

ASHE COUNTY
NORTH CAROLINA
AUDIT REPORT
JUNE 30, 2013

ASHE COUNTY, NORTH CAROLINA

BOARD OF COUNTY COMMISSIONERS

Larry Rhodes - Chairman

Judy Porter Poe - Vice -Chairman

Gerald Price

William Sands

Gary Roark

COUNTY OFFICIALS

Dr. Patricia Mitchell (through August 2013)

County Manager

Sandra Long

Director of Finance

John Kilby

County Attorney

Deaett Roten

Register of Deeds

Keith Little

Tax Administrator

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Priscilla L. Norris, CPA

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

Independent Auditor's Report

To the Board of County Commissioners
Ashe County, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ashe County, North Carolina, as of and for the year ended June 30, 2013 and the related notes to the financial statements, which collectively comprise Ashe County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, based upon our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ashe County as of June 30, 2013 and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

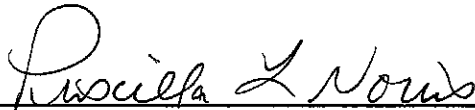
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Ashe County's basic financial statements. The combining and individual fund financial statements, budgetary schedules and other schedules, as well as the accompanying schedule of expenditures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

The combining and individual fund financial statements, budgetary schedules, other schedules and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures; including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United

States of America. In our opinion; based on our audit and the procedures performed as described above, the combining and individual fund financial statements, budgetary schedules, other schedules and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2013, on our consideration of Ashe County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ashe County's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Priscilla L. Norris". The signature is written in black ink and is positioned above a horizontal line.

Priscilla L. Norris, CPA

Jefferson, NC

November 21, 2013

**ASHE COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

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, 2013. 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.

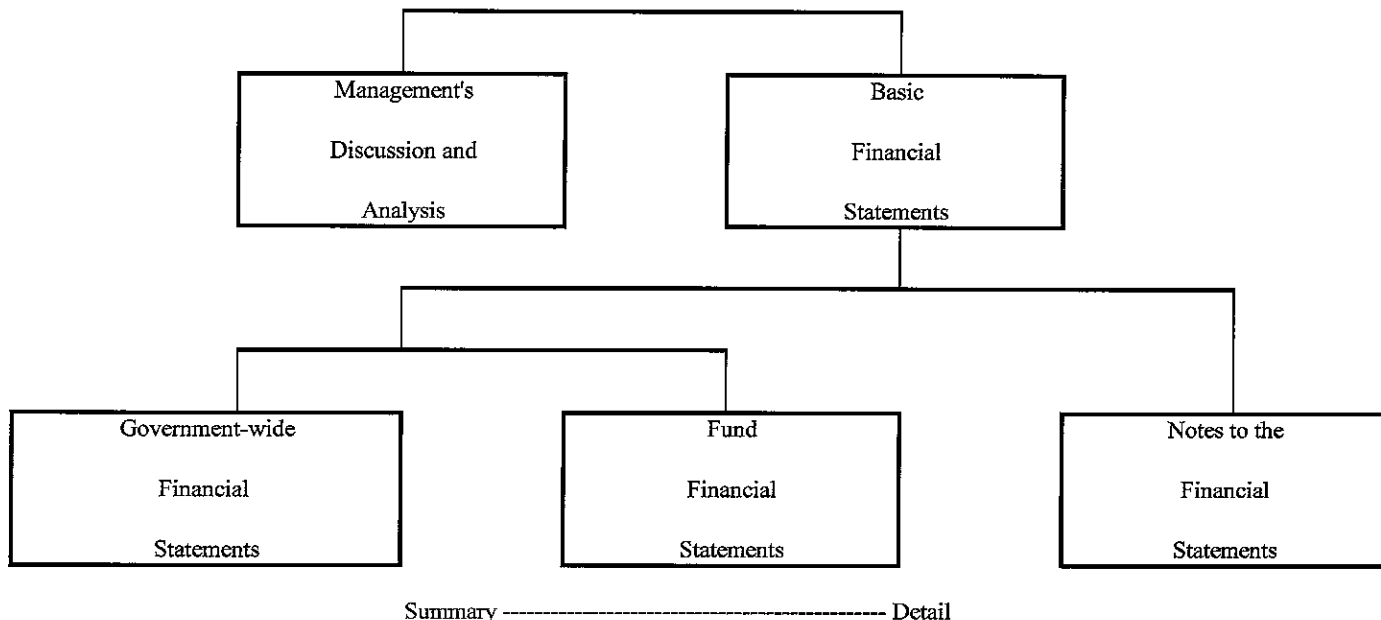
Financial Highlights

- * 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 \$44,278,324 (net position).
- * The government's total net position increased by \$2,960,048, primarily due to increased net position in the General Fund.
- * As of the close of the current fiscal year, Ashe County's governmental funds reported combined ending fund balances of \$17,243,973 a decrease of \$121,385 in comparison with the prior year. Approximately 41.36 percent of this total amount, or \$7,131,899 is available for spending at the government's discretion (*unassigned fund balance*), beyond amounts assigned for subsequent year's expenses. Approximately 26.88 percent, or \$4,635,956, is restricted or non-spendable.
- * At the end of the current fiscal year, unassigned fund balance for the General Fund was \$7,131,899 or 23.71 percent of total general fund expenditures for the fiscal year.
- * Ashe County's total debt decreased by \$2,833,663 (12.05%) during the current fiscal year. The key factors in this decrease are principal payments on debt.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Ashe County's basic financial statements. The County's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of Ashe County.

**Required Components of Annual Financial Report
Figure 1**



Basic Financial Statements

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

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

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MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

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 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

**ASHE COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

its landfill and environmental services operations. These funds are the same as those separate activities shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Ashe County has two fiduciary funds, both of which are agency funds.

Notes to the Financial Statements - The notes provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start after Exhibit 9 of this report.

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets (and deferred outflows of resources, if any) of Ashe County exceeded liabilities (and deferred inflows of resources) by \$44,278,324 as of June 30, 2013. One of the largest portions, \$34,733,022, (78.44%) reflects the County's net investment in capital assets (e.g. land, buildings, machinery, and equipment). Ashe County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Ashe County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources since the capital assets cannot be used to liquidate these liabilities. An additional portion of Ashe County's net position, \$4,635,956 (10.47 %) represents resources that are subject to external restrictions on how they may be used.

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

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 21,354,592	\$ 21,887,945	\$ 2,607,749	\$ 2,905,141	\$ 23,962,341	\$ 24,793,086
Capital assets	40,417,021	39,114,994	5,403,501	5,528,520	45,820,522	44,643,514
Total assets	\$ 61,771,613	\$ 61,002,939	\$ 8,011,250	\$ 8,433,661	\$ 69,782,863	\$ 69,436,600
Long-term liabilities	21,166,597	23,601,797	3,475,112	3,490,418	24,641,709	27,092,215
Other liabilities	703,709	887,452	69,932	56,203	773,641	943,655
Total liabilities	\$ 21,870,306	\$ 24,489,249	\$ 3,545,044	\$ 3,546,621	25,415,350	\$ 28,035,870
Prepaid taxes	89,189	82,454	-	-	89,189	82,454
Total deferred inflows of resources	\$ 89,189	\$ 82,454	\$ -	\$ -	\$ 89,189	\$ 82,454
Net position						
Net investment in capital assets	31,703,023	26,252,494	4,103,501	4,028,520	35,806,524	30,281,014
Restricted	4,635,956	6,269,485			4,635,956	6,269,485
Unrestricted	3,473,139	3,909,257	362,705	858,520	3,835,844	4,767,777
Total net position	\$ 39,812,118	\$ 36,431,236	\$ 4,466,206	\$ 4,887,040	\$ 44,278,324	\$ 41,318,276

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 maintaining a collection percentage of 93.94%.
- * Even with the declining economy, the County ended the year with \$44,414 in excess of the budgeted amount for sales tax collections, mostly due to continuation of near steady retail sales within the borders of Ashe County.
- * Runway expansion work continued at the County airport, funded mostly by state and federal grants.
- * The County's recently constructed correctional facilities have proven to be a continued source of revenue, due to housing inmates from other counties.

**ASHE COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

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

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 2,400,155	\$ 2,203,313	\$ 1,731,438	\$ 1,727,124	\$ 4,131,593	\$ 3,930,437
Operating grants and contributions	6,414,540	6,300,815	94,318	89,437	6,508,858	6,390,252
Capital grants and contributions	2,067,659	1,925,923			2,067,659	1,925,923
General revenues:						
Property taxes	16,400,101	16,426,143			16,400,101	16,426,143
Other taxes	4,750,991	4,757,204			4,750,991	4,757,204
Grants and contributions not restricted to specific programs						
Other	63,064	91,107	1,207	1,456	64,271	92,563
Total revenues	\$ 32,096,510	\$ 31,704,505	\$ 1,826,963	\$ 1,818,017	\$ 33,923,473	\$ 33,522,522
Expenses:						
General government	4,061,309	3,969,511			4,061,309	3,969,511
Public safety	6,542,515	6,339,444			6,542,515	6,339,444
Transportation	448,359	421,451			448,359	421,451
Economic and physical development	798,712	754,957			798,712	754,957
Human services	9,263,776	9,577,675			9,263,776	9,577,675
Cultural and recreation	1,385,162	1,319,466			1,385,162	1,319,466
Education	5,495,367	5,906,720			5,495,367	5,906,720
Interest on long-term debt	620,428	669,812			620,428	669,812
Environmental services			2,347,797	2,171,401	2,347,797	2,171,401
Total expenses	\$ 28,615,628	\$ 28,959,036	\$ 2,347,797	\$ 2,171,401	\$ 30,963,425	\$ 31,130,437
Increase (decrease) in net position before transfers and special items	3,480,882	2,745,469	(520,834)	(353,384)	2,960,048	2,392,085
Transfers	(100,000)		100,000			
Increase in net position	3,380,882	2,745,469	(420,834)	(353,384)	2,960,048	2,392,085
Net position, beginning	36,431,236	33,685,767	4,887,040	5,161,245	41,318,276	38,847,012
Prior period adjustment				79,179		79,179
Net position, ending	\$ 39,812,118	\$ 36,431,236	\$ 4,466,206	\$ 4,887,040	\$ 44,278,324	\$ 41,318,276

Governmental activities: Governmental activities increased the County's net position by \$3,380,882.

Business-type activities: Business-type activities decreased Ashe County's net position by \$420,834.

Financial Analysis of the County's Funds

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

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

The General Fund is the chief operating fund of Ashe County. At the end of the current fiscal year, fund balance available for appropriation in the General Fund was \$11,173,215 while total fund balance was \$13,123,482. It is recommended that the County maintain an available fund balance of 8% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. The County currently has an available fund balance of 36.7% of General Fund expenditures, while total fund balance represents 43.1% of that same amount. Of the total fund balance, the amount that is unassigned at year end is \$7,131,899.

**ASHE COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
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At June 30, 2013, the governmental funds of Ashe County reported a combined fund balance of \$17,243,973, a 0.7 percent decrease from last year.

General Fund Budgetary Highlights: During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased revenues by \$210,072. There was also an increase in the appropriation of fund balance of \$123,659.

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 \$362,705, a decrease of \$495,815 which is due to a variety of factors, including increased costs of leachate disposal.

Capital Asset and Debt Administration

Capital Assets: Ashe County's capital assets for its governmental and business-type activities as of June 30, 2013, totals \$45,820,521 (net of accumulated depreciation). These assets include buildings, airport, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include:

- * Purchase of various vehicles and equipment for several departments.
- * Construction of courthouse parking lot.
- * Continued construction of airport runway extension, including acquisition of land.

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

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	4,588,872	4,438,372	128,198	128,198	4,717,070	4,566,570
Buildings and system	26,530,713	26,870,757	3,554,801	3,644,346	30,085,514	30,515,103
Improvements other than bldgs.	3,225,703	3,219,599			3,225,703	3,219,599
Machinery and equip.	895,526	876,260	1,702,836	1,755,975	2,598,362	2,632,235
Infrastructure	4,805,712	3,379,140			4,805,712	3,379,140
Vehicles and motorized equip.	370,495	330,866			370,495	330,866
Construction in progress			17,665		17,665	
Total	40,417,021	39,114,994	5,403,500	5,528,519	45,820,521	44,643,513

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, 2013, Ashe County had no general obligation bonds outstanding.

Ashe County's total debt decreased by \$2,633,663 during the past fiscal year, primarily due to principal payments on debt.

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

**ASHE COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

Economic Factors

The following factors affected the economic outlook for Ashe County in 2012-2013.

- * The Ashe County unemployment rate varied from 10.3% at its lowest in September 2012 to its highest of 13.8% in January 2013 for the fiscal year. It is important to remember that the unemployment rate in Ashe remains cyclical, but also important to note that the average monthly unemployment percentages by fiscal year, has remained relatively the same for the last four years. Though the rate has not declined as quickly as hoped, it has continued to fall from its peak of 16.9% in February of 2010 down to 13% in February of 2013. Long gone are the percentages in the 5% range from the year 2007. Reports show that in May, 18 counties in North Carolina had higher unemployment rates than Ashe County. Rates in 87 counties increased and 12 decreased, while Ashe County's remained a steady 11%. Manufacturing jobs, small businesses, and the housing industry continued to suffer due to economic conditions. However, during the past 20 years, the county's economy has become less reliant on its manufacturing base, while jobs in the retail and service sectors have become an economic mainstay in Ashe County.
- * In December of 2012, United Chemi-Con which was built in 1953 and has been in continuous operation ever since, announced that it was losing one of its two lines to Malaysia which would reduce the number of jobs at their Lansing facility by 142, leaving 115 employees. This loss is blamed on continued market downturn for electrical components in the United States.
- * In June of 2013, Gates Corporation announced that 247 employees would be cut back in September of 2013 and the facility would be closed by the first part of 2014. A WARN Act notice was issued by the company a short time later.
- * On the upside, GE Aviation announced a 57.8 million dollar expansion which would add an 80,000 square foot expansion to the existing West Jefferson plant adding 105 jobs between the years 2014 and 2016. The average salary is expected to be \$47,942 plus benefits.
- * The tax rate implemented in 2012/2013 was again set at .40/\$100 valuation. The rate was held at the same rate as the previous year.
- * Seasonal industries keep the Ashe economy cyclical, i.e. Christmas tree production, seasonal-based agriculture and tourism businesses.
- * The County continues debt service payments on Westwood Elementary and Ashe County High School until 2016/2017.
- * The County's allocation to Ashe County Schools for capital outlay was reduced and operating dollars were increased due to cuts on the State and Federal level. However, the overall amount appropriated to education was increased, even during difficult economic times.
- * The Superintendent of Schools is an appointed member of the Ashe County Economic Development Commission, and the county and public schools continued to work closely on workforce development initiatives, leadership development and civics education with the Department of Economic Development. It is our desire that partnering between the two government bodies will continue to enhance and strengthen education endeavors.
- * Wilkes Community College/Ashe Campus Small Business Development Center continues to offer training and assistance with market research, business plan development, and guidance on legal requirements and taxes to aid new business startup in Ashe County.

Next Year's Budgets and Rates

- * The tax rate remained at 40 cents for FY2013 and will continue at the same rate for FY2014.
- * Although revenues are still well below pre-recession levels, several departments have been able to hold their expenses at a minimum as directed. Sales tax revenues, corrections revenues, and building inspections revenues are continuing to inch upward. Around \$900,000 in revenues were collected over approved budget estimates which helped the county avoid using as much undesignated fund balance as was appropriated to balance the original budget. Less than 1% of the undesignated fund balance that was budgeted actually was needed to balance revenues to expenses at year end.
- * Improvements at Ashe County Airport continued throughout FY2013. A shortage of dirt in the borrow area stopped the project temporarily until more suitable dirt from adjoining property could be located. The remainder of the project, which includes finishing the site preparation and paving and lighting of the extension of Runway 28, was advertised and bids were opened and awarded. Eagle Wood, Inc. was scheduled to begin work in the fall of 2013 and finish the project by late fall or in early spring. Weather may be a factor in this project, but hopefully it will be finished completely in FY2014.

**ASHE COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

- * The Board of Education has continued to make upgrades to their facilities using the QSCB monies which must be spent by November of 2013. Roofs have been replaced on several school buildings and central air conditioning has been added to cafeterias that did not have any cooling systems in place. Future plans are also being considered concerning whether to build a new Middle School or to renovate and expand the existing facility, along with other school infrastructure needs for the next 10 to 15 years. The debt service for the QSCB loan is being paid off 100% with funds from the NC Education Lottery at zero interest. Existing debt service on the High School and Westwood Elementary schools will be retired in the years 2016 and 2017 respectfully.

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.

EXHIBIT 1

ASHE COUNTY, NORTH CAROLINA
STATEMENT OF NET POSITION
JUNE 30 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 14,426,524	\$ 1,938,811	\$ 16,365,335
Restricted cash	1,371,607		1,371,607
Receivables (net)	3,664,780	632,898	4,297,678
Due from other governments	1,891,681	36,040	1,927,721
Capital assets:			
Land, improvements, and construction in progress	4,588,872	128,198	4,717,070
Other capital assets, net of depreciation	35,828,149	5,275,303	41,103,452
Total capital assets	40,417,021	5,403,501	45,820,522
Total assets	\$ 61,771,613	\$ 8,011,250	\$ 69,782,863
LIABILITIES			
Accounts payable and accrued expenses	457,391	49,219	506,610
Accrued interest payable	246,318	20,713	267,031
Long-term liabilities:			
Due within one year	2,663,243	200,000	2,863,243
Due in more than one year	18,503,354	3,275,112	21,778,466
Total liabilities	\$ 21,870,306	\$ 3,545,044	\$ 25,415,350
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	\$ 89,189	\$ -	\$ 89,189
Total deferred inflows of resources	\$ 89,189	\$ -	\$ 89,189
NET POSITION			
Net investment in capital assets	31,703,023	4,103,501	35,806,524
Restricted for:			
Capital projects (education)	1,559,864		1,559,864
Public safety	668,697		668,697
Culture & recreation	10,000		10,000
Human services	255,220		255,220
Register of deeds	149,753		149,753
Stabilization by State statute	1,992,422		1,992,422
Unrestricted	3,473,139	362,705	3,835,844
Total net position	\$ 39,812,118	\$ 4,466,206	\$ 44,278,324

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

EXHIBIT 2

ASHE COUNTY, NORTH CAROLINA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

NET (EXPENSE) REVENUE AND CHANGES
IN NET POSITION

PROGRAM REVENUES

Functions/Programs	PROGRAM REVENUES				Business- Type Activities	Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
Primary government:						
Governmental Activities						
General government	\$ 4,061,309	\$ 410,008	\$ 4,985	\$ -	\$ (3,646,316)	\$ (3,646,316)
Public Safety	6,542,515	1,596,665	720,358		(4,225,492)	(4,225,492)
Transportation	448,359	120,936	1,003	1,558,066	1,231,646	1,231,646
Economic and physical development	798,712	40,693	145,917	12,176	(599,926)	(599,926)
Human Services	9,263,776	137,635	5,538,065		(3,588,076)	(3,588,076)
Cultural and recreation	1,385,162	94,218			(1,290,944)	(1,290,944)
Education	5,495,367		4,212	497,417	(4,993,738)	(4,993,738)
Interest on long-term debt	620,428				(620,428)	(620,428)
Total governmental activities	28,615,628	2,400,155	6,414,540	2,067,659	(17,733,274)	(17,733,274)
Business-type Activities:						
Environmental Services	2,347,797	1,731,438	94,318		(522,041)	(522,041)
Total business-type activities	2,347,797	1,731,438	94,318		(522,041)	(522,041)
Totals	\$ 30,963,425	\$ 4,131,593	\$ 6,508,858	\$ 2,067,659	\$ (17,733,274)	\$ (18,255,315)

General Revenues:

Taxes:

Property taxes, levied for general purpose

Local Option Sales tax

Other taxes and licenses

Grants and contributions not restricted to specific programs

Investment earnings, unrestricted

Miscellaneous, unrestricted

Transfers

Total general revenues, special items, and transfers

Change in net position

Net position - beginning

Net position - ending

16,400,101	16,400,101				
4,384,414	4,384,414				
366,577	366,577				
		333	1,207		1,540
		62,731			62,731
		(100,000)	100,000		
21,114,156	21,114,156	101,207			21,215,363
3,380,882	3,380,882	(420,834)			2,960,048
36,431,236	36,431,236	4,887,040			41,318,276
\$ 39,812,118	\$ 39,812,118	\$ 4,466,206	\$		\$ 44,278,324

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

ASHE COUNTY, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

EXHIBIT 3

	<u>Major Governmental Funds</u>		<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>School Capital Projects</u>		
Assets				
Cash & Investments	\$ 11,421,547	\$ 486,362	\$ 2,518,615	\$ 14,426,524
Restricted Cash	298,105	1,073,502		1,371,607
Due from Other Funds				
Receivables (Net):				
Taxes	2,824,378			2,824,378
Accounts	58,586		42,155	100,741
Due from Other Governments	1,891,681			1,891,681
Total Assets	<u>\$ 16,494,297</u>	<u>\$ 1,559,864</u>	<u>\$ 2,560,770</u>	<u>\$ 20,614,931</u>
Liabilities				
Accounts Payable & Accrued Liabilities	\$ 457,248	\$ -	\$ 143	\$ 457,391
Total Liabilities	<u>\$ 457,248</u>	<u>\$ -</u>	<u>\$ 143</u>	<u>\$ 457,391</u>
Deferred Inflows of Resources				
Property Taxes Receivable	\$ 2,824,378	\$ -	\$ -	\$ 2,824,378
Prepaid Taxes	89,189			89,189
Total Deferred Inflows of Resources	<u>\$ 2,913,567</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,913,567</u>
Fund Balances				
Restricted for:				
Stabilization by State Statute	\$ 1,950,267	\$ -	\$ 42,155	\$ 1,992,422
Register of Deeds	149,753			149,753
Human Services	23,235			23,235
Culture & Recreation	10,000			10,000
School Capital Outlay		1,559,864		1,559,864
Public Safety			668,697	668,697
4-H (Human Services)			231,985	231,985
Committed for:				
Tax Revaluation	148,352			148,352
Human Services	18,118			18,118
Public Safety	97,299			97,299
Capital Projects			1,617,790	1,617,790
Assigned:				
Subsequent Year's Expenditures	3,594,559			3,594,559
Unassigned:	7,131,899			7,131,899
Total Fund Balance	<u>\$ 13,123,482</u>	<u>\$ 1,559,864</u>	<u>\$ 2,560,627</u>	<u>\$ 17,243,973</u>
Total Liabilities, Deferred Inflows of Resources & Fund Balances	<u>\$ 16,494,297</u>	<u>\$ 1,559,864</u>	<u>\$ 2,560,770</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	\$ 40,417,021
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	739,661
Liabilities for earned but deferred revenues in fund statements.	2,824,378
Some liabilities are not due and payable in the current period and therefore are not reported in funds (Note 4).	(21,412,915)
Net assets of governmental activities	<u>\$ 39,812,118</u>

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

ASHE COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Major Governmental Funds</u>		<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>School Capital Projects</u>		
Revenues				
Ad Valorem Taxes	\$ 16,309,330	\$ -	\$ -	\$ 16,309,330
Local Option Sales Tax	4,384,414			4,384,414
Other Taxes	356,628			356,628
Unrestricted Intergovernmental Revenues	4,212			4,212
Restricted Intergovernmental Revenues	7,239,073	495,706	668,284	8,403,063
Licenses & Permits	381,889			381,889
Sales & Services	1,906,653		94,053	2,000,706
Investment Earnings	333	1,711	12,176	14,220
Miscellaneous	68,392		82,885	151,277
Total Revenue	<u>\$ 30,650,924</u>	<u>\$ 497,417</u>	<u>\$ 857,398</u>	<u>\$ 32,005,739</u>
Expenditures				
General Government	\$ 3,758,410	\$ -	\$ -	\$ 3,758,410
Public Safety	5,890,381		197,592	6,087,973
Transportation	1,970,030			1,970,030
Economic & Physical Development	700,013		103,837	803,850
Human Services	8,891,064		413,765	9,304,829
Cultural & Recreational	1,142,498			1,142,498
Educational	4,557,378			4,557,378
Capital Outlay		698,496	185,806	884,302
Debt Services:				
Principal Retirement	2,426,792	206,872		2,633,664
Interest	739,773	144,417		884,190
Total Expenditures	<u>\$ 30,076,339</u>	<u>\$ 1,049,785</u>	<u>\$ 901,000</u>	<u>\$ 32,027,124</u>
Revenues Over (Under) Expenditures	<u>\$ 574,585</u>	<u>\$ (552,368)</u>	<u>\$ (43,602)</u>	<u>\$ (21,385)</u>
Other Financing Sources (Uses)				
Operating Transfer - In	178,072		269,338	447,410
Operating Transfer - Out	(369,338)	(118,072)	(60,000)	(547,410)
Total Other Financing Sources (Uses)	<u>\$ (191,266)</u>	<u>\$ (118,072)</u>	<u>\$ 209,338</u>	<u>\$ (100,000)</u>
Excess of Revenue & Other Sources Over (Under) Expenditures & Other Uses	<u>\$ 383,319</u>	<u>\$ (670,440)</u>	<u>\$ 165,736</u>	<u>\$ (121,385)</u>
Fund Balances:				
Beginning of Year, July 1	\$ 12,740,163	\$ 2,230,304	\$ 2,394,891	\$ 17,365,358
End of Year, June 30	<u>\$ 13,123,482</u>	<u>\$ 1,559,864</u>	<u>\$ 2,560,627</u>	<u>\$ 17,243,973</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, 2013

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

Net changes in fund balances - total governmental funds	\$ (121,385)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation in the current period.	952,027
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	2,633,663
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Difference in interest expense between fund statements and government-wide statements.	24,269
Compensated Absences	(29,698)
Other Post Employment Benefits	(168,766)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	
Increase in deferred inflows - taxes receivable at year end	76,278
Increase in accrued tax interest receivable at end of year	14,494
Total changes in net position of governmental activities	<u>\$ 3,380,882</u>

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

ASHE COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL- GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 15,869,767	\$ 15,869,767	\$ 16,309,330	\$ 439,563
Local option sales tax	4,340,000	4,340,000	4,384,414	44,414
Other taxes	377,500	390,559	356,628	(33,931)
Unrestricted intergovernmental			4,212	4,212
Restricted intergovernmental	7,137,285	7,248,485	7,239,073	(9,412)
Licenses & Permits	353,500	348,800	381,889	33,089
Sales and services	1,547,212	1,634,425	1,906,653	272,228
Investment earnings	15,500	15,500	333	(15,167)
Miscellaneous	9,000	12,300	68,392	56,092
Total Revenues	\$ 29,649,764	\$ 29,859,836	\$ 30,650,924	\$ 791,088
Expenditures				
Current:				
General government	4,064,724	4,064,724	3,758,410	306,314
Public safety	5,981,407	6,234,884	5,890,381	344,503
Transportation	2,576,800	2,576,800	1,970,030	606,770
Economic and physical development	1,014,533	829,911	700,013	129,898
Human services	10,083,791	10,167,616	8,891,064	1,276,552
Cultural and recreational	1,195,953	1,205,953	1,142,498	63,455
Intergovernmental				
Education	4,562,378	4,562,378	4,557,378	5,000
Debt service:				
Principal retirement	2,426,792	2,426,792	2,426,792	
Interest and other charges	749,596	749,596	739,773	9,823
Contingency fund	250,000	51,713		51,713
Total expenditures	32,905,974	32,870,367	30,076,339	2,794,028
Revenues over (under) expenditures	\$ (3,256,210)	\$ (3,010,531)	\$ 574,585	\$ 3,585,116
Other financing sources (uses):				
Transfer to other funds		(369,338)	(369,338)	
Transfer from other funds	178,072	178,072	178,072	
Appropriated fund balance	3,078,138	3,201,797		(3,201,797)
Total other financing sources (uses)	3,256,210	3,010,531	(191,266)	(3,201,797)
Revenues and other financing sources over expenditures and other financing uses	\$ -	\$ -	\$ 383,319	\$ 383,319

Fund balances:

Beginning of year July 1	12,591,811
End of year June 30	<u>\$ 12,975,130</u>

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

Transfer in From General Fund	\$ -
Expenditures	
Fund Balance, Beginning	148,352
Fund Balance, Ending, Combined (Exhibit 4)	<u>13,123,482</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, 2013

Environmental Services Fund

<u>Assets</u>	
Current Assets:	
Cash & Investments	\$ 1,938,811
Receivables (Net):	
SWDF	598,403
Accounts	34,495
Due From Other Governments	<u>36,040</u>
Total Current Assets	\$ 2,607,749
Capital Assets, Net of Depreciation	<u>5,403,501</u>
Total Assets	<u><u>\$ 8,011,250</u></u>
<u>Liabilities and Net Position</u>	
Current Liabilities:	
Accounts Payable	\$ 49,219
Accrued Interest Payable	20,713
Current Portion of Notes Payable	200,000
Total Current Liabilities	<u>\$ 269,932</u>
Non - Current Liabilities	
Compensated Absences Payable	\$ 57,498
Other Post - Employment Benefits Payable	70,078
Accrued Landfill Closure and Postclosure Care Costs	2,047,536
Notes Payable	<u>1,100,000</u>
Total Liabilities	<u>\$ 3,545,044</u>
Net Position:	
Net Investment in Capital Assets	\$ 4,103,501
Unrestricted	362,705
Total Net Position	<u><u>\$ 4,466,206</u></u>
Total Liabilities and Net Position	<u><u>\$ 8,011,250</u></u>

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

ASHE COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Enterprise Fund</u> <u>Environmental Services</u> <u>Fund</u>
Operating Revenues:	
SWDF - Household Fees	\$ 1,258,387
SWDF - Commercial Fees	313,556
Recycling Revenues	159,495
Sale of Material & Scrap	
Total Operating Revenues	<u>\$ 1,731,438</u>
Operating Expenses:	
Environmental Services - Collections	\$ 946,021
Environmental Services - Disposal	948,747
Depreciation	222,460
Landfill Closure and Postclosure Care Costs	178,308
Total Operating Expenses	<u>\$ 2,295,536</u>
Operating Income (Net)	<u>\$ (564,098)</u>
Non-Operating Revenues and Expenses	
Contributions From Other Governments	\$ 6,000
Solid Waste Disposal Tax	16,569
Scrap Tire Disposal Tax and Grant	63,329
White Goods Disposal Tax and Grant	8,420
Transfer-in General Fund	100,000
Investment Earnings	1,207
Interest on Long - Term Debt	<u>(52,261)</u>
Total Non-Operating Revenues and Expenses	<u>143,264</u>
Change in Net Position	\$ (420,834)
Net Position, July 1	<u>\$ 4,887,040</u>
Net Position, June 30	<u>\$ 4,466,206</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, 2013

	<u>Enterprise Fund</u>
Cash flows from operating activities:	
Cash received from customers	\$ 1,727,200
Cash paid for goods and services	(919,744)
Cash paid to employees for services	(951,722)
Net cash provided (used) by operating activities	<u>\$ (144,266)</u>
Cash flows from non-capital financing activities:	
Contributions from other governments	\$ 6,000
Disposal tax and grants	91,992
Transfer-in from General Fund	100,000
Net cash provided (used) by non-capital financing activities	<u>\$ 197,992</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	\$ (97,441)
Principal paid on loan	(200,000)
Loan interest paid	(55,448)
Net cash provided (used) by capital and related financing activities	<u>(352,889)</u>
Cash flows from investing activities:	
Interest on investments	\$ 1,207
Net cash provided (used) by investing activities	<u>\$ 1,207</u>
Net increase (decrease) in cash and cash equivalents	\$ (297,956)
Cash and cash equivalents, July 1	<u>2,236,767</u>
Cash and cash equivalents, June 30	<u>\$ 1,938,811</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ (564,098)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	222,460
Landfill closure and post closure care costs	178,308
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(4,238)
Increase (decrease) in accounts payable	16,916
Increase (decrease) in compensated absences payable	(1,742)
Increase (decrease) in OPEB liabilities	8,128
Net cash provided (used) by operating activities	<u>\$ (144,266)</u>

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

ASHE COUNTY, NORTH CAROLINA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Agency Funds</u>
<u>Assets</u>	
Cash & Investments	\$ 38,623
Fire Taxes Receivable	<u>211,967</u>
Total Assets	<u><u>\$ 250,590</u></u>
 <u>Liabilities & Net Position</u>	
Liabilities	
Accounts Payable	\$ 5,809
Due to Individuals	32,814
Reserve for Taxes Receivable	<u>211,967</u>
Total Liabilities & Net Position	<u><u>\$ 250,590</u></u>

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

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

Discretely Presented Component Units

Ashe County Industrial Facility and Pollution Control Financing Authority

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

B. Basis of Presentation, Basis of Accounting

Basis of Presentation, Measurement Focus - Basis of Accounting

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

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

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

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

The County reports the following major governmental funds:

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

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

The County reports the following major enterprise fund:

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

The County reports the following fund types:

Agency Funds - Agency Funds are custodial in nature and do not involve the measurement of operating results. Agency Funds are used to account for assets the County holds on behalf of others. The County maintains three Agency Funds: the Social Services Fund, which accounts for moneys deposited with the Department of Social Services for the benefit of certain individuals, the Fire Districts Fund, which the County is required to remit to the various fire departments, and the Fines and Forfeitures Fund, which accounts for the three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles.

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

Measurement Focus, Basis of Accounting

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

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

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

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

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

ASHE COUNTY, NORTH CAROLINA
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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 a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Ashe County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For those motor vehicles registered under the staggered system, and for vehicles newly registered under the annual system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2012 through February 2013 apply to the fiscal year ended June 30, 2013. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements and are offset by deferred inflows of resources.

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

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

C. Budgetary Data

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

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

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

1. Deposits and Investments

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

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

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

2. Cash and Cash Equivalents

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

3. Restricted Assets

The unexpended bond proceeds of the Qualified School Construction Bond is classified as restricted assets within the Ashe County School Capital Projects Funds because their use is completely restricted to the purpose for which the bonds were originally issued. Money in the Tax Revaluation Fund is also classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150. Money in the Register of Deeds Automation Fund is classified as restricted assets since its use is restricted by North Carolina General Statutes.

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1; (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2012. As allowed by state law, the County has established a schedule of discounts that apply to taxes which are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

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

6. Inventories

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

7. Capital Assets

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

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

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

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

8. Deferred Outflows/Inflows of Resources

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

9. Long-term Obligations

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

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

10. Compensated Absences

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

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

11. Net Position / Fund Balances

Net Position

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

Fund Balances

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

ASHE COUNTY, NORTH CAROLINA
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The governmental fund types classify fund balances as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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E. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund balance sheet includes a reconciliation between fund balance for the governmental funds and net position for governmental activities as reported in the government-wide statement of net position. The net adjustment of \$22,568,145 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)	\$ 55,917,455
Less accumulated depreciation	(15,500,434)
Net capital assets	<u>\$ 40,417,021</u>
 Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are unavailable in the fund statements	 739,661
 Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide. (Taxes)	 2,824,378
 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	(19,390,106)
Compensated absences	(770,434)
Accrued interest payable	(246,318)
Other postemployment benefits payable	(1,006,057)
Total adjustment	<u>\$ 22,568,145</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances include a reconciliation between net changes in fund balances for the governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. The total adjustment of \$3,502,267 is comprised of the following:

<u>Description</u>	<u>Amount</u>
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 2,394,174
 Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements.	 (1,442,147)
 Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statements.	 2,633,663

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:

ASHE COUNTY, NORTH CAROLINA
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Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual)	24,269
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	(29,698)
Other postemployment benefits are accrued in the government-wide statements but not on the fund statements.	(168,766)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements:	
Increase in deferred inflows - taxes receivable - at year end	76,278
Increase in accrued interest receivable on taxes at year end	14,494
Total adjustment	\$ 3,502,267

II. Stewardship, Compliance, and Accountability

A. Excess of Expenditures over Appropriations

None.

III. Detail Notes on All Funds

A. Assets

1. Deposits

All of the County's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's agents in the County's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, these deposits are considered to be held by its agents in its name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The County has no policy regarding custodial credit risk for deposits.

At June 30, 2013, the County's deposits had a carrying amount of \$5,857,966 and a bank balance of \$6,388,673. Of the bank balance, \$750,000 was covered by federal depository insurance, and \$5,638,673 in interest bearing deposits were covered by collateral held under the Pooling Method. At June 30, 2013, Ashe County had \$2,195 cash on hand.

2. Investments

At June 30, 2013 the County's investments consisted of \$11,915,403 in the North Carolina Capital Management Trust's Cash Portfolio, which carried a credit rating of AAAM by Standard and Poor's. The County has no policy on credit risk.

ASHE COUNTY, NORTH CAROLINA
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3. Property Tax-Use-Value Assessment on Certain Lands

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

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2009-10	\$ 1,524,403	\$ 498,080	\$ 2,022,483
2010-11	1,562,198	370,250	1,932,448
2011-12	1,806,703	265,888	2,072,591
2012-13	1,884,140	108,165	1,992,305
Total	<u>\$ 6,777,444</u>	<u>\$ 1,242,383</u>	<u>\$ 8,019,827</u>

4. Receivables

Receivables at the government-wide level at June 30, 2013, were as follows:

	<u>Accounts</u>	<u>Taxes and Related Accrued Interest</u>	<u>Due from Other Governments</u>	<u>Due from Other Funds</u>	<u>Total</u>
Governmental Activities:					
General	\$ 58,586	\$ 4,228,039	\$ 1,891,682	\$ -	\$ 6,178,307
Other Governmental	42,155				42,155
Total receivables	100,741	4,228,039	1,891,682		6,220,462
Allowance for doubtful accounts		(664,000)			(664,000)
Total-governmental activities	<u>\$ 100,741</u>	<u>\$ 3,564,039</u>	<u>\$ 1,891,682</u>	<u>\$ -</u>	<u>\$ 5,556,462</u>
Business-type Activities					
Environmental Services	632,898		36,040		668,938
Total receivables	632,898		36,040		668,938
Allowance for doubtful accounts					
Total-business-type activities	<u>\$ 632,898</u>	<u>\$ -</u>	<u>\$ 36,040</u>	<u>\$ -</u>	<u>\$ 668,938</u>

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

Local option sales tax	\$ 738,233
Sales tax and gas tax refund receivable	135,480
Restricted intergovernmental grants	1,054,009
Total	<u>\$ 1,927,722</u>

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

5. Capital Assets**Primary Government**

Capital asset activity for the year ended June 30, 2013, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 4,438,372	\$ 150,500	\$ -	\$ 4,588,872
Construction in Progress				
Total capital assets not being depreciated	<u>4,438,372</u>	<u>150,500</u>	<u>-</u>	<u>4,588,872</u>
Capital assets being depreciated:				
Buildings	33,532,738	304,500	9,250	33,827,988
Other improvements	6,256,576	183,406		6,439,982
Infrastructure	4,305,579	1,664,725		5,970,304
Equipment	2,815,525	228,851		3,044,376
Vehicles and motor equipment	1,982,086	212,192	148,345	2,045,933
Total capital assets being depreciated	<u>48,892,504</u>	<u>2,593,674</u>	<u>157,595</u>	<u>51,328,583</u>
Less accumulated depreciation for:				
Buildings	6,661,981	644,544	9,250	7,297,275
Other improvements	3,036,977	177,302		3,214,279
Infrastructure	926,439	238,153		1,164,592
Equipment	1,939,265	209,585		2,148,850
Vehicles and motor equipment	1,651,220	172,563	148,345	1,675,438
Total accumulated depreciation	<u>14,215,882</u>	<u>1,442,147</u>	<u>157,595</u>	<u>15,500,434</u>
Total capital assets being depreciated, net	<u>34,676,622</u>			<u>35,828,149</u>
Governmental activity capital assets, net	<u>\$ 39,114,994</u>			<u>40,417,021</u>

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

General government	\$ 337,519
Public safety	529,075
Transportation	244,865
Economic and physical development	25,743
Human services	52,364
Cultural and recreational	246,491
Total depreciation expense	<u>\$ 1,436,057</u>

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Environmental Services				
Capital assets not being depreciated:				
Land	\$ 128,198	\$ -	\$ -	\$ 128,198
Construction in Progress		17,665		(17,665)
Total Capital assets not being depreciated	<u>\$ 128,198</u>	<u>\$ 17,665</u>	<u>\$ -</u>	<u>\$ 145,863</u>
Capital assets being depreciated:				
Building	207,958			207,958
Plant and distribution systems	4,239,593			4,239,593
Equipment	3,169,606	79,776	4,000	3,245,382
Total capital assets being depreciated	<u>7,617,157</u>	<u>79,776</u>	<u>4,000</u>	<u>7,692,933</u>

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NOTES TO THE FINANCIAL STATEMENTS
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	Beginning Balances	Increases	Decreases	Ending Balances
Less accumulated depreciation for:				
Building	61,226	4,160		65,386
Plant and distribution systems	741,979	85,385		827,364
Equipment	1,413,631	132,915	4,000	1,542,546
Total accumulated depreciation	<u>2,216,836</u>	<u>222,460</u>	<u>4,000</u>	<u>2,435,296</u>
Total capital assets being depreciated, net	<u>\$ 5,400,321</u>			<u>\$ 5,257,637</u>
Environmental services capital assets, net	<u>\$ 5,528,519</u>			<u>\$ 5,403,500</u>

Construction commitments

Ashe County has active construction projects as of June 30, 2013, which includes the Municipal Solid Waste Landfill - Phase 4. At year-end, the County's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Landfill - Phase 4	\$ 1,311,289	\$ 95,814
Total	<u>\$ 1,311,289</u>	<u>\$ 95,814</u>

B. Liabilities**1. Payables**

Payables at the government-wide level at June 30, 2013, were as follows:

	Vendors	Salaries and Benefits	Accrued Interest	Other	Total
Governmental Activities:					
General	\$ 457,248	\$ -	\$ 246,318	\$ -	\$ 703,566
Other Governmental	143				143
Total-governmental activities	<u>\$ 457,391</u>	<u>\$ -</u>	<u>\$ 246,318</u>	<u>\$ -</u>	<u>\$ 703,709</u>
Business-type Activities					
Environmental services	\$ 49,219	\$ -	\$ 20,713	\$ -	\$ 69,932
Total - business-type activities	<u>\$ 49,219</u>	<u>\$ -</u>	<u>\$ 20,713</u>	<u>\$ -</u>	<u>\$ 69,932</u>

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

Plan Description. Ashe County contributes to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries.

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

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The County is required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 6.74% and 6.77% respectively, of annual covered payroll. The

ASHE COUNTY, NORTH CAROLINA
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contribution requirements of members of Ashe County are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2013, 2012, and 2011 were \$549,327, \$536,405, and \$481,976, respectively. The contributions made by the County equaled the required contributions for each year.

b. Law Enforcement Officers' Special Separation Allowance

1. Plan Description

Ashe County administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2012 the Separation Allowance's membership consisted of:

Retirees receiving benefits	0
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	25
Total	25

A separate report was not issued for the plan.

2. Summary of Significant Accounting Policies:

Basis of Accounting. The County has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified basis of accounting.

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

3. Contributions

The County is required by State statute to provide these special retirement benefits and has chosen to fund the amount necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. The county paid no Law Enforcement Officers' Special Separation Allowance benefits for the year ended June 30, 2013.

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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, 2013 were \$52,342 for law enforcement officers and \$141,556 for non-law enforcement employees.

d. Deferred Compensation Plan

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, which is available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The County has no obligation to contribute to this plan. At June 30, 2013, the plan held assets of \$703,635 that were payable to the plan participants.

e. Registers of Deeds' Supplemental Pension Fund

Plan Description. Ashe County also contributes to the Registers of Deeds' Supplemental Pension Fund, a non-contributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Registers of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699 -1410, or by calling (919)981-5454.

Funding Policy. On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 1 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2013, the County's required and actual contributions were \$3,119.

f. Other Post Employment Benefits

Healthcare Benefits

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

Membership of the HCB Plan consisted of the following at December 31, 2011, the date of the latest actuarial valuation:

	General Employees:	Law Enforcement Officers:
Retirees and dependents receiving benefits	9	
Terminated plan members entitled to but not yet receiving benefits		
Active plan members	179	24
Total	<u>188</u>	<u>24</u>

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

The current ARC rate is 3.12% of annual covered payroll. For the current year, the County contributed \$71,519 or 0.87% of annual covered payroll. The County obtains healthcare coverage through private insurers. There were no contributions made by employees, except for dependent coverage. The County's obligation to contribute to HCB Plan is established and may be amended by the Commissioners.

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

Annual OPEB Cost and Net OPEB Obligation. The County's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation for the healthcare benefits:

Annual required contribution	\$ 246,806
Interest on net OPEB obligation	35,970
Adjustment to annual required contribution	<u>(34,363)</u>
Annual OPEB cost (expense)	248,413
Contributions made	<u>(71,519)</u>
Increase (decrease) in net OPEB obligation	176,894
Net OPEB obligation, beginning of year	<u>899,241</u>
Net OPEB obligation, end of year	<u><u>\$ 1,076,135</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 were as follows:

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 248,413	28.8%	\$ 1,076,135
2012	\$ 248,131	36.3%	\$ 899,241
2011	\$ 307,019	23.7%	\$ 741,144

Funded Status and Funding Progress. As of December 31, 2011 the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial liability (UAAL) was \$2,510,165. The covered payroll (annual payroll of active employees covered by the plan) was \$7,898,624 and the ratio of the UAAL to the covered payroll was 31.8 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the December 31, 2011, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 9.50 to 5.00 percent annually. The investment rate included a 3.00 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2011, was 30 years.

g. Other Employment Benefits

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. For the fiscal year ended June 30, 2013, the County made contributions to the State for death benefits of \$0. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0% and 0% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the post employment benefit and the other benefit amount.

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

State and federal laws and regulations require the County to place a final cover on its Ashe County Landfill Facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post closure care costs as a operating expense in each period based on landfill capacity used as of each balance sheet date. The \$2,047,536 reported as landfill closure and post closure care liability at June 30, 2013 represents a cumulative amount reported to-date based on the current use of 3.7 percent of the total estimated capacity of the landfill per year. The County will recognize \$2,771,608 (for a total of \$4,819,144), 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 2012. The County expects to close the Ashe County facility in the year 2039, until a new cell is completed. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

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

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

4. Deferred Outflows and Inflows of Resources

Deferred inflows:

	<u>Unavailable Revenue</u>	<u>Unearned Revenue</u>
Taxes Receivable (net) (General)	\$ 2,824,378	\$ -
Prepaid Taxes (General)	89,189	89,189
Total	<u>\$ 2,913,567</u>	<u>\$ 89,189</u>

There are no deferred outflows of resources.

5. Risk Management

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

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

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

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

6. Contingent Liabilities

At June 30, 2013, the County was defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position. See also Note VIII.

7. Long-Term Obligations

a. Installment Purchases

The County is obligated under the following installment purchase contracts:
Serviced by the General Fund:

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

a. Ashe County entered into an installment financing contract for \$9,900,000 dated April 30, 1996 with Wachovia of North Carolina to enable the County to construct or cause to be constructed a consolidated high school (collateral). On November 15, 2004, the County refinanced the balance of \$6,794,780 in order to reduce the interest rate to 4.5%. The County shall repay this balance in 46 quarterly payments of \$190,026.34 beginning January 31, 2005. The balance at June 30, 2013 was	\$ 2,121,966
b. Ashe County entered into an installment financing contract for \$9,700,000 dated August 16, 2002 with BB&T Government Finance to enable the County to construct Westwood Elementary School (collateral) in order to consolidate two older elementary schools. On November 1, 2004, the County refinanced the balance of \$8,994,545 in order to reduce the interest rate to \$4.09%. The County shall repay this balance in 51 quarterly payments of \$176,363.63 plus interest beginning February 16, 2005. The balance at June 30, 2013 was	2,998,182
c. Ashe County entered into an installment financing contract for \$9,900,000 dated December 18, 2007 with RBC Centura to enable the County to construct a jail and law enforcement center (collateral). The County shall repay this balance in 40 semiannual payments of \$247,500 plus interest at 4.03% beginning February 28, 2008. The balance at June 30, 2013 was	7,177,500
d. Ashe County entered into an installment financing contract for \$3,600,000 dated January 30, 2008 with RBC Centura to enable the County to further construction on a law enforcement center (collateral). The County shall repay this balance in 40 semiannual payments of \$90,000 plus interest at 4.03% beginning February 28, 2008. The balance at June 30, 2013 was	2,610,000
e. Ashe County entered into an installment financing contract for \$4,000,000 dated May 28, 2008 with Bank of America to enable the County to construct an addition to the library (collateral). The County shall repay this balance in 20 semiannual payments of \$ 200,000 plus interest at 3.059% beginning November 28, 2008. The balance at June 30, 2013 was	2,000,000
f. Ashe County entered into an installment financing contract for \$2,896,202 dated November 22, 2010 with BB&T Government Finance to enable the County to undertake replacement of a roof at two school locations plus classroom expansion for the Ashe County Schools. This obligation qualifies as a Qualified School Construction Bond. The County shall repay this balance in 13 annual payments of \$206,871.57 plus interest at 5.37% beginning November 22, 2011. The balance at June 30, 2013 was	2,482,459
Total	\$ 19,390,107

Serviced by the Environmental Services Fund:

a. Ashe County entered into an installment financing contract for \$2,000,000 dated December 15, 2009 with Bank of America to enable the County to construct a new lined landfill cell at Ashe County Landfill. The County shall repay this balance in 20 semiannual payments of \$100,000 plus interest at 3.824% beginning June 15, 2010. The balance at June 30, 2013 was	\$ 1,300,000
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The future minimum payments as of June 30, 2013 for the County's installment purchases, including interest are as follows:

Year Ending	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2014	2,663,243	775,059	200,000	47,800
2015	2,694,176	664,725	200,000	40,152
2016	2,726,525	552,796	200,000	32,504
2017	1,987,326	452,669	200,000	24,856
2018	1,458,236	378,678	200,000	17,208
2019 - 2023	4,409,358	1,263,816	300,000	11,472
2024 - 2028	3,451,243	339,355		
Total Principal Payments	\$ 19,390,107		\$ 1,300,000	
Total Interest Payments		\$ 4,427,098		\$ 173,992

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

b. Debt Related to Capital Activities

Of the total Governmental Activities debt listed, only \$9,787,500 relates to assets the County holds title. Unspent restricted cash related to this debt amounts to \$1,073,502.

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, 2013:

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013	Current Portion of Balance
Governmental activities:					
Installment purchases	\$ 22,023,770	\$ -	\$ 2,633,663	\$ 19,390,107	\$ 2,663,243
Compensated absences	740,736	328,724	299,026	770,434	
Other postemployment benefits	837,291	232,008	63,242	1,006,057	
Total governmental activities	<u>\$ 23,601,797</u>	<u>\$ 560,732</u>	<u>\$ 2,995,931</u>	<u>\$ 21,166,598</u>	<u>\$ 2,663,243</u>
Business-type activities:					
Installment Purchases	\$ 1,500,000	\$ -	\$ 200,000	\$ 1,300,000	\$ 200,000
Accrued landfill closure and post closure care costs	1,869,228	178,308		2,047,536	
Compensated absences	59,240	27,069	28,811	57,498	
Other postemployment benefits	61,950	16,405	8,277	70,078	
Total business-type activities	<u>\$ 3,490,418</u>	<u>\$ 221,782</u>	<u>\$ 237,088</u>	<u>\$ 3,475,112</u>	<u>\$ 200,000</u>

d. Conduit Debt Obligations

Ashe County Industrial Facility and Pollution Control Authority has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2013, 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, 2013, consists of the following:

From the General fund to the Economic Dev. Cap. Projects fund to accumulate resources for economic dev.	\$ 189,622
From the General Fund to the Govt Building Capital Project Fund	79,716
From the General Fund to the Enterprise Fund	100,000
To the General Fund from the school Capital Project Fund	118,072
To the General Fund from the Economic Development Capital Projects Fund for airport grant match	60,000
Total	<u>\$ 547,410</u>

Reimbursements From Emergency Telephone System Fund fund to General Fund for public safety expenditures	<u>\$ 128,848</u>
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ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

D. Fund Balance

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

Total fund balance - General Fund	\$ 13,123,482
Less:	
Stabilization by State Statute	1,950,267
Appropriated Fund Balance in 2014 budget	3,594,559
Register of Deeds	149,753
Tax Revaluation	148,352
Human Services	41,353
Culture & Recreation	10,000
Public Safety	97,299
Remaining Fund Balance	<u>\$ 7,131,899</u>

IV. Volunteer Fire Departments

The County is not responsible for any debts of the volunteer fire departments, is not obligated to finance deficits and is not entitled to any surpluses of the departments. Fire district tax levies were made for eleven volunteer fire department in the County during the fiscal year ended June 30, 2013. These special fire district taxes were collected by the County and remitted to the eleven volunteer fire departments. These taxes are accounted for in a separate agency fund. The County Commissioners appoint Fire Protection District Commissions which report to the County regarding the expenditure of the tax monies.

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

V. Joint Ventures

The County participates in a joint venture to operate Appalachian Regional Library with three other local governments. Each participating government appoints one board member to the six member board of the Library. The County has an ongoing financial responsibility for the joint venture because the Library's continued existence depends on the participating governments continued funding. None of the participating governments have any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2013. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$408,480 to the Library to supplement its activities. Complete financial statements for the Library can be obtained from the Library's offices at 148 Library Drive, West Jefferson, North Carolina 28694.

The County also participates in a joint venture to operate the Appalachian District Health Department with three other local governments. Each participating government appoints one board member to the member board of the Health Department. The County has an ongoing financial responsibility for the joint venture because the Health Department continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Health Department, so no equity interest has been reflected in the financial statements at June 30, 2013. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$397,559 to the Center's to supplement its activities. Complete financial statements for the Health Department can be obtained from the Department's offices at P.O. Box 309, Sparta, NC 28675.

The County also participates in a joint venture to operate the Smoky Mountain Center with fifteen other local governments. Each participating government appoints one at-large member and one county commissioner member to the board of the Center. The County has an ongoing financial responsibility for the joint venture because the Center's continued existence depends on the participating governments' continued funding. None of the participating governments have an equity interest in the Center, so no equity interest has been reflected in the financial statements at June 30, 2013. In accordance with the

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

intergovernmental agreement between the participating governments, the County appropriated \$185,160 to the Center to supplement its activities. Complete financial statements for Smoky Mountain Center can be obtained from the Center's offices at 895 State Farm Road, Suite 507, Boone, NC 28607. More information can be found at Note VIII.

The County, in conjunction with the State of North Carolina and the Ashe County Board of Education, participates in a joint venture to operate the Wilkes Community College. The community college is included as a component unit of the State. The County has the basic responsibility for providing funding for the Ashe County Facilities of the community college and also provides some financial support for the community college's operations. The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the community college's facilities. The County contributed \$324,306 to the community college for operating purposes, and \$15,000 for Capital Outlay during the fiscal year ended June 30, 2013. 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, 2013. Complete financial statements for the community college may be obtained from the community college's administrative offices at Collegiate Drive, Wilkesboro, NC 28697.

VI. Jointly Governed Organization

High Country Council of Governments

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

Each County appoints one member to the Council's governing board, whose responsibilities include approving the budget and designating the management of the Council. The County paid for membership fees of \$13,573 to the Council during the year ended June 30, 2013.

VII. Benefit Payments Issued by the State

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

	<u>Federal</u>	<u>State</u>
Temporary Assistance to Needy Families and AS, AA & AD	\$ 162,300	\$ -
Medicaid	24,108,065	13,645,800
Food Stamp Program	6,505,654	
Title IV-E, Foster Care	102,197	79,412
Title IV-E, Adoption Assistance	110,720	79,554
Adult Assistance		337,429
Independent Living Grant	1,595	
Women, Infants, and Children	446,152	
Total	<u>\$ 31,436,683</u>	<u>\$ 14,142,195</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.

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

IX. Subsequent Events

Subsequent events have been evaluated through the date these financial statements were available to be issued, October 30, 2013.

X. Change in Accounting Principles/Restatement

The County implemented Governmental Accounting Standards Board (GASB) Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement 65, *Items Previously reported as Assets and Liabilities*, in the fiscal year ending June 30, 2013. In accordance with GASB Statement 63, the Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified into Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position. For Ashe County, there was no effect on beginning net position as a result of this change.

EXHIBIT A-1

ASHE COUNTY, NORTH CAROLINA
LAW ENFORCEMENT OFFICER'S SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
ANALYSIS OF FUNDING PROGRESS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

ASHE COUNTY, NORTH CAROLINA
OTHER POSTEMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
FOR THE FISCAL YEAR JUNE 30, 2013

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -		Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
		Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)			
12/31/2008	\$ -	\$ 2,696,321	\$ 2,696,321	0%	\$ 6,692,598	40.3%
12/31/2011	\$ -	\$ 2,510,165	\$ 2,510,165	0%	\$ 7,898,624	31.8%

ASHE COUNTY, NORTH CAROLINA
OTHER POSTEMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE FISCAL YEAR JUNE 30, 2013

<u>Year Ended</u> <u>June 30</u>	<u>Annual</u> <u>Required</u> <u>Contribution</u>	<u>Percentage</u> <u>Contributed</u>
2011	307,019	23.65%
2012	248,131	36.28%
2013	248,413	28.79%

Notes to the Required Schedules:

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

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

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Ad Valorem Taxes			
Current Year	\$ -	\$ 15,324,523	\$ -
Prior Years		715,318	
Penalties & Interest		269,489	
Total	<u>\$ 15,869,767</u>	<u>\$ 16,309,330</u>	<u>\$ 439,563</u>
Local Option Sales Taxes:			
Article 39	\$ -	\$ 1,956,507	\$ -
Article 44		8,367	
Article 40 One-Half of One Percent		1,379,945	
Article 42 One-Half of One Percent		1,039,595	
Total	<u>\$ 4,340,000</u>	<u>\$ 4,384,414</u>	<u>\$ 44,414</u>
Other Taxes			
Video Programming Distribution	\$ -	\$ 91,156	\$ -
Gross Receipts Auto Tax		1,926	
Occupancy Tax		161,334	
Deed Stamp Excise Tax		102,212	
Total	<u>\$ 390,559</u>	<u>\$ 356,628</u>	<u>\$ (33,931)</u>
Unrestricted Intergovernmental Revenues			
Payments in Lieu of Taxes	\$ -	\$ 4,212	\$ -
Total	<u>\$ -</u>	<u>\$ 4,212</u>	<u>\$ 4,212</u>
Restricted Intergovernmental Revenues			
State Grants	\$ -	\$ 2,394,555	\$ -
Federal Grants		4,661,213	
Controlled Substance Tax		28,203	
Court Facility Fees		21,848	
Reimbursement from E911 Wireless		128,848	
ABC Profits for Law Enforcement		4,406	
Total	<u>\$ 7,248,485</u>	<u>\$ 7,239,073</u>	<u>\$ (9,412)</u>
Licenses & Permits			
Gun Permits	\$ -	\$ 17,894	\$ -
Planning Department Fees		39,733	
Sheriff Department Fees		11,593	
Building Permits/Inspection Fees		129,012	
Election Filing Fees		34	
Privilege Licenses		1,475	
Road Signs		960	
Animal License & Adoption Fee		8,474	
Register of Deeds		172,714	
Total	<u>\$ 348,800</u>	<u>\$ 381,889</u>	<u>\$ 33,089</u>

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Sales & Services			
DSS Fees and Other Sales	\$ -	\$ 43,162	\$ -
Rents & Concessions		136,185	
Court Costs		45,589	
Jail Fees & Inmate Reimbursements		1,300,048	
Drug Fines & Forfeitures		62,093	
Recreational Department		93,485	
Airport Revenues		120,936	
DMV Fees		74,608	
Tax Collection Fees		14,279	
Copy Fees & Other Sales		16268	
Total	<u>\$ 1,634,425</u>	<u>\$ 1,906,653</u>	<u>\$ 272,228</u>
Investment Earnings			
Investment Earnings	\$ -	\$ 333	\$ -
Total	<u>\$ 15,500</u>	<u>\$ 333</u>	<u>\$ (15,167)</u>
Miscellaneous			
Insurance Proceeds	\$ -	\$ 15,303	\$ -
Reimbursement on 1904 Courthouse		18,000	
Sale of Assets & Materials		29,428	
Other Grants & Donations		5,152	
Other		509	
Total	<u>\$ 12,300</u>	<u>\$ 68,392</u>	<u>\$ 56,092</u>
TOTAL REVENUES	<u>\$ 29,859,836</u>	<u>\$ 30,650,924</u>	<u>\$ 791,088</u>
EXPENDITURES			
General Government			
Governing Body			
Salaries & Employee Benefits	\$ -	\$ 90,516	\$ -
Operating Expenses		72,614	
Capital Outlay			
Total	<u>\$ 165,959</u>	<u>\$ 163,130</u>	<u>\$ 2,829</u>
Administration			
Salaries & Employee Benefits	\$ -	\$ 186,133	\$ -
Operating Expenses		27,283	
Capital Outlay			
Total	<u>\$ 219,175</u>	<u>\$ 213,416</u>	<u>\$ 5,759</u>
Finance			
Salaries & Employee Benefits	\$ -	\$ 261,321	\$ -
Operating Expenses		46,339	
Capital Outlay			
Total	<u>\$ 318,893</u>	<u>\$ 307,660</u>	<u>\$ 11,233</u>

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Tax Administration			
Salaries & Employee Benefits	\$ -	\$ 838,293	\$ -
Operating Expenses		91,895	
Capital Outlay			
Total	<u>\$ 945,329</u>	<u>\$ 930,188</u>	<u>\$ 15,141</u>
Elections			
Salaries & Employee Benefits	\$ -	\$ 107,337	\$ -
Operating Expenses		72,633	
Capital Outlay			
Total	<u>\$ 206,393</u>	<u>\$ 179,970</u>	<u>\$ 26,423</u>
Register of Deeds			
Salaries & Employee Benefits	\$ -	\$ 320,440	\$ -
Operating Expenses		81,594	
Capital Outlay			
Total	<u>\$ 431,712</u>	<u>\$ 402,034</u>	<u>\$ 29,678</u>
Legal			
Contracted Services	\$ -	\$ 41,450	\$ -
Total	<u>\$ 41,681</u>	<u>\$ 41,450</u>	<u>\$ 231</u>
Data Processing (IT)			
Salaries & Employee Benefits	\$ -	\$ 211,126	\$ -
Operating Expenses		97,528	
Capital Outlay		51,770	
Total	<u>\$ 409,485</u>	<u>\$ 360,424</u>	<u>\$ 49,061</u>
Courts			
Operating Expenses	\$ -	\$ 11,302	\$ -
Capital Outlay			
Total	<u>\$ 65,650</u>	<u>\$ 11,302</u>	<u>\$ 54,348</u>
Public Buildings			
Salaries & Employee Benefits	\$ -	\$ 266,797	\$ -
Operating Expenses		882,039	
Capital Outlay			
Total	<u>\$ 1,212,095</u>	<u>\$ 1,148,836</u>	<u>\$ 63,259</u>
Total General Government	<u>\$ 4,016,372</u>	<u>\$ 3,758,410</u>	<u>\$ 257,962</u>
Public Safety			
Law Enforcement			
Salaries & Employees Benefits	\$ -	\$ 1,557,743	\$ -
Operating Expenses		303,036	
Capital Outlay		156,438	
Total	<u>\$ 2,076,458</u>	<u>\$ 2,017,217</u>	<u>\$ 59,241</u>

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Corrections			
Salaries & Employee Benefits	\$ -	\$ 1,070,567	\$ -
Operating Expenses		661,553	
Capital Outlay			
Total	<u>\$ 1,802,444</u>	<u>\$ 1,732,120</u>	<u>\$ 70,324</u>
Ambulance & Rescue			
Ambulance Service - Contracted	\$ -	\$ 784,649	\$ -
Donation to Community Ambulance Services		13,200	
Rescue Unit		44,000	
Total	<u>\$ 841,849</u>	<u>\$ 841,849</u>	<u>\$ -</u>
Emergency Management			
Salaries & Employee Benefits	\$ -	\$ 103,988	\$ -
Operating Expenses		83,552	
Capital Outlay			
Total	<u>\$ 191,910</u>	<u>\$ 187,540</u>	<u>\$ 4,370</u>
Inspections			
Salaries & Employee Benefits	\$ -	\$ 235,347	\$ -
Operating Expenses		29,482	
Capital Outlay			
Total	<u>\$ 316,085</u>	<u>\$ 264,829</u>	<u>\$ 51,256</u>
Animal Control			
Salaries & Employee Benefits	\$ -	\$ 138,360	\$ -
Operating Expenses		55,226	
Capital Outlay		9,584	
Total	<u>\$ 226,686</u>	<u>\$ 203,170</u>	<u>\$ 23,516</u>
Fire			
Contribution to Cooperative Forestry Program	\$ -	\$ 57,692	\$ -
Contributions to Volunteer Fire Department		69,396	
Total	<u>\$ 132,897</u>	<u>\$ 127,088</u>	<u>\$ 5,809</u>
E911 Coordinator			
Salaries & Employee Benefits	\$ -	\$ 50,597	\$ -
Operating Expenses		4,349	
Capital Outlay			
Total	<u>\$ 57,864</u>	<u>\$ 54,946</u>	<u>\$ 2,918</u>
Medical Examiner			
Contracted Services	\$ -	\$ 14,000	\$ -
Total	<u>\$ 19,000</u>	<u>\$ 14,000</u>	<u>\$ 5,000</u>
Communications			
Salaries & Employee Benefits	\$ -	\$ 388,963	\$ -
Operating Expenses		30,522	
Capital Outlay			
Total	<u>\$ 439,373</u>	<u>\$ 419,485</u>	<u>\$ 19,888</u>

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
E-911 Operations			
Operating Expenses	\$ -	\$ 28,137	\$ -
Total	<u>\$ 130,318</u>	<u>\$ 28,137</u>	<u>\$ 102,181</u>
<i>Total Public Safety</i>	<u>\$ 6,234,884</u>	<u>\$ 5,890,381</u>	<u>\$ 344,503</u>
Transportation			
Airport			
Salaries & Employee Benefits	\$ -	\$ 62,954	\$ -
Operating Expenses		137,351	
Capital Outlay		1,769,725	
Total		<u>1,970,030</u>	
<i>Total Transportation</i>	<u>\$ 2,576,800</u>	<u>\$ 1,970,030</u>	<u>\$ 606,770</u>
Economic & Physical Development			
Planning & Zoning			
Salaries & Employee Benefits	\$ -	\$ 101,368	\$ -
Operating Expenses		25,029	
Capital Outlay			
Total	<u>\$ 129,252</u>	<u>\$ 126,397</u>	<u>\$ 2,855</u>
Economic Development			
Salaries & Employee Benefits	\$ -	\$ 17,670	\$ -
Operating Expenses		38,951	
Capital Outlay		28,331	
Total	<u>\$ 159,653</u>	<u>\$ 84,952</u>	<u>\$ 74,701</u>
Cooperative Extension			
Salaries & Employee Benefits	\$ -	\$ 29,518	\$ -
Contracts		223,729	
Operating Expenses		63,765	
Capital Outlay			
Total	<u>\$ 366,487</u>	<u>\$ 317,012</u>	<u>\$ 49,475</u>
Soil Conservation			
Salaries & Employee Benefits	\$ -	\$ 104,408	\$ -
Operating Expenses			
Capital Outlay			
Total	<u>\$ 104,519</u>	<u>\$ 104,408</u>	<u>\$ 111</u>
Donations & Subsidies			
New River Soil & Water			
Conservation Districts	\$ 10,000	\$ 10,000	
Ashe County Chamber of Commerce	60,000	57,244	
Total	<u>\$ 70,000</u>	<u>\$ 67,244</u>	<u>\$ 2,756</u>
<i>Total Economic & Physical Development</i>	<u>\$ 829,911</u>	<u>\$ 700,013</u>	<u>\$ 129,898</u>

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Human Services			
Health			
Contribution to District Health Dept.	\$ 398,068	\$ 397,559	\$ 509
Mental Health			
ABC Rehab Tax Distribution	\$ -	\$ 4,406	\$ -
Professional Services		398	
Annual Contributions to District Mental Health Dept.		185,160	
Total	<u>\$ 209,566</u>	<u>\$ 189,964</u>	<u>\$ 19,602</u>
Social Services			
Administration			
Salaries & Employee Benefits	\$ -	\$ 4,016,707	\$ -
Operating Expenses		560,406	
Capital Outlay		<u>179,409</u>	
		4,756,522	
Aid to the Blind		\$ 1,261	
Food Stamp Issuance Cost		5,945	
Special Assistance to Adults		338,201	
Medicaid Transportation		741,040	
Day Care Contracted Services		994,390	
Foster Care & Boarding Home		260,700	
Crisis Intervention Payments		169,161	
Adult Day Care		34,743	
Adoption Expenditures		54,642	
Work First & TNF Expenditures		54,157	
Elder Abuse Services		1,831	
Low Income Energy Assistance Payments		75,400	
Medical Payments		2,656	
Other 100% County SS Expense		82,129	
Total Social Services	<u>\$ 8,798,155</u>	<u>\$ 7,572,778</u>	<u>\$ 1,225,377</u>
Veterans Service Officer			
Salaries & Employee Benefits	\$ -	\$ 52,147	\$ -
Operating Expenses		1,797	
Capital Outlay			
Total	<u>\$ 63,705</u>	<u>\$ 53,944</u>	<u>\$ 9,761</u>

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Donations and Subsidies			
Ashe Youth Services	\$ -	\$ 30,697	\$ -
Juvenile Medication Program		14,400	
Project Challenge		30,814	
JCPC Operational		5,016	
CIS - Pairs		25,586	
Ashe Developmental Day School		10,000	
Ashe County Transportation Authority		119,381	
Adult Developmental Activities Program		74,153	
Blue Ridge Opportunity Commission		3,620	
Project Graduation		8,000	
New River Senior Services		20,000	
Wilkes Vocational Workshop		2,700	
Ashe Services for Aging		315,039	
National Guard Armory		420	
Wilkes Center for the Deaf		250	
Mountain Farm Life Museum		743	
Hunger Coalition, Inc		4,000	
Ashe Medication Asst. Program		12,000	
<i>Total Human Services</i>			
Total	<u>\$ 698,122</u>	<u>\$ 676,819</u>	<u>\$ 21,303</u>
	<u>\$ 10,167,616</u>	<u>\$ 8,891,064</u>	<u>\$ 1,276,552</u>
Cultural and Recreational			
Parks & Recreation			
Salaries & Employee Benefits	\$ -	\$ 335,581	\$ -
Operating Expenses		248,437	
Capital Outlay		15,512	
Total	<u>\$ 657,473</u>	<u>\$ 599,530</u>	<u>\$ 57,943</u>
Contributions			
Contributions to Regional Library	\$ 408,480	\$ 408,480	\$ -
Contribution to Ashe Civic Center	55,000	52,244	
Contribution to 1904 Courthouse	55,000	52,244	
Contributions to Ashe Co. Arts Council	30,000	30,000	
Total	<u>\$ 548,480</u>	<u>\$ 542,968</u>	<u>\$ 5,512</u>
<i>Total Cultural and Recreational</i>	<u>\$ 1,205,953</u>	<u>\$ 1,142,498</u>	<u>\$ 63,455</u>
Education			
Public Schools - Current Expense	\$ -	\$ 4,000,000	\$ -
Public Schools - Capital Outlay		100,000	
Public School - Equipment/Technology		118,072	
Wilkes Comm. College - Current Expense		324,306	
Wilkes Comm. College - Capital Outlay		15,000	
<i>Total Education</i>	<u>\$ 4,562,378</u>	<u>\$ 4,557,378</u>	<u>\$ 5,000</u>

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Debt Service			
Principal - Education	\$ -	\$ 1,351,792	\$ -
Interest - Education		254,427	
Principal - Public Buildings		1,075,000	
Interest - Public Buildings		485,346	
	<u> </u>	<u> </u>	<u> </u>
<i>Total Debt Service</i>	\$ 3,176,388	\$ 3,166,565	\$ 9,823
<i>Contingency</i>	\$ 51,713	\$ -	\$ 51,713
TOTAL EXPENDITURES	<u>\$ 32,822,015</u>	<u>\$ 30,076,339</u>	<u>\$ 2,745,676</u>
Revenues Over (Under) Expenditures	<u>\$ (2,962,179)</u>	<u>\$ 574,585</u>	<u>\$ 3,536,764</u>
Other Financing Sources (Uses)			
Operating Transfers - In (Out):			
From Revaluation Fund	50,000		(50,000)
From School Cap. Project Fund	118,072	118,072	
From Econ. Dev. Cap. Project Fund	60,000	60,000	
To Econ. Dev. Cap. Project Fund	(189,622)	(189,622)	
To Government Buildings Cap. Project Fund	(79,716)	(79,716)	
To Enterprise Fund	(100,000)	(100,000)	
Appropriated Fund Balance	3,103,445		(3,103,445)
	<u> </u>	<u> </u>	<u> </u>
Total Other Financing Sources (Uses)	<u>\$ 2,962,179</u>	<u>\$ (191,266)</u>	<u>\$ (3,153,445)</u>
Excess of Revenues & Other Sources Over (Under) Expenditures & Other (Uses)	<u>\$ -</u>	<u>\$ 383,319</u>	<u>\$ 383,319</u>
Fund Balance			
Beginning of Year, July 1		<u>12,591,811</u>	
End of Year, June 30		<u>\$ 12,975,130</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, 2013

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Total Revenues	\$ -	\$ -	\$ -
Expenditures			
General Government			
Tax Administration			
Salaries & Employee Benefits	\$ -	\$ -	\$ -
Operating Expenses			
Total Expenditures	\$ 48,352	\$ -	\$ 48,352
Revenues Over (Under)			
Expenditures	\$ (48,352)	\$ -	\$ 48,352
Other Financing Sources			
Transfer Out-General Fund	\$ (50,000)	\$ -	\$ 50,000
Fund Balance Appropriated	98,352		(98,352)
Total Other Financing Sources	\$ 48,352	\$ -	\$ (48,352)
Excess of Revenues & Other			
Sources Over (Under)			
Expenditures	\$ -	\$ -	\$ -
Fund Balance, July 1		\$ 148,352	
Fund Balance, June 30		\$ 148,352	

ASHE COUNTY, NORTH CAROLINA
ASHE COUNTY SCHOOLS CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Restricted Intergovernmental Revenue			
Public School Building Capital Fund			
Lottery Funds	\$ 351,289	\$ 351,289	\$ -
IRS Reimbursement of QSCB Interest	144,417	144,417	-
Investment Earnings		1,711	1,711
Total Revenues	<u>\$ 495,706</u>	<u>\$ 497,417</u>	<u>\$ 1,711</u>
Expenditures:			
Capital Outlay:			
Roofing Project - Ashe County Schools	\$ -	\$ 641,843	\$ -
Electronic Door Lock - @ All School Sites		56,653	
Total	<u>\$ 1,938,442</u>	<u>\$ 698,496</u>	<u>\$ 1,239,946</u>
Debt Services:			
QSCB Principal	\$ 206,872	\$ 206,872	\$ -
QSCB Interest	144,417	144,417	
Total	<u>\$ 351,289</u>	<u>\$ 351,289</u>	<u>\$ -</u>
Total Expenditures	<u>\$ 2,289,731</u>	<u>\$ 1,049,785</u>	<u>\$ 1,239,946</u>
Revenues Over (Under) Expenditures	<u>\$ (1,794,025)</u>	<u>\$ (552,368)</u>	<u>\$ 1,241,657</u>
Other Financing Sources & Uses			
Transfer to General Fund	\$ (118,072)	\$ (118,072)	
Fund Balance Appropriated	<u>\$ 1,912,097</u>	<u>\$ -</u>	<u>\$ (1,912,097)</u>
Total Other Financing Sources & Uses	<u>\$ 1,794,025</u>	<u>\$ (118,072)</u>	<u>\$ 1,675,953</u>
Revenues and Other Sources			
Over (Under) Expenditures & Other Uses	<u>\$ -</u>	<u>\$ (670,440)</u>	<u>\$ (670,440)</u>
Fund Balance, July 1		<u>\$ 2,230,304</u>	
Fund Balance, June 30		<u>\$ 1,559,864</u>	

COMBINING STATEMENTS FOR NON-MAJOR FUNDS - ASHE COUNTY

Special Revenue Funds

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

Capital Projects Funds

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

ASHE COUNTY, NORTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2013

	Special Revenue Funds			Total Nonmajor Special Revenues Funds		Capital Projects Funds			Total Nonmajor Capital Projects Funds		Total Nonmajor Governmental Funds
	Emergency Telephone System Fund	4-H Program Activities Fund	4-H Program Afterschool Fund			CDBG Fund	Government Building Fund	Economic Development Fund			
Cash & Cash Equivalents	\$ 668,697	\$ 188,729	\$ 43,394	\$ 900,820	\$ 5	\$ 5	\$ 662,363	\$ 955,427	\$ 1,617,795	\$ 2,518,615	
Accounts Receivable	42,155			42,155						42,155	
Due from Other Governments											
Total Assets	\$ 710,852	\$ 188,729	\$ 43,394	\$ 942,975	\$ 5	\$ 5	\$ 662,363	\$ 955,427	\$ 1,617,795	\$ 2,560,770	
Liabilities & Fund Balance											
Accounts Payable	\$ -	\$ 138	\$ -	\$ 138	\$ 5	\$ 5	\$ -	\$ -	\$ -	\$ 5	\$ 143
Due to Other Funds											
Total Liabilities	\$ -	\$ 138	\$ -	\$ 138	\$ 5	\$ 5	\$ -	\$ -	\$ -	\$ 5	\$ 143
Fund Balance											
Restricted											
Restricted by State Statute	\$ 42,155	\$ -	\$ -	\$ 42,155	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,155
Restricted for E911	668,697			668,697						668,697	
Restricted for 4-H		188,591	43,394	231,985						231,985	
Committed:											
For Capital Projects							662,363	955,427	1,617,790	1,617,790	
Unassigned											
Total Fund Balance	\$ 710,852	\$ 188,591	\$ 43,394	\$ 942,837	\$ -	\$ -	\$ 662,363	\$ 955,427	\$ 1,617,790	\$ 2,560,627	
Total Liabilities & Fund Balance	\$ 710,852	\$ 188,729	\$ 43,394	\$ 942,975	\$ 5	\$ 5	\$ 662,363	\$ 955,427	\$ 1,617,795	\$ 2,560,770	

ASHE COUNTY, NORTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Special Revenue Funds				Capital Projects Funds			Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
	Emergency Telephone System Fund	4-H Program Activities Fund	4-H Program Afterschool Fund	Nonmajor Special Revenue Funds	CDBG Fund	Government Buildings Fund	Economic Development Fund		
Revenues									
Investment Earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,176	\$ 12,176	\$ 12,176
Restricted Intergovernmental Revenues									
Local Fund Raising & Other Revenues	252,930	269,907	41,610	564,447	103,837			103,837	668,284
Sales & Service		81,415	1,470	82,885					82,885
Other Taxes & Licenses		22,668	71,385	94,053					94,053
Total Revenues	\$ 252,930	\$ 373,990	\$ 114,465	\$ 741,385	\$ 103,837	\$ -	\$ 12,176	\$ 116,013	\$ 857,398
Expenditures									
General Government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public Safety	197,592			197,592					197,592
Human Services		330,324	83,441	413,765					413,765
Capital Outlay						185,806			185,806
Economic Development					103,837				103,837
Total Expenditures	\$ 197,592	\$ 330,324	\$ 83,441	\$ 611,357	\$ 103,837	\$ 185,806	\$ -	\$ 289,643	\$ 901,000
Revenues Over (Under)	\$ 55,338	\$ 43,666	\$ 31,024	\$ 130,028	\$ -	\$ (185,806)	\$ 12,176	\$ (173,630)	\$ (43,602)
Expenditures									
Other Financing Sources									
Transfer-In						79,716			269,338
Transfer-Out							189,622		(60,000)
Loan Proceeds							(60,000)		(60,000)
Revenues & Other Sources Over (Under)	\$ 55,338	\$ 43,666	\$ 31,024	\$ 130,028	\$ -	\$ (106,090)	\$ 141,798	\$ 35,708	\$ 165,736
Expenditures	\$ 655,514	\$ 144,925	\$ 12,370	\$ 812,809	\$ -	\$ 768,453	\$ 813,629	\$ 1,582,082	\$ 2,394,891
Fund Balance, July 1									
Fund Balance, June 30	<u>\$ 710,852</u>	<u>\$ 188,591</u>	<u>\$ 43,394</u>	<u>\$ 942,837</u>	<u>\$ -</u>	<u>\$ 662,363</u>	<u>\$ 955,427</u>	<u>\$ 1,617,790</u>	<u>\$ 2,560,627</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, 2013

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Restricted Intergovernmental:			
E911 Wireless Surcharge	\$ 252,930	\$ 252,930	\$ -
Total Revenues	\$ 252,930	\$ 252,930	\$ -
Expenditures			
<u>Public Safety :</u>			
Wireless E911 Communications:			
Operating Expenses	\$ -	\$ 197,592	\$ -
Capital Outlay		-	
Total		\$ 197,592	
Total Expenditures	\$ 529,008	\$ 197,592	\$ 331,416
Excess of Revenues Over (Under) Expenditures	\$ (276,078)	\$ 55,338	\$ 331,416
Other Financing Sources (Uses) Appropriated Fund Balance	276,078		(276,078)
Excess of Revenues & Other Sources Over (Under) Expenditures	\$ -	\$ 55,338	\$ 55,338
Fund Balance, July 1		655,514	
Fund Balance, June 30		710,852	

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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Restricted Intergovernmental Revenue:</u>			
State Grants	\$ -	\$ 2,910	\$ -
Federal Grants		242,622	
Title XX - Summer Parks		6,543	
Title XX - TRAC		17,832	
Total	<u>\$ 330,000</u>	<u>\$ 269,907</u>	<u>\$ (60,093)</u>
<u>Sales and Service:</u>			
Program Fees	\$ -	\$ 22,668	\$ -
Total	<u>\$ 92,250</u>	<u>\$ 22,668</u>	<u>\$ (69,582)</u>
<u>Other Revenues:</u>			
Donations	\$ -	\$ 17,635	\$ -
Summer Parks - Homeless		7,895	
Total	<u>\$ 24,800</u>	<u>\$ 25,530</u>	<u>\$ 730</u>
<u>Miscellaneous Revenues:</u>			
4-H General	\$ -	\$ 30,501	\$ -
Summer Parks		433	
Children's Trust		20,079	
4-H Ag Expo		2,872	
4-H SOS		-	
4-H ME/BOE Funds		-	
4-H LINK		2,000	
Total	<u>\$ 122,713</u>	<u>\$ 55,885</u>	<u>\$ (66,828)</u>
Total Revenues	<u>\$ 569,763</u>	<u>\$ 373,990</u>	<u>\$ (195,773)</u>
<u>Expenditures</u>			
General 4-H			
Salaries & Employee Benefits	\$ -	\$ 3,866	\$ -
Operating Expenses		29,624	
Capital Outlay			
Total		<u>\$ 33,490</u>	
Summer Parks Program			
Salaries & Employee Benefits		\$ 12,343	
Operating Expenses		10,475	
Capital Outlay			
Total		<u>\$ 22,818</u>	
4H S.O.S. General			
Salaries & Employee Benefits		\$ -	
Operating Expenses		757	
Capital Outlay			
Total		<u>\$ 757</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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Children's Trust Program			
Salaries & Employee Benefits		\$ -	
Operating Expenses		17,494	
Capital Outlay			
Total		<u>\$ 17,494</u>	
4-H Link General			
Salaries & Employee Benefits		\$ 4,848	
Operating Expenses		2,535	
Capital Outlay			
Total		<u>\$ 7,383</u>	
Ashe S.O.S (Link)			
Salaries & Employee Benefits		\$ 155,401	
Operating Expenses		87,204	
Capital Outlay			
Total		<u>\$ 242,605</u>	
4-H Agricultural Expo			
Salaries & Employee Benefits		\$ -	
Operating Expenses		5,777	
Capital Outlay			
Total		<u>\$ 5,777</u>	
Total Expenditures	<u>\$ 569,763</u>	<u>\$ 330,324</u>	<u>\$ 239,439</u>
Revenues Over (Under) Expenditures	\$ -	\$ 43,666	\$ 43,666
Other Financing Sources			
Fund Balance Appropriated	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenues & Other Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 43,666</u>	<u>\$ 43,666</u>
Fund Balance, July 1		<u>\$ 144,925</u>	
Fund Balance, June 30		<u>\$ 188,591</u>	

ASHE COUNTY, NORTH CAROLINA
4-H AFTER SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Restricted Intergovernmental Revenues:</u>			
Title XX	\$ -	\$ 41,610	\$ -
Total	<u>\$ 23,000</u>	<u>\$ 41,610</u>	<u>\$ 18,610</u>
<u>Sales and Service:</u>			
Parent Fees	\$ -	\$ 71,385	\$ -
Total	<u>\$ 146,910</u>	<u>\$ 71,385</u>	<u>\$ (75,525)</u>
<u>Other Revenues</u>			
Miscellaneous	\$ -	\$ 1,470	\$ -
Total	<u>\$ -</u>	<u>\$ 1,470</u>	<u>\$ 1,470</u>
Total Revenues	<u>\$ 169,910</u>	<u>\$ 114,465</u>	<u>\$ (55,445)</u>
<u>Expenditures:</u>			
Blue Ridge Elementary			
Salaries & Fringe Benefits	\$ -	\$ 6,835	\$ -
Operating Expenses		10,856	
Capital Outlay			
Total		<u>\$ 17,691</u>	
Mountain View Elementary			
Salaries & Fringe Benefits		\$ 9,923	
Operating Expenses		23,864	
Capital Outlay			
Total		<u>\$ 33,787</u>	
Westwood Elementary			
Salaries & Fringe Benefits		\$ 11,845	
Operating Expenses		20,118	
Capital Outlay			
Total		<u>\$ 31,963</u>	
Total Expenditures	<u>\$ 169,910</u>	<u>\$ 83,441</u>	<u>\$ 86,469</u>

ASHE COUNTY, NORTH CAROLINA
4-H AFTER SCHOOL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues Over (Under) Expenditures	\$ -	\$ 31,024	\$ 31,024
Other Financing Sources			
Fund Balance Appropriated	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenues and Other Sources Over (Under) Expenditures	<u>\$ -</u>	\$ 31,024	<u>\$ 31,024</u>
Fund Balance, July 1		<u>\$ 12,370</u>	
Fund Balance, June 30		<u>\$ 43,394</u>	

ASHE COUNTY, NORTH CAROLINA
CDBG CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Project Authorization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
Revenues					
Restricted Intergovernmental Revenues:					
Community Development Block Grant Grant # 11 - C - 2303	\$ 400,000	\$ -	\$ 103,837	\$ 103,837	\$ (296,163)
Total Revenues	<u>\$ 400,000</u>	<u>\$ -</u>	<u>\$ 103,837</u>	<u>\$ 103,837</u>	<u>\$ (296,163)</u>
Expenditures					
Housing Rehabilitation:					
Scattered Site Housing & Emerg Repair	\$ 400,000	\$ -	\$ 103,837	\$ 103,837	\$ 296,163
Total Expenditures	<u>\$ 400,000</u>	<u>\$ -</u>	<u>\$ 103,837</u>	<u>\$ 103,837</u>	<u>\$ 296,163</u>
Revenue Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -
Other Financing Sources					
Operating Transfers In	\$ -	\$ -	\$ -	\$ -	\$ -
Total Other Financing Sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenue and Other Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance, July 1			<u>\$ 5</u>		
Fund Balance, June 30			<u>\$ 5</u>		

ASHE COUNTY, NORTH CAROLINA
GOVERNMENT BUILDINGS CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Budget</u>	<u>Actual</u> <u>Current</u> <u>Year</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Miscellaneous			
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures			
Public Buildings			
Capital Outlay Related Exp.	\$ -	\$ 2,400	\$ -
Capital Outlay		183,406	
Total Expenditures	<u>\$ 329,722</u>	<u>\$ 185,806</u>	<u>143,916</u>
Revenues Over (Under) Expenditures	<u>\$ (329,722)</u>	<u>\$ (185,806)</u>	<u>\$ 143,916</u>
Other Financing Sources			
Transfers In	\$ 79,716	\$ 79,716	\$ -
Fund Balance Appropriated	<u>250,006</u>		<u>(250,006)</u>
Total Other Financing Sources	<u>\$ 329,722</u>	<u>\$ 79,716</u>	<u>\$ (250,006)</u>
Revenue and Other Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ (106,090)</u>	<u>\$ (106,090)</u>
Fund Balance, July 1		<u>\$ 768,453</u>	
Fund Balance, June 30		<u>\$ 662,363</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, 2013

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Investment Earnings	<u>\$ -</u>	<u>\$ 12,176</u>	<u>\$ 12,176</u>
Expenditures			
Economic Development:			
Capital Outlay	<u>\$ 567,041</u>	<u>\$ -</u>	<u>\$ 567,041</u>
Revenues Over (Under)			
Expenditures	\$ (567,041)	\$ 12,176	\$ 579,217
Other Financing Sources & Uses			
Operating Transfers - In (From General Fund)	\$ 189,622	\$ 189,622	\$ -
Operating Transfers - Out (To General Fund)	(60,000)	(60,000)	
Fund Balance Appropriated	<u>437,419</u>		<u>(437,419)</u>
Total Other Fin. Sources & Uses	<u>\$ 567,041</u>	<u>\$ 129,622</u>	<u>\$ (437,419)</u>
Excess of Revenues & Other			
Sources Over (Under)			
Expenditures & Other Uses	<u>\$ -</u>	\$ 141,798	<u>\$ 141,798</u>
Fund Balance, July 1		<u>\$ 813,629</u>	
Fund Balance, June 30		<u>\$ 955,427</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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Operating Revenues:			
Charges for Services:			
SWDF - Household Fees	\$ -	\$ 1,258,387	\$ -
SWDF - Commercial Fees		313,556	
Recycling Revenues		159,495	
Sale of Material & Scrap			
Total Operating Revenues	<u>\$ 1,819,000</u>	<u>\$ 1,731,438</u>	<u>\$ (87,562)</u>
Non-Operating Revenue:			
Investment Earnings	\$ 1,000	\$ 1,207	\$ 207
Total Revenues	<u>\$ 1,820,000</u>	<u>\$ 1,732,645</u>	<u>\$ (87,355)</u>
Expenditures:			
Environmental Services-Collections			
Salaries & Employee Benefits	\$ -	\$ 669,641	\$ -
Operating Expenses		277,781	
Capital Outlay		49,791	
Total Environmental Services-Collections	<u>\$ 1,085,055</u>	<u>\$ 997,213</u>	<u>\$ 87,842</u>
Environmental Services-Disposal			
Salaries & Employee Benefits	\$ -	\$ 282,081	\$ -
Operating Expenses		658,878	
Capital Outlay		47,650	
Total Environmental Services-Disposal	<u>\$ 1,003,843</u>	<u>\$ 988,609</u>	<u>\$ 15,234</u>
Debt Service			
Principal		\$ 200,000	\$ -
Interest		55,448	
Total Debt Service	<u>\$ 255,448</u>	<u>\$ 255,448</u>	<u>\$ -</u>
Total Expenditures	<u>\$ 2,344,346</u>	<u>\$ 2,241,270</u>	<u>\$ 103,076</u>
Revenues Over (Under) Expenditures	\$ (524,346)	\$ (508,625)	\$ 15,721
Other Financing Sources (Uses)			
Contribution From Other Governments	\$ 6,000	\$ 6,000	\$ -
Solid Waste Disposal Tax	8,000	16,569	8,569
Scrap Tire Disposal Tax and Grant	40,000	63,329	23,329
White Goods Disposal Tax and Grant	8,500	8,420	(80)
Transfer-in General Fund	100,000	100,000	
Transfer Out - Landfill Capital Reserve	(40,000)		40,000
Transfer In-Landfill Capital Reserve	401,846	401,846	
Fund Balance Appropriated			
Total	<u>\$ 524,346</u>	<u>\$ 596,164</u>	<u>\$ 71,818</u>
Excess of Revenues and Other Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 87,539</u>	<u>\$ 87,539</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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<u>Reconciliation to Accrual Basis</u>			
Excess of Revenues and Other Expenditures			
Over (Under) Expenditures		\$ 87,539	
Debt Principal		200,000	
Decrease (Increase) in Interest Payable		3,187	
Capital Outlay		97,441	
Depreciation		(222,460)	
Landfill Closure and Postclosure Care Costs		(178,308)	
Investment Earnings in Landfill Revenue			
Transfers In - Landfill Capital Reserve		(401,846)	
Decrease (Increase) in Accrued Vacation Pay		1,741	
Decrease (Increase) in OPEB Liability		(8,128)	
Change in Net Position		<u>\$ (420,834)</u>	

LANDFILL CLOSURE & POST CLOSURE - RESERVE FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON - GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Investment Earnings	\$ -	\$ -	\$ -
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:			
Landfill Cell Construction	\$ -	\$ -	\$ -
Landfill Closure and Post Closure			
Total Expenditures	<u>\$ 40,000</u>	<u>\$ -</u>	<u>\$ 40,000</u>
Revenues Over (Under) Expenditures	<u>\$ (40,000)</u>	<u>\$ -</u>	<u>\$ 40,000</u>
Other Financing Sources (Uses):			
Transfers In - Environmental Services	\$ 40,000	\$ -	\$ (40,000)
Transfers Out- Environmental Services	(401,846)	(401,846)	
Fund Balance Appropriated	401,846		(401,846)
Total	<u>40,000</u>	<u>(401,846)</u>	<u>(441,846)</u>
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ (401,846)</u>	<u>\$ (401,846)</u>

ASHE COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF FIDUCIARY ASSETS AND
LIABILITIES - AGENCY FUNDS
JUNE 30, 2013

	<u>Balance</u> <u>7/01/2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/2013</u>
<u>Social Services</u>				
Assets:				
Cash & Investments	\$ 38,402	\$ 277,282	\$ 277,061	\$ 38,623
Liabilities:				
Accounts Payable	\$ 8,405	\$ 4,776	\$ 7,372	\$ 5,809
Due to Individuals	29,997	273,612	270,795	32,814
Total Liabilities	<u>\$ 38,402</u>	<u>\$ 278,388</u>	<u>\$ 278,167</u>	<u>\$ 38,623</u>
<u>Fire Districts</u>				
Assets:				
Cash & Investments	\$ -	\$ 1,222,015	\$ 1,222,015	\$ -
Taxes Receivable	199,967	1,253,934	1,241,934	211,967
Total Assets	<u>\$ 199,967</u>	<u>\$ 2,475,949</u>	<u>\$ 2,463,949</u>	<u>\$ 211,967</u>
Liabilities & Reserves:				
Accounts Payable	\$ -	\$ 1,222,015	\$ 1,222,015	\$ -
Reserve for Taxes Rec.	199,967	1,253,934	1,241,934	211,967
Total Liabilities	<u>\$ 199,967</u>	<u>\$ 2,475,949</u>	<u>\$ 2,463,949</u>	<u>\$ 211,967</u>
<u>Fines & Forfeitures Fund (3% DMV Collections)</u>				
Assets:				
Cash & Investments	\$ -	\$ 8,700	\$ 8,700	\$ -
Liabilities & Reserves:				
Intergovernmental Payable to NC	\$ -	\$ 8,700	\$ 8,700	\$ -
<u>Totals-All Agency Funds</u>				
Assets:				
Cash & Investments	\$ 38,402	\$ 1,507,997	\$ 1,507,776	\$ 38,623
Taxes Receivable	199,967	1,253,934	1,241,934	211,967
Total Assets	<u>\$ 238,369</u>	<u>\$ 2,761,931</u>	<u>\$ 2,749,710</u>	<u>\$ 250,590</u>
Liabilities & Reserves:				
Accounts Payable	\$ 8,405	\$ 1,226,791	\$ 1,229,387	\$ 5,809
Due to Individuals	29,997	273,612	270,795	32,814
Reserve for Taxes Rec.	199,967	1,253,934	1,241,934	211,967
Total Liabilities & Reserves	<u>\$ 238,369</u>	<u>\$ 2,754,337</u>	<u>\$ 2,742,116</u>	<u>\$ 250,590</u>

ASHE COUNTY, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>County - wide</u>		<u>Total Levy</u>		
	<u>Property Valuation</u>	<u>Rate</u>	<u>Amount of Levy</u>	<u>Property excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
Original Levy:					
Property Taxed at Current Year's Rate	\$ 4,085,325,265	.400	\$ 16,340,928	\$ 15,705,860	\$ 635,068
Property Taxed at Prior Year's Rate	59,219,241	.400	236,852	236,852	236,852
Total	<u>\$ 4,144,544,506</u>		<u>\$ 16,577,780</u>	<u>\$ 15,705,860</u>	<u>\$ 871,920</u>
Discoveries					
Current year taxes	\$ 10,330,704	.400	\$ 42,344	\$ 42,344	\$ -
Total	<u>\$ 4,154,875,210</u>		<u>\$ 16,620,124</u>	<u>\$ 15,748,204</u>	<u>\$ 871,920</u>
Abatements	\$ (34,690,480)	.400	\$ (138,762)	\$ (138,762)	\$ -
Total property valuation	<u>\$ 4,120,184,730</u>				
Net levy			\$ 16,481,362	\$ 15,609,442	\$ 871,920
Uncollected taxes at June 30, 2013			<u>(998,547)</u>	<u>(827,862)</u>	<u>(170,685)</u>
Current year's taxes collected			<u>\$ 15,482,815</u>	<u>\$ 14,781,580</u>	<u>\$ 701,235</u>
Current levy collection percentage			93.94%	94.70%	80.42%

ASHE COUNTY, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2013

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2012</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2013</u>
2012-13	\$ -	\$ 16,481,363	\$ 15,482,817	\$ 998,546
2011-12	976,006		401,402	574,604
2010-11	551,017		112,285	438,732
2009-10	406,061		66,094	339,967
2008-09	321,638		45,316	276,322
2007-08	231,881		28,220	203,661
2006-07	217,964		25,054	192,910
2005-06	196,109		16,372	179,737
2004-05	161,137		10,139	150,998
2003-04	142,059		9,158	132,901
2002-03	129,230		129,230	
	<u>\$ 3,333,102</u>	<u>\$ 16,481,363</u>	<u>\$ 16,326,087</u>	<u>\$ 3,488,378</u>
Less Allowance for Uncollectible Ad Valorem Taxes Receivable				<u>\$ 664,000</u>
Ad Valorem Taxes Receivable (Net)				<u>\$ 2,824,378</u>
Reconciliation with Revenues				
Taxes - Ad Valorem - General Fund			\$ 16,309,330	
Discount Allowed			156,761	
Amounts Written Off Per Statute of Limitations			122,343	
Adjustments			7,142	
Interest Collected			<u>(269,489)</u>	
Total Collections & Credits			<u>\$ 16,326,087</u>	

Priscilla L. Norris, CPA

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

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, 2013, and the notes to the financial statements, which collectively comprises Ashe County's basic financial statements, and have issued our report thereon dated November 21, 2013.

Internal Control Over Financial Reporting

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

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

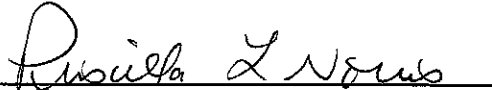
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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



Priscilla L. Norris, CPA

Jefferson, NC

November 21, 2013

Priscilla L. Norris, CPA

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

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

Independent Auditor's Report

To the Board of County Commissioners
Ashe County, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Ashe County, North Carolina, compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Ashe County's major federal programs for the year ended June 30, 2013. Ashe County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Ashe County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Ashe County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Ashe County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of Ashe County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Ashe County's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

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



Priscilla L. Norris, CPA

Jefferson, NC

November 21, 2013

Priscilla L. Norris, CPA

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

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

Independent Auditor's Report

To the Board of County Commissioners
Ashe County, North Carolina

Report on Compliance for Each Major State Program

We have audited Ashe County, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Ashe County's major state programs for the year ended June 30, 2013. Ashe County's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Program

In our opinion, Ashe County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2013.

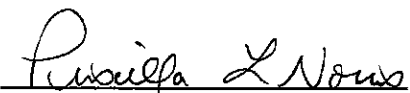
Report on Internal Control Over Compliance

Management of Ashe County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Ashe County's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Ashe County's internal control over compliance.

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

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

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



Priscilla L. Norris, CPA

Jefferson, NC

November 21, 2013

ASHE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted _____ yes X no

Federal Awards

Internal control over major federal programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133 _____ yes X no

Identification of major federal programs:

<u>CFDA#</u>	<u>Program Name</u>
93.575	Subsidized Child Care Cluster
93.596	
93.667	
93.558	
93.658	
93.778	Title XIX - Medicaid
93.658	Foster Care and Adoption Cluster
93.659	
20.106	Airport Improvement Program

Dollar threshold used to distinguish between Type A and Type B Programs \$ 874,753

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

ASHE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

<u>Grantor/Pass-through</u> <u>Grantor/Program Title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>Federal</u> <u>(Direct &</u> <u>Pass-through)</u> <u>Expenditures</u>	<u>State</u> <u>Expenditures</u>	<u>Local</u> <u>Expenditures</u>
FEDERAL AWARDS:				
<u>U.S. Department of Health and Human Services:</u>				
<i>Administration for Children and Families</i>				
Passed-through the N.C. Dept. of Health and Human Serv:				
Division of Child Development:				
Subsidized Child Care (Note 2):				
<u>Child Care Development Fund Cluster</u>				
Division of Social Services				
Child Care Development Fund - Administration	93.596	\$ 80,000	\$ -	\$ -
Division of Child Development				
Child Care and Development Fund--Discretionary	93.575	270,223		
Child Care and Development Fund--Mandatory	93.596	119,062		
Child Care and Development Fund--Match	93.596	158,477	68,938	
Total Child Care Development Fund Cluster		<u>627,762</u>	<u>68,938</u>	
Temporary Assistance for Needy Families	93.558	146,445		
Social Security Block Grant	93.667	5,125		
Foster Care Title IV-E	93.658	6,432	3,089	
Smart Start			16,852	
State Appropriations			122,058	
TANF-MOE			77,320	
Total Subsidized Child Care Cluster		<u>785,764</u>	<u>288,257</u>	<u>-</u>
Division of Social Services:				
<u>Foster Care and Adoption Cluster (Note 2):</u>				
Title IV-E Foster Care	93.658	182,681	9,114	133,322
Foster Care - Direct Benefit Payments	93.658	102,197	79,412	79,416
Title IV - E - Adoption	93.659	3,503		3,494
Adoption Assistance - Direct Benefit Payments	93.659	110,720	79,554	39,080
Total Foster Care and Adoption Cluster		<u>399,101</u>	<u>168,080</u>	<u>255,312</u>
<u>Temporary Assistance for Needy Families Cluster</u>				
TANF/Work First	93.558	275,906	622	521,507
Temporary Assistance for Needy Families-Direct Benefit Payments	93.558	162,300		580
Total TANF Cluster		<u>438,206</u>	<u>622</u>	<u>522,087</u>
Child Support Enforcement	93.563	395,587	17	203,770
Low Income Home Energy Assistance Block Grant:				
Administration	93.568	268,963		
Child Welfare Services	93.645	7,422	469	2,630
Promoting Safe and Stable Families	93.556	939		
Social Services Block Grant - Adult Services	93.667	224,679	25,046	46,374
Independent Living Grant - Admin.	93.674	2,653	663	
Independent Living Grant - Direct Benefits	93.674	1,595		
State County Special Asst - Admin.	93.unknown	13,132		
<i>Total Administration for Children and Families</i>		<u>\$ 2,538,041</u>	<u>\$ 483,154</u>	<u>\$ 1,030,173</u>

ASHE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

<u>Grantor/Pass-through</u> <u>Grantor/Program Title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>Federal</u> <u>(Direct &</u> <u>Pass-through)</u> <u>Expenditures</u>	<u>State</u> <u>Expenditures</u>	<u>Local</u> <u>Expenditures</u>
<i><u>Health Care Financing Administration</u></i>				
Passed-through the N.C. Dept. of Health and Human Serv:				
Division of Medical Assistance:				
Direct Benefit Payments:				
Medical Assistance Program	93.778	\$ 24,108,065	\$ 13,645,800	\$ 2,373
Division of Social Services:				
Administration:	93.778	1,008,128	15,908	989,018
Medical Assistance Program				
Health Choice	93.767	53,639	1,633	15,197
<i>Total Healthcare Financing Administration</i>		<u>\$ 25,169,832</u>	<u>\$ 13,663,341</u>	<u>\$ 1,006,588</u>
Total U.S. Department of Health and Human Services		<u>\$ 27,707,873</u>	<u>\$ 14,146,495</u>	<u>\$ 2,036,761</u>
<u>U.S. Department of Education:</u>				
Passed-through N.C. Dept. of Public Instruction:				
21st Century Community Learning Center	84.287	\$ 242,622	\$ -	\$ -
Total U.S. Department of Education		<u>\$ 242,622</u>	<u>\$ -</u>	<u>\$ -</u>
<u>U.S. Dept. of Agriculture</u>				
<u>Food and Nutrition Services</u>				
Passed-through the N.C. Dept. of Health and Human Serv:				
Division of Social Services:				
Administration:				
Supplemental Nutrition Assist. Program Cluster				
Administration	10.561	\$ 431,827	\$ -	\$ 431,827
Passed through the N.C. Dept. of Health and Human Services				
Division of Public Health:				
Woman, Infants, and Children - Direct Benefit Payments	10.557	446,152		
Passed-through N.C. Dept. of Agriculture:				
Total U.S. Dept. of Agriculture		<u>\$ 877,979</u>	<u>\$ -</u>	<u>\$ 431,827</u>
<u>U.S. Department of Justice</u>				
State Criminal Alien Assistance Program	16.606	\$ 2,770	\$ -	\$ -
Total U.S. Department of Justice		<u>\$ 2,770</u>	<u>\$ -</u>	<u>\$ -</u>
<u>U.S. Dept. of Transportation</u>				
Passed - through NC Dept. of Transportation:				
Airport Improvements Program (36237.21.11.1)	20.106	\$ 95,130	\$ -	\$ 10,570
Airport Improvements Program (36237.21.9.1)	20.106	126,910		14,101
Airport Improvements Program (36244.29.4.1)	20.106		1,275,121	148,593
Airport Improvements Program (36244.29.6.1)	20.106		60,905	3,909
Total U.S. Dept. of Transportation		<u>\$ 222,040</u>	<u>\$ 1,336,026</u>	<u>\$ 177,173</u>

ASHE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

<u>Grantor/Pass-through</u> <u>Grantor/Program Title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>Federal</u> <u>(Direct &</u> <u>Pass-through)</u> <u>Expenditures</u>	<u>State</u> <u>Expenditures</u>	<u>Local</u> <u>Expenditures</u>
<u>U.S. Dept. of Homeland Security</u>				
Passed - through NC Dept. of Crime Control & Public Safety:				
Hazard Mitigation	97.039	\$ 48,450		
Emergency Management	97.042	35,502	-	-
Homeland Security Grant	97.067	16,200		
Total U.S. Dept. of Homeland Security		\$ 100,152	-	\$ -
<u>U.S. Election Assistance Commission</u>				
Passed - through NC State Board of Elections				
Help America Vote Act	39.011	\$ 4,985	-	\$ -
Total U.S. Election Assistance Commission		\$ 4,985	-	\$ -
Total Federal Awards (and state and local match)		\$ 29,158,421	\$ 15,482,521	\$ 2,645,761

STATE AWARDS:

N.C. Dept. of Health and Human Services

State/County Special Assistance for Adults - Direct Benefit
 Payments

\$ - \$ 337,429 \$ 337,429

State/County Special Assistance for Adults-Administration

48,887

N.C. Dept. of Transportation

Rural Operating Assistance Program (EDTAP) 52,076
 Rural Operating Assistance Program (Work First) 9,277
 Rural Operating Assistance Program (RGP) 56,336

N.C. Dept. of Environment & Natural Resources

Scrap Tire Grant 29,765
 Soil & Water Conservation - Soil Technician Grant 39,169

N. C. Dept. of Administration

Veterans Service Reimbursement 1,452

Administrative Office of the Courts

Safe Roads Act Funds 1,003

N. C. Dept. of Corrections

State Reimbursements for Prisoners 201,449

N.C. Dept. of Commerce

CDBG Scattered Site Housing Grant (#11 - C - 2303) 103,837

Office of Juvenile Justice

Juvenile Crime Prevention 85,516

ASHE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

<u>Grantor/Pass-through</u> <u>Grantor/Program Title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>Federal</u> <u>(Direct &</u> <u>Pass-through)</u> <u>Expenditures</u>	<u>State</u> <u>Expenditures</u>	<u>Local</u> <u>Expenditures</u>
<u>N.C. Community Foundation, Inc.</u> 4-H Children's Trust Fund			2,910	
<u>N.C. Dept. of Public Instruction</u> Public School Building Capital Fund - Lottery Proceeds			351,289	
Total State Awards and local match		\$ -	\$ 1,271,508	\$ 386,316
Total Federal and State Awards		\$ 29,158,421	\$ 16,754,029	\$ 3,032,077

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

1. Basis of Presentation

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

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

Subrecipients

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

<u>Program Title</u>	<u>CFDA</u> <u>Number</u>	<u>Federal</u> <u>Expenditures</u>	<u>State</u> <u>Expenditures</u>
Public School Building Capital Fund - Lottery Proceeds			\$ 351,289