

**MACON COUNTY
NORTH CAROLINA**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE YEAR ENDED JUNE 30, 2016

**MACON COUNTY
NORTH CAROLINA**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE YEAR ENDED JUNE 30, 2016

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

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INTRODUCTORY SECTION

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Macon County



November 30, 2016

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, 2016. The financial statements and supplemental schedules contained herein have been audited by the independent certified public accounting firm of Martin Starnes & Associates, CPAs, P.A. Their unmodified opinion is included in the basic financial statements. However, this report is presented by the County, which is responsible for the accuracy of the data as well as the completeness and fairness of its presentation including all disclosures. We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the County as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the County's financial affairs have been included.

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

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

DESCRIPTION OF THE COUNTY:

Macon County, founded in 1828, is located in the Southwestern area of the state. Macon County has land area of 516 square miles and an estimated population of 34,851. Macon County has a diverse economy. Manufacturing, healthcare, tourism, agriculture/forestry, finance, retail, and construction are major components of the economy. Manufacturing industries include tax software development, metal tubular fabrication, hardwood flooring production, aerospace/defense and intercommunications. Healthcare includes three medical campuses from two health systems located in the county. Tourism continues to be a strong force within the county, with a growing popularity in green tourism (hiking, whitewater rafting, camping, hunting, fishing, etc.), as well as more traditional activities such as golf and gem mining. Agriculture/forestry sectors include vegetables, ornamentals, Christmas trees, wood products, trout production and livestock. Two financial institutions are headquartered in Macon County, including one listed on the NASDAQ. The county also continues to be a regional retail hub. Construction, while weakened by the housing bubble burst in 2009, continues to improve. Two municipalities are located in the County, the largest being the Town of Franklin, which serves as the County seat. The County has a commissioner/manager form of government. The five members of the Board of Commissioners are elected at-large and serve staggered four-year terms.

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

ECONOMIC CONDITIONS AND OUTLOOK:

Macon County's economy has improved as evidenced by an increase in sales tax and occupancy tax revenues. The local unadjusted unemployment rate is 5.3%, which is 1% lower than last year's rate of 6.3%. Macon County's rate is slightly more than North Carolina's unadjusted unemployment rate of 5.2%. Macon County had a work force of 15,373 at the end of June 2016.

The private sector owns 54.4% of Macon County's 332,674 total acres with the U.S. Forest Service owning 45.5% or 151,233 acres. The remaining 0.1% is exempt acreage. There are 44,403 parcels of land and 43,448 are taxable. The total appraised value of taxable property is \$7.95 billion. The tax rate is 34.9 cents per \$100 valuation and current year county-wide taxes collected were \$27,244,243 in fiscal 2016.

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

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

Duke Energy continues to be the County's largest taxpayer with 1.39% of the total assessed valuation. The County's tax base is diverse, with the ten leading taxpayers making up 4.25% of total assessed value.

LONG-TERM FINANCIAL PLANNING

The Comprehensive Annual Financial Report reflects the sound fiscal policies our elected officials have established to achieve their annual priorities for programs, services, and capital improvements. These policies have resulted in the County's strong financial position. The County holds ratings of A+ from Standard & Poor's and Aa3 from Moody's.

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

MAJOR INITIATIVES:

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

SOLID WASTE OPERATIONS - The 2016 fiscal year marked the twenty-first 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 32,783 tons per year for the next 1.9 years. Construction of a new cell began in 2016 and is expected to be completed during 2017.

The County's solid waste landfill is subject to the Environmental Protection Agency's (EPA's) regulations for municipal solid waste landfill closure and post closure care. Closure, post closure, and corrective action costs of the current and closed cells is estimated to be \$9,036,400. The County has already recognized a liability for closure, post closure, and corrective action costs in the amount of \$8,305,400, based upon the amount of cell capacity used to date. The old Franklin site has 6 years remaining and the old Highlands site has 7 years remaining of postclosure care. Although the County has complied with the EPA's financial assurance requirements through the use of the local government financial test, a reserve fund has been established to pay for the future costs of closure and postclosure care for the current landfill. The balance in the reserve fund at June 30 is \$7,529,356. Additional monies will be set aside for these purposes during each year of the landfill's operations. Annual appropriations will continue to fund necessary expenditures for the prior sites throughout the remainder of the postclosure periods. Additional information is included in the notes to the financial statements.

ECONOMIC DEVELOPMENT - The Macon County Economic Development Commission continues to create a climate for business and industry investment, innovative entrepreneurship and quality job creation. The 14,000 sq. ft. Business Development Center works to grow new businesses by providing work space, a fiber optic network and other tools necessary to compete in today's global economy. As a Certified Entrepreneurial Community, the County partners with other strategic partners to ensure entrepreneurial success by providing access to training, alternative funding sources and market access. Fiscal year 2016 saw the 2016 Young Entrepreneur of the Year Award and the continued proliferation of new business startups by young entrepreneurs. The Macon County Industrial Park saw increased activity as the vacant SKF facility (72,000 sq. ft.) and the recently vacated Caterpillar facility (101,000 sq. ft.) were purchased and renovated for use by existing local companies. In addition, Harmony House Foods, a Business Development Center tenant, purchased the former TekTone Sound and Signal building (35,000 sq. ft.) in the Industrial Park for expansion purposes. A new entrance sign to the Industrial Park was installed with funding from the County and private partners. Other significant activities included the purchase of the Whistle Stop Mall and Holly Springs Plaza (former Walmart location) by Ingles Markets with a new store planned for the Whistle Stop location. The County also saw a third brewery open, located in East Franklin, as well as numerous small businesses in the community. In 2015, the EDC, with Southwestern Community College, Macon County Schools and other strategic partners began work on a local STEM initiative to create a job ready workforce for local employers. In 2016, the Golden Leaf Foundation awarded \$550,000 for the initiative. The County also received an \$187,500 Building Reuse Grant for renovation of Tektone Sound and Signal's new facility. The EDC also continued work on retention and growth of existing business and industry.

AIRPORT ACTIVITIES - The Macon County Airport continues to make major upgrades and improvements. In fiscal year 2016, the Airport completed the engineering and bidding phases of the taxiway project, installed a new rotating beacon, completed an Automated Weather Observing System (AWOS) full upgrade, and partially completed the obstruction lighting project. Construction of the taxiway project is expected to be completed in 2017. Also, the Airport is in the planning stages for a 1000 ft. runway extension (from 5000' to 6000') project in future years.

SCHOOLS – Macon County continues to meet the challenge of providing school facilities as recommended by the facilities planning committee made up of county and school officials. Renovations to Union Academy and Highlands School were completed in 2016.

RECREATION – The County completed the new recreation complex located on 48 acres of land purchased in FY 13. This new complex is funded by a \$500,000 PARTF grant, \$1,800,000 installment financing, and \$1,490,840 from the County's general fund.

FINANCIAL INFORMATION:

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

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

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

As a part of the County's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the County has complied with the applicable laws and regulations. The results of the single audit for the fiscal year ended June 30, 2016 provided no material instances of noncompliance.

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

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

OTHER INFORMATION - Independent Audit: North Carolina's General Statutes require an annual audit by independent certified public accountants. The accounting firm of Martin Starnes & Associates, CPAs, P.A. was selected by the Macon County Board of Commissioners. The auditors' report on the 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, 2015. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. Macon County has received twenty-one annual GFOA Certificates for Excellence in Financial Reporting.

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

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

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

Respectfully submitted,

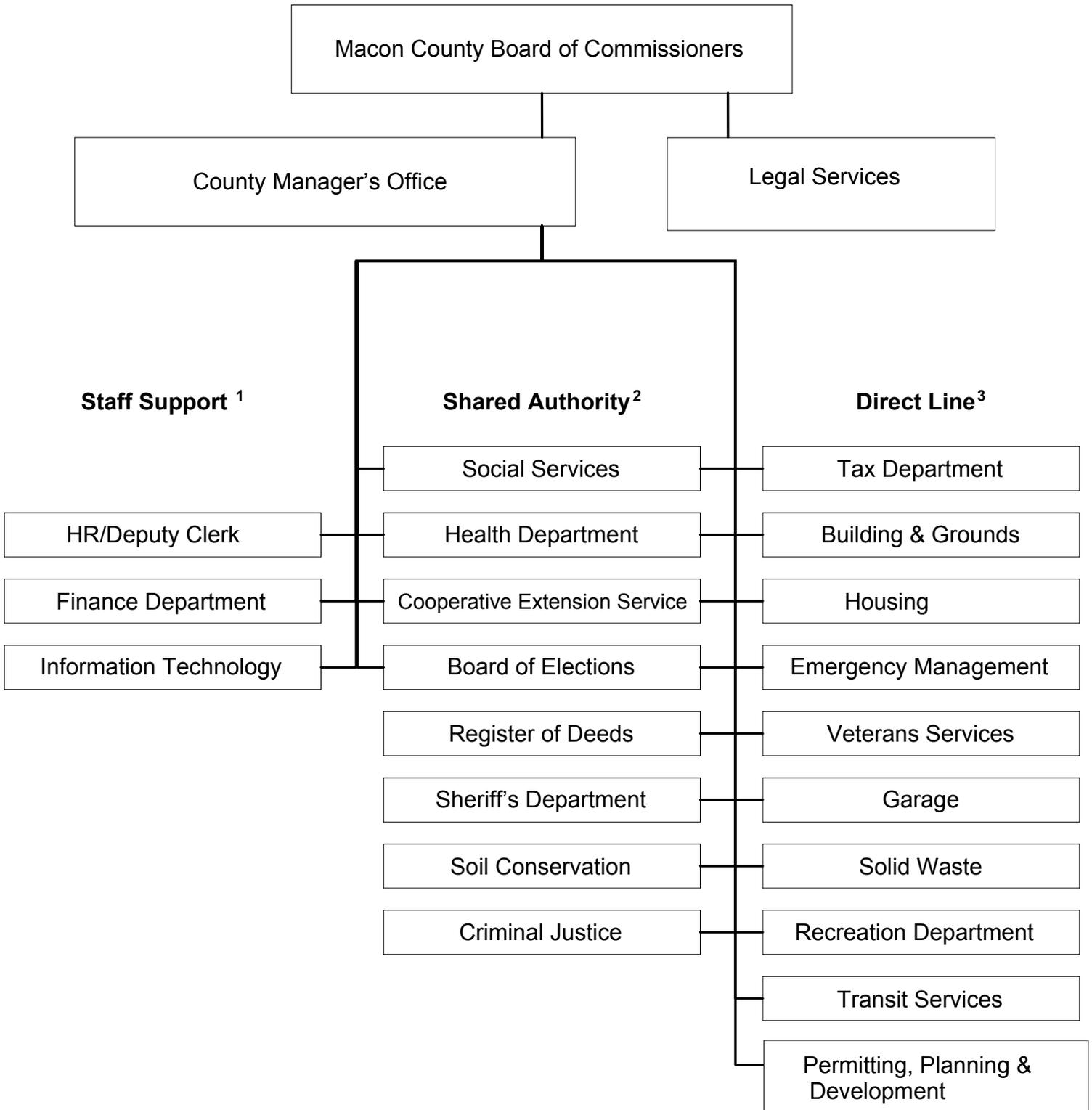


Lori M. Hall
Finance Director



Derek Roland
County Manager

Macon County Government



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

MACON COUNTY, NORTH CAROLINA

List of Principal Officials

June 30, 2016

Board of Commissioners

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

Principal Officials

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



Government Finance Officers Association

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

Presented to

**Macon County
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

FINANCIAL SECTION

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

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

Independent Auditor's Report

To the Board of Commissioners
Macon County
Franklin, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Macon County, North Carolina, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Macon County Airport Authority were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Macon County, North Carolina, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2016 on our consideration of Macon County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Macon County's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 30, 2016

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Management's Discussion and Analysis

As management of Macon County, we offer readers of Macon County's financial statements this narrative overview and analysis of the financial activities of Macon County (the "County") for the fiscal year ended June 30, 2016. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

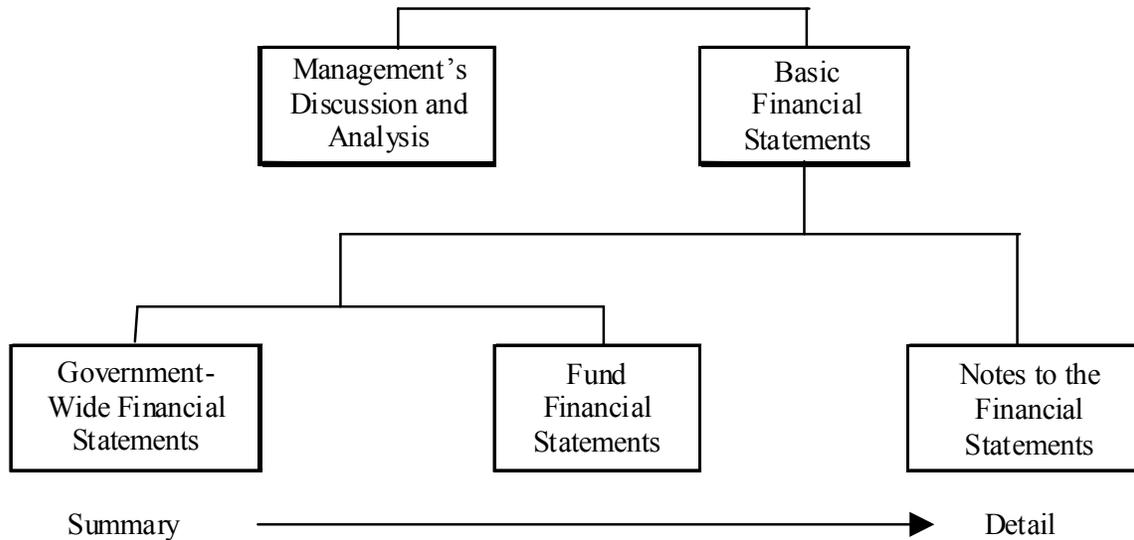
Financial Highlights

- The assets and deferred outflows of resources of Macon County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$11,570,088 (*net position*).
- The County's total net position increased by \$2,994,059, primarily due to an increase in the net position of governmental-type activities.
- As of the close of the current fiscal year, Macon County's General Fund reported an ending fund balance of \$25,438,347, an increase of \$3,443,116 in comparison with the prior year. Total governmental funds reported combined ending fund balances of \$29,622,474. Approximately 18.75% of this total amount, or \$5,555,453, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$21,487,698, or 47.43%, of total General Fund expenditures and transfers out for the fiscal year.
- Macon County's total debt increased by \$9,486,374 (27.91%) during the fiscal year. The key factor in this increase was new debt issued during the fiscal year. The County issued \$2,985,878 in QZAB funds for renovations at Highlands School and Union Academy and \$9,800,000 of special obligation bonds for the Solid Waste Landfill Expansion project.
- The County holds the following bond ratings: Moody's – Aa3 and Standard & Poor's – A+.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Macon County's basic financial statements. Macon County's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (Figure 1). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of Macon County.

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



Basic Financial Statements

The first two statements (Exhibits A and B) in the basic financial statements are the **Government-Wide Financial Statements**. They provide both short and long-term information about the County’s financial status.

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

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

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

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the County’s finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County’s financial status as a whole.

The two government-wide statements report the County's net position and how it has changed. Net position is the difference between the total of the County's assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. Measuring the net position is one way to gauge the County's financial condition.

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

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

Fund Financial Statements

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

Governmental Funds. Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting*. This method also has a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

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

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

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

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Macon County has seven agency funds.

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

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

Government-Wide Financial Analysis

Macon County's Net Position Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2015	2016	2015	2016	2015	2016
Current and other assets	\$ 32,373,224	\$ 35,414,877	\$ 9,287,253	\$ 19,665,949	\$ 41,660,477	\$ 55,080,826
Capital assets	25,796,788	25,420,702	3,599,088	4,544,129	29,395,876	29,964,831
Total assets	58,170,012	60,835,579	12,886,341	24,210,078	71,056,353	85,045,657
Deferred outflows of resources	1,095,482	1,110,110	63,200	63,979	1,158,682	1,174,089
Long-term liabilities						
outstanding	44,405,293	45,928,635	9,083,400	18,033,590	53,488,693	63,962,225
Other liabilities	6,215,453	7,877,058	364,280	2,139,379	6,579,733	10,016,437
Total liabilities	50,620,746	53,805,693	9,447,680	20,172,969	60,068,426	73,978,662
Deferred inflows of resources	3,378,809	639,419	191,771	31,577	3,570,580	670,996
Net position:						
Net investment in capital assets	21,124,267	21,305,117	3,599,088	3,434,779	24,723,355	24,739,896
Restricted	5,769,063	5,259,107	-	-	5,769,063	5,259,107
Unrestricted	(21,627,391)	(19,063,647)	(288,998)	634,732	(21,916,389)	(18,428,915)
Total net position	\$ 5,265,939	\$ 7,500,577	\$ 3,310,090	\$ 4,069,511	\$ 8,576,029	\$ 11,570,088

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$11,570,088 as of June 30, 2016. The County's net position increased by \$2,994,059 for the fiscal year ended June 30, 2016. One of the largest portions of Macon County's net position, \$24,739,896, reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment). The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Macon County's investment in its capital assets is reported net of outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the County's net position, \$5,259,107, represents resources that are subject to external restrictions on how they may be used.

At the end of the current fiscal year, the County is reporting a negative balance in unrestricted net position in the amount of \$18,428,915 for the government as a whole. The primary reason for the deficit is due to the fact that under North Carolina law, the County is responsible for providing capital funding for the school system. The County has chosen to meet its legal obligation to provide the school system capital funding by using a mixture of County funds and debt financings. The assets funded by the County, however, are titled to and utilized by the school system. Since the County, as the issuing government, acquires no assets, the County has incurred a liability without a corresponding increase in assets.

Macon County's Changes in Net Position
Figure 3

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>2015</u>	<u>2016</u>
	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>
Revenues:						
Program revenues:						
Charges for services	\$ 4,341,251	\$ 4,929,086	\$ 3,489,389	\$ 3,577,947	\$ 7,830,640	\$ 8,507,033
Operating grants and contributions	9,674,198	10,591,738	-	-	9,674,198	10,591,738
Capital grants and contributions	1,688,310	863,822	-	-	1,688,310	863,822
General revenues:						
Property taxes	29,532,608	31,114,435	-	-	29,532,608	31,114,435
Other taxes	8,850,490	9,360,497	-	-	8,850,490	9,360,497
Other	378,308	481,752	9,110	32,534	387,418	514,286
Total revenues	<u>54,465,165</u>	<u>57,341,330</u>	<u>3,498,499</u>	<u>3,610,481</u>	<u>57,963,664</u>	<u>60,951,811</u>
Expenses:						
General government	11,201,551	10,966,331	-	-	11,201,551	10,966,331
Public safety	13,880,745	14,726,992	-	-	13,880,745	14,726,992
Transportation	1,222,986	881,675	-	-	1,222,986	881,675
Economic and physical development	3,426,980	2,345,645	-	-	3,426,980	2,345,645
Human services	10,118,181	10,933,958	-	-	10,118,181	10,933,958
Cultural and recreational	2,486,997	2,751,655	-	-	2,486,997	2,751,655
Education	8,939,212	11,416,007	-	-	8,939,212	11,416,007
Interest on long-term debt	1,178,604	1,084,429	-	-	1,178,604	1,084,429
Solid waste	-	-	3,491,676	2,851,060	3,491,676	2,851,060
Total expenses	<u>52,455,256</u>	<u>55,106,692</u>	<u>3,491,676</u>	<u>2,851,060</u>	<u>55,946,932</u>	<u>57,957,752</u>
Increase (decrease) in net position	<u>2,009,909</u>	<u>2,234,638</u>	<u>6,823</u>	<u>759,421</u>	<u>2,016,732</u>	<u>2,994,059</u>
Net Position:						
Beginning of year - July 1	4,887,970	5,265,939	3,404,070	3,310,090	8,292,040	8,576,029
Restatement	<u>(1,631,940)</u>	<u>-</u>	<u>(100,803)</u>	<u>-</u>	<u>(1,732,743)</u>	<u>-</u>
Beginning of year - July 1, as restated	<u>3,256,030</u>	<u>5,265,939</u>	<u>3,303,267</u>	<u>3,310,090</u>	<u>6,559,297</u>	<u>8,576,029</u>
End of year - June 30	<u>\$ 5,265,939</u>	<u>\$ 7,500,577</u>	<u>\$ 3,310,090</u>	<u>\$ 4,069,511</u>	<u>\$ 8,576,029</u>	<u>\$ 11,570,088</u>

Governmental Activities. Of the total net position, governmental activities account for \$7,500,577 (65%). Property taxes provide 54.3% of funding at \$31,114,435, charges for services funded \$4,929,086, local option sales tax and occupancy tax funded \$9,360,497, and operating grants funded \$10,591,738 of Macon County's governmental activities. Governmental activities increased Macon County's net position by \$2,234,638. Net position increased primarily because of an increase in ad valorem taxes and local option sales tax revenue in the current year.

Business-Type Activities. Business-type activities increased the County's net position by \$759,421. That increase is primarily attributable to a decrease in expenditures.

Financial Analysis of the County's Funds

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

Governmental Funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Macon County's financing requirements. Specifically, fund balance available for appropriation can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of Macon County. At the end of the current fiscal year, fund balance available in the General Fund was \$21,885,857, while total fund balance reached \$25,438,347. The County currently has an available fund balance of 48.31% of General Fund expenditures and transfers out, while total fund balance represents 56.15% of that same amount. Total fund balance in the General Fund increased by \$3,443,116. This increase is primarily attributable to an increase in ad valorem taxes and local option sales taxes.

As of the end of the current fiscal year, Macon County's governmental funds reported combined ending fund balances of \$29,622,474, an increase of \$3,908,243 in comparison with the prior year. The increase is primarily due to an increase in general fund ad valorem taxes and general fund local option sales taxes.

General Fund Budgetary Highlights

During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as federal and State grants; and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased the revenue source budget by \$1,721,570. The majority of this increase was attributable to additional ad valorem taxes and restricted intergovernmental revenues, and sales and services. The difference between the final budgeted amount and the actual expenditures and uses was \$3,063,945. This difference is primarily due to underspending the budget in human services, general government, transportation, and public safety; the decision not to fill certain positions; and incomplete contracts to be continued in 2017.

Proprietary Funds. Macon County's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail. Unrestricted net position of the Solid Waste Fund at the end of the year totaled \$634,732. The increase of \$923,730 over the prior year is primarily attributable to an increase in landfill fees and tipping fees and a decrease in landfill closure and post-closure care cost. Other factors concerning the finances of the fund have already been addressed in the discussion of the County's business-type activities.

Capital Asset and Debt Administration

Capital Assets. Macon County's capital assets for its governmental and business-type activities as of June 30, 2016 amount to \$29,964,831, (net of accumulated depreciation). These assets include land, buildings and systems, improvements, machinery, and equipment.

Major capital asset transactions during the year include:

- Four transit vans - \$217,464
- Two sheriff's department vehicles - \$52,673
- Information technology purchases - \$117,810
- Workstations for the 911 call center - \$46,553
- Completion of Parker Meadows Recreation Complex - \$791,324

Macon County's Capital Assets
Figure 4

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>
Land	\$ 9,848,695	\$ 9,848,695	\$ 1,773,021	\$ 1,773,021	\$ 11,621,716	\$ 11,621,716
Buildings and improvements	27,398,879	31,101,846	9,716,359	9,716,359	37,115,238	40,818,205
Furniture and equipment	3,595,258	3,691,966	2,672,778	2,672,778	6,268,036	6,364,744
Vehicles	5,848,668	6,289,364	674,220	703,091	6,522,888	6,992,455
Construction in progress	<u>2,911,643</u>	<u>-</u>	<u>-</u>	<u>1,118,406</u>	<u>2,911,643</u>	<u>1,118,406</u>
Subtotal	49,603,143	50,931,871	14,836,378	15,983,655	64,439,521	66,915,526
Less accumulated depreciation	<u>(23,806,355)</u>	<u>(25,511,169)</u>	<u>(11,237,290)</u>	<u>(11,439,526)</u>	<u>(35,043,645)</u>	<u>(36,950,695)</u>
Total	<u>\$ 25,796,788</u>	<u>\$ 25,420,702</u>	<u>\$ 3,599,088</u>	<u>\$ 4,544,129</u>	<u>\$ 29,395,876</u>	<u>\$ 29,964,831</u>

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

Long-Term Debt. As of June 30, 2016, Macon County has special obligation bonds outstanding of \$9,800,000.

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	2015	2016	2015	2016	2015	2016
Installment contracts	\$ 33,986,857	\$ 33,673,231	\$ -	\$ -	\$ 33,986,857	\$ 33,673,231
Special obligation bonds	-	-	-	9,800,000	-	9,800,000
Total	\$ 33,986,857	\$ 33,673,231	\$ -	\$ 9,800,000	\$ 33,986,857	\$ 43,473,231

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Macon County is approximately \$592,159,000, which is significantly greater than Macon County's outstanding debt.

More detailed information on the County's long-term debt can be found in the notes to the financial statements beginning on page 67.

Economic Factors and Next Year's Budgets and Rates

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

- The unadjusted unemployment rate for Macon County as of June 30, 2016 is 5.3%, which is 1% less than it was a year ago. Macon County's rate is slightly higher than the State's unadjusted unemployment rate of 5.2%.
- Sales tax distributions increased 5.2% over prior year.
- The tax base is diverse with the ten leading taxpayers making up 4.25% of total assessed value.

All of these factors were considered in preparing Macon County's budget for the 2016-2017 fiscal year.

Budget Highlights for the Fiscal Year Ending June 30, 2017

Governmental Activities. Taxes are based on \$7.89 billion in property valuation with the tax rate remaining at \$0.349 per \$100 of assessed value. The collection rate increased from 97.69% in 2015 to 98.25% in 2016. Sales tax revenues were budgeted with 1% growth over fiscal year 2016 projected revenues. The budget was balanced without the use of fund balance.

Budgeted expenditures in the General Fund for 2017 are \$47,696,749, which is 2.2% more than the 2016 original budget. The 2017 budget has approximately \$1.6 million in capital outlay with \$500,000 earmarked for school capital outlay.

Business-Type Activities. The budgeted expenditures for the Solid Waste Fund are \$4,439,702, which represents an increase of \$520,882, or 13.3%, over last year due to the issuance of \$9,800,000 special obligation bonds. The 2017 debt payment for this debt issue is \$1,095,129. Construction continues on the new cell at the Macon County MSW Landfill and is expected to be completed during 2017.

Requests for Information

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

BASIC FINANCIAL STATEMENTS – OVERVIEW

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MACON COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Macon County Airport Authority
Assets:				
Cash and cash equivalents	\$ 28,660,102	\$ 10,659,523	\$ 39,319,625	\$ 50,109
Taxes receivable, net	794,919	-	794,919	-
Interest receivable	14,848	2,246	17,094	-
Accounts receivable, net	1,346,649	313,530	1,660,179	-
Due from other governments	4,201,160	-	4,201,160	-
Inventories	24,649	-	24,649	-
Prepaid items	252,312	-	252,312	-
Restricted cash and cash equivalents	21,969	8,690,650	8,712,619	-
Net pension asset	98,269	-	98,269	-
Non-depreciable capital assets	9,848,695	2,891,427	12,740,122	3,206,561
Depreciable capital assets, net	15,572,007	1,652,702	17,224,709	11,014,687
Total assets	<u>60,835,579</u>	<u>24,210,078</u>	<u>85,045,657</u>	<u>14,271,357</u>
Deferred Outflows of Resources:				
Current year contributions to pension plans	974,927	56,646	1,031,573	-
Pension deferrals	135,183	7,333	142,516	-
Total deferred outflows of resources	<u>1,110,110</u>	<u>63,979</u>	<u>1,174,089</u>	<u>-</u>
Liabilities:				
Accounts payable and accrued liabilities	3,233,425	1,130,564	4,363,989	1,218
Liabilities to be paid from restricted assets	2,584	-	2,584	-
Non-current liabilities:				
Net pension liability - LGERS	1,041,844	60,753	1,102,597	-
Due in less than one year	3,599,205	948,062	4,547,267	-
Due in more than one year	45,928,635	18,033,590	63,962,225	-
Total liabilities	<u>53,805,693</u>	<u>20,172,969</u>	<u>73,978,662</u>	<u>1,218</u>
Deferred Inflows of Resources:				
Prepaid taxes	90,518	-	90,518	-
Pension deferrals	548,901	31,577	580,478	-
Total deferred inflows of resources	<u>639,419</u>	<u>31,577</u>	<u>670,996</u>	<u>-</u>
Net Position:				
Net investment in capital assets	21,305,117	3,434,779	24,739,896	14,221,248
Restricted for:				
Stabilization by State statute	4,566,518	-	4,566,518	-
Restricted for public safety	551,212	-	551,212	-
Restricted for education	141,377	-	141,377	-
Unrestricted	(19,063,647)	634,732	(18,428,915)	48,891
Total net position	<u>\$ 7,500,577</u>	<u>\$ 4,069,511</u>	<u>\$ 11,570,088</u>	<u>\$ 14,270,139</u>

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

MACON COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ 10,966,331	\$ 1,466,218	\$ 855,186	\$ -
Public safety	14,726,992	2,233,562	540,844	-
Transportation	881,675	-	509,287	-
Economic and physical development	2,345,645	62,232	587,997	363,822
Human services	10,933,958	1,167,074	7,912,594	-
Cultural and recreational	2,751,655	-	-	500,000
Education	11,416,007	-	185,830	-
Interest on long-term debt	1,084,429	-	-	-
Total governmental activities	<u>55,106,692</u>	<u>4,929,086</u>	<u>10,591,738</u>	<u>863,822</u>
Business-Type Activities:				
Solid Waste	<u>2,851,060</u>	<u>3,577,947</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 57,957,752</u>	<u>\$ 8,507,033</u>	<u>\$ 10,591,738</u>	<u>\$ 863,822</u>
Component Unit:				
Macon County Airport Authority	<u>\$ 702,743</u>	<u>\$ 7,161</u>	<u>\$ 43,000</u>	<u>\$ 322,947</u>

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

MACON COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Net (Expense) Revenue and Changes in Net Position</u>			
	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Macon County Airport Authority</u>
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ (8,644,927)	\$ -	\$ (8,644,927)	\$ -
Public safety	(11,952,586)	-	(11,952,586)	-
Transportation	(372,388)	-	(372,388)	-
Economic and physical development	(1,331,594)	-	(1,331,594)	-
Human services	(1,854,290)	-	(1,854,290)	-
Cultural and recreational	(2,251,655)	-	(2,251,655)	-
Education	(11,230,177)	-	(11,230,177)	-
Interest on long-term debt	(1,084,429)	-	(1,084,429)	-
Total governmental activities	<u>(38,722,046)</u>	<u>-</u>	<u>(38,722,046)</u>	<u>-</u>
Business-Type Activities:				
Solid Waste	<u>-</u>	<u>726,887</u>	<u>726,887</u>	<u>-</u>
Total primary government	<u>(38,722,046)</u>	<u>726,887</u>	<u>(37,995,159)</u>	<u>-</u>
Component Unit:				
Macon County Airport Authority				<u>(329,635)</u>
General Revenues:				
Ad valorem taxes	31,114,435	-	31,114,435	-
Local option sales tax	8,628,868	-	8,628,868	-
Occupancy taxes	731,629	-	731,629	-
Unrestricted intergovernmental revenues:				
Other taxes	368,997	-	368,997	-
Gross receipts tax	24,456	-	24,456	-
Interest earned on investments	88,299	32,534	120,833	-
Total general revenues	<u>40,956,684</u>	<u>32,534</u>	<u>40,989,218</u>	<u>-</u>
Change in net position	2,234,638	759,421	2,994,059	(329,635)
Net Position:				
Beginning of year - July 1	<u>5,265,939</u>	<u>3,310,090</u>	<u>8,576,029</u>	<u>14,599,774</u>
End of year - June 30	<u>\$ 7,500,577</u>	<u>\$ 4,069,511</u>	<u>\$ 11,570,088</u>	<u>\$ 14,270,139</u>

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

MACON COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2016

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Cash and cash equivalents	\$ 24,057,635	\$ 262,427	\$ 3,616,588	\$ 27,936,650
Taxes receivable, net	690,098	-	104,821	794,919
Interest receivable	14,848	-	-	14,848
Accounts receivable, net	1,346,526	-	-	1,346,526
Due from other funds	-	349,740	-	349,740
Due from other governments	3,259,911	45,607	895,642	4,201,160
Inventories	24,649	-	-	24,649
Prepaid items	252,312	-	-	252,312
Cash and cash equivalents, restricted	2,584	-	19,385	21,969
Total assets	<u>\$ 29,648,563</u>	<u>\$ 657,774</u>	<u>\$ 4,636,436</u>	<u>\$ 34,942,773</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 2,081,260	\$ -	\$ 655,522	\$ 2,736,782
Due to other funds	-	-	349,740	349,740
Liabilities to be paid from restricted assets	2,584	-	-	2,584
Total liabilities	<u>2,083,844</u>	<u>-</u>	<u>1,005,262</u>	<u>3,089,106</u>
Deferred Inflows of Resources:				
Unavailable revenue - property taxes	690,098	-	104,821	794,919
Unavailable revenue - ambulance	1,167,633	-	-	1,167,633
Unavailable revenue - public health	178,123	-	-	178,123
Prepaid taxes	90,518	-	-	90,518
Total deferred inflows of resources	<u>2,126,372</u>	<u>-</u>	<u>104,821</u>	<u>2,231,193</u>

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

MACON COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2016

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:				
Non-spendable, not in spendable form:				
Inventories	24,649	-	-	24,649
Prepays	252,312	-	-	252,312
Restricted:				
Restricted for stabilization by State statute	3,275,529	395,347	895,642	4,566,518
Restricted for public safety	256,782	-	294,430	551,212
Restricted for education	141,377	-	19,385	160,762
Committed for general government	-	-	1,414,935	1,414,935
Committed for economic and physical development	-	-	506,982	506,982
Committed for education	-	-	846,589	846,589
Assigned for debt service	-	262,427	-	262,427
Unassigned	<u>21,487,698</u>	<u>-</u>	<u>(451,610)</u>	<u>21,036,088</u>
Total fund balances	<u>25,438,347</u>	<u>657,774</u>	<u>3,526,353</u>	<u>29,622,474</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 29,648,563</u>	<u>\$ 657,774</u>	<u>\$ 4,636,436</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	25,420,702
Net pension asset	98,269
Net pension liability	(1,041,844)
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position.	974,927
Internal service funds are used by management to charge the cost of health insurance. The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position.	529,808
Long-term liabilities, accrued interest, and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(49,830,716)
Pension related deferrals	(413,718)
Deferred inflows of resources for taxes receivables	794,919
Deferred inflows of resources for other unavailable revenues	<u>1,345,756</u>
Net position of governmental activities	<u>\$ 7,500,577</u>

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

MACON COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2016

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Ad valorem taxes	\$ 28,070,448	\$ -	\$ 3,186,705	\$ 31,257,153
Local option sales taxes	6,869,814	-	1,759,054	8,628,868
Unrestricted intergovernmental revenues	393,453	-	-	393,453
Restricted intergovernmental revenues	9,008,136	783,171	1,664,253	11,455,560
Occupancy taxes	-	-	731,629	731,629
Permits and fees	1,161,104	-	-	1,161,104
Sales and services	3,031,340	-	-	3,031,340
Interest earned on investments	79,863	-	7,092	86,955
Miscellaneous	125,940	45,219	7,237	178,396
Total revenues	<u>48,740,098</u>	<u>828,390</u>	<u>7,355,970</u>	<u>56,924,458</u>
Expenditures:				
Current:				
General government	6,990,415	-	-	6,990,415
Public safety	11,614,637	-	3,438,308	15,052,945
Transportation	1,073,513	-	-	1,073,513
Economic and physical development	592,581	-	1,761,786	2,354,367
Human services	11,521,443	-	-	11,521,443
Education	8,606,220	-	2,809,787	11,416,007
Cultural and recreational	2,418,146	-	791,324	3,209,470
Debt service:				
Principal repayments	-	3,299,504	-	3,299,504
Interest	-	1,084,429	-	1,084,429
Total expenditures	<u>42,816,955</u>	<u>4,383,933</u>	<u>8,801,205</u>	<u>56,002,093</u>
Revenues over (under) expenditures	<u>5,923,143</u>	<u>(3,555,543)</u>	<u>(1,445,235)</u>	<u>922,365</u>
Other Financing Sources (Uses):				
Issuance of long-term debt	-	-	2,985,878	2,985,878
Transfers in	7,000	3,601,962	603,283	4,212,245
Transfers (out)	<u>(2,487,027)</u>	-	<u>(1,725,218)</u>	<u>(4,212,245)</u>
Total other financing sources (uses)	<u>(2,480,027)</u>	<u>3,601,962</u>	<u>1,863,943</u>	<u>2,985,878</u>
Net change in fund balances	3,443,116	46,419	418,708	3,908,243
Fund Balances:				
Beginning of year - July 1	<u>21,995,231</u>	<u>611,355</u>	<u>3,107,645</u>	<u>25,714,231</u>
End of year - June 30	<u>\$ 25,438,347</u>	<u>\$ 657,774</u>	<u>\$ 3,526,353</u>	<u>\$ 29,622,474</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, 2016**

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	\$ 3,908,243
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.	(142,718)
<p>Exhibit D reports revenues using a current financial resources basis, which generally means revenue is recognized when collected, or is expected to be collected, within 90 days of year-end. Exhibit B reports revenues when the earning process is complete, regardless of when it is collected. This measurement difference causes timing of revenue recognition differences for the following revenues types:</p>	
Ambulance revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds statement.	340,858
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.	(34,097)
Expenses related to compensated absences, pension, Other Post-Employment Benefits, and Law Enforcement Officers' Separation Allowance that do not require current financial resources are not reported as expenditures in the governmental funds statement.	(2,640,482)
Expenses related to accrued interest that do not require current financial resources are not reported as expenditures in the governmental funds statement.	(302,876)
Capital assets (net) disposed of during the year are not recognized on the modified accrual basis.	(657)
Capital outlays are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, capital outlay is not an expense; rather it is an increase in capital assets.	1,396,383
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	974,927
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(1,771,812)
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.	3,299,504
Debt issued is reported as revenues in the governmental fund statements. However, in the Statement of Activities, these transactions are not a revenue, rather they are an increase in liabilities.	(2,985,878)
The net revenue (expense) of the internal service funds are reported with governmental activities.	<u>193,243</u>
Change in net position of governmental activities (Exhibit B)	<u>\$ 2,234,638</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, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance from Final Budget Over/Under</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Ad valorem taxes	\$ 27,069,263	\$ 28,015,033	\$ 28,070,448	\$ 55,415
Local option sales taxes	6,742,416	6,742,416	6,869,814	127,398
Unrestricted intergovernmental revenues	354,000	333,000	393,453	60,453
Restricted intergovernmental revenues	9,081,302	9,409,966	9,008,136	(401,830)
Permits and fees	950,939	950,939	1,161,104	210,165
Sales and services	2,330,542	2,704,956	3,031,340	326,384
Investment earnings	41,000	80,300	79,863	(437)
Miscellaneous	69,895	124,317	125,940	1,623
Total revenues	<u>46,639,357</u>	<u>48,360,927</u>	<u>48,740,098</u>	<u>379,171</u>
Expenditures:				
Current:				
General government	7,690,903	7,702,722	6,990,415	712,307
Public safety	11,703,703	12,080,989	11,614,637	466,352
Transportation	1,409,526	1,429,365	1,073,513	355,852
Economic and physical development	504,584	682,281	592,581	89,700
Human services	12,319,944	12,910,495	11,521,443	1,389,052
Cultural and recreational	2,265,609	2,455,118	2,418,146	36,972
Intergovernmental:				
Education	8,573,256	8,619,927	8,606,220	13,707
Total expenditures	<u>44,467,525</u>	<u>45,880,897</u>	<u>42,816,955</u>	<u>3,063,942</u>
Revenues over (under) expenditures	<u>2,171,832</u>	<u>2,480,030</u>	<u>5,923,143</u>	<u>3,443,113</u>
Other Financing Sources (Uses):				
Transfers in	7,000	7,000	7,000	-
Transfers (out)	<u>(2,178,832)</u>	<u>(2,487,030)</u>	<u>(2,487,027)</u>	<u>3</u>
Total other financing sources (uses)	<u>(2,171,832)</u>	<u>(2,480,030)</u>	<u>(2,480,027)</u>	<u>3</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	3,443,116	<u>\$ 3,443,116</u>
Fund Balance:				
Beginning of year - July 1			<u>21,995,231</u>	
End of year - June 30			<u>\$ 25,438,347</u>	

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

MACON COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Solid Waste Fund</u>	<u>Internal Service Fund</u>
Assets:		
Current assets:		
Cash and cash equivalents	\$ 10,659,523	\$ 723,452
Interest receivable	2,246	-
Accounts receivable, net	313,530	123
Total current assets	<u>10,975,299</u>	<u>723,575</u>
Non-current assets:		
Cash and cash equivalents, restricted	<u>8,690,650</u>	-
Non-depreciable capital assets	2,891,427	-
Depreciable capital assets, net	<u>1,652,702</u>	-
Total capital assets	<u>4,544,129</u>	-
Total non-current assets	<u>13,234,779</u>	-
Total assets	<u>24,210,078</u>	<u>723,575</u>
Deferred Outflows of Resources:		
Contributions to the pension plan in the current year	56,646	-
Pension deferrals	<u>7,333</u>	-
Total deferred outflows of resources	<u>63,979</u>	-
Liabilities:		
Current liabilities:		
Accounts payable and accrued liabilities	1,130,564	193,767
Current portion of accrued landfill closure and post-closure care cost	52,077	-
Current portion of long-term liabilities	890,799	-
Compensated absences payable - current	5,186	-
Total current liabilities	<u>2,078,626</u>	<u>193,767</u>
Non-current liabilities:		
Net pension liability	60,753	-
Accrued landfill closure and post-closure care cost	8,253,323	-
Compensated absences payable	46,673	-
Long-term liabilities - non-current	<u>9,733,594</u>	-
Total non-current liabilities	<u>18,094,343</u>	-
Total liabilities	<u>20,172,969</u>	<u>193,767</u>
Deferred Inflows of Resources:		
Pension deferrals	<u>31,577</u>	-
Net Position:		
Net investment in capital assets	3,434,779	-
Unrestricted	<u>634,732</u>	<u>529,808</u>
Total net position	<u>\$ 4,069,511</u>	<u>\$ 529,808</u>

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

MACON COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Solid Waste Fund</u>	<u>Internal Service Fund</u>
Operating Revenues:		
Landfill fees	\$ 1,949,485	\$ -
Solid waste disposal fees	23,585	-
Charges for services	-	3,878,985
Tipping fees	1,329,965	-
Scrap tire revenues	45,659	-
Other	229,253	-
Total operating revenues	<u>3,577,947</u>	<u>3,878,985</u>
Operating Expenses:		
Salaries	932,889	-
Employee benefits	449,764	-
Benefit payments	-	3,056,690
Insurance premiums	-	630,396
Operating expenses	1,242,470	-
Landfill closure and post-closure care cost	(43,455)	-
Depreciation	220,457	-
Total operating expenses	<u>2,802,125</u>	<u>3,687,086</u>
Operating income (loss)	<u>775,822</u>	<u>191,899</u>
Non-Operating Revenues (Expenses):		
Interest earned on investments	32,534	1,344
Interest and fees	(48,935)	-
Total non-operating revenues (expenses)	<u>(16,401)</u>	<u>1,344</u>
Change in net position	759,421	193,243
Net Position:		
Beginning of year - July 1	<u>3,310,090</u>	<u>336,565</u>
End of year - June 30	<u>\$ 4,069,511</u>	<u>\$ 529,808</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, 2016

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Solid Waste Fund</u>	<u>Internal Service Fund</u>
Cash Flows from Operating Activities:		
Cash received from customers	\$ 3,250,491	\$ 4,032,719
Cash paid for goods and services	(509,670)	(3,690,444)
Cash paid to employees for services	(1,277,934)	-
Other operating revenues	338,228	-
Net cash provided (used) by operating activities	<u>1,801,115</u>	<u>342,275</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(1,165,498)	-
Proceeds from issuance of debt	<u>9,800,000</u>	<u>-</u>
Net cash provided (used) for capital and related financing activities	<u>8,634,502</u>	<u>-</u>
Cash Flows from Investing Activities:		
Interest on investments	<u>32,534</u>	<u>1,344</u>
Net increase (decrease) in cash and cash equivalents	10,468,151	343,619
Cash and Cash Equivalents:		
Beginning of year - July 1	<u>8,882,022</u>	<u>379,833</u>
End of year - June 30	<u>\$ 19,350,173</u>	<u>\$ 723,452</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ 775,822	\$ 191,899
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	220,457	-
Change in estimate of closure and post-closure care cost	(74,900)	-
Changes in assets and liabilities:		
(Increase) decrease in receivables	10,772	153,734
(Increase) decrease in prepaids	-	43,765
(Increase) decrease in deferred outflows - pension	(779)	-
(Increase) decrease in net pension asset	78,683	-
Increase (decrease) in net pension liability	60,753	-
Increase (decrease) in deferred inflows - pension	(160,194)	-
Increase (decrease) in accounts payable and accrued liabilities	774,594	(47,123)
Increase (decrease) in other post-employment benefits	117,140	-
Increase (decrease) in accrued vacation pay	<u>(1,233)</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>\$ 1,801,115</u>	<u>\$ 342,275</u>

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

MACON COUNTY, NORTH CAROLINA

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUND

JUNE 30, 2016

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	\$ 111,691
Accounts receivable	<u>22,887</u>
Total assets	<u>\$ 134,578</u>
 Liabilities:	
Miscellaneous liabilities	\$ 95,954
Intergovernmental payable	<u>38,624</u>
Total liabilities	<u>\$ 134,578</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, 2016

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

Discretely Presented Component Units

Macon County Industrial Facility and Pollution Control Financing Authority

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

Macon County Airport Authority

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

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

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

B. Basis of Presentation, Basis of Accounting

Basis of Presentation, Measurement Focus – Basis of Accounting

Government-Wide Statements. The Statement of Net Position and the Statement of Activities display information about the primary government net position (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

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

The County reports the following major governmental funds:

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

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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

The County reports the following nonmajor governmental funds:

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

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

The County reports the following major enterprise fund:

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

The County reports the following fund types:

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

Agency Funds. Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains seven agency funds: the Social Services and Inmate Trust Funds, which account for monies deposited with the Social Services Department and Jail for the benefit of certain individuals; the Fines and Forfeitures Fund, which accounts for various legal fines and forfeitures that the County is required to remit to the Macon County Board of Education; the Motor Vehicle Tax Fund, which accounts for registered motor vehicle property taxes that are billed and collected by the County for various municipalities and special districts within the

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

County but that are not revenues to the County; the Deed of Trust Fund, which accounts for the \$5.00 of each fee collected by the Register of Deeds for registering or filing a deed of trust or mortgage and is remitted to the State Treasurer on a monthly basis; the Western Carolina Industrial Partners Fund, which accounts for monies held by the County as agent for advertising and promotions for Western North Carolina industries; and the Hurricane Ivan Relief Fund, which accounts for monies held for hurricane relief and recovery.

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

Government-Wide, Proprietary, and Fiduciary Fund Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds, which have no measurement focus and are reported using the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable on these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the County, are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes including those dedicated for specific purposes are reported as general revenues rather than program revenues. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

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

C. Budgetary Data

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

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for the General Fund, special revenue funds, Enterprise Fund, and Internal Service Fund, or at the object level for the capital projects funds. The County Manager is authorized by the budget ordinance to transfer appropriations within a fund; however, any such transfers must be reported to the Board of Commissioners and recorded in the minutes. During the year,

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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

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

Deposits and Investments

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

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

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

Cash and Cash Equivalents

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

Restricted Assets

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

<u>Restricted Cash</u>	<u>Purpose</u>	<u>Amount</u>
Governmental Activities:		
General Fund	Unexpended public school building funds	\$ 2,584
Consolidated Capital Projects Fund	Unexpended bond proceeds	<u>19,385</u>
		<u>21,969</u>
Business-Type Activities:		
Solid Waste Fund	Unexpended bond proceeds	<u>8,690,650</u>
Total Restricted Cash		<u>\$ 8,712,619</u>

Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2015.

Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

Inventories and Prepaid Items

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

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

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The County has elected not to capitalize those interest costs, which are incurred during the construction period of capital assets. The County's capitalization threshold is \$5,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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

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

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

Deferred Outflows/Inflows of Resources

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

Long-Term Obligations

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

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

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

Compensated Absences

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

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

Net Position/Fund Balances

Net Position

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

Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

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

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

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

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

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

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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

Restricted for Education – portion of fund balance in the General Fund restricted by revenue source to be used to support public education, including timber receipts, which are restricted by the federal government for educational purposes. The Consolidated Capital Projects Fund also had \$19,385 in unspent bond proceeds at June 30, 2016.

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

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

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

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

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

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

Unassigned Fund Balance. Unassigned fund balance represents the portion of fund balance that has not been assigned to another fund or is not restricted, committed, or assigned to specific purposes or other funds. Only the General Fund may report a positive unassigned fund balance.

Macon County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following order: bond/debt proceeds, federal funds, State funds, local non-County funds, and County funds. For purposes of fund balance classification, expenditures are to be spent

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

from restricted fund balance first, followed in order by committed fund balance, assigned fund balance, and, lastly, unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the County or when required by grant or other contractual agreements.

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

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

Total fund balance - General Fund	\$ 25,438,347
Less:	
Inventories	24,649
Prepays	252,312
Stabilization by State statute	<u>3,275,529</u>
Total available fund balance	<u>\$ 21,885,857</u>

E. Revenues, Expenditures, and Expenses

Other Resources

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

F. Accounting Estimates

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

G. Defined Benefit Pension Plans

The County participates in two cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State; the Local Governmental Employees’ Retirement System (LGERS) and the Register of Deeds’ Supplemental Pension Fund (RODSPF) (collectively, the “State-administered defined benefit pension plans”). For the purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the State-administered defined benefit pension plans and additions to/deductions from the State-administered defined benefit pension plans’ fiduciary net positions have been determined on the same basis as they

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

are reported by the State-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County's employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the State-administered defined benefit pension plans. Investments are reported at fair value.

2. Detail Notes on All Funds

A. Assets

Deposits

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

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

The State Treasurer enforces standards of minimum capitalization for all Pooling Method financial institutions. The County relies on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institution used by the County. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The County has no formal policy regarding custodial credit risk for deposits.

At June 30, 2016, the County's deposits had a carrying amount of \$21,575,775 and a bank balance of \$22,121,279. Of the bank balance, \$767,358 was covered by federal depository insurance and \$21,353,921 by collateral held under the Pooling Method. Cash on hand was \$2,400.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

Investments

At June 30, 2016, the County had the following investments and maturities:

<u>Investment Type</u>	<u>Valuation Measurement Method</u>	<u>Fair Value</u>	<u>Less Than</u>	
			<u>6 Months</u>	<u>6-12 Months</u>
Commercial paper	Fair Value - Level 2	\$ 7,660,418	\$ -	\$ 7,660,418
NC Capital Management				
Trust - Cash Portfolio	Amortized Cost	<u>18,905,342</u>	<u>N/A</u>	<u>N/A</u>
Total		<u>\$ 26,565,760</u>	<u>\$ -</u>	<u>\$ 7,660,418</u>

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

Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active market for identical assets. Level 2: Debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Interest Rate Risk. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from rising interest rates.

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, 2016, 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, 2016.

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

<u>Investment Type</u>	<u>% of Total Investment</u>
Commercial Paper:	
Credit Agricole CRP	15.00%
Credit Suisse AG	<u>8.22%</u>
Total	<u>23.22%</u>

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

Property Tax – Use-Value Assessment on Certain Lands

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

Fiscal Year	Tax	Interest	Total
<u>Levied</u>	<u> </u>	<u> </u>	<u> </u>
2013	\$ 1,412,379	\$ 462,554	\$ 1,874,933
2014	1,440,151	342,036	1,782,187
2015	1,440,165	212,424	1,652,589
2016	860,300	49,467	909,767
Total	<u>\$ 5,152,995</u>	<u>\$ 1,066,481</u>	<u>\$ 6,219,476</u>

Receivables

Receivables at the government-wide level at June 30, 2016 were as follows:

	<u>Accounts</u>	<u>Taxes</u>	<u>Interest</u>	<u>Due from Other Governments</u>	<u>Total</u>
Governmental Activities:					
General	\$ 1,346,526	\$ 1,473,998	\$ 14,848	\$ 3,259,911	\$ 6,095,283
Other governmental	123	221,475	-	941,249	1,162,847
Allowance for doubtful accounts	<u>-</u>	<u>(900,554)</u>	<u>-</u>	<u>-</u>	<u>(900,554)</u>
Total governmental activities	<u>\$ 1,346,649</u>	<u>\$ 794,919</u>	<u>\$ 14,848</u>	<u>\$ 4,201,160</u>	<u>\$ 6,357,576</u>
Business-Type Activities:					
Solid waste	\$ 524,000	\$ -	\$ 2,246	\$ -	\$ 526,246
Allowance for doubtful accounts	<u>(210,470)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(210,470)</u>
Total business-type activities	<u>\$ 313,530</u>	<u>\$ -</u>	<u>\$ 2,246</u>	<u>\$ -</u>	<u>\$ 315,776</u>

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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

	Governmental Activities
Local option sales and use tax/sales tax refund	\$ 2,518,700
Due from State DMV	124,964
Grants receivable	636,648
Others	920,848
Total	\$ 4,201,160

Governmental Capital Assets

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

	July 1, 2015	Additions	Retirements	Transfers	June 30, 2016
Non-Depreciable Assets:					
Land	\$ 9,848,695	\$ -	\$ -	\$ -	\$ 9,848,695
Construction in progress	2,911,643	791,324	-	(3,702,967)	-
Depreciable Assets:					
Buildings and improvements	27,398,879	-	-	3,702,967	31,101,846
Equipment	3,595,258	164,363	(67,655)	-	3,691,966
Vehicles	5,848,668	440,696	-	-	6,289,364
Total	49,603,143	1,396,383	(67,655)	-	50,931,871
Less Accumulated Depreciation:					
Buildings and improvements	16,710,471	1,128,304	-	-	17,838,775
Equipment	2,351,092	258,596	(66,998)	-	2,542,690
Vehicles	4,744,792	384,912	-	-	5,129,704
Total accumulated depreciation	23,806,355	1,771,812	(66,998)	-	25,511,169
Capital assets, net	\$ 25,796,788	\$ (375,429)	\$ (657)	\$ -	\$ 25,420,702

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

Governmental Activities:	
General government	\$ 559,912
Public safety	652,773
Economic and physical development	14,758
Transportation	79,860
Human services	90,351
Cultural and recreational	374,158
Total	\$ 1,771,812

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

Proprietary Capital Assets

The capital assets of the Proprietary Fund at June 30, 2016 are as follows:

	<u>July 1, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2016</u>
Non-Depreciable Assets:				
Construction in progress	\$ -	\$ 1,118,406	\$ -	\$ 1,118,406
Land	1,773,021	-	-	1,773,021
Depreciable Assets:				
Buildings and improvements	9,716,359	-	-	9,716,359
Equipment	2,672,778	-	-	2,672,778
Vehicles	674,220	47,092	(18,221)	703,091
Total	14,836,378	1,165,498	(18,221)	15,983,655
Less Accumulated Depreciation:				
Buildings and improvements	8,413,543	98,134	-	8,511,677
Equipment	2,221,471	94,911	-	2,316,382
Vehicles	602,276	27,412	(18,221)	611,467
Total accumulated depreciation	11,237,290	220,457	(18,221)	11,439,526
Capital assets, net	\$ 3,599,088	\$ 945,041	\$ -	\$ 4,544,129

Summary Disclosure of Significant Construction Commitments

At June 30, 2016, the County had commitments of approximately \$6,150,571 for landfill expansion and \$68,413 for school construction.

B. Liabilities

Payables

Payables at the government-wide level at June 30, 2016 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Accrued Interest</u>	<u>Insurance Claims Incurred But Not Reported</u>	<u>Total</u>
Governmental Activities	\$ 1,661,947	\$ 1,148,986	\$ 302,876	\$ 119,616	\$ 3,233,425
Business-Type Activities:					
Solid waste	\$ 1,015,159	\$ 66,470	\$ 48,935	\$ -	\$ 1,130,564

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

Pension Plan and Other Post-Employment Obligations

Local Governmental Employees' Retirement System

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

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

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

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30-years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2016 was 7.15% of compensation for law enforcement officers and 6.78% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$1,028,062 for the year ended June 30, 2016.

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

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

At June 30, 2016, the County reported a liability of \$1,102,597 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2015, the County's proportion was 0.246%, which was an increase of 0.004% from its proportion measured as of June 30, 2014.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

For the year ended June 30, 2016, the County recognized pension expense of \$637,200. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 259,173
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	313,906
Changes in proportion and differences between employer contributions and proportionate share of contributions	133,089	-
County contributions subsequent to the measurement date	1,028,062	-
Total	\$ 1,161,151	\$ 573,079

\$1,028,062 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2017	\$ (325,106)
2018	(325,106)
2019	(324,977)
2020	535,199
2021	-
Thereafter	-
Total	\$ (439,990)

Actuarial Assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple-year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	29.0%	2.2%
Global equity	42.0%	5.8%
Real estate	8.0%	5.2%
Alternatives	8.0%	9.8%
Credit	7.0%	6.8%
Inflation protection	<u>6.0%</u>	3.4%
Total	<u>100%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2014 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

MACON COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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

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

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
County's proportionate share of the net pension liability (asset)	<u>\$ 7,688,563</u>	<u>\$ 1,102,597</u>	<u>\$ (4,445,933)</u>

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

Law Enforcement Officers’ Special Separation Allowance

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

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2015, the Separation Allowance’s membership consisted of 48 active plan members and 2 retired member receiving benefits. A separate report was not issued for the plan.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

Summary of Significant Accounting Policies

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

The Separation Allowance has no assets accumulated in a trust that meets the following criteria, which are outlined in GASB Statements 67 and 68:

- contributions to the pension plan and earnings on those contributions are irrevocable
- pension plan assets are dedicated to providing benefits to plan members
- pension plan assets are legally protected from the creditors or employers

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

The annual required contribution for the fiscal year ended June 30, 2016 was determined as part of the December 31, 2014 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return and (b) projected salary increases ranging from 4.25% to 7.85% per year. The inflation component was 3.00%. The assumptions do not include post-retirement benefit increases. The actuarial value of assets was market value. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2014 is 16 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	\$	90,845
Interest on net pension obligation		25,064
Adjustment to annual required contribution		<u>(44,050)</u>
Annual pension cost		71,859
Benefit payments made		<u>22,704</u>
Increase (decrease) in net pension obligation		49,155
Net pension obligation:		
Beginning of year - July 1		<u>501,271</u>
End of year - June 30	\$	<u><u>550,426</u></u>

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

Three-Year Trend Information

<u>Fiscal Year Ended June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2014	\$ 57,919	9.45%	\$ 440,116
2015	66,629	8.22%	501,271
2016	71,859	31.60%	550,426

Funded Status and Funding Progress. As of December 31, 2015, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$1,010,346, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,010,346. The covered payroll (annual payroll of active employees covered by the plan) was \$2,333,739, and the ratio of the UAAL to the covered payroll was 43.29%.

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

Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The County contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to 5.0% of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2016 were \$210,450, which consisted of \$112,540 from the County and \$97,910 from the law enforcement officers.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

Register of Deeds' Supplemental Pension Fund

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

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$3,511 for the year ended June 30, 2016.

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

At June 30, 2016, the County reported an asset of \$98,269 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2015, the County's proportion was 0.424%, which was an increase of 0.037% from its proportion measured as of June 30, 2014.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

For the year ended June 30, 2016, the County recognized pension expense of (\$1,355). At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 481	\$ 1,627
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	4,874	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	4,072	5,772
County contributions subsequent to the measurement date	3,511	-
Total	\$ 12,938	\$ 7,399

\$3,511 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ending June 30, 2017. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2017	\$ 1,617
2018	(1,418)
2019	514
2020	1,315
2021	-
Thereafter	-
Total	\$ 2,028

Actuarial Assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2015 is 2.2%.

The information above is based on 30-year expectations developed with the consulting actuary for the 2014 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

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

MACON COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

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

	1% Decrease (4.75%)	Discount Rate (5.75%)	1% Increase (6.75%)
County's proportionate share of the net pension liability (asset)	\$ (88,660)	\$ (98,269)	\$ (106,538)

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

Other Post-Employment Benefits – Healthcare Benefits

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

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

*As determined by NCLGERS

MACON COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

Healthcare and prescription drug coverage are provided in the County’s Group Health Insurance Plan. Supplemental insurance is offered for Medicare eligible retirees. The County pays the full cost of coverage for all qualifying pre-65 retirees. The County pays the full cost of prescription drug coverage and the full Blue Cross Blue Shield Attained Age Plan F premium amount for qualifying Medicare eligible retirees. If hired prior to July 1, 2014, the retiree may continue spouse coverage if enrolled in spouse coverage at the time of retirement and if the retiree has at least 30 years of NCLGERS service upon retirement. The retiree must contribute the same amount that active employees contribute for spouse coverage, currently \$226 per month. Spouse coverage terminates upon the retiree’s death. Spouse coverage is not available to retirees hired on or after July 1, 2014. Currently, 64 retirees are receiving post-retirement health benefits. For the fiscal year ended June 30, 2016, the County contributed \$473,522 for post-retirement medical claims, prescription drug claims, stop/loss premiums, and administrative fees. The plan is a single-employer defined benefit plan. A separate report was not issued for the plan.

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

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

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

The current ARC rate is 16.79% of annual covered payroll. For the current year, the County contributed \$473,522, or 3.09%, of annual covered payroll. The County obtains healthcare coverage through private insurers. There were no contributions made by employees, except for dependent coverage in the amount of \$28,928. 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, 2016

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

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Annual required contribution	\$ 2,434,184	\$ 141,945	\$ 2,576,129
Interest on net OPEB obligation	493,300	28,766	522,066
Adjustments to annual required contribution	<u>(471,255)</u>	<u>(27,480)</u>	<u>(498,735)</u>
Annual OPEB cost (expense)	2,456,229	143,231	2,599,460
Contributions made	<u>(447,431)</u>	<u>(26,091)</u>	<u>(473,522)</u>
Increase (decrease) in net OPEB obligation	2,008,798	117,140	2,125,938
Net OPEB obligation:			
Beginning of year - July 1	<u>12,344,393</u>	<u>707,253</u>	<u>13,051,646</u>
End of year - June 30	<u>\$ 14,353,191</u>	<u>\$ 824,393</u>	<u>\$ 15,177,584</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2016 were as follows:

<u>Year Ended</u> <u>June 30</u>	<u>OPEB</u> <u>Cost</u>	<u>Annual OPEB</u> <u>Cost Contributed</u>	<u>OPEB</u> <u>Obligation</u>
2014	\$ 2,516,922	11.7%	\$ 11,075,568
2015	2,520,895	21.6%	13,051,646
2016	2,599,460	18.2%	15,177,584

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

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

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

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

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

As of June 30, 2016, management had not decided on the funding options for this outstanding obligation; therefore, OPEB will continue to be funded on a pay-as-you-go basis going into the next fiscal year. Management will continue their efforts to find a way to fund the annual required contribution while maintaining the level of service as prioritized by the County Board of Commissioners.

Other Employment Benefits

The County has elected to provide death benefits to employees through the Death Benefit Plan for Members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multi-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the system, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the system at the time of death are eligible for death benefits. Lump-sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to his/her death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. Because all death

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

benefit payments are made from the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. The County has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The County considers these contributions to be immaterial.

Landfill Closure and Post-Closure Care Costs

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

Although the closure and post-closure care costs for these landfills are being paid near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$8,305,400 reported as landfill closure and post-closure care liability at June 30, 2016 represents the cumulative amount reported to date for the closure and post-closure care costs of all landfills noted above. Of the cumulative amount reported to date, \$7,914,000 reflects the costs of the New Franklin Landfill. The new landfill costs are based on 91.54% of the total estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and post-closure care of \$731,000 as the remaining capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2016. The County expects to close the current cells of the New Franklin Landfill in 2018. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

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

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

Deferred Outflows and Inflows of Resources

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension - difference between expected and actual experience	\$ 481	\$ 260,800
Pension - difference between projected and actual investment earnings	4,874	313,906
Pension - change in proportion and difference between employer contributions and proportionate share of contributions	137,161	5,772
Contributions to pension plans in 2015-2016 fiscal year	1,031,573	-
Prepaid taxes not yet earned (General)	-	90,518
Taxes receivable, net (General)	-	690,098
Taxes receivable, net (Fire District)	-	104,821
Ambulance fees receivables (General)	-	1,167,633
Public health receivables (General)	-	178,123
Total	<u>\$ 1,174,089</u>	<u>\$ 2,811,671</u>

Risk Management

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

Through these pools, the County obtains property coverage equal to the replacement cost of owned property subject to total insured values, with sub-limits on coverage for specified perils; general, auto, professional, employment practices, and law enforcement liability coverage of \$2 million per occurrence; auto physical damage for owned autos at actual cash value; crime coverage of \$250,000 per occurrence; and workers' compensation coverage up to the statutory limits.

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

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

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

Through the captive, the Liability and Property Pool is reinsured for \$2,000,000 of annual aggregate losses in excess of \$250,000 per occurrence for property, auto physical damage, and crime coverage with additional limits of \$998 million purchased through a group of commercial carriers through the multi-State public entity captive.

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

The County carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage from the previous year, and settled claims have not exceeded coverage in any of the past three fiscal years.

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

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

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

	<u>2016</u>	<u>2015</u>
Unpaid claims - beginning	\$ 240,890	\$ 239,352
Incurred claims	3,056,690	4,189,253
Claim payments	<u>(3,177,964)</u>	<u>(4,187,715)</u>
Unpaid claims - ending	<u>\$ 119,616</u>	<u>\$ 240,890</u>

Contingent Liabilities

At June 30, 2016, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorneys, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

Long-Term Obligations

Installment Purchase Contracts

Serviced by Governmental Funds:

The County entered into an installment purchase contract dated July 29, 2005, in the amount of \$5,000,000 for library and community college expansion. The contract is payable in thirty (30) semi-annual installments of \$166,667, plus interest at 2.19% per annum.	\$ 1,500,000
\$2,000,000 East Franklin School Qualified Zone Academy Bonds requiring 30 semi-annual deposits of \$52,795 into a Debt Service Fund; final payment of the bonds is December 13, 2022.	1,102,490
The County entered into an installment purchase contract dated December 10, 2007, in the amount of \$2,600,000, for acquisition of land to be used for public school purposes. The contract is payable in thirty (30) semi-annual installments of \$86,667, plus interest at 2.49% per annum.	1,213,333
The County entered into an installment purchase contract dated July 8, 2009, in the amount of \$20,000,000 for 5-6 Grade School and an addition to East Franklin Elementary. The contract is payable in forty (40) semi-annual installments of \$500,000, plus interest at 2.61% per annum.	12,500,000
\$1,800,000 Nantahala School Qualified Zone Academy Bonds requiring 30 semi-annual deposits of \$60,000, plus interest into a Debt Service Fund; final payment of the bonds is December 18, 2024.	1,080,000
\$12,889,667 Iotla Valley School Project Qualified School Construction Bonds requiring 34 semi-annual deposits of \$379,108, plus interest into a Debt Service Fund; final payment of the bonds is October 12, 2028.	8,719,481
The County entered into a note payable agreement dated September 1, 2009, in the amount of \$2,043,250, 2.56% interest, with annual installments of \$102,163, with a final payment due in 2031, secured by water lines.	1,532,437

MACON COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

Serviced by Governmental Funds (continued):

The County entered into an installment purchase agreement dated September 25, 2012 in the amount of \$1,500,000 for acquisition of computer equipment to be used for public school purposes. The agreement is payable in ten (10) semi-annual installments ranging from \$145,204 to \$154,889, plus interest at 1.44% per annum. 306,464

The County entered into an installment purchase agreement dated March 12, 2013, in the amount of \$374,000 for defibrillators. The agreement is payable in ten (10) semi-annual installments ranging from \$36,093 to \$38,775, plus interest at 1.57% per annum. 153,148

\$1,500,000 Highlands School Renovation Qualified Zone Academy Bonds requiring ten (10) annual payments of \$150,000; final payment of the bonds is April 26, 2023. 1,050,000

The County entered into an installment purchase contract dated August 5, 2014, in the amount of \$1,800,000 for construction on the Parker Meadows Recreation Complex. The contract is payable in twenty (20) semi-annual installments of \$90,000, plus interest at 2.29% per annum. 1,530,000

\$2,985,878 Highlands School and Union Academy Qualified Zone Academy Bonds requiring fifteen (15) annual payments of \$199,058; final payment of the bonds is August 1, 2030. 2,985,878

Total installment contracts \$ 33,673,231

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

Debt Service Requirements

The following tables summarize the annual requirements to amortize all long-term debt outstanding (excluding vacation pay and pension benefit obligation) as of June 30, 2016:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 3,504,106	\$ 996,170
2018	3,198,890	897,515
2019	3,121,692	802,658
2020	3,121,692	708,662
2021	2,955,026	614,717
2022-2026	12,628,390	1,784,869
2027-2031	<u>5,143,435</u>	<u>199,544</u>
Total	<u>\$ 33,673,231</u>	<u>\$ 6,004,135</u>

At June 30, 2016, the County had a legal debt margin of approximately \$592,159,000.

Debt Related to Capital Activities

Of the total governmental activities debt listed, only \$4,115,585 relates to assets the County holds title.

MACON COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

Special Obligation Bonds

On April 7, 2016, the County issued \$9,800,000 of special obligation bonds at 2.14% interest, for the purpose to expand the County's landfill capacity. The bond is secured by a first lien on net revenues of the Solid Waste Fund. The principal and interest on the bonds is payable semi-annually on April 1 and October 1. The special obligation bonds, which mature through April 1, 2026, will be reported on the Solid Waste Fund's financial statements

\$ 9,800,000

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

**Solid Waste Fund:
Special Obligation Bonds**

Year Ending June 30	Principal	Interest
2017	\$ 890,799	\$ 204,329
2018	906,699	188,429
2019	926,479	168,650
2020	946,297	148,831
2021	967,333	127,795
2022-2026	<u>5,162,393</u>	<u>313,249</u>
Total	<u>\$ 9,800,000</u>	<u>\$ 1,151,283</u>

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

Long-Term Obligation Activity

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2016:

	<u>Balance</u> <u>July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2016</u>	<u>Current</u> <u>Portion of</u> <u>Balance</u>
Governmental Activities:					
Installment contracts	\$ 33,986,857	\$ 2,985,878	\$ 3,299,504	\$ 33,673,231	\$ 3,504,106
Compensated absences	969,196	772,910	791,114	950,992	95,099
Other post-employment benefits	12,344,393	2,456,229	447,431	14,353,191	-
Net pension liability (LGERS)	-	1,041,844	-	1,041,844	-
LEO separation allowance	<u>501,271</u>	<u>71,859</u>	<u>22,704</u>	<u>550,426</u>	<u>-</u>
Total governmental activities	<u>\$ 47,801,717</u>	<u>\$ 7,328,720</u>	<u>\$ 4,560,753</u>	<u>\$ 50,569,684</u>	<u>\$ 3,599,205</u>
Business-Type Activities:					
Special obligation bonds	\$ -	\$ 9,800,000	\$ -	\$ 9,800,000	\$ 890,799
Accrued landfill closure and post-closure care cost	8,380,300	-	74,900	8,305,400	52,077
Other post-employment benefits	707,253	143,231	26,091	824,393	-
Net pension liability (LGERS)	-	60,753	-	60,753	-
Compensated absences	<u>53,092</u>	<u>43,117</u>	<u>44,350</u>	<u>51,859</u>	<u>5,186</u>
Total business-type activities	<u>\$ 9,140,645</u>	<u>\$ 10,047,101</u>	<u>\$ 145,341</u>	<u>\$ 19,042,405</u>	<u>\$ 948,062</u>

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

MACON COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

C. Net Investment in Capital Assets

Net investment in capital assets at June 30, 2016 is computed as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets, net of accumulated depreciation	\$ 25,420,702	\$ 4,544,129
Less capital debt:		
Gross debt	33,673,231	9,800,000
Less school debt related to assets to which the County does not hold title	<u>(29,557,646)</u>	<u>-</u>
County related debt	4,115,585	9,800,000
Less unspent debt proceeds	<u>-</u>	<u>(8,690,650)</u>
Net investment in capital assets	<u>\$ 21,305,117</u>	<u>\$ 3,434,779</u>

D. Interfund Balances and Activity

	<u>Transfers</u>		
	<u>From</u>	<u>To</u>	<u>Purpose</u>
Transfers From/To Other Funds:			
General Fund:			
General Fund	\$ 2,487,027	\$ 7,000	Various purposes
Nonmajor Governmental Funds:			
County Buildings Project Fund	-	149,500	Parker Meadows Recreation Complex
Clean Water Management Trust Fund	-	70,443	Grant matching funds
Emergency Telephone System Fund	-	3,977	Reimbursement of ineligible expenditures
Airport Improvements Fund	-	283,334	Grant matching funds
Schools Capital Fund	1,718,218	-	Debt retirement
CDBG Housing Fund	-	96,029	Administrative funds
Capital Reserve Fund	7,000	-	Economic development
Debt Service Fund:			
Debt Service Fund	<u>-</u>	<u>3,601,962</u>	Debt retirement
Total	<u>\$ 4,212,245</u>	<u>\$ 4,212,245</u>	

MACON COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

The following is a summary of interfund receivables and payables:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
Debt Service Fund	Schools Capital Fund	<u>\$ 349,740</u>	Debt retirement

3. Joint Venture

Fontana Regional Library

The County participates in a joint venture to operate the Fontana Regional Library (Library) with five other local governments. Each participating county may appoint three Board members to the nine-member Board of the Library. The County has an ongoing financial responsibility for the joint venture, because the Library's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2016. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$1,036,990 to the Library to supplement its activities. Complete financial statements for the Library may be obtained from the Library's offices at 33 Fryemont Street, Bryson City, North Carolina 28713.

4. Jointly Governed Organizations

Southwestern North Carolina Planning and Economic Development Commission

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

Smoky Mountain Mental Health Center

The County, in conjunction with seven other counties, established the Smoky Mountain Mental Health Center (Center). The participating governments established the Center to provide mental health services to the Western Region of North Carolina. Each participating government appoints one member to the Center's governing board. The County contributed \$106,623 to the Center during the fiscal year ended June 30, 2016.

Southwestern Community College

The County, in conjunction with the State of North Carolina, one other county, and two Boards of Education, participates in a joint venture to operate Southwestern Community College (Community College). The County appoints two members; the State, the other County, and the Boards of Education appoint 11 members of the 13-member Board of Trustees of the Community College. The Community College is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the Community College and also provides some financial support for the Community College's operations. The County has an ongoing financial responsibility for

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

the Community College because of the statutory responsibilities to provide funding for the Community College's facilities. The County contributed \$280,463 to the Community College for operating and capital purposes during the fiscal year ended June 30, 2016. 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, 2016. Complete financial statements for the Community College may be obtained from the Community College's administrative offices at 275 Webster Road, Franklin, North Carolina 28779.

5. Summary Disclosure of Significant Commitments and Contingencies

Federal and State-Assisted Programs

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

6. Benefit Payments Issued by the State

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

	Federal	State
Medical Assistance Program	\$ 29,595,846	\$ 16,044,829
TANF / Work First	2,091	-
Special Supplemental Food Program for Women, Infants, and Children	749,804	-
IV-E Adoption Subsidy	165,504	42,308
IV-E Foster Care	161,977	16,366
Special Assistance for Adults	-	192,685
State Foster Home	-	12,923
CWS Adoption Subsidy	-	24,774
SFHF Maximization	-	12,926
Children's Health Insurance Program - N.C. Health Choice	990,775	55,963
Chafee Foster Care Independent Program	1,421	-
Totals	\$ 31,667,418	\$ 16,402,774

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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.
- Schedules of Funding Progress and Employer Contributions for Other Post-Employment Benefits – Retiree Health Plan.
- Notes to the Required Schedules for Other Post-Employment Benefits – Retiree Health Plan.
- Schedule of Proportionate Share of the Net Pension Liability (Asset) – Local Government Employees' Retirement System
- Schedule of County's Contributions – Local Government Employees' Retirement System
- Schedule of Proportionate Share of the Net Pension Liability (Asset) – Register of Deeds' Supplemental Pension Fund
- Schedule of County's Contributions – Register of Deeds' Supplemental Pension Fund

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MACON COUNTY, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2016

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued		Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a % of Covered Payroll (B-A)/C
		Liability (AAL) Projected Unit Credit (B)					
12/31/2010	\$ -	\$ 371,101	\$ 371,101	0.00%	\$ 1,827,178	20.31%	
12/31/2011	-	451,996	451,996	0.00%	1,942,902	23.26%	
12/31/2012	-	487,063	487,063	0.00%	2,077,367	23.45%	
12/31/2013	-	506,997	506,997	0.00%	2,120,771	23.91%	
12/31/2014	-	562,623	562,623	0.00%	2,223,875	25.30%	
12/31/2015	-	1,010,346	1,010,346	0.00%	2,333,739	43.29%	

Notes to the Required Schedules:

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

Valuation date	December 31, 2015
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar closed
Remaining amortization period	15 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return *	3.57%
Projected salary increases	3.50% - 7.35%
Cost-of-living adjustments	N/A

* Includes inflation at 3.00%

MACON COUNTY, NORTH CAROLINA

**OTHER POST-EMPLOYMENT BENEFITS -
 RETIREE HEALTH PLAN - REQUIRED SUPPLEMENTAL INFORMATION
 SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
 FOR THE YEAR ENDED JUNE 30, 2016**

Schedule of Funding Progress

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

Schedule of Employer Contributions

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

Notes to the Required Schedules:

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

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

* Includes inflation at 3.00%

MACON COUNTY, NORTH CAROLINA

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

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

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

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

MACON COUNTY, NORTH CAROLINA

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

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

MACON COUNTY, NORTH CAROLINA

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

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

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

MACON COUNTY, NORTH CAROLINA

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

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

SUPPLEMENTARY INFORMATION

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

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THE GENERAL FUND

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

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MACON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	Budget	Actual	Variance Over/Under	
Revenues:				
Ad Valorem Taxes:				
Taxes - current	\$ 26,969,533	\$ 27,050,576	\$ 81,043	\$ 25,617,498
Taxes - prior	825,000	809,705	(15,295)	920,540
Interest and advertising	220,500	210,167	(10,333)	216,718
Total	<u>28,015,033</u>	<u>28,070,448</u>	<u>55,415</u>	<u>26,754,756</u>
Local Option Sales Taxes:				
Article 39 one percent	4,322,799	4,400,183	77,384	4,189,114
Article 40 one-half of one percent	1,412,681	1,463,126	50,445	1,392,414
Article 42 one-half of one percent	1,006,936	1,002,734	(4,202)	963,596
Article 44 one-half of one percent	-	3,771	3,771	1,382
Total	<u>6,742,416</u>	<u>6,869,814</u>	<u>127,398</u>	<u>6,546,506</u>
Unrestricted Intergovernmental Revenues:				
Payment in lieu of taxes	310,000	368,997	58,997	309,483
Gross receipts tax	23,000	24,456	1,456	21,467
Total	<u>333,000</u>	<u>393,453</u>	<u>60,453</u>	<u>330,950</u>
Restricted Intergovernmental Revenues:				
Federal and State grants	6,973,587	6,619,340	(354,247)	5,966,852
Local grants	4,540	-	(4,540)	60,110
ABC revenues	12,000	11,367	(633)	11,239
Facility fees/CSC	70,000	60,648	(9,352)	66,325
Federal forfeiture and controlled substance	32,058	33,017	959	3,683
Local health and social services	2,317,781	2,283,764	(34,017)	2,108,127
Total	<u>9,409,966</u>	<u>9,008,136</u>	<u>(401,830)</u>	<u>8,216,336</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, 2016
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	Budget	Actual	Variance Over/Under	
Permits and Fees:				
Inspection fees	304,200	397,399	93,199	339,013
Register of Deeds	455,000	545,350	90,350	507,027
Occupancy tax	52,839	62,112	9,273	55,631
Board of Elections fees	8,000	1,426	(6,574)	-
Civil license fees	3,900	3,413	(487)	3,092
Addressing fees	75,000	89,589	14,589	84,948
Concealed handgun permits	52,000	61,815	9,815	46,865
Total	950,939	1,161,104	210,165	1,036,576
Sales and Services:				
Rents, concessions, and fees	253,700	309,542	55,842	228,031
Ambulance fees	1,291,692	1,424,693	133,001	1,222,206
Other public safety fees	327,214	349,655	22,441	227,675
Cable television franchise fees	90,000	87,137	(2,863)	90,362
Health fees	729,850	842,085	112,235	837,079
Aging program income	12,500	18,228	5,728	14,368
Total	2,704,956	3,031,340	326,384	2,619,721
Investment Earnings	80,300	79,863	(437)	46,461
Miscellaneous:				
Other	124,317	125,940	1,623	187,553
Total revenues	48,360,927	48,740,098	379,171	45,738,859
Expenditures:				
General Government:				
Governing Body:				
Salaries and employee benefits	111,583	108,844		109,170
Operating expenditures	97,300	87,916		84,078
Total	208,883	196,760	12,123	193,248

MACON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	Budget	Actual	Variance Over/Under	
Administration:				
Salaries and employee benefits	346,034	338,783		329,369
Operating expenditures	52,276	39,409		42,361
Total	398,310	378,192	20,118	371,730
Finance:				
Salaries and employee benefits	415,556	389,678		397,864
Operating expenditures	104,160	89,858		97,260
Total	519,716	479,536	40,180	495,124
Tax Office:				
Salaries and employee benefits	445,821	433,112		433,176
Operating expenditures	250,000	215,764		195,585
Total	695,821	648,876	46,945	628,761
Legal:				
Contracted services	100,000	90,689	9,311	88,671
Mapping:				
Salaries and employee benefits	150,267	144,221		152,820
Operating expenditures	25,525	10,540		11,803
Total	175,792	154,761	21,031	164,623
Tax Assessment:				
Salaries and employee benefits	286,098	284,792		273,677
Operating expenditures	103,341	71,683		156,273
Capital outlay	31,000	30,803		-
Total	420,439	387,278	33,161	429,950
Board of Elections:				
Salaries and employee benefits	199,743	191,569		160,312
Operating expenditures	99,606	79,396		64,887
Total	299,349	270,965	28,384	225,199

MACON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	Budget	Actual	Variance Over/Under	
Register of Deeds:				
Salaries and employee benefits	197,869	194,042		192,172
Operating expenditures	103,667	97,635		92,047
Total	301,536	291,677	9,859	284,219
Information Technology:				
Salaries and employee benefits	469,605	468,733		446,355
Operating expenditures	487,585	365,364		255,013
Capital outlay	222,350	117,810		14,923
Total	1,179,540	951,907	227,633	716,291
Garage:				
Salaries and employee benefits	276,381	273,891		257,791
Operating expenditures	76,153	75,449		68,494
Capital outlay	11,371	11,370		-
Total	363,905	360,710	3,195	326,285
Buildings and Grounds:				
Salaries and employee benefits	1,228,357	1,210,159		1,143,047
Operating expenditures	875,084	770,989		818,647
Capital outlay	-	-		20,674
Total	2,103,441	1,981,148	122,293	1,982,368
Human Resources:				
Salaries and employee benefits	124,892	123,894		120,973
Operating expenditures	28,750	20,854		23,442
Total	153,642	144,748	8,894	144,415
Non-Departmental:				
Operating expenditures	782,348	653,168	129,180	288,982
Total general government	7,702,722	6,990,415	712,307	6,339,866

MACON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	Budget	Actual	Variance Over/Under	
Public Safety:				
Sheriff:				
Salaries and employee benefits	3,454,313	3,344,817		3,205,881
Operating expenditures	748,886	687,798		668,667
Capital outlay	52,673	52,673		85,466
Total	4,255,872	4,085,288	170,584	3,960,014
Federal/State Forfeitures:				
Operating expenditures	3,332	1,595		2,193
Capital outlay	28,726	-		32,000
Total	32,058	1,595	30,463	34,193
Juvenile Crime Prevention Council Grants	114,931	114,931	-	113,163
Governor's Highway Safety Program:				
Salaries and employee benefits	16,417	16,412		56,542
Operating expenditures	5,510	38		418
Total	21,927	16,450	5,477	56,960
Jail/Law Enforcement Center:				
Salaries and employee benefits	1,236,753	1,198,970		1,190,096
Operating expenditures	922,846	921,385		771,818
Capital outlay	-	-		10,200
Total	2,159,599	2,120,355	39,244	1,972,114
Courthouse Security:				
Salaries and employee benefits	203,171	196,052		173,134
Operating expenditures	9,420	9,076		4,391
Total	212,591	205,128	7,463	177,525

MACON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	Budget	Actual	Variance Over/Under	
Emergency Medical Service:				
Salaries and employee benefits	2,692,396	2,643,756		2,417,215
Operating expenditures	373,803	345,067		349,677
Capital outlay	24,281	24,281		115,667
Total	3,090,480	3,013,104	77,376	2,882,559
Emergency Management:				
Salaries and employee benefits	1,008,472	954,057		880,383
Operating expenditures	167,865	149,504		171,708
Capital outlay	31,185	30,803		24,638
Total	1,207,522	1,134,364	73,158	1,076,729
Inspections:				
Salaries and employee benefits	457,310	444,810		444,067
Operating expenditures	55,295	41,378		33,512
Total	512,605	486,188	26,417	477,579
Emergency 911:				
Salaries and employee benefits	116,384	113,486		124,187
Operating expenditures	22,000	19,949		21,135
Total	138,384	133,435	4,949	145,322
Animal Control:				
Salaries and employee benefits	197,825	190,797		187,564
Operating expenditures	67,195	51,991		41,168
Total	265,020	242,788	22,232	228,732
Forest Service:				
Operating expenditures	70,000	61,011	8,989	65,338
Total public safety	12,080,989	11,614,637	466,352	11,190,228

MACON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	Budget	Actual	Variance Over/Under	
Transit:				
Transit Services:				
Salaries and employee benefits	591,104	575,802		560,625
Operating expenditures	567,261	237,247		211,285
Capital outlay	228,000	217,464		47,393
Total	<u>1,386,365</u>	<u>1,030,513</u>	<u>355,852</u>	<u>819,303</u>
VTCLI Grant:				
Operating expenditures	-	-	-	369,663
Contribution to Macon County Airport Authority	<u>43,000</u>	<u>43,000</u>	-	<u>40,000</u>
Total transit	<u>1,429,365</u>	<u>1,073,513</u>	<u>355,852</u>	<u>1,228,966</u>
Economic and Physical Development:				
Economic Development:				
Operating expenditures	<u>236,770</u>	<u>191,323</u>	<u>45,447</u>	<u>86,845</u>
Cooperative Extension:				
Salaries and employee benefits	181,712	175,136		134,944
Operating expenditures	<u>29,627</u>	<u>20,147</u>		<u>18,126</u>
Total	<u>211,339</u>	<u>195,283</u>	<u>16,056</u>	<u>153,070</u>
Soil Conservation:				
Salaries and employee benefits	124,584	124,101		121,615
Operating expenditures	27,468	10,802		71,220
Capital outlay	-	-		29,997
Total	<u>152,052</u>	<u>134,903</u>	<u>17,149</u>	<u>222,832</u>
Special Appropriations:				
Cowee School	<u>82,120</u>	<u>71,072</u>	<u>11,048</u>	<u>73,476</u>
Total economic and physical development	<u>682,281</u>	<u>592,581</u>	<u>89,700</u>	<u>536,223</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, 2016
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	Budget	Actual	Variance Over/Under	
Human Services:				
Health:				
Administration:				
Salaries and employee benefits	188,655	167,899		185,502
Operating expenditures	187,945	163,167		202,851
Capital outlay	54,200	52,669		-
Total	<u>430,800</u>	<u>383,735</u>	47,065	<u>388,353</u>
Management Support:				
Salaries and employee benefits	428,704	390,628		377,079
Operating expenditures	73,975	61,668		40,714
Total	<u>502,679</u>	<u>452,296</u>	50,383	<u>417,793</u>
School Health Nurse:				
Salaries and employee benefits	306,365	305,275		269,879
Operating expenditures	12,615	8,829		8,795
Total	<u>318,980</u>	<u>314,104</u>	4,876	<u>278,674</u>
NC Tobacco Settlement Funds:				
Operating expenditures	81,297	81,296	1	5,624
Women, Infants, and Children				
Salaries and employee benefits	166,208	126,318		163,734
Operating expenditures	46,418	43,849		15,337
Total	<u>212,626</u>	<u>170,167</u>	42,459	<u>179,071</u>
Nutrition Education				
Salaries and employee benefits	142,036	83,572		-
Operating expenditures	3,964	3,245		-
Total	<u>146,000</u>	<u>86,817</u>	59,183	<u>-</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, 2016
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	Budget	Actual	Variance Over/Under	
Maternal and Childcare:				
Salaries and employee benefits	97,429	91,828		89,828
Operating expenditures	49,251	33,504		31,156
Total	146,680	125,332	21,348	120,984
Child Health:				
Salaries and employee benefits	20,260	20,246		16,942
Operating expenditures	1,170	708		830
Total	21,430	20,954	476	17,772
Family Planning:				
Salaries and employee benefits	77,470	57,135		88,702
Operating expenditures	51,584	43,038		23,633
Total	129,054	100,173	28,881	112,335
Dental Health Program:				
Salaries and employee benefits	371,360	370,430		356,824
Operating expenditures	48,633	43,263		39,266
Capital outlay	-	-		67,384
Total	419,993	413,693	6,300	463,474
Adult Dental Health:				
Salaries and employee benefits	298,787	290,796		288,716
Operating expenditures	102,075	81,392		101,291
Capital outlay	-	-		8,686
Total	400,862	372,188	28,674	398,693
Adult Health:				
Salaries and employee benefits	39,097	27,251		42,993
Operating expenditures	137,315	113,804		11,408
Total	176,412	141,055	35,357	54,401

MACON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	Budget	Actual	Variance Over/Under	
NC Wisewoman Program:				
Salaries and employee benefits	17,868	12,670	5,198	16,005
Breast and Cervical Cancer:				
Salaries and employee benefits	46,002	35,596		51,114
Operating expenditures	16,328	11,621		13,555
Total	62,330	47,217	15,113	64,669
Laboratory Services:				
Salaries and employee benefits	113,481	104,435		138,180
Operating expenditures	66,780	51,231		42,337
Total	180,261	155,666	24,595	180,517
Communicable Disease:				
Salaries and employee benefits	41,309	40,076		29,199
Operating expenditures	26,263	19,133		5,781
Total	67,572	59,209	8,363	34,980
On-Site Wastewater:				
Salaries and employee benefits	254,955	249,394		253,616
Operating expenditures	25,961	19,512		14,964
Capital outlay	27,000	26,802		-
Total	307,916	295,708	12,208	268,580
Private Drinking Water Wells:				
Salaries and employee benefits	234,915	233,087		230,649
Operating expenditures	17,666	15,102		10,015
Total	252,581	248,189	4,392	240,664
Food and Lodging:				
Salaries and employee benefits	222,531	191,990		202,105
Operating expenditures	26,339	22,346		12,767
Total	248,870	214,336	34,534	214,872

MACON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	Budget	Actual	Variance Over/Under	
Health Promotion:				
Salaries and employee benefits	107,861	100,058		258,305
Operating expenditures	<u>30,443</u>	<u>17,195</u>		<u>52,652</u>
Total	<u>138,304</u>	<u>117,253</u>	21,051	<u>310,957</u>
General Nursing:				
Salaries and employee benefits	170,951	168,949		175,124
Operating expenditures	<u>151,190</u>	<u>125,781</u>		<u>170,119</u>
Total	<u>322,141</u>	<u>294,730</u>	27,411	<u>345,243</u>
Child Service Coordination:				
Salaries and employee benefits	73,142	62,050		62,487
Operating expenditures	<u>5,815</u>	<u>2,743</u>		<u>1,867</u>
Total	<u>78,957</u>	<u>64,793</u>	14,164	<u>64,354</u>
Smart Start:				
Salaries and employee benefits	43,001	36,217		7,439
Operating expenditures	<u>8,575</u>	<u>7,040</u>		<u>10</u>
Total	<u>51,576</u>	<u>43,257</u>	8,319	<u>7,449</u>
NC Community Transformation Grant:				
Operating expenditures	<u>6,054</u>	<u>6,054</u>	-	<u>177,679</u>
Regional Chronic Disease 1422 Grant:				
Operating expenditures	<u>470,244</u>	<u>428,585</u>	41,659	<u>128,514</u>
OB Care Management Program:				
Salaries and employee benefits	63,380	63,309		61,502
Operating expenditures	<u>1,277</u>	<u>1,157</u>		<u>594</u>
Total	<u>64,657</u>	<u>64,466</u>	191	<u>62,096</u>
Breastfeeding Peer Counselor Program:				
Salaries and employee benefits	<u>10,025</u>	<u>8,696</u>	1,329	<u>10,148</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, 2016
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	Budget	Actual	Variance Over/Under	
Employee and Family Health				
Salaries and employee benefits	130,367	108,164		-
Operating expenditures	32,980	20,063		-
Total	163,347	128,227	35,120	-
Community Care Clinic:				
Operating expenditures	-	-	-	15,000
Total health	5,429,516	4,850,866	578,650	4,578,901
Social Services:				
Administration:				
Salaries and employee benefits	385,173	364,680		424,898
Operating expenditures	608,402	411,620		406,565
Capital outlay	7,057	6,439		32,196
Total	1,000,632	782,739	217,893	863,659
Social Work Services/Special Programs:				
Salaries and employee benefits	653,411	651,620		595,600
Operating expenditures	1,358,844	963,952		853,400
Total	2,012,255	1,615,572	396,683	1,449,000
Child Daycare:				
Salaries and employee benefits	48,139	46,010	2,129	45,078
Child Support:				
Salaries and employee benefits	141,480	140,032		128,326
Operating expenditures	45,000	39,066		34,214
Total	186,480	179,098	7,382	162,540
Medicaid:				
County participation only	1,695,524	1,651,194	44,330	1,480,342

MACON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	Budget	Actual	Variance Over/Under	
WorkFirst:				
Operating expenditures	25,000	23,487	1,513	465
CAP/DA:				
Salaries and employee benefits	121,992	111,997	9,995	130,078
DSS AMC Outpost Worker:				
Salaries and employee benefits	85,462	67,545	17,917	67,705
Program Integrity:				
Salaries and employee benefits	52,786	49,532	3,254	48,289
Medicaid/FS Administration:				
Salaries and employee benefits	1,097,813	1,053,332	44,481	1,005,348
Total social services	6,326,083	5,580,506	745,577	5,252,504
Department On Aging:				
Administration:				
Salaries and employee benefits	221,145	216,196		208,435
Operating expenditures	67,115	41,099		37,675
Total	288,260	257,295	30,965	246,110
Home-Delivered Meals:				
Salaries and employee benefits	47,674	48,116		46,266
Operating expenditures	105,167	101,949		97,137
Total	152,841	150,065	2,776	143,403
Congregate Meals:				
Salaries and employee benefits	41,127	41,229		39,309
Operating expenditures	63,967	62,845		60,105
Total	105,094	104,074	1,020	99,414

MACON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	Budget	Actual	Variance Over/Under	
Adult Daycare:				
Salaries and employee benefits	120,761	111,823		114,185
Operating expenditures	61,924	43,250		43,922
Total	182,685	155,073	27,612	158,107
Total department on aging	728,880	666,507	62,373	647,034
Miscellaneous Human Services:				
Veterans' Service:				
Salaries and employee benefits	88,923	88,724		81,964
Operating expenditures	8,100	5,847		5,279
Total	97,023	94,571	2,452	87,243
Contributions to Organizations:				
Smoky Mountain Mental Health	106,623	106,623		106,623
Macon County Citizens for Handicapped	62,370	62,370		62,370
Macon Program for Progress	15,000	15,000		5,000
Total	183,993	183,993	-	173,993
Special Appropriations:				
State of Franklin	15,000	15,000		15,000
REACH	-	-		30,000
Other special appropriations	130,000	130,000		55,000
Total	145,000	145,000	-	100,000
Total miscellaneous human services	426,016	423,564	2,452	361,236
Total human services	12,910,495	11,521,443	1,389,052	10,839,675

MACON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	Budget	Actual	Variance Over/Under	
Cultural and Recreational:				
Salaries and employee benefits	438,475	431,277		417,074
Operating expenditures	959,653	929,879		724,711
Capital outlay	-	-		22,075
Total	1,398,128	1,361,156	36,972	1,163,860
Library and Cultural:				
Macon County Library	1,036,990	1,036,990		999,390
Macon County Historical Society	20,000	20,000		20,000
Total	1,056,990	1,056,990	-	1,019,390
Total cultural and recreational	2,455,118	2,418,146	36,972	2,183,250
Education:				
Public schools - current expenditures	7,848,793	7,847,590		7,847,254
Public schools - capital outlay	325,859	320,212		201,583
Timber sales pass-through	157,956	157,955		175,162
Southwestern Community College	287,319	280,463		270,463
Total education	8,619,927	8,606,220	13,707	8,494,462
Total expenditures	45,880,897	42,816,955	3,063,942	40,812,670
Revenues over (under) expenditures	2,480,030	5,923,143	3,443,113	4,926,189
Other Financing Sources (Uses):				
Transfers In:				
From Capital Reserve Fund	7,000	7,000	-	7,000

MACON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	Budget	Actual	Variance Over/Under	
Transfers Out:				
To Airport Fund	(283,334)	(283,334)	-	-
To E911 Fund	(3,978)	(3,977)	1	(150)
To Community Development Block Grant Fund	(96,029)	(96,029)	-	(136,158)
To Clean Water Management Trust Fund	(70,445)	(70,443)	2	-
To Debt service	(1,883,744)	(1,883,744)	-	(2,381,048)
To County Buildings Project	(149,500)	(149,500)	-	(538,124)
Total other financing sources (uses)	<u>(2,480,030)</u>	<u>(2,480,027)</u>	<u>3</u>	<u>(3,048,480)</u>
Net change in fund balance	\$ -	3,443,116	\$ 3,443,116	1,877,709
Fund Balance:				
Beginning of year - July 1		<u>21,995,231</u>		<u>20,117,522</u>
End of year - June 30		<u>\$ 25,438,347</u>		<u>\$ 21,995,231</u>

MACON COUNTY, NORTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Over/Under</u>
Revenues:			
NC Lottery funds	\$ 290,049	\$ 290,049	\$ -
Federal subsidy rebate	460,622	493,122	32,500
Town of Franklin	45,219	45,219	-
Interest earned	100	-	100
Total revenues	<u>795,990</u>	<u>828,390</u>	<u>32,600</u>
Expenditures:			
Debt service:			
Principal repayments	3,299,507	3,299,504	3
Interest	1,098,445	1,084,429	14,016
Total expenditures	<u>4,397,952</u>	<u>4,383,933</u>	<u>14,019</u>
Revenues over (under) expenditures	<u>(3,601,962)</u>	<u>(3,555,543)</u>	<u>46,419</u>
Other Financing Sources (Uses):			
Transfers in	<u>3,601,962</u>	<u>3,601,962</u>	<u>-</u>
Total other financing sources (uses)	<u>3,601,962</u>	<u>3,601,962</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	46,419	<u>\$ 46,419</u>
Fund Balance:			
Beginning of year - July 1		<u>611,355</u>	
End of year - June 30		<u>\$ 657,774</u>	

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NONMAJOR GOVERNMENTAL FUNDS

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MACON COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2016

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and investments	\$ 489,796	\$ 3,126,792	\$ 3,616,588
Taxes receivable, net	104,821	-	104,821
Due from other governmental agencies	197,079	698,563	895,642
Restricted assets:			
Cash and investments	-	19,385	19,385
Total assets	<u>\$ 791,696</u>	<u>\$ 3,844,740</u>	<u>\$ 4,636,436</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 280,070	\$ 375,452	\$ 655,522
Due to other funds	-	349,740	349,740
Total liabilities	<u>280,070</u>	<u>725,192</u>	<u>1,005,262</u>
Deferred Inflows of Resources:			
Taxes receivable	<u>104,821</u>	<u>-</u>	<u>104,821</u>
Fund Balances:			
Restricted:			
Stabilization by State statute	197,079	698,563	895,642
Restricted for public safety	294,430	-	294,430
Restricted for education	-	19,385	19,385
Committed for general government	-	1,414,935	1,414,935
Committed for education	-	846,589	846,589
Committed for economic and physical development	17,166	489,816	506,982
Unassigned	<u>(101,870)</u>	<u>(349,740)</u>	<u>(451,610)</u>
Total fund balances	<u>406,805</u>	<u>3,119,548</u>	<u>3,526,353</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 791,696</u>	<u>\$ 3,844,740</u>	<u>\$ 4,636,436</u>

MACON COUNTY, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2016**

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total
Revenues:			
Ad valorem taxes	\$ 3,186,705	\$ -	\$ 3,186,705
Local option sales taxes	-	1,759,054	1,759,054
Restricted intergovernmental revenues	800,431	863,822	1,664,253
Occupancy taxes	731,629	-	731,629
Miscellaneous revenues	-	7,237	7,237
Interest earned on investments	497	6,595	7,092
Total revenues	<u>4,719,262</u>	<u>2,636,708</u>	<u>7,355,970</u>
Expenditures:			
Current:			
Public safety	3,438,308	-	3,438,308
Education	-	2,809,787	2,809,787
Economic and physical development	1,293,226	468,560	1,761,786
Cultural and recreational	-	791,324	791,324
Total expenditures	<u>4,731,534</u>	<u>4,069,671</u>	<u>8,801,205</u>
Revenues over (under) expenditures	<u>(12,272)</u>	<u>(1,432,963)</u>	<u>(1,445,235)</u>
Other Financing Sources (Uses):			
Installment notes issued	-	2,985,878	2,985,878
Transfers in	100,006	503,277	603,283
Transfers out	-	(1,725,218)	(1,725,218)
Total other financing sources (uses)	<u>100,006</u>	<u>1,763,937</u>	<u>1,863,943</u>
Net change in fund balances	87,734	330,974	418,708
Fund Balances:			
Beginning of year - July 1	<u>319,071</u>	<u>2,788,574</u>	<u>3,107,645</u>
End of year - June 30	<u>\$ 406,805</u>	<u>\$ 3,119,548</u>	<u>\$ 3,526,353</u>

SPECIAL REVENUE FUNDS

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

Individual Fund Descriptions:

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

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

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

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

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MACON COUNTY, NORTH CAROLINA

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2016

	Emergency Telephone System Fund	Fire Districts Fund	Occupancy Tax Fund	Housing Grants Fund	Total
Assets:					
Cash and cash equivalents	\$ 294,638	\$ 28,054	\$ 65,741	\$ 101,363	\$ 489,796
Taxes receivable, net	-	104,821	-	-	104,821
Due from government agencies	26,153	15,324	86,546	69,056	197,079
Total assets	<u>\$ 320,791</u>	<u>\$ 148,199</u>	<u>\$ 152,287</u>	<u>\$ 170,419</u>	<u>\$ 791,696</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ 208	\$ 43,378	\$ 152,287	\$ 84,197	\$ 280,070
Deferred Inflows of Resources:					
Taxes receivable	-	104,821	-	-	104,821
Fund Balances:					
Restricted:					
Stabilization by State statute	26,153	15,324	86,546	69,056	197,079
Restricted for public safety	294,430	-	-	-	294,430
Committed for economic and physical development	-	-	-	17,166	17,166
Unassigned	-	(15,324)	(86,546)	-	(101,870)
Total fund balances	<u>320,583</u>	<u>-</u>	<u>-</u>	<u>86,222</u>	<u>406,805</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 320,791</u>	<u>\$ 148,199</u>	<u>\$ 152,287</u>	<u>\$ 170,419</u>	<u>\$ 791,696</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, 2016**

	Emergency Telephone System Fund	Fire Districts Fund	Occupancy Tax Fund	Housing Grants Fund	Total
Revenues:					
Ad valorem taxes	\$ -	\$ 3,186,705	\$ -	\$ -	\$ 3,186,705
Restricted intergovernmental revenues	313,837	-	-	486,594	800,431
Occupancy taxes	-	-	731,629	-	731,629
Investment earnings	497	-	-	-	497
Total revenues	<u>314,334</u>	<u>3,186,705</u>	<u>731,629</u>	<u>486,594</u>	<u>4,719,262</u>
Expenditures:					
Public safety	251,603	3,186,705	-	-	3,438,308
Economic and physical development	-	-	731,629	561,597	1,293,226
Total expenditures	<u>251,603</u>	<u>3,186,705</u>	<u>731,629</u>	<u>561,597</u>	<u>4,731,534</u>
Revenues over (under) expenditures	<u>62,731</u>	<u>-</u>	<u>-</u>	<u>(75,003)</u>	<u>(12,272)</u>
Other Financing Sources (Uses):					
Transfers in:					
From General Fund	<u>3,977</u>	<u>-</u>	<u>-</u>	<u>96,029</u>	<u>100,006</u>
Net change in fund balances	66,708	-	-	21,026	87,734
Fund Balances:					
Beginning of year - July 1	<u>253,875</u>	<u>-</u>	<u>-</u>	<u>65,196</u>	<u>319,071</u>
End of year - June 30	<u>\$ 320,583</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,222</u>	<u>\$ 406,805</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, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Restricted intergovernmental revenues	\$ 313,837	\$ 313,837	\$ -	\$ 320,391
Investment earnings	-	497	497	87
Total revenues	<u>313,837</u>	<u>314,334</u>	<u>497</u>	<u>320,478</u>
Expenditures:				
Public safety:				
Implemental functions	101,957	102,627	(670)	84,948
Telephone	80,000	38,175	41,825	54,671
Furniture	8,000	6,435	1,565	-
Software and software maintenance	58,000	54,912	3,088	58,798
Hardware and hardware maintenance	10,000	1,801	8,199	87,444
Training	3,000	1,100	1,900	-
Capital outlay	52,880	46,553	6,327	544,410
Total public safety	<u>313,837</u>	<u>251,603</u>	<u>62,234</u>	<u>830,271</u>
Revenues over (under) expenditures	-	62,731	62,731	(509,793)
Other Financing Sources (Uses):				
Transfers in from General Fund	-	3,977	3,977	150
Net change in fund balance	<u>\$ -</u>	<u>66,708</u>	<u>\$ 66,708</u>	<u>(509,643)</u>
Fund Balance:				
Beginning of year - July 1		<u>253,875</u>		<u>763,518</u>
End of year - June 30		<u>\$ 320,583</u>		<u>\$ 253,875</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, 2016

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

	2016			2015
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Ad valorem taxes - fire:				
Current year	\$ 3,058,760	\$ 3,067,795	\$ 9,035	\$ 2,806,218
Prior years	128,090	118,910	(9,180)	144,052
Total revenues	<u>3,186,850</u>	<u>3,186,705</u>	<u>(145)</u>	<u>2,950,270</u>
Expenditures:				
Public safety:				
Franklin Fire District		672,599		517,188
Clark's Chapel Fire District		315,908		264,641
Otto Fire District		308,823		297,319
Cullasaja Fire District		251,942		243,820
West Macon Fire District		303,105		297,270
Scaly Mountain Fire District		119,668		118,940
Burningtown/Iotla Fire District		185,395		187,292
Cowee Fire District		301,979		304,787
Highlands Fire District		375,739		360,445
Mountain Valley Fire District		127,142		132,032
Nantahala Fire District		224,405		226,536
Total expenditures	<u>3,186,850</u>	<u>3,186,705</u>	<u>145</u>	<u>2,950,270</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
Fund Balance:				
Beginning of year - July 1		<u>-</u>		<u>-</u>
End of year - June 30		<u>\$ -</u>		<u>\$ -</u>

MACON COUNTY, NORTH CAROLINA

OCCUPANCY TAX FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2016

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

	2016			2015
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Occupancy tax:				
Highlands	\$ 485,532	\$ 503,627	\$ 18,095	\$ 450,084
Nantahala	44,437	-	(44,437)	-
Franklin	159,225	165,890	6,665	148,712
Administrative fee	59,930	62,112	2,182	55,631
Total revenues	<u>749,124</u>	<u>731,629</u>	<u>(17,495)</u>	<u>654,427</u>
Expenditures:				
Economic and physical development:				
Highlands Chamber	485,532	503,627	(18,095)	450,084
Nantahala District	44,437	-	44,437	-
Franklin Chamber	159,225	165,890	(6,665)	148,712
Administrative fees	59,930	62,112	(2,182)	55,631
Total expenditures	<u>749,124</u>	<u>731,629</u>	<u>17,495</u>	<u>654,427</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
Fund Balance:				
Beginning of year - July 1		<u>-</u>		<u>-</u>
End of year - June 30		<u>\$ -</u>		<u>\$ -</u>

MACON COUNTY, NORTH CAROLINA

HOUSING GRANTS FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL -

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues:				
Restricted intergovernmental revenues:				
Community Development Block Grant #07-C-1662	\$ 400,000	\$ 353,250	\$ -	\$ 353,250
Weatherization #1161	47,867	47,122	-	47,122
Urgent repair 1014	75,000	75,000	-	75,000
ARRA weatherization 18WA	668,109	605,388	-	605,388
Community Development Block Grant #10-C-2124	400,000	275,815	-	275,815
Weatherization #1261	235,990	181,887	-	181,887
SFR 11	160,000	122,208	-	122,208
Urgent repair 1115	75,000	75,000	-	75,000
Urgent repair URP-13	75,000	75,000	-	75,000
Weatherization #1361	129,107	123,180	-	123,180
Weatherization #1461	320,347	234,892	-	234,892
Weatherization #6054	266,322	258,443	-	258,443
SFR 14	170,000	30,811	28,657	59,468
Duke HHP - Health and Safety	111,526	89	18,187	18,276
Duke HHP - HVAC	150,561	1,000	131,925	132,925
Duke Weatherization	65,499	30,430	39,177	69,607
Urgent Repair - URP 15	100,000	-	100,000	100,000
Weatherization #6508	169,604	-	168,648	168,648
Miscellaneous revenues	11,222	11,469	-	11,469
Total revenues	<u>3,631,154</u>	<u>2,500,984</u>	<u>486,594</u>	<u>2,987,578</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, 2016

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Expenditures:				
Economic and physical development:				
Administrative - County	750,543	590,553	83,488	674,041
Community Development Block Grant:				
Grant #07-C-1662 administrative	40,000	40,965	-	40,965
Grant #07-C-1662 rehabilitation	360,000	313,058	-	313,058
Weatherization #1161	47,867	47,124	-	47,124
Urgent repair 1014	75,000	74,998	-	74,998
ARRA weatherization 18WA	668,109	605,401	-	605,401
Grant #10-C-2124 administrative	40,000	30,978	-	30,978
Grant #10-C-2124 rehabilitation	360,000	244,856	-	244,856
SFR-11 Grant	160,000	122,211	-	122,211
Weatherization #1261	235,990	181,802	-	181,802
Urgent Repair Grant 1115	75,000	74,943	-	74,943
Weatherization #1361	129,107	123,450	-	123,450
Urgent Repair Grant - URP-13	75,000	75,000	-	75,000
Weatherization #1461	320,347	234,894	-	234,894
Weatherization #6054	266,322	258,441	-	258,441
SFR 14	170,000	30,994	29,466	60,460
Duke HHP - Health and Safety	111,526	1,029	41,915	42,944
Duke HHP - HVAC	150,561	7,158	125,324	132,482
Duke Weatherization	65,499	26,222	32,082	58,304
Urgent Repair - URP 15	100,000	-	80,673	80,673
Weatherization #6508	169,604	-	168,649	168,649
Total expenditures	<u>4,370,475</u>	<u>3,084,077</u>	<u>561,597</u>	<u>3,645,674</u>
Revenues over (under) expenditures	(739,321)	(583,093)	(75,003)	(658,096)
Other Financing Sources (Uses):				
Transfers in:				
From General Fund	<u>739,321</u>	<u>648,289</u>	<u>96,029</u>	<u>744,318</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 65,196</u>	<u>\$ 21,026</u>	<u>\$ 86,222</u>

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CAPITAL PROJECT FUNDS

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

Individual Fund Descriptions:

Nonmajor Funds:

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

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

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

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

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

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

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

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

MACON COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2016

	Airport Improvements Fund	County Buildings Project Fund	Consolidated Capital Projects Fund	Riverbend Estates Waterline Project Fund
Assets:				
Cash and cash equivalents	\$ 466,644	\$ 364,701	\$ 846,589	\$ 40,685
Due from governmental agencies	224,145	-	-	-
Restricted cash and cash equivalents	-	-	19,385	-
Total assets	<u>\$ 690,789</u>	<u>\$ 364,701</u>	<u>\$ 865,974</u>	<u>\$ 40,685</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 241,616	\$ 63,391	\$ -	\$ -
Due to other funds	-	-	-	-
Total liabilities	<u>241,616</u>	<u>63,391</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted:				
Stabilization by State statute	224,145	-	-	-
Restricted for education	-	-	19,385	-
Committed for general government	-	301,310	-	-
Committed for economic and physical development	225,028	-	-	40,685
Committed for education	-	-	846,589	-
Unassigned	-	-	-	-
Total fund balances	<u>449,173</u>	<u>301,310</u>	<u>865,974</u>	<u>40,685</u>
Total liabilities and fund balances	<u>\$ 690,789</u>	<u>\$ 364,701</u>	<u>\$ 865,974</u>	<u>\$ 40,685</u>

MACON COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2016

	Little Tennessee River/ Cartoogechaye Creek Sewer Trunk Project Fund	Schools Capital Fund	Capital Reserve Fund	Clean Water Management Trust Fund	Total
Assets:					
Cash and cash equivalents	\$ 224,103	\$ -	\$ 1,113,625	\$ 70,445	\$ 3,126,792
Due from governmental agencies	-	474,418	-	-	698,563
Restricted cash and cash equivalents	-	-	-	-	19,385
Total assets	<u>\$ 224,103</u>	<u>\$ 474,418</u>	<u>\$ 1,113,625</u>	<u>\$ 70,445</u>	<u>\$ 3,844,740</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 70,445	\$ 375,452
Due to other funds	-	349,740	-	-	349,740
Total liabilities	<u>-</u>	<u>349,740</u>	<u>-</u>	<u>70,445</u>	<u>725,192</u>
Fund Balances:					
Restricted:					
Stabilization by State statute	-	474,418	-	-	698,563
Restricted for education	-	-	-	-	19,385
Committed for general government	-	-	1,113,625	-	1,414,935
Committed for economic and physical development	224,103	-	-	-	489,816
Committed for education	-	-	-	-	846,589
Unassigned	-	(349,740)	-	-	(349,740)
Total fund balances	<u>224,103</u>	<u>124,678</u>	<u>1,113,625</u>	<u>-</u>	<u>3,119,548</u>
Total liabilities and fund balances	<u>\$ 224,103</u>	<u>\$ 474,418</u>	<u>\$ 1,113,625</u>	<u>\$ 70,445</u>	<u>\$ 3,844,740</u>

MACON COUNTY, NORTH CAROLINA

**NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016**

	Airport Improvements Fund	County Buildings Project Fund	Consolidated Capital Projects Fund	Riverbend Estates Waterline Project Fund
Revenues:				
Restricted intergovernmental revenues	\$ 290,652	\$ 500,000	\$ -	\$ -
Local option sales tax	-	-	-	-
Miscellaneous revenues	120	7,117	-	-
Interest earned on investments	-	-	1,907	-
Total revenues	<u>290,772</u>	<u>507,117</u>	<u>1,907</u>	<u>-</u>
Expenditures:				
Economic and physical development	322,947	-	-	2,000
Education	-	-	2,809,787	-
Cultural and recreational	-	791,324	-	-
Total expenditures	<u>322,947</u>	<u>791,324</u>	<u>2,809,787</u>	<u>2,000</u>
Revenues over (under) expenditures	<u>(32,175)</u>	<u>(284,207)</u>	<u>(2,807,880)</u>	<u>(2,000)</u>
Other Financing Sources (Uses):				
Debt issued	-	-	2,985,878	-
Transfers in:				
From General Fund	283,334	149,500	-	-
Transfers out:				
To Debt Service Fund	-	-	-	-
To General Fund	-	-	-	-
Total other financing sources (uses)	<u>283,334</u>	<u>149,500</u>	<u>2,985,878</u>	<u>-</u>
Net change in fund balances	251,159	(134,707)	177,998	(2,000)
Fund Balances:				
Beginning of year - July 1	<u>198,014</u>	<u>436,017</u>	<u>687,976</u>	<u>42,685</u>
End of year - June 30	<u>\$ 449,173</u>	<u>\$ 301,310</u>	<u>\$ 865,974</u>	<u>\$ 40,685</u>

MACON COUNTY, NORTH CAROLINA

NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016

	Little Tennessee River/ Cartoogechaye Creek Sewer Trunk Project Fund	Schools Capital Fund	Capital Reserve Fund	Clean Water Management Trust Fund	Total
Revenues:					
Restricted intergovernmental revenues	\$ -	\$ -	\$ -	\$ 73,170	\$ 863,822
Local option sales tax	-	1,759,054	-	-	1,759,054
Miscellaneous revenues	-	-	-	-	7,237
Interest earned on investments	-	2,251	2,437	-	6,595
Total revenues	<u>-</u>	<u>1,761,305</u>	<u>2,437</u>	<u>73,170</u>	<u>2,636,708</u>
Expenditures:					
Economic and physical development	-	-	-	143,613	468,560
Education	-	-	-	-	2,809,787
Cultural and recreational	-	-	-	-	791,324
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>143,613</u>	<u>4,069,671</u>
Revenues over (under) expenditures	<u>-</u>	<u>1,761,305</u>	<u>2,437</u>	<u>(70,443)</u>	<u>(1,432,963)</u>
Other Financing Sources (Uses):					
Debt issued	-	-	-	-	2,985,878
Transfers in:					
From General Fund	-	-	-	70,443	503,277
Transfers out:					
To Debt Service Fund	-	(1,718,218)	-	-	(1,718,218)
To General Fund	-	-	(7,000)	-	(7,000)
Total other financing sources (uses)	<u>-</u>	<u>(1,718,218)</u>	<u>(7,000)</u>	<u>70,443</u>	<u>1,763,937</u>
Net change in fund balances	-	43,087	(4,563)	-	330,974
Fund Balances:					
Beginning of year - July 1	<u>224,103</u>	<u>81,591</u>	<u>1,118,188</u>	<u>-</u>	<u>2,788,574</u>
End of year - June 30	<u>\$ 224,103</u>	<u>\$ 124,678</u>	<u>\$ 1,113,625</u>	<u>\$ -</u>	<u>\$ 3,119,548</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, 2016

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues:				
Restricted intergovernmental revenues:				
State aid to airports	\$ 7,123,967	\$ 5,985,733	\$ 3,204	\$ 5,988,937
Airport Improvements Program	2,618,609	2,283,474	-	2,283,474
2013 NPE 36237.1.14.1	150,000	68,651	69,994	138,645
2014 NPE 36237.1.NPE.14	150,000	-	-	-
2015 NPE 36237.1.NPE.15	150,000	-	-	-
Taxiway/Lighting 36237.1.14.2	2,250,000	-	217,454	217,454
Miscellaneous revenues	-	76,093	120	76,213
Total revenues	<u>12,442,576</u>	<u>8,413,951</u>	<u>290,772</u>	<u>8,704,723</u>
Expenditures:				
Capital outlay:				
Runway extension phase II - site improvements	3,147,244	2,641,988	3,560	2,645,548
Phase I EA - runway extension	1,000,000	369,694	-	369,694
2004 Vision 100	166,667	152,571	-	152,571
Runway improvements	792,000	635,301	-	635,301
2008 Vision 100	166,667	-	-	-
SWPPP/SPCC & AWOS	131,602	31,775	-	31,775
Runway rehabilitation design	222,223	220,800	-	220,800
Runway rehabilitation construction	2,687,343	2,500,951	-	2,500,951
Apron improvements	2,511,340	2,601,454	-	2,601,454
2013 NPE 36237.1.141	166,667	36,255	77,771	114,026
2014 NPE 36237.1.NPE.14	166,667	-	-	-
2015 NPE 36237.1.NPE.15	166,667	-	-	-
Taxiway/Lighting 36237.1.14.2	2,500,000	-	241,616	241,616
Total expenditures	<u>13,825,087</u>	<u>9,190,789</u>	<u>322,947</u>	<u>9,513,736</u>
Revenues over (under) expenditures	<u>(1,382,511)</u>	<u>(776,838)</u>	<u>(32,175)</u>	<u>(809,013)</u>
Other Financing Sources (Uses):				
Transfers in from General Fund	1,321,344	974,852	283,334	1,258,186
Appropriated fund balance	61,167	-	-	-
Total other financing sources (uses)	<u>1,382,511</u>	<u>974,852</u>	<u>283,334</u>	<u>1,258,186</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 198,014</u>	<u>\$ 251,159</u>	<u>\$ 449,173</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, 2016

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
Revenues:				
PARTF Grant	\$ 500,000	\$ -	\$ 500,000	\$ 500,000
Miscellaneous	-	10,505	7,117	17,622
Total revenues	<u>500,000</u>	<u>10,505</u>	<u>507,117</u>	<u>517,622</u>
Expenditures:				
General government:				
Animal shelter	500,000	498,905	-	498,905
Old library renovations	300,000	299,928	-	299,928
Renovations - Barrett Building	458,303	289,389	-	289,389
Renovations - Old Senior Services Building	118,550	118,531	-	118,531
Renovations - Patton Avenue Building	200,000	175,205	-	175,205
Garage construction	120,000	119,080	-	119,080
Cultural and recreational:				
Parker Meadows Recreation Complex	3,790,840	2,911,643	791,324	3,702,967
Total expenditures	<u>5,487,693</u>	<u>4,412,681</u>	<u>791,324</u>	<u>5,204,005</u>
Revenues over (under) expenditures	<u>(4,987,693)</u>	<u>(4,402,176)</u>	<u>(284,207)</u>	<u>(4,686,383)</u>
Other Financing Sources (Uses):				
Debt issued	1,800,000	1,800,000	-	1,800,000
Transfers in:				
From General Fund	2,815,624	2,666,124	149,500	2,815,624
From Emergency Telephone System Fund	326,095	326,095	-	326,095
From Little Tennessee River/Cartoogechaye Creek Sewer Trunk Project Fund	303,216	303,216	-	303,216
Transfers out:				
(To) Emergency Telephone System Fund	<u>(257,242)</u>	<u>(257,242)</u>	<u>-</u>	<u>(257,242)</u>
Total other financing sources (uses)	<u>4,987,693</u>	<u>4,838,193</u>	<u>149,500</u>	<u>4,987,693</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 436,017</u>	<u>\$ (134,707)</u>	<u>\$ 301,310</u>

MACON COUNTY, NORTH CAROLINA

**CONSOLIDATED CAPITAL PROJECTS
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Project Authorization</u>	<u>Actual</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
Investment earnings	\$ 85,461	\$ 194,911	\$ 1,907	\$ 196,818
NC Department of Transportation	-	50,000	-	50,000
Contribution from Board of Education	15,000	15,000	-	15,000
Miscellaneous revenues	7,312	484,295	-	484,295
Total revenues	<u>107,773</u>	<u>744,206</u>	<u>1,907</u>	<u>746,113</u>
Expenditures:				
Iotla Valley K-5	14,683,260	14,581,604	-	14,581,604
Issuance costs	20,046	20,046	-	20,046
East Franklin Elementary School/QZAB	1,995,000	1,995,000	-	1,995,000
Southwestern Community Early College	878,899	878,899	-	878,899
Nantahala renovations/QZAB	1,804,651	1,804,652	-	1,804,652
School technology expenses	1,500,000	1,498,926	-	1,498,926
Highlands QZAB	1,583,720	1,583,719	-	1,583,719
Union/Highlands QZAB	2,985,878	156,706	2,809,787	2,966,493
Total expenditures	<u>25,451,454</u>	<u>22,519,552</u>	<u>2,809,787</u>	<u>25,329,339</u>
Revenues over (under) expenditures	<u>(25,343,681)</u>	<u>(21,775,346)</u>	<u>(2,807,880)</u>	<u>(24,583,226)</u>
Other Financing Sources (Uses):				
Debt issued	23,025,865	20,039,987	2,985,878	23,025,865
Transfer from the General Fund	2,317,816	2,423,335	-	2,423,335
Total other financing sources (uses)	<u>25,343,681</u>	<u>22,463,322</u>	<u>2,985,878</u>	<u>25,449,200</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 687,976</u>	<u>\$ 177,998</u>	<u>\$ 865,974</u>

MACON COUNTY, NORTH CAROLINA

**RIVERBEND ESTATES WATERLINE PROJECT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016**

	Project Authorization	Actual		
	Prior Years	Current Year	Total to Date	
Revenues:				
DENR DWSRF Grant	\$ 2,618,518	\$ 2,531,090	\$ -	\$ 2,531,090
Miscellaneous revenue	-	113,592	-	113,592
Total revenues	2,618,518	2,644,682	-	2,644,682
Expenditures:				
Sewer project expense:				
Administration	71,800	58,500	-	58,500
Engineering	250,000	215,000	-	215,000
Construction	1,700,000	2,328,497	2,000	2,330,497
Contingency	596,718	-	-	-
Total expenditures	2,618,518	2,601,997	2,000	2,603,997
Net change in fund balance	\$ -	\$ 42,685	\$ (2,000)	\$ 40,685

MACON COUNTY, NORTH CAROLINA

LITTLE TENNESSEE RIVER/CARTOOGECHAYE CREEK

SEWER TRUNK PROJECT

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL -

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016

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

MACON COUNTY, NORTH CAROLINA

SCHOOLS CAPITAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2016

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

	<u>2016</u>			<u>2015</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
Revenues:				
Interest	\$ -	\$ 2,251	\$ 2,251	\$ 157
Local option sales tax	<u>1,718,218</u>	<u>1,759,054</u>	<u>40,836</u>	<u>1,649,557</u>
Total revenues	<u>1,718,218</u>	<u>1,761,305</u>	<u>43,087</u>	<u>1,649,714</u>
Other Financing Sources (Uses):				
Transfers out:				
(To) Debt Service Fund	<u>(1,718,218)</u>	<u>(1,718,218)</u>	<u>-</u>	<u>(1,625,803)</u>
Net change in fund balance	<u>\$ -</u>	<u>43,087</u>	<u>\$ 43,087</u>	<u>23,911</u>
Fund Balance:				
Beginning of year - July 1		<u>81,591</u>		<u>57,680</u>
End of year - June 30		<u>\$ 124,678</u>		<u>\$ 81,591</u>

MACON COUNTY, NORTH CAROLINA

CAPITAL RESERVE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2016

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

	2016			2015
	Budget	Actual	Variance Over/Under	Actual
Revenues:				
Interest	\$ -	\$ 2,437	\$ 2,437	\$ 211
Other Financing Sources (Uses):				
Transfers out:				
(To) General Fund	(7,000)	(7,000)	-	(7,000)
Appropriated fund balance	7,000	-	(7,000)	-
Total other financing sources (uses)	-	(7,000)	(7,000)	(7,000)
Net change in fund balance	\$ -	(4,563)	\$ (4,563)	(6,789)
Fund Balance:				
Beginning of year - July 1		1,118,188		1,124,977
End of year - June 30		\$ 1,113,625		\$ 1,118,188

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, 2016

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

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ENTERPRISE FUND

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

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MACON COUNTY, NORTH CAROLINA

SOLID WASTE FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		Variance Over/Under	2015
	Budget	Actual		Actual
Revenues:				
Operating revenues:				
Landfill fees	\$ 1,900,000	\$ 1,949,485		\$ 1,918,005
Tipping fees	1,290,000	1,329,965		1,220,797
Recycling revenue	220,000	198,359		243,598
Other operating revenue	13,627	14,196		3,931
Scrap tire disposal fee	40,000	45,659		43,157
Solid waste disposal fees	-	-		8,671
Restricted intergovernmental revenue	32,600	16,698		28,033
Total operating revenues	<u>3,496,227</u>	<u>3,554,362</u>	\$ 58,135	<u>3,466,192</u>
Non-operating revenues:				
Solid waste disposal tax	20,000	23,585		23,197
Investment earnings	-	23,478		9,110
Total non-operating revenues	<u>20,000</u>	<u>47,063</u>	27,063	<u>32,307</u>
Total revenues	<u>3,516,227</u>	<u>3,601,425</u>	85,198	<u>3,498,499</u>
Expenditures:				
Operating expenditures:				
Salaries	954,993	934,122		906,599
Employee benefits	376,635	354,161		322,656
Operating expenditures	1,364,460	1,179,154		1,333,911
Post-closure costs	426,659	31,445		32,857
Capital outlay	747,000	47,092		1,750,147
Solid waste disposal tax remittance	61,000	63,316		58,227
Total expenditures	<u>3,930,747</u>	<u>2,609,290</u>	1,321,457	<u>4,404,397</u>
Revenues over (under) expenditures	(414,520)	992,135	1,406,655	(905,898)
Other Financing Sources (Uses):				
Appropriated fund balance	<u>414,520</u>	-	(414,520)	-
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 992,135</u>	<u>\$ 992,135</u>	<u>\$ (905,898)</u>

MACON COUNTY, NORTH CAROLINA

SOLID WASTE FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		2015
	Budget	Actual	Actual
Reconciliation from Budgetary Basis			
(Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 992,135	
Reconciling items:			
Landfill expansion project fund interest		9,056	
(Increase) decrease in accrued interest payable		(48,935)	
Capital outlay		47,092	
Increase (decrease) in deferred outflows - pension		779	
Increase (decrease) in net pension asset		(78,683)	
(Increase) decrease in net pension liability		(60,753)	
(Increase) decrease in deferred inflows - pension		160,194	
(Increase) decrease in post-closure care costs		74,900	
(Increase) decrease in other post-employment benefits		(117,140)	
(Increase) decrease in accrued vacation pay		1,233	
Depreciation		<u>(220,457)</u>	
Change in net position - Exhibit H		<u>\$ 759,421</u>	

MACON COUNTY, NORTH CAROLINA

**SOLID WASTE CAPITAL PROJECT FUND
 LANDFILL EXPANSION PROJECT
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Revenues:				
Investment earnings	\$ -	\$ -	\$ 9,056	\$ 9,056
Expenditures:				
Construction	6,710,362	-	941,006	941,006
Land	1,530,000	-	-	-
Construction administration	447,600	-	67,046	67,046
Water line installation/relocation	240,000	-	-	-
Building renovations	182,775	-	-	-
Professional fees	221,545	-	50,154	50,154
Ground water monitoring	72,000	-	-	-
Issuance costs	60,200	-	60,200	60,200
Contingency	335,518	-	-	-
Total expenditures	<u>9,800,000</u>	<u>-</u>	<u>1,118,406</u>	<u>1,118,406</u>
Revenues over (under) expenditures	<u>(9,800,000)</u>	<u>-</u>	<u>(1,109,350)</u>	<u>(1,109,350)</u>
Other Financing Sources (Uses):				
Proceeds from issuance of debt	<u>9,800,000</u>	<u>-</u>	<u>9,800,000</u>	<u>9,800,000</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,690,650</u>	<u>\$ 8,690,650</u>

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INTERNAL SERVICE FUND

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

Individual Fund Description:

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

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MACON COUNTY, NORTH CAROLINA

**SELF-INSURANCE FUND
STATEMENT OF NET POSITION
JUNE 30, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
Assets:		
Current assets:		
Cash and cash equivalents	\$ 723,452	\$ 379,833
Prepays	-	43,765
Accounts receivable	123	153,857
Total assets	<u>723,575</u>	<u>577,455</u>
Liabilities:		
Current liabilities:		
Accounts payable and accrued liabilities	<u>193,767</u>	<u>240,890</u>
Net Position:		
Unrestricted net position	<u>\$ 529,808</u>	<u>\$ 336,565</u>

MACON COUNTY, NORTH CAROLINA

SELF-INSURANCE FUND

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN

FUND NET POSITION - FINANCIAL PLAN AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2016

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

	2016			2015
	Financial Plan	Actual	Variance Over/Under	Actual
Operating Revenues:				
Charges for services:				
Employee and employer contributions	\$ 3,873,237	\$ 3,878,985	\$ 5,748	\$ 3,434,967
Operating Expenses:				
Insurance premiums	630,397	630,396	1	547,745
Benefit payments	3,244,120	3,056,690	187,430	4,189,253
Total operating expenses	<u>3,874,517</u>	<u>3,687,086</u>	<u>187,431</u>	<u>4,736,998</u>
Operating income (loss)	(1,280)	191,899	193,179	(1,302,031)
Non-Operating Revenues:				
Investment earnings	<u>1,280</u>	<u>1,344</u>	<u>64</u>	<u>242</u>
Change in net position	<u>\$ -</u>	193,243	<u>\$ 193,243</u>	(1,301,789)
Net Position:				
Beginning of year - July 1		<u>336,565</u>		<u>1,638,354</u>
End of year - June 30		<u>\$ 529,808</u>		<u>\$ 336,565</u>

MACON COUNTY, NORTH CAROLINA

SELF-INSURANCE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015

	<u>2016</u>	<u>2015</u>
Cash Flows from Operating Activities:		
Cash received from customers	\$ 4,032,719	\$ 3,310,343
Cash paid for goods and services	<u>(3,690,444)</u>	<u>(4,958,433)</u>
Net cash provided (used) by operating activities	<u>342,275</u>	<u>(1,648,090)</u>
Cash Flows from Investing Activities:		
Interest on investments	<u>1,344</u>	<u>242</u>
Net increase (decrease) in cash and cash equivalents	343,619	(1,647,848)
Cash and Cash Equivalents:		
Beginning of year - July 1	<u>379,833</u>	<u>2,027,681</u>
End of year - June 30	<u>\$ 723,452</u>	<u>\$ 379,833</u>
Reconciliation of Operating Income (Loss) to		
Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ 191,899	\$ (1,302,031)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Change in assets and liabilities:		
(Increase) decrease in prepaids	43,765	(43,765)
(Increase) decrease in accounts receivable	153,734	(124,624)
Increase (decrease) in accounts payable and accrued liabilities	<u>(47,123)</u>	<u>(177,670)</u>
Net cash provided (used) by operating activities	<u>\$ 342,275</u>	<u>\$ (1,648,090)</u>

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AGENCY FUNDS

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

Individual Fund Descriptions:

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

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

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

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

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

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

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

MACON COUNTY, NORTH CAROLINA

AGENCY FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2016

	<u>Social Services Trust Fund</u>	<u>Inmate Trust Fund</u>	<u>Fines and Forfeitures Fund</u>	<u>Motor Vehicle Tax Fund</u>
Assets:				
Cash and cash equivalents	\$ 27,385	\$ 7,689	\$ 7,313	\$ 14,912
Accounts receivable	<u>-</u>	<u>-</u>	<u>10,683</u>	<u>12,204</u>
Total assets	<u>\$ 27,385</u>	<u>\$ 7,689</u>	<u>\$ 17,996</u>	<u>\$ 27,116</u>
Liabilities:				
Miscellaneous liabilities	\$ 27,385	\$ 7,689	\$ 7,313	\$ -
Intergovernmental payable	<u>-</u>	<u>-</u>	<u>10,683</u>	<u>27,116</u>
Total liabilities	<u>\$ 27,385</u>	<u>\$ 7,689</u>	<u>\$ 17,996</u>	<u>\$ 27,116</u>

MACON COUNTY, NORTH CAROLINA

AGENCY FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2016

	<u>Deed of Trust Fund</u>	<u>Western Carolina Industrial Partners Fund</u>	<u>Hurricane Ivan Relief Fund</u>	<u>Total</u>
Assets:				
Cash and cash equivalents	\$ 825	\$ 17,113	\$ 36,454	\$ 111,691
Accounts receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,887</u>
Total assets	<u>\$ 825</u>	<u>\$ 17,113</u>	<u>\$ 36,454</u>	<u>\$ 134,578</u>
Liabilities:				
Miscellaneous liabilities	\$ -	\$ 17,113	\$ 36,454	\$ 95,954
Intergovernmental payable	<u>825</u>	<u>-</u>	<u>-</u>	<u>38,624</u>
Total liabilities	<u>\$ 825</u>	<u>\$ 17,113</u>	<u>\$ 36,454</u>	<u>\$ 134,578</u>

MACON COUNTY, NORTH CAROLINA

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2016</u>
Social Services Trust Fund:				
Assets:				
Cash and cash equivalents	\$ 34,881	\$ 195,153	\$ 202,649	\$ 27,385
Liabilities:				
Miscellaneous liabilities	\$ 34,881	\$ 198,393	\$ 205,889	\$ 27,385
Inmate Trust Fund:				
Assets:				
Cash and cash equivalents	\$ 9,787	\$ 98,064	\$ 100,162	\$ 7,689
Liabilities:				
Miscellaneous liabilities	\$ 9,787	\$ 13,807	\$ 15,905	\$ 7,689
Fines and Forfeitures Fund:				
Assets:				
Cash and cash equivalents	\$ 7,313	\$ 162,163	\$ 162,163	\$ 7,313
Accounts receivable	15,382	10,683	15,382	10,683
Total assets	\$ 22,695	\$ 172,846	\$ 177,545	\$ 17,996
Liabilities:				
Miscellaneous liabilities	\$ 7,313	\$ -	\$ -	\$ 7,313
Intergovernmental payable	15,382	157,464	162,163	10,683
Total liabilities	\$ 22,695	\$ 157,464	\$ 162,163	\$ 17,996
Motor Vehicle Tax Fund:				
Assets:				
Cash and cash equivalents	\$ 11,898	\$ 2,849,379	\$ 2,846,365	\$ 14,912
Accounts receivable	10,681	12,204	10,681	12,204
Cash and accounts receivable	\$ 22,579	\$ 2,861,583	\$ 2,857,046	\$ 27,116
Liabilities:				
Intergovernmental payable	\$ 22,579	\$ 2,805,531	\$ 2,800,994	\$ 27,116

MACON COUNTY, NORTH CAROLINA

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2016</u>
Deed of Trust Fund:				
Assets:				
Cash and cash equivalents	\$ 849	\$ 8,116	\$ 8,140	\$ 825
Liabilities:				
Intergovernmental payable	\$ 849	\$ 8,116	\$ 8,140	\$ 825
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	\$ -	\$ 3,000	\$ 36,454
Liabilities:				
Miscellaneous liabilities	\$ 39,454	\$ -	\$ 3,000	\$ 36,454
Totals - All Agency Funds:				
Assets:				
Cash and cash equivalents	\$ 121,295	\$ 3,312,875	\$ 3,322,479	\$ 111,691
Accounts receivable	26,063	22,887	26,063	22,887
Total assets	<u>\$ 147,358</u>	<u>\$ 3,335,762</u>	<u>\$ 3,348,542</u>	<u>\$ 134,578</u>
Liabilities:				
Miscellaneous liabilities	\$ 108,548	\$ 212,200	\$ 224,794	\$ 95,954
Intergovernmental payable	38,810	2,971,111	2,971,297	38,624
Total liabilities	<u>\$ 147,358</u>	<u>\$ 3,183,311</u>	<u>\$ 3,196,091</u>	<u>\$ 134,578</u>

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ADDITIONAL FINANCIAL DATA

This section contains additional information on taxes receivable and the tax levy as of June 30, 2016.

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MACON COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE - GENERAL FUND
JUNE 30, 2016

Year Ended June 30	Uncollected Balance July 1, 2015	Additions	Collections and Credits	Uncollected Balance June 30, 2016
2015-2016	\$ -	\$ 27,729,477	\$ 27,244,243	\$ 485,234
2014-2015	610,289	1,535	316,476	295,348
2013-2014	334,543	-	125,220	209,323
2012-2013	230,760	-	71,722	159,038
2011-2012	161,329	-	50,007	111,322
2010-2011	121,527	-	38,680	82,847
2009-2010	77,885	-	22,289	55,596
2008-2009	40,960	-	9,534	31,426
2007-2008	28,144	-	6,601	21,543
2006-2007	26,163	-	3,842	22,321
2005-2006	22,207	-	22,207	-
Total	<u>\$ 1,653,807</u>	<u>\$ 27,731,012</u>	<u>\$ 27,910,821</u>	1,473,998
Less allowance for uncollectible ad valorem taxes receivable				<u>(783,900)</u>
Ad valorem taxes receivable - net				<u>\$ 690,098</u>
Reconciliation with Revenues:				
Taxes - ad valorem - General Fund				\$ 28,070,448
Reconciling items:				
Advertising/Attorney fees				(21,467)
Interest collected				(188,701)
Refunds and other adjustments				31,587
Amounts written off per Statute of Limitations				<u>18,954</u>
Total collections and credits				<u>\$ 27,910,821</u>

MACON COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY - COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2016

	County-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 7,513,862,464	\$ 0.349	\$ 26,223,380	\$ 26,223,380	\$ -
Motor vehicles taxed at current year's rate	305,323,496	0.349	1,065,579	-	1,065,579
Total	<u>7,819,185,960</u>		<u>27,288,959</u>	<u>26,223,380</u>	<u>1,065,579</u>
Discoveries:					
Current year taxes	29,428,940	0.349	102,707	102,707	-
Utilities	148,232,092	0.349	517,330	517,330	-
Less releases and adjustments	(51,438,109)	0.349	(179,519)	(179,519)	-
Total property valuation	<u>\$ 7,945,408,883</u>				
Net Levy			27,729,477	26,663,898	1,065,579
Uncollected taxes at June 30, 2016			(485,234)	(485,234)	-
Current Year's Taxes Collected			<u>\$ 27,244,243</u>	<u>\$ 26,178,664</u>	<u>\$ 1,065,579</u>
Current Levy Collection Percentage			<u>98.25%</u>	<u>98.18%</u>	<u>100.00%</u>
Secondary Market Disclosures:					
Assessed valuation:					
Assessment ratio					<u>100.00%</u>
Real property					\$7,372,731,526
Personal property					424,445,265
Public service companies					<u>148,232,092</u>
Total assessed valuation					<u>\$7,945,408,883</u>
Tax rate per \$100					0.349
Levy (includes discoveries, releases, and abatements)					<u>\$ 27,729,477</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, 2016.					<u>\$ 3,172,821</u>

MACON COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE - FIRE DISTRICTS
JUNE 30, 2016

Fiscal Year	Uncollected Balance July 1, 2015	Additions	Collections and Credits	Uncollected Balance June 30, 2016
2015-2016	\$ -	\$ 3,172,821	\$ 3,097,712	\$ 75,109
2014-2015	83,306	-	39,132	44,174
2013-2014	47,272	-	16,552	30,720
2012-2013	31,400	-	9,075	22,325
2011-2012	22,848	-	5,818	17,030
2010-2011	17,323	-	5,163	12,160
2009-2010	11,864	-	3,427	8,437
2008-2009	6,310	-	1,406	4,904
2007-2008	4,338	-	842	3,496
2006-2007	3,645	-	525	3,120
2005-2006	3,148	-	3,148	-
Total	<u>\$ 231,454</u>	<u>\$ 3,172,821</u>	<u>\$ 3,182,800</u>	221,475

Less allowance for uncollectible ad valorem taxes receivable:

Fire Districts Fund

(116,654)

Fire districts taxes receivable - net

\$ 104,821**Reconciliation of Revenues with Collections and Credits:**

Taxes - ad valorem - Fire Districts Fund

\$ 3,186,705

Taxes written off

2,729

Miscellaneous adjustments

(6,634)

Total collections and credits

\$ 3,182,800

MACON COUNTY, NORTH CAROLINA

**ANALYSIS OF CURRENT TAX LEVY - FIRE DISTRICTS
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Amount of Levy</u>
Original Levy:	
Franklin Fire District	\$ 679,765
Clarks Chapel Fire District	314,841
Otto Fire District	303,834
Cullasaja Fire District	246,008
West Macon Fire District	299,640
Scaly Mountain Fire District	118,865
Burningtown/Iotla Fire District	186,265
Cowee Fire District	300,009
Nantahala Fire District	218,759
Highlands Fire District	375,296
Mountain Valley Fire District	<u>129,539</u>
Net Levy	3,172,821
Less uncollected taxes at June 30, 2016	<u>75,109</u>
Current Year's Taxes Collected	<u>\$ 3,097,712</u>
Current Levy Collection Percentage	<u>97.63%</u>

STATISTICAL SECTION

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

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

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Table 1

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Net investment in capital assets	\$ 20,916,879	\$ 20,627,572	\$ 21,515,203	\$ 20,884,555	\$ 20,486,868	\$ 18,601,883	\$ 18,778,181	\$ 19,311,971	\$ 21,124,267	\$ 21,305,117
Restricted	141,787	166,137	207,996	207,708	6,089,293	6,934,514	9,980,380	6,872,258	5,769,063	5,259,107
Unrestricted	12,058,258	12,607,288	3,989,432	(3,850,248)	(13,738,145)	(18,641,028)	(24,500,469)	(21,296,259)	(21,627,391)	(19,063,647)
Total governmental activities net position	\$ 33,116,924	\$ 33,400,997	\$ 25,712,631	\$ 17,242,015	\$ 12,848,016	\$ 6,895,369	\$ 4,258,092	\$ 4,887,970	\$ 5,265,939	\$ 7,500,577
Business-type activities										
Net investment in capital assets	\$ 3,549,755	\$ 1,620,430	\$ 2,323,169	\$ 1,981,161	\$ 1,836,224	\$ 2,071,354	\$ 2,103,456	\$ 2,108,104	\$ 3,599,088	\$ 3,434,779
Unrestricted	(202,990)	1,923,447	1,428,363	2,041,200	2,507,579	2,863,231	3,140,097	1,295,966	(288,998)	634,732
Total business-type activities net position	\$ 3,346,765	\$ 3,543,877	\$ 3,751,532	\$ 4,022,361	\$ 4,343,803	\$ 4,934,585	\$ 5,243,553	\$ 3,404,070	\$ 3,310,090	\$ 4,069,511
Primary government										
Net investment in capital assets	\$ 24,466,634	\$ 22,248,002	\$ 23,838,372	\$ 22,865,716	\$ 22,333,092	\$ 20,673,237	\$ 20,881,637	\$ 21,420,075	\$ 24,723,355	\$ 24,739,896
Restricted	141,787	166,137	207,996	207,708	6,089,293	6,934,514	9,980,380	6,872,258	5,769,063	5,259,107
Unrestricted	11,855,268	14,530,735	5,417,795	(1,809,048)	(11,230,566)	(15,777,797)	(21,360,372)	(20,000,293)	(21,916,389)	(18,428,915)
Total primary government net position	\$ 36,463,689	\$ 36,944,874	\$ 29,464,163	\$ 21,264,376	\$ 17,191,819	\$ 11,829,954	\$ 9,501,645	\$ 8,292,040	\$ 8,576,029	\$ 11,570,088

Table 2

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities:										
General government	\$ 8,972,728	\$ 9,806,393	\$ 9,319,928	\$ 11,226,884	\$ 10,770,642	\$ 10,544,326	\$ 11,086,204	\$ 10,931,162	\$ 11,201,551	\$ 10,966,331
Public safety	9,925,636	11,205,783	12,087,459	11,655,568	12,147,316	13,462,012	13,874,996	14,102,327	13,880,745	14,726,992
Transportation	414,791	516,894	477,873	577,894	638,415	709,086	781,330	1,037,139	1,222,986	881,675
Economic development	1,724,549	6,698,656	1,597,548	4,041,113	8,671,741	2,977,859	5,083,894	2,636,486	3,426,980	2,345,645
Human Services	8,030,735	8,084,205	8,752,201	7,878,952	7,734,446	9,376,517	10,369,682	10,752,050	10,118,181	10,933,958
Culture and recreation	3,654,902	2,789,795	2,520,567	2,437,318	2,430,596	2,349,816	2,400,236	2,736,037	2,486,997	2,751,655
Education	7,815,684	8,245,555	20,601,094	18,483,547	14,553,807	16,309,605	11,698,110	9,779,742	8,939,212	11,416,007
Interest on long-term debt	811,427	713,022	1,206,450	1,545,951	1,887,654	2,118,296	1,868,404	1,358,927	1,178,604	1,084,429
Total governmental activities expenses	41,350,452	48,060,303	56,563,120	57,847,217	58,834,617	57,847,517	57,162,856	53,333,870	52,455,256	55,106,692
Business-type activities:										
Solid Waste	3,356,076	3,662,418	2,989,618	2,889,088	3,351,735	2,880,580	3,093,050	5,320,092	3,491,676	2,851,060
Total business-type activities expenses	3,356,076	3,662,418	2,989,618	2,889,088	3,351,735	2,880,580	3,093,050	5,320,092	3,491,676	2,851,060
Total primary government expenses	\$ 44,706,528	\$ 51,722,721	\$ 59,552,738	\$ 60,736,305	\$ 62,186,352	\$ 60,728,097	\$ 60,255,906	\$ 58,653,962	\$ 55,946,932	\$ 57,957,752
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,459,496	\$ 1,463,179	\$ 1,592,002	1,136,094	1,045,549	1,047,612	1,271,567	1,340,914	1,366,746	1,466,218
Public Safety	2,133,982	2,256,802	1,650,743	1,614,704	2,143,743	2,110,943	1,720,635	1,713,989	1,835,759	2,233,562
Economic Development	479,745	472,473	407,720	403,518	526,092	476,355	506,736	629,929	65,941	62,232
Human Services	715,653	986,723	903,849	1,007,881	806,249	684,473	519,738	800,254	1,072,805	1,167,074
Education	-	-	2,042	174,944	-	-	133,505	-	-	-
Operating grants and contributions	7,161,995	6,806,761	7,966,289	7,688,512	7,645,348	10,647,327	9,918,241	10,645,509	9,674,198	10,591,738
Capital grants and contributions	908,658	169,515	381,385	2,908,017	5,814,683	133,681	3,329,169	1,206,665	1,688,310	863,822
Total governmental activities program revenues	12,859,529	12,155,453	12,904,030	14,933,670	17,981,664	15,100,391	17,399,591	16,337,260	15,703,759	16,384,646
Business-type activities:										
Charges for services:										
Solid Waste	3,514,108	3,462,078	3,059,573	3,129,554	3,654,347	3,458,349	3,388,477	3,470,358	3,489,389	3,577,947
Total business-type activities program revenues	3,514,108	3,462,078	3,059,573	3,129,554	3,654,347	3,458,349	3,388,477	3,470,358	3,489,389	3,577,947
Total primary government program revenues	\$ 16,373,637	\$ 15,617,531	\$ 15,963,603	\$ 18,063,224	\$ 21,636,011	\$ 18,558,740	\$ 20,788,068	\$ 19,807,618	\$ 19,193,148	\$ 19,962,593
Net (expense)/revenue	\$ (28,490,923)	\$ (35,904,850)	\$ (43,659,090)	\$ (42,913,547)	\$ (40,852,953)	\$ (42,747,126)	\$ (39,763,265)	\$ (36,996,610)	\$ (36,751,497)	\$ (38,722,046)
Governmental activities	158,032	(582,544)	69,955	240,466	302,612	577,769	295,427	(1,849,734)	(2,287)	726,687
Business-type activities	\$ (28,332,891)	\$ (36,487,394)	\$ (43,589,135)	\$ (42,673,081)	\$ (40,550,341)	\$ (42,169,357)	\$ (39,467,838)	\$ (38,846,344)	\$ (36,753,784)	\$ (37,995,159)
Total primary government net (expense)										

Table 2

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

General Revenues and Other Changes in

Net Position	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities:										
Taxes										
Property taxes	\$ 23,460,925	\$ 24,544,667	\$ 26,520,446	\$ 26,960,198	\$ 28,883,855	\$ 28,747,033	\$ 28,912,689	\$ 29,537,857	\$ 29,532,608	\$ 31,114,435
Sales taxes	9,875,544	9,665,716	8,216,388	7,036,801	6,695,601	7,609,640	7,793,227	7,662,198	8,196,063	8,628,868
Occupancy taxes	-	-	-	-	-	-	-	-	664,427	731,629
Unrestricted intergovernmental revenues	239,639	233,090	508,221	340,817	348,668	359,342	357,318	357,068	330,950	393,453
Investment earnings	1,490,333	1,446,785	-	-	97,930	78,464	62,754	49,365	47,358	88,299
Miscellaneous	-	-	-	-	432,900	-	-	-	-	-
Transfers	-	298,665	725,647	105,115	-	-	-	-	-	-
Total governmental activities	<u>35,066,441</u>	<u>36,188,923</u>	<u>35,970,702</u>	<u>34,442,931</u>	<u>36,458,954</u>	<u>36,794,479</u>	<u>37,125,988</u>	<u>37,626,488</u>	<u>38,761,406</u>	<u>40,956,684</u>
Business-type activities:										
Investment earnings	232,021	220,117	-	-	18,630	13,013	13,541	10,251	9,110	32,534
Transfers	-	(298,665)	137,700	30,363	-	-	-	-	-	-
Total business-type activities	<u>232,021</u>	<u>(78,548)</u>	<u>137,700</u>	<u>30,363</u>	<u>18,630</u>	<u>13,013</u>	<u>13,541</u>	<u>10,251</u>	<u>9,110</u>	<u>32,534</u>
Total primary government	<u>\$ 35,298,462</u>	<u>\$ 36,110,375</u>	<u>\$ 36,108,402</u>	<u>\$ 34,473,294</u>	<u>\$ 36,477,784</u>	<u>\$ 36,807,492</u>	<u>\$ 37,139,529</u>	<u>\$ 37,636,739</u>	<u>\$ 38,770,516</u>	<u>\$ 40,989,218</u>
Change in Net Position										
Governmental activities	\$ 6,080,203	\$ 284,073	\$ (7,688,366)	\$ (8,470,616)	\$ (4,393,999)	\$ (5,952,647)	\$ (2,637,277)	\$ 629,878	\$ 2,009,909	\$ 2,234,638
Business-type activities	885,367	197,112	207,655	270,829	321,442	590,782	308,968	(1,839,483)	6,823	759,421
Total primary government	<u>\$ 6,965,570</u>	<u>\$ 481,185</u>	<u>\$ (7,480,711)</u>	<u>\$ (8,199,787)</u>	<u>\$ (4,072,557)</u>	<u>\$ (5,361,865)</u>	<u>\$ (2,328,309)</u>	<u>\$ (1,209,605)</u>	<u>\$ 2,016,732</u>	<u>\$ 2,994,059</u>

Table 3

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

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Alcoholic Beverage Tax	Total
2007	\$ 21,460,911	\$ 8,306,691	\$ 52,617	\$ 11,847	\$ 29,832,066
2008	22,089,392	8,084,923	118,397	63,112	30,355,824
2009	23,856,730	6,770,736	104,511	142,442	30,874,419
2010	24,213,724	5,713,754	103,686	55,142	30,086,306
2011	25,914,401	5,367,796	102,842	11,767	31,396,806
2012	25,924,926	6,095,609	93,896	11,602	32,126,033
2013	26,149,786	6,243,883	92,557	13,211	32,499,437
2014	26,792,489	6,152,792	89,219	11,602	33,046,102
2015	26,754,756	6,546,506	90,362	11,239	33,402,863
2016	28,070,448	6,869,814	87,137	11,367	35,038,766

Table 4

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$ 2,826,989	\$ 3,075,715	\$ 2,311,342	\$ 3,490,651	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	15,407,847	15,269,826	14,755,300	14,162,233	-	-	-	-	-	-
Non Spendable	-	-	-	144,038	209,732	286,403	311,383	286,403	327,791	276,961
Restricted	-	-	-	2,551,146	3,483,255	5,338,833	5,338,833	4,003,939	3,867,071	3,673,688
Assigned	-	-	-	-	1,680,769	2,121,220	566,642	-	-	-
Unassigned	-	-	-	16,508,831	15,992,802	12,842,335	15,260,538	17,800,369	21,487,698	21,487,698
Total General Fund	\$ 18,234,836	\$ 18,345,541	\$ 17,066,642	\$ 17,652,884	\$ 19,204,015	\$ 21,366,558	\$ 20,613,771	\$ 20,117,522	\$ 21,995,231	\$ 25,438,347
All other governmental funds										
Reserved	\$ 312,374	\$ 305,822	\$ 266,060	\$ 271,311	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	1,729,314	1,972,989	2,213,556	2,106,283	-	-	-	-	-	-
Capital projects funds	700,082	1,106,846	1,351,188	5,139,163	-	-	-	-	-	-
Debt Service Fund	30,822	970,412	1,353,649	383,579	-	-	-	-	-	-
Assigned in Debt Service	-	-	-	-	567,085	976,150	1,022,379	354,003	13,355	262,427
Restricted for Debt Service	-	-	-	-	447,641	44,145	-	430,358	598,000	395,347
Restricted Other Governmental Funds	-	-	-	-	1,400,346	1,354,059	2,401,394	2,727,815	1,303,992	1,209,457
Restricted in Capital Project	-	-	-	-	11,441,057	2,053,055	2,240,153	-	-	-
Committed in Other Governmental Funds	-	-	-	-	2,061,553	1,663,942	1,337,859	2,457,367	2,263,753	2,768,506
Committed in Capital Project	-	-	-	-	55,037	533,308	93,037	-	-	-
Unassigned Other Governmental Funds	-	-	-	-	(497,733)	(327,127)	(1,622,132)	(641,321)	(460,100)	(451,610)
Unassigned in Capital Project	-	-	-	-	(681,675)	-	-	-	-	-
Total all other governmental funds	\$ 2,772,592	\$ 4,356,069	\$ 15,184,453	\$ 7,900,336	\$ 14,793,311	\$ 6,297,532	\$ 5,472,690	\$ 5,328,222	\$ 3,719,000	\$ 4,184,127

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

Table 5

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Ad Valorem Taxes	\$ 23,518,724	\$ 24,487,613	\$ 26,438,682	\$ 26,863,202	\$ 28,602,628	\$ 28,634,156	\$ 28,888,191	\$ 29,677,722	\$ 29,705,026	\$ 31,257,153
Sales Taxes	9,875,544	9,665,716	8,216,388	7,036,801	6,695,601	7,609,640	7,793,227	7,682,198	8,196,063	8,628,868
Intergovernmental revenues	8,746,167	7,228,631	8,855,895	10,937,346	13,808,699	10,731,178	13,604,728	12,209,242	11,693,458	11,849,013
Sales & Services	2,269,035	2,662,068	2,570,078	1,264,861	2,219,945	2,697,408	2,436,510	2,391,080	2,619,721	3,031,340
Permits & Fees	2,009,986	1,985,430	1,356,793	2,720,850	1,222,418	1,432,807	1,409,574	1,520,280	1,036,576	1,161,104
Investment earnings	1,344,687	1,256,103	603,699	93,387	90,979	75,819	61,031	49,112	47,116	86,955
Occupancy taxes	-	-	-	-	-	-	-	-	654,427	731,629
Miscellaneous	174,740	234,320	244,231	353,500	615,775	409,172	358,493	303,346	246,020	178,396
Total revenues	47,938,883	47,519,881	48,285,766	49,269,947	53,256,045	51,590,180	54,551,754	53,832,980	54,198,407	56,924,458
Expenditures										
General government	6,218,377	6,916,257	7,002,731	6,865,350	6,301,602	6,449,113	7,000,158	6,801,431	6,339,866	6,990,415
Public safety	12,854,941	12,708,975	12,866,248	12,434,561	12,622,842	13,707,106	14,673,633	14,394,778	14,970,769	15,052,945
Transportation	542,903	533,265	666,039	655,444	635,137	754,920	748,894	1,016,489	1,228,966	1,073,513
Economic and physical development	1,208,635	1,416,792	1,619,388	4,077,802	5,168,426	3,004,228	5,088,994	2,690,058	3,488,428	2,354,367
Human Services	9,438,135	9,481,690	9,438,111	8,473,867	8,054,680	9,649,735	10,786,673	10,962,350	10,839,675	11,521,443
Culture and recreation	2,199,021	2,803,484	2,193,716	2,089,043	2,093,121	2,021,075	2,710,790	2,601,267	4,880,360	3,209,470
Education	7,815,684	8,245,555	9,069,891	9,276,564	7,878,559	8,084,457	8,294,839	9,779,742	8,939,212	11,416,007
Capital Projects	4,283,244	5,401,532	11,531,203	9,206,983	10,213,175	8,225,148	3,403,271	-	-	-
Debt service										
Principal repayments	2,632,255	2,502,747	3,142,501	3,642,256	4,161,363	4,637,634	4,927,727	4,848,655	3,864,040	3,299,504
Interest	815,450	714,067	1,206,453	1,545,952	1,887,655	2,118,296	1,868,404	1,358,927	1,178,604	1,084,429
Total expenditures	48,008,645	50,724,364	58,736,281	58,267,822	59,016,560	58,651,712	59,503,383	54,473,697	55,729,920	56,002,093
Revenues over (under) expenditures	(69,762)	(3,204,483)	10,450,515	(8,997,875)	(5,760,515)	(7,061,532)	(4,951,629)	(640,717)	(1,531,513)	922,365
Other financing sources (uses)										
Issuance of long-term debt	-	4,600,000	20,000,000	2,300,000	14,204,621	728,296	3,374,000	-	1,800,000	2,985,878
Transfers in	4,415,465	6,055,588	6,494,159	6,343,504	6,908,135	6,780,477	5,987,522	5,940,418	4,688,283	4,212,245
Transfers out	(4,910,778)	(5,756,923)	(6,494,159)	(6,343,504)	(6,908,135)	(6,780,477)	(5,987,522)	(5,940,418)	(4,688,283)	(4,212,245)
Total other financing sources (uses)	(495,313)	4,898,665	20,000,000	2,300,000	14,204,621	728,296	3,374,000	-	1,800,000	2,985,878
Net change in fund balances	\$ (565,075)	\$ 1,694,182	\$ 9,549,485	\$ (6,697,875)	\$ 8,444,106	\$ (6,333,236)	\$ (1,577,629)	\$ (640,717)	\$ 268,487	\$ 3,908,243
Debt service as a percentage of noncapital expenditures	7.9%	7.1%	9.2%	10.6%	12.4%	11.7%	11.9%	11.6%	9.7%	8.0%

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

Fiscal Year Ended	Real Property		Personal Property		Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Personal Property	Public Svc Co. Property				
2007	\$ 3,386,421,481	\$ 1,889,899,600	\$ 313,560,811	\$ 108,277,838	\$ 5,698,159,730	0.370	\$ 7,359,111,107	77.43%
2008	5,396,447,249	2,880,125,578	453,733,352	113,519,723	8,843,825,902	0.245	8,843,825,902	100.00%
2009	5,753,163,178	2,905,118,640	330,284,672	110,609,091	9,099,175,581	0.264	9,099,175,581	100.00%
2010	5,866,027,575	2,928,645,910	272,522,727	118,964,015	9,186,160,227	0.264	9,186,160,227	100.00%
2011	5,925,219,476	2,965,584,466	259,761,022	132,595,699	9,283,160,663	0.279	9,283,160,663	100.00%
2012	8,285,147,048	626,617,400	265,300,947	115,761,649	9,292,827,044	0.279	7,674,305,713	121.09%
2013	8,313,378,529	627,278,460	271,119,713	118,000,717	9,329,777,419	0.279	7,315,374,325	127.54%
2014	8,226,560,114	638,500,225	483,874,786	128,362,366	9,477,297,491	0.279	7,206,069,642	131.52%
2015	8,276,107,442	640,810,350	425,711,597	130,015,771	9,472,645,160	0.279	7,253,364,986	130.60%
2016	6,598,718,966	774,012,560	424,445,265	148,232,092	7,945,408,883	0.349	7,699,693,479	103.19%

Source: Macon County Tax Department

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

Table 7

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

Year	County Direct Rate		Overlapping Rates	
	MACON Total Millage		FRANKLIN Total Millage	HIGHLANDS Total Millage
2007	0.370		0.320	0.190
2008	0.245		0.250	0.135
2009	0.264		0.250	0.135
2010	0.264		0.250	0.135
2011	0.279		0.250	0.135
2012	0.279		0.250	0.135
2013	0.279		0.250	0.135
2014	0.279		0.250	0.135
2015	0.279		0.270	0.150
2016	0.349		0.280	0.164

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

**Macon County
Principal Property Taxpayers
Current Year and Nine Years Ago**

Table 8

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Duke Energy Corporation	\$ 110,719,563	1	1.39%	\$ 71,145,478	1	1.25%
Drake Enterprises	55,263,276	2	0.70%	29,154,522	2	0.51%
Old Edwards Inn and Spa, LLC	42,468,945	3	0.53%	22,328,492	3	0.39%
Shaw Industries Group	23,178,085	4	0.29%	14,300,479	4	0.25%
Highlands Golf Club	22,764,258	5	0.29%	13,410,790	5	0.24%
Macon Bank	21,309,869	6	0.27%	12,436,781	6	0.22%
Cullasaja Club Inc.	17,132,769	7	0.22%	12,083,250	7	0.21%
Rainbow Springs Partnership	15,923,000	8	0.20%	11,840,336	8	0.21%
Rockwood Lodge LLC	14,520,160	9	0.18%	11,519,983	9	0.20%
Wildcat Cliffs Country Club	14,207,234	10	0.18%	11,072,260	10	0.19%
Totals	\$ 337,487,159		<u>4.25%</u>	\$ 209,292,371		<u>3.67%</u>
Total Taxable Assessed Value	\$ 7,945,408,883			\$ 5,698,159,730		

Source: Macon County Tax Department

Table 9

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

Fiscal Year Ended June 30	Total Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$ 21,044,658	\$ 20,553,903	97.67%	\$ 468,434	\$ 21,022,337	99.89%
2008	21,762,091	21,191,159	97.38%	549,389	21,740,548	99.90%
2009	23,965,953	23,255,354	97.03%	679,173	23,934,527	99.87%
2010	24,232,307	23,468,413	96.85%	708,298	24,176,711	99.77%
2011	25,888,937	25,047,774	96.75%	758,316	25,806,090	99.68%
2012	25,926,987	24,987,407	96.38%	828,258	25,815,665	99.57%
2013	26,048,336	25,098,148	96.35%	791,150	25,889,298	99.39%
2014	26,441,660	25,705,256	97.21%	527,081	26,232,337	99.21%
2015	26,428,680	25,818,391	97.69%	314,941	26,133,332	98.88%
2016	27,729,477	27,244,243	98.25%	-	27,244,243	98.25%

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

Table 10

Fiscal Year	Governmental Activities			Business-type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Installment Contracts	Capital Leases	Special Obligation Bonds	General Obligation Bonds	Installment Contracts	Capital Leases			
2007	\$ -	\$ 18,624,999	\$ -	\$ -	\$ 247,934	\$ -	\$ -	\$ 18,872,933	1.89%	\$ 558
2008	-	20,783,871	-	-	-	1,900,000	-	22,683,871	2.20%	674
2009	-	37,661,616	-	-	-	1,500,000	-	39,161,616	3.99%	1,124
2010	-	36,319,360	-	-	-	1,100,000	-	37,419,360	3.70%	1,063
2011	-	46,362,617	-	-	-	700,000	-	47,062,617	4.57%	1,312
2012	-	42,453,279	-	-	-	200,000	-	42,653,279	3.93%	1,248
2013	-	40,899,552	-	-	-	-	-	40,899,552	3.71%	1,193
2014	-	36,050,897	-	-	-	-	-	36,050,897	3.14%	1,048
2015	-	33,986,857	-	-	-	-	-	33,986,857	N/A	985
2016	-	33,673,231	-	9,800,000	-	-	-	43,473,231	N/A	1,247

Note: Details regarding the county's outstanding debt can be found in the notes to the financial statements.
Personal income for 2015 & 2016 is not available.

Table 11

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

Fiscal Year	Assessed Value	Gross General Obligation Bonded Debt	Net General Obligation Bonded Debt	Ratio		Population	Net General Obligation Bonded Debt Per Capita
				Net General Obligation Bonded Debt to Assessed Value	Net General Obligation Bonded Debt to Assessed Value		
2007	\$ 5,698,159,730	\$ -	\$ -	0.000%	0.000%	33,797	\$ -
2008	8,843,825,902	-	-	0.000%	0.000%	33,640	-
2009	9,099,175,581	-	-	0.000%	0.000%	34,850	-
2010	9,186,160,227	-	-	0.000%	0.000%	35,208	-
2011	9,283,160,663	-	-	0.000%	0.000%	35,869	-
2012	9,292,827,044	-	-	0.000%	0.000%	34,164	-
2013	9,329,777,419	-	-	0.000%	0.000%	34,276	-
2014	9,477,297,491	-	-	0.000%	0.000%	34,385	-
2015	9,472,645,160	-	-	0.000%	0.000%	34,494	-
2016	7,945,408,883	-	-	0.000%	0.000%	34,851	-

Source: Population Estimate from www.ncesc.com (LINC).
 Value Assessed from Macon County Tax Department.

Table 12

**Macon County
Direct and Overlapping Governmental Activities Debt
As of June 30, 2016**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Direct Debt:			
Macon County	\$ 33,673,231	100.00%	\$ 33,673,231
Total Direct Debt	<u>33,673,231</u>		<u>33,673,231</u>
Overlapping Debt:			
Town of Franklin	1,446,932	11.43%	165,323
Town of Highlands	305,411	2.66%	8,115
Total Overlapping Debt	<u>1,752,343</u>		<u>173,438</u>
Total direct and overlapping debt	\$ <u>35,425,574</u>		\$ <u>33,846,669</u>

Source: Macon County and municipal finance departments.

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

Table 13

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt limit	\$ 455,852,778	\$ 707,506,072	\$ 727,934,046	\$ 734,892,818	\$ 742,662,853	\$ 743,426,164	\$ 746,382,194	\$ 758,183,799	\$ 757,811,613	\$ 635,632,711
Total net debt applicable to limit	18,955,845	20,804,119	37,661,616	37,419,360	47,062,617	42,653,279	40,899,552	36,050,897	33,986,857	43,473,231
Legal debt margin	\$ 436,896,933	\$ 686,701,953	\$ 690,272,430	\$ 697,473,458	\$ 695,590,236	\$ 700,772,885	\$ 705,482,642	\$ 722,132,902	\$ 723,824,756	\$ 592,159,480
Total net debt applicable to the limit as a percentage of debt limit	4.16%	2.94%	5.17%	5.09%	6.34%	5.74%	5.48%	4.75%	4.48%	6.84%

Legal Debt Margin Calculation for Fiscal Year 2016

Assessed value	\$ 7,945,408,883
Add back: exempt real property	-
Total assessed value	\$ 7,945,408,883
Debt Limit (8% of total assessed value)	\$ 635,632,711
Debt applicable to limit:	
Installment Contracts	33,673,231
Special Obligation Bonds	9,800,000
Promissory Notes	-
Legal debt margin	\$ 592,159,480

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

Table 14

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

Fiscal Year	Population	Personal Income	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2007	33,797	\$ 997,625,000	\$ 29,518	46.6	4,177	3.6	
2008	33,640	1,032,727,000	30,699	46.7	4,493	5.2	
2009	34,850	981,057,000	28,151	46.7	4,419	10.0	
2010	35,208	1,010,822,000	28,710	45.2	4,452	10.2	
2011	35,869	1,030,664,000	28,734	45.2	4,382	10.3	
2012	34,164	1,084,766,000	31,752	48.5	4,417	10.1	
2013	34,276	1,101,781,000	32,144	48.5	4,462	9.8	
2014	34,385	1,149,612,000	33,434	48.6	4,484	6.3	
2015	34,494	N/A	N/A	48.7	4,475	6.3	
2016	34,851	N/A	N/A	48.7	4,475	5.3	

Note: Population for 2007 - 2010 and median age for 2007 - 2016 came from data.osbm.state.nc.us.

Personal income from 2007 - 2014 obtained from Bureau of Economic Analysis.

Personal income for 2015 & 2016 is not available.

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

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

School enrollment is provided by the local school system and is the enrollment as of September 2016.

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

Table 15

Employer	2016			2007		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Macon County	646	1	4.20%	338	4	2.03%
Macon County Public Schools	633	2	4.12%	698	1	4.19%
Drake Enterprises LTD (A Corp)	623	3	4.05%	582	2	3.49%
Angel Medical Center	301	4	1.96%	412	3	2.47%
Wal-Mart Associates Inc.	229	5	1.49%	200	7	1.20%
Ingles Markets, Inc.	198	6	1.29%	176	9	1.06%
Macon Bank (now Entegra Bank)	133	7	0.87%			
Lowe's	130	8	0.85%			
Highlands-Cashiers Hospital	121	9	0.79%	249	6	1.49%
Macon Program for Progress	121	10	0.79%			
Caterpillar Inc.				174	10	1.04%
Zickgraf (now Shaw Industries Group Inc.)				325	5	1.95%
Whitley Products				<u>195</u>	8	1.17%
Total	<u>3,135</u>		<u>20.39%</u>	<u>3,349</u>		<u>20.09%</u>

Total Labor Force estimate 15,373 16,669

Source: Employers' Human Resource Departments

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

Table 16

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government	73.0	92.0	81.0	89.0	97.0	97.0	97.0	97.5	98.5	97.0
Public Safety	133.0	106.0	137.0	125.0	150.0	150.0	159.0	161.0	162.4	163.0
Human Services	111.0	113.0	119.0	118.0	111.0	108.0	110.0	111.0	115.0	121.0
Culture and Recreation	7.0	16.0	10.0	9.0	11.0	10.0	10.0	11.5	12.0	12.0
Economic and Physical Development	5.0	2.0	5.0	3.0	1.0	-	-	-	-	-
Transportation	7.0	7.0	11.0	8.0	13.0	14.0	15.5	17.0	16.8	16.0
Landfill	16.0	17.0	34.0	34.0	35.0	37.0	35.5	36.0	35.0	35.0
Total	352	353	397	386	418	416	427	434	440	444

Source: Macon County Human Resource Department

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

Table 17

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Law Enforcement										
Physical arrests	1,539	1,745	2,110	1,714	1,547	1,303	1,303	1,232	1,278	1,442
Traffic violations	654	1,296	1,228	2,265	1,516	946	1,100	1,179	1,054	447
Fire										
Number of calls answered	3,243	3,396	3,093	3,406	3,642	3,621	3,791	4,244	4,571	4,626
Inspections	780	491	425	500	550	520	525	490	450	452
Economic Development										
Number of industrial parks	1	1	1	1	1	1	1	1	1	1
Human Services										
Dept. of Social Services										
Number of CHIP cases eligible	617	617	590	430	402	447	467	228	278	321
Number of Food & Nutrition cases eligible	1,197	1,432	1,861	2,361	2,987	3,144	3,091	3,043	2,763	2,622
Number of Medicaid eligible cases	4,388	4,858	5,242	4,785	4,975	5,020	4,557	4,491	5,885	5,675
Health										
Number of WIC cases	845	845	1,093	1,167	1,049	1,044	1,076	1,087	1,064	1,117
Number of family planning cases	693	745	660	798	639	657	585	526	558	737
Solid Waste										
Number of landfill's	2	2	1	1	1	1	1	1	1	1
Culture and recreation										
Number of recreation parks	6	6	6	6	6	6	6	7	7	7
Number of libraries	3	3	3	3	3	3	3	3	3	3

Source: Various county departments.

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

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

Table 18

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public safety										
Police:										
Stations	3	3	3	3	3	3	3	4	4	6
Patrol units	23	25	25	45	45	45	45	45	57	56
Fire stations	13	13	13	10	13	13	16	16	17	18
Culture and recreation										
Parks acreage	308.6	352.6	352.6	352.6	352.6	352.6	400.6	400.6	400.6	400.6
Parks	6	6	6	6	6	6	6	7	7	7
Swimming pools	2	2	2	2	2	2	3	3	3	3
Tennis courts	9	6	6	6	6	6	6	6	6	6
Community centers	11	11	11	11	11	11	11	11	11	11
Landfill										
Number of municipal solid waste sites	1	1	1	2	2	2	2	2	2	2
Number of construction and demolition sites	1	1	0	0	0	0	0	0	0	0
Number of convenience centers	10	10	11	11	11	11	11	11	11	11

Source: Various county departments.

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

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