

**MACON COUNTY
NORTH CAROLINA**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE YEAR ENDED JUNE 30, 2010

MACON COUNTY NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2010

Prepared by: Finance Department
Finance Director: Evelyn Southard

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INTRODUCTORY SECTION

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Macon County



October 25, 2010

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, 2010. 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 35,208. 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. Meat goat has expanded during the past several years but 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% compared to the national rate of 9.5% and the North Carolina State rate of 10%. Macon County had a work force of 16,350 at the end of June, 2010.

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 24.9 cents per \$100 valuation and county-wide taxes collected were \$23,468,413 in fiscal 2010.

Some income is generated from agriculture, manufacturing, and tourism. There are 1,358 farms which average approximately 28 acres per tract with 13 acres crop land in each 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 skiing, 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 twenty four months and continues to be sluggish.

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. Macon County has a small airport with a 4,500 foot runway. A 500 foot extension has been delayed for several months while excavation of Indian artifacts has taken place. The extension will begin in the fall of 2010. The airport provides a terminal and hangar space.

Duke Power Company continues to be the County's largest taxpayer with .9% 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. 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 2009-2010 fiscal year marked the sixteenth 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 28,000 tons per year for the next seven 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 \$7.5 million. The County has already recognized a liability for closure and postclosure care in the amount of \$4,875,000, based upon the amount of cell capacity used to date. Remaining postclosure costs for the prior Franklin and Highlands sites are estimated at \$715,000. The old Franklin site has 12 years remaining and the prior Highlands site has 13 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 \$5,000,000 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 that group has been to develop a steep slope ordinance which is ongoing at the end of June, 2010. Macon County has a very active Economic Development Commission who is challenged to recruit industry to our county. Macon County has an industrial park that is currently operating at capacity.

AIRPORT ACTIVITIES - Macon County Airport Authority has an airport runway extension project still underway.

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 2010, the new Mountain View Intermediate School (grades 5 and 6) was completed as well as a new gym and extensive renovations at the East Franklin Elementary School. Renovations at the Highlands K-12 School were completed during this period as well. Renovations at the Nantahala K-12 school began during FY 2010, with a Qualified Zone Academy Bond allocation of \$1,800,000.

Macon County has struggled with the decision to go forward with a new Iotla Valley Elementary School which was delayed due to the economic recession. The decision was finally made to go forward and additional Qualified School Construction Bonds of approximately \$13,000,000 are being sought for that project. Macon County is hopeful to have this project underway in the fall of 2010.

EMERGENCY MEDICAL SERVICES - Renovations are underway at the current EMS facility, as well as another recently vacated county property to house the EMS base. A new ambulance garage is being constructed at the new base site.

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, 2010 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.

CASH MANAGEMENT: Cash, which is temporarily idle during the year, is invested in demand deposits, money market accounts, commercial paper and U.S. Government securities. At all times, consideration is given to receiving the highest reasonable yields available while maintaining the safety and liquidity of those monies. These items are disclosed in more detail in the notes to the financial statements.

RISK MANAGEMENT: The County is exposed to various risks related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The risks are insured through commercial companies. Employee health coverage is also provided through a self-insured program administered by Appalachian Benefits Administrators. These items are also disclosed in detail in the notes to the financial statements.

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.

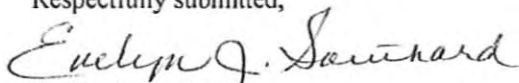
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Macon County for its comprehensive annual financial report for the fiscal year ended June 30, 2009. In order to be awarded a Certificate of 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.

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.

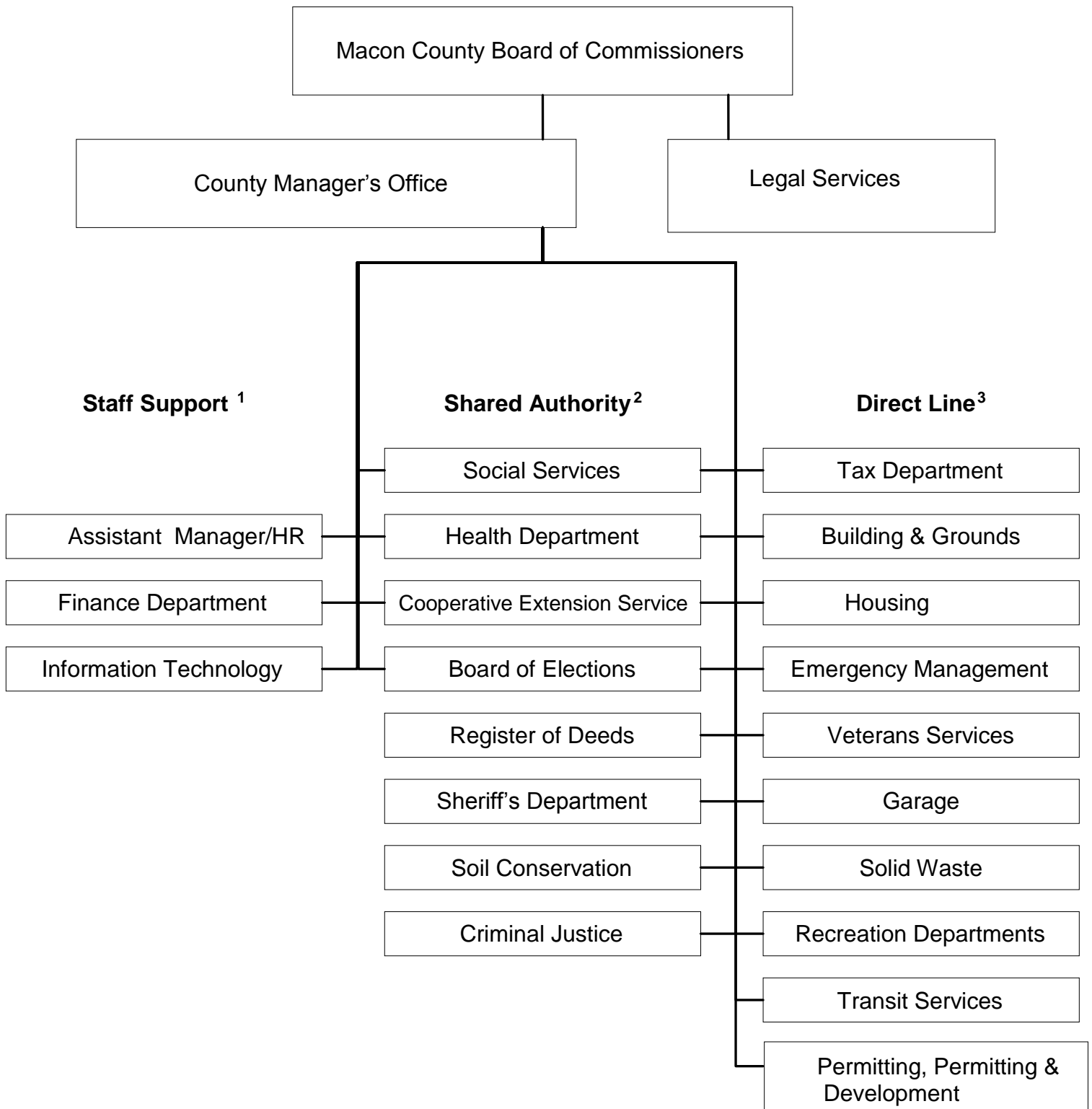
In closing, without the leadership and support of the Board of Commissioners, preparation of this report would not have been possible.

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, 2010

Board of Commissioners

Ronnie Beale, Chairman
Jim Davis, Vice-Chairman
Bobby Kupperts, Commissioner
Brian McClellan, Commissioner
Bob Simpson, Commissioner

Principal Officials

Jack Horton, County Manager
Evelyn J. Southard, Finance Director
Wilma Anderson, Assistant County Manager/Human Services Director
Chester Jones, Interim County Attorney
Richard Lightner, Tax Supervisor
Margaret D. Perry, Tax Collector
Jack Morgan, Permitting, Planning, and Development Director
Kim M. Bishop, Supervisor of Elections
Todd Raby, Register of Deeds
Barbara M. Jacobs, 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
Jim L. DuBose, Veterans' Service Officer
Seth D. Adams, Recreation Director
Larry D. Conley, Garage Services

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, 2009

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.



A stylized, handwritten signature in black ink.

President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director

FINANCIAL SECTION

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

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

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 units, each major fund, and the aggregate remaining fund information of Macon County, North Carolina, as of and for the year ended June 30, 2010, 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 basic 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. 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 opinions.

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 units, each major fund, and the aggregate remaining fund information of Macon County, North Carolina as of June 30, 2010, 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 25, 2010, 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, and grants. 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 prepared in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis Schedules of Funding Progress, Employer Contributions, and Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance, and the Other Post-Employment Benefits schedules are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion thereon.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Macon County, North Carolina taken as a whole. The introductory section, individual fund financial statements and schedules, budgetary schedules, additional financial data, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The individual fund financial statements and schedules, budgetary schedules additional financial data, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion thereon.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
October 25, 2010

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, 2010. 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.

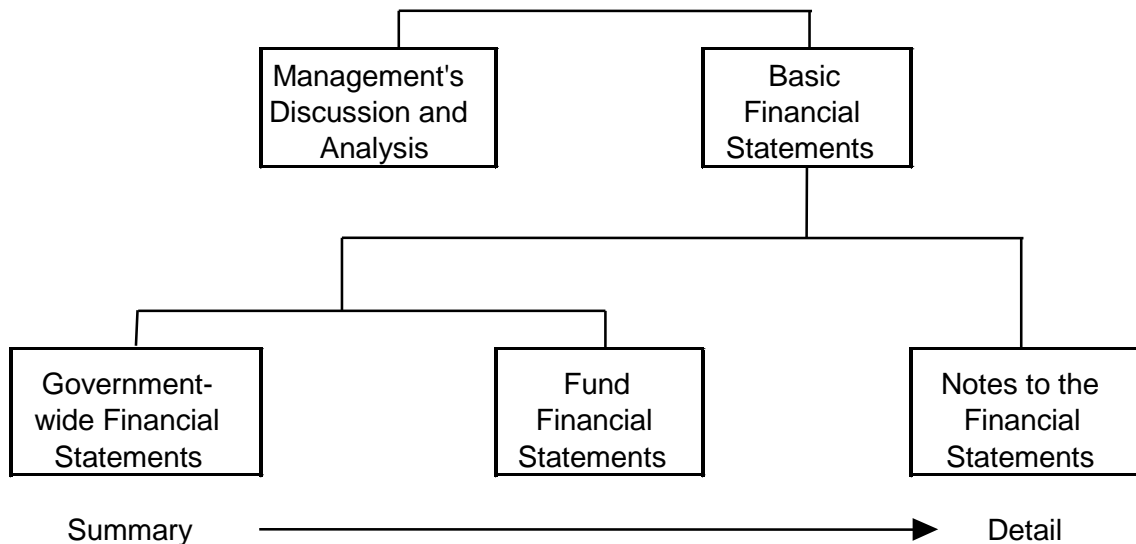
Financial Highlights

- The assets of Macon County's governmental activities exceeded its liabilities at the close of the fiscal year by \$17,242,015.
- The County's net assets of governmental activities decreased by \$8,470,616 primarily due spending down capital project funds for schools.
- As of the close of the current fiscal year, Macon County's general fund reported an ending fund balance of \$17,652,884 an increase of \$586,242 in comparison with the prior year. Approximately 80% of this total amount, \$14,162,233 is available for spending at the government's discretion.
- 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 concerning 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, providing 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. Following the notes, supplemental information provides details of the County's non-major governmental funds and internal service funds, which are combined 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.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of Macon County's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Macon County is improving or deteriorating.

The statement of activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Macon County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Macon County include general governmental, public safety, transportation, public education, economic development, and general administration. The sole business-type activity of Macon County is the solid waste (landfill) operation.

The government-wide financial statements include not only Macon County itself (known as the primary government), but also the Macon County Airport Authority for which Macon County is financially accountable. 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

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 other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of Macon County can be divided into two categories: governmental funds and proprietary 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 which provides 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 government 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. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

Proprietary funds. Macon County maintains two types of proprietary funds, Enterprise and Internal Service. 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 four 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	
	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>
Current and other assets	\$ 43,597,333	\$ 35,375,628	\$ 6,875,704	\$ 7,295,947	\$ 50,473,037	\$ 42,671,575
Capital Assets	<u>25,531,613</u>	<u>25,106,031</u>	<u>3,873,700</u>	<u>3,081,161</u>	<u>29,405,313</u>	<u>28,187,192</u>
Total Assets	69,128,946	60,481,659	10,749,404	10,377,108	79,878,350	70,858,767
Long-term liabilities outstanding	36,103,969	36,322,293	6,446,837	5,771,248	42,550,806	\$ 42,093,541
Other liabilities	<u>7,312,346</u>	<u>6,917,351</u>	<u>551,035</u>	<u>583,499</u>	<u>7,863,381</u>	<u>7,500,850</u>
Total liabilities	43,416,315	43,239,644	6,997,872	6,354,747	50,414,187	49,594,391
Net assets:						
Invested in capital assets, net of related debt	21,515,203	20,884,555	2,373,700	1,981,161	23,888,903	22,865,716
Restricted	207,996	207,708	-	-	207,996	207,708
Unrestricted	<u>3,989,432</u>	<u>(3,850,248)</u>	<u>1,377,832</u>	<u>2,041,200</u>	<u>5,367,264</u>	<u>(1,809,048)</u>
Total net assets	<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>

As noted earlier, net assets over time may serve as a useful indicator of a government's financial position. For Macon County, assets exceeded liabilities by \$21,264,376 at the close of the most recent fiscal year.

By far the largest portion of Macon County's net assets 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 \$1,809,048 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	
	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>
Revenues:						
Program Revenues						
Charges for Services	\$ 4,556,356	\$ 4,337,141	\$ 3,059,573	\$ 3,129,554	\$ 7,615,929	\$ 7,466,695
Operating grants and contributions	7,966,289	7,688,512	-	-	7,966,289	7,688,512
Capital grants and contributions	381,385	2,908,017	-	-	381,385	2,908,017
General revenues:						
Property taxes	26,520,468	26,960,198	-	-	26,520,468	26,960,198
Other taxes	8,216,388	7,036,801	-	-	8,216,388	7,036,801
Other	508,221	340,817	137,700	30,363	645,921	371,180
Total revenues	<u>48,149,107</u>	<u>49,271,486</u>	<u>3,197,273</u>	<u>3,159,917</u>	<u>51,346,380</u>	<u>52,431,403</u>
Expenses:						
General Government	9,319,928	11,226,884	-	-	9,319,928	11,226,884
Public Safety	12,087,459	11,655,558	-	-	12,087,459	11,655,558
Transportation	477,873	577,894	-	-	477,873	577,894
Economic and Physical Development	1,597,548	4,041,113	-	-	1,597,548	4,041,113
Human Services	8,752,201	7,878,952	-	-	8,752,201	7,878,952
Cultural and Recreation	2,520,567	2,437,318	-	-	2,520,567	2,437,318
Education	20,601,094	18,483,547	-	-	20,601,094	18,483,547
Interest on long-term debt	1,206,450	1,545,951	-	-	1,206,450	1,545,951
Solid Waste	-	-	2,989,618	2,889,088	2,989,618	2,889,088
Total expenses	<u>56,563,120</u>	<u>57,847,217</u>	<u>2,989,618</u>	<u>2,889,088</u>	<u>59,552,738</u>	<u>60,736,305</u>
Increase (decrease) in net assets before transfers	(8,414,013)	(8,575,731)	207,655	270,829	(8,206,358)	(8,304,902)
Transfers	725,647	105,115	-	-	725,647	105,115
Increase in net assets	(7,688,366)	(8,470,616)	207,655	270,829	(7,480,711)	(8,199,787)
Net assets, beginning	<u>33,400,997</u>	<u>25,712,631</u>	<u>3,543,877</u>	<u>3,751,532</u>	<u>36,944,874</u>	<u>29,464,163</u>
Net assets, ending	<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>

Governmental activities. Of total net assets, governmental activities accounted for \$17,242,015 (81 percent). Property taxes provided 55 percent of funding at \$26,960,198. Charges for services funded \$4,337,141, local option sales tax funded \$7,036,801 and operating grants funded \$7,688,512 of Macon County's governmental activities.

Business-type activities. Business-type activities increased Macon County's net assets by \$270,829. That increase is attributable primarily to a reduction in liabilities including accrued landfill closure and postclosure care costs. This reduction came about by extending the life of the landfill by greater compaction from purchase of better equipment.

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, unreserved fund balance 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 \$25,553,220, an decrease of \$6,697,875 in comparison with the prior year. The decrease is primarily due to spending down debt funds for capital projects.

The general fund is the principal operating fund of Macon County. At the end of the current fiscal year, unreserved fund balance of the general fund was \$14,162,233 while total fund balance for the general fund reached \$17,652,884. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 35 percent of total general fund expenditures and transfers, while total fund balance represents 43.3 percent of that same amount.

General Fund Budgetary Highlights

During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into 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 \$797,840. 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 \$3,397,021. This difference is primarily due to a continued slowdown in the economy, declining revenues, and the decision not to fill certain positions.

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 \$2,041,200. The increase from the prior year is primarily attributable to increased cash and reduction in accrued landfill closure and post-closure care.

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, 2010 amounts to \$25,224,770, (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment. There was a slight decrease of .5 percent in Macon County's investment in capital assets for the current fiscal year after accumulated depreciation (a .3 percent decrease for governmental activities and a .2 percent increase for business-type activities).

	Governmental Activities		Business-Type Activities		Total	
	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>
Land	\$ 9,117,881	\$ 9,117,881	\$ 460,837	\$ 460,837	\$ 9,578,718	\$ 9,578,718
Buildings and Improvements	24,665,880	25,469,842	9,211,699	9,161,699	33,877,579	34,631,541
Furniture and Equipment	2,588,396	2,766,599	2,094,645	2,092,463	4,683,041	4,859,062
Vehicles	4,469,198	4,704,018	671,240	692,115	5,140,438	5,396,133
Construction in progress	493,791	118,739	-	-	493,791	118,739
Subtotal	41,335,146	42,177,079	12,438,421	12,407,114	53,773,567	54,584,193
Less Accum. Depreciation	(15,309,742)	(16,952,309)	(8,564,721)	(9,325,953)	(23,874,463)	(26,278,262)
Total	<u>\$ 26,025,404</u>	<u>\$ 25,224,770</u>	<u>\$ 3,873,700</u>	<u>\$ 3,081,161</u>	<u>\$ 29,899,104</u>	<u>\$ 28,305,931</u>

Additional information on Macon County's capital assets can be found in the notes to the financial statements beginning on page 37.

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 \$697,473,458, which is significantly greater than Macon County's outstanding general obligation debt.

More detailed information on Macon County's long-term debt and capital asset activity can be found in the notes to the financial statements beginning on page 49.

Economic Factors and Next Year's Budget and Rates

- The unemployment rate for Macon County is currently 10.2 percent, which is an increase from a rate of 10 percent a year ago. Macon County's rate is slightly higher than the state's average unemployment rate of 10 percent.
- Inflationary trends in the region compare favorably to national indices.
- Estimated population of 35,208 has grown 17 percent from 2001 to 2009.

All of these factors were considered in preparing Macon County's budget for the 10/11 fiscal year.

Budget Highlights for the Fiscal Year Ending June 30, 2011

Governmental activities. Less than 1 percent growth in the tax base is anticipated over last year, to a total \$9.2 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 97.36% in 2009 to 97.19% in 2009. The 2007 revaluation process increased the tax base by about 55% but there has been very slow growth since that time. The 2011 revaluation has been delayed until 2013. 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 2011 is \$42,021,521 which includes new debt service for schools and still remains flat from prior year. The 2011 budget has practically no capital, no new programs, and flat operating budgets.

Business-type activities. The budgeted expenditure for the Solid Waste fund is \$3,313,478, which represents a 3% percent decrease from last year. The decreases are attributable to an overall reduction of operating costs in all categories of solid waste operations.

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.

BASIC FINANCIAL STATEMENTS – OVERVIEW

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MACON COUNTY, NORTH CAROLINA

STATEMENT OF NET ASSETS JUNE 30, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Macon County Airport Authority
Assets:				
Cash and cash equivalents	\$ 28,830,512	\$ 7,089,479	\$ 35,919,991	\$ 40,907
Taxes receivable, net	831,316	-	831,316	-
Interest receivable	25,487	18,286	43,773	-
Accounts receivable, net	3,045,170	185,103	3,230,273	-
Due from other governments	2,401,482	3,079	2,404,561	-
Inventories	58,433	-	58,433	-
Prepaid items	61,905	-	61,905	-
Restricted cash and cash equivalents	2,584	-	2,584	-
Construction in progress	118,739	-	118,739	-
Non-depreciable capital assets	9,117,881	460,837	9,578,718	4,593,032
Depreciable capital assets, net	15,988,150	2,620,324	18,608,474	1,379,023
Total assets	60,481,659	10,377,108	70,858,767	6,012,962
Liabilities:				
Accounts payable and accrued liabilities	2,941,126	179,094	3,120,220	1,118
Unearned revenue	110,552	-	110,552	-
Non-current liabilities:				
Due in less than one year	3,865,673	404,405	4,270,078	-
Due in more than one year	36,322,293	5,771,248	42,093,541	-
Total liabilities	43,239,644	6,354,747	49,594,391	1,118
Net Assets:				
Invested in capital assets, net of related debt	20,884,555	1,981,161	22,865,716	5,972,055
Restricted for:				
Education	207,708	-	207,708	-
Unrestricted	(3,850,248)	2,041,200	(1,809,048)	39,789
Total net assets	\$ 17,242,015	\$ 4,022,361	\$ 21,264,376	\$ 6,011,844

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

MACON COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2010

		<u>Program Revenues</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ 11,226,884	\$ 1,136,094	\$ 711,793	\$ 7,772
Public safety	11,655,558	1,614,704	697,819	-
Transportation	577,894	-	405,974	-
Economic and physical development	4,041,113	403,518	391,753	2,900,245
Human services	7,878,952	1,007,881	5,225,790	-
Cultural and recreational	2,437,318	-	-	-
Education	18,483,547	174,944	255,383	-
Interest on long-term debt	1,545,951	-	-	-
Total governmental activities	<u>57,847,217</u>	<u>4,337,141</u>	<u>7,688,512</u>	<u>2,908,017</u>
Business-Type Activities:				
Solid waste	<u>2,889,088</u>	<u>3,129,554</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 60,736,305</u>	<u>\$ 7,466,695</u>	<u>\$ 7,688,512</u>	<u>\$ 2,908,017</u>
Component Unit:				
Airport Authority	<u>\$ 131,683</u>	<u>\$ 6,487</u>	<u>\$ 40,000</u>	<u>\$ 1,043,949</u>

General Revenues:

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

Change In Net 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
\$ (9,371,225)	\$ -	\$ (9,371,225)	\$ -
(9,343,035)	-	(9,343,035)	-
(171,920)	-	(171,920)	-
(345,597)	-	(345,597)	-
(1,645,281)	-	(1,645,281)	-
(2,437,318)	-	(2,437,318)	-
(18,053,220)	-	(18,053,220)	-
(1,545,951)	-	(1,545,951)	-
<u>(42,913,547)</u>	<u>-</u>	<u>(42,913,547)</u>	<u>-</u>
-	240,466	240,466	-
<u>(42,913,547)</u>	<u>240,466</u>	<u>(42,673,081)</u>	<u>-</u>
			<u>958,753</u>
26,960,198	-	26,960,198	-
7,036,801	-	7,036,801	-
325,213	-	325,213	-
15,604	-	15,604	-
<u>105,115</u>	<u>30,363</u>	<u>135,478</u>	<u>-</u>
<u>34,442,931</u>	<u>30,363</u>	<u>34,473,294</u>	<u>-</u>
(8,470,616)	270,829	(8,199,787)	958,753
<u>25,712,631</u>	<u>3,751,532</u>	<u>29,464,163</u>	<u>5,053,091</u>
<u>\$ 17,242,015</u>	<u>\$ 4,022,361</u>	<u>\$ 21,264,376</u>	<u>\$ 6,011,844</u>

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

MACON COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS JUNE 30, 2010

	General	Consolidated Capital Project	Little Tennessee River/ Cartoogechaye Creek Sewer Trunk Project	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 15,996,948	\$ 3,994,398	\$ -	\$ 3,075,568	\$ 23,066,914
Taxes receivable, net	733,045	-	-	98,271	831,316
Interest receivable	25,487	-	-	-	25,487
Accounts receivable, net	402,785	420	1,841,436	800,529	3,045,170
Due from other funds	960,737	-	-	-	960,737
Due from other governments	2,130,171	-	-	271,311	2,401,482
Inventories	58,433	-	-	-	58,433
Prepaid items	61,905	-	-	-	61,905
Cash and cash equivalents, restricted	2,584	-	-	-	2,584
Total assets	<u>\$ 20,372,095</u>	<u>\$ 3,994,818</u>	<u>\$ 1,841,436</u>	<u>\$ 4,245,679</u>	<u>\$ 30,454,028</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ 1,519,039	\$ 13,865	\$ 1,030,851	\$ 77,873	\$ 2,641,628
Due to other funds	-	-	648,789	311,948	960,737
Deferred revenues	1,200,172	-	-	98,271	1,298,443
Total liabilities	<u>2,719,211</u>	<u>13,865</u>	<u>1,679,640</u>	<u>488,092</u>	<u>4,900,808</u>
Fund Balances:					
Reserved by State statute	3,162,605	-	-	271,311	3,433,916
Reserved for inventories	58,433	-	-	-	58,433
Reserved for prepaids	61,905	-	-	-	61,905
Reserve for timber receipts	207,708	-	-	-	207,708
Unreserved, reported in:					
General Fund	14,162,233	-	-	-	14,162,233
Special revenue funds	-	-	-	2,106,283	2,106,283
Capital project funds	-	3,980,953	161,796	996,414	5,139,163
Debt Service Fund	-	-	-	383,579	383,579
Total fund balances	<u>17,652,884</u>	<u>3,980,953</u>	<u>161,796</u>	<u>3,757,587</u>	<u>25,553,220</u>
Total liabilities and fund balances	<u>\$ 20,372,095</u>	<u>\$ 3,994,818</u>	<u>\$ 1,841,436</u>	<u>\$ 4,245,679</u>	

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

25,224,770

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.

5,464,100

Long-term liabilities and compensated absences are not due and payable in the current period and, therefore, not reported in the funds.

(40,187,966)

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.

1,187,891

Net assets of governmental activities

\$ 17,242,015

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, 2010

	General	Consolidated Capital Project	Little Tennessee River/ Cartoogechaye Creek Sewer Trunk Project	Other Governmental Funds	Total Governmental Funds
Revenues:					
Ad valorem taxes	\$ 24,213,724	\$ -	\$ -	\$ 2,649,478	\$ 26,863,202
Local option sales taxes	5,713,754	-	-	1,323,047	7,036,801
Unrestricted intergovernmental revenues	340,817	-	-	-	340,817
Restricted intergovernmental revenues	6,277,371	-	1,841,436	2,477,722	10,596,529
Permits and fees	1,264,861	-	-	-	1,264,861
Sales and services	2,720,850	-	-	-	2,720,850
Interest earned on investments	79,381	6,923	-	7,083	93,387
Miscellaneous	178,556	174,944	-	-	353,500
Total revenues	<u>40,789,314</u>	<u>181,867</u>	<u>1,841,436</u>	<u>6,457,330</u>	<u>49,269,947</u>
Expenditures:					
Current:					
General government	6,466,730	-	-	398,620	6,865,350
Public safety	9,650,312	-	-	2,784,249	12,434,561
Transportation	655,444	-	-	-	655,444
Economic and physical development	815,905	-	1,651,494	1,610,403	4,077,802
Human services	8,473,867	-	-	-	8,473,867
Education	9,276,564	9,206,983	-	-	18,483,547
Cultural and recreation	2,085,912	-	-	3,131	2,089,043
Debt service:					
Principal repayments	-	-	-	3,642,256	3,642,256
Interest	-	-	-	1,545,952	1,545,952
Total expenditures	<u>37,424,734</u>	<u>9,206,983</u>	<u>1,651,494</u>	<u>9,984,611</u>	<u>58,267,822</u>
Revenues over (under) expenditures	<u>3,364,580</u>	<u>(9,025,116)</u>	<u>189,942</u>	<u>(3,527,281)</u>	<u>(8,997,875)</u>
Other Financing Sources (Uses):					
Issuance of long-term debt	500,000	1,800,000	-	-	2,300,000
Transfers in	26,438	1,321,675	-	4,995,391	6,343,504
Transfers out	(3,304,776)	-	-	(3,038,728)	(6,343,504)
Total other financing sources (uses)	<u>(2,778,338)</u>	<u>3,121,675</u>	<u>-</u>	<u>1,956,663</u>	<u>2,300,000</u>
Net change in fund balances	586,242	(5,903,441)	189,942	(1,570,618)	(6,697,875)
Fund Balances:					
Beginning of year - July 1	17,066,642	9,884,394	(28,146)	5,328,205	32,251,095
End of year - June 30	<u>\$ 17,652,884</u>	<u>\$ 3,980,953</u>	<u>\$ 161,796</u>	<u>\$ 3,757,587</u>	<u>\$ 25,553,220</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, 2010

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	\$ (6,697,875)
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.	96,996
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.	(177,433)
Public Health fees in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds statement.	(22,589)
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.	(1,753,331)
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.	891,445
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.	(2,300,000)
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(1,692,079)
Principal repayments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities.	3,642,256
The net revenue (expense) of the internal service funds are reported with governmental activities.	<u>(458,006)</u>
Change in net assets of governmental activities (Exhibit B)	<u>\$ (8,470,616)</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, 2010

	Budgeted Amounts			Variance from Final Budget Over/Under
	Original	Final	Actual	
Revenues:				
Ad valorem taxes	\$ 24,281,700	\$ 24,281,700	\$ 24,213,724	\$ (67,976)
Local option sales taxes	5,907,000	5,907,000	5,713,754	(193,246)
Unrestricted intergovernmental revenues	365,469	365,469	340,817	(24,652)
Restricted intergovernmental revenues	6,363,113	6,959,383	6,277,371	(682,012)
Permits and fees	1,373,300	1,373,300	1,264,861	(108,439)
Sales and services	2,410,153	2,504,197	2,720,850	216,653
Investment earnings	350,000	350,000	79,381	(270,619)
Miscellaneous	19,701	127,227	178,556	51,329
Total revenues	<u>41,070,436</u>	<u>41,868,276</u>	<u>40,789,314</u>	<u>(1,078,962)</u>
Expenditures:				
Current:				
General government	6,953,288	7,236,339	6,466,730	769,609
Public safety	10,002,964	10,316,578	9,650,312	666,266
Transportation	683,359	814,140	655,444	158,696
Economic and physical development	810,076	848,076	815,905	32,171
Human services	9,530,917	10,001,574	8,473,867	1,527,707
Cultural and recreational	2,046,307	2,209,466	2,085,912	123,554
Intergovernmental:				
Education	8,629,588	9,395,582	9,276,564	119,018
Total expenditures	<u>38,656,499</u>	<u>40,821,755</u>	<u>37,424,734</u>	<u>3,397,021</u>
Revenues over (under) expenditures	<u>2,413,937</u>	<u>1,046,521</u>	<u>3,364,580</u>	<u>2,318,059</u>
Other Financing Sources (Uses):				
Long term debt issued	-	500,000	500,000	-
Transfers in	-	-	26,438	26,438
Transfers out	(3,313,776)	(3,458,076)	(3,304,776)	153,300
Appropriated fund balance	899,839	1,911,555	-	(1,911,555)
Total other financing sources (uses)	<u>(2,413,937)</u>	<u>(1,046,521)</u>	<u>(2,778,338)</u>	<u>(1,731,817)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	586,242	<u>\$ 586,242</u>
Fund Balance:				
Beginning of year - July 1			17,066,642	
End of year - June 30			<u>\$ 17,652,884</u>	

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

MACON COUNTY, NORTH CAROLINA

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

JUNE 30, 2010

	Business-Type Activities	Governmental Activities
	Solid Waste	Internal Service Funds
Assets:		
Current assets:		
Cash and cash equivalents	\$ 7,089,479	\$ 5,763,598
Interest receivable	18,286	-
Accounts receivable, net	185,103	-
Due from other government agencies	3,079	-
Total current assets	<u>7,295,947</u>	<u>5,763,598</u>
Non-current assets:		
Non-depreciable capital assets	460,837	-
Depreciable capital assets, net	<u>2,620,324</u>	<u>-</u>
Total non-current assets	<u>3,081,161</u>	<u>-</u>
Total assets	<u>10,377,108</u>	<u>5,763,598</u>
Liabilities:		
Current liabilities:		
Accounts payable and accrued liabilities	179,094	299,498
Current portion of long term liabilities	400,000	-
Compensated absences payable - current	4,405	-
Total current liabilities	<u>583,499</u>	<u>299,498</u>
Non-current liabilities:		
Accrued landfill closure and post-closure care cost	4,875,000	-
Compensated absences payable	39,646	-
Long term liabilities - non-current	<u>856,602</u>	<u>-</u>
Total non-current liabilities	<u>5,771,248</u>	<u>-</u>
Total liabilities	<u>6,354,747</u>	<u>299,498</u>
Net Assets:		
Invested in capital assets, net of related debt	1,981,161	-
Unrestricted	<u>2,041,200</u>	<u>5,464,100</u>
Total net assets	<u>\$ 4,022,361</u>	<u>\$ 5,464,100</u>

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

MACON COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2010

	Business-Type Activities	Governmental Activities
	Solid Waste	Internal Service Funds
Operating Revenues:		
Landfill fees	\$ 1,683,593	\$ -
Solid waste disposal fees	24,610	
Charges for services	-	3,421,632
Tipping fees	1,100,203	-
Scrap tire revenues	37,841	-
Other	283,307	-
Total operating revenues	<u>3,129,554</u>	<u>3,421,632</u>
Operating Expenses:		
Salaries	912,414	-
Employee benefits	372,996	-
Benefit payments	-	3,510,688
Insurance premiums	-	380,678
Operating expenses	1,104,087	-
Landfill closure and post-closure care cost	(358,750)	-
Depreciation	810,955	-
Total operating expenses	<u>2,841,702</u>	<u>3,891,366</u>
Operating income (loss)	<u>287,852</u>	<u>(469,734)</u>
Non-Operating Revenues (Expenses):		
Interest earned on investments	30,363	11,728
Interest and fees	(47,386)	-
Total non-operating revenues (expenses)	<u>(17,023)</u>	<u>11,728</u>
Change in net assets	270,829	(458,006)
Net Assets:		
Beginning of year- July 1	<u>3,751,532</u>	<u>5,922,106</u>
End of year- June 30	<u>\$ 4,022,361</u>	<u>\$ 5,464,100</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, 2010

	Business-Type Activities	Governmental Activities
	Solid Waste	Internal Service Funds
Cash Flows from Operating Activities:		
Cash received from customers	\$ 2,770,004	\$ 3,421,632
Cash paid for goods and services	(1,106,790)	(3,909,469)
Cash paid to employees for services	(1,167,475)	-
Other operating revenues	383,529	-
Net cash provided (used) by operating activities	<u>879,268</u>	<u>(487,837)</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(18,417)	-
Principal paid on long-term debt	(400,000)	-
Interest paid on long-term debt	(47,386)	-
Net cash provided (used) for capital and related financing activities	<u>(465,803)</u>	<u>-</u>
Cash Flows from Investing Activities:		
Interest on investments	<u>30,363</u>	<u>11,728</u>
Net increase (decrease) in cash and cash equivalents	443,828	(476,109)
Cash and Cash Equivalents - Beginning of Year	<u>6,645,651</u>	<u>6,239,707</u>
Cash and Cash Equivalents - End of Year	<u>\$ 7,089,479</u>	<u>\$ 5,763,598</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ 287,852	\$ (469,734)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	810,955	-
Change in estimate of closure and post-closure care cost	(387,000)	-
Other post-employment benefits	106,071	-
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	23,437	-
(Increase) decrease in prepaids	150	-
Increase (decrease) in accounts payable and accrued liabilities	31,871	(18,103)
Increase (decrease) in accrued vacation pay	<u>5,932</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>\$ 879,268</u>	<u>\$ (487,837)</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, 2010

	Agency Funds
Assets:	
Cash and cash equivalents	\$ 101,619
Accounts receivable	14,882
Total assets	<u>\$ 116,501</u>
Liabilities:	
Miscellaneous liabilities	\$ 90,124
Intergovernmental payable	26,377
Total liabilities	<u>\$ 116,501</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, 2010

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, 2010

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.

Major Funds - The General Fund, the Consolidated Capital Project Fund. The Little Tennessee River/Cartoogechaye Creek Sewer Trunk Project and the Solid Waste Fund are major funds of the County for the year ended June 30, 2010.

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

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

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 six special revenue funds: the Emergency Telephone System Fund, the Fire Districts Fund, the Schools Capital Fund, the Capital Reserve Fund, the Clean Water Management Trust Fund, and the Housing Grants 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.

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 four nonmajor capital project funds within the governmental fund types: the Airport Improvements Fund, the County Buildings Project Fund, the SCC Campus/Library Project Fund, and the Riverbend Estates Waterline Project. The County has one major capital project fund: 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.

Proprietary Funds include the following fund types:

Enterprise Fund. 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 Fund. 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.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

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 six 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 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.

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

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

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. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2009 through February 2010 apply to the fiscal year ended June 30, 2010. 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.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

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, Capital Reserve, Fire Districts, and Schools Capital (Special Revenue) Funds, 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 and the Capital Projects Funds. 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.

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.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

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 cash and investments in the General Fund in the amount of \$2,584 represent amounts reserved for the Public School Building Capital Fund and other general government reserves.

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, 2008.

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 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

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

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>Years</u>
Buildings	15-20
Equipment	7
Vehicles	5

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.

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, or laws or regulations of other governments or imposed by law through State statutes.

Net assets are classified as follows:

Education – portion of net assets constituting timber receipts restricted by the federal government for education.

Fund Balances

In the governmental fund financial statements, reservations, or restrictions of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

change. State law [G.S. 159-13(b) (16)] restricts the appropriation of fund balance or fund equity to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund types classify fund balances as follows:

Reserved:

Reserved by State Statute - Portion of fund balance, which is not available for appropriation under 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.

Reserved for Prepaid Items and Reserved for Inventories - Portion of fund balance not available for appropriation because it represents the year-end fund balance of ending prepaid items and inventories, which are not expendable, available resources.

Reserved Timber Receipts – Portion of fund balance representing a portion of timber receipts restricted by the federal government for educational purposes.

Designations of equity represent tentative management plans that are subject to change. The unreserved fund balance had the following designations at June 30, 2010:

Designated for subsequent year's expenditures:

General Fund	\$	313,184
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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, 2010

G. Comparative Data/Reclassifications

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the County's financial position and operations. Comparative totals have not been included on the statements where their inclusion would not provide enhanced understanding of the County's financial position and operations or would cause the statements to be unduly complex or difficult to understand. Also, certain amounts in the prior year's data have been reclassified to be consistent with the current year's presentation.

H. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 and depreciation lives.

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.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

At June 30, 2010, the County's deposits had a carrying amount of \$11,993,490 and a bank balance of \$12,780,646. Of the bank balance, \$856,667 was covered by federal depository insurance, and \$11,923,979 by collateral held under the Pooling Method. Cash on hand was \$2,250.

Investments

At June 30, 2010, 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	\$ 2,526,299	\$ 2,526,299	\$ -
North Carolina Capital Management Trust-Cash Portfolio	21,502,155	N/A	N/A
Total	<u>\$ 24,028,454</u>	<u>\$ 2,526,299</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, 2010, 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, 2010.

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

Commercial Paper:

BB&T	100.00%
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MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

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.

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 1,127,843	\$ 63,441	\$ 1,191,284
2007	1,067,293	60,035	1,127,328
2008	1,247,005	72,040	1,319,045
2009	1,280,724	-	-
Total	<u>\$ 4,722,865</u>	<u>\$ 195,516</u>	<u>\$ 2,318,612</u>

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

Receivables

Receivables at Exhibit A at June 30, 2010, were as follows:

	<u>Accounts</u>	<u>Taxes</u>	<u>Interest</u>	<u>Due from Other Governments</u>	<u>Total</u>
Governmental Activities:					
General	\$ 402,785	\$ 1,638,845	\$ 25,487	\$ 2,130,171	\$ 4,197,288
Other governmental	<u>2,642,385</u>	<u>210,055</u>	<u>-</u>	<u>271,311</u>	<u>3,123,751</u>
Total receivables	3,045,170	1,848,900	25,487	2,401,482	7,321,039
Allowance for doubtful accounts	<u>-</u>	<u>(1,017,584)</u>	<u>-</u>	<u>-</u>	<u>(1,017,584)</u>
Total governmental activities	<u>\$ 3,045,170</u>	<u>\$ 831,316</u>	<u>\$ 25,487</u>	<u>\$ 2,401,482</u>	<u>\$ 6,303,455</u>
Business-Type Activities:					
Solid Waste	\$ 315,923	\$ -	\$ 18,286	\$ 3,079	\$ 337,288
Allowance for doubtful accounts	<u>(130,820)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(130,820)</u>
Total business-type activities	<u>\$ 185,103</u>	<u>\$ -</u>	<u>\$ 18,286</u>	<u>\$ 3,079</u>	<u>\$ 206,468</u>

Due from other governments consisted of the following:

Local option sales and use tax	\$ 208,362
Grants receivable/sales tax refund/other	<u>2,193,120</u>
Total	<u>\$ 2,401,482</u>

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

Capital Assets

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

	<u>July 1, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2010</u>
Non-Depreciable Assets:					
Land	\$ 9,117,881	\$ -	\$ -	\$ -	\$ 9,117,881
Construction in progress	493,791	115,327	-	(490,379)	118,739
Depreciable Assets:					
Buildings and improvements	24,665,880	313,583	-	490,379	25,469,842
Equipment	2,588,396	193,946	(15,743)	-	2,766,599
Vehicles	4,469,198	268,589	(12,894)	(20,875)	4,704,018
Total	<u>41,335,146</u>	<u>891,445</u>	<u>(28,637)</u>	<u>(20,875)</u>	<u>42,177,079</u>
Less Accumulated Depreciation:					
Buildings and improvements	10,170,223	1,051,638	-	-	11,221,861
Equipment	1,905,363	214,615	(15,743)	-	2,104,235
Vehicles	3,234,156	425,826	(12,894)	(20,875)	3,626,213
Total accumulated depreciation	<u>15,309,742</u>	<u>1,692,079</u>	<u>(28,637)</u>	<u>(20,875)</u>	<u>16,952,309</u>
Capital assets, net	<u>\$ 26,025,404</u>	<u>\$ (800,634)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,224,770</u>

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

Governmental Activities:

General government	\$ 525,792
Public safety	611,267
Economic and physical development	3,132
Transportation	67,029
Human services	109,447
Cultural and recreational	<u>375,412</u>
Total	<u>\$ 1,692,079</u>

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

Proprietary Capital Assets

The capital assets of the proprietary fund at June 30, 2010, are as follows:

	<u>July 1, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2010</u>
Non-Depreciable Assets:					
Land	\$ 460,837	\$ -	\$ -	\$ -	\$ 460,837
Depreciable Assets:					
Buildings and improvements	9,211,699	-	(50,000)	-	9,161,699
Equipment	2,094,646	18,417	(20,600)	-	2,092,463
Vehicles	671,240	-	-	20,875	692,115
Total	<u>12,438,422</u>	<u>18,417</u>	<u>(70,600)</u>	<u>20,875</u>	<u>12,407,114</u>
Less Accumulated Depreciation:					
Buildings and improvements	6,770,353	607,553	(50,000)	-	7,327,906
Equipment	1,175,677	184,721	(20,600)	-	1,339,798
Vehicles	618,693	18,681	-	20,875	658,249
Total accumulated depreciation	<u>8,564,723</u>	<u>810,955</u>	<u>(70,600)</u>	<u>20,875</u>	<u>9,325,953</u>
Capital assets, net	<u>\$ 3,873,699</u>	<u>\$ (792,538)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,081,161</u>

B. Liabilities

Payables

Payables at Exhibit A at June 30, 2010 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>\$ 2,018,762</u>	<u>\$ 622,866</u>	<u>\$ 299,498</u>	<u>\$ 2,941,126</u>
Business-Type Activities:				
Solid Waste	<u>\$ 143,690</u>	<u>\$ 35,404</u>	<u>\$ -</u>	<u>\$ 179,094</u>

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

C. Pension Plan Obligation

Local Governmental Employees' Retirement System

Plan Description. Macon County contributes to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS 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 4.92% and 4.86%, 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, 2010, 2009, and 2008 were \$687,645, \$677,390, and \$650,780, 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, 2009, the Separation Allowance's membership consisted of 43 active plan members and 1 retired member.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

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, 2008, actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% 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, 2008 is 22 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	\$ 43,929
Interest on net pension obligation	13,393
Adjustment to annual required contribution	<u>(11,637)</u>
Annual pension cost	45,685
Employer contributions made for fiscal year ending 6/30/10	<u>10,504</u>
Increase (decrease) in net pension obligation	35,181
Net pension obligation, July 1	<u>184,733</u>
Net pension obligation, June 30	<u>\$ 219,914</u>

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

Three-Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2008	\$ 34,428	52.68%	\$ 167,270
6/30/2009	39,720	56.03%	184,733
6/30/2010	45,685	22.99%	219,914

As of December 31, 2008, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$410,466, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$410,466.

The covered payroll (annual payroll of active employees covered by the plan) was \$1,851,404 and the ratio of the UAAL to the covered payroll was 22.17 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, 2010, were \$113,310 which consisted of \$92,912 from the County and \$20,398 from the law enforcement officers.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

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, 2010, the County's required and actual contributions were \$3,592.

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, 2010, the County made payments for post-retirement health benefit premiums of \$169,440. 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, 2010

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 143.6% of annual covered payroll. For the current year, the County contributed \$169,440, or 1.22% of annual covered payroll. The County purchases insurance from a private carrier for health care 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 11.16% and 11.16% 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, 2010

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	\$ 1,847,867	\$ 111,843	\$ 1,959,710
Interest on net OPEB obligation	45,313	1,663	46,976
Adjustments to annual required contribution	(39,094)	(1,435)	(40,529)
Annual OPEB cost (expense)	1,854,086	112,071	1,966,157
Contributions made	(163,440)	(6,000)	(169,440)
Increase (decrease) in net OPEB obligation	1,690,646	106,071	1,796,717
Net OPEB obligation, beginning of year	1,123,881	50,531	1,174,412
Net OPEB obligation, end of year	<u>\$ 2,814,527</u>	<u>\$ 156,602</u>	<u>\$ 2,971,129</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 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

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

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 accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

In the December 31, 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, 2010, 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, 2010

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, 2010, the County made contributions to the State for death benefits of \$14,562. 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

State and federal laws and regulations require the County to place a final cover on its landfills when they stop accepting waste and to perform certain maintenance and monitoring functions at the site. 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 \$4,875,000 reported as landfill closure and post-closure care liability at June 30, 2010, 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, \$4,160,000 reflects the costs of the New Franklin Landfill. The new landfill costs are based on 75.41% of the total estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and post-closure care of \$5.51 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 2010. The County

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

expects to close the current cells of the New Franklin Landfill in 2015. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

Deferred / Unearned Revenues

The balance in deferred revenues on the fund statements and unearned revenues on the government-wide statements at June 30, 2010, is composed of the following elements:

	Deferred Revenues		Unearned Revenues	
	General Fund	Fire District Fund	General Fund	Fire District Fund
Taxes receivable (net)	\$ 733,045	\$ 98,271	\$ -	\$ -
Ambulance fees receivable	303,583	-	-	-
Other (net)	52,992	-	-	-
Taxes collected in advance	110,552	-	110,552	-
Total	<u>\$ 1,200,172</u>	<u>\$ 98,271</u>	<u>\$ 110,552</u>	<u>\$ -</u>

Summary Disclosure of Significant Commitments

At June 30, 2010, the County had commitments of approximately \$5,713,614 for water and sewer construction, of which \$1,658,564 is grant funds and \$2,011,800 is a forgiveness loan, and \$2,043,250 is loan funds. The County also has commitments of \$2,367,839 for airport improvements which 90% is grant funding.

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 \$54,045,770, general, auto, professional and employment practices liability coverage of \$2,000,000. The County obtains workers' compensation coverage through Key Risk Insurance Company.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

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

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR'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:

	<u>2010</u>	<u>2009</u>
Unpaid claims, beginning	\$ 317,601	\$ 89,221
Incurred claims	3,528,791	3,426,067
Claim payments	<u>(3,546,894)</u>	<u>(3,197,687)</u>
Unpaid claims, ending	<u>\$ 299,498</u>	<u>\$ 317,601</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, 2010

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. \$ 855,000

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. 7,225,000

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. 3,500,000

\$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. 1,736,026

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. 2,253,334

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. 18,500,000

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) semiannual installments of \$50,000 plus interest at 3.080% per annum. 450,000

\$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. 1,800,000

Total installment contracts \$ 36,319,360

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

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. \$ 600,000

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. 500,000

Total installment contracts \$ 1,100,000

At June 30, 2010, the County had a legal debt margin of \$697,473,458.

Long-Term Obligation Activity

A summary of changes in long-term debt follows:

	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010	Current Portion of Balance
Governmental Activities:					
Installment contracts	\$ 37,661,616	\$ 2,300,000	\$ 3,642,256	\$ 36,319,360	\$ 3,782,256
Compensated absences	806,661	729,700	702,196	834,165	83,417
Other post-employment benefits	1,123,881	1,854,086	163,440	2,814,527	-
LEO Separation Allowance	184,733	35,181	-	219,914	-
Total governmental activities	\$ 39,776,891	\$ 4,918,967	\$ 4,507,892	\$ 40,187,966	\$ 3,865,673
Business-Type Activities:					
Installment contracts	\$ 1,500,000	\$ -	\$ 400,000	\$ 1,100,000	\$ 400,000
Accrued landfill closure and post-closure care cost	5,262,000	-	387,000	4,875,000	-
Other post-employment benefits	50,531	112,071	6,000	156,602	-
Compensated absences	38,118	38,129	32,196	44,051	4,405
Total business-type activities	\$ 6,850,649	\$ 150,200	\$ 825,196	\$ 6,175,653	\$ 404,405

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

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

Debt Service Requirements

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

General Long-Term Debt:

Installment Contracts:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 3,782,256	\$ 1,531,903
2012	3,777,256	1,371,007
2013	3,767,256	1,204,137
2014	3,472,256	1,047,516
2015	2,392,256	890,565
2016-2020	8,661,281	3,258,835
2021-2025	6,966,799	1,578,689
2026-2030	3,500,000	321,300
Total	<u>\$ 36,319,360</u>	<u>\$ 11,203,952</u>

Solid Waste Fund:

Installment Contracts

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 400,000	\$ 33,705
2012	400,000	20,045
2013	300,000	6,074
Total	<u>\$ 1,100,000</u>	<u>\$ 59,824</u>

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

Capital Assets, Net of Related Debt

Capital assets, net of related debt at June 30, 2010, are computed as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets, net of accumulated depreciation	\$ 25,224,770	\$ 3,081,161
Less: capital debt		
Gross debt	36,319,360	1,100,000
Less: School debt related to assets which the County does not hold title to	(31,979,145)	-
Net capital debt	<u>4,340,215</u>	<u>1,100,000</u>
Capital assets, net of related debt	<u><u>\$ 20,884,555</u></u>	<u><u>\$ 1,981,161</u></u>

Interfund Balances and Activity

	<u>Transfers</u>		
	<u>From</u>	<u>To</u>	<u>Purpose</u>
Transfers From/To Other Funds:			
General Fund:			
General Fund	\$ 3,304,776	\$ 26,438	Various purposes
Other Governmental Funds:			
Housing Grants Fund	-	44,300	Administrative funds
Schools Capital Fund	1,690,615	-	Debt retirement
Emergency Telephone System Fund	26,438	-	General Fund Reimbursement
Consolidated Capital Projects Fund	-	1,321,675	FHS renovation project
Debt Service:			
Debt Service	1,321,675	4,951,091	Debt retirement

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

The following is a summary of interfund receivables and payables:

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
General Fund	Little Tennessee River/Cartoogechaye Creek Sewer Trunk Project	\$ 648,789
	Riverbend Estates Waterline Project	110,000
	Debt Service Fund	<u>201,948</u>
Total		<u>\$ 960,737</u>

4. Joint Ventures

Fontana Regional Library

The County participates in a joint venture to operate the Fontana Regional Library (Library) with five other local governments. Each participating county may appoint three Board members to the nine-member Board of the Library. The County has an ongoing financial responsibility for the joint venture because the Library's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2010. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$961,000 to the Library to supplement its activities. Additionally, the County contributed \$55,716 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.

5. Jointly Governed Organizations

Southwestern North Carolina Planning and Economic Development Commission

The County, in conjunction with seven other counties and fifteen 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 forty-four member governing board.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

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 \$107,700 to the Center during the fiscal year ended June 30, 2010.

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, and 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 \$431,063 to the Community College for operating and capital purposes during the fiscal year ended June 30, 2010. 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, 2010. Complete financial statements for the Community College may be obtained from the Community College's administrative offices at 275 Webster Road, Franklin, North Carolina 28779.

6. Summary Disclosure of Significant Commitments and Contingencies

Federal- and State-Assisted Programs

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

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2010

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	27,056,767	9,453,073
Temporary Assistance to Needy Families	7,277	-
Low Income Energy Assistance	309,574	-
State/County Domiciliary Care	-	174,738
Special Supplemental Food Program for Women, Infants, and Children	-	206,652
IV-E Adoption Subsidy	119,733	20,649
IV-E Foster Care	258,061	53,459
CWS Adoption Subsidy	-	9,466
State Foster Home	-	11,892
	<u> </u>	<u> </u>
Totals	<u>\$ 27,751,412</u>	<u>\$ 9,929,929</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, 2010

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)					
12/31/2004	\$ -	\$ 225,352		\$ 225,352	0.00%	\$ 1,387,372	16.24%
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%

Schedule of Employer Contributions

Fiscal Year Ended	Annual Required Contribution (ARC)		Percentage of ARC Contributed
6/30/2005	\$	29,384	59.79%
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%

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, 2008	
Actuarial cost method	Projected unit credit	
Amortization method	Level percent of pay closed	
Remaining amortization period	22 years	
Asset valuation method	Market value	
Actuarial assumptions:		
Investment rate of return*	7.25%	* Includes inflation at 3.75%
Projected salary increases	4.5% - 12.3%	
Cost of living adjustments	N/A	

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, 2010

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	\$	1,174,412	14.6%
6/30/2010		1,796,717	9.4%

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%	* Includes inflation at 3.75%
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	

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, 2010
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009

	2010			
	Budget	Actual	Variance Over/Under	2009
Revenues:				
Ad Valorem Taxes:				
Taxes - current	\$ 23,465,000	\$ 23,504,251	\$ 39,251	\$ 23,237,328
Taxes - prior	700,000	546,697	(153,303)	475,369
Interest and advertising	116,700	162,776	46,076	144,033
Total	<u>24,281,700</u>	<u>24,213,724</u>	<u>(67,976)</u>	<u>23,856,730</u>
Local Option Sales Taxes:				
Article 39 one percent	4,000,000	3,558,117	(441,883)	3,883,369
Article 40 one-half of one percent	1,100,000	1,123,410	23,410	1,134,308
Article 42 one-half of one percent	610,000	718,733	108,733	639,680
Article 44 one-half of one percent	197,000	313,494	116,494	1,113,379
Total	<u>5,907,000</u>	<u>5,713,754</u>	<u>(193,246)</u>	<u>6,770,736</u>
Unrestricted Intergovernmental Revenues:				
Payment in lieu of taxes	350,469	325,213	(25,256)	491,558
Gross receipts tax	15,000	15,604	604	16,663
Total	<u>365,469</u>	<u>340,817</u>	<u>(24,652)</u>	<u>508,221</u>
Restricted Intergovernmental Revenues:				
Federal and State grants	6,194,337	5,557,697	(636,640)	5,567,596
ABC revenues	10,500	55,142	44,642	142,442
Facility fees/CSC	75,000	69,834	(5,166)	75,735
Federal forfeiture and controlled substance	26,789	27,792	1,003	7,441
Local health and social services	652,757	566,906	(85,851)	636,126
Total	<u>6,959,383</u>	<u>6,277,371</u>	<u>(682,012)</u>	<u>6,429,340</u>
Permits and Fees:				
Inspection fees	507,500	343,831	(163,669)	416,427
Register of Deeds	420,000	470,801	50,801	485,208
Occupancy tax	392,000	403,518	11,518	407,720
BOE fees	10,000	5,718	(4,282)	129
Civil license fees	3,800	4,371	571	4,949
Concealed handgun permits	40,000	36,622	(3,378)	42,360
Total	<u>1,373,300</u>	<u>1,264,861</u>	<u>(108,439)</u>	<u>1,356,793</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, 2010
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009**

	2010			
	Budget	Actual	Variance Over/Under	2009
Sales and Services:				
Rents, concessions and fees	220,324	175,010	(45,314)	216,493
Ambulance fees	1,014,549	1,199,527	184,978	1,057,123
Other public safety fees	196,200	234,746	38,546	288,102
Cable TV franchise fees	65,000	103,686	38,686	104,511
Health fees	985,624	981,620	(4,004)	880,615
Aging program income	22,500	26,261	3,761	23,234
Total	2,504,197	2,720,850	216,653	2,570,078
Investment Earnings	350,000	79,381	(270,619)	453,251
Miscellaneous:				
Other	127,227	178,556	51,329	242,179
Total	127,227	178,556	51,329	242,179
Total revenues	41,868,276	40,789,314	(1,078,962)	42,187,328
Expenditures:				
General Government:				
Governing Body:				
Salaries and employee benefits	92,488	92,488		123,411
Operating expenditures	91,348	81,910		222,538
Total	183,836	174,398	9,438	345,949
Administration:				
Salaries and employee benefits	488,622	469,081		360,263
Operating expenditures	67,750	30,982		47,931
Total	556,372	500,063	56,309	408,194
Finance:				
Salaries and employee benefits	437,212	430,775		425,253
Operating expenditures	120,600	81,245		92,429
Total	557,812	512,020	45,792	517,682

MACON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009

	2010			
	Budget	Actual	Variance Over/Under	2009
Tax Office:				
Salaries and employee benefits	456,456	455,153		423,794
Operating expenditures	90,116	90,888		113,649
Total	546,572	546,041	531	537,443
Legal:				
Salaries and employee benefits	218,575	218,686		212,239
Contracted services	39,627	35,471		43
Operating expenditures	21,627	18,001		32,616
Total	279,829	272,158	7,671	244,898
Mapping:				
Salaries and employee benefits	144,132	144,026		148,534
Operating expenditures	21,480	15,954		18,119
Total	165,612	159,980	5,632	166,653
Tax Assessment:				
Salaries and employee benefits	265,359	247,651		276,505
Operating expenditures	115,369	111,857		126,760
Total	380,728	359,508	21,220	403,265
Board of Elections:				
Salaries and employee benefits	142,988	142,462		106,332
Operating expenditures	96,215	49,332		67,340
Total	239,203	191,794	47,409	173,672
Register of Deeds:				
Salaries and employee benefits	186,429	167,251		189,830
Operating expenditures	104,340	86,979		92,165
Total	290,769	254,230	36,539	281,995
Information Technology:				
Salaries and employee benefits	559,210	546,983		571,677
Operating expenditures	204,485	196,035		209,048
Capital outlay	6,140	6,136		-
Total	769,835	749,154	20,681	780,725

MACON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009

	2010			
	Budget	Actual	Variance Over/Under	2009
Garage:				
Salaries and employee benefits	220,431	220,389		249,304
Operating expenditures	70,239	70,223		73,587
Total	290,670	290,612	58	322,891
Buildings and Grounds:				
Salaries and employee benefits	1,082,166	1,063,350		1,074,648
Operating expenditures	742,136	725,233		684,988
Total	1,824,302	1,788,583	35,719	1,759,636
Human Resources:				
Salaries and employee benefits	82,217	81,261		84,194
Operating expenditures	21,350	17,243		22,226
Total	103,567	98,504	5,063	106,420
Non-Departmental :				
Operating expenditures	1,047,232	569,685	477,547	459,516
Total general government	7,236,339	6,466,730	769,609	6,508,939
Public Safety:				
Sheriff:				
Salaries and employee benefits	2,792,554	2,675,688		2,737,938
Operating expenditures	665,574	558,709		651,709
Capital outlay	-	-		136,594
Total	3,458,128	3,234,397	223,731	3,526,241
Federal/State Forfeitures:				
Operating expenditures	58,776	26,283		11,928
Capital outlay	33,404	-		-
Total	92,180	26,283	65,897	11,928
Juvenile Crime Prevention Council Grants	115,843	115,680	163	116,633
Criminal Justice:				
Salaries and employee benefits	41,978	41,880		43,266
Operating expenditures	12,705	7,311		4,199
Total	54,683	49,191	5,492	47,465

MACON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009

	2010			
	Budget	Actual	Variance Over/Under	2009
Jail / Law Enforcement Center:				
Salaries and employee benefits	1,093,341	1,017,312		1,112,048
Operating expenditures	674,352	644,933		590,308
Capital outlay	14,100	-		-
Total	1,781,793	1,662,245	119,548	1,702,356
Courthouse Security:				
Salaries and employee benefits	204,335	173,340		195,548
Operating expenditures	3,400	2,718		6,202
Total	207,735	176,058	31,677	201,750
Community Security Services:				
Salaries and employee benefits	32,295	29,555		33,901
Operating expenditures	560	566		1,189
Total	32,855	30,121	2,734	35,090
Emergency Medical Service:				
Salaries and employee benefits	2,089,769	2,070,339		2,105,834
Operating expenditures	303,520	295,868		317,544
Capital outlay	30,448	30,278		159,034
Total	2,423,737	2,396,485	27,252	2,582,412
Emergency Management:				
Salaries and employee benefits	913,278	878,550		915,272
Operating expenditures	85,913	61,945		102,528
Capital outlay	15,764	6,049		21,810
Total	1,014,955	946,544	68,411	1,039,610
Inspections:				
Salaries and employee benefits	571,774	538,093		581,381
Operating expenditures	100,300	52,003		62,147
Total	672,074	590,096	81,978	643,528
Emergency 911:				
Salaries and employee benefits	127,099	126,354		-
Operating expenditures	12,560	5,853		-
Total	139,659	132,207	7,452	-

MACON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009

	2010			
	Budget	Actual	Variance Over/Under	2009
Animal Control:				
Salaries and employee benefits	168,332	165,520		14,037
Operating expenditures	57,851	39,812		34,573
Capital outlay	21,890	21,889		-
Total	248,073	227,221	20,852	48,610
Forest Service:				
Operating expenditures	74,863	63,784	11,079	56,009
Total public safety	10,316,578	9,650,312	666,266	10,011,632
Transit Services:				
Salaries and employee benefits	396,280	378,326		373,163
Operating expenditures	230,960	124,824		118,412
Capital outlay	146,900	112,294		144,464
Total	774,140	615,444	158,696	636,039
Contribution to Macon County Airport	40,000	40,000	-	30,000
Total transportation	814,140	655,444	158,696	666,039
Economic and Physical Development:				
Economic Development:				
Salaries and employee benefits	54,573	49,679		-
Operating expenditures	68,121	58,082		-
Total	122,694	107,761	14,933	-
Occupancy Tax:				
Salaries and employee benefits	-	-		4,223
Operating expenditures	347,000	358,643		388,567
Total	347,000	358,643	(11,643)	392,790
Planning:				
Salaries and employee benefits	-	-		31,716
Operating expenditures	-	-		9,201
Total	-	-	-	40,917

MACON COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2010

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009

	2010			
	Budget	Actual	Variance Over/Under	2009
Cooperative Extension:				
Salaries and employee benefits	169,375	146,536		162,056
Operating expenditures	27,527	27,378		20,727
Capital outlay	6,648	6,563		-
Total	203,550	180,477	23,073	182,783
Soil Conservation:				
Salaries and employee benefits	141,862	138,135		146,943
Operating expenditures	20,170	18,089		7,259
Total	162,032	156,224	5,808	154,202
Special Appropriations:				
Angel Medical Center – Ladies Night Out	8,000	8,000		-
Little Tennessee Watershed	3,000	3,000		-
Franklin Rotary Club	1,800	1,800		-
Total	12,800	12,800	-	-
Total economic and physical development	848,076	815,905	32,171	770,692
Human Services:				
Health:				
Administration:				
Salaries and employee benefits	495,680	451,257		428,016
Operating expenditures	205,934	172,062		158,889
Total	701,614	623,319	78,295	586,905
Management Support:				
Salaries and employee benefits	214,732	214,577		218,031
Operating expenditures	2,538	1,849		5,738
Total	217,270	216,426	844	223,769
School Health Nurse:				
Salaries and employee benefits	302,343	268,683		164,688
Operating expenditures	29,287	19,596		11,313
Total	331,630	288,279	43,351	176,001

MACON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009

	2010			
	Budget	Actual	Variance Over/Under	2009
Health Education:				
Salaries and employee benefits	179,752	139,204		84,134
Operating expenditures	26,176	17,246	8,930	13,400
Total	205,928	156,450	49,478	97,534
NC Tobacco Settlement Funds:				
Salaries and employee benefits	51,823	43,962		46,818
Operating expenditures	16,794	9,122		7,308
Total	68,617	53,084	15,533	54,126
WIC:				
Salaries and employee benefits	146,889	144,817		129,150
Operating expenditures	53,041	15,108		3,892
Total	199,930	159,925	40,005	133,042
Maternal and Child Care:				
Salaries and employee benefits	118,224	95,639		132,359
Operating expenditures	38,850	30,865		33,660
Total	157,074	126,504	30,570	166,019
Child Health:				
Salaries and employee benefits	106,604	78,947		108,756
Operating expenditures	8,602	3,029		7,442
Total	115,206	81,976	33,230	116,198
Family Planning:				
Salaries and employee benefits	104,546	103,805		107,651
Operating expenditures	45,730	35,286		43,025
Total	150,276	139,091	11,185	150,676
Dental Health:				
Salaries and employee benefits	312,373	312,371		291,436
Operating expenditures	51,557	38,578		55,435
Capital outlay	5,700	5,417		-
Total	369,630	356,366	13,264	346,871

MACON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009

	2010			
	Budget	Actual	Variance Over/Under	2009
Tuberculosis:				
Salaries and employee benefits	267,903	267,891		273,086
Operating expenditures	42,821	37,585		44,509
Total	310,724	305,476	5,248	317,595
Adult Health:				
Salaries and employee benefits	70,450	70,139		72,362
Operating expenditures	7,081	4,352		3,611
Total	77,531	74,491	3,040	75,973
Breast and Cervical Cancer:				
Salaries and employee benefits	78,261	37,858		72,160
Operating expenditures	29,750	23,375		22,647
Total	108,011	61,233	46,778	94,807
Laboratory Services:				
Salaries and employee benefits	132,249	131,863		213,031
Operating expenditures	73,720	61,396		69,410
Total	205,969	193,259	12,710	282,441
Communicable Disease:				
Salaries and employee benefits	27,448	20,974		11,581
Operating expenditures	20,321	13,789		13,384
Total	47,769	34,763	13,006	24,965
H1N1:				
Operating expenditures	78,678	45,261		-
Total	78,678	45,261	33,417	-
On-Site Waste Water:				
Salaries and employee benefits	410,773	375,974		389,634
Operating expenditures	51,895	29,802		20,849
Total	462,668	405,776	56,892	410,483
Private Drinking Water Wells:				
Salaries and employee benefits	95,086	94,989		98,229
Operating expenditures	38,291	20,041		21,280
Total	133,377	115,030	18,347	119,509

MACON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009

	2010			
	Budget	Actual	Variance Over/Under	2009
Food and Lodging:				
Salaries and employee benefits	181,902	178,440		186,320
Operating expenditures	20,883	10,084		20,762
Capital outlay	-	-		17,942
Total	202,785	188,524	14,261	225,024
Health Promotion:				
Salaries and employee benefits	30,233	29,067		32,518
Operating expenditures	2,056	1,766		958
Total	32,289	30,833	1,456	33,476
KBR Healthy Carolinians:				
Salaries and employee benefits	94,049	93,702		96,927
Operating expenditures	34,600	16,176		23,743
Total	128,649	109,878	18,771	120,670
General Nursing:				
Salaries and employee benefits	179,395	179,391		176,909
Operating expenditures	132,507	101,274		121,967
Total	311,902	280,665	31,237	298,876
Smart Start:				
Salaries and employee benefits	53,672	46,095		54,930
Operating expenditures	32,820	3,202		14,805
Total	86,492	49,297	37,195	69,735
Total health	4,704,019	4,095,906	608,113	4,124,695
Social Services:				
Administration:				
Salaries and employee benefits	327,519	304,238		350,673
Operating expenditures	357,819	278,201		218,138
Total	685,338	582,439	102,899	568,811
Social Work Services/Special Programs:				
Salaries and employee benefits	631,898	607,843		636,604
Operating expenditures	1,655,080	1,085,989		1,156,606
Total	2,286,978	1,693,832	593,146	1,793,210

MACON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009

	2010			
	Budget	Actual	Variance Over/Under	2009
Child Daycare:				
Salaries and employee benefits	36,537	8,492	28,045	34,100
Child Support:				
Salaries and employee benefits	31,538	28,079	3,459	-
Medicaid:				
County participation only	134,352	39,756	94,596	740,851
Workfirst:				
Salaries and employee benefits	43,365	43,362		44,987
Operating expenditures	15,591	15,331		13,569
Total	58,956	58,693	263	58,556
CAP-DA:				
Salaries and employee benefits	102,090	102,171		104,583
Total	102,090	102,171	(81)	104,583
DSS AMC Outpost Worker:				
Salaries and employee benefits	35,545	35,479	66	38,394
Program Integrity:				
Salaries and employee benefits	50,748	39,737		52,702
Total	50,748	39,737	11,011	52,702
Medicaid/FS Administration:				
Salaries and employee benefits	862,394	833,297		852,007
Total	862,394	833,297	29,097	852,007
Total Social Services	4,284,476	3,421,975	862,501	4,243,214
Department on Aging:				
Administration:				
Salaries and employee benefits	180,675	180,307		157,477
Operating expenditures	33,990	24,135		27,844
Total	214,665	204,442	10,223	185,321

MACON COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009**

	2010			
	Budget	Actual	Variance Over/Under	2009
Home Delivered Meals:				
Salaries and employee benefits	39,788	39,756		41,383
Operating expenditures	103,240	94,539		84,665
Total	143,028	134,295	8,733	126,048
 Title III - In-Home Services:				
Salaries and employee benefits	32,567	32,557		65,168
Operating expenditures	17,200	3,607		13,157
Total	49,767	36,164	13,603	78,325
 Congregate Meals:				
Salaries and employee benefits	30,690	30,562		32,192
Operating expenditures	64,343	64,042		44,574
Total	95,033	94,604	429	76,766
 Adult Daycare:				
Salaries and employee benefits	115,260	115,017		116,723
Operating expenditures	65,366	51,001		57,461
Total	180,626	166,018	14,608	174,184
 Institutional Respite:				
Operating expenditures	1,500	138		-
Total	1,500	138	1,362	-
 Total Department on Aging	684,619	635,661	48,958	640,644
 Miscellaneous Human Services:				
Veterans Service:				
Salaries and employee benefits	92,615	92,613		95,244
Operating expenditures	8,145	5,012		5,240
Total	100,760	97,625	3,135	100,484
 Contributions to Organizations:				
Smoky Mountain Mental Health	107,700	107,700		107,700
Macon County Citizens for Handicapped	63,000	63,000		63,000
Macon Program for Progress	-	-		7,093
Total	170,700	170,700	-	177,793

MACON COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2010

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009

	2010			
	Budget	Actual	Variance Over/Under	2009
Special Appropriations:				
Literacy Council of Highlands	-	-		2,401
Carpe Diem Farms	8,000	8,000		5,054
Kids Place	10,000	10,000		10,000
State of Franklin	15,000	15,000		15,000
REACH	10,000	10,000		8,000
Mountain Mediation Center	-	-		4,909
Mountain County Fair Association	5,000	-		59,591
National Alliance on Mental Ill	-	-		767
Main Street Franklin	-	-		40,000
Other special appropriations	9,000	9,000		5,559
Total	57,000	52,000	5,000	151,281
 Total miscellaneous human services	 328,460	 320,325	 8,135	 429,558
Total human services	10,001,574	8,473,867	1,527,707	9,438,111
 Culture and Recreation:				
Salaries and employee benefits	369,702	354,826		368,932
Operating expenditures	718,764	704,370		718,518
Total	1,088,466	1,059,196	29,270	1,087,450
 Library and Cultural:				
Macon County Library	1,111,000	1,016,716		961,000
Macon County Historical Society	10,000	10,000		25,000
Macon County Preservation Society	-	-		5,000
Total	1,121,000	1,026,716	94,284	991,000
Total cultural and recreational	2,209,466	2,085,912	123,554	2,078,450
 Education:				
Public schools - current expenditures	8,167,019	8,128,425		7,699,304
Public schools - capital outlay	500,000	500,000		700,000
Timber sales pass-through	297,500	217,076		239,524
Southwestern Community College	431,063	431,063		431,063
Total education	9,395,582	9,276,564	119,018	9,069,891

MACON COUNTY, NORTH CAROLINA

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2010

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009

	2010			
	Budget	Actual	Variance Over/Under	2009
Total expenditures	<u>40,821,755</u>	<u>37,424,734</u>	<u>3,397,021</u>	<u>38,543,754</u>
Revenues over (under) expenditures	<u>1,046,521</u>	<u>3,364,580</u>	<u>2,318,059</u>	<u>3,643,574</u>
Other Financing Sources (Uses):				
Transfers in:				
From Little Tennessee River Capital Project	-	-	-	454
From Emergency Telephone System Fund	<u>-</u>	<u>26,438</u>	<u>26,438</u>	<u>19,071</u>
Total	<u>-</u>	<u>26,438</u>	<u>26,438</u>	<u>19,525</u>
Transfers out:				
To Consolidated Capital Project Fund	(100,000)	-	100,000	-
To General Obligation Bond Capital Fund	-	-	-	(370,400)
To Community Development Block Grant Fund	(44,300)	(44,300)	-	(105,000)
To Debt Service	(3,313,776)	(3,260,476)	53,300	(3,438,598)
To County Buildings Project	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,028,000)</u>
Total	<u>(3,458,076)</u>	<u>(3,304,776)</u>	<u>153,300</u>	<u>(4,941,998)</u>
Long-term debt issued	500,000	500,000	-	-
Appropriated fund balance	<u>1,911,555</u>	<u>-</u>	<u>(1,911,555)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,046,521)</u>	<u>(2,778,338)</u>	<u>(1,731,817)</u>	<u>(4,922,473)</u>
Net change in fund balance	<u>\$ -</u>	<u>586,242</u>	<u>\$ 586,242</u>	<u>(1,278,899)</u>
Fund Balance:				
Beginning of year, July 1		<u>17,066,642</u>		<u>18,345,541</u>
End of year, June 30		<u>\$ 17,652,884</u>		<u>\$ 17,066,642</u>

NONMAJOR GOVERNMENTAL FUNDS

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MACON COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET JUNE 30, 2010

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Nonmajor Debt Service	Total
Assets:				
Cash and investments	\$ 2,115,141	\$ 960,427	\$ -	\$ 3,075,568
Taxes receivable, net	98,271	-	-	98,271
Accounts receivable, net	41,612	172,100	586,817	800,529
Due from other governmental agencies	<u>271,311</u>	<u>-</u>	<u>-</u>	<u>271,311</u>
Total assets	<u>\$ 2,526,335</u>	<u>\$ 1,132,527</u>	<u>\$ 586,817</u>	<u>\$ 4,245,679</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 50,470	\$ 26,113	\$ 1,290	\$ 77,873
Due to other funds	-	110,000	201,948	311,948
Deferred revenues	<u>98,271</u>	<u>-</u>	<u>-</u>	<u>98,271</u>
Total liabilities	<u>148,741</u>	<u>136,113</u>	<u>203,238</u>	<u>488,092</u>
Fund Balances:				
Reserved by State statute	271,311	-	-	271,311
Unreserved	<u>2,106,283</u>	<u>996,414</u>	<u>383,579</u>	<u>3,486,276</u>
Total fund balances	<u>2,377,594</u>	<u>996,414</u>	<u>383,579</u>	<u>3,757,587</u>
Total liabilities and fund balances	<u>\$ 2,526,335</u>	<u>\$ 1,132,527</u>	<u>\$ 586,817</u>	<u>\$ 4,245,679</u>

MACON COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2010

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Nonmajor Debt Service	Total
Revenues:				
Ad valorem taxes	\$ 2,649,478	\$ -	\$ -	\$ 2,649,478
Local option sales taxes	1,323,047	-	-	1,323,047
Restricted intergovernmental revenues	824,324	1,066,581	586,817	2,477,722
Interest earned on investments	4,712	466	1,905	7,083
Total revenues	<u>4,801,561</u>	<u>1,067,047</u>	<u>588,722</u>	<u>6,457,330</u>
Expenditures:				
Current:				
General government	-	398,620	-	398,620
Public safety	2,784,249	-	-	2,784,249
Economic and physical development	446,581	1,163,822	-	1,610,403
Cultural and recreational	-	3,131	-	3,131
Debt service:				
Principal repayments	-	-	3,642,256	3,642,256
Interest	-	-	1,545,952	1,545,952
Total expenditures	<u>3,230,830</u>	<u>1,565,573</u>	<u>5,188,208</u>	<u>9,984,611</u>
Revenues over (under) expenditures	<u>1,570,731</u>	<u>(498,526)</u>	<u>(4,599,486)</u>	<u>(3,527,281)</u>
Other Financing Sources (Uses):				
Transfers in	44,300	-	4,951,091	4,995,391
Transfers out	(1,717,053)	-	(1,321,675)	(3,038,728)
Total other financing sources (uses)	<u>(1,672,753)</u>	<u>-</u>	<u>3,629,416</u>	<u>1,956,663</u>
Net change in fund balances	(102,022)	(498,526)	(970,070)	(1,570,618)
Fund Balances:				
Beginning of year - July 1	<u>2,479,616</u>	<u>1,494,940</u>	<u>1,353,649</u>	<u>5,328,205</u>
End of year - June 30	<u>\$ 2,377,594</u>	<u>\$ 996,414</u>	<u>\$ 383,579</u>	<u>\$ 3,757,587</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 operation.

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

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

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

Clean Water Management Trust Fund - accounts for 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.

MACON COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2010

	Emergency Telephone System Fund	Fire Districts Fund	Schools Capital Fund
Assets:			
Cash and cash equivalents	\$ 616,376	\$ 26,999	\$ 186,470
Taxes receivable, net	-	98,271	-
Accounts receivable, net	-	-	-
Due from government agencies	<u>50,643</u>	<u>-</u>	<u>220,668</u>
Total assets	<u>\$ 667,019</u>	<u>\$ 125,270</u>	<u>\$ 407,138</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 8,203	\$ 26,999	\$ -
Deferred revenues	<u>-</u>	<u>98,271</u>	<u>-</u>
Total liabilities	<u>8,203</u>	<u>125,270</u>	<u>-</u>
Fund Balances:			
Reserved by State statute	50,643	-	220,668
Unreserved:			
Undesignated	<u>608,173</u>	<u>-</u>	<u>186,470</u>
Total fund balances	<u>658,816</u>	<u>-</u>	<u>407,138</u>
Total liabilities and fund balances	<u>\$ 667,019</u>	<u>\$ 125,270</u>	<u>\$ 407,138</u>

Schedule D-1

Capital Reserve Fund	Clean Water Management Trust Fund	Housing Grants Fund	Total
\$ 1,228,799	\$ 32,594	\$ 23,903	\$ 2,115,141
-	-	-	98,271
-	-	41,612	41,612
-	-	-	271,311
<u>\$ 1,228,799</u>	<u>\$ 32,594</u>	<u>\$ 65,515</u>	<u>\$ 2,526,335</u>
\$ -	\$ -	\$ 15,268	\$ 50,470
-	-	-	98,271
-	-	15,268	148,741
-	-	-	271,311
<u>1,228,799</u>	<u>32,594</u>	<u>50,247</u>	<u>2,106,283</u>
<u>1,228,799</u>	<u>32,594</u>	<u>50,247</u>	<u>2,377,594</u>
<u>\$ 1,228,799</u>	<u>\$ 32,594</u>	<u>\$ 65,515</u>	<u>\$ 2,526,335</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, 2010

	Emergency Telephone System Fund	Fire Districts Fund	Schools Capital Fund	Capital Reserve Fund
Revenues:				
Ad valorem taxes	\$ -	\$ 2,649,478	\$ -	\$ -
Local option sales taxes	-	-	1,323,047	-
Restricted intergovernmental revenues	435,871	-	-	-
Investment earnings	828	-	1,716	2,168
Total revenues	<u>436,699</u>	<u>2,649,478</u>	<u>1,324,763</u>	<u>2,168</u>
Expenditures:				
Public safety	134,771	2,649,478	-	-
Economic and physical development	-	-	-	-
Total expenditures	<u>134,771</u>	<u>2,649,478</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>301,928</u>	<u>-</u>	<u>1,324,763</u>	<u>2,168</u>
Other Financing Sources (Uses):				
Transfers in:				
From General Fund	-	-	-	-
Transfers out:				
To Debt Service Fund	(26,438)	-	(1,690,615)	-
Total other financing sources (uses)	<u>(26,438)</u>	<u>-</u>	<u>(1,690,615)</u>	<u>-</u>
Net change in fund balances	275,490	-	(365,852)	2,168
Fund Balances:				
Beginning of year, July 1	<u>383,326</u>	<u>-</u>	<u>772,990</u>	<u>1,226,631</u>
End of year, June 30	<u>\$ 658,816</u>	<u>\$ -</u>	<u>\$ 407,138</u>	<u>\$ 1,228,799</u>

Schedule D-2

Clean Water Management Trust Fund	Housing Grants Fund	Total
\$ -	\$ -	\$ 2,649,478
-	-	1,323,047
-	388,453	824,324
-	-	4,712
-	388,453	4,801,561
-	-	2,784,249
-	446,581	446,581
-	446,581	3,230,830
-	(58,128)	1,570,731
-	44,300	44,300
-	-	(1,717,053)
-	44,300	(1,672,753)
-	(13,828)	(102,022)
32,594	64,075	2,479,616
<u>\$ 32,594</u>	<u>\$ 50,247</u>	<u>\$ 2,377,594</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, 2010 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009

	2010			2009
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Restricted intergovernmental revenues	\$ 149,000	\$ 435,871	\$ 286,871	\$ 406,598
Wireless 911 revenues	-	-	-	78,596
Investment earnings	-	828	828	1,070
Total revenues	<u>149,000</u>	<u>436,699</u>	<u>287,699</u>	<u>486,264</u>
Expenditures:				
Wireless 911:				
Salaries and employee benefits	-	-	-	119,952
Operating expenditures	<u>149,000</u>	<u>134,771</u>	<u>14,229</u>	<u>145,635</u>
Total expenditures	<u>149,000</u>	<u>134,771</u>	<u>14,229</u>	<u>265,587</u>
Revenues over (under) expenditures	<u>-</u>	<u>301,928</u>	<u>301,928</u>	<u>220,677</u>
Other Financing Sources (Uses):				
Appropriated fund balance	26,438	-	(26,438)	-
Transfers out	<u>(26,438)</u>	<u>(26,438)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(26,438)</u>	<u>(26,438)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>275,490</u>	<u>\$ 275,490</u>	<u>220,677</u>
Fund Balance:				
Beginning of year, July 1		<u>383,326</u>		<u>162,649</u>
End of year, June 30		<u>\$ 658,816</u>		<u>\$ 383,326</u>

MACON COUNTY, NORTH CAROLINA

FIRE DISTRICTS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2010

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009

	2010			2009
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad valorem taxes - Fire:				
Current year	\$ 2,565,723	\$ 2,564,712	\$ (1,011)	\$ 2,518,720
Prior years	85,844	84,766	(1,078)	63,232
Total revenues	<u>2,651,567</u>	<u>2,649,478</u>	<u>(2,089)</u>	<u>2,581,952</u>
Expenditures:				
Public Safety:				
Franklin Fire District		476,047		470,208
Clark's Chapel Fire District		204,888		207,803
Otto Fire District		235,519		236,364
Cullasaja Fire District		240,947		240,176
West Macon Fire District		279,512		279,343
Scaly Mountain Fire District		123,049		124,334
Burningtown / Iotla Fire District		156,776		154,879
Cowee Fire District		270,629		254,739
Highlands Fire District		349,820		318,661
Mountain Valley Fire District		125,290		122,074
Nantahala Fire District		187,001		180,448
Total expenditures	<u>2,651,567</u>	<u>2,649,478</u>	<u>2,089</u>	<u>2,589,029</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>(7,077)</u>
Fund Balance:				
Beginning of year, July 1		-		7,077
End of year, June 30		<u>\$ -</u>		<u>\$ -</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, 2010

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009

	2010			2009
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Interest	\$ -	\$ 1,716	\$ 1,716	\$ 20,158
Local option sales tax	1,425,000	1,323,047	(101,953)	1,445,652
Total revenues	1,425,000	1,324,763	(100,237)	1,465,810
Revenues over (under) expenditures	1,425,000	1,324,763	(100,237)	1,465,810
Other Financing Sources (Uses):				
Appropriated fund balance	265,615	-	265,615	-
Transfers out:				
To Debt Service Fund	(1,690,615)	(1,690,615)	-	(1,552,615)
Total other financing sources (uses)	(1,425,000)	(1,690,615)	265,615	(1,552,615)
Net change in fund balance	\$ -	(365,852)	\$ (365,852)	(86,805)
Fund Balance:				
Beginning of year, July 1		772,990		859,795
End of year, June 30		\$ 407,138		\$ 772,990

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, 2010

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009

	2010			2009
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Interest	\$ -	\$ 2,168	\$ 2,168	\$ 20,644
Other Financing Sources (Uses):				
Transfers in:				
From General Fund	-	-	-	(19,071)
Net change in fund balance	<u>\$ -</u>	2,168	<u>\$ 2,168</u>	1,573
Fund Balance:				
Beginning of year, July 1		<u>1,226,631</u>		<u>1,225,058</u>
End of year, June 30		<u>\$ 1,228,799</u>		<u>\$ 1,226,631</u>

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, 2010

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

MACON COUNTY, NORTH CAROLINA**HOUSING GRANTS FUND****SCHEDULE OF REVENUES AND EXPENDITURES -****BUDGET AND ACTUAL****FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010**

			Actual	
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Restricted intergovernmental revenues:				
Community Development Block Grant #07-C-1662	\$ 400,000	\$ 195,750	\$ 157,500	\$ 353,250
Weatherization # 1061	81,340	-	72,614	72,614
Urgent Repair 1014	75,800	-	37,500	37,500
Urgent Repair 08/09	75,000	75,000	-	75,000
ARRA Weatherization 18WA	213,500	-	120,691	120,691
Miscellaneous revenues	11,222	11,416	148	11,564
Total revenues	<u>856,862</u>	<u>282,166</u>	<u>388,453</u>	<u>670,619</u>
Expenditures:				
Economic and physical development:				
Administrative - County	219,780	-	-	-
Administrative - County	-	173,702	76,430	250,132
Community Development Block Grant #07-C-1662 Administrative	40,000	32,436	8,477	40,913
Community Development Block Grant #07-C-1662 Rehabilitation	360,000	186,819	126,239	313,058
Weatherization # 1061	81,340	-	72,615	72,615
Urgent Repair 1014	75,000	-	2,188	2,188
Urgent Repair 08/09	75,800	38,690	36,404	75,094
ARRA Weatherization 18WA	213,500	-	124,228	124,228
Total expenditures	<u>1,065,420</u>	<u>431,647</u>	<u>446,581</u>	<u>878,228</u>
Revenues over (under) expenditures	(208,558)	(149,481)	(58,128)	(207,609)
Other Financing Sources (Uses):				
Transfers in:				
From General Fund	<u>208,558</u>	<u>213,556</u>	<u>44,300</u>	<u>257,856</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 64,075</u>	<u>\$ (13,828)</u>	<u>\$ 50,247</u>

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CAPITAL PROJECT FUNDS

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

Individual Fund Descriptions:

Major Funds:

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

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.

Nonmajor Funds:

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

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

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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, 2010

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ -	\$ 163,877	\$ 6,923	\$ 170,800
Contribution from Board of Education	65,300	-	-	-
Miscellaneous revenues	7,312	2,052	174,944	176,996
Total revenues	<u>72,612</u>	<u>165,929</u>	<u>181,867</u>	<u>347,796</u>
Expenditures:				
Architect fees	2,343,025	2,926,794	202,058	3,128,852
Professional fees	680,080	157,839	33,439	191,278
Construction	22,637,483	11,203,958	8,945,209	20,149,167
Land	2,600,000	2,589,816	-	2,589,816
Bond issuance costs	138,281	53,306	26,277	79,583
Advertising	3,000	1,022	-	1,022
Infrastructure	197,012	-	-	-
Furniture and equipment	787,203	-	-	-
Contingency	342,436	-	-	-
Total expenditures	<u>29,728,520</u>	<u>16,932,735</u>	<u>9,206,983</u>	<u>26,139,718</u>
Revenues over (under) expenditures	<u>(29,655,908)</u>	<u>(16,766,806)</u>	<u>(9,025,116)</u>	<u>(25,791,922)</u>
Other Financing Sources (Uses):				
Debt issued	26,400,000	24,600,000	1,800,000	26,400,000
Transfer from the General Fund	3,255,908	2,051,200	1,321,675	3,372,875
Total other financing sources (uses)	<u>29,655,908</u>	<u>26,651,200</u>	<u>3,121,675</u>	<u>29,772,875</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 9,884,394</u>	<u>\$ (5,903,441)</u>	<u>\$ 3,980,953</u>

MACON COUNTY, NORTH CAROLINA

LITTLE TENNESSEE RIVER/CARTOOGECWAYE CREEK

SEWER TRUNK PROJECT - MAJOR

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
NC High Unit Cost Grant	\$ 3,000,000	\$ -	\$ 1,841,436	\$ 1,841,436
NC Rural Center Grant	500,000	-	-	-
NC Clean Water Revolving Loan	2,043,250	-	-	-
Investment earnings	-	87	-	87
Total revenues	<u>5,543,250</u>	<u>87</u>	<u>1,841,436</u>	<u>1,841,523</u>
Expenditures:				
Sewer project expense:				
Legal fees	28,888	1,057	14,184	15,241
Issuance cost	11,986	11,986	-	11,986
Engineering	730,305	370,792	240,077	610,869
Surveying	-	313	2,069	2,382
General contract	4,401,909	-	1,347,195	1,347,195
Land	211,018	160,667	47,969	208,636
Contingency	159,144	-	-	-
Total expenditures	<u>5,543,250</u>	<u>544,815</u>	<u>1,651,494</u>	<u>2,196,309</u>
Revenues over (under) expenditures	<u>-</u>	<u>(544,728)</u>	<u>189,942</u>	<u>(354,786)</u>
Other Financing Sources (Uses):				
Transfer from General Fund	516,582	516,582	-	516,582
Transfer to General Fund	<u>(516,582)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>516,582</u>	<u>-</u>	<u>516,582</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (28,146)</u>	<u>\$ 189,942</u>	<u>\$ 161,796</u>

MACON COUNTY, NORTH CAROLINA

**NONMAJOR CAPITAL PROJECTS FUND
COMBINING BALANCE SHEET
JUNE 30, 2010**

	Airport Improvements	County Buildings Project	SCC Campus/ Library Project	Riverbend Estates Waterline Project	Total
Assets:					
Cash and cash equivalents	\$ 209,906	\$ 487,940	\$ 262,581	\$ -	\$ 960,427
Accounts receivable, net	<u>52,100</u>	<u>-</u>	<u>-</u>	<u>120,000</u>	<u>172,100</u>
Total assets	<u>\$ 262,006</u>	<u>\$ 487,940</u>	<u>\$ 262,581</u>	<u>\$ 120,000</u>	<u>\$ 1,132,527</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ 14,558	\$ 1,555	\$ -	\$ 10,000	\$ 26,113
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>110,000</u>	<u>110,000</u>
Total liabilities	<u>14,558</u>	<u>1,555</u>	<u>-</u>	<u>120,000</u>	<u>136,113</u>
Fund Balances:					
Unreserved:					
Undesignated	<u>247,448</u>	<u>486,385</u>	<u>262,581</u>	<u>-</u>	<u>996,414</u>
Total fund balances	<u>247,448</u>	<u>486,385</u>	<u>262,581</u>	<u>-</u>	<u>996,414</u>
Total liabilities and fund balances	<u>\$ 262,006</u>	<u>\$ 487,940</u>	<u>\$ 262,581</u>	<u>\$ 120,000</u>	<u>\$ 1,132,527</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, 2010

	Airport Improvements	County Buildings Project	SCC Campus/ Library Project	Riverbend Estates Waterline Project	Total
Revenues:					
Restricted intergovernmental revenues	\$ 938,809	\$ 7,772	\$ -	\$ 120,000	\$ 1,066,581
Investment earnings	-	-	466	-	466
Total revenues	<u>938,809</u>	<u>7,772</u>	<u>466</u>	<u>120,000</u>	<u>1,067,047</u>
Expenditures:					
General government	-	398,620	-	-	398,620
Economic and physical development	1,043,822	-	-	120,000	1,163,822
Cultural and recreational	-	-	3,131	-	3,131
Total expenditures	<u>1,043,822</u>	<u>398,620</u>	<u>3,131</u>	<u>120,000</u>	<u>1,565,573</u>
Revenues over (under) expenditures	<u>(105,013)</u>	<u>(390,848)</u>	<u>(2,665)</u>	<u>-</u>	<u>(498,526)</u>
Net change in fund balances	(105,013)	(390,848)	(2,665)	-	(498,526)
Fund Balances:					
Beginning of year, July 1	<u>352,461</u>	<u>877,233</u>	<u>265,246</u>	<u>-</u>	<u>1,494,940</u>
End of year, June 30	<u>\$ 247,448</u>	<u>\$ 486,385</u>	<u>\$ 262,581</u>	<u>\$ -</u>	<u>\$ 996,414</u>

MACON COUNTY, NORTH CAROLINA

AIRPORT IMPROVEMENTS FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Restricted intergovernmental revenues:				
State aid to airports	\$ 3,317,118	\$ 1,179,845	\$ 938,809	\$ 2,118,654
Total revenues	<u>3,317,118</u>	<u>1,179,845</u>	<u>938,809</u>	<u>2,118,654</u>
Expenditures:				
Capital outlay:				
Obstruction lighting	144,314	120,892	-	120,892
Runway expansion	1,874,665	499,369	824,795	1,324,164
Runway extension data recovery	333,374	115,117	218,257	333,374
Phase I EA - runway extension	1,000,000	225,673	-	225,673
2004 Vision 100	166,667	152,571	-	152,571
2007 Vision 100	<u>166,667</u>	<u>26,294</u>	<u>770</u>	<u>27,064</u>
Total expenditures	<u>3,685,687</u>	<u>1,139,916</u>	<u>1,043,822</u>	<u>2,183,738</u>
Revenues over (under) expenditures	<u>(368,569)</u>	<u>39,929</u>	<u>(105,013)</u>	<u>(65,084)</u>
Other Financing Sources (Uses):				
Transfers in from General Fund	<u>368,569</u>	<u>312,532</u>	<u>-</u>	<u>312,532</u>
Total other financing sources (uses)	<u>368,569</u>	<u>312,532</u>	<u>-</u>	<u>312,532</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 352,461</u>	<u>\$ (105,013)</u>	<u>\$ 247,448</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, 2010

		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	475,712	23,193	498,905
Old library renovations	300,000	21,643	278,285	299,928
Renovations - Barrett Building	578,000	3,412	97,142	100,554
Total expenditures	1,378,000	500,767	398,620	899,387
Revenues over (under) expenditures	(1,378,000)	(500,767)	(390,848)	(891,615)
Other Financing Sources (Uses):				
Transfers in:				
From General Fund	1,378,000	1,378,000	-	1,378,000
Total other financing sources (uses)	1,378,000	1,378,000	-	1,378,000
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 877,233	\$ (390,848)	\$ 486,385

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, 2010

		Actual		
	Project Authorization	Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ 43,223	\$ 257,910	\$ 466	\$ 258,376
Miscellaneous revenues	198,654	207,767	-	207,767
Total revenues	241,877	465,677	466	466,143
Expenditures:				
Architect fees	263,134	262,208	-	262,208
Issuance costs	11,876	8,166	3,131	11,297
Construction	4,337,430	4,633,502	-	4,633,502
Contribution to SCC	2,878,478	2,878,643	-	2,878,643
Non-capital equipment	67,000	64,687	-	64,687
Pump station	400,000	-	-	-
Contingency	32,224	-	-	-
Total expenditures	7,990,142	7,847,206	3,131	7,850,337
Revenues over (under) expenditures	(7,748,265)	(7,381,529)	(2,665)	(7,384,194)
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)	7,748,265	7,646,775	-	7,646,775
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 265,246	\$ (2,665)	\$ 262,581

MACON COUNTY, NORTH CAROLINA

RIVERBEND WATER PROJECT

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2010

		Actual		
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
NC Clean Water Revolving Loan	\$ 2,131,800	\$ -	\$ 120,000	\$ 120,000
Total revenues	<u>2,131,800</u>	<u>-</u>	<u>120,000</u>	<u>120,000</u>
Expenditures:				
Sewer project expense:				
Administration	71,800	-	-	-
Engineering	190,000	-	120,000	120,000
Construction	1,700,000	-	-	-
Contingency	<u>170,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>2,131,800</u>	<u>-</u>	<u>120,000</u>	<u>120,000</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ENTERPRISE FUND

The Enterprise Fund is used to account for solid waste collection and disposal operations in Macon County that are financed through solid waste fees and operating transfers from the General Fund. The Solid Waste Transfer Station Capital Project Fund is consolidated with the Solid Waste Fund (operating fund) for financial reporting purposes.

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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, 2010

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009

	2010			2009
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Operating revenues:				
Landfill fees	\$ 1,600,000	\$ 1,683,593		\$ 1,576,579
Tipping fees	1,200,000	1,100,203		1,842,977
Recycling revenue	350,000	251,243		196,670
Other operating revenue	3,502	12,226		6,356
Scrap tire disposal fee	25,000	37,841		35,600
Solid waste disposal fees	-	-		14,929
Restricted intergovernmental revenue	24,000	19,838		64,997
Total operating revenues	<u>3,202,502</u>	<u>3,104,944</u>	<u>\$ (97,558)</u>	<u>3,738,108</u>
Non-operating revenues:				
Solid waste disposal tax	25,000	24,610		15,929
Investment earnings	-	30,363		137,700
Total non-operating revenues	<u>25,000</u>	<u>54,973</u>	<u>29,973</u>	<u>153,629</u>
Total revenues	<u>3,227,502</u>	<u>3,159,917</u>	<u>(67,585)</u>	<u>3,891,737</u>
Expenditures:				
Operating expenditures:				
Salaries	948,685	906,482		902,140
Employee benefits	277,818	266,925		270,989
Operating expenditures	1,177,642	1,020,769		1,085,934
Interest and fees	47,500	47,386		61,136
Debt principal	400,000	400,000		400,000
Post closure costs	454,702	28,250		29,930
Capital outlay	252,141	39,354		192,515
Solid waste disposal tax remittance	69,900	62,381		65,792
Total expenditures	<u>3,628,388</u>	<u>2,771,547</u>	<u>856,841</u>	<u>3,008,436</u>
Revenues over (under) expenditures	<u>(400,886)</u>	<u>388,370</u>	<u>789,256</u>	<u>883,301</u>
Other Financing Sources (Uses):				
Transfer from Solid Waste Transfer station	-	-	-	354,853
Appropriated fund balance	400,886	-	(400,886)	-
Total other financing sources (uses)	<u>400,886</u>	<u>-</u>	<u>(400,886)</u>	<u>354,853</u>
Revenues and other financing sources over over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 388,370</u>	<u>\$ 388,370</u>	<u>\$ 1,238,154</u>

MACON COUNTY, NORTH CAROLINA

SOLID WASTE FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2010

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009

	<u>2010</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 388,370	
Reconciling items:			
Payment of debt principal		400,000	
Capital outlay		18,417	
Post-closure care costs		387,000	
Other post employment benefits		(106,071)	
(Increase) decrease in accrued vacation pay		(5,932)	
Depreciation		<u>(810,955)</u>	
Change in net assets - Exhibit H		<u>\$ 270,829</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, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
Assets:		
Current assets:		
Cash and cash equivalents	\$ 5,763,598	\$ 6,239,707
Total assets	<u>5,763,598</u>	<u>6,239,707</u>
Liabilities:		
Current liabilities:		
Accounts payable and accrued liabilities	<u>299,498</u>	<u>317,601</u>
Net Assets:		
Unrestricted net assets	<u>\$ 5,464,100</u>	<u>\$ 5,922,106</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, 2010

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2009

	2010			2009
	Financial Plan	Actual	Variance Over/Under	Actual
Operating Revenues:				
Charges for services:				
Employee and employer contributions	\$ 3,421,400	\$ 3,421,632	\$ 232	\$ 3,969,418
Operating Expenses:				
Insurance premiums	380,678	380,678	-	361,011
Benefit payments	3,528,792	3,510,688	18,104	3,426,067
Total operating expenses	3,909,470	3,891,366	18,104	3,787,078
Operating income (loss)	(488,070)	(469,734)	18,336	182,340
Non-Operating Revenues:				
Investment earnings	12,000	11,728	(272)	121,948
Other Financing Sources (Uses):				
Appropriated fund balance	476,070	-	(476,070)	-
Total other financing sources (uses)	476,070	-	(476,070)	-
Change in net assets	\$ -	(458,006)	\$ (458,006)	304,288
Net Assets:				
Beginning of year, July 1		5,922,106		5,617,818
End of year, June 30		\$ 5,464,100		\$ 5,922,106

MACON COUNTY, NORTH CAROLINA

NONMAJOR SELF-INSURANCE FUND

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2010

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009

	<u>2010</u>	<u>2009</u>
Cash Flows from Operating Activities:		
Cash received from customers	\$ 3,421,632	\$ 3,969,418
Cash paid for goods and services	<u>(3,909,469)</u>	<u>(3,637,860)</u>
Net cash provided (used) by operating activities	<u>(487,837)</u>	<u>331,558</u>
Cash Flows from Investing Activities:		
Interest on investments	<u>11,728</u>	<u>121,948</u>
Net increase (decrease) in cash and cash equivalents	(476,109)	453,506
Cash and Cash Equivalents, July 1	<u>6,239,707</u>	<u>5,786,201</u>
Cash and Cash Equivalents, June 30	<u>\$ 5,763,598</u>	<u>\$ 6,239,707</u>
Reconciliation of Operating Income (Loss) to		
Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ (469,734)	\$ 182,340
Adjustments to reconcile operating income (loss) to		
net cash provided (used) by operating activities:		
Change in assets and liabilities:		
(Increase) decrease in prepaids	-	3,921
Increase (decrease) in accounts payable and accrued liabilities	<u>(18,103)</u>	<u>145,297</u>
Net cash provided (used) by operating activities	<u>\$ (487,837)</u>	<u>\$ 331,558</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 and Inmate Trust Fund - accounts 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.

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.

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MACON COUNTY, NORTH CAROLINA

**AGENCY FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2010**

	Social Services and Inmate Trust Fund	Fines and Forfeitures Fund	Motor Vehicle Tax Fund	Western Carolina Industrial Partners Fund	Hurricane Ivan Relief Fund	3% Interest Payable to State	Total
Assets:							
Cash and cash equivalents	\$ 33,557	\$ -	\$ 11,041	\$ 17,113	\$ 39,454	\$ 454	\$ 101,619
Accounts receivable	-	14,859	23	-	-	-	14,882
Total assets	<u>\$ 33,557</u>	<u>\$ 14,859</u>	<u>\$ 11,064</u>	<u>\$ 17,113</u>	<u>\$ 39,454</u>	<u>\$ 454</u>	<u>\$ 116,501</u>
Liabilities:							
Miscellaneous liabilities	\$ 33,557	\$ -	\$ -	\$ 17,113	\$ 39,454	\$ -	\$ 90,124
Intergovernmental payable	-	14,859	11,064	-	-	454	26,377
Total liabilities	<u>\$ 33,557</u>	<u>\$ 14,859</u>	<u>\$ 11,064</u>	<u>\$ 17,113</u>	<u>\$ 39,454</u>	<u>\$ 454</u>	<u>\$ 116,501</u>

MACON COUNTY, NORTH CAROLINA

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES FOR THE YEAR ENDED JUNE 30, 2010

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
Social Services and Inmate Trust Fund:				
Assets:				
Cash and cash equivalents	\$ 39,669	\$ 254,294	\$ 260,406	\$ 33,557
Liabilities:				
Miscellaneous liabilities	\$ 39,669	\$ 254,294	\$ 260,406	\$ 33,557
Fines and Forfeitures Fund:				
Assets:				
Cash and accounts receivable	\$ 21,939	\$ 198,339	\$ 205,419	\$ 14,859
Liabilities:				
Intergovernmental payable	\$ 21,939	\$ 198,339	\$ 205,419	\$ 14,859
Motor Vehicle Tax Fund:				
Assets:				
Cash and accounts receivable	\$ 1,400	\$ 2,449,537	\$ 2,439,873	\$ 11,064
Liabilities:				
Intergovernmental payable	\$ 1,400	\$ 2,449,537	\$ 2,439,873	\$ 11,064
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	\$ 6,253	\$ 6,253	\$ 454
Liabilities:				
Intergovernmental payable	\$ 454	\$ 6,253	\$ 6,253	\$ 454
Totals - All Agency Funds:				
Assets:				
Cash and receivables	\$ 120,029	\$ 2,908,423	\$ 2,911,951	\$ 116,501
Total assets	\$ 120,029	\$ 2,908,423	\$ 2,911,951	\$ 116,501
Liabilities:				
Miscellaneous liabilities	\$ 96,236	\$ 254,294	\$ 260,406	\$ 90,124
Intergovernmental payable	23,793	2,654,129	2,651,545	26,377
Total liabilities	\$ 120,029	\$ 2,908,423	\$ 2,911,951	\$ 116,501

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 FISCAL YEAR ENDED JUNE 30, 2010

	Final Budget	Actual	Variance from Final Budget Over/Under
Revenues:			
NC Lottery funds	\$ 237,000	\$ 586,817	\$ 349,817
Interest earned	-	1,905	(1,905)
Total revenues	<u>237,000</u>	<u>588,722</u>	<u>347,912</u>
Expenditures:			
Debt service:			
Principal repayments	3,642,258	3,642,256	2
Interest	<u>1,545,833</u>	<u>1,545,952</u>	<u>(119)</u>
Total expenditures	<u>5,188,091</u>	<u>5,188,208</u>	<u>(117)</u>
Revenues over (under) expenditures	<u>(4,951,091)</u>	<u>(4,599,486)</u>	<u>351,605</u>
Other Financing Sources (Uses):			
Appropriated Fund Balance	1,321,675	-	(1,321,675)
Transfer out	(1,321,675)	(1,321,675)	-
Transfers in	<u>4,951,091</u>	<u>4,951,091</u>	<u>-</u>
Total other financing sources (uses)	<u>4,951,091</u>	<u>3,629,416</u>	<u>(1,321,675)</u>
Net change in fund balance	<u>\$ -</u>	<u>(970,070)</u>	<u>\$ (970,070)</u>
Fund Balance:			
Beginning of year - July 1		<u>1,353,649</u>	
End of year - June 30		<u>\$ 383,579</u>	

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ADDITIONAL FINANCIAL DATA

This section contains additional information on taxes receivable, and the tax levy as of June 30, 2010.

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MACON COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE - GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2010

Fiscal Year	Uncollected Balance July 1, 2009	Additions	Collections and Credits	Uncollected Balance June 30, 2010
2009-2010	\$ -	\$ 24,232,307	\$ 23,468,413	\$ 763,894
2008-2009	710,599	-	390,351	320,248
2007-2008	226,799	-	81,081	145,718
2006-2007	139,978	-	42,946	97,032
2005-2006	98,707	-	21,780	76,927
2004-2005	71,290	-	14,189	57,101
2003-2004	55,865	-	8,781	47,084
2002-2003	54,872	-	5,905	48,967
2001-2002	50,521	-	6,667	43,854
2000-2001	42,824	-	4,805	38,019
1999-2000	15,346	-	15,346	-
1998-1999				
	<u>\$ 1,466,801</u>	<u>\$ 24,232,307</u>	<u>\$ 24,060,264</u>	1,638,844
Less allowance for uncollectible ad valorem taxes receivable				<u>(905,799)</u>
Ad valorem taxes receivable - net				<u>\$ 733,045</u>
Reconciliation with Revenues:				
Taxes - ad valorem - General Fund				\$ 24,213,724
Reconciling items:				
Advertising				(9,686)
Interest collected				(153,090)
Refunds and other adjustments				(6,030)
Amounts written off per statute of limitations				<u>15,346</u>
Total collections and credits				<u>\$ 24,060,264</u>

MACON COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY - COUNTY-WIDE LEVY FOR THE YEAR ENDED JUNE 30, 2010

	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	\$8,788,529,545	0.264	\$ 23,201,718	\$ 23,201,718	\$ -
Motor vehicles taxed at current year's rate	<u>272,522,727</u>	0.264	<u>719,460</u>	<u>-</u>	<u>719,460</u>
Total	<u>9,061,052,273</u>		<u>23,921,178</u>	<u>23,201,718</u>	<u>719,460</u>
Discoveries:					
Current year taxes	20,412,121	0.264	53,888	53,888	-
Utilities	118,964,015	0.264	314,065	314,065	-
Less releases and adjustments	(14,268,182)	0.264	(37,668)	(31,859)	(5,809)
Other adjustments	<u>-</u>		<u>(19,156)</u>	<u>(2,365)</u>	<u>(16,791)</u>
Total property valuation	<u>\$9,186,160,227</u>				
Net Levy			24,232,307	23,535,447	696,860
Uncollected taxes at June 30, 2010			<u>(763,894)</u>	<u>(662,092)</u>	<u>(101,802)</u>
Current Year's Taxes Collected			<u>\$ 23,468,413</u>	<u>\$ 22,873,355</u>	<u>\$ 595,058</u>
Current Levy Collection Percentage			<u>96.85%</u>	<u>97.19%</u>	<u>85.39%</u>

Secondary Market Disclosures:

Assessed valuation:	
Assessment ratio	100.00%
Real property	\$8,794,673,485
Personal property	272,522,727
Public service companies	118,964,015
Total assessed valuation	<u>\$9,186,160,227</u>
Tax rate per \$100	0.264
Levy (includes discoveries, releases and abatements)	<u>\$ 24,232,307</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, 2010.	<u>\$ 2,655,275</u>

MACON COUNTY, NORTH CAROLINA

**SCHEDULE OF AD VALOREM TAXES RECEIVABLE - FIRE DISTRICTS
FOR THE YEAR ENDED JUNE 30, 2010**

Fiscal Year	Uncollected Balance July 1, 2009	Additions	Collections and Credits	Uncollected Balance June 30, 2010
2009-2010	\$ -	\$ 2,655,275	\$ 2,553,735	\$ 101,540
2008-2009	95,362	-	51,132	44,230
2007-2008	32,617	-	11,891	20,726
2006-2007	17,949	-	5,563	12,386
2005-2006	12,427	-	2,604	9,823
2004-2005	9,066	-	1,675	7,391
2003-2004	6,654	-	977	5,677
2002-2003	4,820	-	510	4,310
2001-2002	2,236	-	235	2,001
2000-2001	2,196	-	225	1,971
1999-2000	1,696	-	1,696	-
	<u>\$ 185,023</u>	<u>\$ 2,655,275</u>	<u>\$ 2,630,243</u>	210,055
Less allowance for uncollectible ad valorem taxes receivable:				
Fire Districts Fund				<u>(111,784)</u>
Fire districts taxes receivable - net				<u>\$ 98,271</u>
Reconciliation of Revenues with Collections and Credits:				
Taxes - ad valorem - Fire Districts Fund:				\$ 2,649,478
Taxes written off				1,696
Miscellaneous adjustments				<u>(20,931)</u>
Total collections and credits				<u>\$ 2,630,243</u>

MACON COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY - FIRE DISTRICTS FOR THE YEAR ENDED JUNE 30, 2010

	<u>Amount of Levy</u>
Original Levy:	
Franklin Fire District	\$ 476,827
Clarks Chapel Fire District	205,847
Otto Fire District	240,835
Cullasaja Fire District	239,998
West Macon Fire District	279,606
Scaly Mountain Fire District	123,780
Burningtown / Iotla Fire District	158,638
Cowee Fire District	267,204
Nantahala Fire District	187,141
Highlands Fire District	350,853
Mountain Valley Fire District	<u>124,546</u>
Net Levy	2,655,275
Less uncollected taxes at June 30, 2010	<u>101,540</u>
Current Year's Taxes Collected	<u><u>\$ 2,553,735</u></u>
Current Levy Collection Percentage	<u><u>96.18%</u></u>

STATISTICAL SECTION

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

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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Table 1

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

	2003	2004	2005	2006	2007	2008	2009	2010
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
Restricted	99,549	102,536	103,606	117,386	141,787	166,137	207,996	207,708
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)
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
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
Restricted	-	-	-	-	-	-	-	-
Unrestricted	(957,642)	(505,998)	(619,446)	(886,636)	(202,990)	1,923,447	1,428,363	2,041,200
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
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
Restricted	99,549	102,536	103,606	117,386	141,787	166,137	207,996	207,708
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)
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

Notes:

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

Macon County
Changes in Net Assets
Last Eight Fiscal Years
(accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010
Expenses								
Governmental activities:								
General government	\$ 6,291,876	\$ 7,477,206	\$ 9,304,189	\$ 8,194,552	\$ 8,972,728	\$ 9,806,393	\$ 9,319,928	\$ 11,226,884
Public safety	7,881,944	8,463,386	9,810,553	11,449,274	9,925,636	11,205,783	12,087,459	11,655,558
Transportation	402,956	411,758	418,741	466,696	414,791	516,894	477,873	577,894
Economic development	2,419,290	3,114,821	2,688,211	1,637,374	1,724,549	6,698,656	1,597,548	4,041,113
Human Services	6,595,070	6,559,985	7,196,090	7,488,618	8,030,735	8,084,205	8,752,201	7,878,952
Culture and recreation	1,310,175	1,314,752	1,306,991	3,230,704	3,654,902	2,789,795	2,520,567	2,437,318
Education	6,610,454	6,048,421	6,907,752	7,468,249	7,815,684	8,245,555	20,601,094	18,483,547
Interest on long-term debt	1,255,638	800,854	937,006	833,818	811,427	713,022	1,206,450	1,545,951
Total governmental activities expenses	32,767,403	34,191,182	38,569,533	40,769,285	41,350,452	48,060,303	56,563,120	57,847,217
Business-type activities:								
Solid Waste	4,171,809	2,972,070	2,801,931	3,429,583	3,356,076	3,662,418	2,989,618	2,889,088
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
Total primary governmental expenses	\$ 36,939,212	\$ 37,163,252	\$ 41,371,464	\$ 44,198,868	\$ 44,706,528	\$ 51,722,721	\$ 59,552,738	\$ 60,736,305
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
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
Economic Development	-	434,334	416,156	438,202	479,745	472,473	407,720	403,518
Human Services	373,602	464,100	517,528	752,106	715,653	986,723	903,849	1,007,881
Culture and recreation	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
Capital grants and contributions	786,066	1,947,260	295,956	284,509	908,658	169,515	381,385	2,908,017
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
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
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
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
Net (expense)/revenue								
Governmental activities	\$ (24,001,965)	\$ (22,592,338)	\$ (28,957,874)	\$ (26,276,243)	\$ (28,490,923)	\$ (35,904,850)	\$ (43,659,090)	\$ (42,913,547)
Business-type activities	(1,025,333)	(336,987)	(19,946)	(582,544)	158,032	(582,544)	69,955	240,466
Total primary governmental net expense	\$ (25,027,298)	\$ (22,929,325)	\$ (28,977,820)	\$ (26,858,787)	\$ (28,332,891)	\$ (36,487,394)	\$ (43,589,135)	\$ (42,673,081)

Macon County
Changes in Net Assets
Last Eight Fiscal Years
(accrual basis of accounting)

General Revenues and Other Changes in

Net Assets	2003	2004	2005	2006	2007	2008	2009	2010
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
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
Unrestricted grants and contributions	216,668	224,170	233,386	240,435	239,639	233,090	508,221	340,817
Investment earnings	209,372	146,013	427,596	1,127,759	1,490,333	1,446,785	-	-
Miscellaneous	414,393	(3,255,326)	-	-	-	-	-	-
Transfers	-	-	-	-	-	298,665	725,647	105,115
Total governmental activities	<u>25,156,741</u>	<u>26,159,946</u>	<u>31,352,051</u>	<u>33,373,094</u>	<u>35,066,441</u>	<u>36,188,923</u>	<u>35,970,702</u>	<u>34,442,931</u>
Total business-type activities								
Investment earnings	56,118	35,912	71,047	160,416	232,021	220,117	-	-
Transfers	-	-	-	-	-	(298,665)	137,700	30,363
Total business-type activities	<u>56,118</u>	<u>35,912</u>	<u>71,047</u>	<u>160,416</u>	<u>232,021</u>	<u>(78,548)</u>	<u>137,700</u>	<u>30,363</u>
Total primary government	<u>\$ 25,212,859</u>	<u>\$ 26,195,858</u>	<u>\$ 31,423,098</u>	<u>\$ 33,533,510</u>	<u>\$ 35,298,462</u>	<u>\$ 36,110,375</u>	<u>\$ 36,108,402</u>	<u>\$ 34,473,294</u>
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)
Business-type activities	969,215	(301,075)	51,101	(422,128)	885,367	197,112	207,655	270,829
Total primary government	<u>\$ 2,123,991</u>	<u>\$ 3,266,533</u>	<u>\$ 2,445,278</u>	<u>\$ 6,674,723</u>	<u>\$ 6,965,570</u>	<u>\$ 481,185</u>	<u>\$ (7,480,711)</u>	<u>\$ (8,199,787)</u>

Notes:

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

Table 3

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

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Alcoholic Beverage Tax	Total
2001	\$ 15,419,455	\$ 4,768,833	\$ 48,863	\$ 9,176	\$ 20,246,327
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

Table 4

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund										
Reserved	\$ 2,951,850	\$ 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	7,585,819	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
Total General Fund	10,537,669	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
All other governmental funds										
Reserved	45,557	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	7,753,895	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 Susequent yrs	486,447	317,714	-	-	-	-	-	-	-	-
Permanent funds	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 9,140,757	\$ 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

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Revenues										
Ad Valorem Taxes	\$16,617,121	\$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
Sales Taxes	5,945,546	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
Intergovernmental	6,388,043	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
Sales & Services	920,002	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
Permits & Fees	1,279,365	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
Investment earnings	1,475,521	504,029	204,236	141,080	404,650	1,086,838	1,344,687	1,256,103	603,699	93,387
Miscellaneous	356,495	338,645	534,779	104,873	113,124	136,590	174,740	234,320	244,231	353,500
Special Revenue	-	-	-	-	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-	-	-	-	-
Total revenues	<u>32,982,093</u>	<u>33,584,346</u>	<u>33,745,027</u>	<u>40,904,269</u>	<u>40,770,504</u>	<u>46,930,779</u>	<u>47,938,883</u>	<u>47,519,881</u>	<u>48,285,766</u>	<u>49,269,947</u>
Expenditures										
General government	3,387,538	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
Public safety	6,612,049	7,289,070	6,355,731	7,890,178	9,323,309	9,460,909	8,678,823	12,088,633	10,956,470	11,543,116
Transportation	274,513	385,623	595,843	614,682	488,898	625,277	542,903	533,265	666,039	655,444
Environmental Protection	-	-	-	-	-	-	-	-	-	-
Economic and physical development	1,923,474	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
Human Services	6,653,586	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
Culture and recreation	1,856,311	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
Education	5,353,839	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
Capital Projects	12,196,345	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
Debt service	-	-	-	-	-	-	-	-	-	-
Principal repayments	2,973,405	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
Interest	1,202,921	1,397,556	1,255,638	800,854	937,006	833,818	815,450	714,067	1,206,453	1,545,952
Capital Outlay	-	-	2,428,765	1,871,185	1,931,466	4,779,876	4,779,876	620,342	1,909,778	891,445
Total expenditures	<u>42,433,981</u>	<u>38,392,342</u>	<u>36,875,536</u>	<u>37,404,806</u>	<u>40,811,206</u>	<u>48,007,927</u>	<u>48,008,645</u>	<u>50,724,364</u>	<u>58,736,281</u>	<u>58,267,822</u>
Excess of revenues over (under) expenditures	(9,451,888)	(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)
Other financing sources (uses)										
Issuance of long-term debt	-	-	-	-	-	5,000,000	-	4,600,000	20,000,000	2,300,000
Transfers in	5,121,265	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
Transfers out	(5,153,997)	(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)
Refunding bonds issued	-	-	-	-320,000	-	-	-	-	-	-
Bonds issued	-	-	-	-322,097	(855)	-	-	-	-	-
Payments to refunded bond escrow agent	(117,385)	-	-	-	-	-	-	-	-	-
Proceeds from long-term debt	9,851,179	-	-	-17,678,146	-	-	-	-	-	-
Total other financing sources (uses)	<u>9,701,062</u>	<u>(13,004)</u>	<u>-</u>	<u>(18,320,245)</u>	<u>(855)</u>	<u>5,000,000</u>	<u>(495,313)</u>	<u>4,898,665</u>	<u>20,000,000</u>	<u>2,300,000</u>
Net change in fund balances	<u>\$ 249,174</u>	<u>\$ (4,821,000)</u>	<u>\$ (3,130,509)</u>	<u>\$(14,820,782)</u>	<u>\$ (41,557)</u>	<u>\$ 3,922,852</u>	<u>\$ (565,075)</u>	<u>\$ 1,694,182</u>	<u>\$ 9,549,485</u>	<u>\$ (6,697,875)</u>
Debt services as a percentage of noncapital expenditures	13.8%	13.7%	11.0%	10.8%	9.5%	8.5%	7.9%	7.1%	9.2%	9.0%

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

Fiscal Year Ended June 30, 2010	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				
2001	\$ 2,270,027,385	\$ 898,110,585	\$ 320,152,044	\$ 104,152,326	\$ 3,592,442,340	0.43	\$ 3,828,263,363	93.84%
2002	2,383,616,050	1,060,592,452	179,871,843	109,593,326	3,733,673,671	0.45	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	0.44	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	0.37	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	0.37	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	0.37	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	0.37	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%

Source: Macon County Tax Department

Note: Property in the county is reassessed every four years. 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.

Table 7

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

	MACON	FRANKLIN	HIGHLANDS	Total
Year	Total Millage	Total Millage	Total Millage	Direct and Rates
2001	0.430	0.360	0.180	0.970
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

Source: County and Municipality Tax departments

**Macon County
Principal Property Taxpayers
June 30, 2010**

	2010			2001		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Taxpayer						
Duke Power	\$ 83,318,753	1	0.91%	\$ 71,308,926	1	1.98%
Old Edwards Inn & Spa LLC	47,866,295	2	0.52%	-	-	0.00%
Drake Enterprises	40,785,704	3	0.44%	10,959,045	4	0.31%
Ultima WNC Development LLC	35,949,760	4	0.39%	-	-	0.00%
Tri Investments Inc.	32,424,409	5	0.35%	-	-	0.00%
Highlands Golf Club Inc.	23,412,084	6	0.25%	8,648,493	8	0.24%
Verizon South Inc.	20,241,430	7	0.22%	25,953,907	2	0.72%
Macon Bank	17,732,394	8	0.19%	-	-	0.00%
Cullasaja Club Inc.	17,657,269	9	0.19%	9,829,367	5	0.27%
Rainbow Springs Partnership	17,044,960	10	0.19%	-	-	0.00%
Caterpillar, Inc.	-	-	-	8,670,531	7	0.24%
Lowe's	-	-	-	8,418,879	9	0.23%
Zickgraf Enterprises	-	-	-	11,821,623	3	0.33%
Wildcat Cliffs Country Club	-	-	-	8,922,342	6	0.25%
Ramco-Geershenson Properties	-	-	-	7,789,330	10	0.22%
Totals	336,433,058			172,322,443		
Total Taxable Assessed Value	\$ 9,186,160,227			\$ 3,592,442,340		

Source: Macon County Tax Office

Note:

Duke Power was known as Nantahala Power & Light Co. in 2000
Verizon South was known as GTE in 2000
Old Edwards Inn & Spa LLC was not in business in 2000

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

Fiscal Year Ended June 30, 2010	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
2001	\$ 15,395,906	\$ 14,849,448	96.45%	\$ 503,634	\$ 15,281,445	99.26%
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%	-	23,468,413	96.85%

Source: From Macon County Financial Statements

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

Fiscal Year	Governmental Activities				Business-type Activities				Total Primary Government	Percentage of Personal Income	Per Capita	
	General		Installment Contracts	Capital Leases	Sewer Bonds	General		Installment Contracts				Capital Leases
	Obligation Bonds					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

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

Fiscal Year	Value Assessed	Gross General Obligation Bonded Debt	Net General Obligation Bonded Debt	Ratio Net General Obligation Bonded Debt to Assessed Value	(1) Population	Net General Obligation Bonded Debt per Per Capita
2001	3,592,442,340	2,280,000	2,280,000	0.063%	29,986	76
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	-

Note: State Data Center: Population estimates as of June 30, 2010

Source: From Macon County Financial Statements

Table 12

Macon County
Direct and Overlapping Governmental Activities Debt
As of June 30, 2010

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Macon County	\$ 37,419,360	100.00%	37,419,360
Town of Franklin	154,046	100.00%	154,046
Town of Highlands	<u>196,272</u>	<u>100.00%</u>	<u>196,272</u>
Total direct and overlapping debt	<u>\$ 37,769,678</u>	<u>100.00%</u>	<u>\$ 37,769,678</u>

Sources: Assessed value data used to estimate applicable percentages provided by the County Board of Equalization and Assessment. Debt outstanding data provided by the county and the respective Municipalities.

Macon County
Legal Debt Margin Information
Last Ten Fiscal Years

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Debt limit	287,395,387	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
Total net debt applicable to limit	<u>30,960,630</u>	<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>
Legal debt margin	<u>256,434,757</u>	<u>270,991,034</u>	<u>282,186,414</u>	<u>397,039,155</u>	<u>416,059,476</u>	<u>424,731,460</u>	<u>436,896,933</u>	<u>686,701,953</u>	<u>690,272,430</u>	<u>697,473,458</u>
Total net debt applicable to the limit as a percentage of debt limit	10.77%	9.27%	8.03%	5.73%	4.73%	4.79%	4.16%	2.94%	5.17%	5.09%

Legal Debt Margin Calculation for Fiscal Year 2010

Assessed value	\$ 9,186,160,227
Add back: exempt real property	\$ -
Total assessed value	<u>\$ 9,186,160,227</u>
Debt Limit (8% of total assessed value)	734,892,818
Debt applicable to limit:	
Installment Contracts	<u>37,419,360</u>
Legal debt margin	<u>\$ 697,473,458</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

Fiscal Year	Population	Personal Income (amounts expressed in thousands)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2001	29,986	703,565	23,779	45.4	4,125	2.1
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	NA	22,234	46.7	4,419	10.0
2010	35,208	NA	NA	45.2	4,452	10.2

Note: Population for 2008 and 2009, 2008 personal income and median age comes from 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 Dev. Ctr.Macon County Profile. Unemployment rate information comes from the Civilian Labor Force data. School enrollment is provided by the local school system and is the enrollment after the tenth day of the beginning of school year.

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

	2010			2001		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Macon County Public Schools	710	1	4.34%	N/A	9	0.00%
Drake Enterprises LTD	652	2	3.99%	341	3	2.34%
Macon County	482	3	2.95%	444	1	3.05%
Angel Medical Center	386	4	2.36%	433	2	2.97%
Highlands Cashiers Hospital	310	5	1.90%	280	4	1.92%
Wal-Mart Associates Inc	210	6	1.28%	165	8	1.13%
Caterpillar Inc	185	7	1.13%	213	5	1.46%
Ingles Markets Inc.	192	8	1.17%	173	7	1.19%
Shaw Industries Group Inc.	202	9	1.24%	0	10	0.00%
Macon Bank	175	10	1.07%	177	6	1.21%
Total	<u>3,504</u>			<u>2,226</u>		

Total Labor Force estimate

16,350

14,568

Source: Employers Human Resource Dept. .

Note: Shaw Industries started in November 2008.

School said that employee count for 2001 was not available

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

Full-time Equivalent Employees as of June 30											
Function	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Government	N/A	N/A	73	74	77	95	105	73	92	95	89
Public Safety	N/A	N/A	99	99	104	104	108	133	106	121	125
Human Services	N/A	N/A	101	102	102	101	102	111	113	115	118
Culture and Recreation	N/A	N/A	11	11	11	12	6	7	16	18	9
Economic & Physical Development	N/A	N/A	N/A	N/A	N/A	N/A	N/A	5	2	1	3
Transportation	N/A	N/A	N/A	N/A	N/A	N/A	N/A	7	7	8	8
Landfill	N/A	N/A	15	15	16	16	17	16	17	36	34
Total	-	-	299	301	310	328	338	352	353	394	386

Source: Human Resource Department

Macon County
Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Law Enforcement										
Physical arrests	1,107	1,124	1,411	1,246	1,498	1,515	1,539	1,745	2,110	1,714
Traffic violations	2,231	2,349	2,177	2,598	3,092	774	654	1,296	1,228	2,265
Fire										
Number of calls answered	1,946	1,825	2,292	2,450	2,721	3,243	3,243	3,396	3,093	3,406
Inspections	520	440	450	450	500	550	780	491	425	500
Economic Development										
Number of industrial parks	1	1	1	1	1	1	1	1	1	1
Human Services										
Dept of Social Services										
Number of CHIP cases eligible	335	308	393	427	477	477	617	617	590	430
Number of Food & Nutrition cases eligible	N/A	N/A	N/A	991	1,051	1,196	1,197	1,432	1,861	2,361
Number of Medicaid eligible cases	2,906	3,095	3,221	3,249	3,342	3,567	4,388	4,858	5,242	4,785
Health										
Number of Wic cases	764	764	805	806	835	845	845	845	1,093	1,167
Number of family planning cases	571	590	586	565	629	490	693	745	660	798
Solid Waste										
Number of landfill's	2	2	2	2	2	2	2	2	1	1
Culture and recreation										
Number of recreation parks	4	4	4	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

Function	Fiscal Year									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Public safety										
Police:										
Stations	3	3	3	3	3	3	3	3	3	3
Patrol units	32	32	54	54	63	38	23	25	25	45
Fire stations	11	11	11	11	11	11	13	13	13	10
Culture and recreation										
Parks acreage	138.6	138.6	138.6	138.6	308.6	308.6	308.6	352.6	352.6	352.6
Parks	4	4	4	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	9	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	1	2
Number of construction and demolition sites	1	1	1	1	1	1	1	1	-	-
Number of convenience centers	10	10	10	10	10	10	10	10	11	11

Sources: Various county departments.

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

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