

**ASHE COUNTY
NORTH CAROLINA
AUDIT REPORT
JUNE 30, 2019**

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ASHE COUNTY, NORTH CAROLINA

BOARD OF COUNTY COMMISSIONERS

Todd McNeill - Chairman

William Sands - Vice Chairman

Larry Dix

Larry Rhodes

Paula Perry

COUNTY OFFICIALS

Adam Stumb

County Manager

Sandra Long

Director of Finance

John Kilby

County Attorney

Deaett Roten

Register of Deeds

Chris Lambert

Tax Administrator

Priscilla L. Norris, CPA

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Independent Auditor's Report

To the Board of County Commissioners
Ashe County, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ashe County, North Carolina, as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise Ashe County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, based upon our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ashe County as of June

30, 2019 and the respective changes in financial position, and cash flows, where applicable, thereof

and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

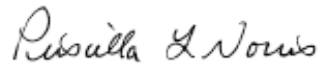
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Ashe County, North Carolina. The combining and individual fund statements, budgetary schedules, and other schedules as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules, other schedules and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures; including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund financial statements, budgetary schedules, other schedules and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2019, on our consideration of Ashe County's internal control over financial reporting

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



Priscilla L. Norris, CPA
Jefferson, NC
December 18, 2019

**ASHE COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

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, 2019. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

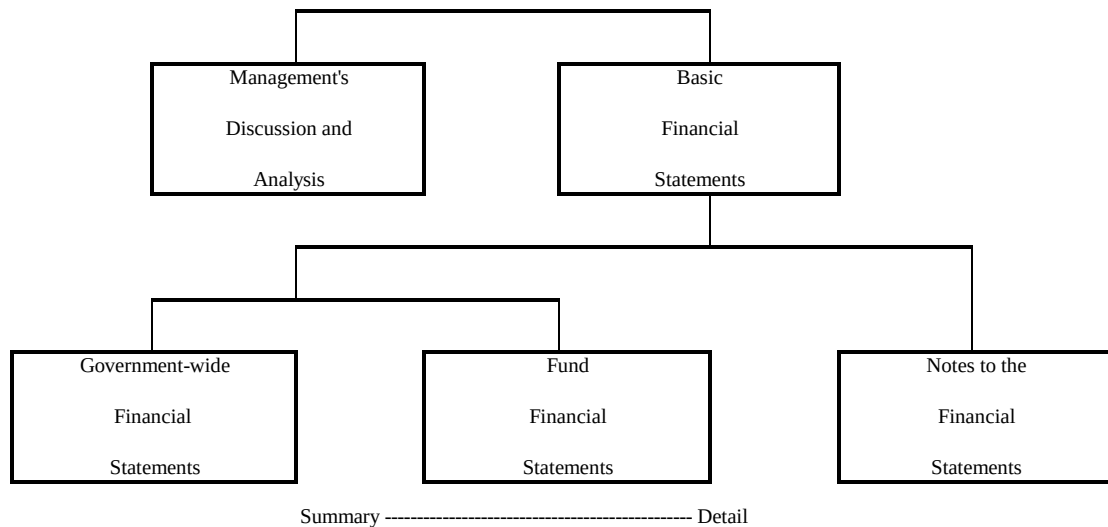
- * The assets and deferred outflows of resources of Ashe County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$54,484,669 (net position).
- * The government's total net position increased by \$2,082,444, compared to \$1,596,576 in the prior year.
- * As of the close of the current fiscal year, Ashe County's governmental funds reported combined ending fund balances of \$20,049,171, an increase of \$1,557,367 in comparison with the prior year. Approximately 56.87 percent of this total amount, or \$7,901,997, is available for spending at the government's discretion (*unassigned fund balance*), beyond amounts assigned for subsequent year's expenditures. Approximately 29.69 percent, or \$5,953,198, is restricted or non-spendable.
- * At the end of the current fiscal year, unassigned fund balance for the General Fund was \$7,901,997, or 23.63 percent, of total general fund expenditures for the fiscal year.
- * Ashe County's total debt decreased by \$1,314,334 (14.75%) during the current fiscal year. The key factors in this decrease are principal payments on debt of \$1,871,334 less new debt of only \$557,000.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

**ASHE COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

by the General Statutes also can be found in this part of the statements.

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Ashe County has three fiduciary funds, all 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.

**ASHE COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Required supplementary information can be found on Exhibit A - 1 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets (and deferred outflows of resources,) of Ashe County exceeded liabilities (and deferred inflows of resources) by \$54,484,669 as of June 30, 2019. One of the largest portions, \$40,121,369 (73.64%), reflects the County's net investment in capital assets (e.g. land, buildings, machinery, and equipment). Ashe County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Ashe County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources since the capital assets cannot be used to liquidate these liabilities. An additional portion of Ashe County's net position, \$5,496,570 (10.09%) represents resources that are subject to external restrictions on how they may be used.

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

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 23,102,133	\$22,066,881	\$ 4,958,037	\$ 4,827,995	\$28,060,170	\$ 26,894,876
Capital assets	40,707,671	41,325,392	6,072,514	5,548,153	46,780,185	46,873,545
Total assets	<u>\$ 63,809,804</u>	<u>\$63,392,273</u>	<u>\$ 11,030,551</u>	<u>\$ 10,376,148</u>	<u>\$74,840,355</u>	<u>\$ 73,768,421</u>
Deferred outflows of resources	\$ 3,589,677	\$ 2,053,089	\$ 237,031	\$ 151,342	\$ 3,826,708	\$ 2,204,431
Long-term liabilities	18,265,374	17,874,518	4,563,527	4,054,930	22,828,901	21,929,448
Other liabilities	570,236	926,398	124,709	168,028	694,945	1,094,426
Total liabilities	<u>\$ 18,835,610</u>	<u>\$18,800,916</u>	<u>\$ 4,688,236</u>	<u>\$ 4,222,958</u>	<u>\$23,523,846</u>	<u>\$ 23,023,874</u>
Deferred inflows of resources	\$ 624,490	\$ 518,838	\$ 34,058	\$ 27,915	\$ 658,548	\$ 546,753
Net position						
Net investment in capital assets	34,705,855	34,563,920	5,415,514	5,125,222	40,121,369	39,689,142
Restricted	5,496,570	5,004,710			5,496,570	5,004,710
Unrestricted	7,736,956	6,556,978	1,129,774	1,151,395	8,866,730	7,708,373
Total net position	<u>\$ 47,939,381</u>	<u>\$46,125,608</u>	<u>\$ 6,545,288</u>	<u>\$ 6,276,617</u>	<u>\$54,484,669</u>	<u>\$ 52,402,225</u>

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

- * Continued due diligence in the collection of property taxes by increasing its collection percentage from 96.07% to 96.18%
- * Current Year Ad Valorem Tax collections of \$17,583,097 were approximately \$332,000 more than the prior year.
- * The County ended the year with an increase over the prior year for sales tax collections of approximately \$544,000.
- * Runway expansion work continued at the County airport, funded mostly by state and federal grants.

**ASHE COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Ashe County Changes in Net Position

Figure 3

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 1,846,964	\$ 1,793,203	\$ 2,548,639	\$ 2,591,626	\$ 4,395,603	\$ 4,384,829
Operating grants and contributions	5,464,269	5,401,420	132,332	108,195	5,596,601	5,509,615
Capital grants and contributions	834,561	690,681	-	-	834,561	690,681
General revenues:						
Property taxes	18,400,817	18,330,778			18,400,817	18,330,778
Other taxes	7,866,972	7,298,756			7,866,972	7,298,756
Grants and contributions not restricted to specific programs						
Other	376,246	348,988	54,965	29,895	431,211	378,883
Total revenues	<u>\$34,789,829</u>	<u>\$ 33,863,826</u>	<u>\$ 2,735,936</u>	<u>\$ 2,729,716</u>	<u>\$ 37,525,765</u>	<u>36,593,542</u>
Expenses:						
General government	5,400,488	5,479,349			5,400,488	5,479,349
Public safety	8,112,756	7,540,784			8,112,756	7,540,784
Transportation	700,785	658,385			700,785	658,385
Economic and physical development	979,074	887,417			979,074	887,417
Human services	9,542,639	9,004,920			9,542,639	9,004,920
Cultural and recreation	1,546,378	1,441,099			1,546,378	1,441,099
Education	6,445,690	7,685,307			6,445,690	7,685,307
Interest on long-term debt	248,246	275,081			248,246	275,081
Environmental services			2,467,265	2,234,399	2,467,265	2,234,399
Total expenses	<u>\$32,976,056</u>	<u>\$ 32,972,342</u>	<u>\$ 2,467,265</u>	<u>\$ 2,234,399</u>	<u>\$ 35,443,321</u>	<u>35,206,741</u>
Increase (decrease) in net position before transfers and special items	1,813,773	891,484	268,671	495,317	2,082,444	1,386,801
Gain/Loss on sale of assets						
Increase in net position	<u>1,813,773</u>	<u>891,484</u>	<u>268,671</u>	<u>495,317</u>	<u>2,082,444</u>	<u>1,386,801</u>
Net position, beg previously reported	46,125,608	47,898,593	6,276,617	6,100,208	52,402,225	53,998,801
Prior period adjustment						
Restatement		(2,664,469)		(318,908)	-	(2,983,377)
Net position, beg restated	<u>46,125,608</u>	<u>45,234,124</u>	<u>6,276,617</u>	<u>5,781,300</u>	<u>52,402,225</u>	<u>51,015,424</u>
Net position, ending	<u>\$47,939,381</u>	<u>\$ 46,125,608</u>	<u>\$ 6,545,288</u>	<u>\$ 6,276,617</u>	<u>\$ 54,484,669</u>	<u>52,402,225</u>

Governmental activities: Governmental activities increased the County's net position by \$1,813,773.

Business-type activities: Business-type activities increased Ashe County's net position by \$268,671.

Financial Analysis of the County's Funds

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

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

The General Fund is the chief operating fund of Ashe County. At the end of the current fiscal year, fund balance available for appropriation in the General Fund was \$12,099,298 while total fund balance was \$14,288,110. The NC State Treasurer recommends that the County maintain an available fund balance of at least 8% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. The County currently has an available fund balance of 42.73% of General Fund expenditures, while total fund balance represents 42.73% of that same amount. Of the total fund balance, the amount that was unassigned at year end was \$7,901,997.

At June 30, 2019, the governmental funds of Ashe County reported a combined fund balance of \$20,049,191, a 8.42 percent increase from last year.

**ASHE COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

General Fund Budgetary Highlights: During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund budget increased revenues by \$58,170. There was no change in the appropriation of fund balance.

Proprietary Funds: Ashe County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Environmental Services Fund at the end of the fiscal year amounted to \$1,129,774, a decrease of \$21,621.

Capital Asset and Debt Administration

Capital Assets: Ashe County's capital assets for its governmental and business-type activities as of June 30, 2019, totals \$46,780,180 (net of accumulated depreciation). These assets include buildings, airport, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include:

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

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

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	4,938,457	4,701,340	128,198	128,198	5,066,655	4,829,538
Buildings and system	23,814,042	24,491,892	3,485,455	3,437,929	27,299,497	27,929,821
Improvements other than bldgs.	2,389,865	2,490,530			2,389,865	2,490,530
Machinery and equip.	1,287,348	1,333,798	2,458,856	1,982,023	3,746,204	3,315,821
Infrastructure	598,493	484,835			598,493	484,835
Vehicles and motorized equip.	7,679,466	7,822,998			7,679,466	7,822,998
Construction in progress	-	-			-	-
Total	40,707,671	41,325,393	6,072,509	5,548,150	46,780,180	46,873,543

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

Long-term Debt: As of June 30, 2019, Ashe County had no general obligation bonds outstanding.

Ashe County's total debt decreased by \$1,314,334 during the past fiscal year, primarily due to principal payments on debt of 1,871,334 less new debt of 557,000.

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 2018-2019.

- * Ashe County's economic outlook for FY 2018-2019 showed continued stability with the county's unemployment rate remaining close to the 4% based on approximately 12,500 employed and just over 500 unemployed. Top employment sectors during the past year were in Office and Administration Support, Production Occupations, Retail Trade, Education, Transportation, Health Care and Social Assistance, Accommodation & Food Services, Installation Maintenance & Repair and Construction with top wages going to Management, Computer & Technology Maintenance, Business & Finance, Health Care Practitioners, and Community and Social Services Occupations.
- * Ashe County's ad valorem tax rate remained the same at \$.443 during FY2018, FY2019, and will again remain unchanged during FY2020. Tax collections have been steadily increasing which allows us to budget for collections of additional revenues. Ashe County continues to enjoy one of the 10 lowest ad valorem tax rates in the state.

**ASHE COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

- * Sales tax collections have risen during the last year. Increased collections are due in part to an increase in the sales tax collection base for services approved by the General Assembly but also because of increased retail sales across the state of North Carolina.
- * Our top employers remain strong and the County Commissioners and Board of Education work closely with them through our Economic Development resources to help them retain a strong presence in our county. Our smaller employers seem to be thriving and several new small businesses related to our growing tourism industry have been added within the last year.
- * Since the beginning of FY2018, our Economic Development Director, County Manager, Board of Commissioners, and Ashe County Job Development, Inc. have worked closely in a joint effort to find a new industrial site location. This would enable Ashe County to have shovel-ready sites available to market to new or expanding industries. The new site will have access to town water and sewer, three phase power, and on-site access to natural gas connections. A tract of property across from the existing industrial site located on Ray Taylor Road in West Jefferson is currently under contract. Due diligence is presently being done and if everything meets the County's requirements for an industrial site, final purchase of the property could be made before the close of FY2020. Other partners will be added to help the county finance the purchase of the property and site development could begin during the next fiscal year.
- * On a county level, we are very confident in the economic future of Ashe County. As in any area of local government, our resident economy depends largely on the strengths of the economy on a state and national level.

Next year's budgets and rates

- * Ashe County's ad valorem tax rate will remain unchanged for FY2020 at 44.3 cents. Sales Tax articles 39, 40, 42, 46, and the Local Redistribution of Article 44 are expected to continue to increase during FY2020. A modest increase of around 2% was budgeted taking the fluctuation of economic factors into account that could affect those numbers throughout the budget year. Articles 46 and the Article 44 Redistribution are being set aside to use for debt service payments on the proposed middle school and the expansion of the Ashe Campus of Wilkes Community College. Required portions of Articles 40 and 42 are also being placed into a reserve for the payments for the new middle school. The Local Government Commission requires amortization of debt service be structured on level principal. This makes payments on a 20 year loan higher at the beginning. These reserves will be used to offset the larger payments on the front-end for the first five or six years until the loan is paid down to where the sales tax produces enough funds to cover the annual payments. This should allow the county to not have to depend on ad valorem taxes to pay for either of these projects.
- * Aside from ad valorem and sales taxes which are the biggest sources of annual revenues for the general fund, other revenues from DSS reimbursements, jail revenues, licenses and permits and other sales and services are expected to increase slightly. Again this year, we did not use any budgeted fund balance to balance our general fund budget. Sufficient revenues were collected and expenses were held down to make this possible for the year ending 6/30/2019.
- * The Solid Waste Disposal Fee in our Enterprise Fund which is made up of our Environmental Services departments of Collection and Disposal was increased from \$130 to \$150 annually. Additional revenues from this fee will be used to make improvements, including paving, to the NC Highway 16 North Convenience Center and to purchase property for an additional Convenience Center in the Highway 163 West Jefferson area to help alleviate crowding and high-use of the Baldwin Convenience Center site. Development of this site could begin as early as summer of 2020.
- * Funds awarded by the NC Department of Transportation Division of Aviation are continuing to be used to make improvements at the Ashe County Airport. During the coming year design for the paving of taxi-way and fencing should be complete. Work continues on the Fuel Farm Project and the Waterline project which would bring water from the Town of Jefferson to the airport. Both of these projects would positively impact the safety of operations at the airport. All of the projects are made possible by either 90% or 100% grants from State and Federal Aviation Funds.
- * One-half cent (approximately \$190,000) again will be budgeted during FY2020 to be transferred to the Economic Development Reserve Fund. Ongoing incentive payments to GE Aviation will be paid from this fund. Other uses of the fund are expected to be a payment to ACJD toward the purchase of a new industrial site on the Ray Taylor Road in West Jefferson along with the due diligence expenses necessary to make sure that this property is viable for an industrial site before the land is actually purchased.
- * Funds were also included in next year's DSS budget to begin looking at the feasibility of a new building to house DSS and the Health Department. Exploration is beginning to look at whether one or two buildings should house the departments and where they should be located. A committee is in place that is visiting other locations to get ideas that can be used to formulate plans and designs to meet our local needs.
- * Our Board of Commissioners and community leaders are taking positive steps to look into the future needs of our county for years to come. A meeting was held in late fall to begin the process of prioritizing capital improvement and infrastructure needs for our county. Meetings with Department Heads will be held to get their input on needs for their specific departments. Meetings with the Board of Education and the Towns have been or will be initiated soon to gather information and ideas to assist in formulation of long range plans to incorporate expected growth within Ashe County as a Highway 221 project comes closer to an end.

**ASHE COUNTY, NORTH CAROLINA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Requests for Information

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

ASHE COUNTY, NORTH CAROLINA
STATEMENT OF NET POSITION
6/30/2019

	Primary Government		
	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Cash and investments	\$ 14,578,289	\$ 4,101,361	\$ 18,679,650
Restricted cash	3,325,694		3,325,694
Receivables (net)	2,584,111	748,711	3,332,822
Due from other governments	2,556,539	107,965	2,664,504
Net pension asset - ROD	57,500	-	57,500
Subtotal	23,102,133	4,958,037	28,060,170
Capital assets:			
Land, improvements, and construction in progress	4,938,457	128,198	5,066,655
Other capital assets, net of depreciation	35,769,214	5,944,316	41,713,530
Total capital assets	40,707,671	6,072,514	46,780,185
Total assets	\$ 63,809,804	\$ 11,030,551	\$ 74,840,355
DEFERRED OUTFLOWS OF RESOURCES			
Pension Deferrals	\$ 2,506,939	\$ 166,202	\$ 2,673,141
OPEB Deferrals	1,082,738	70,829	1,153,567
Total Deferred Outflows	3,589,677	237,031	3,826,708
LIABILITIES			
Accounts payable and accrued expenses	468,008	117,304	585,312
Accrued interest payable	102,228	7,405	109,633
Long-term liabilities:			
Net pension liabilities - LGERS	3,039,146	205,110	3,244,256
Total pension liabilities - LEOSSA	508,267		508,267
Total OPEB liability	7,119,499	465,735	7,585,234
Due within one year	1,482,562	285,219	1,767,781
Due in more than one year	6,115,900	3,607,463	9,723,363
Total liabilities	\$ 18,835,610	\$ 4,688,236	\$ 23,523,846
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	\$ 36,092	\$ 1,438	\$ 37,530
OPEB deferrals	498,654	32,620	531,274
Prepaid taxes	89,744	-	89,744
Total deferred inflows of resources	\$ 624,490	\$ 34,058	\$ 658,548
NET POSITION			
Net investment in capital assets	34,705,855	5,415,514	40,121,369
Restricted for:			
Capital projects (education)	2,722,300		2,722,300
Public safety	143,219		143,219
Human services	251,564		251,564
Register of deeds	133,175		133,175
Register of deeds pension plan	57,500		57,500
Stabilization by State statute	2,188,812		2,188,812
Unrestricted	7,736,956	1,129,774	8,866,730
Total net position	\$ 47,939,381	\$ 6,545,288	\$ 54,484,669

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

ASHE COUNTY, NORTH CAROLINA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
Primary government:							
Governmental Activities							
General government	\$ 5,400,488	\$ 505,978	\$ -	\$ -	\$ (4,894,510)	\$ -	\$ (4,894,510)
Public safety	8,112,756	987,524	1,067,043		(6,058,189)		(6,058,189)
Transportation	700,785	146,657	908	561,945	8,725		8,725
Economic and physical development	979,074	5,610	24,838		(948,626)		(948,626)
Human services	9,542,639	154,168	4,366,060		(5,022,411)		(5,022,411)
Cultural and recreation	1,546,378	47,027			(1,499,351)		(1,499,351)
Education	6,445,690		5,420	272,616	(6,167,654)		(6,167,654)
Interest on long-term debt	248,246				(248,246)		(248,246)
Total governmental activities	32,976,056	1,846,964	5,464,269	834,561	(24,830,262)		(24,830,262)
Business-type Activities:							
Environmental services	2,467,265	2,548,639	132,332			213,706	213,706
Total business-type activities	2,467,265	2,548,639	132,332			213,706	213,706
Totals	\$ 35,443,321	\$ 4,395,603	\$ 5,596,601	\$ 834,561	\$ (24,830,262)	\$ 213,706	\$ (24,616,556)
General Revenues:							
Taxes:							
Property taxes, levied for general purpose					18,400,817		18,400,817
Local Option Sales tax					7,318,247		7,318,247
Other taxes and licenses					548,725		548,725
Grants and contributions not restricted to specific programs							
Investment earnings, unrestricted					343,191	54,965	398,156
Miscellaneous, unrestricted					33,055		33,055
Gain on sale of assets							-
Total general revenues, special items, and transfers					26,644,035	54,965	26,699,000
Change in net position					1,813,773	268,671	2,082,444
Net position - beginning					46,125,608	6,276,617	52,402,225
Net position - ending					\$ 47,939,381	\$ 6,545,288	\$ 54,484,669

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

ASHE COUNTY NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	Major Governmental Funds		Non-Major	Total
	General	School Capital	Governmental	Governmental
	Fund	Projects	Funds	Funds
Assets				
Cash & Investments	\$ 12,358,360	\$ -	\$ 2,219,929	\$ 14,578,289
Restricted Cash	228,551	2,722,300	374,843	3,325,694
Due from Other Funds				
Receivables (Net):				
Taxes	1,910,220			1,910,220
Accounts	146,401			146,401
Due from Other Governments	2,042,411		514,128	2,556,539
Total Assets	<u>\$ 16,685,943</u>	<u>\$ 2,722,300</u>	<u>\$ 3,108,900</u>	<u>\$ 22,517,143</u>
Liabilities				
Accounts Payable & Accrued Liabilities	\$ 397,869	\$ -	\$ 70,139	\$ 468,008
Total Liabilities	<u>\$ 397,869</u>	<u>\$ -</u>	<u>\$ 70,139</u>	<u>\$ 468,008</u>
Deferred Inflows of Resources				
Property Taxes Receivable	\$ 1,910,220	\$ -	\$ -	\$ 1,910,220
Prepaid Taxes	89,744			89,744
Total Deferred Inflows of Resources	<u>\$ 1,999,964</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,999,964</u>
Fund Balances				
Restricted for:				
Stabilization by State Statute	\$ 2,188,812	\$ -	\$ 514,128	\$ 2,702,940
Register of Deeds	133,175			133,175
Human Services	20,218			20,218
School Capital Outlay		2,722,300		2,722,300
Public Safety			143,219	143,219
4-H (Human Services)			231,346	231,346
Committed for:				
Tax Revaluation	95,376			95,376
Human Services	17,625			17,625
Capital Projects			2,150,068	2,150,068
Assigned:				
Subsequent Year's Expenditures	3,930,907			3,930,907
Unassigned:	7,901,997			7,901,997
Total Fund Balance	<u>\$ 14,288,110</u>	<u>\$ 2,722,300</u>	<u>\$ 3,038,761</u>	<u>\$ 20,049,171</u>
Total Liabilities, Deferred Inflows of Resources & Fund Balances	<u>\$ 16,685,943</u>	<u>\$ 2,722,300</u>	<u>\$ 3,108,900</u>	

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

ASHE COUNTY NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	\$ 40,707,671
Contributions to Pension Plans in the current Fiscal Year	747,748
Net pension asset - ROD	57,500
Contributions to OPEB plan in the current Fiscal Year	258,503
Benefit payments and administration costs for LEOSSA	20,245
Deferred outflows of resources on the Statement of Net Position related to pensions	1,738,946
Deferred outflows of resources on the Statement of Net Position related to OPEB	824,235
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds, such as accrued interest receivable on taxes.	527,490
Deferred inflows of resources for taxes receivable	1,910,220
Deferred inflows of resources on the Statement of Net Position related to pensions	(36,092)
Deferred inflows of resources on the Statement of Net Position related to OPEB	(498,654)
Some liabilities, including debt payable and other postemployment benefits, are not due and payable in the current period and, therefore, are not reported in funds.	(7,700,690)
Net pension liability - LGERS	(3,039,146)
Net OPEB liability	(7,119,499)
Total pension liability - LEOSSA	(508,267)
Total difference	<u>\$ 27,890,210</u>
Total fund balance	\$ 20,049,171
Net position of governmental activities	<u><u>\$ 47,939,381</u></u>

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

ASHE COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Major Governmental Funds</u>		<u>Non-Major</u>	<u>Total</u>
	<u>General</u>	<u>School</u>	<u>Governmental</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Capital Projects</u>	<u>Funds</u>	<u>Funds</u>
Revenues				
Ad Valorem Taxes	\$ 18,546,946	\$ -	\$ -	\$ 18,546,946
Local Option Sales Tax	7,318,247			7,318,247
Other Taxes	548,725			548,725
Unrestricted Intergovernmental Revenues	5,420			5,420
Restricted Intergovernmental Revenues	5,087,088	272,616	915,484	6,275,188
Licenses & Permits	381,891			381,891
Sales & Services	1,466,065		140,108	1,606,173
Investment Earnings	343,191			343,191
Miscellaneous	20,179		39,998	60,177
Total Revenue	<u>\$ 33,717,752</u>	<u>\$ 272,616</u>	<u>\$ 1,095,590</u>	<u>\$ 35,085,958</u>
Expenditures				
General Government	\$ 4,827,631	\$ -	\$ -	\$ 4,827,631
Public Safety	7,440,204		310,015	7,750,219
Transportation	281,768			281,768
Economic & Physical Development	983,299			983,299
Human Services	9,116,370		264,910	9,381,280
Cultural & Recreational	1,312,691			1,312,691
Educational	6,142,863			6,142,863
Capital Outlay		263,201	816,534	1,079,735
Debt Services:				
Principal Retirement	675,000	788,777		1,463,777
Interest	251,283	54,045		305,328
Total Expenditures	<u>\$ 31,031,109</u>	<u>\$ 1,106,023</u>	<u>\$ 1,391,459</u>	<u>\$ 33,528,591</u>
Revenues Over (Under) Expenditures	<u>\$ 2,686,643</u>	<u>\$ (833,407)</u>	<u>\$ (295,869)</u>	<u>\$ 1,557,367</u>
Other Financing Sources (Uses)				
Loan Proceeds				-
Operating Transfer - In	80,000	1,493,124	996,908	2,570,032
Operating Transfer - Out	(2,410,832)		(159,200)	(2,570,032)
Total Other Financing Sources (Uses)	<u>\$ (2,330,832)</u>	<u>\$ 1,493,124</u>	<u>\$ 837,708</u>	<u>\$ -</u>
Net Change in Fund Balance	<u>\$ 355,811</u>	<u>\$ 659,717</u>	<u>\$ 541,839</u>	<u>\$ 1,557,367</u>
Fund Balances:				
Beginning of Year, July 1	\$ 13,932,299	\$ 2,062,583	\$ 2,496,922	\$ 18,491,804
End of Year, June 30	<u>\$ 14,288,110</u>	<u>\$ 2,722,300</u>	<u>\$ 3,038,761</u>	<u>\$ 20,049,171</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, 2019

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

Net changes in fund balances - total governmental funds	\$ 1,557,367
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds (or is exceeded by) depreciation in the current period.	(617,301)
Cost of capital assets disposed of during the year, not recognized on modified accrual basis.	-
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	747,748
Benefit payments and pension administration costs for LEOSA are deferred outflows of resources on the Statement of Net Position.	20,245
Contributions and administration costs for OPEB are deferred outflows of resources on the Statement of Net Position	258,503
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.	1,548,403
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Decrease (increase) in interest expense between fund statements and government-wide statements	24,500
Decrease (increase) in Compensated Absences	(53,534)
OPEB Expense	(587,142)
Pension Expense	(938,887)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Increase (Decrease) in deferred inflows for taxes receivable at year end	(100,700)
Increase (Decrease) in accrued tax interest receivable at end of year	(45,429)
Total change in net position of governmental activities	<u>\$ 1,813,773</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, 2019

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 18,337,963	\$ 18,337,963	\$ 18,546,946	\$ 208,983
Local option sales tax	6,691,000	6,691,000	7,318,247	627,247
Other taxes	499,300	539,300	548,725	9,425
Unrestricted intergovernmental			5,420	5,420
Restricted intergovernmental	5,184,507	5,202,507	5,087,088	(115,419)
Licenses & Permits	409,100	409,100	381,891	(27,209)
Sales and services	1,431,767	1,431,767	1,466,065	34,298
Investment earnings	100,000	100,170	343,191	243,021
Miscellaneous	-	-	20,179	20,179
Total Revenues	\$ 32,653,637	\$ 32,711,807	\$ 33,717,752	\$ 1,005,945
Expenditures				
Current:				
General government	5,435,678	5,489,619	4,803,007	686,612
Public safety	6,789,090	7,817,861	7,440,204	377,657
Transportation	315,812	353,202	281,768	71,434
Economic and physical development	1,295,220	1,118,249	983,299	134,950
Human services	10,936,814	10,145,987	9,116,370	1,029,617
Cultural and recreational	1,327,822	1,354,489	1,312,691	41,798
Intergovernmental				
Education	6,146,067	6,146,067	6,142,863	3,204
Debt service:				
Principal retirement	675,000	675,000	675,000	-
Interest and other charges	251,623	251,623	251,283	340
Contingency fund	300,000	226,647		226,647
Total expenditures	33,473,126	33,578,744	31,006,485	2,572,259
Revenues over (under) expenditures	\$ (819,489)	\$ (866,937)	\$ 2,711,267	\$ 3,578,204
Other financing sources (uses):				
Transfer to other funds	(2,220,528)	(2,436,660)	(2,436,660)	-
Transfer from other funds	80,000	80,000	80,000	-
Appropriated fund balance	2,960,017	3,223,597		(3,223,597)
Total other financing sources (uses)	819,489	866,937	(2,356,660)	(3,223,597)
Net change in Fund Balance	\$ -	\$ -	\$ 354,607	\$ 354,607

Fund balances:

Beginning of year July 1	13,838,128
End of year June 30	<u>\$ 14,192,735</u>

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

Transfer in from General Fund	\$ 25,828
Expenditures	(24,624)

Fund Balance, Beginning	94,171
Fund Balance, Ending, Combined (Exhibit 4)	<u>14,288,110</u>

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

ASHE COUNTY, NORTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

Environmental Services Fund

Assets

Current Assets:	
Cash & Investments	\$ 4,101,361
Receivables (Net):	
SWDF	748,711
Accounts	
Due From Other Governments	107,965
Total Current Assets	<u>\$ 4,958,037</u>
Non Current Assets:	
Capital Assets, Net of Depreciation	6,072,514
Total Noncurrent Assets	<u>\$ 6,072,514</u>
Total Assets	<u>\$ 11,030,551</u>

Deferred Outflows of Resources

Pension Deferrals	\$ 166,202
OPEB Deferrals	70,829
Total Deferred Outflows	<u>237,031</u>

Liabilities and Net Position

Current Liabilities:	
Accounts Payable	117,304
Accrued Interest Payable	7,405
Current Portion of Notes Payable	285,219
Total Current Liabilities	<u>\$ 409,928</u>
Noncurrent Liabilities:	
Net Pension Liabilities	\$ 205,110
Compensated Absences Payable	61,156
Other Post - Employment Benefits Payable	465,735
Accrued Landfill Closure and Postclosure Care Costs	3,174,526
Noncurrent Portion of Notes Payable	371,781
Total Noncurrent Liabilities	<u>4,278,308</u>
Total Liabilities	<u>\$ 4,688,236</u>

Deferred Inflows of Resources

Pension Deferrals	\$ 1,438
OPEB Deferrals	32,620
Total Deferred Outflows	<u>34,058</u>

Net Position

Net Investment in Capital Assets	\$ 5,415,514
Unrestricted	<u>1,129,774</u>
Total Net Position	<u>\$ 6,545,288</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, 2019

	<u>Enterprise Fund</u> Environmental Services Fund
Operating Revenues:	
SWDF - Household Fees	\$ 2,006,171
SWDF - Commercial Fees	411,404
Recycling Revenues	127,899
Miscellaneous Revenue	3,165
Total Operating Revenues	<u>\$ 2,548,639</u>
Operating Expenses:	
Environmental Services - Collections	\$ 1,086,880
Environmental Services - Disposal	828,863
Depreciation	343,491
Landfill Closure and Postclosure Care Costs	194,582
Total Operating Expenses	<u>\$ 2,453,816</u>
Operating Income (Net)	<u>\$ 94,823</u>
Non-Operating Revenues and Expenses	
Contributions From Other Governments	\$ 6,000
Solid Waste Disposal Tax	22,649
Scrap Tire Disposal Tax and Grant	46,532
White Goods Disposal Tax and Grant	11,258
Other DEHNR Grants	44,181
Electronics Management Distr.	1,712
Investment Earnings	54,965
Interest on Long - Term Debt	(13,449)
Total Non-Operating Revenues and Expenses	<u>173,848</u>
Change in Net Position	\$ 268,671
Total Net Position, Beginning, Previously Reported	<u>\$ 6,276,617</u>
Total Net Position, Ending	<u><u>\$ 6,545,288</u></u>

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

ASHE COUNTY, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Enterprise Fund

Cash flows from operating activities:	
Cash received from customers	\$ 2,604,561
Cash paid for goods and services	(864,287)
Cash paid to employees for services	(1,096,841)
Net cash provided (used) by operating activities	<u>\$ 643,433</u>
Cash flows from non-capital financing activities:	
Contributions from other governments	\$ 6,000
Disposal tax and grants	50,196
Transfer-in from General Fund	
Net cash provided (used) by non-capital financing activities	<u>\$ 56,196</u>
Cash flows from capital and related financing activities:	
Proceeds from Sale of Fixed Assets	\$ -
Acquisition of capital assets	(867,853)
Proceeds from Loan	557,000
Principal paid on loan	(322,931)
Loan interest paid	(10,982)
Net cash provided (used) by capital and related financing activities	<u>(644,766)</u>
Cash flows from investing activities:	
Interest on investments	\$ 54,965
Net cash provided (used) by investing activities	<u>\$ 54,965</u>
Net increase (decrease) in cash and cash equivalents	\$ 109,828
Cash and cash equivalents, July 1	3,991,533
Cash and cash equivalents, June 30	<u>\$ 4,101,361</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	<u>\$ 94,823</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	343,491
Landfill closure and postclosure care costs	194,582
Changes in assets, liabilities, and deferred outflows and inflows of resources:	
(Increase) decrease in accounts receivable	56,723
(Increase) decrease in deferred outflows of resources - pensions	54,917
(Increase) in deferred outflows of resources - OPEB	30,772
(Decrease) in net pension liability	(65,910)
(Decrease) in net OPEB liabilities	(12,895)
(Decrease) in deferred inflows of resources - pensions	2,502
	(8,645)
Increase (c) Increase in deferred inflows of resources - OPEB	(45,786)
Increase in accrued vacation pay	(1,141)
Total adjustments	<u>\$ 548,610</u>
Net cash provided (used) by operating activities	<u>\$ 643,433</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, 2019

	<u>Agency Funds</u>
 <u>Assets</u>	
Cash & Investments	\$ 845,045
Fire Taxes Receivable	<u>202,773</u>
Total Assets	<u><u>\$ 1,047,818</u></u>
 <u>Liabilities & Net Position</u>	
Liabilities	
Accounts Payable	\$ 52,606
Due to Individuals	792,439
Reserve for Taxes Receivable	<u>202,773</u>
Total Liabilities & Net Position	<u><u>\$ 1,047,818</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, 2019

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

Discretely Presented Component Units

Ashe County Industrial Facility and Pollution Control Financing Authority

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

B. Basis of Presentation, Basis of Accounting

Basis of Presentation, Measurement Focus - Basis of Accounting

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

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

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

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

The County reports the following major governmental funds:

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

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

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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:

Trust and Agency Funds - Trust and Agency Funds are custodial in nature and do not involve the measurement of operating results. Trust and Agency Funds are used to account for assets the County holds on behalf of others. The County maintains four Trust and 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; the Jail Commissary Fund, which holds monetary assets of the County's inmates; and the IRC 457 Deferred Compensation plan, which holds deferred funds payable to employees upon termination retirement, death or unforeseeable emergency.

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

Measurement Focus, Basis of Accounting

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

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

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

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

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

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

be an available resource to finance the operations of the current year. As of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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

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

C. Budgetary Data

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

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

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

1. Deposits and Investments

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

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

The County's investments are carried at fair value as determined by quoted market prices. The North Carolina Capital Management Trust (NCCMT) is a SEC registered money market mutual fund allowable by G.S. 159-30 (c)(8). The NCCMT Government Portfolio is a 2a-7 fund maintaining an AAAM rating from S&P. The NCCMT Term Portfolio is a bond fund, has no rating and has a duration of .11 years. Both the NCCMT Government and Term Portfolios are reported at fair value.

2. Cash and Cash Equivalents

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

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

3. Restricted Assets

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

Ashe County Restricted Cash

Governmental Activities

General Fund	Tax Revaluation	\$ 95,376
General Fund	Register of Deeds	133,175
Capital Projects Fund	Education	2,722,300
Special Revenue Fund	Public Safety	143,219
Special Revenue Fund	Human Services	231,624
Total Governmental Activities		<u>\$ 3,325,694</u>

Business-Type Activities

None

Total Restricted Cash		<u>\$ 3,325,694</u>
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4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1; (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2018. As allowed by state law, the County has established a schedule of discounts that apply to taxes which are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

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

6. Inventories

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

7. Capital Assets

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

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

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

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

8. Deferred Outflows/Inflows of Resources

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

9. Long-term Obligations

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

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

10. Compensated Absences

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

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

11. Net Position / Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

12. Defined Benefit Pension Plans and OPEB Plans

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

E. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund balance sheet includes a reconciliation between total fund balance for the governmental funds and net position for governmental activities as reported in the government-wide statement of net position. The net adjustment of \$27,890,210 consists of the following:

Description	Amount
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$ 65,262,323
Less accumulated depreciation	(24,554,652)
Net capital assets	\$ 40,707,671
Contributions to pension plans in current fiscal year	747,748
Net pension asset - ROD	57,500
Contributions to OPEB plan in current fiscal year	258,503
Benefit payments and administration cost for LEOSSA	20,245
Deferred outflows of resources related to pensions	1,738,946
Deferred outflows of resources related to OPEB	824,235
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are unavailable in the fund statements	527,490
Liabilities for deferred inflows of resources reported in the fund statements but not the government-wide. (Taxes)	1,910,220
Deferred inflows of resources related to pensions	(36,092)
Deferred inflows of resources related to OPEB	(498,654)
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:	

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Bonds, leases, and installment financing	(6,939,282)
Compensated absences	(659,180)
Accrued interest payable	(102,228)
Other postemployment benefits payable	(7,119,499)
Net pension liability - LGERS	(3,039,146)
Net pension liability - LEO	<u>(508,267)</u>
Total adjustment	<u>\$ 27,890,210</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances include a reconciliation between net changes in fund balances for the governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. The total adjustment of (\$256,406) is comprised of the following:

Description	Amount
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 1,189,044
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	(1,806,345)
Cost of capital assets disposed of during the year, not recognized on modified accrual basis.	-
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.	-
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the statement of net position in the government-wide statements.	1,548,403
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	747,748
Benefit payments and pension administration cost for LEOSSA are deferred outflows of resources on the Statement of Net Position.	20,245
Contributions to the OPEB plan are deferred outflows of resources on the statement of Net Position	258,503
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)	24,500
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources (Increase) Decrease in compensated absences payable.	(53,534)
OPEB Expense	(587,142)
Pension expense	(938,887)

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

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Increase (Decrease) in deferred inflows - taxes receivable - at year end	(100,700)
Increase (Decrease) in accrued interest receivable on taxes at year end	(45,429)
Total adjustment	<u>\$ 256,406</u>

II. Stewardship, Compliance, and Accountability

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

III. Detail Notes on All Funds

A. Assets

1. Deposits

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

At June 30, 2019, the County's deposits had a carrying amount of \$4,178,278 and a bank balance of \$5,349,386. Of the bank balance, \$500,000 was covered by federal depository insurance, and \$4,849,386 in interest bearing deposits were covered by collateral held under the Pooling Method. At June 30, 2019, Ashe County had \$3,070 cash on hand.

2. Investments

At June 30, 2019 the County's investments consisted of \$17,751,641 in the North Carolina Capital Management Trust Government Portfolio, fair value level 1. As of June 30, 2019, the NCCMT Term Portfolio has a duration of .11 years. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months. Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. The County has no policy on credit risk. The IRC 457 Deferred Compensation plan has a balance of \$767,403 at year end.

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

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

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2015-16	\$ 1,710,114	\$ 560,062	\$ 2,270,176
2016-17	1,766,457	419,534	2,185,991
2017-18	1,762,515	259,971	2,022,486
2018-19	1,783,523	102,553	1,886,076
Total	<u>\$ 7,022,609</u>	<u>\$ 1,342,120</u>	<u>\$ 8,364,729</u>

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

4. Receivables

Receivables at the government-wide level at June 30, 2019, were as follows:

	Accounts	Taxes and Related Accrued Interest	Due from Other Governments	Due from Other Funds	Total
<u>Governmental Activities:</u>					
General	\$ 146,401	\$ 3,244,710	\$ 2,042,411	\$ -	\$ 5,433,522
Other Governmental			514,128		514,128
Total receivables	146,401	3,244,710	2,556,539		5,947,650
Allowance for doubtful accounts		(807,000)			(807,000)
Total-governmental activities	\$ 146,401	\$ 2,437,710	\$ 2,556,539	\$ -	\$ 5,140,650
<u>Business-type Activities:</u>					
Environmental Services	748,711		107,965		856,676
Total receivables	748,711		107,965		856,676
Allowance for doubtful accounts					
Total-business-type activities	\$ 748,711	\$ -	\$ 107,965	\$ -	\$ 856,676

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

Local option sales tax	\$ 1,330,690
Sales tax and gas tax refund receivable	216,327
Scrap Tire and White Goods Disposal Tax	60,795
Restricted intergovernmental grants	1,056,692
Total	<u>\$ 2,664,504</u>

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

5. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2019, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 4,701,340	\$ 237,117	\$ -	\$ 4,938,457
Construction in Progress				-
Total cap assets not being depreciated	4,701,340	237,117	-	4,938,457
Capital assets being depreciated:				
Buildings	35,631,902			35,631,902
Other improvements	6,592,541	84,426		6,676,967
Infrastructure	10,611,764	280,776		10,892,540
Equipment	4,064,791	217,602		4,282,393
Vehicles and motor equipment	2,633,403	369,123	162,462	2,840,064
Total capital assets being depreciated	59,534,401	951,927	162,462	60,323,866
Less accumulated depreciation for:				
Buildings	11,140,430	677,430		11,817,860
Other improvements	4,102,011	185,091		4,287,102
Infrastructure	2,788,766	424,308		3,213,074
Equipment	2,730,994	264,051		2,995,045
Vehicles and motor equipment	2,148,568	255,465	162,462	2,241,571
Total accumulated depreciation	22,910,769	1,806,345	162,462	24,554,652
Total capital assets being depreciated, net	36,623,632			35,769,214
Governmental activity capital assets, net	\$ 41,324,972			\$ 40,707,671

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

General government	\$ 403,534
Public safety	539,638
Transportation	452,743
Economic and physical development	49,038
Human services	104,052
Cultural and recreational	257,340
Total depreciation expense	<u>\$ 1,806,345</u>

ASHE COUNTY, NORTH CAROLINA
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FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Environmental Services				
Capital assets not being depreciated:				
Land	\$ 128,198	\$ -	\$ -	\$ 128,198
Construction in Progress				
Total cap assets not being depreciated	<u>\$ 128,198</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128,198</u>
 Capital assets being depreciated:				
Building	217,418	29,280		246,698
Plant and distribution systems	4,585,491	125,995		4,711,486
Equipment	4,138,830	712,579	14,935	4,836,474
Total capital assets being depreciated	<u>8,941,739</u>	<u>867,854</u>	<u>14,935</u>	<u>9,794,658</u>
 Less accumulated depreciation for:				
Building	86,564	5,708		92,272
Plant and distribution systems	1,278,416	102,041		1,380,457
Equipment	2,156,811	235,742	14,935	2,377,618
Total accumulated depreciation	<u>3,521,791</u>	<u>343,491</u>	<u>14,935</u>	<u>3,850,347</u>
 Total cap assets being depreciated, net	<u>\$ 5,419,948</u>			<u>\$ 5,944,311</u>
 Environmental services capital assets, net	<u><u>\$ 5,548,146</u></u>			<u><u>\$ 6,072,509</u></u>

Construction commitments

Ashe County has committed to build a new Middle School and to expand Wilkes Community College. Designs for both of these projects are in the development stage, and bids are expected to be awarded in Spring 2020.

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2019, were as follows:

	Vendors	Salaries and Benefits	Accrued Interest	Other	Total
Governmental Activities:					
General	\$ 397,869	\$ -	\$ 81,107	\$ -	\$ 478,976
Other Governmental	70,139		21,121		91,260
Total-governmental activities	<u>\$ 468,008</u>	<u>\$ -</u>	<u>\$ 102,228</u>	<u>\$ -</u>	<u>\$ 570,236</u>
 Business-type Activities					
Environmental services	\$ 117,304	\$ -	\$ 7,405	\$ -	\$ 124,709
Total-business-type activities	<u>\$ 117,304</u>	<u>\$ -</u>	<u>\$ 7,405</u>	<u>\$ -</u>	<u>\$ 124,709</u>

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

2. Pension Plan and Other Postemployment Obligations

a. Local Government Employees' Retirement System

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

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County contractually required contribution rate for the year ended June 30, 2019, was 8% of compensation for law enforcement officers and 7.570% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year. Contributions to the pension plan from the County were \$795,171 for the year ended June 30, 2019.

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

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

At June 30, 2019, the County reported a liability of \$3,244,178 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018. The total pension liability used to calculate the net

ASHE COUNTY, NORTH CAROLINA
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pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2018, the County's proportion was 0.13675% which was a decrease of 0.00501% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2018, the County recognized pension expense of \$937,683. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>LGERS:</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 500,500	\$ 16,794
Changes of assumptions	860,880	
Net difference between projected and actual earnings on pension plan investments	445,329	
Changes in proportion and differences between County contributions and proportionate share of contributions	26,910	5,948
County contributions subsequent to the measurement date	795,171	
Total	<u>\$ 2,628,790</u>	<u>\$ 22,742</u>

The \$795,171 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	875,648
2021	569,960
2022	108,195
2023	257,073
Thereafter	
Total	<u>\$ 1,810,876</u>

Actuarial Assumptions . The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.75 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

ASHE COUNTY, NORTH CAROLINA
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The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018 are summarized in the following table:

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2017 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

Discount rate . The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate, and that contribution from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County proportionate share of the net pension asset to changes in the discount rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 7.00 percent, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
County's proportionate share of the net pension liability (asset)	\$ 7,792,796	\$ 3,244,178	\$ (556,719)

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

b. Law Enforcement Officers Special Separation Allowance (LEOSSA)

1. Plan Description

Ashe County administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service.

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The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2018, the Separation Allowance's membership consisted of:

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

2. Summary of Significant Accounting Policies

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

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

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

3. Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2017 valuation. The total pension liability in the December 31, 2017 actuarial valuation was determined in using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.5 to 7.35 percent, including inflation and productivity factor
Discount rate	3.64 percent

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

Mortality rates are based on the RP-2014 mortality base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015.

4. Contributions

The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation allowance are financed through investment earnings. The County paid \$28,530 as benefits came due for the reporting period.

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

At June 30, 2019, the County reported a total pension liability \$508,267. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was rolled forward to December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the County recognized pension expense of \$48,691.

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	Deferred Outflows of Resources	Deferred Inflows of Resources
LEOSSA:		
Differences between expected and actual experience	\$ -	\$ 11,496
Changes of assumptions	7,874	
County benefit payments and plan administrative expenditures paid subsequent to the measurement date	20,245	
Total	<u>\$ 28,119</u>	<u>\$ 11,496</u>

The County paid \$20,245 in benefit payments subsequent to the measurement date that are reported as deferred outflows of resources related to pensions which will be recognized as a decrease of the total pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2020	\$ 1,817
2021	1,817
2022	1,817
2023	(1,078)
2024	(7,995)
Thereafter	-
Total	<u>(3,622)</u>

Sensitivity of the County's total pension liability to changes in the discount rate. The following presents the County's total pension liability calculated using the discount rate of 3.64 percent, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.64 percent) or 1-percentage-point higher (4.64 percent) than the current rate:

	1% Decrease (2.64%)	Discount Rate (3.64%)	1% Increase (4.64%)
Total pension liability	\$ 543,268	\$ 508,267	\$ 476,289

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

	2019
Beginning balance	\$ 566,036
Service cost	28,627
Interest on the total pension liability	17,624
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	(70,982)
Changes of assumption or other inputs	(16,412)
Benefit payments	(16,626)
Other changes	-
Ending balance of total pension liability	<u>\$ 508,267</u>

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.16 percent at June 30, 2017 to 3.64 percent at June 30, 2018.

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

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

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

ASHE COUNTY, NORTH CAROLINA
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c. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The County contributes to the Supplemental Retirement Income Plan, a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of 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, 2019 were \$67,469 for law enforcement officers and \$173,997 for non-law enforcement employees. No amounts were forfeited.

d. Registers of Deeds' Supplemental Pension Fund

Plan Description. Ashe County also contributes to the Register of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefits provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members - nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The 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 Register of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919)981-5454, or at www.osc.nc.gov.

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Register of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$2,833 for the year ended June 30, 2019.

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

At June 30, 2019, the County reported an asset of \$57,500 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2018. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2018, the County's proportion was 0.34716% which was an increase of 0.00375% from its proportion measured as of June 30, 2017.

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For the year ended June 30, 2019, the County recognized pension expense of \$10,973. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
RODSPF:		
Differences between expected and actual experience	\$ 507	\$ 2,625
Changes in assumptions	2,704	
Net difference between projected and actual earnings on pension plan investments	9,165	
Changes in proportion and difference between County contributions and proportionate share of contributions	963	666
County contributions subsequent to the measurement date	2,833	
Total	<u>\$ 16,172</u>	<u>\$ 3,291</u>

The \$2,833 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expenses as follows:

Year ended June 30:		
2020	\$	5,503
2021		421
2022		2,701
2023		1,423
2024		
Thereafter		
Total	<u>\$</u>	<u>10,048</u>

Actuarial Assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study as of December 31, 2014.

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

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

ASHE COUNTY, NORTH CAROLINA
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asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2019 is 1.4%.

The information above is based on 30 years expectations developed with the consulting actuary for the 2019 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 3.75%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 3.75 percent, as well as what the County's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75 percent) or 1-percentage-point higher (4.75 percent) than the current rate:

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
ROD			
County's proportionate share of the net pension asset (liability)	\$ 45,336	\$ 57,500	\$ 67,759

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

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

The net pension liability for LGERS and ROD was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of the date. The total pension liability for LEOSSA was measured as of June 30, 2018, with an actuarial valuation date of December 31, 2017. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

	LGERS	ROD	LEOSSA	Total
Proportionate Share of Net Pension Liability (Asset)	\$ 3,244,178	\$ (57,500)		\$ 3,186,678
Proportion of the Net Pension Liability (Asset)	0.13675%	0.34716%	n/a	
Total Pension Liability	-	-	\$ 508,267	\$ 508,267
Pension Expense	\$ 937,683	\$ 10,973	\$ 48,691	\$ 997,347

At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
<u>Deferred Outflows Resources</u>				
Difference between expected and actual experience	\$ 500,500	\$ 507	\$ -	\$ 501,007
Changes of assumptions	860,880	2,704	7,874	871,458
Net difference between projected and actual earnings on pensions plan investments	445,329	9,165	-	454,494
Changes in proportion and differences between County contributions and proportionate share of contributions	26,910	963		27,873
County contributions (LGERS, ROD)/ benefit payments and administration cost (LEOSSA) subsequent to the measurement date	795,171	2,833	20,245	818,249
Totals	<u>2,628,790</u>	<u>16,172</u>	<u>28,119</u>	<u>2,673,081</u>
<u>Deferred Inflows of Resources</u>				
Difference between expected and actual experience	\$ 16,794	\$ 2,625	\$ 11,496	\$ 30,915
Changes of assumptions	-	-	-	-
Changes in proportion and differences between County contributions and proportionate share of contributions	5,948	666	-	6,614
Total	<u>\$ 22,742</u>	<u>\$ 3,291</u>	<u>11,496</u>	<u>37,529</u>

f. Other Postemployment Benefits

Healthcare Benefits

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

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

Membership of the HCB Plan consisted of the following at June 30, 2018, the date of the latest actuarial valuation:

	General Employees:	Law Enforcement Officers:	Totals:
<u>HCB</u>			
Retirees and dependents receiving benefits	15	1	16
Terminated plan members entitled to but not yet receiving benefits	-	-	-
Active plan members	187	27	214
Total	<u>202</u>	<u>28</u>	<u>230</u>

ASHE COUNTY, NORTH CAROLINA
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Total OPEB Liability

The County's total OPEB liability of \$7,585,256 was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs applied to all periods included in the measurement unless otherwise specified:

Inflation	2.5 percent
Wage Inflation	3.5 percent
Salary increases, including wage inflation:	
General Employees	3.50 percent - 7.75 percent
Law Enforcement Officers	3.50 percent - 7.35 percent
Municipal Bond Index Rate	Prior Measurement date 3.56 percent Measurement date 3.89 percent
Healthcare cost trend rates	Medical and Prescription - 7.5% for 2017 decreasing to an ultimate rate of 5.00% by 2023.

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

Mortality rates were based on the RP-2014 mortality tables with adjustments for LGERS experience and generational mortality improvements using scale MP-2015

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2017	\$ 6,641,654
Changes for the year	
Service cost	341,647
Interest	231,031
Changes of benefit terms	-
Differences between expected and actual experience	940,524
Changes in assumptions or other inputs	(262,884)
Benefit payments	(306,716)
Net changes	<u>943,602</u>
Balance at June 30, 2018	<u><u>\$ 7,585,256</u></u>

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period January 2010 thru December 2014.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.89 percent) or 1-percentage-point higher (4.89 percent) than the current discount rate:

	1% Decrease	Discount Rate	1 % Increase
	(2.89%)	(3.56%)	(4.89%)
Total OPEB liability	\$ 8,414,353	\$ 7,585,256	\$ 6,849,362

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

	1% Decrease	Current	1% Increase
Total OPEB liability	\$ 6,686,872	\$ 7,585,256	\$ 8,659,554

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

For the year ended June 30, 2019 the County recognized OPEB expense of \$604,000. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 878,158	\$ -
Changes of Assumptions	-	531,276
Benefit payments and administrative costs made subsequent to the measurement date	275,413	
Total	<u>\$ 1,153,571</u>	<u>\$ 531,276</u>

\$275,413 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2020	\$ 31,322
2021	31,322
2022	31,322
2023	31,322
2024	31,322
Thereafter	190,272
Total	<u>\$ 346,882</u>

g. Other Employment Benefits

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

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

State and federal laws and regulations require the County to place a final cover on its Ashe County Landfill Facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post closure care costs as a operating expense in each period based upon landfill capacity used as of each balance sheet date. The \$3,174,526 reported as landfill closure and post closure care liability at June 30, 2019 represents a cumulative amount reported to-date based on the current use of 3.7 percent of the total estimated capacity of the landfill per year. The County will recognize \$2,084,440 (for a total of \$5,258,966), 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 2018. The County expects to close the Ashe County facility in the year 2039, until a new cell is completed. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

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

4. Deferred Outflows and Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pensions and OPEB - difference between expected and actual experience	\$ 1,379,221	\$ 30,914
Pensions - difference between projected and actual investment earnings	454,494	-
Pension- chg in proportion & difference between employer cont. & proportionate share of cont.	27,873	6,614
Pensions and OPEB - change in assumptions	871,458	531,276
Contributions to pension plan subsequent to measurement date (LGERS, ROD)	798,004	-
Benefit payments for the OPEB plan paid subsequent to measurement date	275,413	
Benefit payments/administration costs paid subsequent to the measurement date (LEOSSA)	20,245	-
Prepaid taxes not yet earned		89,744
Totals for Statement Net Position (Exhibit 1)	<u>\$ 3,826,708</u>	<u>\$ 658,548</u>

5. Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County purchases a Worker's Compensation package to cover its employees through a private provider, Key Risk Insurance Company, with coverage up to the statutory limit of \$2,000,000. Through a private insurance provider, Employers Mutual Casualty Company (EMC), the County obtains property coverage equal to replacement cost values of owned property subject to a blanket limit of \$73,850,406; general, auto, professional, and employment practices liability coverage of \$2 million per occurrence; auto physical damage coverage for owned autos at actual cash value; and crime coverage of \$250,000 per occurrence. The County provides health insurance to employees through the State Health Plan which is operated by the State of North Carolina and governed by G.S 135-48.1 Article 3-B. The State currently contracts with Blue Cross Blue Shield of North Carolina. There is no maximum stop loss in this plan. There is an unlimited lifetime maximum. Dental insurance is provided to employees through a private provider, Delta Dental.

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

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

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

6. Contingent Liabilities

At June 30, 2019, the County was defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

7. Long-Term Obligations

a. Installment Purchases

The County is obligated under the following installment purchase contracts:

Serviced by the General Fund:

- | | |
|---|---------------------|
| a. Ashe County entered into an installment financing contract for \$9,900,000 dated December 18, 2007 with PNC Bank to enable the County to construct a jail and law enforcement center (collateral). The County shall repay this balance in 40 semiannual payments of \$247,500 plus interest at 4.03% beginning February 28, 2008. In the event of default, the lender may demand payment, or begin court action to exercise deed of trust and force sale. The balance at June 30, 2019 was | \$ 4,207,500 |
| b. Ashe County entered into an installment financing contract for \$3,600,000 dated January 30, 2008 with PNC Bank to enable the County to further construction on a law enforcement center (collateral). The County shall repay this balance in 40 semiannual payments of \$90,000 plus interest at 4.03% beginning February 28, 2008. In the event of default, the lender may demand payment, or begin court action to exercise deed of trust and force sale. The balance at June 30, 2019 was | 1,530,000 |
| c. Ashe County entered into an installment financing contract for \$2,896,202 dated November 22, 2010 with BB&T Government Finance to enable the County to undertake replacement of a roof at two school locations plus classroom expansion for the Ashe County Schools. This obligation qualifies as a Qualified School Construction Bond. Collateral for this contract is Mountain View School property, 23.45 acres. The County shall repay this balance in 13 annual payments of \$206,871.57 plus interest at 5.37% beginning November 22, 2011. In the event of default, the lender may demand payment, or begin court action to exercise deed of trust and force sale. The balance at June 30, 2019 was | 423,133 |
| d. Ashe County entered into an installment financing contract for \$440,643 dated December 14, 2017 with First Citizens Bank. Of this amount, \$440,643 is to supply the Ashe County Emergency Services with a new two-way Simulcast communications system (collateral). The County shall repay this balance in 6 annual payments of \$91,671 including interest at 2.01% beginning December 14, 2017. In the event of default, the lender may demand full payment. The balance at June 30, 2019 was | 264,316 |
| e. Ashe County entered into an installment financing contract for \$1,540,000 dated July 27, 2017 with First Citizens Bank. Of this amount, \$1,540,000 is to enable the County to supply the Ashe County Schools with land to build a new Middle School. The installment purchase was issued pursuant to a deed of trust that requires that legal title to the property financed remain with the County as long as the debt is outstanding because the property is pledged as collateral for the debt. Due to the economic substance of the transaction, the capital assets associated with the installment purchase obligation are recorded by the Board of Education. The County shall repay this balance in 3 annual payments of \$523,762 including interest at 1.850% beginning July 27, 2017. In the event of default, the lender may demand payment, or begin court action to exercise deed of trust and force sale. The balance at June 30, 2019 was | 514,333 |
| Total | <u>\$ 6,939,282</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. Collateral for this contract is a deed of trust on 67.975 acres of landfill property. The County shall repay this balance in 20 semiannual payments of \$100,000 plus interest at 3.824% beginning June 15, 2010. In the event of default, the lender may demand payment, or begin court action to exercise deed of trust and force sale. The balance at June 30, 2019 was | \$ 100,000 |
| b. Ashe County entered into an installment financing contract for \$557,000 dated February 28, 2019 with First Citizens Bank. Of this amount, \$557,000 is to enable the County to purchase a new Track Loader and Garbage Truck for Environmental Services (collateral). The County shall repay this balance in 3 annual payments of \$194,663 including interest at 3.13% beginning September 15, 2019. In the event of default, the lender may demand full payment. The balance at June 30, 2019 was | 557,000 |
| Total | <u>\$ 657,000</u> |

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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The future minimum payments as of June 30, 2019 for the County's installment purchases, including interest are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2020	\$ 1,482,562	\$ 261,885	\$ 285,219	\$ 11,335
2021	969,965	212,408	183,026	11,637
2022	774,254	172,326	188,755	5,908
2023	675,000	142,813		
2024	675,000	115,611		
2025-2029	2,362,500	190,417		
Total Principal Payments	\$ 6,939,281		\$ 657,000	
Total Interest Payments		\$ 1,095,460		\$ 28,880

b. Debt Related to Capital Activities

Of the total Governmental Activities debt listed, only \$6,001,816 relates to assets the County holds title. Unspent restricted cash related to this debt amounts to \$0.

c. Long-Term Obligation Activities

The following is a summary of changes in the County's long-term obligation for the fiscal year ended June 30, 2019:

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019	Current Portion of Balance
<u>Governmental activities:</u>					
Direct placement					
installment purchases	\$ 8,487,685	\$ -	\$ 1,548,403	\$ 6,939,282	\$ 1,482,562
Compensated absences	605,655	300,668	247,143	659,180	
Net pension liab. (LGERS)	2,026,449	1,012,697	-	3,039,146	
Net pension liab. (LEO)	566,036		57,769	508,267	
Net OPEB liability	6,188,693	930,806		7,119,499	
Total govern. activities	<u>\$ 17,874,518</u>	<u>\$ 2,244,171</u>	<u>\$ 1,853,315</u>	<u>\$ 18,265,374</u>	<u>\$ 1,482,562</u>

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019	Current Portion of Balance
<u>Business-type activities:</u>					
Direct placement					
installment purchases	\$ 422,931	\$ 234,069	\$ -	\$ 657,000	\$ 285,219
Accrued landfill closure and post closure care costs	2,979,944	194,582		3,174,526	
Compensated absences	60,015	30,848	29,707	61,156	
Net pension liab. (LGERS)	139,200	65,910		205,110	
Net OPEB liability	452,840	12,895		465,735	
Total bus-type activities	<u>\$ 4,054,930</u>	<u>\$ 538,304</u>	<u>\$ 29,707</u>	<u>\$ 4,563,527</u>	<u>\$ 285,219</u>

d. Conduit Debt Obligations

Ashe County Industrial Facility and Pollution Control Authority has issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2019, there were no industrial revenue bonds outstanding.

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

C. Interfund Balances and Activities

Transfer to / from other funds

Transfers to / from other funds at June 30, 2019, consists of the following:

From the General Fund to the Economic Development Capital Projects Fund for Capital Projects	\$ 190,304
To the General Fund from the Economic Development Capital Projects Fund for Operating Exp.	80,000
From the General Fund to the Government Buildings Capital Project Fund for Airport Const.	727,404
From the General Fund to the School Capital Projects Fund for School Capital Projects/Debt Svc	1,493,124
To the Government Building Capital Project Fund From Economic Development for Airport	79,200
Total	<u>\$ 2,570,032</u>
Reimbursements From Emergency Telephone System Fund to General Fund for Public Safety Exp.	<u>\$ 150,000</u>

D. Net Investment in Capital Assets

Net investment in capital assets is calculated as follows:

	Governmental Activities	Business-Type Activities
Total capital assets net of depreciation	\$ 40,707,671	\$ 6,072,514
Debt for assets to which the County holds title	(6,001,816)	(657,000)
Net investment in capital assets	<u>\$ 34,705,855</u>	<u>\$ 5,415,514</u>

E. Fund Balance

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

Total fund balance - General Fund	\$ 14,288,110
Less:	
Stabilization by State Statute	2,188,812
Appropriated Fund Balance in 2020 budget	3,930,907
Register of Deeds	133,175
Tax Revaluation	95,376
Human Services	37,843
Remaining Fund Balance	<u>\$ 7,901,997</u>

IV. Volunteer Fire Departments

The County is not responsible for any debts of the volunteer fire departments, is not obligated to finance deficits and is not entitled to any surpluses of the departments. Fire district tax levies were made for twelve volunteer fire department in the County during the fiscal year ended June 30, 2019. These special fire district taxes were collected by the County and remitted to the twelve volunteer fire departments. These taxes are accounted for in a separate agency fund. The County Commissioners appoint Fire Protection District Commissions which report to the County regarding the expenditure of the tax monies.

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

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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, 2019. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$460,378 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, 2019. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$496,105 to the Center's to supplement its activities. Complete financial statements for the Health Department can be obtained from the Department's offices at P.O. Box 309, Sparta, NC 28675.

The County also participates in a joint venture to operate the Smoky Mountain Center with fifteen other local governments. Each participating government appoints one at-large member and one county commissioner member to the board of the Center. The County has an ongoing financial responsibility for the joint venture because the Center's continued existence depends on the participating governments' continued funding. None of the participating governments have an equity interest in the Center, so no equity interest has been reflected in the financial statements at June 30, 2019. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$183,780 to the Center to supplement its activities. Complete financial statements for Smoky Mountain Center can be obtained from the Center's offices at 895 State Farm Road, Suite 507, Boone, NC 28607. More information can be found at Note VIII.

The County, in conjunction with the State of North Carolina and the Ashe County Board of Education, participates in a joint venture to operate the Wilkes Community College. The community college is included as a component unit of the State. The County has the basic responsibility for providing funding for the Ashe County Facilities of the community college and also provides some financial support for the community college's operations. The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the community college's facilities. The County contributed \$429,448 to the community college for operating purposes, and \$15,000 for Capital Outlay during the fiscal year ended June 30, 2019. 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, 2019. Complete financial statements for the community college may be obtained from the community college's administrative offices at Collegiate Drive, Wilkesboro, NC 28697.

VI. Jointly Governed Organization

High Country Council of Governments

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

Each County appoints one member to the Council's governing board, whose responsibilities include approving the budget and designating the management of the Council. The County paid for membership fees of \$14,298 to the Council during the year ended June 30, 2019.

ASHE COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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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	\$ 121,636	\$ -
Medicaid	28,483,971	14,990,216
NC Health Choice	1,034,654	-
Food Stamp Program	4,622,115	
Title IV-E, Foster Care	72,241	206,987
Title IV-E, Adoption Assistance	141,781	99,346
Adult Assistance		241,434
Women, Infants, and Children	326,476	
Independent Living	21,668	
Total	<u>\$ 34,824,542</u>	<u>\$ 15,537,983</u>

VIII. Summary Disclosure of Significant Commitments and Contingencies

Federal and State Assisted Programs

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

IX. Subsequent Events

Subsequent events have been evaluated through the date these financial statements were available to be issued, December 18, 2019.

Required Supplemental Financial Data

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

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

LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

	<u>2019</u> <u>(6/30/18)</u>	<u>2018</u> <u>(6/30/17)</u>	<u>2017</u> <u>(6/30/16)</u>	<u>2016</u> <u>(6/30/15)</u>	<u>2015</u> <u>(6/30/14)</u>	<u>2014</u> <u>(6/30/13)</u>
Ashe County's proportion of the net pension liability (asset) (%)	0.13675%	0.14176%	0.14001%	0.14352%	0.14383%	0.14100%
Ashe County's proportion of the net pension liability (asset) (\$)	\$ 3,244,178	\$ 2,165,700	\$ 2,971,481	\$ 644,109	\$ (793,824)	\$ 1,699,591
Ashe County's covered-employee payroll	\$ 9,357,435	\$ 9,144,990	\$ 9,000,974	\$8,680,657	\$ 8,468,587	\$ 8,145,582
Ashe County's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	34.67%	23.68%	33.01%	7.42%	(9.37%)	20.87%
Plan fiduciary net position as a percentage of the total pension liability**	92.00%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

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

LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 795,171	\$ 717,571	\$ 680,014	\$ 613,647	\$ 617,984	\$ 601,325
Contributions in relation to the contractually required contribution	<u>795,171</u>	<u>717,571</u>	<u>680,014</u>	<u>613,647</u>	<u>617,984</u>	<u>601,325</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Ashe County's covered-employee payroll	\$ 10,051,324	\$ 9,357,435	\$ 9,144,990	\$ 9,000,974	\$ 8,680,657	\$ 8,468,587
Contributions as a percentage of covered-employee payroll	7.91%	7.67%	7.44%	6.82%	7.12%	7.10%

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

REGISTER OF DEEDS SUPPLEMENTAL PENSION FUND

	<u>2019</u> <u>(6/30/2018)</u>	<u>2018</u> <u>(6/30/17)</u>	<u>2017</u> <u>(6/30/16)</u>	<u>2016</u> <u>(6/30/15)</u>	<u>2015</u> <u>(6/30/14)</u>	<u>2014</u> <u>(6/30/13)</u>
Ashe County's proportion of the net pension liability (asset) (%)	0.34716%	0.34341%	0.35570%	0.35099%	0.33547%	0.33261%
Ashe County's proportion of the net pension liability (asset) (\$)	\$ (57,500)	\$ (58,617)	\$ (66,502)	\$ (81,338)	\$ (76,038)	\$ (71,045)
Ashe County's covered-employee payroll	\$ 65,955	\$ 63,411	\$ 62,166	\$ 60,066	\$ 59,469	\$ 63,300
Ashe County's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	(87.18%)	(92.44%)	106.97%	135.41%	(127.86%)	(112.24%)
Plan fiduciary net position as a percentage of the total pension liability	153.31%	153.77%	106.17%	197.29%	193.88%	190.50%

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

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

REGISTER OF DEEDS' SUPPLEMENTAL PENSION FUND

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

ASHE COUNTY, NORTH CAROLINA
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018	2017
Beginning Balance	\$ 566,036	\$ 432,049	\$ 401,379
Service Cost	28,627	33,573	29,018
Interest On The Total Pension Liability	17,624	16,125	14,303
Changes of Benefit Terms	-	-	-
Differences Between Expected And Actual Experience			
In The Measurement Of The Total Pension Liability	(70,982)	70,776	-
Changes Of Assumptions Or Other Inputs	(16,412)	42,135	(11,209)
Benefit Payments	(16,626)	(28,622)	(1,442)
Other Changes	-	-	-
Ending Balance Of The Total Pension Liability	<u>\$ 508,267</u>	<u>\$ 566,036</u>	<u>\$ 432,049</u>

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

ASHE COUNTY, NORTH CAROLINA
SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
FOR THE YEAR ENDED JUNE 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total Pension Liability	\$ 508,267	\$ 566,036	\$ 432,049
Covered Payroll	\$ 1,418,836	\$ 1,456,412	\$ 1,131,985
Total Pension Liability as a Percentage of Covered Payroll	35.82%	38.87%	38.17%

Notes to the schedules:

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

ASHE COUNTY, NORTH CAROLINA
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
JUNE 30, 2019

Total OPEB Liability	2019	2018
Service Cost	\$ 341,647	\$ 370,800
Interest	231,031	196,643
Changes of Benefit Terms	-	-
Differences between expected and actual experience	940,524	60,135
Changes of assumptions	(262,884)	(405,079)
Benefit payments	(306,716)	(226,021)
Net change in total OPEB liability	943,602	(3,522)
Total OPEB liability - beginning	6,641,654	6,645,176
Total OPEB liability - ending	\$7,585,256	\$6,641,654
 Covered Payroll	 \$9,203,269	 \$8,626,036
Total OPEB liability as a percentage of covered payroll	82.42%	77.00%

Notes to Schedule

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

Fiscal Year	Rate
2019	3.89%
2018	3.56%

ASHE COUNTY NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

EXHIBIT B-1

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Ad Valorem Taxes			
Current Year	\$ -	\$ 17,310,533	\$ -
Prior Years		780,698	
Penalties & Interest		455,715	
Total	<u>\$ 18,337,963</u>	<u>\$ 18,546,946</u>	<u>\$ 208,983</u>
Local Option Sales Taxes:			
Article 39	\$ -	\$ 2,762,343	\$ -
Article 44		531,703	
Article 40 One-Half of One Percent		1,845,694	
Article 42 One-Half of One Percent		1,454,952	
Article 46 One-Fourth of One Percent		723,555	
Total	<u>\$ 6,691,000</u>	<u>\$ 7,318,247</u>	<u>\$ 627,247</u>
Other Taxes			
Video Programming Distribution	\$ -	\$ 76,923	\$ -
Gross Receipts Auto Tax		1,688	
Occupancy Tax		301,103	
Deed Stamp Excise Tax		169,011	
Medicaid Hold Harmless			
Total	<u>\$ 539,300</u>	<u>\$ 548,725</u>	<u>\$ 9,425</u>
Unrestricted Intergovernmental Revenues			
Payments in Lieu of Taxes	\$ -	\$ 5,420	\$ -
Total	<u>\$ -</u>	<u>\$ 5,420</u>	<u>\$ 5,420</u>
Restricted Intergovernmental Revenues			
State Grants	\$ -	\$ 1,302,725	\$ -
Federal Grants		3,751,851	
Controlled Substance Tax		5,780	
Court Facility Fees		20,946	
ABC Profits for Law Enforcement		5,786	
Total	<u>\$ 5,202,507</u>	<u>\$ 5,087,088</u>	<u>\$ (115,419)</u>
Licenses & Permits			
Gun Permits	\$ -	\$ 22,553	\$ -
Planning Department Fees		4,950	
Sheriff Department Fees and Reimb		16,375	
Building Permits/Inspection Fees		167,993	
Privilege Licenses		865	
Road Signs		660	
Animal License & Adoption Fee		11,181	
Register of Deeds		157,314	
Total	<u>\$ 409,100</u>	<u>\$ 381,891</u>	<u>\$ (27,209)</u>

ASHE COUNTY NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

EXHIBIT B-1

Sales & Services

DSS Fees and Other Sales	\$ -	\$ 14,060	\$ -
Sheriff Dept Sales & Services		-	
Sheriff Dept & SRO Program from BOE		85,348	
Rents & Concessions		220,329	
Court Costs		51,843	
Jail Fees & Inmate Reimb. From other Counties		599,967	
Drug Fines & Forfeitures		22,499	
Recreational Department		47,027	
Airport Revenues		146,657	
DMV Fees		114,403	
Tax Collection Fees		2,538	
Copy Fees & Other Sales		11,192	
E911 Special Revenue Reimb		150,000	
Town Election Reimb		-	
Candidate Filing Fee		202	
Total	<u>\$ 1,431,767</u>	<u>\$ 1,466,065</u>	<u>\$ 34,298</u>

Investment Earnings

Investment Earnings	<u>\$ -</u>	<u>\$ 343,191</u>	<u>\$ -</u>
Total	<u>\$ 100,170</u>	<u>\$ 343,191</u>	<u>\$ 243,021</u>

Miscellaneous

Insurance Proceeds	\$ -	\$ -	\$ -
Sale of Assets & Materials		18,675	
Other Grants & Donations		1,504	
Total	<u>\$ -</u>	<u>\$ 20,179</u>	<u>\$ 20,179</u>

TOTAL REVENUES

<u>\$ 32,711,807</u>	<u>\$ 33,717,752</u>	<u>\$ 1,005,945</u>
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EXPENDITURES

General Government

Governing Body			
Salaries & Employee Benefits	\$ -	\$ 108,002	\$ -
Operating Expenses		114,838	
Capital Outlay			
Total	<u>\$ 229,568</u>	<u>\$ 222,840</u>	<u>\$ 6,728</u>

Administration

Salaries & Employee Benefits	\$ -	\$ 239,460	\$ -
Operating Expenses		26,564	
Capital Outlay			
Total	<u>\$ 268,614</u>	<u>\$ 266,024</u>	<u>\$ 2,590</u>

Finance

Salaries & Employee Benefits	\$ -	\$ 338,452	\$ -
Operating Expenses		62,970	
Capital Outlay			
Total	<u>\$ 417,847</u>	<u>\$ 401,422</u>	<u>\$ 16,425</u>

ASHE COUNTY NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

EXHIBIT B-1

Tax Administration			
Salaries & Employee Benefits	\$ -	\$ 871,232	\$ -
Operating Expenses		251,936	
Capital Outlay		-	
Total	<u>\$ 1,289,658</u>	<u>\$ 1,123,168</u>	<u>\$ 166,490</u>
Elections			
Salaries & Employee Benefits	\$ -	\$ 125,471	\$ -
Operating Expenses		75,691	
Capital Outlay			
Total	<u>\$ 272,342</u>	<u>\$ 201,162</u>	<u>\$ 71,180</u>
Register of Deeds			
Salaries & Employee Benefits	\$ -	\$ 364,309	\$ -
Operating Expenses		96,966	
Capital Outlay			
Total	<u>\$ 473,916</u>	<u>\$ 461,275</u>	<u>\$ 12,641</u>
Legal			
Contracted Services	\$ -	\$ 138,129	\$ -
Total	<u>\$ 307,130</u>	<u>\$ 138,129</u>	<u>\$ 169,001</u>
Data Processing (IT)			
Salaries & Employee Benefits	\$ -	\$ 260,580	\$ -
Operating Expenses		139,945	
Capital Outlay		-	
Total	<u>\$ 478,181</u>	<u>\$ 400,525</u>	<u>\$ 77,656</u>
Courts			
Operating Expenses	\$ -	\$ 12,028	\$ -
Capital Outlay			
Total	<u>\$ 38,500</u>	<u>\$ 12,028</u>	<u>\$ 26,472</u>
Public Buildings			
Salaries & Employee Benefits	\$ -	\$ 410,400	\$ -
Operating Expenses		1,120,337	
Capital Outlay		45,697	
Total	<u>\$ 1,713,863</u>	<u>\$ 1,576,434</u>	<u>\$ 137,429</u>
<i>Total General Government</i>	<u>\$ 5,489,619</u>	<u>\$ 4,803,007</u>	<u>\$ 686,612</u>
Public Safety			
Law Enforcement			
Salaries & Employees Benefits	\$ -	\$ 2,101,859	\$ -
Operating Expenses		321,713	
Capital Outlay		124,707	
Total	<u>\$ 2,670,026</u>	<u>\$ 2,548,279</u>	<u>\$ 121,747</u>
Corrections			
Salaries & Employee Benefits	\$ -	\$ 1,335,306	\$ -
Operating Expenses		799,689	
Capital Outlay			
Total	<u>\$ 2,172,332</u>	<u>\$ 2,134,995</u>	<u>\$ 37,337</u>

ASHE COUNTY NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

EXHIBIT B-1

Ambulance & Rescue			
Ambulance Service - Contracted	\$ -	\$ 950,827	\$ -
Donation to Community Ambulance Services		23,000	
Rescue Unit		50,000	
Total	<u>\$ 1,023,827</u>	<u>\$ 1,023,827</u>	<u>\$ -</u>
Emergency Management			
Salaries & Employee Benefits	\$ -	\$ 124,646	\$ -
Operating Expenses		28,163	
Capital Outlay			
Total	<u>\$ 140,245</u>	<u>\$ 152,809</u>	<u>\$ (12,564)</u>
Inspections			
Salaries & Employee Benefits	\$ -	\$ 331,849	\$ -
Operating Expenses		28,436	
Capital Outlay		28,462	
Total	<u>\$ 418,967</u>	<u>\$ 388,747</u>	<u>\$ 30,220</u>
Animal Control			
Salaries & Employee Benefits	\$ -	\$ 206,852	\$ -
Operating Expenses		51,707	
Capital Outlay			
Total	<u>\$ 274,225</u>	<u>\$ 258,559</u>	<u>\$ 15,666</u>
Fire			
Contracted and Professional Services	\$ -	\$ 71,311	\$ -
Contributions to Volunteer Fire Department		69,396	
Total	<u>\$ 243,359</u>	<u>\$ 140,707</u>	<u>\$ 102,652</u>
E911 Coordinator			
Salaries & Employee Benefits	\$ -	\$ -	\$ -
Operating Expenses		4,880	
Capital Outlay			
Total	<u>\$ 15,750</u>	<u>\$ 4,880</u>	<u>\$ 10,870</u>
Medical Examiner			
Contracted Services	\$ -	\$ 12,200	\$ -
Total	<u>\$ 27,000</u>	<u>\$ 12,200</u>	<u>\$ 14,800</u>
Communications			
Salaries & Employee Benefits	\$ -	\$ 548,717	\$ -
Operating Expenses		41,989	
Capital Outlay			
Total	<u>\$ 626,990</u>	<u>\$ 590,706</u>	<u>\$ 36,284</u>
E-911 Operations			
Operating Expenses	\$ -	\$ 33,762	\$ -
Capital Outlay		150,733	
Total	<u>\$ 205,140</u>	<u>\$ 184,495</u>	<u>\$ 20,645</u>
Total Public Safety	<u>\$ 7,817,861</u>	<u>\$ 7,440,204</u>	<u>\$ 377,657</u>

ASHE COUNTY NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

EXHIBIT B-1

Transportation

Airport			
Salaries & Employee Benefits	\$ -	\$ 77,875	\$ -
Operating Expenses		166,504	
Capital Outlay		37,389	
<i>Total Transportation</i>	<i>\$ 353,202</i>	<i>\$ 281,768</i>	<i>\$ 71,434</i>

Economic & Physical Development

Planning & Zoning			
Salaries & Employee Benefits	\$ -	\$ 169,766	\$ -
Operating Expenses		28,016	
Capital Outlay			
Total	\$ 235,718	\$ 197,782	\$ 37,936
Economic Development			
Salaries & Employee Benefits	\$ -	\$ 76,390	\$ -
Operating Expenses		33,262	
Capital Outlay			
Total	\$ 165,834	\$ 109,652	\$ 56,182
Cooperative Extension			
Salaries & Employee Benefits	\$ -	\$ 43,249	\$ -
Contracts		178,132	
Operating Expenses		64,516	
Capital Outlay		67,741	
Total	\$ 392,898	\$ 353,638	\$ 39,260
Soil Conservation			
Salaries & Employee Benefits	\$ -	\$ 114,855	\$ -
Operating Expenses		22,000	
Capital Outlay			
Total	\$ 140,339	\$ 136,855	\$ 3,484
Donations & Subsidies			
Industry Incentives	\$ -	\$ 80,000	\$ -
Ashe County Farmers Market		3,000	
Ashe County Chamber of Commerce		102,372	
Total	\$ 183,460	\$ 185,372	\$ (1,912)
<i>Total Economic & Physical Development</i>	<i>\$ 1,118,249</i>	<i>\$ 983,299</i>	<i>\$ 134,950</i>

Human Services

Health			
Contribution to District Health Dept.	\$ 496,105	\$ 496,105	\$ -
Mental Health			
ABC Rehab Tax Distribution	\$ -	\$ 5,786	\$ -
Professional Services		2,097	
District Mental Health Dept.		183,780	
Total	\$ 194,566	\$ 191,663	\$ 2,903

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Social Services			
Administration			
Salaries & Employee Benefits	\$ -	\$ 4,937,709	\$ -
Operating Expenses		409,606	
Capital Outlay		76,039	
		<u>5,423,354</u>	
Aid to the Blind		\$ 857	
Food Stamp Issuance Cost		5,544	
Special Assistance to Adults		242,403	
Medicaid Transportation		154,108	
Foster Care & Boarding Home		521,103	
Crisis Intervention Payments		119,080	
Adult Day Care		51,510	
Adoption Expenditures		98,831	
Work First & TNF Expenditures		59,596	
Low Income Energy Assistance Payments		172,800	
Other 100% County SS Expense		117,510	
Total Social Services	<u>\$ 7,949,989</u>	<u>\$ 6,966,696</u>	<u>\$ 983,293</u>
Veterans Service Officer			
Salaries & Employee Benefits	\$ -	\$ 57,339	\$ -
Operating Expenses		2,064	
Capital Outlay			
Total	<u>\$ 61,442</u>	<u>\$ 59,403</u>	<u>\$ 2,039</u>
Donations and Subsidies			
JCPC Operational	\$ -	\$ 103,878	\$ -
CIS - Pairs		3,000	
A Safe Home for Everyone		30,000	
Ashe Co. Transportation Auth.		136,169	
Adult Developmental Activities Program		74,153	
Blue Ridge Opportunity Commission		3,700	
Project Graduation		5,000	
New River Senior Services		20,000	
Mountain Farm Life Museum		1,000	
AMH/ Healthy Carolinas		380,608	
Hospitality House		10,000	
Wilkes Vocational Workshop		2,700	
Ashe Services for Aging		600,000	
Ashe Medication Asst. Program		12,000	
Riverview Community Center		15,000	
American Legion		1,341	
Todd Community Pres Org		3,500	
Ashe Homeless Coalition		454	
Total	<u>\$ 1,443,885</u>	<u>\$ 1,402,503</u>	<u>\$ 41,382</u>
Total Human Services	<u>\$ 10,145,987</u>	<u>\$ 9,116,370</u>	<u>\$ 1,029,617</u>

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Cultural and Recreational

Parks & Recreation

Salaries & Employee Benefits	\$ -	\$ 370,575	\$ -
Operating Expenses		223,875	
Capital Outlay		41,119	
Total	<u>\$ 673,190</u>	<u>\$ 635,569</u>	<u>\$ 37,621</u>

Contributions

Contributions to Regional Library	\$ -	\$ 460,378	\$ -
Contribution to Ashe Civic Center		90,372	
Contribution to 1904 Courthouse		90,372	
Contributions to Ashe Co. Arts Council		30,000	
Tourism Promotions		6,000	
Total	<u>\$ 681,299</u>	<u>\$ 677,122</u>	<u>\$ 4,177</u>

Total Cultural and Recreational

<u>\$ 1,354,489</u>	<u>\$ 1,312,691</u>	<u>\$ 41,798</u>
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Education

Public Schools - Current Expense	\$ -	\$ 5,047,012	\$ -
Public Schools - Pool R&M		1,796	
Public Schools - Capital Outlay		531,535	
Public School - Technology Equipment		118,072	
Wilkes Comm. College - One Time Operation Supply		30,500	
Wilkes Comm. College - Current Expense		398,948	
Wilkes Comm. College - Capital Outlay		15,000	

Total Education

<u>\$ 6,146,067</u>	<u>\$ 6,142,863</u>	<u>\$ 3,204</u>
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Debt Service

Principal - Public Buildings		675,000	
Interest - Public Buildings		251,283	

Total Debt Service

<u>\$ 926,623</u>	<u>\$ 926,283</u>	<u>\$ 340</u>
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Contingency

<u>\$ 226,647</u>	<u>\$ -</u>	<u>\$ 226,647</u>
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TOTAL EXPENDITURES

<u>\$ 33,578,744</u>	<u>\$ 31,006,485</u>	<u>\$ 2,572,259</u>
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Revenues Over (Under) Expenditures

<u>\$ (866,937)</u>	<u>\$ 2,711,267</u>	<u>\$ 3,578,204</u>
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Other Financing Sources (Uses)

Operating Transfers - In (Out):

From Econ. Dev. Cap. Project Fund	80,000	80,000	-
To Revaluation Fund	(25,828)	(25,828)	-
To Cap. Project Fund	(727,404)	(727,404)	-
To Econ. Dev. Capital Project Fund	(190,304)	(190,304)	-
To School Capital Project Fund	(1,493,124)	(1,493,124)	-
Appropriated Fund Balance	3,223,597		(3,223,597)

Total Other Financing Sources (Uses)

<u>\$ 866,937</u>	<u>\$ (2,356,660)</u>	<u>\$ (3,223,597)</u>
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ASHE COUNTY NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

EXHIBIT B-1

Excess of Revenues & Other Sources
Over (Under) Expenditures & Other
(Uses)

<u>\$</u>	-	\$	354,607	<u>\$</u>	<u>354,607</u>
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Fund Balance

Beginning of Year, July 1

<u>13,838,128</u>

End of Year, June 30

<u>\$</u>	<u>14,192,735</u>
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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, 2019

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Investment Earnings	\$ -	\$ -	\$ -
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures			
General Government			
Tax Administration			
Salaries & Employee Benefits	\$ -	\$ -	\$ -
Operating Expenses		24,624	
Total Expenditures	<u>\$ 120,000</u>	<u>\$ 24,624</u>	<u>\$ 95,376</u>
Revenues Over (Under)			
Expenditures	<u>\$ (120,000)</u>	<u>\$ (24,624)</u>	<u>\$ 95,376</u>
Other Financing Sources(Uses)			
Transfer In-General Fund	\$ 25,828	\$ 25,828	\$ -
Fund Balance Appropriated	<u>94,172</u>		<u>(94,172)</u>
Total Other Financing Sources	<u>\$ 120,000</u>	<u>\$ 25,828</u>	<u>\$ (94,172)</u>
Excess of Revenues & Other Sources Over (Under)			
Expenditures	<u>\$ -</u>	\$ 1,204	<u>\$ 1,204</u>
Fund Balance, July 1		<u>\$ 94,171</u>	
Fund Balance, June 30		<u><u>\$ 95,375</u></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, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Restricted Intergovernmental Revenue			
Public School Building Capital Fund			
Lottery Funds	\$ 240,703	\$ 240,703	\$ -
IRS Reimbursement of QSCB Interest	31,598	31,913	315
Investment Earnings			
Total Revenues	<u>\$ 272,301</u>	<u>\$ 272,616</u>	<u>\$ 315</u>
 Expenditures:			
Education Capital Outlay:			
Professional Services	\$ -	\$ 263,201	\$ -
 Total	<u>\$ 1,170,963</u>	<u>\$ 263,201</u>	<u>\$ 907,762</u>
Debt Service:			
QSCB Principal	\$ -	\$ 206,872	\$ -
QSCB Interest		33,831	
CPL Principal		581,905	
CPL Interest		20,214	
Total	<u>\$ 851,746</u>	<u>\$ 842,822</u>	<u>\$ 8,924</u>
Total Expenditures	<u>\$ 2,022,709</u>	<u>\$ 1,106,023</u>	<u>\$ 916,686</u>
Revenues Over (Under) Expenditures	<u>\$ (1,750,408)</u>	<u>\$ (833,407)</u>	<u>\$ 917,001</u>
 Other Financing Sources & Uses			
Loan Proceeds	\$ -	\$ -	\$ -
Transfer from General Fund	611,043	1,493,124	882,081
Fund Balance Appropriated	<u>1,139,365</u>		<u>(1,139,365)</u>
Total Other Financing Sources & Uses	<u>\$ 1,750,408</u>	<u>\$ 1,493,124</u>	<u>\$ (257,284)</u>
Revenues and Other Sources			
Over (Under) Expenditures & Other Uses	<u>\$ -</u>	\$ 659,717	<u>\$ 659,717</u>
Fund Balance, July 1		<u>\$ 2,062,583</u>	
Fund Balance, June 30		<u>\$ 2,722,300</u>	

COMBINING STATEMENTS FOR NON-MAJOR FUNDS - ASHE COUNTY

Special Revenue Funds

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

Capital Projects Funds

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

ASHE COUNTY, NORTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2019

	Special Revenue Funds			Total Nonmajor Special Revenues Funds	Capital Projects Funds			Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
	Emergency Telephone System Fund	4-H Program Activities Fund	4-H Program Afterschool Fund		CDBG Fund	Government Building Fund	Economic Development Fund		
<u>Assets</u>									
Cash & Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ 5	\$ 1,497,905	\$ 722,019	2,219,929	2,219,929
Restricted Cash	143,219	190,652	40,972	374,843				-	374,843
Accounts Receivable				-				-	-
Due from Other Governments	26,953			26,953		487,175		487,175	514,128
Total Assets	\$ 170,172	\$ 190,652	\$ 40,972	\$ 401,796	\$ 5	\$ 1,985,080	\$ 722,019	\$ 2,707,104	\$ 3,108,900
<u>Liabilities & Fund Balance</u>									
Accounts Payable	\$ -	\$ 278	\$ -	\$ 278	\$ 5	\$ 69,856	\$ -	\$ 69,861	\$ 70,139
Due to Other Funds									
Total Liabilities	\$ -	\$ 278	\$ -	\$ 278	\$ 5	\$ 69,856	\$ -	\$ 69,861	\$ 70,139
Fund Balance									
Restricted									
Restricted by State Statute	\$ 26,953	\$ -	\$ -	\$ 26,953	\$ -	\$ 487,175	\$ -	\$ 487,175	\$ 514,128
Restricted for E911	143,219			143,219					143,219
Restricted for 4-H		190,374	40,972	231,346					231,346
Committed:									
For Capital Projects						1,428,049	722,019	2,150,068	2,150,068
Unassigned									
Total Fund Balance	\$ 170,172	\$ 190,374	\$ 40,972	\$ 401,518	\$ -	\$ 1,915,224	\$ 722,019	\$ 2,637,243	\$ 3,038,761
Total Liabilities & Fund Balance	\$ 170,172	\$ 190,652	\$ 40,972	\$ 401,796	\$ 5	\$ 1,985,080	\$ 722,019	\$ 2,707,104	\$ 3,108,900

ASHE COUNTY, NORTH CAROLINA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Special Revenue Funds			Total Nonmajor Special Revenue Funds	Capital Projects Funds			Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
	Emergency Telephone System Fund	4-H Program Activities Fund	4-H Program Afterschool Fund		CDBG Fund	Government Buildings Fund	Economic Development Fund		
Revenues									
Investment Earnings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted Intergovernmental Revenues	323,269	13,545	16,725	353,539		561,945		561,945	915,484
Local Fund Raising & Other Revenues		39,998		39,998					39,998
Sales & Service		32,212	107,896	140,108					140,108
Other Taxes & Licenses									
Total Revenues	<u>\$ 323,269</u>	<u>\$ 85,755</u>	<u>\$ 124,621</u>	<u>\$ 533,645</u>	<u>\$ -</u>	<u>\$ 561,945</u>	<u>\$ -</u>	<u>\$ 561,945</u>	<u>\$ 1,095,590</u>
Expenditures									
General Government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public Safety	310,015			310,015					310,015
Human Services		156,789	108,121	264,910					264,910
Capital Outlay						816,534		816,534	816,534
Economic Development								-	-
Total Expenditures	<u>\$ 310,015</u>	<u>\$ 156,789</u>	<u>\$ 108,121</u>	<u>\$ 574,925</u>	<u>\$ -</u>	<u>\$ 816,534</u>	<u>\$ -</u>	<u>\$ 816,534</u>	<u>\$ 1,391,459</u>
Revenues Over (Under) Expenditures	\$ 13,254	\$ (71,034)	\$ 16,500	\$ (41,280)	\$ -	\$ (254,589)	\$ -	\$ (254,589)	\$ (295,869)
Other Financing Sources									
Transfer-In						806,604	190,304	996,908	996,908
Transfer-Out							(159,200)	(159,200)	(159,200)
Loan Proceeds								-	
Revenues & Other Sources Over (Under) Expenditures	13,254	(71,034)	16,500	(41,280)		552,015	31,104	583,119	541,839
Fund Balance, July 1	156,918	261,408	24,472	442,798		1,363,209	690,915	2,054,124	2,496,922
Fund Balance, June 30	<u>\$ 170,172</u>	<u>\$ 190,374</u>	<u>\$ 40,972</u>	<u>\$ 401,518</u>	<u>\$ -</u>	<u>\$ 1,915,224</u>	<u>\$ 722,019</u>	<u>\$ 2,637,243</u>	<u>\$ 3,038,761</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, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Restricted Intergovernmental:			
E911 Wireless Surcharge	\$ 323,269	\$ 323,269	\$ -
Total Revenues	<u>\$ 323,269</u>	<u>\$ 323,269</u>	<u>\$ -</u>
Expenditures			
<u>Public Safety :</u>			
Wireless E911 Communications:			
Operating Expenses	\$ -	\$ 310,015	\$ -
Capital Outlay		-	
Total Expenditures	<u>\$ 443,402</u>	<u>\$ 310,015</u>	<u>\$ 133,387</u>
Excess of Revenues Over (Under)			
Expenditures	\$ (120,133)	\$ 13,254	\$ 133,387
Other Financing Sources (Uses)			
Appropriated Fund Balance	<u>120,133</u>		<u>(120,133)</u>
Excess of Revenues & Other			
Sources Over (Under)			
Expenditures	<u>\$ -</u>	\$ 13,254	<u>\$ 13,254</u>
 Fund Balance, July 1		156,918	
Fund Balance, June 30		<u>170,172</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, 2019

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Restricted Intergovernmental Revenue:</u>			
State Grants	\$ -	\$ -	\$ -
Federal Grants		13,541	
Title XX - TRAC		4	
Total	<u>\$ 34,261</u>	<u>\$ 13,545</u>	<u>\$ (20,716)</u>
<u>Sales and Service:</u>			
Program Fees	\$ -	\$ 32,212	\$ -
Total	<u>\$ 158,000</u>	<u>\$ 32,212</u>	<u>\$ (125,788)</u>
<u>Other Revenues:</u>			
Donations	\$ -	\$ 10,133	\$ -
Total	<u>\$ 91,888</u>	<u>\$ 10,133</u>	<u>\$ (81,755)</u>
<u>Miscellaneous Revenues:</u>			
4-H General	\$ -	\$ 22,578	\$ -
Children's Trust		7,045	
4-H LEADS		242	
Total	<u>\$ 91,419</u>	<u>\$ 29,865</u>	<u>\$ (61,554)</u>
Total Revenues	<u>\$ 375,568</u>	<u>\$ 85,755</u>	<u>\$ (289,813)</u>
<u>Expenditures</u>			
General 4-H			
Salaries & Employee Benefits	\$ -	\$ 769	\$ -
Operating Expenses		36,637	
Capital Outlay			
Total		<u>\$ 37,406</u>	
4-H LEADS General			
Salaries & Employee Benefits		\$ 28,554	
Operating Expenses		16,484	
Capital Outlay			
Total		<u>\$ 45,038</u>	
Children's Trust Program			
Salaries & Employee Benefits		\$ -	
Operating Expenses		31,345	
Capital Outlay			
Total		<u>\$ 31,345</u>	
4-H Link General			
Salaries & Employee Benefits		\$ -	
Operating Expenses		858	
Capital Outlay			

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, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Total		<u>\$ 858</u>	
4-H LEADS Grant			
Salaries & Employee Benefits		\$ 4,947	
Operating Expenses		8,559	
Capital Outlay			
Total		<u>\$ 13,506</u>	
4-H Summer Parks			
Salaries & Employee Benefits		\$ 2,687	
Operating Expenses		2,838	
Capital Outlay		-	
Total		<u>\$ 5,525</u>	
4-H SOS General			
Salaries & Employee Benefits		\$ 16,192	
Operating Expenses		6,919	
Capital Outlay			
Total		<u>\$ 23,111</u>	
Total Expenditures	<u>\$ 375,568</u>	<u>\$ 156,789</u>	<u>\$ 218,779</u>
Revenues Over (Under) Expenditures	\$ -	\$ (71,034)	\$ 71,034
Other Financing Sources			
Fund Balance Appropriated	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenues & Other Sources			
Over (Under) Expenditures	<u>\$ -</u>	<u>\$ (71,034)</u>	<u>\$ 71,034</u>
Fund Balance, July 1		<u>\$ 261,408</u>	
Fund Balance, June 30		<u><u>\$ 190,374</u></u>	

ASHE COUNTY, NORTH CAROLINA
4-H AFTER SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Budget	Actual	Variance Favorable (Unfavorable)
<u>Restricted Intergovernmental Revenues:</u>			
Title XX	\$ -	\$ 16,725	\$ -
Total	\$ 12,401	\$ 16,725	\$ 4,324
 <u>Sales and Service:</u>			
Parent Fees	\$ -	\$ 107,896	\$ -
Total	\$ 110,000	\$ 107,896	\$ (2,104)
 <u>Other Revenues</u>			
Miscellaneous	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -
 Total Revenues	\$ 122,401	\$ 124,621	\$ 2,220
 <u>Expenditures:</u>			
Blue Ridge Elementary			
Salaries & Fringe Benefits	\$ -	\$ 21,503	\$ -
Operating Expenses		7,145	
Capital Outlay			
Total		\$ 28,648	
 Mountain View Elementary			
Salaries & Fringe Benefits		\$ 29,829	
Operating Expenses		9,362	
Capital Outlay			
Total		\$ 39,191	
 Westwood Elementary			
Salaries & Fringe Benefits		\$ 31,804	
Operating Expenses		8,478	
Capital Outlay			
Total		\$ 40,282	
 Total Expenditures	\$ 122,401	\$ 108,121	\$ 14,280

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, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues Over (Under) Expenditures	\$ -	\$ 16,500	\$ 16,500
Other Financing Sources			
Fund Balance Appropriated	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenues and Other Sources			
Over (Under) Expenditures	<u><u>\$ -</u></u>	<u>\$ 16,500</u>	<u><u>\$ 16,500</u></u>
Fund Balance, July 1		<u>\$ 24,472</u>	
Fund Balance, June 30		<u><u>\$ 40,972</u></u>	

ASHE COUNTY, NORTH CAROLINA
GOVERNMENT BUILDINGS CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues			
Restricted Intergovernmental Revenue			
Federal Grants	\$ 1,903,800	\$ 561,945	\$ (1,341,855)
Total Revenues	<u>\$ 1,903,800</u>	<u>\$ 561,945</u>	<u>\$ (1,341,855)</u>
Expenditures			
General Government			
Public Buildings Capital Outlay Related	\$ 495,707	\$ 119,707	\$ 376,000
Public Safety			
Inspections Capital Outlay	\$ 20,000	\$ 19,750	\$ 250
Transportation			
Capital Outlay Airport	\$ 2,076,446	\$ 585,407	\$ 1,491,039
Debt Service			
Principal	\$ 84,656	\$ 84,656	
Interest	7,014	7,014	
Total Debt Services	<u>\$ 91,670</u>	<u>\$ 91,670</u>	<u>\$ -</u>
Total Expenditures	<u>\$ 2,683,823</u>	<u>\$ 816,534</u>	<u>\$ 1,867,289</u>
Revenues Over (Under) Expenditures	<u>\$ (780,023)</u>	<u>\$ (254,589)</u>	<u>\$ 525,434</u>
Other Financing Sources			
Transfers In	\$ 714,934	\$ 806,604	\$ 91,670
Fund Balance Appropriated	<u>65,089</u>		<u>(65,089)</u>
Total Other Financing Sources	<u>\$ 780,023</u>	<u>\$ 806,604</u>	<u>\$ 26,581</u>
Revenue and Other Sources			
Over (Under) Expenditures	<u>\$ -</u>	\$ 552,015	<u>\$ 552,015</u>
Fund Balance, July 1		<u>\$ 1,363,209</u>	
Fund Balance, June 30		<u><u>\$ 1,915,224</u></u>	

ASHE COUNTY, NORTH CAROLINA
ECONOMIC DEVELOPMENT CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Investment Earnings	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures			
Economic Development:			
Capital Outlay Related	<u>\$ 31,104</u>	<u>\$ -</u>	<u>\$ 31,104</u>
Revenues Over (Under) Expenditures	\$ (31,104)	\$ -	\$ 31,104
Other Financing Sources & Uses			
Operating Transfers - In (From General Fund)	\$ 190,304	\$ 190,304	\$ -
Operating Transfers - Out (To General Fund)	(80,000)	(80,000)	-
Operating Transfers- Out (To Capital Projects Fund)	(79,200)	(79,200)	-
Fund Balance Appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Fin. Sources & Uses	\$ 31,104	\$ 31,104	\$ -
Revenues & Other Sources Over (Under)			
Expenditures & Other Uses	<u>\$ -</u>	\$ 31,104	<u>\$ 31,104</u>
Fund Balance, July 1		<u>\$ 690,915</u>	
Fund Balance, June 30		<u><u>\$ 722,019</u></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, 2019

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Operating Revenues:			
Charges for Services:			
SWDF - Household Fees	\$ -	\$ 2,006,171	\$ -
SWDF - Commercial Fees		411,404	
Recycling Revenues		127,899	
Miscellaneous Revenue		3,165	
Total Operating Revenues	<u>\$ 2,614,000</u>	<u>\$ 2,548,639</u>	<u>\$ (65,361)</u>
Non-Operating Revenue:			
Investment Earnings	<u>\$ 20,000</u>	<u>\$ 54,965</u>	<u>\$ 34,965</u>
Total Revenues	<u>\$ 2,634,000</u>	<u>\$ 2,603,604</u>	<u>\$ (30,396)</u>
Expenditures:			
Environmental Services-Collections			
Salaries & Employee Benefits	\$ -	\$ 764,866	\$ -
Operating Expenses		320,388	
Capital Outlay		499,588	
Total Environmental Services-Collections	<u>\$ 1,812,273</u>	<u>\$ 1,584,842</u>	<u>\$ 227,431</u>
Environmental Services-Disposal			
Salaries & Employee Benefits	\$ -	\$ 331,975	\$ -
Operating Expenses		498,113	
Capital Outlay		368,265	
Total Environmental Services-Disposal	<u>\$ 1,225,431</u>	<u>\$ 1,198,353</u>	<u>\$ 27,078</u>
Debt Service			
Principal		\$ 322,931	\$ -
Interest		10,982	
Total Debt Service	<u>\$ 333,913</u>	<u>\$ 333,913</u>	<u>\$ -</u>
Total Expenditures	<u>\$ 3,371,617</u>	<u>\$ 3,117,108</u>	<u>\$ 254,509</u>
Revenues Over (Under) Expenditures	<u>\$ (737,617)</u>	<u>\$ (513,504)</u>	<u>\$ 224,113</u>
Other Financing Sources (Uses)			
Contribution From Other Governments	\$ 6,000	\$ 6,000	\$ -
Solid Waste Disposal Tax	-	22,649	22,649
Scrap Tire Disposal Tax and Grant	66,000	46,532	(19,468)
White Goods Disposal Tax and Grant	12,388	11,259	(1,129)
Electronics Mgmt Distr.	2,183	1,712	(471)
Other DEHNR Grant	51,000	44,179	(6,821)
Proceeds from Sale of Fixed Assets			-
Proceeds from Loan	557,000	557,000	-
Transfer Out - Landfill Capital Reserve	(200,000)	(200,000)	-
Fund Balance Appropriated	243,046		(243,046)
Total	<u>\$ 737,617</u>	<u>\$ 489,331</u>	<u>\$ (248,286)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures	<u>\$ -</u>	<u>\$ (24,173)</u>	<u>\$ (24,173)</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, 2019

Reconciliation to Accrual Basis

Excess of Revenues and Other Sources	
Over (Under) Expenditures	\$ (24,173)
Proceeds from Loan	(557,000)
Debt Principal	322,931
Decrease (Increase) in Interest Payable	(2,467)
Capital Outlay	867,853
Depreciation	(343,491)
Landfill Closure and Postclosure Care Costs	(194,582)
Transfers Out - Landfill Capital Reserve	200,000
Decrease (Increase) in Accrued Vacation Pay	(1,141)
Increase (Decrease) in Deferred Outflows of Resources - OPEB	30,772
Decrease (Increase) in OPEB Liability	(12,895)
Decrease (Increase) in Deferred inflows of Resources -OPEB	(8,645)
Increase (Decrease) in Deferred Outflows of Resources - Pensions	54,917
Decrease (Increase) in Net Pension Liability	(65,910)
Decrease (Increase) in Deferred Inflows of Resources - Pensions	2,502
Change in Net Position	<u><u>\$ 268,671</u></u>

LANDFILL CLOSURE & POST CLOSURE - RESERVE FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON - GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

ASHE COUNTY, NORTH CAROLINA
 COMBINING TRUST AND AGENCY FUND STATEMENT OF CHANGES IN
 ASSETS AND LIABILITIES - AGENCY FUNDS
 JUNE 30, 2019

	Balance 7/01/2018	Additions	Deductions	Balance 6/30/2019
<u>Social Services</u>				
Assets:				
Cash & Investments	\$ 57,929	\$ 384,633	\$ 416,303	\$ 26,259
Liabilities:				
Accounts Payable	\$ 1,002	\$ 2,786	\$ 2,565	\$ 1,223
Due to Individuals	56,927	381,847	413,738	25,036
Total Liabilities	\$ 57,929	\$ 384,633	\$ 416,303	\$ 26,259
<u>Fire Districts</u>				
Assets:				
Cash & Investments	\$ 24,835	\$ 1,549,138	\$ 1,565,432	\$ 8,541
Taxes Receivable	203,878	1,450,334	1,451,439	202,773
Total Assets	\$ 228,713	\$ 2,999,472	\$ 3,016,871	\$ 211,314
Liabilities & Reserves:				
Accounts Payable	\$ 24,835	\$ 1,549,138	\$ 1,565,432	\$ 8,541
Reserve for Taxes Rec.	203,878	1,450,334	1,451,439	202,773
Total Liabilities	\$ 228,713	\$ 2,999,472	\$ 3,016,871	\$ 211,314
<u>Jail Commissary</u>				
Assets:				
Cash & Investments	\$ 41,844	\$ 252,838	\$ 251,840	\$ 42,842
Liabilities:				
Accounts Payable	\$ 41,844	\$ 252,838	\$ 251,840	\$ 42,842
<u>IRC 457 Deferred Compensation Plan</u>				
Assets:				
Cash & Investments	\$ 788,021	\$ 34,455	\$ 55,073	\$ 767,403
Liabilities:				
Due to Individuals	\$ 788,021	\$ 34,455	\$ 55,073	\$ 767,403
<u>Totals-All Agency Funds</u>				
Assets:				
Cash & Investments	\$ 912,629	\$ 2,221,064	\$ 2,288,648	\$ 845,045
Taxes Receivable	203,878	1,450,334	1,451,439	202,773
Total Assets	\$1,116,507	\$ 3,671,398	\$ 3,740,087	\$ 1,047,818
Liabilities & Reserves:				
Accounts Payable	\$ 67,681	\$ 1,804,762	\$ 1,819,837	\$ 52,606
Due to Individuals		416,302	468,811	792,439
Reserve for Taxes Rec.	203,878	1,450,334	1,451,439	202,773
Total Liabilities & Reserves	\$ 271,559	\$ 3,671,398	\$ 3,740,087	\$ 1,047,818

ASHE COUNTY, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	County - wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property Taxed at Current Year's Rate	\$ 4,065,260,256	.443	\$ 18,007,987	\$ 17,053,088	\$ 954,899
Property Taxed at Prior Year's Rate	75,219,016	.443	332,210	-	332,210
Discoveries					
Current year taxes	\$ 24,901,325	.443	\$ 110,313	\$ 110,313	\$ -
Total	\$ 4,165,380,597		\$ 18,450,510	\$ 17,163,401	\$ 1,287,109
Abatements	\$ (38,288,800)	.443	\$ (169,619)	\$ (169,619)	\$ -
Total property valuation	<u>\$ 4,127,091,797</u>				
Net levy			\$ 18,280,891	\$ 16,993,782	\$ 1,287,109
Uncollected taxes at June 30, 2019			(697,794)	(697,794)	
Current year's taxes collected			<u>\$ 17,583,097</u>	<u>\$ 16,295,988</u>	<u>\$ 1,287,109</u>
Current levy collection percentage			96.18%	95.89%	100.00%

ASHE COUNTY, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2019

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2018</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2019</u>
2018-19	\$ -	\$ 18,280,891	\$ 17,583,097	\$ 697,794
2017-18	704,909		294,633	410,276
2016-17	401,428		96,152	305,276
2015-16	331,644		73,149	258,495
2014-15	268,683		51,092	217,591
2013-14	250,207		45,702	204,505
2012-13	221,195		39,954	181,241
2011-12	201,352		31,376	169,976
2010-11	174,391		31,401	142,990
2009-10	151,905		22,829	129,076
2008-09	130,206		130,206	-
	<u>\$ 2,835,920</u>	<u>\$ 18,280,891</u>	<u>\$ 18,399,591</u>	<u>\$ 2,717,220</u>

Less Allowance for Uncollectible Ad Valorem Taxes Receivable	<u>\$ 807,000</u>
Ad Valorem Taxes Receivable (Net)	<u><u>\$ 1,910,220</u></u>

Reconciliation with Revenues	
Taxes - Ad Valorem - General Fund	\$ 18,546,946
Discount Allowed	215,478
Amounts Written Off Per Statute of Limitations	35,602
Adjustments	57,280
Interest Collected	<u>(455,715)</u>
Total Collections & Credits	<u><u>\$ 18,399,591</u></u>

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

Independent Auditor's Report

To the Board of County Commissioners
Ashe County, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the [accompanying] financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ashe County, North Carolina, as of and for the year ended June 30, 2019, and the notes to the financial statements, which collectively comprises Ashe County's basic financial statements, and have issued our report thereon dated December 18, 2019.

Internal Control Over Financial Reporting

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

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

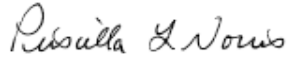
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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



Priscilla L. Norris, CPA
Jefferson, NC
December 18, 2019

Priscilla L. Norris, CPA

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

Independent Auditor's Report

To the Board of County Commissioners
Ashe County, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Ashe County, North Carolina, compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Ashe County's major federal programs for the year ended June 30, 2019. Ashe County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Ashe County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of Ashe County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our

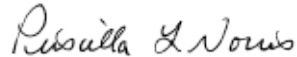
audit of compliance, we considered Ashe County's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with

Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

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



Priscilla L. Norris, CPA

Jefferson, NC

December 18, 2019

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

Independent Auditor's Report

To the Board of County Commissioners
Ashe County, North Carolina

Report on Compliance for Each Major State Program

We have audited Ashe County, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Ashe County's major state programs for the year ended June 30, 2019. Ashe County's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Program

In our opinion, Ashe County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

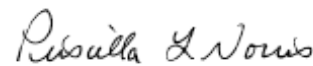
Management of Ashe County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Ashe County's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in

accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Ashe County's internal control over compliance.

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

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

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



Priscilla L. Norris, CPA

Jefferson, NC

December 18, 2019

ASHE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

I. Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted

☐ yes ☒ no

Federal Awards

Internal control over major federal programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)?

☐ yes ☒ no

Identification of major federal programs:

<u>CFDA#</u>	<u>Program Name</u>
93.778	Title XIX - Medicaid

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

\$ 750,000

Auditee qualified as low-risk auditee?

☒ yes ☐ no

State Awards

Internal control over major State programs:

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

ASHE COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

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

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

_____ yes X no

Identification of major State programs:

Program Name
NC Public School Building Capital Fund Lottery Proceeds
State Aid to Airports

II. Financial Statement Findings

None Reported.

III. Federal Award Findings and Questioned Costs

None Reported.

IV. State Awards Findings and Questioned Cost

None Reported.

V. Corrective Action Plan for the Following Sections:

Section II - Financial Statement Findings

None Reported.

Section III - Federal Award Findings and Questioned Costs

None Reported.

Section IV - State Award Findings and Questioned Costs

None Reported.

VI. Summary of Prior Audit Findings

None Reported

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed through to Subrecipients	Local Expenditures
FEDERAL AWARDS:					
<u>U.S. Department of Health and Human Services</u>					
<i>Administration for Children and Families</i>					
Passed-through the N.C. Dept. of Health and Human Serv:					
<u>Division of Child Development:</u>					
Subsidized Child Care Cluster:					
Division of Social Services:					
Child Care Development Fund- Administration	93.596	\$ 80,000	\$ -	\$ -	\$ -
Total Subsidized Child Care Cluster		80,000	-	-	-
<u>Division of Social Services:</u>					
<u>Foster Care and Adoption Cluster:</u>					
Title IV-E Foster Care - Admin	93.658	160,637	11,057		119,597
Title IV-E Foster Care - Direct Benefits	93.658	72,241	18,285		18,303
Title IV-E - Adoption -Admin	93.659	916			916
Total Foster Care and Adoption Cluster		233,794	29,342	-	138,816
<u>Temporary Assistance for Needy Families Cluster</u>					
TANF/Work First	93.558	235,503	-		648,812
Total TANF Cluster		235,503	-	-	648,812
<u>All Other DSS:</u>					
Child Support Enforcement	93.563	385,299			200,973
Refugee Assistance - Admin.	93.566	5			
Low Income Home Energy Assistance Block Grant	93.568	311,115			
Child Welfare Services	93.645	7,075	23,905		2,358
Promoting Safe and Stable Families	93.556	20,207			
Social Services Block Grant - Adult Services	93.667	264,532	21,348		55,314
Chafee Foster Care Indep. Program - Admin.	93.674	11,468	2,867		
Chafee Foster Care Indep. Program - Direct Ben. Pmts	93.674	21,668			
Total All Other DSS		1,021,369	48,120	-	258,645
<i>Total Administration for Children and Families</i>		\$ 1,570,666	\$ 77,462	\$ -	\$ 1,046,273
<u>Health Care Financing Administration</u>					
Passed-through the N.C. Dept. of Health and Human Serv:					
Division of Social Services:					
Administration:					
Medical Assistance Program	93.778	1,528,540	3,225		687,943
NC Health Choice	93.767	52,687			
<i>Total Healthcare Financing Administration</i>		\$ 1,581,227	\$ 3,225	\$ -	\$ 687,943
Total U.S. Department of Health and Human Services		\$ 3,151,893	\$ 80,687	\$ -	\$ 1,734,216
<u>U.S. Department of Education:</u>					
Passed-through N.C. Dept. of Public Instruction:					
21st Century Community Learning Center	84.287	\$ 13,541	\$ -	\$ -	\$ -
Total U.S. Department of Education		\$ 13,541	\$ -	\$ -	\$ -
<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	10.561	\$ 379,657	\$ -	\$ -	\$ 379,657
Administration					
Total U.S. Dept. of Agriculture		\$ 379,657	\$ -	\$ -	\$ 379,657
<u>U.S. Marshal Service</u>					
Operation "Spring Cleaning"					
16.Unknown		\$ 7,574	\$ -	\$ -	\$ -
		\$ 7,574	\$ -	\$ -	\$ -

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed through to Subrecipients	Local Expenditures
<u>U.S. Dept. of Transportation</u>					
Passed - through NC Dept. of Transportation:					
Airport Improvements Program (36237.21.16.1)	20.106	\$ 39,874	\$ -	\$ -	\$ 4,430
Airport Improvements Program (36237.21.13.1)	20.106	8,143			904
Airport Improvements Program (36237.21.16.2)	20.106	101,189			11,243
Airport Improvements Program (36237.21.17.2)	20.106	44,232			4,915
Total U.S. Dept. of Transportation		\$ 193,438	\$ -	-	\$ 21,492
<u>U.S. Dept. of Homeland Security</u>					
Passed - through NC Dept. of Public Safety:					
Emergency Management	97.042	\$ 38,524	\$ -		\$ -
Disaster Grant	97.036	52,239	17,413		
Total U.S. Dept. of Homeland Security		\$ 90,763	\$ 17,413	\$ -	\$ -
Total Federal Awards (and state and local match)		\$ 3,836,866	\$ 98,100	\$ -	\$ 2,135,365
STATE AWARDS:					
<u>N.C. Dept. of Transportation</u>					
Rural Operating Assistance Program (EDTAP)			57,856		
Rural Operating Assistance Program (Employment Transportation)			8,466		
Rural Operating Assistance Program (RGP)			61,662		
State Aid to Airports (DOT-8)			368,508		1,970
<u>N.C. Dept. of Environmental Quality</u>					
Scrap Tire Grant			8,386		
Streamline Recycling Equipment			44,180		
<u>Administrative Office of the Courts</u>					
Safe Roads Act Funds			908		
<u>N.C. Dept. of Public Safety</u>					
Hurricane Florence Funds			1,987		
Emergency Management Supplies			1,241		
<u>N.C. Dept., of Agriculture</u>					
Soil Technicians Grant			24,839		
<u>N.C. Dept. of Administration</u>					
DMVA County Grant			2,216		
Voter ID Grant			2,334		
<u>Office of Juvenile Justice</u>					
Juvenile Crime Prevention			87,518		
<u>Office of State Budget & Management</u>					
NC Grant-in-Aid to Fight Opioid Abuse			10,000		
<u>NC Department of Agriculture</u>					
Farm Land Protection Grant			14,000		
Christmas Tree Farm Scouting Video			11,120		
Mobile App Project			7,000		
<u>N.C. Dept. of Public Instruction</u>					
Public School Building Capital Fund - Lottery Proceeds			240,703	240,703	
<u>N.C. Dept. of Social Services</u>					
Special Children's Adoption			40,960		
State Foster Care			57,093		57,093
State Foster Home Fund (Maximization)			114,112		114,112
Extended Foster Care Max Non IVE			17,497		
Child Support Enforcement Incentive			10,611		
Total State Awards and local match		\$ -	\$ 1,193,197	\$ 240,703	\$ 173,175
Total Federal and State Awards		\$ 3,836,866	\$ 1,291,297	\$ 240,703	\$ 2,308,540

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Federal (Direct & Pass-through) Expenditures	State Expenditures	Passed through to Subrecipients	Local Expenditures
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Notes to the Schedule of Expenditures of Federal and State Financial Awards:

1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of Ashe County under the programs of the federal government and the State of North Carolina for the year ended June 30, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements Cost Principles and Audit Requirements, for Federal Awards, and the State Single Audit Implementation Act. Because the SEFSA presents only a selected portion of the operations of Ashe County, it is not intended to and does not present the financial position, changes in net position or cash flows of Ashe County.

2. Summary of Significant Accounting Policies

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

3. Cluster of Programs

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