

ASHE COUNTY
NORTH CAROLINA
AUDIT REPORT
JUNE 30, 2022

Priscilla L. Norris, CPA

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ASHE COUNTY
NORTH CAROLINA

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William Sands - Vice Chairman

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B. Phil Howell

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Deaett Roten

Register of Deeds

Chris Lambert

Tax Administrator

Tracie McMillan Downer

DSS Director

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To the Board of County Commissioners
Ashe County, North Carolina

Report on the Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Ashe County, North Carolina, as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise Ashe County's basic financial statements as listed in the table of contents.

In our opinion, based upon our audit, the accompanying 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, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Ashe County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Audit of 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Ashe County's ability to continue as a going concern for the twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Governmental Auditing Standards* will always detect material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher

than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Governmental Auditing Standards*, we

- * exercised professional judgment and maintained professional skepticism throughout the audit.
- * identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- * obtain an understanding of internal control relevant to the audit 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 Ashe County's internal control. Accordingly, no such opinion is expressed.
- * evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- * conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Ashe County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding among other matter, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Local Government Employee's Retirement System Schedules of the County's Proportionate Share of Net Pension Liability and County Contributions, and the Register of Deeds' Supplemental Pension Fund schedules of the County's Proportionate Share of the Net Pension Asset and County Contributions, the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, and the Other Postemployment Benefits schedules of Changes in the Net OPEB Liability and Related Ratios, be presented to supplement the basic financial statements. Such information is the responsibility of management, and although not a part of 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 consist 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Ashe County, North Carolina. The combining and individual fund statements, budgetary schedules, and other schedules as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative

Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected by us 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 the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion based on our audit, the procedures performed as described above, the combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Audit Standards*, we have also issued our report dated February 17, 2023 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 Audit Standards* in considering Ashe County's internal control over financial reporting and compliance.



Priscilla L. Norris, CPA
Jefferson, NC
March 10, 2023

**ASHE COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

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, 2022. 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

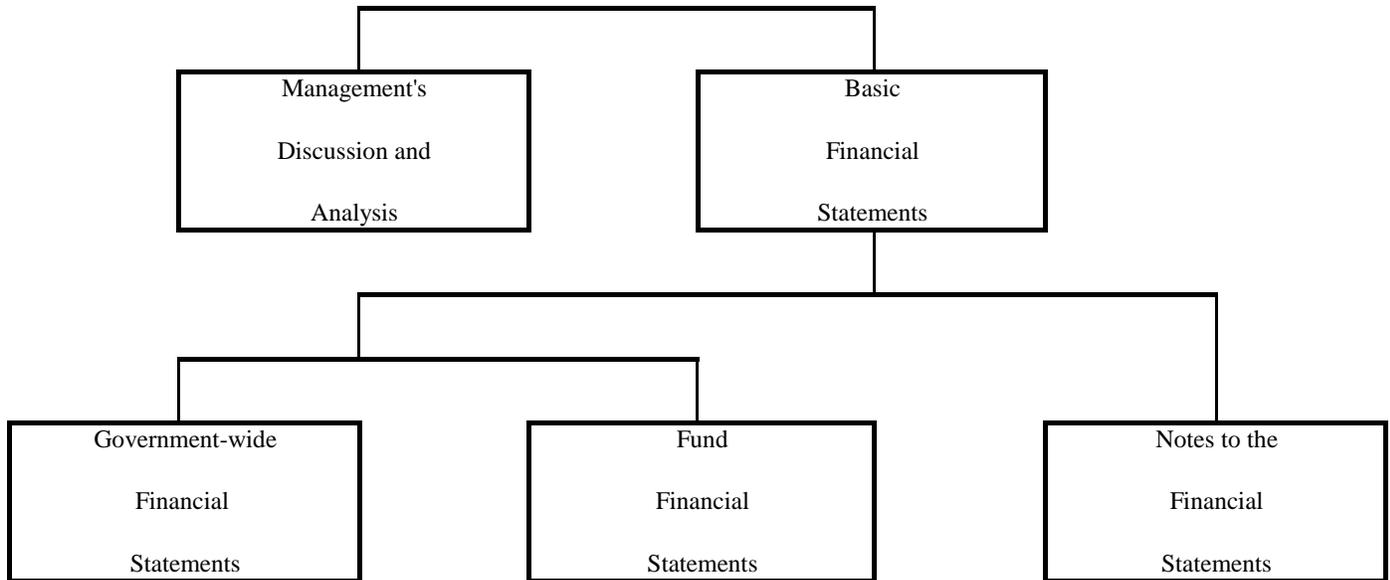
- * The assets and deferred outflows of resources of Ashe County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$56,655,790 (net position).
- * The government's total net position increased by \$6,747,475, compared to a decrease of \$4,435,530 in the prior year. The main factor in this increase is the receipt of capital grants for depreciable assets.
- * As of the close of the current fiscal year, Ashe County's governmental funds reported combined ending fund balances of \$31,149,566, an increase of \$6,425,133 in comparison with the prior year. Approximately 30.24 percent of this total amount, or \$9,420,433, is available for spending at the government's discretion (unassigned fund balance), beyond amounts assigned for subsequent year's expenditures. Approximately 33.53 percent, or \$10,445,853, is restricted or non-spendable.
- * At the end of the current fiscal year, unassigned fund balance for the General Fund was \$9,420,433, or 23.24 percent, of total General Fund expenditures for the fiscal year.
- * Ashe County's total loan debt increased by \$421,899 (3%) during the current fiscal year. The key factors in this increase are new debt of \$2,116,896, less principal payments of \$1,694,997.

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



Summary ----- Detail

**ASHE COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

Basic Financial Statements

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

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

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

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

Ashe County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted

**ASHE COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

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

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

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Ashe County has three fiduciary funds, one of which is a trust fund for the IRC 457 Deferred Compensation Plan Funds for reporting purposes only, and two of which are custodial 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 10 of this report.

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets (and deferred outflows of resources,) of Ashe County exceeded liabilities (and deferred inflows of resources) by \$56,655,790 as of June 30, 2022. One of the largest portions, \$42,430,578 (74.89%), 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, \$10,508,251 (18.55%) represents resources that are subject to external restrictions on how they may be used.

**ASHE COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

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

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 40,470,765	\$ 30,238,924	\$ 5,778,800	\$ 5,710,262	\$ 46,249,565	\$ 35,949,186
Capital assets	42,181,702	40,454,583	7,306,759	6,783,861	49,488,461	47,238,444
Total assets	\$ 82,652,467	\$ 70,693,507	\$ 13,085,559	\$ 12,494,123	\$ 95,738,026	\$ 83,187,630
Deferred outflows of resources	\$ 5,105,749	\$ 4,601,778	\$ 332,894	\$ 276,054	\$ 5,438,643	\$ 4,877,832
Long-term liabilities	27,994,580	29,077,832	5,812,685	5,459,274	33,807,265	34,537,106
Other liabilities	6,528,223	3,465,037	364,955	268,529	6,893,178	3,733,566
Total liabilities	\$ 34,522,803	\$ 32,542,869	\$ 6,177,640	\$ 5,727,803	\$ 40,700,443	\$ 38,270,672
Deferred inflows of resources	\$ 3,610,764	\$ 186,295	\$ 209,672	\$ 180	\$ 3,820,436	\$ 186,475
Net position						
Net investment in capital assets	36,077,341	35,352,792	6,353,237	5,996,541	42,430,578	41,349,333
Restricted	10,508,251	9,963,187			10,508,251	9,963,187
Unrestricted	3,039,057	(2,749,858)	677,904	1,045,653	3,716,961	(1,704,205)
Total net position	\$ 49,624,649	\$ 42,566,121	\$ 7,031,141	\$ 7,042,194	\$ 56,655,790	\$ 49,608,315

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 97.25% to 97.48%
- * Current Year Ad Valorem Tax collections of \$21,066,304 were approximately \$2,632,296 more than the prior year.
- * The Ad Valorem Tax rate was increased by 0.067 from 0.443 to 0.510.
- * The County ended the year with an increase over the prior year for sales tax collections of approximately \$626,285.
- * Infrastructure construction work continued at the County airport, funded mostly by state and federal grants.

**ASHE COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

Ashe County Changes in Net Position

Figure 3

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 2,105,499	\$ 1,888,724	\$ 3,031,750	\$ 2,910,068	\$ 5,137,249	\$ 4,798,792
Operating grants and contributions	7,188,302	7,557,504	100,163	88,600	7,288,465	7,646,104
Capital grants and contributions	5,188,532	495,095			5,188,532	495,095
General revenues:						
Property taxes	21,186,294	19,196,429			21,186,294	19,196,429
Other taxes	11,195,501	10,341,935			11,195,501	10,341,935
Grants and contributions not restricted to specific programs					-	-
Other	529,791	88,277	4,565	659	534,356	88,936
Total revenues	\$ 47,393,919	\$ 39,567,964	\$ 3,136,478	\$ 2,999,327	\$ 50,530,397	42,567,291
Expenses:						
General government	6,436,371	6,540,628			6,436,371	6,540,628
Public safety	9,213,711	9,029,469			9,213,711	9,029,469
Transportation	939,358	748,582			939,358	748,582
Economic and physical development	1,409,726	1,195,866			1,409,726	1,195,866
Human services	11,644,650	12,145,623			11,644,650	12,145,623
Cultural and recreation	1,851,149	1,816,411			1,851,149	1,816,411
Education	8,753,310	12,570,848			8,753,310	12,570,848
Interest on long-term debt	342,819	134,760			342,819	134,760
Environmental services			3,111,085	2,820,634	3,111,085	2,820,634
Total expenses	\$ 40,591,094	\$ 44,182,187	\$ 3,111,085	\$ 2,820,634	\$ 43,702,179	47,002,821
Increase (decrease) in net position before transfers and special items	6,802,825	(4,614,223)	25,393	178,693	6,828,218	(4,435,530)
Transfers	(44,297)		44,297		-	-
Gain/Loss on sale of assets			(80,743)		(80,743)	
Increase in net position	6,758,528	(4,614,223)	(11,053)	178,693	6,747,475	(4,435,530)
Net position, beg. as previously stated	42,566,121	47,095,105	7,042,194	6,863,501	49,608,315	53,958,606
Prior period adjustment	300,000	85,239			300,000	85,239
Net position, beginning as restated	42,866,121	47,180,344	7,042,194	6,863,501	49,908,315	54,043,845
Net position, ending	\$ 49,624,649	\$ 42,566,121	\$ 7,031,141	\$ 7,042,194	\$ 56,655,790	49,608,315

Governmental activities: Governmental activities increased the County's net position by \$6,758,528, mainly due to grants received for capital assets which are not a current expense.

Business-type activities: Business-type activities decreased Ashe County's net position by \$11,053.

Financial Analysis of the County's Funds

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

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

**ASHE COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

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 \$13,588,968 while total fund balance was \$16,528,945. The NC State Treasurer recommends that the County maintain an available fund balance of at least 8% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. The County currently has an available fund balance of 33.53% of General Fund expenditures, while total fund balance represents 40.78% of that same amount. Of the total fund balance, the amount that was unassigned at year end was \$9,420,443.

At June 30, 2022, the governmental funds of Ashe County reported a combined fund balance of \$31,149,566, a 25.99 percent increase from last year.

General Fund Budgetary Highlights: During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund budget increased revenues by \$1,306,575. There was an increase of \$124,000 in the appropriation of fund balance, from \$2,972,327 to 3,096,327.

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 \$677,904, a decrease of \$367,749. Total net position of the Environmental Services Fund decreased by \$11,053, compared to an increase of \$178,693 in the prior year.

Capital Asset and Debt Administration

Capital Assets: Ashe County's capital assets for its governmental and business-type activities as of June 30, 2022, totals \$49,488,456 (net of accumulated depreciation). These assets include buildings, airport, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include:

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

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

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	6,193,257	5,893,257	492,906	492,906	6,686,163	6,386,163
Buildings and system	21,781,752	22,459,182	3,524,312	3,631,972	25,306,064	26,091,154
Improvements other than bldgs.	1,957,767	2,112,417			1,957,767	2,112,417
Machinery and equip.	1,490,812	1,424,901	3,289,536	2,658,978	4,780,348	4,083,879
Infrastructure	10,071,464	7,927,133			10,071,464	7,927,133
Vehicles and motorized equip.	686,650	637,693			686,650	637,693
Construction in progress	-	-			-	-
Total	42,181,702	40,454,583	7,306,754	6,783,856	49,488,456	47,238,439

**ASHE COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

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, 2022, Ashe County had no general obligation bonds outstanding.

Ashe County's total debt increased by \$421,899 during the past fiscal year, primarily due to new debt of \$2,116,896, less principal payments of \$1,694,997.

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

Economic Factors

The following factors affected the economic outlook for Ashe County in FY 2021-2022.

- * Overall, Ashe County's economy continued to rally during FY2021-2022. Business establishments that had shuttered or had altered schedules were returning to a new normal. The housing market escalated with the exodus of people from crowded cities with the remote working environment being available to them from anywhere with reliable broadband infrastructure. With occupancy tax revenues almost the same again for FY2021-2022, both fiscal years of FY2021 and FY2022 were almost doubled that of FY2020. Sales tax numbers reflected a continued positive outlook as well with revenues being up 6.76% over the prior year and 25% over FY2020. Property and home sales drove Register of Deeds and Building Inspections revenues up over the the prior year. Demand for Christmas tree and greenery products continued to be substantial. Numerous growers had shortages and were not able to meet the increased demand. Jail revenues saw the biggest decline with court proceedings not yet returning to a regular schedule for the entire year and all detention facilities not swapping inmates more than required to keep down COVID outbreaks in their facilities.
- * A groundbreaking will be held at the new Industrial Park on September 16, 2022. For the first time in many years, Ashe County will have a new industrial park to market to business and industry. The Park, located off Ray Taylor road near GE Aviation, will provide companies maximum flexibility with lot sizes ranging from two to forty-one acres. Vannoy Construction was awarded the contract for the project and will be working on-site before the groundbreaking in September. The first phase of the project is expected to be finished before the end of 2022. Over 1.2 million dollars in grant funding has been secured which will cover 86% of the park's development costs. The county's goal for the park is to attract businesses, with the highest possibility of growth and expansion in Ashe County that will offer good-paying jobs. By partnering with a professional consulting firm to determine the needs that are best suited to Ashe County, analysis showed that small companies in advanced manufacturing, outdoor sports and recreation equipment, and creative industries match the strengths and assets that Ashe County has to offer.
- * With a civilian labor force a little less than 13,000 and participation rate just under 60% , the year ending unemployment rate for Ashe County (June 2022) was 3.8%. One year earlier the rate was 4.1%. Rates ending both fiscal years were lower than the overall state unemployment rate. The largest industry sector in Ashe County is Retail Trade which employs 1,251. The next largest sectors are Health Care and Social Assistance with 1,117 workers and Construction with 1,116 workers. The industry cluster (a geographic concentration of interrelated industries or occupations) with the highest concentration is Auto/Auto-related with a location quotient of 5.03. This cluster employs 735 workers with an average wage of \$47,782. Employment in this cluster is projected to expand by about 1.6% per year over the next ten years.
- * The County ended FY2021-2022 without using any undesignated fund balance. Reserves continue to be accumulated to pay the debt service on the proposed new middle school. ARP projects are being designed and proposals being secured for projects during FY2022-2023, along with construction of the new Industrial Park. Construction of these capital projects along with the continuation of the Hwy 221 road construction project, and ongoing projects at the Ashe County Airport will provide opportunity for local contractors to remain working within the county instead of traveling elsewhere while bringing in others from outside the county requiring temporary lodging, food, clothing, fuel, etc. while they are working in the county. North Carolina Tourism Reports (Tourism Economics, 2022) reflect that total visitor spending in Ashe County for 2021 was \$104 million which was a 26.6% 2020 growth rate over and savings for taxes collected from visitors spending relates to \$318.90 per Ashe County resident.
- * During the next fiscal year, all of the information provided herein should only be advantageous to the success of Ashe County's growing economy.

**ASHE COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

Next year's budgets and rates

- * The upcoming fiscal year of FY2022-2023 finds the ad valorem tax rate for Ashe County remaining at 51 cents for the second consecutive year. Four cents of the previous year's 6.7 cent increase was placed in a reserve to be used toward the Ashe County Middle School debt service and the purchase of property in West Jefferson for the future school site. The remaining increase was used to help offset the inflationary rises in operational expenses to include state retirement rates, health insurance rates, and COLA's for all employees, a one-grade raise for Law Enforcement officers, increasing fuel prices, and significant increases in foster care expenses. The tax increase was sufficient to fund the FY2023 budget until the next revaluation takes effect as of January 1, 2023. Additional revenues are expected to be available from the revaluation to help balance ongoing inflation and operational costs. Ashe County's fund balance has remained steady throughout the pandemic with help from additional sales tax revenues collected from online spending, tourism, and citizens doing more shopping locally. Sales tax revenues are projected to continue trending upward the years prior to the upsurge of COVID.
- * Ashe County presently has a very low debt obligation for capital projects. The jail loans will be paid off in FY2026-2027 and the Wilkes Community College (WCC) expansion loan is being paid off strictly with sales tax revenues and only a small percentage of general fund dollars. Financing for the new middle school will not be incurred during FY2023 but all probability will be FY2024. Actual debt service payments for the school will likely begin FY2025 allowing more time to build the reserve for the payments. This reserve will also be available to pay monthly contractor invoices for the project while the funds are being reimbursed from the needs-based lottery funds and future escrow account holding loan proceeds.
- * Work continues to update the Solid Waste Ordinance and on the implementation of a sticker system for use of Ashe County's Convenience Center sites. The new system will go into effect during FY2024. The \$150 SWDF (household fee) will be discontinued and an amount will be added to the ad valorem tax rate to generate the funds more equitably to operate the Enterprise Fund. This amount can be adjusted annually with the adoption of the budget the same as the SWDF household fee was.
- * Ashe County Airport apron expansion and partial parallel taxiway construction continues and should be finished before winter. Bids were awarded for the waterline expansion project as well. The majority of both projects are being covered with 100% non-matching grants from NC Department of Transportation, Division of Aviation. A portion of the waterline grant is expected to be paid for from general fund from monies transferred previously from American Rescue Plan Dollars infused into the general fund for salary and benefit reimbursements.
- * Construction of five building sites at the new industrial park on Ray Taylor Road is underway. A groundbreaking ceremony, held September 16th, officially began the first phase of the project which should be complete within three months. Over \$1.2M in grant funding has been secured with only \$146,010 in matching county funds being required for phase one of the \$1.49M contract. The advertising and marketing plan (Phase #2) for the sites is being developed while the construction is ongoing.
- * Ashe County operations are expected to continue through FY 2023 on a secure financial path for all projects that are currently underway.

Requests for Information

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

ASHE COUNTY, NORTH CAROLINA
STATEMENT OF NET POSITION
6/30/2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 22,387,168	\$ 5,101,346	\$ 27,488,514
Restricted cash	11,640,959		11,640,959
Receivables (net)	1,588,085	616,803	2,204,888
Lease receivable within one year	65,762		65,762
Due from other governments	3,688,365	24,334	3,712,699
Due from other funds	231		231
Net pension asset - ROD	62,398	-	62,398
Lease receivable, in more than one year	243,668		243,668
Right to use lease asset, net of amortization	794,129	36,317	830,446
Subtotal	<u>40,470,765</u>	<u>5,778,800</u>	<u>46,249,565</u>
Capital assets:			
Land, improvements, and construction in progress	6,193,257	492,906	6,686,163
Other capital assets, net of depreciation	35,988,445	6,813,853	42,802,298
Total capital assets	<u>42,181,702</u>	<u>7,306,759</u>	<u>49,488,461</u>
Total Assets	<u>\$ 82,652,467</u>	<u>\$ 13,085,559</u>	<u>\$ 95,738,026</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	\$ 3,586,600	\$ 223,406	\$ 3,810,006
OPEB deferrals	1,519,149	109,488	1,628,637
Total Deferred Outflows	<u>5,105,749</u>	<u>332,894</u>	<u>5,438,643</u>
LIABILITIES			
Accounts payable and accrued expenses	1,591,180	352,554	1,943,734
Advances from grantors	4,902,974		4,902,974
Due to other funds	231		231
Accrued interest payable	33,838	12,401	46,239
Long-term liabilities:			-
Net pension liabilities - LGERS	2,119,606	142,755	2,262,361
Total pension liabilities - LEOWSA	812,651		812,651
Total OPEB liability	9,740,173	701,994	10,442,167
Due within one year	1,700,930	252,999	1,953,929
Due in more than one year	13,621,220	4,714,937	18,336,157
Total Liabilities	<u>\$ 34,522,803</u>	<u>\$ 6,177,640</u>	<u>\$ 40,700,443</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	\$ 3,156,202	\$ 209,672	\$ 3,365,874
OPEB deferrals	-	-	-
Lease receivable, deferred	303,088	-	303,088
Prepaid taxes	151,474	-	151,474
Total Deferred Inflows of Resources	<u>\$ 3,610,764</u>	<u>\$ 209,672</u>	<u>\$ 3,820,436</u>
NET POSITION			
Net investment in capital assets	36,077,341	6,353,237	42,430,578
Restricted for:			
Capital projects (education)	5,720,147		5,720,147
Public safety	617,028		617,028
Human services	196,433		196,433
Register of deeds	144,947		144,947
Register of deeds pension plan	62,398		62,398
Stabilization by State statute	3,767,298		3,767,298
Unrestricted	3,039,057	677,904	3,716,961
Total Net Position	<u>\$ 49,624,649</u>	<u>\$ 7,031,141</u>	<u>\$ 56,655,790</u>

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

ASHE COUNTY, NORTH CAROLINA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

Functions/Programs	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Primary government:							
Governmental Activities							
General government	\$ 6,436,371	\$ 945,649	\$ -	\$ 2,500,000	\$ (2,990,722)	\$ -	\$ (2,990,722)
Public safety	9,213,711	832,088	1,243,140		(7,138,483)		(7,138,483)
Transportation	939,358	248,492	32,000	2,609,903	1,951,037		1,951,037
Economic and physical development	1,409,726	15,238	28,110	78,629	(1,287,749)		(1,287,749)
Human services	11,644,650	7,503	5,885,052		(5,752,095)		(5,752,095)
Cultural and recreation	1,851,149	56,529			(1,794,620)		(1,794,620)
Education	8,753,310		-		(8,753,310)		(8,753,310)
Interest on long-term debt	342,819				(342,819)		(342,819)
Total governmental activities	40,591,094	2,105,499	7,188,302	5,188,532	(26,108,761)		(26,108,761)
Business-type Activities:							
Environmental services	3,111,085	3,031,750	100,163			20,828	20,828
Total business-type activities	3,111,085	3,031,750	100,163			20,828	20,828
Totals	\$ 43,702,179	\$ 5,137,249	\$ 7,288,465	\$ 5,188,532	\$ (26,108,761)	\$ 20,828	\$ (26,087,933)
General Revenues:							
Taxes:							
Property taxes, levied for general purpose					21,186,294		21,186,294
Local Option Sales tax					9,918,579		9,918,579
Other taxes and licenses					1,276,922		1,276,922
Grants and contributions not restricted to specific programs					470,508		470,508
Investment earnings, unrestricted					6,899	4,565	11,464
Miscellaneous, unrestricted					52,384		52,384
Loss on sale of assets						(80,743)	(80,743)
Transfers					(44,297)	44,297	-
Total general revenues, special items, and transfers					32,867,289	(31,881)	32,835,408
Change in net position					6,758,528	(11,053)	6,747,475
Net position - beginning, as previously stated					42,566,121	7,042,194	49,608,315
Prior period adjustment					300,000		300,000
Net position - beginning, as restated					42,866,121	7,042,194	49,908,315
Net position - ending					\$ 49,624,649	\$ 7,031,141	\$ 56,655,790

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

ASHE COUNTY, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

EXHIBIT 3

	<u>Major Governmental Funds</u>			Non-Major Governmental Funds	Total Governmental Funds
	General Fund	School Capital Projects	ARPA Fund		
Assets					
Cash & Investments	\$ 14,251,275	\$ -	\$ -	\$ 8,135,893	\$ 22,387,168
Restricted Cash	316,851	5,738,897	4,819,185	766,026	11,640,959
Receivables (Net):					-
Taxes	1,231,848				1,231,848
Accounts	72,360				72,360
Due from Other Funds	231				231
Leases Receivable	309,430				309,430
Due from Other Governments	2,861,044			827,321	3,688,365
	<u>\$ 19,043,039</u>	<u>\$ 5,738,897</u>	<u>\$ 4,819,185</u>	<u>\$ 9,729,240</u>	<u>\$ 39,330,361</u>
Total Assets					
Liabilities					
Accounts Payable & Accrued Liabilities	\$ 827,684	\$ 18,750	\$ -	\$ 744,746	1,591,180
Due to Other Funds				231	231
Advances from Grantors			4,819,185	83,789	4,902,974
Total Liabilities	<u>\$ 827,684</u>	<u>\$ 18,750</u>	<u>\$ 4,819,185</u>	<u>\$ 828,766</u>	<u>\$ 6,494,385</u>
Deferred Inflows of Resources					
Lease Receivable	\$ 303,088				303,088
Property Taxes Receivable	1,231,848	-	-	-	1,231,848
Prepaid Taxes	151,474				151,474
Total Deferred Inflows of Resources	<u>\$ 1,686,410</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,686,410</u>
Fund Balances					
Restricted for:					
Stabilization by State Statute	\$ 2,939,977	\$ -	\$ -	\$ 827,321	\$ 3,767,298
Register of Deeds	144,947				144,947
Human Services	53,174			143,259	196,433
School Capital Outlay		5,720,147			5,720,147
Public Safety				617,028	617,028
Committed for:					
Tax Revaluation	118,730				118,730
Human Services	16,826				16,826
Capital Projects				7,312,866	7,312,866
Assigned:					
Subsequent Year's Expenditures	3,834,848				3,834,848
Unassigned:					
	<u>9,420,443</u>				<u>9,420,443</u>
	<u>\$ 16,528,945</u>	<u>\$ 5,720,147</u>	<u>\$ -</u>	<u>\$ 8,900,474</u>	<u>\$ 31,149,566</u>
	<u>\$ 19,043,039</u>	<u>\$ 5,738,897</u>	<u>\$ 4,819,185</u>	<u>\$ 9,729,240</u>	
Total Liabilities, Deferred Inflows of Resources & Fund Balances					

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

ASHE COUNTY, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

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.	\$ 42,181,702
Right to use leased assets are not financial resources and therefore are not reported in the funds	794,129
Contributions to Pension Plans in the current fiscal year are deferred outflows of resources	1,257,347
Net pension asset - ROD	62,398
Contributions to OPEB plan in the current fiscal year are deferred outflows of resources	216,458
Deferred outflows of resources on the Statement of Net Position related to pensions, other than contributions	2,329,253
Deferred outflows of resources on the Statement of Net Position related to OPEB, other than contributions	1,302,691
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds, such as accrued interest receivable on taxes.	283,877
Deferred inflows of resources for taxes receivable on the Balance Sheet are added to net position	1,231,848
Deferred inflows of resources on the Statement of Net Position related to pensions	(3,156,202)
Deferred inflows of resources on the Statement of Net Position related to OPEB	-
Some liabilities, including debt payable and other postemployment benefits, are not due and payable in the current period and, therefore, are not reported in funds.	(15,355,988)
Net pension liability - LGERS	(2,119,606)
Net OPEB liability	(9,740,173)
Total pension liability - LEOSSA	(812,651)
Total difference	\$ 18,475,083
Total fund balance	\$ 31,149,566
Net position of governmental activities	\$ 49,624,649

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, 2022

	Major Governmental Funds			Non-Major Governmental Funds	Total Governmental Funds
	General Fund	School Capital Projects	ARPA Fund		
Revenues					
Ad Valorem Taxes	\$ 21,547,414	\$ -	\$ -	\$ -	\$ 21,547,414
Local Option Sales Tax	9,918,579				9,918,579
Other Taxes	1,276,922				1,276,922
Unrestricted Intergovernmental Revenues	5,829				5,829
Restricted Intergovernmental Revenues	6,364,652		464,679	6,018,598	12,847,929
Licenses & Permits	546,625			327,897	874,522
Sales & Services	1,132,526			2,460	1,134,986
Investment Earnings	6,706	193			6,899
Miscellaneous	125,231			16,728	141,959
Total Revenue	<u>\$ 40,924,484</u>	<u>\$ 193</u>	<u>\$ 464,679</u>	<u>\$ 6,365,683</u>	<u>\$ 47,755,039</u>
Expenditures					
General Government	\$ 5,281,664	\$ -	\$ -	\$ 327,897	\$ 5,609,561
Public Safety	8,754,587			113,643	8,868,230
Transportation	342,915				342,915
Economic & Physical Development	1,284,625			78,926	1,363,551
Human Services	11,039,479			491,318	11,530,797
Cultural & Recreational	1,630,031				1,630,031
Educational	6,310,119				6,310,119
Capital Outlay		2,443,191		3,201,946	5,645,137
Debt Services:					
Principal Retirement	1,022,344	420,000			1,442,344
Interest	128,487	201,375			329,862
Total Expenditures	<u>\$ 35,794,251</u>	<u>\$ 3,064,566</u>	<u>\$ -</u>	<u>\$ 4,213,730</u>	<u>\$ 43,072,547</u>
Revenues Over (Under) Expenditures	<u>\$ 5,130,233</u>	<u>\$ (3,064,373)</u>	<u>\$ 464,679</u>	<u>\$ 2,151,953</u>	<u>\$ 4,682,492</u>
Other Financing Sources (Uses)					
Lease Proceeds	170,042				170,042
Loan Proceeds				1,616,896	1,616,896
Operating Transfer - In	670,382	2,459,375		2,276,340	5,406,097
Operating Transfer - Out	(4,735,715)		(464,679)	(250,000)	(5,450,394)
Total Other Financing Sources (Uses)	<u>\$ (3,895,291)</u>	<u>\$ 2,459,375</u>	<u>\$ (464,679)</u>	<u>\$ 3,643,236</u>	<u>\$ 1,742,641</u>
Net Change in Fund Balance	<u>\$ 1,234,942</u>	<u>\$ (604,998)</u>	<u>\$ -</u>	<u>\$ 5,795,189</u>	<u>\$ 6,425,133</u>
Fund Balances:					
Beginning of Year,	<u>\$ 15,294,003</u>	<u>\$ 6,325,145</u>	<u>\$ -</u>	<u>\$ 3,105,285</u>	<u>\$ 24,724,433</u>
End of Year	<u>\$ 16,528,945</u>	<u>\$ 5,720,147</u>	<u>\$ -</u>	<u>\$ 8,900,474</u>	<u>\$ 31,149,566</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, 2022

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

Governmental funds report the initial cost of leased assets as expenditures. However, in the Statement of Activities the cost of the right to use the leased assets are allocated over the term of the lease and reported as amortization expense. This is the amount by which initial lease outlay exceeds (or is exceeded by) amortization in the current period.	\$ (74,354)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds (or is exceeded by) depreciation in the current period.	1,427,119
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	1,237,102
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position.	20,245
Contributions and administration costs for OPEB are deferred outflows of resources on the Statement of Net Position	216,458
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.	(208,216)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Decrease (increase) in interest expense between fund statements and government-wide statements	(6,997)
Decrease (increase) in Compensated Absences	(16,649)
OPEB Expense	(834,898)
Pension Expense	(1,065,295)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Increase (Decrease) in deferred inflows for taxes receivable at year end	(241,142)
Increase (Decrease) in accrued tax interest receivable at end of year	(119,978)
Total difference	333,395
Net changes in fund balances - total governmental funds	\$ 6,425,133
Total change in net position of governmental activities	\$ 6,758,528

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, 2022

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 21,046,955	\$ 21,046,956	\$ 21,547,414	\$ 500,458
Local option sales tax	8,705,000	8,960,375	9,918,579	958,204
Other taxes	727,000	911,500	1,276,922	365,422
Unrestricted intergovernmental			5,829	5,829
Restricted intergovernmental	6,007,065	6,781,720	6,364,652	(417,068)
Licenses & Permits	447,215	447,215	546,625	99,410
Sales and services	975,875	987,889	1,132,526	144,637
Investment earnings	20,000	20,030	6,706	(13,324)
Miscellaneous	-	80,000	125,231	45,231
Total Revenues	<u>\$ 37,929,110</u>	<u>\$ 39,235,685</u>	<u>\$ 40,924,484</u>	<u>\$ 1,688,799</u>
Expenditures				
Current:				
General government	5,725,337	5,724,673	5,281,664	443,009
Public safety	8,669,153	8,970,495	8,754,587	215,908
Transportation	302,604	355,208	342,915	12,293
Economic and physical development	1,417,027	1,493,597	1,284,625	208,972
Human services	11,679,191	12,533,474	11,039,479	1,493,995
Cultural and recreational	1,566,445	1,726,572	1,630,031	96,541
Intergovernmental				
Education	6,315,142	6,315,142	6,310,119	5,023
Debt service:				
Principal retirement	805,000	969,256	969,256	-
Interest and other charges	109,875	119,449	119,449	-
Contingency fund	257,000	234,490		234,490
Total expenditures	<u>36,846,774</u>	<u>38,442,356</u>	<u>35,732,125</u>	<u>2,710,231</u>
Revenues over (under) expenditures	<u>\$ 1,082,336</u>	<u>\$ 793,329</u>	<u>\$ 5,192,359</u>	<u>\$ 4,399,030</u>
Other financing sources (uses):				
Loan and lease Proceeds			170,042	170,042
Transfer to other funds	(4,550,663)	(4,806,038)	(4,806,038)	-
Transfer from other funds	496,000	916,382	670,382	(246,000)
Appropriated fund balance	2,972,327	3,096,327		(3,096,327)
Total other financing sources (uses)	<u>(1,082,336)</u>	<u>(793,329)</u>	<u>(3,965,614)</u>	<u>(3,172,285)</u>
Net change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,226,745</u>	<u>\$ 1,226,745</u>

Fund Balances, General Fund:

Beginning of year July 1	15,183,470
End of year June 30	<u>\$ 16,410,215</u>

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

Transfer in from General Fund	\$ 70,323
Expenditures	(62,126)

Fund Balance, Beginning, Tax Revaluation	110,533
Fund Balance, Ending, Combined (Exhibit 4)	<u>16,528,945</u>

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

ASHE COUNTY, NORTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

Environmental Services Fund

Assets

Current Assets:

Cash & Investments	\$ 5,101,346
Receivables (Net):	
SWDF	586,321
Accounts	30,482
Due From Other Governments	24,334

Total Current Assets	\$ 5,742,483
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Non Current Assets:

Right to Use Leased Asset Net of Amortization	\$ 36,317
Capital Assets, Net of Depreciation	7,306,759
Total Noncurrent Assets	\$ 7,343,076

Total Assets	\$ 13,085,559
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Deferred Outflows of Resources

Pension Deferrals	\$ 223,406
OPEB Deferrals	109,488
Total Deferred Outflows	\$ 332,894

Liabilities and Net Position

Current Liabilities:

Accounts Payable	\$ 352,554
Accrued Interest Payable	12,401
Current Portion of Notes Payable	251,088
Current Portion of Lease Liability	1,911
Total Current Liabilities	\$ 617,954

Noncurrent Liabilities:

Net Pension Liabilities	\$ 142,755
Compensated Absences Payable	64,006
Other Post - Employment Benefits Payable	701,994
Accrued Landfill Closure and Postclosure Care Costs	3,913,388
Noncurrent Portion of Notes Payable	702,434
Noncurrent Portion of Lease Liability	35,109
Total Noncurrent Liabilities	5,559,686

Total Liabilities	\$ 6,177,640
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Deferred Inflows of Resources

Pension Deferrals	\$ 209,672
OPEB Deferrals	-
Total Deferred Outflows	209,672

Net Position

Net Investment in Capital Assets	\$ 6,353,237
Unrestricted	677,904

Total Net Position	\$ 7,031,141
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The notes to the financial statements are an integral part of this statement.

ASHE COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Enterprise Fund</u> Environmental Services Fund
Operating Revenues:	
SWDF - Household Fees	\$ 2,345,264
SWDF - Commercial Fees	457,628
Recycling Revenues	227,758
Miscellaneous Revenue	1,100
Total Operating Revenues	<u>\$ 3,031,750</u>
Operating Expenses:	
Environmental Services - Collections	\$ 1,430,605
Environmental Services - Disposal	998,832
Depreciation	448,781
Amortization	2,848
Landfill Closure and Postclosure Care Costs	215,000
Total Operating Expenses	<u>\$ 3,096,066</u>
Operating Income (Net)	<u>\$ (64,316)</u>
Non-Operating Revenues and Expenses	
Contributions From Other Governments	\$ 6,000
Solid Waste Disposal Tax	23,529
Scrap Tire Disposal Tax and Grant	49,556
White Goods Disposal Tax and Grant	6,550
Loss on Sale of Fixed Assets	(80,743)
Electronics Management Distr.	3,601
Insurance Proceeds	10,927
Investment Earnings	4,565
Interest on Long - Term Debt	(14,165)
Interest on Lease Payment	(854)
Transfer from ARPA Fund	44,297
Total Non-Operating Revenues and Expenses	<u>53,263</u>
Change in Net Position	\$ (11,053)
Total Net Position, Beginning	<u>\$ 7,042,194</u>
Total Net Position, Ending	<u>\$ 7,031,141</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, 2022

Enterprise Fund

Cash flows from operating activities:	
Cash received from customers	\$ 3,105,692
Cash paid for goods and services	(916,867)
Cash paid to employees for services	(1,323,750)
Net cash provided (used) by operating activities	\$ 865,075
Cash flows from non-capital financing activities:	
Contributions from other governments	\$ 6,000
Disposal tax and grants	80,628
Transfer-in from ARPA fund	44,297
Proceeds from Insurance	10,927
Net cash provided (used) by non-capital financing activities	\$ 141,852
Cash flows from capital and related financing activities:	
Proceeds from sale of fixed assets	\$ 7,944
Acquisition of capital assets	(1,060,365)
Proceeds from loan	500,000
Principal paid on loan	(333,687)
Loan interest paid	(18,829)
Principal paid on lease	(2,146)
Lease interest paid	(854)
Net cash provided (used) by capital and related financing activities	(907,937)
Cash flows from investing activities:	
Interest on investments	\$ 4,565
Net cash provided (used) by investing activities	\$ 4,565
Net increase (decrease) in cash and cash equivalents	\$ 103,555
Cash and cash equivalents, July 1	4,997,791
Cash and cash equivalents, June 30	\$ 5,101,346

ASHE COUNTY, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Reconciliation of operating income to net cash provided by
operating activities:

Operating income	\$ (64,316)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	448,781
Amortization	2,848
Landfill closure and postclosure care costs	215,000
Changes in assets, liabilities, and deferred outflows and inflows of resources:	
(Increase) decrease in accounts receivable	73,943
(Increase) decrease in deferred outflows of resources - pensions	(38,637)
(Increase) decrease in deferred outflows of resources - OPEB	(18,203)
Increase (decrease) in net pension liability	(181,490)
Increase (decrease) in net OPEB liabilities	117,427
Increase (decrease) in deferred inflows of resources - pensions	209,492
Increase (decrease) in deferred inflows of resources - OPEB	-
Increase (decrease) in accounts payable and accrued liabilities	100,978
Increase (decrease) in accrued vacation pay	(748)
Total adjustments	<u>\$ 929,391</u>
Net cash provided (used) by operating activities	<u><u>\$ 865,075</u></u>

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

ASHE COUNTY, NORTH CAROLINA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	<u>IRC 457 Deferred Compensation Plan</u>	<u>Custodial Funds</u>
<u>Assets</u>		
Cash & Cash Equivalents	\$ -	\$ 54,240
Taxes Receivable Fire Districts, net		146,812
Investments at Fair Value		
Domestic Equities	427,365	
Fixed Income	340,283	
Total Assets	<u>\$ 767,648</u>	<u>\$ 201,052</u>
<u>Liabilities</u>		
Accounts Payable and Accrued Liabilities	\$ -	\$ -
Due to Other Governments		160,088
Total Liabilities	<u>-</u>	<u>160,088</u>
<u>Net Position</u>		
Restricted For:		
Postemployment Benefits Other Than Pensions	\$ 767,648	\$ -
Individuals, Organizations, and Other Governments		40,964
Total Fiduciary Net Position	<u>\$ 767,648</u>	<u>\$ 40,964</u>

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

ASHE COUNTY, NORTH CAROLINA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	IRC 457 Deferred Compensation Plan	Custodial Funds
<u>Additions</u>		
Employee Contributions	\$ 8,455	\$ -
Investment Income:		
Interest, Dividends, Gains and Losses	(85,946)	
Ad Valorem Taxes Collected for Fire Districts		1,874,756
Collections on Behalf of Inmates		224,615
Total Additions	\$ (77,491)	\$ 2,099,371
 <u>Deductions</u>		
Benefit Payments	\$ 44,031	\$ -
Asset Fees	4,801	
Tax Distributions to Fire Districts		1,874,756
Payments on Behalf of Inmates		240,250
Total Deductions	48,832	2,115,006
Net Increase (Decrease) in Fiduciary Net Position	(126,323)	(15,635)
Net Position - Beginning,	893,971	56,599
Net Position - Ending	\$ 767,648	\$ 40,964

* 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, 2022

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

Discretely Presented Component Units

Ashe County Industrial Facility and Pollution Control Financing Authority

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

B. Basis of Presentation, Basis of Accounting

Basis of Presentation, Measurement Focus - Basis of Accounting

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

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

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

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

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

The County reports the following major governmental funds:

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

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

American Rescue Plan Act Fund. This fund accounts for the transactions related to the American Rescue Plan Funds.

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 Landfill Closure and Postclosure Reserve Fund has been consolidated into the Environmental Services Fund for reporting purposes.

The County reports the following fund types:

Trust Funds - Trust Funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, or other postemployment benefit plans. The IRC 457 Deferred Compensation Plan accounts for retirement funds held under that plan for qualified retirees.

Custodial Funds - Custodial Funds are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. Custodial funds are used to account for assets the County holds on behalf of others that meet certain criteria. The County maintains the following custodial funds: the Fire District Tax Fund, which accounts for ad valorem and vehicle property taxes that are billed and collected by the County for various fire districts within the County but that are not revenues to the County, and the Jail Inmate Pay Fund, which holds cash collections for the benefit of the inmates from their friends and families, plus any cash that was on them when booked.

Nonmajor Funds . The County maintains eight legally budgeted funds. The Emergency Telephone System Fund, the 4-H Activities Fund, the DSS Representative Payee Fund , the Deed of Trust Fund, and the Opioid Settlement Trust 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

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year which all eligibility requirements have been satisfied.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

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

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

C. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the School Capital Projects Fund, The Emergency Telephone System Fund, The 4-H Program

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Activities Fund, the DSS Representative Payee Fund, the Deed of Trust Fund, the Government Building Capital Projects Fund the Economic Development Capital Projects Fund, and the Enterprise Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the American Rescue Plan Act Fund and the CDBG Capital Projects Fund. The Landfill Closure and Postclosure Reserve Fund is consolidated with the enterprise fund for reporting purposes.

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

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

1. Deposits and Investments

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

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

The County's investments are carried at fair value as determined by quoted market prices. The North Carolina Capital Management Trust (NCCMT), which consists of two SEC-registered funds, is authorized by G.S. 159-30 (c)(8). One of these funds, the Government Portfolio is a 2a7 fund which invests in treasuries and government agencies and is rated AAAM by S&P. The second fund, the Term Portfolio, is a short-term bond fund investing in treasuries, government agencies, and money market instruments allowed under G.S. 159-30. The Term Portfolio has no rating. Both the Government Portfolio and the Term Portfolio are reported at fair value.

2. Cash and Cash Equivalents

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

3. Restricted Assets

Money in the Tax Revaluation Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150. Money in the Register of Deeds Automation Fund is classified as restricted assets since its use is restricted by North Carolina General Statutes. The unexpended loan proceeds in the School Capital Projects Fund, as well as other money in that fund, are classified as restricted assets because their use is restricted per North Carolina General Statutes 159-18 through 22.

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Ashe County Restricted Cash

Governmental Activities			
General Fund	Tax Revaluation	\$	118,730
General Fund	Register of Deeds		144,947
General Fund	Human Services		53,174
ARPA Fund	Unassigned Proceeds		4,819,185
Opioid Settlement Trust Fund	Unexpended Settlement Proceeds		83,788
School Capital Projects Fund	Education		5,738,897
E-911 Special Revenue Fund	Public Safety		617,028
4-H Special Revenue Fund	Human Services		65,210
Total Governmental Activities		<u>\$</u>	<u>11,640,959</u>
Business-Type Activities			
None			
Total Restricted Cash		<u>\$</u>	<u>11,640,959</u>

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, 2021. 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. Leases Receivable

The County's leases receivable are measured at the present value of lease payments expected to be received during the lease term. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

6. 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.

7. Inventories

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

8. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to July 1, 2015 are recorded at their estimated fair value as the date of donation. Donated capital assets received after July 1, 2015 are recorded at acquisition value. Minimum capitalization costs are as follows: land, \$ 0; buildings, improvements, substations, lines, and other plant and distribution systems, \$5,000; infrastructure, \$100,000; furniture and equipment, \$5,000; computer software, \$5,000; and vehicles, \$5,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

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

	Years
Buildings and plant assets	50
Improvements	25
Furniture and equipment	10
Vehicles	5
Computer equipment	3
Environmental services heavy equipment	20-25
Computer software	5

9. Right to Use Assets

The County has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

10. Deferred Outflows/Inflows of Resources

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

11. 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.

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

12. 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.

13. Opioid Settlement Funds

In April 2022, drug manufacturer Johnson & Johnson, and three drug distributors, McKesson, AmerisourceBergen, and Cardinal Health, finalized a \$26 billion-dollar nationwide settlement related to multiple opioid lawsuits. These funds will be disbursed to each participating state over an 18-year period according to an allocation agreement reached with all participating states. The majority of these funds are intended for opioid abatement and the distribution of the funds will be front loaded.

North Carolina's Memorandum of Agreement (MOA) between the state and local governments for the settlement funds allocates the funds as follows:

- 15% directly to the State ("State Abatement Fund")
- 80% to abatement funds established by Local Governments ("Local Abatement Funds")
- 5% to a County Incentive Fund.

The County received \$83,789 as part of this settlement in Fiscal Year 2022. Per the terms of the MOA, the County created a special revenue fund, the Opioid Settlement Fund, to account for these funds. All funds are to be used for opioid abatement and remediation activities. Funds are restricted until expended. No funds have been expended as of June 30, 2022.

14. Reimbursements for Pandemic-related Expenditures

In FY 2020/21, the American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replace lost revenue for eligible state, local, territorial, and tribal governments. The County was allocated \$5,283,864 of fiscal recovery funds to be paid in two equal installments. The first installment of \$2,641,932 was received in FY 2021. The second installment was received in FY2022. County staff and the Board of Commissioners have elected to use \$464,679 of the ARPA funds for premium pay. The County plans on using the rest of the funds for revenue replacement in Fiscal Year 2023. The \$464,679 used for premium pay was transferred to the General Fund (\$420,382) and the Enterprise Fund (\$44,297) from the ARPA Fund. Revenue replacement funds will be transferred to the appropriate funds once the intended use of the funds is determined.

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

15. 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.

Leases - portion of fund balance that is not an available resource because it represents the year-end balance of the lease receivable in excess of the deferred inflow of resources for the lease receivable, which is not a spendable resource.

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

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

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

Restricted for Human Services - portion of fund balance that is restricted by revenue source for human services purposes, such as DSS, 4-H, Coronavirus Relief and American Rescue Plan Act.

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.

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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 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.

16. Defined Benefit Pension Plans and OPEB Plans

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

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

E. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund balance sheet includes a reconciliation between total fund balance for the governmental funds and net position for governmental activities as reported in the government-wide statement of net position. The net adjustment of \$18,475,083 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)	\$ 71,458,825
Less accumulated depreciation	<u>(29,277,123)</u>
Net capital assets	\$ 42,181,702
Right to use Leased Assets are not financial resources and therefore are not reported in the funds (net of amortization)	794,129
Net pension asset - ROD	62,398
Contributions to LGERS and ROD pension plans in current fiscal year are deferred outflows of resources	1,237,102
Benefit payments and admin cost for LEOSSA that are in deferred outflows	20,245
Contributions to OPEB plan in current fiscal year	216,458
Deferred outflows of resources related to pensions	2,329,253
Deferred outflows of resources related to OPEB	1,302,691
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are unavailable in the fund statements	283,877
Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide. (Taxes)	1,231,848
Deferred inflows of resources related to pensions	(3,156,202)
Deferred inflows of resources related to OPEB	-
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	(14,533,490)
Compensated absences	(788,660)
Accrued interest payable	(33,838)
Other postemployment benefits payable	(9,740,173)
Net pension liability - LGERS	(2,119,606)
Net pension liability - LEO	<u>(812,651)</u>
Total adjustment	<u><u>\$ 18,475,083</u></u>

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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 \$333,395 is comprised of the following:

Description	Amount
Initial cost of leased assets are reported as expenditures in the fund statements but reported as assets in the statement of activities.	\$ 170,042
Amortization expense, the allocation of right to use leased assets over the term of the lease, is recorded in the Statement of Activities but not in the funds.	(244,396)
Capital outlay expenditures are recorded in the fund statements but capitalized as assets in the statement of activities	3,523,337
Depreciation expense, the allocation of those assets over their useful lives, is recorded on the statement of activities but not in the fund statements.	(2,096,218)
Cost of capital assets disposed of during the year are not recognized on modified accrual basis.	-
New loan and lease debt issued during the year is recorded as a source of funds on the fund statements. It has no effect on the Statement of Activities.	(1,786,938)
Principal payments on loan and lease debt owed are recorded as a use of funds on the fund statements but affect only the statement of net position in the government-wide statements.	1,578,722
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	1,237,102
Benefit payments and pension administration cost for LEOSSA that are deferred outflows of resources on the Statement of Net Position.	20,245
Contributions to the OPEB plan are deferred outflows of resources on the statement of Net Position	216,458
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)	(6,997)
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.	(16,649)
OPEB Expense	(834,898)
Pension expense	(1,065,295)

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

ASHE COUNTY, NORTH CAROLINA
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Increase (Decrease) in deferred inflows - taxes receivable - at year end	(241,142)
Increase (Decrease)in accrued interest receivable on taxes at year end	(119,978)
Total adjustment	\$ 333,395

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 under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The County has no policy regarding custodial credit risk for deposits.

At June 30, 2022, the County's deposits had a carrying amount of \$10,463,428 and a bank balance of \$11,612,121. Of the bank balance, \$500,000 was covered by federal depository insurance, and \$11,112,121 in interest bearing deposits were covered by collateral held under the Pooling Method. At June 30, 2022, Ashe County had \$3,190 cash on hand.

2. Investments

At June 30, 2022, the County's investments consisted of \$28,546,948 in the North Carolina Capital Management Trust Government Portfolio, fair value level 1. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months. The NCCMT Government Portfolio has an AAAm rating from S&P and AAA-mf by Moody's Investor Service. Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. The County has no policy on credit risk. The IRC 457 Deferred Compensation plan has a balance of \$767,648 at year end.

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

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

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2018-19	\$ 1,705,679	\$ 558,610	\$ 2,264,289
2019-20	1,618,048	384,286	2,002,334
2020-21	1,650,953	243,516	1,894,469
2021-22	1,937,583	111,411	2,048,994
Total	<u>\$ 6,912,263</u>	<u>\$ 1,297,823</u>	<u>\$ 8,210,086</u>

4. Receivables

Receivables at the government-wide level at June 30, 2022, were as follows:

	<u>Accounts</u>	<u>Taxes & Related Accrued Interest</u>	<u>Due from Other Governments</u>	<u>Lease Receivable</u>	<u>Total</u>
<u>Governmental Activities:</u>					
General	\$ 72,360	\$ 2,058,725	\$ 2,861,044	\$ 309,430	\$ 5,301,559
Other Governmental			827,321		827,321
Total receivables	72,360	2,058,725	3,688,365	309,430	6,128,880
Allowance for doubtful accnts		(543,000)			(543,000)
Total governmental activ.	<u>\$ 72,360</u>	<u>\$ 1,515,725</u>	<u>\$ 3,688,365</u>	<u>\$ 309,430</u>	<u>\$ 5,585,880</u>
<u>Business-type Activities:</u>					
Environmental Services	616,803		21,334		\$ 638,137
Total receivables	616,803		21,334		638,137
Allowance for doubtful accnts					
Total-business-type activities	<u>\$ 616,803</u>	<u>\$ -</u>	<u>\$ 21,334</u>	<u>\$ -</u>	<u>\$ 638,137</u>

The County entered into a lease agreement with Carolina West Wireless that became in effective in April 2017, after an initial option period. Under the lease Carolina West Wireless pays the County for the use of a tract of land behind Westwood Elementary School to construct and maintain a cell tower. The initial term is 10 years automatically renewing for 5 additional 5 year terms. The rent is \$750 per month for the first 5 years, 825 per month for the next 5 years, then increases by 10% at the beginning of each additional 5 year term. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 3%, which is the County's incremental borrowing rate.

The County entered into a lease agreement with the U.S. Department of Agriculture effective August 1, 2020. Under the lease the USDA pays the County \$5,354 per month for the use of office space. There are no variable components in the lease. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 3%, which is the County's incremental borrowing rate.

In fiscal year 2022, the County recognized \$70,105 of lease revenue and \$9,709 of interest under these leases.

ASHE COUNTY, NORTH CAROLINA
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FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

Local option sales tax	\$ 1,705,048
Sales tax and gas tax refund receivable	263,318
Scrap Tire and White Goods Disposal Tax	24,334
Restricted intergovernmental grants	1,716,999
Total	<u>\$ 3,709,699</u>

5. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2022, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
GOVERNMENTAL ACTIVITIES:				
Capital assets not being depreciated:				
Land	\$ 6,193,257		\$ -	\$ 6,193,257
Construction in Progress				-
Total capital assets not being depreciated	<u>6,193,257</u>	-	-	<u>6,193,257</u>
Capital assets being depreciated:				
Buildings	35,631,902			35,631,902
Other improvements	6,779,115	36,603		6,815,718
Infrastructure	12,053,654	2,714,240		14,767,894
Equipment	4,997,519	397,397	770,775	4,624,141
Vehicles and motor equipment	3,175,074	375,097	124,258	3,425,913
Total capital assets being depreciated	<u>62,637,264</u>	<u>3,523,337</u>	<u>895,033</u>	<u>65,265,568</u>
Less accumulated depreciation for:				
Buildings	13,172,720	677,430		13,850,150
Other improvements	4,666,698	191,253		4,857,951
Infrastructure	4,126,522	569,909		4,696,431
Equipment	3,572,617	331,486	770,775	3,133,328
Vehicles and motor equipment	2,537,381	326,140	124,258	2,739,263
Total accumulated depreciation	<u>28,075,938</u>	<u>2,096,218</u>	<u>895,033</u>	<u>29,277,123</u>
Total capital assets being depreciated, net	<u>34,561,326</u>			<u>35,988,445</u>
Governmental activity capital assets, net	<u>\$ 40,754,583</u>			<u>\$ 42,181,702</u>

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

General government	\$ 435,676
Public safety	650,186
Transportation	598,266
Economic and physical development	33,025
Human services	112,253
Cultural and recreational	266,812
Total depreciation expense	<u>\$ 2,096,218</u>

	Beginning Balances	Increases	Decreases	Ending Balances
BUSINESS-TYPE ACTIVITIES:				
Environmental Services				
Capital assets not being depreciated:				
Land	\$ 492,906	\$ -	\$ -	\$ 492,906
Construction in Progress				
Total cap assets not being depreciated	<u>\$ 492,906</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 492,906</u>
Capital assets being depreciated:				
Building	246,698			246,698
Plant and distribution systems	5,082,828			5,082,828
Equipment	5,365,556	1,060,364	312,946	6,112,974
Total capital assets being depreciated	<u>10,695,082</u>	<u>1,060,364</u>	<u>312,946</u>	<u>11,442,500</u>
Less accumulated depreciation for:				
Building	103,688	5,708		109,396
Plant and distribution systems	1,593,866	101,952		1,695,818
Equipment	2,706,577	341,121	224,260	2,823,438
Total accumulated depreciation	<u>4,404,131</u>	<u>448,781</u>	<u>224,260</u>	<u>4,628,652</u>
Total cap assets being depreciated, net	<u>\$ 6,290,951</u>			<u>\$ 6,813,848</u>
Environmental services capital assets, net	<u>\$ 6,783,857</u>			<u>\$ 7,306,754</u>

Construction commitments

The County has construction commitments for a waterline at the Ashe County Airport. Bids were not awarded as of June 30, 2022. The County has committed to develop an Industrial Park, and has secured a loan from Blue Ridge Electric Membership Corporation for \$1,360,000 to assist in this project. A bid was awarded in February 2022 for \$1,399,800. No funds were disbursed as of June 30, 2022. A State grant has been received in the amount of \$2,500,000 to build a new Agriculture Center. Bids were not awarded as of June 30, 2022.

6. Right to Use Leased Assets

The County has recorded several right to use leased assets. The assets are right to use assets for leased computer equipment and land. The related leases are discussed in the Leases subsection of the Long-term obligations section of this note. The right to use lease assets are amortized on a straight-line basis over the terms of the related leases.

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Right to use asset activity for Governmental Activities for the year ended June 30, 2022, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Right to use assets				
Leased land	\$ -	\$ 110,951	\$ -	\$ 110,951
Leased computer equipment		927,574		927,574
Total right to use assets	-	1,038,525	-	1,038,525
Less accumulated amortization for:				
Leased land	-	2,706	-	2,706
Leased computer equipment		241,690		241,690
Total accumulated amortization	-	244,396	-	244,396
Right to use assets, net	\$ -	\$ 794,129	\$ -	\$ 794,129

Right to use asset activity for Business-type Activities for the year ended June 30, 2022, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Business-Type Activities:				
Right to use assets				
Leased land	\$ -	\$ 39,166	\$ -	\$ 39,166
Total right to use assets	-	39,166	-	39,166
Less accumulated amortization for:				
Leased land	-	2,848	-	2,848
Total accumulated amortization	-	2,848	-	2,848
Right to use assets, net	\$ -	\$ 36,318	\$ -	\$ 36,318

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2022, were as follows:

	Vendors	Salaries and Benefits	Accrued Interest	Advances from Grantors	Total
Governmental Activities:					
General	\$ 827,684	\$ -	\$ 9,609	\$ -	\$ 837,293
Other Governmental	763,496		15,906	4,902,974	5,682,376
Total-governmental activities	\$ 1,591,180	\$ -	\$ 25,515	\$ 4,902,974	\$ 6,519,669
Business-type Activities					
Environmental services	\$ 352,554	\$ -	\$ 12,401	\$ -	\$ 364,955
Total-business-type activities	\$ 352,554	\$ -	\$ 12,401	\$ -	\$ 364,955

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for LGERS. That report may be obtained by writing the Office of the State Controller, 1410 Mail Services Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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

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

Contributions . Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County contractually required contribution rate for the year ended June 30, 2022, was 11.410% of compensation for law enforcement officers and 12.040% 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 \$1,324,571 for the year ended June 30, 2022.

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

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

At June 30, 2022, the County reported a liability of \$2,262,361 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 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, 2021, the County's proportion was 0.14752% which was a decrease of 0.002460% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the County recognized pension expense of \$1,008,815. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>LGERS:</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 719,738	\$ -
Changes of assumptions	1,421,340	
Net difference between projected and actual earnings on pension plan investments		3,232,234
Changes in proportion and differences between County contributions and proportionate share of contributions	83,136	46,796
County contributions subsequent to the measurement date	1,316,294	
Total	\$ 3,540,508	\$ 3,279,030

The \$1,316,294 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, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023	\$ 235,995
2024	(41,451)
2025	(260,275)
2026	(989,083)
2027	
Thereafter	
Total	\$ (1,054,814)

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Actuarial Assumptions . The total pension liability in the December 31, 2010 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.5 percent
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020 are summarized in the following table:

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

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Discount rate . The discount rate used to measure the total pension liability was 6.50%. 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 6.50 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 (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
County's proportionate share of the net pension liability (asset)	\$ 8,782,296	\$ 2,262,361	\$ (3,103,167)

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

b. Law Enforcement Officers Special Separation Allowance (LEOSSA)

1. *Plan Description*

Ashe County administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2020, the Separation Allowance's membership consisted of:

Retirees receiving benefits	2
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	34
Total	36

2. *Summary of Significant Accounting Policies*

Basis of Accounting . The County has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified basis of accounting. Benefits are recognized when due and payable in accordance with the terms of the plan.

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The Separation Allowance has no assets accumulated in a trust that meets the criteria which are outlined in GASB Statement 73.

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

3. Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2020 valuation. The total pension liability in the December 31, 2020 actuarial valuation was determined in using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	2.25 percent

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

Mortality rates use Pub-2010 amount-weighted tables projected from 2010 using generational improvement with Scale MP - 2019.

4. Contributions

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly.

Administration costs of the Separation allowance are financed through investment earnings. The County paid \$40,489 as benefits came due for the reporting period.

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

At June 30, 2022, the County reported a total pension liability \$812,651. The total pension liability was measured as of December 31, 2021 based on a December 31, 2020 actuarial valuation. The total pension liability was rolled forward to December 31, 2021 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2022, the County recognized pension expense of \$115,642.

<u>LEOSSA:</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 33,849	\$ 54,230
Changes of assumptions	203,117	26,825
County benefit payments and plan administrative expenditures paid subsequent to the measurement date	20,245	
Total	<u>\$ 257,211</u>	<u>\$ 81,055</u>

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The County paid \$20,245 in benefit payments subsequent to the measurement date that are reported as deferred outflows of resources related to pensions which will be recognized as a decrease of the total pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Outflows	Inflows	Increase/ Decrease
2023	\$ 61,828	\$ 27,483	\$ 34,345
2024	45,422	17,994	27,428
2025	45,422	9,999	35,423
2026	43,917	9,341	34,576
2027	40,377	8,922	31,455
Thereafter	-	7,316	(7,316)
Total	<u>236,966</u>	<u>81,055</u>	<u>155,911</u>

Sensitivity of the County's total pension liability to changes in the discount rate. The following presents the County's total pension liability calculated using the discount rate of 2.25 percent, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current rate:

	1% Decrease (1.25%)	Discount Rate (2.25%)	1% Increase (3.25%)
Total pension liability	\$ 890,989	\$ 812,651	\$ 741,524

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

	2022
Beginning balance	\$ 836,239
Service cost	62,000
Interest on the total pension liability	15,749
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	(36,587)
Changes of assumption or other inputs	(24,261)
Benefit payments	(40,489)
Other changes	-
Ending balance of total pension liability	<u>\$ 812,651</u>

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 1.93 percent at June 30, 2020 to 2.25 percent at June 30, 2021.

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

The plan currently uses mortality tables that vary by age, and health statues (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, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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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 G.S. 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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report 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, 2022 were \$85,482 for law enforcement officers and \$290,549 for non-law enforcement employees. No amounts were forfeited.

d. Registers of Deeds' Supplemental Pension Fund

Plan Description. Ashe County also contributes to the Register of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefits provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members - nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Register of Deeds' Supplemental Pension Fund is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report 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.

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Register of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$3,866 for the year ended June 30, 2022.

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

At June 30, 2022, the County reported an asset of \$62,398 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2021. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 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, 2021, the County's proportion was 0.32477% which was a decrease of 0.00607% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the County recognized pension expense of (\$4,494). At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>RODSPF:</u>		
Differences between expected and actual experience	\$ 666	\$ 757
Changes in assumptions	4,550	
Net difference between projected and actual earnings on pension plan investments	-	192
Changes in proportion and difference between County contributions and proportionate share of contributions	3,205	2,075
County contributions subsequent to the measurement date	3,866	
Total	\$ 12,287	\$ 3,024

The \$3,866 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, 2023. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expenses as follows:

Year ended June 30:		
2023	\$	2,482
2024		1,607
2025		(146)
2026		1,455
2027		
Thereafter		
Total	\$	5,398

Actuarial Assumptions. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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Inflation	3.0 percent
Salary increases	3.50 to 7.75 percent, included inflation and productivity factor
Investment rate of return	3.75 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study as of December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markers data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S Treasury yield curve and market expectation of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2022 is 1.4%.

The information above is based on 30 years expectations developed with the consulting actuary for the 2021 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 3.00%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate.

The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 3.00 percent, as well as what the County's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (2.00 percent) or 1-percentage-point higher (4.00 percent) than the current rate:

	1% Decrease (2.00%)	Discount Rate (3.00%)	1% Increase (4.00%)
ROD			
County's proportionate share of the net pension asset (liability)	\$ 49,563	\$ 62,398	\$ 73,184

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

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

The net pension liability for LGERS and ROD was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of the date. The total pension liability for LEOSSA was measured as of June 30, 2021, with an actuarial valuation date of December 31, 2020. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
Proportionate Share of Net Pension Liability (Asset)	\$ 2,262,361	\$ (62,398)		\$ 2,199,963
Proportion of the Net Pension Liability (Asset)	0.14752%	0.32477%	n/a	
Total Pension Liability	-	-	\$ 812,651	\$ 812,651
Pension Expense	\$ 1,008,815	\$ 4,494	\$ 115,642	\$ 1,128,951

At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
<u>Deferred Outflows Resources</u>				
Difference between expected and actual experience	\$ 719,738	\$ 666	\$ 33,849	\$ 754,253
Changes of assumptions	1,421,340	4,550	203,117	1,629,007
Net difference between projected and actual earnings on pensions plan investments	-	-	-	-
Changes in proportion and differences between County contributions and proportionate share of contributions	83,136	3,205		86,341
County contributions (LGERS, ROD)/ benefit payments and administration cost (LEOSSA) subsequent to the measurement date	1,316,294	3,866	20,245	1,340,405
Totals	<u>3,540,508</u>	<u>12,287</u>	<u>257,211</u>	<u>3,810,006</u>

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Deferred Inflows of Resources

Difference between expected and actual experience	\$	-	\$	757	\$	54,230	\$	54,987
Changes of assumptions		-		-		26,825		26,825
Net difference between projected and actual earnings on pension plan investments		3,232,234		192				3,232,426
Changes in proportion and differences between County contributions and proportionate share of contributions		46,796		2,075		-		48,871
Total	\$	<u>3,279,030</u>	\$	<u>3,024</u>	\$	<u>81,055</u>	\$	<u>3,363,109</u>

f. Other Postemployment Benefits

Healthcare Benefits

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

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

Membership of the HCB Plan consisted of the following at June 30, 2021, the date of the latest actuarial valuation:

<u>HCB</u>	General	Law	Totals:
	Employees:	Enforcement Officers:	
Retirees and dependents receiving benefits	13	2	15
Terminated plan members entitled to but not yet receiving benefits	-	-	-
Active plan members	196	34	230
Total	<u>209</u>	<u>36</u>	<u>245</u>

Total OPEB Liability

The County's total OPEB liability of \$10,442,167 was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs . The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs applied to all periods included in the measurement unless otherwise specified:

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Inflation	2.5 percent
Wage Inflation	3.25 percent
Salary increases, including wage inflation:	
General Employees	3.25 percent - 8.41 percent
Law Enforcement Officers	3.25 percent - 7.90 percent
Municipal Bond Index Rate	Prior Measurement date 2.21 percent Measurement date 2.16 percent
Healthcare cost trend rates	Medical and Prescription - 7.00% for 2020 decreasing to an ultimate rate of 4.50% by 2030.

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

Mortality rates were based on the Pub-2010 mortality tables with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2020	\$ 9,561,840
Changes for the year	
Service cost	554,619
Interest	220,997
Changes of benefit terms	-
Differences between expected and actual experience	(53,994)
Changes in assumptions or other inputs	393,220
Benefit payments	(234,515)
Net changes	<u>880,327</u>
Balance at June 30, 2021	<u><u>\$ 10,442,167</u></u>

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period January 2010 thru December 2014.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16 percent) or 1-percentage-point higher (3.16 percent) than the current discount rate:

	1% Decrease	Discount Rate	1 % Increase
	(1.16%)	(2.16%)	(3.16%)
Total OPEB liability	\$ 11,637,261	\$ 10,442,167	\$ 9,380,572

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

	1% Decrease	Current	1% Increase
Total OPEB liability	\$ 9,028,163	\$ 10,442,167	\$ 12,151,217

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

For the year ended June 30, 2022 the County recognized OPEB expense of \$976,897. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 168,587	\$ -
Changes of Assumptions	1,227,998	
Benefit payments and administrative costs made subsequent to the measurement date	232,052	
Total	\$ 1,628,637	\$ -

\$232,052 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2023	\$ 201,281
2024	201,281
2025	220,401
2026	246,789
2027	232,959
Thereafter	293,874
Total	\$ 1,396,585

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.

ASHE COUNTY, NORTH CAROLINA
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3. Closure and Post Closure Care Costs - Ashe County Landfill Facility

State and federal laws and regulations require the County to place a final cover on its Ashe County Landfill Facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post closure care costs as a operating expense in each period based on landfill capacity used as of each balance sheet date. The \$3,913,388 reported as landfill closure and post closure care liability at June 30, 2022 represents a cumulative amount reported to-date based on the historical use rate of 3.7 percent of the total estimated capacity of the landfill per year, adjusted this year to reflect an approximate remaining life of 7 years as of June 30, 2022. The County will recognize \$1,434,111 (for a total of \$5,347,499), 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 2021. The County expects to close the Ashe County facility in the year 2029. 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. Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in one self-funded risk-financing pool administered by the North Carolina Association of County Commissioners for liability and property insurance, as well as Workers' Compensation coverage up to the statutory limit of \$2,000,000. The pool is audited annually by certified public accountants, and the audited financial statements are available to the County upon request. The County obtains property coverage equal to replacement cost values of owned property subject to a blanket limit of \$67,380,649; general, auto, professional, and employment practices liability coverage of \$2 million per occurrence; auto physical damage coverage for owned autos at actual cash value; and crime coverage of \$250,000 per occurrence. The County provides health insurance to employees through the State Health Plan which is operated by the State of North Carolina and governed by G.S 135-48.1 Article 3-B. The State currently contracts with Blue Cross Blue Shield of North Carolina. There is no maximum stop loss in this plan. There is an unlimited lifetime maximum. Dental insurance is provided to employees through a private provider, Delta Dental.

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

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

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

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

5. Contingent Liabilities

At June 30, 2022, 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.

6. Long-Term Obligations

a. Leases

The County has entered into agreements to lease certain equipment and land. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

- a. An agreement was executed on May 15, 2017, to lease land for a 911 Tower and requires 45 annual payments of \$4,800. There are no variable payment components to the lease. The lease liability is measured at a discount rate of 3% which is the County's incremental borrowing rate. As a result of the lease the County has recorded a right to use asset with a net book value of \$108,245 at June 30, 2022.
- b. An agreement was executed on April 22, 2022, to lease Pictometry Equipment for the tax office and requires 6 annual payments of \$62,123. There are no variable payment components to the lease. The lease liability is measured at a discount rate of 3% which is the County's incremental borrowing rate. As a result of the lease the County has recorded a right to use asset with a net book value of \$241,018 at June 30, 2022.
- c. An agreement was executed on July 11, 2020, to lease Sparta Backup Rack Space and requires 48 monthly payments of \$720. There are no variable payment components to the lease. The lease liability is measured at a discount rate of 3% which is the County's incremental borrowing rate. As a result of the lease the County has recorded a right use asset with a net book value of \$24,458 at June 30, 2022.
- d. An agreement was executed on September 9, 2021, to lease Hinton Rubrick computer equipment, which is split between Data Processing at 40% and Social Services at 60%. The lease requires 5 annual payments of 36,048. There are no variable payment components to the lease. The lease liability is measured at a discount rate of 3% which is the County's incremental borrowing rate. As a result of the lease the County has recorded a right use asset with a net book value of \$127,530 at June 30, 2022.
- e. An agreement was executed on July 26, 2019, to lease Nutanix1 Node Software and Equipment, which is split between Data Processing at 40% and Social Services at 60%. The lease requires 5 annual payments of 32,743. There are no variable payment components to the lease. The lease liability is measured at a discount rate of 3% which is the County's incremental borrowing rate. As a result of the lease the County has recorded a right use asset with a net book value of \$83,573 at June 30, 2022.
- f. An agreement was executed on July 28, 2020, to lease Nutanix Storage for Social Services ,and requires 4 annual payments of \$8,039. There are no variable payment components to the lease. The lease liability is measured at a discount rate of 3% which is the County's incremental borrowing rate. As a result of the lease the County has recorded a right use asset with a net book value of \$15,614 at June 30, 2022.
- g. An agreement was executed on August 1, 2018, to lease Vartech Software and Equipment, which is split between Data Processing at 40% and Social Services at 60%. The lease requires 5 annual payments of 25,155.

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

There are no variable payment components to the lease. The lease liability is measured at a discount rate of 3% which is the County's incremental borrowing rate. As a result of the lease the County has recorded a right use asset with a net book value of \$24,992 at June 30, 2022.

- h. An agreement was executed on July 1, 2020, to lease Logan System Software and Equipment for the Register of Deeds, and requires 60 monthly payments of \$4,875. There are no variable payment components to the lease. The lease liability is measured at a discount rate of 3% which is the County's incremental borrowing rate. As a result of the lease the County has recorded a right use asset with a net book value of \$168,770 at June 30, 2022.
- i. An agreement was executed on January 1, 2020, to lease a plot of land on Hwy 16 for a Convenience Center for Environmental Services, and requires 30 semiannual payments of \$1,500. There are no variable payment components to the lease. The lease liability is measured at a discount rate of 3% which is the County's incremental borrowing rate. As a result of the lease the County has recorded a right use asset with a net book value of \$36,318 at June 30, 2022.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022, were as follows:

Year Ending June 30	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 212,536	\$ 23,515	\$ 1,911	\$ 1,089
2024	199,795	17,384	1,969	1,031
2025	197,777	11,364	2,279	971
2026	107,934	6,198	2,603	897
2027	1,706	3,094	2,682	818
2028-2032	9,328	14,672	15,976	2,774
2033-2037	10,814	13,186	9,600	400
2038-2042	12,536	11,464		
2043-2047	14,533	9,467		
2048-2052	16,848	7,152		
2053-2057	19,531	4,469		
2058-2062	17,842	1,358		
Total Principal Payments	\$ 821,180		\$ 37,020	
Total Interest Payments		\$ 123,323		\$ 7,980

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 \$239,867 dated September 28, 2020 with First Citizens Bank, to supply the Ashe County Sheriff's Office with 35 handheld viper radios (collateral). The County shall repay this balance in 12 semiannual payments of \$25,350 including interest at 2.01% beginning March 29, 2021. In the event of default, the lender may demand full payment. The balance at June 30, 2022 was

\$ 170,413

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

b.	Ashe County entered into an installment financing contract for \$400,000 dated September 11, 2020 with Skyline Telephone Membership Corporation, Inc. to enable the County to purchase land for an Industrial Park (collateral). The County shall repay this balance in 8 annual payments of \$50,000, beginning September 11, 2022 This is a 0% interest loan. In the event of default, the lender may demand payment, plus interest at a rate of 8% after default. The balance at June 30, 2022 was	350,000
c.	Ashe County entered into an installment financing contract for \$13,150,000 dated July 17, 2020 with Sterling National Bank. The contract enabled The County to finance the acquisition, construction and equipping of a classroom and laboratory facility for the Ashe Campus of Wilkes Community College, refinance prior installment financings (the proceeds of which were applied to the acquisition, construction and equipping of a law enforcement and detention center), and pay certain costs related to the execution and delivery of an Installment Financing Contract between the County and Sterling National Bank. The County shall repay this balance in 20 annual payments of varying amounts (from \$425,000 to \$1,175,000) plus interest at 2.500% (paid semiannually) beginning December 1, 2020. In the event of default, the lender may demand payment, or begin court action to exercise deed of trust and force sale. The balance at June 30, 2022 was	11,275,000
d.	Ashe County entered into an installment financing contract for \$1,360,000 dated June 17, 2022 with Blue Ridge Electric Membership Corporation, Inc. to enable the County to develop land for an Industrial Park. A security interest in a deposit account at First National Bank of Pennsylvania serves as collateral for the loan. The County shall repay this balance in 10 annual payments of \$136,000, beginning July 17, 2023. This is a 0% interest loan. In the event of default, the lender may demand payment, plus interest at a rate of 12% after default. The balance at June 30, 2022 was	1,360,000
e.	Ashe County entered into an installment financing contract for \$256,896 dated January 5, 2022 with First National Bank of Pennsylvania, to supply the Ashe County Sheriff's Office with a jail camera system (collateral). The County shall repay this balance in 3 annual payments of \$87,218 including interest at 0.910% beginning January 5, 2023. In the event of default, the lender may demand full payment. The balance at June 30, 2022 was	256,896
	Total	\$ 13,412,309

Serviced by the Environmental Services Fund:

a.	Ashe County entered into an installment financing contract for \$500,000 dated February 23, 2022 with First National Bank of Pennsylvania, to enable the County to purchase an Articulated Dump Truck for Environmental Services (collateral). The County shall repay this balance in 10 semiannual payments of \$51,980 including interest at 1.860% beginning August 23, 2022. In the event of default, the lender may demand full payment. The balance at June 30, 2022 was	\$ 500,000
b.	Ashe County entered into an installment financing contract for \$747,547 dated December 2, 2019 with First National Bank of Pennsylvania, to enable the County to purchase a new Landfill Compactor for Environmental Services (collateral). The County shall repay this balance in 5 annual payments of \$159,380 including interest at 2.14% beginning July 20, 2020. In the event of default, the lender may demand full payment. The balance at June 30, 2022 was	453,523
	Total	\$ 953,523

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

The future minimum payments as of June 30, 2022 for the County's installment purchases, including interest are as follows:

Year Ending June 30	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 1,488,394	\$ 287,400	\$ 251,088	\$ 18,278
2024	1,480,126	256,418	249,873	13,467
2025	1,476,817	225,728	249,746	7,259
2026	1,355,972	195,129	100,653	3,306
2027	1,316,000	166,125	102,163	1,797
2028-2032	2,900,000	583,375		
2033-2037	2,120,000	318,625		
2038-2042	1,275,000	63,750		
Total Principal Payments	\$ 13,412,309		\$ 953,523	
Total Interest Payments		\$ 2,096,550		\$ 44,107

b. Debt Related to Capital Activities

Of the total Governmental Activities debt listed, \$5,777,309 relates to assets the County holds title. Unspent restricted cash related to this debt amounts to \$18,674. The County also has an agreement to repay the Ashe County Job Development \$300,000 at 0% interest for its assistance in purchasing land for future economic development. The County will repay ACJD when the cumulative lot sales are \$300,000 or greater.

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, 2022:

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022	Current Portion of Balance
<u>Governmental activities:</u>					
Leases	\$ -	\$ 1,038,525	\$ 217,344	821,181	\$ 212,536
Direct placement					
installment purchases	13,156,791	1,616,896	1,361,378	13,412,309	1,488,394
Compensated absences	772,011	321,803	305,153	788,661	
Net pension liab. (LGERS)	5,035,179		2,915,573	2,119,606	
Net pension liab. (LEO)	836,239		23,588	812,651	
Net OPEB liability	8,977,612	762,561		9,740,173	
Other long-term debt	300,000			300,000	
Total govern. activities	\$ 29,077,832	\$ 3,739,785	\$ 4,823,036	\$ 27,994,581	\$ 1,700,930

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022	Current Portion of Balance
<u>Business-type activities:</u>					
Leases	\$ -	\$ 39,166	\$ 2,146	\$ 37,020	\$ 1,911
Direct placement					
installment purchases	787,319	500,000	333,619	953,700	251,088
Accrued landfill closure and					
post closure care costs	3,698,388	215,000		3,913,388	
Compensated absences	64,754	42,599	43,347	64,006	
Net pension liab. (LGERS)	324,245		181,490	142,755	
Net OPEB liability	584,567	117,427		701,994	
 Total bus-type activities	 \$ 5,459,273	 \$ 914,192	 \$ 560,602	 \$ 5,812,863	 \$ 252,999

d. Conduit Debt Obligations

Ashe County Industrial Facility and Pollution Control Authority has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2022, 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, 2022, consists of the following:

From the General Fund to the Economic Development Capital Projects Fund for Capital Projects	\$ 196,416
From the General Fund to the Government Buildings Capital Project Fund for Various Projects	2,079,924
From the General Fund to the School Capital Projects Fund for School Capital Projects/Debt Svc	2,459,375
To the General Fund from the Economic Development Capital Projects Fund for Capital Outlay	220,000
To the General Fund from the Capital Projects Fund for Public Buildings	30,000
To the General Fund from the ARPA Fund for Premium Pay	420,382
To the Enterprise Fund from the ARPA Fund for Premium Pay	44,297
Total Transfers	<u>\$ 5,450,394</u>

D. Net Investment in Capital Assets

Net investment in capital assets is calculated as follows:

	Governmental Activities	Business-Type Activities
Total capital assets, net of depreciation	\$ 42,181,702	\$ 7,306,759
Debt for assets to which the County holds title	(6,077,309)	(953,523)
Right to use leased assets, net of amortization	794,129	36,317
Lease liabilities	(821,181)	(37,020)
Net investment in capital assets	<u>\$ 36,077,341</u>	<u>\$ 6,352,533</u>

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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	\$ 16,528,945
Less:	
Stabilization by State Statute	2,939,977
Appropriated Fund Balance in 2023 budget	3,834,848
Register of Deeds	144,947
Tax Revaluation	118,730
Human Services	70,000
Remaining Fund Balance	\$ 9,420,443

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, 2022. 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 custodial fund. The County Commissioners appoint Fire Protection District Commissions which report to the County regarding the expenditure of the tax monies.

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

V. Joint Ventures

The County participates in a joint venture to operate Appalachian Regional Library with three other local governments. Each participating government appoints one board member to the six member board of the Library. The County has an ongoing financial responsibility for the joint venture because the Library's continued existence depends on the participating governments continued funding. None of the participating governments have any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2022. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$518,724 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, 2022. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$640,864 to the Center's to supplement its activities. Complete financial statements for the Health Department can be obtained from the Department's offices at P.O. Box 309, Sparta, NC 28675.

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

The County also participates in a joint venture to operate VAYA Health with fifteen other local governments. Each participating government appoints one at-large member and one county commissioner member to the board of VAYA. The County has an ongoing financial responsibility for the joint venture because VAYA's continued existence depends on the participating governments' continued funding. None of the participating governments have an equity interest in VAYA, so no equity interest has been reflected in the financial statements at June 30, 2022. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$182,045 to VAYA to supplement its activities. Complete financial statements for VAYA Health can be obtained from it's offices at 200 Ridgefield Court, Asheville, NC 28806.

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 \$588,979 to the community college for operating purposes, and \$1,300,570 for Capital Outlay during the fiscal year ended June 30, 2022. 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, 2022. Complete financial statements for the community college may be obtained from the community college's administrative offices at Collegiate Drive, Wilkesboro, NC 28697.

VI. Jointly Governed Organization

High Country Council of Governments

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

Each County appoints one member to the Council's governing board, whose responsibilities include approving the budget and designating the management of the Council. The County paid for membership fees of \$23,911 to the Council during the year ended June 30, 2022.

VII. Benefit Payments Issued by the State

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

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Federal</u>	<u>State</u>
Temporary Assistance to Needy Families and AS, AA & AD	\$ 118,560	\$ -
Medicaid	41,283,917	15,842,814
NC Health Choice	396,171	88,875
Food Stamp Program	12,303,918	
Title IV-E, Foster Care	278,121	306,324
Title IV-E, Adoption Assistance	242,400	72,882
Adult Assistance		220,458
Women, Infants, and Children	367,380	
Independent Living	8,934	29,850
Independent Living (COVID)	40,000	
Total	<u>\$ 55,039,401</u>	<u>\$ 16,561,203</u>

VIII. Summary Disclosure of Significant Commitments and Contingencies

Federal and State Assisted Programs

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

IX. Prior Period Adjustment

A prior period adjustment of \$300,000 is recorded in the Governmental Activities column of Exhibit 2. This is due to the agreement to pay Ashe County Job Development for its assistance in purchasing land for economic development. The liability was recorded last fiscal year, but the land was expensed instead of capitalized. The adjustment correctly capitalizes the land.

IX. Subsequent Events

Subsequent events have been evaluated through the date these financial statements were available to be issued, March 10, 2023.

Required Supplemental Financial Data

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

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

LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

	<u>2022</u> <u>(6/30/21)</u>	<u>2021</u> <u>(6/30/20)</u>	<u>2020</u> <u>(6/30/19)</u>	<u>2019</u> <u>(6/30/18)</u>	<u>2018</u> <u>(6/30/17)</u>	<u>2017</u> <u>(6/30/16)</u>	<u>2016</u> <u>(6/30/15)</u>	<u>2015</u> <u>(6/30/14)</u>	<u>2014</u> <u>(6/30/13)</u>
Ashe County's proportion of the net pension liability (asset) (%)	0.14752%	0.14998%	0.14587%	0.13675%	0.14176%	0.14001%	0.14352%	0.14383%	0.14100%
Ashe County's proportion of the net pension liability (asset) (\$)	\$ 2,262,361	\$ 5,359,424	\$ 3,983,596	\$ 3,244,178	\$ 2,165,700	\$ 2,971,481	\$ 644,109	\$ (793,824)	\$ 1,699,591
Ashe County's covered-employee payroll	\$ 10,687,980	\$ 10,450,563	\$ 10,051,324	\$ 9,357,435	\$ 9,144,990	\$ 9,000,974	\$ 8,680,657	\$ 8,468,587	\$ 8,145,582
Ashe County's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	21.17%	51.28%	39.63%	34.67%	23.68%	33.01%	7.42%	(9.37%)	20.87%
Plan fiduciary net position as a percentage of the total pension liability**	95.51%	88.61%	90.86%	92.00%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

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

LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,316,294	\$ 1,092,675	\$ 951,955	\$ 795,171	\$ 717,571	\$ 680,014	\$ 613,647	\$ 617,984	\$ 601,325
Contributions in relation to the contractually required contribution	1,316,294	1,092,675	951,955	795,171	717,571	680,014	613,647	617,984	601,325
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Ashe County's covered-employee payroll	\$ 11,514,453	\$ 10,687,980	\$ 10,450,563	\$ 10,051,324	\$ 9,357,435	\$ 9,144,990	\$ 9,000,974	\$ 8,680,657	\$ 8,468,587
Contributions as a percentage of covered-employee payroll	11.43%	10.22%	9.11%	7.91%	7.67%	7.44%	6.82%	7.12%	7.10%

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

REGISTER OF DEEDS SUPPLEMENTAL PENSION FUND

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
	(6/30/21)	(6/30/20)	(6/30/19)	(6/30/18)	(6/30/17)	(6/30/16)	(6/30/15)	(6/30/14)	(6/30/13)
Ashe County's proportion of the net pension liability (asset) (%)	0.32477%	0.33084%	0.29806%	0.34716%	0.34341%	0.35570%	0.35099%	0.33547%	0.33261%
Ashe County's proportion of the net pension liability (asset) (\$)	\$ (62,398)	\$ (75,822)	\$ (58,843)	\$ (57,500)	\$ (58,617)	\$ (66,502)	\$ (81,338)	\$ (76,038)	\$ (71,045)
Ashe County's covered-employee payroll	\$ 71,013	\$ 71,013	\$ 67,935	\$ 65,955	\$ 63,411	\$ 62,166	\$ 60,066	\$ 59,469	\$ 63,300
Ashe County's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	(87.87%)	(106.77%)	(86.62%)	(87.18%)	(92.44%)	106.97%	135.41%	(127.86%)	(112.24%)
Plan fiduciary net position as a percentage of the total pension liability	156.53%	(173.62%)	164.11%	153.31%	153.77%	106.17%	197.29%	193.88%	190.50%

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

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

REGISTER OF DEEDS' SUPPLEMENTAL PENSION FUND

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 3,866	\$ 3,898	\$ 3,168	\$ 2,833	\$ 2,971	\$ 2,984	\$ 2,906	\$ 2,809	\$ 2,739
Contributions in relation to the contractually required contribution	<u>3,866</u>	<u>3,898</u>	<u>3,168</u>	<u>2,833</u>	<u>2,971</u>	<u>2,984</u>	<u>2,906</u>	<u>2,809</u>	<u>2,739</u>
Contribution deficiency (excess)	<u>\$ -</u>								
Ashe County's covered-employee payroll	\$ 74,955	\$ 71,013	\$ 71,013	\$ 67,935	\$ 65,955	\$ 63,411	\$ 62,166	\$ 60,066	\$ 59,469
Contributions as a percentage of covered-employee payroll	5.16%	5.40%	4.46%	4.17%	4.50%	4.71%	4.67%	4.68%	4.61%

ASHE COUNTY, NORTH CAROLINA
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
FOR THE YEAR ENDED JUNE 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning Balance	\$ 836,239	\$ 526,078	\$ 508,267	\$ 566,036	\$ 432,049	\$ 401,379
Service Cost	62,000	36,047	31,660	28,627	33,573	29,018
Interest On The Total Pension Liability	15,749	16,490	17,764	17,624	16,125	14,303
Changes of Benefit Terms		-	-	-	-	-
Differences Between Expected And Actual Experience						
In The Measurement Of The Total Pension Liability	(36,587)	33,103	(6,881)	(70,982)	70,776	-
Changes Of Assumptions Or Other Inputs	(24,261)	265,010	15,757	(16,412)	42,135	(11,209)
Benefit Payments	(40,489)	(40,489)	(40,489)	(16,626)	(28,622)	(1,442)
Other Changes			-	-	-	-
Ending Balance Of The Total Pension Liability	<u>\$ 812,651</u>	<u>\$ 836,239</u>	<u>\$ 526,078</u>	<u>\$ 508,267</u>	<u>\$ 566,036</u>	<u>\$ 432,049</u>

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

ASHE COUNTY, NORTH CAROLINA
SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
FOR THE YEAR ENDED JUNE 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total Pension Liability	\$ 812,651	\$ 836,239	\$ 526,078	\$ 508,267	\$ 566,036	\$ 432,049
Covered Payroll	\$ 1,498,430	\$ 1,456,654	\$ 1,315,775	\$ 1,418,836	\$ 1,456,412	\$ 1,131,985
Total Pension Liability as a Percentage of Covered Payroll	54.23%	57.41%	39.98%	35.82%	38.87%	38.17%

Notes to the schedules:

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

ASHE COUNTY, NORTH CAROLINA
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
JUNE 30, 2022

Total OPEB Liability	2022	2021	2020	2019	2018
Service Cost	\$ 554,619	\$ 398,465	\$ 366,515	\$ 341,647	\$ 370,800
Interest	220,997	299,783	289,761	231,031	196,643
Changes of Benefit Terms				-	-
Differences between expected and actual experience	(53,994)	(407,522)	(4,775)	940,524	60,135
Changes of assumptions	393,220	1,226,600	325,612	(262,884)	(405,079)
Benefit payments	(234,515)	(242,442)	(275,413)	(306,716)	(226,021)
Net change in total OPEB liability	880,327	1,274,884	701,700	943,602	(3,522)
Total OPEB liability - beginning	9,561,840	8,286,956	7,585,256	6,641,654	6,645,176
Total OPEB liability - ending	\$ 10,442,167	\$ 9,561,840	\$ 8,286,956	\$ 7,585,256	\$ 6,641,654
Covered Payroll	\$ 9,873,411	\$ 9,873,411	\$ 9,203,269	\$ 9,203,269	\$ 8,626,036
Total OPEB liability as a percentage of covered payroll	105.76%	96.84%	90.04%	82.42%	77.00%

Notes to Schedule

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

Fiscal Year	Rate
2022	2.16%
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Ad Valorem Taxes			
Current Year	\$ -	\$ 20,391,867	\$ -
Prior Years		757,669	
Penalties & Interest		397,878	
Total	<u>\$ 21,046,956</u>	<u>\$ 21,547,414</u>	<u>\$ 500,458</u>
Local Option Sales Taxes:			
Article 39	\$ -	\$ 3,819,419	\$ -
Article 44		669,752	
Article 40 One-Half of One Percent		2,415,901	
Article 42 One-Half of One Percent		2,000,456	
Article 46 One-Fourth of One Percent		1,013,051	
Total	<u>\$ 8,960,375</u>	<u>\$ 9,918,579</u>	<u>\$ 958,204</u>
Other Taxes			
Video Programming Distribution	\$ -	\$ 68,742	\$ -
Gross Receipts Auto Tax		3,140	
Occupancy Tax		599,334	
Deed Stamp Excise Tax		341,279	
Medicaid Hold Harmless		264,427	
Total	<u>\$ 911,500</u>	<u>\$ 1,276,922</u>	<u>\$ 365,422</u>
Unrestricted Intergovernmental Revenues			
Payments in Lieu of Taxes	\$ -	\$ 5,829	\$ -
Total	<u>\$ -</u>	<u>\$ 5,829</u>	<u>\$ 5,829</u>
Restricted Intergovernmental Revenues			
State Grants	\$ -	\$ 963,983	\$ -
Federal Grants		5,369,814	
Controlled Substance Tax		2,531	
Court Facility Fees		20,803	
ABC Profits for Law Enforcement		7,521	
Total	<u>\$ 6,781,720</u>	<u>\$ 6,364,652</u>	<u>\$ (417,068)</u>
Licenses & Permits			
Gun Permits	\$ -	\$ 24,675	\$ -
Planning Department Fees		13,838	
Sheriff Department Fees and Reimb		8,185	
Building Permits		209,311	
Inspection Fees		64,184	
Privilege Licenses		1,280	
Road Signs		1,400	
Animal License & Adoption Fee		6,853	
Marriage License		4,940	
Register of Deeds		211,959	
Total	<u>\$ 447,215</u>	<u>\$ 546,625</u>	<u>\$ 99,410</u>

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Sales & Services			
Commercial Kitchen Usage Fees	\$ -	\$ 11,581	\$ -
DSS Fees and Other Sales		1,536	
SRO Program from BOE		98,800	
Rents & Concessions		157,872	
Court Costs		43,021	
Jail Fees & Inmate Reimb. from Other Counties		354,402	
Drug Fines & Forfeitures		1,377	
Law Enforcement Special Operations Reimb.		7,330	
Recreational Department		56,529	
Airport Revenues		248,492	
DMV Fees		118,186	
Tax Collection Fees		3,854	
Copy Fees & Other Sales		11,235	
Town Election Reimb		13,253	
Candidate Filing Fee		5,058	
Total	<u>\$ 987,889</u>	<u>\$ 1,132,526</u>	<u>\$ 144,637</u>
Investment Earnings			
Investment Earnings	\$ -	\$ 6,706	\$ -
Total	<u>\$ 20,030</u>	<u>\$ 6,706</u>	<u>\$ (13,324)</u>
Miscellaneous			
Lease Revenue	\$ -	\$ 70,105	\$ -
Lease Interest Revenue		9,709	
Insurance Proceeds		29,588	
Sale of Assets & Materials		14,663	
Other Grants & Donations		1,166	
Total	<u>\$ 80,000</u>	<u>\$ 125,231</u>	<u>\$ 45,231</u>
TOTAL REVENUES	<u>\$ 39,235,685</u>	<u>\$ 40,924,484</u>	<u>\$ 1,688,799</u>
EXPENDITURES			
General Government			
Governing Body			
Salaries & Employee Benefits	\$ -	\$ 101,615	\$ -
Operating Expenses		122,453	
Capital Outlay			
Total	<u>\$ 246,601</u>	<u>\$ 224,068</u>	<u>\$ 22,533</u>
Administration			
Salaries & Employee Benefits	\$ -	\$ 230,367	\$ -
Operating Expenses		22,720	
Capital Outlay			
Total	<u>\$ 276,238</u>	<u>\$ 253,087</u>	<u>\$ 23,151</u>
Finance			
Salaries & Employee Benefits	\$ -	\$ 404,046	\$ -
Operating Expenses		58,191	
Capital Outlay			
Total	<u>\$ 486,024</u>	<u>\$ 462,237</u>	<u>\$ 23,787</u>

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Tax Administration			
Salaries & Employee Benefits	\$ -	\$ 973,858	\$ -
Operating Expenses		265,387	
Capital Outlay		28,014	
Total	<u>\$ 1,297,544</u>	<u>\$ 1,267,259</u>	<u>\$ 30,285</u>
Elections			
Salaries & Employee Benefits	\$ -	\$ 156,409	\$ -
Operating Expenses		101,123	
Capital Outlay			
Total	<u>\$ 340,581</u>	<u>\$ 257,532</u>	<u>\$ 83,049</u>
Register of Deeds			
Salaries & Employee Benefits	\$ -	\$ 371,016	\$ -
Operating Expenses		29,799	
Capital Outlay			
Total	<u>\$ 417,776</u>	<u>\$ 400,815</u>	<u>\$ 16,961</u>
Legal			
Contracted Services	\$ -	\$ 52,783	\$ -
Total	<u>\$ 157,600</u>	<u>\$ 52,783</u>	<u>\$ 104,817</u>
Data Processing (IT)			
Salaries & Employee Benefits	\$ -	\$ 324,173	\$ -
Operating Expenses		194,879	
Capital Outlay		-	
Lease Outlay		68,017	
Total	<u>\$ 539,065</u>	<u>\$ 587,069</u>	<u>\$ (48,004)</u>
Courts			
Operating Expenses	\$ -	\$ 8,150	\$ -
Capital Outlay			
Total	<u>\$ 28,500</u>	<u>\$ 8,150</u>	<u>\$ 20,350</u>
Public Buildings			
Salaries & Employee Benefits	\$ -	\$ 482,393	\$ -
Operating Expenses		1,250,509	
Capital Outlay		35,762	
Total	<u>\$ 1,934,744</u>	<u>\$ 1,768,664</u>	<u>\$ 166,080</u>
Total General Government	<u>\$ 5,724,673</u>	<u>\$ 5,281,664</u>	<u>\$ 443,009</u>
Public Safety			
Law Enforcement			
Salaries & Employees Benefits	\$ -	\$ 2,798,493	\$ -
Operating Expenses		455,641	
Capital Outlay		227,606	
Total	<u>\$ 3,521,112</u>	<u>\$ 3,481,740</u>	<u>\$ 39,372</u>

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Corrections			
Salaries & Employee Benefits	\$ -	\$ 1,548,943	\$ -
Operating Expenses		732,781	
Capital Outlay		49,800	
Total	<u>\$ 2,445,639</u>	<u>\$ 2,331,524</u>	<u>\$ 114,115</u>
Ambulance & Rescue			
Ambulance Service - Contracted	\$ -	\$ 988,860	\$ -
Donation to Community Ambulance Services		20,000	
Rescue Unit		50,000	
Total	<u>\$ 1,058,860</u>	<u>\$ 1,058,860</u>	<u>\$ -</u>
Emergency Management			
Salaries & Employee Benefits	\$ -	\$ 150,290	\$ -
Operating Expenses		7,448	
Capital Outlay		28,330	
Total	<u>\$ 196,861</u>	<u>\$ 186,068</u>	<u>\$ 10,793</u>
Inspections			
Salaries & Employee Benefits	\$ -	\$ 366,673	\$ -
Operating Expenses		48,881	
Capital Outlay		-	
Total	<u>\$ 435,420</u>	<u>\$ 415,554</u>	<u>\$ 19,866</u>
Animal Control			
Salaries & Employee Benefits	\$ -	\$ 234,999	\$ -
Operating Expenses		59,236	
Capital Outlay			
Total	<u>\$ 304,571</u>	<u>\$ 294,235</u>	<u>\$ 10,336</u>
Fire			
Contracted and Professional Services	\$ -	\$ 121,169	\$ -
Contributions to Volunteer Fire Department		69,396	
Total	<u>\$ 191,274</u>	<u>\$ 190,565</u>	<u>\$ 709</u>
E911 Coordinator			
Salaries & Employee Benefits	\$ -	\$ -	\$ -
Operating Expenses		3,347	
Capital Outlay		-	
Total	<u>\$ 4,900</u>	<u>\$ 3,347</u>	<u>\$ 1,553</u>
Medical Examiner			
Contracted Services	\$ -	\$ 18,100	\$ -
Total	<u>\$ 22,750</u>	<u>\$ 18,100</u>	<u>\$ 4,650</u>
Communications			
Salaries & Employee Benefits	\$ -	\$ 647,686	\$ -
Operating Expenses		56,344	
Capital Outlay			
Total	<u>\$ 710,268</u>	<u>\$ 704,030</u>	<u>\$ 6,238</u>

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
E-911 Operations			
Operating Expenses	\$ -	\$ 70,564	\$ -
Capital Outlay		-	
Total	<u>\$ 78,840</u>	<u>\$ 70,564</u>	<u>\$ 8,276</u>
<i>Total Public Safety</i>	<u>\$ 8,970,495</u>	<u>\$ 8,754,587</u>	<u>\$ 215,908</u>
Transportation			
Airport			
Salaries & Employee Benefits	\$ -	\$ 89,352	\$ -
Operating Expenses		246,957	
Capital Outlay		6,606	
<i>Total Transportation</i>	<u>\$ 355,208</u>	<u>\$ 342,915</u>	<u>\$ 12,293</u>
Economic & Physical Development			
Planning & Zoning			
Salaries & Employee Benefits	\$ -	\$ 166,763	\$ -
Operating Expenses		35,754	
Capital Outlay		-	
Total	<u>\$ 211,881</u>	<u>\$ 202,517</u>	<u>\$ 9,364</u>
Economic Development			
Salaries & Employee Benefits	\$ -	\$ 87,700	\$ -
Operating Expenses		107,968	
Capital Outlay			
Total	<u>\$ 241,694</u>	<u>\$ 195,668</u>	<u>\$ 46,026</u>
Cooperative Extension			
Salaries & Employee Benefits	\$ -	\$ -	\$ -
Contracts		351,131	
Operating Expenses		68,527	
Capital Outlay		-	
Total	<u>\$ 456,029</u>	<u>\$ 419,658</u>	<u>\$ 36,371</u>
Soil Conservation			
Salaries & Employee Benefits	\$ -	\$ 125,370	\$ -
Operating Expenses		12,000	
Capital Outlay			
Total	<u>\$ 137,160</u>	<u>\$ 137,370</u>	<u>\$ (210)</u>
Donations & Subsidies			
Industry Incentives	\$ -	\$ 135,627	\$ -
Ashe County Farmers Market		-	
Ashe County Chamber of Commerce		193,785	
Total	<u>\$ 446,833</u>	<u>\$ 329,412</u>	<u>\$ 117,421</u>
<i>Total Economic & Physical Development</i>	<u>\$ 1,493,597</u>	<u>\$ 1,284,625</u>	<u>\$ 208,972</u>

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Human Services			
Health			
Contribution to District Health Dept.	\$ 640,864	\$ 640,864	\$ -
Mental Health			
ABC Rehab Tax Distribution	\$ -	\$ 7,521	\$ -
Professional Services		914	
District Mental Health Dept.		182,045	
Total	<u>\$ 190,166</u>	<u>\$ 190,480</u>	<u>\$ (314)</u>
Social Services			
Administration			
Salaries & Employee Benefits	\$ -	\$ 5,714,027	\$ -
Operating Expenses		473,080	
Lease Outlay		102,025	
Capital Outlay		55,939	
		<u>6,345,071</u>	
APS Essential Services		\$ 1,500	
Mental Health		5,108	
Aid to the Blind		933	
Food Stamp Issuance Cost		6,599	
Special Assistance to Adults		202,623	
Medicaid Transportation		71,352	
Foster Care & Boarding Home		877,447	
Crisis Intervention Payments		135,008	
Adult Care		86,822	
Adoption Expenditures		65,885	
Work First & TNF Expenditures		44,585	
Low Income Energy Assistance Payments		648,464	
Other 100% County SS Expense		159,925	
Total Social Services	<u>\$ 9,984,576</u>	<u>\$ 8,651,322</u>	<u>\$ 1,333,254</u>
Veterans Service Officer			
Salaries & Employee Benefits	\$ -	\$ 48,211	\$ -
Operating Expenses		2,392	
Capital Outlay			
Total	<u>\$ 70,353</u>	<u>\$ 50,603</u>	<u>\$ 19,750</u>
Donations and Subsidies			
JCPC Operational	\$ -	\$ 117,306	\$ -
A Safe Home for Everyone		30,000	
Ashe Co. Transportation Authority		154,367	
Adult Developmental Activities Program		74,153	
Blue Ridge Opportunity Commission		5,000	
Project Graduation		5,000	
Appalachain Senior Program		20,000	
Blue Ridge RC&D		18,000	
AMH/ Healthy Carolinas		392,832	
Hospitality House		10,000	

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Wilkes Vocational Workshop		2,700	
Ashe Services for Aging		650,000	
Ashe Medication Assistance Program		12,000	
Mountain Farm Life Museum		619	
Ashe County Farmers Market		4,000	
Riverview Community Center		3,000	
American Legion		1,733	
Todd Community Preservation Org		3,500	
Ashe Homeless Coalition		2,000	
Total	<u>\$ 1,647,515</u>	<u>\$ 1,506,210</u>	<u>\$ 141,305</u>
<i>Total Human Services</i>	<u>\$ 12,533,474</u>	<u>\$ 11,039,479</u>	<u>\$ 1,493,995</u>
Cultural and Recreational			
Parks & Recreation			
Salaries & Employee Benefits	\$ -	\$ 440,068	\$ -
Operating Expenses		247,651	
Capital Outlay		64,922	
Total	<u>\$ 786,406</u>	<u>\$ 752,641</u>	<u>\$ 33,765</u>
Contributions			
Contributions to Regional Library	\$ -	\$ 518,724	\$ -
Contribution to Blue Ridge Conservancy		100,000	
Contribution to 1904 Courthouse		108,666	
Contributions to Ashe Co. Arts Council		150,000	
Tourism Promotions		-	
Total	<u>\$ 940,166</u>	<u>\$ 877,390</u>	<u>\$ 62,776</u>
<i>Total Cultural and Recreational</i>	<u>\$ 1,726,572</u>	<u>\$ 1,630,031</u>	<u>\$ 96,541</u>
Education			
Public Schools - Current Expense	\$ -	\$ 5,323,091	\$ -
Public Schools - Capital Outlay		270,000	
Public School - Technology Equipment		118,049	
Wilkes Comm. College - Current Expense		588,979	
Wilkes Comm. College - Capital Outlay		10,000	
<i>Total Education</i>	<u>\$ 6,315,142</u>	<u>\$ 6,310,119</u>	<u>\$ 5,023</u>
Debt Service			
Principal - Public Buildings	\$ -	\$ 805,000	\$ -
Interest - Public Buildings		109,875	
Principal - Leases		164,256	
Interest - Leases		9,574	
<i>Total Debt Service</i>	<u>\$ 1,088,705</u>	<u>\$ 1,088,705</u>	<u>\$ -</u>
<i>Contingency</i>	<u>\$ 234,490</u>	<u>\$ -</u>	<u>\$ 234,490</u>
TOTAL EXPENDITURES	<u>\$ 38,442,356</u>	<u>\$ 35,732,125</u>	<u>\$ 2,710,231</u>
Revenues Over (Under) Expenditures	<u>\$ 793,329</u>	<u>\$ 5,192,359</u>	<u>\$ 4,399,030</u>

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Other Financing Sources (Uses)			
Lease Proceeds	\$ -	\$ 170,042	\$ 170,042
Operating Transfers - In (Out):			-
From ARP Funds	420,382	420,382	-
From Capital Projects Fund	130,000	30,000	(100,000)
From Econ. Dev. Cap. Project Fund	366,000	220,000	(146,000)
To Revaluation Fund	(70,323)	(70,323)	-
To Capital Project Fund	(2,079,924)	(2,079,924)	-
To Econ. Dev. Capital Project Fund	(196,416)	(196,416)	-
To School Capital Project Fund	(2,459,375)	(2,459,375)	-
Appropriated Fund Balance	3,096,327		(3,096,327)
Total Other Financing Sources (Uses)	<u>\$ (793,329)</u>	<u>\$ (3,965,614)</u>	<u>\$ (3,172,285)</u>
Excess of Revenues & Other Sources Over (Under) Expenditures & Other (Uses)	<u>\$ -</u>	<u>\$ 1,226,745</u>	<u>\$ 1,226,745</u>
Fund Balance			
Beginning of Year, July 1		<u>15,183,470</u>	
End of Year, June 30		<u>\$ 16,410,215</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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures			
General Government			
Tax Administration			
Salaries & Employee Benefits	\$ -	\$ -	\$ -
Operating Expenses			
Total General Government	<u>-</u>	<u>-</u>	<u>-</u>
Debt Services			
Lease Principal		\$ 53,088	
Lease Interest		9,038	
Total Debt Services	<u>\$ -</u>	<u>\$ 62,126</u>	<u>\$ -</u>
Total Expenditures	<u>\$ 70,323</u>	<u>\$ 62,126</u>	<u>\$ 8,197</u>
Revenues Over (Under)			
Expenditures	<u>\$ (70,323)</u>	<u>\$ (62,126)</u>	<u>\$ 8,197</u>
Other Financing Sources(Uses)			
Transfer In-General Fund	\$ 70,323	\$ 70,323	\$ -
Fund Balance Appropriated			-
Total Other Financing Sources	<u>\$ 70,323</u>	<u>\$ 70,323</u>	<u>\$ -</u>
Excess of Revenues & Other			
Sources Over (Under)			
Expenditures	<u>\$ -</u>	\$ 8,197	<u>\$ 8,197</u>
Fund Balance, July 1		<u>\$ 110,533</u>	
Fund Balance, June 30		<u>\$ 118,730</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, 2022

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Restricted Intergovernmental Revenue			
Public School Building Capital Fund			
Lottery Funds	\$ -	\$ -	\$ -
Investment Earnings		193	193
Total Revenues	<u>\$ -</u>	<u>\$ 193</u>	<u>\$ 193</u>
Expenditures:			
Education Capital Outlay:			
Professional Services/ACMS	\$ -	\$ 19,996	\$ -
WCC Ashe Campus Construction		1,290,570	
ACMS Construction		1,132,625	
Total	<u>\$ 4,057,851</u>	<u>\$ 2,443,191</u>	<u>\$ 1,614,660</u>
Debt Service:			
CPL Principal	\$ -	\$ 420,000	\$ -
CPL Interest		201,375	
Total	<u>\$ 621,375</u>	<u>\$ 621,375</u>	<u>\$ -</u>
Total Expenditures	<u>\$ 4,679,226</u>	<u>\$ 3,064,566</u>	<u>\$ 1,614,660</u>
Revenues Over (Under) Expenditures	<u>\$ (4,679,226)</u>	<u>\$ (3,064,373)</u>	<u>\$ 1,614,853</u>
Other Financing Sources & Uses			
Transfer from General Fund	\$ 2,459,375	\$ 2,459,375	\$ -
Fund Balance Appropriated	2,219,851		(2,219,851)
Total Other Financing Sources & Uses	<u>\$ 4,679,226</u>	<u>\$ 2,459,375</u>	<u>\$ (2,219,851)</u>
Revenues and Other Sources			
Over (Under) Expenditures & Other Uses	<u>\$ -</u>	\$ (604,998)	<u>\$ (604,998)</u>
Fund Balance, July 1		<u>\$ 6,325,145</u>	
Fund Balance, June 30		<u>\$ 5,720,147</u>	

ASHE COUNTY, NORTH CAROLINA
AMERICAN RESCUE PLAN ACT FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Project Authorization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
Revenues					
Restricted Intergovernmental Revenues:					
American Rescue Plan Act Fund	\$ 5,283,864	\$ -	\$ 464,679	\$ 464,679	\$ (4,819,185)
Total Revenues	\$ 5,283,864	\$ -	\$ 464,679	\$ 464,679	\$ (4,819,185)
Expenditures					
Human Services	\$ 4,819,185		\$ -	\$ -	\$ 4,819,185
Total Expenditures	\$ 4,819,185	\$ -	\$ -	\$ -	\$ 4,819,185
Revenue Over (Under) Expenditures	\$ 464,679	\$ -	\$ 464,679	\$ 464,679	\$ -
Other Financing Sources					
Transfers Out - General Fund	\$ (420,382)	\$ -	\$ (420,382)	\$ (420,382)	\$ -
Transfers Out - Enterprise Fund	(44,297)		(44,297)	(44,297)	-
Total Other Financing Sources	\$ (464,679)	\$ -	\$ (464,679)	\$ (464,679)	\$ -
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>		

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 expenditures of various 4 - H programs.
- * DSS Representative Payee Funds - This fund accounts for revenues received for DSS clients and expenditures paid out for those clients.
- * Deed of Trust Fund - This fund accounts for revenues collected from Deed Stamp fees that must be remitted to the State.
- * Opioid Settlement Trust Fund - This fund accounts for revenues and expenditures of Opioid Settlement Trust Fund monies.

Capital Projects Funds

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

ASHE COUNTY, NORTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2022

	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	DSS Representative Payee Fund	Deed of Trust Fund	Opioid Settlement Fund		CDBG Fund	Government Building Fund	Economic Development Fund		
<u>Assets</u>											
Cash & Cash Equivalents	\$ -	\$ -	\$ 79,993	\$ -	\$ -	\$ 79,993	\$ 5	\$ 6,355,000	\$ 1,700,895	8,055,900	8,135,893
Restricted Cash	617,028	65,209			83,789	766,026				-	766,026
Due from Other Funds	0					-				-	-
Due from Other Governments	36,010					36,010		791,311		791,311	827,321
Total Assets	\$ 653,038	\$ 65,209	\$ 79,993	\$ -	\$ 83,789	\$ 882,029	\$ 5	\$ 7,146,311	\$ 1,700,895	\$ 8,847,211	\$ 9,729,240
<u>Liabilities & Fund Balance</u>											
Accounts Payable	\$ -	\$ -	\$ 1,943	\$ -	\$ -	\$ 1,943	\$ 71	\$ 742,732	\$ -	\$ 742,803	\$ 744,746
Due to Other Funds						-	231			231	231
Advance from Grantors					83,789	83,789				-	83,789
Total Liabilities	\$ -	\$ -	\$ 1,943	\$ -	\$ 83,789	\$ 85,732	\$ 302	\$ 742,732	\$ -	\$ 743,034	\$ 828,766
Fund Balance											
Restricted											
Restricted by State Statute	\$ 36,010	\$ -	\$ -	\$ -	\$ -	\$ 36,010	\$ -	\$ 791,311	\$ -	\$ 791,311	\$ 827,321
Restricted for E911	617,028					617,028					617,028
Restricted for Human Services		65,209	78,050			143,259					143,259
Committed:											
For Capital Projects							(297)	5,612,268	1,700,895	7,312,866	7,312,866
Unassigned											
Total Fund Balance	\$ 653,038	\$ 65,209	\$ 78,050	\$ -	\$ -	\$ 796,297	\$ (297)	\$ 6,403,579	\$ 1,700,895	\$ 8,104,177	\$ 8,900,474
Total Liabilities & Fund Balance	\$ 653,038	\$ 65,209	\$ 79,993	\$ -	\$ 83,789	\$ 882,029	\$ 5	\$ 7,146,311	\$ 1,700,895	\$ 8,847,211	\$ 9,729,240

ASHE COUNTY, NORTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Special Revenue Funds					Total Nonmajor Special Revenue Funds	Capital Projects Funds			Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
	Emergency Telephone System Fund	4-H Program Activities Fund	DSS Representative Payee Fund	Deed of Trust Fund	Opioid Settlement Fund		CDBG Fund	Government Buildings Fund	Economic Development Fund		
Revenues											
Investment Earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted Intergovern- mental Revenues	374,719		455,347			830,066	78,629	5,109,903		5,188,532	6,018,598
Local Fund Raising & Other Revenues	13,221	3,507				16,728					16,728
Sales & Service Permits and Fees		2,460		327,897		327,897					2,460
Total Revenues	<u>\$ 387,940</u>	<u>\$ 5,967</u>	<u>\$ 455,347</u>	<u>\$ 327,897</u>	<u>\$ -</u>	<u>\$ 1,177,151</u>	<u>\$ 78,629</u>	<u>\$ 5,109,903</u>	<u>\$ -</u>	<u>\$ 5,188,532</u>	<u>\$ 6,365,683</u>
Expenditures											
General Government	\$ -	\$ -	\$ -	\$ 327,897	-	\$ 327,897	\$ -	\$ -	\$ -	\$ -	\$ 327,897
Public Safety	113,643					113,643					113,643
Human Services		14,824	476,494			491,318					491,318
Capital Outlay						-		3,201,946		3,201,946	3,201,946
Economic Development						-	78,926			78,926	78,926
Total Expenditures	<u>\$ 113,643</u>	<u>\$ 14,824</u>	<u>\$ 476,494</u>	<u>\$ 327,897</u>	<u>\$ -</u>	<u>\$ 932,858</u>	<u>\$ 78,926</u>	<u>\$ 3,201,946</u>	<u>\$ -</u>	<u>\$ 3,280,872</u>	<u>\$ 4,213,730</u>
Revenues Over (Under) Expenditures	\$ 274,297	\$ (8,857)	\$ (21,147)	\$ -	-	\$ 244,293	\$ (297)	\$ 1,907,957	\$ -	\$ 1,907,660	\$ 2,151,953
Other Financing Sources											
Transfer-In						-		2,079,924	196,416	2,276,340	2,276,340
Transfer-Out								(30,000)	(220,000)	(250,000)	(250,000)
Loan Proceeds								256,896	1,360,000	1,616,896	1,616,896
Net change in Fund Balance	274,297	(8,857)	(21,147)	-	-	244,293	(297)	4,214,777	1,336,416	5,550,896	5,795,189
Fund Balance, beginning	378,741	74,066	99,197	-	-	552,004	-	2,188,802	364,479	2,553,281	3,105,285
Fund Balance, ending	<u>\$ 653,038</u>	<u>\$ 65,209</u>	<u>\$ 78,050</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 796,297</u>	<u>\$ (297)</u>	<u>\$ 6,403,579</u>	<u>\$ 1,700,895</u>	<u>\$ 8,104,177</u>	<u>\$ 8,900,474</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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Restricted Intergovernmental:			
E911 Wireless Surcharge	\$ 374,718	\$ 374,719	\$ 1
Vendor Refunds		9,594	9,594
Misc Revenue from General Fund		3,627	3,627
Total Revenues	<u>\$ 374,718</u>	<u>\$ 387,940</u>	<u>\$ 13,222</u>
Expenditures			
<u>Public Safety :</u>			
Wireless E911 Communications:			
Operating Expenses	\$ -	\$ 87,823	\$ -
Capital Outlay		25,820	
Total Expenditures	<u>\$ 635,000</u>	<u>\$ 113,643</u>	<u>\$ 521,357</u>
Excess of Revenues Over (Under) Expenditures	\$ (260,282)	\$ 274,297	\$ 534,579
Other Financing Sources (Uses)			
Transfer in from General Fund	-		-
Appropriated Fund Balance	260,282		(260,282)
Excess of Revenues & Other Sources Over (Under) Expenditures	<u>\$ -</u>	\$ 274,297	<u>\$ 274,297</u>
Fund Balance, July 1		378,741	
Fund Balance, June 30		<u>653,038</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, 2022

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Restricted Intergovernmental Revenue:</u>			
State Grants	\$ -	\$ -	\$ -
Federal Grants			
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Sales and Service:</u>			
Program Fees	\$ -	\$ 2,460	\$ -
Total	<u>\$ 37,000</u>	<u>\$ 2,460</u>	<u>\$ (34,540)</u>
<u>Other Revenues:</u>			
Donations	\$ -	\$ 2,565	\$ -
Total	<u>\$ 50,000</u>	<u>\$ 2,565</u>	<u>\$ (47,435)</u>
<u>Miscellaneous Revenues:</u>			
4-H General	\$ -	\$ 942	\$ -
Total	<u>\$ 50,000</u>	<u>\$ 942</u>	<u>\$ (49,058)</u>
Total Revenues	<u>\$ 137,000</u>	<u>\$ 5,967</u>	<u>\$ (131,033)</u>
<u>Expenditures</u>			
General 4-H			
Salaries & Employee Benefits	\$ -	\$ -	\$ -
Operating Expenses		14,824	
Capital Outlay			
Total		<u>14,824</u>	
Total Expenditures	<u>\$ 137,000</u>	<u>\$ 14,824</u>	<u>\$ 122,176</u>
Revenues Over (Under) Expenditures	\$ -	\$ (8,857)	\$ (8,857)
Fund Balance Adjustment			
Other Financing Sources			
Fund Balance Appropriated	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenues & Other Sources			
Over (Under) Expenditures	<u>\$ -</u>	\$ (8,857)	<u>\$ (8,857)</u>
Fund Balance, July 1		\$ 74,066	
4-H Afterschool Fund Balance Merged with 4-H Activities Fund			
Fund Balance, June 30		<u>\$ 65,209</u>	

ASHE COUNTY, NORTH CAROLINA
DSS REPRESENTATIVE PAYEE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Restricted Intergovernmental Revenue	\$ 530,000	\$ 455,347	\$ (74,653)
			-
Total Revenues	\$ 530,000	\$ 455,347	\$ (74,653)
Expenditures			
Human Services			
Payments made for benefit of beneficiaries	\$ 530,000	\$ 476,494	\$ 53,506
Total Expenditures	\$ 530,000	\$ 476,494	\$ 53,506
Excess of Revenues Over (Under)			
Expenditures	\$ -	\$ (21,147)	\$ (21,147)
Excess of Revenues & Other			
Sources Over (Under)			
Expenditures	\$ -	\$ (21,147)	\$ (21,147)
 Fund Balance, July 1		99,197	
Fund Balance, June 30		\$ 78,050	

ASHE COUNTY, NORTH CAROLINA
DEED OF TRUST FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Permits and fees			
Register of deeds	\$ 370,000	\$ 327,897	\$ (42,103)
Total Revenues	\$ 370,000	\$ 327,897	\$ (42,103)
Expenditures			
General Government			
Payments of fees collected to the State of North Carolina	\$ 370,000	\$ 327,897	\$ 42,103
Total Expenditures	\$ 370,000	\$ 327,897	\$ 42,103
Excess of Revenues Over (Under) Expenditures	\$ -	\$ -	\$ -
Excess of Revenues & Other Sources Over (Under) Expenditures	\$ -	\$ -	\$ -
Fund Balance, July 1		\$ -	
Fund Balance, June 30		\$ -	

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, 2022

	Project Authorization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
Revenues					
Restricted Intergovernmental Revenues:					
CDBG Neighborhood Revitalization Grant # 19-C-3123	\$ 750,000	\$ -	\$ 18,170	\$ 18,170	\$ (731,830)
CDBG Coronavirus Grant Grant #20-V-3509	900,000		60,459	60,459	(839,541)
Total Revenues	<u>\$ 1,650,000</u>	<u>\$ -</u>	<u>\$ 78,629</u>	<u>\$ 78,629</u>	<u>\$ (1,571,371)</u>
Expenditures					
Neighborhood Revitalization:					
Housing Rehabilitation	\$ 575,000	\$ -	\$ -	\$ -	\$ 575,000
Emergency Repairs	100,000		1,350	1,350	98,650
Administration and Planning	75,000		17,566	17,566	57,434
Total	<u>\$ 750,000</u>	<u>\$ -</u>	<u>\$ 18,916</u>	<u>\$ 18,916</u>	<u>\$ 731,084</u>
Coronavirus Program:					
Public Service (Subsistence Pmts)	\$ 810,000		\$ 15,010	\$ 15,010	\$ 794,990
Administration and Planning	90,000		45,000	45,000	45,000
Total	<u>\$ 900,000</u>	<u>\$ -</u>	<u>\$ 60,010</u>	<u>\$ 60,010</u>	<u>\$ 839,990</u>
Total Expenditures	<u>\$ 1,650,000</u>	<u>\$ -</u>	<u>\$ 78,926</u>	<u>\$ 78,926</u>	<u>\$ 1,571,074</u>
Revenue Over (Under) Expenditures	\$ -	\$ -	\$ (297)	\$ (297)	\$ (297)
Other Financing Sources					
Operating Transfers In	\$ -	\$ -	\$ -	\$ -	\$ -
Total Other Financing Sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenue and Other Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (297)</u>	<u>\$ (297)</u>	<u>\$ (297)</u>
Fund Balance, July 1			<u>\$ -</u>		
Fund Balance, June 30			<u>\$ (297)</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, 2022

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Revenues			
Restricted Intergovernmental Revenue			
Federal and State Airport Grants	\$ -	\$ 2,609,903	\$ -
State Grant for Agriculture Building		<u>2,500,000</u>	
Total Revenues	<u>\$ 7,844,500</u>	<u>\$ 5,109,903</u>	<u>\$ (2,734,597)</u>
Expenditures			
General Government			
Operating Expenses	\$ -	\$ 56,995	\$ -
Public Buildings Capital Outlay Related		286,298	
Public Buildings Capital Outlay			
	<u>\$ 2,303,435</u>	<u>\$ 343,293</u>	<u>\$ 1,960,142</u>
Transportation			
Capital Outlay Related	\$ -	\$ 2,076	\$ -
Capital Outlay Airport		2,714,239	
	<u>\$ 8,010,668</u>	<u>\$ 2,716,315</u>	<u>\$ 5,294,353</u>
Debt Service			
Principal	\$ 136,109	\$ 136,358	\$ (249)
Interest	6,263	5,980	283
Total Debt Services	<u>\$ 142,372</u>	<u>\$ 142,338</u>	<u>34</u>
Total Expenditures	<u>\$ 10,456,475</u>	<u>\$ 3,201,946</u>	<u>\$ 7,254,529</u>
Revenues Over (Under) Expenditures	<u>\$ (2,611,975)</u>	<u>\$ 1,907,957</u>	<u>\$ 4,519,932</u>
Other Financing Sources			
Proceeds from Loans	\$ 256,896	\$ 256,896	\$ -
Transfers In	2,079,924	2,079,924	-
Transfers Out	(130,000)	(30,000)	100,000
Fund Balance Appropriated	<u>405,155</u>		<u>(405,155)</u>
Total Other Financing Sources	<u>\$ 2,611,975</u>	<u>\$ 2,306,820</u>	<u>\$ (305,155)</u>
Revenue and Other Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 4,214,777</u>	<u>\$ 4,214,777</u>
Fund Balance, July 1		<u>\$ 2,188,802</u>	
Fund Balance, June 30		<u>\$ 6,403,579</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, 2022

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Restricted Intergovernmental Revenues			
Federal Grants	\$ 300,000	\$ -	\$ (300,000)
State Grants	500,000		(500,000)
Investment Earnings			
	<u>\$ 800,000</u>	<u>\$ -</u>	<u>\$ (800,000)</u>
Expenditures			
Economic Development:			
Capital Outlay Related	<u>\$ 1,384,000</u>	<u>\$ -</u>	<u>\$ 1,384,000</u>
Revenues Over (Under) Expenditures	\$ (584,000)	\$ -	\$ 584,000
Other Financing Sources & Uses			
Proceeds from Loan	\$ 584,000	\$ 1,360,000	\$ 776,000
Operating Transfers - In (From General Fund)	196,416	196,416	-
Operating Transfers - Out (To General Fund)	(366,000)	(220,000)	146,000
Fund Balance Appropriated	<u>169,584</u>		<u>(169,584)</u>
Total Other Fin. Sources & Uses	\$ 584,000	\$ 1,336,416	\$ 752,416
Revenues & Other Sources Over (Under) Expenditures & Other Uses	<u>\$ -</u>	\$ 1,336,416	<u>\$ 1,336,416</u>
Fund Balance, July 1		<u>\$ 364,479</u>	
Fund Balance, June 30		<u>\$ 1,700,895</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, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Operating Revenues:			
Charges for Services:			
SWDF - Household Fees	\$ -	\$ 2,345,264	\$ -
SWDF - Commercial Fees		457,628	
Recycling Revenues		227,758	
Miscellaneous Revenue		1,100	
Total Operating Revenues	<u>\$ 2,937,000</u>	<u>\$ 3,031,750</u>	<u>\$ 94,750</u>
Non-Operating Revenue:			
Investment Earnings	\$ 750	\$ 4,565	\$ 3,815
Total Revenues	<u>\$ 2,937,750</u>	<u>\$ 3,036,315</u>	<u>\$ 98,565</u>
Expenditures:			
Environmental Services-Collections			
Salaries & Employee Benefits	\$ -	\$ 955,043	\$ -
Operating Expenses		425,652	
Capital Outlay		244,626	
Total Environmental Services-Collections	<u>\$ 1,699,197</u>	<u>\$ 1,625,321</u>	<u>\$ 73,876</u>
Environmental Services-Disposal			
Salaries & Employee Benefits	\$ -	\$ 368,707	\$ -
Operating Expenses		592,193	
Capital Outlay		815,739	
Total Environmental Services-Disposal	<u>\$ 1,887,803</u>	<u>\$ 1,776,639</u>	<u>\$ 111,164</u>
Debt Service			
Loan Principal		\$ 333,687	\$ -
Lease Principal		2,146	
Loan Interest		18,719	
Lease Interest		854	
Total Debt Service	<u>\$ 355,515</u>	<u>\$ 355,406</u>	<u>\$ 109</u>
Total Expenditures	<u>\$ 3,942,515</u>	<u>\$ 3,757,366</u>	<u>\$ 185,149</u>
Revenues Over (Under) Expenditures	<u>\$ (1,004,765)</u>	<u>\$ (721,051)</u>	<u>\$ 283,714</u>
Other Financing Sources (Uses)			
Contribution From Other Governments	\$ 6,000	\$ 6,000	\$ -
Solid Waste Disposal Tax	23,500	23,529	29
Scrap Tire Disposal Tax and Grant	37,000	49,556	12,556
White Goods Disposal Tax and Grant	12,500	6,550	(5,950)
Electronics Mgmt Distr.	1,500	3,601	2,101
Other DEHNR Grant	1,500		(1,500)
Proceeds from Insurance	9,046	10,927	1,881
Proceeds from Sale of Fixed Asset		7,944	7,944
Proceeds from Loan	500,000	500,000	-
Transfer In ARPA	44,297	44,297	-
Transfer Out - Landfill Capital Reserve	(200,000)	(100,000)	100,000
Fund Balance Appropriated	569,422		(569,422)
Total	<u>\$ 1,004,765</u>	<u>\$ 552,404</u>	<u>\$ (452,361)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ (168,647)</u>	<u>\$ (168,647)</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, 2022

Reconciliation to Accrual Basis

Excess of Revenues and Other Sources	
Over (Under) Expenditures	\$ (168,647)
Proceeds from Sale of Fixed Assets	(7,944)
Loss on Sale of Fixed Assets	(80,742)
Proceeds from Loan	(500,000)
Debt Principal	333,687
Lease Principal	2,146
Decrease (Increase) in Interest Payable	4,552
Capital Outlay	1,060,365
Depreciation	(448,781)
Amortization	(2,848)
Landfill Closure and Postclosure Care Costs	(215,000)
Transfers Out - Landfill Capital Reserve	100,000
Increase (Decrease) in Deferred Outflows of Resources - Pensions	38,637
Increase (Decrease) in Deferred Outflows of Resources - OPEB	18,203
Decrease (Increase) in Accrued Vacation Pay	748
Decrease (Increase) in Net Pension Liability	181,490
Decrease (Increase) in OPEB Liability	(117,427)
Decrease (Increase) in Deferred Inflows of Resources - Pensions	(209,492)
Decrease (Increase) in Deferred inflows of Resources -OPEB	
Change in Net Position	<u>\$ (11,053)</u>

LANDFILL CLOSURE & POST CLOSURE - RESERVE FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON - GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Investment Earnings	\$ -	\$ -	\$ -
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:			
Landfill Cell Construction	\$ -	\$ -	\$ -
Landfill Closure and Post Closure			
Total Expenditures	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ 200,000</u>
Revenues Over (Under) Expenditures	<u>\$ (200,000)</u>	<u>\$ -</u>	<u>\$ 200,000</u>
Other Financing Sources (Uses):			
Transfers In - Environmental Services	\$ 200,000	\$ 100,000	\$ (100,000)
Transfers Out- Environmental Services			
Fund Balance Appropriated			-
Total	<u>200,000</u>	<u>100,000</u>	<u>(100,000)</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 NET POSITION
CUSTODIAL FUNDS
JUNE 30, 2022

<u>Assets</u>	Fire District Tax Fund	Jail Inmate Pay Fund	Total Custodial Funds
Cash and Cash Equivalents	\$ 13,276	\$ 40,964	\$ 54,240
Taxes Receivable for Fire Districts, Net	146,812		146,812
Total Assets	<u>160,088</u>	<u>40,964</u>	<u>201,052</u>
<u>Liabilities</u>			
Accounts Payable and Accrued Liabilities	\$ -	\$ -	\$ -
Due To Other Governments	160,088		160,088
Total Liabilities	<u>160,088</u>	<u>-</u>	<u>160,088</u>
<u>Net Position</u>			
Restricted for:			
Individuals, Organizations, and Other Governments	\$ -	\$ 40,964	\$ 40,964
Total Net Position	<u>\$ -</u>	<u>\$ 40,964</u>	<u>\$ 40,964</u>

ASHE COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

<u>Additions</u>	Fire District Tax Fund	Jail Inmate Pay Fund	Total Custodial Funds
Ad Valorem Taxes for Fire Districts	\$ 1,874,756	\$ -	\$ 1,874,756
Collections on Behalf of Inmates		224,615	224,615
Total Additions	<u>1,874,756</u>	<u>224,615</u>	<u>2,099,371</u>
 <u>Deductions</u>			
Tax Distribution to Fire Districts	\$ 1,874,756	\$ -	\$ 1,874,756
Payments on Behalf of Inmates		240,250	240,250
Total Deductions	<u>1,874,756</u>	<u>240,250</u>	<u>2,115,006</u>
Net Increase (Decrease) in Fiduciary Net Position	\$ -	\$ (15,635)	\$ (15,635)
Net Position, Beginning	\$ -	\$ 56,599	\$ 56,599
Net Position, Ending	<u>\$ -</u>	<u>\$ 40,964</u>	<u>\$ 40,964</u>

ASHE COUNTY, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>County - wide</u>			<u>Total Levy</u>	
	<u>Property</u>	<u>Rate</u>	<u>Amount</u>	<u>Property</u>	<u>Registered</u>
	<u>Valuation</u>		<u>of Levy</u>	<u>excluding</u>	<u>Motor</u>
				<u>Registered</u>	<u>Motor</u>
				<u>Vehicles</u>	<u>Vehicles</u>
Original Levy:					
Property Taxed at Current Year's Rate	\$ 4,178,799,988	0.51	\$ 21,305,551	\$ 19,982,388	\$ 1,323,163
Property Taxed at Prior Year's Rate	93,905,280	.443	432,052	-	432,052
Discoveries					
Current year taxes	<u>\$ 12,471,667</u>	0.51	<u>\$ 63,607</u>	<u>\$ 63,607</u>	<u>\$ -</u>
Total	<u>\$ 4,285,176,935</u>		<u>\$ 21,801,210</u>	<u>\$ 20,045,995</u>	<u>\$ 1,755,215</u>
Abatements	<u>\$ (37,128,983)</u>	0.51	<u>\$ (189,358)</u>	<u>\$ (189,358)</u>	<u>\$ -</u>
Total property valuation	<u><u>\$ 4,248,047,952</u></u>				
Net levy			\$ 21,611,852	\$ 19,856,637	\$ 1,755,215
Uncollected taxes at June 30, 2022			<u>(545,459)</u>	<u>(545,459)</u>	<u> </u>
Current year's taxes collected			<u>\$ 21,066,393</u>	<u>\$ 19,311,178</u>	<u>\$ 1,755,215</u>
Current levy collection percentage			97.48%	97.25%	100.00%

ASHE COUNTY, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2022

Fiscal Year	Uncollected Balance July 1, 2021	Additions	Collections and Credits	Uncollected Balance June 30, 2022
2021-22	\$ -	\$ 21,611,764	\$ 21,066,304	\$ 545,460
2020-21	520,306		243,218	277,088
2019-20	323,638		121,573	202,065
2018-19	252,003		89,077	162,926
2017-18	207,284		71,495	135,789
2016-17	165,263		54,309	110,954
2015-16	138,706		46,675	92,031
2014-15	116,605		36,755	79,850
2013-14	121,620		35,068	86,552
2012-13	116,414		34,281	82,133
2011-12	102,151		102,151	-
	<u>\$ 2,063,990</u>	<u>\$ 21,611,764</u>	<u>\$ 21,900,906</u>	<u>\$ 1,774,848</u>

Less Allowance for Uncollectible Ad Valorem
Taxes Receivable \$ 543,000

Ad Valorem Taxes Receivable (Net) \$ 1,231,848

Reconciliation with Revenues

Taxes - Ad Valorem - General Fund	\$ 21,547,414
Discount Allowed	276,186
Releases	27,001
Refunds	408,493
Amounts Written Off Per Statute of Limitations	89,707
Adjustments	(50,017)
Interest Collected	<u>(397,878)</u>

Total Collections & Credits \$ 21,900,906

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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, 2022, and the notes to the financial statements, which collectively comprises Ashe County's basic financial statements, and have issued our report thereon dated March 10, 2023.

Report on 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.

Report on 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.



Priscilla L. Norris, CPA

Jefferson, NC

March 10, 2023

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

Opinion on 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, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

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. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Ashe County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Ashe County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Ashe County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Ashe County's compliance based on our audit. Reasonable assurance is a high level of assurance about is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting in error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Ashe County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- * exercise professional judgment and maintain professional skepticism through out the audit.
- * identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Ashe County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- * obtain an understanding of Ashe County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Ashe County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

March 10, 2023

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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

Opinion on Each Major State 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 State programs for the year ended June 30, 2022. 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.

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, 2022.

Basis for Opinion on Each Major State Program

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. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Ashe County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion on compliance for each major State program. Our audit does not provide a legal determination of Ashe County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Ashe County's State programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Ashe County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Ashe County's compliance with the requirements of each major State program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- * exercise professional judgment and maintain professional skepticism through out the audit.
- * identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Ashe County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- * obtain an understanding of Ashe County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Ashe County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material, weaknesses. However material weaknesses or significant deficiencies may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

March 10, 2023

ASHE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

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
20.106	Airport Improvement Program
93.568	Low Income Home Energy Assistance Block Grant

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

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

State Awards

Internal control over major State programs:

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

ASHE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

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

Any audit findings disclosed that are required
to be reported in accordance with the State
Single Audit Implementation Act

_____ yes X no

Identification of major State programs:

Program Name
State Aid to Airports

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, 2022

Grantor/Pass-through Grantor/Program Title	Federal Assist. Listing Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed through to Subrecipients	Local Expenditures
FEDERAL AWARDS:					
<u>U.S. Department of Health and Human Services</u>					
<i>Administration for Children and Families</i>					
Passed-through the N.C. Dept. of Health and Human Serv:					
<u>Division of Child Development:</u>					
Subsidized Child Care Cluster:					
Division of Social Services:					
Child Care Development Fund- Administration	93.596	\$ 79,191	\$ -	\$ -	\$ -
Total Subsidized Child Care Cluster		<u>79,191</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Division of Social Services:</u>					
<u>Foster Care and Adoption Cluster:</u>					
Title IV-E Foster Care - Admin	93.658	221,395	9,863		199,570
Title IV-E Foster Care - <u>Direct Benefits</u>	93.658	278,121	55,668		55,508
Title IV-E - Adoption -Admin	93.659	4,532			4,532
Total Foster Care and Adoption Cluster		<u>504,048</u>	<u>65,531</u>	<u>-</u>	<u>259,610</u>
<u>Temporary Assistance for Needy Families Cluster</u>					
TANF/Work First	93.558	235,503	-		769,672
Total TANF Cluster		<u>235,503</u>	<u>-</u>	<u>-</u>	<u>769,672</u>
<u>All Other DSS:</u>					
Child Support Enforcement	93.563	448,025			230,801
Low Income Home Energy Assistance Block Grant	93.568	831,893			
Low Income Home Energy Asst - COVID 19	93.568	11,953			
Child Welfare Services	93.645	8,498	23,699		2,833
Promoting Safe and Stable Families	93.556	21,868			
Social Services Block Grant - Adult Services	93.667	259,705	20,357		54,126
Chafee Foster Care Indep. Program - Admin.	93.674	8,250	2,062		
Chafee Foster Care Indep. Program - <u>Direct Ben. Pmts</u>	93.674	8,934			
Chafee Foster Care COVID Funding	93.674	40,000	29,850		
Total All Other DSS		<u>1,639,126</u>	<u>75,968</u>	<u>-</u>	<u>287,760</u>
<i>Total Administration for Children and Families</i>		<u>\$ 2,457,868</u>	<u>\$ 141,499</u>	<u>\$ -</u>	<u>\$ 1,317,042</u>
<u>Health Care Financing Administration</u>					
Passed-through the N.C. Dept. of Health and Human Serv:					
Division of Social Services:					
Administration:					
Medical Assistance Program	93.778	1,883,895	2,200		806,150
NC Health Choice	93.767	36,662	1,188		7,056
<i>Total Healthcare Financing Administration</i>		<u>\$ 1,920,557</u>	<u>\$ 3,388</u>	<u>\$ -</u>	<u>\$ 813,206</u>
Total U.S. Department of Health and Human Services		<u>\$ 4,378,425</u>	<u>\$ 144,887</u>	<u>\$ -</u>	<u>\$ 2,130,248</u>
<u>U.S. Dept. of Agriculture</u>					
<u>Food and Nutrition Services</u>					
Passed-through the N.C. Dept. of Health and Human Serv:					
Division of Social Services:					
Administration:					
Supplemental Nutrition Assist. Program Cluster Admin.	10.561	\$ 441,587	\$ -	\$ -	\$ 410,878
Total U.S. Dept. of Agriculture		<u>\$ 441,587</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 410,878</u>

ASHE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal Assist. Listing Number</u>	<u>Federal (Direct & Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Passed through to Subrecipients</u>	<u>Local Expenditures</u>
<u>U.S. Dept. of Housing and Urban Development</u>					
Passed-through NC Dept. of Commerce:					
CDBG Neighborhood Revitalization Grant #19-C-3123	14.228	\$ 18,170	\$ -	\$ -	\$ -
CDBG Coronavirus Grant #20-V-3509	14.228	60,459			
Total U.S. Dept. of Housing and Urban Development		\$ 78,629	\$ -	\$ -	\$ -
<u>U.S. Department of Justice</u>					
Public Safety Partnership & Community Policies Grants					
Passed - through NC Dept. of Public Safety:	16.710	\$ 304,435	\$ -	\$ -	\$ -
Edward Byrne Memorial Justice Assist. Governor's Crime Commission	16.738	40,578			
Total U.S. Department of Justice		\$ 345,013	\$ -	\$ -	\$ -
<u>U.S. Dept. of Transportation</u>					
Passed - through NC Dept. of Transportation:					
Airport Improvements Program (36237.21.16.1)	20.106	\$ 4,745	\$ -	\$ -	\$ 527
Airport Improvements Program (36237.21.18.2)	20.106	15,928			1,770
Airport Improvements Program (36237.21.20.2)	20.106	45,484			5,054
Airport Improvements Program (36237.21.19.1)	20.106	2,119,770			
Airport Improvements Program (36237.21.20.1)	20.106	41,390			4,599
Airport Coronavirus Response Grant	20.106	32,000			
Total U.S. Dept. of Transportation		\$ 2,259,317	\$ -	\$ -	\$ 11,950
<u>U.S. Dept. of Homeland Security</u>					
Passed - through NC Dept. of Public Safety:					
Emergency Management	97.042	\$ 50,353	\$ -	\$ -	\$ -
FEMA - COVID-19 Response	97.036	83,741			
Total U.S. Dept. of Homeland Security		\$ 134,094	\$ -	\$ -	\$ -
<u>U.S. Department of the Treasury</u>					
Coronavirus State and Local Fiscal Recovery Fund	21.027	\$ 464,679	\$ -	\$ -	\$ -
Total U.S. Department of the Treasury		\$ 464,679	\$ -	\$ -	\$ -
Total Federal Awards (and state and local match)		\$ 8,101,744	\$ 144,887	\$ -	\$ 2,553,076

STATE AWARDS:

N.C. Dept. of Transportation

State Aid to Airports (DOT-8) (Unknown)	53,694	5,966
State Aid to Airports (DOT-8) (36244.29.9.1)	163,320	18,147
State Aid to Airports (DOT-8) (36244.29.7.1)	787	87
State Aid to Airports (DOT-8)(GEV 47201.3.1)	239,038	
Rural Operating Assistance Program (EDTAP)	61,270	
Rural Operating Assistance Program (Employment Transportation)	9,069	
Rural Operating Assistance Program (RGP)	66,028	

N.C. Dept. of Environmental Quality

Scrap Tire Grant	5,185
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Administrative Office of the Courts

Safe Roads Act Funds	880
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ASHE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal Assist. Listing Number</u>	<u>Federal (Direct & Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Passed through to Subrecipients</u>	<u>Local Expenditures</u>
<u>N.C. Dept. of Public Safety</u>					
Emergency Management Supplies			1,222		
Division of Admin - Law Enforcement Supplies			84,270		
Juvenile Crime Prevention			97,645		
<u>N.C. Dept. of Administration</u>					
DMVA County Grant			2,108		
<u>NC Department of Agriculture</u>					
Soil Technicians Grant			28,110		
<u>N.C. Dept. of Social Services</u>					
State Foster Home			61,926		53,458
State Foster Home Fund (Maximization)			175,805		145,394
Extended Foster Care Max Non IVE			12,925		
Child Support Enforcement Incentive			32,375		
Total State Awards and local match			\$ -	\$ 1,095,657	\$ 223,052
Total Federal and State Awards			\$ 8,101,744	\$ 1,240,544	\$ 2,776,128

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, 2022. 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.