

**JACKSON COUNTY, NORTH CAROLINA**

Sylva, North Carolina

Financial Statements

June 30, 2012

( with Independent Auditors' Report thereon )

**JACKSON COUNTY, NORTH CAROLINA**  
Sylva, North Carolina

Board of County Commissioners

June 30, 2012

Board of County Commissioners

Walter J. Debnam, Chairperson  
Douglas L. Cody  
Joe Cowan  
Charles R. Elders  
Mark R. Jones

County Manager

Chuck Wooten

# JACKSON COUNTY, NORTH CAROLINA

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## **FINANCIAL SECTION**

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**- Independent Auditors' Report -**

To the Board of County Commissioners  
Jackson County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Jackson County, North Carolina, as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Jackson County's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Jackson County, North Carolina as of June 30, 2012, 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 conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2012, our consideration of Jackson County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. Accordingly, we express no opinion. That report is an integral part of an audit performed in accordance with

*Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowances' and the Other Postemployment Benefits' Schedules of Funding Progress and Employer Contributions on Pages 59 through 60 and 61 and 62, respectively, 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise basic financial statements as a whole. The combining and individual nonmajor fund statements, budgetary schedules and other schedules, as well as the financial data schedule as required by the U.S. Department of Housing and Urban Development are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary schedules, other schedules and the financial data schedule have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and certain additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary schedules, other schedules and financial data schedule are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Asheville, North Carolina  
November 12, 2012

*Dixon Hughes Goodman LLP*



# **JACKSON COUNTY, NORTH CAROLINA**

## **Management's Discussion and Analysis**

June 30, 2012

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, 2012. 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.

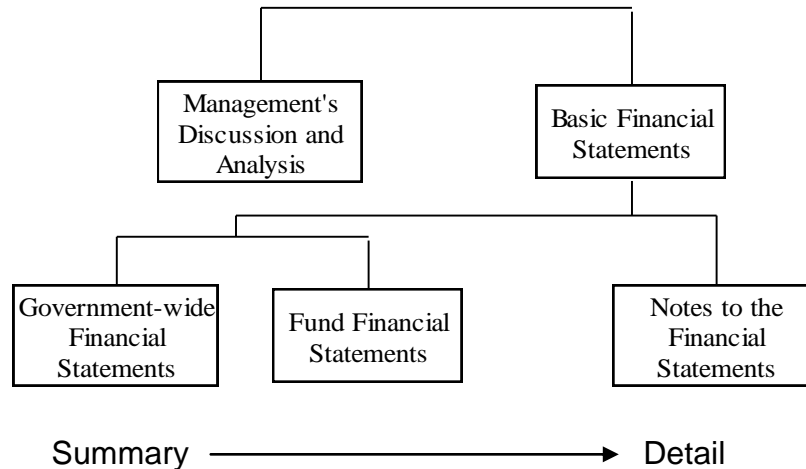
### **Financial Highlights**

- The assets of Jackson County exceeded its liabilities at the close of the fiscal year by \$53,498,420 (*net assets*).
- The government's total net assets increased by \$2,271,063, primarily due to increased net assets in the Governmental Funds.
- As of the close of the current fiscal year, Jackson County's governmental funds reported combined ending fund balances of \$26,231,284, a decrease of \$2,424,380 in comparison with the prior year. 59 percent of this total amount, or \$15,412,577, 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 \$15,412,577, or 30 percent of total general fund expenditures for the fiscal year.
- Jackson County's governmental activities long-term debt (excluding compensated absences and net OPEB obligation) decreased by \$4,864,473 during the current fiscal year. This is due repayment of notes payable. No additional debt was issued for capital projects.

### **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



#### 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 assets and how they have changed. Net assets are the difference between the County's total assets and total liabilities. Measuring net assets 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 Travel and Tourism Authority and the Cashiers Area Travel and Tourism Authority were established by the Jackson County Board of Commissioners for the purpose of using occupancy tax funds collected to promote travel and tourism within Jackson County. The Jackson County Board of Commissioners appoints five of the eleven voting members of the Jackson Travel and Tourism Authority and two of the five voting members of the Cashiers Area Travel and Tourism Authority. The Board adopts a budget to be used by each Authority and approves amendments to the approved budget.

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.

**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 Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Jackson County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board 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 Economic Development Commission. These funds are the same as the separate activities shown in the business-type activities in the Statement of Net Assets 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 26 of this report.

## Government-Wide Financial Analysis

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

	2012			2011		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Current and other assets	\$ 32,792,693	\$ 1,148,854	\$ 33,941,547	\$ 36,080,756	\$ 876,108	\$ 36,956,864
Capital assets	65,756,243	6,419,600	72,175,843	63,612,063	6,567,884	70,179,947
Total assets	98,548,936	7,568,454	106,117,390	99,692,819	7,443,992	107,136,811
Long-term liabilities						
outstanding	39,911,555	3,158,379	43,069,934	46,550,640	3,459,793	50,010,433
Other liabilities	7,591,005	1,958,031	9,549,036	4,213,169	1,685,852	5,899,021
Total liabilities	47,502,560	5,116,410	52,618,970	50,763,809	5,145,645	55,909,454
Net assets:						
Invested in capital assets, net of related debt	44,744,178	3,516,793	48,260,971	42,295,658	3,495,655	45,791,313
Restricted	4,989,121	-	4,989,121	6,369,827	-	6,369,827
Unrestricted	1,313,077	(1,064,749)	248,328	263,525	(1,197,308)	(933,783)
Total net assets	\$ 51,046,376	\$ 2,452,044	\$ 53,498,420	\$ 48,929,010	\$ 2,298,347	\$ 51,227,357

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of Jackson County exceeded liabilities by \$53,498,420 as of June 30, 2012. The County's net assets increased by \$2,271,063 for the fiscal year ended June 30, 2012, of which \$2,117,366 was for governmental activities and \$153,697 was for business-type activities. One of the largest portions of net assets (90 percent) 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 assets (approximately 9 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$248,328 is unrestricted.

Several particular aspects of the County's financial operations positively influenced the total unrestricted governmental net assets:

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 95.79, slightly below the Statewide average of 95.81 percent for counties in the 25,000 – 49,999 population range;
- Increased revenue in property taxes due to growth within the County.

### Jackson County's Changes in Net Assets

#### Figure 3

	2012			2011		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 2,093,542	\$ 3,200,433	\$ 5,293,975	\$ 1,808,687	\$ 3,195,209	\$ 5,003,896
Operating grants and contributions	11,345,140	16,078	11,361,218	8,773,594	116,630	8,890,224
Capital grants and contributions	854,976	-	854,976	467,129	-	467,129
General revenues:						
Property taxes	31,737,355	-	31,737,355	31,875,469	-	31,875,469
Other taxes	9,347,043	77,472	9,424,515	8,521,638	83,223	8,604,861
Grants and contributions not restricted to specific programs	154,911	-	154,911	150,139	-	150,139
Other	1,012,835	35,910	1,048,745	1,164,276	24,361	1,188,637
Total revenues	<u>56,545,802</u>	<u>3,329,893</u>	<u>59,875,695</u>	<u>52,760,932</u>	<u>3,419,423</u>	<u>56,180,355</u>
Expenses:						
General government	8,285,009	-	8,285,009	8,074,428	-	8,074,428
Public safety	11,345,710	-	11,345,710	11,585,542	-	11,585,542
Transportation	825,492	-	825,492	715,337	-	715,337
Environmental protection	156,513	-	156,513	751,138	-	751,138
Economic and physical development	2,519,114	-	2,519,114	1,833,388	-	1,833,388
Human services	15,056,198	-	15,056,198	14,225,332	-	14,225,332
Culture and recreation	2,653,382	-	2,653,382	1,964,393	-	1,964,393
Education	12,169,816	-	12,169,816	9,723,047	-	9,723,047
Interest on long-term debt	1,249,153	-	1,249,153	1,582,963	-	1,582,963
Landfill	-	3,109,384	3,109,384	-	3,904,305	3,904,305
Green Energy Park	-	209,666	209,666	-	202,104	202,104
Economic Development Commission	-	25,195	25,195	-	48,970	48,970
Total expenses	<u>54,260,387</u>	<u>3,344,245</u>	<u>57,604,632</u>	<u>50,455,568</u>	<u>4,155,379</u>	<u>54,610,947</u>
Increase in net assets before transfers	2,285,415	(14,352)	2,271,063	2,305,364	(735,956)	1,569,408
Transfers	(168,049)	168,049	-	(250,574)	250,574	-
Increase in net assets	2,117,366	153,697	2,271,063	2,054,790	(485,382)	1,569,408
Net assets, July 1	48,929,010	2,298,347	51,227,357	46,874,220	2,783,729	49,657,949
Net assets, June 30	<u>\$51,046,376</u>	<u>\$ 2,452,044</u>	<u>\$ 53,498,420</u>	<u>\$48,929,010</u>	<u>\$ 2,298,347</u>	<u>\$ 51,227,357</u>

**Governmental Activities** - Governmental activities increased the County's net assets by \$2,117,366, thereby accounting for 93 percent of the total growth in the net assets of Jackson County. Key elements of this increase are as follows:

- Solicitation of additional grant revenues;
- Increase in property values, tax audits, and review of management plans;
- Increase in County's tax collection rate;
- Increase in County's delinquent tax collections.

**Business-Type Activities** - Business-type activities increased Jackson County's net assets by \$153,697, accounting for seven percent of the total growth in the government's net assets. The key element of this increase was the Landfill Enterprise 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, unreserved 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 \$15,412,577, while total fund balance reached \$21,342,899. 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, \$3,457,392. Fund balance available for appropriation of \$17,885,507 represents 33 percent of total General Fund expenditures and transfers out, while total fund balance represents 40 percent of that same amount.

At June 30, 2012, the governmental funds of Jackson County reported a combined fund balance of \$26,231,284. The primary reason for this decrease in fund balance is additional funding for capital projects and decreases in revenues.

**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 increased revenues by \$4,705,129.

**Proprietary Funds** - Jackson County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Net assets of the Landfill, Green Energy Park, and Economic Development Commission Funds at the end of the fiscal year amounted to \$2,452,044. The total increase in net assets for the funds was \$153,697. The net loss from operations was offset 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.

### Capital Asset and Debt Administration

**Capital Assets** - Jackson County's capital assets for its governmental and business-type activities as of June 30, 2012, totals \$72,175,843 (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 Dell Poweredge Server for the Computer Department
- Purchased five new vehicles for the Sheriff's Department
- Purchased 7.032 acres and a building for the Emergency Management
- Purchased a Zetron Phone System for Emergency Telephone
- Purchased a LTV Bus for the Transportation Department
- Purchased a Dell Poweredge Server for the Health Department
- Purchased a new vehicle for the Department of Social Services
- Addition of construction in progress on the Jackson Library, Cashiers Recreation, Mark Watson Park, and School Improvements Projects

### Jackson County's Changes in Net Assets, Net of Accumulated Depreciation Figure 4

	2012			2011		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Land	\$ 12,366,389	\$ 182,414	\$ 12,548,803	\$ 12,366,389	\$ 182,414	\$ 12,548,803
Buildings and system	44,362,788	6,037,849	50,400,637	38,048,907	6,168,314	44,217,221
Machinery and equipment	1,314,688	199,336	1,514,024	1,236,142	217,156	1,453,298
Vehicles and motorized equipment	1,011,263	-	1,011,263	1,275,674	-	1,275,674
Construction in progress	6,701,114	-	6,701,114	10,684,951	-	10,684,951
Total	<u>\$ 65,756,243</u>	<u>\$ 6,419,600</u>	<u>\$ 72,175,843</u>	<u>\$ 63,612,063</u>	<u>\$ 6,567,884</u>	<u>\$ 70,179,947</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, 2012, Jackson County had total debt outstanding of \$48,856,107, most of which is collateralized by capital assets. However, \$8,543,584 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's Outstanding Debt**  
**Installment Purchase Obligations and Capitalized Leases**  
**Figure 5**

	2011			2010		
	<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	\$ 29,770,616	\$ 2,902,807	\$32,673,423	\$ 34,635,092	\$ 3,072,229	\$ 37,707,321

Jackson County's debt, shown above, decreased by \$5,033,898 (13.4 percent) during the past fiscal year. The decrease is due to the regularly scheduled debt service payments.

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 \$901,000,000.

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 7.8 percent, lower than the State average of 8.9 percent.
- Retail vacancy rates are slightly lower, having stayed in the 8 - 12 percent range all year. The County realized an 8.5% increase in room occupancy tax fees.

### **Budget Highlights for the Fiscal Year Ending June 30, 2013**

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

Budgeted expenditures in the General Fund are expected to decrease 3.2 percent to \$52,227,229. The largest increments are in the elimination of four employee positions, reduction of the Conservation/Preservation transfers, debt transfers, and reduced operational expenses.

**Business-type Activities:** General operating expenses of the Solid Waste Fund will increase by 1.11 percent. Revenues from the sales of materials and volumes for tipping fees have decreased. Reductions have been factored in the cost of transportation, disposal fees, and other operating expenses. Rates for landfill services will remain the same. The Green Energy Park Fund will decrease by 33.71 percent due to decreased

grants and operational transfers. The Economic Development fund will decrease by 82.84 percent due no additional loan funds being advanced.

**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, NC 28779.

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## **BASIC FINANCIAL STATEMENTS**

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## JACKSON COUNTY, NORTH CAROLINA

## Statement of Net Assets

June 30, 2012

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Jackson County Travel and Tourism Authority	Cashiers Area Travel and Tourism Authority	Jackson County Airport Authority
<b>Assets:</b>						
Cash and cash equivalents	\$ 25,661,012	\$ 350,860	\$ 26,011,872	\$ 119,341	\$ 55,022	\$ 62,251
Taxes receivable, net	2,431,026	-	2,431,026	-	-	-
Accounts receivable, net	238,464	526,674	765,138	31,935	32,119	91,477
Accrued interest receivable	295,519	26,358	321,877	-	-	-
Due from other governments	3,340,454	65,962	3,406,416	-	-	-
Notes receivable, net	488,484	179,000	667,484	-	-	-
Inventory	-	-	-	-	-	13,011
Restricted cash and cash equivalents	337,734	-	337,734	-	-	-
Capital assets:						
Land and construction in progress	19,067,503	182,414	19,249,917	-	-	4,818,067
Other capital assets, net of depreciation	46,688,740	6,237,186	52,925,926	-	-	141,419
Total capital assets	65,756,243	6,419,600	72,175,843	-	-	4,959,486
Total assets	98,548,936	7,568,454	106,117,390	151,276	87,141	5,126,225
<b>Liabilities:</b>						
Accounts payable and accrued expenses	3,016,131	223,617	3,239,748	5,316	2,146	4,854
Unearned revenue	201,278	2,446	203,724	-	-	-
Accrued interest payable	188,411	28,978	217,389	-	-	-
Deposits held for others	102,000	-	102,000	-	-	-
Accrued landfill closure and post- closure care costs	-	1,525,806	1,525,806	-	-	-
Long-term liabilities:						
Due within one year	4,083,185	177,184	4,260,369	-	-	-
Due in more than one year	39,911,555	3,158,379	43,069,934	-	-	-
Total liabilities	47,502,560	5,116,410	52,618,970	5,316	2,146	4,854
<b>Net assets:</b>						
Invested in capital assets, net of related debt	44,744,178	3,516,793	48,260,971	-	-	4,959,486
Restricted for:						
Stabilization by State Statute	3,578,918	-	3,578,918	-	-	-
Register of Deeds	42,027	-	42,027	-	-	-
Education	348,641	-	348,641	-	-	-
Public Safety	75,919	-	75,919	-	-	-
Economic and physical development	943,616	-	943,616	-	-	-
Unrestricted (deficit)	1,313,077	(1,064,749)	248,328	145,960	84,995	161,885
Total net assets	\$ 51,046,376	\$ 2,452,044	\$ 53,498,420	\$ 145,960	\$ 84,995	\$ 5,121,371

The notes to the basic financial statements are an integral part of this statement.

# JACKSON COUNTY, NORTH CAROLINA

## Statement of Activities

For the Fiscal Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 8,285,009	\$ 328,843	\$ -	\$ -
Public safety	11,345,710	577,606	834,293	17,593
Transportation	825,492	116,504	344,919	157,178
Environmental protection	156,513	121,898	87,047	3,600
Economic and physical development	2,519,114	151,420	546,665	600,000
Human services	15,056,198	444,309	9,419,198	-
Cultural and recreation	2,653,382	352,962	-	76,605
Education	12,169,816	-	113,018	-
Interest on long-term debt	1,249,153	-	-	-
Total governmental activities	<u>54,260,387</u>	<u>2,093,542</u>	<u>11,345,140</u>	<u>854,976</u>
Business-type activities:				
Landfill	3,109,384	3,141,691	16,078	-
Green Energy Park	209,666	21,777	-	-
Economic Development Commission	25,195	36,965	-	-
Total business-type activities	<u>3,344,245</u>	<u>3,200,433</u>	<u>16,078</u>	<u>-</u>
Total primary government	<u>\$ 57,604,632</u>	<u>\$ 5,293,975</u>	<u>\$ 11,361,218</u>	<u>\$ 854,976</u>
Component units:				
Jackson County Travel and Tourism	\$ 269,219	\$ -	\$ -	\$ -
Cashiers Area Travel and Tourism	201,024	-	-	-
Jackson County Airport Authority	164,047	48,509	31,000	85,727
Total component units	<u>\$ 634,290</u>	<u>\$ 48,509</u>	<u>\$ 31,000</u>	<u>\$ 85,727</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 assets				
Net assets--beginning				
Net assets--ending				

The notes to the basic financial statements are an integral part of this statement.

**Net (Expense) Revenue and Changes in Net Assets**

<b>Primary Government</b>			<b>Component Units</b>		
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Jackson County Travel and Tourism Authority</b>	<b>Cashiers Area Tourism Development Authority</b>	<b>Jackson County Airport Authority</b>
\$ (7,956,166)	\$ -	\$ (7,956,166)			
(9,916,218)	-	(9,916,218)			
(206,891)	-	(206,891)			
56,032	-	56,032			
(1,221,029)	-	(1,221,029)			
(5,192,691)	-	(5,192,691)			
(2,223,815)	-	(2,223,815)			
(12,056,798)	-	(12,056,798)			
(1,249,153)	-	(1,249,153)			
<u>(39,966,729)</u>	<u>-</u>	<u>(39,966,729)</u>			
-	48,385	48,385			
-	(187,889)	(187,889)			
-	11,770	11,770			
<u>-</u>	<u>(127,734)</u>	<u>(127,734)</u>			
<u>(39,966,729)</u>	<u>(127,734)</u>	<u>(40,094,463)</u>			
			\$ (269,219)	\$ -	\$ -
			-	(201,024)	-
			-	-	1,189
			<u>(269,219)</u>	<u>(201,024)</u>	<u>1,189</u>
31,737,355	-	31,737,355	-	-	-
8,782,721	-	8,782,721	-	-	-
564,322	77,472	641,794	293,002	193,779	-
154,911	-	154,911	-	-	-
39,281	35,910	75,191	-	-	-
973,554	-	973,554	-	-	15,990
(168,049)	168,049	-	-	-	-
<u>42,084,095</u>	<u>281,431</u>	<u>42,365,526</u>	<u>293,002</u>	<u>193,779</u>	<u>15,990</u>
2,117,366	153,697	2,271,063	23,783	(7,245)	17,179
48,929,010	2,298,347	51,227,357	122,177	92,240	5,104,192
<u>\$ 51,046,376</u>	<u>\$ 2,452,044</u>	<u>\$ 53,498,420</u>	<u>\$ 145,960</u>	<u>\$ 84,995</u>	<u>\$ 5,121,371</u>

# JACKSON COUNTY, NORTH CAROLINA

## Balance Sheet Governmental Funds

June 30, 2012

	<u>Major Funds</u>		<u>Other</u>	<u>Total</u>
	<u>General</u>	<u>Recreation</u>	<u>Non-major</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Center</u>	<u>Governmental</u>	<u>Funds</u>
		<u>Fund</u>	<u>Funds</u>	
<b>Assets:</b>				
Cash and cash equivalents	\$ 20,226,004	\$ 3,121,610	\$ 2,313,398	\$ 25,661,012
Taxes receivable, net	2,431,026	-	-	2,431,026
Accounts receivable, net	214,792	501	23,171	238,464
Due from other governments	3,242,600	-	97,854	3,340,454
Restricted assets-cash and cash equivalents	337,734	-	-	337,734
Notes receivable, net	-	-	488,484	488,484
<b>Total assets</b>	<b>\$ 26,452,156</b>	<b>\$ 3,122,111</b>	<b>\$ 2,922,907</b>	<b>\$ 32,497,174</b>
<b>Liabilities and fund balances:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 2,374,954	\$ 310,513	\$ 151,372	\$ 2,836,839
Contract retainage	-	179,292	-	179,292
Deferred revenues	2,632,303	-	515,456	3,147,759
Deposits held for others	102,000	-	-	102,000
	<u>5,109,257</u>	<u>489,805</u>	<u>666,828</u>	<u>6,265,890</u>
<b>Fund balances:</b>				
<b>Restricted:</b>				
Stabilization by State Statute	3,457,392	501	121,025	3,578,918
Register of Deeds	42,027	-	-	42,027
Education	214,970	-	133,671	348,641
Public safety	-	-	75,919	75,919
Economic and physical development	-	-	943,616	943,616
<b>Committed:</b>				
Revaluation	121,773	-	-	121,773
Capital reserve	1,070,430	-	-	1,070,430
Conservation/preservation	761,508	-	-	761,508
Recreation	-	2,631,805	-	2,631,805
Various programs and projects	-	-	981,848	981,848
<b>Assigned:</b>				
Other post-employment benefits	201,371	-	-	201,371
LEO Separation Allowance	60,851	-	-	60,851
<b>Unassigned</b>	<u>15,412,577</u>	<u>-</u>	<u>-</u>	<u>15,412,577</u>
<b>Total fund balances</b>	<b>21,342,899</b>	<b>2,632,306</b>	<b>2,256,079</b>	<b>26,231,284</b>
<b>Total liabilities and fund balances</b>	<b>\$ 26,452,156</b>	<b>\$ 3,122,111</b>	<b>\$ 2,922,907</b>	

(continued)

## JACKSON COUNTY, NORTH CAROLINA

### Balance Sheet Governmental Funds, Continued

June 30, 2012

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

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

Accrued interest receivable

\$ 65,756,243  
295,518

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:

Notes receivable

488,484

Liabilities for earned but deferred revenues in fund statements

2,457,998

Some liabilities are not due and payable in the current period and therefore are not reported in the funds:

Accrued interest payable

(188,411)

Compensated absences

(1,323,716)

Net pension obligation

(381,847)

Net OPEB obligation

(12,518,558)

Long-term obligations

(29,770,619)

Net assets of governmental activities

\$ 51,046,376

The notes to the basic financial statements are an integral part of this statement.



# JACKSON COUNTY, NORTH CAROLINA

## Schedule of Revenues, Expenditures, and Changes in Fund Balances— Governmental Funds

For the Fiscal Year Ended June 30, 2012

	<u>Major Funds</u>		<u>Other</u>	<u>Total</u>
	<u>General</u>	<u>Recreation</u>	<u>Non-major</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Center</u>	<u>Governmental</u>	<u>Funds</u>
		<u>Fund</u>	<u>Funds</u>	
Revenues:				
Ad valorem taxes	\$ 32,156,703	\$ -	\$ -	\$ 32,156,703
Other taxes	8,838,778	-	-	8,838,778
Unrestricted intergovernmental	348,028	-	-	348,028
Restricted intergovernmental	9,073,250	-	3,022,246	12,095,496
Other restricted revenues	116,504	-	-	116,504
Permits and fees	1,450,198	-	-	1,450,198
Sales and services	725,968	-	-	725,968
Investment earnings	18,679	7,638	12,964	39,281
Miscellaneous	947,293	-	62,384	1,009,677
Total revenues	<u>53,675,401</u>	<u>7,638</u>	<u>3,097,594</u>	<u>56,780,633</u>
Expenditures:				
Current:				
General government	6,917,066	-	-	6,917,066
Public safety	9,806,924	-	1,202,123	11,009,047
Transportation	732,769	-	-	732,769
Environmental protection	156,513	-	-	156,513
Economic and physical development	1,007,256	-	1,402,285	2,409,541
Human services	12,716,754	-	1,581,319	14,298,073
Culture and recreation	2,349,620	2,747,905	56,491	5,154,016
Intergovernmental:				
Education	11,558,894	-	610,922	12,169,816
Debt service:				
Principal retirement	4,864,473	-	-	4,864,473
Interest and other charges	1,364,494	-	-	1,364,494
Total expenditures	<u>51,474,763</u>	<u>2,747,905</u>	<u>4,853,140</u>	<u>59,075,808</u>
Revenues over (under) expenditures	<u>2,200,638</u>	<u>(2,740,267)</u>	<u>(1,755,546)</u>	<u>(2,295,175)</u>
Other financing sources (uses):				
Transfers from other funds	-	-	1,860,027	1,860,027
Transfers to other funds	(2,028,076)	-	-	(2,028,076)
Proceeds from sale of capital assets	38,844	-	-	38,844
Total other financing sources (uses)	<u>(1,989,232)</u>	<u>-</u>	<u>1,860,027</u>	<u>(129,205)</u>
Net change in fund balances	211,406	(2,740,267)	104,481	(2,424,380)
Beginning of year, July 1	21,131,493	5,372,573	2,151,598	28,655,664
End of year, June 30	<u>\$ 21,342,899</u>	<u>\$ 2,632,306</u>	<u>\$ 2,256,079</u>	<u>\$ 26,231,284</u>

(continued)

# JACKSON COUNTY, NORTH CAROLINA

## Schedule of Revenues, Expenditures, and Changes in Fund Balances-- Governmental Funds, Continued

For the Fiscal Year Ended June 30, 2012

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

Net changes in fund balances--total governmental funds	\$ (2,424,380)
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	4,040,226
Depreciation	(1,896,046)

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	(419,348)
Change in notes receivable	145,672

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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Repayments	4,864,473
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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 funds:

The following are accrued in the government-wide statements but not in the fund statements because they do not use current resources:

Compensated absences	6,686
Net OPEB obligation	(2,234,436)
Net pension obligation	(80,823)
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual).	<u>115,342</u>

Total changes in net assets of governmental activities	<u><u>\$ 2,117,366</u></u>
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The notes to the basic financial statements are an integral part of this statement.

## JACKSON COUNTY, NORTH CAROLINA

### Statement of Revenues, Expenditures, and Changes in Fund Balance— Budget and Actual—General Fund

For the Fiscal Year Ended June 30, 2012

	<u>General Fund</u>			<u>Variance With Final Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Ad valorem taxes	\$ 31,275,093	\$ 32,162,950	\$ 32,156,703	\$ (6,247)
Other taxes	8,116,374	8,838,778	8,838,778	-
Unrestricted intergovernmental	255,762	348,029	348,028	(1)
Restricted intergovernmental	6,731,259	9,414,617	9,013,718	(400,899)
Other restricted revenues	153,600	117,504	116,504	(1,000)
Permits and fees	1,368,617	1,534,426	1,450,198	(84,228)
Sales and services	693,264	792,944	725,968	(66,976)
Investment earnings	50,000	20,000	16,651	(3,349)
Miscellaneous	1,025,926	1,145,776	947,293	(198,483)
Total revenues	<u>49,669,895</u>	<u>54,375,024</u>	<u>53,613,841</u>	<u>(761,183)</u>
Expenditures:				
Current:				
General government	6,883,077	7,140,515	6,579,986	560,529
Public safety	9,781,582	9,984,689	9,806,924	177,765
Transportation	827,055	861,104	732,769	128,335
Environmental protection	86,761	86,761	47,454	39,307
Economic and physical development	1,018,810	1,065,184	1,007,256	57,928
Human services	11,233,939	13,971,711	12,716,754	1,254,957
Culture and recreation	2,436,260	2,499,758	2,349,620	150,138
Intergovernmental:				
Education	9,141,482	12,045,190	11,558,894	486,296
Debt service:				
Principal retirement	4,864,479	4,864,480	4,864,473	7
Interest and other charges	1,391,846	1,391,845	1,364,494	27,351
Total expenditures	<u>47,665,291</u>	<u>53,911,237</u>	<u>51,028,624</u>	<u>2,882,613</u>
Revenues over expenditures	<u>2,004,604</u>	<u>463,787</u>	<u>2,585,217</u>	<u>2,121,430</u>
Other financing sources (uses):				
Transfers to other funds	(1,794,596)	(2,115,922)	(1,806,643)	309,279
Proceeds from sale of capital assets	11,000	39,848	38,844	(1,004)
Appropriated fund balance	-	309,279	-	(309,279)
Contingency	(221,008)	(1,091,350)	-	1,091,350
Total other financing uses	<u>(2,004,604)</u>	<u>(463,787)</u>	<u>(1,767,799)</u>	<u>(1,304,012)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	817,418	<u>\$ 817,418</u>
Fund balance:				
Beginning of year, July 1			<u>18,569,967</u>	
End of year, June 30			<u>\$ 19,387,385</u>	

(continued)

## JACKSON COUNTY, NORTH CAROLINA

### Statement of Revenues, Expenditures, and Changes in Fund Balance— Budget and Actual—General Fund

#### General Fund

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A legally budgeted Revaluation Fund is consolidated into the General Fund for reporting purposes:

Expenses	\$	(237,080)
Transfers from the General Fund		250,000
Beginning Fund Balance		110,317

A legally budgeted Capital Reserve Fund is consolidated into the General Fund for reporting purposes:

Revenue		2,028
Expenses		(100,000)
Transfers from the General Fund		324,179
Transfers to Emergency Management Fund		(1,158,401)
Beginning Fund Balance		2,002,624

A legally budgeted Conservation/Preservation Fund is consolidated into the General Fund for reporting purposes:

Revenue		59,532
Expenses		(109,059)
Transfers from the General Fund		362,789
Beginning Fund Balance		448,585

Fund Balance Ending

	\$	21,342,899
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The notes to the basic financial statements are an integral part of this statement.

# JACKSON COUNTY, NORTH CAROLINA

## Statement of Fund Net Assets Proprietary Funds

June 30, 2012

	<b><u>Major Fund</u></b> <b><u>Landfill</u></b> <b><u>Fund</u></b>	<b><u>Non-major</u></b> <b><u>Funds</u></b>	<b><u>Total</u></b> <b><u>Proprietary</u></b> <b><u>Funds</u></b>
<b>Assets:</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 218,466	\$ 132,394	\$ 350,860
Accounts receivable, net	522,014	4,660	526,674
Accrued interest receivable	26,358	-	26,358
Due from other governments	65,962	-	65,962
Total current assets	<u>832,800</u>	<u>137,054</u>	<u>969,854</u>
<b>Non-current assets:</b>			
Notes receivable, net	-	179,000	179,000
Capital assets, net of depreciation	5,018,101	1,401,499	6,419,600
Total non-current assets	<u>5,018,101</u>	<u>1,580,499</u>	<u>6,598,600</u>
<b>Total assets</b>	<u>5,850,901</u>	<u>1,717,553</u>	<u>7,568,454</u>
<b>Liabilities:</b>			
<b>Current liabilities:</b>			
Accounts payable	218,068	5,549	223,617
Unearned revenue	-	2,446	2,446
Accrued interest payable	28,978	-	28,978
Installment purchases, current	177,184	-	177,184
Total current liabilities	<u>424,230</u>	<u>7,995</u>	<u>432,225</u>
<b>Non-current liabilities:</b>			
Installment purchases, non-current	2,725,623	-	2,725,623
Compensated absences	15,759	11,541	27,300
Net OPEB obligation	364,582	40,874	405,456
Accrued landfill closure and post-closure care costs	1,525,806	-	1,525,806
Total non-current liabilities	<u>4,631,770</u>	<u>52,415</u>	<u>4,684,185</u>
<b>Total liabilities</b>	<u>5,056,000</u>	<u>60,410</u>	<u>5,116,410</u>
<b>Net assets:</b>			
Invested in capital assets, net of related debt	2,115,294	1,401,499	3,516,793
Unrestricted	<u>(1,320,393)</u>	<u>255,644</u>	<u>(1,064,749)</u>
<b>Total net assets</b>	<u>\$ 794,901</u>	<u>\$ 1,657,143</u>	<u>\$ 2,452,044</u>

The notes to the basic financial statements are an integral part of this statement.

**JACKSON COUNTY, NORTH CAROLINA****Statement of Revenues, Expenses, and Changes in Fund Net Assets  
Proprietary Funds**

For the Fiscal Year Ended June 30, 2012

	<b>Major Fund Landfill Fund</b>	<b>Non-major Funds</b>	<b>Total Proprietary Funds</b>
Operating revenues:			
Charges for services	\$ 3,141,691	\$ 58,742	\$ 3,200,433
Operating expenses:			
Landfill operations, closure and post-closure care costs	2,823,923	-	2,823,923
Park operations	-	196,897	196,897
Economic development operations	-	5,541	5,541
Depreciation	148,186	32,423	180,609
Total operating expenses	2,972,109	234,861	3,206,970
Operating (loss) income	169,582	(176,119)	(6,537)
Non-operating revenues (expenses):			
Interest and investment revenues	35,910	-	35,910
Scrap tire tax	61,681	-	61,681
White goods tax	12,649	-	12,649
Electronics tax	3,142	-	3,142
Recycling assistance grant	16,078	-	16,078
Interest expense	(137,275)	-	(137,275)
Total non-operating revenue (expenses)	(7,815)	-	(7,815)
Income/(Loss) before transfers	161,767	(176,119)	(14,352)
Transfers from other funds	-	168,049	168,049
Change in net assets	161,767	(8,070)	153,697
Net assets:			
Beginning of year, July 1	633,134	1,665,213	2,298,347
End of year, June 30	\$ 794,901	\$ 1,657,143	\$ 2,452,044

The notes to the basic financial statements are an integral part of this statement.

# JACKSON COUNTY, NORTH CAROLINA

## Statement of Cash Flows Proprietary Funds

For the Fiscal Year Ended June 30, 2012

	<u>Major Fund</u> <u>Landfill</u> <u>Fund</u>	<u>Non-major</u> <u>Funds</u>	<u>Total</u> <u>Proprietary</u> <u>Funds</u>
Cash flows from operating activities:			
Cash received from customers	\$ 3,110,874	\$ 61,220	\$ 3,172,094
Cash paid for goods and services	(2,329,170)	(116,074)	(2,445,244)
Cash paid to employees for services	(362,501)	(78,429)	(440,930)
Net cash provided (used) by operating activities	<u>419,203</u>	<u>(133,283)</u>	<u>285,920</u>
Cash flows from non-capital financing activities:			
Other taxes	82,630	-	82,630
Grants and donations	16,078	-	16,078
Transfers from other funds	-	168,049	168,049
Advance paid to other funds	(31,000)	-	(31,000)
Net cash provided by non-capital financing activities	<u>67,708</u>	<u>168,049</u>	<u>235,757</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	-	(32,325)	(32,325)
Principal paid on long-term debt	(169,422)	-	(169,422)
Interest paid on long-term debt	(137,275)	-	(137,275)
Net cash used by capital and related financing activities	<u>(306,697)</u>	<u>(32,325)</u>	<u>(339,022)</u>
Cash flows from investing activities:			
Cash used for loan advance	-	(179,000)	(179,000)
Interest earned on investments	34,739	-	34,739
Net cash (used by) provided by investing activities	<u>34,739</u>	<u>(179,000)</u>	<u>(144,261)</u>
Net increase (decrease) in cash and cash equivalents	214,953	(176,559)	38,394
Cash and cash equivalents, July 1	<u>3,513</u>	<u>308,953</u>	<u>312,466</u>
Cash and cash equivalents, June 30	<u>\$ 218,466</u>	<u>\$ 132,394</u>	<u>\$ 350,860</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 169,582	\$ (176,119)	\$ (6,537)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation	148,186	32,423	180,609
Changes in assets and liabilities:			
Accounts receivable	(30,817)	2,478	(28,339)
Accounts payable and accrued liabilities	63,302	(517)	62,785
Unearned revenue	-	2,399	2,399
Compensated absences	(8,418)	55	(8,363)
Accrued landfill closure and post-closure care costs	29,811	-	29,811
Net OPEB obligation	47,557	5,998	53,555
Net cash provided (used) by operating activities	<u>\$ 419,203</u>	<u>\$ (133,283)</u>	<u>\$ 285,920</u>

The notes to the basic financial statements are an integral part of this statement.

**JACKSON COUNTY, NORTH CAROLINA****Statement of Fiduciary Net Assets  
Fiduciary Funds**

June 30, 2012

	<b><u>Agency Funds</u></b>
<b>Assets:</b>	
Cash and cash equivalents	<u>\$    151,383</u>
<b>Liabilities:</b>	
Amounts held for others	\$    150,385
Due to other governments	<u>          998</u>
Total liabilities	<u><u>\$    151,383</u></u>

The notes to the basic financial statements are an integral part of this statement.



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## **NOTES TO FINANCIAL STATEMENTS**

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# JACKSON COUNTY, NORTH CAROLINA

## Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2012

### 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 under North Carolina General Statute 153A-10. As required by accounting principles generally accepted in the United States of America, these financial statements present the County (the primary government) and its component units, legally separate entities for which the County is financially accountable. The first component unit of the County discussed below had no financial transactions or account balances; therefore it is not presented in the basic financial statements. The three 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 Travel and Tourism Authority.*** The Jackson County Travel and Tourism Authority (the "JCTTA") was established by the Jackson County Board of Commissioners for the purpose of using occupancy tax funds collected to promote travel and tourism within Jackson County. The Jackson County Board of Commissioners appoints five of the eleven voting members of the JCTTA, and appoints members to complete unexpired terms. The Board

adopts a budget to be used by the JCTTA and approves amendments to the approved budget. The JCTTA does not issue separate financial statements.

***Cashiers Area Travel and Tourism Authority.*** The Cashiers Area Travel and Tourism Authority (the “CATT”) was established by the Jackson County Board of Commissioners for the purpose of using occupancy tax funds collected to promote travel and tourism within Jackson County. The Jackson County Board of Commissioners appoints two of the five voting members of the CATT, and appoints members to complete unexpired terms. The Board adopts a budget to be used by the CATT and approves amendments to the approved budget. The CATT does not issue separate financial statements.

***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.

**B. Basis of Presentation--Fund Accounting**

***Government-wide Statements.*** The Statement of Net Assets 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 and blended component units. 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 funds:

- **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 and the Conservation/Preservation Fund. Under GASB 54 guidance, these funds are consolidated in the General Fund.
- **Recreation Center Fund.** This fund is used to account for various recreation projects.

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 six 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; the Motor Vehicle Tax Fund which accounts for the three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles.

- C. **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 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 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 a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Jackson County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For those motor vehicles registered under the staggered system and for vehicles newly registered under the annual system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2011 through February 2012 apply to the fiscal year ended June 30, 2012. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements.

Sales taxes collected and held by the State at year-end on behalf of the County are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Expenditure-driven grants are recognized

as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

- D. **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 (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 Projects Funds. The County budget officer is authorized by the budget ordinance to transfer appropriations within a fund up to \$5,000; however, any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$5,000 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.
- E. **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.

**F. Assets, Liabilities, and Net Assets/Fund Balances**

***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.

State law [G.S. 159-30(c)] 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 County's NCCMT Cash Portfolio's securities are valued at fair value, 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.

***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, 2011.

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



**Restrictions on Cash.** The restricted cash and cash equivalents in the governmental funds represent the balance of proceeds available under various loan agreements to finance the construction of school improvements and projects at Southwestern Community College. The funds are held by various banks in municipal investment money market accounts. Investment earnings are payable to Jackson County. Money in the Revaluation Fund is also classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150.

**Capital Assets.** Purchased or constructed capital assets are recorded at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. 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 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 Jackson County Board of Education.

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

**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 assets. In the fund financial statements for governmental fund types, the face amount of debt issued is reported as another 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.

**G. Net Assets/Fund Balances**

**Net Assets.** Net assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are either 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 - portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].
- 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 improvements and projects at Southwestern Community College and 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 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-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.
- Assigned for LEO Special Separation Allowance - portion of fund balance that has been assigned for future expenditures related to the Law Enforcement Officers ("LEO") Special Separation Allowance.

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. Therefore, the unassigned fund balance in the General Fund is available for appropriation.

## 2. **Detail Notes on All Funds**

### A. **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, 2012, the County's deposits had a carrying amount of \$22,503,651 and a bank balance of \$22,931,339. Of the bank balance, \$916,974 was covered by federal depository insurance and \$22,014,365 in interest-bearing deposits was covered by collateral held under the Pooling Method.

At June 30, 2012, Jackson County had \$1,807 cash on hand.

At June 30, 2012, the carrying amount of deposits for the Jackson County Travel and Tourism Authority was \$119,316 and the bank balances were \$118,822, all of which was covered by federal depository insurance. The JCTTA also had \$25 in cash on hand at June 30, 2012.

At June 30, 2012, the carrying amount of deposits for the Cashiers Area Travel and Tourism Authority was \$54,997 and the bank balances were \$54,997, all of which was covered by federal depository insurance. The CATTAA also had \$25 in cash on hand at June 30, 2012.

At June 30, 2012, the carrying amount of deposits for the Jackson County Airport Authority was \$62,251 and the bank balances were \$62,251, all of which was covered by federal depository insurance.

**Investments.** At June 30, 2012, the County's investment balances in the NC Capital Management Trust – cash portfolio were \$3,995,531 with an AAAM rating.

**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 policy on custodial credit risk.

**Receivables.** Receivables at the government-wide level at June 30, 2012, 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	\$ 214,792	\$ 3,699,545	\$ 3,242,600	\$ -	\$ 7,156,937
Other governmental	23,672	-	97,854	496,799	618,325
Allowance for doubtful accounts	-	(973,000)	-	(8,315)	(981,315)
Total governmental activities	<u>\$ 238,464</u>	<u>\$ 2,726,545</u>	<u>\$ 3,340,454</u>	<u>\$ 488,484</u>	<u>\$6,793,947</u>
Business-type activities:					
Landfill	\$ 646,661	\$ 26,358	\$ 65,962	\$ -	\$ 738,981
Green Energy Park	3,958	-	-	-	3,958
Economic Development	702	-	-	179,000	179,702
Allowance for doubtful accounts	(124,647)	-	-	-	(124,647)
Total business-type activities	<u>\$ 526,674</u>	<u>\$ 26,358</u>	<u>\$ 65,962</u>	<u>\$ 179,000</u>	<u>\$ 797,994</u>

**Notes Receivable.** The County has made loans to three 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 2 to 6 percent and are repaid monthly and yearly over a period of three to seventeen 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. At June 30, 2012, the outstanding balances totaled \$667,484, net of allowances for doubtful accounts.

**Capital Assets.** Capital asset activity for the year ended June 30, 2012, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$12,366,389	\$ -	\$ -	\$12,366,389
Construction in progress	10,684,951	3,417,019	7,400,857	6,701,114
Total capital assets not being depreciated	23,051,340	3,417,019	7,400,857	19,067,503
Capital assets being depreciated:				
Buildings	49,077,304	7,558,417	258,310	56,377,411
Equipment	4,894,311	351,633	-	5,245,944
Vehicles	4,529,288	114,014	429,048	4,214,254
Total capital assets being depreciated	58,500,903	8,024,063	687,358	65,837,608
Less accumulated depreciation for:				
Buildings	11,028,398	1,244,534	258,310	12,014,622
Equipment	3,658,168	273,088	-	3,931,256
Vehicles	3,253,614	378,424	429,048	3,202,990
Total accumulated depreciation	17,940,180	1,896,046	687,358	19,148,868
Total capital assets being depreciated, net	40,560,723			46,688,740
Governmental activity capital assets, net	<u>\$63,612,063</u>			<u>\$65,756,243</u>

**Governmental Activities.** Depreciation expense was charged to functions/programs of the governmental activities as follows:

General government	\$ 1,016,828
Public safety	579,484
Transportation	41,773
Economic and physical development	31,491
Human Services	49,782
Culture and recreation	176,688
Total depreciation expense	<u>\$ 1,896,046</u>

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 182,414	\$ -	\$ -	\$ 182,414
Capital assets being depreciated:				
Land improvements	1,014,082	-	-	1,014,082
Buildings	1,545,188	-	-	1,545,188
Plant and distribution systems	4,545,194	-	-	4,545,194
Furniture and maintenance equipment	898,609	32,326	-	930,935
Total capital assets being depreciated	8,003,073	32,325	-	8,035,399
Less accumulated depreciation for:				
Land improvements	518,815	6,017	-	524,832
Buildings	78,207	21,489	-	99,695
Plant and distribution systems	339,128	102,959	-	442,087
Furniture and maintenance equipment	681,453	50,144	-	731,598
Total accumulated depreciation	1,617,603	180,609	-	1,798,213
Total capital assets being depreciated, net	6,385,470			6,237,186
Business-type activities capital assets, net	<u>\$ 6,567,884</u>			<u>\$ 6,419,600</u>

**Business Type Activities.** Depreciation expense was charged to functions/program of the business-type activities as follows:

Landfill	\$ 148,186
Green Energy Park	12,769
Economic Development Commission	19,654
Total depreciation expense	<u>\$ 180,609</u>

**Construction Commitments.** The government has active construction projects as of June 30, 2012. At year-end, the government's commitments with contractors are as follows:

	<b><u>Spent to Date</u></b>	<b><u>Remaining Commitment</u></b>
Project:		
Cashiers Recreation Site	\$ 2,571,063	\$ 200,794
Cashiers Recreation Building	<u>2,182,081</u>	<u>1,467,427</u>
	<u>\$ 4,753,144</u>	<u>\$ 1,668,221</u>

### **Discretely Presented Component Unit**

Activity for the Airport for the year ended June 30, 2012 was as follows:

	<b><u>Beginning Balances</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b><u>Ending Balances</u></b>
Capital assets not being depreciated:				
Land	\$ 4,818,067	\$ -	\$ -	\$ 4,818,067
Capital assets being depreciated:				
Buildings	229,459	-	38,137	191,322
Equipment	<u>99,326</u>	<u>-</u>	<u>-</u>	<u>99,326</u>
Total capital assets being depreciated	<u>328,785</u>	<u>-</u>	<u>38,137</u>	<u>290,648</u>
Less accumulated depreciation for:				
Buildings	105,043	3,826	-	108,869
Equipment	<u>30,427</u>	<u>9,932</u>	<u>-</u>	<u>40,359</u>
Total accumulated depreciation	<u>135,470</u>	<u>13,758</u>	<u>-</u>	<u>149,228</u>
Total capital assets being depreciated, net	<u>193,315</u>			<u>141,420</u>
Capital assets, net	<u>\$ 5,011,382</u>			<u>\$ 4,959,486</u>



**B. Liabilities**

**Payables.** Payables at the government-wide level at June 30, 2012, were as follows:

	<u>Vendors</u>	<u>Contract Retainage</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental activities:				
General	\$ 1,632,459	\$ -	\$ 742,495	\$ 2,374,954
Other governmental	461,885	179,292	-	641,177
Total governmental activities	<u>\$ 2,094,344</u>	<u>\$ 179,292</u>	<u>\$ 742,495</u>	<u>\$ 3,016,131</u>
Business-type activities:				
Landfill	\$ 218,068	\$ -	\$ -	\$ 218,068
Other proprietary	5,549	-	-	5,549
Total business-type activities	<u>\$ 223,617</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 223,617</u>

***Pension Plan Obligations.*****Local Governmental Employees' Retirement System**

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

➤ **Funding Policy.** Plan members are required to contribute 6 percent of their annual covered salary. The County is required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 7.00 Percent and 7.05 Percent, respectively, of annual covered payroll. The contribution requirements of members and of Jackson County are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2012, 2011 and 2010, were \$862,758, \$820,410, and \$638,019, respectively. The contributions made by the County equaled the required contributions for each year.

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. The Separation Allowance is included in the General Fund in the County's report.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2011, the Separation Allowance's membership consisted of:

Retirees receiving benefits	3
Active plan members	48
	<hr/>
Total	51
	<hr/>

➤ **Summary of Significant Accounting Policies.**

*Basis of Accounting.* Financial statements for the Separation Allowance are prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and when the County has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the plan.

*Method Used to Value Investments.* Deposits are reported at fair value.

- **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 by making contributions based on actuarial valuations beginning in the 2005 fiscal year. For the current year, the County did not make any contributions. 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 annual required contribution for the current year was determined as part of the December 31, 2011 actuarial valuation using the projected unit, credit actuarial cost method. The actuarial assumptions included (a) 5.00 percent investment rate of return and (b) projected salary increases ranging from 4.25 percent to 7.85 percent per year. Both item (a) and (b) included an inflation component of 3.00 percent. The assumptions did not include post-retirement benefit increases. The unfunded actuarial accrued liability is being amortized as a level percent of pay on a closed basis. The remaining amortization period at December 31, 2011 was 19 years.

<b>3-Year Trend Information</b>			
<b><u>For Year Ended June 30</u></b>	<b><u>Annual Pension Cost (APC)</u></b>	<b><u>Percentage of APC Contributed</u></b>	<b><u>Net Pension Obligation</u></b>
2010	\$ 54,771	77.27%	\$ 221,654
2011	79,370	0.00%	301,024
2012	80,823	0.00%	381,847

The annual pension cost and change in net pension obligation as of June 30, 2012, is as follows:

Employer annual required contribution	\$ 83,730
Interest on net pension obligation	15,051
Adjustment to annual required contribution	<u>(17,958)</u>
Annual pension cost	80,823
Employer contributions made for year ending June 30, 2012	<u>-</u>
Increase in net pension obligation	80,823
Net pension obligation beginning of fiscal year	<u>301,024</u>
Net pension obligation end of fiscal year	<u>\$ 381,847</u>

- **Funded Status and Funding Progress.** As of December 31, 2011, the most recent actuarial valuation date, the plan was 5.32 percent funded. The actuarial accrued liability for benefits was \$795,399, and the actuarial value of assets was \$42,290, which are assigned monies in the General Fund, resulting in an unfunded actuarial accrued liability ("UAAL") of \$753,109. The covered payroll (annual payroll of active employees covered by the plan) was \$1,965,281, and the ratio of the UAAL to the covered payroll was 38.32 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents

multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

#### Supplemental Retirement Income Plan for Law Enforcement Officers

- **Plan Description.** The County contributes to the Supplemental Retirement Income Plan ("Plan"), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report ("CAFR") for the State of North Carolina. The State's CAFR includes 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, 2012, were \$259,819, which consisted of \$119,481 from the County and \$140,338 from the law enforcement officers.

#### Register of Deeds' Supplemental Pension Fund.

- **Plan Description.** Jackson County also contributes to the Registers of Deeds' Supplemental Pension Fund ("Fund"), a non-contributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any eligible county Register of Deeds that is retired under the Local Government Employees' Retirement System ("LGERS") or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Registers of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report ("CAFR") for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the

Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

- **Funding Policy.** On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 1 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2012, the County's required and actual contributions were \$3,751.

#### Healthcare Benefits

➤ **Other Post-employment Benefits.**

*Plan Description.* Under the terms of a county resolution, the County administers a single employer defined benefit Healthcare Benefits Plan (the "HCB Plan"). The County provides post-employment healthcare benefits to retirees of the County, provided they participate in the North Carolina Local Governmental Employees' Retirement System ("System") and are 60 years of age (or age 55 for law enforcement officers) and have at least 15 years of creditable service with the County (or 10 years of creditable service if hired before January 18, 2001) or have at least 30 years of continuous service to the County at any age. The County pays the full cost of coverage for these benefits through private insurers. Also, the County's retirees can purchase coverage for their dependents at the County's group rates. The Board may amend the benefit provisions. A separate report was not issued for the HCB Plan.

Membership of the HCB Plan consisted of the following at December 31, 2011, the date of the latest actuarial valuation:

	<b><u>General Employees</u></b>	<b><u>Law Enforcement Officers</u></b>
Retirees and dependents receiving benefits	75	3
Active Plan members	339	48
Total	414	51

*Funding Policy.* The County pays the full cost of coverage for the healthcare benefits paid to qualified retirees under a county resolution that can be amended by the Board. The County's members pay the group rate per month for dependent coverage. The County has chosen to fund the healthcare benefits on a pay as you go basis.

The current ARC rate is 19.24 percent of annual covered payroll. For the current year, the County contributed \$500,982 or 3.48 percent of annual covered payroll. The County obtains healthcare coverage through private insurers. The County's obligation to contribute to the HCB Plan is established and may be amended by the County's Board.

*Summary of Significant Accounting Policies.* Postemployment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. These expenditures are paid as they come due.

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

Annual required contribution	\$ 2,769,961
Interest on net OPEB obligation	425,441
Adjustment to annual required contribution	<u>(406,428)</u>
Annual OPEB cost (expense)	2,788,974
Contributions made	<u>(500,982)</u>
Increase (decrease) in net OPEB obligation	2,287,992
Net OPEB obligation beginning of year	<u>10,636,023</u>
Net OPEB obligation end of year	<u>\$12,924,015</u>

The County's net OPEB obligation is comprised of \$12,518,559 and \$405,456 for governmental activities and business-type activities, respectively. The County's annual OPEB cost, the percentage of annual

OPEB cost contributed to the plan, and the net OPEB obligation for 2012 were as follows:

<u>For Year Ended June 30</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2012	\$ 2,788,974	18.0%	\$12,924,015
2011	\$ 4,037,813	11.1%	\$10,636,023
2010	\$ 4,018,038	10.4%	\$ 7,046,111

*Funded Status and Funding Progress.* As of December 31, 2011, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$31,735,642, and the actuarial value of assets was \$201,291, which are assigned monies in the General Fund, resulting in an unfunded actuarial accrued liability ("UAAL") of \$31,534,351. The covered payroll (annual payroll of active employees covered by the plan) was \$14,400,446, and the ratio of the UAAL to the covered payroll was 219 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the December 31, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4

percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 9.5 to 5 percent annually and 7 to 5 percent annually for pre-Medicare and post-Medicare, respectively. The investment rate included a 3 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2011, was 30 years.

- **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. For the fiscal year ended June 30, 2012, the County made contributions to the State for death benefits of \$17,642. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .12 percent and .14 percent of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount.

**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 21 years. Post-closure costs



are included in operating expenses of the current year. The \$1,525,806 reported as landfill post-closure care liability at June 30, 2012, 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.

**Deferred/Unearned Revenues.** The balance in deferred revenue on the fund statements and/or unearned revenues on the government-wide statements at year-end is composed of the following elements:

	<b><u>Deferred/ Unearned Revenue</u></b>	<b><u>Full Accrual Unearned Revenue</u></b>
Governmental activities:		
Prepaid taxes not yet earned (General)	\$ 105,461	\$ 105,461
Taxes receivable, net (General)	2,431,026	-
Notes receivable (Economic Development)	487,251	-
Notes receivable (Clean Water)	1,233	-
Other (Economic Development)	26,972	-
Other (General)	95,817	95,817
	<u>\$ 3,147,760</u>	<u>\$ 201,278</u>
Total governmental activities		
Business type activities:		
Unearned revenue	<u>\$ -</u>	<u>\$ 2,446</u>

**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 \$127.5 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, 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 Jackson County TTA, Cashiers TTA and the Airport Authority 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 TTAs 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.

**Contingent Liabilities.** At June 30, 2012, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

**Long-Term Debt.** The County's long-term debt for governmental activities at June 30, 2012, comprised of the following:

A \$1,840,000 note was executed on August 11, 1999, and refinanced on May 3, 2002, for improvements to the County's elementary schools and is payable in 25 semi-annual payments of \$86,666 including interest of 4.91 percent. Principal and interest payments are appropriated when due.

\$ 403,159

A \$3,137,637 note was executed December 1, 1999, and refinanced on May 3, 2002, for renovations to various County buildings (48 percent of the proceeds) and school projects (52 percent of the proceeds) and is payable in 26 semi-annual payments of \$120,678. In addition, 4.91 percent interest is payable semi-annually. Principal and interest payments are appropriated when due.

603,392

A \$9,850,000 note was executed on April 28, 2000, and refinanced on May 3, 2002, for the purchase of property for several County buildings (54 percent of the proceeds) and school projects (46 percent of the proceeds) and is payable in 26 semi-annual payments of \$331,617. In addition, 4.91 percent interest is payable semi-annually. Principal and interest payments are appropriated when due.

1,989,700

A \$9,175,000 note was executed on October 23, 2003, and refinanced on February 16, 2012 for construction of various properties (44 percent of the proceeds) and school projects (56 percent of the proceeds) is payable in 24 semiannual payable in 24 semi-annual payments of \$382,292. In addition, 2.54 percent interest is payable semi-annually. Principal and interest payments are appropriated when due.

2,676,042

A \$9,507,386 note was executed on December 29, 2005 and refinanced on February 16, 2012 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, 2.96 percent interest is payable semi-annually. Principal and interest are appropriated when due.

5,387,519

(continued)

A \$9,905,000 note was executed on December 20, 2007, for the construction, renovation and equipping of Fairview Kindergarten (33 percent of the proceeds) and site work on the Webster Complex and the Cashiers Recreation Complex (67percent of the proceeds) and is payable in 30 semi-annual payments of \$330,167. In addition, 3.72 percent interest is payable semi-annually. Principal and interest payments are appropriated when due.

6,933,500

A \$4,171,000 note was executed on December 11, 2008, for the construction and equipping of a new Aging Facility located at the Webster Complex and is payable in 30 semi-annual payments of \$139,033. In addition, 4.35 percent interest is payable semi-annually. Principal and interest payments are appropriated when due.

3,197,767

A \$10,295,446 note was executed on July 16, 2009 and refinanced on December 28,2011 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, 3.39 percent interest is payable semi-annually. Principal and interest payments are appropriated when due.

\$ 8,579,538\$29,770,616

Repayment requirements of the notes payable are:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 4,083,185	\$ 1,024,917	\$ 5,108,102
2014	4,090,909	874,667	4,965,577
2015	3,891,673	724,034	4,615,707
2016	2,640,881	596,461	3,237,341
2017	2,258,589	512,917	2,771,505
2018-2022	10,342,205	1,398,315	11,740,521
2023-2025	2,463,174	111,539	2,574,713
	<u>\$ 29,770,616</u>	<u>\$ 5,242,851</u>	<u>\$ 35,013,467</u>

The County's long-term debt for business-type activities at June 30, 2012, comprised of the following:

A \$3,312,550 note was executed October 19, 2009, for the construction of the Municipal Solid Waste Facility, payable in 30 semi-annual payments of \$153,349 including interest of 4.53 percent. Principal and interest payments are appropriated when due. \$ 2,902,807

Repayment requirements of the note payable are:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 177,184	\$ 129,513	\$ 306,697
2014	185,302	121,395	306,697
2015	193,791	112,906	306,697
2016	202,669	104,028	306,697
2017	211,954	94,743	306,697
2018-2022	1,214,631	318,855	1,533,487
2023-2024	717,277	49,467	766,743
	<u>\$ 2,902,807</u>	<u>\$ 930,909</u>	<u>\$ 3,833,716</u>

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balances</u>	<u>Due Within One Year</u>
Governmental activities:					
Installment purchases	\$34,635,092	\$ -	\$ 4,864,473	\$29,770,616	\$ 4,038,185
Compensated absences	1,330,402	1,053,525	1,060,211	1,323,716	-
Net pension obligation	301,024	80,823	-	381,847	-
Net OPEB obligation	10,284,122	2,728,996	494,559	12,518,559	-
Total governmental activities	<u>\$46,550,640</u>	<u>\$ 3,863,344</u>	<u>\$ 6,419,243</u>	<u>\$43,994,738</u>	<u>\$ 4,083,185</u>
Business-type activities:					
Installment purchases	\$ 3,072,229	\$ -	\$ 169,422	\$ 2,902,807	\$ 177,184
Landfill closure and post closure costs	1,495,995	31,415	1,604	1,525,806	-
Compensated absences	35,663	-	8,363	27,300	-
Net OPEB obligation	351,901	59,978	6,423	405,456	-
Total business-type activities	<u>\$ 4,955,788</u>	<u>\$ 91,393</u>	<u>\$ 185,812</u>	<u>\$ 4,861,369</u>	<u>\$ 177,184</u>

At June 30, 2012, Jackson County had a legal debt margin of approximately \$901,000,000.

**Capital Assets Net of Related Debt.** Capital assets net of related debt at June 30, 2012, is computed as follows:

	<b><u>Governmental Activities</u></b>	<b><u>Business- Type Activities</u></b>
Capital assets, net of accumulated depreciation	\$ 65,756,243	\$ 6,419,600
Less capital debt:		
Gross debt	29,770,619	2,902,807
Less:		
School debt related to assets to which the County does not hold title.	(8,543,584)	-
Unexpended debt proceeds	(214,970)	-
Net capital debt	<u>21,012,065</u>	<u>-</u>
Capital assets net of related debt	<u>\$ 44,744,178</u>	<u>\$ 3,516,793</u>

### ***Interfund Balances and Activity***

#### **Transfer to/from Other Funds**

Transfers to/from other funds at June 30, 2012, consists of the following:

Transfers from the General Fund to:	
Non-major governmental funds	\$ 1,860,027
Non-major proprietary funds	168,049

### 3. **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, 2012. In accordance with the intergovernmental agreement between the participating governments, the County contributed \$938,722 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. 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 \$1,425,000 and \$2,721,912 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2012. 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, 2012. 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.

**Tuckaseegee Water and Sewer Authority** - The County, in conjunction with the Towns of Sylva, Dillsboro and Webster, participates in the Tuckaseegee 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, 2012. Complete financial statements for the TWSA

can be obtained from the TWSA's administrative offices at 1246 West Main Street, Sylva, North Carolina 28779.

4. **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 \$28,088 to the Commission during the fiscal year ended June 30, 2012.

**Mental Health** - Following extensive study and debate, the 2001 North Carolina General Assembly passed the Mental Health System Reform Bill (House Bill 381). Smoky Mountain Mental Health was organized into a twelve county Local Management Entity ("LME") and, as a result, Smoky Mountain Mental Health was dissolved on June 30, 2005. Jackson County joined eleven other counties (Swain, Watauga, Wilkes, Graham, Haywood, Macon, Alleghany, Ashe, Avery, Cherokee and Clay) to form Smoky Mountain Center LME.

The twelve counties participating in the Smoky Mountain Center 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, 2012. The County contributed \$123,081 to the LME to fund operations during fiscal year June 30, 2012. Complete financial statements for the LME may be obtained from the LME's offices at 44 Bonnie Lane, Sylva, NC 28779.



### 5. Benefit Payments Issued by the State

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

<u>Benefit Payments Issued</u>	<u>Federal CFDA Number</u>	<u>Federal</u>	<u>State</u>
Independent Living Transitional	93.674	\$ 3,586	\$ -
Energy Assistance	93.568	944	-
TANF	93.558	91,611	-
SFHF Maximization	N/A	-	82,381
CWS Adoption Subsidy	N/A	-	125,422
Foster Care Special Provision	N/A	-	1,281
IV-E Adoption	93.659	93,006	25,721
IV-E Foster Care	93.658	17,991	10,085
Foster Care at Risk Maximization	N/A	-	3,023
Special Children Adoption	93.558	25,200	-
Medicaid	93.778	24,717,048	13,195,698
SC/SA Domiciliary Care	N/A	-	173,327
State Foster Home	N/A	-	55,705
WIC	10.557	923,528	-
		<u>\$ 25,872,914</u>	<u>\$ 13,672,643</u>

### 6. 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.

**7. Subsequent Events**

Subsequent to year end, the County entered into a financing agreement in the amount of \$10,000,000 for school construction projects.

Also, as of July 1, 2012, Jackson County transferred all assets, liabilities and administrative functions of the Public Housing Agency Fund to Mountain Projects, Inc. The County recorded a provision of \$18,569 for the year ended June 30, 2012 relative to the transfer of the project, including \$34,015 representing the transfer of remaining fund balance.

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## **REQUIRED SUPPLEMENTAL FINANCIAL DATA**

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- Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance
- Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Funding Progress for the Other Postemployment Benefits
- Schedule of Employer Contributions for the Other Postemployment Benefits
- Notes to the Required Schedules for the Other Postemployment Benefits

**JACKSON COUNTY, NORTH CAROLINA**

Law Enforcement Officers' Special Separation Allowance  
 Required Supplementary Information  
 Schedule of Funding Progress

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL)-- Projected Unit Credit (b)</b>	<b>Unfunded AAL (UAAL) (b - a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll for Year Ending on Val Date (c)</b>	<b>UAAL as a Percentage of Covered Payroll [(b - a)/c]</b>
12/31/06	\$ -	\$ 350,972	\$ 350,972	0%	\$ 1,399,382	25.08%
12/31/07	-	366,269	366,269	0%	1,183,954	30.94%
12/31/08	85,151*	479,997	394,404	17.83%	1,798,245	21.93%
12/31/09	70,896*	718,102	647,206	9.87%	1,958,731	33.04%
12/31/10	49,491*	743,593	694,102	6.66%	2,020,580	34.35%
12/31/11	42,290*	795,399	753,109	5.32%	1,965,281	38.32%

\*Represents assigned fund balance in the General Fund.

**JACKSON COUNTY, NORTH CAROLINA**

Law Enforcement Officers' Special Separation Allowance  
 Required Supplementary Information  
 Schedule of Employer Contributions

<b><u>Year Ending June 30,</u></b>	<b><u>Annual Required Contributions</u></b>	<b><u>Percentage Contributed</u></b>
2010	\$ 54,771	77.27%
2011	\$ 79,370	0.00%
2012	\$ 80,823	0.00%

**Notes to the Required Schedules:**

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

Valuation date	12/31/11
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	19 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	4.25% to 7.85%
Includes inflation at	3.00%
Cost-of-living adjustments	N/A

\*Includes inflation at cost of living adjustments

**JACKSON COUNTY, NORTH CAROLINA**

Other Post-employment Benefits  
 Required Supplementary Information  
 Schedule of Funding Progress

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL)-- Projected Unit Credit (b)</b>	<b>Unfunded AAL (UAAL) (b - a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll [(b - a)/c]</b>
12/31/08	\$ -	\$36,510,589	\$36,510,589	0.0%	\$13,597,013	268.5%
12/31/09	\$ 200,667*	\$31,851,359	\$31,650,692	0.6%	\$14,699,473	215.3%
12/31/11	\$ 201,291*	\$31,735,642	\$31,534,351	0.6%	\$14,400,446	219.0%

\*Represents assigned fund balance in the General Fund.

**JACKSON COUNTY, NORTH CAROLINA**

Other Post-employment Benefits  
 Required Supplementary Information  
 Schedule of Employer Contributions

<b><u>Year Ending June 30,</u></b>	<b><u>Annual Required Contributions</u></b>	<b><u>Percentage Contributed</u></b>
2010	\$ 3,999,129	10.4%
2011	\$ 3,999,129	11.2%
2012	\$ 2,769,961	18.1%

**Notes to the Required Schedules:**

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

Valuation date	12/31/11
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return*	4.00%
Medical cost trend	
Pre-Medicare trend rate	9.50 - 5.00%
Post-Medicare trend rate	7.00 - 5.00%
Year of ultimate trend rate	2018

\*Includes inflation at 3.00%

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**COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS SECTION**

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**JACKSON COUNTY, NORTH CAROLINA****General Fund****Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual****For the Fiscal Year Ended June 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Ad valorem taxes:			
Current year and prior	\$ 31,699,419	\$ 31,693,196	\$ (6,223)
Penalties and interest	463,531	463,507	(24)
Total ad valorem taxes	<u>32,162,950</u>	<u>32,156,703</u>	<u>(6,247)</u>
Other taxes:			
Local option sales tax	8,782,721	8,782,721	-
Tax refund-sales and gasoline	56,057	56,057	-
Total other taxes	<u>8,838,778</u>	<u>8,838,778</u>	<u>-</u>
Unrestricted intergovernmental:			
Payments in lieu of taxes	179,476	179,476	-
ABC profit distribution	154,062	154,062	-
ABC 1 and 5 cent bottle charge	14,491	14,490	(1)
Total unrestricted governmental	<u>348,029</u>	<u>348,028</u>	<u>(1)</u>
Restricted intergovernmental:			
Federal and State grants:			
Home and Community Care Block grant	152,987	152,987	-
DEA Reimbursement	15,533	6,914	(8,619)
Municipal reimbursement	4,000	-	(4,000)
Nantahala Forest timber receipts	113,019	113,018	(1)
DARE grant	6,000	6,000	-
Civil defense	47,644	47,642	(2)
Soil conservation-matching	33,829	26,490	(7,339)
Emergency food and shelter	14,171	10,008	(4,163)
AWAKE--child advocacy	10,194	10,194	-
Tennessee Valley Authority	850	849	(1)
Older American Act Title III	18,785	18,783	(2)
Health department	1,548,001	1,547,917	(84)
Senior center	20,453	19,822	(631)
Smart Start	68,111	68,110	(1)
Juvenile Crime Prevention Commission	108,318	98,867	(9,451)
Safe Roads Act	4,000	3,595	(405)
Veteran's service	2,000	1,452	(548)
Erosion control	1,876	1,025	(851)
NC Department of Corrections grant	115,858	115,858	-
SCAAP-State Criminal Alien grant	15,000	14,751	(249)
Social services	5,997,402	5,698,526	(298,876)
Title XIX-Medicaid	456,381	456,372	(9)

(continued)

**JACKSON COUNTY, NORTH CAROLINA****General Fund****Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual****For the Fiscal Year Ended June 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues, continued:			
Restricted intergovernmental, continued:			
Federal and State grants, continued:			
Department of Transportation:			
Section 18-administration	\$ 160,255	\$ 157,178	\$ (3,077)
Section 18-operations	132,371	132,923	552
Contracts--EDTAP	263,410	211,996	(51,414)
Cherokee Preservation grant	14,221	14,221	-
Department of Justice grant	21,479	10,679	(10,800)
Other State grants	4,000	3,600	(400)
Total	<u>9,350,148</u>	<u>8,949,777</u>	<u>(400,371)</u>
Court facilities fees	<u>64,469</u>	<u>63,941</u>	<u>(528)</u>
Total restricted intergovernmental	<u>9,414,617</u>	<u>9,013,718</u>	<u>(400,899)</u>
Other restricted revenues:			
Transportation contracts	<u>117,504</u>	<u>116,504</u>	<u>(1,000)</u>
Permits and fees:			
Road petition fees	500	-	(500)
Cashiers permit fees	2,500	1,840	(660)
Floodplain permit fees	370	150	(220)
Board of Elections fees	4,660	4,340	(320)
Erosion control fees	4,800	4,800	-
Building permits and inspection fees	272,245	272,244	(1)
Environmental health fees	119,930	117,098	(2,832)
Sheriff's fees	44,409	12,560	(31,849)
Officers fees-court	24,600	24,569	(31)
Animal adoption fees	16,036	16,036	-
Road sign fees	60,720	58,580	(2,140)
Health and Social Services fees	394,826	381,276	(13,550)
Register of Deeds	273,882	245,882	(28,000)
Real property transfer tax	254,300	251,962	(2,338)
Marriage licenses	6,775	6,775	-
Excise tax	6,800	5,089	(1,711)
Senior citizens fees	47,073	46,997	(76)
Total permits and fees	<u>1,534,426</u>	<u>1,450,198</u>	<u>(84,228)</u>

(continued)

**JACKSON COUNTY, NORTH CAROLINA****General Fund****Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual****For the Fiscal Year Ended June 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues, continued:			
Sales and services:			
Jail fees	\$ 24,000	\$ 15,857	\$ (8,143)
Civil process fees	40,591	40,590	(1)
Ambulance fees	130,141	130,140	(1)
Ancillary services	5,125	5,122	(3)
Travel and tourism administrative fees	52,214	37,714	(14,500)
Video programming distribution	72,500	71,737	(763)
Telephone charges	14,000	13,282	(718)
Vending machines	1,375	729	(646)
Recreation department	395,062	352,962	(42,100)
Rents	57,936	57,835	(101)
Total sales and services	<u>792,944</u>	<u>725,968</u>	<u>(66,976)</u>
Investment earnings	<u>20,000</u>	<u>16,651</u>	<u>(3,349)</u>
Miscellaneous	<u>1,145,776</u>	<u>947,293</u>	<u>(198,483)</u>
Total revenues	<u>54,375,024</u>	<u>53,613,841</u>	<u>(761,183)</u>
Expenditures:			
General government:			
Governing body:			
Salaries and employee benefits	123,401	122,244	1,157
Operating	<u>142,878</u>	<u>106,634</u>	<u>36,244</u>
Total	<u>266,279</u>	<u>228,878</u>	<u>37,401</u>
Administration:			
Salaries and employee benefits	264,693	261,702	2,991
Operating	16,120	14,544	1,576
Capital outlay	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total	<u>281,813</u>	<u>276,246</u>	<u>5,567</u>
Elections:			
Salaries and employee benefits	143,623	142,750	873
Operating	<u>153,999</u>	<u>64,834</u>	<u>89,165</u>
Capital outlay	<u>6,300</u>	<u>6,196</u>	<u>104</u>
Total	<u>303,922</u>	<u>213,780</u>	<u>90,142</u>

(continued)

**JACKSON COUNTY, NORTH CAROLINA****General Fund****Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual****For the Fiscal Year Ended June 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures, continued:			
General government, continued:			
Finance:			
Salaries and employee benefits	\$ 537,821	\$ 510,398	\$ 27,423
Operating	26,875	20,431	6,444
Capital outlay	2,500	874	1,626
Total	<u>567,196</u>	<u>531,703</u>	<u>35,493</u>
Computer services:			
Salaries and employee benefits	248,723	248,203	520
Operating	114,530	98,345	16,185
Capital outlay	28,000	16,778	11,222
Total	<u>391,253</u>	<u>363,326</u>	<u>27,927</u>
Tax collections:			
Salaries and employee benefits	222,652	221,131	1,521
Operating	50,593	43,122	7,471
Capital outlay	2,055	1,772	283
Total	<u>275,300</u>	<u>266,025</u>	<u>9,275</u>
Tax assessments:			
Salaries and employee benefits	573,474	557,287	16,187
Operating	141,712	127,459	14,253
Capital outlay	4,176	1,349	2,827
Total	<u>719,362</u>	<u>686,095</u>	<u>33,267</u>
Legal services	<u>245,000</u>	<u>236,696</u>	<u>8,304</u>
Register of Deeds:			
Salaries and employee benefits	290,572	289,927	645
Operating	143,469	119,062	24,407
Capital outlay	1,000	-	1,000
Total	<u>435,041</u>	<u>408,989</u>	<u>26,052</u>
Public Works:			
Salaries and employee benefits	38,992	34,591	4,401
Operating	400	368	32
Total	<u>39,392</u>	<u>34,959</u>	<u>4,433</u>

(continued)

**JACKSON COUNTY, NORTH CAROLINA****General Fund****Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual****For the Fiscal Year Ended June 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures, continued:			
General government, continued:			
Maintenance:			
Salaries and employee benefits	\$ 1,982,300	\$ 1,973,033	\$ 9,267
Operating	1,286,853	1,090,959	195,894
Capital outlay	25,335	17,655	7,680
Total	<u>3,294,488</u>	<u>3,081,647</u>	<u>212,841</u>
Court facilities:			
Operating	60,369	36,354	24,015
Capital outlay	4,100	-	4,100
Total	<u>64,469</u>	<u>36,354</u>	<u>28,115</u>
Professional services	<u>20,000</u>	<u>19,800</u>	<u>200</u>
Central services:			
Operating	217,000	195,488	21,512
Capital outlay	20,000	-	20,000
Total	<u>237,000</u>	<u>195,488</u>	<u>41,512</u>
Total general government	<u>7,140,515</u>	<u>6,579,986</u>	<u>560,529</u>
Public safety:			
Sheriff:			
Salaries and employee benefits	2,905,547	2,900,356	5,191
Operating	564,740	550,998	13,742
Capital outlay	243,492	229,874	13,618
Total	<u>3,713,779</u>	<u>3,681,228</u>	<u>32,551</u>
Jail:			
Salaries and employee benefits	1,065,946	1,064,109	1,837
Operating	473,765	430,746	43,019
Capital outlay	10,716	10,355	361
Total	<u>1,550,427</u>	<u>1,505,210</u>	<u>45,217</u>
Criminal justice partnership program:			
Salaries and employee benefits	56,607	56,530	77
Operating	59,251	51,142	8,109
Total	<u>115,858</u>	<u>107,672</u>	<u>8,186</u>

(continued)

**JACKSON COUNTY, NORTH CAROLINA****General Fund****Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual****For the Fiscal Year Ended June 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures, continued:			
Public safety, continued:			
Inspections:			
Salaries and employee benefits	\$ 649,579	\$ 633,603	\$ 15,976
Operating	81,479	73,902	7,577
Capital outlay	11,321	10,659	662
Total	<u>742,379</u>	<u>718,164</u>	<u>24,215</u>
Emergency management:			
Salaries and employee benefits	813,935	806,979	6,956
Operating	90,162	78,959	11,203
Capital outlay	11,875	10,708	1,167
Total	<u>915,972</u>	<u>896,646</u>	<u>19,326</u>
Fire:			
Salaries and employee benefits	426,194	397,139	29,055
Operating	1,044,858	1,038,970	5,888
Capital outlay	158,565	154,267	4,298
Total	<u>1,629,617</u>	<u>1,590,376</u>	<u>39,241</u>
Ambulance:			
Operating	1,151,925	1,142,896	9,029
Capital outlay	164,732	164,732	-
Total	<u>1,316,657</u>	<u>1,307,628</u>	<u>9,029</u>
Total public safety	<u>9,984,689</u>	<u>9,806,924</u>	<u>177,765</u>
Transportation:			
Salaries and employee benefits	444,491	392,093	52,398
Operating	221,104	161,984	59,120
Capital outlay	164,509	147,692	16,817
Total	<u>830,104</u>	<u>701,769</u>	<u>128,335</u>
Airport	<u>31,000</u>	<u>31,000</u>	<u>-</u>
Total transportation	<u>861,104</u>	<u>732,769</u>	<u>128,335</u>
Environmental protection:			
Forestry	<u>86,761</u>	<u>47,454</u>	<u>39,307</u>

(continued)

**JACKSON COUNTY, NORTH CAROLINA**

**General Fund**

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

**For the Fiscal Year Ended June 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures, continued:			
Economic and physical development:			
Planning and zoning:			
Salaries and employee benefits	\$ 568,188	\$ 566,492	\$ 1,696
Operating	42,175	41,262	913
Capital outlay	1,794	1,627	167
Total	<u>612,157</u>	<u>609,381</u>	<u>2,776</u>
Community development	<u>152,553</u>	<u>114,232</u>	<u>38,321</u>
Agricultural extension:			
Salaries and employee benefits	115,330	114,764	566
Operating	42,047	38,573	3,474
Capital outlay	1,238	1,137	101
Total	<u>158,615</u>	<u>154,474</u>	<u>4,141</u>
Conservation:			
Salaries and employee benefits	118,889	114,003	4,886
Operating	21,970	14,516	7,454
Capital outlay	1,000	650	350
Total	<u>141,859</u>	<u>129,169</u>	<u>12,690</u>
Total economic and physical development	<u>1,065,184</u>	<u>1,007,256</u>	<u>57,928</u>
Human services:			
Health:			
General health:			
Salaries and employee benefits	2,267,130	2,266,033	1,097
Operating	440,217	243,420	196,797
Capital outlay	16,701	13,703	2,998
Total	<u>2,724,048</u>	<u>2,523,156</u>	<u>200,892</u>
County health clinic:			
Salaries and employee benefits	120,709	119,940	769
Operating	29,291	23,924	5,367
Total	<u>150,000</u>	<u>143,864</u>	<u>6,136</u>

(continued)

**JACKSON COUNTY, NORTH CAROLINA****General Fund****Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual****For the Fiscal Year Ended June 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures, continued:			
Human services, continued:			
Health assurance:			
Salaries and employee benefits	\$ 244,128	\$ 242,814	\$ 1,314
Operating	298,251	282,864	15,387
Capital outlay	1,800	1,693	107
Total	<u>544,179</u>	<u>527,371</u>	<u>16,808</u>
Maternal and child health:			
Salaries and employee benefits	86,715	80,038	6,677
Operating	44,001	34,981	9,020
Capital outlay	10,000	2,021	7,979
Total	<u>140,716</u>	<u>117,040</u>	<u>23,676</u>
WIC-administration and nutrition:			
Salaries and employee benefits	117,373	112,029	5,344
Operating	44,197	28,448	15,749
Total	<u>161,570</u>	<u>140,477</u>	<u>21,093</u>
Family planning:			
Salaries and employee benefits	114,644	112,135	2,509
Operating	78,235	56,724	21,511
Total	<u>192,879</u>	<u>168,859</u>	<u>24,020</u>
Maternal outreach:			
Salaries and employee benefits	47,180	46,982	198
Operating	17,820	14,885	2,935
Total	<u>65,000</u>	<u>61,867</u>	<u>3,133</u>
Communicable diseases:			
Salaries and employee benefits	12,983	12,981	2
Operating	2,529	2,529	-
Total	<u>15,512</u>	<u>15,510</u>	<u>2</u>
NC healthy start:			
Salaries and employee benefits	67,374	66,739	635
Operating	102,445	82,907	19,538
Total	<u>169,819</u>	<u>149,646</u>	<u>20,173</u>

(continued)



**JACKSON COUNTY, NORTH CAROLINA****General Fund****Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual****For the Fiscal Year Ended June 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures, continued:			
Human services, continued:			
Immunization action program:			
Salaries and employee benefits	\$ 9,748	\$ 9,746	\$ 2
Operating	1,230	896	334
Capital outlay	1,566	1,054	512
Total	<u>12,544</u>	<u>11,696</u>	<u>848</u>
Breastfeeding:			
Salaries and employee benefits	<u>7,858</u>	<u>7,803</u>	<u>55</u>
Child services coordinator:			
Salaries and employee benefits	<u>42,931</u>	<u>42,928</u>	<u>3</u>
Smart start:			
Salaries and employee benefits	51,970	51,733	237
Operating	12,659	3,077	9,582
Total	<u>64,629</u>	<u>54,810</u>	<u>9,819</u>
Other health services:			
Operating	<u>110,294</u>	<u>89,070</u>	<u>21,224</u>
Total health	<u>4,401,979</u>	<u>4,054,097</u>	<u>347,882</u>
Environmental health:			
Animal shelter:			
Salaries and employee benefits	157,103	156,997	106
Operating	40,642	35,866	4,776
Capital outlay	1,500	1,460	40
Total	<u>199,245</u>	<u>194,323</u>	<u>4,922</u>
Environmental health:			
Operating	6,000	4,434	1,566
Capital outlay	2,000	856	1,144
Total	<u>8,000</u>	<u>5,290</u>	<u>2,710</u>

(continued)

**JACKSON COUNTY, NORTH CAROLINA****General Fund****Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual****For the Fiscal Year Ended June 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures, continued:			
Human services, continued:			
Environmental health, continued:			
Bioterrorism:			
Salaries and employee benefits	\$ 41,129	\$ 37,062	\$ 4,067
Operating	7,369	1,423	5,946
Capital outlay	-	-	-
Total	<u>48,498</u>	<u>38,485</u>	<u>10,013</u>
Total Environmental health	<u>255,743</u>	<u>238,098</u>	<u>17,645</u>
Mental health:			
Smoky Mountain Center LME	<u>123,081</u>	<u>123,081</u>	<u>-</u>
Social services:			
Administration:			
Salaries and employee benefits	3,347,731	3,346,568	1,163
Operating	230,627	208,840	21,787
Capital outlay	17,500	17,444	56
Total	<u>3,595,858</u>	<u>3,572,852</u>	<u>23,006</u>
Other services:			
Adult guardianship	12,700	12,363	337
Special assistance	178,188	164,953	13,235
Medical care	172,750	170,762	1,988
Foster care	2,164,504	1,741,806	422,698
Aid to the blind	3,594	3,586	8
Food stamp administration	12,000	10,068	1,932
Crisis intervention	293,171	293,049	122
Adult day care	5,148	5,060	88
Emergency assistance	23,452	23,424	28
IV-D	20,500	10,697	9,803
LIEAP	70,859	70,800	59
Other	334,825	203,903	130,922
Total	<u>3,291,691</u>	<u>2,710,471</u>	<u>581,220</u>

(continued)

**JACKSON COUNTY, NORTH CAROLINA****General Fund****Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual****For the Fiscal Year Ended June 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures, continued:			
Human services, continued:			
Social services, continued:			
Indian reservation:			
Salaries and employee benefits	\$ 632,095	\$ 568,390	\$ 63,705
Operating	257,373	150,579	106,794
Capital outlay	24,515	24,515	-
Total	<u>913,983</u>	<u>743,484</u>	<u>170,499</u>
Emergency food and shelter	<u>10,871</u>	<u>6,708</u>	<u>4,163</u>
Focal point on aging:			
Salaries and employee benefits	392,469	392,306	163
Operating	168,061	149,480	18,581
Capital outlay	4,595	4,494	101
Total	<u>565,125</u>	<u>546,280</u>	<u>18,845</u>
Total social services	<u>8,377,528</u>	<u>7,579,795</u>	<u>797,733</u>
Eldercare coalition:			
Salaries and employee benefits	205,481	190,576	14,905
Operating	230,079	190,058	40,021
Total	<u>435,560</u>	<u>380,634</u>	<u>54,926</u>
Veteran's service officer:			
Salaries and employee benefits	58,080	57,991	89
Operating	11,968	11,043	925
Capital outlay	17,684	17,591	93
Total	<u>87,732</u>	<u>86,625</u>	<u>1,107</u>
Other human services	<u>290,088</u>	<u>254,424</u>	<u>35,664</u>
Total human services	<u>13,971,711</u>	<u>12,716,754</u>	<u>1,254,957</u>
Culture and recreation:			
Recreation:			
Salaries and employee benefits	760,639	727,151	33,488
Operating	392,233	363,490	28,743
Capital outlay	91,200	84,080	7,120
Total	<u>1,244,072</u>	<u>1,174,721</u>	<u>69,351</u>

(continued)

**JACKSON COUNTY, NORTH CAROLINA**

**General Fund**

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

**For the Fiscal Year Ended June 30, 2012**

	<u><b>Budget</b></u>	<u><b>Actual</b></u>	<u><b>Variance Positive (Negative)</b></u>
Expenditures, continued:			
Culture and recreation, continued:			
Arts council	\$ 9,141	\$ -	\$ 9,141
Library	979,260	938,722	40,538
Swimming pool:			
Salaries and employee benefits	27,336	24,771	2,565
Operating	26,250	25,813	437
Capital outlay	1,000	-	1,000
Total	54,586	50,584	4,002
Cashiers recreation:			
Salaries and employee benefits	92,874	89,586	3,288
Operating	66,471	54,555	11,916
Capital outlay	14,750	5,377	9,373
Total	174,095	149,518	24,577
Cashiers swimming pool:			
Salaries and employee benefits	18,596	18,505	91
Operating	19,008	17,570	1,438
Capital outlay	1,000	-	1,000
Total	38,604	36,075	2,529
Total culture and recreation	2,499,758	2,349,620	150,138
Education:			
Public schools--current	6,666,464	6,666,464	-
Public schools--timber receipts	113,018	113,018	-
Public schools--capital outlay	632,500	632,500	-
Community colleges--current	1,425,000	1,425,000	-
Community colleges--capital outlay	3,208,208	2,721,912	486,296
Total education	12,045,190	11,558,894	486,296
Debt service:			
Principal retirement	4,864,480	4,864,473	7
Interest and other charges	1,391,845	1,364,494	27,351
Total debt service	6,256,325	6,228,967	27,358
Total expenditures	53,911,237	51,028,624	2,882,613

(continued)

**JACKSON COUNTY, NORTH CAROLINA****General Fund****Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual****For the Fiscal Year Ended June 30, 2012**

	<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Positive (Negative)</u></b>
Revenues over expenditures	\$ 463,787	\$ 2,585,217	\$ 2,121,430
Other financing sources (uses):			
Transfers from (to) other funds:			
Capital Reserve Fund	(324,179)	(324,179)	-
School Capital Reserve Fund	(940,183)	(630,904)	309,279
Revaluation Fund	(250,000)	(250,000)	-
Public Housing Fund	(70,722)	(70,722)	-
Green Energy Park Fund	(168,049)	(168,049)	-
Conservation/Preservation Fund	(362,789)	(362,789)	-
Proceeds from installment obligation	2,394,358	-	(2,394,358)
Proceeds from sale of capital assets	39,848	38,844	(1,004)
Appropriated fund balance	309,279	-	(309,279)
Contingency	(1,091,350)	-	1,091,350
Total other financing sources (uses)	<u>(463,787)</u>	<u>(1,767,799)</u>	<u>(1,304,012)</u>
Net change in fund balance	<u>\$ -</u>	<u>817,418</u>	<u>\$ 817,418</u>
Fund balance, July 1		<u>18,569,967</u>	
Fund balance, June 30		<u>\$ 19,387,385</u>	

## MAJOR GOVERNMENTAL FUNDS

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**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.\*

### CAPITAL PROJECTS FUND

- **Recreation Center Fund** - This fund is used to account for various recreation projects.
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\* 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.

**JACKSON COUNTY, NORTH CAROLINA****Revaluation Fund****Schedule of Revenues, Expenditures, and Changes in Fund Balance--Budget and Actual****For the Fiscal Year Ended June 30, 2012**

	<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Positive (Negative)</u></b>
Expenditures:			
General government:			
Tax listing	<u>\$ 299,253</u>	<u>\$ 237,080</u>	<u>\$ 62,173</u>
Revenues under expenditures	<u>(299,253)</u>	<u>(237,080)</u>	<u>62,173</u>
Other financing source:			
Transfer from General Fund	<u>250,000</u>	<u>250,000</u>	<u>-</u>
Fund balance appropriation	<u>49,253</u>	<u>-</u>	<u>(49,253)</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u>12,920</u>	<u><u>\$ 12,920</u></u>
Fund balance:			
Beginning of year, July 1		<u>110,317</u>	
End of year, June 30		<u><u>\$ 123,237</u></u>	

**JACKSON COUNTY, NORTH CAROLINA****Capital Reserve Fund****Schedule of Revenues, Expenditures, and Changes in Fund Balance--Budget and Actual****For the Fiscal Year Ended June 30, 2012**

	<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Positive (Negative)</u></b>
Revenues:			
Investment earnings	\$ 2,050	\$ 2,028	\$ (22)
Expenditures:			
Designated for future appropriations	226,229	-	226,229
Designated--water and sewer	100,000	100,000	-
Total expenditures	326,229	100,000	226,229
Revenues under expenditures	(324,179)	(97,972)	226,207
Other financing sources (uses):			
Transfers to Emergency Management Fund	(1,158,401)	(1,158,401)	-
Transfers from General Fund	324,179	324,179	-
Total other financing uses	(834,222)	(834,222)	-
Fund balance appropriation	1,158,401	-	(1,158,401)
Net change in fund balance	\$ -	(932,194)	\$ (932,194)
Fund balance:			
Beginning of year, July 1		2,002,624	
End of year, June 30		\$ 1,070,430	



**JACKSON COUNTY, NORTH CAROLINA****Conservation/Preservation Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance—Budget and Actual****For the Fiscal Year Ended June 30, 2012**

	<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Positive (Negative)</u></b>
Revenues:			
Restricted intergovernmental	<u>\$ 59,532</u>	<u>\$ 59,532</u>	<u>\$ -</u>
Expenditures:			
Environmental protection:			
Conservation	356,820	21,028	335,792
Capital outlay	<u>660,578</u>	<u>88,031</u>	<u>572,547</u>
Total expenditures	<u>1,017,398</u>	<u>109,059</u>	<u>908,339</u>
Revenues under expenditures	<u>(957,866)</u>	<u>(49,527)</u>	<u>908,339</u>
Other financing sources:			
Transfers from General Fund	<u>362,789</u>	<u>362,789</u>	<u>-</u>
Appropriated fund balance	<u>595,077</u>	-	<u>(595,077)</u>
Net change in fund balance	<u>\$ -</u>	313,262	<u>\$ 313,262</u>
Fund balance:			
Beginning of year, July 1		<u>448,585</u>	
End of year, June 30		<u>\$ 761,847</u>	

**JACKSON COUNTY, NORTH CAROLINA**

**Capital Project Fund--Recreation Center Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance—Budget and Actual**

From Inception and for the Fiscal Year Ended June 30, 2012

		<u>Actual</u>			<u>Variance</u>
	<u>Project</u>	<u>Prior</u>	<u>Current</u>	<u>Total to</u>	<u>Positive</u>
	<u>Authorization</u>	<u>Years</u>	<u>Year</u>	<u>Date</u>	<u>(Negative)</u>
<b>Revenues:</b>					
Restricted intergovernmental:					
DOT Revenue	\$ 400,000	\$ 201,159	\$ -	\$ 201,159	\$ (198,841)
Investment earnings	40,000	32,092	7,638	39,730	(270)
Total revenues	<u>440,000</u>	<u>233,251</u>	<u>7,638</u>	<u>240,889</u>	<u>(199,111)</u>
<b>Expenditures:</b>					
Culture and recreation:					
Architect fees	844,635	742,010	69,372	811,382	33,253
Furniture and equipment	61,800	33,247	-	33,247	28,553
Construction cost	6,095,549	1,134,515	2,620,861	3,755,376	2,340,173
Site preparation	2,923,587	2,592,413	57,672	2,650,085	273,502
East LaPorte Park	101,158	101,158	-	101,158	-
Savannah/Greens Creek Park	120,067	120,067	-	120,067	-
Total expenditures	<u>10,146,796</u>	<u>4,723,410</u>	<u>2,747,905</u>	<u>7,471,315</u>	<u>2,675,481</u>
Revenues under expenditures	<u>(9,706,796)</u>	<u>(4,490,159)</u>	<u>(2,740,267)</u>	<u>(7,230,426)</u>	<u>2,476,370</u>
<b>Other financing sources (uses):</b>					
Transfers from other funds:					
General	6,888,399	6,790,135	-	6,790,135	(98,264)
Conservation/Preservation	333,500	333,500	-	333,500	-
Installment purchase obligations issued	2,739,097	2,739,097	-	2,739,097	-
Contingency	<u>(254,200)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>254,200</u>
Total other financing sources (uses)	<u>9,706,796</u>	<u>9,862,732</u>	<u>-</u>	<u>9,862,732</u>	<u>155,936</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 5,372,573</u>	<u>(2,740,267)</u>	<u>\$ 2,632,306</u>	<u>\$ 2,632,306</u>
<b>Fund balance:</b>					
Beginning of year, July 1			<u>5,372,573</u>		
End of year, June 30			<u>\$ 2,632,306</u>		

## COMBINING STATEMENTS FOR NON-MAJOR GOVERNMENTAL FUNDS

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### SPECIAL REVENUE FUNDS

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- **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.
- **Public Housing Agency Fund** - This fund accounts for federal grants received and expended for housing assistance.
- **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.

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### CAPITAL PROJECTS FUNDS

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- **Library Expansion Project Fund** - This fund is used to account for the construction of the Jackson County Library, which will be funded primarily with loan proceeds.
- **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.
- **School Improvement 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.\*

\* 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

Combining Balance Sheet  
Non-major Governmental Funds

June 30, 2012

	Non-major Special Revenue Funds	Non-major Capital Projects Funds	Total Non-major Governmental Funds
<b><u>Assets</u></b>			
Cash and cash equivalents	\$ 1,083,533	\$ 1,229,865	\$ 2,313,398
Accounts receivable, net	22,586	585	23,171
Due from other governments	97,854	-	97,854
Notes receivable, net	488,484	-	488,484
	<hr/>	<hr/>	<hr/>
Total assets	\$ 1,692,457	\$ 1,230,450	\$ 2,922,907
	<hr/>	<hr/>	<hr/>
<b><u>Liabilities and Fund Balances</u></b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 24,393	\$ 126,979	\$ 151,372
Deferred revenue	515,456	-	515,456
Total liabilities	<hr/> 539,849	<hr/> 126,979	<hr/> 666,828
Fund balances:			
Restricted:			
Stabilization by State Statute	120,440	585	121,025
Education	-	133,671	133,671
Public safety	75,919	-	75,919
Economic and physical development	943,616	-	943,616
Committed	12,633	969,215	981,848
Total fund balances	<hr/> 1,152,608	<hr/> 1,103,471	<hr/> 2,256,079
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	\$ 1,692,457	\$ 1,230,450	\$ 2,922,907
	<hr/>	<hr/>	<hr/>

# JACKSON COUNTY, NORTH CAROLINA

## Combining Balance Sheet Non-major Special Revenue Funds

June 30, 2012

	<b>Emergency Telephone Fund</b>	<b>Law Enforcement Block Grant Fund</b>	<b>Public Housing Agency Fund</b>
<b><u>Assets</u></b>			
Cash and cash equivalents	\$ 58,062	\$ 17,907	18,569
Accounts receivable, net	15,740	-	-
Due from other governments	39,182	-	-
Notes receivable, net	-	-	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 112,984</u>	<u>\$ 17,907</u>	<u>\$ 18,569</u>
<b><u>Liabilities and Fund Balances</u></b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 50	\$ -	\$ 18,569
Deferred revenue	-	-	-
Total liabilities	<hr/> 50 <hr/>	<hr/> - <hr/>	<hr/> 18,569 <hr/>
Fund balances:			
Restricted:			
Stabilization by State Statue	54,922	-	-
Public safety	58,012	17,907	-
Economic and physical development	-	-	-
Committed	-	-	-
Total fund balances	<hr/> 112,934 <hr/>	<hr/> 17,907 <hr/>	<hr/> - <hr/>
Total liabilities and fund balances	<u>\$ 112,984</u>	<u>\$ 17,907</u>	<u>\$ 18,569</u>

<b>Community Development Scattered Site Project Fund</b>	<b>Clean Water Revolving Loan Fund</b>	<b>Economic Development Fund</b>	<b>Economic Development Commission Fund</b>	<b>Total Non-major Special Revenue Funds</b>
\$ 41,879	\$ 53,710	\$ 456,248	\$ 437,158	\$ 1,083,533
721	5,298	-	827	22,586
58,672	-	-	-	97,854
-	1,233	455,834	31,417	488,484
<u>\$ 101,272</u>	<u>\$ 60,241</u>	<u>\$ 912,082</u>	<u>\$ 469,402</u>	<u>\$ 1,692,457</u>
\$ 2,274	\$ -	\$ 3,500	\$ -	\$ 24,393
26,972	1,233	455,834	31,417	515,456
<u>29,246</u>	<u>1,233</u>	<u>459,334</u>	<u>31,417</u>	<u>539,849</u>
59,393	5,298	-	827	120,440
-	-	-	-	75,919
-	53,710	452,748	437,158	943,616
12,633	-	-	-	12,633
<u>72,026</u>	<u>59,008</u>	<u>452,748</u>	<u>437,985</u>	<u>1,152,608</u>
<u>\$ 101,272</u>	<u>\$ 60,241</u>	<u>\$ 912,082</u>	<u>\$ 469,402</u>	<u>\$ 1,692,457</u>

**JACKSON COUNTY, NORTH CAROLINA**

Combining Balance Sheet  
Non-major Capital Projects Funds

June 30, 2012

	<b><u>Library Expansion Project Fund</u></b>	<b><u>Emergency Management Project Fund</u></b>	<b><u>School Improvement Fund</u></b>	<b><u>Total Non-major Capital Projects Funds</u></b>
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 6,077	\$ 552,261	671,527	\$ 1,229,865
Accounts receivable, net	-	585	-	585
<b>Total assets</b>	<b><u>\$ 6,077</u></b>	<b><u>\$ 552,846</u></b>	<b><u>671,527</u></b>	<b><u>\$ 1,230,450</u></b>
<b><u>Liabilities and Fund Balances</u></b>				
Liabilities:				
Accounts payable and accrued liabilities	<u>\$ -</u>	<u>\$ 9,879</u>	<u>\$ 117,100</u>	<u>\$ 126,979</u>
Fund balances:				
Restricted:				
Stabilization by State Statute	-	585	-	585
Education	-	-	133,671	133,671
Committed	<u>6,077</u>	<u>542,382</u>	<u>420,756</u>	<u>969,215</u>
<b>Total fund balances</b>	<b><u>6,077</u></b>	<b><u>542,967</u></b>	<b><u>554,427</u></b>	<b><u>1,103,471</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 6,077</u></b>	<b><u>\$ 552,846</u></b>	<b><u>\$ 671,527</u></b>	<b><u>\$ 1,230,450</u></b>

**JACKSON COUNTY, NORTH CAROLINA****Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Non-major Governmental Funds**

For the Fiscal Year Ended June 30, 2012

	<b>Non-major Special Revenue Funds</b>	<b>Non-major Capital Projects Funds</b>	<b>Total Non-major Governmental Funds</b>
Revenues:			
Restricted intergovernmental	\$ 3,022,246	\$ -	\$ 3,022,246
Investment earnings	12,964	-	12,964
Gifts and donations	-	62,384	62,384
Total revenues	<u>3,035,210</u>	<u>62,384</u>	<u>3,097,594</u>
Expenditures:			
Current:			
Public safety	586,689	615,434	1,202,123
Economic and physical development	1,402,285	-	1,402,285
Human services	1,581,319	-	1,581,319
Culture and recreation	-	56,491	56,491
Education	-	610,922	610,922
Total expenditures	<u>3,570,293</u>	<u>1,282,847</u>	<u>4,853,140</u>
Revenues under expenditures	<u>(535,083)</u>	<u>(1,220,463)</u>	<u>(1,755,546)</u>
Other financing sources:			
Transfers from other funds	<u>70,722</u>	<u>1,789,305</u>	<u>1,860,027</u>
Net change in fund balances	(464,361)	568,842	104,481
Fund balances:			
Beginning of year, July 1	<u>1,616,969</u>	<u>534,629</u>	<u>2,151,598</u>
End of year, June 30	<u>\$ 1,152,608</u>	<u>\$ 1,103,471</u>	<u>\$ 2,256,079</u>



# JACKSON COUNTY, NORTH CAROLINA

## Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances Non-major Special Revenue Funds

For the Fiscal Year Ended June 30, 2012

	<b>Emergency Telephone Fund</b>	<b>Law Enforcement Block Grant Fund</b>	<b>Public Housing Agency Fund</b>
Revenues:			
Restricted intergovernmental	\$ 470,187	\$ 8,619	\$ 1,430,731
Investment earnings	-	-	55
Total revenues	<u>470,187</u>	<u>8,619</u>	<u>1,430,786</u>
Expenditures:			
Current:			
Public safety	582,889	3,800	-
Economic and physical development	-	-	-
Human services	-	-	1,581,319
Total expenditures	<u>582,889</u>	<u>3,800</u>	<u>1,581,319</u>
Revenues over (under) expenditures	<u>(112,702)</u>	<u>4,819</u>	<u>(150,533)</u>
Other financing sources:			
Transfers from other funds	<u>-</u>	<u>-</u>	<u>70,722</u>
Net change in fund balances	(112,702)	4,819	(79,811)
Fund balances:			
Beginning of year, July 1	<u>225,636</u>	<u>13,088</u>	<u>79,811</u>
End of year, June 30	<u>\$ 112,934</u>	<u>\$ 17,907</u>	<u>\$ -</u>

<b>Community Development Scattered Site Project Fund</b>	<b>Clean Water Revolving Loan Fund</b>	<b>Economic Development Fund</b>	<b>Economic Development Commission Fund</b>	<b>Total Non-major Special Revenue Funds</b>
\$ 886,993	\$ -	\$ 101,925	\$ 123,791	\$ 3,022,246
-	1,249	10,900	760	12,964
<u>886,993</u>	<u>1,249</u>	<u>112,825</u>	<u>124,551</u>	<u>3,035,210</u>
-	-	-	-	586,689
894,192	-	392,210	115,883	1,402,285
-	-	-	-	1,581,319
<u>894,192</u>	<u>-</u>	<u>392,210</u>	<u>115,883</u>	<u>3,570,293</u>
<u>(7,199)</u>	<u>1,249</u>	<u>(279,385)</u>	<u>8,668</u>	<u>(535,083)</u>
-	-	-	-	70,722
(7,199)	1,249	(279,385)	8,668	(464,361)
<u>79,225</u>	<u>57,759</u>	<u>732,133</u>	<u>429,317</u>	<u>1,616,969</u>
<u>\$ 72,026</u>	<u>\$ 59,008</u>	<u>\$ 452,748</u>	<u>\$ 437,985</u>	<u>\$ 1,152,608</u>

**JACKSON COUNTY, NORTH CAROLINA****Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Non-major Capital Project Funds**

For the Fiscal Year Ended June 30, 2012

	<b>Library Expansion Project Fund</b>	<b>Emergency Managemet Project Fund</b>	<b>School Improvement Fund</b>	<b>Total Non-major Capital Projects Funds</b>
Revenues:				
Gifts and donations	\$ 62,384	\$ -	\$ -	\$ 62,384
Expenditures:				
Current:				
Public safety	-	615,434	-	615,434
Culture and recreation	56,491	-	-	56,491
Education	-	-	610,922	610,922
Total expenditures	56,491	615,434	610,922	1,282,847
Revenues over (under) expenditures	5,893	(615,434)	(610,922)	(1,220,463)
Other financing sources:				
Transfers from other funds	-	1,158,401	630,904	1,789,305
Net change in fund balances	5,893	542,967	19,982	568,842
Fund balances:				
Beginning of year, July 1	184	-	534,445	534,629
End of year, June 30	\$ 6,077	\$ 542,967	\$ 554,427	\$ 1,103,471

## COMBINING STATEMENTS FOR NON-MAJOR GOVERNMENTAL FUNDS

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### SPECIAL REVENUE FUNDS

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- **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.
- **Public Housing Agency Fund** - This fund accounts for federal grants received and expended for housing assistance.
- **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.

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### CAPITAL PROJECTS FUNDS

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- **Library Expansion Project Fund** - This fund is used to account for the construction of the Jackson County Library, which will be funded primarily with loan proceeds.
- **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.
- **School Improvement 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.\*

\* 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**

**Emergency Telephone System Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance--Budget and Actual**

For the Fiscal Year Ended June 30, 2012

	<u><b>Budget</b></u>	<u><b>Actual</b></u>	<u><b>Variance Positive (Negative)</b></u>
Revenues:			
Restricted intergovernmental:			
Wireless 911 funds	<u>\$ 470,187</u>	<u>\$ 470,187</u>	<u>\$ -</u>
Expenditures:			
Public safety	<u>604,613</u>	<u>582,889</u>	<u>21,724</u>
Revenues under expenditures	(134,426)	(112,702)	21,724
Fund balance appropriation	<u>134,426</u>	<u>-</u>	<u>(134,426)</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u>(112,702)</u>	<u><u>\$ (112,702)</u></u>
Fund balance:			
Beginning of year, July 1		<u>225,636</u>	
End of year, June 30		<u><u>\$ 112,934</u></u>	

**JACKSON COUNTY, NORTH CAROLINA****Law Enforcement Block Grant Fund****Schedule of Revenues, Expenditures, and Changes in Fund Balance--Budget and Actual****For the Fiscal Year Ended June 30, 2012**

	<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Positive (Negative)</u></b>
Revenues:			
Restricted intergovernmental	\$ 9,500	\$ 8,619	\$ (881)
Expenditures:			
Public safety:			
Capital outlay	9,500	3,800	5,700
Net change in fund balance	\$ -	4,819	\$ 4,819
Fund balance:			
Beginning of year, July 1		13,088	
End of year, June 30		\$ 17,907	

**JACKSON COUNTY, NORTH CAROLINA****Public Housing Agency Fund****Schedule of Revenues, Expenditures, and Changes in Fund Balance—Budget and Actual****For the Fiscal Year Ended June 30, 2012**

	<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Positive (Negative)</u></b>
Revenues:			
Restricted intergovernmental	\$ 1,539,504	\$ 1,430,731	\$ (108,773)
Investment earnings	356	55	(301)
Total revenues	<u>1,539,860</u>	<u>1,430,786</u>	<u>(109,074)</u>
Expenditures:			
Human services:			
Operating	<u>1,610,582</u>	<u>1,581,319</u>	<u>29,263</u>
Revenues under expenditures	(70,722)	(150,533)	(79,811)
Other financing sources:			
Transfer from General Fund	<u>70,722</u>	<u>70,722</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>(79,811)</u>	<u>\$ (79,811)</u>
Fund balance:			
Beginning of year, July 1		<u>79,811</u>	
End of year, June 30		<u>\$ -</u>	

**JACKSON COUNTY, NORTH CAROLINA**

**Community Development Scattered Site Project Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance—Budget and Actual**

**From Inception and for the Fiscal Year Ended June 30, 2012**

		<u>Actual</u>			
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Restricted intergovernmental:					
Federal grants:					
Community Development					
Block Grant C-1	\$ 400,000	\$ 354,414	\$ 45,586	\$ 400,000	\$ -
Block Grant C-21	500,000	-	-	-	(500,000)
Block Grant C-223	600,000	-	600,000	600,000	-
Block Grant D-20	216,089	-	205,279	205,279	(10,810)
Housing Preservation Grant	90,000	53,872	36,128	90,000	-
Total revenues	<u>1,806,089</u>	<u>408,286</u>	<u>886,993</u>	<u>1,295,279</u>	<u>(510,810)</u>
Expenditures:					
Economic and physical development:					
N.C. Division of Community Assistance					
Project: 09-C-1996	400,000	354,414	45,586	400,000	-
N.C. Department of Commerce					
Community Investment Assistance					
Project: 10-C-2144	500,000	-	-	-	500,000
N.C. Department of Commerce					
Community Investment Assistance					
Project: 10-C-2232	600,000	-	600,000	600,000	-
N.C. Department of Commerce					
Community Investment Assistance					
Project: 02-D-2096	216,089	-	212,478	212,478	3,611
Housing Preservation Grant	90,000	53,872	36,128	90,000	-
Total expenditures	<u>1,806,089</u>	<u>408,286</u>	<u>894,192</u>	<u>1,302,478</u>	<u>503,611</u>
Revenues under expenditures	-	-	(7,199)	(7,199)	(7,199)
Fund balance appropriation/ closed out projects	<u>-</u>	<u>79,225</u>	<u>-</u>	<u>79,225</u>	<u>79,225</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 79,225</u>	<u>(7,199)</u>	<u>\$ 72,026</u>	<u>\$ 72,026</u>
Fund balance:					
Beginning of year, July 1			<u>79,225</u>		
End of year, June 30			<u>\$ 72,026</u>		



**JACKSON COUNTY, NORTH CAROLINA****Clean Water Revolving Loan Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance—Budget and Actual****For the Fiscal Year Ended June 30, 2012**

	<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Positive (Negative)</u></b>
Revenues:			
Investment earnings	<u>\$ 1,252</u>	<u>\$ 1,249</u>	<u>\$ (3)</u>
Expenditures:			
Operating	<u>12,338</u>	<u>-</u>	<u>12,338</u>
Revenues over (under) expenditures	(11,086)	1,249	12,335
Appropriated fund balance	<u>11,086</u>	<u>-</u>	<u>(11,086)</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u>1,249</u>	<u><u>\$ 1,249</u></u>
Fund balance:			
Beginning of year, July 1		<u>57,759</u>	
End of year, June 30		<u><u>\$ 59,008</u></u>	

**JACKSON COUNTY, NORTH CAROLINA****Economic Development Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance—Budget and Actual**

For the Fiscal Year Ended June 30, 2012

	<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Positive (Negative)</u></b>
Revenues:			
Restricted intergovernmental	\$ 220,587	\$ 101,925	\$ (118,662)
Investment earnings	19,969	10,900	(9,069)
Total revenues	<u>240,556</u>	<u>112,825</u>	<u>(127,731)</u>
Expenditures:			
Economic and physical development:			
Loan funds advanced	363,500	385,500	(22,000)
Reserve for economic development	12,056	6,710	5,346
Total expenditures	<u>375,556</u>	<u>392,210</u>	<u>(16,654)</u>
Revenues under expenditures	(135,000)	(279,385)	(144,385)
Appropriated fund balance	<u>135,000</u>	<u>-</u>	<u>(135,000)</u>
Net change in fund balance	<u>\$ -</u>	(279,385)	<u>\$ (279,385)</u>
Fund balance:			
Beginning of year, July 1		<u>732,133</u>	
End of year, June 30		<u>\$ 452,748</u>	

**JACKSON COUNTY, NORTH CAROLINA****Economic Development Commission Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance—Budget and Actual****For the Fiscal Year Ended June 30, 2012**

	<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Positive (Negative)</u></b>
<b>Revenues:</b>			
Restricted intergovernmental	\$ 173,791	\$ 123,791	\$ (50,000)
Investment earnings	1,000	760	(240)
Total revenues	<u>174,791</u>	<u>124,551</u>	<u>(50,240)</u>
<b>Expenditures:</b>			
Economic and physical development:			
Operating	69,791	7,198	62,593
Commercial Investments	80,000	4,685	75,315
MedWest Urgent Care	104,000	104,000	-
Loans, development, capital improvement	<u>95,176</u>	<u>-</u>	<u>95,176</u>
Total expenditures	<u>348,967</u>	<u>115,883</u>	<u>233,084</u>
Revenues over (under) expenditures	(174,176)	8,668	182,844
Appropriated fund balance	<u>174,176</u>	<u>-</u>	<u>(174,176)</u>
Net change in fund balance	<u>\$ -</u>	<u>8,668</u>	<u>\$ 8,668</u>
<b>Fund balance:</b>			
Beginning of year, July 1		<u>429,317</u>	
End of year, June 30		<u>\$ 437,985</u>	

**JACKSON COUNTY, NORTH CAROLINA**

**Capital Project Fund—Library Expansion Project Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance--Budget and Actual**

From Inception and for the Fiscal Year Ended June 30, 2012

		<u>Actual</u>			
	<u>Project Authorization</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Investment earnings	\$ 6,895	\$ 6,894	\$ -	\$ 6,894	\$ (1)
Gifts and donations	68,289	5,905	62,384	68,289	-
Total revenues	<u>75,184</u>	<u>12,799</u>	<u>62,384</u>	<u>75,183</u>	<u>(1)</u>
Expenditures:					
Culture and recreation:					
Construction	6,818,374	6,775,412	40,118	6,815,530	2,844
Architect fees	585,455	568,955	16,373	585,328	127
Total expenditures	<u>7,403,829</u>	<u>7,344,367</u>	<u>56,491</u>	<u>7,400,858</u>	<u>2,971</u>
Revenue over (under) expenditures	<u>(7,328,645)</u>	<u>(7,331,568)</u>	<u>5,893</u>	<u>(7,325,675)</u>	<u>2,970</u>
Other financing sources (uses):					
Proceeds from installment obligation	7,007,581	7,007,581	-	7,007,581	-
Transfers from (to) other funds:					
General Fund	(37,984)	(34,877)	-	(34,877)	3,107
Capital Reserve	281,115	281,115	-	281,115	-
Total other financing sources (uses)	<u>7,250,712</u>	<u>7,253,819</u>	<u>-</u>	<u>7,253,819</u>	<u>3,107</u>
Appropriated fund balance/closed projects	<u>77,933</u>	<u>77,933</u>	<u>-</u>	<u>77,933</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 184</u>	<u>5,893</u>	<u>\$ 6,077</u>	<u>\$ 6,077</u>
Fund balance:					
Beginning of year, July 1			<u>184</u>		
End of year, June 30			<u>\$ 6,077</u>		

**JACKSON COUNTY, NORTH CAROLINA**

**Capital Project Fund—Emergency Management**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance—Budget and Actual**

From Inception and for the Fiscal Year Ended June 30, 2012

		<u>Actual</u>			
	<u>Project Authorization</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Expenditures:					
Public Safety:					
Architect fees	\$ 10,000	\$ -	\$ 4,400	\$ 4,400	\$ 5,600
Equipment	100,000	-	84,454	84,454	15,546
Construction cost	645,420	-	173,599	173,599	471,821
Site acquisition	352,981	-	352,981	352,981	-
Total expenditures	<u>1,108,401</u>	<u>-</u>	<u>615,434</u>	<u>615,434</u>	<u>492,967</u>
Revenues over (under) expenditures	<u>(1,108,401)</u>	<u>-</u>	<u>(615,434)</u>	<u>(615,434)</u>	<u>492,967</u>
Other financing sources (uses):					
Transfers from Capital Reserve Fund	1,158,401	-	1,158,401	1,158,401	-
Contingency	(50,000)	-	-	-	50,000
Total other financing sources (uses)	<u>1,108,401</u>	<u>-</u>	<u>1,158,401</u>	<u>1,158,401</u>	<u>50,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>542,967</u>	<u>\$ 542,967</u>	<u>\$ 542,967</u>
Fund balance:					
Beginning of year, July 1			<u>-</u>		
End of year, June 30			<u>\$ 542,967</u>		

**JACKSON COUNTY, NORTH CAROLINA**

**Capital Project Fund--School Improvements Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual**

From Inception and for the Fiscal Year Ended June 30, 2012

		<u>Actual</u>			
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Expenditures:					
Education:					
HUB Project	\$ 627,881	\$ 604,978	\$ 22,903	\$ 627,881	\$ -
Smoky Mountain High--gym arts building	806,512	-	588,019	588,019	218,493
Total expenditures	<u>1,434,393</u>	<u>604,978</u>	<u>610,922</u>	<u>1,215,900</u>	<u>218,493</u>
Revenues over (under) expenditures	<u>(1,434,393)</u>	<u>(604,978)</u>	<u>(610,922)</u>	<u>(1,215,900)</u>	<u>218,493</u>
Other financing sources:					
Transfers from other funds:					
School Capital Reserve	924,069	117,558	806,511	924,069	-
Appropriated fund balance/closed out projects	<u>510,324</u>	<u>712,586</u>	<u>-</u>	<u>712,586</u>	<u>202,262</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 225,166</u>	<u>195,589</u>	<u>\$ 420,755</u>	<u>\$ 420,755</u>
Fund balance:					
Beginning of year, July 1			<u>225,166</u>		
End of year, June 30			420,755		
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:					
Transfers from the General Fund			630,904		
Transfers to the School Improvement Fund			(806,511)		
Fund balance, beginning (School Capital Reserve Fund)			<u>309,279</u>		
Fund balance, ending (Consolidated School Improvements Fund)			<u>\$ 554,427</u>		

**JACKSON COUNTY, NORTH CAROLINA****School Capital Reserve Fund****Schedule of Revenues, Expenditures, and Changes in Fund Balance—Budget and Actual****For the Fiscal Year Ended June 30, 2012**

	<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Positive (Negative)</u></b>
Other financing sources (uses):			
Transfer from General Fund	\$ 630,904	\$ 630,904	\$ -
Transfer to School Improvement Fund	(940,183)	(806,511)	(133,672)
Total other financing sources (uses)	<u>(309,279)</u>	<u>(175,607)</u>	<u>(133,672)</u>
Fund balance appropriation	<u>309,279</u>	<u>-</u>	<u>(309,279)</u>
Net change in fund balance	<u>\$ -</u>	<u>(175,607)</u>	<u>\$ (175,607)</u>
Fund balance:			
Beginning of year, July 1		<u>309,279</u>	
End of year, June 30		<u>\$ 133,672</u>	

## ENTERPRISE FUNDS

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Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises--where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

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- **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 Enterprise 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.



**JACKSON COUNTY, NORTH CAROLINA****Schedule of Revenues, Expenditures and Transfers—Budget and Actual (Non-GAAP)  
Landfill Fund**

For the Fiscal Year Ended June 30, 2012

	<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Positive (Negative)</u></b>
Revenues:			
Operating revenues:			
Charges for services	\$ 3,160,443	\$ 3,141,691	\$ (18,752)
Non-operating revenues:			
Scrap tire disposal fee	61,685	61,681	(4)
White goods tax	12,649	12,649	-
Electronics tax	3,323	3,142	(181)
Recycling assistance grant	16,078	16,078	-
Interest earned on investments	34,739	34,739	-
Total non-operating revenues	128,474	128,289	(185)
Total revenues	3,288,917	3,269,980	(18,937)
Expenditures:			
Landfill operations:			
Salaries and employee benefits	386,156	362,501	23,655
Operating expenses	1,596,027	1,496,558	99,469
Supplies	40,236	35,142	5,094
Repairs and maintenance	77,500	50,760	26,740
Contracted services	882,300	810,012	72,288
Total	2,982,219	2,754,973	227,246
Debt service:			
Debt principal	169,423	169,423	-
Interest paid	137,275	137,275	-
Total	306,698	306,698	-
Total expenditures	3,288,917	3,061,671	227,246
Net change in fund balance	\$ -	\$ 208,309	\$ 208,309

(continued)

**JACKSON COUNTY, NORTH CAROLINA**

**Schedule of Revenues, Expenditures and Transfers--Budget and Actual (Non-GAAP)**  
**Landfill Fund, Continued**

**For the Fiscal Year Ended June 30, 2012**

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

Revenues over expenditures	\$ 208,309
Change in accrued interest receivable	1,171
Change in compensated absences	8,418
Change in net OPEB obligation	(47,557)
Debt principal payment	169,423
Landfill closure and post-closure costs	(29,811)
Depreciation	<u>(148,186)</u>
Change in net assets	<u>\$ 161,767</u>

**JACKSON COUNTY, NORTH CAROLINA****Combining Statement of Fund Net Assets  
Non-major Proprietary Funds**

June 30, 2012

	<b>Green Energy Park Fund</b>	<b>Economic Development Enterprise Fund</b>	<b>Total Non-major Proprietary Funds</b>
<b><u>Assets</u></b>			
Cash and cash equivalents	\$ 129,159	\$ 3,235	\$ 132,394
Accounts receivable, net	3,958	702	4,660
Notes receivable, net	-	179,000	179,000
Capital assets, net of depreciation	86,564	1,314,935	1,401,499
Total assets	<u>219,681</u>	<u>1,497,872</u>	<u>1,717,553</u>
<b><u>Liabilities and Net Assets</u></b>			
Liabilities:			
Accounts payable and accrued liabilities	5,524	25	5,549
Compensated absences	11,541	-	11,541
Net OPEB obligation	40,874	-	40,874
Unearned revenue	2,446	-	2,446
Total liabilities	<u>60,385</u>	<u>25</u>	<u>60,410</u>
Net assets:			
Invested in capital assets	86,564	1,314,935	1,401,499
Unrestricted	<u>72,732</u>	<u>182,912</u>	<u>255,644</u>
Total net assets	<u>\$ 159,296</u>	<u>\$ 1,497,847</u>	<u>\$ 1,657,143</u>

**JACKSON COUNTY, NORTH CAROLINA****Combining Statement of Revenues, Expenditures, and Changes in Fund Net Assets  
Non-major Proprietary Funds**

For the Fiscal Year Ended June 30, 2012

	<b>Green Energy Park Fund</b>	<b>Economic Development Enterprise Fund</b>	<b>Total Non-major Proprietary Funds</b>
Operating revenues:			
Charges for services	\$ 21,777	\$ 36,965	\$ 58,742
Operating expenses:			
Park operations	196,897	-	196,897
Economic development operations	-	5,541	5,541
Depreciation	12,769	19,654	32,423
Total expenditures	209,666	25,195	234,861
Operating income (loss)	(187,889)	11,770	(176,119)
Income (loss) before transfers	(187,889)	11,770	(176,119)
Transfers from other funds	168,049	-	168,049
Change in net assets	(19,840)	11,770	(8,070)
Net assets:			
Beginning of year, July 1	179,136	1,486,077	1,665,213
End of year, June 30	\$ 159,296	\$ 1,497,847	\$ 1,657,143

**JACKSON COUNTY, NORTH CAROLINA**Combining Statement of Cash Flows  
Non-major Proprietary Funds

For the Fiscal Year Ended June 30, 2012

	<b>Green Energy Park Fund</b>	<b>Economic Development Enterprise Fund</b>	<b>Total Non-major Proprietary Funds</b>
Cash flows from operating activities:			
Cash received from customers	\$ 20,139	\$ 41,081	\$ 61,220
Cash paid for goods and services	(108,253)	(7,821)	(116,074)
Cash paid to employees for services	(78,429)	-	(78,429)
Net cash provided (used) by operating activities	<u>(166,543)</u>	<u>33,260</u>	<u>(133,283)</u>
Cash flows from non-capital financing activities:			
Transfers from other funds	<u>168,049</u>	<u>-</u>	<u>168,049</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	<u>(17,284)</u>	<u>(15,041)</u>	<u>(32,325)</u>
Cash flows from investing activities:			
Cash used for loan advance	<u>-</u>	<u>(179,000)</u>	<u>(179,000)</u>
Net decrease in cash and cash equivalents	(15,778)	(160,781)	(176,559)
Cash and cash equivalents, July 1	<u>144,937</u>	<u>164,016</u>	<u>308,953</u>
Cash and cash equivalents, June 30	<u>\$ 129,159</u>	<u>\$ 3,235</u>	<u>\$ 132,394</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ (187,889)	\$ 11,770	\$ (176,119)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation	12,769	19,654	32,423
Changes in assets and liabilities:			
Accounts receivable	(1,638)	4,116	2,478
Accounts payable and accrued liabilities	1,763	(2,280)	(517)
Unearned revenue	2,399	-	2,399
Compensated absences	55	-	55
Net OPEB obligation	5,998	-	5,998
Total adjustments	<u>21,346</u>	<u>21,490</u>	<u>42,836</u>
Net cash provided (used) by operating activities	<u>\$ (166,543)</u>	<u>\$ 33,260</u>	<u>\$ (133,283)</u>

**JACKSON COUNTY, NORTH CAROLINA****Schedule of Revenues, Expenditures and Transfers—Budget and Actual (Non-GAAP)  
Green Energy Park Fund**

For the Fiscal Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating revenues:			
Charges for services:			
Rents	\$ 15,875	\$ 15,875	\$ -
Registration fees	6,295	5,902	(393)
Total operating revenues	<u>22,170</u>	<u>21,777</u>	<u>(393)</u>
Other financing sources:			
Transfers from other funds	168,049	168,049	-
Appropriated fund balance	38,545	-	38,545
Total other financing sources	<u>206,594</u>	<u>168,049</u>	<u>38,545</u>
Total revenues and other financing sources	<u>228,764</u>	<u>189,826</u>	<u>38,152</u>
Expenditures:			
Park operations:			
Salaries and employee benefits	84,556	84,482	74
Operating expenses	128,542	106,362	22,180
Capital outlay	15,666	17,284	(1,618)
Total	<u>228,764</u>	<u>208,128</u>	<u>20,636</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ (18,302)</u>	<u>\$ 58,788</u>
Reconciliation from budgetary basis (modified accrual) to full accrual basis:			
Revenues and other financing sources over expenditures		\$ (18,302)	
Change in compensated absences		(55)	
Change in net OPEB obligation		(5,998)	
Capital outlay		17,284	
Depreciation		<u>(12,769)</u>	
Change in net assets		<u>\$ (19,840)</u>	

**JACKSON COUNTY, NORTH CAROLINA****Schedule of Revenues, Expenditures and Transfers—Budget and Actual (Non-GAAP)  
Economic Development Commission Fund**

For the Fiscal Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating revenues:			
Charges for services	\$ 57,290	\$ 36,965	\$ (20,325)
Other financing sources:			
Loan funds advance	(179,000)	(179,000)	-
Appropriated fund balance	179,000	-	(179,000)
Total other financing sources	-	(179,000)	(179,000)
Total revenues and other financing sources	57,290	(142,035)	(199,325)
Expenditures:			
Park operations:			
Operating	21,290	5,541	15,749
Insurance	20,000	-	20,000
Capital outlay	16,000	15,041	959
Total	57,290	20,582	36,708
Revenues and other financing sources under expenditures	\$ -	\$ (162,617)	\$ (162,617)
Reconciliation from budgetary basis (modified accrual) to full accrual basis:			
Revenues and other financing sources under expenditures		\$ (162,617)	
Loan funds advance		179,000	
Capital outlay		15,041	
Depreciation		(19,654)	
Change in net assets		\$ 11,770	

## **TRAVEL AND TOURISM AUTHORITY AND AIRPORT AUTHORITY BUDGET REPORTS**

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Component units are legally separate organizations for which the elected officials of the County are financially accountable.

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- **Jackson County Travel and Tourism Authority** - accounts for room occupancy taxes assessed and expended for economic development in Jackson County.
- **Cashiers Area Travel and Tourism Authority** - accounts for room occupancy taxes assessed and expended for economic development in the Cashiers area of Jackson County.
- **Jackson County Airport Authority** - accounts for the operations of the Jackson County Airport.



**JACKSON COUNTY, NORTH CAROLINA**  
Jackson County Travel and Tourism Authority

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

For the Fiscal Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Other taxes:			
Room occupancy tax	\$ 293,007	\$ 293,002	\$ (5)
Expenditures:			
Economic and physical development:			
Operating expenditures	297,700	266,936	30,764
Capital outlay	2,300	2,283	17
Total expenditures	<u>300,000</u>	<u>269,219</u>	<u>30,781</u>
Revenues over (under) expenditures	(6,993)	23,783	30,776
Appropriated fund balance	<u>6,993</u>	<u>-</u>	<u>(6,993)</u>
Net change in fund balance	<u>\$ -</u>	<u>23,783</u>	<u>\$ 23,783</u>
Fund balance:			
Beginning of year, July 1		<u>122,177</u>	
End of year, June 30		<u>\$ 145,960</u>	

**JACKSON COUNTY, NORTH CAROLINA**  
**Cashiers Area Travel and Tourism Authority**

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

**For the Fiscal Year Ended June 30, 2012**

	<u><b>Budget</b></u>	<u><b>Actual</b></u>	<u><b>Variance Positive (Negative)</b></u>
<b>Revenues:</b>			
Other taxes:			
Room occupancy tax	<u>\$ 193,929</u>	<u>\$ 193,779</u>	<u>\$ (150)</u>
<b>Expenditures:</b>			
Economic and physical development:			
Operating expenditures	203,084	201,024	2,060
Capital outlay	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total expenditures	<u>204,084</u>	<u>201,024</u>	<u>3,060</u>
Revenues over (under) expenditures	(10,155)	(7,245)	2,910
Appropriated fund balance	<u>10,155</u>	<u>-</u>	<u>(10,155)</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u>(7,245)</u>	<u><u>\$ (7,245)</u></u>
<b>Fund balance:</b>			
Beginning of year, July 1		<u>92,240</u>	
End of year, June 30		<u><u>\$ 84,995</u></u>	

**JACKSON COUNTY, NORTH CAROLINA**  
**Jackson County Airport Authority (Non-GAAP)**

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

**For the Fiscal Year Ended June 30, 2012**

	<u><b>Budget</b></u>	<u><b>Actual</b></u>	<u><b>Variance Positive (Negative)</b></u>
<b>Revenues:</b>			
Restricted intergovernmental	\$ 85,727	\$ 85,727	\$ -
Sales and services	48,510	48,509	(1)
Jackson County	31,000	31,000	-
Miscellaneous	14,768	15,990	1,222
Total revenues	<u>180,005</u>	<u>181,226</u>	<u>1,221</u>
<b>Expenditures:</b>			
Transportation:			
Operating	<u>180,005</u>	<u>112,151</u>	<u>67,854</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ 69,075</u>	<u>\$ 69,075</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual basis:</b>			
Revenues over expenditures		\$ 69,075	
Loss on disposal		(38,138)	
Depreciation		<u>(13,758)</u>	
Change in net assets		<u>\$ 17,179</u>	

## **AGENCY FUNDS**

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

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**JACKSON COUNTY, NORTH CAROLINA**  
Agency Funds

**Schedule of Changes in Fiduciary Assets and Liabilities**

For the Fiscal Year Ended June 30, 2012

	<b>Balance July 1, 2011</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2012</b>
<b>Social Services:</b>				
Assets:				
Cash and cash equivalents	<u>\$ 30,668</u>	<u>\$ 333,148</u>	<u>\$ 324,439</u>	<u>\$ 39,377</u>
Liabilities:				
Amounts held for others	<u>\$ 30,668</u>	<u>\$ 333,148</u>	<u>\$ 324,439</u>	<u>\$ 39,377</u>
<b>Property Tax Fund:</b>				
Assets:				
Cash and cash equivalents	<u>\$ 10,033</u>	<u>\$ 372,229</u>	<u>\$ 349,866</u>	<u>\$ 32,396</u>
Liabilities:				
Amounts held for others	<u>\$ 10,033</u>	<u>\$ 372,229</u>	<u>\$ 349,866</u>	<u>\$ 32,396</u>
<b>State of North Carolina Fund:</b>				
Assets:				
Cash and cash equivalents	<u>\$ 32,009</u>	<u>\$ 347,168</u>	<u>\$ 351,653</u>	<u>\$ 27,524</u>
Liabilities:				
Amounts held for others	<u>\$ 32,009</u>	<u>\$ 347,168</u>	<u>\$ 351,653</u>	<u>\$ 27,524</u>
<b>Extension Agency Fund</b>				
Assets:				
Cash and cash equivalents	<u>\$ 55,059</u>	<u>\$ 886</u>	<u>\$ 4,857</u>	<u>\$ 51,088</u>
Liabilities:				
Amounts held for others	<u>\$ 55,059</u>	<u>\$ 886</u>	<u>\$ 4,857</u>	<u>\$ 51,088</u>

(continued)

**JACKSON COUNTY, NORTH CAROLINA**  
**Agency Funds**

Schedule of Changes in Fiduciary Assets and Liabilities, Continued

For the Fiscal Year Ended June 30, 2012

	<b>Balance July 1, 2011</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2012</b>
Community Health Link Fund				
Assets:				
Cash and cash equivalents	\$ 104,096	\$ 10,160	\$ 114,256	\$ -
Liabilities:				
Amounts due to others	\$ 104,096	\$ 10,160	\$ 114,256	\$ -
Motor Vehicle Tax				
Assets:				
Cash and cash equivalents	\$ 1,064	\$ 11,462	\$ 11,528	\$ 998
Liabilities:				
Due to other governments	\$ 1,064	\$ 11,462	\$ 11,528	\$ 998
Totals--all Agency Funds				
Assets:				
Cash and cash equivalents	\$ 232,929	\$ 1,075,053	\$ 1,156,599	\$ 151,383
Liabilities:				
Amounts held for others	\$ 231,865	\$ 1,063,591	\$ 1,145,071	\$ 150,385
Due to other governments	1,064	11,462	11,528	998
Total liabilities	\$ 232,929	\$ 1,075,053	\$ 1,156,599	\$ 151,383

## **OTHER SCHEDULES**

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This section included additional information on property taxes.

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- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy
- Financial Data Schedule - Schedules required by the U.S. Department of Housing and Urban Development.

# JACKSON COUNTY, NORTH CAROLINA

## General Fund Schedule of Ad Valorem Taxes Receivable

June 30, 2012

Fiscal Year	Uncollected Balance June 30, 2011	Additions	Collections And Credits	Uncollected Balance June 30, 2012
2011-2012	\$ -	\$ 31,531,514	\$ 30,204,746	\$ 1,326,768
2010-2011	1,540,124	-	795,875	744,249
2009-2010	936,633	-	454,062	482,571
2008-2009	471,452	-	186,295	285,157
2007-2008	261,801	-	69,798	192,003
2006-2007	136,003	-	30,626	105,377
2005-2006	94,396	-	20,754	73,642
2004-2005	75,827	-	13,521	62,306
2003-2004	82,145	-	13,750	68,395
2002-2003	74,881	-	11,322	63,559
2001-2002	65,198	-	65,198	-
	<u>\$ 3,738,460</u>	<u>\$ 31,531,514</u>	<u>\$ 31,865,948</u>	<u>3,404,026</u>
Less: allowance for uncollectible accounts				<u>(973,000)</u>
Ad valorem taxes receivable - net: General Fund				<u>\$ 2,431,026</u>
Reconciliation with revenues:				
Ad valorem taxes--General Fund				32,156,703
Reconciling items:				
Interest collected				(463,507)
Amounts written off for tax year 2001-2002				57,102
Prior year releases, refunds, and other adjustments				162,714
Other reconciling items				(47,064)
Total reconciling items				<u>(290,755)</u>
Total collections and credits				<u>\$ 31,865,948</u>



**JACKSON COUNTY, NORTH CAROLINA**

Analysis of Current Tax Levy  
County-wide Levy

For the Fiscal Year Ended June 30, 2012

				<b>Total Levy</b>	
	<b>County-wide</b>			<b>Property Excluding Registered Motor Vehicles</b>	<b>Registered Motor Vehicles</b>
	<b>Property Valuation</b>	<b>Rate</b>	<b>Amount of Levy</b>		
Original levy:					
Property taxed at current year's rate	\$ 11,116,686,071	0.28	\$ 31,126,721	\$ 30,370,853	\$ 755,868
Utilities at current year's rate	132,888,929	0.28	372,089	372,089	-
Total	<u>11,249,575,000</u>		<u>31,498,810</u>	<u>30,742,942</u>	<u>755,868</u>
Discoveries:					
Current year taxes	20,471,429	0.28	57,320	57,320	-
Abatements	<u>(8,791,429)</u>	0.28	<u>(24,616)</u>	<u>(15,722)</u>	<u>(8,894)</u>
Total property valuation	<u><u>\$ 11,261,255,000</u></u>				
Net levy			31,531,514	30,784,540	746,974
Uncollected taxes at June 30, 2012			<u>1,326,768</u>	<u>1,234,580</u>	<u>92,188</u>
Current year's taxes collected			<u>\$ 30,204,746</u>	<u>\$ 29,549,960</u>	<u>\$ 654,786</u>
Current levy collection percentage			<u>95.79%</u>	<u>95.99%</u>	<u>87.66%</u>

**JACKSON COUNTY, NORTH CAROLINA**

**Financial Data Schedule—Balance Sheet**

**For the Year Ended June 30, 2012**

<b>Line Item Number</b>	<b>Account Descriptions</b>	<b>Section 8 14.871</b>
	<b>Assets:</b>	
	<b>Current assets:</b>	
	<b>Cash:</b>	
113	Cash--other restricted	\$ 18,569
100	Total cash	<u>18,569</u>
150	Total current assets	<u>18,569</u>
190	Total assets	<u><u>\$ 18,569</u></u>
	<b>Equity:</b>	
	<b>Liabilities:</b>	
	<b>Current liabilities:</b>	
312	Accounts payable - >= 90 days	\$ 18,569
300	Total liabilities	<u>18,569</u>
	<b>Equity:</b>	
512.1	Fund balance	\$ -
513	Total net assets	<u>-</u>
600	Total liabilities and net assets	<u><u>\$ 18,569</u></u>

(continued)

**JACKSON COUNTY, NORTH CAROLINA**

**Financial Data Schedule—Revenues and Expenses**

For the Year Ended June 30, 2012

<b>Line Item Number</b>	<b>Account Descriptions</b>	<b>Section 8 14.871</b>
	Revenue:	
70600-010	Housing assistance payments	\$ 1,269,135
70600-020	Ongoing administrative fees earned	161,596
70600	Total HUD PHA operating grants	<u>1,430,731</u>
7100	Investment income--unrestricted	<u>55</u>
70000	Total revenue	<u>\$ 1,430,786</u>
	Expenses:	
91100	Administrative salaries	\$ 96,401
91300	Outside management fees	75,831
91500	Employee benefit contributions--administrative	38,290
91600	Office expenses	7,546
91800	Travel	1,682
91000	Total operating--administrative	<u>219,750</u>
96900	Total operating expenses	<u>219,750</u>
97000	Excess revenue over operating expenses	<u>1,211,036</u>
97300	Housing assistance payments	<u>1,327,554</u>
90000	Total expenses	<u>1,547,304</u>
10010	Operating transfers in	<u>70,722</u>
10100	Total other financing sources	<u>70,722</u>
10080	Special items-transfer to Mountain Projects	(34,015)
10000	Excess of expenses and other financing sources over revenues	<u>\$ (79,811)</u>

(continued)

**JACKSON COUNTY, NORTH CAROLINA**

**Financial Data Schedule—Revenues and Expenses, Continued**

**For the Year Ended June 30, 2012**

<b>Line Item Number</b>	<b>Account Descriptions</b>	<b>Section 8 14.871</b>
MEMO: Account information		
11190-210	Total ACC HCV Units	324
11190	Unit Months Available	3,888
11210	Unit Months Leased	3,603