

**MACON COUNTY
NORTH CAROLINA**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE YEAR ENDED JUNE 30, 2017

**MACON COUNTY
NORTH CAROLINA**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE YEAR ENDED JUNE 30, 2017

Prepared by: Finance Department
Finance Director: Lori M. Hall

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INTRODUCTORY SECTION

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Macon County



December 8, 2017

The Board of Commissioners
Macon County, North Carolina

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of Macon County for the fiscal year ended June 30, 2017. The financial statements and supplemental schedules contained herein have been audited by the independent certified public accounting firm of Martin Starnes & Associates, CPAs, P.A. Their unmodified opinion is included in the basic financial statements. However, this report is presented by the County, which is responsible for the accuracy of the data as well as the completeness and fairness of its presentation including all disclosures. We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the County as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the County's financial affairs have been included.

This report is divided into four sections: the Introductory, Financial, Statistical, and the separately bound Compliance section. The Introductory Section, which is unaudited, contains this letter of transmittal and information about the organization and principal officials of the County. The Financial Section is composed of the auditors' report, Management's Discussion and Analysis, the County's combined financial statements, the Notes to the Financial Statements, and combining statements with detailed individual fund statements and schedules. Management's Discussion and Analysis provides a narrative introduction, overview, and analysis of the financial statements. The Statistical Section, which is unaudited, contains fiscal and economic data designed to provide a more complete understanding of the County. Many tables in this section present financial data for the past ten years. Finally, the Compliance Section presents reports and schedules required by the federal and State Single Audit Acts, which is discussed in a later paragraph.

The financial reporting entity includes all the funds of the primary government (Macon County), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. Macon County Industrial Facility and Pollution Control Financing Authority is a component unit of Macon County; however, this authority has no financial transactions or account balances and is therefore not reported in the financial statements. Macon County Airport Authority is shown as a discretely presented component unit.

DESCRIPTION OF THE COUNTY:

Macon County, founded in 1828, is located in the Southwestern area of the state. Macon County has land area of 516 square miles and an estimated population of 35,047. Macon County has a diverse economy. Manufacturing, healthcare, tourism, agriculture/forestry, finance, retail, and real estate/construction are major components of the economy. Manufacturing industries include tax software development, metal tubular fabrication, hardwood flooring production, aerospace/defense and intercommunications. Healthcare includes three medical campuses from two health systems located in the county. Tourism continues to be a strong force within the county, with a growing popularity in green tourism (hiking, whitewater rafting, camping, hunting, fishing, etc.), as well as more traditional activities such as golf and gem mining. Agriculture/forestry sectors include vegetables, ornamentals, Christmas trees, wood products, trout production and livestock. Two financial institutions are headquartered in Macon County, including one listed on the NASDAQ. The county also continues to be a regional retail hub as well as home to three microbreweries. Real estate and construction sectors, weakened by the 2009 economic downturn, continue to improve. Two municipalities are located in the County, the largest being the Town of Franklin, which serves as the County seat, and Highlands, a major travel/tourism and vacation home destination. The County has a commissioner/manager form of government. The five members of the Board of Commissioners are elected at-large and serve staggered four-year terms.

The County provides its citizens a wide range of services that include education, human services, public safety, cultural and recreational activities, economic development and physical development, transportation, general administration, and others. This report includes all the County's activities in maintaining these services, except schools, which are administered by the Macon County Board of Education. The County also extends financial support to certain boards, agencies and commissions to assist their efforts in serving citizens, including the Smoky Mountain Center for Mental Health Development, the Southwestern North Carolina Planning and Economic Development Commission, Fontana Regional Library and Southwestern Community College.

ECONOMIC CONDITIONS AND OUTLOOK:

Macon County's economy has improved as evidenced by an increase in sales tax and occupancy tax revenues. The local unadjusted unemployment rate is 4.2%, which is 1.1% lower than last year's rate of 5.3%. Macon County's rate is the same as North Carolina's unadjusted unemployment rate of 4.2%. Macon County had a work force of 15,448 at the end of June 2017.

The private sector owns 55.35% of Macon County's 327,763 total acres with the U.S. Forest Service owning 42.79% or 140,251 acres. The remaining 1.86% is exempt acreage. There are 43,469 parcels of land and 42,475 are taxable. The total appraised value of taxable property is \$8 billion. The tax rate is 34.9 cents per \$100 valuation and current year county-wide taxes collected were \$27,506,161 in fiscal year 2017.

Steady growth is expected in the major sectors of the local economy, as highlighted above. They include manufacturing, healthcare, tourism, agriculture/forestry, finance, retail, and construction. Assets such as the Balsam West fiber loop, Macon County Airport, and natural gas availability, and a prepared workforce will become increasingly important to the development of a strong local economy. The greatest challenges to economic growth are the lack of middle mile/last mile high speed broadband connectivity to underserved sections of the County and an adequate workforce to meet the demands of the 21st century.

Transportation is critical to business and industry development. U.S. 441 is five lanes wide, making the trip to Atlanta, Georgia approximately two hours; this increases the marketability of our area. Additionally, U.S. 441 North is four lanes to Interstate 40 which runs east and west across the country. U.S. Highway 64 West is three and four lanes in a westward direction to the Tennessee line. Macon County has a modern airport facility with a 5,000 feet runway enabling business jet access, a new terminal, hangar space with room for expansion, and plans for an additional 1,000 feet runway extension. Macon County also operates a bus transit system with local daily routes as well as transportation outside the county for medical care.

Duke Energy continues to be the County's largest taxpayer with 1.49% of the total assessed valuation. The County's tax base is diverse, with the ten leading taxpayers making up 4.32% of total assessed value.

LONG-TERM FINANCIAL PLANNING

The Comprehensive Annual Financial Report reflects the sound fiscal policies our elected officials have established to achieve their annual priorities for programs, services, and capital improvements. These policies have resulted in the County's strong financial position.

Macon County has developed a process which charts growth in tax base, tax rates, growth in revenues and expenditures, and change in fund balance. The County continues to address capital needs of the community, primarily school capital needs. These capital needs are prioritized and a funding strategy is determined.

MAJOR INITIATIVES:

During the year, the County was involved in a number of major projects, some of which were completed during the year. Highlights of these are discussed in the following paragraphs.

SOLID WASTE OPERATIONS - The 2017 fiscal year marked the twenty-second year of operation of a lined municipal solid waste landfill containing 202 acres located in Franklin, North Carolina. It is projected that the current cell will serve the waste stream from the County at 35,026 tons per year for the next 2.2 years. Construction of a new cell began in 2016 and is expected to be completed during 2018.

The County's solid waste landfill is subject to the Environmental Protection Agency's (EPA's) regulations for municipal solid waste landfill closure and post closure care. Closure, post closure, and corrective action costs of the current and closed cells is estimated to be \$8,998,673. The County has already recognized a liability for closure, post closure, and corrective action costs in the amount of \$8,137,300, based upon the amount of cell capacity used to date. The old Franklin site has 5 years remaining and the old Highlands site has 6 years remaining of postclosure care. Although the County has complied with the EPA's financial assurance requirements through the use of the local government financial test, a reserve fund has been established to pay for the future costs of closure and postclosure care for the current landfill. The balance in the reserve fund at June 30 is \$7,933,015. Additional monies will be set aside for these purposes during each year of the landfill's operations. Annual appropriations will continue to fund necessary expenditures for the prior sites throughout the remainder of the postclosure periods. Additional information is included in the notes to the financial statements.

ECONOMIC DEVELOPMENT - The Macon County Economic Development Commission continues to create a climate for business and industry investment, innovative entrepreneurship and quality job creation. During 2017, Macon County experienced a significant decrease in the unemployment rate and a significant increase in taxable sales as reported by the N C Department of Revenue. In addition, room tax revenues continued to be strong, indicating strong travel and tourism activity. Also, real estate and construction activity continued to improve. Local companies such as Franklin Tubular Products, TekTone Sound & Signal Mfg., Inc., Duotech Services, Entegra Bank, and Drake Software reported increased demand for products and services. Two new companies moved into the Macon County Industrial Park: Major Display, a sports scoreboard company and Inovotex, a clothing line distributor. The County received an \$187,500 Building Reuse Grant for renovation of Tektone Sound and Signal Mfg., Inc.'s new facility. Areas of EDC work included workforce development, improving internet/broadband access, and working with the Nikwasi Initiative.

AIRPORT ACTIVITIES - With increased air traffic, Macon County Airport continues to make major upgrades and improvements. In 2017, the Airport completed the majority of the taxiway improvement project, began work on an updated Airport Layout Plan, and continued working on the obstruction lighting project. Also, plans continued for a 1,000' runway extension (from 5000' to 6000') project as a future need. Future needs also include additional hangar space. As the current FBO contract expires in 2018, the Airport Authority will be exploring future FBO options.

SCHOOLS – Macon County continues to meet the challenge of providing school facilities as recommended by the facilities planning committee made up of county and school officials. Capital outlay in the amount of \$537,289 was provided to the school system in 2017.

RECREATION – The County began renovations to the Robert C. Carpenter Community Building in the spring of 2017. This \$620,664 project is funded from the County's general fund.

FINANCIAL INFORMATION:

INTERNAL CONTROL - The County's administrative and financial officials are responsible for establishing and maintaining an internal control structure. In developing and maintaining an accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable but not absolute assurance regarding 1) the safeguarding of assets against loss from unauthorized use or disposition and 2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that 1) the cost of a control should not exceed the benefits likely to be derived and 2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the County's internal accounting controls adequately protect assets and provide reasonable assurance of the proper recording of financial transactions.

SINGLE AUDIT - As a recipient of federal and state financial assistance, the County is also responsible for an adequate internal control structure to ensure compliance with applicable laws and regulations related to these programs. This internal control structure is subject to periodic evaluation by county financial officials and monitoring by federal and state officials.

As a part of the County's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the County has complied with the applicable laws and regulations. The results of the single audit for the fiscal year ended June 30, 2017 provided no material instances of noncompliance.

BUDGETING CONTROLS - In addition to the single audit, the County maintains budgetary controls. The objective of these budgetary controls is to maintain compliance with legal provisions embodied in the annual budget approved by the Board of Commissioners. The activities of the County are included in either the annual budget ordinance or a project budget ordinance, which may extend longer than one fiscal year. The budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the departmental level for the General Fund, Special Revenue Funds, Debt Service Fund, and Enterprise Funds, and at the direct level for the Capital Projects Funds. The County Manager has the authority to make various changes including inter-departmental transfers, executing grant agreements, and other changes as defined in the annual budget ordinance. The County also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year end; however, encumbrances generally are reappropriated in the following year's budget. As demonstrated by the statements and schedules included in the financial section of this report, the County continues to meet its responsibility for sound financial management. There were no significant variances in final amended budget versus actual results.

FINANCIAL POLICIES - Macon County has a policy relative to fund balance that has served them very well. The policy is that the leadership strives to have an unassigned fund balance of 25% of expenditures. Over the years, the county has maintained a very healthy financial position which has been very beneficial during the downturn of the economy. As a result of that position, the county has only reduced its workforce through attrition.

OTHER INFORMATION - Independent Audit: North Carolina's General Statutes require an annual audit by independent certified public accountants. The accounting firm of Martin Starnes & Associates, CPAs, P.A. was selected by the Macon County Board of Commissioners. The auditors' report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The federal and state Single Audit Acts require county auditors to study internal controls and perform additional tests on transactions involving grant funds. The auditors' report on this work is included in the compliance section of this publication.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Macon County for its comprehensive annual financial report for the fiscal year ended June 30, 2016. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. Macon County has received twenty-two annual GFOA Certificates for Excellence in Financial Reporting.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS - The preparation of the comprehensive annual financial report was made possible by a combined effort of Martin Starnes & Associates, CPAs, P.A., the entire staff of the Macon County Finance Department and various departments which provided statistical data. Each has our sincere appreciation for the contribution made toward the preparation of this report.

The preparation of this report could not have been accomplished without the dedicated services of the entire staff of the Macon County Finance Department, other County Departments, the capable assistance of our independent auditors, as well as the Macon County Board of Commissioners who have supported this endeavor for many years. I would like to express my appreciation to everyone who has assisted and contributed to the preparation of this report.

Respectfully submitted,

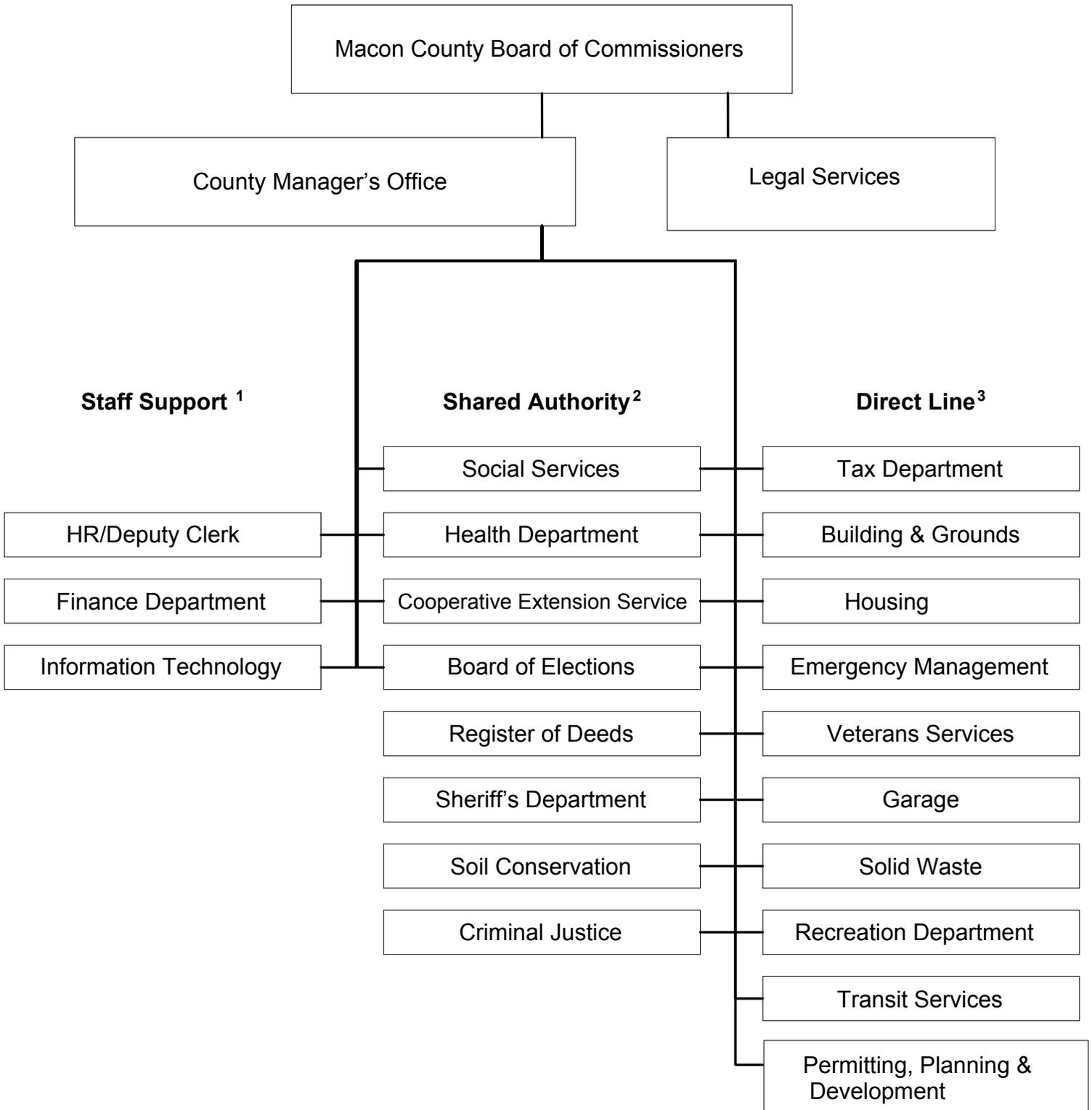


Lori M. Hall
Finance Director



Derek Roland
County Manager

Macon County Government



1. County departments whose main function is overall county government support.
2. County departments that have shared resources, supervision and/or local boards;
3. All other county departments are headed by elected officials.

MACON COUNTY, NORTH CAROLINA

List of Principal Officials

June 30, 2017

Board of Commissioners

Jim Tate, Chairman
Ronnie Beale, Vice-Chairman
Karl Gillespie, Commissioner
Paul Higdon, Commissioner
Gary Shields, Commissioner

Principal Officials

Derek Roland, County Manager
Mike Decker, Human Resources Director
Lori M. Hall, Finance Director
Chester Jones, County Attorney
Richard Lightner, Tax Supervisor
Teresa McDowell, Tax Collector
Jack Morgan, Permitting, Planning, and Development Director
Debbie George, Board of Elections Director
Todd Raby, Register of Deeds
Andy Muncey, Information Technology Director
Steve Ledford, Buildings and Grounds Director
Robert L. Holland, Sheriff
Warren Cabe, Emergency Medical Services Director
M. Chris Stahl, Solid Waste Director
Mike Breedlove, Soil and Water Conservation
Alan Durden, Cooperative Extension Director
R. Patrick Betancourt, Social Services Director
Kim Angel, Transit Director
James Bruckner, Health Director
Leigh Tabor, Veterans' Service Officer
Seth D. Adams, Recreation Director
Larry D. Conley, Garage Services
Tommy Jenkins, Economic Development Director
John Fay, Housing Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Macon County
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

FINANCIAL SECTION

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MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

Independent Auditor's Report

To the Board of Commissioners
Macon County
Franklin, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Macon County, North Carolina, as of and for the year ended June 30, 2017, 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. 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 Macon County Airport 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Macon County, North Carolina, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance Schedule of Changes in Total Pension Liability and Schedule of Total Pension Liability as a Percentage of Covered Payroll, the Other Post-Employment Benefits' Schedules of Funding Progress and Employer Contributions, the Local Government Employees' Retirement System Schedules of the Proportionate Share of Net Pension Liability (Asset) and Schedule of Contributions, and the Register of Deeds' Supplemental Pension Fund Schedule of the Proportionate Share of the Net Pension Liability (Asset) and Schedule of Contributions, 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 consist 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 basic financial statements that collectively comprise Macon County's basic financial statements. The introductory section, combining and individual fund financial statements, budget and actual schedules, supplemental ad valorem tax schedules, and statistical tables 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, budget and actual schedules, and supplemental ad valorem tax schedules are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the 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, budget and actual schedules, and supplemental ad valorem tax schedules are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and; accordingly, we do not express an opinion or provide assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2017 on our consideration of Macon County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely 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 the effectiveness of Macon County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Macon County's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
December 8, 2017

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Management's Discussion and Analysis

As management of Macon County, we offer readers of Macon County's financial statements this narrative overview and analysis of the financial activities of Macon County (the "County") for the fiscal year ended June 30, 2017. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

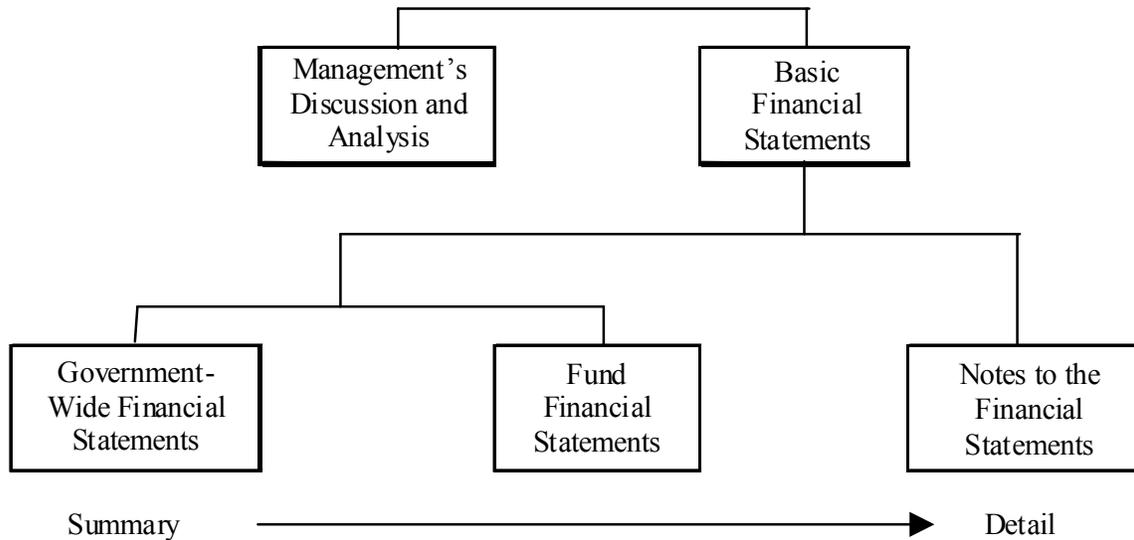
Financial Highlights

- The assets and deferred outflows of resources of Macon County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$14,366,403 (*net position*).
- The County's total net position increased by \$3,222,977, primarily due to an increase in the net position of governmental-type activities.
- As of the close of the current fiscal year, Macon County's General Fund reported an ending fund balance of \$26,210,471, an increase of \$772,124 in comparison with the prior year. Total governmental funds reported combined ending fund balances of \$31,204,256. Approximately 19.52% of this total amount, or \$6,091,066, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$21,811,244, or 43.49%, of total General Fund expenditures and transfers out for the fiscal year.
- Macon County's total debt decreased by \$5,751,142 (13.23%) during the fiscal year. The key factor in this decrease was current year payments on installments contracts. The County is not currently rated by the rating agencies.

Overview of the Financial Statements

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

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



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 the **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County’s government. These statements provide more detail than the government-wide statements. There are four parts to the fund financial statements: 1) the governmental funds statements, 2) the budgetary comparison statements, 3) the proprietary fund statements, and 4) the fiduciary fund statements.

The next section of the basic financial statements is the **Notes to the Financial Statements**. The notes offer a detailed explanation about various information contained in the statements. After the notes, **Supplemental Information** is provided to show details about the County’s nonmajor governmental funds and internal service funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the North Carolina General Statutes can also be found in this part of the statements.

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

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the County’s finances, similar 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 it has changed. Net position is the difference between the total of the County's assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. Measuring the net position is one way to gauge the County's financial condition.

The government-wide financial statements are divided into three categories: 1) governmental activities, 2) business-type activities, and 3) component unit. The governmental activities include most of the County's basic services, such as general government, public safety, transportation, public education, economic development, and general administration. Property taxes and federal and State grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. This includes the solid waste (landfill) operation offered by Macon County. The final category is the component unit. Macon County is financially accountable for the Macon County Airport Authority. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on Exhibits A and B of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Macon County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of Macon County 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 basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*. This method also has a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between 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.

Macon 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 of Commissioners about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds. Macon County maintains two types of proprietary funds: the Enterprise Fund and the Internal Service Fund. *Enterprise funds* report the same functions presented as business-type activities in the government-wide financial statements. Macon County uses an Enterprise Fund to account for its solid waste operations. This fund is the same as the separate activities shown in the business-type activities in the Statement of Net Position and Statement of Activities. Macon County uses an Internal Service Fund to account for health insurance on a cost reimbursement basis. As these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

The proprietary fund financial statements provide separate information for solid waste and health insurance.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Macon County has seven 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 follow Exhibit J of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Macon County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found following the notes to the financial statements.

Government-Wide Financial Analysis

Macon County's Net Position Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2016	2017	2016	2017	2016	2017
Current and other assets	\$ 35,414,877	\$ 37,038,467	\$ 19,665,949	\$ 13,024,918	\$ 55,080,826	\$ 50,063,385
Capital assets	<u>25,420,702</u>	<u>24,813,947</u>	<u>4,544,129</u>	<u>10,868,451</u>	<u>29,964,831</u>	<u>35,682,398</u>
Total assets	<u>60,835,579</u>	<u>61,852,414</u>	<u>24,210,078</u>	<u>23,893,369</u>	<u>85,045,657</u>	<u>85,745,783</u>
Deferred outflows of resources	<u>1,110,110</u>	<u>4,750,632</u>	<u>63,979</u>	<u>276,329</u>	<u>1,174,089</u>	<u>5,026,961</u>
Long-term liabilities						
outstanding	45,928,635	43,350,789	18,033,590	17,093,840	63,962,225	60,444,629
Other liabilities	<u>7,877,058</u>	<u>14,014,199</u>	<u>2,139,379</u>	<u>1,616,702</u>	<u>10,016,437</u>	<u>15,630,901</u>
Total liabilities	<u>53,805,693</u>	<u>57,364,988</u>	<u>20,172,969</u>	<u>18,710,542</u>	<u>73,978,662</u>	<u>76,075,530</u>
Deferred inflows of resources	<u>639,419</u>	<u>320,101</u>	<u>31,577</u>	<u>10,710</u>	<u>670,996</u>	<u>330,811</u>
Net position:						
Net investment in capital assets	21,305,117	22,606,474	3,434,779	3,522,725	24,739,896	26,129,199
Restricted	5,259,107	5,828,677	-	-	5,259,107	5,828,677
Unrestricted	<u>(19,063,647)</u>	<u>(19,517,194)</u>	<u>634,732</u>	<u>1,925,721</u>	<u>(18,428,915)</u>	<u>(17,591,473)</u>
Total net position	<u>\$ 7,500,577</u>	<u>\$ 8,917,957</u>	<u>\$ 4,069,511</u>	<u>\$ 5,448,446</u>	<u>\$ 11,570,088</u>	<u>\$ 14,366,403</u>

As noted earlier, net position may serve, over time, as one useful indicator of a government's financial condition. The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$14,366,403 as of June 30, 2017. The County's net position increased by \$3,222,977 for the fiscal year ended June 30, 2017. One of the largest portions of Macon County's net position, \$26,129,199, reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment). The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Macon County's investment in its capital assets is reported net of outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the County's net position, \$5,828,677, represents resources that are subject to external restrictions on how they may be used.

At the end of the current fiscal year, the County is reporting a negative balance in unrestricted net position in the amount of \$17,591,473 for the government as a whole. The primary reason for the deficit is due to the fact that under North Carolina law, the County is responsible for providing capital funding for the school system. The County has chosen to meet its legal obligation to provide the school system capital funding by using a mixture of County funds and debt financings. The assets funded by the County, however, are titled to and utilized by the school system. Since the County, as the issuing government, acquires no assets, the County has incurred a liability without a corresponding increase in assets.

Macon County's Changes in Net Position
Figure 3

	Governmental		Business-Type		Total	
	Activities		Activities			
	2016	2017	2016	2017	2016	2017
Revenues:						
Program revenues:						
Charges for services	\$ 4,929,086	\$ 5,275,283	\$ 3,577,947	\$ 4,410,967	\$ 8,507,033	\$ 9,686,250
Operating grants and contributions	10,591,738	11,564,903	-	-	10,591,738	11,564,903
Capital grants and contributions	863,822	1,303,437	-	-	863,822	1,303,437
General revenues:						
Property taxes	31,114,435	31,449,572	-	-	31,114,435	31,449,572
Other taxes	9,360,497	10,184,202	-	-	9,360,497	10,184,202
Other	481,752	554,975	32,534	63,433	514,286	618,408
Total revenues	<u>57,341,330</u>	<u>60,332,372</u>	<u>3,610,481</u>	<u>4,474,400</u>	<u>60,951,811</u>	<u>64,806,772</u>
Expenses:						
General government	10,966,331	12,736,757	-	-	10,966,331	12,736,757
Public safety	14,726,992	16,582,492	-	-	14,726,992	16,582,492
Transportation	881,675	974,256	-	-	881,675	974,256
Economic and physical development	2,345,645	3,531,296	-	-	2,345,645	3,531,296
Human services	10,933,958	11,807,685	-	-	10,933,958	11,807,685
Cultural and recreational	2,751,655	3,269,138	-	-	2,751,655	3,269,138
Education	11,416,007	8,596,489	-	-	11,416,007	8,596,489
Interest on long-term debt	1,084,429	990,217	-	-	1,084,429	990,217
Solid waste	-	-	2,851,060	3,095,465	2,851,060	3,095,465
Total expenses	<u>55,106,692</u>	<u>58,488,330</u>	<u>2,851,060</u>	<u>3,095,465</u>	<u>57,957,752</u>	<u>61,583,795</u>
Change in net position	<u>2,234,638</u>	<u>1,844,042</u>	<u>759,421</u>	<u>1,378,935</u>	<u>2,994,059</u>	<u>3,222,977</u>
Net Position:						
Beginning of year - July 1	5,265,939	7,500,577	3,310,090	4,069,511	8,576,029	11,570,088
Restatement	-	(426,662)	-	-	-	(426,662)
Beginning of year - July 1, as restated	<u>5,265,939</u>	<u>7,073,915</u>	<u>3,310,090</u>	<u>4,069,511</u>	<u>8,576,029</u>	<u>11,143,426</u>
End of year - June 30	<u>\$ 7,500,577</u>	<u>\$ 8,917,957</u>	<u>\$ 4,069,511</u>	<u>\$ 5,448,446</u>	<u>\$11,570,088</u>	<u>\$14,366,403</u>

Governmental Activities. Of the total net position, governmental activities account for \$8,917,957 (62.08%). Property taxes provide 52.1% of funding at \$31,449,572, charges for services funded at \$5,275,283, local option sales tax and occupancy tax funded at \$10,184,202, and operating grants funded at \$11,564,903 of Macon County's governmental activities. Governmental activities increased Macon County's net position by \$1,844,042. Net position increased primarily because of an increase in ad valorem taxes and local option sales tax revenue in the current year.

Business-Type Activities. Business-type activities increased the County's net position by \$1,378,935. That increase is primarily attributable to an increase in operating revenues.

Financial Analysis of the County's Funds

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

Governmental Funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Macon 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 Macon County. At the end of the current fiscal year, fund balance available in the General Fund was \$22,202,775, while total fund balance reached \$26,210,471. The County currently has an available fund balance of 44.27% of General Fund expenditures and transfers out, while total fund balance represents 52.26% of that same amount. Total fund balance in the General Fund increased by \$772,124. This increase is primarily attributable to an increase in ad valorem taxes, increase in local option sales taxes, and increase in restricted intergovernmental revenues partially offset by an increase in operating expenditures.

As of the end of the current fiscal year, Macon County's governmental funds reported combined ending fund balances of \$31,204,256, an increase of \$1,581,782 in comparison with the prior year. The increase is primarily due to increases in ad valorem taxes of \$340,646 and local option sales taxes of \$729,989. The ad valorem taxes increased due to an increase of 0.23% in the collection percentage and an increase of 0.73% in assessed valuation on the general levy, as well as an increase of 0.36% in the collection percentage on the special fire districts levy. The local option sales tax collections increased 8.46% over the prior year due to an increase in retail sales in our County.

General Fund Budgetary Highlights

During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased the revenue source budget by \$2,764,783. The majority of this increase was attributable to additional ad valorem taxes and restricted intergovernmental revenues, and sales and services. The difference between the final budgeted amount and the actual expenditures and uses was \$2,836,010. This difference is primarily due to underspending the budget in human services, general government, transportation, and public safety; the decision not to fill certain positions; and incomplete contracts to be continued in 2018.

Proprietary Funds. Macon County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the Solid Waste Fund at the end of the year totaled \$1,925,721. The increase of \$1,290,989 over the prior year is primarily attributable to an increase in landfill fees and tipping fees and a decrease in landfill closure and post-closure care cost. Other factors concerning the finances of the fund have already been addressed in the discussion of the County's business-type activities.

Capital Asset and Debt Administration

Capital Assets. Macon County's capital assets for its governmental and business-type activities as of June 30, 2017 amount to \$35,682,398, (net of accumulated depreciation). These assets include land, buildings and systems, improvements, machinery, and equipment.

Major capital asset transactions during the year include:

- Trash Compactor for the Landfill - \$714,000
- GPS System for Landfill Equipment - \$81,925
- Three Vehicles for Solid Waste - \$108,507
- Six Transit Vans - \$362,379
- Three Sheriff's Department Vehicles - \$82,102
- Upgrade Wesley's Park - \$113,335
- Building Renovations - \$466,506
- New Landfill Cell Project - \$5,626,355

Macon County's Capital Assets
Figure 4

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>			
	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>
Land	\$ 9,848,695	\$ 9,858,171	\$ 1,773,021	\$ 1,773,021	\$ 11,621,716	\$ 11,631,192
Buildings and improvements	31,101,846	31,281,489	9,716,359	9,723,352	40,818,205	41,004,841
Furniture and equipment	3,691,966	3,762,271	2,672,778	3,516,865	6,364,744	7,279,136
Vehicles	6,289,364	6,423,121	703,091	794,728	6,992,455	7,217,849
Construction in progress	-	466,506	1,118,406	6,744,761	1,118,406	7,211,267
Subtotal	50,931,871	51,791,558	15,983,655	22,552,727	66,915,526	74,344,285
Less accumulated depreciation	<u>(25,511,169)</u>	<u>(26,977,611)</u>	<u>(11,439,526)</u>	<u>(11,684,276)</u>	<u>(36,950,695)</u>	<u>(38,661,887)</u>
Total	<u>\$ 25,420,702</u>	<u>\$ 24,813,947</u>	<u>\$ 4,544,129</u>	<u>\$ 10,868,451</u>	<u>\$ 29,964,831</u>	<u>\$ 35,682,398</u>

Additional information on the County's capital assets can be found in the notes to the financial statements beginning on page 48.

Long-Term Debt. As of June 30, 2017, Macon County has special obligation bonds outstanding of \$8,902,964.

**Macon County's Outstanding Debt
Figure 5**

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>
Installment contracts	\$ 33,673,231	\$ 28,819,125	\$ -	\$ -	\$ 33,673,231	\$ 28,819,125
Special obligation bonds	-	-	9,800,000	8,902,964	9,800,000	8,902,964
Total	<u>\$ 33,673,231</u>	<u>\$ 28,819,125</u>	<u>\$ 9,800,000</u>	<u>\$ 8,902,964</u>	<u>\$ 43,473,231</u>	<u>\$ 37,722,089</u>

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Macon County is approximately \$602,550,000, which is significantly greater than Macon County's outstanding debt.

More detailed information on the County's long-term debt can be found in the notes to the financial statements beginning on page 69.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the County.

- The unadjusted unemployment rate for Macon County as of June 30, 2017 is 4.2%, which is 1.1% less than it was a year ago. Macon County's rate is the same as the State's unadjusted unemployment rate of 4.2%.
- Sales tax distributions increased 8.46% over the prior year.
- The tax base is diverse with the ten leading taxpayers, making up 4.32% of total assessed value.

All of these factors were considered in preparing Macon County's budget for the 2017-2018 fiscal year.

Budget Highlights for the Fiscal Year Ending June 30, 2018

Governmental Activities. Taxes are based on \$7.99 billion in property valuation, with the tax rate remaining at \$0.349 per \$100 of assessed value. The collection rate increased from 98.25% in 2016 to 98.48% in 2017. Sales tax revenues were budgeted, with 2% growth over Fiscal Year 2016-2017 projected revenues. The budget was balanced without the use of fund balance.

Budgeted expenditures in the General Fund for 2018 are \$49,587,927, which is 3.97% more than the 2017 original budget. The 2018 budget has approximately \$2.11 million in capital outlay, with \$600,000 earmarked for school capital outlay and \$350,000 for Highlands Recreation Renovations.

Business-Type Activities. The budgeted expenditures for the Solid Waste Fund are \$4,851,088, which represents an increase of \$411,386, or 9.27%, over last year primarily due to an increase in capital equipment purchases of \$343,000. Construction continues on the new cell at the Macon County MSW Landfill and is expected to be completed during 2018.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Office of the Finance Director, 5 West Main Street, Franklin, North Carolina 28734.

BASIC FINANCIAL STATEMENTS – OVERVIEW

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MACON COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Macon County Airport Authority
Assets:				
Cash and cash equivalents	\$ 29,901,895	\$ 11,106,883	\$ 41,008,778	\$ 67,759
Taxes receivable, net	646,692	-	646,692	-
Interest receivable	14,225	8,663	22,888	-
Accounts receivable, net	1,611,791	352,134	1,963,925	-
Due from other governments	4,417,352	-	4,417,352	-
Inventories	24,576	-	24,576	-
Prepaid items	288,657	-	288,657	-
Restricted cash and cash equivalents	52,937	1,557,238	1,610,175	-
Net pension asset - ROD	80,342	-	80,342	-
Non-depreciable capital assets	10,324,677	8,517,782	18,842,459	4,378,584
Depreciable capital assets, net	14,489,270	2,350,669	16,839,939	10,562,973
Total assets	<u>61,852,414</u>	<u>23,893,369</u>	<u>85,745,783</u>	<u>15,009,316</u>
Deferred Outflows of Resources:				
Current year contributions to pension plans	1,185,780	67,838	1,253,618	-
Pension deferrals	<u>3,564,852</u>	<u>208,491</u>	<u>3,773,343</u>	-
Total deferred outflows of resources	<u>4,750,632</u>	<u>276,329</u>	<u>5,026,961</u>	-
Liabilities:				
Accounts payable and accrued liabilities	3,559,422	286,384	3,845,806	2,551
Liabilities to be paid from restricted assets	2,584	-	2,584	-
Current portion of compensated absences	105,848	5,801	111,649	-
Non-current liabilities:				
Non-current compensated absences	952,635	52,209	1,004,844	-
Net pension liability - LGERS	5,330,674	313,251	5,643,925	-
Total pension liability - LEOSSA	1,044,146	-	1,044,146	-
Due in less than one year	3,018,890	959,057	3,977,947	-
Due in more than one year	<u>43,350,789</u>	<u>17,093,840</u>	<u>60,444,629</u>	-
Total liabilities	<u>57,364,988</u>	<u>18,710,542</u>	<u>76,075,530</u>	<u>2,551</u>
Deferred Inflows of Resources:				
Prepaid taxes	102,742	-	102,742	-
Pension deferrals	<u>217,359</u>	<u>10,710</u>	<u>228,069</u>	-
Total deferred inflows of resources	<u>320,101</u>	<u>10,710</u>	<u>330,811</u>	-
Net Position:				
Net investment in capital assets	22,606,474	3,522,725	26,129,199	14,941,557
Restricted for:				
Stabilization by State statute	4,763,482	-	4,763,482	-
Register of Deeds' pension plan	101,197	-	101,197	-
Restricted for public safety	822,621	-	822,621	-
Restricted for education	141,377	-	141,377	-
Unrestricted	<u>(19,517,194)</u>	<u>1,925,721</u>	<u>(17,591,473)</u>	<u>65,208</u>
Total net position	<u>\$ 8,917,957</u>	<u>\$ 5,448,446</u>	<u>\$ 14,366,403</u>	<u>\$ 15,006,765</u>

The accompanying notes are an integral part of the financial statements.

MACON COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ 12,736,757	\$ 1,551,834	\$ 813,666	\$ -
Public safety	16,582,492	2,435,643	637,288	-
Transportation	974,256	-	557,520	-
Economic and physical development	3,531,296	69,766	965,236	1,303,437
Human services	11,807,685	1,168,345	8,533,188	-
Cultural and recreational	3,269,138	-	-	-
Education	8,596,489	49,695	58,005	-
Interest on long-term debt	990,217	-	-	-
Total governmental activities	<u>58,488,330</u>	<u>5,275,283</u>	<u>11,564,903</u>	<u>1,303,437</u>
Business-Type Activities:				
Solid Waste	<u>3,095,465</u>	<u>4,410,967</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 61,583,795</u>	<u>\$ 9,686,250</u>	<u>\$ 11,564,903</u>	<u>\$ 1,303,437</u>
Component Unit:				
Macon County Airport Authority	<u>\$ 708,223</u>	<u>\$ 20,240</u>	<u>\$ 53,800</u>	<u>\$ 1,370,809</u>

The accompanying notes are an integral part of the financial statements.

MACON COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Macon County Airport Authority
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ (10,371,257)	\$ -	\$ (10,371,257)	\$ -
Public safety	(13,509,561)	-	(13,509,561)	-
Transportation	(416,736)	-	(416,736)	-
Economic and physical development	(1,192,857)	-	(1,192,857)	-
Human services	(2,106,152)	-	(2,106,152)	-
Cultural and recreational	(3,269,138)	-	(3,269,138)	-
Education	(8,488,789)	-	(8,488,789)	-
Interest on long-term debt	(990,217)	-	(990,217)	-
Total governmental activities	<u>(40,344,707)</u>	<u>-</u>	<u>(40,344,707)</u>	<u>-</u>
Business-Type Activities:				
Solid Waste	<u>-</u>	<u>1,315,502</u>	<u>1,315,502</u>	<u>-</u>
Total primary government	<u>(40,344,707)</u>	<u>1,315,502</u>	<u>(39,029,205)</u>	<u>-</u>
Component Unit:				
Macon County Airport Authority				<u>736,626</u>
General Revenues:				
Ad valorem taxes	31,449,572	-	31,449,572	-
Local option sales tax	9,358,857	-	9,358,857	-
Occupancy taxes	825,345	-	825,345	-
Unrestricted intergovernmental revenues:				
Other taxes	353,506	-	353,506	-
Gross receipts tax	27,171	-	27,171	-
Interest earned on investments	<u>174,298</u>	<u>63,433</u>	<u>237,731</u>	<u>-</u>
Total general revenues	<u>42,188,749</u>	<u>63,433</u>	<u>42,252,182</u>	<u>-</u>
Change in net position	<u>1,844,042</u>	<u>1,378,935</u>	<u>3,222,977</u>	<u>736,626</u>
Net Position:				
Beginning of year - July 1	7,500,577	4,069,511	11,570,088	14,270,139
Restatement	<u>(426,662)</u>	<u>-</u>	<u>(426,662)</u>	<u>-</u>
Beginning of year - July 1, as restated	<u>7,073,915</u>	<u>4,069,511</u>	<u>11,143,426</u>	<u>14,270,139</u>
End of year - June 30	<u>\$ 8,917,957</u>	<u>\$ 5,448,446</u>	<u>\$ 14,366,403</u>	<u>\$ 15,006,765</u>

The accompanying notes are an integral part of the financial statements.

MACON COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Cash and cash equivalents	\$ 24,163,552	\$ 335,334	\$ 4,962,781	\$ 29,461,667
Taxes receivable, net	559,841	-	86,851	646,692
Interest receivable	14,225	-	-	14,225
Accounts receivable, net	1,609,648	-	-	1,609,648
Due from other funds	-	328,238	-	328,238
Due from other governments	3,676,571	-	740,781	4,417,352
Inventories	24,576	-	-	24,576
Prepaid items	288,657	-	-	288,657
Cash and cash equivalents, restricted	2,584	-	50,353	52,937
Total assets	<u>\$ 30,339,654</u>	<u>\$ 663,572</u>	<u>\$ 5,840,766</u>	<u>\$ 36,843,992</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,858,035	\$ -	\$ 1,095,464	\$ 2,953,499
Due to other funds	-	-	328,238	328,238
Liabilities to be paid from restricted assets	2,584	-	-	2,584
Total liabilities	<u>1,860,619</u>	<u>-</u>	<u>1,423,702</u>	<u>3,284,321</u>
Deferred Inflows of Resources:				
Unavailable revenue - property taxes	559,841	-	86,851	646,692
Unavailable revenue - ambulance	1,420,862	-	-	1,420,862
Unavailable revenue - public health	185,119	-	-	185,119
Prepaid taxes	102,742	-	-	102,742
Total deferred inflows of resources	<u>2,268,564</u>	<u>-</u>	<u>86,851</u>	<u>2,355,415</u>

The accompanying notes are an integral part of the financial statements.

MACON COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:				
Non-spendable, not in spendable form:				
Inventories	24,576	-	-	24,576
Prepays	288,657	-	-	288,657
Restricted:				
Restricted for stabilization by State statute	3,694,463	328,238	740,781	4,763,482
Restricted for public safety	250,154	-	572,467	822,621
Restricted for education	141,377	-	50,353	191,730
Committed for general government	-	-	1,908,623	1,908,623
Committed for economic and physical development	-	-	643,815	643,815
Committed for education	-	-	849,816	849,816
Assigned for debt service	-	335,334	-	335,334
Unassigned	<u>21,811,244</u>	<u>-</u>	<u>(435,642)</u>	<u>21,375,602</u>
Total fund balances	<u>26,210,471</u>	<u>663,572</u>	<u>4,330,213</u>	<u>31,204,256</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 30,339,654</u>	<u>\$ 663,572</u>	<u>\$ 5,840,766</u>	

Amounts reported in the governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	24,813,947
Net pension asset	80,342
Net pension liability - LGERS	(5,330,674)
Total pension liability - LEOSSA	(1,044,146)
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position.	1,165,228
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	20,552
Internal service funds are used by management to charge the cost of health insurance. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position.	97,008
Long-term liabilities, accrued interest, and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(47,688,722)
Pension related deferred outflows	3,564,852
Pension related deferred inflows	(217,359)
Deferred inflows of resources for taxes receivables	646,692
Deferred inflows of resources for other unavailable revenues	<u>1,605,981</u>
Net position of governmental activities	<u>\$ 8,917,957</u>

The accompanying notes are an integral part of the financial statements.

MACON COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2017

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Ad valorem taxes	\$ 28,339,871	\$ -	\$ 3,257,928	\$ 31,597,799
Local option sales taxes	7,475,131	-	1,883,726	9,358,857
Unrestricted intergovernmental revenues	380,677	-	-	380,677
Restricted intergovernmental revenues	9,849,855	747,990	2,270,495	12,868,340
Occupancy taxes	-	-	825,345	825,345
Permits and fees	1,302,607	-	-	1,302,607
Sales and services	3,177,950	-	-	3,177,950
Interest earned on investments	158,931	745	13,238	172,914
Miscellaneous	162,877	44,397	52,433	259,707
Total revenues	<u>50,847,899</u>	<u>793,132</u>	<u>8,303,165</u>	<u>59,944,196</u>
Expenditures:				
Current:				
General government	7,464,392	-	15,705	7,480,097
Public safety	12,761,686	-	3,433,572	16,195,258
Transportation	1,262,628	-	-	1,262,628
Economic and physical development	759,725	-	2,758,461	3,518,186
Human services	11,860,281	-	-	11,860,281
Education	8,577,579	-	18,910	8,596,489
Cultural and recreational	2,409,396	-	495,756	2,905,152
Debt service:				
Principal repayments	-	4,854,106	-	4,854,106
Interest	-	990,217	-	990,217
Total expenditures	<u>45,095,687</u>	<u>5,844,323</u>	<u>6,722,404</u>	<u>57,662,414</u>
Revenues over (under) expenditures	<u>5,752,212</u>	<u>(5,051,191)</u>	<u>1,580,761</u>	<u>2,281,782</u>
Other Financing Sources (Uses):				
Transfers in	77,443	5,056,989	1,134,096	6,268,528
Transfers (out)	<u>(5,057,531)</u>	-	<u>(1,910,997)</u>	<u>(6,968,528)</u>
Total other financing sources (uses)	<u>(4,980,088)</u>	<u>5,056,989</u>	<u>(776,901)</u>	<u>(700,000)</u>
Net change in fund balances	772,124	5,798	803,860	1,581,782
Fund Balances:				
Beginning of year - July 1	<u>25,438,347</u>	<u>657,774</u>	<u>3,526,353</u>	<u>29,622,474</u>
End of year - June 30	<u>\$ 26,210,471</u>	<u>\$ 663,572</u>	<u>\$ 4,330,213</u>	<u>\$ 31,204,256</u>

The accompanying notes are an integral part of the financial statements.

MACON COUNTY, NORTH CAROLINA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2017

Amounts reported for governmental activities in the Statement of Activities (Exhibit B) are different due to the following items:

Net change in fund balances - total governmental funds	\$ 1,581,782
Property tax revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds statement.	(148,227)
Exhibit D reports revenues using a current financial resources basis, which generally means revenue is recognized when collected, or is expected to be collected, within 90 days of year-end. Exhibit B reports revenues when the earning process is complete, regardless of when it is collected. This measurement difference causes timing of revenue recognition differences for the following revenues types:	
Ambulance revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds statement.	253,229
Public health fees in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds statement.	6,996
Expenses related to accrued interest that do not require current financial resources are not reported as expenditures in the governmental funds statement.	42,316
Expenses related to compensated absences, pension, Other Post-Employment Benefits, and Law Enforcement Officers' Separation Allowance that do not require current financial resources are not reported as expenditures in the governmental funds statement.	(4,892,385)
Principal repayments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities.	4,854,106
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	1,165,228
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position.	20,552
Capital assets (net) disposed of during the year are not recognized on the modified accrual basis.	(38,963)
Capital outlays are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, capital outlay is not an expense; rather it is an increase in capital assets.	1,448,047
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(2,015,839)
The net revenue (expense) of the internal service funds are reported with governmental activities.	<u>(432,800)</u>
Change in net position of governmental activities (Exhibit B)	<u>\$ 1,844,042</u>

The accompanying notes are an integral part of the financial statements.

MACON COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual	Variance from Final Budget Over/Under
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 27,798,410	\$ 28,299,423	\$ 28,339,871	\$ 40,448
Local option sales taxes	6,751,557	7,222,853	7,475,131	252,278
Unrestricted intergovernmental revenues	330,000	364,000	380,677	16,677
Restricted intergovernmental revenues	8,920,219	10,089,004	9,849,855	(239,149)
Permits and fees	1,046,245	1,249,745	1,302,607	52,862
Sales and services	2,687,221	2,901,079	3,177,950	276,871
Investment earnings	80,000	142,000	158,931	16,931
Miscellaneous	76,097	186,428	162,877	(23,551)
Total revenues	<u>47,689,749</u>	<u>50,454,532</u>	<u>50,847,899</u>	<u>393,367</u>
Expenditures:				
Current:				
General government	7,888,897	7,826,799	7,464,392	362,407
Public safety	12,255,685	13,429,984	12,761,686	668,298
Transportation	1,437,076	1,518,254	1,262,628	255,626
Economic and physical development	552,394	799,269	759,725	39,544
Human services	12,206,495	13,191,546	11,860,281	1,331,265
Cultural and recreational	2,289,132	2,478,837	2,409,396	69,441
Intergovernmental:				
Education	8,579,414	8,670,968	8,577,579	93,389
Total expenditures	<u>45,209,093</u>	<u>47,915,657</u>	<u>45,095,687</u>	<u>2,819,970</u>
Revenues over (under) expenditures	<u>2,480,656</u>	<u>2,538,875</u>	<u>5,752,212</u>	<u>3,213,337</u>
Other Financing Sources (Uses):				
Transfers in	7,000	93,482	77,443	(16,039)
Transfers (out)	(2,487,656)	(5,073,571)	(5,057,531)	16,040
Appropriated fund balance	-	2,441,214	-	(2,441,214)
Total other financing sources (uses)	<u>(2,480,656)</u>	<u>(2,538,875)</u>	<u>(4,980,088)</u>	<u>(2,441,213)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	772,124	<u>\$ 772,124</u>
Fund Balance:				
Beginning of year - July 1			<u>25,438,347</u>	
End of year - June 30			<u>\$ 26,210,471</u>	

The accompanying notes are an integral part of the financial statements.

MACON COUNTY, NORTH CAROLINA

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017**

	Business-Type Activities	Governmental Activities
	Solid Waste Fund	Internal Service Fund
Assets:		
Current assets:		
Cash and cash equivalents	\$ 11,106,883	\$ 440,228
Interest receivable	8,663	-
Accounts receivable, net	352,134	2,143
Total current assets	<u>11,467,680</u>	<u>442,371</u>
Non-current assets:		
Cash and cash equivalents, restricted	<u>1,557,238</u>	-
Non-depreciable capital assets	8,517,782	-
Depreciable capital assets, net	<u>2,350,669</u>	-
Total capital assets	<u>10,868,451</u>	-
Total non-current assets	<u>12,425,689</u>	-
Total assets	<u>23,893,369</u>	<u>442,371</u>
Deferred Outflows of Resources:		
Contributions to the pension plan in the current year	67,838	-
Pension deferrals	<u>208,491</u>	-
Total deferred outflows of resources	<u>276,329</u>	-
Liabilities:		
Current liabilities:		
Accounts payable and accrued liabilities	286,384	345,363
Current portion of accrued landfill closure and post-closure care cost	52,222	-
Current portion of long-term liabilities	906,835	-
Compensated absences payable - current	<u>5,801</u>	-
Total current liabilities	<u>1,251,242</u>	<u>345,363</u>
Non-current liabilities:		
Net pension liability	313,251	-
Accrued landfill closure and post-closure care cost	8,085,078	-
Compensated absences payable	52,209	-
Long-term liabilities - non-current	<u>9,008,762</u>	-
Total non-current liabilities	<u>17,459,300</u>	-
Total liabilities	<u>18,710,542</u>	<u>345,363</u>
Deferred Inflows of Resources:		
Pension deferrals	<u>10,710</u>	-
Net Position:		
Net investment in capital assets	3,522,725	-
Unrestricted	<u>1,925,721</u>	<u>97,008</u>
Total net position	<u>\$ 5,448,446</u>	<u>\$ 97,008</u>

The accompanying notes are an integral part of the financial statements.

MACON COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2017

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Solid Waste Fund</u>	<u>Internal Service Fund</u>
Operating Revenues:		
Landfill fees	\$ 2,540,720	\$ -
Solid waste disposal fees	31,026	-
Charges for services	-	4,104,495
Tipping fees	1,481,798	-
Scrap tire revenues	46,554	-
Other	310,869	-
Total operating revenues	<u>4,410,967</u>	<u>4,104,495</u>
Operating Expenses:		
Salaries	998,168	-
Employee benefits	573,399	-
Benefit payments	-	4,571,630
Insurance premiums	-	667,049
Operating expenses	1,197,884	-
Landfill closure and post-closure care cost	(137,628)	-
Depreciation	266,820	-
Total operating expenses	<u>2,898,643</u>	<u>5,238,679</u>
Operating income (loss)	<u>1,512,324</u>	<u>(1,134,184)</u>
Non-Operating Revenues (Expenses):		
Interest earned on investments	63,433	1,384
Interest and fees	(196,822)	-
Total non-operating revenues (expenses)	<u>(133,389)</u>	<u>1,384</u>
Net income (loss) before transfers	1,378,935	(1,132,800)
Transfers in (out)	<u>-</u>	<u>700,000</u>
Change in net position	1,378,935	(432,800)
Net Position:		
Beginning of year - July 1	<u>4,069,511</u>	<u>529,808</u>
End of year - June 30	<u>\$ 5,448,446</u>	<u>\$ 97,008</u>

The accompanying notes are an integral part of the financial statements.

MACON COUNTY, NORTH CAROLINA

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	Business-Type Activities	Governmental Activities
	Solid Waste Fund	Internal Service Fund
Cash Flows from Operating Activities:		
Cash received from customers	\$ 3,945,781	\$ 4,102,475
Cash paid for goods and services	(2,048,853)	(5,087,083)
Cash paid to employees for services	(1,380,307)	-
Other operating revenues	420,165	-
Net cash provided (used) by operating activities	<u>936,786</u>	<u>(984,608)</u>
Cash Flows from Non-Capital Financing Activities:		
Transfers to/from other funds	-	<u>700,000</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(6,591,142)	-
Principal paid on long-term debt	(897,036)	-
Interest paid on long-term debt	(198,093)	-
Net cash provided (used) for capital and related financing activities	<u>(7,686,271)</u>	<u>-</u>
Cash Flows from Investing Activities:		
Interest on investments	<u>63,433</u>	<u>1,384</u>
Net increase (decrease) in cash and cash equivalents	(6,686,052)	(283,224)
Cash and Cash Equivalents:		
Beginning of year - July 1	<u>19,350,173</u>	<u>723,452</u>
End of year - June 30	<u>\$ 12,664,121</u>	<u>\$ 440,228</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ 1,512,324	\$ (1,134,184)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	266,820	-
Change in estimate of closure and post-closure care cost	(168,100)	-
Changes in assets and liabilities:		
(Increase) decrease in receivables	(45,021)	(2,020)
(Increase) decrease in prepaids	-	-
(Increase) decrease in deferred outflows - pension	(212,350)	-
Increase (decrease) in net pension liability	252,498	-
Increase (decrease) in deferred inflows - pension	(20,867)	-
Increase (decrease) in accounts payable and accrued liabilities	(842,909)	151,596
Increase (decrease) in other post-employment benefits	188,240	-
Increase (decrease) in accrued vacation pay	<u>6,151</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>\$ 936,786</u>	<u>\$ (984,608)</u>

The accompanying notes are an integral part of the financial statements.

MACON COUNTY, NORTH CAROLINA

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUND

JUNE 30, 2017

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	\$ 108,549
Accounts receivable	<u>21,220</u>
Total assets	<u>\$ 129,769</u>
Liabilities:	
Miscellaneous liabilities	\$ 91,980
Intergovernmental payable	<u>37,789</u>
Total liabilities	<u>\$ 129,769</u>

The accompanying notes are an integral part of the financial statements.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

1. Summary of Significant Accounting Policies

The accounting policies of Macon County, North Carolina, (the “County”) and its discretely presented component unit conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The County, which is governed by a five-member Board of Commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by accounting principles generally accepted in the United States of America, these financial statements present the County and its component units as legally separate entities for which the County is financially accountable. One component unit of the County has no financial transactions or account balances; therefore, it does not appear in the combined financial statements. One of the discretely presented component units presented below is reported in a separate column in the County’s combined financial statements in order to emphasize that it is legally separate from the County.

Discretely Presented Component Units

Macon County Industrial Facility and Pollution Control Financing Authority

Macon County Industrial Facility and Pollution Control Financing Authority (the “Authority”) exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority is governed by a seven-member Board of Commissioners, all of whom are appointed by the County Commissioners. The County can remove any Commissioner of the Authority with or without cause. The Authority has no financial transactions or account balances; therefore, it is not presented in the combined financial statements. The Authority does not issue separate financial statements.

Macon County Airport Authority

Macon County Airport Authority exists to purchase, construct, or acquire equipment to improve, maintain, or operate airports and landing fields within the limits of the County. The Authority is fiscally dependent on the County due to the County providing the costs and services of the administrative and finance function. The Authority is governed by five members, all of whom are appointed by the Macon County Commissioners. Therefore, the County has significant influence over the operations of the Authority.

Complete financial statements for the individual component unit may be obtained at the administrative offices of the County at 5 West Main Street, Franklin, North Carolina 28734.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

B. Basis of Presentation, Basis of Accounting

Basis of Presentation, Measurement Focus – Basis of Accounting

Government-Wide Statements. The Statement of Net Position and the Statement of Activities display information about the primary government net position (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 *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect 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 or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

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

The County reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, sales taxes, Federal and State grants, and various other taxes and licenses. The primary expenditures are for public safety, environmental protection, economic and physical development, human services, cultural and recreational projects, education, and general government services.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Debt Service Fund. The Debt Service Fund is used to account for all expenditures for principal and interest for all long-term debt payments. The other governmental fund types provide the resources to the Debt Service Fund to make the payments through transfers.

The County reports the following nonmajor governmental funds:

Special Revenue Funds. Special revenue funds are used to account for specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes. The County maintains four special revenue funds: the Emergency Telephone System Fund, the Fire Districts Fund, the Occupancy Tax Fund, and the Housing Grants Fund.

Capital Project Funds. Capital project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds). The County has eight nonmajor capital project funds within the governmental fund types: the Airport Improvements Fund, the County Buildings Project Fund, the Consolidated Capital Projects Fund, the Riverbend Estates Waterline Project Fund, the Little Tennessee River/Cartoogechaye Creek Sewer Trunk Project Fund, the Schools Capital Fund, the Capital Reserve Fund, and the Clean Water Management Trust Fund.

The County reports the following major enterprise fund:

Solid Waste Fund. This fund accounts for the operation, maintenance, and development of various landfills and disposal sites. The Landfill Closure and Post-Closure Reserve Fund is a reserve established by the County to accumulate the funds necessary to cover the closure and post-closure care costs that will be incurred by the landfill in the future. The Landfill Closure and Post-Closure Reserve Fund is consolidated with the Solid Waste Fund (the operating fund) for financial reporting purposes.

The County reports the following fund types:

Internal Service Funds. Internal service funds are used to account for the financing of goods or services provided by one department to other departments of the County on a cost-reimbursement basis. Macon County has one Internal Service Fund: the Self-Insurance Fund.

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 seven agency funds: the Social Services and Inmate Trust Funds, which account for monies deposited with the Social Services Department and Jail for the benefit of certain individuals; the Fines and Forfeitures Fund, which accounts for various legal fines and forfeitures that the County is required to remit to the Macon County Board of Education; the Motor Vehicle Tax Fund, which accounts for registered motor vehicle property taxes that are billed and collected by the County for various municipalities and special districts within the County, but that are not revenues to the County; the Deed of Trust Fund, which accounts for the \$5.00 of each fee collected by the Register of Deeds for registering or filing a deed of trust or mortgage and is remitted to the State Treasurer on a monthly basis; the Western Carolina Industrial Partners Fund, which accounts for monies held by the County as agent for advertising and promotions for Western North Carolina industries; and the Hurricane Ivan Relief Fund, which accounts for monies held for hurricane relief and recovery.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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 and are reported using the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year 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 providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds are charges to customers for sales and services. Operating expenses for the 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 long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as 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. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable on these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the 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 is both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

C. Budgetary Data

The County's budgets are adopted as required by North Carolina General Statutes. An annual budget ordinance is adopted for the General Fund, the Debt Service Fund, all Special Revenue Funds, except for the Housing Grants Fund, the Capital Reserve Fund, the Schools Capital Fund, the Enterprise Fund, and the Internal Service Fund. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the Housing Grants (Special Revenue) Fund, and all capital project funds except for the Schools Capital Fund and the Capital Reserve Fund. The enterprise capital projects funds are consolidated with the enterprise funds for operating purposes.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for the General Fund, special revenue funds, Enterprise Fund, and Internal Service Fund, or at the object level for the capital projects funds. The County Manager is authorized by the budget ordinance to transfer appropriations within a fund; however, any such transfers must be reported to the Board of Commissioners and recorded in the minutes. During the year, several amendments to the original budget were necessary, the effects of which were not material. The budget ordinance must be adopted by July 1 of the fiscal year, or the governing Board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

Deposits and Investments

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

MACON COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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

The County's investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, are measured at amortized cost, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost.

Cash and Cash Equivalents

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

Restricted Assets

The restricted assets in the General Fund represent amounts reserved for Public School Building Capital Fund purposes. The unexpended bond proceeds of the Consolidated Capital Projects Fund's Union/Highlands QZAB and the Solid Waste Fund's special obligation bonds are classified as restricted assets because their use is completed restricted to the purpose for which the bonds were originally issued.

<u>Restricted Cash</u>	<u>Purpose</u>	<u>Amount</u>
Governmental Activities:		
General Fund	Unexpended public school building funds	\$ 2,584
Consolidated Capital Projects Fund	Unexpended bond proceeds	<u>50,353</u>
		52,937
Business-Type Activities:		
Solid Waste Fund	Unexpended bond proceeds	<u>1,557,238</u>
Total restricted cash		<u>\$ 1,610,175</u>

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, 2016.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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.

Inventories and Prepaid Items

Inventories are valued at cost (first-in, first-out method), which approximates market values. The inventory of the General Fund consists of expendable supplies and is recorded as an expenditure when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items, using the consumption method, in both government-wide and fund financial statements.

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The County has elected not to capitalize those interest costs, which are incurred during the construction period of capital assets. The County's capitalization threshold is \$5,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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

<u>Asset</u>	<u>Estimated Useful Lives</u>
Buildings	15-20 years
Equipment	7 years
Vehicles	5 years

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net 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 two items that meet this criteria – pension related deferrals and contributions made to the pension plans in the current fiscal year. In addition to liabilities, the Statement of Net 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 five items that meet the criteria for this category – prepaid taxes, property taxes receivable, ambulance receivable, public health receivable, and other pension related deferrals.

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.

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

Compensated Absences

The vacation policy of the County provides for the accumulation of up to thirty (30) days of 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 and proprietary funds' financial statements.

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

Net Position/Fund Balances

Net Position

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

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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:

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

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

Prepays – portion of fund balance that is not an available resource because it represents the year-end balance of ending prepaids, which are not spendable resources.

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

Stabilization by State Statute – portion of fund balance that is not an available resource for appropriation in accordance with State law [G.S. 159-8(a)].

Restricted for Public Safety – portion of fund balance restricted by revenue source for public safety related activities, such as police, fire, EMS, and E-911, including Title III timber receipts.

Restricted for Education – portion of fund balance in the General Fund restricted by revenue source to be used to support public education, including timber receipts, which are restricted by the federal government for educational purposes. The Consolidated Capital Projects Fund also had \$50,353 in unspent bond proceeds at June 30, 2017.

The difference in restricted Fund Balance on Exhibit C from restricted net position on Exhibit A is the unspent debt proceeds of \$50,353 and ROD pension plan of \$101,197.

Committed Fund Balance. This classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Commissioners is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Committed for General Government – represents the portion of fund balance committed by the governing body for future governmental related capital projects.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Committed for Education – represents the portion of fund balance committed by the governing body for education related purposes.

Committed for Economic and Physical Development – represents the portion of fund balance committed by the governing body for economic and physical development related purposes.

Assigned Fund Balance. Assigned fund balance is the portion of fund balance that Macon County intends to use for specific purposes. The County’s governing body has the authority to assign fund balance. The Manager and the Finance Officer, as granted in the officially adopted budget ordinance, have been granted limited authority to assign fund balance.

Assigned for Debt Service – portion of fund balance budgeted by the governing board to be used to service outstanding debt.

Unassigned Fund Balance. Unassigned fund balance represents the portion of fund balance that has not been assigned to another fund or is not restricted, committed, or assigned to specific purposes or other funds. Only the General Fund may report a positive unassigned fund balance. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative fund balance.

Macon County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following order: bond/debt proceeds, federal funds, State funds, local non-County funds, and County funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance, and, lastly, unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the County or when required by grant or other contractual agreements.

The County has not officially adopted a formal fund balance policy.

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

Total fund balance - General Fund	\$ 26,210,471
Less:	
Inventories	24,576
Prepays	288,657
Stabilization by State statute	<u>3,694,463</u>
Total available fund balance	<u>\$ 22,202,775</u>

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

E. Revenues, Expenditures, and Expenses

Other Resources

The General Fund provides the basis of local resources for other governmental funds. These transactions are recorded as “transfers out” in the General Fund and “transfers in” in the receiving fund.

F. Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant areas where estimates are made are allowances for doubtful accounts, depreciation lives, and landfill closure and post-closure care costs.

G. Defined Benefit Pension Plans

The County participates in two cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State; the Local Governmental Employees’ Retirement System (LGERS); and the Register of Deeds’ Supplemental Pension Fund (RODSPF) (collectively, the “State-administered defined benefit pension plans”). For 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 benefit pension plans’ fiduciary net positions have been determined on the same basis as they are reported by the State-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County’s employer contributions are recognized when due, and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the State-administered defined benefit pension plans. Investments are reported at fair value.

2. Detail Notes on All Funds

A. Assets

Deposits

All of the County’s deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County’s agent in the County’s name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer’s agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, these deposits are considered to be held by the County’s agent in the entity’s name. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or with the escrow agent.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Because of the inability to measure the exact amount of collateral pledged for the County under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

The State Treasurer enforces standards of minimum capitalization for all Pooling Method financial institutions. The County relies on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other 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 has no formal policy regarding custodial credit risk for deposits.

At June 30, 2017, the County's deposits had a carrying amount of \$14,783,788 and a bank balance of \$15,225,079. Of the bank balance, \$750,000 was covered by federal depository insurance and \$14,475,079 by collateral held under the Pooling Method. Cash on hand was \$2,800.

Investments

At June 30, 2017, the County had the following investments and maturities:

<u>Investment Type</u>	<u>Valuation</u>	<u>Fair Value</u>	<u>Less Than</u>	
	<u>Measurement Method</u>		<u>6 Months</u>	<u>6-12 Months</u>
Commercial paper	Fair Value - Level 2	\$ 7,153,943	\$ 995,386	\$ 6,158,557
NC Capital Management				
Trust - Government Portfolio	Amortized Cost	<u>20,786,971</u>	<u>N/A</u>	<u>N/A</u>
Total		<u>\$ 27,940,914</u>	<u>\$ 995,386</u>	<u>\$ 6,158,557</u>

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active market 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 does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from rising interest rates.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Credit Risk. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs); however, the County had no formal policy on managing credit risk. As of June 30, 2017, the County's investments in commercial paper were rated A1 by Standard & Poor's, F1 by Fitch Ratings, and P1 by Moody's Investors Service. The County's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2017.

Concentration of Credit Risk. The County places no limit on the amount that the County may invest in any one issuer of commercial paper. More than 5% of the County's investments were in the following securities:

Investment Type	% of Total Investment
Commercial Paper:	
Credit Agricole CRP	7.9%
Bank Tokyo-MIT IFJ NY	7.1%
JP Morgan Securities	<u>7.1%</u>
 Total	 <u><u>22.1%</u></u>

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.

Fiscal Year Levied	Tax	Interest	Total
2014	\$ 1,440,151	\$ 471,649	\$ 1,911,800
2015	1,440,165	342,039	1,782,204
2016	860,300	126,894	987,194
2017	<u>861,406</u>	<u>49,531</u>	<u>910,937</u>
Total	<u><u>\$ 4,602,022</u></u>	<u><u>\$ 990,113</u></u>	<u><u>\$ 5,592,135</u></u>

MACON COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

Receivables

Receivables at the government-wide level at June 30, 2017 were as follows:

	<u>Accounts</u>	<u>Taxes</u>	<u>Interest</u>	<u>Due from Other Governments</u>	<u>Total</u>
Governmental Activities:					
General	\$ 1,609,648	\$ 1,219,103	\$ 14,225	\$ 3,676,571	\$ 6,519,547
Other governmental	2,143	189,291	-	740,781	932,215
Allowance for doubtful accounts	<u>-</u>	<u>(761,702)</u>	<u>-</u>	<u>-</u>	<u>(761,702)</u>
Total governmental activities	<u>\$ 1,611,791</u>	<u>\$ 646,692</u>	<u>\$ 14,225</u>	<u>\$ 4,417,352</u>	<u>\$ 6,690,060</u>
Business-Type Activities:					
Solid waste	\$ 577,112	\$ -	\$ 8,663	\$ -	\$ 585,775
Allowance for doubtful accounts	<u>(224,978)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(224,978)</u>
Total business-type activities	<u>\$ 352,134</u>	<u>\$ -</u>	<u>\$ 8,663</u>	<u>\$ -</u>	<u>\$ 360,797</u>

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

	<u>Governmental Activities</u>
Local option sales and use tax/sales tax refund	\$ 2,699,889
Due from State DMV	122,724
Grants receivable	402,618
Others	<u>1,192,121</u>
Total	<u>\$ 4,417,352</u>

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Governmental Capital Assets

A summary of changes in the County's governmental capital assets follows:

	<u>July 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2017</u>
Non-Depreciable Assets:					
Land	\$ 9,848,695	\$ 9,476	\$ -	\$ -	\$ 9,858,171
Construction in progress	-	466,506	-	-	466,506
Depreciable Assets:					
Buildings and improvements	31,101,846	179,643	-	-	31,281,489
Equipment	3,691,966	204,636	(134,331)	-	3,762,271
Vehicles	6,289,364	587,786	(454,029)	-	6,423,121
Total	<u>50,931,871</u>	<u>1,448,047</u>	<u>(588,360)</u>	<u>-</u>	<u>51,791,558</u>
Less Accumulated Depreciation:					
Buildings and improvements	17,838,775	1,313,005	-	-	19,151,780
Equipment	2,542,690	275,943	(95,368)	-	2,723,265
Vehicles	5,129,704	426,891	(454,029)	-	5,102,566
Total accumulated depreciation	<u>25,511,169</u>	<u>2,015,839</u>	<u>(549,397)</u>	<u>-</u>	<u>26,977,611</u>
Capital assets, net	<u>\$ 25,420,702</u>	<u>\$ (567,792)</u>	<u>\$ (38,963)</u>	<u>\$ -</u>	<u>\$ 24,813,947</u>

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

Governmental Activities:

General government	\$ 570,176
Public safety	652,260
Economic and physical development	14,758
Transportation	111,630
Human services	105,461
Cultural and recreational	561,554
Total	<u>\$ 2,015,839</u>

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Proprietary Capital Assets

The capital assets of the Proprietary Fund at June 30, 2017 are as follows:

	<u>July 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2017</u>
Non-Depreciable Assets:				
Construction in progress	\$ 1,118,406	\$ 5,626,355	\$ -	\$ 6,744,761
Land	1,773,021	-	-	1,773,021
Depreciable Assets:				
Buildings and improvements	9,716,359	6,993	-	9,723,352
Equipment	2,672,778	849,287	(5,200)	3,516,865
Vehicles	703,091	108,507	(16,870)	794,728
Total	15,983,655	6,591,142	(22,070)	22,552,727
Less Accumulated Depreciation:				
Buildings and improvements	8,511,677	94,357	-	8,606,034
Equipment	2,316,382	138,813	(5,200)	2,449,995
Vehicles	611,467	33,650	(16,870)	628,247
Total accumulated depreciation	11,439,526	266,820	(22,070)	11,684,276
Capital assets, net	\$ 4,544,129	\$ 6,324,322	\$ -	\$ 10,868,451

Commitments

At June 30, 2017, the County had commitments of approximately \$605,745 for landfill expansion, \$152,263 for Carpenter Building renovations, and \$68,413 for school construction.

B. Liabilities

Payables

Payables at the government-wide level at June 30, 2017 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Accrued Interest</u>	<u>Insurance Claims Incurred But Not Reported</u>	<u>Total</u>
Governmental Activities	\$ 2,227,937	\$ 808,452	\$ 260,560	\$ 262,473	\$ 3,559,422
Business-Type Activities:					
Solid waste	\$ 193,575	\$ 45,145	\$ 47,664	\$ -	\$ 286,384

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Pension Plan and Other Post-Employment Obligations

Local Governmental Employees' Retirement System

Plan Description. The County is a participating employer in the State-wide 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 (LEO) of participating local government entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, the State Treasurer, and the 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, or by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service.

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 credible service for firefighters and rescue squad members who are killed in the line of duty), or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. 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, 2017 was 8.00% of compensation for law enforcement officers and 7.36% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$1,229,365 for the year ended June 30, 2017.

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, 2017, the County reported a liability of \$5,643,925 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 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, 2016, the County's proportion was 0.266%, which was an increase of 0.020% from its proportion measured as of June 30, 2015.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

For the year ended June 30, 2017, the County recognized pension expense of \$1,576,131. At June 30, 2017, 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	\$ 106,040	\$ 197,769
Changes of assumptions and other inputs	386,559	-
Net difference between projected and actual earnings on pension plan investments	3,120,380	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	138,057	-
Employer contributions subsequent to the measurement date	1,229,365	-
Total	\$ 4,980,401	\$ 197,769

\$ 1,229,365 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 ending June 30, 2018. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2018	\$ (570,938)
2019	(571,101)
2020	(1,504,563)
2021	(906,665)
2022	-
Thereafter	-
Total	\$ (3,553,267)

Actuarial Assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.5 to 7.75 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple-year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	29.0%	1.4%
Global equity	42.0%	5.4%
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>	

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 3.00%. All rates of return and inflation are annualized.

MACON COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

Discount Rate. The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that 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 County’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County’s proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the County’s proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
County's proportionate share of the net pension liability (asset)	<u>\$ 13,395,668</u>	<u>\$ 5,643,925</u>	<u>\$ (830,906)</u>

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.

Law Enforcement Officers’ Special Separation Allowance

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

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2016, the Separation Allowance’s membership consisted of two retirees receiving benefits and 48 active members. A separate report was not issued for the plan.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Summary of Significant Accounting Policies

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

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

Actuarial Assumptions

The Entry Age Normal actuarial cost method was used in the December 31, 2015 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 percent
Salary increase	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.86 percent

The discount rate used to measure the TPL is the weekly average of the Bond Buyer General Obligation 20-year Municipal Bond Index determined at the end of each month.

Mortality Rates are based on the following:

Deaths After Retirement (Healthy): 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 104% for males and 100% for females.

Deaths Before Retirement: RP-2014 Employee base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015.

Deaths After Retirement (Beneficiary): 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 123% for males and females.

Deaths after retirement (Disabled): RP-2014 Disabled Retiree base rates projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015. Rates are adjusted by 103% for males and 99% for females.

Contributions. The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay-as-you-go basis through appropriations made in the General Fund operating budget. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$33,020 as benefits came due for the reporting period.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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

At June 30, 2017, the County reported a total pension liability of \$1,044,146. The total pension liability was measured as of December 31, 2016, based on a December 31, 2015 actuarial valuation. The total pension liability was rolled forward to the measurement date of December 31, 2016, utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2017, the County recognized pension expense of \$92,205.

	Deferred Outflows of Resources	Deferred Inflow of Resources
Changes of assumptions and other inputs	\$ -	\$ 25,147
Benefit payments and administrative expenses subsequent to the measurement date	<u>20,552</u>	<u>-</u>
Total	<u>\$ 20,552</u>	<u>\$ 25,147</u>

\$20,552 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ending June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	Amount
June 30	Amount
2018	\$ (4,389)
2019	(4,389)
2020	(4,389)
2021	(4,389)
2022	(4,389)
Thereafter	<u>(3,202)</u>
Total	<u>\$ (25,147)</u>

\$19,877, paid as benefits came due, and \$675 of administrative expenses, subsequent to the measurement date, are reported as deferred outflows of resources.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Sensitivity of the County's Total Pension Liability to Changes in the Discount Rate. The following presents the County's total pension liability calculated using the discount rate of 3.86 percent, as well as what the County's total pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.86 percent) or one-percentage-point higher (4.86 percent) than the current rate:

	1% Decrease (2.86%)	Discount Rate (3.86%)	1% Increase (4.86%)
Total pension liability	\$ 1,149,622	\$ 1,044,146	\$ 948,640

Schedule of Changes in Total Pension Liability

Law Enforcement Officers Special Separation Allowance

	2017
Beginning balance	\$ 1,010,346
Service cost	60,876
Interest on the total pension liability	35,480
Changes of assumptions and other inputs	(29,536)
Other changes	
Benefit payments	(33,020)
Ending balance of the total pension liability	\$ 1,044,146

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

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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 pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the 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.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Funding Policy. Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to 5.0% 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, 2017 were \$210,907, which consisted of \$121,278 from the County and \$89,629 from the law enforcement officers. No amounts were forfeited.

Register of Deeds' Supplemental Pension Fund

Plan Description. The County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a non-contributory, 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, the State Treasurer, and the 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 Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year, and for the foreseeable future, is zero. 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 \$3,701 for the year ended June 30, 2017.

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

At June 30, 2017, the County reported an asset of \$80,342 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2016. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 utilizing update procedures incorporating the actuarial assumptions. The

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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, 2016, the County's proportion was 0.42973%, which was an increase of 0.00568% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the County recognized pension expense of \$6,307. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 86	\$ 1,040
Changes of assumptions	21,405	-
Net difference between projected and actual earnings on pension plan investments	137	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	679	4,113
County contributions subsequent to the measurement date	<u>3,701</u>	<u>-</u>
Total	<u>\$ 26,008</u>	<u>\$ 5,153</u>

\$3,701, 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 ending June 30, 2018. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2018	\$ 6,255
2019	8,196
2020	3,603
2021	(900)
2022	-
Thereafter	<u>-</u>
Total	<u>\$ 17,154</u>

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Actuarial Assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.5 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, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

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, 2016 is 1.4%.

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 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.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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%, as well as what the County's proportionate share of the net pension asset would be if it were calculated using a discount rate that is one-percentage-point lower (2.75%) or one-percentage-point higher (4.75%) 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)	\$ (64,782)	\$ (80,342)	\$ (93,415)

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.

Other Post-Employment Benefits – Healthcare Benefits

Plan Description. In addition to providing pension benefits, the County has elected to provide post-retirement healthcare benefits to retirees of the County. Employees that retire from the North Carolina Local Governmental Employees' Retirement System (NCLGERS), are actively employed with the County at the time of retirement and are members of the County's Group Health Insurance Plan will be eligible to continue as a member of the County's Group Health Insurance Plan according to the following schedule:

Years of Service at Retirement *	Group Medical Insurance	Group Prescription Drug Insurance	Medicare Supplement Coverage	Spouse Coverage Available to Retiree
15 – 24 hired prior to 7/1/2014	Until Age 65	Until Age 65	No	No
25 – 29 hired prior to 7/1/2014	Until Age 65	Lifetime	Yes	No
30 or more hired prior to 7/1/2014	Until Age 65	Lifetime	Yes	Yes
30 or more hired on/after 7/1/2014	Until Age 65	Lifetime	Yes	No

*As determined by NCLGERS

MACON COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

Healthcare and prescription drug coverage are provided in the County’s Group Health Insurance Plan. Supplemental insurance is offered for Medicare eligible retirees. The County pays the full cost of coverage for all qualifying pre-65 retirees. The County pays the full cost of prescription drug coverage and the full Blue Cross Blue Shield Attained Age Plan F premium amount for qualifying Medicare eligible retirees. If hired prior to July 1, 2014, the retiree may continue spouse coverage if enrolled in spouse coverage at the time of retirement and if the retiree has at least 30 years of NCLGERS service upon retirement. The retiree must contribute the same amount that active employees contribute for spouse coverage, currently \$226 per month. Spouse coverage terminates upon the retiree’s death. Spouse coverage is not available to retirees hired on or after July 1, 2014. Currently, 64 retirees are receiving post-retirement health benefits. For the fiscal year ended June 30, 2017, the County contributed \$782,004 for post-retirement medical claims, prescription drug claims, stop/loss premiums, and administrative fees. The plan is a single-employer defined benefit plan. A separate report was not issued for the plan.

Membership of the plan consisted of the following at December 31, 2015, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	64	-
Terminated plan members entitled to, but not yet receiving, benefits	-	-
Active plan members	<u>327</u>	<u>49</u>
Total	<u><u>391</u></u>	<u><u>49</u></u>

Funding Policy. The County pays 100% of the cost of coverage for the healthcare benefits paid to qualified retirees under a County resolution that can be amended by the County Board. The County’s members pay the current active employee rate for dependent coverage, if the retiree qualifies and elects to purchase the coverage. The County has chosen to fund the healthcare benefits on a pay-as-you-go basis.

The current ARC rate is 26.98% of annual covered payroll. For the current year, the County contributed \$782,004, or 5.1%, of annual covered payroll. The County obtains healthcare coverage through private insurers. There were no contributions made by employees, except for dependent coverage in the amount of \$24,332. The County’s obligation to contribute to the Plan is established and may be amended by the County Board.

Summary of Significant Accounting Policies. Post-employment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Annual OPEB Cost and Net Obligation. The County's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation for the healthcare benefits:

	Governmental Business-Type		Total
	Activities	Activities	
Annual required contribution	\$ 3,908,946	\$ 230,133	\$ 4,139,079
Interest on net OPEB obligation	602,869	35,493	638,362
Adjustments to annual required contribution	<u>(575,927)</u>	<u>(33,907)</u>	<u>(609,834)</u>
Annual OPEB cost (expense)	3,935,888	231,719	4,167,607
Contributions made	<u>(738,525)</u>	<u>(43,479)</u>	<u>(782,004)</u>
Increase (decrease) in net OPEB obligation	3,197,363	188,240	3,385,603
Net OPEB obligation:			
Beginning of year - July 1	<u>14,353,191</u>	<u>824,393</u>	<u>15,177,584</u>
End of year - June 30	<u>\$ 17,550,554</u>	<u>\$ 1,012,633</u>	<u>\$ 18,563,187</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2017 were as follows:

Year Ended June 30	OPEB Cost	Annual OPEB Cost Contributed	OPEB Obligation
2015	\$ 2,520,895	21.6%	\$ 13,051,646
2016	2,599,460	18.2%	15,177,584
2017	4,167,607	18.8%	18,563,187

Fund Status and Funding Progress. As of December 31, 2015, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$39,842,731. The covered payroll (annual payroll of active employees covered by the plan) was \$15,342,728, and the ratio of the UAAL to the covered payroll was 259.7%.

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

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time, relative to the actuarially accrued liabilities for benefits.

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

In the December 31, 2015 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses), which is the expected long-term investment return on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual pre-medical cost trend rate increase of 7.75% to 5.00% annually and an annual post-Medicare trend rate increase of 5.75% to 5.00% annually. Both rates included a 3.00% inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of pay on an open basis. The remaining amortization period at December 31, 2015 was 30 years.

The assumed investment rate of return reflects the fact that no assets are set aside within Macon County that are legally held exclusively for retiree health benefits. As of June 30, 2017, management had not decided on the funding options for this outstanding obligation; therefore, OPEB will continue to be funded on a pay-as-you-go basis going into the next fiscal year. Management will continue their efforts to find a way to fund the annual required contribution while maintaining the level of service as prioritized by the County Board of Commissioners.

Other Employment Benefits

The County has elected to provide death benefits to employees through the Death Benefit Plan for Members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multi-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the system, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the system at the time of death, are eligible for death benefits. Lump-sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to his/her 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

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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. The County considers these contributions to be immaterial.

Landfill Closure and Post-Closure Care Costs

Federal and State laws and regulations require the County to place a final cover on its landfills when they stop accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. The County has operated three different landfills. The Old Franklin Landfill was opened in approximately 1962, stopped accepting waste on December 31, 1992, and has since been closed. The Highlands Landfill was opened in approximately 1985, stopped accepting waste on October 8, 1993, and was completely closed during the next year. The old landfills continue to require monitoring and some remediation activities. Macon County opened the Macon County MSW Landfill in May 1992. During 1999, the County expanded the cell at the Macon County MSW Landfill.

Although the closure and post-closure care costs for these landfills are being paid near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$8,137,300 reported as landfill closure and post-closure care liability at June 30, 2017 represents the cumulative amount reported to date for the closure and post-closure care costs of all landfills noted above. Of the cumulative amount reported to date, \$7,797,000 reflects the closure and post-closure costs of the Macon County MSW Landfill, which is based on 90.05% capacity used. The County will recognize the remaining estimated cost of closure and post-closure care of \$861,000 as the remaining capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2017. The County expects to close the current cells of the Macon County MSW Landfill in June 2019. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County has met the requirements of a local government financial test that is one option under State and federal laws and regulations that help determine if a unit is financially able to meet closure and post-closure care requirements. However, the County has also elected to establish a reserve fund to accumulate resources for the payment of closure and post-closure care costs. The County expects that future inflation costs will be paid from the interest earnings on these annual contributions. However, if interest earnings are inadequate or additional post-closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or by future tax revenues.

MACON COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

Deferred Outflows and Inflows of Resources

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension - difference between expected and actual experience:		
LGERS	\$ 106,040	\$ 197,769
Register of Deeds	86	1,040
Change in assumptions:		
LGERS	386,559	-
Register of Deeds	21,405	-
LEOSSA	-	25,147
Net difference between projected and actual investment earnings:		
LGERS	3,120,380	-
Register of Deeds	137	-
Change in proportion and difference between employer contributions and proportionate share of contributions:		
LGERS	138,057	-
Register of Deeds	679	4,113
Contributions to pension plans in 2016-2017 fiscal year:		
LGERS	1,229,365	-
Register of Deeds	3,701	-
LEOSSA	20,552	-
Prepaid taxes not yet earned (General)	-	102,742
Taxes receivable, net (General)	-	559,841
Taxes receivable, net (Fire District)	-	86,851
Ambulance fees receivables (General)	-	1,420,862
Public health receivables (General)	-	185,119
Total	<u>\$ 5,026,961</u>	<u>\$ 2,583,484</u>

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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 manages this exposure by purchasing Property and Casualty Insurance from several private insurance companies including BITCO Insurance Companies, Tokio Marine HCC, and Great American Insurance Group.

Through these companies, the County obtains property coverage equal to the replacement cost of owned property subject to total insured values, with sub-limits on coverage for specified perils; general, auto, professional, employment practices, and law enforcement liability coverage of \$1 million per occurrence; auto physical damage for owned autos at actual cash value; crime coverage of \$250,000 per occurrence; and workers' compensation coverage limit of \$1 million. All property coverage and some liability coverage are subject to per occurrence deductibles, as selected by the County. The insurance companies are audited annually by certified public accountants, and audited financial statements are available to the County upon request.

Tokio Marine HCC, Great American Insurance Group, and BITCO Insurance Companies are fully suited to pay claims without reinsurance support. They are also subject to the NC State Guarantee Fund should they ever become insolvent. Tokio Marine HCC has an A++ rating with assets greater than \$2 Billion. Great American Insurance Group has an A+ rating with assets greater than \$1.5 Billion. BITCO Insurance Companies has an A+ rating with assets between \$250-\$500 Million.

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more at any given time of the County's funds are performance bonded through commercial crime coverage with a \$250,000 occurrence limit. Individuals holding positions requiring statutory bonds are covered elsewhere. The Finance Director and the Tax Collector are each individually bonded for \$250,000. The Sheriff and the Register of Deeds are bonded for \$25,000 and \$50,000 each, respectively.

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.

Macon County is a certified County participating under the National Flood Insurance Program applicable to FEMA flood zones A, AE, AH, and HO. The County has \$5,000,000 flood coverage through Tokio Marine HCC. This coverage is applicable in zones A, A1-A30, A99, AE, AH, AO, AR, AR/AE, AR/AO, AR/A1-A-30, AR/A, V, V1-V30, and VE. The policy does not cover zones B or X. Deductibles are \$50,000 per occurrence. Coverage limits are \$5 million per occurrence.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred, but not reported (IBNR). The County's claims incurred, but not reported, are considered a current liability and are included in accounts payable of the Internal Service Fund.

MACON COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

Changes in the balances of claims liabilities during the past fiscal year are as follows:

	<u>2017</u>	<u>2016</u>
Unpaid claims - beginning	\$ 119,616	\$ 240,890
Incurred claims	4,714,487	3,056,690
Claim payments	<u>(4,571,630)</u>	<u>(3,177,964)</u>
Unpaid claims - ending	<u>\$ 262,473</u>	<u>\$ 119,616</u>

Contingent Liabilities

At June 30, 2017, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorneys, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

Long-Term Obligations

Installment Purchase Contract

Serviced by Governmental Funds:

The County entered into an installment purchase contract dated July 29, 2005 in the amount of \$5,000,000 for library and community college expansion. The contract is payable in 30 semi-annual installments of \$166,667, plus interest at 2.19% per annum.	\$ 1,166,667
\$2,000,000 East Franklin School Qualified Zone Academy Bonds requiring 30 semi-annual deposits of \$52,795 into a Debt Service Fund; final payment of the bonds is December 13, 2022.	996,900
The County entered into an installment purchase contract dated December 10, 2007 in the amount of \$2,600,000 for acquisition of land to be used for public school purposes. The contract is payable in 30 semi-annual installments of \$86,667, plus interest at 2.49% per annum.	1,040,000
The County entered into an installment purchase contract dated July 8, 2009 in the amount of \$20,000,000 for 5-6 Grade School and an addition to East Franklin Elementary. The contract is payable in 40 semi-annual installments of \$500,000, plus interest at 2.61% per annum.	11,500,000
\$1,800,000 Nantahala School Qualified Zone Academy Bonds requiring 30 semi-annual deposits of \$60,000, plus interest into a Debt Service Fund; final payment of the bonds is December 18, 2024.	960,000
\$12,889,667 Iotla Valley School Project Qualified School Construction Bonds requiring 34 semi-annual deposits of \$379,108, plus interest into a Debt Service Fund; final payment of the bonds is October 12, 2028.	7,961,265
The County entered into a note payable agreement dated September 1, 2009 in the amount of \$2,043,250, 2.56% interest, with annual installments of \$102,163, with a final payment due in 2031, secured by water lines.	1,430,275

MACON COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

Serviced by Governmental Funds (continued):

The County entered into an installment purchase agreement dated March 12, 2013 in the amount of \$374,000 for defibrillators. The agreement is payable in 10 semi-annual installments ranging from \$36,093 to \$38,775, plus interest at 1.57% per annum.	77,198
\$1,500,000 Highlands School Renovation Qualified Zone Academy Bonds requiring 10 annual payments of \$150,000; final payment of the bonds is April 26, 2023.	900,000
\$2,985,878 Highlands School and Union Academy Qualified Zone Academy Bonds requiring 15 annual payments of \$199,058; final payment of the bonds is August 1, 2030.	<u>2,786,820</u>
Total installment contracts	<u>\$ 28,819,125</u>

Debt Service Requirements

The following tables summarize the annual requirements to amortize all long-term debt outstanding (excluding vacation pay and pension benefit obligation) as of June 30, 2017:

Year Ending	Principal	Interest
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2018	\$ 3,018,890	\$ 867,224
2019	2,941,692	776,547
2020	2,941,692	686,729
2021	2,775,026	596,912
2022	2,608,359	512,569
2023-2027	11,449,468	1,366,908
2028-2031	<u>3,083,998</u>	<u>75,710</u>
Total	<u>\$ 28,819,125</u>	<u>\$ 4,882,599</u>

MACON COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

At June 30, 2017, the County had a legal debt margin of approximately \$602,550,000.

Debt Related to Capital Activities

Of the total governmental activities debt listed, only \$2,207,473 relates to assets the County holds title. The unspent debt proceeds of \$50,353 are not related to assets of the County.

Special Obligation Bonds

On April 7, 2016, the County issued \$9,800,000 of special obligation bonds at 2.14% interest, for the purpose to expand the County's landfill capacity.

The bond is secured by a first lien on net revenues of the Solid Waste Fund.

The principal and interest on the bonds are payable semi-annually on April 1 and October 1. The special obligation bonds, which mature through April 1, 2026, will be reported on the Solid Waste Fund's financial statements.

\$ 8,902,964

Special obligation bonds debt service requirements to maturity are as follows:

Solid Waste Fund:

Special Obligation Bonds

Year Ending June 30	Principal	Interest
2018	\$ 906,835	\$ 188,293
2019	926,618	168,511
2020	946,439	148,689
2021	967,478	127,650
2022	988,584	106,545
2023-2026	<u>4,167,010</u>	<u>205,929</u>
Total	<u>\$ 8,902,964</u>	<u>\$ 945,617</u>

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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, 2017:

	<u>Balance July 1, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2017</u>	<u>Current Portion of Balance</u>
Governmental Activities:					
Installment contracts	\$ 33,673,231	\$ -	\$ 4,854,106	\$ 28,819,125	\$ 3,018,890
Compensated absences	950,992	948,646	841,155	1,058,483	105,848
Other post-employment benefits	14,353,191	3,935,888	738,525	17,550,554	-
Net pension liability (LGERS)	1,041,844	4,288,830	-	5,330,674	-
Total pension liability (LEOSSA)	<u>550,426</u>	<u>493,720</u>	<u>-</u>	<u>1,044,146</u>	<u>-</u>
 Total governmental activities	 <u>\$ 50,569,684</u>	 <u>\$ 9,667,084</u>	 <u>\$ 6,433,786</u>	 <u>\$ 53,802,982</u>	 <u>\$ 3,124,738</u>
Business-Type Activities:					
Special obligation bonds	\$ 9,800,000	\$ -	\$ 897,036	\$ 8,902,964	\$ 906,835
Accrued landfill closure and post-closure care cost	8,305,400	-	168,100	8,137,300	52,222
Other post-employment benefits	824,393	231,719	43,479	1,012,633	-
Net pension liability (LGERS)	60,753	252,498	-	313,251	-
Compensated absences	<u>51,859</u>	<u>52,898</u>	<u>46,747</u>	<u>58,010</u>	<u>5,801</u>
 Total business-type activities	 <u>\$ 19,042,405</u>	 <u>\$ 537,115</u>	 <u>\$ 1,155,362</u>	 <u>\$ 18,424,158</u>	 <u>\$ 964,858</u>

Compensated absences, pension liabilities, and other post-employment benefits for governmental activities typically have been liquidated in the General Fund and are accounted for on an FIFO basis.

MACON COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

C. Net Investment in Capital Assets

Net investment in capital assets at June 30, 2017 is computed as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets, net of accumulated depreciation	\$ 24,813,947	\$ 10,868,451
Less capital debt:		
Gross debt	28,819,125	8,902,964
Less school debt related to assets to which the County does not hold title	<u>(26,611,652)</u>	<u>-</u>
County related debt	2,207,473	8,902,964
Less unspent debt proceeds	<u>-</u>	<u>(1,557,238)</u>
Net investment in capital assets	<u>\$ 22,606,474</u>	<u>\$ 3,522,725</u>

D. Interfund Balances and Activity

	<u>Transfers</u>		
	<u>From</u>	<u>To</u>	<u>Purpose</u>
Transfers From/To Other Funds:			
General Fund:			
General Fund	\$ 5,057,531	\$ 77,443	Various purposes
Nonmajor Governmental Funds:			
County Buildings Project Fund	-	1,004,625	Carpenter Bldg Renovations/Radio Communications Project
Clean Water Management Trust Fund	70,443	-	Grant matching funds
Emergency Telephone System Fund	-	27,503	Reimbursement of ineligible expenditures
Health Insurance Fund	-	700,000	Administrative funds
Schools Capital Fund	1,833,554	-	Debt retirement
Housing Grants Fund	-	101,968	Administrative funds
Capital Reserve Fund	7,000	-	Economic development
Debt Service Fund	<u>-</u>	<u>5,056,989</u>	Debt retirement
Total	<u>\$ 6,968,528</u>	<u>\$ 6,968,528</u>	

MACON COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

The following is a summary of interfund receivables and payables:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
Debt Service Fund	Schools Capital Fund	<u>\$ 328,238</u>	Debt retirement

3. Joint Venture

Fontana Regional Library

The County participates in a joint venture to operate the Fontana Regional Library (Library) with five other local governments. Each participating county may appoint three Board members to the nine-member Board of the Library. The County has an ongoing financial responsibility for the joint venture, because the Library's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2017. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$999,390 to the Library to supplement its activities. Complete financial statements for the Library may be obtained from the Library's offices at 33 Fryemont Street, Bryson City, North Carolina 28713.

4. Jointly Governed Organizations

Southwestern North Carolina Planning and Economic Development Commission

The County, in conjunction with seven other counties and 16 municipalities, established the Southwestern North Carolina Planning and Economic Development Commission (Commission). The participating governments established the Commission to coordinate funding received from various federal and State agencies. Each participating government appoints one member to the Commission's 23-member governing Board.

Smoky Mountain Mental Health Center

The County, in conjunction with seven other counties, established the Smoky Mountain Mental Health Center (Center). The participating governments established the Center to provide mental health services to the Western Region of North Carolina. Each participating government appoints one member to the Center's governing board. The County contributed \$106,623 to the Center during the fiscal year ended June 30, 2017.

Southwestern Community College

The County, in conjunction with the State of North Carolina, one other county, and two Boards of Education, participates in a joint venture to operate Southwestern Community College (Community College). The County appoints two members; the State, the other County, and the Boards of Education appoint 11 members of the 13-member Board of Trustees of the Community College.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

The Community College is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the Community College and also provides some financial support for the Community College's operations. The County has an ongoing financial responsibility for the Community College because of the statutory responsibilities to provide funding for the Community College's facilities. The County contributed \$287,005 to the Community College for operating and capital purposes during the fiscal year ended June 30, 2017. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2017. Complete financial statements for the Community College may be obtained from the Community College's administrative offices at 275 Webster Road, Franklin, North Carolina 28779.

5. Summary Disclosure of Significant Commitments and Contingencies

Federal and State-Assisted Programs

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

6. Benefit Payments Issued by the State

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

	Federal	State
Medical Assistance Program	\$ 29,964,945	\$ 16,015,126
TANF / Work First	51,188	1,370
Special Supplemental Food Program for Women, Infants, and Children	704,205	-
IV-E Adoption Subsidy	164,237	40,549
IV-E Foster Care	191,657	45,512
Special Assistance for Adults	-	178,347
State Foster Home	-	6,392
CWS Adoption Subsidy	-	25,384
SAA/SAD HB 1030	-	9,503
F/C at Risk Maximization	-	3,205
N.C. Health Choice	1,060,384	4,361
Totals	\$ 32,136,616	\$ 16,329,749

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

7. **Change in Accounting Principles/Restatement**

The County implemented Governmental Accounting Standards Board (GASB) Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, in the fiscal year ended June 30, 2017. The implementation of the statement required the County to record beginning total pension liability and the effects on net position of benefit payments and administrative expenses paid by the County to the Law Enforcement Officers' Special Separation Allowance during the measurement period. As a result, net position for the governmental activities decreased \$426,662.

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REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

- Schedule of Changes in Total Pension Liability for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Total Pension Liability as a Percentage of Covered Payroll for the Law Enforcement Officers' Special Separation Allowance
- Schedules of Funding Progress and Employer Contributions for Other Post-Employment Benefits – Retiree Health Plan
- Notes to the Required Schedules for Other Post-Employment Benefits – Retiree Health Plan
- Schedule of Proportionate Share of the Net Pension Liability (Asset) – Local Government Employees' Retirement System
- Schedule of County's Contributions – Local Government Employees' Retirement System
- Schedule of Proportionate Share of the Net Pension Liability (Asset) – Register of Deeds' Supplemental Pension Fund
- Schedule of County's Contributions – Register of Deeds' Supplemental Pension Fund

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MACON COUNTY, NORTH CAROLINA**SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS SPECIAL SEPARATION ALLOWANCE
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>2017</u>
Beginning balance as reported	\$ 1,010,346
Service cost	60,876
Interest on the total pension liability	35,480
Changes in assumptions or other inputs	(29,536)
Benefit payments	<u>(33,020)</u>
Ending balance of the total pension liability	<u>\$ 1,044,146</u>

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

MACON COUNTY, NORTH CAROLINA**SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
LAW ENFORCEMENT OFFICERS SPECIAL SEPARATION ALLOWANCE
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>2017</u>
Total pension liability	\$ 1,044,146
Covered payroll	2,333,739
Total pension liability as a percentage of covered payroll	44.7%

Note to Schedule:

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

MACON COUNTY, NORTH CAROLINA

**OTHER POST-EMPLOYMENT BENEFITS -
 RETIREE HEALTH PLAN - REQUIRED SUPPLEMENTAL INFORMATION -
 SCHEDULES OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
 FOR THE YEAR ENDED JUNE 30, 2017**

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL)		Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a % of Covered Payroll (B-A)/C
		Projected Unit Credit (B)					
12/31/2006	\$ -	\$ 13,451,434		\$ 13,451,434	0.00%	\$ 12,054,939	111.6%
12/31/2009	-	19,995,127		19,995,127	0.00%	13,928,924	143.6%
12/31/2011	-	24,138,030		24,138,030	0.00%	13,228,526	182.5%
12/31/2013	-	27,697,567		27,697,567	0.00%	14,151,083	195.7%
12/31/2015	-	39,842,731		39,842,731	0.00%	15,342,728	259.7%

Schedule of Employer Contributions

Fiscal Year Ended June 30	Annual	
	Required Contribution (ARC)	Percentage of ARC Contributed
2009	\$ 1,345,982	12.7%
2010	1,959,710	8.6%
2011	1,959,710	9.8%
2012	2,252,831	5.6%
2013	2,252,831	13.4%
2014	2,501,096	11.8%
2015	2,501,096	21.8%
2016	2,576,129	18.4%
2017	4,139,079	18.9%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	December 31, 2015
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return *	4.00%
Medical trend assumptions:	
Pre-Medicare trend rate	7.75% - 5.00%
Post-Medicare trend rate	5.75% - 5.00%
Year of ultimate trend rate	2022

* Includes inflation at 3.00%

MACON COUNTY, NORTH CAROLINA

**LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
LAST FOUR FISCAL YEARS***

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportion of the net pension liability (asset) (%)	0.266%	0.246%	0.242%	0.237%
Proportion of the net pension liability (asset) (\$)	\$ 5,643,925	\$ 1,102,597	\$ (1,428,012)	\$ 2,855,555
Covered-employee payroll	\$ 15,171,727	\$ 14,608,630	\$ 14,448,030	\$ 13,707,426
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	37.20%	7.55%	-9.88%	20.83%
Plan fiduciary net position as a percentage of the total pension liability**	91.47%	98.09%	102.64%	94.35%

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

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

This statement will present ten years of data as information becomes available.

MACON COUNTY, NORTH CAROLINA**LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
MACON COUNTY'S CONTRIBUTIONS
LAST FOUR FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,229,365	\$ 1,028,062	\$ 1,040,335	\$ 1,026,095
Contributions in relation to the contractually required contribution	<u>1,229,365</u>	<u>1,028,062</u>	<u>1,040,335</u>	<u>1,026,095</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 16,631,172	\$ 15,171,727	\$ 14,608,630	\$ 14,448,030
Contributions as a percentage of covered-employee payroll	7.39%	6.78%	7.12%	7.10%

This statement will present ten years of data as information becomes available.

MACON COUNTY, NORTH CAROLINA

**REGISTER OF DEEDS' SUPPLEMENTAL PENSION FUND
REQUIRED SUPPLEMENTARY INFORMATION
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
LAST FOUR FISCAL YEARS***

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportion of the net pension liability (asset) (%)	0.430%	0.424%	0.387%	0.438%
Proportion of the net pension liability (asset) (\$)	\$ (80,342)	\$ (98,269)	\$ (87,744)	\$ (93,555)
Covered-employee payroll	\$ 55,238	\$ 54,196	\$ 54,196	\$ 53,828
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-145.45%	-181.32%	-161.90%	-173.80%
Plan fiduciary net position as a percentage of the total pension liability	160.17%	197.29%	193.88%	190.50%

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

This statement will present ten years of data as information becomes available.

MACON COUNTY, NORTH CAROLINA**REGISTER OF DEEDS' SUPPLEMENTAL PENSION FUND
REQUIRED SUPPLEMENTARY INFORMATION
MACON COUNTY'S CONTRIBUTIONS
LAST FOUR FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 3,701	\$ 3,511	\$ 3,393	\$ 3,161
Contributions in relation to the contractually required contribution	<u>3,701</u>	<u>3,511</u>	<u>3,393</u>	<u>3,161</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 58,236	\$ 55,238	\$ 54,196	\$ 54,196
Contributions as a percentage of covered-employee payroll	6.36%	6.36%	6.26%	5.83%

This statement will present ten years of data as information becomes available.

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SUPPLEMENTARY INFORMATION

**COMBINING AND INDIVIDUAL
FUND FINANCIAL STATEMENTS AND SCHEDULES**

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THE GENERAL FUND

The General Fund accounts for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.

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MACON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	Budget	Actual	Variance Over/Under	
Revenues:				
Ad Valorem Taxes:				
Taxes - current	\$ 27,215,463	\$ 27,153,070	\$ (62,393)	\$ 27,050,576
Taxes - prior	844,358	946,801	102,443	809,705
Interest and advertising	239,602	240,000	398	210,167
Total	<u>28,299,423</u>	<u>28,339,871</u>	<u>40,448</u>	<u>28,070,448</u>
Local Option Sales Taxes:				
Article 39 one percent	4,634,153	4,860,552	226,399	4,400,183
Article 40 one-half of one percent	1,521,510	1,497,515	(23,995)	1,463,126
Article 42 one-half of one percent	1,062,506	1,114,931	52,425	1,002,734
Article 44 one-half of one percent	4,684	2,133	(2,551)	3,771
Total	<u>7,222,853</u>	<u>7,475,131</u>	<u>252,278</u>	<u>6,869,814</u>
Unrestricted Intergovernmental Revenues:				
Payment in lieu of taxes	337,000	353,506	16,506	368,997
Gross receipts tax	27,000	27,171	171	24,456
Total	<u>364,000</u>	<u>380,677</u>	<u>16,677</u>	<u>393,453</u>
Restricted Intergovernmental Revenues:				
Federal and State grants	7,679,257	7,358,999	(320,258)	6,629,932
Local grants	34,499	34,499	-	-
ABC revenues	12,000	11,715	(285)	11,367
Facility fees/CSC	65,000	53,961	(11,039)	60,648
Federal forfeiture and controlled substance	26,721	27,183	462	33,017
Local health and social services	2,271,527	2,363,498	91,971	2,273,172
Total	<u>10,089,004</u>	<u>9,849,855</u>	<u>(239,149)</u>	<u>9,008,136</u>
Permits and Fees:				
Inspection fees	464,700	486,804	22,104	397,399
Register of Deeds	581,000	619,204	38,204	545,350
Occupancy tax	59,930	69,766	9,836	62,112
Board of Elections fees	-	25	25	1,426
Civil license fees	3,615	3,211	(404)	3,413
Addressing fees	75,000	59,425	(15,575)	89,589
Concealed handgun permits	65,500	64,172	(1,328)	61,815
Total	<u>1,249,745</u>	<u>1,302,607</u>	<u>52,862</u>	<u>1,161,104</u>

MACON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	Budget	Actual	Variance Over/Under	
Sales and Services:				
Rents, concessions, and fees	235,750	299,220	63,470	309,542
Ambulance fees	1,406,318	1,463,796	57,478	1,424,693
Other public safety fees	409,200	420,871	11,671	349,655
Cable television franchise fees	85,000	85,943	943	87,137
Health fees	751,811	887,687	135,876	842,085
Aging program income	13,000	20,433	7,433	18,228
Total	2,901,079	3,177,950	276,871	3,031,340
Investment Earnings	142,000	158,931	16,931	79,863
Miscellaneous:				
Other	186,428	162,877	(23,551)	125,940
Total	186,428	162,877	(23,551)	125,940
Total revenues	50,454,532	50,847,899	393,367	48,740,098
Expenditures:				
General Government:				
Governing Body:				
Salaries and employee benefits	109,742	106,711		108,844
Operating expenditures	101,000	90,580		87,916
Total	210,742	197,291	13,451	196,760
Administration:				
Salaries and employee benefits	381,348	379,473		338,783
Operating expenditures	65,538	51,880		39,409
Total	446,886	431,353	15,533	378,192
Finance:				
Salaries and employee benefits	411,198	415,249		389,678
Operating expenditures	108,700	89,799		89,858
Total	519,898	505,048	14,850	479,536
Tax Office:				
Salaries and employee benefits	444,045	443,585		433,112
Operating expenditures	250,100	224,499		215,764
Capital outlay	9,477	9,476		-
Total	703,622	677,560	26,062	648,876

MACON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2016

	2017		Variance Over/Under	2016
	Budget	Actual		
Legal:				
Contracted services	94,000	81,260		90,689
Total	94,000	81,260	12,740	90,689
Mapping:				
Salaries and employee benefits	156,777	156,803		144,221
Operating expenditures	21,625	12,061		10,540
Total	178,402	168,864	9,538	154,761
Tax Assessment:				
Salaries and employee benefits	300,940	299,836		284,792
Operating expenditures	150,800	138,835		71,683
Capital outlay	-	-		30,803
Total	451,740	438,671	13,069	387,278
Board of Elections:				
Salaries and employee benefits	203,015	195,689		191,569
Operating expenditures	71,135	60,982		79,396
Total	274,150	256,671	17,479	270,965
Register of Deeds:				
Salaries and employee benefits	203,148	201,229		194,042
Operating expenditures	101,838	95,009		97,635
Total	304,986	296,238	8,748	291,677
Information Technology:				
Salaries and employee benefits	482,824	481,697		468,733
Operating expenditures	409,959	347,228		365,364
Capital outlay	60,446	60,446		117,810
Total	953,229	889,371	63,858	951,907
Garage:				
Salaries and employee benefits	283,203	286,231		273,891
Operating expenditures	98,250	80,623		86,819
Capital outlay	22,623	21,332		-
Total	404,076	388,186	15,890	360,710

MACON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2016

	2017		Variance Over/Under	2016
	Budget	Actual		
Buildings and Grounds:				
Salaries and employee benefits	1,323,889	1,297,826		1,210,159
Operating expenditures	871,247	802,384		770,989
Capital outlay	26,143	26,143		-
Total	2,221,279	2,126,353	94,926	1,981,148
Human Resources:				
Salaries and employee benefits	164,985	139,103		123,894
Operating expenditures	47,675	44,870		20,854
Total	212,660	183,973	28,687	144,748
Non-Departmental:				
Operating expenditures	851,129	823,553		653,168
Total	851,129	823,553	27,576	653,168
Total general government	7,826,799	7,464,392	362,407	6,990,415
Public Safety:				
Sheriff:				
Salaries and employee benefits	3,526,139	3,428,766		3,344,817
Operating expenditures	830,880	787,810		687,798
Capital outlay	83,874	82,846		52,673
Total	4,440,893	4,299,422	141,471	4,085,288
Federal/State Forfeitures:				
Operating expenditures	6,134	5,637		1,595
Capital outlay	52,431	25,454		-
Total	58,565	31,091	27,474	1,595
Juvenile Crime Prevention Council Grants	115,439	115,438	1	114,931
Governor's Highway Safety Program:				
Salaries and employee benefits	-	-		16,412
Operating expenditures	-	-		38
Total	-	-	-	16,450

MACON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2016

	2017		Variance Over/Under	2016
	Budget	Actual		
Jail/Law Enforcement Center:				
Salaries and employee benefits	1,278,357	1,271,913		1,198,970
Operating expenditures	1,587,401	1,327,312		921,385
Total	2,865,758	2,599,225	266,533	2,120,355
Courthouse Security:				
Salaries and employee benefits	335,404	324,832		196,052
Operating expenditures	7,400	7,008		9,076
Total	342,804	331,840	10,964	205,128
Emergency Medical Service:				
Salaries and employee benefits	2,949,313	2,862,848		2,643,756
Operating expenditures	404,603	378,709		345,067
Capital outlay	90,000	89,448		24,281
Total	3,443,916	3,331,005	112,911	3,013,104
Emergency Management:				
Salaries and employee benefits	1,045,388	1,045,397		954,057
Operating expenditures	126,931	120,759		149,504
Capital outlay	-	-		30,803
Total	1,172,319	1,166,156	6,163	1,134,364
Inspections:				
Salaries and employee benefits	472,080	445,036		444,810
Operating expenditures	51,482	37,682		41,378
Total	523,562	482,718	40,844	486,188
Emergency 911:				
Salaries and employee benefits	90,104	89,790		113,486
Operating expenditures	23,700	22,871		19,949
Total	113,804	112,661	1,143	133,435
Animal Control:				
Salaries and employee benefits	207,936	181,059		190,797
Operating expenditures	70,188	50,317		51,991
Total	278,124	231,376	46,748	242,788

MACON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	Budget	Actual	Variance Over/Under	
Forest Service:				
Operating expenditures	74,800	60,754	14,046	61,011
Total public safety	13,429,984	12,761,686	668,298	11,614,637
Transit:				
Transit Services:				
Salaries and employee benefits	608,011	589,495		575,802
Operating expenditures	437,897	226,130		237,247
Capital outlay	418,546	393,203		217,464
Total	1,464,454	1,208,828	255,626	1,030,513
Contribution to Macon County Airport Authority	53,800	53,800	-	43,000
Total transit	1,518,254	1,262,628	255,626	1,073,513
Economic and Physical Development:				
Economic Development:				
Operating expenditures	328,325	314,250		191,323
Total	328,325	314,250	14,075	191,323
Cooperative Extension:				
Salaries and employee benefits	198,389	198,215		175,136
Operating expenditures	23,750	19,436		20,147
Total	222,139	217,651	4,488	195,283
Soil Conservation:				
Salaries and employee benefits	168,626	161,774		124,101
Operating expenditures	25,179	13,981		10,802
Total	193,805	175,755	18,050	134,903
Special Appropriations:				
Cowee School	55,000	52,069		71,072
Total	55,000	52,069	2,931	71,072
Total economic and physical development	799,269	759,725	39,544	592,581

MACON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2016

	2017		Variance Over/Under	2016
	Budget	Actual		
Human Services:				
Health:				
Administration:				
Salaries and employee benefits	193,028	148,731		167,899
Operating expenditures	220,563	182,642		163,167
Capital outlay	-	-		52,669
Total	413,591	331,373	82,218	383,735
Management Support:				
Salaries and employee benefits	420,188	411,770		390,628
Operating expenditures	75,250	60,309		61,668
Capital outlay	16,000	13,881		-
Total	511,438	485,960	25,478	452,296
School Health Nurse:				
Salaries and employee benefits	311,568	301,822		305,275
Operating expenditures	17,836	12,503		8,829
Total	329,404	314,325	15,079	314,104
NC Tobacco Settlement Funds:				
Operating expenditures	76,150	75,613		81,296
Total	76,150	75,613	537	81,296
Women, Infants, and Children:				
Salaries and employee benefits	194,243	193,431		126,318
Operating expenditures	19,247	9,977		43,849
Total	213,490	203,408	10,082	170,167
Nutrition Education:				
Salaries and employee benefits	86,782	86,242		83,572
Operating expenditures	175,023	158,770		3,245
Total	261,805	245,012	16,793	86,817
Maternal and Childcare:				
Salaries and employee benefits	96,200	90,790		91,828
Operating expenditures	51,320	29,331		33,504
Total	147,520	120,121	27,399	125,332

MACON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2016

	2017		Variance Over/Under	2016
	Budget	Actual		
Child Health:				
Salaries and employee benefits	21,135	20,917		20,246
Operating expenditures	1,056	979		708
Total	22,191	21,896	295	20,954
Family Planning:				
Salaries and employee benefits	63,729	60,248		57,135
Operating expenditures	33,095	17,611		43,038
Total	96,824	77,859	18,965	100,173
Dental Health Program:				
Salaries and employee benefits	387,784	387,262		370,430
Operating expenditures	43,780	38,681		43,263
Capital outlay	26,822	26,947		-
Total	458,386	452,890	5,496	413,693
Adult Dental Health:				
Salaries and employee benefits	312,809	303,925		290,796
Operating expenditures	84,545	68,383		81,392
Capital outlay	21,387	16,449		-
Total	418,741	388,757	29,984	372,188
Adult Health:				
Salaries and employee benefits	28,169	27,450		27,251
Operating expenditures	138,015	120,643		113,804
Total	166,184	148,093	18,091	141,055
NC Wisewoman Program:				
Salaries and employee benefits	12,679	12,627		12,670
Operating expenditures	2,579	-		-
Total	15,258	12,627	2,631	12,670
Breast and Cervical Cancer:				
Salaries and employee benefits	41,644	41,457		35,596
Operating expenditures	14,687	10,828		11,621
Total	56,331	52,285	4,046	47,217

MACON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2016

	2017		Variance Over/Under	2016
	Budget	Actual		
Laboratory Services:				
Salaries and employee benefits	106,146	105,767		104,435
Operating expenditures	64,313	52,865		51,231
Total	170,459	158,632	11,827	155,666
Communicable Disease:				
Salaries and employee benefits	52,710	52,384		40,076
Operating expenditures	11,146	10,556		19,133
Total	63,856	62,940	916	59,209
On-Site Wastewater:				
Salaries and employee benefits	270,840	270,135		249,394
Operating expenditures	15,285	13,973		19,512
Capital outlay	-	-		26,802
Total	286,125	284,108	2,017	295,708
Private Drinking Water Wells:				
Salaries and employee benefits	229,601	206,919		233,087
Operating expenditures	19,072	18,377		15,102
Total	248,673	225,296	23,377	248,189
Food and Lodging:				
Salaries and employee benefits	196,800	195,447		191,990
Operating expenditures	17,846	13,329		22,346
Total	214,646	208,776	5,870	214,336
Health Promotion:				
Salaries and employee benefits	126,596	105,255		100,058
Operating expenditures	38,682	19,039		17,195
Total	165,278	124,294	40,984	117,253
General Nursing:				
Salaries and employee benefits	176,447	173,292		168,949
Operating expenditures	157,333	141,868		125,781
Total	333,780	315,160	18,620	294,730

MACON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2016

	2017		Variance Over/Under	2016
	Budget	Actual		
Child Service Coordination:				
Salaries and employee benefits	73,513	66,010		62,050
Operating expenditures	2,168	1,318		2,743
Total	75,681	67,328	8,353	64,793
Smart Start:				
Salaries and employee benefits	51,945	25,474		36,217
Operating expenditures	1,009	(99)		7,040
Total	52,954	25,375	27,579	43,257
NC Community Transformation Grant:				
Operating expenditures	-	-		6,054
Total	-	-	-	6,054
Regional Chronic Disease 1422 Grant:				
Operating expenditures	365,559	347,557		428,585
Total	365,559	347,557	18,002	428,585
OB Care Management Program:				
Salaries and employee benefits	64,522	64,335		63,309
Operating expenditures	1,425	650		1,157
Total	65,947	64,985	962	64,466
Breastfeeding Peer Counselor Program:				
Salaries and employee benefits	11,434	7,838		8,696
Operating expenditures	565	282		-
Total	11,999	8,120	3,879	8,696
Employee and Family Health:				
Salaries and employee benefits	88,002	55,338		108,164
Operating expenditures	24,659	18,880		20,063
Total	112,661	74,218	38,443	128,227
Total health	5,354,931	4,897,008	457,923	4,850,866

MACON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2016

	2017		Variance Over/Under	2016
	Budget	Actual		
Social Services:				
Administration:				
Salaries and employee benefits	388,612	379,722		364,680
Operating expenditures	626,496	392,803		418,059
Capital outlay	23,064	23,033		-
Total	1,038,172	795,558	242,614	782,739
Social Work Services/Special Programs:				
Salaries and employee benefits	694,098	663,473		651,620
Operating expenditures	1,363,434	979,044		963,952
Total	2,057,532	1,642,517	415,015	1,615,572
Child Daycare:				
Salaries and employee benefits	46,736	46,642	94	46,010
Child Support:				
Salaries and employee benefits	153,670	147,758		140,032
Operating expenditures	52,000	37,384		39,066
Total	205,670	185,142	20,528	179,098
Medicaid:				
County participation only	1,658,010	1,693,667	(35,657)	1,651,194
WorkFirst:				
Operating expenditures	25,000	16,291		23,487
Total	25,000	16,291	8,709	23,487
CAP/DA:				
Salaries and employee benefits	116,859	115,599		111,997
Total	116,859	115,599	1,260	111,997
DSS AMC Outpost Worker:				
Salaries and employee benefits	89,350	84,882	4,468	67,545
Program Integrity:				
Salaries and employee benefits	56,765	56,645		49,532
Total	56,765	56,645	120	49,532

MACON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2016

	2017		Variance Over/Under	2016
	Budget	Actual		
Medicaid/FS Administration:				
Salaries and employee benefits	1,136,806	1,108,123		1,053,332
Total	1,136,806	1,108,123	28,683	1,053,332
Total social services	6,430,900	5,745,066	685,834	5,580,506
Department On Aging:				
Administration:				
Salaries and employee benefits	258,775	251,790		216,196
Operating expenditures	72,949	57,912		41,099
Total	331,724	309,702	22,022	257,295
Home-Delivered Meals:				
Salaries and employee benefits	56,388	56,141		48,116
Operating expenditures	105,667	104,727		101,949
Total	162,055	160,868	1,187	150,065
Congregate Meals:				
Salaries and employee benefits	50,150	41,373		41,229
Operating expenditures	69,667	68,385		62,845
Total	119,817	109,758	10,059	104,074
Adult Daycare:				
Salaries and employee benefits	125,404	121,791		111,823
Operating expenditures	61,200	37,242		43,250
Total	186,604	159,033	27,571	155,073
Total department on aging	800,200	739,361	60,839	666,507
Miscellaneous Human Services:				
Veterans' Service:				
Salaries and employee benefits	98,317	98,320		88,724
Operating expenditures	8,100	6,238		5,847
Total	106,417	104,558	1,859	94,571

MACON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>2017</u>		<u>Variance Over/Under</u>	<u>2016</u>
	<u>Budget</u>	<u>Actual</u>		
Contributions to Organizations:				
Smoky Mountain Mental Health	106,623	106,623		106,623
Macon County Citizens for Handicapped	62,370	62,370		62,370
Macon Program for Progress	-	-		15,000
Total	<u>168,993</u>	<u>168,993</u>	-	<u>183,993</u>
Special Appropriations:				
State of Franklin	15,000	14,000		15,000
Other special appropriations	315,105	191,295		130,000
Total	<u>330,105</u>	<u>205,295</u>	124,810	<u>145,000</u>
Total miscellaneous human services	<u>605,515</u>	<u>478,846</u>	126,669	<u>423,564</u>
Total human services	<u>13,191,546</u>	<u>11,860,281</u>	1,331,265	<u>11,521,443</u>
Cultural and Recreational:				
Salaries and employee benefits	454,637	423,417		431,277
Operating expenditures	856,440	818,661		929,879
Capital outlay	148,370	147,928		-
Total	<u>1,459,447</u>	<u>1,390,006</u>	69,441	<u>1,361,156</u>
Library and Cultural:				
Macon County Library	999,390	999,390		1,036,990
Macon County Historical Society	20,000	20,000		20,000
Total	<u>1,019,390</u>	<u>1,019,390</u>	-	<u>1,056,990</u>
Total cultural and recreational	<u>2,478,837</u>	<u>2,409,396</u>	69,441	<u>2,418,146</u>
Education:				
Public schools - current expenditures	7,696,643	7,695,280		7,847,590
Public schools - capital outlay	537,320	537,289		320,212
Timber sales pass-through	150,000	58,005		157,955
Southwestern Community College	287,005	287,005		280,463
Total education	<u>8,670,968</u>	<u>8,577,579</u>	93,389	<u>8,606,220</u>
Total expenditures	<u>47,915,657</u>	<u>45,095,687</u>	2,819,970	<u>42,816,955</u>

MACON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	Budget	Actual	Variance Over/Under	
Revenues over (under) expenditures	2,538,875	5,752,212	3,213,337	5,923,143
Other Financing Sources (Uses):				
Transfers In:				
From Capital Reserve Fund	7,000	7,000		7,000
From County Building Fund	16,039	-		-
From Clean Water Management Trust Fund	70,443	70,443		-
Total	93,482	77,443	(16,039)	7,000
Transfers Out:				
To Airport Fund	-	-	-	(283,334)
To E911 Fund	(27,504)	(27,503)	1	(3,977)
To Community Development Block Grant Fund	(101,968)	(101,968)	-	(96,029)
To Clean Water Management Trust Fund	-	-	-	(70,443)
To Debt service	(3,223,435)	(3,223,435)	-	(1,883,744)
To Health Insurance Fund	(700,000)	(700,000)	-	-
To County Buildings Project	(1,020,664)	(1,004,625)	16,039	(149,500)
Total	(5,073,571)	(5,057,531)	16,040	(2,487,027)
Appropriated fund balance	2,441,214	-	(2,441,214)	-
Total other financing sources (uses)	(2,538,875)	(4,980,088)	(2,441,213)	(2,480,027)
Net change in fund balance	\$ -	772,124	\$ 772,124	3,443,116
Fund Balance:				
Beginning of year - July 1		25,438,347		21,995,231
End of year - June 30		\$ 26,210,471		\$ 25,438,347

MACON COUNTY, NORTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
MAJOR - DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Over/Under</u>
Revenues:			
NC Lottery funds	\$ 300,000	\$ 297,695	\$ (2,305)
Federal subsidy rebate	451,624	450,295	(1,329)
Town of Franklin	44,398	44,397	(1)
Interest earned	100	745	(645)
Total revenues	<u>796,122</u>	<u>793,132</u>	<u>(4,280)</u>
Expenditures:			
Debt service:			
Principal repayments	4,854,110	4,854,106	4
Interest	999,002	990,217	8,785
Total expenditures	<u>5,853,112</u>	<u>5,844,323</u>	<u>8,789</u>
Revenues over (under) expenditures	(5,056,990)	(5,051,191)	5,799
Other Financing Sources (Uses):			
Transfers in (out)	<u>5,056,990</u>	<u>5,056,989</u>	<u>(1)</u>
Net change in fund balance	<u>\$ -</u>	5,798	<u>\$ 5,798</u>
Fund Balance:			
Beginning of year - July 1		<u>657,774</u>	
End of year - June 30		<u>\$ 663,572</u>	

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NONMAJOR GOVERNMENTAL FUNDS

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MACON COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2017

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and cash equivalents	\$ 898,515	\$ 4,064,266	\$ 4,962,781
Taxes receivable, net	86,851	-	86,851
Due from other governmental agencies	194,174	546,607	740,781
Cash and cash equivalents, restricted	-	50,353	50,353
Total assets	<u>\$ 1,179,540</u>	<u>\$ 4,661,226</u>	<u>\$ 5,840,766</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 321,322	\$ 774,142	\$ 1,095,464
Due to other funds	-	328,238	328,238
Total liabilities	<u>321,322</u>	<u>1,102,380</u>	<u>1,423,702</u>
Deferred Inflows of Resources:			
Taxes receivable	<u>86,851</u>	<u>-</u>	<u>86,851</u>
Fund Balances:			
Restricted:			
Stabilization by State statute	194,174	546,607	740,781
Restricted for public safety	572,467	-	572,467
Restricted for education	-	50,353	50,353
Committed for general government	-	1,908,623	1,908,623
Committed for education	-	849,816	849,816
Committed for economic and physical development	112,130	531,685	643,815
Unassigned	<u>(107,404)</u>	<u>(328,238)</u>	<u>(435,642)</u>
Total fund balances	<u>771,367</u>	<u>3,558,846</u>	<u>4,330,213</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,179,540</u>	<u>\$ 4,661,226</u>	<u>\$ 5,840,766</u>

MACON COUNTY, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2017**

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total
Revenues:			
Ad valorem taxes	\$ 3,257,928	\$ -	\$ 3,257,928
Local option sales taxes	-	1,883,726	1,883,726
Restricted intergovernmental revenues	967,058	1,303,437	2,270,495
Occupancy taxes	825,345	-	825,345
Miscellaneous revenues	-	52,433	52,433
Interest earned on investments	983	12,255	13,238
Total revenues	<u>5,051,314</u>	<u>3,251,851</u>	<u>8,303,165</u>
Expenditures:			
Current:			
General government	-	15,705	15,705
Public safety	3,433,572	-	3,433,572
Education	-	18,910	18,910
Economic and physical development	1,382,651	1,375,810	2,758,461
Cultural and recreational	-	495,756	495,756
Total expenditures	<u>4,816,223</u>	<u>1,906,181</u>	<u>6,722,404</u>
Revenues over (under) expenditures	<u>235,091</u>	<u>1,345,670</u>	<u>1,580,761</u>
Other Financing Sources (Uses):			
Transfers in	129,471	1,004,625	1,134,096
Transfers out	-	(1,910,997)	(1,910,997)
Total other financing sources (uses)	<u>129,471</u>	<u>(906,372)</u>	<u>(776,901)</u>
Net change in fund balances	364,562	439,298	803,860
Fund Balances:			
Beginning of year - July 1	<u>406,805</u>	<u>3,119,548</u>	<u>3,526,353</u>
End of year - June 30	<u>\$ 771,367</u>	<u>\$ 3,558,846</u>	<u>\$ 4,330,213</u>

SPECIAL REVENUE FUNDS

Special revenue funds account for the proceeds of special revenue sources that are legally restricted to expenditure for specific purposes.

Individual Fund Descriptions:

Emergency Telephone System Fund – accounts for the accumulation of funds used to operate the 911 emergency service operations.

Fire Districts Fund – accounts for the ad valorem tax levies of the eleven fire districts in Macon County.

Occupancy Tax Fund – accounts for the Occupancy Tax Fund in Macon County.

Housing Grants Fund – accounts for federal grants received and expended for community development.

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MACON COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2017

	Emergency Telephone System Fund	Fire Districts Fund	Occupancy Tax Fund	Housing Grants Fund	Total
Assets:					
Cash and cash equivalents	\$ 582,150	\$ 35,511	\$ 109,964	\$ 170,890	\$ 898,515
Taxes receivable, net	-	86,851	-	-	86,851
Due from government agencies	36,277	15,247	92,157	50,493	194,174
Total assets	<u>\$ 618,427</u>	<u>\$ 137,609</u>	<u>\$ 202,121</u>	<u>\$ 221,383</u>	<u>\$ 1,179,540</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ 9,683	\$ 50,758	\$ 202,121	\$ 58,760	\$ 321,322
Deferred Inflows of Resources:					
Taxes receivable	-	86,851	-	-	86,851
Fund Balances:					
Restricted:					
Stabilization by State statute	36,277	15,247	92,157	50,493	194,174
Restricted for public safety	572,467	-	-	-	572,467
Committed for economic and physical development	-	-	-	112,130	112,130
Unassigned	-	(15,247)	(92,157)	-	(107,404)
Total fund balances	<u>608,744</u>	<u>-</u>	<u>-</u>	<u>162,623</u>	<u>771,367</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 618,427</u>	<u>\$ 137,609</u>	<u>\$ 202,121</u>	<u>\$ 221,383</u>	<u>\$ 1,179,540</u>

MACON COUNTY, NORTH CAROLINA

**NONMAJOR SPECIAL REVENUE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2017**

	Emergency Telephone System Fund	Fire Districts Fund	Occupancy Tax Fund	Housing Grants Fund	Total
Revenues:					
Ad valorem taxes	\$ -	\$ 3,257,928	\$ -	\$ -	\$ 3,257,928
Restricted intergovernmental revenues	435,319	-	-	531,739	967,058
Occupancy taxes	-	-	825,345	-	825,345
Investment earnings	983	-	-	-	983
Total revenues	<u>436,302</u>	<u>3,257,928</u>	<u>825,345</u>	<u>531,739</u>	<u>5,051,314</u>
Expenditures:					
Public safety	175,644	3,257,928	-	-	3,433,572
Economic and physical development	-	-	825,345	557,306	1,382,651
Total expenditures	<u>175,644</u>	<u>3,257,928</u>	<u>825,345</u>	<u>557,306</u>	<u>4,816,223</u>
Revenues over (under) expenditures	260,658	-	-	(25,567)	235,091
Other Financing Sources (Uses):					
Transfers in:					
From General Fund	<u>27,503</u>	<u>-</u>	<u>-</u>	<u>101,968</u>	<u>129,471</u>
Net change in fund balances	288,161	-	-	76,401	364,562
Fund Balances:					
Beginning of year - July 1	<u>320,583</u>	<u>-</u>	<u>-</u>	<u>86,222</u>	<u>406,805</u>
End of year - June 30	<u>\$ 608,744</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 162,623</u>	<u>\$ 771,367</u>

MACON 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, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Restricted intergovernmental revenues	\$ 435,319	\$ 435,319	\$ -	\$ 313,837
Investment earnings	-	983	983	497
Total revenues	<u>435,319</u>	<u>436,302</u>	<u>983</u>	<u>314,334</u>
Expenditures:				
Wireless 911:				
Implemental functions	182,996	60,116	122,880	102,627
Telephone	59,000	39,649	19,351	38,175
Furniture	6,000	-	6,000	6,435
Software and software maintenance	58,000	33,865	24,135	54,912
Hardware and hardware maintenance	55,323	40,675	14,648	1,801
Training	4,000	1,339	2,661	1,100
Capital outlay	70,000	-	70,000	46,553
Total public safety	<u>435,319</u>	<u>175,644</u>	<u>259,675</u>	<u>251,603</u>
Total expenditures	<u>435,319</u>	<u>175,644</u>	<u>259,675</u>	<u>251,603</u>
Revenues over (under) expenditures	-	260,658	260,658	62,731
Other Financing Sources (Uses):				
Transfers in from General Fund	-	<u>27,503</u>	<u>27,503</u>	<u>3,977</u>
Net change in fund balance	<u>\$ -</u>	288,161	<u>\$ 288,161</u>	66,708
Fund Balance:				
Beginning of year - July 1		<u>320,583</u>		<u>253,875</u>
End of year - June 30		<u>\$ 608,744</u>		<u>\$ 320,583</u>

MACON COUNTY, NORTH CAROLINA

FIRE DISTRICTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad valorem taxes - fire:				
Current year	\$ 3,327,599	\$ 3,103,180	\$ (224,419)	\$ 3,067,795
Prior years	161,891	154,748	(7,143)	118,910
Total revenues	3,489,490	3,257,928	(231,562)	3,186,705
Expenditures:				
Public safety:				
Franklin Fire District		689,539		672,599
Clark's Chapel Fire District		316,648		315,908
Otto Fire District		326,634		308,823
Cullasaja Fire District		252,229		251,942
West Macon Fire District		303,071		303,105
Scaly Mountain Fire District		120,388		119,668
Burningtown/Iotla Fire District		194,876		185,395
Cowee Fire District		308,098		301,979
Highlands Fire District		375,118		375,739
Mountain Valley Fire District		136,949		127,142
Nantahala Fire District		234,378		224,405
Total expenditures	3,489,490	3,257,928	231,562	3,186,705
Net change in fund balance	\$ -	-	\$ -	-
Fund Balance:				
Beginning of year - July 1		-		-
End of year - June 30		\$ -		\$ -

MACON COUNTY, NORTH CAROLINA

OCCUPANCY TAX FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Occupancy tax:				
Highlands	\$ 605,068	\$ 566,856	\$ (38,212)	\$ 503,627
Nantahala	50,054	-	(50,054)	-
Franklin	200,732	188,723	(12,009)	165,890
Administrative fee	74,422	69,766	(4,656)	62,112
Total revenues	<u>930,276</u>	<u>825,345</u>	<u>(104,931)</u>	<u>731,629</u>
Expenditures:				
Economic and physical development:				
Highlands Chamber	605,068	566,856	38,212	503,627
Nantahala District	50,054	-	50,054	-
Franklin Chamber	200,732	188,723	12,009	165,890
Administrative fees	74,422	69,766	4,656	62,112
Total expenditures	<u>930,276</u>	<u>825,345</u>	<u>104,931</u>	<u>731,629</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
Fund Balance:				
Beginning of year - July 1		<u>-</u>		<u>-</u>
End of year - June 30		<u>\$ -</u>		<u>\$ -</u>

MACON COUNTY, NORTH CAROLINA

HOUSING GRANTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

	Project Authorization	Actual			
		Prior Years	Current Year	Closed Projects	Total to Date
Revenues:					
Restricted intergovernmental revenues:					
Community Development Block Grant #07-C-1662	\$ 400,000	\$ 353,250	\$ -	\$ -	\$ 353,250
Weatherization #1161	47,867	47,122	-	-	47,122
Urgent repair 1014	75,000	75,000	-	-	75,000
ARRA Weatherization 18WA	668,109	605,388	-	-	605,388
Community Development Block Grant #10-C-2124	400,000	275,815	-	-	275,815
Weatherization #1261	235,990	181,887	-	-	181,887
SFR 11	160,000	122,208	-	-	122,208
Urgent repair 1115	75,000	75,000	-	-	75,000
Urgent repair URP-13	75,000	75,000	-	-	75,000
Weatherization #1361	129,107	123,180	-	-	123,180
Weatherization #1461	320,347	234,892	-	-	234,892
Weatherization #6054	266,322	258,443	-	-	258,443
SFR 14	170,000	59,468	57,830	-	117,298
Duke HHP - Health and Safety	138,526	18,276	120,493	-	138,769
Duke HHP - HVAC	252,561	132,925	120,392	-	253,317
Duke Weatherization	87,132	69,607	22,086	-	91,693
Urgent Repair - URP 15	100,000	100,000	92	-	100,092
Weatherization #6508	169,604	168,648	-	-	168,648
Urgent Repair #1619	100,000	-	100,000	-	100,000
Weatherization #6940	105,683	-	98,669	-	98,669
Duke Weatherization Direct Reimbursement	50,000	-	12,177	-	12,177
PNC Healthy Housing Energy & Neighborhood Beautification Improvement Program	27,300	-	-	-	-
Miscellaneous revenues	11,222	11,469	-	-	11,469
Total revenues	4,064,770	2,987,578	531,739	-	3,519,317

MACON COUNTY, NORTH CAROLINA

HOUSING GRANTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

	<u>Project Authorization</u>	<u>Actual</u>			<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Closed Projects</u>	
Expenditures:					
Economic and physical development:					
Administrative - County	852,511	674,041	89,938	-	763,979
Grant #07-C-1662 - administrative	40,000	40,965	-	-	40,965
Grant #07-C-1662 - rehabilitation	360,000	313,058	-	-	313,058
Weatherization #1161	47,867	47,124	-	-	47,124
Urgent repair 1014	75,000	74,998	-	-	74,998
ARRA weatherization 18WA	668,109	605,401	-	-	605,401
Community development block:					
Grant #10-C-2124 - administrative	40,000	30,978	-	-	30,978
Grant #10-C-2124 - rehabilitation	360,000	244,856	-	-	244,856
SFR-11 Grant	160,000	122,211	-	-	122,211
Weatherization #1261	235,990	181,802	-	-	181,802
Urgent Repair Grant 1115	75,000	74,943	-	-	74,943
Weatherization #1361	129,107	123,450	-	-	123,450
Urgent Repair Grant - URP-13	75,000	75,000	-	-	75,000
Weatherization #1461	320,347	234,894	-	-	234,894
Weatherization #6054	266,322	258,441	-	-	258,441
SFR 14	170,000	60,460	55,652	-	116,112
Duke HHP - Health and Safety	138,526	42,944	71,161	-	114,105
Duke HHP - HVAC	252,561	132,482	102,927	-	235,409
Duke Weatherization	87,132	58,304	20,821	-	79,125
Urgent Repair - URP 15	100,000	80,673	17,690	-	98,363
Weatherization #6508	169,604	168,649	-	-	168,649
Urgent Repair #1619	100,000	-	72,149	-	72,149
Weatherization #6940	105,683	-	98,667	-	98,667
Duke Weatherization Direct Reimbursement	50,000	-	11,597	-	11,597
PNC Healthy Housing Energy & Neighborhood Beautification Improvement Program	27,300	-	16,704	-	16,704
Total expenditures	<u>4,906,059</u>	<u>3,645,674</u>	<u>557,306</u>	<u>-</u>	<u>4,202,980</u>
Revenues over (under) expenditures	(841,289)	(658,096)	(25,567)	-	(683,663)
Other Financing Sources (Uses):					
Transfers in:					
From General Fund	<u>841,289</u>	<u>744,318</u>	<u>101,968</u>	<u>-</u>	<u>846,286</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 86,222</u>	<u>\$ 76,401</u>	<u>\$ -</u>	<u>\$ 162,623</u>

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CAPITAL PROJECT FUNDS

Capital project funds are used to account for the acquisition or construction of major capital facilities other than those financed by the proprietary funds and trust funds.

Individual Fund Descriptions:

Nonmajor Funds:

Airport Improvements Fund – accounts for the construction costs of various airport improvements.

County Buildings Project Fund – accounts for the development and construction costs of County buildings.

Consolidated Capital Projects Fund – accounts for projects related to education facilities.

Riverbend Estates Waterline Project Fund – accounts for the costs and construction of sewer lines in Riverbend Estates.

Little Tennessee River/Cartoogechaye Creek Sewer Trunk Project Fund – accounts for the construction costs of replacing sewer lines along the Little Tennessee River and the Cartoogechaye River.

Schools Capital Fund – accounts for the accumulation of dedicated local option sales tax used for school debt service and future school capital projects.

Capital Reserve Fund – accounts for the accumulation of undedicated resources to fund future projects of the County.

Clean Water Management Trust Fund – accounts for costs related to the Little Tennessee stream and riparian restoration program.

MACON COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2017

	Airport Improvements Fund	County Buildings Project Fund	Consolidated Capital Projects Fund	Riverbend Estates Waterline Project Fund
Assets:				
Cash and cash equivalents	\$ 1,010,648	\$ 832,603	\$ 849,816	\$ 40,685
Due from governmental agencies	39,460	-	-	-
Restricted cash and cash equivalents	-	-	50,353	-
Total assets	<u>\$ 1,050,108</u>	<u>\$ 832,603</u>	<u>\$ 900,169</u>	<u>\$ 40,685</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 738,751	\$ 35,391	\$ -	\$ -
Due to other funds	-	-	-	-
Total liabilities	<u>738,751</u>	<u>35,391</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted:				
Stabilization by State statute	39,460	-	-	-
Restricted for education	-	-	50,353	-
Committed for general government	-	797,212	-	-
Committed for economic and physical development	271,897	-	-	40,685
Committed for education	-	-	849,816	-
Unassigned	-	-	-	-
Total fund balances	<u>311,357</u>	<u>797,212</u>	<u>900,169</u>	<u>40,685</u>
Total liabilities and fund balances	<u>\$ 1,050,108</u>	<u>\$ 832,603</u>	<u>\$ 900,169</u>	<u>\$ 40,685</u>

MACON COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2017

	Little Tennessee River/ Cartoogechaye Creek Sewer Trunk Project Fund	Schools Capital Fund	Capital Reserve Fund	Clean Water Management Trust Fund	Total
Assets:					
Cash and cash equivalents	\$ 219,103	\$ -	\$ 1,111,411	\$ -	\$ 4,064,266
Due from governmental agencies	-	507,147	-	-	546,607
Restricted cash and cash equivalents	-	-	-	-	50,353
Total assets	<u>\$ 219,103</u>	<u>\$ 507,147</u>	<u>\$ 1,111,411</u>	<u>\$ -</u>	<u>\$ 4,661,226</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ 774,142
Due to other funds	-	328,238	-	-	328,238
Total liabilities	<u>-</u>	<u>328,238</u>	<u>-</u>	<u>-</u>	<u>1,102,380</u>
Fund Balances:					
Restricted:					
Stabilization by State statute	-	507,147	-	-	546,607
Restricted for education	-	-	-	-	50,353
Committed for general government	-	-	1,111,411	-	1,908,623
Committed for economic and physical development	219,103	-	-	-	531,685
Committed for education	-	-	-	-	849,816
Unassigned	-	(328,238)	-	-	(328,238)
Total fund balances	<u>219,103</u>	<u>178,909</u>	<u>1,111,411</u>	<u>-</u>	<u>3,558,846</u>
Total liabilities and fund balances	<u>\$ 219,103</u>	<u>\$ 507,147</u>	<u>\$ 1,111,411</u>	<u>\$ -</u>	<u>\$ 4,661,226</u>

MACON COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Airport Improvements Fund</u>	<u>County Buildings Project Fund</u>	<u>Consolidated Capital Projects Fund</u>	<u>Riverbend Estates Waterline Project Fund</u>
Revenues:				
Restricted intergovernmental revenues	\$ 1,232,994	\$ -	\$ -	\$ -
Local option sales tax	-	-	-	-
Miscellaneous revenues	-	2,738	49,695	-
Interest earned on investments	-	-	3,410	-
Total revenues	<u>1,232,994</u>	<u>2,738</u>	<u>53,105</u>	<u>-</u>
Expenditures:				
General government	-	15,705	-	-
Economic and physical development	1,370,810	-	-	-
Education	-	-	18,910	-
Cultural and recreational	-	495,756	-	-
Total expenditures	<u>1,370,810</u>	<u>511,461</u>	<u>18,910</u>	<u>-</u>
Revenues over (under) expenditures	<u>(137,816)</u>	<u>(508,723)</u>	<u>34,195</u>	<u>-</u>
Other Financing Sources (Uses):				
From General Fund	-	1,004,625	-	-
Transfers out:				
To Debt Service Fund	-	-	-	-
To General Fund	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>1,004,625</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(137,816)	495,902	34,195	-
Fund Balances:				
Beginning of year - July 1	<u>449,173</u>	<u>301,310</u>	<u>865,974</u>	<u>40,685</u>
End of year - June 30	<u>\$ 311,357</u>	<u>\$ 797,212</u>	<u>\$ 900,169</u>	<u>\$ 40,685</u>

MACON COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017

	Little Tennessee River/ Cartoogechaye Creek Sewer Trunk Project Fund	Schools Capital Fund	Capital Reserve Fund	Clean Water Management Trust Fund	Total
Revenues:					
Restricted intergovernmental revenues	\$ -	\$ -	\$ -	\$ 70,443	\$ 1,303,437
Local option sales tax	-	1,883,726	-	-	1,883,726
Miscellaneous revenues	-	-	-	-	52,433
Interest earned on investments	-	4,059	4,786	-	12,255
Total revenues	<u>-</u>	<u>1,887,785</u>	<u>4,786</u>	<u>70,443</u>	<u>3,251,851</u>
Expenditures:					
General government	-	-	-	-	15,705
Economic and physical development	5,000	-	-	-	1,375,810
Education	-	-	-	-	18,910
Cultural and recreational	-	-	-	-	495,756
Total expenditures	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,906,181</u>
Revenues over (under) expenditures	<u>(5,000)</u>	<u>1,887,785</u>	<u>4,786</u>	<u>70,443</u>	<u>1,345,670</u>
Other Financing Sources (Uses):					
From General Fund	-	-	-	-	1,004,625
Transfers out:					
To Debt Service Fund	-	(1,833,554)	-	-	(1,833,554)
To General Fund	-	-	(7,000)	(70,443)	(77,443)
Total other financing sources (uses)	<u>-</u>	<u>(1,833,554)</u>	<u>(7,000)</u>	<u>(70,443)</u>	<u>(906,372)</u>
Net change in fund balances	(5,000)	54,231	(2,214)	-	439,298
Fund Balances:					
Beginning of year - July 1	<u>224,103</u>	<u>124,678</u>	<u>1,113,625</u>	<u>-</u>	<u>3,119,548</u>
End of year - June 30	<u>\$ 219,103</u>	<u>\$ 178,909</u>	<u>\$ 1,111,411</u>	<u>\$ -</u>	<u>\$ 3,558,846</u>

MACON COUNTY, NORTH CAROLINA

AIRPORT IMPROVEMENTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

	<u>Project Authorization</u>	<u>Actual</u>			<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Closed Projects</u>	
Revenues:					
Restricted intergovernmental revenues:					
State aid to airports	\$ 7,123,967	\$ 5,988,937	\$ 168,552	\$ -	\$ 6,157,489
Airport Improvements Program	2,618,609	2,283,474	-	-	2,283,474
2013 NPE 36237.1.14.1	150,000	138,645	11,356	-	150,001
2014 NPE 36237.1.NPE.14	150,000	-	125,074	-	125,074
2015 NPE 36237.1.NPE.15	150,000	-	-	-	-
Taxiway/Lighting 36237.1.14.2	2,250,000	217,454	928,012	-	1,145,466
Miscellaneous revenues	-	76,213	-	-	76,213
Total revenues	<u>12,442,576</u>	<u>8,704,723</u>	<u>1,232,994</u>	<u>-</u>	<u>9,937,717</u>
Expenditures:					
Capital outlay:					
Runway extension phase II - site improvements	3,147,244	2,645,548	187,436	-	2,832,984
Phase I EA - runway extension	1,000,000	369,694	-	-	369,694
2004 Vision 100	166,667	152,571	-	-	152,571
Runway improvements	792,000	635,301	-	-	635,301
2008 Vision 100	166,667	-	-	-	-
SWPPP/SPCC & AWOS	131,602	31,775	-	-	31,775
Runway rehabilitation design	222,223	220,800	-	-	220,800
Runway rehabilitation construction	2,687,343	2,500,951	-	-	2,500,951
Apron improvements	2,511,340	2,601,454	-	-	2,601,454
2013 NPE 36237.1.141	166,667	114,026	12,618	-	126,644
2014 NPE 36237.1.NPE.14	166,667	-	138,971	-	138,971
2015 NPE 36237.1.NPE.15	166,667	-	-	-	-
Taxiway/Lighting 36237.1.14.2	<u>2,500,000</u>	<u>241,616</u>	<u>1,031,785</u>	<u>-</u>	<u>1,273,401</u>
Total expenditures	<u>13,825,087</u>	<u>9,513,736</u>	<u>1,370,810</u>	<u>-</u>	<u>10,884,546</u>
Revenues over (under) expenditures	<u>(1,382,511)</u>	<u>(809,013)</u>	<u>(137,816)</u>	<u>-</u>	<u>(946,829)</u>
Other Financing Sources (Uses):					
Transfers in from General Fund	1,321,344	1,258,186	-	-	1,258,186
Appropriated fund balance	<u>61,167</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>1,382,511</u>	<u>1,258,186</u>	<u>-</u>	<u>-</u>	<u>1,258,186</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 449,173</u>	<u>\$ (137,816)</u>	<u>\$ -</u>	<u>\$ 311,357</u>

MACON COUNTY, NORTH CAROLINA

COUNTY BUILDING PROJECTS
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

	Project Authorization	Actual			Total to Date
		Prior Years	Current Year	Closed Projects	
Revenues:					
PARTF Grant	\$ 500,000	\$ 500,000	\$ -	\$ -	\$ 500,000
Miscellaneous	-	17,622	2,738	-	20,360
Total revenues	<u>500,000</u>	<u>517,622</u>	<u>2,738</u>	<u>-</u>	<u>520,360</u>
Expenditures:					
General government:					
Animal shelter	500,000	498,905	-	-	498,905
Old library renovations	300,000	299,928	-	-	299,928
Renovations - Barrett Building	458,303	289,389	15,705	-	305,094
Renovations - Old Senior Services Building	118,550	118,531	-	-	118,531
Renovations - Patton Avenue Building	200,000	175,205	-	-	175,205
Garage construction	120,000	119,080	-	-	119,080
Radio communication upgrade	400,000	-	-	-	-
Cultural and recreational:					
Parker Meadows Recreation Complex	3,774,801	3,702,967	44,956	-	3,747,923
Carpenter building renovations	620,664	-	450,800	-	450,800
Total expenditures	<u>6,492,318</u>	<u>5,204,005</u>	<u>511,461</u>	<u>-</u>	<u>5,715,466</u>
Revenues over (under) expenditures	<u>(5,992,318)</u>	<u>(4,686,383)</u>	<u>(508,723)</u>	<u>-</u>	<u>(5,195,106)</u>
Other Financing Sources (Uses):					
Debt issued	1,800,000	1,800,000	-	-	1,800,000
Transfers in:					
From General Fund	3,820,249	2,815,624	1,004,625	-	3,820,249
From Emergency Telephone System Fund	326,095	326,095	-	-	326,095
From Little Tennessee River/Carroogechaye Creek Sewer Trunk Project Fund	303,216	303,216	-	-	303,216
Transfers out:					
(To) Emergency Telephone System Fund	<u>(257,242)</u>	<u>(257,242)</u>	<u>-</u>	<u>-</u>	<u>(257,242)</u>
Total other financing sources (uses)	<u>5,992,318</u>	<u>4,987,693</u>	<u>1,004,625</u>	<u>-</u>	<u>5,992,318</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 301,310</u>	<u>\$ 495,902</u>	<u>\$ -</u>	<u>\$ 797,212</u>

MACON COUNTY, NORTH CAROLINA

CONSOLIDATED CAPITAL PROJECTS
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

	Project Authorization	Actual			Total to Date
		Prior Years	Current Year	Closed Projects	
Revenues:					
Investment earnings	\$ 85,645	\$ 196,818	\$ 3,410	\$ -	\$ 200,228
NC Department of Transportation	-	50,000	-	-	50,000
Contribution from Board of Education	15,000	15,000	-	-	15,000
Miscellaneous revenues	57,007	484,295	49,695	-	533,990
Total revenues	<u>157,652</u>	<u>746,113</u>	<u>53,105</u>	<u>-</u>	<u>799,218</u>
Expenditures:					
Iotla Valley K-5	14,683,260	14,581,604	-	-	14,581,604
Issuance costs	20,046	20,046	-	-	20,046
East Franklin Elementary School/QZAB	1,995,000	1,995,000	-	-	1,995,000
Southwestern Community Early College	878,899	878,899	-	-	878,899
Nantahala renovations/QZAB	1,804,651	1,804,652	-	-	1,804,652
School technology expenses	1,500,000	1,498,926	-	-	1,498,926
Highlands QZAB	1,583,720	1,583,719	-	-	1,583,719
Union/Highlands QZAB	3,035,757	2,966,493	18,910	-	2,985,403
Total expenditures	<u>25,501,333</u>	<u>25,329,339</u>	<u>18,910</u>	<u>-</u>	<u>25,348,249</u>
Revenues over (under) expenditures	<u>(25,343,681)</u>	<u>(24,583,226)</u>	<u>34,195</u>	<u>-</u>	<u>(24,549,031)</u>
Other Financing Sources (Uses):					
Debt issued	23,025,865	23,025,865	-	-	23,025,865
Transfer from the General Fund	2,317,816	2,423,335	-	-	2,423,335
Total other financing sources (uses)	<u>25,343,681</u>	<u>25,449,200</u>	<u>-</u>	<u>-</u>	<u>25,449,200</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 865,974</u>	<u>\$ 34,195</u>	<u>\$ -</u>	<u>\$ 900,169</u>

MACON COUNTY, NORTH CAROLINA

RIVERBEND ESTATES WATERLINE PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Revenues:				
DENR DWSRF Grant	\$ 2,618,518	\$ 2,531,090	\$ -	\$ 2,531,090
Miscellaneous revenue	-	113,592	-	113,592
Total revenues	<u>2,618,518</u>	<u>2,644,682</u>	<u>-</u>	<u>2,644,682</u>
Expenditures:				
Sewer project expense:				
Administration	71,800	58,500	-	58,500
Engineering	250,000	215,000	-	215,000
Construction	1,700,000	2,330,497	-	2,330,497
Contingency	596,718	-	-	-
Total expenditures	<u>2,618,518</u>	<u>2,603,997</u>	<u>-</u>	<u>2,603,997</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 40,685</u>	<u>\$ -</u>	<u>\$ 40,685</u>

MACON COUNTY, NORTH CAROLINA

LITTLE TENNESSEE RIVER/CARTOOGECHAYE CREEK

SEWER TRUNK PROJECT

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Revenues:				
NC High Unit Cost Grant	\$ 3,000,000	\$ 3,000,000	\$ -	\$ 3,000,000
NC Rural Center Grant	750,000	707,092	-	707,092
Town of Franklin contribution	16,970	16,970	-	16,970
Investment earnings	-	87	-	87
Miscellaneous revenue	-	91,584	-	91,584
Total revenues	<u>3,766,970</u>	<u>3,815,733</u>	<u>-</u>	<u>3,815,733</u>
Expenditures:				
Sewer project expense:				
Legal fees	28,888	25,688	-	25,688
Issuance cost	11,986	11,986	-	11,986
Engineering	742,305	760,088	-	760,088
Surveying	-	6,445	-	6,445
General contract	4,754,119	4,835,403	5,000	4,840,403
Land	211,018	208,636	-	208,636
Contingency	<u>102,760</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>5,851,076</u>	<u>5,848,246</u>	<u>5,000</u>	<u>5,853,246</u>
Revenues over (under) expenditures	<u>(2,084,106)</u>	<u>(2,032,513)</u>	<u>(5,000)</u>	<u>(2,037,513)</u>
Other Financing Sources (Uses):				
Debt issued	2,043,250	2,043,250	-	2,043,250
Transfer to County Building Projects Fund	(303,216)	(303,216)	-	(303,216)
Transfer from General Fund	516,582	516,582	-	516,582
Transfer (to) General Fund	<u>(172,510)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>2,084,106</u>	<u>2,256,616</u>	<u>-</u>	<u>2,256,616</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 224,103</u>	<u>\$ (5,000)</u>	<u>\$ 219,103</u>

MACON COUNTY, NORTH CAROLINA

SCHOOLS CAPITAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Interest	\$ 3,000	\$ 4,059	\$ 1,059	\$ 2,251
Local option sales tax	1,830,555	1,883,726	53,171	1,759,054
Total revenues	1,833,555	1,887,785	54,230	1,761,305
Revenues over (under) expenditures	1,833,555	1,887,785	54,230	1,761,305
Other Financing Sources (Uses):				
Transfers out:				
(To) Debt Service Fund	(1,833,555)	(1,833,554)	1	(1,718,218)
Net change in fund balance	\$ -	54,231	\$ 54,231	43,087
Fund Balance:				
Beginning of year - July 1		124,678		81,591
End of year - June 30		\$ 178,909		\$ 124,678

MACON COUNTY, NORTH CAROLINA

CAPITAL RESERVE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Interest	\$ -	\$ 4,786	\$ 4,786	\$ 2,437
Other Financing Sources (Uses):				
Transfers out:				
(To) General Fund	(7,000)	(7,000)	-	(7,000)
Appropriated fund balance	7,000	-	(7,000)	-
Total other financing sources (uses)	-	(7,000)	(7,000)	(7,000)
Net change in fund balance	\$ -	(2,214)	\$ (2,214)	(4,563)
Fund Balance:				
Beginning of year - July 1		1,113,625		1,118,188
End of year - June 30		\$ 1,111,411		\$ 1,113,625

MACON COUNTY, NORTH CAROLINA

**CLEAN WATER MANAGEMENT TRUST FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Revenues:				
Restricted intergovernmental revenues:				
Clean Water Management Trust Fund	\$ 412,269	\$ 73,170	\$ 70,443	\$ 143,613
Expenditures:				
Economic and physical development:				
Little Tennessee stream and riparian restoration	412,269	143,613	-	143,613
Revenues over (under) expenditures	-	(70,443)	70,443	-
Other Financing Sources (Uses):				
Transfer from General Fund	-	70,443	-	70,443
Transfer to General Fund	-	-	(70,443)	(70,443)
Total other financing sources (uses)	-	70,443	(70,443)	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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ENTERPRISE FUND

The Enterprise Fund is used to account for solid waste collection and disposal operations in Macon County that are financed through solid waste fees and transfers from the General Fund.

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MACON COUNTY, NORTH CAROLINA

SOLID WASTE FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017		Variance Over/Under	2016
	Budget	Actual		Actual
Revenues:				
Operating revenues:				
Landfill fees	\$ 2,535,360	\$ 2,540,720		\$ 1,949,485
Tipping fees	1,444,550	1,481,798		1,329,965
Recycling revenue	253,000	261,820		198,359
Other operating revenue	9,034	8,547		14,196
Scrap tire disposal fee	42,940	46,554		45,659
Restricted intergovernmental revenue	30,393	37,664		16,698
Total operating revenues	<u>4,315,277</u>	<u>4,377,103</u>	\$ 61,826	<u>3,554,362</u>
Non-operating revenues:				
Solid waste disposal tax	22,590	31,026		23,585
Investment earnings	2,200	43,328		23,478
Total non-operating revenues	<u>24,790</u>	<u>74,354</u>	49,564	<u>47,063</u>
Total revenues	<u>4,340,067</u>	<u>4,451,457</u>	111,390	<u>3,601,425</u>
Expenditures:				
Operating expenditures:				
Salaries	1,041,582	992,017		934,122
Employee benefits	404,317	365,878		354,161
Operating expenditures	1,809,580	1,132,304		1,179,154
Interest and fees	204,329	198,093		-
Debt principal	890,800	897,036		-
Post-closure costs	470,659	30,472		124,645
Capital outlay	987,800	964,787		47,092
Solid waste disposal tax remittance	61,000	65,580		63,316
Total operating expenditures	<u>5,870,067</u>	<u>4,646,167</u>	1,223,900	<u>2,702,490</u>
Total expenditures	<u>5,870,067</u>	<u>4,646,167</u>	1,223,900	<u>2,702,490</u>
Revenues over (under) expenditures	(1,530,000)	(194,710)	1,335,290	898,935
Other Financing Sources (Uses):				
Transfer from Solid Waste Capital Project Fund	<u>1,530,000</u>	<u>1,530,000</u>	-	-
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 1,335,290</u>	<u>\$ 1,335,290</u>	<u>\$ 898,935</u>

MACON COUNTY, NORTH CAROLINA

SOLID WASTE FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017		2016
	Budget	Actual	Actual
Reconciliation from Budgetary Basis			
(Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 1,335,290	
Reconciling items:			
Payment of debt principal		897,036	
Transfer from Solid Waste Capital Project Fund		(1,530,000)	
Landfill expansion project fund sales tax refund		2,838	
Landfill expansion project fund interest income		20,105	
(Increase) decrease in accrued interest payable		1,271	
Capital outlay		964,787	
Increase (decrease) in deferred outflows - pension LGERS		212,350	
(Increase) decrease in net pension liability LGERS		(252,498)	
(Increase) decrease in deferred inflows - pension LGERS		20,867	
(Increase) decrease in post-closure care costs		168,100	
(Increase) decrease in other post-employment benefits		(188,240)	
(Increase) decrease in accrued vacation pay		(6,151)	
Depreciation		<u>(266,820)</u>	
Change in net position - Exhibit H		<u>\$ 1,378,935</u>	

MACON COUNTY, NORTH CAROLINA

SOLID WASTE CAPITAL PROJECT FUND

LANDFILL EXPANSION PROJECT

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (NON-GAAP)

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

	<u>Project Authorization</u>	<u>Actual</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
Investment earnings	\$ -	\$ 9,056	\$ 20,105	\$ 29,161
Sales tax refund	-	-	2,838	2,838
Total revenues	-	9,056	22,943	31,999
Expenditures:				
Construction	6,772,726	941,006	5,236,181	6,177,187
Construction administration	447,600	67,046	376,174	443,220
Water line installation/relocation	240,000	-	14,000	14,000
Building renovations	182,775	-	-	-
Professional fees	221,545	50,154	-	50,154
Ground water monitoring	72,000	-	-	-
Issuance costs	60,200	60,200	-	60,200
Contingency	273,154	-	-	-
Total expenditures	8,270,000	1,118,406	5,626,355	6,744,761
Revenues over (under) expenditures	(8,270,000)	(1,109,350)	(5,603,412)	(6,712,762)
Other Financing Sources (Uses):				
Proceeds from issuance of debt	9,800,000	9,800,000	-	9,800,000
Transfer to Solid Waste Fund	(1,530,000)	-	(1,530,000)	(1,530,000)
Total other financing sources (uses)	8,270,000	9,800,000	(1,530,000)	8,270,000
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 8,690,650	\$ (7,133,412)	\$ 1,557,238

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INTERNAL SERVICE FUND

Internal service funds are used to account for the County's activities, which are similar to those often found in the private sector. The measurement focus is on the flow of economic resources.

Individual Fund Description:

Self-Insurance Fund – accounts for the financing of health insurance coverage for all County employees.

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MACON COUNTY, NORTH CAROLINA

**SELF-INSURANCE FUND
STATEMENT OF NET POSITION
JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
Assets:		
Current assets:		
Cash and cash equivalents	\$ 440,228	\$ 723,452
Accounts receivable	<u>2,143</u>	<u>123</u>
Total assets	<u>442,371</u>	<u>723,575</u>
Liabilities:		
Current liabilities:		
Accounts payable and accrued liabilities	<u>345,363</u>	<u>193,767</u>
Net Position:		
Unrestricted net position	<u>\$ 97,008</u>	<u>\$ 529,808</u>

MACON COUNTY, NORTH CAROLINA

SELF-INSURANCE FUND

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN

FUND NET POSITION - FINANCIAL PLAN AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	Financial Plan	Actual	Variance Over/Under	Actual
Operating Revenues:				
Charges for services:				
Employee and employer contributions	\$ 4,102,497	\$ 4,104,495	\$ 1,998	\$ 3,878,985
Operating Expenses:				
Insurance premiums	667,050	667,049	1	630,396
Benefit payments	4,451,442	4,571,630	(120,188)	3,056,690
Total operating expenses	5,118,492	5,238,679	(120,187)	3,687,086
Operating income (loss)	(1,015,995)	(1,134,184)	(118,189)	191,899
Non-Operating Revenues:				
Investment earnings	1,500	1,384	(116)	1,344
Other Financing Sources (Uses):				
Appropriated fund balance	314,495	-	(314,495)	-
Transfer From General Fund	700,000	700,000	-	-
Total other financing sources (uses)	1,014,495	700,000	(314,495)	-
Change in net position	\$ -	(432,800)	\$ (432,800)	193,243
Net Position:				
Beginning of year - July 1		529,808		336,565
End of year - June 30		\$ 97,008		\$ 529,808

MACON COUNTY, NORTH CAROLINA

SELF-INSURANCE FUND

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities:		
Cash received from customers	\$ 4,102,475	\$ 4,032,719
Cash paid for goods and services	<u>(5,087,083)</u>	<u>(3,690,444)</u>
Net cash provided (used) by operating activities	<u>(984,608)</u>	<u>342,275</u>
Cash Flows from Investing Activities:		
Interest on investments	<u>1,384</u>	<u>1,344</u>
Cash Flows from Non-Capital Financing Activities:		
Transfer from other funds	<u>700,000</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(283,224)	343,619
Cash and Cash Equivalents:		
Beginning of year - July 1	<u>723,452</u>	<u>379,833</u>
End of year - June 30	<u>\$ 440,228</u>	<u>\$ 723,452</u>
Reconciliation of Operating Income (Loss) to		
Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ (1,134,184)	\$ 191,899
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Change in assets and liabilities:		
(Increase) decrease in prepaids	-	43,765
(Increase) decrease in accounts receivable	(2,020)	153,734
Increase (decrease) in accounts payable and accrued liabilities	<u>151,596</u>	<u>(47,123)</u>
Net cash provided (used) by operating activities	<u>\$ (984,608)</u>	<u>\$ 342,275</u>

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AGENCY FUNDS

Agency funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments, and/or other funds.

Individual Fund Descriptions:

Social Services Trust Fund – account for assets held by the County as agent for individuals served by these departments.

Inmate Trust Fund – accounts for jail for the benefit of certain individuals.

Fines and Forfeitures Fund – accounts for fines and forfeitures collected by the County that are required to be remitted to the Macon County Board of Education.

Motor Vehicle Tax Fund – accounts for the proceeds of the motor vehicle taxes that are collected by the County on behalf of the municipalities within the County.

Deed of Trust Fund – accounts for the \$6.20 of each fee collected by the Register of Deeds for registering or filing a deed of trust mortgage that the County is required to remit to the State Treasurer on a monthly basis.

Western Carolina Industrial Partners Fund – accounts for monies held by the County as agent for advertising and promotions for western North Carolina industries.

Hurricane Ivan Relief Fund – accounts for assets held by the County as agent for individuals who were affected by Hurricane Ivan.

MACON COUNTY, NORTH CAROLINA

AGENCY FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2017

	<u>Social Services Trust Fund</u>	<u>Inmate Trust Fund</u>	<u>Fines and Forfeitures Fund</u>	<u>Motor Vehicle Tax Fund</u>
Assets:				
Cash and cash equivalents	\$ 21,143	\$ 9,957	\$ 7,313	\$ 15,676
Accounts receivable	<u>-</u>	<u>-</u>	<u>9,723</u>	<u>11,497</u>
Total assets	<u>\$ 21,143</u>	<u>\$ 9,957</u>	<u>\$ 17,036</u>	<u>\$ 27,173</u>
Liabilities:				
Miscellaneous liabilities	\$ 21,143	\$ 9,957	\$ 7,313	\$ -
Intergovernmental payable	<u>-</u>	<u>-</u>	<u>9,723</u>	<u>27,173</u>
Total liabilities	<u>\$ 21,143</u>	<u>\$ 9,957</u>	<u>\$ 17,036</u>	<u>\$ 27,173</u>

MACON COUNTY, NORTH CAROLINA

AGENCY FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2017

	<u>Deed of Trust Fund</u>	<u>Western Carolina Industrial Partners Fund</u>	<u>Hurricane Ivan Relief Fund</u>	<u>Total</u>
Assets:				
Cash and cash equivalents	\$ 893	\$ 17,113	\$ 36,454	\$ 108,549
Accounts receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,220</u>
Total assets	<u>\$ 893</u>	<u>\$ 17,113</u>	<u>\$ 36,454</u>	<u>\$ 129,769</u>
Liabilities:				
Miscellaneous liabilities	\$ -	\$ 17,113	\$ 36,454	\$ 91,980
Intergovernmental payable	<u>893</u>	<u>-</u>	<u>-</u>	<u>37,789</u>
Total liabilities	<u>\$ 893</u>	<u>\$ 17,113</u>	<u>\$ 36,454</u>	<u>\$ 129,769</u>

MACON COUNTY, NORTH CAROLINA

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2017</u>
Social Services Trust Fund:				
Assets:				
Cash and cash equivalents	\$ 27,385	\$ 178,625	\$ 184,867	\$ 21,143
Liabilities:				
Miscellaneous liabilities	\$ 27,385	\$ 182,463	\$ 188,705	\$ 21,143
Inmate Trust Fund:				
Assets:				
Cash and cash equivalents	\$ 7,689	\$ 124,299	\$ 122,031	\$ 9,957
Liabilities:				
Miscellaneous liabilities	\$ 7,689	\$ 10,561	\$ 8,293	\$ 9,957
Fines and Forfeitures Fund:				
Assets:				
Cash and cash equivalents	\$ 7,313	\$ 135,034	\$ 135,034	\$ 7,313
Accounts receivable	10,683	9,723	10,683	9,723
Total assets	<u>\$ 17,996</u>	<u>\$ 144,757</u>	<u>\$ 145,717</u>	<u>\$ 17,036</u>
Liabilities:				
Miscellaneous liabilities	\$ 7,313	\$ -	\$ -	\$ 7,313
Intergovernmental payable	10,683	134,074	135,034	9,723
Total liabilities	<u>\$ 17,996</u>	<u>\$ 134,074</u>	<u>\$ 135,034</u>	<u>\$ 17,036</u>
Motor Vehicle Tax Fund:				
Assets:				
Cash and cash equivalents	\$ 14,912	\$ 2,865,037	\$ 2,864,273	\$ 15,676
Accounts receivable	12,204	11,497	12,204	11,497
Cash and accounts receivable	<u>\$ 27,116</u>	<u>\$ 2,876,534</u>	<u>\$ 2,876,477</u>	<u>\$ 27,173</u>
Liabilities:				
Intergovernmental payable	<u>\$ 27,116</u>	<u>\$ 2,822,161</u>	<u>\$ 2,822,104</u>	<u>\$ 27,173</u>

MACON COUNTY, NORTH CAROLINA

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2017</u>
Deed of Trust Fund:				
Assets:				
Cash and cash equivalents	\$ 825	\$ 9,517	\$ 9,449	\$ 893
Liabilities:				
Intergovernmental payable	\$ 825	\$ 9,517	\$ 9,449	\$ 893
Western Carolina Industrial Partners Fund:				
Assets:				
Cash and cash equivalents	\$ 17,113	\$ -	\$ -	\$ 17,113
Liabilities:				
Miscellaneous liabilities	\$ 17,113	\$ -	\$ -	\$ 17,113
Hurricane Ivan Relief Fund:				
Assets:				
Cash and cash equivalents	\$ 36,454	\$ -	\$ -	\$ 36,454
Liabilities:				
Miscellaneous liabilities	\$ 36,454	\$ -	\$ -	\$ 36,454
Totals - All Agency Funds:				
Assets:				
Cash and cash equivalents	\$ 111,691	\$ 3,312,512	\$ 3,315,654	\$ 108,549
Accounts receivable	22,887	21,220	22,887	21,220
Total assets	<u>\$ 134,578</u>	<u>\$ 3,333,732</u>	<u>\$ 3,338,541</u>	<u>\$ 129,769</u>
Liabilities:				
Miscellaneous liabilities	\$ 95,954	\$ 193,024	\$ 196,998	\$ 91,980
Intergovernmental payable	38,624	2,965,752	2,966,587	37,789
Total liabilities	<u>\$ 134,578</u>	<u>\$ 3,158,776</u>	<u>\$ 3,163,585</u>	<u>\$ 129,769</u>

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ADDITIONAL FINANCIAL DATA

This section contains additional information on taxes receivable and the tax levy as of June 30, 2017.

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MACON COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE - GENERAL FUND
JUNE 30, 2017

Fiscal Year	Uncollected Balance July 1, 2016	Additions	Collections and Credits	Uncollected Balance June 30, 2017
2016-2017	\$ -	\$ 27,931,856	\$ 27,506,161	\$ 425,695
2015-2016	485,234	932	277,228	208,938
2014-2015	295,348	326	127,937	167,737
2013-2014	209,323	326	85,561	124,088
2012-2013	159,038	326	66,281	93,083
2011-2012	111,322	326	42,784	68,864
2010-2011	82,847	326	30,669	52,504
2009-2010	55,596	309	21,121	34,784
2008-2009	31,426	309	5,744	25,991
2007-2008	21,543	286	4,410	17,419
2006-2007	22,321	217	22,538	-
Total	<u>\$ 1,473,998</u>	<u>\$ 27,935,539</u>	<u>\$ 28,190,434</u>	1,219,103
Less allowance for uncollectible ad valorem taxes receivable				(659,262)
Ad valorem taxes receivable - net				<u>\$ 559,841</u>
Reconciliation with Revenues:				
Taxes - ad valorem - General Fund				\$ 28,339,871
Reconciling items:				
Advertising/attorney fees				(48,044)
Interest collected				(191,956)
Refunds and other adjustments				71,067
Amounts written off per Statute of Limitations				19,496
Total collections and credits				<u>\$ 28,190,434</u>

MACON COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY - COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2017

	County-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 7,493,144,126	\$ 0.349	\$ 26,151,073	\$ 26,151,073	\$ -
Motor vehicles taxed at current year's rate	335,810,029	0.349	1,171,977	-	1,171,977
Total	<u>7,828,954,155</u>		<u>27,323,050</u>	<u>26,151,073</u>	<u>1,171,977</u>
Discoveries:					
Current year taxes	25,241,834	0.349	88,094	88,094	-
Utilities	156,087,966	0.349	544,747	544,747	-
Less releases and adjustments	(6,886,819)	0.349	(24,035)	(24,035)	-
Total property valuation	<u>\$ 8,003,397,136</u>				
Net Levy			27,931,856	26,759,879	1,171,977
Uncollected taxes at June 30, 2017			(425,695)	(425,695)	-
Current Year's Taxes Collected			<u>\$ 27,506,161</u>	<u>\$ 26,334,184</u>	<u>\$ 1,171,977</u>
Current Levy Collection Percentage			<u>98.48%</u>	<u>98.41%</u>	<u>100.00%</u>
Secondary Market Disclosures:					
Assessed valuation:					
Assessment ratio					<u>100.00%</u>
Real property					\$7,395,087,290
Personal property					452,221,880
Public service companies					156,087,966
Total assessed valuation					<u>\$8,003,397,136</u>
Tax rate per \$100					<u>0.349</u>
Levy (includes discoveries, releases, and abatements)					<u>\$ 27,931,856</u>
In addition to the County-wide rate, the County had the following levy on behalf of fire-protection districts for the fiscal year ended June 30, 2017.					<u>\$ 3,214,441</u>

MACON COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE - FIRE DISTRICTS
JUNE 30, 2017

Fiscal Year	Uncollected Balance July 1, 2016	Additions	Collections and Credits	Uncollected Balance June 30, 2017
2016-2017	\$ -	\$ 3,214,441	\$ 3,149,768	\$ 64,673
2015-2016	75,106	-	41,092	34,014
2014-2015	44,174	-	18,501	25,673
2013-2014	30,720	-	11,366	19,354
2012-2013	22,325	-	7,897	14,428
2011-2012	17,030	-	5,995	11,035
2010-2011	12,160	-	4,260	7,900
2009-2010	8,437	-	3,004	5,433
2008-2009	4,904	-	865	4,039
2007-2008	3,496	-	754	2,742
2006-2007	3,120	-	3,120	-
Total	<u>\$ 221,472</u>	<u>\$ 3,214,441</u>	<u>\$ 3,246,622</u>	189,291

Less allowance for uncollectible ad valorem taxes receivable:

Fire Districts Fund	(102,440)
Fire districts taxes receivable - net	<u>\$ 86,851</u>

Reconciliation of Revenues with Collections and Credits:

Taxes - ad valorem - Fire Districts Fund	\$ 3,257,928
Taxes written off	2,653
Miscellaneous adjustments	<u>(13,959)</u>
Total collections and credits	<u>\$ 3,246,622</u>

MACON COUNTY, NORTH CAROLINA

**ANALYSIS OF CURRENT TAX LEVY - FIRE DISTRICTS
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Amount of Levy</u>
Original Levy:	
Franklin Fire District	\$ 687,176
Clarks Chapel Fire District	317,152
Otto Fire District	324,493
Cullasaja Fire District	247,928
West Macon Fire District	300,556
Scaly Mountain Fire District	119,827
Burningtown/Iotla Fire District	189,274
Cowee Fire District	304,467
Nantahala Fire District	221,127
Highlands Fire District	372,210
Mountain Valley Fire District	<u>130,231</u>
Net Levy	3,214,441
Less uncollected taxes at June 30, 2017	<u>64,673</u>
Current Year's Taxes Collected	<u>\$ 3,149,768</u>
Current Levy Collection Percentage	<u>97.99%</u>

STATISTICAL SECTION

The Statistical Section includes data extracted from prior years' financial reports and various other sources.

The information presented in this section does not provide full and adequate disclosure of financial information for prior years required by generally accepted accounting principles. Such information is provided for supplementary analysis purposes and should be relied on only for the purpose specified.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the government provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Report for the relevant year.

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Table 1

Macon County
Net Position by Components
Last Ten Fiscal Years
(accrual basis of accounting)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities										
Net investment in capital assets	\$ 20,627,572	\$ 21,515,203	\$ 20,884,555	\$ 20,496,868	\$ 18,601,883	\$ 18,778,181	\$ 19,311,971	\$ 21,124,267	\$ 21,305,117	\$ 22,606,474
Restricted	166,137	207,996	207,708	6,089,293	6,934,514	9,980,380	6,872,258	5,769,063	5,278,492	5,828,677
Unrestricted	12,607,288	3,989,432	(3,850,248)	(13,738,145)	(18,041,028)	(24,500,469)	(21,296,259)	(21,627,391)	(19,083,032)	(19,517,194)
Total governmental activities net position	\$ 33,400,997	\$ 25,712,631	17,242,015	12,848,016	6,895,369	4,258,092	4,887,970	5,265,939	7,500,577	8,917,957
Business-type activities										
Net investment in capital assets	\$ 1,620,430	\$ 2,323,169	\$ 1,981,161	\$ 1,836,224	\$ 2,071,354	\$ 2,103,456	\$ 2,108,104	\$ 3,599,088	\$ 3,434,779	\$ 3,522,725
Unrestricted	1,923,447	1,428,363	2,041,200	2,507,579	2,863,231	3,140,097	1,295,966	(288,998)	634,732	1,925,721
Total business-type activities net position	\$ 3,543,877	\$ 3,751,532	\$ 4,022,361	\$ 4,343,803	\$ 4,934,585	\$ 5,243,553	\$ 3,404,070	\$ 3,310,090	\$ 4,069,511	\$ 5,448,446
Primary government										
Net investment in capital assets	\$ 22,248,002	\$ 23,838,372	\$ 22,865,716	\$ 22,333,092	\$ 20,673,237	\$ 20,881,637	\$ 21,420,075	\$ 24,723,355	\$ 24,739,896	\$ 26,129,199
Restricted	166,137	207,996	207,708	6,089,293	6,934,514	9,980,380	6,872,258	5,769,063	5,278,492	5,828,677
Unrestricted	14,530,735	5,417,795	(1,809,048)	(11,230,566)	(15,777,797)	(21,360,372)	(20,000,293)	(21,916,389)	(18,448,300)	(17,591,473)
Total primary government net position	\$ 36,944,874	\$ 29,464,163	\$ 21,264,376	\$ 17,191,819	\$ 11,829,954	\$ 9,501,645	\$ 8,292,040	\$ 8,576,029	\$ 11,570,088	\$ 14,366,403

**Macon County
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities:										
General government	\$ 9,806,393	\$ 9,319,928	\$ 11,226,884	\$ 10,770,642	\$ 10,544,326	\$ 11,086,204	\$ 10,931,162	\$ 11,201,551	\$ 10,966,331	\$ 12,736,757
Public safety	11,205,783	12,087,459	11,655,558	12,147,316	13,462,012	13,874,996	14,102,327	13,880,745	14,726,992	16,582,492
Transportation	516,894	477,873	577,894	638,415	709,086	781,330	1,037,139	1,222,986	881,675	974,256
Economic development	6,698,656	1,597,548	4,041,113	8,671,741	2,977,859	5,083,894	2,636,486	3,426,980	2,345,645	3,531,296
Human Services	8,084,205	8,752,201	7,878,952	7,734,446	9,376,517	10,369,682	10,752,050	10,118,181	10,933,958	11,807,685
Culture and recreation	2,789,795	2,520,567	2,437,318	2,430,596	2,349,816	2,400,236	2,736,037	2,486,997	2,751,655	3,269,138
Education	8,245,555	20,601,094	18,483,547	14,553,807	16,309,605	11,698,110	9,779,742	8,939,212	11,416,007	8,596,489
Interest on long-term debt	713,022	1,206,450	1,545,951	1,887,654	2,118,296	1,868,404	1,358,927	1,178,604	1,084,429	990,217
Total governmental activities expenses	48,060,303	56,563,120	57,847,217	58,834,617	57,847,517	57,162,856	53,333,870	52,455,256	55,106,692	58,488,330
Business-type activities:										
Solid Waste	3,662,418	2,989,618	2,889,088	3,351,735	2,880,580	3,093,050	5,320,092	3,491,676	2,851,060	3,095,465
Total business-type activities expenses	3,662,418	2,989,618	2,889,088	3,351,735	2,880,580	3,093,050	5,320,092	3,491,676	2,851,060	3,095,465
Total primary government expenses	\$ 51,722,721	\$ 59,552,738	\$ 60,736,305	\$ 62,186,352	\$ 60,728,097	\$ 60,255,906	\$ 58,653,962	\$ 55,946,932	\$ 57,957,752	\$ 61,583,795
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,463,179	\$ 1,592,002	1,136,094	1,045,549	\$ 1,047,612	\$ 1,271,567	\$ 1,340,914	\$ 1,366,746	\$ 1,466,218	\$ 1,551,834
Public Safety	2,256,802	1,650,743	1,614,704	2,143,743	2,110,943	1,720,635	1,713,989	1,835,759	2,233,562	2,435,643
Economic Development	472,473	407,720	403,518	526,092	476,355	506,736	629,929	65,941	62,232	69,766
Human Services	986,723	903,849	1,007,881	806,249	684,473	519,738	800,254	1,072,805	1,167,074	1,168,345
Education	-	2,042	174,944	-	-	133,505	-	-	-	49,695
Operating grants and contributions	6,806,761	7,966,289	7,688,512	7,645,348	10,647,327	9,918,241	10,645,509	9,674,198	10,591,738	11,564,903
Capital grants and contributions	169,515	381,385	2,908,017	5,814,683	133,681	3,329,169	1,206,665	1,688,310	863,822	1,303,437
Total governmental activities program revenues	12,155,453	12,904,030	14,933,670	17,981,664	15,100,391	17,399,591	16,337,260	15,703,759	16,384,646	18,143,623
Business-type activities:										
Charges for services:										
Solid Waste	3,462,078	3,059,573	3,129,554	3,654,347	3,458,349	3,388,477	3,470,358	3,489,389	3,577,947	4,410,967
Total business-type activities program revenues	3,462,078	3,059,573	3,129,554	3,654,347	3,458,349	3,388,477	3,470,358	3,489,389	3,577,947	4,410,967
Total primary government program revenues	\$ 15,617,531	\$ 15,963,603	\$ 18,063,224	\$ 21,636,011	\$ 18,558,740	\$ 20,788,068	\$ 19,807,618	\$ 19,193,148	\$ 19,962,593	\$ 22,554,590
Net (expense)/revenue	\$ (35,904,850)	\$ (43,659,090)	\$ (42,913,547)	\$ (40,852,953)	\$ (42,747,126)	\$ (39,763,265)	\$ (36,996,610)	\$ (36,751,497)	\$ (38,722,046)	\$ (40,344,707)
Governmental activities	(582,544)	69,955	240,466	302,612	577,769	295,427	(1,849,794)	(2,287)	726,887	1,315,502
Business-type activities	\$ (36,487,394)	\$ (43,589,135)	\$ (42,673,081)	\$ (40,550,341)	\$ (42,169,357)	\$ (39,467,838)	\$ (38,846,344)	\$ (36,753,784)	\$ (37,995,159)	\$ (39,029,205)
Total primary government net (expense)										

Table 2

**Macon County
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities:										
Taxes										
Property taxes	\$ 24,544,667	\$ 26,520,446	\$ 26,960,198	\$ 28,883,855	\$ 28,747,033	\$ 28,912,689	\$ 29,537,857	\$ 29,532,608	\$ 31,114,435	\$ 31,449,572
Sales taxes	9,665,716	8,216,388	7,036,801	6,695,601	7,609,640	7,793,227	7,682,198	8,196,063	8,628,868	9,358,857
Occupancy taxes	-	-	-	-	-	-	-	664,427	731,629	825,345
Unrestricted intergovernmental revenues	233,090	508,221	340,817	348,668	359,342	357,318	357,068	330,950	393,453	380,677
Investment earnings	1,446,785	-	-	97,930	78,464	62,754	49,365	47,358	88,299	174,298
Miscellaneous	-	-	-	432,900	-	-	-	-	-	-
Transfers	298,665	725,647	105,115	-	-	-	-	-	-	-
Total governmental activities	<u>36,188,923</u>	<u>35,970,702</u>	<u>34,442,931</u>	<u>36,458,954</u>	<u>36,794,479</u>	<u>37,125,988</u>	<u>37,626,488</u>	<u>38,761,406</u>	<u>40,956,684</u>	<u>42,188,749</u>
Business-type activities:										
Investment earnings	220,117	137,700	30,363	18,830	13,013	13,541	10,251	9,110	32,534	63,433
Transfers	(298,665)	-	-	-	-	-	-	-	-	-
Total business-type activities	<u>(78,548)</u>	<u>137,700</u>	<u>30,363</u>	<u>18,830</u>	<u>13,013</u>	<u>13,541</u>	<u>10,251</u>	<u>9,110</u>	<u>32,534</u>	<u>63,433</u>
Total primary government	<u>\$ 36,110,375</u>	<u>\$ 36,108,402</u>	<u>\$ 34,473,294</u>	<u>\$ 36,477,784</u>	<u>\$ 36,807,492</u>	<u>\$ 37,139,529</u>	<u>\$ 37,636,739</u>	<u>\$ 38,770,516</u>	<u>\$ 40,989,218</u>	<u>\$ 42,252,182</u>
Change in Net Position										
Governmental activities	\$ 284,073	\$ (7,688,366)	\$ (8,470,616)	\$ (4,393,999)	\$ (5,952,647)	\$ (2,637,277)	\$ 629,878	\$ 2,009,909	\$ 2,234,638	\$ 1,844,042
Business-type activities	197,112	207,655	270,829	321,442	590,782	308,968	(1,839,483)	6,823	759,421	1,378,935
Total primary government	<u>\$ 481,185</u>	<u>\$ (7,480,711)</u>	<u>\$ (8,199,787)</u>	<u>\$ (4,072,557)</u>	<u>\$ (5,361,865)</u>	<u>\$ (2,328,309)</u>	<u>\$ (1,209,605)</u>	<u>\$ 2,016,732</u>	<u>\$ 2,994,059</u>	<u>\$ 3,222,977</u>

Table 3

**Macon County
General Fund Tax Revenues By Source
Last Ten Fiscal Years**

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Alcoholic Beverage Tax	Total
2008	22,089,392	8,084,923	118,397	63,112	30,355,824
2009	23,856,730	6,770,736	104,511	142,442	30,874,419
2010	24,213,724	5,713,754	103,686	55,142	30,086,306
2011	25,914,401	5,367,796	102,842	11,767	31,396,806
2012	25,924,926	6,095,609	93,896	11,602	32,126,033
2013	26,149,786	6,243,883	92,557	13,211	32,499,437
2014	26,792,489	6,152,792	89,219	11,602	33,046,102
2015	26,754,756	6,546,506	90,362	11,239	33,402,863
2016	28,070,448	6,869,814	87,137	11,367	35,038,766
2017	28,339,871	7,475,131	85,943	11,715	35,912,660

**Macon County
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund	\$ 3,075,715	\$ 2,311,342	\$ 3,490,651	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserved	15,269,826	14,755,300	14,162,233	-	-	-	-	-	-	-
Unreserved	-	-	-	144,038	209,732	311,383	286,403	327,791	276,961	313,233
Non Spendable	-	-	-	2,551,146	3,483,255	5,338,833	4,003,939	3,867,071	3,673,688	4,085,994
Restricted	-	-	-	-	1,680,769	2,121,220	566,642	-	-	-
Assigned	-	-	-	-	15,992,802	12,842,335	15,280,538	17,800,369	21,487,698	21,811,244
Unassigned	-	-	-	16,508,831	-	12,842,335	15,280,538	17,800,369	21,487,698	21,811,244
Total General Fund	\$ 18,345,541	\$ 17,066,642	\$ 17,652,884	\$ 19,204,015	\$ 21,366,558	\$ 20,613,771	\$ 20,117,522	\$ 21,995,231	\$ 25,438,347	\$ 26,210,471
All other governmental funds	\$ 305,822	\$ 266,060	\$ 271,311	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reserved	-	-	-	-	-	-	-	-	-	-
Unreserved, reported in:	-	-	-	-	-	-	-	-	-	-
Special revenue funds	1,972,989	2,213,556	2,106,283	-	-	-	-	-	-	-
Capital projects funds	1,106,846	11,351,188	5,139,163	-	-	-	-	-	-	-
Debt Service Fund	970,412	1,353,649	383,579	-	-	-	-	-	-	-
Assigned in Debt Service	-	-	-	567,085	976,150	1,022,379	354,003	13,355	262,427	335,334
Restricted for Debt Service	-	-	-	447,641	44,145	-	430,358	598,000	395,347	328,238
Restricted Other Governmental Funds	-	-	-	1,400,346	1,354,059	2,401,394	2,727,815	1,303,992	1,209,457	1,363,601
Restricted in Capital Project	-	-	-	11,441,057	2,053,055	2,240,153	-	-	-	-
Committed in Other Governmental Funds	-	-	-	2,061,553	1,663,942	1,337,859	2,457,367	2,263,753	2,768,506	3,402,254
Committed in Capital Project	-	-	-	55,037	533,308	93,037	-	-	-	-
Unassigned Other Governmental Funds	-	-	-	(497,733)	(327,127)	(1,622,132)	(641,321)	(460,100)	(451,610)	(435,642)
Unassigned in Capital Project	-	-	-	(681,675)	-	-	-	-	-	-
Total all other governmental funds	\$ 4,356,069	\$ 15,184,453	\$ 7,900,336	\$ 14,793,311	\$ 6,297,532	\$ 5,472,690	\$ 5,328,222	\$ 3,719,000	\$ 4,184,127	\$ 4,993,785

GASB 54 was applied effective FY 2011 and was not retroactively applied to the prior years.

Table 5

**Macon County
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Ad Valorem Taxes	\$ 24,487,613	\$ 26,863,202	\$ 26,863,202	\$ 28,602,628	\$ 28,634,156	\$ 28,888,191	\$ 29,677,722	\$ 29,705,026	\$31,257,153	\$31,597,799
Sales Taxes	9,665,716	8,216,388	7,036,801	6,695,601	7,609,640	7,793,227	7,682,198	8,196,063	8,628,868	9,358,857
Intergovernmental revenues	7,228,631	8,855,895	10,937,346	13,808,699	10,731,178	13,604,728	12,209,242	11,693,458	11,849,013	13,249,017
Sales & Services	2,662,068	2,570,078	1,264,861	2,219,945	2,697,408	2,436,510	2,391,080	2,619,721	3,031,340	3,177,950
Permits & Fees	1,985,430	1,356,793	2,720,850	1,222,418	1,432,807	1,409,574	1,520,280	1,036,576	1,161,104	1,302,607
Investment earnings	1,256,103	603,699	93,387	90,979	75,819	61,031	49,112	47,116	86,955	172,914
Occupancy taxes	-	-	-	-	-	-	-	654,427	731,629	825,345
Miscellaneous	234,320	244,231	353,500	615,775	409,172	358,493	303,346	246,020	178,396	259,707
Total revenues	47,519,881	48,285,766	49,269,947	53,256,045	51,590,180	54,551,754	53,832,980	54,198,407	56,924,458	59,944,196
Expenditures										
General government	6,916,257	7,002,731	6,865,350	6,301,602	6,449,113	7,000,158	6,801,431	6,339,866	6,990,415	7,480,097
Public safety	12,708,975	12,866,248	12,434,561	12,622,842	13,707,106	14,673,633	14,394,778	14,970,769	15,052,945	16,195,258
Transportation	533,265	666,039	655,444	635,137	754,920	748,894	1,016,489	1,228,966	1,073,513	1,262,628
Economic and physical development	1,416,792	1,619,388	4,077,802	5,168,426	3,004,228	5,088,994	2,690,058	3,488,428	2,354,367	3,518,186
Human Services	9,481,690	9,438,111	8,473,867	8,054,680	9,649,735	10,786,673	10,982,350	10,839,675	11,521,443	11,860,281
Culture and recreation	2,803,484	2,193,716	2,089,043	2,093,121	2,021,075	2,710,790	2,601,267	4,880,360	3,209,470	2,905,152
Education	8,245,555	9,069,891	9,276,564	7,878,559	8,084,457	8,294,839	9,779,742	8,939,212	11,416,000	8,596,489
Capital Projects	5,401,532	11,531,203	9,206,983	10,213,175	8,225,148	3,403,271	-	-	-	-
Debt service	2,502,747	3,142,501	3,642,256	4,161,363	4,637,634	4,927,727	4,848,655	3,864,040	3,299,504	4,854,106
Principal repayments	714,067	1,206,453	1,545,952	1,887,655	2,118,296	1,868,404	1,358,927	1,178,604	1,084,429	990,217
Interest	50,724,364	58,736,281	58,267,822	59,016,560	58,651,712	59,503,383	54,473,697	55,729,920	56,002,093	57,662,414
Total expenditures	(3,204,483)	10,450,515	(8,997,875)	(5,760,515)	(7,061,532)	(4,951,629)	(640,717)	(1,531,513)	922,365	2,281,782
Revenues over (under) expenditures	4,600,000	20,000,000	2,300,000	14,204,621	728,296	3,374,000	-	1,800,000	2,985,878	-
Other financing sources (uses)	6,055,588	6,494,159	6,343,504	6,908,135	6,780,477	5,987,522	5,940,418	4,688,283	4,212,245	6,268,528
Issuance of long-term debt	(5,756,923)	(6,494,159)	(6,343,504)	(6,908,135)	(6,780,477)	(5,987,522)	(5,940,418)	(4,688,283)	(4,212,245)	(6,968,528)
Transfers in	4,898,665	20,000,000	2,300,000	14,204,621	728,296	3,374,000	-	1,800,000	2,985,878	(700,000)
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	\$ 1,694,182	\$ 9,549,485	\$ (6,697,875)	\$ 8,444,106	\$ (6,333,236)	\$ (1,577,629)	\$ (640,717)	\$ 268,487	\$ 3,908,243	\$ 1,581,782
Net change in fund balances	7.1%	9.2%	10.6%	12.4%	11.7%	11.9%	11.6%	9.7%	8.0%	10.4%
Debt service as a percentage of noncapital expenditures										

Macon County
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years Table 6

Fiscal Year Ended	Real Property		Personal Property		Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Personal Property	Public Svc Co. Property				
2008	5,396,447,249	2,880,125,578	453,733,352	113,519,723	8,843,825,902	0.245	8,843,825,902	100.00%
2009	5,753,163,178	2,905,118,640	330,284,672	110,609,091	9,099,175,581	0.264	9,099,175,581	100.00%
2010	5,866,027,575	2,928,645,910	272,522,727	118,964,015	9,186,160,227	0.264	9,186,160,227	100.00%
2011	5,925,219,476	2,965,584,466	259,761,022	132,595,699	9,283,160,663	0.279	9,283,160,663	100.00%
2012	8,285,147,048	626,617,400	265,300,947	115,761,649	9,292,827,044	0.279	7,674,305,713	121.09%
2013	8,313,378,529	627,278,460	271,119,713	118,000,717	9,329,777,419	0.279	7,315,374,325	127.54%
2014	8,226,560,114	638,500,225	483,874,786	128,362,366	9,477,297,491	0.279	7,206,069,642	131.52%
2015	8,276,107,442	640,810,350	425,711,597	130,015,771	9,472,645,160	0.279	7,253,364,986	130.60%
2016	6,598,718,966	774,012,560	424,445,265	148,232,092	7,945,408,883	0.349	7,699,693,479	103.19%
2017	6,684,131,480	710,955,810	452,221,880	156,087,966	8,003,397,136	0.349	7,721,724,498	103.65%

Source: Macon County Tax Department

Note: The County underwent revaluation in 2015 which impacted fiscal year 2016. The next revaluation is due in 2019. Tax rates are per \$100 of assessed value. In prior years, the breakdown between residential and commercial property was estimated. In FY 11-12, a new program was written to track the commercial properties and provide actual values.

Table 7

**Macon County
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years**

Year	County Direct Rate		Overlapping Rates	
	MACON Total Millage		FRANKLIN Total Millage	HIGHLANDS Total Millage
2008	0.245		0.250	0.135
2009	0.264		0.250	0.135
2010	0.264		0.250	0.135
2011	0.279		0.250	0.135
2012	0.279		0.250	0.135
2013	0.279		0.250	0.135
2014	0.279		0.250	0.135
2015	0.279		0.270	0.150
2016	0.349		0.280	0.164
2017	0.349		0.280	0.164

Source: County and Municipal Tax Departments
 Note: The County direct rate doesn't contain components for special purposes.

Macon County
Principal Property Taxpayers
Current Year and Nine Years Ago

Table 8

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Duke Energy Corporation	\$119,151,996	1	1.49%	\$ 76,586,096	1	0.87%
Drake Enterprises	55,446,200	2	0.69%	51,561,285	2	0.58%
Old Edwards Inn & Spa, LLC	42,652,477	3	0.53%	34,876,179	3	0.39%
Highlands Golf Club, Inc.	22,990,310	4	0.29%	28,801,350	4	0.33%
Entegra Bank (Macon Bank)	21,904,432	5	0.27%	24,050,620	5	0.27%
Shaw Industries Group	21,481,513	6	0.27%	23,754,421	6	0.27%
Cullasaja Club Inc.	17,660,899	7	0.22%	21,031,404	7	0.24%
Rainbow Springs Partnership	15,923,000	8	0.20%	20,842,942	8	0.24%
Rockwood Lodge LLC	14,520,160	9	0.18%	17,592,087	9	0.20%
Wildcat Cliffs Country Club	14,219,295	10	0.18%	17,044,960	10	0.19%
Totals	\$ 345,950,282		4.32%	\$ 316,141,344		3.57%
Total Taxable Assessed Value	\$ 8,003,397,136			\$ 8,843,825,902		

Source: Macon County Tax Department

**Macon County
Property Tax Levies and Collections
Last Ten Fiscal Years**

Table 9

Fiscal Year Ended	Total Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
June 30						
2008	21,762,091	21,191,159	97.38%	553,513	21,744,672	99.92%
2009	23,965,953	23,255,354	97.03%	684,608	23,939,962	99.89%
2010	24,232,307	23,468,413	96.85%	729,110	24,197,523	99.86%
2011	25,888,937	25,047,774	96.75%	788,659	25,836,433	99.80%
2012	25,926,987	24,987,407	96.38%	870,716	25,858,123	99.73%
2013	26,048,336	25,098,148	96.35%	857,105	25,955,253	99.64%
2014	26,441,660	25,705,256	97.21%	612,316	26,317,572	99.53%
2015	26,428,680	25,818,391	97.69%	442,552	26,260,943	99.37%
2016	27,729,477	27,244,243	98.25%	276,296	27,520,539	99.25%
2017	27,931,856	27,506,161	98.48%	-	27,506,161	98.48%

Macon County
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

Table 10

Fiscal Year	Governmental Activities			Business-type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Installment Contracts	Capital Leases	Special Obligation Bonds	General Obligation Bonds	Installment Contracts	Capital Leases			
2008	-	20,783,871	-	-	-	1,900,000	-	22,683,871	2.20%	674
2009	-	37,661,616	-	-	-	1,500,000	-	39,161,616	3.99%	1,124
2010	-	36,319,360	-	-	-	1,100,000	-	37,419,360	3.70%	1,063
2011	-	46,362,617	-	-	-	700,000	-	47,062,617	4.57%	1,312
2012	-	42,453,279	-	-	-	200,000	-	42,653,279	3.93%	1,248
2013	-	40,899,552	-	-	-	-	-	40,899,552	3.71%	1,193
2014	-	36,050,897	-	-	-	-	-	36,050,897	3.14%	1,048
2015	-	33,986,857	-	-	-	-	-	33,986,857	2.85%	985
2016	-	33,673,231	-	9,800,000	-	-	-	43,473,231	N/A	1,247
2017	-	28,819,125	\$ -	8,902,964	-	-	-	37,722,089	N/A	1,076

Note: Details regarding the county's outstanding debt can be found in the notes to the financial statements.
Personal income for 2016 & 2017 is not available.

Table 11

**Macon County
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years**

Fiscal Year	Assessed Value	Gross General Obligation Bonded Debt	Net General Obligation Bonded Debt	Ratio		Population	Net General Obligation Bonded Debt Per Capita
				Net General Obligation Bonded Debt to Assessed Value	Net General Obligation Bonded Debt to Assessed Value		
2008	8,843,825,902	-	-	0.000%	0.000%	33,640	-
2009	9,099,175,581	-	-	0.000%	0.000%	34,850	-
2010	9,186,160,227	-	-	0.000%	0.000%	35,208	-
2011	9,283,160,663	-	-	0.000%	0.000%	35,869	-
2012	9,292,827,044	-	-	0.000%	0.000%	34,164	-
2013	9,329,777,419	-	-	0.000%	0.000%	34,276	-
2014	9,477,297,491	-	-	0.000%	0.000%	34,385	-
2015	9,472,645,160	-	-	0.000%	0.000%	34,494	-
2016	7,945,408,883	-	-	0.000%	0.000%	34,851	-
2017	8,003,397,136	-	-	0.000%	0.000%	35,047	-

Source: Population Estimate from www.ncesc.com (LINC) for years 2011-2016 and from N C Office of State Budget and Management for 2008-2010 & 2017.
Assessed Value from Macon County Tax Department.

Table 12

**Macon County
Direct and Overlapping Governmental Activities Debt
As of June 30, 2017**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Direct Debt:			
Macon County	\$ 28,819,125	100.00%	\$ 28,819,125
Total Direct Debt	<u>28,819,125</u>		<u>28,819,125</u>
Overlapping Debt:			
Town of Franklin	1,262,194	11.69%	147,551
Town of Highlands	244,328	2.66%	6,504
Total Overlapping Debt	<u>1,506,522</u>		<u>154,055</u>
Total direct and overlapping debt	\$ <u>30,325,647</u>		\$ <u>28,973,180</u>

Source: Macon County and municipal finance departments.

Note: The estimated percentage applicable for the overlapping debt was calculated by taking each town's population divided by Macon County's population.

Table 13

Macon County
 Legal Debt Margin Information
 Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 707,506,072	\$ 727,934,046	\$ 734,892,818	\$ 742,652,853	\$ 743,426,164	\$ 746,382,194	\$ 758,183,799	\$ 757,811,613	\$ 635,632,711	\$ 640,271,771
Total net debt applicable to limit	20,804,119	37,661,616	37,419,360	47,062,617	42,653,279	40,899,552	36,050,897	33,986,857	43,473,231	37,722,089
Legal debt margin	\$ 686,701,953	\$ 690,272,430	\$ 697,473,458	\$ 695,590,236	\$ 700,772,885	\$ 705,482,642	\$ 722,132,902	\$ 723,824,756	\$ 592,159,480	\$ 602,549,682
Total net debt applicable to the limit as a percentage of debt limit	2.94%	5.17%	5.09%	6.34%	5.74%	5.48%	4.75%	4.48%	6.84%	5.89%

Legal Debt Margin Calculation for Fiscal Year 2017

Assessed value	\$ 8,003,397,136
Add back: exempt real property	-
Total assessed value	\$ 8,003,397,136
Debt Limit (8% of total assessed value)	\$ 640,271,771
Debt applicable to limit:	
Installment Contracts	28,819,125
Special Obligation Bonds	8,902,964
Promissory Notes	-
Legal debt margin	\$ 602,549,682

Table 14

**Macon County
Demographic and Economic Statistics
Last Ten Fiscal Years**

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2008	33,640	1,032,727,000	30,699	46.7	4,493	5.2
2009	34,850	981,057,000	28,151	46.7	4,419	10.0
2010	35,208	1,010,822,000	28,710	45.2	4,452	10.2
2011	35,869	1,030,664,000	28,734	45.2	4,382	10.3
2012	34,164	1,084,766,000	31,752	48.5	4,417	10.1
2013	34,276	1,101,781,000	32,144	48.5	4,462	9.8
2014	34,385	1,149,612,000	33,434	48.6	4,484	6.3
2015	34,494	1,193,465,000	34,599	48.7	4,475	6.3
2016	34,851	N/A	N/A	48.7	4,475	5.3
2017	35,047	N/A	N/A	48.8	4,379	4.2

Note: Population for 2008-2010 & 2017 and median age for 2008-2017 is from N C Office of State Budget and Management.

Personal income from 2008-2015 obtained from Bureau of Economic Analysis.

Personal income for 2016 & 2017 is not available.

Per capita personal income is calculated by dividing personal income by population.

Unemployment rate for 2011-2017 and population for 2011-2016 is from www.ncesc.com (LINC).

School enrollment is provided by the local school system and reflects the enrollment at the end of the school year.

Table 15

**Macon County
Principal Employers
Current Year and Nine Years Ago**

Employer	2017			2008		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Macon County Public Schools	670	1	4.34%	602	2	3.59%
Macon County	645	2	3.79%	353	4	2.11%
Drake Enterprises LTD (A Corp)	585	3	4.18%	610	1	
Angel Medical Center	327	4	2.12%	419	3	2.50%
Ingels Markets, Inc.	303	5	1.96%			
Wal-Mart Associates, Inc.	219	6	1.42%	202	7	1.21%
Entegra Bank (formally Macon Bank)	144	7	0.93%			
Lowe's	135	8	0.87%	181	10	1.08%
Macon Program for Progress	120	9	0.78%	295	5	0.00%
Highlands-Cashiers Hospital	101	10	0.65%	295	6	1.76%
Caterpillar Inc.				287	8	1.76%
Zickgraf (now Shaw Industries Group Inc.)				187	9	1.71%
Duke Energy						1.12%
Total	3,249		21.03%	3,431		16.84%

Total Labor Force estimate 15,448 16,753

Source: Employers' Human Resource Departments

**Macon County
Full-time Equivalent County Government Employees by Function
Last Ten Fiscal Years**

Table 16

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government	92.0	81.0	89.0	97.0	97.0	97.0	97.5	98.5	97.0	98.0
Public Safety	106.0	137.0	125.0	150.0	150.0	159.0	161.0	162.4	163.0	172.0
Human Services	113.0	119.0	118.0	111.0	108.0	110.0	111.0	115.0	121.0	123.0
Culture and Recreation	16.0	10.0	9.0	11.0	10.0	10.0	11.5	12.0	12.0	12.0
Economic and Physical Development	2.0	5.0	3.0	1.0	-	-	-	-	-	-
Transportation	7.0	11.0	8.0	13.0	14.0	15.5	17.0	16.8	16.0	17.0
Landfill	17.0	34.0	34.0	35.0	37.0	35.5	36.0	35.0	35.0	36.0
Total	353	397	386	418	416	427	434	440	444	458

Source: Macon County Human Resource Department

**Macon County
Operating Indicators by Function
Last Ten Fiscal Years**

Table 17

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Law Enforcement										
Physical arrests	1,745	2,110	1,714	1,547	1,303	1,303	1,232	1,278	1,442	1,917
Traffic violations	1,296	1,228	2,265	1,516	946	1,100	1,179	1,054	447	374
Fire										
Number of calls answered	3,396	3,093	3,406	3,642	3,621	3,791	4,244	4,571	4,626	5,068
Inspections	491	425	500	550	520	525	490	450	452	560
Economic Development										
Number of industrial parks	1	1	1	1	1	1	1	1	1	1
Human Services										
Dept. of Social Services										
Number of CHIP cases eligible	617	590	430	402	447	467	228	278	321	457
Number of Food & Nutrition cases eligible	1,432	1,861	2,361	2,987	3,144	3,091	3,043	2,763	2,622	2,410
Number of Medicaid eligible cases	4,858	5,242	4,785	4,975	5,020	4,557	4,491	5,885	5,675	7,397
Health										
Number of WIC cases	845	1,093	1,167	1,049	1,044	1,076	1,087	1,064	1,117	1,076
Number of family planning cases	745	660	798	639	657	585	526	558	737	648
Solid Waste										
Number of landfill's	2	1	1	1	1	1	1	1	1	1
Culture and recreation										
Number of recreation parks	6	6	6	6	6	6	7	7	7	7
Number of libraries	3	3	3	3	3	3	3	3	3	3

Source: Various county departments.

Note: Indicators are not available for the general government function. Firefighters are a mix of paid staff and volunteers.

**Macon County
Capital Asset Statistics by Function
Last Ten Fiscal Years**

Table 18

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public safety										
Police:										
Stations	3	3	3	3	3	3	4	4	6	6
Patrol units	25	25	45	45	45	45	45	57	56	56
Fire stations	13	13	10	13	13	16	16	17	18	20
Culture and recreation										
Parks acreage	352.6	352.6	352.6	352.6	352.6	400.6	400.6	400.6	400.6	400.6
Parks	6	6	6	6	6	6	7	7	7	7
Swimming pools	2	2	2	2	2	3	3	3	3	3
Tennis courts	6	6	6	6	6	6	6	6	6	6
Community centers	11	11	11	11	11	11	11	11	11	11
Landfill										
Number of municipal solid waste sites	1	1	2	2	2	2	2	2	2	2
Number of construction and demolition sites	1	0	0	0	0	0	0	0	0	0
Number of convenience centers	10	11	11	11	11	11	11	11	11	11

Source: Various county departments.

Note: No capital asset indicators are available for the general government function.

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