

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

**TUESDAY, DECEMBER 17, 2019
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 3, 2019, Regular Meeting December 3, 2019, Closed Session		1
	3	APPROVAL OF THE DECEMBER 17, 2019, AGENDA		13
5:35	4	NORTH CAROLINA DEPARTMENT OF JUSTICE OPIOID AWARENESS PRESENTATION	MS. HOLLY JONES	15
5:40	5	PRESENTATION OF FY 2019 AUDIT	MR. TRAVIS KEEVER	29
5:45	6	APPALACHIAN STATE REQUEST TO BUILD STRUCTURE ON LEASED LANDFILL PROPERTY	MR. JEREMY FERRELL	163
5:50	7	BID AWARD FOR WIRELESS NETWORK SYSTEM AT THE NEW COMMUNITY RECREATION CENTER	MR. DREW EGGERS	179
5:55	8	TAX MATTERS A. Monthly Collections Report B. Refunds & Releases	MR. LARRY WARREN	183 185
6:00	9	PROPOSED CONTRACT FOR DESIGN BUILD SERVICES FOR THE ADMINISTRATION AND COURTHOUSE ROOFS	MR. ROBERT MARSH	193
6:05	10	PROPOSED AMENDMENT TO AUDIT CONTRACT	MS. MISTY WATSON	195
6:10	11	MISCELLANEOUS ADMINISTRATIVE MATTERS A. Cove Creek Preservation and Development (CCP&D) Request to Remove Trees at Old Cove Creek School B. Request to Surplus Turner Property House C. Sheriff's Office Vehicle Purchase Request D. Boards and Commissions E. Announcements	MR. DERON GEOUQUE	201 205 207 213 217
6:15	12	PUBLIC COMMENT		219
7:15	13	BREAK		219
7:20	14	CLOSED SESSION Attorney/Client Matters – G. S. 143-318.11(a)(3)		219
7:30	15	ADJOURN		

AGENDA ITEM 2:

APPROVAL OF MINUTES:

December 3, 2019, Regular Meeting

December 3, 2019, Closed Session

DRAFT**MINUTES****WATAUGA COUNTY BOARD OF COMMISSIONERS
TUESDAY, DECEMBER 3, 2019**

The Watauga County Board of Commissioners held a regular meeting, as scheduled, on Tuesday, December 3, 2019, at 8:30 A.M. in the Commissioners' Board Room of the Watauga County Administration Building, Boone, North Carolina.

PRESENT: John Welch, Chairman
 Billy Kennedy, Vice-Chairman
 Larry Turnbow, Commissioner
 Charlie Wallin, Commissioner
 Perry Yates, Commissioner
 Anthony di Santi, County Attorney
 Deron Geouque, County Manager
 Anita J. Fogle, Clerk to the Board

County Manager Geouque called the meeting to order at 8:37 A.M.

BOARD ORGANIZATIONAL MATTERS

County Manager Geouque called for the election of the Chairman and Vice-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 Kennedy, seconded by Commissioner Yates, moved to nominate Commissioner Welch for Chairman.

VOTE: Aye-5
 Nay-0

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

VOTE: Aye-5
 Nay-0

The meeting was then turned over to Chairman Welch.

APPROVAL OF MINUTES

Chairman Welch called for additions and/or corrections to the November 19, 2019, regular meeting and closed session minutes.

Vice-Chairman Kennedy, seconded by Commissioner Turnbow, moved to approve the November 19, 2019, regular meeting minutes as presented.

VOTE: Aye-5
Nay-0

Vice-Chairman Kennedy, seconded by Commissioner Turnbow, moved to approve the November 19, 2019, closed session minutes as presented.

VOTE: Aye-5
Nay-0

BOARD ORGANIZATIONAL MATTERS (CONTINUED)

B. Staff Appointments

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

VOTE: Aye-5
Nay-0

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

VOTE: Aye-5
Nay-0

Commissioner Turnbow, seconded by Vice-Chairman Kennedy, moved to reappoint both Monica Harrison and Tammy Adams as Substitute Clerks to the Board.

VOTE: Aye-5
Nay-0

Commissioner Turnbow, seconded by Vice-Chairman Kennedy, moved to reappoint di Santi, Watson, Capua, Wilson, & Garrett as the Law Firm representing Watauga County as legal counsel including the Watauga County Department of Social Services and the Child Support Enforcement Offices with rates to remain as current and to authorize di Santi Watson, Capua, Wilson, & Garrett, Social Services Attorney, to hire outside council when they have a conflict.

VOTE: Aye-5
Nay-0

[Clerk's Note: The current rate for legal services by the County Attorney is \$125.00 per hour.]

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

Vice-Chairman Kennedy, seconded by Commissioner Turnbow, moved to approve the individual fidelity bonds as presented and to approve the Finance Director, County Manager, and Chairman of the Board of Commissioners as the authorized signers for disbursements on all County accounts and to approve additional signers and Deputy Finance Officers, on the Inmate Commissary account only, as Randy Greene, James Sharpe, Barry Trivette, and Michael Brown and to approved the official depositories of the County as First National Bank and BB&T.

VOTE: Aye-5
Nay-0

D. Commissioner Appointments to Boards & Commissions

Chairman Welch presented the attached list of current Commissioner Board appointments:

Board/Commission	Member
Appalachian District Health Department	Yates
Appalachian Theatre Board of Trustees Ex-Officio Member	Wallin or Welch
AppalCART Authority	Wallin
Blue Ridge Resource Conservation & Development Area	Turnbow
Caldwell Community College & Technical Institute - Watauga Advisory Board	Welch
Children's Council	Turnbow
Child Protection Team	Kennedy

Cooperative Extension Advisory Leadership Board	Yates
Economic Development Commission (EDC)	Turnbow
Educational Planning Committee (2 appointees)	Wallin & Welch
EMS Advisory Committee	Yates
High Country Council of Governments Executive Board Rural Transportation Advisory Committee	Turnbow
Juvenile Crime Prevention Council (JCPC)	Welch
Humane Society	Turnbow
Library Board	Kennedy
Motor Vehicle Valuation Review Committee	Welch
New River Service Authority Board	Wallin
Northwest Regional Housing Authority (five-year term expires Dec. 12, 2019)	Pat Vines
POA Advisory Committee (Home & Community Care Block Grant)	Yates
Sheriff's Office Liaison	Kennedy & Turnbow
Vaya County Commissioner Advisory Board	Wallin
Social Services Advisory Board	Wallin
Watauga County Fire Commission	Yates
Watauga County Personnel Advisory Committee	Welch
Watauga County Recreation Commission	Welch
Watauga Medical Center Board of Trustees	Kennedy
Watauga Opportunities, Inc.	Turnbow
Workforce Development Board (WDB)	Chairman

Vice-Chairman Kennedy, seconded by Commissioner Yates, moved to accept the appointments as currently seated including the reappointment of Pat Vines to a five-year term as the Northwest Regional Housing Authority representative.

VOTE: Aye-5
Nay-0

E. Regular Meeting Schedule

Chairman Welch 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 Turnbow, 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 Welch called for additions and/or corrections to the December 3, 2019, agenda.

County Manager Geouque requested to add a proposed resolution establishing the Register of Deeds' salary.

Commissioner Wallin, seconded by Commissioner Turnbow, moved to approve the December 3, 2019, agenda as presented.

VOTE: Aye-5
Nay-0

PROPOSED RESOLUTION ESTABLISHING THE REGISTER OF DEEDS' SALARY

County Manager Geouque stated that, per Statute, for the filing period for 2020 elections, the Board must establish the salary for the Register of Deeds in order for filing fees to be determined. The entry level salary on the County's current pay plan is \$60,629 and is the amount listed in the proposed resolution.

Vice-Chairman Kennedy, seconded by Commissioner Yates, moved to adopt the resolution establishing the Register of Deeds Salary as presented.

VOTE: Aye-5
Nay-0

SANITATION MATTERS

A. Bid Award Request for Motor Grader

Mr. Rex Buck, Operations Services Director, presented a bid for one (1) new Leeboy Motor Grader in the amount of \$187,652 from Ascendum Machinery which includes an eight foot front blade. The motor grader will be utilized for maintenance of roads to county cell towers and ball field maintenance and repair. County Manager Geouque stated that adequate funds were available in the current Sanitation budget to cover the expense.

Commissioner Turnbow, seconded by Commissioner Wallin, moved to authorize the purchase of one (1) new Leeboy Motor Grader in the amount of \$187,652 from Ascendum Machinery.

VOTE: Aye-5
Nay-0

B. Bid Award Request for Tub Grinder

Mr. Rex Buck presented a bid for one (1) new DuraTech Model 2009 Tub Grinder in the amount of \$231,383.22 from Public Works Equipment, Inc. County Manager Geouque stated that adequate funds were available in the current Sanitation budget to cover the expense.

Vice-Chairman Kennedy, seconded by Commissioner Turnbow, moved to authorize the purchase of one (1) new DuraTech Model 2009 Tub Grinder in the amount of \$231,383.22 from Public Works Equipment, Inc.

VOTE: Aye-5
Nay-0

C. Bid Award Request for Container Delivery Truck

Mr. Rex Buck presented a bid for the purchase of one (1) new Container Delivery Truck in the amount of \$115,866.19 from CES, Inc. County Manager Geouque stated that adequate funds were available in the current Sanitation budget to cover the expense.

Commissioner Wallin, seconded by Commissioner Turnbow, moved to authorize the purchase of one (1) Container Delivery Truck in the amount of \$115,866.19 from CES, Inc.

VOTE: Aye-5
Nay-0

BUDGET AMENDMENTS

Ms. Misty Watson, Finance Director, reviewed the following budget amendments:

Account #	Description	Debit	Credit
103311-312013	TDA Donation – Rocky Knob Playground		\$40,079
104288-451000	Capital Outlay – Equipment	\$72,408	
103311-312014	Grant – Rocky Knob Playground		\$32,329

The amendment recognized acceptance of a donation from the Watauga County District U Tourism Development Authority and a grant from GameTime as part of the 2019 NCRPA Statewide Training and Funding Initiative and for replacement of the Rocky Knob Playground.

103300-349606	Soil and Water Grant		\$18,001
104960-449917	Soil and Water Grant – Resource Institute	\$18,001	

The amendment recognized the acceptance of the Division of Water Resources pass-through funds. No match is required.

103991-399100	Fund Balance Appropriated		\$375,000
104199-457008	Capital Outlay – Valle Landing Property	\$375,000	

The amendment recognized the purchase of the Valle Landing property from fund balance as approved by the Board at the June 4, 2019, Board Meeting.

103991-399100	Fund Balance Appropriated		\$367,129
104199-469150	Watauga County Humane Society Loan	\$367,129	

The amendment shows funds used to pay off the Watauga County Humane Society loan for refinancing through Watauga County as approved at the November 19, 2019, Board Meeting.

Commissioner Yates, seconded by Commissioner Turnbow, moved to approve the budget amendments as presented by Ms. Watson.

VOTE: Aye-5
Nay-0

PROPOSED PROCLAMATION IN SUPPORT OF NATIONAL RADON ACTION MONTH IN WATAUGA COUNTY

Chairman Welch presented a proposed proclamation in support of National Radon Action Month in Watauga County as requested by Mr. Phillip Ray Gibson, North Carolina Radon Program Coordinator with the Division of Health Service Regulation, Radiation Protection Section, of the North Carolina Department of Health and Human Services.

Commissioner Yates, seconded by Commissioner Wallin, moved to adopt the proclamation supporting National Radon Action Month in Watauga County.

VOTE: Aye-5
Nay-0

MISCELLANEOUS ADMINISTRATIVE MATTERS

A. Presentation of the North Carolina Recreation and Parks Association (NCRPA) Healthy Plan and Recreation Initiative Grant

County Manager Geouque stated that at the November 19, 2019, Board of Commissioners meeting, Ms. Michelle Wells, Executive Director of the NC Recreation and Parks Association (NCRPA), presented the County with the NCRPA Healthy Plan and Recreation Initiative Grant for new playground equipment. The \$70,000 grant required a fifty percent (50%) match that will be provided by the Watauga County Tourism Development Authority (TDA). Board approval was required to accept the grant from the North Carolina Recreation and Parks Association in the amount of \$70,000 and authorize staff to purchase the new equipment. However, during the presentation of the grant no formal authorization was given.

Vice-Chairman Kennedy, seconded by Commissioner Turnbow, moved to formally accept the NCRPA Healthy Plan and Recreation Initiative grant and to authorize staff to purchase the new playground equipment.

VOTE: Aye-5
Nay-0

B. Proposed Forest Service Lease

County Manager Geouque presented the proposed Forest Service lease with a three (3) year term from December 1, 2019, to November 30, 2022.

Property owned by the County may be leased or rented for such terms and upon such conditions as the Board may determine, for up to ten (10) years. Property may be rented or leased only pursuant to a resolution of the Board authorizing the execution of the lease or rental agreement adopted at a regular Board meeting upon 10 days' public notice. Notice shall be given by publication describing the property to be leased or rented, stating the annual rental or lease payments, and announcing the Board's intent to authorize the lease or rental at its next regular meeting.

County Manager Geouque stated that the notice requirement has been met. The County Manager stated that Board approval, contingent upon County Attorney review, is required to approve the lease and completion of PO-28 Lease proposal form. County Attorney di Santi stated that he had reviewed the lease which is worded the same as the current lease.

County Manager Geouque stated that in the near future the Forest Service would be requesting to rent office space from the Cooperative Extension Building. He stated that he had offered for the State to move a new office trailer onto the property currently being lease. The State, however, planned to continue to use that for connex boxes and vehicles.

Commissioner Turnbow, seconded by Commissioner Yates, moved to approve the lease as presented.

VOTE: Aye-5
Nay-0

C. January's Meeting Schedule

County Manager Geouque stated that the Board has traditionally cancelled one of the meetings in either 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 for that meeting. Historically, December and the first weeks in January have few issues requiring Board action.

Vice-Chairman Kennedy, seconded by Commissioner Yates, moved to cancel the January 7, 2020, Board meeting.

VOTE: Aye-5
Nay-0

D. Boards and Commissions

County Manager Geouque presented the following for consideration:

Watauga County Planning Board

The four year At-large Planning Board term of Mr. Jamie Hodges will expire in December. Mr. Hodges does not wish to be reappointed. Volunteer Applications from Mr. David Hill, Mr. Chuck Phillips, and Ms. Kimmy Tiedemann are included for consideration as second readings.

Commissioner Turnbow, seconded by Vice-Chairman Kennedy, moved to appoint Ms. Kimmy Tiedemann to serve as an At-large Planning Board member for a four year term ending in December 2023.

VOTE: Aye-5
Nay-0

E. Announcements

County Manager Geouque announced the following:

- The Annual Employee Christmas Lunch will be held at Dan'l Boone Inn on Tuesday, December 10, 2019, from 11:30 A.M. to 2:00 P.M. The first lunch group will begin at 11:30 A.M. and the second lunch group will begin at 1:00 P.M.
- The Register of Deeds, Clerk of Court, and Tax Office invites you to join them for holiday breakfast on Friday, December 13, 2019, from 8:30 to 10:00 A.M. in the hallway between the Clerk of Court and Register of Deeds offices.

PUBLIC COMMENT

There was no public comment.

CLOSED SESSION

At 9:00 A.M., Commissioner Wallin, seconded by Commissioner Turnbow, moved to enter Closed Session to discuss Attorney/Client Matters, per G. S. 143-318.11(a)(3) and Land Acquisition, per G. S. 143-318.11(a)(5)(i).

VOTE: Aye-5
Nay-0

Commissioner Yates, seconded by Commissioner Turnbow, moved to resume the open meeting at 9:37 A.M.

VOTE: Aye-5
Nay-0

POSSIBLE ACTION AFTER CLOSED SESSION

There was no action after Closed Session.

ADJOURN

Commissioner Wallin, seconded by Commissioner Turnbow, moved to adjourn the meeting at 9:37 A.M.

VOTE: Aye-5
Nay-0

John Welch, Chairman

ATTEST:
Anita J. Fogle, Clerk to the Board

Blank Page

AGENDA ITEM 3:

APPROVAL OF THE DECEMBER 17, 2019, AGENDA

Blank Page

AGENDA ITEM 4:

NORTH CAROLINA DEPARTMENT OF JUSTICE OPIOID AWARENESS PRESENTATION

MANAGER'S COMMENTS:

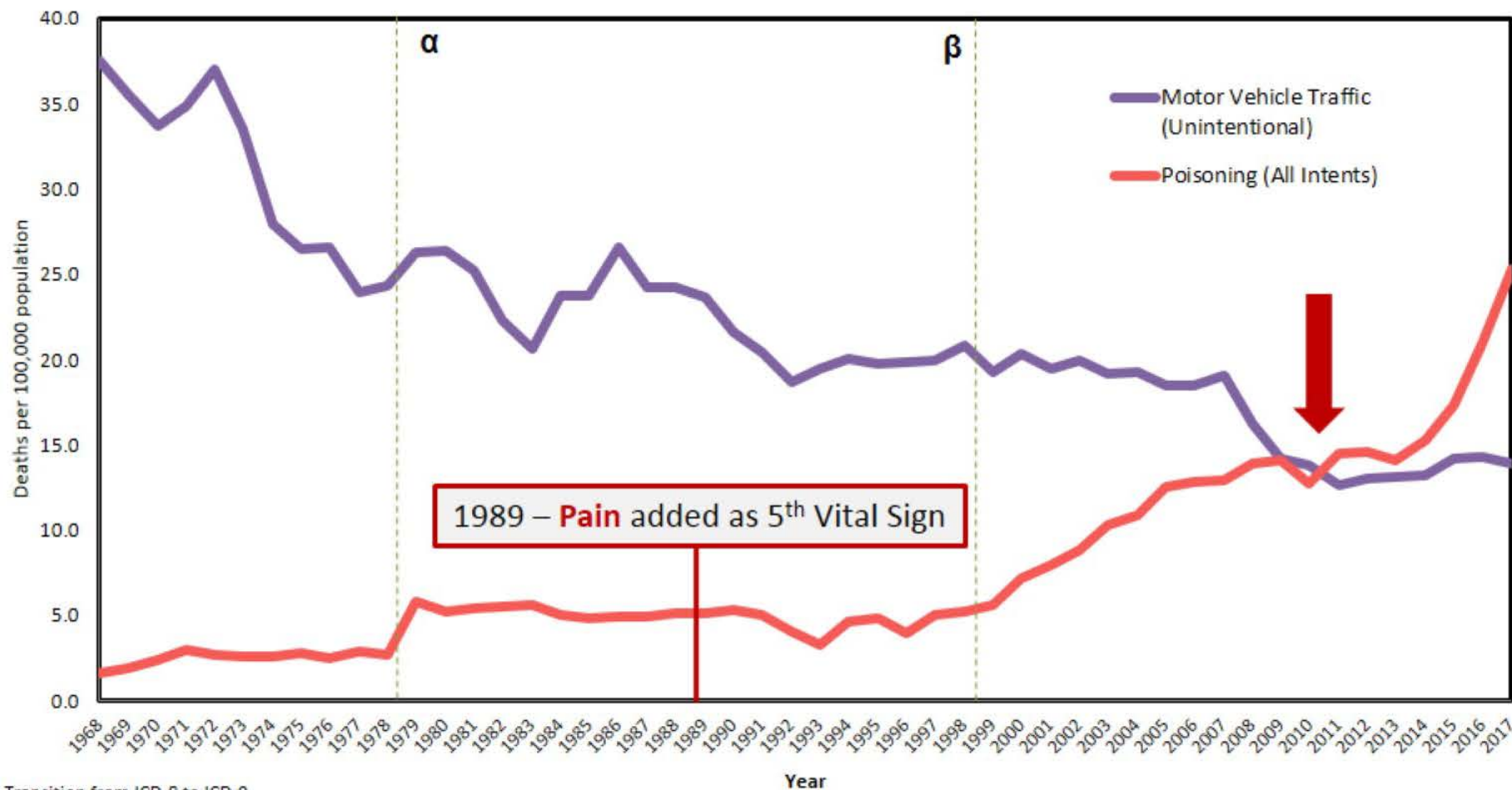
Ms. Holly Jones, North Carolina Department of Justice, will present the opioid awareness campaign. The presentation is for information only; therefore no action is required.



THE MORE POWERFUL NC OPIOID AWARENESS CAMPAIGN

Holly Jones
Community Partnership & Outreach Coordinator
North Carolina Department of Justice

Poisoning death rates are higher than traffic crash death rates in N.C.



α - Transition from ICD-8 to ICD-9

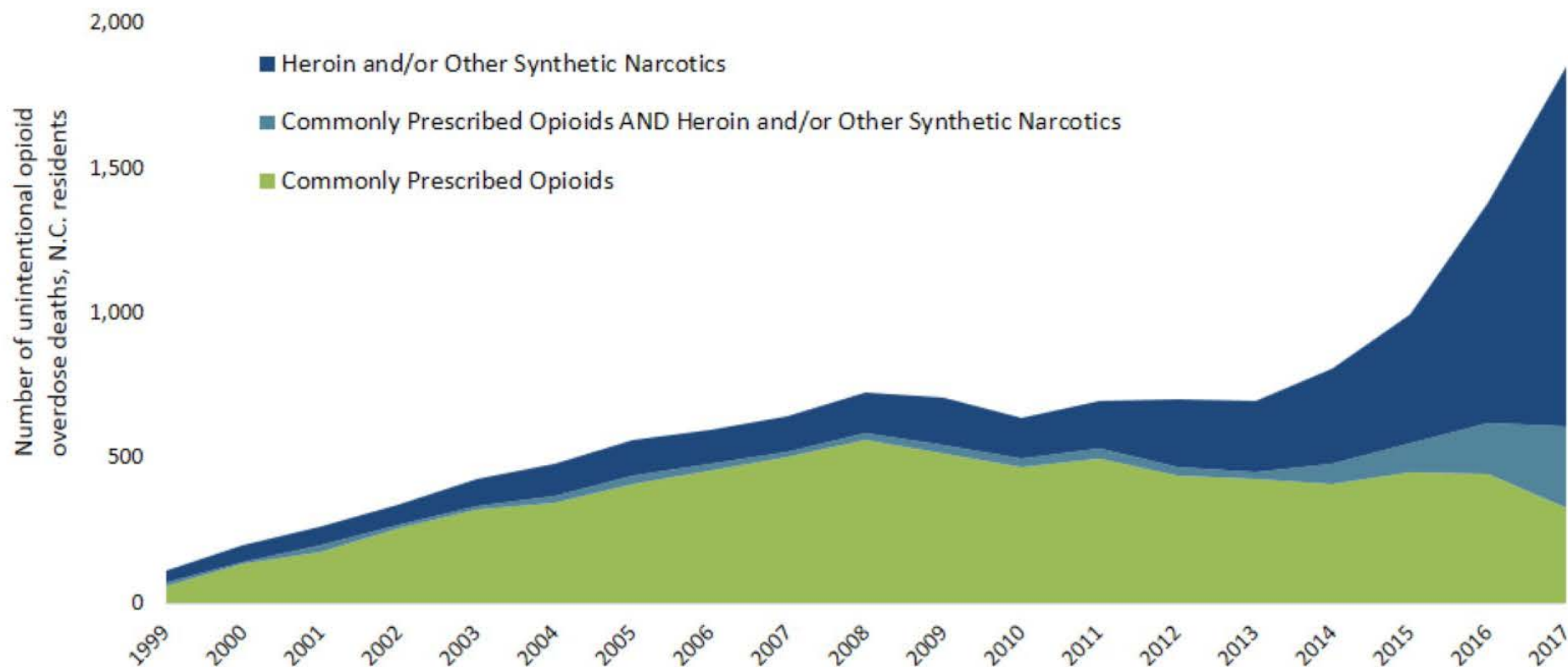
β - Transition from ICD-9 to ICD-10

Technical Notes: Rates are per 100,000 residents, age-adjusted to the 2000 U.S. Standard Population

Source: Death files, 1968-2016, CDC WONDER

Analysis by Injury Epidemiology and Surveillance Unit

Illicit opioids* were involved in approximately 80% of unintentional opioid overdose deaths in 2017



*Heroin and/or Other Synthetic Narcotics (mainly illicitly manufactured fentanyl and fentanyl analogues)

Technical Notes: Cases with only an Opium (T40.0) or only Other and Unspecified Narcotics (T40.6) code are excluded; Unintentional medication and drug poisoning: X40-X44 and any mention of T40.2 (Other Opioids), T40.3 (Methadone), T40.4 (Other synthetic opioid) and/or T40.6 (Other/unspecified narcotics); Limited to N.C. residents

Source: Deaths-N.C. State Center for Health Statistics, Vital Statistics, 1999-2017

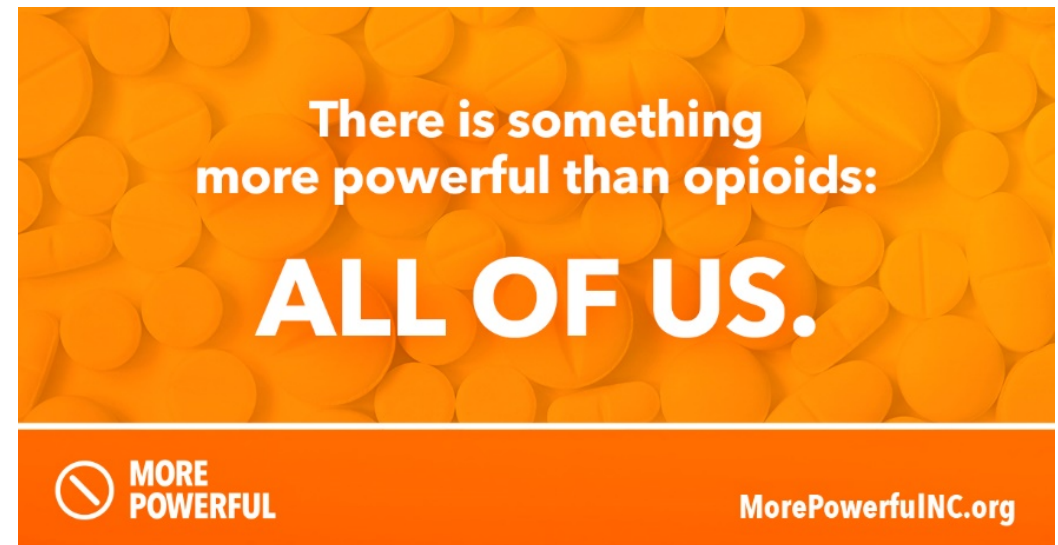
Analysis by Injury Epidemiology and Surveillance Unit

Prevention, Treatment and Enforcement

- Reduce over-prescribing of opioids
 - STOP Act
 - Law Enforcement Task Force
 - Synthetic Opioid Control Act
 - HOPE Act
- Raise public awareness and encourage action
 - More Powerful NC campaign

More Powerful NC: The Need

- Wide variation in awareness & understanding
- Little guidance on how to take action to address the challenge

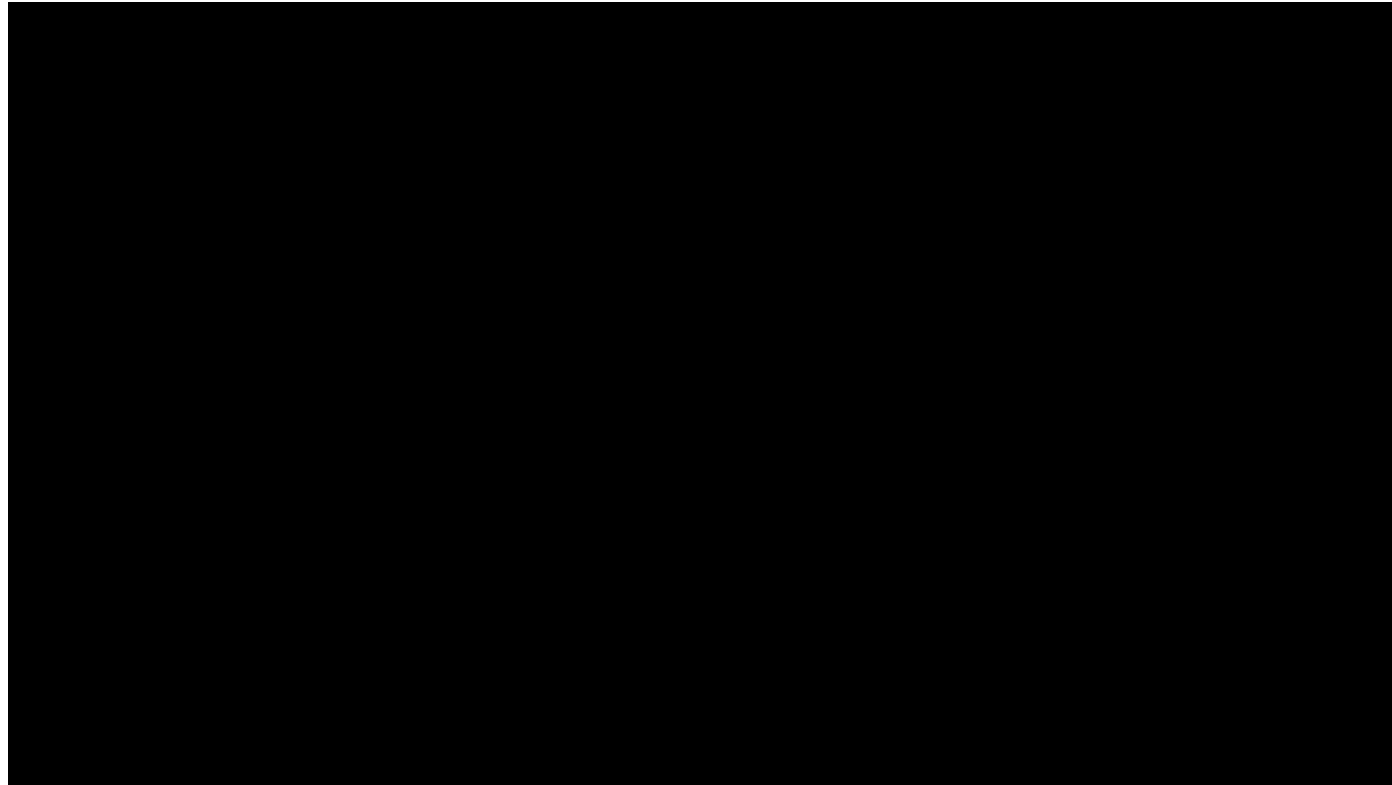


More Powerful NC: Coalition Partners

- DOJ, DHHS, DPI, DOI
- Atrium Health, BCBS-NC
- UNC Health Care Labcorp, Carolina Hurricanes and others



More Powerful NC: Anthem Video



More Powerful NC: Website Content

- Get Help
- Get Involved
- Get the Facts

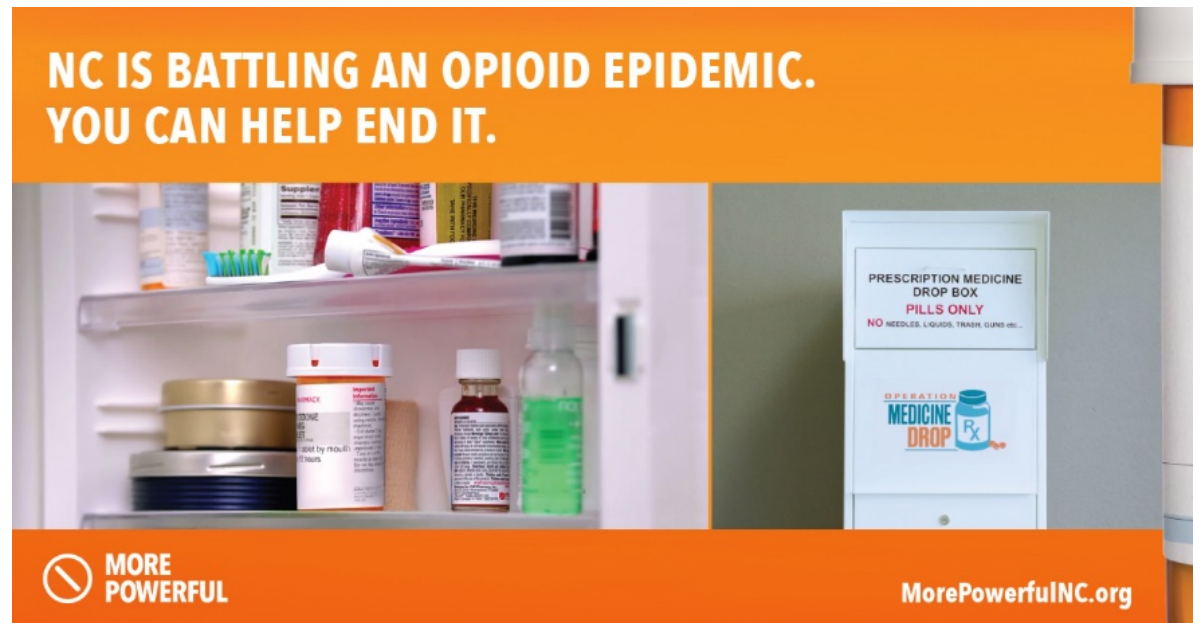
MORE POWERFUL GET HELP + GET INVOLVED + GET THE FACTS + ABOUT +

OVERPOWERING NC'S OPIOID EPIDEMIC

Misuse. Addiction. Double the overdoses in the past ten years alone. Opioids—including prescription pain medication, heroin, and fentanyl—are devastating lives in North Carolina. It's time for all of us to take the first step in solving the problem, because together, we are more powerful than opioids—and together, we can take back our communities.

More Powerful NC: Key messages

- Take back unneeded drugs
- Talk to your health care provider
- Talk to your family



More Powerful NC: Take Action Now

- Take the pledge
- Become a partner
- Pass a resolution
- Link to site

The screenshot shows the top navigation bar of the 'More Powerful NC' website. It features the logo 'MORE POWERFUL' on the left, followed by three menu items: 'GET HELP +', 'GET INVOLVED +', and 'GET THE FACTS +'. Below the navigation bar, the main heading 'TAKE ACTION NOW' is displayed in large, bold, black letters, underlined. Underneath the heading, a paragraph of text reads: 'There are so many things we can all do to take action on the opioid crisis. Right now, you can take a pledge to take action, become a partner, and pass a resolution in your community.'

Other County Partnerships

- Pretrial release
- Upcoming Regional Summits

QUESTIONS?

Blank Page

AGENDA ITEM 5:

PRESENTATION OF FY 2019 AUDIT

MANAGER'S COMMENTS:

Mr. Travis Keever, Gould Killiam CPA Group, P.A. and Ms. Misty Watson, Finance Director, will present the Fiscal Year 2019 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 \$155,261,296.
- ❖ The County's unassigned fund balance for the general fund was \$20,786,602 at the end of the year, representing 40.1% of total General Fund expenditures. This is an increase of \$649,173 in the unassigned fund balance from the previous year.
- ❖ The current year collection rate for property taxes was 99.01% which was an increase from last year's 98.83%. The County is still well above the statewide average of 98.24% for entities of similar populations in fiscal year 2017-18.
- ❖ **Outstanding debt principal increased by \$14,607,639.** Total outstanding debt principal at June 30, 2019 is \$49,604,027. Watauga County's legal debt limit is \$688,841,459 so the County continues to be well below the state limits.
- ❖ S&P updated their review of the County's financials and reaffirmed the County's stable outlook and credit rating at AA.

The audit is presented for information only; however, staff is requesting the Board to assign \$400,000 of health insurance savings from fiscal year 2019 for future plans of becoming fully self-insured.

Watauga County North Carolina

AUDIT WRAP UP

December 13, 2019

The following communication was prepared as part of our audit, has consequential limitations, and is intended solely for the information and use of those charged with governance (e.g., Governing Board and Audit Committee) and, if appropriate, management of the Government and is not intended and should not be used by anyone other than these specified parties.





December 13, 2019

To the Board of County Commissioners
Watauga County, North Carolina

Professional standards require us to communicate with you regarding matters related to the audit, that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. On March 21, 2019, we presented in the engagement letter an overview of our plan for the audit of the financial statements of the Watauga County (the County) as of and for the year ended June 30, 2019, including a summary of our overall objectives for the audit, and the nature, scope, and timing of the planned audit work.

This communication is intended to elaborate on the significant findings from our audit, including our views on the qualitative aspects of the County's accounting practices and policies, management's judgments and estimates, financial statement disclosures, and other required matters.

We are pleased to be of service to the County and look forward to meeting with you to discuss our audit findings, as well as other matters that may be of interest to you, and to answer any questions you might have.

Respectfully,

Gould Killian CPA Group, P.A.

Asheville, North Carolina

Discussion Outline

	Page
Status of Our Audit	1
Results of Our Audit	2
Internal Control over Financial Reporting.....	4
Other Required Communications	5
Independence Communication.....	6
Significant Accounting & Reporting Matters	6

Appendix A - Cybersecurity: Governments at Risk

Status of Our Audit

We have completed our audit of the financial statements as of and for the year ended June 30, 2019. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*. This audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

- The objective of our audit was to obtain reasonable - not absolute - assurance about whether the financial statements are free from material misstatements.
- The scope of the work performed was substantially the same as that described to you in our earlier audit planning communications.
- We have issued an unmodified opinion on the financial statements and released our report dated December 13, 2019.
- Our responsibility for other information in documents contained in the County's audited financial statements (e.g. management's discussion and analysis, budgetary comparisons, schedules of pension amounts) does not extend beyond the financial information identified in the audit report, and we are not required to perform procedures to corroborate such other information. However, in accordance with professional standards, we have read the information included by the County and considered whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements. Our responsibility also includes calling to management's attention any information that we believe is a material misstatement of fact. We have not identified any material inconsistencies or concluded there are any material misstatements of facts in the other information that management has chosen not to correct.
- All records and information requested by us were freely available for our inspection.
- Management's cooperation was excellent. We received full access to all information that we requested while performing our audit, and we acknowledge the full cooperation extended to us by all levels Watauga County's personnel throughout the course of our work.

Results of Our Audit

QUALITATIVE ASPECTS OF ACCOUNTING PRACTICES

The following summarizes the more significant required communications related to our audit concerning the County's accounting practices, policies, and estimates:

The County's significant accounting practices and policies are those included in Note 1 to the financial statements. These accounting practices and policies are appropriate, comply with generally accepted accounting principles and industry practice, were consistently applied, and are adequately described within Note 1 to the financial statements.

- A summary of recently issued accounting pronouncements is included in the Significant Accounting and Reporting Matters section of this report.
- The County implemented GASB No. 88 for the year ended June 30, 2019. The implementation of this statement was required by the standard setting board to improve the information that is disclosed in notes to financial statements related to debt, including direct borrowings and direct placements. This statement clarifies which liabilities should be included when disclosing information related to debt.
- The application of existing accounting policy was not changed during the fiscal year.
- We noted no transactions entered into by the County during the fiscal year for which there is a lack of authoritative guidance or consensus.
- All significant transactions have been recognized in the financial statements in the proper period.

Significant estimates are those that require management's most difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain.

Significant accounting estimates include:

Depreciation methods as described in the Notes to the financial statements

Allowances for uncollectible receivables, which are based upon management's judgments and the aging of receivables that may be uncollectible

Pension obligations, which are based on actuarial assumptions and methods, as well as the allocation of the overall plan data between the plan participants

Other post-employment benefits obligations, which are based on actuarial assumptions and methods

Liability for landfill post-closure care costs, which are based on estimates of future costs

- Management did not make any significant changes to the processes or significant assumptions used to develop the significant accounting estimates in FY 2019.
- We evaluated the key factors and assumptions used to develop the significant estimates in determining that they are reasonable in relation to financial statements taken a whole.

The financial statement disclosures are neutral, consistent, and clear.

CORRECTED AND UNCORRECTED MISSTATEMENTS

We have proposed two adjustments which have been made by management. We do not consider any of our proposed adjustments to be material audit adjustments, but rather adjustments made in the normal course of closing the books at the end of the year. A list of all audit adjustments is available upon request.

Results of Our Audit

There were also a small number of uncorrected misstatements (or passed adjustments). These passed adjustments were related to an overstatement of the compensated absence liability. We concur with management's assessment that the effects of not recording these adjustments are, both individually and in the aggregate, immaterial to the financial statements taken as a whole, considering both qualitative and quantitative factors. The proposed adjustments do not potentially cause future-period financial statements to be materially misstated.

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) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

We are required to communicate, in writing, to those charged with governance all material weaknesses and significant deficiencies that have been identified in the County's internal controls over financial reporting. The definitions of control deficiency, significant deficiency and material weakness follow:

Category	Definition
Deficiency in 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.
Significant Deficiency	A deficiency or 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.
Material Weakness	A deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Government's financial statements will not be prevented, or detected and corrected on a timely basis.

In conjunction with our audit, we noted no deficiencies that we consider to be material weaknesses.

Other Required Communications

Following is a summary of other required items, along with specific discussion points as they pertain to the County:

Requirement	Discussion Points
Significant changes to planned audit strategy or significant risks initially identified	There were no significant changes to the planned audit strategy or significant risks initially identified and previously communicated to those charged with governance.
Obtain information from those charged with governance relevant to the audit	There were no matters noted relevant to the audit, including, but not limited to: violations or possible violations of laws or regulations; risk of material misstatements, including fraud risks; or tips or complaints regarding the Government's financial reporting that we were made aware of as a result of our inquiry of those charged with governance.
If applicable, nature and extent of specialized skills or knowledge needed related to significant risks	There were no specialized skills or knowledge needed, outside of the core engagement team, to perform the planned audit procedures or evaluate audit results related to significant risks.
Consultations with other accountants	We are not aware of any consultations about accounting or auditing matters between management and other independent public accountants. Nor are we aware of opinions obtained by management from other independent public accountants on the application of generally accepted accounting principles.
Disagreements with management	There were no disagreements with management about matters, whether or not satisfactorily resolved, that individually or in aggregate could be significant to the Government's financial statements or to our auditor's report.
Significant difficulties encountered during the audit	There were no significant difficulties encountered during the audit.
If applicable, other matters significant to the oversight of the Government's financial reporting process, including complaints or concerns regarding accounting or auditing matters	There are no other matters that we consider significant to the oversight of the Government's financial reporting process that have not been previously communicated.
Representations requested from management	Please refer to the management representation letter obtained from management.

Independence Communication

Our engagement letter to you dated March 21, 2019 describes our responsibilities in accordance with professional standards with regard to independence and the performance of our services. This letter also stipulates the responsibilities of the County with respect to independence as agreed to by the County. Please refer to that letter for further information.

Significant Accounting & Reporting Matters

The Governmental Accounting Standards Board (GASB) has recently issued a new standard which may have a significant effect on the County's future financial reporting.

Recently issued statement is as follows:

- GASB No. 87 "Leases" -- This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract requirements. This new requirement increases the usefulness of governmental financial statements. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governmental leasing activities. The new standard brings governmental GAAP in line with GAAP for private and public companies, effective for years ending after December 31, 2020.

Other significant matters:

Cybersecurity is an important risk consideration for the County's governing board and management. As part of our audit, we discussed the County's cybersecurity responses with management to determine if any significant unaddressed risks would cause material damages to the County. We were pleased to note that the County management has shown an openness to addressing these risks and a willingness to take a proactive approach in designing a cybersecurity plan to protect the County and its residents from a cyber-attack. While no measures can 100% prevent such an event, procedures should be in place to quickly identify and respond to limit the County's damages. Please see Appendix A for more information.

Appendix A

CYBERSECURITY: GOVERNMENTS AT RISK

Cyber-attacks, network breaches, and information security incidents are negatively impacting government agencies and corporations worldwide, regardless of size. Cyber criminals, or hackers, are becoming more sophisticated in their methods, and the frequency of breaches is increasing across all industries and government sectors. Stories of ransomware and other cyber-attacks on governments large and small are becoming common-place, around the country and in your back yard. Thus, cybersecurity is now an organizational risk management imperative for all governmental agencies. So, the real question is: how can your government efficiently and cost-effectively plan and implement a holistic cybersecurity risk management program both proactively (identify risks, analyze risks, and mitigate risks) and reactively (detect incidents, respond to incidents, and recover from incidents)?

What are the potential cybersecurity legal risks and liabilities?

There are numerous potential legal risks and significant potential adverse financial liabilities if your government does not take an appropriate holistic approach to cybersecurity risk management, such as:

- Data ransomed and/or permanently lost leading to cost to recover/recreate data;
- Sensitive customer information such as payment information or PPI stolen, creating a liability for any damages;
- Banking information hacked and used to send fraudulent payments and steal government's funds;
- Email phishing schemes used to manipulate employees clicking harmful links or sending fraudulent payments and steal government's funds.

Form more information regarding cybersecurity risk management, please contact:

Dan Mullinix
Assurance Partner
dmullinix@gk-cpa.com

Tonya Thompson
Assurance Manager
tthompson@gk-cpa.com

Travis Keever
Assurance Manager
tkeever@gk-cpa.com



**GOULD KILLIAN
CPA GROUP, P.A.**

CERTIFIED PUBLIC ACCOUNTANTS

5 STEPS TO MITIGATE CYBERSECURITY RISK

- 1 *Conduct a cyber risk assessment.*** In order to understand how to mitigate risk, you must determine the current state of your cyber risk profile. And performing a cyber risk assessment is far less expensive than the cost of reacting to a breach, which can not only cause reputational harm, but can also result in regulatory issues for not having been prepared. By conducting a risk assessment and gap analysis, you can quickly assess your government's current policies and operations, identify holes, and prioritize your remediation initiatives.
- 2 *Take an inventory of your sensitive information.*** Information is often an organization's most valuable asset. And today, more than ever before, that information is at risk. The increased threat of cyberattacks in recent years, along with the creation of new data privacy regulations, only emphasize the need for governments to develop and implement strong policies to achieve compliance and mitigate information-related risks. Understanding what information your organization has, where it resides, and its purpose, are key in identifying the highest risk areas and developing a mitigation strategy.
- 3 *Develop and implement an incident response plan.*** A rapid response during a data breach can make all the difference. Governments should develop and test a comprehensive incident response plan that not only outlines an immediate action plan, but considers your processes, communications and crisis management plans, as well as the roles and responsibilities of individuals throughout the organization in order to manage the impact of a breach.
- 4 *Identify a senior-level employee or qualified third party to lead your government's cybersecurity program.*** Cybersecurity isn't just an IT issue; it is an entity-wide risk management issue that cuts across an organization's operational functions and includes legal, compliance, and risk management. And with the increase in cyber threats, many new regulations and guidelines require or recommend that a specific, senior-level individual, such as a Chief Information Security Officer, be designated and be required to certify compliance annually. One thing to note: even if your firm chooses to outsource its IT function, the risk is not transferred to the outsourced company, it's still owned by your government—making a written cyber risk management program (and the proper oversight) critical.
- 5 *Examine your insurance policies to ensure adequate cyber coverage levels.*** Cyber insurance may be purchased as a stand-alone policy or included as additional coverage under a general liability policy. However, the coverage levels and terms can vary greatly. Evaluate your current policies and levels of coverage—particularly if cyber coverage is added to another policy form—to ensure your government is properly protected from potential losses from a cyber incident.



**GOULD KILLIAN
CPA GROUP, P.A.**

CERTIFIED PUBLIC ACCOUNTANTS



CYBERSECURITY: TOP TEN TRENDS FOR 2019



- 1) ***Blurring of Cyber Threat Actors.*** The FBI/DHS and other law enforcement and intelligence agencies are all reporting the increased collaboration between nation-state cyber-attack groups and organized criminal cyber-attack groups worldwide, especially in China, Russia, Iran, and North Korea.
- 2) ***Rise of Business Email Compromise (BEC) Attacks.*** Rapid growth of social engineering based cyber spoofing attacks on companies globally, typically focused on the payment of invoices to wrongful suppliers.
- 3) ***Growth of Spear-Phishing Email Attacks.*** Increased number of spear-phishing attacks targeting senior company executives especially CEOs, CFOs, and Controllers for unauthorized electronic transfer of funds.
- 4) ***Expansion of Ransomware Attacks.*** Over the past year there has been a 350% increase in the number of ransomware attacks globally, with an ever increasing focus on the healthcare industry.
- 5) ***Exploitation of Supply Chain Network based Cyber-Attacks.*** Significant increase in the number of cyber data breaches resulting from initial unauthorized access via third-party vendors network connections to prime contractors.
- 6) ***Recognition that Regulatory Compliance with Cybersecurity Industry Standards Does Not Ensure Real Data Security.*** Many companies who have invested in ensuring compliance with various industry standards for cybersecurity (i.e. PCI-DSS, NYDFS, HIPAA, ISO 27001, etc.) have experienced cyber data breaches. Thus, realizing that regulatory compliance with general information security requirements does not guarantee a company will not suffer a major cyber data breach.
- 7) ***Higher Cost of Cyber Data Breaches = Higher Cyber Liability Insurance Premiums.*** As the average cost of a cyber data breach has increased every year for the past five years, so has the average cost of cyber liability insurance premiums.
- 8) ***Increasingly Complex Cybersecurity Regulatory Landscape.*** Throughout the U.S. and internationally regulators at the multi-national, federal, state, and local levels are continually enacting new government regulations intended to protect consumers' personally identifiable information (PII), protected health information (PHI) via Electronic Health Records (EHR), and payment card information (PCI). All ultimately have a cost associated with compliance, which is passed on to the consumers.
- 9) ***Shortage of Experienced Cybersecurity Professionals.*** There is a global shortage of experienced, trained, and certified cybersecurity professionals to meet the ever increasing demand for cybersecurity advisory services and managed security services worldwide.
- 10) ***Cyber-Attack Fatigue/Burn-out is Affecting Cybersecurity Investments.*** As a result of continuous news reports of massive cyber-attacks and data breaches internationally, more and more companies are becoming increasingly apathetic to the potential impact on their respective company, often assuming merely purchasing more cyber liability insurance is sufficient, rather than investing in trying to prevent an attack.

CYBERSECURITY: KEY RECOMMENDATIONS



- 1) **Conduct Email Threat Assessments.** Given the increasing number of cyberattacks via email systems, companies are increasingly looking to conduct periodic email threat assessments, especially to detect malware that made it through their anti-virus software and firewalls which have previously gone undetected.
- 2) **Perform Network & Endpoint Threat Assessments.** Due to the significant increase in spear-phishing attacks, organizations should periodically test the cyber awareness and susceptibility of their employees to cyber-attacks via engaging certified ethical hackers who can conduct social engineering-based spear-phishing exercises.
- 3) **Conduct Spear-Phishing Campaigns.** Due to the significant increase in spear-phishing attacks, organizations should periodically test the cyber awareness and susceptibility of their employees to cyber-attacks via engaging certified ethical hackers who can conduct social engineering-based spear-phishing exercises.
- 4) **Perform Vulnerability Assessments & Penetration Testing.** Most organizations either internally conduct or hire an independent firm to perform some form of vulnerability assessments, via computer malware scanning software, and penetration testing to discover potential external vulnerabilities to cyber-attacks. It is important to conduct these tests at least once a year but, twice or quarterly is better given the constant evolution of cyber-attacks.
- 5) **Implement Effective and Timely Software Patch Management Program.** The most significant cyber data breaches in the past two years all resulted from organizations not implementing an effective and timely software patch management program of Microsoft and Cisco software.
- 6) **Establish a Cybersecurity Awareness/Education Program.** The cost effective means to improve cybersecurity is to create a human firewall by providing quality cybersecurity educational programs for all of your employees from the top of the company to the bottom.
- 7) **Conduct Cybersecurity Risk Assessments.** It is important to independently verify that an organization's cybersecurity policies, plans, and procedures are sufficient to adequately protect the organization's digital assets and to ensure regulatory compliance with the appropriate industry cybersecurity standards.
- 8) **Implement an Incident Response (IR) Program.** It is critical that every organization has a well thought through and periodically tested incident response (IR) program, including: policies, plan, process, procedures, standard forms, and periodic exercises and/or simulations.



WATAUGA COUNTY, NORTH CAROLINA

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2019



WATAUGA COUNTY, NORTH CAROLINA

BOARD OF COUNTY COMMISSIONERS

John Welch, Chairman

Billy Kennedy, Vice Chairman

Larry Turnbow

Charlie Wallin

Perry Yates

COUNTY OFFICIALS

Deron T. Geouque

County Manager

Misty Watson

Finance Director

	<u>Page</u>
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-10
Basic Financial Statements:	
Government-wide Financial Statements:	
<u>Exhibit</u>	
A	11
B	12-13
Fund Financial Statements:	
C	14
D-1	15
D-2	16
E	17
F	18
G	19
H	20
I	21
J	22
Notes to the Financial Statements	23-57
Required Supplemental Financial Data:	
<u>Schedule</u>	
1	58
2	59
3	60
4	61
5	62
6	63

Watauga County, North Carolina

Table of Contents

June 30, 2019

7	Schedule of County's Proportionate Share of Net Pension Liability (Asset) (LGERS)	64
8	Schedule of County's Contributions (LGERS)	65
9	Schedule of County's Proportionate Share of Net Pension Liability (Asset) (RODSPF)	66
10	Schedule of County's Contributions (RODSPF)	67
Combining and Individual Fund Schedules:		
<u>Schedule</u>		
1	Schedule of Revenues, Expenditures, and Changes in Fund Balance - General Fund - Budget and Actual	68-72
2	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Capital Projects Fund - Budget and Actual	73
3	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Recreation Center Project Fund - Budget and Actual	74
4	Combining Balance Sheets - Nonmajor Governmental Funds	75
5	Schedule of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	76
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:		
6	Federal Equitable Sharing Fund	77
7	State Substance Abuse Tax Fund	78
8	Emergency Telephone System Fund	79
9	Fire District Funds	80
10	Occupancy Tax Fund	81
11	Solid Waste Fund	82
12	Combining Schedule of Fiduciary Net Position - Pension Trust Funds	83
13	Combining Schedule of Changes in Fiduciary Net Position - Pension Trust Funds	84
14	Combining Schedule of Changes in Assets and Liabilities - Agency Funds	85
Other Schedules:		
15	Schedule of Ad Valorem Taxes Receivable	86
16	Analysis of Current Tax Levy - County-Wide Levy	87
17-A	Secondary Market Disclosures	88
17-B	Ten Largest Taxpayers	89
18	Analysis of Current Tax Levy - Fire Districts	90

Compliance Section:

Reporting on Compliance and Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 91-92

Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control over Compliance in Accordance with OMB Uniform Guidance and the State Single Audit Implementation Act 93-94

Report on Compliance with Requirements Applicable to Each Major State Program and Internal Control over Compliance in Accordance with OMB Uniform Guidance and the State Single Audit Implementation Act 95-96

Schedule of Findings and Questioned Costs 97-102

Corrective Action Plan 105

Schedule of Prior Year Findings 106

Schedule of Expenditures of Federal and State Awards 105-107

FINANCIAL SECTION



Independent Auditors' Report

Board of 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, each major fund, and the aggregate remaining fund information of Watauga County, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of AppalCART. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for AppalCART, is based solely on the report 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 AppalCART were audited in accordance with *Government Auditing Standards*. The financial statements of the Watauga County District U Tourism Development Authority were not audited in accordance with *Government 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 auditors' judgment, including the assessment of the risk 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Watauga County, North Carolina, as of June 30, 2019, and the respective changes in financial position and cash flows, where applicable, thereof and the 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 on pages 4-10, the Law Enforcement Officers' Special Separation Allowance Irrevocable Trust's Schedules of the Changes in the Net Pension Liability, Net Pension Liability, and County's Contributions, on pages 58 through 60, respectively, the Other Post Employment Benefits Schedules of Funding Progress, Changes in Net OPEB Liability and Related Ratios, County's Contributions, and Investment Returns on pages 61 through 63, respectively, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and County's Contributions, on pages 64 through 65, respectively, and the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of Net Pension Asset and County's Contributions, on pages 66 through 67, 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 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of 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 Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules, other schedules, and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit

of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, 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 taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2019, 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. Accordingly, we express no opinion. 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.

Donald Killian CPA Group, P.A.

Asheville, North Carolina
December 13, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

Watauga County

Year Ended June 30, 2019

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, 2019. We encourage users 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 and deferred outflows of the County exceeded its liabilities and deferred inflows at the close of the fiscal year by \$155,261,296.
- The County's total net position increased by \$10,495,380 primarily due to an increase in cash assets from revenues, particularly sales tax, exceeding budget coupled with operating expenditures below expected levels.
- The County's unassigned fund balance for the General Fund was \$20,786,602 at the end of the year, representing 40.1% of total General Fund expenditures. This is an increase of \$649,173 in unassigned fund balance over the previous year.
- Total County debt increased by \$14,607,639 in outstanding principal. The increase was a result of financing for a community recreation center.
- The County:
 - Completed paving of the Industrial Field
 - Received donated land for the Middlefork Greenway
 - Began a river access project at Guy Ford
 - Began a Tower project to enhance emergency communications
 - Continued a project to build a new recreation and community center that has been in the making for more than 3 decades
- S&P Global Ratings reaffirmed the County's credit rating at AA and the County's financial stability.
- For the fifth year, the County was able to allocate funds to the Capital Projects Fund as part of the original budget ordinance denoting a continued rebound from the recession.

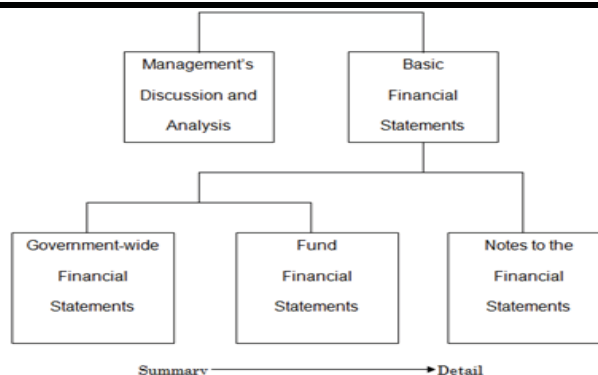
Overview of the Financial Statements

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



MANAGEMENT'S DISCUSSION AND ANALYSIS

Basic Financial Statements

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 plans and the other postemployment benefits plan, followed by additional **supplemental information**. This **supplemental information** is provided to show details about the County's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, similar 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. The Watauga County District U Tourism Development Authority (TDA) is a separate governmental entity created to administer occupancy tax funds collected to promote tourism in the County. The seven voting members of the Authority Board are appointed by the County Board of Commissioners.

Fund Financial Statements

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. 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 governmental 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 about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, the Solid Waste 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 23 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 59 of this report.

Government-Wide Financial Analysis

Watauga County's Net Position

Figure 2

	Governmental		Business-type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 83,302,688	\$ 67,193,251	\$ 7,759,834	\$ 7,422,214	\$ 91,062,522	\$ 74,615,465
Net capital assets	123,614,625	111,474,245	4,814,605	4,705,609	128,429,230	116,179,854
Total assets	206,917,313	178,667,496	12,574,439	12,127,823	219,491,752	190,795,319
Total deferred outflows of resources	4,158,089	2,483,358	374,287	237,049	4,532,376	2,720,407
Long-term liabilities outstanding	61,153,455	43,855,222	1,535,245	1,377,857	62,688,700	45,233,079
Other liabilities	4,686,052	2,296,133	333,029	287,341	5,019,081	2,583,474
Total liabilities	65,839,507	46,151,355	1,868,274	1,665,198	67,707,781	47,816,553
Total deferred inflows of resources	995,686	899,934	59,365	33,323	1,055,051	933,257
Net position:						
Net investment in capital assets	69,604,077	73,483,517	4,814,605	4,705,609	74,418,682	78,189,126
Restricted	18,622,588	6,439,806	-	-	18,622,588	6,439,806
Unrestricted	56,013,544	54,176,242	6,206,482	5,960,742	62,220,026	60,136,984
Total net position	\$ 144,240,209	\$ 134,099,565	\$ 11,021,087	\$ 10,666,351	\$ 155,261,296	\$ 144,765,916

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 \$155,261,296 at June 30, 2019. The County's net position increased by a total of \$10,495,380 for the fiscal year. Net position is reported in three categories: Net investment in capital assets of \$74,418,682 restricted net position of \$18,622,588; and unrestricted net position of \$62,220,026.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2019, the increase in this category of net position correlates to reduced outstanding debt along with increased capital assets.

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 by State Statutes. Special revenues funds and Register of Deeds pension assets account for the balance of the restricted net position.

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 cash and cash equivalent assets;

Watauga County Changes in Net Position Figure 3

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues:						
Charges for services	\$ 2,608,634	\$ 2,305,329	\$ 5,092,325	\$ 4,970,636	\$ 7,700,959	\$ 7,275,965
Operating grants and contributions	4,615,840	4,386,375	150,629	156,093	4,766,469	4,542,468
Capital grants	521,602	468,801	-	-	521,602	468,801
General revenues:						
Property taxes	36,029,382	35,747,188	-	-	36,029,382	35,747,188
Other taxes	15,600,007	14,749,663	-	-	15,600,007	14,749,663
Grant and contributions not restricted to specific programs	4,699,806	3,813,637	-	-	4,699,806	3,813,637
Other	1,370,455	549,545	126,841	82,688	1,497,296	632,233
Sale of capital assets	(453,952)	(215,248)	-	-	(453,952)	(215,248)
Total revenues	64,991,774	61,805,290	5,369,795	5,209,417	70,361,569	67,014,707
Expenses						
General government	9,016,992	10,229,602	-	-	9,016,992	10,229,602
Public safety	14,818,024	14,449,460	-	-	14,818,024	14,449,460
Transportation	224,792	225,389	-	-	224,792	225,389
Economic & physical development	2,544,199	630,501	-	-	2,544,199	630,501
Environment protection	383,857	368,964	-	-	383,857	368,964
Humans services	7,776,908	7,033,720	-	-	7,776,908	7,033,720
Cultural and recreation	2,122,231	2,060,674	-	-	2,122,231	2,060,674
Education	16,245,320	15,497,221	-	-	16,245,320	15,497,221
Interest on long-term debt	1,718,807	1,408,358	-	-	1,718,807	1,408,358
Solid Waste	-	-	5,015,059	4,229,372	5,015,059	4,229,372
Total expenses	54,851,130	51,903,889	5,015,059	4,229,372	59,866,189	56,133,261
Increase in net position before special items	10,140,644	9,901,401	354,736	980,045	10,495,380	10,881,446
Special item – loss on sale of old Watauga High School	-	(7,698,452)	-	-	-	(7,698,452)
Increase in net position after special items	10,140,644	2,202,949	354,736	980,045	10,495,380	3,182,994
Net position, beginning, previously reported	134,099,565	133,407,476	10,666,351	10,965,072	144,765,916	144,372,548
Restatement	-	(1,510,860)	-	(1,278,766)	-	(2,789,626)
Net position, beginning, restated	134,099,565	131,896,616	10,666,351	9,686,306	144,765,916	136,284,553
Net position, ending	\$ 144,240,209	\$134,099,565	\$11,021,087	\$10,666,351	\$155,261,296	\$144,765,916

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental activities: Governmental activities increased the County's net position by \$10,140,644, thereby accounting for 96.6% of the total growth in the net position of Watauga County. Key elements of this increase are as follows:

- Sales tax increases due to the improved economic factors particularly in the tourism industry, resulted in revenues above projection;
- Continued high property tax collections at a rate of 99.01% for the current fiscal year;
- Close monitoring of expenditures throughout the year with actual expenditures below budget.

Business-type activities: Business-type activities increased Watauga County's net position by \$354,736, 3.3%. Key elements of this increase are as follows:

- Revenues in excess of projections for sale of recycled materials due to market pricing higher than expected;
- Revenues for investment earnings were above projections due to a strong market;
- Close monitoring of expenditures throughout the year with actual expenditures below budget.

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 Fund increased to \$20,786,602 while total fund balance increased to \$26,892,370. 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 40.1 percent of total General Fund expenditures, while total fund balance represents 51.9 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 more 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 \$8,788,735 with approximately \$5,944,300 of the amendments related to appropriations of fund balance. Of this amount, \$3.6 million was set aside for the recreation center project, \$267,133 for unused school lottery projects, \$1,094,929 for carried forward projects, \$752,000 for the purchase of the Water Street property, and \$230,000 for additional adoption and social services expenditures. Within the remaining fund balance amendments of \$2,844,435; \$220,793 was for school lottery projects, \$331,000 for the donation of land, \$732,394 for additional intergovernmental revenues recognized or awarded, and the remaining for various expenditures including completion of County and School projects. The actual operating revenues for the General Fund were \$2,879,198 more than the budgeted amount. Actual operating expenses were less than budgeted by \$3,924,657.

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 \$6,206,482. The total increase in proprietary net position was \$354,736.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2019, totals \$128,429,230 (net of depreciation). These assets include construction in progress, buildings, land, equipment, improvements, and vehicles. Major capital asset transactions during the year include:

- Purchased new vehicles and numerous pieces of equipment for County governmental departments;
- Completed paving of the Industrial Field;
- Received donated land for the Middlefork Greenway;
- Began a river access project at Guy Ford;
- Began a Tower project to enhance emergency communications;
- Continued a project to build a new recreation and community center

Watauga County's Capital Assets, Net of Depreciation

Figure 4

	Governmental Activities	Business Activities	Total
	2019	2019	2019
Land	\$ 21,544,911	\$ 975,497	\$ 22,520,408
Buildings	76,491,354	2,778,592	79,269,946
Other improvements	1,714,637	72,200	1,786,837
Leasehold improvements	5,692,448	6,052	5,698,500
Equipment	939,089	242,819	1,181,908
Vehicles	1,027,129	739,446	1,766,575
Construction in progress	16,189,455	-	16,189,455
Intangible assets	15,600	-	15,600
Total	\$ 123,614,625	\$ 4,814,605	\$ 128,429,230

Additional information on the County's capital assets can be found in note 3.A.6 of this report.

Long-term Debt. As of June 30, 2019, Watauga County had no bonded debt outstanding or authorized.

Watauga County's Outstanding Debt

Figure 5

	Governmental Activities	
	<u>2018</u>	<u>2019</u>
Installment purchase	\$ 34,996,388	\$ 49,604,027

Watauga County's total debt increased by \$14,607,639 or (41%) during the past fiscal year due to scheduled debt service payments and the community recreation center loan for \$18,490,000. There is no debt associated with the business activities. The State of North Carolina limits the amount of 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 less outstanding debt principal. The legal debt margin for Watauga County as of June 30, 2019 is \$688,841,459. Additional information regarding Watauga County's long-term debt can be found in Note 3.B.6.b of this report.

Economic Factors

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

- The County continues to experience growth in tourism and has seen continued revenue increases for more than nine years related to tourism with revenues at just over \$1.8 million now;

MANAGEMENT'S DISCUSSION AND ANALYSIS

- The County's unemployment rate remained low at 4.2% as of June 2019, which is consistent with the trends seen before the economic recession;
- 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 increases, consistent with state and national trends.

Budget Highlights for the Fiscal Year Ending June 30, 2020

Governmental activities – The County's property tax rate increased 5 cents per \$100 in property valuation to 40.3 cents per \$100 in property valuation. Sales tax revenue is projected with a 1.8 percent increase based on state projections. Other revenues are expected to maintain current levels with minor increases.

Budgeted expenditures in the General Fund have increased predominately due to an increase to debt service, increase in foster care, and transfers to the Capital Project Fund. Capital purchases are allocated mainly for vehicle and roof replacements with other projects still limited to primarily repairs and maintenance. Funds are allocated to be set aside this year for future capital school projects of \$4,700,000 including the \$4,200,000 generated from the tax increase and \$4,607,737 for county projects—mainly funding \$500,000 for emergency communications, \$1,000,000 for future maintenance and repairs, \$200,000 for renovations for juvenile court, \$907,737 for two (2) new roofs, \$400,000 for West Annex culvert replacement and \$1,000,000 for relocation of baseball fields, tennis, pickle ball and basketball courts.

Businesses-type activities – Budgeted revenues for solid waste service revenues are projected at a 25.6% increase due to an increase in solid waste tipping fees. Funds have been budgeted for capital additions of a motograder, eight (8) trailers, four (4) road tractors and a container truck totaling \$1,571,258.

Requests for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Watauga County Finance Director, 814 West King Street, Suite 216, Boone, NC 28607. The report can also be found on our website www.wataugacounty.org/main/App_Pages/Dept/Finance/countyAudits.aspx.

BASIC FINANCIAL STATEMENTS

Watauga County, North Carolina
Statement of Net Position
June 30, 2019

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	AppalCART	Watauga County District U Tourism Development Authority
ASSETS					
Current assets					
Cash and cash equivalents	\$ 48,202,370	\$ 7,359,855	\$ 55,562,225	\$ 3,392,146	\$ 3,357,085
Restricted cash and cash equivalents	12,837,745	-	12,837,745	-	-
Receivables (net)	1,253,690	365,420	1,619,110	47,680	-
Due from other governments	5,431,833	34,559	5,466,392	170,342	298,156
Prepaid expenses	-	-	-	1,552	-
Inventory	-	-	-	205,576	-
Total current assets	<u>67,725,638</u>	<u>7,759,834</u>	<u>75,485,472</u>	<u>3,817,296</u>	<u>3,655,241</u>
Non-current assets					
Net pension asset - ROD	102,050	-	102,050	-	-
Note receivable	15,475,000	-	15,475,000	-	-
Capital assets:					
Land, intangible, and construction in progress	37,749,967	975,497	38,725,464	1,121,092	-
Other capital assets, net of depreciation	85,864,658	3,839,108	89,703,766	14,347,925	-
Total capital assets	<u>123,614,625</u>	<u>4,814,605</u>	<u>128,429,230</u>	<u>15,469,017</u>	<u>-</u>
Total non-current assets	<u>139,191,675</u>	<u>4,814,605</u>	<u>144,006,280</u>	<u>15,469,017</u>	<u>-</u>
Total assets	<u>206,917,313</u>	<u>12,574,439</u>	<u>219,491,752</u>	<u>19,286,313</u>	<u>3,655,241</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension deferrals	3,159,481	259,471	3,418,952	-	48,376
OPEB deferrals	998,608	114,816	1,113,424	-	-
Total deferred outflows of resources	<u>4,158,089</u>	<u>374,287</u>	<u>4,532,376</u>	<u>-</u>	<u>48,376</u>
LIABILITIES					
Current liabilities					
Accounts payable and accrued expenses	3,895,610	333,029	4,228,639	210,088	15,782
Accrued interest payable	188,640	-	188,640	38,195	-
Due to other governments	566,310	-	566,310	-	-
Liabilities payable from restricted assets	35,492	-	35,492	-	-
Debt service due within one year	5,435,536	142,067	5,577,603	-	-
Total current liabilities	<u>10,121,588</u>	<u>475,096</u>	<u>10,596,684</u>	<u>248,283</u>	<u>15,782</u>
Long-term liabilities					
Due in more than one year	55,717,919	1,393,178	57,111,097	81,675	62,155
Total liabilities	<u>65,839,507</u>	<u>1,868,274</u>	<u>67,707,781</u>	<u>329,958</u>	<u>77,937</u>
DEFERRED INFLOWS OF RESOURCES					
Pension deferrals	268,730	2,707	271,437	-	4,055
OPEB deferrals	655,132	56,658	711,790	-	-
Unearned revenue	68,136	-	-	2,000	-
Prepaid taxes	3,688	-	3,688	-	-
Total deferred inflows of resources	<u>995,686</u>	<u>59,365</u>	<u>1,055,051</u>	<u>2,000</u>	<u>4,055</u>
NET POSITION					
Net investment in capital assets	69,604,077	4,814,605	74,418,682	15,469,017	-
Restricted for:					
Stabilization by State Statute	5,790,845	-	5,790,845	-	298,156
Register of Deeds' pension plan	138,461	-	138,461	-	-
Public safety	392,826	-	392,826	-	-
Capital projects - recreation center project	11,958,319	-	11,958,319	-	-
Register of Deeds Automation/Enhancement	23,290	-	23,290	-	-
Revaluation	318,847	-	318,847	-	-
Transportation	-	-	-	-	-
Unrestricted	56,013,544	6,206,482	62,220,026	3,485,338	3,323,469
Total net position	<u>\$ 144,240,209</u>	<u>\$ 11,021,087</u>	<u>\$ 155,261,296</u>	<u>\$ 18,954,355</u>	<u>\$ 3,621,625</u>

Watauga County, North Carolina
Statement of Activities
For the Year Ended June 30, 2019

	Program Revenues			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental Activities:				
General government	\$ 9,016,992	\$ 1,486,829	\$ 477,066	\$ -
Public safety	14,818,024	765,436	40,453	63,774
Transportation	224,792	-	157,236	-
Economic and physical development	2,544,199	12,000	28,757	-
Environmental protection	383,857	-	114,285	-
Human services	7,776,908	61,345	3,798,043	-
Cultural and recreational	2,122,231	282,089	-	-
Education	16,245,320	935	-	457,828
Interest and fees on long-term debt	1,718,807	-	-	-
Total governmental activities	54,851,130	2,608,634	4,615,840	521,602
Business-type activities:				
Solid waste	5,015,059	5,092,325	150,629	-
Total	\$ 59,866,189	\$ 7,700,959	\$ 4,766,469	\$ 521,602
Component units:				
AppalCART	\$ 5,427,291	\$ 2,099,996	\$ 2,052,207	\$ 2,038,607
Watauga County District U Tourism Development Authority	\$ 1,295,419	\$ -	\$ 285,655	\$ -

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	
Gain (loss) sale of fixed assets	
Miscellaneous, unrestricted	
Total general revenues	
Change in net position	
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
\$ (7,053,097)	\$ -	\$ (7,053,097)		
(13,948,361)	-	(13,948,361)		
(67,556)	-	(67,556)		
(2,503,442)	-	(2,503,442)		
(269,572)	-	(269,572)		
(3,917,520)	-	(3,917,520)		
(1,840,142)	-	(1,840,142)		
(15,786,557)	-	(15,786,557)		
(1,718,807)	-	(1,718,807)		
<u>(47,105,054)</u>	<u>-</u>	<u>(47,105,054)</u>		
-	227,895	227,895		
<u>(47,105,054)</u>	<u>227,895</u>	<u>(46,877,159)</u>		
			\$ 763,519	
				\$ (1,009,764)
36,029,382	-	36,029,382	-	-
12,809,697	-	12,809,697	-	-
2,790,310	-	2,790,310	-	1,809,176
4,699,806	-	4,699,806	-	-
1,370,455	123,643	1,494,098	42,959	59,623
(453,952)	-	(453,952)	-	-
-	3,198	3,198	16,242	327
<u>57,245,698</u>	<u>126,841</u>	<u>57,372,539</u>	<u>59,201</u>	<u>1,869,126</u>
10,140,644	354,736	10,495,380	822,720	859,362
134,099,565	10,666,351	144,765,916	18,131,635	2,762,263
<u>\$ 144,240,209</u>	<u>\$ 11,021,087</u>	<u>\$ 155,261,296</u>	<u>\$ 18,954,355</u>	<u>\$ 3,621,625</u>

Watauga County, North Carolina
Governmental Funds
Balance Sheet
June 30, 2019

	General	Capital Projects Fund	Recreation Center Project Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 23,207,917	\$ 9,977,291	\$ 15,017,162	\$ -	\$ 48,202,370
Restricted cash and cash equivalents	342,137	-	11,958,319	537,289	12,837,745
Taxes receivable, net	694,854	-	-	258,465	953,319
Due from other governments	5,163,055	-	224,492	44,286	5,431,833
Accounts receivable, net	162,218	-	-	-	162,218
Note receivable	15,475,000	-	-	-	15,475,000
Total assets	<u>\$ 45,045,181</u>	<u>\$ 9,977,291</u>	<u>\$ 27,199,973</u>	<u>\$ 840,040</u>	<u>\$ 83,062,485</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 1,645,377	\$ -	\$ 2,250,233	\$ -	\$ 3,895,610
Due to other governments	265,756	-	-	300,554	566,310
Liabilities to be paid from restricted assets	-	-	-	35,492	35,492
Total liabilities	<u>1,911,133</u>	<u>-</u>	<u>2,250,233</u>	<u>336,046</u>	<u>4,497,412</u>
DEFERRED INFLOWS OF RESOURCES					
Taxes receivable	694,854	-	-	83,954	778,808
Prepaid taxes	3,688	-	-	-	3,688
Unearned revenue	68,136	-	-	-	68,136
Note receivable	15,475,000	-	-	-	15,475,000
Total deferred inflows of resources	<u>16,241,678</u>	<u>-</u>	<u>-</u>	<u>83,954</u>	<u>16,325,632</u>
FUND BALANCES					
Restricted for:					
Stabilization by State Statute	5,763,631	-	-	27,214	5,790,845
Public safety	-	-	-	392,826	392,826
Register of Deeds	23,290	-	-	-	23,290
Unexpended bond proceeds	-	-	11,958,319	-	11,958,319
Revaluation	318,847	-	-	-	318,847
Committed for:					
Capital projects	-	9,977,291	12,991,421	-	22,968,712
Assigned for:					
Future years' appropriation	-	-	-	-	-
Unassigned	20,786,602	-	-	-	20,786,602
Total fund balances	<u>26,892,370</u>	<u>9,977,291</u>	<u>24,949,740</u>	<u>420,040</u>	<u>62,239,441</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 45,045,181</u>	<u>\$ 9,977,291</u>	<u>\$ 27,199,973</u>	<u>\$ 840,040</u>	<u>\$ 83,062,485</u>

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

Total Fund Balance, Governmental Funds	\$ 62,239,441
Net pension asset - ROD	102,050
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	123,614,625
Other long-term assets are not available to pay for current period expenditures and therefore are unavailable in the funds.	138,153
Deferred inflows for note receivable	15,475,000
Deferred inflows of resources for taxes receivable	778,808
Contributions to the pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position	1,007,711
Contributions and administration costs for OPEB are deferred outflows of resources on the Statement of Net Position	254,526
OPEB related deferrals, net	88,950
Pension related deferrals-all plans, net	1,883,040
Net OPEB liability	(2,065,069)
Net pension liability - LEOSSA	(281,508)
Net pension liability - LGERS	(3,611,821)
Some liabilities, including net pension liabilities, debt related payables and other postemployment benefits, are not due and payable in the current period and therefore are not reported in the funds.	<u>(55,383,697)</u>
Net position of governmental activities	<u>\$ 144,240,209</u>

Watauga County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2019

	<u>Major Funds</u>			<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Recreation Center Project Fund</u>	<u>Other Governmental Funds</u>	
REVENUES					
Ad valorem taxes	\$ 32,786,204	\$ -	\$ -	\$ 3,358,762	\$ 36,144,966
Other taxes and licenses	13,762,455	-	-	1,837,552	15,600,007
Unrestricted intergovernmental	4,289,742	-	-	-	4,289,742
Restricted intergovernmental	4,881,639	-	-	396,025	5,277,664
Permits and fees	787,275	-	-	-	787,275
Sales and services	1,194,343	-	-	-	1,194,343
Investment earnings	462,514	145,631	756,209	6,101	1,370,455
Donations	380,812	-	-	-	380,812
Miscellaneous	516,146	-	-	-	516,146
Total revenues	<u>59,061,130</u>	<u>145,631</u>	<u>756,209</u>	<u>5,598,440</u>	<u>65,561,410</u>
EXPENDITURES					
Current:					
General government	8,332,577	-	-	-	8,332,577
Public safety	10,947,120	-	-	3,709,957	14,657,077
Transportation	224,792	-	-	-	224,792
Economic and physical development	673,905	-	-	1,837,552	2,511,457
Environmental protection	373,439	-	-	-	373,439
Human services	7,423,176	-	-	-	7,423,176
Cultural and recreational	1,615,722	-	14,313,345	-	15,929,067
Education	16,245,320	-	-	-	16,245,320
Debt service:					
Principal	3,882,361	-	-	-	3,882,361
Interest	2,101,148	-	-	-	2,101,148
Total expenditures	<u>51,819,560</u>	<u>-</u>	<u>14,313,345</u>	<u>5,547,509</u>	<u>71,680,414</u>
Revenues over (under) expenditures	<u>7,241,570</u>	<u>145,631</u>	<u>(13,557,136)</u>	<u>50,931</u>	<u>(6,119,004)</u>
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	12,154	-	-	-	12,154
Proceeds from long-term debt	-	-	18,490,000	-	18,490,000
Premium long-term debt	-	-	1,723,277	-	1,723,277
Transfers from other funds	1,560,248	4,707,263	3,600,000	-	9,867,511
Transfers to other funds	(8,307,263)	(1,560,248)	-	-	(9,867,511)
Total other financing sources and uses	<u>(6,734,861)</u>	<u>3,147,015</u>	<u>23,813,277</u>	<u>-</u>	<u>20,225,431</u>
Net change in fund balance	506,709	3,292,646	10,256,141	50,931	14,106,427
Fund balance, beginning of year	<u>26,385,661</u>	<u>6,684,645</u>	<u>14,693,599</u>	<u>369,109</u>	<u>48,133,014</u>
Fund balance, end of year	<u>\$ 26,892,370</u>	<u>\$ 9,977,291</u>	<u>\$ 24,949,740</u>	<u>\$ 420,040</u>	<u>\$ 62,239,441</u>

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, 2019

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

Net changes in fund balances - total governmental funds	\$	14,106,427
---	----	------------

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.

Capital outlay expenditures which were capitalized	\$	16,134,072	
Sale of assets not fully depreciated		(466,106)	
Depreciation expense for governmental assets		<u>(3,527,585)</u>	
			12,140,381

Contributions to the pension plans in the current fiscal year are not included on the Statement of Activities.	868,100
--	---------

OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities.	254,526
---	---------

Benefit payments paid and administrative expense for the LEOSSA in the current fiscal year are not included on the Statement of Activities.	139,611
---	---------

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Change in unavailable revenue for tax revenues	<u>(115,585)</u>	
		(115,585)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

OPEB plan expense	(291,009)	
Pension expense-LGERS and ROD	(1,034,141)	
Compensated absences	98,079	
Pension expense-LEOSSA	(77,170)	
Amortization of bond premiums	<u>440,124</u>	
Combined adjustment		(864,117)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments on long term debt	3,882,361	
Issuance of long term debt	(18,490,000)	
Premium on LOBs	(1,723,277)	
Increase in accrued interest payable	<u>(57,783)</u>	
		<u>(16,388,699)</u>

Total changes in net position of governmental activities	\$	<u><u>10,140,644</u></u>
--	----	--------------------------

Watauga County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual - General Fund
For the Year Ended June 30, 2019

	General Fund			
	Budget		Actual Amounts	Variance with Final Budget-
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 31,837,000	\$ 31,837,000	\$ 32,786,204	\$ 949,204
Other taxes and licenses	12,943,000	13,029,900	13,762,455	732,555
Unrestricted intergovernmental	3,360,000	3,360,000	4,289,742	929,742
Restricted intergovernmental	4,484,120	5,350,407	4,881,639	(468,768)
Permits and fees	678,455	678,455	787,275	108,820
Sales and services	1,072,610	1,072,610	1,194,343	121,733
Investment earnings	173,000	173,000	462,514	289,514
Donations	30,700	361,700	380,812	19,112
Miscellaneous	318,860	318,860	516,146	197,286
Total revenues	<u>54,897,745</u>	<u>56,181,932</u>	<u>59,061,130</u>	<u>2,879,198</u>
Expenditures:				
General government	8,093,265	10,299,551	8,332,577	1,966,974
Public safety	11,398,875	11,586,431	10,947,120	639,311
Transportation	67,495	224,792	224,792	-
Economic and physical development	536,605	719,244	673,905	45,339
Environmental protection	377,895	390,644	373,439	17,205
Human services	7,394,400	7,981,319	7,423,176	558,143
Cultural and recreation	1,712,865	1,733,443	1,615,722	117,721
Education	15,257,705	16,825,283	16,245,320	579,963
Debt service:				
Principal retirement	3,882,361	3,882,361	3,882,361	-
Interest and other charges	1,584,109	2,101,149	2,101,148	1
Total expenditures	<u>50,305,575</u>	<u>55,744,217</u>	<u>51,819,560</u>	<u>3,924,657</u>
Revenues over (under) expenditures	<u>4,592,170</u>	<u>437,715</u>	<u>7,241,570</u>	<u>6,803,855</u>
Other financing sources (uses):				
Sale of capital assets	40,000	40,000	12,154	(27,846)
Transfers from other funds	-	1,560,248	1,560,248	-
Transfers to other funds	(4,957,170)	(8,307,263)	(8,307,263)	-
Fund balance appropriated	325,000	6,269,300	-	(6,269,300)
Total other financing sources (uses)	<u>(4,592,170)</u>	<u>(437,715)</u>	<u>(6,734,861)</u>	<u>(6,297,146)</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>-</u>	\$ <u>506,709</u>	\$ <u>506,709</u>
Fund balance, beginning of year			26,385,661	
Fund balance, end of year			\$ <u>26,892,370</u>	

Watauga County, North Carolina
Statement of Net Position
Proprietary Fund
June 30, 2019

	<u>Enterprise Fund</u>
	<u>Solid Waste Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 7,359,855
Receivables, net	365,420
Due from other governments	34,559
Total current assets	<u>7,759,834</u>
Non-current assets:	
Capital assets:	
Land and construction in progress	975,497
Other capital assets, net of depreciation	3,839,108
Total capital assets	<u>4,814,605</u>
Total assets	<u>12,574,439</u>
DEFERRED OUTFLOWS OF RESOURCES	
OPEB deferrals	114,816
Pension deferrals	259,471
Total deferred outflows of resources	<u>374,287</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	333,029
Accrued compensated absences - current	20,322
Accrued landfill postclosure and closure costs - current	121,745
Total current liabilities	<u>475,096</u>
Non-current liabilities:	
Net pension liability	316,540
Net OPEB liability	178,596
Accrued landfill postclosure and closure costs - noncurrent	815,490
Accrued compensated absences	82,552
Total non-current liabilities	<u>1,393,178</u>
Total liabilities	<u>1,868,274</u>
DEFERRED INFLOWS OF RESOURCES	
OPEB deferrals	56,658
Pension deferrals	2,707
Total deferred inflows of resources	<u>59,365</u>
NET POSITION	
Net investment in capital assets	4,814,605
Unrestricted	6,206,482
Total net position	<u>\$ 11,021,087</u>

Watauga County, North Carolina
 Statement of Revenues, Expenses, and Changes in Fund Net Position
 Proprietary Fund
 For the Year Ended June 30, 2019

	<u>Enterprise Fund</u>
	<u>Solid Waste Fund</u>
OPERATING REVENUES:	
Charges for services	\$ 4,769,487
Sale of recycled materials	322,838
	<hr/>
Total operating revenues	5,092,325
	<hr/>
OPERATING EXPENSES:	
Landfill operations	4,581,882
Recycling operations	96,059
Depreciation	337,118
	<hr/>
Total operating expenses	5,015,059
	<hr/>
Operating income	77,266
	<hr/>
NONOPERATING REVENUES:	
Interest and investment revenue	123,643
Miscellaneous revenues	3,198
Restricted intergovernmental revenues	150,629
	<hr/>
Total nonoperating revenues	277,470
	<hr/>
Change in net position	354,736
	<hr/>
Total net position, beginning	10,666,351
	<hr/>
Total net position, ending	\$ 11,021,087
	<hr/> <hr/>

Watauga County, North Carolina
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2019

	Enterprise Fund
	Solid Waste Fund
Cash flows from operating activities:	
Cash received from customers	\$ 5,057,339
Cash paid for goods and services	(3,183,473)
Cash paid to employees for services	(1,402,588)
Net cash provided by operating activities	471,278
Cash flows from noncapital financing activities:	
Restricted intergovernmental revenues	147,212
Miscellaneous revenues	3,198
Net cash provided by noncapital financing activities	150,410
Cash flows from capital and related financing activities:	
Proceeds received from sale of fixed assets	-
Acquisition and construction of capital assets	(446,114)
Net cash used by capital and related financing activities	(446,114)
Cash flows from investing activities:	
Interest on investments	123,643
Net cash provided by investing activities	123,643
Net increase in cash and cash equivalents	299,217
Cash and cash equivalents, July 1	7,060,638
Cash and cash equivalents, June 30	\$ 7,359,855
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 77,266
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	337,118
Changes in assets, liabilities, deferred outflows and inflows of resources:	
Increase in deferred outflow of resources - pensions	(101,698)
Increase in deferred inflow of resources - OPEB	30,749
Increase in deferred outflows of resources - OPEB	(35,540)
Increase in net pension liability	114,474
Increase in net OPEB liability	24,651
Decrease in deferred inflow of resources - pensions	(4,707)
Increase in accrued landfill postclosure and closure costs	20,760
Increase in accounts receivable	(34,986)
Increase in accounts payable	45,688
Decrease in accrued compensated absences	(2,497)
Total adjustments	394,012
Net cash provided by operating activities	\$ 471,278

The accompanying notes are an integral part of this statement

Watauga County, North Carolina
 Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2019

	<u>Irrevocable Trust Funds</u>	<u>Agency Funds</u>
Assets		
Cash and cash equivalents	\$ 2,465,795	\$ 62,540
Accounts receivable	13,007	20,510
	<u>\$ 2,478,802</u>	<u>\$ 83,050</u>
Liabilities and Net Position		
Liabilities:		
Accounts payable and accrued liabilities	\$ -	\$ 83,050
	<u>-</u>	<u>83,050</u>
Net position:		
Assets held in trust for postemployment benefits other than pensions	\$ 1,911,459	\$ -
Assets held in trust for law enforcement officers' special separation allowance benefits	567,343	-
	<u>\$ 2,478,802</u>	<u>\$ -</u>

Watauga County, North Carolina
 Statement of Changes in Fiduciary Net Position
 Fiduciary Funds
 For the Year Ended June 30, 2019

	Irrevocable Trust Funds
	<u> </u>
Additions:	
Employer contributions	\$ 394,091
Interest earned	<u>44,139</u>
Total additions	<u>438,230</u>
Deductions:	
Benefits	176,591
Administrative expense	<u>22,057</u>
Total deductions	<u>198,648</u>
Change in net position	239,582
Net position restricted for post employment benefits other than pensions and law enforcement officers' special separation allowance	
Beginning of year	<u>2,239,220</u>
End of year	<u>\$ <u>2,478,802</u></u>

WATAUGA COUNTY, NORTH CAROLINA

Notes to the Financial Statements
For the Year Ended June 30, 2019

Note 1 - Summary of Significant Accounting Policies:

The accounting policies of Watauga County and its component units 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 separate columns 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 eight 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, 305 Hwy 105 Bypass, 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. The Watauga County's Board of Commissioners appoints the seven 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 Street, Suite 10, Boone, NC 28607.

B. Basis of Presentation – Basis of Accounting

Basis of Presentation, Measurement Focus – Basis of Accounting

Government-wide Statements: The Statements of Net Position and the Statements 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 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.

WATAUGA COUNTY, NORTH CAROLINA

Notes to the Financial Statements For the Year Ended June 30, 2019

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods and 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 non-major 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.

Recreation Center Project Fund – This is a project fund to account for the County's community recreation center project.

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 Law Enforcement Officers' 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 Other Postemployment Benefit (OPEB) Irrevocable Trust Fund accounts for the County's contributions for healthcare coverage provided to qualified retirees. The LEO Special Separation Allowance (LEOSSA) Irrevocable Trust Fund accounts for the Law Enforcement Officers' Special Separation Allowance, a single-employer, public employee retirement system. The resources in the LEO Special Separation Allowance Fund have been set aside to pay future obligations of the LEO Special Separation Allowance.

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 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 collected by the County for various municipalities within the County but are not revenues to the County; the Inmate Commissary Fund, which accounts for monies deposited with the County's Detention Center for the benefit of certain individuals; the Fine 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, which accounts for fees collected by the Register of Deeds

WATAUGA COUNTY, NORTH CAROLINA

Notes to the Financial Statements For the Year Ended June 30, 2019

which are remitted to the State Treasurer on a monthly basis, and the Town of Boone Taxes 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 five legally budgeted non-major funds. The Federal Equitable Sharing Fund, the State Substance Abuse Tax Fund, the Emergency Telephone System Fund, the Fire Districts Funds, and the Occupancy Tax Fund are all 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 connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as 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 for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

WATAUGA COUNTY, NORTH CAROLINA

Notes to the Financial Statements For the Year Ended June 30, 2019

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. All taxes, including those dedicated for specific purposes, are reported as general revenues rather than program revenues. 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 positions 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.

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, Occupancy Tax Special Revenue Funds, and Enterprise Funds. All annual appropriations lapse at the fiscal year-end. Project ordinance is adopted for the Recreation Center Project 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 not to exceed 10% of the total departmental appropriation of the department whose allocation is reduced; however, any revisions that alter the total expenditures of any fund must be approved by the governing board. During the year, several 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 of Resources, 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 of obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT).

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

Cash and Cash Equivalents

The County pools money from several funds, except the OPEB Irrevocable Trust Fund, the LEOSSA Irrevocable Trust Fund, the DSS Trust Fund, and the Inmate Commissary Fund, to facilitate

WATAUGA COUNTY, NORTH CAROLINA

Notes to the Financial Statements For the Year Ended June 30, 2019

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 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 or cash equivalents.

2. 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 computer equipment and technology needs for the Register of Deeds' office. 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 Systems 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 collected on behalf of the fire districts are restricted as payable to the districts.

Watauga County Restricted Cash

Governmental Activities		
General Fund	Tax revaluation	\$ 318,847
	Register of Deeds	23,290
Recreation Center Project Fund	Unexpended bond proceeds	11,958,319
Federal Equitable Sharing Fund	Law enforcement	93,026
State Substance Abuse Tax Fund	Law enforcement	34,012
Emergency Telephone Fund	911 eligible expenditures	273,279
Occupancy Tax Fund	Tourism	126,043
Fire District Funds	Unexpended collections	10,929
Total Governmental Activities		<u>\$12,837,745</u>

3. Ad Valorem Taxes Receivable

In accordance with State Law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2018.

4. Allowances for Doubtful Accounts

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

5. Inventory

The inventories of AppalCart are maintained for fuel oil, tires, and vehicle parts; valuation is at last in first out (LIFO) basis. The cost of the inventory of AppalCart is recorded as an expense when consumed.

6. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to July 1, 2015, are recorded at their estimated fair value at the date of donation. Donated capital assets received July 1, 2015, are recorded at their acquisition value. 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. 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.

WATAUGA COUNTY, NORTH CAROLINA

Notes to the Financial Statements For the Year Ended June 30, 2019

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 the County to permit installment purchase financing. Lease agreements between the County and the Board of Education give the Board of Education full use of Mabel School, 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	10 to 50
Leasehold improvements	10 to 50
Other improvements	8 to 99
Furniture and equipment	5 to 20
Vehicles and motorized equipment	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
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 fixtures	7

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has the following items that meet this criterion – pension related deferrals and OPEB deferrals. 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 the following items that meet the criterion for this category – prepaid taxes, taxes receivable, notes receivable, unearned revenue, OPEB deferrals and pension related deferrals.

8. 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 on the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bond issuance costs are expensed in the reporting period in which they are incurred. In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs whether withheld from the actual debt proceeds received or not, are reported as debt service expenditures.

WATAUGA COUNTY, NORTH CAROLINA

Notes to the Financial Statements For the Year Ended June 30, 2019

9. Compensated Absences

The vacation policies of the County and AppalCART provide for the accumulation of up to thirty day earned vacation leave with such leave being fully vested when earned. An expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned in the County's government-wide, proprietary fund and AppalCART statements. The vacation policy of the Authority provides for the accumulation of up to fifteen days earned vacation leave with such leave being fully vested when earned. On the Authority's 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 accruals for sick leave have been made by the County or its component units.

10. Net Positions/Fund Balances

Net Position

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

Restricted Fund Balance – This classification includes revenue sources that are restricted to specific purposes externally imposed or imposed by law. The County has the following restricted items:

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

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

Restricted for Register of Deeds – portion of fund balance restricted by revenue source for automation and technology enhancements in the Register of Deeds' office [G.S. 161-11.3].

WATAUGA COUNTY, NORTH CAROLINA

Notes to the Financial Statements For the Year Ended June 30, 2019

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

Restricted for Community Recreation Center – portion of fund balance restricted for unspent bond proceeds.

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 balance set aside for future capital project expenditures.

Assigned Fund Balance – portion of fund balance the governing board decides to use for a specific purpose.

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

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, and 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.

11. Defined Benefit Pension and OPEB Plans

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

Note 2 -

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

WATAUGA COUNTY, NORTH CAROLINANotes to the Financial Statements
For the Year Ended June 30, 2019

for the County, AppalCART, and the Authority, 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. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

The State Treasurer enforces standards of 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. The County, AppalCART, and the Authority have no formal policy regarding custodial credit risk for deposits.

At June 30, 2019, the County's deposits had a carrying amount of \$19,353,319 and a bank balance of \$19,680,840. Of the bank balance, \$815,873 was covered by federal depository insurance and the remainder is covered by collateral held under the Pooling Method. At June 30, 2019, Watauga County had \$3,000 cash on hand.

At June 30, 2019, AppalCART's deposits had a carrying amount of \$1,309,443 and a bank balance of \$1,424,724. Of the bank balance, \$250,000 was covered by federal depository insurance, and \$1,174,724 in interest bearing deposits were covered by collateral held under the Pooling Method.

At June 30, 2019, the Authority's deposits had a carrying amount of \$1,063,410 and a bank balance of \$1,157,571. Of the balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method. The Authority had no cash on hand.

2. Investments

As of June 30, 2019, the County had the following investments and maturities:

Investments by Type	Valuation Measurement Method	Fair Value	Less Than 6 Months	6-12 Months	1-5 Years
Commercial Paper	Fair Value Level 2	26,306,399	19,429,206	6,877,193	-
Government Agencies	Fair Value Level 2	4,523,608	1,749,237	700,000	2,074,371
NC Capital Management Trust – Government Portfolio	Fair Value Level 1	2,524,077	N/A	N/A	N/A
NC Capital Management Trust – Term Portfolio*	Fair Value Level 1	18,217,898	18,217,898	-	-
Total:		<u>\$51,571,982</u>	<u>\$39,396,341</u>	<u>\$7,577,193</u>	<u>\$2,074,371</u>

*Because the NC Capital Management Trust Term Portfolio has a weighted average maturity of less than 90 days, it was presented as an investment with a maturity of less than 6 months.

All investments are measured using the market approach: using prices and other relevant information

WATAUGA COUNTY, NORTH CAROLINA

Notes to the Financial Statements For the Year Ended June 30, 2019

generated by market transactions involving identical or comparable assets or a group of assets. Ratings are from Standard and Poor's scale.

Level of fair value hierarchy: Level 1: Debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2: Debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices.

Interest Rate Risk. The County has no formal investment policy regarding interest rate risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's internal investment procedure limits at least half of the County's investment portfolio to maturities of less than 12 months. Also, the County's internal management policy recommends purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than five years.

Credit Risk. The County has no formal policy regarding credit risk, but has internal management procedures that limits the County's 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. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2019, the County's investments in commercial paper were rated A1 by Standard & Poor's and P1 by Moody's Investors Service. The County's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2019. 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 U.S. 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, Federal National Mortgage Association, Federal Farm Credit Bank and Federal Home Loan Mortgage Corporation are rated AA+ by Standard & Poor's and AAA by Moody's Investors Service. The County does have an elevated credit risk due to safekeeping held in a third party arrangement.

At June 30, 2019, AppalCART's investment stated at fair value, consisted of \$2,082,703 in the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's. AppalCART has no formal policy on interest rate risk or credit risk on its investments.

At June 30, 2019, the Authority's investments consisted of the following:

Investment Type	Fair Value	Maturity	Rating
NC Capital Management Trust – Government Portfolio	\$ 106,705	N/A	AAAM
NC Capital Management Trust – Term Portfolio	2,186,970	.11 years	Unrated
	<u>\$2,293,675</u>		

Interest Rate Risk. The Authority has no formal investment policy regarding interest rate risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's internal investment policy limits at least half of the Authority's investment portfolio to maturities of less than 12 months. Also, the Authority's internal management policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than two years.

Credit risk. The Authority has no formal policy regarding credit risk, but has internal management procedures that limits the Authority's investments to the provisions of G.S. 159-30 and restricts the

WATAUGA COUNTY, NORTH CAROLINA

Notes to the Financial Statements For the Year Ended June 30, 2019

purchase of securities to the highest possible ratings whenever particular types of securities are rated. The Authority's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2019. The Authority's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

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.

Tax Year Levied	Tax	Interest	Total
2015	\$ 676,442	\$ 191,095	\$ 867,537
2016	670,350	129,042	799,392
2017	762,996	78,207	841,203
2018	765,874	-	765,874
Total	<u>\$ 2,875,662</u>	<u>\$ 398,344</u>	<u>\$ 3,274,006</u>

4. Receivables

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

	Accounts	Taxes Receivable	Interest Receivable	Total
Governmental Activities:				
General	\$ 162,218	\$ 821,712	\$ 123,107	\$ 1,107,037
Other Governmental	-	279,265	15,046	294,311
Total receivables	162,218	1,100,977	138,153	1,401,348
Allowance for doubtful accounts	-	(147,658)	-	(147,658)
Total-governmental activities	<u>\$ 162,218</u>	<u>\$ 953,319</u>	<u>\$ 138,153</u>	<u>\$ 1,253,690</u>
Business-type Activities				
Solid Waste	\$ 436,313	\$ -	\$ -	\$ 436,313
Allowance for doubtful accounts	(70,893)	-	-	(70,893)
Total-business-type activities	<u>\$ 365,420</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 365,420</u>

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

Governmental activities:	
NC Dept of Natural and Cultural Resources	\$ 30,000
NC DOR	4,224,402
Watauga County Register of Deeds	15,265
NC Dept of Public Instruction	284,247
NC Dept of Public Safety	60,915
Town of Blowing Rock ABC	377
Town of Blowing Rock	143,487
Town of Beech Mountain	152,522
Town of Boone	526
Town of Seven Devils	24,268
Watauga County Clerk of Court	28,025
Watauga County District U TDA	1,260
NC DHHS	434,740
Emergency Telephone System	<u>31,799</u>

WATAUGA COUNTY, NORTH CAROLINANotes to the Financial Statements
For the Year Ended June 30, 2019

Total-governmental activities	<u>\$ 5,431,833</u>
Business-type activities:	
NCDOR	<u>\$ 34,559</u>

5. Notes Receivable

The County entered into a promissory note with Appalachian State University on September 28, 2017 for the sale of the Old Watauga High School property located in Boone in the amount \$15,475,000. The terms of the note include interest at 0% and annual principal payments commencing July 1, 2022 in the amount \$800,000 continuing through July 1, 2040 with a final payment of \$1,075,000. The balance as of June 30, 2019 was \$15,475,000.

6. Capital Assets**Primary Government:**

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 21,213,910	\$ 331,000	\$ -	\$ 21,544,911
Intangible	15,600	-	-	15,600
Construction in progress	960,526	15,228,930	-	16,189,455
Total capital assets not being depreciated	<u>22,190,036</u>	<u>15,559,930</u>	<u>-</u>	<u>37,749,967</u>
Capital assets being depreciated:				
Buildings	102,521,052	-	1,071,992	101,449,060
Other improvements	5,450,470	-	37,789	5,412,681
Leasehold improvements	7,425,384	121,431	-	7,546,816
Equipment	6,515,024	54,767	15,057	6,554,734
Vehicles and motorized equipment	2,357,532	397,943	129,874	2,625,601
Total capital assets being depreciated	<u>124,269,462</u>	<u>574,142</u>	<u>1,254,712</u>	<u>123,588,892</u>
Less accumulated depreciation for:				
Buildings	23,545,345	2,049,106	636,745	24,957,706
Other improvements	3,211,258	524,574	37,789	3,698,044
Leasehold improvements	1,598,697	255,671	-	1,854,368
Equipment	5,301,833	328,868	15,057	5,615,645
Vehicles and motorized equipment	1,328,120	369,367	99,015	1,598,472
Total accumulated depreciation	<u>34,985,253</u>	<u>3,527,585</u>	<u>788,606</u>	<u>37,724,234</u>
Total capital assets being depreciated, net	<u>89,284,209</u>			<u>85,864,658</u>
Governmental activity capital assets, net	<u>\$ 111,474,245</u>			<u>\$123,614,625</u>

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

General government	\$ 2,018,317
Public safety	551,234
Economic and physical development	32,742
Environmental protection	10,076
Human services	373,174
Cultural and recreational	542,043
Total depreciation expense	<u>\$ 3,527,585</u>

WATAUGA COUNTY, NORTH CAROLINA

Notes to the Financial Statements
For the Year Ended June 30, 2019

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 975,497	\$ -	\$ -	\$ 975,497
Total capital assets not being depreciated	975,497	-	-	975,497
Capital assets being depreciated:				
Improvements	445,921	-	-	445,921
Leasehold improvements	319,960	-	-	319,960
Buildings	4,152,793	-	-	4,152,793
Equipment	1,717,207	12,702	-	1,729,909
Vehicles	1,447,669	433,412	-	1,881,082
Total capital assets being depreciated	8,083,550	446,114	-	8,529,664
Less accumulated depreciation for:				
Improvements	350,197	23,523	-	373,721
Leasehold improvements	313,660	248	-	313,908
Building	1,288,303	85,898	-	1,374,201
Equipment	1,413,433	73,657	-	1,487,090
Vehicles	987,845	153,791	-	1,141,636
Total accumulated depreciation	4,353,438	337,118	-	4,690,556
Total capital assets being depreciated, net	3,730,112			3,839,108
Business-type capital assets, net	\$ 4,705,609			\$ 4,814,605

Construction commitments

The County has one active construction project as of June 30, 2019. The governmental project includes the Community Recreation Center. At June 30, 2019, the government's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Community Recreation Center	\$ 13,269,565	\$ 21,472,103
Total	<u>\$ 13,269,565</u>	<u>\$ 21,472,103</u>

Discretely presented component units

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

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 1,114,242	\$ -	\$ -	\$ 1,114,242
Construction in progress	25,500	-	18,650	6,850
Total capital assets not being depreciated	1,139,742	-	18,650	1,121,092
Capital assets being depreciated:				
Buildings	6,713,329	-	-	6,713,329
Land improvements	11,156	-	-	11,156
Office furniture and equipment	479,030	36,210	-	515,240
Shop equipment	347,384	47,049	-	394,433
Vehicles	10,979,618	1,948,551	172,412	12,755,757
Total capital assets being depreciated	18,530,517	2,031,810	172,412	20,389,915
Less accumulated depreciation for:				
Buildings	679,572	135,789	-	815,361

WATAUGA COUNTY, NORTH CAROLINA

Notes to the Financial Statements For the Year Ended June 30, 2019

Land improvements	11,156	-	-	11,156
Office furniture and equipment	150,658	56,038	-	206,696
Shop equipment	300,822	33,484	-	334,306
Vehicles	3,862,273	905,020	164,044	4,603,249
Total accumulated depreciation	5,060,518	1,145,515	164,044	6,041,990
Total capital assets being depreciated, net	13,469,998			14,347,925
Business-type activities capital assets, net	\$14,609,740			\$15,469,017

B. Liabilities

1. Payables

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

	Vendors	Salaries and benefits	Due to other governments	Total
Governmental activities:				
General	\$ 954,704	\$ 690,673	\$ 265,756	\$ 1,911,133
Recreation center project fund	2,250,233	-	-	2,250,233
Other governmental funds	35,492	-	300,554	336,046
Total-governmental activities	\$ 3,240,429	\$ 690,673	\$ 566,310	\$ 4,497,412
Business-type activities:				
Solid Waste	\$ 269,301	\$ 63,728	\$ -	\$ 333,029

2. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

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

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The

WATAUGA COUNTY, NORTH CAROLINA

Notes to the Financial Statements For the Year Ended June 30, 2019

plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2019, was 8.5% of compensation for law enforcement officers and 7.84% for general employees and firefighters, actuarially determined as an amount that, when combined with employees contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$937,359 for the year ended June 30, 2019.

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

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

At June 30, 2019, the County reported a liability of \$3,928,361 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2018, the County's proportion was 0.16559%, which was a decrease of 0.00226% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the County recognized pension expense of \$1,093,855. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

WATAUGA COUNTY, NORTH CAROLINANotes to the Financial Statements
For the Year Ended June 30, 2019

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 606,053	\$ 20,336
Changes of assumptions	1,042,435	-
Net difference between projected and actual earnings on pension plan investments	539,247	-
Changes in proportion and differences between County contributions and proportionate share of contributions	26,120	16,129
County contributions subsequent to the measurement date	937,359	-
Total	\$ <u>3,151,214</u>	\$ <u>36,465</u>

\$937,359 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2020	\$ 1,049,143
2021	683,818
2022	125,263
2023	319,166
2024	-
Thereafter	-
Total	\$ <u>2,177,390</u>

At June 30, 2019, the Authority reported a liability of \$62,155 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2018, the Authority's proportion was 0.00262%, which was a decrease of 0.00014% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Authority recognized pension expense of \$12,640. At June 30, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,589	\$ 322
Changes of assumptions	16,494	-
Net difference between projected and actual earnings on pension plan investments	8,532	-
Changes in proportion and differences between Authority contributions and proportionate share of contributions	-	3,733
Authority contributions subsequent to the measurement date	13,761	-
Total	\$ <u>48,376</u>	\$ <u>4,055</u>

WATAUGA COUNTY, NORTH CAROLINANotes to the Financial Statements
For the Year Ended June 30, 2019

\$13,761 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$ 15,133
2021	9,718
2022	1,128
2023	4,581
2024	-
Thereafter	-
Total	<u>\$ 30,560</u>

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

Inflation	3.0 percent
Salary increases	3.50 to 7.75 percent, including inflation and productivity factor
Investment rate of return	7.0 percent, net of pension plan investment expense, including inflation

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

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

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates or arithmetic real rates of return for each major asset class as of June 30, 2019 are summarized in the following table:

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

WATAUGA COUNTY, NORTH CAROLINA

Notes to the Financial Statements For the Year Ended June 30, 2019

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of the net pension asset to changes in the discount rate. The following presents the proportionate share of the net pension asset calculated using the discount rate of 7.0 percent, as well as what the proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.0 percent) or one percentage point higher (8.0 percent) than the current rate:

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
County's proportionate share of the net pension liability (asset)	\$ 9,436,264	\$ 3,928,361	\$ (674,128)
	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
Authority's proportionate share of the net pension liability (asset)	\$ 149,303	\$ 62,155	\$ (10,666)

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

b. Law Enforcement Officers' Special Separation Allowance

1. Plan Description

Watauga County administers a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. In June of 2016, the County established an irrevocable trust, the Law Enforcement Officers' Special Separation Allowance (LEOSSA) Irrevocable Trust Fund, to account for the assets set aside for this purpose. For reporting purposes, the LEOSSA is presented as a pension trust fund as it meets the criteria for trust funds outlined in GASB Statement 68.

Benefits Provided. 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 data required regarding the membership of the Watauga County Law Enforcement Separation Allowance Plan was furnished by the County and the NC Local Governmental Employees' Retirement System. The following table summarizes the membership of the Plan as of June 30, 2018, the valuation date:

WATAUGA COUNTY, NORTH CAROLINA

Notes to the Financial Statements For the Year Ended June 30, 2019

Retirees receiving benefits	3
Inactive members entitled to but not receiving benefits	0
Active plan members	42
Total	45

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 year ended June 30, 2019, the County contributed \$130,091, or 6.49% 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 financed through investment earnings.

Refunds of Contributions. Because all funds are contributed by the County, no refunds are available to members of the plan.

Actuarial Assumptions. The total pension liability (TPL) in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Based on service, ranging from 3.50 to 7.35 percent, including inflation
Investment rate of return	3.87 percent, net of pension plan investment expense, including inflation
Mortality	Pre-retirement mortality rates bases on the RP-2014 Employee tables, projected forward generationally using Scale MP-2015 Post-retirement rate based on the RP-2014 Healthy Annuitant tables, projected forward generationally using Scale MP-2015; rates loaded by 4% for males

Discount rate. The discount rate used to measure the total pension liability was 3.87%. Since the assets are held in short term investments, a discount rate equal to the 20-year tax-exempt municipal bond (rating AA/Aa or higher) rate was used. The index used for this purpose is the Bond Buyer 20-Bond GO Index rate published closest to, but not later than, the measurement date of June 30, 2018.

Projected cash flows. The projection of cash flows used to determine the discount rate assumed that the employer would contribute the actuarially determined contribution in the future.

Long term rate of return. The long-term expected rate of return on pension plan investments is assumed to be 3.87% annually. Since the Separation Allowance assets are held in short term investments a discount rate equal to the 20-year tax-exempt municipal bond (rating AA/Aa or higher) rate was used. The index used for this purpose is the Bond Buyer 20-Bond GO Index rate published closest to, but not later than, the measurement date of June 30, 2018.

Assumed Asset Allocation. The target asset allocation is 100% in governmental securities and best estimate of arithmetic real rates of return is 2.85%.

Sensitivity of the net pension asset to changes in the discount rate. The following presents the net pension liability calculated using the discount rate of 3.87 percent, as well as what the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (2.87 percent) or one percentage point higher (4.87 percent) than the current rate:

	1% Decrease (2.87%)	Discount Rate (3.87%)	1% Increase (4.87%)
Net pension liability	\$357,759	\$281,508	\$212,169

WATAUGA COUNTY, NORTH CAROLINA

Notes to the Financial Statements For the Year Ended June 30, 2019

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the chart below:

	Total Pension Liability (a)	Plan Net Position (b)	Net Pension Liability (a) – (b)
Balance as of June 30, 2017; measurement date	\$ 690,594	\$ 399,608	\$ 290,986
Changes for the year:			
Service cost	57,398	-	57,398
Interest	26,308	-	26,308
Benefit changes	-	-	-
Difference between expected and actual experience	25,317	-	25,317
Changes of assumptions or other inputs	(21,390)	-	(21,390)
Contributions – employer	-	109,744	(109,744)
Contributions – employee	-	-	-
Net investment income	-	5,867	(5,867)
Benefits paid	(26,244)	(26,244)	-
Plan administrative expenses	-	(18,500)	18,500
Net changes	61,389	70,867	(9,478)
Balance as of June 30, 2018; measurement date	\$ 751,983	\$ 470,475	\$ 281,508

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

The assumed rate of return was increased from 3.58% to 3.87% to reflect the change in the Municipal Bond Rate. There were no changes between the measurement date of the net pension liability and the County's reporting date that are expected to have a significant effect on the net pension liability.

For the year ended June 30, 2019, the County recognized pension expense of \$77,170. Since certain expense items are amortized over closed periods each year, the deferred portion of these items must be tracked annually. If the amounts serve to reduce pension expense, they are labeled deferred inflows. If they will increase pension expense they are labeled deferred outflows. The amortization of these amounts is accomplished on a level dollar basis, with no interest included in the deferred amounts. Experience gains/losses and the impact of changes in actuarial assumptions, if any, are amortized over the average remaining service life of the active and inactive plan members at the beginning of the fiscal year. Investment gains and losses are amortized over a fixed five year period.

At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources as of the June 30, 2018 measurement date:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 23,082	\$ 168,923
Changes of assumptions	54,142	61,177
Net difference between projected and actual earnings on pension plan investments	17,296	-
County benefit payments and admin expenditures subsequent to the measurement date	139,610	-
Total	\$ 234,130	\$ 230,100

The County paid \$130,091 in benefit payments and \$9,519 in admin expenditures subsequent to the measurement date that are reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of

WATAUGA COUNTY, NORTH CAROLINANotes to the Financial Statements
For the Year Ended June 30, 2019

the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$ (9,569)
2021	(10,416)
2022	(12,153)
2023	(13,918)
2024	(15,838)
2025-2029	(74,478)
2030	792
Total	\$ <u>(135,580)</u>

c. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The County contributes to the Supplemental Retirement Income Plan (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, 2019 were \$123,189, which consisted of \$118,069 from the County and \$5,120 from the law enforcement officers. No amounts were forfeited.

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, 2019 to these plans were \$701,914 which consisted of \$488,492 from the County and \$213,422 from employees. No amounts were forfeited.

e. Register of Deeds' Supplemental Pension Fund

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

WATAUGA COUNTY, NORTH CAROLINA

Notes to the Financial Statements For the Year Ended June 30, 2019

Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 28699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year, and for the foreseeable future, is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$5,357 for the year ended June 30, 2019.

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

At June 30, 2019, the County reported an asset of \$102,050 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2018. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2018, the County's proportion was .61613%, which was a decrease of .03449% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the County recognized pension expense of \$22,038. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 900	\$ 4,658
Changes of assumptions	4,800	-
Net difference between projected and actual earnings on pension plan investments	16,266	-
Changes in proportion and differences between County contributions and proportionate share of contributions	6,284	214
County contributions subsequent to the measurement date	5,357	-
Total	\$ 33,607	\$ 4,872

\$5,357 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

WATAUGA COUNTY, NORTH CAROLINA

Notes to the Financial Statements
For the Year Ended June 30, 2019

Year ended June 30:

2020	\$	12,344
2021		3,715
2022		4,793
2023		2,526
2024		-
Thereafter		-
Total	\$	23,378

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

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

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

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

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2019 is 1.4%.

The information above is based on 30 year expectations developed with the consulting actuary for the 2017 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.0%. All rates of return and inflation are annualized.

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

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 3.75 percent, as well as what the County's proportionate share of the net

WATAUGA COUNTY, NORTH CAROLINA

Notes to the Financial Statements For the Year Ended June 30, 2019

pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75 percent) or 1-percentage-point higher (4.75 percent) than the current rate:

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net pension liability (asset)	\$(80,460)	\$(102,050)	\$(120,256)

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

f. Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

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

	LGERS	ROD	LEOSSA	Total
Proportionate Share of Net Pension Liability (Asset)	\$ 3,928,361	\$ (102,050)	\$ -	\$ 3,826,311
Proportion of the Net Pension Liability (Asset)	0.16559%	-0.61613%	n/a	n/a
Net Pension Liability	-	-	\$ 281,508	\$ 281,508
Pension Expense	\$ 1,093,855	\$ 22,038	\$ 77,170	\$ 1,193,063

WATAUGA COUNTY, NORTH CAROLINANotes to the Financial Statements
For the Year Ended June 30, 2019

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

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>				
Differences between expected and actual experience	\$ 606,053	\$ 900	\$ 23,082	\$ 630,035
Changes of assumptions	1,042,435	4,800	54,142	1,101,377
Net difference between projected and actual earnings on pension plan investments	539,247	16,266	17,296	572,809
Changes in proportion and differences between County contributions and proportionate share of contributions	26,120	6,284	-	32,404
County contributions (LGERS,ROD)/benefit payments and administration costs (LEOSSA) subsequent to the measurement date	937,359	5,357	139,610	1,082,326
Total	<u>\$ 3,151,214</u>	<u>\$ 33,607</u>	<u>\$ 234,130</u>	<u>\$ 3,418,951</u>
<u>Deferred Inflows of Resources</u>				
Differences between expected and actual experience	\$ 20,336	\$ 4,658	\$ 168,923	\$ 193,917
Changes of assumptions	-	-	61,177	61,177
Changes in proportion and differences between County contributions and proportionate share of contributions	16,129	214	-	16,343
Total	<u>\$ 36,465</u>	<u>\$ 4,872</u>	<u>\$ 230,100</u>	<u>\$ 271,437</u>

g. Other Postemployment Benefit for Health Insurance**Plan Description**

Plan Administration. Under a County resolution as of September 1, 2001, Watauga County administers the Healthcare Benefits Plan (HCB Plan) as a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for all 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 up to 100%, with a \$400 monthly maximum paid toward premium, until the age of 65 or until Medicare eligible, whichever is sooner based on years of creditable service with the County. The Board of Commissioners may amend the benefit provisions. The HCB Plan is in the County's report as a pension trust fund with funds held in an irrevocable trust. A separate report was not issued for the Plan.

Management of the HCB Plan is vested in the Watauga County Board of Commissioners.

Plan Membership. At June 30, 2018 and June 30, 2019, the HCB Plan membership consisted of the following:

WATAUGA COUNTY, NORTH CAROLINANotes to the Financial Statements
For the Year Ended June 30, 2019

	<u>2018</u>	<u>2019</u>
Inactive plan members or beneficiaries currently receiving benefit payments	24	24
Inactive plan members entitled to but not yet receiving benefit payments	-	-
Active plan members	<u>250</u>	<u>249</u>
Total	<u>274</u>	<u>273</u>

Benefits Provided. The HCB plan provides healthcare benefits for retirees. The County pays a percentage of the cost of coverage for employees' benefits through private insurers.

Contributions. The Board of Commissioners established the contribution requirements of plan members and these requirements may be amended by the Board. The Board establishes rates based on an actuarially determined rate. 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 County's contribution is dependent on the employee's number of years of creditable service with the County. Retirees pay the difference in the premium less their subsidy based on years of service in the chart below. For the current year, the County contributed \$276,538.

County contributions to HCB Plan based on creditable years of service

25 years or more with Watauga County	\$400 per month maximum or 100%, whichever is less
20 to 25 years with Watauga County	\$300 per month maximum or 75%, whichever is less
10 years in LGERS with last 5 years with Watauga County	\$0

Investments

Investment policy. The HCB Plan's policy in regards to the allocation of invested assets is established by the County Financial Policy used by management. It is the policy of the County to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio and staggered maturities. Investments are valued at fair value. The current asset allocation policy is in 100% fixed income investments with an expected long term rate of return of 3.87 percent.

Rate of return. For the year ended June 30, 2018, the annual money weighted rate of return on investments, net of investment expense, was 1.32 percent.

Net OPEB Liability of the County

The components of the net OPEB liability of the County at June 30, 2019 were as follows:

Total OPEB Liability	\$ 4,012,410
Plan fiduciary net position	1,768,745
County's net OPEB liability	<u>\$ 2,243,665</u>

Plan fiduciary net position as a percentage of Total OPEB Liability is 44.08%.

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2019 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation 3.0 percent

WATAUGA COUNTY, NORTH CAROLINANotes to the Financial Statements
For the Year Ended June 30, 2019

Salary increases	Based on service, ranging from 7.35 percent for Uniformed Employees grading down to 3.50 percent over 40 years, and 7.75% for General Employees grading down to 3.50 percent over 24 years, including inflation
Discount rate	3.87 percent
Healthcare cost trend rates	7.0 percent grading down to 4.5 percent over 10 years
Healthy mortality rates	
Pre-retirement	RP-2014 Healthy Annuitant base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015
Post-retirement	RP-2014 Healthy Annuitant base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015. Rates are adjusted by 115 percent (male) and 79 percent (female) for general employees and by 104 percent (male) for sworn law enforcement officers.

Total OPEB liabilities were rolled forward to June 30, 2018 and June 30, 2019 for the employer and the plan, respectively, utilizing updated procedures incorporating the actuarial assumptions.

The actuarial assumptions used in the June 30, 2018 valuation were based on the NCLGERS assumption study for the five-year period ended December 31, 2014.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the major target asset allocation percentage and by adding expected inflation and subtracting expected investment expenses and a risk margin.

Discount rate. The discount rate used to measure the total OPEB liability was 3.87 percent. The discount rate incorporates a municipal bond rate which is 3.87 percent as reported in the Bond Buyer for the 20 Year general obligation bonds as of June 30, 2018.

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87 percent) or 1-percentage-point higher (4.87 percent) than the current discount rate:

	1% Decrease (2.87 percent)	Discount Rate (3.87 percent)	1% Increase (4.87 percent)
Net OPEB liability (asset)	\$ 2,572,690	\$ 2,243,665	\$ 1,944,735

Sensitivity of the net OPEB liability to changes in the healthcare trend rate. The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were to calculate healthcare trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare trend rate:

	1% Decrease in Trend Rates	Healthcare Cost Trend Rate (7.0 percent decreasing to 4.5 percent over 10 years)	1% Increase in Trend Rates
Net OPEB liability (asset)	\$ 1,991,193	\$ 2,243,665	\$ 2,542,796

WATAUGA COUNTY, NORTH CAROLINA

Notes to the Financial Statements For the Year Ended June 30, 2019

Changes in Net OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At June 30, 2019, the County reported a net OPEB liability of \$2,243,665. The total OPEB liability used to calculate the net OPEB liability was measured by an actuarial valuation as of June 30, 2018.

At June 30, 2019, the components of the net OPEB liability of the County, as measured at June 30, 2018, were as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a)-(b)
Balances at June 30, 2017	\$ 3,582,356	\$ 1,628,735	\$ 1,953,621
Changes for the Year:			-
Service Cost	204,963	-	204,963
Interest	133,400	-	133,400
Differences between Expected and Actual experience	705,179	-	705,179
Changes of assumptions	(491,388)	-	(491,388)
Contributions	-	264,800	(264,800)
Net Investment Income	-	22,310	(22,310)
Administrative expense	-	(25,000)	25,000
Benefit Payments	(122,100)	(122,100)	-
Net Changes	430,054	140,010	290,044
Balances at June 30, 2018	\$ 4,012,410	\$ 1,768,745	\$ 2,243,665

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.58 percent in 2017 to 3.87 percent in 2018.

For the year ended June 30, 2019, the County recognized OPEB expense of \$332,878. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 617,032	\$ 124,926
Changes of assumptions	165,620	586,864
Net Difference between projected and actual earnings on plan investments	54,234	-
County contributions subsequent to the measurement date	276,538	-
Total	\$ 1,113,424	\$ 711,790

\$276,538 reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a decrease in the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

WATAUGA COUNTY, NORTH CAROLINA

Notes to the Financial Statements For the Year Ended June 30, 2019

2020	\$	29,930
2021		29,930
2022		25,381
2023		20,497
2024		12,876
Thereafter		6,482
		\$ 125,096

h. 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 will be a minimum of \$25,000 and will not exceed \$50,000. Because all death benefit payments are made from the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. The County has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers.

For the fiscal year ended June 30, 2019, the County made contributions to the State for death benefits of \$8,685 for general employees and \$2,978 for law enforcement employees. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represents 0.09% and 0.14% of covered payroll, respectively.

The County has elected to provide additional death benefits for all eligible employees through a commercial insurance carrier in the amounts equal to an employee's salary rounded up to the next \$1,000. Coverage is provided at a maximum of \$80,000 with no minimum value. Benefits in excess of \$50,000 are considered taxable to the employee as a fringe benefit.

i. Retirement Plan – AppalCART

Please see the separately issued financial report of AppalCART for a complete description of their single employer pension plan.

3. Closure and Postclosure Care Costs – Solid Waste Landfill and the Land Clearing Inert Debris (LCID)

Solid Waste Landfill - On April 8, 1994, the County stopped accepting municipal solid waste at the County's landfill, and closure procedures were initiated. State and federal laws and regulations required the County to place a final cover on its landfill facility and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Groundwater testing continues, as required by NCDENR. Due to a 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. The County has reported accrued landfill postclosure costs of \$608,725. The County will recognize the postclosure costs over the remaining 5 years.

WATAUGA COUNTY, NORTH CAROLINA

Notes to the Financial Statements For the Year Ended June 30, 2019

(LCID) - State and federal laws and regulations require the County to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting debris, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as each balance sheet date. The \$328,510 reported as landfill closure and postclosure care liability at June 30, 2019 represents a cumulative amount reported to date based on the use of 37% of the total estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$608,725 as the remaining capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2019.

4. Deferred Outflows and Inflows of Resources

Deferred outflows and inflows of resources as of June 30, 2019 are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources Statement of Net Position	Governmental Funds Balance Sheet
Changes in assumptions, pensions and OPEB	\$ 1,266,997	\$ 648,041	\$ -
Pensions and OPEB – difference between expected and actual experience	1,223,985	295,761	-
Pensions and OPEB – difference between projected and actual investment earnings	627,043	-	-
Pensions and OPEB – change in proportion and difference between employer contributions and proportionate share of contributions	32,404	16,343	-
Contributions to pension and OPEB plans in Note receivable	1,346,364	-	-
	-	-	15,475,000
Prepaid taxes not yet earned (General)	-	3,688	3,688
Unearned revenue (General)	-	68,136	68,136
Taxes receivable, net (General)	-	-	694,854
Taxes Receivable, net (Special Revenue)	-	-	83,954
Total	<u>\$ 4,496,793</u>	<u>\$ 1,031,969</u>	<u>\$ 16,325,632</u>

5. Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in two self-funded risk-financing pools administrated 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 \$78,044,851 million for any one occurrence, general, auto, professional, and employment practices liability coverage of \$2,000,000 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 provides employee health, dental and life insurance benefits through commercial carriers.

WATAUGA COUNTY, NORTH CAROLINA

Notes to the Financial Statements For the Year Ended June 30, 2019

The County carries flood insurance through the National Flood Insurance Plan (NFIP). Because the County is in 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. Under this program, the County has purchased commercial flood insurance for \$1,324,000 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 a blanket bond for \$250,000. The Finance Officer, Tax Administrator, Register of Deeds, and County Manager (as Deputy Finance Director) are each individually bonded for \$50,000 each. The Sheriff is bonded for \$25,000.

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

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 and Worker's Compensation Pools that provides coverage for general liability in the amount of \$2,000,000 with an additional \$3,000,000 in vehicle liability purchased per NC DOT requirements and worker's comp insurance at the statutory limits. The County is a member of these same pools.

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 that provide coverage for general liability in the amount of \$2,000,000 and worker's comp coverage with a commercial firm at the statutory limits. The County is a member of the same Liability and Property pool.

6. Long-term Obligations

a. Installment Purchase

As authorized by State law [G.S. 160A-20 and 153A-158.1], the County financed various transactions during previous years by direct placement 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 because the property is pledged as collateral for the debt. The County has four installment purchases serviced by the general fund.

The first direct placement installment purchase was executed in the amount of \$1,290,274 for Qualified School Construction Bonds on June 14, 2010 for school renovations. This installment purchase calls for 10 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 affecting the annual reimbursement of interest. The outstanding balance of June 30, 2019 is \$129,027.

The second and third installment direct placement 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 obligations bonds were issued in two series, A and B. Series A is for a principal amount of \$45,045,000 with terms ranging from 2016 to 2028. The Series A bonds have an outstanding balance at June 30, 2019 of \$30,985,000. Series B was for \$10 million with a term of three years and a set rate of 1.81 percent and this series paid out in fiscal year 2014-15.

WATAUGA COUNTY, NORTH CAROLINA

Notes to the Financial Statements For the Year Ended June 30, 2019

The fourth direct placement installment purchase agreement was for limited obligations bonds and was executed in the amount \$18,490,000 for the construction of the community recreation center on October 25, 2018. The installment purchase calls for annual payments of principal and semi-annual payments of interest for a period of 15 years. The annual principal payments range from \$1,320,000 to \$1,325,000. The outstanding balance as of June 30, 2019 is \$18,490,000. Proceeds from the LOBs included a premium of \$1,723,277 which will be amortized and expensed in interest over the life of the installment purchase agreement.

For Watauga County, the future minimum payments as of June 30, 2019, including \$13,263,284 of interest, are:

Year Ending June 30	Governmental Activities		Business Activities	
	Principal	Interest	Principal	Interest
2020	\$ 4,799,027	\$ 2,295,109	\$ -	\$ -
2021	4,690,000	2,063,775	-	-
2022	4,705,000	1,846,125	-	-
2023	4,740,000	1,580,875	-	-
2024	4,775,000	1,373,875	-	-
2025-2029	20,615,000	3,582,125	-	-
2030-2033	5,280,000	521,400	-	-
Total payments	\$ 49,604,027	\$ 13,263,284	\$ -	\$ -

b. General Obligation Indebtedness

The County has no general obligation debt outstanding or authorized as of June 30, 2019. At June 30, 2019, Watauga County had a legal debt margin of \$688,841,459.

c. Advance Refunding

In June 2012, the County issued \$55,045,000 in limited obligation bonds to refinance the installment purchase loans for the land and construction of the 2010 high school. These funds refinanced the original debt remaining of \$61,000,000 plus interest and expenses. This resulted in premiums totaling \$5,206,201 to be amortized over the remaining sixteen year life of the new debt. A liability for the balance of the premium of \$2,927,156 and the annual amortization of \$325,239 in interest expense are in the government-wide statements.

d. Debt Related to Capital Activities

Of the total Governmental Activities debt listed \$49,475,000 relates to assets the County holds title. There is no unspent restricted cash related to this debt. The Qualified School Construction Bond loan done in 2010 was for renovations to school property and the County does not report an asset balance for Mabel Elementary School, which is the collateral for this loan. The QSCB loan outstanding balance of \$129,027 is deducted from the total debt balance of \$49,604,027 leaving \$49,475,000 as debt related to capital activities.

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, 2019:

<u>Governmental activities:</u>	Balance			Balance June 30, 2019	Current Portion of Balance
	July 1, 2018	Increases	Decreases		
Net pension liability (LGRS)	\$ 2,362,217	\$1,249,604	\$ -	\$ 3,611,821	\$ -
Net pension liability (LEOSSA)	290,986	-	9,478	281,508	-
Net OPEB liability	1,799,676	265,393	-	2,065,069	-

WATAUGA COUNTY, NORTH CAROLINANotes to the Financial Statements
For the Year Ended June 30, 2019

Direct Placement Installment purchases	34,996,388	18,490,000	3,882,361	49,604,027	4,799,027
Premium on LOBS	-	1,723,277	114,885	1,608,392	114,885
Premium on advance refunding	3,252,395	-	325,239	2,927,156	325,239
Compensated absences	1,153,560	1,700,427	1,798,504	1,055,482	196,385
Total governmental activities	<u>\$43,855,222</u>	<u>\$ 23,428,701</u>	<u>\$6,130,467</u>	<u>\$ 61,153,455</u>	<u>\$5,435,536</u>

Business-type activities:

Net pension liability (LGERS)	\$ 202,066	\$ 114,474	\$ -	\$ 316,540	\$ -
Net OPEB liability	153,945	24,651	-	178,596	-
Accrued landfill closure and post closure costs	916,475	142,505	121,745	937,235	121,745
Compensated absences	105,371	148,595	151,092	102,874	20,322
Total business-type activities	<u>\$ 1,377,857</u>	<u>430,225</u>	<u>\$ 272,837</u>	<u>\$ 1,535,245</u>	<u>142,067</u>

Discretely presented component units:**AppalCART**

Compensated absences	\$ 78,052	\$ 61,104	\$ 57,481	\$ 81,675	\$ -
----------------------	-----------	-----------	-----------	-----------	------

Watauga County TDA

Net pension liability (LGERS)	\$ 42,165	\$ 19,990	\$ -	\$ 62,155	\$ -
Compensated absences	10,637	14,066	14,420	10,283	-
Total Watauga County TDA	<u>\$ 52,802</u>	<u>\$ 34,056</u>	<u>\$ 14,420</u>	<u>\$ 72,438</u>	<u>\$ -</u>

For Watauga County 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. For AppalCART, compensated absences are accounted for on the FIFO basis, assuming that employees are taking time that has been previously earned.

C. Interfund Balances and Activity

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

From the General Fund to the Capital Projects Fund to accumulate resources for future capital acquisitions	\$ 4,707,263
From the General Fund to the Recreation Center Project Fund for the Community Recreation Center	3,600,000
From the Capital Projects Fund to the General Fund for school capital projects	1,560,248
Total	<u>\$ 9,867,511</u>

D. Net Investment in Capital Assets

	Governmental	Business-type
Capital assets	\$ 123,614,625	\$ 4,814,605
Less long-term debt	49,475,000	-
Less LOBs premium	1,608,392	-
Less advance refunding premium	2,927,156	-
Net investment in capital assets	<u>\$ 69,604,077</u>	<u>\$ 4,814,605</u>

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 fund

WATAUGA COUNTY, NORTH CAROLINANotes to the Financial Statements
For the Year Ended June 30, 2019

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	\$26,892,270
Less:	
Stabilization by State Statute	5,763,631
Register of Deeds Automation/Enhancement	23,290
Tax Revaluation	318,847
Remaining fund balance	<u>\$20,786,602</u>

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

Encumbrances:	General Fund - \$726,962
	Recreation Center Project Fund - \$21,472,103
	Enterprise Fund - \$65,056

Note 3 -**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 of the Library's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2019. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$604,760 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, 2019. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$680,705 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.

Note 4 -**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 \$924,895 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.

The County, in conjunction with seven other counties and nineteen municipalities, established the High Country Council of Governments (Council). The participating governments established the Council to coordinate various funding received from Federal and State agencies. Each

WATAUGA COUNTY, NORTH CAROLINA**Notes to the Financial Statements
For the Year Ended June 30, 2019**

participating government appoints one member to the Council's governing board. The County paid membership fees of \$26,729 and purchased services in the amount of \$2,847 with the Council during the fiscal year ended June 30, 2019. The County was the sub recipient of three grants totaling \$332,478. The first grant is for \$291,918 in Home and Community Care Block Grant funds and the second is for \$26,303 in Nutrition Programs for the Elderly funds. Both are from the US Department of Health and Human Services and the Division of Aging of the North Carolina Department of Health and Human Services that was passed through the Council. The third grant is for \$14,257 from the Division of Aging of the North Carolina Department of Health and Human Services that was passed through the Council. Complete financial statements for the Council can be obtained at 468 New Market Blvd., Boone, NC 28607.

Note 5 -**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 6 -**Subsequent Events**

For the year ended June 30, 2019, the County has evaluated subsequent events for potential recognition and disclosure through December 13, 2019 – the date the financial statements were available to be issued.

The County refinanced the 2012 limited obligation bonds to fund the high school in the amount \$19,240,000 on October 2, 2019. The bonds require semi-annual payments of interest and principal starting June 1, 2020 with the final payment on June 1, 2028.

Required Supplemental Financial Data

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

Schedule

- 1 Schedule of Changes in the Net Pension Liability-Law Enforcement Officers' Special Separation Allowance Irrevocable Trust (LEOSSA)
- 2 Schedule of the Net Pension Liability (LEOSSA)
- 3 Schedule of County's Contributions (LEOSSA)
- 4 Schedule of Changes in the OPEB Liability and Related Ratios
- 5 Schedule of County's Contributions (OPEB)
- 6 Schedule of Investment Returns (OPEB)
- 7 Schedule of County's Proportionate Share of Net Pension Liability (Asset) (LGERS)
- 8 Schedule of County's Contributions (LGERS)
- 9 Schedule of County's Proportionate Share of Net Pension Liability (Asset) (RODSPF)
- 10 Schedule of County's Contributions (RODSPF)

Watauga County, North Carolina
Law Enforcement Officers' Special Separation Allowance Irrevocable Trust

Schedule of the Changes in the Net Pension Liability (Asset)
Last Four Fiscal Years

	<u>2019**</u>	<u>2018**</u>	<u>2017**</u>	<u>2016*</u>
Total pension liability				
Service cost	\$ 57,398	\$ 57,127	\$ 24,305	\$ 49,129
Interest	26,308	25,578	14,474	26,460
Benefit changes	-	-	-	-
Difference between expected and actual experience	25,317	(173,460)	(33,229)	-
Changes of assumptions and other inputs	(21,390)	(50,285)	60,466	11,037
Benefit payments, including refunds of member contributions	<u>(26,244)</u>	<u>(17,399)</u>	<u>(7,101)</u>	<u>(23,302)</u>
Net change in total pension liability	61,389	(158,439)	58,915	63,324
Total pension liability-beginning	690,594	849,033	790,118	726,794
Total pension liability-ending (a)	<u>\$ 751,983</u>	<u>\$ 690,594</u>	<u>\$ 849,033</u>	<u>\$ 790,118</u>
 Plan net position				
Contributions-employer	\$ 109,744	\$ 143,399	\$ 7,101	\$ 71,302
Contributions-member	-	-	-	-
Net investment income	5,867	752	428	706
Benefit payments, including refunds of member contributions	(26,244)	(17,399)	(7,101)	(23,302)
Administrative expense	(18,500)	(457)	-	(236)
Refund of contributions	-	-	-	-
Other	-	-	-	-
Net change in plan net position	<u>70,867</u>	<u>126,295</u>	<u>428</u>	<u>48,470</u>
Plan net position-beginning	399,608	273,313	272,885	224,415
Plan net position-ending (b)	<u>\$ 470,475</u>	<u>\$ 399,608</u>	<u>\$ 273,313</u>	<u>\$ 272,885</u>
 Net pension liability-ending (a) - (b)	<u>\$ 281,508</u>	<u>\$ 290,986</u>	<u>\$ 575,720</u>	<u>\$ 517,233</u>

*Information is as of the Measurement date of December 31, 2015.

**Information is presented as of the measurement date of June 30 one year prior to the reporting year noted.

Notes to schedule:

Benefit changes None
Assumption changes The assumed rate of return was decreased from 3.58% to 3.87% to reflect a change in the Municipal Bond Rate.

There were no changes between the measurement date and the County's reporting date that are expected to have a significant effect on the net pension liability.

**Watauga County, North Carolina
Law Enforcement Officers' Special Separation Allowance Irrevocable Trust**

**Schedule of the Net Pension Liability (Asset)
Last Four Fiscal Years**

	<u>2019**</u>	<u>2018**</u>	<u>2017**</u>	<u>2016*</u>
Total pension liability (TPL)	\$ 751,983	\$ 690,594	\$ 849,033	\$ 790,118
Plan net position	<u>470,475</u>	<u>399,608</u>	<u>273,313</u>	<u>272,885</u>
Net pension liability	<u>\$ 281,508</u>	<u>\$ 290,986</u>	<u>\$ 575,720</u>	<u>\$ 517,233</u>
Ratio of plan net position to total pension liability	62.56%	57.86%	32.19%	34.54%
Covered payroll	2,005,514	1,837,013	1,883,580	1,837,735
Net pension liability as a percentage of covered payroll	14.04%	15.84%	30.57%	28.15%

**Information is as of the Measurement date of December 31, 2015.*

***Information is as of the Measurement date of June 30 of the prior fiscal year.*

Notes to schedule:

The TPL was measured based on data as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	Based on service, ranging from 3.50 - 7.35%, including inflation
Investment Rate of Return	3.58%, net of pension plan investment expense, including inflation
Mortality	
Pre-retirement	RP-2014 Employee tables, projected forward generationally with Scale MP-2015
Post-retirement	RP-2014 Healthy Annuitant tables, projected forward generationally with Scale MP-2015. Rates loaded by 4% for males.

Watauga County, North Carolina
Law Enforcement Officers' Special Separation Allowance Irrevocable Trust

Schedule of County Contributions
Last Four Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined employer contribution	\$ 88,544	\$ 109,308	\$ 95,479	\$ 60,285
Contributions in relation to the contractually required contribution	130,091	109,744	143,399	39,727
Contribution deficiency (excess)	<u>\$ (41,547)</u>	<u>\$ (436)</u>	<u>\$ (47,920)</u>	<u>\$ 20,558</u>
County's covered payroll	\$ 2,005,514	\$ 1,837,013	\$ 1,823,288	\$ 1,883,580
Contributions as a percentage of covered payroll	6.49%	5.97%	7.86%	2.11%

Notes to schedule:

Valuation date: Actuarially determined employer contribution is determined on an annual basis

Methods and assumptions used to determine contribution rates for the year ended June 30, 2019:

Actuarial cost method	Entry Age
Amortization method	Level dollar, closed
Remaining amortization period	13.5 years
Asset valuation method	Market value of assets
Investment Rate of Return	3.58%, including inflation, net of pension plan investment expense
Inflation	3.00%
Salary increases	Based on service, ranging from 3.50% to 7.35%, including inflation
Mortality	
Pre-retirement	RP-2014 Employee tables, projected forward generationally with Scale MP-2015
Post-retirement	RP-2014 Healthy Annuitant tables, projected forward generationally with Scale MP-2015. Rates loaded by 4% for males.

Watauga County, North Carolina
Other Post Employment Benefits Irrevocable Trust

Schedule of the Changes in the Net OPEB Liability (Asset) and Related Ratios*
Last Three Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability			
Service cost	\$ 204,963	\$ 245,616	\$ 196,127
Interest	133,400	104,379	128,565
Benefit changes	-	-	-
Difference between expected and actual experience	705,179	(166,570)	-
Changes of assumptions and other inputs	(491,388)	(209,201)	264,995
Benefit payments, including refunds of member contributions	<u>(122,100)</u>	<u>(107,800)</u>	<u>(120,700)</u>
Net change in total OPEB liability	430,054	(133,576)	468,987
Total OPEB liability-beginning	<u>3,582,356</u>	<u>3,715,932</u>	<u>3,246,945</u>
Total OPEB liability-ending (a)	<u>4,012,410</u>	<u>3,582,356</u>	<u>3,715,932</u>
Plan fiduciary net position			
Contributions-employer	\$ 264,800	\$ 872,800	\$ 207,436
Contributions-member	-	-	-
Net investment income	22,310	10,714	7,889
Benefit payments, including refunds of member contributions	(122,100)	(107,800)	(120,700)
Administrative expense	<u>(25,000)</u>	<u>-</u>	<u>(4,800)</u>
Net change in plan fiduciary net position	140,010	775,714	89,825
Plan fiduciary net position-beginning	<u>1,628,735</u>	<u>853,021</u>	<u>763,196</u>
Plan fiduciary net position-ending (b)	<u>1,768,745</u>	<u>1,628,735</u>	<u>853,021</u>
Net OPEB liability-ending (a) - (b)	<u>\$ 2,243,665</u>	<u>\$ 1,953,621</u>	<u>\$ 2,862,911</u>
Plan Fiduciary Net Position as a percentage of the Total OPEB Liability	44.08%	45.47%	22.96%
Covered employee payroll	\$ 11,480,834	\$ 10,715,512	\$ 10,160,128
Plan Net OPEB Liability as percentage of covered employee payroll	19.54%	18.23%	28.18%

*Information is presented as of the measurement date of June 30 one year prior to the reporting year noted.

Notes to Schedule

Benefit changes No change.

Changes of assumptions For 2019 the discount rate changed from 3.58 to 3.87. The medical trend was changed to better reflect future expectations. New claims and contribution assumptions were developed based on the updated premium information.

**Watauga County, North Carolina
Other Post Employment Benefits Irrevocable Trust**

**Schedule of County Contributions
Last Ten Fiscal Years**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Actuarially determined contribution	\$ 227,672	\$ 253,925	\$ 179,656	\$ 171,685	\$ 171,685	\$ 177,098	\$ 177,098	\$ 189,788	\$ 160,959	\$ 112,776
Contributions in relation to the actuarially determined contribution	264,000	256,000	872,800	207,436	230,450	205,575	211,783	169,359	160,959	112,776
Contribution deficiency (excess)	\$ <u>(36,328)</u>	\$ <u>(2,075)</u>	\$ <u>(693,144)</u>	\$ <u>(35,751)</u>	\$ <u>(58,765)</u>	\$ <u>(28,477)</u>	\$ <u>(34,685)</u>	\$ <u>20,429</u>	\$ <u>-</u>	\$ <u>-</u>
Covered payroll	\$ 11,480,834	\$ 10,745,512	\$ 10,160,128	\$ 10,512,790	\$ 10,028,405	\$ 10,387,368	\$ 10,011,037	\$ 10,526,058	\$ 10,666,529	\$ 10,936,838
Contributions as a percentage of covered payroll	2.30%	2.38%	8.59%	1.97%	2.30%	1.98%	2.12%	1.61%	1.51%	1.03%

Notes to Schedule

Methods and assumptions used to establish "actuarially determined contribution" rates:

Valuation date: Actuarially determined contribution rates are calculated biannually as of June 30, one year prior to the end of the fiscal year in which contributions are reported.

Measurement date: June 30, 2018

Discount rate	4%
Actuarial cost method	Projected Unit Credit
Amortization method	Open 30-year level percent of pay as of June 30, 2018
Remaining amortization period	30-years
Asset valuation method	Market Value
Inflation rate	3%
Retirement age	2015, projected forward generationally from the valuation date using MP-2015. Rates are adjusted by 115% (male) and 79% (female) for General Employees and by 104% (male) for Uniformed Employees
Salary increases	Based on service, 7.35% for Uniformed Employees grading down to 3.50% over 40 years, and 7.75% for General Employees grading down to 3.50% over 24 years, including inflation
Investment rate of return	The assets are invested in cash, so the 20-year, general obligation, municipal bond index rate as of the Measurement Date is used as the discount rate.
Mortality	2015, projected forward generationally from the valuation date using MP-2015. Rates are adjusted by 115% (male) and 79% (female) for General Employees and by 104% (male) for Uniformed Employees
Healthcare trend costs	7.00% grading down to 4.50% over 10 years

**Watauga County, North Carolina
Other Post Employment Benefits Irrevocable Trust**

**Schedule of Investment Returns
Last Three Fiscal Years**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	1.32%	0.87%	0.98%

Watauga County, North Carolina
Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)

Local Government Employees' Retirement System (LGERS)
Last Six Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	0.16559%	0.16785%	0.17390%	0.17404%	(0.17777)%	0.18070%
County's proportionate share of the net pension liability (asset) \$	\$ 3,928,361	2,564,283	\$ 3,690,741	\$ 781,083	\$ (1,048,391)	\$ 2,178,129
County's covered employee payroll	\$ 11,330,399	10,813,081	\$ 10,682,801	\$ 10,536,590	\$ 10,387,368	10,367,190
County's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	34.67%	23.71%	34.55%	7.41%	-10.09%	21.01%
Plan fiduciary net position as a percentage of the total pension liability	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

**Watauga County, North Carolina
County's Contributions**

Local Governmental Employees' Retirement System
Last Six Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 937,359	\$ 861,878	\$ 798,115	\$ 732,167	\$ 761,648	\$ 738,196
Contributions in relation to the contractually required contribution	937,359	861,878	798,115	732,167	761,648	738,196
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
County's covered payroll	\$ 11,777,037	\$ 11,330,399	\$ 10,813,081	\$ 10,682,801	\$ 10,536,590	\$ 10,387,368
Contributions as a percentage of covered payroll	7.96%	7.61%	7.38%	6.85%	7.23%	7.11%

Watauga County, North Carolina
Schedule of the County's Proportionate Share of the Net Pension Liability (Asset)

Register of Deeds' Supplemental Pension Fund (RODSPF)
 Last Six Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) %	(0.61613%)	(0.65062%)	(0.66734%)	(0.65929%)	(0.6297%)	(0.6609%)
County's proportionate share of the net pension liability (asset) \$	\$ (102,050)	\$ (111,054)	\$ (124,766)	\$ (152,800)	\$ (142,737)	\$ (141,158)
Plan fiduciary net position as a percentage of the total pension liability	153.31%	153.77%	160.17%	197.29%	193.88%	190.50%

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

**Watauga County, North Carolina
 County's Contributions**

Register of Deeds' Supplemental Pension Fund (RODSPF)
 Last Six Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 5,357	\$ 5,273	\$ 5,653	\$ 5,452	\$ 5,276	\$ 5,142
Contributions in relation to the contractually required contribution	5,357	5,273	5,653	5,452	5,276	5,142
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COMBINING AND INDIVIDUAL FUND SCHEDULES

Watauga County, North Carolina

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:			
Taxes - ad valorem:			
Current year		\$ 32,260,607	
Prior years		361,466	
Advertising and interest		164,131	
Total Taxes - ad valorem	\$ <u>31,837,000</u>	<u>32,786,204</u>	\$ <u>949,204</u>
Taxes - other:			
Local option sales taxes		12,809,697	
Real estate transfer tax		542,922	
ABC Bottle tax		22,868	
Heavy equipment rental tax		8,491	
Gross receipts tax		62,821	
Video programming tax		315,656	
Total Taxes - other	<u>13,029,900</u>	<u>13,762,455</u>	<u>732,555</u>
Unrestricted Intergovernmental:			
Miscellaneous revenues from Towns		1,894,091	
Medicaid hold harmless		2,220,185	
Tax collection fees		119,688	
Occupancy tax administrative fee		28,128	
Payments in lieu of taxes		27,650	
Total Unrestricted Intergovernmental	<u>3,360,000</u>	<u>4,289,742</u>	<u>929,742</u>
Restricted Intergovernmental:			
Grants-Federal and State		4,299,737	
Public School Building Capital Fund - Lottery		457,828	
Federal Interest Credit		14,039	
Court facilities fees		110,035	
Total Restricted Intergovernmental	<u>5,350,407</u>	<u>4,881,639</u>	<u>(468,768)</u>
Permits and Fees:			
Sheriff's office permits and fees		128,499	
Planning and inspection fees		315,889	
Register of deeds fees		289,907	
Fire inspection fees		3,132	
Child Support fees		49,848	
Total Permits and Fees	<u>678,455</u>	<u>787,275</u>	<u>108,820</u>
Sales and Services:			
POA services		11,497	
TDA Financial and other services		12,000	
Recreation fees		282,089	
Reimbursement for Inmates		55,204	
Rent		477,465	
DMV notary/passport processing fees		177,894	
Blowing Rock communication services		178,100	
Election revenues		94	
Total Sales and Service	<u>1,072,610</u>	<u>1,194,343</u>	<u>121,733</u>
Investment earnings:	<u>173,000</u>	<u>462,514</u>	<u>289,514</u>
Miscellaneous:			
Other		516,146	
Donations		380,812	
Total Miscellaneous	<u>680,560</u>	<u>896,958</u>	<u>216,398</u>
TOTAL REVENUES	<u>56,181,932</u>	<u>59,061,130</u>	<u>2,879,198</u>

Watauga County, North Carolina

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES:			
General Government			
Governing Body:			
Salaries and benefits		\$ 55,011	
Operating expenses		5,105	
Total Governing Body	\$ 62,085	60,116	\$ 1,969
Administration:			
Salaries and benefits		410,143	
Operating expenses		7,178	
Total Administration	431,795	417,321	14,474
Finance:			
Salaries and benefits		320,545	
Operating expenses		66,310	
Total Finance	448,305	386,855	61,450
Tax Administration:			
Salaries and benefits		887,401	
Operating expenses		167,049	
Total Tax Administration	1,123,350	1,054,450	68,900
Tax Revaluation:			
Operating expenses		168	
Total Tax Revaluation	50,000	168	49,832
Tag Office:			
Salaries and benefits		196,390	
Operating expenses		3,741	
Total Tag Office	203,395	200,131	3,264
Legal Services:			
Operating expenses	85,000	57,749	27,251
Court facilities:			
Operating expenses	2,000	1,361	639
Board of Elections:			
Salaries and benefits		232,329	
Operating expenses		103,304	
Total Board of Elections	353,220	335,633	17,587
Register of Deeds:			
Salaries and benefits		450,856	
Operating expenses		68,672	
Capital outlay		1,198	
Total Register of Deeds	535,765	520,726	15,039
General Administration:			
Operating expenses		519,519	
Capital outlay		1,110,216	
Total General Administration	2,496,122	1,629,735	866,387
Information Technologies:			
Salaries and benefits		459,542	
Operating expenses		346,488	
Capital outlay		38,614	
Total Information Technologies	997,886	844,644	153,242

Watauga County, North Carolina

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Maintenance:			
Salaries and benefits		\$ 1,152,780	
Operating expenses		37,022	
Capital outlay		48,511	
Total Maintenance	\$ 1,311,121	1,238,313	\$ 72,808
Public Buildings:			
Operating expenses		1,210,859	
Capital outlay		374,516	
Total Public Buildings	2,199,507	1,585,375	614,132
Total General Government	10,299,551	8,332,577	1,966,974
Public Safety			
Sheriff's Office:			
Salaries and benefits		3,352,977	
Operating expenses		432,579	
Capital outlay		236,713	
Total Sheriff's Office	4,314,320	4,022,269	292,051
Detention Center:			
Salaries and benefits		1,551,408	
Operating expenses		612,909	
Total Detention Center	2,291,060	2,164,317	126,743
Emergency Services:			
Salaries and benefits		796,844	
Operating expenses		29,476	
Capital outlay		31,834	
Total Emergency Services	908,681	858,154	50,527
Emergency Management:			
Salaries and benefits		281,870	
Operating expenses		1,283,221	
Operating expenses		97,411	
Total Emergency Management	1,749,100	1,662,502	86,598
Planning and Inspections:			
Salaries and benefits		632,039	
Operating expenses		19,306	
Total Planning and Inspections	667,500	651,345	16,155
Other Emergency Services:	1,519,710	1,457,499	62,211
Animal Control:			
Salaries and benefits		122,596	
Operating expenses		8,438	
Total Animal Control	136,060	131,034	5,026
Total Public Safety	11,586,431	10,947,120	639,311
Transportation			
Transportation:	224,792	224,792	-
Economic and Physical Development			
Special Appropriations:	469,105	468,469	636
Economic Development:	250,139	205,436	44,703
Total Economic and Physical Development	719,244	673,905	45,339

Watauga County, North Carolina
General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Environmental Protection			
Cooperative Extension:			
Salaries and benefits		\$ 239,914	
Operating expenses		15,090	
Total Cooperative Extension	\$ 254,280	255,004	\$ (724)
Soil and Water Conservation:			
Salaries and benefits		110,918	
Operating expenses		7,517	
Total Soil and Water Conservation	136,364	118,435	17,929
Total Environmental Protection	390,644	373,439	17,205
Human Services			
Public Health:	680,705	680,705	-
Mental Health:	171,195	171,195	-
Social Services:			
Salaries and benefits		3,029,810	
Operating expenses		335,594	
Capital outlay		28,103	
Beneficiary payments		1,777,923	
Total Social Services	5,589,291	5,171,430	417,861
Project on Aging:			
Salaries and benefits		1,078,373	
Operating expenses		202,923	
Total Project on Aging	1,417,618	1,281,296	136,322
Veterans Services:			
Salaries and benefits		116,442	
Operating expenses		2,108	
Total Veterans Services	122,510	118,550	3,960
Total Human Services	7,981,319	7,423,176	558,143
Education			
Public Schools - current		13,557,815	
Public Schools - capital outlay		1,435,180	
Community College - current		900,250	
Community College - capital outlay		352,075	
Total Education	16,825,283	16,245,320	579,963
Cultural and Recreational			
Library:	604,760	604,760	-
Recreation:			
Salaries and benefits		853,886	
Operating expenses		134,976	
Capital outlay		22,100	
Total Recreation	1,128,683	1,010,962	117,721
Total Cultural and Recreational	1,733,443	1,615,722	117,721
Debt Service			
Principal retirement		3,882,361	
Interest and fees		2,101,148	
Total Debt Service	5,983,510	5,983,509	1
TOTAL EXPENDITURES	55,744,217	51,819,560	3,924,657
Revenues over (under) expenditures	437,715	7,241,570	6,803,855

Watauga County, North Carolina
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
OTHER FINANCING SOURCES (USES):			
Sale of capital assets	\$ 40,000	\$ 12,154	\$ (27,846)
Transfers to Recreation Center Project Fund	(3,600,000)	(3,600,000)	-
Transfers to Capital Projects Fund	(4,707,263)	(4,707,263)	-
Transfers from Capital Projects Fund	1,560,248	1,560,248	-
Fund balance appropriated	<u>6,269,300</u>	<u>-</u>	<u>(6,269,300)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(437,715)</u>	<u>(6,734,861)</u>	<u>(6,297,146)</u>
Net change in fund balance	\$ <u>-</u>	<u>506,709</u>	\$ <u>506,709</u>
Fund balance, beginning of year, restated		<u>26,385,661</u>	
Fund balance, end of year		\$ <u>26,892,370</u>	

Watauga County, North Carolina
 Capital Projects Fund
 Schedule of Revenues, Expenditures, and Changes in
 Fund Balance - Budget and Actual
 For the Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Investment earnings	\$ <u> -</u>	\$ <u> 145,631</u>	\$ <u> 145,631</u>
 Expenditures:			
General government	<u> 5,219,303</u>	<u> -</u>	<u> 5,219,303</u>
Revenues over (under) expenditures	<u> (5,219,303)</u>	<u> 145,631</u>	<u> 5,364,934</u>
 Other financing sources (uses):			
Transfer from other funds	5,224,303	4,707,263	(517,040)
Transfer to other funds	(1,560,248)	(1,560,248)	-
Appropriated fund balance	<u> 1,555,248</u>	<u> -</u>	<u> (1,555,248)</u>
 Total other financing sources (uses)	<u> 5,219,303</u>	<u> 3,147,015</u>	<u> (2,072,288)</u>
 Net change in fund balance	\$ <u> -</u>	3,292,646	\$ <u> 3,292,646</u>
 Fund balance, beginning of year		<u> 6,684,645</u>	
 Fund balance, end of year		\$ <u> 9,977,291</u>	

Watauga County, North Carolina
Recreation Center Project Fund
Schedule of Revenues and Expenditures and Changes in
Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	<u>Budget</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total-to Date</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
Investment earnings	\$ -	152,983	\$ 756,209	\$ 909,192	\$ 909,192
Expenditures:					
Land Improvements	15,445	11,200	4,245	15,445	-
Building and furniture, fixtures and equipment	34,904,447	81,282	12,669,390	12,750,672	22,153,775
Professional services/architect	4,390,000	863,517	1,639,710	2,503,227	1,886,773
Total expenditures	<u>39,309,892</u>	<u>955,999</u>	<u>14,313,345</u>	<u>15,269,344</u>	<u>(24,040,548)</u>
Revenues over (under) expenditures	<u>-</u>	<u>(803,016)</u>	<u>(13,557,136)</u>	<u>(14,360,152)</u>	<u>24,949,740</u>
Other financing sources:					
Proceeds from installment obligations issued	18,490,000	-	18,490,000	18,490,000	-
Premium on installment obligations	1,723,277	-	1,723,277	1,723,277	-
Transfer from other Funds	19,096,615	15,496,615	3,600,000	19,096,615	-
Total other financing sources	<u>39,309,892</u>	<u>15,496,615</u>	<u>23,813,277</u>	<u>39,309,892</u>	<u>-</u>
Net change in fund balance	\$ <u>-</u>	<u>14,693,599</u>	10,256,141	\$ <u>24,949,740</u>	\$ <u>24,949,740</u>
Fund balance at beginning of year			<u>14,693,599</u>		
Fund balance at end of year			\$ <u>24,949,740</u>		

Schedule 4

Watauga County, North Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

Nonmajor Special Revenue Funds						
	Federal Equitable Sharing Fund	State Substance Abuse Tax Fund	Emergency Telephone System Fund	Fire Districts Funds	Occupancy Tax Fund	Total Nonmajor Special Revenue Funds
ASSETS:						
Restricted cash and cash equivalents	\$ 93,026	\$ 34,012	\$ 273,279	\$ 10,929	\$ 126,043	\$ 537,289
Due from other governments	-	-	27,214	17,072	-	44,286
Taxes receivable, net	-	-	-	83,954	174,511	258,465
Total assets	<u>\$ 93,026</u>	<u>\$ 34,012</u>	<u>\$ 300,493</u>	<u>\$ 111,955</u>	<u>\$ 300,554</u>	<u>\$ 840,040</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES:						
Liabilities:						
Accounts payable and accrued liabilities	-	932	6,559	28,001	-	35,492
Due to other governments	-	-	-	-	300,554	300,554
Total Liabilities	<u>-</u>	<u>932</u>	<u>6,559</u>	<u>28,001</u>	<u>300,554</u>	<u>336,046</u>
Deferred Inflows of Resources:						
Taxes paid in advance	-	-	-	-	-	-
Taxes receivable	-	-	-	83,954	-	83,954
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>83,954</u>	<u>-</u>	<u>83,954</u>
Fund Balances:						
Restricted for:						
Stabilization by State Statute	-	-	27,214	-	-	27,214
Public Safety	93,026	33,080	266,720	-	-	392,826
Total fund balances	<u>93,026</u>	<u>33,080</u>	<u>293,934</u>	<u>-</u>	<u>-</u>	<u>420,040</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 93,026</u>	<u>\$ 34,012</u>	<u>\$ 300,493</u>	<u>\$ 111,955</u>	<u>\$ 300,554</u>	<u>\$ 840,040</u>

Schedule 5

Watauga County, North Carolina
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2019

	<u>Nonmajor 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 Fund</u>	<u>Occupancy Tax Fund</u>	<u>Total Nonmajor Special Revenue Funds</u>
REVENUES						
Ad valorem taxes	\$ -	\$ -	\$ -	\$ 3,358,762	\$ -	\$ 3,358,762
Other taxes and licenses	-	-	-	-	1,837,552	1,837,552
Restricted intergovernmental	45,814	23,646	326,565	-	-	396,025
Investment earnings	1,135	625	4,341	-	-	6,101
Total revenues	<u>46,949</u>	<u>24,271</u>	<u>330,906</u>	<u>3,358,762</u>	<u>1,837,552</u>	<u>5,598,440</u>
EXPENDITURES						
General government	-	-	-	-	-	-
Economic development	-	-	-	-	1,837,552	1,837,552
Public safety	3,250	41,969	305,976	3,358,762	-	3,709,957
Total expenditures	<u>3,250</u>	<u>41,969</u>	<u>305,976</u>	<u>3,358,762</u>	<u>1,837,552</u>	<u>5,547,509</u>
Net change in fund balances	43,699	(17,698)	24,930	-	-	50,931
Fund balances, beginning of year	<u>49,327</u>	<u>50,778</u>	<u>269,004</u>	<u>-</u>	<u>-</u>	<u>369,109</u>
Fund balances, end of year	<u>\$ 93,026</u>	<u>\$ 33,080</u>	<u>\$ 293,934</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 420,040</u>

Watauga County, North Carolina
 Federal Equitable Sharing Fund
 Schedule of Revenues, Expenditures, and Changes in
 Fund Balance - Budget and Actual
 For the Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Restricted intergovernmental - Federal	\$ -	\$ 45,814	\$ 45,814
Investment earnings	<u>-</u>	<u>1,135</u>	<u>1,135</u>
Total revenues	<u>-</u>	<u>46,949</u>	<u>46,949</u>
Expenditures:			
Public safety	<u>3,320</u>	<u>3,250</u>	<u>70</u>
Revenues over (under) expenditures	<u>(3,320)</u>	<u>43,699</u>	<u>47,019</u>
Other financing sources (uses):			
Appropriated fund balance	<u>3,320</u>	<u>-</u>	<u>(3,320)</u>
Net change in fund balance	<u>\$ -</u>	<u>43,699</u>	<u>\$ 43,699</u>
Fund balance, beginning of year		<u>49,327</u>	
Fund balance, end of year		<u>\$ 93,026</u>	

Watauga County, North Carolina
 State Substance Abuse Tax Fund
 Schedule of Revenues, Expenditures, and Changes in
 Fund Balance - Budget and Actual
 For the Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Restricted intergovernmental - State	\$ 32,000	\$ 23,646	\$ (8,354)
Investment earnings	<u>-</u>	<u>625</u>	<u>625</u>
Total revenues	<u>32,000</u>	<u>24,271</u>	<u>(7,729)</u>
Expenditures:			
Public safety	46,500	41,969	4,531
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>46,500</u>	<u>41,969</u>	<u>4,531</u>
Revenues over (under) expenditures	<u>(14,500)</u>	<u>(17,698)</u>	<u>(3,198)</u>
Other financing sources (uses):			
Appropriated fund balance	<u>14,500</u>	<u>-</u>	<u>(14,500)</u>
Net change in fund balance	<u>\$ -</u>	<u>(17,698)</u>	<u>\$ (17,698)</u>
Fund balance, beginning of year		<u>50,778</u>	
Fund balance, end of year		<u>\$ 33,080</u>	

Watauga County, North Carolina
 Emergency Telephone System Fund
 Schedule of Revenues, Expenditures, and Changes in
 Fund Balance - Budget and Actual
 For the Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Restricted intergovernmental:			
Emergency Telephone Surcharge funds	\$ 326,565	\$ 326,565	\$ -
Investment earnings	<u>-</u>	<u>4,341</u>	<u>4,341</u>
Total revenues	<u>326,565</u>	<u>330,906</u>	<u>4,341</u>
Expenditures:			
Public safety:			
Implementation services	77,100	63,713	13,387
Software	72,800	64,167	8,633
Training	6,045	3,233	2,812
Telephones	99,620	104,654	(5,034)
Hardware	71,000	70,129	871
Furniture	<u>-</u>	<u>80</u>	<u>(80)</u>
Total expenditures	<u>326,565</u>	<u>305,976</u>	<u>20,589</u>
Net change in fund balance	\$ <u>-</u>	24,930	\$ <u>24,930</u>
Fund balance, beginning of year		<u>269,004</u>	
Fund balance, end of year		\$ <u>293,934</u>	

Watauga County, North Carolina
 Fire Districts Funds
 Schedule of Revenues, Expenditures, and Changes in
 Fund Balance - Budget and Actual
 For the Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Ad valorem taxes	\$ <u>3,385,100</u>	\$ <u>3,358,762</u>	\$ <u>(26,338)</u>
Total revenues	<u>3,385,100</u>	<u>3,358,762</u>	<u>(26,338)</u>
Expenditures:			
Public safety:			
Beaver Dam Fire Department	115,000	109,934	
Beech Mountain Fire Department	1,800	1,601	
Blowing Rock Fire Department	501,000	496,293	
Boone Fire Department	960,500	958,033	
Cove Creek Fire Department	260,700	255,799	
Creston Fire Department	6,900	6,051	
Deep Gap Fire Department	205,500	205,458	
Fall Creek Fire Department	11,000	9,300	
Foscoe Fire Department	560,400	558,655	
Meat Camp Fire Department	226,000	223,918	
Shawneehaw Fire Department	112,300	109,283	
Stewart Simmons Fire Department	232,000	235,079	
Todd Fire Department	67,000	65,027	
Zionville Fire Department	<u>125,000</u>	<u>124,331</u>	
Total expenditures	<u>3,385,100</u>	<u>3,358,762</u>	<u>26,338</u>
Net change in fund balance	\$ <u><u>-</u></u>	-	\$ <u><u>-</u></u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u><u>-</u></u>	

Watauga County, North Carolina
Occupancy Tax Fund
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
For the Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Occupancy tax	\$ <u>1,890,000</u>	\$ <u>1,837,552</u>	\$ <u>(52,448)</u>
Total revenues	<u>1,890,000</u>	<u>1,837,552</u>	<u>(52,448)</u>
Expenditures:			
Tourism development	1,861,100	1,809,176	51,924
Administrative fee	<u>28,900</u>	<u>28,376</u>	<u>524</u>
Total expenditures	<u>1,890,000</u>	<u>1,837,552</u>	<u>52,448</u>
Net change in fund balance	\$ <u><u>-</u></u>	-	\$ <u><u>-</u></u>
Fund balance, beginning of year		<u>-</u>	
Fund balance, end of year		\$ <u><u>-</u></u>	

Watauga County, North Carolina
Solid Waste Fund
Schedule of Revenues and Expenditures Budget and Actual (NON-GAAP)
For the Year Ended June 30, 2019

	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Operating revenues:			
Charges for services	\$ 4,739,845	\$ 4,769,487	\$ 29,642
Sale of recycled materials	375,000	322,838	(52,162)
Total	<u>5,114,845</u>	<u>5,092,325</u>	<u>(22,520)</u>
Non-operating revenues:			
Miscellaneous revenue	3,700	3,198	(502)
Investment earnings	35,000	123,643	88,643
Restricted intergovernmental revenues	133,000	150,629	17,629
Total	<u>171,700</u>	<u>277,470</u>	<u>105,770</u>
Total revenues	<u>5,286,545</u>	<u>5,369,795</u>	<u>83,250</u>
Expenditures:			
Landfill operations:			
Salaries and employee benefits		1,356,508	
Other operating expenditures		3,179,182	
Total landfill operations	<u>4,977,728</u>	<u>4,535,690</u>	<u>442,038</u>
Recycling operations:			
Salaries and employee benefits		48,576	
Other operating expenses		37,655	
Total recycling operations	<u>106,525</u>	<u>86,231</u>	<u>20,294</u>
Capital outlay:			
Capital outlay	<u>457,812</u>	<u>455,942</u>	<u>1,870</u>
Total expenditures	<u>5,542,065</u>	<u>5,077,863</u>	<u>464,202</u>
Revenues under/(over) expenditures	<u>(255,520)</u>	<u>291,932</u>	<u>547,452</u>
Other financing sources:			
Sale of fixed assets	35,000	-	(35,000)
Appropriated fund balance	220,520	-	(220,520)
Total other financing sources	<u>255,520</u>	<u>-</u>	<u>(255,520)</u>
Revenues over expenditures and other sources	<u>\$ -</u>	<u>291,932</u>	<u>\$ 291,932</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Increase in deferred outflow of resources - pensions		101,698	
Increase in net pension liability		(114,474)	
Decrease in deferred inflow of resources - pensions		4,707	
Increase in deferred outflow of resources - OPEB		35,540	
Increase in deferred inflow of resources - OPEB		(30,749)	
Increase in net OPEB liability		(24,651)	
Increase in accrued landfill postclosure and closure costs		(20,760)	
Capital outlay		446,114	
Depreciation		(337,118)	
Decrease in accrued compensated absences		2,497	
Total reconciling items		<u>62,804</u>	
Change in net position		<u>\$ 354,736</u>	

Watauga County, North Carolina
 Combining Schedule of Fiduciary Net Position
 Irrevocable Trust Funds
 For the Year Ended June 30, 2019

	<u>LEO Special Separation Allowance</u>	<u>Other Post Employment Benefits</u>	<u>Totals</u>
Assets			
Cash and cash equivalents	\$ 565,353	\$ 1,900,442	\$ 2,465,795
Accounts receivable	1,990	11,017	13,007
	<u>\$ 567,343</u>	<u>\$ 1,911,459</u>	<u>\$ 2,478,802</u>
Net position:			
Assets held in trust for retirement benefits	<u>\$ 567,343</u>	<u>\$ 1,911,459</u>	<u>\$ 2,478,802</u>

Schedule 13

Watauga County, North Carolina
Combining Schedule of Changes in Fiduciary Net Position
Irrevocable Trust Funds
For the Year Ended June 30, 2019

	<u>LEO Special Separation Allowance</u>	<u>Other Post Employment Benefits</u>	<u>Totals</u>
Additions:			
Employer contributions	\$ 130,091	\$ 264,000	\$ 394,091
Interest	<u>11,387</u>	<u>32,752</u>	<u>44,139</u>
Total additions	<u>141,478</u>	<u>296,752</u>	<u>438,230</u>
Deductions:			
Benefits	35,091	141,500	176,591
Administrative expense	<u>9,519</u>	<u>12,538</u>	<u>22,057</u>
Total deductions	<u>44,610</u>	<u>154,038</u>	<u>198,648</u>
Change in net position	96,868	142,714	239,582
Net position, beginning	470,475	1,768,745	2,239,220
Net position, ending	<u>\$ 567,343</u>	<u>\$ 1,911,459</u>	<u>\$ 2,478,802</u>

Watauga County, North Carolina
 Agency Funds
 Combining Schedule of Changes in Assets and Liabilities
 For the Year Ended June 30, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>July 1, 2019</u>
Social Services Trust:				
Assets:	\$ <u>45,972</u>	\$ <u>191,596</u>	\$ <u>196,770</u>	\$ <u>40,798</u>
Liabilities:	\$ <u>45,972</u>	\$ <u>191,596</u>	\$ <u>196,770</u>	\$ <u>40,798</u>
Vehicle Tax-Towns:				
Assets:	\$ <u>11</u>	\$ <u>178,324</u>	<u>178,324</u>	\$ <u>11</u>
Liabilities:	\$ <u>11</u>	\$ <u>178,324</u>	\$ <u>178,324</u>	\$ <u>11</u>
Town of Boone Taxes:				
Assets:	\$ <u>8,341</u>	\$ <u>6,292,245</u>	\$ <u>6,298,328</u>	\$ <u>2,258</u>
Liabilities:	\$ <u>8,341</u>	\$ <u>6,292,245</u>	\$ <u>6,298,328</u>	\$ <u>2,258</u>
Inmate Commissary:				
Assets:	\$ <u>15,170</u>	\$ <u>206,902</u>	\$ <u>206,437</u>	\$ <u>15,635</u>
Liabilities:	\$ <u>15,170</u>	\$ <u>206,902</u>	\$ <u>206,437</u>	\$ <u>15,635</u>
Fines and Forfeitures:				
Assets:	\$ <u>12,213</u>	\$ <u>198,821</u>	\$ <u>190,524</u>	\$ <u>20,510</u>
Liabilities:	\$ <u>12,213</u>	\$ <u>198,821</u>	\$ <u>190,524</u>	\$ <u>20,510</u>
Deed of Trust Fee:				
Assets:	\$ <u>3,931</u>	\$ <u>46,884</u>	\$ <u>46,977</u>	\$ <u>3,838</u>
Liabilities:	\$ <u>3,931</u>	\$ <u>46,884</u>	\$ <u>46,977</u>	\$ <u>3,838</u>
Total - All Agency Funds				
Assets:	\$ <u>85,638</u>	\$ <u>7,114,772</u>	\$ <u>7,117,360</u>	\$ <u>83,050</u>
Liabilities:	\$ <u>85,638</u>	\$ <u>7,114,772</u>	\$ <u>7,117,360</u>	\$ <u>83,050</u>

Watauga County, North Carolina
 General Fund
 Schedule of Ad Valorem Taxes Receivable
 For the Year Ended June 30, 2019

Fiscal year:	Uncollected Balance June 30, 2018	Additions	Collections and Credits	Uncollected Balance June 30, 2019
2018 - 2019	\$ -	\$ 32,592,547	\$ 32,271,275	\$ 321,272
2017 - 2018	378,029	-	207,798	170,231
2016 - 2017	141,217	-	53,589	87,628
2015 - 2016	86,261	-	29,255	57,006
2014 - 2015	89,142	-	36,524	52,618
2013 - 2014	57,619	-	20,048	37,571
2012 - 2013	45,469	-	12,969	32,500
2011 - 2012	33,788	-	10,995	22,793
2010 - 2011	28,313	-	7,867	20,446
2009 - 2010	16,614	-	3,457	13,157
2008 - 2009	15,655	-	15,655	-
	<u>\$ 892,107</u>	<u>\$ 32,592,547</u>	<u>\$ 32,669,432</u>	<u>815,222</u>
Plus: 2019 - 2020 receivable				13,547
Less: Allowance for uncollectible accounts General Fund				<u>(133,915)</u>
Ad valorem taxes receivable - net General Fund				<u>\$ 694,854</u>

Reconciliation with revenues:

Ad valorem taxes - General Fund		\$ 32,786,204
Reconciling items:		
Advertising and interest collected	(164,131)	
Taxes written off	14,495	
Penalties payable to WCS	3,920	
Prior year releases and refunds	28,944	
Total reconciling items	<u>(116,772)</u>	
Total collections and credits		<u>\$ 32,669,432</u>

Watauga County, North Carolina
Analysis of Current Tax Levy
County-wide Levy
For the Year Ended June 30, 2019

	Property Valuation	Rate	Amount of Levy	Total Levy	
				Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 8,668,321,958	\$ 0.00353	\$ 30,597,450	\$ 30,597,450	\$ -
Motor vehicles	468,103,399	0.00353	1,652,405	-	1,652,405
Penalties	-		8,040	8,040	-
Total	<u>9,136,425,357</u>		<u>32,257,895</u>	<u>30,605,490</u>	<u>1,652,405</u>
Discoveries:					
Property taxed at current year's rate	125,774,940	0.00353	441,832	441,832	-
Penalties	-		4,480	4,480	-
Total	<u>125,774,940</u>		<u>446,312</u>	<u>446,312</u>	<u>-</u>
Abatements:	<u>(31,631,728)</u>		<u>(111,660)</u>	<u>(111,660)</u>	<u>-</u>
Total property valuation	\$ <u>9,230,568,569</u>				
			Net levy	32,592,547	1,652,405
			Uncollected taxes at June 30, 2019	321,272	8,130
			Current year's taxes collected	\$ <u>32,271,275</u>	\$ <u>1,644,275</u>
			Current levy collection percentage	<u>99.01%</u>	<u>99.51%</u>

Schedule 17-A

Watauga County, North Carolina
 Analysis of Current Tax Levy
 County-wide Levy
 For the Year Ended June 30, 2019

Secondary Market Disclosures:

Assessed Valuation:		
Assessment Ratio		100%
Real Property	\$	8,952,122,949
Personal Property		173,329,860
Public Service Companies		105,115,760
Total Assessed Valuation	\$	<u>9,230,568,569</u>
 Tax Rate per \$100		 0.353
 Net Levy (Includes penalties, discoveries, releases and abatements)	 \$	 <u><u>32,592,547</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, 2019:

Fire Protection District	Tax Rate per \$100	Net Levy
Beech Mountain Rural	\$ 0.05	\$ 1,588
Blowing Rock	0.05	494,989
Boone Rural	0.06	947,176
Cove Creek	0.05	253,675
Cove Creek Rural	0.05	324
Deep Gap	0.05	201,961
Foscoe	0.05	479,151
Foscoe Rural	0.05	74,574
Meat Camp	0.05	227,353
Northwest Watauga	0.05	118,372
Shawneehaw	0.05	101,296
Shawneehaw Rural	0.05	6,334
Stewart Simmons	0.085	232,844
Todd	0.07	64,821
Zionville	0.05	123,391
 Total Net Fire Protection District Levies		 \$ <u><u>3,327,849</u></u>

Watauga County, North Carolina
 Ten Largest Taxpayers
 For the Year Ended June 30, 2019

Taxpayer	Type of Business	2018 Assessed Valuation	Percentage of Total Assessed Valuation	
Blue Ridge Electric Membership Coop	Electric Utility	\$ 78,538,760	0.85	%
Wallace Loft LLC	Rental Properties	46,504,000	0.50	
BR Development Group LLC	Real Estate Development	24,757,100	0.27	
WM Land Boone Ltd Ptnrp	Real Estate Development	13,689,900	0.15	
MV of Boone LLC	Rental Properties	23,480,200	0.25	
Dugger Valley Inv Group LLC	Real Estate Development	23,317,700	0.25	
Meadowview at Boone LLC	Rental Properties	17,906,700	0.19	
Paul Brown Enterprises	Commercial Rental Properties	13,021,960	0.14	
Templeton Properties LP	Commercial Rental Properties	15,709,890	0.17	
Highland Crossing-B, LLC	Real Estate Development	15,743,220	0.17	
		<u>\$ 272,669,430</u>	<u>2.96</u>	<u>%</u>

Watauga County, North Carolina
 Analysis of Current Tax Levy
 Fire Districts
 For the Year Ended June 30, 2019

	Northwest Watauga Fire District	Beech Mtn. Rural Fire Service District	Blowing Rock Rural Fire District	Boone Rural Fire District	Cove Creek Fire District
Tax rate per \$100	\$ <u>0.05</u>	\$ <u>0.05</u>	\$ <u>0.05</u>	\$ <u>0.06</u>	\$ <u>0.05</u>
Net levy	\$ 118,372	\$ 1,588	\$ 494,989	\$ 947,176	\$ 253,675
Uncollected taxes at June 30, 2019	<u>2,351</u>	<u>8</u>	<u>5,669</u>	<u>8,503</u>	<u>3,564</u>
Current year's taxes collected	\$ <u>116,021</u>	\$ <u>1,580</u>	\$ <u>489,320</u>	\$ <u>938,673</u>	\$ <u>250,111</u>
Current levy collection percentage	<u>98.01%</u>	<u>99.49%</u>	<u>98.85%</u>	<u>99.10%</u>	<u>98.60%</u>

	Cove Creek Rural Fire Service District	Deep Gap Fire District	Foscoe Fire District	Foscoe Rural Fire Service District	Meat Camp Fire District
Tax rate per \$100	\$ <u>0.05</u>	\$ <u>0.05</u>	\$ <u>0.05</u>	\$ <u>0.05</u>	\$ <u>0.05</u>
Net levy	\$ 324	\$ 201,961	\$ 479,151	\$ 74,574	\$ 227,353
Uncollected taxes at June 30, 2019	<u>-</u>	<u>2,845</u>	<u>3,697</u>	<u>529</u>	<u>4,604</u>
Current year's taxes collected	\$ <u>324</u>	\$ <u>199,116</u>	\$ <u>475,454</u>	\$ <u>74,045</u>	\$ <u>222,749</u>
Current levy collection percentage	<u>100.00%</u>	<u>98.59%</u>	<u>99.23%</u>	<u>99.29%</u>	<u>97.97%</u>

	Shawnheehaw Fire District	Shawnheehaw Rural Fire Service District	Stewart Simmons Fire District	Todd Fire District	Zionville Fire District
Tax rate per \$100	\$ <u>0.05</u>	\$ <u>0.05</u>	\$ <u>0.085</u>	\$ <u>0.07</u>	\$ <u>0.05</u>
Net levy	\$ 101,296	\$ 6,334	\$ 232,844	\$ 64,821	\$ 123,391
Uncollected taxes at June 30, 2019	<u>528</u>	<u>126</u>	<u>1,570</u>	<u>591</u>	<u>2,579</u>
Current year's taxes collected	\$ <u>100,768</u>	\$ <u>6,208</u>	\$ <u>231,274</u>	\$ <u>64,230</u>	\$ <u>120,812</u>
Current levy collection percentage	<u>99.48%</u>	<u>98.01%</u>	<u>99.33%</u>	<u>99.09%</u>	<u>97.91%</u>

COMPLIANCE SECTION



**GOULD KILLIAN
CPA GROUP, P.A.**
CERTIFIED PUBLIC ACCOUNTANTS

**Independent Auditors' 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***

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 financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Watauga County, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Watauga County, North Carolina's basic financial statements, and have issued our report thereon dated December 13, 2019. Our report includes a reference to other auditors who audited the financial statements of AppalCART, as described in our report on the County's financial statements. This report does not include the results of other auditors' testing of internal control over financial or compliance and other matters that are reported separately by those auditors. The financial statements of the 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, North Carolina'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, North Carolina's internal control. Accordingly, we do not express an opinion on the effectiveness of Watauga County, North Carolina'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 internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider 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 results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Donald Killian CPA Group, P.A.

Asheville, North Carolina
December 13, 2019



Independent Auditors' Report On Compliance With Requirements Applicable to Each Major Federal Program And Internal Control Over Compliance In Accordance With OMB Uniform Guidance And The State Single Audit Implementation Act

To the Board of Commissioners
Watauga County, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Watauga County, North Carolina's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Watauga County, North Carolina's major federal programs for the year ended June 30, 2019. Watauga County, North Carolina'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

Opinion on Each Major Federal Program

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-002. Our opinion on each major federal program is not modified with respect to these matters.

Watauga County, North Carolina's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Watauga County, North Carolina's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of Watauga County, North Carolina, 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, North Carolina's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Watauga County, North Carolina'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 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 a 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, and therefore, significant deficiencies or material weaknesses may exist that were not identified. We identified deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2019-001, that we consider to be a significant deficiency, and items 2019-002, and 2019-003, that we consider to be material weaknesses.

Watauga County, North Carolina's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Watauga County, North Carolina's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

Donald Killian CPA Group, P.A.

Asheville, North Carolina
December 13, 2019



Independent Auditors' Report On Compliance With Requirements Applicable to Each Major State Program And Internal Control Over Compliance In Accordance With OMB Uniform Guidance And The State Single Audit Implementation Act

To the Board of Commissioners
Watauga County, North Carolina

Report on Compliance for Each Major State Program

We have audited Watauga County, North Carolina's 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, North Carolina's major state programs for the year ended June 30, 2019. Watauga County, North Carolina'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 federal and state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

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

Opinion on Each Major State Program

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with applicable sections of section the Uniform Guidance as described in the *Audit Manual for Governmental Auditors in North Carolina*, and which are described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-002. Our opinion on each major state program is not modified with respect to these matters.

Watauga County, North Carolina's response to the noncompliance findings identified in our audit is described in the accompanying corrective action plan. Watauga County, North Carolina's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a 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 material weaknesses or significant deficiencies. We identified deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2019-001, that we consider to be a significant deficiency, and items 2019-002, and 2019-003, that we consider to be material weaknesses.

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

David Killian CPA Group, P.A.

Asheville, North Carolina
December 13, 2019

WATAUGA COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2019

I. Summary of Auditor’s Results

Financial Statements

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

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? ___X___yes _____no
- Significant deficiency(s) identified that are not considered to be material weaknesses? ___X___yes _____none reported

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

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

The following were audited as major federal program for Watauga County for the fiscal year ended June 30, 2019:

<u>Program Name or Cluster</u>	<u>CFDA #</u>
Medicaid Cluster	93.778, 93.777, 93.775
Foster Care – Title IV-E	93.658

The threshold for determining Federal Type A programs for Watauga County is \$750,000.

Watauga County did not qualify as a low risk auditee.

WATAUGA COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2019

State Awards

Internal control over major state programs:

- Material weakness(es) identified? X yes no

- Significant deficiency(s) identified that are not considered to be material weaknesses? X yes none reported

Type of auditor’s report issued on compliance for major state programs: Unmodified.

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act yes X no

Major State programs (over \$500,000) for Watauga County for the fiscal year ended June 30, 2019 are:

State Program

- State Foster Care
- Public School Building Capital Fund

Federal Program – State Match

- Medicaid Cluster
- Foster Care – Title IV-E

WATAUGA COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2019

II. Financial Statement Findings

None reported

III. Federal Award Findings and Questioned Costs

US Department of Health and Human Services

Passed through the NC Dept. of Health and Human Services

Program Name: Medical Assistance Program (Medicaid; Title XIX) Crosscutting requirements

CFDA # 93.778

Finding: **2019-001 Day Sheet Accountability**
SIGNIFICANT DEFICIENCY– REPORTING
NONMATERIAL NONCOMPLIANCE

Criteria: Each county’s department of social services in North Carolina must comply with the NC Social Services Fiscal Control Manual Section III A, which requires County DSS employees who provide direct client services during the month to maintain day sheets in accordance with the Service Information System (SIS) Policy. According to the SIS User’s Manual, day sheet entries must be supported by documentation in case record files. For auditing and monitoring purposes, entries made by caseworkers providing direct client services must either include the client information on the time entry to include description of what work was performed, or have another reliable method such as a log, journal, or calendar available so that time entries can be supported by evidence of the work that was performed. This evidence should indicate what was performed for the client during the time indicated by the day sheet or log. This requirement effects multiple programs.

Condition: The County did not have a policy requiring either client identification on the time entry with applicable description or an alternative record to support the direct client service time reported on the DSS 1571 form for administration of the Medicaid program during the period of time our review covered. All caseworker time indicates the client, but this time cannot be supported by activity reports generated from NC FAST or a written narrative in the document manager system. Audit procedures applied to 60 time entries of DSS workers revealed 4 instances where support could not be provided as to the specific client, or no activity was found in the client’s casefile to support the related time records. All of these instances were related to time charged to administer the Medicaid program.

Questioned Costs: None; noncompliance relates to reporting and recordkeeping requirements.

Context: Costs reimbursed to the County for administering the Medicaid program were approximately \$1,019,000 for the year ended June 30, 2019, the majority of which are salaries and benefits of DSS workers. From 60 time entries tested representing 3,840 minutes, 155 minutes (4.04%) could not be verified by examining the casefiles for evidence of time spent. Overall, payroll and benefits reported on the DSS 1571 were supported by payroll records which were authorized and reconciled to the County’s general ledger. However, caseworker time records should be detailed enough to allow audit procedures to be performed to verify evidence of time worked in individual case files.

Effect: The County is not in compliance with the day sheet reporting requirement; caseworker direct program service time cannot be supported. Without proper accountability and monitoring, caseworkers may not spend their time most efficiently for the benefit of the program. For caseworkers who direct charge multiple programs, the allocation of their time to those programs may not be accurate.

WATAUGA COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2019

Identification of a repeat finding: This is a repeat finding (2018-002). The County has made progress towards implementing an effective policy to record time as the number of instances of noncompliance have decreased compared to the prior year.

Cause: The County misunderstood the requirements in the SIS User Manual regarding client identification and does not have a policy requiring caseworkers to include client identification in their time records, or any other reliable method for tracking direct client time by client. In addition, the County's casefiles are a mix of paper files and NC FAST, making electronic monitoring using NC FAST activity logs ineffective.

Recommendation: We have recommended to management that caseworkers document the PDC case number for the client they worked on and to make sure that every day sheet entry has the name of the client. Caseworkers should document every client phone call or other case work in the NC FAST narrative, rather than documenting it in paper files or caseworker paper time journals. Supervisors should review this information when approving caseworker time reports.

Views of responsible officials and planned corrective actions: The County agrees with the finding and is taking steps to revise their internal procedures for day sheets. Please refer to the County's corrective action plan starts on page 103.

US Department of Health and Human Services

Passed through the NC Dept. of Health and Human Services

Program Name: Medical Assistance Program (Medicaid; Title XIX) Crosscutting requirements

CFDA # 93.778

Finding : **2019-002 Medicaid Second Party Reviews**
 MATERIAL WEAKNESS – REPORTING
 MATERIAL NONCOMPLIANCE

Criteria: The Division of Medical Assistance (DMA) requires second party reviews for Medicaid cases of all counties in North Carolina. The reviews are not only a requirement, but are a necessary component in the County's system of internal control to train case workers, and detect and correct errors in eligibility determinations or documentation.

Condition: Watauga County's second party review process is not detecting and correcting errors in a timely manner, nor is there evidence of a second party review being performed in certain circumstances. We reviewed twenty-five case files that were listed as being reviewed by a second party (supervisor). Seven out of the twenty-five second party review forms could not be located by management. Thereby, there was no indication of such review being completed.

Questioned Costs: None; noncompliance relates to reporting and recordkeeping requirements.

Effect: The County does not have a formal system of internal control to ensure that the recipient's casefile contains the necessary second party review forms to substantiate that the recipient's file has been reviewed. Errors can occur in determining or documenting Medicaid eligibility and not be detected or corrected in a timely manner. Potential errors not detected in second party review process could impact an individual's eligibility determination and potential medical expenses could be inappropriately paid. The County could be responsible to pay back these claims.

Identification of a repeat finding: This is not a repeat finding.

WATAUGA COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2019

Cause: The County does not have a formal process to track and monitor the second party reviews.

Recommendation: The program should establish a policy for supervisory review of the casefiles in the Medicaid program that is based on the risks of determining eligibility and the level of performance each County staff demonstrates. The responsible party should execute a formal review of certain casefiles based on this established policy. Documentation of these formal and periodic reviews should be retained either in the recipient's casefile or in the responsible party's records including the nature, scope, and timing of the procedures and the results or findings of the review along with the corrective or follow up action to be performed by the staff member who determined the recipient's eligibility. Follow-up also should occur by the second party reviewer to verify corrections (when applicable) are made appropriately and timely.

Views of responsible officials and planned corrective actions: The county agrees with the finding. Please refer to the County's corrective action plan starts on page 103.

US Department of Health and Human Services

Passed through the NC Dept. of Health and Human Services

Program Name: Foster Care – Title IV-E

CFDA # 93.658

Finding : **2019-003 Foster Care Monitoring**
 MATERIAL WEAKNESS – ELIGIBILITY, ALLOWABLE COST & ACTIVITES

Criteria: County DSS caseworkers are responsible for filling the eligibility form provided (DSS Form 5120) upon determination or redetermination of Foster Care Assistance Benefits. Completing the form requires the social worker to determine and document a recipient's eligibility according to federal and state guidelines. Once the caseworker fills out the eligibility form, the supervisor should review and approve the recipients eligibility which includes the supervisor's approval. There is space on the form for the caseworker and supervisor signature.

Condition: Of the eight cases selected for testing, two cases did not contain the Supervisors' signature on DSS form 5120. We were unable to verify if a review was performed by the Supervisor since there was no signature.

Questioned Costs: None; the errors noted were technical in nature. It did not impact the determination of the two recipient's eligibility in question.

Effect: The two casefiles did not contain a supervisor's approval noted by signing off on the DSS Form 5120. It is assumed a proper supervisor review did not occur if no supervisor approval is noted. Since no supervisor review occurred, an individual's eligibility determination could have an unidentified error. There is the potential of unallowed expenditures being requested for reimbursement.

Identification of a repeat finding: This is not a repeat finding.

Cause: The supervisor did not sign off on DSS Form 5120, which would indicate that the supervisor reviewed the recipients eligibility determination. Internal processes were not present to check and ensure each form completed was properly reviewed and signed off by the supervisor.

WATAUGA COUNTY, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2019

Recommendation: The County should have policies and procedures in place to ensure that the supervisor is appropriately reviewing and signing off on eligibility review documents. In addition, a check in the procedures would exist to review all completed forms to ensure each completed form has the appropriate signatures.

Views of responsible officials and planned corrective actions: The county agrees with the finding. Please refer to the County's corrective action plan which starts on page 104.

IV. State Award Findings and Questioned Costs

US Department of Health and Human Services

Passed through the NC Dept. of Health and Human Services

Program Name: Medical Assistance Program (Medicaid; Title XIX) Crosscutting requirements

CFDA # 93.778

Finding: **2019-001 Day Sheet Accountability**
MATERIAL WEAKNESS – REPORTING
NONMATERIAL NONCOMPLIANCE

This finding also applies to State requirements and State awards.

Finding : **2019-002 Medicaid Second Party Reviews**
MATERIAL WEAKNESS – ELIGIBILITY
MATERIAL NONCOMPLIANCE

This finding also applies to State requirements and State awards.

US Department of Health and Human Services

Passed through the NC Dept. of Health and Human Services

Program Name: Foster Care – Title IV-E

CFDA # 93.658

Finding : **2019-003 Foster Care Monitoring**
MATERIAL WEAKNESS – ELIGIBILITY, ALLOWABLE COST & ACTIVITIES

This finding also applies to State requirements and State awards.



Watauga County

Department of Social Services

SOCIAL SERVICES BOARD
Lynn Patterson , Chair
Sharon Breitenstein, Vice Chair
Charlie Wallin
Dawn Ward
Mary Smalling

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

Financial Statement Findings:

Finding 2019-001: Day Sheet Accountability

Name of Contact person: Tom Hughes, Director of Social Services

Corrective Action Plan: The County DSS Department continues to improve procedures to ensure the time entries reported on the day sheets for program coded activities are backed up by records to ensure re-performance and accountability.

Finding 2019-002: Controls over second-party Medicaid reviews

Corrective Action Plan: The County DSS Department will ensure second-party reviews are correctly certified and the minimum number of Medicaid files are being reviewed on a monthly basis. The DSS Director will revisit the issue with the responsible supervisor and develop a one on one plan to improve future performance.

Finding 2019-003: Controls over supervisor signing off on eligibility form 5120.

Corrective Action Plan: The County DSS Department will ensure form 5120 is signed by a supervisor by continuing to improve procedures.



WATAUGA COUNTY

FINANCE OFFICE

814 West King St., Suite 216 - Boone, NC 28607 - Phone (828) 265-8007
Fax (828) 265-8006

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

For the year ended June 30, 2019

Finding 2018-001

Status: This finding has not been repeated.

Finding 2018-002

Status: This finding has been repeated as discussed in finding 2019-001.

Finding 2018-003

Status: This finding has not been repeated.

Finding 2018-004

Status: This finding has not been repeated.

WATAUGA COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURE OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2019

121719 BCC Meeting

Grantor/Pass-Through Grantor/Program/Cluster Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal (Direct & Pass- Through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
Federal Awards:						
<u>U.S. Department of Agriculture</u>						
Passed-through the N.C. Department of Health and Human Services:						
<u>Division of Social Services:</u>						
<u>SNAP Cluster</u>						
Administration:						
Supplemental Nutrition Assistance Program	10.561	195NC406S2514	\$ 220,341	-	-	\$ 220,341
Total SNAP Cluster			220,341	-	-	220,341
Total U.S. Department of Agriculture			220,341	-	-	220,341
<u>U.S. Department of Homeland Security</u>						
Passed-through the N.C. Department of Public Safety:						
Emergency Management Performance Grant	97.042	AM-2018-EP-00002-S01	38,524	-	-	38,524
Total U.S. Department of Homeland Security			38,524	-	-	38,524
<u>U.S. Department of Justice</u>						
Bulletproof Vest Partnership Program	16.607	1121-0235	2,859	-	-	2,859
State Criminal Alien Assistance Program	16.606	2019-AP-BX-0395	1,021	-	-	1,021
Total U.S. Department of Justice			3,880	-	-	2,859
<u>U.S. Department of Health & Human Services</u>						
<u>Administration on Aging</u>						
Passed-through High Country Council of Governments:						
<u>Aging Cluster:</u>						
Home and Community Care Block Grant (HCCBG)						
Special Programs for the Aging - Title III B - Access Services	93.044	17/18 AANCT3SS	14,920	139,015	-	17,104
Special Programs for the Aging - Title III C - Congregate Meals	93.045	17/18 AANCT3CM	48,690	2,864	-	5,728
Special Programs for the Aging - Title III C - Home Delivered Meals	93.045	17/18 AANCT3HD	81,631	4,802	-	9,604
Nutrition Services Incentive Program (NSIP)	93.053	17/18 AANCNSIP	26,203	-	-	-
Total Aging Cluster			171,444	146,681	-	32,436
Passed-through N.C. Department of Insurance:						
Seniors Health Insurance Information Program	93.779	16001636g6	7,613	-	-	-
<u>Administration for Children and Families:</u>						
Passed-through the N.C. Department of Health and Human Services:						
<u>Division of Social Services:</u>						
Family Preservation	93.556	G1901NCFPSS	18,727	-	-	-
<u>Temporary Assistance for Needy Families Cluster:</u>						
Workfirst administrative	93.558	G1901NCTANF	37,607	-	-	49,437
WorkFirst services	93.558	G1901NCTANF	115,224	-	-	184,710
Total Temporary Assistance for Needy Families Cluster			152,831	-	-	234,147
Child Support Enforcement	93.563	1904NC4005	232,548	-	-	119,796
<u>Low-Income Home Energy Assistance Block Grant:</u>						
Administration	93.568	G19B1NCLIEA	167,345	-	-	-
Crisis Intervention Payments	93.568	G19B1NCLIEA	214,853	-	-	-
Permanency Planning	93.645	G1901NCCWSS	14,718	-	-	4,906
Social Services Block Grant	93.667	G1901NCSOSR	173,437	-	-	55,895
Total Low-Income Home Energy Assistance Block Grant:			570,353	-	-	60,801
Total Division of Social Services			974,459	-	-	414,744
<u>Medicaid Cluster:</u>						
Medical Assistance Program:						
Administration	93.778	XIX-MAP19	1,019,151	1,467	-	390,404
Total Medicaid Cluster			1,019,151	1,467	-	390,404
<u>Division of Social Services:</u>						
Administration:						
State Children's Insurance Program: N.C. Health Choice	93.767	CHIP19	59,107	-	-	-
Foster Care and Adoption Cluster (Note 3)						
Title IV-E Foster Care	93.658	1901NCFOST	166,856	10,410	-	141,091
Foster Care - Direct Benefit Payments	93.658	1901NCFOST	352,339	93,095	-	81,104
Adoption/Foster Care Special Provision	93.658	1901NCFOST	30,311	-	-	13,243
Total Foster Care and Adoption Cluster (Note 3)			549,506	103,505	-	235,438
Subsidized Child Care (Note 3)						
Child Care Development Fund Cluster						
Division of Social Services						
Child Care Development Fund - Administration	93.596	G1901NCCCDF	82,143	-	-	-
Total Child Care Development Fund Cluster			82,143	-	-	-
Total Subsidized Child Care (Note 3)			82,143	-	-	-

WATAUGA COUNTY, NORTH CAROLINA
SCHEDULE OF EXPENDITURE OF FEDERAL AND STATE AWARDS
For the Year Ended June 30, 2019

121719 BCC Meeting

Grantor/Pass-Through Grantor/Program/Cluster Title	Federal CFDA Number	Pass-Through Grantor's Number	(Direct & Pass- Through) Expenditures	State Expenditures	Passed-through to Subrecipients	Local Expenditures
<u>Health Care Financing Administration</u>						
Passed-through the N.C. Department of Health and Human Services:						
Medical Assistance Program						
Chafee Foster Care Independence - Direct Benefit Payment	93.674	1791NC1420	23,110	2,072	-	-
Total Division of Medical Assistance			23,110	2,072	-	-
Total U.S. Department of Health & Human Services			2,886,533	253,725	-	1,073,022
Total Federal Awards			3,149,278	253,725	-	1,334,746
<u>State Awards:</u>						
<u>N.C. Department of Health and Human Services:</u>						
Passed-through Region D Council of Governments:						
Senior center general purchases		17/18 AANCT3GP	-	14,257	-	-
<u>Division of Social Services</u>						
State Foster Care Benefits Program		State Foster Care 19	-	279,366	-	194,812
Total N.C. Department of Health and Human Services			-	293,623	-	194,812
<u>N.C. Department of Public Safety:</u>						
Division of Administration, Community Programs						
Juvenile Crime Prevention Council Programs		295-XXXX	-	114,285	114,285	33,838
Tier II grant - 2017		T2-2017-MOA1791	-	61,822	-	-
Total N.C. Department of Public Safety			-	176,107	114,285	33,838
<u>N.C. Department of Public Instruction:</u>						
NC Public School Building Capital-Lottery Proceeds						
Public School National Forest Service		94-Watauga FY 2016 SRS	-	457,828 935	457,828 935	-
Total N.C. Department of Public Instruction			-	458,763	458,763	-
<u>N.C. Department of Transportation:</u>						
Employment Transportation Operating Assistance						
Elderly and Disabled Transportation Assistance		DOT-16CL	-	13,500	-	-
Rural General Public Program		DOT-16CL	-	61,125	-	-
		DOT-16CL	-	82,611	-	-
Total N.C. Department of Transportation			-	157,236	-	-
<u>N.C. Department of Agriculture and Consumer Services:</u>						
Soil Conservation Assistance						
Soil Conservation Technician Cost Sharing		G40100296015SWC G40100296015SWC	-	3,600 25,157	-	93,278 25,157
Total N.C. Department of Agriculture			-	28,757	-	118,435
<u>N.C. Department of Natural and Cultural Resources:</u>						
Greenway Connector						
Western Watauga Community		Greenway Connector DNCR-8	-	16,066 30,000	-	-
<u>Division of Environmental Assistance and Customer Service:</u>						
Community Waste Reduction and Recycling - Schools		Contract #6875	-	10,000	-	2,702
Total N.C. Department of Natural and Cultural Resources			-	56,066	-	2,702
<u>N.C. Division of Veteran's Affairs</u>						
Veteran's Service Program						
Total N.C. Division of Veteran's Affairs		143B-1211C4	-	2,216	-	118,550
			-	2,216	-	118,550
<u>N.C. Office of State Budget and Management</u>						
Guy Ford Grant						
Total N.C. Office of State Budget and Management		Grant #2572	-	50,000	-	-
			-	50,000	-	-
Total State Awards			-	1,222,768	573,048	468,337
Total Federal and State Awards			\$ 3,149,278	\$ 1,476,493	\$ 573,048	\$ 1,803,083

WATAUGA COUNTY, NORTH CAROLINA
 SCHEDULE OF EXPENDITURE OF FEDERAL AND STATE AWARDS
 For the Year Ended June 30, 2019

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

1. Basis of Presentation:

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

2. Summary of Significant Account Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented or used in the preparation of the basic financial statements. Benefit payments are paid directly to recipients and are not included in the County's basic financial statements. However, due to the County's involvement in determining eligibility, they are considered Federal awards to the County and are included in this schedule.

3. Cluster of Programs:

The following are clustered by the NC Department of Health and Human Services and are treated separately for state audit requirement purposes:

- Subsidized Child Care
- Foster Care and Adoption

4. 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.

Program Title	CFDA No.	Federal	State
Special Supplemental Nutrition Program for Women Infant and Children	10.557	-	\$ 409,595
Temporary Assistance for Needy Families	93.558	38,650	-
Adoption Assistance	93.659	180,330	44,196
Foster Care - Title IV-E	93.658	-	93,095
Medical Assistance Program	93.778	22,639,715	11,849,484
Children's Health Insurance Program	93.767	1,222,462	-
Child Welfare Services Adoption	N/A	-	175,636
State / County Special Assistance program	N/A	-	174,325
		\$ 24,081,157	\$ 12,746,331

Blank Page

AGENDA ITEM 6:

APPALACHIAN STATE REQUEST TO BUILD STRUCTURE ON LEASED LANDFILL PROPERTY

MANAGER'S COMMENTS:

In August, the Board approved a lease renewal with Appalachian State University for the greenhouse located at the Watauga County Landfill. The University is now requesting permission to create an outdoor classroom with the construction of a deck around the existing building. Per the lease, Board approval is required for the University to make alterations to the property.

Board action is required to approve the University's request.

Appalachian

STATE UNIVERSITY

Department of Sustainable Technology
and the Built Environment

Katherine Harper Hall
397 Rivers Street
ASU Box 3110
Boone, NC 28608
(828) 262-3110
Fax: (828) 265-8696
tec.appstate.edu

County Manager Geouque
814 West King St.
Suite 205
Boone, NC 28607

December 6, 2019

Dear Mr. Geouque,

My name is Jeremy Ferrell and I am one of the principal investigators with the Nexus project at Appalachian housed in the Department of Sustainable Technology and the Built Environment. We currently hold a 3 year lease on approximately 1 acre at the Watauga landfill as a site for sustainable energy research. The site has been a tremendous resource for our group and has brought prominence to our sustainability work at Appalachian bringing in over \$400k of external grant funding through 20 plus projects while training more than one hundred students.

We are interested in building an "outdoor classroom", a 12' x 24' wooden deck, to be located at the site adjacent to the greenhouse. This structure would provide a meeting space and work space for faculty and students that use the facility. Ioncon Engineering has designed the structure and has provided a stamped plan set. We have also identified a licensed contractor to apply for a building permit.

Per the lease, this construction project would constitute an "Alteration" and requires the County's prior written consent. To that end, I would like to ask that you review this request and consider its approval. Please let me know if you have any questions.

Attached documents include the following: 1) Current lease, 2) Stamped Engineering plan set, and 3) Building permit application.

Thank you for your consideration,



Jeremy C. Ferrell, Ph.D
Assistant Professor &
Program Director of Sustainable Technology
Dept. of Sustainable Technology & the Built Environment
Appalachian State University
Phone: 828-262-8818
Email: ferrelljc@appstate.edu

COMMERCIAL LEASE AGREEMENT

THIS LEASE, made this 1st day of May 2019, by and between Watauga County, a body politic of the State of North Carolina (hereinafter referred to as "Landlord" and/or "County") whose principle place of business is 814 West King Street, Suite 205, Boone, North Carolina 28607, and Appalachian State University, a constituent institution of The University of North Carolina (hereinafter referred to as "Tenant" and/or "Appalachian"), whose principle place of business is 438 Academy Street, Boone, North Carolina 28608.

WHEREAS, Appalachian desires to lease space adjacent to the County's Methane Flare Stations to establish a greenhouse and research facility for use by its faculty members and students for training, workshops, public tours, research and other educational activities; and

WHEREAS, the County desires to lease property to Appalachian for the above stated purpose, subject to the following terms and conditions.

WITNESSETH:

1. LEASED PREMISES

The County, for and in consideration of the rents, covenants, agreements, and stipulations hereinafter mentioned, provided for and covenanted to be paid, kept and performed by Appalachian, leases and rents unto Appalachian, and Appalachian hereby leases and takes upon the terms and conditions which hereinafter appear, the following described property (hereinafter called the "Premises") further described and depicted in the attached Exhibit A, to wit:

Beginning at a point 2 feet from Landfill Rd. directly south of the power pole providing service to the Watauga County Animal Control Office, proceeding east along Landfill Rd. for a total of 360 feet and heading due south from those two points to the Watauga County property line.

2. TERM.

Appalachian shall have and hold the Premises for a term of three (3) years beginning on the 1st day of May 2019, and ending on the 30th day of April 2022, at midnight, unless sooner terminated as hereinafter provided.

3. RENTAL

Appalachian agrees to pay the County, without deduction or set off, an annual rental of One Dollar (\$1.00) per year, payable on the date of this Lease and each annual anniversary of that date during the term hereof. Upon execution of this Lease, Appalachian shall pay to the County the first year's

rent due hereunder. Rental for any period during the term hereof which is less than one year shall be the pro-rated portion of the annual rental due.

4. UTILITIES

- (a) Appalachian shall pay the following utilities: Electric and any other utility associated with Appalachian's use of the property.
- (b) The County shall pay the following utilities: None

Responsibility to pay for a utility service shall include all metering, hook-up fees or other miscellaneous charges associated with the installation and maintenance of such utility in said party's name.

5. COMMON AREA RULES AND REGULATIONS

Appalachian shall be subject to Rules and Regulations for the common areas of the County property as may be made from time to time by the County.

6. USE OF PREMISES

The Premises shall be used to: operate a prototype greenhouse and to conduct research on biogas and biofuel production, solar electricity and solar hot water production, biochar production, greenhouse heating methods, aquaculture and associated technologies. The Premises shall not be used for any illegal purposes, nor in any manner to create any nuisance or trespass, nor in any manner to vitiate the insurance or increase the rate of insurance on the Premises. In the event Appalachian's use of the Premises results in an increase in the rate of insurance on the Premises, Appalachian shall pay to the County, upon demand and as additional rental, the amount of any such increase.

7. LIABILITY; INSURANCE

Appalachian will be responsible for the negligent conduct of its officers and employees arising out of the performance of this Agreement to the extent permitted by the laws of North Carolina, including the North Carolina Tort Claims Act, the Defense of State Employees Act, and the excess liability insurance policy administered through the North Carolina Department of Insurance, subject to the availability of appropriations and in proportion to and to the extent that such liability for damages is caused by or results from the acts of Appalachian or its employees. Appalachian shall, during the term of this Lease and any extension or renewal thereof, and at Appalachian's expense, maintain in full force and effect self-insurance with limits of at least One Million Dollars (\$1,000,000.00) per person under the North Carolina Tort Claims Act (N.C.G.S. § 143-291 *et seq.*) and excess liability insurance for its employees.

8. REPAIRS BY THE COUNTY

The premises are being rented "as is" and the County shall have no obligation to repair any improvements thereon during the term of this lease.

9. REPAIRS BY APPALACHIAN

Appalachian accepts the Premises in their present condition and as suited for the uses intended by Appalachian. Appalachian shall, throughout the initial term of this Lease, and any extension or renewal thereof, at its expense, maintain in good order and repair the Premises.

10. ALTERATIONS

Appalachian shall not make any alterations, additions, or improvements to the Premises without the County's prior written consent. Appalachian shall promptly remove any alterations, additions, or improvements constructed in violation of this Paragraph upon the County's written request. All approved alterations, additions, and improvements will be accomplished in a good and workmanlike manner; in conformity with all applicable laws and regulations, free of any liens or encumbrances. The County may require Appalachian to remove any alterations, additions or improvements (whether or not made with the County's consent) at the termination of the Lease and to restore the Premises to its prior condition, all at Appalachian's expense. All alterations, additions and improvements which the County has not required Appalachian to remove shall become the County's property and shall be surrendered to the County upon the termination of this Lease, except that Appalachian may remove any of Appalachian's machinery, trade fixtures or equipment which can be removed without material damage to the Premises. Appalachian shall repair, at Appalachian's expense, any damage to the Premises caused by the removal of any such machinery, trade fixtures or equipment.

11. REMOVAL OF FIXTURES

Appalachian may (if not in default hereunder) prior to the expiration of this Lease, or any extension or renewal thereof, remove all fixtures and equipment which it has placed in the Premises, provided Appalachian repairs all damage to the Premises caused by such removal.

12. GOVERNMENTAL ORDERS

Appalachian agrees, at its own expense, to comply promptly with all requirements of any legally constituted public authority made necessary by reason of Appalachian's occupancy of the Premises. The County agrees to comply promptly with any such requirements if not made necessary by reason of Appalachian's occupancy. It is mutually agreed, however, between the County and Appalachian, that if in order to comply with such requirements, the cost to the County or Appalachian, as the case may be, shall exceed a sum which the respective party desires to pay, then the County or Appalachian, whichever is obligated to comply with such requirements, may terminate this Lease by giving written notice of termination to the other party by registered mail, which termination shall become effective ninety (90) days after receipt of such notice and which

notice shall eliminate the necessity of compliance with such requirements by giving such notice.

13. ASSIGNMENT AND SUBLETTING

Appalachian shall not, without the prior written consent of the County, which shall not be unreasonably withheld, assign this Lease or any interest hereunder, or sublet the Premises or any part thereof, or permit the use of the Premises by any party other than Appalachian. Consent to any assignment or sublease shall not impair this provision and all later assignments or subleases shall be made likewise only on the prior written consent of the County. The Assignee of Appalachian, at option of the County, shall become directly liable to the County for all obligations of Appalachian hereunder, but no sublease or assignment by Appalachian shall relieve Appalachian of any liability hereunder.

14. EVENTS OF DEFAULT

The happening of any one or more of the following events (hereinafter any one of which may be referred to as an "Event of Default") during the term of this Lease, or any renewal or extension thereof, shall constitute a breach of this Lease on the part of Appalachian: (a) Appalachian fails to pay the rental as provided for herein; (b) Appalachian abandons or vacates the Premises; and/or (c) Appalachian fails to comply with or abide by and perform any other obligation imposed upon Appalachian under this Lease.

15. REMEDIES UPON DEFAULT

Upon the occurrence of an Event of Default, the County may pursue any one or more of the following remedies separately or concurrently, without prejudice to any other remedy herein provided or provided by law; (a) if the Event of Default involves nonpayment of rental and Appalachian fails to cure such default with five (5) days after receipt of written notice thereof from the County, or if the Event of Default involves a default in performing any of the terms or provisions of this Lease other than the payment of rental and Appalachian fails to cure such default within thirty (30) days after receipt of written notice of default from the County, the County may terminate this Lease by giving written notice to Appalachian and upon such termination shall be entitled to recover from Appalachian damages as may be permitted under applicable law; or (b) if the Event of Default involves any matter other than those set forth in item (a) of this paragraph, the County may terminate this Lease by giving written notice to Appalachian.

16. EXTERIOR SIGNS

Appalachian shall place no signs on the Premises, except with the express written consent of the County. Any and all signs placed on the Premises by Appalachian shall be maintained in compliance with governmental rules and regulations governing such signs and Appalachian shall be responsible to the County for any damage caused by installation, use or maintenance of said signs, and all damage incident to removal thereof.

17. THE COUNTY'S ENTRY OF PREMISES

The County may enter the Premises for any reasonable and necessary purpose, provided it is during reasonable hours.

18. WAIVER OF RIGHTS

No failure of the County to exercise any power given the County hereunder or to insist upon strict compliance by Appalachian of its obligations hereunder and no custom or practice of the parties at variance with the terms hereof shall constitute a waiver of the County's right to demand exact compliance with the terms hereof.

19. ENVIRONMENTAL LAWS

(a) Appalachian shall not bring onto the Premises any Hazardous Materials (as defined below) without the prior written approval by the County. Any approval must be preceded by submission to the County of appropriate Material Safety Data Sheets (MSD Sheets). In the event of approval by the County, Appalachian covenants that it will (1) comply with all requirements of any constituted public authority and all federal, state, and local codes, statutes ordinances, rules and regulations, and laws, whether now in force or hereafter adopted, relating to Appalachian's use of the Premises, or relating to the storage, use, disposal, processing, distribution, shipping or sales of any hazardous, flammable, toxic, or dangerous materials, waste or substance, the presence of which is regulated by a federal, state, or local law, ruling, rule or regulation (hereafter collectively referred to as "Hazardous Materials"); (2) comply with any reasonable recommendations by the insurance carrier of either the County or Appalachian relating to the use by Appalachian on the Premises of such Hazardous Materials; (3) refrain from unlawfully disposing of or allowing the disposal of any Hazardous Materials upon, within, about or under the Premises; and (4) remove all Hazardous Materials from the Premises, either after their use by Appalachian or upon the expiration or earlier termination of this lease, in compliance with all applicable laws.

(b) Appalachian shall be responsible for obtaining all necessary permits in connection with its use, storage and disposal of Hazardous Materials, and shall develop and maintain, and where necessary file with the appropriate authorities, all reports, receipts, manifest, filings, lists and invoices covering those Hazardous Materials and Appalachian shall provide the County with copies of all such items upon request. Appalachian shall provide, within five (5) days after receipt thereof, copies of all notices, orders, claims or other correspondence from any federal, state or local government or agency alleging any violation of any environmental law or regulation by Appalachian, or related in any manner to Hazardous Materials. In addition, Appalachian shall provide the County with copies of all responses to such correspondence at the time of the response.

(c) If Appalachian fails to comply with the Covenants to be performed hereunder with respect to Hazardous materials, or if an environmental protection lien is filed against the premises as a result of the actions of Appalachian, its agents, employees or invitees, then the occurrence of any such events shall be considered a default hereunder.

(d) Appalachian will give the County prompt notice of any release of Hazardous Materials, reportable or non-reportable, to federal, state or local authorities, of any fire, or any damage occurring on or to the Premises.

(e) Appalachian will use and occupy the Premises and conduct its business in such a manner that the Premises are neat, clean and orderly at all times with all chemicals or Hazardous Materials marked for easy identification and stored according to all codes as outlined above.

(f) The warranties and indemnities contained in this Paragraph shall survive the termination of this Lease.

20. ABANDONMENT

Appalachian shall not abandon the Premises at any time during the Lease term. If Appalachian shall abandon the premises or be dispossessed by process of law, any Personal Property belonging to Appalachian and left on the Premises shall, at the option of the County, be deemed abandoned, and available to the County to use or sell to offset any rent due or any expenses incurred by removing same and restoring the Premises.

21. DEFINITIONS

The "County" as used in this Lease shall include the undersigned, its representatives, assigns and successors in title to the Premises. "Agent" as used in this Lease shall mean the party designated as same in Paragraph 22, its representatives, assigns and successors. "Appalachian" shall include the undersigned and its representatives, assigns and successors, and if this lease shall be validly assigned or sublet, shall include also Appalachian's assignees or sublessees as to the Premises covered by such assignment or sublease. The "County", "Appalachian", and "Agent" include male and female, singular and plural, corporation, partnership or individual, as may fit the particular parties.

22. NOTICES

All notices required or permitted under this Lease shall be in writing and shall be personally delivered or sent by U.S. certified mail, return receipt requested, postage prepaid. Notices to Appalachian shall be delivered or sent to the address shown at the beginning of this Lease, with a copy to Office of General Counsel, Appalachian State University, ASU Box 32126, Boone, NC 28608. Notices to the County shall be delivered or sent to the address shown at the beginning of this Lease and notices to Agent, if any, shall be delivered or sent to the address set forth in Paragraph 3 hereof.

All notices shall be effective upon delivery. Any party may change its notice address upon written notice to the other parties, given as provided herein.

23. ENTIRE AGREEMENT

This Lease contains the entire agreement of the parties hereto, and no representations, inducements, promises or agreements, oral or otherwise, between the parties, not embodied herein shall be of any force or effect. This Lease may not be modified except by a writing signed by all the parties hereto.

24. AUTHORIZED LEASE EXECUTION

Each individual executing this Lease as director, officer or agent of a party hereto represents and warrants that he/she is duly authorized to execute and deliver this Lease on behalf of such party.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals, the date and year first above written.


LANDLORD:

TENANT:

WATAUGA COUNTY:

APPALACHIAN STATE UNIVERSITY:

By:  (SEAL)
Title: Deron Geouque, County Manager

By:  (SEAL)
Title: Sheri Everts, Chancellor

Date: 8-22-2019

Date: 9.3.19

Office of General Counsel
Reviewed/approved as to form.

Initials QA

This instrument has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act.

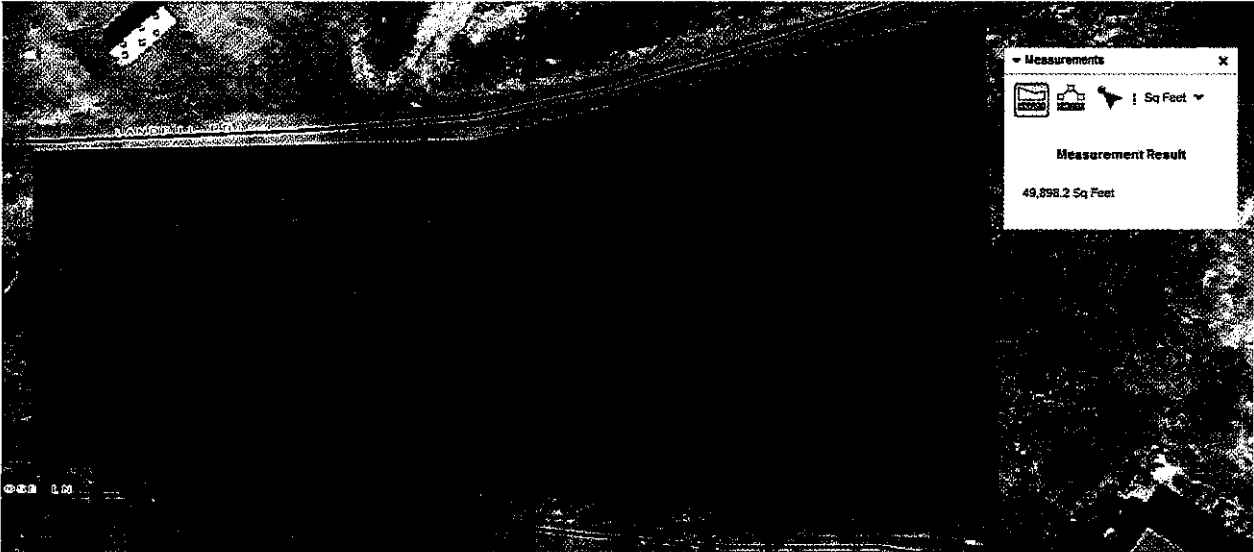

Misty Watson, Watauga County Finance Officer

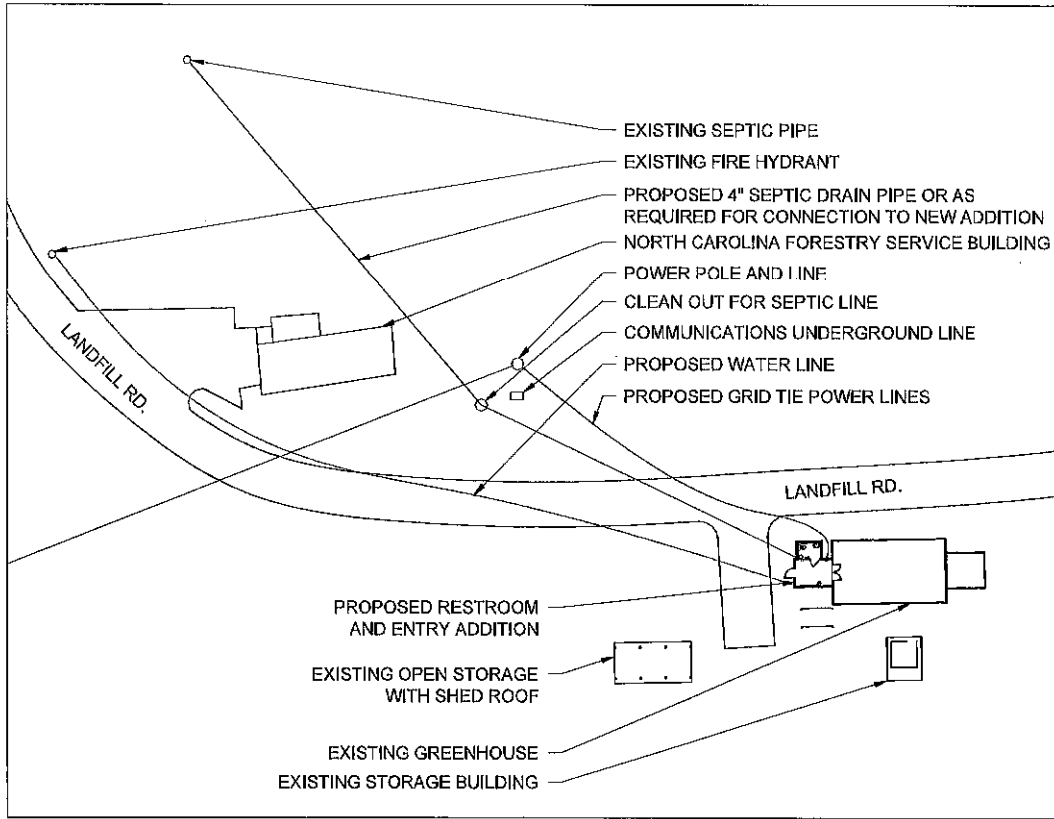
Exhibit A: Property Description/Diagram

Greenhouse/Bioshelter research site at Watauga County Landfill

Estimate of leased area : 50,000 ft²

June 3, 2016





1 SITE PLAN
SCALE: NTS

SCHEDULE OF VALUES

DESIGN LOADS

ELEVATION: 3346 AMSL
 WIND ZONE: 110 MPH
 SEISMIC DESIGN CATEGORY: C
 FLOOR LIVE LOAD: 40 PSF
 FLOOR DEAD LOAD: 75 PSF
 GROUND SNOW LOAD: 35 PSF
 ROOF DEAD LOAD INCLUDING SOLAR PANELS: 15 PSF
 DESIGN FROST DEPTH: 24 INCHES

MATERIALS

CONVENTIONAL LUMBER: SPF OR SYP, #2 OR BETTER
 BOLTS: ASTM A307 OR BETTER
 CONCRETE: 3000 PSI AT 28 DAYS
 REINFORCEMENT REBAR: 60KSI
 EPOXY: SIMPSON SET EPOXY OR EQUAL
 WELD ROD: E70XX
 PLATE STEEL: ASTM A36
 HARDWARE: SIMPSON STRONG-TIE OR EQUAL
 DRAINAGE PIPE: MEET ASTM F405
 DRAINAGE STONE: #57 TYPICAL
 MASONRY: 8x8x16 CMU BLOCK.

NOTES

1. ALL CONSTRUCTION TO MEET 2012 NORTH CAROLINA STATE BUILDING CODE: COMMERCIAL CODE.
2. ALL HARDWARE AND FASTENERS CONTACTING PRESSURE TREATED MATERIAL SHOULD BE APPROVED FOR USE WITH CORRESPONDING WOOD TREATMENT.
3. ALL LUMBER CONTACTING CONCRETE TO BE PT.
4. CONTRACTOR TO FIELD VERIFY ALL DIMENSIONS, DRAWINGS REPRESENT TYPICAL CONDITIONS. AS-BUILT CONDITIONS MAY EXIST.
5. BATHROOM ADDITION AND FIXTURES TO ADHERE TO ADA AND ANSI 117.1 REQUIREMENTS FOR ACCESSIBILITY.
6. ENGINEER NOT RESPONSIBLE FOR UN-COMPACTED FILL.
7. FLASHING, COUNTER-FLASHING AND WATERPROOFING BY OTHERS.



IONCON
 PATRICK A. BEVILLE, PE
 IONCON, PLLC P-0820
 194 REALTY ROW SUITE 1
 BOONE, NORTH CAROLINA 28607
 WWW.IONCON.COM (828) 262-6682

CONTACT	JEFF RAMSDELL (828) 262-6682
DRAWN BY	QD/ALW
APPROVED	PAB
REVISED	APPROVED

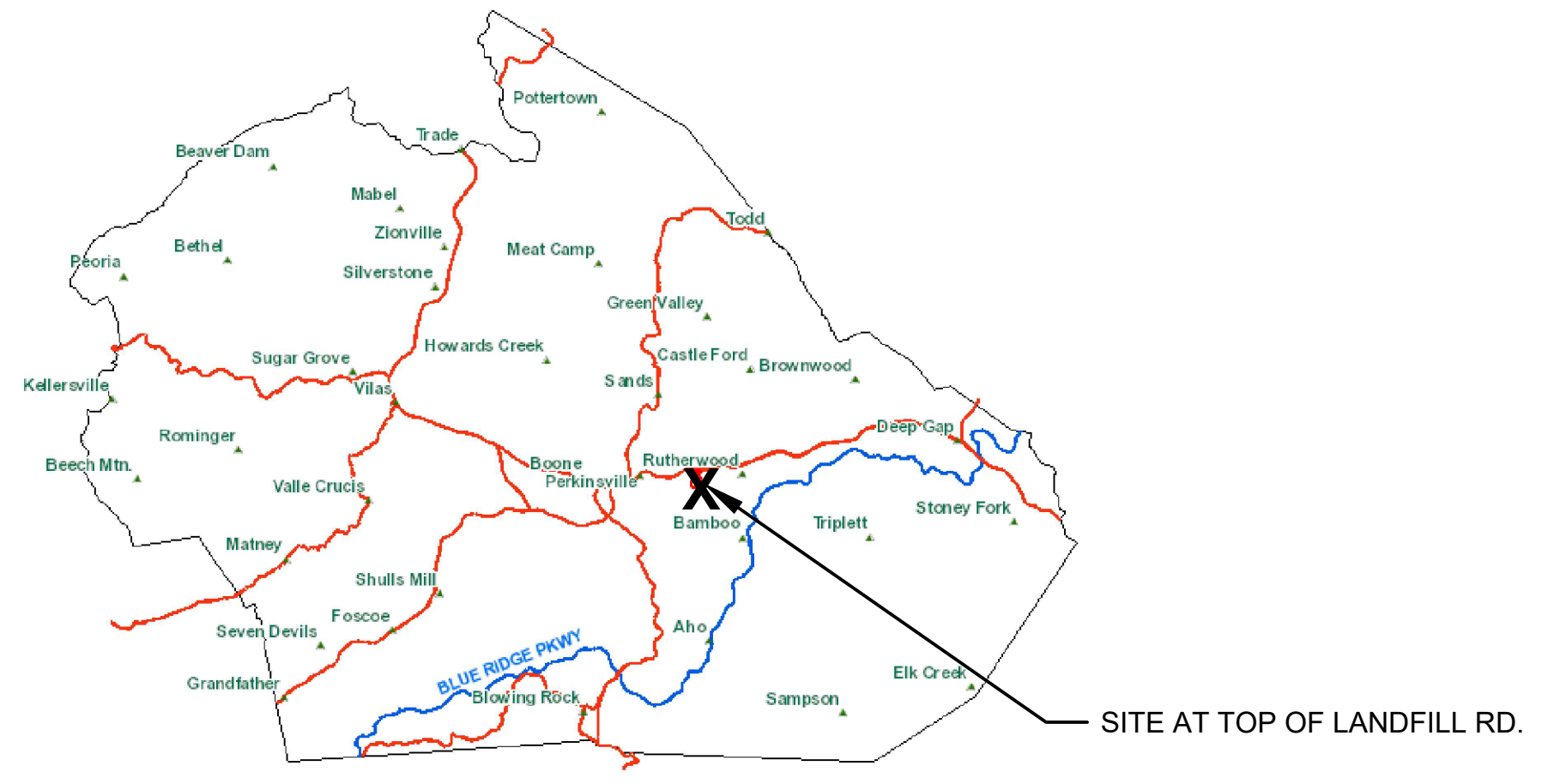
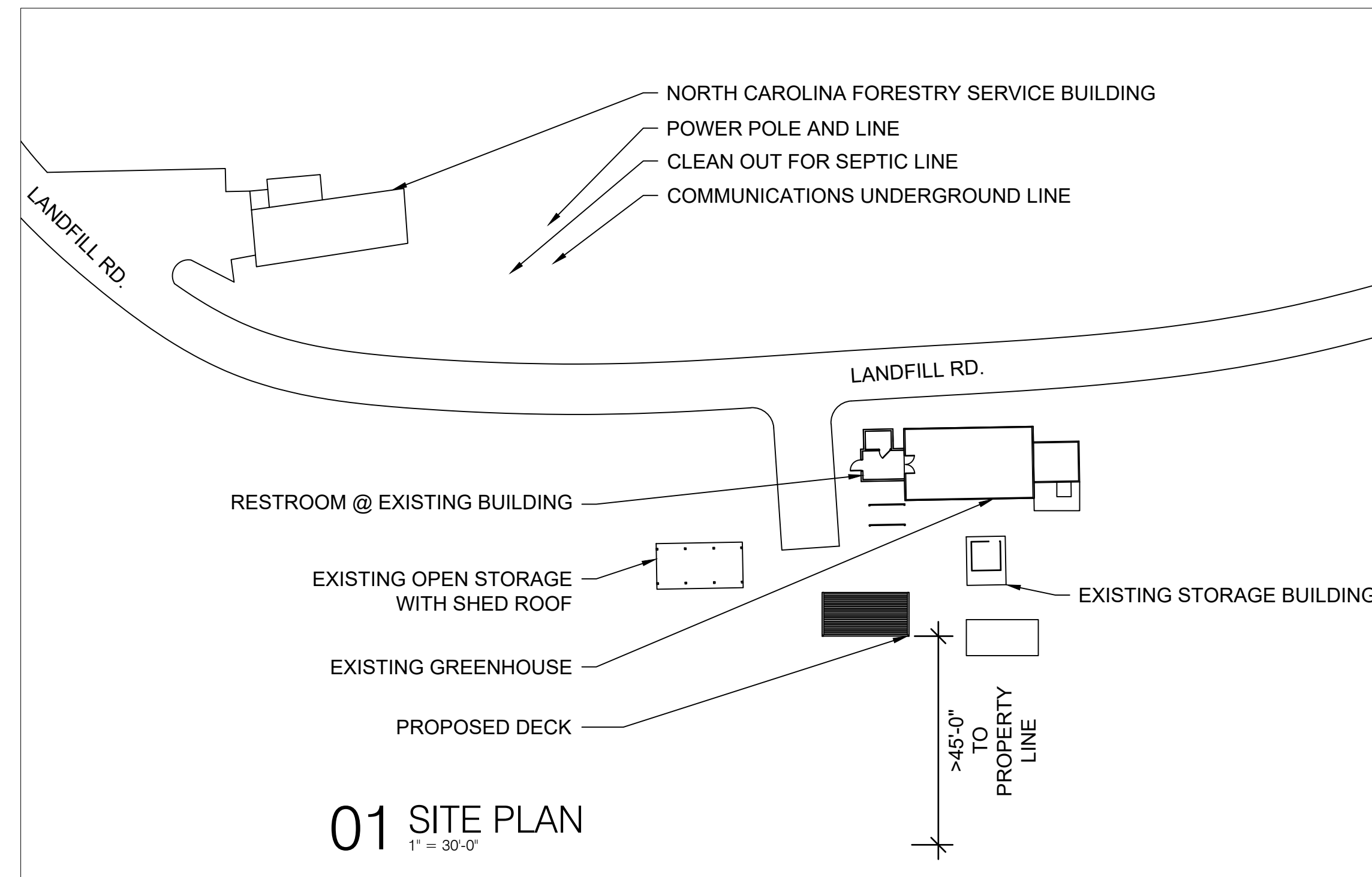
COPYRIGHT IONCON, PLLC. THESE DRAWINGS ARE INTENDED FOR A SINGLE USE ONLY AT THE ADDRESS SPECIFIED HEREIN. DISCLAIMER: THESE DRAWINGS ARE MADE ON A BEST EFFORTS BASIS AND INTEND TO REPRESENT ACCURATE FIELD CONDITIONS. CONTRACTOR/INSTALLER IS RESPONSIBLE TO VERIFY ACCURACY AND FOR FINAL ASSEMBLY AND FIT AND FINISH. THESE DRAWINGS RELATE ONLY TO THE STRUCTURAL ELEMENTS OF THE GIVEN JOB.

APP STATE BIOSHELTER ADDITION
 649 LANDFILL ROAD
 BOONE, NC 28607

PROJECT NUMBER: 167002
 DATE: 06-01-2015
 SCALE: AS SHOWN
 SHEET: G-1
 OF: 3 SHEETS

NEXUS RESEARCH LAB

FREESTANDING DECK ADDITION
B/CLASSROOM>12TH GRADE OCCUPANCY
649 LANDFILL RD, BOONE NC 28607
PARCEL: 2920482773000



1 LOCATION MAP
Scale: NTS

2018 APPENDIX "B"							
BUILDING CODE SUMMARY FOR ALL COMMERCIAL PROJECTS (EXCEPT 1 & 2-FAMILY DWELLINGS AND TOWNHOUSES)							
NAME OF PROJECT:	NEXUS LAB COVERED DECK						
ADDRESS:	649 LANDFILL RD, BOONE NC 28607 PARCEL: 2920482773000						
PROPOSED USE:	B BUSINESS (EDUCATIONAL FOR STUDENTS OVER 12TH GRADE)						
OWNER/AUTHORIZED AGENT:	JEREMY FERRELL TELEPHONE: (828) 262-8818 EMAIL: FERRELLJC@APPSTATE.EDU						
OWNED BY:	WATAUGA COUNTY CITY/COUNTY PRIVATE STATE						
CODE ENFORCEMENT JURISDICTION:	CITY: WATAUGA COUNTY: STATE						
LEAD DESIGN PROFESSIONAL:	PATRICK A. BEVILLE PE LEED AP						
DESIGNER FIRM NAME:	IONCON, PLLC PATRICK A. BEVILLE NC 023045 (828) 264-8500 PATRICK@GOIONCON.COM						
DESIGNER LICENSE #:	NC 023045						
DESIGNER TELEPHONE #:	(828) 264-8500						
DESIGNER EMAIL:	PATRICK@GOIONCON.COM						
CIVIL:							
ELECTRICAL:							
FIRE ALARM:							
PLUMBING:							
MECHANICAL:							
SPRINKLER-STANDPIPE:							
STRUCTURAL:	IONCON, PLLC PATRICK A. BEVILLE NC 023045 (828) 264-8500 PATRICK@GOIONCON.COM						
RETAINING WALLS >5' HIGH:							
OTHER:							
2018 EDITION OF NC CODE FOR:	NEW CONSTRUCTION ADDITION UPFIT						
EXISTING:	RECONSTRUCTION ALTERATION LVL: REPAIR RENOVATION						
CONSTRUCTED:	ORIGINAL USE(S) (CH. 3): BUSINESS						
RENOVATED:	CURRENT USE(S) (CH. 3): BUSINESS PROPOSED USE(S) (CH. 3): BUSINESS						
RISK CATEGORY (TABLE 1604.5):	CURRENT: 2 PROPOSED: 2						
BASIC BUILDING DATA							
CONSTRUCTION TYPE:	I-A I-B I-C I-D I-E I-F I-G I-H I-I I-J I-K I-L I-M I-N I-O I-P I-Q I-R I-S I-T I-U I-V I-W I-X I-Y I-Z						
SPRINKLERS:	NO PARTIAL YES CLASS I II III WET DRY						
STANDPIPES:	NO YES (PRIMARY) FLOOD HAZARD AREA: NO YES						
BUILDING HEIGHT: 14'-10" TO ROOF PEAK							
GROSS BUILDING AREA							
FLOOR	EXISTING (SQ FT) NEW (SQ FT) SUB-TOTAL						
6TH FLOOR							
5TH FLOOR							
4TH FLOOR							
ROOF DECK							
THIRD LEVEL							
SECOND LEVEL							
MAIN LEVEL	ADD 288SQFT DECK						
LOWER LEVEL							
TOTAL	288SQFT						
ALLOWABLE AREA							
OCCUPANCY:	BUSINESS						
ACCESSORY OCCUPANCIES:	NONE						
INCIDENTAL USES (TABLE 506.2.5):	NONE						
SPECIAL USES:	NONE						
SPECIAL PROVISIONS:	NONE						
MIXED OCCUPANCY:	NO YES SEPARATION: NO EXCEPTION: N/A						
STORY NO.	DESCRIPTION AND USE	(A) BUILDING AREA PER STORY (ACTUAL)	(B) TABLE 503 ² AREA	(C) AREA FOR FRONTAGE INCREASE ¹	(D) AREA FOR SPRINKLER INCREASE ²	(E) ALLOWABLE AREA OR UNLIMITED ³	(F) MAXIMUM BUILDING AREA ⁴
LOWER LEVEL							15,750 FT ²
MAIN LEVEL	BUSINESS	288FT ²	9000 FT ²	75%≈6,750	0 FT ²	15,750 FT ²	
SECOND LEVEL							
THIRD LEVEL							
ROOF DECK							
¹ FRONTAGE AREA INCREASES FROM SECTION 506.2 ARE COMPUTED USING: A. PERIMETER WHICH FRONTS A PUBLIC WAY OR OPEN SPACE HAVING 20 FEET MINIMUM WIDTH = $\frac{1}{2} \times 72 \times (F)$ B. TOTAL BUILDING PERIMETER = $72 \times (P)$ C. RATIO (F/P) = $\frac{1}{2} \times (F/P)$ D. W = MINIMUM WIDTH OF PUBLIC WAY = 30 (W) E. PERCENT OF FRONTAGE INCREASE $I_f = 100 \times (F/P - 0.25) \times W/30 = 75 \times (F/P)$ ² THE SPRINKLER INCREASE PER SECTION 506.3 IS AS FOLLOWS: A. MULTI-STORY BUILDINGS $I_s = 200$ PERCENT B. SINGLE-STORY BUILDING $I_s = 300$ PERCENT ³ UNLIMITED AREA APPLICABLE UNDER CONDITIONS OF SECTION 907. ⁴ MAXIMUM BUILDING AREA = TOTAL NUMBER OF STORIES IN THE BUILDING X E (506.4). ⁵ THE MAXIMUM AREA OF OPEN PARKING GARAGES MUST COMPLY WITH TABLE 406.3.5. THE MAXIMUM AREA OF AIR TRAFFIC CONTROL TOWERS MUST COMPLY WITH TABLE 412.1.2.							
ALLOWABLE HEIGHT							
	ALLOWABLE (TABLE 503)	INCREASE FOR SPRINKLERS	SHOWN ON PLANS	CODE REFERENCE			
BUILDING HEIGHT IN FEET	40	N/A	14'-10"	SECTION 802.3			
BUILDING HEIGHT IN STORIES	1		1				

FIRE PROTECTION REQUIREMENTS						
NOTE: TYPE 5B UNPROTECTED/NO-SPRINKLER						
BUILDING ELEMENT	FIRE SEPARATION DISTANCE (FEET)	REQD	RATING PROVIDED (W/ REDUCTION)	DETAIL # AND SHEET #	DESIGN # FOR RATED ASSEMBLY	DESIGN # FOR RATED PENETRATION
STRUCTURAL FRAME, INCLUDING COLUMNS, GIRDERS, TRUSSES	30+	0	0			
BEARING WALLS	30+					
EXTERIOR	30+					
NORTH	30+	0	0			
EAST	30+	0	0			
WEST	30+	0	0			
SOUTH	30+	0	0			
INTERIOR	30+	0	0			
NONBEARING WALLS AND PARTITIONS	30+					
EXTERIOR WALLS	30+					
NORTH	30+	0	0			
EAST	30+	0	0			
WEST	30+	0	0			
SOUTH	30+	0	0			
INTERIOR WALLS AND PARTITIONS	30+					
FLOOR CONSTRUCTION INCLUDING SUPPORTING BEAMS AND JOISTS	30+	0				
ROOF CONSTRUCTION INCLUDING SUPPORTING BEAMS AND JOISTS	30+	0				
SHAFT ENCLOSURES - EXIT	N/A	0				
SHAFT ENCLOSURES - OTHER						
CORRIDOR SEPARATION						
OCCUPANCY SEPARATION		0HR	0HR			
PARTY/FIRE WALL SEPARATION		0				
SMOKE BARRIER SEPARATION		0				
TENANT SEPARATION		0				
INCIDENTAL USE SEPARATION		0				
*INDICATE SECTION NUMBER PERMITTING REDUCTION						
PERCENTAGE OF WALL OPENINGS CALCULATIONS						
FIRE SEPARATION DISTANCE (FEET) FROM PROPERTY LINES	DEGREE OF OPENINGS PROTECTION (TABLE 705.8)	ALLOWABLE AREA (%)	ACTUAL SHOWN ON PLANS (%)			
30+FT	NO LIMIT	NO LIMIT				
LIFE SAFETY SYSTEM REQUIREMENTS						
NOTE: REQ FOR AREAS WITH 2 EXITS OR >50 OCCUPANCY						
EMERGENCY LIGHTING 1006	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES	288SQFT/20NET CLASSROOM = 15 OCCUPANTS				
EXIT SIGNS 1011	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES					
FIRE ALARM 907	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES					
SMOKE DETECT SYSTEMS 907	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES					
PANIC HARDWARE 1008.1.10	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES					
LIFE SAFETY PLAN REQUIREMENTS						
LIFE SAFETY PLAN SHEET: N/A						
<input type="checkbox"/> FIRE AND/OR SMOKE RATED WALL LOCATIONS (CHAPTER 7): N/A <input type="checkbox"/> ASSUMED AND REAL PROPERTY LINE LOCATIONS: YES, SEE THIS SHEET. <input type="checkbox"/> EXTERIOR WALL OPENING AREA WITH RESPECT TO DISTANCE TO ASSUMED PROPERTY LINES (705.8): N/A, NO WALLS. <input type="checkbox"/> EXISTING STRUCTURES WITHIN 30' OF THE PROPOSED BUILDING: 15' TO STORAGE SHED. <input type="checkbox"/> OCCUPANCY TYPES FOR EACH AREA AS IT RELATES TO OCCUPANT LOAD CALCULATION (TABLE 1004.1.1): ALL CLASSROOM. <input type="checkbox"/> OCCUPANT LOADS FOR EACH AREA: ALL CLASSROOM, 15 OCCUPANTS. <input type="checkbox"/> EXIT ACCESS TRAVEL DISTANCES (1016): <50' <input type="checkbox"/> COMMON PATH OF TRAVEL DISTANCES (1014.3 & 1028.8): N/A <input type="checkbox"/> DEAD END LENGTHS (1018.4): N/A <input type="checkbox"/> CLEAR EXIT WIDTHS FOR EACH EXIT DOOR: N/A, NO DOORS. <input type="checkbox"/> MAXIMUM CALCULATED OCCUPANT LOAD CAPACITY EACH EXIT DOOR CAN ACCOMMODATE BASED ON EGRESS WIDTH (1005.1): N/A <input type="checkbox"/> ACTUAL OCCUPANT LOAD FOR EACH EXIT DOOR: N/A, NO DOORS. <input type="checkbox"/> LOCATION OF DOORS WITH ELECTROMAGNETIC EGRESS LOCKS (1008.1.9.8): N/A, NO DOORS. <input type="checkbox"/> LOCATION OF DOORS EQUIPPED WITH HOLD-OPEN DEVICES: N/A, NO DOORS. <input type="checkbox"/> LOCATION OF EMERGENCY ESCAPE WINDOWS (1029): N/A, NO WINDOWS. <input checked="" type="checkbox"/> THE SQUARE FOOTAGE OF EACH FIRE AREA (902): 288 SQFT <input checked="" type="checkbox"/> THE SQUARE FOOTAGE OF EACH SMOKE COMPARTMENT (407.4): N/A <input type="checkbox"/> NOTE ANY CODE EXCEPTIONS OR TABLE NOTES THAT MAY HAVE BEEN UTILIZED REGARDING THE ITEMS ABOVE: N/A						

ACCESSIBLE DWELLING UNITS											
(SECTION 1107) N/A NO DWELLING UNITS											
TOTAL UNITS	ACCESSIBLE UNITS REQUIRED	ACCESSIBLE UNITS PROVIDED	TYPE A UNITS REQUIRED	TYPE A UNITS PROVIDED	TYPE B UNITS REQUIRED	TYPE B UNITS PROVIDED					
0	0	0	0	0	0	0					
ACCESSIBLE PARKING											
(SECTION 1106) N/A NO HEATED SPACE INCREASE, EXISTING SHOWN.											
LOT OR PARKING AREA	TOTAL # OF PARKING SPACES REQUIRED	PROVIDED	# OF ACCESSIBLE SPACES PROVIDED		TOTAL # ACCESSIBLE PROVIDED						
			REGULAR WITH 5' ACCESS AISLE	VAN SPACES WITH 132" ACCESS AISLE	8' ACCESS AISLE	1					
GRAVEL	0	5			1	1					
PLUMBING FIXTURE REQUIREMENTS (TABLE 2902.1)											
N/A NO ATTACHED HEATED SPACE INCREASE, ADA BATHROOM LOCATED IN ADJACENT BUILDING.											
SPACE	USE	WATER CLOSETS		URINALS		LAVATORIES		SHOWERS/TUBS		DRINKING FOUNTAINS	
		MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	REGULAR	ACCESSIBLE		
EXISTING	NEW	1	0	0	0	1	0	0	0	0	0
REQUIRED		1	0	0	0	1	0	0	0	0	0
SPECIAL APPROVALS: N/A											
SPECIAL APPROVAL: (LOCAL JURISDICTION, DEPARTMENT OF INSURANCE, OSC, DPI, DHHS, ICC, ETC., DESCRIBE BELOW)											
ENERGY SUMMARY											
CLIMATE ZONE 5											
N/A NO HEATED SQUARE FOOTAGE ADDED											
STRUCTURAL DESIGN:											
LIVE LOADS:		IMPORTANCE FACTORS:		LATERAL DESIGN CONTROL: WIND		WIND LOAD:					
ROOF: 20 PSF	FLOOR: 100 PSF	WIND: 1	SEISMIC: 1	SPECIAL INSPECTIONS REQUIRED: NO		WIND ZONE: 130 MPH EXPOSURE CATEGORY: C					
GROUND SNOW LOAD: 30 PSF	FROST DEPTH: 24"	SOIL BEARING CAPACITY: 2000 PSF (PRESCRIPTIVE)									
MECHANICAL SUMMARY											
N/A NO HEATED SQUARE FOOTAGE ADDED											
ELECTRICAL SUMMARY											
N/A NO ELECTRICAL ADDED OR MODIFIED											
END OF APPENDIX B											

INDEX OF SHEETS:
COV - APPENDIX B INFORMATION
S-101- STRUCTURAL PLANS
S-201- ELEVATIONS AND DETAILS

MATERIALS
CONVENTIONAL LUMBER: SPF OR SYP, #2 OR BETTER
ENGINEERED LUMBER: LVL, Fb=3100PSI, E=2000KSI, OR BETTER
BOLTS: ASTM A307 OR BETTER
CONCRETE: 3000 PSI AT 28 DAYS
REINFORCEMENT REBAR: 60KSI
EPOXY: SIMPSON SET EPOXY OR EQUAL
WELD ROD: E70XX
PLATE STEEL: ASTM A36
HARDWARE: SIMPSON STRONG-TIE OR EQUAL
DRAINAGE PIPE: MEET ASTM F405
DRAINAGE STONE: #57 TYPICAL
MASONRY: 12x8x16 CMU BLOCK.

NOTES
1. ALL CONSTRUCTION TO MEET 2018 NORTH CAROLINA STATE BUILDING CODE: BUILDING CODE.
2. ALL HARDWARE AND FASTENERS CONTACTING PRESSURE TREATED MATERIAL SHOULD BE APPROVED FOR USE WITH CORRESPONDING WOOD TREATMENT.
3. ALL LUMBER CONTACTING CONCRETE TO BE FT.
4. ALL WOOD CONNECTORS SHALL BE INSTALLED PER MANUFACTURER'S SPECIFICATIONS UNLESS OTHERWISE NOTED.
5. CONTRACTOR TO FIELD VERIFY ALL DIMENSIONS, DRAWINGS REPRESENT TYPICAL CONDITIONS, AS-BUILT CONDITIONS MAY EXIST.
6. ENGINEER NOT RESPONSIBLE FOR UN-COMPACTED FILL.
7. FLASHING, COUNTER-FLASHING AND WATERPROOFING BY OTHERS.
8. IONCON ENGINEERING IS ONLY RESPONSIBLE FOR THE STRUCTURAL ASPECTS AS REFERENCED HEREIN.



NEW DECK LOCATED BETWEEN EXISTING BUILDING.

121719 BCC Meeting

IONCON
SUSTAINABILITY IN ENGINEERING
WWW.GOIONCON.COM (828) 264-8500

COVER

ASU NEXUS FACILITY
581 LANDFILL RD
BOONE, NC 28607

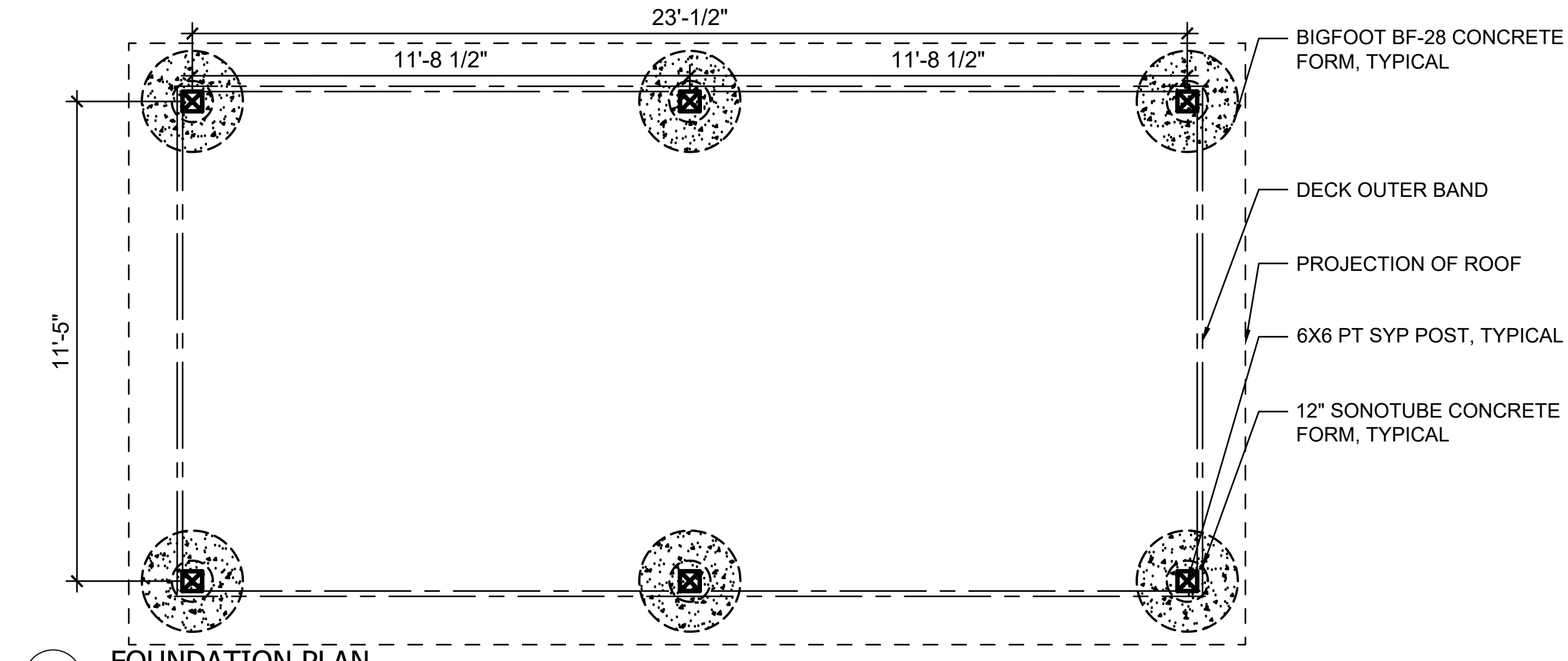
JOB NUMBER: 194010
DATE: 10-23-2019
SCALE: AS SHOWN

SHEET: COV
OF: 3
TOTAL: 1
OF: 3

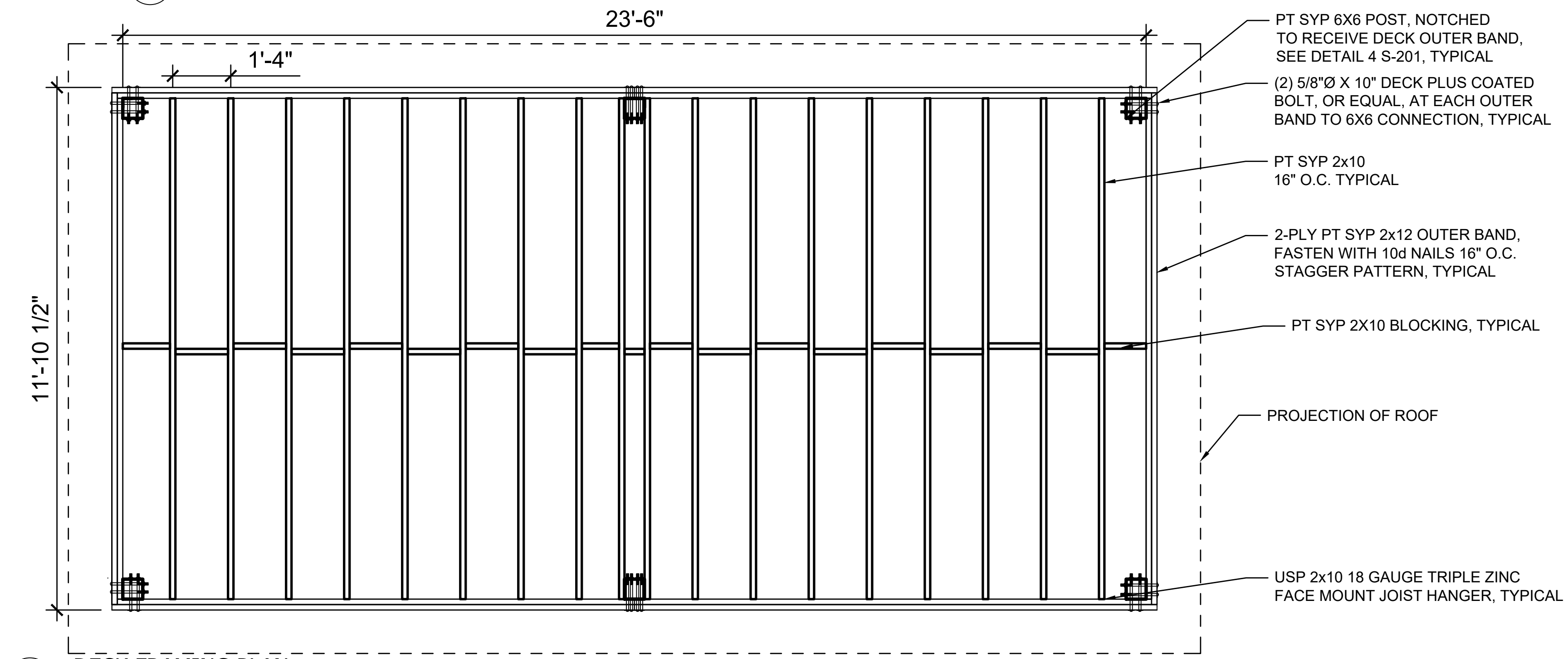
CONTACT:
J. FERRELL (828) 262-8818
OWNER BY: APPROVED
GTIK PAB
REVISED: APPROVED

PATRICK A. BEVILLE, PE LEED AP
IONCON, PLLC P-0820
2554 HWY 105
BOONE, NORTH CAROLINA 28607
PHONE: 828-264-8500

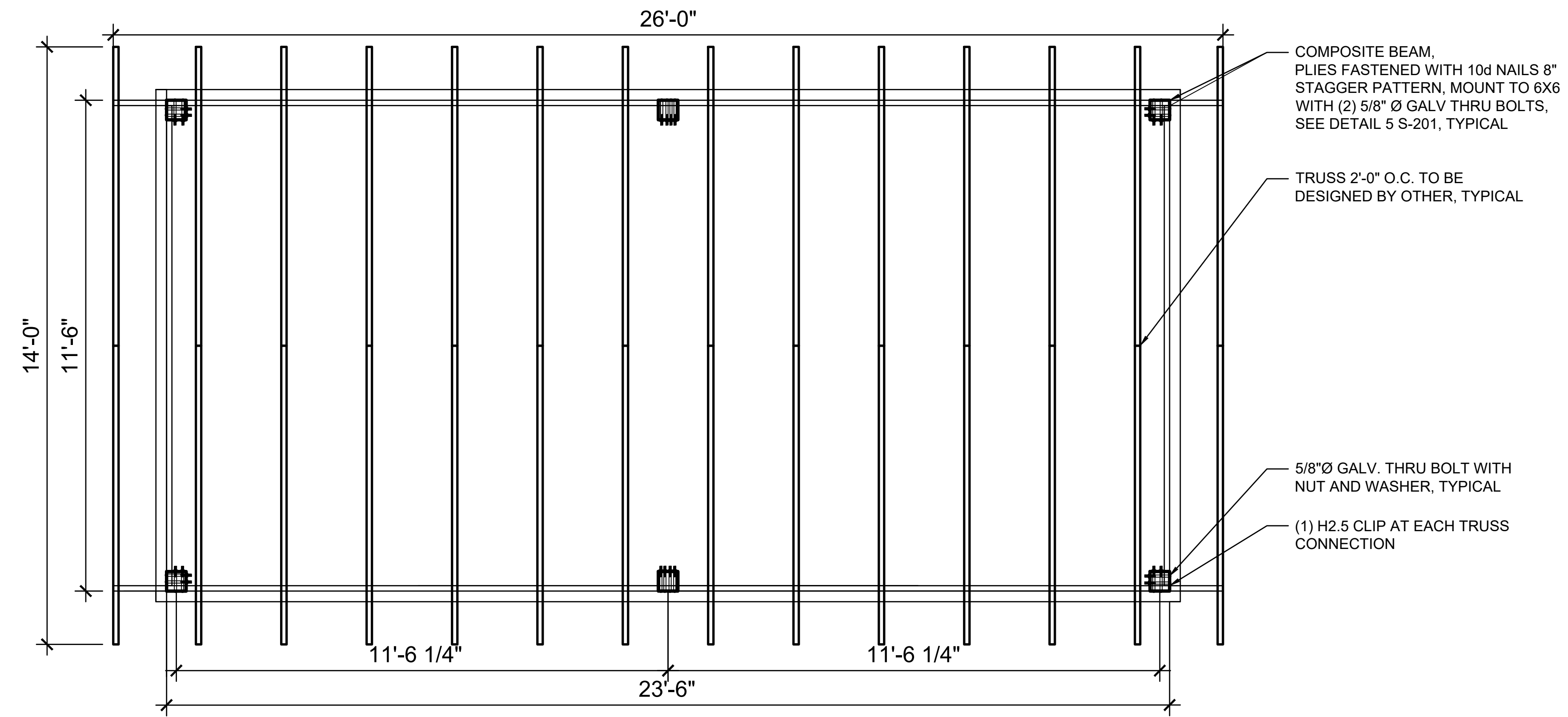
COPYRIGHT IONCON, PLLC, THESE DRAWINGS ARE INTENDED FOR A SINGLE USE ONLY AT THE ADDRESS SPECIFIED HEREIN. DISCLAIMER: THESE DRAWINGS ARE MADE ON A BEST EFFORTS BASIS AND INTEND TO REPRESENT ACCURATE FIELD CONDITIONS. CONTRACTOR/INSTALLER IS RESPONSIBLE TO VERIFY ACCURACY AND FOR FINAL ASSEMBLY AND FIT AND FINISH. THESE DRAWINGS RELATE ONLY TO THE STRUCTURAL ELEMENTS OF THE GIVEN JOB.



1 FOUNDATION PLAN
Scale: 3/8":1'-0"



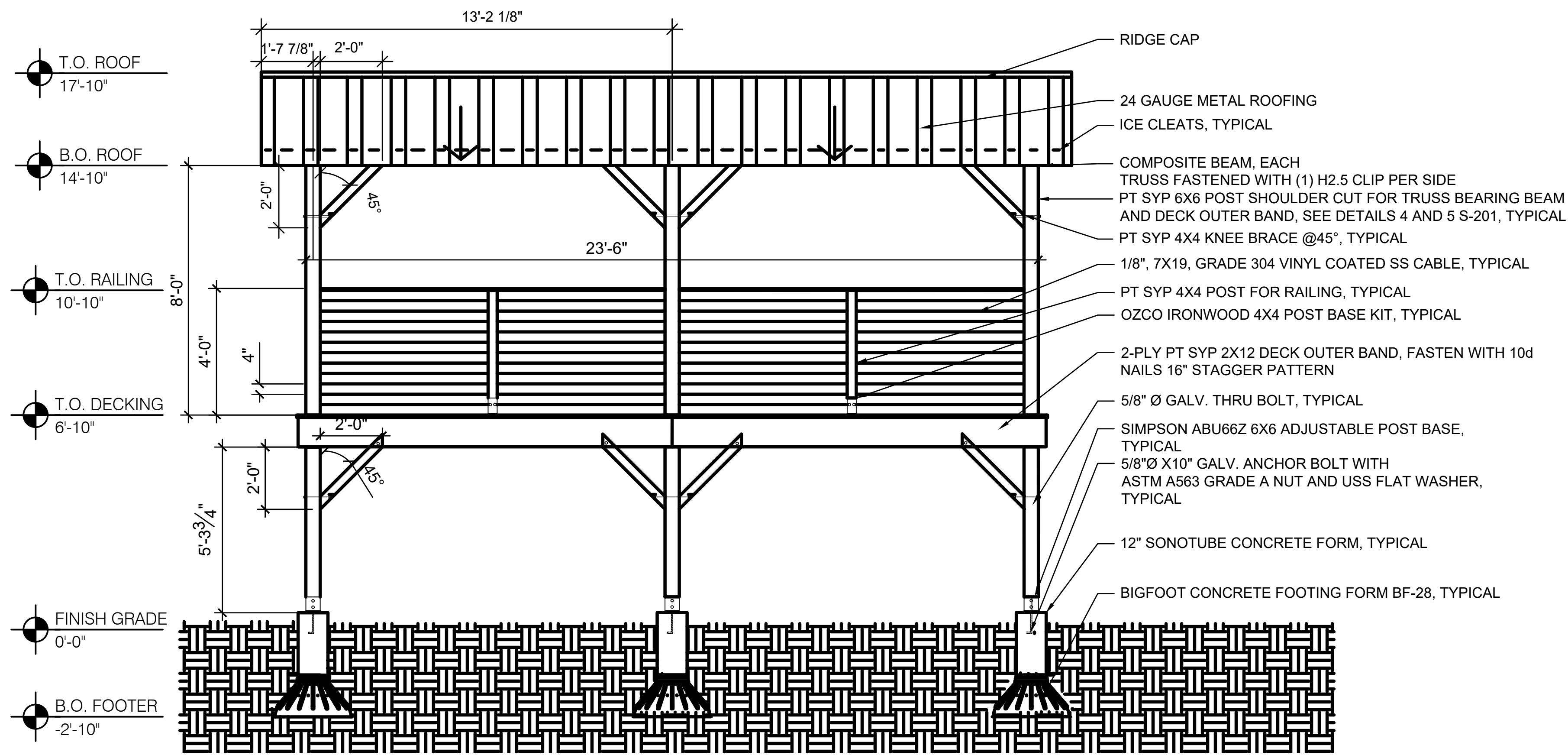
2 DECK FRAMING PLAN
Scale: 1/2":1'-0"



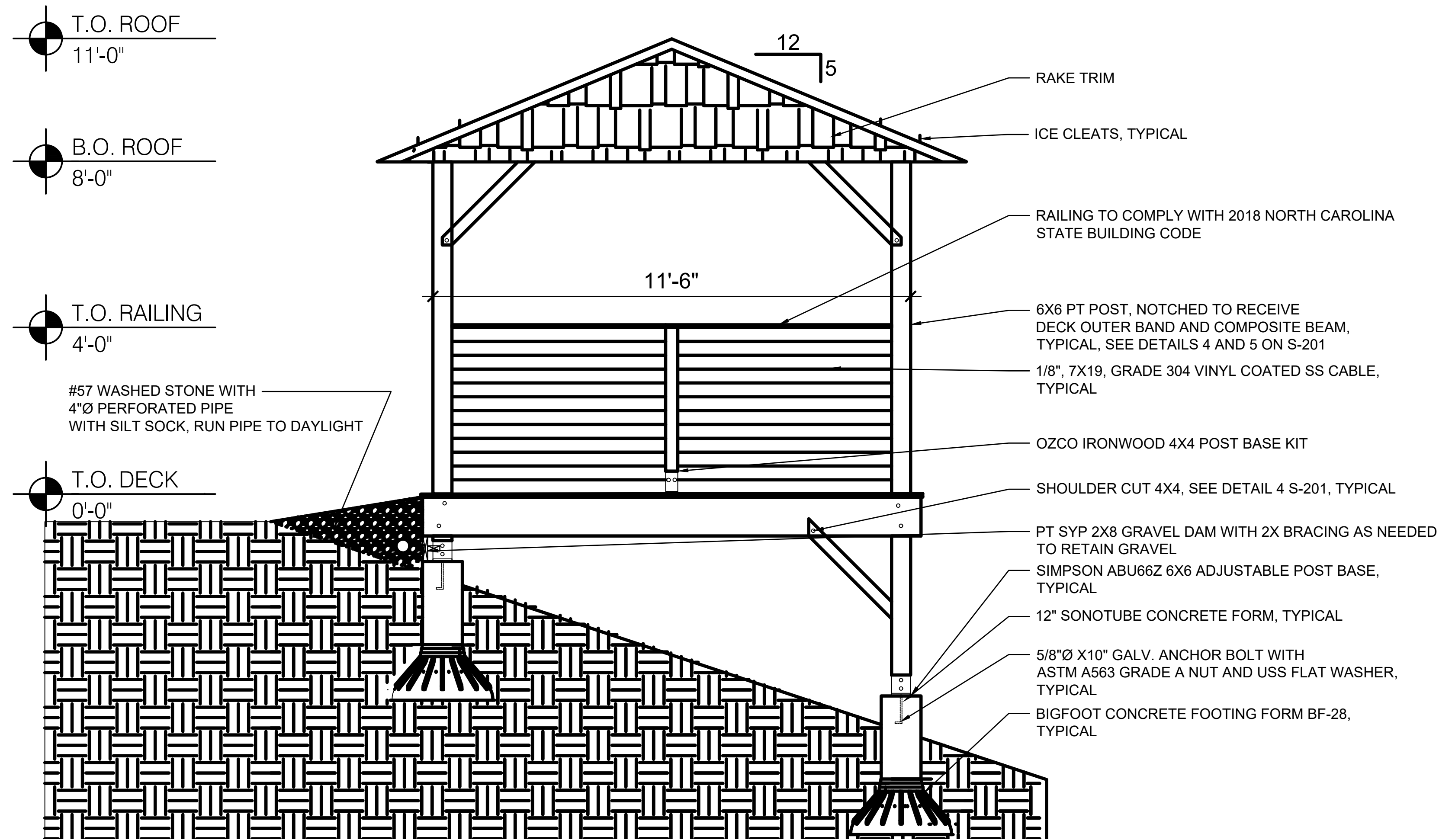
3 ROOF FRAMING PLAN
Scale: 1/2":1'-0"

COPYRIGHT IONCON, PLLC. THESE DRAWINGS ARE INTENDED FOR A SINGLE USE ONLY AT THE ADDRESS SPECIFIED HEREIN. DISCLAIMER: THESE DRAWINGS ARE MADE ON A BEST EFFORTS BASIS AND INTEND TO REPRESENT ACCURATE FIELD CONDITIONS. CONTRACTOR/INSTALLER IS RESPONSIBLE TO VERIFY ACCURACY AND FOR FINAL ASSEMBLY AND FIT AND FINISH. THESE DRAWINGS RELATE ONLY TO THE STRUCTURAL ELEMENTS OF THE GIVEN JOB.

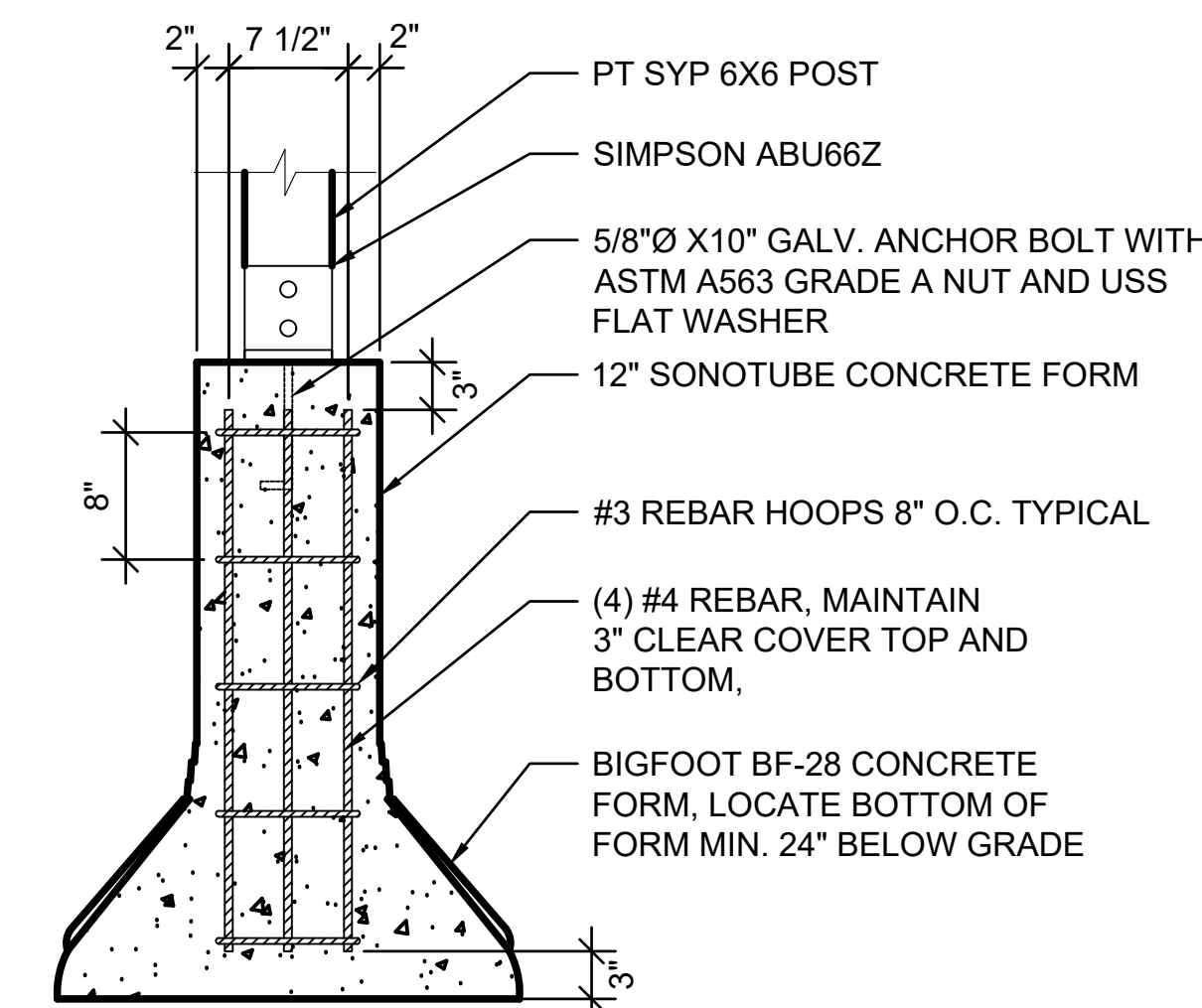
		<p>ASU NEXUS FACILITY 581 LANDFILL RD BOONE, NC 28607</p>		<p>FOUNDATION AND FRAMING PLANS</p>		<p>PATRICK A. BEVILLE, PE LEED AP IONCON, PLLC P-0820 2554 HWY 105 BOONE, NORTH CAROLINA 28607 PHONE: 828-264-8500</p>			
CONTACT:	J. FERRELL	(828) 262-8818	APPROVED	PAB					
	DRAWN BY:	GTK	REVISION						
SHEET:	OF:	3	S-101						
TOTAL:	OF:	3	2						



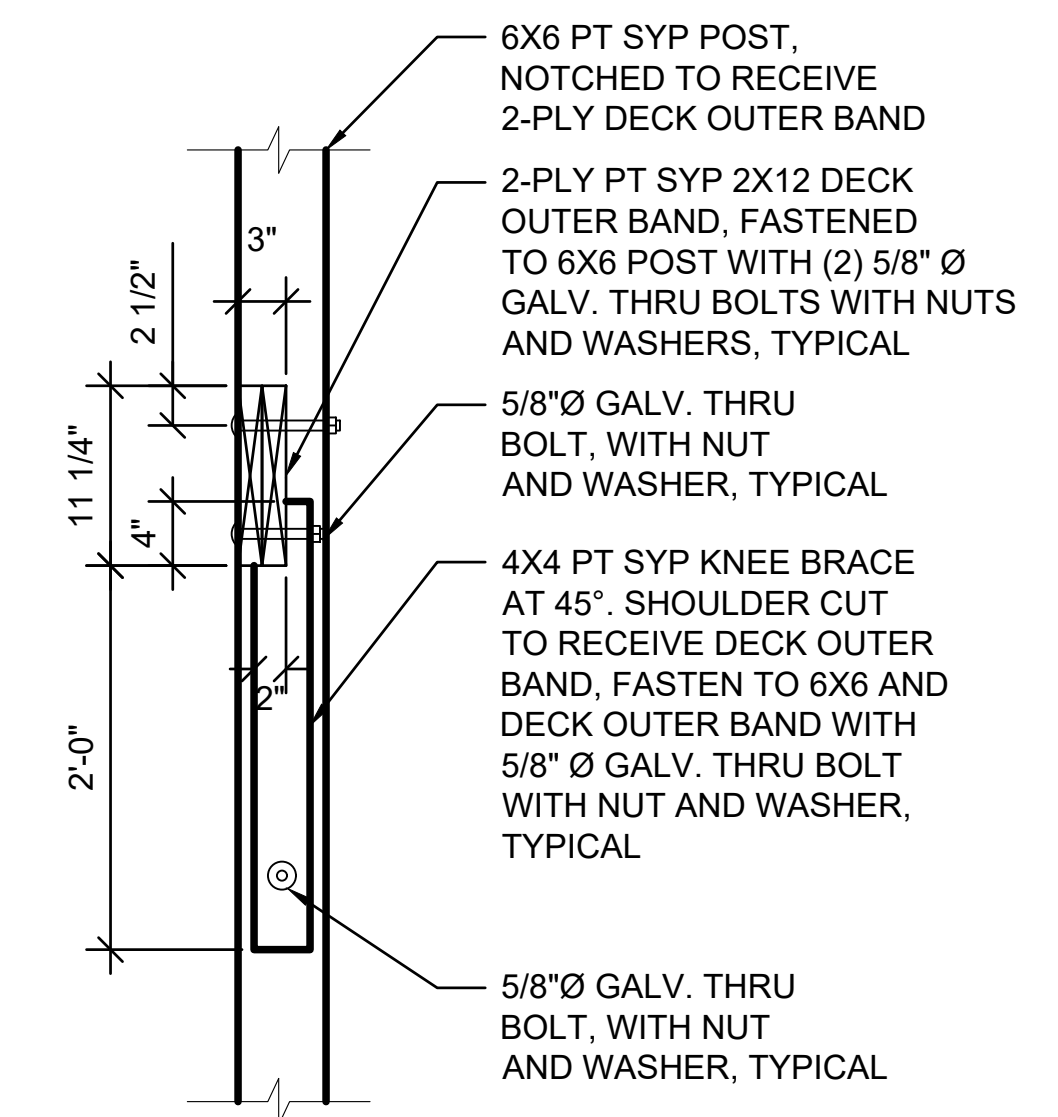
1 SOUTH ELEVATION
Scale: 3/8"=1'-0"



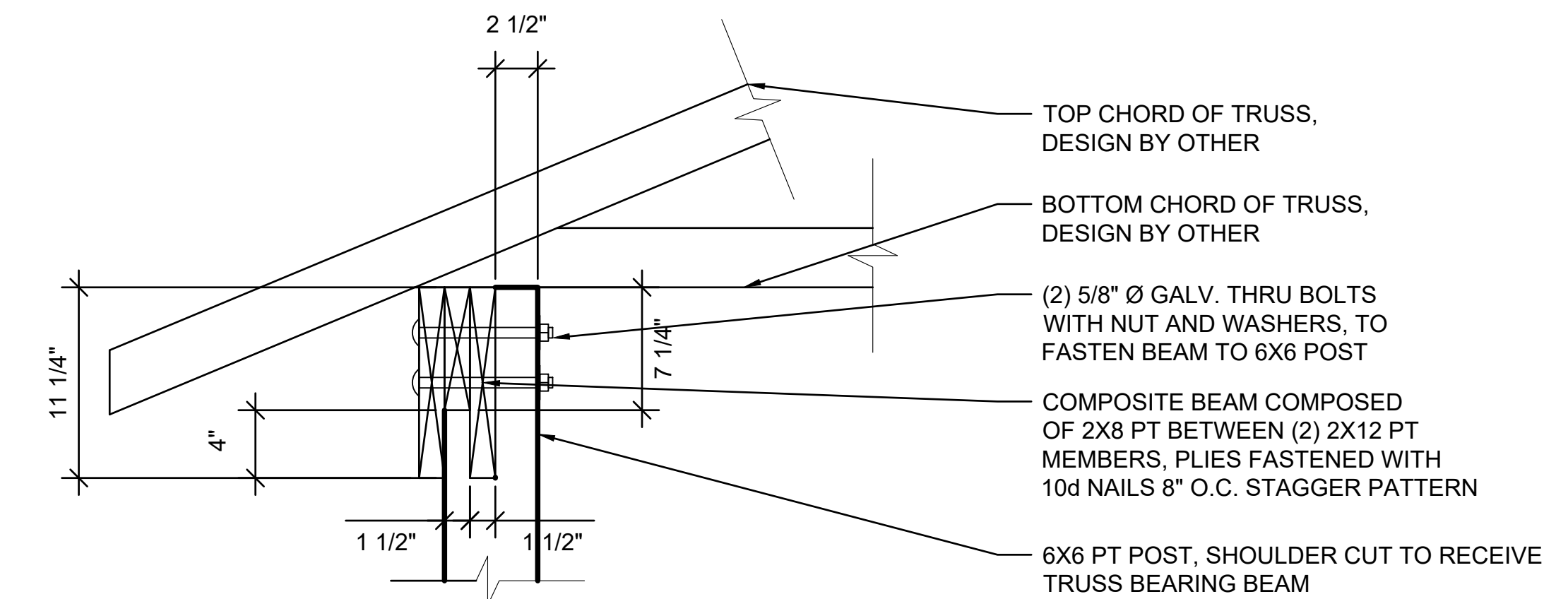
2 WEST ELEVATION
Scale: 1/2"=1'-0"



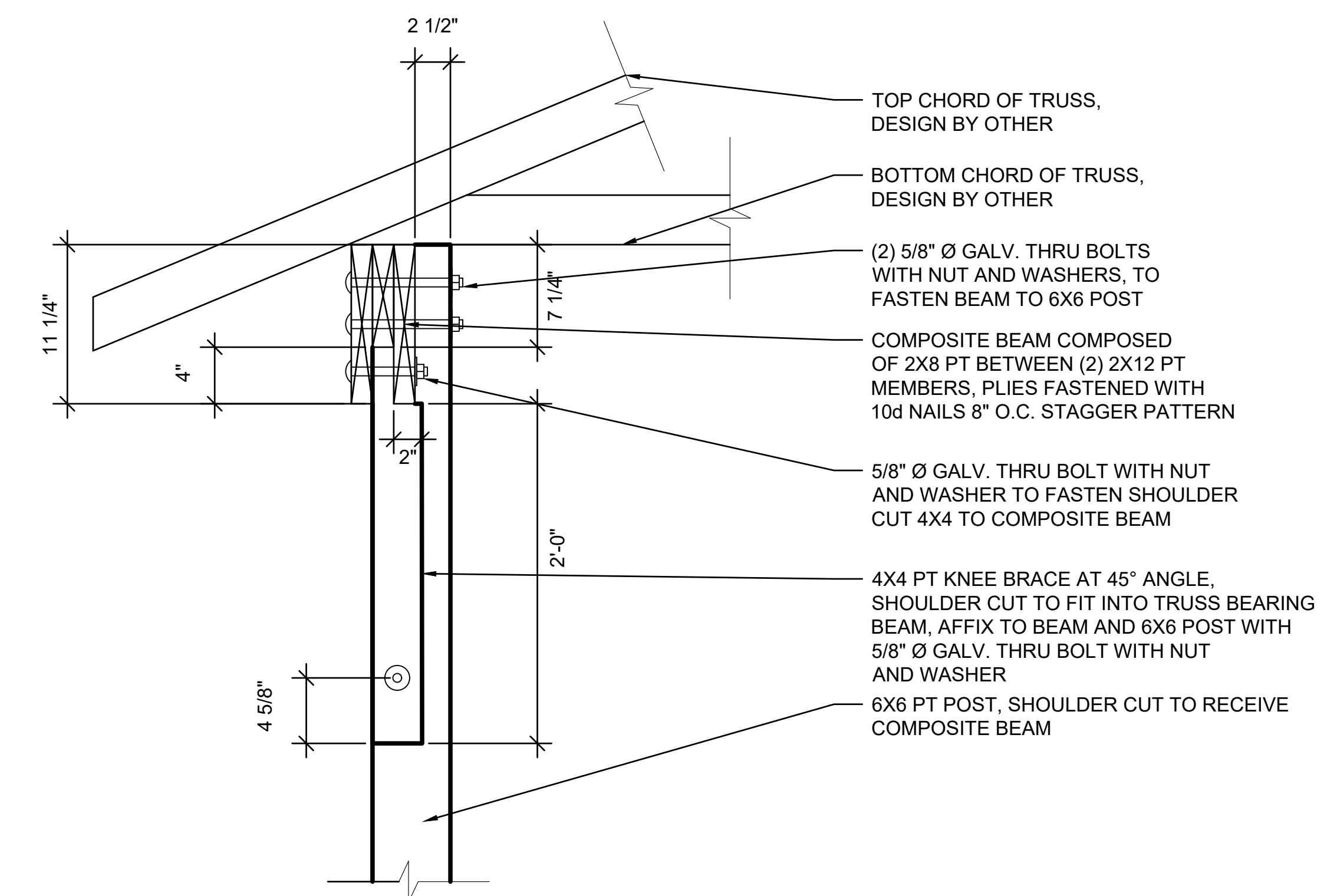
3 FOOTING REINFORCEMENT
Scale: 1"=1'-0"



4 6X6 NOTCH AND LOWER KNEE BRACE
Scale: 1"=1'-0"



5 6X6 - COMPOSITE BEAM DETAIL
Scale: 1"=1'-0"



6 6X6 - UPPER KNEE BRACE ATTACHMENT
Scale: 1"=1'-0"

COPYRIGHT IONCON, PLLC. THESE DRAWINGS ARE INTENDED FOR A SINGLE USE ONLY AT THE ADDRESS SPECIFIED HEREIN. DISCLAIMER: THESE DRAWINGS ARE MADE ON A BEST EFFORTS BASIS AND INTEND TO REPRESENT ACCURATE FIELD CONDITIONS. CONTRACTOR/INSTALLER IS RESPONSIBLE TO VERIFY ACCURACY AND FIT AND FINISH. THESE DRAWINGS RELATE ONLY TO THE STRUCTURAL ELEMENTS OF THE GIVEN JOB.

<p>IONCON SUSTAINABILITY IN ENGINEERING WWW.IONCON.COM (828) 264-8500</p>	<p>CONTACT: J. FERRELL (828) 262-8818 APPROVED PAB GTK REVISED</p>
<p>ELEVATIONS AND DETAILS</p>	<p>PATRICK A. BEVILLE, PE LEED AP IONCON, PLLC P-0820 2554 HWY 105 BOONE, NORTH CAROLINA 28607 PHONE: 828-264-8500</p>
<p>ASU NEXUS FACILITY 581 LANFILL RD BOONE, NC 28607</p>	<p>JOB NUMBER 194010 DATE 10-23-2019 SCALE AS SHOWN</p>
<p>SHEET: OF: 3</p>	<p>S-201</p>
<p>TOTAL: OF: 3</p>	<p>3</p>

Tax Parcel No. 2920482773000

BUILDING PERMIT APPLICATION

121719 BCC Meeting

Watauga County Planning & Inspections
126 Poplar Grove Connector Suite 201
Boone, NC 28607

Owner Appalachian State University (lessee)/Watauga County Date Nov/22/19
Mailing Address 591 Landfill Rd Boone NC 28607 Telephone _____
Job Site Directions 421 to landfill road near animal control

Subdivision Name _____ Lot# _____ Acreage _____ Zoning District _____
Is proposed structure near a river/stream? NO If yes, distance from _____ Name of river/stream? _____
Does driveway cross river/stream? No Proposed grading (area disturbed) 36ft² Length of Driveway _____
Is proposed structure located adjacent to the Blue Ridge Parkway or Park Service land? _____

General Contractor Landon Pennington License No. 81290 Telephone _____
Address 185 Eastbrook Dr Cell Phone (704)435-2222
Contact Person _____ Phone _____
Electrical Contractor _____
Plumbing Contractor _____
Heating & Air Contractor _____
Gas Contractor _____
Grading Contractor _____ Telephone _____

Power Company: Blue Ridge Electric New River Light & Power Mountain Electric
Sewer System: Septic Permit # _____ Community Public Existing (Setbacks Verified)
Water System: Private Well Permit # _____ Community Public Spring Existing (Setbacks Verified)
Permit Type: Single Family Duplex Townhouse Storage Garage Commercial Other _____
Type of Work: New Addition Remodel Repair Demolition Change of Use Other _____
Type of Construction: Frame Modular Log Timber Frame Other _____
Type of Foundation: concrete footing Type of Siding: NA Type of Heat: NA
No. of Stories: 1 Height of Proposed Structure From Top of Foundation: 16'
No. of Bedrooms: NA No. of Full Baths: NA No. of Half Baths: NA

Heated Sq.Ft. _____ Unheated Sq.Ft. _____
3rd Floor _____
2nd Floor _____
1st Floor 288 ft²
Bsmt. _____
Garage _____
Total _____
Total Estimated Cost: \$ _____
 Mail Permit Pickup Permit

Sketch Structure and distances from common property lines. Property lines/corners must be clearly marked in field.

See engineering & plans attached

If Subdivision lot: I certify that all structures, measured from the eaves, comply with setback requirements found in Section 72.017 of the Ordinance to Govern Subdivisions & Multi-Unit Structures or other applicable ordinances.

The undersigned agrees to conform to all applicable laws of the County of Watauga and the State of North Carolina; and further states all statements made hereon are true.

[Signature]
APPLICANT Owner Contractor

OFFICE USE ONLY		Signature
FEES:		TOTAL \$ _____
Heated _____	Recovery Fd _____	Date Paid _____
Unheated _____	Zoning/WS _____	
Postage _____	Floodplain _____	WS/Zoning Permit# _____

Blank Page

AGENDA ITEM 7:

BID AWARD FOR WIRELESS NETWORK SYSTEM AT THE NEW COMMUNITY RECREATION CENTER

MANAGER'S COMMENTS:

Mr. Drew Eggers, IT Director, will request the Board to award the wireless network bid for the new community recreation center. The county received three (3) bids with SpartanTec being the lowest responsive bidder in the amount of \$44,492.29.

Board action is required to award the bid to SpartanTec in the amount \$44,492.29 for the wireless network at the new community recreation center.



WATAUGA COUNTY Information Technologies

*Courthouse, Suite 4 • 842 West King Street • Boone, North Carolina 28607 • Phone (828) 265-8015
FAX (828) 265-8076
TDD 1-800-735-2962
Voice 1-800-735-8262*

MEMORANDUM

TO: Watauga County Board of Commissioners
Deron Geouque, County Manager

FROM: Drew Eggers, Information Technologies Director

SUBJECT: Wireless Network Installation (Wifi)

DATE: December 10, 2019

We have requested proposals for the equipment and installation of a wireless network system (Wifi) for the Recreation Center.

We requested quotes for a fully designed system for our public wireless access. All design, installation, and configuration were to be done by the vendor. Wireless access point locations were provided by the architect, and County Maintenance would be pulling the (CAT6) network cables to access point locations.

We received three bids on the system. We are recommending the lowest bidder whose quote was for **\$44,492.29** which includes three years of support.

Thank you for your consideration of this request.



800 25th Ave S North Myrtle Beach, SC 29582
 Phone: 843-418-4792

Quote #: SM-20191120-WC
Quote Date: November 25, 2019
Quote Valid Until: December 31, 2019

End User Contact Information
Name: Drew Eggers
Company : Watauga County
Address : 842 West King St Suite 4
City/St/Zip : Boone, NC 28607
Email: drew.eggert@watgov.org
Phone #: 828.265.8015
Fax #:

Item	Qty	Part #	Description	List Price	Extended
A	1	FG-30E	FortiGate-30E , 5 x GE RJ45 ports (Including 1 x WAN port, 4 x Switch ports), Max managed FortiAPs (Total / Tunnel) 2 / 2	\$430.00	\$279.00
B	1	FC-10-0030E-247-02-36	FortiCare Contract - FortiGate-30E 3 Year 24x7	\$258.00	\$168.00
C	1	FS-248E-FPOE	FortiSwitch-248E-FPOE , Layer 2/3 FortiGate switch controller compatible PoE+ switch with 48 x GE RJ45 ports, 4 x GE SFP, with automatic Max 740W POE output limit	\$2,500.00	\$1,625.00
D	1	FC-10-W248E-247-02-12	FortiCare Contract - FortiSwitch-248E-FPOE 3 Year 24x7	\$750.00	\$487.00
E	47	FAP-U321EV-A	Universal Indoor wireless AP - dual radio (Radio1-3x3 MIMO 2.4/5GHz 802.11 a/b/g/n @ 450Mbps (600Mbps turbo), Radio-2 3x3 MU-MIMO 5GHz 802.11a/n/ac wave2 @ 1300Mbps with TX Beam-forming and 3rd BLE radio, 2 high availability GbE RJ45 802.3at PoE ports, Internal antennas, Ceiling/wall mount kit included, Power adapter not included. For Gigabit PoE injector order: GPI-115(limited TX power) or GPI-130 preferred or SP-FAP200-PA	\$37,553.00	\$24,409.45
F	47	FC-10-PU321-247-02-12	FortiCare Contract - FortiAP-U321EV 3 Year 24x7	\$11,265.90	\$7,322.84
G	6	SPAR-CONS	SpartanTec Onsite Implementation (includes knowledge transfer & T/E) - 6 Days* *Estimate of Professional Services, Customer is billed for actually time used	\$10,200.00	\$10,200.00
SumTotal					\$44,492.29
NC Statewide IT Contract 204X, Bid/File number: IFT-40027					

Purchase Order Terms and Conditions:
 An authorized purchase order must be submitted before orders will be processed. Standard payment terms are Net 15 from the date of invoice, however all Clients are subject to a credit check and SpartanTec, Incorporated reserves the right to change these terms at its discretion, if credit information, amount of order, or payment history indicate that other terms would be appropriate. Pricing above does not include any applicable taxes, shipping charges, travel expenses, if any, and will be added and invoiced. A late payment charge of 1.5% per month will be added to any amount past due until paid in full. For all onsite services, Client must execute Spartan's Consulting Services Agreement and Scope of Work before services are performed.

Thank you for this opportunity to submit our quotation for your review. We hope to be favored by your order.

<p>Please mail all purchase orders to:</p> <p>SpartanTec, Incorporated P O Box 132 Longs, SC 29568 Fax: 800-325-1867</p>	<p><i>Authorized By:</i></p> <p>Scott McClung SpartanTec, Incorporated Phone: 843-418-4792 x7018 Email: smclung@spartantec.com</p>
--	---

Blank Page

AGENDA ITEM 8:

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 2019

	<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>
General County					
Taxes 2019	8,152,852.43	31.63%	18,072,442.54	50.62%	55.27%
Prior Year Taxes	15,688.53		166,005.77		
Solid Waste User Fees	622,964.53	32.01%	1,284,169.61	48.86%	53.75%
Green Box Fees	57.20	NA	2,809.71	NA	NA
Total County Funds	\$8,791,562.69		\$19,525,427.63		
Fire Districts					
Foscoe Fire	112,544.34	35.46%	262,813.17	56.01%	60.02%
Boone Fire	233,792.03	35.56%	463,768.04	52.15%	57.26%
Fall Creek Service Dist.	2,571.35	34.31%	4,693.67	48.88%	55.19%
Beaver Dam Fire	19,047.38	26.74%	49,847.85	48.45%	54.15%
Stewart Simmons Fire	44,130.43	25.19%	105,584.35	44.53%	48.68%
Zionville Fire	26,720.34	33.50%	59,582.19	52.78%	58.31%
Cove Creek Fire	62,011.16	36.59%	131,911.37	54.76%	59.16%
Shawneehaw Fire	22,567.06	34.25%	57,344.85	56.53%	61.59%
Meat Camp Fire	50,409.14	33.78%	107,268.94	51.51%	60.20%
Deep Gap Fire	44,581.68	32.62%	94,209.33	50.26%	56.17%
Todd Fire	16,037.13	37.86%	34,933.00	56.81%	60.34%
Blowing Rock Fire	113,500.62	34.81%	272,830.50	56.17%	61.64%
M.C. Creston Fire	1,698.99	35.53%	2,920.20	48.48%	58.99%
Foscoe Service District	24,890.37	45.08%	43,998.72	59.00%	61.18%
Beech Mtn. Service Dist.	5.68	0.48%	449.37	27.05%	8.48%
Cove Creek Service Dist.	79.00	25.32%	91.20	28.14%	28.14%
Shawneehaw Service Dist	1,413.12	27.51%	3,379.94	48.43%	55.27%
	\$773,428.47		\$1,690,933.02		
Towns					
Boone	1,026,868.95	21.90%	2,270,820.38	38.22%	41.49%
Municipal Services	11,824.75	11.11%	40,222.28	29.57%	37.64%
Boone MV Fee	NA	NA	NA	NA	NA
Blowing Rock	NA	NA	NA	NA	NA
Seven Devils	NA	NA	NA	NA	NA
Beech Mountain	NA	NA	NA	NA	NA
Total Town Taxes	\$1,038,693.70		\$2,311,042.66		
Total Amount Collected	\$10,603,684.86		\$23,527,403.31		

 Tax Collections Director

 Tax Administrator

AGENDA ITEM 8:

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.

11/27/2019 14:57
Larry.Warren

WATAUGA COUNTY
RELEASES - 11/01/2019 TO 11/27/2019

P 1
tncrapt

OWNER NAME AND ADDRESS	CAT YEAR PROPERTY REASON	BILL	EFF DATE	JUR	REF NO	VALUE	CHARGE	AMOUNT
1150705 BELLSOUTH TELECOMMUNICATIONS IN AT&T PROPERTY TAX GROUP PO BOX 7207 BEDMINSTER, NJ 7921	PP 2019 3170 TAX RELEASES RECEIVED AN UPDATED CERTIFICATION OF PUBLIC UTILITIES FROM NCDOR	1000029	11/27/2019	C03	7075	27,602	G01	111.24
1150705 BELLSOUTH TELECOMMUNICATIONS IN AT&T PROPERTY TAX GROUP PO BOX 7207 BEDMINSTER, NJ 7921	PP 2019 3171 TAX RELEASES RECEIVED AN UPDATED PUBLIC UTILITY CERTIFICATION FROM NC DOR	1000030	11/27/2019	C02	7076	40,095	G01	164.39 161.58 <hr/> 325.97
1150705 BELLSOUTH TELECOMMUNICATIONS IN AT&T PROPERTY TAX GROUP PO BOX 7207 BEDMINSTER, NJ 7921	PP 2019 3172 TAX RELEASES RECEIVED AN UPDATED PUBLIC UTILITY CERTIFICATION FROM NCDOR	1000031	11/27/2019	MS1	7077	1,913	G01 MS1	7.71 4.02 <hr/> 11.73
1150705 BELLSOUTH TELECOMMUNICATIONS IN AT&T PROPERTY TAX GROUP PO BOX 7207 BEDMINSTER, NJ 7921	PP 2019 3173 TAX RELEASES RECEIVED AN UPDATED PUBLIC UTILITY CERTIFICATION FROM NCDOR	1000032	11/27/2019	C04	7078	353	F12 G01	.18 1.42 <hr/> 1.60
1150705 BELLSOUTH TELECOMMUNICATIONS IN AT&T PROPERTY TAX GROUP PO BOX 7207 BEDMINSTER, NJ 7921	PP 2019 3175 TAX RELEASES RECEIVED AN UPDATED PUBLIC UTILITY CERTIFICATION FROM NCDOR	1000033	11/27/2019	F02	7079	3,021	F02 G01	1.81 12.17 <hr/> 13.98
1150705 BELLSOUTH TELECOMMUNICATIONS IN AT&T PROPERTY TAX GROUP PO BOX 7207 BEDMINSTER, NJ 7921	PP 2019 3176 TAX RELEASES RECEIVED AN UPDATED PUBLIC UTILITY CERTIFICATION FROM NCDOR	1000034	11/27/2019	F10	7080	2,911	F10 G01	1.46 11.73 <hr/> 13.19
1150705 BELLSOUTH TELECOMMUNICATIONS IN AT&T PROPERTY TAX GROUP PO BOX 7207 BEDMINSTER, NJ 7921	PP 2019 3177 TAX RELEASES RECEIVED AN UPDATED PUBLIC UTILITY CERTIFICATION FROM NCDOR	1000035	11/27/2019	F01	7081	176	F01 G01	.09 .71 <hr/> .80
1589567 BROWN, JASON KENNETH 179 SMITH ISAACS RD ZIONVILLE, NC 28698-9003	PP 2019 589567999 TAX RELEASES sold boat 8/15/2018	3227	11/27/2019	F06	7086	0	G01 F06 G01L F06L	30.43 3.78 3.04 .38 <hr/> 37.63

11/27/2019 14:57
Larry.Warren

WATAUGA COUNTY
RELEASES - 11/01/2019 TO 11/27/2019

P 2
tncraprt

OWNER NAME AND ADDRESS	CAT YEAR PROPERTY REASON	BILL	EFF DATE	JUR	REF NO	VALUE	CHARGE	AMOUNT
1764364 CLARENCE DONALD BUNN FAMILY TRUST BUNN, CLARENCE DONALD 100 HICKORY ST W 403 GREENVILLE, NC 27858	RE 2019	1000144	11/27/2019			0	F07	99.80
		1982-81-0584-000		F07			G01	704.59
	TAX RELEASES				7082			
	PROPERTY TRANSFERRED TO RELATIVE AND NEW APPLICATION NOT NEEDED FOR P/U							804.39
1764364 CLARENCE DONALD BUNN FAMILY TRUST BUNN, CLARENCE DONALD 100 HICKORY ST W 403 GREENVILLE, NC 27858	RE 2019	1000145	11/27/2019			0	F07	99.80
		1982-81-0584-000		F07			G01	704.59
	TAX RELEASES				7083			
	PROPERTY TRANSFERRED TO RELATIVE AND NEW APPLICATION NOT NEEDED FOR P/U							804.39
1764364 CLARENCE DONALD BUNN FAMILY TRUST BUNN, CLARENCE DONALD 100 HICKORY ST W 403 GREENVILLE, NC 27858	RE 2019	1000146	11/27/2019			0	F07	99.80
		1982-81-0584-000		F07			G01	624.75
	TAX RELEASES				7084			
	PROPERTY TRANSFERRED TO RELATIVE AND NEW APPLICATION NOT NEEDED FOR P/U							724.55
1791743 CONNER, DAVID CONNER, DONNA 6910 DOLPHIN CT SHERRILLS FORD, NC 28673	PP 2019	1369	11/27/2019			0	F12	1.05
		2948		F12			G01	8.46
	TAX RELEASES				7089		SWF	80.00
	BILLED ON ACCOUNT 1576131							89.51
1513290 DEER VALLEY RACQUET CLUB P O BOX 2626 BOONE, NC 286072626	PP 2019	2487	11/27/2019			0	G01	64.00
		513290999		C02			C02	65.11
	TAX RELEASES				7100			
	SOLD TO DJS ASSOCIATES							129.11
1799330 GENEVA CAPITAL LLC 630 N CENTRAL EXPY STE A PLANO, TX 75074-6897	PP 2019	1513	11/27/2019			0	F02	8.44
		3105		F02			G01	56.66
	REFUND RELEASE				7099			
	COMPANY REQUEST BILLING TO LESSEE							65.10
1644078 LUNSFORD, BRUCE JAMES LUNSFORD, DONNA D 22 BROOKSIDE CIR APT 3 CANDLER, NC 28715	PP 2019	1419	11/27/2019			5,090	F05	4.33
		3002		F05			G01	20.51
	TAX RELEASES				7096		SWF	160.00
	MH STORAGE ONLY-3 MH BILLED ON ANOTHER ACCOUNT							184.84
1591690 MARTIN, ELIZABETH MARTIN, LINDA ANNE 820 MERRIE RD RALEIGH, NC 27606-2704	RE 2019	38213	11/27/2019			0	FX9	.50
		2905-63-2074-000		FX9			G01	4.03
	TAX RELEASES				7090			
	CLERICAL ERROR							4.53

11/27/2019 14:57
Larry.Warren

WATAUGA COUNTY
RELEASES - 11/01/2019 TO 11/27/2019

P 3
tnccrpt

OWNER NAME AND ADDRESS	CAT YEAR PROPERTY REASON	BILL	EFF DATE	JUR	REF NO	VALUE	CHARGE	AMOUNT
1581229 MCMAHON, ROBERT EDWARD 926 FRIENDSHIP CHURCH RD BOONE, NC 28607	RE 2019	30864	11/27/2019			72,700	F02	43.62
				F02			G01	292.98
	TAX RELEASES				7097			336.60
	INCORRECT NEIGHBORHOOD CODE							
1552568 NYE, THEODORE S PO BOX 2320 BANNER ELK, NC 28604	RE 2019	14453	11/27/2019			0	F08	27.25
				F08			G01	219.64
	TAX RELEASES				7091			246.89
	PROPERTY WAS COMBINED AND BILLED UNDER NEW PARCEL NUMBERS							
1552568 NYE, THEODORE S PO BOX 2320 BANNER ELK, NC 28604	RE 2019	14455	11/27/2019			0	F08	.25
				F08			G01	2.02
	TAX RELEASES				7093			2.27
	PROPERTY WAS COMBINED AND BILLED UNDER NEW PARCEL NUMBERS							
1552568 NYE, THEODORE S PO BOX 2320 BANNER ELK, NC 28604	RE 2019	14457	11/27/2019			0	F08	7.95
				F08			G01	64.08
	TAX RELEASES				7094			72.03
	PROPERTY WAS COMBINED AND BILLED UNDER NEW PARCEL NUMBERS							
1552568 NYE, THEODORE S PO BOX 2320 BANNER ELK, NC 28604	RE 2019	14458	11/27/2019			0	F08	20.15
				F08			G01	162.41
	TAX RELEASES				7092			182.56
	PROPERTY WAS COMBINED AND BILLED UNDER NEW PARCEL NUMBERS							
1791233 SUDDRETH, MELANIE DAVIS DAVIS, MICHAEL ROLAND 10207 BENS WAY MANASSAS, VA 20110	RE 2019	1000143	11/27/2019			0	F07	99.80
				F07			G01	804.39
	TAX RELEASES				7085			904.19
	PROPERTY TRANSFERRED TO RELATIVE AND NEW APPLICATION NOT NEEDED FOR P/U							
1158401 TENNANT, JAMES 201 DEVONSHIRE LANE GREENVILLE, SC 29617	PP 2019	2141	11/27/2019			0	G01	2.02
							F09	.25
	TAX RELEASES				7087		SWF	80.00
	REMOVED MOBILE HOME 2016						G01L	.20
							F09L	.03
								82.50
DETAIL SUMMARY	COUNT: 23	RELEASES - TOTAL				153,861		5,149.60

11/27/2019 14:57
Larry.Warren

WATAUGA COUNTY
RELEASES - 11/01/2019 TO 11/27/2019

P 4
tncrapt

RELEASES - CHARGE SUMMARY FOR ALL CLERKS

YEAR	CAT	CHARGE	AMOUNT	
2019	RE	F02	BOONE FIRE RE	43.62
2019	RE	F07	COVE CREEK FIRE RE	399.20
2019	RE	F08	SHAWNEEHAW FIRE RE	55.60
2019	RE	FX9	MEAT CAMP/CRESTON SERV DIST RE	.50
2019	RE	G01	WATAUGA COUNTY RE	3,583.48
2019	PP	C02	BOONE PP	229.50
2019	PP	F01	FOSCOE FIRE PP	.09
2019	PP	F02	BOONE FIRE PP	10.25
2019	PP	F05	STEWART SIMMONS FIRE PP	4.33
2019	PP	F06	ZIONVILLE FIRE PP	3.78
2019	PP	F06L	ZIONVILLE FIRE LATE LIST	.38
2019	PP	F09	MEAT CAMP FIRE PP	.25
2019	PP	F09L	MEAT CAMP FIRE LATE LIST	.03
2019	PP	F10	DEEP GAP FIRE PP	1.46
2019	PP	F12	BLOWING ROCK FIRE PP	1.23
2019	PP	G01	WATAUGA COUNTY PP	488.64
2019	PP	G01L	WATAUGA COUNTY LATE LIST	3.24
2019	PP	MS1	BOONE MUNICIPAL SERV DIST PP	4.02
2019	PP	SWF	SANITATION USER FEE	320.00
			2019 TOTAL	5,149.60
			SUMMARY TOTAL	5,149.60

11/27/2019 14:57
Larry.Warren

WATAUGA COUNTY
RELEASES - 11/01/2019 TO 11/27/2019

P 5
tncraprt

RELEASES - JURISDICTION SUMMARY FOR ALL CLERKS

JUR	YEAR	CHARGE	AMOUNT
C02	2019	C02 BOONE PP	229.50
C02	2019	G01 WATAUGA COUNTY PP	225.58
		C02 TOTAL	455.08
C03	2019	G01 WATAUGA COUNTY PP	111.24
		C03 TOTAL	111.24
C04	2019	F12 BLOWING ROCK FIRE PP	.18
C04	2019	G01 WATAUGA COUNTY PP	1.42
		C04 TOTAL	1.60
F01	2019	F01 FOSCOE FIRE PP	.09
F01	2019	G01 WATAUGA COUNTY PP	.71
		F01 TOTAL	.80
F02	2019	F02 BOONE FIRE PP	53.87
F02	2019	G01 WATAUGA COUNTY PP	361.81
		F02 TOTAL	415.68
F05	2019	F05 STEWART SIMMONS FIRE PP	4.33
F05	2019	G01 WATAUGA COUNTY PP	20.51
F05	2019	SWF SANITATION USER FEE	160.00
		F05 TOTAL	184.84
F06	2019	F06 ZIONVILLE FIRE PP	3.78
F06	2019	F06L ZIONVILLE FIRE LATE LIST	.38
F06	2019	G01 WATAUGA COUNTY PP	30.43
F06	2019	G01L WATAUGA COUNTY LATE LIST	3.04
		F06 TOTAL	37.63
F07	2019	F07 COVE CREEK FIRE RE	399.20
F07	2019	G01 WATAUGA COUNTY RE	2,838.32
		F07 TOTAL	3,237.52
F08	2019	F08 SHAWNEEHAW FIRE RE	55.60
F08	2019	G01 WATAUGA COUNTY RE	448.15
		F08 TOTAL	503.75
F09	2019	F09 MEAT CAMP FIRE PP	.25
F09	2019	F09L MEAT CAMP FIRE LATE LIST	.03
F09	2019	G01 WATAUGA COUNTY PP	2.02
F09	2019	G01L WATAUGA COUNTY LATE LIST	.20
F09	2019	SWF SANITATION USER FEE	80.00
		F09 TOTAL	82.50
F10	2019	F10 DEEP GAP FIRE PP	1.46

11/27/2019 14:57
 Larry.Warren

WATAUGA COUNTY
 RELEASES - 11/01/2019 TO 11/27/2019

P 6
 tncrpt

RELEASES - JURISDICTION SUMMARY FOR ALL CLERKS

JUR	YEAR	CHARGE	AMOUNT
F10	2019	G01 WATAUGA COUNTY PP	11.73
		F10 TOTAL	13.19
F12	2019	F12 BLOWING ROCK FIRE PP	1.05
F12	2019	G01 WATAUGA COUNTY PP	8.46
F12	2019	SWF SANITATION USER FEE	80.00
		F12 TOTAL	89.51
FX9	2019	FX9 MEAT CAMP/CRESTON SERV DIST RE	.50
FX9	2019	G01 WATAUGA COUNTY RE	4.03
		FX9 TOTAL	4.53
MS1	2019	G01 WATAUGA COUNTY PP	7.71
MS1	2019	MS1 BOONE MUNICIPAL SERV DIST PP	4.02
		MS1 TOTAL	11.73
		SUMMARY TOTAL	5,149.60

Blank Page

AGENDA ITEM 9:**PROPOSED CONTRACT FOR DESIGN BUILD SERVICES FOR THE ADMINISTRATION AND COURTHOUSE ROOFS****MANAGER'S COMMENTS:**

The Board approved staff to enter into a contract with Muter Construction Company for design-build services for the new roofs on the Administration and Courthouse facilities. The County Attorney has reviewed the contract and has forwarded his changes; therefore, the draft contract will be in final format on Monday, December 16, 2019. Staff will email once the contract is received. The reason for the addition is due to the January 7, 2019 meeting cancellation. Mr. Marsh, Maintenance Director, will present the contract for design of the facilities in the amount of \$72,051. Upon completion of the design; Muter Construction will be required to build the roof replacements within the budgeted amount of \$907,737. If they are unable to bring the project within the budget the County will bid the project out with the plans created by Muter Construction.


Board action will be requested to approve the contract with Muter Construction Company in the amount of \$72,051 for design services. An amendment to the contract for the construction phase of the project will be forthcoming upon both parties agreeing to the preliminary design work and project budget.



WATAUGA COUNTY MAINTENANCE DEPARTMENT

274 Winklers Creek Road, Suite B, Boone, NC 28607 - Phone (828) 264-1430
Fax (828) 264-1473

TO: Deron Geouque, County Manager

FROM: Robert Marsh, Maintenance Director 

DATE: December 13, 2019

RE: Courthouse and Administration Roof Replacement Project

BACKGROUND

On October 1, 2019, the Watauga County Board of County Commissioners awarded Muter Construction Company the contract for providing Design-Build (DB) services for roof replacements at the Courthouse and Administration buildings pending review and approval of the form of contract. The County Attorney and staff have reviewed the agreement, and their concerns have been incorporated into the document.

CONTRACT SUMMARY

The DB agreement assigns responsibility to the DB firm, Muter Construction, for design and construction of a metal sloped roof for the Courthouse and a metal roof replacement for the Administration Building. The DB firm will produce a preliminary design based upon the County's description of the scope of work and the contractor's research into existing building conditions, materials and project budget. A final working drawing will be made provided all parties are in agreement with the preliminary design work. The DB contractor will submit a GMP, project schedule and construction agreement using the Design-Build Amendment referenced in the agreement for the Board's approval in early 2020. The County will be responsible to compensate the DB firm \$72,051 plus reimbursables should the County desire to not enter the construction phase of the project.

RECOMMENDATION

Staff has reviewed and recommends the County enter into the Design-Build agreement with Muter Construction. If approved, Muter will begin design and project completion is scheduled for fall 2020.

AGENDA ITEM 10:

PROPOSED AMENDMENT TO AUDIT CONTRACT

MANAGER'S COMMENTS:

Attached is a copy of a contract amendment to the fiscal year 2019 audit with Gould Killian CPA Group, PA. The amendment is due to the audit manager being out on paternity leave and not being able to meet the LGC's deadline.

Board approval is requested for an amended contract to extend the due date to January 15, 2020.



WATAUGA COUNTY FINANCE OFFICE

814 West King St., Room 216 - Boone, NC 28607 - Phone (828) 265-8007 Fax (828) 265-8006

MEMORANDUM

TO: Deron Geouque, County Manager
FROM: Misty Watson, Finance Director
SUBJECT: Gould Gillian CPA Group, PA Contract for FY 2019
DATE: December 11, 2019

Attached is a copy of a contract amendment to the fiscal year 2019 audit with Gould Killian CPA Group, PA. The amendment is due to the audit manager being out on paternity leave and not being able to meet the LGC's deadline.

Board approval is requested for an amended contract to extend the due date to January 15, 2020.

Whereas	Primary Government Unit Watauga County
and	Discretely Presented Component Unit (DPCU) (if applicable)
and	Auditor Gould Killian CPA Group, P.A.

entered into a contract in which the Auditor agreed to audit the accounts of the Primary Government Unit and DPCU (if applicable)

for	Fiscal Year Ending 06/30/19	and originally due on	Audit Report Due Date 10/31/19
-----	--------------------------------	-----------------------	-----------------------------------

hereby agree that it is now necessary that the contract be modified as follows.

<input checked="" type="checkbox"/> Modification to due date: <input type="checkbox"/> Modification to fee:	Original due date 10/31/19	Modified due date 01/15/20
	Original fee	Modified fee

EXPLANATION OF MODIFIED CONTRACT TERMS

Please provide an explanation for the modification to due date and/or fees.

Extension of due date necessary due to paternity leave taken by Audit Manager in mid-October.

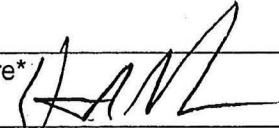
If the amendment is submitted to extend the due date, please indicate the steps the unit and auditor will take to prevent late filing of audits in subsequent years.

Will not be a recurring issue.

By their signatures on the following pages, the Auditor, the Primary Government Unit, and the DPCU (if applicable), agree to these modified terms.

SIGNATURE PAGE

AUDIT FIRM

Audit Firm* Gould Killian CPA Group, P.A.	
Authorized Firm Representative* (typed or printed) Daniel R. Mullinix	Signature* 
Date* 12/11/19	Email Address dmullinix@gk-cpa.com

GOVERNMENTAL UNIT

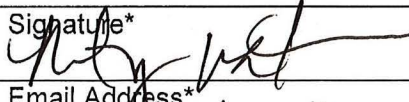
Governmental Unit* Watauga County	
Date Primary Government Unit Governing Board Approved <u>Amended</u> Audit Contract* (If required by governing board policy)	
Mayor/Chairperson* (typed or printed)	Signature*
Date	Email Address

Chair of Audit Committee (typed or printed, or "NA") N/A	Signature
Date	Email Address

GOVERNMENTAL UNIT – PRE-AUDIT CERTIFICATE
ONLY REQUIRED IF FEES ARE MODIFIED IN THE AMENDED CONTRACT
(Pre-audit certificate not required for charter schools or hospitals)

Required by G.S. 159-28(a1) or G.S. 115C-441(a1)

This instrument has been pre-audited in the manner required by The Local Government Budget and Fiscal Control Act or by the School Budget and Fiscal Control Act.

Primary Governmental Unit Finance Officer* Misty Watson	Signature* 
Date of Pre-Audit Certificate* 12-11-2019	Email Address* misty.watson@watgov.org

**SIGNATURE PAGE – DPCU
(complete only if applicable)**

DISCRETELY PRESENTED COMPONENT UNIT

DPCU <i>N/A</i>	
Date DPCU Governing Board Approved <u>Amended</u> Audit Contract (If required by governing board policy)	
DPCU Chairperson (typed or printed)	Signature
Date	Email Address

Chair of Audit Committee (typed or printed, or "NA")	Signature
Date	Email Address

DPCU – PRE-AUDIT CERTIFICATE

ONLY REQUIRED IF FEES ARE MODIFIED IN THE AMENDED CONTRACT

(Pre-audit certificate not required for charter schools or hospitals)

Required by G.S. 159-28(a1) or G.S. 115C-441(a1)

This instrument has been pre-audited in the manner required by The Local Government Budget and Fiscal Control Act or by the School Budget and Fiscal Control Act.

DPCU Finance Officer (typed or printed)	Signature
Date of Pre-Audit Certificate	Email Address

Blank Page

AGENDA ITEM 11:

MISCELLANEOUS ADMINISTRATIVE MATTERS

A. Cove Creek Preservation and Development (CCP&D) Request to Remove Trees at Old Cove Creek School

MANAGER'S COMMENTS:

The Cove Creek Preservation and Development Association is requesting permission from the Board to remove the trees at the Old Cove Creek School. They have contacted an arborist to examine the trees and his recommendation is to remove the trees. Per the lease with the County, approval from the Board of Commissioners is required before any trees over the diameter of 6 inches can be removed. The arborist's report is attached.

Staff seeks direction from the Board.

McKee Tree Service INC
1306 Old Beech Mountain Road
Elk Park NC 28622
828-387-0173

12-10-19

David Tyner
Cove Creek P and D
PO Box 344
Sugar Grove NC 28679

Dear David Tyner

Recently I meet with you at the old Cove Creek School complex. During this meeting we spoke about the two maple trees in front of the building. I recommend the removal of these trees due to the fact that these trees pose a greater liability then an asset to the complex. These maple trees have been improperly pruned over the last twenty plus years.

The maple trees have been continuously topped which first cuts the expected trees life in half. The topping of these trees has been done at least four times that I can see. When a tree is topped the tree reacts by producing water sprouts, these water sprouts grow at a faster rate then the normal branch due to the tree trying to create more places for leaf production. These faster growing branches are not as strong as normal branches as well. Another issue that is created with topping of these trees is that not all of the previous topping cuts healed properly. These improper healing of topping cuts lead to decay within the stem of the tree. This decay is sometimes hard to see until a lead or branch has falling out the tree.

These trees are beautiful but after further inspection these trees could cause injury to an object or even a person.

Sincerely
Sean McKee
President. McKee Tree Service ISA Certified Arborist #1555A



required by Article 12 of Chapter 160A of the General Statutes of North Carolina; and

WHEREAS, the parties hereto wish to amend the Lease Agreement to incorporate the extension of the lease term for a period of ten (10) years through, and including, May 6, 2029.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and benefits contained herein and recited in the Lease Agreement, as amended, as stated herein, the Lessor and Lessee agree as follows:

1. The lease term shall be extended for a period of ten (10) years commencing on May 7, 2019 and ending on May 6, 2029.
2. Section 16 of the lease regarding “notice” is amended as follows:

Lessee: Cove Creek Preservation and Development, Inc.
~~253 William Hardy Mast Road~~ PO Box 344
Sugar Grove, NC 28679

Lessor: Watauga County Manager
Watauga County Administration Building
814 W. King Street, Room 205
Boone, NC 28607

Section 19 is hereby added to the lease.

No Cutting of Trees: The Lessee shall not cut, trim or remove any trees of a diameter of six (6) inches or more without the prior written consent of the Lessor.

3. Except as amended herein, the Lease Agreement and amendments as stated herein, remain in full force and effect.

REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK

Prepared by: di Santi Watson Capua Wilson & Garrett, PLLC
P. O. Box 193, Boone, NC 28607

AGENDA ITEM 11:**MISCELLANEOUS ADMINISTRATIVE MATTERS*****B. Request to Surplus Turner Property House*****MANAGER'S COMMENTS:**

The County advertised the sale of the Turner house and outbuilding located at 136 N. Water Street, PIN #2900-79-8884-000. Bids were accepted until Tuesday, October 29, 2019; however no bids were received for the house and outbuilding. Staff has obtained a demolition permit from the Town of Boone. Demolition would occur after the Turner Law Office vacates the premises in April. The building needs to be surplus for demolition or any future sale.

Board direction is requested to surplus the buildings and property located at 136 North Water Street.

**REQUEST FOR BIDS – HOUSE
(MUST BE REMOVED FROM PROPERTY)**

The Watauga County Board of Commissioners will be accepting sealed bids for the sale of a house and outbuilding located at 136 N. Water Street, Boone, NC, PIN #2900798884000. Each bid shall be accompanied by a bid deposit of five percent (5%) of the amount of the bid. A bid deposit may take the form of cash, a cashier's check, or a certified check. The County will return the deposit on any bid not accepted, and will return the deposit on an offer subject to upset if a qualifying higher bid is received. If the bidder refuses at any time to close the sale, the deposit will be forfeited to the County. The County will return the deposit of the final bidder at closing. If a bid is accepted by the Board as the initial offer it shall be subject to the upset bid process.

The successful bidder will be responsible for removing this house from the property by **April 30, 2020**. All cost for demolition and removal of the structures will be the responsibility of the bidder.

The Watauga County Board of Commissioners in its sole discretion, reserves the right to reject any or all bids received at any time for the property or to negotiate with one or more bidders.

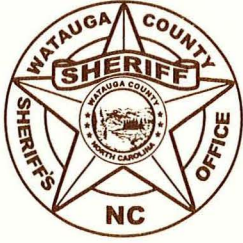
All bids shall be addressed to the Watauga County Board of Commissioners at 814 West King Street, Boone, NC 28607. Bids shall be marked, "136 N. Water Street Property." Bids will be accepted until 5:00 p.m., **Tuesday, October 29, 2019**.

This property will be open for inspection 1:00 p.m. – 4:00 p.m., **October 17 and 18, 2019**. For additional information contact Deron Geouque, Watauga County Manager, at 828-265-8000.

AGENDA ITEM 11:**MISCELLANEOUS ADMINISTRATIVE MATTERS*****C. Sheriff's Office Vehicle Purchase Request*****MANAGER'S COMMENTS:**

In August, the Board approved auto bids from Ross Automotive for five (5) new 2020 Dodge Durango AWD SUVs for \$28,859 per unit; two (2) 2020 Dodge Chargers AWD sedans for \$23,971 per unit; and one (1) 2020 Jeep Grand Cherokee AWD SUV for \$26,392 per unit. The Sheriff's Office recently received details that the two (2) 2020 Dodge Chargers AWD sedans were not available due to Ross Automotive's failure to place the order and the vehicles no longer being available. However, due to their error Ross Automotive has agreed to supply at a \$542 reduction from the original contracted price two (2) new 2020 Dodge Durango AWD SUVs in lieu of the sedans.

Board action is required to approve the purchase of two (2) new 2020 Dodge Durango AWD SUVs in the amount of \$28,317 in lieu of the sedans.



WATAUGA COUNTY SHERIFF'S OFFICE

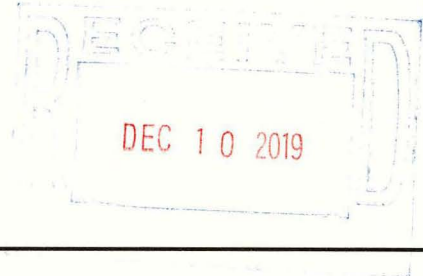
184 HODGES GAP ROAD
BOONE, NORTH CAROLINA 28607
(828) 264-3761 • FAX (828) 263-5345

LEN D. HAGAMAN, JR.
SHERIFF

To: Deron Geouque- Watauga County Manager

From: Major Kelly Redmon

Ref: Vehicle purchase approval



On August 20, 2019 the Watauga County Commissioners approved the purchase of Law Enforcement vehicles from Ross Automotive of Boone, NC.

The approval was for 1 Jeep Grand Cherokee, 5 Dodge Durangos, and 2 Dodge Chargers.

The order was place via a purchase order with Ross Automotive on August 26, 2019. As the vehicles were being delivered it was discovered that Ross Automotive had failed to order the Dodge Charger sedans.

Due to a shortage of Dodge sedan production components, there are none available; and the ability to place an order for these vehicles has been cut off. We have searched other dealerships around NC as well as other states; there are no sedans available for purchase.

WCSSO request board approval cancel the order of the sedans, and request approval to purchase 2 Dodge Durangos in place of the Dodge sedans that were approved in August from Ross Automotive.

Ross Automotive has reduced the price of each of the Durangos by \$542.00 each as a small concession for the oversight on their part.

The price of the Durangos quoted by Ross is \$28,317.00 each. There is funding in the FY 2019-20 budget for the purchase of these vehicles.

Kelly Redmon

From: Josh Ward <rossautojosh@gmail.com>
Sent: Wednesday, December 04, 2019 2:29 PM
To: Kelly Redmon
Subject: Durango Quotes
Attachments: Watauga Quote.pdf

Hey Mr. Redmon,

In this email I attached the build sheets and sample purchase order quotes for one DB Black and one Destroyer Grey Durango. Both quotes match state contract pricing, but to sweeten the deal I am going to cover the cost of installing rear vinyl seats on both vehicles. With the additional discounts and free vinyl you will save an additional \$542.00 on each Durango over the last purchase. Please let me know if you have any questions.

Josh Ward



DATE: _____ PHONE (H) _____
 STK # _____ PHONE (B) _____
 SALESPERSON: _____ SOURCE _____
 PURCHASER / LESSEE DL# _____ PURCHASER / LESSEE DL# _____
 PURCHASE OR LEASE _____ EMAIL ADDRESS _____

2282 HIGHWAY 105S
 BOONE, NC 28607
 828.264.3626

Purchaser / Lessee _____ DOB _____ SS# _____
 Co-Purchaser / Lessee _____ DOB _____ SS# _____
 Physical Address _____ County _____

P.O. Box _____
 Year 2020 Make Dodge Model Durango Body Police Cyl 6
 Color Black Trim Color Silver Vin Spec Order Miles _____

Trade-In Lien Holder (1)		Trade-In Lien Holder (2)		MSRP Before Discount	36,365. ⁰⁰
Lender		Lender		Discount	
Address		Address		MSRP	
Acct. #		Acct. #		Dealer-Installed Equipment:	
Phone#		Phone#			
Pay Off Amt.		Pay Off Amt.		Vinyl Rec Seats	Free
Good Through		Good Through		Total Cash Price	28,104. ⁴⁰
Daily Rate		Daily Rate		Trade Allowance	
Talked W/		Talked W/		Difference	
Date: _____ Time: _____		Date: _____ Time: _____		Sales Tax	
Special Directions:		Cancellations:		Adm. Fee	499.00
				Inspection Fee	13. ⁶⁰
				Tag Fee / Transfer	
				(Tag# _____ / Inspection Fee	
		The Accessories and/or Service Agreements listed below are Non Mopar products and are not warrantied by Chrysler Corporation:		Sub Total	
			Payoff on Trade		
			Rebate Type:		
			Sub Total		
I UNDERSTAND THAT IF THE ACTUAL LIEN PAYOFF IS GREATER THAN THE AMOUNT ESTIMATED, I WILL BE RESPONSIBLE FOR PAYING THE DIFFERENCE.				Deposit	
				Cash on Delivery (Chk#	28,317. ⁰⁰
				Note: Date Due	
				Amount to be Finc. / Lease	
X (Customer Signature)		X (Customer Signature)			

TRADE INFORMATION		
YEAR	MAKE	MODEL
COLOR	TRIM COLOR	
VIN		
MILES		

2nd TRADE INFORMATION		
YEAR	MAKE	MODEL
COLOR	TRIM COLOR	
VIN		
MILES		

INSURANCE CO: _____
 POL # _____
 AGENT: _____
 ADDRESS: _____
 COL. DED: _____ COMP. DED: _____
 EFF. DATE: _____ EXP. DATE: _____ PHONE: _____
 TALKED W/: _____ DATE: _____ TIME: _____ BY: _____

THE ONLY WARRANTIES APPLYING TO THIS VEHICLE ARE THOSE OFFERED BY THE MANUFACTURER. THE SELLING DEALER HEREBY EXPRESSLY DISCLAIMS ALL WARRANTIES, EITHER EXPRESSED OR IMPLIED, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND NEITHER ASSUMES NOR AUTHORIZES ANY OTHER PERSON TO ASSUME FOR IT ANY LIABILITY IN CONNECTION WITH THE SALE OF THIS VEHICLE. BUYER SHALL NOT BE ENTITLED TO RECOVER FROM THE SELLING DEALER ANY CONSEQUENTIAL DAMAGES, DAMAGES TO PROPERTY, DAMAGES FOR LOSS OF USE, LOSS OF TIME, LOSS OF PROFITS, OR INCOME, OR ANY OTHER INCIDENTAL DAMAGES. THE MANUFACTURER'S WARRANTY HAS BEEN FULLY EXPLAINED TO ME, AND I FULLY UNDERSTAND THIS WARRANTY.

Purchaser agrees that this Order includes all of the terms and conditions on both the face and reverse hereof, that this Order cancels and supersedes any other agreement and as of the date hereof comprises the complete and exclusive statement of the agreement relating to the subject matters covered hereby, and that this Order shall not become binding until accepted by the Dealer or his authorized representative. In the event of a time sale, Dealer shall not be obligated to sell until approval of the terms hereof is given by a bank or finance company willing to purchase a retail installment contract between the parties hereto based on such terms. Purchaser, by execution of this Order, certifies that he/she is of legal age to execute binding contracts in this State and acknowledges that he/she has read its terms and conditions and has received a true copy of this Order.

X _____ Date _____ X _____ Date _____
 Dealer / Authorized Representative Purchaser / Lessee Signature(s)



DATE: _____ PHONE (H) _____
 STK # _____ PHONE (B) _____
 SALESPERSON: _____ SOURCE _____
 PURCHASER / LESSEE DL# _____ PURCHASER / LESSEE DL# _____
 PURCHASE OR LEASE _____ EMAIL ADDRESS _____

2282 HIGHWAY 105S
 BOONE, NC 28607
 828.264.3626

Purchaser / Lessee _____ DOB _____ SS# _____
 Co-Purchaser / Lessee _____ DOB _____ SS# _____
 Physical Address _____ County _____
 P.O. Box _____
 Year 2020 Make Dodge Model Durango Body Police Cyl 6
 Color Destroyer Grey Trim Color Silver Vin Spec Order Miles _____

Trade-In Lien Holder (1)		Trade-In Lien Holder (2)		MSRP Before Discount	36,365.00
Lender		Lender		Discount	
Address		Address		MSRP	
				Dealer-Installed Equipment:	
Acct. #		Acct. #			
Phone#		Phone#			
Pay Off Amt.		Pay Off Amt.			
Good Through		Good Through			
Daily Rate		Daily Rate			
Talked W/		Talked W/			
Date:	Time:	Date:	Time:	Sales Tax	
Special Directions:		Cancellations:		Adm. Fee	499.00
				Inspection Fee	13.60
				Tag Fee / Transfer	
				(Tag# / Inspection Fee	
				Sub Total	
				Payoff on Trade	
				Rebate Type:	
				Sub Total	
				Deposit	
				Cash on Delivery (Chk#	28,317.00
				Note: Date Due	
				Amount to be Finc. / Lease	

I UNDERSTAND THAT IF THE ACTUAL LIEN PAYOFF IS GREATER THAN THE AMOUNT ESTIMATED, I WILL BE RESPONSIBLE FOR PAYING THE DIFFERENCE.

X _____ X _____
 (Customer Signature) (Customer Signature)

TRADE INFORMATION		
YEAR	MAKE	MODEL
COLOR	TRIM COLOR	
VIN		
MILES		

2nd TRADE INFORMATION		
YEAR	MAKE	MODEL
COLOR	TRIM COLOR	
VIN		
MILES		

INSURANCE CO:			
POL #			
AGENT:			
ADDRESS:			
COL. DED:		COMP DED:	
EFF. DATE:	EXP. DATE:	PHONE:	
TALKED W/:	DATE:	TIME:	BY:

THE ONLY WARRANTIES APPLYING TO THIS VEHICLE ARE THOSE OFFERED BY THE MANUFACTURER. THE SELLING DEALER HEREBY EXPRESSLY DISCLAIMS ALL WARRANTIES, EITHER EXPRESSED OR IMPLIED, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND NEITHER ASSUMES NOR AUTHORIZES ANY OTHER PERSON TO ASSUME FOR IT ANY LIABILITY IN CONNECTION WITH THE SALE OF THIS VEHICLE. BUYER SHALL NOT BE ENTITLED TO RECOVER FROM THE SELLING DEALER ANY CONSEQUENTIAL DAMAGES, DAMAGES TO PROPERTY, DAMAGES FOR LOSS OF USE, LOSS OF TIME, LOSS OF PROFITS, OR INCOME, OR ANY OTHER INCIDENTAL DAMAGES. THE MANUFACTURER'S WARRANTY HAS BEEN FULLY EXPLAINED TO ME, AND I FULLY UNDERSTAND THIS WARRANTY.

Purchaser agrees that this Order includes all of the terms and conditions on both the face and reverse hereof, that this Order cancels and supersedes any other agreement and as of the date hereof comprises the complete and exclusive statement of the agreement relating to the subject matters covered hereby, and that this Order shall not become binding until accepted by the Dealer or his authorized representative. In the event of a time sale, Dealer shall not be obligated to sell until approval of the terms hereof is given by a bank or finance company willing to purchase a retail installment contract between the parties hereto based on such terms. Purchaser, by execution of this Order, certifies that he/she is of legal age to execute binding contracts in this State and acknowledges that he/she has read its terms and conditions and has received a true copy of this Order.

X _____ X _____
 Dealer / Authorized Representative Date Purchaser / Lessee Signature(s) Date

Blank Page

AGENDA ITEM 11:

MISCELLANEOUS ADMINISTRATIVE MATTERS

D. Boards and Commissions

MANAGER'S COMMENTS:

Juvenile Crime Prevention Council (JCPC)

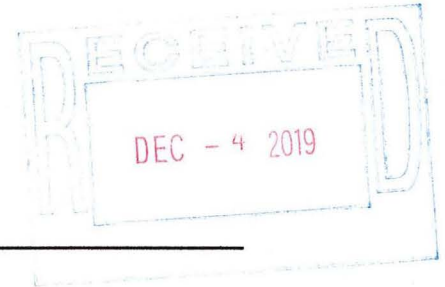
Mr. Adam Zebzda submitted a Volunteer Application requesting to serve on the JCPC. The JCPC recommends Mr. Zebzda be appointed to the Council. This is a first reading.

Volunteer Application
Watauga County Boards And Commissions

121719 BCC Meeting

If you are a Watauga County resident, at least 18 years old, and willing to volunteer your time and expertise to your community, please complete the application below and click on Print Form.
Please sign and mail or fax to:

Watauga County Commissioners' Office
814 West King Street, Suite 205
Boone, NC 28607
Phone: (828) 265-8000
Fax: (828) 264-3230



Name: Adam J. Zebzda
Home Address: 342 Stadium Heights Drive
City: Boone, NC Zip: 28608
Telephone: (H) 3369342266 (W) 3369342266 (Fax) _____
Email: zebzdaa@appstate.edu
Place of Employment: Unemployed
Job Title: Unemployed

In Order To Assure County wide Representation Please Indicate Your Township Of Residence:

- | | | |
|-------------------------------------|------------------------------------|--|
| <input type="radio"/> Bald Mountain | <input type="radio"/> Stony Fork | <input type="radio"/> Watauga |
| <input type="radio"/> New River | <input type="radio"/> Brushy Fork | <input type="radio"/> Cove Creek |
| <input type="radio"/> Beaver Dam | <input type="radio"/> Meat Camp | <input type="radio"/> Shawneehaw |
| <input type="radio"/> Blue Ridge | <input type="radio"/> Blowing Rock | <input type="radio"/> Laurel Creek |
| <input type="radio"/> Elk | <input type="radio"/> North Fork | <input checked="" type="radio"/> Boone |

In addition, Please Indicate If You Live In One Of The Following Areas:

- | | |
|--|--|
| <input type="radio"/> Foscoe-Grandfather Community | <input type="radio"/> Valle Crucis Historic District |
| <input type="radio"/> Howards Creek Watershed | <input type="radio"/> Winklers Creek Watershed |
| <input type="radio"/> South Fork New River Watershed | <input type="radio"/> Extraterritorial Area |

We Ask Your Help In Assuring Diversity Of Membership By Age, Gender, And Race, By Answering The Following Questions

- | | | |
|---------------------------------------|--|--------------------------------|
| Gender | Ethnic Background | |
| <input checked="" type="radio"/> Male | <input type="radio"/> African American | <input type="radio"/> Hispanic |
| <input type="radio"/> Female | <input checked="" type="radio"/> Caucasian | <input type="radio"/> Other |
| | <input type="radio"/> Native American | |

Please List (In Order Of Preference) The Boards/Commissions On Which You Would Be Willing To Serve.

1. Juvenile Crime Prevention Council (Jcpc) Juvenile Crime Prevention C
2. _____
3. _____

Volunteer Application
Watauga County Boards And Commissions
(Continued)

Please list any work, volunteer, and/or other experience you would like to have considered in the review of your application.

Work
Experience:

Intern, Dept. of Human Relations for the City of Winston-Salem: 2019
Intern, Dept. of Community Development for the City of Winston-Salem: 2019
Councilman, Juvenile Crime Prevention Council for Forsyth County: June-October 2019

Volunteer
Experience:

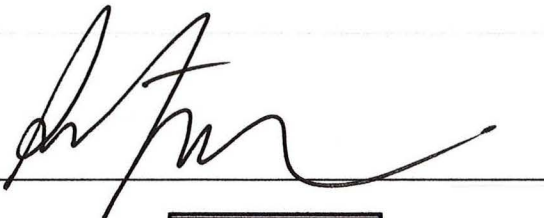
The Appalachian, Appalachian State University: Current
Frank/Belk Hall Council President, Appalachian State University: Current

Other
Experience:

Other
Comments:

As an Appalachian State University student and former Councilman for Forsyth County's JCPC, I know how crucial it is for local government to balance the needs of young people while ensuring good public policy. I aim to ensure Watauga County continues to serve its young residents with the respect, care, and dignity they deserved. With this application, you will find a copy of my resume.

Signature:



Date: DEC. 01 2019

Print Form

Reset Form

ADAM ZEBZDA

ASU Box 11908, Boone, NC 28608 · (336) 934-2266
adamzebz01@gmail.com

A hardworking and self-driven undergraduate student enrolled at Appalachian State University majoring in Political Science and minoring in Criminal Justice, seeking employment and experience in related fields.

EXPERIENCE

JUNE 2018 – NOVEMBER 2018

INTERN, DD ADAMS FOR CONGRESS CAMPAIGN

Planned community events, coordinated media communications, conducted phone-banking, registered voters and acted as a point of contact for community members and leaders.

JUNE 2019 – AUGUST 2019

INTERN, CITY OF WINSTON SALEM DEPT. OF HUMAN RELATIONS

Educated, provided, facilitated, promoted, studied, and recommended programs, projects, and feedback for the elimination of discrimination in all fields of human relationships. Collaborated with other departments to create plans to combat the impacts of gentrification while also investigating fair housing violations.

JUNE 2019 – OCTOBER 2019

COUNCILMAN, FORSYTH COUNTY JUVENILE CRIME PREVENTION COUNCIL

Reviewed the needs of juveniles in Forsyth County who are at risk of delinquency, reviewed resources available to address those needs, prioritized community risk factors and determined services needed to address problem areas, worked with various community leaders while developing strategies to intervene, respond to, and treat the needs of juveniles at risk of delinquency.

EDUCATION

AUGUST 2015 - JUNE 2019

HIGH SCHOOL DIPLOMA, MOUNT TABOR HIGH SCHOOL, WINSTON SALEM, NC

Took numerous Honors level courses along with five Advanced Placement courses concentrated in Social Sciences and History, including American and European History, while maintaining a 3.8 GPA

AUGUST 2019 – CURRENT

ENROLLED IN APPALACHIAN STATE UNIVERSITY, BOONE, NC

SKILLS

Skills include: Communication, research, professional writing, public speaking and presentation, social media management, crisis management, and cultural adaptability.

ACTIVITIES

Balanced course work, employment, and extracurricular activities while volunteering on local and federal campaigns, municipal departments, and other organizations striving to attempt to better the lives of community members.

AGENDA ITEM 11:

MISCELLANEOUS ADMINISTRATIVE MATTERS

E. Announcements

MANAGER'S COMMENTS:

The January 7, 2020, Regular meeting of the Board of Commissioners has been cancelled. The next regular meeting of the Board will be on Tuesday, January 21, 2020, at 5:30 P.M.

Blank Page

AGENDA ITEM 12:

PUBLIC COMMENT

AGENDA ITEM 13:

BREAK

AGENDA ITEM 14:

CLOSED SESSION

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