

**MACON COUNTY
NORTH CAROLINA**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE YEAR ENDED JUNE 30, 2015

**MACON COUNTY
NORTH CAROLINA**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE YEAR ENDED JUNE 30, 2015

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

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INTRODUCTORY SECTION

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Macon County



November 16, 2015

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, 2015. 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 34,494. Macon County has a diverse economy. Manufacturing, healthcare, tourism, agriculture/forestry, finance, retail, and construction are major components of the economy. Manufacturing industries include tax software development, metal tubular fabrication, hardwood flooring production, aerospace/defense and intercommunications. Healthcare includes three medical campuses from two health systems located in the county. Tourism continues to be a strong force within the county, with a growing popularity in green tourism (hiking, whitewater rafting, camping, hunting, fishing, etc.), as well as more traditional activities such as golf and gem mining. Agriculture/forestry sectors include vegetables, ornamentals, Christmas trees, wood products, trout production and livestock. Two financial institutions are headquartered in Macon County, including one listed on the NASDAQ. The county also continues to be a regional retail hub. Construction, while weakened by the housing bubble burst in 2009, continues to improve. 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 the same as last year's rate of 6.3%. Macon County's rate is slightly less than North Carolina's unadjusted unemployment rate of 6.1%. Macon County had a work force of 15,563 at the end of June 2015.

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 \$9.47 billion. The tax rate is 27.9 cents per \$100 valuation and current year county-wide taxes collected were \$25,818,391 in fiscal 2015.

Steady growth is expected in the major sectors of the local economy, as highlighted above. They include manufacturing, healthcare, tourism, agriculture/forestry, finance, retail, and construction. Assets such as the Balsam West fiber loop, Macon County Airport, and natural gas availability will become increasingly important to the development of a strong local economy.

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

Duke Energy continues to be the County's largest taxpayer with 1.08% of the total assessed valuation. The County's tax base is diverse, with the ten leading taxpayers making up 3.75% 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 2015 fiscal year marked the twentieth 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 30,274 tons per year for the next 1.9 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. Closure, post closure, and corrective action costs of the current and closed cells is estimated to be \$9,075,300. The County has already recognized a liability for closure, post closure, and corrective action costs in the amount of \$8,380,300, based upon the amount of cell capacity used to date. The old Franklin site has 7 years remaining and the old Highlands site has 8 years remaining of postclosure care. Although the County has complied with the EPA's financial assurance requirements through the use of the local government financial test, a reserve fund has been established to pay for the future costs of closure and postclosure care for the current landfill. The balance in the reserve fund at June 30 is \$7,159,921. 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 other strategic partners to ensure entrepreneurial success by providing access to training, alternative funding sources and market access. Fiscal year 2015 also saw the inaugural Young Entrepreneur of the Year award and the proliferation of new businesses started by young entrepreneurs. In conjunction with private partners, the EDC and CEC leadership team also produced a promotional video to attract entrepreneurs and small businesses to the County. Other EDC projects include the opening of a microbrewery in downtown Franklin, as well as a new restaurant and meat processing facility. The EDC, with Southwestern Community College, Macon County School System and other strategic partners have begun work on a local STEM initiative to create a job ready workforce for local employers. The EDC also continues, in conjunction with strategic partners, to market 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. In fiscal year 2015, the Airport completed runway rehabilitation at a cost of \$2.5 million. Projects for 2016 include a new rotating beacon, an Automated Weather Observing System (AWOS) full upgrade, new obstruction lighting, and taxiway widening.

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. Design work was completed for renovations to Union Academy and Highlands School.

RECREATION – The County made substantial progress on a new recreation complex located on 48 acres of land purchased in FY 13. This new complex is 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, 2015 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, 2014. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. Macon County has received twenty 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,

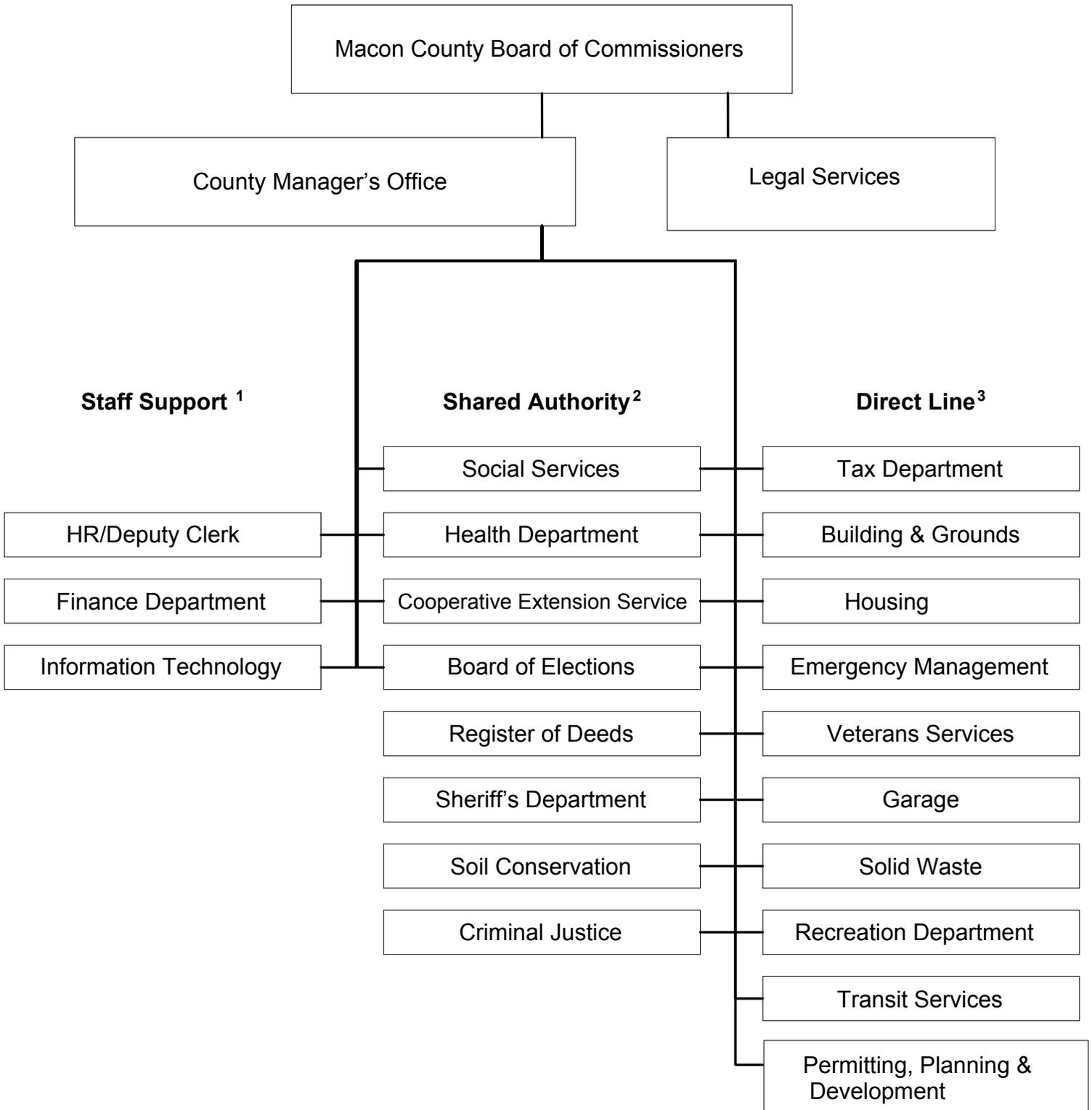


Lori M. Hall
Finance Director



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, 2015

Board of Commissioners

Kevin Corbin, Chairman
Jim Tate, Vice-Chairman
Ronnie Beale, Commissioner
Paul Higdon, Commissioner
Gary Shields, Commissioner

Principal Officials

Derek Roland, County Manager
Mike Decker, Human Resources Director
Lori M. Hall, Finance Director
Chester Jones, County Attorney
Richard Lightner, Tax Supervisor
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, 2014

Executive Director/CEO

FINANCIAL SECTION

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

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

Independent Auditor's Report

To the Board of Commissioners
Macon County
Franklin, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Macon County, North Carolina, as of and for the year ended June 30, 2015, 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, 2015, 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 Benefit's Schedules of Funding Progress and Employer Contributions, the Local Government Employees' Retirement System Schedules of the Proportionate Share of Net Pension Liability (Asset) and Schedule of Contributions, and the Register of Deeds' Supplemental Pension Fund Schedule of the Proportionate Share of the Net Position Liability (Asset) and Schedule of Contributions, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consist of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise Macon County's basic financial statements. The introductory section, combining and individual fund financial statements, budget and actual schedules, supplemental ad valorem tax schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budget and actual schedules, and supplemental ad valorem tax schedules are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, budget and actual schedules, and supplemental ad valorem tax schedules are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2015 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
November 16, 2015

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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, 2015. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

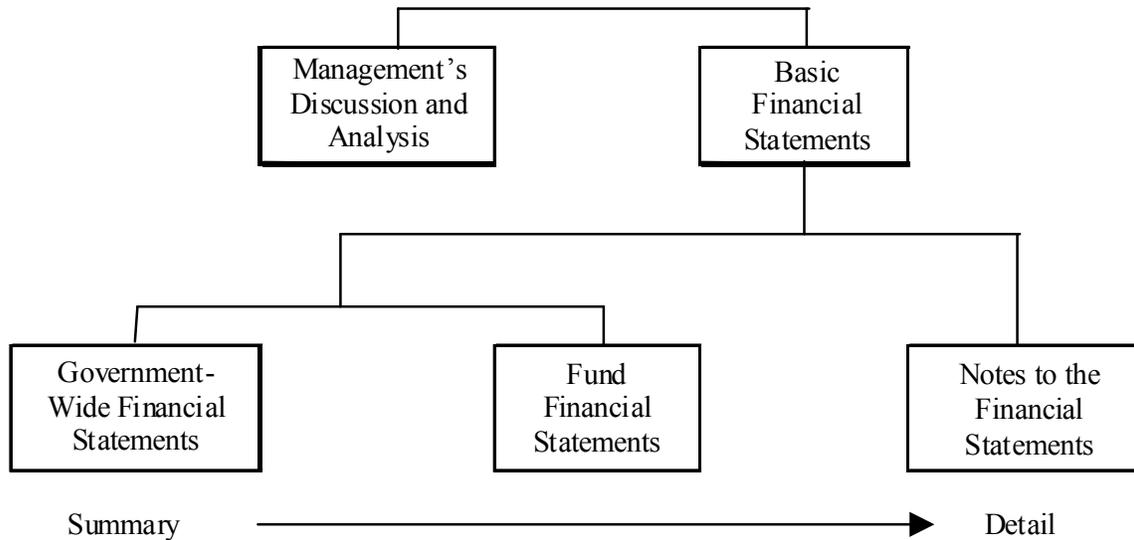
Financial Highlights

- The assets and deferred outflows of resources of Macon County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$8,576,029 (*net position*).
- The County's total net position increased by \$2,016,732, primarily due to an increase in the net position of governmental-type activities.
- As of the close of the current fiscal year, Macon County's General Fund reported an ending fund balance of \$21,995,231, an increase of \$1,877,709 in comparison with the prior year. Total governmental funds reported combined ending fund balances of \$25,714,231. Approximately 23.71% of this total amount, or \$6,096,854, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$17,800,369, or 40.58%, of total General Fund expenditures and transfers out for the fiscal year.
- Macon County's total installment debt decreased by \$2,064,040 (5.7%) during the fiscal year. The key factor in this decrease is regular timely debt payments. In the current year, the County also received debt proceeds of \$1,800,000 for the construction on the Parker Meadows Recreation Complex.
- 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 it has changed. Net position is the difference between the total of the County's assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. Measuring the net position is one way to gauge the County's financial condition.

The government-wide financial statements are divided into three categories: 1) governmental activities, 2) business-type activities, and 3) component unit. The governmental activities include most of the County's basic services, such as general government, public safety, transportation, public education, economic development, and general administration. Property taxes and 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 seven agency funds.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements follow Exhibit J of this report.

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

Government-Wide Financial Analysis

Macon County's Net Position Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2014	2015	2014	2015	2014	2015
Current and other assets	\$ 32,193,485	\$ 32,373,224	\$ 10,075,617	\$ 9,287,253	\$ 42,269,102	\$ 41,660,477
Capital assets	<u>23,757,766</u>	<u>25,796,788</u>	<u>2,108,104</u>	<u>3,599,088</u>	<u>25,865,870</u>	<u>29,395,876</u>
Total assets	<u>55,951,251</u>	<u>58,170,012</u>	<u>12,183,721</u>	<u>12,886,341</u>	<u>68,134,972</u>	<u>71,056,353</u>
Deferred outflows of resources	<u>-</u>	<u>1,095,482</u>	<u>-</u>	<u>63,200</u>	<u>-</u>	<u>1,158,682</u>
Long-term liabilities						
outstanding	44,016,208	44,405,293	8,455,143	9,083,400	52,471,351	53,488,693
Other liabilities	<u>6,919,644</u>	<u>6,215,453</u>	<u>324,508</u>	<u>364,280</u>	<u>7,244,152</u>	<u>6,579,733</u>
Total liabilities	<u>50,935,852</u>	<u>50,620,746</u>	<u>8,779,651</u>	<u>9,447,680</u>	<u>59,715,503</u>	<u>60,068,426</u>
Deferred inflows of resources	<u>127,429</u>	<u>3,378,809</u>	<u>-</u>	<u>191,771</u>	<u>127,429</u>	<u>3,570,580</u>
Net position:						
Net investment in capital assets	19,311,971	21,124,267	2,108,104	3,599,088	21,420,075	24,723,355
Restricted	6,872,258	5,769,063	-	-	6,872,258	5,769,063
Unrestricted	<u>(21,296,259)</u>	<u>(21,627,391)</u>	<u>1,295,966</u>	<u>(288,998)</u>	<u>(20,000,293)</u>	<u>(21,916,389)</u>
Total net position	<u>\$ 4,887,970</u>	<u>\$ 5,265,939</u>	<u>\$ 3,404,070</u>	<u>\$ 3,310,090</u>	<u>\$ 8,292,040</u>	<u>\$ 8,576,029</u>

As noted earlier, net position may serve, over time, as one useful indicator of a government's financial condition. The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$8,576,029 as of June 30, 2015. The County's net position increased by \$2,016,732 for the fiscal year ended June 30, 2015. One of the largest portions of Macon County's net position, \$24,723,355, reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment). The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Macon County's investment in its capital assets is reported net of outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the County's net position, \$5,769,063, 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 \$21,916,389 for the government as a whole. The primary reason for the deficit is due to the fact that under North Carolina law, the County is responsible for providing capital funding for the school system. The County has chosen to meet its legal obligation to provide the school system capital funding by using a mixture of County funds and debt financings. The assets funded by the County, however, are titled to and utilized by the school system. Since the County, as the issuing government, acquires no assets, the County has incurred a liability without a corresponding increase in assets.

Macon County's Changes in Net Position
Figure 3

	Governmental		Business-Type		Total	
	Activities		Activities			
	2014	2015	2014	2015	2014	2015
Revenues:						
Program revenues:						
Charges for services	\$ 4,485,086	\$ 4,341,251	\$ 3,470,358	\$ 3,489,389	\$ 7,955,444	\$ 7,830,640
Operating grants and contributions	10,645,509	9,674,198	-	-	10,645,509	9,674,198
Capital grants and contributions	1,206,665	1,688,310	-	-	1,206,665	1,688,310
General revenues:						
Property taxes	29,537,857	29,532,608	-	-	29,537,857	29,532,608
Other taxes	7,682,198	8,850,490	-	-	7,682,198	8,850,490
Other	406,433	378,308	10,251	9,110	416,684	387,418
Total revenues	<u>53,963,748</u>	<u>54,465,165</u>	<u>3,480,609</u>	<u>3,498,499</u>	<u>57,444,357</u>	<u>57,963,664</u>
Expenses:						
General government	10,931,162	11,201,551	-	-	10,931,162	11,201,551
Public safety	14,102,327	13,880,745	-	-	14,102,327	13,880,745
Transportation	1,037,139	1,222,986	-	-	1,037,139	1,222,986
Economic and physical development	2,636,486	3,426,980	-	-	2,636,486	3,426,980
Human services	10,752,050	10,118,181	-	-	10,752,050	10,118,181
Cultural and recreational	2,736,037	2,486,997	-	-	2,736,037	2,486,997
Education	9,779,742	8,939,212	-	-	9,779,742	8,939,212
Interest on long-term debt	1,358,927	1,178,604	-	-	1,358,927	1,178,604
Solid waste	-	-	5,320,092	3,491,676	5,320,092	3,491,676
Total expenses	<u>53,333,870</u>	<u>52,455,256</u>	<u>5,320,092</u>	<u>3,491,676</u>	<u>58,653,962</u>	<u>55,946,932</u>
Increase (decrease) in net position	<u>629,878</u>	<u>2,009,909</u>	<u>(1,839,483)</u>	<u>6,823</u>	<u>(1,209,605)</u>	<u>2,016,732</u>
Net Position:						
Beginning of year - July 1	4,258,092	4,887,970	5,243,553	3,404,070	9,501,645	8,292,040
Restatement	-	(1,631,940)	-	(100,803)	-	(1,732,743)
Beginning of year - July 1, as restated	<u>4,258,092</u>	<u>3,256,030</u>	<u>5,243,553</u>	<u>3,303,267</u>	<u>9,501,645</u>	<u>6,559,297</u>
End of year - June 30	<u>\$ 4,887,970</u>	<u>\$ 5,265,939</u>	<u>\$ 3,404,070</u>	<u>\$ 3,310,090</u>	<u>\$ 8,292,040</u>	<u>\$ 8,576,029</u>

Governmental Activities. Of the total net position, governmental activities account for \$5,265,939 (61%). Property taxes provide 54.2% of funding at \$29,532,608, charges for services funded \$4,341,251, local option sales tax and occupancy tax funded \$8,850,490, and operating grants funded \$9,674,198 of Macon County's governmental activities. Governmental activities increased Macon County's net position by \$2,009,909. Net position increased primarily because of an increase in local option sales tax revenue in the current year, as well as an overall cut in total expenditures from prior year.

Business-Type Activities. Business-type activities increased the County's net position by \$6,823. That increase is primarily attributable to a decrease in expenditures.

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 \$18,170,653, while total fund balance reached \$21,995,231. The County currently has an available fund balance of 41.42% of General Fund expenditures and transfers out, while total fund balance represents 50.14% of that same amount. Total fund balance in the General Fund increased by \$1,877,709. This increase is primarily attributable to an increase in ad valorem taxes and local option sales taxes combined with a decrease in expenditures.

As of the end of the current fiscal year, Macon County's governmental funds reported combined ending fund balances of \$25,714,231, an increase of \$268,487 in comparison with the prior year. The increase is primarily due to an increase in general fund ad valorem taxes and general fund local option sales taxes.

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 \$1,009,284. The majority of this increase was attributable to additional ad valorem taxes and local option sales taxes. The difference between the final budgeted amount and the actual expenditures and uses was \$2,862,256. This difference is primarily due to underspending the budget in human services, general government, and public safety; the decision not to fill certain positions; and incomplete contracts to be continued in 2016.

Proprietary Funds. Macon County's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail. Unrestricted net position of the Solid Waste Fund at the end of the year totaled \$(288,998). The decrease of \$1,584,964 over the prior year is primarily attributable to an increase in long-term liabilities due to an increase in closure costs coupled with an increase in capital assets. 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, 2015 amount to \$29,395,876, (net of accumulated depreciation). These assets include land, buildings and systems, improvements, machinery, and equipment.

Major capital asset transactions during the year include:

- E911 Equipment - \$544,410
- Ambulance Remount - \$88,642
- Four Sheriff's Department Vehicles - \$110,966
- Sennebogen (Solid Waste) - \$155,000
- Land/Building (Solid Waste) - \$1,536,224

Macon County's Capital Assets
Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2014	2015	2014	2015	2014	2015
Land	\$ 9,848,695	\$ 9,848,695	\$ 460,837	\$ 1,773,021	\$ 10,309,532	\$11,621,716
Buildings and improvements	27,353,044	27,398,879	9,486,139	9,716,359	36,839,183	37,115,238
Furniture and equipment	3,008,883	3,595,258	2,465,035	2,672,778	5,473,918	6,268,036
Vehicles	6,049,843	5,848,668	765,770	674,220	6,815,613	6,522,888
Construction in progress	214,533	2,911,643	-	-	214,533	2,911,643
Subtotal	46,474,998	49,603,143	13,177,781	14,836,378	59,652,779	64,439,521
Less accumulated depreciation	<u>(22,717,232)</u>	<u>(23,806,355)</u>	<u>(11,069,677)</u>	<u>(11,237,290)</u>	<u>(33,786,909)</u>	<u>(35,043,645)</u>
Total	<u>\$ 23,757,766</u>	<u>\$ 25,796,788</u>	<u>\$ 2,108,104</u>	<u>\$ 3,599,088</u>	<u>\$ 25,865,870</u>	<u>\$29,395,876</u>

Additional information on the County's capital assets can be found in the Notes to the Financial Statements beginning on page 47.

Long-Term Debt. As of June 30, 2015, Macon County had no bonded debt outstanding.

Macon County's Outstanding Debt
Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2014	2015	2014	2015	2014	2015
Installment contracts	<u>\$ 36,050,897</u>	<u>\$ 33,986,857</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36,050,897</u>	<u>\$ 33,986,857</u>

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Macon County is approximately \$723,825,000, 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 66.

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, 2015 is 6.3%, which is the same as it was a year ago. Macon County's rate is slightly higher than the State's unadjusted unemployment rate of 6.1%.
- Sales tax distributions increased 6.7% over prior year.
- The tax base is diverse with the ten leading taxpayers making up 3.75% of total assessed value.

All of these factors were considered in preparing Macon County's budget for the 2015-2016 fiscal year.

Budget Highlights for the Fiscal Year Ending June 30, 2016

Governmental Activities. Taxes are based on \$7.67 billion in property valuation with a 7 cent tax increase due to revaluation. The collection rate increased from 97.21% in 2014 to 97.69% in 2015. Sales tax revenues were budgeted with 3% growth over fiscal year 2015 projected revenues. The budget was balanced without the use of fund balance.

Budgeted expenditures in the General Fund for 2016 are \$46,646,357, which is 2% more than the 2015 original budget. The 2016 budget has approximately \$1 million in capital outlay with \$300,000 earmarked for school capital outlay.

Business-Type Activities. The budgeted expenditures for the Solid Waste Fund are \$3,918,820, which represents an 8.95% increase over last year due to increases in capital outlay. 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, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Macon County Airport Authority
Assets:				
Cash and cash equivalents	\$ 24,058,628	\$ 8,882,022	\$ 32,940,650	\$ 44,379
Taxes receivable, net	937,637	-	937,637	-
Interest receivable	6,678	4,900	11,578	-
Accounts receivable, net	1,193,629	321,648	1,515,277	-
Due from other governments	4,365,439	-	4,365,439	-
Inventories	32,803	-	32,803	-
Prepaid items	338,753	-	338,753	-
Restricted cash and cash equivalents	2,584	-	2,584	-
Net pension asset	1,437,073	78,683	1,515,756	-
Construction in progress	2,911,643	-	2,911,643	-
Non-depreciable capital assets	9,848,695	1,773,021	11,621,716	2,974,584
Depreciable capital assets, net	13,036,450	1,826,067	14,862,517	11,581,856
Total assets	<u>58,170,012</u>	<u>12,886,341</u>	<u>71,056,353</u>	<u>14,600,819</u>
Deferred Outflows of Resources:				
Current year contributions to pension plan	986,406	57,322	1,043,728	-
Pension deferrals	109,076	5,878	114,954	-
Total deferred outflows of resources	<u>1,095,482</u>	<u>63,200</u>	<u>1,158,682</u>	<u>-</u>
Liabilities:				
Accounts payable and accrued liabilities	2,816,445	307,035	3,123,480	1,045
Liabilities to be paid from restricted assets	2,584	-	2,584	-
Due in less than one year	3,396,424	57,245	3,453,669	-
Due in more than one year	44,405,293	9,083,400	53,488,693	-
Total liabilities	<u>50,620,746</u>	<u>9,447,680</u>	<u>60,068,426</u>	<u>1,045</u>
Deferred Inflows of Resources:				
Prepaid taxes	89,694	-	89,694	-
Pension deferrals	3,289,115	191,771	3,480,886	-
Total deferred inflows of resources	<u>3,378,809</u>	<u>191,771</u>	<u>3,570,580</u>	<u>-</u>
Net Position:				
Net investment in capital assets	21,124,267	3,599,088	24,723,355	14,556,440
Restricted for:				
Stabilization by State statute	4,741,944	-	4,741,944	-
Restricted for public safety	456,083	-	456,083	-
Restricted for economic and physical development	429,659	-	429,659	-
Restricted for education	141,377	-	141,377	-
Unrestricted	(21,627,391)	(288,998)	(21,916,389)	43,334
Total net position	<u>\$ 5,265,939</u>	<u>\$ 3,310,090</u>	<u>\$ 8,576,029</u>	<u>\$ 14,599,774</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, 2015

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ 11,201,551	\$ 1,366,746	\$ 892,954	\$ -
Public safety	13,880,745	1,835,759	571,131	-
Transportation	1,222,986	-	623,464	-
Economic and physical development	3,426,980	65,941	357,795	1,688,310
Human services	10,118,181	1,072,805	6,998,886	-
Cultural and recreational	2,486,997	-	23,896	-
Education	8,939,212	-	206,072	-
Interest on long-term debt	1,178,604	-	-	-
Total governmental activities	<u>52,455,256</u>	<u>4,341,251</u>	<u>9,674,198</u>	<u>1,688,310</u>
Business-Type Activities:				
Solid Waste	<u>3,491,676</u>	<u>3,489,389</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 55,946,932</u>	<u>\$ 7,830,640</u>	<u>\$ 9,674,198</u>	<u>\$ 1,688,310</u>
Component Unit:				
Macon County Airport Authority	<u>\$ 606,360</u>	<u>\$ 6,213</u>	<u>\$ 40,000</u>	<u>\$ 1,878,798</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, 2015

	<u>Net (Expense) Revenue and Changes in Net Position</u>			
	<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>
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ (8,941,851)	\$ -	\$ (8,941,851)	\$ -
Public safety	(11,473,855)	-	(11,473,855)	-
Transportation	(599,522)	-	(599,522)	-
Economic and physical development	(1,314,934)	-	(1,314,934)	-
Human services	(2,046,490)	-	(2,046,490)	-
Cultural and recreational	(2,463,101)	-	(2,463,101)	-
Education	(8,733,140)	-	(8,733,140)	-
Interest on long-term debt	(1,178,604)	-	(1,178,604)	-
Total governmental activities	<u>(36,751,497)</u>	<u>-</u>	<u>(36,751,497)</u>	<u>-</u>
Business-Type Activities:				
Solid Waste	<u>-</u>	<u>(2,287)</u>	<u>(2,287)</u>	<u>-</u>
Total primary government	<u>(36,751,497)</u>	<u>(2,287)</u>	<u>(36,753,784)</u>	<u>-</u>
Component Unit:				
Macon County Airport Authority				<u>1,318,651</u>
General Revenues:				
Ad valorem taxes	29,532,608	-	29,532,608	-
Local option sales tax	8,196,063	-	8,196,063	-
Occupancy taxes	654,427	-	654,427	-
Unrestricted intergovernmental revenues:				
Other taxes	309,483	-	309,483	-
Gross receipts tax	21,467	-	21,467	-
Interest earned on investments	47,358	9,110	56,468	-
Total general revenues	<u>38,761,406</u>	<u>9,110</u>	<u>38,770,516</u>	<u>-</u>
Change in net position	<u>2,009,909</u>	<u>6,823</u>	<u>2,016,732</u>	<u>1,318,651</u>
Net Position:				
Beginning of year - July 1	4,887,970	3,404,070	8,292,040	13,281,123
Restatement	<u>(1,631,940)</u>	<u>(100,803)</u>	<u>(1,732,743)</u>	<u>-</u>
Beginning of year - July 1, as restated	<u>3,256,030</u>	<u>3,303,267</u>	<u>6,559,297</u>	<u>13,281,123</u>
End of year - June 30	<u>\$ 5,265,939</u>	<u>\$ 3,310,090</u>	<u>\$ 8,576,029</u>	<u>\$ 14,599,774</u>

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

MACON COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Cash and cash equivalents	\$ 20,257,762	\$ 13,355	\$ 3,407,678	\$ 23,678,795
Taxes receivable, net	824,004	-	113,633	937,637
Interest receivable	6,678	-	-	6,678
Accounts receivable, net	1,039,772	-	-	1,039,772
Due from other funds	-	369,050	-	369,050
Due from other governments	3,489,332	228,950	647,157	4,365,439
Inventories	32,803	-	-	32,803
Prepaid items	294,988	-	-	294,988
Cash and cash equivalents, restricted	2,584	-	-	2,584
Total assets	<u>\$ 25,947,923</u>	<u>\$ 611,355</u>	<u>\$ 4,168,468</u>	<u>\$ 30,727,746</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,997,415	\$ -	\$ 578,140	\$ 2,575,555
Due to other funds	-	-	369,050	369,050
Liabilities to be paid from restricted assets	2,584	-	-	2,584
Total liabilities	<u>1,999,999</u>	<u>-</u>	<u>947,190</u>	<u>2,947,189</u>
Deferred Inflows of Resources:				
Unavailable revenue - property taxes	824,004	-	113,633	937,637
Unavailable revenue - ambulance	826,775	-	-	826,775
Unavailable revenue - public health	212,220	-	-	212,220
Prepaid taxes	89,694	-	-	89,694
Total deferred inflows of resources	<u>1,952,693</u>	<u>-</u>	<u>113,633</u>	<u>2,066,326</u>

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

MACON COUNTY, NORTH CAROLINA

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2015**

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Fund Balances:				
Non-spendable, not in spendable form:				
Inventories	32,803	-	-	32,803
Prepays	294,988	-	-	294,988
Restricted:				
Restricted for stabilization by State statute	3,496,787	598,000	647,157	4,741,944
Restricted for public safety	228,907	-	227,176	456,083
Restricted for economic and physical development	-	-	429,659	429,659
Restricted for education	141,377	-	-	141,377
Committed for general government	-	-	1,554,205	1,554,205
Committed for economic and physical development	-	-	21,572	21,572
Committed for education	-	-	687,976	687,976
Assigned for debt service	-	13,355	-	13,355
Unassigned	<u>17,800,369</u>	<u>-</u>	<u>(460,100)</u>	<u>17,340,269</u>
Total fund balances	<u>21,995,231</u>	<u>611,355</u>	<u>3,107,645</u>	<u>25,714,231</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 25,947,923</u>	<u>\$ 611,355</u>	<u>\$ 4,168,468</u>	
Amounts reported in the governmental activities in the Statement of Net Position are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				25,796,788
Net pension asset				1,437,073
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position.				986,406
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.				336,565
Long-term liabilities and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.				(47,801,717)
Pension related deferrals				(3,180,039)
Deferred inflows of resources for taxes receivables				937,637
Deferred inflows of resources for other unavailable revenues				<u>1,038,995</u>
Net position of governmental activities				<u>\$ 5,265,939</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, 2015

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Ad valorem taxes	\$ 26,754,756	\$ -	\$ 2,950,270	\$ 29,705,026
Local option sales taxes	6,546,506	-	1,649,557	8,196,063
Unrestricted intergovernmental revenues	330,950	-	-	330,950
Restricted intergovernmental revenues	8,216,336	816,698	2,329,474	11,362,508
Occupancy taxes	-	-	654,427	654,427
Permits and fees	1,036,576	-	-	1,036,576
Sales and services	2,619,721	-	-	2,619,721
Interest earned on investments	46,461	49	606	47,116
Miscellaneous	187,553	46,040	12,427	246,020
Total revenues	<u>45,738,859</u>	<u>862,787</u>	<u>7,596,761</u>	<u>54,198,407</u>
Expenditures:				
Current:				
General government	6,339,866	-	-	6,339,866
Public safety	11,190,228	-	3,780,541	14,970,769
Transportation	1,228,966	-	-	1,228,966
Economic and physical development	536,223	-	2,952,205	3,488,428
Human services	10,839,675	-	-	10,839,675
Education	8,494,462	-	444,750	8,939,212
Cultural and recreational	2,183,250	-	2,697,110	4,880,360
Debt service:				
Principal repayments	-	3,864,040	-	3,864,040
Interest	-	1,178,604	-	1,178,604
Total expenditures	<u>40,812,670</u>	<u>5,042,644</u>	<u>9,874,606</u>	<u>55,729,920</u>
Revenues over (under) expenditures	<u>4,926,189</u>	<u>(4,179,857)</u>	<u>(2,277,845)</u>	<u>(1,531,513)</u>
Other Financing Sources (Uses):				
Issuance of long-term debt	-	-	1,800,000	1,800,000
Transfers in	7,000	4,006,851	674,432	4,688,283
Transfers (out)	(3,055,480)	-	(1,632,803)	(4,688,283)
Total other financing sources (uses)	<u>(3,048,480)</u>	<u>4,006,851</u>	<u>841,629</u>	<u>1,800,000</u>
Net change in fund balances	1,877,709	(173,006)	(1,436,216)	268,487
Fund Balances:				
Beginning of year - July 1	<u>20,117,522</u>	<u>784,361</u>	<u>4,543,861</u>	<u>25,445,744</u>
End of year - June 30	<u>\$ 21,995,231</u>	<u>\$ 611,355</u>	<u>\$ 3,107,645</u>	<u>\$ 25,714,231</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, 2015**

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	\$ 268,487
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.	(172,418)
<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.	198,805
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.	22,553
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.	(1,984,171)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(111,026)
Capital assets (net) disposed of during the year are not recognized on the modified accrual basis.	(7,168)
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.	3,764,130
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	986,406
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(1,717,940)
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.	3,864,040
Debt issued is reported as revenues in the governmental fund statements. However, in the Statement of Activities, these transactions are not a revenue, rather they are an increase in liabilities.	(1,800,000)
The net revenue (expense) of the internal service funds are reported with governmental activities.	<u>(1,301,789)</u>
Change in net position of governmental activities (Exhibit B)	<u>\$ 2,009,909</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, 2015

	Budgeted Amounts		Actual	Variance from Final Budget Over/Under
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 26,218,441	\$ 26,770,441	\$ 26,754,756	\$ (15,685)
Local option sales taxes	6,230,180	6,546,180	6,546,506	326
Unrestricted intergovernmental revenues	354,000	354,000	330,950	(23,050)
Restricted intergovernmental revenues	8,307,369	9,142,979	8,216,336	(926,643)
Permits and fees	1,470,765	935,265	1,036,576	101,311
Sales and services	2,301,119	2,311,238	2,619,721	308,483
Investment earnings	41,000	41,000	46,461	5,461
Miscellaneous	24,606	102,267	187,553	85,286
Total revenues	<u>44,947,480</u>	<u>46,203,370</u>	<u>45,738,859</u>	<u>(464,511)</u>
Expenditures:				
Current:				
General government	6,738,796	6,775,808	6,339,866	435,942
Public safety	11,354,853	11,718,855	11,190,228	528,627
Transportation	1,385,260	1,385,553	1,228,966	156,587
Economic and physical development	1,126,102	646,033	536,223	109,810
Human services	11,544,357	12,427,620	10,839,675	1,587,945
Cultural and recreational	2,152,257	2,214,966	2,183,250	31,716
Intergovernmental:				
Education	8,462,291	8,506,091	8,494,462	11,629
Total expenditures	<u>42,763,916</u>	<u>43,674,926</u>	<u>40,812,670</u>	<u>2,862,256</u>
Revenues over (under) expenditures	<u>2,183,564</u>	<u>2,528,444</u>	<u>4,926,189</u>	<u>2,397,745</u>
Other Financing Sources (Uses):				
Transfers in	207,000	7,000	7,000	-
Transfers (out)	(2,957,206)	(3,055,480)	(3,055,480)	-
Appropriated fund balance	566,642	520,036	-	(520,036)
Total other financing sources (uses)	<u>(2,183,564)</u>	<u>(2,528,444)</u>	<u>(3,048,480)</u>	<u>(520,036)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,877,709	<u>\$ 1,877,709</u>
Fund Balance:				
Beginning of year - July 1			<u>20,117,522</u>	
End of year - June 30			<u>\$ 21,995,231</u>	

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

MACON COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Solid Waste Fund</u>	<u>Internal Service Fund</u>
Assets:		
Current assets:		
Cash and cash equivalents	\$ 8,882,022	\$ 379,833
Interest receivable	4,900	-
Accounts receivable, net	321,648	153,857
Prepays	-	43,765
Total current assets	<u>9,208,570</u>	<u>577,455</u>
Non-current assets:		
Net pension asset	<u>78,683</u>	<u>-</u>
Non-depreciable capital assets	1,773,021	-
Depreciable capital assets, net	<u>1,826,067</u>	<u>-</u>
Total capital assets	<u>3,599,088</u>	<u>-</u>
Total non-current assets	<u>3,677,771</u>	<u>-</u>
Total assets	<u>12,886,341</u>	<u>577,455</u>
Deferred Outflows of Resources:		
Contributions to the pension plan in the current year	57,322	-
Pension deferrals	<u>5,878</u>	<u>-</u>
Total deferred outflows of resources	<u>63,200</u>	<u>-</u>
Liabilities:		
Current liabilities:		
Accounts payable and accrued liabilities	307,035	240,890
Current portion of accrued landfill closure and post-closure care cost	51,936	-
Compensated absences payable - current	<u>5,309</u>	<u>-</u>
Total current liabilities	<u>364,280</u>	<u>240,890</u>
Non-current liabilities:		
Accrued landfill closure and post-closure care cost	8,328,364	-
Compensated absences payable	47,783	-
Long-term liabilities - non-current	<u>707,253</u>	<u>-</u>
Total non-current liabilities	<u>9,083,400</u>	<u>-</u>
Total liabilities	<u>9,447,680</u>	<u>240,890</u>
Deferred Inflows of Resources:		
Pension deferrals	<u>191,771</u>	<u>-</u>
Net Position:		
Net investment in capital assets	3,599,088	-
Unrestricted	<u>(288,998)</u>	<u>336,565</u>
Total net position	<u>\$ 3,310,090</u>	<u>\$ 336,565</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, 2015

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Solid Waste Fund</u>	<u>Internal Service Fund</u>
Operating Revenues:		
Landfill fees	\$ 1,918,005	\$ -
Solid waste disposal fees	31,868	-
Charges for services	-	3,434,967
Tipping fees	1,220,797	-
Scrap tire revenues	43,157	-
Other	275,562	-
Total operating revenues	<u>3,489,389</u>	<u>3,434,967</u>
Operating Expenses:		
Salaries	914,395	-
Employee benefits	380,623	-
Benefit payments	-	4,189,253
Insurance premiums	-	547,745
Operating expenses	1,392,138	-
Landfill closure and post-closure care cost	545,357	-
Depreciation	259,163	-
Total operating expenses	<u>3,491,676</u>	<u>4,736,998</u>
Operating income (loss)	<u>(2,287)</u>	<u>(1,302,031)</u>
Non-Operating Revenues (Expenses):		
Interest earned on investments	<u>9,110</u>	<u>242</u>
Change in net position	<u>6,823</u>	<u>(1,301,789)</u>
Net Position:		
Beginning of year - July 1	3,404,070	1,638,354
Restatement	(100,803)	-
Beginning of year - July 1, as restated	<u>3,303,267</u>	<u>1,638,354</u>
End of year - June 30	<u>\$ 3,310,090</u>	<u>\$ 336,565</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, 2015

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Solid Waste Fund</u>	<u>Internal Service Fund</u>
Cash Flows from Operating Activities:		
Cash received from customers	\$ 3,090,884	\$ 3,310,343
Cash paid for goods and services	(1,392,473)	(4,958,433)
Cash paid to employees for services	(1,222,926)	-
Other operating revenues	<u>385,617</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>861,102</u>	<u>(1,648,090)</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition and construction of capital assets	<u>(1,750,147)</u>	<u>-</u>
Cash Flows from Investing Activities:		
Interest on investments	<u>9,110</u>	<u>242</u>
Net increase (decrease) in cash and cash equivalents	(879,935)	(1,647,848)
Cash and Cash Equivalents:		
Beginning of year - July 1	<u>9,761,957</u>	<u>2,027,681</u>
End of year - June 30	<u>\$ 8,882,022</u>	<u>\$ 379,833</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ (2,287)	\$ (1,302,031)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	259,163	-
Pension expense	6,407	-
Change in estimate of closure and post-closure care cost	512,500	-
Changes in assets and liabilities:		
(Increase) decrease in receivables	(12,888)	(124,624)
(Increase) decrease in prepaids	-	(43,765)
(Increase) decrease in deferred outflows of resources for pensions	(57,322)	-
Increase (decrease) in accounts payable and accrued liabilities	38,851	(177,670)
Increase (decrease) in other post-employment benefits	108,882	-
Increase (decrease) in accrued vacation pay	<u>7,796</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>\$ 861,102</u>	<u>\$ (1,648,090)</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, 2015

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	\$ 121,295
Accounts receivable	<u>26,063</u>
Total assets	<u>\$ 147,358</u>
Liabilities:	
Miscellaneous liabilities	\$ 108,548
Intergovernmental payable	<u>38,810</u>
Total liabilities	<u>\$ 147,358</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, 2015

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, 2015

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, 2015

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

The County reports the following nonmajor governmental funds:

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

Capital Project Funds. Capital project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds). The County has 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 seven agency funds: the Social Services and Inmate Trust Funds, which account for monies deposited with the Social Services Department and Jail for the benefit of certain individuals; the Fines and Forfeitures Fund, which accounts for various legal fines and forfeitures that the County is required to remit to the Macon County Board of Education; the Motor Vehicle Tax Fund, which accounts for registered motor vehicle property taxes that are billed and collected by the County for various municipalities and special districts within the County but that are not revenues to the County; the Deed of Trust Fund, which accounts for the \$5.00 of each fee collected by the Register of Deeds for registering or

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

filing a deed of trust or mortgage and is remitted to the State Treasurer on a monthly basis; the Western Carolina Industrial Partners Fund, which accounts for monies held by the County as agent for advertising and promotions for Western North Carolina industries; and the Hurricane Ivan Relief Fund, which accounts for monies held for hurricane relief and recovery.

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, 2015

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. All taxes including those dedicated for specific purposes are reported as general revenues rather than program revenues. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

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

C. Budgetary Data

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

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

several amendments to the original budget were necessary, the effects of which were not material. The budget ordinance must be adopted by July 1 of the fiscal year, or the governing Board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

Deposits and Investments

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

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.

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, 2014.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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, 2015

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has two items that meet this criterion – pension related deferrals and contributions made to the pension plan in the current fiscal year. In addition to liabilities, the Statement of Net Position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has five items that meet the criterion for this category – prepaid taxes, property taxes receivable, ambulance receivable, public health receivable, and other pension related deferrals.

Long-Term Obligations

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Position.

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

Compensated Absences

The vacation policy of the County provides for the accumulation of up to thirty (30) days of earned vacation leave, with such leave being fully vested when earned. An expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned in the County's government-wide and proprietary funds' financial statements.

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

Net Position/Fund Balances

Net Position

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

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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 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, 2015

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.

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

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

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

Unassigned Fund Balance. Unassigned fund balance represents the portion of fund balance that has not been assigned to another fund or is not restricted, committed, or assigned to specific purposes.

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	\$ 21,995,231
Less:	
Inventories	32,803
Prepays	294,988
Stabilization by State statute	<u>3,496,787</u>
Total available fund balance	<u><u>\$ 18,170,653</u></u>

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

E. Revenues, Expenditures, and Expenses

Other Resources

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

F. Accounting Estimates

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

G. Defined Benefit Pension Plans

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

2. Detail Notes on All Funds

A. Assets

Deposits

All of the County’s deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County’s agent in the County’s name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer’s agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, these deposits are considered to be held by the County’s agent in the entity’s name. The amount of the pledged collateral is based

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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.

At June 30, 2015, the County's deposits had a carrying amount of \$14,473,180 and a bank balance of \$14,814,269. Of the bank balance, \$500,000 was covered by federal depository insurance and \$14,314,269 by collateral held under the Pooling Method. Cash on hand was \$2,400.

Investments

At June 30, 2015, 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	\$ 6,183,727	\$ 4,190,751	\$ 1,992,976
Agency bond	500,084	-	500,084
North Carolina Capital Management Trust - Cash Portfolio	11,905,138	N/A	N/A
Total	<u>\$ 18,588,949</u>	<u>\$ 4,190,751</u>	<u>\$ 2,493,060</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, 2015, 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

MACON COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

NC Capital Management Trust Cash Portfolio carried a credit rating of AAAm by Standard & Poor’s as of June 30, 2015.

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>
Commercial Paper:	
ABN Amro Bank	16.09%
Abbey National NA LLC	11.80%
ING US Funding	<u>5.37%</u>
Total	<u>33.26%</u>

Property Tax – Use-Value Assessment on Certain Lands

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

<u>Fiscal Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 1,407,716	\$ -	\$ 1,407,716
2013	1,412,379	-	1,412,379
2014	1,440,151	-	1,440,151
2015	<u>1,440,165</u>	-	<u>1,440,165</u>
Total	<u>\$ 5,700,411</u>	<u>\$ -</u>	<u>\$ 5,700,411</u>

MACON COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

Receivables

Receivables at the government-wide level at June 30, 2015 were as follows:

	<u>Accounts</u>	<u>Taxes</u>	<u>Interest</u>	<u>Due from Other Governments</u>	<u>Total</u>
Governmental Activities:					
General	\$ 1,039,772	\$ 1,653,807	\$ 6,678	\$ 3,489,332	\$ 6,189,589
Other governmental	153,857	231,454	-	876,107	1,261,418
Allowance for doubtful accounts	-	(947,624)	-	-	(947,624)
Total governmental activities	<u>\$ 1,193,629</u>	<u>\$ 937,637</u>	<u>\$ 6,678</u>	<u>\$ 4,365,439</u>	<u>\$ 6,503,383</u>
Business-Type Activities:					
Solid Waste	\$ 526,707	\$ -	\$ 4,900	\$ -	\$ 531,607
Allowance for doubtful accounts	(205,059)	-	-	-	(205,059)
Total business-type activities	<u>\$ 321,648</u>	<u>\$ -</u>	<u>\$ 4,900</u>	<u>\$ -</u>	<u>\$ 326,548</u>

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

	<u>Governmental Activities</u>
Local option sales and use tax/sales tax refund	\$ 2,457,444
Due from State DMV	85,585
Grants receivable	1,035,371
Others	787,039
Total	<u>\$ 4,365,439</u>

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Governmental Capital Assets

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

	<u>July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2015</u>
Non-Depreciable Assets:				
Land	\$ 9,848,695	\$ -	\$ -	\$ 9,848,695
Construction in progress	214,533	2,697,110	-	2,911,643
Depreciable Assets:				
Buildings and improvements	27,353,044	58,674	(12,839)	27,398,879
Equipment	3,008,883	635,406	(49,031)	3,595,258
Vehicles	6,049,843	372,940	(574,115)	5,848,668
Total	46,474,998	3,764,130	(635,985)	49,603,143
Less Accumulated Depreciation:				
Buildings and improvements	15,589,633	1,126,509	(5,671)	16,710,471
Equipment	2,185,118	215,005	(49,031)	2,351,092
Vehicles	4,942,481	376,426	(574,115)	4,744,792
Total accumulated depreciation	22,717,232	1,717,940	(628,817)	23,806,355
Capital assets, net	\$ 23,757,766	\$ 2,046,190	\$ (7,168)	\$ 25,796,788

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

Governmental Activities:	
General government	\$ 540,598
Public safety	613,531
Economic and physical development	12,865
Transportation	102,947
Human services	76,470
Cultural and recreational	371,529
Total	\$ 1,717,940

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Proprietary Capital Assets

The capital assets of the Proprietary Fund at June 30, 2015 are as follows:

	<u>July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2015</u>
Non-Depreciable Assets:				
Land	\$ 460,837	\$ 1,312,184	\$ -	\$ 1,773,021
Depreciable Assets:				
Buildings and improvements	9,486,139	230,220	-	9,716,359
Equipment	2,465,035	207,743	-	2,672,778
Vehicles	765,770	-	(91,550)	674,220
Total	<u>13,177,781</u>	<u>1,750,147</u>	<u>(91,550)</u>	<u>14,836,378</u>
Less Accumulated Depreciation:				
Buildings and improvements	8,318,621	94,922	-	8,413,543
Equipment	2,081,797	139,674	-	2,221,471
Vehicles	669,259	24,567	(91,550)	602,276
Total accumulated depreciation	<u>11,069,677</u>	<u>259,163</u>	<u>(91,550)</u>	<u>11,237,290</u>
Capital assets, net	<u>\$ 2,108,104</u>	<u>\$ 1,490,984</u>	<u>\$ -</u>	<u>\$ 3,599,088</u>

Summary Disclosure of Significant Construction Commitments

At June 30, 2015, the County had commitments of approximately \$590,458 for construction of a recreational complex and \$68,413 for school construction.

B. Liabilities

Payables

Payables at the government-wide level at June 30, 2015 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Insurance Claims Incurred But Not Reported</u>	<u>Total</u>
Governmental Activities	\$ 1,596,831	\$ 978,724	\$ 240,890	\$ 2,816,445
Business-Type Activities:				
Solid Waste	<u>\$ 250,914</u>	<u>\$ 56,121</u>	<u>\$ -</u>	<u>\$ 307,035</u>

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Pension Plan and Other Post-Employment Obligations

Local Governmental Employees' Retirement System

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

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

Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2015, was 7.41% of compensation for law enforcement officers and 7.07% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$1,040,335 for the year ended June 30, 2015.

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

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

At June 30, 2015, the County reported an asset of \$1,428,012 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2014, the County's proportion was 0.242%, which was an increase of 0.005% from its proportion measured as of June 30, 2013.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

For the year ended June 30, 2015, the County recognized pension expense of \$116,265. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 156,035
Net difference between projected and actual earnings on pension plan investments	-	3,324,379
Changes in proportion and differences between employer contributions and proportionate share of contributions	106,677	-
County contributions subsequent to the measurement date	1,040,335	-
Total	\$ 1,147,012	\$ 3,480,414

\$1,040,335 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2016	\$ (843,465)
2017	(843,465)
2018	(843,465)
2019	(843,342)
2020	-
Thereafter	-
Total	\$ (3,373,737)

Actuarial Assumptions. The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 8.55 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	36.0%	2.5%
Global Equity	40.5%	6.1%
Real Estate	8.0%	5.7%
Alternatives	6.5%	10.5%
Credit	4.5%	6.8%
Inflation Protection	<u>4.5%</u>	3.7%
Total	<u>100%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

MACON COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

A new asset allocation policy was finalized during the fiscal year ended June 30, 2014 to be effective July 1, 2014. The new asset allocation policy utilizes different asset classes, changes in the structure of certain asset classes, and adopts new benchmarks. Using the asset class categories in the preceding table, the new long-term expected arithmetic real rates of return are: Fixed Income 2.2%, Global Equity 5.8%, Real Estate 5.2%, Alternatives 9.8%, Credit 6.8%, and Inflation Protection 3.4%.

Discount Rate. The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County’s Proportionate Share of the Net Pension Asset to Changes in the Discount Rate. The following presents the County’s proportionate share of the net pension asset calculated using the discount rate of 7.25 percent, as well as what the County’s proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
County's proportionate share of the net pension liability (asset)	<u>\$ 4,847,289</u>	<u>\$ (1,428,012)</u>	<u>\$ (6,711,612)</u>

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

Law Enforcement Officers’ Special Separation Allowance

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

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2014, the Separation Allowance's membership consisted of 50 active plan members and 1 retired member receiving benefits. A separate report was not issued for the plan.

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, 2015 was determined as part of the December 31, 2013 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, 2013 is 17 years.

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	\$	81,802
Interest on net pension obligation		22,006
Adjustment to annual required contribution		<u>(37,179)</u>
Annual pension cost		66,629
Employer contributions made for fiscal year ending June 30, 2015		<u>5,474</u>
Increase (decrease) in net pension obligation		61,155
Net pension obligation:		
Beginning of year - July 1		<u>440,116</u>
End of year - June 30	\$	<u><u>501,271</u></u>

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Three-Year Trend Information

Fiscal Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2013	\$ 61,134	7.58%	\$ 387,671
2014	57,919	9.45%	440,116
2015	66,629	8.22%	501,271

Funded Status and Funding Progress. As of December 31, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$562,623, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$562,623. The covered payroll (annual payroll of active employees covered by the plan) was \$2,223,875, and the ratio of the UAAL to the covered payroll was 25.30%.

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.

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, 2015 were \$197,501, which consisted of \$110,293 from the County and \$87,208 from the law enforcement officers.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Register of Deeds' Supplemental Pension Fund

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

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$3,393 for the year ended June 30, 2015.

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

At June 30, 2015, the County reported an asset of \$87,744 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2014, the County's proportion was .387%, which was a decrease of .051% from its proportion measured as of June 30, 2013.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

For the year ended June 30, 2015, the County recognized pension expense of \$1,167. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 805	\$ -
Net difference between projected and actual earnings on pension plan investments	-	472
Changes in proportion and differences between employer contributions and proportionate share of contributions	7,472	-
County contributions subsequent to the measurement date	3,393	-
Total	\$ 11,670	\$ 472

\$3,393 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2016	\$ 3,644
2017	3,644
2018	634
2019	(117)
2020	-
Thereafter	-
Total	\$ 7,805

Actuarial Assumptions. The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 7.75 percent, including inflation and productivity factor
Investment rate of return	5.75 percent, net of pension plan investment expense, including inflation

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2014 is 2.5%.

The information above is based on 30-year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 5.75%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Sensitivity of the County's Proportionate Share of the Net Pension Asset to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 5.75 percent, as well as what the County's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current rate:

	1% Decrease (4.75%)	Discount Rate (5.75%)	1% Increase (6.75%)
County's proportionate share of the net pension liability (asset)	\$ (78,788)	\$ (87,744)	\$ (95,438)

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

Other Post-Employment Benefits – Healthcare Benefits

Plan Description. In addition to providing pension benefits, the County has elected to provide post-retirement healthcare benefits to retirees of the County. Employees that retire from the North Carolina Local Governmental Employees' Retirement System (NCLGERS), are actively employed with the County at the time of retirement, 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, 2015, the County contributed \$544,817 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.

MACON COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

Membership of the plan consisted of the following at December 31, 2013, the date of the latest actuarial valuation:

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

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 \$544,817, or 3.85%, 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 \$18,208. The County’s obligation to contribute to the Plan is established and may be amended by the County Board.

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

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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 Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Annual required contribution	\$ 2,363,286	\$ 137,810	\$ 2,501,096
Interest on net OPEB obligation	418,612	24,411	443,023
Adjustments to annual required contribution	<u>(399,904)</u>	<u>(23,320)</u>	<u>(423,224)</u>
Annual OPEB cost (expense)	2,381,994	138,901	2,520,895
Contributions made	<u>(514,798)</u>	<u>(30,019)</u>	<u>(544,817)</u>
Increase (decrease) in net OPEB obligation	1,867,196	108,882	1,976,078
Net OPEB obligation:			
Beginning of year - July 1	<u>10,477,197</u>	<u>598,371</u>	<u>11,075,568</u>
End of year - June 30	<u>\$ 12,344,393</u>	<u>\$ 707,253</u>	<u>\$ 13,051,646</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2015 were as follows:

<u>Year Ended June 30</u>	<u>OPEB Cost</u>	<u>Annual OPEB Cost Contributed</u>	<u>OPEB Obligation</u>
2013	\$ 2,265,147	13.3%	\$ 8,853,361
2014	2,516,922	11.7%	11,075,568
2015	2,520,895	21.6%	13,051,646

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

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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.

As of June 30, 2015, 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

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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.

Although the closure and post-closure care costs for these landfills are being paid near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$8,380,300 reported as landfill closure and post-closure care liability at June 30, 2015 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, \$7,938,000 reflects the costs of the New Franklin Landfill. The new landfill costs are based on 91.95% of the total estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and post-closure care of \$695,000 as the remaining capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2015. 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 \$369,169 was made to the Landfill Closure and Post-Closure Reserve Fund during the fiscal year ended June 30, 2015, 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-

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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.

Deferred Outflows and Inflows of Resources

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension - difference between expected and actual experience		
LGERS	\$ -	\$ 156,035
Register of Deeds	805	-
Pension - difference between projected and actual investment earnings	-	3,324,851
Pension - change in proportion and difference between employer contributions and proportionate share of contributions	114,149	-
Contributions to pension plan in 2014-2015 fiscal year	1,043,728	-
Prepaid taxes not yet earned (General)	-	89,694
Taxes receivable, net (General)	-	824,004
Taxes receivable, net (Fire District)	-	113,633
Ambulance fees receivables (General)	-	826,775
Public health receivables (General)	-	212,220
Total	<u>\$ 1,158,682</u>	<u>\$ 5,547,212</u>

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.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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.

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>2015</u>	<u>2014</u>
Unpaid claims - beginning	\$ 239,352	\$ 168,419
Incurred claims	4,189,253	3,614,859
Claim payments	<u>(4,187,715)</u>	<u>(3,543,926)</u>
Unpaid claims - ending	<u>\$ 240,890</u>	<u>\$ 239,352</u>

Contingent Liabilities

At June 30, 2015, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorneys, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

MACON COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

Long-Term Obligations

Installment Purchase Contracts

Serviced by Governmental Funds:

The County entered into an installment purchase contract dated July 29, 2005, in the amount of \$5,000,000 for library and community college expansion. The contract is payable in thirty (30) semi-annual installments of \$166,667, plus interest at 2.19% per annum.	\$ 1,833,333
\$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.	1,208,079
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.	1,386,667
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.	13,500,000
\$1,800,000 Nantahala School Qualified Zone Academy Bonds requiring 30 semi-annual deposits of \$60,000, plus interest into a Debt Service Fund; final payment of the bonds is December 18, 2024.	1,200,000
\$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.	9,477,696
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.	1,634,600

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Serviced by Governmental Funds (continued):

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. 608,562

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. 227,920

\$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. 1,200,000

The County entered into an installment purchase contract dated August 5, 2014, in the amount of \$1,800,000 for construction on the Parker Meadows Recreation Complex. The contract is payable in twenty (20) semi-annual installments of \$90,000, plus interest at 2.29% per annum. 1,710,000

Total installment contracts \$ 33,986,857

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, 2015:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 3,299,504	\$ 1,095,614
2017	3,305,048	996,170
2018	2,999,832	897,515
2019	2,922,634	802,658
2020	2,922,634	708,662
2021-2025	12,528,690	2,205,410
2026-2030	5,906,352	391,105
2031	<u>102,163</u>	<u>2,615</u>
Total	<u>\$ 33,986,857</u>	<u>\$ 7,099,749</u>

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

At June 30, 2015, the County had a legal debt margin of approximately \$723,825,000.

Debt Related to Capital Activities

Of the total governmental activities debt listed, only \$4,672,521 relates to assets the County holds title.

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, 2015:

	<u>Balance</u> <u>July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Current</u> <u>Portion of</u> <u>Balance</u>
Governmental Activities:					
Installment contracts	\$ 36,050,897	\$ 1,800,000	\$ 3,864,040	\$ 33,986,857	\$ 3,299,504
Compensated absences	913,376	808,281	752,461	969,196	96,920
Other post-employment benefits	10,477,197	2,381,994	514,798	12,344,393	-
Net pension liability (LGERS)	2,698,214	-	2,698,214	-	-
LEO separation allowance	440,116	66,629	5,474	501,271	-
Total governmental activities	<u>\$ 50,579,800</u>	<u>\$ 5,056,904</u>	<u>\$ 7,834,987</u>	<u>\$ 47,801,717</u>	<u>\$ 3,396,424</u>
Business-Type Activities:					
Accrued landfill closure and post-closure care cost	\$ 7,867,800	\$ 563,000	\$ 50,500	\$ 8,380,300	\$ 51,936
Other post-employment benefits	598,371	138,901	30,019	707,253	-
Net pension liability (LGERS)	157,341	-	157,341	-	-
Compensated absences	45,296	49,353	41,557	53,092	5,309
Total business-type activities	<u>\$ 8,668,808</u>	<u>\$ 751,254</u>	<u>\$ 279,417</u>	<u>\$ 9,140,645</u>	<u>\$ 57,245</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. The LGERS plan had a net pension asset as of June 30, 2015; however, the plan had a net pension liability at the beginning of the year.

MACON COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

C. Net Investment in Capital Assets

Net investment in capital assets at June 30, 2015 is computed as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets, net of accumulated depreciation	\$ 25,796,788	\$ 3,599,088
Less capital debt:		
Gross debt	33,986,857	-
Less school debt related to assets to which the County does not hold title	<u>(29,314,336)</u>	<u>-</u>
County related debt	<u>4,672,521</u>	<u>-</u>
Net investment in capital assets	<u>\$ 21,124,267</u>	<u>\$ 3,599,088</u>

D. Interfund Balances and Activity

	<u>Transfers</u>		
	<u>From</u>	<u>To</u>	<u>Purpose</u>
Transfers From/To Other Funds:			
General Fund:			
General Fund	\$ 3,055,480	\$ 7,000	Various purposes
Other Governmental Funds:			
County Buildings Project Fund	-	841,340	Parker Meadows Recreation Complex
Little Tennessee River/Cartoogechaye Creek Sewer Trunk Project Fund	303,216	-	Parker Meadows Recreation Complex
Emergency Telephone System Fund	-	150	Reimbursement of ineligible expenditures
Schools Capital Fund	1,625,803	-	Debt retirement
CDBG Housing Fund	-	136,158	Administrative funds
Capital Reserve Fund	7,000	-	Economic development
Debt Service Fund:			
Debt Service Fund	<u>-</u>	<u>4,006,851</u>	Debt retirement
Total	<u>\$ 4,991,499</u>	<u>\$ 4,991,499</u>	

MACON COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Intrafund Transfers</u>		<u>Purpose</u>
	<u>From</u>	<u>To</u>	
Transfers From/To Other Funds:			
Enterprise Funds:			
Landfill Fund	\$ 369,169	\$ -	Accumulate resources to pay for future closure and post-closure landfill costs
Closure Reserve Fund	-	45,112	
Post-Closure Reserve Fund	-	324,057	
Total	<u>\$ 369,169</u>	<u>\$ 369,169</u>	

The following is a summary of interfund receivables and payables:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
Debt Service Fund	Schools Capital Fund	<u>\$ 369,050</u>	Debt retirement

3. Joint Venture

Fontana Regional Library

The County participates in a joint venture to operate the Fontana Regional Library (Library) with five other local governments. Each participating county may appoint three Board members to the nine-member Board of the Library. The County has an ongoing financial responsibility for the joint venture, because the Library's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2015. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$999,390 to the Library to supplement its activities. Complete financial statements for the Library may be obtained from the Library's offices at 33 Fryemont Street, Bryson City, North Carolina 28713.

4. Jointly Governed Organizations

Southwestern North Carolina Planning and Economic Development Commission

The County, in conjunction with seven other counties and 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, 2015

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, 2015.

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 \$270,463 to the Community College for operating and capital purposes during the fiscal year ended June 30, 2015. 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, 2015. Complete financial statements for the Community College may be obtained from the Community College's administrative offices at 275 Webster Road, Franklin, North Carolina 28779.

5. Summary Disclosure of Significant Commitments and Contingencies

Federal and State-Assisted Programs

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

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

6. Benefit Payments Issued by the State

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

	Federal	State
Medical Assistance Program	\$ 30,365,552	\$ 16,579,145
TANF / Work First	1,386	-
Special Supplemental Food Program for Women, Infants, and Children	766,470	-
IV-E Adoption Subsidy	169,495	43,925
IV-E Foster Care	96,501	23,517
Special Assistance for Adults	-	166,284
State Foster Home	-	18,537
CWS Adoption Subsidy	-	21,175
SFHF Maximization	-	7,245
State Children's Insurance Program - N.C. Health Choice	951,730	298,881
Independent Living Grant	7,366	-
Totals	\$ 32,358,500	\$ 17,158,709

7. Change in Accounting Principles/Restatement

The County implemented Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27)*, in the fiscal year ending June 30, 2015. The implementation of the statement required the County to record beginning net pension liability and the effects on net position of contributions made by the County during the measurement period (fiscal year ending June 30, 2014). As a result, net position for the governmental and business-type activities decreased by \$1,631,940 and \$100,803, respectively.

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.
- Schedule of Proportionate Share of the Net Pension Liability (Asset) – Local Government Employees' Retirement System
- Schedule of County's Contributions – Local Government Employees' Retirement System
- Schedule of Proportionate Share of the Net Pension Liability (Asset) – Register of Deeds' Supplemental Pension Fund
- Schedule of County's Contributions – Register of Deeds' Supplemental Pension Fund

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MACON COUNTY, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued			Covered Payroll (C)	UAAL as a % of Covered Payroll ((B-A)/C)
		Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)		
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%
12/31/2014	-	562,623	562,623	0.00%	2,223,875	25.30%

Schedule of Employer Contributions

Fiscal Year Ended June 30	Annual	
	Required Contribution (ARC)	Percentage of ARC Contributed
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%
2015	81,802	6.69%

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, 2014
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed
Remaining amortization period	16 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, 2015**

Schedule of Funding Progress

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

Schedule of Employer Contributions

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

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%

MACON COUNTY, NORTH CAROLINA

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

	<u>2015</u>	<u>2014</u>
Proportion of the net pension liability (asset) (%)	0.242%	0.237%
Proportion of the net pension liability (asset) (\$)	\$ (1,428,012)	\$ 2,855,555
Covered-employee payroll	\$14,448,030	\$ 13,707,426
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-9.88%	20.83%
Plan fiduciary net position as a percentage of the total pension liability**	102.64%	94.35%

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

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

MACON COUNTY, NORTH CAROLINA

**LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM
REQUIRED SUPPLEMENTARY INFORMATION
MACON COUNTY'S CONTRIBUTIONS
LAST TWO FISCAL YEARS**

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,040,335	\$ 1,026,095
Contributions in relation to the contractually required contribution	<u>1,040,335</u>	<u>1,026,095</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 14,608,630	\$ 14,448,030
Contributions as a percentage of covered-employee payroll	7.12%	7.10%

MACON COUNTY, NORTH CAROLINA

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

	<u>2015</u>	<u>2014</u>
Proportion of the net pension liability (asset) (%)	0.387%	0.438%
Proportion of the net pension liability (asset) (\$)	\$ (87,744)	\$ (93,555)
Covered-employee payroll	\$ 54,196	\$ 53,828
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-161.90%	-173.80%
Plan fiduciary net position as a percentage of the total pension liability	193.88%	190.50%

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

MACON COUNTY, NORTH CAROLINA

**REGISTER OF DEEDS' SUPPLEMENTAL PENSION FUND
REQUIRED SUPPLEMENTARY INFORMATION
MACON COUNTY'S CONTRIBUTIONS
LAST TWO FISCAL YEARS**

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

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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Over/Under	
Revenues:				
Ad Valorem Taxes:				
Taxes - current	\$ 25,652,941	\$ 25,617,498	\$ (35,443)	\$ 25,692,413
Taxes - prior	897,000	920,540	23,540	878,075
Interest and advertising	220,500	216,718	(3,782)	222,001
Total	<u>26,770,441</u>	<u>26,754,756</u>	<u>(15,685)</u>	<u>26,792,489</u>
Local Option Sales Taxes:				
Article 39 one percent	4,197,195	4,189,114	(8,081)	3,950,280
Article 40 one-half of one percent	1,371,301	1,392,414	21,113	1,284,795
Article 42 one-half of one percent	977,684	963,596	(14,088)	912,170
Article 44 one-half of one percent	-	1,382	1,382	5,547
Total	<u>6,546,180</u>	<u>6,546,506</u>	<u>326</u>	<u>6,152,792</u>
Unrestricted Intergovernmental Revenues:				
Payment in lieu of taxes	337,000	309,483	(27,517)	337,611
Gross receipts tax	17,000	21,467	4,467	19,457
Total	<u>354,000</u>	<u>330,950</u>	<u>(23,050)</u>	<u>357,068</u>
Restricted Intergovernmental Revenues:				
Federal and State grants	6,658,667	5,966,852	(691,815)	6,340,695
Local grants	67,403	60,110	(7,293)	45,032
ABC revenues	12,000	11,239	(761)	11,602
Facility fees/CSC	70,000	66,325	(3,675)	66,064
Federal forfeiture and controlled substance	3,326	3,683	357	29,737
Local health and social services	2,331,583	2,108,127	(223,456)	2,199,564
Total	<u>9,142,979</u>	<u>8,216,336</u>	<u>(926,643)</u>	<u>8,692,694</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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Over/Under	
Permits and Fees:				
Inspection fees	304,800	339,013	34,213	344,211
Register of Deeds	445,000	507,027	62,027	484,100
Occupancy tax	46,565	55,631	9,066	553,674
Board of Elections fees	-	-	-	5,233
Civil license fees	3,900	3,092	(808)	3,638
Addressing fees	75,000	84,948	9,948	78,394
Concealed handgun permits	60,000	46,865	(13,135)	51,030
Total	935,265	1,036,576	101,311	1,520,280
Sales and Services:				
Rents, concessions, and fees	221,450	228,031	6,581	238,965
Ambulance fees	1,100,000	1,222,206	122,206	1,090,810
Other public safety fees	195,100	227,675	32,575	227,938
Cable television franchise fees	89,000	90,362	1,362	89,219
Health fees	692,688	837,079	144,391	729,514
Aging program income	13,000	14,368	1,368	14,634
Total	2,311,238	2,619,721	308,483	2,391,080
Investment Earnings	41,000	46,461	5,461	48,077
Miscellaneous:				
Other	102,267	187,553	85,286	180,086
Total revenues	46,203,370	45,738,859	(464,511)	46,134,566

MACON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Over/Under	
Expenditures:				
General Government:				
Governing Body:				
Salaries and employee benefits	110,811	109,170		110,632
Operating expenditures	<u>92,800</u>	<u>84,078</u>		<u>84,827</u>
Total	<u>203,611</u>	<u>193,248</u>	10,363	<u>195,459</u>
Administration:				
Salaries and employee benefits	328,643	329,369		359,566
Operating expenditures	<u>49,624</u>	<u>42,361</u>		<u>51,694</u>
Total	<u>378,267</u>	<u>371,730</u>	6,537	<u>411,260</u>
Finance:				
Salaries and employee benefits	405,738	397,864		404,701
Operating expenditures	<u>110,900</u>	<u>97,260</u>		<u>89,100</u>
Total	<u>516,638</u>	<u>495,124</u>	21,514	<u>493,801</u>
Tax Office:				
Salaries and employee benefits	439,397	433,176		443,845
Operating expenditures	<u>242,000</u>	<u>195,585</u>		<u>165,014</u>
Total	<u>681,397</u>	<u>628,761</u>	52,636	<u>608,859</u>
Legal:				
Contracted services	<u>100,000</u>	<u>88,671</u>	11,329	<u>101,885</u>
Mapping:				
Salaries and employee benefits	152,686	152,820		148,812
Operating expenditures	<u>23,430</u>	<u>11,803</u>		<u>6,990</u>
Total	<u>176,116</u>	<u>164,623</u>	11,493	<u>155,802</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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Over/Under	
Tax Assessment:				
Salaries and employee benefits	272,642	273,677		272,115
Operating expenditures	171,600	156,273		108,244
Total	444,242	429,950	14,292	380,359
Board of Elections:				
Salaries and employee benefits	182,139	160,312		170,489
Operating expenditures	96,450	64,887		118,332
Total	278,589	225,199	53,390	288,821
Register of Deeds:				
Salaries and employee benefits	193,536	192,172		191,521
Operating expenditures	100,890	92,047		95,865
Total	294,426	284,219	10,207	287,386
Information Technology:				
Salaries and employee benefits	456,332	446,355		447,117
Operating expenditures	306,807	255,013		363,258
Capital outlay	14,923	14,923		111,928
Total	778,062	716,291	61,771	922,303
Garage:				
Salaries and employee benefits	264,827	257,791		230,520
Operating expenditures	74,945	68,494		74,872
Total	339,772	326,285	13,487	305,392
Buildings and Grounds:				
Salaries and employee benefits	1,157,412	1,143,047		1,167,398
Operating expenditures	889,534	818,647		804,873
Capital outlay	20,675	20,674		19,748
Total	2,067,621	1,982,368	85,253	1,992,019

MACON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Over/Under	
Human Resources:				
Salaries and employee benefits	131,664	120,973		115,107
Operating expenditures	29,592	23,442		24,198
Total	161,256	144,415	16,841	139,305
Non-Departmental:				
Operating expenditures	355,811	288,982		366,222
Capital outlay	-	-		150,617
Total	355,811	288,982	66,829	516,839
Total general government	6,775,808	6,339,866	435,942	6,799,490
Public Safety:				
Sheriff:				
Salaries and employee benefits	3,338,713	3,205,881		3,141,903
Operating expenditures	751,230	668,667		736,348
Capital outlay	85,466	85,466		166,701
Total	4,175,409	3,960,014	215,395	4,044,952
Federal/State Forfeitures:				
Operating expenditures	-	2,193		7,874
Capital outlay	34,193	32,000		-
Total	34,193	34,193	-	7,874
Juvenile Crime Prevention Council Grants	113,163	113,163	-	114,715
Governor's Highway Safety Program:				
Salaries and employee benefits	59,777	56,542		57,573
Operating expenditures	1,500	418		7,763
Total	61,277	56,960	4,317	65,336

MACON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Over/Under	
Jail/Law Enforcement Center:				
Salaries and employee benefits	1,201,009	1,190,096		1,201,605
Operating expenditures	902,615	771,818		774,501
Capital outlay	10,200	10,200		34,235
Total	<u>2,113,824</u>	<u>1,972,114</u>	141,710	<u>2,010,341</u>
Courthouse Security:				
Salaries and employee benefits	183,913	173,134		172,545
Operating expenditures	6,368	4,391		3,685
Total	<u>190,281</u>	<u>177,525</u>	12,756	<u>176,230</u>
Emergency Medical Service:				
Salaries and employee benefits	2,448,046	2,417,215		2,316,490
Operating expenditures	377,018	349,677		354,226
Capital outlay	115,667	115,667		207,007
Total	<u>2,940,731</u>	<u>2,882,559</u>	58,172	<u>2,877,723</u>
Emergency Management:				
Salaries and employee benefits	893,744	880,383		880,502
Operating expenditures	191,354	171,708		131,473
Capital outlay	25,000	24,638		30,014
Total	<u>1,110,098</u>	<u>1,076,729</u>	33,369	<u>1,041,989</u>
Inspections:				
Salaries and employee benefits	446,664	444,067		480,816
Operating expenditures	54,500	33,512		34,008
Total	<u>501,164</u>	<u>477,579</u>	23,585	<u>514,824</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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Over/Under	
Emergency 911:				
Salaries and employee benefits	125,633	124,187		124,203
Operating expenditures	21,800	21,135		26,376
Capital outlay	-	-		5,081
Total	<u>147,433</u>	<u>145,322</u>	2,111	<u>155,660</u>
Animal Control:				
Salaries and employee benefits	191,782	187,564		192,064
Operating expenditures	<u>69,500</u>	<u>41,168</u>		<u>67,148</u>
Total	<u>261,282</u>	<u>228,732</u>	32,550	<u>259,212</u>
Forest Service:				
Operating expenditures	<u>70,000</u>	<u>65,338</u>	4,662	<u>65,393</u>
Total public safety	<u>11,718,855</u>	<u>11,190,228</u>	528,627	<u>11,334,249</u>
Transit:				
Transit Services:				
Salaries and employee benefits	564,266	560,625		553,976
Operating expenditures	265,111	211,285		207,443
Capital outlay	<u>109,000</u>	<u>47,393</u>		<u>47,373</u>
Total	<u>938,377</u>	<u>819,303</u>	119,074	<u>808,792</u>
VTCLI Grant:				
Operating expenditures	395,190	369,663		133,586
Capital outlay	<u>11,986</u>	-		<u>34,111</u>
Total	<u>407,176</u>	<u>369,663</u>	37,513	<u>167,697</u>
Contribution to Macon County Airport Authority	<u>40,000</u>	<u>40,000</u>	-	<u>40,000</u>
Total transit	<u>1,385,553</u>	<u>1,228,966</u>	156,587	<u>1,016,489</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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Over/Under	
Economic and Physical Development:				
Economic Development:				
Operating expenditures	101,450	86,845	14,605	92,836
Occupancy Tax:				
Operating expenditures	-	-	-	506,285
Cooperative Extension:				
Salaries and employee benefits	184,277	134,944		159,311
Operating expenditures	38,452	18,126		29,162
Total	222,729	153,070	69,659	188,473
Soil Conservation:				
Salaries and employee benefits	121,143	121,615		122,216
Operating expenditures	89,332	71,220		79,680
Capital outlay	29,997	29,997		-
Total	240,472	222,832	17,640	201,896
Special Appropriations:				
Cowee School	81,382	73,476	7,906	147,152
Total economic and physical development	646,033	536,223	109,810	1,136,642
Human Services:				
Health:				
Administration:				
Salaries and employee benefits	193,353	185,502		185,282
Operating expenditures	236,975	202,851		163,241
Capital outlay	28,000	-		-
Total	458,328	388,353	69,975	348,523

MACON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Over/Under	
Management Support:				
Salaries and employee benefits	381,359	377,079		373,995
Operating expenditures	48,383	40,714		33,917
Total	429,742	417,793	11,949	407,912
School Health Nurse:				
Salaries and employee benefits	299,907	269,879		278,338
Operating expenditures	13,568	8,795		14,912
Total	313,475	278,674	34,801	293,250
NC Tobacco Settlement Funds:				
Operating expenditures	6,259	5,624	635	-
Women, Infants, and Children				
Salaries and employee benefits	172,436	163,734		166,200
Operating expenditures	16,608	15,337		31,006
Total	189,044	179,071	9,973	197,206
Maternal and Childcare:				
Salaries and employee benefits	89,946	89,828		88,938
Operating expenditures	54,570	31,156		24,952
Capital outlay	31,500	-		-
Total	176,016	120,984	55,032	113,890
Child Health:				
Salaries and employee benefits	20,721	16,942		19,847
Operating expenditures	2,362	830		838
Total	23,083	17,772	5,311	20,685

MACON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Over/Under	
Family Planning:				
Salaries and employee benefits	98,344	88,702		94,986
Operating expenditures	39,104	23,633		29,862
Total	137,448	112,335	25,113	124,848
Dental Health Program:				
Salaries and employee benefits	355,820	356,824		357,286
Operating expenditures	47,869	39,266		40,813
Capital outlay	68,000	67,384		6,775
Total	471,689	463,474	8,215	404,874
Adult Dental Health:				
Salaries and employee benefits	297,291	288,716		285,764
Operating expenditures	118,858	101,291		62,099
Capital outlay	8,686	8,686		-
Total	424,835	398,693	26,142	347,863
Adult Health:				
Salaries and employee benefits	49,281	42,993		45,732
Operating expenditures	62,552	11,408		3,940
Total	111,833	54,401	57,432	49,672
NC Wisewoman Program:				
Salaries and employee benefits	17,436	16,005	1,431	15,368
Breast and Cervical Cancer:				
Salaries and employee benefits	55,411	51,114		49,287
Operating expenditures	16,758	13,555		15,940
Total	72,169	64,669	7,500	65,227

MACON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Over/Under	
Laboratory Services:				
Salaries and employee benefits	168,464	138,180		162,175
Operating expenditures	55,157	42,337		44,751
Total	223,621	180,517	43,104	206,926
Communicable Disease:				
Salaries and employee benefits	28,951	29,199		28,933
Operating expenditures	6,773	5,781		6,747
Total	35,724	34,980	744	35,680
On-Site Wastewater:				
Salaries and employee benefits	253,437	253,616		236,637
Operating expenditures	22,318	14,964		26,068
Total	275,755	268,580	7,175	262,705
Private Drinking Water Wells:				
Salaries and employee benefits	230,519	230,649		214,458
Operating expenditures	12,718	10,015		16,030
Total	243,237	240,664	2,573	230,488
Food and Lodging:				
Salaries and employee benefits	204,434	202,105		200,559
Operating expenditures	18,098	12,767		14,924
Total	222,532	214,872	7,660	215,483
Health Promotion:				
Salaries and employee benefits	285,316	258,305		230,495
Operating expenditures	76,284	52,652		39,096
Total	361,600	310,957	50,643	269,591

MACON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Over/Under	
General Nursing:				
Salaries and employee benefits	187,413	175,124		171,146
Operating expenditures	198,951	170,119		110,006
Total	386,364	345,243	41,121	281,152
Child Service Coordination:				
Salaries and employee benefits	69,050	62,487		50,682
Operating expenditures	2,187	1,867		2,868
Total	71,237	64,354	6,883	53,550
Smart Start:				
Salaries and employee benefits	47,239	7,439		46,151
Operating expenditures	2,589	10		2,651
Total	49,828	7,449	42,379	48,802
NC Community Transformation Grant:				
Operating expenditures	192,978	177,679	15,299	551,989
Regional Chronic Disease 1422 Grant:				
Operating expenditures	132,135	128,514	3,621	-
OB Care Management Program:				
Salaries and employee benefits	61,287	61,502		61,362
Operating expenditures	1,372	594		505
Total	62,659	62,096	563	61,867
Breastfeeding Peer Counselor Program:				
Salaries and employee benefits	9,818	10,148		9,859
Operating expenditures	10	-		-
Total	9,828	10,148	(320)	9,859

MACON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Over/Under	
Community Care Clinic:				
Operating expenditures	15,000	15,000	-	40,000
Total health	5,113,855	4,578,901	534,954	4,657,410
Social Services:				
Administration:				
Salaries and employee benefits	467,049	424,898		401,290
Operating expenditures	489,238	406,565		514,545
Capital outlay	34,990	32,196		-
Total	991,277	863,659	127,618	915,835
Social Work Services/Special Programs:				
Salaries and employee benefits	647,679	595,600		565,701
Operating expenditures	1,365,335	853,400		893,842
Total	2,013,014	1,449,000	564,014	1,459,543
Child Daycare:				
Salaries and employee benefits	45,281	45,078	203	44,068
Child Support:				
Salaries and employee benefits	132,304	128,326		134,799
Operating expenditures	37,000	34,214		23,056
Total	169,304	162,540	6,764	157,855
Medicaid:				
County participation only	1,731,635	1,480,342	251,293	1,555,464
WorkFirst:				
Operating expenditures	5,000	465	4,535	41,506

MACON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Over/Under	
CAP/DA:				
Salaries and employee benefits	130,613	130,078	535	117,690
DSS AMC Outpost Worker:				
Salaries and employee benefits	70,040	67,705	2,335	40,309
Program Integrity:				
Salaries and employee benefits	48,646	48,289	357	151
Medicaid/FS Administration:				
Salaries and employee benefits	1,048,900	1,005,348	43,552	962,310
Total social services	6,253,710	5,252,504	1,001,206	5,294,731
Department On Aging:				
Administration:				
Salaries and employee benefits	209,843	208,435		208,198
Operating expenditures	61,063	37,675		54,868
Total	270,906	246,110	24,796	263,066
Home-Delivered Meals:				
Salaries and employee benefits	46,617	46,266		46,209
Operating expenditures	98,500	97,137		106,926
Total	145,117	143,403	1,714	153,135
Congregate Meals:				
Salaries and employee benefits	39,458	39,309		37,938
Operating expenditures	61,000	60,105		58,733
Total	100,458	99,414	1,044	96,671

MACON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Over/Under	
Adult Daycare:				
Salaries and employee benefits	115,407	114,185		87,257
Operating expenditures	64,345	43,922		49,510
Total	179,752	158,107	21,645	136,767
Total department on aging	696,233	647,034	49,199	649,639
Miscellaneous Human Services:				
Veterans' Service:				
Salaries and employee benefits	81,929	81,964		82,333
Operating expenditures	7,900	5,279		7,230
Total	89,829	87,243	2,586	89,563
Contributions to Organizations:				
Smoky Mountain Mental Health	106,623	106,623		106,623
Macon County Citizens for Handicapped	62,370	62,370		62,370
Macon Program for Progress	5,000	5,000		25,000
Total	173,993	173,993	-	193,993
Special Appropriations:				
State of Franklin	15,000	15,000		15,000
REACH	30,000	30,000		-
Other special appropriations	55,000	55,000		82,014
Total	100,000	100,000	-	97,014
Total miscellaneous human services	363,822	361,236	2,586	380,570
Total human services	12,427,620	10,839,675	1,587,945	10,982,350

MACON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Over/Under	
Cultural and Recreational:				
Salaries and employee benefits	423,562	417,074		407,223
Operating expenditures	749,514	724,711		935,121
Capital outlay	22,500	22,075		25,000
Total	1,195,576	1,163,860	31,716	1,367,344
Library and Cultural:				
Macon County Library	999,390	999,390		999,390
Macon County Historical Society	20,000	20,000		20,000
Total	1,019,390	1,019,390	-	1,019,390
Total cultural and recreational	2,214,966	2,183,250	31,716	2,386,734
Education:				
Public schools - current expenditures	7,847,793	7,847,254		7,843,285
Public schools - capital outlay	211,835	201,583		99,035
Timber sales pass-through	176,000	175,162		178,087
Southwestern Community College	270,463	270,463		448,563
Total education	8,506,091	8,494,462	11,629	8,568,970
Total expenditures	43,674,926	40,812,670	2,862,256	42,224,924
Revenues over (under) expenditures	2,528,444	4,926,189	2,397,745	3,909,642
Other Financing Sources (Uses):				
Transfers In:				
From Capital Reserve Fund	7,000	7,000	-	7,000

MACON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2014

	2015			2014
	Budget	Actual	Variance Over/Under	
Transfers Out:				
To Airport Fund	-	-	-	(296,371)
To E911 Fund	(150)	(150)	-	(19,500)
To Community Development Block Grant Fund	(136,158)	(136,158)	-	(79,847)
To Debt Service	(2,381,048)	(2,381,048)	-	(3,517,173)
To County Buildings Project	(538,124)	(538,124)	-	(500,000)
Total	<u>(3,055,480)</u>	<u>(3,055,480)</u>	<u>-</u>	<u>(4,412,891)</u>
Appropriated fund balance	<u>520,036</u>	<u>-</u>	<u>(520,036)</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,528,444)</u>	<u>(3,048,480)</u>	<u>(520,036)</u>	<u>(4,405,891)</u>
Net change in fund balance	<u>\$ -</u>	<u>1,877,709</u>	<u>\$ 1,877,709</u>	<u>(496,249)</u>
Fund Balance:				
Beginning of year - July 1		<u>20,117,522</u>		<u>20,613,771</u>
End of year - June 30		<u>\$ 21,995,231</u>		<u>\$ 20,117,522</u>

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NONMAJOR GOVERNMENTAL FUNDS

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MACON COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2015

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total
Assets:			
Cash and investments	\$ 432,339	\$ 2,975,339	\$ 3,407,678
Taxes receivable, net	113,633	-	113,633
Due from other governmental agencies	161,373	485,784	647,157
Total assets	<u>\$ 707,345</u>	<u>\$ 3,461,123</u>	<u>\$ 4,168,468</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 274,641	\$ 303,499	\$ 578,140
Due to other funds	-	369,050	369,050
Total liabilities	<u>274,641</u>	<u>672,549</u>	<u>947,190</u>
Deferred Inflows of Resources:			
Taxes receivable	<u>113,633</u>	<u>-</u>	<u>113,633</u>
Fund Balances:			
Restricted:			
Stabilization by State statute	161,373	485,784	647,157
Restricted for public safety	227,176	-	227,176
Restricted for economic and physical development	-	429,659	429,659
Committed for general government	-	1,554,205	1,554,205
Committed for education	-	687,976	687,976
Committed for economic and physical development	21,572	-	21,572
Unassigned	<u>(91,050)</u>	<u>(369,050)</u>	<u>(460,100)</u>
Total fund balances	<u>319,071</u>	<u>2,788,574</u>	<u>3,107,645</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 707,345</u>	<u>\$ 3,461,123</u>	<u>\$ 4,168,468</u>

MACON COUNTY, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2015**

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Ad valorem taxes	\$ 2,950,270	\$ -	\$ 2,950,270
Local option sales taxes	-	1,649,557	1,649,557
Restricted intergovernmental revenues	641,164	1,688,310	2,329,474
Occupancy taxes	654,427	-	654,427
Miscellaneous revenues	-	12,427	12,427
Interest earned on investments	87	519	606
Total revenues	<u>4,245,948</u>	<u>3,350,813</u>	<u>7,596,761</u>
Expenditures:			
Current:			
Public safety	3,780,541	-	3,780,541
Education	-	444,750	444,750
Economic and physical development	1,073,407	1,878,798	2,952,205
Cultural and recreational	-	2,697,110	2,697,110
Total expenditures	<u>4,853,948</u>	<u>5,020,658</u>	<u>9,874,606</u>
Revenues over (under) expenditures	<u>(608,000)</u>	<u>(1,669,845)</u>	<u>(2,277,845)</u>
Other Financing Sources (Uses):			
Installment notes issued	-	1,800,000	1,800,000
Transfers in	136,308	538,124	674,432
Transfers out	-	(1,632,803)	(1,632,803)
Total other financing sources (uses)	<u>136,308</u>	<u>705,321</u>	<u>841,629</u>
Net change in fund balances	(471,692)	(964,524)	(1,436,216)
Fund Balances:			
Beginning of year - July 1	<u>790,763</u>	<u>3,753,098</u>	<u>4,543,861</u>
End of year - June 30	<u>\$ 319,071</u>	<u>\$ 2,788,574</u>	<u>\$ 3,107,645</u>

SPECIAL REVENUE FUNDS

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

Individual Fund Descriptions:

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

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

Occupancy Tax Fund – accounts for the occupancy tax fund in Macon County.

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

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MACON COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2015

	Emergency Telephone System Fund	Fire Districts Fund	Occupancy Tax Fund	Housing Grants Fund	Total
Assets:					
Cash and cash equivalents	\$ 230,527	\$ 15,417	\$ 130,957	\$ 55,438	\$ 432,339
Taxes receivable, net	-	113,633	-	-	113,633
Due from government agencies	26,699	11,487	79,563	43,624	161,373
Total assets	<u>\$ 257,226</u>	<u>\$ 140,537</u>	<u>\$ 210,520</u>	<u>\$ 99,062</u>	<u>\$ 707,345</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ 3,351	\$ 26,904	\$ 210,520	\$ 33,866	\$ 274,641
Deferred Inflows of Resources:					
Taxes receivable	-	113,633	-	-	113,633
Fund Balances:					
Restricted:					
Stabilization by State statute	26,699	11,487	79,563	43,624	161,373
Restricted for public safety	227,176	-	-	-	227,176
Committed for economic and physical development	-	-	-	21,572	21,572
Unassigned	-	(11,487)	(79,563)	-	(91,050)
Total fund balances	<u>253,875</u>	<u>-</u>	<u>-</u>	<u>65,196</u>	<u>319,071</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 257,226</u>	<u>\$ 140,537</u>	<u>\$ 210,520</u>	<u>\$ 99,062</u>	<u>\$ 707,345</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, 2015**

	Emergency Telephone System Fund	Fire Districts Fund	Occupancy Tax Fund	Housing Grants Fund	Total
Revenues:					
Ad valorem taxes	\$ -	\$ 2,950,270	\$ -	\$ -	\$ 2,950,270
Restricted intergovernmental revenues	320,391	-	-	320,773	641,164
Occupancy taxes	-	-	654,427	-	654,427
Investment earnings	87	-	-	-	87
Total revenues	<u>320,478</u>	<u>2,950,270</u>	<u>654,427</u>	<u>320,773</u>	<u>4,245,948</u>
Expenditures:					
Public safety	830,271	2,950,270	-	-	3,780,541
Economic and physical development	-	-	654,427	418,980	1,073,407
Total expenditures	<u>830,271</u>	<u>2,950,270</u>	<u>654,427</u>	<u>418,980</u>	<u>4,853,948</u>
Revenues over (under) expenditures	<u>(509,793)</u>	<u>-</u>	<u>-</u>	<u>(98,207)</u>	<u>(608,000)</u>
Other Financing Sources (Uses):					
Transfers in:					
From General Fund	<u>150</u>	<u>-</u>	<u>-</u>	<u>136,158</u>	<u>136,308</u>
Net change in fund balances	(509,643)	-	-	37,951	(471,692)
Fund Balances:					
Beginning of year - July 1	<u>763,518</u>	<u>-</u>	<u>-</u>	<u>27,245</u>	<u>790,763</u>
End of year - June 30	<u>\$ 253,875</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,196</u>	<u>\$ 319,071</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, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014**

	2015			2014
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Restricted intergovernmental revenues	\$ 320,391	\$ 320,391	\$ -	\$ 670,646
Investment earnings	-	87	87	54
Total revenues	<u>320,391</u>	<u>320,478</u>	<u>87</u>	<u>670,700</u>
Expenditures:				
Public safety:				
Implemental functions	197,391	84,948	112,443	78,394
Telephone	80,000	54,671	25,329	47,891
Furniture	2,000	-	2,000	255
Software and software maintenance	28,000	58,798	(30,798)	36,973
Hardware and hardware maintenance	10,000	87,444	(77,444)	11,983
Training	3,000	-	3,000	(200)
Capital outlay	544,411	544,410	1	-
Total public safety	<u>864,802</u>	<u>830,271</u>	<u>34,531</u>	<u>175,296</u>
Revenues over (under) expenditures	<u>(544,411)</u>	<u>(509,793)</u>	<u>34,618</u>	<u>495,404</u>
Other Financing Sources (Uses):				
Appropriated fund balance	544,411	-	(544,411)	-
Transfers in	-	150	150	19,500
Total other financing sources (uses)	<u>544,411</u>	<u>150</u>	<u>(544,261)</u>	<u>19,500</u>
Net change in fund balance	<u>\$ -</u>	<u>(509,643)</u>	<u>\$ (509,643)</u>	<u>514,904</u>
Fund Balance:				
Beginning of year - July 1		<u>763,518</u>		<u>248,614</u>
End of year - June 30		<u>\$ 253,875</u>		<u>\$ 763,518</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, 2015

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

	2015			2014
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad valorem taxes - fire:				
Current year	\$ 2,857,173	\$ 2,806,218	\$ (50,955)	\$ 2,748,119
Prior years	146,221	144,052	(2,169)	137,114
Total revenues	<u>3,003,394</u>	<u>2,950,270</u>	<u>(53,124)</u>	<u>2,885,233</u>
Expenditures:				
Public safety:				
Franklin Fire District		517,188		519,075
Clark's Chapel Fire District		264,641		207,719
Otto Fire District		297,319		296,324
Cullasaja Fire District		243,820		245,053
West Macon Fire District		297,270		299,707
Scaly Mountain Fire District		118,940		117,969
Burningtown/Iotla Fire District		187,292		195,037
Cowee Fire District		304,787		297,730
Highlands Fire District		360,445		361,411
Mountain Valley Fire District		132,032		127,566
Nantahala Fire District		226,536		217,642
Total expenditures	<u>3,003,394</u>	<u>2,950,270</u>	<u>53,124</u>	<u>2,885,233</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
Fund Balance:				
Beginning of year - July 1		-		-
End of year - June 30		<u>\$ -</u>		<u>\$ -</u>

MACON COUNTY, NORTH CAROLINA

OCCUPANCY TAX FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2015

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

	2015			2014
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Occupancy tax:				
Highlands	\$ 427,300	\$ 450,084	\$ 22,784	\$ -
Nantahala	40,800	-	(40,800)	-
Franklin	144,900	148,712	3,812	-
Administrative fee	53,565	55,631	2,066	-
Total revenues	<u>666,565</u>	<u>654,427</u>	<u>(12,138)</u>	<u>-</u>
Expenditures:				
Economic and physical development:				
Highlands Chamber	427,300	450,084	(22,784)	-
Nantahala District	40,800	-	40,800	-
Franklin Chamber	144,900	148,712	(3,812)	-
Administrative fees	53,565	55,631	(2,066)	-
Total expenditures	<u>666,565</u>	<u>654,427</u>	<u>12,138</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
Fund Balance:				
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, 2015

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues:				
Restricted intergovernmental revenues:				
Community Development Block Grant #07-C-1662	\$ 400,000	\$ 353,250	\$ -	\$ 353,250
Weatherization #1161	47,867	47,122	-	47,122
Urgent repair 1014	75,000	75,000	-	75,000
ARRA weatherization 18WA	668,109	605,388	-	605,388
Community Development Block Grant #10-C-2124	400,000	275,815	-	275,815
Weatherization #1261	235,990	181,887	-	181,887
SFR 11	160,000	122,208	-	122,208
Urgent repair 1115	75,000	75,000	-	75,000
Urgent repair URP-13	75,000	75,000	-	75,000
Weatherization #1361	129,107	123,180	-	123,180
Weatherization #1461	320,347	234,892	-	234,892
Weatherization #6054	266,322	-	258,443	258,443
SFR 14	170,000	-	30,811	30,811
Duke HHP - Health and Safety	30,669	-	89	89
Duke HHP - HVAC	71,561	-	1,000	1,000
Duke Weatherization	31,951	-	30,430	30,430
Urgent Repair - URP 15	100,000	-	-	-
Miscellaneous revenues	11,222	11,469	-	11,469
Total revenues	<u>3,268,145</u>	<u>2,180,211</u>	<u>320,773</u>	<u>2,500,984</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, 2015

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Expenditures:				
Economic and physical development:				
Administrative - County	654,514	513,043	77,510	590,553
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	605,401	-	605,401
Grant #10-C-2124 administrative	40,000	30,978	-	30,978
Grant #10-C-2124 rehabilitation	360,000	244,856	-	244,856
SFR-11 grant	160,000	122,211	-	122,211
Weatherization #1261	235,990	181,802	-	181,802
Urgent Repair Grant 1115	75,000	74,943	-	74,943
Weatherization #1361	129,107	123,450	-	123,450
Urgent Repair Grant - URP-13	75,000	58,778	16,222	75,000
Weatherization #1461	320,347	233,490	1,404	234,894
Weatherization #6054	266,322	-	258,441	258,441
SFR 14	170,000	-	30,994	30,994
Duke HHP - Health and Safety	30,669	-	1,029	1,029
Duke HHP - HVAC	71,561	-	7,158	7,158
Duke Weatherization	31,951	-	26,222	26,222
Urgent Repair - URP 15	100,000	-	-	-
Total expenditures	<u>3,911,437</u>	<u>2,665,097</u>	<u>418,980</u>	<u>3,084,077</u>
Revenues over (under) expenditures	(643,292)	(484,886)	(98,207)	(583,093)
Other Financing Sources (Uses):				
Transfers in:				
From General Fund	<u>643,292</u>	<u>512,131</u>	<u>136,158</u>	<u>648,289</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 27,245</u>	<u>\$ 37,951</u>	<u>\$ 65,196</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, 2015

	<u>Airport Improvements Fund</u>	<u>County Buildings Project Fund</u>	<u>Consolidated Capital Projects Fund</u>	<u>Riverbend Estates Waterline Project Fund</u>
Assets:				
Cash and cash equivalents	\$ 184,623	\$ 691,487	\$ 714,253	\$ 42,685
Due from governmental agencies	35,143	-	-	-
Total assets	<u>\$ 219,766</u>	<u>\$ 691,487</u>	<u>\$ 714,253</u>	<u>\$ 42,685</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 21,752	\$ 255,470	\$ 26,277	\$ -
Due to other funds	-	-	-	-
Total liabilities	<u>21,752</u>	<u>255,470</u>	<u>26,277</u>	<u>-</u>
Fund Balances:				
Restricted:				
Stabilization by State statute	35,143	-	-	-
Restricted for economic and physical development	162,871	-	-	42,685
Committed for general government	-	436,017	-	-
Committed for education	-	-	687,976	-
Unassigned	-	-	-	-
Total fund balances	<u>198,014</u>	<u>436,017</u>	<u>687,976</u>	<u>42,685</u>
Total liabilities and fund balances	<u>\$ 219,766</u>	<u>\$ 691,487</u>	<u>\$ 714,253</u>	<u>\$ 42,685</u>

MACON COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2015

	Little Tennessee River/ Cartoogechaye Creek Sewer Trunk Project Fund	Schools Capital Fund	Capital Reserve Fund	Total
Assets:				
Cash and cash equivalents	\$ 224,103	\$ -	\$ 1,118,188	\$ 2,975,339
Due from governmental agencies	-	450,641	-	485,784
Total assets	<u>\$ 224,103</u>	<u>\$ 450,641</u>	<u>\$ 1,118,188</u>	<u>\$ 3,461,123</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 303,499
Due to other funds	-	369,050	-	369,050
Total liabilities	-	<u>369,050</u>	-	<u>672,549</u>
Fund Balances:				
Restricted:				
Stabilization by State statute	-	450,641	-	485,784
Restricted for economic and physical development	224,103	-	-	429,659
Committed for general government	-	-	1,118,188	1,554,205
Committed for education	-	-	-	687,976
Unassigned	-	(369,050)	-	(369,050)
Total fund balances	<u>224,103</u>	<u>81,591</u>	<u>1,118,188</u>	<u>2,788,574</u>
Total liabilities and fund balances	<u>\$ 224,103</u>	<u>\$ 450,641</u>	<u>\$ 1,118,188</u>	<u>\$ 3,461,123</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, 2015

	<u>Airport Improvements Fund</u>	<u>County Buildings Project Fund</u>	<u>Consolidated Capital Projects Fund</u>	<u>Riverbend Estates Waterline Project Fund</u>
Revenues:				
Restricted intergovernmental revenues	\$ 1,688,310	\$ -	\$ -	\$ -
Local option sales tax	-	-	-	-
Miscellaneous revenues	10,309	2,118	-	-
Interest earned on investments	-	-	151	-
Total revenues	<u>1,698,619</u>	<u>2,118</u>	<u>151</u>	<u>-</u>
Expenditures:				
Economic and physical development	1,878,798	-	-	-
Education	-	-	444,750	-
Cultural and recreational	-	2,697,110	-	-
Total expenditures	<u>1,878,798</u>	<u>2,697,110</u>	<u>444,750</u>	<u>-</u>
Revenues over (under) expenditures	<u>(180,179)</u>	<u>(2,694,992)</u>	<u>(444,599)</u>	<u>-</u>
Other Financing Sources (Uses):				
Debt issued	-	1,800,000	-	-
Transfers in:				
From Little Tennessee River/Cartoogechaye Creek Sewer Trunk Project Fund	-	303,216	-	-
From General Fund	-	538,124	-	-
Transfers out:				
To Debt Service Fund	-	-	-	-
To County Building Projects Fund	-	-	-	-
To General Fund	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>2,641,340</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(180,179)	(53,652)	(444,599)	-
Fund Balances:				
Beginning of year - July 1	<u>378,193</u>	<u>489,669</u>	<u>1,132,575</u>	<u>42,685</u>
End of year - June 30	<u>\$ 198,014</u>	<u>\$ 436,017</u>	<u>\$ 687,976</u>	<u>\$ 42,685</u>

MACON COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

	Little Tennessee River/ Cartoogechaye Creek Sewer Trunk Project Fund	Schools Capital Fund	Capital Reserve Fund	Total
Revenues:				
Restricted intergovernmental revenues	\$ -	\$ -	\$ -	\$ 1,688,310
Local option sales tax	-	1,649,557	-	1,649,557
Miscellaneous revenues	-	-	-	12,427
Interest earned on investments	-	157	211	519
Total revenues	<u>-</u>	<u>1,649,714</u>	<u>211</u>	<u>3,350,813</u>
Expenditures:				
Economic and physical development	-	-	-	1,878,798
Education	-	-	-	444,750
Cultural and recreational	-	-	-	2,697,110
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,020,658</u>
Revenues over (under) expenditures	<u>-</u>	<u>1,649,714</u>	<u>211</u>	<u>(1,669,845)</u>
Other Financing Sources (Uses):				
Debt issued	-	-	-	1,800,000
Transfers in:				
From Little Tennessee River/Cartoogechaye Creek Sewer Trunk Project Fund	-	-	-	303,216
From General Fund	-	-	-	538,124
Transfers out:				
To Debt Service Fund	-	(1,625,803)	-	(1,625,803)
To County Building Projects Fund	(303,216)	-	-	(303,216)
To General Fund	-	-	(7,000)	(7,000)
Total other financing sources (uses)	<u>(303,216)</u>	<u>(1,625,803)</u>	<u>(7,000)</u>	<u>705,321</u>
Net change in fund balances	(303,216)	23,911	(6,789)	(964,524)
Fund Balances:				
Beginning of year - July 1	<u>527,319</u>	<u>57,680</u>	<u>1,124,977</u>	<u>3,753,098</u>
End of year - June 30	<u>\$ 224,103</u>	<u>\$ 81,591</u>	<u>\$ 1,118,188</u>	<u>\$ 2,788,574</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, 2015**

	<u>Project Authorization</u>	<u>Actual</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
Restricted intergovernmental revenues:				
State aid to airports	\$ 7,123,967	\$ 5,978,721	\$ 7,012	\$ 5,985,733
Airport Improvements Program	2,618,609	637,319	1,646,155	2,283,474
2013 NPE 36237.1.14.1	150,000	33,508	35,143	68,651
Miscellaneous revenues	-	65,784	10,309	76,093
Total revenues	<u>9,892,576</u>	<u>6,715,332</u>	<u>1,698,619</u>	<u>8,413,951</u>
Expenditures:				
Capital outlay:				
Runway extension phase II - site improvements	3,147,244	2,634,197	7,791	2,641,988
Phase I EA - runway extension	1,000,000	369,694	-	369,694
2004 Vision 100	166,667	152,571	-	152,571
Runway improvements	792,000	635,301	-	635,301
2008 Vision 100	166,667	-	-	-
SWPPP/SPCC & AWOS	131,602	31,775	-	31,775
Runway rehabilitation design	222,223	220,800	-	220,800
Runway rehabilitation construction	2,687,343	666,199	1,834,752	2,500,951
Apron improvements	2,511,340	2,601,454	-	2,601,454
2013 NPE 36237.1.141	166,667	-	36,255	36,255
Total expenditures	<u>10,991,753</u>	<u>7,311,991</u>	<u>1,878,798</u>	<u>9,190,789</u>
Revenues over (under) expenditures	<u>(1,099,177)</u>	<u>(596,659)</u>	<u>(180,179)</u>	<u>(776,838)</u>
Other Financing Sources (Uses):				
Transfers in from General Fund	1,038,010	974,852	-	974,852
Appropriated fund balance	61,167	-	-	-
Total other financing sources (uses)	<u>1,099,177</u>	<u>974,852</u>	<u>-</u>	<u>974,852</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 378,193</u>	<u>\$ (180,179)</u>	<u>\$ 198,014</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, 2015

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
PARTF Grant	\$ 500,000	\$ -	\$ -	\$ -
Miscellaneous	-	8,387	2,118	10,505
Total revenues	<u>500,000</u>	<u>8,387</u>	<u>2,118</u>	<u>10,505</u>
Expenditures:				
General government:				
Animal shelter	500,000	498,905	-	498,905
Old library renovations	300,000	299,928	-	299,928
Renovations - Barrett Building	458,303	289,389	-	289,389
Renovations - Old Senior Services Building	118,550	118,531	-	118,531
Renovations - Patton Avenue Building	200,000	175,205	-	175,205
Garage construction	120,000	119,080	-	119,080
Cultural and recreational:				
Parker Meadows Recreation Complex	<u>3,641,340</u>	<u>214,533</u>	<u>2,697,110</u>	<u>2,911,643</u>
Total expenditures	<u>5,338,193</u>	<u>1,715,571</u>	<u>2,697,110</u>	<u>4,412,681</u>
Revenues over (under) expenditures	<u>(4,838,193)</u>	<u>(1,707,184)</u>	<u>(2,694,992)</u>	<u>(4,402,176)</u>
Other Financing Sources (Uses):				
Debt issued	1,800,000	-	1,800,000	1,800,000
Transfers in:				
From General Fund	2,666,124	2,128,000	538,124	2,666,124
From Emergency Telephone System Fund	326,095	326,095	-	326,095
From Little Tennessee River/Cartoogechaye Creek Sewer Trunk Project Fund	303,216	-	303,216	303,216
Transfers out:				
(To) Emergency Telephone System Fund	<u>(257,242)</u>	<u>(257,242)</u>	<u>-</u>	<u>(257,242)</u>
Total other financing sources (uses)	<u>4,838,193</u>	<u>2,196,853</u>	<u>2,641,340</u>	<u>4,838,193</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 489,669</u>	<u>\$ (53,652)</u>	<u>\$ 436,017</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, 2015**

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
Investment earnings	\$ 85,461	\$ 194,760	\$ 151	\$ 194,911
NC Department of Transportation	-	50,000	-	50,000
Contribution from Board of Education	15,000	15,000	-	15,000
Miscellaneous revenues	7,312	484,295	-	484,295
Total revenues	<u>107,773</u>	<u>744,055</u>	<u>151</u>	<u>744,206</u>
Expenditures:				
Iotla Valley K-5	14,683,260	14,581,604	-	14,581,604
Issuance costs	20,046	20,046	-	20,046
East Franklin Elementary School/QZAB	1,995,000	1,995,000	-	1,995,000
Southwestern Community Early College	878,899	878,899	-	878,899
Nantahala renovations/QZAB	1,804,651	1,804,652	-	1,804,652
School technology expenses	1,500,000	1,210,882	288,044	1,498,926
Highlands QZAB	1,583,720	1,583,719	-	1,583,719
Union/Highlands QZAB	682,643	-	156,706	156,706
Total expenditures	<u>23,148,219</u>	<u>22,074,802</u>	<u>444,750</u>	<u>22,519,552</u>
Revenues over (under) expenditures	<u>(23,040,446)</u>	<u>(21,330,747)</u>	<u>(444,599)</u>	<u>(21,775,346)</u>
Other Financing Sources (Uses):				
Debt issued	20,039,987	20,039,987	-	20,039,987
Transfer from the General Fund	2,317,816	2,423,335	-	2,423,335
Appropriated fund balance	682,643	-	-	-
Total other financing sources (uses)	<u>23,040,446</u>	<u>22,463,322</u>	<u>-</u>	<u>22,463,322</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,132,575</u>	<u>\$ (444,599)</u>	<u>\$ 687,976</u>

MACON COUNTY, NORTH CAROLINA

**RIVERBEND ESTATES WATERLINE PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015**

		<u>Actual</u>		
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
DENR DWSRF Grant	\$ 2,618,518	\$ 2,531,090	\$ -	\$ 2,531,090
Miscellaneous revenue	<u>-</u>	<u>113,592</u>	<u>-</u>	<u>113,592</u>
Total revenues	<u>2,618,518</u>	<u>2,644,682</u>	<u>-</u>	<u>2,644,682</u>
Expenditures:				
Sewer project expense:				
Administration	71,800	58,500	-	58,500
Engineering	250,000	215,000	-	215,000
Construction	1,700,000	2,328,497	-	2,328,497
Contingency	<u>596,718</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>2,618,518</u>	<u>2,601,997</u>	<u>-</u>	<u>2,601,997</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 42,685</u>	<u>\$ -</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, 2015**

	<u>Project Authorization</u>	<u>Actual</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
NC High Unit Cost Grant	\$ 3,000,000	\$ 3,000,000	\$ -	\$ 3,000,000
NC Rural Center Grant	750,000	707,092	-	707,092
Town of Franklin Contribution	16,970	16,970	-	16,970
Investment earnings	-	87	-	87
Miscellaneous revenue	-	91,584	-	91,584
Total revenues	<u>3,766,970</u>	<u>3,815,733</u>	<u>-</u>	<u>3,815,733</u>
Expenditures:				
Sewer project expense:				
Legal fees	28,888	25,688	-	25,688
Issuance cost	11,986	11,986	-	11,986
Engineering	742,305	760,088	-	760,088
Surveying	-	6,445	-	6,445
General contract	4,754,119	4,835,403	-	4,835,403
Land	211,018	208,636	-	208,636
Contingency	102,760	-	-	-
Total expenditures	<u>5,851,076</u>	<u>5,848,246</u>	<u>-</u>	<u>5,848,246</u>
Revenues over (under) expenditures	<u>(2,084,106)</u>	<u>(2,032,513)</u>	<u>-</u>	<u>(2,032,513)</u>
Other Financing Sources (Uses):				
Debt issued	2,043,250	2,043,250	-	2,043,250
Transfer to County Building Projects Fund	(303,216)	-	(303,216)	(303,216)
Transfer from General Fund	516,582	516,582	-	516,582
Transfer (to) General Fund	(172,510)	-	-	-
Total other financing sources (uses)	<u>2,084,106</u>	<u>2,559,832</u>	<u>(303,216)</u>	<u>2,256,616</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 527,319</u>	<u>\$ (303,216)</u>	<u>\$ 224,103</u>

MACON COUNTY, NORTH CAROLINA

SCHOOLS CAPITAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2015

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

	2015			2014
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Interest	\$ -	\$ 157	\$ 157	\$ 104
Local option sales tax	1,625,804	1,649,557	23,753	1,529,406
Total revenues	<u>1,625,804</u>	<u>1,649,714</u>	<u>23,910</u>	<u>1,529,510</u>
Revenues over (under) expenditures	1,625,804	1,649,714	23,910	1,529,510
Other Financing Sources (Uses):				
Transfers out:				
(To) Debt Service Fund	<u>(1,625,804)</u>	<u>(1,625,803)</u>	<u>1</u>	<u>(1,520,527)</u>
Net change in fund balance	<u>\$ -</u>	<u>23,911</u>	<u>\$ 23,911</u>	<u>8,983</u>
Fund Balance:				
Beginning of year - July 1		<u>57,680</u>		<u>48,697</u>
End of year - June 30		<u>\$ 81,591</u>		<u>\$ 57,680</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, 2015

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

	2015			2014
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Interest	\$ -	\$ 211	\$ 211	\$ 117
Other Financing Sources (Uses):				
Transfers out:				
(To) General Fund	(7,000)	(7,000)	-	(7,000)
Appropriated fund balance	7,000	-	(7,000)	-
Total other financing sources (uses)	-	(7,000)	(7,000)	(7,000)
Net change in fund balance	\$ -	(6,789)	\$ (6,789)	(6,883)
Fund Balance:				
Beginning of year - July 1		1,124,977		1,131,860
End of year - June 30		\$ 1,118,188		\$ 1,124,977

ENTERPRISE FUND

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

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MACON COUNTY, NORTH CAROLINA

SOLID WASTE FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		Variance Over/Under	2014
	Budget	Actual		Actual
Revenues:				
Operating revenues:				
Landfill fees	\$ 1,875,000	\$ 1,918,005		\$ 1,917,247
Tipping fees	1,100,000	1,220,797		1,213,655
Recycling revenue	250,000	243,598		238,104
Other operating revenue	1,700	3,931		2,618
Scrap tire disposal fee	30,000	43,157		40,922
Solid waste disposal fees	15,000	8,671		10,026
Restricted intergovernmental revenue	52,700	28,033		26,266
Total operating revenues	<u>3,324,400</u>	<u>3,466,192</u>	\$ 141,792	<u>3,448,838</u>
Non-operating revenues:				
Solid waste disposal tax	20,000	23,197		21,520
Investment earnings	-	9,110		10,251
Total non-operating revenues	<u>20,000</u>	<u>32,307</u>	12,307	<u>31,771</u>
Total revenues	<u>3,344,400</u>	<u>3,498,499</u>	154,099	<u>3,480,609</u>
Expenditures:				
Operating expenditures:				
Salaries	962,038	906,599		924,506
Employee benefits	342,671	322,656		326,402
Operating expenditures	1,740,991	1,333,911		1,216,114
Post-closure costs	510,169	32,857		28,530
Capital outlay	1,800,314	1,750,147		285,269
Solid waste disposal tax remittance	61,000	58,227		59,215
Total operating expenditures	<u>5,417,183</u>	<u>4,404,397</u>	1,012,786	<u>2,840,036</u>
Revenues over (under) expenditures	(2,072,783)	(905,898)	1,166,885	640,573
Other Financing Sources (Uses):				
Appropriated fund balance	<u>2,072,783</u>	-	(2,072,783)	-
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (905,898)</u>	<u>\$ (905,898)</u>	<u>\$ 640,573</u>

MACON COUNTY, NORTH CAROLINA

SOLID WASTE FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2015
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014

	2015		2014
	Budget	Actual	Actual
		Variance	
		Over/Under	
Reconciliation from Budgetary Basis			
(Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (905,898)	
Reconciling items:			
Capital outlay		1,750,147	
Contributions made to the pension plan in the current fiscal year		57,322	
(Increase) decrease in post-closure care costs		(512,500)	
(Increase) decrease in other post-employment benefits		(108,882)	
(Increase) decrease in accrued vacation pay		(7,796)	
Pension expense		(6,407)	
Depreciation		<u>(259,163)</u>	
Change in net position - Exhibit H		<u>\$ 6,823</u>	

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, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
Assets:		
Current assets:		
Cash and cash equivalents	\$ 379,833	\$ 2,027,681
Prepays	43,765	-
Accounts receivable	<u>153,857</u>	<u>29,233</u>
Total assets	<u>577,455</u>	<u>2,056,914</u>
Liabilities:		
Current liabilities:		
Accounts payable and accrued liabilities	<u>240,890</u>	<u>418,560</u>
Net Position:		
Unrestricted net position	<u>\$ 336,565</u>	<u>\$ 1,638,354</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, 2015

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

	2015			2014
	Financial Plan	Actual	Variance Over/Under	Actual
Operating Revenues:				
Charges for services:				
Employee and employer contributions	\$ 3,435,344	\$ 3,434,967	\$ (377)	\$ 3,383,913
Operating Expenses:				
Insurance premiums	547,747	547,745	2	527,618
Benefit payments	4,120,080	4,189,253	(69,173)	3,614,859
Total operating expenses	4,667,827	4,736,998	(69,171)	4,142,477
Operating income (loss)	(1,232,483)	(1,302,031)	(69,548)	(758,564)
Non-Operating Revenues:				
Investment earnings	250	242	(8)	253
Other Financing Sources (Uses):				
Appropriated fund balance	1,232,233	-	(1,232,233)	-
Change in net position	\$ -	(1,301,789)	\$ (1,301,789)	(758,311)
Net Position:				
Beginning of year - July 1		1,638,354		2,396,665
End of year - June 30		\$ 336,565		\$ 1,638,354

MACON COUNTY, NORTH CAROLINA

SELF-INSURANCE FUND

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2015

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2014

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities:		
Cash received from customers	\$ 3,310,343	\$ 3,361,280
Cash paid for goods and services	<u>(4,958,433)</u>	<u>(4,042,067)</u>
Net cash provided (used) by operating activities	<u>(1,648,090)</u>	<u>(680,787)</u>
Cash Flows from Investing Activities:		
Interest on investments	<u>242</u>	<u>253</u>
Net increase (decrease) in cash and cash equivalents	(1,647,848)	(680,534)
Cash and Cash Equivalents:		
Beginning of year - July 1	<u>2,027,681</u>	<u>2,708,215</u>
End of year - June 30	<u>\$ 379,833</u>	<u>\$ 2,027,681</u>
Reconciliation of Operating Income (Loss) to		
Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ (1,302,031)	\$ (758,564)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Change in assets and liabilities:		
(Increase) decrease in prepaids	(43,765)	30,798
(Increase) decrease in accounts receivable	(124,624)	(22,633)
Increase (decrease) in accounts payable and accrued liabilities	<u>(177,670)</u>	<u>69,612</u>
Net cash provided (used) by operating activities	<u>\$ (1,648,090)</u>	<u>\$ (680,787)</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.

MACON COUNTY, NORTH CAROLINA

AGENCY FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2015

	<u>Social Services Trust Fund</u>	<u>Inmate Trust Fund</u>	<u>Fines and Forfeitures Fund</u>	<u>Motor Vehicle Tax Fund</u>
Assets:				
Cash and cash equivalents	\$ 34,881	\$ 9,787	\$ 7,313	\$ 11,898
Accounts receivable	<u>-</u>	<u>-</u>	<u>15,382</u>	<u>10,681</u>
Total assets	<u>\$ 34,881</u>	<u>\$ 9,787</u>	<u>\$ 22,695</u>	<u>\$ 22,579</u>
Liabilities:				
Miscellaneous liabilities	\$ 34,881	\$ 9,787	\$ 7,313	\$ -
Intergovernmental payable	<u>-</u>	<u>-</u>	<u>15,382</u>	<u>22,579</u>
Total liabilities	<u>\$ 34,881</u>	<u>\$ 9,787</u>	<u>\$ 22,695</u>	<u>\$ 22,579</u>

MACON COUNTY, NORTH CAROLINA

AGENCY FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2015

	<u>Deed of Trust Fund</u>	<u>Western Carolina Industrial Partners Fund</u>	<u>Hurricane Ivan Relief Fund</u>	<u>Total</u>
Assets:				
Cash and cash equivalents	\$ 849	\$ 17,113	\$ 39,454	\$ 121,295
Accounts receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,063</u>
Total assets	<u>\$ 849</u>	<u>\$ 17,113</u>	<u>\$ 39,454</u>	<u>\$ 147,358</u>
Liabilities:				
Miscellaneous liabilities	\$ -	\$ 17,113	\$ 39,454	\$ 108,548
Intergovernmental payable	<u>849</u>	<u>-</u>	<u>-</u>	<u>38,810</u>
Total liabilities	<u>\$ 849</u>	<u>\$ 17,113</u>	<u>\$ 39,454</u>	<u>\$ 147,358</u>

MACON COUNTY, NORTH CAROLINA

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2015</u>
Social Services Trust Fund:				
Assets:				
Cash and cash equivalents	\$ 22,971	\$ 183,091	\$ 171,181	\$ 34,881
Liabilities:				
Miscellaneous liabilities	\$ 22,971	\$ 184,400	\$ 172,490	\$ 34,881
Inmate Trust Fund:				
Assets:				
Cash and cash equivalents	\$ 9,344	\$ 64,603	\$ 64,160	\$ 9,787
Liabilities:				
Miscellaneous liabilities	\$ 9,344	\$ 5,796	\$ 5,353	\$ 9,787
Fines and Forfeitures Fund:				
Assets:				
Cash and cash equivalents	\$ 7,313	\$ 191,062	\$ 191,062	\$ 7,313
Accounts receivable	12,696	15,382	12,696	15,382
Total assets	<u>\$ 20,009</u>	<u>\$ 206,444</u>	<u>\$ 203,758</u>	<u>\$ 22,695</u>
Liabilities:				
Miscellaneous liabilities	\$ 7,313	\$ -	\$ -	\$ 7,313
Intergovernmental payable	12,696	193,748	191,062	15,382
Total liabilities	<u>\$ 20,009</u>	<u>\$ 193,748</u>	<u>\$ 191,062</u>	<u>\$ 22,695</u>
Motor Vehicle Tax Fund:				
Assets:				
Cash and cash equivalents	\$ 14,154	\$ 2,894,417	\$ 2,896,673	\$ 11,898
Accounts receivable	10,957	10,681	10,957	10,681
Cash and accounts receivable	<u>\$ 25,111</u>	<u>\$ 2,905,098</u>	<u>\$ 2,907,630</u>	<u>\$ 22,579</u>
Liabilities:				
Intergovernmental payable	<u>\$ 25,111</u>	<u>\$ 2,830,608</u>	<u>\$ 2,833,140</u>	<u>\$ 22,579</u>

MACON COUNTY, NORTH CAROLINA

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2015</u>
Deed of Trust Fund:				
Assets:				
Cash and cash equivalents	\$ 663	\$ 8,116	\$ 7,930	\$ 849
Liabilities:				
Intergovernmental payable	\$ 663	\$ 8,116	\$ 7,930	\$ 849
Western Carolina Industrial Partners Fund:				
Assets:				
Cash and cash equivalents	\$ 17,113	\$ -	\$ -	\$ 17,113
Liabilities:				
Miscellaneous liabilities	\$ 17,113	\$ -	\$ -	\$ 17,113
Hurricane Ivan Relief Fund:				
Assets:				
Cash and cash equivalents	\$ 39,454	\$ -	\$ -	\$ 39,454
Liabilities:				
Miscellaneous liabilities	\$ 39,454	\$ -	\$ -	\$ 39,454
Totals - All Agency Funds:				
Assets:				
Cash and cash equivalents	\$ 111,012	\$ 3,341,289	\$ 3,331,006	\$ 121,295
Accounts receivable	23,653	26,063	23,653	26,063
Total assets	<u>\$ 134,665</u>	<u>\$ 3,367,352</u>	<u>\$ 3,354,659</u>	<u>\$ 147,358</u>
Liabilities:				
Miscellaneous liabilities	\$ 96,195	\$ 190,196	\$ 177,843	\$ 108,548
Intergovernmental payable	38,470	3,032,472	3,032,132	38,810
Total liabilities	<u>\$ 134,665</u>	<u>\$ 3,222,668</u>	<u>\$ 3,209,975</u>	<u>\$ 147,358</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, 2015**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Over/Under</u>
Revenues:			
NC Lottery funds	\$ 306,000	\$ 284,945	\$ (21,055)
Federal subsidy rebate	573,628	531,753	(41,875)
Town of Franklin	46,040	46,040	-
Interest earned	500	49	451
Total revenues	<u>926,168</u>	<u>862,787</u>	<u>(62,479)</u>
Expenditures:			
Debt service:			
Principal repayments	3,864,039	3,864,040	(1)
Interest	1,198,981	1,178,604	20,377
Total expenditures	<u>5,063,020</u>	<u>5,042,644</u>	<u>20,376</u>
Revenues over (under) expenditures	<u>(4,136,852)</u>	<u>(4,179,857)</u>	<u>(43,005)</u>
Other Financing Sources (Uses):			
Appropriated fund balance	130,000	-	(130,000)
Transfers in	4,006,852	4,006,851	(1)
Total other financing sources (uses)	<u>4,136,852</u>	<u>4,006,851</u>	<u>(130,001)</u>
Net change in fund balance	<u>\$ -</u>	<u>(173,006)</u>	<u>\$ (173,006)</u>
Fund Balance:			
Beginning of year - July 1		<u>784,361</u>	
End of year - June 30		<u>\$ 611,355</u>	

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ADDITIONAL FINANCIAL DATA

This section contains additional information on taxes receivable and the tax levy as of June 30, 2015.

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MACON COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE - GENERAL FUND
JUNE 30, 2015

Year Ended June 30	Uncollected Balance July 1, 2014	Additions	Collections and Credits	Uncollected Balance June 30, 2015
2014-2015	\$ -	\$ 26,428,680	\$ 25,818,391	\$ 610,289
2013-2014	736,404	-	401,861	334,543
2012-2013	406,272	-	175,512	230,760
2011-2012	232,571	-	71,242	161,329
2010-2011	156,393	-	34,866	121,527
2009-2010	100,735	-	22,850	77,885
2008-2009	53,485	-	12,525	40,960
2007-2008	34,507	-	6,363	28,144
2006-2007	30,417	-	4,254	26,163
2005-2006	24,108	-	1,901	22,207
2004-2005	19,504	-	19,504	-
Total	<u>\$ 1,794,396</u>	<u>\$ 26,428,680</u>	<u>\$ 26,569,269</u>	1,653,807
Less allowance for uncollectible ad valorem taxes receivable				<u>(829,803)</u>
Ad valorem taxes receivable - net				<u>\$ 824,004</u>
Reconciliation with Revenues:				
Taxes - ad valorem - General Fund				\$ 26,754,756
Reconciling items:				
Advertising/Attorney fees				(30,146)
Interest collected				(186,572)
Refunds and other adjustments				12,830
Amounts written off per Statute of Limitations				<u>18,401</u>
Total collections and credits				<u>\$ 26,569,269</u>

MACON COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY - COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2015

	County-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 9,009,788,530	\$ 0.279	\$ 25,137,310	\$ 25,137,310	\$ -
Motor vehicles taxed at current year's rate	303,731,541	0.279	847,411	-	847,411
Motor vehicles taxed at prior year's rate	209,677	0.279	585	-	585
Total	<u>9,313,729,748</u>		<u>25,985,306</u>	<u>25,137,310</u>	<u>847,996</u>
Discoveries:					
Current year taxes	39,069,892	0.279	109,005	109,005	-
Utilities	130,015,771	0.279	362,744	362,744	-
Less releases and adjustments	<u>(10,170,251)</u>	0.279	<u>(28,375)</u>	<u>(28,371)</u>	<u>(4)</u>
Total property valuation	<u>\$ 9,472,645,160</u>				
Net Levy			26,428,680	25,580,688	847,992
Uncollected taxes at June 30, 2015			<u>(610,289)</u>	<u>(610,232)</u>	<u>(57)</u>
Current Year's Taxes Collected			<u>\$ 25,818,391</u>	<u>\$ 24,970,456</u>	<u>\$ 847,935</u>
Current Levy Collection Percentage			<u>97.69%</u>	<u>97.61%</u>	<u>99.99%</u>
Secondary Market Disclosures:					
Assessed valuation:					
Assessment ratio					<u>100.00%</u>
Real property				\$8,916,917,792	
Personal property				425,711,597	
Public service companies				<u>130,015,771</u>	
Total assessed valuation				<u>\$9,472,645,160</u>	
Tax rate per \$100					0.279
Levy (includes discoveries, releases, and abatements)				<u>\$ 26,428,680</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, 2015.				<u>\$ 2,918,256</u>	

MACON COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE - FIRE DISTRICTS
JUNE 30, 2015

Fiscal Year	Uncollected Balance July 1, 2014	Additions	Collections and Credits	Uncollected Balance June 30, 2015
2014-2015	\$ -	\$ 2,918,256	\$ 2,834,950	\$ 83,306
2013-2014	105,987	-	58,715	47,272
2012-2013	55,130	-	23,730	31,400
2011-2012	31,853	-	9,005	22,848
2010-2011	21,421	-	4,098	17,323
2009-2010	14,728	-	2,864	11,864
2008-2009	8,036	-	1,726	6,310
2007-2008	5,220	-	882	4,338
2006-2007	4,087	-	442	3,645
2005-2006	3,356	-	208	3,148
2004-2005	2,749	-	2,749	-
Total	<u>\$ 252,567</u>	<u>\$ 2,918,256</u>	<u>\$ 2,939,369</u>	231,454

Less allowance for uncollectible ad valorem taxes receivable:

Fire Districts Fund

(117,821)

Fire districts taxes receivable - net

\$ 113,633**Reconciliation of Revenues with Collections and Credits:**

Taxes - ad valorem - Fire Districts Fund

\$ 2,950,270

Taxes written off

2,602

Miscellaneous adjustments

(13,503)

Total collections and credits

\$ 2,939,369

MACON COUNTY, NORTH CAROLINA

**ANALYSIS OF CURRENT TAX LEVY - FIRE DISTRICTS
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Amount of Levy</u>
Original Levy:	
Franklin Fire District	\$ 508,216
Clarks Chapel Fire District	263,948
Otto Fire District	295,294
Cullasaja Fire District	242,570
West Macon Fire District	291,742
Scaly Mountain Fire District	116,372
Burningtown/Iotla Fire District	185,563
Cowee Fire District	297,246
Nantahala Fire District	225,369
Highlands Fire District	359,601
Mountain Valley Fire District	<u>132,335</u>
Net Levy	2,918,256
Less uncollected taxes at June 30, 2015	<u>83,306</u>
Current Year's Taxes Collected	<u>\$ 2,834,950</u>
Current Levy Collection Percentage	<u>97.15%</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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Macon County
Net Position by Components
Last Ten Fiscal Years
(accrual basis of accounting)

Table 1

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities										
Net investment in capital assets	\$ 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	\$ 21,124,267
Restricted	117,386	141,787	166,137	207,996	207,708	6,089,293	6,934,514	9,980,380	6,872,258	5,769,063
Unrestricted	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)	(21,627,391)
Total governmental activities net position	<u>\$ 27,036,718</u>	<u>\$ 33,116,924</u>	<u>\$ 33,400,997</u>	<u>\$ 25,712,631</u>	<u>\$ 17,242,015</u>	<u>\$ 12,848,016</u>	<u>\$ 6,895,369</u>	<u>\$ 4,258,092</u>	<u>\$ 4,887,970</u>	<u>\$ 5,265,939</u>
Business-type activities										
Net investment in capital assets	\$ 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	\$ 3,599,088
Unrestricted	(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	(288,998)
Total business-type activities net position	<u>\$ 2,461,397</u>	<u>\$ 3,346,765</u>	<u>\$ 3,543,877</u>	<u>\$ 3,751,532</u>	<u>\$ 4,022,361</u>	<u>\$ 4,343,803</u>	<u>\$ 4,934,585</u>	<u>\$ 5,243,553</u>	<u>\$ 3,404,070</u>	<u>\$ 3,310,090</u>
Primary government										
Net investment in capital assets	\$ 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	\$ 24,723,355
Restricted	117,386	141,787	166,137	207,996	207,708	6,089,293	6,934,514	9,980,380	6,872,258	5,769,063
Unrestricted	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)	(21,916,389)
Total primary government net position	<u>\$ 29,498,115</u>	<u>\$ 36,463,689</u>	<u>\$ 36,944,874</u>	<u>\$ 29,464,163</u>	<u>\$ 21,264,376</u>	<u>\$ 17,191,819</u>	<u>\$ 11,829,954</u>	<u>\$ 9,501,645</u>	<u>\$ 8,292,040</u>	<u>\$ 8,576,029</u>

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

**Table 2
Page 1 of 2**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
General government	\$ 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	\$ 11,201,551
Public safety	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	13,880,745
Transportation	466,696	414,791	516,894	477,873	577,894	638,415	709,086	781,330	1,037,139	1,222,986
Economic development	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	3,426,980
Human Services	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	10,118,181
Culture and recreation	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	2,486,997
Education	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	8,939,212
Interest on long-term debt	833,818	811,427	713,022	1,206,450	1,545,951	1,887,654	2,118,296	1,868,404	1,358,927	1,178,604
Total governmental activities expenses	<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>	<u>52,455,256</u>
Business-type activities:										
Solid Waste	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	3,491,676
Total business-type activities expenses	<u>3,429,583</u>	<u>3,356,076</u>	<u>3,662,418</u>	<u>2,989,618</u>	<u>2,889,088</u>	<u>3,351,735</u>	<u>2,880,580</u>	<u>3,093,050</u>	<u>5,320,092</u>	<u>3,491,676</u>
Total primary government expenses	<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>	<u>\$ 55,946,932</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 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	\$ 1,366,746
Public Safety	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	1,835,759
Economic Development	438,202	479,745	472,473	407,720	403,518	526,092	476,355	506,736	629,929	65,941
Human Services	752,106	715,653	986,723	903,849	1,007,881	806,249	684,473	519,738	800,254	1,072,805
Education	-	-	-	2,042	174,944	-	-	133,505	-	-
Operating grants and contributions	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	9,674,198
Capital grants and contributions	284,509	908,658	169,515	381,385	2,908,017	5,814,683	133,681	3,329,169	1,206,665	1,688,310
Total governmental activities program revenues	<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>	<u>15,703,759</u>
Business-type activities:										
Charges for services:										
Solid Waste	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	3,489,389
Total business-type activities program revenues	<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>	<u>3,489,389</u>
Total primary government program revenues	<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>	<u>\$ 19,193,148</u>
Net (expense)/revenue										
Governmental activities	\$ (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)	\$ (36,751,497)
Business-type activities	(582,544)	158,032	(582,544)	69,955	240,466	302,612	577,769	295,427	(1,849,734)	(2,287)
Total primary government net (expense)	<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>	<u>\$ (36,753,784)</u>

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

Table 2
Page 2 of 2

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 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	\$ 29,532,608
Sales taxes	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	8,196,063
Occupancy taxes	-	-	-	-	-	-	-	-	-	654,427
Unrestricted intergovernmental revenues	240,435	239,639	233,090	508,221	340,817	348,668	359,342	357,318	357,068	330,950
Investment earnings	1,127,759	1,490,333	1,446,785	-	-	97,930	78,464	62,754	49,365	47,358
Miscellaneous	-	-	-	-	-	432,900	-	-	-	-
Transfers	-	-	298,665	725,647	105,115	-	-	-	-	-
Total governmental activities	<u>33,373,094</u>	<u>35,066,441</u>	<u>36,188,923</u>	<u>35,970,702</u>	<u>34,442,931</u>	<u>36,458,954</u>	<u>36,794,479</u>	<u>37,125,988</u>	<u>37,626,488</u>	<u>38,761,406</u>
Business-type activities:										
Investment earnings	160,416	232,021	220,117	-	-	18,830	13,013	13,541	10,251	9,110
Transfers	-	-	(298,665)	137,700	30,363	-	-	-	-	-
Total business-type activities	<u>160,416</u>	<u>232,021</u>	<u>(78,548)</u>	<u>137,700</u>	<u>30,363</u>	<u>18,830</u>	<u>13,013</u>	<u>13,541</u>	<u>10,251</u>	<u>9,110</u>
Total primary government	<u>\$ 33,533,510</u>	<u>\$ 35,298,462</u>	<u>\$ 36,110,375</u>	<u>\$ 36,108,402</u>	<u>\$ 34,473,294</u>	<u>\$ 36,477,784</u>	<u>\$ 36,807,492</u>	<u>\$ 37,139,529</u>	<u>\$ 37,636,739</u>	<u>\$ 38,770,516</u>
Change in Net Position										
Governmental activities	\$ 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	\$ 2,009,909
Business-type activities	(422,128)	885,367	197,112	207,655	270,829	321,442	590,782	308,968	(1,839,483)	6,823
Total primary government	<u>\$ 6,674,723</u>	<u>\$ 6,965,570</u>	<u>\$ 481,185</u>	<u>\$ (7,480,711)</u>	<u>\$ (8,199,787)</u>	<u>\$ (4,072,557)</u>	<u>\$ (5,361,865)</u>	<u>\$ (2,328,309)</u>	<u>\$ (1,209,605)</u>	<u>\$ 2,016,732</u>

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

Table 3

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Alcoholic Beverage Tax	Total
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
2015	26,754,756	6,546,506	90,362	11,239	33,402,863

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

Table 4

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund										
Reserved	\$ 2,473,215	\$ 2,826,989	\$ 3,075,715	\$ 2,311,342	\$ 3,490,651	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	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	327,791
Restricted	-	-	-	-	-	2,551,146	3,483,255	5,338,833	4,003,939	3,867,071
Assigned	-	-	-	-	-	-	1,680,769	2,121,220	566,642	-
Unassigned	-	-	-	-	-	16,508,831	15,992,802	12,842,335	15,260,538	17,800,369
Total General Fund	<u>\$ 16,174,644</u>	<u>\$ 18,234,836</u>	<u>\$ 18,345,541</u>	<u>\$ 17,066,642</u>	<u>\$ 17,652,884</u>	<u>\$ 19,204,015</u>	<u>\$ 21,366,558</u>	<u>\$ 20,613,771</u>	<u>\$ 20,117,522</u>	<u>\$ 21,995,231</u>
All other governmental funds										
Reserved	\$ 315,797	\$ 312,374	\$ 305,822	\$ 266,060	\$ 271,311	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	1,450,841	1,729,314	1,972,989	2,213,556	2,106,283	-	-	-	-	-
Capital projects funds	3,601,405	700,082	1,106,846	11,351,188	5,139,163	-	-	-	-	-
Debt Service Fund	29,816	30,822	970,412	1,353,649	383,579	-	-	-	-	-
Assigned in Debt Service	-	-	-	-	-	567,085	976,150	1,022,379	354,003	13,355
Restricted for Debt Service	-	-	-	-	-	447,641	44,145	-	430,358	598,000
Restricted Other Governmental Funds	-	-	-	-	-	1,400,346	1,354,059	2,401,394	2,727,815	1,303,992
Restricted in Capital Project	-	-	-	-	-	11,441,057	2,053,055	2,240,153	-	-
Committed in Other Governmental Funds	-	-	-	-	-	2,061,553	1,663,942	1,337,859	2,457,367	2,263,753
Committed in Capital Project	-	-	-	-	-	55,037	533,308	93,037	-	-
Unassigned Other Governmental Funds	-	-	-	-	-	(497,733)	(327,127)	(1,622,132)	(641,321)	(460,100)
Unassigned in Capital Project	-	-	-	-	-	(681,675)	-	-	-	-
Total all other governmental funds	<u>\$ 5,397,859</u>	<u>\$ 2,772,592</u>	<u>\$ 4,356,069</u>	<u>\$ 15,184,453</u>	<u>\$ 7,900,336</u>	<u>\$ 14,793,311</u>	<u>\$ 6,297,532</u>	<u>\$ 5,472,690</u>	<u>\$ 5,328,222</u>	<u>\$ 3,719,000</u>

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

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

Table 5

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues										
Ad Valorem Taxes	\$ 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	\$ 29,705,026
Sales Taxes	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	8,196,063
Intergovernmental revenues	9,737,989	8,746,167	7,228,631	8,855,895	10,937,346	13,808,699	10,731,178	13,604,728	12,209,242	11,693,458
Sales & Services	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	2,619,721
Permits & Fees	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	1,036,576
Investment earnings	1,066,838	1,344,687	1,256,103	603,699	93,387	90,979	75,819	61,031	49,112	47,116
Occupancy taxes	-	-	-	-	-	-	-	-	-	654,427
Miscellaneous	136,590	174,740	234,320	244,231	353,500	615,775	409,172	358,493	303,346	246,020
Total revenues	<u>46,930,779</u>	<u>47,938,883</u>	<u>47,519,881</u>	<u>48,285,766</u>	<u>49,269,947</u>	<u>53,256,045</u>	<u>51,590,180</u>	<u>54,551,754</u>	<u>53,832,980</u>	<u>54,198,407</u>
Expenditures										
General government	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	6,339,866
Public safety	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	14,970,769
Transportation	625,277	542,903	533,265	666,039	655,444	635,137	754,920	748,894	1,016,489	1,228,966
Economic and physical development	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	3,488,428
Human Services	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	10,839,675
Culture and recreation	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	4,880,360
Education	7,468,249	7,815,684	8,245,555	9,069,891	9,276,564	7,878,559	8,084,457	8,294,839	9,779,742	8,939,212
Capital Projects	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										
Principal repayments	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	3,864,040
Interest	833,818	815,450	714,067	1,206,453	1,545,952	1,887,655	2,118,296	1,868,404	1,358,927	1,178,604
Total expenditures	<u>48,007,927</u>	<u>48,008,645</u>	<u>50,724,364</u>	<u>58,736,281</u>	<u>58,267,822</u>	<u>59,016,560</u>	<u>58,651,712</u>	<u>59,503,383</u>	<u>54,473,697</u>	<u>55,729,920</u>
Revenues over (under) expenditures	<u>(1,077,148)</u>	<u>(69,762)</u>	<u>(3,204,483)</u>	<u>10,450,515</u>	<u>(8,997,875)</u>	<u>(5,760,515)</u>	<u>(7,061,532)</u>	<u>(4,951,629)</u>	<u>(640,717)</u>	<u>(1,531,513)</u>
Other financing sources (uses)										
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	-	1,800,000
Transfers in	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	4,688,283
Transfers out	(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)	(4,688,283)
Total other financing sources (uses)	<u>5,000,000</u>	<u>(495,313)</u>	<u>4,898,665</u>	<u>20,000,000</u>	<u>2,300,000</u>	<u>14,204,621</u>	<u>728,296</u>	<u>3,374,000</u>	<u>-</u>	<u>1,800,000</u>
Net change in fund balances	<u>\$ 3,922,852</u>	<u>\$ (565,075)</u>	<u>\$ 1,694,182</u>	<u>\$ 9,549,485</u>	<u>\$ (6,697,875)</u>	<u>\$ 8,444,106</u>	<u>\$ (6,333,236)</u>	<u>\$ (1,577,629)</u>	<u>\$ (640,717)</u>	<u>\$ 268,487</u>
Debt service as a percentage of noncapital expenditures	8.5%	7.9%	7.1%	9.2%	10.6%	12.4%	11.7%	11.9%	11.6%	9.7%

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

Table 6

Fiscal Year Ended	Real Property		Personal Property		Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Personal Property	Public Svc Co. Property				
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%
2015	8,276,107,442	640,810,350	425,711,597	130,015,771	9,472,645,160	0.279	7,253,364,986	130.60%

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.

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

Table 7

Year	<u>County Direct Rate</u>		<u>Overlapping Rates</u>	
	<u>MACON</u>		<u>FRANKLIN</u>	<u>HIGHLANDS</u>
	<u>Total Millage</u>		<u>Total Millage</u>	<u>Total Millage</u>
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
2015		0.279	0.270	0.150

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	2015			Taxpayer	2006		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Duke Energy Corporation	\$ 102,125,948	1	1.08%	Duke Power Company	\$ 72,350,599	1	1.33%
Old Edwards Inn and Spa LLC	60,983,610	2	0.64%	Drake Enterprises	26,180,101	2	0.48%
Drake Enterprises	54,532,907	3	0.58%	Verizon South Inc	23,952,797	3	0.44%
Shaw Industries Group	25,402,200	4	0.27%	Old Edwards Inn & Spa, LLC	20,485,824	4	0.38%
Macon Bank	23,320,975	5	0.25%	Macon Bank	12,436,781	5	0.23%
Highlands Golf Club	21,684,212	6	0.23%	Zickgraf Enterprises	12,017,583	6	0.22%
Cullasaja Club Inc.	17,877,636	7	0.19%	Cullasaja Club	11,519,983	7	0.21%
Rainbow Springs Partnership	17,044,960	8	0.18%	Wildcat Cliffs Country Club	11,098,318	8	0.20%
Rockwood Lodge LLC	16,152,470	9	0.17%	Chestnut Hill Limited Partnership	11,072,260	9	0.20%
Wildcat Cliffs Country Club	15,827,498	10	0.17%	Highlands Golf Club, Inc.	10,469,058	10	0.19%
Totals	<u>\$ 354,952,416</u>		<u>3.75%</u>		<u>\$ 211,583,304</u>		<u>3.88%</u>
Total Taxable Assessed Value	<u>\$ 9,472,645,160</u>			Total Taxable Assessed Value	<u>\$ 5,459,036,075</u>		

Source: Macon County Tax Department

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

Table 9

Fiscal Year Ended June 30	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
2006	\$ 20,617,354	\$ 20,136,403	97.67%	\$ 458,744	\$ 20,595,147	99.89%
2007	21,044,658	20,553,903	97.67%	464,592	21,018,495	99.88%
2008	21,762,091	21,191,159	97.38%	542,788	21,733,947	99.87%
2009	23,965,953	23,255,354	97.03%	669,639	23,924,993	99.83%
2010	24,232,307	23,468,413	96.85%	686,009	24,154,422	99.68%
2011	25,888,937	25,047,774	96.75%	719,636	25,767,410	99.53%
2012	25,926,987	24,987,407	96.38%	778,251	25,765,658	99.38%
2013	26,048,336	25,098,148	96.35%	719,428	25,817,576	99.11%
2014	26,441,660	25,705,256	97.21%	401,861	26,107,117	98.73%
2015	26,428,680	25,818,391	97.69%	-	25,818,391	97.69%

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			
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	3.71%	1,193
2014	-	36,050,897	-	-	-	-	-	36,050,897	N/A	1,048
2015	-	33,986,857	-	-	-	-	-	33,986,857	N/A	985

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.
 Personal income for 2014 & 2015 is not available.

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

Table 11

Fiscal Year	Assessed Value	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
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	-
2015	9,472,645,160	-	-	0.000%	34,494	-

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

**Macon County
Direct and Overlapping Governmental Activities Debt
As of June 30, 2015**

Table 12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Direct Debt:			
Macon County	\$ 33,986,857	100.00%	\$ 33,986,857
Total Direct Debt	<u>33,986,857</u>		<u>33,986,857</u>
Overlapping Debt:			
Town of Franklin	1,710,998	11.31%	193,451
Town of Highlands	<u>366,493</u>	2.68%	<u>9,839</u>
Total Overlapping Debt	<u>2,077,491</u>		<u>203,289</u>
Total direct and overlapping debt	<u>\$ 36,064,348</u>		<u>\$ 34,190,146</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.

**Macon County
Legal Debt Margin Information
Last Ten Fiscal Years**

Table 13

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt limit	\$ 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	\$ 757,811,613
Total net debt applicable to limit	<u>21,356,518</u>	<u>18,955,845</u>	<u>20,804,119</u>	<u>37,661,616</u>	<u>37,419,360</u>	<u>47,062,617</u>	<u>42,653,279</u>	<u>40,899,552</u>	<u>36,050,897</u>	<u>33,986,857</u>
Legal debt margin	<u>\$ 424,731,460</u>	<u>\$ 436,896,933</u>	<u>\$ 686,701,953</u>	<u>\$ 690,272,430</u>	<u>\$ 697,473,458</u>	<u>\$ 695,590,236</u>	<u>\$ 700,772,885</u>	<u>\$ 705,482,642</u>	<u>\$ 722,132,902</u>	<u>\$ 723,824,756</u>
Total net debt applicable to the limit as a percentage of debt limit	4.79%	4.16%	2.94%	5.17%	5.09%	6.34%	5.74%	5.48%	4.75%	4.48%

Legal Debt Margin Calculation for Fiscal Year 2015

Assessed value	\$ 9,472,645,160
Add back: exempt real property	-
Total assessed value	<u>\$ 9,472,645,160</u>
Debt Limit (8% of total assessed value)	\$ 757,811,613
Debt applicable to limit:	
Installment Contracts	33,986,857
Revenue Bond Debt	-
Promissory Notes	-
Legal debt margin	<u>\$ 723,824,756</u>

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

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

Table 14

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
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	1,101,781,000	32,144	48.5	4,462	9.8
2014	34,385	N/A	N/A	48.6	4,484	6.3
2015	34,494	N/A	N/A	48.7	4,475	6.3

Note: Population for 2008 and 2009 and 2008 to 2015 median age came from data.osbm.state.nc.us.
 Personal income from 2003 to 2013 obtained from Bureau of Economic Analysis.
 Personal income for 2014 & 2015 is not available.
 Per capital personal income is calculated by dividing personal income by population.
 Unemployment rate & population for 2011 to 2015 is from www.ncesc.com. (LINC)
 School enrollment is provided by the local school system and is the enrollment as of September 2015.

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

Table 15

Employer	2015			2006		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Drake Enterprises LTD (A Corp)	743	1	4.77%	505	1	3.05%
Macon County Public Schools	650	2	4.18%	285	5	1.72%
Macon County	597	3	3.84%	338	4	2.04%
Angel Medical Center	398	4	2.56%	425	3	2.57%
Highlands-Cashiers Hospital	248	5	1.59%	248	6	1.50%
Wal-Mart Associates Inc.	246	6	1.58%	214	7	1.29%
Ingles Markets, Inc.	209	7	1.34%	199	8	1.20%
Lowe's	140	8	0.90%			
Macon Bank	132	9	0.85%			
Caterpillar Inc.	117	10	0.75%	177	9	1.07%
Zickgraf (now Shaw Industries Group Inc.)				475	2	2.87%
Whitley Products				<u>167</u>	10	1.01%
Total	<u>3,480</u>			<u>3,033</u>		
Total Labor Force estimate	<u>15,563</u>			<u>16,569</u>		

Source: Employer's Human Resource Dept.

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

Table 16

Function	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Government	105	73	92	81	89	97	97	97	97.5	98.5
Public Safety	108	133	106	137	125	150	150	159	161	162.4
Human Services	102	111	113	119	118	111	108	110	111	115
Culture and Recreation	6	7	16	10	9	11	10	10	11.5	12
Economic and Physical Development	N/A	5	2	5	3	1	0	0	0	0
Transportation	N/A	7	7	11	8	13	14	15.5	17	16.8
Landfill	<u>17</u>	<u>16</u>	<u>17</u>	<u>34</u>	<u>34</u>	<u>35</u>	<u>37</u>	<u>36</u>	<u>36</u>	<u>35</u>
Total	<u>338</u>	<u>352</u>	<u>353</u>	<u>397</u>	<u>386</u>	<u>418</u>	<u>416</u>	<u>427</u>	<u>434</u>	<u>440</u>

Source: Macon County Human Resource Department

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

Table 17

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Function										
Law Enforcement										
Physical arrests	1,515	1,539	1,745	2,110	1,714	1547	1303	1303	1232	1278
Traffic violations	774	654	1,296	1,228	2,265	1516	946	1100	1179	1054
Fire										
Number of calls answered	3,243	3,243	3,396	3,093	3,406	3642	3621	3791	4244	4571
Inspections	550	780	491	425	500	550	520	525	490	450
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	617	617	590	430	402	447	467	228	278
Number of Food & Nutrition cases eligible	1,196	1,197	1,432	1,861	2,361	2987	3144	3091	3043	2763
Number of Medicaid eligible cases	3,567	4,388	4,858	5,242	4,785	4975	5020	4557	4491	5885
Health										
Number of WIC cases	845	845	845	1,093	1,167	1049	1044	1076	1087	1064
Number of family planning cases	490	693	745	660	798	639	657	585	526	558
Solid Waste										
Number of landfill's	2	2	2	1	1	1	1	1	1	1
Culture and recreation										
Number of recreation parks	6	6	6	6	6	6	6	6	7	7
Number of libraries	3	3	3	3	3	3	3	3	3	3

Source: Various county departments.

Note: Indicators are not available for the general government function. Firefighters are volunteers.

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

Table 18

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public safety										
Police:										
Stations	3	3	3	3	3	3	3	3	4	4
Patrol units	38	23	25	25	45	45	45	45	45	57
Fire stations	11	13	13	13	10	13	13	16	16	17
Culture and recreation										
Parks acreage	308.6	308.6	352.6	352.6	352.6	352.6	352.6	400.6	400.6	400.6
Parks	6	6	6	6	6	6	6	6	7	7
Swimming pools	2	2	2	2	2	2	2	3	3	3
Tennis courts	9	9	6	6	6	6	6	6	6	6
Community centers	11	11	11	11	11	11	11	11	11	11
Landfill										
Number of municipal solid waste sites	1	1	1	1	2	2	2	2	2	2
Number of construction and demolition sites	1	1	1	0	0	0	0	0	0	0
Number of convenience centers	10	10	10	11	11	11	11	11	11	11

Source: Various county departments.

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

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COMPLIANCE SECTION

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

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

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

Independent Auditor's Report

To the Board of Commissioners
Macon County
Franklin, North Carolina

We have audited, 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, 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, 2015, and the related notes to the financial statements, which collectively comprise Macon County's basic financial statements, and have issued our report thereon dated November 16, 2015. The financial statements of the Macon County Airport Authority were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 16, 2015

MACON COUNTY, NORTH CAROLINA

**SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2015**

1. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting:

- Material weakness identified? No
 - Significant deficiency(ies) identified not considered to be material weakness(es)? None reported
- Non-compliance material to financial statements noted? No

2. Findings Related to the Audit of the Basic Financial Statements

None reported

MACON COUNTY, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

No prior year findings.