

Jackson County, North Carolina

Financial Statements

Year Ended June 30, 2019



JACKSON COUNTY, NORTH CAROLINA
Sylva, North Carolina

List of Principal Officials

June 30, 2019

Board of County Commissioners

Brian T. McMahan, Chairperson
Boyce T. Deitz
Ron Mau
Gayle Woody
Mickey Luker

County Manager

Don Adams

Finance Director

Darlene Fox

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Independent Auditors' Report

Board of County Commissioners
Jackson County, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units (except as noted below), each major fund, and the aggregate remaining fund information of Jackson County, North Carolina as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Jackson County Alcoholic Beverage Control Board, which is a discretely presented component unit that represents 27% of total assets, 16% of total net position, and 75% of total revenues for all discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts for the Jackson County Alcoholic Beverage Control Board, is based on the reports of the other auditors.

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 financial statements are free from material misstatement. The financial statements of the Jackson County Tourism Development Authority and the Jackson County Alcoholic Beverage Control Board were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based upon our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Jackson County, North Carolina as of June 30, 2019, and the respective changes in financial position and cash flows where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 11 and the pension and OPEB schedules, identified in the table of contents, on pages 55 through 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Jackson County, North Carolina, basic financial statements. The combining and individual non-major fund statements, budgetary schedules and other schedules are presented for the purposes of additional analysis and are not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2019, on our consideration of Jackson County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jackson County's internal control over financial reporting and compliance.

Dixon Hughes Goodman LLP

Asheville, North Carolina
November 27, 2019

Management's Discussion and Analysis

As management of Jackson County (the "County"), we offer readers of Jackson County's financial statements this narrative overview and analysis of the financial activities of Jackson County for the fiscal year ended June 30, 2019. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

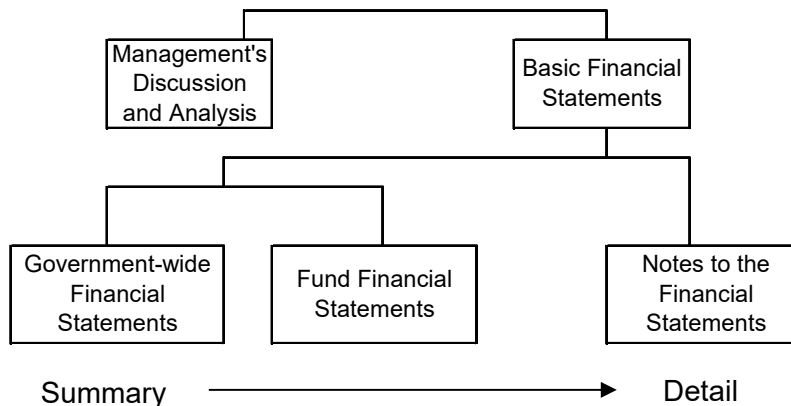
Financial Highlights

- The assets and deferred outflows of resources of Jackson County's governmental activities and business-type activities exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$37,079,199 and \$2,465,003, respectively.
- The government's total net position increased by \$4,084,559 of which \$4,001,742 was for an increase in governmental activities and \$82,817 was for an increase in business-type activities.
- As of the close of the current fiscal year, Jackson County's governmental funds reported combined ending fund balances of \$52,873,055, an increase of \$10,860,400 in comparison with the prior year. 34 percent of this total amount, or \$17,782,022, is available for spending at the government's discretion (unassigned fund balance.)
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$17,782,022, or 23 percent of total General Fund expenditures and transfers to other funds for the fiscal year.
- Jackson County's governmental activities long-term debt (excluding compensated absences, OPEB and pension related liabilities) increased by \$6,474,747 during the current fiscal year. This is due to the issuance of debt for the SCC Health Science Building net of regularly scheduled debt service repayments.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Jackson County's basic financial statements. The 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 (see 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 Jackson County.

Required Components of Annual Financial Report
Figure 1



Jackson County, North Carolina Management's Discussion and Analysis

Basic Financial Statements

The first two statements in the basic financial statements are the Government-wide Financial Statements. They provide both short and long-term information about the County's financial status.

The next statements are Fund Financial Statements. These statements focus on the activities of the individual parts of the County's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements; and 4) the fiduciary fund statements.

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show details about the County's non-major governmental funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in that 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, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County's financial status as a whole.

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

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the County's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. This includes the landfill services offered by Jackson County, the Green Energy Park, and the Economic Development Commission. The final category is the component units. The Jackson County Tourism Development Authority was created by the Jackson County Board of Commissioners on January 1, 2013 for the purpose of using occupancy tax funds collected to promote travel and tourism within Jackson County. The Jackson County Board of Commissioners appoints all fifteen voting members of the Jackson County Tourism Development Authority. The Board adopts a budget to be used by the Authority and approves amendments to the approved budget. The Jackson County Airport Authority exists to operate, promote and to further improve the airport facilities and aviation for County residents. The Jackson County Board of Commissioners appoints two of the five voting members of the Jackson County Airport Authority, and also adopts the Airport Authority's budget and approves all budget amendments to the approved budget. The Jackson County Alcoholic Beverage Control Board was created on May 1, 2014 for the purpose of operating two liquor stores in the County and for investigating violations of North Carolina Alcoholic Beverage Control laws. The Jackson County Board of Commissioners appoints all of the Jackson County Alcoholic Beverage Control Board's voting members.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

Fund Financial Statements

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

Jackson County, North Carolina Management's Discussion and Analysis

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

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

Proprietary Funds - Jackson County has one kind of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Jackson County uses enterprise funds to account for its landfill operations, Green Energy Park and the Economic Development Commission. These funds are the same as the separate activities shown in the business-type activities in the Statements of Net Position and the Statement of Activities.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Jackson County has six fiduciary funds, all of which are 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 start on Page 28 of this report.

**Jackson County, North Carolina
Management's Discussion and Analysis**

Government-Wide Financial Analysis

**Jackson County's Net Position
Figure 2**

	2019			2018		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 56,399,936	\$ 1,325,101	\$ 57,725,037	\$ 47,008,881	\$ 1,411,738	\$ 48,420,619
Capital assets	69,121,127	5,294,782	74,415,909	66,647,916	5,383,731	72,031,647
Total assets	<u>125,521,063</u>	<u>6,619,883</u>	<u>132,140,946</u>	<u>113,656,797</u>	<u>6,795,469</u>	<u>120,452,266</u>
Deferred outflows of resources	8,633,780	183,510	8,817,290	8,024,377	171,700	8,196,077
Long-term liabilities	88,470,308	2,484,924	90,955,232	80,702,921	2,694,888	83,397,809
Other liabilities	2,104,722	1,716,587	3,821,309	3,201,341	1,792,390	4,993,731
Total liabilities	<u>90,575,030</u>	<u>4,201,511</u>	<u>94,776,541</u>	<u>83,904,262</u>	<u>4,487,278</u>	<u>88,391,540</u>
Deferred inflows of resources	6,500,614	136,879	6,637,493	4,699,455	97,705	4,797,160
Net position:						
Net investment in capital assets	63,147,528	4,004,479	67,152,007	58,000,768	3,858,827	61,859,595
Restricted	29,915,389	-	29,915,389	13,015,008	-	13,015,008
Unrestricted	<u>(55,983,718)</u>	<u>(1,539,476)</u>	<u>(57,523,194)</u>	<u>(37,938,319)</u>	<u>(1,476,641)</u>	<u>(39,414,960)</u>
Total net position	<u>\$ 37,079,199</u>	<u>\$ 2,465,003</u>	<u>\$ 39,544,202</u>	<u>\$ 33,077,457</u>	<u>\$ 2,382,186</u>	<u>\$ 35,459,643</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of Jackson County exceeded liabilities and deferred inflows of resources by \$39,544,202 as of June 30, 2019. The County's net position increased by \$4,084,559 for the fiscal year ended June 30, 2019, of which \$4,001,742 was for an increase in governmental activities and \$82,817 was for an increase in business-type activities. One of the largest portions of net position reflects the County's investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt still outstanding that was issued to acquire those items. Jackson County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Jackson County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of Jackson County's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$57,523,194 is unrestricted deficit, which is primarily due to unfunded OPEB obligations and net pension liabilities. Increases in current assets, long-term liabilities and restricted net position are all due to the issuance of \$10 million of new debt to finance the construction of the SCC Health Science Building. The project is in the early phases of construction. Proceeds of the debt had not been expended at year-end. Article 46 sales tax proceeds were also being reserved for the SCC Health Science Building project.

Particular aspects of the County's financial operations positively influenced the total unrestricted governmental net position: Continued diligence in the collection of property taxes by maintaining a collection percentage of 97.88 percent, slightly below the statewide average of 99.04 percent for counties in the 25,000 – 49,999 population range; increased revenue in property taxes due to growth within the County.

**Jackson County, North Carolina
Management's Discussion and Analysis**

**Jackson County's Changes in Net Position
Figure 3**

	2019			2018		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 3,920,297	\$ 3,565,415	\$ 7,485,712	\$ 3,923,471	\$ 3,371,525	\$ 7,294,996
Operating grants and contributions	6,943,596	1,130	6,944,726	6,750,155	17,361	6,767,516
Capital grants and contributions	2,749,229	-	2,749,229	410,080	-	410,080
General revenues:						
Property taxes	37,358,219	-	37,358,219	35,673,669	-	35,673,669
Other taxes	15,529,147	83,745	15,612,892	14,139,458	87,455	14,226,913
Grants and contributions not restricted to specific programs	257,774	-	257,774	254,861	-	254,861
Other	723,757	35,823	759,580	613,025	21,107	634,132
Total revenues	<u>67,482,019</u>	<u>3,686,113</u>	<u>71,168,132</u>	<u>61,764,719</u>	<u>3,497,448</u>	<u>65,262,167</u>
Expenses:						
General government	6,951,184	-	6,951,184	8,499,124	-	8,499,124
Public safety	17,288,554	-	17,288,554	15,078,381	-	15,078,381
Transportation	931,807	-	931,807	734,846	-	734,846
Environmental protection	271,288	-	271,288	239,913	-	239,913
Economic and physical development	964,240	-	964,240	795,580	-	795,580
Human services	15,017,633	-	15,017,633	11,944,860	-	11,944,860
Culture and recreation	4,090,735	-	4,090,735	4,233,715	-	4,233,715
Education	17,395,384	-	17,395,384	14,338,681	-	14,338,681
Interest and other charges	390,991	-	390,991	461,147	-	461,147
Landfill	-	3,514,524	3,514,524	-	3,315,189	3,315,189
Green Energy Park	-	207,513	207,513	-	182,933	182,933
Economic Development Commission	-	59,720	59,720	-	50,378	50,378
Total expenses	<u>63,301,816</u>	<u>3,781,757</u>	<u>67,083,573</u>	<u>56,326,247</u>	<u>3,548,500</u>	<u>59,874,747</u>
Change in net position before transfers	4,180,203	(95,644)	4,084,559	5,438,472	(51,052)	5,387,420
Transfers	<u>(178,461)</u>	<u>178,461</u>	<u>-</u>	<u>(178,461)</u>	<u>178,461</u>	<u>-</u>
Change in net position	4,001,742	82,817	4,084,559	5,260,011	127,409	5,387,420
Net position, July 1 previously reported	33,077,457	2,382,186	35,459,643	55,735,829	2,696,078	58,431,907
Cumulative effect adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>(27,918,383)</u>	<u>(441,301)</u>	<u>(28,359,684)</u>
Net position July 1, as adjusted	<u>33,077,457</u>	<u>2,382,186</u>	<u>35,459,643</u>	<u>27,817,446</u>	<u>2,254,777</u>	<u>30,072,223</u>
Net position, June 30	<u>\$ 37,079,199</u>	<u>\$ 2,465,003</u>	<u>\$ 39,544,202</u>	<u>\$ 33,077,457</u>	<u>\$ 2,382,186</u>	<u>\$ 35,459,643</u>

Jackson County, North Carolina Management's Discussion and Analysis

Governmental Activities - Governmental activities increased the County's net position by \$4,001,742, thereby accounting for 98 percent of the total increase in the net position of Jackson County. Key elements of this increase are as follows:

- Property taxes increased as the County continued its diligence in the collection of property taxes by maintaining a collection percentage of 97.88 percent, slightly below the statewide average of 99.04 percent for counties in the 25,000 – 49,999 population range; increased revenue in property taxes due to growth within the County.
- Other taxes (primarily sales tax) increased as the County's current economic conditions improve.
- The increase in human service expenses are related to the Health Department renovation project.
- The increase in the education expenses are related to various school projects and the SCC Health Science Building construction projects.

Business-Type Activities – Business-type activities increased Jackson County's net position by \$82,817. The key element of this increase is as follows:

- The Landfill Fund and Economic Development Fund ended the year adding to net position without subsidies from the General Fund

Financial Analysis of the County's Funds

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

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

The General Fund is the chief operating fund of Jackson County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$17,782,022, while total fund balance reached \$27,088,706. As a measure of the General Fund's liquidity, it may be useful to use all fund balance except for the amount restricted for stabilization by State statute, \$4,665,245. Fund balance available for appropriation of \$22,423,461 represents 30 percent of total General Fund expenditures and transfers out, while total fund balance represents 36 percent of that same amount. The Health Department Renovation Project is being funded by annual appropriations from available fund balance in the General Fund.

At June 30, 2019, the governmental funds of Jackson County reported a combined fund balance of \$52,873,055, increase of \$10,860,400. The primary reason for this increase in fund balance is the \$10 million loan proceeds issued to finance the construction of the Southwestern Community College ("SCC") Health Science Building Project.

General Fund Budgetary Highlights – During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of 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 service. Total amendments to the General Fund decreased revenues by \$242,606 which is less than one percent.

Proprietary Funds – Jackson County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Net position of the Landfill, Green Energy Park, and Economic Development Commission Funds at the end of the fiscal year amounted to \$2,465,003. The total increase in net position for the funds was \$82,817. The net profit from operations was supplemented by a transfer in from the governmental funds. Other factors concerning the finances of the fund have already been addressed in the discussion of Jackson County's business-type activities.

**Jackson County, North Carolina
Management's Discussion and Analysis**

Capital Asset and Debt Administration

Capital Assets – Jackson County's capital assets for its governmental and business-type activities as of June 30, 2019, totals \$74,415,911 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include:

- Purchased a Mitel Phone System for the Justice Center
- Purchased a Rotary Lift for the Garage
- Purchased a 2019 Ford Truck, a Jacobsen Turfcut 4WD, and a John Deere gator for the Grounds Department
- Purchased six 2019 Dodge Chargers, and two 2019 Ford Explorers for the Sheriff's Office
- Purchased a portable storage building and a high density storage system for the Jail
- Purchased a Defender Max Utility Vehicle for Emergency Management
- Purchased two 2019 Jeep Renegades for the Code Enforcement Department
- Purchased a 2019 LTV Bus and a 2019 Ford Mobility Van for Transit
- Purchased a 2019 Ford Truck for the Conservation Department
- Purchased a Mitel Phone System and a 2019 Ford Escape for the Health Department
- Installed a Surveillance System for the Department on Aging Building
- Purchased a 2019 Ford truck and a 2019 Jeep Renegade for the Recreation Department
- Purchased a Vacuum Litter Collector, a Kubota Slope Mower and a 2019 Ford Truck for Solid Waste
- Addition of construction in progress on the Savannah Park, Greenway, SCC Science Building and Health Department Projects

**Jackson County's Capital Assets, Net of Accumulated Depreciation
Figure 4**

	2019			2018		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Land	\$ 15,428,817	\$ 196,433	\$ 15,625,250	\$ 15,428,817	\$ 196,433	\$ 15,625,250
Buildings and improvements	42,513,383	1,081,862	43,595,245	42,236,531	1,173,294	43,409,825
Machinery and equipment	1,767,061	3,986,551	5,753,612	1,824,850	4,014,003	5,838,853
Vehicles and equipment	1,782,302	29,936	1,812,238	1,576,154	-	1,576,154
CIP	<u>7,629,566</u>	<u>-</u>	<u>7,629,566</u>	<u>5,581,565</u>	<u>-</u>	<u>5,581,565</u>
Capital assets, net	<u>\$ 69,121,129</u>	<u>\$ 5,294,782</u>	<u>\$ 74,415,911</u>	<u>\$ 66,647,917</u>	<u>\$ 5,383,730</u>	<u>\$ 72,031,647</u>

Additional information on the County's capital assets can be found in Note 2 of the basic financial statements.

Long-Term Debt – As of June 30, 2019, Jackson County had total debt outstanding of \$31,754,870, most of which is collateralized by capital assets. However, approximately \$16,000,000 of the debt is collateralized by capital assets held by the Jackson County Board of Education under capital lease agreements. Those assets are not included in the County's capital assets.

**Jackson County, North Carolina
Management's Discussion and Analysis**

**Jackson County's Outstanding Debt
Installment Purchase Obligations
Figure 5**

	2019			2018		
	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Total	\$ 31,754,870	\$ 1,290,303	\$ 33,045,173	\$ 25,280,123	\$ 1,534,604	\$ 26,814,727

Jackson County's debt, shown above, increased \$6,230,446 (23 percent) during the past fiscal year. The increase is primarily due a new installment purchase for the Southwestern Community College Health Science Building.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue up to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Jackson County is approximately \$753,677,305.

Additional information regarding Jackson County's long-term debt can be found in Note 2 of the basic financial statements.

Economic Factors and Next Year's Budgets and Rates

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

- The County's unemployment rate is 4.5 percent, slightly higher than the State average of 4.1 percent.
- Retail vacancy rates slightly increased, having stayed in the 6.8 percent range all year. Several rental units were added during the year. The County continues to see increases in room occupancy tax fees.

Budget Highlights for the Fiscal Year Ending June 30, 2020

Governmental Activities: Property taxes and revenues for permits and fees are projected to increase. Adjustments have been made to programs that are currently in place.

Budgeted expenditures in the General Fund are expected to decrease 2 percent to \$65,010,927. The largest increments are in the health insurance costs, an increase in debt transfers, increased operational expenses, and decreases in transfers to other funds, primarily the transfer for the Jackson County Health Department Renovation Project.

Business-type Activities: General operating expenses of the Landfill Fund will increase by \$127,020. Revenues from the sales of materials and volumes for tipping fees have increased slightly. An increase in sales of recycled materials is projected. Rates for landfill services will remain the same. The increase is primarily due to increased costs for repairs and maintenance to facilities. The Green Energy Park Fund will increase by 20.71 percent due to increases in positions and increased operational costs. The Economic Development Fund will increase slightly due to increased rental income.

Requests for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, Jackson County, 401 Grindstaff Cove Road, Sylva, North Carolina 28779.



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BASIC FINANCIAL STATEMENTS

Jackson County, North Carolina
Statement of Net Position
June 30, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and cash equivalents	\$ 38,998,092	\$ 752,169	\$ 39,750,261
Restricted cash and cash equivalents	11,333,784	-	11,333,784
Taxes receivable, net	1,244,544	-	1,244,544
Accounts receivable, net	408,185	459,475	867,660
Accrued interest receivable	125,499	15,770	141,269
Due from other governments	4,264,318	35,891	4,300,209
Notes receivable, net	25,514	61,796	87,310
Inventory and prepaids	-	-	-
Capital assets:			
Land and construction in progress	23,058,383	196,433	23,254,816
Other assets, net of depreciation	46,062,744	5,098,349	51,161,093
Total capital assets	<u>69,121,127</u>	<u>5,294,782</u>	<u>74,415,909</u>
Total assets	<u>125,521,063</u>	<u>6,619,883</u>	<u>132,140,946</u>
Deferred outflows of resources	<u>8,633,780</u>	<u>183,510</u>	<u>8,817,290</u>
Liabilities:			
Accounts payable and accrued liabilities	1,777,829	143,676	1,921,505
Unearned revenue	-	13,014	13,014
Accrued interest payable	71,259	13,277	84,536
Deposits held for others	255,634	-	255,634
Due to other governments	-	-	-
Accrued landfill closure and post-closure care costs	-	1,546,620	1,546,620
Long-term liabilities:			
Due within one year	4,025,255	234,601	4,259,856
Due in more than one year	84,445,053	2,250,323	86,695,376
Total liabilities	<u>90,575,030</u>	<u>4,201,511</u>	<u>94,776,541</u>
Deferred inflows of resources	<u>6,500,614</u>	<u>136,879</u>	<u>6,637,493</u>
Net Position:			
Net investment in capital assets	63,147,528	4,004,479	67,152,007
Restricted:			
Stabilization by State Statute	4,668,384	-	4,668,384
Register of Deeds	33,469	-	33,469
Education	16,593,099	-	16,593,099
Public safety	521,652	-	521,652
Economic and physical development	1,277,043	-	1,277,043
Human services	6,821,742	-	6,821,742
Working capital	-	-	-
Unrestricted	(55,983,718)	(1,539,476)	(57,523,194)
Total net position	<u>\$ 37,079,199</u>	<u>\$ 2,465,003</u>	<u>\$ 39,544,202</u>

See accompanying notes.

Component Units		
Jackson County Tourism Development Authority	Jackson County Airport Authority	Jackson County ABC Board
\$ 419,015	\$ 2,432	\$ 750,025
-	-	-
135,143	-	-
-	1,064	4,080
-	-	-
-	351	-
-	-	-
-	13,011	581,966
-	5,331,300	-
-	55,667	886,810
-	5,386,967	886,810
554,158	5,403,825	2,222,881
-	-	66,934
12,221	3,468	361,228
-	-	-
-	-	-
-	-	-
-	10,000	100,805
-	-	-
-	-	29,715
-	-	675,118
12,221	13,468	1,166,866
-	-	559
-	5,386,967	181,977
135,143	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	148,456
406,794	3,390	791,957
<u>\$ 541,937</u>	<u>\$ 5,390,357</u>	<u>\$ 1,122,390</u>

Jackson County, North Carolina
Statement of Activities
Year Ended June 30, 2019

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 6,951,184	\$ 935,344	\$ -	\$ -
Public safety	17,288,554	1,766,375	835,946	-
Transportation	931,807	72,987	441,685	119,249
Environmental protection	271,288	134,759	52,575	3,600
Economic and physical development	964,240	42,238	13,105	-
Human services	15,017,633	400,409	5,156,079	-
Cultural and recreation	4,090,735	568,185	-	266,472
Education	17,395,384	-	444,206	2,359,908
Interest on long-term debt	390,991	-	-	-
Total governmental activities	<u>63,301,816</u>	<u>3,920,297</u>	<u>6,943,596</u>	<u>2,749,229</u>
Business-type activities:				
Landfill	3,514,524	3,427,309	-	-
Green Energy Park	207,513	31,516	1,130	-
Economic Development Commission	59,720	106,590	-	-
Total business-type activities	<u>3,781,757</u>	<u>3,565,415</u>	<u>1,130</u>	<u>-</u>
Total primary government	<u>\$ 67,083,573</u>	<u>\$ 7,485,712</u>	<u>\$ 6,944,726</u>	<u>\$ 2,749,229</u>
Component units:				
Jackson County Tourism Development Authority	\$ 1,191,957	\$ -	\$ -	\$ -
Jackson County Airport Authority	179,387	42,903	31,000	385,184
Jackson County ABC Board	4,879,104	5,065,139	-	-
Total component units	<u>\$ 6,250,448</u>	<u>\$ 5,108,042</u>	<u>\$ 31,000</u>	<u>\$ 385,184</u>

General revenues:

Taxes:

Property taxes, levied for general purpose

Local option sales tax

Other taxes

Grants and contributions not restricted to specific programs

Investment earnings, unrestricted

Miscellaneous, unrestricted

Transfers

Total general revenues and transfers

Change in net position

Net position:

Beginning balance, July 1,

Ending balance, June 30

See accompanying notes.

Net (Expense) Revenue and Changes in Net Position					
Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	Jackson County Tourism Development Authority	Jackson County Airport Authority	Jackson County Alcoholic Beverage Control Board
\$ (6,015,840)	\$ -	\$ (6,015,840)			
(14,686,233)	-	(14,686,233)			
(297,886)	-	(297,886)			
(80,354)	-	(80,354)			
(908,897)	-	(908,897)			
(9,461,145)	-	(9,461,145)			
(3,256,078)	-	(3,256,078)			
(14,591,270)	-	(14,591,270)			
(390,991)	-	(390,991)			
<u>(49,688,694)</u>	<u>-</u>	<u>(49,688,694)</u>			
-	(87,215)	(87,215)			
-	(174,867)	(174,867)			
-	46,870	46,870			
<u>-</u>	<u>(215,212)</u>	<u>(215,212)</u>			
<u>(49,688,694)</u>	<u>(215,212)</u>	<u>(49,903,906)</u>			
			\$ (1,191,957)	\$ -	\$ -
			-	279,700	-
			-	-	186,035
			<u>(1,191,957)</u>	<u>279,700</u>	<u>186,035</u>
37,358,219	-	37,358,219	-	-	-
14,960,621	-	14,960,621	-	-	-
568,526	83,745	652,271	1,174,014	-	-
257,774	-	257,774	-	-	-
429,886	35,823	465,709	8,451	-	-
293,871	-	293,871	15,621	27,486	1,480
(178,461)	178,461	-	-	-	-
<u>53,690,436</u>	<u>298,029</u>	<u>53,988,465</u>	<u>1,198,086</u>	<u>27,486</u>	<u>1,480</u>
4,001,742	82,817	4,084,559	6,129	307,186	187,515
33,077,457	2,382,186	35,459,643	535,808	5,083,171	934,875
<u>\$ 37,079,199</u>	<u>\$ 2,465,003</u>	<u>\$ 39,544,202</u>	<u>\$ 541,937</u>	<u>\$ 5,390,357</u>	<u>\$ 1,122,390</u>

Jackson County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2019

	General Fund	School Improvements Fund	SCC Health Science Building Fund
Assets:			
Cash and cash equivalents	\$ 24,555,436	\$ 5,080,967	\$ -
Restricted cash and cash equivalents	331,244	998,317	10,004,223
Taxes receivable, net	1,244,544	-	-
Accounts receivable, net	400,927	-	-
Due from other governments	4,264,318	-	-
Due from other funds	-	529,030	-
Notes receivable, net	-	-	-
Total assets	<u>\$ 30,796,469</u>	<u>\$ 6,608,314</u>	<u>\$ 10,004,223</u>
Liabilities:			
Accounts payable and accrued liabilities	\$ 1,580,831	\$ 19,438	\$ -
Due to other funds	529,030	-	-
Contract retainage	-	-	-
Deposits held for others	255,634	-	-
Total liabilities	<u>2,365,495</u>	<u>19,438</u>	<u>-</u>
Deferred inflows of resources	<u>1,342,268</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Restricted:			
Stabilization by State Statute	4,665,245	-	-
Register of Deeds	33,469	-	-
Education	-	6,588,876	10,004,223
Public safety	-	-	-
Economic and physical development	-	-	-
Human services	-	-	-
Committed:			
Revaluation	327,203	-	-
Capital reserve	3,131,111	-	-
Conservation/preservation	946,619	-	-
Recreation	-	-	-
Various programs and projects	-	-	-
Assigned:			
Other post-employment benefits	203,037	-	-
Unassigned	17,782,022	-	-
Total fund balances	<u>27,088,706</u>	<u>6,588,876</u>	<u>10,004,223</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 30,796,469</u>	<u>\$ 6,608,314</u>	<u>\$ 10,004,223</u>

Health Department Project Fund	Other Governmental Funds	Total
\$ 6,985,412	\$ 2,376,277	\$ 38,998,092
-	-	11,333,784
-	-	1,244,544
-	7,258	408,185
-	-	4,264,318
-	-	529,030
-	25,514	25,514
<u>\$ 6,985,412</u>	<u>\$ 2,409,049</u>	<u>\$ 56,803,467</u>
\$ 136,275	\$ 5,195	\$ 1,741,739
-	-	529,030
27,395	8,695	36,090
-	-	255,634
<u>163,670</u>	<u>13,890</u>	<u>2,562,493</u>
-	25,651	1,367,919
-	3,139	4,668,384
-	-	33,469
-	-	16,593,099
-	521,652	521,652
-	1,277,043	1,277,043
6,821,742	-	6,821,742
-	-	327,203
-	-	3,131,111
-	-	946,619
-	325,515	325,515
-	242,159	242,159
-	-	203,037
-	-	17,782,022
<u>6,821,742</u>	<u>2,369,508</u>	<u>52,873,055</u>
<u>\$ 6,985,412</u>	<u>\$ 2,409,049</u>	<u>\$ 56,803,467</u>



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Jackson County, North Carolina
Balance Sheet
Governmental Funds
June 30, 2019

Exhibit "3"

Continued

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:

Total fund balance for governmental funds	\$ 52,873,055
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	69,121,127
Accrued interest receivable is not a financial resources and therefore not reported in the funds.	125,499
Deferred outflows of resources are not available to satisfy current obligations in the fund statements; however, they are considered a consumption of net position that applies to a future period and are included in the Statement of Net Position:	
Contributions to LGERS pension plan in the current fiscal year	1,321,943
LGERS pension related deferrals	118,531
Contributions to LEOSSA pension plan in the current fiscal year	122,695
LEOSSA pension related deferrals	93,720
Contributions to OPEB plan in the current fiscal year	6,696,988
OPEB related deferrals	279,903
Deferred inflows of resources for notes receivable	25,514
Deferred inflows of resources for taxes receivable	1,244,544
Deferred inflows of resources for pension related deferrals	(359,678)
Deferred inflows of resources for OPEB related deferrals	(6,043,075)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Accrued interest payable	(71,259)
Compensated absences	(1,688,179)
Net pension liability - LGERS	(5,340,664)
Total pension liability - LEO	(1,715,041)
Total OPEB liability	(47,971,555)
Installment notes payable	(31,754,869)
Net position of governmental activities	<u>\$ 37,079,199</u>

See accompanying notes.

Jackson County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances—
Governmental Funds
Year Ended June 30, 2019

	General Fund	School Improvements Fund	SCC Health Science Building Fund
Revenues:			
Ad valorem taxes	\$ 36,429,809	\$ -	\$ -
Other taxes	15,240,353	-	-
Unrestricted intergovernmental	503,332	-	-
Restricted intergovernmental	6,947,839	-	2,581,298
Other restricted revenues	6,875,433	118,560	-
Permits and fees	2,155,698	-	-
Sales and services	1,242,366	-	-
Investment earnings	423,756	189	4,223
Miscellaneous	309,273	-	-
Total revenues	<u>70,127,859</u>	<u>118,749</u>	<u>2,585,521</u>
Expenditures:			
Current:			
General government	11,273,235	-	-
Public safety	16,152,094	-	-
Transportation	1,133,262	-	-
Environmental protection	260,073	-	-
Economic and physical development	1,109,472	-	-
Human services	15,633,456	-	-
Culture and recreation	3,608,607	-	-
Intergovernmental:			
Education	12,596,621	2,217,465	2,581,298
Debt service:			
Principal retirement	3,525,256	-	-
Interest and other charges	404,268	-	-
Total expenditures	<u>65,696,344</u>	<u>2,217,465</u>	<u>2,581,298</u>
Revenues over (under) expenditures	<u>4,431,515</u>	<u>(2,098,716)</u>	<u>4,223</u>
Other financing sources (uses):			
Transfers from other funds	-	1,834,667	-
Transfers to other funds	(10,212,620)	-	-
Proceeds from installment obligation	-	-	10,000,000
Proceeds from sale of capital assets	40,333	-	-
Other financing sources (uses), net	<u>(10,172,287)</u>	<u>1,834,667</u>	<u>10,000,000</u>
Net change in fund balances	(5,740,772)	(264,049)	10,004,223
Fund balances:			
Beginning balances, July 1	<u>32,829,478</u>	<u>6,852,925</u>	<u>-</u>
Ending balances, June 30	<u>\$ 27,088,706</u>	<u>\$ 6,588,876</u>	<u>\$ 10,004,223</u>

Health Department Project Fund	Other Governmental Funds	Total
\$ -	\$ 1,246,184	\$ 37,675,993
-	-	15,240,353
-	-	503,332
-	492,571	10,021,708
-	-	6,993,993
-	-	2,155,698
-	10,037	1,252,403
-	1,718	429,886
-	-	309,273
-	1,750,510	74,582,639
-	9,317	11,282,552
-	1,612,473	17,764,567
-	-	1,133,262
-	-	260,073
-	143,407	1,252,879
1,127,750	-	16,761,206
-	196,057	3,804,664
-	-	17,395,384
-	-	3,525,256
-	-	404,268
1,127,750	1,961,254	73,584,111
(1,127,750)	(210,744)	998,528
7,949,492	250,000	10,034,159
-	-	(10,212,620)
-	-	10,000,000
-	-	40,333
7,949,492	250,000	9,861,872
6,821,742	39,256	10,860,400
-	2,330,252	42,012,655
\$ 6,821,742	\$ 2,369,508	\$ 52,873,055



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Jackson County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balances--
Governmental Funds
Year Ended June 30, 2019

Exhibit "4"

(Continued)

Amounts reported for governmental activities in the Statement of Activities are different because:

Net changes in fund balances--total governmental funds \$ 10,860,400

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlay 4,892,612
 Depreciation (2,419,399)

Contributions to the state retirement system in the current fiscal year are not included in the Statement of Activities but are reported as expenditures in the governmental funds 1,440,474

Benefit payments and pension administration cost for LEOSSA are deferred of outflows of resources on the Statement of Net Position 216,415

Contributions and administration cost for OPEB are deferred outflow of resources on the Statement of Net Position 6,976,891

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:

Change in ad valorem taxes and related interest receivable 850,109
 Change in notes receivable 77,261

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Proceeds (10,000,000)
 Principal portion of repayments 3,525,254

Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental statements

because they do not use current financial resources:

Compensated absences (68,307)
 OPEB expense (9,504,451)
 Pension expense (2,858,794)
 Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual). 13,277

Total changes in net position of governmental activities \$ 4,001,742

See accompanying notes.

Jackson County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance-
Budget and Actual-General Fund
Year Ended June 30, 2019

Exhibit "5"

	General Fund			Variance
	Original	Final	Actual	With Final
	Budget	Budget		Positive
				(Negative)
Revenues:				
Ad valorem taxes	\$ 36,033,145	\$ 36,396,895	\$ 36,429,809	\$ 32,914
Other taxes	14,581,682	14,898,147	15,240,353	342,206
Unrestricted intergovernmental	397,372	400,580	503,332	102,752
Restricted intergovernmental	9,327,378	7,832,523	6,947,839	(884,684)
Other restricted revenues	61,000	61,000	62,304	1,304
Permits and fees	2,125,547	2,274,852	2,155,698	(119,154)
Sales and services	1,323,385	1,496,555	1,242,366	(254,189)
Investment earnings	240,000	397,000	423,151	26,151
Miscellaneous	386,550	475,901	309,273	(166,628)
Total revenues	<u>64,476,059</u>	<u>64,233,453</u>	<u>63,314,125</u>	<u>(919,328)</u>
Expenditures:				
Current:				
General government	9,150,436	10,342,999	9,323,032	1,019,967
Public safety	13,987,908	14,891,455	14,186,320	705,135
Transportation	1,247,904	1,276,079	991,534	284,545
Environmental protection	80,552	80,552	69,732	10,820
Economic and physical development	929,532	1,030,609	955,370	75,239
Human services	15,588,725	14,504,844	13,317,045	1,187,799
Culture and recreation	3,417,811	3,649,008	3,321,227	327,781
Intergovernmental:				
Education	11,709,869	12,971,111	12,596,621	374,490
Debt service:				
Principal retirement	3,525,259	3,525,259	3,525,256	3
Interest and other charges	404,272	404,272	404,268	4
Total expenditures	<u>60,042,268</u>	<u>62,676,188</u>	<u>58,690,405</u>	<u>3,985,783</u>
Revenues over expenditures	<u>4,433,791</u>	<u>1,557,265</u>	<u>4,623,720</u>	<u>3,066,455</u>
Other financing sources (uses):				
Transfers to other funds	(3,970,316)	(11,470,316)	(11,563,628)	(93,312)
Proceeds from sale of capital assets	30,000	40,350	40,333	(17)
Appropriated fund balance	469,150	9,993,011	-	(9,993,011)
Contingency	(962,625)	(120,310)	-	120,310
Other financing sources (uses), net	<u>(4,433,791)</u>	<u>(1,557,265)</u>	<u>(11,523,295)</u>	<u>(9,966,030)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(6,899,575)</u>	<u>\$ (6,899,575)</u>
Fund balance:				
Beginning balance, July 1			<u>29,312,129</u>	
Ending balance, June 30			<u>\$ 22,412,554</u>	

Jackson County, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance-
Budget and Actual-General Fund
Year Ended June 30, 2019

Exhibit " 5"

(Continued)

	General Fund			Variance With Final Positive (Negative)
	Original Budget	Final Budget	Actual	
A legally budgeted Revaluation Fund is consolidated into the General Fund for reporting purposes:				
Expenditures			\$ (273,688)	
Transfers from the General Fund			350,500	
Beginning Fund Balance			250,391	
A legally budgeted Capital Reserve Fund is consolidated into the General Fund for reporting purposes:				
Revenue			605	
Transfers from the General Fund			1,000,000	
Transfers to the Health Department Projects Fund			(349,492)	
Beginning Fund Balance			2,479,998	
A legally budgeted Conservation/Preservation Fund is consolidated into the General Fund for reporting purposes:				
Expenditures			(190,341)	
Transfers from the General Fund			500,000	
Transfers to the Recreation Center Fund			(150,000)	
Beginning Fund Balance			786,960	
A legally budgeted Health Insurance Fund is consolidated into the General Fund for reporting purposes:				
Revenue			6,813,129	
Expenditures			(6,541,910)	
Beginning Fund Balance			-	
Ending Fund Balance - Combined General Fund			<u>\$ 27,088,706</u>	

See accompanying notes.

Jackson County, North Carolina
Statement of Fund Net Position
Proprietary Funds
June 30, 2019

Exhibit "6"

	Landfill Fund	Other Enterprise Funds	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 213,003	\$ 539,166	\$ 752,169
Accounts receivable, net	458,538	937	459,475
Accrued interest receivable	15,770	-	15,770
Due from other governments	35,891	-	35,891
Total current assets	<u>723,202</u>	<u>540,103</u>	<u>1,263,305</u>
Non-current assets:			
Notes receivable, net	-	61,796	61,796
Capital assets, net of depreciation	4,180,554	1,114,228	5,294,782
Total non-current assets	<u>4,180,554</u>	<u>1,176,024</u>	<u>5,356,578</u>
Total assets	<u>4,903,756</u>	<u>1,716,127</u>	<u>6,619,883</u>
Deferred outflows of resources	<u>133,196</u>	<u>50,314</u>	<u>183,510</u>
Liabilities:			
Current liabilities:			
Accounts payable	139,383	4,293	143,676
Unearned revenue	-	13,014	13,014
Accrued interest payable	13,277	-	13,277
Installment purchases, current	234,601	-	234,601
Total current liabilities	<u>387,261</u>	<u>17,307</u>	<u>404,568</u>
Non-current liabilities:			
Installment purchases, non-current	1,055,702	-	1,055,702
Compensated absences	17,026	15,315	32,341
Net pension liability	84,511	31,923	116,434
Total OPEB liability	759,103	286,743	1,045,846
Accrued landfill closure and post-closure care costs	1,546,620	-	1,546,620
Total non-current liabilities	<u>3,462,962</u>	<u>333,981</u>	<u>3,796,943</u>
Total liabilities	<u>3,850,223</u>	<u>351,288</u>	<u>4,201,511</u>
Deferred inflows of resources	<u>96,932</u>	<u>39,947</u>	<u>136,879</u>
Net position:			
Net investment in capital assets	2,890,251	1,114,228	4,004,479
Unrestricted	(1,800,454)	260,978	(1,539,476)
Total net position	<u>\$ 1,089,797</u>	<u>\$ 1,375,206</u>	<u>\$ 2,465,003</u>

See accompanying notes.

Jackson County, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Year Ended June 30, 2019

Exhibit "7"

	<u>Landfill Fund</u>	<u>Other Enterprise Funds</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 3,427,309	\$ 138,106	\$ 3,565,415
Operating expenses:			
Landfill operations, closure and post-closure care costs	3,335,517	-	3,335,517
Park operations	-	202,428	202,428
Economic development operations	-	30,140	30,140
Depreciation	144,257	34,665	178,922
Total operating expenses	3,479,774	267,233	3,747,007
Operating loss	(52,465)	(129,127)	(181,592)
Non-operating revenues (expenses):			
Interest and investment revenues	34,050	1,773	35,823
Donations	-	1,130	1,130
Scrap tire tax	63,100	-	63,100
White goods tax	17,920	-	17,920
Electronics tax	2,725	-	2,725
Interest expense	(34,750)	-	(34,750)
Net non-operating revenue (expenses)	83,045	2,903	85,948
Income (loss) before transfers	30,580	(126,224)	(95,644)
Transfers from other funds	-	178,461	178,461
Change in net position	30,580	52,237	82,817
Net position:			
Beginning balance, July 1	1,059,217	1,322,969	2,382,186
Ending balance, June 30	<u>\$ 1,089,797</u>	<u>\$ 1,375,206</u>	<u>\$ 2,465,003</u>

See accompanying notes.

Jackson County, North Carolina
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2019

Exhibit "8"

	Landfill Fund	Other Enterprise Funds	Total
Cash flows from operating activities:			
Cash received from customers	\$ 3,385,851	\$ 138,234	\$ 3,524,085
Cash paid for goods and services	(2,996,533)	(96,237)	(3,092,770)
Cash paid to employees for services	(365,817)	(133,300)	(499,117)
Net cash provided by (used for) operating activities	<u>23,501</u>	<u>(91,303)</u>	<u>(67,802)</u>
Cash flows from non-capital financing activities:			
Other taxes	82,765	-	82,765
Grants and donations	-	1,130	1,130
Transfers from other funds	-	178,461	178,461
Net cash provided by non-capital financing activities	<u>82,765</u>	<u>179,591</u>	<u>262,356</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(89,973)	-	(89,973)
Principal paid on long-term debt	(234,901)	-	(234,901)
Interest paid on long-term debt	(34,450)	-	(34,450)
Net cash used for capital and related financing activities	<u>(359,324)</u>	<u>-</u>	<u>(359,324)</u>
Cash flows from investing activities:			
Principal payments on notes receivable	-	17,836	17,836
Interest earned on investments	28,577	1,773	30,350
Net cash provided by investing activities	<u>28,577</u>	<u>19,609</u>	<u>48,186</u>
Net change in cash and cash equivalents	(224,481)	107,897	(116,584)
Cash and cash equivalents:			
Beginning balance, July 1	437,484	431,269	868,753
Ending balance, June 30	<u>\$ 213,003</u>	<u>\$ 539,166</u>	<u>\$ 752,169</u>
Reconciliation of operating loss to net cash provided by (used for) operating activities:			
Operating loss	\$ (52,465)	\$ (129,127)	\$ (181,592)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:			
Depreciation	144,257	34,665	178,922
Contributions to the pension plan in current fiscal year	(20,917)	(7,901)	(28,818)
Contributions to the OPEB plan in current fiscal year	(105,973)	(43,344)	(149,317)
Pension expense	45,894	16,150	62,044
OPEB expense	131,131	33,696	164,827
Changes in assets and liabilities:			
Accounts receivable	(41,458)	128	(41,330)
Accounts payable and accrued liabilities	(78,696)	2,825	(75,871)
Unearned revenue	-	(272)	(272)
Compensated absences	1,388	1,877	3,265
Accrued landfill closure and post-closure care costs	340	-	340
Net cash provided by (used for) operating activities	<u>\$ 23,501</u>	<u>\$ (91,303)</u>	<u>\$ (67,802)</u>

See accompanying notes.

Jackson County, North Carolina
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

Exhibit "9"

	Agency Funds
Assets:	
Cash and cash equivalents	\$ 259,590
Due from others	8,203
	<hr/>
Total assets	\$ 267,793
	<hr/> <hr/>
Liabilities:	
Amounts held for others	\$ 267,793
	<hr/> <hr/>

See accompanying notes.

NOTES TO FINANCIAL STATEMENTS

Notes to the Financial Statements

1. Summary of Significant Accounting Policies

The accounting policies of Jackson County (the “County”) and its component units conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant accounting policies.

A. Reporting entity

The County, which is governed by a five-member Board of Commissioners, is one of the 100 counties established in North Carolina (the “State”) under North Carolina General Statute (“State law”) 153A-10. As required by accounting principles generally accepted in the United States of America, these financial statements present the County (the primary government) and its component units, legally separate entities for which the County is financially accountable. The discretely presented component units presented below are reported in separate columns in the County’s combined financial statements in order to emphasize that they are legally separate from the County.

Jackson County Industrial Facility and Pollution Control Financing Authority

Jackson 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 four-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 basic financial statements. The Authority does not issue separate financial statements.

Jackson County Tourism Development Authority

The Jackson County Tourism Development Authority (the “JCTDA”) was established by the Jackson County Board of Commissioners, with the authorization of the North Carolina General Legislature, for the purpose of using occupancy taxes collected to promote travel and tourism within Jackson County. The JCTDA is composed of 9 voting members and four ex-officio members, all who serve without compensation and are appointed by the Jackson County Board of Commissioners. Members are appointed to complete three year terms. The JCTDA may contract with any person, firm or organization to advise and assist in carrying out its duty to promote travel and tourism within the County. Complete financial statements for the JCTDA may be obtained by contacting the Jackson County Tourism Development Authority Finance Officer, 401 Grindstaff Cove Road, Sylva, North Carolina, 28779.

Jackson County Airport Authority

The Jackson County Airport Authority (the “Airport”) is a non-profit organization that exists to operate, promote, and to further improve the airport facilities and aviation for County residents. During the fiscal year ended June 30, 2011, the Airport created its own Board. The Jackson County Board of Commissioners appoints two of the five voting members of the Airport, and appoints members to complete unexpired terms. The Board adopts a budget to be used by the Airport and approves amendments to the approved budget. The Airport does not issue separate financial statements.

Jackson County Alcoholic Beverage Control Board

The Jackson County Alcoholic Beverage Control Board (the “ABC Board”) was established to operate two liquor stores and to investigate violations of North Carolina Alcoholic Beverage Control laws in the County. The first retail sales were made on May 1, 2014. The Jackson County Board of Commissioners appoints three of the five members of the ABC Board. The ABC Board is required by State law to distribute 60% of its net profits to the General Fund of the County, which represents a financial benefit to the County. The remaining 40% of the ABC Board’s net profits

Jackson County, North Carolina Notes to Financial Statements

is required by State law to be distributed to the General Fund of the Town of Sylva. Complete financial statements for the ABC Board may be obtained by contacting the Jackson County Alcoholic Beverage Control Board General Manager, 30 E. Sylva Shopping Center, Sylva, North Carolina, 28779.

Basis of Presentation, Basis of Accounting

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

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

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

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

The County reports the following major governmental fund:

- **General Fund.** This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Additionally, the County has a legally adopted budget for the Revaluation Fund, the Capital Reserve Fund, the Conservation/Preservation Fund and Health Insurance Fund. In accordance with Governmental Accounting Standards Board ("GASB") Statement No. 54 guidance, these funds are consolidated in the General Fund.
- **School Improvements Fund.** This fund is used for the construction of school improvements from the proceeds of State grants, installment grants, and local matching funds. Additionally, the County has a legally adopted budget for the School Capital Reserve Fund. In accordance with GASB No. 54 guidance, this fund has been consolidated into the School Improvements Fund.
- **SCC Health Science Building Fund.** This fund is used for the construction of health science building at Southwestern Community College ("SCC"). The project is be funds from proceeds from State grants, loan, and bond proceeds. Additionally, the County has a legally adopted budget for the SCC Health Science Building Fund.
- **Health Department Project Fund.** This fund is used for the construction of a new health department building from the proceeds local funds. Additionally, the County has a legally adopted budget for the Health Department Project Fund.

Jackson County, North Carolina Notes to Financial Statements

The County reports the following major enterprise fund:

- **Landfill Fund.** This fund accounts for the operation, maintenance, and development of various landfills and disposal sites.

Additionally, the County reports the following fund types:

- **Agency Funds.** Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains five agency funds: the Social Services Fund, which accounts for moneys deposited with the Department of Social Services for the benefit of certain individuals; the Property Tax Fund, which accounts for property taxes that are billed and collected by the County for various municipalities within the County; the Extension Agency Fund, which accounts for moneys collected and disbursed for the operation of the Jackson County 4-H Club; the State of North Carolina Fund, which accounts for moneys held for the benefit of certain individuals; and the Inmate Fund, which accounts for moneys held for the use by inmates being held in Jackson County correctional facilities.
- **Non-major Funds.** The County maintains thirteen legally budgeted non-major funds. The Emergency Telephone Fund, Law Enforcement Block Grant Fund, Fire Service Districts Fund, Community Development Scattered Site Project Fund, Clean Water Revolving Loan Fund, Economic Development Fund, and Economic Development Commission Fund are reported as non-major special revenue funds. The Recreation Center Fund, Emergency Management Project Fund, County Capital Projects Fund, and Greenways Project Fund are reported as non-major capital projects funds. The Green Energy Park Fund and the Economic Development Commission Fund are reported as non-major proprietary funds.

Measurement focus, 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. The government-wide, proprietary, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

Governmental fund financial statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are

Jackson County, North Carolina Notes to Financial Statements

recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

Sales taxes and certain intergovernmental revenues, such as the beer and wine tax, collected and held by the State at year-end on behalf of the County are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. 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 position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

Budgetary data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget ordinance is adopted for the General, special revenue funds (excluding funds with multi-year budgets), and the enterprise funds. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the capital project funds and for certain special revenue fund types. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for the General Fund, at the departmental level for the special revenue and enterprise funds, and at the object level for the capital project funds. The County budget officer is authorized by the budget ordinance to transfer appropriations within a fund; however, any revisions that alter total appropriations of any fund must be approved by the governing board. During the year, several amendments to the original budget were necessary. 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.

Use of estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Assets, liabilities, deferred outflows and inflows of resources, and net position/fund balance

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

Jackson County, North Carolina Notes to Financial Statements

State Law [G.S. 159-30I] authorizes the County and the component units 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"), an SEC registered (2a-7) money market mutual fund.

The NC Capital Management Trust Government Portfolio, a SEC-registered 2a-7 mutual fund, is measured at amortized cost, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

Cash and cash equivalents. The County pools moneys 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. The component units consider demand deposits and investments purchased with an original maturity three months or less, that are not limited to use, to be cash and cash equivalents.

Restricted assets. Money in the Revaluation Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150. QZAB debt proceeds issuance kept in the School Improvement Fund are restricted for use of approved school improvement projects per North Carolina General Statutes 159-18 through 22.

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, 2018.

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. The inventories of the Airport and ABC Board are valued at the lower of cost (first-in, first-out) or market. The inventories of the Airport and ABC Board consist of materials and supplies held for consumption or resale.

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

Capital assets. Purchased or constructed capital assets are recorded at cost or estimated historical cost. Donated capital assets received prior to July 1, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after July 1, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. Minimum capitalization cost is \$5,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

The County holds title to certain Jackson County Board of Education ("Board of Education") properties that have not been included in capital assets. The properties have been deeded to the County to permit installment purchase financing of acquisition and construction costs and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the Board of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education, 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 Board of Education.

Jackson County, North Carolina
Notes to Financial Statements

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

Buildings	50 years
Improvements	25 years
Furniture and equipment	10 years
Vehicles	6 years
Computer equipment	3 years

Deferred outflows/inflows of resources. In addition to assets, the Statement of Net Position can also report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense until then. The County has only several items that meet the criterion for this category – contributions made to the OPEB or pension plans in the current fiscal year and pension related deferrals.

In addition to liabilities, the statement of financial position can also report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has several items that meet the criterion for this category – prepaid taxes, taxes receivable, notes receivable, other revenues received in advance, and other OPEB or pension related deferrals.

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

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

Compensated absences. The vacation policy of the County provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the County's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. Compensated absences typically have been liquidated in the general and proprietary funds and are accounted for on a FIFO basis, assuming that employees are taking leave time as it is earned.

The sick leave policy of the County 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 accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

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

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

The governmental fund types classify fund balances as follows:

Restricted fund balance – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law:

Restricted for Stabilization by State Statute - North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of

Jackson County, North Carolina Notes to Financial Statements

local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as “restricted by State statute”. Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is “imposed by law through constitutional provisions or enabling legislation.” RSS is reduced by inventories 35-J-56 and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

Restricted for Register of Deeds – portion of fund balance restricted by revenue source to pay for computer and imaging technology in the Register of Deeds office.

Restricted for Education – portion of fund balance restricted for school capital per G.S. 159-18-22.

Restricted for Public Safety – portion of fund balance that is restricted by revenue source for certain emergency telephone system and fire safety expenditures.

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

Committed fund balance – This classification includes amounts that can only be used for specific purposes imposed by majority vote by quorum of Jackson County’s governing body (highest level of decision-making authority). Any changes or removal of specific purpose requires majority action by the governing body. Committed fund balance represents ending fund balance in various special revenue and capital project funds, or funds with legally adopted budgets.

Assigned fund balance – The portion of fund balance that Jackson County governing board has budgeted:

Assigned for Other Post-Employment Benefits – portion of fund balance that has been assigned for future expenditures related to other post-employment benefits.

Unassigned Fund Balance – This classification includes amounts that have not been restricted, committed, or assigned to specific purposes or other funds.

The County does not have a formal revenue spending policy. However, it is the County’s practice to use resources in the following hierarchy: installment loan proceeds, federal funds, state funds, local non-county funds, and county funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and, lastly, unassigned fund balance.

The County does not have a formal fund balance policy. In addition, all encumbrances lapse at the end of the year. Therefore, the entire amount of unassigned fund balance in the General Fund is available for appropriation.

Defined benefit pension and OPEB plans – The County participates in a cost-sharing, multiple-employer, defined benefit pension plan that is administered by the State, the Local Governmental Employees’ Retirement System (LGERS) and Law Enforcement Officers’ Special Separation Allowance (LEO) (collectively, the “state-administered defined benefit pension plans”), and one other postemployment benefit plan (OPEB), the Healthcare Benefits Plan (HBC). For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans’ fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County’s employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense,

Jackson County, North Carolina
Notes to Financial Statements

information about the fiduciary net position of the HCB and additions to/deductions from the HCB's fiduciary net position have been determined on the same basis as they are reported by the HCB. For this purpose, the HCB recognizes benefit payments when due and payable in accordance with the benefit terms. Investments for all plans are reported at fair value. Investments are reported at fair value.

2. Detail Notes on All Funds

Assets

Deposits. All of the County's and the component units' 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 or the component units' agents in these units' names. 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 and the component units, these deposits are considered to be held by their agents in the entities' names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or the component units or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County or the component units under the Pooling Method, the potential exists for under-collateralization, 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 and the component units have no policy regarding custodial credit risk for deposits.

At June 30, 2019, the County's deposits had a carrying amount of \$31,654,487 and a bank balance of \$32,299,386. Of the bank balance, \$1,058,852 was covered by federal depository insurance and \$31,240,534 in interest-bearing deposits was covered by collateral held under the Pooling Method. The County had \$2,930 cash on hand at June 30, 2019.

At June 30, 2019, the TDA's deposit had a carrying amount of \$19,015 and bank balance of \$19,225, all of which was covered by federal depository insurance. The JCTDA also had \$0 in cash on hand at June 30, 2019.

At June 30, 2019, the carrying amount of deposits and bank balance for the Airport was \$2,432, all of which was covered by federal depository insurance.

At June 30, 2019, the carrying amount of the ABC Board's deposits was \$746,325 and the bank balance was \$701,569. All of the bank balance was covered by federal depository insurance.

Investments. At June 30, 2019, the County's investments consisted of \$19,686,218 in the North Carolina Capital Management Trust's Government Portfolio, which carried a credit rating of AAAM by Standard and Poor's. The Cash Portfolio has no maturity value and is measured at amortized cost. The County has no formal policy on credit risk.

At June 30, 2019, the TDA's investments consisted of \$400,000 in the North Carolina Capital Management Trust's Government Portfolio, which carried a credit rating of AAAM by Standard and Poor's. The Cash Portfolio has no maturity value and is measured at amortized cost. The TDA has no formal policy on credit risk.

Jackson County, North Carolina
Notes to Financial Statements

Custodial credit risk

For an investment, the custodial risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County has no formal policy on custodial credit risk.

Receivables. Receivables at the government-wide level at June 30, 2019, were as follows:

	<u>Accounts</u>	<u>Taxes and Related Accrued Interest</u>	<u>Due From Other Governments</u>	<u>Notes Receivable</u>	<u>Total</u>
Governmental activities:					
General	\$ 400,927	\$ 2,322,043	\$ 4,254,318	\$ -	\$ 6,977,288
School improvement	-	-	-	-	-
Southwestern Community College Health Science	-	-	-	-	-
Health Department	-	-	-	-	-
Other governmental	7,258	-	-	25,514	32,772
Allowance for doubtful accounts	-	(952,000)	-	-	(952,000)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total governmental activities	<u>\$ 408,185</u>	<u>\$ 1,370,043</u>	<u>\$ 4,254,318</u>	<u>\$ 25,514</u>	<u>\$ 6,058,060</u>

	<u>Accounts</u>	<u>Taxes and Related Accrued Interest</u>	<u>Due From Other Governments</u>	<u>Notes Receivable</u>	<u>Total</u>
Business-type activities:					
Landfill	\$ 598,955	\$ -	\$ 35,891	\$ -	\$ 634,846
Green Energy Park	937	-	-	-	937
Economic Development	-	-	-	61,796	61,796
Allowance for doubtful accounts	(124,647)	-	-	-	(124,647)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total business-type activities	<u>\$ 475,245</u>	<u>\$ -</u>	<u>\$ 35,891</u>	<u>\$ 61,796</u>	<u>\$ 572,932</u>

Notes receivable. The County has made loans to two companies from Community Development Block Grant revenues. The major criterion for receiving such a loan is that the money is spent for economic development projects. The notes receivable are at interest rates that vary from 0 to 2 percent and are repaid monthly and yearly over a period of one to thirteen years. Notes receivable are collateralized by a deed of trust on the companies' property or by a security interest in machinery, equipment, furniture and fixtures acquired for use in businesses. Amounts reported in the governmental fund are not considered available due to time restrictions and are therefore considered a deferred inflow of resources.

Jackson County, North Carolina
Notes to Financial Statements

Capital assets. Capital asset activity for the year ended June 30, 2019, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	<u>Ending Balances</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 15,428,817	\$ -	\$ -	\$ -	\$ 15,428,817
Construction in progress	<u>5,581,565</u>	<u>3,914,420</u>	<u>-</u>	<u>(1,866,419)</u>	<u>7,629,566</u>
Total capital assets not being depreciated	<u>21,010,382</u>	<u>3,914,420</u>	<u>-</u>	<u>(1,866,419)</u>	<u>23,058,383</u>
Capital assets being depreciated:					
Buildings	62,861,985	-	-	1,866,419	64,728,404
Equipment	6,686,831	331,874	9,344	-	7,009,361
Vehicles	<u>5,448,815</u>	<u>646,318</u>	<u>222,134</u>	<u>(18,443)</u>	<u>5,854,556</u>
Total capital assets being depreciated	<u>74,997,631</u>	<u>978,192</u>	<u>231,478</u>	<u>1,847,976</u>	<u>77,592,321</u>
Less accumulated depreciation for:					
Buildings	20,625,455	1,589,566	-	-	22,215,021
Equipment	4,861,981	389,663	9,344	-	5,242,300
Vehicles	<u>3,872,661</u>	<u>440,170</u>	<u>222,134</u>	<u>(18,443)</u>	<u>4,072,254</u>
Total accumulated depreciation	<u>29,360,097</u>	<u>2,419,399</u>	<u>231,478</u>	<u>(18,443)</u>	<u>31,529,575</u>
Total capital assets being depreciated, net	<u>45,637,534</u>				<u>46,062,744</u>
Governmental activities capital assets, net	<u>\$ 66,647,916</u>				<u>\$ 69,121,127</u>

Depreciation expense was charged to functions/programs of the governmental activities as follows:

General government	\$ 844,310
Public safety	779,789
Transportation	127,967
Economic and physical development	24,972
Human services	118,286
Culture and recreation	<u>524,075</u>
Total depreciation expense	<u>\$ 2,419,399</u>

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 196,433	\$ -	\$ -	\$ 196,433
Capital assets being depreciated:				
Buildings and improvements	2,466,755	-	-	2,466,755
Plant and distribution systems	4,628,597	-	-	4,628,597
Furniture and maintenance equipment	<u>984,795</u>	<u>108,415</u>	<u>-</u>	<u>1,093,210</u>
Total capital assets being depreciated	<u>8,080,147</u>	<u>108,415</u>	<u>-</u>	<u>8,188,562</u>

Jackson County, North Carolina
Notes to Financial Statements

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Less accumulated depreciation for:				
Buildings and improvements	\$ 1,293,460	91,333	-	\$ 1,384,893
Plant and distribution systems	571,091	70,955	-	642,046
Furniture and maintenance equipment	<u>1,028,298</u>	<u>34,976</u>	<u>-</u>	<u>1,063,274</u>
Total accumulated depreciation	<u>2,892,849</u>	<u>197,364</u>	<u>-</u>	<u>3,090,213</u>
Total capital assets being depreciated, net	<u>5,187,298</u>			<u>5,098,349</u>
Business-type activities capital assets, net	<u>\$ 5,383,731</u>			<u>\$ 5,294,782</u>

Depreciation expense was charged to functions/programs of the business-type activities as follows:

Landfill	\$ 162,699
Green Energy Park	5,085
Economic Development Commission	<u>29,580</u>
Total depreciation expense	<u>\$ 197,364</u>

Construction Commitments. The government has active construction projects as of June 30, 2019. At year-end, the government's commitments with contractors are as follows:

Project:	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Health Department	\$ 520,508	\$ 5,581,092
Savannah Park	<u>165,196</u>	<u>137,904</u>
	<u>\$ 685,704</u>	<u>\$ 5,718,996</u>

Discretely Presented Component Units. Capital asset activity for the Airport for the year ended June 30, 2019 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets not being depreciated:				
Land	\$ 4,818,067	\$ -	\$ -	\$ 4,818,067
Construction in progress	<u>-</u>	<u>513,233</u>	<u>-</u>	<u>513,233</u>
Total capital assets not being depreciated	<u>4,818,067</u>	<u>513,233</u>	<u>-</u>	<u>5,331,300</u>
Capital assets being depreciated:				
Buildings	191,322	-	-	191,322
Equipment	<u>99,326</u>	<u>-</u>	<u>-</u>	<u>99,326</u>
Total capital assets being depreciated	<u>290,648</u>	<u>-</u>	<u>-</u>	<u>290,648</u>
Less accumulated depreciation for:				
Buildings	131,829	3,826	-	135,655
Equipment	<u>99,326</u>	<u>100</u>	<u>-</u>	<u>99,426</u>
Total accumulated depreciation	<u>231,055</u>	<u>3,926</u>	<u>-</u>	<u>234,981</u>
Total capital assets being depreciated, net	<u>59,593</u>			<u>55,667</u>
Capital assets, net	<u>\$ 4,877,660</u>			<u>\$ 5,386,967</u>

Jackson County, North Carolina
Notes to Financial Statements

Capital asset activity for the ABC Board for the year ended June 30, 2019 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets not being depreciated:				
Land	\$ 12,301	\$ -	\$ -	\$ 12,301
Capital assets being depreciated:				
Building	847,508	11,566	-	859,074
Furniture and equipment	<u>196,500</u>	<u>48,029</u>	<u>-</u>	<u>244,529</u>
Total capital assets being depreciated	<u>1,044,008</u>	<u>59,595</u>	<u>-</u>	<u>1,103,603</u>
Less accumulated depreciation for:				
Building	77,265	24,014	-	101,279
Furniture and equipment	<u>104,433</u>	<u>23,382</u>	<u>-</u>	<u>127,815</u>
Total accumulated depreciation	<u>181,698</u>	<u>47,396</u>	<u>-</u>	<u>229,094</u>
Total capital assets being depreciated, net	<u>862,310</u>			<u>874,509</u>
Capital assets, net	<u>\$ 874,611</u>			<u>\$ 886,810</u>

Deferred outflows of resources

The County reported deferred outflows of resources for contributions to the pension and OPEB plan in the current fiscal year and other pension related deferrals in the amount of \$8,792,552 at June 30, 2019, of which \$183,510 and \$8,609,042 was related to governmental activities and business-type activities, respectively.

Liabilities

Payables. Payables at the government-wide level at June 30, 2019, were as follows:

	<u>Vendors</u>	<u>Contract Retainage</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental activities:				
General	\$ 1,091,688	\$ -	\$ 489,143	\$ 1,580,831
School improvements	19,438	-	-	19,438
Health Department	136,275	27,395	-	163,670
Other governmental	<u>17,882</u>	<u>8,695</u>	<u>-</u>	<u>26,577</u>
Total governmental activities	<u>\$ 1,265,283</u>	<u>\$ 36,090</u>	<u>\$ 489,143</u>	<u>\$ 1,790,516</u>
Business-type activities:				
Landfill	\$ 139,383	\$ -	\$ -	\$ 139,383
Other proprietary	<u>4,293</u>	<u>-</u>	<u>-</u>	<u>3,468</u>
Total business-type activities	<u>\$ 143,676</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 143,676</u>
Component units:				
Airport authority	\$ 3,468	\$ -	\$ -	\$ 3,468
ABC Board	361,228	-	-	361,228
Jackson County TDA	<u>12,221</u>	<u>-</u>	<u>-</u>	<u>12,221</u>
Total component units	<u>\$ 376,917</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 376,917</u>

Jackson County, North Carolina
Notes to Financial Statements

Long-term debt. The County's long-term debt for governmental activities at June 30, 2019 was comprised of the following:

A \$9,507,386 note was executed on December 29, 2005, and refinanced on February 16, 2012 and March 29, 2015, for the construction of a library (42 percent of the proceeds) and school addition (58 percent of the proceeds) and is payable in 30 semi-annual payments of \$316,913. In addition, 2.16 percent interest is payable semi-annually. Principal and interest are appropriated when due.	\$ 950,739
A \$10,295,446 note was executed on July 16, 2009, and refinanced on December 28, 2011 and March 16, 2015, for the renovation of the historic courthouse, construction of the new public library, and projects at Southwestern Community College. The note is payable in 30 semi-annual payments of \$343,182. In addition, 2.49 percent interest is payable semi-annually. Principal and interest payments are appropriated when due.	3,774,997
A \$10,000,000 note was executed on October 25, 2012 for the construction of a gymnasium and performing arts center at Smoky Mountain High School, and renovation of locker rooms at Blue Ridge High School. The note is payable in 30 semi-annual payments of \$333,333. In addition, 2.79% interest is payable semi-annually. Principal and interest payments are appropriated when due.	5,666,667
A \$6,933,500 note was executed on November 27, 2012 for the refunding of a prior installment obligation for the construction, renovation and equipping of Fairview Kindergarten (33% of the proceeds) and site work on the Webster Complex and the Cashiers Recreation Complex (67% of the proceeds) and is payable in 21 semi-annual payments of \$330,167. In addition, 2.19% interest is payable semi-annually. Principal and interest payments are appropriated when due.	2,311,167
A \$3,058,734 note was executed on December 19, 2012, for the refunding of a prior installment obligation for the construction and equipping of a new Aging Facility located at the Webster Complex and is payable in 22 semi-annual payments of \$139,033. In addition, 2.27% interest is payable semi-annually. Principal and interest payments are appropriated when due.	1,251,300
A \$9,000,000 noninterest bearing note was executed on March 22, 2017, for the construction and renovation of Jackson County Public Schools and is payable in 30 semi-annual payments of \$300,000. Principal payments are appropriated when due.	7,800,000
A \$10,000,000 note was executed on January 8, 2019, for the Community College and is payable in 40 semi-annual payments of \$250,000. In addition, 3.81% interest is payable and appropriated when due.	<u>10,000,000</u>
	<u>\$ 31,754,870</u>

Jackson County, North Carolina
Notes to Financial Statements

Repayment requirements of the notes payable for governmental activities for the year ending June 30 are:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 4,025,255	\$ 712,479	\$ 4,737,734
2021	3,708,343	621,150	4,329,493
2022	3,391,430	542,210	3,933,640
2023	3,061,264	466,478	3,527,742
2024	2,592,063	402,029	2,994,092
2025-2029	8,176,515	1,348,910	9,525,425
2030-2032	<u>6,800,000</u>	<u>947,738</u>	<u>7,747,738</u>
	<u>\$ 31,754,870</u>	<u>\$ 5,040,994</u>	<u>\$ 36,795,864</u>

The County's long-term debt for business-type activities at June 30, 2019 was comprised of the following:

A \$2,815,207 note was executed on November 27, 2012, for the refunding of a prior installment obligation for the construction of the Municipal Solid Waste Facility, payable in 24 semi-annual payments of \$117,300 including interest of 2.37%. Principal and interest payments are appropriated when due.

\$ 1,290,303

Repayment requirements of the note payable for business-type activities for the year ending June 30 are:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 234,601	\$ 29,190	\$ 263,791
2021	234,601	23,630	258,231
2022	234,601	18,070	252,671
2023	234,600	12,510	247,110
2024	234,600	6,950	241,550
2025-2029	<u>117,300</u>	<u>1,390</u>	<u>118,690</u>
	<u>\$ 1,290,303</u>	<u>\$ 91,740</u>	<u>\$ 1,382,043</u>

Pension plan obligations.

Local governmental employees' retirement system

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

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

Jackson County, North Carolina Notes to Financial Statements

to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2019 was 8.50% of compensation for law enforcement officers and 7.75% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$1,350,670 for the year ended June 30, 2019.

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

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

At June 30, 2019, the County reported a liability of \$5,457,098 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2019, the County's proportion was 0.23003% (measured as of June 30, 2018), which was a decrease of 0.01864% from its proportion measured as of June 30, 2018 (measured as of June 30, 2017).

For the year ended June 30, 2019, the County recognized pension expense of \$1,565,537. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Jackson County, North Carolina
Notes to Financial Statements

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 841,901	\$ 28,250
Changes of assumptions	1,448,103	-
Net difference between projected and actual earnings on pension plan investments	749,098	-
Changes in proportion and differences between County contributions and proportionate share of contributions	121,208	49,464
County contributions subsequent to the measurement date	<u>1,350,670</u>	<u>-</u>
	<u>\$ 4,510,980</u>	<u>\$ 77,714</u>

\$1,240,857 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as of June 30 were as follows:

2020	\$ 1,494,996
2021	975,222
2022	189,814
2023	<u>422,564</u>
	<u>\$ 3,082,596</u>

Actuarial assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 percent
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality rates based on the *RP-2014 Total Data Set for Healthy Annuitants Mortality Table* that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study as of December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019 are summarized in the following table:

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Notes to Financial Statements

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0	5.3
Real Estate	8.0	4.3
Alternatives	8.0	8.9
Credit	7.0	6.0
Inflation Protection	6.0	4.0
Total	<u>100.0%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2017 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return re calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County’s proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the County’s proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00 percent, as well as what the County’s proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Current (7.00%)</u>	<u>1% Increase (8.00%)</u>
County’s proportionate share of the net pension liability (asset)	\$ 13,108,423	\$ 5,457,098	\$ (936,468)

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

Law Enforcement Officers’ Special Separation Allowance

Plan Description. Jackson 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. A separate report was not issued for the plan.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2017, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	3
Active plan members	<u>52</u>
Total	<u>55</u>

Jackson County, North Carolina
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Summary of Significant Accounting Policies.

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

The Separation Allowance has no assets accumulated in a trust that meets the criteria which are outlined in GASB Statement 73.

Actuarial Assumptions. The entry age actuarial cost method was used in the December 31, 2017 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.64 percent

The discount rate used to measure the total pension liability is the S&P Municipal Bond 20 Year High Grade Rate Index.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five year period ending December 31, 2014.

Mortality Rate

Deaths After Retirement (Healthy): RP-2014 Healthy Annuitants base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 104% for males and 100% for females.

Deaths Before Retirement: RP-2014 Employees base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015.

Deaths After Retirement (Beneficiary): RP-2014 Healthy Annuitants base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 123% for males and females.

Deaths After Retirement (Disabled): RP-2014 Disable Retiree base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 103% for males and 99% for females.

Contributions. The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$80,529 as benefits came due for the reporting period.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

At June 30, 2019, the County reported a total pension liability of \$1,715,041. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the County recognized a pension expense of \$146,997.

Jackson County, North Carolina
Notes to Financial Statements

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 104,805	\$ 6,848
Changes of assumptions	62,129	66,995
Benefit payments and administrative expense subsequent to the measurement date	<u>93,720</u>	<u>-</u>
	<u>\$ 260,654</u>	<u>\$ 73,843</u>

\$88,708 reported as deferred outflows of resources related to pensions resulting from County benefits payments and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as of June 30 were as follows:

2020	\$ 27,930
2021	27,930
2022	27,930
2023	27,930
2024	(7,072)
Thereafter	-

Sensitivity of the County's total pension liability to changes in the discount rate. The following presents the County's total pension liability calculated using the discount rate of 3.64 percent, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.64 percent) or 1-percentage-point higher (4.64 percent) than the current rate:

	<u>1% Decrease (2.64%)</u>	<u>Current (3.64%)</u>	<u>1% Increase (4.64%)</u>
Total pension liability	\$ 1,844,347	\$ 1,715,041	\$ 1,595,712

Summary of Changes in Total Pension Liability – Law Enforcement Officers' Special Separation Allowance

	<u>Pension Liability</u>
Beginning balance	\$ 1,746,345
Changes for the year:	
Service cost	64,455
Interest on the total pension liability	53,912
Differences between expected and actual experience In the measurement of the total pension liability	(8,347)
Changes of assumption or other inputs	(60,795)
Benefit payments	(80,529)
Other changes	<u>-</u>
Ending balance of total pension liability	<u>\$ 1,715,041</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.16 percent at June 30, 2017 to 3.64 percent at June 30, 2018.

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

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 the 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 the County to 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, 2019, were \$371,963, which consisted of \$218,048 from the County and \$153,915 from the law enforcement officers.

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

The net pension liability for LGERS was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability for LEOSSA was measured as of June 30, 2018, with an actuarial valuation date of December 31, 2017. The County’s proportion of the net pension liability was based on the County’s share of contributions to the pension plan relative to the contribution of all participating entities. Following is a summary of the County’s pension plans:

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension Expense	\$ 1,565,537	\$ 146,997	\$ 1,712,534
Pension Liability	5,457,098	1,715,041	7,172,139
Deferred Outflows of Resources	4,510,980	260,654	4,771,634
Deferred Inflows of Resources	77,714	73843	151,557

Other Post-Employment Benefits – Healthcare Benefits Plan

Plan Administration. Under a County resolution, Jackson County administers the Healthcare Benefits Plan (HCB Plan), single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for all retirees of the County who participate in the North Carolina Local Governmental Employees’ Retirement System (System) and have at least ten years of creditable service with the County. Retirees hired prior to July 1, 2007 receive the same benefits as active employees. The HCB Plan is available to qualified retirees until the age of 65 or until Medicare eligible, whichever is sooner. As of July 1, 2007, the plan has been closed to new entrants. The plan, which has a June 30, 2019 year end, does not issue a stand-alone report.

Plan membership. At June 30, 2019, the HCB Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	108
Active plan members	<u>382</u>
Total	<u><u>490</u></u>

Jackson County, North Carolina
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Benefits provided. The HCB Plan provides healthcare benefits for retirees. The County pays a percentage of the cost of coverage for employees' benefits through private insurers. Employees hired on or after July 1, 2007 are required to participate in a Retirement Health Savings Plan (RHSP) which provides a means for employees to save money for future withdrawals to pay qualified health care expenses.

Actuarial assumptions. The total OPEB liability was determined by actuarial valuations as of June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent
Salary increases	3.50 to 7.75 percent for General Employees including inflation and productivity factor 3.50 to 7.35 percent for Law Enforcement Officers including inflation and productivity factor
Healthcare cost trend rates	7.50% decreasing to an ultimate rate of 5.00% by 2023 for Pre-Medicare 5.50% decreasing to an ultimate rate of 5.00% by 2020 for Medicare

Total OPEB liabilities were rolled forward to June 30, 2019 for the employer and the plan, respectively, utilizing update procedures incorporating the actuarial assumptions.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using MP-2015.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 to December 31, 2014, adopted by the LGERS.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2018 valuation were based on a review of recent plan experience done concurrently with the June 30, 2019 valuation.

Discount rate. The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.89 percent. However, because the OPEB plan's fiduciary net position was not projected to be sufficient to make all future benefit payments, the discount rate incorporates a municipal bond rate equal to the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Bond Buyer.

Summary of Changes in Total OPEB Liability:

	<u>OPEB Liability</u>
Beginning balance, June 30, 2017	\$ 49,398,500
Changes for the year:	
Service cost	1,919,639
Interest on the total pension liability	1,733,478
Differences between expected and actual experience	
In the measurement of the total pension liability	285,749
Changes of assumption or other inputs	(2,896,912)
Benefit payments	(1,423,053)
Other changes	-
Ending balance, June 30, 2018	<u>\$ 49,017,401</u>

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Sensitivity of the total OPEB liability to changes in the discount rate.

The following presents the total OPEB liability of the County at June 30, 2019, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.89 percent) or 1-percentage-point higher (4.89 percent) than the current discount rate:

	<u>1% Decrease</u> <u>(2.89%)</u>	<u>Current</u> <u>(3.89%)</u>	<u>1% Increase</u> <u>(4.89%)</u>
Total OPEB liability	\$ 58,602,268	\$ 49,017,401	\$ 41,547,672

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.

The following presents the total OPEB liability of the County at June 30, 2019, as well as what the County's total OPEB liability would be if it were to calculate healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Total OPEB liability	\$ 40,511,182	\$ 49,017,401	\$ 60,194,282

Changes in Total OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At June 30, 2019, the County reported a net OPEB liability of \$41,017,401. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions.

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.56 percent in 2017 to 3.89 percent in 2018. Medical claims cost and rates were changed based on most recent experience and changed to the current schedule.

For the year ended June 30, 2019, the County recognized OPEB expense of \$2,543,622. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows</u> <u>of Resources</u>
Differences between expected and actual experience	\$ 286,005	\$ -
Changes of assumptions	-	6,174,822
County contributions subsequent to the measurement date	<u>6,842,992</u>	<u>-</u>
	<u>\$ 7,128,997</u>	<u>\$ 6,174,822</u>

\$6,842,992 reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a decrease in the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

2020	\$ (1,109,495)
2021	(1,109,495)
2022	(1,109,495)
2023	(1,109,495)
2024	(1,087,448)
Thereafter	(363,389)

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Other Employment Benefits – Death Benefits

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees’ Retirement System (“System”), a multiple-employer, State-administered, cost sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee’s 12 highest month’s salary in a row during the 24 months prior to the employee’s death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. 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. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. The County considers these contributions to be immaterial.

Closure and Post-closure Care Costs—Landfill Facility. State and federal laws and regulations required the County to place a final cover on its landfill facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The landfill has been closed, but will be monitored for the next 15 years. Post-closure costs are included in operating expenses of the current year. The \$1,546,620 reported as landfill post-closure care liability at June 30, 2019, represents estimated future post-closure costs based on engineering estimates prepared at and shortly after closure. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County has met the requirements of a local government financial test, which is one option under State and federal laws and regulations that helps determine if a unit is financially able to meet closure and post-closure care requirements.

Changes in Long-Term Liabilities. A summary of changes in long-term liabilities is as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balances</u>	<u>Due Within One Year</u>
Governmental activities:					
Installment purchases	\$ 25,280,123	\$ 10,000,000	\$ 3,525,256	\$ 31,754,868	\$ 4,025,255
Compensated absences	1,619,872	1,286,796	1,218,488	1,688,180	-
Net pension liability - LGERS	3,717,513	1,623,151	-	5,340,664	-
Total pension liability - LEOSSA	1,746,345	115,693	146,997	1,715,041	-
Total OPEB liability	<u>48,339,068</u>	<u>-</u>	<u>367,513</u>	<u>47,971,555</u>	<u>-</u>
Total governmental activities	<u>\$ 80,702,921</u>	<u>\$ 13,025,640</u>	<u>\$ 5,258,254</u>	<u>\$ 88,470,308</u>	<u>\$ 4,025,255</u>
	<u>Beginning Balances</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balances</u>	<u>Due Within One Year</u>
Business-type activities:					
Installment purchases	\$ 1,534,604	\$ -	\$ 234,601	\$ 1,290,303	\$ 234,601
Landfill closure and post closure costs	1,546,280	15,803	15,463	1,546,620	-
Compensated absences	29,076	19,951	16,687	32,340	-
Net pension liability - LGERS	81,476	34,958	-	116,434	-
Total OPEB liability	<u>1,059,432</u>	<u>31,158</u>	<u>-</u>	<u>1,090,590</u>	<u>-</u>
Total business-type activities	<u>\$ 4,241,468</u>	<u>\$ 101,870</u>	<u>\$ 266,751</u>	<u>\$ 4,076,287</u>	<u>\$ 234,601</u>

At June 30, 2019, Jackson County had a legal debt margin of approximately \$721,800,000.

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Notes to Financial Statements

Deferred Inflows of Resources

The balance in deferred inflows of resources on the fund statements and/or on the government-wide statements at year-end is composed of the following elements:

	<u>Modified Accrual</u>	<u>Full Accrual</u>
Governmental activities		
Prepaid taxes not earned at year-end (General)	\$ 59,781	\$ 59,781
Prepaid taxes not earned at year-end (Fire Districts)	137	137
Taxes receivable, net (General)	1,244,544	-
Notes receivable (Economic Development)	25,514	-
Other (General)	37,943	37,943
OPEB deferrals	-	6,043,075
Pension deferrals	-	359,678
	<u> </u>	<u> </u>
Total governmental activities	<u>\$ 1,367,919</u>	<u>\$ 6,500,614</u>
Business-type activities		
OPEB deferrals		39,908
Pension deferrals		96,971
		<u> </u>
Total business-type activities		<u>\$ 136,879</u>

Net Investment in Capital Assets

The net investment in capital assets at June 30, 2019, is computed as follows:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>
Capital assets, net of accumulated depreciation	\$ 69,121,129	\$ 5,294,782
Less capital debt:		
Gross debt	31,754,870	1,290,303
School debt related to assets to which the County does not hold title	(24,782,952)	-
Unexpended debt proceeds	<u>(988,317)</u>	<u>-</u>
Net capital debt	<u>5,973,601</u>	<u>1,290,303</u>
Net investment in capital assets	<u>\$ 63,147,528</u>	<u>\$ 4,004,479</u>

Interfund Balances and Activity

Transfer to/from Other Funds

Transfers to/from other funds at June 30, 2019, consist of the following:

Transfers from the General Fund to:	
School Improvements Fund for the purpose of constructing a new school and existing school renovations.	\$ 1,834,667
Health Department Project Fund for the purpose of constructing a new Health Department building.	7,949,492
Non-major governmental funds for the purpose of economic development	250,000
Non-major proprietary funds for the purpose of funding the Green Energy Park Fund	178,461

3. Fund Balance – General Fund

The County does not have a formal revenue spending policy. However, it is the County’s practice to use resources in the following hierarchy: installment loan proceeds, federal funds, state funds, local non-county funds, and county funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and, lastly, unassigned fund balance. The Finance Officer has the authority to deviate from this practice if it is in the best interest of the County.

The County formal fund balance policy is to maintain an unrestricted fund balance in the General Fund of no less than 25% of the total projected of the total project expenditures. Unrestricted fund balance in excess of 25% is available for general appropriation during the budget year as approved by the Commissioners. The following schedule provides management and citizens with information on the portion of fund balance, in the General Fund, that is available for appropriation:

	Balance at June 30, 2019
Total fund balance – General Fund	\$ 32,829,478
Amounts not available for appropriation:	
Stabilization by State Statute	(4,404,025)
Commitments	(3,516,999)
Other restricted	<u>(36,504)</u>
Fund balance available for appropriate	<u>\$ 24,871,950</u>

Other restricted portions of fund balance can only be spent on certain items for the Register of Deeds. Technically, the funds are available for appropriation but since the amounts are limited, it is excluded from available fund balance.

4. Risk Management

The County is exposed to various risks of loss 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 self-funded risk-financing pool administered by the North Carolina Association of County Commissioners. Through this pool, the County obtains worker’s compensation coverage up to statutory limits. The pool is audited annually by certified public accountants, and the audited financial statements are available to the County upon request. The pool is reinsured through a multi-state public entity captive for single occurrences losses of \$350,000 for worker’s compensation.

The County carries commercial coverage equal to replacement cost values of owned property subject to a limit of \$47.246 million for any one occurrence, general, auto, and professional liability coverage of \$2 million per occurrence, auto physical damage coverage for owned autos at actual cash value, crime coverage of \$250,000 per occurrence, and health insurance for County employees. The County carries commercial coverage for single occurrences losses in excess of \$500,000 up to a \$2 million limit for liability coverage, \$600,000 of aggregate annual losses in excess of \$50,000 per occurrence for property, auto physical damage, and crime coverage.

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 Chairman of the Board, County Manager, Director of Finance and the Tax Collector are each individually bonded for \$250,000. The Register of Deeds and Sheriff are bonded for \$50,000 and \$25,000, respectively. The remaining employees that have access to funds are bonded under a blanket bond for \$250,000 for public employee dishonesty and \$75,000 for theft.

The County carries flood insurance through a commercial carrier for damages up to \$1,000,000 for areas excluding those located in an area of the State that has been mapped and designated an “A” area (an area close to a river,

Jackson County, North Carolina Notes to Financial Statements

lake or stream) by the Federal Emergency Management Agency. The County has no property located in an “A” area, and therefore has not purchased additional coverage through the National Flood Insurance Plan.

There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

The JCTDA and the Airport are exposed to various risks related to torts; theft of or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Airport Authority and the JCTDA carry commercial insurance for these risks of loss. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

5. Joint Ventures

Fontana Regional Library. The County participates in a joint venture to operate the Fontana Regional Library (“Library”) with five other local governments. Each participating county may appoint three board members to the nine-member board of the Library. The County has an ongoing financial responsibility for the joint venture because the Library’s continued existence depends on the participating governments’ continued funding. None of the participating governments have any equity interest in the library, so no equity interest has been reflected in the financial statements at June 30, 2019. In accordance with the intergovernmental agreement between the participating governments, the County contributed \$1,120,117 to the Library to supplement its activities. Complete financial statements for the Library may be obtained from the Library’s offices at Post Office Box 460, Bryson City, North Carolina, 28713.

Southwestern Community College. The County, in conjunction with the State of North Carolina and the Jackson County Board of Education, participates in a joint venture to operate Southwestern Community College (“Community College”). The County appoints five members and the State and the Board of Education each appoint four 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 contributed \$2,003,898 and \$1,590,862 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2019. 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, 2019. Complete financial statements for the community college may be obtained from the Community College’s administrative offices at 275 Webster Road, Sylva, North Carolina 28779.

Tuckasegee Water and Sewer Authority. The County, in conjunction with the Towns of Sylva, Dillsboro and Webster, participates in the Tuckasegee Water and Sewer Authority (the “TWSA”). The chairman of the TWSA appoints one member from each participating government and three members at large. The TWSA is a joint venture established in 1992 to provide safe, clean drinking water and to provide safe and sanitary disposal of sewage to and for the citizens of Jackson County. The TWSA has been in existence since 1992; however, the County remains financially responsible under the provisions of Chapter 1 62A, Article 1 of the North Carolina General Statutes to provide water and sewer services in the event of default by the TWSA. The participating governments do not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2019. Complete financial statements for the TWSA can be obtained from the TWSA’s administrative offices at 1246 West Main Street, Sylva, North Carolina 28779.

Mental Health. The County, in conjunction with fourteen other county governments, participates in a joint venture to operate the Vaya Health Center, (“Vaya LME”), a local management entity. The fifteen counties participating in the Vaya Health LME are represented by a county commissioner. Within available resources, the County has an ongoing financial responsibility for the LME because it is legally obligated to provide mental health services either directly or jointly with other counties. None of the participating counties has any equity interest in the LME, so no equity interest has been reflected in the financial statements at June 30, 2019. The County contributed \$123,081 to the Vaya Health LME to fund operations during fiscal year June 30, 2019. Complete financial statements for the Vaya Health LME may be obtained from the Vaya Health LME’s offices at 128 Sylva Plaza, Sylva, NC 28779.

6. 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 various funding received from federal and State agencies. Each participating government appoints one member to the Commission’s twenty-two member governing board. The County paid membership fees of \$30,515 to the Commission during the fiscal year ended June 30, 2019.

7. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs. The County has received proceeds from several 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 moneys 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 moneys.

Contingent liabilities. At June 30, 2019, the County was defendant to various lawsuits. In the opinion of the County’s management and the County’s attorney, the ultimate effect of these legal matters will not have a materially adverse effect on the County’s financial position.



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REQUIRED SUPPLEMENTAL FINANCIAL DATA

- Schedule of the County's Proportionate Share of Net Pension Liability (Asset) – Local Government Employees' Retirement System
- Schedule of the County's Contributions – Local Government Employees' Retirement System
- Schedule of Changes in Total Pension Liability Law Enforcement Officers' Special Separation Allowance
- Schedule of Total Pension Liability as a Percentage of Covered-Employee Payroll Law Enforcement Officers' Special Separation Allowance
- Schedule of Changes in Other Post-Employment Benefits and Related Ratios
- Notes to the Required Schedules for the Other Post-Employment Benefits

Jackson County, North Carolina
Required Supplementary Information – Schedule of the County's
Proportionate Share of the Net Pension Liability (Asset)
Local Governmental Employees' Retirement System
Last Ten Fiscal Years*

	<u>2019</u>	<u>2018</u>	<u>2017</u>
County's proportion of the net pension liability (asset)	0.23003%	0.24867%	0.23779%
County's proportionate share of the net pension liability (asset)	<u>\$ 5,457,098</u>	<u>\$ 3,798,989</u>	<u>\$ 5,046,700</u>
County's covered payroll	<u>\$ 16,242,520</u>	<u>\$ 16,337,368</u>	<u>\$ 15,339,109</u>
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	33.60%	23.25%	32.90%
Plan fiduciary net position as a percentage of total pension liability	91.63%	94.18%	91.47%

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

N/A - Information prior to the implementation of GASB 68 is unavailable.

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
0.23674%	0.33193%	0.33680%	N/A	N/A	N/A	N/A
<u>\$ 1,062,475</u>	<u>\$ (1,403,478)</u>	<u>\$ 2,984,531</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
<u>\$ 14,661,544</u>	<u>\$ 14,595,534</u>	<u>\$ 14,386,674</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
7.25%	-9.62%	20.75%	N/A	N/A	N/A	N/A
98.09%	102.64%	94.35%	N/A	N/A	N/A	N/A

Jackson County, North Carolina
Required Supplementary Information—Schedule of the County's Contributions
Local Governmental Employees' Retirement System
Last Ten Fiscal Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contributions	\$ 1,350,670	\$ 1,240,857	\$ 1,214,999
Contributions in relation to the contractually required contribution	<u>1,350,670</u>	<u>1,240,857</u>	<u>1,214,999</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	<u>\$ 17,156,591</u>	<u>\$ 16,242,520</u>	<u>\$ 16,337,368</u>
Contributions as a percentage of covered payroll	7.87%	7.64%	7.44%

N/A - Information prior to the implementation of GASB 68 is unavailable.

Schedule "A-2"

2016	2015	2014	2013	2012	2011	2010
\$ 1,044,564	\$ 1,040,014	\$ 1,035,268	N/A	N/A	N/A	N/A
1,044,564	1,040,014	1,035,268	N/A	N/A	N/A	N/A
\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A
\$ 15,339,109	\$ 14,661,544	\$ 14,595,534	N/A	N/A	N/A	N/A
6.81%	7.09%	7.09%	N/A	N/A	N/A	N/A

Jackson County, North Carolina
Required Supplementary Information
Schedule of Changes in Total Pension Liability
Law Enforcement Officer's Special Separation Allowance
Last Three Fiscal Years *

Schedule "A-3"

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 1,746,345	\$ 1,450,570	\$ 1,457,331
Service Cost	64,455	59,012	57,251
Interest on the total pension liability	53,912	54,527	50,569
Differences between expected and actual experience in the measurement of the total pension liability	(8,347)	162,075	-
Changes of assumptions or other inputs	(60,795)	96,079	(32,913)
Benefit payments	<u>(80,529)</u>	<u>(75,918)</u>	<u>(81,668)</u>
 Ending balance of the total pension liability **	 <u>\$ 1,715,041</u>	 <u>\$ 1,746,345</u>	 <u>\$ 1,450,570</u>

* This schedule is intended to provide information for ten fiscal years. Additional years' information will be displayed as it becomes available.

** The County has no assets accumulated in a qualified trust. Benefits are funded when they become due.

Jackson County, North Carolina
Required Supplementary Information
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officer's Special Separation Allowance
Last Three Fiscal Years *

Schedule "A-4"

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability**	<u>\$ 1,715,041</u>	<u>\$ 1,746,345</u>	<u>\$ 1,450,570</u>
Covered payroll	<u>\$ 2,344,325</u>	<u>\$ 2,422,322</u>	<u>\$ 2,185,217</u>
Total pension liability as a percentage of covered payroll	73.16%	72.09%	66.38%

* This schedule is intended to provide information for ten fiscal years. Additional years' information will be displayed as it becomes available.

** The County has no assets accumulated in a qualified trust. Benefits are funded when they become due.

Jackson County, North Carolina
Required Supplementary Information
Schedule of Changes in Total OPEB Liability and Related Ratios
Healthcare Benefits Plan
Last Two Fiscal Years *

Schedule "A-5"

	<u>2019</u>	<u>2018</u>
Total OPEB Liability:		
Service cost	\$ 1,919,639	\$ 2,179,388
Interest	1,733,478	1,546,018
Differences between expected and actual experience	285,749	57,853
Changes of assumptions	(2,896,912)	(5,179,868)
Benefit payments	<u>(1,423,053)</u>	<u>(1,126,877)</u>
Net change in total OPEB liability	(381,099)	(2,523,486)
Total OPEB liability - beginning	<u>49,398,500</u>	<u>51,921,986</u>
Total OPEB liability - ending	<u><u>\$ 49,017,401</u></u>	<u><u>\$ 49,398,500</u></u>
Covered payroll	<u><u>\$ 15,148,982</u></u>	<u><u>\$ 15,148,982</u></u>
Total OPEB Liability as a percentage of covered payroll	323.57%	326.08%

* This schedule is intended to provide information for ten fiscal years. Additional years' information will be displayed as it becomes available.

** The County has no assets accumulated in a qualified trust. Benefits are funded when they become due.

Notes to Schedule

The plan measurement date is the reporting date. Employer measurement date is one year prior to reporting date.

Methods and assumptions used:

Actuarial cost method	Entry age normal
Asset valuation method	Market Value
Inflation	2.50 percent
Real wage growth	1 percent
Wage inflation	3.5 percent
Salary increase, including wage inflation	
General employees	3.5 to 7.75 percent
Law enforcement officers	3.5 to 7.35 percent
Municipal bond index rate	
Prior measurement date	3.56 percent
Measurement date	3.89 percent
Healthcare cost trend rates:	
Pre-Medicare	7.5 percent for 2017 decreasing to an ultimate rate of 5 percent by 2023
Medicare	5.5 percent for 2017 decreasing to an ultimate rate of 5 percent by 2020
Retirement age	RP-2014 Healthy Annuitant base rates projected to 2015 using MP 2015, projected forward generationally from 2015 using MP-2015.
Mortality	RP-2014 Healthy Annuitant base rates projected to 2015 using MP 2015, projected forward generationally from 2015 using MP-2015.

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

MAJOR GOVERNMENTAL FUNDS

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

- **Revaluation Fund** – This fund accounts for the accumulation of resources to be used for the octennial revaluation of real property.*
- **Capital Reserve Fund** – This fund is used to account for any capital outlay expenditures approved by the County’s Board of Commissioners. The projects in this fund will be financed primarily with operating transfers from other funds.*
- **Conservation/Preservation Fund** – This fund accounts for federal grants received and expended for environmental protection.*
- **Health Insurance Fund** – This fund accounts for the County’s health insurance program.*

SCHOOL IMPROVEMENTS FUND

- **School Improvements Fund** – This fund is used to account for the construction of school improvements from the proceeds of State grants, installment debt, and local matching funds.
- **School Capital Reserve Fund** – This fund was established to account for revenues restricted for the construction and renovation of County schools.**

SCC HEALTH SCIENCE BUILDING FUND: The SCC Health Science Building Fund is a capital project fund established for the construction of the health science building on Southwestern Community College’s (“SCC”) campus.

HEALTH DEPARTMENT PROJECT FUND: The Health Department Project Fund is a capital project fund established for the construction of a new Health Department building.

*These funds have legally adopted budgets under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement No. 54, they are consolidated into the General Fund.

**This fund has a legally adopted budget under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement No. 54, it has been consolidated into the School Improvements Fund.

Jackson County, North Carolina
Schedule of Revenues, Expenditures, and Changes in Fund Balances--
Budget and Actual--General Fund
Year Ended June 30, 2019

Schedule "B-1"

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad valorem taxes:			
Current year and prior	\$ 35,989,895	\$ 36,002,810	\$ 12,915
Penalties and interest	407,000	426,999	19,999
Total ad valorem taxes	<u>36,396,895</u>	<u>36,429,809</u>	<u>32,914</u>
Other taxes:			
Local option sales tax	14,618,413	14,960,621	342,208
Beer and wine tax distribution	172,488	172,487	(1)
Tax refund-sales and gasoline	107,246	107,245	(1)
Total other taxes	<u>14,898,147</u>	<u>15,240,353</u>	<u>342,206</u>
Unrestricted intergovernmental:			
Payments in lieu of taxes	115,872	212,191	96,319
ABC profit distribution	260,000	257,096	(2,904)
ABC 1 and 5 cent bottle charge	24,708	34,045	9,337
Total unrestricted governmental	<u>400,580</u>	<u>503,332</u>	<u>102,752</u>
Restricted intergovernmental:			
School resource officers - Board of Education and Community College	<u>576,731</u>	<u>576,731</u>	<u>-</u>
Federal and State grants:			
NC Department of Commerce--Planning/Zoning			
Home and Community Care Block grant	226,558	224,930	(1,628)
Nantahala Forest timber receipts	128,000	101,922	(26,078)
DARE grant	6,000	6,000	-
Civil defense	49,590	48,524	(1,066)
Soil conservation-matching	33,563	26,820	(6,743)
Tennessee Valley Authority	750	678	(72)
Older American Act Title III	31,552	34,161	2,609
Health department	1,347,692	1,130,361	(217,331)
Senior care	21,007	14,783	(6,224)
Smart Start	119,000	145,745	26,745
Governor's Crime Commission	24,500	23,624	(876)
Juvenile Crime Prevention Commission	104,822	105,922	1,100
Safe Roads Act	4,000	3,850	(150)
Veteran's service	2,175	2,216	41
Erosion control	300	100	(200)
Extension grant project	1,900	1,962	62
State Board of Education Technology Grant	2,334	2,334	-
SCAAP--State Criminal Alien grant	15,000	778	(14,222)
Social services	3,880,365	3,328,836	(551,529)
Title XIX-Medicaid	187,752	192,075	4,323
Department of Transportation:			
Governor's Highway Safety program	35,902	35,901	(1)
Section 18-administration	199,147	151,116	(48,031)
Section 18-capital	196,884	197,749	865

Jackson County, North Carolina
Schedule of Revenues, Expenditures, and Changes in Fund Balances–
Budget and Actual–General Fund
Year Ended June 30, 2019

Schedule "B-1"

(Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues, continued:			
Restricted intergovernmental, continued:			
Federal and State grants, continued:			
Contracts–EDTAP	\$ 236,521	\$ 215,006	\$ (21,515)
Emergency food and shelter	18,021	13,100	(4,921)
Cherokee Preservation grant	500.00	-	(500)
Other State grants	326,617	315,065	(11,552)
Total	<u>7,200,452</u>	<u>6,323,558</u>	<u>(876,894)</u>
Court facilities fees	55,340	47,550	(7,790)
Total restricted intergovernmental	<u>7,832,523</u>	<u>6,947,839</u>	<u>(884,684)</u>
Other restricted revenues:			
Vocational Rehabilitation	3,000	1,819	(1,181)
Transportation contracts	58,000	60,485	2,485
Total other restricted	<u>61,000</u>	<u>62,304</u>	<u>1,304</u>
Permits and fees:			
ABC permit fees	2,500	2,700	200
Cashiers permit fees	4,000	4,000	-
Cullowhee permit fees	850	200	(650)
Board of Elections fees	2,326	5	(2,321)
Erosion control fees	126,200	114,970	(11,230)
Building permits and inspection fees	493,000	509,726	16,726
Environmental health fees	133,500	122,309	(11,191)
Sheriff's fees	110,300	58,705	(51,595)
Officers fees-court	35,110	28,093	(7,017)
Animal adoption fees	17,630	17,019	(611)
Road sign fees	84,750	83,635	(1,115)
Health and Social Services fees	338,019	274,567	(63,452)
Register of Deeds	378,000	340,402	(37,598)
Real property transfer tax	450,000	493,886	43,886
Marriage licenses	7,000	8,276	1,276
Excise tax	9,500	12,057	2,557
Senior citizens fees	77,067	80,113	3,046
ABC fees	5,100	5,035	(65)
Total permits and fees	<u>2,274,852</u>	<u>2,155,698</u>	<u>(119,154)</u>
Sales and services:			
Jail fees	39,590	32,880	(6,710)
Civil process fees	50,747	29,205	(21,542)
Ambulance fees	385,403	328,029	(57,374)
Ancillary services	59,200	59,889	689
Travel and tourism administrative fees	52,750	38,250	(14,500)
Video programming distribution	72,500	60,961	(11,539)
Telephone charges	42,000	37,551	(4,449)

Jackson County, North Carolina
Schedule of Revenues, Expenditures, and Changes in Fund Balances–
Budget and Actual–General Fund
Year Ended June 30, 2019

Schedule "B-1"

(Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues, continued:			
Sales and services, continued:			
Vending machines	\$ 2,500	\$ 530	\$ (1,970)
Recreation department	703,255	596,826	(106,429)
Rents	54,610	49,459	(5,151)
Unclaimed property	25,000	1,082	(23,918)
Trolley fares	9,000	7,704	(1,296)
Total sales and services	<u>1,496,555</u>	<u>1,242,366</u>	<u>(254,189)</u>
Investment earnings	<u>397,000</u>	<u>423,151</u>	<u>26,151</u>
Miscellaneous	<u>475,901</u>	<u>309,273</u>	<u>(166,628)</u>
Total revenues	<u>64,233,453</u>	<u>63,314,125</u>	<u>(919,328)</u>
Expenditures:			
General government:			
Governing body:			
Salaries and employee benefits	126,605	122,805	3,800
Operating	146,900	148,217	(1,317)
Total	<u>273,505</u>	<u>271,022</u>	<u>2,483</u>
Administration:			
Salaries and employee benefits	299,169	298,578	591
Operating	27,849	24,884	2,965
Capital outlay	2,087	1,077	1,010
Total	<u>329,105</u>	<u>324,539</u>	<u>4,566</u>
Elections:			
Salaries and employee benefits	261,257	235,678	25,579
Operating	230,867	205,117	25,750
Capital outlay	8,019	1,795	6,224
Total	<u>500,143</u>	<u>442,590</u>	<u>57,553</u>
Finance:			
Salaries and employee benefits	680,215	679,369	846
Operating	39,275	38,707	568
Capital outlay	2,330	2,155	175
Total	<u>721,820</u>	<u>720,231</u>	<u>1,589</u>
Human resources:			
Salaries and employee benefits	147,798	111,164	36,634
Operating	35,795	13,635	22,160
Capital outlay	3,756	3,725	31
Total	<u>187,349</u>	<u>128,524</u>	<u>58,825</u>

Jackson County, North Carolina
Schedule of Revenues, Expenditures, and Changes in Fund Balances–
Budget and Actual–General Fund
Year Ended June 30, 2019

Schedule "B-1"

(Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures, continued:			
General government, continued:			
Computer services:			
Salaries and employee benefits	\$ 357,840	\$ 355,268	\$ 2,572
Operating	267,610	234,813	32,797
Capital outlay	44,438	43,884	554
Total	<u>669,888</u>	<u>633,965</u>	<u>35,923</u>
Tax collections:			
Salaries and employee benefits	268,712	265,568	3,144
Operating	43,935	37,630	6,305
Capital outlay	6,250	6,250	-
Total	<u>318,897</u>	<u>309,448</u>	<u>9,449</u>
Tax assessments:			
Salaries and employee benefits	643,879	621,862	22,017
Operating	134,671	116,997	17,674
Capital outlay	2,800	-	2,800
Total	<u>781,350</u>	<u>738,859</u>	<u>42,491</u>
GIS mapping:			
Salaries and employee benefits	151,955	131,254	20,701
Operating	18,235	7,316	10,919
Total	<u>170,190</u>	<u>138,570</u>	<u>31,620</u>
Legal services	<u>411,124</u>	<u>399,935</u>	<u>11,189</u>
Register of Deeds:			
Salaries and employee benefits	345,835	343,321	2,514
Operating	140,291	114,342	25,949
Capital outlay	4,347	4,347	-
Total	<u>490,473</u>	<u>462,010</u>	<u>28,463</u>
Public Works:			
Salaries and employee benefits	55,050	54,791	259
Operating	975	789	186
Total	<u>56,025</u>	<u>55,580</u>	<u>445</u>
Maintenance:			
Salaries and employee benefits	2,721,247	2,649,722	71,525
Operating	1,869,583	1,711,805	157,778
Capital outlay	554,960	121,493	433,467
Total	<u>5,145,790</u>	<u>4,483,020</u>	<u>662,770</u>

Jackson County, North Carolina
Schedule of Revenues, Expenditures, and Changes in Fund Balances–
Budget and Actual–General Fund
Year Ended June 30, 2019

Schedule "B-1"

(Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures, continued:			
General government, continued:			
Court facilities:			
Operating	\$ 53,338	\$ 51,282	\$ 2,056
Capital outlay	2,002	2,001	1
Total	<u>55,340</u>	<u>53,283</u>	<u>2,057</u>
Professional services	<u>45,000</u>	<u>44,800</u>	<u>200</u>
Central services:			
Operating	<u>187,000</u>	<u>116,656</u>	<u>70,344</u>
Total	<u>187,000</u>	<u>116,656</u>	<u>70,344</u>
Total general government	<u>10,342,999</u>	<u>9,323,032</u>	<u>1,019,967</u>
Public safety:			
Sheriff:			
Salaries and employee benefits	4,499,737	4,343,691	156,046
Operating	726,119	675,631	50,488
Capital outlay	435,606	412,508	23,098
Total	<u>5,661,462</u>	<u>5,431,830</u>	<u>229,632</u>
Jail:			
Salaries and employee benefits	1,326,724	1,266,107	60,617
Operating	893,209	848,708	44,501
Capital outlay	47,626	47,597	29
Total	<u>2,267,559</u>	<u>2,162,412</u>	<u>105,147</u>
Code enforcement:			
Salaries and employee benefits	1,275,856	1,195,445	80,411
Operating	138,100	129,150	8,950
Capital outlay	64,637	64,637	-
Total	<u>1,478,593</u>	<u>1,389,232</u>	<u>89,361</u>
Emergency management:			
Salaries and employee benefits	951,629	929,572	22,057
Operating	186,295	156,780	29,515
Capital outlay	20,731	20,731	-
Total	<u>1,158,655</u>	<u>1,107,083</u>	<u>51,572</u>
Fire:			
Salaries and employee benefits	373,944	359,320	14,624
Operating	736,965	736,843	122
Capital outlay	436,211	275,618	160,593
Total	<u>1,547,120</u>	<u>1,371,781</u>	<u>175,339</u>

Jackson County, North Carolina
Schedule of Revenues, Expenditures, and Changes in Fund Balances–
Budget and Actual–General Fund
Year Ended June 30, 2019

Schedule "B-1"

(Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures, continued:			
Public safety, continued:			
Ambulance:			
Operating	\$ 2,459,743	\$ 2,413,052	\$ 46,691
Capital outlay	318,323	310,930	7,393
Total	<u>2,778,066</u>	<u>2,723,982</u>	<u>54,084</u>
Total public safety	<u>14,891,455</u>	<u>14,186,320</u>	<u>705,135</u>
Transportation:			
Salaries and employee benefits	652,215	597,119	55,096
Operating	373,053	143,617	229,436
Capital outlay	219,811	219,798	13
Total	<u>1,245,079</u>	<u>960,534</u>	<u>284,545</u>
Airport authority	31,000	31,000	-
Total transportation	<u>1,276,079</u>	<u>991,534</u>	<u>284,545</u>
Environmental protection:			
Forestry	<u>80,552</u>	<u>69,732</u>	<u>10,820</u>
Economic and physical development:			
Planning and zoning:			
Salaries and employee benefits	298,084	287,974	10,110
Operating	98,335	91,916	6,419
Total	<u>396,419</u>	<u>379,890</u>	<u>16,529</u>
Community development	<u>238,504</u>	<u>222,338</u>	<u>16,166</u>
Agricultural extension:			
Salaries and employee benefits	144,102	122,930	21,172
Operating	33,050	28,656	4,394
Total	<u>177,152</u>	<u>151,586</u>	<u>25,566</u>
Conservation:			
Salaries and employee benefits	150,139	149,048	1,091
Operating	34,517	18,630	15,887
Capital outlay	33,878	33,878	-
Total	<u>218,534</u>	<u>201,556</u>	<u>16,978</u>
Total economic and physical development	<u>1,030,609</u>	<u>955,370</u>	<u>75,239</u>

Jackson County, North Carolina
Schedule of Revenues, Expenditures, and Changes in Fund Balances–
Budget and Actual–General Fund
Year Ended June 30, 2019

Schedule "B-1"

(Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures, continued:			
Human services:			
Health:			
General health:			
Salaries and employee benefits	\$ 2,847,367	\$ 2,817,274	\$ 30,093
Operating	375,927	333,523	42,404
Capital outlay	66,943	66,824	119
Total	<u>3,290,237</u>	<u>3,217,621</u>	<u>72,616</u>
County health clinic:			
Salaries and employee benefits	159,462	149,517	9,945
Operating	45,000	38,104	6,896
Total	<u>204,462</u>	<u>187,621</u>	<u>16,841</u>
Health assurance:			
Salaries and employee benefits	26,278	26,285	(7)
Operating	126,787	76,575	50,212
Capital outlay	72,984	62,723	10,261
Total	<u>226,049</u>	<u>165,583</u>	<u>60,466</u>
Maternal and child health:			
Salaries and employee benefits	142,829	109,244	33,585
Operating	25,232	22,946	2,286
Total	<u>168,061</u>	<u>132,190</u>	<u>35,871</u>
WIC-administration and nutrition:			
Salaries and employee benefits	156,203	154,431	1,772
Operating	4,660	2,910	1,750
Total	<u>160,863</u>	<u>157,341</u>	<u>3,522</u>
Family planning:			
Salaries and employee benefits	173,335	161,862	11,473
Operating	45,189	28,161	17,028
Capital outlay	2,792	2,770	22
Total	<u>221,316</u>	<u>192,793</u>	<u>28,523</u>
Mothers Too:			
Salaries and employee benefits	72,847	72,565	282
Operating	25,553	20,119	5,434
Capital outlay	1,600	-	1,600
Total	<u>100,000</u>	<u>92,684</u>	<u>7,316</u>

Jackson County, North Carolina
Schedule of Revenues, Expenditures, and Changes in Fund Balances–
Budget and Actual–General Fund
Year Ended June 30, 2019

Schedule "B-1"

(Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures, continued:			
Human services, continued:			
Health, continued:			
Communicable diseases:			
Salaries and employee benefits	\$ 7,381	\$ 7,309	\$ 72
Operating	4,042	2,213	1,829
Total	<u>11,423</u>	<u>9,522</u>	<u>1,901</u>
WNC HIV/AIDS Consortium:			
Salaries and employee benefits	63,840	63,801	39
Operating	2,402	1,996	406
Capital outlay	1,400	-	1,400
Total	<u>67,642</u>	<u>65,797</u>	<u>1,845</u>
NC healthy start:			
Salaries and employee benefits	76,233	75,582	651
Operating	73,705	73,100	605
Total	<u>149,938</u>	<u>148,682</u>	<u>1,256</u>
Immunization action program:			
Salaries and employee benefits	-	-	-
Operating	29,771	20,852	8,919
Total	<u>29,771</u>	<u>20,852</u>	<u>8,919</u>
Breastfeeding:			
Salaries and employee benefits	14,344	11,726	2,618
Operating	1,295	969	326
Total	<u>15,639</u>	<u>12,695</u>	<u>2,944</u>
Child services coordinator:			
Salaries and employee benefits	65,214	64,353	861
Operating	10,236	4,720	5,516
Total	<u>75,450</u>	<u>69,073</u>	<u>6,377</u>
Smart start:			
Salaries and employee benefits	114,206	113,222	984
Operating	3,394	406	2,988
Capital outlay	1,400	1,385	15
Total	<u>119,000</u>	<u>115,013</u>	<u>3,987</u>
Community garden:			
Operating	2,000	304	1,696
	3,850	-	3,850
Total	<u>5,850</u>	<u>304</u>	<u>5,546</u>

Jackson County, North Carolina
Schedule of Revenues, Expenditures, and Changes in Fund Balances–
Budget and Actual–General Fund
Year Ended June 30, 2019

Schedule "B-1"

(Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures, continued:			
Human services, continued:			
Other health services:			
Operating	\$ 50,000	\$ 49,983	\$ 17
Total	<u>50,000</u>	<u>49,983</u>	<u>17</u>
Total health	<u>4,895,701</u>	<u>4,637,754</u>	<u>257,947</u>
Environmental health:			
Animal shelter:			
Salaries and employee benefits	235,665	235,171	494
Operating	74,119	53,386	20,733
Capital outlay	<u>2,330</u>	<u>2,330</u>	<u>-</u>
Total	<u>312,114</u>	<u>290,887</u>	<u>21,227</u>
Environmental health:			
Operating	5,400	5,281	119
Capital outlay	<u>6,600</u>	<u>635</u>	<u>5,965</u>
Total	<u>12,000</u>	<u>5,916</u>	<u>6,084</u>
Bioterrorism:			
Salaries and employee benefits	23,637	23,530	107
Operating	<u>7,192</u>	<u>813</u>	<u>6,379</u>
Total	<u>30,829</u>	<u>24,343</u>	<u>6,486</u>
Total environmental health	<u>354,943</u>	<u>321,146</u>	<u>33,797</u>
Mental health:			
Vaya Health	<u>123,081</u>	<u>123,081</u>	<u>-</u>
Social services:			
Administration:			
Salaries and employee benefits	4,599,034	4,472,347	126,687
Operating	379,704	296,741	82,963
Capital outlay	<u>110,551</u>	<u>97,237</u>	<u>13,314</u>
Total	<u>5,089,289</u>	<u>4,866,325</u>	<u>222,964</u>
Other services:			
Adult guardianship	10,500	4,505	5,995
Special assistance	201,000	166,663	34,337
Medical care	225,000	91,519	133,481
Foster care	439,000	362,426	76,574
Aid to the blind	3,843	3,843	-
Food stamp administration	8,233	5,966	2,267
Crisis intervention	188,680	187,419	1,261
Adult day care	<u>10,663</u>	<u>9,300</u>	<u>1,363</u>

Jackson County, North Carolina
Schedule of Revenues, Expenditures, and Changes in Fund Balances–
Budget and Actual–General Fund
Year Ended June 30, 2019

Schedule "B-1"

(Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures, continued:			
Human services, continued:			
Other services, continued:			
Emergency assistance	\$ 23,452	\$ 17,255	\$ 6,197
IV-D	27,100	23,414	3,686
LIEAP	181,501	116,600	64,901
Child care services	82,863	82,863	-
Other	283,873	142,795	141,078
Total	<u>1,685,708</u>	<u>1,214,568</u>	<u>471,140</u>
Indian reservation:			
Salaries and employee benefits	174,737	152,748	21,989
Operating	196,175	71,963	124,212
Capital outlay	3,562	1,370	2,192
Total	<u>374,474</u>	<u>226,081</u>	<u>148,393</u>
Emergency food and shelter	<u>11,871</u>	<u>8,300</u>	<u>3,571</u>
Focal point on aging:			
Salaries and employee benefits	485,226	482,617	2,609
Operating	188,098	176,137	11,961
Capital outlay	122,597	122,955	(358)
Total	<u>795,921</u>	<u>781,709</u>	<u>14,212</u>
Total social services	<u>7,957,263</u>	<u>7,096,983</u>	<u>860,280</u>
Eldercare coalition:			
Salaries and employee benefits	294,354	285,151	9,203
Operating	295,777	291,761	4,016
Capital outlay	-	-	-
Total	<u>590,131</u>	<u>576,912</u>	<u>13,219</u>
Veteran's service officer:			
Salaries and employee benefits	103,962	103,847	115
Operating	12,265	7,644	4,621
Total	<u>116,227</u>	<u>111,491</u>	<u>4,736</u>
Other human services	<u>467,498</u>	<u>449,678</u>	<u>17,820</u>
Total human services	<u>14,504,844</u>	<u>13,317,045</u>	<u>1,187,799</u>

Jackson County, North Carolina
Schedule of Revenues, Expenditures, and Changes in Fund Balances–
Budget and Actual–General Fund
Year Ended June 30, 2019

Schedule "B-1"

(Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures, continued:			
Culture and recreation:			
Recreation:			
Salaries and employee benefits	\$ 872,823	\$ 827,967	\$ 44,856
Operating	608,251	521,175	87,076
Capital outlay	84,873	71,275	13,598
Total	<u>1,565,947</u>	<u>1,420,417</u>	<u>145,530</u>
Arts council	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Library	<u>1,120,117</u>	<u>1,120,117</u>	<u>-</u>
Swimming pool:			
Salaries and employee benefits	30,795	23,917	6,878
Operating	28,870	28,130	740
Capital outlay	97,642	33,712	63,930
Total	<u>157,307</u>	<u>85,759</u>	<u>71,548</u>
Cashiers recreation:			
Salaries and employee benefits	383,999	349,135	34,864
Operating	283,638	234,900	48,738
Capital outlay	75,039	72,375	2,664
Total	<u>742,676</u>	<u>656,410</u>	<u>86,266</u>
Cashiers swimming pool:			
Salaries and employee benefits	22,818	2,578	20,240
Operating	17,000	14,197	2,803
Capital outlay	13,143	11,749	1,394
Total	<u>52,961</u>	<u>28,524</u>	<u>24,437</u>
Total culture and recreation	<u>3,649,008</u>	<u>3,321,227</u>	<u>327,781</u>
Education:			
Public schools–current	7,103,113	7,103,128	(15)
Public schools–timber receipts	141,928	141,928	-
Public schools–capital outlay	1,331,200	1,331,200	-
Public schools–Councilors	425,605	425,605	-
Community colleges–current	2,003,898	2,003,898	-
Community colleges–capital outlay	1,965,367	1,590,862	374,505
Total education	<u>12,971,111</u>	<u>12,596,621</u>	<u>374,490</u>

Jackson County, North Carolina
Schedule of Revenues, Expenditures, and Changes in Fund Balances—
Budget and Actual—General Fund
Year Ended June 30, 2019

Schedule "B-1"

(Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures, continued:			
Debt service:			
Principal retirement	\$ 3,525,259	\$ 3,525,256	\$ 3
Interest and other charges	404,272	404,268	4
Total debt service	<u>3,929,531</u>	<u>3,929,524</u>	<u>7</u>
Total expenditures	<u>62,676,188</u>	<u>58,690,405</u>	<u>3,985,783</u>
Revenues over expenditures	<u>1,557,265</u>	<u>4,623,720</u>	<u>3,066,455</u>
Other financing sources (uses):			
Transfers from (to) other funds:			
Capital Reserve Fund	(1,000,000)	(1,000,000)	-
Economic Development Commission Fund	(100,000)	(100,000)	-
School Capital Reserve Fund	(296,369)	(377,195)	(80,826)
Revaluation Fund	(350,500)	(350,500)	-
School Improvements Fund	(1,444,986)	(1,457,472)	(12,486)
Health Department Project Fund	(7,600,000)	(7,600,000)	-
Green Energy Park Fund	(178,461)	(178,461)	-
Conservation/Preservation Fund	(500,000)	(500,000)	-
Proceeds from sale of capital assets	40,350	40,333	(17)
Appropriated fund balance	9,993,011	-	(9,993,011)
Contingency	(120,310)	-	120,310
Other financing sources (uses), net	<u>(1,557,265)</u>	<u>(11,523,295)</u>	<u>(9,966,030)</u>
Net change in fund balance	<u>\$ -</u>	<u>(6,899,575)</u>	<u>\$ (6,899,575)</u>
Fund balance:			
Beginning balance, July 1		<u>29,312,129</u>	
Ending balance, June 30		<u>\$ 22,412,554</u>	

Jackson County, North Carolina
Schedule of Revenues, Expenditures, and Changes in Fund Balance–
Budget and Actual–Revaluation Fund
Year Ended June 30, 2019

Schedule "B-2"

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures:			
General government:			
Tax listing	\$ 350,500	\$ 273,688	\$ 76,812
Other financing sources:			
Transfers from General Fund	<u>350,500</u>	<u>350,500</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>76,812</u>	<u>\$ 76,812</u>
Fund balance:			
Beginning balance, July 1		<u>250,391</u>	
Ending balance, June 30		<u>\$ 327,203</u>	

Jackson County, North Carolina
Schedule of Revenues, Expenditures, and Changes in Fund Balance–
Budget and Actual–Capital Reserve Fund
Year Ended June 30, 2019

Schedule "B-3"

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Investment earnings	\$ 500	\$ 605	\$ 105
Total revenues	<u>500</u>	<u>605</u>	<u>105</u>
Other financing sources (uses):			
Transfer from General Fund	1,000,000	1,000,000	-
Transfer to Health Department Project Fund	-	(349,492)	
Designated for future appropriations	<u>(1,000,500)</u>	<u>-</u>	<u>651,008</u>
Other financing sources (uses), net	<u>(500)</u>	<u>650,508</u>	<u>651,008</u>
Net change in fund balance	<u>\$ -</u>	<u>651,113</u>	<u>\$ 651,113</u>
Fund balance:			
Beginning balance, July 1		<u>2,479,998</u>	
Ending balance, June 30		<u>\$ 3,131,111</u>	

Jackson County, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance–
Budget and Actual–Conservation/Preservation Fund
Year Ended June 30, 2019

Schedule "B-4"

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures:			
Environmental protection:			
Conservation	\$ 350,000	\$ 190,341	\$ 159,659
Other financing sources (uses):			
Transfers from General Fund	500,000	500,000	-
Transfers to Recreation Center Fund	(150,000)	(150,000)	-
Other financing sources (uses), net	350,000	350,000	-
Net change in fund balance	<u>\$ -</u>	159,659	<u>\$ 159,659</u>
Fund balance:			
Beginning balance, July 1		786,960	
Ending balance, June 30		<u>\$ 946,619</u>	

Jackson County, North Carolina
Schedule of Revenues, Expenditures, and Changes in Fund Balance–
Budget and Actual–Health Insurance Fund
Year Ended June 30, 2019

Schedule "B-5"

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Insurance contributions:			
General government	\$ 1,631,414	\$ 1,642,382	\$ 10,968
Public safety	1,965,636	1,978,850	13,214
Transportation	141,718	142,671	953
Economic and physical development	154,091	155,127	1,036
Human services	2,316,248	2,331,819	15,571
Recreation	287,360	289,291	1,931
Stop loss reimbursement	174,000	179,077	5,077
Refunds	37,500	53,912	16,412
Miscellaneous	-	40,000	40,000
	<u>6,707,967</u>	<u>6,813,129</u>	<u>105,162</u>
Total revenues	<u>6,707,967</u>	<u>6,813,129</u>	<u>105,162</u>
Expenditures:			
Insurance claims:			
General government	1,674,200	1,631,530	42,670
Public safety	2,017,186	1,965,774	51,412
Transportation	145,435	141,728	3,707
Economic and physical development	158,132	154,102	4,030
Human services	2,376,993	2,316,411	60,582
Recreation	294,896	287,380	7,516
Contract services	41,125	43,426	(2,301)
Miscellaneous	-	1,559	(1,559)
	<u>6,707,967</u>	<u>6,541,910</u>	<u>166,057</u>
Total expenditures	<u>6,707,967</u>	<u>6,541,910</u>	<u>166,057</u>
Net change in fund balance	<u>\$ -</u>	<u>271,219</u>	<u>\$ 271,219</u>
Fund balance:			
Beginning balance, July 1		<u>-</u>	
Ending balance, June 30		<u>\$ 271,219</u>	

Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual

Capital Project Fund—School Improvements Fund

From Inception and for the Year Ended June 30, 2019

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
State Grants:					
NC Division of Water Infrastructure	\$ 1,000,000	\$ -	\$ -	\$ -	\$(1,000,000)
Other restricted revenues:					
Eastern Band Cherokee Indians	118,560	-	118,560	118,560	-
Investment earnings	1,500	843	189	1,032	(468)
Total revenues	<u>1,120,060</u>	<u>843</u>	<u>118,749</u>	<u>119,592</u>	<u>(1,000,468)</u>
Expenditures:					
Education:					
Water and Sewer	1,000,000	-	-	-	1,000,000
Water Infrastructure	68,400	-	7,006	7,006	61,394
Blue Ridge School	1,826,959	1,373,756	374,559	1,748,315	78,644
Fairview Elementary School	1,394,760	1,055,498	267,926	1,323,424	71,336
Smoky Mountain High	3,769,487	2,414,120	462,469	2,876,589	892,898
Cullowhee Valley School	1,373,615	571,835	820,425	1,392,260	(18,645)
Scotts Creek School	20,743	3,025	-	3,025	17,718
Smoky Mountain Elementary	1,360,233	509,616	175,310	684,926	675,307
Total expenditures	<u>10,814,197</u>	<u>5,927,850</u>	<u>2,107,695</u>	<u>8,035,545</u>	<u>2,778,652</u>
Revenues under expenditures	<u>(9,694,137)</u>	<u>(5,927,007)</u>	<u>(1,988,946)</u>	<u>(7,915,953)</u>	<u>1,778,184</u>
Other financing sources (uses):					
Transfers from (to) other funds:					
School Capital Reserve	695,637	627,237	-	627,237	68,400
Proceeds from installment obligation	9,000,000	9,000,000	-	9,000,000	-
Contingency	(1,500)	-	-	-	(1,500)
Total other financing sources:	<u>9,694,137</u>	<u>9,627,237</u>	<u>-</u>	<u>9,627,237</u>	<u>66,900</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 3,700,230</u>	<u>(1,988,946)</u>	<u>\$ 1,711,284</u>	<u>\$ 1,711,284</u>
Fund balance:					
Beginning balance, July 1			<u>3,700,230</u>		
Ending balance, June 30			1,711,284		
Amounts reported for Revenue, Expenditures and Changes in Fund Balance are different from the Budget/Actual Statement due to consolidation of the School Capital Reserve Fund:					
Expenditures			(109,770)		
Transfers from the General Fund			1,834,667		
Fund balance, beginning (School Capital Reserve Fund)			<u>3,152,695</u>		
Fund balance, ending (Consolidated School Improvements Fund)			<u>\$ 6,588,876</u>		

Jackson County, North Carolina
Schedule of Revenues, Expenditures, and Changes in Fund Balance–
Budget and Actual–School Capital Reserve Fund
Year Ended June 30, 2019

Schedule "B-7"

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures:			
School Capital Reserve	\$ 1,741,355	\$ 109,770	\$ 1,631,585
Other financing sources:			
Transfer from General Fund	1,741,355	1,834,667	93,312
Net change in fund balance	<u>\$ -</u>	1,724,897	<u>\$ 1,724,897</u>
Fund balance:			
Beginning balance, July 1		<u>3,152,695</u>	
Ending balance, June 30		<u>\$ 4,877,592</u>	

**Schedule of Revenues, Expenditures and Changes in Fund Balance—Budget and Actual
Capital Project Fund—SCC Health Science Building Fund
From Inception and for the Year Ended June 30, 2019**

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Restricted intergovernmental:					
NC Connect Bonds	\$ 5,445,597	\$ -	\$ 2,359,908	\$ 2,359,908	\$ 3,085,689
SCC Local	-	-	221,390	221,390	(221,390)
Economic Development Grant	2,015,395	-	-	-	2,015,395
Investment Earnings	5,000	-	4,223	4,223	777
Total revenues	7,465,992	-	2,585,521	2,585,521	4,880,471
Expenditures:					
Education:					
Architect Fees	1,553,832	-	1,126,427	1,126,427	427,405
Engineering Costs	374,785	-	64,040	64,040	310,745
Construction	30,000	-	3,398	3,398	26,602
Technology and Security	17,660,000	-	1,387,433	1,387,433	16,272,567
Furnishing and Fixtures	121,238	-	-	-	121,238
Total expenditures	19,739,855	-	2,581,298	2,581,298	17,158,557
Revenues over (under) expenditures	(12,273,863)	-	4,223	4,223	(12,278,086)
Other financing sources:					
Transfers from other funds:					
School Capital Reserve Fund	3,220,163	-	-	-	3,220,163
Installment purchase obligations issued	10,000,000	-	10,000,000	10,000,000	-
Contingency	(946,300)	-	-	-	(946,300)
Total other financing sources	12,273,863	-	10,000,000	10,000,000	2,273,863
Net change in fund balance	\$ -	\$ -	10,004,223	\$ 10,004,223	\$ (10,004,223)
Fund balance:					
Beginning balance, July 1			-		
Ending balance, June 30			\$ 10,004,223		

Schedule of Revenues, Expenditures and Changes in Fund Balance—Budget and Actual

Capital Project Fund—Health Department Project Fund

From Inception and for the Year Ended June 30, 2019

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Expenditures:					
Human Services:					
Architect Fees	\$ 488,128	\$ -	\$ 431,930	\$ 431,930	\$ 56,198
Engineering Costs	26,225	-	16,975	16,975	9,250
Construction	6,101,600	-	587,465	587,465	5,514,135
Technology and Security	306,365	-	-	-	306,365
Furnishing and Fixtures	500,000	-	-	-	500,000
Displacement Expenditures	242,094	-	91,380	91,380	150,714
Total expenditures	7,664,412	-	1,127,750	1,127,750	6,536,662
Other financing sources:					
Transfers from other funds:					
General	7,600,000	-	7,600,000	7,600,000	-
School Capital Reserve Fund	349,492	-	349,492	349,492	-
Contingency	(285,080)	-	-	-	285,080
Total other financing sources	7,664,412	-	7,949,492	7,949,492	285,080
Net change in fund balance	\$ -	\$ -	6,821,742	\$ 6,821,742	\$ 6,821,742
Fund balance:					
Beginning balance, July 1			-		
Ending balance, June 30			\$ 6,821,742		

Jackson County, North Carolina
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2019

Schedule "C-1"

	Non-major Government Funds		
	Special Revenue Funds	Capital Projects Funds	Total
Assets:			
Cash and cash equivalents	\$ 1,799,735	\$ 576,542	\$ 2,376,277
Accounts receivable, net	4,119	3,139	7,258
Notes receivable, net	25,514	-	25,514
Total assets	\$ 1,829,368	\$ 579,681	\$ 2,409,049
Liabilities:			
Accounts payable and accrued liabilities	\$ 5,022	\$ 173	\$ 5,195
Contract retainage	-	8,695	8,695
Total liabilities	5,022	8,868	13,890
Deferred inflows of resources	25,651	-	25,651
Fund balances:			
Restricted:			
Stabilization by State Statute	-	3,139	3,139
Public safety	521,652	-	521,652
Economic and physical development	1,277,043	-	1,277,043
Committed:			
Recreation	-	325,515	325,515
Various programs and projects	-	242,159	242,159
Total fund balances	1,798,695	570,813	2,369,508
Total liabilities, deferred inflows of resources and fund balances	\$ 1,829,368	\$ 579,681	\$ 2,409,049

Jackson County, North Carolina
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2019

	Emergency Telephone Fund	Law Enforcement Block Grant Fund	Fire Service Fund
	<u> </u>	<u> </u>	<u> </u>
Asset:			
Cash and cash equivalents	\$ 340,056	\$ 89,690	\$ 88,229
Accounts receivable, net	2,083	295	1,677
Notes receivable, net	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 342,139</u>	<u>\$ 89,985</u>	<u>\$ 89,906</u>
Liabilities:			
Accounts payable and accrued liabilities	\$ 241	\$ -	\$ -
	<u> </u>	<u> </u>	<u> </u>
Deferred inflows of resources	<u> -</u>	<u> -</u>	<u> 137</u>
Fund balances:			
Restricted:			
Public safety	341,898	89,985	89,769
Economic and physical development	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>341,898</u>	<u>89,985</u>	<u>89,769</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 342,139</u>	<u>\$ 89,985</u>	<u>\$ 89,906</u>

Schedule "C-2"

Community Development Scattered Site Project Fund	Clean Water Revolving Loan Fund	Economic Development Fund	Economic Development Commission Fund	Total Non-major Special Revenue Funds
\$ 45,460	\$ 16,842	\$ 977,917	\$ 241,541	\$ 1,799,735
-	-	-	64	4,119
-	-	25,514	-	25,514
<u>\$ 45,460</u>	<u>\$ 16,842</u>	<u>\$ 1,003,431</u>	<u>\$ 241,605</u>	<u>\$ 1,829,368</u>
\$ -	\$ -	\$ 4,781	\$ -	\$ 5,022
-	-	25,514	-	25,651
-	-	-	-	521,652
45,460	16,842	973,136	241,605	1,277,043
45,460	16,842	973,136	241,605	1,798,695
<u>\$ 45,460</u>	<u>\$ 16,842</u>	<u>\$ 1,003,431</u>	<u>\$ 241,605</u>	<u>\$ 1,829,368</u>

Jackson County, North Carolina
Combining Balance Sheet
Non-major Capital Projects Funds
June 30, 2019

Schedule "C-3"

	<u>Recreation Center Fund</u>	<u>Emergency Management Project Fund</u>	<u>County Capital Projects Fund</u>	<u>Greenways Project Fund</u>	<u>Total Non-major Capital Projects Funds</u>
Assets:					
Cash and cash equivalents	\$ 188,815	\$ -	\$ 242,159	\$ 145,568	\$ 576,542
Accounts receivable, net	1,343	-	1,796	-	3,139
Total assets	<u>\$ 190,158</u>	<u>\$ -</u>	<u>\$ 243,955</u>	<u>\$ 145,568</u>	<u>\$ 579,681</u>
Liabilities:					
Accounts payable and accrued liabilities	-	-	-	173	173
Contract retainage	8,695	-	-	-	8,695
Total liabilities	<u>8,695</u>	<u>-</u>	<u>-</u>	<u>173</u>	<u>8,868</u>
Fund balances:					
Restricted:					
Stabilization by State Statute	1,343	-	1,796	-	3,139
Committed:					
Recreation	180,120	-	-	145,395	325,515
Various programs and projects	-	-	242,159	-	242,159
Total fund balances	<u>181,463</u>	<u>-</u>	<u>243,955</u>	<u>145,395</u>	<u>570,813</u>
Total liabilities and fund balances	<u>\$ 190,158</u>	<u>\$ -</u>	<u>\$ 243,955</u>	<u>\$ 145,568</u>	<u>\$ 579,681</u>

Jackson County, North Carolina
Combining Schedule of Revenues, Expenditures, and Changes in
Fund Balances - Non-major Governmental Funds
Year Ended June 30, 2019

Schedule "C-4"

	Non-major Government Funds		
	Special Revenue Funds	Capital Projects Funds	Total
Revenues:			
Ad valorem taxes	\$ 1,246,184	\$ -	\$ 1,246,184
Restricted intergovernmental	492,571	-	492,571
Sales and services	10,037	-	10,037
Investment earnings	1,718	-	1,718
	<u>1,750,510</u>	<u>-</u>	<u>1,750,510</u>
Expenditures:			
Current:			
General government	-	9,317	9,317
Public safety	1,618,816	(6,343)	1,612,473
Economic and physical development	143,407	-	143,407
Culture and recreation	-	196,057	196,057
	<u>1,762,223</u>	<u>199,031</u>	<u>1,961,254</u>
Revenues under expenditures	(11,713)	(199,031)	(210,744)
Other financing sources:			
Transfers from other funds	<u>100,000</u>	<u>150,000</u>	<u>250,000</u>
Net change in fund balances	88,287	(49,031)	39,256
Fund balances:			
Beginning balances, July 1	<u>1,710,408</u>	<u>619,844</u>	<u>2,330,252</u>
Ending balances, June 30	<u>\$ 1,798,695</u>	<u>\$ 570,813</u>	<u>\$ 2,369,508</u>

Jackson County, North Carolina
Combining Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Non-major Special Revenue Funds
Year Ended June 30, 2019

	Emergency Telephone Fund	Law Enforcement Block Grant Fund	Fire Service Fund
Revenues:			
Ad valorem taxes	\$ -	\$ -	\$ 1,246,184
Restricted intergovernmental	392,208	87,258	-
Sales and services	-	-	-
Investment earnings	16	-	-
	<hr/>	<hr/>	<hr/>
Total revenues	392,224	87,258	1,246,184
	<hr/>	<hr/>	<hr/>
Expenditures:			
Current:			
Public safety	405,224	6,777	1,206,815
Economic and physical development	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	405,224	6,777	1,206,815
	<hr/>	<hr/>	<hr/>
Revenues over (under) expenditures	(13,000)	80,481	39,369
	<hr/>	<hr/>	<hr/>
Other financing sources:			
Transfers from other funds	-	-	-
	<hr/>	<hr/>	<hr/>
Net change in fund balances	(13,000)	80,481	39,369
	<hr/>	<hr/>	<hr/>
Fund balances:			
Beginning balances, July 1	354,898	9,504	50,400
	<hr/>	<hr/>	<hr/>
Ending balances, June 30	\$ 341,898	\$ 89,985	\$ 89,769
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Schedule "C-5"

Community Development Scattered Site Project Fund	Clean Water Revolving Loan Fund	Economic Development Fund	Economic Development Commission Fund	Total Non-major Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ 1,246,184
13,105	-	-	-	492,571
-	-	10,037	-	10,037
-	-	1,327	375	1,718
13,105	-	11,364	375	1,750,510
-	-	-	-	1,618,816
23,749	-	6,030	113,628	143,407
23,749	-	6,030	113,628	1,762,223
(10,644)	-	5,334	(113,253)	(11,713)
-	-	-	100,000	100,000
(10,644)	-	5,334	(13,253)	88,287
56,104	16,842	967,802	254,858	1,710,408
<u>\$ 45,460</u>	<u>\$ 16,842</u>	<u>\$ 973,136</u>	<u>\$ 241,605</u>	<u>\$ 1,798,695</u>

**Combining Schedule of Revenues, Expenditures, and Changes in
Fund Balances (Deficit) - Non-major Capital Projects Funds
Year Ended June 30, 2019**

	<u>Recreation Center Fund</u>	<u>Emergency Management Project Fund</u>	<u>County Capital Projects Fund</u>	<u>Greenways Project Fund</u>	<u>Total Non-major Capital Projects Funds</u>
Expenditures:					
Current:					
General government	\$ -	\$ -	\$ 9,317	\$ -	\$ 9,317
Public safety	-	(6,343)	-	-	(6,343)
Culture and recreation	195,884	-	-	173	196,057
Total expenditures	<u>195,884</u>	<u>(6,343)</u>	<u>9,317</u>	<u>173</u>	<u>199,031</u>
Revenues under expenditures	<u>(195,884)</u>	<u>6,343</u>	<u>(9,317)</u>	<u>(173)</u>	<u>(199,031)</u>
Other financing sources:					
Transfers from other funds	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,000</u>
Net change in fund balances (Deficit)	(45,884)	6,343	(9,317)	(173)	(49,031)
Fund balances (Deficit):					
Beginning balances, July 1	<u>227,347</u>	<u>(6,343)</u>	<u>253,272</u>	<u>145,568</u>	<u>619,844</u>
Ending balances, June 30	<u>\$ 181,463</u>	<u>\$ -</u>	<u>\$ 243,955</u>	<u>\$ 145,395</u>	<u>\$ 570,813</u>

COMBINING STATEMENTS AND SCHEDULES FOR NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

- **Emergency Telephone System Fund** – This fund was established in accordance with North Carolina law to account for the accumulation of telephone surcharges to be used for emergency telephone systems.
- **Law Enforcement Block Grant Fund** – This fund accounts for State grants received and expended for software and equipment.
- **Fire Service Districts Fund** – This fund accounts for taxes collected to use for fire safety in the County.
- **Community Development Scattered Site Project Fund** – This fund accounts for federal grants and local matching funds received and expended for community development.
- **Clean Water Revolving Loan Fund** – This fund accounts for loans made by the County with moneys received from the Clean Water Management Trust Fund through a revolving loan fund, as well as in-kind local contributions.
- **Economic Development Fund** – This fund accounts for loans made by the County with moneys received from the Community Development Block Grant from the Small Cities Program through a revolving loan fund.
- **Economic Development Commission Fund** – This fund was established as a result of the reorganization of the Jackson County Economic Development Commission and is used to account for revenues from member towns and economic development loans.

Jackson County, North Carolina
Schedule of Revenues, Expenditures, and Changes in Fund Balance–
Budget and Actual–Emergency Telephone System Fund
Year Ended June 30, 2019

Schedule "D-1"

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Restricted intergovernmental:			
Wireless 911 funds	\$ 444,694	\$ 392,208	\$ (52,486)
Investment earnings	-	16	16
	<u>444,694</u>	<u>392,224</u>	<u>(52,470)</u>
Total revenues			
Expenditures:			
Public safety			
Salaries and employee benefits	199,212	198,292	920
Operating	243,264	204,693	38,571
Capital outlay	34,995	2,239	32,756
	<u>477,471</u>	<u>405,224</u>	<u>72,247</u>
Total expenditures			
Revenues under expenditures	(32,777)	(13,000)	19,777
Other financing sources (uses):			
Appropriated fund balance	32,777	-	(32,777)
Net change in fund balance	<u>\$ -</u>	<u>(13,000)</u>	<u>\$ (13,000)</u>
Fund balance:			
Beginning balance, July 1		<u>354,898</u>	
Ending balance, June 30		<u>\$ 341,898</u>	

Jackson County, North Carolina
Schedule of Revenues, Expenditures, and Changes in Fund Balance—
Budget and Actual—Law Enforcement Block Grant Fund
Year Ended June 30, 2019

Schedule "D-2"

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Restricted intergovernmental	\$ 13,400	\$ 87,258	\$ 73,858
Expenditures:			
Public safety:			
Capital outlay	30,000	6,777	23,223
Revenues over expenditures	(16,600)	80,481	97,081
Other financing sources:			
Appropriated fund balance	16,600	-	(16,600)
Net change in fund balance	<u>\$ -</u>	80,481	<u>\$ 80,481</u>
Fund balance:			
Beginning balance, July 1		9,504	
Ending balance, June 30		<u>\$ 89,985</u>	

**Schedule of Revenues, Expenditures and Changes in Fund Balance–
Budget and Actual–Fire Service Districts Fund
Year Ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad valorem taxes:			
Current year and prior	\$ 1,236,484	\$ 1,241,013	\$ 4,529
Penalties and interest	5,060	5,171	111
Total revenues	<u>1,241,544</u>	<u>1,246,184</u>	<u>4,640</u>
Expenditures:			
Public safety:			
Fire districts:			
Cashiers-Glenville	1,156,816	1,156,815	1
Highlands	50,000	50,000	-
Total expenditures	<u>1,206,816</u>	<u>1,206,815</u>	<u>1</u>
Revenues over expenditures	34,728	39,369	4,641
Other financing uses:			
Contingency	<u>(34,728)</u>	-	<u>34,728</u>
Net change in fund balance	<u>\$ -</u>	39,369	<u>\$ 39,369</u>
Fund balance:			
Beginning balance, July 1		<u>50,400</u>	
Ending balance, June 30		<u>\$ 89,769</u>	

**Schedule of Revenues, Expenditures and Changes in Fund Balance–
Budget and Actual–Community Development Scattered Site Project Fund
From Inception and for the Year Ended June 30, 2019**

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Restricted intergovernmental:					
Federal grants:					
Program Project	\$ 13,105	\$ -	\$ 13,105	\$ 13,105	\$ -
Miscellaneous	-	1,000	-	1,000	1,000
Total revenues	13,105	1,000	13,105	14,105	1,000
Expenditures:					
Economic and physical development:					
Operating	23,749	28,768	23,749	52,517	(28,768)
Revenues under expenditures	(10,644)	(27,768)	(10,644)	(38,412)	(27,768)
Appropriated fund balance/ closed out projects	10,644	83,872	-	83,872	73,228
Net change in fund balance	\$ -	\$ 56,104	(10,644)	\$ 45,460	\$ 45,460
Fund balance:					
Beginning balance, July 1			56,104		
Ending balance, June 30			\$ 45,460		

Jackson County, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance—
Budget and Actual—Clean Water Revolving Loan Fund
Year Ended June 30, 2019

Schedule "D-5"

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures:			
Economic and physical development:			
Operating	\$ -	\$ -	\$ -
Other financing sources:			
Transfer from General Fund	-	-	-
Appropriated fund balance	-	-	-
Total other financing sources	-	-	-
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance:			
Beginning balance, July 1		<u>16,842</u>	
Ending balance, June 30		<u>\$ 16,842</u>	

Jackson County, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance—
Budget and Actual—Economic Development Fund
Year Ended June 30, 2019

Schedule "D-6"

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Sales and services	\$ 14,721	\$ 10,037	\$ (4,684)
Investment earnings	1,200	1,327	127
Total revenues	<u>15,921</u>	<u>11,364</u>	<u>(4,557)</u>
Expenditures:			
Economic and physical development:			
Loan funds advanced	8,363	6,030	2,333
Reserve for economic development	<u>7,558</u>	<u>-</u>	<u>7,558</u>
Total expenditures	<u>15,921</u>	<u>6,030</u>	<u>9,891</u>
Revenues over expenditures	<u>-</u>	<u>5,334</u>	<u>5,334</u>
Net change in fund balance	<u>\$ -</u>	<u>5,334</u>	<u>\$ 5,334</u>
Fund balance:			
Beginning balance, July 1		<u>967,802</u>	
Ending balance, June 30		<u>\$ 973,136</u>	

**Schedule of Revenues, Expenditures and Changes in Fund Balance—
Budget and Actual—Economic Development Commission Fund
Year Ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Investment earnings	\$ 300	\$ 375	\$ 75
Expenditures:			
Economic and physical development:			
Salaries and employee benefits	103,659	103,221	438
Operating	34,072	10,407	23,665
Loans, development, capital improvement	15,000	-	15,000
Total expenditures	<u>152,731</u>	<u>113,628</u>	<u>39,103</u>
Revenues under expenditures	<u>(152,431)</u>	<u>(113,253)</u>	<u>39,178</u>
Other financing sources:			
Transfers in:			
Transfer from General Fund	100,000	100,000	-
Appropriated fund balance	52,431	-	(52,431)
Total other financing sources	<u>152,431</u>	<u>100,000</u>	<u>(52,431)</u>
Net change in fund balance	<u>\$ -</u>	<u>(13,253)</u>	<u>\$ (13,253)</u>
Fund balance:			
Beginning balance, July 1		<u>254,858</u>	
Ending balance, June 30		<u>\$ 241,605</u>	

CAPITAL PROJECT FUNDS

- **Recreation Center Fund** – This fund is used to account for various recreation projects.
- **Emergency Management Fund** – This fund is used to account for the construction on the Emergency Management Facility, which will be financed primarily by the General Fund.
- **County Capital Projects Fund** – This fund was established to account for the construction of various County administration projects.
- **Greenways Project Fund** – This fund is used to account for the construction of a greenway, which will be funded primarily with restricted intergovernmental revenue.

Schedule of Revenues, Expenditures and Changes in Fund Balance—Budget and Actual

Capital Project Fund—Recreation Center Fund

From Inception and for the Year Ended June 30, 2019

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Expenditures:					
Culture and recreation:					
Savannah/Greens Creek Park	\$ 441,464	\$ 64,117	\$ 195,884	\$ 260,001	\$ 181,463
Other financing sources:					
Transfers from other funds:					
Conservation/Preservation	393,568	243,568	150,000	393,568	-
Appropriated fund balance	47,896	47,896	-	47,896	-
Total other financing sources	441,464	291,464	150,000	441,464	-
Net change in fund balance	\$ -	\$ 227,347	(45,884)	\$ 181,463	\$ 181,463
Fund balance:					
Beginning balance, July 1			227,347		
Ending balance, June 30			\$ 181,463		

Schedule of Revenues, Expenditures and Changes in Fund Balance—Budget and Actual

Capital Project Fund—Emergency Management Project Fund

From Inception and for the Year Ended June 30, 2019

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Year	Current Year	Total to Date	
Revenues:					
Investment earnings	\$ 480	\$ 407	\$ -	\$ 407	\$ (73)
Expenditures:					
Public Safety:					
Equipment	492,526	498,884	(6,343)	492,541	(15)
Construction cost	1,328,566	1,328,479	-	1,328,479	87
Total expenditures	1,821,092	1,827,363	(6,343)	1,821,020	72
Revenues under expenditures	(1,820,612)	(1,826,956)	6,343	(1,820,613)	(1)
Other financing sources:					
Transfers from other funds:					
General Fund	-	-	-	-	-
Capital Reserve Fund	1,820,612	2,252,401	-	2,252,401	431,789
Total other financing sources	1,820,612	2,252,401	-	2,252,401	431,789
Closed out projects		431,788	-	431,788	(431,788)
Net change in fund balance	\$ -	\$ (6,343)	6,343	\$ -	\$ -
Fund balance:					
Beginning balance, July 1			(6,343)		
Ending balance, June 30			\$ -		

Schedule of Revenues, Expenditures and Changes in Fund Balance—Budget and Actual

Capital Project Fund—County Capital Projects Fund

From Inception and for the Year Ended June 30, 2019

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
Expenditures:					
General Government:					
Skyland Services Center:					
Architect fees	\$ 72,000	\$ 60,965	\$ -	\$ 60,965	\$ 11,035
Construction	1,345,684	1,225,007	9,202	1,234,209	111,475
Site Acquisition	408,625	408,625	-	408,625	-
Furnishings	141,980	131,880	115	131,995	9,985
Total Skyland Services Center	1,968,289	1,826,477	9,317	1,835,794	132,495
Cashiers Code Enforcement:					
Construction	211,505	211,505	-	211,505	-
Equipment	7,000	7,000	-	7,000	-
Total Cashiers Code Enforcement	218,505	218,505	-	218,505	-
Total expenditures	2,186,794	2,044,982	9,317	2,054,299	132,495
Revenues under expenditures	(2,186,794)	(2,044,982)	(9,317)	(2,054,299)	(132,495)
Other financing sources (uses):					
Operating transfers--in:					
Capital Reserve Fund	2,287,000	2,075,000	-	2,075,000	(212,000)
General Fund	6,505	-	-	-	(6,505)
Contingency	(106,711)	-	-	-	106,711
Other financing sources (uses), net	2,186,794	2,075,000	-	2,075,000	(111,794)
Closed out projects	-	223,254	-	223,254	223,254
Net change in fund balance	\$ -	\$ 253,272	(9,317)	\$ 243,955	\$ 243,955
Fund balance:					
Beginning balance, July 1			253,272		
Ending balance, June 30			\$ 243,955		

Schedule of Revenues, Expenditures and Changes in Fund Balance—Budget and Actual

Capital Project Fund—Greenways Project Fund

From Inception and for the Year Ended June 30, 2019

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Year	Current Year		
Revenues:					
Restricted intergovernmental	\$ 435,000	\$ 435,000	\$ -	\$ 435,000	\$ -
Gifts and donations	212,000	219,742	-	219,742	7,742
Total revenues	647,000	654,742	-	654,742	7,742
Expenditures:					
Culture and Recreation:					
Construction	1,857,313	1,701,823	173	1,701,996	155,317
Engineering fees	72,000	89,664	-	89,664	(17,664)
Total expenditures	1,929,313	1,791,487	173	1,791,660	137,653
Revenues under expenditures	(1,282,313)	(1,136,745)	(173)	(1,136,918)	145,395
Other financing sources:					
Transfers from other funds:					
General Fund	1,282,313	1,282,313	-	1,282,313	-
Net change in fund balance	\$ -	\$ 145,568	(173)	\$ 145,395	\$ 145,395
Fund balance:					
Beginning balance, July 1			145,568		
Ending balance, June 30			\$ 145,395		

COMBINING STATEMENTS AND SCHEDULES FOR PROPRIETARY FUNDS

ENTERPRISE FUNDS

- **Landfill Fund** – This fund is used to account for the operations of the County’s solid waste activities.
- **Green Energy Park Fund** – This fund is used to account for the operations of Jackson County Green Energy Park.
- **Economic Development Commission Fund** – This fund was established as a result of the reorganization of the Jackson County Economic Development Commission, in which the County took title to two industrial facilities. The buildings are currently leased and generate rental income for the County.



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Jackson County, North Carolina
Schedule of Revenues and Expenditures—Budget and Actual
(Non-GAAP) - Landfill Fund
Year Ended June 30, 2019

Schedule "F-1"

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating revenues:			
Charges for services	\$ 3,552,150	\$ 3,427,309	\$ (124,841)
Total operating revenues	<u>3,552,150</u>	<u>3,427,309</u>	<u>(124,841)</u>
Non-operating revenues:			
Scrap tire disposal fee	55,000	63,100	8,100
White goods tax	13,400	17,920	4,520
Electronics tax	3,400	2,725	(675)
Interest earned on investments	<u>28,802</u>	<u>28,577</u>	<u>(225)</u>
Total non-operating revenues	<u>100,602</u>	<u>112,322</u>	<u>11,720</u>
Total revenues	<u>3,652,752</u>	<u>3,539,631</u>	<u>(113,121)</u>
Expenditures:			
Landfill operations:			
Salaries and employee benefits	428,465	474,622	(46,157)
Operations	1,983,124	1,877,254	105,870
Supplies	28,700	27,279	1,421
Repairs and maintenance	176,200	78,240	97,960
Contracted services	<u>965,005</u>	<u>878,122</u>	<u>86,883</u>
Total	<u>3,581,494</u>	<u>3,335,517</u>	<u>245,977</u>
Debt service:			
Debt principal	234,601	234,601	-
Interest and other charges	<u>34,751</u>	<u>34,750</u>	<u>1</u>
Total	<u>269,352</u>	<u>269,351</u>	<u>1</u>
Total expenditures	<u>3,850,846</u>	<u>3,604,868</u>	<u>245,978</u>
Revenues under expenditures	<u>(198,094)</u>	<u>(65,237)</u>	<u>132,857</u>
Other financing sources:			
Appropriated fund balance	<u>198,094</u>	<u>-</u>	<u>(198,094)</u>
Revenues and other financing sources under expenditures	<u>\$ -</u>	<u>\$ (65,237)</u>	<u>\$ (65,237)</u>

Jackson County, North Carolina
Schedule of Revenues and Expenditures—Budget and Actual
(Non-GAAP) - Landfill Fund
Year Ended June 30, 2019

Schedule "F-1"

(Continued)

**Reconciliation from budgetary basis (modified
accrual) to full accrual basis:**

Revenues and other financing sources under expenditures	\$	(65,237)
Change in accrued interest receivable		5,473
Change in compensated absences		(1,388)
Contribution to pension plan in current fiscal year		20,917
Contribution to OPEB plan in current fiscal year		105,973
Pension expense		(45,894)
OPEB expense		(79,268)
Debt principal payment		234,601
Landfill closure and post-closure costs		(340)
Depreciation		(144,257)
		<hr/>
Change in net position	\$	<u>30,580</u>

Jackson County, North Carolina
Combining Statement of Fund Net Position
Non-major Proprietary Funds
June 30, 2019

Schedule "F-2"

	Green Energy Park Fund	Economic Development Commission Fund	Total Non-major Proprietary Funds
Assets:			
Cash and cash equivalents	\$ 192,305	\$ 346,861	\$ 539,166
Accounts receivable, net	937	-	937
Notes receivable, net	-	61,796	61,796
Capital assets, net of depreciation	43,032	1,071,196	1,114,228
Total assets	236,274	1,479,853	1,716,127
Deferred outflows of resources	50,314	-	50,314
Liabilities:			
Accounts payable and accrued liabilities	4,293	-	4,293
Compensated absences	15,315	-	15,315
Net pension liability - LGERS	31,923	-	31,923
Unearned revenue	13,014	-	13,014
Total OPEB liability	286,743	-	286,743
Total liabilities	351,288	-	351,288
Deferred inflows of resources	39,947	-	39,947
Net position:			
Investment in capital assets	43,032	1,071,196	1,114,228
Unrestricted	(147,679)	408,657	260,978
Total net position	\$ (104,647)	\$ 1,479,853	\$ 1,375,206

Jackson County, North Carolina
Combining Statement of Revenues, Expenditures, and Changes in
Fund Net Position - Non-major Proprietary Funds
Year Ended June 30, 2019

Schedule "F-3"

	Green Energy Park Fund	Economic Development Commission Fund	Total Non-major Proprietary Funds
Operating revenues:			
Charges for services	\$ 31,516	\$ 106,590	\$ 138,106
Operating expenses:			
Park operations	202,428	-	202,428
Economic development operations	-	30,140	30,140
Depreciation	5,085	29,580	34,665
Total expenses	207,513	59,720	267,233
Operating income (loss)	(175,997)	46,870	(129,127)
Non-operating revenues:			
Investment earnings	-	1,773	1,773
Donations	1,130	-	1,130
Total non-operating revenues	1,130	1,773	2,903
Income (loss) before transfers	(174,867)	48,643	(126,224)
Transfers from other funds	178,461	-	178,461
Change in net position	3,594	48,643	52,237
Net position:			
Beginning balance, July 1	(108,241)	1,431,210	1,322,969
Ending balance, June 30	\$ (104,647)	\$ 1,479,853	\$ 1,375,206

Jackson County, North Carolina
Combining Statement of Cash Flows
Non-major Proprietary Funds
Year Ended June 30, 2019

Schedule "F-4"

	Green Energy Park Fund	Economic Development Commission Fund	Total Non-major Proprietary Funds
Cash flows from operating activities:			
Cash received from customers	\$ 31,644	\$ 106,590	\$ 138,234
Cash paid for goods and services	(66,097)	(30,140)	(96,237)
Cash paid to employees for services	(133,300)	-	(133,300)
Net cash provided by (used for) operating activities	<u>(167,753)</u>	<u>76,450</u>	<u>(91,303)</u>
Cash flows from non-capital financing activities:			
Grants and donations	1,130	-	1,130
Transfers from other funds	178,461	-	178,461
Net cash provided by non-capital financing activities	<u>179,591</u>	<u>-</u>	<u>179,591</u>
Cash flows from investing activities:			
Principal payments on notes receivable	-	17,836	17,836
Interest earned on investments	-	1,773	1,773
Net cash provided by investing activities	<u>-</u>	<u>19,609</u>	<u>19,609</u>
Net increase in cash and cash equivalents	11,838	96,059	107,897
Cash and cash equivalents:			
Beginning balance, July 1	180,467	250,802	431,269
Ending balance, June 30	<u>\$ 192,305</u>	<u>\$ 346,861</u>	<u>\$ 539,166</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (175,997)	\$ 46,870	\$ (129,127)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	5,085	29,580	34,665
Contributions made to the pension plan in the current fiscal year	(7,901)	-	(7,901)
Contributions made to the OPEB plan in the current fiscal year	(43,344)	-	(43,344)
Pension expense	16,150	-	16,150
OPEB expense	33,696	-	33,696
Changes in assets and liabilities:			
Accounts receivable	128	-	128
Accounts payable and accrued liabilities	2,825	-	2,825
Unearned revenue	(272)	-	(272)
Compensated absences	1,877	-	1,877
Net cash provided by (used for) operating activities	<u>\$ (167,753)</u>	<u>\$ 76,450</u>	<u>\$ (91,303)</u>

Jackson County, North Carolina
Schedule of Revenues, Expenditures and Transfers–
Budget and Actual (Non-GAAP)–Green Energy Park Fund
Year Ended June 30, 2019

Schedule "F-5"

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating revenues:			
Charges for services:			
Rents	\$ 12,458	\$ 12,170	\$ (288)
Registration fees	10,000	16,973	6,973
Gallery Commission	2,000	2,373	373
Total operating revenues	<u>24,458</u>	<u>31,516</u>	<u>7,058</u>
Non-operating revenues:			
Donations	<u>500</u>	<u>1,130</u>	<u>630</u>
Other financing sources:			
Transfer from General Fund	<u>178,461</u>	<u>178,461</u>	<u>-</u>
Total revenues and other financing sources	<u>203,419</u>	<u>211,107</u>	<u>7,688</u>
Expenditures:			
Park operations:			
Salaries and employee benefits	134,087	133,778	309
Operating	<u>69,332</u>	<u>68,172</u>	<u>1,160</u>
Total	<u>203,419</u>	<u>201,950</u>	<u>1,469</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	9,157	<u>\$ 9,157</u>
Reconciliation from budgetary basis (modified accrual) to full accrual basis:			
Contributions to the pension plan in the current fiscal year		7,901	
Contributions to the OPEB plan in the current fiscal year		43,344	
Pension expense		(16,150)	
OPEB expense		(33,696)	
Increase in compensated absences		(1,877)	
Depreciation		<u>(5,085)</u>	
Change in net position		<u>\$ 3,594</u>	

Jackson County, North Carolina
Schedule of Revenues and Expenditures—Budget and Actual (Non-GAAP)—
Economic Development Commission Fund
Year Ended June 30, 2019

Schedule "F-6"

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating revenues:			
Rents	\$ 120,100	\$ 106,590	\$ (13,510)
Total operating revenues	120,100	106,590	(13,510)
Non-operating revenues:			
Interest earned on investments	1,450	1,773	323
Total revenues	121,550	108,363	(13,187)
Expenditures:			
Economic development operations:			
Operating	101,550	10,140	91,410
Insurance	20,000	20,000	-
Total expenditures	121,550	30,140	91,410
Revenues over expenditures	<u>\$ -</u>	78,223	<u>\$ 78,223</u>
Reconciliation from budgetary basis (modified accrual) to full accrual basis:			
Depreciation		(29,580)	
Change in net position		<u>\$ 48,643</u>	



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COMPONENT UNIT SCHEDULE

Component units are legally separate organizations for which the elected officials of the County are financially accountable. This section demonstrates budgetary compliance for those component units that do not issue separate financial statements.

- **Jackson County Airport Authority** – accounts for the operations of the Jackson County Airport. The Airport Authority adopts an annual budget for its operating fund.

**Schedule of Revenues, Expenditures and Changes in Fund Balance—
Budget and Actual—Jackson County Airport Authority (Non-GAAP)
Year Ended June 30, 2019**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Restricted intergovernmental	\$ 630,626	\$ 385,184	\$ (245,442)
Sales and services	87,800	42,903	(44,897)
Jackson County	31,000	31,000	-
Cell tower leases	36,719	26,543	(10,176)
Miscellaneous	2,500	943	(1,557)
	<u>788,645</u>	<u>486,573</u>	<u>(302,072)</u>
Expenditures:			
Transportation:			
Operating	248,645	175,461	73,184
Capital outlay	540,000	513,233	26,767
	<u>788,645</u>	<u>688,694</u>	<u>99,951</u>
Net change in fund balance	<u>\$ -</u>	<u>(202,121)</u>	<u>\$ (202,121)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual basis:			
Construction and purchase of capital assets		513,233	
Depreciation		<u>(3,926)</u>	
Change in net position		<u>\$ 307,186</u>	

FIDUCIARY FUND SCHEDULE

The agency fund is a fiduciary fund-type used to account for the assets held by the County as an agent for individuals, private organizations, and/or other government entities.

Jackson County, North Carolina
Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year Ended June 30, 2019

Schedule "H-1"

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Social Services Fund:				
Assets:				
Cash and cash equivalents	\$ 53,262	\$ 275,097	\$ 269,507	\$ 58,852
Liabilities:				
Amounts held for others	\$ 53,262	\$ 275,097	\$ 269,507	\$ 58,852
Inmate Fund:				
Assets:				
Cash and cash equivalents	\$ 83,335	\$ 158,136	\$ 132,812	\$ 108,659
Due from others	2,848	1,051	2,848	1,051
Total assets	<u>\$ 86,183</u>	<u>159,187</u>	<u>135,660</u>	<u>\$ 109,710</u>
Liabilities:				
Amounts held for others	<u>\$ 86,183</u>	<u>\$ 159,187</u>	<u>\$ 135,660</u>	<u>\$ 109,710</u>
Property Tax Fund:				
Assets:				
Cash and cash equivalents	\$ 3,136	\$ 434,413	\$ 429,485	\$ 8,064
Due from others	7,966	7,066	7,966	7,066
Total assets	<u>\$ 11,102</u>	<u>\$ 441,479</u>	<u>\$ 437,451</u>	<u>\$ 15,130</u>
Liabilities:				
Amounts held for others	<u>\$ 11,102</u>	<u>\$ 441,479</u>	<u>\$ 437,451</u>	<u>\$ 15,130</u>
State of North Carolina Fund:				
Assets:				
Cash and cash equivalents	<u>\$ 76,808</u>	<u>\$ 698,323</u>	<u>\$ 705,789</u>	<u>\$ 69,342</u>
Liabilities:				
Amounts held for others	<u>\$ 76,808</u>	<u>\$ 698,323</u>	<u>\$ 705,789</u>	<u>\$ 69,342</u>
Extension Agency Fund:				
Assets:				
Cash and cash equivalents	\$ 12,433	\$ 10,913	\$ 8,673	\$ 14,673
Due from others	45	32	45	32
Total assets	<u>\$ 12,478</u>	<u>\$ 10,945</u>	<u>\$ 8,718</u>	<u>\$ 14,705</u>
Liabilities:				
Amounts held for others	<u>\$ 12,478</u>	<u>\$ 10,945</u>	<u>\$ 8,718</u>	<u>\$ 14,705</u>
Totals--All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 228,974	\$ 1,576,882	\$ 1,546,266	\$ 259,590
Property and Rights Held	2,039,484	82,041	-	2,121,525
Due from others	10,859	8,149	10,859	8,149
Total assets	<u>\$ 2,279,317</u>	<u>\$ 1,667,072</u>	<u>\$ 1,557,125</u>	<u>\$ 2,389,264</u>
Liabilities:				
Amounts held for others	<u>\$ 2,279,317</u>	<u>\$ 1,667,072</u>	<u>\$ 1,557,125</u>	<u>\$ 2,389,264</u>

OTHER SCHEDULES

This section included additional information on property taxes.

- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy



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Jackson County, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2019

Exhibit "I-1"

Fiscal Year	Beginning Balance	Additions	Collections And Credits	Ending Balance
2018-2019	\$ -	\$ 35,799,672	\$ 35,042,268	\$ 757,404
2017-2018	836,947	-	462,089	374,858
2016-2017	416,461	-	197,309	219,152
2015-2016	301,059	-	100,066	200,993
2014-2015	230,390	-	67,683	162,707
2013-2014	188,909	-	50,144	138,765
2012-2013	162,024	-	43,072	118,952
2011-2012	115,490	-	29,671	85,819
2010-2011	94,968	-	25,716	69,252
2009-2010	92,169	-	23,527	68,642
2008-2009	50,770	-	50,770	-
	<u>\$ 2,489,187</u>	<u>\$ 35,799,672</u>	<u>\$ 36,092,315</u>	<u>\$ 2,196,544</u>
	Less: allowance for uncollectible accounts			(952,000)
	Ad valorem taxes receivable - net: General Fund			\$ 1,244,544
	Reconcilement with revenues:			
	Ad valorem taxes--General Fund			\$ 36,429,809
	Reconciling items:			
	Interest collected			(435,648)
	Amounts written off for tax year 2008-2009			50,770
	Rental Vehicle Tax			(28,328)
	Prior year releases, refunds, and other adjustments			125,417
	NCVTS Fees			(89,597)
	Other reconciling Items			39,892
	Total reconciling items			(337,494)
	Total collections and credits			\$ 36,092,315

Jackson County, North Carolina
Analysis of Current Tax Levy
County-wide Levy
Year Ended June 30, 2019

Exhibit "I-2"

	<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	\$ 9,183,183,158	0.38	\$ 34,896,096	\$ 33,462,409	\$ 1,433,687
Utilities at current year's rate	<u>197,460,789</u>	0.38	<u>750,351</u>	<u>750,351</u>	<u>-</u>
Total	9,380,643,947		35,646,447	34,212,760	1,433,687
Discoveries:					
Current year taxes	44,146,053	0.38	167,755	167,755	-
Abatements/Releases	<u>(3,823,684)</u>	0.38	<u>(14,530)</u>	<u>(11,161)</u>	<u>(3,369)</u>
Total property valuation	<u>\$ 9,420,966,316</u>				
Net levy			35,799,672	34,369,354	1,430,318
Uncollected taxes at June 30, 2019			<u>757,404</u>	<u>755,276</u>	<u>2,128</u>
Current year's taxes collected			<u>\$ 35,042,268</u>	<u>\$ 33,614,078</u>	<u>\$ 1,428,190</u>
Current levy collection percentage			<u>97.88%</u>	<u>97.80%</u>	<u>99.85%</u>