

Prepared by: Finance Department
Finance Director: Evelyn Southard

**MACON COUNTY, NORTH CAROLINA
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

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Macon County



October 21, 2009

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, 2009. The financial statements and supplemental schedules contained herein have been audited by the independent certified public accounting firm of Martin Starnes & Associates, CPAs, and P.A. Their unqualified opinion is included in the general purpose financial statements. However, this report is presented by the County, which is responsible for the accuracy of the data as well as the completeness and fairness of its presentation including all disclosures. We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the County as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the County's financial affairs have been included.

This report is divided into four sections: the Introductory, Financial, Statistical, and the Compliance sections. The Introductory Section, which is unaudited, contains this letter of transmittal and information about the organization and principal officials of the County. The Financial Section is composed of the auditors' report, the County's combined financial statements, the Notes to the Financial Statements, and combining statements with detailed individual fund statements and schedules. The auditors' report, combined statements, and the notes are often issued separately for securities offerings or widespread distributions and are frequently referred to as "liftable" general purpose financial statements (GPFS). The Statistical Section, which is unaudited, contains fiscal and economic data designed to provide a more complete understanding of the County. Many tables in this section present financial data for the past ten years. Finally, the Compliance Section presents reports and schedules required by the federal and State Single Audit Acts, which is discussed in a later paragraph.

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

DESCRIPTION OF THE COUNTY:

Macon County, founded in 1828, is located in the Southwestern area of the state. Macon County has land area of 515 square miles and an estimated population of 34,850. Macon County has a diverse economy. Agriculture, manufacturing, tourism and construction are the major components of the economy. The major crops are burley tobacco, vegetables, ornamentals, and Christmas trees. Meat goat has expanded during the past several years but beef cattle production continues to be a significant enterprise in Macon County. Manufacturing industries include engine oil seal production, engine aluminum tubing production, and hardwood flooring production. Tourism is also a major industry with Macon County's gem mines, whitewater rafting and scenic beauty. Two municipalities are located in the County, the largest being the town of Franklin, which serves as the County seat. The County has a commissioner/manager form of government. The five members of the Board of Commissioners are elected at-large and serve staggered four-year terms.

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

ECONOMIC CONDITIONS AND OUTLOOK:

Macon County's economic growth has slowed somewhat during the national economic downturn but not as sharply as some other regions of North Carolina. The local unemployment rate is 10% compared to the national rate of 9.5% and the North Carolina State rate of 10.7%. Macon County has a work force of 17,580.

The private sector owns 54% of Macon County's 330,502 total acres with the U.S. Forest Service owning 46% or 152,703 acres. There are 43,000 parcels of land. The total appraised value of taxable property is \$9.1 billion. Sixty percent of these tracts are owned by out-of-county individuals. The tax rate is 26.4 cents per \$100 valuation and county-wide taxes collected were \$23,255,354 in fiscal 2009. The tax rate remains flat for 2010.

Major income is generated from agriculture, manufacturing, and tourism. There are 1,357 farms which average approximately 28 acres per tract with 13 acres crop land in each tract. Over 90% of the 400 active farmers are small, part-time operators. Farm income to the county is generated from crops such as vegetables, Christmas trees, and ornamental plants. Additional revenue is generated from trout production, campgrounds, gem mining, mountain rental property, snow skiing, horseback riding, and whitewater activities. In past years the growth of tourism and the development of land for vacation and retirement homes in Macon County have resulted in an increase of farmland value and an increase in competition for its use. However, land development has slowed in Macon County in the past twelve to fifteen months.

Transportation is critical to industrial development. U.S. 441 is five lanes wide, making the trip to Atlanta, Georgia less than two hours; this increases the marketability of our area. Macon County has a small airport with a 4,500 foot runway with a 500 foot extension in progress. The airport provides a terminal and hangar space.

Duke Power Company continues to be the County's largest taxpayer with .8% of the total assessed valuation. While the County is extremely fortunate to have such excellent corporate citizens, efforts to broaden the tax base are continuing.

LONG TERM FINANCIAL PLANNING

Macon County has developed a process which charts growth in tax base, tax rates, growth in revenues and expenditures, and change in fund balance. Macon County continues to address capital needs of the community. Some projects are being accomplished with county funds and the major projects for schools are being financed. More detailed information is discussed later in this letter. The economic downturn in our state and county has changed those projections somewhat and slowed the pace of beginning some of the planned projects.

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 2008-2009 fiscal year marked the fifteenth year of operation of a lined municipal solid waste landfill containing 202 acres located in Franklin, North Carolina. It is projected that the current cell will serve the waste stream from the county at 28,000 tons per year for the next eight years.

During 2009 fiscal year, the county closed the construction and demolition landfill located in the Highlands section of Macon County. The solid waste enterprise fund issued debt of \$1,000,000 to construct a transfer station to serve that portion of the county. The waste is hauled from that transfer station to the landfill located near Franklin in the center of the county. The Town of Highlands shared in the cost of the construction of the transfer station.

The County's solid waste landfill is subject to the Environmental Protection Agency's (EPA's) regulations for municipal solid waste landfill closure and postclosure care. The total costs for closure and postclosure care of the current cell are estimated to be \$7.5 million. The County has already recognized a liability for closure and postclosure care in the amount of \$5,262,000, based upon the amount of cell capacity used to date. Remaining postclosure costs for the prior Franklin and Highlands sites are estimated at \$710,000. The old Franklin site has 13 years remaining and the prior Highlands site has 14 years remaining of postclosure care. Although the County has complied with the EPA's financial assurance requirements through the use of the local government financial test, a reserve of \$4,800,000 has been established to pay for the future costs of closure and postclosure care for the current landfill. Additional monies will be set aside for these purposes during each year of the landfill's operations. Annual appropriations will continue to fund necessary expenditures for the prior sites throughout the remainder of the postclosure periods. Additional information is included in the Management Discussion and Analysis as well as in the notes of financial statements.

COUNTY PLANNING/ECONOMIC DEVELOPMENT ACTIVITIES - The Planning Board developed and recommended both a Subdivision Ordinance and a Flood Plain Ordinance which was adopted in 2008 fiscal year. Macon County has restructured planning, code enforcement, and building inspections into one department during the 2009 fiscal year. Macon County has a very active Economic Development Commission and during 2009 fiscal year has contracted with a consultant for development of an economic development strategic plan and has also hired an economic development coordinator to assist in that endeavor. Macon County has an industrial park that is currently operating at capacity.

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

SCHOOL EXPANSION - Macon continues to meet the challenge of providing school facilities as recommended by the facilities planning committee made up of county and school officials.

Some projects are being accomplished with county funds and the major projects for schools are being financed. The county entered into a \$20,000,000 installment contract in July 2008 for the purpose of building a new 5-6 grades school and for an addition to the East Franklin Elementary School. The East Franklin project will be complete around October, 2009. The 5-6 school will be complete in 2010.

Macon County is funding from county funds a renovation at the Highlands K – 12 school and a new soccer field on that campus. That work will be completed during 2010 fiscal year.

A new elementary school, K-4, on the North side of the county, along with water and sewer needs on that site is a challenge for 2010. The project has been designed but has been delayed due to the downturn of the economy. That project will require financing and a tax increase for repayment.

SENIOR SERVICES FACILITY – In 2006, Macon County built a new Library facility. The old facility is a strong boned, brick structure, built in 1977 with an addition in the late 80's. The building is approximately 16,000 square feet and is located in close proximity to downtown. This building is currently undergoing a major inside renovation to accommodate the Senior Services programs of the county. The programs offered by that department are home delivered meals, in-home services, adult day care, and a congregate meal service. This program operates as an arm of the county social services department. The building will be ready for occupancy is late fall of 2009. This project is being funded by county funds with no loan funds.

ANIMAL SHELTER – The county is currently constructing a new animal shelter with county funding. A portion of the funding was reserved in the 2008 fiscal year and the remainder appropriated in 2009. The shelter will open early in 2010 fiscal year.

SOUTHWESTERN COMMUNITY COLLEGE CAMPUS - The new Macon County Southwestern Community College campus opening in the 2007 fiscal year has been well received and is already overcrowded. The Early

has complied with the applicable laws and regulations. The results of the single audit for the fiscal year ended June 30, 2007 provided no material instances of noncompliance.

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

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

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

OTHER INFORMATION: Independent Audit: North Carolina's General Statutes require an annual audit by independent certified public accountants. The accounting firm of Martin Starnes & Associates, CPAs, P.A. was selected by the Macon County Board of Commissioners. The auditors' report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The federal and state Single Audit Acts require county auditors to study internal controls and perform additional tests on transactions involving grant funds. The auditors' report on this work is included in the compliance section of this publication.

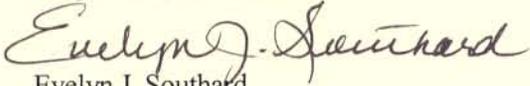
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Macon County for its comprehensive annual financial report for the fiscal year ended June 30, 2008. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

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

Respectfully submitted,

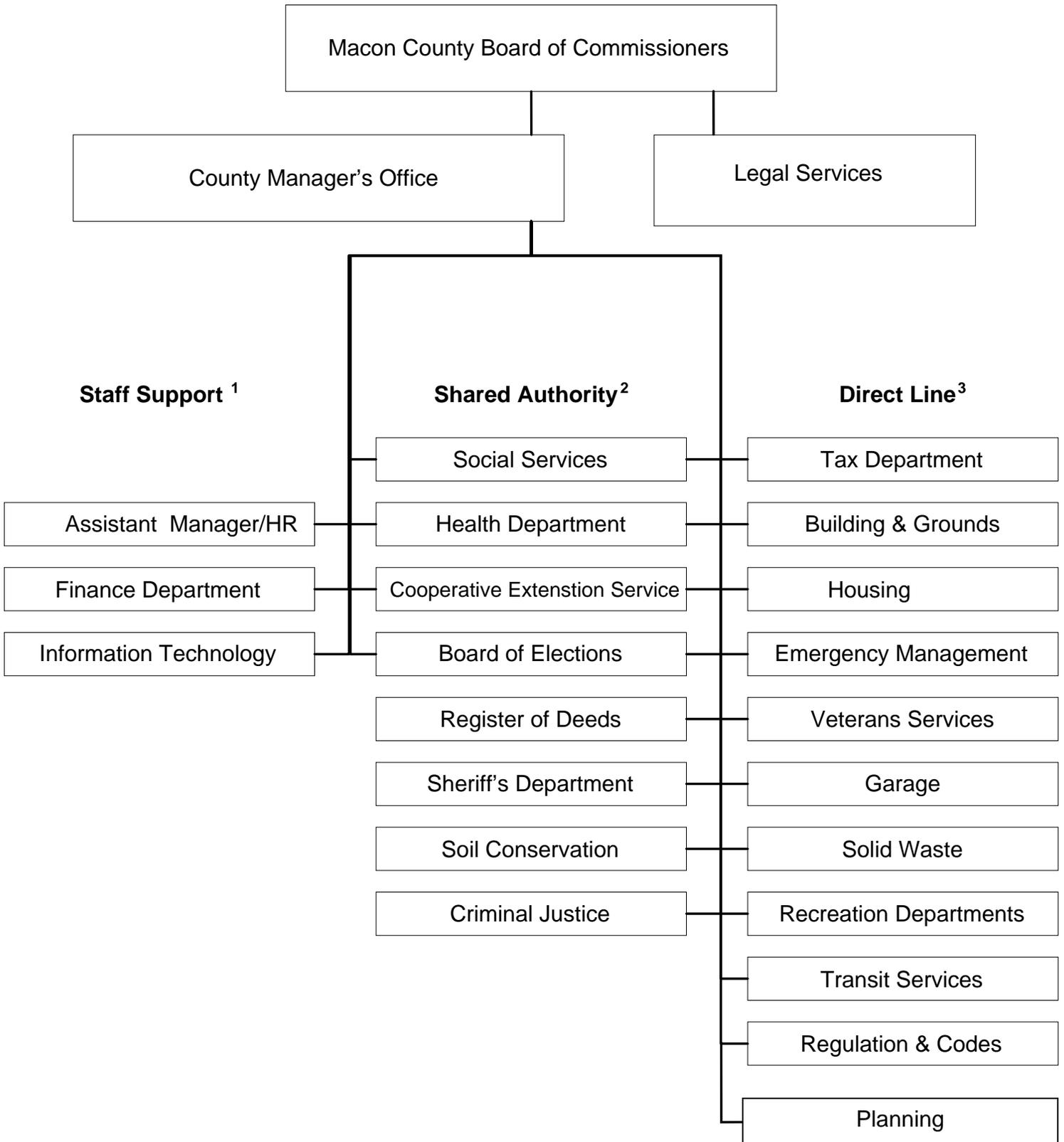


Evelyn J. Southard
Finance Director



Jack Horton
County Manager

Macon County Government



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

MACON COUNTY, NORTH CAROLINA

List of Principal Officials

June 30, 2009

Board of Commissioners

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

Principal Officials

Jack Horton, County Manager
Evelyn J. Southard, Finance Director
Wilma Anderson, Assistant County Manager/Human Services Director
Lesley Moxley, County Attorney
Richard Lightner, Tax Supervisor
Margaret D. Perry, Tax Collector
Jack Morgan, Permitting, Planning, and Development Director
Kim M. Bishop, Supervisor of Elections
Todd Raby, Register of Deeds
Barbara M. Jacobs, Information Technology Director
Steve Ledford, Buildings and Grounds Director
Robert L. Holland, Sheriff
Warren J. Cabe, Emergency Medical Services Director
M. Chris Stahl, Solid Waste Director
Mike Breedlove, Soil and Water Conservation
Kenneth N. McCaskill, Cooperative Extension Chairman
Jane C. Kimsey, Social Services Director
James Bruckner, Health Director
Jim L. DuBose, Veterans' Service Officer
Seth D. Adams, Recreation Director
Larry D. Conley, Garage Services

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Macon County
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

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



A handwritten signature in black ink, appearing to read "K. L. R.", is written over the printed name.

President

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

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

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Macon County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Macon County, North Carolina, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Macon County's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Macon County, North Carolina as of June 30, 2009, the respective changes in financial position and cash flows, where appropriate, thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2009, on our consideration of Macon County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit prepared in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Macon County, North Carolina taken as a whole. The introductory section, individual fund financial statements and schedules, additional financial data, and statistical tables, as well as the accompanying Schedule of Federal and State Awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local, Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The individual fund financial statements and schedules, additional financial data, and accompanying Schedule of Federal and State Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion thereon.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
October 21, 2009

Management's Discussion and Analysis

As management of Macon County, we offer readers of Macon County's financial statements this narrative overview and analysis of the financial activities of Macon County for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with additional information furnished in the County's financial statements, which follow this narrative.

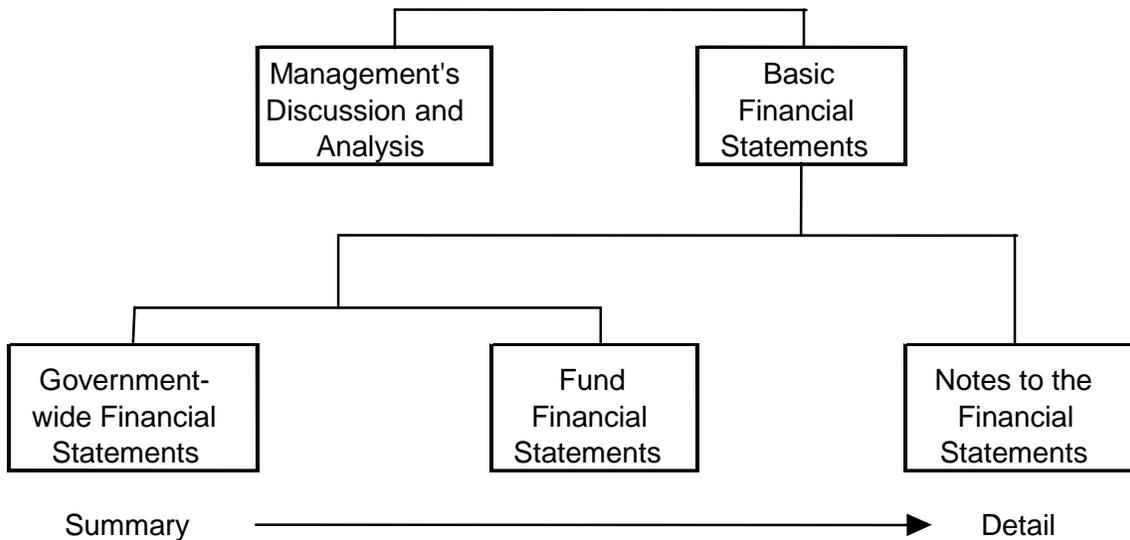
Financial Highlights

- The assets of Macon County's governmental activities exceeded its liabilities at the close of the fiscal year by \$25,712,631. Of this amount, \$3,989,432 may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's net assets of governmental activities decreased by \$7,688,366, primarily due to new school debt with no asset for Macon County.
- As of the close of the current fiscal year, Macon County's general fund reported an ending fund balance of \$17,066,642, a decrease of \$1,278,899 in comparison with the prior year. Approximately 86% of this total amount, \$14,727,154, is available for spending at the government's discretion.
- The County holds the following bond ratings: Moody's - A2

Overview of the Financial Statements

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

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



Basic Financial Statements

The first two statements, Exhibits A and B, in the basic financial statements are the Government-wide Financial Statements. They provide both short and long-term information concerning the County’s financial status.

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

The final section of the basic financial statements is the Notes to the Financial Statements. The notes to the financial statements offer a detailed explanation about various information contained in the statements. Following the notes, supplemental information provides details of the County’s non-major governmental funds and internal service funds, which are combined in one column on the basic financial statements. Budgetary information required by the North Carolina General Statutes can also be found in this part of the statements.

Government-Wide Financial Statements

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

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

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

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

The government-wide financial statements include not only Macon County itself (known as the primary government), but also the Macon County Airport Authority for which Macon County is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Macon County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of Macon County can be divided into two categories: governmental funds and proprietary funds.

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

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

Proprietary funds. Macon County maintains two types of proprietary funds, Enterprise and Internal Service. Enterprise funds report the same functions presented as business-type activities in the government-wide financial statements. Macon County uses an enterprise fund to account for its Solid Waste operations. Macon County uses an internal service fund to account for health insurance on a cost reimbursement basis. As these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Solid Waste and Health Insurance.

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

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

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

Government-wide Financial Analysis
Macon County's Net Assets
Figure 2

	Governmental Activities		Business-Type Activities		Total	
	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>
Current and other assets	\$ 31,504,632	\$ 43,597,333	\$ 7,500,538	\$ 6,875,704	\$ 39,005,170	\$ 50,473,037
Capital Assets	<u>25,785,443</u>	<u>25,531,613</u>	<u>3,811,978</u>	<u>3,873,700</u>	<u>29,597,421</u>	<u>29,405,313</u>
Total Assets	57,290,075	69,128,946	11,312,516	10,749,404	68,602,591	79,878,350
Long-term liabilities outstanding	19,038,397	36,103,969	7,115,835	6,446,837	26,154,232	\$ 42,550,806
Other liabilities	<u>4,850,681</u>	<u>7,312,346</u>	<u>652,804</u>	<u>551,035</u>	<u>5,503,485</u>	<u>7,863,381</u>
Total liabilities	23,889,078	43,416,315	7,768,639	6,997,872	31,657,717	50,414,187
Net assets:						
Invested in capital assets, net of related debt	20,627,572	21,515,203	1,911,978	2,373,700	22,539,550	23,888,903
Restricted	166,137	207,996	-	-	166,137	207,996
Unrestricted	<u>12,607,288</u>	<u>3,989,432</u>	<u>1,631,899</u>	<u>1,377,832</u>	<u>14,239,187</u>	<u>5,367,264</u>
Total net assets	<u>\$ 33,400,997</u>	<u>\$ 25,712,631</u>	<u>\$ 3,543,877</u>	<u>\$ 3,751,532</u>	<u>\$ 36,944,874</u>	<u>\$ 29,464,163</u>

As noted earlier, net assets over time may serve as a useful indicator of a government's financial position. For Macon County, assets exceeded liabilities by \$29,464,163 at the close of the most recent fiscal year.

By far the largest portion of Macon County's net assets reflects its investment in capital assets (e.g., land, buildings, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. Macon County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Macon County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to repay these liabilities.

At the end of the current fiscal year, Macon County is able to report positive balances in unrestricted net assets in the amount of \$5,367,264 for the government as a whole.

	Governmental Activities		Business-Type Activities		Total	
	2008	2009	2008	2009	2008	2009
Revenues:						
Program Revenues						
Charges for Services	\$ 5,179,177	\$ 4,556,356	\$ 3,462,078	\$ 3,059,573	\$ 8,641,255	\$ 7,615,929
Operating grants and contributions	6,806,761	7,966,289	-	-	6,806,761	7,966,289
Capital grants and contributions	169,515	381,385	476,000	-	645,515	381,385
General revenues:						
Property taxes	24,544,667	26,520,468	-	-	24,544,667	26,520,468
Other taxes	9,665,716	8,216,388	-	-	9,665,716	8,216,388
Other	1,679,875	508,221	220,117	137,700	1,899,992	645,921
Total revenues	<u>48,045,711</u>	<u>48,149,107</u>	<u>4,158,195</u>	<u>3,197,273</u>	<u>52,203,906</u>	<u>51,346,380</u>
Expenses:						
General Government	9,806,393	9,319,928	-	-	9,806,393	9,319,928
Public Safety	11,205,783	12,087,459	-	-	11,205,783	12,087,459
Transportation	516,894	477,873	-	-	516,894	477,873
Economic and Physical Development	1,297,124	1,597,548	-	-	1,297,124	1,597,548
Human Services	8,084,205	8,752,201	-	-	8,084,205	8,752,201
Cultural and Recreation	2,789,795	2,520,567	-	-	2,789,795	2,520,567
Education	13,647,087	20,601,094	-	-	13,647,087	20,601,094
Interest on long-term debt	713,022	1,206,450	-	-	713,022	1,206,450
Solid Waste	-	-	3,662,418	2,989,618	3,662,418	2,989,618
Total expenses	<u>48,060,303</u>	<u>56,563,120</u>	<u>3,662,418</u>	<u>2,989,618</u>	<u>51,722,721</u>	<u>59,552,738</u>
Increase (decrease) in net assets before transfers	(14,592)	(8,414,013)	495,777	207,655	481,185	(8,206,358)
Transfers	298,665	725,647	(298,665)	-	-	725,647
Increase in net assets	284,073	(7,688,366)	197,112	207,655	481,185	(7,480,711)
Net assets, beginning	<u>33,116,924</u>	<u>33,400,997</u>	<u>3,346,765</u>	<u>3,543,877</u>	<u>36,463,689</u>	<u>36,944,874</u>
Net assets, ending	<u>\$ 33,400,997</u>	<u>\$ 25,712,631</u>	<u>\$ 3,543,877</u>	<u>\$ 3,751,532</u>	<u>\$ 36,944,874</u>	<u>\$ 29,464,163</u>

Governmental activities. Of total net assets, governmental activities accounted for \$25,712,631 (87 percent). Property taxes provided 55 percent of funding at \$26,520,468. Charges for services funded \$4,556,356, local option sales tax funded \$8,216,388, and operating grants funded \$7,966,289 of Macon County's governmental activities.

Business-type activities. Business-type activities increased Macon County's net assets by \$207,655. That increase is attributable primarily to a reduction in liabilities including accrued landfill closure and postclosure care costs. This reduction came about by extending the life of the landfill by greater compaction from purchase of better equipment.

Financial Analysis of the County's Funds

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

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

As of the end of the current fiscal year, Macon County's governmental funds reported combined ending fund balances of \$32,251,095, an increase of \$9,549,485 in comparison with the prior year. The increase is primarily due to increased debt funds.

The general fund is the principal operating fund of Macon County. At the end of the current fiscal year, unreserved fund balance of the general fund was \$14,727,154, while total fund balance for the general fund reached \$17,066,642. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 33.9 percent of total general fund expenditures and transfers, while total fund balance represents 39.3 percent of that same amount.

General Fund Budgetary Highlights

During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available, 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants, and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund decreased the revenue budget by \$369,395. The majority of this decrease was attributable to lower permits & fees, sales and service collections and interest earnings.

The difference between the Final Budgeted amount and the actual expenditures was \$3,863,773. This difference is primarily due to a slowdown in the economy, revenues declined and management did not fill vacant positions and capital expenditures were frozen.

Proprietary funds. Macon County’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of Solid Waste at the end of the year totaled \$1,377,832. The decrease from the prior year is attributed to expenditure of loan funds of ongoing projects.

Capital Asset and Debt Administration

Capital assets. Macon County’s investment in capital assets for its governmental and business type activities as of June 30, 2009 amounts to \$29,899,104 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment. The total increase in Macon County’s investment in capital assets for the current fiscal year was 1 percent (a .9 percent increase for governmental activities and a 1.6 percent increase for business-type activities).

	Governmental Activities		Business-Type Activities		Total	
	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>
Land	\$ 9,117,881	\$ 9,117,881	\$ 401,552	\$ 460,837	\$ 9,519,433	\$ 9,578,718
Buildings and Improvements	23,786,981	24,665,880	8,265,132	9,211,699	32,052,113	33,877,579
Furniture and Equipment	2,608,042	2,588,396	1,866,169	2,094,645	4,474,211	4,683,041
Vehicles	4,077,843	4,469,198	685,540	671,240	4,763,383	5,140,438
Construction in progress	-	493,791	291,548	-	291,548	493,791
Subtotal	39,590,747	41,335,146	11,509,941	12,438,421	51,100,688	53,773,567
Less Accum. Depreciation	(13,805,304)	(15,309,742)	(7,697,963)	(8,564,721)	(21,503,267)	(23,874,463)
Total	<u>\$ 25,785,443</u>	<u>\$ 26,025,404</u>	<u>\$ 3,811,978</u>	<u>\$ 3,873,700</u>	<u>\$ 29,597,421</u>	<u>\$ 29,899,104</u>

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

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

The Municipal Finance Law of North Carolina limits the amount of net bonded debt a County may have outstanding to 8 percent of the appraised value subject to taxation. The current debt limitation for Macon County is \$688,772,430, which is significantly greater than Macon County's outstanding general obligation debt.

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

Economic Factors and Next Year's Budget and Rates

- The unemployment rate for Macon County is currently 10.0 percent, which is an increase from a rate of 5.2 percent a year ago. This compares favorably to the state's average unemployment rate of 11.2 percent.
- Inflationary trends in the region compare favorably to national indices.
- Estimated population of 34,850 has grown 18 percent from 2000 to 2009.

All of these factors were considered in preparing Macon County's budget for the 08/09 fiscal year.

Budget Highlights for the Fiscal Year Ending June 30, 2010

Governmental activities. Less than 1 percent growth in the tax base is anticipated over last year, to a total \$9.1 billion in property valuation. The tax rate remained flat for 2010. The collection rate for 2009 dropped from 97.82% in 2008 to 97.36% in 2009 so there is only a slight increase to the property tax budget in 2010. Average annual growth in tax base is around 2.6 percent. The 2007 revaluation process increased the tax base by about 55%. Macon County has been very fortunate to have steady and continuous growth in its property valuation but the real estate market has slowed over the past year.

Budgeted expenditures in the General Fund are expected to decrease 10.2 percent to \$41,970,275. The largest decreases are in operating costs and equipment expenditures.

Business-type activities. The budgeted expenditure for the Solid Waste fund is \$3,413,371, which represents an 8.8 percent decrease from last year. The largest decreases are in operating costs and equipment expenditures.

Requests for information

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

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MACON COUNTY, NORTH CAROLINA

STATEMENT OF NET ASSETS JUNE 30, 2009

	<u>Primary Government</u>			<u>Component</u> <u>Unit</u>
	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>	<u>Macon County</u> <u>Airport</u> <u>Authority</u>
Assets:				
Cash and cash equivalents	\$ 38,310,823	\$ 6,645,651	\$ 44,956,474	\$ 37,867
Taxes receivable, net	734,324	-	734,324	-
Interest receivable	43,095	5,819	48,914	-
Accounts receivable, net	1,729,502	218,655	1,948,157	-
Due from other governments	2,185,777	5,429	2,191,206	-
Inventories	54,450	-	54,450	-
Prepaid items	42,987	150	43,137	-
Restricted cash and cash equivalents	2,584	-	2,584	-
Construction in progress	493,791	-	493,791	-
Non-depreciable capital assets	9,117,881	460,837	9,578,718	3,549,210
Depreciable capital assets, net	<u>16,413,732</u>	<u>3,412,863</u>	<u>19,826,595</u>	<u>1,469,313</u>
Total assets	<u>69,128,946</u>	<u>10,749,404</u>	<u>79,878,350</u>	<u>5,056,390</u>
Liabilities:				
Accounts payable and accrued liabilities	3,540,638	147,223	3,687,861	3,299
Unearned revenue	98,786	-	98,786	-
Non-current liabilities:				
Due in less than one year	3,672,922	403,812	4,076,734	-
Due in more than one year	<u>36,103,969</u>	<u>6,446,837</u>	<u>42,550,806</u>	<u>-</u>
Total liabilities	<u>43,416,315</u>	<u>6,997,872</u>	<u>50,414,187</u>	<u>3,299</u>
Net Assets:				
Invested in capital assets, net of related debt	21,515,203	2,373,700	23,888,903	5,018,523
Restricted for:				
Education	207,996	-	207,996	-
Unrestricted	<u>3,989,432</u>	<u>1,377,832</u>	<u>5,367,264</u>	<u>34,568</u>
Total net assets	<u>\$ 25,712,631</u>	<u>\$ 3,751,532</u>	<u>\$ 29,464,163</u>	<u>\$ 5,053,091</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, 2009**

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ 9,319,928	\$ 1,592,002	\$ 898,177	\$ -
Public safety	12,087,459	1,650,743	735,653	-
Transportation	477,873	-	318,258	-
Economic and physical development	1,597,548	407,720	374,005	381,385
Human services	8,752,201	903,849	5,358,403	-
Cultural and recreational	2,520,567	-	-	-
Education	20,601,094	2,042	281,793	-
Interest on long-term debt	1,206,450	-	-	-
Total governmental activities	<u>56,563,120</u>	<u>4,556,356</u>	<u>7,966,289</u>	<u>381,385</u>
Business-Type Activities:				
Solid waste	<u>2,989,618</u>	<u>3,059,573</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 59,552,738</u>	<u>\$ 7,615,929</u>	<u>\$ 7,966,289</u>	<u>\$ 381,385</u>
Component Unit:				
Airport Authority	<u>\$ 130,942</u>	<u>\$ 9,448</u>	<u>\$ 30,000</u>	<u>\$ 417,755</u>

General Revenues:

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

Total general revenues

Change In Net Assets

Net Assets:

Beginning of year - July 1

End of year - June 30

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

Exhibit B

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Macon County Airport Authority
\$ (6,829,749)	\$ -	\$ (6,829,749)	\$ -
(9,701,063)	-	(9,701,063)	-
(159,615)	-	(159,615)	-
(434,438)	-	(434,438)	-
(2,489,949)	-	(2,489,949)	-
(2,520,567)	-	(2,520,567)	-
(20,317,259)	-	(20,317,259)	-
(1,206,450)	-	(1,206,450)	-
<u>(43,659,090)</u>	<u>-</u>	<u>(43,659,090)</u>	<u>-</u>
-	69,955	69,955	-
<u>(43,659,090)</u>	<u>69,955</u>	<u>(43,589,135)</u>	<u>-</u>
			<u>326,261</u>
26,520,468	-	26,520,468	-
8,216,388	-	8,216,388	-
491,558	-	491,558	-
16,663	-	16,663	-
<u>725,647</u>	<u>137,700</u>	<u>863,347</u>	<u>-</u>
<u>35,970,724</u>	<u>137,700</u>	<u>36,108,424</u>	<u>-</u>
(7,688,366)	207,655	(7,480,711)	326,261
<u>33,400,997</u>	<u>3,543,877</u>	<u>36,944,874</u>	<u>4,726,830</u>
<u>\$ 25,712,631</u>	<u>\$ 3,751,532</u>	<u>\$ 29,464,163</u>	<u>\$ 5,053,091</u>

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

MACON COUNTY, NORTH CAROLINA

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2009**

	<u>General</u>	<u>Consolidated Capital Project</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Cash and cash equivalents	16,437,601			

MACON COUNTY, NORTH CAROLINA

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>General</u>	<u>Consolidated Capital Project</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Ad valorem taxes	\$ 23,856,730	\$ -	\$ 2,581,952	\$ 26,438,682
Local option sales taxes	6,770,736	-	1,445,652	

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, 2009

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	\$ 9,549,485
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.	81,786
Exhibit D reports revenues using a current financial resources basis, which generally means revenue is recognized when collected or is expected to be collected within 90 days of year-end. Exhibit B reports revenues when the earning process is complete, regardless of when it is collected. This measurement difference causes timing of revenue recognition differences for the following revenues types:	
Ambulance revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds statement.	139,819
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.	13,450
Expenses related to compensated absences and law enforcement officers separation allowance that do not require current financial resources are not reported as expenditures in the governmental funds statement.	(1,159,659)
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.	1,909,778
The issuance of long-term debt provides current financial resources to governmental funds. However, in the Statement of Activities, these transactions are not revenue, rather they are an increase in liabilities.	(20,000,000)
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(1,669,817)
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.	3,142,504
The net revenue (expense) of the internal service funds are reported with governmental activities.	<u>304,288</u>
Change in net assets of governmental activities (Exhibit B)	<u>\$ (7,688,366)</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 - BUDGET AND ACTUAL
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2009

	Budgeted Amounts		Actual	Variance from
	Original	Final		Final Budget
				Over/Under
Revenues:				
Ad valorem taxes	\$ 23,947,513	\$ 23,947,513	\$ 23,856,730	\$ (90,783)
Local option sales taxes	7,698,571	7,698,571	6,770,736	(927,835)
Unrestricted intergovernmental revenues	240,000	240,000	508,221	268,221
Restricted intergovernmental revenues	5,792,078	6,406,258	6,429,340	23,082
Permits and fees	1,622,500	1,350,500	1,356,793	6,293
Sales and services	2,908,745	2,385,872	2,570,078	184,206
Investment earnings	1,000,000	752,931	453,251	(299,680)
Miscellaneous	23,432	81,799	242,179	160,380
Total revenues	<u>43,232,839</u>	<u>42,863,444</u>	<u>42,187,328</u>	<u>(676,116)</u>
Expenditures:				
Current:				
General government	7,933,342	7,330,812	6,508,939	821,873
Public safety	10,915,303	10,882,802	10,011,632	871,170
Transportation	701,345	727,119	666,039	61,080
Economic and physical development	681,718	969,805	770,692	199,113
Human services	10,818,970	10,600,783	9,438,111	1,162,672
Cultural and recreational	2,203,923	2,118,016	2,078,450	39,566
Intergovernmental:				
Education	8,666,142	9,778,190	9,069,891	708,299
Total expenditures	<u>41,920,743</u>	<u>42,407,527</u>	<u>38,543,754</u>	<u>3,863,773</u>
Revenues over (under) expenditures	<u>1,312,096</u>	<u>45,407,117</u>	<u>45,407,117</u>	<u>45,407,117</u>

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MACON COUNTY, NORTH CAROLINA

**STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 JUNE 30, 2009**

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Solid Waste</u>	<u>Internal Service Funds</u>
Assets:		
Current assets:		
Cash and cash equivalents	\$ 6,645,651	\$ 6,239,707
Interest receivable	5,819	-
Accounts receivable, net	218,655	-
Prepays	150	-
Due from other government agencies	5,429	-
Total current assets	<u>6,875,704</u>	<u>6,239,707</u>
Non-current assets:		
Nondepreciable capital assets	460,837	-
Depreciable capital assets, net	<u>3,412,863</u>	-
Total non-current assets	<u>3,873,700</u>	-
Total assets	<u>10,749,404</u>	<u>6,239,707</u>
Liabilities:		
Current liabilities:		
Accounts payable and accrued liabilities	147,223	317,601
Current portion of long term liabilities	400,000	-
Compensated absences payable - current	<u>3,812</u>	-
Total current liabilities	<u>551,035</u>	<u>317,601</u>
Non-current liabilities:		
Accrued landfill closure and post-closure care cost	5,262,000	-
Compensated absences payable	34,306	-
Long term liabilities - noncurrent	1,150,531	-
Total non-current liabilities	<u>6,446,837</u>	-
Total liabilities	<u>6,997,872</u>	<u>317,601</u>
Net Assets:		
Invested in capital assets, net of related debt	2,373,700	-
Unrestricted	<u>1,377,832</u>	<u>5,922,106</u>
Total net assets	<u>\$ 3,751,532</u>	<u>\$ 5,922,106</u>

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

MACON COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Solid Waste</u>	<u>Internal Service Funds</u>
Operating Revenues:		
Landfill fees	\$ 1,576,579	\$ -
Charges for services	-	3,969,418
Tipping fees	1,164,442	-
Scrap tire revenues	35,600	-
Other	282,952	-
Total operating revenues	<u>3,059,573</u>	<u>3,969,418</u>
Operating Expenses:		
Salaries	901,552	-
Employee benefits	321,520	-
Benefit payments	-	3,426,067
Insurance premiums	-	361,011
Operating expenses	1,112,451	-
Landfill closure and post-closure care cost	(289,070)	-
Depreciation	897,958	-
Total operating expenses	<u>2,944,411</u>	<u>3,787,078</u>
Operating income (loss)	<u>115,162</u>	<u>182,340</u>
Non-Operating Revenues (Expenses):		
Interest earned on investments	137,700	121,948
Interest and fees	(45,207)	-
Total non-operating revenues (expenses)	<u>92,493</u>	<u>121,948</u>
Net income (loss) before transfers	<u>207,655</u>	<u>304,288</u>
Change in net assets	207,655	304,288
Net Assets:		
Beginning of year- July 1	<u>3,543,877</u>	<u>5,617,818</u>
End of year- June 30	<u>\$ 3,751,532</u>	<u>\$ 5,922,106</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, 2009

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Solid Waste</u>	<u>Internal Service Funds</u>
Cash Flows from Operating Activities:		
Cash received from customers	\$ 3,419,556	\$ 3,969,418
Cash paid for goods and services	(1,310,033)	(3,637,860)
Cash paid to employees for services	(1,173,129)	-
Other operating revenues	384,344	-
Net cash provided (used) by operating activities	<u>1,320,738</u>	<u>331,558</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(959,680)	-
Principal paid on long-term debt	(400,000)	-
Interest paid on long-term debt	(45,207)	-
Net cash provided (used) for capital and related financing activities	<u>(1,404,887)</u>	<u>-</u>
Cash Flows from Investing Activities:		
Interest on investments	<u>137,700</u>	<u>121,948</u>
Net increase in cash and cash equivalents	53,551	453,506
Cash and Cash Equivalents - Beginning of Year	<u>6,592,100</u>	<u>5,786,201</u>
Cash and Cash Equivalents - End of Year	<u>\$ 6,645,651</u>	<u>\$ 6,239,707</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ 115,162	\$ 182,340
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	897,958	-
Change in estimate of closure and postclosure care cost	(319,000)	-
Other post employment benefits	50,531	-
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	678,535	-
(Increase) decrease in prepaids	(150)	3,921
Increase (decrease) in accounts payable and accrued liabilities	(101,710)	145,297
Increase (decrease) in accrued vacation pay	(588)	-
Net cash provided (used) by operating activities	<u>\$ 1,320,738</u>	<u>\$ 331,558</u>

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

MACON COUNTY, NORTH CAROLINA

STATEMENT OF FIDUCIARY NET ASSETS

FIDUCIARY FUNDS

JUNE 30, 2009

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	\$ 98,067
Accounts receivable	<u>21,962</u>
Total assets	<u>\$ 120,029</u>
Liabilities:	
Miscellaneous liabilities	\$ 96,236
Intergovernmental payable	<u>23,793</u>
Total liabilities	<u>\$ 120,029</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, 2009

1. Summary of Significant Accounting Policies

The accounting policies of Macon County and its discretely presented component units conform to accounting principles generally accepted in the United States of America as they are applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

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

Discretely Presented Component Units

Macon County Industrial Facility and Pollution Control Financing Authority

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

Macon County Airport Authority

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

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

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

B. Basis of Presentation

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

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

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

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

Major Funds - The General Fund, the Consolidated Capital Project Fund and the Solid Waste Fund are major funds of the County for the year ended June 30, 2009.

The County has the following fund categories:

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

General Fund - The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, sales taxes, federal and State

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

grants, and various other taxes and licenses. The primary expenditures are for public safety, environmental protection, economic and physical development, human services, cultural and recreational projects, education, and general government services.

Special Revenue Funds - Special revenue funds are used to account for specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes. The County maintains seven special revenue funds: the Emergency Telephone System Fund, the Fire Districts Fund, the Schools Capital Fund, the Capital Reserve Fund, the Clean Water Management Trust Fund, and the Community Development Block Grant Fund.

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

Capital Project Funds - Capital project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds). The County has five capital project funds within the governmental fund types: the Airport Improvements Fund, the County Building Project Fund, the Little Tennessee River Project Fund, the SCC Campus/Library Project Fund, and the Little Tennessee River/Cartoogechaye River Sewer Project Fund.

Proprietary Funds include the following fund types:

Enterprise Fund - Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Macon County has one Enterprise Fund: the Solid Waste Fund. The Landfill Closure and Post-Closure Reserve Fund is a reserve established by the County to accumulate the funds necessary to cover the closure and post-closure care costs that will be incurred by the landfill in the future. The Landfill Closure and Post-Closure Reserve Fund, and the Solid Waste Transfer Station Fund are consolidated with the Solid Waste Fund (the operating fund) for financial reporting purposes.

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

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

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

Agency Funds - Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains six agency funds: the Social Services and Inmate Trust Fund which accounts for monies deposited with the Social Services Department and Jail for the benefit of certain individuals; the Fines and Forfeitures Fund which accounts for various legal fines and forfeitures that the County is required to remit to the Macon County Board of Education; the Motor Vehicle Tax Fund which accounts for registered motor vehicle property taxes that are billed and collected by the County for various municipalities within the County; the Western Carolina Industrial Partners Fund which accounts for monies held by the County as agent for advertising and promotions for Western North Carolina industries; the Hurricane Ivan Relief Fund which accounts for monies held for hurricane relief and recovery; and the 3% Interest Payable to State, which accounts for interest on delinquent motor vehicle taxes required to be remitted to the State of North Carolina Department of Motor Vehicles.

C. Measurement Focus and Basis of Accounting

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

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

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

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

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

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

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Macon County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For registered motor vehicles property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2008 through February 2009 apply to the fiscal year ended June 30, 2009. Uncollected taxes which were billed during this period are shown as a receivable on these financial statements.

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

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

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

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

D. Budgetary Data

The County's budgets are adopted as required by North Carolina General Statutes. An annual budget ordinance is adopted for the General Fund, the Debt Service Fund, the Emergency Telephone System, Capital Reserve, Fire Districts and Schools Capital (Special Revenue) Funds, the Enterprise Fund, and the Internal Service Fund. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the Community Development Block Grant and Clean Water Management Trust (Special Revenue) Funds and the Capital Projects Funds. All budgets are prepared using the modified accrual basis of accounting.

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

E. Assets, Liabilities and Fund Equity

Deposits and Investments

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

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

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

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

Cash and Cash Equivalents

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

Restricted Assets

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

Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2008.

Allowances for Doubtful Accounts

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

Inventories and prepaid items

Inventories are valued at cost (first-in, first-out method), which approximates market value. The inventory is valued at cost (first-in, first-out method), which approximates market value. The inventory is valued at cost (first-in, first-out method), which approximates market value.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

the County and the Board of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education, once all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are reflected as capital assets in the financial statements of the Macon County Board of Education.

Capital assets in the enterprise funds of the County are recorded at original cost at the time of acquisition. Capital assets donated to the enterprise fund operations are recorded at the estimated fair market value at the date of donation.

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

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

Long-Term Obligations

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

Net Assets / Fund Balances

Net Assets

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

Net assets are classified as follows:

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

Fund Balances

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

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

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

The governmental fund types classify fund balances as follows:

Reserved:

Reserved by State Statute - Portion of fund balance, which is not available for appropriation under State law [G.S. 159-8(a)]. This amount is usually comprised of accounts receivable and interfund receivables, which are not offset by deferred revenues.

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

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

Designations of equity represent tentative management plans that are subject to change. The unreserved fund balance had the following designations at June 30, 2009:

Designated for subsequent year's expenditures:

General Fund	\$	1,510,415
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F. Revenues, Expenditures and Expenses

Other Resources

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

Compensated Absences

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

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

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

G. Comparative Data/Reclassifications

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

H. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant areas where estimates are made are allowance for doubtful accounts and depreciation lives.

I. Stewardship, Compliance, and Accountability

The following funds had deficit fund balances in the current year:

Little Tennessee River/Cartoogechaye Creek Sewer Trunk Project	\$ 28,146
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The deficit fund balance was the result of timing differences in the incurrence of costs for the projects and reimbursement of funds from grantors. Subsequent to year-end, the County received the funds and corrected the fund deficit.

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

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County, or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County, under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The County has no formal policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance.

At June 30, 2009, the County's deposits had a carrying amount of \$14,549,418 and a bank balance of \$14,662,704. Of the bank balance, \$1,067,209 was covered by federal depository insurance, and \$13,595,715 by collateral held under the Pooling Method. Cash on hand was \$2,250.

Investments

At June 30, 2009, the County had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 6 Months</u>	<u>6-12 Months</u>
Commercial Paper	\$ 10,823,840	\$ 10,823,840	\$ -
North Carolina Capital Management Trust-Cash Portfolio	19,681,617	N/A	N/A
Total	<u>\$ 30,505,457</u>	<u>\$ 10,823,840</u>	<u>\$ -</u>

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

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

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, 2009, 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, 2009.

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

Commercial Paper:

USB Finance Delaware	9.39%
BB&T	57.65%
RBC	32.96%

Property Tax – Use-Value Assessment on Certain Lands

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

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 537,277	\$ 30,227	\$ 567,504
2006	1,127,843	63,441	1,191,284
2007	1,067,293	60,035	1,127,328
2008	1,247,005	-	1,247,005
Total	<u>\$ 3,979,418</u>	<u>\$ 153,703</u>	<u>\$ 2,886,116</u>

MACON COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

Receivables

Receivables at Exhibit A at June 30, 2009, were as follows:

	<u>Accounts</u>	<u>Taxes</u>	<u>Interest</u>	<u>Due from other Governments</u>	<u>Total</u>
Governmental Activities:					
General	\$ 599,690	\$ 1,466,801	\$ 43,095	\$ 1,919,717	\$ 4,029,303
Other governmental	<u>1,129,812</u>	<u>185,023</u>	<u>-</u>	<u>266,060</u>	<u>1,580,895</u>
Total receivables	1,729,502	1,651,824	43,095	2,185,777	5,610,198
Allowance for doubtful accounts	<u>-</u>	<u>(917,500)</u>	<u>-</u>	<u>-</u>	<u>(917,500)</u>
Total governmental activities	<u>\$ 1,729,502</u>	<u>\$ 734,324</u>	<u>\$ 43,095</u>	<u>\$ 2,185,777</u>	<u>\$ 4,692,698</u>
Business-Type Activities:					
Solid Waste	\$ 348,961	\$ -	\$ 5,819	\$ 5,429	\$ 360,209
Allowance for doubtful accounts	<u>(130,306)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(130,306)</u>
Total business-type activities	<u>\$ 218,655</u>	<u>\$ -</u>	<u>\$ 5,819</u>	<u>\$ 5,429</u>	<u>\$ 229,903</u>

Due from other governments consisted of the following:

Local option sales and use tax	\$ 149,533
Grants receivable/sales tax refund/other	<u>2,036,244</u>
Total	<u>\$ 2,185,777</u>

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

Capital Assets

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

	July 1, 2008	Additions	Retirements	Transfers	June 30, 2009
Non-Depreciable Assets:					
Land	\$ 9,117,881	\$ -	\$ -	\$ -	\$ 9,117,881
Construction in progress	-	493,791	-	-	493,791
Depreciable Assets:					
Buildings and improvements	23,786,981	878,899	-	-	24,665,880
Equipment	2,608,042	73,503	(93,149)	-	2,588,396
Vehicles	4,077,843	463,585	(72,230)	-	4,469,198
Total	39,590,747	1,909,778	(165,379)	-	41,335,146
Less Accumulated Depreciation:					
Buildings and improvements	9,161,684	1,008,539	-	-	10,170,223
Equipment	1,774,737	223,775	(93,149)	-	1,905,363
Vehicles	2,868,883	437,503	(72,230)	-	3,234,156
Total accumulated depreciation	13,805,304	1,669,817	(165,379)	-	15,309,742
Capital assets, net	\$25,785,443	\$ 239,961	\$ -	\$ -	\$ 26,025,404

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

Governmental Activities:	
General government	\$ 515,437
Public safety	615,883
Economic and physical development	6,157
Transportation	52,100
Human services	104,095
Cultural and recreational	376,145
Total	\$ 1,669,817

MACON COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

Proprietary Capital Assets

The capital assets of the proprietary fund at June 30, 2009, are as follows:

	<u>July 1, 2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2009</u>
Non-Depreciable Assets					
Construction in progress	\$ 291,548	\$ -	\$ -	\$ (291,548)	\$ -
Land	401,552	59,285	-	-	460,837

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

C. Pension Plan Obligation

Local Governmental Employees' Retirement System

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

Funding Policy - Plan members are required to contribute six percent of their annual covered salary. The County is required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.92% and 4.86%, respectively, of annual covered payroll. The contribution requirements of members and of Macon County are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2009, 2008, and 2007 were \$677,390, \$650,780, and \$591,899, respectively. The contributions made by the County equaled the required contributions for each year.

Law Enforcement Officers' Special Separation Allowance

Plan Description

Macon County administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G. S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The plan does not issue a separate stand-alone financial report. Each local government makes benefit payments required under this plan.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2008, the Separation Allowance's membership consisted of 46 active plan members and 3 retired members.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

Summary of Significant Accounting Policies

Basis of Accounting. The County has chosen to fund the Separation Allowance on a pay-as-you-go basis. There are no plan assets and the liability is not material; therefore, the plan is not presented as a pension trust fund in the County's Comprehensive Annual Financial Report. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting.

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

Contributions

The County is required by Article 12D of G. S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay-as-you-go basis through appropriations made in the General Fund operating budget. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The annual required contribution for the current year was determined as part of the December 31, 2007, actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return and (b) projected salary increases ranging from 4.5% to 12.3% per year. Item (b) included an inflation component of 3.75%. The assumptions did not include post-retirement benefit increases. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2007 is 23 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	\$ 38,164
Interest on net pension obligation	12,127
Adjustment to annual required contribution	<u>(10,571)</u>
Annual pension cost	39,720
Employer contributions made for fiscal year ending 6/30/09	<u>22,257</u>
Increase (decrease) in net pension obligation	17,463
Net pension obligation, July 1	<u>167,270</u>
Net pension obligation, June 30	<u>\$ 184,733</u>

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

Three-Year Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2007	\$ 28,835	62.86%	\$ 150,980
6/30/2008	34,428	52.68%	167,270
6/30/2009	39,720	56.03%	184,733

As of December 31, 2007, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$284,422, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$284,422.

The covered payroll (annual payroll of active employees covered by the plan) was \$1,876,713 and the ratio of the UAAL to the covered payroll was 15.16 percent.

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

Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires that the County contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2009, were \$115,140 which consisted of \$92,731 from the County and \$22,409 from the law enforcement officers.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

Register of Deeds' Supplemental Pension Fund

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

Funding Policy. On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 1 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2009, the County's required and actual contributions were \$3,790.

Other Post-Employment Benefits - Healthcare Benefits

Plan Description

In addition to providing pension benefits, the County has elected to provide post-retirement healthcare benefits to retirees of the County who participate in the North Carolina Local Government Employees' Retirement System (System) and have at least fifteen years of creditable service with the County. The County pays the full cost of coverage for these benefits to qualifying retirees. Also, retirees can purchase coverage for their dependents at the County's group rates. Currently, twenty-four retirees are eligible for post-retirement health benefits. For the fiscal year ended June 30, 2009, the County made payments for post-retirement health benefit premiums of \$171,570. The County obtains health care coverage through private insurers. A separate report was not issued for the plan.

MACON COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

Membership of the Plan consisted of the following at December 31, 2006, the date of the latest actuarial valuation:

	<u>General Employees</u>	<u>Law Enforcement Officers</u>
Retirees and dependents receiving benefits	24	N/A
Terminated plan members entitled to, but not yet receiving, benefits	-	-
Active plan members	<u>325</u>	<u>44</u>
Total	<u><u>349</u></u>	<u><u>44</u></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 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 11.16% of annual covered payroll. For the current year, the County contributed \$171,570, or 1.42% of annual covered payroll. The County purchases insurance from a private carrier for health care coverage of retirees over 65 years of age. The County's required contributions, under a County resolution, for employees not engaged in law enforcement and for law enforcement officers represented 11.16% and 11.16% of covered payroll, respectively. There were no contributions made by employees, except for dependent coverage in the amount of \$2,400. The County's obligation to contribute to the Plan is established and may be amended by the County Board.

Summary of Significant Accounting Policies

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

MACON COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

Annual OPEB Cost and Net Obligation

The County's annual OPEB cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation for the healthcare benefits:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Annual required contribution	\$ 1,289,451	\$ 56,531	\$ 1,345,982
Interest on net OPEB obligation	-	-	-
Adjustments to annual required contribution	-	-	-
Annual OPEB cost (expense)	1,289,451	56,531	1,345,982
Contributions made	<u>(165,570)</u>	<u>(6,000)</u>	<u>(171,570)</u>
Increase (decrease) in net OPEB obligation	1,123,881	50,531	1,174,412
Net OPEB obligation, beginning of year	-	-	-
Net OPEB obligation, end of year	<u>\$ 1,123,881</u>	<u>\$ 50,531</u>	<u>\$ 1,174,412</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 were as follows:

<u>Year Ended June 30</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2009	\$ 1,345,982	12.7%	\$ 1,174,412

Fund Status and Funding Progress

As of December 31, 2006, 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 \$13,451,434. The covered payroll (annual payroll of active employees covered by the plan) was \$12,054,939, and the ratio of the UAAL to the covered payroll was 111.6 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and

MACON COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

The County has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payrolls, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. For the fiscal year ended June 30, 2009, the County made contributions to the State for death benefits of \$16,862. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .12% and .14% of covered payroll, respectively.

Landfill Closure and Post-Closure Care Costs

State and federal laws and regulations require the County to place a final cover on its landfills when they stop accepting waste and to perform certain maintenance and monitoring functions at the site. The County has operated three different landfills. The Old Franklin Landfill was opened in approximately 1962 and stopped accepting waste on December 31, 1992, and has since been closed. The Highlands Landfill has been operated by the County since approximately 1985 and stopped accepting waste on October 8, 1993, and was completely closed during the next year. The old landfills continue to require monitoring and some remediation activities. Macon County opened the New Franklin Landfill in May 1992. During 1999, the County expanded the cell at the New Franklin Landfill. Although the closure and post-closure care costs for these landfills are being paid near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$5,262,000 reported as landfill closure and post-closure care liability at June 30, 2009, represents the cumulative amount reported to date for the closure and post-closure care costs of all landfills noted above. Of the cumulative amount reported to date, \$4,540,000 reflects the costs of the New Franklin Landfill. The new landfill costs are based on 69.88% of the total estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and post-closure care of \$6.49 million as the remaining capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2009. The County expects to close the current cells of the New Franklin Landfill in 2014. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

Deferred / Unearned Revenues

The balance in deferred revenues on the fund statements and unearned revenues on the government-wide statements at June 30, 2009, is composed of the following elements:

	<u>Deferred Revenue</u>		<u>Unearned Revenue</u>	
	<u>General Fund</u>	<u>Fire District Fund</u>	<u>General Fund</u>	<u>Fire District Fund</u>
Taxes receivable (net)	\$ 646,301	\$ 88,023	\$ -	\$ -
Ambulance fees receivable	481,014	-	-	-
Other (net)	75,579	-	-	-
Taxes collected in advance	98,786	-	98,786	-
Total	<u>\$ 1,301,680</u>	<u>\$ 88,023</u>	<u>\$ 98,786</u>	<u>\$ -</u>

Summary Disclosure of Significant Commitments

At June 30, 2009, the County had commitments of approximately \$6,867,839 for water and sewer construction, of which \$3,000,000 is grant funds and \$1,500,000 is loan funds and \$2,367,839 for airport improvements which 90% is grant funding.

Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in one of the self-funded risk financing pools administered by the Risk Management Agency of the North Carolina Association of County Commissioners. Through this pool, the County obtains property coverage equal to replacement value of owned property subject to a limit of \$54,045,770, general, auto, professional and employment practices liability coverage of \$2,000,000. The County obtains workers' compensation coverage through Key Risk Insurance Company.

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

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

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

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

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

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

	<u>2009</u>	<u>2008</u>
Unpaid claims, beginning	\$ 89,221	\$ 165,454
Incurred claims	3,426,067	3,078,170
Claim payments	<u>(3,197,687)</u>	<u>(3,154,403)</u>
Unpaid claims, ending	<u>\$ 317,601</u>	<u>\$ 89,221</u>

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more at any given time of the County's funds are performance bonded through a commercial surety bond. The Finance Director and Tax Collector are each individually bonded for \$250,000 each. The County Manager and the Register of Deeds are bonded for \$75,000 and \$50,000 each, respectively. The remaining employees that have access to funds are bonded under a blanket bond for \$100,000.

MACON COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

Long-Term Obligations

Installment Purchase Contracts

Serviced by Governmental Funds:

The County entered into an installment purchase contract dated December 10, 2003, in the amount of \$2,850,000 for school expansion. The contract is payable in ten (10) annual installments of \$285,000 plus interest at 3.17% per annum.	\$ 1,140,000
The County entered into a refunding Certificate of Participation contract dated April 15, 2004, in the amount of \$17,165,000 to refund various installment debt, including school constriction. The contract is payable in eleven (11) annual installments ranging from \$610,000 to \$1,820,000 plus interest ranging from 2.25% to 5.0% per annum.	8,920,000
The County entered into an installment purchase contract dated July 29, 2005, in the amount of \$5,000,000 for library and community college expansion. The contract is payable in thirty (30) semi-annual installments of \$166,667 plus interest at 3.48% per annum.	3,833,333
\$2,000,000 East Franklin School Qualified Zone Academy Bonds requiring 15 annual deposits of \$52,795 into a debt service fund; final payment of the bonds is December 13, 2022.	1,841,616
The County entered into an installment purchase contract dated December 10, 2007, in the amount of \$2,600,000 for acquisition of land to be used for public school purposes. The contract is payable in thirty (30) semi-annual installments of \$86,667 plus interest at 3.69% per annum.	2,426,667
The County entered into an installment purchase contract dated July 18, 2008, in the amount of \$20,000,000 for 5-6 Grade School and an addition to East Franklin Elementary. The contract is payable in forty (40) semi-annual installments of \$500,000 plus interest at 4.59% per annum.	<u>19,500,000</u>
Total installment contracts	<u>\$ 37,661,616</u>

MACON COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

Serviced by Solid Waste Fund:

The County entered into an installment purchase contract dated July 31, 2007, in the amount of \$1,000,000 for solid waste equipment. The contract is payable in ten (10) semi-annual installments of \$100,000 plus interest at 3.86% annum. \$ 800,000

The County entered into an installment purchase contract dated March 28, 2008, in the amount of \$1,000,000 for the construction of a solid waste transfer station. The contract is payable in ten (10) semi-annual installments of \$100,000 plus interest at 2.97% annum. 700,000

Total installment contracts \$ 1,500,000

At June 30, 2009, the County had a legal debt margin of \$688,772,430.

MACON COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

Long-Term Obligation Activity

A summary of changes in long-term debt follows:

	<u>Balance</u> <u>July 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2009</u>	<u>Current</u> <u>Portion of</u> <u>Balance</u>
Governmental Activities:					
Installment contracts	\$ 20,783,871	\$ 20,000,000	\$ 3,122,255	\$ 37,661,616	\$ 3,592,256
Promissory notes	20,248	-	20,248	-	-
Compensated absences	788,347	714,047	695,733	806,661	80,666
Other post-employment benefits	-	1,123,881	-	1,123,881	-
LEO Separation Allowance	<u>167,270</u>	<u>17,463</u>	<u>-</u>	<u>184,733</u>	<u>-</u>
Total governmental activities	<u>\$ 21,759,736</u>	<u>\$ 21,855,391</u>	<u>\$ 3,838,236</u>	<u>\$ 39,776,891</u>	<u>\$ 3,672,922</u>
Business-Type Activities:					
Installment contracts	\$ 1,900,000	\$ -	\$ 400,000	\$ 1,500,000	\$ 400,000
Accrued landfill closure and post-closure care cost	5,581,000	-	319,000	5,262,000	-
Other post-employment benefits	-	50,531	-	50,531	-
Compensated absences	<u>38,706</u>	<u>33,453</u>	<u>34,041</u>	<u>38,118</u>	<u>3,812</u>
Total business-type activities	<u>\$ 7,519,706</u>	<u>\$ 83,984</u>	<u>\$ 753,041</u>	<u>\$ 6,850,649</u>	<u>\$ 403,812</u>

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

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

Debt Service Requirements

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

General Long-Term Debt:

Installment Contracts	Principal	Interest
2010	\$ 3,592,256	\$ 1,535,133
2011	3,562,256	1,402,878
2012	3,557,256	1,252,922
2013	3,547,256	1,096,992
2014	3,252,256	954,311
2015-2019	8,671,281	3,296,615
2020-2024	6,979,055	1,738,599
2025-2029	4,500,000	516,375
Total	<u>\$ 37,661,616</u>	<u>\$ 11,793,825</u>

Solid Waste Fund:

Installment Contracts	Principal	Interest
2010	\$ 400,000	\$ 47,365
2011	400,000	33,705
2012	400,000	20,045
2013	300,000	6,074
Total	<u>\$ 1,500,000</u>	<u>\$ 107,189</u>

MACON COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

Interfund Balances and Activity

	Transfers		
	From	To	Purpose
Transfers From/To Other Funds:			
General Fund			
General Fund	\$ 4,941,998	\$ 19,525	Various purposes
Other Governmental funds:			
Consolidated Capital Projects	-	370,400	Local matches
Community Development Block Grant Fund	-	105,000	Local matches
Schools Capital Reserve Fund	1,552,615	-	Debt retirement
County Projects	-	150,000	Animal Shelter
County Projects	-	300,000	Old Library Renovations
County Projects	-	578,000	EMS Renovations
Capital Reserve Fund	19,071	-	Economic Development Expense
Little Tennessee River Capital Project	454	-	To Close fund
Debt Service:			
Debt Service	-	4,991,213	Debt retirement

4. Joint Ventures

Fontana Regional Library

The County participates in a joint venture to operate the Fontana Regional Library (Library) with five other local governments. Each participating county may appoint three Board members to the nine-member Board of the Library. The County has an ongoing financial responsibility for the joint venture because the Library's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2009. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$961,000 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.

MACON COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

5. **Jointly Governed Organizations**

Southwestern North Carolina Planning and Economic Development Commission

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

Smoky Mountain Mental Health Center

The County, in conjunction with seven other counties, established the Smoky Mountain Mental Health Center (Center). The participating governments established the Center to provide mental health services to the western region of North Carolina. Each participating government appoints one member to the Center's governing board. The County contributed \$107,700 to the Center during the fiscal year ended June 30, 2009.

Southwestern Community College

The County, in conjunction with the State of North Carolina, one other county and two boards of education, participates in a joint venture to operate Southwestern Community College (Community College). The County appoints two members, and the State, the other county and the boards of education appoint eleven members of the thirteen-member Board of Trustees of the Community College. The Community College is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the Community College and also provides some financial support for the Community College's operations. The County has an ongoing financial responsibility for the Community College because of the statutory responsibilities to provide funding for the Community College's facilities. The County contributed \$431,063 to the Community College for operating and capital purposes during the fiscal year ended June 30, 2009. 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, 2009. 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.

MACON COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009**

6. Summary Disclosure of Significant Commitments and Contingencies

Federal- and State-Assisted Programs

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

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
Food Stamps	\$ 4,912,846	\$ -
Medicaid	24,539,855	9,732,435
Temporary Assistance to Needy Families	13,471	-
Low Income Energy Assistance	240,059	-
State/County Domiciliary Care	-	180,380
Special Supplemental Food Program for Women, Infants, and Children	160,241	-
IV-E Adoption Subsidy	77,567	14,037
IV-E Foster Care	260,615	48,067
CWS Adoption Subsidy	-	6,126
State Foster Home	-	18,217
	<u>30,204,654</u>	<u>9,999,262</u>
Totals	<u>\$ 30,204,654</u>	<u>\$ 9,999,262</u>

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

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

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MACON COUNTY, NORTH CAROLINA

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2009**

Schedule of Funding Progress:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit		Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a % of Covered Payroll (B-A)/C
			(B)				
12/31/1998	\$ -	\$ 82,093	\$ 82,093	0.00%	\$ 780,078	10.52%	
12/31/1999	-	92,943	92,943	0.00%	903,248	10.29%	
12/31/2000	-	134,034	134,034	0.00%	944,963	14.18%	
12/31/2001	-	152,045	152,045	0.00%	1,006,249	15.11%	
12/31/2002	-	167,853	167,853	0.00%	1,190,477	14.10%	
12/31/2003	-	191,635	191,635	0.00%	1,305,116	14.68%	
12/31/2004	-	225,352	225,352	0.00%	1,387,372	16.24%	
12/31/2005	-	189,929	189,929	0.00%	1,350,162	14.07%	
12/31/2006	-	213,344	213,344	0.00%	1,596,079	13.37%	
12/31/2007	-	249,615	249,615	0.00%	1,799,155	13.87%	
12/31/2008	-	284,422	284,422	0.00%	1,876,713	15.16%	

Schedule of Employer Contributions:

Fiscal Year Ending	Annual Required Contribution	Percentage Contributed
6/30/2000	\$ 13,322	76.90%
6/30/2001	15,329	71.28%
6/30/2002	20,986	48.68%
6/30/2003	24,662	50.85%
6/30/2004	26,076	58.02%
6/30/2005	29,384	59.79%
6/30/2006	33,073	54.81%
6/30/2007	27,059	66.99%
6/30/2008	32,759	55.37%
6/30/2009	38,164	58.32%

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, 2007
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	23 years
Asset valuation method	Market value
Actuarial assumptions	
Investment rate of return	7.25%
Projected salary increases	4.5% - 12.3%
Includes inflation at	3.75%
Cost of living adjustments	NA

MACON COUNTY, NORTH CAROLINA

**OTHER POST-EMPLOYMENT BENEFITS -
RETIREE HEALTH PLAN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2009**

Schedule of Funding Progress:

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

Schedule of Employer Contributions:

<u>Fiscal Year Ending</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage Contributed</u>
6/30/2009	\$ 1,174,412	0.0%

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, 2006
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value of assets
Actuarial assumptions	
Investment rate of return*	4.00% * Includes inflation at 3.75%
Medical trend rate	12.00% - 5.00%
Year of Ultimate trend rate	2016

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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, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Over/Under	
Revenues:				
Ad Valorem Taxes:				
Taxes - current	\$ 23,400,813	\$ 23,237,328	\$ (163,485)	\$ 21,532,495
Taxes - prior	435,000	475,369	40,369	423,452
Interest and advertising	111,700	144,033	32,333	133,445
Total	<u>23,947,513</u>	<u>23,856,730</u>	<u>(90,783)</u>	<u>22,089,392</u>
Local Option Sales Taxes:				
Article 39 one percent	4,531,571	3,883,369	(648,202)	4,385,451
Article 40 one-half of one percent	1,242,000	1,134,308	(107,692)	1,238,911
Article 42 one-half of one percent	708,000	639,680	(68,320)	699,841
Article 44 one-half of one percent	1,217,000	1,113,379	(103,621)	1,760,790
Total	<u>7,698,571</u>	<u>6,770,736</u>	<u>(927,835)</u>	<u>8,084,993</u>
Unrestricted Intergovernmental Revenues:				
Payment in lieu of taxes	225,000	491,558	266,558	218,732
Gross receipts tax	15,000	16,663	1,663	14,358
Total	<u>240,000</u>	<u>508,221</u>	<u>268,221</u>	<u>233,090</u>
Restricted Intergovernmental Revenues:				
Federal and State grants	5,715,729	5,567,596	(148,133)	5,111,025
ABC revenues	10,500	142,442	131,942	63,112
Facility fees/CSC	80,000	75,735	(4,265)	72,023
Federal forfeiture and controlled substance	7,064	7,441	377	46,459
Local health and social services	592,965	636,126	43,161	722,821
Total	<u>6,406,258</u>	<u>6,429,340</u>	<u>23,082</u>	<u>6,015,440</u>
Permits and Fees:				
Inspection fees	418,500	416,427	(2,073)	773,770
Register of Deeds	493,000	485,208	(7,792)	705,055
Occupancy tax	411,000	407,720	(3,280)	472,473
BOE fees	-	129	129	1,171
Civil license fees	6,000	4,949	(1,051)	5,936
Concealed handgun permits	22,000	42,360	20,360	27,025
Total	<u>1,350,500</u>	<u>1,356,793</u>	<u>6,293</u>	<u>1,985,430</u>
Sales and Services:				
Rents, concessions and fees	215,415	216,493	1,078	113,959
Ambulance fees	1,014,549	1,057,123	42,574	1,062,742
Other public safety fees	266,700	288,102	21,402	380,247
Cable TV franchise fees	65,000	104,511	39,511	118,397
Health fees	803,708	880,615	76,907	966,789
Aging program income	20,500	23,234	2,734	19,934
Total	<u>2,385,872</u>	<u>2,570,078</u>	<u>184,206</u>	<u>2,662,068</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, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Over/Under	
Investment Earnings	752,931	453,251	(299,680)	1,085,140
Miscellaneous:				
Other	81,799	242,179	160,380	108,857
Total	81,799	242,179	160,380	108,857
Total revenues	42,863,444	42,187,328	(676,116)	42,264,410
Expenditures:				
General Government:				
Governing Body:				
Salaries and employee benefits	125,144	123,411		343,806
Operating expenditures	251,150	222,538		208,603
Total	376,294	345,949	30,345	552,409
Administration:				
Salaries and employee benefits	377,233	360,263		361,097
Operating expenditures	59,550	47,931		42,204
Total	436,783	408,194	28,589	403,301
Finance:				
Salaries and employee benefits	433,863	425,253		338,573
Operating expenditures	144,100	92,429		130,188
Total	577,963	517,682	60,281	468,761
Tax Office:				
Salaries and employee benefits	423,800	423,794		424,902
Operating expenditures	121,284	113,649		96,585
Total	545,084	537,443	7,641	521,487
Legal:				
Salaries and employee benefits	213,368	212,239		239,419
Contracted services	1,200	43		191
Operating expenditures	38,850	32,616		34,322
Total	253,418	244,898	8,520	273,932
Mapping:				
Salaries and employee benefits	151,288	148,534		148,929
Operating expenditures	20,580	18,119		24,936
Total	171,868	166,653	5,215	173,865

MACON COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008**

	2009			2008
	Budget	Actual	Variance Over/Under	
Tax Assessment:				
Salaries and employee benefits	284,213	276,505		284,372
Operating expenditures	139,751	126,760		91,519
Total	423,964	403,265	20,699	375,891
Board of Elections:				
Salaries and employee benefits	113,415	106,332		110,829
Operating expenditures	75,439	67,340		158,335
Total	188,854	173,672	15,182	269,164
Register of Deeds:				
Salaries and employee benefits	205,629	189,830		202,437
Operating expenditures	109,340	92,165		97,009
Total	314,969	281,995	32,974	299,446
Information Technology:				
Salaries and employee benefits	571,807	571,677		488,692
Operating expenditures	209,859	209,048		276,470
Capital outlay	-	-		6,027
Total	781,666	780,725	941	771,189
Garage:				
Salaries and employee benefits	250,225	249,304		238,208
Operating expenditures	80,051	73,587		56,914
Capital outlay	3,800	-		5,700
Total	334,076	322,891	11,185	300,822
Buildings and Grounds:				
Salaries and employee benefits	1,112,047	1,074,648		1,096,751
Operating expenditures	782,573	684,988		838,408
Capital outlay	-	-		15,940
Total	1,894,620	1,759,636	134,984	1,951,099
Human Resources:				
Salaries and employee benefits	84,917	84,194		83,358
Operating expenditures	22,650	22,226		18,987
Total	107,567	106,420	1,147	102,345
Non-Departmental :				
Operating expenditures	923,686	459,516	464,170	445,571
Total general government	7,330,812	6,508,939	821,873	6,909,282

MACON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Over/Under	
Public Safety:				
Sheriff:				
Salaries and employee benefits	2,831,916	2,737,938		2,618,490
Operating expenditures	754,522	651,709	-	511,732
Capital outlay	136,867	136,594	-	136,521
Total	3,723,305	3,526,241	197,064	3,266,743
Federal/State Forfeitures:				
Operating expenditures	48,463	11,928		16,509
Capital outlay	28,544	-		28,598
Total	77,007	11,928	65,079	45,107
Juvenile Crime Prevention Council Grants	121,940	116,633	5,307	118,988
Criminal Justice:				
Salaries and employee benefits	44,682	43,266		36,449
Operating expenditures	11,801	4,199		4,791
Total	56,483	47,465	9,018	41,240
Jail / Law Enforcement Center:				
Salaries and employee benefits	1,198,969	1,112,048		1,104,450
Operating expenditures	728,785	590,308		644,885
Capital outlay	-	-		9,706
Total	1,927,754	1,702,356	225,398	1,759,041
M.A.N. Unit:				
Salaries and employee benefits	-	-		60,483
Operating expenditures	-	-		10,768
Total	-	-	-	71,251
Hurricane Recovery Programs:				
Hurricane Recovery-Residential	-	-		9,800
Hurricane Recovery-Fire Depts	-	-		20,775
Hurricane Recovery-Elevation	-	-		3,452
Hurricane Recovery Proj Mgt	-	-		7,060
Replacement Assistance	-	-		44,914
Aid To Local Governments	-	-		(42)
Total	-	-	-	85,959

MACON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Over/Under	
Community Security Services:				
Salaries and employee benefits	33,902	33,901	-	22,063
Operating expenditures	4,745	1,189	-	1,497
Capital outlay	-	-	-	13,810
Total	38,647	35,090	-	37,370
Emergency Medical Service:				
Salaries and employee benefits	2,126,366	2,105,834		2,094,477
Operating expenditures	341,374	317,544		320,308
Capital outlay	159,394	159,034		71,288
Total	2,627,134	2,582,412	44,722	2,486,073
Emergency Management:				
Salaries and employee benefits	951,064	915,272		888,697
Operating expenditures	140,726	102,528		130,742
Capital outlay	23,225	21,810		17,001
Total	1,115,015	1,039,610	75,405	1,036,440
Inspections:				
Salaries and employee benefits	668,600	581,381		655,207
Operating expenditures	104,670	62,147		115,268
Total	773,270	643,528	129,742	770,475
Animal Control:				
Salaries and employee benefits	37,456	14,037		-
Operating expenditures	81,020	34,573		-
Capital outlay	6,500	-		-
Total	124,976	48,610	76,366	-
Forest Service:				
Operating expenditures	74,863	56,009	18,854	73,884
Total public safety	10,882,802	10,011,632	867,613	9,994,481
Transit Services:				
Salaries and employee benefits	402,043	373,163		369,914
Operating expenditures	131,726	118,412		123,351
Capital outlay	153,350	144,464		-
Total	687,119	636,039	51,080	493,265
Contribution to Macon County Airport	40,000	30,000	10,000	40,000
Total transportation	727,119	666,039	61,080	533,265

MACON COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008**

	2009			2008
	Budget	Actual	Variance Over/Under	
Economic and Physical Development:				
Economic Development:				
Salaries and employee benefits	4,331	4,223		-
Operating expenditures	195,169	39,803		42,875
Capital outlay	-	-		2,850
Total	199,500	44,026	155,474	45,725
Occupancy Tax:				
Operating expenditures	340,000	348,764		374,047
Total	340,000	348,764	(8,764)	374,047
Planning:				
Salaries and employee benefits	43,627	31,716		94,489
Operating expenditures	21,940	9,201		14,444
Capital outlay	-	-		15,661
Total	65,567	40,917	24,650	124,594
Cooperative Extension:				
Salaries and employee benefits	169,375	162,056		132,143
Operating expenditures	24,797	20,727		25,343
Capital outlay	6,648	-		-
Total	200,820	182,783	18,037	157,486
Soil Conservation:				
Salaries and employee benefits	150,002	146,943		96,127
Operating expenditures	13,916	7,259		14,438
Total	163,918	154,202	9,716	110,565
Special Appropriations:				
Mountain landscape initiative	-	-	-	10,000
Total economic and physical development	969,805	770,692	199,113	822,417
Human Services:				
Health:				
Administration:				
Salaries and employee benefits	436,100	428,016		1,995,908
Operating expenditures	191,919	158,889		138,853
Total	628,019	586,905	41,114	2,134,761

MACON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008

	2009		Variance Over/Under	2008
	Budget	Actual		
Management Support:				
Salaries and employee benefits	221,988	218,031		-
Operating expenditures	9,326	5,738		-
Total	231,314	223,769	7,545	-
School Health Nurse:				
Salaries and employee benefits	223,433	164,688		257
Operating expenditures	19,547	11,313		11,746
Total	242,980	176,001	66,979	12,003
Health Education:				
Salaries and employee benefits	105,475	84,134		-
Operating expenditures	14,086	13,400	686	47,580
Total	119,561	97,534	22,027	47,580
NC Tobacco Settlement Funds:				
Salaries and employee benefits	46,901	46,818		43,482
Operating expenditures	8,196	7,308		8,537
Total	55,097	54,126	971	52,019
WIC:				
Salaries and employee benefits	131,225	129,150		-
Operating expenditures	15,709	3,892		2,955
Total	146,934	133,042	13,892	2,955
Maternal and Child Care:				
Salaries and employee benefits	133,162	132,359		-
Operating expenditures	43,688	33,660		28,112
Total	176,850	166,019	10,831	28,112
Child Health:				
Salaries and employee benefits	109,135	108,756		-
Operating expenditures	7,876	7,442		4,454
Total	117,011	116,198	813	4,454
Family Planning:				
Salaries and employee benefits	107,786	107,651		-
Operating expenditures	47,139	43,025		29,718
Total	154,925	150,676	-	29,718

MACON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Over/Under	
Dental Health:				
Salaries and employee benefits	292,071	291,436		264,294
Operating expenditures	62,011	55,435		34,731
Capital outlay	-	-		5,971
Total	<u>354,082</u>	<u>346,871</u>	<u>7,211</u>	<u>304,996</u>
Tuberculosis:				
Salaries and employee benefits	273,087	273,086		200,547
Operating expenditures	44,739	44,509		113,563
Capital outlay	-	-		19,930
Total	<u>317,826</u>	<u>317,595</u>	<u>231</u>	<u>334,040</u>
Immunization:				
Operating expenditures	-	-		2,796
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,796</u>
Adult Health:				
Salaries and employee benefits	72,611	72,362		-
Operating expenditures	4,161	3,611		3,748
Total	<u>76,772</u>	<u>75,973</u>	<u>799</u>	<u>3,748</u>
Breast and Cervical Cancer:				
Salaries and employee benefits	80,388	72,160		-
Operating expenditures	27,300	22,647		17,997
Total	<u>107,688</u>	<u>94,807</u>	<u>12,881</u>	<u>17,997</u>
Laboratory Services:				
Salaries and employee benefits	213,410	213,031		-
Operating expenditures	73,849	69,410		69,008
Total	<u>287,259</u>	<u>282,441</u>	<u>4,818</u>	<u>69,008</u>
Communicable Disease:				
Salaries and employee benefits	21,343	11,581		-
Operating expenditures	23,782	13,384		27,128
Total	<u>45,125</u>	<u>24,965</u>	<u>20,160</u>	<u>27,128</u>
Health Check:				
Operating expenditures	-	-		200
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>200</u>
On-Site Waste Water:				
Salaries and employee benefits	391,726	389,634		426,062
Operating expenditures	36,383	20,849		54,954
Total	<u>428,109</u>	<u>410,483</u>	<u>17,626</u>	<u>481,016</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, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Over/Under	
Private Drinking Water Wells:				
Salaries and employee benefits	104,042	98,229		12,179
Operating expenditures	36,726	21,280		5,398
Capital outlay	-	-		45,013
Total	140,768	119,509	21,259	62,590
Food and Lodging:				
Salaries and employee benefits	187,794	186,320		185,839
Operating expenditures	24,803	20,762		10,219
Capital outlay	17,743	17,942		17,575
Total	230,340	225,024	5,316	213,633
Health Promotion:				
Salaries and employee benefits	32,755	32,518		-
Operating expenditures	1,584	958		2,076
Total	34,339	33,476	863	2,076
KBR Healthy Carolinians:				
Salaries and employee benefits	97,649	96,927		97,684
Operating expenditures	55,238	23,743		11,000
Total	152,887	120,670	32,217	108,684
General Nursing:				
Salaries and employee benefits	176,942	176,909		-
Operating expenditures	136,570	121,967		104,190
Total	313,512	298,876	14,636	104,190
Smart Start:				
Salaries and employee benefits	55,455	54,930		-
Operating expenditures	32,810	14,805		30,676
Total	88,265	69,735	18,530	30,676
Total health	4,449,663	4,124,695	320,719	4,074,649
Social Services:				
Administration:				
Salaries and employee benefits	401,836	350,673		345,455
Operating expenditures	268,500	218,138		148,009
Capital outlay	-	-		13,322
Total	670,336	568,811	101,525	506,786

MACON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Over/Under	
Social Work Services/Special Programs:				
Salaries and employee benefits	669,753	636,604		608,611
Operating expenditures	1,318,045	1,156,606		686,110
Total	1,987,798	1,793,210	194,588	1,294,721
Child Daycare:				
Salaries and employee benefits	39,156	34,100	5,056	39,767
Medicaid:				
County participation only	1,080,660	740,851	339,809	1,478,449
Workfirst:				
Salaries and employee benefits	45,140	44,987		45,319
Operating expenditures	22,703	13,569		25,282
Total	67,843	58,556	9,287	70,601
CAP-DA:				
Salaries and employee benefits	104,830	104,583		98,773
Total	104,830	104,583	247	98,773
DSS AMC Outpost Worker:				
Salaries and employee benefits	38,514	38,394	120	35,979
Program Integrity:				
Salaries and employee benefits	52,727	52,702		52,455
Total	52,727	52,702	25	52,455
Medicaid/FS Administration:				
Salaries and employee benefits	927,192	852,007		865,594
Total	927,192	852,007	75,185	865,594
Total Social Services	4,969,056	4,243,214	725,722	4,443,125
Department on Aging:				
Administration:				
Salaries and employee benefits	158,623	157,477		137,534
Operating expenditures	37,382	27,844		30,451
Capital outlay	-	-		15,304
Total	196,005	185,321	10,684	183,289
Home Delivered Meals:				
Salaries and employee benefits	41,705	41,383		41,910
Operating expenditures	93,600	84,665		86,951
Total	135,305	126,048	9,257	128,861

MACON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008

	2009		2008
	Budget	Actual	
Title III - In-Home Services:			
Salaries and employee benefits	66,476	65,168	81,162
Operating expenditures	16,162	13,157	11,466
Total	82,638	78,325	92,628
Congregate Meals:			
Salaries and employee benefits	32,726	32,192	33,211
Operating expenditures	46,600	44,574	43,770
Total	79,326	76,766	76,981
Adult Daycare:			
Salaries and employee benefits	117,427	116,723	118,044
Operating expenditures	81,249	57,461	45,834
Total	198,676	174,184	163,878
Institutional Respite:			
Operating expenditures	2,000	-	218
Total	2,000	-	218
Total Department on Aging	693,950	640,644	645,855
Miscellaneous Human Services:			
Veterans Service:			
Salaries and employee benefits	95,325	95,244	96,338
Operating expenditures	7,489	5,240	7,775
Total	102,814	100,484	104,113
Contributions to Organizations:			
Smoky Mountain Mental Health	107,700	107,700	107,700
Macon County Citizens for Handicapped	63,000	63,000	47,000
Macon Program for Progress	7,093	7,093	6,034
Total	177,793	177,793	160,734
Special Appropriations:			
Literacy Council of Highlands	2,401	2,401	2,510
Carpe Diem Farms	5,054	5,054	6,571
Kids Place	10,000	10,000	9,286
State of Franklin	15,000	15,000	4,500
REACH	29,217	8,000	19,341
Mountain Mediation Center	4,909	4,909	3,874
Mountain County Fair Association	74,600	59,591	-

MACON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Over/Under	
National Alliance on Mental Ill	767	767	-	-
Main Street Franklin	40,000	40,000	-	-
Main street Franklin - recreation	20,000	-	-	-
Other special appropriations	5,559	5,559	-	7,132
Total	207,507	151,281	56,226	53,214
Total miscellaneous human services	488,114	429,558	58,556	318,061
Total human services	10,600,783	9,438,111	1,158,303	9,481,690
Culture and Recreation:				
Salaries and employee benefits	389,793	368,932	-	333,531
Operating expenditures	737,223	718,518	-	963,768
Capital outlay	-	-	-	272,716
Total	1,127,016	1,087,450	39,566	1,570,015
Library and Cultural:				
Macon County Library	961,000	961,000	-	1,032,969
Macon County Historical Society	25,000	25,000	-	7,752
Macon County Preservation Society	5,000	5,000	-	-
Total	991,000	991,000	-	1,040,721
Total cultural and recreational	2,118,016	2,078,450	39,566	2,610,736
Education:				
Public schools - current expenditures	8,389,334	7,699,304	690,030	6,481,658
Public schools - capital outlay	700,000	700,000	-	1,146,667
Timber sales pass-through	257,793	239,524	18,269	97,401
Southwestern Community College	431,063	431,063	-	519,829
Total education	9,778,190	9,069,891	708,299	8,245,555
Total expenditures	42,407,527	38,543,754	3,863,773	38,597,426
Revenues over (under) expenditures	455,917	3,643,574	3,187,657	3,666,984
Other Financing Sources (Uses):				
Transfers in:				
From Revaluation Fund	-	-	-	57,517
From Little Tennessee River Capital Project	454	454	-	-
From E 911 wireline	-	19,071	19,071	259,731
From Solid Waste Fund	-	-	-	298,665
Total	454	19,525	19,071	615,913

MACON COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Over/Under	
Transfers out:				
To Airport Fund	-	-	-	(16,667)
To General Obligation Bond Capital Fund	(370,400)	(370,400)	-	(1,680,800)
To Community Development Block Grant Fund	(105,000)	(105,000)	-	(108,556)
To Capital Reserve Fund	-	-	-	(125,000)
To Debt Service	(3,438,598)	(3,438,598)	-	(1,891,169)
To County Buildings Project	(1,028,000)	(1,028,000)	-	(350,000)
Total	(4,941,998)	(4,941,998)	-	(4,172,192)
Appropriated fund balance	4,485,627	-	(4,485,627)	-
Total other financing sources (uses)	(455,917)	(4,922,473)	(4,466,556)	(3,556,279)
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	(1,278,899)	\$ (1,278,899)	110,705
Fund Balance:				
Beginning of year, July 1		18,345,541		18,234,836
End of year, June 30		\$ 17,066,642		\$ 18,345,541

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MACON COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2009

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Nonmajor Debt Service	Total
Assets:				
Cash and investments	\$ 2,203,915	\$ 1,244,397	\$ 673,649	\$ 4,121,961
Taxes receivable, net	88,023	-	-	88,023
Accounts receivable, net	68,428	381,384	680,000	1,129,812
Due from other governmental agencies	266,060	-	-	266,060
	<u>2,626,426</u>	<u>1,625,781</u>	<u>1,353,649</u>	<u>5,605,856</u>
Total assets	<u>\$ 2,626,426</u>	<u>\$ 1,625,781</u>	<u>\$ 1,353,649</u>	<u>\$ 5,605,856</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 58,787	\$ 130,841	\$ -	\$ 189,628
Due to other funds	-	28,146	-	28,146
Deferred revenues	88,023	-	-	88,023
Total liabilities	<u>146,810</u>	<u>158,987</u>	<u>-</u>	<u>305,797</u>
Fund Balances:				
Reserved by State statute	266,060	-	-	266,060
Unreserved	<u>2,213,556</u>	<u>1,466,794</u>	<u>1,353,649</u>	<u>5,033,999</u>
Total fund balances	<u>2,479,616</u>	<u>1,466,794</u>	<u>1,353,649</u>	<u>5,300,059</u>
Total liabilities and fund balances	<u>\$ 2,626,426</u>	<u>\$ 1,625,781</u>	<u>\$ 1,353,649</u>	<u>\$ 5,605,856</u>

MACON COUNTY, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2009**

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Nonmajor Debt Service	Total
Revenues:				
Ad valorem taxes	\$ 2,581,952	\$ -	\$ -	\$ 2,581,952
Local option sales taxes	1,445,652	-	-	1,445,652
Restricted intergovernmental revenues	856,949	381,385	680,000	1,918,334
Interest earned on investments	41,872	4,453	155	46,480
Total revenues	<u>4,926,425</u>	<u>385,838</u>	<u>680,155</u>	<u>5,992,418</u>
Expenditures:				
Current:				
General government	-	493,792	-	493,792
Public safety	2,854,616	-	-	2,854,616
Economic and physical development	404,318	444,378	-	848,696
Cultural and recreational	-	115,266	-	115,266
Debt service:				
Principal repayments	-	-	3,142,501	3,142,501
Interest	-	-	1,206,453	1,206,453
Total expenditures	<u>3,258,934</u>	<u>1,053,436</u>	<u>4,348,954</u>	<u>8,661,324</u>
Revenues over (under) expenditures	<u>1,667,491</u>	<u>(667,598)</u>	<u>(3,668,799)</u>	<u>(2,668,906)</u>
Other Financing Sources (Uses):				
Transfers in	105,000	1,028,000	4,991,213	6,124,213
Transfers out	(1,571,686)	(454)	-	(1,572,140)
Total other financing sources (uses)	<u>(1,466,686)</u>	<u>1,027,546</u>	<u>4,991,213</u>	<u>4,552,073</u>
Net change in fund balances	200,805	359,948	1,322,414	1,883,167
Fund Balances:				
Beginning of year - July 1	<u>2,278,811</u>	<u>1,106,846</u>	<u>31,235</u>	<u>3,416,892</u>
End of year - June 30	<u>\$ 2,479,616</u>	<u>\$ 1,466,794</u>	<u>\$ 1,353,649</u>	<u>\$ 5,300,059</u>

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

Individual Fund Descriptions:

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

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

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

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

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

Community Development Block Grant Fund - accounts for federal grants received and expended for community development.

MACON COUNTY, NORTH CAROLINA

**NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2009**

	Emergency Telephone System Fund	Fire Districts Fund	Schools Capital Fund	Capital Reserve Fund
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Assets:				
Cash and cash equivalents	\$ 359,689	\$ 15,903	\$ 543,253	\$ 1,226,631
Taxes receivable, net	-	88,023	-	-
Accounts receivable, net	-	-	-	-
Due from government agencies	<u>36,323</u>	<u>-</u>	<u>229,737</u>	<u>-</u>
 Total assets	 <u>\$ 396,012</u>	 <u>\$ 103,926</u>	 <u>\$ 772,990</u>	 <u>\$ 1,226,631</u>
 Liabilities and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 12,686	\$ 15,903	\$ -	\$ -
Deferred revenues	<u>-</u>	<u>88,023</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>12,686</u>	<u>103,926</u>	<u>-</u>	<u>-</u>
 Fund Balances:				
Reserved by State statute	36,323	-	229,737	-
Unreserved:				
Undesignated	<u>347,003</u>	<u>-</u>	<u>543,253</u>	<u>1,226,631</u>
Total fund balances	<u>383,326</u>	<u>-</u>	<u>772,990</u>	<u>1,226,631</u>
 Total liabilities and fund balances	 <u>\$ 396,012</u>	 <u>\$ 103,926</u>	 <u>\$ 772,990</u>	 <u>\$ 1,226,631</u>

Schedule D-1

Clean Water Management Trust Fund	Community Development Block Grant Fund	Total
\$ 32,594	\$ 25,845	\$ 2,203,915
-	-	88,023
-	68,428	68,428
<u>-</u>	<u>-</u>	<u>266,060</u>
<u>\$ 32,594</u>	<u>\$ 94,273</u>	<u>\$ 2,626,426</u>
\$ -	\$ 30,198	\$ 58,787
<u>-</u>	<u>-</u>	<u>88,023</u>
<u>-</u>	<u>30,198</u>	<u>146,810</u>
-	-	266,060
<u>32,594</u>	<u>64,075</u>	<u>2,213,556</u>
<u>32,594</u>	<u>64,075</u>	<u>2,479,616</u>
<u>\$ 32,594</u>	<u>\$ 94,273</u>	<u>\$ 2,626,426</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, 2009**

	Emergency Telephone System Fund	Fire Districts Fund	Schools Capital Fund	Capital Reserve Fund
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Revenues:				
Ad valorem taxes	\$ -	\$ 2,581,952	\$ -	\$ -
Local option sales taxes	-	-	1,445,652	-
Restricted intergovernmental revenues	485,194	-	-	-
Investment earnings	1,070	-	20,158	20,644
Total revenues	<u>486,264</u>	<u>2,581,952</u>	<u>1,465,810</u>	<u>20,644</u>
Expenditures:				
Public safety	265,587	2,589,029	-	-
Economic and physical development	-	-	-	-
Total expenditures	<u>265,587</u>	<u>2,589,029</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>220,677</u>	<u>(7,077)</u>	<u>1,465,810</u>	<u>20,644</u>
Other Financing Sources (Uses):				
Transfers in:				
From General Fund	-	-	-	-
Transfers out:				
To Debt Service	-	-	(1,552,615)	(19,071)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(1,552,615)</u>	<u>(19,071)</u>
Net change in fund balances	220,677	(7,077)	(86,805)	1,573
Fund Balances:				
Beginning of year, July 1	<u>162,649</u>	<u>7,077</u>	<u>859,795</u>	<u>1,225,058</u>
End of year, June 30	<u>\$ 383,326</u>	<u>\$ -</u>	<u>\$ 772,990</u>	<u>\$ 1,226,631</u>

Schedule D-2

Clean Water Management Trust Fund	Community Development Block Grant Fund	Total
\$ -	\$ -	\$ 2,581,952
-	-	1,445,652
7,510	364,245	856,949
-	-	41,872
<u>7,510</u>	<u>364,245</u>	<u>4,926,425</u>
-	-	2,854,616
<u>7,085</u>	<u>397,233</u>	<u>404,318</u>
<u>7,085</u>	<u>397,233</u>	<u>3,258,934</u>

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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, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008**

	<u>2009</u>			<u>2008</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	
Revenues:				
Restricted intergovernmental revenues	\$ 415,956	\$ 485,194	\$ 69,238	\$ 326,028
Wireless 911 revenues	-	-	-	78,596
Miscellaneous revenues	-	-	-	1,000
Investment earnings	-	1,070	1,070	12,295
Total revenues	<u>415,956</u>	<u>486,264</u>	<u>70,308</u>	<u>417,919</u>
Expenditures:				
Public safety:				
911 system subscriber fees:				
Salaries and employee benefits	1,046	-	-	88,369
Operating expenditures	-	-	-	<u>37,123</u>
Total subscriber fees	<u>1,046</u>	<u>-</u>	<u>1,046</u>	<u>125,492</u>
Wireless 911:				
Salaries and employee benefits	132,160	119,952	-	73,693
Operating expenditures	<u>291,226</u>	<u>145,635</u>	-	<u>117,088</u>
Total wireless 911	<u>423,386</u>	<u>265,587</u>	<u>157,799</u>	<u>190,781</u>
Total expenditures	<u>424,432</u>	<u>265,587</u>	<u>158,845</u>	<u>316,273</u>
Revenues over (under) expenditures	<u>(8,476)</u>	<u>220,677</u>	<u>229,153</u>	<u>101,646</u>
Other Financing Sources (Uses):				
Appropriated fund balance	8,476	-	(8,476)	-
Transfers out	-	-	-	<u>(259,731)</u>
Net change in fund balance	<u>\$ -</u>	<u>220,677</u>	<u>\$ 220,677</u>	<u>(158,085)</u>
Fund Balance:				
Beginning of year, July 1		<u>162,649</u>		<u>320,734</u>
End of year, June 30		<u>\$ 383,326</u>		<u>\$ 162,649</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, 2009

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008

	<u>2009</u>			<u>2008</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	
Revenues:				
Ad valorem taxes - Fire:				
Current year	\$ 2,541,714	\$ 2,518,720	\$ (22,994)	\$ 2,341,707
Prior years	49,000	63,232	14,232	56,514
Total revenues	<u>2,590,714</u>	<u>2,581,952</u>	<u>(8,762)</u>	<u>2,398,221</u>
Expenditures:				
Public Safety:				
Franklin Fire District		470,208		469,604
Clark's Chapel Fire District		207,803		169,232
Otto Fire District		236,364		220,261
Cullasaja Fire District		240,176		236,973
West Macon Fire District		279,343		247,312
Scaly Mountain Fire District		124,334		123,498
Burningtown / Iotla Fire District		154,879		116,300
Cowee Fire District		254,739		204,409
Highlands Fire District		318,661		342,938
Mountain Valley Fire District		122,074		88,571
Nantahala Fire District		180,448		179,123
Total expenditures	<u>2,590,714</u>	<u>2,589,029</u>	<u>1,685</u>	<u>2,398,221</u>
Net change in fund balance	<u>\$ -</u>	<u>(7,077)</u>	<u>\$ (7,077)</u>	<u>-</u>
Fund Balance:				
Beginning of year, July 1		<u>7,077</u>		<u>7,077</u>
End of year, June 30		<u>\$ -</u>		<u>\$ 7,077</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, 2009
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Over/Under	
Revenues:				
Interest	\$ -	\$ 20,158	\$ 20,158	\$ 38,292
Local option sales tax	<u>1,352,615</u>	<u>1,445,652</u>	<u>93,037</u>	<u>1,580,723</u>
Total revenues	<u>1,352,615</u>	<u>1,465,810</u>	<u>113,195</u>	<u>1,619,015</u>
Revenues over (under) expenditures	<u>1,352,615</u>	<u>1,465,810</u>	<u>113,195</u>	<u>1,619,015</u>
Other Financing Sources (Uses):				
Appropriated fund balance	200,000	-	200,000	-
Transfers out:				
To Debt Service	<u>(1,552,615)</u>	<u>(1,552,615)</u>	<u>-</u>	<u>(1,325,000)</u>
Total other financing sources (uses)	<u>(1,352,615)</u>	<u>(1,552,615)</u>	<u>200,000</u>	<u>(1,325,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>(86,805)</u>	<u>\$ (86,805)</u>	294,015
Fund Balance:				
Beginning of year, July 1		<u>859,795</u>		<u>565,780</u>
End of year, June 30		<u>\$ 772,990</u>		<u>\$ 859,795</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, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008

	<u>2009</u>			<u>2008</u> <u>Actual</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Over/Under</u>	
Revenues:				
Interest	\$ -	\$ 20,644	\$ 20,644	\$ 47,483
Other Financing Sources (Uses):				
Transfers in:				
From General Fund	(134,600)	(19,071)	115,529	125,000
Appropriated fund balance	<u>134,600</u>	<u>-</u>	<u>(134,600)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>1,573</u>	<u>\$ 1,573</u>	<u>172,483</u>
Fund Balance:				
Beginning of year, July 1		<u>1,225,058</u>		<u>1,052,575</u>
End of year, June 30		<u>\$ 1,226,631</u>		<u>\$ 1,225,058</u>

MACON COUNTY, NORTH CAROLINA

CLEAN WATER MANAGEMENT TRUST FUND
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2009

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
Revenues:				
Restricted intergovernmental revenues:				
Community Development Block Grant	\$ 721,000	\$ 535,617	\$ 7,510	\$ 543,127
Total revenues	<u>721,000</u>	<u>535,617</u>	<u>7,510</u>	<u>543,127</u>
Expenditures:				
Economic and physical development:				
Salaries and benefits	182,297	181,861	-	181,861
Grant expenditures-All other	<u>499,019</u>	<u>321,587</u>	<u>7,085</u>	<u>328,672</u>
Total expenditures	<u>681,316</u>	<u>503,448</u>	<u>7,085</u>	<u>510,533</u>
Revenues over (under) expenditures	39,684	32,169	425	32,594
Other Financing Sources (Uses):				
Contingency	<u>(39,684)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 32,169</u>	<u>\$ 425</u>	<u>\$ 32,594</u>

MACON COUNTY, NORTH CAROLINA

COMMUNITY DEVELOPMENT BLOCK GRANT FUND
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2009

	<u>Project Authorization</u>	<u>Actual</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
Restricted intergovernmental revenues:				
Community Development Block Grant	\$ 951,359	\$ 363,808	\$ 364,245	\$ 728,053
Total revenues	<u>951,359</u>	<u>363,808</u>	<u>364,245</u>	<u>728,053</u>
Expenditures:				
Economic and physical development:				
Administrative	275,780	101,139	118,181	219,320
Construction	360,000	108,716	92,955	201,671
Weatherization	189,337	100,178	65,961	166,139
Rehabilitation	160,000	84,419	71,415	155,834
Service delivery	24,000	11,392	10,031	21,423
Urgent repair	<u>150,800</u>	<u>74,457</u>	<u>38,690</u>	<u>113,147</u>
Total expenditures	<u>1,159,917</u>	<u>480,301</u>	<u>397,233</u>	<u>877,534</u>
Revenues over (under) expenditures	(208,558)	(116,493)	(32,988)	(149,481)
Other Financing Sources (Uses):				
Transfers in:				
From General Fund	<u>208,558</u>	<u>108,556</u>	<u>105,000</u>	<u>213,556</u>
Revenues and other financing sources over (under) expenditures and other financing sources	<u>\$ -</u>	<u>\$ (7,937)</u>	<u>\$ 72,012</u>	<u>\$ 64,075</u>

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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:

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

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

Little Tennessee River Project Fund - accounts for the costs of streambank stabilization and construction of a public greenway at the Little Tennessee River.

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

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

MACON COUNTY, NORTH CAROLINA

**NONMAJOR CAPITAL PROJECTS FUND
COMBINING BALANCE SHEET
JUNE 30, 2009**

	<u>Airport Improvements Project</u>	<u>County Buildings Project</u>	<u>Little Tennessee River Capital Project</u>
Assets:			
Cash and cash equivalents	\$ 86,194	\$ 892,957	\$ -
Accounts receivable, net	<u>381,384</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 467,578</u>	<u>\$ 892,957</u>	<u>\$ -</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 115,117	\$ 15,724	\$ -
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>115,117</u>	<u>15,724</u>	<u>-</u>
Fund Balances:			
Unreserved:			
Undesignated	<u>352,461</u>	<u>877,233</u>	<u>-</u>
Total fund balances	<u>352,461</u>	<u>877,233</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 467,578</u>	<u>\$ 892,957</u>	<u>\$ -</u>

Schedule E-1

SCC Campus/ Library Project	Little Tennessee River/ Cartoogechaye Creek Sewer Trunk Project	Total
\$ 265,246	\$ -	\$ 1,244,397
-	-	381,384
\$ 265,246	\$ -	\$ 1,625,781
\$ -	\$ -	\$ 130,841
-	28,146	28,146
-	28,146	158,987
265,246	(28,146)	1,466,794
265,246	(28,146)	1,466,794
\$ 265,246	\$ -	\$ 1,625,781

MACON COUNTY, NORTH CAROLINA

**NONMAJOR CAPITAL PROJECTS FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Airport Improvements</u>	<u>County Buildings Project</u>	<u>Little Tennessee River Capital Project</u>
Revenues:			
Restricted intergovernmental revenues	\$ 381,385	\$ -	\$ -
Investment earnings	-	-	-
Total revenues	<u>381,385</u>	<u>-</u>	<u>-</u>
Expenditures:			
General government	-	493,792	-
Economic and physical development	417,755	-	-
Cultural and recreational	-	-	-
Total expenditures	<u>417,755</u>	<u>493,792</u>	<u>-</u>
Revenues over (under) expenditures	<u>(36,370)</u>	<u>(493,792)</u>	<u>-</u>
Other Financing Sources (Uses):			
Transfers in:			
From General Fund	-	1,028,000	-
Transfers out:			
To General Fund	-	-	(454)
Total other financing sources (uses)	<u>-</u>	<u>1,028,000</u>	<u>(454)</u>
Net change in fund balances	(36,370)	534,208	(454)
Fund Balances:			
Beginning of year, July 1	<u>388,831</u>	<u>343,025</u>	<u>454</u>
End of year, June 30	<u>\$ 352,461</u>	<u>\$ 877,233</u>	<u>\$ -</u>

Schedule E-2

SCC Campus/ Library Project	Little Tennessee River/ Cartoogechaye Creek Sewer Trunk Project	Total
\$ -	\$ -	\$ 381,385
<u>4,453</u>	<u>-</u>	<u>4,453</u>
<u>4,453</u>	<u>-</u>	<u>385,838</u>
-	-	493,792
-	26,623	444,378
<u>115,266</u>	<u>-</u>	<u>115,266</u>
<u>115,266</u>	<u>26,623</u>	<u>1,053,436</u>
<u>(110,813)</u>	<u>(26,623)</u>	<u>(667,598)</u>
-	-	1,028,000
<u>-</u>	<u>-</u>	<u>(454)</u>
<u>-</u>	<u>-</u>	<u>1,028,000</u>
(110,813)	(26,623)	359,948
<u>376,059</u>	<u>(1,523)</u>	<u>1,106,846</u>
<u>\$ 265,246</u>	<u>\$ (28,146)</u>	<u>\$ 1,466,794</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, 2009**

	<u>Project Authorization</u>	<u>Actual</u>		
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>
Revenues:				
Investment earnings	\$ -	\$ 59,909	\$ 103,968	\$ 163,877
Miscellaneous revenues	-	-	2,052	2,052
Total revenues	-	59,909	106,020	165,929
Expenditures:				
Architect fees	2,263,525	2,654,563	272,231	2,926,794
Professional fees	272,537	134,402	23,437	157,839
Construction	20,544,821	3,200	11,200,758	11,203,958
Land	2,600,000	2,589,816	-	2,589,816
Bond issuance costs	61,031	18,529	34,777	53,306
Advertising	3,000	1,022	-	1,022
Contingency	789,319	-	-	-
Total expenditures	26,534,233	5,401,532	11,531,203	16,932,735
Revenues over (under) expenditures	(26,534,233)	(5,341,623)	(11,425,183)	(16,766,806)
Other Financing Sources (Uses):				
Debt issued	24,600,000	4,600,000	20,000,000	24,600,000
Transfer from the General Fund	1,934,233	1,680,800	370,400	2,051,200
Total other financing sources (uses)	26,534,233	6,280,800	20,370,400	26,651,200
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 939,177	\$ 8,945,217	\$ 9,884,394

MACON COUNTY, NORTH CAROLINA

AIRPORT IMPROVEMENTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2009

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Revenues:				
Restricted intergovernmental revenues:				
State aid to airports	\$ 3,317,118	\$ 798,460	\$ 381,385	\$ 1,179,845
Expenditures:				
Capital outlay:				
Obstruction lighting	144,354	120,892	-	120,892
Runway expansion	1,874,665	324,060	175,309	499,369
Runway extension data recovery	333,334		115,117	115,117
Phase I EA - runway extension	1,000,000	98,344	127,329	225,673
2004 Vision 100	166,667	152,571	-	152,571
2007 Vision 100	166,667	26,294	-	26,294
Total expenditures	<u>3,685,687</u>	<u>722,161</u>	<u>417,755</u>	<u>1,139,916</u>
Revenues over (under) expenditures	<u>(368,569)</u>	<u>76,299</u>	<u>(36,370)</u>	<u>39,929</u>
Other Financing Sources (Uses):				
Transfers in from General Fund	<u>368,569</u>	<u>312,532</u>	<u>-</u>	<u>312,532</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 388,831</u>	<u>\$ (36,370)</u>	<u>\$ 352,461</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, 2009

	<u>Project</u> <u>Authorization</u>	<u>Actual</u>		
		<u>Prior</u> <u>Years</u>	<u>Current</u> <u>Year</u>	<u>Total</u> <u>to Date</u>
Expenditures:				
General government:				
Animal shelter	\$ 500,000	\$ 6,975	\$ 468,737	\$ 475,712
Old library renovations	300,000	-	21,643	21,643
Renovations - Barrett Building	<u>578,000</u>	<u>-</u>	<u>3,412</u>	<u>3,412</u>
Total expenditures	<u>1,378,000</u>	<u>6,975</u>	<u>493,792</u>	<u>500,767</u>
Revenues over (under) expenditures	<u>(1,378,000)</u>	<u>(6,975)</u>	<u>(493,792)</u>	<u>(500,767)</u>
Other Financing Sources (Uses):				
Transfers in:				
From General Fund	<u>1,378,000</u>	<u>350,000</u>	<u>1,028,000</u>	<u>1,378,000</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 343,025</u>	<u>\$ 534,208</u>	<u>\$ 877,233</u>

MACON COUNTY, NORTH CAROLINA

**LITTLE TENNESSEE RIVER PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2009**

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues:				
Investment earnings	\$ -	\$ 30	\$ -	\$ 30
Local contributions	122,468	122,468	-	122,468
Restricted intergovernmental revenues	3,202,467	3,199,370	-	3,199,370
Total revenues	3,324,935	3,321,868	-	3,321,868
Expenditures:				
Economic and physical development:				
Clean Water Trust Grant	3,049,000	2,924,966	-	2,924,966
PARTF Phase II Grant	434,935	431,415	-	431,415
Recreational Trails Grant	105,332	105,332	-	105,332
Total economic and physical development	3,589,267	3,461,713	-	3,461,713
Debt service:				
Principal repayments	-	91,643	-	91,643
Interest	-	32,390	-	32,390
Total debt service	-	124,033	-	124,033
Total expenditures	3,589,267	3,585,746	-	3,585,746
Revenues over (under) expenditures	(264,332)	(263,878)	-	(263,878)
Other Financing Sources (Uses):				
Transfer from/to General Fund	155,332	155,332	(454)	154,878
Debt issued	109,000	109,000	-	109,000
Total other financing sources (uses)	264,332	264,332	(454)	263,878
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 454	\$ (454)	\$ -

MACON COUNTY, NORTH CAROLINA

**SCC CAMPUS/LIBRARY PROJECT
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Revenues:				
Investment earnings	\$ 43,223	\$ 253,457	\$ 4,453	\$ 257,910
Miscellaneous revenues	198,654	207,767	-	207,767
Total revenues	<u>241,877</u>	<u>461,224</u>	<u>4,453</u>	<u>465,677</u>
Expenditures:				
Architect fees	263,134	262,208	-	262,208
Issuance costs	11,876	8,166	-	8,166
Construction	4,337,430	4,633,502	-	4,633,502
Contribution to SCC	2,878,478	2,828,064	50,579	2,878,643
Non-capital equipment	67,000	-	64,687	64,687
Pump station	400,000	-	-	-
Contingency	32,224	-	-	-
Total expenditures	<u>7,990,142</u>	<u>7,731,940</u>	<u>115,266</u>	<u>7,847,206</u>
Revenues over (under) expenditures	<u>(7,748,265)</u>	<u>(7,270,716)</u>	<u>(110,813)</u>	<u>(7,381,529)</u>
Other Financing Sources (Uses):				
Debt issued	5,000,000	5,000,000	-	5,000,000
Transfer from the General Fund	<u>2,748,265</u>	<u>2,646,775</u>	<u>-</u>	<u>2,646,775</u>
Total other financing sources (uses)	<u>7,748,265</u>	<u>7,646,775</u>	<u>-</u>	<u>7,646,775</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 376,059</u>	<u>\$ (110,813)</u>	<u>\$ 265,246</u>

MACON COUNTY, NORTH CAROLINA

LITTLE TENNESSEE RIVER/CARTOOGECHAYE CREEK
SEWER TRUNK PROJECTSCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2009

	<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	\$ -	\$ -	\$ -
Advantage West Grant	8,000	-	-	-
NC Clean Water Revolving Loan	1,500,000	-	-	-
Investment earnings	-	87	-	87
Total revenues	<u>4,508,000</u>	<u>87</u>	<u>-</u>	<u>87</u>
Expenditures:				
Sewer project expense:				
Legal fees	75,000	1,057	-	1,057
Issuance cost	11,986	11,986	-	11,986
Engineering	440,288	369,482	1,310	370,792
Surveying	-	-	313	313
General contract	3,456,900	-	-	-
Land	172,400	135,667	25,000	160,667
Contingency	351,426	-	-	-
Total expenditures	<u>4,508,000</u>	<u>518,192</u>	<u>26,623</u>	<u>544,815</u>
Revenues over (under) expenditures	<u>-</u>	<u>(518,105)</u>	<u>(26,623)</u>	<u>(544,728)</u>
Other Financing Sources (Uses):				
Transfer from General Fund	516,582	516,582	-	516,582
Transfer to General Fund	<u>(516,582)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>516,582</u>	<u>-</u>	<u>516,582</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (1,523)</u>	<u>\$ (26,623)</u>	<u>\$ (28,146)</u>

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

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MACON COUNTY, NORTH CAROLINA

SOLID WASTE FUND

SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2009

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008

	2009			2008
	Budget	Actual	Variance Over/Under	
Revenues:				
Operating revenues:				
Landfill fees	\$ 1,600,000	\$ 1,576,579		\$ 1,580,531
Tipping fees	1,368,000	1,842,977		101,008
Recycling revenue	300,000	196,670		366,162
Collection fees	-	-		569,996
Other operating revenue	50,700	6,356		73,069
Scrap tire disposal fee	25,000	35,600		49,021
Solid waste disposal fees	15,090	14,929		-
Restricted intergovernmental revenue	27,000	64,997		44,519
Total operating revenues	<u>3,385,790</u>	<u>3,738,108</u>	<u>\$ 352,318</u>	<u>2,784,306</u>
Non-operating revenues:				
Solid waste disposal tax	-	15,929		-
Investment earnings	-	137,700		220,117
Total non-operating revenues	<u>-</u>	<u>153,629</u>	<u>153,629</u>	<u>220,117</u>
Total revenues	<u>3,385,790</u>	<u>3,891,737</u>	<u>505,947</u>	<u>3,004,423</u>
Expenditures:				
Operating expenditures:				
Salaries	927,866	902,140		851,162
Employee benefits	264,335	270,989		279,108
Operating expenditures	1,155,978	1,085,934		810,326
Interest and fees	61,025	61,136		22,883
Debt principal	400,000	400,000		347,934
Post closure costs	385,416	29,930		33,557
Capital outlay	680,453	192,515		659,151
Solid waste disposal tax remittance	80,000	65,792		-
Total expenditures	<u>3,955,073</u>	<u>3,008,436</u>	<u>946,637</u>	<u>3,004,121</u>
Revenues over (under) expenditures	<u>(569,283)</u>	<u>883,301</u>	<u>1,452,584</u>	<u>302</u>
Other Financing Sources (Uses):				
Proceeds from issuance of debt	-	-	-	1,000,000
Transfer from Solid Waste Transfer station	-	354,853	354,853	-
Transfer from General Fund	-	-	-	(298,665)
Appropriated fund balance	569,283	-	(569,283)	-
Total other financing sources (uses)	<u>569,283</u>	<u>354,853</u>	<u>(214,430)</u>	<u>701,335</u>
Revenues and other financing sources over over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 1,238,154</u>	<u>\$ 1,238,154</u>	<u>\$ 701,637</u>

MACON COUNTY, NORTH CAROLINA

SOLID WASTE FUND

SCHEDULE OF REVENUES AND EXPENDITURES -

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2009

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008

	2009		2008
	Budget	Actual	
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over over (under) expenditures and other financing uses		\$ 1,238,154	\$ 701,637
Reconciling items:			
Payment of debt principal		400,000	347,934
Transfer from enterprise fund capital project fund		(354,853)	-
Gain loss on disposal of asset		-	(119,949)
Proceeds from issuance of debt		-	(1,000,000)
Capital outlay		130,080	659,151
Capital contributions		-	476,000
Post-closure care costs		319,000	(606,000)
Other post employment benefits		(50,531)	-
Increase (decrease) in accounts receivable		(678,535)	677,772
(Increase) decrease in accrued vacation pay		588	(3,422)
(Increase) decrease in accounts payable		101,710	(119,550)
Depreciation		<u>(897,958)</u>	<u>(816,461)</u>
Change in net assets - Exhibit H		<u>\$ 207,655</u>	<u>\$ 197,112</u>

MACON COUNTY, NORTH CAROLINA

**SOLID WASTE TRANSFER STATION
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2009**

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Expenditures:				
Survey and permits	\$ 11,000	\$ 5,700	\$ -	\$ 5,700
Engineering fees	140,000	112,018	34,306	146,324
Capital equipment	175,000	-	174,581	174,581
Construction	786,387	165,070	620,712	785,782
Debt issuance costs	8,760	8,760	-	8,760
Total expenditures	<u>1,121,147</u>	<u>291,548</u>	<u>829,599</u>	<u>1,121,147</u>
Revenues over (under) expenditures	<u>(1,121,147)</u>	<u>(291,548)</u>	<u>(829,599)</u>	<u>(1,121,147)</u>
Other Financing Sources (Uses):				
Proceeds from issuance of debt	1,000,000	1,000,000	-	1,000,000
Transfer to the Solid Waste Fund	<u>(354,853)</u>	<u>-</u>	<u>(354,853)</u>	<u>(354,853)</u>
Total other financing sources (uses)	<u>645,147</u>	<u>1,000,000</u>	<u>(354,853)</u>	<u>645,147</u>
Capital contribution	<u>476,000</u>	<u>476,000</u>	<u>-</u>	<u>476,000</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 1,184,452</u>	<u>\$ (1,184,452)</u>	<u>\$ -</u>

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

Individual Fund Description:

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

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MACON COUNTY, NORTH CAROLINA

**NONMAJOR SELF-INSURANCE FUND
BALANCE SHEET
JUNE 30, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
Assets:		
Current assets:		
Cash and cash equivalents	\$ 6,239,707	\$ 5,786,201
Prepays	<u>-</u>	<u>3,921</u>
Total current assets	<u>6,239,707</u>	<u>5,790,122</u>
Liabilities:		
Current liabilities:		
Accounts payable and accrued liabilities	<u>317,601</u>	<u>172,304</u>
Net Assets:		
Unrestricted net assets	<u>\$ 5,922,106</u>	<u>\$ 5,617,818</u>

MACON COUNTY, NORTH CAROLINA

**NONMAJOR SELF-INSURANCE FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET ASSETS - FINANCIAL PLAN AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2008**

	2009			2008
	Financial Plan	Actual	Variance Over/Under	
Operating Revenues:				
Charges for services:				
Employee and employer contributions	\$ 3,525,000	\$ 3,969,418	\$ 444,418	\$ 4,984,773
Operating Expenses:				
Insurance Premiums	361,011	361,011	-	-
Benefit payments	3,263,989	3,426,067	(162,078)	3,466,153
Total Operating Expenses	3,625,000	3,787,078	(162,078)	3,466,153
Operating income (loss)	(100,000)	182,340	282,340	1,518,620
Non-Operating Revenues:				
Investment earnings	100,000	121,948	21,948	190,682
Change in net assets	\$ -	304,288	\$ 304,288	1,709,302
Net Assets:				
Beginning of year, July 1		5,617,818		3,908,516
End of year, June 30		\$ 5,922,106		\$ 5,617,818

MACON COUNTY, NORTH CAROLINA

**NONMAJOR SELF-INSURANCE FUND
SCHEDULE OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2008**

	<u>2009</u>	<u>2008</u>
Cash Flows from Operating Activities:		
Cash received from customers	\$ 3,969,418	\$ 4,984,773
Cash paid for goods and services	<u>(3,637,860)</u>	<u>(3,489,585)</u>
Net cash provided (used) by operating activities	<u>331,558</u>	<u>1,495,188</u>
Cash Flows from Investing Activities:		
Interest on investments	<u>121,948</u>	<u>190,682</u>
Net increase (decrease) in cash and cash equivalents	453,506	1,685,870
Cash and Cash Equivalents, July 1	<u>5,786,201</u>	<u>4,100,331</u>
Cash and Cash Equivalents, June 30	<u>\$ 6,239,707</u>	<u>\$ 5,786,201</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ 182,340	\$ 1,518,620
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Change in assets and liabilities:		
(Increase) decrease in prepaids	3,921	27,750
Increase (decrease) in accounts payable and accrued liabilities	<u>145,297</u>	<u>(51,182)</u>
Net cash provided (used) by operating activities	<u>\$ 331,558</u>	<u>\$ 1,495,188</u>

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

Individual Fund Descriptions:

Social Services and Inmate Trust Fund - accounts for assets held by the County as agent for individuals served by these departments.

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

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

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

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

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

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MACON COUNTY, NORTH CAROLINA

AGENCY FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2009

	<u>Social Services and Inmate Trust Fund</u>	<u>Fines and Forfeitures Fund</u>	<u>Motor Vehicle Tax Fund</u>	<u>Western Carolina Industrial Partners Fund</u>	<u>Hurricane Ivan Relief Fund</u>	<u>3% Interest Payable to State</u>	<u>Total</u>
Assets:							
Cash and cash equivalents	\$ 39,669	\$ -	\$ 1,377	\$ 17,113	\$ 39,454	\$ 454	\$ 98,067
Accounts receivable	<u>-</u>	<u>21,939</u>	<u>23</u>				

MACON COUNTY, NORTH CAROLINA

**AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2009</u>
Social Services and Inmate Trust Fund:				
Assets:				
Cash and cash equivalents	\$ 28,255	\$ 267,090	\$ 255,676	\$ 39,669
Liabilities:				
Miscellaneous liabilities	\$ 28,255	\$ 267,090	\$ 255,676	\$ 39,669
Fines and Forfeitures Fund:				
Assets:				
Cash and accounts receivable	\$ 21,812	\$ 302,369	\$ 302,242	\$ 21,939
Liabilities:				
Intergovernmental payable	\$ 21,812	\$ 302,369	\$ 302,242	\$ 21,939
Motor Vehicle Tax Fund:				
Assets:				
Cash and accounts receivable	\$ 10,553	\$ 2,402,978	\$ 2,412,131	\$ 1,400
Liabilities:				
Intergovernmental payable	\$ 10,553	\$ 2,402,978	\$ 2,412,131	\$ 1,400
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	\$ 42,454	\$ -	\$ 3,000	\$ 39,454
Liabilities:				
Miscellaneous liabilities	\$ 42,454	\$ -	\$ 3,000	\$ 39,454
3% Interest Payable to State:				
Assets:				
Cash and cash equivalents	\$ 827	\$ 7,257	\$ 7,630	\$ 454
Liabilities:				
Intergovernmental payable	\$ 827	\$ 7,257	\$ 7,630	\$ 454

MACON COUNTY, NORTH CAROLINA

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2009</u>
Totals - All Agency Funds:				
Assets:				
Cash and receivables	\$ 121,014	\$ 2,979,694	\$ 2,980,679	\$ 120,029
Total assets	<u>\$ 121,014</u>	<u>\$ 2,979,694</u>	<u>\$ 2,980,679</u>	<u>\$ 120,029</u>
Liabilities:				
Miscellaneous liabilities	\$ 87,822	\$ 267,090	\$ 258,676	\$ 96,236
Intergovernmental payable	<u>33,192</u>	<u>2,712,604</u>	<u>2,722,003</u>	<u>23,793</u>
Total liabilities	<u>\$ 121,014</u>	<u>\$ 2,979,694</u>	<u>\$ 2,980,679</u>	<u>\$ 120,029</u>

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

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MACON COUNTY, NORTH CAROLINA

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Over/Under</u>
Revenues:			
NC Lottery funds	\$ 680,000	\$ 680,000	\$ -
Interest earned	-	155	(155)
Total revenues	<u>680,000</u>	<u>680,155</u>	<u>(155)</u>
Expenditures:			
Debt service:			
Principal repayments	3,642,507	3,142,501	500,006
Interest	1,585,706	1,206,453	379,253
Debt Service reserve	<u>443,000</u>	<u>-</u>	<u>443,000</u>
Total expenditures	<u>5,671,213</u>	<u>4,348,954</u>	<u>1,322,259</u>
Revenues over (under) expenditures	<u>(4,991,213)</u>	<u>(3,668,799)</u>	<u>1,322,414</u>
Other Financing Sources (Uses):			
Transfers in	<u>4,991,213</u>	<u>4,991,213</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>1,322,414</u>	<u>\$ 1,322,414</u>
Fund Balance:			
Beginning of year - July 1		<u>31,235</u>	
End of year - June 30		<u>\$ 1,353,649</u>	

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This section contains additional information on taxes receivable, and the tax levy as of June 30, 2009.

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MACON COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2009

Fiscal Year	Uncollected Balance July 1, 2008	Additions	Collections and Credits	Uncollected Balance June 30, 2009
2008-2009	\$ -	\$ 23,965,953	\$ 23,255,354	\$ 710,599
2007-2008	570,932	-	344,133	226,799
2006-2007	203,389	-	63,411	139,978
2005-2006	136,288	-	37,581	98,707
2004-2005	80,925	-	9,635	71,290
2003-2004	60,890	-	5,025	55,865
2002-2003	58,591	-	3,719	54,872
2001-2002	57,163	-	6,642	50,521
2000-2001	47,997	-	5,173	42,824
1999-2000	17,280	-	1,934	15,346
1998-1999	15,760	-	15,760	-
	<u>\$ 1,249,215</u>	<u>\$ 23,965,953</u>	<u>\$ 23,748,367</u>	1,466,801
Less allowance for uncollectible ad valorem taxes receivable				<u>(820,500)</u>
Ad valorem taxes receivable - net				<u>\$ 646,301</u>
Reconciliation with revenues:				
Taxes - ad valorem - General Fund				\$ 23,856,730
Reconciling items:				
Advertising				(6,789)
Interest collected				(137,244)
Refunds and other adjustments				19,910
Amounts written off per statute of limitations				<u>15,760</u>
Total collections and credits				<u>\$ 23,748,367</u>

MACON COUNTY, NORTH CAROLINA

**ANALYSIS OF CURRENT TAX LEVY - COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>County-Wide</u>			<u>Total Levy</u>	
	<u>Property Valuation</u>	<u>Rate</u>	<u>Amount of Levy</u>	<u>Property Excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
Original Levy:					
Property taxed at current year's rate	\$ 8,654,184,470	0.264	\$ 22,847,047	\$ 22,847,047	\$ -
Motor vehicles taxed at current year's rate	228,087,121	0.264	602,150	-	602,150
Motor vehicles taxed at prior year's rate	<u>102,197,551</u>	0.245	<u>250,384</u>	<u>-</u>	<u>250,384</u>
Total	<u>8,984,469,142</u>		<u>23,699,581</u>	<u>22,847,047</u>	<u>852,534</u>
Discoveries:					
Current year taxes	20,623,485	0.264	54,446	54,446	-
Utilities	110,609,091	0.264	292,008	292,008	-
Less releases and adjustments	(16,526,136)	0.264	(43,629)	(36,085)	(7,544)
Other adjustments	<u>-</u>		<u>(36,453)</u>	<u>(18,008)</u>	<u>(18,445)</u>
Total property valuation	<u>\$ 9,099,175,581</u>				
Net Levy			23,965,953	23,139,408	826,545
Uncollected taxes at June 30, 2009			<u>(710,599)</u>	<u>(610,135)</u>	<u>(100,464)</u>
Current Year's Taxes Collected			<u>\$ 23,255,354</u>	<u>\$ 22,529,273</u>	<u>\$ 726,081</u>
Current Levy Collection Percentage			<u>97.03%</u>	<u>97.36%</u>	<u>87.85%</u>
Secondary Market Disclosures:					
Assessed valuation:					
Assessment ratio					100.00%
Real property				\$ 8,658,281,818	
Personal property				330,284,672	
Public service companies				<u>110,609,091</u>	
Total assessed valuation					9,099,175,581
Tax rate per \$100					<u>0.246</u>
Levy (includes discoveries, releases and abatements)					<u>\$ 23,965,953</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, 2006.					<u>\$ 2,605,309</u>

MACON COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE - FIRE DISTRICTS
FOR THE YEAR ENDED JUNE 30, 2009

Fiscal Year	Uncollected Balance July 1, 2008	Additions	Collections and Credits	Uncollected Balance June 30, 2009
2008-2009	\$ -	\$ 2,605,309	\$ 2,509,947	\$ 95,362
2007-2008	78,009	-	45,392	32,617
2006-2007	26,118	-	8,169	17,949
2005-2006	16,209	-	3,782	12,427
2004-2005	10,375	-	1,309	9,066
2003-2004	7,298	-	644	6,654
2002-2003	5,181	-	361	4,820
2001-2002	2,454	-	218	2,236
2000-2001	2,404	-	208	2,196
1999-2000	1,921	-	225	1,696
1998-1999	450	-	450	-
	<u>150,419</u>	<u>\$ 2,605,309</u>	<u>\$ 2,570,705</u>	185,023
Less allowance for uncollectible ad valorem taxes receivable:				
Fire Districts Fund				<u>(97,000)</u>
Fire districts taxes receivable - net				<u>\$ 88,023</u>
Reconciliation of revenues with collections and credits:				
Taxes - ad valorem - Fire Districts Fund:				\$ 2,581,952
Taxes written off				450
Miscellaneous adjustments				<u>(11,697)</u>
Total collections and credits				<u>\$ 2,570,705</u>

MACON COUNTY, NORTH CAROLINA

**ANALYSIS OF CURRENT TAX LEVY - FIRE DISTRICTS
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Amount of Levy</u>
Original Levy:	
Franklin Fire District	\$ 471,986
Clarks Chapel Fire District	208,649
Otto Fire District	238,860
Cullasaja Fire District	241,852
West Macon Fire District	279,251
Scaly Mountain Fire District	124,483
Burningtown / Iotla Fire District	157,996
Cowee Fire District	263,779
Nantahala Fire District	182,990
Highlands Fire District	317,622
Mountain Valley Fire District	125,458
Abatements	<u>(7,617)</u>
Total for year	2,605,309
Less uncollected taxes at June 30, 2009	<u>95,362</u>
Current year's taxes collected	<u>\$ 2,509,947</u>
Percent current year collected	<u>96.34%</u>

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

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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Table 1

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

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

Notes:

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

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

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

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

	2003	2004	2005	2006	2007	2008	2009
General Revenues and Other Changes in Net Assets							
Governmental activities							
Taxes							
Property taxes	\$ 18,285,180	\$ 21,495,646	\$ 22,255,291	\$ 22,928,210	\$ 23,460,925	24,544,667	26,520,446
Sales taxes	6,031,128	7,549,443	8,435,778	9,076,690	9,875,544	9,665,716	8,216,388
Franchise taxes	-	-	-	-	-	-	-
Motor fuel taxes	-	-	-	-	-	-	-
Alcoholic beverage taxes	-	-	-	-	-	-	-
Unrestricted grants and contributions	216,668	224,170	233,386	240,435	239,639	233,090	508,221
Investment earnings	209,372	146,013	427,596	1,127,759	1,490,333	1,446,785	-
Miscellaneous	414,393	(3,255,326)	-	-	-	-	-
Transfers	-	-	-	-	-	298,665	725,647
Total governmental activities:	<u>25,156,741</u>	<u>26,159,946</u>	<u>31,352,051</u>	<u>33,373,094</u>	<u>35,066,441</u>	<u>36,188,923</u>	<u>35,970,702</u>
Total business-type activities							
Investment earnings	56,118	35,912	71,047	160,416	232,021	220,117	-
Transfers	-	-	-	-	-	(298,665)	137,700
Total business-type activities:	<u>56,118</u>	<u>35,912</u>	<u>71,047</u>	<u>160,416</u>	<u>232,021</u>	<u>(78,548)</u>	<u>137,700</u>
Total primary government:	<u>\$ 25,212,859</u>	<u>\$ 26,195,858</u>	<u>\$ 31,423,098</u>	<u>\$ 33,533,510</u>	<u>\$ 35,298,462</u>	<u>\$ 36,110,375</u>	<u>\$ 36,108,402</u>
Change in Net Assets							
Governmental activities	1,154,776	3,567,608	2,394,177	7,096,851	6,080,203	284,073	(7,688,366)
Business-type activities:	969,215	(301,075)	51,101	(422,128)	885,367	197,112	207,655
Total primary government:	<u>\$ 2,123,991</u>	<u>\$ 3,266,533</u>	<u>\$ 2,445,278</u>	<u>\$ 6,674,723</u>	<u>\$ 6,965,570</u>	<u>\$ 481,185</u>	<u>\$ (7,480,711)</u>

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

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

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Alcoholic Beverage Tax	Total
2000	\$ 12,918,549	\$ 4,410,531	\$ 43,860	\$ 9,125	\$ 17,382,065
2001	15,419,455	4,768,833	48,863	9,176	20,246,327
2002	16,620,119	4,861,711	90,930	9,169	21,581,929
2003	16,907,859	4,864,740	85,313	49,393	21,907,305
2004	19,838,310	6,427,048	76,941	9,874	26,352,173
2005	20,332,261	7,243,269	66,984	10,179	27,652,693
2006	20,847,221	7,706,632	75,559	11,316	28,640,728
2007	21,460,911	8,306,691	52,617	11,847	29,832,066
2008	22,089,392	8,084,923	118,397	63,112	30,355,824
2009	23,856,730	6,770,736	104,511	142,442	30,874,419

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Fund										
Reserved	\$ 2,747,057	\$ 2,951,850	\$ 2,622,011	\$ 5,772,456	\$ 4,227,463	\$ 2,681,181	\$ 2,473,215	\$ 2,826,989	\$ 3,075,715	\$ 2,311,342
Unreserved	6,379,218	7,585,819	8,609,036	4,415,017	10,760,474	13,069,748	13,701,429	15,407,847	15,269,826	14,755,300
Total General Fund	<u>9,126,275</u>	<u>10,537,669</u>	<u>11,231,047</u>	<u>10,187,473</u>	<u>14,987,937</u>	<u>15,750,929</u>	<u>16,174,644</u>	<u>18,234,836</u>	<u>18,345,541</u>	<u>17,066,642</u>
All other governmental funds										
Reserved	356,127	45,557	366,294	324,761	238,567	230,608	315,797	312,374	305,822	266,060
Unreserved, reported in:										
Special revenue funds	-	-	-	-	1,094,631	1,333,109	1,450,841	1,729,314	1,972,989	2,213,556
Capital projects funds	-	7,753,895	1,936,347	-	1,340,123	306,063	3,601,405	700,082	1,106,846	11,351,188
Debt Service Fund	-	-	-	-	29,952	28,945	29,816	30,822	970,412	1,353,649
Designated for Susequent yrs	590,804	486,447	317,714	-	-	-	-	-	-	-
Undesignated	9,407,425	854,858	911,023	1,119,683	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 10,354,356</u>	<u>\$ 9,140,757</u>	<u>\$ 3,531,378</u>	<u>\$ 1,444,444</u>	<u>\$ 2,703,273</u>	<u>\$ 1,898,725</u>	<u>\$ 5,397,859</u>	<u>\$ 2,772,592</u>	<u>\$ 4,356,069</u>	<u>\$ 15,184,453</u>

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenues										
Ad Valorem Taxes	\$13,943,229	\$16,617,121	\$17,764,735	\$18,268,797	\$21,545,541	\$22,238,716	\$22,841,671	\$23,518,724	\$24,487,613	\$26,438,682
Sales Taxes	5,527,926	5,945,546	6,033,464	6,031,128	7,549,443	8,435,577	9,076,690	9,875,544	9,665,716	8,216,388
Intergovernmental	7,898,005	6,388,043	6,558,326	5,983,363	8,010,248	6,055,037	9,737,989	8,746,167	7,228,631	8,855,895
Services	915,150	920,002	976,086	1,144,315	1,695,592	1,814,346	2,134,938	2,269,035	2,662,068	2,570,078
Permits & Fee's	1,078,986	1,279,365	1,409,061	1,578,409	1,857,492	1,708,853	1,936,063	2,009,986	1,985,430	1,356,793
Investment earnings	1,126,932	1,475,521	504,029	204,236	141,080	404,650	1,066,838	1,344,687	1,256,103	603,699
Miscellaneous	216,844	356,495	338,645	534,779	104,873	113,124	136,590	174,740	234,320	244,231
Total revenues	<u>30,707,072</u>	<u>32,982,093</u>	<u>33,584,346</u>	<u>33,745,027</u>	<u>40,904,269</u>	<u>40,770,504</u>	<u>46,930,779</u>	<u>47,938,883</u>	<u>47,519,881</u>	<u>48,285,766</u>
Expenditures										
General government	3,943,513	3,387,538	3,629,334	3,919,421	4,282,698	5,029,332	5,774,005	6,218,377	6,916,257	7,002,731
Public safety	5,910,853	6,612,049	7,289,070	6,355,731	7,890,178	9,323,309	9,460,909	8,678,823	12,088,633	10,956,470
Transportation	210,001	274,513	385,623	595,843	614,682	488,898	625,277	542,903	533,265	666,039
Environmental Protection	15,000	-	-	-	-	-	-	-	-	-
Economic and physical development	889,021	1,923,474	1,102,968	3,335,799	1,620,069	3,088,248	1,767,762	1,208,635	1,416,792	1,619,388
Human Services	5,658,245	6,653,586	6,862,886	7,363,982	7,811,902	8,075,863	8,813,543	9,438,135	9,481,690	9,438,111
Culture and recreation	1,246,554	1,856,311	1,496,940	1,392,164	1,379,564	1,582,672	1,851,747	2,199,021	2,803,484	2,193,716
Education	6,224,075	5,353,839	5,392,478	5,354,043	6,048,421	6,907,752	7,468,249	7,815,684	8,245,555	9,069,891
Capital Projects	12,477,540	12,196,345	8,094,502	2,341,058	2,331,530	579,878	3,681,709	4,283,244	5,401,532	11,531,203
Debt service	-	-	-	-	-	-	-	-	-	-
Principal repayments	2,564,118	2,973,405	2,740,985	2,533,092	2,753,723	2,866,782	2,951,032	2,632,255	2,502,747	3,142,501
Interest	662,580	1,202,921	1,397,556	1,255,638	800,854	937,006	833,818	815,450	714,067	1,206,453
Capital Outlay	-	-	-	2,428,765	1,871,185	1,931,466	4,779,876	4,176,118	620,342	1,909,778
Total expenditures	<u>39,801,500</u>	<u>42,433,981</u>	<u>38,392,342</u>	<u>36,875,536</u>	<u>37,404,806</u>	<u>40,811,206</u>	<u>48,007,927</u>	<u>48,008,645</u>	<u>50,724,364</u>	<u>58,736,281</u>
Excess of revenues over (under) expenditures	<u>(9,094,428)</u>	<u>(9,451,888)</u>	<u>(4,807,996)</u>	<u>(3,130,509)</u>	<u>3,499,463</u>	<u>(40,702)</u>	<u>(1,077,148)</u>	<u>(69,762)</u>	<u>(3,204,483)</u>	<u>(10,450,515)</u>
Other financing sources (uses)										
Issuance of long-term debt	-	-	-	-	-	-	5,000,000	-	4,600,000	20,000,000
Transfers in	4,236,706	5,121,265	5,928,985	5,392,584	4,578,829	6,162,274	6,755,507	4,415,465	6,055,588	6,494,159
Transfers out	(4,286,790)	(5,153,997)	(5,941,989)	(5,392,584)	(4,578,831)	(6,162,274)	(6,755,507)	(4,910,778)	(5,756,923)	(6,494,159)
Refunding bonds issued	-	-	-	-	-320,000	-	-	-	-	-
Bonds issued	-	-	-	-	-320,097	(855)	-	-	-	-
Payments to refunded bond escrow agent	151,900	(117,385)	-	-	-17,678,146	-	-	-	-	-
Proceeds from long-term deb	10,685,253	9,851,179	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>10,787,069</u>	<u>9,701,062</u>	<u>(13,004)</u>	<u>-</u>	<u>(18,320,245)</u>	<u>(855)</u>	<u>5,000,000</u>	<u>(495,313)</u>	<u>4,898,665</u>	<u>20,000,000</u>
Net change in fund balances	<u>\$ 1,692,641</u>	<u>\$ 249,174</u>	<u>\$ (4,821,000)</u>	<u>\$ (3,130,509)</u>	<u>\$ (14,820,782)</u>	<u>\$ (41,557)</u>	<u>\$ 3,922,852</u>	<u>\$ (565,075)</u>	<u>\$ 1,694,182</u>	<u>\$ 9,549,485</u>
Debt services as a percentage of noncapital expenditure	11.8%	13.8%	13.7%	11.8%	10.7%	9.9%	9.6%	8.7%	7.2%	9.6%

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

Fiscal Year Ended June 30, 2009	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				
2000	\$ 2,219,144,380	\$ 842,299,577	\$ 336,955,995	\$ 97,976,884	\$ 3,496,376,836	0.37	\$ 3,496,376,836	100.00%
2001	2,270,027,385	898,110,585	320,152,044	104,152,326	3,592,442,340	0.43	3,828,263,363	93.84%
2002	2,383,616,050	1,060,592,452	179,871,843	109,593,326	3,733,673,671	0.45	4,452,801,039	83.85%
2003	2,524,183,215	1,003,521,037	200,957,654	106,510,444	3,835,172,350	0.44	4,573,848,956	83.85%
2004	3,385,289,817	1,517,122,345	254,284,638	107,982,432	5,264,679,232	0.37	6,278,687,218	83.85%
2005	3,624,812,645	1,468,888,977	256,855,264	108,479,189	5,459,036,075	0.37	6,510,478,324	83.85%
2006	3,209,032,022	1,956,117,168	301,708,108	109,242,432	5,576,099,730	0.37	6,650,089,123	83.85%
2007	3,386,421,481	1,889,899,600	313,560,811	108,277,838	5,698,159,730	0.37	7,359,111,107	77.43%
2008	5,396,447,249	2,880,125,578	453,733,352	113,519,723	8,843,825,902	0.245	8,843,825,902	100.00%
2009	5,753,163,178	2,905,118,640	330,284,672	110,609,091	9,099,175,581	0.264	9,099,175,581	100.00%

Source: Macon County Tax Department

Note: Property in the County is reassessed every four years. The County assessed property in 2007 at 100 percent of actual value for all types and personal property.

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

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

<u>Year</u>	<u>MACON Total Millage</u>	<u>FRANKLIN Total Millage</u>	<u>HIGHLANDS Total Millage</u>	<u>Total Direct and Rates</u>
2000	0.370	0.330	0.180	0.880
2001	0.430	0.360	0.180	0.970
2002	0.450	0.360	0.180	0.990
2003	0.440	0.320	0.150	0.910
2004	0.370	0.320	0.160	0.850
2005	0.370	0.320	0.160	0.850
2006	0.370	0.320	0.160	0.850
2007	0.370	0.320	0.190	0.880
2008	0.245	0.250	0.135	0.630
2009	0.264	0.250	0.135	0.649

Source: County and Municipality Tax departments

**Macon County
Principal Property Taxpayers
June 30, 2009**

	2009			2000		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Duke Power	\$ 74,902,572	1	0.82%	\$ 66,085,779	1	1.89%
Old Edwards Inn & Spa LLC	48,680,191	2	0.53%	-	0	0.00%
Drake Enterprises	35,600,150	3	0.39%	7,865,828	8	0.00%
Ultima WNC Development LLC	35,370,820	4	0.39%	-	0	0.00%
Tri Investments Inc.	28,089,489	5	0.31%	-	0	0.00%
Highlands Golf Club Inc.	23,541,271	6	0.26%	8,438,197	6	0.24%
Verizon South Inc.	19,714,060	7	0.22%	27,350,004	2	0.78%
Cullasaja Club	17,601,296	8	0.19%	8,456,772	5	0.24%
Rainbow Springs Partnership	16,990,300	9	0.19%	-	0	0.00%
Highlands Senior Living Prop	16,743,200	10	0.18%	-	0	0.00%
Caterpillar, Inc.	-	-	-	9,561,941	4	0.27%
Belden Wire & Cable Co.	-	-	-	7,098,108	10	0.20%
Zickgraf Enterprises	-	-	-	11,002,413	3	0.31%
Wildcat Cliffs Country Club	-	-	-	8,086,027	7	0.23%
Ramco-Gershenson Properties	-	-	-	7,789,330	9	0.22%
Totals	317,233,349			161,734,399		
Total Taxable Assessed Value	\$ 9,099,175,581			\$ 3,496,376,836		

Source: Macon County Tax Office

Note:

Duke Power was known as Nantahala Power & Light Co. in 2000
 Verizon South was known as GTE in 2000
 Old Edwards Inn & Spa LLC was not in business in 2000
 Belden Wire & Cable Co. is no longer in business.

**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
2000	\$ 12,954,166	\$ 12,433,616	95.98%	\$ 505,204	\$ 12,854,930	99.23%
2001	15,395,906	14,849,448	96.45%	503,634	15,281,445	99.26%
2002	16,820,008	16,226,401	96.47%	543,086	16,758,752	99.64%
2003	17,006,094	16,401,832	96.45%	549,390	16,866,254	99.18%
2004	19,480,913	19,018,735	97.63%	406,313	19,650,758	100.87%
2005	20,193,648	19,717,607	97.64%	404,751	20,183,239	99.95%
2006	20,617,354	20,136,403	97.67%	382,244	20,602,725	99.93%
2007	21,044,658	20,553,903	97.67%	350,777	20,904,680	99.33%
2008	21,762,091	21,191,159	97.38%	344,133	21,535,292	98.96%
2009	23,965,953	23,255,354	97.03%	-	23,255,354	97.03%

Source: Macon County Tax Office

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

Fiscal Year	Governmental Activities			Business-type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Installment Contracts	Capital Leases	Sewer Bonds	General Obligation Bonds	Installment Contracts	Capital Leases			
2000	\$ 2,820,000	\$ 16,461,873	\$ -	\$ -	\$ 3,281,310	\$ -	\$ 819,573	\$ 23,382,756	0.10%	\$ 22,979
2001	2,280,000	23,825,397	-	-	2,909,880	-	698,618	29,713,895	0.08%	23,779
2002	1,765,000	21,950,857	-	-	2,519,914	-	571,800	26,807,571	0.09%	23,874
2003	1,270,000	20,075,263	-	-	2,110,485	-	438,834	23,894,582	0.10%	23,755
2004	795,000	20,820,935	-	-	1,663,111	-	297,740	23,576,786	0.10%	24,529
2005	350,000	18,586,354	-	-	1,204,854	-	151,006	20,292,214	0.12%	25,848
2006	-	21,125,157	-	-	733,258	-	-	21,858,415	0.14%	32,234
2007	-	18,624,999	-	-	247,934	-	-	18,872,933	0.21%	39,340
2008	-	20,783,871	-	-	-	1,900,000	-	22,683,871	0.15%	34,227
2009	-	37,661,616	-	-	-	1,500,000	-	39,161,616	0.00%	N/A

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

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

Fiscal Year	Value Assessed	Gross General Obligation Bonded Debt	Net General Obligation Bonded Debt	Ratio Net General Obligation Bonded Debt to Assessed Value	(1) Population	Net General Obligation Bonded Debt Per Capita
2000	\$ 3,496,376,836	\$ 2,820,000	\$ 2,820,000	0.081%	29,364	96
2001	3,592,442,340	2,280,000	2,280,000	0.063%	29,986	76
2002	3,733,673,671	1,765,000	1,765,000	0.047%	31,039	57
2003	3,835,172,350	1,270,000	1,270,000	0.033%	31,670	40
2004	5,264,579,232	795,000	795,000	0.015%	31,968	25
2005	5,459,036,075	350,000	350,000	0.006%	32,257	11
2006	5,576,099,730	-	-	0.000%	33,154	0
2007	5,698,159,730	-	-	0.000%	33,797	0
2008	8,975,358,517	-	-	0.000%	33,640	0
2009	9,099,175,581	-	-	0.000%	34,850	0

Note: State Data Center: Population estimates as of June 30, 2009

Macon County
Direct and Overlapping Governmental Activities Debt
As of June 30, 2009

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Macon County	\$ 39,161,616	100.00%	\$ 39,161,616
Town of Franklin	1,885,000	100.00%	1,885,000
Town of Highlands	<u>290,000</u>	<u>100.00%</u>	<u>290,000</u>
Total direct and overlapping debt	<u>\$ 41,336,616</u>	<u>100.00%</u>	<u>\$ 41,336,616</u>

Sources: Outstanding debt provided by respective units of government.

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt limit	\$ 279,710,147	\$ 287,395,387	\$ 298,693,894	\$306,813,788	\$ 421,174,339	\$ 436,722,886	\$ 446,087,978	\$ 455,852,778	\$ 707,506,072	\$ 727,934,046
Total net debt applicable to limit	<u>24,575,241</u>	<u>30,960,630</u>	<u>27,702,860</u>	<u>24,627,374</u>	<u>24,135,184</u>	<u>20,663,410</u>	<u>21,356,518</u>	<u>18,955,845</u>	<u>20,804,119</u>	<u>39,161,616</u>
Legal debt margin	<u>\$ 255,134,906</u>	<u>\$ 256,434,757</u>	<u>\$ 270,991,034</u>	<u>\$282,186,414</u>	<u>\$ 397,039,155</u>	<u>\$ 416,059,476</u>	<u>\$ 424,731,460</u>	<u>\$ 436,896,933</u>	<u>\$ 686,701,953</u>	<u>\$ 688,772,430</u>
Total net debt applicable to the limit as a percentage of debt limit	8.79%	10.77%	9.27%	8.03%	5.73%	4.73%	4.79%	4.16%	2.94%	5.38%

Legal Debt Margin Calculation for Fiscal Year 2009

Assessed value	\$ 9,099,175,581
Add back: exempt real property	-
Total assessed value	<u>\$ 9,099,175,581</u>
Debt Limit (8% of total assessed value)	\$ 727,934,046
Debt applicable to limit: Installment Contracts	<u>39,161,616</u>
Legal debt margin	<u>\$ 688,772,430</u>

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

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

Fiscal Year	Population	Personal Income (amounts expressed in thousands)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2000	29,364	\$ 688,275	\$ 22,979	45.2	4,003	2.5
2001	29,986	700,944	23,779	45.4	4,125	2.1
2002	31,039	712,217	23,874	45.6	3,949	3.6
2003	31,670	725,480	23,755	45.8	3,969	3.2
2004	31,968	774,599	24,529	46.0	4,021	2.9
2005	32,257	26,222	25,848	46.2	4,262	5.5
2006	33,076	27,559	32,234	46.4	4,072	4.4
2007	33,797	28,443	39,340	46.6	4,177	3.6
2008	33,640	NA	34,227	46.7	4,493	5.2
2009	34,850	NA	NA	46.7	4,419	10.0

Note: Population, median age, and educational level information are based on surveys conducted during the last quarter of the calendar year. Personal income information is a total for the year and are estimates only. Unemployment rate information comes from the NC Employment Security Commission data. School enrollment is provided by the local school system and is the enrollment after the tenth day of the beginning of school year.

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

Employer	2009			2000		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Macon County Public Schools	691	1	3.93%	645	1	4.41%
Drake Enterprises LTD	654	2	3.72%	270	4	1.84%
Macon County	466	3	2.65%	458	2	3.13%
Angel Medical Center	436	4	2.48%	424	3	2.90%
Highlands Cashiers Hospital	292	5	1.66%	225	5	1.54%
Shaw Industries Group Inc.	230	6	1.31%	0	10	0.00%
Caterpillar Inc	192	7	1.09%	208	6	1.42%
Wal-Mart Associates Inc	228	8	1.30%	200	0	1.37%
Ingles Markets Inc.	193	9	1.10%	158	7	1.08%
Britthaven Inc.	150	10	0.85%	189	0	1.29%
Total	<u>3,532</u>			<u>2,777</u>		

Total Labor Force estimate 17,580

14,638

Source: Employer's Human Resource Department

Note: Shaw Industries purchased Zickgraf Enterprises in November 2008.

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

Function	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Government	N/A	N/A	73	74	77	95	105	73	92	81
Public Safety	N/A	N/A	99	99	104	104	108	133	106	137
Human Services	N/A	N/A	101	102	102	101	102	111	113	119
Culture and Recreation	N/A	N/A	11	11	11	12	6	7	16	10
Economic and Physical Development	N/A	5	2	5						
Transportation	N/A	7	7	11						
Landfill	N/A	N/A	15	15	16	16	17	16	17	34
Total	-	-	299	301	310	328	338	352	353	397

Source: Human Resource Department

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

Function	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Law Enforcement										
Physical arrests	993	1,107	1,124	1,411	1,246	1,498	1,515	1,539	1,745	2,110
Traffic violations	2,398	2,231	2,349	2,177	2,598	3,092	774	654	1,296	1,228
Fire										
Number of calls answered	1,820	1,946	1,825	2,292	2,450	2,721	3,243	3,243	3,396	3,093
Inspections	412	520	440	450	450	500	550	780	491	425
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	308	335	308	393	427	477	477	617	617	590
Number of Food and Nutrition cases eligible	N/A	N/A	N/A	N/A	991	1,051	1,196	1,197	1,432	1,861
Number of Medicaid eligible cases	2,720	2,906	3,095	3,221	3,249	3,342	3,567	4,388	4,858	5,242
Health										
Number of WIC cases	764	764	764	805	806	835	845	845	845	1,093
Number of family planning cases	584	571	590	586	565	629	490	693	745	660
Solid Waste										
Number of landfills	2	2	2	2	2	2	2	2	2	1
Culture and recreation										
Number of recreation parks	4	4	4	4	6	6	6	6	6	6
Number of libraries	3	3	3	3	3	3	3	3	3	3

Sources: Various county departments.

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

Note: Firefighters are volunteers.

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

Function	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Public safety										
Police:										
Stations	3	3	3	3	3	3	3	3	3	3
Patrol units	32	32	32	54	54	63	38	23	25	25
Fire stations	11	11	11	11	11	11	11	13	13	13
Culture and recreation										
Parks acreage	138.6	138.6	138.6	138.6	138.6	308.6	308.6	308.6	352.6	352.6
Parks	4	4	4	4	6	6	6	6	6	6
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	9	9	9	9	9	9	9	9	6	6
Community centers	11	11	11	11	11	11	11	11	11	11
Landfill										
Number of municipal solid waste sites	1	1	1	1	1	1	1	1	1	1
Number of construction and demolition sites	1	1	1	1	1	1	1	1	1	0
Number of convenience centers	10	10	10	10	10	10	10	10	10	11

Sources: Various County departments.

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