultural and Recreational</b>			
Parks & Recreation			
Salaries & Employee Benefits	\$ -	\$ 393,259	\$ -
Operating Expenses		173,939	
Capital Outlay		31,204	
Total	<u>\$ 695,412</u>	<u>\$ 598,402</u>	<u>\$ 97,010</u>
Contributions			
Contributions to Regional Library	\$ -	\$ 512,335	\$ -
Contribution to Ashe Civic Center		101,880	
Contribution to 1904 Courthouse		101,880	
Contributions to Ashe Co. Arts Council		35,000	
Tourism Promotions		1,000	
Total	<u>\$ 741,335</u>	<u>\$ 752,095</u>	<u>\$ (10,760)</u>
<i>Total Cultural and Recreational</i>	<u>\$ 1,436,747</u>	<u>\$ 1,350,497</u>	<u>\$ 86,250</u>
<b>Education</b>			
Public Schools - Current Expense	\$ -	\$ 5,323,091	\$ -
Public Schools - Pool R&M		783	
Public Schools - Capital Outlay		200,000	
Public School - Technology Equipment		118,028	
Wilkes Comm. College - One Time Operation Supply		2,500	
Wilkes Comm. College - Current Expense		446,160	
Wilkes Comm. College - Capital Outlay		26,277	
<i>Total Education</i>	<u>\$ 6,121,046</u>	<u>\$ 6,116,839</u>	<u>\$ 4,207</u>
<b>Debt Service</b>			
Principal - Public Buildings		675,000	
Interest - Public Buildings		223,741	
<i>Total Debt Service</i>	<u>\$ 899,421</u>	<u>\$ 898,741</u>	<u>\$ 680</u>
<i>Contingency</i>	<u>\$ 80,802</u>	<u>\$ -</u>	<u>\$ 80,802</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 34,770,981</u>	<u>\$ 32,368,138</u>	<u>\$ 2,402,843</u>
<b>Revenues Over (Under) Expenditures</b>	<u>\$ (1,065,139)</u>	<u>\$ 2,393,134</u>	<u>\$ 3,458,273</u>

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Other Financing Sources (Uses)</b>			
Operating Transfers - In (Out):			
From Econ. Dev. Cap. Project Fund	204,600	204,600	-
To Revaluation Fund	(8,200)	(8,200)	-
To Cap. Project Fund	(604,378)	(604,378)	-
To Econ. Dev. Capital Project Fund	(192,790)	(192,790)	-
To School Capital Project Fund	(2,375,000)	(2,375,000)	-
Appropriated Fund Balance	4,040,907		(4,040,907)
<b>Total Other Financing Sources (Uses)</b>	<u>\$ 1,065,139</u>	<u>\$ (2,975,768)</u>	<u>\$ (4,040,907)</u>
<b>Excess of Revenues &amp; Other Sources Over (Under) Expenditures &amp; Other (Uses)</b>	<u>\$ -</u>	<u>\$ (582,634)</u>	<u>\$ (582,634)</u>
<b>Fund Balance</b>			
Beginning of Year, July 1		<u>14,192,735</u>	
End of Year, June 30		<u>\$ 13,610,101</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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
Investment Earnings	\$ -	\$ -	\$ -
<b>Total Revenues</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Expenditures</b>			
General Government			
Tax Administration			
Salaries & Employee Benefits	\$ -	\$ -	\$ -
Operating Expenses			
<b>Total Expenditures</b>	<u>\$ 8,200</u>	<u>\$ -</u>	<u>\$ 8,200</u>
Revenues Over (Under)			
Expenditures	<u>\$ (8,200)</u>	<u>\$ -</u>	<u>\$ 8,200</u>
Other Financing Sources(Uses)			
Transfer In-General Fund	\$ 8,200	\$ 8,200	\$ -
Fund Balance Appropriated			<u>-</u>
Total Other Financing Sources	<u>\$ 8,200</u>	<u>\$ 8,200</u>	<u>\$ -</u>
Excess of Revenues & Other			
Sources Over (Under)			
Expenditures	<u>\$ -</u>	\$ 8,200	<u>\$ 8,200</u>
Fund Balance, July 1		<u>\$ 95,375</u>	
Fund Balance, June 30		<u>\$ 103,575</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, 2020

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Restricted Intergovernmental Revenue			
Public School Building Capital Fund			
Lottery Funds	\$ 229,594	\$ 229,594	\$ -
IRS Reimbursement of QSCB Interest	22,722	21,700	(1,022)
Investment Earnings			
<b>Total Revenues</b>	<u>\$ 252,316</u>	<u>\$ 251,294</u>	<u>\$ (1,022)</u>
<b>Expenditures:</b>			
Education Capital Outlay:			
Professional Services	\$ -	\$ 893,415	\$ -
WCC Ashe Campus Construction		946,496	
Total	<u>\$ 2,598,755</u>	<u>\$ 1,839,911</u>	<u>\$ 758,844</u>
Debt Service:			
QSCB Principal	\$ -	\$ 206,872	\$ -
QSCB Interest		22,722	
CPL Principal		514,333	
CPL Interest		9,665	
Total	<u>\$ 762,304</u>	<u>\$ 753,592</u>	<u>\$ 8,712</u>
<b>Total Expenditures</b>	<u>\$ 3,361,059</u>	<u>\$ 2,593,503</u>	<u>\$ 767,556</u>
Revenues Over (Under) Expenditures	<u>\$ (3,108,743)</u>	<u>\$ (2,342,209)</u>	<u>\$ 766,534</u>
<b>Other Financing Sources &amp; Uses</b>			
Loan Proceeds	\$ -	\$ -	-
Transfer from General Fund	2,375,000	2,375,000	-
Fund Balance Appropriated	733,743		(733,743)
<b>Total Other Financing Sources &amp; Uses</b>	<u>\$ 3,108,743</u>	<u>\$ 2,375,000</u>	<u>\$ (733,743)</u>
Revenues and Other Sources			
Over (Under) Expenditures & Other Uses	<u>\$ -</u>	<u>\$ 32,791</u>	<u>\$ 32,791</u>
Fund Balance, July 1		<u>\$ 2,722,300</u>	
Fund Balance, June 30		<u><u>\$ 2,755,091</u></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.
- \* Coronavirus Relief Fund - This fund accounts for revenues and expenses of CARES Act monies.

### *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, 2020

	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	Coronavirus Relief Fund		CDBG Fund	Government Building Fund	Economic Development Fund		
<b><u>Assets</u></b>										
Cash & Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5	\$ 2,066,140	\$ 710,209	2,776,354	2,776,354
Restricted Cash	104,393	94,385	65	692,602	891,445				-	891,445
Accounts Receivable					-				-	-
Due from Other Governments	45,595				45,595		487,323		487,323	532,918
<b>Total Assets</b>	<b>\$ 149,988</b>	<b>\$ 94,385</b>	<b>\$ 65</b>	<b>\$ 692,602</b>	<b>\$ 937,040</b>	<b>\$ 5</b>	<b>\$ 2,553,463</b>	<b>\$ 710,209</b>	<b>\$ 3,263,677</b>	<b>\$ 4,200,717</b>
<b><u>Liabilities &amp; Fund Balance</u></b>										
Accounts Payable	\$ 5	\$ -	\$ -	\$ -	\$ 5	\$ 5	\$ 391,778	\$ -	\$ 391,783	\$ 391,788
Advance from Grantors				692,602	692,602					692,602
<b>Total Liabilities</b>	<b>\$ 5</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 692,602</b>	<b>\$ 692,607</b>	<b>\$ 5</b>	<b>\$ 391,778</b>	<b>\$ -</b>	<b>\$ 391,783</b>	<b>\$ 1,084,390</b>
Fund Balance										
Restricted										
Restricted by State Statute	\$ 45,595	\$ -	\$ -	\$ -	\$ 45,595	\$ -	\$ 487,323	\$ -	\$ 487,323	\$ 532,918
Restricted for E911	104,388				104,388					104,388
Restricted for Human Services		94,385	65		94,450					94,450
Committed:										
For Capital Projects							1,674,362	710,209	2,384,571	2,384,571
Unassigned										
<b>Total Fund Balance</b>	<b>\$ 149,983</b>	<b>\$ 94,385</b>	<b>\$ 65</b>	<b>\$ -</b>	<b>\$ 244,433</b>	<b>\$ -</b>	<b>\$ 2,161,685</b>	<b>\$ 710,209</b>	<b>\$ 2,871,894</b>	<b>\$ 3,116,327</b>
<b>Total Liabilities &amp; Fund Balance</b>	<b>\$ 149,988</b>	<b>\$ 94,385</b>	<b>\$ 65</b>	<b>\$ 692,602</b>	<b>\$ 937,040</b>	<b>\$ 5</b>	<b>\$ 2,553,463</b>	<b>\$ 710,209</b>	<b>\$ 3,263,677</b>	<b>\$ 4,200,717</b>

ASHE COUNTY, NORTH CAROLINA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Special Revenue Funds				Total Nonmajor Special Revenue 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	Coronavirus Relief Fund		CDBG Fund	Government Buildings Fund	Economic Development Fund		
<b>Revenues</b>										
Investment Earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted Intergovern- mental Revenues	366,256	5,013	14,489		385,758		808,110		808,110	1,193,868
Local Fund Raising & Other Revenues		13,273			13,273					13,273
Sales & Service			76,962		76,962					76,962
Other Taxes & Licenses										
<b>Total Revenues</b>	<u>\$ 366,256</u>	<u>\$ 18,286</u>	<u>\$ 91,451</u>	<u>\$ -</u>	<u>475,993</u>	<u>\$ -</u>	<u>\$ 808,110</u>	<u>\$ -</u>	<u>\$ 808,110</u>	<u>\$ 1,284,103</u>
<b>Expenditures</b>										
General Government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public Safety	386,445				386,445					386,445
Human Services		114,275	132,358		246,633					246,633
Capital Outlay					-		1,166,027		1,166,027	1,166,027
Economic Development					-				-	-
<b>Total Expenditures</b>	<u>\$ 386,445</u>	<u>\$ 114,275</u>	<u>\$ 132,358</u>	<u>\$ -</u>	<u>\$ 633,078</u>	<u>\$ -</u>	<u>\$ 1,166,027</u>	<u>\$ -</u>	<u>\$ 1,166,027</u>	<u>\$ 1,799,105</u>
Revenues Over (Under) Expenditures	\$ (20,189)	\$ (95,989)	\$ (40,907)	\$ -	\$ (157,085)	\$ -	\$ (357,917)	\$ -	\$ (357,917)	\$ (515,002)
Other Financing Sources										
Transfer-In							604,378	192,790	797,168	797,168
Transfer-Out								(204,600)	(204,600)	(204,600)
Loan Proceeds									-	
Revenues & Other Sources Over (Under) Expenditures	(20,189)	(95,989)	(40,907)		(157,085)		246,461	(11,810)	234,651	77,566
Fund Balance, July 1	170,172	190,374	40,972	-	401,518		1,915,224	722,019	2,637,243	3,038,761
Fund Balance, June 30	<u>\$ 149,983</u>	<u>\$ 94,385</u>	<u>\$ 65</u>	<u>\$ -</u>	<u>\$ 244,433</u>	<u>\$ -</u>	<u>\$ 2,161,685</u>	<u>\$ 710,209</u>	<u>\$ 2,871,894</u>	<u>\$ 3,116,327</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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
Restricted Intergovernmental:			
E911 Wireless Surcharge	\$ 366,256	\$ 366,256	\$ -
<b>Total Revenues</b>	<u>\$ 366,256</u>	<u>\$ 366,256</u>	<u>\$ -</u>
<b>Expenditures</b>			
<u>Public Safety :</u>			
Wireless E911 Communications:			
Operating Expenses	\$ -	\$ 315,159	\$ -
Capital Outlay		<u>71,286</u>	
<b>Total Expenditures</b>	<u>\$ 447,542</u>	<u>\$ 386,445</u>	<u>\$ 61,097</u>
Excess of Revenues Over (Under)			
Expenditures	\$ (81,286)	\$ (20,189)	\$ 61,097
Other Financing Sources (Uses)			
Appropriated Fund Balance	<u>81,286</u>		<u>(81,286)</u>
Excess of Revenues & Other			
Sources Over (Under)			
Expenditures	<u>\$ -</u>	\$ (20,189)	<u>\$ (20,189)</u>
 Fund Balance, July 1		170,172	
Fund Balance, June 30		<u><u>149,983</u></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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b><u>Restricted Intergovernmental Revenue:</u></b>			
State Grants	\$ -	\$ -	\$ -
Federal Grants			
Title XX - TRAC		5,013	
Total	<u>\$ 25,500</u>	<u>\$ 5,013</u>	<u>\$ (20,487)</u>
<b><u>Sales and Service:</u></b>			
Program Fees	\$ -	\$ -	\$ -
Total	<u>\$ 118,000</u>	<u>\$ -</u>	<u>\$ (118,000)</u>
<b><u>Other Revenues:</u></b>			
Donations	\$ -	\$ 4,946	\$ -
Total	<u>\$ 67,000</u>	<u>\$ 4,946</u>	<u>\$ (62,054)</u>
<b><u>Miscellaneous Revenues:</u></b>			
4-H General	\$ -	\$ 6,292	\$ -
Children's Trust			
4-H SOS		2,035	
Total	<u>\$ 91,666</u>	<u>\$ 8,327</u>	<u>\$ (83,339)</u>
<b>Total Revenues</b>	<u>\$ 302,166</u>	<u>\$ 18,286</u>	<u>\$ (283,880)</u>
<b><u>Expenditures</u></b>			
General 4-H			
Salaries & Employee Benefits	\$ -	\$ -	\$ -
Operating Expenses		73,836	
Capital Outlay			
Total		<u>\$ 73,836</u>	
4-H Link General			
Salaries & Employee Benefits		\$ -	
Operating Expenses		3,165	
Capital Outlay			
Total		<u>\$ 3,165</u>	
4-H Summer Parks			
Salaries & Employee Benefits		\$ 28,552	
Operating Expenses		3,093	
Capital Outlay		-	
Total		<u>\$ 31,645</u>	
4-H SOS General			
Salaries & Employee Benefits		\$ -	
Operating Expenses		1,841	
Capital Outlay			
Total		<u>\$ 1,841</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, 2020

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
4-H Migrant Education			
Salaries & Employee Benefits		\$ -	
Operating Expenses		3,788	
Capital Outlay		-	
Total		<u>\$ 3,788</u>	
<b>Total Expenditures</b>	<u>\$ 302,166</u>	<u>\$ 114,275</u>	<u>\$ 187,891</u>
Revenues Over (Under) Expenditures	\$ -	\$ (95,989)	\$ (95,989)
Other Financing Sources			
Fund Balance Appropriated	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenues & Other Sources Over (Under) Expenditures	<u>\$ -</u>	\$ (95,989)	<u>\$ (95,989)</u>
Fund Balance, July 1		<u>\$ 190,374</u>	
Fund Balance, June 30		<u>\$ 94,385</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, 2020

	Budget	Actual	Variance Favorable (Unfavorable)
<b><u>Restricted Intergovernmental Revenues:</u></b>			
Title XX	\$ -	\$ 14,489	\$ -
Total	\$ 79,000	\$ 14,489	\$ (64,511)
 <b><u>Sales and Service:</u></b>			
Parent Fees	\$ -	\$ 76,962	\$ -
Total	\$ 120,000	\$ 76,962	\$ (43,038)
 <b><u>Other Revenues</u></b>			
Miscellaneous	\$ -	\$ -	\$ -
Total	\$ 15,000	\$ -	\$ (15,000)
 <b>Total Revenues</b>	 \$ 214,000	 \$ 91,451	 \$ (122,549)
 <b><u>Expenditures:</u></b>			
Blue Ridge Elementary			
Salaries & Fringe Benefits	\$ -	\$ 9,599	\$ -
Operating Expenses		9,277	
Capital Outlay			
Total		\$ 18,876	
 Mountain View Elementary			
Salaries & Fringe Benefits		\$ 31,296	
Operating Expenses		24,783	
Capital Outlay			
Total		\$ 56,079	
 Westwood Elementary			
Salaries & Fringe Benefits		\$ 33,293	
Operating Expenses		24,110	
Capital Outlay			
Total		\$ 57,403	
 <b>Total Expenditures</b>	 \$ 214,000	 \$ 132,358	 \$ 81,642

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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues Over (Under) Expenditures	\$ -	\$ (40,907)	\$ (40,907)
Other Financing Sources			
Fund Balance Appropriated	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenues and Other Sources			
Over (Under) Expenditures	<u><u>\$ -</u></u>	<u>\$ (40,907)</u>	<u><u>\$ (40,907)</u></u>
Fund Balance, July 1		<u>\$ 40,972</u>	
Fund Balance, June 30		<u><u>\$ 65</u></u>	

ASHE COUNTY, NORTH CAROLINA  
CORONAVIRUS RELIEF FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2020

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Favorable (Unfavorable)
<b>Revenues</b>					
<b>Restricted Intergovernmental Revenues:</b>					
Coronavirus Relief Fund	\$ 692,602	\$ -	\$ -	\$ -	\$ (692,602)
CARES Act Funds					
<b>Total Revenues</b>	<u>\$ 692,602</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (692,602)</u>
<b>Expenditures</b>					
Human Services	\$ 692,602	\$ -	\$ -	\$ -	\$ 692,602
<b>Total Expenditures</b>	<u>\$ 692,602</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 692,602</u>
Revenue Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Other Financing Sources</b>					
Operating Transfers In	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Other Financing Sources</b>	<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>	<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, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
Restricted Intergovernmental Revenue			
Federal Grants	<u>\$ 4,687,214</u>	<u>\$ 808,110</u>	<u>\$ (3,879,104)</u>
<b>Total Revenues</b>	<u>\$ 4,687,214</u>	<u>\$ 808,110</u>	<u>\$ (3,879,104)</u>
<b>Expenditures</b>			
General Government			
Public Buildings Capital Outlay Related	<u>\$ 1,844,960</u>	<u>\$ 177,173</u>	<u>\$ 1,667,787</u>
Transportation			
Capital Outlay Airport	<u>\$ 4,908,017</u>	<u>\$ 897,184</u>	<u>\$ 4,010,833</u>
Debt Service			
Principal	<u>\$ 86,371</u>	<u>\$ 86,372</u>	
Interest	<u>5,299</u>	<u>5,298</u>	
Total Debt Services	<u>\$ 91,670</u>	<u>\$ 91,670</u>	<u>\$ -</u>
<b>Total Expenditures</b>	<u>\$ 6,844,647</u>	<u>\$ 1,166,027</u>	<u>\$ 5,678,620</u>
Revenues Over (Under) Expenditures	<u>\$ (2,157,433)</u>	<u>\$ (357,917)</u>	<u>\$ 1,799,516</u>
<b>Other Financing Sources</b>			
Transfers In	<u>\$ 604,378</u>	<u>\$ 604,378</u>	<u>\$ -</u>
Fund Balance Appropriated	<u>1,553,055</u>		<u>(1,553,055)</u>
<b>Total Other Financing Sources</b>	<u>\$ 2,157,433</u>	<u>\$ 604,378</u>	<u>\$ (1,553,055)</u>
Revenue and Other Sources			
Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 246,461</u>	<u>\$ 246,461</u>
Fund Balance, July 1		<u>\$ 1,915,224</u>	
Fund Balance, June 30		<u>\$ 2,161,685</u>	

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, 2020

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Investment Earnings	\$ -	\$ -	\$ -
<b>Expenditures</b>			
Economic Development:			
Capital Outlay Related	\$ 336,190	\$ -	\$ 336,190
Revenues Over (Under) Expenditures	\$ (336,190)	\$ -	\$ 336,190
<b>Other Financing Sources &amp; Uses</b>			
Operating Transfers - In (From General Fund)	\$ 192,790	\$ 192,790	\$ -
Operating Transfers - Out (To General Fund)	(204,600)	(204,600)	-
Operating Transfers- Out (To Capital Projects Fund)	-	-	-
Fund Balance Appropriated	348,000		(348,000)
<b>Total Other Fin. Sources &amp; Uses</b>	\$ 336,190	\$ (11,810)	\$ (348,000)
Revenues & Other Sources Over (Under)			
Expenditures & Other Uses	<u>\$ -</u>	\$ (11,810)	<u>\$ (11,810)</u>
Fund Balance, July 1		<u>\$ 722,019</u>	
Fund Balance, June 30		<u>\$ 710,209</u>	

## **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, 2020

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Operating Revenues:			
Charges for Services:			
SWDF - Household Fees	\$ -	\$ 2,336,303	\$ -
SWDF - Commercial Fees		429,602	
Recycling Revenues		105,639	
Miscellaneous Revenue		6,183	
Total Operating Revenues	<u>\$ 2,901,500</u>	<u>\$ 2,877,727</u>	<u>\$ (23,773)</u>
Non-Operating Revenue:			
Investment Earnings	<u>\$ 50,000</u>	<u>\$ 34,717</u>	<u>\$ (15,283)</u>
Total Revenues	<u>\$ 2,951,500</u>	<u>\$ 2,912,444</u>	<u>\$ (39,056)</u>
Expenditures:			
Environmental Services-Collections			
Salaries & Employee Benefits	\$ -	\$ 801,272	\$ -
Operating Expenses		376,485	
Capital Outlay		439,580	
Total Environmental Services-Collections	<u>\$ 1,664,993</u>	<u>\$ 1,617,337</u>	<u>\$ 47,656</u>
Environmental Services-Disposal			
Salaries & Employee Benefits	\$ -	\$ 352,417	\$ -
Operating Expenses		468,460	
Capital Outlay		768,568	
Total Environmental Services-Disposal	<u>\$ 1,817,405</u>	<u>\$ 1,589,445</u>	<u>\$ 227,960</u>
Debt Service			
Principal		\$ 285,219	\$ -
Interest		11,355	
Total Debt Service	<u>\$ 300,399</u>	<u>\$ 296,574</u>	<u>\$ 3,825</u>
Total Expenditures	<u>\$ 3,782,797</u>	<u>\$ 3,503,356</u>	<u>\$ 279,441</u>
Revenues Over (Under) Expenditures	<u>\$ (831,297)</u>	<u>\$ (590,912)</u>	<u>\$ 240,385</u>
Other Financing Sources (Uses)			
Contribution From Other Governments	\$ 6,000	\$ 6,000	\$ -
Solid Waste Disposal Tax	20,200	23,335	3,135
Scrap Tire Disposal Tax and Grant	59,500	40,815	(18,685)
White Goods Disposal Tax and Grant	12,000	12,506	506
Electronics Mgmt Distr.	1,800	1,614	(186)
Other DEHNR GRANT	1,800		(1,800)
Proceeds from Sale of Fixed Assets	25,609	16,900	(8,709)
Proceeds from Loan	747,547	747,547	-
Transfer Out - Landfill Capital Reserve	(200,000)	(200,000)	-
Fund Balance Appropriated	156,841		(156,841)
Total	<u>\$ 831,297</u>	<u>\$ 648,717</u>	<u>\$ (182,580)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 57,805</u>	<u>\$ 57,805</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, 2020

Reconciliation to Accrual Basis

Excess of Revenues and Other Sources	
Over (Under) Expenditures	\$ 57,805
Proceeds from Sale of Fixed Assets	(16,900)
Gain on Sale of Fixed Assets	13,764
Proceeds from Loan	(747,547)
Debt Principal	285,219
Decrease (Increase) in Interest Payable	(11,139)
Capital Outlay	1,208,148
Depreciation	(402,098)
Landfill Closure and Postclosure Care Costs	(198,862)
Transfers Out - Landfill Capital Reserve	200,000
Increase (Decrease) in Deferred Outflows of Resources - Pensions	(9,478)
Increase (Decrease) in Deferred Outflows of Resources - OPEB	6,304
Decrease (Increase) in Accrued Vacation Pay	231
Decrease (Increase) in Net Pension Liability	(46,112)
Decrease (Increase) in OPEB Liability	(27,956)
Decrease (Increase) in Deferred Inflows of Resources - Pensions	1,157
Decrease (Increase) in Deferred inflows of Resources -OPEB	5,677
Change in Net Position	<u>\$ 318,213</u>

LANDFILL CLOSURE & POST CLOSURE - RESERVE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON - GAAP)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<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>\$ 200,000</u>	<u>\$ -</u>	<u>\$ 200,000</u>
Revenues Over (Under) Expenditures	<u>\$ (200,000)</u>	<u>\$ -</u>	<u>\$ 200,000</u>
Other Financing Sources (Uses):			
Transfers In - Environmental Services	\$ 200,000	\$ 200,000	\$ -
Transfers Out- Environmental Services			
Fund Balance Appropriated			-
Total	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Revenues and Other Financing Sources Over (Under) Expenditures	<u><u>\$ -</u></u>	<u><u>\$ 200,000</u></u>	<u><u>\$ 200,000</u></u>

ASHE COUNTY, NORTH CAROLINA  
COMBINING TRUST AND AGENCY FUND STATEMENT OF CHANGES IN  
ASSETS AND LIABILITIES - AGENCY FUNDS  
JUNE 30, 2020

	<u>Balance</u> <u>7/01/2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/2020</u>
<b><u>Social Services</u></b>				
Assets:				
Cash & Investments	\$ 26,259	\$ 466,597	\$ 405,683	\$ 87,173
Liabilities:				
Accounts Payable	\$ 1,223	\$ 2,681	\$ 1,970	\$ 1,934
Due to Individuals	25,036	463,916	403,713	85,239
Total Liabilities	<u>\$ 26,259</u>	<u>\$ 466,597</u>	<u>\$ 405,683</u>	<u>\$ 87,173</u>
<b><u>Fire Districts</u></b>				
Assets:				
Cash & Investments	\$ 8,541	\$ 1,701,642	\$ 1,699,595	\$ 10,588
Taxes Receivable	202,773	1,604,402	1,613,239	193,936
Total Assets	<u>\$ 211,314</u>	<u>\$ 3,306,044</u>	<u>\$ 3,312,834</u>	<u>\$ 204,524</u>
Liabilities & Reserves:				
Accounts Payable	\$ 8,541	\$ 1,701,642	\$ 1,699,595	\$ 10,588
Reserve for Taxes Rec.	202,773	1,604,402	1,613,239	193,936
Total Liabilities	<u>\$ 211,314</u>	<u>\$ 3,306,044</u>	<u>\$ 3,312,834</u>	<u>\$ 204,524</u>
<b><u>Jail Commissary</u></b>				
Assets:				
Cash & Investments	\$ 42,841	\$ 243,184	\$ 236,206	\$ 49,819
Liabilities:				
Accounts Payable	\$ 42,841	\$ 243,184	\$ 236,206	\$ 49,819
<b><u>IRC 457 Deferred Compensation Plan</u></b>				
Assets:				
Cash & Investments	\$ 767,403	\$ 63,790	\$ 79,910	\$ 751,283
Liabilities:				
Due to Individuals	\$ 767,403	\$ 63,790	\$ 79,910	\$ 751,283
<b><u>Totals-All Agency Funds</u></b>				
Assets:				
Cash & Investments	\$ 845,044	\$ 2,475,213	\$ 2,421,394	\$ 898,863
Taxes Receivable	202,773	1,604,402	1,613,239	193,936
Total Assets	<u>\$1,047,817</u>	<u>\$ 4,079,615</u>	<u>\$ 4,034,633</u>	<u>\$ 1,092,799</u>
Liabilities & Reserves:				
Accounts Payable	\$ 52,605	\$ 1,947,507	\$ 1,937,771	\$ 62,341
Due to Individuals	792,439	527,706	483,623	836,522
Reserve for Taxes Rec.	202,773	1,604,402	1,613,239	193,936
Total Liabilities & Reserves	<u>\$1,047,817</u>	<u>\$ 4,079,615</u>	<u>\$ 4,034,633</u>	<u>\$ 1,092,799</u>

ASHE COUNTY, NORTH CAROLINA  
ANALYSIS OF CURRENT TAX LEVY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	County - wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property Taxed at Current Year's Rate	\$ 4,135,154,017	.443	\$ 18,315,252	\$ 17,355,358	\$ 959,894
Property Taxed at Prior Year's Rate	75,479,567	.443	334,238	-	334,238
Discoveries					
Current year taxes	\$ 26,246,982	.443	\$ 116,274	\$ 116,274	\$ -
Total	\$ 4,236,880,566		\$ 18,765,764	\$ 17,471,632	\$ 1,294,132
Abatements	\$ (36,850,390)	.443	\$ (163,247)	\$ (163,247)	\$ -
Total property valuation	<u>\$ 4,200,030,176</u>				
Net levy			\$ 18,602,517	\$ 17,308,385	\$ 1,294,132
Uncollected taxes at June 30, 2020			<u>(676,540)</u>	<u>(676,540)</u>	
Current year's taxes collected			<u>\$ 17,925,977</u>	<u>\$ 16,631,845</u>	<u>\$ 1,294,132</u>
Current levy collection percentage			96.36%	96.09%	100.00%



ASHE COUNTY, NORTH CAROLINA  
SCHEDULE OF AD VALOREM TAXES RECEIVABLE  
JUNE 30, 2020

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2019</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2020</u>
2019-20	\$ -	\$ 18,602,534	\$ 17,925,994	\$ 676,540
2018-19	697,794		295,862	401,932
2017-18	410,276		118,215	292,061
2016-17	305,276		77,225	228,051
2015-16	258,495		64,426	194,069
2014-15	217,591		58,050	159,541
2013-14	204,505		44,999	159,506
2012-13	181,241		31,721	149,520
2011-12	169,976		26,232	143,744
2010-11	142,990		29,152	113,838
2009-10	129,076		129,076	-
	<u>\$ 2,717,220</u>	<u>\$ 18,602,534</u>	<u>\$ 18,800,952</u>	<u>\$ 2,518,802</u>

Less Allowance for Uncollectible Ad Valorem Taxes Receivable	<u>\$ 797,000</u>
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Ad Valorem Taxes Receivable (Net)	<u><u>\$ 1,721,802</u></u>
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Reconciliation with Revenues	
Taxes - Ad Valorem - General Fund	\$ 18,910,530
Discount Allowed	219,803
Amounts Written Off Per Statute of Limitations	60,374
Adjustments	40,758
Interest Collected	<u>(430,513)</u>

Total Collections & Credits	<u><u>\$ 18,800,952</u></u>
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# *Priscilla L. Norris, CPA*

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## **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, 2020, and the notes to the financial statements, which collectively comprises Ashe County's basic financial statements, and have issued our report thereon dated February 10, 2021.

#### **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, reading "Priscilla L. Norris", is written over a solid horizontal line.

Priscilla L. Norris, CPA

Jefferson, NC

February 10, 2021

# *Priscilla L. Norris, CPA*

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**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, 2020. 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, 2020.

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

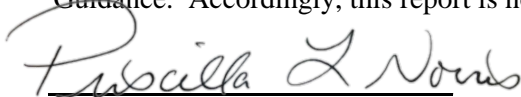
Management of Ashe County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Ashe County's internal control over compliance with the types 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 10, 2021

# *Priscilla L. Norris, CPA*

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**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, 2020. 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, 2020.

### **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 10, 2021

ASHE COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2020

**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, 2020

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

State Aid to Airports

Rural Building Reuse Program

**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, 2020

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal (Direct &amp; Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Passed through to Subrecipients</u>	<u>Local Expenditures</u>
<b>FEDERAL AWARDS:</b>					
<b><u>U.S. Department of Health and Human Services</u></b>					
<i><u>Administration for Children and Families</u></i>					
Passed-through the N.C. Dept. of Health and Human Serv:					
<i><u>Division of Child Development:</u></i>					
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>
<i><u>Division of Social Services:</u></i>					
<i><u>Foster Care and Adoption Cluster:</u></i>					
Title IV-E Foster Care - Admin	93.658	150,135	9,450		123,023
Title IV-E Foster Care - Direct Benefits	93.658	128,296	27,303		28,459
Title IV-E - Adoption -Admin	93.659	4,150			4,150
Total Foster Care and Adoption Cluster		<u>282,581</u>	<u>36,753</u>	<u>-</u>	<u>155,632</u>
<i><u>Temporary Assistance for Needy Families Cluster</u></i>					
TANF/Work First	93.558	235,503	-		522,943
Total TANF Cluster		<u>235,503</u>	<u>-</u>	<u>-</u>	<u>522,943</u>
<i><u>All Other DSS:</u></i>					
Child Support Enforcement	93.563	391,333	394		201,595
Refugee Assistance - Admin.	93.566	21			
Low Income Home Energy Assistance Block Grant	93.568	290,098			
Child Welfare Services	93.645	6,893	24,208		2,298
Promoting Safe and Stable Families	93.556	9,686			
Social Services Block Grant - Adult Services	93.667	253,679	21,819		50,375
Chafee Foster Care Indep. Program - Admin.	93.674	9,631	2,408		
Chafee Foster Care Indep. Program - Direct Ben. Pmts	93.674	7,909			
Total All Other DSS		<u>969,250</u>	<u>48,829</u>	<u>-</u>	<u>254,268</u>
<i>Total Administration for Children and Families</i>		<u>\$ 1,567,334</u>	<u>\$ 85,582</u>	<u>\$ -</u>	<u>\$ 932,843</u>
<i><u>Health Care Financing Administration</u></i>					
Passed-through the N.C. Dept. of Health and Human Serv:					
Division of Social Services:					
Administration:					
Medical Assistance Program	93.778	1,594,127	2,087		728,362
NC Health Choice	93.767	50,881	864		3,412
<i>Total Healthcare Financing Administration</i>		<u>\$ 1,645,008</u>	<u>\$ 2,951</u>	<u>\$ -</u>	<u>\$ 731,774</u>
<b>Total U.S. Department of Health and Human Services</b>		<u>\$ 3,212,342</u>	<u>\$ 88,533</u>	<u>\$ -</u>	<u>\$ 1,664,617</u>
<b><u>U.S. Dept. of Agriculture</u></b>					
<i><u>Food and Nutrition Services</u></i>					
Passed-through the N.C. Dept. of Health and Human Serv:					
Division of Social Services:					
Administration:					
Supplemental Nutrition Assist. Program Cluster					
Administration	10.561	\$ 427,370	\$ -	\$ -	\$ 427,370
<b>Total U.S. Dept. of Agriculture</b>		<u>\$ 427,370</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 427,370</u>
<b><u>U.S. Dept. of Transportation</u></b>					
Passed - through NC Dept. of Transportation:					
Airport Improvements Program (36237.21.16.1)	20.106	\$ 3,600	\$ -	\$ -	\$ 400
Airport Improvements Program (36237.21.13.1)	20.106	5,182			576
Airport Improvements Program (36237.21.17.2)	20.106	199,450	41,907		26,817
<b>Total U.S. Dept. of Transportation</b>		<u>\$ 208,232</u>	<u>\$ 41,907</u>	<u>-</u>	<u>\$ 27,793</u>

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

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal (Direct &amp; Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Passed through to Subrecipients</u>	<u>Local Expenditures</u>
<b><u>U.S. Dept. of Homeland Security</u></b>					
Passed - through NC Dept. of Public Safety:					
Emergency Management	97.042	\$ 38,904	\$ -		\$ -
<b>Total U.S. Dept. of Homeland Security</b>		<b>\$ 38,904</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Federal Awards (and state and local match)</b>		<b>\$ 3,886,848</b>	<b>\$ 130,440</b>	<b>\$ -</b>	<b>\$ 2,119,780</b>
<b>STATE AWARDS:</b>					
<b><u>N.C. Dept. of Transportation</u></b>					
Rural Operating Assistance Program (EDTAP)			67,688		
Rural Operating Assistance Program (Employment Transportation)			9,760		
Rural Operating Assistance Program (RGP)			72,764		
State Aid to Airports (DOT-8) (36244.29.8.1)			526,467		58,496
State Aid to Airports (DOT-8) (36244.29.9.1)			15,252		1,695
State Aid to Airports (DOT-8) (46344.2.1)			4,320		480
State Aid to Airports (DOT-8)(unknown)			11,287		1,254
<b><u>N.C. Dept. of Environmental Quality</u></b>					
Scrap Tire Grant			3,275		
<b><u>Administrative Office of the Courts</u></b>					
Safe Roads Act Funds			1,572		
<b><u>N.C. Dept. of Public Safety</u></b>					
Emergency Management Supplies			1,000		
Emergency Management Professional Services			14,500		
<b><u>N.C. Dept. of Administration</u></b>					
DMVA County Grant			2,182		
<b><u>Office of Juvenile Justice</u></b>					
Juvenile Crime Prevention			101,893		
<b><u>NC Department of Commerce</u></b>					
Rural Building Reuse Program (COM-8)			100,000		
<b><u>NC Department of Agriculture</u></b>					
Farm Land Protection Grant			13,750		
Mobile Home Removal Grant			6,000		
Soil Technicians Grant			25,343		
<b><u>N.C. Dept. of Public Instruction</u></b>					
Public School Building Capital Fund - Lottery Proceeds			229,594	229,594	
<b><u>N.C. Dept. of Social Services</u></b>					
Special Children's Adoption			-		
State Foster Home			49,355		49,355
State Foster Home Fund (Maximization)			86,064		86,064
Extended Foster Care Max Non IVE			24,121		
Child Support Enforcement Incentive			10,784		
<b>Total State Awards and local match</b>		<b>\$ -</b>	<b>\$ 1,376,971</b>	<b>\$ 229,594</b>	<b>\$ 197,344</b>
<b>Total Federal and State Awards</b>		<b>\$ 3,886,848</b>	<b>\$ 1,507,411</b>	<b>\$ 229,594</b>	<b>\$ 2,317,124</b>

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

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed through to Subrecipients	Local Expenditures
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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, 2020. 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.