

**TENTATIVE AGENDA & MEETING NOTICE  
BOARD OF COUNTY COMMISSIONERS**

**TUESDAY, DECEMBER 16, 2014  
5:30 P.M.**

**WATAUGA COUNTY ADMINISTRATION BUILDING  
COMMISSIONERS' BOARD ROOM**

TIME	#	TOPIC	PRESENTER	PAGE
5:30	1	CALL REGULAR MEETING TO ORDER		
	2	APPROVAL OF MINUTES: December 1, 2014, Regular Meeting December 1, 2014, Closed Session		1
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5:35	4	PRESENTATION OF FY 2014 AUDIT	MS. KATHY MITCHELL	13
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7:45	16	ADJOURN		

**AGENDA ITEM 2:**

**APPROVAL OF MINUTES:**

December 1, 2014, Regular Meeting

December 1, 2014, Closed Session

**MINUTES**  
**WATAUGA COUNTY BOARD OF COMMISSIONERS**  
**MONDAY, DECEMBER 1, 2014**

The Watauga County Board of Commissioners held a regular meeting on Tuesday, December 1, 2014, at 8:30 A.M. in the Commissioners' Board Room of the Watauga County Administration Building, Boone, North Carolina.

PRESENT: Nathan Miller, Chairman  
David Blust, Vice-Chairman  
Billy Kennedy, Commissioner  
John Welch, Commissioner  
Perry Yates, Commissioner  
Stacey "Four" Eggers, IV, County Attorney  
Deron Geouque, County Manager  
Anita J. Fogle, Clerk to the Board

Chairman Miller called the meeting to order at 8:30 A.M.

Vice-Chairman Blust opened the meeting with a prayer and Commissioner Yates led the Pledge of Allegiance.

Chairman Miller shared his appreciation to the citizens and stated it had been an honor to serve. Chairman Miller also welcomed Commissioner-Elect Jimmy Hodges.

**APPROVAL OF MINUTES**

Chairman Miller called for additions and/or corrections to the November 18, 2014, regular meeting and closed session minutes.

Commissioner Yates, seconded by Commissioner Welch, moved to approve the November 18, 2014, regular meeting minutes as presented.

VOTE: Aye-5  
Nay-0

Commissioner Yates, seconded by Commissioner Welch, moved to approve the November 18, 2014, closed session minutes as presented.

VOTE: Aye-5  
Nay-0

Each Commissioner shared their appreciation with Chairman Miller for his time serving as a Commissioner and Chairman to the Board.

**RECESS UNTIL 8:45 A.M.**

At 8:35 A.M. Commissioner Kennedy, seconded by Vice-Chairman Blust, moved to recess the meeting to allow Commissioners-Elect David Blust, Jimmy Hodges, and Billy Kennedy to take their oath of office.

VOTE: Aye-5  
Nay-0

**RECONVENE**

County Manager Geouque reconvened the meeting at 8:45 A.M. in the Commissioners' Board Room with Commissioners Blust, Hodges, Kennedy, Welch, and Yates present.

**BOARD ORGANIZATIONAL MATTERS**

The meeting was turned over to County Manager Geouque for the election of the Chairman of the Watauga County Board of Commissioners.

***A. Election of Officers***

County Manager Geouque called for nominations for Chairman of the Watauga County Board of Commissioners.

Vice-Chairman Blust, seconded by Commissioner Welch, moved to nominate Commissioner Hodges for Chairman.

VOTE: Aye-5  
Nay-0

The meeting was then turned over to Chairman Hodges.

Chairman Hodges called for nominations for Vice-Chairman of the Watauga County Board of Commissioners.

Commissioner Welch, seconded by Commissioner Kennedy, moved to nominate Commissioner Kennedy for Vice-Chairman.

VOTE: Aye-2(Kennedy, Welch)  
Nay-3(Hodges, Blust, Yates)

Commissioner Yates, seconded by Chairman Hodges, moved to nominate Commissioner Blust for Vice-Chairman.

VOTE: Aye-3(Hodges, Blust, Yates)  
Nay-2(Kennedy, Welch)

**B. Staff Appointments**

Commissioner Yates, seconded by Vice-Chairman Blust, moved to reappoint Deron Geouque as the County Manager.

VOTE: Aye-5  
Nay-0

Commissioner Kennedy, seconded by Vice-Chairman Blust, moved to reappoint Anita Fogle as Clerk to the Board.

VOTE: Aye-5  
Nay-0

Commissioner Welch, seconded by Commissioner Yates, moved to reappoint both Monica Harrison and Tammy Adams as Substitute Clerks to the Board.

VOTE: Aye-5  
Nay-0

Vice-Chairman Blust, seconded by Commissioner Yates, moved to appoint Eggers, Eggers, Eggers, and Eggers as the Law Firm representing Watauga County as legal counsel for Watauga County including the Watauga County Department of Social Services and their Child Support Enforcement Offices.

County Attorney Eggers stated that the general fee for the Department of Social Services would be raised to \$125 per hour to allow for a higher reimbursable rate from the State.

VOTE: Aye-4(Hodges, Blust, Welch, Yates)  
Nay-1(Kennedy)

**C. Fidelity Bonds.**

The following individual fidelity bonds were presented for approval:

<u>Position</u>	<u>Bond Amount</u>	<u>Statutory Requirement</u>
Finance Director	\$50,000	No less than \$50,000, per NCGS 159-29
Deputy Finance Director (County Manager)	\$50,000	
Tax Collector	\$50,000	Amount considered reasonable by BCC, NCGS 105-349-c
Register of Deeds	\$50,000	At least \$10,000 but no more than \$50,000, NCGS 161-4
Sheriff	\$25,000	Amount considered reasonable by BCC, but no more than \$25,000 max, NCGS 162-8

Commissioner Yates, seconded by Vice-Chairman Blust, moved to approve the individual fidelity bonds as presented.

VOTE: Aye-5  
Nay-0

Commissioner Kennedy, seconded by Commissioner Welch, moved to approve the Chairman to the Board of Commissioners, County Manager, and Finance Director as signors for the County's Banking Accounts.

VOTE: Aye-5  
Nay-0

***D. Commissioner Appointments to Boards & Commissions***

The following Commissioner Board appointments were made by Chairman Hodges:

Board/Commission	Member
Appalachian District Health Department	Yates
Appalachian Theatre Board of Trustees Ex-Officio Member	Kennedy
AppalCART Authority	Blust
Blue Ridge Resource Conservation & Development Area	Blust
Caldwell Community College & Technical Institute - Watauga Advisory Board	Welch
Children's Council/Child Protection Team	Kennedy
Cooperative Extension Advisory Leadership Board	Yates
Economic Development Commission (EDC)	Yates
Educational Planning Committee (2 appointees)	Blust & Welch
EMS Advisory Committee	Kennedy
High Country Council of Governments Executive Board Rural Transportation Advisory Committee	Hodges
Juvenile Crime Prevention Council (JCPC)	Welch
Library Board	Kennedy
Motor Vehicle Valuation Review Committee	Welch
New River Service Authority Board	Hodges
Northwest Regional Housing Authority (action taken separately later in the meeting)	
POA Advisory Committee (Home & Community Care Block Grant)	Kennedy
Sheriff's Office Liaison	Kennedy
Smoky Mountain Center Board (LME for Mental Health Services)	Kennedy
Social Services Advisory Board	Hodges
Watauga County Fire Commission	Yates
Watauga County Personnel Advisory Committee	Hodges
Watauga County Recreation Commission	Welch
Watauga Medical Center Board of Trustees	Hodges
Watauga Opportunities, Inc.	Blust
Workforce Development Board (WDB)	Chairman

Commissioner Yates, seconded by Commissioner Welch, moved to accept the appointments as made by Chairman Hodges.

VOTE: Aye-5  
Nay-0

Each Commissioner nominates a representative to the Watauga County Planning Board whose term would run concurrent with the term of the appointing Commissioner. Planning Board members must live within the appointing Commissioners District and action must be taken by the entire Board of Commissioners to make these appointments.

Chairman Hodges tabled appointments to the Watauga County Planning Board until a future meeting.

Each Commissioner appoints a representative to the Boone Rural Fire Protection Service District Board whose term will run concurrent with the term of the appointing Commissioner. Boone Rural Fire Service District Board members must own property and reside within that Fire Service District.

Commissioner Kennedy nominated Mr. Jimmy Marsh for reappointment and Chairman Hodges nominated Mr. Johnny Hampton.

Commissioner Kennedy, seconded by Vice-Chairman Blust, moved to waive a second reading and reappoint Mr. Jimmy Marsh and appoint Mr. Johnny Hampton to the Boone Rural Fire Protection Service District Board.

VOTE: Aye-5  
Nay-0

Commissioner Yates, seconded by Commissioner Welch, moved to waive the second reading and appoint Ms. Pat Vines to serve as the Board's representative on the Northwest Regional Housing Authority with a term set to expire on December 12, 2019.

VOTE: Aye-5  
Nay-0

### ***E. Regular Meeting Schedule***

Chairman Hodges stated that the Board of Commissioners' regular meetings were currently scheduled for the first Tuesday of each month at 8:30 A.M. and the third Tuesday of each month at 5:30 P.M.

Commissioner Yates, seconded by Commissioner Kennedy, moved to retain the regular meeting schedule for the Watauga County Board of Commissioners as follows: the first Tuesday of each month at 8:30 A.M. and the third Tuesday of each month at 5:30 P.M.

VOTE: Aye-5  
Nay-0

**APPROVAL OF AGENDA**

Chairman Hodges called for additions and/or corrections to the December 1, 2014, agenda.

Commissioner Kennedy, seconded by Vice-Chairman Blust, moved to approve the December 1, 2014, agenda as presented.

VOTE: Aye-5  
Nay-0

**MEDIC BASE 3 UPDATE**

Mr. Robert Marsh, Maintenance Director, and Mr. Lou Gerics with Innovative Designs updated the Board on the Medic Base 3 project by reviewing the site design, floor plan, cost, and construction schedule. The construction budget was established at \$425,000 to \$450,000 with a probable cost estimated to be \$420,000. The preliminary construction schedule predicts occupancy to take place in December 2015. Mr. Gerics highlighted the energy efficient design of the building. Both Mr. Marsh and Mr. Gerics stated that an additional bay could be added in the future if needed.

The report was given for information only with no action required.

**MISCELLANEOUS ADMINISTRATIVE MATTERS*****A. January's Meeting Schedule***

County Manager Geouque stated that the Board has traditionally cancelled one of the meetings in December or January depending on how the holidays have fallen. Due to where Christmas and New Year's fall during the week, staff would recommend the Board cancel the first meeting in January as there would be insufficient time to prepare the Board packets. Historically, December and the first weeks in January have few issues requiring Board action.

Commissioner Welch, seconded by Commissioner Yates, moved to cancel the January 6, 2015, Board of Commissioners meeting.

VOTE: Aye-5  
Nay-0

***B. Boards and Commissions******Economic Development Commission***

County Manager Geouque stated that Mr. Robb Olsen had resigned from his position as a member of the Economic Development Commission (EDC). No recommendations have been received; however, an unsolicited volunteer application was received in August from Mr. Scott McKinney who listed the EDC as a Board of interest. This is a second reading and, therefore, action may be taken if so desired.



Commissioner Yates, seconded by Commissioner Welch, moved to appoint Mr. Scott McKinney to the Economic Development Commission to fill the unexpired term of Mr. Robb Olsen.

VOTE: Aye-5  
Nay-0

*Social Services Advisory Board*

County Manager Geouque stated that the Social Services Advisory Board recommended reappointing Ms. Lynn Patterson, who is willing to continue to serve. Ms. Patterson had filled an unexpired term that ended in August. This is a first reading and, therefore, no action is required.

Commissioner Kennedy, seconded by Commissioner Welch, moved to waive the second reading and reappoint Ms. Lynn Patterson to the Watauga County Department of Social Services Advisory Board.

VOTE: Aye-5  
Nay-0

***C. Announcements***

County Manager Geouque announced the following:

- The Register of Deeds and Clerk of Court invite you to join their offices for cookies, punch, and cider on December 5, 2014 from 2:00 P.M. to 4:00 P.M.
- The Annual County Christmas Luncheon, scheduled on Tuesday, December 9, 2014, will be held at Dan'l Boone Inn from 11:45 A.M. to 2:00 P.M.
- You are cordially invited to a Library Staff Appreciation Lunch catered by Woodlands, sponsored by the Friends of the Library on Friday, December 12th at 11:30 A.M. in the Evelyn Johnson Meeting Room, Watauga County Public Library, 140 Queen Street.
- The Town of Boone is hosting a reception in honor of Greg Young's retirement. The reception is scheduled on Tuesday, December 16, 2014, from 2:00 P.M. to 4:00 P.M. at Boone United Methodist Church.
- A public hearing has been scheduled on December 16, 2014, at 6:00 P.M. to allow for citizen comment on proposed amendments to the County's watershed map.
- A public hearing has been scheduled on December 16, 2014, at 6:00 P.M. to allow for citizen comment on a proposed moratorium for the High Impact Land Use Ordinance for specific areas affected by the end of the Town of Boone's Extraterritorial Jurisdiction on January 1, 2015.
- The NCACC Legislative Goals Conference will be held January 14-16, 2015, in Moore County.
- The Essentials of County Government course will be held the following dates:
 

January 8-9, 2015	Winston-Salem
January 23-24, 2015	Chapel Hill
February 11-12, 2015	Asheville
February 18-19, 2015	New Bern

**PUBLIC COMMENT**

Sheriff L. D. Hagaman offered thanks to the Commissioners for their service.

**CLOSED SESSION**

At 9:30 A.M., Vice-Chairman Blust, seconded by Commissioner Welch, moved to enter Closed Session to discuss Attorney/Client Matters, per G. S. 143-318.11(a)(3).

VOTE: Aye-5  
Nay-0

Commissioner Kennedy, seconded by Vice-Chairman Blust, moved to resume the open meeting at 9:53 A.M.

VOTE: Aye-5  
Nay-0

**ACTION AFTER CLOSED SESSION**

Commissioner Kennedy, seconded by Vice-Chairman Blust, moved to approve a revised slope easement in regards to the Mountaineer Crossings settlement.

VOTE: Aye-5  
Nay-0

**ADJOURN**

Commissioner Kennedy, seconded by Vice-Chairman Blust, moved to adjourn the meeting at 9:54 A.M.

VOTE: Aye-5  
Nay-0

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Jimmy Hodges, Chairman

ATTEST:

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Anita J. Fogle, Clerk to the Board

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**AGENDA ITEM 3:**

**APPROVAL OF THE DECEMBER 16, 2014, AGENDA**

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## AGENDA ITEM 4:

### PRESENTATION OF FISCAL YEAR 2014 AUDIT

#### MANAGER'S COMMENTS:

Ms. Kathy Mitchell will present the Fiscal Year 2014 County audit. The County's financial position remains strong due to the direction provided by the Commissioners and through execution of that direction by County staff. Below are some of the financial highlights:

- ❖ The total assets of the County exceeded its liabilities at the close of the fiscal year by \$120,541,910, an increase of \$1,712,927. The change was primarily due to an increase in miscellaneous revenues and a reduction in expenditures over last year.
- ❖ The County's unassigned fund balance for the general fund was \$16,748,511 at the end of the year, representing 37.17% of total General Fund expenditures. This is an increase of \$2,094,595 in the unassigned fund balance from the previous year.
- ❖ The collection rate for property taxes was 98.02% which was an increase from last year's 97.85%. The County is still above the statewide average of 96.41% in 2013.
- ❖ **Outstanding debt principal decreased by \$5,463,318.** Total outstanding debt principal at June 30, 2014 is \$51,120,762. Watauga County's legal debt limit is \$673,016,633 so the County is well below the state limits.
- ❖ No material weaknesses were found in our accounting systems or internal controls.
- ❖ The County maintained its bond ratings of Aa3 from Moody's Investor Services and AA- from Standard and Poor.

The audit is presented for information only; however, staff is requesting the Board transfer the \$2,094,595 increase in the unassigned fund balance to the Capital Project Fund. This transfer will allow for the partial replenishment of the fund due to the drawdown of funds and no allocations over the past several years.

Board action is required to approve the transfer of the \$2,094,595 increase in the unassigned fund balance to the Capital Project Fund.



**WATAUGA COUNTY, NORTH CAROLINA**

**FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**BRYCE HOLDER, CPA, P.A.**  
CERTIFIED PUBLIC ACCOUNTANT  
BOONE, NORTH CAROLINA 28607



## WATAUGA COUNTY, NORTH CAROLINA

### BOARD OF COUNTY COMMISSIONERS

Nathan A. Miller, Chairman

David Blust, Vice Chairman

John Welch

Billy Kennedy

Perry Yates

### COUNTY OFFICIALS

Deron T. Geouque

County Manager

Margaret Pierce

Finance Director

Stacy C. Eggers, IV

County Attorney

JoAnn Townsend

Register of Deeds

Larry Warren

Tax Administrator





**Watauga County, North Carolina**  
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June 30, 2014

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**Watauga County, North Carolina**

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## FINANCIAL SECTION

# ***BRYCE HOLDER, CPA, P.A.***

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KATHLEEN R. MITCHELL, CPA

MAILING ADDRESS:  
POST OFFICE BOX 1908  
BOONE, NORTH CAROLINA 28607

## Independent Auditor's Report

To the Board of County Commissioners  
Watauga County, North Carolina

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Watauga County, North Carolina, as of and for the year then ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Watauga 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 these financial statements based on our audit. We did not audit the financial statements of Watauga County District U Tourism Development Authority and AppalCart. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Watauga County District U Tourism Development Authority and AppalCart, is based solely on the reports of the other auditors. 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 from material misstatement. The financial statements of Watauga County District U Tourism Development Authority were not audited in accordance with Governmental Auditing Standards.

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 on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Watauga County, North Carolina as of June 30, 2014, 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 the Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance and the other Postemployment Benefits' Schedules of Funding Progress and Employer Contributions on pages 40 and 41, respectively, 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 financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires 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 Watauga County, North Carolina. The combining and individual fund statements, budgetary schedules, other schedules as well as the accompanying Schedule of Expenditures of Federal and State Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Implementation Act* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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 the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, 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 October 30, 2014 on our consideration of Watauga 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 the 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 Watauga County's internal control over financial reporting and compliance.

Bryce Holder, CPA, PA  
Boone, NC  
October 30, 2014

# MANAGEMENT DISCUSSION AND ANALYSIS

## Watauga County

Year Ended June 30, 2014

As management of Watauga County, we offer readers of Watauga County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2014. We encourage readers to read the information presented here in conjunction with additional information we have furnished in the County's financial statements and notes which follow this narrative.

### Financial Highlights

- The assets of the County exceeded its liabilities at the close of the fiscal year by \$120,541,910.
- The County's total net position increased by \$1,712,927 primarily due to an increase in miscellaneous revenues, and a reduction in operating expenditures over last year.
- The County's unassigned fund balance for the general fund was \$16,748,511 at the end of the year, representing 37.17% of total General Fund expenditures. This is an increase of \$2,094,595 in unassigned fund balance over the previous year.
- Standard & Poor's Rating Services reaffirmed the County's general bond rating of AA/Stable and the Series A limited obligation bonds at AA-/Stable.
- The last year increase in unassigned fund balance of \$1,170,236 was appropriated to the Capital Project Fund for school needs (\$300,000) and the County's CIP (\$870,236) in addition to the planned \$358,229.

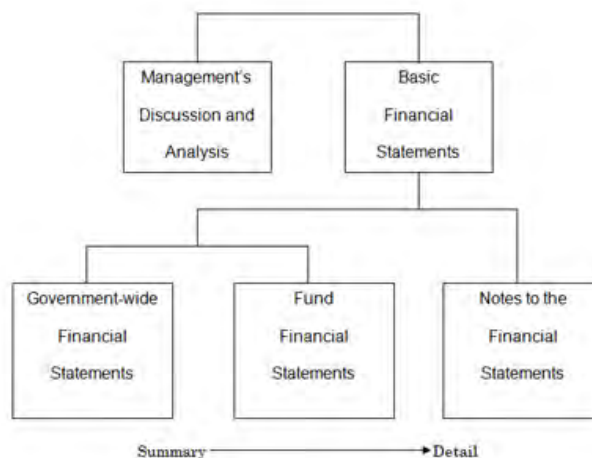
### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Watauga 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.

The basic financial statements present two different views of the County's finances 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 Watauga County.

### Required Components of Annual Financial Report

Figure 1





## Basic Financial Statements

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The first two statements (Exhibits A and B) 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 C through J) 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 fund statements, 2) the budgetary comparison statements 3) the proprietary fund statements and 4) the fiduciary fund statements.

The next sections of the basic financial statements are the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements.

Directly following the notes is the **supplemental information**. This section first contains **required supplemental information** about the County's pension plan and the other postemployment benefits plan, followed by additional **supplemental information**. This **supplemental information** is provided to show details about the County's non-major governmental funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

## Government-wide Financial Statements

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The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, similar in format to a 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 the net position 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.

Government-wide financial statements may be divided into as many as three categories. 1) governmental activities, 2) business-type activities, and 3) component units. The governmental activities include most of the County's basic services such as public safety, 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. This includes solid waste services offered by Watauga County. The final category is the component units. AppalCART is a separate governmental entity, which operates a transportation authority in Watauga County. Watauga County Board of Commissioners appoints the eight member governing body. Watauga County provides some financial support and AppalCART is financially accountable to the County. Effective July 1, 2006, the Watauga County Board of Commissioners levied six percent occupancy tax and created a Tourism Development Authority to administer funds collected to promote tourism in the county. The six voting members of the Authority Board are appointed by the County Board of Commissioners.

## Fund Financial Statements

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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. Watauga County, like all 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 County funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary 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 activities 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 which focuses on current financial resources. 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.

The 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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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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 three columns: 1) the final budget as amended by the board, 2) the actual resources, charges to appropriations, and ending balances in the General Fund, and 3) 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** - Watauga County has one proprietary fund. Enterprise funds are used to report the same functions presented as business-like activities in the government-wide financial statements. Watauga County uses enterprise funds to account for its solid waste operations. This fund is the same as those separate activities shown in the business-type activities in the Statement of Net Position and Statement of Activities.

**Fiduciary Funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Watauga County has eight fiduciary funds, two of which are pension trust funds and the other six are agency funds.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 13 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Watauga County's progress in funding its obligation to provide pension benefits to its employees and other postemployment benefits. Required supplementary information can be found beginning on page 40 of this report.

## Government-Wide Financial Analysis

### Watauga County's Net Position Figure 2

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 31,202,038	28,839,101	4,281,236	4,002,844	35,483,274	32,841,945
Net capital assets	139,953,743	146,450,379	4,997,665	5,057,803	144,951,408	151,508,182
Total assets	171,155,781	175,289,480	9,278,901	9,060,647	180,434,682	184,350,127
Total deferred outflows of resources	47,399	74,482	-	-	47,399	74,482
Long-term liabilities outstanding	52,866,779	57,154,795	105,010	107,334	52,971,789	57,262,129
Other liabilities	6,391,409	7,729,669	248,064	131,765	6,639,473	7,891,434
Total liabilities	59,258,188	64,884,464	353,074	239,099	59,611,262	65,123,563
Total deferred inflows of resources	137,671	302,125	191,238	169,938	328,909	472,063
Net position:						
Net investment in capital assets	88,452,149	91,969,492	4,997,665	5,057,803	93,449,814	97,027,295
Restricted	4,894,743	5,133,954	-	-	4,894,743	5,133,954
Unrestricted	18,460,429	13,073,927	3,736,924	3,593,807	22,197,353	16,667,734
Total net position	\$ 111,807,321	110,177,373	8,734,589	8,651,610	120,541,910	118,828,983

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the County exceeded liabilities by \$120,541,910 at June 30, 2014. The County's net position increased by \$1,712,927 for the fiscal year. Net position is reported in three categories: Net investment in capital assets of \$93,449,814; Restricted net position of \$4,894,743; and Unrestricted net position of \$22,197,353.

The net investment in capital assets is defined as the County's investment in County owned capital assets (e.g. land, buildings, automotive equipment, office and other equipment), less any related debt still outstanding that was issued to acquire those items. The County uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of the outstanding 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. At June 30, 2014, the decrease in this category of net position correlates to completion of the high school capital project that included amounts not capitalized as fixed assets of \$4,621,617.

Another category of net position is restricted net position. This represents resources that are subject to external restrictions on how they may be used. The County has restricted assets due to statutory requirements for Register of Deeds Automation Enhancement Funds, Tax Revaluation, and Stabilization. Grant requirements and special revenues account for the balance.

The final category of net position is unrestricted net position. This balance may be used to meet the government's ongoing obligations to citizens and creditors. Several particular aspects of the County's financial operations affected the reporting of total unrestricted net position:

- Higher current assets and debt reductions along with lower reserve by state statute causing a significant reduction in the restricted assets
- Use of grant revenues as available to replace or supplement other County revenue sources

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Watauga County Changes in Net Position Figure 3

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues						
Program revenues:						
Charges for services	1,527,417	1,397,756	4,269,233	4,030,200	5,796,645	5,427,956
Operating grants and contributions	4,772,517	4,737,368	107,109	119,216	4,879,626	4,856,584
Capital grants	987,886	967,309	-	-	987,886	967,309
General revenues:						
Property taxes	31,592,278	30,805,481	-	-	31,592,278	30,805,481
Other taxes	13,348,987	12,517,867	-	-	13,348,987	12,517,867
Grant and contributions not restricted to specific programs	1,226,554	21,957	-	-	1,226,554	21,957
Other	556,315	442,317	84,428	29,201	640,743	471,518
Total revenues	54,011,949	50,890,055	4,460,770	4,178,617	58,472,719	55,068,672
Expenses:						
General government	9,067,437	8,687,043	-	-	9,067,437	8,687,043
Public safety	12,850,289	11,953,270	-	-	12,850,289	11,953,270
Economic and physical development	714,065	669,236	-	-	714,065	669,236
Environment protection	337,553	354,039	-	-	337,553	354,039
Humans services	7,822,521	7,479,761	-	-	7,822,521	7,479,761
Cultural and recreation	1,441,150	1,343,391	-	-	1,441,150	1,343,391
Education	13,553,377	13,653,331	-	-	13,553,377	13,653,331
Interest on long-term debt	2,028,373	2,137,400	-	-	2,028,373	2,137,400
Solid Waste	-	-	4,323,410	4,095,099	4,323,410	4,095,099
Total expenses	47,814,765	46,277,471	4,323,410	4,095,099	52,138,175	50,372,570
Increase (decrease) in net position before transfers and special items	6,197,184	4,612,584	137,360	83,518	6,334,544	4,696,102
Transfers	54,381	57,653	(54,381)	(57,653)	-	-
Increase (decrease) in net position after transfer and special items	6,251,565	4,670,237	82,979	25,865	6,334,544	4,696,102
Net position, beginning, previously reported	110,177,373	105,533,326	8,651,610	8,625,745	118,828,983	114,159,071
Restatement	(4,621,617)	(26,190)	-	-	(4,621,617)	(26,190)
Net position, beginning, restated	105,555,756	105,507,136	8,621,610	8,625,745	114,207,366	114,132,881
Net position, ending	111,807,321	110,177,373	8,734,589	8,651,610	120,541,910	118,828,983

**Governmental activities:** Governmental activities increased the County's net position by \$1,629,948 thereby accounting for 95.16% of the total growth in the net position of Watauga County. Key elements of this increase are as follows:

- Increased gross collections of property tax revenue above budgeted amounts, proven by the County increasing the tax collection percentage to 98.19% (17 basis points higher than last year's collection rate) and sales tax increases with improved economic factors, particularly in the tourism industry
- Close monitoring of expenditures throughout the year along with reduced debt service payments.

**Business-type activities:** Business-type activities increased Watauga County's net position by \$82,979. Key elements of this increase are as follows:

- Capital expenditures for a new trash truck at \$222,507, a new pickup truck at \$24,517 and other capital equipment of \$16,636
- Revenues in excess of projections for sale of recycled materials due to higher than expected market prices.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Financial Analysis of the County's Funds

Watauga County uses fund accounting to ensure and demonstrate compliance with finance-related legal and accounting requirements.

**Governmental Funds** – The focus of Watauga County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the 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 the County. At the end of the current fiscal year, the unassigned fund balance of the General Funds increased to \$16,748,511 while total fund balance increased to \$21,717,783. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 37.17 percent of total General Fund expenditures (\$47,257,343), while total fund balance represents 45.96 percent of that same amount.

**General Fund Budgetary Highlights** - During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased revenues, transfers and expenditures by \$3,177,408 with approximately \$1.1 million of the amendments related to funds set aside for future capital needs of the County and school system, \$895,662 for school lottery projects, and approximately \$500,000 for additional projects and grant funding received. The actual operating revenues for the General Fund were \$1,253,966 more than the budgeted amount. Actual operating expense was less than budgeted by \$2,972,678.

**Proprietary Funds** - Watauga County's proprietary fund is used to provide information on the solid waste enterprise. Unrestricted net position of the Solid Waste Fund at the end of the fiscal year amounted to \$3,736,924. The total increase in proprietary net position was \$82,979.

### Capital Asset and Debt Administration

**Capital Assets:** Watauga County's investment in capital assets for its governmental and business type activities as of June 30, 2014, totals \$144,951,409 (net of depreciation). These assets include buildings, land, machinery and equipment, park facilities, and vehicles. Major capital asset transactions during the year include:

- Purchased new vehicles and equipment for County governmental departments
- Completion of the high school capital project with recognition of \$4.6 million of expenditures not capitalized by the County as the Board of Education recognized these amounts for furniture and equipment
- Purchase of vehicles and equipment for the Solid Waste operations

#### Watauga County's Capital Assets

Figure 4

	Governmental Activities	Business Activities	Total
	2014	2014	2014
Land	\$ 20,036,162	975,497	\$ 21,011,659
Buildings	133,014,608	4,123,207	137,137,815
Other improvements	5,104,469	753,491	5,857,960
Equipment	6,457,912	1,507,531	7,965,443
Vehicles	2,024,017	1,334,909	3,358,926
Construction in progress	406,733	-	406,733
Intangible assets	15,600	-	15,600
Total	\$ 167,059,501	\$ 8,694,635	\$ 175,754,136

Additional information on the County's capital assets can be found in note 3 of the Basic Financial Statements.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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**Long-term Debt.** As of June 30, 2014, Watauga County had bonded debt outstanding of \$1,155,000 all of which is backed by the good faith and credit of the County.

### Watauga County's Outstanding Debt Figure 5

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	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2014</u>
General obligation bonds	\$ 2,355,000	\$ 1,155,000
Installment purchase	\$ 55,384,080	\$ 51,120,762

Watauga County's total debt decreased by \$5,463,318 or (9.86%) during the past fiscal year due to debt service payments. No new debt was issued. During the current fiscal year, Watauga County received a reaffirmation of the bond rating by Standard and Poor's of AA- on the Series A limited obligation bonds and the AA rating on the County's general obligation bonds. This continued good bond rating is an indication of the sound financial condition of Watauga County.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Watauga County as of June 30, 2014 is \$673,016,633.

Additional information regarding Watauga County's long-term debt can be found in note 3.B.7 of this report.

### Economic Factors and Next Year's Budgets and Rates

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The following key economic indicators reflect the economic environment the County is working in:

- The County continues to experience minor growth in tourism and has seen continued revenue increases for more than five years related to tourism
- The County's unemployment rate of 6.4% as of August 2014 is somewhat below the state average of 6.8% and continues to rebound positively since the recession began
- Appalachian State University provides continued stability to the local economy as a major employer and source of overall positive economic impact from the student population
- Construction and real estate sales have continued to show minor increase, consistent with state and national trends with no major projects anticipated in the next fiscal year
- Tax revaluation was completed during the fiscal year with a decline in property tax values of less than 2%. Anticipated declines due to large second home and resort populations ranged from 10-15% so this was a positive outcome.

### Budget Highlights for the Fiscal Year Ending June 30, 2015

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**Governmental activities** – The County's property tax rate is maintained at 31.3 cents per \$100 in property valuation for the ninth year in a row. Tax revenues are expected to decline slightly due to the property revaluation effective January 1, 2014. Sales tax revenue is projected with a minor increase based on state projections and one year history with the ad valorem method of distribution. Other revenues are expected to maintain current levels with minor increases.

Budgeted expenditures in the General Fund include increased school current capital funding, department budgets with minor increases predominately due to personnel salary and benefit increases. Capital purchases are allocated mainly for vehicle replacements with other projects still limited due to recession cuts. Completion during Fiscal Year 14-15 is expected on the new

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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ambulance base, bathrooms and paving at Rocky Knob Park and two greenway projects. Funds are allocated again this year for future capital school projects with a small increase but none for county projects.

**Businesses-type Activities-** Budgeted revenues for greenbox and solid waste fees are projected at current year amounts with property owners continuing to receive 2,000 pounds of free disposal at the transfer station. Recycling sales have seen a decline in market prices therefore revenue projections are down in this area. Budgeted expenditures include funding for an increase in waste hauling expenses due to potential contracted increases in April 2015. Funds have also been budgeted for a new household hazardous waste collection building to allow for increased opportunities for disposal of these items at an estimated cost of \$50,000 and replacement of the floor of the transfer station at an estimated cost of \$100,000.

## Requests for Information

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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 Watauga County Finance Director, 814 West King Street, Room 216, Boone, NC 28607. The report can also be found on our website [www.wataugacounty.org/main/App\\_Pages/Dept/Finance/countyAudits.aspx](http://www.wataugacounty.org/main/App_Pages/Dept/Finance/countyAudits.aspx).

## BASIC FINANCIAL STATEMENTS



Watauga County, North Carolina  
Statement of Net Position  
June 30, 2014

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	AppalCART	Watauga County District U Tourism Development Authority
<b>ASSETS</b>					
Cash and cash equivalents	\$ 25,761,283	3,896,051	29,657,334	669,755	977,298
Restricted cash	736,240	-	736,240	-	-
Receivables (net)	1,628,124	359,615	1,987,739	21,587	-
Due from other governments	2,605,377	25,570	2,630,947	651,800	120,391
Prepaid expenses	-	-	-	20,715	-
Inventory	-	-	-	145,740	-
Intangible asset - advanced funding of pension obligation	471,013	-	471,013	-	-
Capital assets:					
Land and construction in progress	20,458,496	975,497	21,433,993	1,213,392	-
Other capital assets, net of depreciation	119,495,248	4,022,168	123,517,416	10,174,964	-
Total capital assets	139,953,744	4,997,665	144,951,409	11,388,356	-
Total assets	171,155,781	9,278,901	180,434,682	12,897,953	1,097,689
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Unamortized charge on refunding	47,399	-	47,399	-	-
Total deferred outflows of resources	47,399	-	47,399	-	-
<b>LIABILITIES</b>					
Accounts payable and accrued expenses	958,676	247,929	1,206,605	264,079	49,469
Accrued interest payable	189,468	135	189,603	-	-
Performance bond deposits	88,964	-	88,964	-	-
Due to other governments	82,311	-	82,311	-	-
Unamortized liability for bond premiums	4,553,649	-	4,553,649	-	-
Liabilities payable from restricted assets	108,445	-	108,445	-	-
Long-term liabilities:					
Due within one year	4,963,545	-	4,963,545	58,889	7,788
Due in more than one year	48,313,130	105,010	48,418,140	-	-
Total liabilities	59,258,188	353,074	59,611,262	322,968	57,257
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Revenue paid in advance	-	-	-	120,455	-
Property taxes uncollected	135,678	-	135,678	-	-
Prepaid taxes	1,993	191,238	193,231	-	-
Total deferred inflows of resources	137,671	191,238	328,909	120,455	-
<b>NET POSITION</b>					
Net investment in capital assets	88,452,149	4,997,665	93,449,814	11,388,356	-
Restricted for:					
Stabilization by State Statute	4,151,745	-	4,151,745	-	120,391
Public safety	442,471	-	442,471	-	-
Register of Deeds	168,365	-	168,365	-	-
Environmental protection	3,357	-	3,357	-	-
Revaluation	128,805	-	128,805	-	-
Tourism promotion	-	-	-	-	920,041
Unrestricted (deficit)	18,460,429	3,736,924	22,197,353	1,066,174	-
Total net position	\$ 111,807,321	8,734,589	120,541,910	12,454,530	1,040,432

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

**Watauga County, North Carolina**  
**Statement of Activities**  
For the Year Ended June 30, 2014

**Program Revenues**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Primary government:</b>				
Governmental Activities:				
General government	\$ 9,067,437	606,379	416,573	-
Public safety	12,850,289	526,653	462,650	-
Economic and physical development	714,065	-	44,356	-
Environmental Protection	337,553	-	27,501	-
Human services	7,822,521	74,651	3,820,870	-
Cultural and recreation	1,441,150	319,729	-	368,095
Education	13,553,377	-	567	619,791
Interest on long-term debt	2,028,373	-	-	-
Total governmental activities	<u>47,814,765</u>	<u>1,527,412</u>	<u>4,772,517</u>	<u>987,886</u>
Business-type activities:				
Solid waste	4,323,410	4,269,233	107,109	-
Total	<u>\$ 52,138,175</u>	<u>5,796,645</u>	<u>4,879,626</u>	<u>987,886</u>
Component units:				
AppalCART	\$ 4,238,454	1,824,127	1,895,560	602,955
Watauga County District U Tourism Development Authority	<u>\$ 1,263,412</u>	<u>-</u>	<u>266,647</u>	<u>-</u>

General revenues:

Taxes:

  Property taxes, levied for general purpose

  Local option sales tax

  Other taxes and licenses

Grants and contributions not restricted to specific programs

Investment earnings, unrestricted

Miscellaneous, unrestricted

Gain on sale of assets

Transfers

  Total general revenues, special items, and transfers

  Change in net position

Restatement-non capitalized CIP

Net position, beginning

Net position, ending

Net (Expense) Revenues and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	AppalCART	Watauga County District U Tourism Development Authority
(8,044,485)	-	(8,044,485)		
(11,860,986)	-	(11,860,986)		
(669,709)	-	(669,709)		
(310,052)	-	(310,052)		
(3,927,000)	-	(3,927,000)		
(753,326)	-	(753,326)		
(12,933,019)	-	(12,933,019)		
(2,028,373)	-	(2,028,373)		
(40,526,950)	-	(40,526,950)		
-	52,932	52,932		
(40,526,950)	52,932	(40,474,018)		
			84,188	
				(996,765)
\$ 31,592,278	-	31,592,278	-	-
11,566,922	-	11,566,922	-	-
1,782,065	-	1,782,065	-	981,717
1,226,554	-	1,226,554	-	-
49,317	6,023	55,340	68	301
475,203	-	475,203	-	-
31,795	78,405	110,200	-	-
54,381	(54,381)	-	-	-
46,778,515	30,047	46,808,562	68	982,018
6,251,565	82,979	6,334,544	84,256	(14,747)
(4,621,617)	-	(4,621,617)	-	-
110,177,373	8,651,610	118,828,983	12,370,274	1,055,179
\$ 111,807,321	8,734,589	120,541,910	12,454,530	1,040,432

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

**Watauga County, North Carolina**

Balance Sheet  
June 30, 2014

	General	Capital Projects Fund	Other Governmental Funds	Total Governmental Fund
<b>ASSETS</b>				
Cash and cash equivalents	\$ 19,918,302	5,842,981	-	25,761,283
Restricted cash and cash equivalents	300,527	-	435,713	736,240
Taxes receivable, net	993,980	-	216,595	1,210,575
Due from other governments	2,530,475	-	74,902	2,605,377
Accounts receivable, net	59,032	-	-	59,032
Due from other funds	23,919	-	-	23,919
Total assets	<u>\$ 23,826,235</u>	<u>5,842,981</u>	<u>727,210</u>	<u>30,396,426</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 958,676	-	-	958,676
Performance bond deposits	88,964	-	-	88,964
Due to other governments	-	-	82,311	82,311
Due to other funds	-	-	23,919	23,919
Liabilities to be paid from restricted assets	64,839	-	43,606	108,445
Total liabilities	<u>1,112,479</u>	<u>-</u>	<u>149,836</u>	<u>1,262,315</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Taxes receivable	993,980	-	134,903	1,128,883
Prepaid taxes	1,993	-	-	1,993
Total deferred inflows of resources	<u>995,973</u>	<u>-</u>	<u>134,903</u>	<u>1,130,876</u>
<b>FUND BALANCES</b>				
Restricted for:				
Stabilization for State Statute	4,151,745	-	-	4,151,745
Public Safety	-	-	442,471	442,471
Register of Deeds	168,365	-	-	168,365
Grant Requirements	3,357	-	-	3,357
Revaluation	128,805	-	-	128,805
Committed				
Capital Projects	-	5,842,981	-	5,842,981
Assigned for FY 14-15 Budget	517,000	-	-	517,000
Unassigned	16,748,511	-	-	16,748,511
Total fund balances	<u>21,717,783</u>	<u>5,842,981</u>	<u>442,471</u>	<u>28,003,235</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 23,826,235</u>	<u>5,842,981</u>	<u>727,210</u>	<u>30,396,426</u>

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:

Total Fund Balance, Governmental Funds	28,003,235
The pension assets resulting from contributions in excess of the annual required contribution are not financial resources and therefore are not reported in the funds.	471,013
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	139,953,744
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds.	334,598
Deferred inflows of resources for taxes receivable	993,205
Charges related to advance on refunding bond issues.	47,399
Some liabilities, including bonds payable and other postemployment benefits, are not due and payable in the current period and therefore are not reported in the funds.	<u>(57,995,873)</u>
Net assets of governmental activities	<u>\$ 111,807,321</u>

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

**Watauga County, North Carolina**  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Governmental Funds  
 For the Year Ended June 30, 2014

	<b>General</b>	<b>Capital Projects Fund</b>	<b>Watauga High School</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>					
Ad valorem taxes	\$ 28,588,116	-	-	2,989,932	31,578,048
Local option sales taxes	11,566,922	-	-	-	11,566,922
Other taxes and licenses	743,812	-	-	1,038,253	1,782,065
Unrestricted intergovernmental	1,226,554	-	-	-	1,226,554
Restricted intergovernmental	5,111,645	-	-	374,236	5,485,881
Permits and fees	711,559	-	-	-	711,559
Sales and services	847,648	-	-	-	847,648
Investment earnings	41,430	7,868	19	522	49,839
Donations	274,000	-	-	-	274,000
Miscellaneous	475,245	-	-	-	475,245
Total revenues	<u>49,586,931</u>	<u>7,868</u>	<u>19</u>	<u>4,402,943</u>	<u>53,997,761</u>
<b>EXPENDITURES</b>					
Current:					
General government	6,800,471	-	-	1,001,735	7,802,206
Public safety	9,286,829	-	-	3,285,029	12,571,858
Economic and physical development	686,912	-	-	44,302	731,214
Environmental protection	335,831	-	-	-	335,831
Human services	7,431,615	-	-	-	7,431,615
Cultural and recreational	1,358,137	-	-	-	1,358,137
Education	13,553,377	-	-	-	13,553,377
Capital outlay	-	-	58,902	54,997	113,899
Debt service:					
Principal	5,463,318	-	-	-	5,463,318
Interest	2,340,853	-	-	-	2,340,853
Total expenditures	<u>47,257,343</u>	<u>-</u>	<u>58,902</u>	<u>4,386,063</u>	<u>51,702,308</u>
Excess (deficiency) of revenues over expenditures	<u>2,329,588</u>	<u>7,868</u>	<u>(58,883)</u>	<u>16,880</u>	<u>2,295,453</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	1,554,381	1,576,884	-	-	3,131,265
Transfers to other funds	(1,528,465)	(1,500,000)	(48,419)	-	(3,076,884)
Total other financing sources and uses	<u>25,916</u>	<u>76,884</u>	<u>(48,419)</u>	<u>-</u>	<u>54,381</u>
Net change in fund balance	2,355,504	84,752	(107,302)	16,880	2,349,834
Fund balances-beginning	19,362,279	5,758,229	107,302	425,590	25,653,400
Fund balances-ending	\$ <u>21,717,783</u>	<u>5,842,981</u>	<u>-</u>	<u>442,470</u>	<u>28,003,234</u>

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

**Watauga County, North Carolina**  
 Reconciliation of the Statement of Revenues,  
 Expenditures, and Changes in Fund Balance of Governmental Funds  
 To the Statement of Activities  
 For the Year Ended June 30, 2014

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

Net changes in fund balances - total governmental funds	\$	2,349,834
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period

		(1,875,021)
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds		14,230
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Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis until due, rather than as it accrues. This adjustment combines the net changes for four balances:

Other postemployment benefits	30,501	
Compensated absences	(40,121)	
Advance funding of LEO pension obligation	(3,656)	
Interest expense	312,480	
Combined adjustment	299,204	299,204

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 transactions has any effect on net position. Also, governmental funds report the effect of issuance cost, 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.

		5,463,318
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Total changes in net position of governmental activities	\$	6,251,565
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The notes to the financial statements are an integral part of this statement.

**Watauga County, North Carolina**  
 Statement of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget and Actual - General Fund  
 For the Year Ended June 30, 2014

<b>General Fund</b>				
	Budget		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Ad valorem taxes	\$ 27,528,386	27,528,386	28,588,116	1,059,730
Local option sales tax	10,251,849	10,323,848	11,566,922	1,243,074
Other taxes and licenses	678,000	678,750	743,812	65,062
Unrestricted intergovernmental	1,320,000	1,320,000	1,226,554	(93,446)
Restricted intergovernmental	4,140,800	6,317,360	5,111,645	(1,205,715)
Permits and fees	677,184	677,184	711,559	34,375
Sales and services	791,385	791,385	847,648	56,263
Investment earnings	60,250	60,250	41,430	(18,820)
Donations	18,000	258,397	274,000	15,603
Miscellaneous	372,704	377,405	475,245	97,840
Total revenues	<u>45,838,558</u>	<u>48,332,965</u>	<u>49,586,931</u>	<u>1,253,966</u>
<b>Expenditures:</b>				
Current:				
General government	7,253,985	8,903,901	6,800,471	2,103,430
Public safety	9,296,019	9,531,742	9,286,829	244,913
Economic & Physical Development	506,108	719,349	686,912	32,437
Environmental Protection	365,345	379,481	335,831	43,650
Human Services	7,361,527	7,526,999	7,431,615	95,384
Cultural & Recreation	1,435,040	1,438,298	1,358,137	80,161
Education	13,030,418	13,926,080	13,553,377	372,703
Debt service:				
Principal retirement	5,463,318	5,463,318	5,463,318	-
Interest and other charges	2,340,853	2,340,853	2,340,853	-
Total expenditures	<u>47,052,613</u>	<u>50,230,021</u>	<u>47,257,343</u>	<u>2,972,678</u>
Revenues over (under) expenditures	<u>(1,214,055)</u>	<u>(1,897,056)</u>	<u>2,329,588</u>	<u>4,226,644</u>
<b>Other financing sources (uses):</b>				
Transfers from other funds	1,554,381	1,554,381	1,554,381	-
Transfers to other funds	(358,229)	(1,528,465)	(1,528,465)	-
Fund balance appropriated	17,903	1,871,140	-	(1,871,140)
Total other financing sources (uses)	<u>1,214,055</u>	<u>1,897,056</u>	<u>25,916</u>	<u>(1,871,140)</u>
Revenues and other sources over (under) expenditures and other uses	-	-	2,355,504	2,355,504
Fund balances, beginning of year			19,362,279	-
Fund balances, end of year	\$		<u>21,717,783</u>	-

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

**Watauga County, North Carolina**  
 Statement of Net Position  
 Proprietary Funds  
 June 30, 2014

	<u>Enterprise Fund</u>
	<u>Solid Waste Fund</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 3,896,051
Receivables, net	359,615
Due from other governments	25,570
Total current assets	<u>4,281,236</u>
Capital assets:	
Land and construction in progress	975,497
Other capital assets, net of depreciation	4,022,168
Total capital assets	<u>4,997,665</u>
Total assets	<u>9,278,901</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	248,064
Compensated absences	105,010
Total current liabilities	<u>353,074</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unearned Revenue	<u>191,238</u>
<b>NET POSITION</b>	
Net investment in capital assets	4,997,665
Unrestricted	3,736,924
Total net position	<u>\$ 8,734,589</u>

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



**Watauga County, North Carolina**  
 Statement of Revenues, Expenses, and Changes in Fund Net Position  
 Proprietary Funds  
 For the Year Ended June 30, 2014

	<u>Enterprise Fund</u>	
		<u>Solid Waste Fund</u>
		<u>Fund</u>
<b>OPERATING REVENUES:</b>		
Charges for services	\$	4,269,233
Restricted intergovernmental revenues		<u>107,109</u>
Total operating revenues		<u>4,376,342</u>
<b>OPERATING EXPENSES:</b>		
Landfill operations		3,916,446
Recycling operations		83,165
Depreciation		<u>323,799</u>
Total operating expenses		<u>4,323,410</u>
Operating income (loss)		<u>52,932</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Interest and investment revenue		6,023
Gain (loss) on sale of assets		<u>78,405</u>
Total non operating revenue (expenses)		<u>84,428</u>
Income (loss) before transfers		137,360
Transfers (to) from other funds (net)		<u>(54,381)</u>
Change in net position		82,979
Total net position, beginning		<u>8,651,610</u>
Total net position, ending	\$	<u><u>8,734,589</u></u>

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

**Watauga County, North Carolina**  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2014

	<b>Solid Waste Fund</b>
Cash flows from operating activities:	
Cash received from customers	\$ 4,266,586
Cash paid for goods and services	(2,561,431)
Cash paid to employees for services	(1,335,492)
Other operating revenue	107,109
Net cash provided by (used) operating activities	<u>476,772</u>
Cash flows from noncapital financing	
Operating transfers (net)	<u>(54,381)</u>
Cash flows from capital and related financing activities:	
Proceeds received from sale of fixed assets	78,405
Acquisition and construction of capital assets	(263,660)
Net cash used by capital and related financing activities	<u>(185,255)</u>
Cash flows from investing activities:	
Interest on investments	<u>6,023</u>
Net increase (decrease) in cash and cash equivalents	243,159
Cash and cash equivalents, July 1	<u>3,652,892</u>
Cash and cash equivalents, June 30	<u>\$ 3,896,051</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income (loss)	\$ <u>52,932</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	323,799
Changes in assets and liabilities:	
Increase in accounts receivable	(23,947)
Increase in fees receivable	21,300
Increase in accounts payable and accrued liabilities	105,013
Decrease in accrued vacation pay	(2,324)
Total adjustments	<u>423,841</u>
Net cash used by operating activities	<u>\$ 476,772</u>

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

**Watauga County, North Carolina**  
 Statement of Fiduciary Net Position  
 Fiduciary Funds  
 June 30, 2014

	<b>Pension Trust Funds</b>	<b>Agency Funds</b>
	<u>          </u>	<u>          </u>
<b>Assets</b>		
Cash and cash equivalents	\$ 821,017	258,735
Accounts receivable	<u>71,975</u>	<u>-</u>
	<u>892,992</u>	<u>258,735</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ <u>-</u>	<u>258,735</u>
Net position:		
Assets held in trust for pension benefits	\$ <u>892,992</u>	<u>-</u>

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

**Watauga County, North Carolina**  
 Statement of Changes in Fiduciary Net Position  
 Fiduciary Funds  
 For the Year Ended June 30, 2014

	<b>Pension Trust Funds</b>
	<u>                    </u>
<b>Additions:</b>	
Employer contributions	\$ 252,608
Interest earned	<u>2,681</u>
Total additions	<u>255,289</u>
<b>Deductions:</b>	
Benefits	170,399
Administrative expense	<u>234</u>
Total deductions	<u>170,633</u>
Change in net position	84,656
<b>Net position, beginning</b>	<u>808,336</u>
<b>Net position, ending</b>	<u><u>\$ 892,992</u></u>

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

**Note 1 - Summary of Significant Accounting Policies:**

The accounting policies of Watauga County and its component unit 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. As required by generally accepted accounting principles, these financial statements present the County and its component units, legally-separate entities for which the County is financially accountable. The discretely presented component units presented below are reported in a separate column in the County's combined financial statements in order to emphasize that they are legally separate from the County.

**AppalCART**

AppalCART operates mainly in Watauga County in the northwest part of North Carolina, providing transportation services to the various areas and residents within Watauga County. Watauga County's Board of Commissioners appoints the seven-member governing board of AppalCART and AppalCART operates within the County's boundaries for the benefit of the County's residents. The County provides some financial support to AppalCART but it is not responsible for the debts of AppalCART except when such are expressly granted by statute or by the consent of the Board of Commissioners of Watauga County. The Board of Commissioners of Watauga County has the authority to terminate the existence of AppalCART at any time, provided a 60-Day written notice is given to AppalCART, and all property and assets of AppalCART shall automatically become the property of Watauga County and the County shall succeed to all rights, obligations and liabilities of AppalCART. AppalCART designates its own management, approves its own budget, and maintains its own accounting system; however, AppalCART is fiscally accountable to Watauga County, and the County has the authority to examine all records and accounts at any time. AppalCART, which has a June 30 year-end, is presented as if it were a proprietary fund. Complete financial statements may be obtained from the entity's administrative offices at AppalCART, PO Box 2357, Boone, NC 28607.

**Watauga County District U Tourism Development Authority**

The North Carolina General Legislation enacted a law which authorized Watauga County to levy a room occupancy tax; and the Watauga County Commissioners adopted a resolution levying this tax and created the Watauga County District U Tourism Development Authority. The Authority operates within Watauga County's boundaries for the promotion and development of tourism, and the County provides room occupancy tax proceeds as their main source of revenue to the Authority, but the County is not responsible for the debts and is not entitled to the surpluses of the Authority. Watauga County's Board of Commissioners appoints the six voting members of the Authority. The Watauga County District U Tourism Development Authority has a June 30 year end and is presented as if it is a governmental fund. Complete financial statements may be obtained from the entity's administrative offices at Watauga County District U Tourism Development Authority, 815 West King St., Boone, NC 28607.

**B. Basis of Presentation – Basis of Accounting**

**Basis of Presentation, Measurement Focus – Basis of Accounting**

*Government-wide Statement:* The statement of net assets and the statement of activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations

# WATAUGA COUNTY, NORTH CAROLINA

121614 BCC Meeting

## Notes to the Financial Statements For the Year Ended June 30, 2014

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 charged 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 expenses allocations that have been made in the 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. Non-operating 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.

*Capital Projects Fund* – This is a capital projects fund. It accounts for the County's reserves set aside for future capital needs.

*Watauga High School Capital Project Fund* – This is a capital project fund closed during FY 13-14. It accounted for the construction of the new high school.

The County reports the following major enterprise fund:

*Solid Waste Fund* – This fund accounts for the operation, maintenance, and development of the County's transfer and disposal sites.

The County reports the following other fund types:

*Pension Trust Funds* – The County maintains two pension trust funds – the Other Post-Employment Benefits Fund and the Special Separation Allowance Fund. Pension trust funds are used to report resources that are required to be held in trust for members and beneficiaries of defined benefit pension plans, defined contribution plans, or other postemployment benefit plans. The Special Separation Allowance Fund accounts for the Law Enforcement Officers' Special Separation Allowance, a single-employer, public employee retirement system. The Other Postemployment Benefit Irrevocable Trust Fund accounts for the County's contributions for healthcare coverage provided to qualified retirees.

*Agency Funds* – Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: the Social Services Trust Fund, which

# WATAUGA COUNTY, NORTH CAROLINA

121614 BCC Meeting

## Notes to the Financial Statements For the Year Ended June 30, 2014

accounts for moneys deposited with the Department of Social Services for the benefit of certain individuals; the Vehicle Tax-Towns Fund, which accounts for registered motor vehicle property taxes that are billed and collected by the County for various municipalities within the County; the Jail Commissary Fund, which accounts for monies deposited with the County's Detention Center for the benefit of certain individuals; the Fines and Forfeitures Fund which accounts for various fines and forfeitures that the County is required to remit to the Watauga County Board of Education, the Deed of Trust Fee Fund to account for fees collected by the Register of Deeds which are remitted to the State Treasurer on a monthly basis, and the Town of Boone Tax Fund which accounts for property taxes billed and collected by the County on behalf of the Town of Boone.

*Non-major Funds* – The County maintains seven legally budgeted non-major funds. The Federal Equitable Sharing Fund, the State Substance Abuse Tax Fund, the Emergency Telephone System Fund, the Fire Districts Fund, the Occupancy Tax Fund, and the CDBG Scattered Site Housing Fund are reported as non-major special revenue funds.

### **Measurement Focus and Basis of Accounting**

In accordance with North Carolina General 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 are recognized in the fiscal year in 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 provided services and producing and delivering goods in connecting 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 non-operating revenues and expenses.

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

Notes to the Financial Statements  
For the Year Ended June 30, 2014

materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on 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 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 are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

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

### **C. Budgetary Data**

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Capital Project Fund, the Federal Equitable Sharing, the State Substance Abuse Tax, the Emergency Telephone System, Fire Districts, and Occupancy Tax Special Revenue Funds, and Enterprise funds. All annual appropriations lapse at the fiscal year-end. A project ordinance is adopted for the CDBG Scattered Site Housing Grant Special Revenue Fund. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. The budget officer is authorized by the budget ordinance to transfer appropriation within a fund up to 10% of the total departmental appropriation; however, any revisions that alter the total expenditures of any fund must be approved by the governing board. During the year, several immaterial amendments to the original budget were necessary. 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, AppalCART, and the Watauga County District U Tourism Development Authority are made in board-designated official depositories and are secured as required by G.S. 159-31. The County, AppalCART, and the Authority may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County, AppalCART, and the Authority may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the County, AppalCART, and the Authority 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



# WATAUGA COUNTY, NORTH CAROLINA

## Notes to the Financial Statements For the Year Ended June 30, 2014

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

### 2. Cash and Cash Equivalents

The County pools money from non-agency funds, except the Other Post Employment Trust Fund, 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. AppalCART and the Authority consider demand deposits and investments purchased with an original maturity of three months or less, which are not limited as to use, to be cash and cash equivalents.

### 3. Restricted Cash

Money for Tax Revaluation is classified as restricted assets because its use is restricted per NC General Statute 153A-150. Money for the Register of Deeds Automation Enhancement Fund is restricted by NC General Statute 161-50 to pay for the computer equipment and imaging technology for the Register of Deeds' office. The grant for purchase of a no-till drill requires that any rental fees be restricted for maintenance of the equipment. Federal regulations require equitable sharing funds be used for approved law enforcement needs. State substance abuse tax receipts are restricted to law enforcement needs. Emergency Telephone System funds are restricted per NC General Statute 62A-46. Occupancy tax revenues are restricted for disbursement to the Watauga District U Tourism Development Authority. Taxes levied on behalf of the fire districts are restricted as payable to the districts.

#### Watauga County Restricted Cash

Governmental Activities		
General Fund	Tax revaluation	\$ 128,805
	Register of Deeds	168,365
	Grant requirements	3,357
Federal Equitable Sharing Fund	Law Enforcement	30,963
State Substance Abuse Tax Fund	Law Enforcement	59,593
Emergency Telephone Fund	911 eligible expenditures	324,808
Occupancy Tax Fund	Tourism	619
Fire District Funds	Unexpended collections	<u>19,730</u>
Total Governmental Activities		<u>\$ 736,240</u>

### 4. Ad Valorem Taxes Receivable

In accordance with State Law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2013.

### 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.

**WATAUGA COUNTY, NORTH CAROLINA**

Notes to the Financial Statements  
For the Year Ended June 30, 2014

**6. Inventory**

The inventories of AppalCART are maintained for fuel oil, tires, and vehicle parts; valuation is at last in first out (LIFO) basis.

**7. Capital Assets**

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. Minimum capitalization is \$5,000 for all governmental fund assets. On July 1, 1989, the County established the Solid Waste Fund to account for the operations of the landfill. At this time, all landfill assets were transferred to this fund at original cost less accumulated depreciation from date of purchase. Property, plant, and equipment acquired after July 1, 1989, are recorded at original cost at time of acquisition. After July 1, 2002, the Fund's minimum capitalization cost is \$5,000. Prior to July 1, 2002, the Fund did not have a minimum capitalization cost. Plant assets of the County are depreciated on a composite straight-line basis for the entire plant, regardless of the year of acquisition, at a 2% annual rate. In the composite rate, gain or loss on disposition is not calculated except in extraordinary circumstances. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized.

The County holds title to a Watauga County Board of Education property that has not been included in capital assets. The property has been deeded to permit installment purchase financing. Lease agreements between the County and the Board of Education give the Board of Education full use of the facility, full responsibility for maintenance of the facility, and stipulate the County will convey title back to the Board of Education once all restrictions of the financing agreements have been met. The property is reflected as a capital asset in the financial statements of the Watauga County Board of Education.

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

	<u>Years</u>
Buildings	30 to 50
Improvements	8 to 10
Furniture and equipment	5 to 10
Vehicles	5

Capital assets of the AppalCART are depreciated over their useful lives on a straight-line basis as follows:

	<u>Years</u>
Office furniture and equipment	5 to 7
Maintenance and shop equipment	8
Vehicles	7 to 12
Land improvements	10
Buildings	50

Capital assets of the Watauga County District U Tourism Development Authority are depreciated over their useful lives on a straight-line basis as follows:

	<u>Years</u>
Computer equipment	5
Furniture and equipment	7

**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

Notes to the Financial Statements  
For the Year Ended June 30, 2014

be recognized as an expense or expenditure until then. The County has one item that meets this criterion – a charge on refunding that had previously been classified as an asset. In addition to liabilities, the statement of financial position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has only two items that meet the criterion for this category – prepaid taxes and taxes receivable.

**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 or business-type activities, or proprietary fund type statement of net position.

**10. Compensated Absences**

The vacation policies of the County and AppalCART 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 and AppalCART, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The vacation policy of the Authority provides for the accumulation of up to 15 days earned vacation leave with such leave being fully vested when earned. For the government-wide statement, an expense and liability for compensated absences and salary-related payments are recorded as the leave is earned.

The sick leave policies of the County, the Authority, and AppalCART 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 with the County and the Authority may be used in the determination of length of service for retirement benefit purposes. Since none of the entities have any obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made by the County or its component units.

**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 represent constraints on resources that are either a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through state statutes.

**Fund Balances**

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

The governmental fund types classify fund balances as follows:

*Nonspendable Fund Balance* – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Inventories – portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not expendable resource.

*Restricted Fund Balance* – This classification includes revenue sources that are restricted to

Notes to the Financial Statements  
For the Year Ended June 30, 2014

specific purposes externally imposed by creditors or imposed by creditors or imposed by law.

Reserved for Stabilization by State Statute – portion of fund balance restricted under State law [G.S. 159-8(a)].

Reserved for Revaluation – portion of fund balance restricted under State law [G.S. 153A-150].

Reserved for Register of Deeds – portion of fund balance legally restricted for automation and technology enhancements in the Register of Deeds’ office [G.S. 161-11.3].

Reserved for Public Safety – portion of fund balance representing the aggregate of net assets for three special revenue funds: the Emergency Telephone System Fund, the State Substance Abuse Tax Fund, and the Federal Equitable Sharing Fund.

Reserved for No Till Drill – portion of fund balance restricted by grant revenue source for expenditures associated with the no till drill equipment.

*Committed Fund Balance* – portion of fund balance which can only be used for a specific purpose by a majority vote of Watauga County’s governing board (highest body of decision making authority). Any change or removal of specific purpose requires majority action by the governing board.

Committed for Capital Projects – portion of fund balances set aside for future capital project expenditures.

*Assigned Fund Balance* – portion of fund balance the governing board has budgeted in the next fiscal year budget.

Subsequent Year’s Expenditures – portion of fund balance not already classified in restricted or committed designated in the board approved next fiscal year’s appropriations.

*Unassigned Fund Balance* – portion of the total fund balance is available for appropriation that has not been restricted, committed, or assigned to specific purposes or other funds at year-end.

**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 Government Fund Balance Sheet includes reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the Government-Wide Statement of Net Position. The net adjustment of consists of several elements as follows:

<b>Description</b>	<b>Amount</b>
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)	\$ 167,059,500
Less accumulated depreciation	(27,105,757)
The pension assets resulting from contributions in excess of the annual required contribution are not financial resources and therefore are not required in the funds	471,013
Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are not available and therefore deferred in the fund statements	358,517

**WATAUGA COUNTY, NORTH CAROLINA**

Notes to the Financial Statements  
For the Year Ended June 30, 2014

Liabilities for revenue deferred but earned and therefore reported in the fund statements but not the government-wide	993,205
Deferred charges related to advance refunding bond issued – included on government-wide statement of net assets but are not current financial resources.	47,399
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not reported in the fund statements:	
Bonds and installment financing	(56,829,410)
Compensated absences	(1,000,913)
Accrued interest payable	<u>(189,468)</u>
Total adjustment	<u>\$ 83,804,086</u>

**2. Explanation of certain differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-Wide Statement of Activities**

The Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the Government-Wide Statement of Activities. There are several elements of the total adjustment as follows:

<u>Description</u>	<u>Amount</u>
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the Statement of Activities	\$ 968,079
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	(2,843,100)
Principal payments on debt owed are recorded as a use of funds on the fund statements but again affect only the Statement of Net Assets in the government-wide	5,463,318
The advance funding of pension obligations	(3,656)
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)	339,563
Amortization of refunding costs not recorded on fund statements	(27,083)
Advanced funding of other postemployment benefits	30,501
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources	(40,121)
Revenues reported in the Statement of Activities that do not provide current resources are not recorded as revenues in the fund statements:	
Decrease in deferred tax revenue for year ended 6/30/14	(18,174)
Increase in accrued interest receivable on taxes for year ended 6/30/14	<u>32,404</u>
Total adjustment	<u>\$ 3,901,731</u>

**Note 2 - Stewardship, Compliance, and Accountability**

**A. Material Violations of Finance-Related Legal and Contractual Provisions**

There were no instances of noncompliance with North Carolina Statutes.

**Note 3 - Detail Notes on All Funds**

**A. Assets**

**1. Deposits**

All of the County's, AppalCART's, and the Authority'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, AppalCART's, and the Authority's agents in these units' names. 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, AppalCART, and the Authority's these deposits are considered to be held by their agents in the entities' names. 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, AppalCART, or the Authority. Because of the inability to measure the exact amount of collateral pledged for the County, AppalCART, or the Authority, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. The State Treasurer enforces minimum capitalization for all pooling method financial institutions. The County, AppalCART, and the Authority rely on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any financial institution used by the County. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2014, the County's deposits had a carrying amount of \$15,960,507 and a bank balance of \$16,228,469. Of the bank balance, \$1,000,000 was covered by federal depository insurance, and \$7,573,677 in non-interest bearing deposits and \$8,654,792 in interest bearing deposits were covered by collateral held under the pooling method. At June 30, 2014, Watauga County had \$2,800 cash on hand.

At June 30, 2014, the AppalCART's deposits had a carrying amount of \$663,237 and a bank balance of \$652,937. Of the bank balance, \$250,000 was covered by federal depository insurance, and \$402,937 in interest bearing deposits were covered by collateral held under the pooling method. At June 30, 2014, AppalCART had \$150 cash on hand.

At June 30, 2014, the Authority's deposits had a carrying amount of \$475,687 and a bank balance of \$521,853. Of the balance, \$250,000 was covered by federal depository insurance and \$171,835 in interest bearing deposits was covered by collateral held under the pooling method. The Authority had no cash on hand.

**WATAUGA COUNTY, NORTH CAROLINA**

Notes to the Financial Statements  
For the Year Ended June 30, 2014

**2. Investments**

As of June 30, 2014, the County had the following investments and maturities:

<b>Investment Type</b>	<b>Fair Value</b>	<b>Less Than 6 Months</b>	<b>6-12 Months</b>	<b>1 - 3 Years</b>
US Government Agencies	\$ 2,880,000	\$ -	\$ -	\$ 2,880,000
NC Capital Management Trust- Cash Portfolio	2,607,709	2,607,709	N/A	N/A
NC Capital Management Trust- Term Portfolio*	10,022,310	-	10,022,310	-
Total:	\$ 15,510,019	\$ 2,607,709	\$ 10,022,310	\$ 2,880,000

\* Because the NC Capital Management Trust Term Portfolio had duration of .23 years, it was presented as an investment with a maturity of 6-12 months.

The County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2014. The County's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the US government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended. The County's investments in US Agencies with Federal Home Loan Bank are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service; Federal National Mortgage Association are rated AA+ by Standard & Poor's and AAA by Moody's Investors Service; and Federal Home Loan Mortgage Corporation are rated AA+ by Standard & Poor's and AAA by Moody's Investors Service. The County has no formal policy on credit risk.

At June 30, 2014, AppalCART's investments consisted of \$6,368 in the North Carolina Capital Management Trust's Cash Portfolio. AppalCART has no policy on credit risk.

At June 30, 2014, the Authority's investments consisted of \$501,611 in the North Carolina Capital Management Trust's Cash Portfolio. The Authority has no policy on credit risk.

**3. Property Tax – Use – Value Assessment on Certain Lands**

In accordance with the general statutes, agriculture, horticulture, and forestland 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.

Year Levied	Tax	Interest	Total
2011	\$ 623,181	176,049	799,230
2012	625,044	120,321	745,365
2013	629,258	64,499	693,757
2014	<u>673,216</u>	<u>0</u>	<u>673,216</u>
Total	\$ <u>2,550,699</u>	<u>360,869</u>	<u>2,911,568</u>

**WATAUGA COUNTY, NORTH CAROLINA**

Notes to the Financial Statements  
For the Year Ended June 30, 2014

**4. Receivables**

Receivables at the government-wide level at June 30, 2014, were as follows:

	<u>Accounts</u>	<u>Taxes Receivable</u>	<u>Interest Receivable</u>	<u>Total</u>
Governmental Activities:				
General	\$ 59,032	1,477,544	358,517	\$ 1,895,093
Other Governmental	<u>-</u>	<u>236,325</u>	<u>-</u>	<u>236,325</u>
Total receivables	59,032	1,713,869	358,517	2,131,418
Allowance for doubtful accounts	<u>-</u>	<u>(503,294)</u>	<u>-</u>	<u>(503,294)</u>
Total-governmental activities	<u>59,032</u>	<u>1,210,575</u>	<u>358,517</u>	<u>1,628,124</u>
Business-type activities				
Solid Waste	\$ 453,613	-	-	\$ 453,613
Allowance for doubtful accounts	<u>(93,998)</u>	<u>-</u>	<u>-</u>	<u>(93,998)</u>
Total-business-type activities	<u>\$ 359,615</u>	<u>-</u>	<u>-</u>	<u>\$ 359,615</u>

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

Home and Community Block Grant	\$ 865
Local Option Sales Tax	1,640,444
June DMV fees for tag office	9,375
Grant reimbursement/USDOJ Drug Court	15,225
Avery County Ambulance Fee	500
Town of Blowing Rock ABC taxes due	324
Town of Boone Tax collection fee	14,928
CDBG reimbursements	33,319
Town of Boone ABC taxes due	1,103
DOR Medicaid Hold Harmless	258,608
POA reimbursements - USDA	2,140
NC DOR VTS	14,277
Court fees	38,935
NC DOT grant reimbursement- Brookshire & Middlefork projects	132,982
DSS reimbursements	290,995
Grant Reimbursement/US Homeland Security	1,812
Wireless revenues	27,306
Solid Waste Disposal Tax	5,558
Scrap Tire Tax	16,067
White Goods Tax	3,945
Medicaid reimbursements	7,437
Sales Tax Refunds	<u>114,802</u>
Total:	<u>\$ 2,630,947</u>



**WATAUGA COUNTY, NORTH CAROLINA**

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Notes to the Financial Statements  
For the Year Ended June 30, 2014

**5. Capital Assets**

**Primary Government:**

Capital asset activity for the year ended June 30, 2014, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 12,512,584	7,564,168	40,590	\$ 20,036,162
Intangible	15,600	-	-	15,600
Construction in progress	79,741,271	405,733	79,740,271	406,733
Total capital assets not being depreciated	<u>92,269,455</u>	<u>7,969,901</u>	<u>79,780,862</u>	<u>20,458,495</u>
<b>Capital assets being depreciated:</b>				
Buildings	67,328,752	65,685,857	-	133,014,609
Other improvements	3,123,661	1,980,808	-	5,104,469
Equipment	6,426,264	147,493	115,845	6,457,912
Vehicles and motorized equipment	1,959,121	343,307	278,412	2,024,017
Total capital assets being depreciated	<u>78,837,798</u>	<u>68,157,465</u>	<u>394,257</u>	<u>146,601,006</u>
Less accumulated depreciation for:				
Buildings	17,922,988	1,741,235	-	19,664,223
Other improvements	775,221	348,640	-	1,123,860
Equipment	4,305,088	617,575	115,805	4,806,857
Vehicles and motorized equipment	1,653,578	135,650	278,412	1,510,817
Total accumulated depreciation	<u>24,656,875</u>	<u>2,843,100</u>	<u>394,217</u>	<u>27,105,758</u>
Total capital assets being depreciated, net	<u>54,180,923</u>			<u>119,495,248</u>
<b>Governmental activity capital assets, net</b>	<u>\$ 146,450,378</u>			<u>\$ 139,953,743</u>

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

General government	\$ 1,410,357
Public safety	623,720
Environmental protection	2,110
Economic and physical development	14,439
Human services	427,857
Cultural and recreational	<u>364,617</u>
Total depreciation expense	<u>\$2,843,100</u>

**WATAUGA COUNTY, NORTH CAROLINA**

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Notes to the Financial Statements  
For the Year Ended June 30, 2014

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Business-type activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 975,497	-	-	\$ 975,497
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>975,497</u>	<u>-</u>	<u>-</u>	<u>975,497</u>
<b>Capital assets being depreciated:</b>				
Improvements	753,491	-	-	753,491
Buildings	4,123,207	-	-	4,123,207
Equipment	1,510,135	16,636	19,240	1,507,531
Vehicles	<u>1,265,741</u>	<u>248,024</u>	<u>177,856</u>	<u>1,334,909</u>
Total capital assets being depreciated	<u>7,652,574</u>	<u>263,660</u>	<u>197,096</u>	<u>7,719,138</u>
Less accumulated depreciation for:				
Improvements	523,690	28,341	-	552,031
Building	868,280	84,467	-	952,747
Equipment	1,099,449	105,403	19,240	1,185,610
Vehicles	<u>1,078,849</u>	<u>105,588</u>	<u>177,856</u>	<u>1,006,582</u>
Total accumulated depreciation	<u>3,570,268</u>	<u>323,799</u>	<u>197,096</u>	<u>3,696,970</u>
Total capital assets being depreciated, net	<u>4,082,306</u>			<u>4,022,168</u>
<b>Solid Waste Fund capital assets, net</b>	<u>\$ 5,057,803</u>			<u>\$ 4,997,665</u>

**Construction commitments**

The government has active construction projects as of June 30, 2014. The projects include bathrooms and paving at Rocky Knob Park, a Law Enforcement Memorial, Brookshire underpass project, Middlefork greenway project, and a new ambulance base in the western area of the County. At June 30, 2014, the government's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Rocky Knob Park	\$ 110,332	\$ 121,820
LEC Memorial	19,016	6,572
Brookshire underpass	41,210	586,600
Middlefork greenway	119,582	280,418
Ambulance base #3	<u>116,593</u>	<u>33,407</u>
Total	<u>\$ 406,733</u>	<u>\$ 1,028,817</u>

**WATAUGA COUNTY, NORTH CAROLINA**

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Notes to the Financial Statements  
For the Year Ended June 30, 2014

**Discretely presented component units**

Capital asset activity for the AppalCART for the year ended June 30, 2014, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Business-type activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 1,114,242	-	-	\$ 1,114,242
Construction in progress	<u>153,000</u>	-	<u>53,850</u>	<u>99,150</u>
Total capital assets not being depreciated	<u>1,267,242</u>	-	<u>53,850</u>	<u>1,213,392</u>
<b>Capital assets being depreciated:</b>				
Buildings	6,604,128	89,953	-	6,694,081
Land improvements	159,662	-	-	159,662
Office furniture and equipment	233,599	53,850	-	287,449
Shop equipment	381,788	23,218	-	405,006
Vehicles	<u>6,608,631</u>	<u>604,979</u>	-	<u>7,213,610</u>
Total capital assets being depreciated	<u>13,987,808</u>	<u>772,000</u>	-	<u>14,759,808</u>
Less accumulated depreciation for:				
Buildings	8,685	133,918	-	142,603
Land improvements	151,127	1,024	-	152,151
Office furniture and equipment	147,468	20,748	-	168,216
Shop equipment	180,499	34,559	-	215,058
Vehicles	<u>3,265,236</u>	<u>641,580</u>	-	<u>3,906,816</u>
Total accumulated depreciation	<u>3,753,015</u>	<u>831,829</u>	-	<u>4,584,844</u>
Total capital assets being depreciated, net	<u>10,234,793</u>			<u>10,174,964</u>
<b>AppalCART capital assets, net</b>	<u>\$11,502,035</u>			<u>\$11,388,356</u>

Capital asset activity for the Watauga County District U Tourism Development Authority for the year ended June 30, 2014 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets being depreciated:				
Furniture and fixtures	\$ 3,636	-	-	3,636
Computer equipment	<u>13,778</u>	-	-	<u>13,778</u>
Total Capital assets being depreciated	<u>17,414</u>	-	-	<u>17,414</u>
Less accumulated depreciation for:				
Furniture and fixtures	3,636	-	-	3,636
Computer equipment	<u>13,778</u>	-	-	<u>13,778</u>
Total accumulated depreciation	<u>17,414</u>	-	-	<u>17,414</u>
Total capital assets being depreciated, net	<u>\$ -</u>			<u>-</u>

**WATAUGA COUNTY, NORTH CAROLINA**

Notes to the Financial Statements  
For the Year Ended June 30, 2014

**B. Liabilities**

**1. Payables**

Payables at the government-wide level at June 30, 2014, were as follows:

	Vendors	Salaries and Benefits	Accrued Interest	Total
Governmental activities:				
General	\$ 593,033	322,037	189,468	1,104,538
Other governmental	<u>43,606</u>	<u>-</u>	<u>-</u>	<u>43,606</u>
Total-governmental activities	<u>636,639</u>	<u>322,037</u>	<u>189,468</u>	<u>1,148,144</u>
Business-type activities:				
Solid Waste	\$ <u>222,355</u>	<u>25,574</u>	<u>135</u>	<u>248,064</u>

**2. Pension Plan Obligations**

**a. Local Governmental Employees' Retirement System**

*Plan Description.* Watauga County contributes to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

*Funding Policy.* Plan members are required to contribute six percent of their annual covered salary. The County is required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 6.74% and 6.77%, respectively, of annual covered payroll. The contribution requirements of members and of Watauga County are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2014, 2013, and 2012 were \$1,364,920, \$1,321,306, and \$1,390,105, respectively. The contributions made by the County equaled the required contributions for each year.

**b. Law Enforcement Officers' Special Separation Allowance**

**1. Plan Description**

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

# WATAUGA COUNTY, NORTH CAROLINA

## Notes to the Financial Statements For the Year Ended June 30, 2014

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2013, the Separation Allowance's membership consisted of:

Retirees receiving benefits	4
Active plan members	<u>46</u>
Total	<u>50</u>

A separate report was not issued for the plan.

### 2. Summary of Significant Accounting Policies:

*Basis of Accounting.* Financial statements for the Separation Allowance are prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and when the County has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the plan.

*Method Used to Value Investments.* Investments are reported at fair value. Short-term money market debt instruments, deposits, and repurchase agreements, are reported at cost or amortized cost, which approximates fair value. Certain longer term United States Government and United States Agency securities are valued at the last reported sales price.

### 3. 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 by making contributions based on actuarial valuations. For the current year, the County contributed \$47,521, or 2.61% of covered payroll. 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 paid by the County.

The following table shows the components of the County's annual pension cost for the current year, the amount actually contributed to the plan, and changes in the County's net obligation for the Separate Allowance.

Annual Required Contribution	\$ 49,086
Interest on net pension obligation	(3,323)
Adjustment to annual required contribution	<u>5,414</u>
Annual pension cost	51,177
Contributions made	<u>47,521</u>
Decrease in net pension obligation	3,656
Net pension obligation, beginning of year	<u>(66,456)</u>
Net pension obligation, end of year	<u>\$ (62,800)</u>

The annual required contribution for the current year was determined as part of the December 31, 2012 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.0% investment rate of return and (b) projected salary increases of 4.25% to 7.85% per year. The inflation component was 3.00%. The assumptions do not include postretirement benefits increases. The actuarial value of assets was market value. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on a closed basis. The remaining amortization period at December 31, 2012 was 18 years.

**WATAUGA COUNTY, NORTH CAROLINA**

Notes to the Financial Statements  
For the Year Ended June 30, 2014

3 Year Trend Information			
For Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2012	\$ 45,131	111.54 %	\$ (66,892)
2013	48,452	99.10	(66,456)
2014	51,177	92.86	(62,800)

**4. Funded Status and Funding Progress**

As of December 31, 2013, the most recent actuarial valuation date, the plan was 42.12 percent funded. The actuarial accrued liability for benefits was \$508,028, and the actuarial value of assets was \$213,981, resulting in an unfunded actuarial accrued liability (UAAL) of \$294,047.

The covered payroll (annual payroll of active employees covered by the plan) was \$1,819,158, and the ratio of the UAAL to the covered payroll was 16.16 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**c. Supplemental Retirement Income Plan for Law Enforcement Officers**

*Plan Description.* The County contributes to the Supplemental Retirement Income Plan, a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. 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 required 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 for the year ended June 30, 2014 were \$97,873, which consisted of \$89,827 from the County and \$8,046 from the law enforcement officers.

**d. Supplemental Retirement Income Plans for General Employees**

Employees, other than law enforcement, have the choice of participating in a 401(k) plan or a 457 deferred compensation plan. The County contributes five percent of each employee's salary to the plan of their choice. Employees may make elective deferrals to each plan. Contributions for the year ended June 30, 2014 to these plans were \$653,199 which consisted of \$507,693 from the County and \$145,506 from employees.

**e. Registers of Deeds' Supplemental Pension Fund**

*Plan Description.* Watauga County also contributes to the Register of Deeds' Supplemental Pension Fund, a noncontributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any eligible county Register of Deeds who is retired under the Local Government Employees'

**WATAUGA COUNTY, NORTH CAROLINA**

Notes to the Financial Statements  
For the Year Ended June 30, 2014

Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Registers of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

*Funding Policy.* On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 1 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2014, the County's required and actual contributions were \$5,142.

**f. Other Postemployment Benefits – Watauga County**

**Health Benefits**

Under a County resolution as of September 1, 2001 Watauga County provides healthcare benefits through the Healthcare Benefits Plan (HCB Plan) as a single-employers defined benefit plan to cover retirees of the County who participate in the North Carolina Local Governmental Employees' Retirement System and have at least five years of creditable service with the County. The County has elected to partially pay the future overall cost of coverage for these benefits. The HCB Plan is available to qualified retirees at 100%, with a \$400 monthly maximum paid toward premium, until the age of 65 or until Medicare eligible, whichever is sooner. The Board of Commissioners may amend the benefit provisions. The HCB Plan is reported in the County's report as a fiduciary fund. A separate report was not issued for the Plan.

On January 1, 2011, the County transitioned to a high deductible health care plan (HDHC) with a health savings account (HSA) option. The Board of Commissioners, as part of the annual insurance renewal, determines if County funding may be provided to eligible employees and retiree into the HSA to assist in offsetting the deductibles.

Membership of the HCB Plan consisted of the following at December 31, 2012, the date of the latest actuarial valuation:

	General Employees:	Sanitation:
Retirees and dependents receiving benefits	27	1
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan Members	<u>237</u>	<u>37</u>
Total	<u>264</u>	<u>38</u>

*Funding Policy.* The Board of Commissioners established the contribution requirements of plan members and these requirements may be amended by the Board. Per a County resolution, the County is required to contribute the projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the Board.

The current ARC rate is 1.77% of annual covered payroll. For the current year, the County contributed \$205,575 or 2.05% of annual covered payroll. The County obtains healthcare coverage through private insurers.

**WATAUGA COUNTY, NORTH CAROLINA**

Notes to the Financial Statements  
For the Year Ended June 30, 2014

*Summary of Significant Accounting Policies.* The Plan's financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Under a County resolution, the contributions are recognized when due and the County will provide the contributions to the HCB Plan. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations. Short-term money market debt instruments, deposits, and repurchase agreements, are reported as cost or amortized cost, which approximates fair value. Certain longer term United States Government and United States Agency securities are valued at the last reported sales price. Administration costs of the HCB Plan are financed through investment earnings.

*Annual OPEB Cost and Net OPEB Obligation.* The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contributions of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the County's annual OPEB cost for the current year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation for the postemployment healthcare benefits:

Annual required contribution	\$ 177,098
Interest on net OPEB obligation	(15,108)
Adjustment to annual required contribution	<u>13,084</u>
Annual OPEB cost (expense)	175,074
Contributions made	<u>(205,575)</u>
Increase/(decrease) in net OPEB obligation	(30,501)
Net OPEB obligation, beginning of year	<u>(377,712)</u>
Net OPEB obligation, end of year	\$ <u>(408,213)</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the HCB Plan, and the net OPEB obligation for 2014 were as follows:

3 Year Trend Information			
For Year Ended June 30	Annual OPEB Cost (AOC)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	\$ 189,277	129.9 %	\$ (342,414)
2013	176,485	120.0	(377,712)
2014	176,485	116.5	(408,213)

*Funded Status and Funding Progress.* As of December 31, 2012, the most recent actuarial valuation date, the plan was 20.7% funded. The actuarial accrued liability for benefits was \$2,522,669, and the actuarial value of assets was \$522,755, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,999,914. The covered payroll (annual payroll of active employees covered by the plan) was \$10,011,037, and the ratio of UAAL to the covered payroll was 20.0%.

Actuarial valuations of an ongoing plan involve estimated of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as



Notes to the Financial Statements  
For the Year Ended June 30, 2014

required supplementary information following the notes to the financial statements, presents information about the actuarial value of plan assets and the actuarial accrued liabilities for benefits.

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

In the December 31, 2012 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on the plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date. The rate included a 3.00 percent inflation assumption. The medical cost trend rate varied between 8.50 percent and 5.00 percent. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year period. The UAAL is being amortized as a level percentage of projected unit credit on a level percent of pay, open basis. The remaining amortization period at December 31, 2012 was 30 years.

**g. Other Employment Benefits**

**Death Benefits**

The County has elected to provide death benefits to all eligible 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 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 may not be less than \$25,000 and no more than \$50,000. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payrolls, based upon rates established annually by the State. Because the benefit payments are made by the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. For the fiscal year ended June 30, 2014, the County made contributions to the State for death benefits of \$10,288. The County's required contributions for employees represented .12% of covered payroll. The contributions to the Death Benefit Plan cannot be separated between the post employment benefit amount and the other benefit amount.

**h. Retirement System – AppalCART and Watauga County District U Tourism Development Authority**

Please see the separately issued financial reports of AppalCART and Watauga County District U Tourism Development Authority for a complete description of each of their pension plans.

**3. Groundwater Contamination/Landfill Closure**

In March 1993, the County's engineers found groundwater contamination at the County's landfill site which exceeded State and Federal maximum contaminant levels for some constituents. On April 8, 1994, the County stopped accepting municipal solid waste at the County's landfill, and

# WATAUGA COUNTY, NORTH CAROLINA

## Notes to the Financial Statements For the Year Ended June 30, 2014

closure procedures were initiated. The County's engineers developed an assessment plan, which was approved by the NCDENR Solid Waste Management Division, to determine the extent, nature, and source of the contamination. The County installed groundwater monitoring wells in and around the landfill property to test for the presence of possible contaminants. On January 12, 1996, the County's engineers issued a Remedial Investigation and Alternative Report which proposed a remedial cap with some supplemental steps (including some continued assessment monitoring activities). In February 1996, the Board of Commissioners approved the engineer's proposal with some adjustments based on public comment. The County, after advertisement and bidding, awarded a contract for construction of the cap in May 1996. The approximate cost to date of the assessment and remedial cap is \$2,700,000. The capping project is complete and groundwater conditions remain stable. Groundwater testing continues, as required by NCDENR. Also, due to NCDENR directive, in fiscal year 2004-2005, a methane collection system was installed to prevent the potential for offsite migration. Further remedial actions are not anticipated unless groundwater conditions change.

#### 4. Deferred Outflows and Inflows of Resources

The balance in deferred outflows of resources is a charge on refunding of debt of \$74,482.

	Unavailable Revenue	Unearned Revenue
Prepaid taxes not yet earned (General)	\$ -	1,993
User fees not yet earned (Enterprise)		191,238
Taxes receivable, net (General), less penalties	993,980	-
Taxes receivable, net (Special Revenue)	<u>134,903</u>	<u>-</u>
Total	\$ 1,128,883	193,231

#### 5. Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in two self-funded risk-financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$126.1 million for any one occurrence, general, auto, professional, and employment practices liability coverage of \$2 million per occurrence, auto physical damage coverage for owned autos at actual cash value, crime coverage of \$250,000 per occurrence and workers' compensation coverage up to the statutory limits. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. The pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000 up to a \$2 million limit for liability coverage, \$600,000 of aggregate annual losses in excess of \$50,000 per occurrence for property, auto physical damage, and crime coverage, and single occurrence losses of \$350,000 for workers' compensation.

The County carries flood insurance through the National Flood Insurance Plan (NFIP). Because the County is an area of the State that has been mapped an "A" area (an area close to a river, lake or stream) by the Federal Emergency Management Agency, the County is eligible to purchase coverage of \$500,000 per structure through the NFIP. The County also is eligible to and has purchased commercial flood insurance for another \$1,123,800 for certain flood-prone structures. The County carries flood insurance to avoid possible significant loss.

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more at any given time of the County's funds are covered by performance bonds through a commercial surety bond. The Finance Officer, Tax Administrator, Register of Deeds, and County Manager are each individually bonded for \$50,000 each. The Sheriff is bonded for \$25,000. The remaining employees that have access to funds are bonded under a blanket bond for \$250,000.

Notes to the Financial Statements  
For the Year Ended June 30, 2014

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

AppalCART is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. AppalCART is insured with the NC Association of County Commissioners Liability and Property pool that provides coverage for general liability in the amount of \$2,000,000. This is the same pool that the County participates in. Worker's compensation is provided by a commercial insurer.

The Watauga County District U Tourism Development Authority is exposed to various risks of loss related to torts; theft of damage to and destruction of assets; errors and omissions; and natural disasters. The Authority is insured with the NC Association of County Commissioners Liability and Property and Worker's Compensation Pools that provide coverage for general liability in the amount of \$2,000,000. These are the same pools that the County participates in.

**6. Contingent Liabilities**

On October 7, 2011, it was determined the joint agency, New River Service Authority (New River), would have to cease operations due to substantial financial losses over the last several years. The losses became apparent during the 2010-11 fiscal year financial statement preparation and the five counties involved (Alleghany, Ashe, Avery, Watauga and Wilkes) have worked to determine the liabilities and assets. Based on fiscal information received, the counties determined it was necessary to dissolve New River. As of this time, the actual amounts of the liabilities for each County have not been determined, but it could have a material effect on the County's finances.

**7. Long-term Obligations**

**a. Capital Leases**

The County has no capital lease agreements as lessee.

**b. Installment Purchase**

As authorized by State law [G.S.160A-20 and 153A-158.1], the County financed various transactions during previous years by installment purchase. The installment purchases were issued pursuant to security agreements that require that legal title remain with the County as long as the debt is outstanding. The County has five installment purchases serviced by the general fund.

The first installment purchase was executed on April 30, 2004 for the renovation of existing structures to house the County's Law Enforcement Center. This installment purchase requires 60 quarterly principal payments of \$83,333 plus interest at 3.24 percent.

The second installment purchase was executed on August 15, 2008 for the purchase of land for the Tweetsie Incentive Project. This installment purchase calls for quarterly principal payments of \$65,000 plus interest at 5.942 percent.

The third installment purchase was executed for Qualified School Construction Bonds on June 14, 2010 for school renovations. This installment purchase calls for annual principal payments of \$129,028 plus interest at 5.8 percent with a federal interest credit giving an effective rate of zero percent prior to federal sequestration reductions of 7.2 percent of the annual reimbursement of interest.

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Notes to the Financial Statements  
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The fourth and fifth installment purchase agreements were executed on June 28, 2012 to refinance the construction of the new high school. These installment purchases were refinanced June 28, 2012 into limited obligation bonds. The limited obligation bonds were issued in two series, A and B. Series A is for a principal amount of \$45,045,000 with terms ranging from 2015 to 2028. Series B is for \$10 million with a term of three years and a set rate of 1.81 percent.

For Watauga County, the future minimum payments as of June 30, 2014, including \$16,558,255 of interest, are:

Year Ending June 30	Governmental Activities		Business Activities	
	Principal	Interest	Principal	Interest
2015	3,847,291	2,150,235	-	-
2016	4,117,361	2,052,859	-	-
2017	4,082,361	1,917,276	-	-
2018	4,077,361	1,749,144	-	-
2019	3,882,361	1,584,107	-	-
2020-2023	13,654,027	4,770,284	-	-
2024-2028	<u>17,460,000</u>	<u>2,334,350</u>	-	-
Total payments	\$ <u>51,120,762</u>	\$ <u>16,558,255</u>	-	-

**c. General Obligation Indebtedness**

All general obligation bonds serviced by the County's general fund are collateralized by the full faith, credit, and taxing power of the County. Principal and interest payments are appropriated when due. The County's general obligation bonds payable at June 30, 2014 are comprised of the following individual issues:

Serviced by the County's General Fund:

\$6,425,000 2001 General Obligation Bond Refunding, due in semi-annual installments through June 1, 2015; interest at 3.0-4.25 percent	\$ 360,000
\$4,275,000 2004 General Obligation Bond Refunding, due in semi-annual installments through June 1, 2015; interest at 2.0-3.5 percent	<u>795,000</u>
<b>Total</b>	<b>\$ <u>1,155,000</u></b>

Annual debt service requirements to maturity for the County's general obligation bonds are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2015	<u>1,155,000</u>	<u>43,125</u>
Total	\$ <u>1,155,000</u>	\$ <u>43,125</u>

At June 30, 2014, Watauga County had a legal debt margin of \$673,016,633.

**d. Advance Refunding**

In December 2001, the County issued \$6,425,000 of general obligation advance refunding bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of general resources for all future debt service payments of \$5,900,000 general obligation bonds. As a result, the refunded bonds are considered to be deceased and the liability has been removed from the governmental activities column of the

**WATAUGA COUNTY, NORTH CAROLINA**

Notes to the Financial Statements  
For the Year Ended June 30, 2014

statement of net position. This advance refunding was undertaken to reduce total debt service payments over the next 11 years by \$282,135 and resulted in an economic gain of \$231,604.

In April 2004, the County issued \$4,275,000 of general obligation advance refunding bonds to provide resources to purchase U.S. government securities that were placed into an irrevocable trust for the purpose of generating resources for all future debt service payments of \$3,950,000 general obligation bonds. The refunding debt consists of \$3,950,000 1995 School Facility Serial Bonds (partially refunded for the maturities in the years 2005-2015). As a result the refunded bonds are considered to be deceased and the liability has been removed from the governmental activities column of the statement of net position. This advance refunding was undertaken to reduce total debt service payments over the next 11 years by \$293,305 and resulted in an economic gain of \$279,411.

**Debt Related to Capital Activities** – Of the total Governmental Activities debt listed only \$51,501,595 relates to assets the County holds title. There is no unspent restricted cash related to this debt.

**e. Long-Term Obligation Activity**

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2014:

	Balance			Current	
	July 1, 2013	Increases	Decreases	Balance	Portion of
				June 30, 2014	Balance
<u>Governmental activities:</u>					
General obligation debt	\$ 2,355,000	-	1,200,000	1,155,000	\$ 1,155,000
Installment purchases	55,384,080	-	4,263,318	51,120,762	3,808,545
Compensated absences	960,792	664,182	624,061	1,000,913	-
Total governmental activities	<u>\$ 58,699,872</u>	<u>664,182</u>	<u>6,087,379</u>	<u>53,285,675</u>	<u>\$ 4,963,545</u>
<u>Business-type activities:</u>					
Compensated absences	107,333	58,343	60,666	105,010	-
Total business-type activities	<u>\$ 107,333</u>	<u>58,343</u>	<u>60,666</u>	<u>105,010</u>	<u>\$ -</u>
<u>Discretely presented component units:</u>					
Compensated absences – AppalCART	\$ 58,431	56,071	55,613	58,889	\$ 58,889
Compensated absences – Watauga County TDA	\$ 7,863	8,276	8,351	7,788	\$ 7,788

For Watauga County, AppalCART, and the Authority, compensated absences for governmental activities are liquidated in the general fund and are accounted for on a LIFO basis, assuming that employees are taking leave time as it is earned.

**C. Interfund Balances and Activity**

Transfers to/from other funds at June 30, 2014, consist of the following:

From the General Fund to the Capital Projects Fund to accumulate resources for future capital acquisitions	\$	1,528,465
From the Capital Projects Fund to the General Fund for debt service		1,500,000
From the General Fund to the CDBG Grant Fund as an interfund loan		23,919
From the Solid Waste Fund to the General Fund for debt service		<u>54,381</u>
Total	\$	<u>3,106,765</u>

**WATAUGA COUNTY, NORTH CAROLINA**

Notes to the Financial Statements  
For the Year Ended June 30, 2014

**D. Net Investment in Capital Assets**

	Governmental	Business-type
Capital assets	\$ 139,953,744	\$ 4,997,665
Less: long-term debt	51,501,595	-
Net investment in capital assets	\$ 88,452,149	\$ 4,997,665

**E. Fund Balance**

Watauga County has a revenue spending policy that provides policy for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, state funds, local non-county funds, county funds. For the 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 is in the best interest of the County.

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

Total fund balance – General Fund	\$ 21,717,783
Less:	
Stabilization for State Statute	4,151,745
Appropriated for FY 15 budget	517,000
Register of Deeds	168,365
Tax revaluation	128,805
Grant Requirements	<u>3,357</u>
Remaining fund balance	\$ 16,748,511

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end.

Encumbrances: General Fund - \$1,627,282 Non-Major funds - \$173,698

**Note 4 - Joint Ventures**

The County participates in a joint venture to operate Appalachian Regional Library with two other local governments. Each participating government appoints four board members to the twelve-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, 2014. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$509,850 to the Library to supplement its activities. Complete financial statements for the Library can be obtained from their offices at 148 Library Drive, West Jefferson, NC 28694.

The County, in conjunction with Ashe and Alleghany Counties, participates in a joint venture to operate the Appalachian District Health Department. Each participating government appoints one board member to the Governing Board and they in turn appoint the other members of the Governing Board. 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, 2014. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$568,183 to the Health Department to supplement its activities. Complete financial statements for the Health Department can be obtained from the Health Department's offices at 126 Poplar Grove Connector Road, Boone, NC 28607.

**WATAUGA COUNTY, NORTH CAROLINA**

Notes to the Financial Statements  
For the Year Ended June 30, 2014

**Note 5 - Jointly Governed Organization**

The County communally governs Caldwell Community College and Technical Institute with one other government and the community college system of the State of North Carolina. The County appoints two members of its fourteen members Board of Trustees. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$835,009 to Caldwell Community College and Technical Institute to supplement its activities. Complete financial statements for the College can be obtained at 2855 Hickory Boulevard, Hudson, NC, 28638.

**Note 6 - Benefit Payments Issued by the State**

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

	<u>Federal</u>	<u>State</u>
Supplemental Nutrition Assistance Program	\$ 5,063,132	\$ -
Temporary Assistance for Needy Families	96,321	-
Medical Assistance Program	19,061,282	10,482,347
Child Welfare - Adoption Subsidy	-	84,035
Foster Care	369,838	96,541
Adoption Assistance	143,515	37,401
Adult Assistance	-	266,610
Child Health Insurance Program	732,511	230,686
	<u>\$ 25,466,599</u>	<u>\$ 11,197,620</u>

**Note 7 - 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 moneys 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 moneys.

**Note 8 - Restatement of Net Position**

With the closure of the capital project on the new high school construction during fiscal year ended June 30, 2014, amounts previously recorded within the construction in progress were transferred to the Watauga County Board of Education for capitalization. These items totaling \$4,621,617 accounted for furniture, equipment and fixture that were not part of the assets capitalized by the County.

**Note 9 - Subsequent Events**

For the year ended June 30, 2014, the County has evaluated subsequent events for potential recognition and disclosure through October 31, 2014 – the date the financial statements were available to be issued. No events were determined to require recognition or disclosure.

## Required Supplemental Financial Data

This section contains additional information required by generally accepted accounting principles.

- Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance
- Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Funding Progress for the Other Postemployment Benefits
- Schedule of Employer Contributions for the Other Postemployment Benefits
- Notes to the Required Schedules for the Other Postemployment Benefits



**Watauga County, North Carolina**  
 Law Enforcement Officers' Special Separation Allowance  
 Required Supplementary Information

**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Reserved Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) Projected Unit Credit (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll for Year Ending on Val Date (c)</b>	<b>UAAL as a % of Covered Payroll ((b-a)/c)</b>
12/31/2008	160,403	244,637	84,234	65.57	1,727,417	4.88 %
12/31/2009	172,321	445,615	273,294	38.67	1,888,358	14.47
12/31/2010	182,734	418,911	236,177	43.62	1,737,216	13.60
12/31/2011	193,407	476,644	283,237	40.58	1,824,693	15.52
12/31/2012	203,683	490,697	287,014	41.51	1,743,117	16.47
12/31/2013	213,981	508,028	294,047	42.12	1,819,158	16.16

**Schedule of Employer Contributions**

<b>Year Ended June 30</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
2012	44,535	114 %
2013	47,634	101
2014	49,086	96

**Notes to the Required Schedules**

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at December 31, 2013. Additional information as of the latest actuarial valuation follows:

Valuation date	12/31/2013
Actuarial cost method	Projected unit credit
Amortization method	Level Percentage of pay, closed
Remaining amortization period	17 years
Asset valuation method	Market value of Assets
Actuarial assumptions:	
Investment Rate of Return*	5.00%

**Watauga County, North Carolina**  
 Other Postemployment Benefits  
 Required Supplementary Information

**Schedule of Funding Progress**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) Projected Unit Credit (b)</b>	<b>Unfunded AAL (UAAL) (b) - (a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a % of Covered Payroll ((b-a) / c)</b>
12/31/2007	\$ -	\$ 1,928,608	\$ 1,928,608	0.0%	\$ 9,979,587	1930.0%
12/31/2009	\$ -	\$ 1,899,693	\$ 1,899,693	0.0%	\$ 10,936,838	17.4%
12/31/2011	\$ 476,515	\$ 2,648,536	\$ 2,172,021	18.0%	\$ 9,419,789	23.1%
12/31/2012	\$ 522,755	\$ 2,522,669	\$ 1,999,914	20.7%	\$ 10,011,037	20.0%

**Schedule of Employer Contributions**

<b>Year Ending June 30</b>	<b>Annual Required Contributions</b>	<b>Percentage Contributed</b>
2011	160,959	348.1%
2012	189,788	89.2%
2013	177,098	119.6%
2014	177,098	116.1%

**Notes to the Required Schedules**

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at December 31, 2012. Additional information as of the latest actuarial valuation follows:

Valuation date	12/31/2012
Actuarial cost method	Projected unit credit
Amortization method	Level Percentage of pay, open
Remaining amortization period	30 years
Amortization factor	26.1695
Asset valuation method	Market value of Assets
Actuarial assumptions:	
Investment Rate of Return*	4.00%
Medical cost trend rate	8.50 - 5.00%
Year of Ultimate trend rate	2018
*Includes inflation at	3.00%

COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES

**Watauga County, North Carolina**  
**General Fund**  
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended June 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>			
Taxes - ad valorem:			
Current year	\$	27,850,791	
Prior years		540,982	
Advertising and interest		196,343	
Total Taxes - ad valorem	<u>27,528,386</u>	<u>28,588,116</u>	<u>1,059,730</u>
Local Option Sales Taxes:			
Article 39 and 44		4,916,370	
Article 40 one-half of one percent		2,361,424	
Article 42 one-half of one percent		2,777,293	
Medicaid Hold Harmless payment		1,511,835	
Total Taxes - Local Option Sales	<u>10,323,848</u>	<u>11,566,922</u>	<u>1,243,074</u>
Taxes - other:			
Real estate transfer tax		328,134	
ABC Bottle tax		19,232	
Heavy equipment rental tax		5,342	
Gross receipts tax - county		46,017	
Franchise Tax		345,087	
Total Taxes - other	<u>678,750</u>	<u>743,812</u>	<u>65,062</u>
Unrestricted intergovernmental:			
Miscellaneous revenues from Towns		1,201,954	
Payments in lieu of taxes		24,600	
Total Unrestricted intergov. rev.	<u>1,320,000</u>	<u>1,226,554</u>	<u>(93,446)</u>
Restricted intergov. revenues:			
Grants-Federal & State		4,303,371	
Public School Building Capital Fund - Lottery		619,791	
Federal Interest Credit		48,613	
Court facilities fees		139,870	
Total Restricted intergov. revenues	<u>6,317,360</u>	<u>5,111,645</u>	<u>(1,205,715)</u>
Permits and fees:			
Gun permits and other Sheriff's office fees		139,133	
Planning and inspection fees		214,540	
Register of deeds fees		280,024	
Fire inspection fees		5,325	
Occupancy tax administrative fee		20,017	
Child Support fees		52,520	
Total Permits and fees	<u>677,184</u>	<u>711,559</u>	<u>34,375</u>
Sales and service:			
POA services		22,131	
TDA Financial services		12,000	
Recreation department revenues		319,729	
Sales of tax maps/data processing items		1,327	
NC DMV fees		127,524	
Reimbursement for prisoners		12,048	
Tax collection fees-Towns		105,519	
Passport processing fees		13,000	
Election revenues		34,920	
Sale of fixed assets		31,795	
Blowing Rock communication services		167,655	
Total Sales and Service	<u>791,385</u>	<u>847,648</u>	<u>56,263</u>
Investment earnings:			
Interest earned on investments	60,250	41,430	(18,820)
Miscellaneous:			
Other		475,245	
Donations		274,000	
Total Miscellaneous	<u>635,802</u>	<u>749,245</u>	<u>113,443</u>
<b>TOTAL REVENUES</b>	<u>48,332,965</u>	<u>49,586,931</u>	<u>1,253,966</u>

**Watauga County, North Carolina**  
**General Fund**  
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended June 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>EXPENDITURES:</b>			
<b>General Government</b>			
Governing Body:			
Salaries and benefits		54,594	
Operating expenses		4,338	
Total Governing Body	<u>62,082</u>	<u>58,932</u>	<u>3,150</u>
Administration:			
Salaries and benefits		315,309	
Operating expenses		8,295	
Total Administration	<u>326,305</u>	<u>323,604</u>	<u>2,701</u>
Finance:			
Salaries and benefits		303,124	
Operating expenses		52,529	
Total Finance	<u>363,776</u>	<u>355,653</u>	<u>8,123</u>
Tax Administration:			
Salaries and benefits		927,653	
Operating expenses		146,433	
Total Tax Administration	<u>1,212,735</u>	<u>1,074,086</u>	<u>138,649</u>
Tax Revaluation:			
Salaries and benefits		17,221	
Operating expenses		106,470	
Total Tax Revaluation	<u>252,496</u>	<u>123,691</u>	<u>128,805</u>
Tag office:			
Salaries and benefits		164,109	
Operating expenses		7,708	
Total Tag office	<u>175,351</u>	<u>171,817</u>	<u>3,534</u>
Legal Services:			
Operating expenses	<u>50,000</u>	<u>37,699</u>	<u>12,301</u>
Court facilities:			
Operating expenses	<u>2,800</u>	<u>1,810</u>	<u>990</u>
Elections:			
Salaries and benefits		198,130	
Operating expenses		120,750	
Total Elections	<u>318,885</u>	<u>318,880</u>	<u>5</u>
Register of Deeds:			
Salaries and benefits		388,905	
Operating expenses		73,880	
Total Register of Deeds	<u>469,190</u>	<u>462,785</u>	<u>6,405</u>
General administration:			
Operating expenses		577,729	
Capital outlay		19,016	
Total General Administration	<u>1,018,525</u>	<u>596,745</u>	<u>421,780</u>
Information technologies:			
Salaries and benefits		372,466	
Operating expenses		323,692	
Capital outlay		35,088	
Total Information technologies	<u>772,300</u>	<u>731,246</u>	<u>41,054</u>

**Watauga County, North Carolina**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Maintenance:			
Salaries and benefits		974,566	
Operating expenses		34,139	
Capital outlay		73,831	
Total Maintenance	<u>1,112,378</u>	<u>1,082,536</u>	<u>29,842</u>
Public Buildings			
Courthouse:			
Operating expenses	<u>120,454</u>	<u>108,102</u>	<u>12,352</u>
East Annex:			
Operating expenses	<u>30,481</u>	<u>29,622</u>	<u>859</u>
Administration Building:			
Operating expenses	<u>28,197</u>	<u>26,168</u>	<u>2,029</u>
Emergency Management:			
Operating expenses		3,125	
Capital outlay		116,593	
Total Emergency Management	<u>155,500</u>	<u>119,718</u>	<u>35,782</u>
Hannah:			
Operating expenses	<u>8,845</u>	<u>8,467</u>	<u>378</u>
Health Department:			
Operating expenses	<u>81,755</u>	<u>75,598</u>	<u>6,157</u>
AppalCART:			
Operating expenses	<u>6,600</u>	<u>3,977</u>	<u>2,623</u>
Library:			
Operating expenses	<u>70,940</u>	<u>48,026</u>	<u>22,914</u>
Old Caldwell College & Tech. Inst:			
Operating expenses	<u>2,005</u>	<u>1,958</u>	<u>47</u>
Western Watauga Comm. Center:			
Operating expenses	<u>70,360</u>	<u>53,969</u>	<u>16,391</u>
Parking Lots:			
Operating expenses	<u>6,000</u>	<u>1,549</u>	<u>4,451</u>
West Courthouse Annex:			
Operating expenses	<u>88,750</u>	<u>33,228</u>	<u>55,522</u>
Human Services Center:			
Operating expenses		100,399	
Capital outlay		33,807	
Total Human Service Center	<u>159,378</u>	<u>134,206</u>	<u>25,172</u>
Appalachian Enterprise Center:			
Operating expenses		16,522	
Capital outlay		31,588	
Total Appalachian Enterprise Center	<u>50,675</u>	<u>48,110</u>	<u>2,565</u>
Law Enforcement Center:			
Operating expenses	<u>260,522</u>	<u>245,422</u>	<u>15,100</u>
Old Watauga High School:			
Operating expenses	<u>677</u>	<u>677</u>	<u>-</u>
NRSA Houses:			
Operating expenses	<u>1,500</u>	<u>1,500</u>	<u>-</u>
Recreation Administration Center:			
Operating expenses		1,606	
Capital outlay		9,282	
Total Recreation Administrative Center	<u>11,723</u>	<u>10,888</u>	<u>835</u>

**Watauga County, North Carolina**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended June 30, 2014**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Aquatics Center:			
Operating expenses		74,393	
Capital outlay		8,015	
Total Aquatics Center	<u>176,500</u>	<u>82,408</u>	<u>94,092</u>
Opt./Maintenance Facility:			
Operating expenses	<u>37,916</u>	<u>37,903</u>	<u>13</u>
Recreation Fields/Parks:			
Operating expenses		72,027	
Capital outlay		119,582	
Total Recreation Fields/Parks	<u>456,110</u>	<u>191,609</u>	<u>264,501</u>
Old Cove Creek School:			
Operating expenses	<u>38,034</u>	<u>23,688</u>	<u>14,346</u>
Brookshire Park:			
Operating expenses		18,319	
Capital outlay		12,400	
Total Brookshire Park	<u>621,463</u>	<u>30,719</u>	<u>590,744</u>
Anne Marie Drive Fields:			
Operating expenses	<u>23,371</u>	<u>21,686</u>	<u>1,685</u>
Brookshire Soccer Complex:			
Operating expenses	<u>14,225</u>	<u>9,654</u>	<u>4,571</u>
Rocky Knob Park:			
Operating expenses		1,803	
Capital outlay		110,332	
Total Rocky Knob Park	<u>245,097</u>	<u>112,135</u>	<u>132,962</u>
Total Public Buildings	<u>2,767,078</u>	<u>1,460,987</u>	<u>1,306,091</u>
<b>Total General Government</b>	<u>8,903,901</u>	<u>6,800,471</u>	<u>2,103,430</u>
<b>Public Safety</b>			
Sheriff's department:			
Salaries and benefits		2,800,650	
Operating expenses		347,985	
Capital outlay		226,276	
Total Sheriff's department	<u>3,412,160</u>	<u>3,374,911</u>	<u>37,249</u>
Communications:			
Salaries and benefits		682,720	
Operating expenses		28,572	
Total Communications	<u>741,890</u>	<u>711,292</u>	<u>30,598</u>
Jail:			
Salaries and benefits		1,392,112	
Operating expenses		612,761	
Total Jail	<u>2,018,415</u>	<u>2,004,873</u>	<u>13,542</u>
Emergency Management and Fire Protection:			
Salaries and benefits		265,819	
Operating expenses		1,090,813	
Total Emergency Management and Fire Protection	<u>1,404,869</u>	<u>1,356,632</u>	<u>48,237</u>
Planning and Inspections:			
Salaries and benefits		563,052	
Operating expenses		20,160	
Total Planning and Inspections	<u>593,800</u>	<u>583,212</u>	<u>10,588</u>
Medical examiner:			
Operating expenses	<u>25,000</u>	<u>23,700</u>	<u>1,300</u>

**Watauga County, North Carolina**  
**General Fund**  
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended June 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Ambulance and rescue squad:			
Operating expenses	1,166,165	1,068,424	97,741
Animal control:			
Salaries and benefits		111,275	
Operating expenses		10,398	
Total Animal control	125,645	121,673	3,972
Forestry:			
Operating expenses	43,798	42,112	1,686
<b>Total Public Safety</b>	<b>9,531,742</b>	<b>9,286,829</b>	<b>244,913</b>
<b>Economic &amp; Physical Development</b>			
Transportation:			
Operating expenses	165,742	165,742	-
Special Appropriations:	459,972	445,443	14,529
Economic Development:			
Operating expenses	93,635	75,727	17,908
<b>Total Economic &amp; Physical Development</b>	<b>719,349</b>	<b>686,912</b>	<b>32,437</b>
<b>Environmental Protection</b>			
Cooperative extension:			
Salaries and benefits		217,901	
Operating expenses		12,845	
Total Cooperative extension	261,617	230,746	30,871
Soil conservation:			
Salaries and benefits		97,158	
Operating expenses		7,927	
Total Soil conservation	117,864	105,085	12,779
<b>Total Environmental Protection</b>	<b>379,481</b>	<b>335,831</b>	<b>43,650</b>
<b>Human Services</b>			
Public health:			
Operating expenses	568,183	568,183	-
Mental health:			
Operating expenses	171,194	171,194	-
Social services - administration:			
Salaries and benefits		2,595,611	
Operating expenses		389,582	
Capital outlay		8,484	
Total Social services - administration	2,993,678	2,993,677	1
Beneficiary payments:	1,140,202	1,140,202	-
State foster care and daycare			
Room and board		385,017	
Daycare		939,911	
Total State foster care and daycare	1,324,929	1,324,928	1
Project on Aging:			
Salaries and benefits		897,634	
Operating expenses		239,740	
Total Project on Aging	1,227,188	1,137,374	89,814
Veterans services:			
Salaries and benefits		93,977	
Operating expenses		2,080	
Total Veterans services	101,625	96,057	5,568
<b>Total Human Services</b>	<b>7,526,999</b>	<b>7,431,615</b>	<b>95,384</b>



**Watauga County, North Carolina**  
**General Fund**  
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended June 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Education</b>			
Public Schools - current		12,063,401	
Public Schools - capital outlay		654,967	
Community College - current		825,009	
Community College - capital outlay		10,000	
<b>Total Education</b>	<u>13,926,080</u>	<u>13,553,377</u>	<u>372,703</u>
<b>Cultural and Recreational</b>			
Library:			
Operating expenses	<u>509,850</u>	<u>509,850</u>	<u>-</u>
Recreation:			
Salaries and benefits		556,483	
Operating expenses		116,143	
<b>Total Recreation</b>	<u>752,783</u>	<u>672,626</u>	<u>80,157</u>
Aquatics:			
Salaries and benefits		164,301	
Operating expenses		11,360	
<b>Total Aquatics</b>	<u>175,665</u>	<u>175,661</u>	<u>4</u>
<b>Total Cultural and Recreational</b>	<u>1,438,298</u>	<u>1,358,137</u>	<u>80,161</u>
<b>Debt Service</b>			
Principal retirement		5,463,318	
Interest & fees		2,340,853	
<b>Total Debt Service</b>	<u>7,804,171</u>	<u>7,804,171</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u>50,230,021</u>	<u>47,257,343</u>	<u>2,972,678</u>
Excess (deficiency) of revenues over expenditures	<u>(1,897,056)</u>	<u>2,329,588</u>	<u>4,226,644</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers to Capital Projects Fund	(1,528,465)	(1,528,465)	-
Transfers from Capital Projects Fund	1,500,000	1,500,000	-
Transfers from Solid Waste Fund	54,381	54,381	-
Fund Balance Appropriated	<u>1,871,140</u>	<u>-</u>	<u>(1,871,140)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>1,897,056</u>	<u>25,916</u>	<u>(1,871,140)</u>
Excess (deficiency) of revenues over expenditures & other sources (uses)	<u>\$ -</u>	<u>2,355,504</u>	<u>2,355,504</u>
Fund balances at beginning of year		<u>19,362,279</u>	
Fund balances at end of year		<u>\$ 21,717,783</u>	

**Watauga County, North Carolina**  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2014

**Statement 2**

	<u>Special Revenue Funds</u>						
	<u>Federal Equitable Sharing Fund</u>	<u>State Substance Abuse Tax Fund</u>	<u>Emergency Telephone System Fund</u>	<u>Fire Districts Funds</u>	<u>Occupancy Tax Fund</u>	<u>CDBG Scattered Site Housing Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>
<b>ASSETS:</b>							
Cash and cash equivalents	\$ 30,963	59,593	324,808	19,730	619	-	435,713
Due from other governments	-	-	27,306	14,277	-	33,319	74,902
Accounts receivable, net	-	-	-	-	-	-	-
Taxes receivable, net	-	-	-	134,903	81,692	-	216,595
Total assets	<u>\$ 30,963</u>	<u>59,593</u>	<u>352,114</u>	<u>168,910</u>	<u>82,311</u>	<u>33,319</u>	<u>727,210</u>
<b>LIABILITIES, DEFERED INFLOWS OF RESOURCES, AND FUND BALANCES:</b>							
Liabilities:							
Accounts payable and accrued liabilities	-	199	-	34,007	-	9,400	43,606
Due to other governments	-	-	-	-	82,311	-	82,311
Due to other funds	-	-	-	-	-	23,919	23,919
Total Liabilities	<u>-</u>	<u>199</u>	<u>-</u>	<u>34,007</u>	<u>82,311</u>	<u>33,319</u>	<u>149,836</u>
Deferred Inflows of Resources							
Taxes receivable	-	-	-	134,903	-	-	134,903
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>134,903</u>	<u>-</u>	<u>-</u>	<u>134,903</u>
Fund Balances:							
Restricted for Public Safety	30,963	59,394	352,114	-	-	-	442,471
Total fund balances	<u>30,963</u>	<u>59,394</u>	<u>352,114</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>442,471</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 30,963</u>	<u>59,593</u>	<u>352,114</u>	<u>168,910</u>	<u>82,311</u>	<u>33,319</u>	<u>727,210</u>

**Watauga County, North Carolina**  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2014

## Statement 3

**Special Revenue Funds**

	<b>Federal Equitable Sharing Fund</b>	<b>State Substance Abuse Tax Fund</b>	<b>Emergency Telephone System Fund</b>	<b>Fire Districts Fund</b>	<b>Occupancy Tax Fund</b>	<b>Scattered Site Housing Fund</b>	<b>Total Nonmajor Special Revenue Funds</b>
<b>REVENUES</b>							
Ad valorem taxes	\$ -	-	-	2,989,932	-	-	2,989,932
Other taxes and licenses	-	36,518	-	-	1,001,735	-	1,038,253
Restricted intergovernmental	2,272	-	327,662	-	-	44,302	374,236
Other miscellaneous revenues	-	-	-	-	-	-	-
Investment earnings	54	85	383	-	-	-	522
Total revenues	<u>2,326</u>	<u>36,603</u>	<u>328,045</u>	<u>2,989,932</u>	<u>1,001,735</u>	<u>44,302</u>	<u>4,402,943</u>
<b>EXPENDITURES</b>							
Current:							
General government	-	-	-	-	1,001,735	-	1,001,735
Public safety	-	45,537	249,560	2,989,932	-	-	3,285,029
Economic and Physical Development	-	-	-	-	-	44,302	44,302
Capital outlay	54,997	-	-	-	-	-	54,997
Total expenditures	<u>54,997</u>	<u>45,537</u>	<u>249,560</u>	<u>2,989,932</u>	<u>1,001,735</u>	<u>44,302</u>	<u>4,386,063</u>
Excess (deficiency) of revenues over expenditures	<u>(52,671)</u>	<u>(8,934)</u>	<u>78,485</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Net change in fund balances	(52,671)	(8,934)	78,485	-	-	-	16,880
Fund balances - beginning	<u>83,634</u>	<u>68,327</u>	<u>273,629</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>425,590</u>
Fund balances - ending	<u>\$ 30,963</u>	<u>59,393</u>	<u>352,114</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>442,470</u>

**Watauga County, North Carolina**  
 Federal Equitable Sharing Fund  
 Statement of Revenues, Expenditures, and Changes in  
 Fund Balance - Budget and Actual  
 For the Fiscal Year Ended June 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Restricted intergovernmental - Federal	\$	2,272	
Investment Earnings		54	
<b>Total revenues</b>	<u>7,000</u>	<u>2,326</u>	<u>(4,674)</u>
<b>Expenditures:</b>			
Public Safety			
Capital Outlay	<u>55,000</u>	<u>54,997</u>	<u>3</u>
<b>Total expenditures</b>	<u>55,000</u>	<u>54,997</u>	<u>3</u>
Excess (deficiency) of revenues over expenditures	<u>48,000</u>	<u>(52,671)</u>	<u>(4,671)</u>
<b>Other financing sources (uses):</b>			
Appropriated fund balance	<u>48,000</u>	<u>-</u>	<u>(48,000)</u>
<b>Total Other Financing sources (uses):</b>	<u>48,000</u>	<u>-</u>	<u>(48,000)</u>
Excess (deficiency) of revenues and appropriated fund balance over expenditures	<u>\$ -</u>	<u>(52,671)</u>	<u>(52,671)</u>
<b>Fund balance at beginning of year</b>		<u>83,634</u>	
<b>Fund balance at end of year</b>		<u>\$ 30,963</u>	

**Watauga County, North Carolina**  
 State Substance Abuse Tax Fund  
 Statement of Revenues, Expenditures, and Changes in  
 Fund Balance - Budget and Actual  
 For the Fiscal Year Ended June 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Restricted intergovernmental - State	\$	36,518	
Investment Earnings		85	
<b>Total revenues</b>	<u>20,000</u>	<u>36,603</u>	<u>16,603</u>
<b>Expenditures:</b>			
Public Safety		21,074	
Capital Outlay		24,463	
<b>Total expenditures</b>	<u>47,700</u>	<u>45,537</u>	<u>2,163</u>
Excess (deficiency) of revenues over expenditures	<u>(27,700)</u>	<u>(8,934)</u>	<u>18,766</u>
<b>Other financing sources (uses):</b>			
Appropriated fund balance	<u>27,700</u>	<u>-</u>	<u>(27,700)</u>
<b>Total Other Financing sources (uses):</b>	<u>27,700</u>	<u>-</u>	<u>(27,700)</u>
Excess (deficiency) of revenues and appropriated fund balance over expenditures	<u>\$ -</u>	<u>(8,934)</u>	<u>(8,934)</u>
<b>Fund balance at beginning of year</b>		<u>68,327</u>	
<b>Fund balance at end of year</b>		<u>\$ 59,393</u>	

**Watauga County, North Carolina**  
 Emergency Telephone System Fund  
 Statement of Revenues, Expenditures, and Changes in  
 Fund Balance - Budget and Actual  
 For the Fiscal Year Ended June 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Restricted intergovernmental:			
Emergency Telephone Surcharge funds	\$	327,662	
Investment earnings		383	
	<u>327,662</u>	<u>328,045</u>	<u>383</u>
<b>Total revenues</b>			
<b>Expenditures:</b>			
Public safety:			
Implementation services		67,649	
Training		3,575	
Hardware		38,739	
Software		53,494	
Telephones		83,103	
Furniture		3,000	
	<u>331,797</u>	<u>249,560</u>	<u>82,237</u>
<b>Total expenditures</b>			
Excess (deficiency) of revenues over expenditures	<u>(4,135)</u>	<u>78,485</u>	<u>82,620</u>
<b>Other financing sources (uses):</b>			
Appropriated fund balance	<u>51,152</u>	<u>-</u>	<u>(51,152)</u>
<b>Total Other Financing sources (uses):</b>	<u>51,152</u>	<u>-</u>	<u>(51,152)</u>
Excess (deficiency) of revenues and appropriated fund balance over expenditures	<u>\$ 47,017</u>	<u>78,485</u>	<u>31,468</u>
<b>Fund balance at beginning of year</b>		<u>273,629</u>	
<b>Fund balance at end of year</b>		<u>\$ 352,114</u>	

**Watauga County, North Carolina**  
 Fire Districts Funds  
 Statement of Revenues, Expenditures, and Changes in  
 Fund Balance - Budget and Actual  
 For the Fiscal Year Ended June 30, 2014

		<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>				
Ad valorem taxes	\$	<u>2,994,483</u>	<u>2,989,932</u>	<u>(4,551)</u>
<b>Total revenues</b>		<u>2,994,483</u>	<u>2,989,932</u>	<u>(4,551)</u>
<b>Expenditures:</b>				
Public safety:				
Beaver Dam Fire District			115,099	
Blowing Rock Fire District			483,475	
Boone Fire District			771,519	
Cove Creek Fire District			234,993	
Deep Gap Fire District			191,066	
Foscoe Fire District			471,707	
Meat Camp Fire District			217,465	
Shawneehaw Fire District			95,733	
Stewart Simmons Fire District			150,390	
Todd Fire District			64,472	
Zionville Fire District			113,584	
Beech Mountain Fire Service District			2,052	
Cove Creek Fire Service District			301	
Foscoe Fire Service District			72,657	
Shawneehaw Fire Service District			5,419	
<b>Total expenditures</b>		<u>2,994,483</u>	<u>2,989,932</u>	<u>4,551</u>
Excess (deficiency) of revenues over expenditures	\$	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
<b>Fund balance at beginning of year</b>			<u>-</u>	
<b>Fund balance at end of year</b>			<u><u>-</u></u>	

**Watauga County, North Carolina**  
 Occupancy Tax Fund  
 Statement of Revenues, Expenditures, and Changes in  
 Fund Balance - Budget and Actual  
 For the Fiscal Year Ended June 30, 2014

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Other taxes and licenses	\$ <u>1,001,735</u>	<u>1,001,735</u>	<u>-</u>
<b>Total revenues</b>	<u>1,001,735</u>	<u>1,001,735</u>	<u>-</u>
<b>Expenditures:</b>			
Tourism Development		981,717	
Administrative fee		<u>20,018</u>	
<b>Total expenditures</b>	<u>1,001,735</u>	<u>1,001,735</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	\$ <u><u>-</u></u>	<u>-</u>	<u><u>-</u></u>
<b>Fund balance at beginning of year</b>		<u>-</u>	
<b>Fund balance at end of year</b>		\$ <u><u>-</u></u>	



**Watauga County, North Carolina**  
 CDBG Scattered Site Housing  
 Statement of Revenues, Expenditures, and Changes in  
 Fund Balance - Budget and Actual  
 For the Fiscal Year Ended June 30, 2014

	<u>Project Authorization</u>	<u>Prior Year</u>	<u>Actual</u>	<u>Total to Date</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>					
Restricted intergovernmental	\$ 225,000	7,000	44,302	51,302	(173,698)
<b>Total revenues</b>	<u>225,000</u>	<u>7,000</u>	<u>44,302</u>	<u>51,302</u>	<u>(173,698)</u>
<b>Expenditures:</b>					
Residence rehabilitation	180,000	-	33,926	33,926	146,074
Local option/Emergency	22,500	-	-	-	22,500
Grant administration	22,500	7,000	10,376	17,376	5,124
<b>Total expenditures</b>	<u>225,000</u>	<u>7,000</u>	<u>44,302</u>	<u>51,302</u>	<u>173,698</u>
Excess (deficiency) of revenues over expenditures	\$ <u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
<b>Fund balance at beginning of year</b>			<u>-</u>		
<b>Fund balance at end of year</b>		\$	<u><u>-</u></u>		

**Watauga County, North Carolina**  
Watauga High School Capital Project  
Statement of Revenues and Expenditures and Changes in  
Fund Balance - Budget and Actual  
From Inception and For the Fiscal Year Ended June 30, 2014

	Budget	Prior Years	Actual Current Year	Total-to Date	Variance Favorable (Unfavorable)
<b>Revenues:</b>					
Investment earnings	\$ 746,000	613,462	19	613,481	(132,519)
NC Lottery Funds	350,000	350,000	-	350,000	-
Other revenues	1,288,400	1,463,991	-	1,463,991	175,591
<b>Total Revenues</b>	<u>2,384,400</u>	<u>2,427,453</u>	<u>19</u>	<u>2,427,472</u>	<u>43,072</u>
<b>Expenditures:</b>					
Capital Projects	79,804,520	79,740,271	58,902	79,799,173	5,347
Excess (deficiency) of revenues over expenditures	<u>(77,420,120)</u>	<u>(77,312,818)</u>	<u>(58,883)</u>	<u>(77,371,701)</u>	<u>48,419</u>
<b>Other financing sources (uses):</b>					
Operating transfers - in (out):					
From Capital Projects Fund	1,548,881	1,548,881	(48,419)	1,500,462	(48,419)
From General Fund	5,871,239	5,871,239	-	5,871,239	-
Loan proceeds	70,000,000	70,000,000	-	70,000,000	-
<b>Total other financing sources (uses)</b>	<u>77,420,120</u>	<u>77,420,120</u>	<u>(48,419)</u>	<u>77,371,701</u>	<u>(48,419)</u>
Increase (decrease) in fund balance	\$ <u>    --</u>	<u>107,302</u>	<u>(107,302)</u>	<u>    -</u>	<u>    -</u>
<b>Fund balance at beginning of year</b>			<u>107,302</u>		
<b>Fund balance at end of year</b>			<u>\$    -</u>		

**Watauga County, North Carolina**  
 Capital Projects Fund  
 Statement of Revenues, Expenditures, and Changes in  
 Fund Balance - Budget and Actual  
 For the Fiscal Year Ended June 30, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Investment earnings	\$ -	7,868	7,868
<b>Expenditures:</b>			
General government	1,576,884	-	1,576,884
Excess (deficiency) of revenues over expenditures	<u>(1,576,884)</u>	<u>7,868</u>	<u>1,584,752</u>
<b>Other Financing Sources (Uses):</b>			
Transfer from other funds	1,576,884	1,576,884	-
Transfer to other funds	(1,500,000)	(1,500,000)	-
Appropriated fund balance	<u>1,500,000</u>	<u>-</u>	<u>(1,500,000)</u>
Total other financing sources	<u>1,576,884</u>	<u>76,884</u>	<u>(1,500,000)</u>
Excess (deficiency) of revenues and appropriated fund balance over expenditures	\$ <u>-</u>	84,752	<u>84,752</u>
<b>Fund balance at beginning of year</b>		<u>5,758,229</u>	
<b>Fund balance at end of year</b>		\$ <u>5,842,981</u>	

**Watauga County, North Carolina**  
Solid Waste Fund  
Statement of Revenues and Expenditures Budget and Actual (NON-GAAP)  
For the Fiscal Year Ended June 30, 2014

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Operating revenues:			
Landfill charges	\$	4,347,638	
Restricted intergovernmental revenues		107,109	
Total	<u>4,038,043</u>	<u>4,454,747</u>	<u>416,704</u>
Non-operating revenues:			
Investment earnings	<u>5,000</u>	<u>6,023</u>	<u>1,023</u>
Total revenues	<u>4,043,043</u>	<u>4,460,770</u>	<u>417,727</u>
<b>Expenditures:</b>			
Landfill operations:			
Salaries and employee benefits		1,282,693	
Other operating expenditures		2,636,106	
Total landfill operations	<u>3,988,818</u>	<u>3,918,799</u>	<u>70,019</u>
Recycling operations:			
Salaries and employee benefits		52,799	
Other operating expenses		30,337	
Total recycling operations	<u>85,799</u>	<u>83,136</u>	<u>2,663</u>
Budgetary appropriations			
Capital outlay		263,660	
Total budgetary appropriations	<u>360,743</u>	<u>263,660</u>	<u>97,083</u>
Total expenditures	<u>4,435,360</u>	<u>4,265,595</u>	<u>169,765</u>
Revenues under/(over) expenditures	<u>(392,317)</u>	<u>195,175</u>	<u>587,492</u>
<b>Other financing sources (uses):</b>			
Transfers to general fund for debt payment	(54,381)	(54,381)	-
Appropriated fund balance	<u>446,698</u>	<u>-</u>	<u>(446,698)</u>
Total other financing sources (uses):	<u>392,317</u>	<u>(54,381)</u>	<u>(446,698)</u>
Revenues over expenditures and other sources (uses)	<u>\$ -</u>	<u>140,794</u>	<u>140,794</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Capital outlays		263,660	
Depreciation		(323,799)	
Decrease in accrued leave payable		2,324	
Total reconciling items		<u>(57,815)</u>	
Change in net assets		<u>\$ 82,979</u>	

**Statement 13**

**Watauga County, North Carolina**  
 Combining Statement of Fiduciary Net Position  
 Pension Trust Funds  
 For the Year Ended June 30, 2014

	<u>LEO Special Separation Allowance</u>	<u>Other Post Employment Benefits</u>	<u>Totals</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 224,255	596,762	\$ 821,017
Accounts receivable	-	71,975	71,975
	<u>224,255</u>	<u>668,737</u>	<u>892,992</u>
<b>Liabilities and Net Assets</b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	-	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Net position:			
Assets held in trust for pension benefits	\$ <u>224,255</u>	<u>668,737</u>	\$ <u>892,992</u>

**Statement 14**

**Watauga County, North Carolina**  
Combining Statement of Changes in Fiduciary Net Position  
Pension Trust Funds  
For the Year Ended June 30, 2014

	<u>LEO Special Separation Allowance</u>	<u>Other Post Employment Benefits</u>	<u>Totals</u>
Additions:			
Employer contributions	\$ 47,033	205,575	\$ 252,608
Interest	<u>312</u>	<u>2,369</u>	<u>2,681</u>
Total additions	<u>47,345</u>	<u>207,944</u>	<u>255,289</u>
Deductions:			
Benefits	36,799	133,600	170,399
Administrative expense	<u>234</u>	<u>-</u>	<u>234</u>
Total deductions	<u>37,033</u>	<u>133,600</u>	<u>170,633</u>
Change in net position	10,312	74,344	84,656
Net position, beginning	<u>213,943</u>	<u>594,393</u>	<u>808,336</u>
Net position, ending	<u>\$ 224,255</u>	<u>668,737</u>	<u>\$ 892,992</u>

**Watauga County, North Carolina**  
 Agency Funds  
 Combining Statement of Changes in Assets and Liabilities  
 For the Year Ended June 30, 2014

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
<b>Social Services:</b>				
Assets:				
Cash and Investments	\$ 10,320	194,697	186,540	\$ 18,477
Liabilities:				
Accounts Payable	\$ 10,320	194,697	186,540	\$ 18,477
<b>Vehicle Tax-Towns:</b>				
Assets:	12,062	139,042	150,128	976
Liabilities:				
Accounts Payable	12,062	139,042	150,128	976
<b>Town of Boone Ad valorem Taxes:</b>				
Assets:	7,836	5,539,165	5,370,930	176,071
Liabilities:				
Accounts Payable	7,836	5,539,165	5,370,930	176,071
<b>Jail Commissary:</b>				
Assets:				
Cash and Investments	8,019	129,480	102,922	34,577
Liabilities:				
Accounts Payable	8,019	129,480	102,922	34,577
<b>Fines and Forfeitures:</b>				
Assets:				
Cash and Investments	29,889	318,770	323,894	24,765
Liabilities:				
Accounts Payable	29,889	318,770	323,894	24,765
<b>DMV Tax Interest Fund:</b>				
Assets:				
Cash and Investments	758	-	758	-
Liabilities:				
Accounts Payable	758	-	758	-
<b>Deed of Trust Fee Fund:</b>				
Assets:				
Cash and Investments	4,737	41,094	41,962	3,869
Liabilities:				
Accounts Payable	4,737	41,094	41,962	3,869
<b>Total - All Agency Funds</b>				
Assets:				
Cash and Investments	\$ 73,621	6,362,248	6,177,134	\$ 258,735
Liabilities:				
Accounts Payable	\$ 73,621	6,362,248	6,177,134	\$ 258,735

**Watauga County, North Carolina**  
General Fund  
Schedule of Ad Valorem Taxes Receivable  
June 30, 2014

Fiscal year:	Uncollected Balance June 30, 2013	Additions	Collections and Credits	Uncollected Balance June 30, 2014
2013 - 2014	\$ -	28,414,548	27,850,685	563,863
2012 - 2013	599,747	-	331,185	268,562
2011 - 2012	268,768	-	90,756	178,012
2010 - 2011	172,356	-	44,602	127,754
2009 - 2010	116,616	-	27,837	88,779
2008 - 2009	87,931	-	20,381	67,550
2007 - 2008	64,749	-	8,636	56,113
2006 - 2007	59,820	-	9,097	50,723
2005 - 2006	51,036	-	7,085	43,951
2004 - 2005	37,090	-	5,628	31,462
2003 - 2004	36,830	-	36,830	-
	<u>\$ 1,494,943</u>	<u>28,414,548</u>	<u>28,432,722</u>	<u>1,476,769</u>
Plus: 2014 - 2015 receivable				775
Less: Allowance for uncollectible accounts General Fund				<u>(483,564)</u>
Ad valorem taxes receivable - net General Fund			\$	<u><u>993,980</u></u>

---

Reconciliation with revenues:

Ad valorem taxes - General Fund		\$ 28,588,116
Reconciling items:		
Advertising and interest collected	(196,343)	
Taxes written off	33,180	
Prior year releases	7,769	
Total reconciling items	<u>(155,394)</u>	
Total collections and credits		\$ <u><u>28,432,722</u></u>



**Watauga County, North Carolina**  
Analysis of Current Tax Levy  
County-wide Levy  
For the Year Ended June 30, 2014

	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	\$ 8,513,776,024	\$ 0.313	26,646,291	\$ 26,646,291	-
Motor vehicles	488,469,968	0.313	1,528,911	-	1,528,911
Penalties	-		2,574	2,574	-
Total	<u>9,002,245,992</u>		<u>28,177,776</u>	<u>26,648,865</u>	<u>1,528,911</u>
Discoveries:					
Current year taxes	85,130,671	0.313	266,459	266,459	-
Prior year taxes	-		36,656	36,656	-
Penalties	-		81	81	-
Total	<u>85,130,671</u>		<u>303,196</u>	<u>303,196</u>	<u>-</u>
Abatements:	<u>(21,221,725)</u>		<u>(66,424)</u>	<u>(51,863)</u>	<u>(14,561)</u>
Total property valuation	\$ <u>9,066,154,938</u>				
Net levy			28,414,548	26,900,198	1,514,350
Uncollected taxes at June 30, 2014			<u>563,863</u>	<u>487,352</u>	<u>76,511</u>
Current year's taxes collected			\$ <u>27,850,685</u>	<u>26,412,846</u>	<u>1,437,839</u>
Current levy collection percentage			<u>98.02%</u>	<u>98.19%</u>	<u>94.95%</u>

**Statement 18-A**

**Watauga County, North Carolina**  
 Analysis of Current Tax Levy  
 County-wide Levy  
 For the Year Ended June 30, 2013

**Secondary Market Disclosures:**

Assessed Valuation:		
Assessment Ratio		100%
Real Property	\$	8,814,648,473
Personal Property		173,164,688
Public Service Companies		<u>78,341,777</u>
Total Assessed Valuation	\$	<u>9,066,154,938</u>
 Tax Rate per \$100		 0.313
 Net Levy (Includes penalties, discoveries, releases and abatements)	\$	<u><u>28,414,548</u></u>

In addition to the County-wide rate, the following table lists the levies by the County on behalf of fire protection districts for the fiscal year ended June 30, 2014:

<b>Fire Protection District</b>	<b>Tax Rate per \$100</b>		<b>Net Levy</b>
Beaver Dam	0.05	\$	115,539
Beech Mountain Rural	0.05	\$	1,997
Blowing Rock	0.05	\$	476,483
Boone Rural	0.05	\$	774,950
Cove Creek	0.05	\$	236,291
Cove Creek Rural	0.05	\$	301
Deep Gap	0.05	\$	189,849
Foscoe	0.05	\$	472,454
Foscoe Rural	0.05	\$	71,768
Meat Camp	0.05	\$	219,227
Shawneehaw	0.05	\$	96,277
Shawneehaw Rural	0.05	\$	5,409
Stewart Simmons	0.05	\$	150,913
Todd	0.07	\$	65,023
Zionville	0.05	\$	<u>114,057</u>
 <b>Total Net Fire Protection District Levies</b>		\$	<u><u>2,990,538</u></u>

**Watauga County, North Carolina**  
 Ten Largest Taxpayers  
 For the Year Ended June 30, 2014

<b>Taxpayer</b>	<b>Type of Business</b>	<b>2013 Assessed Valuation</b>	<b>Percentage of Total Assessed Valuation</b>	
Blue Ridge Electric Membership Coop	Electric Utility	\$ 64,137,850	0.71	%
Dugger Valley Inv Group LLC	Real Estate Development	60,202,800	0.66	
BR Development Group LLC	Real Estate Development	52,616,400	0.58	
Mountaineer Village LLC	Rental Properties	25,769,700	0.28	
Lowe's Home Centers	Home Supply Center	21,559,300	0.24	
Horizon Acquisition #2 LLC	Rental Properties	18,906,800	0.21	
Wm Land Boone LTD Ptnrp	Real Estate Development	16,164,500	0.18	
Templeton Properties LP	Commercial Rental Properties	15,346,690	0.17	
Paul Brown Enterprises	Rental Properties	13,188,050	0.15	
Appalachian South	Rental Properties	11,216,200	0.12	
		<u>\$ 299,108,290</u>	<u>3.30</u>	<u>%</u>

## Statement 19

**Watauga County, North Carolina**  
 Analysis of Current Tax Levy  
 Fire Districts  
 For the Year Ended June 30, 2014

	Northwest Watauga Fire District	Beech Mtn. Rural Fire Service District	Blowing Rock Rural Fire District	Boone Rural Fire District	Cove Creek Fire District	Cove Creek Rural Fire Service District	Deep Gap Fire District	Foscoe Fire District
Tax rate	<u>0.05</u>	<u>0.05</u>	<u>0.05</u>	<u>0.05</u>	<u>0.05</u>	<u>0.05</u>	<u>0.05</u>	<u>0.05</u>
Net levy	\$ 115,539	1,997	476,483	774,950	236,291	301	189,849	472,454
Uncollected taxes at June 30, 20134	<u>3,650</u>	<u>2</u>	<u>9,591</u>	<u>18,304</u>	<u>8,201</u>	<u>-</u>	<u>5,031</u>	<u>7,745</u>
Current year's taxes collected	\$ <u>111,889</u>	<u>1,995</u>	<u>466,892</u>	<u>756,646</u>	<u>228,090</u>	<u>301</u>	<u>184,818</u>	<u>464,709</u>
Current levy collection percentage	<u>96.84%</u>	<u>99.90%</u>	<u>97.99%</u>	<u>97.64%</u>	<u>96.53%</u>	<u>100.00%</u>	<u>97.35%</u>	<u>98.36%</u>

	Foscoe Rural Fire Service District	Meat Camp Fire District	Shawnheehaw Fire District	Shawnheehaw Rural Fire Service District	Stewart Simmons Fire District	Todd Fire District	Zionville Fire District
Tax rate	<u>0.05</u>	<u>0.05</u>	<u>0.05</u>	<u>0.05</u>	<u>0.05</u>	<u>0.07</u>	<u>0.05</u>
Net levy	\$ 71,768	219,227	96,277	5,409	150,913	65,023	114,057
Uncollected taxes at June 30, 2014	<u>835</u>	<u>9,773</u>	<u>2,416</u>	<u>113</u>	<u>2,679</u>	<u>1,436</u>	<u>3,774</u>
Current year's taxes collected	\$ <u>70,933</u>	<u>209,454</u>	<u>93,861</u>	<u>5,296</u>	<u>148,234</u>	<u>63,587</u>	<u>110,283</u>
Current levy collection percentage	<u>98.84%</u>	<u>95.54%</u>	<u>97.49%</u>	<u>97.91%</u>	<u>98.22%</u>	<u>97.79%</u>	<u>96.69%</u>

## COMPLIANCE SECTION

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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  
Watauga 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 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Watauga County, North Carolina, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprises Watauga County's basic financial statements, and have issued our report thereon dated October 30, 2014. Our report includes a reference to other auditors who audited the financial statements of AppalCART and Watauga County District U Tourism Development Authority, as described in our report on Watauga County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of Watauga County District U Tourism Development Authority were not audited in accordance with *Government Auditing Standards*.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Watauga 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Watauga County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's 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 the internal control over financial reporting was for 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 consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Watauga 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 statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### 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 result 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.

*Bryce Holder, CPA, P.A.*  
*Boone, North Carolina*  
*October 30, 2014*

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

### **Independent Auditor's Report**

To the Board of County Commissioners  
Watauga County, North Carolina

#### **Report on Compliance for Each Major Federal Program**

We have audited Watauga County, North Carolina, compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Watauga County's major federal programs for the year ended June 30, 2014. Watauga 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 Watauga County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Watauga 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 Watauga County's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, Watauga 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, 2014.

### **Report on Internal Control Over Compliance**

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Bryce Holder, CPA, P.A.*  
*Boone, North Carolina*  
*October 30, 2014*

# ***BRYCE HOLDER, CPA, P.A.***

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

### **Independent Auditor's Report**

To the Board of County Commissioners  
Watauga County, North Carolina

#### **Report on Compliance for Each Major State Program**

We have audited Watauga 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 Watauga County's major state programs for the year ended June 30, 2014. Watauga 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 Watauga 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Watauga

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 Watauga County's compliance.

### **Opinion on Each Major State Program**

In our opinion, Watauga 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, 2014.

### **Report on Internal Control Over Compliance**

Management of Watauga 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 Watauga County's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

*Bryce Holder, CPA, P.A.  
Boone, North Carolina  
October 30, 2014*

**WATAUGA COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
 For the Year Ended June 30, 2014

**I. Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

    Material weakness(es) identified? \_\_\_\_\_ Yes      X  No

    Significant deficiency(s) identified that are not considered to be material weaknesses \_\_\_\_\_ Yes      X  None reported

Noncompliance material to Financial Statements noted \_\_\_\_\_ Yes      X  No

**Federal Awards**

Internal control over major federal programs:

    Material weakness(es) identified? \_\_\_\_\_ Yes      X  No

    Significant deficiency(s) identified that are not considered to be material weaknesses \_\_\_\_\_ Yes      X  None reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133 \_\_\_\_\_ Yes      X  No

Identification of major federal programs:

<u>Program Name</u>	<u>CFDA#</u>
Title XIX Medicaid	93.778
Childcare Cluster	93.596
	93.575
	93.713
	93.558
	93.714
Child Health Insurance Program	93.767

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 696,876

Auditee qualified as low-risk auditee \_\_\_\_\_ Yes      X  No

**WATAUGA COUNTY, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Year Ended June 30, 2014

**State Awards**

Internal control over major state programs:

Material weakness(es) identified?  Yes  No

Significant deficiency(s) identified that are not considered to be material weaknesses  Yes  None reported

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

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act  Yes  No

Identification of major federal programs:

**Program Name**

- Title XIX Medicaid
- NC Public School Building Capital Fund-Lottery Proceeds

**II. Financial Statement Findings**

There were no findings or questioned costs.

**III. Federal Award Findings and Questioned Costs**

There were no findings or questioned costs.

**IV. State Award Findings and Questioned Costs**

There were no findings or questioned costs.

**WATAUGA COUNTY, NORTH CAROLINA**  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2014

**Finding 2011**

Status: No findings that would have been reported under the criteria provided in the revised circular.

**Finding 2012**

Status: No findings that would have been reported under the criteria provided in the revised circular.

**Finding 2013**

Status: No findings that would have been reported under the criteria provided in the revised circular.

**Watauga County, North Carolina**  
Schedule of Expenditures of Federal and State Awards  
For the Year Ended June 30, 2014

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal (Direct & Pass- Through) Expenditures	State Expenditures	Local Expenditures
<b>Federal Grants:</b>					
<b>U.S. Dept. of Agriculture</b>					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Social Services:					
Administration:					
Supplemental Nutrition Assistance Program State Administrative Matching Grants for the Food Stamp Program	10.561		\$ 214,214	-	214,214
Passed-through the N.C. Dept. of Health and Human Services: Nutrition Program for the Elderly	10.570		24,265	-	-
<b>Total U.S. Dept. of Agriculture</b>			<u>238,479</u>	<u>-</u>	<u>214,214</u>
<b>U.S. Dept. of Housing and Urban Development</b>					
Passed-through the N.C. Dept. of Commerce					
Community Development Block Grant	14.228	12-C-2431	44,302	-	-
<b>Total U.S. Dept. of Housing and Urban Development</b>			<u>44,302</u>	<u>-</u>	<u>-</u>
<b>U.S. Dept. of Homeland Security</b>					
Passed-through the N.C. Dept. of Public Safety:					
Homeland Security Training Grant	97.067		1,812	-	-
Emergency Management Performance Grant	98.042		35,317	-	35,317
<b>Total U.S. Dept. of Homeland Security</b>			<u>35,317</u>	<u>-</u>	<u>35,317</u>
<b>U.S. Dept. of Justice</b>					
State Criminal Alien Assistance Program	16.606		3,339	-	-
Bulletproof Vest Partnership Program	16.607		2,850	-	2,850
Drug Court Discretionary Grant	16.585		50,998	-	12,750
<b>Total U.S. Dept. of Justice</b>			<u>57,187</u>	<u>-</u>	<u>15,600</u>
<b>U.S. Dept. of Transportation</b>					
Passed-through the N.C. Dept. of Transportation					
Federal Aid Highway Grants	20.205		106,386	26,596	-
<b>U.S. Dept. of Health &amp; Human Services</b>					
Administration on Aging					
Aging Cluster:					
Passed-through High Country Council of Governments					
Special Programs for the Aging - Title III B Grants for Supportive Services and Senior Centers	93.044		12,086	711	1,422
Special Programs for the Aging - Title III C Nutritional Services	93.045		49,039	2,885	5,769
State Match on Home Delivered Meals Program			-	25,574	2,841
Senior Center			-	15,572	5,191
Congregate Meals			-	42,974	4,775
Total Aging Cluster			<u>61,125</u>	<u>87,716</u>	<u>19,998</u>
Social Services Block Grant (SSBG)					
In-home Services	93.667		10,113	289	1,156
In-home Services - State Match			-	105,179	11,687
Seniors Health Insurance Information Program	93.779		3,267	-	-
Administration for Children and Families					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Social Services:					
Family Preservation	93.556		11,721	-	-
Temporary Assistance for Needy Families					
Administration	93.558		180,093	-	195,632
Direct Benefit Payments	93.558		96,321	-	-
Child Support Enforcement	93.563		202,573	-	104,356

**Watauga County, North Carolina**  
Schedule of Expenditures of Federal and State Awards  
For the Year Ended June 30, 2014

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal (Direct & Pass- Through) Expenditures	State Expenditures	Local Expenditures
Low-Income Home Energy Assistance Block Grant:					
Administration	93.568		265,516	-	-
Child Welfare Services	93.645		43,677	-	14,559
Child Welfare Services:					
Adoption Subsidy - Direct Benefit Payments	93.645		-	84,035	28,162
Title IV-E Foster Care	93.658		105,780	24,151	87,251
Foster Care - Direct Benefit Payments	93.658		369,838	96,541	99,689
Adoption Assistance - Direct Benefit Payments	93.659		143,515	37,401	37,401
Social Services Block Grant	93.667		138,986	13,534	48,869
Adoption/Foster Care Special Provision	93.658		10,992	4,804	1,190
Total Division of Social Services			<u>1,582,392</u>	<u>365,934</u>	<u>629,952</u>
Subsidized Child Care					
Child Care Development Fund Cluster					
Division of Social Services					
Child Care Development Fund - Administration	93.596		87,212	-	-
Child Care and Development Fund - Discretionary	93.575		231,565	-	-
Child Care and Development Fund - Mandatory	93.596		133,303	-	-
Child Care and Development Fund - Match	93.596		191,319	82,522	-
Total Child Care Development Fund Cluster			<u>643,399</u>	<u>82,522</u>	<u>-</u>
Temporary Assistance for Needy Families (TANF)	93.558		122,309	-	-
Foster Care Title IV-E	93.658		6,051	3,168	-
Smart Start			-	-	-
State Appropriations				112,116	-
TANF - Maintenance of Effort				70,897	-
Total Subsidized Child Care (Note 3)			<u>771,759</u>	<u>268,703</u>	<u>-</u>
Health Care Financing Administration					
Passed-through the N.C. Dept. of Health and Human Services:					
Division of Medical Assistance:					
Direct Benefit Payments:					
Medical Assistance Program	93.778		19,061,282	10,482,347	-
Health Choice	93.767		732,511	230,686	-
Division of Social Services:					
Medical Assistance Program					
Administration	93.778		506,454	9,928	419,962
Health Choice	93.767		21,987	-	21,987
Links	93.674		2,397	599	-
Links- Direct Benefit Payments	93.674		7,619	-	-
Total Division of Medical Assistance			<u>20,332,250</u>	<u>10,723,560</u>	<u>441,949</u>
<b>Total U.S. Department of Health &amp; Human Services</b>			<u>22,747,526</u>	<u>11,445,913</u>	<u>1,091,899</u>
<b>Total Federal Awards</b>			<u>23,229,197</u>	<u>11,472,509</u>	<u>1,357,030</u>
<b>State Awards:</b>					
<b>N.C. Dept. of Health and Human Services</b>					
Division of Social Services					
State/County Special Assistance for Adults - Direct Benefit Payments			-	266,610	266,610
State Foster Care Benefits Program			-	93,244	93,244
<b>Total N.C. Dept. of Health and Human Services</b>			<u>-</u>	<u>359,854</u>	<u>359,854</u>
<b>N.C. Dept. of Public Safety</b>					
Division of Administration, Community Programs					
Juvenile Crime Prevention Council Programs			-	111,170	33,261
<b>Total N.C. Dept. of Public Safety</b>			<u>-</u>	<u>111,170</u>	<u>33,261</u>



**Watauga County, North Carolina**  
Schedule of Expenditures of Federal and State Awards  
For the Year Ended June 30, 2014

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal (Direct & Pass- Through) Expenditures	State Expenditures	Local Expenditures
<b>N.C. Dept. of Public Instruction</b>					
NC Public School Building Capital-Lottery Proceeds			-	619,791	-
Public School National Forest Service			-	567	-
<b>Total N.C. Dept. of Public Instruction</b>			<u>-</u>	<u>620,358</u>	<u>-</u>
<b>N.C. Dept. of Transportation</b>					
Assistance to Rural Fire Departments			-	37,093	-
Workfirst/Employment Transportation Operating Assistance			-	10,181	-
Elderly and Disabled Transportation Assistance			-	59,933	-
Rural General Public Program			-	71,639	7,960
<b>Total N.C. Dept. of Transportation</b>			<u>-</u>	<u>178,846</u>	<u>7,960</u>
<b>N.C. Dept. of Agriculture</b>					
Soil Conservation Assistance			-	3,600	65,621
Soil Conservation Cost Sharing			-	23,993	23,993
<b>Total N.C. Dept. of Agriculture</b>			<u>-</u>	<u>27,593</u>	<u>89,614</u>
<b>N.C. Dept. of Environment, Health, and Natural Resources</b>					
Division of Waste Management Trust Fund					
N.C. Electronics Management Fund			-	3,480	-
<b>Total N.C. Dept. of Environment, Health, and Natural Resources</b>			<u>-</u>	<u>3,480</u>	<u>-</u>
<b>N.C. Division of Veteran's Affairs</b>					
Veteran's Service Program			-	1,452	94,605
<b>Total State Awards</b>			<u>-</u>	<u>1,302,753</u>	<u>585,294</u>
<b>Total Federal and State Awards</b>			<u>\$ 23,229,197</u>	<u>12,775,262</u>	<u>1,942,324</u>

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

1. Basis of Presentation

The accompanying schedule of expenditures of Federal and State awards includes the Federal and State grant activity of Watauga County and is presented on the modified accrual basis of accounting, except for the benefit payments for Children's Health Insurance Program - NC Health Choice (93.767), which is reported on the cash basis. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations". Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the general purpose financial statements. Benefit payments are paid directly to recipients and are not included in the County's basic financial statements. However, due to the County's involvement in determining eligibility, they are considered Federal awards to the County and are included on this schedule.

2. Subrecipients

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

Program Title	CFDA Number	Federal Expenditures	State Expenditures
Supplemental Nutrition Assistance Program-noncash	10.551	\$ 5,063,132	-
Temporary Assistance for Needy Families	93.558	96,321	-
Medical Assistance Program	93.778	19,061,282	10,482,347
Child Welfare - Adoption Subsidy	93.645	-	84,035
Foster Care	93.658	369,838	96,541
Adoption Assistance	93.659	143,515	37,401
Adult Assistance	93.659	-	266,610
Child Health Insurance Program	93.767	732,511	230,686
Links	93.674	7,619	-
NC Public School Building Capital-Lottery Proceeds		-	619,791

3. 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

**AGENDA ITEM 5:****REGISTER OF DEEDS RECOGNITION****MANAGER'S COMMENTS:**

Chairman Hodges will present Ms. JoAnn Townsend, Watauga County Register of Deeds, with a resolution honoring her service to the Citizens of Watauga. Ms. Townsend has announced her retirement effective January 31, 2014. Ms. Townsend has served in the Register of Deeds Office for over thirty one (31) years; ten (10) of those years as the Register of Deeds.

North Carolina General Statute 161-5, Section (a1) states, "When a vacancy occurs from any cause in the office of register of deeds, the board of county commissioners shall fill such vacancy by the appointment of a successor for the unexpired term, who shall qualify and give bond as required by law. If the register of deeds was elected as the nominee of a political party, the board of county commissioners shall consult the county executive committee of that political party before filling the vacancy and shall appoint the person recommended by that committee, if the party makes a recommendation within 30 days of the occurrence of the vacancy." The appointee would serve out the remainder of Ms. Townsend's term that expires in 2016.

Due to Ms. Townsend's long service with the County, the Board may wish to consider allowing the appointment of her successor to serve a month with Ms. Townsend to allow for a smooth transition in the office. Funds are available in the budget to cover this additional expense should the Board wish to do so.

STATE OF NORTH CAROLINA

COUNTY OF WATAUGA

**RESOLUTION HONORING JOANN TOWNSEND  
FOR HER SERVICE TO THE CITIZENS OF WATAUGA COUNTY**

**WHEREAS**, for the past thirty-one (31) years, JoAnn Townsend has served in the Office of the Register of Deeds; ten (10) of those years as the Register of Deeds providing services to the citizens of Watauga County; and

**WHEREAS**, she has served with honor, integrity and impartiality; and

**WHEREAS**, she has served all with compassion and respect while maintaining her deeply held convictions of a humble public servant; and

**WHEREAS**, she has discharged her duties and managed her office effectively and efficiently; and

**WHEREAS**, at the same time being an integral and deeply respected member of the community and involved in many public service organizations and opportunities; and

**WHEREAS**, in 2014, she was awarded the Shining Star award for loyal dedication, commitment and service to her county, district and association; and

**WHEREAS**, on January 31, 2015, JoAnn Townsend will retire from her position as Register of Deeds.

**NOW THEREFORE, BE IT RESOLVED** that the Watauga County Board of Commissioners on behalf of the citizens of Watauga County do hereby extend their sincere appreciation for a job well done; and

**BE IT FURTHER RESOLVED** that the Board of Commissioners hold JoAnn Townsend in high esteem and place her as an example of what it means to be a dedicated public servant; and

**BE IT FURTHER RESOLVED** that the Watauga County Board of Commissioners wish a well-deserved, healthy and happy retirement to JoAnn Townsend.

**ADOPTED** this the 16th day of December, 2014.

**ATTEST:**

\_\_\_\_\_  
Anita Fogle, Clerk to the Board

\_\_\_\_\_  
Jimmy Hodges, Chairman  
Watauga County Board of Commissioners

# JOANN TOWNSEND

REGISTER OF DEEDS  
WATAUGA COUNTY

121614 BCC Meeting

December 11, 2014

Jimmy Hodges, Chairman  
Watauga County Board of Commissioners  
814 West King Street  
Boone, NC 28607

Re: Retirement Announcement

Dear Chairman Hodges,

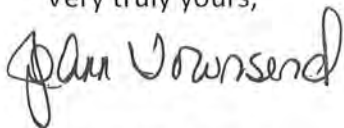
It is with mixed emotions that I announce my retirement from the office of Register of Deeds for Watauga County, effective January 31, 2015. It has been an honor to serve as the elected Register of Deeds for the past ten years, and I have thoroughly enjoyed my service to the people of Watauga County in this office for the past thirty-one (31) years.

I am proud of the many accomplishments made in the office during this time including making indexes and images available on the county website from 1872 to the present, the redaction of drivers license and social security numbers from records as required by law, acceptance of credit and debit cards, participation in the electronic birth registration system allowing us to issue birth certificates of those born since 1971 anywhere in North Carolina, electronic filing of documents and the ability to request vital records over a secure website using a credit card for payment.

Each of these achievements has improved customer service to the citizens of Watauga County. I appreciate Phyllis Foster and Wanda Scott for the opportunity to serve in this office, and would like to thank my staff for their hard work and dedication to the office and the public. They are the most professional, knowledgeable and kindest staff I know. It has been my pleasure to serve with them, and I know they will continue to serve the people of Watauga County with honor and distinction.

Most importantly, I would like to thank the citizens of Watauga County for entrusting me with this wonderful opportunity to serve as their Register of Deeds.

Very truly yours,



Jo Ann Townsend

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**AGENDA ITEM 6:**

**SHERIFF'S OFFICE OUT-OF-STATE TRAVEL REQUEST**

**MANAGER'S COMMENTS:**

Captain Al Reed, Watauga Sheriff's Office, will request Board authorization to allow Detective John Hollar to attend a methamphetamine clandestine lab school in Quantico, Virginia. According to Captain Reed, all expenses will be paid with the exception of travel to and from the training. The training will assist the Sheriff's Office in the investigation of methamphetamine labs.

Board action is required to authorize the out-of-state travel to the training session in Quantico, Virginia.

# Watauga County Travel Authorization and Travel Advance Request

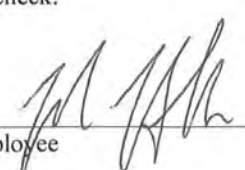
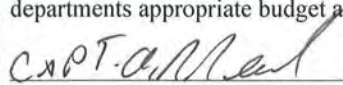
Date: 12/02/2014	Budget Account Number: _____
------------------	------------------------------

Name: Detective John Hollar	Title: Narcotics Detective	Department: Watauga County Sheriff Office
Destination: Quantico, Virginia	Meeting Dates: <u>1-12-2015 - 1-16-2015</u>	
Is this out of state travel? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If yes, Board of County Commissioners approval is required and must be signed by the County Manager.	Departure Date: 1/11/2015	Return Date: 1/16/2015
	Time: 1200 <input type="checkbox"/> AM <input checked="" type="checkbox"/> PM	Time: 1000 <input type="checkbox"/> AM <input checked="" type="checkbox"/> PM
Purpose of Trip: Methamphetamine Clandestine Lab School		
Overnight Accommodations Required? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No      Rate per night/person \$ _____		
Name of Hotel/Motel _____ Government Discount <input type="checkbox"/> Yes <input type="checkbox"/> No		
Method of Transportation:		
Cost \$ <u>UNK</u> <input checked="" type="checkbox"/> County Vehicle <input type="checkbox"/> Personal Vehicle <input type="checkbox"/> Air		
<input type="checkbox"/> Other _____		
Explanation		

Estimated Expenses		Totals
* <b>REGISTRATION FEES:</b> Please indicate meals and/or banquets included in registration fee		\$ 0
<b>MEALS:</b>	Breakfast \$ x	0
	Lunch \$ x	0
	Dinner \$ x	0
* <b>LODGING:</b>	Single Rate \$ x	0
* Other		0
<b>Total</b>		<b>0</b>

\* Receipts Required for Reimbursement

Remarks: Lodging and meals are on base in Quantico
--

Are funds requested in advance: <input type="checkbox"/> Yes <input type="checkbox"/> No    Amount \$ _____  Form is Mathematically Correct: <input type="checkbox"/> Yes <input type="checkbox"/> Approved as corrected	If settlement has not been made on this advance within 20 working days after completion of travel, I authorize this amount to be deducted from my next paycheck.  <div style="text-align: center;">                       _____                      Employee                 </div> <div style="text-align: center;"> <u>12-2-2014</u>                      _____                      Date                 </div>	I believe this trip to be necessary and beneficial to Watauga County and funds were provided for this purpose in this departments appropriate budget account.  <div style="text-align: center;">                       _____                      Department Head or County Manager                 </div> <div style="text-align: center;">                     _____                      County Manager (Out of State Travel)                 </div> <div style="text-align: center;">                     _____                      Date                 </div>
Finance Staff _____	Employee _____	County Manager (Out of State Travel) _____
Date _____	Date _____	Date _____

**John.Hollar**

---

**From:** Barnes, James C. [James.C.Barnes@usdoj.gov]  
**Sent:** Tuesday, November 25, 2014 2:44 PM  
**To:** jessemartinez@coffecountygov.com; jvickers@cityofdouglas.com; John.Hollar; scooper@spartanburgcounty.org  
**Subject:** FW: Solicitation for DEA Clandestine Laboratory State & Local Certification Training School No. 316 Quantico, Virginia, January 12-16, 2015  
**Attachments:** irs\_form\_w9.pdf; medical clearence.doc; FFS Vendor Form-March2014.pdf

Men,  
 I have attached the necessary documents you need to complete for this school. Complete the financial forms as soon as possible and send them to the POC Linda Dunham at, [linda.n.dunham@usdoj.gov](mailto:linda.n.dunham@usdoj.gov)  
 Get your medical exam done and formed signed by the doc. Bring your signed medical form with you to the school.  
 Call me or email me if you have a problem or question.  
 Casey

**SA Casey Barnes**  
**DEA Atlanta Field Division**  
**Clan Lab Coordinator**  
**cell 404-379-9013**

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**From:** Barnes, James C.  
**Sent:** Tuesday, November 25, 2014 2:28 PM  
**To:** Dunham, Linda N.  
**Cc:** Peckinpaugh, Gregory T.  
**Subject:** RE: Solicitation for DEA Clandestine Laboratory State & Local Certification Training School No. 316 Quantico, Virginia, January 12-16, 2015

Linda,  
 Listed below are the AFD nominations for SALC 316. Let me know if you need any more.  
 Thanks,  
 Casey

1. Jesus Lusiano Martinez, Jr., Investigator  
 SSN: 595-30-7462  
 Agency: Douglas-Coffee Drug Unit  
 Address: 825 Thompson Drive, Douglas, Georgia 31535  
 Cell phone: 912-389-0532  
 Mode of Transportation: Air  
 Airport of Departure: Jacksonville, Florida  
 Email: [jessemartinez@coffeecountygov.com](mailto:jessemartinez@coffeecountygov.com)  
 Gender: Male
2. Jared Eli Vickers, Investigator  
 SSN: 253-57-0417  
 Agency: Douglas-Coffee Drug Unit



Address: 825 Thompson Drive, Douglas, Georgia 31535  
 Cell phone: 912-327-1633  
 Mode of Transportation: Air  
 Airport of Departure: Jacksonville, Florida  
 Email: [jvickers@cityofdouglas.com](mailto:jvickers@cityofdouglas.com)  
 Gender: Male

A. John Henry Hollar III, Narcotics Detective  
 B. SSN 239-61-4868, DOB 5-26-1987  
 C. NC, Watauga County Sheriff Office  
 D. 184 Hodges Gap Rd Boone, NC 28607  
 E. Cell Number (828-406-8709)  
 F. Fax Number (828-263-5345)  
 G. Mode of Transportation - POV  
 H. Airport of Departure (N/A)  
 I. [john.hollar@watgov.org](mailto:john.hollar@watgov.org)  
 J. Male

A. Lt. Steve Cooper  
 B. 249-53-9273  
 C. Spartanburg County Sheriff's Office  
 D. P.O. Box 771, Spartanburg, SC 29303  
 E. Cell 864-809-0369  
 F. OGV  
 G. N/A  
 H. [scooper@spartanburgcounty.org](mailto:scooper@spartanburgcounty.org)  
 I. male

**SA Casey Barnes**  
**DEA Atlanta Field Division**  
**Clan Lab Coordinator**  
**cell 404-379-9013**

**From:** Dunham, Linda N.

**Sent:** Thursday, November 13, 2014 2:10 PM

**To:** Barnes, James C.; Lecuyer, Michael J.; Ligouri, Jeanette M.; McGuire, Christian A.; Hitz, Justin P.; Bell, Eric M.; Cloutier, Jan J. (Jason); Watt, Justin S.; Cowles, Gregory T.; Gill, Jason B.; Knight, Jeffrey D.; Maroney, Jude T.; Godlewski, Marc E.; Garza, Roderick A.; Duran, Matthew; Baratti, Arnold; Lee, Marissa F.; Adams, John D

**Subject:** FW: Solicitation for DEA Clandestine Laboratory State & Local Certification Training School No. 316 Quantico, Virginia, January 12-16, 2015

Good Afternoon,

Please make sure your nomination forms include the Vendor Form and W-9 (attached) filled out and sent before the closing date.

Nominations will not be accepted without these forms. We will not accept nominations or forms after Friday, December 19, 2014.

*Linda Nicole Dunham*  
*TRDC- Clan Lab*

703-632-5805 (ph)  
703-632-5855 (f)

**From:** SBU-MC DOM TRNG Office of Training

**Sent:** Thursday, November 13, 2014 1:14 PM

**To:** SBU-MC DOM ATL Atlanta Division Office; SBU-MC DOM BOS Boston Division Office; SBU-MC DOM CHI Chicago Division Office; SBU-MC DOM DAL Dallas Division Office; SBU-MC DOM DET Detroit Division Office; SBU-MC DOM ELP El Paso Division Office; SBU-MC DOM LA Los Angeles Division Office; SBU-MC DOM MIA Miami Division Office; SBU-MC DOM NO New Orleans Division Office; SBU-MC DOM NY New York Division Office; SBU-MC DOM PHI Philadelphia Division Office; SBU-MC DOM PHX Phoenix Division Office; SBU-MC DOM SEA Seattle Division Office; SBU-MC DOM STL St Louis Division Office; SBU-MC DOM WAS Washington Division Office

**Cc:** SBU-MC2SBU-CAPS; Kennedy, Stanley W.; Johnakin, Patrick I.; Dunham, Linda N.; Calangi, Claudee B.; Downes, Kristie E.

**Subject:** Solicitation for DEA Clandestine Laboratory State & Local Certification Training School No. 316 Quantico, Virginia, January 12-16, 2015

**SUBJECT:** Solicitation for DEA Clandestine Laboratory State & Local Certification Training School No. 316 Quantico, Virginia, January 12-16, 2015 (DFN: 801-02)

**SEND TO:** Atlanta Division Office  
Boston Division Office  
Chicago Division Office  
Dallas Division Office  
Detroit Division Office  
El Paso Division Office  
Los Angeles Division Office  
Miami Division Office  
New Orleans Division Office  
New York Division Office  
Philadelphia Division Office  
Phoenix Division Office  
Seattle Division Office  
St. Louis Division Office  
Washington Division Office

**MESSAGE:**

1. This cable will be posted on the Office of Training (TR) home page under "Cables." The TR home page can be viewed by accessing DEA online, entering WebSter digital library, clicking the "Offices" tab, and clicking on the "Training" icon.
2. The TR Clan Lab Training Unit (TRDC) will conduct State and Local Clandestine Laboratory Certification (SALC) School No. 316, from January 12-16, 2015, at the Clandestine Laboratory Training and Research Center, Quantico, Virginia. There will be 46 slots available for State and Local Officers only. The allocations are listed below:

Atlanta	4 Positions
Boston	4 Positions
Chicago	4 Positions
Dallas	2 Positions
Detroit	4 Positions
El Paso	2 Positions
Los Angeles	2 Positions
Miami	4 Positions
New Orleans	4 Positions
New York	2 Positions
Philadelphia	2 Positions

Phoenix	2 Positions
Seattle	2 Positions
St. Louis	2 Positions
Washington	4 Positions

3. This course will qualify attendees to work in a Clandestine Laboratory environment, per the Occupational Safety and Health Administration (OSHA) regulations (29 CFR 1910) and DEA policy as outlined in section 5574 of the Agents manual. **Training is open to State and Local Law Enforcement Officers only.** Federal employees are not permitted to attend this training.
4. **TR will provide funding to include lodging, transportation, and per diem for this training. Please include the following when submitting nominations:**
  - A. Full Name and Title
  - B. Social Security Number
  - C. State and Local Department or Office
  - D. Full Work Mailing Address
  - E. Cell Phone Number (include Area Code)
  - F. Mode of Transportation (i.e., OGV, **POV**, Air)
  - G. Airport of Departure (for price of travel)
  - H. Email address
  - I. Male or Female

\*\*\*Students will not receive a document number for travel if an Individual Vendor Request Form (DEA-137C) and W-9 are not submitted with nominations.\*\*\*
5. Funding for this training does not include required physical examinations. Medical certification forms, signed by a physician, are mandatory. This requirement cannot be waived. Additional requirements of the CFR mandate that a two-page questionnaire be completed by the physician and the participant. The questionnaire is Appendix C to 29 CFR 1910.134. Division Training Coordinators (DTCs) and Clan Lab Coordinators (CLCs) have copies of these forms. The DTC/CLC will ensure that each participant is provided with these forms and have this completed prior to the beginning of the school. Students are to bring the forms with them the first day of class. Students who come to class without proper medical certification will be sent home.
6. In order to complete the training, students will be fit tested for air purifying respirators (APRs) and self-contained breathing apparatus (SCBA) face pieces. OSHA regulations require a clean-shaven jaw line in order to accurately conduct this fit test. Beards and goatees are not permitted for this training. Mustaches are acceptable. Here's the citation regarding fit testing from the OSHA regulations: Appendix A to 1910.134, fit testing procedures (mandatory): "the test shall not be conducted if there is any hair growth between the skin and the face piece sealing surface, such as stubble beard growth, beard, mustache, or sideburns which cross the respirator sealing surface."
7. In order to receive full credit for the training, all sessions of the school must be attended. If a student must leave during the class for court, or any other reason, that student will not receive certification.
8. Nominations for SALC No. 316 must be received in writing, along with completed FFS Vendor Form (137 C) and W-9, at the Clandestine Laboratory Training Unit by close of business, Friday, December 19, 2014. Facsimile submissions are acceptable at 703-632-5855/5856.
9. Point of contact at TR is Class Coordinator, SA Patrick Johnakin at 703-632-5821, or Training Tech Linda N. Dunham at 703-632-5805.

**APPROVAL:** This message has been approved by James R. Gregorius,



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**AGENDA ITEM 7:**

**DSS ENERGY OUTREACH PLAN**

**MANAGER'S COMMENTS:**

Mr. Tom Hughes, Social Services Director, will request the Board approve the Energy Outreach Plan included in your packet. The plan is required by the State to utilize the Energy Outreach Funding.

Board action is required to approve the Energy Outreach Plan as presented.



*Watauga County*  
*Department of Social Services*

SOCIAL SERVICES BOARD  
Tom Trexler, Chair  
Lynn Patterson, Vice Chair  
Nathan Miller  
Mary Moretz  
Sharon Breitenstein

132 POPLAR GROVE CONNECTOR – SUITE C  
BOONE, NORTH CAROLINA 28607  
Telephone 828-265-8100  
TDD 1-800-735-2962  
Voice 1-800-735-8262  
Fax 828-265-7638

Tom Hughes,  
Director

**ENERGY PROGRAM OUTREACH PLAN**

14/15

**LIEAP and CIP Contact Persons:** Tom Hughes, Dir.  
Heather Porch, Assistant

**OUTREACH**

1. The following agencies or groups will be contacted to encourage their participation on an interagency committee for CIP and/or LIEAP.
  - a. **Watauga Project of Aging**
  - b. **Watauga County D.S.S. Board**
  - c. **Watauga Health Department**
2. Committee meetings will be scheduled for the following dates and times.
  - a. **Dec 8, 2014 at 9:00am**
  - b. **Jan 9, 2015 at 9:00am**
  - c. **February 10, 2015 at 9:00am**
  - d. **March 3, 2015 at 9:00am**
3. Outreach services will be provided by Watauga Co. Dept. of Social Services at their facility site.
4. Outreach services for CIP and/or LIEAP will be coordinated with agencies and committees listed in number 3 by maintaining regular meetings and contact.
5. Project on Aging and Adult services has been selected to be on inter-agency committee so efforts to coordinate efforts will be efficient towards targeting needy populations.
6. Watauga Co. Department of Social Services will advertise CIP/LIEAP funds in Watauga Democrat Newspaper and on local AM/FM Radio Station WZJS 100.7.

**APPLICATION PROCESS**

- **CIP is a year-round program which run July 1, through June 30 statewide.**
- **LIEAP applications will be taken from Dec 1 through March 31 annually.**
- **Watauga Co. Dept. of Social Services will take and process services for CIP and LIEAP at their facility site.**
- **\$600.00 is the maximum allowed CIP benefit amount per eligible household per year (July 1 – June 30)**

The above Outreach Plan applies to LIEAP and CIP only. Energy Neighbor, Share the Warmth, Wake Electric Round UP, and Helping Each Member Cope Funds are not governed by this plan. <sup>12/16/14 BCC Meeting</sup>

*Tom Hughes*  
Director's Signature

*11/18/2014*  
Date



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**AGENDA ITEM 8:****PROPOSED NEW RIVER CONSERVANCY AGREEMENT****MANAGER'S COMMENTS:**

Mr. Joe Furman, Planning and Inspections Director, will present a request from the Middle Fork Greenway Association to enter into an agreement with the County and the New River Conservancy to plant trees, shrubs, or live stakes in the bank of the New River along the newly constructed greenway on the County's property. The property in question is located across Highway 321 from Mystery Hill (Whitener Property). The agreement would be between the County and the New River Conservancy with the Middle Fork Greenway Association representing the County. The attached agreement has been forwarded to the County Attorney for review.

Board approval is requested, contingent upon County Attorney review, to enter into the agreement with the New River Conservancy to plant trees, shrubs, or live stakes in the bank of the New River.



## Landowner and New River Conservancy Contract 2014

The New River Conservancy River Builder Project and Watauga County (represented by Middle Fork Greenway Association) agree to enter into a partnership to plant trees, shrubs, and/or live stakes along the banks of the New River or its tributaries located on the landowner’s property (Tax parcel # 2818-98-8488-000, known as Sterling Creek Park).

The New River Conservancy River Builder Project will:

- Consult with the landowner to determine the best areas and species for planting.
- Provide the highest quality of planting on the landowner’s property.
- Continue to be available to assist the landowner with other erosion problems.

The landowner (represented by Middle Fork Greenway Association) will:

- Allow New River Conservancy River Builder Project personnel and contractors access to the land for planting and for follow-up soil erosion and mortality surveys.
- Contact the New River Conservancy River Builder Project if there are any questions or problems. Some mortality of plants is expected and NCNR will not replace plantings if stream bank stability is not endangered.
- Leave the plantings undisturbed for a period of 15 years, with no mowing, no weed-eating, and no herbicide use on the plantings.

Middle Fork Greenway Association will:

- Pay \$150 for the first 100 feet of stream bank planted, and \$30 per 100 feet thereafter.

\_\_\_\_\_ Date  
Lynn Caldwell, Restoration Director

\_\_\_\_\_ Date  
Landowner – Signature

\_\_\_\_\_  
Landowner – Please print name

\_\_\_\_\_  
Address

\_\_\_\_\_ Date  
Middle Fork Greenway Association – Signature

\_\_\_\_\_  
Middle Fork Greenway Association– Please print name

\_\_\_\_\_  
Address

**AGENDA ITEM 9:****PUBLIC HEARINGS TO ALLOW CITIZEN COMMENT ON THE FOLLOWING:*****A. Proposed Amendments to the Watershed Protection Map*****MANAGER'S COMMENTS:**

A public hearing has been scheduled to seek citizen input on the amendment of the County's official Watershed Map to include portions of the Winkler's Creek and South Fork New River protected watersheds that are currently within the ETJ. The effective date would be January 1, 2015. The hearing was advertised and a mailing was sent to potentially affected property owners. A map of the ETJ/watershed overlap is included.

The Town of Boone's lawsuit has the potential to effect the implementation of this amendment change. Currently, the town's lawsuit against the State is scheduled for a hearing before a three-judge panel at 9:30 a.m. on Monday, December 15, in the North Carolina Court of Appeals building.

It is unclear if any ruling will be made prior to the Board meeting on December 16, 2014. However, should the Town be successful in their lawsuit, the amendment to the County's watershed ordinance would be a moot point unless the General Assembly was to consider the issue in the long session.

Board direction is requested.



# WATAUGA COUNTY

*Department of  
Planning & Inspections*

331 Queen Street Suite A • Boone, North Carolina 28607

Phone (828) 265-8043  
TTY 1-800-735-2962  
Voice 1-800-735-8262  
or 711  
FAX (828) 265-8080

## Public Hearing Notice

Watauga County Board of Commissioners

Tuesday, December 16, 2014

6:00 PM

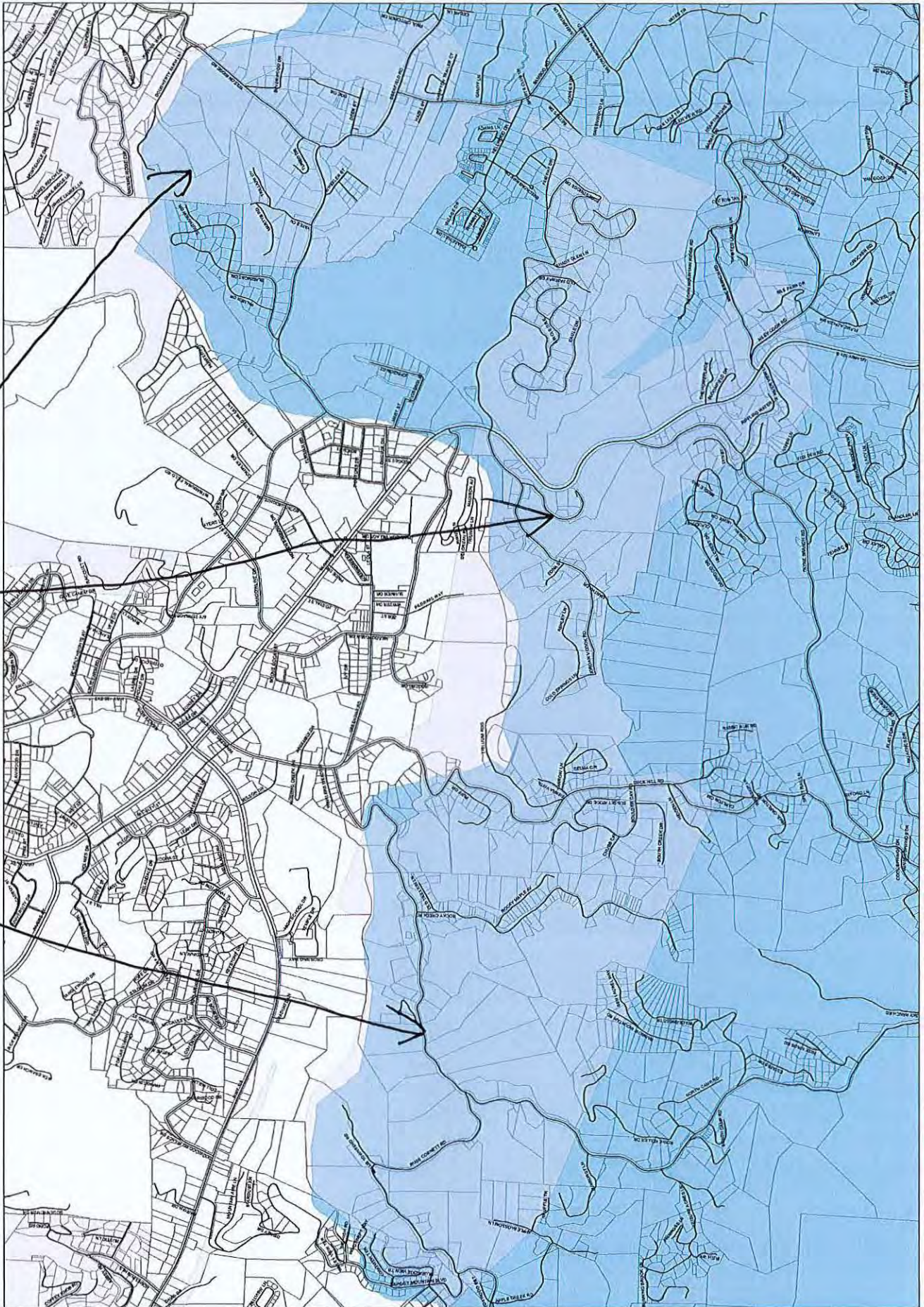
The Watauga County Board of Commissioners will hold two (2) public hearings beginning at 6:00 pm on Tuesday, December 16, 2014 to hear citizen comments regarding:

- (1) The transfer of Water Supply Watershed area jurisdiction within the Town of Boone's ETJ from the Town of Boone to Watauga County. This action requires a Watershed Protection Map Amendment.
  
- (2) A 90-day Moratorium on development approvals required for land uses subject to the Watauga County High Impact Land Use ordinance. The Moratorium would affect only land areas within the Town of Boone's ETJ, abolished by the State of North Carolina.

You are welcome to attend both public hearings held at the Commissioners Board Room, Watauga County Administration Building, 814 West King Street, Boone, NC. For information call (828) 265-8043.

1 inch = 0.12 miles

Areas of overlap E/TJ/watershed



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**AGENDA ITEM 9:****PUBLIC HEARINGS TO ALLOW CITIZEN COMMENT ON THE FOLLOWING:*****B. Proposed Ninety Day Moratorium on Development Approvals Required For Land Uses Subject To The Watauga County High Impact Land Use Ordinance*****MANAGER'S COMMENTS:**

A public hearing has been scheduled to seek citizen input regarding the potential for a ninety (90) day moratorium on approvals of the land uses regulated by the County's High Impact Land Use Ordinance in most of the area currently within the ETJ only. The hearing was advertised and a mailing was sent to potentially affected property owners. Attached are: the proposed moratorium, a map of the current ETJ, and a map of the qualifying areas of the ETJ (draft moratorium map). The statute is the zoning enabling legislation; it is the only means provided by the statutes for local governments to adopt moratoria. Adopting a moratorium under this statute does not mean the County is adopting zoning. Because the zoning authority is used, it is possible for the moratorium to affect only part of the County, pursuant to NCGS 153A-342(d), in this case the current Boone ETJ. The statute requires that each area affected be at least 640 acres in size, with at least ten (10) separate land parcels under separate ownership. There are three (3) qualifying areas in the current ETJ, as shown on the attached map. There are four (4) smaller areas, not adjacent to the qualifying areas that would not be included. The proposed effective date is January 1, 2015 with the expiration date of April 1, 2015.

As stated previously, the Town of Boone's lawsuit has the potential to effect the implementation of this amendment change. It is unclear if any ruling will be made prior to the Board meeting on December 16, 2014. However, should the Town be successful in their lawsuit, the moratorium would be a moot point unless the General Assembly was to consider the issue in the long session.

Staff seeks direction from the Board.



## DRAFT

### Ordinance Establishing a Development Moratorium on High Impact Land Uses

#### Article 1. Need for Moratorium.

A. The NC General Assembly by local act abolished the Town of Boone's Extraterritorial Zoning Jurisdiction (ETJ) effective January 1, 2015. Boone's ETJ was established in large part due to citizen's concerns over various commercial/industrial uses permitted in close proximity to their neighborhoods. Watauga County has no county-wide zoning ordinance ~~requiring separation of incompatible land uses~~, and the existing High Impact Land Use Ordinance does not require separation between residential and commercial/industrial uses. Since Boone's ETJ authority (and thus zoning in that area) has been abolished, ~~some~~ citizens in the ETJ have expressed renewed concerns.

B. In response, the Watauga County Board of Commissioners held a public hearing on August 19, 2014 to allow ETJ residents an opportunity to express their concerns. Following the hearing, the Board of Commissioners asked the Watauga County Planning Board to study the issue and make recommendations for action. The Planning Board has subsequently sought additional citizen input through regional meetings held September 29<sup>th</sup>, 30<sup>th</sup> and October 6<sup>th</sup> in the ETJ West, ETJ East, and ETJ South respectively. At each of these meetings, ~~some~~ ETJ residents expressed ~~serious~~ concerns as to whether county ordinances offer the same level of protection to health, safety and welfare as provided under Boone's ETJ.

C. The Planning Board has considered the following options to address abolishment of Boone's ETJ: 1. Take no action. 2. Amend existing county-wide ordinances, particularly the High Impact Land Use Ordinance. 3. Adopt partial county zoning. 4. Adopt a temporary moratorium to allow additional time for more thorough consideration of all available options.

D. The Planning Board has concluded: 1. This is clearly a complex issue requiring substantial discussion and consideration. 2. Amendment or adoption of county ordinances is a time consuming task requiring public hearings preceded by adequate public notice. 3. ~~Further~~ complicating the Planning Board's shortened review time frame is the onset of the Holiday Season when many residents are on vacation and unable to attend public meetings. 4. The Watauga County Board of Commissioners' election ~~is held~~ ~~was held~~ on November 4, 2014 and, ~~depending on the outcome~~, the composition of the Planning Board may be altered considerably.

#### Article 2. Resolution.

A. NOW THEREFORE BE IT RESOLVED that the Watauga County Planning Board has recommended, because of these factors, there is inadequate time to thoroughly consider these issues ~~before Boone's ETJ authority is abolished~~.

B. BE IT FURTHER RESOLVED that the Watauga County Planning Board believes it is important to adopt a moratorium on development approvals required for those

land uses listed in the High Impact Land Use Ordinance to further consider the level of protection afforded to the former ETJ residents' health, safety, and welfare.

C. BE IT FURTHER RESOLVED that the Watauga County Planning Board believes the moratorium is necessary and in effect only within the land area of the Town of Boone's former ETJ.

**Article 3. Development Approvals Affected.**

Development approvals subject to the moratorium are those uses listed in and regulated by the High Impact Land Use Ordinance, Article II, Section 1. The moratorium will allow needed further consideration of the adequacy of that ordinance, particularly as it applies to the former ETJ areas.

**Article 4. Effective date and Duration.**

The moratorium shall take effect January 1, 2015 and shall expire April 1, 2015. Due to the complexity of the issues and the uncertainty of the make-up of the Planning Board, as well as the need for adequate time to advertise and conduct public hearing(s), an additional ninety (90) days is needed to thoroughly investigate the issues and alternatives.

**Article 5. Actions During Moratorium.**

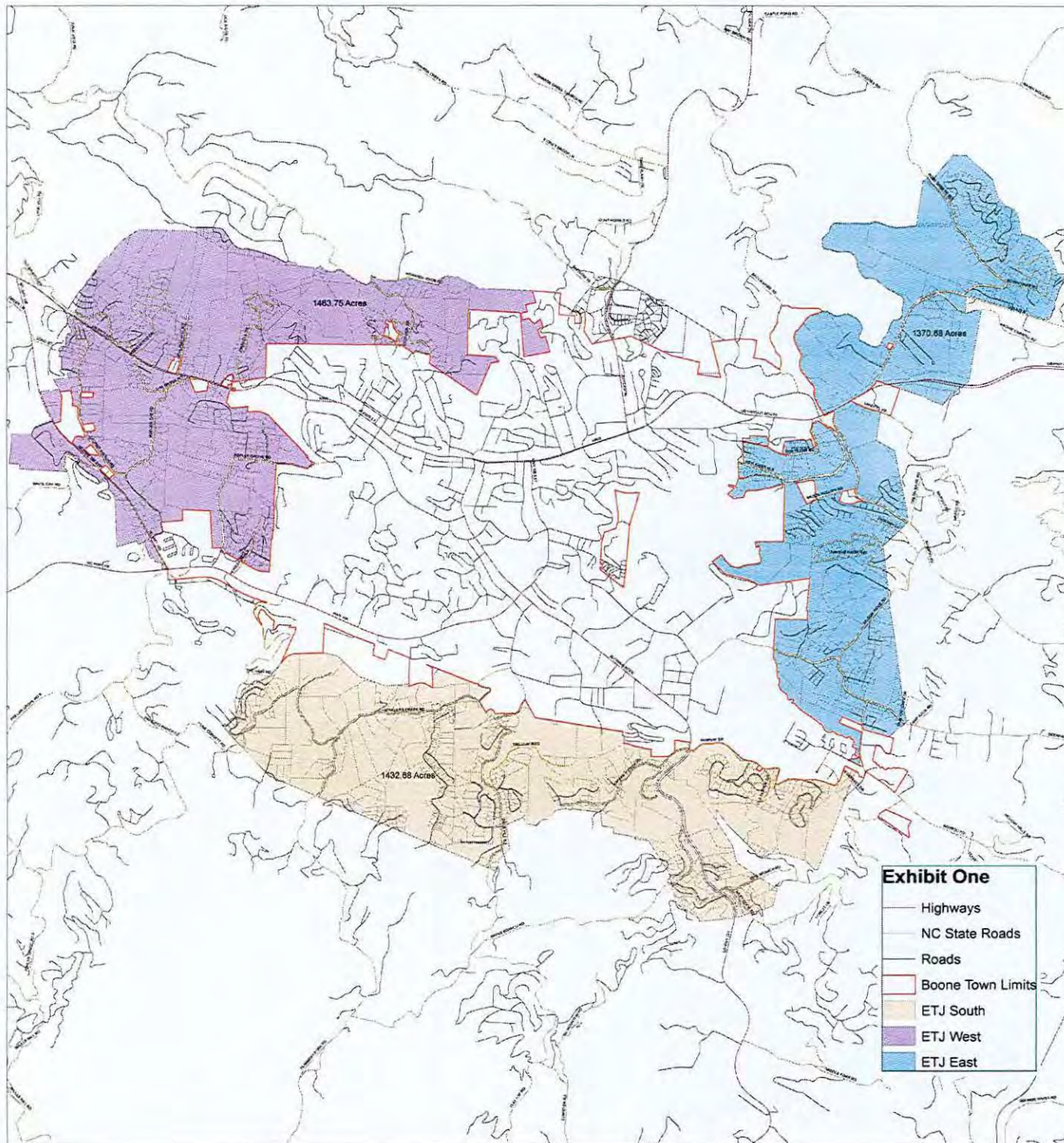
The Planning Board will meet as often as necessary and possible to consider the issues, and will seek further citizen input as needed, as well as seek input/advise from professionals as needed. When recommendations are formulated, the Planning Board will present these to the Board of Commissioners for consideration. The goal is to present the recommendations no later than March 1, 2015.

**Article 6. Affected Areas.**

The moratorium shall affect only the land areas of the Town of Boone's ETJ currently shown on Exhibit 1 and labeled ETJ West, ETJ East, and ETJ South, each area being at least 640 acres and containing at least ten (10) separate land parcels under separate ownership.

**Article 7. Authority and Enactment.**

Adopted by the Watauga County Board of Commissioners this the \_\_\_\_ day of December, 2014 following a duly advertised public hearing, and pursuant to the authority and requirements of NC General Statute 153A-340(h) and 153A-342.



Watauga County  
Land Records



Watauga County  
342 West King Street  
Boone, NC 28607  
www.wataugacountync.org

**Exhibit One**

- Highways
- NC State Roads
- Roads
- Boone Town Limits
- ETJ South
- ETJ West
- ETJ East

**Disclaimer:**  
This map is prepared for the inventory of real property found within the jurisdiction, and is compiled from recorded deeds, plats, and other public records and data. Users of this map are hereby notified that the aforementioned public property information sources should be consulted for verification of the information contained on this map. The County assumes no legal responsibility for the information contained on this map.

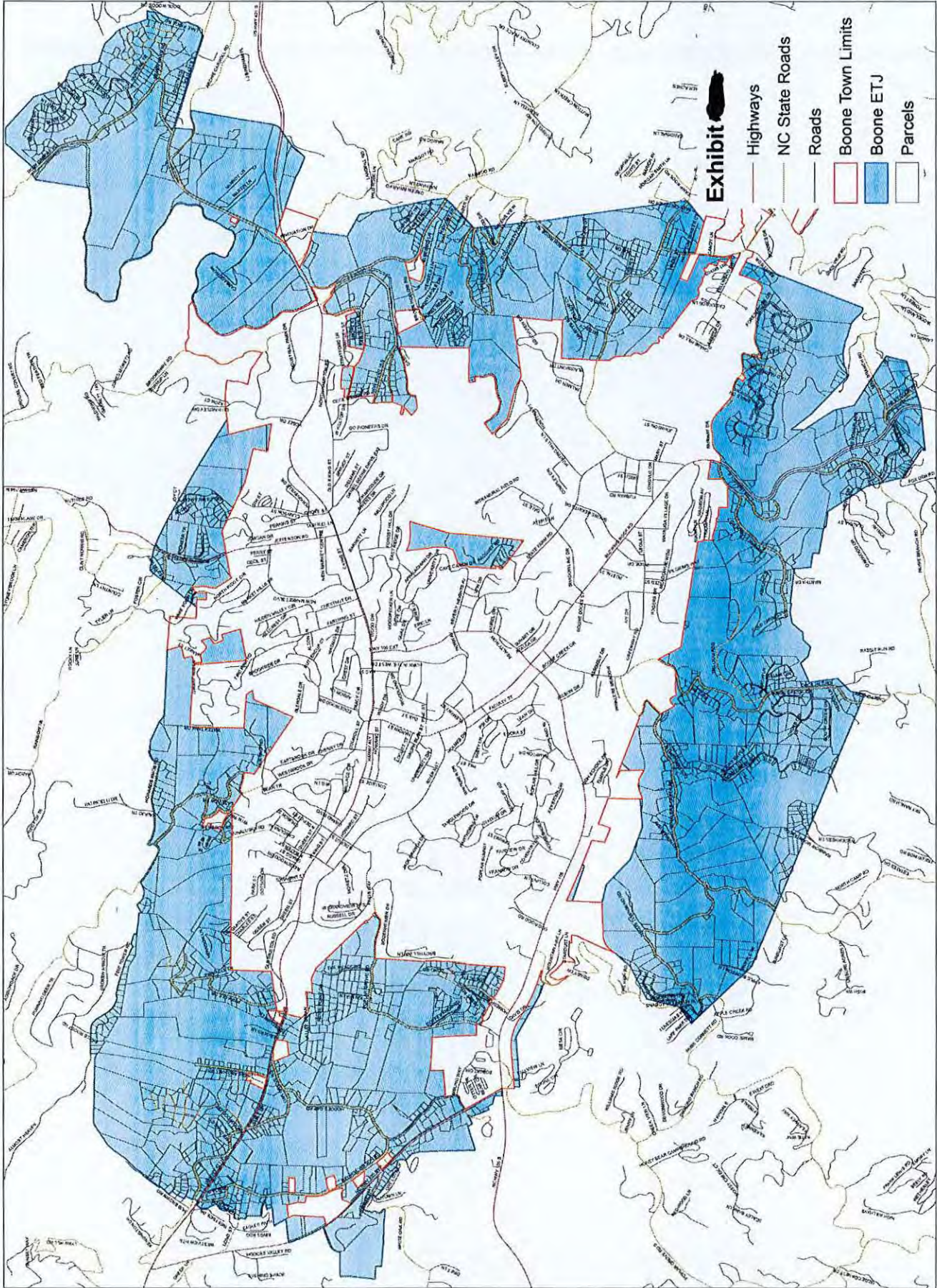
1 inch = 1,000 feet



Watauga County  
644 West Kent Street  
Boone, NC 28607  
www.wataugacountync.gov

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This map is prepared for the inventory of real property found within this jurisdiction, and is compiled from recorded deeds, plats and other public records and data. Users of this map are hereby notified that the abovementioned public primary information sources should be consulted for verification of the information contained on this map. The County assumes no legal responsibility for the information contained on this map.

1 inch = 1,000 feet



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**AGENDA ITEM 10:**

**TAX MATTERS**

*A. Monthly Collections Report*

**MANAGER'S COMMENTS:**

Mr. Larry Warren, Tax Administrator, will present the Monthly Collections Report and be available for questions and discussion.

The report is for information only; therefore, no action is required.

**Monthly Collections Report****Watauga County**

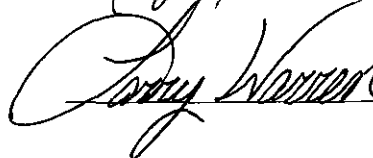
Bank deposits of the following amounts have been made and credited to the account of Watauga County. The reported totals do not include small shortages and overages reported to the Watauga County Finance Officer

Monthly Report November 2014

	<u>Current Month</u> <u>Collections</u>	<u>Current Month</u> <u>Percentage</u>	<u>Current FY</u> <u>Collections</u>	<u>Current FY</u> <u>Percentage</u>	<u>Previous FY</u> <u>Percentage</u>
<b>General County</b>					
Taxes 2014	5,043,769.48	26.15%	12,188,019.02	46.12%	47.03%
Prior Year Taxes	32,703.19		397,646.27		
Solid Waste User Fees	536,627.71	28.88%	1,186,802.10	46.69%	47.44%
Green Box Fees	1,109.00	NA	12,869.41	NA	
Total County Funds	<b>\$5,614,209.38</b>		<b>\$13,785,336.80</b>		
<b>Fire Districts</b>					
Foscoe Fire	94,502.85	30.62%	238,268.67	52.09%	53.17%
Boone Fire	161,625.76	30.61%	355,283.13	48.56%	51.66%
Fall Creek Service Dist.	2,399.04	31.22%	4,113.01	43.77%	NA
Beaver Dam Fire	21,842.85	28.41%	47,748.15	45.66%	45.96%
Stewart Simmons Fire	18,057.10	22.30%	47,270.61	42.36%	33.38%
Zionville Fire	21,842.03	27.89%	54,065.58	47.98%	48.47%
Cove Creek Fire	53,305.77	31.38%	117,470.13	49.03%	50.69%
Shawneehaw Fire	19,437.69	28.99%	45,985.35	48.71%	52.83%
Meat Camp Fire	42,600.67	29.33%	98,611.93	48.28%	49.81%
Deep Gap Fire	39,179.56	29.24%	87,555.50	47.27%	47.92%
Todd Fire	12,534.18	26.85%	26,822.59	43.13%	46.15%
Blowing Rock Fire	80,611.69	26.22%	232,218.89	49.39%	48.53%
M.C. Creston Fire	1,017.14	23.26%	2,929.63	45.72%	53.64%
Foscoe Service District	17,587.03	34.42%	35,775.44	51.43%	53.11%
Beech Mtn. Service Dist.	98.50	7.07%	577.59	30.63%	23.13%
Cove Creek Service Dist.	0.00	0.00%	91.20	28.14%	90.27%
Shawneehaw Service Dist	974.48	22.64%	2,802.79	45.30%	47.29%
	<b>\$585,217.30</b>		<b>\$1,393,477.18</b>		
<b>Towns</b>					
Boone	757,678.13	16.88%	2,009,426.72	34.83%	35.14%
Municipal Services	6,769.94	6.52%	28,750.30	22.65%	20.35%
Boone MV Fee	51.19	0.00%	1,526.58		
Blowing Rock	2.12	0.25%	2,056.41		
Seven Devils	74.89	0.00%	402.26		
Beech Mountain	0.00	0.00%	1,536.17		
Total Town Taxes	<b>\$764,576.27</b>		<b>\$2,043,698.44</b>		
Total Amount Collected	<b>\$6,964,002.95</b>		<b>\$17,222,512.42</b>		



Tax Collections Director



Tax Administrator

**AGENDA ITEM 10:**

**TAX MATTERS**

*B. Refunds and Releases*

**MANAGER'S COMMENTS:**

Mr. Warren will present the Refunds and Releases Reports.

Board action is required to accept the Refunds and Releases Reports.





11/26/2014 17:26  
Larry.Warren

WATAUGA COUNTY  
BATCH 00029651:REPORT OF REFUNDS

P 1  
arrefund

OWNERS NAMES	YEAR/CAT/BILL PROPERTY	REFUND AMOUNT	SIGNATURE OF PAYEES OR CHECK NUMBER	SEQ #
ANDREWS, PAUL G ANDREWS, DENISE E 300 ST ANDREWS RD BANNER ELK, NC 28604	2014 20 10975 1950081516000 PAYMENT DATE 11/14/2014 ABATEMENT DT 11/26/2014	PRINCIPAL 80.13 TOTAL 80.13 .00 .00		1
HISTORY: RECEIPT # PAID BY CID	PAID BY REF	AMOUNT	GL POST DATE	
425203 1534287	ANDREWS, PAUL G	766.10	11/14/2014	
LOC: 300 ST ANDREWS RD	REASON: RRF RRF	CUSTOMER TOTAL	80.13	
BRIDGES, ROBERT D 1289 QUEENS ISLAND CT JACKSONVILLE, FL 32225-4924	2014 20 790 1878152528000 PAYMENT DATE 10/29/2014 ABATEMENT DT 11/26/2014	PRINCIPAL 25.67 TOTAL 25.67 .00 .00		2
HISTORY: RECEIPT # PAID BY CID	PAID BY REF	AMOUNT	GL POST DATE	
420583 1546651	WELLS FARGO	609.28	10/29/2014	
LOC: 147 DEEPWOOD CT	REASON: RRF RRF	CUSTOMER TOTAL	25.67	
DEAN, CLAYTON 590 RACQUET RD BOONE, NC 28607	2014 20 39020 2910554118000 PAYMENT DATE 09/26/2014 ABATEMENT DT 11/26/2014	PRINCIPAL 117.61 TOTAL 117.61 .00 .00		3
HISTORY: RECEIPT # PAID BY CID	PAID BY REF	AMOUNT	GL POST DATE	
411051 1748251	DEAN, CLAYTON	147.02	09/29/2014	
LOC: 147 DEEPWOOD CT	REASON: RRF RRF	CUSTOMER TOTAL	117.61	
EDWARD MP BREAK CHILDRENS TRUS 2681 ORCHARD DR APOPKA, FL 32712	2014 20 23719 2807991954002 PAYMENT DATE 11/17/2014 ABATEMENT DT 11/26/2014	PRINCIPAL 101.10 TOTAL 101.10 .00 .00		4
HISTORY: RECEIPT # PAID BY CID	PAID BY REF	AMOUNT	GL POST DATE	
427101 1624316	CORELOGIC	1,510.72	11/17/2014	
LOC: 519 WATERSIDE DR	REASON: RRF RRF	CUSTOMER TOTAL	101.10	
GOLD, SANDRA P ROSS 8201 GLAMORGAN LANE MATTHEWS, NC 28104	2014 20 12485 1950458649005 PAYMENT DATE 09/18/2014 ABATEMENT DT 11/26/2014	PRINCIPAL 15.02 TOTAL 15.02 .00 .00		5
HISTORY: RECEIPT # PAID BY CID	PAID BY REF	AMOUNT	GL POST DATE	
406538 1562925	GOLD, SANDRA P ROSS	581.43	09/19/2014	
LOC: 100 SPRING BRANCH RD	REASON: RRF RRF	CUSTOMER TOTAL	15.02	



11/26/2014 17:26  
Larry.Warren

WATAUGA COUNTY  
BATCH 00029651:REPORT OF REFUNDS

P 2  
arrefund

OWNERS NAMES	YEAR/CAT/BILL PROPERTY	REFUND AMOUNT	SIGNATURE OF PAYEES OR CHECK NUMBER	SEQ #
HEIMER, MALCOLM L HEIMER, YAEL E 9822 MALVERN DR FORT LAUDERDALE, FL 33321	2014 20 12483 1950458649003 PAYMENT DATE 09/23/2014 ABATEMENT DT 11/26/2014	PRINCIPAL 14.09 TOTAL 14.09 .00 .00		6
HISTORY: RECEIPT # PAID BY CID	PAID BY REF	AMOUNT	GL POST DATE	
408151 1596340	HEIMER, MALCOLM L	559.20	09/24/2014	
LOC: 100 SPRING BRANCH RD	REASON: RRF RRF	CUSTOMER TOTAL	14.09	
SLAUGHTER, JOHN L JR 52 RIDGELAND TUSCALOOSA, AL 35406	2014 20 12486 1950458649006 PAYMENT DATE 09/22/2014 ABATEMENT DT 11/26/2014	PRINCIPAL 37.56 TOTAL 37.56 .00 .00		7
HISTORY: RECEIPT # PAID BY CID	PAID BY REF	AMOUNT	GL POST DATE	
407435 1701169	SLAUGHTER, MARY FRANCES	603.34	09/23/2014	
LOC: 102 SPRING BRANCH RD	REASON: RRF RRF	CUSTOMER TOTAL	37.56	
WILSON, GEORGE W WILSON, JEANNINE D 7901 SAGEWOOD CT RALEIGH, NC 27615-3730	2014 20 26013 2818002576005 PAYMENT DATE 10/09/2014 ABATEMENT DT 11/26/2014	PRINCIPAL 121.76 TOTAL 121.76 .00 .00		8
HISTORY: RECEIPT # PAID BY CID	PAID BY REF	AMOUNT	GL POST DATE	
416406 1535800	WILSON, GEORGE W	759.21	10/10/2014	
LOC: 264 EVERGREEN DR	REASON: RRF RRF	CUSTOMER TOTAL	121.76	
TOTAL REFUNDS		PRINCIPAL 512.94 INTEREST .00 INT EXP .00		
		TOTAL	512.94	

JOHN KIRBY REFUND TRANSFER TO DELINQUENT BILL

\*\* END OF REPORT - Generated by Larry Warren \*\*



# North Carolina Vehicle Tax System

## NCVTS Pending Refund report

Report Date 12/1/2014 11:11:49 AM

Payee Name	Address 1	Address 2	Address 3	Refund Reason	Create Date	Tax Jurisdiction	Levy Type	Change	Interest Change	Total Change
CANADY, PAUL	112 LAKELEDGE CIR		BEECH MOUNTAIN, NC 28604	Tag Surrender	11/21/2014	WATAUGA COUNTY	Tax	(\$14.06)	\$0.00	(\$14.06)
						BEECH MOUNTAIN	Tax	(\$28.75)	\$0.00	(\$28.75)
								Refund	\$42.81	
CHURCH, DARIN	PO BOX 161		DEEP GAP, NC 28618	Situs error	11/17/2014	WATAUGA COUNTY	Tax	\$0.00	\$0.00	\$0.00
						BOONE	Tax	(\$13.20)	\$0.00	(\$13.20)
						BOONE	Vehicle Fee	(\$5.00)	\$0.00	(\$5.00)
						DEEP GAP FIRE	Tax	\$1.61	\$0.00	\$1.61
		Refund	\$16.59							
CLINE, MELVIN	PO BOX 243		DEEP GAP, NC 28618	Assessed In Err	11/14/2014	WATAUGA COUNTY	Tax	(\$8.45)	\$0.00	(\$8.45)
						DEEP GAP FIRE	Tax	(\$1.35)	\$0.00	(\$1.35)
								Refund	\$9.80	
COFFEY, JAMES	5441 NC HIGHWAY 194 N		BOONE, NC 28607	Tag Surrender	11/19/2014	WATAUGA COUNTY	Tax	(\$30.07)	(\$1.51)	(\$31.58)
						MEAT CAMP FIRE	Tax	(\$4.81)	(\$0.24)	(\$5.05)
								Refund	\$36.63	
DERRICK, DREW	PO BOX 3504		BOONE, NC 28607	Tag Surrender	11/06/2014	WATAUGA COUNTY	Tax	(\$3.27)	(\$0.16)	(\$3.43)
						BOONE FIRE	Tax	(\$0.52)	(\$0.03)	(\$0.55)
								Refund	\$3.98	
DUNN, DANNY	3935 HARDIN RD		BOONE, NC 28607	Tag Surrender	11/04/2014	WATAUGA COUNTY	Tax	(\$33.78)	\$0.00	(\$33.78)
						DEEP GAP FIRE	Tax	(\$5.40)	\$0.00	(\$5.40)
								Refund	\$39.18	
FARTHING, CLIFFORD	117 BRANCH XING		SUGAR GROVE, NC 28679	Tag Surrender	11/14/2014	WATAUGA COUNTY	Tax	(\$23.87)	\$0.00	(\$23.87)
						BEAVER DAM FIRE	Tax	(\$3.81)	\$0.00	(\$3.81)
								Refund	\$27.68	



# North Carolina Vehicle Tax System

## NCVTS Pending Refund report

Report Date 12/1/2014 11:11:49 AM

GALKE, DOUGLAS	177 PINE GAP RD		BLOWING ROCK, NC 28605	Tag Surrender	11/10/2014	WATAUGA COUNTY	Tax	(\$19.96)	\$0.00	(\$19.96)
						BLOWING ROCK FIRE	Tax	(\$3.19)	\$0.00	(\$3.19)
								Refund		\$23.15
GREENE, CHAD	110 BIRCH LEAF LN		FLEETWOOD, NC 28626	Tag Surrender	11/20/2014	WATAUGA COUNTY	Tax	(\$31.79)	\$0.00	(\$31.79)
						BOONE FIRE	Tax	(\$5.08)	\$0.00	(\$5.08)
								Refund		\$36.87
GREENE, WILSON	1630 SILVERSTONE RD		ZIONVILLE, NC 28698	Tag Surrender	11/05/2014	WATAUGA COUNTY	Tax	(\$16.48)	\$0.00	(\$16.48)
						ZIONVILLE FIRE	Tax	(\$2.63)	\$0.00	(\$2.63)
								Refund		\$19.11
HOLMAN, WILLIAM	230 ADAMS LN	APT D	BOONE, NC 28607	Tag Surrender	11/18/2014	WATAUGA COUNTY	Tax	(\$35.98)	\$0.00	(\$35.98)
						BOONE FIRE	Tax	(\$5.75)	\$0.00	(\$5.75)
								Refund		\$41.73
ISAACS, LARRY	PO BOX 98		ZIONVILLE, NC 28698	Tag Surrender	11/06/2014	WATAUGA COUNTY	Tax	(\$7.09)	\$0.00	(\$7.09)
						ZIONVILLE FIRE	Tax	(\$1.13)	\$0.00	(\$1.13)
								Refund		\$8.22
JAMES, E	PO BOX 188		BLOWING ROCK, NC 28605	Tag Surrender	11/20/2014	WATAUGA COUNTY	Tax	(\$140.85)	\$0.00	(\$140.85)
						FOSCOE FIRE	Tax	(\$22.50)	\$0.00	(\$22.50)
								Refund		\$163.35
PENNELL, JERRY	165 ED WILLIAMS RD		ZIONVILLE, NC 28698	Situs error	11/12/2014	WATAUGA COUNTY	Tax	(\$4.76)	\$0.00	(\$4.76)
						ZIONVILLE FIRE	Tax	(\$0.76)	\$0.00	(\$0.76)
								Refund		\$5.52
PHILLIPS, SANDRA	338 VANDERPOOL RD		VILAS, NC 28692	Tag Surrender	11/13/2014	WATAUGA COUNTY	Tax	(\$61.60)	\$0.00	(\$61.60)
						COVE CREEK FIRE	Tax	(\$9.84)	\$0.00	(\$9.84)
								Refund		\$71.44
PRICE, WILLIAM	1444 TATER HILL RD		ZIONVILLE, NC 28698	Tag Surrender	11/04/2014	WATAUGA COUNTY	Tax	(\$6.16)	\$0.00	(\$6.16)
						ZIONVILLE FIRE	Tax	(\$0.98)	\$0.00	(\$0.98)



# North Carolina Vehicle Tax System

## NCVTS Pending Refund report

Report Date 12/1/2014 11:11:49 AM

									Refund	\$7.14
RUSSO, MARIE	PO BOX 1251		BLOWING ROCK, NC 28605	Tag Surrender	11/18/2014	WATAUGA COUNTY	Tax	(\$19.54)	\$0.00	(\$19.54)
						BOONE FIRE	Tax	(\$3.13)	\$0.00	(\$3.13)
									Refund	\$22.67
STOUT, BRANDON	3105 CASTLE FORD RD		BOONE, NC 28607	Mileage	11/21/2014	WATAUGA COUNTY	Tax	(\$11.25)	(\$0.57)	(\$11.82)
						MEAT CAMP FIRE	Tax	(\$1.80)	(\$0.09)	(\$1.89)
									Refund	\$13.71
TOWNSEND, TRAVIS	2667 DUTCH CREEK RD		BANNER ELK, NC 28604	Tag Surrender	11/12/2014	WATAUGA COUNTY	Tax	(\$19.54)	\$0.00	(\$19.54)
						SHAWNEEHAW FIRE	Tax	(\$3.12)	\$0.00	(\$3.12)
									Refund	\$22.66
TREXLER, CLARENCE	843 WILSON RIDGE RD		BOONE, NC 28607	Tag Surrender	11/24/2014	WATAUGA COUNTY	Tax	(\$13.56)	\$0.00	(\$13.56)
						BOONE FIRE	Tax	(\$2.17)	\$0.00	(\$2.17)
									Refund	\$15.73
TRIVETTE, DOROTHY	1745 PEORIA RD		SUGAR GROVE, NC 28679	Tag Surrender	11/20/2014	WATAUGA COUNTY	Tax	(\$16.90)	\$0.00	(\$16.90)
						BEAVER DAM FIRE	Tax	(\$2.70)	\$0.00	(\$2.70)
									Refund	\$19.60
TRUEMAN, THOMAS	918 GREEN KNOB MTN RD		BOONE, NC 28607	Situs error	11/24/2014	WATAUGA COUNTY	Tax	\$0.00	\$0.00	\$0.00
						BOONE	Tax	(\$182.86)	\$0.00	(\$182.86)
						BOONE	Vehicle Fee	(\$5.00)	\$0.00	(\$5.00)
						MEAT CAMP FIRE	Tax	\$22.30	\$0.00	\$22.30
									Refund	\$165.56
VIERTEL, TIMOTHY	672 GREYSTONE DR		BOONE, NC 28607	Tag Surrender	11/12/2014	WATAUGA COUNTY	Tax	(\$34.97)	\$0.00	(\$34.97)
						BLOWING ROCK FIRE	Tax	(\$5.59)	\$0.00	(\$5.59)
									Refund	\$40.56
									Refund Total	\$853.69

**AGENDA ITEM 11:**

**BUDGET AMENDMENTS**

**MANAGER'S COMMENTS:**

Ms. Margaret Pierce, Finance Director, will review budget amendments as included in your packet.

Board approval is requested.



## WATAUGA COUNTY FINANCE OFFICE

814 West King St., Suite 216, Boone, NC 28607 Phone (828) 265-8007

### MEMORANDUM

**TO:** Deron T. Geouque, County Manager  
**FROM:** Margaret Pierce, Finance Director  
**SUBJECT:** Budget Amendments - FY 2014/15  
**DATE:** December 9, 2014

The following budget amendments require the approval of the Watauga County Board of Commissioners. Board approval is requested.

<u>Account #</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
103839 341100	Donations		44,400
104199 457000	Capital Outlay-Land	44,400	

Per Board action; to recognize the donations of property from Brown Farm (\$26,300) and Mary Ann Lazarides (\$18,100).

<u>Account #</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
223317 343109	Federal Equitable Sharing Funds		3,800
224310 454000	Capital Outlay-Vehicles	3,800	

Per Board action; to allocate funds for the purchase of the seized 2003 Dodge truck.

<u>Account #</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
103300 343314	NC Dept of Public Safety Grant		10,000
104330 449902	Hazardous Materials Planning Grant	10,000	

Per Board action; to recognize award of the hazardous materials training grant for the exercise near Elk Motel. No County match is required.

<u>Account #</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
103839 341100	Donations		2,600
104950 449901	Multiflora Rose Eradication funds		4,563
104960 449903	NC Agricultural Trust Grant	7,163	

Per Board action; to increase the grant match funding by donations and allow for additional equipment purchase as part of the grant from NC Agricultural Trust Fund.

**AGENDA ITEM 12:****MISCELLANEOUS ADMINISTRATIVE MATTERS*****A. Boards and Commissions*****MANAGER'S COMMENTS:****Watauga Medical Center Board of Trustees**

The Watauga Medical Center Board of Trustees has recommended Mr. Joe Miller, Mr. Paul Miller, Jr., and Dr. Paul Dagher (would fill required position of active member of the medical staff) for appointment as Board Trustees. Each of their terms would be effective January 1, 2015, through December 31, 2017. These are first readings and, therefore, no action is required at this time.

**Recreation Commission**

The following school district nominations were made for expiring terms on the Recreation Commission:

Hardin Park	Brittany Bolick
Green Valley	Denny Norris
Valle Crucis	Carolina Carney
Parkway	Gene Swift

The above would each be reappointments and this is a first reading so action is not required.

**Boone Rural Fire Protection Service District**

Each Commissioner appoints a representative to the Boone Rural Fire Protection Service District Board whose term will run concurrent with the term of the appointing Commissioner. Boone Rural Fire Service District Board members must own property and reside within that Fire Service District. Vice-Chairman Blust's appointment was tabled at the last meeting.

**Watauga County Planning Board**

Each Commissioner nominates a representative to the Watauga County Planning Board whose term will run concurrent with the term of the appointing Commissioner. Planning Board members must live within the appointing Commissioners District and action must be taken by the entire Board of Commissioners to make these appointments. These appointments were tabled at the last meeting.





Richard G. Sparks, FACHE  
President

December 11, 2014

Mr. Deron Geouque, Manager  
Watauga County  
814 West King Street, Suite 205  
Boone, NC 28607

Dear Deron:

The Watauga Medical Center, Inc. Board of Trustees at their regular meeting on December 4, 2014 took action to submit the following individuals for consideration by the Commissioners for appointment to the Watauga Medical Center Board of Trustees. The appointments will be for three year terms beginning January 2015 and ending December 2017.

Mr. Joe Miller  
Mr. Paul Miller, Jr.  
Dr. Paul Dagher ( This position is in fulfillment of the corporation's bylaws regarding one member of the Board of Trustees being an Active member of the Medical Staff)

Should you need additional information or have any questions, please do not hesitate to call me. Thank you for your assistance in this matter.

Sincerely,

A handwritten signature in blue ink, appearing to read "R. Sparks", is written over the word "Sincerely,".

Richard G. Sparks

**Anita.Fogle**

**From:** Amy Parsons  
**Sent:** Monday, December 08, 2014 1:08 PM  
**To:** Anita.Fogle  
**Subject:** FW: Watauga County Rec. Committee

**From:** Stephen Poulos  
**Sent:** Monday, December 08, 2014 11:08 AM  
**To:** Amy Parsons  
**Subject:** FW: Watauga County Rec. Committee



Stephen J. Poulos, Director  
 Watauga County Parks and Recreation  
 231 Complex Drive  
 Boone, N.C. 28607  
 828.264.9511  
 828.264.9523 fax  
[stephen.poulos@watgov.org](mailto:stephen.poulos@watgov.org) NEW Email!  
[www.wataugacounty.org](http://www.wataugacounty.org)

**From:** Mary Smalling [<mailto:smallingmc@watauga.k12.nc.us>]  
**Sent:** Tuesday, December 02, 2014 8:24 AM  
**To:** Stephen Poulos  
**Subject:** Watauga County Rec. Committee

Dear Mr. Poulos,

I would like to recommend Brittany Bolick as the representative for the Watauga County Recreation Committee for Hardin Park.

Thank you,  
 Ms Smalling

--

**Mary Smalling**

Principal

Hardin Park School

361- Jefferson Hwy.

Boone, NC 28607

(828)264-8481 (Phone)

(828)265-3609 (Fax)

<http://wataugasd.hpes.schoolfusion.us>

*Note: All email correspondence to and from this address is subject to public review under the North Carolina public records law. As a result, messages may be monitored by and disclosed to third parties.*

In compliance with federal law, Watauga County Schools administers all education programs, employment activities and admissions without discrimination against any person on the basis of gender, race, color, religion, national origin, age or disability.

**Anita.Fogle**

**From:** Amy Parsons  
**Sent:** Monday, December 08, 2014 9:57 AM  
**To:** Anita.Fogle  
**Subject:** FW: Board nominee

**From:** Stephen Poulos  
**Sent:** Friday, December 05, 2014 11:10 AM  
**To:** Philip Norman; Amy Parsons  
**Subject:** RE: Board nominee

Philip,

Thanks very much!

Stephen



Stephen J. Poulos, Director  
 Watauga County Parks and Recreation  
 231 Complex Drive  
 Boone, N.C. 28607  
 828.264.9511  
 828.264.9523 fax  
[stephen.poulos@watgov.org](mailto:stephen.poulos@watgov.org) NEW Email  
[www.wataugacounty.org](http://www.wataugacounty.org)

**From:** Philip Norman [<mailto:normanp@watauga.k12.nc.us>]  
**Sent:** Thursday, December 04, 2014 8:38 AM  
**To:** Stephen Poulos  
**Subject:** Board nominee

I am nominating Denny Norris for Green Valley's representative on the recreation commission to the Watauga County Commissioners.

--

**Philip L. Norman**  
 Principal  
 Green Valley School

189 Big Hill Rd  
 Boone, NC 28607  
 Phone: (828) 264-3606  
 Fax: (828) 264-8108

<http://wataugasd.gves.schoolfusion.us>

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**From:** Amy Parsons  
**Sent:** Monday, December 08, 2014 9:56 AM  
**To:** Anita.Fogle  
**Subject:** FW: call

---

**From:** Stephen Poulos  
**Sent:** Sunday, November 30, 2014 11:12 AM  
**To:** Preston Clarke; Amy Parsons  
**Subject:** RE: call

Got ya, have a great day!

Go PACK GO! 😊

S



Stephen J. Poulos, Director  
Watauga County Parks and Recreation  
231 Complex Drive  
Boone, N.C. 28607  
828.264.9511  
828.264.9523 fax  
[stephen.poulos@watgov.org](mailto:stephen.poulos@watgov.org) NEW Email!  
[www.wataugacounty.org](http://www.wataugacounty.org)

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**From:** Preston Clarke [<mailto:clarkep@watauga.k12.nc.us>]  
**Sent:** Sunday, November 30, 2014 11:11 AM  
**To:** Stephen Poulos  
**Subject:** Re: call

Stephen,

We do wish to nominate Carolina Carney to serve in the same capacity again. Thank you.

On Sun, Nov 30, 2014 at 10:47 AM, Stephen Poulos <[Stephen.Poulos@watgov.org](mailto:Stephen.Poulos@watgov.org)> wrote:

Preston,

I hope you and family had a good thanksgiving! Chris left me a voice mail, if I can get a letter or email stating you wish to nominate Carolina Carney again, it would be much appreciated. Carolina has been a good member and we are glad she will remain with us.

Thank you!

Stephen



PARKWAY PROUD!

**Parkway School**

160 Parkway School Drive  
Boone, NC 28607

Phone: 828-264-3032 - Fax: 828-264-7999

Mrs. Melissa Costin, Principal  
Mrs. Stephanie Weeks, Assistant Principal

December 8, 2014

Mr. Deron Geouque  
Watauga County Manager  
814 West King Street, Suite 205  
Boone, NC 28607

Re: Nomination for Recreation Commission

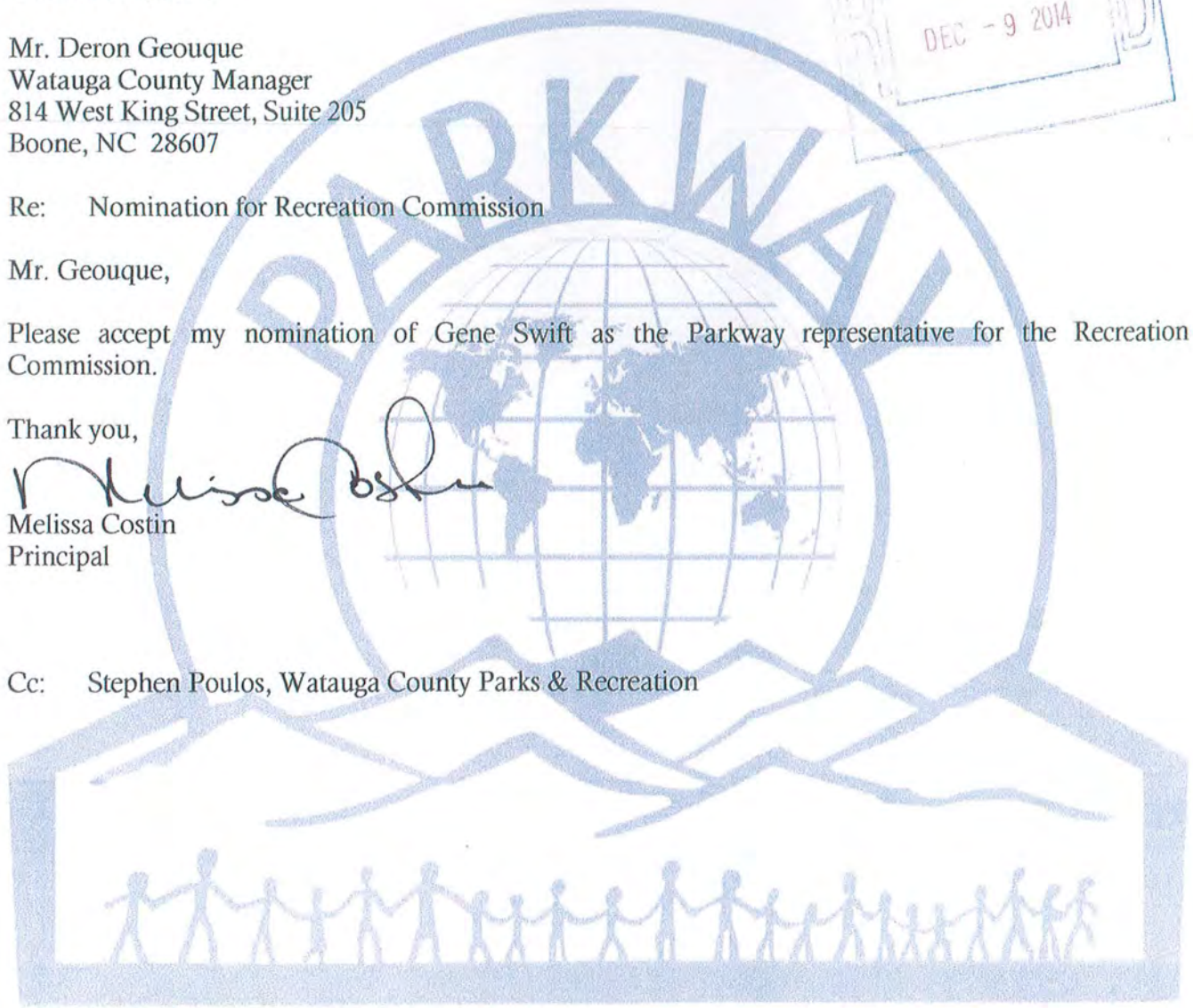
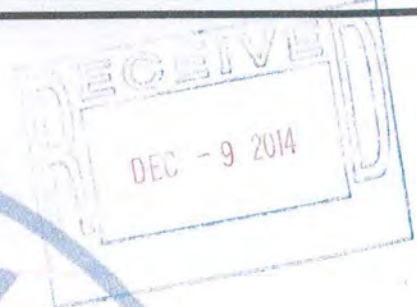
Mr. Geouque,

Please accept my nomination of Gene Swift as the Parkway representative for the Recreation Commission.

Thank you,

  
Melissa Costin  
Principal

Cc: Stephen Poulos, Watauga County Parks & Recreation



### Boone Rural Fire Protection Service District Board Of Directors

This Board is responsible for overseeing the tax and setting the tax rate on a yearly basis.

**(Must live in District; Second Thursday of January, April, July, and October at 7:00 PM Boone Fire Station #2)**

<b>Member</b>	<b>Appointment Date</b>	<b>Term Expiration Date</b>	<b>Commissioner</b>
Tommy Critcher	01/15/13	12/2016	District 1 – Yates
Lee Stroupe	01/15/13	12/2016	District 2 – Welch
Jimmy Marsh	02/19/13	12/2018	District 3 – Kennedy
Weldon Critcher	02/01/11	12/2014	District 4 – Blust
Johnny Hampton	12/01/14	12/2018	District 5 - Hodges

### Watauga County Planning Board

Develops and recommends policies, ordinances, administrative procedures and other means for carrying out plans in a coordinated and efficient manner.

**(3rd Monday of each month at 6:00 PM in the Commissioners' Board Room at the County Administration Building)**

Member	Appointment Date	Term Expiration Date	Commissioner
Todd Castle	01/2013	12/2016	District 1 – Yates
Neil Hartley	03/2013	12/2016	District 2 – Welch
Dennis Scanlin	03/2013	12/2014	District 3 – Kennedy
Jim West	01/2011	12/2014	District 4 – Blust
Vacant			District 5 – Hodges
Jamey Hodges	12/2011	12/2015	At-Large
Richard Mattar	02/2014	12/201	At-Large

**AGENDA ITEM 12:****MISCELLANEOUS ADMINISTRATIVE MATTERS*****B. Announcements*****MANAGER'S COMMENTS:**

The NCACC Legislative Goals Conference will be held January 14-16, 2015, in Moore County. If you wish to attend, please notify Anita who will assist with your registration.

The Essentials of County Government course will be held the following dates:

January 8-9, 2015	Winston-Salem
January 23-24, 2015	Chapel Hill
February 11-12, 2015	Asheville
February 18-19, 2015	New Bern

Additional information is included in your packet. If interested in attending, please notify Anita who will assist with your registration and accommodations.

The first regular meeting in January has been cancelled; therefore, the next regular Board meeting will be held on Tuesday, January 20, 2014, at 5:30 P.M.



**From:** NCACC <ncacc@ncacc.org>  
**Sent:** Tuesday, December 09, 2014 4:18 PM  
**To:** Anita.Fogle  
**Subject:** Registration continues for NCACC Legislative Goals Conference, new Board Chairs training session



### **Legislative Goals Conference to be held Jan. 15-16**

## **Board of Directors approves slate of proposals for conference**



The NCACC Board of Directors at its Dec. 3 meeting approved a [slate of 44 proposals](#) to be considered at the 2015 Legislative Goals Conference, which will be held Jan. 15-16, 2015, in Moore County. This conference is the culmination of a months-long process to discuss and deliberate more than 350 proposals that have been submitted by a record number of counties.

The vote of our member counties at this conference will establish our legislative agenda for the full two years of the 2015 Session of the General Assembly. Each county is strongly encouraged to send at least one delegate to the conference to make sure your county's voice is heard.

Newly elected county commissioners are especially encouraged to attend to learn about the issues of importance to counties.

The pre-registration fee of \$99 will be waived for county commissioners (only the elected officials) who register on or before Tuesday, Jan. 6. After that date, the on-site registration fee of \$125 will apply for all registrants.

- [Registration](#)
- Click [here](#) to download a PDF booklet with information on all the proposed goals.

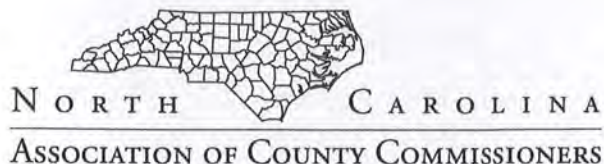
### **Registration open for "Leading your County Governing Board"**

## **Training Session for newly elected chairs, vice chairs**

The NCACC and the School of Government at the University of North Carolina have scheduled a one-day training seminar for newly elected county board chairs and vice chairs on Wednesday, Jan. 14, 2015. Space is limited for this session, and pre-registration is required. Priority will be given to current board chairs and vice chairs, but all commissioners are eligible to attend.

The session will discuss the legal responsibilities and duties for chairs and vice chairs, how to run a meeting, tips for building and maintaining effective relationships with all board members and advice on best practices for media relations. Faculty will include NCACC staff and staff from the School of Government.

A registration fee of \$95 for this one-day session is required. Please visit the [registration page](#) and select the "Leading your County Governing Board" option on the registration page to sign up for this exciting session.



**VOTING DELEGATE DESIGNATION FORM  
LEGISLATIVE GOALS CONFERENCE  
January 15-16, 2015 (Thursday – Friday)  
Pinehurst Resort – Moore County**

**NOTE: Please place this action on your board meeting agenda.**

Each Board of County Commissioners is hereby requested to designate a commissioner or other official as a voting delegate for the 2015 Legislative Goals Conference. Each voting delegate should complete and sign the following statement and **RETURN IT TO THE ASSOCIATION NO LATER THAN FRIDAY, JANUARY 2, 2015.**

**PLEASE RETURN FORM TO SHEILA SAMMONS, CLERK TO THE BOARD BY EMAIL: [SHEILA.SAMMONS@NCACC.ORG](mailto:SHEILA.SAMMONS@NCACC.ORG) OR FAX: 919-719-1172.**

I, \_\_\_\_\_, hereby certify that I am the duly designated voting delegate for \_\_\_\_\_ County at the North Carolina Association of County Commissioners 2015 Legislative Goals Conference.

Signed: \_\_\_\_\_

Title: \_\_\_\_\_

Article VI, Section of the Association’s Constitution provides:

“On all questions, including the election of officers, each county represented shall be entitled to one vote, which shall be the majority expression of the delegates of that county. The vote of any county in good standing may be cast by any one of its County Commissioners who is present at the time the vote is taken; provided, if no commissioner be present, such vote may be cast by another county official, elected or appointed, who holds elective office or an appointed position in the county whose vote is being cast and who is formally designated by the Board of County Commissioners. These provisions shall likewise govern district meetings of the Association. A county in good standing is defined as one which has paid the current year’s dues.”

**AGENDA ITEM 13**

**PUBLIC COMMENT**

**AGENDA ITEM 14:**

**BREAK**

**AGENDA ITEM 15:**

**CLOSED SESSION**

Attorney/Client Matters – G. S. 143-318.11(a)(3)