

**MACON COUNTY
NORTH CAROLINA**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE YEAR ENDED JUNE 30, 2011

MACON COUNTY NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2011

Prepared by: Finance Department
Finance Director: Evelyn Southard

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INTRODUCTORY SECTION

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Macon County



October 24, 2011

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, 2011. The financial statements and supplemental schedules contained herein have been audited by the independent certified public accounting firm of Martin Starnes & Associates, CPAs, and 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, 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). 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 and account groups 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.

DESCRIPTION OF THE COUNTY:

Macon County, founded in 1828, is located in the Southwestern area of the state. Macon County has land area of 515 square miles and an estimated population of 35,869. Macon County has a diverse economy. Agriculture, manufacturing, tourism and construction are the major components of the economy. The major crops are burley tobacco, vegetables, ornamentals, and Christmas trees. Goat and beef cattle production continues to be a significant enterprise in Macon County. Manufacturing industries include engine oil seal production, engine aluminum tubing production, and hardwood flooring production. Tourism is also a major industry with Macon County's gem mines, whitewater rafting and scenic beauty. Two municipalities are located in the County, the largest being the Town of Franklin, which serves as the County seat. The County has a commissioner/manager form of government. The five members of the Board of Commissioners are elected at-large and serve staggered four-year terms.

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

ECONOMIC CONDITIONS AND OUTLOOK:

Macon County's economic growth continues to be sluggish as the rest of the country. The local unemployment rate is 10.3% compared to the national rate of 9.2% and the North Carolina State rate of 10.4%. Macon County had a work force of 15,714 at the end of June, 2011.

The private sector owns 54% of Macon County's 330,502 total acres with the U.S. Forest Service owning 46% or 152,703 acres. There are 43,000 parcels of land. The total appraised value of taxable property is almost \$9.2 billion. Sixty percent of these tracts are owned by out-of-county individuals. The tax rate is 27.9 cents per \$100 valuation and county-wide taxes collected were \$25,047,774 in fiscal 2011.

Some income is generated from agriculture, manufacturing, and tourism. There are 1,358 farms which average approximately 28 acres per tract. Over 90% of the 400 active farmers are small, part-time operators. Farm income to the county is generated from crops such as vegetables, Christmas trees, ornamental plants and livestock. Additional revenue is generated from trout production, campgrounds, gem mining, mountain rental property, snow tubing, horseback riding, and whitewater activities. In past years the growth of tourism and the development of land for vacation and retirement homes in Macon County have resulted in an increase of farmland value and an increase in competition for its use. However, land development has slowed in Macon County in the past six months.

Transportation is critical to industrial development. U.S. 441 is five lanes wide, making the trip to Atlanta, Georgia less than two hours; this increases the marketability of our area. Additionally, U.S. 441 North is four lanes to Interstate 40 which runs east and west across the country. US Highway 64 west is three and four lanes in a westward direction to the Tennessee line. Macon County has a small airport with a runway extension project recently completed to bring the runway to 5,000 feet which allows the capability of larger planes utilizing the airport. The airport provides a terminal and hangar space. Macon County also operates a bus transit system with daily routes as well as providing transportation outside the county for medical care.

Duke Power Company continues to be the County's largest taxpayer with 1.03 of the total assessed valuation. While the County is extremely fortunate to have such excellent corporate citizens, efforts to broaden the tax base are continuing.

LONG TERM FINANCIAL PLANNING

Macon County has developed a process which charts growth in tax base, tax rates, growth in revenues and expenditures, and change in fund balance. Macon County continues to address capital needs of the community as revenues are available. Some projects are being accomplished with county funds and the major projects for schools are being financed. More detailed information is discussed later in this letter. Various projects have begun during 2010.

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 2010-2011 fiscal year marked the seventeenth 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 29,000 tons per year for the next six years.

The County's solid waste landfill is subject to the Environmental Protection Agency's (EPA's) regulations for municipal solid waste landfill closure and postclosure care. The total costs for closure and postclosure care of the current cell are estimated to be \$4,408,000. The County has already recognized a liability for closure and postclosure care in the amount of \$5,061,000, based upon the amount of cell capacity used to date. The old Franklin site has 11 years remaining and the prior Highlands site has 12 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 of \$5,700,000 has been established to pay for the future costs of closure and postclosure care for the current landfill. 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 Management Discussion and Analysis as well as in the notes of financial statements.

COUNTY PLANNING/ECONOMIC DEVELOPMENT ACTIVITIES - The Planning Board has been very proactive in Macon County to develop ordinances to preserve the integrity of the development of land in Macon County. The latest endeavor of the Planning Board is to enhance construction standards. Macon County also has a very active Economic Development Commission who is challenged to recruit industry to our county. A very attractive Business Resource Guide was developed and distributed to potential economic development investors in the county during 2011. Macon County has an industrial park that is currently operating at capacity.

AIRPORT ACTIVITIES – Macon County Airport Authority has completed a 500 foot runway extension to bring the runway to 5,000 feet in order to attract larger planes to the community. Currently, the Airport Authority along the Town of Franklin and Macon County leaders are jointly working to develop plans and a funding method to extend the public water system to the airport facility.

SCHOOL EXPANSION – 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.

During fiscal year 2011, Macon County issued \$12,700,000 in Qualified School Construction Bonds at a net interest rate of .48 to construct a K-4 school in the north end of the county. This school is now under construction and is expected to be complete by the beginning of the 2012 school year. Renovations at the Nantahala K-12 school were completed in 2011 with a Qualified Zone Academy Bond allocation of \$1,800,000. The net interest rate to the county on this project is 1.1%. 90% of the county's outstanding debt is for education.

EMERGENCY MEDICAL SERVICES – During 2011, a new ambulance garage was constructed and completed. The garage is located on the 441 Bypass, which allows ambulances to get in and out on the highway quicker and more safely than the old location downtown. Also completed during 2011 was the renovation of the old senior services building into an EMS base. This location is adjacent to the new ambulance garage just completed. Renovation of the E911 center, located in the Barrett Building downtown is underway in 2012.

FINANCIAL INFORMATION:

INTERNAL CONTROL: The County's administration 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 also is 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, 2011 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 as part of 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 next year's budgeted expenditures. Because of that policy, the county has maintained over the years 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.

Additionally Macon County has, since 2008, reduced the general fund operating budget to conform to the lower level of revenues projected as a result of the declining economy. By budgeting realistically to stay primarily within the current revenue stream, Macon County has not spent a tremendous amount of its fund balance. Some fund balance has been spent, but the 25% rule mentioned above has been maintained.

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.

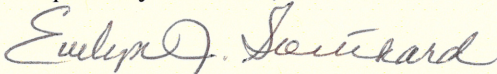
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Macon County for its comprehensive annual financial report for the fiscal year ended June 30, 2010. In order to be awarded a Certificate of 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 17 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.

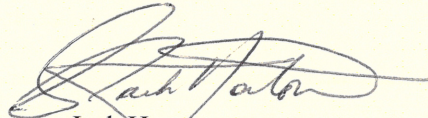
ACKNOWLEDGMENTS: The preparation of the comprehensive annual financial report was made possible by a combined effort of Martin Starnes & Associates, CPAs, P.A., the entire staff of the Macon County Finance Department and various departments which provided statistical data. Each has our sincere appreciation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

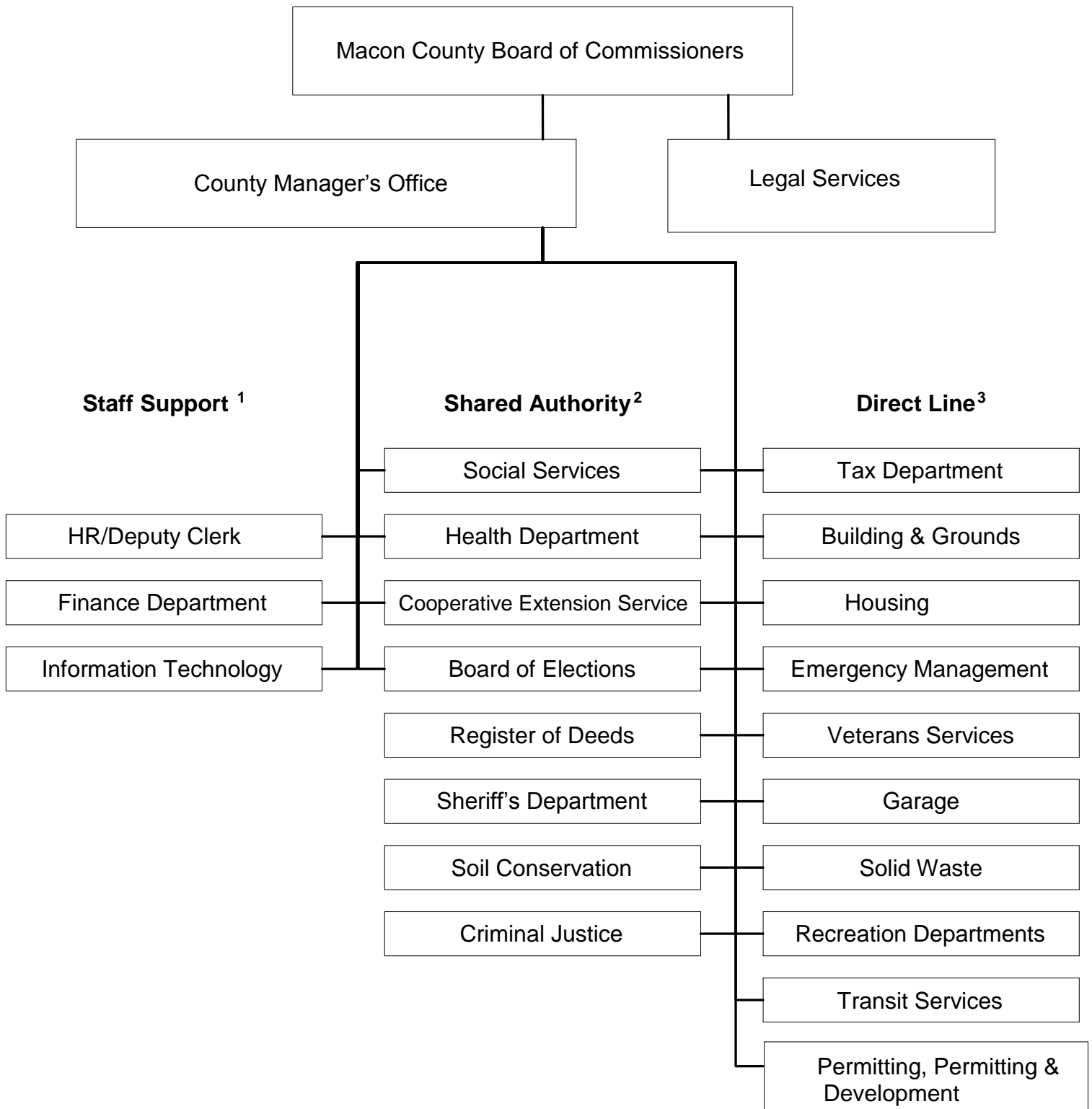


Evelyn J. Southard
Finance Director



Jack Horton
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, 2011

Board of Commissioners

Brian McClellan, Chairman
Bobby Koppers, Vice-Chairman
Ronnie Beale, Commissioner
Kevin Corbin, Commissioner
Ron Haven, Commissioner

Principal Officials

Jack Horton, County Manager
Evelyn J. Southard, Finance Director
Chester Jones, Interim County Attorney
Mike Decker, Deputy Clerk to the Board/Human Services Director
Richard Lightner, Tax Supervisor
Margaret D. Perry, Tax Collector
Jack Morgan, Permitting, Planning, and Development Director
Kim M. Bishop, 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 J. 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
Trevor Dalton, Economic Development Director
John Fay, Housing Director

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, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Macon County, North Carolina

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, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Macon County's management. Our responsibility is to express an opinion 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. The financial statements of the Macon County Airport Authority were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the 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, 2011, the respective changes in financial position and cash flows, where appropriate, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2011, on our consideration of Macon County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance and the Other Post-Employment Benefits' Schedules of Funding Progress and Employer Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide assurance.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of Macon County, North Carolina as a whole. 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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is 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 express no opinion on them.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
October 24, 2011

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 for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with additional information furnished in the County's financial statements, which follow this narrative.

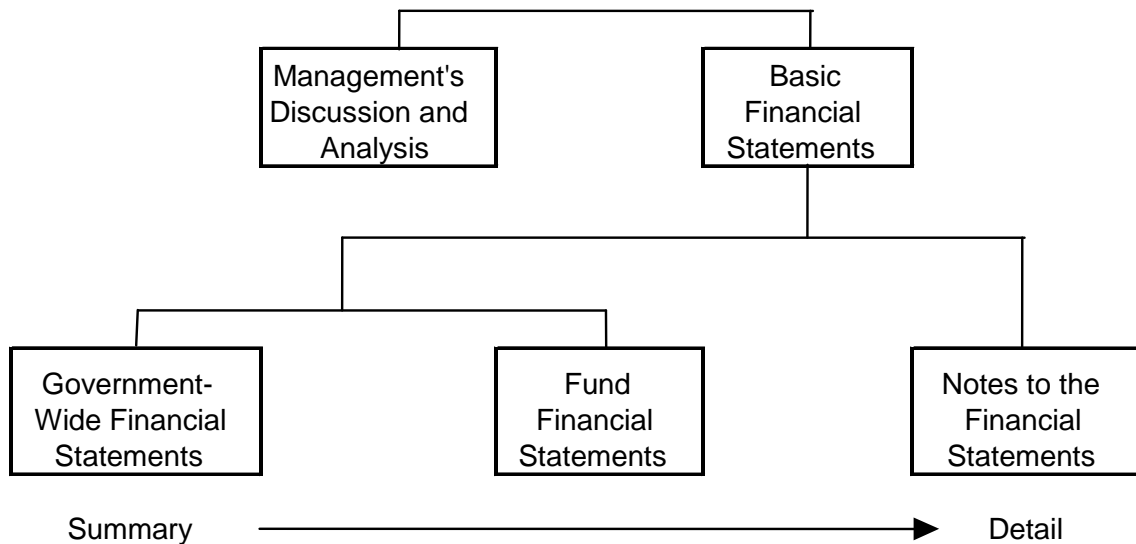
Financial Highlights

- The assets of Macon County's governmental activities exceeded its liabilities at the close of the fiscal year by \$12,848,016.
- The County's net assets of governmental activities decreased by \$4,393,999 primarily due to an increase in non-current liabilities.
- As of the close of the current fiscal year, Macon County's General Fund reported an ending fund balance of \$19,204,015, an increase of \$1,551,131 in comparison with the prior year. Approximately 14.0 percent of this total amount, or \$2,695,184, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$16,508,831, or 41.1 percent of total General Fund expenditures and transfers out for the fiscal year.
- Macon County's total debt increased by \$9,643,257 (25.8%) during the fiscal year. The key factors in this increase are the installment contracts issued for the following projects: \$12.9 million issued for the Iotla Valley Elementary School construction and \$1.3 million issued for the Little Tennessee River/Cartoogechaye Creek sewer project.
- The County holds the following bond ratings: Moody's - A2

Overview of the Financial Statements

This discussion and analysis are 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 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 and agency fund statements.

The final section of the basic financial statements is the Notes to the Financial Statements. The notes to the financial statements 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.

Immediately 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 assets and how they have changed. Net assets are the difference between the County's total assets and total liabilities. Measuring the net assets 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 governmental, public safety, transportation, public education, economic development, and general administration. Property taxes and federal and State grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. This includes the solid waste (landfill) operation offered by Macon County. The final category is the component unit. Macon County is financially accountable for the Macon County Airport Authority. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

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

Fund Financial Statements

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Macon County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of Macon County can be divided into three categories: governmental funds, proprietary funds, and agency/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 Assets 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. 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.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. 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 immediately follows the notes to the financial statements.

Government-Wide Financial Analysis

Macon County's Net Assets Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2010	2011	2010	2011	2010	2011
Current and other assets	\$ 35,375,628	\$ 44,229,066	\$ 7,295,947	\$ 8,068,254	\$ 42,671,575	\$ 52,297,320
Capital assets	25,106,031	24,156,626	3,081,161	2,536,224	28,187,192	26,692,850
Total assets	<u>60,481,659</u>	<u>68,385,692</u>	<u>10,377,108</u>	<u>10,604,478</u>	<u>70,858,767</u>	<u>78,990,170</u>
Long-term liabilities						
outstanding	36,322,293	47,338,503	5,771,248	5,643,286	42,093,541	\$ 52,981,789
Other liabilities	<u>6,917,351</u>	<u>8,199,173</u>	<u>583,499</u>	<u>617,389</u>	<u>7,500,850</u>	<u>8,816,562</u>
Total liabilities	<u>43,239,644</u>	<u>55,537,676</u>	<u>6,354,747</u>	<u>6,260,675</u>	<u>49,594,391</u>	<u>61,798,351</u>
Net assets:						
Invested in capital assets,						
net of related debt	20,884,555	20,496,868	1,981,161	1,836,224	22,865,716	22,333,092
Restricted	3,370,313	6,089,293	-	-	3,370,313	6,089,293
Unrestricted	<u>(7,012,853)</u>	<u>(13,738,145)</u>	<u>2,041,200</u>	<u>2,507,579</u>	<u>(4,971,653)</u>	<u>(11,230,566)</u>
Total net assets	<u>\$ 17,242,015</u>	<u>\$ 12,848,016</u>	<u>\$ 4,022,361</u>	<u>\$ 4,343,803</u>	<u>\$ 21,264,376</u>	<u>\$ 17,191,819</u>

As noted earlier, net assets, over time, may serve as one useful indicator of a government's financial condition. For Macon County, assets exceeded liabilities by \$17,191,819 at the close of the most recent fiscal year. The County's net assets decreased by \$4,072,557 for the fiscal year ended June 30, 2011.

By far, the largest portion of Macon County's net assets, \$22,333,092 reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt, used to acquire those assets that is still outstanding. Macon 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 related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to repay these liabilities.

At the end of the current fiscal year, Macon County is reporting a negative balance in unrestricted net assets in the amount of \$11,230,566 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.

	Governmental Activities		Business-Type Activities		Total	
	2010	2011	2010	2011	2010	2011
Revenues:						
Program revenues						
Charges for services	\$ 4,337,141	\$ 4,521,633	\$ 3,129,554	\$ 3,654,347	\$ 7,466,695	\$ 8,175,980
Operating grants and contributions	7,688,512	7,645,348	-	-	7,688,512	7,645,348
Capital grants and contributions	2,908,017	5,814,683	-	-	2,908,017	5,814,683
General revenues:						
Property taxes	26,960,198	28,883,855	-	-	26,960,198	28,883,855
Other taxes	7,036,801	6,695,601	-	-	7,036,801	6,695,601
Other	445,932	446,598	30,363	18,830	476,295	465,428
Total revenues	<u>49,376,601</u>	<u>54,007,718</u>	<u>3,159,917</u>	<u>3,673,177</u>	<u>52,536,518</u>	<u>57,680,895</u>
Expenses:						
General government	11,226,884	10,770,642	-	-	11,226,884	10,770,642
Public safety	11,655,558	12,147,316	-	-	11,655,558	12,147,316
Transportation	577,894	638,415	-	-	577,894	638,415
Economic and physical development	4,041,113	8,671,741	-	-	4,041,113	8,671,741
Human Services	7,878,952	7,734,446	-	-	7,878,952	7,734,446
Cultural and recreational	2,437,318	2,430,596	-	-	2,437,318	2,430,596
Education	18,483,547	14,553,807	-	-	18,483,547	14,553,807
Interest on long-term debt	1,545,951	1,887,654	-	-	1,545,951	1,887,654
Solid waste	-	-	2,889,088	3,351,735	2,889,088	3,351,735
Total expenses	<u>57,847,217</u>	<u>58,834,617</u>	<u>2,889,088</u>	<u>3,351,735</u>	<u>60,736,305</u>	<u>62,186,352</u>
Increase (decrease) in net assets						
before special items	(8,470,616)	(4,826,899)	270,829	321,442	(8,199,787)	(4,505,457)
Special item - gain on sale of property	-	432,900	-	-	-	432,900
Increase (decrease) in net assets	(8,470,616)	(4,393,999)	270,829	321,442	(8,199,787)	(4,072,557)
Net Assets:						
Beginning of year - July 1	<u>25,712,631</u>	<u>17,242,015</u>	<u>3,751,532</u>	<u>4,022,361</u>	<u>29,464,163</u>	<u>21,264,376</u>
End of year - June 30	<u>\$ 17,242,015</u>	<u>\$ 12,848,016</u>	<u>\$ 4,022,361</u>	<u>\$ 4,343,803</u>	<u>\$ 21,264,376</u>	<u>\$ 17,191,819</u>

Governmental Activities. Of total net assets, governmental activities accounted for \$12,848,016 (74.7 percent). Property taxes provided 53.5 percent of funding at \$28,883,855. Charges for services funded \$4,521,633, local option sales tax funded \$6,695,601, and operating grants funded \$7,645,348 of Macon County's governmental activities.

Business-Type Activities. Business-type activities increased Macon County's net assets by \$321,442. That increase is attributable primarily to an increase in the fee structure for tipping fees and availability fees.

Financial Analysis of the County's Funds

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

Governmental Funds. The focus of Macon 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.

As of the end of the current fiscal year, Macon County's governmental funds reported combined ending fund balances of \$33,997,326, an increase of \$8,444,106 in comparison with the prior year. The increase is primarily due to the issuances of debt for the Iolta Valley Elementary School construction and the Little Tennessee River/Cartoogechaye Creek sewer project and having unspent proceeds of that debt.

The General Fund is the chief operating fund of Macon County. At the end of the current fiscal year, fund balance available in the General Fund was \$16,785,216, while total fund balance reached \$19,204,015. The County currently has an available fund balance of 41.78% of General Fund expenditures and transfers out, while total fund balance represents 47.81% of that same amount. The Airport Capital Improvements Fund's fund balance at June 30, 2011 was \$175,129, a decrease from prior year, due to spending down grant dollars. The Consolidated Capital Project Fund's fund balance at year end was \$10,639,290, an increase over the prior year due to the issuance of new school debt. The Debt Service Fund's fund balance has grown, an increase of \$631,147, due to a QZAB funding and a QSCB funding with federal government subsidy payments being held in the Debt Service Fund.

General Fund Budgetary Highlights

During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available, 2) amendments made to recognize new funding amounts from external sources, such as federal and State grants, and 3) increases in appropriations that become

necessary to maintain services. Total amendments to the General Fund increased the revenue budget by \$791,363. The majority of this increase was attributable to additional restricted intergovernmental revenues after the beginning of the year. The difference between the Final Budgeted amount and the actual expenditures was \$3,561,456. This difference is primarily due to a continued slowdown in the economy, declining revenues, the decision not to fill certain positions, and incomplete contracts to be continued in 2012.

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 assets of Solid Waste at the end of the year totaled \$2,507,579. The increase from the prior year is primarily attributable to an increase rate in fee structure.

Capital Asset and Debt Administration

Capital Assets. Macon County's investment in capital assets for its governmental and business type activities as of June 30, 2011 amounts to \$26,692,850, (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment. There was a decrease of 5.7 percent in Macon County's investment in capital assets for the current fiscal year after accumulated depreciation (a 4 percent decrease for governmental activities and an 18 percent decrease for business-type activities).

	Governmental Activities		Business-Type Activities		Total	
	2010	2011	2010	2011	2010	2011
Land	\$ 9,117,881	\$ 9,104,281	\$ 460,837	\$ 460,837	\$ 9,578,718	\$ 9,565,118
Buildings and improvements	25,469,842	25,499,397	9,161,699	9,395,567	34,631,541	34,894,964
Furniture and equipment	2,766,599	2,624,463	2,092,463	2,116,215	4,859,062	4,740,678
Vehicles	4,704,018	4,851,302	692,115	692,115	5,396,133	5,543,417
Construction in progress	118,739	375,697	-	-	118,739	375,697
Subtotal	42,177,079	42,455,140	12,407,114	12,664,734	54,584,193	55,119,874
Less accumulated depreciation	(16,952,309)	(18,298,514)	(9,325,953)	(10,128,510)	(26,278,262)	(28,427,024)
Total	\$ 25,224,770	\$ 24,156,626	\$ 3,081,161	\$ 2,536,224	\$ 28,305,931	\$ 26,692,850

Additional information on Macon County's capital assets can be found in the notes to the financial statements beginning on page 39.

Long-Term Debt. At the end of the current fiscal year, Macon County had no bonded debt outstanding.

The Municipal Finance Law of North Carolina limits the amount of net bonded debt a County may have outstanding to 8 percent of the appraised value subject to taxation. The current debt limitation for Macon County is \$695,590,236, which is significantly greater than Macon County's outstanding general obligation debt.

More detailed information on Macon County's long-term debt can be found in the notes to the financial statements beginning on page 51.

Economic Factors and Next Year's Budget and Rates

- The unemployment rate for Macon County is currently 10.3 percent, which is a slight increase from a rate of 10.2 percent a year ago. Macon County's rate is slightly lower than the State's average unemployment rate of 10.4 percent.
- Inflationary trends in the region compare favorably to national indices.
- Estimated population of 35,869 has grown 16 percent from 2001 to 2011.

All of these factors were considered in preparing Macon County's budget for the 2011-2012 fiscal year.

Budget Highlights for the Fiscal Year Ending June 30, 2012

Governmental Activities. Less than one percent growth in the tax base is anticipated over last year, to a total \$9.4 billion in property valuation. The tax rate increased by 1.5 cents in 2010-2011 to cover a new debt service payment for schools. The collection rate dropped from 97.19% in 2010 to 97.09% in 2011. The 2007 revaluation process increased the tax base by about 55%, but there has been very slow growth since that time. The 2013 revaluation has been delayed until 2015. The reason for the delay is the fact that sufficient sales comps are not available because of slow down in real estate transactions in Macon County. This decision puts Macon County back on an eight-year revaluation schedule. Macon County had been very fortunate to have steady and continuous growth in its property valuation until the current recession.

Budgeted expenditures in the General Fund for 2012 is \$42,504,626, which includes new debt service for schools. The 2012 budget has practically no capital, no new programs, and flat operating budgets.

Business-Type Activities. The budgeted expenditure for the Solid Waste Fund is \$3,492,138, which represents a 5% percent increase over last year. The increase is due to new projects being accomplished in 2012.

Requests for information

This financial report is designed to provide a general overview of Macon 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 ASSETS **JUNE 30, 2011**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Macon County Airport Authority
Assets:				
Cash and cash equivalents	\$ 27,328,068	\$ 7,620,991	\$ 34,949,059	\$ 44,702
Taxes receivable, net	1,112,545	-	1,112,545	-
Interest receivable	16,643	717	17,360	-
Accounts receivable, net	3,808,089	442,394	4,250,483	-
Due from other governments	2,066,202	4,152	2,070,354	-
Inventories	67,748	-	67,748	-
Prepaid items	76,290	-	76,290	-
Restricted cash and cash equivalents	9,753,481	-	9,753,481	-
Construction in progress	375,697	-	375,697	-
Non-depreciable capital assets	9,104,281	460,837	9,565,118	8,130,957
Depreciable capital assets, net	14,676,648	2,075,387	16,752,035	1,288,732
Total assets	<u>68,385,692</u>	<u>10,604,478</u>	<u>78,990,170</u>	<u>9,464,391</u>
Liabilities:				
Accounts payable and accrued liabilities	3,489,658	212,857	3,702,515	1,581
Unearned revenue	94,020	-	94,020	-
Non-current liabilities:				
Due in less than one year	4,615,495	404,532	5,020,027	-
Due in more than one year	47,338,503	5,643,286	52,981,789	-
Total liabilities	<u>55,537,676</u>	<u>6,260,675</u>	<u>61,798,351</u>	<u>1,581</u>
Net Assets:				
Invested in capital assets, net of related debt	20,496,868	1,836,224	22,333,092	9,419,689
Restricted for:				
Stabilization by State statute	5,219,002	-	5,219,002	-
All other	870,291	-	870,291	-
Unrestricted	<u>(13,738,145)</u>	<u>2,507,579</u>	<u>(11,230,566)</u>	<u>43,121</u>
Total net assets	<u>\$ 12,848,016</u>	<u>\$ 4,343,803</u>	<u>\$ 17,191,819</u>	<u>\$ 9,462,810</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, 2011

Functions/Programs:	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 10,770,642	\$ 1,045,549	\$ 935,184	\$ -
Public safety	12,147,316	2,143,743	664,012	-
Transportation	638,415	-	255,904	-
Economic and physical development	8,671,741	526,092	313,492	5,814,683
Human services	7,734,446	806,249	5,238,870	-
Cultural and recreational	2,430,596	-	-	-
Education	14,553,807	-	237,886	-
Interest on long-term debt	1,887,654	-	-	-
Total governmental activities	<u>58,834,617</u>	<u>4,521,633</u>	<u>7,645,348</u>	<u>5,814,683</u>
Business-Type Activities:				
Solid waste	<u>3,351,735</u>	<u>3,654,347</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 62,186,352</u>	<u>\$ 8,175,980</u>	<u>\$ 7,645,348</u>	<u>\$ 5,814,683</u>
Component Unit:				
Airport Authority	<u>\$ 133,449</u>	<u>\$ 6,890</u>	<u>\$ 39,600</u>	<u>\$ 3,537,925</u>

General Revenues:

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

Special item - gain on sale of property

Total general revenues and special items

Change In Net Assets

Net Assets:

Beginning of year - July 1

End of year - June 30

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

Exhibit B

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Macon County Airport Authority
\$ (8,789,909)	\$ -	\$ (8,789,909)	\$ -
(9,339,561)	-	(9,339,561)	-
(382,511)	-	(382,511)	-
(2,017,474)	-	(2,017,474)	-
(1,689,327)	-	(1,689,327)	-
(2,430,596)	-	(2,430,596)	-
(14,315,921)	-	(14,315,921)	-
(1,887,654)	-	(1,887,654)	-
(40,852,953)	-	(40,852,953)	-
-	302,612	302,612	-
(40,852,953)	302,612	(40,550,341)	-
			3,450,966
28,883,855	-	28,883,855	-
6,695,601	-	6,695,601	-
331,692	-	331,692	-
16,976	-	16,976	-
97,930	18,830	116,760	-
36,026,054	18,830	36,044,884	-
432,900	-	432,900	-
36,458,954	18,830	36,477,784	-
(4,393,999)	321,442	(4,072,557)	3,450,966
17,242,015	4,022,361	21,264,376	6,011,844
\$ 12,848,016	\$ 4,343,803	\$ 17,191,819	\$ 9,462,810

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

MACON COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2011

	General Fund	Airport Improvements Fund	Consolidated Capital Project	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets:						
Cash and cash equivalents	\$ 18,158,854	\$ 198	\$ 839,457	\$ 567,085	\$ 2,881,377	\$ 22,446,971
Taxes receivable, net	978,553	-	-	-	133,992	1,112,545
Interest receivable	16,643	-	-	-	-	16,643
Accounts receivable, net	1,096,195	856,804	863,766	447,641	543,683	3,808,089
Due from other funds	368,428	-	-	-	-	368,428
Due from other governments	1,833,855	-	-	-	232,347	2,066,202
Inventories	67,748	-	-	-	-	67,748
Prepaid items	76,290	-	-	-	-	76,290
Cash and cash equivalents, restricted	32,994	-	9,720,487	-	-	9,753,481
Total assets	<u>\$ 22,629,560</u>	<u>\$ 857,002</u>	<u>\$ 11,423,710</u>	<u>\$ 1,014,726</u>	<u>\$ 3,791,399</u>	<u>\$ 39,716,397</u>
Liabilities and Fund Balances:						
Liabilities:						
Accounts payable and accrued liabilities	\$ 1,312,612	\$ 681,873	\$ 784,420	\$ -	\$ 324,813	\$ 3,103,718
Due to other funds	-	-	-	-	368,428	368,428
Deferred revenues	2,112,933	-	-	-	133,992	2,246,925
Total liabilities	<u>3,425,545</u>	<u>681,873</u>	<u>784,420</u>	<u>-</u>	<u>827,233</u>	<u>5,719,071</u>
Fund Balances:						
Non-spendable, not in spendable form:						
Inventories	67,748	-	-	-	-	67,748
Prepays	76,290	-	-	-	-	76,290
Restricted						
Stabilization by State statute	2,274,761	856,804	863,766	447,641	776,030	5,219,002
Restricted, all others	276,385	-	9,720,487	-	624,316	10,621,188
Committed	-	-	55,037	-	2,061,553	2,116,590
Assigned	-	-	-	567,085	-	567,085
Unassigned	16,508,831	(681,675)	-	-	(497,733)	15,329,423
Total fund balances	<u>19,204,015</u>	<u>175,129</u>	<u>10,639,290</u>	<u>1,014,726</u>	<u>2,964,166</u>	<u>33,997,326</u>
Total liabilities and fund balances	<u>\$ 22,629,560</u>	<u>\$ 857,002</u>	<u>\$ 11,423,710</u>	<u>\$ 1,014,726</u>	<u>\$ 3,791,399</u>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.						24,156,626
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 Assets.						4,495,157
Long-term liabilities and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.						(51,953,998)
Deferred revenues in the governmental funds are used to offset accounts receivable not expected to be available within 90 days of year-end. These receivables are a component of net assets in the Statement of Net Assets.						2,152,905
Net assets of governmental activities						<u>\$ 12,848,016</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, 2011

	General Fund	Airport Improvements Fund	Consolidated Capital Project	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Ad valorem taxes	\$ 25,914,401	\$ -	\$ -	\$ -	\$ 2,688,227	\$ 28,602,628
Local option sales taxes	5,367,796	-	-	-	1,327,805	6,695,601
Unrestricted intergovernmental revenues	348,668	-	-	-	-	348,668
Restricted intergovernmental revenues	6,028,993	3,152,608	50,000	866,992	3,361,438	13,460,031
Permits and fees	1,222,418	-	-	-	-	1,222,418
Sales and services	2,219,945	-	-	-	-	2,219,945
Interest earned on investments	73,928	-	13,783	82	3,186	90,979
Miscellaneous	546,399	-	-	-	69,376	615,775
Total revenues	<u>41,722,548</u>	<u>3,152,608</u>	<u>63,783</u>	<u>867,074</u>	<u>7,450,032</u>	<u>53,256,045</u>
Expenditures:						
Current:						
General government	6,082,344	-	-	-	219,258	6,301,602
Public safety	9,793,247	-	-	-	2,829,595	12,622,842
Transportation	635,137	-	-	-	-	635,137
Economic and physical development	782,154	3,537,927	-	-	4,386,272	8,706,353
Human services	8,054,680	-	-	-	-	8,054,680
Education	7,878,559	-	6,675,248	-	-	14,553,807
Cultural and recreational	2,068,256	-	-	-	24,865	2,093,121
Debt service:						
Principal repayments	-	-	-	4,161,363	-	4,161,363
Interest	-	-	-	1,887,655	-	1,887,655
Total expenditures	<u>35,294,377</u>	<u>3,537,927</u>	<u>6,675,248</u>	<u>6,049,018</u>	<u>7,459,990</u>	<u>59,016,560</u>
Revenues over (under) expenditures	<u>6,428,171</u>	<u>(385,319)</u>	<u>(6,611,465)</u>	<u>(5,181,944)</u>	<u>(9,958)</u>	<u>(5,760,515)</u>
Other Financing Sources (Uses):						
Issuance of long-term debt	-	-	12,889,667	-	1,314,954	14,204,621
Transfers in	-	313,000	380,135	5,813,091	401,909	6,908,135
Transfers out	(4,877,040)	-	-	-	(2,031,095)	(6,908,135)
Total other financing sources (uses)	<u>(4,877,040)</u>	<u>313,000</u>	<u>13,269,802</u>	<u>5,813,091</u>	<u>(314,232)</u>	<u>14,204,621</u>
Net change in fund balances	1,551,131	(72,319)	6,658,337	631,147	(324,190)	8,444,106
Fund Balances:						
Beginning of year - July 1	<u>17,652,884</u>	<u>247,448</u>	<u>3,980,953</u>	<u>383,579</u>	<u>3,288,356</u>	<u>25,553,220</u>
End of year - June 30	<u>\$ 19,204,015</u>	<u>\$ 175,129</u>	<u>\$ 10,639,290</u>	<u>\$ 1,014,726</u>	<u>\$ 2,964,166</u>	<u>\$ 33,997,326</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, 2011

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	\$ 8,444,106
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.	281,227
Exhibit D reports revenues using a current financial resources basis, which generally means revenue is recognized when collected, or is expected to be collected, within 90 days of year-end. Exhibit B reports revenues when the earning process is complete, regardless of when it is collected. This measurement difference causes timing of revenue recognition differences for the following revenues types:	
Ambulance revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds statement.	579,337
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.	104,450
Expenses related to compensated absences and Law Enforcement Officers' Separation Allowance that do not require current financial resources are not reported as expenditures in the governmental funds statement.	(1,722,775)
Capital assets disposed of during the year are not recognized on the modified accrual basis.	(29,288)
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.	629,652
The issuance of long-term debt provides current financial resources to governmental funds. However, in the Statement of Activities, these transactions are not revenue, rather they are an increase in liabilities.	(14,204,621)
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(1,668,508)
Principal repayments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities.	4,161,364
The net revenue (expense) of the internal service funds are reported with governmental activities.	<u>(968,943)</u>
Change in net assets of governmental activities (Exhibit B)	<u>\$ (4,393,999)</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, 2011

	Budgeted Amounts			Variance from
	Original	Final	Actual	Final Budget Over/Under
Revenues:				
Ad valorem taxes	\$ 25,507,700	\$ 25,507,700	\$ 25,914,401	\$ 406,701
Local option sales taxes	5,600,000	5,600,000	5,367,796	(232,204)
Unrestricted intergovernmental revenues	365,000	365,000	348,668	(16,332)
Restricted intergovernmental revenues	6,133,611	6,635,218	6,028,993	(606,225)
Permits and fees	1,167,200	1,282,032	1,222,418	(59,614)
Sales and services	2,291,389	2,394,758	2,219,945	(174,813)
Investment earnings	-	-	73,928	73,928
Miscellaneous	443,437	514,992	546,399	31,407
Total revenues	<u>41,508,337</u>	<u>42,299,700</u>	<u>41,722,548</u>	<u>(577,152)</u>
Expenditures:				
Current:				
General government	6,658,889	7,118,855	6,082,344	1,036,511
Public safety	9,909,538	10,420,050	9,793,247	626,803
Transportation	660,922	718,391	635,137	83,254
Economic and physical development	740,142	874,334	782,154	92,180
Human services	9,373,173	9,740,969	8,054,680	1,686,289
Cultural and recreational	1,990,341	2,088,668	2,068,256	20,412
Intergovernmental:				
Education	7,819,476	7,894,566	7,878,559	16,007
Total expenditures	<u>37,152,481</u>	<u>38,855,833</u>	<u>35,294,377</u>	<u>3,561,456</u>
Revenues over (under) expenditures	<u>4,355,856</u>	<u>3,443,867</u>	<u>6,428,171</u>	<u>2,984,304</u>
Other Financing Sources (Uses):				
Transfers in	200,000	200,000	-	(200,000)
Transfers out	(4,869,040)	(4,877,040)	(4,877,040)	-
Appropriated fund balance	313,184	1,233,173	-	(1,233,173)
Total other financing sources (uses)	<u>(4,355,856)</u>	<u>(3,443,867)</u>	<u>(4,877,040)</u>	<u>(1,433,173)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,551,131	<u>\$ 1,551,131</u>
Fund Balance:				
Beginning of year - July 1			<u>17,652,884</u>	
End of year - June 30			<u>\$ 19,204,015</u>	

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

MACON COUNTY, NORTH CAROLINA

STATEMENT OF NET ASSETS PROPRIETARY FUNDS JUNE 30, 2011

	Business-Type Activities	Governmental Activities
	Solid Waste	Internal Service Funds
Assets:		
Current assets:		
Cash and cash equivalents	\$ 7,620,991	\$ 4,881,097
Interest receivable	717	-
Accounts receivable, net	442,394	-
Due from other government agencies	4,152	-
Total current assets	8,068,254	4,881,097
Non-current assets:		
Non-depreciable capital assets	460,837	-
Depreciable capital assets, net	2,075,387	-
Total non-current assets	2,536,224	-
Total assets	10,604,478	4,881,097
Liabilities:		
Current liabilities:		
Accounts payable and accrued liabilities	212,857	385,940
Current portion of long term liabilities	400,000	-
Compensated absences payable - current	4,532	-
Total current liabilities	617,389	385,940
Non-current liabilities:		
Accrued landfill closure and post-closure care cost	5,061,000	-
Compensated absences payable	40,787	-
Long term liabilities - non-current	541,499	-
Total non-current liabilities	5,643,286	-
Total liabilities	6,260,675	385,940
Net Assets:		
Invested in capital assets, net of related debt	1,836,224	-
Unrestricted	2,507,579	4,495,157
Total net assets	\$ 4,343,803	\$ 4,495,157

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

MACON COUNTY, NORTH CAROLINA

Exhibit H

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	Business-Type Activities	Governmental Activities
	Solid Waste	Internal Service Funds
Operating Revenues:		
Landfill fees	\$ 1,867,332	\$ -
Solid waste disposal fees	45,393	-
Charges for services	-	3,265,204
Tipping fees	1,240,040	-
Scrap tire revenues	40,815	-
Other	460,767	-
Total operating revenues	<u>3,654,347</u>	<u>3,265,204</u>
Operating Expenses:		
Salaries	913,784	-
Employee benefits	358,980	-
Benefit payments	-	3,848,287
Insurance premiums	-	392,811
Operating expenses	1,024,035	-
Landfill closure and post-closure care cost	218,653	-
Depreciation	802,557	-
Total operating expenses	<u>3,318,009</u>	<u>4,241,098</u>
Operating income (loss)	<u>336,338</u>	<u>(975,894)</u>
Non-Operating Revenues (Expenses):		
Interest earned on investments	18,830	6,951
Interest and fees	(33,726)	-
Total non-operating revenues (expenses)	<u>(14,896)</u>	<u>6,951</u>
Change in net assets	321,442	(968,943)
Net Assets:		
Beginning of year- July 1	<u>4,022,361</u>	<u>5,464,100</u>
End of year- June 30	<u>\$ 4,343,803</u>	<u>\$ 4,495,157</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, 2011

	Business-Type Activities	Governmental Activities
	Solid Waste	Internal Service Funds
Cash Flows from Operating Activities:		
Cash received from customers	\$ 2,831,904	\$ 3,265,204
Cash paid for goods and services	(1,028,884)	(4,154,656)
Cash paid to employees for services	(1,180,640)	-
Other operating revenues	581,648	-
Net cash provided (used) by operating activities	<u>1,204,028</u>	<u>(889,452)</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(257,620)	-
Principal paid on long-term debt	(400,000)	-
Interest paid on long-term debt	(33,726)	-
Net cash provided (used) for capital and related financing activities	<u>(691,346)</u>	<u>-</u>
Cash Flows from Investing Activities:		
Interest on investments	<u>18,830</u>	<u>6,951</u>
Net increase (decrease) in cash and cash equivalents	531,512	(882,501)
Cash and Cash Equivalents:		
Beginning of year - July 1	7,089,479	5,763,598
End of year - June 30	<u>\$ 7,620,991</u>	<u>\$ 4,881,097</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ 336,338	\$ (975,894)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	802,557	-
Change in estimate of closure and post-closure care cost	186,000	-
Other post-employment benefits	84,897	-
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(240,795)	-
Increase (decrease) in accounts payable and accrued liabilities	33,763	86,442
Increase (decrease) in accrued vacation pay	<u>1,268</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>\$ 1,204,028</u>	<u>\$ (889,452)</u>

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

MACON COUNTY, NORTH CAROLINA

STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUND

JUNE 30, 2011

	Agency Funds
Assets:	
Cash and cash equivalents	\$ 96,320
Accounts receivable	16,677
Total assets	<u>\$ 112,997</u>
Liabilities:	
Miscellaneous liabilities	\$ 95,329
Intergovernmental payable	17,668
Total liabilities	<u>\$ 112,997</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, 2011

1. Summary of Significant Accounting Policies

The accounting policies of Macon County and its discretely presented component units conform to accounting principles generally accepted in the United States of America as they are 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, 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, 2011

B. Basis of Presentation

Government-Wide Statements. The Statement of Net Assets and the Statement of Activities report information on all of the non-fiduciary activities of the primary government and its component units. The effect of interfund activity has been removed from these statements in all material areas. The interfund services provided and used are not eliminated in the process of the consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. The fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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

The County reports the following major governmental funds:

General Fund. 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.

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.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

Capital Project Funds. Capital project funds are used to account for financial resources to be used for acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds). The County maintains two major capital project funds within the governmental fund types:

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

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

The County has the following fund categories:

Governmental Funds. Governmental funds account for the County's general governmental activities. Governmental funds include the following fund types:

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.

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 Clean Water Management Trust 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 six nonmajor capital project funds within the governmental fund types: the County Buildings Project Fund, the SCC Campus/Library Project Fund, the Riverbend Estates Waterline Project, the Little Tennessee River/Cartoogechaye Creek Sewer Trunk Project Fund, the Schools Capital Fund, and the Capital Reserve Fund. The County has two major capital project funds. The Consolidated Capital Project Fund is used to account for various school projects that are being constructed or renovated. The fund consists of loan funds and local County dollars for each project. The fund is structured so that revenues and expenditures by project may be easily identified. The Airports Improvements Fund is used to account for the construction costs of various airport improvements.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

Proprietary Funds include the following fund types:

Enterprise Funds. Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Macon County has one Enterprise Fund: the Solid Waste Fund. 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.

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.

Fiduciary Funds – account for the assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Fiduciary funds include the following funds:

Agency Funds. Agency funds are custodial in nature (assets equal liabilities) 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 Fund, which accounts 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 within the County; the Deed of Trust Fund which accounts for five dollars of each fee collected by the Register of Deeds for registering or filing a deed of trust, 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; the Hurricane Ivan Relief Fund, which accounts for monies held for hurricane relief and recovery; and the 3% Interest Payable to State, which accounts for interest on delinquent motor vehicle taxes required to be remitted to the State of North Carolina Department of Motor Vehicles.

C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the County are maintained during the year using the modified accrual basis of accounting.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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 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 enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Long-term debt issued and acquisitions under capital leases are reported as other financing sources. General capital asset acquisitions are reported as expenditures in governmental funds.

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 are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, 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, Macon County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For registered motor vehicles, property taxes are due the first day of the fourth month after the vehicles are registered.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2010 through February 2011 apply to the fiscal year ended June 30, 2011. Uncollected taxes which were billed during this period are shown as a receivable on these financial statements.

Sales taxes collected and held by the State at year-end on behalf of the County are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because, generally, they are not measurable until received in cash. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

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

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

D. Budgetary Data

The County's budgets are adopted as required by North Carolina General Statutes. An annual budget ordinance is adopted for the General Fund, the Debt Service Fund, the Emergency Telephone System Fund, Capital Reserve Fund, Fire Districts Fund, 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 and Clean Water Management Trust (Special Revenue) Funds, the Consolidated Capital Projects Fund, the Airport Improvements Fund, the Little Tennessee River/Cartoogechaye Creek Sewer Trunk Project Fund, the County Buildings Project Fund, the SCC Campus/Library Project Fund, and the Riverbend Estates Waterline Project Fund. All budgets are prepared using the modified accrual basis of accounting.

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

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

E. Assets, Liabilities, 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 and non-participating interest earnings and investment contracts 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 \$32,994, represents \$2,584 reserved for the Public School Building Capital Fund and other general government reserves, and \$30,410 reserved for unspent debt proceeds on an equipment loan. The restricted assets in the Consolidated Capital Project Fund of \$9,720,487 represent the balance of proceeds available under installment purchase contracts to finance construction and renovations to schools.

Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2010.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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 expenditure when consumed.

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

Capital Assets

Capital assets are recorded at original cost. Donated assets are listed at the market 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 County holds title to certain Macon County Board of Education properties which 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, once 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 in the enterprise funds of the County are recorded at original cost at the time of acquisition. Capital assets donated to the Enterprise Fund operations are recorded at the estimated fair market value at the date of donation.

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, 2011

Long-Term Obligations

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Assets.

In the fund financial statements for governmental fund types, the face amount of debt issued is reported as other financing sources. Bond premiums and discounts, as well as bond issuance costs, are recognized during the current period. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Assets/Fund Balances

Net Assets

Net assets in the government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, laws or regulations of other governments, or imposed by law through State statute.

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 in tact

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

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

Restricted Fund Balance

This classification includes amounts that are restricted to specific purposes externally imposed by creditors 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 General Government – portion of fund balance restricted by revenue source to be used to support general government activities.

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.

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.

Restricted for Economic and Physical Development – portion of fund balance restricted by revenue source for economic development incentives and projects.

Restricted fund balance at June 30, 2011 is as follows:

Purpose	General Fund	Consolidated Capital Project	Other Governmental Funds
Restricted, all other:			
General government	\$ 30,410	\$ -	\$ -
Public safety	101,604	-	591,722
Economic and physical development	-	-	32,594
Education	144,371	9,720,487	-
Total	<u>\$ 276,385</u>	<u>\$ 9,720,487</u>	<u>\$ 624,316</u>

Committed Fund Balance

This classification represents the portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Macon County's governing body (highest level of decision making authority, the Board of Commissioners). Any changes or removal of specific purpose restrictions require majority action by the governing body.

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

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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

Committed for Cultural and Recreational – represents the portion of fund balance committed by the governing body for future recreational projects.

Committed fund balance at June 30, 2011 is as follows:

Purpose	Consolidated Capital Project	Other Governmental Funds
Committed:		
General Government	\$ -	\$ 1,823,517
Cultural and recreation	-	238,036
Education	55,037	-
Total	<u>\$ 55,037</u>	<u>\$ 2,061,553</u>

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 board to be used to service outstanding debt.

Assigned fund balance at June 30, 2011 is as follows:

Purpose	Debt Service Fund
Assigned:	
Debt service	<u>\$ 567,085</u>

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 within the General Fund.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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 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 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	\$ 19,204,015
Less:	
Inventories	67,748
Prepays	76,290
Stabilization by State Statute	<u>2,274,761</u>
Total available fund balance	<u><u>\$ 16,785,216</u></u>

F. 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.

Compensated Absences

The vacation policy of the County provides for the accumulation of up to thirty (30) days earned vacation leave, with such leave being fully vested when earned. All vacation pay is accrued when earned in the government-wide and proprietary fund 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.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

G. 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 allowance for doubtful accounts, depreciation lives, and landfill closure and post-closure care costs.

2. Detail Notes On All Funds

A. Assets

Deposits

All of the County's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's agent in the County's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County these deposits are considered to be held by the County's agent in the entity's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County, under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

The County has no formal policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2011, the County's deposits had a carrying amount of \$18,092,946 and a bank balance of \$19,312,962. Of the bank balance, \$856,667 was covered by federal depository insurance and \$18,456,295 by collateral held under the Pooling Method. Cash on hand was \$2,300.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

Investments

At June 30, 2011, 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	\$ 5,718,898	\$ 5,718,898	\$ -
North Carolina Capital Management Trust-Cash Portfolio	20,984,716	N/A	N/A
Total	<u>\$ 26,703,614</u>	<u>\$ 5,718,898</u>	<u>\$ -</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, 2011, the County's investments in commercial paper were rated A1 by Standard & Poor's, F1 by Fitch Ratings, and P1 by Moody's Investors Service. The County's investments in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2011.

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

Commercial Paper:

BB&T	<u>21.42%</u>
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MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

Property Tax – Use-Value Assessment on Certain Lands

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

Fiscal Year Levied	Tax	Interest	Total
2007	\$ 1,067,293	\$ 60,035	\$ 1,127,328
2008	1,247,005	72,040	1,319,045
2009	1,280,724	73,987	1,354,711
2010	1,408,592	-	1,408,592
Total	<u>\$ 5,003,614</u>	<u>\$ 206,062</u>	<u>\$ 5,209,676</u>

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

Receivables

Receivables at Exhibit A at June 30, 2011, were as follows:

	<u>Accounts</u>	<u>Taxes</u>	<u>Interest</u>	<u>Due from Other Governments</u>	<u>Total</u>
Governmental Activities:					
General	\$ 1,096,195	\$ 1,751,002	\$ 16,643	\$ 1,833,855	\$ 4,697,695
Other governmental	<u>2,711,894</u>	<u>237,408</u>	<u>-</u>	<u>232,347</u>	<u>3,181,649</u>
Total receivables	3,808,089	1,988,410	16,643	2,066,202	7,879,344
Allowance for doubtful accounts	<u>-</u>	<u>(875,865)</u>	<u>-</u>	<u>-</u>	<u>(875,865)</u>
Total governmental activities	<u>\$ 3,808,089</u>	<u>\$ 1,112,545</u>	<u>\$ 16,643</u>	<u>\$ 2,066,202</u>	<u>\$ 7,003,479</u>
Business-Type Activities:					
Solid Waste	\$ 589,352	\$ -	\$ 717	\$ 4,152	\$ 594,221
Allowance for doubtful accounts	<u>(146,958)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(146,958)</u>
Total business-type activities	<u>\$ 442,394</u>	<u>\$ -</u>	<u>\$ 717</u>	<u>\$ 4,152</u>	<u>\$ 447,263</u>

Due from other governments consisted of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Local option sales and use tax	\$ 360,793	\$ -
Grantes receivable/sales tax refund/other	<u>1,705,409</u>	<u>4,152</u>
Total	<u>\$ 2,066,202</u>	<u>\$ 4,152</u>

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

Governmental Capital Assets

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

	<u>July 1, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2011</u>
Non-Depreciable Assets:				
Land	\$ 9,117,881	\$ -	\$ (13,600)	\$ 9,104,281
Construction in progress	118,739	256,958	-	375,697
Depreciable Assets:				
Buildings and improvements	25,469,842	29,555	-	25,499,397
Equipment	2,766,599	195,855	(337,991)	2,624,463
Vehicles	4,704,018	147,284	-	4,851,302
Total	<u>42,177,079</u>	<u>629,652</u>	<u>(351,591)</u>	<u>42,455,140</u>
Less Accumulated Depreciation:				
Buildings and improvements	11,221,861	1,069,062	-	12,290,923
Equipment	2,104,235	207,733	(322,303)	1,989,665
Vehicles	3,626,213	391,713	-	4,017,926
Total accumulated depreciation	<u>16,952,309</u>	<u>1,668,508</u>	<u>(322,303)</u>	<u>18,298,514</u>
Capital assets, net	<u>\$ 25,224,770</u>	<u>\$ (1,038,856)</u>	<u>\$ (29,288)</u>	<u>\$ 24,156,626</u>

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

Governmental Activities:

General government	\$ 541,237
Public safety	558,936
Economic and physical development	3,460
Transportation	85,064
Human services	108,282
Cultural and recreational	371,529
Total	<u>\$ 1,668,508</u>

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

Proprietary Capital Assets

The capital assets of the proprietary fund at June 30, 2011, are as follows:

	<u>July 1, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2011</u>
Non-Depreciable Assets:				
Land	\$ 460,837	\$ -	\$ -	\$ 460,837
Depreciable Assets:				
Buildings and improvements	9,161,699	233,868	-	9,395,567
Equipment	2,092,463	23,752	-	2,116,215
Vehicles	692,115	-	-	692,115
Total	<u>12,407,114</u>	<u>257,620</u>	<u>-</u>	<u>12,664,734</u>
Less Accumulated Depreciation:				
Buildings and improvements	7,327,906	603,515	-	7,931,421
Equipment	1,339,798	183,554	-	1,523,352
Vehicles	658,249	15,488	-	673,737
Total accumulated depreciation	<u>9,325,953</u>	<u>802,557</u>	<u>-</u>	<u>10,128,510</u>
Capital assets, net	<u>\$ 3,081,161</u>	<u>\$ (544,937)</u>	<u>\$ -</u>	<u>\$ 2,536,224</u>

Summary Disclosure of Significant Construction Commitments

At June 30, 2011, the County had commitments of approximately \$1,716,835 for water and sewer construction, of which \$500,000 is grant funds, \$488,539 is a forgiveness loan, and \$728,296 is loan funds. The County also has commitments of \$1,217,614 for airport improvements, which 90% is grant funding.

B. Liabilities

Payables

Payables at Exhibit A at June 30, 2011 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Insurance Claims Incurred But Not Reported</u>	<u>Total</u>
Governmental Activities	<u>\$ 2,431,645</u>	<u>\$ 672,523</u>	<u>\$ 385,490</u>	<u>\$ 3,489,658</u>
Business-Type Activities:				
Solid Waste	<u>\$ 171,494</u>	<u>\$ 41,363</u>	<u>\$ -</u>	<u>\$ 212,857</u>

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

Pension Plan and Post-Employment Obligations

Local Governmental Employees' Retirement System

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

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The County is required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 6.47% and 6.41%, respectively, of annual covered payroll. The contribution requirements of members and of Macon County are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2011, 2010, and 2009 were \$823,724, \$687,645, and \$677,390, respectively. The contributions made by the County equaled the required contributions for each year.

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 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G. S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Plan does not issue a separate stand-alone financial report. Each local government makes benefit payments required under this Plan.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2010, the Separation Allowance's membership consisted of 42 active Plan members and zero retired members receiving benefits.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

Summary of Significant Accounting Policies

Basis of Accounting. The County has chosen to fund the Separation Allowance on a pay-as-you-go basis. There are no Plan assets and the liability is not material; therefore, the Plan is not presented as a pension trust fund in the County's Comprehensive Annual Financial Report. 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 current year was determined as part of the December 31, 2009 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 4.5% to 12.3% per year. Item (b) included an inflation component of 3.75%. The assumptions did not include post-retirement benefit increases. 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, 2009 is 21 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	\$ 61,274
Interest on net pension obligation	10,996
Adjustment to annual required contribution	<u>(11,773)</u>
Annual pension cost	60,497
Employer contributions made for fiscal year ending June 30, 2011	<u>2,917</u>
Increase (decrease) in net pension obligation	57,580
Net pension obligation:	
Beginning of year - July 1	<u>219,914</u>
End of year - June 30	<u><u>\$ 277,494</u></u>

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

Three-Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2009	\$ 39,720	56.03%	\$ 184,733
6/30/2010	45,685	22.99%	219,914
6/30/2011	60,497	4.82%	277,494

Funded Status and Funding Progress

As of December 31, 2010, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability for benefits was \$371,101, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$371,101. The covered payroll (annual payroll of active employees covered by the Plan) was \$1,827,178, and the ratio of the UAAL to the covered payroll was 20.31 percent.

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 Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires that the County contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2011 were \$112,361, which consisted of \$89,118 from the County and \$23,243 from the law enforcement officers.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

Register of Deeds' Supplemental Pension Fund

Plan Description. Macon County also contributes to the Register of Deeds' Supplemental Pension Fund (Fund), a non-contributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any county register of deeds who is retired under the Local Governmental Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Registers of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 1 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2011, the County's required and actual contributions were \$3,634.

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 who participate in the North Carolina Local Government Employees' Retirement System (System) and have at least fifteen years of creditable service with the County. The County pays the full cost of coverage for these benefits to qualifying retirees. Also, retirees can purchase coverage for their dependents at the County's group rates. Currently, twenty-seven retirees are eligible for post-retirement health benefits. For the fiscal year ended June 30, 2011, the County made payments for post-retirement health benefit premiums of \$192,000. The plan is a single-employer defined benefit Plan. The County obtains healthcare coverage through private insurers. A separate report was not issued for the Plan.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

Membership of the Plan consisted of the following at December 31, 2009, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits	27	N/A
Terminated plan members entitled to, but not yet receiving, benefits	-	-
Active plan members	332	42
Total	359	42

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 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 14.07% of annual covered payroll. For the current year, the County contributed \$192,000, or 1.38% of annual covered payroll. The County purchases insurance from a private carrier for healthcare coverage of retirees over 65 years of age. The County's required contributions, under a County resolution, for employees not engaged in law enforcement and for law enforcement officers represented 14.07% and 14.07% of covered payroll, respectively. There were no contributions made by employees, except for dependent coverage in the amount of \$2,400. 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, 2011

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 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the County's net OPEB obligation for the healthcare benefits:

	Governmental Activities	Business-Type Activities	Total
Annual required contribution	\$ 1,869,563	\$ 90,147	\$ 1,959,710
Interest on net OPEB obligation	113,379	5,467	118,846
Adjustments to annual required contribution	(97,816)	(4,717)	(102,533)
Annual OPEB cost (expense)	1,885,126	90,897	1,976,023
Contributions made	(186,000)	(6,000)	(192,000)
Increase (decrease) in net OPEB obligation	1,699,126	84,897	1,784,023
Net OPEB obligation:			
Beginning of year - July 1	2,814,527	156,602	2,971,129
End of year - June 30	<u>\$ 4,513,653</u>	<u>\$ 241,499</u>	<u>\$ 4,755,152</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, 2011 were as follows:

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2009	\$ 1,345,982	12.7%	\$ 1,174,412
2010	1,966,157	8.6%	2,971,129
2011	1,976,023	9.7%	4,755,152

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

Fund Status and Funding Progress

As of December 31, 2009, 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 \$19,995,127. The covered payroll (annual payroll of active employees covered by the Plan) was \$13,928,924, and the ratio of the UAAL to the covered payroll was 143.6 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the Plan, and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability 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, 2009 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns 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 10.50 to 5.00 percent annually and an annual post-Medicare trend rate increase of 9.00 to 5.00 percent annually. Both rates included a 3.75 percent 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 projected payroll on an open basis. The remaining amortization period at December 31, 2009, was 30 years.

As of June 30, 2011, 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.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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. Lump-sum death benefits are provided to beneficiaries 1) who die in active service after one year of contributing membership in the System, or 2) 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. This payment is 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. All death benefit payments are made from the Death Benefit Plan.

The County has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payrolls, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. For the fiscal year ended June 30, 2011, the County made contributions to the State for death benefits of \$13,926. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .12% and .14% of covered payroll, respectively.

Landfill Closure and Post-Closure Care Costs

Federal and State laws and regulations require the County to place a final cover on its landfills when they stop accepting waste and to perform certain maintenance and monitoring functions at the site. The County has operated three different landfills. The Old Franklin Landfill was opened in approximately 1962 and stopped accepting waste on December 31, 1992 and has since been closed. The Highlands Landfill has been operated by the County since approximately 1985 and 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 \$5,061,000 reported as landfill closure and post-closure care liability at June 30, 2011 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, \$4,408,000 reflects the costs of the New Franklin Landfill. The new landfill costs are based on 79.81% of the total estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and post-closure care of \$5.52 million as the remaining capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2011. 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.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

Deferred/Unearned Revenues

The balance in deferred revenues on the fund statements and unearned revenues on the government-wide statements at June 30, 2011 is composed of the following elements:

	<u>Deferred Revenues</u>		<u>Unearned Revenues</u>	
	<u>General Fund</u>	<u>Fire District Fund</u>	<u>General Fund</u>	<u>Fire District Fund</u>
Taxes receivable (net)	\$ 978,553	\$ 133,992	\$ -	\$ -
Ambulance fees receivable	882,918	-	-	-
Other (net)	157,442	-	-	-
Taxes collected in advance	94,020	-	94,020	-
Total	<u>\$ 2,112,933</u>	<u>\$ 133,992</u>	<u>\$ 94,020</u>	<u>\$ -</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 one of the self-funded risk financing pools administered by the Risk Management Agency of the North Carolina Association of County Commissioners. Through this pool, the County obtains property coverage equal to replacement value of owned property subject to a limit of \$55,364,756, general, auto, professional and employment practices liability coverage of \$2,000,000. The County obtains workers' compensation coverage through North Carolina Association of County Commissioners.

The County carries an Umbrella Option which provides excess general liability, auto liability, public officials or law enforcement limits. The Umbrella comes into play when the primary limits have been exhausted. The County carries an Umbrella Option limit of \$1,000,000 with no deductible.

The County is self-insured for all other risks of loss, including employee health and accident insurance. A third-party administrator, paid by the County, administers health benefits and pays claims. The County has stop-loss insurance coverage with a commercial insurance company for claims that exceed \$75,000. Settled claims from these risks have not exceeded commercial insurance coverage in any of the last three fiscal years.

Macon County is a certified County participating under the National Flood Insurance Program applicable to FEMA flood zones A, AE, AH, and HO, and coverage is through the North Carolina Association of County Commissioners Insurance Pool Program. Deductibles are \$25,000 per occurrence. Deductibles are funded in a reserve in the General Fund. Coverage limits are 1 million per occurrence in excess of NFIP coverage.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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's). 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:

	2011	2010
Unpaid claims - beginning	\$ 299,498	\$ 317,601
Incurred claims	3,934,279	3,528,791
Claim payments	<u>(3,848,287)</u>	<u>(3,546,894)</u>
Unpaid claims - ending	<u>\$ 385,490</u>	<u>\$ 299,498</u>

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 a commercial surety bond. The Finance Director and Tax Collector are each individually bonded for \$250,000 each. The County Manager and the Register of Deeds are bonded for \$75,000 and \$50,000 each, respectively. The remaining employees that have access to funds are bonded under a blanket bond for \$100,000.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

Long-Term Obligations

Installment Purchase Contracts

Serviced by Governmental Funds:

The County entered into an installment purchase contract dated December 10, 2003, in the amount of \$2,850,000 for school expansion. The contract is payable in ten (10) annual installments of \$285,000, plus interest at 3.17% per annum. \$ 570,000

The County entered into a refunding Certificate of Participation contract dated April 15, 2004, in the amount of \$17,165,000 to refund various installment debt, including school construction. The contract is payable in eleven (11) annual installments ranging from \$610,000 to \$1,820,000, plus interest ranging from 2.25% to 5.0% per annum. 5,560,000

The County entered into an installment purchase contract dated July 29, 2005, in the amount of \$5,000,000 for library and community college expansion. The contract is payable in thirty (30) semi-annual installments of \$166,667, plus interest at 3.48% per annum. 3,166,667

\$2,000,000 East Franklin School Qualified Zone Academy Bonds requiring 15 annual deposits of \$52,795 into a Debt Service Fund; final payment of the bonds is December 13, 2022. 1,630,437

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 3.69% per annum. 2,080,000

The County entered into an installment purchase contract dated July 8, 2009, in the amount of \$20,000,000 for 5-6 Grade School and an addition to East Franklin Elementary. The contract is payable in forty (40) semi-annual installments of \$500,000, plus interest at 4.59% per annum. 17,500,000

The County entered into an installment purchase agreement dated December 8, 2009, in the amount of \$500,000 for purchase and equipment and vehicles. The contract is payable in forty (40) semi-annual installments of \$50,000, plus interest at 3.080% per annum. 350,000

\$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. 1,680,000

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

Serviced by Governmental Funds (continued):

\$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.

12,510,559

The County entered into a note payable agreement dated September 1, 2009, in the amount of \$2,043,250, 2.56% interest with estimated annual installments of approximately \$84,420, adjusted annually until the loan has been drawn down, with a final payment due in 2032, secured by water lines. Subsequent to year-end, \$1,314,954 was drawn down on the loan.

1,314,954

Total installment contracts

\$ 46,362,617

Serviced by Solid Waste Fund:

The County entered into an installment purchase contract dated July 31, 2007, in the amount of \$1,000,000 for solid waste equipment. The contract is payable in ten (10) semi-annual installments of \$100,000, plus interest at 3.86% annum.

\$ 400,000

The County entered into an installment purchase contract dated March 28, 2008, 2008, in the amount of \$1,000,000 for the construction of a solid waste transfer station. The contract is payable in ten (10) semi-annual installments of \$100,000, plus interest at 2.97% annum.

300,000

Total installment contracts

\$ 700,000

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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, 2011:

General Long-Term Debt: Installment Contracts:

Year Ending June 30	Principal	Interest
2012	\$ 4,535,472	\$ 2,047,430
2013	4,576,554	1,872,272
2014	4,282,870	1,672,709
2015	3,204,220	1,472,781
2016	2,545,605	1,334,485
2017-2021	12,583,410	4,949,643
2022-2026	10,530,384	2,259,922
2027-2031	4,021,276	272,712
2032	82,826	1,594
Total	<u>\$ 46,362,617</u>	<u>\$ 15,883,548</u>

Solid Waste Fund: Installment Contracts

Year Ending June 30	Principal	Interest
2012	\$ 400,000	\$ 20,045
2013	300,000	6,074
Total	<u>\$ 700,000</u>	<u>\$ 26,119</u>

At June 30, 2011, the County had a legal debt margin of \$695,590,236.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

Long-Term Obligation Activity

A summary of changes in long-term debt for the fiscal year ended June 30, 2011 follows:

	<u>Balance July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2011</u>	<u>Current Portion of Balance</u>
Governmental Activities:					
Installment contracts	\$ 36,319,359	\$ 14,204,621	\$ 4,161,363	\$ 46,362,617	\$ 4,535,472
Compensated absences	834,165	697,559	731,490	800,234	80,023
Other post-employment benefits	2,814,527	1,885,126	186,000	4,513,653	-
LEO Separation Allowance	219,914	60,497	2,917	277,494	-
Total governmental activities	<u>\$ 40,187,965</u>	<u>\$ 16,847,803</u>	<u>\$ 5,081,770</u>	<u>\$ 51,953,998</u>	<u>\$ 4,615,495</u>
Business-Type Activities:					
Installment contracts	\$ 1,100,000	\$ -	\$ 400,000	\$ 700,000	\$ 400,000
Accrued landfill closure and post-closure care cost	4,875,000	248,000	62,000	5,061,000	-
Other post-employment benefits	156,602	90,897	6,000	241,499	-
Compensated absences	44,051	38,315	37,047	45,319	4,532
Total business-type activities	<u>\$ 6,175,653</u>	<u>\$ 377,212</u>	<u>\$ 505,047</u>	<u>\$ 6,047,818</u>	<u>\$ 404,532</u>

Compensated absences typically have been liquidated in the General Fund and are accounted for on a LIFO (last-in, first-out) basis, assuming that employees are taking leave time as it is earned. Other post-employment benefits and pension obligations are typically liquidated in the General Fund.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

C. Capital Assets, Net of Related Debt

Capital assets, net of related debt at June 30, 2011, are computed as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets, net of accumulated depreciation	\$ 24,156,626	\$ 2,536,224
Less capital debt		
Gross debt	46,362,617	700,000
Less school debt related to assets which the County does not hold title to	(42,672,449)	-
County related debt	3,690,168	700,000
Add unspent debt proceeds	30,410	-
Capital assets, net of related debt	<u>\$ 20,496,868</u>	<u>\$ 1,836,224</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	\$ 4,877,040	\$ -	Various purposes
Other Governmental Funds:			
County Building Projects	-	326,095	Public Safety equipment
Schools Capital Fund	1,705,000	-	Debt retirement
Housing Grants Fund	-	75,814	Administrative funds
Emergency Telephone System Fund	326,095	-	Public Safety equipment
Airport Improvements Fund	-	313,000	General Fund Reimbursement FHS project and Iotla School
Consolidated Capital Projects Fund	-	380,135	Project
Debt Service:			
Debt Service	-	5,813,091	Debt retirement
	<u>\$ 6,908,135</u>	<u>\$ 6,908,135</u>	

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

The following is a summary of interfund receivables and payables:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Schools Capital Fund	\$ 165,532
General Fund	Riverbend Estates	
	Waterline Project	<u>202,896</u>
Total		<u>\$ 368,428</u>

The interfund balances above are advances until project funding is received.

4. Related Party

The County entered into a lease on January 11, 2011, to lease office space in a building owned by one of the Commissioners of the Macon County Board of Commissioners. At June 30, 2011, lease expense for this lease amounted to \$1,250.

5. Joint Ventures

Fontana Regional Library

The County participates in a joint venture to operate the Fontana Regional Library (Library) with five other local governments. Each participating county may appoint three Board members to the nine-member Board of the Library. The County has an ongoing financial responsibility for the joint venture, because the Library's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2011. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$951,390 to the Library to supplement its activities. Additionally, the County contributed \$94,318 in capital funding to the Hudson Library. Complete financial statements for the Library may be obtained from the Library's offices at 33 Fryemont Street, Bryson City, North Carolina 28713.

6. 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 twenty-three member governing board.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

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, 2011.

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 eleven members of the thirteen-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 \$444,253 to the Community College for operating and capital purposes during the fiscal year ended June 30, 2011. 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, 2011. 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.

7. 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, 2011

8. 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.

	<u>Federal</u>	<u>State</u>
Medicaid	\$ 26,639,518	\$ 11,235,237
Temporary Assistance to Needy Families	10,378	-
Low Income Energy Assistance	470,226	-
State/County Domiciliary Care	-	164,858
Special Supplemental Food Program for Women, Infants, and Children	730,779	-
IV-E Adoption Subsidy	135,515	29,929
IV-E Foster Care	117,903	28,314
CWS Adoption Subsidy	-	12,323
State Foster Home	-	9,324
Totals	<u>\$ 28,104,319</u>	<u>\$ 11,479,985</u>

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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.

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MACON COUNTY, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED JUNE 30, 2011

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a % of Covered Payroll ((B-A)/C)
12/31/2005	\$ -	\$ 189,929	\$ 189,929	0.00%	\$ 1,350,162	14.07%
12/31/2006	-	213,344	213,344	0.00%	1,596,079	13.37%
12/31/2007	-	249,615	249,615	0.00%	1,799,155	13.87%
12/31/2008	-	284,422	284,422	0.00%	1,876,713	15.16%
12/31/2009	-	410,466	410,466	0.00%	1,851,404	22.17%
12/31/2010	-	371,101	371,101	0.00%	1,827,178	20.31%

Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Contribution (ARC)	Percentage of ARC Contributed
6/30/2006	\$ 33,073	54.81%
6/30/2007	27,059	66.99%
6/30/2008	32,759	55.37%
6/30/2009	38,164	58.32%
6/30/2010	43,929	23.91%
6/30/2011	61,274	4.76%

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, 2009
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	21 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases	4.5% - 12.3%
Cost of living adjustments	N/A

* Includes inflation at 3.75%

MACON COUNTY, NORTH CAROLINA

OTHER POST-EMPLOYMENT BENEFITS -

RETIREE HEALTH PLAN

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS

FOR THE YEAR ENDED JUNE 30, 2011

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL)		Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a % of Covered Payroll ((B-A)/C)
		Projected Unit Credit (B)					
12/31/2006	\$ -	\$ 13,451,434		\$ 13,451,434	0.00%	\$ 12,054,939	111.6%
12/31/2009	-	19,995,127		19,995,127	0.00%	13,928,924	143.6%

Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Contribution (ARC)		Percentage of ARC Contributed
6/30/2009	\$	1,345,982	12.7%
6/30/2010		1,959,710	8.6%
6/30/2011		1,959,710	9.8%

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, 2009
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 rate:	
Pre-Medicare trend rate	10.5%-5.00%
Post-Medicare trend rate	9.00%-5.00%
Year of Ultimate trend rate	2017

* Includes inflation at 3.75%

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, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010**

	2011			
	Budget	Actual	Variance Over/Under	2010
Revenues:				
Ad Valorem Taxes:				
Taxes - current	\$ 24,891,000	\$ 25,116,151	\$ 225,151	\$ 23,504,251
Taxes - prior	500,000	628,472	128,472	546,697
Interest and advertising	116,700	169,778	53,078	162,776
Total	<u>25,507,700</u>	<u>25,914,401</u>	<u>406,701</u>	<u>24,213,724</u>
Local Option Sales Taxes:				
Article 39 one percent	3,800,000	3,420,687	(379,313)	3,558,117
Article 40 one-half of one percent	1,100,000	1,157,980	57,980	1,123,410
Article 42 one-half of one percent	700,000	808,892	108,892	718,733
Article 44 one-half of one percent	-	(19,763)	(19,763)	313,494
Total	<u>5,600,000</u>	<u>5,367,796</u>	<u>(232,204)</u>	<u>5,713,754</u>
Unrestricted Intergovernmental Revenues:				
Payment in lieu of taxes	350,000	331,692	(18,308)	325,213
Gross receipts tax	15,000	16,976	1,976	15,604
Total	<u>365,000</u>	<u>348,668</u>	<u>(16,332)</u>	<u>340,817</u>
Restricted Intergovernmental Revenues:				
Federal and State grants	5,923,371	5,336,117	(587,254)	5,557,697
ABC revenues	10,500	11,767	1,267	55,142
Facility fees/CSC	50,000	56,425	6,425	69,834
Federal forfeiture and controlled substance	10,507	10,506	(1)	27,792
Local health and social services	640,840	614,178	(26,662)	566,906
Total	<u>6,635,218</u>	<u>6,028,993</u>	<u>(606,225)</u>	<u>6,277,371</u>
Permits and Fees:				
Inspection fees	321,300	293,240	(28,060)	343,831
Register of Deeds	422,000	440,096	18,096	470,801
Occupancy tax	487,832	456,716	(31,116)	403,518
BOE fees	-	161	161	5,718
Civil license fees	3,900	4,022	122	4,371
Concealed handgun permits	47,000	28,183	(18,817)	36,622
Total	<u>1,282,032</u>	<u>1,222,418</u>	<u>(59,614)</u>	<u>1,264,861</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, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010**

	2011			
	Budget	Actual	Variance Over/Under	2010
Sales and Services:				
Rents, concessions and fees	148,350	172,322	23,972	175,010
Ambulance fees	1,050,000	951,295	(98,705)	1,199,527
Other public safety fees	201,900	187,238	(14,662)	234,746
Cable TV franchise fees	65,000	102,841	37,841	103,686
Health fees	908,261	782,534	(125,727)	981,620
Aging program income	21,247	23,715	2,468	26,261
Total	<u>2,394,758</u>	<u>2,219,945</u>	<u>(174,813)</u>	<u>2,720,850</u>
Investment Earnings	<u>-</u>	<u>73,928</u>	<u>73,928</u>	<u>79,381</u>
Miscellaneous:				
Other	514,992	546,399	31,407	178,556
Total	<u>514,992</u>	<u>546,399</u>	<u>31,407</u>	<u>178,556</u>
Total revenues	<u>42,299,700</u>	<u>41,722,548</u>	<u>(577,152)</u>	<u>40,789,314</u>
Expenditures:				
General Government:				
Governing Body:				
Salaries and employee benefits	90,939	90,678		92,488
Operating expenditures	93,600	81,799		81,910
Total	<u>184,539</u>	<u>172,477</u>	<u>12,062</u>	<u>174,398</u>
Administration:				
Salaries and employee benefits	475,632	453,418		469,081
Operating expenditures	67,752	29,622		30,982
Total	<u>543,384</u>	<u>483,040</u>	<u>60,344</u>	<u>500,063</u>
Finance:				
Salaries and employee benefits	441,991	431,836		430,775
Operating expenditures	126,895	80,014		81,245
Total	<u>568,886</u>	<u>511,850</u>	<u>57,036</u>	<u>512,020</u>
Tax Office:				
Salaries and employee benefits	418,795	415,349		455,153
Operating expenditures	104,910	86,953		90,888
Total	<u>523,705</u>	<u>502,302</u>	<u>21,403</u>	<u>546,041</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, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

	2011			
	Budget	Actual	Variance Over/Under	2010
Legal:				
Salaries and employee benefits	56,033	56,998		218,686
Contracted services	72,000	70,087		35,471
Operating expenditures	10,270	8,870		18,001
Total	138,303	135,955	2,348	272,158
Mapping:				
Salaries and employee benefits	145,706	145,615		144,026
Operating expenditures	21,930	9,111		15,954
Total	167,636	154,726	12,910	159,980
Tax Assessment:				
Salaries and employee benefits	255,500	255,418		247,651
Operating expenditures	81,500	73,961		111,857
Total	337,000	329,379	7,621	359,508
Board of Elections:				
Salaries and employee benefits	150,280	138,913		142,462
Operating expenditures	63,300	50,946		49,332
Total	213,580	189,859	23,721	191,794
Register of Deeds:				
Salaries and employee benefits	170,154	168,948		167,251
Operating expenditures	99,058	87,122		86,979
Total	269,212	256,070	13,142	254,230
Information Technology:				
Salaries and employee benefits	551,644	456,617		546,983
Operating expenditures	213,321	203,027		196,035
Capital outlay	-	-		6,136
Total	764,965	659,644	105,321	749,154
Garage:				
Salaries and employee benefits	221,197	219,225		220,389
Operating expenditures	61,294	59,265		70,223
Total	282,491	278,490	4,001	290,612
Buildings and Grounds:				
Salaries and employee benefits	1,088,782	1,073,436		1,063,350
Operating expenditures	777,287	721,895		725,233
Total	1,866,069	1,795,331	70,738	1,788,583

MACON COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010**

	2011			
	Budget	Actual	Variance Over/Under	2010
Human Resources:				
Salaries and employee benefits	94,363	95,528		81,261
Operating expenditures	19,700	17,504		17,243
Total	114,063	113,032	1,031	98,504
Non-Departmental :				
Operating expenditures	1,145,022	500,189	644,833	569,685
Total general government	7,118,855	6,082,344	1,036,511	6,466,730
Public Safety:				
Sheriff:				
Salaries and employee benefits	2,864,567	2,836,658		2,675,688
Operating expenditures	642,652	593,341		558,709
Capital outlay	5,350	-		-
Total	3,512,569	3,429,999	82,570	3,234,397
Federal/State Forfeitures:				
Operating expenditures	41,325	21,512		26,283
Capital outlay	36,210	26,492		-
Total	77,535	48,004	29,531	26,283
Juvenile Crime Prevention Council Grants	118,944	115,486	3,458	115,680
Criminal Justice:				
Salaries and employee benefits	42,235	42,356		41,880
Operating expenditures	12,705	4,076		7,311
Total	54,940	46,432	8,508	49,191
Jail / Law Enforcement Center:				
Salaries and employee benefits	1,002,326	970,416		1,017,312
Operating expenditures	655,254	593,371		644,933
Total	1,657,580	1,563,787	93,793	1,662,245

MACON COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010**

	2011			
	Budget	Actual	Variance Over/Under	2010
Hurricane Recovery Programs:				
SARF-Homeowners Assistance	130,400	7,622		-
Total	130,400	7,622	122,778	-
Courthouse Security:				
Salaries and employee benefits	142,046	125,502		173,340
Operating expenditures	3,234	2,562		2,718
Total	145,280	128,064	17,216	176,058
Community Security Services:				
Salaries and employee benefits	33,739	33,781		29,555
Operating expenditures	560	436		566
Total	34,299	34,217	82	30,121
Emergency Medical Service:				
Salaries and employee benefits	2,104,824	2,107,888		2,070,339
Operating expenditures	325,957	302,894		295,868
Capital outlay	33,935	33,016		30,278
Total	2,464,716	2,443,798	20,918	2,396,485
Emergency Management:				
Salaries and employee benefits	921,191	902,817		878,550
Operating expenditures	96,438	85,942		61,945
Capital outlay	137,250	-		6,049
Total	1,154,879	988,759	166,120	946,544
Inspections:				
Salaries and employee benefits	529,568	517,660		538,093
Operating expenditures	75,884	45,110		52,003
Total	605,452	562,770	42,682	590,096
Emergency 911:				
Salaries and employee benefits	127,999	103,532		126,354
Operating expenditures	10,600	7,876		5,853
Total	138,599	111,408	27,191	132,207
Animal Control:				
Salaries and employee benefits	168,950	168,406		165,520
Operating expenditures	58,100	55,770		39,812
Capital outlay	23,692	23,692		21,889
Total	250,742	247,868	2,874	227,221

MACON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

	2011			
	Budget	Actual	Variance Over/Under	2010
Forest Service:				
Operating expenditures	74,115	65,033	9,082	63,784
Total public safety	10,420,050	9,793,247	626,803	9,650,312
Transit Services:				
Salaries and employee benefits	381,922	380,426		378,326
Operating expenditures	203,419	168,911		124,824
Capital outlay	93,450	46,200		112,294
Total	678,791	595,537	83,254	615,444
Contribution to Macon County Airport	39,600	39,600	-	40,000
Total transportation	718,391	635,137	83,254	655,444
Economic and Physical Development:				
Economic Development:				
Salaries and employee benefits	49,630	50,182		49,679
Operating expenditures	40,100	17,106		58,082
Total	89,730	67,288	22,442	107,761
Occupancy Tax:				
Operating expenditures	444,332	418,720		358,643
Total	444,332	418,720	25,612	358,643
Cooperative Extension:				
Salaries and employee benefits	167,436	145,693		146,536
Operating expenditures	44,425	25,585		27,378
Capital outlay	-	-		6,563
Total	211,861	171,278	40,583	180,477
Soil Conservation:				
Salaries and employee benefits	104,995	110,144		138,135
Operating expenditures	16,982	8,290		18,089
Total	121,977	118,434	3,543	156,224

MACON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

	2011			
	Budget	Actual	Variance Over/Under	2010
Special Appropriations:				
Angel Medical Center – Ladies Night Out	6,434	6,434		8,000
Little Tennessee Watershed	-	-		3,000
Franklin Rotary Club	-	-		1,800
Total	6,434	6,434	-	12,800
Total economic and physical development	874,334	782,154	92,180	815,905
Human Services:				
Health:				
Administration:				
Salaries and employee benefits	473,938	388,164		451,257
Operating expenditures	174,011	132,590		172,062
Total	647,949	520,754	127,195	623,319
Management Support:				
Salaries and employee benefits	198,842	187,331		214,577
Operating expenditures	5,750	2,417		1,849
Total	204,592	189,748	14,844	216,426
School Health Nurse:				
Salaries and employee benefits	299,976	301,078		268,683
Operating expenditures	14,390	9,583		19,596
Total	314,366	310,661	3,705	288,279
Health Education:				
Salaries and employee benefits	-	-		139,204
Operating expenditures	-	-		17,246
Total	-	-	-	156,450
NC Tobacco Settlement Funds:				
Salaries and employee benefits	50,667	41,319		43,962
Operating expenditures	28,114	18,385		9,122
Total	78,781	59,704	19,077	53,084
WIC:				
Salaries and employee benefits	157,205	133,149		144,817
Operating expenditures	53,665	8,310		15,108
Total	210,870	141,459	69,411	159,925

MACON COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010**

	2011			
	Budget	Actual	Variance Over/Under	2010
Maternal and Child Care:				
Salaries and employee benefits	116,559	116,144		95,639
Operating expenditures	35,450	26,447		30,865
Total	152,009	142,591	9,418	126,504
Child Health:				
Salaries and employee benefits	60,759	47,687		78,947
Operating expenditures	7,974	2,297		3,029
Total	68,733	49,984	18,749	81,976
Family Planning:				
Salaries and employee benefits	105,256	104,205		103,805
Operating expenditures	61,754	45,647		35,286
Total	167,010	149,852	17,158	139,091
Dental Health:				
Salaries and employee benefits	319,351	322,195		312,371
Operating expenditures	41,620	30,583		38,578
Capital outlay	7,200	7,183		5,417
Total	368,171	359,961	8,210	356,366
Child Dental Health:				
Salaries and employee benefits	265,840	234,408		267,891
Operating expenditures	52,087	38,188		37,585
Total	317,927	272,596	45,331	305,476
Adult Health:				
Salaries and employee benefits	58,758	57,988		70,139
Operating expenditures	6,424	2,627		4,352
Total	65,182	60,615	4,567	74,491
Breast and Cervical Cancer:				
Salaries and employee benefits	76,515	62,920		37,858
Operating expenditures	25,527	14,661		23,375
Total	102,042	77,581	24,461	61,233
Laboratory Services:				
Salaries and employee benefits	132,047	124,256		131,863
Operating expenditures	71,845	58,389		61,396
Total	203,892	182,645	21,247	193,259

MACON COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010**

	2011			
	Budget	Actual	Variance Over/Under	2010
Communicable Disease:				
Salaries and employee benefits	35,676	33,393		20,974
Operating expenditures	13,507	8,537		13,789
Total	49,183	41,930	7,253	34,763
H1N1:				
Operating expenditures	51,000	44,642		45,261
Capital outlay	29,000	24,019		-
Total	80,000	68,661	11,339	45,261
On-Site Waste Water:				
Salaries and employee benefits	369,583	366,065		375,974
Operating expenditures	40,778	24,116		29,802
Capital outlay	5,175	5,150		-
Total	415,536	395,331	20,205	405,776
Private Drinking Water Wells:				
Salaries and employee benefits	95,870	96,101		94,989
Operating expenditures	21,088	16,170		20,041
Total	116,958	112,271	4,687	115,030
Food and Lodging:				
Salaries and employee benefits	185,937	180,699		178,440
Operating expenditures	20,470	15,152		10,084
Total	206,407	195,851	10,556	188,524
Health Promotion:				
Salaries and employee benefits	174,438	137,860		29,067
Operating expenditures	24,721	16,790		1,766
Total	199,159	154,650	44,509	30,833
KBR Healthy Carolinians:				
Salaries and employee benefits	95,413	95,046		93,702
Operating expenditures	41,163	21,703		16,176
Total	136,576	116,749	19,827	109,878
General Nursing:				
Salaries and employee benefits	163,473	97,353		179,391
Operating expenditures	142,798	76,187		101,274
Total	306,271	173,540	132,731	280,665

MACON COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010**

	2011			
	Budget	Actual	Variance Over/Under	2010
Smart Start:				
Salaries and employee benefits	42,698	32,567		46,095
Operating expenditures	7,930	5,890		3,202
Total	50,628	38,457	12,171	49,297
Total health	4,462,242	3,815,591	646,651	4,095,906
Social Services:				
Administration:				
Salaries and employee benefits	299,137	282,356		304,238
Operating expenditures	377,362	248,165		278,201
Total	676,499	530,521	145,978	582,439
Social Work Services/Special Programs:				
Salaries and employee benefits	568,994	555,648		607,843
Operating expenditures	1,524,508	901,719		1,085,989
Total	2,093,502	1,457,367	636,135	1,693,832
Child Daycare:				
Salaries and employee benefits	40,636	34,909	5,727	8,492
Child Support:				
Salaries and employee benefits	122,597	110,611		28,079
Operating expenditures	50,000	34,505		-
Total	172,597	145,116	27,481	28,079
Medicaid:				
County participation only	116,863	30,769	86,094	39,756
Workfirst:				
Salaries and employee benefits	37,186	27,044		43,362
Operating expenditures	115,849	56,113		15,331
Total	153,035	83,157	69,878	58,693
CAP-DA:				
Salaries and employee benefits	109,177	109,081		102,171
Total	109,177	109,081	96	102,171
DSS AMC Outpost Worker:				
Salaries and employee benefits	35,939	35,910	29	35,479

MACON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

	2011			
	Budget	Actual	Variance Over/Under	2010
Program Integrity:				
Salaries and employee benefits	-	-		39,737
Total	-	-	-	39,737
Medicaid/FS Administration:				
Salaries and employee benefits	862,803	833,356		833,297
Total	862,803	833,356	29,447	833,297
Total Social Services	4,261,051	3,260,186	1,000,865	3,421,975
Department on Aging:				
Administration:				
Salaries and employee benefits	215,753	215,317		180,307
Operating expenditures	51,886	37,920		24,135
Total	267,639	253,237	14,402	204,442
Home Delivered Meals:				
Salaries and employee benefits	40,485	40,455		39,756
Operating expenditures	98,635	84,889		94,539
Total	139,120	125,344	13,776	134,295
Program Quality Improvements:				
Operating expenditures	5,875	5,874		-
Total	5,875	5,874	1	-
Title III - In-Home Services:				
Salaries and employee benefits	-	-		32,557
Operating expenditures	-	-		3,607
Total	-	-	-	36,164
Congregate Meals:				
Salaries and employee benefits	31,015	30,909		30,562
Operating expenditures	53,378	53,010		64,042
Total	84,393	83,919	474	94,604
Adult Daycare:				
Salaries and employee benefits	116,858	112,344		115,017
Operating expenditures	64,552	59,532		51,001
Total	181,410	171,876	9,534	166,018

MACON COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010**

	2011			
	Budget	Actual	Variance Over/Under	2010
Institutional Respite:				
Operating expenditures	500	-		138
Total	500	-	500	138
Total Department on Aging	678,937	640,250	38,687	635,661
Miscellaneous Human Services:				
Veterans Service:				
Salaries and employee benefits	93,453	96,035		92,613
Operating expenditures	7,386	4,717		5,012
Total	100,839	100,752	87	97,625
Contributions to Organizations:				
Smoky Mountain Mental Health	106,623	106,623		107,700
Macon County Citizens for Handicapped	62,370	62,370		63,000
Macon Program for Progress	6,602	6,603		-
Total	175,595	175,596	(1)	170,700
Special Appropriations:				
Highlands Community Development	6,654	6,654		8,000
Kids Place	9,900	9,900		10,000
State of Franklin	14,850	14,850		15,000
REACH	9,900	9,900		10,000
National Alliance on Mental Ill	669	669		-
Webster Enterprises	10,000	10,000		-
WNC Regional Livestock Center	5,000	5,000		-
Other special appropriations	5,332	5,332		9,000
Total	62,305	62,305	-	52,000
Total miscellaneous human services	338,739	338,653	86	320,325
Total human services	9,740,969	8,054,680	1,686,289	8,473,867
Cultural and Recreational:				
Salaries and employee benefits	317,297	317,227		354,826
Operating expenditures	669,124	667,305		704,370
Capital outlay	52,530	34,007		-
Total	1,038,951	1,018,539	20,412	1,059,196

MACON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

	2011			
	Budget	Actual	Variance Over/Under	2010
Library and Cultural:				
Macon County Library	1,045,708	1,045,708		1,016,716
Macon County Historical Society	4,009	4,009		10,000
Total	1,049,717	1,049,717	-	1,026,716
Total cultural and recreational	2,088,668	2,068,256	20,412	2,085,912
Education:				
Public schools - current expenditures	7,233,238	7,232,103		8,128,425
Public schools - capital outlay	-	-		500,000
Timber sales pass-through	217,075	202,203		217,076
Southwestern Community College	444,253	444,253		431,063
Total education	7,894,566	7,878,559	16,007	9,276,564
Total expenditures	38,855,833	35,294,377	3,561,456	37,424,734
Revenues over (under) expenditures	3,443,867	6,428,171	2,984,304	3,364,580
Other Financing Sources (Uses):				
Transfers in:				
From Little Tennessee River Capital Project	200,000	-	(200,000)	-
From Emergency Telephone System Fund	-	-	-	26,438
Total	200,000	-	(200,000)	26,438
Transfers Out:				
To Airport Fund	(313,000)	(313,000)	-	-
To Consolidated Capital Project Fund	(380,135)	(380,135)	-	-
To Community Development Block Grant Fund	(75,814)	(75,814)	-	(44,300)
To Debt Service	(4,108,091)	(4,108,091)	-	(3,260,476)
Total	(4,877,040)	(4,877,040)	-	(3,304,776)
Long-term debt issued	-	-	-	500,000
Appropriated fund balance	1,233,173	-	(1,233,173)	-
Total other financing sources (uses)	(3,443,867)	(4,877,040)	(1,433,173)	(2,778,338)
Net change in fund balance	\$ -	1,551,131	\$ 1,551,131	586,242
Fund Balance:				
Beginning of year, July 1		17,652,884		17,066,642
End of year, June 30		\$ 19,204,015		\$ 17,652,884

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NONMAJOR GOVERNMENTAL FUNDS

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MACON COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET JUNE 30, 2011

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total
Assets:			
Cash and investments	\$ 670,061	\$ 2,211,316	\$ 2,881,377
Taxes receivable, net	133,992	-	133,992
Accounts receivable, net	17,188	526,495	543,683
Due from other governmental agencies	36,323	196,024	232,347
Total assets	<u>\$ 857,564</u>	<u>\$ 2,933,835</u>	<u>\$ 3,791,399</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 48,292	\$ 276,521	\$ 324,813
Due to other funds	-	368,428	368,428
Deferred revenues	133,992	-	133,992
Total liabilities	<u>182,284</u>	<u>644,949</u>	<u>827,233</u>
Fund Balances:			
Restricted:			
Stabilization by State statute	53,511	722,519	776,030
Restricted, all others	624,316	-	624,316
Committed	-	2,061,553	2,061,553
Unreserved	(2,547)	(495,186)	(497,733)
Total fund balances	<u>675,280</u>	<u>2,288,886</u>	<u>2,964,166</u>
Total liabilities and fund balances	<u>\$ 857,564</u>	<u>\$ 2,933,835</u>	<u>\$ 3,791,399</u>

MACON COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2011

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total
Revenues:			
Ad valorem taxes	\$ 2,688,227	\$ -	\$ 2,688,227
Local option sales taxes	-	1,327,805	1,327,805
Restricted intergovernmental revenues	699,363	2,662,075	3,361,438
Miscellaneous revenues	-	69,376	69,376
Interest earned on investments	821	2,365	3,186
Total revenues	<u>3,388,411</u>	<u>4,061,621</u>	<u>7,450,032</u>
Expenditures:			
Current:			
General government	-	219,258	219,258
Public safety	2,829,595	-	2,829,595
Economic and physical development	374,912	4,011,360	4,386,272
Cultural and recreational	-	24,865	24,865
Total expenditures	<u>3,204,507</u>	<u>4,255,483</u>	<u>7,459,990</u>
Revenues over (under) expenditures	<u>183,904</u>	<u>(193,862)</u>	<u>(9,958)</u>
Other Financing Sources (Uses):			
Installment notes issued	-	1,314,954	1,314,954
Transfers in	75,814	326,095	401,909
Transfers out	<u>(326,095)</u>	<u>(1,705,000)</u>	<u>(2,031,095)</u>
Total other financing sources (uses)	<u>(250,281)</u>	<u>(63,951)</u>	<u>(314,232)</u>
Net change in fund balances	(66,377)	(257,813)	(324,190)
Fund Balances:			
Beginning of year - July 1	<u>741,657</u>	<u>2,546,699</u>	<u>3,288,356</u>
End of year - June 30	<u>\$ 675,280</u>	<u>\$ 2,288,886</u>	<u>\$ 2,964,166</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.

Clean Water Management Trust Fund - accounts for monies received and expensed relating to N.C. Clean Water Management Trust Funds.

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, 2011

	Emergency Telephone System Fund	Fire Districts Fund	Clean Water Management Trust Fund	Housing Grants Fund	Total
Assets:					
Cash and cash equivalents	\$ 603,066	\$ 23,168	\$ 32,594	\$ 11,233	\$ 670,061
Taxes receivable, net	-	133,992	-	-	133,992
Accounts receivable, net	-	-	-	17,188	17,188
Due from government agencies	<u>36,323</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,323</u>
Total assets	<u>\$ 639,389</u>	<u>\$ 157,160</u>	<u>\$ 32,594</u>	<u>\$ 28,421</u>	<u>\$ 857,564</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ 11,344	\$ 23,168	\$ -	\$ 13,780	\$ 48,292
Deferred revenues	<u>-</u>	<u>133,992</u>	<u>-</u>	<u>-</u>	<u>133,992</u>
Total liabilities	<u>11,344</u>	<u>157,160</u>	<u>-</u>	<u>13,780</u>	<u>182,284</u>
Fund Balances:					
Restricted:					
Stabilization by State statute	36,323	-	-	17,188	53,511
Restricted, all others	591,722	-	32,594	-	624,316
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,547)</u>	<u>(2,547)</u>
Total fund balances	<u>628,045</u>	<u>-</u>	<u>32,594</u>	<u>14,641</u>	<u>675,280</u>
Total liabilities and fund balances	<u>\$ 639,389</u>	<u>\$ 157,160</u>	<u>\$ 32,594</u>	<u>\$ 28,421</u>	<u>\$ 857,564</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, 2011

	Emergency Telephone System Fund	Fire Districts Fund	Clean Water Management Trust Fund	Housing Grants Fund	Total
Revenues:					
Ad valorem taxes	\$ -	\$ 2,688,227	\$ -	\$ -	\$ 2,688,227
Restricted intergovernmental revenues	435,871	-	-	263,492	699,363
Investment earnings	821	-	-	-	821
Total revenues	<u>436,692</u>	<u>2,688,227</u>	<u>-</u>	<u>263,492</u>	<u>3,388,411</u>
Expenditures:					
Public safety	141,368	2,688,227	-	-	2,829,595
Economic and physical development	-	-	-	374,912	374,912
Total expenditures	<u>141,368</u>	<u>2,688,227</u>	<u>-</u>	<u>374,912</u>	<u>3,204,507</u>
Revenues over (under) expenditures	<u>295,324</u>	<u>-</u>	<u>-</u>	<u>(111,420)</u>	<u>183,904</u>
Other Financing Sources (Uses):					
Transfers in:					
From General Fund	-	-	-	75,814	75,814
To County Building Projects Fund	(326,095)	-	-	-	(326,095)
Total other financing sources (uses)	<u>(326,095)</u>	<u>-</u>	<u>-</u>	<u>75,814</u>	<u>(250,281)</u>
Net change in fund balances	(30,771)	-	-	(35,606)	(66,377)
Fund Balances:					
Beginning of year, July 1	<u>658,816</u>	<u>-</u>	<u>32,594</u>	<u>50,247</u>	<u>741,657</u>
End of year, June 30	<u>\$ 628,045</u>	<u>\$ -</u>	<u>\$ 32,594</u>	<u>\$ 14,641</u>	<u>\$ 675,280</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, 2011

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

	2011			2010
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Restricted intergovernmental revenues	\$ 154,000	\$ 435,871	\$ 281,871	\$ 435,871
Investment earnings	-	821	821	828
Total revenues	154,000	436,692	282,692	436,699
Expenditures:				
Wireless 911:				
Operating expenditures	154,000	116,631	37,369	134,771
Public Safety Needs:				
Operating expenditures	27,700	24,737	2,963	-
Total expenditures	181,700	141,368	40,332	134,771
Revenues over (under) expenditures	(27,700)	295,324	323,024	301,928
Other Financing Sources (Uses):				
Appropriated fund balance	429,620	-	(429,620)	-
Transfers out	(401,920)	(326,095)	75,825	(26,438)
Total other financing sources (uses)	27,700	(326,095)	(353,795)	(26,438)
Net change in fund balance	\$ -	(30,771)	\$ (30,771)	275,490
Fund Balance:				
Beginning of year, July 1		658,816		383,326
End of year, June 30		\$ 628,045		\$ 658,816

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, 2011

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

	2011			2010
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad valorem taxes - Fire:				
Current year	\$ 2,597,951	\$ 2,596,228	\$ (1,723)	\$ 2,564,712
Prior years	92,800	91,999	(801)	84,766
Total revenues	2,690,751	2,688,227	(2,524)	2,649,478
Expenditures:				
Public Safety:				
Franklin Fire District		479,668		476,047
Clark's Chapel Fire District		210,874		204,888
Otto Fire District		243,498		235,519
Cullasaja Fire District		245,822		240,947
West Macon Fire District		285,670		279,512
Scaly Mountain Fire District		126,352		123,049
Burningtown / Iotla Fire District		162,607		156,776
Cowee Fire District		266,778		270,629
Highlands Fire District		352,958		349,820
Mountain Valley Fire District		124,842		125,290
Nantahala Fire District		189,158		187,001
Total expenditures	2,690,751	2,688,227	2,524	2,649,478
Net change in fund balance	\$ -	-	\$ -	-
Fund Balance:				
Beginning of year - July 1		-		-
End of year - June 30		\$ -		\$ -

MACON COUNTY, NORTH CAROLINA

CLEAN WATER MANAGEMENT TRUST FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011

	Actual		
	Project Authorization	Prior Years	Current Year
			Total to Date
Revenues:			
Restricted intergovernmental revenues:			
Community Development Block Grant	\$ 721,000	\$ 543,127	\$ -
			\$ 543,127
Total revenues	721,000	543,127	-
			543,127
Expenditures:			
Economic and physical development:			
Salaries and benefits	182,297	181,861	-
Grant expenditures - all other	499,019	328,672	-
			328,672
Total expenditures	681,316	510,533	-
			510,533
Revenues over (under) expenditures	39,684	32,594	-
			32,594
Other Financing Sources (Uses):			
Contingency	(39,684)	-	-
			-
Net change in fund balance	\$ -	\$ 32,594	\$ -
			\$ 32,594

MACON COUNTY, NORTH CAROLINA

HOUSING GRANTS FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011

		Actual			
	Project Authorization	Prior Years	Current Year	Closed Projects	Total to Date
Revenues:					
Restricted intergovernmental revenues:					
Community Development Block Grant #07-C-1662	\$ 400,000	\$ 353,250	\$ -	\$ -	\$ 353,250
Weatherization # 1061	-	72,614	-	(72,614)	-
Weatherization # 1161	47,867	-	47,122	-	47,122
Urgent Repair 1014	75,000	37,500	37,500	-	75,000
Urgent Repair 08/09	-	75,000	-	(75,000)	-
ARRA Weatherization 18WA	477,439	120,691	178,870	-	299,561
Community Development Block Grant #10-C-2124	400,000	-	-	-	-
Miscellaneous revenues	11,222	11,564	-	(95)	11,469
Total revenues	1,411,528	670,619	263,492	(147,709)	786,402
Expenditures:					
Economic and physical development:					
Administrative - County	339,895	250,132	68,430	-	318,562
Community Development Block:					
Grant #07-C-1662 Administrative	40,000	40,913	52	-	40,965
Grant #07-C-1662 Rehabilitation	360,000	313,058	-	-	313,058
Weatherization # 1061	-	72,615	-	(72,615)	-
Weatherization # 1161	47,867	-	47,124	-	47,124
Urgent Repair 1014	75,000	2,188	71,821	-	74,009
Urgent Repair 08/09	-	75,094	-	(75,094)	-
ARRA Weatherization 18WA	477,439	124,228	181,988	-	306,216
Community Development Block:					
Grant #10-C-2124 Administrative	40,000	-	5,497	-	5,497
Grant #10-C-2124 Rehabilitation	360,000	-	-	-	-
Total expenditures	1,740,201	878,228	374,912	(147,709)	1,105,431
Revenues over (under) expenditures	(328,673)	(207,609)	(111,420)	-	(319,029)
Other Financing Sources (Uses):					
Transfers in:					
From General Fund	328,673	257,856	75,814	-	333,670
Net change in fund balance	\$ -	\$ 50,247	\$ (35,606)	\$ -	\$ 14,641

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:

Major Funds:

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

Consolidated Capital Projects - accounts for projects related to education facilities.

Nonmajor Funds:

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

SCC Campus/Library Project - accounts for the costs of construction and improvements relating to facilities at Southwestern Community College.

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

Little Tennessee River/Cartoogechaye Creek Sewer Trunk Project - 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

**AIRPORT IMPROVEMENTS FUND - MAJOR
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011**

		Actual			
	Project Authorization	Prior Years	Current Year	Closed Project	Total to Date
Revenues:					
Restricted intergovernmental revenues:					
State aid to airports	\$ 5,800,000	\$ 2,118,654	\$ 3,152,608	\$ (406,510)	\$ 4,864,752
Expenditures:					
Capital outlay:					
Obstruction lighting	-	120,892	-	(120,892)	-
Runway expansion	1,874,665	1,324,164	550,500	-	1,874,664
Runway extension phase II - site improvements	2,277,778	-	2,068,503	-	2,068,503
Runway extension data recovery	-	333,374	-	(333,374)	-
Phase I EA - runway extension	1,000,000	225,673	144,021	-	369,694
2004 Vision 100	166,667	152,571	-	-	152,571
2007 Vision 100	166,667	27,064	139,602	-	166,666
Runway improvements	792,000	-	635,301	-	635,301
2008 Vision 100	166,667	-	-	-	-
Total expenditures	6,444,444	2,183,738	3,537,927	(454,266)	5,267,399
Revenues over (under) expenditures	(644,444)	(65,084)	(385,319)	47,756	(402,647)
Other Financing Sources (Uses):					
Transfers in from General Fund	627,777	312,532	313,000	(47,756)	577,776
Appropriated fund balance	16,667	-	-	-	-
Total other financing sources (uses)	644,444	312,532	313,000	(47,756)	577,776
Net change in fund balance	\$ -	\$ 247,448	\$ (72,319)	\$ -	\$ 175,129

MACON COUNTY, NORTH CAROLINA

**CONSOLIDATED CAPITAL PROJECTS - MAJOR
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011**

		Actual			
	Project Authorization	Prior Years	Current Year	Closed Project	Total to Date
Revenues:					
Investment earnings	\$ -	\$ 170,800	\$ 13,783	\$ -	\$ 184,583
NC Department of Transportation	-	-	50,000	-	50,000
Contribution from Board of Education	65,300	-	-	-	-
Miscellaneous revenues	<u>7,312</u>	<u>176,996</u>	<u>-</u>	<u>-</u>	<u>176,996</u>
Total revenues	<u>72,612</u>	<u>347,796</u>	<u>63,783</u>	<u>-</u>	<u>411,579</u>
Expenditures:					
Mountain View Intermediate/ 5-6 Grades	16,613,312	16,395,036	100,287	-	16,495,323
East Franklin Elementary School	3,394,000	3,164,540	-	-	3,164,540
Sanders Property	2,600,000	2,589,817	-	-	2,589,817
Iotla Valley K-5	14,253,650	900,817	3,691,118	-	4,591,935
Issuance Costs	30,000	20,046	-	-	20,046
East Franklin Elementary School/QZAB	2,000,000	1,995,000	-	-	1,995,000
Senior Services	1,725	-	-	-	-
Southwestern Community Early College	922,108	878,899	-	-	878,899
Nantahala Renovations/QZAB	1,865,300	194,813	1,554,918	-	1,749,731
Franklin High School	<u>1,329,675</u>	<u>750</u>	<u>1,328,925</u>	<u>-</u>	<u>1,329,675</u>
Total expenditures	<u>43,009,770</u>	<u>26,139,718</u>	<u>6,675,248</u>	<u>-</u>	<u>32,814,966</u>
Revenues over (under) expenditures	<u>(42,937,158)</u>	<u>(25,791,922)</u>	<u>(6,611,465)</u>	<u>-</u>	<u>(32,403,387)</u>
Other Financing Sources (Uses):					
Debt issued	39,289,667	26,400,000	12,889,667	-	39,289,667
Transfer from the General Fund	<u>3,647,491</u>	<u>3,372,875</u>	<u>380,135</u>	<u>-</u>	<u>3,753,010</u>
Total other financing sources (uses)	<u>42,937,158</u>	<u>29,772,875</u>	<u>13,269,802</u>	<u>-</u>	<u>43,042,677</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 3,980,953</u>	<u>\$ 6,658,337</u>	<u>\$ -</u>	<u>\$ 10,639,290</u>

MACON COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECTS FUND COMBINING BALANCE SHEET JUNE 30, 2011

	County Buildings Project	SCC Campus/ Library Project	Riverbend Estates Waterline Project
Assets:			
Cash and cash equivalents	\$ 598,553	\$ 262,901	\$ -
Accounts receivable, net	-	-	255,302
Due from governmental agencies	-	-	-
Total assets	\$ 598,553	\$ 262,901	\$ 255,302
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 5,331	\$ 24,865	\$ 19,750
Due to other funds	-	-	202,896
Total liabilities	5,331	24,865	222,646
Fund Balances:			
Restricted:			
Stabilization by State statute	-	-	255,302
Committed	593,222	238,036	-
Unassigned	-	-	(222,646)
Total fund balances	593,222	238,036	32,656
Total liabilities and fund balances	\$ 598,553	\$ 262,901	\$ 255,302

Schedule E-3

Little Tennessee River/ Cartoogechaye Creek Sewer Trunk Project	Schools Capital Fund	Capital Reserve Fund	Total
\$ 119,567	\$ -	\$ 1,230,295	\$ 2,211,316
271,193	-	-	526,495
<u>-</u>	<u>196,024</u>	<u>-</u>	<u>196,024</u>
<u>\$ 390,760</u>	<u>\$ 196,024</u>	<u>\$ 1,230,295</u>	<u>\$ 2,933,835</u>
\$ 226,575	\$ -	\$ -	\$ 276,521
<u>-</u>	<u>165,532</u>	<u>-</u>	<u>368,428</u>
<u>226,575</u>	<u>165,532</u>	<u>-</u>	<u>644,949</u>
271,193	196,024	-	722,519
-	-	1,230,295	2,061,553
<u>(107,008)</u>	<u>(165,532)</u>	<u>-</u>	<u>(495,186)</u>
<u>164,185</u>	<u>30,492</u>	<u>1,230,295</u>	<u>2,288,886</u>
<u>\$ 390,760</u>	<u>\$ 196,024</u>	<u>\$ 1,230,295</u>	<u>\$ 2,933,835</u>

MACON COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECTS FUND COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2011

	County Buildings Project	SCC Campus/ Library Project	Riverbend Estates Waterline Project
Revenues:			
Restricted intergovernmental revenues	\$ -	\$ -	\$ 1,503,511
Local option sales tax	-	-	-
Miscellaneous revenues	-	-	52,406
Investment earnings	-	320	-
Total revenues	-	320	1,555,917
Expenditures:			
General government	219,258	-	-
Economic and physical development	-	-	1,523,261
Cultural and recreational	-	24,865	-
Total expenditures	219,258	24,865	1,523,261
Revenues over (under) expenditures	(219,258)	(24,545)	32,656
Other Financing Sources (Uses):			
Debt issued	-	-	-
Transfers in:			
From Emergency Telephone System Fund	326,095	-	-
Transfers out:			
To Debt Service	-	-	-
Total other financing sources (uses)	326,095	-	-
Net change in fund balances	106,837	(24,545)	32,656
Fund Balances:			
Beginning of year, July 1	486,385	262,581	-
End of year, June 30	\$ 593,222	\$ 238,036	\$ 32,656

Schedule E-4

Little Tennessee River/ Cartoogechaye Creek Sewer Trunk Project	Schools Capital Fund	Capital Reserve Fund	Total
\$ 1,158,564	\$ -	\$ -	\$ 2,662,075
-	1,327,805	-	1,327,805
16,970	-	-	69,376
-	549	1,496	2,365
<u>1,175,534</u>	<u>1,328,354</u>	<u>1,496</u>	<u>4,061,621</u>
-	-	-	219,258
2,488,099	-	-	4,011,360
-	-	-	24,865
<u>2,488,099</u>	<u>-</u>	<u>-</u>	<u>4,255,483</u>
<u>(1,312,565)</u>	<u>1,328,354</u>	<u>1,496</u>	<u>(193,862)</u>
1,314,954	-	-	1,314,954
-	-	-	326,095
-	(1,705,000)	-	(1,705,000)
<u>1,314,954</u>	<u>(1,705,000)</u>	<u>-</u>	<u>(63,951)</u>
2,389	(376,646)	1,496	(257,813)
<u>161,796</u>	<u>407,138</u>	<u>1,228,799</u>	<u>2,546,699</u>
<u>\$ 164,185</u>	<u>\$ 30,492</u>	<u>\$ 1,230,295</u>	<u>\$ 2,288,886</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, 2011

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Miscellaneous	\$ -	\$ 7,772	\$ -	\$ 7,772
Total revenues	-	7,772	-	7,772
Expenditures:				
General government:				
Animal shelter	500,000	498,905	-	498,905
Old library renovations	300,000	299,928	-	299,928
Renovations - Barrett Building	758,470	25,784	77,987	103,771
Renovations - Old Senior Services Building	101,450	13,969	85,235	99,204
Garage construction	120,000	60,801	56,036	116,837
Total expenditures	1,779,920	899,387	219,258	1,118,645
Revenues over (under) expenditures	(1,779,920)	(891,615)	(219,258)	(1,110,873)
Other Financing Sources (Uses):				
Transfers in:				
From Emergency Telephone System Fund	1,779,920	1,378,000	326,095	1,704,095
Total other financing sources (uses)	1,779,920	1,378,000	326,095	1,704,095
Net change in fund balance	\$ -	\$ 486,385	\$ 106,837	\$ 593,222

MACON COUNTY, NORTH CAROLINA

SCC CAMPUS/LIBRARY PROJECT

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011

	Project Authorization	Prior Years	Actual Current Year	Total to Date
Revenues:				
Investment earnings	\$ 43,223	\$ 258,376	\$ 320	\$ 258,696
Miscellaneous revenues	198,654	207,767	-	207,767
Total revenues	<u>241,877</u>	<u>466,143</u>	<u>320</u>	<u>466,463</u>
Expenditures:				
Architect fees	263,134	262,208	-	262,208
Issuance costs	11,876	11,297	-	11,297
Construction	4,337,430	4,334,683	-	4,334,683
Contribution to SCC	2,903,343	2,878,643	24,865	2,903,508
Non-capital equipment	67,000	64,687	-	64,687
Pump station	375,135	298,819	-	298,819
Contingency	32,224	-	-	-
Total expenditures	<u>7,990,142</u>	<u>7,850,337</u>	<u>24,865</u>	<u>7,875,202</u>
Revenues over (under) expenditures	<u>(7,748,265)</u>	<u>(7,384,194)</u>	<u>(24,545)</u>	<u>(7,408,739)</u>
Other Financing Sources (Uses):				
Debt issued	5,000,000	5,000,000	-	5,000,000
Transfer from the General Fund	2,748,265	2,646,775	-	2,646,775
Total other financing sources (uses)	<u>7,748,265</u>	<u>7,646,775</u>	<u>-</u>	<u>7,646,775</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 262,581</u>	<u>\$ (24,545)</u>	<u>\$ 238,036</u>

MACON COUNTY, NORTH CAROLINA

RIVERBEND ESTATES WATERLINE PROJECT SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011

		Actual		
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
DENR DWSRF grant	\$ 2,131,800	\$ 120,000	\$ 1,503,511	\$ 1,623,511
Miscellaneous revenue	<u>-</u>	<u>-</u>	<u>52,406</u>	<u>52,406</u>
Total revenues	<u>2,131,800</u>	<u>120,000</u>	<u>1,555,917</u>	<u>1,675,917</u>
Expenditures:				
Sewer project expense:				
Administration	71,800	-	15,000	15,000
Engineering	190,000	120,000	75,250	195,250
Construction	1,700,000	-	1,433,011	1,433,011
Contingency	<u>170,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>2,131,800</u>	<u>120,000</u>	<u>1,523,261</u>	<u>1,643,261</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,656</u>	<u>\$ 32,656</u>

MACON COUNTY, NORTH CAROLINA

LITTLE TENNESSEE RIVER/CARTOOGECWAYE CREEK

SEWER TRUNK PROJECT

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2011

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
NC High Unit Cost Grant	\$ 3,000,000	\$ 1,841,436	\$ 1,158,564	\$ 3,000,000
NC Rural Center Grant	500,000	-	-	-
Town of Franklin Contribution	16,970	-	16,970	16,970
Investment earnings	-	87	-	87
Total revenues	<u>3,516,970</u>	<u>1,841,523</u>	<u>1,175,534</u>	<u>3,017,057</u>
Expenditures:				
Sewer project expense:				
Legal fees	28,888	15,241	-	15,241
Issuance cost	11,986	11,986	-	11,986
Engineering	730,305	610,869	111,935	722,804
Surveying	-	2,382	4,063	6,445
General contract	4,539,548	1,347,195	2,372,101	3,719,296
Land	211,018	208,636	-	208,636
Contingency	<u>79,331</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>5,601,076</u>	<u>2,196,309</u>	<u>2,488,099</u>	<u>4,684,408</u>
Revenues over (under) expenditures	<u>(2,084,106)</u>	<u>(354,786)</u>	<u>(1,312,565)</u>	<u>(1,667,351)</u>
Other Financing Sources (Uses):				
Debt issued	2,043,250	-	1,314,954	1,314,954
Transfer from General Fund	516,582	516,582	-	516,582
Transfer to General Fund	<u>(475,726)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>2,084,106</u>	<u>516,582</u>	<u>1,314,954</u>	<u>1,831,536</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 161,796</u>	<u>\$ 2,389</u>	<u>\$ 164,185</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, 2011

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

	2011			2010
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Interest	\$ -	\$ 549	\$ 549	\$ 1,716
Local option sales tax	1,355,000	1,327,805	(27,195)	1,323,047
Total revenues	1,355,000	1,328,354	(26,646)	1,324,763
Revenues over (under) expenditures	1,355,000	1,328,354	(26,646)	1,324,763
Other Financing Sources (Uses):				
Appropriated fund balance	350,000	-	350,000	-
Transfers out:				
To Debt Service Fund	(1,705,000)	(1,705,000)	-	(1,690,615)
Total other financing sources (uses)	(1,355,000)	(1,705,000)	350,000	(1,690,615)
Net change in fund balance	\$ -	(376,646)	\$ (376,646)	(365,852)
Fund Balance:				
Beginning of year, July 1		407,138		772,990
End of year, June 30		\$ 30,492		\$ 407,138

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, 2011

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

	2011			2010
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Interest	\$ -	\$ 1,496	\$ 1,496	\$ 2,168
Net change in fund balance	\$ -	1,496	\$ 1,496	2,168
Fund Balance:				
Beginning of year, July 1		1,228,799		1,226,631
End of year, June 30		\$ 1,230,295		\$ 1,228,799

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ENTERPRISE FUND

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

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MACON COUNTY, NORTH CAROLINA

**SOLID WASTE FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010**

	2011			2010
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues:				
Landfill fees	\$ 1,819,452	\$ 1,867,332		\$ 1,683,593
Tipping fees	990,000	1,240,040		1,100,203
Recycling revenue	200,000	366,230		251,243
Other operating revenue	8,518	14,281		12,226
Scrap tire disposal fee	25,000	40,815		37,841
Solid waste disposal fees	20,800	20,800		-
Restricted intergovernmental revenue	44,000	80,256		19,838
Total operating revenues	<u>3,107,770</u>	<u>3,629,754</u>	<u>\$ 521,984</u>	<u>3,104,944</u>
Non-operating revenues:				
Solid waste disposal tax	26,500	24,593		24,610
Investment earnings	-	18,830		30,363
Total non-operating revenues	<u>26,500</u>	<u>43,423</u>	<u>16,923</u>	<u>54,973</u>
Total revenues	<u>3,134,270</u>	<u>3,673,177</u>	<u>538,907</u>	<u>3,159,917</u>
Expenditures:				
Operating expenditures:				
Salaries	935,695	912,516		906,482
Employee benefits	277,904	274,083		266,925
Operating expenditures	1,114,811	964,769		1,020,769
Interest and fees	33,705	33,726		-
Debt principal	400,000	400,000		400,000
Post closure costs	454,702	32,653		28,250
Capital outlay	97,179	23,752		39,354
Solid waste disposal tax remittance	69,900	59,266		62,381
Total	<u>3,383,896</u>	<u>2,700,765</u>		<u>2,724,161</u>
Scale capital project expenditures:				
Engineering fees	5,251	5,251		-
Capital improvements	243,995	228,617		-
Total	<u>249,246</u>	<u>233,868</u>		<u>-</u>

MACON COUNTY, NORTH CAROLINA

SOLID WASTE FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

	<u>2011</u>			<u>2010</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Total expenditures	3,633,142	2,934,633	698,509	2,724,161
Revenues over (under) expenditures	(498,872)	738,544	1,237,416	435,756
Other Financing Sources (Uses):				
Appropriated fund balance	498,872	-	(498,872)	-
Total other financing sources (uses)	498,872	-	(498,872)	-
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 738,544</u>	<u>\$ 738,544</u>	<u>\$ 435,756</u>

Reconciliation from Budgetary Basis (Modified Accrual)
to Full Accrual:

Revenues and other financing sources over (under) expenditures and other financing uses	\$ 738,544
Reconciling items:	
Payment of debt principal	400,000
Capital outlay	257,620
Post-closure care costs	(186,000)
Other post employment benefits	(84,897)
(Increase) decrease in accrued vacation pay	(1,268)
Depreciation	<u>(802,557)</u>
Change in net assets - Exhibit H	<u>\$ 321,442</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**NONMAJOR SELF-INSURANCE FUND****BALANCE SHEET****JUNE 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
Assets:		
Current assets:		
Cash and cash equivalents	\$ 4,881,097	\$ 5,763,598
Total assets	<u>4,881,097</u>	<u>5,763,598</u>
Liabilities:		
Current liabilities:		
Accounts payable and accrued liabilities	<u>385,940</u>	<u>299,498</u>
Net Assets:		
Unrestricted net assets	<u>\$ 4,495,157</u>	<u>\$ 5,464,100</u>

MACON COUNTY, NORTH CAROLINA

NONMAJOR SELF-INSURANCE FUND

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN

FUND NET ASSETS - FINANCIAL PLAN AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2011

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2010

	2011			2010
	Financial Plan	Actual	Variance Over/Under	Actual
Operating Revenues:				
Charges for services:				
Employee and employer contributions	\$ 3,265,204	\$ 3,265,204	\$ -	\$ 3,421,632
Operating Expenses:				
Insurance premiums	392,811	392,811	-	380,678
Benefit payments	3,761,845	3,848,287	(86,442)	3,510,688
Total operating expenses	4,154,656	4,241,098	(86,442)	3,891,366
Operating income (loss)	(889,452)	(975,894)	(86,442)	(469,734)
Non-Operating Revenues:				
Investment earnings	6,950	6,951	1	11,728
Other Financing Sources (Uses):				
Appropriated fund balance	882,502	-	(882,502)	-
Total other financing sources (uses)	882,502	-	(882,502)	-
Change in net assets	\$ -	(968,943)	\$ (968,943)	(458,006)
Net Assets:				
Beginning of year, July 1		5,464,100		5,922,106
End of year, June 30		\$ 4,495,157		\$ 5,464,100

MACON COUNTY, NORTH CAROLINA**NONMAJOR SELF-INSURANCE FUND****STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED JUNE 30, 2011****WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2010**

	<u>2011</u>	<u>2010</u>
Cash Flows from Operating Activities:		
Cash received from customers	\$ 3,265,204	\$ 3,421,632
Cash paid for goods and services	<u>(4,154,656)</u>	<u>(3,909,469)</u>
Net cash provided (used) by operating activities	<u>(889,452)</u>	<u>(487,837)</u>
Cash Flows from Investing Activities:		
Interest on investments	<u>6,951</u>	<u>11,728</u>
Net increase (decrease) in cash and cash equivalents	(882,501)	(476,109)
Cash and Cash Equivalents:		
Beginning of year - July 1	<u>5,763,598</u>	<u>6,239,707</u>
End of year - June 30	<u>\$ 4,881,097</u>	<u>\$ 5,763,598</u>
Reconciliation of Operating Income (Loss) to		
Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ (975,894)	\$ (469,734)
Adjustments to reconcile operating income (loss) to		
net cash provided (used) by operating activities:		
Change in assets and liabilities:		
Increase (decrease) in accounts payable and accrued liabilities	<u>86,442</u>	<u>(18,103)</u>
Net cash provided (used) by operating activities	<u>\$ (889,452)</u>	<u>\$ (487,837)</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 and Inmate Trust Fund - account for assets held by the County as agent for individuals served by these departments.

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 five dollars of each fee collected by the register of deeds for registering or filing a deed of trust mortgage that the County is required to remit to the State Treasurer on a monthly basis.

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

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

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

MACON COUNTY, NORTH CAROLINA

AGENCY FUNDS COMBINING BALANCE SHEET JUNE 30, 2011

	Social Services Trust Fund	Inmate Trust Fund	Fines and Forfeitures Fund	Motor Vehicle Tax Fund
Assets:				
Cash and cash equivalents	\$ 22,139	\$ 10,591	\$ 6,033	\$ 54
Accounts receivable	<u>-</u>	<u>-</u>	<u>16,677</u>	<u>-</u>
Total assets	<u>\$ 22,139</u>	<u>\$ 10,591</u>	<u>\$ 22,710</u>	<u>\$ 54</u>
Liabilities:				
Miscellaneous liabilities	\$ 22,139	\$ 10,591	\$ 6,032	\$ -
Intergovernmental payable	<u>-</u>	<u>-</u>	<u>16,678</u>	<u>54</u>
Total liabilities	<u>\$ 22,139</u>	<u>\$ 10,591</u>	<u>\$ 22,710</u>	<u>\$ 54</u>

Schedule H-1

Deed of Trust Fund	Western Carolina Industrial Partners Fund	Hurricane Ivan Relief Fund	3% Interest Payable to State	Total
\$ 530	\$ 17,113	\$ 39,454	\$ 406	\$ 96,320
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,677</u>
<u>\$ 530</u>	<u>\$ 17,113</u>	<u>\$ 39,454</u>	<u>\$ 406</u>	<u>\$ 112,997</u>
\$ -	\$ 17,113	\$ 39,454	\$ -	\$ 95,329
<u>530</u>	<u>-</u>	<u>-</u>	<u>406</u>	<u>17,668</u>
<u>\$ 530</u>	<u>\$ 17,113</u>	<u>\$ 39,454</u>	<u>\$ 406</u>	<u>\$ 112,997</u>

MACON COUNTY, NORTH CAROLINA

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2011</u>
Social Services Trust Fund:				
Assets:				
Cash and cash equivalents	\$ 24,149	\$ 143,552	\$ 145,562	\$ 22,139
Liabilities:				
Miscellaneous liabilities	\$ 24,149	\$ 143,552	\$ 145,562	\$ 22,139
Inmate Trust Fund:				
Assets:				
Cash and cash equivalents	\$ 9,408	\$ 54,532	\$ 53,349	\$ 10,591
Liabilities:				
Miscellaneous liabilities	\$ 9,408	\$ 54,532	\$ 53,349	\$ 10,591
Fines and Forfeitures Fund:				
Assets:				
Cash and accounts receivable	\$ 14,859	\$ 206,663	\$ 198,812	\$ 22,710
Liabilities:				
Miscellaneous liabilities	\$ -	\$ 6,032	\$ -	\$ 6,032
Intergovernmental payable	14,859	200,631	198,812	16,678
Miscellaneous liabilities	\$ 14,859	\$ 206,663	\$ 198,812	\$ 22,710
Motor Vehicle Tax Fund:				
Assets:				
Cash and accounts receivable	\$ 11,064	\$ 2,498,341	\$ 2,509,351	\$ 54
Liabilities:				
Intergovernmental payable	\$ 11,064	\$ 2,498,341	\$ 2,509,351	\$ 54
Deed of Trust Fund:				
Assets:				
Cash and accounts receivable	\$ -	\$ 8,745	\$ 8,215	\$ 530
Liabilities:				
Intergovernmental payable	\$ -	\$ 8,745	\$ 8,215	\$ 530

MACON COUNTY, NORTH CAROLINA

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2011

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
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
3% Interest Payable to State:				
Assets:				
Cash and cash equivalents	\$ 454	\$ 3,086	\$ 3,134	\$ 406
Liabilities:				
Intergovernmental payable	\$ 454	\$ 3,086	\$ 3,134	\$ 406
Totals - All Agency Funds:				
Assets:				
Cash and receivables	\$ 116,501	\$ 2,906,174	\$ 2,910,208	\$ 112,997
Total assets	\$ 116,501	\$ 2,906,174	\$ 2,910,208	\$ 112,997
Liabilities:				
Miscellaneous liabilities	\$ 90,124	\$ 204,116	\$ 198,911	\$ 95,329
Intergovernmental payable	26,377	2,702,058	2,711,297	17,668
Total liabilities	\$ 116,501	\$ 2,906,174	\$ 2,910,208	\$ 112,997

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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, 2011

	Final Budget	Actual	Variance from Final Budget Over/Under
Revenues:			
NC Lottery funds	\$ 237,000	\$ 447,641	\$ 210,641
Federal subsidy rebate	-	419,351	419,351
Interest earned	-	82	(82)
Total revenues	<u>237,000</u>	<u>867,074</u>	<u>629,910</u>
Expenditures:			
Debt service:			
Principal repayments	4,161,366	4,161,363	3
Interest	<u>1,888,725</u>	<u>1,887,655</u>	<u>1,070</u>
Total expenditures	<u>6,050,091</u>	<u>6,049,018</u>	<u>1,073</u>
Revenues over (under) expenditures	<u>(5,813,091)</u>	<u>(5,181,944)</u>	<u>631,147</u>
Other Financing Sources (Uses):			
Transfers in	<u>5,813,091</u>	<u>5,813,091</u>	<u>-</u>
Total other financing sources (uses)	<u>5,813,091</u>	<u>5,813,091</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>631,147</u>	<u>\$ 631,147</u>
Fund Balance:			
Beginning of year - July 1		<u>383,579</u>	
End of year - June 30		<u>\$ 1,014,726</u>	

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ADDITIONAL FINANCIAL DATA

This section contains additional information on taxes receivable, and the tax levy as of June 30, 2011.

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MACON COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE - GENERAL FUND JUNE 30, 2011

Year Ended June 30	Uncollected Balance July 1, 2010	Additions	Collections and Credits	Uncollected Balance June 30, 2011
2010-2011	\$ -	\$ 25,888,938	\$ 25,047,775	\$ 841,163
2009-2010	763,894	-	424,723	339,171
2008-2009	320,248	-	133,642	186,606
2007-2008	145,718	-	41,075	104,643
2006-2007	97,032	-	18,416	78,616
2005-2006	76,927	-	8,393	68,534
2004-2005	57,101	-	6,262	50,839
2003-2004	47,084	-	4,017	43,067
2002-2003	48,967	-	27,782	21,185
2001-2002	43,854	-	26,676	17,178
2000-2001	38,019	-	38,019	-
Total	\$ 1,638,844	\$ 25,888,938	\$ 25,776,780	1,751,002
Less allowance for uncollectible ad valorem taxes receivable				<u>(772,449)</u>
Ad valorem taxes receivable - net				<u>\$ 978,553</u>
Reconciliation with Revenues:				
Taxes - ad valorem - General Fund				\$ 25,914,401
Reconciling items:				
Advertising				(9,636)
Interest collected				(160,142)
Refunds and other adjustments				(5,862)
Amounts written off per statute of limitations				<u>38,019</u>
Total collections and credits				<u>\$ 25,776,780</u>

MACON COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY - COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2011

	County-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 8,743,287,097	\$ 0.279	\$ 24,393,771	\$ 24,393,771	\$ -
Motor vehicles taxed at current year's rate	185,886,022	0.279	518,622	-	518,622
Motor vehicles taxed at prior year's rate	73,875,000	0.264	195,030	-	195,030
Total	9,003,048,118		25,107,423	24,393,771	713,652
Discoveries:					
Current year taxes	170,591,398	0.279	475,950	475,950	-
Utilities	132,595,699	0.279	369,942	369,942	-
Less releases and adjustments	(23,074,552)	0.279	(64,378)	(41,372)	(23,006)
Total property valuation	<u>\$ 9,283,160,663</u>				
Net Levy			25,888,938	25,198,292	690,646
Uncollected taxes at June 30, 2011			(841,163)	(732,831)	(108,332)
Current Year's Taxes Collected			<u>\$ 25,047,775</u>	<u>\$ 24,465,461</u>	<u>\$ 582,314</u>
Current Levy Collection Percentage			<u>96.75%</u>	<u>97.09%</u>	<u>84.31%</u>
Secondary Market Disclosures:					
Assessed valuation:					
Assessment ratio					100.00%
Real property				\$ 8,890,803,943	
Personal property				259,761,022	
Public service companies				132,595,699	
Total assessed valuation				<u>\$ 9,283,160,663</u>	
Tax rate per \$100					0.264 / .279
Levy (includes discoveries, releases and abatements)				<u>\$ 25,888,938</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, 2011.				<u>\$ 2,701,500</u>	

MACON COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE - FIRE DISTRICTS JUNE 30, 2011

Fiscal Year	Uncollected Balance July 1, 2010	Additions	Collections and Credits	Uncollected Balance June 30, 2011
2010-2011	\$ -	\$ 2,701,500	\$ 2,589,364	\$ 112,136
2009-2010	101,540	-	53,676	47,864
2008-2009	44,230	-	16,248	27,982
2007-2008	20,726	-	6,004	14,722
2006-2007	12,386	-	2,489	9,897
2005-2006	9,823	-	1,037	8,786
2004-2005	7,391	-	823	6,568
2003-2004	5,677	-	502	5,175
2002-2003	4,310	-	1,917	2,393
2001-2002	2,001	-	116	1,885
2000-2001	<u>1,971</u>	<u>-</u>	<u>1,971</u>	<u>-</u>
Total	<u>\$ 210,055</u>	<u>\$ 2,701,500</u>	<u>\$ 2,674,147</u>	237,408

Less allowance for uncollectible ad valorem taxes receivable:

Fire Districts Fund (103,416)

Fire districts taxes receivable - net \$ 133,992

Reconciliation of Revenues with Collections and Credits:

Taxes - ad valorem - Fire Districts Fund \$ 2,688,227

Taxes written off 1,971

Miscellaneous adjustments (16,051)

Total collections and credits \$ 2,674,147

MACON COUNTY, NORTH CAROLINA**ANALYSIS OF CURRENT TAX LEVY - FIRE DISTRICTS
FOR THE YEAR ENDED JUNE 30, 2011**

	<u>Amount of Levy</u>
Original Levy:	
Franklin Fire District	\$ 481,241
Clarks Chapel Fire District	211,218
Otto Fire District	246,406
Cullasaja Fire District	245,836
West Macon Fire District	289,773
Scaly Mountain Fire District	124,739
Burningtown / Iotla Fire District	162,482
Cowee Fire District	270,607
Nantahala Fire District	188,360
Highlands Fire District	352,062
Mountain Valley Fire District	<u>128,776</u>
Net Levy	2,701,500
Less uncollected taxes at June 30, 2011	<u>112,136</u>
Current Year's Taxes Collected	<u>\$ 2,589,364</u>
Current Levy Collection Percentage	<u>95.85%</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.

The statistical data presents detailed information for an understanding of Macon County's overall financial health.

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.

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Macon County
Net Asset by Components
Last Nine Fiscal Years
(accrual basis of accounting)

	For Year Ended June 30								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities									
Invested in capital assets, net of related debt	\$ 17,969,673	\$ 15,294,328	\$ 15,899,185	\$ 17,430,157	\$ 20,916,879	\$ 20,627,572	\$ 21,515,203	\$ 20,884,555	\$ 20,496,868
Restricted	99,549	102,536	103,606	117,386	141,787	166,137	207,996	207,708	6,089,293
Unrestricted	(4,091,140)	2,148,826	3,937,076	9,489,175	12,058,258	12,607,288	3,989,432	(3,850,248)	(13,738,145)
Total governmental activities net assets	\$ 13,978,082	\$ 17,545,690	\$ 19,939,867	\$ 27,036,718	\$ 33,116,924	\$ 33,400,997	\$ 25,712,631	\$ 17,242,015	\$ 12,848,016
Business-type activities									
Invested in capital assets, net of related debt	4,091,141	3,338,422	3,502,971	3,348,033	3,549,755	1,620,430	2,323,169	1,981,161	1,836,224
Restricted	-	-	-	-	-	-	-	-	-
Unrestricted	(957,642)	(505,998)	(619,446)	(886,636)	(202,990)	1,923,447	1,428,363	2,041,200	2,507,579
Total business-type activities net assets	\$ 3,133,499	\$ 2,832,424	\$ 2,883,525	\$ 2,461,397	\$ 3,346,765	\$ 3,543,877	\$ 3,751,532	\$ 4,022,361	\$ 4,343,803
Primary government									
Invested in capital assets, net of related debt	22,060,814	18,632,750	19,402,156	20,778,190	24,466,634	22,248,002	23,838,372	22,865,716	\$ 22,333,092
Restricted	99,549	102,536	103,606	117,386	141,787	166,137	207,996	207,708	6,089,293
Unrestricted	(5,048,782)	1,642,828	3,317,630	8,602,539	11,855,268	14,530,735	5,417,795	(1,809,048)	(11,230,566)
Total primary government net assets	\$ 17,111,581	\$ 20,378,114	\$ 22,823,392	\$ 29,498,115	\$ 36,463,689	\$ 36,944,874	\$ 29,464,163	\$ 21,264,376	\$ 17,191,819

Notes:

(1) Nine years presented due to implementation of GASB STATEMENT 34 in Fiscal Year 2003.

	For Year Ended June 30								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses									
Governmental activities:									
General government									
Public safety	\$ 6,291,876	\$ 7,477,206	\$ 9,304,189	\$ 8,194,552	\$ 8,972,728	\$ 9,806,393	\$ 9,319,928	\$ 11,226,884	\$ 10,770,642
Transportation	7,881,944	8,463,386	9,810,553	11,449,274	9,925,636	11,205,783	12,087,459	11,655,558	12,147,316
Economic development	402,956	411,758	418,741	466,696	414,791	516,894	477,873	577,894	638,415
Human Services	2,419,290	3,114,821	2,688,211	1,637,374	1,724,549	6,698,656	1,597,548	4,041,113	8,671,741
Culture and recreation	6,595,070	6,559,985	7,196,090	7,488,618	8,030,735	8,084,205	8,752,201	7,878,952	7,734,446
Education	1,310,175	1,314,752	1,306,991	3,230,704	3,654,902	2,789,795	2,520,567	2,437,318	2,430,596
Interest on long-term debt	6,610,454	6,048,421	6,907,752	7,468,249	7,815,684	8,245,555	20,601,094	18,483,547	14,553,807
Total governmental activities expenses	1,255,638	800,854	937,006	833,818	811,427	713,022	1,206,450	1,545,951	1,887,654
Business-type activities:									
Solid Waste	32,767,403	34,191,182	38,569,533	40,769,285	41,350,452	48,060,303	56,563,120	57,847,217	58,834,617
Total business-type activities	4,171,809	2,972,070	2,801,931	3,429,583	3,356,076	3,662,418	2,989,618	2,889,088	3,351,735
Total primary governmental expenses	4,171,809	2,972,070	2,801,931	3,429,583	3,356,076	3,662,418	2,989,618	2,889,088	3,351,735
	\$ 36,939,212	\$ 37,163,252	\$ 41,371,464	\$ 44,198,868	\$ 44,706,528	\$ 51,722,721	\$ 59,552,738	60,736,305	62,186,352
Program Revenues									
Governmental activities:									
Charges for services:									
General government	\$ 1,144,128	\$ 1,386,521	\$ 1,310,337	\$ 1,607,326	\$ 1,459,496	\$ 1,463,179	\$ 1,592,002	1,136,094	\$ 1,045,549
Public safety	1,429,178	1,524,317	1,620,729	1,739,400	2,133,982	2,256,802	1,650,743	1,614,704	2,143,743
Economic development	-	434,334	416,156	438,202	479,745	472,473	407,720	403,518	526,092
Human services	373,602	484,100	517,528	752,106	715,653	986,723	903,849	1,007,881	806,249
Culture and recreational	107,204	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	2,042	174,944	-
Operating grants and contributions	4,925,260	5,842,312	5,450,953	9,671,499	7,161,995	6,806,761	7,966,289	7,688,512	7,645,348
Capital grants and contributions	786,066	1,947,260	295,956	284,509	908,658	169,515	381,385	2,908,017	5,814,683
Total governmental activities program revenues	8,765,438	11,598,844	9,611,659	14,493,042	12,859,529	12,155,453	12,904,030	14,933,670	17,981,664
Business-type activities:									
Charges for services:									
Solid waste	3,146,476	2,635,083	2,781,985	2,847,039	3,514,108	3,462,078	3,059,573	3,129,554	3,654,347
Operating grants and contributions	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	3,146,476	2,635,083	2,781,985	2,847,039	3,514,108	3,462,078	3,059,573	3,129,554	3,654,347
Total primary governmental program revenues	\$ 11,911,914	\$ 14,233,927	\$ 12,393,644	\$ 17,340,081	\$ 16,373,637	\$ 15,617,531	\$ 15,963,603	18,063,224	21,636,011
Net (expense)/revenue	\$ (24,001,965)	\$ (22,592,338)	\$ (28,957,874)	\$ (26,276,243)	\$ (28,490,923)	\$ (35,904,850)	\$ (43,659,090)	(42,913,547)	\$ (40,852,953)
Governmental activities	(1,025,333)	(336,987)	(19,946)	(582,544)	158,032	(582,544)	69,955	240,466	302,612
Business-type activities	\$ (25,027,298)	\$ (22,929,325)	\$ (28,977,820)	\$ (26,858,787)	\$ (28,332,891)	(36,487,394)	(43,589,135)	(42,673,081)	(40,550,341)
Total primary governmental net expense									

	For Year Ended June 30								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Taxes									
Property taxes	\$ 18,285,180	\$ 21,495,646	\$ 22,255,291	\$ 22,928,210	\$ 23,460,925	24,544,667	26,520,446	26,960,198	28,883,855
Sales taxes	6,031,128	7,549,443	8,435,778	9,076,690	9,875,544	9,665,716	8,216,388	7,036,801	6,695,601
Franchise taxes	-	-	-	-	-	-	-	-	-
Motor fuel taxes	-	-	-	-	-	-	-	-	-
Alcoholic beverage taxes	-	-	-	-	-	-	-	-	-
Unrestricted grants and contributions	216,668	224,170	233,386	240,435	239,639	233,090	508,221	340,817	348,668
Investment earnings	209,372	146,013	427,596	1,127,759	1,490,333	1,446,785	-	-	97,930
Miscellaneous	414,393	(3,255,326)	-	-	-	-	-	-	432,900
Transfers	-	-	-	-	-	298,665	725,647	105,115	-
Total governmental activities	25,156,741	26,159,946	31,352,051	33,373,094	35,066,441	36,188,923	35,970,702	34,442,931	36,458,954
Total business-type activities									
Investment earnings	56,118	35,912	71,047	160,416	232,021	220,117	-	-	18,830
Transfers	-	-	-	-	-	(298,665)	137,700	30,363	-
Total business-type activities	56,118	35,912	71,047	160,416	232,021	(78,548)	137,700	30,363	18,830
Total primary government	\$ 25,212,859	\$ 26,195,858	\$ 31,423,098	\$ 33,533,510	\$ 35,298,462	\$ 36,110,375	\$ 36,108,402	\$ 34,473,294	\$ 36,477,784
Change in Net Assets									
Governmental activities	1,154,776	3,567,608	2,394,177	7,096,851	6,080,203	284,073	(7,688,366)	(8,470,616)	\$ (4,393,999)
Business-type activities	969,215	(301,075)	51,101	(422,128)	885,367	197,112	207,655	270,829	321,442
Total primary government	\$ 2,123,991	\$ 3,266,533	\$ 2,445,278	\$ 6,674,723	\$ 6,965,570	\$ 481,185	\$ (7,480,711)	\$ (8,199,787)	\$ (4,072,557)

Notes:

(1) Nine years presented due to implementation of GASB STATEMENT 34 in Fiscal Year 2003.

Macon County
Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years

Table 3

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Alcoholic Beverage Tax</u>	<u>Total</u>
2002	\$ 16,620,119	\$4,861,711	\$ 90,930	\$ 9,169	\$ 21,581,929
2003	16,907,859	4,864,740	85,313	49,393	21,907,305
2004	19,838,310	6,427,048	76,941	9,874	26,352,173
2005	20,332,261	7,243,269	66,984	10,179	27,652,693
2006	20,847,221	7,706,632	75,559	11,316	28,640,728
2007	21,460,911	8,306,691	52,617	11,847	29,832,066
2008	22,089,392	8,084,923	118,397	63,112	30,355,824
2009	23,856,730	6,770,736	104,511	142,442	30,874,419
2010	24,213,724	5,713,754	103,686	55,142	30,086,306
2011	25,914,401	5,367,796	102,842	11,767	31,396,806

Table 4

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

	For Year Ended June 30									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund										
Reserved	\$ 2,622,011	\$ 5,772,456	\$ 4,227,463	\$ 2,681,181	\$ 2,473,215	\$ 2,826,989	\$ 3,075,715	\$ 2,311,342	\$ 3,490,651	\$ -
Unreserved	8,609,036	4,415,017	10,760,474	13,069,748	13,701,429	15,407,847	15,269,826	14,755,300	14,162,233	-
Non-Spendable	-	-	-	-	-	-	-	-	-	144,038
Restricted	-	-	-	-	-	-	-	-	-	2,551,146
Unassigned	-	-	-	-	-	-	-	-	-	16,508,831
Total General Fund	\$11,231,047	\$10,187,473	\$14,987,937	\$15,750,929	\$16,174,644	\$18,234,836	\$18,345,541	\$17,066,642	\$17,652,884	\$ 19,204,015
All other governmental funds										
Reserved	\$ 366,294	\$ 324,761	\$ 238,567	\$ 230,608	\$ 315,797	\$ 312,374	\$ 305,822	\$ 266,060	\$ 271,311	\$ -
Unreserved, reported in:										
Special revenue funds	-	-	1,094,631	1,333,109	1,450,841	1,729,314	1,972,989	2,213,556	2,106,283	-
Capital projects funds	1,936,347	-	1,340,123	306,063	3,601,405	700,082	1,106,846	11,351,188	5,139,163	-
Debt Service Fund	-	-	29,952	28,945	29,816	30,822	970,412	1,353,649	383,579	-
Designated for Subsequent Years	317,714	-	-	-	-	-	-	-	-	-
Undesignated	911,023	1,119,683	-	-	-	-	-	-	-	-
Assigned in Debt Service	-	-	-	-	-	-	-	-	-	567,085
Restricted for Debt Service	-	-	-	-	-	-	-	-	-	447,641
Restricted Other Governmental Funds	-	-	-	-	-	-	-	-	-	1,400,346
Restricted in Capital Project	-	-	-	-	-	-	-	-	-	11,441,057
Committed in Other Governmental Funds	-	-	-	-	-	-	-	-	-	2,061,553
Committed in Capital Project	-	-	-	-	-	-	-	-	-	55,037
Unassigned Other Governmental Funds	-	-	-	-	-	-	-	-	-	(497,733)
Unassigned in Capital Project	-	-	-	-	-	-	-	-	-	(681,675)
Total all other governmental funds	\$ 3,531,378	\$ 1,444,444	\$ 2,703,273	\$ 1,898,725	\$ 5,397,859	\$ 2,772,592	\$ 4,356,069	\$ 15,184,453	\$ 7,900,336	\$ 14,793,311

Table 5

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

	For Year Ended June 30									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Ad valorem taxes	\$ 17,764,735	\$ 18,268,797	\$ 21,545,541	\$ 22,238,716	\$ 22,841,671	\$ 23,518,724	\$ 24,487,613	\$ 26,438,682	\$ 26,863,202	\$ 28,602,628
Sales taxes	6,033,464	6,031,128	7,549,443	8,435,778	9,076,690	9,875,544	9,665,716	8,216,388	7,036,801	6,695,601
Intergovernmental	6,558,326	5,983,363	8,010,248	6,055,037	9,737,989	8,746,167	7,228,631	8,855,895	10,937,346	13,808,699
Sales and services	976,086	1,144,315	1,695,592	1,814,346	2,134,938	2,269,035	2,662,068	2,570,078	1,264,861	2,219,945
Permits and fees	1,409,061	1,578,409	1,857,492	1,708,853	1,936,063	2,009,986	1,985,430	1,356,793	2,720,850	1,222,418
Investment earnings	504,029	204,236	141,080	404,650	1,066,838	1,344,687	1,256,103	603,699	93,387	90,979
Miscellaneous	338,645	534,779	104,873	113,124	136,590	174,740	234,320	244,231	353,500	615,775
Total revenues	33,584,346	33,745,027	40,904,269	40,770,504	46,930,779	47,938,883	47,519,881	48,285,766	49,269,947	53,256,045
Expenditures										
General government	3,629,334	3,919,421	4,282,698	5,029,332	5,774,005	6,218,377	6,916,257	7,002,731	6,865,350	6,301,602
Public safety	7,289,070	8,784,496	9,761,363	11,254,775	14,240,785	12,854,941	12,708,975	12,866,248	12,434,561	12,622,842
Transportation	385,623	595,843	614,682	488,898	625,277	542,903	533,265	666,039	655,444	635,137
Economic and physical development	1,102,968	3,335,799	1,620,069	3,088,248	1,767,762	1,208,635	1,416,792	1,619,388	4,077,802	5,168,426
Human services	6,862,886	7,363,982	7,811,902	8,075,863	8,813,543	9,438,135	9,481,690	9,438,111	8,473,867	8,054,680
Cultural and recreational	1,496,940	1,392,164	1,379,564	1,582,672	1,851,747	2,199,021	2,803,484	2,193,716	2,089,043	2,093,121
Education	5,392,478	5,354,043	6,048,421	6,907,752	7,468,249	7,815,684	8,245,555	9,069,891	9,276,564	7,878,559
Capital Projects	8,094,502	2,341,058	2,331,530	579,878	3,681,709	4,283,244	5,401,532	11,531,203	9,206,983	10,213,175
Debt service										
Principal repayments	2,740,985	2,533,092	2,753,723	2,866,782	2,951,032	2,632,255	2,502,747	3,142,501	3,642,256	4,161,363
Interest	1,397,556	1,255,638	800,854	937,006	833,818	815,450	714,067	1,206,453	1,545,952	1,887,655
Total expenditures	38,392,342	36,875,536	37,404,806	40,811,206	48,007,927	48,008,645	50,724,364	58,736,281	58,267,822	59,016,560
Excess of revenues over (under) expenditures	(4,807,996)	(3,130,509)	3,499,463	(40,702)	(1,077,148)	(69,762)	(3,204,483)	10,450,515	(8,997,875)	(5,760,515)
Other Financing Sources (Uses)										
Issuance of long-term debt	-	-	-	-	5,000,000	-	4,600,000	20,000,000	2,300,000	14,204,621
Transfers in	5,928,985	5,392,584	4,578,829	6,162,274	6,755,507	4,415,465	6,055,588	6,494,159	6,343,504	6,908,135
Transfers out	(5,941,989)	(5,392,584)	(4,578,831)	(6,162,274)	(6,755,507)	(4,910,778)	(5,756,923)	(6,494,159)	(6,343,504)	(6,908,135)
Refunding bonds issued	-	-	(320,000)	-	-	-	-	-	-	-
Bonds issued	-	-	(322,097)	(855)	-	-	-	-	-	-
Payments to refunded bond escrow agent	-	-	(17,678,146)	-	-	-	-	-	-	-
Total other financing sources (uses)	(13,004)	-	(18,320,245)	(855)	5,000,000	(495,313)	4,898,665	20,000,000	2,300,000	14,204,621
Net change in fund balances	\$ (4,821,000)	\$ (3,130,509)	\$ (14,820,782)	\$ (41,557)	\$ 3,922,852	\$ (565,075)	\$ 1,694,182	\$ 9,549,485	\$ (6,697,875)	\$ 8,444,106
Debt services as a percentage of non-capital expenditures	<u>13.7%</u>	<u>11.0%</u>	<u>10.8%</u>	<u>9.5%</u>	<u>8.5%</u>	<u>7.9%</u>	<u>7.1%</u>	<u>9.2%</u>	<u>10.6%</u>	<u>12.4%</u>

Table 6

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

Fiscal Year Ended	Real Property		Personal Property		Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Personal Property	Public Svc Co. Property				
2002	\$ 2,383,616,050	\$ 1,060,592,452	\$ 179,871,843	\$ 109,593,326	\$ 3,733,673,671	0.450	4,452,801,039	83.85%
2003	2,524,183,215	1,003,521,037	200,957,654	106,510,444	3,835,172,350	0.440	4,573,848,956	83.85%
2004	3,385,289,817	1,517,122,345	254,284,638	107,982,432	5,264,679,232	0.370	6,278,687,218	83.85%
2005	3,624,812,645	1,468,888,977	256,855,264	108,479,189	5,459,036,075	0.370	6,510,478,324	83.85%
2006	3,209,032,022	1,956,117,168	301,708,108	109,242,432	5,576,099,730	0.370	6,650,089,123	83.85%
2007	3,386,421,481	1,889,899,600	313,560,811	108,277,838	5,698,159,730	0.370	7,359,111,107	77.43%
2008	5,396,447,249	2,880,125,578	453,733,352	113,519,723	8,843,825,902	0.245	8,843,825,902	100.00%
2009	5,753,163,178	2,905,118,640	330,284,672	110,609,091	9,099,175,581	0.264	9,099,175,581	100.00%
2010	5,866,027,575	2,928,645,910	272,522,727	118,964,015	9,186,160,227	0.264	9,186,160,227	100.00%
2011	5,925,219,476	2,965,584,466	259,761,022	132,595,699	9,283,160,663	0.279	9,283,160,663	100.00%

Source: Macon County Tax Department

Note: Property in the county is reassessed every six years. Normally the County reassesses property on a four year cycle; however, due to lack of sales the county has delayed the 2011 revaluation until 2015. The county assessed property in 2007/2008 at 100 percent of actual value for all types and personal property.

Estimated actual value is calculated by dividing assessed value by those percentages. Tax rates are per \$100 of assessed value.

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

Table 7

Fiscal Year	MACON Total Millage	FRANKLIN Total Millage	HIGHLANDS Total Millage	Total Direct and Rates
2002	0.450	0.360	0.180	\$ 0.990
2003	0.440	0.320	0.150	0.910
2004	0.370	0.320	0.160	0.850
2005	0.370	0.320	0.160	0.850
2006	0.370	0.320	0.160	0.850
2007	0.370	0.320	0.190	0.880
2008	0.245	0.250	0.135	0.630
2009	0.264	0.250	0.135	0.649
2010	0.264	0.250	0.135	0.649
2011	0.279	0.250	0.135	0.664

Source: County and Municipality Tax Departments

Macon County
Principal Property Taxpayers
June 30, 2011

Table 8

Taxpayer	2011			2002		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Duke Power	\$ 95,665,802	1	1.03%	73,136,836	1	1.96%
Drake Enterprises	49,704,159	2	0.54%	24,686,205	2	0.66%
Old Edwards Inn and Spa LLC	46,764,588	3	0.50%	11,815,901	3	0.32%
Ultima WNC Development LLC	32,027,295	4	0.35%	11,302,573	4	0.30%
Macon Bank	29,217,238	5	0.31%	9,139,631	5	0.24%
Highlands Golf Club Inc.	23,239,166	6	0.25%	8,776,408	6	0.24%
Tri Investments Inc.	20,440,493	7	0.22%	8,643,910	7	0.23%
Verizon South	20,151,060	8	0.22%	7,798,433	8	0.21%
Cullasaja Club Inc.	17,629,526	9	0.19%	7,789,330	9	0.21%
Rainbow Springs Partnership	17,044,960	10	0.18%	6,952,617	10	0.19%
Totals	\$ 351,884,287			\$ 170,041,844		
Total Taxable Assessed Value	\$ 9,283,160,663			\$ 3,733,673,671		

Source: Macon County Tax Office

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

Table 9

Fiscal Year	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
2002	\$ 16,820,008	\$ 16,226,401	96.47%	\$ 543,086	\$ 16,758,752	99.64%
2003	17,006,094	16,401,832	96.45%	549,390	16,866,254	99.18%
2004	19,480,913	19,018,735	97.63%	406,313	19,650,758	100.87%
2005	20,193,648	19,717,607	97.64%	404,751	20,183,239	99.95%
2006	20,617,354	20,136,403	97.67%	382,244	20,602,725	99.93%
2007	21,044,658	20,553,903	97.67%	350,777	20,904,680	99.33%
2008	21,762,091	21,191,159	97.38%	344,133	21,535,292	98.96%
2009	23,965,953	23,255,354	97.03%	390,351	23,645,705	98.66%
2010	24,232,307	23,468,413	96.85%	424,723	23,893,136	98.60%
2011	25,888,937	25,047,774	96.75%	-	25,047,774	96.75%

Source: Macon County Financial Statements

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

Table 10

Fiscal Year	Governmental Activities		Business-Type Activities					Installment Contracts	Capital Leases	Sewer Bonds	General Obligation Bonds		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Installment Contracts	Capital Leases	Capital Leases	General Obligation Bonds	General Obligation Bonds									
2001	\$ 2,280,000	\$ 23,825,397	\$ -	\$ -	\$ 2,909,880	\$ -	\$ 698,618	\$ 29,713,895	0.08%	\$ 23,779					
2002	1,765,000	21,950,857	-	-	2,519,914	-	571,800	26,807,571	0.09%	23,874					
2003	1,270,000	20,075,263	-	-	2,110,485	-	438,834	23,894,582	0.10%	23,755					
2004	795,000	20,820,935	-	-	1,663,111	-	297,740	23,576,786	0.00%	24,529					
2005	350,000	18,586,354	-	-	1,204,854	-	151,006	20,292,214	0.00%	25,848					
2006	-	21,125,157	-	-	733,258	-	-	21,858,415	0.00%	32,234					
2007	-	18,624,999	-	-	247,934	-	-	18,872,933	0.00%	39,340					
2008	-	20,783,871	-	-	-	1,900,000	-	22,683,871	0.00%	22,927					
2009	-	37,661,616	-	-	-	1,500,000	-	39,161,616	0.00%	N/A					
2010	-	36,319,360	-	-	-	1,100,000	-	37,419,360	0.00%	N/A					
2011	-	46,362,617	-	-	-	700,000	-	47,062,617	N/A	N/A					

Note: Details regarding the county's outstanding debt can be found in the notes to the financial statements.

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

Table 11

Fiscal Year	Value Assessed	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
2002	\$ 3,733,673,671	\$ 1,765,000	\$ 1,765,000	0.047%	31,039	\$ 57
2003	3,835,172,350	1,270,000	1,270,000	0.033%	31,670	40
2004	5,264,579,232	795,000	795,000	0.015%	31,968	25
2005	5,459,036,075	350,000	350,000	0.006%	32,257	11
2006	5,576,099,730	-	-	0.000%	33,154	-
2007	5,698,159,730	-	-	0.000%	33,797	-
2008	8,975,358,517	-	-	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	-

Note: State Data Center: Population Estimates as of June 30, 2011
Source: Value Assessed Macon County Tax Department

Macon County
Direct and Overlapping Governmental Activities Debt
As of June 30, 2011

Table 12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Macon County	\$ 47,062,617	100.00%	\$ 47,062,617
Town of Franklin	1,651,267	100.00%	1,651,267
Town of Highlands	<u>710,456</u>	100.00%	<u>710,456</u>
Total direct and overlapping debt	<u><u>\$ 49,424,340</u></u>		<u><u>\$ 49,424,340</u></u>

Sources: Debt outstanding data provided by the County and the respective Municipalities.

Macon County
Legal Debt Margin Information
Last Ten Fiscal Years

Table 13

	For Year Ended June 30									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	\$ 298,693,894	\$ 306,813,788	\$ 421,174,339	\$ 436,722,886	\$ 446,087,978	\$ 455,852,778	\$ 707,506,072	\$ 727,934,046	\$ 734,892,818	\$ 742,652,853
Total net debt applicable to limit	<u>27,702,860</u>	<u>24,627,374</u>	<u>24,135,184</u>	<u>20,663,410</u>	<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>
Legal debt margin	\$ 270,991,034	\$ 282,186,414	\$ 397,039,155	\$ 416,059,476	\$ 424,731,460	\$ 436,896,933	\$ 686,701,953	\$ 690,272,430	\$ 697,473,458	\$ 695,590,236
Total net debt applicable to the limit as a percentage of debt limit	<u>9.27%</u>	<u>8.03%</u>	<u>5.73%</u>	<u>4.73%</u>	<u>4.79%</u>	<u>4.16%</u>	<u>2.94%</u>	<u>5.17%</u>	<u>5.09%</u>	<u>6.34%</u>

Legal Debt Margin Calculation for Fiscal Year 2011

Assessed value	\$ 9,283,160,663
Add back: exempt real property	-
Total assessed value	<u>\$ 9,283,160,663</u>
Debt Limit (8% of total assessed value)	742,652,853
Debt applicable to limit:	
Installment Contracts	<u>47,062,617</u>
Legal debt margin	<u>\$ 695,590,236</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 (amounts expressed in thousands)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2002	31,039	\$ 712,217	\$ 23,874	45.6	3,949	3.6
2003	31,670	727,000	23,755	45.8	3,969	3.2
2004	31,968	768,000	24,529	46.0	4,021	2.9
2005	32,257	832,000	25,848	46.2	4,262	5.5
2006	33,076	886,000	32,234	46.4	4,072	4.4
2007	33,797	927,000	39,340	46.6	4,177	3.6
2008	33,640	995,240	22,927	46.7	4,493	5.2
2009	34,850	N/A	22,234	46.7	4,419	10.0
2010	35,208	N/A	N/A	45.2	4,452	10.2
2011	35,869	N/A	N/A	45.2	4,382	10.3

Note: Population for 2008 and 2009, 2008 personal income, and median age comes data.osbm.state.nc median age. Personal income from 2001 to 2007 obtained from US Census Bureau. Personal income information was obtained from the Commerce of Economic Development Center-Macon County Profile. Unemployment rate information from the Civilian Labor Force data. Population and unemployment rate for 2011 is from www.ncesc.com. School enrollment provided by the local school system and the enrollment as of August 31, 2011.

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

Table 15

Employer	2011			2002		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Drake Enterprises, LTD	711	1	4.52%	341	3	2.26%
Macon County Public Schools	707	2	4.50%	NA	10	0.00%
Macon County	562	3	3.58%	456	1	3.02%
Angel Medical Center	442	4	2.81%	402	2	2.66%
Highlands Cashiers Hospital	280	5	1.78%	200	5	1.33%
Wal-Mart Associates Inc	210	6	1.34%	200	6	1.33%
Ingles Markets Inc.	191	7	1.22%	164	8	1.09%
Caterpillar Inc.	186	8	1.18%	203	4	1.35%
Macon Bank	173	9	1.10%	191	7	1.27%
Macon Program for Progress	134	10	0.85%	149	9	0.99%
Total	<u>3,596</u>			<u>2,306</u>		

Total Labor Force estimate 15,714

15,088

Source: Employers Human Resource Department

School reports that employee count for 2002 was not available.

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

Table 16

Function	Full-Time Equivalent Employees as of June 30										
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government	N/A	73	74	77	95	105	73	92	81	89	97
Public Safety	N/A	99	99	104	104	108	133	106	137	125	150
Human Services	N/A	101	102	102	101	102	111	113	119	118	111
Cultural and Recreational	N/A	11	11	11	12	6	7	16	10	9	11
Economic and Physical Development	N/A	N/A	N/A	N/A	N/A	N/A	5	2	5	3	1
Transportation	N/A	N/A	N/A	N/A	N/A	N/A	7	7	11	8	13
Landfill	N/A	15	15	16	16	17	16	17	34	34	35
Total	N/A	299	301	310	328	338	352	353	397	386	418

Source: Human Resource Department

Macon County
Operating Indicators by Function
Last Ten Fiscal Years

Table 17

Function	For Year Ended June 30									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Law Enforcement										
Physical arrests	1,124	1,411	1,246	1,498	1,515	1,539	1,745	2,110	1,714	1,547
Traffic violations	2,349	2,177	2,598	3,092	774	654	1,296	1,228	2,265	1,516
Fire										
Number of calls answered	1,825	2,292	2,450	2,721	3,243	3,243	3,396	3,093	3,406	3,642
Inspections	440	450	450	500	550	780	491	425	500	550
Economic Development										
Number of industrial parks	1	1	1	1	1	1	1	1	1	1
Human Services										
Department of Social Services										
Number of CHIP cases eligible	308	393	427	477	477	617	617	590	430	402
Number of Food and Nutrition cases eligible	N/A	N/A	991	1,051	1,196	1,197	1,432	1,861	2,361	2,987
Number of Medicaid eligible cases	3,095	3,221	3,249	3,342	3,567	4,388	4,858	5,242	4,785	4,975
Health										
Number of WIC cases	764	805	806	835	845	845	845	1,093	1,167	1,049
Number of family planning cases	590	586	565	629	490	693	745	660	798	639
Solid Waste										
Number of landfill's	2	2	2	2	2	2	2	1	1	1
Cultural and recreational										
Number of recreation parks	4	4	6	6	6	6	6	6	6	6
Number of libraries	3	3	3	3	3	3	3	3	3	3

Sources: Various County departments.
 Note: Indicators are not available for the general government function.
 Note: Firefighters are volunteers.

Macon County
Capital Asset Statistics by Function
Last Ten Fiscal Years

Table 18

Function	For Year Ended June 30									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public safety										
Police:										
Stations	3	3	3	3	3	3	3	3	3	3
Patrol units	32	54	54	63	38	23	25	25	45	45
Fire stations	11	11	11	11	11	13	13	13	10	13
Cultural and recreational										
Parks acreage	138.6	138.6	138.6	308.6	308.6	308.6	352.6	352.6	352.6	352.6
Parks	4	4	6	6	6	6	6	6	6	6
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	9	9	9	9	9	9	6	6	6	6
Community centers	11	11	11	11	11	11	11	11	11	11
Landfill										
Number of municipal solid waste sites	1	1	1	1	1	1	1	1	2	2
Number of construction and demolition sites	1	1	1	1	1	1	1	-	-	-
Number of convenience centers	10	10	10	10	10	10	10	11	11	11

Sources: Various County departments.
Note: No capital asset indicators are available for the general government function.

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