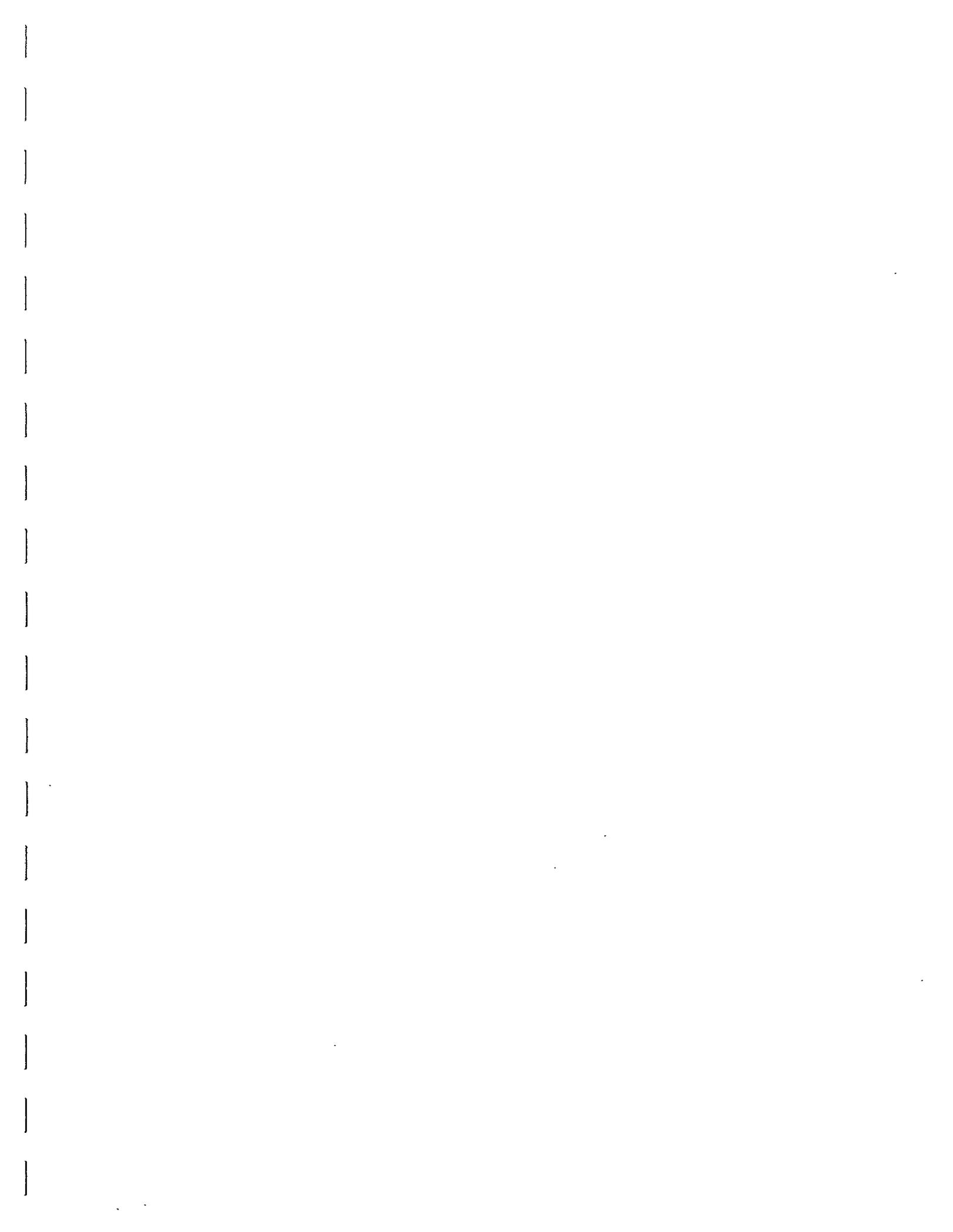


ASHE COUNTY
NORTH CAROLINA
AUDIT REPORT
JUNE 30, 2011



ASHE COUNTY, NORTH CAROLINA

BOARD OF COUNTY COMMISSIONERS

Judy Porter Poe, Chairman

Larry Rhodes, Vice -Chairman

Gerald Price

William Sands

Gary Roark

COUNTY OFFICIALS

Dr. Patricia Mitchell

Interim County Manager

Sandra Long

Director of Finance

John Kilby

County Attorney

Shirley Wallace

Register of Deeds

Keith Little

Tax Administrator

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Priscilla L. Norris, CPA

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Independent Auditor's Report

To the Board of County Commissioners
Ashe County, North Carolina

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, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Ashe County's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

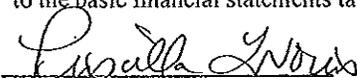
We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business - type activities, each major fund, and the aggregate remaining fund information of Ashe County, North Carolina, as of June 30, 2011, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 28, 2011 on our consideration of Ashe County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance and the other Postemployment Benefits Schedules of Funding Progress and Employer Contributions are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion thereon.

Our audit was performed for the purpose of forming an opinion 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.


Priscilla L. Norris, CPA

November 28, 2011

**ASHE COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

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, 2011. 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.

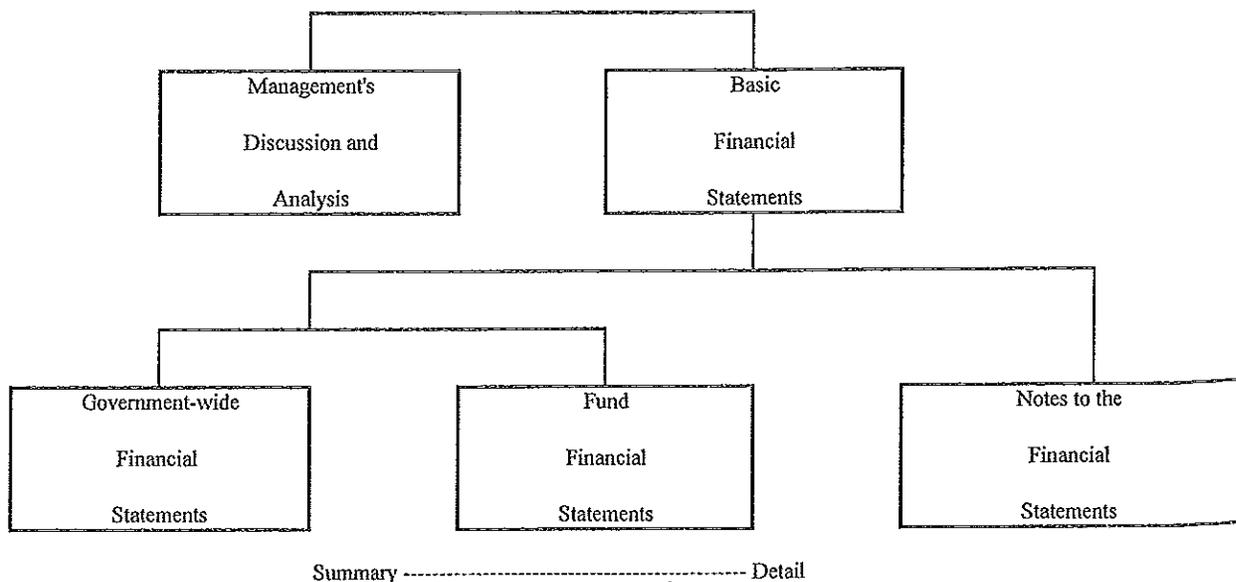
Financial Highlights

- * The assets of Ashe County exceeded its liabilities at the close of the fiscal year by \$38,847,012 (*net assets*).
- * The government's total net assets increased by \$1,239,620.
- * As of the close of the current fiscal year, Ashe County's governmental funds reported combined ending fund balances of \$19,226,153, an increase of \$2,746,515 in comparison with the prior year. Approximately 38.4 percent of this total amount, or \$7,380,621 is available for spending at the government's discretion (*unassigned fund balance*), beyond amounts assigned for subsequent year's expenses.
- * At the end of the current fiscal year, unassigned fund balance for the General Fund was \$7,380,621 or 26.47 percent of total general fund expenditures for the fiscal year.
- * Ashe County's total debt increased by \$324,743 (1.2%) during the current fiscal year. The key factors in this increase are principal payments on debt, plus new debt of \$2,896,202 for school construction.

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**



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

ASHE COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

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 assets and how they have changed. Net assets are the difference between the County's total assets and total liabilities. Measuring net assets 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 Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Ashe County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

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

**ASHE COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

Required supplementary information can be found on Exhibit A - 1 of this report.

Government-Wide Financial Analysis

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

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 23,340,299	\$ 20,345,600	\$ 5,382,520	\$ 4,480,599	\$ 28,722,819	\$ 24,826,199
Capital assets	37,310,088	37,777,235	3,375,013	4,660,502	40,685,101	42,437,737
Total assets	\$ 60,650,387	\$ 58,122,835	\$ 8,757,533	\$ 9,141,101	\$ 69,407,920	\$ 67,263,936
Long-term liabilities	26,019,430	25,251,107	3,473,000	3,384,207	29,492,430	28,635,314
Other liabilities	945,190	927,284	123,288	93,946	1,068,478	1,021,230
Total liabilities	\$ 26,964,620	\$ 26,178,391	\$ 3,596,288	\$ 3,478,153	\$ 30,560,908	\$ 29,656,544
Net assets:						
Invested in capital assets net of related debt	23,372,588	22,764,735	3,682,520	3,887,751	27,055,108	26,652,486
Restricted	5,702,085	913,165			5,702,085	913,165
Unrestricted	4,611,094	8,266,544	1,478,725	1,775,197	6,089,819	10,041,741
Total net assets	\$ 33,685,767	\$ 31,944,444	\$ 5,161,245	\$ 5,662,948	\$ 38,847,012	\$ 37,607,392

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of Ashe County exceeded liabilities by \$38,847,012 as of June 30, 2011. One of the largest portions reflects the County's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. 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 assets (14.68 %) represents resources that are subject to external restrictions on how they may be used.

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

- * The tax valuation held steady at around \$3.7 billion, along with a tax rate of 42.5. The tax collection rate was 93.76%.
- * Even with the declining economy, the County ended the year with \$394,555 in excess of the original budgeted amount for sales tax collections, mostly due to continuation of near steady retail sales within the borders of Ashe County.
- * Jail fees increased considerably due to the opening of the new jail.
- * General Fund departments were asked early-on in the year to be very conservative with their expenditures and this year over 3.2 million dollars was left unspent in the general fund budget, which was available to cover uncollected revenues and to replenish the fund balance reserves.

**Ashe County Changes in Net Assets
Figure 3**

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 2,013,551	\$ 919,409	\$ 1,755,834	\$ 1,691,936	\$ 3,769,385	\$ 2,611,345
Operating grants and contributions	6,648,709	6,812,918	66,796	121,387	6,715,505	6,934,305
Capital grants and contributions	251,804	260,204	26,843	9,541	278,647	269,745
General revenues:						
Property taxes	16,008,449	15,996,910			16,008,449	15,996,910
Other taxes	4,532,571	4,489,353			4,532,571	4,489,353
Grants and contributions not restricted to specific programs						
Other	108,958	116,263	3,172	4,889	112,130	121,152
Total revenues	\$ 29,564,042	\$ 28,595,057	\$ 1,852,645	\$ 1,827,753	\$ 31,416,687	\$ 30,422,810

ASHE COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

	2011	2010	2011	2010	2011	2010
Expenses:						
General government	4,097,890	3,835,009			4,097,890	3,835,009
Public safety	6,285,076	5,344,135			6,285,076	5,344,135
Transportation	309,203	280,388			309,203	280,388
Economic and physical development	902,158	1,552,047			902,158	1,552,047
Human services	9,251,813	8,795,178			9,251,813	8,795,178
Cultural and recreation	1,297,908	1,132,501			1,297,908	1,132,501
Education	5,126,897	4,639,826			5,126,897	4,639,826
Interest on long-term debt	551,774	585,807			551,774	585,807
Environmental Services			2,354,348	2,127,000	2,354,348	2,127,000
Total expenses	\$ 27,822,719	\$ 26,164,891	\$ 2,354,348	\$ 2,127,000	\$ 30,177,067	\$ 28,291,891
Increase (decrease) in net assets before transfers and special items	1,741,323	2,430,166	(501,703)	(299,247)	1,239,620	2,130,919
Transfers						
Increase in net assets	1,741,323	2,430,166	(501,703)	(299,247)	1,239,620	2,130,919
Net assets, July 1	31,944,444	29,514,278	51,662,948	5,962,195	37,607,392	35,476,473
Net assets, June 30	\$ 33,685,767	\$ 31,944,444	\$ 51,161,245	\$ 5,662,948	\$ 38,847,012	\$ 37,607,392

Governmental activities: Governmental activities increased the County's net assets by \$1,741,323.

Business-type activities: Business-type activities decreased Ashe County's net assets by \$501,703.

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, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of Ashe County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$7,380,621 while total fund balance was \$12,415,573. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 26.47 percent of total General Fund expenditures, while total fund balance represents 44.53 percent of that same amount.

At June 30, 2011, the governmental funds of Ashe County reported a combined fund balance of \$19,226,153, a 16.7 percent increase from last year.

General Fund Budgetary Highlights: During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increase revenues by \$945,953, while increasing expenditures and transfers by the same amount. There was no change in the appropriation of fund balance.

Proprietary Funds: Ashe County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the Environmental Services Fund at the end of the fiscal year amounted to \$1,478,725, a decrease of \$296,472 which is due to a variety of factors, including an increase in expenses.

Capital Asset and Debt Administration

Capital assets: Ashe County's capital assets for its governmental and business-type activities as of June 30, 2011 totals \$42,692,607 (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.
- * Construction continued on landfill phase 4.
- * More work on the recreation complex at Family Central was performed.

**ASHE COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

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

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 3,464,738	\$ 3,464,738	\$ 128,198	\$ 128,198	\$ 3,592,936	\$ 3,592,936
Buildings and system	27,510,465	28,170,756	1,715,484	1,749,497	29,225,949	29,920,253
Improvements other than bldgs.	3,186,316	3,152,354			3,186,316	3,152,354
Machinery and equip.	812,024	794,525	1,886,193	2,010,056	2,698,217	2,804,581
Infrastructure	2,030,953	1,921,629			2,030,953	1,921,629
Vehicles and motorized equip.	305,592	273,233			305,592	273,233
Construction in progress			1,652,644	772,751	1,652,644	772,751
Total	\$ 37,310,088	\$ 37,777,235	\$ 5,382,519	\$ 4,660,502	\$ 42,692,607	\$ 42,437,737

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, 2011, Ashe County had no general obligation bonds outstanding.

Ashe County's total debt increased by \$324,743 during the past fiscal year, primarily due to principal payments on debt.

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

Economic Factors

The following factors affected the economic outlook for Ashe County in 2010/2011.

- * The Ashe County average unemployment rate was 13.1 percent the first quarter of 2011, and declined to 10.7 percent the second quarter of 2011. However, it is important to remember that the Ashe economy remains cyclical due to seasonal industries (e.g. Christmas trees, restaurants, tourism) and the decrease in unemployment is not necessarily a reflection of sustained increased jobs. Many small businesses were affected by economic conditions. The housing industry and related jobs, as well as retail, remains negatively affected by the economy.
- * Manufacturing is an important sector in our economy, and manufacturing jobs increased this year.
- * The County and ACJD, Inc. leased the former Leviton Jefferson manufacturing plant to the Gates Corp for locating a sister-facility from Glade Spring, VA destroyed by a tornado in April 2011; Gates occupies a portion of the Leviton River plant, but only for storage.
- * The tax rate implemented in 2010/2011 remained at 42.5 cents, the third year without a tax increase. A penny on the tax dollar generated approximately \$353,215.
- * The County continues debt service for Ashe County High School (funded by Articles 40 and 42 sales tax) until April 30, 2016.
- * The County will continue debt service for Westwood Elementary School (funded by Articles 40 and 42 sales tax) until August 16, 2017.
- * The County has again managed to continue its appropriation for school capital outlay at the same amount during FY11, but will likely see the appropriations increase in future years, due to required capital purchases, such as buses, being passed down to the counties by imminent state legislation changes.
- * The Superintendent of Schools is an appointed member of the Ashe County Economic Development Commission, and the County and public schools continue to work closely on initiatives in workforce and leadership development through the Department of Economic Development. Partnering between the two governing bodies strengthens educational endeavors, and the Department of Economic Development has received strong support from the Board of Commissioners to participate in these various initiatives with the school system.

ASHE COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

Next Year's Budgets and Rates

- * The County's tax rate was again held the same for FY2010/2011. Commissioners remain committed to holding the line on taxes while continuing to provide the same level of services to its citizens. No COLA's, no furloughs, nor layoffs were implemented this year as was seen throughout many other areas of the state. County Administration again stressed persistently to department heads to conserve any funds they could during the year to help supplant and offset uncollected revenues. Department Heads worked diligently to heed the requests and most were able to return unspent funding to the General Fund at year end. Although sales tax collections still remain less than in previous years, a small overage of budgeted sales tax dollars helped to alleviate revenues which fell short in other areas. Since FY08, with several changes made at the state level within the Medicaid Reform Act, the sales tax dollars collected have declined from a little over 6.2 million to less than 4 million, however the state did take over the county's share of Medicaid which hovered around the 2 million mark when the Act was adopted and held the County's harmless for any net losses. With all those changes now implemented, the next few years' sales tax revenues will hopefully be much easier to budget. Ad valorem tax collections may have dropped slightly, but more citizens took advantage of the 2% discount offered for early payment which assisted the County in collecting more of the tax revenues earlier in the year and helped the taxpayers, because the discount is a better value for them than most current bank interest rates. Looking into the future fiscal year, the latest revaluation schedule of rates was implemented as of January 1, 2011. The tax rate for FY 2011/2012 will be dropped 2.5 cents from 42.5 to 40 cents. This rate, approved by the Commissioners, will be below revenue neutral, as formulated during the budget process. All fire tax rates will remain the same during FY 2011/2012 with the exception of Todd Fire Department which will raise its rate from 5 to 7 cents.
- * Operations of the new Jail and Law Enforcement Center have gone well since it opened in February of 2010. Inmates from other counties continue to be housed in Ashe County's jail to alleviate overcrowding at their present facilities. Several surrounding counties are planning or constructing new facilities at this time, but it will be another 18 to 24 months before construction of those are complete. New legislation passed in 2011 will require counties to hold misdemeanants in county jails for sentences up to three years. The Sheriff is making plans to hold those inmates for other counties as well as looking at the possibility of holding federal inmates. Operations of the new jail have decreased the County's expense for holding their own inmates because the cost for meals and medical expenses per inmate becomes cheaper as the number of inmates increase. Commissioners continue to discuss the future of properties and building which were vacated by the Sheriff's Office, Jail, Communications, NC Driver's License Office and NC Highway Patrol Offices, and are presently looking at cost estimates for tearing down the old jail.
- * Since beginning in-house operations of the Ashe County Airport with an Airport Manager, several updates and changes have been made to the airport operations along with the building and grounds. Revenues are now being realized by the county from fuel sales, hangar rental spaces and tie down spaces. This additional revenue will help offset operation costs of the airport. Improvements to Ashe County Airport continue with the \$2,500,000 grant project for runway extension now underway. This phase of the project will include the grading and hauling of dirt to extend the length of the runway. Extension of the runway will make our airport more viable to larger planes, while at the same time expanding economic opportunities for businesses that are, or may locate, in Ashe County.
- * Construction of Phase IV of the Subtitle D Landfill was nearing an end at June 30th. A portion of the cell was approved by the State and opened up for landfilling during the fiscal year allowing the county to discontinue transporting the solid waste for disposal outside the county. Considerable savings will now be realized by the county. Construction of the entire cell is slated to be finished by the end of September.
- * The Parks and Recreation Trust Fund (PARTF) Grant Baseball Field Complex Project at Family Central which included three baseball fields, a new concession stand, new restrooms, and constructions of walking trails has been completed and is being well utilized. All grant funds have been realized and planning continues to secure more PARTF grant funding for the Helen Wallace Property and the next phase of improvement to the Family Central complex when it becomes available.
- * The County, with recommendations from the Board of Education, secured a Qualified Schools Construction Bond (QSCB) loan which is being used to put a new metal roof on Mountain View Elementary School and the Career Center portion of the Ashe County High School. Discussions by the Board of Education are ongoing on how best to utilize the remainder of the \$2,896,202 QSCB funds. The interest free loan is being paid back totally with NC Education Lottery funds. The use of these funds will alleviate the need for use of ad valorem tax dollars for these crucial school facility maintenance needs, which are the responsibility of the County Commissioners.
- * Finally, the NC E911 Wireless Board made available to Counties a one-time allowance to set aside 50% of the E911 Special Revenue Fund fund balance available as of June 30, 2010 to be used for specific Public Safety needs which must be spent over a two year period. The Sheriff's Department was approved by the E911 Wireless Board to use a portion of these funds for in-car cameras and computers. This project was almost complete at the end of June. Keeping our officers and citizens safe with up-to-date technology, while taking advantage of this special allowance saved around \$200,000 of ad valorem tax dollars. The remainder of the 50% fund, which must be spent by June 30, 2012, is budgeted and designated by the Commissioners for communications equipment upgrades, and additional specialized vehicles and equipment for the Law Enforcement and Communications departments.

ASHE COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

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.

ASHE COUNTY, NORTH CAROLINA
STATEMENT OF NET ASSETS
JUNE 30 2011

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 15,208,420	\$ 2,313,456	\$ 17,521,876
Restricted cash	2,988,000	420,312	3,408,312
Receivables (net)	3,639,632	616,819	4,256,451
Due from other governments	1,504,247	24,426	1,528,673
Capital assets:			
Land, improvements, and construction in progress	3,464,738	1,780,842	5,245,580
Other capital assets, net of depreciation	33,845,350	3,601,678	37,447,028
Total capital assets	37,310,088	5,382,520	42,692,608
Total assets	\$ 60,650,387	\$ 8,757,533	\$ 69,407,920
LIABILITIES			
Accounts payable and accrued expenses	564,635	93,174	657,809
Unearned revenue	85,162		85,162
Accrued interest payable	295,393	30,114	325,507
Long-term liabilities:			
Due within one year	2,605,378	200,000	2,805,378
Due in more than one year	23,414,052	3,273,000	26,687,052
Total liabilities	\$ 26,964,620	\$ 3,596,288	\$ 30,560,908
NET ASSETS			
Invested in capital assets, net of related debt	23,372,588	3,682,520	27,055,108
Restricted for:			
Capital Projects	2,970,692		2,970,692
Transportation	781,889		781,889
Economic Development	4,053		4,053
Human Services	187,552		187,552
Register of Deeds	122,534		122,534
Stabilization by State Statute	1,635,365		1,635,365
Unrestricted	4,611,094	1,478,725	6,089,819
Total net assets	\$ 33,685,767	\$ 5,161,245	\$ 38,847,012

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, 2011

NET (EXPENSE) REVENUE AND CHANGES
IN NET ASSETS

PROGRAM REVENUES

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental Activities							
General government	\$ 4,097,890	\$ 284,627	\$ 33,258	\$ -	\$ (3,780,005)	\$ -	\$ (3,780,005)
Public Safety	6,285,076	1,329,304	706,403		(4,249,369)		(4,249,369)
Transportation	309,203	118,217	1,926	198,202	9,142		9,142
Economic and physical development	902,158	7,460	218,717		(675,981)		(675,981)
Human Services	9,251,813	77,048	5,106,048		(4,068,717)		(4,068,717)
Cultural and recreation	1,297,908	196,895	577,626	53,602	(469,785)		(469,785)
Education	5,126,897		4,731		(5,122,166)		(5,122,166)
Interest on long-term debt	551,774				(551,774)		(551,774)
Total governmental activities	27,822,719	2,013,551	6,648,709	251,804	(18,908,655)		(18,908,655)
Business-type Activities:							
Environmental Services	2,354,348	1,755,834	66,796	26,843		(504,875)	(504,875)
Total business-type activities	2,354,348	1,755,834	66,796	26,843		(504,875)	(504,875)
Totals	\$ 30,177,067	\$ 3,769,385	\$ 6,715,505	\$ 278,647	\$ (18,908,655)	\$ (504,875)	\$ (19,413,530)

General Revenues:

Taxes:

Property taxes, levied for general purpose	16,008,449
Local Option Sales tax	4,154,431
Other taxes and licenses	378,140

Grants and contributions not restricted to specific programs	
Investment earnings, unrestricted	56,354
Miscellaneous, unrestricted	52,604
Transfers	

Total general revenues, special items, and transfers	20,649,978	3,172	20,653,150
Change in net assets	1,741,323	(501,703)	1,239,620
Net assets- beginning	31,944,444	5,662,948	37,607,392
Net assets- ending	\$ 33,685,767	\$ 5,161,245	\$ 38,847,012

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

ASHE COUNTY, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	<u>Major Governmental Funds</u>		<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>School Capital Projects</u>		
Assets				
Cash & Investments	\$ 11,104,864	\$ 253,578	\$ 3,849,978	\$ 15,208,420
Restricted Cash	270,886	2,717,114		2,988,000
Due from Other Funds				
Receivables (Net):				
Taxes	2,746,844			2,746,844
Accounts	131,118		44,165	175,283
Due from Other Governments	1,504,247			1,504,247
Total Assets	\$ 15,757,959	\$ 2,970,692	\$ 3,894,143	\$ 22,622,794
Liabilities & Fund Balances				
Liabilities:				
Accounts Payable & Accrued Liabilities	\$ 510,380	\$ -	\$ 54,255	\$ 564,635
Deferred Revenues (Taxes)	2,746,844			2,746,844
Unearned Revenues	85,162			85,162
Total Liabilities	\$ 3,342,386	\$ -	\$ 54,255	\$ 3,396,641
Fund Balances:				
Restricted:				
Restricted by State Statute	\$ 1,635,365	\$ -	\$ 44,165	\$ 1,679,530
Restricted for Register of Deeds	122,534			122,534
Restricted for Social Services	31,001			31,001
Restricted for Eco. Dev. (CDBG)	4,053			4,053
Restricted for School Capital Outlay		2,970,692		2,970,692
Restricted for E911			781,889	781,889
Restricted for 4-H			156,551	156,551
Committed:				
Committed for Tax Revaluation	148,352			148,352
Committed for Capital Projects			2,857,283	2,857,283
Assigned:				
Subsequent Year's Expenditures	3,093,647			3,093,647
Unassigned:				
	7,380,621			7,380,621
Total Fund Balance	\$ 12,415,573	\$ 2,970,692	\$ 3,839,888	\$ 19,226,153
Total Liabilities & Fund Balances	\$ 15,757,959	\$ 2,970,692	\$ 3,894,143	

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.	\$ 37,310,088
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	717,505
Liabilities for earned but deferred revenues in fund statements.	2,746,844
Some liabilities are not due and payable in the current period and therefore are not reported in funds (Note 4).	(26,314,823)
Net assets of governmental activities	<u>\$ 33,685,767</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, 2011

	<u>Major Governmental Funds</u>		<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>School Capital Projects</u>		
Revenues				
Ad Valorem Taxes	\$ 15,705,595	\$ -	\$ -	\$ 15,705,595
Local Option Sales Tax	4,154,431			4,154,431
Other Taxes	378,140			378,140
Unrestricted Intergovernmental Revenues	4,731			4,731
Restricted Intergovernmental Revenues	5,747,923		976,072	6,723,995
Licenses & Permits	301,106			301,106
Sales & Services	1,526,347		107,205	1,633,552
Investment Earnings	37,682	2,196	16,476	56,354
Miscellaneous	146,405		156,879	303,284
Total Revenue	<u>\$ 28,002,360</u>	<u>\$ 2,196</u>	<u>\$ 1,256,632</u>	<u>\$ 29,261,188</u>
Expenditures				
General Government	\$ 3,657,053	\$ -	\$ -	\$ 3,657,053
Public Safety	5,577,269		415,395	5,992,664
Transportation	411,173			411,173
Economic & Physical Development	773,436			773,436
Human Services	8,489,731		678,704	9,168,435
Cultural & Recreational	1,242,537			1,242,537
Educational	4,424,623			4,424,623
Capital Outlay		250,123	188,023	438,146
Debt Services:				
Principal Retirement	2,371,459			2,371,459
Interest	931,349			931,349
Total Expenditures	<u>\$ 27,878,630</u>	<u>\$ 250,123</u>	<u>\$ 1,282,122</u>	<u>\$ 29,410,875</u>
Revenues Over (Under) Expenditures	<u>\$ 123,730</u>	<u>\$ (247,927)</u>	<u>\$ (25,490)</u>	<u>\$ (149,687)</u>
Other Financing Sources (Uses)				
Operating Transfer - In			176,608	176,608
Operating Transfer - Out	(176,608)			(176,608)
Qualified School Construcion Bond		2,896,202		2,896,202
Total Other Financing Sources (Uses)	<u>\$ (176,608)</u>	<u>\$ 2,896,202</u>	<u>\$ 176,608</u>	<u>\$ 2,896,202</u>
Excess of Revenue & Other Sources Over (Under) Expenditures & Other Uses	<u>\$ (52,878)</u>	<u>\$ 2,648,275</u>	<u>\$ 151,118</u>	<u>\$ 2,746,515</u>
Fund Balances:				
Beginning of Year, July 1	\$ 12,468,451	\$ 322,417	\$ 3,688,770	\$ 16,479,638
End of Year, June 30	<u>\$ 12,415,573</u>	<u>\$ 2,970,692</u>	<u>\$ 3,839,888</u>	<u>\$ 19,226,153</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, 2011

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

Net changes in fund balances - total governmental funds	\$ 2,746,515
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation in the current period.	(467,147)
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.	(524,743)
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.	(316,156)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	<u>302,854</u>
Total changes in net assets of governmental activities	<u>\$ 1,741,323</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 BALANCES
BUDGET AND ACTUAL- GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 15,552,626	\$ 15,552,626	\$ 15,705,595	\$ 152,969
Local option sales tax	3,759,876	3,759,876	4,154,431	394,555
Other taxes	367,000	367,000	378,140	11,140
Unrestricted intergovernmental			4,731	4,731
Restricted intergovernmental	5,931,712	6,662,700	5,847,923	(814,777)
Licenses & Permits	400,700	400,700	301,106	(99,594)
Sales and services	960,473	1,175,438	1,526,347	350,909
Investment earnings	75,500	75,500	37,682	(37,818)
Miscellaneous			46,405	46,405
Total Revenues	\$ 27,047,887	\$ 27,993,840	\$ 28,002,360	\$ 8,520
Expenditures				
Current:				
General government	3,882,960	3,882,960	3,580,405	302,555
Public safety	4,641,833	5,908,447	5,577,269	331,178
Transportation	275,618	586,055	411,173	174,882
Economic and physical development	1,020,583	896,179	773,436	122,743
Human services	10,947,249	10,333,444	8,489,731	1,843,713
Cultural and recreational	1,310,384	1,358,986	1,242,537	116,449
Intergovernmental				
Education	4,660,698	4,660,698	4,424,623	236,075
Debt service:				
Principal retirement	2,371,459	2,371,459	2,371,459	
Interest and other charges	931,538	931,538	931,349	189
Contingency fund	250,000	131,901		131,901
Total expenditures	30,292,322	31,061,667	27,801,982	3,259,685
Revenues over (under) expenditures	\$ (3,244,435)	\$ (3,067,827)	\$ 200,378	\$ 3,268,205
Other financing sources (uses):				
Transfer to other funds	(45,000)	(221,608)	(221,608)	
Transfer from other funds				
Appropriated fund balance	3,289,435	3,289,435		(3,289,435)
Total other financing sources (uses)	3,244,435	3,067,827	(221,608)	(3,289,435)
Revenues and other financing sources over expenditures and other financing uses	\$ -	\$ -	\$ (21,230)	\$ (21,230)
Fund balances:				
Beginning of year July 1			12,288,451	
End of year June 30			<u>\$ 12,267,221</u>	
A legally budgeted Tax Revaluation fund is consolidated into the General Fund for reporting purposes:				
Transfer in From General Fund			45,000	
Expenditures			(76,648)	
Fund Balance, Beginning			180,000	
Fund Balance, Ending, Combined (Exhibit 4)			<u>12,415,573</u>	

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

ASHE COUNTY, NORTH CAROLINA
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2011

Environmental Services Fund

<u>Assets</u>	
Current Assets:	
Cash & Investments	\$ 2,313,456
Restricted Cash	420,312
Receivables (Net):	
SWDF	573,502
Accounts	43,317
Due From Other Governments	<u>24,426</u>
Total Current Assets	\$ 3,375,013
Capital Assets, Net of Depreciation	<u>5,382,520</u>
Total Assets	<u><u>\$ 8,757,533</u></u>
 <u>Liabilities and Net Assets</u>	
Current Liabilities:	
Accounts Payable	\$ 93,174
Accrued Interest Payable	30,114
Current Portion of Notes Payable	200,000
Total Current Liabilities	<u>\$ 323,288</u>
Non - Current Liabilities	
Compensated Absences Payable	\$ 56,327
Other Post - Employment Benefits Payable	53,273
Accrued Landfill Closure and Postclosure Care Costs	1,663,400
Notes Payable	<u>1,500,000</u>
Total Liabilities	<u>\$ 3,596,288</u>
Net Assets:	
Invested in Capital Assets, Net of Related Debt	\$ 3,682,520
Unrestricted	<u>1,478,725</u>
Total Net Assets	<u>\$ 5,161,245</u>
Total Liabilities and Net Assets	<u><u>\$ 8,757,533</u></u>

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

ASHE COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Enterprise Fund</u>
	<u>Environmental Services</u>
	<u>Fund</u>
Operating Revenues:	
SWDF - Household Fees	\$ 1,215,726
SWDF - Commercial Fees	347,270
Recycling Revenues	192,838
Sale of Material & Scrap	
Total Operating Revenues	\$ 1,755,834
Operating Expenses:	
Environmental Services - Collections	\$ 998,520
Environmental Services - Disposal	795,010
Depreciation	184,842
Landfill Closure and Postclosure Care Costs	278,145
Total Operating Expenses	\$ 2,256,517
Operating Income (Net)	\$ (500,683)
Non-Operating Revenues and Expenses	
Contributions From Other Governments	\$ 6,000
Solid Waste Disposal Tax	19,673
Scrap Tire Disposal Tax and Grant	58,188
White Goods Disposal Tax and Grant	7,870
Electronics Management Fund Distribution	1,908
Investment Earnings	3,172
Interest on Long - Term Debt	(97,831)
Total Non-Operating Revenues and Expenses	(1,020)
Change in Net Assets	\$ (501,703)
Net Assets, July 1	\$ 5,662,948
Net Assets, June 30	\$ 5,161,245

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, 2011

	<u>Enterprise Fund</u>
Cash flows from operating activities:	
Cash received from customers	\$ 1,690,639
Cash paid for goods and services	(725,030)
Cash paid to employees for services	(1,055,598)
Net cash provided (used) by operating activities	<u>\$ (89,989)</u>
Cash flows from non-capital financing activities:	
Contributions from other governments	\$ 6,000
Disposal tax and grants	78,013
Net cash provided (used) by non-capital financing activities	<u>\$ 84,013</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	\$ (906,859)
Principal paid on loan	(200,000)
Loan interest paid	(70,744)
Net cash provided (used) by capital and related financing activities	<u>(1,177,603)</u>
Cash flows from investing activities:	
Interest on investments	\$ 3,172
Net cash provided (used) by investing activities	<u>\$ 3,172</u>
Net increase (decrease) in cash and cash equivalents	\$ (1,180,407)
Cash and cash equivalents, July 1	3,914,175
Cash and cash equivalents, June 30	<u>\$ 2,733,768</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ (500,683)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	184,842
Landfill closure and post closure care costs	278,145
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(65,195)
Increase (decrease) in accounts payable	2,254
Increase (decrease) in compensated absences payable	(4,604)
Increase (decrease) in OPEB liabilities	15,252
Net cash provided (used) by operating activities	<u>\$ (89,989)</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, 2011

	<u>Agency Funds</u>
<u>Assets</u>	
Cash & Investments	\$ 48,949
Fire Taxes Receivable	<u>186,583</u>
Total Assets	<u><u>\$ 235,532</u></u>
 <u>Liabilities & Net Assets</u>	
Liabilities	
Accounts Payable	\$ 8,229
Due to Individuals	40,720
Reserve for Taxes Receivable	<u>186,583</u>
Total Liabilities & Net Assets	<u><u>\$ 235,532</u></u>

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

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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 assets 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 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, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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:

Agency Funds - Agency Funds are custodial in nature and do not involve the measurement of operating results. Agency Funds are used to account for assets the County holds on behalf of others. The County maintains three 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, and the Fines and Forfeitures Fund, which accounts for the three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles.

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

Measurement Focus, Basis of Accounting

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

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

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

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

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taxes. Ad valorem property taxes are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, 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, Ashe County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For those motor vehicles registered under the staggered system, and for vehicles newly registered under the annual system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2010 through February 2011 apply to the fiscal year ended June 30, 2011. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements.

Sales taxes and certain intergovernmental revenues, such as utilities franchise tax collected and held by the State at year end on behalf of the County are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus when program expenses are incurred, there are both restricted and unrestricted net assets 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.

All governmental and business-type activities and enterprise funds of the County follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

C. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the general, the special revenue (excluding the capital reserve fund), and the enterprise funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Capital Projects Fund, the Capital Reserve Special Revenue Fund, and the Enterprise Capital Projects Fund, which is consolidated with the enterprise operating fund for reporting purposes.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for the general fund, at the departmental level for the special revenue and enterprise funds, and at the project level for the capital projects funds. The governing board must approve all amendments. During the year, several amendments to the original budget were necessary, the effects of which were not material. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

D. Assets, Liabilities, 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).

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The County's investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, an SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

2. Cash and Cash Equivalents

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

3. Restricted Assets

The unexpended bond proceeds of the Qualified School Construction Bond is classified as restricted assets within the Ashe County School Capital Projects Funds because their use is completely restricted to the purpose for which the bonds were originally issued. Money in the Tax Revaluation Fund is also 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.

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, 2010. 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 are recorded at their estimated fair value at the date of donation. Minimum capitalization costs are as follows: land, all; buildings, improvements, substations, lines, and other plant and distribution systems, \$5,000; infrastructure, \$100,000; furniture and equipment, \$5,000; computer software, \$5,000; and vehicles, \$5,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

The County holds title to certain Ashe County Board of Education properties that have not been included in capital assets. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction cost. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education, once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are reflected as capital assets in the financial statements of the Ashe County Board of Education.

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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

8. 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 assets.

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

9. 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.

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.

10. Net Assets / Fund Balances

Net Assets

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

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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 Social Services - portion of fund balance that is restricted by revenue source for social services purposes.

Restricted for Economic Development (CDBG) - portion of fund balance that is restricted by revenue source for economic development purposes.

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

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

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

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

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

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

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

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

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

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

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 assets.

The governmental fund balance sheet includes a reconciliation between fund balance-total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. The net adjustment of \$14,459,614 of several elements as follows:

<u>Description</u>	<u>Amount</u>
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 50,261,827
Less accumulated depreciation	<u>(12,951,739)</u>
Net capital assets	\$ 37,310,088

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Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are not available and therefore deferred in the fund statements	717,505
Liabilities for revenue deferred but earned and therefore reported in the fund statements but not the government-wide. (Taxes)	2,746,844
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	(24,629,148)
Compensated absences	(702,411)
Accrued interest payable	(295,393)
Other postemployment benefits payable	(687,871)
Total adjustment	<u>\$ 14,459,614</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 - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of (\$1,005,192) as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 795,381
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.	(1,262,528)
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 it affects only the government - wide statements of net assets.	(2,896,202)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net assets in the government-wide statements.	2,371,459
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)	(72,576)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	(23,756)
Other postemployment benefits are accrued in the government-wide statements but not on the fund statements.	(219,824)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	

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Reversal of deferred tax revenue recorded at 7/1/10	(2,525,453)
Recording of tax receipts deferred in the fund statements as of 6/30/11	2,746,844
Increase in accrued interest receivable on taxes for year ended 6/30/11	81,463
 Total adjustment	 <u>\$ (1,005,192)</u>

II. Stewardship, Compliance, and Accountability

A. Excess of Expenditures over Appropriations

None.

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 undercollateralization, 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, 2011, the County's deposits had a carrying amount of \$8,104,022 and a bank balance of \$8,630,093. Of the bank balance, \$500,000 was covered by federal depository insurance, and \$4,992,667 in interest bearing deposits were covered by collateral held under the Pooling Method. At June 30, 2011, Ashe County had \$2,195 cash on hand.

2. Investments

At June 30, 2011 the County's investments consisted of \$12,952,100 in the North Carolina Capital Management Trust's Cash Portfolio, which carried a credit rating of AAAM by Standard and Poor's. The County has no policy on credit risk.

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

In accordance with the general statutes, agriculture, horticulture, and forest land may be taxed by the County at the present-use value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years, along with the accrued interest from the original due date. This tax is immediately due and payable. The following are property taxes that could become due if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2007-08	\$ 1,204,446	\$ 393,347	\$ 1,597,793
2008-09	1,459,835	345,808	1,805,643
2009-10	1,532,171	225,295	1,757,466
2010-11	1,573,408	90,405	1,663,813
Total	<u>\$ 5,769,860</u>	<u>\$ 1,054,855</u>	<u>\$ 6,824,715</u>

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4. Receivables

Receivables at the government-wide level at June 30, 2011, were as follows:

	Accounts	Taxes and Related Accrued Interest	Due from Other Governments	Due from Other Funds	Total
Governmental Activities:					
General	\$ 131,118	\$ 3,976,349	\$ 1,504,247	\$ -	\$ 5,611,714
Other Governmental	44,165				44,165
Total receivables	175,283	3,976,349	1,504,247		5,655,879
Allowance for doubtful accounts		(512,000)			(512,000)
Total-governmental activities	\$ 175,283	\$ 3,464,349	\$ 1,504,247	\$ -	\$ 5,143,879
Business-type Activities					
Environmental Services	616,819		24,426		641,245
Total receivables	616,819		24,426		641,245
Allowance for doubtful accounts					
Total-business-type activities	\$ 616,819	\$ -	\$ 24,426	\$ -	\$ 641,245

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

Local option sales tax	\$ 675,742
Sales tax and gas tax refund receivable	133,887
Restricted intergovernmental grants	719,044
Total	\$ 1,528,673

5. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2011, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 3,464,738	\$ -	\$ -	\$ 3,464,738
Construction in Progress				
Total capital assets not being depreciated	3,464,738	-	-	3,464,738
Capital assets being depreciated:				
Buildings	33,511,738			33,511,738
Other improvements	5,856,149	196,960		6,053,109
Infrastructure	2,564,352	220,774		2,785,126
Equipment	2,379,238	190,391		2,569,629
Vehicles and motor equipment	1,742,694	187,256	52,463	1,877,487
Total capital assets being depreciated	46,054,171	795,381	52,463	46,797,089

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Less accumulated depreciation for:

Buildings	5,340,982	660,291		6,001,273
Other improvements	2,703,795	162,998		2,866,793
Infrastructure	642,723	111,450		754,173
Equipment	1,584,713	172,892		1,757,605
Vehicles and motor equipment	1,469,461	154,897	52,463	1,571,895
Total accumulated depreciation	<u>11,741,674</u>	<u>1,262,528</u>	<u>52,463</u>	<u>12,951,739</u>
Total capital assets being depreciated, net	<u>34,312,497</u>			<u>33,845,350</u>
Governmental activity capital assets, net	<u>\$ 37,777,235</u>			<u>\$ 37,310,088</u>

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

General government	\$ 361,402
Public safety	491,669
Transportation	115,931
Economic and physical development	24,969
Human services	23,941
Cultural and recreational	244,616
Total depreciation expense	<u>\$ 1,262,528</u>

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Environmental Services				
Capital assets not being depreciated:				
Land	\$ 128,198	\$ -	\$ -	\$ 128,198
Construction in Progress	772,751	879,893		1,652,644
Total Capital assets not being depreciated	<u>\$ 900,949</u>	<u>\$ 879,893</u>	<u>\$ -</u>	<u>\$ 1,780,842</u>
Capital assets being depreciated:				
Building	193,033	14,925		207,958
Plant and distribution systems	2,221,186			2,221,186
Equipment	3,168,565	12,041		3,180,606
Total capital assets being depreciated	<u>5,582,784</u>	<u>26,966</u>	<u>-</u>	<u>5,609,750</u>
Less accumulated depreciation for:				
Building	52,906	4,160		57,066
Plant and distribution systems	611,816	44,778		656,594
Equipment	1,158,509	135,904		1,294,413
Total accumulated depreciation	<u>1,823,231</u>	<u>184,842</u>	<u>-</u>	<u>2,008,073</u>
Total capital assets being depreciated, net	<u>\$ 3,759,553</u>			<u>\$ 3,601,677</u>
Environmental services capital assets, net	<u>\$ 4,660,502</u>			<u>\$ 5,382,519</u>

Construction commitments

Ashe County has active construction projects as of June 30, 2011. The projects include the Municipal Solid Waste Landfill - Phase 4. At year-end, the County's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Landfill - Phase 4	\$ 1,215,475	\$ 449,590
Total	<u>\$ 1,215,475</u>	<u>\$ 449,590</u>

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B. Liabilities**1. Payables**

Payables at the government-wide level at June 30, 2011, were as follows:

	Vendors	Salaries and Benefits	Accrued Interest	Other	Total
Governmental Activities:					
General	\$ 510,380	\$ -	\$ 295,393	\$ -	\$ 805,773
Other Governmental	54,255				54,255
Total-governmental activities	\$ 564,635	\$ -	\$ 295,393	\$ -	\$ 860,028
Business-type Activities					
Environmental services	\$ 93,174	\$ -	\$ 30,114	\$ -	\$ 123,288
Total - business-type activities	\$ 93,174	\$ -	\$ 30,114	\$ -	\$ 123,288

2. Pension Plan and Other Postemployment Obligations**a. Local Government Employees' Retirement System**

Plan Description. Ashe County contributes to 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 provides retirement and disability benefits to plan members and beneficiaries.

Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The County is required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 6.35% and 6.27% respectively, of annual covered payroll. The contribution requirements of members of Ashe County are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2011, 2010, and 2009 were \$481,976, \$350,091, and \$326,983, respectively. The contributions made by the County equaled the required contributions for each year.

b. Law Enforcement Officers' Special Separation Allowance**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. The Separation Allowance is equal to .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.

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All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2010 the Separation Allowance's membership consisted of:

Retirees receiving benefits	0
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	25
Total	<u>25</u>

A separate report was not issued for the plan.

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.

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. Contributions

The County is required by State statute to provide these special retirement benefits and has chosen to fund the amount necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. The county paid no Law Enforcement Officers' Special Separation Allowance benefits for the year ended June 30, 2011.

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, 2011 were \$46,580 for law enforcement officers and \$133,181 for non-law enforcement employees.

d. Deferred Compensation Plan

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which is available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The County has no obligation to contribute to this plan. At June 30, 2011, the plan held assets of \$667,724 that were payable to the plan participants.

e. Registers of Deeds' Supplemental Pension Fund

Plan Description. Ashe County also contributes to the Registers of Deeds' Supplemental Pension Fund, a non-contributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund

ASHE COUNTY, NORTH CAROLINA
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FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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. plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Registers of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699 -1410, or by calling (919)981-5454.

Funding Policy. On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 1 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2011, the County's required and actual contributions were \$2,677.

f. Other Post Employment Benefits

Healthcare Benefits

Plan Description. The County administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). This plan provides postemployment healthcare benefits to retirees of the County provided they participate in the North Carolina Local Governmental Employee's Retirement System (System) and have at least twenty-five(25) years of creditable service with the County; or who through disability retirement have five (5) years of creditable service under age 65. Healthcare and prescription drugs are provided in the County's retiree healthcare plan. The County pays the full cost of coverage for these benefits through private insurers. Also, the County's retirees can purchase coverage for their dependents at the County's group rates. A separate report was not issued for the plan.

Membership of the HCB Plan consisted of the following at December 31, 2008, the date of the latest actuarial valuation:

	General Employees:	Law Enforcement Officers:
Retirees and dependents receiving benefits	9	-
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	156	23
Total	<u>165</u>	<u>23</u>

Funding Policy. The County pays the full cost of coverage for the healthcare benefits paid to qualified retirees. Dependent coverage must be paid in full by the retiree. The County has chosen to fund the healthcare benefits on a pay as you go basis.

The current ARC rate is 4.55% of annual covered payroll. For the current year, the County contributed \$71,943 or 0.95% of annual covered payroll. The County obtains healthcare coverage through private insurers. There were no contributions made by employees, except for dependent coverage. The County's obligation to contribute to HCB Plan is established and may be amended by the Commissioners.

Summary of Significant Accounting Policies. Postemployment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

Annual OPEB Cost and Net OPEB Obligation. The County's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation for the healthcare benefits:

Annual required contribution	\$ 304,240
Interest on net OPEB obligation	20,243
Adjustment to annual required contribution	<u>(17,464)</u>
Annual OPEB cost (expense)	307,019
Contributions made	<u>(71,943)</u>
Increase (decrease) in net OPEB obligation	235,076
Net OPEB obligation, beginning of year	<u>506,068</u>
Net OPEB obligation, end of year	<u><u>\$ 741,144</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 and 2011 were as follows:

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 304,240	16.19%	\$ 254,985
2010	\$ 305,640	17.93%	\$ 506,068
2011	\$ 307,019	23.65%	\$ 741,144

Funded Status and Funding Progress. As of December 31, 2008 the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial liability (UAAL) was \$2,696,321. The covered payroll (annual payroll of active employees covered by the plan) was \$6,692,598 and the ratio of the UAAL to the covered payroll was 40.3 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the December 31, 2008 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 10.50 to 5.00 percent annually. The investment rate included a 3.75 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2008, was 30 years.

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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. All death benefit payments are made from the Death Benefit Plan. 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 the benefit payments are made by the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. For the fiscal year ended June 30, 2011, the County made contributions to the State for death benefits of \$6,641. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .08% and .14% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the post employment benefit and the other benefit amount.

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 \$1,663,400 reported as landfill closure and post closure care liability at June 30, 2011 represents a cumulative amount reported to-date based on the use of 5 percent of the total estimated capacity of the landfill per year. The County will recognize \$3,899,508 (for a total of \$5,562,908), 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 2010. The County expects to close the Ashe County facility in the year 2025, 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. No transfer was made to the Landfill Closure and Post Closure Reserve Fund during the fiscal year ended June 30, 2011.

4. Deferred / Unearned Revenues

The balance in deferred or unearned revenue on the fund statements and unearned revenues on the government-wide statements at year-end is composed of the following elements:

	Unearned or Deferred Revenue	Full Accrual Unearned Revenue
Taxes Receivable (net) (General)	\$ 2,746,844	\$ -
Prepaid Taxes (General)	85,162	85,162
Total	\$ 2,832,006	\$ 85,162

5. Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets;

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

errors and omissions; injuries to employees; and natural disasters. The County participates in three self-funded risk financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$125.5 million for any one occurrence, general, auto, professional, and employment practices liability coverage of \$2 million per occurrence, auto physical damage coverage for own damage coverage for owned autos at actual cash value, crime coverage of \$250,000 per occurrence, workers' compensation coverage up to the statutory limits, and health and dental insurance for county employees. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Two of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000 up to a \$2 million limit for liability coverage, \$600,000 of aggregate annual losses in excess of \$50,000 per occurrence for property, auto physical damage, and crime coverage, and single occurrence losses of \$350,000 for workers' compensation. For health and dental insurance, the county is reinsured through the Pool for individual losses in excess of \$50,000 and aggregate annual losses in excess of 115% of expected claims. The pool is reinsured through commercial carrier for individual losses in excess of \$100,000.

The County currently has no flood insurance. The Federal Emergency Management Agency (FEMA) has not approved Ashe County for coverage.

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

The County carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

6. Contingent Liabilities

At June 30, 2011, 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. See also Note VIII.

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 April 30, 1996 with Wachovia of North Carolina to enable the County to construct or cause to be constructed a consolidated high school (collateral). On November 15, 2004, the County refinanced the balance of \$6,794,780 in order to reduce the interest rate to 4.5%. The County shall repay this balance in 46 quarterly payments of \$190,026.34 beginning January 31, 2005. The balance at June 30, 2011 was | \$ 3,386,355 |
| b. Ashe County entered into an installment financing contract for \$9,700,000 dated August 16, 2002 with BB&T Government Finance to enable the County to construct Westwood Elementary School (collateral) in order to consolidate two older elementary schools. On November 1, 2004, the County refinanced the balance of \$8,994,545 in order to reduce the interest rate to 4.09%. The County shall repay this balance in 51 quarterly payments of \$176,363.63 plus interest beginning February 16, 2005. The balance at June 30, 2011 was | 4,409,091 |
| c. Ashe County entered into an installment financing contract for \$9,900,000 dated December 18, 2007 with RBC Centura to enable the County to construct a jail and law enforcement center (collateral). The County shall repay this balance in 40 semiannual payments of \$247,500 plus interest at 4.03% beginning February 28, 2008. The balance at June 30, 2011 was | 8,167,500 |

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

d. Ashe County entered into an installment financing contract for \$3,600,000 dated January 30, 2008 with RBC Centura to enable the County to further construction on a law enforcement center (collateral). The County shall repay this balance in 40 semiannual payments of \$90,000 plus interest at 4.03% beginning February 28, 2008. The balance at June 30, 2011 was	2,970,000
e. Ashe County entered into an installment financing contract for \$4,000,000 dated May 28, 2008 with Bank of America to enable the County to construct an addition to the library (collateral). The County shall repay this balance in 20 semiannual payments of \$ 200,000 plus interest at 3.059% beginning November 28, 2008. The balance at June 30, 2011 was	2,800,000
f. Ashe County entered into an installment financing contract for \$2,896,202 dated November 22, 2010 with BB&T Government Finance to enable the County to undertake replacement of a roof at two school locations plus classroom expansion for the Ashe County Schools. This obligation qualifies as a Qualified School Construction Bond. The County shall repay this balance in 13 annual payments of \$206,871.57 plus interest at 5.37% beginning November 22, 2011. The balance at June 30, 2011 was	2,896,202
Total	\$ 24,629,148

Serviced by the Environmental Services Fund:

a. Ashe County entered into an installment financing contract for \$2,000,000 dated December 15, 2009 with Bank of America to enable the County to construct a new lined landfill cell at Ashe County Landfill. The County shall repay this balance in 20 semiannual payments of \$100,000 plus interest at 3.824% beginning June 15, 2010. The balance at June 30, 2011 was	\$ 1,700,000
--	--------------

The future minimum payments as of June 30, 2011 for the County's installment purchases, including interest are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2012	2,605,378	991,725	200,000	63,096
2013	2,633,663	884,039	200,000	55,448
2014	2,663,243	775,059	200,000	47,800
2015	2,694,176	664,725	200,000	40,152
2016	2,726,525	552,976	200,000	32,504
2017 - 2021	6,091,176	1,704,570	700,000	53,536
2022 - 2026	4,202,486	689,143		
2027 - 2031	1,012,500	40,804		
Total Principal Payments	\$ 24,629,147		\$ 1,700,000	
Total Interest Payments		\$ 6,303,041		\$ 292,536

b. 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, 2011:

	Balance			Balance June 30, 2011	Current Portion of Balance
	July 1, 2010	Increases	Decreases		
Governmental activities:					
Installment purchases	\$ 24,104,405	\$ 2,896,202	\$ 2,371,459	\$ 24,629,148	\$ 2,605,378
Compensated absences	678,655	289,373	265,617	702,411	
Other postemployment benefits	468,047	285,419	65,595	687,871	
Total governmental activities	\$ 25,251,107	\$ 3,470,994	\$ 2,702,671	\$ 26,019,430	\$ 2,605,378

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Business-type activities:					
Installment Purchases	\$ 1,900,000	\$ -	\$ 200,000	\$ 1,700,000	\$ 200,000
Accrued landfill closure and post closure care costs	1,385,255	278,145		1,663,400	
Compensated absences	60,931	17,332	21,936	56,327	
Other postemployment benefits	38,021	21,600	6,348	53,273	
Total business-type activities	\$ 3,384,207	\$ 317,077	\$ 228,284	\$ 3,473,000	\$ 200,000

c. 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, 2011, there were no industrial revenue bonds outstanding.

C. Interfund Balances and Activities

Transfer to / from other funds

Transfers to / from other funds at June 30, 2011, consists of the following:

From the General fund to the Economic Dev. Cap. Projects fund to accumulate resources for economic dev.	\$ 176,608
From the General fund to the Revaluation fund for future purposes	45,000
Total	\$ 221,608
 Reimbursements From E911 fund to General Fund for public safety expenditures	 \$ 100,000

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 eleven volunteer fire department in the County during the fiscal year ended June 30, 2011. These special fire district taxes were collected by the County and remitted to the eleven 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; the majority of the expenditures are made directly to vendors for obligations of the fire departments which are submitted to and approved by the County Finance Officer; in a few 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, 2011. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$408,480 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.

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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, 2011. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$372,612 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 New River Behavioral Healthcare with four other local governments. Each participating government appoints board members according to population to the 20 member 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, 2011. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$189,566 to the Center to supplement its activities. Complete financial statements for New River Behavioral Healthcare can be obtained from the Center's offices at 132 Poplar Grove Connector # B, 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 \$317,946 to the community college for operating purposes, and \$12,500 for Capital Outlay during the fiscal year ended June 30, 2011. 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, 2011. Complete financial statements for the community college may be obtained from the community college's administrative offices at Collegiate Drive, Wilkesboro, NC 28697.

VI. Jointly Governed Organization

High Country Council of Governments

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

Each County appoints one member to the Council's governing board, whose responsibilities include approving the budget and designating the management of the Council. The County paid for membership fees of \$13,302 to the Council during the year ended June 30, 2011.

VII. Benefit Payments Issued by the State

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

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Federal</u>	<u>State</u>
Temporary Assistance to Needy Families and AS, AA & AD	\$ 233,938	\$ -
Medicaid	25,623,313	10,355,093
Food Stamp Program	5,821,392	
Title IV-E, Foster Care	62,778	38,012
Energy Assistance	390,376	
Adoption Assistance	104,822	68,803
Adult Assistance		251,913
Independent Living Grant	810	
Total	<u>\$ 32,237,429</u>	<u>\$ 10,713,821</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.

Closure of New River Behavioral Healthcare

As discussed in Note V, Ashe County participates in a joint venture with Watauga, Avery, Wilkes and Allegheny to operate New River Behavioral Healthcare. Due to financial troubles, New River Behavioral Healthcare closed operations as of October 31, 2011. A new mental healthcare provider, Daymark Recovery Services, Inc., has taken over those services. The total liabilities for these counties in relation to New River's troubles is currently unknown. However, Ashe County has budgeted an additional \$405,558, on top of its original budgeted amount of \$189,566, for the fiscal year 2011/2012 for mental health expenditures. The additional amount of \$405,558 is reflected in Fund Balance Appropriations on Exhibit 4 of the financial statements.

IX. Subsequent Events

Subsequent events have been evaluated through the date these financial statements were available to be issued, November 28, 2011. See Note VIII, Summary Disclosure of Significant Commitments and Contingencies for more information.

EXHIBIT A-1

ASHE COUNTY, NORTH CAROLINA
LAW ENFORCEMENT OFFICER'S SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
ANALYSIS OF FUNDING PROGRESS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

The County has not had an actuarial valuation performed; therefore, the amount of unfunded benefits obligations is not available.

ASHE COUNTY, NORTH CAROLINA
OTHER POSTEMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
FOR THE FISCAL YEAR JUNE 30, 2011

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/2008		\$ 2,696,321	\$ 2,696,321	0%	\$ 6,692,598	40.3%

ASHE COUNTY, NORTH CAROLINA
OTHER POSTEMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE FISCAL YEAR JUNE 30, 2011

<u>Year Ended</u> <u>June 30</u>	<u>Annual</u> <u>Required</u> <u>Contribution</u>	<u>Percentage</u> <u>Contributed</u>
2009	304,240	16.19%
2010	304,240	17.93%
2011	304,240	23.65%

Notes to the Required Schedules:

The information presented in the required supplementary schedule was determined as part of the actuarial valuation as follows:

Valuation date	12/31/2008
Actuarial cost method	Projected unit credit
Amortization method	Level percent open
Remaining amortization period	30 Years
Asset valuation method	Market value
Actuarial assumption:	
Investment rate of return*	4.0%
Medical cost tend	10.50% - 5.00%
*Includes inflation at	3.75%
Cost-of living adjustments	None

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues			
Ad Valorem Taxes			
Current Year	\$ -	\$ 14,828,659	\$ -
Prior Years		663,791	
Penalties & Interest		213,145	
Total	<u>\$ 15,552,626</u>	<u>\$ 15,705,595</u>	<u>\$ 152,969</u>
Local Option Sales Taxes:			
Article 39	\$ -	\$ 1,916,010	\$ -
Article 44			
Article 40 One-Half of One Percent		1,234,558	
Article 42 One-Half of One Percent		1,003,863	
Total	<u>\$ 3,759,876</u>	<u>\$ 4,154,431</u>	<u>\$ 394,555</u>
Other Taxes			
Video Programming Distribution	\$ -	\$ 98,779	\$ -
Gross Receipts Auto Tax		2,579	
Occupancy Tax		164,217	
Deed Stamp Excise Tax		112,565	
Total	<u>\$ 367,000</u>	<u>\$ 378,140</u>	<u>\$ 11,140</u>
Unrestricted Intergovernmental Revenues			
Payments in Lieu of Taxes	\$ -	\$ 4,731	\$ -
Total	<u>\$ -</u>	<u>\$ 4,731</u>	<u>\$ 4,731</u>
Restricted Intergovernmental Revenues			
State Grants	\$ -	\$ 1,306,778	\$ -
Federal Grants		4,399,868	
Controlled Substance Tax		10,542	
Court Facility Fees		26,320	
Reimbursement from E911 Wireless		100,000	
ABC Profits for Law Enforcement		4,415	
Total	<u>\$ 6,662,700</u>	<u>\$ 5,847,923</u>	<u>\$ (814,777)</u>
Licenses & Permits			
Gun Permits	\$ -	\$ 9,655	\$ -
Planning Department Fees		7,460	
Sheriff Department Fees		8,991	
Building Permits/Inspection Fees		112,768	
Election Filing Fees		15	
Privilege Licenses		1,425	
Marriage Licenses		4,275	
Road Signs		662	
Animal License & Adoption Fee		12,470	
Register of Deeds		143,385	
Total	<u>\$ 400,700</u>	<u>\$ 301,106</u>	<u>\$ (99,594)</u>

ASHE COUNTY, NORTH CAROLINA

EXHIBIT B - 1

GENERAL FUND

PAGE 2 OF 8

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Sales & Services			
DSS Fees and Other Sales	\$ -	\$ 77,048	\$ -
Rents & Concessions		58,346	
Court Costs		28,437	
Jail Fees and Reimbursements for Inmates		1,042,471	
Recreational Department		89,690	
Airport Revenues		118,217	
DMV Fees		78,606	
Copy Fees & Other Sales		33,532	
Total	<u>\$ 1,175,438</u>	<u>\$ 1,526,347</u>	<u>\$ 350,909</u>
Investment Earnings			
Investment Earnings	\$ -	\$ 37,682	\$ -
Total	<u>\$ 75,500</u>	<u>\$ 37,682</u>	<u>\$ (37,818)</u>
Miscellaneous			
Manna Food Bank Grant	\$ -	\$ 23,396	\$ -
Reimbursement on 1904 Courthouse		5,000	
CDBG Program Income		6,814	
Other Grants & Donations		2,989	
Other		8,206	
Total	<u>\$ -</u>	<u>\$ 46,405</u>	<u>\$ 46,405</u>
Total Revenues	<u>\$ 27,993,840</u>	<u>\$ 28,002,360</u>	<u>\$ 8,520</u>
Expenditures			
General Government			
Governing Body			
Salaries & Employee Benefits	\$ -	\$ 101,553	\$ -
Operating Expenses		68,289	
Capital Outlay			
Total	<u>\$ 173,513</u>	<u>\$ 169,842</u>	<u>\$ 3,671</u>
Administration			
Salaries & Employee Benefits	\$ -	\$ 190,640	\$ -
Operating Expenses		24,421	
Capital Outlay			
Total	<u>\$ 218,551</u>	<u>\$ 215,061</u>	<u>\$ 3,490</u>
Finance			
Salaries & Employee Benefits	\$ -	\$ 248,990	\$ -
Operating Expenses		44,099	
Capital Outlay			
Total	<u>\$ 307,164</u>	<u>\$ 293,089</u>	<u>\$ 14,075</u>
Tax Administration			
Salaries & Employee Benefits	\$ -	\$ 807,573	\$ -
Operating Expenses		91,330	
Capital Outlay			
Total	<u>\$ 920,957</u>	<u>\$ 898,903</u>	<u>\$ 22,054</u>

ASHE COUNTY, NORTH CAROLINA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Elections			
Salaries & Employee Benefits	\$ -	\$ 104,094	\$ -
Operating Expenses		76,287	
Capital Outlay			
Total	<u>\$ 188,904</u>	<u>\$ 180,381</u>	<u>\$ 8,523</u>
Register of Deeds			
Salaries & Employee Benefits	\$ -	\$ 319,353	\$ -
Operating Expenses		72,927	
Capital Outlay			
Total	<u>\$ 417,348</u>	<u>\$ 392,280</u>	<u>\$ 25,068</u>
Legal			
Contracted Services	\$ -	\$ 17,967	\$ -
Total	<u>\$ 30,997</u>	<u>\$ 17,967</u>	<u>\$ 13,030</u>
Data Processing			
Salaries & Employee Benefits	\$ -	\$ 148,104	\$ -
Operating Expenses		82,741	
Capital Outlay			
Total	<u>\$ 252,755</u>	<u>\$ 230,845</u>	<u>\$ 21,910</u>
Courts			
Operating Expenses	\$ -	\$ 9,711	\$ -
Capital Outlay			
Total	<u>\$ 73,650</u>	<u>\$ 9,711</u>	<u>\$ 63,939</u>
Public Buildings			
Salaries & Employee Benefits	\$ -	\$ 229,061	\$ -
Operating Expenses		908,497	
Capital Outlay		34,768	
Total	<u>\$ 1,299,121</u>	<u>\$ 1,172,326</u>	<u>\$ 126,795</u>
Total General Government	<u>\$ 3,882,960</u>	<u>\$ 3,580,405</u>	<u>\$ 302,555</u>
Public Safety			
Law Enforcement			
Salaries & Employees Benefits	\$ -	\$ 1,409,432	\$ -
Operating Expenses		213,749	
Capital Outlay		70,803	
Total	<u>\$ 1,778,169</u>	<u>\$ 1,693,984</u>	<u>\$ 84,185</u>
Corrections			
Salaries & Employee Benefits	\$ -	\$ 874,795	\$ -
Operating Expenses		678,846	
Capital Outlay			
Total	<u>\$ 1,609,448</u>	<u>\$ 1,553,641</u>	<u>\$ 55,807</u>

ASHE COUNTY, NORTH CAROLINA

EXHIBIT B - 1

GENERAL FUND

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STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Ambulance & Rescue			
Ambulance Service - Contracted	\$ -	\$ 756,073	\$ -
Donation to Community Ambulance Services		12,000	
Rescue Unit		44,000	
Total	<u>\$ 812,073</u>	<u>\$ 812,073</u>	<u>\$ -</u>
Emergency Management			
Salaries & Employee Benefits	\$ -	\$ 100,074	\$ -
Operating Expenses		167,522	
Capital Outlay		78,545	
Total	<u>\$ 346,281</u>	<u>\$ 346,141</u>	<u>\$ 140</u>
Inspections			
Salaries & Employee Benefits	\$ -	\$ 292,299	\$ -
Operating Expenses		31,941	
Capital Outlay			
Total	<u>\$ 336,464</u>	<u>\$ 324,240</u>	<u>\$ 12,224</u>
Animal Control			
Salaries & Employee Benefits	\$ -	\$ 188,178	\$ -
Operating Expenses		52,206	
Capital Outlay		25,225	
Total	<u>\$ 275,966</u>	<u>\$ 265,609</u>	<u>\$ 10,357</u>
Fire			
Contribution to Cooperative Forestry Program	\$ -	\$ 68,108	\$ -
Contributions to Volunteer Fire Department		69,396	
Total	<u>\$ 137,505</u>	<u>\$ 137,504</u>	<u>\$ 1</u>
E911 Coordinator			
Salaries & Employee Benefits	\$ -	\$ 48,588	\$ -
Operating Expenses		2,726	
Capital Outlay			
Total	<u>\$ 55,889</u>	<u>\$ 51,314</u>	<u>\$ 4,575</u>
Medical Examiner			
Contracted Services	\$ -	\$ 15,800	\$ -
Total	<u>\$ 20,500</u>	<u>\$ 15,800</u>	<u>\$ 4,700</u>
Communications			
Salaries & Employee Benefits	\$ -	\$ 331,909	\$ -
Operating Expenses		8,701	
Capital Outlay			
Total	<u>\$ 385,796</u>	<u>\$ 340,610</u>	<u>\$ 45,186</u>
E-911 Operations			
Operating Expenses	\$ -	\$ 36,353	\$ -
Total	<u>\$ 150,356</u>	<u>\$ 36,353</u>	<u>\$ 114,003</u>
Total Public Safety	<u>\$ 5,908,447</u>	<u>\$ 5,577,269</u>	<u>\$ 331,178</u>

ASHE COUNTY, NORTH CAROLINA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Transportation			
Airport			
Salaries & Employee Benefits	\$ -	\$ 58,374	\$ -
Operating Expenses		132,025	
Capital Outlay		220,774	
	<u>\$ 586,055</u>	<u>\$ 411,173</u>	<u>\$ 174,882</u>
<i>Total Transportation</i>			
Economic & Physical Development			
Planning & Zoning			
Salaries & Employee Benefits	\$ -	\$ 107,739	\$ -
Operating Expenses		5,697	
Capital Outlay			
Total	<u>\$ 125,289</u>	<u>\$ 113,436</u>	<u>\$ 11,853</u>
Economic Development			
Salaries & Employee Benefits	\$ -	\$ 78,739	\$ -
Operating Expenses		36,137	
Capital Outlay		32,182	
Total	<u>\$ 189,665</u>	<u>\$ 147,058</u>	<u>\$ 42,607</u>
Cooperative Extension			
Salaries & Employee Benefits	\$ -	\$ 10,091	\$ -
Contracts		212,215	
Operating Expenses		64,723	
Capital Outlay			
Total	<u>\$ 355,202</u>	<u>\$ 287,029</u>	<u>\$ 68,173</u>
Soil Conservation			
Salaries & Employee Benefits	\$ -	\$ 100,215	\$ -
Operating Expenses		400	
Capital Outlay			
Total	<u>\$ 100,719</u>	<u>\$ 100,615</u>	<u>\$ 104</u>
Donations & Subsidies			
Grant Expenditures	\$ 52,204	\$ 52,204	\$ -
CDBG Program Income Expenditures		2,761	
New River Soil & Water			
Conservation Districts	10,000	10,000	
Ashe County Chamber of Commerce	63,100	60,333	
Total	<u>\$ 125,304</u>	<u>\$ 125,298</u>	<u>\$ 6</u>
<i>Total Economic & Physical Development</i>	<u>\$ 896,179</u>	<u>\$ 773,436</u>	<u>\$ 122,743</u>
Human Services			
Health			
Contribution to District Health Dept.	\$ 372,612	\$ 372,612	\$ -

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Budget	Actual	Variance Favorable (Unfavorable)
Mental Health			
ABC Rehab Tax Distribution	\$ -	\$ 4,415	\$ -
Contributions to District Mental Health Department		185,151	
Total	<u>\$ 189,566</u>	<u>\$ 189,566</u>	<u>\$ -</u>
Social Services			
Administration			
Salaries & Employee Benefits	\$ -	\$ 3,722,483	\$ -
Operating Expenses		472,050	
Capital Outlay			
		<u>4,194,533</u>	
Aid to the Blind		\$ 782	
Food Stamp Issuance Cost		7,913	
Special Assistance to Adults		252,082	
Commodity Food Distribution		1,912	
Medicaid Transportation		763,569	
Day Care Contracted Services		1,299,094	
Foster Care & Boarding Home		157,449	
Crisis Intervention Payments		156,723	
Adult Day Care		40,363	
Adoption Expenditures		38,539	
Work First & TNF Expenditures		76,208	
Elder Abuse Services		304	
Emergency Food & Shelter		5,909	
Medical Payments		1,767	
Other 100% County SS Expense		48,433	
Total Social Services	<u>\$ 8,850,659</u>	<u>\$ 7,045,580</u>	<u>\$ 1,805,079</u>
Veterans Service Officer			
Salaries & Employee Benefits	\$ -	\$ 59,712	\$ -
Operating Expenses		2,064	
Capital Outlay			
Total	<u>\$ 70,328</u>	<u>\$ 61,776</u>	<u>\$ 8,552</u>
Donations and Subsidies			
Ashe Youth Services (Rainbow Center, Inc.)	\$ -	\$ 27,930	\$ -
Ashe County Free Medical Clinic		3,000	
Juvenile Medication Program		15,362	
Project Challenge		32,256	
JCPC Operational		4,746	
Criminal Justice Program		55,161	
Ashe Developmental Day School		20,000	
Ashe County Transportation Authority		137,575	
Adult Developmental Activities Program		74,153	
Blue Ridge Opportunity Commission		3,620	
Oasis/A.S.H.E., Inc. (A Safe Home for Everyone)		12,500	
Project Graduation		5,000	
New River Senior Services		20,000	

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Wilkes Vocational Workshop		2,700	
Ashe Services for Aging		315,039	
National Guard Armory		828	
Wilkes Center for the Deaf		500	
Mountain Farm Life Museum		5,029	
Riverview Community Center		3,000	
Ashe Medication Asst. Program		15,000	
Psychological Testing		660	
CIS - Pairs		27,638	
Hunger Coalition		8,000	
Family Central Enterprise Corporation		27,000	
VFW DAV		3,500	
Total	<u>\$ 850,279</u>	<u>\$ 820,197</u>	<u>\$ 30,082</u>
Total Human Services	<u>\$ 10,333,444</u>	<u>\$ 8,489,731</u>	<u>\$ 1,843,713</u>
Cultural and Recreational			
Parks & Recreation			
Salaries & Employee Benefits	\$ -	\$ 309,152	\$ -
Operating Expenses		190,279	
Capital Outlay		196,960	
Total	<u>\$ 831,306</u>	<u>\$ 696,391</u>	<u>\$ 134,915</u>
Contributions			
Contributions to Regional Library	\$ -	\$ 408,480	\$ -
Contribution to Ashe Civic Center		52,833	
Contribution to 1904 Courthouse		52,833	
Contributions to Ashe Co. Arts Council		32,000	
Total	<u>\$ 527,680</u>	<u>\$ 546,146</u>	<u>\$ (18,466)</u>
Total Cultural and Recreational	<u>\$ 1,358,986</u>	<u>\$ 1,242,537</u>	<u>\$ 116,449</u>
Education			
Public Schools - Current Expense	\$ -	\$ 3,635,520	\$ -
Public Schools - Capital Outlay		300,000	
Public School - Equipment/Technology		75,324	
Public School - PARTF Pool Project		83,333	
Wilkes Comm. College - Current Expense		317,946	
Wilkes Comm. College - Capital Outlay		12,500	
Total Education	<u>\$ 4,660,698</u>	<u>\$ 4,424,623</u>	<u>\$ 236,075</u>
Debt Service			
Principal - Education	\$ -	\$ 1,296,459	\$ -
Interest - Education		367,466	
Principal - Public Buildings		1,075,000	
Interest - Public Buildings		563,883	
Total Debt Service	<u>\$ 3,302,997</u>	<u>\$ 3,302,808</u>	<u>\$ 189</u>

ASHE COUNTY, NORTH CAROLINA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

EXHIBIT B - 1

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	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<i>Contingency</i>	\$ <u>131,901</u>	\$ <u>-</u>	\$ <u>131,901</u>
Total Expenditures	\$ <u>31,061,667</u>	\$ <u>27,801,982</u>	\$ <u>3,259,685</u>
Revenues Over (Under) Expenditures	\$ <u>(3,067,827)</u>	\$ <u>200,378</u>	\$ <u>3,268,205</u>
Other Financing Sources (Uses)			
Operating Transfers - In (Out):			
To Revaluation Fund	(45,000)	(45,000)	
To Econ. Dev. Cap. Proj. Fund	(176,608)	(176,608)	
Appropriated Fund Balance	<u>3,289,435</u>		<u>(3,289,435)</u>
Total Other Financing Sources (Uses)	\$ <u>3,067,827</u>	\$ <u>(221,608)</u>	\$ <u>(3,289,435)</u>
Excess of Revenues & Other Sources Over (Under) Expenditures & Other (Uses)	\$ <u>-</u>	\$ <u>(21,230)</u>	\$ <u>(21,230)</u>
Fund Balance			
Beginning of Year, July 1		<u>12,288,451</u>	
End of Year, June 30		\$ <u>12,267,221</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, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Investment Earnings	\$ -		\$ -
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures			
General Government			
Tax Administration			
Salaries & Employee Benefits	\$ -	\$ 3,398	\$ -
Operating Expenses		73,250	
Total Expenditures	<u>\$ 225,000</u>	<u>\$ 76,648</u>	<u>\$ 148,352</u>
Revenues Over (Under)			
Expenditures	<u>\$ (225,000)</u>	<u>\$ (76,648)</u>	<u>\$ 148,352</u>
Other Financing Sources			
Transfer In-General Fund	\$ 45,000	\$ 45,000	\$ -
Fund Balance Appropriated	<u>180,000</u>		<u>180,000</u>
Total Other Financing Sources	<u>\$ 225,000</u>	<u>\$ 45,000</u>	<u>\$ 180,000</u>
Excess of Revenues & Other			
Sources Over (Under)			
Expenditures	<u>\$ -</u>	\$ (31,648)	<u>\$ (31,648)</u>
 Fund Balance, July 1		<u>\$ 180,000</u>	
 Fund Balance, June 30		<u>\$ 148,352</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, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Restricted Intergovernmental Revenue			
Public School Building Capital Fund	\$ -	\$ -	\$ -
ADM Funds			
Lottery Funds			
Investment Earnings		2,196	
Total Revenues	<u>\$ -</u>	<u>\$ 2,196</u>	<u>\$ 2,196</u>
Expenditures:			
Capital Outlay:			
Roof Construction	\$ -	\$ 155,009	\$ -
Other Construction		95,114	
Total Expenditures	<u>\$ 3,218,619</u>	<u>\$ 250,123</u>	<u>\$ 2,968,496</u>
Revenues Over (Under) Expenditures	<u>\$ (3,218,619)</u>	<u>\$ (247,927)</u>	<u>\$ 2,970,692</u>
Other Financing Sources			
Proceeds from Qualified School Const. Bond	\$ 2,896,202	\$ 2,896,202	\$ -
Fund Balance Appropriated	322,417		(322,417)
Total Other Financing Sources	<u>\$ 3,218,619</u>	<u>\$ 2,896,202</u>	<u>\$ (322,417)</u>
Revenues and Other Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 2,648,275</u>	<u>\$ 2,648,275</u>
Fund Balance, July 1		<u>\$ 322,417</u>	
Fund Balance, June 30		<u>\$ 2,970,692</u>	

COMBINING STATEMENTS FOR NON-MAJOR FUNDS - ASHE COUNTY

Special Revenue Funds

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

Capital Projects Funds

- * CDBG Capital Projects Fund - The County uses this fund to account for capital outlay funded by the Community Development Block Grant.
- * Government Buildings Capital Projects Fund - The County uses this fund to account for the purchase or construction of government buildings.
- * 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, 2011

	Special Revenue Funds			Total Nonmajor Special Revenues Funds		Capital Projects Funds			Total Nonmajor Capital Projects Funds		Total Nonmajor Governmental Funds
	E911 Fund	4-H Program Activities Fund	4-H Program Afterschool Fund	Special Revenues Funds	CDBG Fund	Government Building Fund	Economic Development Fund	Nonmajor Capital Projects Funds			
<u>Assets</u>											
Cash & Cash Equivalents	\$ 787,996	\$ 151,232	\$ 9,671	\$ 948,899	\$ 5	\$ 2,019,892	\$ 881,182	\$ 2,901,079	\$ 3,849,978		
Accounts Receivable	35,446	3,544		38,990		1,131	4,044	5,175	44,165		
Due from Other Governments											
Total Assets	\$ 823,442	\$ 151,232	\$ 13,215	\$ 987,889	\$ 5	\$ 2,021,023	\$ 885,226	\$ 2,906,254	\$ 3,894,143		
<u>Liabilities & Fund Balance</u>											
Accounts Payable	\$ 6,107	\$ 4,352	\$ -	\$ 10,459	\$ 5	\$ 43,791	\$ -	\$ 43,796	\$ 54,255		
Due to Other Funds											
Total Liabilities	\$ 6,107	\$ 4,352	\$ -	\$ 10,459	\$ 5	\$ 43,791	\$ -	\$ 43,796	\$ 54,255		
Fund Balance											
Restricted											
Restricted by State Statute	\$ 35,446	\$ -	\$ 3,544	\$ 38,990	\$ -	\$ 1,131	\$ 4,044	\$ 5,175	\$ 44,165		
Restricted for E911	781,889	146,880	9,671	781,889					781,889		
Restricted for 4-H				156,551					156,551		
Committed:											
For Capital Projects						1,976,101	881,182	2,857,283	2,857,283		
Unassigned											
Total Fund Balance	\$ 817,335	\$ 146,880	\$ 13,215	\$ 977,430	\$ -	\$ 1,977,232	\$ 885,226	\$ 2,862,458	\$ 3,839,888		
Total Liabilities & Fund Balance	\$ 823,442	\$ 151,232	\$ 13,215	\$ 987,889	\$ 5	\$ 2,021,023	\$ 885,226	\$ 2,906,254	\$ 3,894,143		

EXHIBIT C-2

ASHE COUNTY, NORTH CAROLINA
 NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Special Revenue Funds			Capital Projects Funds				Total Nonmajor Governmental Funds
	E911 Fund	4-H Program Activities Fund	4-H Program Afterschool Fund	Total Nonmajor Special Revenue Funds	CDBG Fund	Government Buildings Fund	Economic Development Fund	
Revenues								
Investment Earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,851	\$ 12,625	\$ 16,476
Restricted Intergovernmental Revenues	425,351	416,482	4,265	846,098	129,974			976,072
Local Fund Raising & Other Revenues		116,568	40,311	156,879				156,879
Sales & Service		28,905	78,300	107,205				107,205
Other Taxes & Licenses								
Total Revenues	\$ 425,351	\$ 561,955	\$ 122,876	\$ 1,110,182	\$ 129,974	\$ 3,851	\$ 12,625	\$ 1,256,632
Expenditures								
General Government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public Safety	415,395			415,395				415,395
Human Services		565,471	113,233	678,704				678,704
Capital Outlay					129,974	58,049		188,023
Debt Service								
Total Expenditures	\$ 415,395	\$ 565,471	\$ 113,233	\$ 1,094,099	\$ 129,974	\$ 58,049	\$ -	\$ 1,282,122
Revenues Over (Under)	\$ 9,956	\$ (3,516)	\$ 9,643	\$ 16,083	\$ -	\$ (54,198)	\$ 12,625	\$ (25,490)
Expenditures								
Other Financing Sources								
Transfer-In							176,608	176,608
Transfer-Out								
Loan Proceeds								
Revenues & Other Sources Over (Under)	\$ 9,956	\$ (3,516)	\$ 9,643	\$ 16,083	\$ -	\$ (54,198)	\$ 189,233	\$ 151,118
Expenditures								
Fund Balance, July 1	\$ 807,379	\$ 150,396	\$ 3,572	\$ 961,347	\$ -	\$ 2,031,430	\$ 695,993	\$ 2,727,423
Fund Balance, June 30	\$ 817,335	\$ 146,880	\$ 13,215	\$ 977,430	\$ -	\$ 1,977,232	\$ 885,226	\$ 3,839,888

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, 2011

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Investment Earnings	\$ 2,000	\$ -	\$ (2,000)
Restricted Intergovernmental: E911 Wireless Surcharge	400,000	425,351	25,351
Total Revenues	\$ 402,000	\$ 425,351	\$ 23,351
Expenditures			
<u>Public Safety :</u>			
Wireless E911 Communications:			
Operating Expenses	\$ -	\$ 279,271	\$ -
Capital Outlay		136,124	
Total Wireless E911 Communication	\$ 508,070	\$ 415,395	\$ 92,675
Total Expenditures	\$ 508,070	\$ 415,395	\$ 92,675
Excess of Revenues Over (Under) Expenditures	\$ (106,070)	\$ 9,956	\$ 116,026
Other Financing Sources (Uses) Appropriated Fund Balance Transfer Out - General Fund	106,070		(106,070)
Excess of Revenues & Other Sources Over (Under) Expenditures	\$ -	\$ 9,956	\$ 9,956
Fund Balance, July 1		807,379	
Fund Balance, June 30		817,335	

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, 2011

	Budget	Actual	Variance Favorable (Unfavorable)
<u>Restricted Intergovernmental Revenue:</u>			
State Grants	\$ -	\$ 2,390	\$ -
Federal Grants		412,098	
Title XX - Summer Parks		1,994	
Title XX - TRAC			
Total	<u>\$ 403,503</u>	<u>\$ 416,482</u>	<u>\$ 12,979</u>
<u>Sales and Service:</u>			
Program Fees	\$ -	\$ 28,905	\$ -
Total	<u>\$ 47,200</u>	<u>\$ 28,905</u>	<u>\$ (18,295)</u>
<u>Other Revenues:</u>			
Donations	\$ -	\$ 27,917	\$ -
Summer Parks - Homeless		11,465	
Total	<u>\$ 15,500</u>	<u>\$ 39,382</u>	<u>\$ 23,882</u>
<u>Miscellaneous Revenues:</u>			
4-H General	\$ -	\$ 15,086	\$ -
Summer Parks		20,217	
Children's Trust		30,366	
4-h Ag Expo		6,082	
4-H SOS		440	
21st Century		75	
Other Programs		4,920	
Total	<u>\$ 187,044</u>	<u>\$ 77,186</u>	<u>\$ (109,858)</u>
Total Revenues	<u>\$ 653,247</u>	<u>\$ 561,955</u>	<u>\$ (91,292)</u>
<u>Expenditures</u>			
General 4-H			
Salaries & Employee Benefits	\$ -	\$ 2,937	\$ -
Operating Expenses		30,146	
Capital Outlay			
Total	<u>\$ 62,740</u>	<u>\$ 33,083</u>	<u>\$ 29,657</u>
21st Century TRAC			
Salaries Employee Benefits	\$ -	\$ 2,605	\$ -
Operating Expenses		68,718	
Capital Outlay			
Total	<u>\$ 75,976</u>	<u>\$ 71,323</u>	<u>\$ 4,653</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, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Summer Parks Program			
Salaries & Employee Benefits	\$ -	\$ 23,231	\$ -
Operating Expenses		3,791	
Capital Outlay			
Total	<u>\$ 28,003</u>	<u>\$ 27,022</u>	<u>\$ 981</u>
4H S.O.S. General			
Salaries & Employee Benefits	\$ -	\$ -	\$ -
Operating Expenses		884	
Capital Outlay			
Total	<u>\$ 8,200</u>	<u>\$ 884</u>	<u>\$ 7,316</u>
Children's Trust Program			
Salaries & Employee Benefits	\$ -	\$ -	\$ -
Operating Expenses		29,361	
Capital Outlay			
Total	<u>\$ 32,900</u>	<u>\$ 29,361</u>	<u>\$ 3,539</u>
4-H Migrant Education			
Salaries & Employee Benefits	\$ -	\$ -	\$ -
Operating Expenses		99	
Capital Outlay			
Total	<u>\$ 3,000</u>	<u>\$ 99</u>	<u>\$ 2,901</u>
Ashe S.O.S (Link)			
Salaries & Employee Benefits	\$ -	\$ 186,340	\$ -
Operating Expenses		194,164	
Capital Outlay			
Total	<u>\$ 400,950</u>	<u>\$ 380,504</u>	<u>\$ 20,446</u>
Blue Ridge Cancer Coalition			
Salaries & Employee Benefits	\$ -	\$ -	\$ -
Operating Expenses			
Capital Outlay			
Total	<u>\$ 7,513</u>	<u>\$ -</u>	<u>\$ 7,513</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, 2011

	Budget	Actual	Variance Favorable (Unfavorable)
4-H Summer TRACS			
Salaries & Employee Benefits	\$ -	\$ 7,839	\$ -
Operating Expenses		9,439	
Capital Outlay			
Total	\$ 18,890	\$ 17,278	\$ 1,612
4-H Agricultural Expo			
Salaries & Employee Benefits	\$ -	\$ -	
Operating Expenses		5,917	
Capital Outlay			
Total	\$ 17,000	\$ 5,917	\$ 11,083
Total Expenditures	\$ 655,172	\$ 565,471	\$ 89,701
Revenues Over (Under) Expenditures	\$ (1,925)	\$ (3,516)	\$ (1,591)
Other Financing Sources			
Fund Balance Appropriated	\$ 1,925	\$ -	\$ (1,925)
Revenues & Other Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ (3,516)</u>	<u>\$ (3,516)</u>
Fund Balance, July 1		\$ 150,396	
Fund Balance, June 30		\$ 146,880	

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, 2011

	Budget	Actual	Variance Favorable (Unfavorable)
<u>Restricted Intergovernmental Revenues:</u>			
Title XX	\$ -	\$ 4,265	\$ -
Total	\$ 12,791	\$ 4,265	\$ (8,526)
<u>Sales and Service:</u>			
Parent Fees	\$ -	\$ 78,300	\$ -
Total	\$ 60,845	\$ 78,300	\$ 17,455
<u>Other Revenues</u>			
Miscellaneous	\$ -	\$ 40,311	\$ -
Total	\$ 41,865	\$ 40,311	\$ (1,554)
Total Revenues	\$ 115,501	\$ 122,876	\$ 7,375
<u>Expenditures:</u>			
Blue Ridge Elementary			
Salaries & Fringe Benefits	\$ -	\$ 6,736	\$ -
Operating Expenses		14,821	
Capital Outlay			
Total	\$ 21,845	\$ 21,557	\$ 288
Mountain View Elementary			
Salaries & Fringe Benefits	\$ -	\$ 16,089	\$ -
Operating Expenses		30,911	
Capital Outlay			
Total	\$ 47,000	\$ 47,000	\$ -
Westwood Elementary			
Salaries & Fringe Benefits	\$ -	\$ 16,325	\$ -
Operating Expenses		28,351	
Capital Outlay			
Total	\$ 46,656	\$ 44,676	\$ 1,980
Total Expenditures	\$ 115,501	\$ 113,233	\$ 2,268

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, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues Over (Under) Expenditures	\$ -	\$ 9,643	\$ 9,643
Other Financing Sources			
Fund Balance Appropriated	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenues and Other Sources Over (Under) Expenditures	<u>\$ -</u>	\$ 9,643	<u>\$ 9,643</u>
Fund Balance, July 1		<u>\$ 3,572</u>	
Fund Balance, June 30		<u>\$ 13,215</u>	

ASHE COUNTY, NORTH CAROLINA
CDBG CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Project Authorization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
Revenues					
Restricted Intergovernmental Revenues:					
Community Development Block Grant Grant 08 - C -1814	\$ 400,000	\$ 270,007	\$ 129,974	\$ 399,981	\$ (19)
Total Revenues	<u>\$ 400,000</u>	<u>\$ 270,007</u>	<u>\$ 129,974</u>	<u>\$ 399,981</u>	<u>\$ (19)</u>
Expenditures					
Rehabilitation:					
Capital Outlay - Housing Rehabilitation	\$ 400,000	\$ 270,007	\$ 129,974	\$ 399,981	\$ 19
Total Expenditures	<u>\$ 400,000</u>	<u>\$ 270,007</u>	<u>\$ 129,974</u>	<u>\$ 399,981</u>	<u>\$ 19</u>
Revenue Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -
Other Financing Sources					
Operating Transfers In	\$ -	\$ -	\$ -	\$ -	\$ -
Total Other Financing Sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenue and Other Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance, July 1			<u>\$ 5</u>		
Fund Balance, June 30			<u>\$ 5</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, 2011

	<u>Budget</u>	<u>Actual</u> <u>Current</u> <u>Year</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues			
Investment Earnings	\$ -	\$ 3,851	\$ 3,851
Miscellaneous			
Total Revenues	<u>\$ -</u>	<u>\$ 3,851</u>	<u>\$ 3,851</u>
Expenditures			
Capital Outlay Related			
Public Building Expense	\$ 700,000	\$ 58,049	\$ 641,951
Total	<u>\$ 700,000</u>	<u>\$ 58,049</u>	<u>\$ 641,951</u>
Total Expenditures	<u>\$ 700,000</u>	<u>\$ 58,049</u>	<u>641,951</u>
Revenues Over (Under) Expenditures	<u>\$ (700,000)</u>	<u>\$ (54,198)</u>	<u>\$ (645,802)</u>
Other Financing Sources			
Transfers In	\$ -	\$ -	\$ -
Fund Balance Appropriated	<u>700,000</u>		<u>(700,000)</u>
Total Other Financing Sources	<u>\$ 700,000</u>	<u>\$ -</u>	<u>\$ (700,000)</u>
Revenue and Other Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ (54,198)</u>	<u>\$ (54,198)</u>
Fund Balance, July 1		<u>\$ 2,031,430</u>	
Fund Balance, June 30		<u>\$ 1,977,232</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, 2011

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Investment Earnings	<u>\$ -</u>	<u>\$ 12,625</u>	<u>\$ 12,625</u>
Expenditures			
Economic Development:			
Capital Outlay	<u>\$ 851,005</u>	<u>\$ -</u>	<u>\$ 851,005</u>
Revenues Over (Under)			
Expenditures	\$ (851,005)	\$ 12,625	\$ 863,630
Other Financing Sources			
Operating Transfers - In			
From General Fund	\$ 176,608	\$ 176,608	\$ -
Fund Balance Appropriated	<u>674,397</u>	<u> </u>	<u>(674,397)</u>
Excess of Revenues & Other			
Sources Over (Under)			
Expenditures	<u>\$ -</u>	\$ 189,233	<u>\$ 189,233</u>
Fund Balance, July 1		<u>\$ 695,993</u>	
Fund Balance, June 30		<u>\$ 885,226</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, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Operating Revenues:			
Charges for Services:			
SWDF - Household Fees	\$ 1,181,785	\$ 1,215,726	\$ 33,941
SWDF - Commercial Fees	450,000	347,270	(102,730)
Recycling Revenues	131,717	192,838	61,121
Sale of Material & Scrap			
Total Operating Revenues	<u>\$ 1,763,502</u>	<u>\$ 1,755,834</u>	<u>\$ (7,668)</u>
Non-Operating Revenue:			
Investment Earnings	\$ 5,000	\$ 3,059	\$ (1,941)
Total Revenues	<u>\$ 1,768,502</u>	<u>\$ 1,758,893</u>	<u>\$ (9,609)</u>
Expenditures:			
Environmental Services-Collections			
Salaries & Employee Benefits	\$ -	\$ 652,011	\$ -
Operating Expenses		340,839	
Capital Outlay			
Total Environmental Services-Collections	<u>\$ 1,026,579</u>	<u>\$ 992,850</u>	<u>\$ 33,729</u>
Environmental Services-Disposal			
Salaries & Employee Benefits	\$ -	\$ 403,587	\$ -
Operating Expenses		386,445	
Capital Outlay		26,966	
Total Environmental Services-Disposal	<u>\$ 997,061</u>	<u>\$ 816,998</u>	<u>\$ 180,063</u>
Debt Service			
Principal	\$ 200,000	\$ 200,000	\$ -
Interest	70,744	70,744	-
Total Debt Service	<u>\$ 270,744</u>	<u>\$ 270,744</u>	<u>\$ -</u>
Total Expenditures	<u>\$ 2,294,384</u>	<u>\$ 2,080,592</u>	<u>\$ 213,792</u>
Revenues Over (Under) Expenditures	\$ (525,882)	\$ (321,699)	\$ 204,183
Other Financing Sources (Uses)			
Contribution From Other Governments	\$ 6,000	\$ 6,000	\$ -
Solid Waste Disposal Tax		19,673	19,673
Scrap Tire Disposal Tax and Grant	39,000	58,188	19,188
White Goods Disposal Tax and Grant	20,500	7,870	(12,630)
Electronics Management Fund Distribution		1,908	1,908
Transfer Out - Landfill Capital Reserve	(100,000)		100,000
Transfer In-Landfill Capital Reserve	350,000		(350,000)
Fund Balance Appropriated	210,382		(210,382)
Excess of Revenues and Other Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ (228,060)</u>	<u>\$ (228,060)</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, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<u>Reconciliation to Accrual Basis</u>			
Excess of Revenues and Other Expenditures			
Over (Under) Expenditures		\$ (228,060)	
Debt Principal		200,000	
Decrease (Increase) in Interest Payable		(27,087)	
Capital Outlay		26,966	
Depreciation		(184,842)	
Landfill Closure and Postclosure Care Costs		(278,145)	
Investment Earnings in Landfill Revenue		113	
Transfers Out - Landfill Capital Reserve			
Decrease (Increase) in Accrued Vacation Pay		4,604	
Decrease (Increase) in OPEB Liability		(15,252)	
Change in Net Assets		<u>\$ (501,703)</u>	

ASHE COUNTY, NORTH CAROLINA
 COMBINING STATEMENT OF FIDUCIARY ASSETS AND
 LIABILITIES - AGENCY FUNDS
 JUNE 30, 2011

	<u>Balance</u> <u>7/01/2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/2011</u>
<u>Social Services</u>				
Assets:				
Cash & Investments	\$ 30,861	\$ 271,465	\$ 253,377	\$ 48,949
Liabilities:				
Accounts Payable	\$ 6,148	\$ 13,437	\$ 11,356	\$ 8,229
Due to Individuals	24,713	258,028	242,021	40,720
Total Liabilities	<u>\$ 30,861</u>	<u>\$ 271,465</u>	<u>\$ 253,377</u>	<u>\$ 48,949</u>
<u>Fire Districts</u>				
Assets:				
Cash & Investments	\$ -	\$ 1,064,857	\$ 1,064,857	\$ -
Taxes Receivable	177,138	1,088,781	1,079,336	186,583
Total Assets	<u>\$ 177,138</u>	<u>\$ 2,153,638</u>	<u>\$ 2,144,193</u>	<u>\$ 186,583</u>
Liabilities & Reserves:				
Accounts Payable	\$ -	\$ 1,064,857	\$ 1,064,857	\$ -
Reserve for Taxes Rec.	177,138	1,088,781	1,079,336	186,583
Total Liabilities	<u>\$ 177,138</u>	<u>\$ 2,153,638</u>	<u>\$ 2,144,193</u>	<u>\$ 186,583</u>
<u>Fines & Forfeitures Fund (3% DMV Collections)</u>				
Assets:				
Cash & Investments	\$ -	\$ 7,991	\$ 7,991	\$ -
Liabilities & Reserves:				
Intergovernmental Payable to NC	\$ -	\$ 7,991	\$ 7,991	\$ -
<u>Totals-All Agency Funds</u>				
Assets:				
Cash & Investments	\$ 30,861	\$ 1,344,313	\$ 1,326,225	\$ 48,949
Taxes Receivable	177,138	1,088,781	1,079,336	186,583
Total Assets	<u>\$ 207,999</u>	<u>\$ 2,433,094</u>	<u>\$ 2,405,561</u>	<u>\$ 235,532</u>
Liabilities & Reserves:				
Accounts Payable	\$ 6,148	\$ 1,086,285	\$ 1,084,204	\$ 8,229
Due to Individuals	24,713	258,028	242,021	40,720
Reserve for Taxes Rec.	177,138	1,088,781	1,079,336	186,583
Total Liabilities & Reserves	<u>\$ 207,999</u>	<u>\$ 2,433,094</u>	<u>\$ 2,405,561</u>	<u>\$ 235,532</u>

ASHE COUNTY, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	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	\$ 3,726,837,337	.425	\$ 15,839,126	\$ 15,256,694	\$ 582,433
Property Taxed at Prior Year's Rate	57,591,290	.425	244,624		244,624
Total	<u>\$ 3,784,428,627</u>		<u>\$ 16,083,750</u>	<u>\$ 15,256,694</u>	<u>\$ 827,057</u>
Discoveries					
Current year taxes	\$ 8,341,828	.425	\$ 35,224	\$ 35,224	\$ -
Total	<u>\$ 3,792,770,455</u>		<u>\$ 16,118,974</u>	<u>\$ 15,291,918</u>	<u>\$ 827,057</u>
Abatements	\$ (35,363,690)		\$ (150,296)	\$ (150,296)	\$ -
Total property valuation	<u>\$ 3,757,406,765</u>				
Net levy			\$ 15,968,679	\$ 15,141,622	\$ 827,057
Uncollected taxes at June 30, 2011			(996,728)	(847,111)	(149,617)
Current year's taxes collected			<u>\$ 14,971,951</u>	<u>\$ 14,294,511</u>	<u>\$ 677,440</u>
Current levy collection percentage			93.76%	94.41%	81.91%

ASHE COUNTY, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2011

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2010</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2011</u>
2010-11	\$ -	\$ 15,968,679	\$ 14,971,951	996,728
2009-10	988,663		437,738	550,925
2008-09	501,966		103,637	398,329
2007-08	295,972		31,853	264,119
2006-07	266,421		24,018	242,403
2005-06	233,446		21,204	212,242
2004-05	189,498		13,122	176,376
2003-04	163,621		7,318	156,303
2002-03	149,144		6,414	142,730
2001-02	123,778		5,089	118,689
2000-01	92,944		92,944	
	<u>\$ 3,005,453</u>	<u>\$ 15,968,679</u>	<u>\$ 15,715,288</u>	<u>\$ 3,258,844</u>
Less Allowance for Uncollectible Ad Valorem Taxes Receivable				<u>\$ (512,000)</u>
Ad Valorem Taxes Receivable (Net)				<u>\$ 2,746,844</u>
Reconciliation with Revenues				
Taxes - Ad Valorem - General Fund			\$ 15,705,595	
Discount Allowed			139,927	
Amounts Written Off Per Statute of Limitations			78,789	
Adjustments			4,122	
Interest Collected			<u>(213,145)</u>	
Total Collections & Credits			<u>\$ 15,715,288</u>	

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Report on Compliance and On Internal Control Over Financial Reporting Based On An Audit of Financial Statements Performed in Accordance With Government Auditing Standards

To the Board of County Commissioners
Ashe County, North Carolina

We have audited the basic 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, 2011, which collectively comprises Ashe County's basic financial statements and have issued our report thereon dated November 28, 2011. 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.

Internal Control Over Financial Reporting

Management of the County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Ashe County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ashe County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weakness, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ashe County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, others within the organization, members of Ashe County Board of Commissioners, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties.


Priscilla L. Norris, CPA

November 28, 2011

Priscilla L. Norris, CPA

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Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 and the State Single Audit Implementation Act

To the Board of County Commissioners
Ashe County, North Carolina

Compliance

We have audited the compliance of Ashe County, North Carolina, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 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 its major federal programs for the year ended June 30, 2011. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Ashe County's management. Our responsibility is to express an opinion on Ashe County's compliance based on our audit.

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 OMB Circular A-133, Audits of States, Local Governments, and about Non-Profit Organizations, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, 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. Our audit does not provide a legal determination on Ashe County's compliance with those requirements.

In our opinion, Ashe County complied, in all material respects, with the 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, 2011.

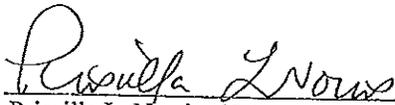
Internal Control Over Compliance

The management of Ashe County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Ashe County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance, in accordance with OMB Circular A-133, 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 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, others within the entity, members of the Ashe County Board of Commissioners, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties.


Priscilla L. Norris, CPA

November 28, 2011

Priscilla L. Norris, CPA

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

Report on Compliance with Requirements Applicable to Each Major State Program and Internal Control Over Compliance in Accordance with Applicable Sections of OMB Circular A-133 and the State Single Audit Implementation Act

To the Board of County Commissioners
Ashe County, North Carolina

Compliance

We have audited the compliance of Ashe County, North Carolina, 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 its major State programs for the year ended June 30, 2011. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of Ashe County's management. Our responsibility is to express an opinion on Ashe County's compliance based on our audit.

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; applicable sections of OMB Circular A-133 as described in the Audit Manual for Governmental Auditors in North Carolina, and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, 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. Our audit does not provide a legal determination of Ashe County's compliance with those requirements.

In our opinion, Ashe County complied, in all material respects, with the 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, 2011.

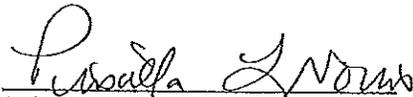
Internal Control Over Compliance

The management of Ashe County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered Ashe County's internal control over compliance with requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act, 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 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to deficiencies be material weaknesses, as defined above.

This report is intended solely for the information and use of management, others within the organization, members of the Ashe County Board of Commissioners, and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties.


Priscilla L. Norris, CPA

November 28, 2011

ASHE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

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: Unqualified.

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133

_____ yes X no

Identification of major federal programs:

<u>CFDA#</u>	<u>Program Name</u>
93.575	Subsidized Child Care Cluster
93.596	
93.667	
93.558	
93.778	Title XIX - Medicaid
93.558	Temporary Assistance for Needy Families Cluster

Dollar threshold used to distinguish between Type A and Type B Programs

\$ 922,403

Auditee qualified as low-risk auditee?

 X yes _____ no

ASHE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

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

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

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
Subsidized Child Care Cluster
Title XIX Medicaid

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.

ASHE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

VI. Summary of Prior Audit Findings

Finding 10-1

Significant Deficiency

Segregation of Duties

Name of Contract Person:	Sandra Long, Finance Officer
Corrective Active:	Employees are continuing to be cross-trained, so that controls will be used to compensate for lack of separation. Duties will continue to be separated as much as possible.
Proposed Completion Date:	The County will implement the above procedure immediately.
Status:	Duties are being separated as much as possible as employees continue to learn new tasks, and as new employees are hired. This is no longer a significant deficiency.

ASHE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
FEDERAL AWARDS:				
<u>U.S. Department of Health and Human Services:</u>				
<i>Administration for Children and Families</i>				
Passed-through the N.C. Dept. of Health and Human Serv:				
Division of Child Development:				
Subsidized Child Care (Note 2):				
<u>Child Care Development Fund Cluster</u>				
Division of Social Services				
Child Care Development Fund - Administration	93.596	\$ 80,000	\$ -	\$ -
Division of Child Development				
Child Care and Development Fund--Discretionary	93.575	406,950		
Child Care and Development Fund--Mandatory	93.596	176,153		
Child Care and Development Fund--Match	93.596	59,676	32,348	
Total Child Care Development Fund Cluster		<u>722,779</u>	<u>32,348</u>	
Social Services Block Grant	93.667	13,601		
Temporary Assistance for Needy Families	93.558	128,900		
ARRA- Emergency Contingency Fund for				
Temporary Asst. for Needy Families -State Programs	93.714	77,113		
Smart Start			27,696	
State Appropriations			264,183	
TANF-MOE			112,475	
Total Subsidized Child Care		<u>942,393</u>	<u>436,702</u>	<u>-</u>
Division of Social Services:				
<u>Foster Care and Adoption Cluster (Note 2):</u>				
Title IV-E Foster Care	93.658	153,356	9,274	105,841
Foster Care - Direct Benefit Payments	93.658	62,778	38,012	38,161
Adoption Assistance - Direct Benefit Payments	93.659	104,822	68,803	36,565
Total Foster Care and Adoption Cluster		<u>320,956</u>	<u>116,089</u>	<u>180,567</u>
<u>Temporary Assistance for Needy Families Cluster</u>				
TANF/Work First	93.558	284,986		530,094
Temporary Assistance for Needy Families-Direct Benefit Payments	93.558	233,938		724
Total TANF Cluster		<u>518,924</u>	<u>-</u>	<u>530,818</u>
Child Support Enforcement	93.563	342,327	34,396	176,356
ARRA- Child Support Enforcement (County Match)	93.563	4,733		
Low Income Home Energy Assistance Block Grant:				
Administration	93.568	174,762		
Direct Benefit Payments	93.568	390,376		169
Child Welfare Services	93.645	7,136		2,475
Promoting Safe and Stable Families	93.556	1,412		
Social Services Block Grant - Adult Services	93.667	146,313	25,820	42,916
Independent Living Grant - Admin.	93.674	1,604	401	
Independent Living Grant - Direct Benefits	93.674	810		
Family Violence Prevention	93.671	1,355		
<i>Total Administration for Children and Families</i>		<u>2,853,101</u>	<u>\$ 613,408</u>	<u>\$ 933,301</u>

ASHE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

<u>Grantor/Pass-through</u> <u>Grantor/Program Title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>Federal</u> <u>(Direct &</u> <u>Pass-through)</u> <u>Expenditures</u>	<u>State</u> <u>Expenditures</u>	<u>Local</u> <u>Expenditures</u>
<u>Health Care Financing Administration</u>				
Passed-through the N.C. Dept. of Health and Human Serv:				
Division of Medical Assistance:				
Direct Benefit Payments:				
Medical Assistance Program	93.778	\$ 25,623,313	\$ 10,355,093	\$ 1,767
Division of Social Services:				
Medical Assistance Program	93.778	833,098	19,745	807,372
Administration:				
Health Choice	93.767	49,334	1,332	14,798
<u>Total Healthcare Financing Administration</u>		<u>\$ 26,505,745</u>	<u>\$ 10,376,170</u>	<u>\$ 823,937</u>
<u>Total U.S. Department of Health and Human Services</u>		<u>\$ 29,358,846</u>	<u>\$ 10,989,578</u>	<u>\$ 1,757,238</u>
<u>U.S. Department of Education:</u>				
Passed-through N.C. Dept. of Public Instruction				
21st Century Grant	84.287	\$ 376,841	\$ -	\$ -
<u>Total U.S. Department of Education</u>		<u>\$ 376,841</u>	<u>\$ -</u>	<u>\$ -</u>
<u>U.S. Dept. of Agriculture</u>				
<u>Food and Nutrition Services</u>				
Passed-through the N.C. Dept. of Health and Human Serv:				
Division of Social Services:				
Administration:				
Supplemental Nutrition Assist. Program Cluster				
Administration	10.561	\$ 359,614	\$ -	\$ 303,657
Passed-through N.C. Dept of Agriculture:				
Emergency Food Assistance Cluster:				
Emergency Food Assistance Program -				
Administrative Costs	10.568	3,042		
Emergency Food Assistance Program -				
Food Commodities	10.569	78,433		
<u>Total U.S. Dept. of Agriculture</u>		<u>\$ 441,089</u>	<u>\$ -</u>	<u>\$ 303,657</u>
<u>U.S. Housing and Urban Development</u>				
Passed - through N.C. Dept of Commerce				
Community Development Block Grant	14.228	\$ 129,974	\$ -	\$ -
<u>Total U.S. Housing & Urban Development</u>		<u>\$ 129,974</u>	<u>\$ -</u>	<u>\$ -</u>
<u>U.S. Department of Justice</u>				
State Criminal Alien Assistance Program	16.606	\$ 2,817	\$ -	\$ -
<u>Total U.S. Department of Justice</u>		<u>\$ 2,817</u>	<u>\$ -</u>	<u>\$ -</u>

ASHE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal (Direct & Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
<u>U.S. Dept. of Transportation</u>				
Passed - through NC Dept of Transportation:				
Airport Grant	20.106	\$ 162,622	\$ -	\$ -
Total U.S. Dept of Transportation		\$ 162,622	\$ -	\$ -
<u>U.S. Dept. of Homeland Security</u>				
Passed - through NC Dept. of Crime Control & Public Safety:				
Disaster Assistance	97.017	\$ 810		
Emergency Management	97.042	26,125	-	-
FEMA Winter Storm & Flooding	97.036	5,266		
FEMA - Emergency Food & Shelter Program	97.024	5,909	-	-
Homeland Security Grant (Note 3)	97.067	207,957		
Total U.S. Dept. of Homeland Security		\$ 246,067	-	\$ -
<u>U.S. Election Assistance Commission</u>				
Passed - through NC State Board of Elections				
Help America Vote Act	90.401	\$ 33,258	-	\$ -
Total U.S. Election Assistance Commission		\$ 33,258	-	\$ -
Total Federal Awards (and state and local match)		\$ 30,751,514	\$ 10,989,578	\$ 2,060,895
STATE AWARDS:				
<u>N.C. Dept. of Health and Human Services</u>				
State/County Special Assistance for Adults - Direct Benefit Payments		\$ -	\$ 251,913	\$ 251,913
State/County Special Assistance for Adults-Administration				59,432
AFDC / TANF Incentive / Program Integrity			904	
CPS Expansion Grant			79,805	
<u>N.C. Dept. of Transportation</u>				
Rural Operating Assistance Program (EDTAP)			68,851	
Rural Operating Assistance Program (Work First)			12,401	
Rural Operating Assistance Program (RGP)			68,724	
State Aid to Airports Program(DOT-8 #36244.29.2.1)			23,250	
State Aid to Airports Program(DOT-8 #36244.29.3.1)			12,825	
<u>N.C. Dept. of Environment & Natural Resources</u>				
Scrap Tire Grant			26,843	
Soil & Water Conservation - Soil Technician Grant			29,725	
NC Parks & Recreation Trust Fund			48,602	
<u>N. C. Dept. of Administration</u>				
Veterans Service Reimbursement			2,000	
<u>Administrative Office of the Courts</u>				
Safe Roads Act Funds			1,926	

ASHE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

<u>Grantor/Pass-through</u> <u>Grantor/Program Title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>Federal</u> <u>(Direct &</u> <u>Pass-through)</u> <u>Expenditures</u>	<u>State</u> <u>Expenditures</u>	<u>Local</u> <u>Expenditures</u>
<u>N. C. Dept. of Corrections</u>				
State Reimbursements for Prisoners			17,920	
Criminal Justice Partnership Program			55,161	
<u>N.C. Rural Economic Development Center, Inc.</u>				
Rural Center Economic Development Grant			16,204	
NC Health and Wellness Trust Fund Grant			36,000	
<u>Office of Juvenile Justice</u>				
Juvenile Crime Prevention			86,418	
<u>NC Community Foundation, Inc</u>				
4-H Children's Trust Fund			2,390	
<u>N.C. Dept. of Crime Control & Public Safety</u>				
Emergency Management Grant			177	
<u>N.C. Dept of Public Instruction</u>				
Summer TRACS			11,465	
Homeless Grant			35,257	
Total State Awards and local match		<u>\$ -</u>	<u>\$ 888,761</u>	<u>\$ 311,345</u>
Total Federal and State Awards		<u>\$ 30,751,514</u>	<u>\$ 11,878,339</u>	<u>\$ 2,372,240</u>

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

1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of Ashe County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. Benefit payments are paid directly to recipients and are not included in the county's basic financial statements. However, due to the County's involvement in determining eligibility, they are considered federal awards to the county and are included on this schedule.

2. 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.

Subrecipients

Of the Federal and State expenditures presented in the schedule, Ashe County provided federal and state awards to subrecipients as follows:

<u>3. Program Title</u>	<u>CFDA</u> <u>Number</u>	<u>Federal</u> <u>Expenditures</u>	<u>State</u> <u>Expenditures</u>
Homeland Security Grant			\$ 153,690

