

**ASHE COUNTY  
NORTH CAROLINA  
AUDIT REPORT  
JUNE 30, 2016**

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

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# **ASHE COUNTY, NORTH CAROLINA**

## **BOARD OF COUNTY COMMISSIONERS**

Jeff Rose - Chairman

Gary Roark - Vice -Chairman

Brien Richardson

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

James Williams

Sheriff

# *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, 2016 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, 2016 and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance, the Other Post Employment Benefit's Schedules of Funding Progress and Employer Contributions, the Local Government Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Asset and County Contributions, and the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset and Schedule of County Contributions respectively, be presented to supplement the basic financial statement. 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 nonmajor fund financial statements, budgetary schedules and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary schedules, and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures; including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary schedules, and other schedules 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 14, 2016, on our consideration of Ashe County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ashe County's internal control over financial reporting and compliance.

A handwritten signature in cursive script, reading "Priscilla L. Norris", is written over a horizontal line.

Priscilla L. Norris, CPA

Jefferson, NC

December 14, 2016



**ASHE COUNTY, NORTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

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, 2016. 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.

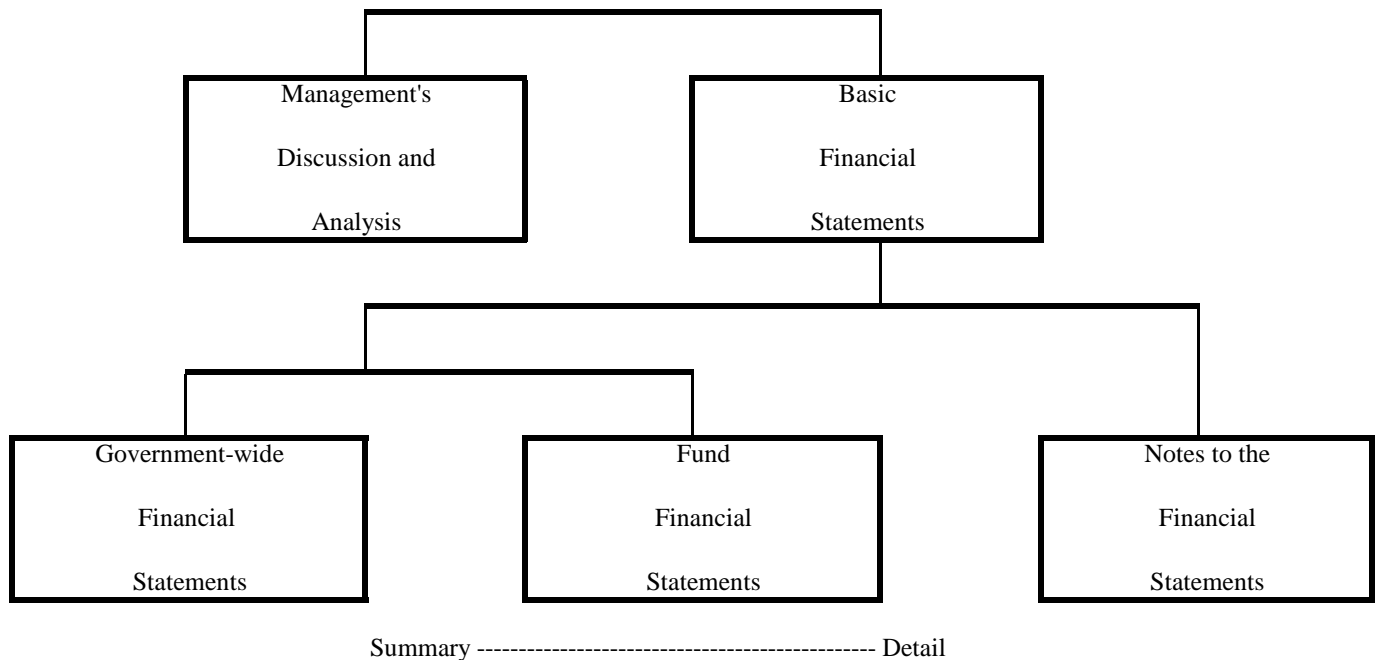
**Financial Highlights**

- \* 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 \$49,850,605 (net position).
- \* The government's total net position increased by \$2,376,519, 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 \$15,946,355 a decrease of \$20,326 in comparison with the prior year. Approximately 41.3 percent of this total amount, or \$6,588,550 is available for spending at the government's discretion (*unassigned fund balance*), beyond amounts assigned for subsequent year's expenses. Approximately 42.12 percent, or \$6,717,031, is restricted or non-spendable.
- \* At the end of the current fiscal year, unassigned fund balance for the General Fund was \$6,588,550 or 20.38 percent of total general fund expenditures for the fiscal year.
- \* Ashe County's total debt decreased by \$2,726,526 (20.63%) 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**



**ASHE COUNTY, NORTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

**Basic Financial Statements**

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

The next statements (Exhibits 3 through 9) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statement; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

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

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

**Government-Wide Financial Statements**

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

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

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

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

**Fund Financial Statements**

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

**ASHE COUNTY, NORTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

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

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

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

**Fiduciary Funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Ashe County has 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 \$49,850,605 as of June 30, 2016. One of the largest portions, \$34,463,570 (69.13%), 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, \$4,765,881 (9.56%) represents resources that are subject to external restrictions on how they may be used.

**ASHE COUNTY, NORTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

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

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 20,414,341	\$20,655,436	\$ 3,694,592	\$ 3,485,046	\$24,108,933	\$28,647,354
Capital assets	38,518,716	39,277,606	5,319,985	5,318,028	43,838,701	40,088,765
<b>Total assets</b>	<b>\$ 58,933,057</b>	<b>\$59,933,042</b>	<b>\$ 9,014,577</b>	<b>\$ 8,803,074</b>	<b>\$67,947,634</b>	<b>\$68,736,119</b>
Deferred outflows of resources	\$ 638,856	\$ 631,847	\$ 43,758	\$ 43,736	\$ 682,614	\$ 675,585
Long-term liabilities	13,228,113	15,281,875	3,609,096	3,641,095	16,937,209	18,922,970
Other liabilities	1,343,155	610,365	48,486	227,528	1,391,641	837,893
<b>Total liabilities</b>	<b>\$ 14,571,268</b>	<b>\$15,892,240</b>	<b>\$ 3,657,582</b>	<b>\$ 3,868,623</b>	<b>\$18,328,850</b>	<b>\$19,760,863</b>
Deferred inflows of resources	\$ 429,099	\$ 2,042,219	\$ 21,694	\$ 134,531	\$ 450,793	\$ 2,176,750
<b>Net position</b>						
Net investment in capital assets	29,956,215	29,640,106	4,507,355	4,360,637	34,463,570	34,000,743
Restricted	4,765,881	4,143,998			4,765,881	4,143,998
Unrestricted	9,749,450	8,846,326	871,704	483,109	10,621,154	9,329,435
<b>Total net position</b>	<b>\$ 44,471,546</b>	<b>\$42,630,430</b>	<b>\$ 5,379,059</b>	<b>\$ 4,843,746</b>	<b>\$49,850,605</b>	<b>\$47,474,176</b>

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

- \* Continued due diligence in the collection of property taxes by increasing its collection percentage from 95.21% to 95.46%
- \* Overall Ad Valorem Tax collections were approximately \$243,000 more than the prior year.
- \* The County ended the year with an increase over the prior year for sales tax collections of approximately \$775,000.
- \* Runway expansion work continued at the County airport, funded mostly by state and federal grants.

**ASHE COUNTY, NORTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

**Ashe County Changes in Net Position**

**Figure 3**

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2,015
Revenues:						
Program revenues:						
Charges for services	\$ 1,508,370	\$ 1,923,979	\$ 2,565,998	\$ 2,540,709	\$ 4,074,368	4,464,688
Operating grants and contributions	7,748,088	6,664,883	101,247	107,522	7,849,335	6,772,405
Capital grants and contributions	714,908	1,126,777	-		714,908	1,126,777
General revenues:						
Property taxes	16,877,507	16,634,439			16,877,507	16,634,439
Other taxes	6,225,295	5,396,095			6,225,295	5,396,095
Grants and contributions not restricted to specific programs						
Other	28,736	17,012	5,161	425	33,897	17,437
Total revenues	<u>\$33,102,904</u>	<u>\$ 31,763,185</u>	<u>\$ 2,672,406</u>	<u>\$ 2,648,656</u>	<u>\$35,775,310</u>	<u>34,411,841</u>
Expenses:						
General government	4,272,650	4,180,645			4,272,650	4,180,645
Public safety	6,988,570	6,636,754			6,988,570	6,636,754
Transportation	483,331	481,730			483,331	481,730
Economic and physical development	1,533,277	987,056			1,533,277	987,056
Human services	10,666,228	10,027,016			10,666,228	10,027,016
Cultural and recreation	1,443,357	1,492,141			1,443,357	1,492,141
Education	5,517,816	5,302,787			5,517,816	5,302,787
Interest on long-term debt	356,559	398,070			356,559	398,070
Environmental services			2,159,388	2,186,086	2,159,388	2,186,086
Total expenses	<u>\$31,261,788</u>	<u>\$ 29,506,199</u>	<u>\$ 2,159,388</u>	<u>\$ 2,186,086</u>	<u>\$33,421,176</u>	<u>31,692,285</u>
Increase (decrease) in net position before transfers and special items	1,841,116	2,256,986	513,018	462,570	2,354,134	2,719,556
Gain/Loss on sale of assets			22,385	(12,256)	22,385	(12,256)
Increase in net position	<u>1,841,116</u>	<u>2,256,986</u>	<u>535,403</u>	<u>450,314</u>	<u>2,376,519</u>	<u>2,707,300</u>
Net position, beg previously reported	42,630,430	41,326,430	4,843,656	4,464,810	47,474,086	45,791,240
Prior period adjustment						
Restatement		(952,986)		(71,468)		(1,024,454)
Net position, beg restated	<u>42,630,430</u>	<u>40,373,444</u>	<u>4,843,656</u>	<u>4,393,342</u>	<u>47,474,086</u>	<u>44,766,786</u>
Net position, ending	<u>\$44,471,546</u>	<u>\$ 42,630,430</u>	<u>\$ 5,379,059</u>	<u>\$ 4,843,656</u>	<u>\$49,850,605</u>	<u>47,474,086</u>

**Governmental activities:** Governmental activities increased the County's net position by \$1,841,116.

**Business-type activities:** Business-type activities increased Ashe County's net position by \$535,403.

**ASHE COUNTY, NORTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

**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 \$9,640,898 while total fund balance was \$12,856,471. It is recommended that the County maintain an available fund balance of at least 8% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. The County currently has an available fund balance of 29.65% of General Fund expenditures, while total fund balance represents 39.54% of that same amount. Of the total fund balance, the amount that was unassigned at year end was \$6,588,550.

At June 30, 2016, the governmental funds of Ashe County reported a combined fund balance of \$15,946,355, a 0.13 percent decrease from last year.

**General Fund Budgetary Highlights:** During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased revenues by \$784,185. There was no change in the appropriation of fund balance.

**Proprietary Funds:** Ashe County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Environmental Services Fund at the end of the fiscal year amounted to \$871,704, an increase of \$388,685 which is due to a combination of increased revenues and decreased expenses.

**Capital Asset and Debt Administration**

**Capital Assets:** Ashe County's capital assets for its governmental and business-type activities as of June 30, 2016, totals \$43,838,700 (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, NORTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

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

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	4,506,872	4,506,872	128,198	128,198	4,635,070	4,635,070
Buildings and system	24,632,367	25,270,637	3,298,358	3,375,711	27,930,725	28,646,348
Improvements other than bldgs.	2,749,861	2,928,860			2,749,861	2,928,860
Machinery and equip.	863,294	905,752	1,893,427	1,942,316	2,756,721	2,848,068
Infrastructure	5,477,592	5,348,214			5,477,592	5,348,214
Vehicles and motorized equip.	288,731	317,271			288,731	317,271
Construction in progress	-	-			-	-
<b>Total</b>	<b>38,518,717</b>	<b>39,277,606</b>	<b>5,319,983</b>	<b>5,446,225</b>	<b>43,838,700</b>	<b>44,723,831</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, 2016, Ashe County had no general obligation bonds outstanding.

Ashe County's total debt decreased by \$2,999,483 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 2015-2016.**

- \* Ashe County ended the fiscal year (June 2016) with an unemployment rate of 4.9% (not seasonally adjusted) compared with 6.6% from June 2015. This rate is down 1.7% from June 2015 and down 2.5% from June 2014. The state unemployment rate for the same period was 5.2% for June 2016 compared to 6.1% for June 2015. Ashe County continues closing in on the gap in unemployment as the difference between the county and state levels for June 2014 were 9%, June 2015 was 8% and June 2016 is 3%. In June of 2016, 34 counties reported rates at 5% or below, and compared to June of last year there were only three, with only one county reporting over 9%. Ashe County's unemployment rate remains cyclical, due in part to seasonal tourism and the Christmas tree and other agricultural industry. The labor markets which are affecting Ashe County's drop in the unemployment rate this year are attributed to growth in Professional & Business Services, Trade, Transportation & Utility Services, Education and Health Services, and Leisure and Hospitality Services, in that order.
- \* Ashe County's primary Economic Development focus has been on locating and bringing suitable business and industry to Ashe County along with providing assistance with grants, relocations, expansions and training to existing businesses and industry in Ashe County.
- \* GE Aviation has completed an 80,000 square foot expansion which was a 65 million dollar investment in Ashe County and GE is well on their way to hiring the 105 new jobs by 2017 that are required as part of a local government incentive agreement for the expansion project.

**ASHE COUNTY, NORTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

- \* American Emergency Vehicles (AEV), one of the County's largest employers, and who is the nation's largest domestic producer of ambulances is continuing renovations of the recently acquired former Gates facility which will create 210,000 square feet of new floor space for employees with a \$500,000 state grant which the County matched with 5% (\$25,000) and will allow for future expansion opportunities. According to local media sources, AEV was required to add 40 new employees as a stipulation of the grant and to date they have hired 90 which is bringing them near a total of 470 employees since their inception in 1990.
- \* Ashe Memorial Hospital (AMH) continues to add new service providers and is in the process of a major renovation and expansion to their Emergency Room department with a major source of the funding coming from a Golden LEAF grant in the amount of \$946,152. The Article 46 sales tax referendum which was approved in the November 2014 election has provided all the funds for this annual payment for FY2016 and FY2017 and will be used for Education after the third year. Fiscal year 2017 is the final year of the three year committed to AMH to stabilize their bottom line.
- \* The county allocation for Ashe County Schools current expense remained steady which will assist the Board of Education in offsetting education funding reductions on state and federal levels. The Ashe County Board of Education is in the process of securing property for construction of a new middle school. Funds from Article 40, 42, and 46 sales tax will be used toward the debt service of this building. The loan for the Ashe County High School was paid off in FY16 and loan for Westwood Elementary school will be paid off in FY17, freeing up statutorily required sales tax dollars to be used for a proposed new middle school. During FY 17, the County will purchase \$230,000 of Chromebooks for the school system, repave the parking lot and add an additional entrance lane at Blue Ridge Elementary School, and purchase property site for the new middle school. The County will borrow the funding for these items and repay it over a three year period. Then, by FY2020 construction can begin on the new middle school.
- \* Progress is being made on the Town of Lansing Virginia Creeper Trail Park. Part of the park is already being well utilized and is expected to bring additional tourism dollars to the Town as well as the County. Lansing received a \$500,000 matching Parks and Recreation Trust Fund (PARTF) grant and a \$282,500 Clean Water Management Trust Fund (CWMTF) grant for the 1.2 million dollar project.
- \* The tax rate in FY2015-2016 was 43.3 cents and will remain the same through FY17. This rate ranks Ashe County's ad valorem tax rate as one of the lowest ten counties in the state. Sales tax collections have increased modestly along with sales and service revenues, and license and permit revenues. This increase is expected to continue during the next fiscal year barring no unexpected state or national crises.
- \* Ashe County Schools and the Wilkes Community College/Ashe Campus continue to work closely along with Economic Development and other government leaders in the county to offer educational programming that will enhance and strengthen Ashe County's economic development and tourism, and augment educational opportunities for Ashe County students, businesses, and industries.

**Next year's budgets and rates**

- \* Revaluation was completed and went into effect January 1, 2015. It resulted in an overall average decrease in property values of between 7 and 8% which required an adjustment in the ad valorem tax rate to 43.3 cents to remain at revenue neutral for FY2016. The tax rate will remain at 43.3 for FY2017 as well. A full year of receipts from the new (Article 46) quarter cent sales tax was received and brought in over \$500,000 which covered the committed payment to Ashe Memorial Hospital for FY2016 and will for the final year, FY2017.
- \* Other taxes, licenses and permits, and sales and services revenues are continuing to increase slightly, but are still below pre-recession levels. NC State Misdemeanant inmate revenues have increased and will make up a portion of the loss of inmate revenues received from other counties during the previous year. The county does not expect to use a significant amount of budgeted fund balance to balance the General Fund budget



**ASHE COUNTY, NORTH CAROLINA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

for FY2017. Once again, more than \$2.5 million budgeted for expenditures remained unspent in the General Fund at FY 2016 year end and revenues will meet expenditures, when this audit is finalized.

- \* The Ashe County Airport Runway Extension Project was finished last year and the Paving and Lighting Project of the entire runway will soon be finished at the airport which will allow larger/ heavier planes to land at the airport. This 3.5 million dollar project will be accomplished with 90/10% grant monies from NC Department of Transportation, Division of Aviation. The 10 % match the county is required to put into the project will come from Economic Development Reserve fund.
  
- \* The debt on Ashe County High School was retired during FY16 and Westwood Elementary School will be retired in 2017. Debt Service on the library will be paid off in 2018 and the jail in 2028. The QSCB loan is being paid off with funds from the NC Education Lottery. A site for a new Ashe County Middle School is now being considered, along with other county infrastructure needs for the next 15 to 20 years. The County plans to carry out these capital projects with monies received from Article 40,42, and 46 sales taxes.

**Requests for Information**

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

ASHE COUNTY, NORTH CAROLINA  
STATEMENT OF NET POSITION  
JUNE 30 2016

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and investments	\$ 12,221,952	\$ 2,838,004	\$ 15,059,956
Restricted cash	1,772,836		1,772,836
Receivables (net)	4,989,782	823,225	5,813,007
Due from other governments	1,348,418	33,363	1,381,781
Net pension asset - ROD	81,353	-	81,353
Capital assets:			
Land, improvements, and construction in progress	4,506,872	128,198	4,635,070
Other capital assets, net of depreciation	34,011,844	5,191,787	39,203,631
Total capital assets	38,518,716	5,319,985	43,838,701
Total assets	<u>\$ 58,933,057</u>	<u>\$ 9,014,577</u>	<u>\$ 67,947,634</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Deferrals	<u>\$ 638,856</u>	<u>\$ 43,758</u>	<u>\$ 682,614</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	1,197,779	36,605	1,234,384
Accrued interest payable	145,376	11,881	157,257
Long-term liabilities:			
Net pension liabilities - LGERS	602,374	41,738	644,112
Due within one year	1,987,326	274,695	2,262,021
Due in more than one year	10,738,413	3,292,663	14,031,076
Total liabilities	<u>\$ 14,671,268</u>	<u>\$ 3,657,582</u>	<u>\$ 18,328,850</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension deferrals	\$ 317,093	\$ 21,694	\$ 338,787
Prepaid taxes	112,006	-	112,006
Total deferred inflows of resources	<u>\$ 429,099</u>	<u>\$ 21,694</u>	<u>\$ 450,793</u>
<b>NET POSITION</b>			
Net investment in capital assets	29,956,215	4,507,355	34,463,570
Restricted for:			
Capital projects (education)	752,118		752,118
Public safety	391,939		391,939
Human services	218,074		218,074
Register of deeds	142,398		142,398
Stabilization by State statute	3,261,352		3,261,352
Unrestricted	9,749,450	871,704	10,621,154
Total net position	<u>\$ 44,471,546</u>	<u>\$ 5,379,059</u>	<u>\$ 49,850,605</u>

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

## EXHIBIT 2

ASHE COUNTY, NORTH CAROLINA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016

<b>Functions/Programs</b>	<b>PROGRAM REVENUES</b>				<b>NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION</b>		
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>
<b>Primary government:</b>							
Governmental Activities							
General government	\$ 4,272,650	\$ 466,899	\$ -	\$ -	\$ (3,805,751)	\$ -	\$ (3,805,751)
Public safety	6,988,570	830,468	849,778		(5,308,324)		(5,308,324)
Transportation	483,331	108,429	926	378,287	4,311		4,311
Economic and physical development	1,533,277	28,718	559,908		(944,651)		(944,651)
Human services	10,666,228	17,888	6,331,397		(4,316,943)		(4,316,943)
Cultural and recreation	1,443,357	55,968			(1,387,389)		(1,387,389)
Education	5,517,816		6,079	336,621	(5,175,116)		(5,175,116)
Interest on long-term debt	356,559				(356,559)		(356,559)
Total governmental activities	31,261,788	1,508,370	7,748,088	714,908	(21,290,422)		(21,290,422)
Business-type Activities:							
Environmental services	2,159,388	2,565,998	101,247			507,587	507,587
Total business-type activities	2,159,388	2,565,998	101,247			507,587	507,587
Totals	\$ 33,421,176	\$ 4,074,368	\$ 7,849,335	\$ 714,908	\$ (21,290,422)	\$ 507,587	\$ (20,782,835)
General Revenues:							
Taxes:							
Property taxes, levied for general purpose					16,877,507		16,877,507
Local Option Sales tax					5,722,379		5,722,379
Other taxes and licenses					502,916		502,916
Grants and contributions not restricted to specific programs							
Investment earnings, unrestricted					8,564	5,161	13,725
Miscellaneous, unrestricted					20,172		20,172
Gain on sale of assets						22,385	22,385
Total general revenues, special items, and transfers					23,131,538	27,546	23,159,084
Change in net position					1,841,116	535,403	2,376,519
Net position - beginning					42,630,430	4,843,656	47,474,086
Net position - ending					\$ 44,471,546	\$ 5,379,059	\$ 49,850,605

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

ASHE COUNTY, NORTH CAROLINA

EXHIBIT 3

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016

	<u>Major Governmental Funds</u>			<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>School Capital Projects</u>	<u>Non-Major Governmental Funds</u>	
<b>Assets</b>				
Cash & Investments	\$ 10,527,207	\$ -	\$ 1,694,745	\$ 12,221,952
Restricted Cash	244,958	752,118	775,760	1,772,836
Due from Other Funds				
Receivables (Net):				
Taxes	2,396,236			2,396,236
Accounts	1,867,155		45,779	1,912,934
Due from Other Governments	1,348,418			1,348,418
<b>Total Assets</b>	<b>\$ 16,383,974</b>	<b>\$ 752,118</b>	<b>\$ 2,516,284</b>	<b>\$ 19,652,376</b>
<b>Liabilities</b>				
Accounts Payable & Accrued Liabilities	\$ 1,019,261	\$ -	\$ 178,518	\$ 1,197,779
<b>Total Liabilities</b>	<b>\$ 1,019,261</b>	<b>\$ -</b>	<b>\$ 178,518</b>	<b>\$ 1,197,779</b>
<b>Deferred Inflows of Resources</b>				
Property Taxes Receivable	\$ 2,396,236	\$ -	\$ -	\$ 2,396,236
Prepaid Taxes	112,006			112,006
<b>Total Deferred Inflows of Resources</b>	<b>\$ 2,508,242</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,508,242</b>
<b>Fund Balances</b>				
Restricted for:				
Stabilization by State Statute	\$ 3,215,573	\$ -	\$ 45,779	\$ 3,261,352
Register of Deeds	142,398			142,398
Human Services	12,766			12,766
School Capital Outlay		752,118		752,118
Public Safety			391,939	391,939
4-H (Human Services)			205,308	205,308
Committed for:				
Tax Revaluation	102,560			102,560
Human Services	18,244			18,244
Public Safety	135,606			135,606
Capital Projects			1,694,740	1,694,740
Assigned:				
Subsequent Year's Expenditures	2,640,774			2,640,774
Unassigned:				
	6,588,550			6,588,550
<b>Total Fund Balance</b>	<b>\$ 12,856,471</b>	<b>\$ 752,118</b>	<b>\$ 2,337,766</b>	<b>\$ 15,946,355</b>
<b>Total Liabilities, Deferred Inflows of Resources &amp; Fund Balances</b>	<b>\$ 16,383,974</b>	<b>\$ 752,118</b>	<b>\$ 2,516,284</b>	

ASHE COUNTY, NORTH CAROLINA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016

EXHIBIT 3

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	\$ 38,518,716
Net pension asset - ROD	81,353
Deferred outflows of resources on the Statement of Net Position related to pensions.	638,856
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	680,612
Deferred inflows of resources for taxes receivable	2,396,236
Pension related deferrals	(317,093)
Some liabilities are not due and payable in the current period and therefore are not reported in funds (Note 4).	<u>(13,473,489)</u>
Total difference	\$ 28,525,191
Total fund balance	\$ 15,946,355
Net assets of governmental activities	<u><u>\$ 44,471,546</u></u>

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

ASHE COUNTY, NORTH CAROLINA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUND  
FOR THE YEAR ENDED JUNE 30, 2016

	<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	\$ 17,074,233	\$ -	\$ -	\$ 17,074,233
Local Option Sales Tax	5,722,379			5,722,379
Other Taxes	502,916			502,916
Unrestricted Intergovernmental Revenues	6,079			6,079
Restricted Intergovernmental Revenues	7,453,895	336,621	645,203	8,435,719
Licenses & Permits	469,925			469,925
Sales & Services	1,169,000		4,472	1,173,472
Investment Earnings	8,564			8,564
Miscellaneous	12,594		43,749	56,343
<b>Total Revenue</b>	<u>\$ 32,419,585</u>	<u>\$ 336,621</u>	<u>\$ 693,424</u>	<u>\$ 33,449,630</u>
<b>Expenditures</b>				
General Government	\$ 3,976,059	\$ -	\$ -	\$ 3,976,059
Public Safety	6,443,733		379,798	6,823,531
Transportation	603,893			603,893
Economic & Physical Development	1,430,288		81,000	1,511,288
Human Services	10,311,585		397,296	10,708,881
Cultural & Recreational	1,207,857			1,207,857
Educational	5,393,366			5,393,366
Capital Outlay			10,063	10,063
Debt Services:				
Principal Retirement	2,519,654	206,872		2,726,526
Interest	441,334	67,158		508,492
<b>Total Expenditures</b>	<u>\$ 32,327,769</u>	<u>\$ 274,030</u>	<u>\$ 868,157</u>	<u>\$ 33,469,956</u>
Revenues Over (Under) Expenditures	<u>\$ 91,816</u>	<u>\$ 62,591</u>	<u>\$ (174,733)</u>	<u>\$ (20,326)</u>
<b>Other Financing Sources (Uses)</b>				
Operating Transfer - In	183,000		183,809	366,809
Operating Transfer - Out	(183,809)		(183,000)	(366,809)
<b>Total Other Financing Sources (Uses)</b>	<u>\$ (809)</u>	<u>\$ -</u>	<u>\$ 809</u>	<u>\$ -</u>
Excess of Revenue & Other Sources Over (Under) Expenditures & Other Uses	\$ 91,007	\$ 62,591	\$ (173,924)	\$ (20,326)
Fund Balances:				
Beginning of Year, July 1	\$ 12,765,464	\$ 689,527	\$ 2,511,690	\$ 15,966,681
End of Year, June 30	<u>\$ 12,856,471</u>	<u>\$ 752,118</u>	<u>\$ 2,337,766</u>	<u>\$ 15,946,355</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, 2016

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

Net changes in fund balances - total governmental funds	\$ (20,326)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the current period.	(758,890)
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.	2,726,526
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	575,446
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.	27,484
Compensated Absences	32,236
Other Post Employment Benefits	(202,626)
County's portion of collective pension expense	(342,008)
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	(152,627)
Decrease in accrued tax interest receivable at end of year	(44,099)
Total change in net position of governmental activities	<u>\$ 1,841,116</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, 2016

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
<b>Revenues:</b>				
Ad valorem taxes	\$ 16,897,854	\$ 16,897,854	\$ 17,074,233	\$ 176,379
Local option sales tax	5,410,000	5,410,000	5,722,379	312,379
Other taxes	398,300	458,300	502,916	44,616
Unrestricted intergovernmental			6,079	6,079
Restricted intergovernmental	6,779,716	7,355,901	7,453,895	97,994
Licenses & Permits	384,450	384,450	469,925	85,475
Sales and services	1,120,825	1,160,825	1,169,000	8,175
Investment earnings	5,350	5,350	8,564	3,214
Miscellaneous	-	-	12,594	12,594
<b>Total Revenues</b>	<b>\$ 30,996,495</b>	<b>\$ 31,672,680</b>	<b>\$ 32,419,585</b>	<b>\$ 746,905</b>
<b>Expenditures</b>				
<b>Current:</b>				
General government	4,452,621	4,420,121	3,976,059	444,062
Public safety	6,964,765	7,124,596	6,443,733	680,863
Transportation	799,966	799,966	603,893	196,073
Economic and physical development	921,274	1,572,774	1,430,288	142,486
Human services	11,147,488	11,165,012	10,311,585	853,427
Cultural and recreational	1,187,844	1,227,844	1,207,857	19,987
<b>Intergovernmental</b>				
Education	5,401,652	5,401,652	5,393,366	8,286
<b>Debt service:</b>				
Principal retirement	2,519,654	2,519,654	2,519,654	
Interest and other charges	441,885	441,885	441,334	551
Contingency fund	250,000	199,830		199,830
<b>Total expenditures</b>	<b>34,087,149</b>	<b>34,873,334</b>	<b>32,327,769</b>	<b>2,545,565</b>
<b>Revenues over (under) expenditures</b>	<b>\$ (3,090,654)</b>	<b>\$ (3,200,654)</b>	<b>\$ 91,816</b>	<b>\$ 3,292,470</b>
<b>Other financing sources (uses):</b>				
Transfer to other funds	(233,809)	(233,809)	(183,809)	50,000
Transfer from other funds	75,000	183,000	183,000	-
Appropriated fund balance	3,251,463	3,251,463		(3,251,463)
<b>Total other financing sources (uses)</b>	<b>3,092,654</b>	<b>3,200,654</b>	<b>(809)</b>	<b>(3,201,463)</b>
<b>Revenues and other financing sources over expenditures and other financing uses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 91,007</b>	<b>\$ 91,007</b>
<b>Fund balances:</b>				
Beginning of year July 1			12,662,905	
End of year June 30			\$ 12,753,912	
<b>A legally budgeted Tax Revaluation fund is consolidated into the General Fund for reporting purposes:</b>				
Transfer out to General Fund			\$ -	
Expenditures			-	
Fund Balance, Beginning			102,559	
Fund Balance, Ending, Combined (Exhibit 4)			12,856,471	

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, 2016

Environmental Services Fund

**Assets**

Current Assets:

Cash & Investments	\$ 2,838,004
Receivables (Net):	
SWDF	780,365
Accounts	42,860
Due From Other Governments	33,363

Total Current Assets	\$ 3,694,592
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Non Current Assets:

Capital Assets, Net of Depreciation	5,319,985
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Total Noncurrent Assets	\$ 5,319,985
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Total Assets	\$ 9,014,577
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**Deferred Outflows of Resources**

Pension Deferrals	\$ 43,758
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**Liabilities and Net Position**

Current Liabilities:

Accounts Payable	36,605
Accrued Interest Payable	11,881
Current Portion of Notes Payable	274,695

Total Current Liabilities	\$ 323,181
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Noncurrent Liabilities:

Net Pension Liabilities	\$ 41,738
Compensated Absences Payable	54,039
Other Post - Employment Benefits Payable	100,575
Accrued Landfill Closure and Postclosure Care Costs	2,600,114
Noncurrent Portion of Notes Payable	537,935

Total Noncurrent Liabilities	3,334,401
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Total Liabilities	\$ 3,657,582
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**Deferred Inflows of Resources**

Pension Deferrals	\$ 21,694
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**Net Position**

Net Investment in Capital Assets	\$ 4,507,355
Unrestricted	871,704

Total Net Position	\$ 5,379,059
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The notes to the financial statements are an integral part of this statement.

ASHE COUNTY, NORTH CAROLINA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Enterprise Fund</u> Environmental Services Fund
Operating Revenues:	
SWDF - Household Fees	\$ 2,031,688
SWDF - Commercial Fees	394,883
Recycling Revenues	135,210
Miscellaneous Revenue	4,217
Total Operating Revenues	<u>\$ 2,565,998</u>
Operating Expenses:	
Environmental Services - Collections	\$ 996,091
Environmental Services - Disposal	666,449
Depreciation	277,350
Landfill Closure and Postclosure Care Costs	186,820
Total Operating Expenses	<u>\$ 2,126,710</u>
Operating Income (Net)	<u>\$ 439,288</u>
Non-Operating Revenues and Expenses	
Contributions From Other Governments	\$ 6,000
Solid Waste Disposal Tax	19,477
Scrap Tire Disposal Tax and Grant	67,670
White Goods Disposal Tax and Grant	4,457
Electronics Management Distr.	2,643
Mercury Recycling State Grant	1,000
Gain on Sale of Fixed Assets	22,385
Investment Earnings	5,161
Interest on Long - Term Debt	(32,678)
Total Non-Operating Revenues and Expenses	<u>96,115</u>
Change in Net Position	\$ 535,403
Total Net Position, Beginning, Previously Reported	<u>\$ 4,843,656</u>
Total Net Position, Ending	<u><u>\$ 5,379,059</u></u>

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

ASHE COUNTY, NORTH CAROLINA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Enterprise Fund</u>
Cash flows from operating activities:	
Cash received from customers	\$ 2,514,375
Cash paid for goods and services	(831,359)
Cash paid to employees for services	(1,010,067)
Net cash provided (used) by operating activities	<u>\$ 672,949</u>
Cash flows from non-capital financing activities:	
Contributions from other governments	\$ 6,000
Disposal tax and grants	96,200
Transfer-in from General Fund	
Net cash provided (used) by non-capital financing activities	<u>\$ 102,200</u>
Cash flows from capital and related financing activities:	
Proceeds from Sale of Fixed Assets	\$ 22,385
Acquisition of capital assets	(151,109)
Proceeds from Loan	-
Principal paid on loan	(272,958)
Loan interest paid	(36,355)
Net cash provided (used) by capital and related financing activities	<u>(438,037)</u>
Cash flows from investing activities:	
Interest on investments	\$ 5,161
Net cash provided (used) by investing activities	<u>\$ 5,161</u>
Net increase (decrease) in cash and cash equivalents	\$ 342,273
Cash and cash equivalents, July 1	2,495,731
Cash and cash equivalents, June 30	<u>\$ 2,838,004</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 439,288
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	277,350
Pension Expense	23,778
Landfill closure and post closure care costs	186,820
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(51,623)
Increase (decrease) in accounts payable	(175,366)
Increase (decrease) in compensated absences payable	1,995
Increase (decrease) in OPEB liabilities	10,407
Current Year Contribution to Pension	(39,700)
Net cash provided (used) by operating activities	<u>\$ 672,949</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, 2016

	<u>Agency Funds</u>
 <b><u>Assets</u></b>	
Cash & Investments	\$ 43,274
Fire Taxes Receivable	<u>227,389</u>
<b>Total Assets</b>	<b><u><u>\$ 270,663</u></u></b>
 <b><u>Liabilities &amp; Net Position</u></b>	
Liabilities	
Accounts Payable	\$ 9,619
Due to Individuals	33,655
Reserve for Taxes Receivable	<u>227,389</u>
<b>Total Liabilities &amp; Net Position</b>	<b><u><u>\$ 270,663</u></u></b>

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

ASHE COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**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.

ASHE COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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,

ASHE COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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.

ASHE COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**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) external investment pool is measured at amortized cost, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

**2. Cash and Cash Equivalents**

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

**3. Restricted Assets**

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

Ashe County Restricted Cash

Governmental Activities		
General Fund	Tax Revaluation	\$ 102,560
General Fund	Register of Deeds	142,398
Capital Projects Fund	Education	752,118
Special Revenue Fund	Public Safety	569,561
Special Revenue Fund	Human Services	206,199
Total Governmental Activities		<u>\$ 1,772,836</u>
Business-Type Activities		
None		
Total Restricted Cash		<u>\$ 1,772,836</u>



ASHE COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**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, 2015. As allowed by state law, the County has established a schedule of discounts that apply to taxes which are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

**5. Allowances for Doubtful Accounts**

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

**6. Inventories**

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

**7. Capital Assets**

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

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

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

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

ASHE COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**8. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County currently has several items that meet this criterion - pension related deferrals and contributions made to the pension plan in the current fiscal year. In addition to liabilities, the statement of financial position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has several items that meet the criterion for this category - prepaid taxes, and other pension related deferrals.

**9. Long-term Obligations**

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

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

**10. Compensated Absences**

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

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

**11. Net Position / Fund Balances**

**Net Position**

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

**Fund Balances**

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

The governmental fund types classify fund balances as follows:

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

ASHE COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **12. Defined Benefit Pension Plans**

The County participates in two cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State; the Local Governmental Employees' Retirement System (LGERS) and the Register of Deeds' Supplemental Pension Fund (RODSPF) (collectively, the "state-administered defined benefit pension plans").

ASHE COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefits pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. Investments are reported at fair value.

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

**1. Explanation of certain differences between the governmental 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 \$28,525,191 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)	\$ 57,869,295
Less accumulated depreciation	<u>(19,350,579)</u>
Net capital assets	\$ 38,518,716
 Net pension asset - ROD	 81,353
 Deferred outflows of resources related to pensions	 638,856
 Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are unavailable in the fund statements	 680,612
 Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide. (Taxes)	 2,396,236
 Pension related deferrals	 (317,093)
 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	(10,488,066)
Compensated absences	(638,715)
Accrued interest payable	(145,376)
Other postemployment benefits payable	(1,598,958)
Net pension liability - LGERS	<u>(602,374)</u>
 Total adjustment	 <u>\$ 28,525,191</u>

ASHE COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**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 \$1,861,442 is comprised of the following:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 670,546
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.	(1,429,436)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statements.	2,726,526
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	575,446
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)	27,484
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources (Increase) Decrease in compensated absences payable.	32,236
Other postemployment benefits are accrued in the government-wide statements but not on the fund statements. (Increase) Decrease in OPEP liability.	(202,626)
County's portion of collective pension expense	(342,008)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements:	
(Increase) Decrease in deferred inflows - taxes receivable - at year end	(152,627)
(Increase) Decrease in accrued interest receivable on taxes at year end	(44,099)
Total adjustment	\$ 1,861,442

ASHE COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**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, 2016, the County's deposits had a carrying amount of \$4,765,977 and a bank balance of \$8,190,357. Of the bank balance, \$500,000 was covered by federal depository insurance, and \$5,030,462 in interest bearing deposits were covered by collateral held under the Pooling Method. At June 30, 2016, Ashe County had \$2,595 cash on hand.

**2. Investments**

At June 30, 2016 the County's investments consisted of \$12,107,495 in the North Carolina Capital Management Trust's Cash Portfolio, which carried a credit rating of AAA by Standard and Poor's. The County has no policy on credit risk.

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

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

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2012-13	\$ 1,830,677	\$ 599,547	\$ 2,430,224
2013-14	1,858,525	441,499	2,300,024
2014-15	1,877,679	276,958	2,154,637
2015-16	1,757,470	101,055	1,858,525
Total	<u>\$ 7,324,351</u>	<u>\$ 1,419,059</u>	<u>\$ 8,743,410</u>

ASHE COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**4. Receivables**

Receivables at the government-wide level at June 30, 2016, were as follows:

	Accounts	Taxes and Related Accrued Interest	Due from Other Governments	Due from Other Funds	Total
Governmental Activities:					
General	\$ 1,867,155	\$ 3,991,848	\$ 1,348,418	\$ -	\$ 7,207,421
Other Governmental	45,779				45,779
Total receivables	1,912,934	3,991,848	1,348,418		7,253,200
Allowance for doubtful accounts		(915,000)			(915,000)
 Total-governmental activities	 \$ 1,912,934	 \$ 3,076,848	 \$ 1,348,418	 \$ -	 \$ 6,338,200
Business-type Activities					
Environmental Services	823,225		33,363		856,588
Total receivables	823,225		33,363		856,588
Allowance for doubtful accounts					
Total-business-type activities	\$ 823,225	\$ -	\$ 33,363	\$ -	\$ 856,588

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

Local option sales tax	\$ 1,031,900
Sales tax and gas tax refund receivable	130,520
Scrap Tire and White Goods Disposal Tax	15,610
Restricted intergovernmental grants	203,751
Total	<u>\$ 1,381,781</u>

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**5. Capital Assets**

**Primary Government**

Capital asset activity for the year ended June 30, 2016, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 4,506,872	\$ -	\$ -	\$ 4,506,872
Construction in Progress				-
Total cap assets not being depreciated	<u>4,506,872</u>	<u>-</u>	<u>-</u>	<u>4,506,872</u>
<b>Capital assets being depreciated:</b>				
Buildings	33,842,952			33,842,952
Other improvements	6,501,009			6,501,009
Infrastructure	7,025,910	421,171		7,447,081
Equipment	3,499,832	114,664	377,150	3,237,346
Vehicles and motor equipment	2,300,285	134,711	100,961	2,334,035
Total capital assets being depreciated	<u>53,169,988</u>	<u>670,546</u>	<u>478,111</u>	<u>53,362,423</u>
Less accumulated depreciation for:				
Buildings	8,572,315	638,270		9,210,585
Other improvements	3,572,149	178,999		3,751,148
Infrastructure	1,677,696	291,793		1,969,489
Equipment	2,594,080	157,123	377,150	2,374,053
Vehicles and motor equipment	1,983,014	163,251	100,961	2,045,304
Total accumulated depreciation	<u>18,399,254</u>	<u>1,429,436</u>	<u>478,111</u>	<u>19,350,579</u>
Total capital assets being depreciated, net	<u>34,770,734</u>			<u>34,011,844</u>
<b>Governmental activity capital assets, net</b>	<u><u>\$ 39,277,606</u></u>			<u><u>38,518,716</u></u>

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

General government	\$ 323,002
Public safety	472,328
Transportation	300,001
Economic and physical development	19,309
Human services	73,380
Cultural and recreational	241,416
Total depreciation expense	<u><u>\$ 1,429,436</u></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				
Total cap assets not being depreciated	<u>\$ 128,198</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128,198</u>
<b>Capital assets being depreciated:</b>				
Building	207,958			207,958
Plant and distribution systems	4,239,593	12,700		4,252,293
Equipment	3,546,110	138,408	49,456	3,635,062
Total capital assets being depreciated	<u>7,993,661</u>	<u>151,108</u>	<u>49,456</u>	<u>8,095,313</u>
Less accumulated depreciation for:				
Building	73,706	4,160		77,866
Plant and distribution systems	998,134	85,893		1,084,027
Equipment	1,603,794	187,297	49,456	1,741,635
Total accumulated depreciation	<u>2,675,634</u>	<u>277,350</u>	<u>49,456</u>	<u>2,903,528</u>
Total cap assets being depreciated, net	<u>\$ 5,318,027</u>			<u>\$ 5,191,785</u>
<b>Environmental services capital assets, net</b>	<u>\$ 5,446,225</u>			<u>\$ 5,319,983</u>

**Construction commitments**

Ashe County has active construction projects as of June 30, 2016, which includes the Airport Runway Extension Paving and Lighting. At year-end, the County's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Airport Extension	\$ -	* \$ -
Total	<u>\$ -</u>	<u>\$ -</u>

**B. Liabilities**

**1. Payables**

Payables at the government-wide level at June 30, 2016, were as follows:

	Vendors	Salaries and Benefits	Accrued Interest	Other	Total
<b>Governmental Activities:</b>					
General	\$ 1,019,261	\$ -	\$ 145,376	\$ -	\$ 1,164,637
Other Governmental	178,518				178,518
Total-governmental activities	<u>\$ 1,197,779</u>	<u>\$ -</u>	<u>\$ 145,376</u>	<u>\$ -</u>	<u>\$ 1,343,155</u>
<b>Business-type Activities</b>					
Environmental services	\$ 36,605	\$ -	\$ 11,881	\$ -	\$ 48,486
Total - business-type activities	<u>\$ 36,605</u>	<u>\$ -</u>	<u>\$ 11,881</u>	<u>\$ -</u>	<u>\$ 48,486</u>

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**2. Pension Plan and Other Postemployment Obligations**

**a. Local Government Employees' Retirement System**

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

*Benefits Provided* . LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

*Contributions* . Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County contractually required contribution rate for the year ended June 30, 2016, was 7.150% of compensation for law enforcement officers and 6.760% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year. Contributions to the pension plan from the County were \$613,690 for the year ended June 30, 2016.

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*Refunds of Contributions.* County employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

***Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2016, the County reported an liability of \$644,112 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2015 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2015, the Town's proportion was 0.14352% which was a decrease of 0.00031% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the County recognized pension expense of \$313,531. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 151,402
Net difference between projected and actual earnings on pension plan investments		183,376
Changes in proportion and differences between County contributions and proportionate share of contributions	63,065	
County contributions subsequent to the measurement date	612,211	
Total	\$ 675,276	\$ 334,778

The \$612,211 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	
2017	\$ (194,209)
2018	(194,209)
2019	(194,113)
2020	310,818
2021	
Thereafter	
Total	\$ (271,713)

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*Actuarial Assumptions* . The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 8.55 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	2.2%
Global Equity	42.0%	5.8%
Real Estate	8.0%	5.2%
Alternatives	8.0%	9.8%
Credit	7.0%	6.8%
Inflation Protection	6.0%	3.4%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

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*Discount rate* . The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate, and that contribution from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the County proportionate share of the net pension asset to changes in the discount rate* . The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
County's proportionate share of the net pension liability (asset)	\$ 4,491,462	\$ 644,109	\$ (2,597,201)

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

**b. Law Enforcement Officers Special Separation Allowance**

**1. *Plan Description***

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, 2015, the Separation Allowance's membership consisted of:

Retirees receiving benefits	0
Terminated plan members entitled to but not yet receiving benefit	0
Active plan members	30
Total	30

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.

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**3. Contributions**

The County is required by Article 12D of G.S. Chapter 143 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. There were no contributions made by employees. The county paid \$0 of Law Enforcement Officers' Special Separation Allowance benefits for the year ended June 30, 2016.

**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, 2016 were \$66,426 for law enforcement officers and \$153,522 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, 2016, the plan held assets of \$756,238 that were payable to the plan participants.

**e. Registers of Deeds' Supplemental Pension Fund**

*Plan Description.* Ashe County also contributes to the Register of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefits provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members - nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Register of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Register of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 29699-1410, by calling (919)981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

*Benefits Provided.* An individual's benefits for the year are calculated as a share of accumulated contributions available for benefits for that year, subject to certain statutory limits. An individual's eligibility is based on at least 10 years of service as a register of deeds with the individual's share increasing with years of service. Because of the statutory limits noted above, not all contributions available for benefits are distributed.

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*Contributions* . Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Register of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$2,906 for the year ended June 30, 2016.

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

At June 30, 2016, the County reported an asset of \$81,338 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2015, the County's proportion was 0.35099% which was an increase of 0.01552% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the County recognized pension expense of \$(3,055). At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 398	\$ 1,346
Net difference between projected and actual earnings on pension plan investments		
Changes in proportion and difference between County contributions and proportionate share of contributions	4,034	2,657
County contributions subsequent to the measurement date	2,906	
Total	\$ 7,338	\$ 4,003

The \$2,906 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pension will be recognized in pension expenses as follows:

<b>Year ended June 30:</b>	
2017	\$ (593)
2018	(706)
2019	639
2020	1,089
2021	
Thereafter	
Total	\$ 429

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*Actuarial Assumptions.* The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 7.75 percent, included inflation and productivity factor
Investment rate of return	5.75 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markers data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectation of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2014 is 2.2%.

The information above is based on 30 years expectations developed with the consulting actuary for the 2014 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

*Discount rate.* The discount rate used to measure the total pension liability was 5.75%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate.* The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 5.75 percent, as well as what the County's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75 percent)



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or 1-percentage-point higher (6.75 percent) than the current rate:

	1% Decrease (4.75%)	Discount Rate (5.75%)	1% Increase (6.75%)
County's proportionate share of the net pension liability (asset)	\$ (73,385)	\$ (81,338)	\$ (88,183)

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

**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, 2015, the date of the latest actuarial valuation:

	General Employees:	Law Enforcement Officers:
Retirees and dependents receiving benefits	10	
Terminated plan members entitled to but not yet receiving benefits		
Active plan members	180	35
Total	190	35

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

The current ARC rate is 3.60% of annual covered payroll. For the current year, the County contributed \$111,304 or 1.24% 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

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amount actually contributed to the plan, and changes in the County's net OPEB obligation for the healthcare benefits:

Annual required contribution	\$ 321,680
Interest on net OPEB obligation	59,460
Adjustment to annual required contribution	<u>(56,803)</u>
Annual OPEB cost (expense)	324,337
Contributions made	<u>(111,304)</u>
Increase (decrease) in net OPEB obligation	213,033
Net OPEB obligation, beginning of year	<u>1,486,500</u>
Net OPEB obligation, end of year	<u><u>\$ 1,699,533</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 were as follows:

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2016	\$ 324,337	34.3%	\$ 1,699,533
2015	\$ 323,903	25.0%	\$ 1,486,500
2014	\$ 248,730	32.7%	\$ 1,243,607

*Funded Status and Funding Progress.* As of December 31, 2014 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 \$3,283,972. The covered payroll (annual payroll of active employees covered by the plan) was \$8,510,779 and the ratio of the UAAL to the covered payroll was 38.6 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, 2014, 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 7.50 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, 2014, was 30 years.

ASHE COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**g. Other Employment Benefits**

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. The County has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because all death benefit payments are made from the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. The County considers these contributions to be immaterial.

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

State and federal laws and regulations require the County to place a final cover on its Ashe County Landfill Facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post closure care costs as a operating expense in each period based on landfill capacity used as of each balance sheet date. The \$2,600,114 reported as landfill closure and post closure care liability at June 30, 2016 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 \$2,449,076 (for a total of \$5,049,190), 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 2015. The County expects to close the Ashe County facility in the year 2039, until a new cell is completed. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pensions - difference between expected and actual experience	\$ -	\$ -
LGERS		151,408
Register of Deeds	398	1,346
Pensions - difference between projected and actual investment earnings	4,034	183,376

ASHE COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Pension - change in proportion and difference between employer contributions and proportionate share of contributions		
LGERS	63,065	
Register of Deeds		2,657
Contributions to pension plan in 2014-2015 fiscal year		
LGERS	612,211	
Register of Deeds	2,906	
Prepaid taxes not yet earned		112,006
Taxes receivable (net) (General Fund only)		2,396,236
Total	<u>\$ 682,614</u>	<u>\$ 2,847,029</u>

**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 \$62,880,371, 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 through March 31, 2016. This changed to the state health plan as of April 1, 2016. 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, 2016, the County was defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

ASHE COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**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 \$9,700,000 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, 2016 was	\$ 881,819	
b. Ashe County entered into an installment financing contract for \$9,900,000 dated December 18, 2007 with PNC Bank to enable the County to construct a jail and law enforcement center (collateral). The County shall repay this balance in 40 semiannual payments of \$247,500 plus interest at 4.03% beginning February 28, 2008. The balance at June 30, 2016 was	5,692,500	
c. Ashe County entered into an installment financing contract for \$3,600,000 dated January 30, 2008 with PNC Bank to enable the County to further construction on a law enforcement center (collateral). The County shall repay this balance in 40 semiannual payments of \$90,000 plus interest at 4.03% beginning February 28, 2008. The balance at June 30, 2016 was	2,070,000	
d. 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, 2016 was	800,000	
e. 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, 2016 was	1,043,749	
Total	<table border="1" style="margin-left: auto; margin-right: 0;"> <tr> <td style="text-align: right;">\$ 10,488,068</td> </tr> </table>	\$ 10,488,068
\$ 10,488,068		

**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, 2016 was	\$ 700,000	
b. Ashe County entered into an installment financing contract for \$221,501 dated September 17, 2014 with Yadkin Bank in order to purchase a New Garbage Truck for Environmental Services. The County shall repay this balance in 6 semiannual payments of \$38,404, including interest at 2.25% beginning March 17, 2015. The balance at June 30, 2016 was	112,630	
Total	<table border="1" style="margin-left: auto; margin-right: 0;"> <tr> <td style="text-align: right;">\$ 812,630</td> </tr> </table>	\$ 812,630
\$ 812,630		

ASHE COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

The future minimum payments as of June 30, 2016 for the County's installment purchases, including interest are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2017	\$ 1,987,326	\$ 408,737	\$ 274,695	\$ 26,970
2018	1,458,236	334,746	237,936	17,634
2019	881,872	285,454	200,000	9,560
2020	881,872	247,143	100,000	1,912
2021	881,872	208,831		
2022-2026	3,384,390	578,557		
2027-2031	1,012,500	40,804		
Total Principal Payments	\$ 10,488,068		\$ 812,631	
Total Interest Payments		\$ 2,104,272		\$ 56,076

**b. Debt Related to Capital Activities**

Of the total Governmental Activities debt listed, only \$8,562,501 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, 2016:

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016	Current Portion of Balance
<u>Governmental activities:</u>					
Installment purchases	\$ 13,214,592	\$ -	\$ 2,726,525	\$ 10,488,067	\$ 1,987,326
Compensated absences	670,952		32,237	638,715	
Net pension liab. (LGERS)		602,374		602,374	
Other postemployment benefits	1,396,332	301,709	99,083	1,598,958	
Total governm. activities	\$ 15,281,876	\$ 904,083	\$ 2,857,845	\$ 13,328,114	\$ 1,987,326
<u>Business-type activities:</u>					
Installment Purchases	\$ 1,085,588	\$ -	\$ 272,958	\$ 812,630	\$ 274,695
Accrued landfill closure and post closure care costs	2,413,294	186,820		2,600,114	
Compensated absences	52,044	32,376	30,381	54,039	
Net pension liab. (LGERS)		41,738		41,738	
Other postemployment benefits	90,168	22,628	12,221	100,575	
Total bus-type activities	\$ 3,641,094	\$ 283,562	\$ 315,560	\$ 3,609,096	\$ 274,695

**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

ASHE COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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, 2016, 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, 2016, consists of the following:

From the General Fund to the Economic Development Capital Projects Fund	\$ 183,809
To the General Fund from the Economic Development Capital Projects Fund for Operating Expense	183,000
Total	<u>\$ 366,809</u>
Reimbursements From Emergency Telephone System Fund to General Fund for Public Safety Exp.	<u>\$ 150,000</u>

**D. Net Investment in Capital Assets**

Net investment in capital assets is calculated as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Total capital assets net fo depreciation	\$ 38,518,717	\$ 5,319,983
Debt for assets to which the County holds title	(8,562,501)	(812,630)
Net investment in capital assets	<u>\$ 29,956,216</u>	<u>\$ 4,507,353</u>

**E. Fund Balance**

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

Total fund balance - General Fund	\$ 12,856,471
Less:	
Stabilization by State Statute	3,215,573
Appropriated Fund Balance in 2017 budget	2,640,774
Register of Deeds	142,398
Tax Revaluation	102,560
Human Services	31,010
Public Safety	135,606
Remaining Fund Balance	<u>\$ 6,588,550</u>

**IV. Volunteer Fire Departments**

The County is not responsible for any debts of the volunteer fire departments, is not obligated to finance deficits and is not entitled to any surpluses of the departments. Fire district tax levies were made for twelve volunteer fire department in the County during the fiscal year ended June 30, 2016. These special fire district taxes were collected by the County and remitted to the twelve volunteer fire departments. These taxes are accounted for in a separate agency fund. The County Commissioners appoint Fire Protection District Commissions which report to the County regarding the expenditure of the tax monies.

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

ASHE COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**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, 2016. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$421,262 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, 2016. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$439,080 to the Center's to supplement its activities. Complete financial statements for the Health Department can be obtained from the Department's offices at P.O. Box 309, Sparta, NC 28675.

The County also participates in a joint venture to operate the Smoky Mountain Center with fifteen other local governments. Each participating government appoints one at-large member and one county commissioner member to the board of the Center. The County has an ongoing financial responsibility for the joint venture because the Center's continued existence depends on the participating governments' continued funding. None of the participating governments have an equity interest in the Center, so no equity interest has been reflected in the financial statements at June 30, 2016. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$164,682 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 \$413,177 to the community college for operating purposes, and \$7,500 for Capital Outlay during the fiscal year ended June 30, 2016. 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, 2016. Complete financial statements for the community college may be obtained from the community college's administrative offices at Collegiate Drive, Wilkesboro, NC 28697.



ASHE COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

**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 \$13,877 to the Council during the year ended June 30, 2016.

**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	\$ 105,166	\$ -
Medicaid	26,397,116	14,547,287
NC Health Choice	843,784	73,381
Food Stamp Program	5,920,168	
Title IV-E, Foster Care	153,317	219,550
Title IV-E, Adoption Assistance	87,694	103,440
Adult Assistance		289,759
Women, Infants, and Children	405,275	
Independent Living	5,100	
Total	\$ 33,917,620	\$ 15,233,417

**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 14, 2016.

## **Required Supplemental Financial Data**

- \* Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance
- \* Schedule of Funding Progress for the Other Postemployment Benefits
- \* Schedule of Employer Contributions for the Other Postemployment Benefits
- \* Schedule of Proportionate Share of Net Pension Asset for Local Government Employees' Retirement System
- \* Schedule of Contributions to Local Government Employees' Retirement System
- \* Schedule of Proportionate Share of Net Pension Asset for Register of Deeds Supplemental Pension Fund
- \* Schedule of Contributions to Register of Deeds Supplemental Pension Fund

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, 2016

The County has not had an actuarial valuation performed for the LEO Special Separation Allowance because the liability is considered to be immaterial; 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, 2016

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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)
12/31/2014	\$ -	\$ 3,283,972	\$ 3,283,972	0%	\$ 8,510,779	38.6%
12/31/2011	\$ -	\$ 2,510,165	\$ 2,510,165	0%	\$ 7,898,624	31.8%
12/31/2008	\$ -	\$ 2,696,321	\$ 2,696,321	0%	\$ 6,692,598	40.3%

ASHE COUNTY, NORTH CAROLINA  
OTHER POSTEMPLOYMENT BENEFITS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
FOR THE FISCAL YEAR JUNE 30, 2016

<u>Year Ended</u> <u>June 30</u>	<u>Annual OPEB</u> <u>Cost (AOC)</u>	<u>Percentage</u> <u>Contributed</u>
2016	324,337	34.3%
2015	323,903	21.0%
2014	248,730	32.7%

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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	12/31/2014
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of pay, open
Remaining amortization period	30 years
Amortization factor	26.1695
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return*	4.00%
Medical Trend Assumptions:	
Pre-Medicare trend rate	7.50% - 5.00%
Year of ultimate trend rate	2020
*Includes inflation at	3.00%

ASHE COUNTY, NORTH CAROLINA  
ASHE COUNTY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST THREE FISCAL YEARS\*

LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

	<u>2016</u> (6/30/15)	<u>2015</u> (6/30/14)	<u>2014</u> (6/30/13)
Ashe County's proportion of the net pension liability (asset) (%)	0.14352%	0.14383%	0.14100%
Ashe County's proportion of the net pension liability (asset) (\$)	\$ 644,109	\$ (793,824)	\$ 1,699,591
Ashe County's covered-employee payroll	\$8,680,657	\$ 8,468,587	\$ 8,145,582
Ashe County's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	7.42%	(9.37%)	20.87%
Plan fiduciary net position as a percentage of the total pension liability**	98.09%	102.64%	94.35%

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

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

ASHE COUNTY, NORTH CAROLINA  
ASHE COUNTY'S PENSION CONTRIBUTIONS  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST THREE FISCAL YEARS

LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

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

ASHE COUNTY, NORTH CAROLINA  
ASHE COUNTY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST THREE FISCAL YEARS\*

REGISTER OF DEEDS SUPPLEMENTAL PENSION FUND

	<u>2016</u> <u>(6/30/15)</u>	<u>2015</u> <u>(6/30/14)</u>	<u>2014</u> <u>(6/30/13)</u>
Ashe County's proportion of the net pension liability (asset) (%)	0.35099%	0.33547%	0.33261%
Ashe County's proportion of the net pension liability (asset) (\$)	\$ (81,338)	\$ (76,038)	\$ (71,045)
Ashe County's covered-employee payroll	\$ 60,066	\$ 59,469	\$ 63,300
Ashe County's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	135.41%	(127.86%)	(112.24%)
Plan fiduciary net position as a percentage of the total pension liability	197.29%	193.88%	190.50%

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





ASHE COUNTY, NORTH CAROLINA  
ASHE COUNTY'S PENSION CONTRIBUTIONS  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST THREE FISCAL YEARS

REGISTER OF DEEDS' SUPPLEMENTAL PENSION FUND

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



GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
<b>Ad Valorem Taxes</b>			
Current Year	\$ -	\$ 15,978,556	\$ -
Prior Years		730,650	
Penalties & Interest		365,027	
Total	<u>\$ 16,897,854</u>	<u>\$ 17,074,233</u>	<u>\$ 176,379</u>
<b>Local Option Sales Taxes:</b>			
Article 39	\$ -	\$ 2,292,328	\$ -
Article 44		351	
Article 40 One-Half of One Percent		1,631,161	
Article 42 One-Half of One Percent		1,218,088	
Article 46 One-Fourth of One Percent		580,451	
Total	<u>\$ 5,410,000</u>	<u>\$ 5,722,379</u>	<u>\$ 312,379</u>
<b>Other Taxes</b>			
Video Programming Distribution	\$ -	\$ 85,906	\$ -
Gross Receipts Auto Tax		3,313	
Occupancy Tax		278,645	
Deed Stamp Excise Tax		135,052	
Medicaid Hold Harmless			
Total	<u>\$ 458,300</u>	<u>\$ 502,916</u>	<u>\$ 44,616</u>
<b>Unrestricted Intergovernmental Revenues</b>			
Payments in Lieu of Taxes	\$ -	\$ 6,079	\$ -
Total	<u>\$ -</u>	<u>\$ 6,079</u>	<u>\$ 6,079</u>
<b>Restricted Intergovernmental Revenues</b>			
State Grants	\$ -	\$ 2,166,852	\$ -
Federal Grants		5,256,053	
Controlled Substance Tax		2,890	
Court Facility Fees		23,216	
ABC Profits for Law Enforcement		4,884	
Total	<u>\$ 7,355,901</u>	<u>\$ 7,453,895</u>	<u>\$ 97,994</u>
<b>Licenses &amp; Permits</b>			
Gun Permits	\$ -	\$ 23,340	\$ -
Planning Department Fees		26,545	
Sheriff Department Fees and Reimb		95,919	
Building Permits/Inspection Fees		153,684	
Privilege Licenses		1,035	
Road Signs		2,173	
Animal License & Adoption Fee		7,208	
Register of Deeds		160,021	
Total	<u>\$ 384,450</u>	<u>\$ 469,925</u>	<u>\$ 85,475</u>

GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Sales &amp; Services</b>			
DSS Fees and Other Sales	\$ -	\$ 13,416	\$ -
Sheriff Dept Sales & Services		83,819	
Rents & Concessions		166,610	
Court Costs		54,204	
Jail Fees & Inmate Reimbursements		359,166	
Drug Fines & Forfeitures		36,832	
Recreational Department		55,968	
Airport Revenues		108,429	
DMV Fees		113,840	
Tax Collection Fees		791	
Copy Fees & Other Sales		15,804	
E911 Special Revenue Reimb		150,000	
Town Election Reimb		7,737	
Emerg. Mgmt./Hazmat Reimbursement		288	
Candidate Filing Fee		2,096	
Total	<u>\$ 1,160,825</u>	<u>\$ 1,169,000</u>	<u>\$ 8,175</u>
<b>Investment Earnings</b>			
Investment Earnings	\$ -	\$ 8,564	\$ -
Total	<u>\$ 5,350</u>	<u>\$ 8,564</u>	<u>\$ 3,214</u>
<b>Miscellaneous</b>			
Insurance Proceeds	\$ -	\$ -	\$ -
Reimbursement on 1904 Courthouse			
Sale of Assets & Materials		11,929	
Other Grants & Donations		665	
Other			
Total	<u>\$ -</u>	<u>\$ 12,594</u>	<u>\$ 12,594</u>
<b>TOTAL REVENUES</b>	<b><u>\$ 31,672,680</u></b>	<b><u>\$ 32,419,585</u></b>	<b><u>\$ 746,905</u></b>
<b>EXPENDITURES</b>			
<b>General Government</b>			
Governing Body			
Salaries & Employee Benefits	\$ -	\$ 89,999	\$ -
Operating Expenses		88,957	
Capital Outlay			
Total	<u>\$ 190,899</u>	<u>\$ 178,956</u>	<u>\$ 11,943</u>
Administration			
Salaries & Employee Benefits	\$ -	\$ 203,655	\$ -
Operating Expenses		24,538	
Capital Outlay			
Total	<u>\$ 244,328</u>	<u>\$ 228,193</u>	<u>\$ 16,135</u>
Finance			
Salaries & Employee Benefits	\$ -	\$ 277,737	\$ -
Operating Expenses		48,488	
Capital Outlay			
Total	<u>\$ 360,989</u>	<u>\$ 326,225</u>	<u>\$ 34,764</u>

GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Tax Administration</b>			
Salaries & Employee Benefits	\$ -	\$ 856,049	\$ -
Operating Expenses		140,228	
Capital Outlay		-	
Total	<u>\$ 1,080,710</u>	<u>\$ 996,277</u>	<u>\$ 84,433</u>
<b>Elections</b>			
Salaries & Employee Benefits	\$ -	\$ 114,960	\$ -
Operating Expenses		114,186	
Capital Outlay			
Total	<u>\$ 253,411</u>	<u>\$ 229,146</u>	<u>\$ 24,265</u>
<b>Register of Deeds</b>			
Salaries & Employee Benefits	\$ -	\$ 333,941	\$ -
Operating Expenses		88,586	
Capital Outlay			
Total	<u>\$ 448,430</u>	<u>\$ 422,527</u>	<u>\$ 25,903</u>
<b>Legal</b>			
Contracted Services	\$ -	\$ 63,958	\$ -
Total	<u>\$ 68,450</u>	<u>\$ 63,958</u>	<u>\$ 4,492</u>
<b>Data Processing (IT)</b>			
Salaries & Employee Benefits	\$ -	\$ 233,394	\$ -
Operating Expenses		120,195	
Capital Outlay		15,509	
Total	<u>\$ 435,235</u>	<u>\$ 369,098</u>	<u>\$ 66,137</u>
<b>Courts</b>			
Operating Expenses	\$ -	\$ 17,738	\$ -
Capital Outlay			
Total	<u>\$ 63,600</u>	<u>\$ 17,738</u>	<u>\$ 45,862</u>
<b>Public Buildings</b>			
Salaries & Employee Benefits	\$ -	\$ 300,305	\$ -
Operating Expenses		843,636	
Capital Outlay			
Total	<u>\$ 1,274,069</u>	<u>\$ 1,143,941</u>	<u>\$ 130,128</u>
<i>Total General Government</i>	<u>\$ 4,420,121</u>	<u>\$ 3,976,059</u>	<u>\$ 444,062</u>
<b>Public Safety</b>			
Law Enforcement			
Salaries & Employees Benefits	\$ -	\$ 1,963,346	\$ -
Operating Expenses		261,519	
Capital Outlay		96,052	
Total	<u>\$ 2,464,807</u>	<u>\$ 2,320,917</u>	<u>\$ 143,890</u>

GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Corrections			
Salaries & Employee Benefits	\$ -	\$ 1,123,029	\$ -
Operating Expenses		575,650	
Capital Outlay			
Total	<u>\$ 1,937,011</u>	<u>\$ 1,698,679</u>	<u>\$ 238,332</u>
Ambulance & Rescue			
Ambulance Service - Contracted	\$ -	\$ 950,827	\$ -
Donation to Community Ambulance Services		15,000	
Rescue Unit		49,000	
Total	<u>\$ 1,014,827</u>	<u>\$ 1,014,827</u>	<u>\$ -</u>
Emergency Management			
Salaries & Employee Benefits	\$ -	\$ 112,763	\$ -
Operating Expenses		32,834	
Capital Outlay			
Total	<u>\$ 154,015</u>	<u>\$ 145,597</u>	<u>\$ 8,418</u>
Inspections			
Salaries & Employee Benefits	\$ -	\$ 254,850	\$ -
Operating Expenses		30,068	
Capital Outlay		27,361	
Total	<u>\$ 350,939</u>	<u>\$ 312,279</u>	<u>\$ 38,660</u>
Animal Control			
Salaries & Employee Benefits	\$ -	\$ 166,436	\$ -
Operating Expenses		40,534	
Capital Outlay			
Total	<u>\$ 229,334</u>	<u>\$ 206,970</u>	<u>\$ 22,364</u>
Fire			
Professional Services	\$ -	\$ 88,376	\$ -
Contributions to Volunteer Fire Department		82,006	
Total	<u>\$ 216,787</u>	<u>\$ 170,382</u>	<u>\$ 46,405</u>
E911 Coordinator			
Salaries & Employee Benefits	\$ -	\$ 53,938	\$ -
Operating Expenses		3,438	
Capital Outlay			
Total	<u>\$ 64,840</u>	<u>\$ 57,376</u>	<u>\$ 7,464</u>
Medical Examiner			
Contracted Services	\$ -	\$ 21,550	\$ -
Total	<u>\$ 28,500</u>	<u>\$ 21,550</u>	<u>\$ 6,950</u>
Communications			
Salaries & Employee Benefits	\$ -	\$ 436,544	\$ -
Operating Expenses		35,185	
Capital Outlay			
Total	<u>\$ 498,550</u>	<u>\$ 471,729</u>	<u>\$ 26,821</u>

GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
E-911 Operations			
Operating Expenses	\$ -	\$ 23,427	\$ -
Capital Outlay		-	
Total	<u>\$ 164,986</u>	<u>\$ 23,427</u>	<u>\$ 141,559</u>
<i>Total Public Safety</i>	<u>\$ 7,124,596</u>	<u>\$ 6,443,733</u>	<u>\$ 680,863</u>
<b>Transportation</b>			
Airport			
Salaries & Employee Benefits	\$ -	\$ 67,265	\$ -
Operating Expenses		115,457	
Capital Outlay		421,171	
Total			
<i>Total Transportation</i>	<u>\$ 799,966</u>	<u>\$ 603,893</u>	<u>\$ 196,073</u>
<b>Economic &amp; Physical Development</b>			
Planning & Zoning			
Salaries & Employee Benefits	\$ -	\$ 116,189	\$ -
Operating Expenses		10,919	
Capital Outlay			
Total	<u>\$ 143,083</u>	<u>\$ 127,108</u>	<u>\$ 15,975</u>
Economic Development			
Salaries & Employee Benefits	\$ -	\$ 72,171	\$ -
Operating Expenses		24,102	
Capital Outlay			
Total	<u>\$ 185,812</u>	<u>\$ 96,273</u>	<u>\$ 89,539</u>
Cooperative Extension			
Salaries & Employee Benefits	\$ -	\$ 40,945	\$ -
Contracts		233,869	
Operating Expenses		57,499	
Capital Outlay			
Total	<u>\$ 357,587</u>	<u>\$ 332,313</u>	<u>\$ 25,274</u>
Soil Conservation			
Salaries & Employee Benefits	\$ -	\$ 121,046	\$ -
Operating Expenses			
Capital Outlay			
Total	<u>\$ 123,292</u>	<u>\$ 121,046</u>	<u>\$ 2,246</u>
Donations & Subsidies			
AEV Building Reuse Grant	\$ -	\$ 500,000	\$ -
Industry Incentives		158,000	
Ashe County Chamber of Commerce		95,548	
Total	<u>\$ 763,000</u>	<u>\$ 753,548</u>	<u>\$ 9,452</u>
<i>Total Economic &amp; Physical Development</i>	<u>\$ 1,572,774</u>	<u>\$ 1,430,288</u>	<u>\$ 142,486</u>



GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Human Services</b>			
Health			
Contribution to District Health Dept.	\$ 439,080	\$ 439,080	\$ -
Mental Health			
ABC Rehab Tax Distribution	\$ -	\$ 4,884	\$ -
Professional Services		1,404	
District Mental Health Dept.		164,682	
Total	<u>\$ 174,566</u>	<u>\$ 170,970</u>	<u>\$ 3,596</u>
Social Services			
Administration			
Salaries & Employee Benefits	\$ -	\$ 4,678,058	\$ -
Operating Expenses		532,478	
Capital Outlay		44,350	
		<u>5,254,886</u>	
Aid to the Blind		\$ 731	
Food Stamp Issuance Cost		6,677	
Special Assistance to Adults		289,758	
Medicaid Transportation		732,420	
Day Care Contracted Services		892,632	
Foster Care & Boarding Home		624,245	
Crisis Intervention Payments		140,186	
Adult Day Care		49,039	
Adoption Expenditures		51,479	
Work First & TNF Expenditures		51,703	
Low Income Energy Assistance Payments		128,000	
Other 100% County SS Expense		125,640	
Total Social Services	<u>\$ 9,172,610</u>	<u>\$ 8,347,396</u>	<u>\$ 825,214</u>
Veterans Service Officer			
Salaries & Employee Benefits	\$ -	\$ 54,289	\$ -
Operating Expenses		2,309	
Capital Outlay			
Total	<u>\$ 66,276</u>	<u>\$ 56,598</u>	<u>\$ 9,678</u>
Donations and Subsidies			
Ashe Youth Services	\$ -	\$ 4,488	\$ -
Juvenile Medication Program		18,319	
Project Challenge		33,070	
JCPC Operational		18,071	
CIS - Pairs		25,036	
A Safe Home for Everyone		10,000	
Ashe Co. Transportation Auth.		144,061	
Adult Developmental Activities Program		74,153	
Blue Ridge Opportunity Commission		3,700	
Project Graduation		5,000	
Riverview Community Center		12,670	

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Budget	Actual	Variance Favorable (Unfavorable)
New River Senior Services		20,000	
Mountain Farm Life Museum		437	
AMH/ Healthy Carolinas		500,000	
Hospitality House		7,500	
Wilkes Vocational Workshop		2,700	
Ashe Services for Aging		405,000	
National Guard Armory		88	
VFW DAV of Ashe Co. Chapter		1,248	
Ashe Medication Asst. Program		12,000	
Total	<u>\$ 1,312,480</u>	<u>\$ 1,297,541</u>	<u>\$ 14,939</u>
<i>Total Human Services</i>	<u>\$ 11,165,012</u>	<u>\$ 10,311,585</u>	<u>\$ 853,427</u>
<b>Cultural and Recreational</b>			
Parks & Recreation			
Salaries & Employee Benefits	\$ -	\$ 343,925	\$ -
Operating Expenses		217,637	
Capital Outlay		13,937	
Total	<u>\$ 627,112</u>	<u>\$ 575,499</u>	<u>\$ 51,613</u>
Contributions			
Contribution to Northern Park Trail		\$ 8,000	
Contributions to Regional Library		421,262	-
Contribution to Ashe Civic Center		86,548	
Contribution to 1904 Courthouse		86,548	
Contributions to Ashe Co. Arts Council		30,000	
Total	<u>\$ 600,732</u>	<u>\$ 632,358</u>	<u>\$ (31,626)</u>
<i>Total Cultural and Recreational</i>	<u>\$ 1,227,844</u>	<u>\$ 1,207,857</u>	<u>\$ 19,987</u>
<b>Education</b>			
Public Schools - Current Expense	\$ -	\$ 4,641,903	\$ -
Public Schools - Pool R&M		5,000	
Public Schools - Capital Outlay		207,714	
Public School - Equipment/Technology		118,072	
Wilkes Comm. College - One Time Operation Supply		59,140	
Wilkes Comm. College - Current Expense		354,037	
Wilkes Comm. College - Capital Outlay		7,500	
<i>Total Education</i>	<u>\$ 5,401,652</u>	<u>\$ 5,393,366</u>	<u>\$ 8,286</u>
<b>Debt Service</b>			
Principal - Education	\$ -	\$ 1,444,654	\$ -
Interest - Education		74,530	
Principal - Public Buildings		1,075,000	
Interest - Public Buildings		366,804	
<i>Total Debt Service</i>	<u>\$ 2,961,539</u>	<u>\$ 2,960,988</u>	<u>\$ 551</u>
<i>Contingency</i>	<u>\$ 199,830</u>	<u>\$ -</u>	<u>\$ 199,830</u>
<b>TOTAL EXPENDITURES</b>	<u><b>\$ 34,873,334</b></u>	<u><b>\$ 32,327,769</b></u>	<u><b>\$ 2,545,565</b></u>

GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenues Over (Under) Expenditures</b>	\$ (3,200,654)	\$ 91,816	\$ 3,292,470
<b>Other Financing Sources (Uses)</b>			
Operating Transfers - In (Out):			
From Econ. Dev. Cap. Project Fund	183,000	183,000	
To Government Buildings Cap. Project Fund	(50,000)		(50,000)
To Econ. Dev. Capital Project Fund	(183,809)	(183,809)	-
Appropriated Fund Balance	3,251,463		(3,251,463)
<b>Total Other Financing Sources (Uses)</b>	<u>\$ 3,200,654</u>	<u>\$ (809)</u>	<u>\$ (3,201,463)</u>
<b>Excess of Revenues &amp; Other Sources Over (Under) Expenditures &amp; Other (Uses)</b>	<u>\$ -</u>	<u>\$ 91,007</u>	<u>\$ 91,007</u>
<b>Fund Balance</b>			
Beginning of Year, July 1		<u>12,662,905</u>	
End of Year, June 30		<u>\$ 12,753,912</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, 2016

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

ASHE COUNTY, NORTH CAROLINA  
ASHE COUNTY SCHOOLS CAPITAL PROJECTS FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Restricted Intergovernmental Revenue			
Public School Building Capital Fund			
Lottery Funds	\$ 274,030	\$ 274,030	\$ -
IRS Reimbursement of QSCB Interest	62,256	62,591	335
Investment Earnings			
<b>Total Revenues</b>	<u>\$ 336,286</u>	<u>\$ 336,621</u>	<u>\$ 335</u>
<b>Expenditures:</b>			
Capital Outlay:			
Construction Projects	\$ -	\$ -	\$ -
Total	<u>\$ 565,364</u>	<u>\$ -</u>	<u>\$ 565,364</u>
Debt Services:			
QSCB Principal	\$ -	\$ 206,872	\$ -
QSCB Interest		67,158	
Total	<u>\$ 274,030</u>	<u>\$ 274,030</u>	<u>\$ -</u>
<b>Total Expenditures</b>	<u>\$ 839,394</u>	<u>\$ 274,030</u>	<u>\$ 565,364</u>
Revenues Over (Under) Expenditures	<u>\$ (503,108)</u>	<u>\$ 62,591</u>	<u>\$ 565,699</u>
<b>Other Financing Sources &amp; Uses</b>			
Transfer to General Fund	\$ -	\$ -	\$ -
Fund Balance Appropriated	503,108		(503,108)
<b>Total Other Financing Sources &amp; Uses</b>	<u>\$ 503,108</u>	<u>\$ -</u>	<u>\$ (503,108)</u>
Revenues and Other Sources			
Over (Under) Expenditures & Other Uses	<u>\$ -</u>	\$ 62,591	<u>\$ 62,591</u>
Fund Balance, July 1		<u>\$ 689,527</u>	
Fund Balance, June 30		<u>\$ 752,118</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, 2016

	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	\$ -	\$ -	\$ -	\$ -	\$ 5	\$ 767,660	\$ 927,080	1,694,745	1,694,745
Restricted Cash	569,561	181,727	24,472	775,760				-	775,760
Accounts Receivable	21,268	24,511		45,779					45,779
Due from Other Governments									
<b>Total Assets</b>	<b>\$ 590,829</b>	<b>\$ 206,238</b>	<b>\$ 24,472</b>	<b>\$ 821,539</b>	<b>\$ 5</b>	<b>\$ 767,660</b>	<b>\$ 927,080</b>	<b>\$ 1,694,745</b>	<b>\$ 2,516,284</b>
<b>Liabilities &amp; Fund Balance</b>									
Accounts Payable	\$ 177,622	\$ 891	\$ -	\$ 178,513	\$ 5	\$ -	\$ -	\$ 5	\$ 178,518
Due to Other Funds									
<b>Total Liabilities</b>	<b>\$ 177,622</b>	<b>\$ 891</b>	<b>\$ -</b>	<b>\$ 178,513</b>	<b>\$ 5</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5</b>	<b>\$ 178,518</b>
Fund Balance									
Restricted									
Restricted by State Statute	\$ 21,268	\$ 24,511	\$ -	\$ 45,779	\$ -	\$ -	\$ -	\$ -	\$ 45,779
Restricted for E911	391,939			391,939					391,939
Restricted for 4-H		180,836	24,472	205,308					205,308
Committed:									
For Capital Projects						767,660	927,080	1,694,740	1,694,740
Unassigned									
<b>Total Fund Balance</b>	<b>\$ 413,207</b>	<b>\$ 205,347</b>	<b>\$ 24,472</b>	<b>\$ 643,026</b>	<b>\$ -</b>	<b>\$ 767,660</b>	<b>\$ 927,080</b>	<b>\$ 1,694,740</b>	<b>\$ 2,337,766</b>
<b>Total Liabilities &amp; Fund Balance</b>	<b>\$ 590,829</b>	<b>\$ 206,238</b>	<b>\$ 24,472</b>	<b>\$ 821,539</b>	<b>\$ 5</b>	<b>\$ 767,660</b>	<b>\$ 927,080</b>	<b>\$ 1,694,745</b>	<b>\$ 2,516,284</b>

ASHE COUNTY, NORTH CAROLINA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Special Revenue Funds</u>			<u>Total Nonmajor Special Revenue Funds</u>	<u>Capital Projects Funds</u>			<u>Total Nonmajor Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Emergency Telephone System Fund</u>	<u>4-H Program Activities Fund</u>	<u>4-H Program Afterschool Fund</u>		<u>CDBG Fund</u>	<u>Government Buildings Fund</u>	<u>Economic Development Fund</u>		
<b>Revenues</b>									
Investment Earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted Intergovernmental Revenues	255,219	368,984		624,203	21,000			21,000	645,203
Local Fund Raising & Other Revenues		43,749		43,749					43,749
Sales & Service		4,472		4,472					4,472
Other Taxes & Licenses									
<b>Total Revenues</b>	<u>\$ 255,219</u>	<u>\$ 417,205</u>	<u>\$ -</u>	<u>\$ 672,424</u>	<u>\$ 21,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,000</u>	<u>\$ 693,424</u>
<b>Expenditures</b>									
General Government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public Safety	379,798			379,798					379,798
Human Services		397,296		397,296					397,296
Capital Outlay						10,063		10,063	10,063
Economic Development					21,000		60,000	81,000	81,000
<b>Total Expenditures</b>	<u>\$ 379,798</u>	<u>\$ 397,296</u>	<u>\$ -</u>	<u>\$ 777,094</u>	<u>\$ 21,000</u>	<u>\$ 10,063</u>	<u>\$ 60,000</u>	<u>\$ 91,063</u>	<u>\$ 868,157</u>
Revenues Over (Under) Expenditures	\$ (124,579)	\$ 19,909	\$ -	\$ (104,670)	\$ -	\$ (10,063)	\$ (60,000)	\$ (70,063)	\$ (174,733)
Other Financing Sources									
Transfer-In							183,809	183,809	183,809
Transfer-Out							(183,000)	(183,000)	(183,000)
Loan Proceeds									
Revenues & Other Sources Over (Under) Expenditures	(124,579)	19,909	-	(104,670)		(10,063)	(59,191)	(69,254)	(173,924)
Fund Balance, July 1	537,786	185,438	24,472	747,696		777,723	986,271	1,763,994	2,511,690
Fund Balance, June 30	<u>\$ 413,207</u>	<u>\$ 205,347</u>	<u>\$ 24,472</u>	<u>\$ 643,026</u>	<u>\$ -</u>	<u>\$ 767,660</u>	<u>\$ 927,080</u>	<u>\$ 1,694,740</u>	<u>\$ 2,337,766</u>



ASHE COUNTY, NORTH CAROLINA  
EMERGENCY TELEPHONE SYSTEM FUND (E911)  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Restricted Intergovernmental:			
E911 Wireless Surcharge	\$ 255,279	\$ 255,219	\$ (60)
<b>Total Revenues</b>	\$ 255,279	\$ 255,219	\$ (60)
<b>Expenditures</b>			
<u>Public Safety :</u>			
Wireless E911 Communications:			
Operating Expenses	\$ -	\$ 327,629	\$ -
Capital Outlay		52,169	
<b>Total Expenditures</b>	\$ 464,591	\$ 379,798	\$ 84,793
Excess of Revenues Over (Under) Expenditures	\$ (209,312)	\$ (124,579)	\$ 84,733
Other Financing Sources (Uses) Appropriated Fund Balance	209,312		(209,312)
Excess of Revenues & Other Sources Over (Under) Expenditures	\$ -	\$ (124,579)	\$ (124,579)
Fund Balance, July 1		537,786	
Fund Balance, June 30		413,207	

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, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b><u>Restricted Intergovernmental Revenue:</u></b>			
State Grants	\$ -	\$ 4,000	\$ -
Federal Grants		364,984	
Title XX - Summer Parks		-	
Title XX - TRAC		-	
Total	<u>\$ 453,845</u>	<u>\$ 368,984</u>	<u>\$ (84,861)</u>
<b><u>Sales and Service:</u></b>			
Program Fees	\$ -	\$ 4,472	\$ -
Total	<u>\$ 42,000</u>	<u>\$ 4,472</u>	<u>\$ (37,528)</u>
<b><u>Other Revenues:</u></b>			
Donations	\$ -	\$ 8,402	\$ -
Total	<u>\$ 40,780</u>	<u>\$ 8,402</u>	<u>\$ (32,378)</u>
<b><u>Miscellaneous Revenues:</u></b>			
4-H General	\$ -	\$ 25,239	\$ -
4-H AG Expo		10	
Children's Trust		7,640	
4-H LEADS		132	
4-H SOS		2,326	
Total	<u>\$ 124,123</u>	<u>\$ 35,347</u>	<u>\$ (88,776)</u>
<b>Total Revenues</b>	<u>\$ 660,748</u>	<u>\$ 417,205</u>	<u>\$ (243,543)</u>
<b><u>Expenditures</u></b>			
General 4-H			
Salaries & Employee Benefits	\$ -	\$ -	\$ -
Operating Expenses		19,862	
Capital Outlay			
Total		<u>\$ 19,862</u>	
Summer Parks Program			
Salaries & Employee Benefits		\$ -	
Operating Expenses		7,890	
Capital Outlay			
Total		<u>\$ 7,890</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, 2016

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Children's Trust Program			
Salaries & Employee Benefits		\$ -	
Operating Expenses		1,071	
Capital Outlay			
Total		<u>\$ 1,071</u>	
4-H Link General			
Salaries & Employee Benefits		\$ -	
Operating Expenses		3,488	
Capital Outlay			
Total		<u>\$ 3,488</u>	
4-H SOS Alleghany			
Salaries & Employee Benefits		\$ 249,581	
Operating Expenses		115,404	
Capital Outlay			
Total		<u>\$ 364,985</u>	
<b>Total Expenditures</b>	<u>\$ 660,748</u>	<u>\$ 397,296</u>	<u>\$ 263,452</u>
Revenues Over (Under) Expenditures	\$ -	\$ 19,909	\$ 19,909
Other Financing Sources			
Fund Balance Appropriated	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenues & Other Sources Over (Under) Expenditures	<u>\$ -</u>	\$ 19,909	<u>\$ 19,909</u>
Fund Balance, July 1		<u>\$ 185,438</u>	
Fund Balance, June 30		<u>\$ 205,347</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, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b><u>Restricted Intergovernmental Revenues:</u></b>			
Title XX	\$ -	\$ -	\$ -
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b><u>Sales and Service:</u></b>			
Parent Fees	\$ -	\$ -	\$ -
Total	<u>\$ 6,000</u>	<u>\$ -</u>	<u>\$ (6,000)</u>
<b><u>Other Revenues</u></b>			
Miscellaneous	\$ -	\$ -	\$ -
Total	<u>\$ 2,775</u>	<u>\$ -</u>	<u>\$ (2,775)</u>
<b>Total Revenues</b>	<u>\$ 8,775</u>	<u>\$ -</u>	<u>\$ (8,775)</u>
<b><u>Expenditures:</u></b>			
Blue Ridge Elementary			
Salaries & Fringe Benefits	\$ -	\$ -	\$ -
Operating Expenses			
Capital Outlay			
Total		<u>\$ -</u>	
Mountain View Elementary			
Salaries & Fringe Benefits		\$ -	
Operating Expenses			
Capital Outlay			
Total		<u>\$ -</u>	
Westwood Elementary			
Salaries & Fringe Benefits		\$ -	
Operating Expenses			
Capital Outlay			
Total		<u>\$ -</u>	
<b>Total Expenditures</b>	<u>\$ 8,775</u>	<u>\$ -</u>	<u>\$ 8,775</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, 2016

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

ASHE COUNTY, NORTH CAROLINA  
CDBG CAPITAL PROJECTS FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
		<u>Prior Years</u>	<u>Current Year</u>		
<b>Revenues</b>					
<b>Restricted Intergovernmental Revenues:</b>					
CBDG Commerce Fellows Grant Grant # 02-D-2678	\$ 27,476	\$ -	\$ 21,000	\$ 21,000	\$ (6,476)
<b>Total Revenues</b>	<u>\$ 27,476</u>	<u>\$ -</u>	<u>\$ 21,000</u>	<u>\$ 21,000</u>	<u>\$ (6,476)</u>
<b>Expenditures</b>					
Community Development:					
Training/Employee Education	\$ 27,476	\$ -	\$ 21,000	\$ 21,000	\$ 6,476
<b>Total Expenditures</b>	<u>\$ 27,476</u>	<u>\$ -</u>	<u>\$ 21,000</u>	<u>\$ 21,000</u>	<u>\$ 6,476</u>
Revenue Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Other Financing Sources</b>					
Operating Transfers In	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Other Financing Sources</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenue and Other Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance, July 1			<u>\$ -</u>		
Fund Balance, June 30			<u>\$ -</u>		

ASHE COUNTY, NORTH CAROLINA  
GOVERNMENT BUILDINGS CAPITAL PROJECTS FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Budget</u>	<u>Actual</u> <u>Current</u> <u>Year</u>	<u>Variance</u> <u>Favorable</u> <u>(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.	\$ -	\$ 10,063	\$ -
Capital Outlay		-	
<b>Total Expenditures</b>	<u>\$ 200,000</u>	<u>\$ 10,063</u>	<u>189,937</u>
Revenues Over (Under) Expenditures	<u>\$ (200,000)</u>	<u>\$ (10,063)</u>	<u>\$ 189,937</u>
<b>Other Financing Sources</b>			
Transfers In	\$ 50,000	\$ -	\$ (50,000)
Fund Balance Appropriated	<u>150,000</u>		<u>(150,000)</u>
<b>Total Other Financing Sources</b>	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ (200,000)</u>
Revenue and Other Sources Over (Under) Expenditures	<u>\$ -</u>	\$ (10,063)	<u>\$ (10,063)</u>
Fund Balance, July 1		<u>\$ 777,723</u>	
Fund Balance, June 30		<u>\$ 767,660</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, 2016

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Investment Earnings	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Expenditures</b>			
Economic Development:			
Capital Outlay Related	<u>\$ 183,809</u>	<u>\$ 60,000</u>	<u>\$ 123,809</u>
Revenues Over (Under) Expenditures	\$ (183,809)	\$ (60,000)	\$ 123,809
<b>Other Financing Sources &amp; Uses</b>			
Operating Transfers - In (From General Fund)	\$ 183,809	\$ 183,809	\$ -
Operating Transfers - Out (To General Fund)	(183,000)	(183,000)	-
Fund Balance Appropriated	<u>183,000</u>	<u></u>	<u>(183,000)</u>
<b>Total Other Fin. Sources &amp; Uses</b>	\$ 183,809	\$ 809	\$ (183,000)
Revenues & Other Sources Over (Under) Expenditures & Other Uses	<u>\$ -</u>	\$ 59,191	<u>\$ 59,191</u>
Fund Balance, July 1		<u>\$ 982,271</u>	
Fund Balance, June 30		<u>\$ 923,080</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, 2016

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Operating Revenues:			
Charges for Services:			
SWDF - Household Fees	\$ -	\$ 2,031,688	\$ -
SWDF - Commercial Fees		394,883	
Recycling Revenues		135,210	
Miscellaneous Revenue		4,217	
Total Operating Revenues	<u>\$ 2,520,800</u>	<u>\$ 2,565,998</u>	<u>\$ 45,198</u>
Non-Operating Revenue:			
Investment Earnings	<u>\$ 300</u>	<u>\$ 5,161</u>	<u>\$ 4,861</u>
Total Revenues	<u>\$ 2,521,100</u>	<u>\$ 2,571,159</u>	<u>\$ 50,059</u>
Expenditures:			
Environmental Services-Collections			
Salaries & Employee Benefits	\$ -	\$ 700,137	\$ -
Operating Expenses		302,583	
Capital Outlay		95,838	
Total Environmental Services-Collections	<u>\$ 1,290,817</u>	<u>\$ 1,098,558</u>	<u>\$ 192,259</u>
Environmental Services-Disposal			
Salaries & Employee Benefits	\$ -	\$ 309,930	\$ -
Operating Expenses		353,410	
Capital Outlay		55,271	
Total Environmental Services-Disposal	<u>\$ 938,462</u>	<u>\$ 718,611</u>	<u>\$ 219,851</u>
Debt Service			
Principal		\$ 272,958	\$ -
Interest		36,355	
Total Debt Service	<u>\$ 309,271</u>	<u>\$ 309,313</u>	<u>\$ (42)</u>
Total Expenditures	<u>\$ 2,538,550</u>	<u>\$ 2,126,482</u>	<u>\$ 412,068</u>
Revenues Over (Under) Expenditures	<u>\$ (17,450)</u>	<u>\$ 444,677</u>	<u>\$ 462,127</u>
Other Financing Sources (Uses)			
Contribution From Other Governments	\$ 6,000	\$ 6,000	\$ -
Solid Waste Disposal Tax	18,000	19,477	1,477
Scrap Tire Disposal Tax and Grant	74,000	67,670	(6,330)
White Goods Disposal Tax and Grant	8,500	4,457	(4,043)
Electronics Mgmt Distr.	950	2,643	1,693
Mercury Recycling State Grant	10,000	1,000	(9,000)
Proceeds from Sale of Fixed Assets		22,385	22,385
Transfer Out - Landfill Capital Reserve	(100,000)	(100,000)	-
Transfer In-Landfill Capital Reserve			-
Fund Balance Appropriated			
Total	<u>\$ 17,450</u>	<u>\$ 23,632</u>	<u>\$ 6,182</u>
Excess of Revenues and Other Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 468,309</u>	<u>\$ 468,309</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, 2016

<u>Reconciliation to Accrual Basis</u>	
Excess of Revenues and Other Expenditures	
Over (Under) Expenditures	\$ 468,309
Debt Principal	272,958
Decrease (Increase) in Interest Payable	3,677
Capital Outlay	151,109
Depreciation	(277,350)
Landfill Closure and Postclosure Care Costs	(186,820)
Transfers In - Landfill Capital Reserve	100,000
Decrease (Increase) in Accrued Vacation Pay	(1,995)
Decrease (Increase) in OPEB Liability	(10,407)
Deferred Outflows of Resources for Contributions made to	
Pension Plan in current fiscal year	39,700
Pension Expense	(23,778)
Change in Net Position	<u>\$ 535,403</u>

LANDFILL CLOSURE & POST CLOSURE - RESERVE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON - GAAP)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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

ASHE COUNTY, NORTH CAROLINA  
COMBINING STATEMENT OF FIDUCIARY ASSETS AND  
LIABILITIES - AGENCY FUNDS  
JUNE 30, 2016

	Balance 7/01/2015	Additions	Deductions	Balance 6/30/2016
<b><u>Social Services</u></b>				
Assets:				
Cash & Investments	\$ 43,936	\$ 370,982	\$ 379,677	\$ 35,241
Liabilities:				
Accounts Payable	\$ 7,540	\$ 4,379	\$ 10,333	\$ 1,586
Due to Individuals	36,396	366,603	369,344	33,655
Total Liabilities	\$ 43,936	\$ 370,982	\$ 379,677	\$ 35,241
<b><u>Fire Districts</u></b>				
Assets:				
Cash & Investments	\$ 6,357	\$ 1,401,939	\$ 1,400,263	\$ 8,033
Taxes Receivable	219,448	1,325,870	1,317,929	227,389
Total Assets	\$ 225,805	\$ 2,727,809	\$ 2,718,192	\$ 235,422
Liabilities & Reserves:				
Accounts Payable	\$ 6,357	\$ 1,401,939	\$ 1,400,263	\$ 8,033
Reserve for Taxes Rec.	219,448	1,325,870	1,317,929	227,389
Total Liabilities	\$ 225,805	\$ 2,727,809	\$ 2,718,192	\$ 235,422
<b><u>Totals-All Agency Funds</u></b>				
Assets:				
Cash & Investments	\$ 50,293	\$ 1,772,921	\$ 1,779,940	\$ 43,274
Taxes Receivable	219,448	1,325,870	1,317,929	227,389
Total Assets	\$ 269,741	\$ 3,098,791	\$ 3,097,869	\$ 270,663
Liabilities & Reserves:				
Accounts Payable	\$ 13,897	\$ 1,406,318	\$ 1,410,596	\$ 9,619
Due to Individuals	36,396	366,603	369,344	33,655
Reserve for Taxes Rec.	219,448	1,325,870	1,317,929	227,389
Total Liabilities & Reserves	\$ 269,741	\$ 3,098,791	\$ 3,097,869	\$ 270,663

ASHE COUNTY, NORTH CAROLINA  
ANALYSIS OF CURRENT TAX LEVY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<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>Motor</u>	<u>Motor</u>
				<u>Vehicles</u>	<u>Vehicles</u>
Original Levy:					
Property Taxed at Current Year's Rate	\$ 3,854,703,038	.433	\$ 16,692,649	\$ 15,900,359	\$ 792,290
Property Taxed at Prior Year's Rate	65,579,535	.400	262,314		262,314
Total	<u>\$ 3,920,282,573</u>		<u>\$ 16,954,963</u>	<u>\$ 15,900,359</u>	<u>\$ 1,054,604</u>
Discoveries					
Current year taxes	<u>\$ 27,944,796</u>	.433	<u>\$ 114,273</u>	<u>\$ 114,273</u>	<u>\$ -</u>
Total	<u>\$ 3,948,226,369</u>		<u>\$ 17,069,236</u>	<u>\$ 16,014,632</u>	<u>\$ 1,054,604</u>
Abatements	<u>\$ (35,652,020)</u>	.433	<u>\$ (154,373)</u>	<u>\$ (154,373)</u>	<u>\$ -</u>
Total property valuation	<u><u>\$ 3,912,574,349</u></u>				
Net levy			\$ 16,914,863	\$ 15,860,259	\$ 1,054,604
Uncollected taxes at June 30, 2016			<u>(767,806)</u>	<u>(767,806)</u>	
Current year's taxes collected			<u>\$ 16,147,057</u>	<u>\$ 15,092,453</u>	<u>\$ 1,054,604</u>
Current levy collection percentage			95.46%	95.16%	100.00%

ASHE COUNTY, NORTH CAROLINA  
SCHEDULE OF AD VALOREM TAXES RECEIVABLE  
JUNE 30, 2016

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2015</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2016</u>
2015-16	\$ -	\$ 16,914,863	\$ 16,147,057	767,806
2014-15	799,085	-	290,967	508,118
2013-14	524,500		127,746	396,754
2012-13	434,697		84,074	350,623
2011-12	366,454		61,994	304,460
2010-11	302,718		35,958	266,760
2009-10	256,178		32,096	224,082
2008-09	211,325		20,667	190,658
2007-08	167,256		14,170	153,086
2006-07	168,706		19,817	148,889
2005-06	159,944		159,944	-
	<u>\$ 3,390,863</u>	<u>\$ 16,914,863</u>	<u>\$ 16,994,490</u>	<u>\$ 3,311,236</u>
Less Allowance for Uncollectible Ad Valorem Taxes Receivable				<u>\$ 915,000</u>
Ad Valorem Taxes Receivable (Net)				<u>\$ 2,396,236</u>
Reconciliation with Revenues				
Taxes - Ad Valorem - General Fund			\$ 17,074,233	
Discount Allowed			140,233	
Amounts Written Off Per Statute of Limitations			115,179	
Adjustments			29,872	
Interest Collected			<u>(365,027)</u>	
Total Collections & Credits			<u>\$ 16,994,490</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, 2016, and the notes to the financial statements, which collectively comprises Ashe County's basic financial statements, and have issued our report thereon dated December 14, 2016.

#### **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 14, 2016

# *Priscilla L. Norris, CPA*

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

**Independent Auditor's Report**

To the Board of County Commissioners  
Ashe County, North Carolina

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

We have audited Ashe County, North Carolina, compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Ashe County's major federal programs for the year ended June 30, 2016. Ashe County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Ashe County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Ashe County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

**Opinion on Each Major Federal Program**

In our opinion, Ashe County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

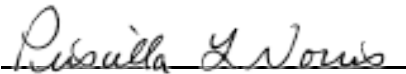
## **Report on Internal Control Over Compliance**

Management of Ashe County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Ashe County's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

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



Priscilla L. Norris, CPA

Jefferson, NC

December 14, 2016

# *Priscilla L. Norris, CPA*

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

**Independent Auditor's Report**

To the Board of County Commissioners  
Ashe County, North Carolina

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

We have audited Ashe County, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Ashe County's major state programs for the year ended June 30, 2016. Ashe County's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Ashe County's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of Title 2 US *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Ashe County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

**Opinion on Each Major State Program**

In our opinion, Ashe County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2016.

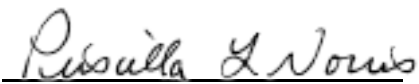
### **Report on Internal Control Over Compliance**

Management of Ashe County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Ashe County's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Ashe County's internal control over compliance.

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

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

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



Priscilla L. Norris, CPA

Jefferson, NC

December 14, 2016

ASHE COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2016

**I. Summary of Auditor's Results**

**Financial Statements**

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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted \_\_\_\_\_ yes  X  no

**Federal Awards**

Internal control over major federal programs:

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

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

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

Identification of major federal programs:

<u>CFDA#</u>	<u>Program Name</u>
93.778	Title XIX - Medicaid
93.558	Temporary Assistance for Needy Families

Dollar threshold used to distinguish between Type A and Type B Programs \$ 975,538

Auditee qualified as low-risk auditee?  X  yes \_\_\_\_\_ no

**State Awards**

Internal control over major State programs:

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

ASHE COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2016

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

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

Single Audit Implementation Act

\_\_\_\_\_ yes

  X   no

Identification of major State programs:

Program Name

Title XIX Medicaid

NC Department of Commerce Special Appropriations - Building Reuse Grant

**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, 2016

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal (Direct &amp; Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Passed through to Subrecipients</u>	<u>Local Expenditures</u>
<b>FEDERAL AWARDS:</b>					
<b><u>U.S. Department of Health and Human Services:</u></b>					
<i>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--Discretionar	93.575	277,019			
Child Care and Development Fund--Mandatory	93.596	83,840			
Child Care and Development Fund--Match	93.596	202,614	81,505		
Total Child Care Development Fund Cluster		<u>643,473</u>	<u>81,505</u>	-	-
Temporary Assistance for Needy Families	93.558	81,499			
Foster Care Title IV-E	93.658	6,170	3,158		
State Appropriations			75,039		
TANF-MOE			81,789		
Total Subsidized Child Care Cluster		<u>731,142</u>	<u>241,491</u>	-	-
Division of Social Services:					
<u>Foster Care and Adoption Cluster (Note 2):</u>					
Title IV-E Foster Care	93.658	146,721	9,455		107,438
Foster Care - Direct Benefit Payments	93.658	153,317	219,550		218,700
Title IV - E - Adoption	93.659	4,302			4,302
Adoption Assistance - Direct Benefit Payments	93.659	87,694	103,440		32,165
Total Foster Care and Adoption Cluster		<u>392,034</u>	<u>332,445</u>	-	<u>362,605</u>
<u>Temporary Assistance for Needy Families Cluster</u>					
TANF/Work First	93.558	235,184	12		472,274
Temporary Assistance for Needy Families-Direct Benefit Payments	93.558	105,166			
Total TANF Cluster		<u>340,350</u>	<u>12</u>	-	<u>472,274</u>
Child Support Enforcement	93.563	504,850			260,074
Low Income Home Energy Assistance Block Grant:					
Administration	93.568	288,126			
Child Welfare Services	93.645	7,183	23,819		2,394
Promoting Safe and Stable Families	93.556	11,977			
Social Services Block Grant - Adult Services	93.667	248,061	28,407		46,421
Independent Living Grant - Admin.	93.674	2,822	705		
Independent Living Grant - Direct Benefit Payments	93.674	5,100			
<i>Total Administration for Children and Families</i>		<u>\$ 2,531,645</u>	<u>\$ 626,879</u>	\$ -	<u>\$ 1,143,768</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	\$ 26,397,116	\$ 14,547,287	\$ -	\$ -
NC Health Choice	93.767	843,784	73,381		
Division of Social Services:					
Administration:					
Medical Assistance Program	93.778	1,577,629	12,513		680,686
NC Health Choice	93.767	55,779	3,385		324
<i>Total Healthcare Financing Administration</i>		<u>\$ 28,874,308</u>	<u>\$ 14,636,566</u>	\$ -	<u>\$ 681,010</u>

ASHE COUNTY, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2016

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal (Direct &amp; Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Passed through to Subrecipients</u>	<u>Local Expenditures</u>
<b>Total U.S. Department of Health and Human Services</b>		<b>\$ 31,405,953</b>	<b>\$ 15,263,445</b>	<b>\$ -</b>	<b>\$ 1,824,778</b>
<b><u>U.S. Department of Education:</u></b>					
Passed-through N.C. Dept. of Public Instruction: 21st Century Community Learning Center	84.287	\$ 364,984	\$ -	\$ -	\$ -
<b>Total U.S. Department of Education</b>		<b>\$ 364,984</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b><u>U.S. Dept. of Agriculture</u></b>					
<b><u>Food and Nutrition Services</u></b>					
Passed-through the N.C. Dept. of Health and Human Serv: Division of Social Services: Administration: Supplemental Nutrition Assist. Program Cluster Administration	10.561	\$ 399,526	\$ -	\$ -	\$ 399,526
Passed-through N.C. Dept. of Agriculture:					
<b>Total U.S. Dept. of Agriculture</b>		<b>\$ 399,526</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 399,526</b>
<b><u>U.S. Department of Justice</u></b>					
Law Enforcement Grant (For Vests)	16.unknown	\$ 465	\$ -	-	\$ -
Passed-Through N.C. Dept. of Public Safety: Byrne Justice Assistance Grant (Vipor Radios)	16.738	30,727			
<b>Total U.S. Department of Justice</b>		<b>\$ 31,192</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b><u>U.S. Dept. of Transportation</u></b>					
Passed - through NC Dept. of Transportation:					
Airport Improvements Program (36237.21.12.1)	20.106	\$ 82,800	\$ -	\$ -	\$ 9,200
Airport Improvements Program (36237.21.13.1)	20.106	44,415			4,935
Airport Improvements Program (36237.21.13.2)	20.106	135,532			15,059
<b>Total U.S. Dept. of Transportation</b>		<b>\$ 262,747</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 29,194</b>
<b><u>U.S. Dept. of Homeland Security</u></b>					
Passed - through NC Dept. of Public Safety:					
Emergency Management	97.042	\$ 38,542	\$ -		\$ -
Homeland Security Grant	97.067	15,000			
<b>Total U.S. Dept. of Homeland Security</b>		<b>\$ 53,542</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Federal Awards (and state and local match)</b>		<b>\$ 32,517,944</b>	<b>\$ 15,263,445</b>	<b>\$ -</b>	<b>\$ 2,253,498</b>
<b>STATE AWARDS:</b>					
<b><u>N.C. Dept. of Health and Human Services</u></b>					
Division of Social Services:					
State/County Special Assistance for Adults - Direct Benefit Payments		\$ -	\$ 289,759		\$ 289,759
<b><u>N.C. Dept. of Transportation</u></b>					
Rural Operating Assistance Program (EDTAP)			51,513		
Rural Operating Assistance Program (Employment Transportation)			9,146		
Rural Operating Assistance Program (RGP)			55,195		
State Aid to Airports (36244.29.6.1)			115,539		12,838

ASHE COUNTY, NORTH CAROLINA  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2016

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal (Direct &amp; Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Passed through to Subrecipients</u>	<u>Local Expenditures</u>
<b><u>N.C. Dept. of Environmental Quality</u></b>					
Scrap Tire Grant			31,268		
Off Waste Red Trust Fund			3,500		
Electronics Management Fund			2,643		
<b><u>Administrative Office of the Courts</u></b>					
Safe Roads Act Funds				926	
<b><u>N. C. Dept. of Corrections</u></b>					
Statewide Misdemeanant Confinement Program			485,485		
<b><u>N.C. Dept. of Public Safety</u></b>					
Disaster Reimbursement				9,900	
<b><u>N.C. Dept. of Agriculture</u></b>					
Soil Technicians Grant			38,908		
<b><u>N.C. Dept. of Administration</u></b>					
DMVA Community County Grant			3,014		
<b><u>N.C. Dept. of Commerce</u></b>					
CDBG Commerce Fellows Grant (#02-D-2678)			21,000		
Special Appropriations - Building Reuse Grant			500,000		
<b><u>Office of Juvenile Justice</u></b>					
Juvenile Crime Prevention				85,955	
<b><u>N.C. Community Foundation, Inc.</u></b>					
4-H Children's Trust Fund				4,000	
<b><u>N.C. Dept. of Public Instruction</u></b>					
Public School Building Capital Fund - Lottery Proceeds			274,030	274,030	
<b>Total State Awards and local match</b>		<b>\$ -</b>	<b>\$ 1,981,781</b>	<b>\$ 274,030</b>	<b>\$ 302,597</b>
<b>Total Federal and State Awards</b>		<b>\$ 32,517,944</b>	<b>\$ 17,245,226</b>	<b>\$ 274,030</b>	<b>\$ 2,556,095</b>

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

1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of Ashe County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements Cost Principles and Audit Requirements, for Federal Awards, and the State Single Audit Implementation Act. Because the SEFSA presents only a selected portion of the operations of Ashe County, it is not intended to and does not present the financial position, changes in net position or cash flows of Ashe County.

2. Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursements.

3. Cluster of Programs

The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes: Subsidized Child Care, and Foster Care and Adoption.