

ASHE COUNTY
NORTH CAROLINA
AUDIT REPORT
JUNE 30, 2010

ASHE COUNTY, NORTH CAROLINA

BOARD OF COUNTY COMMISSIONERS

Judy Porter Poe, Chairman

Larry Rhodes, Vice -Chairman

Gerald Price

Richard Blackburn

Gary Barker

COUNTY OFFICIALS

Dan McMillan

County Manager

Sandra Long

Director of Finance

John Kilby

County Attorney

Shirley Wallace

Register of Deeds

Keith Little

Tax Administrator

ASHE COUNTY, NORTH CAROLINA
TABLE OF CONTENTS
JUNE 30, 2010

FINANCIAL SECTION

EXHIBIT

Independent Auditor's Report

Management's Discussion and Analysis

Basic Financial Statements:

Government-wide Financial Statements:

Statement of Net Assets 1

Statement of Activities 2

Fund Financial Statements:

Balance Sheet - Governmental Funds 3

Statements of Revenues, Expenditures, and Changes in Fund
Balances - Governmental Funds 4

Statement of Revenues, Expenditures, and Changes in Fund
Balances - Budget and Actual - General Fund 5

Statement of Fund Net Assets - Proprietary Funds 6

Statement of Revenues, Expenses, and Changes in Fund
Net Assets - Proprietary Funds 7

Statements of Cash Flows - Proprietary Funds 8

Statement of Fiduciary Net Assets - Fiduciary Funds 9

Notes to the Financial Statements

Required Supplemental Financial Data:

Law Enforcement Officer's Special Separation Allowance -
Schedule of Funding Progress A-1

Other Postemployment Benefits -
Schedule of Funding Progress A-2

Other Postemployment Benefits -
Schedule of Employer Contributions
and Notes to the Required Schedules A-3

ASHE COUNTY, NORTH CAROLINA
TABLE OF CONTENTS
JUNE 30, 2010

Combining and Individual Fund Statements and Schedules:

Major Governmental Funds

General Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	B - 1
Governmental Buildings Capital Projects Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	B - 2

Nonmajor Governmental Funds

Combining Balance Sheet	C - 1
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	C - 2
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
<u>Special Revenue Funds</u>	
Capital Reserve Fund	C - 3
Emergency Telephone System Fund (E911)	C - 4
Revaluation Fund	C - 5
4 - H Program Activities Fund	C - 6
4 - H Program Afterschool Fund	C - 7
<u>Capital Project Funds</u>	
CDBG Capital Projects Fund	C - 8
Ashe County Schools Capital Projects Fund	C - 9

Enterprise Fund

Schedule of Revenues and Expenditures - Budget and Actual (Non - GAAP)	D - 1
Landfill Closure and Postclosure Reserve Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non - GAAP)	D - 2

Combining Statement of Fiduciary Assets and Liabilities - Agency Funds	E - 1
---	--------------

ASHE COUNTY, NORTH CAROLINA
TABLE OF CONTENTS
JUNE 30, 2010

Other Schedules

Analysis of Current Tax Levy	F - 1
Schedule of Ad Valorem Taxes Receivable	F - 2

Compliance Section

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	
Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 and the State Audit Implementation Act.	
Report on Compliance with Requirements Applicable to Each Major State Program and Internal Control Over Compliance in Accordance with Applicable Sections of OMB Circular A-133 and the State Single Audit Implementation Act.	
Schedule of Findings and Questioned Costs	
Schedule of Expenditures of Federal and State Awards	

Priscilla L. Norris, CPA

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

Independent Auditor's Report

To the Board of County Commissioners
Ashe County, North Carolina

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, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Ashe County's management. Our responsibility is to express an opinion on these basic 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on 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, North Carolina, as of June 30, 2010, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 24, 2010 on our consideration of Ashe County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance and the other Postemployment Benefits Schedules of Funding Progress and Employer Contributions are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion thereon.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of Ashe County, North Carolina. The combining and individual fund statements, budgetary schedules, and other schedules, as well as the accompanying schedule of expenditures of federal and State awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.


Priscilla L. Norris, CPA

November 24, 2010

**ASHE COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

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, 2010. 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.

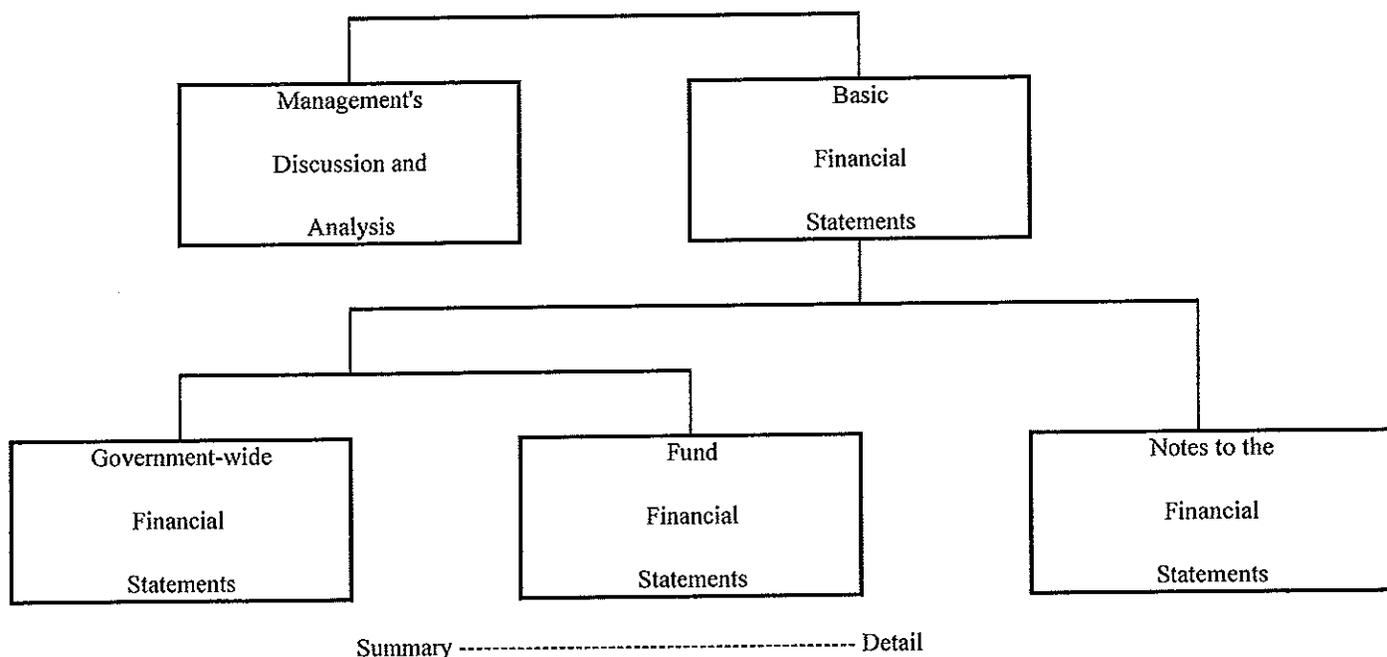
Financial Highlights

- * The assets of Ashe County exceeded its liabilities at the close of the fiscal year by \$37,607,392 (*net assets*).
- * The government's total net assets increased by \$2,130,919.
- * As of the close of the current fiscal year, Ashe County's governmental funds reported combined ending fund balances of \$16,479,638, a decrease of \$5,205,935 in comparison with the prior year. Approximately 89.15 percent of this total amount, or \$14,693,002 is available for spending at the government's discretion (*unreserved fund balance*).
- * At the end of the current fiscal year, unreserved fund balance for the General Fund was \$10,553,025 or 39.18 percent of total general fund expenditures for the fiscal year.
- * Ashe County's total debt decreased by \$477,143 (1.8%) during the current fiscal year. The key factors in this decrease are principal payments on debt, plus new debt of \$2 million for landfill construction.

Overview of the Financial Statements

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

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



Basic Financial Statements

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

The next statements (Exhibits 3 through 9) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund

**ASHE COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

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 assets and how they have changed. Net assets are the difference between the County's total assets and total liabilities. Measuring net assets is one way to gauge the County's financial condition.

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

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

Fund Financial Statements

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

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

**ASHE COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

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 Assets 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

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

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 20,345,600	\$ 25,418,897	\$ 4,480,599	\$ 3,588,171	\$ 24,826,199	\$ 29,007,068
Capital assets	37,777,235	32,745,895	4,660,502	3,725,316	42,437,737	36,471,211
Total assets	\$ 58,122,835	\$ 58,164,792	\$ 9,141,101	\$ 7,313,487	\$ 67,263,936	\$ 65,478,279
Long-term liabilities	25,251,107	27,356,479	3,384,207	1,248,576	28,635,314	28,605,055
Other liabilities	927,284	1,294,035	93,946	102,716	1,021,230	1,396,751
Total liabilities	\$ 26,178,391	\$ 28,650,514	\$ 3,478,153	\$ 1,351,292	\$ 29,656,544	\$ 30,001,806
Net assets:						
Invested in capital assets net of related debt	22,764,735	22,836,227	3,887,751	3,725,316	26,652,486	26,561,543
Restricted	913,165	736,423			913,165	736,423
Unrestricted	8,266,544	5,941,628	1,775,197	2,236,879	10,041,741	8,178,507
Total net assets	\$ 31,944,444	\$ 29,514,278	\$ 5,662,948	\$ 5,962,195	\$ 37,607,392	\$ 35,476,473

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of Ashe County exceeded liabilities by \$37,607,392 as of June 30, 2010. One of the largest portions reflects the County's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. 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 assets (2.43 %) represents resources that are subject to external restrictions on how they may be used.

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

- * The tax valuation held steady at around \$3.7 billion, along with a tax rate of 42.5. The tax collection rate was 93.82%.
- * Even with the declining economy, the County ended the year with \$67,012 in excess of the original budgeted amount for sales tax collections, mostly due to continuation of near steady retail sales within the borders of Ashe County.

**ASHE COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

- * General Fund departments were asked early-on in the year to be very conservative with their expenditures and this year over 3.5 million dollars was left unspent in the general fund budget, which was available to cover uncollected revenues and to replenish the fund balance reserves.

Ashe County Changes in Net Assets

Figure 3

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 919,409	\$ 1,021,876	\$ 1,691,936	\$ 1,835,283	\$ 2,611,345	\$ 2,857,159
Operating grants and contributions	6,812,918	6,063,017	121,387	53,349	6,934,305	6,116,366
Capital grants and contributions	260,204	1,834,425	9,541	27,011	269,745	1,861,436
General revenues:						
Property taxes	15,996,910	15,743,560			15,996,910	15,743,560
Other taxes	4,489,353	5,886,692			4,489,353	5,886,692
Grants and contributions not restricted to specific programs						
Other	116,263	444,227	4,889	40,860	121,152	485,087
Total revenues	\$ 28,595,057	\$ 30,993,797	\$ 1,827,753	\$ 1,956,503	\$ 30,422,810	\$ 32,950,300
Expenses:						
General government	\$ 3,835,009	3,901,060			3,835,009	3,901,060
Public safety	5,344,135	4,602,126			5,344,135	4,602,126
Transportation	280,388	135,461			280,388	135,461
Economic and physical development	1,552,047	921,091			1,552,047	921,091
Human services	8,795,178	9,275,799			8,795,178	9,275,799
Cultural and recreation	1,132,501	1,075,426			1,132,501	1,075,426
Education	4,639,826	5,740,886			4,639,826	5,740,886
Interest on long-term debt	585,807	634,744			585,807	634,744
Environmental Services			2,127,000	2,181,998	2,127,000	2,181,998
Total expenses	\$ 26,164,891	\$ 26,286,593	\$ 2,127,000	\$ 2,181,998	\$ 28,291,891	\$ 28,468,591
Increase (decrease) in net assets before transfers and special items	2,430,166	4,707,204	(299,247)	(225,495)	2,130,919	4,481,709
Transfers						
Increase in net assets	2,430,166	4,707,204	(299,247)	(225,495)	2,130,919	4,481,709
Net assets, July 1	29,514,278	24,807,074	5,962,195	6,187,690	35,476,473	30,994,764
Net assets, June 30	\$ 31,944,444	\$ 29,514,278	\$ 5,662,948	\$ 5,962,195	\$ 37,607,392	\$ 35,476,473

Governmental activities: Governmental activities increased the County's net assets by \$2,430,166.

Business-type activities: Business-type activities decreased Ashe County's net assets by \$299,247.

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, unreserved fund balance 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, unreserved fund balance of the General Fund

**ASHE COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

was \$10,553,025 while total fund balance was \$12,288,451. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 39.18 percent of total General Fund expenditures, while total fund balance represents 45.62 percent of that same amount.

At June 30, 2010, the governmental funds of Ashe County reported a combined fund balance of \$16,479,638, a 24 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 increase revenues by \$853,138, while increasing expenditures and transfers by \$985,718. The difference adjusted the appropriation of fund balance.

Proprietary Funds: Ashe County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the Environmental Services Fund at the end of the fiscal year amounted to \$1,775,197, a decrease of \$461,682 which is due to a variety of factors, including a decrease in revenues.

Capital Asset and Debt Administration

Capital assets: Ashe County's capital assets for its governmental and business-type activities as of June 30, 2010 totals \$42,437,737 (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:

- * Purchased 2 new trucks for Environmental Services.
- * Construction began on landfill phases 4 & 5.
- * Purchased 3 new vehicles for law enforcement.
- * Construction was finalized on the new correctional facility and the library addition.
- * Various equipment and furniture was purchased for several departments, with the bulk being for the new jail.
- * Land below the Courthouse was purchased (1.92 acres).
- * More work on the recreation complex at Family Central was performed.
- * Renovations at the 1904 Courthouse.
- * Helen Wallace property was given to parks department by bequest.

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

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 3,464,738	\$ 2,882,622	\$ 128,198	\$ 128,198	\$ 3,592,936	\$ 3,010,820
Buildings and system	28,170,756	12,136,871	1,749,497	1,780,391	29,920,253	13,917,262
Improvements other than bldgs.	3,152,354	2,718,941			3,152,354	2,718,941
Machinery and equip.	794,525	707,177	2,010,056	1,816,726	2,804,581	2,523,903
Infrastructure	1,921,629	2,024,248			1,921,629	2,024,248
Vehicles and motorized equip.	273,233	371,621			273,233	371,621
Construction in progress		11,904,412	772,751		772,751	11,904,412
Total	\$ 37,777,235	\$ 32,745,892	\$ 4,660,502	\$ 3,725,315	\$ 42,437,737	\$ 36,471,207

Additional information on the County's capital assets can be found in note IV.A.5 and 6 of the Basic Financial Statements.

**ASHE COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

Long-term Debt: As of June 30, 2010, Ashe County had no general obligation bonds outstanding.

Ashe County's total debt decreased by \$477,143 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 2009/10.

- * The Ashe County average unemployment rate was 10.6 percent for the last two quarters of 2009, but rose sharply to 13.1% the first two quarters of 2010. That compares to the State average of 10.7 percent the last two quarters of 2009 and 10.8 percent the first two quarters of 2010. The unemployment rate in Ashe has been significantly influenced by the downturn in the economy. While there were some new manufacturing jobs in the second quarter of 2010, many small businesses were affected by the economic conditions.
- * The County and ACJD, Inc. continue to market the two empty Leviton manufacturing plants.
- * The retail industry remains affected by the economy. The housing market and the construction industry have continued a decline in activity. Manufacturing remains an important sector in our economy, and services and tourism are increasingly important.
- * The tax rate implemented in 2009/2010 was 42.5 cents, thus without a tax increase. A penny on the tax dollar generated approximately \$341,438.
- * The Ashe economy is naturally cyclical due to seasonal industries (e.g. Christmas trees, restaurants, tourism, landscaping and other season-based businesses).
- * The County will continue debt services for Ashe County High School (funded in part by Articles 40 and 42 sales tax) until April 30, 2016.
- * The County will continue debt services for Westwood Elementary School (funded in part by Articles 40 and 42 sales tax) until August 16, 2017.
- * The County's allocation for capital outlay has continued to stay level during these difficult economic times.
- * The Superintendent of Schools is an appointed member of the Ashe County Economic Development Commission, and the County and public schools continue to work closely on initiatives in workforce development, leadership development and civics education through the Department of Economic Development. That office has experienced strong support from the Board of Commissioners for economic development projects and activities. Partnering between the two governing bodies strengthens educational endeavors.

Next Year's Budgets and Rates

- * The County's tax rate remained the same for FY2009/2010. Commissioners were committed to holding the line on taxes while continuing to provide the same services to its citizens during the adverse economic conditions we have been experiencing. No furloughs or layoffs were necessary during this year. County Administration advised departments again to conserve any funds they could during the year to help supplant and offset uncollected revenues. Although sales tax and ad valorem tax revenues may have suffered, collections of the amounts budgeted fell short by less than 2% which was due to conservative budgeting measures during the budget preparation.
- * In February of 2010, the new Jail and Law Enforcement Center was completed and opened for operation. An open house was held to allow the public to view the facility before any inmates were moved in. At the end of June, plans were being made to house inmates from other counties to alleviate overcrowding at their present facilities, like Ashe County had experienced for a number of years.

**ASHE COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

Planning meetings have been held by the Commissioners to discuss the future of properties and buildings which were vacated by the Sheriff's Office, Jail, Communications, NC Driver's License Office, and NC Highway Patrol Offices when the new facility opened.

- * In December 2009 Ashe County closed on a loan with Bank of America in the amount of \$2,000,000 to complete Phase IV of the Ashe County Subtitle D Landfill. Contractors moved on site in November and began work on the facility. During the winter months construction stopped due to the adverse weather and resumed in the spring when condition improved. Completion of the new cell is expected this fall, at which time the County will discontinue hauling solid waste for disposal outside the county.
- * Ashe County began the year with new position of Airport Manager. For over 20 years, the county operated its Airport by contracting with a Fixed Base Operator (FBO). Upon the retirement of the FBO, the County decided to continue operations of the airport with the creation of a full-time county paid Airport Manager position, along with some part-time help on an as needed basis. The first year went very well. Several updates were made to the Airport operations center and grounds during the year. A large airport hangar formerly owned by the previous FBO was purchased by the County with 90% / 10% grant funds from the NC Division of Aviation. The county now offers hanger rental spaces and tie down space to airplane owners. Credit card payments are also now being accepted for fuel and other services as an added appeal for pilots to land in Ashe County for fuel instead of flying on to another airport that does accept credit card payments. This additional revenue will help offset operation costs of the airport. Planning continues for improvements to Ashe County Airport. Ashe County has been awarded a federal grant for \$2,500,000 for runway extension. Engineering work has been done during this fiscal year to get ready to begin the the project. Extending the runway will aid the county by increasing revenues and making our airport available to larger planes while at the same time expanding economic opportunities for businesses that are, or may locate, in Ashe County.
- * The Parks and Recreation Trust Fund (PARTF) Grant Baseball Field Complex Project at Family Central was almost complete at the end of the year. Several adult and youth league baseball tournaments will be held on the new fields. A few minor finishing touches were still to be made to the new concession stand and restroom facility before it could be opened for operation. The facility will be utilized by the youth league football as well. The inclusion of walking trails was expertly arranged around the complex so they will be available to citizens at all times, whether there are games in progress or not.

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.

ASHE COUNTY, NORTH CAROLINA
STATEMENT OF NET ASSETS
JUNE 30 2010

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 15,503,254	\$ 2,653,996	\$ 18,157,250
Restricted cash		1,260,179	1,260,179
Receivables (net)	3,279,434	551,624	3,831,058
Due from other governments	1,562,912	14,800	1,577,712
Capital assets:			
Land, improvements, and construction in progress	3,464,738	900,949	4,365,687
Other capital assets, net of depreciation	34,312,497	3,759,553	38,072,050
Total capital assets	<u>37,777,235</u>	<u>4,660,502</u>	<u>42,437,737</u>
Total assets	<u>\$ 58,122,835</u>	<u>\$ 9,141,101</u>	<u>\$ 67,263,936</u>
LIABILITIES			
Accounts payable and accrued expenses	650,734	90,919	741,653
Unearned revenue	53,733		53,733
Accrued interest payable	222,817	3,027	225,844
Long-term liabilities:			
Due within one year	2,371,459	200,000	2,571,459
Due in more than one year	22,879,648	3,184,207	26,063,855
Total liabilities	<u>\$ 26,178,391</u>	<u>\$ 3,478,153</u>	<u>\$ 29,656,544</u>
NET ASSETS			
Invested in capital assets, net of related debt	22,764,735	3,887,751	26,652,486
Restricted for:			
Public safety	807,379		807,379
Register of Deeds	105,786		105,786
Unrestricted (deficit)	8,266,544	1,775,197	10,041,741
Total net assets	<u>\$ 31,944,444</u>	<u>\$ 5,662,948</u>	<u>\$ 37,607,392</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, 2010

Functions/Programs	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Primary government:							
Governmental Activities							
General government	\$ 3,835,009	\$ 301,935	\$ 27,491	\$ -	\$ (3,505,583)	\$ -	\$ (3,505,583)
Public Safety	5,344,135	268,627	523,173		(4,552,335)		(4,552,335)
Transportation	280,388	63,522	2,238	89,418	(125,210)		(125,210)
Economic and physical development	1,552,047	6,600	819,467		(725,980)		(725,980)
Human Services	8,795,178	82,820	5,118,167	170,786	(3,594,191)		(3,594,191)
Cultural and recreation	1,132,501	195,905	318,372		(447,438)		(447,438)
Education	4,639,826		4,010		(4,635,816)		(4,635,816)
Interest on long-term debt	585,807				(585,807)		(585,807)
Total governmental activities	26,164,891	919,409	6,812,918	260,204	(18,172,360)		(18,172,360)
Business-type Activities:							
Environmental Services	2,127,000	1,691,936	121,387	9,541	(304,136)		(304,136)
Total business-type activities	2,127,000	1,691,936	121,387	9,541	(304,136)		(304,136)
Totals	\$ 28,291,891	\$ 2,611,345	\$ 6,934,305	\$ 269,745	\$ (18,172,360)	\$ (304,136)	\$ (18,476,496)
General Revenues:							
Taxes:							
Property taxes, levied for general purpose					15,996,910		15,996,910
Local Option Sales tax					4,138,364		4,138,364
Other taxes and licenses					350,989		350,989
Grants and contributions not restricted to specific programs						4,889	4,889
Investment earnings, unrestricted					85,709		85,709
Miscellaneous, unrestricted					30,554		30,554
Transfers							
Total general revenues, special items, and transfers					20,602,526	4,889	20,607,415
Change in net assets					2,430,166	(299,247)	2,130,919
Net assets- beginning					29,514,278	5,962,195	35,476,473
Net assets- ending					\$ 31,944,444	\$ 5,662,948	\$ 37,607,392

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

ASHE COUNTY, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	<u>Major Governmental Funds</u>		<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Governmental Buildings</u>		
Assets				
Cash & Investments	\$ 11,264,651	\$ 2,070,063	\$ 2,168,540	\$ 15,503,254
Restricted Cash				
Due from Other Funds				
Receivables (Net):				
Taxes	2,525,454			2,525,454
Accounts	70,012	943	46,983	117,938
Due from Other Governments	1,559,628		3,284	1,562,912
	<u>15,419,745</u>	<u>2,071,006</u>	<u>2,218,807</u>	<u>19,709,558</u>
Total Assets	\$ 15,419,745	\$ 2,071,006	\$ 2,218,807	\$ 19,709,558
Liabilities & Fund Balances				
Liabilities:				
Accounts Payable & Accrued Liabilities	\$ 552,108	\$ 39,576	\$ 59,050	\$ 650,734
Deferred Revenues (Taxes)	2,525,454			2,525,454
Unearned Revenues	53,732			53,732
Due to Other Funds				
Total Liabilities	<u>\$ 3,131,294</u>	<u>\$ 39,576</u>	<u>\$ 59,050</u>	<u>\$ 3,229,920</u>
Fund Balances:				
Reserved by State Statute	\$ 1,629,640	\$ 943	\$ 50,267	\$ 1,680,850
Reserved for Register of Deeds	105,786			105,786
Unreserved	10,553,025	2,030,487		12,583,512
Unreserved reported in non major:				
Special revenue funds			1,790,357	1,790,357
Capital projects funds			319,133	319,133
	<u>12,288,451</u>	<u>2,031,430</u>	<u>2,159,757</u>	<u>16,479,638</u>
Total Fund Balance	\$ 12,288,451	\$ 2,031,430	\$ 2,159,757	\$ 16,479,638
Total Liabilities & Fund Balances	<u>\$ 15,419,745</u>	<u>\$ 2,071,006</u>	<u>\$ 2,218,807</u>	

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	\$ 37,777,235
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	636,041
Liabilities for earned but deferred revenues in fund statements.	2,525,454
Some liabilities are not due and payable in the current period and therefore are not reported in funds (Note 4).	(25,473,924)
Net assets of governmental activities	<u>\$ 31,944,444</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, 2010

	<u>Major Governmental Funds</u>		<u>Non-Major</u>	<u>Total</u>
	<u>General</u>	<u>Government</u>	<u>Governmental</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Buildings</u>	<u>Funds</u>	<u>Funds</u>
Revenues				
Ad Valorem Taxes	\$ 15,515,529	\$ -	\$ -	\$ 15,515,529
Local Option Sales Tax	4,138,364			4,138,364
Other Taxes	350,989			350,989
Unrestricted Intergovernmental Revenues	4,010			4,010
Restricted Intergovernmental Revenues	6,007,508		938,860	6,946,368
Licenses & Permits	386,839			386,839
Sales & Services	407,955		121,930	529,885
Investment Earnings	70,358	9,744	5,607	85,709
Miscellaneous	91,828		64,155	155,983
Total Revenue	<u>\$ 26,973,380</u>	<u>\$ 9,744</u>	<u>\$ 1,130,552</u>	<u>\$ 28,113,676</u>
Expenditures				
General Governmental	\$ 3,474,898	\$ -	\$ -	\$ 3,474,898
Public Safety	4,623,542		275,099	4,898,641
Transportation	243,665			243,665
Economic & Physical Development	1,253,543			1,253,543
Human Services	8,166,138		503,689	8,669,827
Cultural & Recreational	1,551,411			1,551,411
Educational	4,217,643			4,217,643
Capital Outlay		5,336,835	270,007	5,606,842
Debt Services:				
Principal Retirement	2,377,143			2,377,143
Interest	1,025,998			1,025,998
Total Expenditures	<u>\$ 26,933,981</u>	<u>\$ 5,336,835</u>	<u>\$ 1,048,795</u>	<u>\$ 33,319,611</u>
Revenues Over (Under) Expenditures	<u>\$ 39,399</u>	<u>\$ (5,327,091)</u>	<u>\$ 81,757</u>	<u>\$ (5,205,935)</u>
Other Financing Sources (Uses)				
Operating Transfer - In	85,956		398,793	484,749
Operating Transfer - Out	(398,793)		(85,956)	(484,749)
Loan Proceeds				
Total Other Financing Sources (Uses)	<u>\$ (312,837)</u>	<u>\$ -</u>	<u>\$ 312,837</u>	<u>\$ -</u>
Excess of Revenue & Other Sources Over (Under) Expenditures & Other Uses	\$ (273,438)	\$ (5,327,091)	\$ 394,594	\$ (5,205,935)
Fund Balances:				
Beginning of Year, July 1	\$ 12,561,889	\$ 7,358,521	\$ 1,765,163	\$ 21,685,573
End of Year, June 30	<u>\$ 12,288,451</u>	<u>\$ 2,031,430</u>	<u>\$ 2,159,757</u>	<u>\$ 16,479,638</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, 2010

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

Net changes in fund balances - total governmental funds	\$ (5,205,935)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation in the current period.	5,031,340
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.	2,377,143
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.	(253,763)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	<u>481,381</u>
Total changes in net assets of governmental activities	<u>\$ 2,430,166</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, 2010

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 15,598,555	\$ 15,598,555	\$ 15,515,529	\$ (83,026)
Local option sales tax	4,205,376	4,205,376	4,138,364	(67,012)
Other taxes	348,800	348,800	350,989	2,189
Unrestricted intergovernmental			4,010	4,010
Restricted intergovernmental	5,961,577	6,646,022	6,007,508	(638,514)
Licenses & Permits	439,700	439,700	386,839	(52,861)
Sales and services	261,048	300,848	407,955	107,107
Investment earnings	189,000	189,000	70,358	(118,642)
Miscellaneous		83,893	91,828	7,935
Total Revenues	\$ 27,004,056	\$ 27,812,194	\$ 26,973,380	\$ (838,814)
Expenditures				
Current:				
General government	4,020,322	4,063,155	3,474,898	588,257
Public safety	4,106,013	4,926,295	4,623,542	302,753
Transportation	145,213	270,213	243,665	26,548
Economic and physical development	1,034,451	1,370,796	1,253,543	117,253
Human services	10,985,426	10,337,531	8,166,138	2,171,393
Cultural and recreational	1,380,446	1,586,439	1,551,411	35,028
Intergovernmental				
Education	4,457,636	4,457,636	4,217,643	239,993
Debt service:				
Principal retirement	2,377,143	2,377,143	2,377,143	
Interest and other charges	1,026,037	1,026,037	1,025,998	39
Contingency fund	250,000	44,367		44,367
Total expenditures	29,782,687	30,459,612	26,933,981	3,525,631
Revenues over (under) expenditures	\$ (2,778,631)	\$ (2,647,418)	\$ 39,399	\$ 2,686,817
Other financing sources (uses):				
Transfer to other funds	(90,000)	(398,793)	(398,793)	
Transfer from other funds		45,000	85,956	40,956
Appropriated fund balance	2,868,631	3,001,211		(3,001,211)
Total other financing sources (uses)	2,778,631	2,647,418	(312,837)	(2,960,255)
Revenues and other financing sources over expenditures and other financing uses	\$ -	\$ -	\$ (273,438)	\$ (273,438)
Fund balances:				
Beginning of year July 1			12,561,889	
End of year June 30			<u>12,288,451</u>	

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

ASHE COUNTY, NORTH CAROLINA
STATEMENT OF FUND NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2010

Environmental Services Fund

<u>Assets</u>	
Current Assets:	
Cash & Investments	\$ 2,653,996
Restricted Cash	1,260,179
Receivables (Net):	
SWDF	505,784
Accounts	45,840
Due From Other Governments	<u>14,800</u>
Total Current Assets	\$ 4,480,599
Capital Assets, Net of Depreciation	<u>4,660,502</u>
Total Assets	<u><u>\$ 9,141,101</u></u>
<u>Liabilities and Net Assets</u>	
Current Liabilities:	
Accounts Payable	\$ 90,919
Accrued Interest Payable	3,027
Current Portion of Notes Payable	200,000
Total Current Liabilities	<u>\$ 293,946</u>
Non - Current Liabilities	
Compensated Absences Payable	\$ 60,931
Other Post - Employment Benefits Payable	38,021
Accrued Landfill Closure and Postclosure Care Costs	1,385,255
Notes Payable	<u>1,700,000</u>
Total Liabilities	<u>\$ 3,478,153</u>
Net Assets:	
Invested in Capital Assets, Net of Related Debt	\$ 3,887,751
Unrestricted	<u>1,775,197</u>
Total Net Assets	<u>\$ 5,662,948</u>
Total Liabilities and Net Assets	<u><u>\$ 9,141,101</u></u>

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

ASHE COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Enterprise Fund</u> <u>Environmental Services</u> <u>Fund</u>
Operating Revenues:	
SWDF - Household Fees	\$ 1,195,750
SWDF - Commercial Fees	351,003
Recycling Revenues	145,183
Sale of Material & Scrap	
Total Operating Revenues	<u>\$ 1,691,936</u>
Operating Expenses:	
Environmental Services - Collections	\$ 983,023
Environmental Services - Disposal	702,259
Depreciation	186,316
Landfill Closure and Postclosure Care Costs	214,135
Total Operating Expenses	<u>\$ 2,085,733</u>
Operating Income (Net)	<u>\$ (393,797)</u>
Non-Operating Revenues and Expenses	
Contributions From Other Governments	\$ 6,000
Solid Waste Disposal Tax	19,726
Scrap Tire Disposal Tax and Grant	38,639
White Goods Disposal Tax and Grant	66,563
Investment Earnings	4,889
Interest on Long - Term Debt	<u>(41,267)</u>
Total Non-Operating Revenues and Expenses	<u>94,550</u>
Change in Net Assets	<u>\$ (299,247)</u>
Net Assets, July 1	<u>\$ 5,962,195</u>
Net Assets, June 30	<u>\$ 5,662,948</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, 2010

	<u>Enterprise Fund</u>
Cash flows from operating activities:	
Cash received from customers	\$ 1,644,431
Cash paid for goods and services	(801,425)
Cash paid to employees for services	(874,158)
Net cash provided (used) by operating activities	<u>\$ (31,152)</u>
Cash flows from non-capital financing activities:	
Contributions from other governments	\$ 6,000
Disposal tax and grants	134,399
Net cash provided (used) by non-capital financing activities	<u>\$ 140,399</u>
Cash flows from capital and related financing activities:	
Loan Proceeds	\$ 2,000,000
Acquisition of capital assets	(1,121,502)
Principal paid on loan	(100,000)
Loan interest paid	(38,240)
Net cash provided (used) by capital and related financing activities	<u>740,258</u>
Cash flows from investing activities:	
Interest on investments	\$ 4,889
Net cash provided (used) by investing activities	<u>\$ 4,889</u>
Net increase (decrease) in cash and cash equivalents	\$ 854,394
Cash and cash equivalents, July 1	3,059,781
Cash and cash equivalents, June 30	<u>\$ 3,914,175</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ (393,797)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	186,316
Landfill closure and post closure care costs	214,135
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(47,504)
Increase (decrease) in accounts payable	(11,797)
Increase (decrease) in compensated absences payable	4,661
Increase (decrease) in OPEB liabilities	16,834
Net cash provided (used) by operating activities	<u>\$ (31,152)</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, 2010

	<u>Agency Funds</u>
 <u>Assets</u>	
Cash & Investments	\$ 30,861
Fire Taxes Receivable	<u>177,138</u>
 Total Assets	 <u><u>\$ 207,999</u></u>
 <u>Liabilities & Net Assets</u>	
Liabilities	
Accounts Payable	\$ 6,148
Due to Individuals	24,713
Reserve for Taxes Receivable	<u>177,138</u>
 Total Liabilities & Net Assets	 <u><u>\$ 207,999</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, 2010

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

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

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

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

The County reports the following major governmental funds:

General Fund. This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Government Buildings Capital Projects Fund. This fund accounts for construction of government buildings.

The County reports the following major enterprise fund:

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

The County reports the following fund types:

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

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

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

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Ashe County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For those motor vehicles registered under the staggered system, and for vehicles newly registered under the annual system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2009 through February 2010 apply to the fiscal year ended June 30, 2010. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements.

Sales taxes 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 are both restricted and unrestricted net assets 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.

All governmental and business-type activities and enterprise funds of the County follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

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 balances in the Capital Reserve Fund will be appropriated when transferred to a capital projects fund in accordance with the project ordinance adopted for the reserve fund. The governing board must approve all amendments. During the year, several amendments to the original budget were necessary, the effects of which were not material. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

D. Assets, Liabilities, 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.

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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. 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, 2009. 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.

4. 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.

5. Inventories

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

6. 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.

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

7. 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 assets.

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

8. Compensated Absences

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

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

9. Net Assets / Fund Balances

Net Assets

Net assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent 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, reservations or restrictions of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

State law [G.S. 159-13(b)(16)] restricts the appropriation of fund balance to an amount not to exceed the sum of cash and to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenue arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund types classify fund balances as follows:

Reserved

Reserved for encumbrances - portion of fund balance available to pay for any commitments related to purchase orders and contracts which remain unperformed at year-end.

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Reserved by State statute - portion of fund balance, in addition to reserves for encumbrances, which is not available for appropriation under State law [G.S. 159-8(a)]. This amount is usually comprised of accounts receivable and interfund receivables which are not offset by deferred revenues.

Reserved for Register of Deeds - portion of fund balance constituting the Automation Enhancement and Preservation Fund, funded by 10 % of the fees collected and maintained by the Register of Deeds office. The funds are available for appropriation but are legally restricted for computer and imaging technology in the Register of Deeds office.

Unreserved

Designated for subsequent year's expenditures - portion of total fund balance available for appropriation which has been designated for the adopted 2010-11 budget ordinance.

Undesignated - portion of total fund balance available for appropriation which is uncommitted at year-end.

10. Restricted Assets

The unexpended loan proceeds in the Environmental Services Fund are classified as restricted assets because their use is completely restricted to the purpose for which the loan was originally issued.

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 assets.

The governmental fund balance sheet includes a reconciliation between fund balance-total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. The net adjustment of \$15,464,806 of several elements as follows:

<u>Description</u>	<u>Amount</u>
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 49,518,909
Less accumulated depreciation	(11,741,674)
Net capital assets	<u>\$ 37,777,235</u>
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are not available and therefore deferred in the fund statements	636,041
Liabilities for revenue deferred but earned and therefore reported in the fund statements but not the government-wide	2,525,454
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	(24,104,405)
Compensated absences	(678,655)
Accrued interest payable	(222,817)
Other postemployment benefits payable	(468,047)
Total adjustment	<u>\$ 15,464,806</u>

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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 - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$7,636,101 as follows:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 6,299,551
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.	(1,268,211)
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities it affects only the government - wide statements of net assets.	-
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net assets in the government-wide statements.	2,377,143
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)	18,008
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	(37,522)
Other postemployment benefits are accrued in the government-wide statements but not on the fund statements.	(234,249)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	
Reversal of deferred tax revenue recorded at 7/1/09	(2,144,735)
Recording of tax receipts deferred in the fund statements as of 6/30/10	2,525,453
Increase in accrued interest receivable on taxes for year ended 6/30/10	100,663
Total adjustment	<u>\$ 7,636,101</u>

II. Stewardship, Compliance, and Accountability

A. Significant Violations of Finance - Related Legal and Contractual Provisions

None.

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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, 2010, the County's deposits had a carrying amount of \$6,386,381 and a bank balance of \$7,019,950. Of the bank balance, \$750,051 was covered by federal depository insurance, and \$6,269,899 in interest bearing deposits were covered by collateral held under the Pooling Method. At June 30, 2010, Ashe County had \$2,195 cash on hand.

2. Investments

At June 30, 2010 the County's investments consisted of \$13,059,360 in the North Carolina Capital Management Trust's Cash Portfolio, which carried a credit rating of AAAM by Standard and Poor's. The County has no policy on credit risk.

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>
2006-07	\$ 1,123,638	\$ 367,112	\$ 1,490,750
2007-08	1,207,467	285,873	1,493,340
2008-09	1,465,012	215,534	1,680,546
2009-10	1,538,533	88,102	1,626,635
Total	<u>\$ 5,334,650</u>	<u>\$ 956,621</u>	<u>\$ 6,291,271</u>

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

4. Receivables

Receivables at the government-wide level at June 30, 2010, were as follows:

	Accounts	Taxes and Related Accrued Interest	Due from Other Governments	Due from Other Funds	Total
Governmental Activities:					
General	\$ 70,012	\$ 3,641,496	\$ 1,559,628	\$ -	\$ 5,271,136
Other Governmental	47,926		3,284		51,210
Total receivables	117,938	3,641,496	1,562,912		5,322,346
Allowance for doubtful accounts		(480,000)			(480,000)
 Total-governmental activities	 \$ 117,938	 \$ 3,161,496	 \$ 1,562,912	 \$ -	 \$ 4,842,346
 Business-type Activities					
Environmental Services	551,624		14,800		566,424
Total receivables	551,624		14,800		566,424
Allowance for doubtful accounts					
 Total-business-type activities	 \$ 551,624	 \$ -	 \$ 14,800	 \$ -	 \$ 566,424

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

Local option sales tax	\$ 683,676
Sales tax and gas tax refund receivable	143,123
Restricted intergovernmental grants	750,913
Total	<u>\$ 1,577,712</u>

5. Capital Assets**Primary Government**

Capital asset activity for the year ended June 30, 2010, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,882,622	\$ 582,116	\$ -	\$ 3,464,738
Construction in Progress	11,904,412	4,698,772	16,603,184	-
Total capital assets not being depreciated	14,787,034	5,280,888	16,603,184	3,464,738
 Capital assets being depreciated:				
Buildings	16,817,562	16,694,176		33,511,738
Other improvements	5,267,619	588,530		5,856,149
Infrastructure	2,564,352			2,564,352
Equipment	2,100,743	278,495		2,379,238
Vehicles and motor equipment	1,744,974	60,646	62,926	1,742,694
Total capital assets being depreciated	28,495,250	17,621,847	62,926	46,054,171

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Less accumulated depreciation for:

Buildings	4,680,691	660,291		5,340,982
Other improvements	2,548,675	155,120		2,703,795
Infrastructure	540,104	102,619		642,723
Equipment	1,393,566	191,147		1,584,713
Vehicles and motor equipment	1,373,353	159,034	62,926	1,469,461
Total accumulated depreciation	<u>10,536,389</u>	<u>1,268,211</u>	<u>62,926</u>	<u>11,741,674</u>
Total capital assets being depreciated, net	<u>17,958,861</u>			<u>34,312,497</u>
Governmental activity capital assets, net	<u>\$ 32,745,895</u>			<u>\$ 37,777,235</u>

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

General government	\$ 407,587
Public safety	461,523
Transportation	108,248
Economic and physical development	18,985
Human services	35,096
Cultural and recreational	236,772
Total depreciation expense	<u>\$ 1,268,211</u>

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Environmental Services				
Capital assets not being depreciated:				
Land	\$ 128,198	\$ -	\$ -	\$ 128,198
Construction in Progress		772,751		772,751
Total Capital assets not being depreciated	<u>\$ 128,198</u>	<u>\$ 772,751</u>	<u>\$ -</u>	<u>\$ 900,949</u>
Capital assets being depreciated:				
Building	193,033			193,033
Plant and distribution systems	2,203,441	17,745		2,221,186
Equipment	2,842,558	331,007	5,000	3,168,565
Total capital assets being depreciated	<u>5,239,032</u>	<u>348,752</u>	<u>5,000</u>	<u>5,582,784</u>
Less accumulated depreciation for:				
Building	49,045	3,861		52,906
Plant and distribution systems	567,038	44,778		611,816
Equipment	1,025,832	137,677	5,000	1,158,509
Total accumulated depreciation	<u>1,641,915</u>	<u>186,316</u>	<u>5,000</u>	<u>1,823,231</u>
Total capital assets being depreciated, net	<u>\$ 3,597,117</u>			<u>\$ 3,759,553</u>
Environmental services capital assets, net	<u>\$ 3,725,315</u>			<u>\$ 4,660,502</u>

Construction commitments

Ashe County has active construction projects as of June 30, 2010. The projects include the Municipal Solid Waste Landfill - Phase 4. At year-end, the County's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Landfill - Phase 4	\$ 660,586	\$ 1,004,479
Total	<u>\$ 660,586</u>	<u>\$ 1,004,479</u>

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

B. Liabilities**1. Payables**

Payables at the government-wide level at June 30, 2010, were as follows:

	Vendors	Salaries and Benefits	Accrued Interest	Other	Total
Governmental Activities:					
General	\$ 552,108	\$ -	\$ 222,817	\$ -	\$ 774,925
Other Governmental	98,626				98,626
Total-governmental activities	\$ 650,734	\$ -	\$ 222,817	\$ -	\$ 873,551
Business-type Activities					
Environmental services	\$ 90,919	\$ -	\$ 3,027	\$ -	\$ 93,946
Total - business-type activities	\$ 90,919	\$ -	\$ 3,027	\$ -	\$ 93,946

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

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

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

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The County is required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.8% and 4.72% respectively, of annual covered payroll. The contribution requirements of members of Ashe County are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2010, 2009, and 2008 were \$350,091, \$326,983, and \$313,306, respectively. The contributions made by the County equaled the required contributions for each year.

b. Law Enforcement Officers' Special Separation Allowance**1. Plan Description**

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

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2009 the Separation Allowance's membership consisted of:

Retirees receiving benefits	0
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	<u>23</u>
Total	<u><u>23</u></u>

A separate report was not issued for the plan.

2. Summary of Significant Accounting Policies:

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

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

3. Contributions

The County is required by State statute to provide these special retirement benefits and has chosen to fund the amount necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. The county paid no Law Enforcement Officers' Special Separation Allowance benefits for the year ended June 30, 2010.

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, 2010 were \$47,582 for law enforcement officers and \$124,162 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, 2010, the plan held assets of \$616,051 that were payable to the plan participants.

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

e. Registers of Deeds' Supplemental Pension Fund

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

Funding Policy. On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 1 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2010, the County's required and actual contributions were \$2,607.

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, 2008, the date of the latest actuarial valuation:

	General Employees:	Law Enforcement Officers:
Retirees and dependents receiving benefits	9	-
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	156	23
Total	165	23

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 4.55% of annual covered payroll. For the current year, the County contributed \$54,557 or .76% 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.

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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	\$ 304,240
Interest on net OPEB obligation	10,200
Adjustment to annual required contribution	<u>(8,800)</u>
Annual OPEB cost (expense)	305,640
Contributions made	<u>(54,557)</u>
Increase (decrease) in net OPEB obligation	251,083
Net OPEB obligation, beginning of year	<u>254,985</u>
Net OPEB obligation, end of year	<u><u>\$ 506,068</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 and 2010 were as follows:

For Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 304,240	16.19%	\$ 254,985
2010	\$ 305,640	17.93%	\$ 506,068

Funded Status and Funding Progress. As of December 31, 2008 the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial liability (UAAL) was \$2,696,321. The covered payroll (annual payroll of active employees covered by the plan) was \$6,692,598 and the ratio of the UAAL to the covered payroll was 40.3 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the December 31, 2008 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

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

level of the plan at the valuation date, and an annual medical cost trend increase of 10.50 to 5.00 percent annually. The investment rate included a 3.75 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, 2008, 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, 2010, the County made contributions to the State for death benefits of \$7,533. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .10% and .14% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the post employment benefit and the other benefit amount.

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

State and federal laws and regulations require the County to place a final cover on its Ashe County Landfill Facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post closure care costs as a operating expense in each period based on landfill capacity used as of each balance sheet date. The \$1,385,255 reported as landfill closure and post closure care liability at June 30, 2010 represents a cumulative amount reported to-date based on the use of 5 percent of the total estimated capacity of the landfill per year. The County will recognize \$2,897,446 (for a total of \$4,282,701), 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 2009. The County expects to close the Ashe County facility in the year 2025. 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. A transfer of \$100,000 was made to the Landfill Closure and Post Closure Reserve Fund during the fiscal year ended June 30, 2010.

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

4. Deferred / Unearned Revenues

The balance in deferred or unearned revenue on the fund statements and unearned revenues on the government-wide statements at year-end is composed of the following elements:

	Unearned or Deferred Revenue	Full Accrual Unearned Revenue
Taxes Receivable (net) (General)	\$ 2,525,454	\$ -
Prepaid Taxes (General)	53,732	53,732
Total	\$ 2,579,186	\$ 53,732

5. Risk Management

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

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

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

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

6. Contingent Liabilities

At June 30, 2010, 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.

7. Long-Term Obligations

a. Installment Purchases

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

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

a. Ashe County entered into an installment financing contract for \$9,900,000 dated April 30, 1996 with First Union National Bank 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, 2010 was	\$ 3,977,359
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, 2010 was	5,114,546
c. Ashe County entered into an installment financing contract for \$9,900,000 dated December 18, 2007 with RBC Centura to enable the County to construct a jail and law enforcement center (collateral). The County shall repay this balance in 40 semiannual payments of \$247,500 plus interest at 4.03% beginning February 28, 2008. The balance at June 30, 2010 was	8,662,500
d. Ashe County entered into an installment financing contract for \$3,600,000 dated January 30, 2008 with RBC Centura to enable the County to further construction on a law enforcement center (collateral). The County shall repay this balance in 40 semiannual payments of \$90,000 plus interest at 4.03% beginning February 28, 2008. The balance at June 30, 2010 was	3,150,000
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, 2010 was	3,200,000
Total	<u>\$ 24,104,405</u>

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, 2010 was	<u>\$ 1,900,000</u>
--	---------------------

The future minimum payments as of June 30, 2010 for the County's installment purchases, including interest are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2011	2,371,459	931,538	200,000	70,744
2012	2,398,506	836,199	200,000	63,096
2013	2,426,792	739,622	200,000	55,448
2014	2,456,371	641,751	200,000	47,800
2015	2,487,305	542,526	200,000	40,152
2016 -2020	6,901,472	1,560,422	900,000	86,040
2021 - 2025	3,375,000	714,066		
2026 - 2030	1,687,500	102,009		
Total Principal Payments	\$ 24,104,405		\$ 1,900,000	
Total Interest Payments		\$ 6,068,133		\$ 363,280

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

b. 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, 2010:

	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010	Current Portion of Balance
Governmental activities:					
Installment purchases	\$ 26,481,548	\$ -	\$ 2,377,143	\$ 24,104,405	\$ 2,371,459
Compensated absences	641,133	290,666	253,144	678,655	-
Other postemployment benefits	233,798	283,927	49,678	468,047	-
Total governmental activities	<u>\$ 27,356,479</u>	<u>\$ 574,593</u>	<u>\$ 2,679,965</u>	<u>\$ 25,251,107</u>	<u>\$ 2,371,459</u>
Business-type activities:					
Installment Purchases	\$ -	\$ 2,000,000	\$ 100,000	\$ 1,900,000	\$ 200,000
Accrued landfill closure and postclosure care costs	1,171,119	214,136		1,385,255	
Compensated absences	56,270	22,156	17,495	60,931	-
Other postemployment benefits	21,187	21,713	4,879	38,021	-
Total business-type activities	<u>\$ 1,248,576</u>	<u>\$ 2,258,005</u>	<u>\$ 122,374</u>	<u>\$ 3,384,207</u>	<u>\$ 200,000</u>

c. 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, 2010, 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, 2010, consists of the following:

From the E911 fund to the General fund to supplement other funding for public safety expenditures.	\$ 85,956
From the General fund to the Capital Reserve fund to accumulate resources for economic development	177,313
From the General fund to the Revaluation fund for future purposes	90,000
From the General fund to the School Capital Projects fund for school construction.	131,480
Total	<u>\$ 484,749</u>

IV. Volunteer Fire Departments

The County is not responsible for any debts of the volunteer fire departments, is not obligated to finance deficits and is not entitled to any surpluses of the departments. Fire district tax levies were made for eleven volunteer fire department in the County during the fiscal year ended June 30, 2010. These special fire district taxes were collected by the County and remitted to the eleven volunteer fire departments. These taxes are accounted for in a separate agency fund. The County Commissioners appoint Fire Protection District Commissions which report to the County regarding the expenditure of the tax monies.

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

V. Joint Ventures

The County participates in a joint venture to operate Appalachian Regional Library with three other local governments. Each participating government appoints one board member to the six member board of the Library. The County has an ongoing financial responsibility for the joint venture because the Library's continued existence depends on the participating governments continued funding. None of the participating governments have any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2010. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$397,250 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, 2010. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$372,612 to the Center's to supplement its activities. Complete financial statements for the Health Department can be obtained from the Department's offices at P.O. Box 309, Sparta, NC 28675.

The County also participates in a joint venture to operate the Smoky Mountain Center with four other local governments. Each participating government appoints board members according to population to the 20 member 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, 2010. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$189,566 to the Center to supplement its activities. Complete financial statements for the Smoky Mountain Center can be obtained from the Center's offices at 44 Bonnie Lane, Sylva, NC 28779.

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 \$291,923 to the community college for operating purposes, and \$12,500 for Capital Outlay during the fiscal year ended June 30, 2010. 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, 2010. 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%.

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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 \$13,246 to the Council during the year ended June 30, 2010.

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	\$ 193,661	\$ -
Medicaid	27,285,162	9,650,091
Food Stamp Program	5,237,123	
Title IV-E, Foster Care	39,440	34,894
Energy Assistance	276,562	
Adoption Assistance	129,225	74,650
Adult Assistance		257,271
Independent Living Grant	1,477	
Refugee Assistance	147	
Total	<u>\$ 33,162,797</u>	<u>\$ 10,016,906</u>

VIII. Summary Disclosure of Significant Commitments and Contingencies

Federal and State Assisted Programs

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

ASHE COUNTY, NORTH CAROLINA
LAW ENFORCEMENT OFFICER'S SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
ANALYSIS OF FUNDING PROGRESS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

ASHE COUNTY, NORTH CAROLINA
OTHER POSTEMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
FOR THE FISCAL YEAR JUNE 30, 2010

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

ASHE COUNTY, NORTH CAROLINA
OTHER POSTEMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE FISCAL YEAR JUNE 30, 2010

<u>Year Ended</u> <u>June 30</u>	<u>Annual</u> <u>Required</u> <u>Contribution</u>	<u>Percentage</u> <u>Contributed</u>
2009	304,240	16.19%
2010	304,240	17.93%

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	12/31/2008
Actuarial cost method	Projected unit credit
Amortization method	Level percent open
Remaining amortization period	30 Years
Asset valuation method	Market value
Actuarial assumption:	
Investment rate of return*	4.0%
Medical cost tend	10.50% - 5.00%
*Includes inflation at	3.75%
Cost-of living adjustments	None

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Ad Valorem Taxes			
Current Year	\$ -	\$ 14,846,312	\$ -
Prior Years		504,889	
Penalties & Interest		164,328	
Total	<u>\$ 15,598,555</u>	<u>\$ 15,515,529</u>	<u>\$ (83,026)</u>
Local Option Sales Taxes:			
Article 39	\$ -	\$ 1,799,097	\$ -
Article 44		114,334	
Article 40 One-Half of One Percent		1,225,561	
Article 42 One-Half of One Percent		999,372	
Total	<u>\$ 4,205,376</u>	<u>\$ 4,138,364</u>	<u>\$ (67,012)</u>
Other Taxes			
Video Programming Distribution	\$ -	\$ 99,316	
Gross Receipts Auto Tax		2,743	\$ -
Occupancy Tax		146,057	
Deed Stamp Excise Tax		102,873	
Total	<u>\$ 348,800</u>	<u>\$ 350,989</u>	<u>\$ 2,189</u>
Unrestricted Intergovernmental Revenues			
Payments in Lieu of Taxes	\$ -	\$ 4,010	\$ -
Total	<u>\$ -</u>	<u>\$ 4,010</u>	<u>\$ 4,010</u>
Restricted Intergovernmental Revenues			
State Grants	\$ -	\$ 1,941,440	\$ -
Federal Grants		4,015,925	
Controlled Substance Tax		14,632	
Court Facility Fees		30,944	
ABC Profits for Law Enforcement		4,567	
Total	<u>\$ 6,646,022</u>	<u>\$ 6,007,508</u>	<u>\$ (638,514)</u>
Licenses & Permits			
Gun Permits	\$ -	\$ 12,195	\$ -
Planning Department Fees		6,600	
Sheriff Department Fees		37,481	
Building Permits/Inspection Fees		158,403	
Election Filing Fees		9,856	
Privilege Licenses		1,105	
Marriage Licenses		4,525	
Road Signs		1,152	
Animal License & Adoption Fee		11,183	
Register of Deeds		144,339	
Total	<u>\$ 439,700</u>	<u>\$ 386,839</u>	<u>\$ (52,861)</u>
Sales & Services			
DSS Fees and Other Sales	\$ -	\$ 82,820	\$ -
Rents & Concessions		63,879	
Court Costs		28,452	
Recreational Department		73,975	
Airport Revenues		63,522	
DMV Fees		79,336	
Copy Fees & Other Sales		15,971	
Total	<u>\$ 300,848</u>	<u>\$ 407,955</u>	<u>\$ 107,107</u>

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Investment Earnings			
Investment Earnings	\$ -	\$ 70,358	\$ -
Total	<u>\$ 189,000</u>	<u>\$ 70,358</u>	<u>\$ (118,642)</u>
Miscellaneous			
Reimbursement on 1904 Courthouse	\$ -	\$ 68,893	\$ -
Other Grants & Donations		20,640	
Other		2,295	
Total	<u>\$ 83,893</u>	<u>\$ 91,828</u>	<u>\$ 7,935</u>
Total Revenues	<u>\$ 27,812,194</u>	<u>\$ 26,973,380</u>	<u>\$ (838,814)</u>
Expenditures			
General Government			
Governing Body			
Salaries & Employee Benefits	\$ -	\$ 100,832	\$ -
Operating Expenses		90,600	
Capital Outlay			
Total	<u>\$ 219,322</u>	<u>\$ 191,432</u>	<u>\$ 27,890</u>
Administration			
Salaries & Employee Benefits	\$ -	\$ 185,147	\$ -
Operating Expenses		21,069	
Capital Outlay			
Total	<u>\$ 216,390</u>	<u>\$ 206,216</u>	<u>\$ 10,174</u>
Finance			
Salaries & Employee Benefits	\$ -	\$ 234,285	\$ -
Operating Expenses		41,934	
Capital Outlay			
Total	<u>\$ 293,299</u>	<u>\$ 276,219</u>	<u>\$ 17,080</u>
Tax Administration			
Salaries & Employee Benefits	\$ -	\$ 776,716	\$ -
Operating Expenses		83,602	
Capital Outlay			
Total	<u>\$ 881,663</u>	<u>\$ 860,318</u>	<u>\$ 21,345</u>
Elections			
Salaries & Employee Benefits	\$ -	\$ 100,050	\$ -
Operating Expenses		83,442	
Capital Outlay			
Total	<u>\$ 184,267</u>	<u>\$ 183,492</u>	<u>\$ 775</u>
Register of Deeds			
Salaries & Employee Benefits	\$ -	\$ 306,792	\$ -
Operating Expenses		105,744	
Capital Outlay			
Total	<u>\$ 432,096</u>	<u>\$ 412,536</u>	<u>\$ 19,560</u>

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Legal			
Contracted Services	\$ -	\$ 23,935	\$ -
Total	<u>\$ 44,487</u>	<u>\$ 23,935</u>	<u>\$ 20,552</u>
Data Processing			
Salaries & Employee Benefits	\$ -	\$ 135,419	\$ -
Operating Expenses		66,381	
Capital Outlay			
Total	<u>\$ 240,872</u>	<u>\$ 201,800</u>	<u>\$ 39,072</u>
Courts			
Operating Expenses	\$ -	\$ 28,631	\$ -
Capital Outlay		-	
Total	<u>\$ 83,450</u>	<u>\$ 28,631</u>	<u>\$ 54,819</u>
Public Buildings			
Salaries & Employee Benefits	\$ -	\$ 220,738	\$ -
Operating Expenses		765,755	
Capital Outlay		103,826	
Total	<u>\$ 1,467,309</u>	<u>\$ 1,090,319</u>	<u>\$ 376,990</u>
Total General Government	<u>\$ 4,063,155</u>	<u>\$ 3,474,898</u>	<u>\$ 588,257</u>
Public Safety			
Law Enforcement			
Salaries & Employees Benefits	\$ -	\$ 1,419,661	\$ -
Operating Expenses		214,565	
Capital Outlay		66,996	
Total	<u>\$ 1,729,155</u>	<u>\$ 1,701,222</u>	<u>\$ 27,933</u>
Corrections			
Salaries & Employee Benefits	\$ -	\$ 509,157	\$ -
Operating Expenses		396,664	
Capital Outlay			
Total	<u>\$ 953,881</u>	<u>\$ 905,821</u>	<u>\$ 48,060</u>
Ambulance & Rescue			
Ambulance Service - Contracted	\$ -	\$ 742,204	\$ -
Donation to Community Ambulance Services		10,750	
Rescue Unit		42,000	
Total	<u>\$ 794,954</u>	<u>\$ 794,954</u>	<u>\$ -</u>
Emergency Management			
Salaries & Employee Benefits	\$ -	\$ 95,530	\$ -
Operating Expenses		9,899	
Capital Outlay			
Total	<u>\$ 113,361</u>	<u>\$ 105,429</u>	<u>\$ 7,932</u>
Inspections			
Salaries & Employee Benefits	\$ -	\$ 279,652	\$ -
Operating Expenses		27,158	
Capital Outlay			
Total	<u>\$ 329,495</u>	<u>\$ 306,810</u>	<u>\$ 22,685</u>

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Animal Control			
Salaries & Employee Benefits	\$ -	\$ 179,246	\$ -
Operating Expenses		45,338	
Capital Outlay		17,850	
Total	<u>\$ 251,681</u>	<u>\$ 242,434</u>	<u>\$ 9,247</u>
Fire			
Contribution to Cooperative Forestry Program	\$ -	\$ 57,243	\$ -
Contributions to Volunteer Fire Department		69,396	
Total	<u>\$ 134,088</u>	<u>\$ 126,639</u>	<u>\$ 7,449</u>
E911 Coordinator			
Salaries & Employee Benefits	\$ -	\$ 45,989	\$ -
Operating Expenses		3,753	
Capital Outlay			
Total	<u>\$ 54,188</u>	<u>\$ 49,742</u>	<u>\$ 4,446</u>
Medical Examiner			
Contracted Services	\$ -	\$ 20,900	\$ -
Total	<u>\$ 22,000</u>	<u>\$ 20,900</u>	<u>\$ 1,100</u>
Communications			
Salaries & Employee Benefits	\$ -	\$ 317,664	\$ -
Operating Expenses		13,192	
Capital Outlay			
Total	<u>\$ 333,114</u>	<u>\$ 330,856</u>	<u>\$ 2,258</u>
E-911 Operations			
Operating Expenses	\$ -	\$ 38,735	\$ -
Total	<u>\$ 210,378</u>	<u>\$ 38,735</u>	<u>\$ 171,643</u>
Total Public Safety	<u>\$ 4,926,295</u>	<u>\$ 4,623,542</u>	<u>\$ 302,753</u>
Transportation			
Airport			
Salaries & Employee Benefits	\$ -	\$ 53,533	\$ -
Operating Expenses		116,297	
Capital Outlay		73,835	
Total			
Total Transportation	<u>\$ 270,213</u>	<u>\$ 243,665</u>	<u>\$ 26,548</u>
Economic & Physical Development			
Planning & Zoning			
Salaries & Employee Benefits	\$ -	\$ 104,774	\$ -
Operating Expenses		5,683	
Capital Outlay			
Total	<u>\$ 124,588</u>	<u>\$ 110,457</u>	<u>\$ 14,131</u>
Economic Development			
Salaries & Employee Benefits	\$ -	\$ 76,760	\$ -
Operating Expenses		76,180	
Capital Outlay			
Total	<u>\$ 200,005</u>	<u>\$ 152,940</u>	<u>\$ 47,065</u>

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Cooperative Extension			
Salaries & Employee Benefits			
Contracts	\$ -	\$ 4,379	\$ -
Operating Expenses		237,915	
Capital Outlay		69,271	
Total	<u>\$ 347,235</u>	<u>\$ 311,565</u>	<u>\$ 35,670</u>
Soil Conservation			
Salaries & Employee Benefits	\$ -	\$ 95,852	\$ -
Operating Expenses		400	
Capital Outlay			
Total	<u>\$ 96,710</u>	<u>\$ 96,252</u>	<u>\$ 458</u>
Donations & Subsidies			
Grant Expenditures	\$ 513,658	\$ 513,658	\$ -
New River Soil & Water			
Conservation Districts	10,000	10,000	
Ashe County Chamber of Commerce	53,600	58,671	
Industry Donations	25,000		
Total	<u>\$ 602,258</u>	<u>\$ 582,329</u>	<u>\$ 19,929</u>
<i>Total Economic & Physical Development</i>	<u>\$ 1,370,796</u>	<u>\$ 1,253,543</u>	<u>\$ 117,253</u>
Human Services			
Health			
Contribution to District Health Dept.	<u>\$ 372,612</u>	<u>\$ 372,612</u>	<u>\$ -</u>
Mental Health			
Contributions to District Mental Health Department	<u>\$ 189,566</u>	<u>\$ 189,566</u>	<u>\$ -</u>
Social Services			
Administration			
Salaries & Employee Benefits	\$ -	\$ 3,395,662	\$ -
Operating Expenses		414,157	
Capital Outlay			
		<u>3,809,819</u>	
Aid to the Blind		\$ 782	
Food Stamp Issuance Cost		7,158	
Special Assistance to Adults		256,820	
Commodity Food Distribution		8,678	
Medicaid Transportation		675,514	
Day Care Contracted Services		1,547,918	
Foster Care & Boarding Home		106,081	
Crisis Intervention Payments		133,097	
Adult Day Care		37,136	
Adoption Expenditures		37,481	
Work First & TNF Expenditures		60,026	
Elder Abuse Services		750	
Emergency Food & Shelter		15,150	
Other 100% County SS		54,163	
Total Social Services	<u>\$ 8,868,420</u>	<u>\$ 6,750,573</u>	<u>\$ 2,117,847</u>

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Veterans Service Officer			
Salaries & Employee Benefits	\$ -	\$ 60,998	\$ -
Operating Expenses		880	
Capital Outlay			
Total	<u>\$ 66,034</u>	<u>\$ 61,878</u>	<u>\$ 4,156</u>
Donations and Subsidies			
Ashe Youth Services (Rainbow Center, Inc.)	\$ -	\$ 8,680	\$ -
Ashe County Free Medical Clinic		25,000	
Juvenile Medication Program		19,594	
Project Challenge		65,721	
JCPC Operational		5,921	
Criminal Justice Program		55,160	
Ashe Developmental Day School		25,600	
Ashe County Transportation Authority		139,214	
Adult Developmental Activities Program		74,153	
Blue Ridge Opportunity Commission		3,500	
Oasis/A.S.H.E., Inc. (A Safe Home for Everyone)		12,500	
Project Graduation		4,000	
New River Senior Services		25,000	
Wilkes Vocational Workshop		2,700	
Ashe Services for Aging		315,039	
National Guard Armory		1,000	
Wilkes Center for the Deaf		500	
Mountain Farm Life Museum		227	
Riverview Community Center		3,000	
AMH/Ashe Healthy Carolinas		5,000	
Total	<u>\$ 840,899</u>	<u>\$ 791,509</u>	<u>\$ 49,390</u>
Total Human Services	<u>\$ 10,337,531</u>	<u>\$ 8,166,138</u>	<u>\$ 2,171,393</u>
Cultural and Recreational			
Parks & Recreation			
Salaries & Employee Benefits	\$ -	\$ 300,796	\$ -
Operating Expenses		199,330	
Capital Outlay		391,125	
Total	<u>\$ 936,096</u>	<u>\$ 891,251</u>	<u>\$ 44,845</u>
Contributions			
Contributions to Regional Library	\$ 397,250	\$ 397,250	\$ -
Contribution to Ashe Civic Center	43,600	48,670	(5,070)
Contribution to 1904 Courthouse	177,493	182,240	(4,747)
Contributions to Ashe Co. Arts Council	32,000	32,000	
Total	<u>\$ 650,343</u>	<u>\$ 660,160</u>	<u>\$ (9,817)</u>
Total Cultural and Recreational	<u>\$ 1,586,439</u>	<u>\$ 1,551,411</u>	<u>\$ 35,028</u>
Education			
Public Schools - Current Expense	\$ -	\$ 3,635,520	\$ -
Public Schools - Capital Outlay		277,700	
Wilkes Comm. College - Current Expense		291,923	
Wilkes Comm. College - Capital Outlay		12,500	
Total Education	<u>\$ 4,457,636</u>	<u>\$ 4,217,643</u>	<u>\$ 239,993</u>

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Debt Service			
Principal - Education	\$ -	\$ 1,270,595	\$ -
Interest - Education		422,183	
Principal - Public Buildings		1,106,548	
Interest - Public Buildings		603,815	
	<u>\$ 3,403,180</u>	<u>\$ 3,403,141</u>	<u>\$ 39</u>
<i>Total Debt Service</i>			
	<u>\$ 44,367</u>	<u>\$ -</u>	<u>\$ 44,367</u>
<i>Contingency</i>			
	<u>\$ 30,459,612</u>	<u>\$ 26,933,981</u>	<u>\$ 3,525,631</u>
Total Expenditures			
Revenues Over (Under) Expenditures	<u>\$ (2,647,418)</u>	<u>\$ 39,399</u>	<u>\$ 2,686,817</u>
Other Financing Sources (Uses)			
Operating Transfers - In (Out):			
To School Capital Project Fund	(131,480)	(131,480)	-
To Revaluation Fund	(90,000)	(90,000)	
To Capital Reserve	(177,313)	(177,313)	
From E911 Fund	45,000	85,956	40,956
Appropriated Fund Balance	3,001,211		(3,001,211)
Total Other Financing Sources (Uses)	<u>\$ 2,647,418</u>	<u>\$ (312,837)</u>	<u>\$ (2,960,255)</u>
Excess of Revenues & Other Sources Over (Under) Expenditures & Other (Uses)	<u>\$ -</u>	<u>\$ (273,438)</u>	<u>\$ (273,438)</u>
Fund Balance			
Beginning of Year, July 1		<u>12,561,889</u>	
End of Year, June 30		<u>\$ 12,288,451</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, 2010

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues					
Investment Earnings	\$ -	\$ 288,584	\$ 9,744	\$ 298,328	\$ 298,328
Miscellaneous					
Total Revenues	<u>\$ -</u>	<u>\$ 288,584</u>	<u>\$ 9,744</u>	<u>\$ 298,328</u>	<u>\$ 298,328</u>
Expenditures					
Capital Outlay					
Land	\$ 500,000	\$ -	\$ 500,115	\$ 500,115	\$ (115)
Government Buildings (Jail)	13,700,000	7,939,517	4,640,946	12,580,463	1,119,537
Government Buildings (Library)	4,000,000	3,393,209	195,774	3,588,983	411,017
Total Capital Outlay	<u>\$ 18,200,000</u>	<u>\$ 11,332,726</u>	<u>\$ 5,336,835</u>	<u>\$ 16,669,561</u>	<u>\$ 1,530,439</u>
Debt Service					
Principal Payments	\$ 771,214	\$ 337,500	\$ -	\$ 337,500	\$ 433,714
Interest Payments	200,000	88,861		88,861	111,139
Total Debt Services	<u>\$ 971,214</u>	<u>\$ 426,361</u>	<u>\$ -</u>	<u>\$ 426,361</u>	<u>\$ 544,853</u>
Total Expenditures	<u>\$ 19,171,214</u>	<u>\$ 11,759,087</u>	<u>\$ 5,336,835</u>	<u>\$ 17,095,922</u>	<u>2,075,292</u>
Revenues Over (Under) Expenditures	<u>\$(19,171,214)</u>	<u>\$ (11,470,503)</u>	<u>\$ (5,327,091)</u>	<u>\$ (16,797,594)</u>	<u>\$ 2,373,620</u>
Other Financing Sources					
Transfers In	\$ 971,214	\$ 971,214	\$ -	\$ 971,214	\$ -
Loan Proceeds	17,500,000	17,500,000		17,500,000	
Fund Balance Appropriated	700,000			-	(700,000)
Total Other Financing Sources	<u>\$ 19,171,214</u>	<u>\$ 18,471,214</u>	<u>\$ -</u>	<u>\$ 18,471,214</u>	<u>\$ (700,000)</u>
Revenue and Other Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 7,000,711</u>	<u>\$ (5,327,091)</u>	<u>\$ 1,673,620</u>	<u>\$ 1,673,620</u>
Fund Balance, July 1			<u>\$ 7,358,521</u>		
Fund Balance, June 30			<u>\$ 2,031,430</u>		

COMBINING STATEMENTS FOR NON-MAJOR FUNDS - ASHE COUNTY

Special Revenue Funds

- * Capital Reserve Fund - This is the County's fund to account for money held for future capital purposes
- * Emergency Telephone System Fund - This fund accounts for the 911 revenues collected by the telephone industry to fund the 911 emergency system
- * Revaluation Fund - The County uses this fund to set aside money each year to pay for the revaluation for tax purposes of real property every eight years.
- * 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.
 - * Ashe County Schools Capital Projects Fund - The County uses this fund to account for capital outlay for Ashe County Schools.
-

ASHE COUNTY, NORTH CAROLINA
 NONMAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2010

	Special Revenue Funds				Capital Projects Funds		Total		
	Capital Reserve Fund	E911 Fund	Revaluation Fund	4-H Program Activities Fund	4-H Program Afterschool Fund	CDBG Fund	Ashe County Schools	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Cash & Cash Equivalents	\$ 695,088	\$ 802,889	\$ 180,000	\$ 168,187	\$ 3,238	\$ 5	\$ 319,133	\$ 319,138	\$ 2,168,540
Accounts Receivable	905	45,446		298	334				46,983
Due from Other Governments							3,284	3,284	3,284
Total Assets	\$ 695,993	\$ 848,335	\$ 180,000	\$ 168,485	\$ 3,572	\$ 5	\$ 322,417	\$ 322,422	\$ 2,218,807
Liabilities & Fund Equity									
Accounts Payable	\$ -	\$ 40,956	\$ -	\$ 18,089	\$ -	\$ 5	\$ -	\$ 5	\$ 59,050
Due to Other Funds									
Total Liabilities	\$ -	\$ 40,956	\$ -	\$ 18,089	\$ -	\$ 5	\$ -	\$ 5	\$ 59,050
Fund Equity									
Fund Balance	\$ 905	\$ 45,446	\$ -	\$ 298	\$ 334	\$ -	\$ 3,284	\$ 3,284	\$ 50,267
Reserved by State Statute									
Unreserved:									
Designated for									
Subsequent Years	674,397	106,070	180,000	150,098	3,238		319,133	319,133	1,279,600
Expenditures	20,691	655,863							829,890
Undesignated									
Total Fund Equity	\$ 695,993	\$ 807,379	\$ 180,000	\$ 150,396	\$ 3,572	\$ -	\$ 322,417	\$ 322,417	\$ 2,159,757
Total Liabilities & Fund Equity	\$ 695,993	\$ 848,335	\$ 180,000	\$ 168,485	\$ 3,572	\$ 5	\$ 322,417	\$ 322,422	\$ 2,218,807

ASHE COUNTY, NORTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Special Revenue Funds					Capital Projects Funds			Total	
	Capital Reserve Fund	E911 Fund	Revaluation Fund	4-H Program Activities Fund	4-H Program Afterschool Fund	Nonmajor Special Revenue Funds	CDBG Fund	Ashe County Schools	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues										
Investment Earnings	\$ 4,525	\$ 1,082	\$ -	\$ -	\$ -	\$ 5,607	\$ -	\$ -	\$ -	\$ 5,607
Restricted Intergovernmental Revenues		425,351		223,246	20,256	668,853	270,007		270,007	938,860
Local Fund Raising & Other Revenues				64,155	83,896	64,155				64,155
Sales & Service				38,034		121,930				121,930
Other Taxes & Licenses						-				-
Total Revenues	\$ 4,525	\$ 426,433	\$ -	\$ 325,435	\$ 104,152	\$ 860,545	\$ 270,007	\$ -	\$ 270,007	\$ 1,130,552
Expenditures										
General Government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public Safety		275,099				275,099				275,099
Human Services				374,743	128,946	503,689				503,689
Capital Outlay							270,007		270,007	270,007
Debt Service										
Total Expenditures	\$ -	\$ 275,099	\$ -	\$ 374,743	\$ 128,946	\$ 778,788	\$ 270,007	\$ -	\$ 270,007	\$ 1,048,795
Revenues Over (Under) Expenditures	\$ 4,525	\$ 151,334	\$ -	\$ (49,308)	\$ (24,794)	\$ 81,757	\$ -	\$ -	\$ -	\$ 81,757
Other Financing Sources										
Transfer-In	\$ 177,313		90,000			267,313		131,480	131,480	398,793
Transfer-Out		(85,956)				(85,956)				(85,956)
Loan Proceeds										
Revenues & Other Sources Over (Under) Expenditures	\$ 181,838	\$ 65,378	\$ 90,000	\$ (49,308)	\$ (24,794)	\$ 263,114	\$ -	\$ 131,480	\$ 131,480	\$ 394,594
Fund Balance, July 1	\$ 514,155	\$ 742,001	\$ 90,000	\$ 199,704	\$ 28,366	\$ 1,574,226	\$ -	\$ 190,937	\$ 190,937	\$ 1,765,163
Fund Balance, June 30	\$ 695,993	\$ 807,379	\$ 180,000	\$ 150,396	\$ 3,572	\$ 1,837,340	\$ -	\$ 322,417	\$ 322,417	\$ 2,159,757

ASHE COUNTY, NORTH CAROLINA
CAPITAL RESERVE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Investment Earnings	<u>\$ -</u>	<u>\$ 4,525</u>	<u>\$ 4,525</u>
Expenditures			
Economic Development:			
Capital Outlay	<u>\$ 674,397</u>	<u>\$ -</u>	<u>\$ 674,397</u>
Revenues Over (Under)			
Expenditures	<u>\$ (674,397)</u>	<u>\$ 4,525</u>	<u>\$ 678,922</u>
Other Financing Sources			
Operating Transfers - In			
From General Fund	<u>\$ 177,313</u>	<u>\$ 177,313</u>	<u>\$ -</u>
Fund Balance Appropriated	<u>497,084</u>	<u></u>	<u>(497,084)</u>
Excess of Revenues & Other			
Sources Over (Under)			
Expenditures	<u>\$ -</u>	<u>\$ 181,838</u>	<u>\$ 181,838</u>
Fund Balance, July 1		<u>\$ 514,155</u>	
Fund Balance, June 30		<u>\$ 695,993</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, 2010

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Investment Earnings	\$ 2,000	\$ 1,082	\$ (918)
Restricted Intergovernmental:			
E911 Wireless Surcharge	350,000	425,351	75,351
Total Revenues	\$ 352,000	\$ 426,433	\$ 74,433
Expenditures			
<u>Public Safety :</u>			
Wireless E911 Communications:			
Operating Expenses	\$ -	\$ 147,327	\$ -
Capital Outlay		127,772	
Total Wireless E911 Communication	\$ 537,949	\$ 275,099	\$ 262,850
Total Expenditures	\$ 537,949	\$ 275,099	\$ 262,850
Excess of Revenues Over (Under)			
Expenditures	\$ (185,949)	\$ 151,334	\$ 337,283
Other Financing Sources (Uses)			
Appropriated Fund Balance	230,949		(230,949)
Transfer Out - General Fund	(45,000)	(85,956)	40,956
Excess of Revenues & Other			
Sources Over (Under)			
Expenditures	\$ -	\$ 65,378	\$ 65,378
Fund Balance, July 1		742,001	
Fund Balance, June 30		807,379	

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, 2010

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Investment Earnings	\$ -		\$ -
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures			
General Government Tax Assessor	\$ 180,000	\$ -	\$ 180,000
Total Expenditures	<u>\$ 180,000</u>	<u>\$ -</u>	<u>\$ 180,000</u>
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 180,000</u>
Other Financing Sources			
Transfer In-General Fund	\$ 90,000	\$ 90,000	\$ -
Fund Balance Appropriated	90,000		(90,000)
Total Other Financing Sources	<u>\$ 180,000</u>	<u>\$ 90,000</u>	<u>\$ (90,000)</u>
Excess of Revenues & Other Sources Over (Under) Expenditures	<u>\$ -</u>	\$ 90,000	<u>\$ 90,000</u>
Fund Balance, July 1		<u>\$ 90,000</u>	
Fund Balance, June 30		<u>\$ 180,000</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, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Restricted Intergovernmental Revenue:</u>			
State Grants	\$ -	\$ 17,673	\$ -
Federal Grants		199,150	
Title XX - Summer Parks		777	
Title XX - TRAC		5,646	
Total	<u>\$ 353,427</u>	<u>\$ 223,246</u>	<u>\$ (130,181)</u>
<u>Sales and Service:</u>			
Program Fees	\$ -	\$ 38,034	\$ -
Total	<u>\$ 84,990</u>	<u>\$ 38,034</u>	<u>\$ (46,956)</u>
<u>Other Revenues:</u>			
Donations	\$ -	\$ 21,558	\$ -
Total	<u>\$ 19,664</u>	<u>\$ 21,558</u>	<u>\$ 1,894</u>
<u>Miscellaneous Revenues:</u>			
4-H General	\$ -	\$ 24,848	\$ -
Children's Trust		1,625	
4-h Ag Expo		6,561	
4-H SOS		6,407	
Other Programs		3,156	
Total	<u>\$ 167,719</u>	<u>\$ 42,597</u>	<u>\$ (125,122)</u>
Total Revenues	<u>\$ 625,800</u>	<u>\$ 325,435</u>	<u>\$ (300,365)</u>
<u>Expenditures</u>			
General 4-H			
Salaries & Employee Benefits	\$ -	\$ 2,457	\$ -
Operating Expenses		27,235	
Capital Outlay			
Total	<u>\$ 60,460</u>	<u>\$ 29,692</u>	<u>\$ 30,768</u>
21st Century TRAC			
Salaries Employee Benefits	\$ -	\$ 97,824	\$ -
Operating Expenses		140,177	
Capital Outlay			
Total	<u>\$ 245,174</u>	<u>\$ 238,001</u>	<u>\$ 7,173</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, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Summer Parks Program			
Salaries & Employee Benefits	\$ -	\$ 29,211	\$ -
Operating Expenses		14,308	
Capital Outlay			
Total	<u>\$ 71,582</u>	<u>\$ 43,519</u>	<u>\$ 28,063</u>
4H S.O.S. General			
Salaries & Employee Benefits	\$ -	\$ 5,948	\$ -
Operating Expenses		9,189	
Capital Outlay			
Total	<u>\$ 17,066</u>	<u>\$ 15,137</u>	<u>\$ 1,929</u>
Ashe Youth Connection (AYC)			
Salaries & Employee Benefits	\$ -	\$ -	\$ -
Operating Expenses		4,015	
Capital Outlay			
Total	<u>\$ 45,477</u>	<u>\$ 4,015</u>	<u>\$ 41,462</u>
Children's Trust Program			
Salaries & Employee Benefits	\$ -	\$ -	\$ -
Operating Expenses		7,539	
Capital Outlay			
Total	<u>\$ 30,400</u>	<u>\$ 7,539</u>	<u>\$ 22,861</u>
4-H Migrant Education			
Salaries & Employee Benefits	\$ -	\$ -	\$ -
Operating Expenses		122	
Capital Outlay			
Total	<u>\$ 2,120</u>	<u>\$ 122</u>	<u>\$ 1,998</u>
Ashe S.O.S Program			
Salaries & Employee Benefits	\$ -	\$ 3,707	\$ -
Operating Expenses		25,884	
Capital Outlay			
Total	<u>\$ 74,630</u>	<u>\$ 29,591</u>	<u>\$ 45,039</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, 2010

	Budget	Actual	Variance Favorable (Unfavorable)
Blue Ridge Cancer Coalition			
Salaries & Employee Benefits	\$ -	\$ -	\$ -
Operating Expenses			
Capital Outlay		-	
Total	\$ 14,000	\$ -	\$ 14,000
4-H Summer TRACS			
Salaries & Employee Benefits	\$ -		\$ -
Operating Expenses			
Capital Outlay			
Total	\$ 44,891	\$ -	\$ 44,891
4-H Agricultural Expo			
Salaries & Employee Benefits	\$ -	\$ -	
Operating Expenses		7,127	
Capital Outlay			
Total	\$ 30,000	\$ 7,127	\$ 22,872
Total Expenditures	\$ 635,800	\$ 374,743	\$ 261,057
Revenues Over (Under) Expenditures	\$ (10,000)	\$ (49,308)	\$ (39,308)
Other Financing Sources			
Fund Balance Appropriated	\$ 10,000	\$ -	\$ (10,000)
Revenues & Other Sources Over (Under) Expenditures	\$ -	\$ (49,308)	\$ (49,308)
Fund Balance, July 1		\$ 199,704	
Fund Balance, June 30		\$ 150,396	

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, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Restricted Intergovernmental Revenues:</u>			
Title XX	\$ -	\$ 20,256	\$ -
Total	<u>\$ 19,592</u>	<u>\$ 20,256</u>	<u>\$ 664</u>
<u>Sales and Service:</u>			
Parent Fees	\$ -	\$ 83,896	\$ -
Total	<u>\$ 108,077</u>	<u>\$ 83,896</u>	<u>\$ (24,181)</u>
<u>Other Revenues</u>			
Miscellaneous	\$ -	\$ -	\$ -
Total	<u>\$ 15,841</u>	<u>\$ -</u>	<u>\$ (15,841)</u>
Total Revenues	<u>\$ 143,510</u>	<u>\$ 104,152</u>	<u>\$ (39,358)</u>
<u>Expenditures:</u>			
Blue Ridge Elementary			
Salaries & Fringe Benefits	\$ -	\$ 2,208	\$ -
Operating Expenses		24,530	
Capital Outlay			
Total	<u>\$ 27,772</u>	<u>\$ 26,738</u>	<u>\$ 1,034</u>
Mountain View Elementary			
Salaries & Fringe Benefits	\$ -	\$ 6,604	\$ -
Operating Expenses		40,765	
Capital Outlay			
Total	<u>\$ 48,901</u>	<u>\$ 47,369</u>	<u>\$ 1,532</u>
Westwood Elementary			
Salaries & Fringe Benefits	\$ -	\$ 14,473	\$ -
Operating Expenses		40,366	
Capital Outlay			
Total	<u>\$ 66,837</u>	<u>\$ 54,839</u>	<u>\$ 11,998</u>
Total Expenditures	<u>\$ 143,510</u>	<u>\$ 128,946</u>	<u>\$ 14,564</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, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues Over (Under) Expenditures	\$ -	\$ (24,794)	\$ (24,794)
Other Financing Sources			
Fund Balance Appropriated	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenues and Other Sources Over (Under) Expenditures	<u>\$ -</u>	\$ (24,794)	<u>\$ (24,794)</u>
Fund Balance, July 1		<u>\$ 28,366</u>	
Fund Balance, June 30		<u>\$ 3,572</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, 2010

	Project Authorization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
Revenues					
Restricted Intergovernmental Revenues:					
Community Development Block Grant Grant 08 - C -1814	\$ 400,000	\$ -	\$ 270,007	\$ 270,007	\$ (129,993)
Total Revenues	<u>\$ 400,000</u>	<u>\$ -</u>	<u>\$ 270,007</u>	<u>\$ 270,007</u>	<u>\$ (129,993)</u>
Expenditures					
Rehabilitation:					
Capital Outlay - Housing Rehabilitation	\$ 400,000	\$ -	\$ 270,007	\$ 270,007	\$ 129,993
Total Expenditures	<u>\$ 400,000</u>	<u>\$ -</u>	<u>\$ 270,007</u>	<u>\$ 270,007</u>	<u>\$ 129,993</u>
Revenue Over (Under) Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -
Other Financing Sources					
Operating Transfers In	\$ -	\$ -	\$ -	\$ -	\$ -
Total Other Financing Sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenue and Other Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance, July 1			<u>\$ 5</u>		
Fund Balance, June 30			<u>\$ 5</u>		

ASHE COUNTY, NORTH CAROLINA
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, 2010

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Restricted Intergovernmental Revenue			
Public School Building Capital Fund	\$ -	\$ -	\$ -
AFM Funds			
Lottery Funds			
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:			
Capital Outlay:			
Construction Projects	\$ 224,706		\$ 224,706
Total Expenditures	<u>\$ 224,706</u>	<u>\$ -</u>	<u>\$ 224,706</u>
Revenues Over (Under) Expenditures	<u>\$ (224,706)</u>	<u>\$ -</u>	<u>\$ 224,706</u>
Other Financing Sources			
Transfers In	\$ 131,480	\$ 131,480	\$ -
Fund Balance Appropriated	93,226		(93,226)
Total Other Financing Sources	<u>\$ 224,706</u>	<u>\$ 131,480</u>	<u>\$ (93,226)</u>
Revenues and Other Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 131,480</u>	<u>\$ 131,480</u>
Fund Balance, July 1		<u>\$ 190,937</u>	
Fund Balance, June 30		<u>\$ 322,417</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, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Operating Revenues:			
Charges for Services:			
SWDF - Household Fees	\$ 1,134,080	\$ 1,195,750	\$ 61,670
SWDF - Commercial Fees	600,000	351,003	(248,997)
Recycling Revenues	90,000	145,183	55,183
Sale of Material & Scrap			
Total Operating Revenues	<u>\$ 1,824,080</u>	<u>\$ 1,691,936</u>	<u>\$ (132,144)</u>
Non-Operating Revenue:			
Investment Earnings	\$ 40,000	\$ 4,559	\$ (35,441)
Total Revenues	<u>\$ 1,864,080</u>	<u>\$ 1,696,495</u>	<u>\$ (167,585)</u>
Expenditures:			
Environmental Services-Collections			
Salaries & Employee Benefits	\$ -	\$ 608,503	\$ -
Operating Expenses		365,372	
Capital Outlay		348,752	
Total Environmental Services-Collections	<u>\$ 1,357,694</u>	<u>\$ 1,322,627</u>	<u>\$ 35,067</u>
Environmental Services-Disposal			
Salaries & Employee Benefits	\$ -	\$ 265,655	\$ -
Operating Expenses		424,256	
Capital Outlay		193,521	
Total Environmental Services-Disposal	<u>\$ 893,530</u>	<u>\$ 883,432</u>	<u>\$ 10,098</u>
Debt Service			
Principal	\$ 160,000	\$ 100,000	\$ 60,000
Interest	121,000	38,240	82,760
Total Debt Service	<u>\$ 281,000</u>	<u>\$ 138,240</u>	<u>\$ 142,760</u>
Total Expenditures	<u>\$ 2,532,224</u>	<u>\$ 2,344,299</u>	<u>\$ 187,925</u>
Revenues Over (Under) Expenditures	\$ (668,144)	\$ (647,804)	\$ 20,340
Other Financing Sources (Uses)			
Contribution From Other Governments	\$ 4,800	\$ 6,000	\$ 1,200
Solid Waste Disposal Tax		19,726	19,726
Scrap Tire Disposal Tax and Grant	59,000	38,639	(20,361)
White Goods Disposal Tax and Grant	89,465	66,563	(22,902)
Transfer Out - Landfill Capital Reserve	(100,000)	(100,000)	-
Fund Balance Appropriated	614,879		(614,879)
Excess of Revenues and Other Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ (616,876)</u>	<u>\$ (616,876)</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, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Reconciliation to Accrual Basis</u>			
Excess of Revenues and Other Expenditures		.	
Over (Under) Expenditures		\$ (616,876)	
Debt Principal		100,000	
Increase in Interest Payable		(3,027)	
Capital Outlay		542,273	
Depreciation		(186,316)	
Landfill Closure and Postclosure Care Costs		(214,135)	
Investment Earning in Land Fill Revenue		329	
Transfers Out - Landfill Capital Reserve		100,000	
Increase in Accrued Vacation Pay		(4,661)	
Increase in OPEB Liability		(16,834)	
Change in Net Assets		<u>\$ (299,247)</u>	

LANDFILL CLOSURE & POST CLOSURE - RESERVE FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON - GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Investment Earnings	\$ -	\$ 329	\$ -
Total Revenues	<u>\$ -</u>	<u>\$ 329</u>	<u>\$ 329</u>
Expenditures:			
Landfill Cell Construction	\$ -	\$ 579,230	\$ -
Landfill Closure and Post closure			
Total Expenditures	<u>\$ 2,100,000</u>	<u>\$ 579,230</u>	<u>\$ 1,520,770</u>
Revenues Over (Under) Expenditures	\$ (2,100,000)	\$ (578,901)	\$ 1,521,099
Other Financing Sources (Uses):			
Loan Proceeds	\$ 2,000,000	\$ 2,000,000	\$ -
Operating Transfers In:			
Environmental Services Fund	100,000	100,000	
Fund Balance Appropriated			
Revenues and Other Financing Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ 1,521,099</u>	<u>\$ 1,521,099</u>

ASHE COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF FIDUCIARY ASSETS AND
LIABILITIES - AGENCY FUNDS
JUNE 30, 2010

	<u>Balance</u> <u>7/01/2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/2010</u>
<u>Social Services</u>				
Assets:				
Cash & Investments	\$ 25,357	\$ 241,671	\$ 236,167	\$ 30,861
Liabilities:				
Accounts Payable	\$ 5,198	\$ 19,823	\$ 18,873	\$ 6,148
Due to Individuals	20,159	222,046	217,492	24,713
Total Liabilities	<u>\$ 25,357</u>	<u>\$ 241,869</u>	<u>\$ 236,365</u>	<u>\$ 30,861</u>
<u>Fire Districts</u>				
Assets:				
Cash & Investments	\$ 20	\$ 1,046,971	\$ 1,046,991	\$ -
Taxes Receivable	150,797	1,263,166	1,236,825	177,138
Total Assets	<u>\$ 150,817</u>	<u>\$ 2,310,137</u>	<u>\$ 2,283,816</u>	<u>\$ 177,138</u>
Liabilities & Reserves:				
Accounts Payable	\$ 20	\$ 1,046,971	\$ 1,046,991	\$ -
Reserve for Taxes Rec.	150,797	1,263,166	1,236,825	177,138
Total Liabilities	<u>\$ 150,817</u>	<u>\$ 2,310,137</u>	<u>\$ 2,283,816</u>	<u>\$ 177,138</u>
<u>Fines & Forfeitures Fund (3% DMV Collections)</u>				
Assets:				
Cash & Investments	\$ -	\$ 8,965	\$ 8,965	\$ -
Liabilities & Reserves:				
Intergovernmental Payable to NC	\$ -	\$ 8,965	\$ 8,965	\$ -
<u>Totals-All Agency Funds</u>				
Assets:				
Cash & Investments	\$ 25,377	\$ 1,297,607	\$ 1,292,123	\$ 30,861
Taxes Receivable	150,797	1,263,166	1,236,825	177,138
Total Assets	<u>\$ 176,174</u>	<u>\$ 2,560,773</u>	<u>\$ 2,528,948</u>	<u>\$ 207,999</u>
Liabilities & Reserves:				
Accounts Payable	\$ 5,218	\$ 1,066,794	\$ 1,065,864	\$ 6,148
Due to Individuals	20,159	222,046	217,492	24,713
Reserve for Taxes Rec.	150,797	1,263,166	1,236,825	177,138
Total Liabilities & Reserves	<u>\$ 176,174</u>	<u>\$ 2,552,006</u>	<u>\$ 2,520,181</u>	<u>\$ 207,999</u>

ASHE COUNTY, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>County - wide</u>		<u>Total Levy</u>		
	<u>Property Valuation</u>	<u>Rate</u>	<u>Amount of Levy</u>	<u>Property excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
Original Levy:					
Property Taxed at Current Year's Rate	\$ 3,710,969,404	.425	\$ 15,770,615	\$ 15,202,677	\$ 567,938
Property Taxed at Prior Year's Rate	80,182,505	.425	340,733		340,733
Total	<u>\$ 3,791,151,909</u>		<u>\$ 16,111,348</u>	<u>\$ 15,202,677</u>	<u>\$ 908,671</u>
Discoveries					
Current year taxes	\$ 8,829,449	.425	\$ 37,244	\$ 37,244	\$ -
Total	<u>\$ 3,799,981,358</u>		<u>\$ 16,148,592</u>	<u>\$ 15,239,921</u>	<u>\$ 908,671</u>
Abatements	\$ (37,741,120)		\$ (160,400)	\$ (160,400)	\$ -
Total property valuation	<u>\$ 3,762,240,238</u>				
Net levy			\$ 15,988,192	\$ 15,079,521	\$ 908,671
Uncollected taxes at June 30, 2010			(988,663)	(821,488)	(167,175)
Current year's taxes collected			<u>\$ 14,999,529</u>	<u>\$ 14,258,033</u>	<u>\$ 741,496</u>
Current levy collection percentage			93.82%	94.55%	81.60%

ASHE COUNTY, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2010

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2009</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2010</u>
2009-10	\$ -	\$ 15,988,192	\$ 14,999,529	988,663
2008-09	866,800		364,834	501,966
2007-08	352,225		56,253	295,972
2006-07	300,262		33,841	266,421
2005-06	250,947		17,501	233,446
2004-05	203,173		13,675	189,498
2003-04	170,017		6,396	163,621
2002-03	153,750		4,606	149,144
2001-02	128,254		4,476	123,778
2000-01	94,908		1,964	92,944
1999-00	74,399		74,399	
	<u>\$ 2,594,735</u>	<u>\$ 15,988,192</u>	<u>\$ 15,577,474</u>	<u>\$ 3,005,453</u>
Less Allowance for Uncollectible Ad Valorem Taxes Receivable				<u>\$ (480,000)</u>
Ad Valorem Taxes Receivable (Net)				<u>\$ 2,525,453</u>
Reconciliation with Revenues				
Taxes - Ad Valorem - General Fund			\$ 15,515,529	
Discount Allowed			138,429	
Amounts Written Off Per Statute of Limitations			70,363	
Adjustments			17,481	
Interest Collected			<u>(164,328)</u>	
Total Collections & Credits			<u>\$ 15,577,474</u>	

Priscilla L. Norris, CPA

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

Report on Compliance and On Internal Control Over Financial Reporting Based On An Audit of Financial Statements Performed in Accordance With Government Auditing Standards

To the Board of County Commissioners
Ashe County, North Carolina

We have audited the basic 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, 2010, which collectively comprises Ashe County's basic financial statements and have issued our report thereon dated November 24, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Ashe County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ashe County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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.

Our consideration of the internal control over financial reporting 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 deficiencies, significant deficiencies or material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies in internal control over financial reporting (see finding # 10-1.) 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.

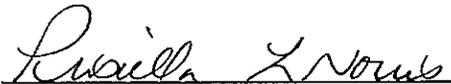
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ashe County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination

of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, 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.

The County's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, others within the organization, members of Ashe County Board of Commissioners, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties.


Priscilla L. Norris, CPA

November 24, 2010

Priscilla L. Norris, CPA

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

Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 and the State Single Audit Implementation Act

To the Board of County Commissioners
Ashe County, North Carolina

Compliance

We have audited the compliance of Ashe County, North Carolina, with the types of compliance requirements described in the U.S. Office of Management and Budget (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 its major federal programs for the year ended June 30, 2010. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Ashe County's management. Our responsibility is to express an opinion on Ashe County's compliance based on our audit.

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 about 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. Our audit does not provide a legal determination on Ashe County's compliance with those requirements.

In our opinion, Ashe County complied, in all material respects, with the 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, 2010.

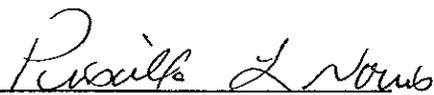
Internal Control Over Compliance

The management of Ashe County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Ashe County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 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.

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, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, others within the entity, members of the Ashe County Board of Commissioners, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties.


Priscilla L. Norris, CPA

November 24, 2010

Priscilla L. Norris, CPA

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

Report on Compliance with Requirements Applicable to Each Major State Program and Internal Control Over Compliance in Accordance with Applicable Sections of OMB Circular A-133 and the State Single Audit Implementation Act

To the Board of County Commissioners
Ashe County, North Carolina

Compliance

We have audited the compliance of Ashe County, North Carolina, 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 its major State programs for the year ended June 30, 2010. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of Ashe County's management. Our responsibility is to express an opinion on Ashe County's compliance based on our audit.

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; applicable sections of OMB Circular A-133 as described in the Audit Manual for Governmental Auditors in North Carolina, and the State Single Audit Implementation Act. Those standards, applicable sections of 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. Our audit does not provide a legal determination of Ashe County's compliance with those requirements.

In our opinion, Ashe County complied, in all material respects, with the 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, 2010.

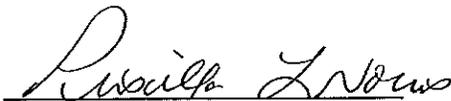
Internal Control Over Compliance

The management of Ashe County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered Ashe County's internal control over compliance with requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance with applicable sections of OMB Circular A-133 and the State Single Audit Implementation Act, 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 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.

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, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, others within the organization, members of the Ashe County Board of Commissioners, and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties.


Priscilla L. Norris, CPA

November 24, 2010

ASHE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

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 _____ X yes _____ no

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>
10.551	Supplemental Nutrition Assist. Program Cluster
10.561	
93.575	Subsidized Child Care Cluster
93.596	
93.667	
93.558	
93.778	Title XIX - Medicaid
93.568	Low Income Home Energy Assistance Block Grant

Dollar threshold used to distinguish between Type A and Type B Programs

\$ 957,254

Auditee qualified as low-risk auditee?

X yes _____ no

ASHE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010

IV. State Awards Findings and Questioned Cost

None Reported

V. Corrective Action Plan for the Following Sections:

Section II - Financial Statement Funding

Finding 10-1

Significant Deficiency
Segregation of Duties

Name of Contract Person: Sandra Long, Finance Officer

Corrective Active: Employees are continuing to be cross-trained, so that controls will be used to compensate for lack of separation. Duties will continue to be separated as much as possible.

Proposed Completion Date: The County will implement the above procedure immediately.

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

Finding 09-1 (Same as 10-1)

Status: Duties are being separated as much as possible as employees continue to learn new tasks, and as new employees are hired.

Finding 09-2

Status: The finding is not valid this fiscal year since there were no Public School Building Capital Funds.

Finding 09-03

Status: The finance officer has made sure that expenditures occurred before request for funds from DOT was made.

ASHE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Local Expenditures
FEDERAL AWARDS:				
<u>U.S. Department of Health and Human Services:</u>				
<i>Administration for Children and Families</i>				
Passed-through the N.C. Dept. of Health and Human Serv:				
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	502,843		
Child Care and Development Fund--Mandatory	93.596	151,863		
Child Care and Development Fund--Match	93.596	112,384	60,388	
Total Child Care Development Fund Cluster		847,090	60,388	
Social Services Block Grant	93.667	38,816		
Temporary Assistance for Needy Families	93.558	150,728		
Smart Start			77,715	
State Appropriations			294,859	
More at Four State Funding				
TANF-MOE			157,004	
Total Subsidized Child Care		1,036,634	589,966	-
Division of Social Services:				
<u>Foster Care and Adoption Cluster (Note 2):</u>				
Title IV-E Foster Care	93.658	159,043	9,274	108,750
Foster Care - Direct Benefit Payments	93.658	39,440	34,894	35,197
Adoption Assistance - Direct Benefit Payments	93.659	129,225	74,650	38,282
Total Foster Care and Adoption Cluster		327,708	118,818	182,229
<u>Temporary Assistance for Needy Families Cluster</u>				
TANF/Work First	93.558	283,514	17,311	451,840
Temporary Assistance for Needy Families-Direct Benefit Payments	93.558	193,661		573
ARRA-Emergency Contingency Fund for TANF State Programs	93.714	4,642		
Total TANF Cluster		481,817	17,311	452,413
Child Support Enforcement	93.563	310,007	62,015	160,141
Low Income Home Energy Assistance Block Grant:				
Administration	93.568	156,000		
Direct Benefit Payments	93.568	276,562		
Child Welfare Services	93.645	7,666	2,029	603
Promoting Safe and Stable Families	93.556	336		
Social Services Block Grant - Adult Services	93.667	144,838	24,757	42,858
Independent Living Grant - Admin.	93.674	2,457	614	
Independent Living Grant - Direct Benefits	93.674	1,477		
Refugee Assistance - Direct Benefits	93.566	147		
<i>Total Administration for Children and Families</i>		2,745,649	815,510	838,244

ASHE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal (Direct & Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
<u>Health Care Financing Administration</u>				
Passed-through the N.C. Dept. of Health and Human Serv:				
Division of Medical Assistance:				
Direct Benefit Payments:				
Medical Assistance Program	93.778	\$ 27,285,162	\$ 9,650,091	\$ 10,626
Division of Social Services:				
Medical Assistance Program	93.778	818,220	22,627	794,390
Administration:				
Health Choice	93.767	45,647	1,474	13,317
Total Healthcare Financing Administration		\$ 28,149,029	\$ 9,674,192	\$ 818,333
Total U.S. Department of Health and Human Services		\$ 30,894,678	\$ 10,489,702	\$ 1,656,577
<u>U.S. Department of Education:</u>				
Passed-through N.C. Dept. of Public Instruction				
21st Century Grant	84.287	\$ 199,150	\$ -	\$ -
Total U.S. Department of Education		\$ 199,150	\$ -	\$ -
<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	\$ 292,983	\$ -	\$ 239,566
Passed-through N.C. Dept of Agriculture:				
Emergency Food Assistance Cluster:				
Emergency Food Assistance Program - Administrative Costs	10.568	4,606		
Emergency Food Assistance Program - Food Commodities	10.569	86,978		
Total U.S. Dept. of Agriculture		\$ 384,567	\$ -	\$ 239,566
<u>U.S. Housing and Urban Development</u>				
Passed - through N.C. Dept of Commerce				
Community Development Block Grant	14.228	\$ 270,007	\$ -	\$ -
Total U.S. Housing & Urban Development		\$ 270,007	\$ -	\$ -
<u>U.S. Department of Justice</u>				
JAG Grant	16. unknown	\$ 20,305	\$ -	\$ -
State Criminal Alien Assistance Program	16.606	5,190		
Total U.S. Department of Justice		\$ 25,495	\$ -	\$ -

ASHE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

<u>Grantor/Pass-through</u> <u>Grantor/Program Title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>Federal</u> <u>(Direct &</u> <u>Pass-through)</u> <u>Expenditures</u>	<u>State</u> <u>Expenditures</u>	<u>Local</u> <u>Expenditures</u>
<u>U.S. Dept. of Transportation</u>				
Passed - through NC Dept of Transportation:				
Airport Grant	20.106	\$ 64,985	\$ -	\$ -
Total U.S. Dept of Transportation		\$ 64,985	\$ -	\$ -
<u>U.S. Dept. of Homeland Security</u>				
Passed - through NC Dept. of Crime Control & Public Safety:				
Disaster Assistance	97.017	\$ 3,240		
Emergency Management	97.042	24,220	-	-
2010 Winter Storm & Flooding	97. unknown	1,034		
FEMA - Emergency Food & Shelter Program	97.024	10,928	-	-
ARRA - Emergency Food & Shelter Program	97.114	2,658		
Total U.S. Dept. of Homeland Security		\$ 42,080	-	\$ -
<u>U.S. Election Assistance Commission</u>				
Passed - through NC State Board of Elections				
Help America Vote Act	90.401	\$ 27,491	-	\$ -
Total U.S. Election Assistance Commission		\$ 27,491	-	\$ -
Total Federal Awards (and state and local match)		\$ 31,908,453	\$ 10,489,702	\$ 1,896,143
STATE AWARDS:				
<u>N.C. Dept. of Health and Human Services</u>				
State/County Special Assistance for Adults - Direct Benefit Payments		\$ -	\$ 257,271	\$ 257,271
State/County Special Assistance for Adults-Administration				68,748
AFDC / TANF Incentive / Program Integrity			1,703	
CPS Expansion Grant			80,547	
<u>N.C. Dept. of Transportation</u>				
Rural Operating Assistance Program (EDTAP)			69,296	
Rural Operating Assistance Program (Work First)			10,173	
Rural Operating Assistance Program (RGP)			69,918	
State Aid to Airports Program(DOT-8 #36244.29.2.1)			3,938	
State Aid to Airports Program(DOT-8 #36244.29.3.1)			495	
State Aid to Airports Program(DOT-8 #36237.21.7.1)			2,363	
State Aid to Airports Program(DOT-8 #36237.21.8.1)			8,128	
<u>N.C. Dept. of Environment & Natural Resources</u>				
Scrap Tire Grant			9,541	
Soil & Water Conservation - Soil Technician Grant			38,713	
NC Parks & Recreation Trust Fund			101,893	
White Goods Grant			59,788	
<u>N. C. Dept. of Administration</u>				
Veterans Service Reimbursement			2,000	

ASHE COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

<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>Administrative Office of the Courts</u>				
Safe Roads Act Funds			2,238	
<u>N. C. Dept. of Corrections</u>				
State Reimbursements for Prisoners			11,905	
Criminal Justice Partnership Program			55,160	
<u>N.C. Rural Economic Development Center, Inc.</u>				
Rural Center Economic Development Grant			460,623	
<u>Golden Leaf Foundation</u>				
Economic Development Grant			50,124	
<u>Office of Juvenile Justice</u>				
Juvenile Crime Prevention			55,558	
<u>NC Community Foundation, Inc</u>				
4-H Children's Trust Fund			2040	
<u>N.C. Dept. of Crime Control & Public Safety</u>				
Emergency Management Grant			404	
<u>N.C. Dept of Public Instruction</u>				
Summer TRACS			9,633	
Homeless Grant			6,000	
Total State Awards and local match		\$ -	\$ 1,369,452	\$ 326,019
Total Federal and State Awards		\$ 31,908,453	\$ 11,859,154	\$ 2,222,162

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

1. Basis of Presentation

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

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

Subrecipients

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

<u>Program Title</u>	<u>CFDA</u> <u>Number</u>	<u>Federal</u> <u>Expenditures</u>	<u>State</u> <u>Expenditures</u>
Rural Center Economic Development Grant			\$ 460,623