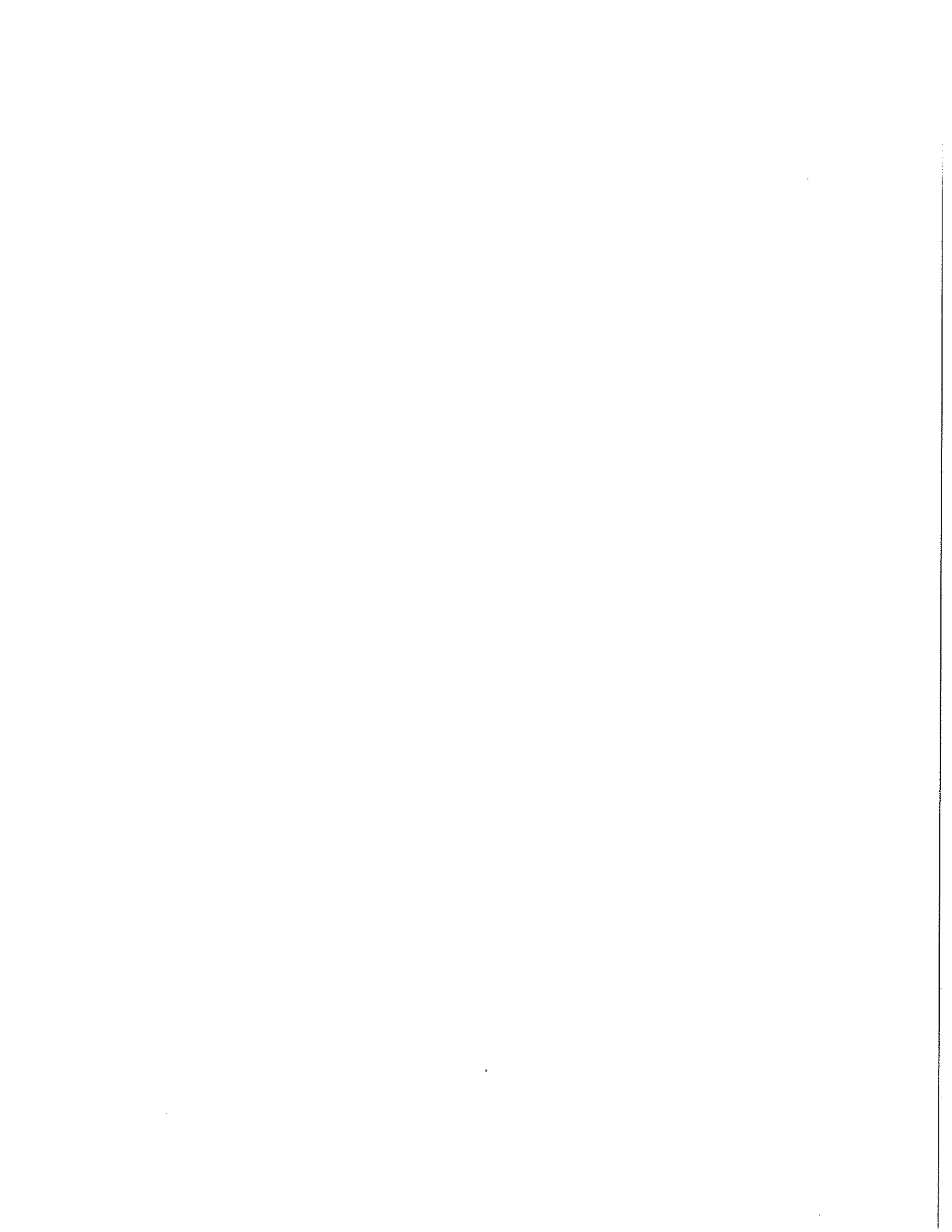


**ASHE COUNTY  
NORTH CAROLINA  
AUDIT REPORT  
JUNE 30, 2014**

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

*404 West Main Street      PO Box 1422      Jefferson, NC 28640  
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ASHE COUNTY, NORTH CAROLINA

BOARD OF COUNTY COMMISSIONERS

Gary Roark - Chairman

Judy Porter Poe - Vice -Chairman

Gerald Price

William Sands

Larry Rhodes

COUNTY OFFICIALS

Sam Yearick

County Manager

Sandra Long

Director of Finance

John Kilby

County Attorney

Deaett Roten

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ashe County, North Carolina, as of and for the year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise Ashe County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

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

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

## *Opinions*

In our opinion, based upon our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ashe County as of June 30, 2014 and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance and the Other Post Employment Benefit's Schedules of Funding Progress and Employer Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consists of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

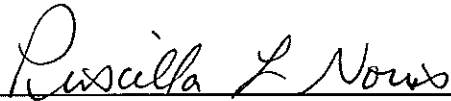
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Ashe County's basic financial statements. The combining and individual fund financial statements, budgetary schedules and other schedules, as well as the accompanying schedule of expenditures of federal and state awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments*, and *Non-Profit Organizations* and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not required part of the basic financial statements.

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



## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2014, on our consideration of Ashe County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ashe County's internal control over financial reporting and compliance.



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Priscilla L. Norris, CPA  
Jefferson, NC  
December 10, 2014

**ASHE COUNTY, NORTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2014**

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, 2014. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

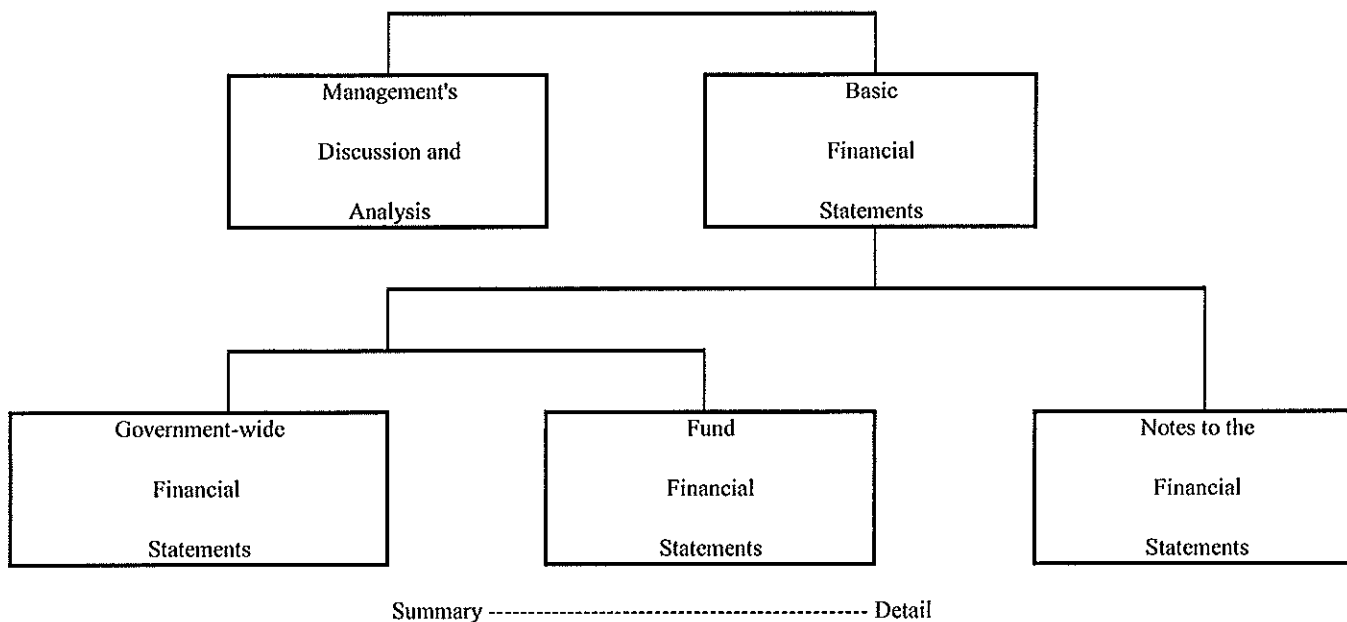
**Financial Highlights**

- \* The assets and deferred outflows of resources of Ashe County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$45,791,240 (net position).
- \* The government's total net position increased by \$1,510,795, primarily due to increased net position in the General Fund.
- \* As of the close of the current fiscal year, Ashe County's governmental funds reported combined ending fund balances of \$16,581,081 a decrease of \$665,013 in comparison with the prior year. Approximately 41.9 percent of this total amount, or \$6,948,491 is available for spending at the government's discretion (*unassigned fund balance*), beyond amounts assigned for subsequent year's expenses. Approximately 33.84 percent, or \$5,611,090, is restricted or non-spendable.
- \* At the end of the current fiscal year, unassigned fund balance for the General Fund was \$6,948,941 or 23.03 percent of total general fund expenditures for the fiscal year.
- \* Ashe County's total debt decreased by \$3,681,339 (17.79%) during the current fiscal year. The key factors in this decrease are principal payments on debt.

**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.

**ASHE COUNTY, NORTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2014**

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the County's non-major governmental funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

Following the notes is the required supplemental information. This section contains funding information about the County's pension plans.

#### **Government-Wide Financial Statements**

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, similar to the financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County's financial status as a whole.

The two government-wide statements report the County's net position and how it has changed. Net position is the difference between the County's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the County's financial condition.

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

The government-wide financial statements are Exhibits 1 and 2 of this report.

#### **Fund Financial Statements**

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

**Governmental Funds** - Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting. This method also has a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

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

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

**ASHE COUNTY, NORTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2014**

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

**Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets (and deferred outflows of resources, if any) of Ashe County exceeded liabilities (and deferred inflows of resources) by \$45,791,240 as of June 30, 2014. One of the largest portions, \$34,672,201 (75.72%), reflects the County's net investment in capital assets (e.g. land, buildings, machinery, and equipment). Ashe County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Ashe County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources since the capital assets cannot be used to liquidate these liabilities. An additional portion of Ashe County's net position, \$3,502,231 (7.65 %) represents resources that are subject to external restrictions on how they may be used.

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

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 20,830,741	\$ 21,354,592	\$ 2,787,943	\$ 2,607,749	\$ 23,618,684	\$ 23,962,341
Capital assets	39,580,480	40,417,021	5,304,221	5,403,501	44,884,701	45,820,522
Total assets	\$ 60,411,221	\$ 61,771,613	\$ 8,092,164	\$ 8,011,250	\$ 68,503,385	\$ 69,782,863
Long-term liabilities	18,056,747	21,166,597	3,475,715	3,475,112	21,532,462	24,641,709
Other liabilities	910,761	703,709	151,639	69,932	1,062,400	773,641
Total liabilities	\$ 18,967,508	\$ 21,870,306	\$ 3,627,354	\$ 3,545,044	22,594,862	\$ 25,415,350
Prepaid taxes	117,283	89,189	-	-	117,283	89,189
Total deferred inflows of resources	\$ 117,283	\$ 89,189	\$ -	\$ -	\$ 117,283	\$ 89,189
Net position						
Net investment in capital assets	30,467,980	31,703,023	4,204,221	4,103,501	34,672,201	35,806,524
Restricted	3,502,231	4,635,956			3,502,231	4,635,956
Unrestricted	7,356,219	3,473,139	260,589	362,705	7,616,808	3,835,844
Total net position	\$ 41,326,430	\$ 39,812,118	\$ 4,464,810	\$ 4,466,206	\$ 45,791,240	\$ 44,278,324

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

- \* Continued due diligence in the collection of property taxes by increasing its collection percentage from 93.94% to 94.87%. This increase is due to an increase in the collection percentage for both vehicles and other property.
- \* Overall Ad Valorem Tax collections were approximately \$676,000 more than the prior year.
- \* The County ended the year with \$88,876 over the prior year for sales tax collections.
- \* Runway expansion work continued at the County airport, funded mostly by state and federal grants.

**ASHE COUNTY, NORTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2014**

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

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2,014	2,013
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 2,712,588	\$ 2,400,155	\$ 2,540,532	\$ 1,731,438	5,253,120	4,131,593
Operating grants and contributions	6,388,617	6,414,540	168,909	94,318	6,557,526	6,508,858
Capital grants and contributions	642,595	2,067,569			642,595	2,067,659
General revenues:						
Property taxes	16,837,538	16,400,101			16,837,538	16,400,101
Other taxes	4,930,584	4,750,991			4,930,584	4,750,991
Grants and contributions not restricted to specific programs						
Other	18,964	63,064	235	1,207	19,199	64,271
<b>Total revenues</b>	<b>\$ 31,530,886</b>	<b>\$ 32,096,420</b>	<b>\$ 2,709,676</b>	<b>\$ 1,826,963</b>	<b>34,240,562</b>	<b>33,923,473</b>
<b>Expenses:</b>						
General government	4,203,191	4,061,309			4,203,191	4,061,309
Public safety	6,984,192	6,542,515			6,984,192	6,542,515
Transportation	481,136	448,359			481,136	448,359
Economic and physical development	936,261	798,712			936,261	798,712
Human services	9,896,874	9,263,776			9,896,874	9,263,776
Cultural and recreation	1,466,547	1,385,162			1,466,547	1,385,162
Education	5,615,798	5,495,364			5,615,798	5,495,367
Interest on long-term debt	434,696	620,428			434,696	620,428
Environmental services			2,711,072	2,347,797	2,711,072	2,347,797
<b>Total expenses</b>	<b>\$ 30,018,695</b>	<b>\$ 28,615,625</b>	<b>\$ 2,711,072</b>	<b>\$ 2,347,797</b>	<b>32,729,767</b>	<b>30,963,425</b>
Increase (decrease) in net position before transfers and special items	1,512,191	3,480,882	(1,396)	(520,834)	1,510,795	2,960,048
Transfers		(100,000)		100,000		
Increase in net position	1,512,191	3,380,882	(1,396)	(420,834)	1,510,795	2,960,048
Net position, beginning	39,812,118	36,431,236	4,466,206	4,887,040	44,278,324	41,318,276
Prior period adjustment	2,121				2,121	
<b>Net position, ending</b>	<b>\$ 41,326,430</b>	<b>\$ 39,812,118</b>	<b>\$ 4,464,810</b>	<b>\$ 4,466,206</b>	<b>45,791,240</b>	<b>44,278,324</b>

**Governmental activities:** Governmental activities increased the County's net position by \$1,512,191.

**Business-type activities:** Business-type activities decreased Ashe County's net position by \$1,396.

**Financial Analysis of the County's Funds**

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

**Governmental Funds.** The focus of Ashe County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Ashe County's financing requirements. Specifically, fund balance available for appropriation can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of Ashe County. At the end of the current fiscal year, fund balance available for appropriation in the General Fund was \$11,456,987 while total fund balance was \$13,266,752. It is recommended that the County maintain an available fund balance of 8% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. The County currently has an available fund balance of 37.97% of General Fund expenditures, while total fund balance represents 43.97% of that same amount. Of the total fund balance, the amount that is unassigned at year end is \$6,948,491.

At June 30, 2014, the governmental funds of Ashe County reported a combined fund balance of \$16,581,081, a 3.85 percent decrease from last year.

**ASHE COUNTY, NORTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2014**

**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 increased revenues by \$318,741. There was also an increase in the appropriation of fund balance of \$83,072.

**Proprietary Funds:** Ashe County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Environmental Services Fund at the end of the fiscal year amounted to \$260,589, a decrease of \$102,116 which is due to an overall increase in expenses, which is more than the increase in revenues.

**Capital Asset and Debt Administration**

**Capital Assets:** Ashe County's capital assets for its governmental and business-type activities as of June 30, 2014, totals \$44,884,700 (net of accumulated depreciation). These assets include buildings, airport, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include:

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

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

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	4,782,273	4,588,872	128,198	128,198	4,910,471	4,717,070
Buildings and system	25,908,907	26,530,713	3,465,256	3,554,801	29,374,163	30,085,514
Improvements other than bldgs.	3,086,102	3,225,703			3,086,102	3,225,703
Machinery and equip.	897,466	895,526	1,710,766	1,702,836	2,608,232	2,598,362
Infrastructure	4,567,559	4,805,712			4,567,559	4,805,712
Vehicles and motorized equip.	338,173	370,495			338,173	370,495
Construction in progress				17,665		
<b>Total</b>	<b>39,580,480</b>	<b>40,417,021</b>	<b>5,304,220</b>	<b>5,403,500</b>	<b>44,884,700</b>	<b>45,820,521</b>

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, 2014, Ashe County had no general obligation bonds outstanding.

Ashe County's total debt decreased by \$3,681,339 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 2013-2014.

- \* Ashe County ended the fiscal year with an unemployment rate of 7.4% (not seasonally adjusted) compared with 11.4% from June 2013. The state unemployment rate for the same period was 6.5% for June 2014 and 9.3% for June 2013. Ashe County appears to be closing in on the gap in unemployment as the difference between the county and state levels for June 2013 were 2.1% and June 2014 .90%. North Carolina and Ashe County, like the rest of the nation, are still dealing with a prolonged period of high unemployment and slow job growth but Ashe County seems to be inching its way along back toward pre-recession levels recorded in 2007. In June of 2014, 89 counties reported unemployment rates between 5% and 10%, 8 counties reported rates at 5% or below, and 3 counties reported rates

**ASHE COUNTY, NORTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2014**

at 10% or above. Statewide Ashe County's unemployment rank in all 100 counties has improved from 85th to 75th. It is important to remember that Ashe County's unemployment rate remains cyclical, due in part to seasonal tourism and the Christmas tree industry. The labor markets which are affecting Ashe County's drop in the unemployment rate are attributed to growth in Professional & Business Services, Leisure & Hospitality Services, Trade Transportation & Utility Services, and Education & Health Services, a trend that has been seen on the statewide level as well.

- \* GE Aviation held a groundbreaking ceremony on June 5, 2014 for their 80,000 square foot expansion. The expansion will create 105 new jobs by 2017 and create a 65 million dollar investment in Ashe County. The expansion was largely driven by orders for LEAP jet engines. GE Aviation already has orders and commitments for over 6,000 of the engines. They expect to begin hiring in 2015. Their annual salaries are said to be \$47,942 compared to \$36,500 median income in Ashe County reported by local media sources.
- \* With the closing of the Gates facility, American Emergency Vehicles (AEV) which builds emergency vehicles was able to purchase their vacated plant. AEV will be renovating the plant during 2015 and will eventually stop using their current facility. The Gates building is said to have twice the floor space of AEV's current building which will allow for more future expansion opportunities.
- \* Ashe Memorial Hospital is continuing to add new service providers to their staff, including an orthopedic doctor, a pediatric doctor, and a full-time hospitalist, among others. They have asked the County to fund \$500,000 per year for a three year period to help stabilize their bottom line. It is hoped that with the additional services they will be able to provide, the hospital can add to their revenue streams during this period so they can again become self-sufficient. The current Board of Commissioners is supportive of the hospital and their request, and has made an appropriation to them in the FY2015 budget.
- \* The County allocation for Ashe County Schools current expense was increased by around 11% to help offset funding reductions from state and federal levels for instructional materials and textbooks. The two Boards continue to work together to provide a high-quality education to Ashe County students on all educational levels which has been proven in the test scores of our elementary and high school students.
- \* The tax rate in FY2013-2014 once again remained at 40 cents. Fund balance was used to balance the budget, but at year end, only a nominal amount will actually be used. By the end of the year, the Register of Deeds and The Buildings Inspections departments reported a modest upsurge in land and building transactions over the prior year. Sales tax collections increased slightly as well.
- \* Wilkes Community College/Ashe Campus and Ashe County Schools continue to work closely together, along with Economic Development and other government leaders in the county to offer programs that will enhance and strengthen Ashe County's educational endeavors. Presently GE Aviation is working with Wilkes Community College in a former industrial building located adjacent to GE to offer hands-on instruction that will provide fully-trained employees who will be ready to go to work for GE when their expansion is complete next year.

#### **Next Year's Budgets and Rates**

- \* For the third consecutive year, the tax rate has remained at 40 cents and will continue at the same rate for FY2015. The property revaluation to be effective January 1, 2015 is likely to result in some decrease in property values, according to the Tax Administrator, which may require an adjustment in the tax rate for FY2016.
- \* Sales tax revenues, Corrections revenues, Register of Deeds and Building Inspections revenues are continuing to hold their own and beginning to increase slightly, but are still below pre-recession levels. Revenues in excess of expenses were collected during FY14 which allowed the County to avoid using the amount of fund balance that was appropriated to balance the original budget. \$3.5 million budgeted for expenditures remained unspent in the general fund at the year end.
- \* Improvements at Ashe County airport continued throughout FY14. Eagle Wood, Inc. began work in the fall of 2013 and will have the Airport Runway #28 extension project finished, including the paving, marking, and lighting of the runway, by late fall of 2014.
- \* Existing debt service on Ashe County High School and Westwood Elementary School will be retired in the years 2016 and 2017 respectively. Debt service on the library will be paid off in 2018 and the jail in 2028. The debt service for the QSCB loan is being paid off 100% with funds from the NC Education Lottery. Future plans are now being considered concerning the replacement or renovation of Ashe County Middle School, along with other county infrastructure needs for the next 10 to 15 years.

**ASHE COUNTY, NORTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2014**

**Requests for Information**

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



ASHE COUNTY, NORTH CAROLINA  
STATEMENT OF NET POSITION  
JUNE 30 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 15,164,103	\$ 2,032,375	\$ 17,196,478
Restricted cash	295,125		295,125
Receivables (net)	3,545,115	716,610	4,261,725
Due from other governments	1,826,398	38,958	1,865,356
Capital assets:			
Land, improvements, and construction in progress	4,782,273	128,198	4,910,471
Other capital assets, net of depreciation	34,798,207	5,176,023	39,974,230
Total capital assets	39,580,480	5,304,221	44,884,701
Total assets	\$ 60,411,221	\$ 8,092,164	\$ 68,503,385
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	716,060	134,112	850,172
Accrued interest payable	194,701	17,527	212,228
Long-term liabilities:			
Due within one year	2,694,176	200,000	2,894,176
Due in more than one year	15,362,571	3,275,715	18,638,286
Total liabilities	\$ 18,967,508	\$ 3,627,354	\$ 22,594,862
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Prepaid taxes	\$ 117,283	\$ -	\$ 117,283
Total deferred inflows of resources	\$ 117,283	\$ -	\$ 117,283
<b>NET POSITION</b>			
Net investment in capital assets	30,467,980	4,204,221	34,672,201
Restricted for:			
Capital projects (education)	486,362		486,362
Public safety	651,462		651,462
Culture & recreation	7,667		7,667
Human services	254,771		254,771
Register of deeds	146,773		146,773
Stabilization by State statute	1,955,196		1,955,196
Unrestricted	7,356,219	260,589	7,616,808
Total net position	\$ 41,326,430	\$ 4,464,810	\$ 45,791,240

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, 2014

NET (EXPENSE) REVENUE AND CHANGES  
IN NET POSITION

PROGRAM REVENUES

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Primary government:</b>							
Governmental Activities							
General government	\$ 4,203,191	\$ 439,393	\$ 17,778	\$ -	\$ (3,746,020)	\$ -	\$ (3,746,020)
Public Safety	6,984,192	1,885,827	442,882		(4,655,483)		(4,655,483)
Transportation	481,136	173,841	1,493	174,061	(131,741)		(131,741)
Economic and physical development	936,261	26,421	248,020	4,044	(657,776)		(657,776)
Human Services	9,896,874	119,774	5,667,003		(4,110,097)		(4,110,097)
Cultural and recreation	1,466,547	67,332	1,090		(1,398,125)		(1,398,125)
Education	5,615,798		10,351	464,490	(5,140,957)		(5,140,957)
Interest on long-term debt	434,696				(434,696)		(434,696)
Total governmental activities	30,018,695	2,712,588	6,388,617	642,595	(20,274,895)		(20,274,895)

Business-type Activities:

Environmental Services	2,711,072	2,540,532	168,909			(1,631)	(1,631)
Total business-type activities	2,711,072	2,540,532	168,909			(1,631)	(1,631)
<b>Totals</b>	<b>\$ 32,729,767</b>	<b>\$ 5,253,120</b>	<b>\$ 6,557,526</b>	<b>\$ 642,595</b>	<b>\$ (20,274,895)</b>	<b>\$ (1,631)</b>	<b>\$ (20,276,526)</b>

General Revenues:

Taxes:

Property taxes, levied for general purpose	16,837,538						16,837,538
Local Option Sales tax	4,473,290						4,473,290
Other taxes and licenses	457,294						457,294

Grants and contributions not restricted to specific programs

Investment earnings, unrestricted						235	557
Miscellaneous, unrestricted					18,642		18,642
Transfers							

Total general revenues, special items, and transfers

Change in net position	21,787,086					235	21,787,321
Net position - beginning	1,512,191					(1,396)	1,510,795
Prior Period Adjustment	39,812,118					4,466,206	44,278,324
Net position - ending	2,121						2,121
	\$ 41,326,430					\$ 4,464,810	\$ 45,791,240

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

**ASHE COUNTY, NORTH CAROLINA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2014**

	Major Governmental Funds		Non-Major Governmental Funds	Total Governmental Funds
	General Fund	School Capital Projects		
<b>Assets</b>				
Cash & Investments	\$ 11,994,453	\$ 486,362	\$ 2,683,288	\$ 15,164,103
Restricted Cash	295,125			295,125
Due from Other Funds				
Receivables (Net):				
Taxes	2,676,620			2,676,620
Accounts	107,077		21,721	128,798
Due from Other Governments	1,702,688	123,710		1,826,398
	<u>16,775,963</u>	<u>610,072</u>	<u>2,705,009</u>	<u>20,091,044</u>
Total Assets	<u>\$ 16,775,963</u>	<u>\$ 610,072</u>	<u>\$ 2,705,009</u>	<u>\$ 20,091,044</u>
<b>Liabilities</b>				
Accounts Payable & Accrued Liabilities	\$ 715,308	\$ -	\$ 752	\$ 716,060
Total Liabilities	<u>\$ 715,308</u>	<u>\$ -</u>	<u>\$ 752</u>	<u>\$ 716,060</u>
<b>Deferred Inflows of Resources</b>				
Property Taxes Receivable	\$ 2,676,620	\$ -	\$ -	\$ 2,676,620
Prepaid Taxes	117,283			117,283
Total Deferred Inflows of Resources	<u>\$ 2,793,903</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,793,903</u>
<b>Fund Balances</b>				
Restricted for:				
Stabilization by State Statute	\$ 1,809,765	\$ 123,710	\$ 21,721	\$ 1,955,196
Register of Deeds	146,773			146,773
Human Services	26,523			26,523
Culture & Recreation	7,667			7,667
School Capital Outlay		486,362		486,362
Public Safety			651,462	651,462
4-H (Human Services)			228,248	228,248
Committed for:				
Tax Revaluation	148,352			148,352
Human Services	18,681			18,681
Public Safety	139,000			139,000
Capital Projects			1,802,826	1,802,826
Assigned:				
Subsequent Year's Expenditures	4,021,500			4,021,500
Unassigned:	<u>6,948,491</u>			<u>6,948,491</u>
	<u>\$ 13,266,752</u>	<u>\$ 610,072</u>	<u>\$ 2,704,257</u>	<u>\$ 16,581,081</u>
	<u>\$ 16,775,963</u>	<u>\$ 610,072</u>	<u>\$ 2,705,009</u>	
Total Liabilities, Deferred Inflows of Resources & Fund Balances	<u>\$ 16,775,963</u>	<u>\$ 610,072</u>	<u>\$ 2,705,009</u>	

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.	\$ 39,580,480
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	739,697
Liabilities for earned but deferred revenues in fund statements.	2,676,620
Some liabilities are not due and payable in the current period and therefore are not reported in funds (Note 4).	<u>(18,251,448)</u>
Net assets of governmental activities	<u>\$ 41,326,430</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, 2014

	<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>		
<b>Revenues</b>				
Ad Valorem Taxes	\$ 16,985,260	\$ -	\$ -	\$ 16,985,260
Local Option Sales Tax	4,473,290			4,473,290
Other Taxes	451,825			451,825
Unrestricted Intergovernmental Revenues	10,351			10,351
Restricted Intergovernmental Revenues	5,797,919	463,890	680,715	6,942,524
Licenses & Permits	457,314			457,314
Sales & Services	2,292,547		94,741	2,387,288
Investment Earnings	322	600	4,044	4,966
Miscellaneous	27,896		87,894	115,790
<b>Total Revenue</b>	<u>\$ 30,496,724</u>	<u>\$ 464,490</u>	<u>\$ 867,394</u>	<u>\$ 31,828,608</u>
<b>Expenditures</b>				
General Government	\$ 3,856,749	\$ -	\$ -	\$ 3,856,749
Public Safety	6,371,419		285,878	6,657,297
Transportation	439,791			439,791
Economic & Physical Development	697,033		205,731	902,764
Human Services	9,379,511		415,268	9,794,779
Cultural & Recreational	1,257,197			1,257,197
Educational	5,071,273			5,071,273
Capital Outlay		235,300	1,594	236,894
Debt Services:				
Principal Retirement	2,456,371	1,024,968		3,481,339
Interest	641,524	154,014		795,538
<b>Total Expenditures</b>	<u>\$ 30,170,868</u>	<u>\$ 1,414,282</u>	<u>\$ 908,471</u>	<u>\$ 32,493,621</u>
Revenues Over (Under) Expenditures	<u>\$ 325,856</u>	<u>\$ (949,792)</u>	<u>\$ (41,077)</u>	<u>\$ (665,013)</u>
<b>Other Financing Sources (Uses)</b>				
Operating Transfer - In	100,000		282,586	382,586
Operating Transfer - Out	(282,586)		(100,000)	(382,586)
<b>Total Other Financing Sources (Uses)</b>	<u>\$ (182,586)</u>	<u>\$ -</u>	<u>\$ 182,586</u>	<u>\$ -</u>
Excess of Revenue & Other Sources Over (Under) Expenditures & Other Uses	<u>\$ 143,270</u>	<u>\$ (949,792)</u>	<u>\$ 141,509</u>	<u>\$ (665,013)</u>
<b>Fund Balances:</b>				
Beginning of Year, July 1	\$ 13,123,482	\$ 1,559,864	\$ 2,560,627	\$ 17,243,973
Prior Year Adjustment			2,121	2,121
End of Year, June 30	<u>\$ 13,266,752</u>	<u>\$ 610,072</u>	<u>\$ 2,704,257</u>	<u>\$ 16,581,081</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, 2014

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

Net changes in fund balances - total governmental funds	\$ (665,013)
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 depreciation exceeds capital outlays in the current period.	(836,541)
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.	3,481,339
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.	
Difference in interest expense between fund statements and government-wide statements.	51,617
Compensated Absences	(211,215)
Other Post Employment Benefits	(160,274)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	
Increase in deferred inflows - taxes receivable at year end	(147,758)
Increase in accrued tax interest receivable at end of year	36
Total changes in net position of governmental activities	<u>\$ 1,512,191</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, 2014

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
<b>Revenues:</b>				
Ad valorem taxes	\$ 16,252,195	\$ 16,252,195	\$ 16,985,260	\$ 733,065
Local option sales tax	4,469,000	4,469,000	4,473,290	4,290
Other taxes	366,300	447,300	451,825	4,525
Unrestricted intergovernmental			10,351	10,351
Restricted intergovernmental	6,419,882	6,574,344	5,797,919	(776,425)
Licenses & Permits	383,920	379,520	457,314	77,794
Sales and services	2,010,647	2,098,326	2,292,547	194,221
Investment earnings	5,300	5,300	322	(4,978)
Miscellaneous	19,000	19,000	27,896	8,896
<b>Total Revenues</b>	<b>\$ 29,926,244</b>	<b>\$ 30,244,985</b>	<b>\$ 30,496,724</b>	<b>\$ 251,739</b>
<b>Expenditures</b>				
<b>Current:</b>				
General government	4,225,137	4,299,585	3,856,749	442,836
Public safety	5,688,275	6,758,335	6,371,419	386,916
Transportation	1,881,077	1,911,077	439,791	1,471,286
Economic and physical development	1,134,980	970,180	697,033	273,147
Human services	11,008,524	10,230,103	9,379,511	850,592
Cultural and recreational	1,205,627	1,259,627	1,257,197	2,430
<b>Intergovernmental</b>				
Education	5,038,273	5,076,273	5,071,273	5,000
<b>Debt service:</b>				
Principal retirement	2,456,371	2,456,371	2,456,371	
Interest and other charges	641,753	641,753	641,524	229
Contingency fund	250,000	136,726		136,726
<b>Total expenditures</b>	<b>33,530,017</b>	<b>33,740,030</b>	<b>30,170,868</b>	<b>3,569,162</b>
<b>Revenues over (under) expenditures</b>	<b>\$ (3,603,773)</b>	<b>\$ (3,495,045)</b>	<b>\$ 325,856</b>	<b>\$ 3,820,901</b>
<b>Other financing sources (uses):</b>				
Transfer to other funds	(90,786)	(282,586)	(282,586)	
Transfer from other funds	100,000	100,000	100,000	
Appropriated fund balance	3,594,559	3,677,631		(3,677,631)
<b>Total other financing sources (uses)</b>	<b>3,603,773</b>	<b>3,495,045</b>	<b>(182,586)</b>	<b>(3,677,631)</b>
<b>Revenues and other financing sources over expenditures and other financing uses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 143,270</b>	<b>\$ 143,270</b>
<b>Fund balances:</b>				
Beginning of year July 1			12,975,130	
End of year June 30			<u>\$ 13,118,400</u>	
<b>A legally budgeted Tax Revaluation fund is consolidated into the General Fund for reporting purposes:</b>				
Transfer in From General Fund			\$ -	
<b>Expenditures</b>				
Fund Balance, Beginning			148,352	
Fund Balance, Ending, Combined (Exhibit 4)			<u>13,266,752</u>	

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

ASHE COUNTY, NORTH CAROLINA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2014

Environmental Services Fund

<u>Assets</u>	
Current Assets:	
Cash & Investments	\$ 2,032,375
Receivables (Net):	
SWDF	683,969
Accounts	32,641
Due From Other Governments	38,958
Total Current Assets	\$ 2,787,943
Capital Assets, Net of Depreciation	5,304,221
Total Assets	\$ 8,092,164
<u>Liabilities and Net Position</u>	
Current Liabilities:	
Accounts Payable	\$ 134,112
Accrued Interest Payable	17,527
Current Portion of Notes Payable	200,000
Total Current Liabilities	\$ 351,639
Non - Current Liabilities	
Compensated Absences Payable	\$ 69,384
Other Post - Employment Benefits Payable	77,277
Accrued Landfill Closure and Postclosure Care Costs	2,229,054
Notes Payable	900,000
Total Liabilities	\$ 3,627,354
Net Position:	
Net Investment in Capital Assets	\$ 4,204,221
Unrestricted	260,589
Total Net Position	\$ 4,464,810
Total Liabilities and Net Position	\$ 8,092,164

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, 2014

	<u>Enterprise Fund</u> <u>Environmental Services</u> <u>Fund</u>
Operating Revenues:	
SWDF - Household Fees	\$ 2,012,434
SWDF - Commercial Fees	366,262
Recycling Revenues	158,041
Miscellaneous Revenue	3,795
Total Operating Revenues	<u>\$ 2,540,532</u>
Operating Expenses:	
Environmental Services - Collections	\$ 1,120,184
Environmental Services - Disposal	1,122,657
Depreciation	242,100
Landfill Closure and Postclosure Care Costs	181,518
Total Operating Expenses	<u>\$ 2,666,459</u>
Operating Income (Net)	<u>\$ (125,927)</u>
Non-Operating Revenues and Expenses	
Contributions From Other Governments	\$ 6,000
Solid Waste Disposal Tax	17,922
Scrap Tire Disposal Tax and Grant	73,161
White Goods Disposal Tax and Grant	8,414
FEMA Grant	63,412
Investment Earnings	235
Interest on Long - Term Debt	(44,613)
Total Non-Operating Revenues and Expenses	<u>124,531</u>
Change in Net Position	\$ (1,396)
Net Position, July 1	<u>\$ 4,466,206</u>
Net Position, June 30	<u>\$ 4,464,810</u>

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



EXHIBIT 8

ASHE COUNTY, NORTH CAROLINA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Enterprise Fund</u>
Cash flows from operating activities:	
Cash received from customers	\$ 2,456,820
Cash paid for goods and services	(1,152,441)
Cash paid to employees for services	(986,422)
Net cash provided (used) by operating activities	<u>\$ 317,957</u>
Cash flows from non-capital financing activities:	
Contributions from other governments	\$ 6,000
Disposal tax and grants	159,991
Transfer-in from General Fund	
Net cash provided (used) by non-capital financing activities	<u>\$ 165,991</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	\$ (142,820)
Principal paid on loan	(200,000)
Loan interest paid	(47,800)
Net cash provided (used) by capital and related financing activities	<u>(390,620)</u>
Cash flows from investing activities:	
Interest on investments	\$ 236
Net cash provided (used) by investing activities	<u>\$ 236</u>
Net increase (decrease) in cash and cash equivalents	\$ 93,564
Cash and cash equivalents, July 1	1,938,811
Cash and cash equivalents, June 30	<u>\$ 2,032,375</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ (125,927)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	242,100
Landfill closure and post closure care costs	181,518
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(83,712)
Increase (decrease) in accounts payable	84,893
Increase (decrease) in compensated absences payable	11,886
Increase (decrease) in OPEB liabilities	7,199
Net cash provided (used) by operating activities	<u>\$ 317,957</u>

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

ASHE COUNTY, NORTH CAROLINA  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Agency Funds</u>
<b><u>Assets</u></b>	
Cash & Investments	\$ 41,574
Fire Taxes Receivable	<u>214,872</u>
<b>Total Assets</b>	<b><u><u>\$ 256,446</u></u></b>
 <b><u>Liabilities &amp; Net Position</u></b>	
Liabilities	
Accounts Payable	\$ 12,970
Due to Individuals	28,604
Reserve for Taxes Receivable	<u>214,872</u>
<b>Total Liabilities &amp; Net Position</b>	<b><u><u>\$ 256,446</u></u></b>

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

**I. Summary of Significant Accounting Policies**

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

**A. Reporting Entity**

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

Discretely Presented Component Units

Ashe County Industrial Facility and Pollution Control Financing Authority

Ashe County Industrial Facility and Pollution Control Financing Authority (the "Authority") exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority is governed by a five-member board of commissioners, all of whom are appointed by the county commissioners. The County can remove any commissioner of the Authority with or without cause. The Authority has no financial transactions or account balances; therefore, it is not presented in the basic financial statements. The Authority does not issue separate financial statements.

**B. Basis of Presentation, Basis of Accounting**

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

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

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

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The County reports the following major governmental funds:

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

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

The County reports the following major enterprise fund:

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

The County reports the following fund types:

*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 two Agency Funds: the Social Services Fund, which accounts for moneys deposited with the Department of Social Services for the benefit of certain individuals, and the Fire Districts Fund, which the County is required to remit to the various fire departments.

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

### **Measurement Focus, Basis of Accounting**

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services,

administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

### **C. Budgetary Data**

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

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

**D. Assets, Liabilities, Deferred Inflows and Outflows, and Fund Equity**

**1. Deposits and Investments**

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

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

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

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

Ashe County Restricted Cash

Governmental Activities		
General Fund	Tax Revaluation	\$ 148,352
General Fund	Register of Deeds	146,773
Total Governmental Activities		\$ 295,125
Business-Type Activities		
None		
Total Restricted Cash		\$ 295,125

**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, 2013. 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.

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

	Years
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. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County currently has no items that meet this criterion. In addition to liabilities, the statement of financial position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has only one item that meets the criterion for this category - prepaid taxes.

**9. Long-term Obligations**

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

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

**10. Compensated Absences**

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

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

**11. Net Position / Fund Balances**

**Net Position**

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

**Fund Balances**

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

The governmental fund types classify fund balances as follows:

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

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

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

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

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

Restricted for Culture and Recreation - portion of fund balance that is restricted by revenue source for culture and recreation purposes.



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

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

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

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

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

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

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

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

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

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

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

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

**E. Reconciliation of Government-wide and Fund Financial Statements**

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

The governmental fund balance sheet includes a reconciliation between fund balance for the governmental funds and net position for governmental activities as reported in the government-wide statement of net position. The net adjustment of \$24,745,349 consists of the following:

<u>Description</u>	<u>Amount</u>
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 56,494,898
Less accumulated depreciation	<u>(16,914,418)</u>
Net capital assets	\$ 39,580,480

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Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are unavailable in the fund statements 739,697

Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide. (Taxes) 2,676,620

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	(15,908,767)
Compensated absences	(981,649)
Accrued interest payable	(194,701)
Other postemployment benefits payable	(1,166,331)
Total adjustment	\$ 24,745,349

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

The governmental fund statement of revenues, expenditures, and changes in fund balances include a reconciliation between net changes in fund balances for the governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. The total adjustment of \$2,177,204 is comprised of the following:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 597,940
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.	(1,434,481)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statements.	3,481,339
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)	51,617
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	(211,215)
Other postemployment benefits are accrued in the government-wide statements but not on the fund statements.	(160,274)

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Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements:

Increase in deferred inflows - taxes receivable - at year end	(147,758)
Increase in accrued interest receivable on taxes at year end	36
Total adjustment	<u>\$ 2,177,204</u>

**II. Stewardship, Compliance, and Accountability**

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

**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, 2014, the County's deposits had a carrying amount of \$5,251,630 and a bank balance of \$5,681,325. Of the bank balance, \$500,000 was covered by federal depository insurance, and \$5,181,325 in interest bearing deposits were covered by collateral held under the Pooling Method. At June 30, 2014, Ashe County had \$2,495 cash on hand.

**2. Investments**

At June 30, 2014 the County's investments consisted of \$12,279,054 in the North Carolina Capital Management Trust's Cash Portfolio, which carried a credit rating of AAA by Standard and Poor's. The County has no policy on credit risk.

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

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

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<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2010-11	\$ 1,556,680	\$ 509,326	\$ 2,066,006
2011-12	1,790,247	424,854	2,215,101
2012-13	1,867,706	214,450	2,082,156
2013-14	1,899,805	108,685	2,008,490
Total	<u>\$ 7,114,438</u>	<u>\$ 1,257,315</u>	<u>\$ 8,371,753</u>

**4. Receivables**

Receivables at the government-wide level at June 30, 2014, were as follows:

	<u>Accounts</u>	<u>Taxes and Related Accrued Interest</u>	<u>Due from Other Governments</u>	<u>Due from Other Funds</u>	<u>Total</u>
<b>Governmental Activities:</b>					
General	\$ 107,077	\$ 4,171,317	\$ 1,702,688	\$ -	\$ 5,981,082
Other Governmental	21,721				21,721
Total receivables	128,798	4,171,317	1,702,688		6,002,803
Allowance for doubtful accounts		(755,000)			(755,000)
Total-governmental activities	<u>\$ 128,798</u>	<u>\$ 3,416,317</u>	<u>\$ 1,702,688</u>	<u>\$ -</u>	<u>\$ 5,247,803</u>
<b>Business-type Activities</b>					
Environmental Services	716,610		38,958		755,568
Total receivables	716,610		38,958		755,568
Allowance for doubtful accounts					
Total-business-type activities	<u>\$ 716,610</u>	<u>\$ -</u>	<u>\$ 38,958</u>	<u>\$ -</u>	<u>\$ 755,568</u>

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

Local option sales tax	\$ 755,772
Sales tax and gas tax refund receivable	131,092
Scrap Tire and White Goods Disposal Tax	10,422
Restricted intergovernmental grants	844,360
Total	<u>\$ 1,741,646</u>

ASHE COUNTY, NORTH CAROLINA  
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**5. Capital Assets**

**Primary Government**

Capital asset activity for the year ended June 30, 2014, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 4,588,872	\$ -	\$ -	\$ 4,588,872
Construction in Progress		193,401		193,401
Total capital assets not being depreciated	<u>4,588,872</u>	<u>193,401</u>	<u>-</u>	<u>4,782,273</u>
<b>Capital assets being depreciated:</b>				
Buildings	33,827,988	14,964		33,842,952
Other improvements	6,439,982	39,270		6,479,252
Infrastructure	5,970,304			5,970,304
Equipment	3,044,376	228,309		3,272,685
Vehicles and motor equipment	2,045,933	121,996	20,497	2,147,432
Total capital assets being depreciated	<u>51,328,583</u>	<u>404,539</u>	<u>20,497</u>	<u>51,712,625</u>
<b>Less accumulated depreciation for:</b>				
Buildings	7,297,275	636,770		7,934,045
Other improvements	3,214,279	178,871		3,393,150
Infrastructure	1,164,592	238,153		1,402,745
Equipment	2,148,850	226,369		2,375,219
Vehicles and motor equipment	1,675,438	154,318	20,497	1,809,259
Total accumulated depreciation	<u>15,500,434</u>	<u>1,434,481</u>	<u>20,497</u>	<u>16,914,418</u>
Total capital assets being depreciated, net	<u>35,828,149</u>			<u>34,798,207</u>
<b>Governmental activity capital assets, net</b>	<u>\$ 40,417,021</u>			<u>\$ 39,580,480</u>

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

General government	\$ 339,651
Public safety	520,275
Transportation	246,361
Economic and physical development	25,743
Human services	64,476
Cultural and recreational	237,975
Total depreciation expense	<u>\$ 1,434,481</u>

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	Beginning Balances	Increases	Decreases	Ending Balances
<b>Business-type activities:</b>				
<b>Environmental Services</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 128,198	\$ -	\$ -	\$ 128,198
Construction in Progress	17,665		17,665	
Total Capital assets not being depreciated	\$ 145,863	\$ -	\$ 17,665	\$ 128,198
<b>Capital assets being depreciated:</b>				
Building	207,958			207,958
Plant and distribution systems	4,239,593			4,239,593
Equipment	3,245,382	160,485		3,405,867
Total capital assets being depreciated	7,692,933	160,485	-	7,853,418
<b>Less accumulated depreciation for:</b>				
Building	65,386	4,160		69,546
Plant and distribution systems	827,364	85,385		912,749
Equipment	1,542,546	152,555		1,695,101
Total accumulated depreciation	2,435,296	242,100	-	2,677,396
Total capital assets being depreciated, net	\$ 5,257,637			\$ 5,176,022
<b>Environmental services capital assets, net</b>	<b>\$ 5,403,500</b>			<b>\$ 5,304,220</b>

**Construction commitments**

Ashe County has active construction projects as of June 30, 2014, which includes 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	\$ 1,311,289	* \$ 17,500
Total	\$ 1,311,289	\$ 17,500

\*This remaining commitment balance is the result of litigation between the County and the Contractor after year-end.

**B. Liabilities**

**1. Payables**

Payables at the government-wide level at June 30, 2014, were as follows:

	Vendors	Salaries and Benefits	Accrued Interest	Other	Total
Governmental Activities:					
General	\$ 715,308	\$ -	\$ 194,701	\$ -	\$ 910,009
Other Governmental	752				752
<b>Total-governmental activities</b>	<b>\$ 716,060</b>	<b>\$ -</b>	<b>\$ 194,701</b>	<b>\$ -</b>	<b>\$ 910,761</b>
Business-type Activities					
Environmental services	\$ 134,112	\$ -	\$ 17,527	\$ -	\$ 151,639
<b>Total - business-type activities</b>	<b>\$ 134,112</b>	<b>\$ -</b>	<b>\$ 17,527</b>	<b>\$ -</b>	<b>\$ 151,639</b>

**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 7.07% and 7.28% 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, 2014, 2013, and 2012 were \$601,325, \$549,327, and \$536,405, 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.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2013 the Separation Allowance's membership consisted of:

Retirees receiving benefits	1
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	28
Total	<u>29</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 \$3,522 of Law Enforcement Officers' Special Separation Allowance benefits for the year ended June 30, 2014.

### **c. Supplemental Retirement Income Plan for Law Enforcement Officers**

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

*Funding Policy.* Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions by the County for the year ended June 30, 2014 were \$61,813 for law enforcement officers and \$144,145 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, 2014, the plan held assets of \$739,137 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 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, 2014, the County's required and actual contributions were \$2,739.

**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, 2011, 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	179	24
Total	188	24

*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.

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The current ARC rate is 3.12% of annual covered payroll. For the current year, the County contributed \$81,257 or 0.96% 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 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	\$ 246,806
Interest on net OPEB obligation	43,045
Adjustment to annual required contribution	<u>(41,122)</u>
Annual OPEB cost (expense)	248,729
Contributions made	<u>(81,257)</u>
Increase (decrease) in net OPEB obligation	167,472
Net OPEB obligation, beginning of year	<u>1,076,135</u>
Net OPEB obligation, end of year	<u><u>\$ 1,243,607</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 were as follows:

For Year Ended	Annual	Percentage	Net OPEB
June 30	OPEB Cost	of Annual OPEB Cost Contributed	Obligation
2014	\$ 248,730	32.7%	\$ 1,243,607
2013	\$ 248,413	28.8%	\$ 1,076,135
2012	\$ 248,131	36.3%	\$ 899,241

*Funded Status and Funding Progress.* As of December 31, 2011 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 \$2,510,165. The covered payroll (annual payroll of active employees covered by the plan) was \$7,898,624 and the ratio of the UAAL to the covered payroll was 31.8 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, 2011, 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 9.50 to 5.00 percent annually. The investment rate included a 3.00 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, 2011, was 30 years.

**g. Other Employment Benefits**

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. 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, 2014, the County made contributions to the State for death benefits of \$0. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0% and 0% of covered payroll, respectively. Due to a surplus in the death benefit, a decision was made by the State to temporarily stop employer contributions to the LGERS Death Benefit Plan beginning July 1, 2012. A temporary relief period based on the number of years the employer has contributed as of December 31, 2010 was established as follows:

No. Years Contributing	Years Relief	FY Contributions Resume
less than 10	1	2014
10 - 20	2	2015
20 or more	3	2016

The period of reprieve is determined separately for law enforcement officers. Ashe County will have a three year reprieve because it has been contributing for more than 20 years. Contributions will resume in the fiscal year beginning July 1, 2015.

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

State and federal laws and regulations require the County to place a final cover on its Ashe County Landfill Facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post closure care costs as a operating expense in each period based on landfill capacity used as of each balance sheet date. The \$2,229,054 reported as landfill closure and post closure care liability at June 30, 2014 represents a cumulative amount reported

to-date based on the current use of 3.7 percent of the total estimated capacity of the landfill per year. The County will recognize \$2,676,835 (for a total of \$4,905,889), 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 2013. The County expects to close the Ashe County facility in the year 2039, until a new cell is completed. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

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

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

Deferred inflows:

	Unavailable Revenue	Unearned Revenue
Taxes Receivable (net) (Gene	\$ 2,676,620	\$ -
Prepaid Taxes (General)	117,283	117,283
 Total	 \$ 2,793,903	 \$ 117,283

There are no deferred outflows of resources.

**5. Risk Management**

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in one self-funded risk-financing pool administered by the North Carolina Association of County Commissioners for Workers' Compensation coverage up to the statutory limit of \$2,000,000. The pool is audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Through a private insurance provider Employers Mutual Casualty Company (EMC), the County obtains property coverage equal to replacement cost values of owned property subject to a blanket limit of \$57 million, general, auto, professional, and employment practices liability coverage of \$2 million per occurrence, auto physical damage coverage for owned autos at actual cash value, crime coverage of \$250,000 per occurrence. The County provides employee health and dental benefits through an insurance plan provided by United Health Care. Claims are administered and paid directly from the plan by UHC. Specific stop-loss is set at \$100,000 per individual health insurance claim with an unlimited lifetime maximum. Aggregate stop-loss is set at the level of 125% with a minimum aggregate attachment point of \$2,047,951 and a contract period maximum of \$1,000,000.

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

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

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

**6. Contingent Liabilities**

At June 30, 2014, 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, 2014 was	\$ 1,446,049
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, 2014 was	2,292,728
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, 2014 was	6,682,500
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, 2014 was	2,430,000
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, 2014 was	1,600,000
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, 2014 was	1,457,491
<b>Total</b>	<u><u>\$ 15,908,768</u></u>

ASHE COUNTY, NORTH CAROLINA  
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**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, 2014 was

\$ 1,100,000

The future minimum payments as of June 30, 2014 for the County's installment purchases, including interest are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2015	2,694,176	1,007,531	200,000	40,152
2016	2,726,525	909,044	200,000	32,504
2017	1,987,326	808,737	200,000	24,856
2018	1,458,236	734,746	200,000	28,208
2019	881,872	285,454	200,000	9,560
2020 - 2024	3,798,133	884,918	100,000	1,912
2025 - 2029	2,362,500	187,673		
Total Principal Payments	\$ 15,908,768		\$ 1,100,000	
Total Interest Payments		\$ 4,818,103		\$ 137,192

**b. Debt Related to Capital Activities**

Of the total Governmental Activities debt listed, only \$9,112,500 relates to assets the County holds title. Unspent restricted cash related to this debt amounts to \$0.

**c. Long-Term Obligation Activities**

The following is a summary of changes in the County's long-term obligation for the fiscal year ended June 30, 2014:

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014	Current Portion of Balance
<b>Governmental activities:</b>					
Installment purchases	\$ 19,390,107	\$ -	\$ 3,481,339	\$ 15,908,768	\$ 2,694,176
Compensated absences	770,434	441,061	229,846	981,649	
Other postemployment benefits	1,006,057	232,148	71,874	1,166,331	
Total governmental activities	\$ 21,166,598	\$ 673,209	\$ 3,783,059	\$ 18,056,748	\$ 2,694,176
<b>Business-type activities:</b>					
Installment Purchases	\$ 1,300,000	\$ -	\$ 200,000	\$ 1,100,000	\$ 200,000
Accrued landfill closure and post closure care costs	2,047,536	181,518		2,229,054	
Compensated absences	57,498	42,320	30,434	69,384	
Other postemployment benefits	70,078	16,583	9,384	77,277	
Total business-type activities	\$ 3,475,112	\$ 240,421	\$ 239,818	\$ 3,475,715	\$ 200,000

**d. Conduit Debt Obligations**

Ashe County Industrial Facility and Pollution Control Authority has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the

bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2014, 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, 2014, consists of the following:

From the General fund to the Economic Dev. Cap. Projects fund to accumulate resources for economic	\$ 191,800
From the General Fund to the Govt Building Capital Project Fund	90,786
To the General Fund from the Economic Development Capital Projects Fund for airport grant match	100,000
Total	\$ 382,586

Reimbursements From Emergency Telephone System Fund fund to General Fund for public safety expend	\$ 150,000
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**D. Fund Balance**

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

Total fund balance - General Fund	\$ 13,266,752
Less:	
Stabilization by State Statute	1,809,765
Appropriated Fund Balance in 2015 budget	4,021,500
Register of Deeds	146,773
Tax Revaluation	148,352
Human Services	45,204
Culture & Recreation	7,667
Public Safety	139,000
Remaining Fund Balance	\$ 6,948,491

**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, 2014. 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, 2014. 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.

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, 2014. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$431,243 to the Center to supplement its activities. Complete financial statements for the Health Department can be obtained from the Department offices at P.O. Box 309, Sparta, NC 28675.

The County also participates in a joint venture to operate the Smoky Mountain Center with fifteen other local governments. Each participating government appoints one at-large member and one county commissioner member to the board of the Center. The County has an ongoing financial responsibility for the joint venture because the Center's continued existence depends on the participating governments' continued funding. None of the participating governments have an equity interest in the Center, so no equity interest has been reflected in the financial statements at June 30, 2014. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$184,998 to the Center to supplement its activities. Complete financial statements for Smoky Mountain Center can be obtained from the Center's offices at 895 State Farm Road, Suite 507, Boone, NC 28607. More information can be found at Note VIII.

The County, in conjunction with the State of North Carolina and the Ashe County Board of Education, participates in a joint venture to operate the Wilkes Community College. The community college is included as a component unit of the State. The County has the basic responsibility for providing funding for the Ashe County Facilities of the community college and also provides some financial support for the community college's operations. The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the community college's facilities. The County contributed \$352,169 to the community college for operating purposes, and \$15,000 for Capital Outlay during the fiscal year ended June 30, 2014. 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, 2014. 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 \$13,652 to the Council during the year ended June 30, 2014.



**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.

	Federal	State
Temporary Assistance to Needy Families and AS, AA & AD	\$ 124,034	\$ -
Medicaid	24,494,551	13,727,236
NC Health Choice	574,283	181,142
Food Stamp Program	6,444,974	
Title IV-E, Foster Care	93,087	93,244
Title IV-E, Adoption Assistance	48,858	112,750
Adult Assistance		315,132
Independent Living Grant	8,181	
Women, Infants, and Children	433,482	
Total	\$ 32,221,450	\$ 14,429,504

**VIII. Summary Disclosure of Significant Commitments and Contingencies**

**Federal and State Assisted Programs**

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

**IX. Subsequent Events**

Subsequent events have been evaluated through the date these financial statements were available to be issued, December 10, 2014.

**X. Prior Period Adjustment**

There is a prior period adjustment of \$2,121 in the Emergency Telephone System Fund which increases the fund balance. This is due to a reimbursement that was due to that fund at June 30, 2013, which was not recorded at that time.

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, 2014

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, 2014

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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%
12/31/2011	\$ -	\$ 2,510,165	\$ 2,510,165	0%	\$ 7,898,624	31.8%

ASHE COUNTY, NORTH CAROLINA  
OTHER POSTEMPLOYMENT BENEFITS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
FOR THE FISCAL YEAR JUNE 30, 2014

<u>Year Ended</u> <u>June 30</u>	<u>Annual</u> <u>Required</u> <u>Contribution</u>	<u>Percentage</u> <u>Contributed</u>
2012	248,131	36.28%
2013	248,413	28.79%
2014	248,730	32.67%

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**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	12/31/2011
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return*	4.00%
Medical cost trend rate	9.50% - 5.00%
Year of ultimate trend rate	2018
*Includes inflation at	3.00%

## ASHE COUNTY, NORTH CAROLINA

EXHIBIT B - 1

## GENERAL FUND

PAGE 1 OF 8

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
<b>Ad Valorem Taxes</b>			
Current Year	\$ -	\$ 15,863,641	\$ -
Prior Years		796,910	
Penalties & Interest		324,709	
Total	<u>\$ 16,252,195</u>	<u>\$ 16,985,260</u>	<u>\$ 733,065</u>
<b>Local Option Sales Taxes:</b>			
Article 39	\$ -	\$ 1,997,822	\$ -
Article 44		931	
Article 40 One-Half of One Percent		1,412,394	
Article 42 One-Half of One Percent		1,062,143	
Total	<u>\$ 4,469,000</u>	<u>\$ 4,473,290</u>	<u>\$ 4,290</u>
<b>Other Taxes</b>			
Video Programming Distribution	\$ -	\$ 89,131	\$ -
Gross Receipts Auto Tax		2,690	
Occupancy Tax		246,330	
Deed Stamp Excise Tax		113,674	
Total	<u>\$ 447,300</u>	<u>\$ 451,825</u>	<u>\$ 4,525</u>
<b>Unrestricted Intergovernmental Revenues</b>			
Payments in Lieu of Taxes	\$ -	\$ 10,351	\$ -
Total	<u>\$ -</u>	<u>\$ 10,351</u>	<u>\$ 10,351</u>
<b>Restricted Intergovernmental Revenues</b>			
State Grants	\$ -	\$ 1,130,736	\$ -
Federal Grants		4,631,008	
Controlled Substance Tax		8,152	
Court Facility Fees		23,455	
ABC Profits for Law Enforcement		4,568	
Total	<u>\$ 6,574,344</u>	<u>\$ 5,797,919</u>	<u>\$ (776,425)</u>
<b>Licenses &amp; Permits</b>			
Gun Permits	\$ -	\$ 15,450	\$ -
Planning Department Fees		25,250	
Sheriff Department Fees and Reimb		98,988	
Building Permits/Inspection Fees		154,321	
Election Filing Fees		6,101	
Privilege Licenses		770	
Road Signs		1,171	
Animal License & Adoption Fee		4,699	
Register of Deeds		150,564	
Total	<u>\$ 379,520</u>	<u>\$ 457,314</u>	<u>\$ 77,794</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, 2014

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Sales &amp; Services</b>			
DSS Fees and Other Sales	\$ -	\$ 25,033	\$ -
Rents & Concessions		147,915	
Court Costs		42,301	
Jail Fees & Inmate Reimbursements		1,526,607	
Drug Fines & Forfeitures		20,696	
Recreational Department		67,332	
Airport Revenues		173,841	
DMV Fees		92,462	
Tax Collection Fees		808	
Copy Fees & Other Sales		40,601	
E911 Special Revenue Reimb		150,000	
Town Election Reimb		4,951	
Total	<u>\$ 2,098,326</u>	<u>\$ 2,292,547</u>	<u>\$ 194,221</u>
<b>Investment Earnings</b>			
Investment Earnings	\$ -	\$ 322	\$ -
Total	<u>\$ 5,300</u>	<u>\$ 322</u>	<u>\$ (4,978)</u>
<b>Miscellaneous</b>			
Insurance Proceeds	\$ -	\$ -	\$ -
Reimbursement on 1904 Courthouse		18,000	
Sale of Assets & Materials		642	
Other Grants & Donations		9,254	
Other			
Total	<u>\$ 19,000</u>	<u>\$ 27,896</u>	<u>\$ 8,896</u>
<b>TOTAL REVENUES</b>	<u>\$ 30,244,985</u>	<u>\$ 30,496,724</u>	<u>\$ 251,739</u>
<b>EXPENDITURES</b>			
<b>General Government</b>			
Governing Body			
Salaries & Employee Benefits	\$ -	\$ 103,807	\$ -
Operating Expenses		72,043	
Capital Outlay			
Total	<u>\$ 189,793</u>	<u>\$ 175,850</u>	<u>\$ 13,943</u>
Administration			
Salaries & Employee Benefits	\$ -	\$ 173,680	\$ -
Operating Expenses		21,732	
Capital Outlay			
Total	<u>\$ 226,791</u>	<u>\$ 195,412</u>	<u>\$ 31,379</u>
Finance			
Salaries & Employee Benefits	\$ -	\$ 276,204	\$ -
Operating Expenses		48,516	
Capital Outlay			
Total	<u>\$ 327,842</u>	<u>\$ 324,720</u>	<u>\$ 3,122</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, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Tax Administration</b>			
Salaries & Employee Benefits	\$ -	\$ 839,613	\$ -
Operating Expenses		130,744	
Capital Outlay			
Total	<u>\$ 1,018,149</u>	<u>\$ 970,357</u>	<u>\$ 47,792</u>
<b>Elections</b>			
Salaries & Employee Benefits	\$ -	\$ 110,697	\$ -
Operating Expenses		102,378	
Capital Outlay			
Total	<u>\$ 222,564</u>	<u>\$ 213,075</u>	<u>\$ 9,489</u>
<b>Register of Deeds</b>			
Salaries & Employee Benefits	\$ -	\$ 322,883	\$ -
Operating Expenses		92,576	
Capital Outlay			
Total	<u>\$ 422,978</u>	<u>\$ 415,459</u>	<u>\$ 7,519</u>
<b>Legal</b>			
Contracted Services	\$ -	\$ 39,013	\$ -
Total	<u>\$ 70,000</u>	<u>\$ 39,013</u>	<u>\$ 30,987</u>
<b>Data Processing (IT)</b>			
Salaries & Employee Benefits	\$ -	\$ 215,545	\$ -
Operating Expenses		89,452	
Capital Outlay		17,936	
Total	<u>\$ 441,973</u>	<u>\$ 322,933</u>	<u>\$ 119,040</u>
<b>Courts</b>			
Operating Expenses	\$ -	\$ 11,031	\$ -
Capital Outlay			
Total	<u>\$ 62,650</u>	<u>\$ 11,031</u>	<u>\$ 51,619</u>
<b>Public Buildings</b>			
Salaries & Employee Benefits	\$ -	\$ 294,893	\$ -
Operating Expenses		884,606	
Capital Outlay		9,400	
Total	<u>\$ 1,266,845</u>	<u>\$ 1,188,899</u>	<u>\$ 77,946</u>
<b>Total General Government</b>	<u>\$ 4,249,585</u>	<u>\$ 3,856,749</u>	<u>\$ 392,836</u>
<b>Public Safety</b>			
Law Enforcement			
Salaries & Employees Benefits	\$ -	\$ 1,879,561	\$ -
Operating Expenses		292,284	
Capital Outlay		112,282	
Total	<u>\$ 2,324,723</u>	<u>\$ 2,284,127</u>	<u>\$ 40,596</u>

ASHE COUNTY, NORTH CAROLINA

EXHIBIT B - 1

GENERAL FUND

PAGE 4 OF 8

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Corrections</b>			
Salaries & Employee Benefits	\$ -	\$ 1,114,384	\$ -
Operating Expenses		744,579	
Capital Outlay		73,507	
<b>Total</b>	<u>\$ 2,067,653</u>	<u>\$ 1,932,470</u>	<u>\$ 135,183</u>
<b>Ambulance &amp; Rescue</b>			
Ambulance Service - Contracted	\$ -	\$ 799,367	\$ -
Donation to Community Ambulance Services		13,200	
Rescue Unit		44,000	
<b>Total</b>	<u>\$ 856,567</u>	<u>\$ 856,567</u>	<u>\$ -</u>
<b>Emergency Management</b>			
Salaries & Employee Benefits	\$ -	\$ 107,667	\$ -
Operating Expenses		20,176	
Capital Outlay			
<b>Total</b>	<u>\$ 132,002</u>	<u>\$ 127,843</u>	<u>\$ 4,159</u>
<b>Inspections</b>			
Salaries & Employee Benefits	\$ -	\$ 248,144	\$ -
Operating Expenses		26,049	
Capital Outlay			
<b>Total</b>	<u>\$ 298,830</u>	<u>\$ 274,193</u>	<u>\$ 24,637</u>
<b>Animal Control</b>			
Salaries & Employee Benefits	\$ -	\$ 146,932	\$ -
Operating Expenses		52,750	
Capital Outlay		9,714	
<b>Total</b>	<u>\$ 223,421</u>	<u>\$ 209,396</u>	<u>\$ 14,025</u>
<b>Fire</b>			
Contribution to Cooperative Forestry Program	\$ -	\$ 65,606	\$ -
Contributions to Volunteer Fire Department		69,396	
<b>Total</b>	<u>\$ 135,607</u>	<u>\$ 135,002</u>	<u>\$ 605</u>
<b>E911 Coordinator</b>			
Salaries & Employee Benefits	\$ -	\$ 52,019	\$ -
Operating Expenses		6,068	
Capital Outlay			
<b>Total</b>	<u>\$ 59,839</u>	<u>\$ 58,087</u>	<u>\$ 1,752</u>
<b>Medical Examiner</b>			
Contracted Services	\$ -	\$ 15,050	\$ -
<b>Total</b>	<u>\$ 18,000</u>	<u>\$ 15,050</u>	<u>\$ 2,950</u>
<b>Communications</b>			
Salaries & Employee Benefits	\$ -	\$ 411,670	\$ -
Operating Expenses		36,483	
Capital Outlay			
<b>Total</b>	<u>\$ 464,825</u>	<u>\$ 448,153</u>	<u>\$ 16,672</u>



## GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
E-911 Operations			
Operating Expenses	\$ -	\$ 30,531	\$ -
Total	<u>\$ 176,868</u>	<u>\$ 30,531</u>	<u>\$ 146,337</u>
<i>Total Public Safety</i>	<u>\$ 6,758,335</u>	<u>\$ 6,371,419</u>	<u>\$ 386,916</u>
<b>Transportation</b>			
Airport			
Salaries & Employee Benefits	\$ -	\$ 64,424	\$ -
Operating Expenses		167,002	
Capital Outlay		<u>208,365</u>	
<i>Total Transportation</i>	<u>\$ 1,911,077</u>	<u>\$ 439,791</u>	<u>\$ 1,471,286</u>
<b>Economic &amp; Physical Development</b>			
Planning & Zoning			
Salaries & Employee Benefits	\$ -	\$ 113,906	\$ -
Operating Expenses		10,648	
Capital Outlay			
Total	<u>\$ 134,366</u>	<u>\$ 124,554</u>	<u>\$ 9,812</u>
Economic Development			
Salaries & Employee Benefits	\$ -	\$ 20,138	\$ -
Operating Expenses		52,326	
Capital Outlay			
Total	<u>\$ 278,338</u>	<u>\$ 72,464</u>	<u>\$ 205,874</u>
Cooperative Extension			
Salaries & Employee Benefits	\$ -	\$ 38,721	\$ -
Contracts		202,745	
Operating Expenses		56,889	
Capital Outlay			
Total	<u>\$ 357,768</u>	<u>\$ 298,355</u>	<u>\$ 59,413</u>
Soil Conservation			
Salaries & Employee Benefits	\$ -	\$ 107,262	\$ -
Operating Expenses			
Capital Outlay			
Total	<u>\$ 107,708</u>	<u>\$ 107,262</u>	<u>\$ 446</u>
Donations & Subsidies			
New River Soil & Water			
Conservation Districts	\$ 10,000	\$ 10,000	
Ashe County Chamber of Commerce	82,000	84,398	
Total	<u>\$ 92,000</u>	<u>\$ 94,398</u>	<u>\$ (2,398)</u>
<i>Total Economic &amp; Physical Development</i>	<u>\$ 970,180</u>	<u>\$ 697,033</u>	<u>\$ 273,147</u>

## GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Human Services</b>			
Health			
Contribution to District Health Dept.	\$ 431,243	\$ 431,243	\$ -
Mental Health			
ABC Rehab Tax Distribution	\$ -	\$ 4,568	\$ -
Professional Services		5,614	
District Mental Health Dept.		184,998	
Total	\$ 204,566	\$ 195,180	\$ 9,386
Social Services			
Administration			
Salaries & Employee Benefits	\$ -	\$ 4,310,537	\$ -
Operating Expenses		573,026	
Capital Outlay		121,801	
		5,005,364	
Aid to the Blind		\$ 1,269	
Food Stamp Issuance Cost		6,134	
Special Assistance to Adults		316,155	
Medicaid Transportation		776,338	
Day Care Contracted Services		995,576	
Foster Care & Boarding Home		277,416	
Crisis Intervention Payments		106,255	
Adult Day Care		37,762	
Adoption Expenditures		78,100	
Work First & TNF Expenditures		50,183	
Low Income Energy Assistance Payments		163,400	
Other 100% County SS Expense		97,275	
Total Social Services	\$ 8,714,886	\$ 7,911,227	\$ 803,659
Veterans Service Officer			
Salaries & Employee Benefits	\$ -	\$ 47,931	\$ -
Operating Expenses		1,588	
Capital Outlay			
Total	\$ 65,363	\$ 49,519	\$ 15,844

## GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Donations and Subsidies</b>			
Ashe Youth Services	\$ -	\$ 24,540	\$ -
Juvenile Medication Program		16,596	
Project Challenge		31,159	
JCPC Operational		5,778	
CIS - Pairs		25,586	
Ashe Developmental Day School		10,000	
A Safe Home for Everyone		144,185	
Adult Developmental Activities Program		74,153	
Blue Ridge Opportunity Commission		3,700	
Project Graduation		5,000	
New River Senior Services		20,000	
Wilkes Vocational Workshop		2,700	
Ashe Services for Aging		405,000	
National Guard Armory		645	
Riverview Community Center		7,300	
Hunger Coalition, Inc		4,000	
Ashe Medication Asst. Program		12,000	
<b>Total</b>	<u>\$ 814,045</u>	<u>\$ 792,342</u>	<u>\$ 21,703</u>
<i>Total Human Services</i>	<u>\$ 10,230,103</u>	<u>\$ 9,379,511</u>	<u>\$ 850,592</u>
<b>Cultural and Recreational</b>			
<b>Parks &amp; Recreation</b>			
Salaries & Employee Benefits	\$ -	\$ 365,100	\$ -
Operating Expenses		255,551	
Capital Outlay		39,270	
<b>Total</b>	<u>\$ 667,147</u>	<u>\$ 659,921</u>	<u>\$ 7,226</u>
<b>Contributions</b>			
Contributions to Regional Library	\$ 408,480	\$ 408,480	\$ -
Contribution to Ashe Civic Center	77,000	79,398	(2,398)
Contribution to 1904 Courthouse	77,000	79,398	(2,398)
Contributions to Ashe Co. Arts Council	30,000	30,000	
<b>Total</b>	<u>\$ 592,480</u>	<u>\$ 597,276</u>	<u>\$ (4,796)</u>
<i>Total Cultural and Recreational</i>	<u>\$ 1,259,627</u>	<u>\$ 1,257,197</u>	<u>\$ 2,430</u>
<b>Education</b>			
Public Schools - Current Expense	\$ -	\$ 4,448,032	\$ -
Public Schools - Capital Outlay		100,000	
Public School - Equipment/Technology		118,072	
Public School - Contract/Mtn View Access Rd Project		38,000	
Wilkes Comm. College - Current Expense		352,169	
Wilkes Comm. College - Capital Outlay		15,000	
<b>Total Education</b>	<u>\$ 5,076,273</u>	<u>\$ 5,071,273</u>	<u>\$ 5,000</u>

## GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Debt Service</b>			
Principal - Education	\$ -	\$ 1,381,371	\$ -
Interest - Education		195,994	
Principal - Public Buildings		1,075,000	
Interest - Public Buildings		445,530	
	<u>\$ 3,098,124</u>	<u>\$ 3,097,895</u>	<u>\$ 229</u>
<i>Total Debt Service</i>			
	<u>\$ 136,726</u>	<u>\$ -</u>	<u>\$ 136,726</u>
<b>Contingency</b>			
	<u>\$ 33,690,030</u>	<u>\$ 30,170,868</u>	<u>\$ 3,519,162</u>
<b>TOTAL EXPENDITURES</b>			
	<u>\$ (3,445,045)</u>	<u>\$ 325,856</u>	<u>\$ 3,770,901</u>
<b>Revenues Over (Under) Expenditures</b>			
<b>Other Financing Sources (Uses)</b>			
Operating Transfers - In (Out):			
From Econ. Dev. Cap. Project Fund	100,000	100,000	
To Econ. Dev. Cap. Project Fund	(191,800)	(191,800)	
To Government Buildings Cap. Project Fund	(90,786)	(90,786)	
Appropriated Fund Balance	3,627,631		(3,627,631)
	<u>\$ 3,445,045</u>	<u>\$ (182,586)</u>	<u>\$ (3,627,631)</u>
<b>Total Other Financing Sources (Uses)</b>			
<b>Excess of Revenues &amp; Other Sources</b>			
<b>Over (Under) Expenditures &amp; Other</b>			
<b>(Uses)</b>	<u>\$ -</u>	\$ 143,270	<u>\$ 143,270</u>
<b>Fund Balance</b>			
Beginning of Year, July 1		<u>12,975,130</u>	
End of Year, June 30		<u>\$ 13,118,400</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, 2014

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Investment Earnings	\$ -	\$ -	\$ -
<b>Total Revenues</b>	\$ -	\$ -	\$ -
<b>Expenditures</b>			
General Government			
Tax Administration			
Salaries & Employee Benefits	\$ -	\$ -	\$ -
Operating Expenses			
<b>Total Expenditures</b>	\$ 50,000	\$ -	\$ 50,000
Revenues Over (Under)			
Expenditures	\$ (50,000)	\$ -	\$ 50,000
<b>Other Financing Sources</b>			
Transfer Out-General Fund	\$ -	\$ -	\$ -
Fund Balance Appropriated	50,000		(50,000)
<b>Total Other Financing Sources</b>	\$ 50,000	\$ -	\$ (50,000)
Excess of Revenues & Other			
Sources Over (Under)			
Expenditures	\$ -	\$ -	\$ -
 Fund Balance, July 1		\$ 148,352	
Fund Balance, June 30		\$ 148,352	

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, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Restricted Intergovernmental Revenue			
Public School Building Capital Fund			
Lottery Funds	\$ 340,180	\$ 340,180	\$ -
IRS Reimbursement of QSCB Interest	133,308	123,710	(9,598)
Investment Earnings		600	600
<b>Total Revenues</b>	<u>\$ 473,488</u>	<u>\$ 464,490</u>	<u>\$ (8,998)</u>
<b>Expenditures:</b>			
Capital Outlay:			
Kitchen Air Cond. @ BRES, MVES, & ACMS	\$ -	\$ 151,424	\$ -
Roofing Project @ ACHS & BRES		56,948	
Electrical Project @ High School		26,928	
Total	<u>\$ 551,251</u>	<u>\$ 235,300</u>	<u>\$ 315,951</u>
Debt Services:			
QSCB Principal	\$ -	\$ 1,024,968	\$ -
QSCB Interest		154,014	
Total	<u>\$ 1,413,564</u>	<u>\$ 1,178,982</u>	<u>\$ 234,582</u>
<b>Total Expenditures</b>	<u>\$ 1,964,815</u>	<u>\$ 1,414,282</u>	<u>\$ 550,533</u>
Revenues Over (Under) Expenditures	<u>\$ (1,491,327)</u>	<u>\$ (949,792)</u>	<u>\$ 541,535</u>
<b>Other Financing Sources &amp; Uses</b>			
Transfer to General Fund	\$ -	\$ -	\$ -
Fund Balance Appropriated	1,491,327		(1,491,327)
<b>Total Other Financing Sources &amp; Uses</b>	<u>\$ 1,491,327</u>	<u>\$ -</u>	<u>\$ (1,491,327)</u>
Revenues and Other Sources			
Over (Under) Expenditures & Other Uses	<u>\$ -</u>	\$ (949,792)	<u>\$ (949,792)</u>
Fund Balance, July 1		<u>\$ 1,559,864</u>	
Fund Balance, June 30		<u>\$ 610,072</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, 2014

	Special Revenue Funds			Total Nonmajor Special Revenues Funds	Capital Projects Funds			Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
	Emergency Telephone System Fund	4-H Program Activities Fund	4-H Program Afterschool Fund		CDBG Fund	Government Building Fund	Economic Development Fund		
<b>Assets</b>									
Cash & Cash Equivalents	\$ 651,462	\$ 197,688	\$ 31,307	\$ 880,457	\$ 5	\$ 751,555	\$ 1,051,271	\$ 1,802,831	\$ 2,683,288
Accounts Receivable	20,397	182	1,142	21,721					21,721
Due from Other Governments									
<b>Total Assets</b>	<u>\$ 671,859</u>	<u>\$ 197,870</u>	<u>\$ 32,449</u>	<u>\$ 902,178</u>	<u>\$ 5</u>	<u>\$ 751,555</u>	<u>\$ 1,051,271</u>	<u>\$ 1,802,831</u>	<u>\$ 2,705,009</u>
<b>Liabilities &amp; Fund Balance</b>									
Accounts Payable	\$ -	\$ 747	\$ -	\$ 747	\$ 5	\$ -	\$ -	\$ 5	\$ 752
Due to Other Funds									
<b>Total Liabilities</b>	<u>\$ -</u>	<u>\$ 747</u>	<u>\$ -</u>	<u>\$ 747</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5</u>	<u>\$ 752</u>
<b>Fund Balance</b>									
Restricted									
Restricted by State Statute	\$ 20,397	\$ 182	\$ 1,142	\$ 21,721	\$ -	\$ -	\$ -	\$ -	\$ 21,721
Restricted for E911	651,462	196,941	31,307	651,462					651,462
Restricted for 4-H				228,248					228,248
Committed:									
For Capital Projects					751,555	1,051,271		1,802,826	1,802,826
Unassigned									
<b>Total Fund Balance</b>	<u>\$ 671,859</u>	<u>\$ 197,123</u>	<u>\$ 32,449</u>	<u>\$ 901,431</u>	<u>\$ -</u>	<u>\$ 751,555</u>	<u>\$ 1,051,271</u>	<u>\$ 1,802,826</u>	<u>\$ 2,704,257</u>
<b>Total Liabilities &amp; Fund Balance</b>	<u>\$ 671,859</u>	<u>\$ 197,870</u>	<u>\$ 32,449</u>	<u>\$ 902,178</u>	<u>\$ 5</u>	<u>\$ 751,555</u>	<u>\$ 1,051,271</u>	<u>\$ 1,802,831</u>	<u>\$ 2,705,009</u>



ASHE COUNTY, NORTH CAROLINA  
 NONMAJOR GOVERNMENTAL FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Special Revenue Funds				Capital Projects Funds			Total Nonmajor Governmental Funds
	Emergency Telephone System Fund	4-H Program Activities Fund	4-H Program Afterschool Fund	Total Nonmajor Special Revenue Funds	CDBG Fund	Government Buildings Fund	Economic Development Fund	
<b>Revenues</b>								
Investment Earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,044	\$ 4,044
Restricted Intergovernmental Revenues								
Local Fund Raising & Other Revenues	244,764	226,042	4,178	474,984	205,731		205,731	680,715
Sales & Service		82,681	5,213	87,894				87,894
Other Taxes & Licenses		27,753	66,988	94,741				94,741
<b>Total Revenues</b>	<b>\$ 244,764</b>	<b>\$ 336,476</b>	<b>\$ 76,379</b>	<b>\$ 657,619</b>	<b>\$ 205,731</b>	<b>\$ -</b>	<b>\$ 4,044</b>	<b>\$ 867,394</b>
<b>Expenditures</b>								
General Government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public Safety	285,878			285,878				285,878
Human Services		327,944	87,324	415,268				415,268
Capital Outlay						1,594		1,594
Economic Development								
<b>Total Expenditures</b>	<b>\$ 285,878</b>	<b>\$ 327,944</b>	<b>\$ 87,324</b>	<b>\$ 701,146</b>	<b>\$ 205,731</b>	<b>\$ 1,594</b>	<b>\$ -</b>	<b>\$ 908,471</b>
Revenues Over (Under) Expenditures	\$ (41,114)	\$ 8,532	\$ (10,945)	\$ (43,527)	\$ -	\$ (1,594)	\$ 4,044	\$ (41,077)
Other Financing Sources								
Transfer-In								
Transfer-Out						90,786	191,800	282,586
Loan Proceeds							(100,000)	(100,000)
Revenues & Other Sources Over (Under) Expenditures	\$ (41,114)	\$ 8,532	\$ (10,945)	\$ (43,527)	\$ -	\$ 89,192	\$ 95,844	\$ 185,036
Fund Balance, July 1	\$ 710,852	\$ 188,591	\$ 43,394	\$ 942,837	\$ -	\$ 662,363	\$ 955,427	\$ 2,560,627
Prior Year Adjustment	2,121			2,121				2,121
Fund Balance, June 30	<b>\$ 671,859</b>	<b>\$ 197,123</b>	<b>\$ 32,449</b>	<b>\$ 901,431</b>	<b>\$ -</b>	<b>\$ 751,555</b>	<b>\$ 1,051,271</b>	<b>\$ 2,704,257</b>

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, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
Restricted Intergovernmental:			
E911 Wireless Surcharge	\$ 244,764	\$ 244,764	\$ -
<b>Total Revenues</b>	<u>\$ 244,764</u>	<u>\$ 244,764</u>	<u>\$ -</u>
<b>Expenditures</b>			
<u>Public Safety :</u>			
Wireless E911 Communications:			
Operating Expenses	\$ -	\$ 280,213	\$ -
Capital Outlay		5,665	
Total		<u>\$ 285,878</u>	
<b>Total Expenditures</b>	<u>\$ 524,921</u>	<u>\$ 285,878</u>	<u>\$ 239,043</u>
Excess of Revenues Over (Under) Expenditures	\$ (280,157)	\$ (41,114)	\$ 239,043
Other Financing Sources (Uses) Appropriated Fund Balance	<u>280,157</u>		<u>(280,157)</u>
Excess of Revenues & Other Sources Over (Under) Expenditures	<u>\$ -</u>	\$ (41,114)	<u>\$ (41,114)</u>
Fund Balance, July 1		710,852	
Prior Period Adjustment		2,121	
Fund Balance, June 30		<u><u>671,859</u></u>	

ASHE COUNTY, NORTH CAROLINA  
4-H PROGRAM ACTIVITIES FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b><u>Restricted Intergovernmental Revenue:</u></b>			
State Grants	\$ -	\$ 3,180	\$ -
Federal Grants		220,566	
Title XX - Summer Parks		2,041	
Title XX - TRAC		255	
Total	<u>\$ 257,000</u>	<u>\$ 226,042</u>	<u>\$ (30,958)</u>
<b><u>Sales and Service:</u></b>			
Program Fees	<u>\$ -</u>	<u>\$ 27,753</u>	<u>\$ -</u>
Total	<u>\$ 102,000</u>	<u>\$ 27,753</u>	<u>\$ (74,247)</u>
<b><u>Other Revenues:</u></b>			
Donations	\$ -	\$ 13,646	\$ -
Summer Parks - Homeless		5,310	
Total	<u>\$ 56,000</u>	<u>\$ 18,956</u>	<u>\$ (37,044)</u>
<b><u>Miscellaneous Revenues:</u></b>			
4-H General	\$ -	\$ 26,051	\$ -
Summer Parks		2,421	
Children's Trust		18,228	
4-H Migrant Education		47	
4-H SOS		14,658	
4-H ME/BOE Funds			
4-H LINK		2,320	
Total	<u>\$ 118,240</u>	<u>\$ 63,725</u>	<u>\$ (54,515)</u>
<b>Total Revenues</b>	<u>\$ 533,240</u>	<u>\$ 336,476</u>	<u>\$ (196,764)</u>
<b><u>Expenditures</u></b>			
General 4-H			
Salaries & Employee Benefits	\$ -	\$ 4,408	\$ -
Operating Expenses		27,462	
Capital Outlay			
Total		<u>\$ 31,870</u>	
Summer Parks Program			
Salaries & Employee Benefits		\$ 13,935	
Operating Expenses		7,555	
Capital Outlay			
Total		<u>\$ 21,490</u>	
4H S.O.S. General			
Salaries & Employee Benefits		\$ -	
Operating Expenses		4,709	
Capital Outlay			
Total		<u>\$ 4,709</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, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Children's Trust Program			
Salaries & Employee Benefits		\$ -	
Operating Expenses		39,485	
Capital Outlay			
Total		<u>\$ 39,485</u>	
4-H Link General			
Salaries & Employee Benefits		\$ 6,748	
Operating Expenses		3,201	
Capital Outlay			
Total		<u>\$ 9,949</u>	
Ashe S.O.S (Link)			
Salaries & Employee Benefits		\$ 171,433	
Operating Expenses		48,961	
Capital Outlay			
Total		<u>\$ 220,394</u>	
4-H Migrant Education			
Salaries & Employee Benefits		\$ -	
Operating Expenses		47	
Capital Outlay			
Total		<u>\$ 47</u>	
<b>Total Expenditures</b>	<u>\$ 533,240</u>	<u>\$ 327,944</u>	<u>\$ 205,296</u>
Revenues Over (Under) Expenditures	\$ -	\$ 8,532	\$ 8,532
Other Financing Sources			
Fund Balance Appropriated	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenues & Other Sources Over (Under) Expenditures	<u>\$ -</u>	\$ 8,532	<u>\$ 8,532</u>
Fund Balance, July 1		<u>\$ 188,591</u>	
Fund Balance, June 30		<u>\$ 197,123</u>	

ASHE COUNTY, NORTH CAROLINA  
4-H AFTER SCHOOL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b><u>Restricted Intergovernmental Revenues:</u></b>			
Title XX	\$ -	\$ 4,178	\$ -
Total	<u>\$ 40,000</u>	<u>\$ 4,178</u>	<u>\$ (35,822)</u>
<b><u>Sales and Service:</u></b>			
Parent Fees	\$ -	\$ 66,988	\$ -
Total	<u>\$ 115,000</u>	<u>\$ 66,988</u>	<u>\$ (48,012)</u>
<b><u>Other Revenues</u></b>			
Miscellaneous	\$ -	\$ 5,213	\$ -
Total	<u>\$ 17,074</u>	<u>\$ 5,213</u>	<u>\$ (11,861)</u>
<b>Total Revenues</b>	<u>\$ 172,074</u>	<u>\$ 76,379</u>	<u>\$ (95,695)</u>
<b><u>Expenditures:</u></b>			
Blue Ridge Elementary			
Salaries & Fringe Benefits	\$ -	\$ 8,880	\$ -
Operating Expenses		5,640	
Capital Outlay			
Total		<u>\$ 14,520</u>	
Mountain View Elementary			
Salaries & Fringe Benefits		\$ 11,954	
Operating Expenses		11,725	
Capital Outlay			
Total		<u>\$ 23,679</u>	
Westwood Elementary			
Salaries & Fringe Benefits		\$ 21,000	
Operating Expenses		28,125	
Capital Outlay			
Total		<u>\$ 49,125</u>	
<b>Total Expenditures</b>	<u>\$ 172,074</u>	<u>\$ 87,324</u>	<u>\$ 84,750</u>

ASHE COUNTY, NORTH CAROLINA  
4-H AFTER SCHOOL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues Over (Under) Expenditures	\$ -	\$ (10,945)	\$ (10,945)
Other Financing Sources			
Fund Balance Appropriated	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenues and Other Sources			
Over (Under) Expenditures	<u>\$ -</u>	\$ (10,945)	<u>\$ (10,945)</u>
Fund Balance, July 1		<u>\$ 43,394</u>	
Fund Balance, June 30		<u>\$ 32,449</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, 2014

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>					
<b>Restricted Intergovernmental Revenues:</b>					
Community Development Block Grant Grant # 11 - C - 2303	\$ 400,000	\$ 103,837	\$ 205,731	\$ 309,568	\$ (90,432)
<b>Total Revenues</b>	<u>\$ 400,000</u>	<u>\$ 103,837</u>	<u>\$ 205,731</u>	<u>\$ 309,568</u>	<u>\$ (90,432)</u>
<b>Expenditures</b>					
Housing Rehabilitation:					
Scattered Site Housing & Emerg Repair	\$ 400,000	\$ 103,837	\$ 205,731	\$ 309,568	\$ 90,432
<b>Total Expenditures</b>	<u>\$ 400,000</u>	<u>\$ 103,837</u>	<u>\$ 205,731</u>	<u>\$ 309,568</u>	<u>\$ 90,432</u>
Revenue Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Other Financing Sources</b>					
Operating Transfers In	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Other Financing Sources</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenue and Other Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	\$ -	<u>\$ -</u>	<u>\$ -</u>
Fund Balance, July 1			<u>\$ -</u>		
Fund Balance, June 30			<u>\$ -</u>		

ASHE COUNTY, NORTH CAROLINA  
GOVERNMENT BUILDINGS CAPITAL PROJECTS FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Budget</u>	<u>Actual Current Year</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
Investment Earnings	\$ -	\$ -	\$ -
Miscellaneous			
<b>Total Revenues</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Expenditures</b>			
Public Buildings			
Capital Outlay Related Exp.	\$ -	\$ 1,594	\$ -
Capital Outlay			
<b>Total Expenditures</b>	<u>\$ 400,000</u>	<u>\$ 1,594</u>	<u>398,406</u>
Revenues Over (Under) Expenditures	<u>\$ (400,000)</u>	<u>\$ (1,594)</u>	<u>\$ 398,406</u>
<b>Other Financing Sources</b>			
Transfers In	\$ 90,786	\$ 90,786	\$ -
Fund Balance Appropriated	<u>309,214</u>		<u>(309,214)</u>
<b>Total Other Financing Sources</b>	<u>\$ 400,000</u>	<u>\$ 90,786</u>	<u>\$ (309,214)</u>
Revenue and Other Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 89,192</u>	<u>\$ 89,192</u>
Fund Balance, July 1		<u>\$ 662,363</u>	
Fund Balance, June 30		<u>\$ 751,555</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, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
Investment Earnings	<u>\$ -</u>	<u>\$ 4,044</u>	<u>\$ 4,044</u>
<b>Expenditures</b>			
Economic Development:			
Capital Outlay	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ 500,000</u>
Revenues Over (Under)			
Expenditures	\$ (500,000)	\$ 4,044	\$ 504,044
<b>Other Financing Sources &amp; Uses</b>			
Operating Transfers - In (From General Fund)	\$ 191,800	\$ 191,800	\$ -
Operating Transfers - Out (To General Fund)	(100,000)	(100,000)	
Fund Balance Appropriated	408,200		(408,200)
<b>Total Other Fin. Sources &amp; Uses</b>	<u>\$ 500,000</u>	<u>\$ 91,800</u>	<u>\$ (408,200)</u>
Excess of Revenues & Other			
Sources Over (Under)			
Expenditures & Other Uses	<u>\$ -</u>	\$ 95,844	<u>\$ 95,844</u>
 Fund Balance, July 1		<u>\$ 955,427</u>	
 Fund Balance, June 30		<u>\$ 1,051,271</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, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Operating Revenues:			
Charges for Services:			
SWDF - Household Fees	\$ -	\$ 2,012,434	\$ -
SWDF - Commercial Fees		366,262	
Recycling Revenues		158,041	
Miscellaneous Revenue		3,795	
Total Operating Revenues	<u>\$ 2,550,494</u>	<u>\$ 2,540,532</u>	<u>\$ (9,962)</u>
Non-Operating Revenue:			
Investment Earnings	\$ 1,000	\$ 235	\$ (765)
Total Revenues	<u>\$ 2,551,494</u>	<u>\$ 2,540,767</u>	<u>\$ (10,727)</u>
Expenditures:			
Environmental Services-Collections			
Salaries & Employee Benefits	\$ -	\$ 690,210	\$ -
Operating Expenses		419,142	
Capital Outlay		63,504	
Total Environmental Services-Collections	<u>\$ 1,232,870</u>	<u>\$ 1,172,856</u>	<u>\$ 60,014</u>
Environmental Services-Disposal			
Salaries & Employee Benefits	\$ -	\$ 296,212	\$ -
Operating Expenses		818,192	
Capital Outlay		79,316	
Total Environmental Services-Disposal	<u>\$ 1,260,640</u>	<u>\$ 1,193,720</u>	<u>\$ 66,920</u>
Debt Service			
Principal		\$ 200,000	\$ -
Interest		47,800	
Total Debt Service	<u>\$ 247,800</u>	<u>\$ 247,800</u>	<u>\$ -</u>
Total Expenditures	<u>\$ 2,741,310</u>	<u>\$ 2,614,376</u>	<u>\$ 126,934</u>
Revenues Over (Under) Expenditures	\$ (189,816)	\$ (73,609)	\$ 116,207
Other Financing Sources (Uses)			
Contribution From Other Governments	\$ 6,000	\$ 6,000	\$ -
Solid Waste Disposal Tax		17,922	17,922
Scrap Tire Disposal Tax and Grant	48,000	73,161	25,161
White Goods Disposal Tax and Grant	8,500	8,414	(86)
FEMA Grant	10,000	63,412	53,412
Transfer Out - Landfill Capital Reserve			
Transfer In-Landfill Capital Reserve			
Fund Balance Appropriated	117,316		(117,316)
Total	<u>\$ 189,816</u>	<u>\$ 168,909</u>	<u>\$ (20,907)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 95,300</u>	<u>\$ 95,300</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, 2014

	<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		\$ 95,300	
Debt Principal		200,000	
Decrease (Increase) in Interest Payable		3,186	
Capital Outlay		142,820	
Depreciation		(242,100)	
Landfill Closure and Postclosure Care Costs		(181,518)	
Investment Earnings in Landfill Revenue			
Transfers In - Landfill Capital Reserve			
Decrease (Increase) in Accrued Vacation Pay		(11,885)	
Decrease (Increase) in OPEB Liability		(7,199)	
Change in Net Position		<u>\$ (1,396)</u>	

LANDFILL CLOSURE & POST CLOSURE - RESERVE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON - GAAP)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Investment Earnings	\$ -	\$ -	\$ -
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:			
Landfill Cell Construction	\$ -	\$ -	\$ -
Landfill Closure and Post Closure			
Total Expenditures	<u>\$ 40,000</u>	<u>\$ -</u>	<u>\$ 40,000</u>
Revenues Over (Under) Expenditures	<u>\$ (40,000)</u>	<u>\$ -</u>	<u>\$ 40,000</u>
Other Financing Sources (Uses):			
Transfers In - Environmental Services	\$ 40,000	\$ -	\$ (40,000)
Transfers Out- Environmental Services			
Fund Balance Appropriated			-
Total	<u>40,000</u>	<u>-</u>	<u>(40,000)</u>
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ASHE COUNTY, NORTH CAROLINA  
COMBINING STATEMENT OF FIDUCIARY ASSETS AND  
LIABILITIES - AGENCY FUNDS  
JUNE 30, 2014

	<u>Balance</u> <u>7/01/2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/2014</u>
<b><u>Social Services</u></b>				
Assets:				
Cash & Investments	\$ 38,623	\$ 278,806	\$ 281,893	\$ 35,536
Liabilities:				
Accounts Payable	\$ 5,809	\$ 5,206	\$ 4,083	\$ 6,932
Due to Individuals	32,814	273,600	277,810	28,604
Total Liabilities	<u>\$ 38,623</u>	<u>\$ 278,806</u>	<u>\$ 281,893</u>	<u>\$ 35,536</u>
<b><u>Fire Districts</u></b>				
Assets:				
Cash & Investments	\$ -	\$ 1,321,942	\$ 1,315,904	\$ 6,038
Taxes Receivable	211,967	1,293,374	1,290,469	214,872
Total Assets	<u>\$ 211,967</u>	<u>\$ 2,615,316</u>	<u>\$ 2,606,373</u>	<u>\$ 220,910</u>
Liabilities & Reserves:				
Accounts Payable	\$ -	\$ 1,321,942	\$ 1,315,904	\$ 6,038
Reserve for Taxes Rec.	211,967	1,293,374	1,290,469	214,872
Total Liabilities	<u>\$ 211,967</u>	<u>\$ 2,615,316</u>	<u>\$ 2,606,373</u>	<u>\$ 220,910</u>
<b><u>Totals-All Agency Funds</u></b>				
Assets:				
Cash & Investments	\$ 38,623	\$ 1,600,748	\$ 1,597,797	\$ 41,574
Taxes Receivable	211,967	1,293,374	1,290,469	214,872
Total Assets	<u>\$ 250,590</u>	<u>\$ 2,894,122</u>	<u>\$ 2,888,266</u>	<u>\$ 256,446</u>
Liabilities & Reserves:				
Accounts Payable	\$ 5,809	\$ 1,327,148	\$ 1,319,987	\$ 12,970
Due to Individuals	32,814	273,600	277,810	28,604
Reserve for Taxes Rec.	211,967	1,293,374	1,290,469	214,872
Total Liabilities & Reserves	<u>\$ 250,590</u>	<u>\$ 2,894,122</u>	<u>\$ 2,888,266</u>	<u>\$ 256,446</u>

ASHE COUNTY, NORTH CAROLINA  
ANALYSIS OF CURRENT TAX LEVY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>County - wide</u>			<u>Total Levy</u>	
	<u>Property</u>	<u>Rate</u>	<u>Amount</u>	<u>Property</u>	<u>Registered</u>
	<u>Valuation</u>		<u>of Levy</u>	<u>excluding</u>	<u>Motor</u>
				<u>Motor</u>	<u>Motor</u>
				<u>Vehicles</u>	<u>Vehicles</u>
<b>Original Levy:</b>					
Property Taxed at Current Year's Rate	\$ 4,183,460,990	.400	\$ 16,732,180	\$ 15,783,600	\$ 948,580
Property Taxed at Prior Year's Rate	60,080,660	.400	240,221		240,221
Total	<u>\$ 4,243,541,650</u>		<u>\$ 16,972,401</u>	<u>\$ 15,783,600</u>	<u>\$ 1,188,801</u>
<b>Discoveries</b>					
Current year taxes	\$ 16,880,840	.400	\$ 67,848	\$ 67,848	\$ -
Total	<u>\$ 4,260,422,490</u>		<u>\$ 17,040,249</u>	<u>\$ 15,851,448</u>	<u>\$ 1,188,801</u>
<b>Abatements</b>					
	\$ (37,269,770)	.400	\$ (149,079)	\$ (149,079)	\$ -
Total property valuation	<u>\$ 4,223,152,720</u>				
Net levy			\$ 16,891,170	\$ 15,702,369	\$ 1,188,801
Uncollected taxes at June 30, 2014			<u>(866,277)</u>	<u>(789,364)</u>	<u>(76,913)</u>
Current year's taxes collected			<u>\$ 16,024,893</u>	<u>\$ 14,913,005</u>	<u>\$ 1,111,888</u>
Current levy collection percentage			94.87%	94.97%	93.53%

ASHE COUNTY, NORTH CAROLINA  
SCHEDULE OF AD VALOREM TAXES RECEIVABLE  
JUNE 30, 2014

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2013</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2014</u>
2013-14	\$ -	\$ 16,891,170	\$ 16,024,893	\$ 866,277
2012-13	998,546		447,464	551,082
2011-12	574,604		130,551	444,053
2010-11	438,732		81,852	356,880
2009-10	339,967		46,175	293,792
2008-09	276,322		36,084	240,238
2007-08	203,661		18,625	185,036
2006-07	192,910		12,501	180,409
2005-06	179,737		7,953	171,784
2004-05	150,998		8,929	142,069
2003-04	132,901		132,901	-
	<u>\$ 3,488,378</u>	<u>\$ 16,891,170</u>	<u>\$ 16,947,928</u>	<u>\$ 3,431,620</u>
Less Allowance for Uncollectible Ad Valorem Taxes Receivable				<u>\$ 755,000</u>
Ad Valorem Taxes Receivable (Net)				<u>\$ 2,676,620</u>
Reconciliation with Revenues				
Taxes - Ad Valorem - General Fund			\$ 16,985,260	
Discount Allowed			155,709	
Amounts Written Off Per Statute of Limitations			125,616	
Adjustments			6,051	
Interest Collected			<u>(324,708)</u>	
Total Collections & Credits			<u>\$ 16,947,928</u>	



# *Priscilla L. Norris, CPA*

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## **Report On Internal Control Over Financial Reporting And On Compliance and Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards***

### **Independent Auditor's Report**

To the Board of County Commissioners  
Ashe County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the [accompanying] financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ashe County, North Carolina, as of and for the year ended June 30, 2014, and the notes to the financial statements, which collectively comprises Ashe County's basic financial statements, and have issued our report thereon dated December 10, 2014.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Ashe County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Ashe County's internal control. Accordingly, we do not express an opinion on the effectiveness of the internal control.

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

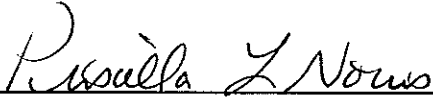
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

**Compliance and Other Matters**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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Priscilla L. Norris, CPA

Jefferson, NC

December 10, 2014

# *Priscilla L. Norris, CPA*

404 West Main Street PO Box 1422 Jefferson, NC 28640  
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**Report on Compliance For Each Major Federal Program;  
Report on Internal Control Over Compliance;  
In Accordance with OMB Circular A-133;  
and the State Single Audit Implementation Act**

**Independent Auditor's Report**

To the Board of County Commissioners  
Ashe County, North Carolina

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

We have audited Ashe County, North Carolina, compliance with the types of compliance requirements described in the *OMB 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 Ashe County's major federal programs for the year ended June 30, 2014. Ashe County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Ashe County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Ashe County's compliance.

**Opinion on Each Major Federal Program**

In our opinion, Ashe County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.


### Report on Internal Control Over Compliance

Management of Ashe County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Ashe County's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Priscilla L. Norris, CPA

Jefferson, NC

December 10, 2014

# *Priscilla L. Norris, CPA*

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**Report on Compliance For Each Major State Program;  
Report on Internal Control Over Compliance;  
In Accordance with OMB Circular A-133;  
and the State Single Audit Implementation Act**

**Independent Auditor's Report**

To the Board of County Commissioners  
Ashe County, North Carolina

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

We have audited Ashe County, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Ashe County's major state programs for the year ended June 30, 2014. Ashe County's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Ashe County's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, 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 state program occurred. An audit includes examining, on a test basis, evidence about Ashe County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

**Opinion on Each Major State Program**

In our opinion, Ashe County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2014.

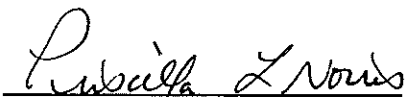
### Report on Internal Control Over Compliance

Management of Ashe County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Ashe County's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with 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 state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Priscilla L. Norris, CPA

Jefferson, NC

December 10, 2014

ASHE COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2014

**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	
93.558	
93.658	
93.778	Title XIX - Medicaid

Dollar threshold used to distinguish between Type A and Type B Programs \$ 901,401

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, 2014

**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
- Title XIX Medicaid
- State/County Special Assistance
- Public School Building Capital Fund
- Subsidized Child Care Cluster

**II. Financial Statement Findings**

None Reported.

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

None Reported.

**IV. State Awards Findings and Questioned Cost**

None Reported.

**V. Corrective Action Plan for the Following Sections:**

**Section II - Financial Statement Findings**

None Reported.

**Section III - Federal Award Findings and Questioned Costs**

None Reported.

**Section IV - State Award Findings and Questioned Costs**

None Reported.

**VI. Summary of Prior Audit Findings**

None Reported



ASHE COUNTY, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2014

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
<b>FEDERAL AWARDS:</b>				
<b><u>U.S. Department of Health and Human Services:</u></b>				
<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	226,760		
Child Care and Development Fund--Mandatory	93.596	157,390		
Child Care and Development Fund--Match	93.596	180,602	77,537	
Total Child Care Development Fund Cluster		<u>644,752</u>	<u>77,537</u>	
Temporary Assistance for Needy Families	93.558	116,285		
Foster Care Title IV-E	93.658	6,070	3,182	
State Appropriations			155,153	
TANF-MOE			72,596	
Total Subsidized Child Care Cluster		<u>767,107</u>	<u>308,468</u>	<u>-</u>
Division of Social Services:				
<u>Foster Care and Adoption Cluster (Note 2):</u>				
Title IV-E Foster Care	93.658	120,320	23,627	108,947
Foster Care - Direct Benefit Payments	93.658	93,087	93,244	94,950
Title IV - E - Adoption	93.659	2,652		2,652
Adoption Assistance - Direct Benefit Payments	93.659	48,858	112,750	69,382
Total Foster Care and Adoption Cluster		<u>264,917</u>	<u>229,621</u>	<u>275,931</u>
<u>Temporary Assistance for Needy Families Cluster</u>				
TANF/Work First	93.558	257,716	325	541,997
Temporary Assistance for Needy Families-Direct Benefit Payments	93.558	124,034		
Total TANF Cluster		<u>381,750</u>	<u>325</u>	<u>541,997</u>
Child Support Enforcement	93.563	445,485		229,492
Low Income Home Energy Assistance Block Grant:				
Administration	93.568	289,147		
Child Welfare Services	93.645	20,129		6,710
Promoting Safe and Stable Families	93.556	10,093		
Social Services Block Grant - Adult Services	93.667	214,404	25,762	42,396
Independent Living Grant - Admin.	93.674	2,053	513	
Independent Living Grant - Direct Benefits	93.674	8,181		
<i>Total Administration for Children and Families</i>		<u>\$ 2,403,266</u>	<u>\$ 564,689</u>	<u>\$ 1,096,526</u>

ASHE COUNTY, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2014

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal (Direct &amp; Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Local 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	\$ 24,494,551	\$ 13,727,236	\$ -
NC Health Choice	93.767	574,283	181,142	
Division of Social Services:				
Administration:				
Medical Assistance Program	93.778	1,040,272	20,218	928,184
NC Health Choice	93.767	54,831	1,335	15,976
<u>Total Healthcare Financing Administration</u>		<u>\$ 26,163,937</u>	<u>\$ 13,929,931</u>	<u>\$ 944,160</u>
<b>Total U.S. Department of Health and Human Services</b>		<b><u>\$ 28,567,203</u></b>	<b><u>\$ 14,494,620</u></b>	<b><u>\$ 2,040,686</u></b>
<u>U.S. Department of Education:</u>				
Passed-through N.C. Dept. of Public Instruction:				
21st Century Community Learning Center	84.287	\$ 220,566	\$ -	\$ -
<b>Total U.S. Department of Education</b>		<b><u>\$ 220,566</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>
<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	\$ 504,100	\$ -	\$ 504,100
Passed through the N.C. Dept. of Health and Human Services				
Division of Public Health:				
Woman, Infants, and Children - Direct Benefit Payments	10.557	433,482		
<u>Total U.S. Dept. of Agriculture</u>		<u>\$ 937,582</u>	<u>\$ -</u>	<u>\$ 504,100</u>
<u>U.S. Department of Justice</u>				
State Criminal Alien Assistance Program	16.606	\$ 1,765	\$ -	\$ -
Operation Safe Child Grant	16.unknown	3,401		
Passed-Through N.C. Dept. of Public Safety:				
Bulletproof Vests Grant	16.738	8,596		
<b>Total U.S. Department of Justice</b>		<b><u>\$ 13,762</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>
<u>U.S. Dept. of Transportation</u>				
Passed - through NC Dept. of Transportation:				
Airport Improvements Program (36237.21.10.1)	20.106	\$ 174,061	\$ -	\$ 19,340
<b>Total U.S. Dept. of Transportation</b>		<b><u>\$ 174,061</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 19,340</u></b>

ASHE COUNTY, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2014

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal (Direct &amp; Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
<b><u>U.S. Dept. of Homeland Security</u></b>				
Passed - through NC Dept. of Public Safety:				
FEMA Public Assistance	97.036	\$ 63,412		
Emergency Management	97.042	35,292	-	-
Homeland Security Grant	97.067	17,056		
<b>Total U.S. Dept. of Homeland Security</b>		<b>\$ 115,760</b>	<b>-</b>	<b>\$ -</b>
<b><u>U.S. Election Assistance Commission</u></b>				
Passed - through NC State Board of Elections				
Help America Vote Act	39.011	\$ 17,778	-	\$ -
<b>Total U.S. Election Assistance Commission</b>		<b>\$ 17,778</b>	<b>-</b>	<b>\$ -</b>
<b>Total Federal Awards (and state and local match)</b>		<b>\$ 30,046,712</b>	<b>\$ 14,494,620</b>	<b>\$ 2,564,126</b>

**STATE AWARDS:**

**N.C. Dept. of Health and Human Services**

State/County Special Assistance for Adults - Direct Benefit  
 Payments

\$ -      \$ 315,132      \$ 315,132  
 State/County Special Assistance for Adults-Administration  
 1,673

**N.C. Dept. of Transportation**

Rural Operating Assistance Program (EDTAP)      56,926  
 Rural Operating Assistance Program (Employment)      8,056  
 Rural Operating Assistance Program (RGP)      66,164

**N.C. Dept. of Environment & Natural Resources**

Scrap Tire Grant      39,264  
 Soil & Water Conservation - Soil Technician Grant      37,289  
 Mercury Products Recycling Grant      948

**N. C. Dept. of Administration**

Veterans Service Reimbursement      1,452

**Administrative Office of the Courts**

Safe Roads Act Funds      1,493

**N. C. Dept. of Corrections**

State Reimbursements for Prisoners      105,965

**N.C. Dept. of Commerce**

CDBG Scattered Site Housing Grant (#11 - C - 2303)      205,731

**Office of Juvenile Justice**

Juvenile Crime Prevention      85,516

ASHE COUNTY, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2014

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal (Direct &amp; Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
<u>N.C. Community Foundation, Inc.</u> 4-H Children's Trust Fund			3,180	
<u>N.C. Rural Economic Development Center, Inc.</u> SECU Foundation Public Internship Program			5,000	
<u>N.C. Recreation &amp; Park Association</u> Community Garden Grant			750	
<u>N.C. Dept. of Public Instruction</u> Public School Building Capital Fund - Lottery Proceeds			340,180	
<b>Total State Awards and local match</b>		\$ -	\$ 1,274,719	\$ 315,132
<b>Total Federal and State Awards</b>		\$ 30,046,712	\$ 15,769,339	\$ 2,879,258

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>Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
Public School Building Capital Fund - Lottery Proceeds			\$ 340,180

