

**MACON COUNTY  
NORTH CAROLINA**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

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



**MACON COUNTY  
NORTH CAROLINA**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

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

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



**MACON COUNTY, NORTH CAROLINA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2014**

**TABLE OF CONTENTS**

		<u>Page</u>
	<b>Introductory Section:</b>	
	Letter of Transmittal	1-5
	Organizational Chart	6
	List of Principal Officials	7
	2013 GFOA Certificate of Achievement for Excellence in Financial Reporting	8
	<b>Financial Section:</b>	
	<b>Independent Auditor's Report</b>	9-11
	<b>Management's Discussion and Analysis</b>	12-20
<u>Exhibit</u>	<b>Basic Financial Statements - Overview</b>	
	<b>Government-Wide Financial Statements:</b>	
A	Statement of Net Position	21
B	Statement of Activities	22-23
	<b>Fund Financial Statements:</b>	
C	Balance Sheet - Governmental Funds	24-25
D	Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	26
E	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	27
F	Statement of Revenues, Expenditures, and Changes in in Fund Balance - Budget and Actual - General Fund	28
G	Statement of Net Position - Proprietary Funds	29

**MACON COUNTY, NORTH CAROLINA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2014**

**TABLE OF CONTENTS**

<u>Exhibit</u>		<u>Page</u>
	<b>Fund Financial Statements - continued:</b>	
H	Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	30
I	Statement of Cash Flows - Proprietary Funds	31
J	Statement of Fiduciary Net Position - Fiduciary Fund	32
	<b>Notes to the Financial Statements</b>	33-65
	<b>Required Supplementary Financial Data:</b>	
A-1	Law Enforcement Officers' Special Separation Allowance	66
A-2	Other Post-Employment Benefits - Retiree Health Plan	67
	<b>Supplementary Information:</b>	
	<b>General Fund:</b>	
B-1	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	68-81
	<b>Nonmajor Governmental Funds:</b>	
C-1	Combining Balance Sheet	82
C-2	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	83
	<b>Nonmajor Special Revenue Funds:</b>	
D-1	Combining Balance Sheet	84
D-2	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	85
D-3	Emergency Telephone System Fund: Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	86

**MACON COUNTY, NORTH CAROLINA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2014**

**TABLE OF CONTENTS**

<u>Schedule</u>		<u>Page</u>
	<b>Supplementary Information - continued:</b>	
	<b>Nonmajor Special Revenue Funds - continued:</b>	
D-4	Fire Districts Fund: Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	87
D-5	Housing Grants Fund: Schedule of Revenues and Expenditures - Budget and Actual	88
	<b>Nonmajor Capital Projects Funds:</b>	
E-1	Combining Balance Sheet	89-90
E-2	Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	91-92
E-3	Airport Improvements Fund: Schedule of Revenues and Expenditures - Budget and Actual	93
E-4	County Building Projects: Schedule of Revenues and Expenditures - Budget and Actual	94
E-5	Consolidated Capital Projects: Schedule of Revenues and Expenditures - Budget and Actual	95
E-6	Riverbend Estates Waterline Project: Schedule of Revenues and Expenditures - Budget and Actual	96
E-7	Little Tennessee River/Cartoogechaye Creek Sewer Trunk Project: Schedule of Revenues and Expenditures - Budget and Actual	97

**MACON COUNTY, NORTH CAROLINA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2014**

**TABLE OF CONTENTS**

<u>Schedule</u>		<u>Page</u>
	<b>Supplementary Information - continued:</b>	
	<b>Nonmajor Capital Projects Funds - continued:</b>	
E-8	Schools Capital Fund: Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	98
E-9	Capital Reserve Fund: Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	99
	<b>Enterprise Fund:</b>	
F-1	Solid Waste Fund: Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	100-101
	<b>Internal Service Fund:</b>	
G-1	Self-Insurance Fund - Statement of Net Position	102
G-2	Self-Insurance Fund - Schedule of Revenues, Expenses, and Changes in Fund Net Position - Financial Plan and Actual	103
G-3	Self-Insurance Fund - Statement of Cash Flows	104
	<b>Agency Funds:</b>	
H-1	Combining Balance Sheet	105-106
H-2	Combining Statement of Changes in Assets and Liabilities	107-108
	<b>Debt Service Fund:</b>	
I-1	Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	109

**MACON COUNTY, NORTH CAROLINA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2014**

**TABLE OF CONTENTS**

<u>Schedule</u>		<u>Page</u>
	<b>Additional Financial Data:</b>	
J-1	Schedule of Ad Valorem Taxes Receivable - General Fund	110
J-2	Analysis of Current Tax Levy - County-Wide Levy	111
J-3	Schedule of Ad Valorem Taxes Receivable - Fire Districts	112
J-4	Analysis of Current Tax Levy - Fire Districts	113
	<b>Table</b>	
	<b>Statistical Section:</b>	
1	Net Position by Components	114
2	Changes in Net Position	115-116
3	Governmental Activities Tax Revenues by Source	117
4	Fund Balances of Governmental Funds	118
5	Changes in Fund Balances of Governmental Funds	119
6	Assessed Value and Estimated Actual Value of Taxable Property	120
7	Property Tax Rates, Direct and Overlapping Governments	121
8	Principal Property Taxpayers	122
9	Property Tax Levies and Collections	123
10	Ratio of Outstanding Debt by Type	124
11	Ratios of General Bonded Debt Outstanding	125

**MACON COUNTY, NORTH CAROLINA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2014**

**TABLE OF CONTENTS**

<u><b>Table</b></u>		<u><b>Page</b></u>
	<b>Statistical Section - Continued:</b>	
12	Direct and Overlapping Governmental Activities Debt	126
13	Legal Debt Margin Information	127
14	Demographic and Economic Statistics	128
15	Principal Employers	129
16	Full-Time Equivalent County Government Employees by Function	130
17	Operating Indicators by Function	131
18	Capital Asset Statistics by Function	132

## **INTRODUCTORY SECTION**

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# Macon County



December 9, 2014

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, 2014. 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 unqualified opinion is included in the general purpose 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 Compliance sections. 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. The auditors' report, combined statements, and the notes are often issued separately for securities offerings or widespread distributions and are frequently referred to as "liftable" general purpose financial statements (GPFS). 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 34,385. Macon County has a diverse economy. Agriculture, manufacturing, tourism and construction are the major components of the economy. The major crops are burley tobacco, vegetables, ornamentals, and Christmas trees. Goat and beef cattle production continues to be a significant enterprise in Macon County. Manufacturing industries include engine oil seal production, engine aluminum tubing production, and hardwood flooring production. Tourism is also a major industry with Macon County's gem mines, whitewater rafting and scenic beauty. Two municipalities are located in the County, the largest being the Town of Franklin, which serves as the County seat. 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 6.3%, which is a substantial decrease from last year's rate of 9.8%. Macon County's rate is slightly less than North Carolina's unadjusted unemployment rate of 6.5%. Macon County had a work force of 15,491 at the end of June, 2014.

The private sector owns 53.4% of Macon County's 332,673 total acres with the U.S. Forest Service owning 45.5% or 151,226 acres. The remaining 1.1% is exempt acreage. There are 43,235 parcels of land and 42,324 are taxable. The total appraised value of taxable property is \$9.48 billion. The tax rate is 27.9 cents per \$100 valuation and current year county-wide taxes collected were \$25,705,256 in fiscal 2014.

Some income is generated from agriculture, manufacturing, and tourism. There are approximately 500 farms which average approximately 15-20 acres per tract. Farm income to the county is generated from crops such as vegetables, Christmas trees, ornamental plants and livestock. Additional revenue is generated from trout production, campgrounds, gem mining, mountain rental property, snow tubing, horseback riding, and whitewater activities.

Transportation is critical to industrial 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. US Highway 64 west is three and four lanes in a westward direction to the Tennessee line. Macon County has a small airport with a 5,000 ft. runway enabling business jet access. The airport provides a terminal and hangar space. Macon County also operates a bus transit system with daily routes as well as providing transportation outside the county for medical care.

Duke Energy continues to be the County's largest taxpayer with 1.02% of the total assessed valuation. The County's tax base is diverse, with the ten leading taxpayers making up 3.64% 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. The County holds ratings of A+ from Standard & Poor's and Aa3 from Moody's.

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 2013-2014 fiscal year marked the nineteenth 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 30,490 tons per year for the next 2.5 years. Plans are underway for the development of a new cell.

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. The total costs for closure and postclosure care of the current cell are estimated to be \$7,375,000. The County has already recognized a liability for closure and postclosure care in the amount of \$7,867,800, based upon the amount of cell capacity used to date. The old Franklin site has 8 years remaining and the prior Highlands site has 9 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 \$6,829,573. 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. The 14,000 sq. ft. Business Development Center works to grow new businesses by providing work space, a fiber optic network and other tools necessary to compete in today's global economy. As a Certified Entrepreneurial Community, the County partners with strategic allies to ensure entrepreneurial success by providing access to training, alternative funding sources and market access. To encourage entrepreneurial growth the EDC produced the 2014 Macon County Business Plan Competition with a \$5,000 grand prize to the winner, who successfully transitioned to the Business Development Center. Other EDC projects included recruiting a Micro-Brewery and a Restaurant to downtown Franklin utilizing two empty retail spaces along Main Street. The EDC also began, in conjunction with strategic partners, marketing a 72,000 sq. ft. manufacturing space in the Macon County Industrial Park. The EDC also continued work on retention and growth of existing business and industry.

AIRPORT ACTIVITIES - The Macon County Airport continues to make major upgrades and improvements. Following up on recent upgrades such as a runway extension, tarmac/helipad rebuild and runway widening and strengthening, in 2015 the Authority will undertake taxiway widening, new runway/taxiway lighting, new obstruction and beacon lighting and a refurbished AWAS system at a cost of 2.5 million.

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. The renovations to the Highlands K-12 School, financed with \$1.5 million in Qualified Zone Academy Bonds in FY 13, were completed.

RECREATION – The County purchased property for additional soccer fields in Highlands. Also, the County began work on a new recreation complex located on 48 acres of land purchased in FY 13. This new complex will be funded by a \$500,000 PARTF grant, \$1,800,000 installment financing, and \$1,000,000 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, 2014 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 unreserved 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 general purpose 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, 2013. 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 nineteen 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,

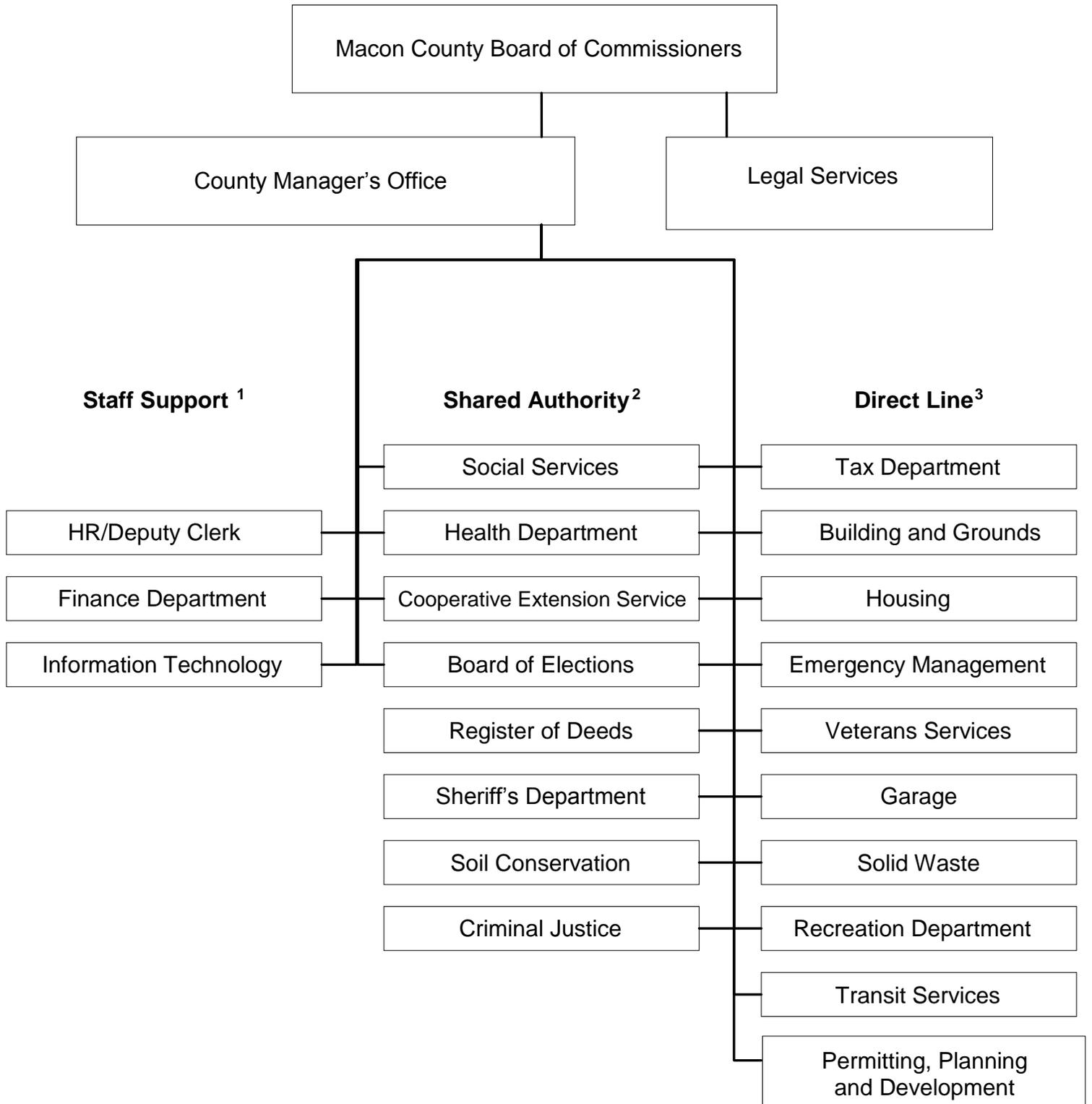


Lori M. Hall  
Finance Director



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, 2014

### Board of Commissioners

Kevin Corbin, Chairman  
Ronnie Beale, Vice-Chairman  
Ron Haven, Commissioner  
Paul Hidgon, Commissioner  
Jimmy Tate, 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  
Margaret D. Perry, 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  
John Hook, Animal Control Director  
M. Chris Stahl, Solid Waste Director  
Mike Breedlove, Soil and Water Conservation  
Alan Durden, Cooperative Extension Chairman  
Jane C. Kimsey, Social Services Director  
Kim Angel, Transit Director  
James Bruckner, Health Director  
Daylon Plemens, 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, 2013**

Executive Director/CEO

## **FINANCIAL SECTION**



# 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, 2014, 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, 2014, 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, and the Other Post-Employment Benefits' Schedules of Funding Progress and Employer 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 9, 2014 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering 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 9, 2014

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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, 2014. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

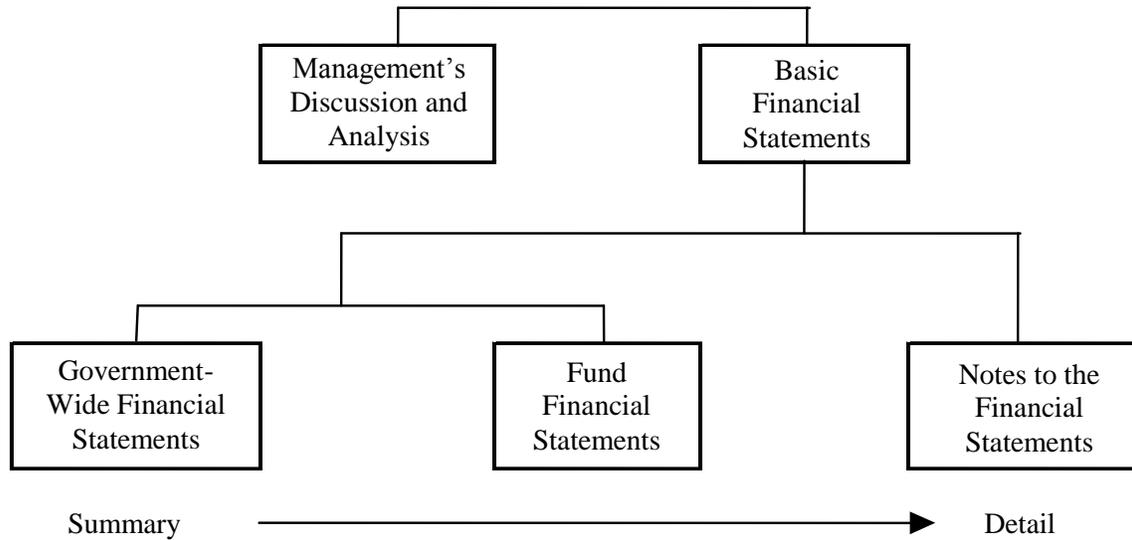
### Financial Highlights

- The assets of Macon County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$8,292,040 (*net position*).
- The County's total net position decreased by \$1,209,605, primarily due to a decrease in the net position of business-type activities.
- As of the close of the current fiscal year, Macon County's General Fund reported an ending fund balance of \$20,117,522, a decrease of \$496,249 in comparison with the prior year. Total governmental funds reported combined ending fund balances of \$25,445,744. Approximately 29.27% of this total amount, or \$7,448,515, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$15,260,538, or 32.72%, of total General Fund expenditures and transfers out for the fiscal year.
- Macon County's total installment debt decreased by \$4,848,655 (11.9%) during the fiscal year. The key factor in this decrease is regular timely debt payments.
- The County holds the following bond ratings: Moody's – Aa3 and Standard & Poor's – A+.

### 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 they have changed. Net position is the difference between the total of the County's assets 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 State and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. This includes 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: Enterprise Fund and 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 eight 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	
	2013	2014	2013	2014	2013	2014
Current and other assets	\$ 33,906,312	\$ 32,193,485	\$ 9,351,358	\$ 10,075,617	\$43,257,670	\$42,269,102
Capital assets	24,398,520	23,757,766	2,103,456	2,108,104	26,501,976	25,865,870
Total assets	58,304,832	55,951,251	11,454,814	12,183,721	69,759,646	68,134,972
Long-term liabilities						
outstanding	45,689,648	44,016,208	5,971,656	8,455,143	51,661,304	52,471,351
Other liabilities	8,233,686	6,919,644	239,605	324,508	8,473,291	7,244,152
Total liabilities	53,923,334	50,935,852	6,211,261	8,779,651	60,134,595	59,715,503
Deferred inflows of resources	123,406	127,429	-	-	123,406	127,429
Net position:						
Net investment in capital assets	18,778,181	19,311,971	2,103,456	2,108,104	20,881,637	21,420,075
Restricted	9,980,380	6,872,258	-	-	9,980,380	6,872,258
Unrestricted	(24,500,469)	(21,296,259)	3,140,097	1,295,966	(21,360,372)	(20,000,293)
Total net position	\$ 4,258,092	\$ 4,887,970	\$ 5,243,553	\$ 3,404,070	\$ 9,501,645	\$ 8,292,040

As noted earlier, net position may serve, over time, as one useful indicator of a government's financial condition. The County's assets exceeded its liabilities and deferred inflows of resources by \$8,292,040 as of June 30, 2014. The County's net position decreased by \$1,209,605 for the fiscal year ended June 30, 2014.

One of the largest portions of Macon County's net position, \$21,420,075, 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, \$6,872,258, 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 \$20,000,293 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 Activities		Business-Type Activities		Total	
	2013	2014	2013	2014	2013	2014
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 4,152,181	\$ 4,485,086	\$ 3,388,477	\$ 3,470,358	\$ 7,540,658	\$ 7,955,444
Operating grants and contributions	9,918,241	10,645,509	-	-	9,918,241	10,645,509
Capital grants and contributions	3,329,169	1,206,665	-	-	3,329,169	1,206,665
General revenues:						
Property taxes	28,912,689	29,537,857	-	-	28,912,689	29,537,857
Other taxes	7,793,227	7,682,198	-	-	7,793,227	7,682,198
Other	420,072	406,433	13,541	10,251	433,613	416,684
Total revenues	<u>54,525,579</u>	<u>53,963,748</u>	<u>3,402,018</u>	<u>3,480,609</u>	<u>57,927,597</u>	<u>57,444,357</u>
<b>Expenses:</b>						
General government	11,086,204	10,931,162	-	-	11,086,204	10,931,162
Public safety	13,874,996	14,102,327	-	-	13,874,996	14,102,327
Transportation	781,330	1,037,139	-	-	781,330	1,037,139
Economic and physical development	5,083,894	2,636,486	-	-	5,083,894	2,636,486
Human services	10,369,682	10,752,050	-	-	10,369,682	10,752,050
Cultural and recreational	2,400,236	2,736,037	-	-	2,400,236	2,736,037
Education	11,698,110	9,779,742	-	-	11,698,110	9,779,742
Interest on long-term debt	1,868,404	1,358,927	-	-	1,868,404	1,358,927
Solid waste	-	-	3,093,050	5,320,092	3,093,050	5,320,092
Total expenses	<u>57,162,856</u>	<u>53,333,870</u>	<u>3,093,050</u>	<u>5,320,092</u>	<u>60,255,906</u>	<u>58,653,962</u>
Increase (decrease) in net position	(2,637,277)	629,878	308,968	(1,839,483)	(2,328,309)	(1,209,605)
<b>Net Position:</b>						
Beginning of year - July 1	<u>6,895,369</u>	<u>4,258,092</u>	<u>4,934,585</u>	<u>5,243,553</u>	<u>11,829,954</u>	<u>9,501,645</u>
End of year - June 30	<u>\$ 4,258,092</u>	<u>\$ 4,887,970</u>	<u>\$ 5,243,553</u>	<u>\$ 3,404,070</u>	<u>\$ 9,501,645</u>	<u>\$ 8,292,040</u>

**Governmental Activities.** Of the total net position, governmental activities accounted for \$4,887,970 (59%). Property taxes provided 54.7% of funding at \$29,537,857, charges for services funded \$4,485,086, local option sales tax funded \$7,682,198, and operating grants funded \$10,645,509 of Macon County's governmental activities. Governmental activities increased Macon County's net position by \$629,878. Net position increased primarily because of an increase in property tax revenue in the current year, as well as an overall cut in total expenditures from prior year.

**Business-Type Activities.** Business-type activities decreased the County's net position by \$1,839,483. That decrease is primarily attributable to an increase in long-term liabilities due to an increase in the financial assurance numbers.

## **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 \$16,169,137, while total fund balance reached \$20,117,522. The County currently has an available fund balance of 34.67% of General Fund expenditures and transfers out, while total fund balance represents 43.14% of that same amount. Total fund balance in the General Fund decreased \$496,249. This decrease is primarily attributable to a transfer to the County Building Projects Fund for the Parker Meadows Recreational Facility.

As of the end of the current fiscal year, Macon County's governmental funds reported combined ending fund balances of \$25,445,744, a decrease of \$640,717 in comparison with the prior year. The decrease is primarily due to the spending down of debt proceeds for school construction and expenditures/transfers out exceeding revenues in the General Fund.

### **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 \$1,803,658. The majority of this increase was attributable to additional restricted intergovernmental revenues received after the beginning of the year and appropriating fund balance to partially fund the Parker Meadows Recreational Facility and provide matching funds for grant-funded Airport capital projects. The difference between the final budgeted amount and the actual expenditures and uses was \$2,311,313. This difference is primarily due to underspending the budget in human services, transportation, and public safety; the decision not to fill certain positions; and incomplete contracts to be continued in 2015.

**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 Solid Waste at the end of the year totaled \$1,295,966. The decrease of \$1,839,483 over the prior year is primarily attributable to an increase in long-term liabilities due to an increase in the financial assurance numbers. 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, 2014 amount to \$25,865,870, (net of accumulated depreciation). These assets include land, buildings and systems, improvements, machinery, and equipment.

Major capital asset transactions during the year include:

- Property acquisition for soccer fields - \$150,617
- Patton Avenue building improvements - \$175,205
- Barrett Building renovations/elevator - \$364,158
- Two ambulances - \$207,007
- Six Ford Interceptors for the Sheriff's Department - \$143,978

**Macon County's Capital Assets  
Figure 4**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>
Land	\$ 9,698,078	\$ 9,848,695	\$ 460,837	\$ 460,837	\$10,158,915	\$10,309,532
Buildings and improvements	26,813,681	27,353,044	9,486,139	9,486,139	36,299,820	36,839,183
Furniture and equipment	2,816,679	3,008,883	2,221,473	2,465,035	5,038,152	5,473,918
Vehicles	5,577,931	6,049,843	744,471	765,770	6,322,402	6,815,613
Construction in progress	<u>537,422</u>	<u>214,533</u>	<u>-</u>	<u>-</u>	<u>537,422</u>	<u>214,533</u>
Subtotal	45,443,791	46,474,998	12,912,920	13,177,781	58,356,711	59,652,779
Less accumulated depreciation	<u>(21,045,271)</u>	<u>(22,717,232)</u>	<u>(10,809,464)</u>	<u>(11,069,677)</u>	<u>(31,854,735)</u>	<u>(33,786,909)</u>
Total	<u>\$24,398,520</u>	<u>\$23,757,766</u>	<u>\$ 2,103,456</u>	<u>\$ 2,108,104</u>	<u>\$26,501,976</u>	<u>\$25,865,870</u>

Additional information on the County's capital assets can be found in the Notes to the Financial Statements beginning on page 46.

**Long-Term Debt.** As of June 30, 2014, Macon County had no bonded debt outstanding.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>
Installment contracts	<u>\$40,899,552</u>	<u>\$36,050,897</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$40,899,552</u>	<u>\$36,050,897</u>

The State of North Carolina limits the amount of net bonded debt a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The current debt limitation for Macon County is approximately \$722,133,000, 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 59.

## **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, 2014 is 6.3%, which is a substantial decrease from a rate of 9.8% a year ago. Macon County's rate is slightly less than the State's unadjusted unemployment rate of 6.5%.
- Sales tax distributions increased 3.5% over prior year.
- The tax base is diverse with the ten leading taxpayers making up 3.64% of total assessed value.

All of these factors were considered in preparing Macon County's budget for the 2014-2015 fiscal year.

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

**Governmental Activities.** Taxes are based on \$9.36 billion in property valuation with no growth budgeted. The collection rate increased from 96.42% in 2013 to 97.21% in 2014. Sales tax revenues were budgeted with 2.32% growth over Fiscal Year 2013-2014 projected revenues. Only \$566,642, or 1.2%, of total budget was appropriated from fund balance.

Budgeted expenditures in the General Fund for 2015 are \$45,721,122, which is 3.0% less than the 2014 original budget. The 2015 budget has approximately \$1.28 million in capital outlay with \$500,000 earmarked for the Parker Meadows Recreational Facility and \$199,035 earmarked for school capital outlay.

**Business-Type Activities.** The budgeted expenditures for the Solid Waste Fund are \$3,596,783, which represents a 1.58% decrease over last year. Funds are budgeted to continue with the planning for a new cell at the Macon County MSW Landfill.

### **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.

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## **BASIC FINANCIAL STATEMENTS – OVERVIEW**

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## MACON COUNTY, NORTH CAROLINA

### STATEMENT OF NET POSITION

JUNE 30, 2014

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Macon County Airport Authority</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 24,385,966	\$ 9,761,957	\$ 34,147,923	\$ 39,529
Taxes receivable, net	1,110,055	-	1,110,055	-
Interest receivable	12,332	2,417	14,749	-
Accounts receivable, net	843,966	311,243	1,155,209	-
Due from other governments	5,262,325	-	5,262,325	-
Inventories	34,823	-	34,823	-
Prepaid items	251,580	-	251,580	-
Restricted cash and cash equivalents	292,438	-	292,438	-
Construction in progress	214,533	-	214,533	-
Non-depreciable capital assets	9,848,695	460,837	10,309,532	3,817,537
Depreciable capital assets, net	13,694,538	1,647,267	15,341,805	9,428,944
Total assets	<u>55,951,251</u>	<u>12,183,721</u>	<u>68,134,972</u>	<u>13,286,010</u>
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	3,051,682	268,184	3,319,866	4,888
Liabilities to be paid from restricted assets	2,584	-	2,584	-
Non-current liabilities:				
Due in less than one year	3,865,378	56,324	3,921,702	-
Due in more than one year	44,016,208	8,455,143	52,471,351	-
Total liabilities	<u>50,935,852</u>	<u>8,779,651</u>	<u>59,715,503</u>	<u>4,888</u>
<b>Deferred Inflows of Resources:</b>				
Prepaid taxes	<u>127,429</u>	<u>-</u>	<u>127,429</u>	<u>-</u>
<b>Net Position:</b>				
Net investment in capital assets	19,311,971	2,108,104	21,420,075	13,246,481
Restricted for:				
Stabilization by State statute	5,667,213	-	5,667,213	-
Restricted for public safety	886,068	-	886,068	-
Restricted for economic and physical development	175,016	-	175,016	-
Restricted for education	143,961	-	143,961	-
Unrestricted	<u>(21,296,259)</u>	<u>1,295,966</u>	<u>(20,000,293)</u>	<u>34,641</u>
Total net position	<u>\$ 4,887,970</u>	<u>\$ 3,404,070</u>	<u>\$ 8,292,040</u>	<u>\$ 13,281,122</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, 2014**

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Functions/Programs:</b>				
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ 10,931,162	\$ 1,340,914	\$ 963,614	\$ -
Public safety	14,102,327	1,713,989	964,398	-
Transportation	1,037,139	-	414,438	-
Economic and physical development	2,636,486	629,929	427,556	1,206,665
Human services	10,752,050	800,254	7,652,292	-
Cultural and recreational	2,736,037	-	13,697	-
Education	9,779,742	-	209,514	-
Interest on long-term debt	1,358,927	-	-	-
Total governmental activities	<u>53,333,870</u>	<u>4,485,086</u>	<u>10,645,509</u>	<u>1,206,665</u>
<b>Business-Type Activities:</b>				
Solid Waste	<u>5,320,092</u>	<u>3,470,358</u>	-	-
Total primary government	<u>\$ 58,653,962</u>	<u>\$ 7,955,444</u>	<u>\$ 10,645,509</u>	<u>\$ 1,206,665</u>
<b>Component Unit:</b>				
Macon County Airport Authority	<u>\$ 139,926</u>	<u>\$ 7,347</u>	<u>\$ 40,000</u>	<u>\$ 935,255</u>

**General Revenues:**

Ad valorem taxes  
 Local option sales tax  
 Unrestricted intergovernmental revenues:  
 Other taxes  
 Gross receipts tax  
 Interest earned on investments  
 Total general revenues

Change in net position

**Net Position:**

Beginning of year - July 1

End of year - June 30

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

**Exhibit B**

<b>Net (Expense) Revenue and Changes in Net Position</b>			
<b>Primary Government</b>			<b>Component Unit</b>
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Macon County Airport Authority</b>
\$ (8,626,634)	\$ -	\$ (8,626,634)	\$ -
(11,423,940)	-	(11,423,940)	-
(622,701)	-	(622,701)	-
(372,336)	-	(372,336)	-
(2,299,504)	-	(2,299,504)	-
(2,722,340)	-	(2,722,340)	-
(9,570,228)	-	(9,570,228)	-
<u>(1,358,927)</u>	<u>-</u>	<u>(1,358,927)</u>	<u>-</u>
<u>(36,996,610)</u>	<u>-</u>	<u>(36,996,610)</u>	<u>-</u>
-	(1,849,734)	(1,849,734)	-
<u>(36,996,610)</u>	<u>(1,849,734)</u>	<u>(38,846,344)</u>	<u>-</u>
			<u>842,676</u>
29,537,857	-	29,537,857	-
7,682,198	-	7,682,198	-
337,611	-	337,611	-
19,457	-	19,457	-
49,365	10,251	59,616	-
<u>37,626,488</u>	<u>10,251</u>	<u>37,636,739</u>	<u>-</u>
629,878	(1,839,483)	(1,209,605)	842,676
<u>4,258,092</u>	<u>5,243,553</u>	<u>9,501,645</u>	<u>12,438,446</u>
<u>\$ 4,887,970</u>	<u>\$ 3,404,070</u>	<u>\$ 8,292,040</u>	<u>\$ 13,281,122</u>

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

## MACON COUNTY, NORTH CAROLINA

### BALANCE SHEET - GOVERNMENTAL FUNDS JUNE 30, 2014

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Cash and cash equivalents	\$ 18,022,302	\$ 354,003	\$ 3,981,980	\$ 22,358,285
Taxes receivable, net	973,292	-	136,763	1,110,055
Interest receivable	12,332	-	-	12,332
Accounts receivable, net	814,733	-	-	814,733
Due from other funds	-	395,460	-	395,460
Due from other governments	3,652,554	34,898	1,574,873	5,262,325
Inventories	34,823	-	-	34,823
Prepaid items	251,580	-	-	251,580
Cash and cash equivalents, restricted	2,584	-	289,854	292,438
<b>Total assets</b>	<b>\$ 23,764,200</b>	<b>\$ 784,361</b>	<b>\$ 5,983,470</b>	<b>\$ 30,532,031</b>
 <b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 1,725,736	\$ -	\$ 907,386	\$ 2,633,122
Due to other funds	-	-	395,460	395,460
Liabilities to be paid from restricted assets	2,584	-	-	2,584
<b>Total liabilities</b>	<b>1,728,320</b>	<b>-</b>	<b>1,302,846</b>	<b>3,031,166</b>
 <b>Deferred Inflows of Resources:</b>				
Unavailable revenue - property taxes	973,292	-	136,763	1,110,055
Unavailable revenue - ambulance	627,970	-	-	627,970
Unavailable revenue - public health	189,667	-	-	189,667
Prepaid taxes	127,429	-	-	127,429
<b>Total deferred inflows of resources</b>	<b>1,918,358</b>	<b>-</b>	<b>136,763</b>	<b>2,055,121</b>

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

**MACON COUNTY, NORTH CAROLINA**

**BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2014**

	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Fund Balances:</b>				
Non-spendable, not in spendable form:				
Inventories	34,823	-	-	34,823
Prepays	251,580	-	-	251,580
Restricted for stabilization by State statute	3,661,982	430,358	1,574,873	5,667,213
Restricted for public safety	197,996	-	688,072	886,068
Restricted for economic and physical development		-	175,016	175,016
Restricted for education	143,961	-	289,854	433,815
Committed for general government	-	-	1,614,646	1,614,646
Committed for education	-	-	842,721	842,721
Assigned for general government	566,642	-	-	566,642
Assigned for debt service	-	354,003	-	354,003
Unassigned	<u>15,260,538</u>	-	<u>(641,321)</u>	<u>14,619,217</u>
Total fund balances	<u>20,117,522</u>	<u>784,361</u>	<u>4,543,861</u>	<u>25,445,744</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 23,764,200</u>	<u>\$ 784,361</u>	<u>\$ 5,983,470</u>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				23,757,766
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.				1,638,354
Long-term liabilities and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.				(47,881,586)
Deferred inflows of resources for taxes receivables				1,110,055
Deferred inflows of resources for other unavailable revenues				<u>817,637</u>
Net position of governmental activities				<u>\$ 4,887,970</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, 2014

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
Ad valorem taxes	\$ 26,792,489	\$ -	\$ 2,885,233	\$ 29,677,722
Local option sales taxes	6,152,792	-	1,529,406	7,682,198
Unrestricted intergovernmental revenues	357,068	-	-	357,068
Restricted intergovernmental revenues	8,692,694	884,698	2,274,782	11,852,174
Permits and fees	1,520,280	-	-	1,520,280
Sales and services	2,391,080	-	-	2,391,080
Interest earned on investments	48,077	305	730	49,112
Miscellaneous	180,086	46,861	76,399	303,346
Total revenues	<u>46,134,566</u>	<u>931,864</u>	<u>6,766,550</u>	<u>53,832,980</u>
<b>Expenditures:</b>				
Current:				
General government	6,799,490	-	1,941	6,801,431
Public safety	11,334,249	-	3,060,529	14,394,778
Transportation	1,016,489	-	-	1,016,489
Economic and physical development	1,136,642	-	1,553,416	2,690,058
Human services	10,982,350	-	-	10,982,350
Education	8,568,970	-	1,210,772	9,779,742
Cultural and recreational	2,386,734	-	214,533	2,601,267
Debt service:				
Principal repayments	-	4,848,655	-	4,848,655
Interest	-	1,358,927	-	1,358,927
Total expenditures	<u>42,224,924</u>	<u>6,207,582</u>	<u>6,041,191</u>	<u>54,473,697</u>
Revenues over (under) expenditures	<u>3,909,642</u>	<u>(5,275,718)</u>	<u>725,359</u>	<u>(640,717)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	7,000	5,037,700	895,718	5,940,418
Transfers (out)	(4,412,891)	-	(1,527,527)	(5,940,418)
Total other financing sources (uses)	<u>(4,405,891)</u>	<u>5,037,700</u>	<u>(631,809)</u>	<u>-</u>
Net change in fund balances	(496,249)	(238,018)	93,550	(640,717)
<b>Fund Balances:</b>				
Beginning of year - July 1	<u>20,613,771</u>	<u>1,022,379</u>	<u>4,450,311</u>	<u>26,086,461</u>
End of year - June 30	<u>\$ 20,117,522</u>	<u>\$ 784,361</u>	<u>\$ 4,543,861</u>	<u>\$ 25,445,744</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, 2014**

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	\$ (640,717)
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.	(139,865)
<p>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:</p>	
Ambulance revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds statement.	73,264
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.	(17,158)
Expenses related to compensated absences, 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.	(2,095,236)
Capital assets (net) disposed of during the year are not recognized on the modified accrual basis.	(1,142)
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.	1,058,802
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(1,698,414)
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.	4,848,655
The net revenue (expense) of the internal service funds are reported with governmental activities.	<u>(758,311)</u>
Change in net position of governmental activities (Exhibit B)	<u>\$ 629,878</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, 2014

	Budgeted Amounts		Actual	Variance from Final Budget Over/Under
	Original	Final		
<b>Revenues:</b>				
Ad valorem taxes	\$ 26,323,348	\$ 26,609,298	\$ 26,792,489	\$ 183,191
Local option sales taxes	5,906,289	6,088,917	6,152,792	63,875
Unrestricted intergovernmental revenues	348,000	348,000	357,068	9,068
Restricted intergovernmental revenues	8,491,776	8,967,405	8,692,694	(274,711)
Permits and fees	1,351,395	1,409,998	1,520,280	110,282
Sales and services	2,274,599	2,301,831	2,391,080	89,249
Investment earnings	51,000	51,000	48,077	(2,923)
Miscellaneous	70,843	154,154	180,086	25,932
Total revenues	<u>44,817,250</u>	<u>45,930,603</u>	<u>46,134,566</u>	<u>203,963</u>
<b>Expenditures:</b>				
Current:				
General government	7,110,128	7,035,470	6,799,490	235,980
Public safety	11,294,702	11,665,114	11,334,249	330,865
Transportation	1,369,040	1,436,730	1,016,489	420,241
Economic and physical development	1,112,458	1,247,072	1,136,642	110,430
Human services	11,754,923	12,172,132	10,982,350	1,189,782
Cultural and recreational	2,388,497	2,410,695	2,386,734	23,961
Intergovernmental:				
Education	<u>8,538,549</u>	<u>8,569,024</u>	<u>8,568,970</u>	<u>54</u>
Total expenditures	<u>43,568,297</u>	<u>44,536,237</u>	<u>42,224,924</u>	<u>2,311,313</u>
Revenues over (under) expenditures	<u>1,248,953</u>	<u>1,394,366</u>	<u>3,909,642</u>	<u>2,515,276</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	207,000	107,000	7,000	(100,000)
Transfers (out)	(3,577,173)	(4,412,891)	(4,412,891)	-
Appropriated fund balance	<u>2,121,220</u>	<u>2,911,525</u>	<u>-</u>	<u>(2,911,525)</u>
Total other financing sources (uses)	<u>(1,248,953)</u>	<u>(1,394,366)</u>	<u>(4,405,891)</u>	<u>(3,011,525)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(496,249)</u>	<u>\$ (496,249)</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>20,613,771</u>	
End of year - June 30			<u>\$ 20,117,522</u>	

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

## MACON COUNTY, NORTH CAROLINA

## STATEMENT OF NET POSITION

## PROPRIETARY FUNDS

JUNE 30, 2014

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Solid Waste Fund</u>	<u>Internal Service Fund</u>
<b>Assets:</b>		
Current assets:		
Cash and cash equivalents	\$ 9,761,957	\$ 2,027,681
Interest receivable	2,417	-
Accounts receivable, net	<u>311,243</u>	<u>29,233</u>
Total current assets	<u>10,075,617</u>	<u>2,056,914</u>
Non-current assets:		
Non-depreciable capital assets	460,837	-
Depreciable capital assets, net	<u>1,647,267</u>	<u>-</u>
Total non-current assets	<u>2,108,104</u>	<u>-</u>
Total assets	<u>12,183,721</u>	<u>2,056,914</u>
<b>Liabilities:</b>		
Current liabilities:		
Accounts payable and accrued liabilities	268,184	418,560
Current portion of accrued landfill closure and post-closure care cost	51,794	-
Compensated absences payable - current	<u>4,530</u>	<u>-</u>
Total current liabilities	<u>324,508</u>	<u>418,560</u>
Non-current liabilities:		
Accrued landfill closure and post-closure care cost	7,816,006	-
Compensated absences payable	40,766	-
Long-term liabilities - non-current	<u>598,371</u>	<u>-</u>
Total non-current liabilities	<u>8,455,143</u>	<u>-</u>
Total liabilities	<u>8,779,651</u>	<u>418,560</u>
<b>Net Position:</b>		
Net investment in capital assets	2,108,104	-
Unrestricted	<u>1,295,966</u>	<u>1,638,354</u>
Total net position	<u>\$ 3,404,070</u>	<u>\$ 1,638,354</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, 2014**

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Solid Waste Fund</u>	<u>Internal Service Fund</u>
<b>Operating Revenues:</b>		
Landfill fees	\$ 1,917,247	\$ -
Solid waste disposal fees	31,546	-
Charges for services	-	3,383,913
Tipping fees	1,213,655	-
Scrap tire revenues	40,922	-
Other	266,988	-
Total operating revenues	<u>3,470,358</u>	<u>3,383,913</u>
<b>Operating Expenses:</b>		
Salaries	918,733	-
Employee benefits	452,179	-
Benefit payments	-	3,614,859
Insurance premiums	-	527,618
Operating expenses	1,275,329	-
Landfill closure and post-closure care cost	2,393,230	-
Depreciation	280,621	-
Total operating expenses	<u>5,320,092</u>	<u>4,142,477</u>
Operating income (loss)	<u>(1,849,734)</u>	<u>(758,564)</u>
<b>Non-Operating Revenues (Expenses):</b>		
Interest earned on investments	<u>10,251</u>	<u>253</u>
Change in net position	(1,839,483)	(758,311)
<b>Net Position:</b>		
Beginning of year - July 1	<u>5,243,553</u>	<u>2,396,665</u>
End of year - June 30	<u>\$ 3,404,070</u>	<u>\$ 1,638,354</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, 2014

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Solid Waste Fund</u>	<u>Internal Service Fund</u>
<b>Cash Flows from Operating Activities:</b>		
Cash received from customers	\$ 3,086,203	\$ 3,361,280
Cash paid for goods and services	(1,223,264)	(4,042,067)
Cash paid to employees for services	(1,247,817)	-
Other operating revenues	<u>377,151</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>992,273</u>	<u>(680,787)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Acquisition and construction of capital assets	<u>(285,269)</u>	<u>-</u>
<b>Cash Flows from Investing Activities:</b>		
Interest on investments	<u>10,251</u>	<u>253</u>
Net increase (decrease) in cash and cash equivalents	717,255	(680,534)
<b>Cash and Cash Equivalents:</b>		
Beginning of year - July 1	<u>9,044,702</u>	<u>2,708,215</u>
End of year - June 30	<u>\$ 9,761,957</u>	<u>\$ 2,027,681</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>		
Operating income (loss)	\$ (1,849,734)	\$ (758,564)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	280,621	-
Change in estimate of closure and post-closure care cost	2,364,700	-
Changes in assets and liabilities:		
(Increase) decrease in receivables	(7,004)	(22,633)
(Increase) decrease in prepaids	-	30,798
Increase (decrease) in accounts payable and accrued liabilities	83,686	69,612
Increase (decrease) in other post-employment benefits	125,777	-
Increase (decrease) in accrued vacation pay	<u>(5,773)</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>\$ 992,273</u>	<u>\$ (680,787)</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, 2014**

	<u>Agency Funds</u>
<b>Assets:</b>	
Cash and cash equivalents	\$ 111,012
Accounts receivable	<u>23,653</u>
Total assets	<u>\$ 134,665</u>
<b>Liabilities:</b>	
Miscellaneous liabilities	\$ 96,195
Intergovernmental payable	<u>38,470</u>
Total liabilities	<u>\$ 134,665</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, 2014

### 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 units which issued financial statements 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, 2014

### 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, 2014

*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 three special revenue funds: the Emergency Telephone System Fund, the Fire Districts 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 seven 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, and the Capital Reserve 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 eight 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

## MACON COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

Carolina Industrial Partners Fund, which accounts for monies held by the County as agent for advertising and promotions for Western North Carolina industries; the Hurricane Ivan Relief Fund, which accounts for monies held for hurricane relief and recovery; and the 3% Interest Payable to State Fund, which accounts for interest on delinquent motor vehicle taxes required to be remitted to the State of North Carolina Department of Motor Vehicles.

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.

# MACON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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. 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. 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, the Emergency Telephone System Fund, the Capital Reserve Fund, Fire Districts 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, the Consolidated Capital Projects Fund, the Airport Improvements Fund, the Little Tennessee River/Cartoogechaye Creek Sewer Trunk Project Fund, the County Buildings Project Fund, and the Riverbend Estates Waterline Project Fund.

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.

# MACON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### **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.

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 Cash Portfolio, an SEC-registered (2a-7) money market fund, are valued at fair value, 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, in the amount of \$2,584, represent amounts reserved for the Public School Building Capital Fund. The restricted assets in the Consolidated Capital Project Fund of \$289,854 represent the balance of proceeds available under installment purchase contracts to finance construction and renovations to schools.

#### **Ad Valorem Taxes Receivable**

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

# MACON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### 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 expenditures 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 assets are recorded at their estimated fair value at the date of donation. 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, 2014

### **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 had no items that meet this criterion. 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 four items that meet the criterion for this category – prepaid taxes, property taxes receivable, ambulance receivable, and public health receivable.

### **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, 2014

### **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)]. This amount is usually comprised of accounts receivable and interfund receivables, which are not offset by deferred revenues.

Restricted, all other fund balances at June 30, 2014 are as follows:

*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 Economic and Physical Development* – portion of fund balance restricted by revenue source to be used for sewer capital projects.

*Restricted for Education* – portion of fund balance restricted by revenue source to be used to support public education, including timber receipts, which are restricted by the Federal government for educational purposes.

**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.

# MACON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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

*Committed for Education* – represents the portion of fund balance committed by the governing body for education 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 Finance Officer, as granted in the officially adopted budget ordinance, have been granted limited authority to assign fund balance.

*Assigned for General Government/Subsequent Year’s Expenditures* – portion of fund balance that is appropriated in the next year’s budget that is not already classified as restricted or committed. The governing board approves the appropriation.

*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.

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	\$ 20,117,522
<b>Less:</b>	
Inventories	34,823
Prepays	251,580
Stabilization by State statute	<u>3,661,982</u>
Total available fund balance	<u>\$ 16,169,137</u>

# MACON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### **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.

## **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.

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.

## MACON COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

At June 30, 2014, the County's deposits had a carrying amount of \$11,699,077 and a bank balance of \$12,230,090. Of the bank balance, \$750,000 was covered by federal depository insurance and \$11,480,090 by collateral held under the Pooling Method. Cash on hand was \$2,400.

#### Investments

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 6 Months</u>	<u>6-12 Months</u>
Commercial paper	\$ 8,207,993	\$ 7,205,278	\$ 1,002,715
North Carolina Capital Management Trust - Cash Portfolio	14,641,903	N/A	N/A
Total	<u>\$ 22,849,896</u>	<u>\$ 7,205,278</u>	<u>\$ 1,002,715</u>

*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.

*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, 2014, the County's investments in commercial paper were rated P1 by Standard & Poor's, F1 by Fitch Ratings, and A1 by Moody's Investors Service. The County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2014.

*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:

<u>Investment Type</u>	<u>% of Total Investment</u>
<b>Commercial Paper:</b>	
Societe Generale North America	8.73%
Naxtix US Finance	8.75%
BNP Paribas	<u>9.71%</u>
Total	<u>27.19%</u>

# MACON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### 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.

<b>Fiscal Year</b>	<b>Levied</b>	<b>Tax</b>	<b>Interest</b>	<b>Total</b>
2011	\$	1,408,592	\$ -	\$ 1,408,592
2012		1,407,716	-	1,407,716
2013		1,412,379	-	1,412,379
2014		1,440,151	-	1,440,151
Total	\$	<u>5,668,838</u>	<u>\$ -</u>	<u>\$ 5,668,838</u>

### Receivables

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

	<b>Accounts</b>	<b>Taxes</b>	<b>Interest</b>	<b>Due from Other Governments</b>	<b>Total</b>
<b>Governmental Activities:</b>					
General	\$ 814,733	\$ 1,794,396	\$ 12,332	\$ 3,652,554	\$ 6,274,015
Other governmental	29,233	252,567	-	1,609,771	1,891,571
Allowance for doubtful accounts	-	(936,908)	-	-	(936,908)
Total governmental activities	<u>\$ 843,966</u>	<u>\$ 1,110,055</u>	<u>\$ 12,332</u>	<u>\$ 5,262,325</u>	<u>\$ 7,228,678</u>
<b>Business-Type Activities:</b>					
Solid Waste	\$ 502,405	\$ -	\$ 2,417	\$ -	\$ 504,822
Allowance for doubtful accounts	(191,162)	-	-	-	(191,162)
Total business-type activities	<u>\$ 311,243</u>	<u>\$ -</u>	<u>\$ 2,417</u>	<u>\$ -</u>	<u>\$ 313,660</u>

# MACON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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

	<b>Governmental Activities</b>
Local option sales and use tax/sales tax refund	\$ 2,313,149
Due from State DMV	82,335
Grants receivable	1,625,923
Others	1,240,918
Total	\$ 5,262,325

### Governmental Capital Assets

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

	<b>July 1, 2013</b>	<b>Additions</b>	<b>Retirements</b>	<b>Transfers</b>	<b>June 30, 2014</b>
<b>Non-Depreciable Assets:</b>					
Land	\$ 9,698,078	\$ 150,617	\$ -	\$ -	\$ 9,848,695
Construction in progress	537,422	216,474	-	(539,363)	214,533
<b>Depreciable Assets:</b>					
Buildings and improvements	26,813,681	-	-	539,363	27,353,044
Equipment	2,816,679	217,897	(25,693)	-	3,008,883
Vehicles	5,577,931	473,814	(22,310)	20,408	6,049,843
Total	45,443,791	1,058,802	(48,003)	20,408	46,474,998
<b>Less Accumulated Depreciation:</b>					
Buildings and improvements	14,484,019	1,105,614	-	-	15,589,633
Equipment	2,020,107	189,562	(24,551)	-	2,185,118
Vehicles	4,541,145	403,238	(22,310)	20,408	4,942,481
Total accumulated depreciation	21,045,271	1,698,414	(46,861)	20,408	22,717,232
Capital assets, net	\$ 24,398,520	\$ (639,612)	\$ (1,142)	\$ -	\$ 23,757,766

# MACON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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

<b>Governmental Activities:</b>	
General government	\$ 539,828
Public safety	567,809
Economic and physical development	860
Transportation	115,572
Human services	103,341
Cultural and recreational	<u>371,004</u>
<b>Total</b>	<b><u><u>\$ 1,698,414</u></u></b>

### Proprietary Capital Assets

The capital assets of the Proprietary Fund at June 30, 2014 are as follows:

	<u>July 1, 2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2014</u>
<b>Non-Depreciable Assets:</b>					
Land	\$ 460,837	\$ -	\$ -	\$ -	\$ 460,837
<b>Depreciable Assets:</b>					
Buildings and improvements	9,486,139	-	-	-	9,486,139
Equipment	2,221,473	243,562	-	-	2,465,035
Vehicles	<u>744,471</u>	<u>41,707</u>	-	<u>(20,408)</u>	<u>765,770</u>
<b>Total</b>	<b><u>12,912,920</u></b>	<b><u>285,269</u></b>	<b><u>-</u></b>	<b><u>(20,408)</u></b>	<b><u>13,177,781</u></b>
<b>Less Accumulated Depreciation:</b>					
Buildings and improvements	8,225,746	92,875	-	-	8,318,621
Equipment	1,911,444	170,353	-	-	2,081,797
Vehicles	<u>672,274</u>	<u>17,393</u>	-	<u>(20,408)</u>	<u>669,259</u>
<b>Total accumulated depreciation</b>	<b><u>10,809,464</u></b>	<b><u>280,621</u></b>	<b><u>-</u></b>	<b><u>(20,408)</u></b>	<b><u>11,069,677</u></b>
 Capital assets, net	 <u>\$ 2,103,456</u>	 <u>\$ 4,648</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 2,108,104</u>

### Summary Disclosure of Significant Construction Commitments

At June 30, 2014, the County had commitments of approximately \$1,066,995 for construction of a recreational complex and \$68,413 for school construction.

**MACON COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**B. Liabilities**

**Payables**

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

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Insurance Claims Incurred But Not Reported</u>	<u>Total</u>
<b>Governmental Activities</b>	\$ 1,942,022	\$ 870,308	\$ 239,352	\$ 3,051,682
<b>Business-Type Activities:</b>				
Solid Waste	\$ 218,392	\$ 49,792	\$ -	\$ 268,184

**Pension Plan and Other Post-Employment Obligations**

**Local Governmental Employees' Retirement System**

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

**Funding Policy.** Plan members are required to contribute 6.0% of their annual covered salary. The County is required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 7.07% and 7.28%, respectively, of annual covered payroll. The contribution requirements of members and of Macon County are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2014, 2013, and 2012 were \$1,026,039, \$924,490, and \$922,113, respectively. The contributions made by the County equaled the required contributions for each year.

# MACON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### **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. The Plan does not issue a separate stand-alone financial report.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2013, the Separation Allowance's membership consisted of 48 active plan members and 1 retired member receiving benefits.

### **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.

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

**Contributions.** The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments 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.

The annual required contribution for the fiscal year ended June 30, 2014 was determined as part of the December 31, 2012 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return and (b) projected salary increases ranging from 4.25% to 7.85% per year. The inflation component was 3.00%. The assumptions do not include post-retirement benefit increases. The actuarial value of assets was market value. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2012 is 18 years.

**MACON COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**Annual Pension Cost and Net Pension Obligation.** The County’s annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Employer annual required contribution	\$	70,120
Interest on net pension obligation		19,384
Adjustment to annual required contribution		<u>(31,585)</u>
Annual pension cost		57,919
Employer contributions made for fiscal year ending June 30, 2014		<u>5,474</u>
Increase (decrease) in net pension obligation		52,445
Net pension obligation:		
Beginning of year - July 1		<u>387,671</u>
End of year - June 30	\$	<u><u>440,116</u></u>

**Three-Year Trend Information**

<b>Fiscal Year Ended June 30</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
2012	\$ 53,674	0.00%	\$ 331,168
2013	61,134	7.58%	387,671
2014	57,919	9.45%	440,116

**Funded Status and Funding Progress.** As of December 31, 2013, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$506,997, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$506,997. The covered payroll (annual payroll of active employees covered by the plan) was \$2,120,771, and the ratio of the UAAL to the covered payroll was 23.91%.

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 the plan assets are increasing or decreasing over time, relative to the actuarial accrued liability benefits.

# MACON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 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.

**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, 2014 were \$183,399, which consisted of \$107,944 from the County and \$75,455 from the law enforcement officers.

### **Register of Deeds' Supplemental Pension Fund**

**Plan Description.** Macon County also contributes to the Register of Deeds' Supplemental Pension Fund (Fund), a non-contributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any eligible County register of deeds who is retired under the Local Governmental 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. 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 pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

**Funding Policy.** On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 3 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7.0%) of the Fund's assets may be used by the State Treasurer to administer the Fund. For the fiscal year ended June 30, 2014, the County's required and actual contributions were \$3,161.

**MACON COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**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, are members of the County’s Group Health Insurance Plan, and retire with a minimum of fifteen years of NCLGERS service 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 Health Insurance Plan Participation	Spouse Coverage Available to Retiree
15 – 24	Until Age 65	No
25 – 29	Lifetime	No
30 or more	Lifetime	Yes

\* As determined by NCLGERS

Healthcare and prescription drug coverage are provided in the County’s Group Health Insurance Plan. The County pays the full cost of coverage for qualifying retirees. Also, retirees 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 \$200 per month. Spouse coverage terminates upon the retiree’s death. Currently, 45 retirees are receiving post-retirement health benefits. For the fiscal year ended June 30, 2014, the County contributed \$294,715 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, 2013, the date of the latest actuarial valuation:

	<b>General Employees</b>	<b>Law Enforcement Officers</b>
Retirees and dependents receiving benefits	45	N/A
Terminated plan members entitled to, but not yet receiving, benefits	-	-
Active plan members	334	48
<b>Total</b>	<b>379</b>	<b>48</b>

# MACON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

**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 17.67% of annual covered payroll. For the current year, the County contributed \$294,715, or 2.08%, 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 \$13,200. 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.

**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:

	<u>Governmental</u>	<u>Business-Type</u>	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
Annual required contribution	\$ 2,359,534	\$ 141,562	\$ 2,501,096
Interest on net OPEB obligation	334,090	20,044	354,134
Adjustments to annual required contribution	<u>(319,160)</u>	<u>(19,148)</u>	<u>(338,308)</u>
Annual OPEB cost (expense)	2,374,464	142,458	2,516,922
Contributions made	<u>(278,034)</u>	<u>(16,681)</u>	<u>(294,715)</u>
Increase (decrease) in net OPEB obligation	2,096,430	125,777	2,222,207
Net OPEB obligation:			
Beginning of year - July 1	<u>8,380,767</u>	<u>472,594</u>	<u>8,853,361</u>
End of year - June 30	<u>\$ 10,477,197</u>	<u>\$ 598,371</u>	<u>\$ 11,075,568</u>

# MACON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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, 2014 were as follows:

<u>Year Ended June 30</u>	<u>OPEB Cost</u>	<u>Annual OPEB Cost Contributed</u>	<u>OPEB Obligation</u>
2012	\$ 2,261,331	5.6%	\$ 6,889,797
2013	2,265,147	13.3%	8,853,361
2014	2,516,922	11.7%	11,075,568

**Fund Status and Funding Progress.** As of December 31, 2013, 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 \$27,697,567. The covered payroll (annual payroll of active employees covered by the plan) was \$14,151,083, and the ratio of the UAAL to the covered payroll was 195.7%.

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. 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 at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the December 31, 2013 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, 2013 was 30 years.

## **MACON COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014**

As of June 30, 2014, 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 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.

Due to a surplus in the death benefit, a decision was made by the State to temporarily stop employer contributions to the LGERS Death Benefit Plan beginning July 1, 2012. A temporary relief period based on the number of years the employer has contributed as of December 31, 2010 was established. The period of reprieve is determined separately for law enforcement officers. Macon County will have a three-year reprieve because it has been contributing for more than 20 years. Contributions will resume in the fiscal year beginning July 1, 2015.

#### **Landfill Closure and Post-Closure Care Costs**

State and federal 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 thirty 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 has been operated by the County since 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 New Franklin Landfill in May 1992. During 1999, the County expanded the cell at the New Franklin Landfill.

# MACON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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 \$7,867,800 reported as landfill closure and post-closure care liability at June 30, 2014 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, \$7,375,000 reflects the costs of the New Franklin Landfill. The new landfill costs are based on 88.75% of the total estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and post-closure care of \$935,000 as the remaining capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2014. The County expects to close the current cells of the New Franklin Landfill in 2016. 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. A transfer of \$370,835 was made to the Landfill Closure and Post-Closure Reserve Fund during the fiscal year ended June 30, 2014, and those funds are held in the NCCMT account at year-end. 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.

In fiscal year 2014, the County made a change in their estimate for the landfill closure and post-closure care liability. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 18, the effect of this change is being reported in the current period.

### **Deferred Inflows of Resources/Unearned Revenues**

The balance in deferred inflows of resources on the fund statements and the government-wide statements at June 30, 2014 are composed of the following elements:

	Unavailable Revenues		Unearned Revenues	
	General Fund	Fire District Fund	General Fund	Fire District Fund
Taxes receivable (net)	\$ 973,292	\$ 136,763	\$ -	\$ -
Ambulance fees receivable	627,970	-	-	-
Other (net)	189,667	-	-	-
Taxes collected in advance	-	-	127,429	-
<b>Total</b>	<b>\$ 1,790,929</b>	<b>\$ 136,763</b>	<b>\$ 127,429</b>	<b>\$ -</b>

# MACON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### **Risk Management**

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in two self-funded risk financing pools administered by the North Carolina Association of County Commissioners Joint Risk Management Agency.

Through these pools, 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 \$2 million per occurrence; auto physical damage for owned autos at actual cash value; crime coverage of \$250,000 per occurrence; and workers' compensation coverage up to the statutory limits.

All property coverage and some liability coverage are subject to per occurrence deductibles, as selected by the County. The pools are audited annually by certified public accountants, and audited financial statements are available to the County upon request.

Both of the pools are reinsured through a multi-State public entity captive for single occurrence losses in excess of \$500,000, up to a \$2 million limit for liability coverage, and single occurrence losses in excess of \$750,000 for workers' compensation.

Through the captive, the Liability and Property Pool is reinsured for \$2,000,000 of annual aggregate losses in excess of \$250,000 per occurrence for property, auto physical damage, and crime coverage with additional limits of \$498 million purchased through a group of commercial carriers through the multi-State public entity captive.

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 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, and coverage is through the North Carolina Association of County Commissioners Insurance Pool Program. Deductibles are \$25,000 per occurrence. Deductibles are funded in a reserve in the General Fund. Coverage limits are \$1 million per occurrence in excess of NFIP coverage.

**MACON COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

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

	<u>2014</u>	<u>2013</u>
Unpaid claims - beginning	\$ 168,419	\$ 283,123
Incurred claims	3,614,859	3,966,331
Claim payments	<u>(3,543,926)</u>	<u>(4,081,035)</u>
Unpaid claims - ending	<u>\$ 239,352</u>	<u>\$ 168,419</u>

**Contingent Liabilities**

At June 30, 2014, 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.

**Long-Term Obligations**

**Installment Purchase Contracts**

**Serviced by Governmental Funds:**

The County entered into a refunding certificate of participation contract dated April 15, 2004 in the amount of \$17,165,000 to refund various installment debt, including school construction. The contract is payable in eleven (11) annual installments ranging from \$610,000 to \$1,820,000, plus interest ranging from 2.25% to 5.0% per annum. \$ 610,000

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 thirty (30) semi-annual installments of \$166,667, plus interest at 2.19% per annum. 2,166,667

\$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. 1,313,669

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 thirty (30) semi-annual installments of \$86,667, plus interest at 2.49% per annum. 1,560,000

**MACON COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**Serviced by Governmental Funds (continued):**

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 forty (40) semi-annual installments of \$500,000, plus interest at 2.61% per annum. 14,500,000

The County entered into an installment purchase agreement dated December 8, 2009, in the amount of \$500,000 for purchase of equipment and vehicles. The contract is payable in ten (10) semi-annual installments of \$50,000, plus interest at 3.08% per annum. 50,000

\$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. 1,320,000

\$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. 10,235,912

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. 1,736,762

The County entered into an installment purchase agreement dated September 25, 2012 in the amount of \$1,500,000 for acquisition of computer equipment to be used for public school purposes. The agreement is payable in ten (10) semi-annual installments ranging from \$145,204 to \$154,889, plus interest at 1.44% per annum. 906,356

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 ten (10) semi-annual installments ranging from \$36,093 to \$38,775, plus interest at 1.57% per annum. 301,531

\$1,500,000 Highlands School Renovation Qualified Zone Academy Bonds requiring ten (10) annual payments of \$150,000; final payment of the bonds is April 26, 2023. 1,350,000

Total installment contracts \$ 36,050,897

# MACON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### 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, 2014:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 3,774,040	\$ 1,175,775
2016	3,119,504	1,056,964
2017	3,125,048	961,603
2018	2,819,832	867,224
2019	2,742,634	776,547
2020-2024	12,480,946	2,574,696
2025-2029	7,784,568	656,286
2030-2031	204,325	7,846
Total	<u>\$ 36,050,897</u>	<u>\$ 8,076,941</u>

At June 30, 2014, the County had a legal debt margin of approximately \$722,133,000.

### Debt Related to Capital Activities

Of the total governmental activities debt listed, only \$4,445,795 relates to assets the County holds title. Unspent restricted cash related to the school debt amounts to \$289,854.

**MACON COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**Long-Term Obligation Activity**

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

	<u>Balance July 1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2014</u>	<u>Current Portion of Balance</u>
<b>Governmental Activities:</b>					
Installment contracts	\$ 40,899,552	\$ -	\$ 4,848,655	\$ 36,050,897	\$ 3,774,040
Compensated absences	967,015	692,768	746,407	913,376	91,338
Other post-employment benefits	8,380,767	2,374,464	278,034	10,477,197	-
LEO separation allowance	387,671	57,919	5,474	440,116	-
Total governmental activities	<u>\$ 50,635,005</u>	<u>\$ 3,125,151</u>	<u>\$ 5,878,570</u>	<u>\$ 47,881,586</u>	<u>\$ 3,865,378</u>
<b>Business-Type Activities:</b>					
Accrued landfill closure and post-closure care cost	\$ 5,503,100	\$ 2,415,000	\$ 50,300	\$ 7,867,800	\$ 51,794
Other post-employment benefits	472,594	142,458	16,681	598,371	-
Compensated absences	51,069	34,853	40,626	45,296	4,530
Total business-type activities	<u>\$ 6,026,763</u>	<u>\$ 2,592,311</u>	<u>\$ 107,607</u>	<u>\$ 8,511,467</u>	<u>\$ 56,324</u>

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

**C. Net Investment in Capital Assets**

Net investment in capital assets at June 30, 2014 is computed as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets, net of accumulated depreciation	\$ 23,757,766	\$ 2,108,104
Less capital debt:		
Gross debt	36,050,897	-
Less school debt related to assets to which the County does not hold title	<u>(31,605,102)</u>	<u>-</u>
County related debt	<u>4,445,795</u>	<u>-</u>
Net investment in capital assets	<u>\$ 19,311,971</u>	<u>\$ 2,108,104</u>

**MACON COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**D. Interfund Balances and Activity**

	<u>Transfers</u>		<u>Purpose</u>
	<u>From</u>	<u>To</u>	
<b>Transfers From/To Other Funds:</b>			
<b>General Fund:</b>			
General Fund	\$ 4,412,891	\$ 7,000	Various purposes
<b>Other Governmental Funds:</b>			
County building projects	-	500,000	Parker Meadows Recreation Complex
Emergency Telephone System Fund	-	19,500	Reimbursement of ineligible expenditures
Airport Improvements Fund	-	296,371	Grant matching funds
Schools Capital Fund	1,520,527	-	Debt retirement
CDBG Housing Fund	-	79,847	Administrative funds
Capital Reserve Fund	7,000	-	Economic development
<b>Debt Service Fund:</b>			
Debt Service Fund	-	5,037,700	Debt retirement
Total	<u>\$ 5,940,418</u>	<u>\$ 5,940,418</u>	

	<u>Intrafund Transfers</u>		<u>Purpose</u>
	<u>From</u>	<u>To</u>	
<b>Enterprise Funds:</b>			
Landfill Fund	\$ 370,835	\$ -	Accumulate resources to pay for future
Closure Reserve Fund	-	30,490	closure and post-closure landfill costs
Post-Closure Reserve Fund	-	340,345	
Total	<u>\$ 370,835</u>	<u>\$ 370,835</u>	

**MACON COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

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	\$ 395,460	Debt retirement
Total		<u>\$ 395,460</u>	

**3. Related Party**

The County entered into a lease on January 11, 2011, to lease office space in a building owned by one of the Commissioners of the Macon County Board of Commissioners. At June 30, 2014, lease expense for this lease amounted to \$1,500.

**4. Joint Ventures**

**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, 2014. 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.

**5. Jointly Governed Organizations**

**Southwestern North Carolina Planning and Economic Development Commission**

The County, in conjunction with seven other counties and sixteen 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.

# MACON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### **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, 2014.

### **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. 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 \$448,563 to the Community College for operating and capital purposes during the fiscal year ended June 30, 2014. 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, 2014. 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.

## **6. 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.

## **7. 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.

# MACON COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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.

	<u>Federal</u>	<u>State</u>
Medical Assistance Program	\$ 26,202,052	\$ 14,563,539
TANF / Work First	1,848	-
Special Supplemental Food Program for Women, Infants, and Children	718,107	-
IV-E Adoption Subsidy	169,442	44,270
IV-E Foster Care	98,301	24,252
Special Assistance for Adults	-	165,936
State Foster Home	-	5,408
CWS Adoption Subsidy	-	20,090
SFHF Maximization	-	4,557
State Children's Insurance Program - N.C. Health Choice	920,706	290,421
Independent Living Grant	5,607	-
Totals	<u>\$ 28,116,063</u>	<u>\$ 15,118,473</u>



## **REQUIRED SUPPLEMENTAL FINANCIAL DATA**

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

- Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance.
- Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance.
- Schedule of Funding Progress for Other Post-Employment Benefits – Retiree Health Plan.
- Notes to the Required Schedules for Other Post-Employment Benefits – Retiree Health Plan.



## MACON COUNTY, NORTH CAROLINA

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2014**

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL)			Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a % of Covered Payroll ((B-A)/C)
		Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)				
12/31/2008	\$ -	\$ 284,422	\$ 284,422	0.00%	\$ 1,876,713	15.16%	
12/31/2009	-	410,466	410,466	0.00%	1,851,404	22.17%	
12/31/2010	-	371,101	371,101	0.00%	1,827,178	20.31%	
12/31/2011	-	451,996	451,996	0.00%	1,942,902	23.26%	
12/31/2012	-	487,063	487,063	0.00%	2,077,367	23.45%	
12/31/2013	-	506,997	506,997	0.00%	2,120,771	23.91%	

**Schedule of Employer Contributions**

Fiscal Year Ended June 30	Annual Required Contribution (ARC)	Percentage of ARC Contributed
2009	\$ 38,164	58.32%
2010	43,929	23.91%
2011	61,274	4.76%
2012	56,353	0.00%
2013	65,185	7.10%
2014	70,120	7.81%

**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, 2013
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed
Remaining amortization period	17 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return *	5.00%
Projected salary increases	4.25% - 7.85%
Cost of living adjustments	N/A

\* Includes inflation at 3.00%

## MACON COUNTY, NORTH CAROLINA

**OTHER POST-EMPLOYMENT BENEFITS -  
 RETIREE HEALTH PLAN - REQUIRED SUPPLEMENTAL INFORMATION  
 SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS  
 FOR THE YEAR ENDED JUNE 30, 2014**

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL)			Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a % of Covered Payroll ((B-A)/C)
		Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)				
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%	

**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%

**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, 2013
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	2019

\* Includes inflation at 3.00%

**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, 2014  
WITH COMPARATIVE ACTUAL AMOUNTS  
FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over/Under	
<b>Revenues:</b>				
<b>Ad Valorem Taxes:</b>				
Taxes - current	\$ 25,584,121	\$ 25,692,413	\$ 108,292	\$ 25,119,577
Taxes - prior	832,033	878,075	46,042	841,068
Interest and advertising	193,144	222,001	28,857	189,141
Total	<u>26,609,298</u>	<u>26,792,489</u>	<u>183,191</u>	<u>26,149,786</u>
<b>Local Option Sales Taxes:</b>				
Article 39 one percent	3,895,812	3,950,280	54,468	3,981,197
Article 40 one-half of one percent	1,290,365	1,284,795	(5,570)	1,317,513
Article 42 one-half of one percent	902,740	912,170	9,430	924,519
Article 44 one-half of one percent	-	5,547	5,547	20,654
Total	<u>6,088,917</u>	<u>6,152,792</u>	<u>63,875</u>	<u>6,243,883</u>
<b>Unrestricted Intergovernmental Revenues:</b>				
Payment in lieu of taxes	332,000	337,611	5,611	339,575
Gross receipts tax	<u>16,000</u>	<u>19,457</u>	<u>3,457</u>	<u>17,743</u>
Total	<u>348,000</u>	<u>357,068</u>	<u>9,068</u>	<u>357,318</u>
<b>Restricted Intergovernmental Revenues:</b>				
Federal and State grants	6,466,218	6,340,695	(125,523)	5,992,281
Local grants	63,442	45,032	(18,410)	56,930
ABC revenues	11,000	11,602	602	13,211
Facility fees/CSC	70,000	66,064	(3,936)	71,980
Federal forfeiture and controlled substance	25,220	29,737	4,517	25,832
Local health and social services	<u>2,331,525</u>	<u>2,199,564</u>	<u>(131,961)</u>	<u>2,025,039</u>
Total	<u>8,967,405</u>	<u>8,692,694</u>	<u>(274,711)</u>	<u>8,185,273</u>
<b>Permits and Fees:</b>				
Inspection fees	244,125	344,211	100,086	291,622
Register of Deeds	445,000	484,100	39,100	480,459
Occupancy tax	576,770	553,674	(23,096)	502,796
Board of Elections fees	5,203	5,233	30	50
Civil license fees	3,900	3,638	(262)	3,565
Addressing fees	75,000	78,394	3,394	74,402
Concealed handgun permits	<u>60,000</u>	<u>51,030</u>	<u>(8,970)</u>	<u>56,680</u>
Total	<u>1,409,998</u>	<u>1,520,280</u>	<u>110,282</u>	<u>1,409,574</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, 2014  
WITH COMPARATIVE ACTUAL AMOUNTS  
FOR THE YEAR ENDED JUNE 30, 2013**

	2014			2013
	Budget	Actual	Variance Over/Under	
<b>Sales and Services:</b>				
Rents, concessions, and fees	186,036	238,965	52,929	206,609
Ambulance fees	1,100,000	1,090,810	(9,190)	1,150,039
Other public safety fees	211,175	227,938	16,763	222,294
Cable television franchise fees	91,200	89,219	(1,981)	92,557
Health fees	696,920	729,514	32,594	746,615
Aging program income	16,500	14,634	(1,866)	18,396
Total	<u>2,301,831</u>	<u>2,391,080</u>	<u>89,249</u>	<u>2,436,510</u>
<b>Investment Earnings</b>	<u>51,000</u>	<u>48,077</u>	<u>(2,923)</u>	<u>57,117</u>
<b>Miscellaneous:</b>				
Other	<u>154,154</u>	<u>180,086</u>	<u>25,932</u>	<u>173,366</u>
Total revenues	<u>45,930,603</u>	<u>46,134,566</u>	<u>203,963</u>	<u>45,012,827</u>
<b>Expenditures:</b>				
<b>General Government:</b>				
<b>Governing Body:</b>				
Salaries and employee benefits	110,174	110,632		103,361
Operating expenditures	<u>92,800</u>	<u>84,827</u>		<u>93,063</u>
Total	<u>202,974</u>	<u>195,459</u>	<u>7,515</u>	<u>196,424</u>
<b>Administration:</b>				
Salaries and employee benefits	359,563	359,566		388,061
Operating expenditures	<u>55,574</u>	<u>51,694</u>		<u>32,446</u>
Total	<u>415,137</u>	<u>411,260</u>	<u>3,877</u>	<u>420,507</u>
<b>Finance:</b>				
Salaries and employee benefits	403,330	404,701		393,563
Operating expenditures	<u>113,790</u>	<u>89,100</u>		<u>81,155</u>
Total	<u>517,120</u>	<u>493,801</u>	<u>23,319</u>	<u>474,718</u>
<b>Tax Office:</b>				
Salaries and employee benefits	439,322	443,845		427,475
Operating expenditures	<u>169,550</u>	<u>165,014</u>		<u>120,619</u>
Total	<u>608,872</u>	<u>608,859</u>	<u>13</u>	<u>548,094</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, 2014  
WITH COMPARATIVE ACTUAL AMOUNTS  
FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over/Under	
<b>Legal:</b>				
Contracted services	106,000	101,885	4,115	90,109
<b>Mapping:</b>				
Salaries and employee benefits	154,179	148,812		151,429
Operating expenditures	21,430	6,990		9,370
Total	175,609	155,802	19,807	160,799
<b>Tax Assessment:</b>				
Salaries and employee benefits	271,544	272,115		264,133
Operating expenditures	125,100	108,244		81,818
Total	396,644	380,359	16,285	345,951
<b>Board of Elections:</b>				
Salaries and employee benefits	185,318	170,489		159,569
Operating expenditures	135,003	118,332		81,723
Total	320,321	288,821	31,500	241,292
<b>Register of Deeds:</b>				
Salaries and employee benefits	191,466	191,521		177,050
Operating expenditures	100,325	95,865		94,652
Total	291,791	287,386	4,405	271,702
<b>Information Technology:</b>				
Salaries and employee benefits	449,354	447,117		419,833
Operating expenditures	419,482	363,258		329,264
Capital outlay	111,929	111,928		70,462
Total	980,765	922,303	58,462	819,559
<b>Garage:</b>				
Salaries and employee benefits	230,457	230,520		211,209
Operating expenditures	79,033	74,872		68,947
Total	309,490	305,392	4,098	280,156

MACON COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014  
WITH COMPARATIVE ACTUAL AMOUNTS  
FOR THE YEAR ENDED JUNE 30, 2013

	2014		2013
	Budget	Actual	
<b>Buildings and Grounds:</b>			
Salaries and employee benefits	1,171,052	1,167,398	1,088,844
Operating expenditures	819,404	804,873	741,553
Capital outlay	20,000	19,748	19,868
Total	<u>2,010,456</u>	<u>1,992,019</u>	<u>1,850,265</u>
<b>Human Resources:</b>			
Salaries and employee benefits	115,364	115,107	114,871
Operating expenditures	28,353	24,198	23,809
Total	<u>143,717</u>	<u>139,305</u>	<u>138,680</u>
<b>Non-Departmental:</b>			
Operating expenditures	405,954	366,222	341,156
Capital outlay	150,620	150,617	593,797
Total	<u>556,574</u>	<u>516,839</u>	<u>934,953</u>
Total general government	<u>7,035,470</u>	<u>6,799,490</u>	<u>6,773,209</u>
<b>Public Safety:</b>			
<b>Sheriff:</b>			
Salaries and employee benefits	3,149,331	3,141,903	3,008,932
Operating expenditures	764,982	736,348	765,958
Capital outlay	166,701	166,701	211,773
Total	<u>4,081,014</u>	<u>4,044,952</u>	<u>3,986,663</u>
<b>Federal/State Forfeitures:</b>			
Operating expenditures	6,530	7,874	12,276
Capital outlay	24,800	-	30,686
Total	<u>31,330</u>	<u>7,874</u>	<u>42,962</u>
<b>Juvenile Crime Prevention Council Grants</b>	<u>114,921</u>	<u>114,715</u>	<u>113,166</u>
<b>Governor's Highway Safety Program:</b>			
Salaries and employee benefits	57,844	57,573	30,302
Operating expenditures	10,200	7,763	13,859
Capital outlay	-	-	30,981
Total	<u>68,044</u>	<u>65,336</u>	<u>75,142</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, 2014  
WITH COMPARATIVE ACTUAL AMOUNTS  
FOR THE YEAR ENDED JUNE 30, 2013**

	2014			2013
	Budget	Actual	Variance Over/Under	
<b>Jail/Law Enforcement Center:</b>				
Salaries and employee benefits	1,209,064	1,201,605		1,126,465
Operating expenditures	878,954	774,501		838,467
Capital outlay	34,236	34,235		23,484
Total	<u>2,122,254</u>	<u>2,010,341</u>	<u>111,913</u>	<u>1,988,416</u>
<b>Hurricane Recovery Programs:</b>				
SARF – Homeowners Assistance	-	-	-	<u>10,241</u>
<b>Courthouse Security:</b>				
Salaries and employee benefits	178,881	172,545		155,137
Operating expenditures	5,100	3,685		3,401
Total	<u>183,981</u>	<u>176,230</u>	<u>7,751</u>	<u>158,538</u>
<b>Emergency Medical Service:</b>				
Salaries and employee benefits	2,396,176	2,316,490		2,195,893
Operating expenditures	355,357	354,226		352,733
Capital outlay	207,007	207,007		580,832
Total	<u>2,958,540</u>	<u>2,877,723</u>	<u>80,817</u>	<u>3,129,458</u>
<b>Emergency Management:</b>				
Salaries and employee benefits	892,297	880,502		909,521
Operating expenditures	145,007	131,473		107,218
Capital outlay	30,016	30,014		130,474
Total	<u>1,067,320</u>	<u>1,041,989</u>	<u>25,331</u>	<u>1,147,213</u>
<b>Inspections:</b>				
Salaries and employee benefits	480,831	480,816		456,394
Operating expenditures	60,500	34,008		55,373
Total	<u>541,331</u>	<u>514,824</u>	<u>26,507</u>	<u>511,767</u>
<b>Emergency 911:</b>				
Salaries and employee benefits	124,210	124,203		114,303
Operating expenditures	26,937	26,376		21,234
Capital outlay	5,082	5,081		-
Total	<u>156,229</u>	<u>155,660</u>	<u>569</u>	<u>135,537</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, 2014  
WITH COMPARATIVE ACTUAL AMOUNTS  
FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over/Under	
<b>Animal Control:</b>				
Salaries and employee benefits	191,735	192,064		179,030
Operating expenditures	74,300	67,148		69,312
Total	266,035	259,212	6,823	248,342
<b>Forest Service:</b>				
Operating expenditures	74,115	65,393	8,722	62,788
Total public safety	11,665,114	11,334,249	330,865	11,610,233
<b>Transit:</b>				
<b>Transit Services:</b>				
Salaries and employee benefits	555,233	553,976		456,941
Operating expenditures	210,811	207,443		185,190
Capital outlay	55,813	47,373		65,375
Total	821,857	808,792	13,065	707,506
<b>VTCLI Grant:</b>				
Operating expenditures	457,803	133,586		-
Capital outlay	117,070	34,111		-
Total	574,873	167,697	407,176	-
<b>Contribution to Macon County Airport Authority</b>	40,000	40,000	-	41,388
Total transit	1,436,730	1,016,489	420,241	748,894
<b>Economic and Physical Development:</b>				
<b>Economic Development:</b>				
Operating expenditures	111,450	92,836	18,614	245,593
<b>Occupancy Tax:</b>				
Operating expenditures	534,900	506,285	28,615	459,775
<b>Cooperative Extension:</b>				
Salaries and employee benefits	161,561	159,311		143,752
Operating expenditures	42,899	29,162		31,177
Total	204,460	188,473	15,987	174,929

MACON COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014  
WITH COMPARATIVE ACTUAL AMOUNTS  
FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over/Under	
<b>Soil Conservation:</b>				
Salaries and employee benefits	122,218	122,216		122,070
Operating expenditures	123,643	79,680		28,085
Total	245,861	201,896	43,965	150,155
<b>Special Appropriations:</b>				
Cowee School	150,401	147,152	3,249	3,211
Total economic and physical development	1,247,072	1,136,642	110,430	1,033,663
<b>Human Services:</b>				
<b>Health:</b>				
<b>Administration:</b>				
Salaries and employee benefits	193,800	185,282		177,206
Operating expenditures	205,851	163,241		157,350
Capital outlay	-	-		25,245
Total	399,651	348,523	51,128	359,801
<b>Management Support:</b>				
Salaries and employee benefits	378,933	373,995		350,974
Operating expenditures	40,192	33,917		9,882
Capital outlay	10,000	-		-
Total	429,125	407,912	21,213	360,856
<b>School Health Nurse:</b>				
Salaries and employee benefits	310,495	278,338		301,025
Operating expenditures	18,433	14,912		13,631
Total	328,928	293,250	35,678	314,656
<b>Women, Infants, and Children</b>				
Salaries and employee benefits	170,743	166,200		134,876
Operating expenditures	32,939	31,006		33,363
Total	203,682	197,206	6,476	168,239

MACON COUNTY, NORTH CAROLINA

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014  
WITH COMPARATIVE ACTUAL AMOUNTS  
FOR THE YEAR ENDED JUNE 30, 2013**

	2014		2013
	Budget	Actual	
<b>Maternal and Childcare:</b>			
Salaries and employee benefits	89,491	88,938	69,209
Operating expenditures	46,370	24,952	27,768
Capital outlay	3,000	-	-
Total	138,861	113,890	96,977
<b>Child Health:</b>			
Salaries and employee benefits	20,113	19,847	30,644
Operating expenditures	2,350	838	771
Total	22,463	20,685	31,415
<b>Family Planning:</b>			
Salaries and employee benefits	95,145	94,986	82,246
Operating expenditures	38,116	29,862	20,146
Total	133,261	124,848	102,392
<b>Dental Health Program:</b>			
Salaries and employee benefits	358,182	357,286	344,581
Operating expenditures	46,822	40,813	32,884
Capital outlay	6,775	6,775	5,082
Total	411,779	404,874	382,547
<b>Adult Dental Health:</b>			
Salaries and employee benefits	301,320	285,764	289,860
Operating expenditures	83,518	62,099	241,301
Capital outlay	-	-	48,968
Total	384,838	347,863	580,129
<b>Adult Health:</b>			
Salaries and employee benefits	48,492	45,732	40,285
Operating expenditures	13,428	3,940	11,464
Total	61,920	49,672	51,749
<b>NC Wisewoman Program:</b>			
Salaries and employee benefits	17,900	15,368	2,010
Operating expenditures	1,700	-	480
Total	19,600	15,368	2,490

MACON COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014  
WITH COMPARATIVE ACTUAL AMOUNTS  
FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over/Under	
<b>Breast and Cervical Cancer:</b>				
Salaries and employee benefits	57,332	49,287		53,811
Operating expenditures	16,758	15,940		17,176
Total	74,090	65,227	8,863	70,987
<b>Laboratory Services:</b>				
Salaries and employee benefits	162,807	162,175		149,607
Operating expenditures	52,251	44,751		37,120
Total	215,058	206,926	8,132	186,727
<b>Communicable Disease:</b>				
Salaries and employee benefits	29,048	28,933		28,122
Operating expenditures	7,021	6,747		17,212
Total	36,069	35,680	389	45,334
<b>On-Site Wastewater:</b>				
Salaries and employee benefits	251,657	236,637		243,611
Operating expenditures	32,233	26,068		17,372
Total	283,890	262,705	21,185	260,983
<b>Private Drinking Water Wells:</b>				
Salaries and employee benefits	230,551	214,458		218,544
Operating expenditures	19,913	16,030		13,987
Total	250,464	230,488	19,976	232,531
<b>Food and Lodging:</b>				
Salaries and employee benefits	204,358	200,559		198,523
Operating expenditures	19,815	14,924		13,232
Total	224,173	215,483	8,690	211,755
<b>Health Promotion:</b>				
Salaries and employee benefits	262,119	230,495		217,205
Operating expenditures	53,932	39,096		24,609
Total	316,051	269,591	46,460	241,814

MACON COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014  
WITH COMPARATIVE ACTUAL AMOUNTS  
FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over/Under	
<b>General Nursing:</b>				
Salaries and employee benefits	177,187	171,146		171,653
Operating expenditures	118,880	110,006		101,484
Total	296,067	281,152	14,915	273,137
<b>Child Service Coordination:</b>				
Salaries and employee benefits	79,051	50,682		65,658
Operating expenditures	3,489	2,868		2,165
Total	82,540	53,550	28,990	67,823
<b>Smart Start:</b>				
Salaries and employee benefits	45,893	46,151		38,193
Operating expenditures	2,845	2,651		522
Total	48,738	48,802	(64)	38,715
<b>NC Community Transformation Grant:</b>				
Operating expenditures	570,000	551,989	18,011	756,331
<b>OB Care Management Program:</b>				
Salaries and employee benefits	65,982	61,362		32,483
Operating expenditures	871	505		484
Total	66,853	61,867	4,986	32,967
<b>Breastfeeding Peer Counselor Program:</b>				
Salaries and employee benefits	9,818	9,859		6,540
Operating expenditures	10	-		1,679
Total	9,828	9,859	(31)	8,219
<b>Community Care Clinic:</b>				
Operating expenditures	40,000	40,000	-	-
Total health	5,047,929	4,657,410	390,519	4,878,574

MACON COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014  
WITH COMPARATIVE ACTUAL AMOUNTS  
FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over/Under	
<b>Social Services:</b>				
<b>Administration:</b>				
Salaries and employee benefits	401,542	401,290		303,133
Operating expenditures	519,740	514,545		413,949
Total	921,282	915,835	5,447	717,082
<b>Social Work Services/Special Programs:</b>				
Salaries and employee benefits	582,342	565,701		525,523
Operating expenditures	1,368,174	893,842		876,958
Total	1,950,516	1,459,543	490,973	1,402,481
<b>Child Daycare:</b>				
Salaries and employee benefits	44,077	44,068	9	39,762
<b>Child Support:</b>				
Salaries and employee benefits	134,533	134,799		97,648
Operating expenditures	23,167	23,056		70,474
Total	157,700	157,855	(155)	168,122
<b>Medicaid:</b>				
County participation only	1,756,237	1,555,464	200,773	1,422,321
<b>WorkFirst:</b>				
Operating expenditures	41,506	41,506		89,087
Capital outlay	-	-		74,997
Total	41,506	41,506	-	164,084
<b>CAP/DA:</b>				
Salaries and employee benefits	117,550	117,690	(140)	106,945
<b>DSS AMC Outpost Worker:</b>				
Salaries and employee benefits	40,287	40,309	(22)	36,111
<b>Program Integrity:</b>				
Salaries and employee benefits	1,693	151	1,542	-

MACON COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014  
WITH COMPARATIVE ACTUAL AMOUNTS  
FOR THE YEAR ENDED JUNE 30, 2013

	2014		2013
	Budget	Actual	
<b>Medicaid/FS Administration:</b>			
Salaries and employee benefits	966,422	962,310	4,112
Total social services	5,997,270	5,294,731	702,539
<b>Department On Aging:</b>			
<b>Administration:</b>			
Salaries and employee benefits	245,714	208,198	227,164
Operating expenditures	78,228	54,868	45,635
Total	323,942	263,066	60,876
<b>Home-Delivered Meals:</b>			
Salaries and employee benefits	46,215	46,209	39,269
Operating expenditures	110,134	106,926	100,543
Total	156,349	153,135	3,214
<b>Congregate Meals:</b>			
Salaries and employee benefits	38,389	37,938	24,957
Operating expenditures	59,246	58,733	61,143
Total	97,635	96,671	964
<b>Adult Daycare:</b>			
Salaries and employee benefits	106,229	87,257	115,573
Operating expenditures	57,150	49,510	54,369
Total	163,379	136,767	26,612
Total department on aging	741,305	649,639	91,666
<b>Miscellaneous Human Services:</b>			
<b>Veterans' Service:</b>			
Salaries and employee benefits	82,501	82,333	78,833
Operating expenditures	9,342	7,230	5,326
Total	91,843	89,563	2,280

MACON COUNTY, NORTH CAROLINA

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014  
WITH COMPARATIVE ACTUAL AMOUNTS  
FOR THE YEAR ENDED JUNE 30, 2013**

	2014		2013
	Budget	Actual	
<b>Contributions to Organizations:</b>			
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	25,000	25,000	6,870
Total	193,993	193,993	175,863
<b>Special Appropriations:</b>			
Highlands Community Development	-	-	7,882
Kids Place	-	-	10,000
State of Franklin	15,000	15,000	15,000
REACH	-	-	10,000
Mountain Mediation Center	-	-	4,024
Other special appropriations	84,792	82,014	34,394
Total	99,792	97,014	81,300
Total miscellaneous human services	385,628	380,570	341,322
Total human services	12,172,132	10,982,350	10,786,673
<b>Cultural and Recreational:</b>			
Salaries and employee benefits	411,502	407,223	347,921
Operating expenditures	954,803	935,121	725,540
Capital outlay	25,000	25,000	662,398
Total	1,391,305	1,367,344	1,735,859
<b>Library and Cultural:</b>			
Macon County Library	999,390	999,390	951,390
Macon County Historical Society	20,000	20,000	23,541
Total	1,019,390	1,019,390	974,931
Total cultural and recreational	2,410,695	2,386,734	2,710,790

MACON COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014  
WITH COMPARATIVE ACTUAL AMOUNTS  
FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over/Under	
<b>Education:</b>				
Public schools - current expenditures	7,843,326	7,843,285		7,410,356
Public schools - capital outlay	99,035	99,035		265,898
Timber sales pass-through	178,100	178,087		187,522
Southwestern Community College	448,563	448,563		431,063
Total education	<u>8,569,024</u>	<u>8,568,970</u>	54	<u>8,294,839</u>
Total expenditures	<u>44,536,237</u>	<u>42,224,924</u>	<u>2,311,313</u>	<u>41,958,301</u>
Revenues over (under) expenditures	<u>1,394,366</u>	<u>3,909,642</u>	<u>2,515,276</u>	<u>3,054,526</u>
<b>Other Financing Sources (Uses):</b>				
<b>Transfers In:</b>				
From Capital Reserve Fund	7,000	7,000	-	99,712
From Consolidated Capital Project Fund	100,000	-	(100,000)	-
Total	<u>107,000</u>	<u>7,000</u>	<u>(100,000)</u>	<u>99,712</u>
<b>Transfers Out:</b>				
To Airport Fund	(296,371)	(296,371)	-	(29,753)
To E911 Fund	(19,500)	(19,500)	-	(19,370)
To Community Development Block Grant Fund	(79,847)	(79,847)	-	(27,614)
To Debt Service	(3,517,173)	(3,517,173)	-	(4,204,288)
To County Buildings Project	(500,000)	(500,000)	-	-
Total	<u>(4,412,891)</u>	<u>(4,412,891)</u>	-	<u>(4,281,025)</u>
Long-term debt issued	-	-	-	374,000
Appropriated fund balance	<u>2,911,525</u>	<u>-</u>	<u>(2,911,525)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,394,366)</u>	<u>(4,405,891)</u>	<u>(3,011,525)</u>	<u>(3,807,313)</u>
Net change in fund balance	<u>\$ -</u>	<u>(496,249)</u>	<u>\$ (496,249)</u>	<u>(752,787)</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>20,613,771</u>		<u>21,366,558</u>
End of year - June 30		<u>\$ 20,117,522</u>		<u>\$ 20,613,771</u>

**NONMAJOR GOVERNMENTAL FUNDS**

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## MACON COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2014

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Project Funds</b>	<b>Total</b>
<b>Assets:</b>			
Cash and investments	\$ 734,845	\$ 3,247,135	\$ 3,981,980
Taxes receivable, net	136,763	-	136,763
Due from other governmental agencies	127,033	1,447,840	1,574,873
Restricted assets:			
Cash and investments	-	289,854	289,854
Total assets	<u>\$ 998,641</u>	<u>\$ 4,984,829</u>	<u>\$ 5,983,470</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 71,115	\$ 836,271	\$ 907,386
Due to other funds	-	395,460	395,460
Total liabilities	<u>71,115</u>	<u>1,231,731</u>	<u>1,302,846</u>
<b>Deferred Inflows of Resources:</b>			
Unavailable revenue - property taxes	<u>136,763</u>	<u>-</u>	<u>136,763</u>
<b>Fund Balances:</b>			
Restricted:			
Stabilization by State statute	127,033	1,447,840	1,574,873
Restricted for public safety	688,072	-	688,072
Restricted for economic and physical development	-	175,016	175,016
Restricted for education	-	289,854	289,854
Committed for general government	-	1,614,646	1,614,646
Committed for education	-	842,721	842,721
Unassigned	<u>(24,342)</u>	<u>(616,979)</u>	<u>(641,321)</u>
Total fund balances	<u>790,763</u>	<u>3,753,098</u>	<u>4,543,861</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 998,641</u>	<u>\$ 4,984,829</u>	<u>\$ 5,983,470</u>

**MACON COUNTY, NORTH CAROLINA**

**NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2014**

	<b>Nonmajor Special Revenue Funds</b>	<b>Nonmajor Capital Project Funds</b>	<b>Total</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Revenues:</b>			
Ad valorem taxes	\$ 2,885,233	\$ -	\$ 2,885,233
Local option sales taxes	-	1,529,406	1,529,406
Restricted intergovernmental revenues	1,068,117	1,206,665	2,274,782
Miscellaneous revenues	-	76,399	76,399
Interest earned on investments	54	676	730
Total revenues	<u>3,953,404</u>	<u>2,813,146</u>	<u>6,766,550</u>
<b>Expenditures:</b>			
Current:			
General government	-	1,941	1,941
Public safety	3,060,529	-	3,060,529
Education	-	1,210,772	1,210,772
Economic and physical development	480,845	1,072,571	1,553,416
Cultural and recreational	-	214,533	214,533
Total expenditures	<u>3,541,374</u>	<u>2,499,817</u>	<u>6,041,191</u>
Revenues over (under) expenditures	<u>412,030</u>	<u>313,329</u>	<u>725,359</u>
<b>Other Financing Sources (Uses):</b>			
Transfers in	99,347	796,371	895,718
Transfers out	-	(1,527,527)	(1,527,527)
Total other financing sources (uses)	<u>99,347</u>	<u>(731,156)</u>	<u>(631,809)</u>
Net change in fund balances	511,377	(417,827)	93,550
<b>Fund Balances:</b>			
Beginning of year - July 1	<u>279,386</u>	<u>4,170,925</u>	<u>4,450,311</u>
End of year - June 30	<u>\$ 790,763</u>	<u>\$ 3,753,098</u>	<u>\$ 4,543,861</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.

**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, 2014

	<b>Emergency Telephone System Fund</b>	<b>Fire Districts Fund</b>	<b>Housing Grants Fund</b>	<b>Total</b>
<b>Assets:</b>				
Cash and cash equivalents	\$ 692,685	\$ 32,536	\$ 9,624	\$ 734,845
Taxes receivable, net	-	136,763	-	136,763
Due from government agencies	<u>75,446</u>	<u>9,047</u>	<u>42,540</u>	<u>127,033</u>
Total assets	<u>\$ 768,131</u>	<u>\$ 178,346</u>	<u>\$ 52,164</u>	<u>\$ 998,641</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	<u>\$ 4,613</u>	<u>\$ 41,583</u>	<u>\$ 24,919</u>	<u>\$ 71,115</u>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenue - property taxes	<u>-</u>	<u>136,763</u>	<u>-</u>	<u>136,763</u>
<b>Fund Balances:</b>				
Restricted:				
Stabilization by State statute	75,446	9,047	42,540	127,033
Restricted for public safety	688,072	-	-	688,072
Unassigned	<u>-</u>	<u>(9,047)</u>	<u>(15,295)</u>	<u>(24,342)</u>
Total fund balances	<u>763,518</u>	<u>-</u>	<u>27,245</u>	<u>790,763</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 768,131</u>	<u>\$ 178,346</u>	<u>\$ 52,164</u>	<u>\$ 998,641</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, 2014**

	<b>Emergency Telephone System Fund</b>	<b>Fire Districts Fund</b>	<b>Housing Grants Fund</b>	<b>Total</b>
<b>Revenues:</b>				
Ad valorem taxes	\$ -	\$ 2,885,233	\$ -	\$ 2,885,233
Restricted intergovernmental revenues	670,646	-	397,471	1,068,117
Investment earnings	54	-	-	54
Total revenues	<u>670,700</u>	<u>2,885,233</u>	<u>397,471</u>	<u>3,953,404</u>
<b>Expenditures:</b>				
Public safety	175,296	2,885,233	-	3,060,529
Economic and physical development	-	-	480,845	480,845
Total expenditures	<u>175,296</u>	<u>2,885,233</u>	<u>480,845</u>	<u>3,541,374</u>
Revenues over (under) expenditures	<u>495,404</u>	<u>-</u>	<u>(83,374)</u>	<u>412,030</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in:				
From General Fund	<u>19,500</u>	<u>-</u>	<u>79,847</u>	<u>99,347</u>
Net change in fund balances	514,904	-	(3,527)	511,377
<b>Fund Balances:</b>				
Beginning of year - July 1	<u>248,614</u>	<u>-</u>	<u>30,772</u>	<u>279,386</u>
End of year - June 30	<u>\$ 763,518</u>	<u>\$ -</u>	<u>\$ 27,245</u>	<u>\$ 790,763</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, 2014**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	2014			2013
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Restricted intergovernmental revenues	\$ 670,646	\$ 670,646	\$ -	\$ 316,009
Investment earnings	-	54	54	248
Total revenues	<u>670,646</u>	<u>670,700</u>	<u>54</u>	<u>316,257</u>
<b>Expenditures:</b>				
Public safety:				
Implemental functions	201,081	78,394	122,687	74,402
Telephone	80,000	47,891	32,109	113,894
Furniture	2,000	255	1,745	48,211
Software and software maintenance	23,500	36,973	(13,473)	55,260
Hardware and hardware maintenance	12,600	11,983	617	31,233
Training	3,000	(200)	3,200	1,995
Capital outlay	<u>544,411</u>	-	<u>544,411</u>	-
Total public safety	<u>866,592</u>	<u>175,296</u>	<u>691,296</u>	<u>324,995</u>
Revenues over (under) expenditures	<u>(195,946)</u>	<u>495,404</u>	<u>691,350</u>	<u>(8,738)</u>
<b>Other Financing Sources (Uses):</b>				
Appropriated fund balance	195,946	-	(195,946)	-
Transfers in	-	<u>19,500</u>	<u>19,500</u>	<u>19,370</u>
Total other financing sources (uses)	<u>195,946</u>	<u>19,500</u>	<u>(176,446)</u>	<u>19,370</u>
Net change in fund balance	<u>\$ -</u>	<u>514,904</u>	<u>\$ 514,904</u>	<u>10,632</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>248,614</u>		<u>237,982</u>
End of year - June 30		<u>\$ 763,518</u>		<u>\$ 248,614</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, 2014  
WITH COMPARATIVE ACTUAL AMOUNTS  
FOR THE YEAR ENDED JUNE 30, 2013**

	2014			2013
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Ad valorem taxes - fire:				
Current year	\$ 2,761,479	\$ 2,748,119	\$ (13,360)	\$ 2,608,569
Prior years	100,000	137,114	37,114	129,836
Total revenues	<u>2,861,479</u>	<u>2,885,233</u>	<u>23,754</u>	<u>2,738,405</u>
<b>Expenditures:</b>				
Public safety:				
Franklin Fire District		519,075		497,162
Clark's Chapel Fire District		207,719		205,959
Otto Fire District		296,324		252,446
Cullasaja Fire District		245,053		245,342
West Macon Fire District		299,707		290,043
Scaly Mountain Fire District		117,969		115,056
Burningtown/Iotla Fire District		195,037		163,906
Cowee Fire District		297,730		282,336
Highlands Fire District		361,411		359,803
Mountain Valley Fire District		127,566		115,782
Nantahala Fire District		217,642		210,570
Total expenditures	<u>2,861,479</u>	<u>2,885,233</u>	<u>(23,754)</u>	<u>2,738,405</u>
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>	-
<b>Fund Balance:</b>				
Beginning of year - July 1		-		-
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, 2014**

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
<b>Revenues:</b>				
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	574,661	30,727	605,388
Community Development Block Grant #10-C-2124	400,000	199,230	76,585	275,815
Weatherization #1261	235,990	181,887	-	181,887
SFR 11	160,000	104,441	17,767	122,208
Urgent repair 1115	75,000	75,000	-	75,000
Urgent repair URP-13	75,000	37,500	37,500	75,000
Weatherization #1361	129,107	123,180	-	123,180
Weatherization #1461	320,347	-	234,892	234,892
Miscellaneous revenues	11,222	11,469	-	11,469
Total revenues	<u>2,597,642</u>	<u>1,782,740</u>	<u>397,471</u>	<u>2,180,211</u>
<b>Expenditures:</b>				
Economic and physical development:				
Administrative - County	518,356	436,080	76,963	513,043
Community Development Block Grant:				
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	576,035	29,366	605,401
Grant #10-C-2124 administrative	40,000	27,630	3,348	30,978
Grant #10-C-2124 rehabilitation	360,000	171,601	73,255	244,856
SFR-11 grant	160,000	104,443	17,768	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	12,123	46,655	58,778
Weatherization #1461	320,347	-	233,490	233,490
Total expenditures	<u>3,104,776</u>	<u>2,184,252</u>	<u>480,845</u>	<u>2,665,097</u>
Revenues over (under) expenditures	(507,134)	(401,512)	(83,374)	(484,886)
<b>Other Financing Sources (Uses):</b>				
Transfers in:				
From General Fund	<u>507,134</u>	<u>432,284</u>	<u>79,847</u>	<u>512,131</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 30,772</u>	<u>\$ (3,527)</u>	<u>\$ 27,245</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.

**MACON COUNTY, NORTH CAROLINA**

**NONMAJOR CAPITAL PROJECTS FUNDS**

**COMBINING BALANCE SHEET**

**JUNE 30, 2014**

	<b>Airport Improvements Fund</b>	<b>County Buildings Project Fund</b>	<b>Consolidated Capital Projects Fund</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 413,286	\$ 658,998	\$ 842,721
Due from governmental agencies	631,849	-	-
Restricted cash and cash equivalents	-	-	289,854
Total assets	<u>\$ 1,045,135</u>	<u>\$ 658,998</u>	<u>\$ 1,132,575</u>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 666,942	\$ 169,329	\$ -
Due to other funds	-	-	-
Total liabilities	<u>666,942</u>	<u>169,329</u>	<u>-</u>
<b>Fund Balances:</b>			
Restricted:			
Stabilization by State statute	631,849	-	-
Restricted for economic and physical development	-	-	-
Restricted for education	-	-	289,854
Committed for general government	-	489,669	-
Committed for education	-	-	842,721
Unassigned	(253,656)	-	-
Total fund balances	<u>378,193</u>	<u>489,669</u>	<u>1,132,575</u>
Total liabilities and fund balances	<u>\$ 1,045,135</u>	<u>\$ 658,998</u>	<u>\$ 1,132,575</u>

Schedule E-1

<b>Riverbend Estates Waterline Project Fund</b>	<b>Little Tennessee River/ Cartoogechaye Creek Sewer Trunk Project Fund</b>	<b>Schools Capital Fund</b>	<b>Capital Reserve Fund</b>	<b>Total</b>
\$ 42,685	\$ 132,331	\$ 32,137	\$ 1,124,977	\$ 3,247,135
-	394,988	421,003	-	1,447,840
-	-	-	-	289,854
<u>\$ 42,685</u>	<u>\$ 527,319</u>	<u>\$ 453,140</u>	<u>\$ 1,124,977</u>	<u>\$ 4,984,829</u>
\$ -	\$ -	\$ -	\$ -	\$ 836,271
-	-	395,460	-	395,460
-	-	395,460	-	1,231,731
-	394,988	421,003	-	1,447,840
42,685	132,331	-	-	175,016
-	-	-	-	289,854
-	-	-	1,124,977	1,614,646
-	-	-	-	842,721
-	-	(363,323)	-	(616,979)
<u>42,685</u>	<u>527,319</u>	<u>57,680</u>	<u>1,124,977</u>	<u>3,753,098</u>
<u>\$ 42,685</u>	<u>\$ 527,319</u>	<u>\$ 453,140</u>	<u>\$ 1,124,977</u>	<u>\$ 4,984,829</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, 2014**

	<b>Airport Improvements Fund</b>	<b>County Buildings Project Fund</b>	<b>Consolidated Capital Projects Fund</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Revenues:</b>			
Restricted intergovernmental revenues	\$ 856,634	\$ -	\$ -
Local option sales tax	-	-	-
Miscellaneous revenues	50,245	144	9,702
Interest earned on investments	<u>-</u>	<u>-</u>	<u>455</u>
Total revenues	<u>906,879</u>	<u>144</u>	<u>10,157</u>
<b>Expenditures:</b>			
General government	-	1,941	-
Economic and physical development	935,258	-	-
Education	-	-	1,210,772
Cultural and recreational	<u>-</u>	<u>214,533</u>	<u>-</u>
Total expenditures	<u>935,258</u>	<u>216,474</u>	<u>1,210,772</u>
Revenues over (under) expenditures	<u>(28,379)</u>	<u>(216,330)</u>	<u>(1,200,615)</u>
<b>Other Financing Sources (Uses):</b>			
Transfers in:			
From General Fund	296,371	500,000	-
Transfers out:			
(To) Debt Service Fund	-	-	-
(To) General Fund	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>296,371</u>	<u>500,000</u>	<u>-</u>
Net change in fund balances	267,992	283,670	(1,200,615)
<b>Fund Balances:</b>			
Beginning of year - July 1	<u>110,201</u>	<u>205,999</u>	<u>2,333,190</u>
End of year - June 30	<u>\$ 378,193</u>	<u>\$ 489,669</u>	<u>\$ 1,132,575</u>

Schedule E-2

<b>Riverbend Estates Waterline Project Fund</b>	<b>Little Tennessee River/ Cartoogechaye Creek Sewer Trunk Project Fund</b>	<b>Schools Capital Fund</b>	<b>Capital Reserve Fund</b>	<b>Total</b>
\$ 64,105	\$ 285,926	\$ -	\$ -	\$ 1,206,665
-	-	1,529,406	-	1,529,406
15,958	350	-	-	76,399
-	-	104	117	676
<u>80,063</u>	<u>286,276</u>	<u>1,529,510</u>	<u>117</u>	<u>2,813,146</u>
-	-	-	-	1,941
65,049	72,264	-	-	1,072,571
-	-	-	-	1,210,772
-	-	-	-	214,533
<u>65,049</u>	<u>72,264</u>	<u>-</u>	<u>-</u>	<u>2,499,817</u>
<u>15,014</u>	<u>214,012</u>	<u>1,529,510</u>	<u>117</u>	<u>313,329</u>
-	-	-	-	796,371
-	-	(1,520,527)	-	(1,520,527)
-	-	-	(7,000)	(7,000)
-	-	<u>(1,520,527)</u>	<u>(7,000)</u>	<u>(731,156)</u>
15,014	214,012	8,983	(6,883)	(417,827)
<u>27,671</u>	<u>313,307</u>	<u>48,697</u>	<u>1,131,860</u>	<u>4,170,925</u>
<u>\$ 42,685</u>	<u>\$ 527,319</u>	<u>\$ 57,680</u>	<u>\$ 1,124,977</u>	<u>\$ 3,753,098</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, 2014

	<u>Project Authorization</u>	<u>Actual</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
<b>Revenues:</b>				
Restricted intergovernmental revenues:				
State aid to airports	\$ 7,123,967	\$ 5,792,914	\$ 185,807	\$ 5,978,721
Airport Improvements Program	2,618,609	-	637,319	637,319
2013 NPE 36237.1.14.1	150,000	-	33,508	33,508
Miscellaneous revenues	-	15,539	50,245	65,784
Total revenues	<u>9,892,576</u>	<u>5,808,453</u>	<u>906,879</u>	<u>6,715,332</u>
<b>Expenditures:</b>				
Capital outlay:				
Runway extension phase II - site improvements	3,147,244	2,615,633	18,564	2,634,197
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
SWPPP/SPCC & AWOS	131,602	31,775	-	31,775
Runway rehabilitation design	222,223	176,666	44,134	220,800
Runway rehabilitation construction	2,687,343	-	666,199	666,199
Apron improvements	2,511,340	2,395,093	206,361	2,601,454
2013 NPE 36237.1.141	166,667	-	-	-
Total expenditures	<u>10,991,753</u>	<u>6,376,733</u>	<u>935,258</u>	<u>7,311,991</u>
Revenues over (under) expenditures	<u>(1,099,177)</u>	<u>(568,280)</u>	<u>(28,379)</u>	<u>(596,659)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in from General Fund	1,038,010	678,481	296,371	974,852
Appropriated fund balance	61,167	-	-	-
Total other financing sources (uses)	<u>1,099,177</u>	<u>678,481</u>	<u>296,371</u>	<u>974,852</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 110,201</u>	<u>\$ 267,992</u>	<u>\$ 378,193</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, 2014**

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
<b>Revenues:</b>				
PARTF Grant	\$ 500,000	\$ -	\$ -	\$ -
Miscellaneous	-	8,243	144	8,387
Total revenues	<u>500,000</u>	<u>8,243</u>	<u>144</u>	<u>8,387</u>
<b>Expenditures:</b>				
General government:				
Animal shelter	500,000	498,905	-	498,905
Old library renovations	300,000	299,928	-	299,928
Renovations - Barrett Building	458,303	289,379	10	289,389
Renovations - Old Senior Services Building	118,550	118,531	-	118,531
Renovations - Patton Avenue Building	200,000	173,274	1,931	175,205
Garage construction	120,000	119,080	-	119,080
Cultural and recreational:				
Parker Meadows Recreation Complex	<u>3,300,000</u>	-	214,533	<u>214,533</u>
Total expenditures	<u>4,996,853</u>	<u>1,499,097</u>	<u>216,474</u>	<u>1,715,571</u>
Revenues over (under) expenditures	<u>(4,496,853)</u>	<u>(1,490,854)</u>	<u>(216,330)</u>	<u>(1,707,184)</u>
<b>Other Financing Sources (Uses):</b>				
Debt issued	1,800,000	-	-	-
Transfers in:				
From General Fund	2,628,000	1,628,000	500,000	2,128,000
From Emergency Telephone System Fund	326,095	326,095	-	326,095
Transfers out:				
(To) Emergency Telephone System Fund	<u>(257,242)</u>	<u>(257,242)</u>	-	<u>(257,242)</u>
Total other financing sources (uses)	<u>4,496,853</u>	<u>1,696,853</u>	<u>500,000</u>	<u>2,196,853</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 205,999</u>	<u>\$ 283,670</u>	<u>\$ 489,669</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, 2014

	<u>Project Authorization</u>	<u>Actual</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
<b>Revenues:</b>				
Investment earnings	\$ 85,461	\$ 194,305	\$ 455	\$ 194,760
NC Department of Transportation	-	50,000	-	50,000
Contribution from Board of Education	15,000	15,000	-	15,000
Miscellaneous revenues	<u>7,312</u>	<u>474,593</u>	<u>9,702</u>	<u>484,295</u>
Total revenues	<u>107,773</u>	<u>733,898</u>	<u>10,157</u>	<u>744,055</u>
<b>Expenditures:</b>				
Iotla Valley K-5	14,683,260	14,517,914	63,690	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	774,387	436,495	1,210,882
Highlands QZAB	<u>1,583,720</u>	<u>873,132</u>	<u>710,587</u>	<u>1,583,719</u>
Total expenditures	<u>22,465,576</u>	<u>20,864,030</u>	<u>1,210,772</u>	<u>22,074,802</u>
Revenues over (under) expenditures	<u>(22,357,803)</u>	<u>(20,130,132)</u>	<u>(1,200,615)</u>	<u>(21,330,747)</u>
<b>Other Financing Sources (Uses):</b>				
Debt issued	20,039,987	20,039,987	-	20,039,987
Transfer from the General Fund	<u>2,317,816</u>	<u>2,423,335</u>	<u>-</u>	<u>2,423,335</u>
Total other financing sources (uses)	<u>22,357,803</u>	<u>22,463,322</u>	<u>-</u>	<u>22,463,322</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 2,333,190</u>	<u>\$ (1,200,615)</u>	<u>\$ 1,132,575</u>

## MACON COUNTY, NORTH CAROLINA

**RIVERBEND ESTATES WATERLINE PROJECT**  
**SCHEDULE OF REVENUES AND EXPENDITURES -**  
**BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Project Authorization</u>	<u>Actual</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
<b>Revenues:</b>				
DENR DWSRF Grant	\$ 2,618,518	\$ 2,466,985	\$ 64,105	\$ 2,531,090
Miscellaneous revenue	-	97,634	15,958	113,592
Total revenues	<u>2,618,518</u>	<u>2,564,619</u>	<u>80,063</u>	<u>2,644,682</u>
<b>Expenditures:</b>				
Sewer project expense:				
Administration	71,800	54,750	3,750	58,500
Engineering	250,000	215,000	-	215,000
Construction	1,700,000	2,267,198	61,299	2,328,497
Contingency	<u>596,718</u>	-	-	-
Total expenditures	<u>2,618,518</u>	<u>2,536,948</u>	<u>65,049</u>	<u>2,601,997</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 27,671</u>	<u>\$ 15,014</u>	<u>\$ 42,685</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, 2014**

	<u>Project Authorization</u>	<u>Actual</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
<b>Revenues:</b>				
NC High Unit Cost Grant	\$ 3,000,000	\$ 3,000,000	\$ -	\$ 3,000,000
NC Rural Center Grant	750,000	421,166	285,926	707,092
Town of Franklin Contribution	16,970	16,970	-	16,970
Investment earnings	-	87	-	87
Miscellaneous revenue	-	91,234	350	91,584
Total revenues	<u>3,766,970</u>	<u>3,529,457</u>	<u>286,276</u>	<u>3,815,733</u>
<b>Expenditures:</b>				
Sewer project expense:				
Legal fees	28,888	23,729	1,959	25,688
Issuance cost	11,986	11,986	-	11,986
Engineering	742,305	751,057	9,031	760,088
Surveying	-	6,445	-	6,445
General contract	4,754,119	4,774,129	61,274	4,835,403
Land	211,018	208,636	-	208,636
Contingency	102,760	-	-	-
Total expenditures	<u>5,851,076</u>	<u>5,775,982</u>	<u>72,264</u>	<u>5,848,246</u>
Revenues over (under) expenditures	<u>(2,084,106)</u>	<u>(2,246,525)</u>	<u>214,012</u>	<u>(2,032,513)</u>
<b>Other Financing Sources (Uses):</b>				
Debt issued	2,043,250	2,043,250	-	2,043,250
Transfer from General Fund	516,582	516,582	-	516,582
Transfer (to) General Fund	<u>(475,726)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>2,084,106</u>	<u>2,559,832</u>	<u>-</u>	<u>2,559,832</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 313,307</u>	<u>\$ 214,012</u>	<u>\$ 527,319</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, 2014

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Interest	\$ -	\$ 104	\$ 104	\$ 1,020
Local option sales tax	<u>1,520,527</u>	<u>1,529,406</u>	<u>8,879</u>	<u>1,549,344</u>
Total revenues	<u>1,520,527</u>	<u>1,529,510</u>	<u>8,983</u>	<u>1,550,364</u>
Revenues over (under) expenditures	1,520,527	1,529,510	8,983	1,550,364
<b>Other Financing Sources (Uses):</b>				
Transfers out:				
(To) Debt Service Fund	<u>(1,520,527)</u>	<u>(1,520,527)</u>	<u>-</u>	<u>(1,606,785)</u>
Net change in fund balance	<u>\$ -</u>	<u>8,983</u>	<u>\$ 8,983</u>	<u>(56,421)</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>48,697</u>		<u>105,118</u>
End of year - June 30		<u>\$ 57,680</u>		<u>\$ 48,697</u>

**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, 2014**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	<u>2014</u>			<u>2013</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Revenues:</b>				
Interest	\$ -	\$ 117	\$ 117	\$ 578
<b>Other Financing Sources (Uses):</b>				
Transfers out:				
(To) General Fund	(7,000)	(7,000)	-	(99,712)
Appropriated fund balance	<u>7,000</u>	<u>-</u>	<u>(7,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(7,000)</u>	<u>(7,000)</u>	<u>(99,712)</u>
Net change in fund balance	<u>\$ -</u>	<u>(6,883)</u>	<u>\$ (6,883)</u>	<u>(99,134)</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>1,131,860</u>		<u>1,230,994</u>
End of year - June 30		<u>\$ 1,124,977</u>		<u>\$ 1,131,860</u>

## **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 operating 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, 2014**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	2014		Variance Over/Under	2013
	Budget	Actual		Actual
<b>Revenues:</b>				
Operating revenues:				
Landfill fees	\$ 1,850,000	\$ 1,917,247		\$ 1,906,509
Tipping fees	1,100,000	1,213,655		1,113,081
Recycling revenue	350,000	238,104		255,900
Other operating revenue	1,700	2,618		2,634
Scrap tire disposal fee	30,000	40,922		42,175
Solid waste disposal fees	10,260	10,026		4,459
Restricted intergovernmental revenue	53,000	26,266		43,596
Total operating revenues	<u>3,394,960</u>	<u>3,448,838</u>	\$ 53,878	<u>3,368,354</u>
Non-operating revenues:				
Solid waste disposal tax	20,000	21,520		20,123
Investment earnings	-	10,251		13,541
Total non-operating revenues	<u>20,000</u>	<u>31,771</u>	11,771	<u>33,664</u>
Total revenues	<u>3,414,960</u>	<u>3,480,609</u>	65,649	<u>3,402,018</u>
<b>Expenditures:</b>				
Operating expenditures:				
Salaries	963,415	924,506		887,734
Employee benefits	339,875	326,402		316,016
Operating expenditures	1,483,753	1,216,114		982,269
Interest and fees	-	-		4,356
Debt principal	-	-		200,000
Post-closure costs	526,213	28,530		31,009
Capital outlay	293,425	285,269		68,385
Solid waste disposal tax remittance	60,650	59,215		57,933
Total operating expenditures	<u>3,667,331</u>	<u>2,840,036</u>		<u>2,547,702</u>
Scale capital project expenditures:				
Engineering fees	-	-		3,492
Capital improvements	-	-		63,901
Total scale capital project expenditures	<u>-</u>	<u>-</u>		<u>67,393</u>
Total expenditures	<u>3,667,331</u>	<u>2,840,036</u>	827,295	<u>2,615,095</u>
Revenues over (under) expenditures	<u>(252,371)</u>	<u>640,573</u>	892,944	<u>786,923</u>

MACON COUNTY, NORTH CAROLINA

SOLID WASTE FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2014

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013

	2014			2013
	Budget	Actual	Variance Over/Under	Actual
<b>Other Financing Sources (Uses):</b>				
Appropriated fund balance	252,371	-	(252,371)	-
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 640,573	\$ 640,573	\$ 786,923
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>				
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 640,573		
Reconciling items:				
Capital outlay		285,269		
(Increase) decrease in post-closure care costs		(2,364,700)		
(Increase) decrease in other post-employment benefits		(125,777)		
(Increase) decrease in accrued vacation pay		5,773		
Depreciation		(280,621)		
Change in net position - Exhibit H		\$ (1,839,483)		

## **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, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
<b>Assets:</b>		
Current assets:		
Cash and cash equivalents	\$ 2,027,681	\$ 2,708,215
Prepays	-	30,798
Accounts receivable	<u>29,233</u>	<u>6,600</u>
Total assets	<u>2,056,914</u>	<u>2,745,613</u>
<b>Liabilities:</b>		
Current liabilities:		
Accounts payable and accrued liabilities	<u>418,560</u>	<u>348,948</u>
<b>Net Position:</b>		
Unrestricted net position	<u>\$ 1,638,354</u>	<u>\$ 2,396,665</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, 2014**

**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2013**

	<u>2014</u>			<u>2013</u>
	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Operating Revenues:</b>				
Charges for services:				
Employee and employer contributions	\$ 3,219,248	\$ 3,383,913	\$ 164,665	\$ 3,206,174
<b>Operating Expenses:</b>				
Insurance premiums	527,597	527,618	(21)	546,329
Benefit payments	3,882,241	3,614,859	267,382	3,966,331
Total operating expenses	4,409,838	4,142,477	267,361	4,512,660
Operating income (loss)	(1,190,590)	(758,564)	432,026	(1,306,486)
<b>Non-Operating Revenues:</b>				
Investment earnings	1,800	253	(1,547)	1,723
<b>Other Financing Sources (Uses):</b>				
Appropriated fund balance	1,188,790	-	(1,188,790)	-
Change in net position	\$ -	(758,311)	\$ (758,311)	(1,304,763)
<b>Net Position:</b>				
Beginning of year - July 1		2,396,665		3,701,428
End of year - June 30		\$ 1,638,354		\$ 2,396,665

**MACON COUNTY, NORTH CAROLINA**

**SELF-INSURANCE FUND**

**STATEMENT OF CASH FLOWS**

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

**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013**

	<u>2014</u>	<u>2013</u>
<b>Cash Flows from Operating Activities:</b>		
Cash received from customers	\$ 3,361,280	\$ 3,199,574
Cash paid for goods and services	<u>(4,042,067)</u>	<u>(4,477,633)</u>
Net cash provided (used) by operating activities	<u>(680,787)</u>	<u>(1,278,059)</u>
<b>Cash Flows from Investing Activities:</b>		
Interest on investments	<u>253</u>	<u>1,723</u>
Net increase (decrease) in cash and cash equivalents	(680,534)	(1,276,336)
<b>Cash and Cash Equivalents:</b>		
Beginning of year - July 1	<u>2,708,215</u>	<u>3,984,551</u>
End of year - June 30	<u>\$ 2,027,681</u>	<u>\$ 2,708,215</u>
<b>Reconciliation of Operating Income (Loss) to</b>		
<b>Net Cash Provided (Used) by Operating Activities:</b>		
Operating income (loss)	\$ (758,564)	\$ (1,306,486)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Change in assets and liabilities:		
(Increase) decrease in prepaids	30,798	(30,798)
(Increase) decrease in accounts receivable	(22,633)	(6,600)
Increase (decrease) in accounts payable and accrued liabilities	<u>69,612</u>	<u>65,825</u>
Net cash provided (used) by operating activities	<u>\$ (680,787)</u>	<u>\$ (1,278,059)</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 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.

**3% Interest Payable to State Fund** – accounts for interest on delinquent motor vehicle taxes that are required by law to be remitted to the State of North Carolina.

**MACON COUNTY, NORTH CAROLINA**

**AGENCY FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2014**

	<b>Social Services Trust Fund</b>	<b>Inmate Trust Fund</b>	<b>Fines and Forfeitures Fund</b>	<b>Motor Vehicle Tax Fund</b>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 22,971	\$ 9,344	\$ 7,313	\$ 14,154
Accounts receivable	<u>          -</u>	<u>          -</u>	<u>12,696</u>	<u>10,957</u>
Total assets	<u>\$ 22,971</u>	<u>\$ 9,344</u>	<u>\$ 20,009</u>	<u>\$ 25,111</u>
<b>Liabilities:</b>				
Miscellaneous liabilities	\$ 22,971	\$ 9,344	\$ 7,313	\$ -
Intergovernmental payable	<u>          -</u>	<u>          -</u>	<u>12,696</u>	<u>25,111</u>
Total liabilities	<u>\$ 22,971</u>	<u>\$ 9,344</u>	<u>\$ 20,009</u>	<u>\$ 25,111</u>

Schedule H-1

<u>Deed of Trust Fund</u>	<u>Western Carolina Industrial Partners Fund</u>	<u>Hurricane Ivan Relief Fund</u>	<u>3% Interest Payable to State Fund</u>	<u>Total</u>
\$ 663	\$ 17,113	\$ 39,454	\$ -	\$ 111,012
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,653</u>
<u>\$ 663</u>	<u>\$ 17,113</u>	<u>\$ 39,454</u>	<u>\$ -</u>	<u>\$ 134,665</u>
\$ -	\$ 17,113	\$ 39,454	\$ -	\$ 96,195
<u>663</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,470</u>
<u>\$ 663</u>	<u>\$ 17,113</u>	<u>\$ 39,454</u>	<u>\$ -</u>	<u>\$ 134,665</u>

MACON COUNTY, NORTH CAROLINA

AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES  
IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2014</u>
<b>Social Services Trust Fund:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 27,206	\$ 172,781	\$ 177,016	\$ 22,971
Accounts receivable	68	-	68	-
Total assets	<u>\$ 27,274</u>	<u>\$ 172,781</u>	<u>\$ 177,084</u>	<u>\$ 22,971</u>
<b>Liabilities:</b>				
Miscellaneous liabilities	<u>\$ 27,274</u>	<u>\$ 172,778</u>	<u>\$ 177,081</u>	<u>\$ 22,971</u>
<b>Inmate Trust Fund:</b>				
<b>Assets:</b>				
Cash and cash equivalents	<u>\$ 11,440</u>	<u>\$ 70,037</u>	<u>\$ 72,133</u>	<u>\$ 9,344</u>
<b>Liabilities:</b>				
Miscellaneous liabilities	<u>\$ 11,440</u>	<u>\$ 8,173</u>	<u>\$ 10,269</u>	<u>\$ 9,344</u>
<b>Fines and Forfeitures Fund:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 7,313	\$ 200,161	\$ 200,161	\$ 7,313
Accounts receivable	17,968	12,696	17,968	12,696
Total assets	<u>\$ 25,281</u>	<u>\$ 212,857</u>	<u>\$ 218,129</u>	<u>\$ 20,009</u>
<b>Liabilities:</b>				
Miscellaneous liabilities	\$ 7,313	\$ -	\$ -	\$ 7,313
Intergovernmental payable	17,968	176,920	182,192	12,696
Total liabilities	<u>\$ 25,281</u>	<u>\$ 176,920</u>	<u>\$ 182,192</u>	<u>\$ 20,009</u>
<b>Motor Vehicle Tax Fund:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 2,957	\$ 2,603,493	\$ 2,592,296	\$ 14,154
Accounts receivable	-	10,957	-	10,957
Cash and accounts receivable	<u>\$ 2,957</u>	<u>\$ 2,614,450</u>	<u>\$ 2,592,296</u>	<u>\$ 25,111</u>
<b>Liabilities:</b>				
Intergovernmental payable	<u>\$ 2,957</u>	<u>\$ 2,560,497</u>	<u>\$ 2,538,343</u>	<u>\$ 25,111</u>

MACON COUNTY, NORTH CAROLINA

AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES  
IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2014</u>
<b>Deed of Trust Fund:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 949	\$ 8,930	\$ 9,216	\$ 663
<b>Liabilities:</b>				
Intergovernmental payable	\$ 949	\$ 8,930	\$ 9,216	\$ 663
<b>Western Carolina Industrial Partners Fund:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 17,113	\$ -	\$ -	\$ 17,113
<b>Liabilities:</b>				
Miscellaneous liabilities	\$ 17,113	\$ -	\$ -	\$ 17,113
<b>Hurricane Ivan Relief Fund:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 39,454	\$ -	\$ -	\$ 39,454
<b>Liabilities:</b>				
Miscellaneous liabilities	\$ 39,454	\$ -	\$ -	\$ 39,454
<b>3% Interest Payable to State Fund:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 467	\$ -	\$ 467	\$ -
<b>Liabilities:</b>				
Intergovernmental payable	\$ 467	\$ -	\$ 467	\$ -
<b>Totals - All Agency Funds:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 106,899	\$ 3,055,402	\$ 3,051,289	\$ 111,012
Accounts receivable	18,036	23,653	18,036	23,653
Total assets	<u>\$ 124,935</u>	<u>\$ 3,079,055</u>	<u>\$ 3,069,325</u>	<u>\$ 134,665</u>
<b>Liabilities:</b>				
Miscellaneous liabilities	\$ 102,594	\$ 180,951	\$ 187,350	\$ 96,195
Intergovernmental payable	22,341	2,746,347	2,730,218	38,470
Total liabilities	<u>\$ 124,935</u>	<u>\$ 2,927,298</u>	<u>\$ 2,917,568</u>	<u>\$ 134,665</u>

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## **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.

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## MACON COUNTY, NORTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Over/Under</u>
<b>Revenues:</b>			
NC Lottery funds	\$ 306,000	\$ 311,051	\$ 5,051
Federal subsidy rebate	573,647	573,647	-
Town of Franklin	46,862	46,861	(1)
Interest earned	500	305	195
Total revenues	<u>927,009</u>	<u>931,864</u>	<u>5,245</u>
<b>Expenditures:</b>			
Debt service:			
Principal repayments	4,848,659	4,848,655	4
Interest	1,358,930	1,358,927	3
Total expenditures	<u>6,207,589</u>	<u>6,207,582</u>	<u>7</u>
Revenues over (under) expenditures	<u>(5,280,580)</u>	<u>(5,275,718)</u>	<u>4,862</u>
<b>Other Financing Sources (Uses):</b>			
Appropriated fund balance	242,880	-	(242,880)
Transfers in	5,037,700	5,037,700	-
Total other financing sources (uses)	<u>5,280,580</u>	<u>5,037,700</u>	<u>(242,880)</u>
Net change in fund balance	<u>\$ -</u>	<u>(238,018)</u>	<u>\$ (238,018)</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>1,022,379</u>	
End of year - June 30		<u>\$ 784,361</u>	

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## **ADDITIONAL FINANCIAL DATA**

This section contains additional information on taxes receivable and the tax levy as of June 30, 2014.

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## MACON COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE - GENERAL FUND  
JUNE 30, 2014

Year Ended June 30	Uncollected Balance July 1, 2013	Additions	Collections and Credits	Uncollected Balance June 30, 2014
2013-2014	\$ -	\$ 26,441,660	\$ 25,705,256	\$ 736,404
2012-2013	931,931	18,257	543,916	406,272
2011-2012	386,709	-	154,138	232,571
2010-2011	222,568	-	66,175	156,393
2009-2010	135,588	-	34,853	100,735
2008-2009	87,843	-	34,358	53,485
2007-2008	61,619	-	27,112	34,507
2006-2007	55,869	-	25,452	30,417
2005-2006	47,457	-	23,349	24,108
2004-2005	40,633	-	21,129	19,504
2003-2004	36,856	-	36,856	-
Total	<u>\$ 2,007,073</u>	<u>\$ 26,459,917</u>	<u>\$ 26,672,594</u>	1,794,396

Less allowance for uncollectible ad valorem taxes receivable (821,104)

Ad valorem taxes receivable - net \$ 973,292

**Reconciliation with Revenues:**

Taxes - ad valorem - General Fund \$ 26,792,489

## Reconciling items:

Advertising (10,185)

Interest collected (211,816)

Refunds and other adjustments (23,265)

Amounts written off per statute of limitations 36,856

Other amounts written off per Board approval 88,515

Total collections and credits \$ 26,672,594

## MACON COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY - COUNTY-WIDE LEVY  
FOR THE YEAR ENDED JUNE 30, 2014

	County-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
<b>Original Levy:</b>					
Property taxed at current year's rate	\$ 8,958,584,229	\$ 0.279	\$ 24,994,450	\$ 24,994,450	\$ -
Motor vehicles taxed at current year's rate	361,763,799	0.279	1,009,321	-	1,009,321
Motor vehicles taxed at prior year's rate	14,421,864	0.279	40,237	-	40,237
Total	<u>9,334,769,892</u>		<u>26,044,008</u>	<u>24,994,450</u>	<u>1,049,558</u>
<b>Discoveries:</b>					
Current year taxes	28,283,871	0.279	78,912	78,912	-
Utilities	128,362,366	0.279	358,131	358,131	-
Less releases and adjustments	(14,118,638)	0.279	(39,391)	(26,989)	(12,402)
Total property valuation	<u>\$ 9,477,297,491</u>				
<b>Net Levy</b>			26,441,660	25,404,504	1,037,156
Uncollected taxes at June 30, 2014			(736,404)	(676,630)	(59,774)
<b>Current Year's Taxes Collected</b>			<u>\$ 25,705,256</u>	<u>\$ 24,727,874</u>	<u>\$ 977,382</u>
<b>Current Levy Collection Percentage</b>			<u>97.21%</u>	<u>97.34%</u>	<u>94.24%</u>
<b>Secondary Market Disclosures:</b>					
Assessed valuation:					
Assessment ratio					<u>100.00%</u>
Real property					\$8,865,060,339
Personal property					483,874,786
Public service companies					128,362,366
Total assessed valuation					<u>\$9,477,297,491</u>
Tax rate per \$100					0.279
Levy (includes discoveries, releases, and abatements)					<u>\$ 26,441,660</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, 2014.					<u>\$ 2,852,701</u>

## MACON COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE - FIRE DISTRICTS  
JUNE 30, 2014

Fiscal Year	Uncollected Balance July 1, 2013	Additions	Collections and Credits	Uncollected Balance June 30, 2014
2013-2014	\$ -	\$ 2,852,701	\$ 2,746,714	\$ 105,987
2012-2013	127,400	-	72,270	55,130
2011-2012	52,192	-	20,339	31,853
2010-2011	29,924	-	8,503	21,421
2009-2010	19,566	-	4,838	14,728
2008-2009	12,615	-	4,579	8,036
2007-2008	8,533	-	3,313	5,220
2006-2007	6,987	-	2,900	4,087
2005-2006	6,039	-	2,683	3,356
2004-2005	5,189	-	2,440	2,749
2003-2004	4,416	-	4,416	-
Total	<u>\$ 272,861</u>	<u>\$ 2,852,701</u>	<u>\$ 2,872,995</u>	252,567
Less allowance for uncollectible ad valorem taxes receivable:				
Fire Districts Fund				<u>(115,804)</u>
Fire districts taxes receivable - net				<u>\$ 136,763</u>
<b>Reconciliation of Revenues with Collections and Credits:</b>				
Taxes - ad valorem - Fire Districts Fund				\$ 2,885,233
Taxes written off				4,356
Miscellaneous adjustments				<u>(16,594)</u>
Total collections and credits				<u>\$ 2,872,995</u>

**MACON COUNTY, NORTH CAROLINA**

**ANALYSIS OF CURRENT TAX LEVY - FIRE DISTRICTS  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Amount of Levy</u>
<b>Original Levy:</b>	
Franklin Fire District	\$ 515,950
Clarks Chapel Fire District	205,618
Otto Fire District	297,660
Cullasaja Fire District	242,967
West Macon Fire District	295,128
Scaly Mountain Fire District	118,343
Burningtown/Iotla Fire District	187,367
Cowee Fire District	299,407
Nantahala Fire District	211,922
Highlands Fire District	357,770
Mountain Valley Fire District	<u>120,569</u>
<b>Net Levy</b>	2,852,701
Less uncollected taxes at June 30, 2014	<u>105,987</u>
<b>Current Year's Taxes Collected</b>	<u>\$ 2,746,714</u>
<b>Current Levy Collection Percentage</b>	<u>96.28%</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 Reports for the relevant year.*

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Table 1

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Governmental activities</b>										
Net investment in capital assets	\$ 15,899,185	\$ 17,430,157	\$ 20,916,879	\$ 20,627,572	\$ 21,515,203	\$ 20,884,555	\$ 20,496,868	\$ 18,601,883	\$ 18,778,181	\$ 19,311,971
Restricted	103,606	117,386	141,787	166,137	207,996	207,708	6,089,293	6,934,514	9,980,380	6,872,258
Unrestricted	3,937,076	9,489,175	12,058,258	12,607,288	3,989,432	(3,850,248)	(13,738,145)	(18,641,028)	(24,500,469)	(21,296,259)
<b>Total governmental activities net position</b>	<b>\$ 19,939,867</b>	<b>\$ 27,036,718</b>	<b>\$ 33,116,924</b>	<b>\$ 33,400,997</b>	<b>\$ 25,712,631</b>	<b>\$ 17,242,015</b>	<b>\$ 12,848,016</b>	<b>\$ 6,895,369</b>	<b>\$ 4,258,092</b>	<b>\$ 4,887,970</b>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 3,502,971	\$ 3,348,033	\$ 3,549,755	\$ 1,620,430	\$ 2,323,169	\$ 1,981,161	\$ 1,836,224	\$ 2,071,354	\$ 2,103,456	\$ 2,108,104
Restricted	(619,446)	(886,636)	(202,990)	1,923,447	1,428,363	2,041,200	2,507,579	2,863,231	3,140,097	1,295,966
Unrestricted	2,883,525	2,461,397	3,346,765	3,543,877	3,751,532	4,022,361	4,343,803	4,934,585	5,243,553	3,404,070
<b>Total business-type activities net position</b>	<b>\$ 2,883,525</b>	<b>\$ 2,461,397</b>	<b>\$ 3,346,765</b>	<b>\$ 3,543,877</b>	<b>\$ 3,751,532</b>	<b>\$ 4,022,361</b>	<b>\$ 4,343,803</b>	<b>\$ 4,934,585</b>	<b>\$ 5,243,553</b>	<b>\$ 3,404,070</b>
<b>Primary government</b>										
Net investment in capital assets	\$ 19,402,156	\$ 20,778,190	\$ 24,466,634	\$ 22,248,002	\$ 23,838,372	\$ 22,865,716	\$ 22,333,092	\$ 20,673,237	\$ 20,881,637	\$ 21,420,075
Restricted	103,606	117,386	141,787	166,137	207,996	207,708	6,089,293	6,934,514	9,980,380	6,872,258
Unrestricted	3,317,630	8,602,539	11,855,268	14,530,735	5,417,795	(1,809,048)	(11,230,566)	(15,777,797)	(21,360,372)	(20,000,293)
<b>Total primary government net position</b>	<b>\$ 22,823,392</b>	<b>\$ 29,498,115</b>	<b>\$ 36,463,689</b>	<b>\$ 36,944,874</b>	<b>\$ 29,464,163</b>	<b>\$ 21,264,376</b>	<b>\$ 17,191,819</b>	<b>\$ 11,829,954</b>	<b>\$ 9,501,645</b>	<b>\$ 8,292,040</b>

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Expenses</b>										
Governmental activities:										
General government	\$ 9,304,189	\$ 8,194,552	\$ 8,972,728	\$ 9,806,393	\$ 9,319,928	\$ 11,226,884	\$ 10,770,642	\$ 10,544,326	\$ 11,086,204	\$ 10,931,162
Public safety	9,810,553	11,449,274	9,925,636	11,205,783	12,087,459	11,655,558	12,147,316	13,462,012	13,874,996	14,102,327
Transportation	418,741	466,696	414,791	516,894	477,873	577,894	638,415	709,086	781,330	1,037,139
Economic development	2,688,211	1,637,374	1,724,549	6,698,656	1,597,548	4,041,113	8,671,741	2,977,859	5,083,894	2,636,486
Human Services	7,196,090	7,488,618	8,030,735	8,084,205	8,752,201	7,878,952	7,734,446	9,376,517	10,369,682	10,752,050
Culture and recreation	1,306,991	3,230,704	3,654,902	2,789,795	2,520,567	2,437,318	2,430,596	2,349,816	2,400,236	2,736,037
Education	6,907,752	7,468,249	7,815,684	8,245,555	20,601,094	18,483,547	14,553,807	16,309,605	11,698,110	9,779,742
Interest on long-term debt	937,006	833,818	811,427	713,022	1,206,450	1,545,951	1,887,654	2,118,296	1,868,404	1,358,927
Total governmental activities expenses	<u>\$ 38,569,533</u>	<u>\$ 40,769,285</u>	<u>\$ 41,350,452</u>	<u>\$ 48,060,303</u>	<u>\$ 56,563,120</u>	<u>\$ 57,847,217</u>	<u>\$ 58,834,617</u>	<u>\$ 57,847,517</u>	<u>\$ 57,162,856</u>	<u>\$ 53,333,870</u>
Business-type activities:										
Solid Waste	2,801,931	3,429,583	3,356,076	3,662,418	2,989,618	2,889,088	3,351,735	2,880,580	3,093,050	5,320,092
Total business-type activities	2,801,931	3,429,583	3,356,076	3,662,418	2,989,618	2,889,088	3,351,735	2,880,580	3,093,050	5,320,092
Total primary governmental expenses	<u>\$ 41,371,464</u>	<u>\$ 44,198,868</u>	<u>\$ 44,706,528</u>	<u>\$ 51,722,721</u>	<u>\$ 59,552,738</u>	<u>\$ 60,736,305</u>	<u>\$ 62,186,352</u>	<u>\$ 60,728,097</u>	<u>\$ 60,255,906</u>	<u>\$ 58,653,962</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 1,310,337	\$ 1,607,326	\$ 1,459,496	\$ 1,463,179	\$ 1,592,002	\$ 1,136,094	\$ 1,045,549	\$ 1,047,612	\$ 1,271,567	\$ 1,340,914
Public Safety	1,620,729	1,739,400	2,133,982	2,256,802	1,650,743	1,614,704	2,143,743	2,110,943	1,720,635	1,713,989
Economic Development	416,156	438,202	479,745	472,473	407,720	403,518	526,092	476,355	506,736	629,929
Human Services	517,528	752,106	715,653	986,723	903,849	1,007,881	806,249	684,473	519,738	800,254
Culture and recreation	-	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	2,042	174,944	-	-	133,505	-
Operating grants and contributions	5,450,953	9,671,499	7,161,995	6,806,761	7,966,289	7,688,512	7,645,348	10,647,327	9,918,241	10,645,509
Capital grants and contributions	295,956	284,509	908,658	169,515	381,385	2,908,017	5,814,683	133,681	3,329,169	1,206,665
Total governmental activities program revenues	<u>\$ 9,611,659</u>	<u>\$ 14,493,042</u>	<u>\$ 12,859,529</u>	<u>\$ 12,155,453</u>	<u>\$ 12,904,030</u>	<u>\$ 14,933,670</u>	<u>\$ 17,981,664</u>	<u>\$ 15,100,391</u>	<u>\$ 17,399,591</u>	<u>\$ 16,337,260</u>
Business-type activities:										
Charges for services:										
Solid Waste	2,781,985	2,847,039	3,514,108	3,462,078	3,059,573	3,129,554	3,654,347	3,458,349	3,388,477	3,470,358
Total business-type activities program revenues	<u>\$ 2,781,985</u>	<u>\$ 2,847,039</u>	<u>\$ 3,514,108</u>	<u>\$ 3,462,078</u>	<u>\$ 3,059,573</u>	<u>\$ 3,129,554</u>	<u>\$ 3,654,347</u>	<u>\$ 3,458,349</u>	<u>\$ 3,388,477</u>	<u>\$ 3,470,358</u>
Total primary governmental program revenues	<u>\$ 12,393,644</u>	<u>\$ 17,340,081</u>	<u>\$ 16,373,637</u>	<u>\$ 15,617,531</u>	<u>\$ 15,963,603</u>	<u>\$ 18,063,224</u>	<u>\$ 21,636,011</u>	<u>\$ 18,558,740</u>	<u>\$ 20,788,068</u>	<u>\$ 19,807,618</u>
Net (expense)/revenue	\$ (28,957,874)	\$ (26,276,243)	\$ (28,490,923)	\$ (35,904,850)	\$ (43,659,090)	\$ (42,913,547)	\$ (40,852,953)	\$ (42,747,126)	\$ (39,763,265)	\$ (36,996,610)
Governmental activities	(19,946)	(582,544)	158,032	(582,544)	69,955	240,466	302,612	577,769	295,427	(1,849,734)
Business-type activities	<u>\$ (28,977,820)</u>	<u>\$ (26,858,787)</u>	<u>\$ (28,332,891)</u>	<u>\$ (36,487,394)</u>	<u>\$ (43,589,135)</u>	<u>\$ (42,673,081)</u>	<u>\$ (40,550,341)</u>	<u>\$ (42,169,357)</u>	<u>\$ (39,467,838)</u>	<u>\$ (38,846,344)</u>

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 22,255,291	\$ 22,928,210	\$ 23,460,925	\$ 24,544,667	\$ 26,520,446	\$ 26,960,198	\$ 28,883,855	\$ 28,747,033	\$ 28,912,689	\$ 29,537,857
Sales taxes	8,435,778	9,076,690	9,875,544	9,665,716	8,216,388	7,036,801	6,695,601	7,609,640	7,793,227	7,682,198
Franchise taxes	-	-	-	-	-	-	-	-	-	-
Motor fuel taxes	-	-	-	-	-	-	-	-	-	-
Alcoholic beverage taxes	-	-	-	-	-	-	-	-	-	-
Unrestricted intergovernmental revenues	233,386	240,435	239,639	233,090	508,221	340,817	348,668	359,342	357,318	357,068
Investment earnings	427,596	1,127,759	1,490,333	1,446,785	-	-	97,930	78,464	62,754	49,365
Miscellaneous	-	-	-	-	-	-	432,900	-	-	-
Transfers	-	-	-	298,665	725,647	105,115	-	-	-	-
Total governmental activities	\$ 31,352,051	\$ 33,373,094	\$ 35,066,441	\$ 36,188,923	\$ 35,970,702	\$ 34,442,931	\$ 36,458,954	\$ 36,794,479	\$ 37,125,988	\$ 37,626,488
Total business-type activities										
Investment earnings	71,047	160,416	232,021	220,117	-	-	18,830	13,013	13,541	10,251
Transfers	-	-	-	(288,665)	137,700	30,363	-	-	-	-
Total business-type activities	71,047	160,416	232,021	(78,548)	137,700	30,363	18,830	13,013	13,541	10,251
Total primary government	\$ 31,423,098	\$ 33,533,510	\$ 35,298,462	\$ 36,110,375	\$ 36,108,402	\$ 34,473,294	\$ 36,477,784	\$ 36,807,492	\$ 37,139,529	\$ 37,636,739
<b>Change in Net Position</b>										
Governmental activities	\$ 2,394,177	\$ 7,096,851	\$ 6,080,203	\$ 284,073	\$ (7,688,366)	\$ (8,470,616)	\$ (4,393,999)	\$ (5,952,647)	\$ (2,637,277)	\$ 629,878
Business-type activities	51,101	(422,128)	885,367	197,112	207,655	270,829	321,442	590,782	308,968	(1,839,483)
Total primary government	\$ 2,445,278	\$ 6,674,723	\$ 6,965,570	\$ 481,185	\$ (7,480,711)	\$ (8,199,787)	\$ (4,072,557)	\$ (5,361,865)	\$ (2,328,309)	\$ (1,209,605)

Table 3

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

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Franchise Tax</b>	<b>Alcoholic Beverage Tax</b>	<b>Total</b>
2005	\$ 20,332,261	\$ 7,243,269	\$ 66,984	\$ 10,179	\$ 27,652,693
2006	20,847,221	7,706,632	75,559	11,316	28,640,728
2007	21,460,911	8,306,691	52,617	11,847	29,832,066
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

Table 4

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>General Fund</b>										
Reserved	\$ 2,681,181	\$ 2,473,215	\$ 2,826,989	\$ 3,075,715	\$ 2,311,342	\$ 3,490,651	\$ -	\$ -	\$ -	\$ -
Unreserved	13,069,748	13,701,429	15,407,847	15,269,826	14,755,300	14,162,233	-	-	-	-
Non Spendable	-	-	-	-	-	-	144,038	209,732	311,383	286,403
Restricted	-	-	-	-	-	-	2,551,146	3,483,255	5,338,833	4,003,939
Assigned	-	-	-	-	-	-	-	1,680,769	2,121,220	566,642
Unassigned	-	-	-	-	-	-	16,508,831	15,992,802	12,842,335	15,260,538
<b>Total General Fund</b>	<b>\$ 15,750,929</b>	<b>\$ 16,174,644</b>	<b>\$ 18,234,836</b>	<b>\$ 18,345,541</b>	<b>\$ 17,066,642</b>	<b>\$ 17,652,884</b>	<b>\$ 19,204,015</b>	<b>\$ 21,366,558</b>	<b>\$ 20,613,771</b>	<b>\$ 20,117,522</b>
<b>All other governmental funds</b>										
Reserved	\$ 230,608	\$ 315,797	\$ 312,374	\$ 305,822	\$ 266,060	\$ 271,311	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	1,333,109	1,450,841	1,729,314	1,972,989	2,213,556	2,106,283	-	-	-	-
Capital projects funds	306,063	3,601,405	700,082	1,106,846	11,351,188	5,139,163	-	-	-	-
Debt Service Fund	28,945	29,816	30,822	970,412	1,353,649	383,579	-	-	-	-
Assigned in Debt Service	-	-	-	-	-	-	567,085	976,150	1,022,379	354,003
Restricted for Debt Service	-	-	-	-	-	-	447,641	44,145	-	430,358
Restricted Other Governmental Funds	-	-	-	-	-	-	1,400,346	1,354,059	2,401,394	2,727,815
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
Committed in Capital Project	-	-	-	-	-	-	55,037	533,308	93,037	-
Unassigned Other Governmental Funds	-	-	-	-	-	-	(497,733)	(327,127)	(1,622,132)	(641,321)
Unassigned in Capital Project	-	-	-	-	-	-	(681,675)	-	-	-
<b>Total all other governmental funds</b>	<b>\$ 1,898,725</b>	<b>\$ 5,397,859</b>	<b>\$ 2,772,592</b>	<b>\$ 4,356,069</b>	<b>\$ 15,184,453</b>	<b>\$ 7,900,336</b>	<b>\$ 14,793,311</b>	<b>\$ 6,297,532</b>	<b>\$ 5,472,690</b>	<b>\$ 5,328,222</b>

Table 5

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Revenues</b>										
Ad Valorem Taxes	\$ 22,238,716	\$ 22,841,671	\$ 23,518,724	\$ 24,487,613	\$ 26,438,682	\$ 26,863,202	\$ 28,602,628	\$ 28,634,156	\$ 28,888,191	\$ 29,677,722
Sales Taxes	8,435,778	9,076,690	9,875,544	9,665,716	8,216,388	7,036,801	6,695,601	7,609,640	7,793,227	7,682,198
Intergovernmental revenues	6,055,037	9,737,989	8,746,167	7,228,631	8,855,895	10,937,346	13,808,699	10,731,178	13,604,228	12,209,242
Sales & Services	1,814,346	2,134,938	2,269,035	2,662,068	2,570,078	1,264,861	2,219,945	2,697,408	2,436,510	2,391,080
Permits & Fees	1,708,853	1,936,063	2,009,986	1,985,430	1,356,793	2,720,850	1,222,418	1,432,807	1,409,574	1,520,280
Investment earnings	404,650	1,066,838	1,344,687	1,256,103	603,699	93,387	90,979	75,819	61,031	49,112
Miscellaneous	113,124	136,590	174,740	234,320	244,231	353,500	615,775	409,172	358,493	303,346
Special Revenue	-	-	-	-	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-	-	-	-	-
Total revenues	40,770,504	46,930,779	47,938,883	47,519,881	48,285,766	49,269,947	53,256,045	51,590,180	54,551,754	53,832,980
<b>Expenditures</b>										
General government	5,029,332	5,774,005	6,218,377	6,916,257	7,002,731	6,865,350	6,301,602	6,449,113	7,000,158	6,801,431
Public safety	11,254,775	14,240,785	12,854,941	12,708,975	12,866,248	12,434,561	12,622,842	13,707,106	14,673,633	14,394,778
Transportation	488,898	625,277	542,903	533,265	666,039	655,444	635,137	754,920	748,894	1,016,489
Environmental Protection	-	-	-	-	-	-	-	-	-	-
Economic and physical development	3,088,248	1,767,762	1,208,635	1,416,792	1,619,388	4,077,802	5,168,426	3,004,228	5,088,994	2,690,058
Human Services	8,075,863	8,813,543	9,438,135	9,481,690	9,438,111	8,473,867	8,054,680	9,649,735	10,786,673	10,982,350
Culture and recreation	1,582,672	1,851,747	2,199,021	2,803,484	2,193,716	2,089,043	2,093,121	2,021,075	2,710,790	2,601,267
Education	6,907,752	7,488,249	7,815,684	8,245,555	9,069,891	9,276,564	7,878,559	8,084,457	8,294,839	9,779,742
Capital Projects	579,878	3,681,709	4,283,244	5,401,532	11,531,203	9,206,983	10,213,175	8,225,148	3,403,271	-
Debt service	-	-	-	-	-	-	-	-	-	-
Payment to refunding bond escrow	-	-	-	-	-	-	-	-	-	-
Principal repayments	2,866,782	2,951,032	2,632,255	2,502,747	3,142,501	3,642,256	4,161,363	4,637,634	4,927,727	4,848,655
Interest	937,006	833,818	815,450	714,067	1,206,453	1,545,952	1,887,655	2,118,296	1,868,404	1,358,927
Special Revenue	-	-	-	-	-	-	-	-	-	-
Total expenditures	40,811,206	48,007,927	48,008,645	50,724,364	58,736,281	58,267,822	59,016,560	58,651,712	59,503,383	54,473,697
Revenues over (under) expenditures	(40,702)	(1,077,148)	(69,762)	(3,204,483)	10,450,515	(8,997,875)	(5,760,515)	(7,061,532)	(4,951,629)	(640,717)
<b>Other financing sources (uses)</b>										
Issuance of long-term debt	-	5,000,000	-	4,600,000	20,000,000	2,300,000	14,204,621	728,296	3,374,000	-
Transfers in	6,162,274	6,755,507	4,415,465	6,055,588	6,494,159	6,343,504	6,908,135	6,780,477	5,987,522	5,940,418
Transfers out	(6,162,274)	(6,755,507)	(4,910,778)	(5,756,923)	(6,494,159)	(6,343,504)	(6,908,135)	(6,780,477)	(5,987,522)	(5,940,418)
Refunding bonds issued	-	-	-	-	-	-	-	-	-	-
Bonds issued	(855)	-	-	-	-	-	-	-	-	-
Premium on bonds issued	-	-	-	-	-	-	-	-	-	-
Discount on bonds issued	-	-	-	-	-	-	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	-
Proceeds from long-term debt	-	-	-	-	-	-	-	-	-	-
Capital leases	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(855)	5,000,000	(495,313)	4,898,665	20,000,000	2,300,000	14,204,621	728,296	3,374,000	-
Net change in fund balances	(41,557)	\$ 3,922,852	\$ (565,075)	\$ 1,694,182	\$ 9,549,485	\$ (6,697,875)	\$ 8,444,106	\$ (6,333,236)	\$ (1,577,629)	\$ (640,717)
Debt service as a percentage of noncapital expenditures	9.5%	8.5%	7.9%	7.1%	9.2%	10.6%	12.4%	11.7%	11.9%	11.6%

Table 6

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

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				
2005	\$ 3,624,812,645	\$ 1,468,888,977	\$ 256,855,264	\$ 108,479,189	\$ 5,459,036,075	0.370	\$ 6,510,478,324	83.85%
2006	3,209,032,022	1,956,117,168	301,708,108	109,242,432	5,576,099,730	0.370	6,650,089,123	83.85%
2007	3,386,421,481	1,889,899,600	313,560,811	108,277,838	5,698,159,730	0.370	7,359,111,107	77.43%
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%

Source: Macon County Tax Department

Note: Historically, the County reassessed property on a four year cycle; however, due to lack of sales, the County delayed the 2011 revaluation until 2015 and changed the revaluation cycle to every eight years. 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	<u>County Direct Rate</u>		<u>Overlapping Rates</u>	
	MACON	Total Millage	FRANKLIN	HIGHLANDS
2005	\$	0.370	0.320	0.160
2006		0.370	0.320	0.160
2007		0.370	0.320	0.190
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

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	2014			2005		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Duke Energy Corporation	\$ 96,871,424	1	1.02%	\$ 72,157,431	1	1.32%
Old Edwards Inn and Spa LLC	59,053,213	2	0.62%	26,091,338	2	0.48%
Drake Enterprises	52,076,795	3	0.55%	23,502,471	3	0.43%
Shaw Industries Group	23,508,587	4	0.25%	12,566,616	4	0.23%
Highlands Golf Club	23,083,698	5	0.24%	12,075,120	5	0.22%
Macon Bank	21,860,654	6	0.23%	11,994,575	6	0.22%
Cullasaja Club Inc.	18,030,253	7	0.19%	11,408,366	7	0.21%
Rainbow Springs Partnership	17,044,960	8	0.18%	11,072,260	8	0.20%
Caterpillar Inc.	16,988,805	9	0.18%	10,801,959	9	0.20%
Rockwood Lodge LLC	16,152,470	10	0.17%	10,127,607	10	0.19%
<b>Totals</b>	<b>\$ 344,670,859</b>		<b>3.64%</b>	<b>\$ 201,797,743</b>		<b>3.70%</b>
<b>Total Taxable Assessed Value</b>	<b>\$ 9,477,297,491</b>			<b>\$ 5,459,036,075</b>		

Source: Macon County Tax Department

Table 9

Macon County  
 Property Tax Levies and Collections  
 Last Ten Fiscal Years

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 2005	\$ 20,193,648	\$ 19,717,607	97.64%	\$ 456,537	\$ 20,174,144	99.90%
2006	20,617,354	20,136,403	97.67%	456,843	20,593,246	99.88%
2007	21,044,658	20,553,903	97.67%	460,338	21,014,241	99.86%
2008	21,762,091	21,191,159	97.38%	536,425	21,727,584	99.84%
2009	23,965,953	23,255,354	97.03%	657,114	23,912,468	99.78%
2010	24,232,307	23,468,413	96.85%	663,159	24,131,572	99.58%
2011	25,888,937	25,047,774	96.75%	684,770	25,732,544	99.40%
2012	25,926,987	24,987,407	96.38%	707,009	25,694,416	99.10%
2013	26,048,336	25,098,148	96.35%	543,916	25,642,064	98.44%
2014	26,441,660	25,705,256	97.21%	-	25,705,256	97.21%

**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	Sewer Bonds	General Obligation Bonds	Installment Contracts	Capital Leases	Government			
2005	\$ 350,000	\$ 18,586,354	\$ -	\$ -	\$ 1,204,854	\$ -	\$ 151,006	\$ 20,292,214	2.35%	\$ 629	
2006	-	21,125,157	-	-	733,258	-	-	21,858,415	2.34%	661	
2007	-	18,624,999	-	-	247,934	-	-	18,872,933	1.89%	558	
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	N/A	1,193	
2014	-	36,050,897	-	-	-	-	-	36,050,897	N/A	1,048	

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.  
Personal income for 2013 and 2014 is not available.

Table 11

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

Fiscal Year	Gross General Obligation Bonded Debt		Net General Obligation Bonded Debt		Ratio Net General Obligation Bonded Debt to Assessed Value	Population	Net General Obligation Bonded Debt Per Capita
	Value	\$	Value	\$			
2005	\$ 5,459,036,075	\$ 350,000	\$ 350,000	\$ 350,000	0.006%	32,257	\$ 11
2006	5,576,099,730	-	-	-	0.000%	33,076	-
2007	5,698,159,730	-	-	-	0.000%	33,797	-
2008	8,843,825,902	-	-	-	0.000%	33,640	-
2009	9,099,175,581	-	-	-	0.000%	34,850	-
2010	9,186,160,227	-	-	-	0.000%	35,208	-
2011	9,283,160,663	-	-	-	0.000%	35,869	-
2012	9,292,827,044	-	-	-	0.000%	34,164	-
2013	9,329,777,419	-	-	-	0.000%	34,276	-
2014	9,477,297,491	-	-	-	0.000%	34,385	-

Source: Population Estimate from NC Dept of Commerce, Workforce In-Depth, Macon County Value Assessed - Macon County Tax Department.

Table 12

**Macon County  
Direct and Overlapping Governmental Activities Debt  
As of June 30, 2014**

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Estimated Percentage Applicable</b>	<b>Estimated Share of Direct and Overlapping Debt</b>
Direct Debt:			
Macon County	\$ 36,050,897	100.00%	\$ 36,050,897
Total Direct Debt	<u>36,050,897</u>		<u>36,050,897</u>
Overlapping Debt:			
Town of Franklin	1,292,312	11.44%	147,816
Town of Highlands	427,575	2.68%	11,477
Total Overlapping Debt	<u>1,719,887</u>		<u>159,294</u>
Total direct and overlapping debt	<u>\$ 37,770,784</u>		<u>\$ 36,210,191</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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit	\$ 436,722,886	\$ 446,087,978	\$ 455,852,778	\$ 707,506,072	\$ 727,934,046	\$ 734,892,818	\$ 742,652,853	\$ 743,426,164	\$ 746,382,194	\$ 758,183,799
Total net debt applicable to limit	20,663,410	21,356,518	18,955,845	20,804,119	37,661,616	37,419,360	47,062,617	42,653,279	40,899,552	36,050,897
Legal debt margin	\$ 416,059,476	\$ 424,731,460	\$ 436,896,933	\$ 686,701,953	\$ 690,272,430	\$ 697,473,458	\$ 695,590,236	\$ 700,772,885	\$ 705,482,642	\$ 722,132,902
Total net debt applicable to the limit as a percentage of debt limit	<u>4.73%</u>	<u>4.79%</u>	<u>4.16%</u>	<u>2.94%</u>	<u>5.17%</u>	<u>5.09%</u>	<u>6.34%</u>	<u>5.74%</u>	<u>5.48%</u>	<u>4.75%</u>

Legal Debt Margin Calculation for Fiscal Year 2014

Assessed value	\$ 9,477,297,491
Add back: exempt real property	-
Total assessed value	<u>\$ 9,477,297,491</u>
Debt Limit (8% of total assessed value)	\$ 758,183,799
Debt applicable to limit:	
Installment Contracts	36,050,897
Revenue Bond Debt	-
Promissory Notes	-
Legal debt margin	<u>\$ 722,132,902</u>

Note: Under State finance law, the Macon County's outstanding general obligation debt should not exceed 8 percent of total assessed property value.

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
2005	32,257	\$ 864,976,000	\$ 26,815	46.2	4,262	5.5
2006	33,076	933,041,000	28,209	46.4	4,072	4.4
2007	33,797	997,625,000	29,518	46.6	4,177	3.6
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	N/A	N/A	48.5	4,462	9.8
2014	34,385	N/A	N/A	48.6	4,484	6.3

Note: Population for 2008 and 2009 and 2008 to 2014 median age came from data.osbm.state.nc.us.

Personal income from 2003 to 2012 obtained from Bureau of Economic Analysis.

Personal income for 2013 and 2014 is not available.

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

Unemployment rate and population for 2011 to 2014 is from www.ncesc.com. (LINC)

School enrollment is provided by the local school system and is the enrollment as of September 2014.

Table 15

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

<b>Employer</b>	<b>2014</b>			<b>2005</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total County Employment</b>
Drake Enterprises LTD (A Corp)	746	1	4.82%	513	3	3.32%
Macon County Public Schools	644	2	4.16%	603	1	3.90%
Macon County	574	3	3.71%	525	2	3.39%
Angel Medical Center	532	4	3.43%	348	4	2.25%
Highlands-Cashiers Hospital	244	5	1.58%	241	6	1.56%
Wal-Mart Associates Inc.	220	6	1.42%	187	8	1.21%
Macon Bank	192	7	1.24%	195	7	1.26%
Ingles Markets, Inc.	175	8	1.13%	185	9	1.20%
Caterpillar Inc.	171	9	1.10%	180	10	1.16%
Shaw Industries Group Inc. (was Zickgraf)	148	10	0.96%	303	5	1.96%
<b>Total</b>	<b>3,646</b>			<b>3,280</b>		

Total Labor Force estimate 15,491

15,465

Source: Employer's Human Resource Dept.

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

**Table 16**

Function	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government	95	105	73	92	81	89	97	97	97	97.5
Public Safety	104	108	133	106	137	125	150	150	159	161
Human Services	101	102	111	113	119	118	111	108	110	111
Culture and Recreation	12	6	7	16	10	9	11	10	10	11.5
Economic and Physical Development	N/A	N/A	5	2	5	3	1	0	0	0
Transportation	N/A	N/A	7	7	11	8	13	14	15.5	17
Landfill	16	17	16	17	34	34	35	37	36	36
<b>Total</b>	<b>328</b>	<b>338</b>	<b>352</b>	<b>353</b>	<b>397</b>	<b>386</b>	<b>418</b>	<b>416</b>	<b>427</b>	<b>434</b>

Source: Macon County Human Resource Department

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

**Table 17**

Function	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Law Enforcement										
Physical arrests	1,498	1,515	1,539	1,745	2,110	1,714	1,547	1,303	1,303	1,232
Traffic violations	3,092	774	654	1,296	1,228	2,265	1,516	946	1,100	1,179
Fire										
Number of calls answered	2,721	3,243	3,243	3,396	3,093	3,406	3,642	3,621	3,791	4,244
Inspections	500	550	780	491	425	500	550	520	525	490
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	477	477	617	617	590	430	402	447	467	228
Number of Food & Nutrition cases eligible	1,051	1,196	1,197	1,432	1,861	2,361	2,987	3,144	3,091	3,043
Number of Medicaid eligible cases	3,342	3,567	4,388	4,858	5,242	4,785	4,975	5,020	4,557	4,491
Health										
Number of WIC cases	835	845	845	845	1,093	1,167	1,049	1,044	1,076	1,087
Number of family planning cases	629	490	693	745	660	798	639	657	585	526
Solid Waste										
Number of landfill's	2	2	2	2	1	1	1	1	1	1
Culture and recreation										
Number of recreation parks	6	6	6	6	6	6	6	6	6	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 volunteers.

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

**Table 18**

Function	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public safety										
Police:										
Stations	3	3	3	3	3	3	3	3	3	4
Patrol units	63	38	23	25	25	45	45	45	45	45
Fire stations	11	11	13	13	13	10	13	13	16	16
Culture and recreation										
Parks acreage	308.6	308.6	308.6	352.6	352.6	352.6	352.6	352.6	400.6	400.6
Parks	6	6	6	6	6	6	6	6	6	7
Swimming pools	2	2	2	2	2	2	2	2	3	3
Tennis courts	9	9	9	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	1	1	1	2	2	2	2	2
Number of construction and demolition sites	1	1	1	1	-	-	-	-	-	-
Number of convenience centers	10	10	10	10	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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