

**ASHE COUNTY
NORTH CAROLINA
AUDIT REPORT
JUNE 30, 2015**

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ASHE COUNTY, NORTH CAROLINA

BOARD OF COUNTY COMMISSIONERS

Gary Roark - Chairman

Jeff Rose - Vice -Chairman

Brien Richardson

William Sands

Larry Rhodes

COUNTY OFFICIALS

Sam Yearick

County Manager

Sandra Long

Director of Finance

John Kilby

County Attorney

Deaett Roten

Register of Deeds

Keith Little

Tax Administrator

Priscilla L. Norris, CPA

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Independent Auditor's Report

To the Board of County Commissioners
Ashe County, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ashe County, North Carolina, as of and for the year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise Ashe County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, based upon our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ashe County as of June 30, 2015 and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

above, the combining and individual fund financial statements, budgetary schedules, other schedules and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2015, 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.



Priscilla L. Norris, CPA

Jefferson, NC

December 4, 2015

**ASHE COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

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, 2015. 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

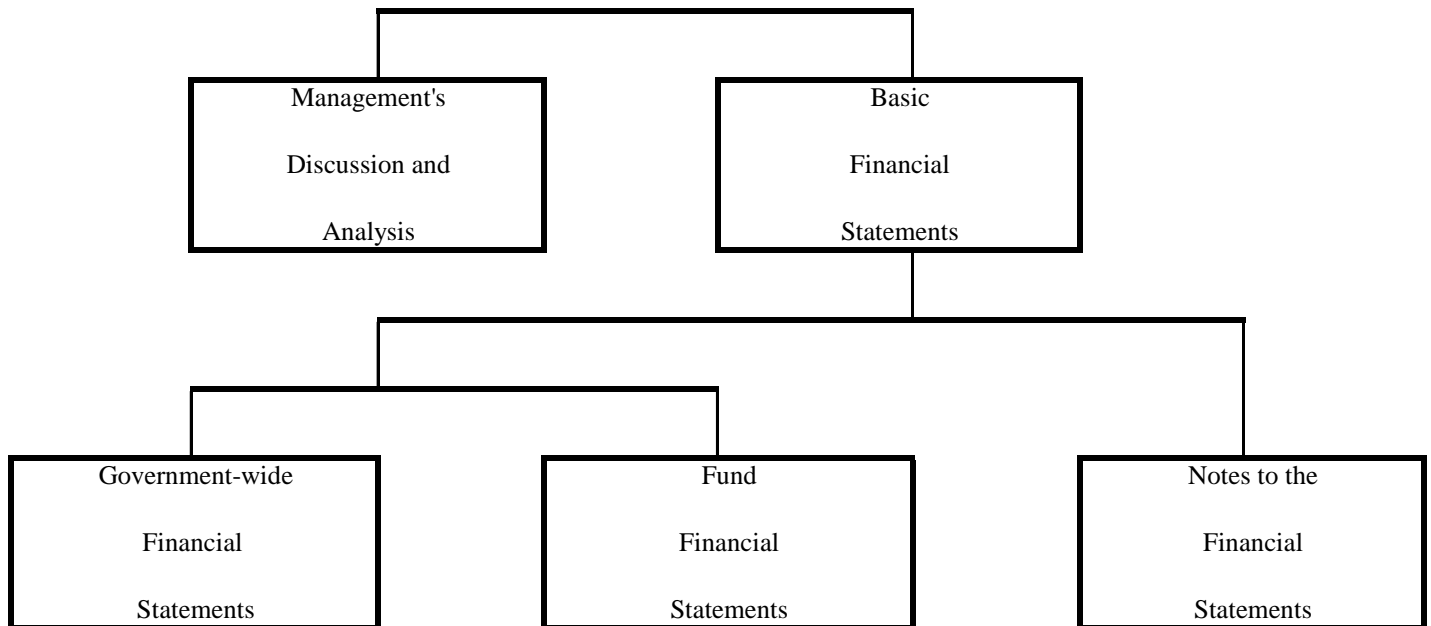
- * The assets and deferred outflows of resources of Ashe County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$47,474,086 (net position).
- * The government's total net position increased by \$2,707,300, primarily due to increased net position in the General Fund.
- * As of the close of the current fiscal year, Ashe County's governmental funds reported combined ending fund balances of \$15,966,681 a decrease of \$614,400 in comparison with the prior year. Approximately 41.1 percent of this total amount, or \$6,567,631 is available for spending at the government's discretion (*unassigned fund balance*), beyond amounts assigned for subsequent year's expenses. Approximately 25.95 percent, or \$4,143,998, is restricted or non-spendable.
- * At the end of the current fiscal year, unassigned fund balance for the General Fund was \$6,567,631 or 20.80 percent of total general fund expenditures for the fiscal year.
- * Ashe County's total debt decreased by \$2,915,678 (17.14%) 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



Summary ----- Detail

**ASHE COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Basic Financial Statements

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

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

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

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

**ASHE COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

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

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

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

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

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

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets (and deferred outflows of resources, if any) of Ashe County exceeded liabilities (and deferred inflows of resources) by \$47,474,086 as of June 30, 2015. One of the largest portions, \$34,000,743 (71.62%), 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, \$4,143,998 (8.73 %) represents resources that are subject to external restrictions on how they may be used.

**ASHE COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

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

| | Governmental Activities | | Business-type Activities | | Total | |
|----------------------------------|----------------------------|---------------------|-----------------------------|---------------------|----------------------|---------------------|
| | 2,015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Current and other assets | \$ 20,655,436 | \$20,830,741 | \$ 3,485,046 | \$ 2,787,943 | \$ 28,647,354 | \$23,618,684 |
| Capital assets | 39,277,606 | 39,580,480 | 5,318,028 | 5,304,221 | 40,088,762 | 44,884,701 |
| Total assets | \$ 59,933,042 | \$60,411,221 | \$ 8,803,074 | \$ 8,092,164 | \$ 68,736,116 | \$68,503,385 |
| Deferred outflows of resources | \$ 631,847 | \$ - | \$ 43,736 | \$ - | \$ 675,585 | \$ - |
| Long-term liabilities | 15,281,875 | 18,056,747 | 3,641,095 | 3,475,715 | 18,922,970 | 21,532,462 |
| Other liabilities | 610,365 | 910,761 | 227,528 | 151,639 | 837,893 | 1,062,400 |
| Total liabilities | \$ 15,892,240 | \$18,967,508 | \$ 3,868,623 | \$ 3,627,354 | \$ 19,760,863 | \$22,594,862 |
| Deferred inflows of resources | \$ 2,042,219 | \$ 117,283 | \$ 134,531 | \$ - | \$ 2,176,750 | \$ 117,283 |
| Net position | | | | | | |
| Net investment in capital assets | 29,640,106 | 30,467,980 | 4,360,637 | 4,204,221 | 34,000,743 | 34,672,201 |
| Restricted | 4,143,998 | 3,502,231 | | | 4,143,998 | 3,502,231 |
| Unrestricted | 8,846,326 | 7,356,219 | 483,019 | 260,589 | 9,329,345 | 7,616,808 |
| Total net position | \$ 42,630,430 | \$41,326,430 | \$ 4,843,656 | \$ 4,464,810 | \$ 47,474,086 | \$45,791,240 |

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

- * Continued due diligence in the collection of property taxes by increasing its collection percentage from 94.87% to 95.21%. This increase is due to an increase in the collection percentage for vehicles to 100% due to "Tax and Tag Together".
- * Overall Ad Valorem Tax collections were approximately \$203,000 more than the prior year.
- * The County ended the year with an increase over the prior year for sales tax collections of approximately \$474,000.
- * Runway expansion work continued at the County airport, funded mostly by state and federal grants.

**ASHE COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

Ashe County Changes in Net Position

Figure 3

| | Governmental Activities | | Business-type Activities | | Total | |
|---|----------------------------|----------------------|-----------------------------|---------------------|---------------------|-------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2,014 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 1,923,979 | \$ 2,712,588 | \$ 2,540,709 | \$ 2,540,532 | \$ 4,464,688 | 5,253,120 |
| Operating grants and contributions | 6,664,883 | 6,388,617 | 107,522 | 168,909 | 6,772,405 | 6,557,526 |
| Capital grants and contributions | 1,126,777 | 642,595 | - | | 1,126,777 | 642,595 |
| General revenues: | | | | | | |
| Property taxes | 16,634,439 | 16,837,538 | | | 16,634,439 | 16,837,538 |
| Other taxes | 5,396,095 | 4,930,584 | | | 5,396,095 | 4,930,584 |
| Grants and contributions not restricted to specific programs | | | | | | |
| Other | 17,012 | 18,964 | 425 | 235 | 17,437 | 19,199 |
| Total revenues | \$31,763,185 | \$ 31,530,886 | \$ 2,648,656 | \$ 2,709,676 | \$34,411,841 | 34,240,562 |
| Expenses: | | | | | | |
| General government | 4,180,645 | 4,203,191 | | | 4,180,645 | 4,203,191 |
| Public safety | 6,636,754 | 6,984,192 | | | 6,636,754 | 6,984,192 |
| Transportation | 481,730 | 481,136 | | | 481,730 | 481,136 |
| Economic and physical development | 987,056 | 936,261 | | | 987,056 | 936,261 |
| Human services | 10,027,016 | 9,896,874 | | | 10,027,016 | 9,896,874 |
| Cultural and recreation | 1,492,141 | 1,466,547 | | | 1,492,141 | 1,466,547 |
| Education | 5,302,787 | 5,615,798 | | | 5,302,787 | 5,615,798 |
| Interest on long-term debt | 398,070 | 434,696 | | | 398,070 | 434,696 |
| Environmental services | | | 2,186,086 | 2,711,072 | 2,186,086 | 2,711,072 |
| Total expenses | \$29,506,199 | \$ 30,018,695 | \$ 2,186,086 | \$ 2,711,072 | \$31,692,285 | 32,729,767 |
| Increase (decrease) in net position before transfers and special items | 2,256,986 | 1,512,191 | 462,570 | (1,396) | 2,719,556 | 1,510,795 |
| Loss on sale of assets | | | (12,256) | | (12,256) | |
| Increase in net position | 2,256,986 | 1,512,191 | 450,314 | (1,396) | 2,707,300 | 1,510,795 |
| Net position, beg previously reported | 41,326,430 | 39,812,118 | 4,464,810 | 4,466,206 | 45,791,240 | 44,278,324 |
| Prior period adjustment | | 2,121 | | | | 2,121 |
| Restatement | (952,986) | | (71,468) | | (1,024,454) | |
| Net position, beg restated | 40,373,444 | 39,814,239 | 4,393,342 | 4,466,206 | 44,766,786 | 44,280,445 |
| Net position, ending | \$42,630,430 | \$ 41,326,430 | \$ 4,843,656 | \$ 4,464,810 | \$47,474,086 | 45,791,240 |

Governmental activities: Governmental activities increased the County's net position by \$2,256,986.

Business-type activities: Business-type activities increased Ashe County's net position by \$450,314.

**ASHE COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

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 \$10,058,689 while total fund balance was \$12,765,464. 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 31.85% of General Fund expenditures, while total fund balance represents 40.42% of that same amount. Of the total fund balance, the amount that is unassigned at year end is \$6,567,631.

At June 30, 2015, the governmental funds of Ashe County reported a combined fund balance of \$15,966,681, a 3.71 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 \$85,350. There was also an increase in the appropriation of fund balance of \$151,620.

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 \$483,019, an increase of \$222,430 which is due to an overall decrease in expenses.

Capital Asset and Debt Administration

Capital Assets: Ashe County's capital assets for its governmental and business-type activities as of June 30, 2015, totals \$44,723,831 (net of accumulated depreciation). These assets include buildings, airport, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include:

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

**ASHE COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

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

| | Governmental Activities | | Business-type Activities | | Total | |
|--------------------------------|----------------------------|-------------------|-----------------------------|------------------|-------------------|-------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Land | 4,506,872 | 4,782,273 | 128,198 | 128,198 | 4,635,070 | 4,910,471 |
| Buildings and system | 25,270,637 | 25,908,907 | 3,375,711 | 3,465,256 | 28,646,348 | 29,374,163 |
| Improvements other than bldgs. | 2,928,860 | 3,086,102 | | | 2,928,860 | 3,086,102 |
| Machinery and equip. | 905,752 | 897,466 | 1,942,316 | 1,710,766 | 2,848,068 | 2,608,232 |
| Infrastructure | 5,348,214 | 4,567,559 | | | 5,348,214 | 4,567,559 |
| Vehicles and motorized equip. | 317,271 | 338,173 | | | 317,271 | 338,173 |
| Construction in progress | | | | | | |
| Total | 39,277,606 | 39,580,480 | 5,446,225 | 5,304,220 | 44,723,831 | 44,884,700 |

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, 2015, Ashe County had no general obligation bonds outstanding.

Ashe County's total debt decreased by \$2,708,588 during the past fiscal year, primarily due to principal payments on debt.

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

Economic Factors

The following factors affected the economic outlook for Ashe County in 2014-2015.

- * Ashe County ended the fiscal year (June 2015) with an unemployment rate of 6.6% (not seasonally adjusted) compared with 7.4% from June 2014. This rate is down .80% from June 2014 and down 4.8% from June 2013. The state unemployment rate for the same period was 6.1% for June 2015 compared to 6.5% for June 2014. Ashe County is closing in on the gap in unemployment as the difference between the county and state levels for June 2014 were .90% and June 2015 .80%. In June of 2015, 93 counties reported unemployment rates between 5% & 10%, 3 counties reported rates at 5% or below, and 4 counties reported rates at 10% or above. Statewide, Ashe County's unemployment rank in all 100 counties has improved from 75th to 60th. Ashe County's unemployment rate remains cyclical, due in part to seasonal tourism and the Christmas tree industry. The labor markets which are affecting Ashe County's drop in the unemployment rate this year are attributed to growth in Transportation & Utility Services, Health Services, Leisure & Hospitality Services, Professional & Business Services, Trade, and Education.
- * In September of 2014, Ashe County once again hired an Economic Development Director. The position had been vacant for the last two years. The position's primary focus will be on locating and bringing suitable economic development to Ashe County along with providing assistance to retain business and industry already located here.

**ASHE COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

- * GE Aviation has completed an 80,000 square foot expansion which was a 65 million dollar investment in Ashe County. Forty-five employees have been added and they will be hiring 60 more employees by 2017 totaling 105 new jobs for the expansion project.
- * American Emergency Vehicles (AEV) who builds emergency vehicles is continuing renovations of the vacated Gates facility they acquired last year. AEV received a \$500,000 state grant which the County matched with 5% or \$25,000 that will be spent toward the renovations. The former Gates building will give AEV 210,000 square feet of new floor space for future expansion opportunities. Renovations will create workspace for additional employees which will put AEV near the 300 mark. AEV is one of the County's largest employers.
- * Ashe Memorial Hospital (AMH) continues to add new service providers. The current Board of Commissioners continues to be supportive of the hospital and has committed to fund \$500,000 annually to the hospital through FY2017 to help AMH stabilize their bottom line. The additional services AMH will be able to provide should add to their revenue streams so they can again become self-sufficient. The Article 46 sales tax referendum which was approved in the November 2014 election will provide funds for this annual payment for FY2016 and FY2017. Additionally, AMH received a Golden LEAF grant in the amount of \$946,152 which they will use to update/renovate their Emergency Room department.
- * Margate Health and Rehab Center has just completed their 40 bed private room rehabilitation wing which will allow improved physical therapy services for short term rehabilitation residents.
- * The Town of Lansing has broken ground on the Virginia Creeper Trail Park. Lansing received a \$500,000 matching Parks and Recreation Trust Fund (PARTF) grant and a \$282,500 Clean Water Management Trust Fund (CWMTF) grant for the 1.2 million dollar project. This park is expected to bring additional tourism dollars to the Town as well as the County.
- * The county allocation for Ashe County Schools current expense was increased by around 2.1% which will assist the Board of Education in offsetting education funding reductions on state and federal levels.
- * The tax rate in FY2014-2015 once again remained at 40 cents. Sales tax collections are expected to increase modestly along with sales and service revenues, and license and permit revenues.
- * Ashe County Schools and the Wilkes Community College/Ashe Campus continue to work closely along with Economic Development and other government leaders in the county to offer educational programming that will enhance and strengthen Ashe County's economic development and tourism.

Next Year's Budgets and Rates

- * The county ad valorem tax rate has remained at 40 cents for the 4th consecutive year. The revaluation was completed and went into effect January 1, 2015. The revaluation resulted in an overall average decrease in property values of between 7 and 8% and required an adjustment in the tax rate to 43.3 cents to remain at revenue neutral for FY2016. The new quarter cent (Article 46) sales tax was approved in November and two monthly payments were received in FY2015. A full year of receipts from this new revenue is expected to bring in \$500,000 which will cover the payment to Ashe Memorial Hospital for the remainder of the three year period.

**ASHE COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

- * Other taxes, licenses and permits, and sales and services revenues are continuing to increase slightly, but are still below pre-recession levels. Corrections revenues saw a decrease due to Wilkes County completing construction of their jail and not having the need to utilize Ashe County's jail for supplemental inmate housing for the entire year. NC State Misdemeanant inmate revenues continue to increase and will make up a portion of the lost revenues. After receivables were recorded, expenses exceeded revenues around \$550,000 for FY15 which allowed the county to avoid using the amount of fund balance that was originally appropriated to balance the General Fund budget. After the \$500,000 was taken from fund balance for the payment to Ashe Memorial Hospital, only around \$50,000 was actually expended from fund balance. More than \$ 2.5 million budgeted for expenditures remained unspent in the general fund at the year end.

- * Paving and marking of the Runway #28 Extension project was finished at Ashe County Airport. Lighting will soon be finished at the airport allowing more planes to land in bad weather and at night at the airport using their automated landing approach instruments which will likely increase airport fuel sales.

- * Existing debt service on Ashe County High School and Westwood Elementary School will be retired in the years 2016 and 2017 respectively. Debt Service on the library will be paid off in 2018 and the jail in 2028. The debt service for the QSCB loan is being paid off 100% with funds from the NC Education Lottery. Future plans are now being considered concerning the replacement or renovation of Ashe County Middle School, along with other county infrastructure needs for the next 10 to 15 years.

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 2015

| | Primary Government | | |
|---|------------------------------------|-------------------------------------|----------------------|
| | Governmental Activities | Business-type Activities | Total |
| ASSETS | | | |
| Cash and investments | \$ 13,674,737 | \$ 2,495,731 | \$ 16,170,468 |
| Restricted cash | 241,167 | | 241,167 |
| Receivables (net) | 3,361,911 | 771,602 | 4,133,513 |
| Due from other governments | 2,508,569 | 34,316 | 2,542,885 |
| Net pension asset | 869,052 | 55,199 | 924,251 |
| Capital assets: | | | |
| Land, improvements, and construction in progress | 4,506,872 | 128,198 | 4,635,070 |
| Other capital assets, net of depreciation | 34,770,734 | 5,318,028 | 40,088,762 |
| Total capital assets | 39,277,606 | 5,446,226 | 44,723,832 |
| Total assets | <u>\$ 59,933,042</u> | <u>\$ 8,803,074</u> | <u>\$ 68,736,116</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Contributions to Pension Plan | <u>\$ 631,847</u> | <u>\$ 43,736</u> | <u>\$ 675,583</u> |
| LIABILITIES | | | |
| Accounts payable and accrued expenses | 437,505 | 211,970 | 649,475 |
| Accrued interest payable | 172,860 | 15,558 | 188,418 |
| Long-term liabilities: | | | |
| Due within one year | 2,726,525 | 235,913 | 2,962,438 |
| Due in more than one year | 12,555,350 | 3,405,182 | 15,960,532 |
| Total liabilities | <u>\$ 15,892,240</u> | <u>\$ 3,868,623</u> | <u>\$ 19,760,863</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Pension deferrals | \$ 1,933,595 | \$ 134,531 | \$ 2,068,126 |
| Prepaid taxes | 108,624 | - | 108,624 |
| Total deferred inflows of resources | <u>\$ 2,042,219</u> | <u>\$ 134,531</u> | <u>\$ 2,176,750</u> |
| NET POSITION | | | |
| Net investment in capital assets | 29,640,106 | 4,360,637 | 34,000,743 |
| Restricted for: | | | |
| Capital projects (education) | 610,072 | | 610,072 |
| Public safety | 518,244 | | 518,244 |
| Human services | 200,738 | | 200,738 |
| Register of deeds | 138,607 | | 138,607 |
| Stabilization by State statute | 2,676,337 | | 2,676,337 |
| Unrestricted | 8,846,326 | 483,019 | 9,329,345 |
| Total net position | <u>\$ 42,630,430</u> | <u>\$ 4,843,656</u> | <u>\$ 47,474,086</u> |

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

EXHIBIT 2

ASHE COUNTY, NORTH CAROLINA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

| Functions/Programs | PROGRAM REVENUES | | | | NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION | | |
|--|------------------|-------------------------|--|--|--|---------------------------------|-----------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business- Type Activities | Total |
| Primary government: | | | | | | | |
| Governmental Activities | | | | | | | |
| General government | \$ 4,180,645 | \$ 406,097 | \$ - | \$ - | \$ (3,774,548) | \$ - | \$ (3,774,548) |
| Public Safety | 6,636,754 | 1,271,252 | 508,209 | | (4,857,293) | | (4,857,293) |
| Transportation | 481,730 | 113,669 | 1,120 | 775,445 | 408,504 | | 408,504 |
| Economic and physical development | 987,056 | 16,708 | 38,372 | | (931,976) | | (931,976) |
| Human Services | 10,027,016 | 48,571 | 6,112,613 | | (3,865,832) | | (3,865,832) |
| Cultural and recreation | 1,492,141 | 67,682 | | | (1,424,459) | | (1,424,459) |
| Education | 5,302,787 | | 4,569 | 351,332 | (4,946,886) | | (4,946,886) |
| Interest on long-term debt | 398,070 | | | | (398,070) | | (398,070) |
| Total governmental activities | 29,506,199 | 1,923,979 | 6,664,883 | 1,126,777 | (19,790,560) | | (19,790,560) |
| Business-type Activities: | | | | | | | |
| Environmental Services | 2,186,086 | 2,540,709 | 107,522 | | | 462,145 | 462,145 |
| Total business-type activities | 2,186,086 | 2,540,709 | 107,522 | | | 462,145 | 462,145 |
| Totals | \$ 31,692,285 | \$ 4,464,688 | \$ 6,772,405 | \$ 1,126,777 | \$ (19,790,560) | \$ 462,145 | \$ (19,328,415) |
| General Revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property taxes, levied for general purpose | | | | | 16,634,439 | | 16,634,439 |
| Local Option Sales tax | | | | | 4,947,270 | | 4,947,270 |
| Other taxes and licenses | | | | | 448,825 | | 448,825 |
| Grants and contributions not restricted to specific programs | | | | | | | |
| Investment earnings, unrestricted | | | | | 218 | 425 | 643 |
| Miscellaneous, unrestricted | | | | | 16,794 | | 16,794 |
| Loss on sale of assets | | | | | | (12,256) | (12,256) |
| Total general revenues, special items, and transfers | | | | | 22,047,546 | (11,831) | 22,035,715 |
| Change in net position | | | | | 2,256,986 | 450,314 | 2,707,300 |
| Net position - beginning, previously reported | | | | | 41,326,430 | 4,464,810 | 45,791,240 |
| Restatement | | | | | (952,986) | (71,468) | (1,024,454) |
| Net position - beginning, restated | | | | | 40,373,444 | 4,393,342 | 44,766,786 |
| Net position - ending | | | | | \$ 42,630,430 | \$ 4,843,656 | \$ 47,474,086 |

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

ASHE COUNTY, NORTH CAROLINA

EXHIBIT 3

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

| | <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 | \$ 10,516,853 | \$ 689,527 | \$ 2,468,357 | \$ 13,674,737 |
| Restricted Cash | 241,167 | | | 241,167 |
| Due from Other Funds | | | | |
| Receivables (Net): | | | | |
| Taxes | 2,548,863 | | | 2,548,863 |
| Accounts | 44,949 | | 43,388 | 88,337 |
| Due from Other Governments | 2,508,569 | | | 2,508,569 |
| Total Assets | \$ 15,860,401 | \$ 689,527 | \$ 2,511,745 | \$ 19,061,673 |
| Liabilities | | | | |
| Accounts Payable & Accrued Liabilities | \$ 437,450 | \$ - | \$ 55 | \$ 437,505 |
| Total Liabilities | \$ 437,450 | \$ - | \$ 55 | \$ 437,505 |
| Deferred Inflows of Resources | | | | |
| Property Taxes Receivable | \$ 2,548,863 | \$ - | \$ - | \$ 2,548,863 |
| Prepaid Taxes | 108,624 | | | 108,624 |
| Total Deferred Inflows of Resources | \$ 2,657,487 | \$ - | \$ - | \$ 2,657,487 |
| Fund Balances | | | | |
| Restricted for: | | | | |
| Stabilization by State Statute | \$ 2,553,494 | \$ 79,455 | \$ 43,388 | \$ 2,676,337 |
| Register of Deeds | 138,607 | | | 138,607 |
| Human Services | 14,674 | | | 14,674 |
| School Capital Outlay | | 610,072 | | 610,072 |
| Public Safety | | | 518,244 | 518,244 |
| 4-H (Human Services) | | | 186,064 | 186,064 |
| Committed for: | | | | |
| Tax Revaluation | 102,560 | | | 102,560 |
| Human Services | 18,501 | | | 18,501 |
| Public Safety | 118,534 | | | 118,534 |
| Capital Projects | | | 1,763,994 | 1,763,994 |
| Assigned: | | | | |
| Subsequent Year's Expenditures | 3,251,463 | | | 3,251,463 |
| Unassigned: | 6,567,631 | | | 6,567,631 |
| Total Fund Balance | \$ 12,765,464 | \$ 689,527 | \$ 2,511,690 | \$ 15,966,681 |
| Total Liabilities, Deferred Inflows of Resources & Fund Balances | \$ 15,860,401 | \$ 689,527 | \$ 2,511,745 | |

ASHE COUNTY, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

EXHIBIT 3

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

| | |
|---|----------------------|
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | \$ 39,277,606 |
| Net pension asset | 869,052 |
| Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position | 631,847 |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. | 724,711 |
| Deferred inflows of resources for taxes receivable | 2,548,863 |
| Pension related deferrals | (1,933,595) |
| Some liabilities are not due and payable in the current period and therefore are not reported in funds (Note 4). | <u>(15,454,735)</u> |
| Total difference | \$ 26,663,749 |
| Total fund balance | \$ 15,966,681 |
| Net assets of governmental activities | <u>\$ 42,630,430</u> |

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

ASHE COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

| | <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 | \$ 16,777,182 | \$ - | \$ - | \$ 16,777,182 |
| Local Option Sales Tax | 4,947,270 | | | 4,947,270 |
| Other Taxes | 448,825 | | | 448,825 |
| Unrestricted Intergovernmental Revenues | 4,569 | | | 4,569 |
| Restricted Intergovernmental Revenues | 6,841,909 | 351,332 | 548,979 | 7,742,220 |
| Licenses & Permits | 532,158 | | | 532,158 |
| Sales & Services | 1,498,433 | | 28,906 | 1,527,339 |
| Investment Earnings | 218 | | | 218 |
| Miscellaneous | 10,271 | | 65,876 | 76,147 |
| Total Revenue | <u>\$ 31,060,835</u> | <u>\$ 351,332</u> | <u>\$ 643,761</u> | <u>\$ 32,055,928</u> |
| Expenditures | | | | |
| General Government | \$ 3,985,703 | \$ - | \$ - | \$ 3,985,703 |
| Public Safety | 6,379,554 | | 368,575 | 6,748,129 |
| Transportation | 1,065,232 | | | 1,065,232 |
| Economic & Physical Development | 887,755 | | 86,592 | 974,347 |
| Human Services | 9,914,231 | | 342,329 | 10,256,560 |
| Cultural & Recreational | 1,200,750 | | | 1,200,750 |
| Educational | 5,115,355 | | | 5,115,355 |
| Capital Outlay | | | 22,733 | 22,733 |
| Debt Services: | | | | |
| Principal Retirement | 2,487,305 | 206,872 | | 2,694,177 |
| Interest | 542,337 | 65,005 | | 607,342 |
| Total Expenditures | <u>\$ 31,578,222</u> | <u>\$ 271,877</u> | <u>\$ 820,229</u> | <u>\$ 32,670,328</u> |
| Revenues Over (Under) Expenditures | <u>\$ (517,387)</u> | <u>\$ 79,455</u> | <u>\$ (176,468)</u> | <u>\$ (614,400)</u> |
| Other Financing Sources (Uses) | | | | |
| Operating Transfer - In | 65,000 | | 48,901 | 113,901 |
| Operating Transfer - Out | (48,901) | | (65,000) | (113,901) |
| Total Other Financing Sources (Uses) | <u>\$ 16,099</u> | <u>\$ -</u> | <u>\$ (16,099)</u> | <u>\$ -</u> |
| Excess of Revenue & Other Sources Over (Under) Expenditures & Other Uses | <u>\$ (501,288)</u> | <u>\$ 79,455</u> | <u>\$ (192,567)</u> | <u>\$ (614,400)</u> |
| Fund Balances: | | | | |
| Beginning of Year, July 1 | \$ 13,266,752 | \$ 610,072 | \$ 2,704,257 | \$ 16,581,081 |
| End of Year, June 30 | <u>\$ 12,765,464</u> | <u>\$ 689,527</u> | <u>\$ 2,511,690</u> | <u>\$ 15,966,681</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, 2015

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

| | |
|--|---------------------|
| Net changes in fund balances - total governmental funds | \$ (614,400) |
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the current period. | (220,874) |
| Cost of capital asset disposed of during year, not recognized on modified accrual basis | (82,000) |
| 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. | 2,694,176 |
| Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities | 580,578 |
| 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. | 21,840 |
| Compensated Absences | 310,697 |
| Other Post Employment Benefits | (230,001) |
| County's portion of collective pension expense | (60,287) |
| 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 | (127,757) |
| Decrease in accrued tax interest receivable at end of year | (14,986) |
| Total change in net position of governmental activities | <u>\$ 2,256,986</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, 2015

| | Original Budget | Final Budget | Actual | Variance With Final Positive (Negative) |
|--|-----------------------|-----------------------|----------------------|--|
| Revenues: | | | | |
| Ad valorem taxes | \$ 16,239,263 | \$ 16,239,263 | \$ 16,777,182 | \$ 537,919 |
| Local option sales tax | 4,480,000 | 4,480,000 | 4,947,270 | 467,270 |
| Other taxes | 357,000 | 382,500 | 448,825 | 66,325 |
| Unrestricted intergovernmental | | | 4,569 | 4,569 |
| Restricted intergovernmental | 6,561,333 | 6,675,833 | 6,841,909 | 166,076 |
| Licenses & Permits | 387,900 | 387,900 | 532,158 | 144,258 |
| Sales and services | 1,952,700 | 1,897,700 | 1,498,433 | (399,267) |
| Investment earnings | 15,000 | 15,350 | 218 | (15,132) |
| Miscellaneous | 20,000 | 20,000 | 10,271 | (9,729) |
| Total Revenues | <u>\$ 30,013,196</u> | <u>\$ 30,098,546</u> | <u>\$ 31,060,835</u> | <u>\$ 962,289</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government | 4,219,357 | 4,344,357 | 3,964,910 | 379,447 |
| Public safety | 6,881,734 | 6,963,204 | 6,379,554 | 583,650 |
| Transportation | 1,853,083 | 1,853,083 | 1,065,232 | 787,851 |
| Economic and physical development | 922,118 | 999,618 | 887,755 | 111,863 |
| Human services | 10,499,838 | 10,525,838 | 9,914,231 | 611,607 |
| Cultural and recreational | 1,215,710 | 1,232,710 | 1,200,750 | 31,960 |
| Intergovernmental | | | | |
| Education | 5,114,805 | 5,120,355 | 5,115,355 | 5,000 |
| Debt service: | | | | |
| Principal retirement | 2,487,305 | 2,487,305 | 2,487,305 | |
| Interest and other charges | 542,526 | 542,526 | 542,337 | 189 |
| Contingency fund | 250,000 | 223,450 | | 223,450 |
| Total expenditures | <u>33,986,476</u> | <u>34,292,446</u> | <u>31,557,429</u> | <u>2,735,017</u> |
| Revenues over (under) expenditures | <u>\$ (3,973,280)</u> | <u>\$ (4,193,900)</u> | <u>\$ (496,594)</u> | <u>\$ 3,697,306</u> |
| Other financing sources (uses): | | | | |
| Transfer to other funds | (104,070) | (104,070) | (48,901) | 55,169 |
| Transfer from other funds | 92,000 | 161,000 | 90,000 | (71,000) |
| Appropriated fund balance | 3,985,350 | 4,136,970 | | (4,136,970) |
| Total other financing sources (uses) | <u>3,973,280</u> | <u>4,193,900</u> | <u>41,099</u> | <u>(4,152,801)</u> |
| Revenues and other financing sources over expenditures and other financing uses | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (455,495)</u> | <u>\$ (455,495)</u> |
| Fund balances: | | | | |
| Beginning of year July 1 | | | <u>13,118,400</u> | |
| End of year June 30 | | | <u>\$ 12,662,905</u> | |
| A legally budgeted Tax Revaluation fund is consolidated into the General Fund for reporting purposes: | | | | |
| Transfer out to General Fund | | | \$ (25,000) | |
| Expenditures | | | (20,793) | |
| Fund Balance, Beginning | | | <u>148,352</u> | |
| Fund Balance, Ending, Combined (Exhibit 4) | | | <u>12,765,464</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, 2015

Environmental Services Fund

Assets

Current Assets:

| | |
|----------------------------|--------------|
| Cash & Investments | \$ 2,495,731 |
| Receivables (Net): | |
| SWDF | 731,049 |
| Accounts | 40,553 |
| Due From Other Governments | 34,316 |

Total Current Assets \$ 3,301,649

Non Current Assets:

Net Pension Asset \$ 55,199

Capital Assets, Net of Depreciation 5,446,226

Total Noncurrent Assets \$ 5,501,425

Total Assets \$ 8,803,074

Deferred Outflows of Resources

Contributions to Pension Plan \$ 43,736

Liabilities and Net Position

Current Liabilities:

| | |
|----------------------------------|---------|
| Accounts Payable | 211,970 |
| Accrued Interest Payable | 15,558 |
| Current Portion of Notes Payable | 235,913 |

Total Current Liabilities \$ 463,441

Non - Current Liabilities

| | |
|---|-----------|
| Compensated Absences Payable | \$ 52,044 |
| Other Post - Employment Benefits Payable | 90,168 |
| Accrued Landfill Closure and Postclosure Care Costs | 2,413,294 |
| Notes Payable | 849,676 |

Total Liabilities \$ 3,868,623

Deferred Inflows of Resources

Pension Deferrals \$ 134,531

Net Position

| | |
|----------------------------------|--------------|
| Net Investment in Capital Assets | \$ 4,360,637 |
| Unrestricted | 483,019 |
| Total Net Position | \$ 4,843,656 |

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, 2015

| | <u>Enterprise Fund</u> Environmental Services Fund |
|--|--|
| Operating Revenues: | |
| SWDF - Household Fees | \$ 2,021,156 |
| SWDF - Commercial Fees | 391,381 |
| Recycling Revenues | 119,762 |
| Miscellaneous Revenue | 8,410 |
| Total Operating Revenues | <u>\$ 2,540,709</u> |
| Operating Expenses: | |
| Environmental Services - Collections | \$ 983,757 |
| Environmental Services - Disposal | 712,001 |
| Depreciation | 265,412 |
| Landfill Closure and Postclosure Care Costs | 184,241 |
| Total Operating Expenses | <u>\$ 2,145,411</u> |
| Operating Income (Net) | <u>\$ 395,298</u> |
| Non-Operating Revenues and Expenses | |
| Contributions From Other Governments | \$ 6,000 |
| Solid Waste Disposal Tax | 19,296 |
| Scrap Tire Disposal Tax and Grant | 77,549 |
| White Goods Disposal Tax and Grant | 4,677 |
| Loss on Sale of Fixed Assets | (12,256) |
| Investment Earnings | 425 |
| Interest on Long - Term Debt | (40,675) |
| Total Non-Operating Revenues and Expenses | <u>55,016</u> |
| Change in Net Position | \$ 450,314 |
| Total Net Position, Beginning, Previously Reported | \$ 4,464,810 |
| Restatement | (71,468) |
| Total Net Position, Beginning Restated | <u>4,393,342</u> |
| Total Net Position, Ending | <u><u>\$ 4,843,656</u></u> |

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

ASHE COUNTY, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| | <u>Enterprise Fund</u> |
|---|------------------------|
| Cash flows from operating activities: | |
| Cash received from customers | \$ 2,485,717 |
| Cash paid for goods and services | (677,616) |
| Cash paid to employees for services | (980,606) |
| Net cash provided (used) by operating activities | <u>\$ 827,495</u> |
| Cash flows from non-capital financing activities: | |
| Contributions from other governments | \$ 6,000 |
| Disposal tax and grants | 106,164 |
| Transfer-in from General Fund | |
| Net cash provided (used) by non-capital financing activities | <u>\$ 112,164</u> |
| Cash flows from capital and related financing activities: | |
| Proceeds from Sale of Fixed Assets | \$ 43,707 |
| Acquisition of capital assets | (463,380) |
| Proceeds from Loan | 221,501 |
| Principal paid on loan | (235,912) |
| Loan interest paid | (42,644) |
| Net cash provided (used) by capital and related financing activities | <u>(476,728)</u> |
| Cash flows from investing activities: | |
| Interest on investments | \$ 425 |
| Net cash provided (used) by investing activities | <u>\$ 425</u> |
| Net increase (decrease) in cash and cash equivalents | \$ 463,356 |
| Cash and cash equivalents, July 1 | 2,032,375 |
| Cash and cash equivalents, June 30 | <u>\$ 2,495,731</u> |
| Reconciliation of operating income to net cash provided by operating activities: | |
| Operating income | \$ 395,298 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | |
| Depreciation | 265,412 |
| Pension Expense | 4,343 |
| Landfill closure and post closure care costs | 184,241 |
| Changes in assets and liabilities: | |
| (Increase) decrease in accounts receivable | (54,992) |
| Increase (decrease) in accounts payable | 77,858 |
| Increase (decrease) in compensated absences payable | (17,340) |
| Increase (decrease) in OPEB liabilities | 12,890 |
| Current Year Contribution to Pension | (40,215) |
| Net cash provided (used) by operating activities | <u>\$ 827,495</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, 2015

| | <u>Agency Funds</u> |
|--|---------------------------------|
| <u>Assets</u> | |
| Cash & Investments | \$ 50,293 |
| Fire Taxes Receivable | <u>219,448</u> |
| Total Assets | <u><u>\$ 269,741</u></u> |
| <u>Liabilities & Net Position</u> | |
| Liabilities | |
| Accounts Payable | \$ 13,897 |
| Due to Individuals | 36,396 |
| Reserve for Taxes Receivable | <u>219,448</u> |
| Total Liabilities & Net Position | <u><u>\$ 269,741</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, 2015

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

Discretely Presented Component Units

Ashe County Industrial Facility and Pollution Control Financing Authority

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

B. Basis of Presentation, Basis of Accounting

Basis of Presentation, Measurement Focus - Basis of Accounting

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

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

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

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

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

The County reports the following major governmental funds:

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

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

The County reports the following major enterprise fund:

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

The County reports the following fund types:

Agency Funds - Agency Funds are custodial in nature and do not involve the measurement of operating results. Agency Funds are used to account for assets the County holds on behalf of others. The County maintains two Agency Funds: the Social Services Fund, which accounts for moneys deposited with the Department of Social Services for the benefit of certain individuals, and the Fire Districts Fund, which the County is required to remit to the various fire departments.

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

Measurement Focus, Basis of Accounting

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

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

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

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

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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

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

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

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

C. Budgetary Data

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

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

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

1. Deposits and Investments

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

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

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

2. Cash and Cash Equivalents

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

3. Restricted Assets

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

Ashe County Restricted Cash

| | | |
|-------------------------------|-------------------|-------------------|
| Governmental Activities | | |
| General Fund | Tax Revaluation | \$ 102,560 |
| General Fund | Register of Deeds | 138,607 |
| Total Governmental Activities | | <u>\$ 241,167</u> |
| Business-Type Activities | | |
| None | | |
| Total Restricted Cash | | <u>\$ 241,167</u> |

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1; (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2014. 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.

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

5. Allowances for Doubtful Accounts

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

6. Inventories

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

7. Capital Assets

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

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

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

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

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

9. Long-term Obligations

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

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

10. Compensated Absences

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

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

11. Net Position / Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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.

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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

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

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

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

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

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

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

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

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

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

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

12. Defined Benefit Pension Plans

The County participates in two cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State; the Local Governmental Employees' Retirement System (LGERS) and the Register of Deeds' Supplemental Pension Fund (RODSPF) (collectively, the "state-administered defined benefit pension plans"). For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefits pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. Investments are reported at fair value.

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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 \$26,663,749 consists of the following:

| Description | Amount |
|--|--------------------------|
| Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column) | \$ 57,676,860 |
| Less accumulated depreciation | (18,399,254) |
| Net capital assets | \$ 39,277,606 |
| Net pension asset | 869,052 |
| Contribution to pension plan in the current fiscal year | 631,847 |
| Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are unavailable in the fund statements | 724,711 |
| Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide. (Taxes) | 2,548,863 |
| Pension related deferrals | (1,933,595) |
| 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 | (13,214,592) |
| Compensated absences | (670,951) |
| Accrued interest payable | (172,860) |
| Other postemployment benefits payable | (1,396,332) |
| Total adjustment | <u>\$ 26,663,749</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 \$2,871,386 is comprised of the following:

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| Description | Amount |
|--|--------------|
| Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities | \$ 1,263,962 |
| Cost of disposed capital assets not recorded in fund statements | (82,000) |
| 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. | (1,484,836) |
| 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. | 2,694,176 |
| Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities | 580,578 |
| Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements: | |
| Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual) | 21,840 |
| Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources. | 310,697 |
| Other postemployment benefits are accrued in the government-wide statements but not on the fund statements. | (230,001) |
| County's portion of collective pension expense | (60,287) |
| 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 | (127,757) |
| Increase in accrued interest receivable on taxes at year end | (14,986) |
| Total adjustment | \$ 2,871,386 |

II. Stewardship, Compliance, and Accountability

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

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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, 2015, the County's deposits had a carrying amount of \$5,059,701 and a bank balance of \$5,623,842. Of the bank balance, \$500,000 was covered by federal depository insurance, and \$5,123,842 in interest bearing deposits were covered by collateral held under the Pooling Method. At June 30, 2015, Ashe County had \$2,495 cash on hand.

2. Investments

At June 30, 2015 the County's investments consisted of \$11,399,733 in the North Carolina Capital Management Trust's Cash Portfolio, which carried a credit rating of AAA by Standard and Poor's. The County has no policy on credit risk.

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

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

| <u>Year Levied</u> | <u>Tax</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|---------------------|---------------------|---------------------|
| 2011-12 | \$ 1,788,690 | \$ 585,796 | \$ 2,374,486 |
| 2012-13 | 1,852,814 | 440,043 | 2,292,857 |
| 2013-14 | 1,884,913 | 278,025 | 2,162,938 |
| 2014-15 | 1,904,482 | 109,508 | 2,013,990 |
| Total | <u>\$ 7,430,899</u> | <u>\$ 1,413,372</u> | <u>\$ 8,844,271</u> |

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

4. Receivables

Receivables at the government-wide level at June 30, 2015, were as follows:

| | Accounts | Taxes and Related Accrued Interest | Due from Other Governments | Due from Other Funds | Total |
|--------------------------------------|----------------|---|----------------------------------|----------------------------|------------------|
| Governmental Activities: | | | | | |
| General | \$ 44,949 | \$ 4,115,574 | \$ 2,508,569 | \$ - | \$ 6,669,092 |
| Other Governmental | 43,388 | | | | 43,388 |
| Total receivables | 88,337 | 4,115,574 | 2,508,569 | | 6,712,480 |
| Allowance for doubtful accounts | | (842,000) | | | (842,000) |
| Total-governmental activities | \$ 88,337 | \$ 3,273,574 | \$ 2,508,569 | \$ - | \$ 5,870,480 |
| Business-type Activities | | | | | |
| Environmental Services | 771,602 | | 34,316 | | 805,918 |
| Total receivables | 771,602 | | 34,316 | | 805,918 |
| Allowance for doubtful accounts | | | | | |
| Total-business-type activities | \$ 771,602 | \$ - | \$ 34,316 | \$ - | \$ 805,918 |

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

| | |
|---|---------------------|
| Local option sales tax | \$ 953,977 |
| Sales tax and gas tax refund receivable | 125,744 |
| Scrap Tire and White Goods Disposal Tax | 13,733 |
| Restricted intergovernmental grants | 1,449,431 |
| Total | <u>\$ 2,542,885</u> |

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

5. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2015, was as follows:

| | Beginning Balances | Increases | Decreases | Ending Balances |
|--|-----------------------|------------------|----------------|--------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 4,588,872 | \$ - | \$ 82,000 | \$ 4,506,872 |
| Construction in Progress | 193,401 | | 193,401 | - |
| Total cap assets not being depreciated | <u>4,782,273</u> | <u>-</u> | <u>275,401</u> | <u>4,506,872</u> |
| Capital assets being depreciated: | | | | |
| Buildings | 33,842,952 | | | 33,842,952 |
| Other improvements | 6,479,252 | 21,757 | | 6,501,009 |
| Infrastructure | 5,970,304 | 1,055,606 | | 7,025,910 |
| Equipment | 3,272,685 | 227,147 | | 3,499,832 |
| Vehicles and motor equipment | 2,147,432 | 152,853 | | 2,300,285 |
| Total capital assets being depreciated | <u>51,712,625</u> | <u>1,457,363</u> | <u>-</u> | <u>53,169,988</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 7,934,045 | 638,270 | | 8,572,315 |
| Other improvements | 3,393,150 | 178,999 | | 3,572,149 |
| Infrastructure | 1,402,745 | 274,951 | | 1,677,696 |
| Equipment | 2,375,219 | 218,861 | | 2,594,080 |
| Vehicles and motor equipment | 1,809,259 | 173,755 | | 1,983,014 |
| Total accumulated depreciation | <u>16,914,418</u> | <u>1,484,836</u> | <u>-</u> | <u>18,399,254</u> |
| Total capital assets being depreciated, net | <u>34,798,207</u> | | | <u>34,770,734</u> |
| Governmental activity capital assets, net | <u>\$ 39,580,480</u> | | | <u>39,277,606</u> |

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

| | |
|-----------------------------------|---------------------|
| General government | \$ 348,335 |
| Public safety | 524,918 |
| Transportation | 283,159 |
| Economic and physical development | 25,743 |
| Human services | 61,938 |
| Cultural and recreational | 240,743 |
| Total depreciation expense | <u>\$ 1,484,836</u> |

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| | Beginning Balances | Increases | Decreases | Ending Balances |
|---|-----------------------|----------------|----------------|---------------------|
| Business-type activities: | | | | |
| Environmental Services | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 128,198 | \$ - | \$ - | \$ 128,198 |
| Construction in Progress | | | | |
| Total cap assets not being depreciated | <u>\$ 128,198</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 128,198</u> |
| Capital assets being depreciated: | | | | |
| Building | 207,958 | | | 207,958 |
| Plant and distribution systems | 4,239,593 | | | 4,239,593 |
| Equipment | 3,405,867 | 463,380 | 323,137 | 3,546,110 |
| Total capital assets being depreciated | <u>7,853,418</u> | <u>463,380</u> | <u>323,137</u> | <u>7,993,661</u> |
| Less accumulated depreciation for: | | | | |
| Building | 69,546 | 4,160 | | 73,706 |
| Plant and distribution systems | 912,749 | 85,385 | | 998,134 |
| Equipment | 1,695,101 | 175,867 | 267,174 | 1,603,794 |
| Total accumulated depreciation | <u>2,677,396</u> | <u>265,412</u> | <u>267,174</u> | <u>2,675,634</u> |
| Total cap assets being depreciated, net | <u>\$ 5,176,022</u> | | | <u>\$ 5,318,027</u> |
| Environmental services capital assets, net | <u>\$ 5,304,220</u> | | | <u>\$ 5,446,225</u> |

Construction commitments

Ashe County has active construction projects as of June 30, 2015, which includes the Airport Runway Extension Paving and Lighting. At year-end, the County's commitments with contractors are as follows:

| Project | Spent-to-date | Remaining Commitment |
|-------------------|-------------------|-------------------------|
| Airport Extension | \$ 948,129 | * \$ 85,878 |
| Total | <u>\$ 948,129</u> | <u>\$ 85,878</u> |

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2015, were as follows:

| | Vendors | Salaries and Benefits | Accrued Interest | Other | Total |
|----------------------------------|-------------------|--------------------------|---------------------|-------------|-------------------|
| Governmental Activities: | | | | | |
| General | \$ 437,450 | \$ - | \$ 172,860 | \$ - | \$ 610,310 |
| Other Governmental | 55 | | | | 55 |
| Total-governmental activities | <u>\$ 437,505</u> | <u>\$ -</u> | <u>\$ 172,860</u> | <u>\$ -</u> | <u>\$ 610,365</u> |
| Business-type Activities | | | | | |
| Environmental services | \$ 211,970 | \$ - | \$ 15,558 | \$ - | \$ 227,528 |
| Total - business-type activities | <u>\$ 211,970</u> | <u>\$ -</u> | <u>\$ 15,558</u> | <u>\$ -</u> | <u>\$ 227,528</u> |

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

2. Pension Plan and Other Postemployment Obligations

a. Local Government Employees' Retirement System

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

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County contractually required contribution rate for the year ended June 30, 2015, was 7.41% of compensation for law enforcement officers and 7.07% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year. Contributions to the pension plan from the County were \$617,984 for the year ended June 30, 2015.

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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

At June 30, 2015, the County reported an asset of \$848,232 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2014, the Town's proportion was 0.14383% which was an increase of 0.00283% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$66,741. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ - | \$ 92,684 |
| Net difference between projected and actual earnings on pension plan investments | | 1,974,665 |
| Changes in proportion and differences between County contributions and proportionate share of contributions | 54,109 | |
| County contributions subsequent to the measurement date | 617,984 | |
| Total | \$ 672,093 | \$ 2,067,349 |

The \$617,984 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| | |
|----------------------------|--------------|
| Year ended June 30: | |
| 2016 | \$ (31,865) |
| 2017 | (31,865) |
| 2018 | (31,865) |
| 2019 | (31,868) |
| 2020 | |
| Thereafter | |
| Total | \$ (127,463) |

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Actuarial Assumptions . The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

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

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------|--------------------------|---|
| Fixed Income | 36.0% | 2.5% |
| Global Equity | 40.5% | 6.1% |
| Real Estate | 8.0% | 5.7% |
| Alternatives | 6.5% | 10.5% |
| Credit | 4.5% | 6.8% |
| Inflation Protection | 4.5% | 3.7% |
| Total | <u>100%</u> | |

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

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

A new asset allocation policy was finalized during the fiscal year ended June 30, 2014 to be effective July 1, 2014. The new asset allocation policy utilizes different asset classes, changes in the structure of certain asset classes, and adopts new benchmarks. Using the asset class categories in the preceding table, the new long-term expected arithmetic real rates of return are: Fixed Income 2.2%, Global Equity 5.8%, Real Estate 5.2%, Alternatives 9.8%, Credit 6.8% and Inflation Protection 3.4%.

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

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

| | 1% Decrease (6.25%) | Discount Rate (7.25%) | 1% Increase (8.25%) |
|---|------------------------|--------------------------|------------------------|
| County's proportionate share of the net pension liability (asset) | \$ (2,879,266) | \$ (848,232) | \$ (3,986,665) |

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

b. Law Enforcement Officers Special Separation Allowance

1. Plan Description

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

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2014, the Separation Allowance's membership consisted of:

| | |
|--|----|
| Retirees receiving benefits | 1 |
| Terminated plan members entitled to but not yet receiving benefits | 0 |
| Active plan members | 30 |
| Total | 31 |

A separate report was not issued for the plan.

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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 \$7,045 of Law Enforcement Officers' Special Separation Allowance benefits for the year ended June 30, 2015.

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy . Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions by the County for the year ended June 30, 2015 were \$62,673 for law enforcement officers and \$148,213 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, 2015, the plan held assets of \$775,038 that were payable to the plan participants.

e. Registers of Deeds' Supplemental Pension Fund

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

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

State Treasurer and State Superintendent, who serve an ex-officio members. The Registers of Deed's Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Register of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 29699-1410, by calling (919)981-5454, or at www.osc.nc.gov.

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

Contributions . Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Register of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$2,809 for the year ended June 30, 2015.

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

At June 30, 2015, the County reported an asset of \$76,038 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2014, the County's proportion was 0.33547% which was an increase of 0.00286% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$(2,125). At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 698 | \$ - |
| Net difference between projected and actual earnings on pension plan investments | | 409 |
| Changes in proportion and difference between County contributions and proportionate share of contributions | | 420 |
| County contributions subsequent to the measurement date | 2,809 | |
| Total | <u>\$ 3,507</u> | <u>\$ 829</u> |

The \$2,809 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pension will be recognized in pension expenses as follows:

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Year ended June 30:

| | | |
|------------|----|--------------|
| 2016 | \$ | 24 |
| 2017 | | 24 |
| 2018 | | (77) |
| 2019 | | (102) |
| 2020 | | |
| Thereafter | | |
| Total | \$ | <u>(131)</u> |

Actuarial Assumptions. The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2009.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markers data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectation of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2014 is 2.5%.

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

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 5.75 percent, as well as what the County's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current rate:

| | 1% Decrease (4.75%) | Discount Rate (5.75%) | 1% Increase (6.75%) |
|--|------------------------|--------------------------|------------------------|
| County's proportionate share of the net pension liability (asset) | \$ (68,279) | \$ (76,038) | \$ (82,707) |

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

f. Other Post Employment Benefits

Healthcare Benefits

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

Membership of the HCB Plan consisted of the following at December 31, 2014, the date of the latest actuarial valuation:

| | General Employees: | Law Enforcement Officers: |
|--|-----------------------|---------------------------------|
| Retirees and dependents receiving benefits | 8 | |
| Terminated plan members entitled to but not yet receiving benefits | | |
| Active plan members | 178 | 31 |
| Total | 186 | 31 |

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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 3.56% of annual covered payroll. For the current year, the County contributed \$81,011 or 0.93% 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 | \$ 321,680 |
| Interest on net OPEB obligation | 49,744 |
| Adjustment to annual required contribution | <u>(47,521)</u> |
| Annual OPEB cost (expense) | 323,903 |
| Contributions made | <u>(81,011)</u> |
| Increase (decrease) in net OPEB obligation | 242,892 |
| Net OPEB obligation, beginning of year | <u>1,243,608</u> |
| Net OPEB obligation, end of year | <u><u>\$ 1,486,500</u></u> |

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 were as follows:

| For Year Ended June 30 | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|---------------------------|---------------------|--|------------------------|
| 2015 | \$ 323,903 | 25.0% | \$ 1,486,500 |
| 2014 | \$ 248,730 | 32.7% | \$ 1,243,607 |
| 2013 | \$ 248,413 | 28.8% | \$ 1,076,135 |

Funded Status and Funding Progress. As of December 31, 2014 the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial liability (UAAL) was \$3,283,972. The covered payroll (annual payroll of active employees covered by the plan) was \$8,510,779 and the ratio of the UAAL to the covered payroll was 38.6 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

In the December 31, 2014, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 7.50 to 5.00 percent annually. The investment rate included a 3.00 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2014, was 30 years.

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, 2015, the County made contributions to the State for death benefits of \$0. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented 0% and 0% of covered payroll, respectively. Due to a surplus in the death benefit, a decision was made by the State to temporarily stop employer contributions to the LGERS Death Benefit Plan beginning July 1, 2012. A temporary relief period based on the number of years the employer has contributed as of December 31, 2010 was established as follows:

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

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

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

State and federal laws and regulations require the County to place a final cover on its Ashe County Landfill Facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$2,413,294 reported as landfill closure and post closure care liability at June 30, 2015 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 \$2,566,183 (for a total of \$4,979,477), 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 2014. The County expects to close the Ashe County facility in the year 2039, until a new cell is completed. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

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

4. Deferred Outflows and Inflows of Resources

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Pensions - difference between expected and actual experience | \$ - | \$ - |
| LGERS | | 92,684 |
| Register of Deeds | 698 | |
| Pensions - difference between projected and actual investment earnings | | 1,975,022 |
| Pension - change in proportion and difference between employer contributions and proportionate share of contributions | | |
| LGERS | 54,092 | |
| Register of Deeds | | 420 |
| Contributions to pension plan in 2014-2015 fiscal year | | |
| LGERS | 617,984 | |
| Register of Deeds | 2,809 | |
| Prepaid taxes not yet earned | | 108,624 |
| Taxes receivable (net) (General Fund only) | | 2,548,863 |
| Total | \$ 675,583 | \$ 4,725,613 |

5. Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in one self-funded risk-financing pool administered by the North Carolina Association of County Commissioners for Workers' Compensation coverage up to the statutory limit of \$2,000,000. The pool is audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Through a private insurance provider Employers Mutual Casualty Company (EMC), the County obtains property coverage equal to

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

replacement cost values of owned property subject to a blanket limit of \$57 million, general, auto, professional, and employment practices liability coverage of \$2 million per occurrence, auto physical damage coverage for owned autos at actual cash value, crime coverage of \$250,000 per occurrence. The County provides employee health and dental benefits through an insurance plan provided by United Health Care. Claims are administered and paid directly from the plan by UHC. Specific stop-loss is set at \$100,000 per individual health insurance claim with an unlimited lifetime maximum. Aggregate stop-loss is set at the level of 125% with a minimum aggregate attachment point of \$2,047,951 and a contract period maximum of \$1,000,000.

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

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

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

6. Contingent Liabilities

At June 30, 2015, the County was defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position. See also Note VIII.

7. Long-Term Obligations

a. Installment Purchases

The County is obligated under the following installment purchase contracts:

Serviced by the General Fund:

- a. Ashe County entered into an installment financing contract for \$9,900,000 dated April 30, 1996 with Wells Fargo 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, 2015 was \$ 739,199

- 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, 2015 was 1,587,273

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| | | |
|--|--|---------------|
| c. Ashe County entered into an installment financing contract for \$9,900,000 dated December 18, 2007 with PNC Bank to enable the County to construct a jail and law enforcement center (collateral). The County shall repay this balance in 40 semiannual payments of \$247,500 plus interest at 4.03% beginning February 28, 2008. The balance at June 30, 2015 was | 6,187,500 | |
| d. Ashe County entered into an installment financing contract for \$3,600,000 dated January 30, 2008 with PNC Bank to enable the County to further construction on a law enforcement center (collateral). The County shall repay this balance in 40 semiannual payments of \$90,000 plus interest at 4.03% beginning February 28, 2008. The balance at June 30, 2015 was | 2,250,000 | |
| 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, 2015 was | 1,200,000 | |
| 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, 2015 was | 1,250,620 | |
| Total | <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border-top: 1px solid black; border-bottom: 3px double black;">\$ 13,214,592</td> </tr> </table> | \$ 13,214,592 |
| \$ 13,214,592 | | |

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, 2015 was | \$ 900,000 | |
| b. Ashe County entered into an installment financing contract for \$221,501 dated September 17, 2014 with Yadkin Bank in order to purchase a New Garbage Truck for Environmental Services. The County shall repay this balance in 6 semiannual payments of \$38,404, including interest at 2.25% beginning March 17, 2015. The balance at June 30, 2015 was | 185,588 | |
| Total | <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border-top: 1px solid black; border-bottom: 3px double black;">\$ 1,085,588</td> </tr> </table> | \$ 1,085,588 |
| \$ 1,085,588 | | |

The future minimum payments as of June 30, 2015 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> |
| 2016 | \$ 2,726,525 | \$ 509,044 | \$ 273,042 | \$ 36,271 |
| 2017 | 1,987,326 | 408,737 | 274,694 | 26,970 |
| 2018 | 1,458,235 | 334,746 | 237,852 | 17,634 |
| 2019 | 881,872 | 285,454 | 200,000 | 9,560 |
| 2020 | 881,872 | 247,143 | 100,000 | 1,912 |
| 2021-2025 | 3,591,262 | 726,183 | | |
| 2026-2030 | 1,687,500 | 102,009 | | |
| Total Principal Payments | \$ 13,214,592 | | \$ 1,085,588 | |
| Total Interest Payments | | \$ 2,613,316 | | \$ 92,347 |

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

b. Debt Related to Capital Activities

Of the total Governmental Activities debt listed, only \$9,637,500 relates to assets the County holds title. Unspent restricted cash related to this debt amounts to \$0.

c. Long-Term Obligation Activities

The following is a summary of changes in the County's long-term obligation for the fiscal year ended June 30, 2015:

| | Balance July 1, 2014 | Increases | Decreases | Balance June 30, 2015 | Current Portion of Balance |
|---|-------------------------|-------------------|---------------------|--------------------------|-------------------------------|
| Governmental activities: | | | | | |
| Installment purchases | \$ 15,908,768 | \$ - | \$ 2,694,176 | \$ 13,214,592 | \$ 2,726,525 |
| Compensated absences | 981,649 | | 310,697 | 670,952 | |
| Other postemployment benefits | 1,166,331 | 302,101 | 72,100 | 1,396,332 | |
| Total governm. activities | <u>\$ 18,056,748</u> | <u>\$ 302,101</u> | <u>\$ 3,076,973</u> | <u>\$ 15,281,876</u> | <u>\$ 2,726,525</u> |
| Business-type activities: | | | | | |
| Installment Purchases | \$ 1,100,000 | \$ 221,501 | \$ 235,913 | \$ 1,085,588 | \$ 273,042 |
| Accrued landfill closure and post closure care costs | 2,229,054 | 184,240 | | 2,413,294 | |
| Compensated absences | 69,384 | 13,568 | 30,908 | 52,044 | |
| Other postemployment benefits | 77,277 | 21,802 | 8,911 | 90,168 | |
| Total bus-type activities | <u>\$ 3,475,715</u> | <u>\$ 441,111</u> | <u>\$ 275,732</u> | <u>\$ 3,641,094</u> | <u>\$ 273,042</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, 2015, 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, 2015, consists of the following:

| | |
|---|-------------------|
| From the General Fund to the Govt Building Capital Project Fund | \$ 48,901 |
| To the General Fund from the Economic Development Capital Projects Fund for airport grant match | 65,000 |
| Total | <u>\$ 113,901</u> |
| Reimbursements From Emergency Telephone System Fund fund to General Fund for public safety exp. | <u>\$ 150,000</u> |

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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 | \$ 12,765,464 |
| Less: | |
| Stabilization by State Statute | 2,553,494 |
| Appropriated Fund Balance in 2016 budget | 3,251,463 |
| Register of Deeds | 138,607 |
| Tax Revaluation | 102,560 |
| Human Services | 33,175 |
| Public Safety | 118,534 |
| Remaining Fund Balance | \$ 6,567,631 |

IV. Volunteer Fire Departments

The County is not responsible for any debts of the volunteer fire departments, is not obligated to finance deficits and is not entitled to any surpluses of the departments. Fire district tax levies were made for twelve volunteer fire department in the County during the fiscal year ended June 30, 2015. These special fire district taxes were collected by the County and remitted to the twelve volunteer fire departments. These taxes are accounted for in a separate agency fund. The County Commissioners appoint Fire Protection District Commissions which report to the County regarding the expenditure of the tax monies.

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

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, 2015. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$412,480 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, 2015. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$431,243 to the Center's to supplement its activities. Complete financial statements for the Health Department can be obtained from the Department's offices at P.O. Box 309, Sparta, NC 28675.

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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, 2015. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$185,241 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 \$335,258 to the community college for operating purposes, and \$15,000 for Capital Outlay during the fiscal year ended June 30, 2015. 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, 2015. 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 \$13,647 to the Council during the year ended June 30, 2015.

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 | \$ 92,597 | \$ - |
| Medicaid | 26,846,568 | 14,914,210 |
| NC Health Choice | 627,932 | 199,287 |
| Food Stamp Program | 6,248,362 | |
| Title IV-E, Foster Care | 60,407 | 96,927 |
| Title IV-E, Adoption Assistance | 85,935 | 121,357 |
| Adult Assistance | | 301,600 |
| Women, Infants, and Children | 405,275 | |
| Total | <u>\$ 34,367,076</u> | <u>\$ 15,633,381</u> |

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

VIII. Summary Disclosure of Significant Commitments and Contingencies

Federal and State Assisted Programs

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

IX. Subsequent Events

Subsequent events have been evaluated through the date these financial statements were available to be issued, December 4, 2015.

X. Change in Accounting Principles/Restatement

The County implemented Governmental Accounting Standards Board (GASB) statement 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*, in the fiscal year ending June 30, 2015. The implementation of the statement required the County to record beginning net pension liability and the effects on net position of contributions made by the County during the measurement period (fiscal year ending June 30, 2014). As a result, net position for the governmental and business-type activities decreased by \$952,986 and \$71,468, respectively.

Required Supplemental Financial Data

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

ASHE COUNTY, NORTH CAROLINA
LAW ENFORCEMENT OFFICER'S SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
ANALYSIS OF FUNDING PROGRESS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

The County has not had an actuarial valuation performed for the LEO Special Separation Allowance because the liability is considered to be immaterial; therefore, the amount of unfunded benefits obligations is not available.

ASHE COUNTY, NORTH CAROLINA
OTHER POSTEMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
FOR THE FISCAL YEAR JUNE 30, 2015

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) - Projected Unit Credit (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a % of Covered Payroll ((b-a)/c) |
|--------------------------------|--|---|---------------------------------|--------------------------|-----------------------------|---|
| 12/31/2014 | \$ - | \$ 3,283,972 | \$ 3,283,972 | 0% | \$ 8,510,779 | 38.6% |
| 12/31/2011 | \$ - | \$ 2,510,165 | \$ 2,510,165 | 0% | \$ 7,898,624 | 31.8% |
| 12/31/2008 | \$ - | \$ 2,696,321 | \$ 2,696,321 | 0% | \$ 6,692,598 | 40.3% |

ASHE COUNTY, NORTH CAROLINA
OTHER POSTEMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE FISCAL YEAR JUNE 30, 2015

| <u>Year Ended</u> <u>June 30</u> | <u>Annual OPEB</u> <u>Cost (AOC)</u> | <u>Percentage</u> <u>Contributed</u> |
|-------------------------------------|---|---|
| 2015 | 323,903 | 21.0% |
| 2014 | 248,730 | 32.7% |
| 2013 | 248,413 | 28.8% |
| 2012 | 248,131 | 36.3% |

Notes to the Required Schedules:

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

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

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

LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

| | <u>2015</u> <u>(6/30/14)</u> | <u>2014</u> <u>(6/30/13)</u> |
|--|---------------------------------|---------------------------------|
| Ashe County's proportion of the net pension liability (asset) (%) | 0.14383% | 0.14100% |
| Ashe County's proportion of the net pension liability (asset) (\$) | \$ 1,699,591 | \$ (848,232) |
| Ashe County's covered-employee payroll | \$ 8,468,587 | \$ 8,145,582 |
| Ashe County's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll | 20.07% | (10.41%) |
| Plan fiduciary net position as a percentage of the total pension liability** | 102.64% | 94.35% |

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

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

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

LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

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

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

REGISTER OF DEEDS SUPPLEMENTAL PENSION FUND

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

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

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

REGISTER OF DEEDS' SUPPLEMENTAL PENSION FUND

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

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| | Budget | Actual | Variance Favorable (Unfavorable) |
|--|---------------|---------------|--|
| REVENUES | | | |
| Ad Valorem Taxes | | | |
| Current Year | \$ - | \$ 15,749,400 | \$ - |
| Prior Years | | 712,782 | |
| Penalties & Interest | | 315,000 | |
| Total | \$ 16,239,263 | \$ 16,777,182 | \$ 537,919 |
| Local Option Sales Taxes: | | | |
| Article 39 | \$ - | \$ 2,159,616 | \$ - |
| Article 44 | | 41 | |
| Article 40 One-Half of One Percent | | 1,547,826 | |
| Article 42 One-Half of One Percent | | 1,148,709 | |
| Article 46 One-Fourth of One Percent | | 91,078 | |
| Total | \$ 4,480,000 | \$ 4,947,270 | \$ 467,270 |
| Other Taxes | | | |
| Video Programming Distribution | \$ - | \$ 90,814 | \$ - |
| Gross Receipts Auto Tax | | 3,620 | |
| Occupancy Tax | | 211,319 | |
| Deed Stamp Excise Tax | | 121,122 | |
| Medicaid Hold Harmless | | 21,950 | |
| Total | \$ 382,500 | \$ 448,825 | \$ 66,325 |
| Unrestricted Intergovernmental Revenues | | | |
| Payments in Lieu of Taxes | \$ - | \$ 4,569 | \$ - |
| Total | \$ - | \$ 4,569 | \$ 4,569 |
| Restricted Intergovernmental Revenues | | | |
| State Grants | \$ - | \$ 1,841,705 | \$ - |
| Federal Grants | | 4,970,566 | |
| Controlled Substance Tax | | 3,706 | |
| Court Facility Fees | | 21,607 | |
| ABC Profits for Law Enforcement | | 4,325 | |
| Total | \$ 6,675,833 | \$ 6,841,909 | \$ 166,076 |
| Licenses & Permits | | | |
| Gun Permits | \$ - | \$ 18,355 | \$ - |
| Planning Department Fees | | 15,866 | |
| Sheriff Department Fees and Reimb | | 91,688 | |
| Building Permits/Inspection Fees | | 243,901 | |
| Privilege Licenses | | 1,325 | |
| Road Signs | | 842 | |
| Animal License & Adoption Fee | | 5,800 | |
| Register of Deeds | | 154,381 | |
| Total | \$ 387,900 | \$ 532,158 | \$ 144,258 |

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| | <u>Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|-----------------------------------|-----------------------------|-----------------------------|--|
| Sales & Services | | | |
| DSS Fees and Other Sales | \$ - | \$ 19,665 | \$ - |
| Sheriff Dept Sales & Services | | 39,424 | |
| Rents & Concessions | | 114,267 | |
| Court Costs | | 42,403 | |
| Jail Fees & Inmate Reimbursements | | 804,651 | |
| Drug Fines & Forfeitures | | 9,223 | |
| Recreational Department | | 67,682 | |
| Airport Revenues | | 113,669 | |
| DMV Fees | | 115,096 | |
| Tax Collection Fees | | 370 | |
| Copy Fees & Other Sales | | 21,983 | |
| E911 Special Revenue Reimb | | 150,000 | |
| Town Election Reimb | | - | |
| Total | <u>\$ 1,897,700</u> | <u>\$ 1,498,433</u> | <u>\$ (399,267)</u> |
| Investment Earnings | | | |
| Investment Earnings | \$ - | \$ 218 | \$ - |
| Total | <u>\$ 15,350</u> | <u>\$ 218</u> | <u>\$ (15,132)</u> |
| Miscellaneous | | | |
| Insurance Proceeds | \$ - | \$ - | \$ - |
| Reimbursement on 1904 Courthouse | | 6,000 | |
| Sale of Assets & Materials | | 3,669 | |
| Other Grants & Donations | | 602 | |
| Other | | | |
| Total | <u>\$ 20,000</u> | <u>\$ 10,271</u> | <u>\$ (9,729)</u> |
| TOTAL REVENUES | <u>\$ 30,098,546</u> | <u>\$ 31,060,835</u> | <u>\$ 962,289</u> |
| EXPENDITURES | | | |
| General Government | | | |
| Governing Body | | | |
| Salaries & Employee Benefits | \$ - | \$ 108,925 | \$ - |
| Operating Expenses | | 77,046 | |
| Capital Outlay | | | |
| Total | <u>\$ 190,621</u> | <u>\$ 185,971</u> | <u>\$ 4,650</u> |
| Administration | | | |
| Salaries & Employee Benefits | \$ - | \$ 199,938 | \$ - |
| Operating Expenses | | 26,128 | |
| Capital Outlay | | | |
| Total | <u>\$ 256,118</u> | <u>\$ 226,066</u> | <u>\$ 30,052</u> |
| Finance | | | |
| Salaries & Employee Benefits | \$ - | \$ 275,719 | \$ - |
| Operating Expenses | | 48,728 | |
| Capital Outlay | | | |
| Total | <u>\$ 358,259</u> | <u>\$ 324,447</u> | <u>\$ 33,812</u> |

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| | <u>Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|---------------------------------|---------------------|---------------------|--|
| Tax Administration | | | |
| Salaries & Employee Benefits | \$ - | \$ 831,878 | \$ - |
| Operating Expenses | | 147,884 | |
| Capital Outlay | | 23,934 | |
| Total | <u>\$ 1,025,462</u> | <u>\$ 1,003,696</u> | <u>\$ 21,766</u> |
| Elections | | | |
| Salaries & Employee Benefits | \$ - | \$ 111,818 | \$ - |
| Operating Expenses | | 83,014 | |
| Capital Outlay | | | |
| Total | <u>\$ 206,868</u> | <u>\$ 194,832</u> | <u>\$ 12,036</u> |
| Register of Deeds | | | |
| Salaries & Employee Benefits | \$ - | \$ 328,078 | \$ - |
| Operating Expenses | | 99,116 | |
| Capital Outlay | | | |
| Total | <u>\$ 459,944</u> | <u>\$ 427,194</u> | <u>\$ 32,750</u> |
| Legal | | | |
| Contracted Services | \$ - | \$ 46,807 | \$ - |
| Total | <u>\$ 67,850</u> | <u>\$ 46,807</u> | <u>\$ 21,043</u> |
| Data Processing (IT) | | | |
| Salaries & Employee Benefits | \$ - | \$ 230,731 | \$ - |
| Operating Expenses | | 134,647 | |
| Capital Outlay | | 30,281 | |
| Total | <u>\$ 452,223</u> | <u>\$ 395,659</u> | <u>\$ 56,564</u> |
| Courts | | | |
| Operating Expenses | \$ - | \$ 11,378 | \$ - |
| Capital Outlay | | | |
| Total | <u>\$ 62,650</u> | <u>\$ 11,378</u> | <u>\$ 51,272</u> |
| Public Buildings | | | |
| Salaries & Employee Benefits | \$ - | \$ 285,222 | \$ - |
| Operating Expenses | | 863,638 | |
| Capital Outlay | | | |
| Total | <u>\$ 1,264,362</u> | <u>\$ 1,148,860</u> | <u>\$ 115,502</u> |
| <i>Total General Government</i> | <u>\$ 4,344,357</u> | <u>\$ 3,964,910</u> | <u>\$ 379,447</u> |
| Public Safety | | | |
| Law Enforcement | | | |
| Salaries & Employees Benefits | \$ - | \$ 1,917,454 | \$ - |
| Operating Expenses | | 276,665 | |
| Capital Outlay | | 109,727 | |
| Total | <u>\$ 2,440,627</u> | <u>\$ 2,303,846</u> | <u>\$ 136,781</u> |

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| | <u>Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|--|---------------------|---------------------|--|
| Corrections | | | |
| Salaries & Employee Benefits | \$ - | \$ 1,124,359 | \$ - |
| Operating Expenses | | 663,140 | |
| Capital Outlay | | | |
| Total | <u>\$ 1,992,812</u> | <u>\$ 1,787,499</u> | <u>\$ 205,313</u> |
| Ambulance & Rescue | | | |
| Ambulance Service - Contracted | \$ - | \$ 950,827 | \$ - |
| Donation to Community Ambulance Services | | 13,200 | |
| Rescue Unit | | 44,000 | |
| Total | <u>\$ 1,008,027</u> | <u>\$ 1,008,027</u> | <u>\$ -</u> |
| Emergency Management | | | |
| Salaries & Employee Benefits | \$ - | \$ 109,505 | \$ - |
| Operating Expenses | | 9,860 | |
| Capital Outlay | | | |
| Total | <u>\$ 125,311</u> | <u>\$ 119,365</u> | <u>\$ 5,946</u> |
| Inspections | | | |
| Salaries & Employee Benefits | \$ - | \$ 252,620 | \$ - |
| Operating Expenses | | 30,712 | |
| Capital Outlay | | | |
| Total | <u>\$ 319,857</u> | <u>\$ 283,332</u> | <u>\$ 36,525</u> |
| Animal Control | | | |
| Salaries & Employee Benefits | \$ - | \$ 158,739 | \$ - |
| Operating Expenses | | 44,951 | |
| Capital Outlay | | | |
| Total | <u>\$ 239,538</u> | <u>\$ 203,690</u> | <u>\$ 35,848</u> |
| Fire | | | |
| Contribution to Cooperative Forestry Program | \$ - | \$ 53,686 | \$ - |
| Contributions to Volunteer Fire Department | | 69,396 | |
| Total | <u>\$ 136,256</u> | <u>\$ 123,082</u> | <u>\$ 13,174</u> |
| E911 Coordinator | | | |
| Salaries & Employee Benefits | \$ - | \$ 53,420 | \$ - |
| Operating Expenses | | 4,724 | |
| Capital Outlay | | | |
| Total | <u>\$ 63,544</u> | <u>\$ 58,144</u> | <u>\$ 5,400</u> |
| Medical Examiner | | | |
| Contracted Services | \$ - | \$ 16,700 | \$ - |
| Total | <u>\$ 18,000</u> | <u>\$ 16,700</u> | <u>\$ 1,300</u> |
| Communications | | | |
| Salaries & Employee Benefits | \$ - | \$ 390,235 | \$ - |
| Operating Expenses | | 33,410 | |
| Capital Outlay | | | |
| Total | <u>\$ 441,092</u> | <u>\$ 423,645</u> | <u>\$ 17,447</u> |

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| | Budget | Actual | Variance Favorable (Unfavorable) |
|--|---------------------|---------------------|--|
| E-911 Operations | | | |
| Operating Expenses | \$ - | \$ 37,858 | \$ - |
| Capital Outlay | | 14,366 | |
| Total | <u>\$ 178,140</u> | <u>\$ 52,224</u> | <u>\$ 125,916</u> |
| <i>Total Public Safety</i> | <u>\$ 6,963,204</u> | <u>\$ 6,379,554</u> | <u>\$ 583,650</u> |
| Transportation | | | |
| Airport | | | |
| Salaries & Employee Benefits | \$ - | \$ 66,611 | \$ - |
| Operating Expenses | | 136,416 | |
| Capital Outlay | | 862,205 | |
| <i>Total Transportation</i> | <u>\$ 1,853,083</u> | <u>\$ 1,065,232</u> | <u>\$ 787,851</u> |
| Economic & Physical Development | | | |
| Planning & Zoning | | | |
| Salaries & Employee Benefits | \$ - | \$ 113,065 | \$ - |
| Operating Expenses | | 11,940 | |
| Capital Outlay | | | |
| Total | <u>\$ 139,590</u> | <u>\$ 125,005</u> | <u>\$ 14,585</u> |
| Economic Development | | | |
| Salaries & Employee Benefits | \$ - | \$ 56,151 | \$ - |
| Operating Expenses | | 100,486 | |
| Capital Outlay | | | |
| Total | <u>\$ 302,318</u> | <u>\$ 156,637</u> | <u>\$ 145,681</u> |
| Cooperative Extension | | | |
| Salaries & Employee Benefits | \$ - | \$ 40,379 | \$ - |
| Contracts | | 208,438 | |
| Operating Expenses | | 64,226 | |
| Capital Outlay | | | |
| Total | <u>\$ 373,511</u> | <u>\$ 313,043</u> | <u>\$ 60,468</u> |
| Soil Conservation | | | |
| Salaries & Employee Benefits | \$ - | \$ 109,906 | \$ - |
| Operating Expenses | | | |
| Capital Outlay | | | |
| Total | <u>\$ 120,699</u> | <u>\$ 109,906</u> | <u>\$ 10,793</u> |
| Donations & Subsidies | | | |
| New River Soil & Water Cons. Distr. | \$ - | \$ 10,000 | \$ - |
| Industry Incentives | | 100,000 | |
| Ashe County Chamber of Commerce | | 73,164 | |
| Total | <u>\$ 63,500</u> | <u>\$ 183,164</u> | <u>\$ (119,664)</u> |
| <i>Total Economic & Physical Development</i> | <u>\$ 999,618</u> | <u>\$ 887,755</u> | <u>\$ 111,863</u> |

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| | <u>Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|--|---------------------|---------------------|--|
| Human Services | | | |
| Health | | | |
| Contribution to District Health Dept. | \$ 431,243 | \$ 431,243 | \$ - |
| Mental Health | | | |
| ABC Rehab Tax Distribution | \$ - | \$ 4,325 | \$ - |
| Professional Services | | 1,714 | |
| District Mental Health Dept. | | 185,241 | |
| Total | <u>\$ 194,566</u> | <u>\$ 191,280</u> | <u>\$ 3,286</u> |
| Social Services | | | |
| Administration | | | |
| Salaries & Employee Benefits | \$ - | \$ 4,499,484 | \$ - |
| Operating Expenses | | 614,726 | |
| Capital Outlay | | <u>38,742</u> | |
| | | 5,152,952 | |
| Aid to the Blind | | \$ 829 | |
| Food Stamp Issuance Cost | | 6,071 | |
| Special Assistance to Adults | | 301,600 | |
| Medicaid Transportation | | 841,079 | |
| Day Care Contracted Services | | 923,268 | |
| Foster Care & Boarding Home | | 278,681 | |
| Crisis Intervention Payments | | 101,596 | |
| Adult Day Care | | 37,648 | |
| Adoption Expenditures | | 38,968 | |
| Work First & TNF Expenditures | | 35,745 | |
| Low Income Energy Assistance Payments | | 157,700 | |
| Other 100% County SS Expense | | 81,501 | |
| CCR & R | | 6,462 | |
| Total Social Services | <u>\$ 8,522,201</u> | <u>\$ 7,964,100</u> | <u>\$ 558,101</u> |
| Veterans Service Officer | | | |
| Salaries & Employee Benefits | \$ - | \$ 60,495 | \$ - |
| Operating Expenses | | 2,748 | |
| Capital Outlay | | | |
| Total | <u>\$ 65,729</u> | <u>\$ 63,243</u> | <u>\$ 2,486</u> |
| Donations and Subsidies | | | |
| Ashe Youth Services | \$ - | \$ 19,986 | \$ - |
| Juvenile Medication Program | | 14,400 | |
| Project Challenge | | 36,625 | |
| JCPC Operational | | 5,640 | |
| CIS - Pairs | | 25,656 | |
| A Safe Home for Everyone | | 10,000 | |
| Ashe Co. Transportation Auth. | | 115,865 | |
| Adult Developmental Activities Program | | 74,153 | |
| Blue Ridge Opportunity Commission | | 3,700 | |
| Project Graduation | | 7,500 | |
| New River Senior Services | | 20,000 | |

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| | <u>Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|---|------------------------------|-----------------------------|--|
| Mountain Farm Life Museum | | 180 | |
| AMH/ Healthy Carolinas | | 500,000 | |
| Hospitality House | | 5,000 | |
| Wilkes Vocational Workshop | | 2,700 | |
| Ashe Services for Aging | | 405,000 | |
| National Guard Armory | | 743 | |
| VFW DAV of Ashe Co. Chapter | | 1,217 | |
| Hunger Coalition, Inc | | 4,000 | |
| Ashe Medication Asst. Program | | 12,000 | |
| Total | <u>\$ 1,312,099</u> | <u>\$ 1,264,365</u> | <u>\$ 47,734</u> |
| <i>Total Human Services</i> | <u>\$ 10,525,838</u> | <u>\$ 9,914,231</u> | <u>\$ 611,607</u> |
| Cultural and Recreational | | | |
| Parks & Recreation | | | |
| Salaries & Employee Benefits | \$ - | \$ 349,448 | \$ - |
| Operating Expenses | | 237,379 | |
| Capital Outlay | | 35,115 | |
| Total | <u>\$ 673,230</u> | <u>\$ 621,942</u> | <u>\$ 51,288</u> |
| Contributions | | | |
| Contributions to Regional Library | \$ 412,480 | \$ 412,480 | \$ - |
| Contribution to Ashe Civic Center | 58,500 | 68,164 | |
| Contribution to 1904 Courthouse | 58,500 | 68,164 | |
| Contributions to Ashe Co. Arts Council | 30,000 | 30,000 | |
| Total | <u>\$ 559,480</u> | <u>\$ 578,808</u> | <u>\$ (19,328)</u> |
| <i>Total Cultural and Recreational</i> | <u>\$ 1,232,710</u> | <u>\$ 1,200,750</u> | <u>\$ 31,960</u> |
| Education | | | |
| Public Schools - Current Expense | \$ - | \$ 4,541,475 | \$ - |
| Public Schools - Capital Outlay | | 100,000 | |
| Public School - Equipment/Technology | | 118,072 | |
| Public School - Contract/Mtn View Access Rd Project | | 5,550 | |
| Wilkes Comm. College - Current Expense | | 335,258 | |
| Wilkes Comm. College - Capital Outlay | | 15,000 | |
| <i>Total Education</i> | <u>\$ 5,120,355</u> | <u>\$ 5,115,355</u> | <u>\$ 5,000</u> |
| Debt Service | | | |
| Principal - Education | \$ - | \$ 1,412,305 | \$ - |
| Interest - Education | | 136,208 | |
| Principal - Public Buildings | | 1,075,000 | |
| Interest - Public Buildings | | 406,129 | |
| <i>Total Debt Service</i> | <u>\$ 3,029,831</u> | <u>\$ 3,029,642</u> | <u>\$ 189</u> |
| <i>Contingency</i> | <u>\$ 223,450</u> | <u>\$ -</u> | <u>\$ 223,450</u> |
| TOTAL EXPENDITURES | <u>\$ 34,292,446</u> | <u>\$ 31,557,429</u> | <u>\$ 2,735,017</u> |
| Revenues Over (Under) Expenditures | <u>\$ (4,193,900)</u> | <u>\$ (496,594)</u> | <u>\$ (3,697,306)</u> |

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| | <u>Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|--|---------------------|----------------------|--|
| Other Financing Sources (Uses) | | | |
| Operating Transfers - In (Out): | | | |
| From Revaluation Fund | 27,000 | \$ 25,000 | (2,000) |
| From Econ. Dev. Cap. Project Fund | 65,000 | 65,000 | |
| From Other Funds | 69,000 | | (69,000) |
| To Government Buildings Cap. Project Fund | (104,070) | (48,901) | (55,169) |
| Appropriated Fund Balance | 4,136,970 | | (4,136,970) |
| Total Other Financing Sources (Uses) | <u>\$ 4,193,900</u> | <u>\$ 41,099</u> | <u>\$ (4,152,801)</u> |
| Excess of Revenues & Other Sources Over (Under) Expenditures & Other (Uses) | <u>\$ -</u> | <u>\$ (455,495)</u> | <u>\$ 455,495</u> |
| Fund Balance | | | |
| Beginning of Year, July 1 | | <u>13,118,400</u> | |
| End of Year, June 30 | | <u>\$ 12,662,905</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, 2015

| | Budget | Actual | Variance Favorable (Unfavorable) |
|--------------------------------------|-------------|-------------|--|
| Revenues | | | |
| Investment Earnings | \$ - | \$ - | \$ - |
| Total Revenues | \$ - | \$ - | \$ - |
| Expenditures | | | |
| General Government | | | |
| Tax Administration | | | |
| Salaries & Employee Benefits | \$ - | \$ - | \$ - |
| Operating Expenses | | 20,793 | |
| Total Expenditures | \$ 25,000 | \$ 20,793 | \$ 4,207 |
| Revenues Over (Under) | | | |
| Expenditures | \$ (25,000) | \$ (20,793) | \$ 4,207 |
| Other Financing Sources(Uses) | | | |
| Transfer Out-General Fund | \$ (27,000) | \$ (25,000) | \$ 2,000 |
| Fund Balance Appropriated | 52,000 | | (52,000) |
| Total Other Financing Sources | \$ 25,000 | \$ (25,000) | \$ (50,000) |
| Excess of Revenues & Other | | | |
| Sources Over (Under) | | | |
| Expenditures | \$ - | \$ (45,793) | \$ (45,793) |
| Fund Balance, July 1 | | \$ 148,352 | |
| Fund Balance, June 30 | | \$ 102,559 | |

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, 2015

| | Budget | Actual | Variance Favorable (Unfavorable) |
|--|--------------|------------|--|
| Revenues: | | | |
| Restricted Intergovernmental Revenue | | | |
| Public School Building Capital Fund | | | |
| Lottery Funds | \$ 329,071 | \$ 271,877 | \$ (57,194) |
| IRS Reimbursement of QSCB Interest | 122,199 | 79,455 | (42,744) |
| Investment Earnings | | | |
| Total Revenues | \$ 451,270 | \$ 351,332 | \$ (99,938) |
| Expenditures: | | | |
| Capital Outlay: | | | |
| Construction Projects | \$ - | \$ - | \$ - |
| Total | \$ 673,450 | \$ - | \$ 673,450 |
| Debt Services: | | | |
| QSCB Principal | \$ - | \$ 206,872 | \$ - |
| QSCB Interest | | 65,005 | |
| Total | \$ 329,071 | \$ 271,877 | \$ 57,194 |
| Total Expenditures | \$ 1,002,521 | \$ 271,877 | \$ 730,644 |
| Revenues Over (Under) Expenditures | \$ (551,251) | \$ 79,455 | \$ 630,706 |
| Other Financing Sources & Uses | | | |
| Transfer to General Fund | \$ - | \$ - | \$ - |
| Fund Balance Appropriated | 551,251 | | (551,251) |
| Total Other Financing Sources & Uses | \$ 551,251 | \$ - | \$ (551,251) |
| Revenues and Other Sources Over (Under) Expenditures & Other Uses | \$ - | \$ 79,455 | \$ 79,455 |
| Fund Balance, July 1 | | \$ 610,072 | |
| Fund Balance, June 30 | | \$ 689,527 | |

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, 2015

| | 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 | | |
| <u>Assets</u> | | | | | | | | | |
| Cash & Cash Equivalents | \$ 518,244 | \$ 161,642 | \$ 24,472 | \$ 704,358 | \$ 5 | \$ 777,723 | \$ 986,271 | \$ 1,763,999 | \$ 2,468,357 |
| Accounts Receivable | 19,542 | 23,846 | | 43,388 | | | | | 43,388 |
| Due from Other Governments | | | | | | | | | |
| Total Assets | \$ 537,786 | \$ 185,488 | \$ 24,472 | \$ 747,746 | \$ 5 | \$ 777,723 | \$ 986,271 | \$ 1,763,999 | \$ 2,511,745 |
| <u>Liabilities & Fund Balance</u> | | | | | | | | | |
| Accounts Payable | \$ - | \$ 50 | \$ - | \$ 50 | \$ 5 | \$ - | \$ - | \$ 5 | \$ 55 |
| Due to Other Funds | | | | | | | | | |
| Total Liabilities | \$ - | \$ 50 | \$ - | \$ 50 | \$ 5 | \$ - | \$ - | \$ 5 | \$ 55 |
| Fund Balance | | | | | | | | | |
| Restricted | | | | | | | | | |
| Restricted by State Statute | \$ 19,542 | \$ 23,846 | \$ - | \$ 43,388 | \$ - | \$ - | \$ - | \$ - | \$ 43,388 |
| Restricted for E911 | 518,244 | | | 518,244 | | | | | 518,244 |
| Restricted for 4-H | | 161,592 | 24,472 | 186,064 | | | | | 186,064 |
| Committed: | | | | | | | | | |
| For Capital Projects | | | | | | 777,723 | 986,271 | 1,763,994 | 1,763,994 |
| Unassigned | | | | | | | | | |
| Total Fund Balance | \$ 537,786 | \$ 185,438 | \$ 24,472 | \$ 747,696 | \$ - | \$ 777,723 | \$ 986,271 | \$ 1,763,994 | \$ 2,511,690 |
| Total Liabilities & Fund Balance | \$ 537,786 | \$ 185,488 | \$ 24,472 | \$ 747,746 | \$ 5 | \$ 777,723 | \$ 986,271 | \$ 1,763,999 | \$ 2,511,745 |

ASHE COUNTY, NORTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| | Special Revenue Funds | | | Total Nonmajor Special Revenue Funds | Capital Projects Funds | | | Total Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|--|---------------------------------------|-----------------------------------|------------------------------------|--|------------------------|---------------------------------|---------------------------------|---|--|
| | Emergency Telephone System Fund | 4-H Program Activities Fund | 4-H Program Afterschool Fund | | CDBG Fund | Government Buildings Fund | Economic Development Fund | | |
| Revenues | | | | | | | | | |
| Investment Earnings | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted Intergovern- mental Revenues | 234,502 | 227,720 | 165 | 462,387 | 86,592 | | 86,592 | 548,979 | |
| Local Fund Raising & Other Revenues | | 54,876 | 11,000 | 65,876 | | | | 65,876 | |
| Sales & Service | | 28,446 | 460 | 28,906 | | | | 28,906 | |
| Other Taxes & Licenses | | | | | | | | | |
| Total Revenues | <u>\$ 234,502</u> | <u>\$ 311,042</u> | <u>\$ 11,625</u> | <u>\$ 557,169</u> | <u>\$ 86,592</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 86,592</u> | <u>\$ 643,761</u> |
| Expenditures | | | | | | | | | |
| General Government | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| Public Safety | 368,575 | | | 368,575 | | | | 368,575 | |
| Human Services | | 322,727 | 19,602 | 342,329 | | | | 342,329 | |
| Capital Outlay | | | | | | 22,733 | 22,733 | 22,733 | |
| Economic Development | | | | | 86,592 | | 86,592 | 86,592 | |
| Total Expenditures | <u>\$ 368,575</u> | <u>\$ 322,727</u> | <u>\$ 19,602</u> | <u>\$ 710,904</u> | <u>\$ 86,592</u> | <u>\$ 22,733</u> | <u>\$ -</u> | <u>\$ 109,325</u> | <u>\$ 820,229</u> |
| Revenues Over (Under) Expenditures | \$ (134,073) | \$ (11,685) | \$ (7,977) | \$ (153,735) | \$ - | \$ (22,733) | \$ - | \$ (22,733) | \$ (176,468) |
| Other Financing Sources | | | | | | | | | |
| Transfer-In | | | | | | 48,901 | | 48,901 | 48,901 |
| Transfer-Out | | | | | | | (65,000) | (65,000) | (65,000) |
| Loan Proceeds | | | | | | | | | |
| Revenues & Other Sources Over (Under) Expenditures | \$ (134,073) | \$ (11,685) | \$ (7,977) | \$ (153,735) | \$ - | \$ 26,168 | \$ (65,000) | \$ (38,832) | \$ (192,567) |
| Fund Balance, July 1 | \$ 671,859 | \$ 197,123 | \$ 32,449 | \$ 901,431 | \$ - | \$ 751,555 | \$ 1,051,271 | \$ 1,802,826 | \$ 2,704,257 |
| Fund Balance, June 30 | <u>\$ 537,786</u> | <u>\$ 185,438</u> | <u>\$ 24,472</u> | <u>\$ 747,696</u> | <u>\$ -</u> | <u>\$ 777,723</u> | <u>\$ 986,271</u> | <u>\$ 1,763,994</u> | <u>\$ 2,511,690</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, 2015

| | Budget | Actual | Variance Favorable (Unfavorable) |
|--|--------------|--------------|--|
| Revenues | | | |
| Restricted Intergovernmental: | | | |
| E911 Wireless Surcharge | \$ 234,502 | \$ 234,502 | \$ - |
| Total Revenues | \$ 234,502 | \$ 234,502 | \$ - |
| Expenditures | | | |
| <u>Public Safety :</u> | | | |
| Wireless E911 Communications: | | | |
| Operating Expenses | \$ - | \$ 240,740 | \$ - |
| Capital Outlay | | 127,835 | |
| Total Expenditures | \$ 525,000 | \$ 368,575 | \$ 156,425 |
| Excess of Revenues Over (Under) Expenditures | \$ (290,498) | \$ (134,073) | \$ 156,425 |
| Other Financing Sources (Uses) Appropriated Fund Balance | 290,498 | | (290,498) |
| Excess of Revenues & Other Sources Over (Under) Expenditures | \$ - | \$ (134,073) | \$ (134,073) |
| Fund Balance, July 1 | | 671,859 | |
| Fund Balance, June 30 | | 537,786 | |

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, 2015

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|---|-------------------|-------------------|---|
| <u>Restricted Intergovernmental Revenue:</u> | | | |
| State Grants | \$ - | \$ 3,570 | \$ - |
| Federal Grants | | 216,589 | |
| Title XX - Summer Parks | | 6,336 | |
| Title XX - TRAC | | 1,225 | |
| Total | <u>\$ 414,000</u> | <u>\$ 227,720</u> | <u>\$ (186,280)</u> |
| <u>Sales and Service:</u> | | | |
| Program Fees | \$ - | \$ 28,446 | \$ - |
| Total | <u>\$ 108,000</u> | <u>\$ 28,446</u> | <u>\$ (79,554)</u> |
| <u>Other Revenues:</u> | | | |
| Donations | \$ - | \$ 11,276 | \$ - |
| Summer Parks - Homeless | | 1,195 | |
| Total | <u>\$ 69,000</u> | <u>\$ 12,471</u> | <u>\$ (56,529)</u> |
| <u>Miscellaneous Revenues:</u> | | | |
| 4-H General | \$ - | \$ 19,719 | \$ - |
| Summer Parks | | 3,608 | |
| Children's Trust | | 9,845 | |
| 4-H LEADS | | 9,172 | |
| 4-H LINK | | 61 | |
| Total | <u>\$ 129,190</u> | <u>\$ 42,405</u> | <u>\$ (86,785)</u> |
| Total Revenues | <u>\$ 720,190</u> | <u>\$ 311,042</u> | <u>\$ (409,148)</u> |
| <u>Expenditures</u> | | | |
| General 4-H | | | |
| Salaries & Employee Benefits | \$ - | \$ - | \$ - |
| Operating Expenses | | 19,253 | |
| Capital Outlay | | | |
| Total | | <u>\$ 19,253</u> | |
| Summer Parks Program | | | |
| Salaries & Employee Benefits | | \$ 17,259 | |
| Operating Expenses | | 5,539 | |
| Capital Outlay | | | |
| Total | | <u>\$ 22,798</u> | |
| 4H S.O.S. General | | | |
| Salaries & Employee Benefits | | \$ - | |
| Operating Expenses | | 2,389 | |
| Capital Outlay | | | |
| Total | | <u>\$ 2,389</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, 2015

| | <u>Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|---|-------------------|--------------------|--|
| Children's Trust Program | | | |
| Salaries & Employee Benefits | | \$ - | |
| Operating Expenses | | 25,115 | |
| Capital Outlay | | | |
| Total | | <u>\$ 25,115</u> | |
| 4-H Link General | | | |
| Salaries & Employee Benefits | | \$ - | |
| Operating Expenses | | 7,862 | |
| Capital Outlay | | | |
| Total | | <u>\$ 7,862</u> | |
| Ashe S.O.S (Link) | | | |
| Salaries & Employee Benefits | | \$ 754 | |
| Operating Expenses | | 1,155 | |
| Capital Outlay | | | |
| Total | | <u>\$ 1,909</u> | |
| 4-H AYC | | | |
| Salaries & Employee Benefits | | \$ 17,955 | |
| Operating Expenses | | 8,857 | |
| Capital Outlay | | | |
| Total | | <u>\$ 26,812</u> | |
| 4-H SOS Alleghany | | | |
| Salaries & Employee Benefits | | \$ 149,316 | |
| Operating Expenses | | 67,273 | |
| Capital Outlay | | | |
| Total | | <u>\$ 216,589</u> | |
| Total Expenditures | <u>\$ 720,190</u> | <u>\$ 322,727</u> | <u>\$ 397,463</u> |
| Revenues Over (Under) Expenditures | \$ - | \$ (11,685) | \$ (11,685) |
| Other Financing Sources | | | |
| Fund Balance Appropriated | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Revenues & Other Sources Over (Under) Expenditures | <u>\$ -</u> | <u>\$ (11,685)</u> | <u>\$ (11,685)</u> |
| Fund Balance, July 1 | | <u>\$ 197,123</u> | |
| Fund Balance, June 30 | | <u>\$ 185,438</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, 2015

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|--|-------------------|------------------|---|
| <u>Restricted Intergovernmental Revenues:</u> | | | |
| Title XX | \$ - | \$ 165 | \$ - |
| Total | <u>\$ 25,000</u> | <u>\$ 165</u> | <u>\$ (24,835)</u> |
| <u>Sales and Service:</u> | | | |
| Parent Fees | \$ - | \$ 460 | \$ - |
| Total | <u>\$ 130,000</u> | <u>\$ 460</u> | <u>\$ (129,540)</u> |
| <u>Other Revenues</u> | | | |
| Miscellaneous | \$ - | \$ 11,000 | \$ - |
| Total | <u>\$ 17,074</u> | <u>\$ 11,000</u> | <u>\$ (6,074)</u> |
| Total Revenues | <u>\$ 172,074</u> | <u>\$ 11,625</u> | <u>\$ (160,449)</u> |
| <u>Expenditures:</u> | | | |
| Blue Ridge Elementary | | | |
| Salaries & Fringe Benefits | \$ - | \$ - | \$ - |
| Operating Expenses | | 1,254 | |
| Capital Outlay | | | |
| Total | | <u>\$ 1,254</u> | |
| Mountain View Elementary | | | |
| Salaries & Fringe Benefits | | \$ 78 | |
| Operating Expenses | | 2,983 | |
| Capital Outlay | | | |
| Total | | <u>\$ 3,061</u> | |
| Westwood Elementary | | | |
| Salaries & Fringe Benefits | | \$ - | |
| Operating Expenses | | 15,287 | |
| Capital Outlay | | | |
| Total | | <u>\$ 15,287</u> | |
| Total Expenditures | <u>\$ 172,074</u> | <u>\$ 19,602</u> | <u>\$ 152,472</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, 2015

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|------------------------------------|--------------------|-------------------------|---|
| Revenues Over (Under) Expenditures | \$ - | \$ (7,977) | \$ (7,977) |
| Other Financing Sources | | | |
| Fund Balance Appropriated | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Revenues and Other Sources | | | |
| Over (Under) Expenditures | <u><u>\$ -</u></u> | <u>\$ (7,977)</u> | <u><u>\$ (7,977)</u></u> |
| Fund Balance, July 1 | | <u>\$ 32,449</u> | |
| Fund Balance, June 30 | | <u><u>\$ 24,472</u></u> | |

ASHE COUNTY, NORTH CAROLINA
CDBG CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| | 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 | \$ 309,568 | \$ 86,592 | \$ 396,160 | \$ (3,840) |
| Total Revenues | <u>\$ 400,000</u> | <u>\$ 309,568</u> | <u>\$ 86,592</u> | <u>\$ 396,160</u> | <u>\$ (3,840)</u> |
| Expenditures | | | | | |
| Housing Rehabilitation: | | | | | |
| Scattered Site Housing & Emerg Repair | \$ 400,000 | \$ 309,568 | \$ 86,592 | \$ 396,160 | \$ 3,840 |
| Total Expenditures | <u>\$ 400,000</u> | <u>\$ 309,568</u> | <u>\$ 86,592</u> | <u>\$ 396,160</u> | <u>\$ 3,840</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>\$ -</u> | | |
| Fund Balance, June 30 | | | <u>\$ -</u> | | |

ASHE COUNTY, NORTH CAROLINA
GOVERNMENT BUILDINGS CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| | <u>Budget</u> | <u>Actual Current Year</u> | <u>Variance Favorable (Unfavorable)</u> |
|--|---------------------|------------------------------------|---|
| Revenues | | | |
| Investment Earnings | \$ - | \$ - | \$ - |
| Miscellaneous | | | |
| Total Revenues | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Expenditures | | | |
| Public Buildings | | | |
| Capital Outlay Related Exp. | \$ - | \$ 976 | \$ - |
| Capital Outlay | | 21,757 | |
| Total Expenditures | <u>\$ 394,856</u> | <u>\$ 22,733</u> | <u>372,123</u> |
| Revenues Over (Under) Expenditures | <u>\$ (394,856)</u> | <u>\$ (22,733)</u> | <u>\$ 372,123</u> |
| Other Financing Sources | | | |
| Transfers In | \$ 104,070 | \$ 48,901 | \$ (152,971) |
| Fund Balance Appropriated | 290,786 | | (290,786) |
| Total Other Financing Sources | <u>\$ 394,856</u> | <u>\$ 48,901</u> | <u>\$ (345,955)</u> |
| Revenue and Other Sources Over (Under) Expenditures | <u>\$ -</u> | \$ 26,168 | <u>\$ 26,168</u> |
| Fund Balance, July 1 | | <u>\$ 751,555</u> | |
| Fund Balance, June 30 | | <u>\$ 777,723</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, 2015

| | <u>Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|--|-------------------|---------------------|---|
| Revenues | | | |
| Investment Earnings | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Expenditures | | | |
| Economic Development: | | | |
| Capital Outlay | <u>\$ 500,000</u> | <u>\$ -</u> | <u>\$ 500,000</u> |
| Revenues Over (Under) | | | |
| Expenditures | \$ (500,000) | \$ - | \$ 500,000 |
| Other Financing Sources & Uses | | | |
| Operating Transfers - In (From General Fund) | \$ - | \$ - | \$ - |
| Operating Transfers - Out (To General Fund) | (65,000) | (65,000) | |
| Fund Balance Appropriated | <u>565,000</u> | | <u>(565,000)</u> |
| Total Other Fin. Sources & Uses | <u>\$ 500,000</u> | <u>\$ (65,000)</u> | <u>\$ (565,000)</u> |
| Excess of Revenues & Other | | | |
| Sources Over (Under) | | | |
| Expenditures & Other Uses | <u>\$ -</u> | \$ (65,000) | <u>\$ (65,000)</u> |
| Fund Balance, July 1 | | <u>\$ 1,051,271</u> | |
| Fund Balance, June 30 | | <u>\$ 986,271</u> | |

STATEMENTS FOR ENTERPRISE FUNDS

Enterprise Funds

- * Environmental Services Fund - accounts for the County's solid waste activities, including the Landfill Closure and Postclosure Fund to account for funds needed at such time the Landfill operation is closed and the subsequent monitoring that will be needed.

ASHE COUNTY, NORTH CAROLINA
ENVIRONMENTAL SERVICES FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON - GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| | <u>Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|---|---------------------|---------------------|--|
| Revenues: | | | |
| Operating Revenues: | | | |
| Charges for Services: | | | |
| SWDF - Household Fees | \$ - | \$ 2,021,156 | \$ - |
| SWDF - Commercial Fees | | 391,381 | |
| Recycling Revenues | | 119,762 | |
| Miscellaneous Revenue | | 8,410 | |
| Total Operating Revenues | <u>\$ 2,502,700</u> | <u>\$ 2,540,709</u> | <u>\$ 38,009</u> |
| Non-Operating Revenue: | | | |
| Investment Earnings | \$ 500 | \$ 425 | \$ (75) |
| Total Revenues | <u>\$ 2,503,200</u> | <u>\$ 2,541,134</u> | <u>\$ 37,934</u> |
| Expenditures: | | | |
| Environmental Services-Collections | | | |
| Salaries & Employee Benefits | \$ - | \$ 684,763 | \$ - |
| Operating Expenses | | 330,646 | |
| Capital Outlay | | 397,106 | |
| Total Environmental Services-Collections | <u>\$ 1,469,525</u> | <u>\$ 1,412,515</u> | <u>\$ 57,010</u> |
| Environmental Services-Disposal | | | |
| Salaries & Employee Benefits | \$ - | \$ 295,843 | \$ - |
| Operating Expenses | | 424,828 | |
| Capital Outlay | | 66,274 | |
| Total Environmental Services-Disposal | <u>\$ 981,782</u> | <u>\$ 786,945</u> | <u>\$ 194,837</u> |
| Debt Service | | | |
| Principal | | \$ 235,913 | \$ - |
| Interest | | 42,644 | |
| Total Debt Service | <u>\$ 278,557</u> | <u>\$ 278,557</u> | <u>\$ -</u> |
| Total Expenditures | <u>\$ 2,729,864</u> | <u>\$ 2,478,017</u> | <u>\$ 251,847</u> |
| Revenues Over (Under) Expenditures | <u>\$ (226,664)</u> | <u>\$ 63,117</u> | <u>\$ 289,781</u> |
| Other Financing Sources (Uses) | | | |
| Contribution From Other Governments | \$ 6,000 | \$ 6,000 | \$ - |
| Solid Waste Disposal Tax | 19,000 | 19,296 | 296 |
| Scrap Tire Disposal Tax and Grant | 66,100 | 77,549 | 11,449 |
| White Goods Disposal Tax and Grant | 8,500 | 4,677 | (3,823) |
| Proceeds from Loan | 221,501 | 221,501 | |
| Proceeds from Sale of Fixed Assets | | 43,707 | 43,707 |
| Transfer Out - Landfill Capital Reserve | (94,437) | (94,437) | |
| Transfer In-Landfill Capital Reserve | | | |
| Fund Balance Appropriated | | | |
| Total | <u>\$ 226,664</u> | <u>\$ 278,293</u> | <u>\$ (51,629)</u> |
| Excess of Revenues and Other Sources Over (Under) Expenditures | <u>\$ -</u> | <u>\$ 341,410</u> | <u>\$ 341,410</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, 2015

| | |
|--|-------------------|
| <u>Reconciliation to Accrual Basis</u> | |
| Excess of Revenues and Other Expenditures | |
| Over (Under) Expenditures | \$ 341,410 |
| Proceeds from Loan | (221,501) |
| Debt Principal | 235,912 |
| Decrease (Increase) in Interest Payable | 1,969 |
| Capital Outlay | 463,380 |
| Depreciation | (265,412) |
| Landfill Closure and Postclosure Care Costs | (184,241) |
| Basis in Assets Sold | (55,963) |
| Transfers In - Landfill Capital Reserve | 94,437 |
| Decrease (Increase) in Accrued Vacation Pay | 17,340 |
| Decrease (Increase) in OPEB Liability | (12,890) |
| Deferred Outflows of Resources for Contributions made to | |
| Pension Plan in current fiscal year | 40,215 |
| Pension Expense | (4,343) |
| Change in Net Position | <u>\$ 450,313</u> |

LANDFILL CLOSURE & POST CLOSURE - RESERVE FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON - GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| | <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>\$ 94,437</u> | <u>\$ -</u> | <u>\$ 94,437</u> |
| Revenues Over (Under) Expenditures | <u>\$ (94,437)</u> | <u>\$ -</u> | <u>\$ 94,437</u> |
| Other Financing Sources (Uses): | | | |
| Transfers In - Environmental Services | \$ 94,437 | \$ 94,437 | \$ - |
| Transfers Out- Environmental Services | | | |
| Fund Balance Appropriated | | | - |
| Total | <u>94,437</u> | <u>94,437</u> | <u>-</u> |
| Revenues and Other Financing Sources Over (Under) Expenditures | <u>\$ -</u> | <u>\$ 94,437</u> | <u>\$ 94,437</u> |

ASHE COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF FIDUCIARY ASSETS AND
LIABILITIES - AGENCY FUNDS
JUNE 30, 2015

| | Balance 7/01/2014 | Additions | Deductions | Balance 6/30/2015 |
|---------------------------------------|----------------------|---------------------|---------------------|----------------------|
| <u>Social Services</u> | | | | |
| Assets: | | | | |
| Cash & Investments | \$ 35,536 | \$ 328,318 | \$ 319,918 | \$ 43,936 |
| Liabilities: | | | | |
| Accounts Payable | \$ 6,932 | \$ 5,540 | \$ 4,932 | \$ 7,540 |
| Due to Individuals | 28,604 | 322,778 | 314,986 | 36,396 |
| Total Liabilities | <u>\$ 35,536</u> | <u>\$ 328,318</u> | <u>\$ 319,918</u> | <u>\$ 43,936</u> |
| <u>Fire Districts</u> | | | | |
| Assets: | | | | |
| Cash & Investments | \$ 6,038 | \$ 1,354,080 | \$ 1,353,761 | \$ 6,357 |
| Taxes Receivable | 214,872 | 1,306,507 | 1,301,931 | 219,448 |
| Total Assets | <u>\$ 220,910</u> | <u>\$ 2,660,587</u> | <u>\$ 2,655,692</u> | <u>\$ 225,805</u> |
| Liabilities & Reserves: | | | | |
| Accounts Payable | \$ 6,038 | \$ 1,354,080 | \$ 1,353,761 | \$ 6,357 |
| Reserve for Taxes Rec. | 214,872 | 1,306,507 | 1,301,931 | 219,448 |
| Total Liabilities | <u>\$ 220,910</u> | <u>\$ 2,660,587</u> | <u>\$ 2,655,692</u> | <u>\$ 225,805</u> |
| <u>Totals-All Agency Funds</u> | | | | |
| Assets: | | | | |
| Cash & Investments | \$ 41,574 | \$ 1,682,398 | \$ 1,673,679 | \$ 50,293 |
| Taxes Receivable | 214,872 | 1,306,507 | 1,301,931 | 219,448 |
| Total Assets | <u>\$ 256,446</u> | <u>\$ 2,988,905</u> | <u>\$ 2,975,610</u> | <u>\$ 269,741</u> |
| Liabilities & Reserves: | | | | |
| Accounts Payable | \$ 12,970 | \$ 1,359,620 | \$ 1,358,693 | \$ 13,897 |
| Due to Individuals | 28,604 | 322,778 | 314,986 | 36,396 |
| Reserve for Taxes Rec. | 214,872 | 1,306,507 | 1,301,931 | 219,448 |
| Total Liabilities & Reserves | <u>\$ 256,446</u> | <u>\$ 2,988,905</u> | <u>\$ 2,975,610</u> | <u>\$ 269,741</u> |

ASHE COUNTY, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| | County - wide | | | Total Levy | |
|---------------------------------------|-------------------------|------|----------------------|----------------------|-------------------|
| | Property | Rate | Amount | Property | Registered |
| | Valuation | | of Levy | excluding | Motor |
| | | | | Registered | Motor |
| | | | | Vehicles | Vehicles |
| Original Levy: | | | | | |
| Property Taxed at Current Year's Rate | \$ 4,134,630,306 | .400 | \$ 16,537,230 | \$ 15,850,201 | \$ 687,029 |
| Property Taxed at Prior Year's Rate | 62,325,452 | .400 | 249,391 | 249,391 | 249,391 |
| Total | <u>\$ 4,196,955,758</u> | | <u>\$ 16,786,621</u> | <u>\$ 15,850,201</u> | <u>\$ 936,420</u> |
| Discoveries | | | | | |
| Current year taxes | \$ 14,492,596 | .400 | \$ 57,954 | \$ 57,954 | \$ - |
| Total | <u>\$ 4,211,448,354</u> | | <u>\$ 16,844,575</u> | <u>\$ 15,908,155</u> | <u>\$ 936,420</u> |
| Abatements | \$ (38,758,490) | .400 | \$ (155,034) | \$ (155,034) | \$ - |
| Total property valuation | <u>\$ 4,172,689,864</u> | | | | |
| Net levy | | | \$ 16,689,541 | \$ 15,753,121 | \$ 936,420 |
| Uncollected taxes at June 30, 2015 | | | (799,085) | (799,085) | - |
| Current year's taxes collected | | | <u>\$ 15,890,456</u> | <u>\$ 14,954,036</u> | <u>\$ 936,420</u> |
| Current levy collection percentage | | | 95.21% | 94.92% | 100.00% |

ASHE COUNTY, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2015

| <u>Fiscal Year</u> | <u>Uncollected Balance July 1, 2014</u> | <u>Additions</u> | <u>Collections and Credits</u> | <u>Uncollected Balance June 30, 2015</u> |
|---|---|----------------------|--|--|
| 2014-15 | \$ - | \$ 16,689,541 | \$ 15,890,456 | \$ 799,085 |
| 2013-14 | 866,277 | | 341,777 | 524,500 |
| 2012-13 | 551,082 | | 116,385 | 434,697 |
| 2011-12 | 444,053 | | 77,599 | 366,454 |
| 2010-11 | 356,880 | | 54,162 | 302,718 |
| 2009-10 | 293,792 | | 37,614 | 256,178 |
| 2008-09 | 240,238 | | 28,913 | 211,325 |
| 2007-08 | 185,036 | | 17,780 | 167,256 |
| 2006-07 | 180,409 | | 11,703 | 168,706 |
| 2005-06 | 171,784 | | 11,840 | 159,944 |
| 2004-05 | 142,069 | | 142,069 | - |
| | <u>\$ 3,431,620</u> | <u>\$ 16,689,541</u> | <u>\$ 16,730,298</u> | <u>\$ 3,390,863</u> |
| Less Allowance for Uncollectible Ad Valorem Taxes Receivable | | | | <u>\$ 842,000</u> |
| Ad Valorem Taxes Receivable (Net) | | | | <u>\$ 2,548,863</u> |
| Reconciliation with Revenues | | | | |
| Taxes - Ad Valorem - General Fund | | | \$ 16,777,182 | |
| Discount Allowed | | | 130,448 | |
| Amounts Written Off Per Statute of Limitations | | | 123,913 | |
| Adjustments | | | 13,755 | |
| Interest Collected | | | <u>(315,000)</u> | |
| Total Collections & Credits | | | <u>\$ 16,730,298</u> | |

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

Independent Auditor's Report

To the Board of County Commissioners
Ashe County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the [accompanying] financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ashe County, North Carolina, as of and for the year ended June 30, 2015, and the notes to the financial statements, which collectively comprises Ashe County's basic financial statements, and have issued our report thereon dated December 4, 2015.

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

December 4, 2015

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

Independent Auditor's Report

To the Board of County Commissioners
Ashe County, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Ashe County, North Carolina, compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Ashe County's major federal programs for the year ended June 30, 2015. 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, 2015.

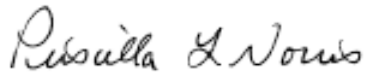
Report on Internal Control Over Compliance

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.



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Jefferson, NC
December 4, 2015

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

Independent Auditor's Report

To the Board of County Commissioners
Ashe County, North Carolina

Report on Compliance for Each Major State Program

We have audited Ashe County, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Ashe County's major state programs for the year ended June 30, 2015. 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, 2015.

Report on Internal Control Over Compliance

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

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

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

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



Priscilla L. Norris, CPA

Jefferson, NC

December 4, 2015

ASHE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

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> |
|--------------|----------------------|
| 93.778 | Title XIX - Medicaid |

Dollar threshold used to distinguish between Type A and Type B Programs \$ 981,374

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

State Awards

Internal control over major State programs:

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

ASHE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

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

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

_____ yes X no

Identification of major State programs:

Program Name
Title XIX Medicaid
State Aid to Airports

II. Financial Statement Findings

None Reported.

III. Federal Award Findings and Questioned Costs

None Reported.

IV. State Awards Findings and Questioned Cost

None Reported.

V. Corrective Action Plan for the Following Sections:

Section II - Financial Statement Findings

None Reported.

Section III - Federal Award Findings and Questioned Costs

None Reported.

Section IV - State Award Findings and Questioned Costs

None Reported.

VI. Summary of Prior Audit Findings

None Reported

ASHE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

| <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 | 315,510 | | |
| Child Care and Development Fund--Mandatory | 93.596 | 101,426 | | |
| Child Care and Development Fund--Match | 93.596 | 165,204 | 68,103 | |
| Total Child Care Development Fund Cluster | | 662,140 | 68,103 | |
| Temporary Assistance for Needy Families | 93.558 | 78,796 | | |
| Foster Care Title IV-E | 93.658 | 6,321 | 3,274 | |
| State Appropriations | | | 92,697 | |
| TANF-MOE | | | 88,447 | |
| Total Subsidized Child Care Cluster | | 747,257 | 252,521 | - |
| Division of Social Services: | | | | |
| <u>Foster Care and Adoption Cluster (Note 2):</u> | | | | |
| Title IV-E Foster Care | 93.658 | 124,567 | 22,516 | 94,627 |
| Foster Care - Direct Benefit Payments | 93.658 | 60,407 | 96,927 | 97,162 |
| Title IV - E - Adoption | 93.659 | 168 | | 168 |
| Adoption Assistance - Direct Benefit Payments | 93.659 | 85,935 | 121,357 | 35,188 |
| Total Foster Care and Adoption Cluster | | 271,077 | 240,800 | 227,145 |
| <u>Temporary Assistance for Needy Families Cluster</u> | | | | |
| TANF/Work First | 93.558 | 257,716 | 54 | 530,608 |
| Temporary Assistance for Needy Families-Direct Benefit Payments | 93.558 | 92,597 | | |
| Total TANF Cluster | | 350,313 | 54 | 530,608 |
| Child Support Enforcement | 93.563 | 443,669 | | 228,557 |
| Low Income Home Energy Assistance Block Grant: | | | | |
| Administration | 93.568 | 280,104 | | |
| Child Welfare Services | 93.645 | 7,108 | | 2,369 |
| Promoting Safe and Stable Families | 93.556 | 11,734 | | |
| Social Services Block Grant - Adult Services | 93.667 | 219,152 | 24,245 | 44,689 |
| Independent Living Grant - Admin. | 93.674 | 4,248 | 1,062 | |
| <i>Total Administration for Children and Families</i> | | \$ 2,334,662 | \$ 518,682 | \$ 1,033,368 |

ASHE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

| <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 | \$ 26,846,568 | \$ 14,914,210 | \$ 187,719 |
| NC Health Choice | 93.767 | 627,932 | 199,287 | |
| Division of Social Services: | | | | |
| Administration: | | | | |
| Medical Assistance Program | 93.778 | 1,549,254 | 13,961 | 667,468 |
| NC Health Choice | 93.767 | 35,187 | 1,388 | 9,659 |
| <i>Total Healthcare Financing Administration</i> | | <u>\$ 29,058,941</u> | <u>\$ 15,128,846</u> | <u>\$ 864,846</u> |
| Total U.S. Department of Health and Human Services | | <u>\$ 31,393,603</u> | <u>\$ 15,647,528</u> | <u>\$ 1,898,214</u> |
| <u>U.S. Department of Education:</u> | | | | |
| Passed-through N.C. Dept. of Public Instruction: | | | | |
| 21st Century Community Learning Center | 84.287 | \$ 216,589 | \$ - | \$ - |
| Total U.S. Department of Education | | <u>\$ 216,589</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 | \$ 416,222 | \$ - | \$ 416,222 |
| Passed through the N.C. Dept. of Health and Human Services | | | | |
| Division of Public Health: | | | | |
| Woman, Infants, and Children - Direct Benefit Payments | 10.557 | 405,275 | | |
| Passed-through N.C. Dept. of Agriculture: | | | | |
| Total U.S. Dept. of Agriculture | | <u>\$ 821,497</u> | <u>\$ -</u> | <u>\$ 416,222</u> |
| <u>U.S. Department of Justice</u> | | | | |
| Law Enforcement Grant | 16.unknown | \$ 6,435 | \$ - | \$ - |
| Passed-Through N.C. Dept. of Public Safety: | | | | |
| Byrne Justice Assistance Grant (Gun Lockers) | 16.738 | 3,768 | | |
| Total U.S. Department of Justice | | <u>\$ 10,203</u> | <u>\$ -</u> | <u>\$ -</u> |

ASHE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

| <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. Housing and Urban Development</u> | | | | |
| Passed-through NC Dept. of Commerce Community Development Block Grant | 14.228 | \$ 86,592 | \$ - | \$ - |
| Total U.S. Housing and Urban Development | | \$ 86,592 | \$ - | \$ - |
| <u>U.S. Dept. of Transportation</u> | | | | |
| Passed - through NC Dept. of Transportation: Airport Improvements Program (36237.21.10.1) | 20.106 | \$ 140,299 | \$ - | \$ 15,589 |
| Total U.S. Dept. of Transportation | | \$ 140,299 | \$ - | \$ 15,589 |
| <u>U.S. Dept. of Homeland Security</u> | | | | |
| Passed - through NC Dept. of Public Safety: Emergency Management | 97.042 | \$ 38,220 | \$ - | \$ - |
| Homeland Security Grant | 97.067 | 5,466 | | |
| Total U.S. Dept. of Homeland Security | | \$ 43,686 | - | \$ - |
| Total Federal Awards (and state and local match) | | \$ 32,712,469 | \$ 15,647,528 | \$ 2,330,025 |
| STATE AWARDS: | | | | |
| <u>N.C. Dept. of Health and Human Services</u> | | | | |
| Division of Social Services: | | | | |
| State/County Special Assistance for Adults - Direct Benefit Payments | | \$ - | \$ 301,600 | \$ 301,600 |
| State/County Special Assistance for Adults-Administration | | | 1,440 | |
| State Child Welfare/CPS/CS LD | | | 24,323 | |
| <u>N.C. Dept. of Transportation</u> | | | | |
| Rural Operating Assistance Program (EDTAP) | | | 51,339 | |
| Rural Operating Assistance Program (Employment) | | | 8,068 | |
| Rural Operating Assistance Program (RGP) | | | 50,562 | |
| State Aid to Airports (36244.29.6.1) | | | 635,146 | 70,572 |
| <u>N.C. Dept. of Environment & Natural Resources</u> | | | | |
| Scrap Tire Grant | | | 42,881 | |
| <u>Administrative Office of the Courts</u> | | | | |
| Safe Roads Act Funds | | | 1,120 | |
| <u>N. C. Dept. of Corrections</u> | | | | |
| State Reimbursements for Prisoners | | | 204,080 | |

ASHE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

| <u>Grantor/Pass-through</u> <u>Grantor/Program Title</u> | <u>Federal</u> <u>CFDA</u> <u>Number</u> | <u>Federal</u> <u>(Direct &</u> <u>Pass-through)</u> <u>Expenditures</u> | <u>State</u> <u>Expenditures</u> | <u>Local</u> <u>Expenditures</u> |
|---|--|---|-------------------------------------|-------------------------------------|
| <u>N.C. Dept. of Commerce</u> | | | | |
| CDBG Scattered Site Housing Grant (#11 - C - 2303) | | | 86,592 | |
| <u>Office of Juvenile Justice</u> | | | | |
| Juvenile Crime Prevention | | | 85,516 | |
| <u>N.C. Community Foundation, Inc.</u> | | | | |
| 4-H Children's Trust Fund | | | 3,570 | |
| <u>N.C. Dept. of Public Instruction</u> | | | | |
| Public School Building Capital Fund - Lottery Proceeds | | | 271,877 | |
| Total State Awards and local match | | <u>\$ -</u> | <u>\$ 1,768,114</u> | <u>\$ 372,172</u> |
| Total Federal and State Awards | | <u>\$ 32,712,469</u> | <u>\$ 17,415,642</u> | <u>\$ 2,702,197</u> |

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

1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of Ashe County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2015. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the State Single Audit Implementation Act. Because the SEFSA presents only a selected portion of the operations of Ashe County, it is not intended to and does not present the financial position, changes in net assets or cash flows of Ashe County.

2. Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments or cost principles contained in the Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award, wherein certain types of expenditures are not allowable or are limited as to reimbursements. Pass-through entity identifying numbers are presented where available.

3. 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 | | | \$ 271,877 |

4. Cluster of Programs

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

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