

JACKSON COUNTY, NORTH CAROLINA

Sylva, North Carolina

Financial Statements

June 30, 2013

(with Independent Auditors' Report thereon)

JACKSON COUNTY, NORTH CAROLINA
Sylva, North Carolina

Board of County Commissioners

June 30, 2013

Board of County Commissioners

Walter J. Debnam, Chairperson
Douglas L. Cody
Vicki Greene
Charles R. Elders
Mark R. Jones

County Manager

Chuck Wooten

JACKSON COUNTY, NORTH CAROLINA

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FINANCIAL SECTION

- Independent Auditors' Report -

To the Board of County Commissioners
Jackson County, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Jackson County, North Carolina, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Jackson County, North Carolina as of June 30, 2013, and the respective changes in financial position and cash flows where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

New Accounting Pronouncements

As discussed in Note 8 to the financial statements, Jackson County adopted the provisions of Government Accounting Standards Board ("GASB") Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, in 2013. Our opinions are not modified with respect to these changes.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 13 and the Law Enforcement Officers' Special Separation Allowances' and the Other Postemployment Benefits' Schedules of Funding Progress and Employer Contributions on pages 60 through 63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Jackson County, North Carolina, basic financial statements. The combining and individual non-major fund statements,

budgetary schedules and other schedules are presented for the purposes of additional analysis and are not a required part of the financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2013, on our consideration of Jackson County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jackson County's internal control over financial reporting and compliance.

Asheville, North Carolina
November 26, 2013

Dixon Hughes Goodman LLP

JACKSON COUNTY, NORTH CAROLINA

Management's Discussion and Analysis

June 30, 2013

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, 2013. 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.

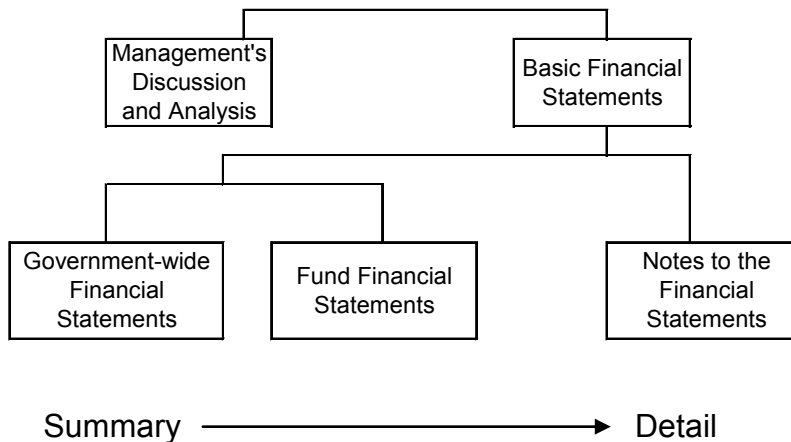
Financial Highlights

- The assets of Jackson County exceeded its liabilities at the close of the fiscal year by \$52,488,745 (*net position*).
- The government's total net position decreased by \$1,009,675, primarily due to decreased net position in the governmental activities.
- As of the close of the current fiscal year, Jackson County's governmental funds reported combined ending fund balances of \$32,003,538, an increase of \$5,772,254 in comparison with the prior year. 54 percent of this total amount, or \$17,123,211, is available for spending at the government's discretion (unassigned fund balance.)
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$17,123,211, or 32 percent of total General Fund expenditures for the fiscal year.
- Jackson County's governmental activities long-term debt (excluding compensated absences and net OPEB and pension obligations) increased by \$5,583,482 during the current fiscal year. This is due to the issuance of new debt net of the repayment of notes payable.

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 position and how they have changed. Net position is the difference between the County's total assets and total

liabilities and deferred inflows of resources. Measuring net position is one way to gauge the County's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the County's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. This includes the landfill services offered by Jackson County, the Green Energy Park, and the Economic Development Commission. The final category is the component units: the Jackson County 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. Both of those Authorities were dissolved on December 31, 2012. The Jackson County Tourism Development Authority was created by the Jackson County Board of Commissioners on January 1, 2013 for the purpose of using occupancy tax funds collected to promote travel and tourism within Jackson County. The Jackson County Board of Commissioners appoints all fifteen voting members of the Jackson County Tourism Development Authority. The Board adopts a budget to be used by 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 Statements of

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

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

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

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Jackson County has six fiduciary funds, all of which are agency funds.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on Page 27 of this report.

Government-Wide Financial Analysis

Jackson County's Net Position
Figure 2

	2013			2012		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Current and other assets	\$ 39,304,078	\$ 1,171,806	\$ 40,475,884	\$ 32,792,693	\$ 1,148,854	\$ 33,941,547
Capital assets	66,791,347	6,262,389	73,053,736	65,756,243	6,419,600	72,175,843
Total assets	<u>106,095,425</u>	<u>7,434,195</u>	<u>113,529,620</u>	<u>98,548,936</u>	<u>7,568,454</u>	<u>106,117,390</u>
Long-term liabilities						
outstanding	51,748,733	3,180,699	54,929,432	39,911,555	3,158,379	43,069,934
Other liabilities	4,108,582	1,777,645	5,886,227	7,389,727	1,958,031	9,347,758
Total liabilities	<u>55,857,315</u>	<u>4,958,344</u>	<u>60,815,659</u>	<u>47,301,282</u>	<u>5,116,410</u>	<u>52,417,692</u>
Deferred inflows of resources	<u>225,216</u>	<u>-</u>	<u>225,216</u>	<u>201,278</u>	<u>-</u>	<u>201,278</u>
Net position:						
Net investment in capital assets	53,334,662	3,564,482	56,899,144	44,744,178	3,516,793	48,260,971
Restricted	11,961,116	-	11,961,116	4,989,121	-	4,989,121
Unrestricted	<u>(15,282,884)</u>	<u>(1,088,631)</u>	<u>(16,371,515)</u>	<u>1,313,077</u>	<u>(1,064,749)</u>	<u>248,328</u>
Total net position	<u>\$ 50,012,894</u>	<u>\$ 2,475,851</u>	<u>\$ 52,488,745</u>	<u>\$ 51,046,376</u>	<u>\$ 2,452,044</u>	<u>\$ 53,498,420</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of Jackson County exceeded liabilities and deferred inflows of resources by \$52,488,745 as of June 30, 2013. The County's net position decreased by \$1,009,675 for the fiscal year ended June 30, 2013, of which \$1,033,482 was for a decrease in governmental activities and \$23,807 was for an increase in business-type activities. One of the largest portions of net position (108 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 position (approximately 23 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$16,371,515 is unrestricted deficit.

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

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 95.89, slightly below the statewide average of 97.30 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 Position Figure 3

	2013			2012		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 2,899,381	\$ 3,022,642	\$ 5,922,023	\$ 2,093,542	\$ 3,200,433	\$ 5,293,975
Operating grants and contributions	9,349,566	21,770	9,371,336	11,345,140	16,078	11,361,218
Capital grants and contributions	779,507	-	779,507	854,976	-	854,976
General revenues:						
Property taxes	32,136,978	-	32,136,978	31,737,355	-	31,737,355
Other taxes	9,535,029	69,989	9,605,018	9,347,043	77,472	9,424,515
Grants and contributions not restricted to specific programs	250,339	-	250,339	154,911	-	154,911
Other	576,752	29,923	606,675	1,012,835	35,910	1,048,745
Total revenues	<u>55,527,552</u>	<u>3,144,324</u>	<u>58,671,876</u>	<u>56,545,802</u>	<u>3,329,893</u>	<u>59,875,695</u>
Expenses:						
General government	9,067,730	-	9,067,730	8,285,009	-	8,285,009
Public safety	11,725,271	-	11,725,271	11,345,710	-	11,345,710
Transportation	687,780	-	687,780	825,492	-	825,492
Environmental protection	160,936	-	160,936	156,513	-	156,513
Economic and physical development	887,688	-	887,688	2,519,114	-	2,519,114
Human services	14,171,437	-	14,171,437	15,056,198	-	15,056,198
Culture and recreation	3,122,313	-	3,122,313	2,653,382	-	2,653,382
Education	15,167,354	-	15,167,354	12,169,816	-	12,169,816
Interest and other charges	1,436,086	-	1,436,086	1,249,153	-	1,249,153
Landfill	-	3,044,034	3,044,034	-	3,109,384	3,109,384
Green Energy Park	-	155,214	155,214	-	209,666	209,666
Economic Development Commission	-	55,708	55,708	-	25,195	25,195
Total expenses	<u>56,426,595</u>	<u>3,254,956</u>	<u>59,681,551</u>	<u>54,260,387</u>	<u>3,344,245</u>	<u>57,604,632</u>
Increase in net position before transfers	(899,043)	(110,632)	(1,009,675)	2,285,415	(14,352)	2,271,063
Transfers	(134,439)	134,439	-	(168,049)	168,049	-
Increase in net position	<u>(1,033,482)</u>	<u>23,807</u>	<u>(1,009,675)</u>	<u>2,117,366</u>	<u>153,697</u>	<u>2,271,063</u>
Net position, July 1	<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>
Net position, June 30	<u>\$50,012,894</u>	<u>\$ 2,475,851</u>	<u>\$ 52,488,745</u>	<u>\$51,046,376</u>	<u>\$ 2,452,044</u>	<u>\$ 53,498,420</u>

Governmental Activities - Governmental activities decreased the County's net position by \$1,033,482, thereby accounting for 102 percent of the total decrease in the net position of Jackson County. Key elements of this decrease 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 position by \$23,807. 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, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of Jackson County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$17,123,211, while total fund balance reached \$22,697,978. 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, \$3,871,735. Fund balance available for appropriation of \$18,826,243 represents 35 percent of total General Fund expenditures and transfers out, while total fund balance represents 43 percent of that same amount.

At June 30, 2013, the governmental funds of Jackson County reported a combined fund balance of \$32,003,538, an increase of \$5,772,254. The primary reason for this increase 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 \$2,967,608.

Proprietary Funds - Jackson County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Net position of the Landfill, Green Energy Park, and Economic Development Commission Funds at the end of the fiscal year amounted to \$2,475,851. The total increase in net position for the funds was \$23,807. 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, 2013, totals \$73,053,736 (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 new vehicle for the Tax Administration Department
- Purchased a new Dell Poweredge Server for the Computer Department
- Purchased a Scissor Lift for the Maintenance Department
- Purchased five new vehicles for the Sheriff's Department
- Purchased three new vehicles for the Code Enforcement Department
- Purchased a new analyzer and four new vehicles for the Health Department
- Purchased a two new vehicles for the Department of Social Services
- Purchased a new vehicle for the Department on Aging
- Addition of construction in progress on the Cashiers Recreation, Emergency Management Center, Transit, Cashiers Senior Center & Sheriff's Office, and School Improvements Projects

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

	2013			2012		
	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	43,194,606	5,904,627	49,099,233	44,362,788	6,037,850	50,400,637
Machinery and equipment	1,075,088	175,348	1,250,436	1,314,688	199,336	1,514,024
Vehicles and motorized equipment	1,238,317	-	1,238,317	1,011,263	-	1,011,263
Construction in progress	8,916,947	-	8,916,947	6,701,114	-	6,701,114
Total	<u>\$ 66,791,347</u>	<u>\$ 6,262,389</u>	<u>\$ 73,053,736</u>	<u>\$ 65,756,243</u>	<u>\$ 6,419,600</u>	<u>\$ 72,175,843</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, 2013, Jackson County had total debt outstanding of \$54,929,432, most of which is collateralized by capital assets. However, \$16,610,540 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
Figure 5**

	2013			2012		
	<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	\$ 35,354,098	\$ 2,697,907	\$ 38,052,005	\$ 29,770,616	\$ 2,902,807	\$32,673,423

Jackson County's debt, shown above, increased \$5,378,582 (16.5 percent) during the past fiscal year. The increase is due to the issuance of a \$10 million installment purchase obligation to finance various school improvements.

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 \$867,000,000.

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 8.8 percent, lower than the State average of 9.3 percent.
- Retail vacancy rates are slightly lower, having stayed in the 6 - 8 percent range all year. The County realized an 22% increase in room occupancy tax fees.

Budget Highlights for the Fiscal Year Ending June 30, 2014

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 1.4 percent to \$54,409,667. The largest increments are in the creation of four and one-half employee positions, reduction in debt transfers, and decreased operational expenses.

Business-type Activities: General operating expenses of the Solid Waste Fund will decrease by 1 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 4.52 percent due to decreased grants and fees. The Economic Development Fund will decrease by 8.46 percent due to decreased operation expenses.

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.

BASIC FINANCIAL STATEMENTS

JACKSON COUNTY, NORTH CAROLINA

Statement of Net Position

June 30, 2013

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Jackson County Tourism Development Authority	Jackson County Airport Authority
Assets:					
Cash and cash equivalents	\$ 25,914,905	\$ 440,499	\$ 26,355,404	\$ 209,444	\$ 59,044
Restricted cash and cash equivalents	5,292,993	-	5,292,993	-	-
Taxes receivable, net	2,332,453	-	2,332,453	-	-
Accounts receivable, net	1,153,164	499,100	1,652,264	93,690	2,999
Accrued interest receivable	345,558	20,920	366,478	-	-
Due from other governments	3,617,103	47,261	3,664,364	-	-
Notes receivable, net	492,537	164,026	656,563	-	-
Inventory	-	-	-	-	13,011
Prepays	155,365	-	155,365	-	-
Capital assets:					
Land and construction in progress	21,283,336	182,414	21,465,750	-	4,818,067
Other capital assets, net of depreciation	45,508,011	6,079,975	51,587,986	-	127,660
Total capital assets	66,791,347	6,262,389	73,053,736	-	4,945,727
Total assets	106,095,425	7,434,195	113,529,620	303,134	5,020,781
Liabilities:					
Accounts payable and accrued expenses	3,802,776	211,818	4,014,594	7,235	95,715
Unearned revenue	-	7,860	7,860	-	-
Accrued interest payable	203,806	13,277	217,083	-	-
Deposits held for others	102,000	-	102,000	-	-
Accrued landfill closure and post- closure care costs	-	1,544,690	1,544,690	-	-
Long-term liabilities:					
Due within one year	4,757,576	234,601	4,992,177	-	-
Due in more than one year	46,991,157	2,946,098	49,937,255	-	-
Total liabilities	55,857,315	4,958,344	60,815,659	7,235	95,715
Deferred inflows of resources	225,216	-	225,216	-	-
Net position:					
Net investment in capital assets	53,334,662	3,564,482	56,899,144	-	4,945,727
Restricted:					
Stabilization by State Statute	4,770,267	-	4,770,267	93,690	-
Register of Deeds	4,035	-	4,035	-	-
Education	6,084,105	-	6,084,105	-	-
Public safety	120,292	-	120,292	-	-
Economic and physical development	982,417	-	982,417	-	-
Unrestricted (deficit)	(15,282,884)	(1,088,631)	(16,371,515)	202,209	(20,661)
Total net position	\$ 50,012,894	\$ 2,475,851	\$ 52,488,745	\$ 295,899	\$ 4,925,066

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, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 9,067,730	\$ 651,058	\$ -	\$ -
Public safety	11,725,271	1,010,794	821,736	9,136
Transportation	687,780	126,369	174,164	157,770
Environmental protection	160,936	129,771	52,366	-
Economic and physical development	887,688	73,481	247,033	-
Human services	14,171,437	456,441	7,921,776	-
Cultural and recreation	3,122,313	451,467	-	515,101
Education	15,167,354	-	132,491	97,500
Interest on long-term debt	1,436,086	-	-	-
Total governmental activities	<u>56,426,595</u>	<u>2,899,381</u>	<u>9,349,566</u>	<u>779,507</u>
Business-type activities:				
Landfill	3,044,034	2,978,553	21,770	-
Green Energy Park	155,214	19,249	-	-
Economic Development Commission	55,708	24,840	-	-
Total business-type activities	<u>3,254,956</u>	<u>3,022,642</u>	<u>21,770</u>	<u>-</u>
Total primary government	<u>\$ 59,681,551</u>	<u>\$ 5,922,023</u>	<u>\$ 9,371,336</u>	<u>\$ 779,507</u>
Component units:				
Jackson County Travel and Tourism	\$ 153,763	\$ -	\$ -	\$ -
Cashiers Area Travel and Tourism	75,012	-	-	-
Jackson County Tourism Development Authority	284,733	-	-	-
Jackson County Airport Authority	614,822	45,594	47,667	312,760
Total component units	<u>\$ 1,128,330</u>	<u>\$ 45,594</u>	<u>\$ 47,667</u>	<u>\$ 312,760</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				
Special item				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position—beginning				
Net position—ending				

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

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Units			
Governmental Activities	Business-type Activities	Total	Jackson County Travel and Tourism Authority	Cashiers Area Travel and Tourism Authority	Jackson County Tourism Development Authority	Jackson County Airport Authority
\$ (8,416,672)	\$ -	\$ (8,416,672)				
(9,883,605)	-	(9,883,605)				
(229,477)	-	(229,477)				
21,201	-	21,201				
(567,174)	-	(567,174)				
(5,793,220)	-	(5,793,220)				
(2,155,745)	-	(2,155,745)				
(14,937,363)	-	(14,937,363)				
(1,436,086)	-	(1,436,086)				
(43,398,141)	-	(43,398,141)				
-	(43,711)	(43,711)				
-	(135,965)	(135,965)				
-	(30,868)	(30,868)				
-	(210,544)	(210,544)				
(43,398,141)	(210,544)	(43,608,685)				
			\$ (153,763)	\$ -	\$ -	\$ -
			-	(75,012)	-	-
			-	-	(284,733)	-
			-	-	-	(208,801)
			(153,763)	(75,012)	(284,733)	(208,801)
32,136,978	-	32,136,978	-	-	-	-
9,024,172	-	9,024,172	-	-	-	-
510,857	69,989	580,846	182,564	133,838	262,050	-
250,339	-	250,339	-	-	-	-
32,778	29,923	62,701	-	-	-	-
543,974	-	543,974	-	-	-	12,496
-	-	-	(174,761)	(143,821)	318,582	-
(134,439)	134,439	-	-	-	-	-
42,364,659	234,351	42,599,010	7,803	(9,983)	580,632	12,496
(1,033,482)	23,807	(1,009,675)	(145,960)	(84,995)	295,899	(196,305)
51,046,376	2,452,044	53,498,420	145,960	84,995	-	5,121,371
\$ 50,012,894	\$ 2,475,851	\$ 52,488,745	\$ -	\$ -	\$ 295,899	\$ 4,925,066

JACKSON COUNTY, NORTH CAROLINA

Balance Sheet Governmental Funds

June 30, 2013

	Major Funds		Non-major	Total
	General	School	Governmental	Governmental
	Fund	Improvements	Funds	Funds
		Fund		
Assets:				
Cash and cash equivalents	\$ 21,218,003	\$ 2,244,223	\$ 2,452,679	\$ 25,914,905
Restricted cash and cash equivalents	6,120	5,286,873	-	5,292,993
Taxes receivable, net	2,332,453	-	-	2,332,453
Accounts receivable, net	335,721	788,678	28,765	1,153,164
Due from other governments	3,536,014	-	81,089	3,617,103
Prepays	155,365	-	-	155,365
Notes receivable, net	-	-	492,537	492,537
Total assets	\$ 27,583,676	\$ 8,319,774	\$ 3,055,070	\$ 38,958,520
Liabilities:				
Accounts payable and accrued liabilities	\$ 2,226,029	\$ 1,179,840	\$ 123,971	\$ 3,529,840
Contract retainage	-	267,151	5,785	272,936
Deposits held for others	102,000	-	-	102,000
	<u>2,328,029</u>	<u>1,446,991</u>	<u>129,756</u>	<u>3,904,776</u>
Deferred inflows of resources	<u>2,557,669</u>	<u>-</u>	<u>492,537</u>	<u>3,050,206</u>
Fund balances:				
Non-spendable	155,365	-	-	155,365
Restricted:				
Stabilization by State Statute	3,871,735	788,678	109,854	4,770,267
Register of Deeds	4,035	-	-	4,035
Education	-	6,084,105	-	6,084,105
Public safety	-	-	120,292	120,292
Economic and physical development	-	-	982,417	982,417
Committed:				
Revaluation	2,552	-	-	2,552
Capital reserve	594,219	-	-	594,219
Conservation/preservation	679,685	-	-	679,685
Recreation	-	-	635,301	635,301
Public safety	-	-	519,351	519,351
Various programs and projects	-	-	65,562	65,562
Assigned:				
Other post-employment benefits	201,532	-	-	201,532
LEO Separation Allowance	65,644	-	-	65,644
Unassigned	<u>17,123,211</u>	<u>-</u>	<u>-</u>	<u>17,123,211</u>
Total fund balances	<u>22,697,978</u>	<u>6,872,783</u>	<u>2,432,777</u>	<u>32,003,538</u>
Total liabilities, deferred inflows of resources and fund balances	\$ 27,583,676	\$ 8,319,774	\$ 3,055,070	

(continued)

JACKSON COUNTY, NORTH CAROLINA

Balance Sheet Governmental Funds, Continued

June 30, 2013

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	\$ 66,791,347
Accrued interest receivable	345,558

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

Deferred inflows of resources for notes receivable	492,537
Deferred inflows of resources for taxes receivable	2,332,453

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

Accrued interest payable	(203,806)
Compensated absences	(1,312,838)
Net pension obligation	(431,511)
Net OPEB obligation	(14,650,286)
Long-term obligations	<u>(35,354,098)</u>

Net position of governmental activities	<u>\$ 50,012,894</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 Balances—
Governmental Funds**

For the Fiscal Year Ended June 30, 2013

	Major Funds		Non-major Governmental Funds	Total Governmental Funds
	General Fund	School Improvements Fund		
Revenues:				
Ad valorem taxes	\$ 32,185,509	\$ -	\$ -	\$ 32,185,509
Other taxes	9,251,870	-	-	9,251,870
Unrestricted intergovernmental	450,928	-	-	450,928
Restricted intergovernmental	8,584,045	97,500	985,509	9,667,054
Other restricted revenues	118,465	-	-	118,465
Permits and fees	1,745,981	-	-	1,745,981
Sales and services	778,970	-	-	778,970
Investment earnings	15,565	3,228	13,985	32,778
Miscellaneous	1,119,401	-	26,972	1,146,373
Total revenues	<u>54,250,734</u>	<u>100,728</u>	<u>1,026,466</u>	<u>55,377,928</u>
Expenditures:				
Current:				
General government	7,628,902	-	189,127	7,818,029
Public safety	10,262,831	-	482,869	10,745,700
Transportation	628,801	-	-	628,801
Environmental protection	160,936	-	-	160,936
Economic and physical development	557,371	-	276,114	833,485
Human services	13,623,388	-	-	13,623,388
Culture and recreation	2,536,136	-	2,341,271	4,877,407
Intergovernmental:				
Education	9,430,161	5,737,193	-	15,167,354
Debt service:				
Principal retirement	4,416,518	-	-	4,416,518
Interest and other charges	1,420,691	-	-	1,420,691
Total expenditures	<u>50,665,735</u>	<u>5,737,193</u>	<u>3,289,381</u>	<u>59,692,309</u>
Revenues over (under) expenditures	<u>3,584,999</u>	<u>(5,636,465)</u>	<u>(2,262,915)</u>	<u>(4,314,381)</u>
Other financing sources (uses):				
Transfers from other funds	-	1,954,821	367,811	2,322,632
Transfers to other funds	(2,450,994)	-	(6,077)	(2,457,071)
Proceeds from installment obligation	9,992,234	10,000,000	-	19,992,234
Payment of installment obligation	(9,992,234)	-	-	(9,992,234)
Proceeds from sale of capital assets	221,074	-	-	221,074
Total other financing sources (uses)	<u>(2,229,920)</u>	<u>11,954,821</u>	<u>361,734</u>	<u>10,086,635</u>
Net change in fund balances	<u>1,355,079</u>	<u>6,318,356</u>	<u>(1,901,181)</u>	<u>5,772,254</u>
Fund Balances:				
Beginning of year, July 1	<u>21,342,899</u>	<u>554,427</u>	<u>4,333,958</u>	<u>26,231,284</u>
End of year, June 30	<u>\$ 22,697,978</u>	<u>\$ 6,872,783</u>	<u>\$ 2,432,777</u>	<u>\$ 32,003,538</u>

(continued)

JACKSON COUNTY, NORTH CAROLINA

Statement of Revenues, Expenditures, and Changes in Fund Balances— Governmental Funds, Continued

For the Fiscal Year Ended June 30, 2013

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

Net changes in fund balances--total governmental funds	\$ 5,772,254
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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	3,208,195
Depreciation	(2,173,091)

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	(48,531)
Change in notes receivable	4,053

Revenues recognized in the governmental funds that were previously recognized in prior years as revenues in the Statement of Activities

(26,972)

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

Proceeds	(19,992,234)
Repayments	14,408,752

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 financial resources:

Compensated absences	10,878
Net OPEB obligation	(2,131,727)
Net pension obligation	(49,664)
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual).	<u>(15,395)</u>

Total changes in net position of governmental activities	<u>\$ (1,033,482)</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, 2013

	General Fund			Variance With Final Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Ad valorem taxes	\$ 31,899,937	\$ 32,299,937	\$ 32,185,509	\$ (114,428)
Other taxes	8,397,101	9,251,876	9,251,870	(6)
Unrestricted intergovernmental	262,012	462,411	450,928	(11,483)
Restricted intergovernmental	8,213,227	9,154,177	8,584,045	(570,132)
Other restricted revenues	95,800	118,467	118,465	(2)
Permits and fees	1,486,310	1,804,717	1,745,981	(58,736)
Sales and services	875,274	900,153	778,970	(121,183)
Investment earnings	25,000	25,000	14,721	(10,279)
Miscellaneous	961,568	1,167,099	1,119,401	(47,698)
Total revenues	<u>52,216,229</u>	<u>55,183,837</u>	<u>54,249,890</u>	<u>(933,947)</u>
Expenditures:				
Current:				
General government	7,034,660	7,589,283	7,258,606	330,677
Public safety	10,033,755	10,512,241	10,262,831	249,410
Transportation	752,679	771,114	628,801	142,313
Environmental protection	92,104	92,104	78,921	13,183
Economic and physical development	580,196	648,318	557,371	90,947
Human services	13,560,111	14,698,431	13,623,388	1,075,043
Culture and recreation	2,677,528	2,722,014	2,536,136	185,878
Intergovernmental:				
Education	9,129,620	10,192,970	9,430,161	762,809
Debt service:				
Principal retirement	4,384,214	4,416,517	4,416,518	(1)
Interest and other charges	1,194,423	1,420,692	1,420,691	1
Total expenditures	<u>49,439,290</u>	<u>53,063,684</u>	<u>50,213,424</u>	<u>2,850,260</u>
Revenues over expenditures	<u>2,776,939</u>	<u>2,120,153</u>	<u>4,036,466</u>	<u>1,916,313</u>
Other financing sources (uses):				
Transfers to other funds	(1,873,081)	(2,229,088)	(2,223,939)	5,149
Proceeds from installment obligation	9,992,234	9,992,234	9,992,234	-
Payment of installment obligation	(9,992,234)	(9,992,234)	(9,992,234)	-
Proceeds from sale of capital assets	11,000	248,661	221,074	(27,587)
Contingency	(914,858)	(139,726)	-	139,726
Total other financing uses	<u>(2,776,939)</u>	<u>(2,120,153)</u>	<u>(2,002,865)</u>	<u>117,288</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	2,033,601	<u>\$ 2,033,601</u>
Fund balance:				
Beginning of year, July 1			19,387,385	
End of year, June 30			<u>\$ 21,420,986</u>	

(continued)

JACKSON COUNTY, NORTH CAROLINA

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

	<u>General Fund</u>
A legally budgeted Revaluation Fund is consolidated into the General Fund for reporting purposes:	
Expenses	\$ (370,296)
Transfers from the General Fund	250,000
Beginning Fund Balance	123,237
A legally budgeted Capital Reserve Fund is consolidated into the General Fund for reporting purposes:	
Revenue	844
Transfers to the General Fund	(152,055)
Transfers to County Capital Projects Fund	(325,000)
Beginning Fund Balance	1,070,430
A legally budgeted Conservation/Preservation Fund is consolidated into the General Fund for reporting purposes:	
Expenses	(82,015)
Beginning Fund Balance	761,847
Ending Fund Balance	<u>\$ 22,697,978</u>

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

JACKSON COUNTY, NORTH CAROLINA

Statement of Fund Net Position Proprietary Funds

June 30, 2013

	<u>Major Fund Landfill Fund</u>	<u>Non-major Funds</u>	<u>Total Proprietary Funds</u>
Assets:			
Current assets:			
Cash and cash equivalents	\$ 283,611	\$ 156,888	\$ 440,499
Accounts receivable, net	497,451	1,649	499,100
Accrued interest receivable	20,920	-	20,920
Due from other governments	47,261	-	47,261
Total current assets	<u>849,243</u>	<u>158,537</u>	<u>1,007,780</u>
Non-current assets:			
Notes receivable, net	-	164,026	164,026
Capital assets, net of depreciation	4,888,787	1,373,602	6,262,389
Total non-current assets	<u>4,888,787</u>	<u>1,537,628</u>	<u>6,426,415</u>
Total assets	<u>5,738,030</u>	<u>1,696,165</u>	<u>7,434,195</u>
Liabilities:			
Current liabilities:			
Accounts payable	209,389	2,429	211,818
Unearned revenue	-	7,860	7,860
Accrued interest payable	13,277	-	13,277
Installment purchases, current	234,601	-	234,601
Total current liabilities	<u>457,267</u>	<u>10,289</u>	<u>467,556</u>
Non-current liabilities:			
Installment purchases, non-current	2,463,306	-	2,463,306
Compensated absences	15,217	9,862	25,079
Net OPEB obligation	410,833	46,880	457,713
Accrued landfill closure and post-closure care costs	1,544,690	-	1,544,690
Total non-current liabilities	<u>4,434,046</u>	<u>56,742</u>	<u>4,490,788</u>
Total liabilities	<u>4,891,313</u>	<u>67,031</u>	<u>4,958,344</u>
Net position:			
Net investment in capital assets	2,190,880	1,373,602	3,564,482
Unrestricted (Deficit)	<u>(1,344,163)</u>	<u>255,532</u>	<u>(1,088,631)</u>
Total net position	<u>\$ 846,717</u>	<u>\$ 1,629,134</u>	<u>\$ 2,475,851</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 Position Proprietary Funds

For the Fiscal Year Ended June 30, 2013

	Major Fund Landfill Fund	Non-major Funds	Total Proprietary Funds
Operating revenues:			
Charges for services	\$ 2,978,553	\$ 44,089	\$ 3,022,642
Operating expenses:			
Landfill operations, closure and post-closure care costs	2,782,978	-	2,782,978
Park operations	-	149,729	149,729
Economic development operations	-	33,296	33,296
Depreciation	143,109	27,897	171,006
Total operating expenses	2,926,087	210,922	3,137,009
Operating income (loss)	52,466	(166,833)	(114,367)
Non-operating revenues (expenses):			
Interest and investment revenues	25,538	4,385	29,923
Scrap tire tax	55,191	-	55,191
White goods tax	12,468	-	12,468
Electronics tax	2,330	-	2,330
Recycling assistance grant	21,770	-	21,770
Interest expense	(117,947)	-	(117,947)
Total non-operating revenue (expenses)	(650)	4,385	3,735
Income (Loss) before transfers	51,816	(162,448)	(110,632)
Transfers from other funds	-	134,439	134,439
Change in net position	51,816	(28,009)	23,807
Net position:			
Beginning of year, July 1	794,901	1,657,143	2,452,044
End of year, June 30	\$ 846,717	\$ 1,629,134	\$ 2,475,851

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, 2013

	Major Fund Landfill Fund	Non-major Funds	Total Proprietary Funds
Cash flows from operating activities:			
Cash received from customers	\$ 3,020,867	\$ 47,100	\$ 3,067,967
Cash paid for goods and services	(2,359,930)	(95,815)	(2,455,745)
Cash paid to employees for services	(367,134)	(80,589)	(447,723)
Net cash provided (used) by operating activities	<u>293,803</u>	<u>(129,304)</u>	<u>164,499</u>
Cash flows from non-capital financing activities:			
Other taxes	70,939	-	70,939
Grants and donations	21,770	-	21,770
Transfers from other funds	-	134,439	134,439
Advance paid to other funds	-	-	-
Net cash provided by non-capital financing activities	<u>92,709</u>	<u>134,439</u>	<u>227,148</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(13,795)	-	(13,795)
Principal paid on long-term debt	(204,900)	-	(204,900)
Interest paid on long-term debt	(133,648)	-	(133,648)
Net cash used by capital and related financing activities	<u>(352,343)</u>	<u>-</u>	<u>(352,343)</u>
Cash flows from investing activities:			
Principal payments on notes receivable	-	14,974	4,385
Interest earned on investments	30,976	4,385	35,361
Net cash provided by investing activities	<u>30,976</u>	<u>19,359</u>	<u>50,335</u>
Net increase in cash and cash equivalents	65,145	24,494	89,639
Cash and cash equivalents, July 1	<u>218,466</u>	<u>132,394</u>	<u>350,860</u>
Cash and cash equivalents, June 30	<u>\$ 283,611</u>	<u>\$ 156,888</u>	<u>\$ 440,499</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 52,466	\$ (166,833)	\$ (114,367)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation	143,109	27,897	171,006
Changes in assets and liabilities:			
Accounts receivable	42,314	3,011	45,325
Accounts payable and accrued liabilities	(8,679)	(3,120)	(11,799)
Unearned revenue	-	5,414	5,414
Compensated absences	(542)	(1,679)	(2,221)
Accrued landfill closure and post-closure care costs	18,884	-	18,884
Net OPEB obligation	46,251	6,006	52,257
Net cash provided (used) by operating activities	<u>\$ 293,803</u>	<u>\$ (129,304)</u>	<u>\$ 164,499</u>

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

JACKSON COUNTY, NORTH CAROLINAStatement of Fiduciary Net Position
Fiduciary Funds

June 30, 2013

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	<u>\$ 133,096</u>
Liabilities:	
Amounts held for others	<u>\$ 133,096</u>

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

NOTES TO FINANCIAL STATEMENTS

JACKSON COUNTY, NORTH CAROLINA

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2013

1. Summary of Significant Accounting Policies

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

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

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

Jackson County 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. The JCTTA was dissolved on December 31, 2012.

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. The CATT was dissolved on December 31, 2012.

Jackson County Tourism Development Authority. The Jackson County Tourism Development Authority (the “JCTDA”) was established by the Jackson County Board of Commissioners, with the authorization of the North Carolina General Legislature, for the purpose of using occupancy taxes collected to promote travel and tourism within Jackson County. The JCTDA is composed of 15 voting members and four ex-officio members, all who serve without compensation and are appointed by the Jackson County Board of Commissioners. Members are appointed to complete three year terms. The JCTDA may contract with any person, firm or organization to advise and assist in carrying out its duty to promote travel and tourism within the County. Complete financial statements for the JCTDA may be obtained by contacting the Jackson County Tourism Development Authority Finance Officer, 401 Grindstaff Cove Road, Sylva, North Carolina, 28779.

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

B. Basis of Presentation, Basis of Accounting

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

type activities are financed in whole or in part by fees charged to external parties.

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

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

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

The County reports the following major governmental 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. In accordance with Governmental Accounting Standards Board ("GASB") No. 54 guidance, these funds are consolidated in the General Fund.
- **School Improvements Fund.** This fund is used to for the construction of school improvements from the proceeds of State grants, installment grants, and local matching funds. Additionally, the County has a legally adopted budget for the School Capital Reserve Fund. In accordance with GASB No. 54 guidance, this fund has been consolidated into the School Improvements Fund.

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 type:

- **Agency Funds.** Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains five agency funds: the Social Services Fund, which accounts for moneys deposited with the Department of Social Services for the benefit of certain individuals; the Property Tax Fund, which accounts for property taxes that are billed and collected by the County for various municipalities within the County; the Extension Agency Fund, which accounts for moneys collected and disbursed for the operation of the Jackson County 4-H Club; the State of North Carolina Fund, which accounts for moneys held for the benefit of certain individuals; and the 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's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable 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 registered motor vehicles, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2012 through February 2013 apply to the fiscal year ended June 30, 2013. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements and are offset by deferred inflows of resources.

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 position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

- 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, Deferred Inflows, and Fund Equity**

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.

Restricted Assets. 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. 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.

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, 2012.

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.

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

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

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

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

Long-Term Obligations. In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net position. In the fund financial statements for governmental fund types, the face amount of debt issued is reported as an other financing source.

Compensated Absences. The vacation policy of the County provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the County's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. Compensated absences

typically have been liquidated in the general and proprietary funds and are accounted for on a FIFO basis, assuming that employees are taking leave time as it is earned.

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

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

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

The governmental fund types classify fund balances as follows:

Restricted Fund Balance - This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law:

- Restricted for Stabilization by State Statute - 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. In addition, all encumbrances lapse at the end of the year. Therefore, the entire amount of unassigned fund balance in the General Fund is available for appropriation.

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, 2013, the County's deposits had a carrying amount of \$27,773,586 and a bank balance of \$28,925,966. Of the bank balance, \$842,734 was covered by federal depository insurance and \$28,083,232 in interest-bearing deposits was covered by collateral held under the Pooling Method.

At June 30, 2013, Jackson County had \$1,925 cash on hand.

At June 30, 2013, the carrying amount of deposits and bank balance for the Jackson County Tourism Development Authority was \$209,394, all of which was covered by federal depository insurance. The JCTDA also had \$50 in cash on hand at June 30, 2013.

At June 30, 2013, the carrying amount of deposits and bank balance for the Jackson County Airport Authority was \$59,044, all of which was covered by federal depository insurance.

Investments. At June 30, 2013, the County's investment balances in the NC Capital Management Trust – cash portfolio were \$4,005,982 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, 2013, 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	\$ 335,721	\$ 3,738,011	\$ 3,536,014	\$ -	\$ 7,156,937
School improvements	788,678	-	-	-	788,678
Other governmental	28,765	-	81,089	500,852	618,325
Allowance for doubtful accounts	-	(1,060,000)	-	(8,315)	(1,068,315)
Total governmental activities	<u>\$ 1,153,164</u>	<u>\$ 2,678,011</u>	<u>\$ 3,617,103</u>	<u>\$ 492,537</u>	<u>\$ 7,940,815</u>
Business-type activities:					
Landfill	\$ 643,018	\$ -	\$ 47,261	\$ -	\$ 690,279
Green Energy Park	1,581	-	-	-	1,581
Economic Development	68	-	-	164,026	164,094
Allowance for doubtful accounts	(124,647)	-	-	-	(124,647)
Total business-type activities	<u>\$ 520,020</u>	<u>\$ -</u>	<u>\$ 47,261</u>	<u>\$ 164,026</u>	<u>\$ 731,307</u>

Notes Receivable. The County has made loans to five 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, 2013, the outstanding balances totaled \$656,563, net of allowances for doubtful accounts.

Capital Assets. Capital asset activity for the year ended June 30, 2013, 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	6,701,114	2,552,274	336,441	8,916,947
Total capital assets not being depreciated	<u>19,067,503</u>	<u>2,552,274</u>	<u>336,441</u>	<u>21,283,336</u>
Capital assets being depreciated:				
Buildings	56,377,410	336,441	-	56,713,851
Equipment	5,245,944	74,352	326,303	4,993,993
Vehicles	4,214,254	581,569	61,347	4,734,476
Total capital assets being depreciated	<u>65,837,608</u>	<u>992,362</u>	<u>387,650</u>	<u>66,442,320</u>
Less accumulated depreciation for:				
Buildings	12,014,622	1,504,623	-	13,519,245
Equipment	3,931,256	313,952	326,303	3,918,905
Vehicles	3,202,990	354,516	61,347	3,496,159
Total accumulated depreciation	<u>19,148,868</u>	<u>2,173,091</u>	<u>387,650</u>	<u>20,934,309</u>
Total capital assets being depreciated, net	<u>46,688,740</u>			<u>45,508,011</u>
Governmental activity capital assets, net	<u>\$65,756,243</u>			<u>\$66,791,347</u>

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

General government	\$ 866,429
Public safety	482,047
Transportation	6440
Economic and physical development	27,167
Human Services	157,696
Culture and recreation	<u>633,312</u>
Total depreciation expense	<u>\$ 2,173,091</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	930,935	13,795	-	944,730
Total capital assets being depreciated	8,035,399	13,795	-	8,049,194
Less accumulated depreciation for:				
Land improvements	524,833	6,017	-	530,850
Buildings	99,695	24,246	-	123,941
Plant and distribution systems	442,087	102,959	-	545,046
Furniture and maintenance equipment	731,598	37,784	-	769,382
Total accumulated depreciation	1,798,213	171,006	-	1,969,219
Total capital assets being depreciated, net	6,237,186			6,079,975
Business-type activities capital assets, net	<u>\$ 6,419,600</u>			<u>\$ 6,262,389</u>

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

Landfill	\$ 143,109
Green Energy Park	5,485
Economic Development Commission	22,412
Total depreciation expense	<u>\$ 171,006</u>

Construction Commitments. The government has active construction projects as of June 30, 2013. At year-end, the government's commitments with contractors are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Project:		
Cullowhee Valley School Roof	\$ 363,212	\$ 496,829
Smoky Mountain High Gymnasium and Performing Arts Center	3,840,237	6,556,573
Blue Ridge High School Locker Rooms	872,417	198,149
Jackson County Transit Building	109,930	38,747
Cashiers Senior Center & Sheriff's Office	145,393	12,182
	<u>\$ 5,331,189</u>	<u>\$ 7,302,480</u>

Discretely Presented Component Unit

Activity for the Airport for the year ended June 30, 2013 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets not being depreciated:				
Land	\$ 4,818,067	\$ -	\$ -	\$ 4,818,067
Capital assets being depreciated:				
Buildings	191,322	-	-	191,322
Equipment	99,326	-	-	99,326
Total capital assets being depreciated	290,648	-	-	290,648
Less accumulated depreciation for:				
Buildings	108,869	3,827	-	112,696
Equipment	40,359	9,933	-	50,292
Total accumulated depreciation	149,228	13,760	-	162,988
Total capital assets being depreciated, net	141,420			127,660
Capital assets, net	<u>\$ 4,959,487</u>			<u>\$ 4,945,727</u>

B. Liabilities

Payables. Payables at the government-wide level at June 30, 2013, were as follows:

	<u>Vendors</u>	<u>Contract Retainage</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental activities:				
General	\$ 304,415	\$ -	\$ 741,774	\$ 1,046,189
School improvements	1,179,840	267,151	-	1,446,991
Other governmental	1,303,811	5,785	-	1,309,596
Total governmental activities	<u>\$ 2,788,066</u>	<u>\$ 272,936</u>	<u>\$ 741,774</u>	<u>\$ 3,802,776</u>
Business-type activities:				
Landfill	\$ 209,389	\$ -	\$ -	\$ 209,389
Other proprietary	2,429	-	-	2,429
Total business-type activities	<u>\$ 211,818</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 211,818</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 6.74 percent and 6.77 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, 2013, 2012 and 2011, were \$834,479, \$862,758, and \$820,410, 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, 2012, the Separation Allowance's membership consisted of:

Retirees receiving benefits	2
Active plan members	47
	<hr/>
Total	49
	<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 contributed \$34,275, or 1.74 percent of annual covered payroll. 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, 2012 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 items (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, 2012 was 18 years.

3-Year Trend Information

<u>For Year Ended June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2011	\$ 79,370	0.00%	\$ 301,024
2012	\$ 80,823	0.00%	\$ 381,847
2013	\$ 83,939	40.83%	\$ 431,511

The annual pension cost and change in net pension obligation as of June 30, 2013, is as follows:

Employer annual required contribution	\$ 88,610
Interest on net pension obligation	19,092
Adjustment to annual required contribution	(23,763)
Annual pension cost	83,939
Employer contributions made for year ending June 30, 2013	(34,275)
Increase in net pension obligation	49,664
Net pension obligation beginning of fiscal year	381,847
Net pension obligation end of fiscal year	<u>\$ 431,511</u>

- **Funded Status and Funding Progress.** As of December 31, 2012, the most recent actuarial valuation date, the plan was 5.54 percent funded. The actuarial accrued liability for benefits was \$799,339, and the actuarial value of assets was \$44,246, which are assigned monies in the General Fund, resulting in an unfunded actuarial accrued liability ("UAAL") of \$755,093. The covered payroll (annual payroll of active employees covered by the plan) was \$1,971,316, and the ratio of the UAAL to the covered payroll was 38.30 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, 2013, were \$256,117, which consisted of \$135,781 from the County and \$120,336 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 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, 2013, the County's required and actual contributions were \$3,611.

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 LGERS 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:

	<u>General Employees</u>	<u>Law Enforcement Officers</u>
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 \$609,080 or 4.23 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	516,961
Adjustment to annual required contribution	(493,858)
Annual OPEB cost (expense)	<u>2,793,064</u>
Contributions made	(609,080)
Increase (decrease) in net OPEB obligation	<u>2,183,984</u>
Net OPEB obligation beginning of year	<u>12,924,015</u>
Net OPEB obligation end of year	<u>\$ 15,107,999</u>

The County's net OPEB obligation is comprised of \$14,650,286 and \$457,713 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 2013 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>
2013	\$ 2,793,064	21.8%	\$ 15,107,999
2012	\$ 2,788,974	18.0%	\$ 12,924,015
2011	\$ 4,037,813	11.1%	\$ 10,636,023

Funded Status and Funding Progress. As of December 31, 2011, the most recent actuarial valuation date, the plan was 0.60 percent 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. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. The County considers these contributions to be immaterial.

Closure and Post-closure Care Costs—Landfill Facility. State and federal laws and regulations required the County to place a final cover on its landfill facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The landfill has been closed, but will be monitored for the next 20 years. Post-closure costs are included in operating expenses of the current year. The \$1,544,690 reported as landfill post-closure care liability at June 30, 2013, 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 Inflows of Resources. The balance in deferred inflows of resources on the fund statements and/or on the government-wide statements at year-end is composed of the following elements:

	<u>Deferred Inflows</u>	<u>Full Accrual Deferred Inflows</u>
Governmental Funds/activities:		
Prepaid taxes not yet earned (General)	\$ 98,180	\$ 98,180
Taxes receivable, net (General)	2,332,453	-
Notes receivable (Economic Development)	492,537	-
Other (General)	127,036	127,036
	<hr/>	<hr/>
Total:	\$ 3,050,206	\$ 225,216
	<hr/>	<hr/>

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, 2013, 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, 2013, 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. \$ 247,737

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. 362,035

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. 1,326,467

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. 1,911,458

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. 4,753,693
(continued)

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.

\$ 7,893,175

A \$10,000,000 note was executed on October 25, 2012 for the construction of a gymnasium and performing arts center at Smoky Mountain High School, and renovation of locker rooms at Blue Ridge High School. The note is payable in 30 semi-annual payments of \$333,333. In addition, 2.79% interest is payable semi-annually. Principal and interest payments are appropriated when due.

9,666,667

A \$6,933,500 note was executed on November 27, 2012 for the refunding of a prior installment obligation for the construction, renovation and equipping of Fairview Kindergarten (33% of the proceeds) and site work on the Webster Complex and the Cashiers Recreation Complex (67% of the proceeds) and is payable in 21 semi-annual payments of \$330,167. In addition, 2.19% interest is payable semi-annually. Principal and interest payments are appropriated when due.

6,273,166

A \$3,058,734 note was executed on December 19, 2012, for the refunding of a prior installment obligation for the construction and equipping of a new Aging Facility located at the Webster Complex and is payable in 22 semi-annual payments of \$139,033. In addition, 2.27% interest is payable semi-annually. Principal and interest payments are appropriated when due.

2,919,700

\$35,354,098

Repayment requirements of the notes payable are:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 4,757,576	\$ 986,980	\$ 5,744,556
2015	4,558,340	833,633	5,391,973
2016	3,307,547	703,347	4,010,894
2017	2,925,255	617,090	3,542,345
2018	2,925,255	535,687	3,460,942
2019-2023	12,711,546	1,504,305	14,215,851
2024-2028	4,168,579	245,730	4,414,309
	<u>\$ 35,354,098</u>	<u>\$ 5,426,772</u>	<u>\$ 40,780,870</u>

The County's long-term debt for business-type activities at June 30, 2013, comprised of the following:

A \$2,815,207 note was executed on November 27, 2012, for the refunding of a prior installment obligation for the construction of the Municipal Solid Waste Facility, payable in 24 semi-annual payments of \$117,300 including interest of 2.37%. Principal and interest payments are appropriated when due.	<u>\$ 2,697,907</u>
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Repayment requirements of the note payable are:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 234,601	\$ 62,550	\$ 297,151
2015	234,601	56,990	291,591
2016	234,601	51,430	286,031
2017	234,601	45,870	280,471
2018	234,601	40,310	274,911
2019-2023	1,173,003	118,151	1,291,154
2024-2025	351,899	8,340	360,239
	<u>\$ 2,697,907</u>	<u>\$ 383,641</u>	<u>\$ 3,081,548</u>

Current Debt Refundings. On November 27, 2012, the County issued an installment purchase obligation in the amount of \$6,933,500 to refund the \$9,905,000 installment purchase obligation issued on December 20, 2007, which was originally issued to finance the construction, renovation and equipping of Fairview Kindergarten and site work on the Webster Complex and the Cashiers Recreation Complex. The reacquisition price equaled the net carrying amount of the old debt. This current refunding was undertaken to

reduce total debt service payments over the life of the debt by \$537,391 and resulted in an economic gain of \$329,386.

On November 27, 2012, the County issued an installment purchase obligation in the amount of \$2,815,207 to refund the \$3,312,550 installment purchase obligation issued on October 19, 2009, which was originally issued to finance the construction of the Municipal Solid Waste Facility. The reacquisition price equaled the net carrying amount of the old debt. This current refunding was undertaken to reduce total debt service payments over the life of the debt by \$423,936 and resulted in an economic gain of \$395,784.

On December 19, 2012, the County issued an installment purchase obligation in the amount of \$3,058,733 to refund the \$4,171,000 installment purchase obligation issued on December 11, 2008, which was originally issued to finance the construction and equipping of a new Aging Facility located at the Webster Complex. The reacquisition price equaled the net carrying amount of the old debt. This current refunding was undertaken to reduce total debt service payments over the life of the debt by \$368,739 and resulted in an economic gain of \$246,390.

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

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balances</u>	<u>Due Within One Year</u>
Governmental activities:					
Installment purchases	\$29,770,616	\$19,992,234	\$14,408,752	\$35,354,098	\$ 4,757,576
Compensated absences	1,323,716	1,016,853	1,027,731	1,312,838	-
Net pension obligation	381,847	83,939	34,275	431,511	-
Net OPEB obligation	<u>12,518,559</u>	<u>2,732,998</u>	<u>601,271</u>	<u>14,650,286</u>	<u>-</u>
Total govern- mental activities	<u>\$43,994,738</u>	<u>\$23,826,024</u>	<u>\$16,072,029</u>	<u>\$51,748,733</u>	<u>\$ 4,757,576</u>
Business-type activities:					
Installment purchases	\$ 2,902,807	\$ 2,815,207	\$ 3,020,107	\$ 2,697,907	\$ 234,601
Landfill closure and post closure costs	1,525,806	27,465	8,581	1,544,690	-
Compensated absences	27,300	18,064	20,285	25,079	-
Net OPEB obligation	<u>405,456</u>	<u>60,066</u>	<u>7,809</u>	<u>457,713</u>	<u>-</u>
Total business- type activities	<u>\$ 4,861,369</u>	<u>\$ 2,920,802</u>	<u>\$ 3,056,782</u>	<u>\$ 4,725,389</u>	<u>\$ 234,601</u>

At June 30, 2013, Jackson County had a legal debt margin of approximately \$867,000,000.

Capital Assets Net of Related Debt. Capital assets net of related debt at June 30, 2013, is computed as follows:

	Governmental Activities	Business- Type Activities
Capital assets, net of accumulated depreciation	\$ 66,791,347	\$ 6,262,389
Less capital debt:		
Gross debt	35,354,098	2,697,907
Less:		
School debt related to assets to which the County does not hold title.	(16,610,540)	-
Unexpended debt proceeds	(5,286,873)	-
Net capital debt	<u>13,456,685</u>	<u>-</u>
Capital assets, net of related debt	<u>\$ 53,334,662</u>	<u>\$ 3,564,482</u>

Interfund Balances and Activity

Transfer to/from Other Funds

Transfers to/from other funds at June 30, 2013, consist of the following:

Transfers from the General Fund to:	
School Improvements Fund	\$ 1,954,821
Non-major governmental funds	367,811
Non-major proprietary funds	134,439

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, 2013. 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 ("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 \$1,574,960 and \$443,219 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2013. 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, 2013. 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, 2013. 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, 2013.

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, 2013. The County contributed \$123,081 to the LME to fund operations during fiscal year June 30, 2013. 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	\$ 1,780	\$ -
TANF	93.558	114,351	-
SFHF Maximization	N/A	-	125,898
CWS Adoption Subsidy	N/A	-	126,581
IV-E Adoption	93.659	88,167	23,284
IV-E Foster Care	93.658	59,060	21,824
Special Children Adoption	93.558	7,200	-
Medicaid	93.778	28,442,793	14,075,325
SC/SA Domiciliary Care	N/A	-	181,593
State Foster Home	N/A	-	58,406
WIC	10.557	1,003,643	-
		<u>\$ 29,716,994</u>	<u>\$ 14,612,911</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. Special Item - Change in Reporting Entity

Pursuant to the authorization provided to the County by the North Carolina General Legislature under Session Law 2011-170, House Bill 96, the County dissolved the Jackson County Travel and Tourism Authority and the Cashiers Area Travel and Tourism Authority and transferred all remaining funds of both authorities to the Jackson County Tourism Development Authority on December 31, 2012. The transfer of the remaining funds is shown as a special item on the Statement of Activities.

8. Change in Accounting Principles

The County implemented Governmental Accounting Standards Board ("GASB") Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement No. 65, *Items Previously Classified as Assets and Liabilities*, in the fiscal year ending June 30, 2013. In accordance with GASB Statement No. 63, the Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified into assets, liabilities, deferred inflows of resources, and net position. In accordance with GASB Statement No. 65, certain items previously reported as deferred revenue have now been classified as deferred inflows of resources

REQUIRED SUPPLEMENTAL FINANCIAL DATA

- 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 Post-Employment Benefits
- Schedule of Employer Contributions for the Other Post-Employment Benefits
- Notes to the Required Schedules for the Other Post-Employment Benefits

JACKSON COUNTY, NORTH CAROLINA

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)-- Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll for Year Ending on Val Date (c)	UAAL as a Percentage of Covered Payroll [(b - a)/c]
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%
12/31/12	44,246*	799,339	755,093	5.54%	1,971,316	38.30%

*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

<u>Year Ending June 30,</u>	<u>Annual Required Contributions</u>	<u>Percentage Contributed</u>
2011	\$ 79,370	0.00%
2012	\$ 80,823	0.00%
2013	\$ 83,939	40.83%

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	12/31/12
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	18 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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)-- Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b - a)/c]
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

<u>Year Ending June 30,</u>	<u>Annual Required Contributions</u>	<u>Percentage Contributed</u>
2011	\$ 3,999,129	11.2%
2012	\$ 2,769,961	18.1%
2013	\$ 2,769,961	22.0%

Notes to the Required Schedules:

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

Valuation date	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%

MAJOR GOVERNMENTAL FUNDS

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

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

CAPITAL PROJECTS FUND

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

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

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

JACKSON COUNTY, NORTH CAROLINA**General Fund****Statement of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual****For the Fiscal Year Ended June 30, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad valorem taxes:			
Current year and prior	\$ 31,803,448	\$ 31,689,022	\$ (114,426)
Penalties and interest	496,489	496,487	(2)
Total ad valorem taxes	<u>32,299,937</u>	<u>32,185,509</u>	<u>(114,428)</u>
Other taxes:			
Local option sales tax	9,024,177	9,024,172	(5)
Beer and wine tax distribution	133,809	133,808	(1)
Tax refund-sales and gasoline	93,890	93,890	-
Total other taxes	<u>9,251,876</u>	<u>9,251,870</u>	<u>(6)</u>
Unrestricted intergovernmental:			
Payments in lieu of taxes	193,321	193,321	-
ABC profit distribution	252,885	249,446	(3,439)
ABC 1 and 5 cent bottle charge	16,205	8,161	(8,044)
Total unrestricted governmental	<u>462,411</u>	<u>450,928</u>	<u>(11,483)</u>
Restricted intergovernmental:			
Federal and State grants:			
Home and Community Care Block grant	191,153	191,153	-
Nantahala Forest timber receipts	127,601	127,600	(1)
DARE grant	6,000	6,000	-
Civil defense	51,593	51,596	3
Soil conservation-matching	33,829	33,823	(6)
Emergency food and shelter	17,491	16,620	(871)
AWAKE—child advocacy	56,860	43,223	(13,637)
Tennessee Valley Authority	893	893	-
Older American Act Title III	17,241	17,210	(31)
Health department	1,519,881	1,480,747	(39,134)
Senior care	21,278	19,874	(1,404)
Smart Start	55,000	52,362	(2,638)
Juvenile Crime Prevention Commission	107,949	107,949	-
Safe Roads Act	4,000	3,364	(636)
Veteran's service	1,452	1,452	-
Erosion control	40,500	1,575	(38,925)
Help America Vote Act grant	6,412	6,412	-
SCAAP—State Criminal Alien grant	18,407	18,407	-
Social services	6,016,549	5,619,967	(396,582)
Title XIX-Medicaid	364,371	351,862	(12,509)

(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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues, continued:			
Restricted intergovernmental, continued:			
Federal and State grants, continued:			
Department of Transportation:			
Governor's Highway Safety program	\$ 9,000	\$ 9,000	\$ -
Section 18-administration	158,582	158,582	-
Section 18-operations	1,914	1,463	(451)
Contracts—EDTAP	176,816	172,874	(3,942)
Cherokee Preservation grant	32,296	32,293	(3)
Department of Justice grant	56,400	9,136	(47,264)
Other State grants	4,000	-	(4,000)
Total	<u>9,097,468</u>	<u>8,535,437</u>	<u>(562,031)</u>
Court facilities fees	<u>56,709</u>	<u>48,608</u>	<u>(8,101)</u>
Total restricted intergovernmental	<u>9,154,177</u>	<u>8,584,045</u>	<u>(570,132)</u>
Other restricted revenues:			
Transportation contracts	<u>118,467</u>	<u>118,465</u>	<u>(2)</u>
Permits and fees:			
Cashiers permit fees	3,150	3,150	-
Board of Elections fees	1,767	1,766	(1)
Erosion control fees	39,030	36,295	(2,735)
Building permits and inspection fees	413,121	413,120	(1)
Environmental health fees	131,501	129,771	(1,730)
Sheriff's fees	30,950	7,895	(23,055)
Officers fees-court	21,600	18,085	(3,515)
Animal adoption fees	16,074	16,070	(4)
Road sign fees	85,800	84,012	(1,788)
Health and Social Services fees	396,149	388,710	(7,439)
Register of Deeds	287,754	269,042	(18,712)
Real property transfer tax	306,029	306,028	(1)
Marriage licenses	7,625	7,625	-
Excise tax	6,121	6,121	-
Senior citizens fees	51,321	51,566	245
ABC fees	6,725	6,725	-
Total permits and fees	<u>1,804,717</u>	<u>1,745,981</u>	<u>(58,736)</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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues, continued:			
Sales and services:			
Jail fees	\$ 14,000	\$ 8,844	\$ (5,156)
Civil process fees	40,000	37,430	(2,570)
Ambulance fees	140,000	132,479	(7,521)
Ancillary services	1,569	1,569	-
Travel and tourism administrative fees	52,214	18,887	(33,327)
Video programming distribution	72,500	68,422	(4,078)
Telephone charges	26,500	5,591	(20,909)
Vending machines	2,000	939	(1,061)
Recreation department	498,010	451,467	(46,543)
Rents	53,360	53,342	(18)
Total sales and services	<u>900,153</u>	<u>778,970</u>	<u>(121,183)</u>
Investment earnings	<u>25,000</u>	<u>14,721</u>	<u>(10,279)</u>
Miscellaneous	<u>1,167,099</u>	<u>1,119,401</u>	<u>(47,698)</u>
Total revenues	<u>55,183,837</u>	<u>54,249,890</u>	<u>(933,947)</u>
Expenditures:			
General government:			
Governing body:			
Salaries and employee benefits	118,469	117,928	541
Operating	122,793	110,576	12,217
Total	<u>241,262</u>	<u>228,504</u>	<u>12,758</u>
Administration:			
Salaries and employee benefits	263,908	263,906	2
Operating	17,814	17,331	483
Capital outlay	3,460	3,459	1
Total	<u>285,182</u>	<u>284,696</u>	<u>486</u>
Elections:			
Salaries and employee benefits	136,933	135,930	1,003
Operating	163,999	126,224	37,775
Total	<u>300,932</u>	<u>262,154</u>	<u>38,778</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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures, continued:			
General government, continued:			
Finance:			
Salaries and employee benefits	\$ 534,458	\$ 527,985	\$ 6,473
Operating	27,001	22,503	4,498
Capital outlay	4,903	4,901	2
Total	<u>566,362</u>	<u>555,389</u>	<u>10,973</u>
Human resources:			
Salaries and employee benefits	78,517	42,704	35,813
Operating	25,150	2,103	23,047
Capital outlay	1,215	1,057	158
Total	<u>104,882</u>	<u>45,864</u>	<u>59,018</u>
Computer services:			
Salaries and employee benefits	246,253	246,055	198
Operating	397,431	364,146	33,285
Capital outlay	27,076	26,607	469
Total	<u>670,760</u>	<u>636,808</u>	<u>33,952</u>
Tax collections:			
Salaries and employee benefits	227,662	220,872	6,790
Operating	43,430	39,503	3,927
Capital outlay	4,792	4,791	1
Total	<u>275,884</u>	<u>265,166</u>	<u>10,718</u>
Tax assessments:			
Salaries and employee benefits	623,470	622,808	662
Operating	118,926	100,926	18,000
Capital outlay	2,464	7,368	(4,904)
Total	<u>744,860</u>	<u>731,102</u>	<u>13,758</u>
Legal services	<u>203,000</u>	<u>202,853</u>	<u>147</u>
Register of Deeds:			
Salaries and employee benefits	297,622	297,361	261
Operating	144,821	183,545	(38,724)
Capital outlay	500	459	41
Total	<u>442,943</u>	<u>481,365</u>	<u>(38,422)</u>
Public Works:			
Salaries and employee benefits	46,370	46,302	68
Operating	120	118	2
Total	<u>46,490</u>	<u>46,420</u>	<u>70</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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures, continued:			
General government, continued:			
Maintenance:			
Salaries and employee benefits	\$ 2,004,114	\$ 1,987,246	\$ 16,868
Operating	1,415,738	1,272,534	143,204
Capital outlay	23,165	23,085	80
Total	<u>3,443,017</u>	<u>3,282,865</u>	<u>160,152</u>
Court facilities:			
Operating	53,609	46,854	6,755
Capital outlay	3,100	3,059	41
Total	<u>56,709</u>	<u>49,913</u>	<u>6,796</u>
Professional services	<u>20,000</u>	<u>19,700</u>	<u>300</u>
Central services:			
Operating	185,116	163,923	21,193
Capital outlay	1,884	1,884	-
Total	<u>187,000</u>	<u>165,807</u>	<u>21,193</u>
Total general government	<u>7,589,283</u>	<u>7,258,606</u>	<u>330,677</u>
Public safety:			
Sheriff:			
Salaries and employee benefits	2,929,396	2,925,192	4,204
Operating	573,105	536,002	37,103
Capital outlay	327,232	263,838	63,394
Total	<u>3,829,733</u>	<u>3,725,032</u>	<u>104,701</u>
Jail:			
Salaries and employee benefits	1,050,170	1,034,093	16,077
Operating	509,108	480,979	28,129
Capital outlay	6,198	6,198	-
Total	<u>1,565,476</u>	<u>1,521,270</u>	<u>44,206</u>
Inspections:			
Operating	<u>7,000</u>	<u>-</u>	<u>7,000</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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures, continued:			
Public safety, continued:			
Code enforcement:			
Salaries and employee benefits	\$ 1,014,031	\$ 1,010,011	\$ 4,020
Operating	154,041	101,417	52,624
Capital outlay	102,869	102,218	651
Total	<u>1,270,941</u>	<u>1,213,646</u>	<u>57,295</u>
Emergency management:			
Salaries and employee benefits	866,218	865,608	610
Operating	132,296	125,068	7,228
Capital outlay	9,380	9,378	2
Total	<u>1,007,894</u>	<u>1,000,054</u>	<u>7,840</u>
Fire:			
Salaries and employee benefits	354,202	349,991	4,211
Operating	985,913	970,548	15,365
Capital outlay	139,065	139,063	2
Total	<u>1,479,180</u>	<u>1,459,602</u>	<u>19,578</u>
Ambulance:			
Operating	1,187,285	1,178,495	8,790
Capital outlay	164,732	164,732	-
Total	<u>1,352,017</u>	<u>1,343,227</u>	<u>8,790</u>
Total public safety	<u>10,512,241</u>	<u>10,262,831</u>	<u>249,410</u>
Transportation:			
Salaries and employee benefits	435,469	406,679	28,790
Operating	190,543	146,924	43,619
Capital outlay	97,435	27,531	69,904
Total	<u>723,447</u>	<u>581,134</u>	<u>142,313</u>
Airport	<u>47,667</u>	<u>47,667</u>	<u>-</u>
Total transportation	<u>771,114</u>	<u>628,801</u>	<u>142,313</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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures, continued:			
Environmental protection:			
Forestry	\$ 92,104	\$ 78,921	\$ 13,183
Economic and physical development:			
Planning and zoning:			
Salaries and employee benefits	188,123	137,656	50,467
Operating	20,335	18,849	1,486
Capital outlay	2,114	2,114	-
Total	210,572	158,619	51,953
Community development	107,373	97,716	9,657
Agricultural extension:			
Salaries and employee benefits	101,684	93,475	8,209
Operating	59,038	54,393	4,645
Total	160,722	147,868	12,854
Conservation:			
Salaries and employee benefits	118,631	118,455	176
Operating	35,314	19,007	16,307
Capital outlay	15,706	15,706	-
Total	169,651	153,168	16,483
Total economic and physical development	648,318	557,371	90,947
Human services:			
Health:			
General health:			
Salaries and employee benefits	2,329,998	2,230,268	99,730
Operating	294,532	257,284	37,248
Capital outlay	23,923	23,921	2
Total	2,648,453	2,511,473	136,980
County health clinic:			
Salaries and employee benefits	123,912	123,898	14
Operating	40,400	28,894	11,506
Total	164,312	152,792	11,520

(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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures, continued:			
Human services, continued:			
Health, continued:			
Health assurance:			
Salaries and employee benefits	\$ 192,593	\$ 187,639	\$ 4,954
Operating	345,118	302,200	42,918
Capital outlay	479	-	479
Total	<u>538,190</u>	<u>489,839</u>	<u>48,351</u>
Health link:			
Salaries and employee benefits	<u>3,503</u>	<u>3,503</u>	<u>-</u>
Maternal and child health:			
Salaries and employee benefits	106,814	90,500	16,314
Operating	51,921	25,449	26,472
Capital outlay	13,138	11,581	1,557
Total	<u>171,873</u>	<u>127,530</u>	<u>44,343</u>
WIC-administration and nutrition:			
Salaries and employee benefits	139,852	132,713	7,139
Operating	14,814	6,597	8,217
Total	<u>154,666</u>	<u>139,310</u>	<u>15,356</u>
Family planning:			
Salaries and employee benefits	116,487	110,405	6,082
Operating	76,277	44,797	31,480
Total	<u>192,764</u>	<u>155,202</u>	<u>37,562</u>
Maternal outreach:			
Salaries and employee benefits	36,909	36,909	-
Operating	27,303	13,112	14,191
Total	<u>64,212</u>	<u>50,021</u>	<u>14,191</u>
Communicable diseases:			
Salaries and employee benefits	13,411	13,408	3
Operating	38	36	2
Total	<u>13,449</u>	<u>13,444</u>	<u>5</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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures, continued:			
Human services, continued:			
Health, continued:			
NC healthy start:			
Salaries and employee benefits	\$ 67,076	\$ 66,358	\$ 718
Operating	82,150	72,323	9,827
Capital outlay	3,000	-	3,000
Total	<u>152,226</u>	<u>138,681</u>	<u>13,545</u>
Immunization action program:			
Salaries and employee benefits	9,814	9,809	5
Operating	25	24	1
Total	<u>9,839</u>	<u>9,833</u>	<u>6</u>
Breastfeeding:			
Salaries and employee benefits	15,874	12,810	3,064
Operating	3,295	61	3,234
Total	<u>19,169</u>	<u>12,871</u>	<u>6,298</u>
Child services coordinator:			
Salaries and employee benefits	69,474	55,189	14,285
Operating	14,155	403	13,752
Total	<u>83,629</u>	<u>55,592</u>	<u>28,037</u>
Smart start:			
Salaries and employee benefits	52,218	51,996	222
Operating	2,105	2,095	10
Total	<u>54,323</u>	<u>54,091</u>	<u>232</u>
Diabetes and diabetes care clinic:			
Salaries and employee benefits	67,103	66,756	347
Operating	19,275	10,051	9,224
Total	<u>86,378</u>	<u>76,807</u>	<u>9,571</u>
Community transformation:			
Operating	31,089	30,083	1,006
Capital outlay	3,486	3,482	4
Total	<u>34,575</u>	<u>33,565</u>	<u>1,010</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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures, continued:			
Human services, continued:			
Health, continued:			
Other health services:			
Operating	\$ 178,184	\$ 99,345	\$ 78,839
Capital outlay	11,405	11,404	1
Total	<u>189,589</u>	<u>110,749</u>	<u>78,840</u>
Total health	<u>4,581,150</u>	<u>4,135,303</u>	<u>445,847</u>
Environmental health:			
Animal shelter:			
Salaries and employee benefits	204,033	186,462	17,571
Operating	47,358	38,938	8,420
Capital outlay	86,120	86,120	-
Total	<u>337,511</u>	<u>311,520</u>	<u>25,991</u>
Environmental health:			
Operating	<u>6,000</u>	<u>3,420</u>	<u>2,580</u>
Bioterrorism:			
Salaries and employee benefits	38,473	38,464	9
Operating	911	529	382
Capital outlay	835	831	4
Total	<u>40,219</u>	<u>39,824</u>	<u>395</u>
Total environmental health	<u>383,730</u>	<u>354,764</u>	<u>28,966</u>
Mental health:			
Smoky Mountain Center LME	<u>123,081</u>	<u>123,081</u>	<u>-</u>
Social services:			
Administration:			
Salaries and employee benefits	3,251,823	3,241,230	10,593
Operating	260,974	221,922	39,052
Capital outlay	62,384	61,254	1,130
Total	<u>3,575,181</u>	<u>3,524,406</u>	<u>50,775</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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures, continued:			
Human services, continued:			
Social services, continued:			
Other services:			
Adult guardianship	\$ 12,700	\$ 8,005	\$ 4,695
Special assistance	176,186	176,183	3
Medical care	178,000	172,700	5,300
Foster care	359,179	192,643	166,536
Aid to the blind	3,508	3,508	-
Food stamp administration	12,000	8,773	3,227
Crisis intervention	214,101	214,084	17
Adult day care	5,143	2,216	2,927
Emergency assistance	23,452	22,873	579
IV-D	23,500	16,496	7,004
LIEAP	94,519	74,100	20,419
Child care services	1,928,417	1,928,417	-
Other	415,228	214,070	201,158
Total	<u>3,445,933</u>	<u>3,034,068</u>	<u>411,865</u>
Indian reservation:			
Salaries and employee benefits	704,064	703,779	285
Operating	271,037	269,546	1,491
Capital outlay	29,749	29,749	-
Total	<u>1,004,850</u>	<u>1,003,074</u>	<u>1,776</u>
Emergency food and shelter	<u>10,871</u>	<u>9,998</u>	<u>873</u>
Focal point on aging:			
Salaries and employee benefits	410,376	410,353	23
Operating	230,551	203,219	27,332
Capital outlay	31,190	26,048	5,142
Total	<u>672,117</u>	<u>639,620</u>	<u>32,497</u>
Total social services	<u>8,708,952</u>	<u>8,211,166</u>	<u>497,786</u>
Eldercare coalition:			
Salaries and employee benefits	209,573	203,612	5,961
Operating	256,543	217,424	39,119
Total	<u>466,116</u>	<u>421,036</u>	<u>45,080</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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures, continued:			
Human services, continued:			
Veteran's service officer:			
Salaries and employee benefits	\$ 91,238	\$ 90,868	\$ 370
Operating	10,888	9,581	1,307
Capital outlay	1,057	1,057	-
Total	<u>103,183</u>	<u>101,506</u>	<u>1,677</u>
Other human services	<u>332,219</u>	<u>276,532</u>	<u>55,687</u>
Total human services	<u>14,698,431</u>	<u>13,623,388</u>	<u>1,075,043</u>
Culture and recreation:			
Recreation:			
Salaries and employee benefits	779,555	742,748	36,807
Operating	468,178	392,594	75,584
Capital outlay	35,009	32,859	2,150
Total	<u>1,282,742</u>	<u>1,168,201</u>	<u>114,541</u>
Arts council	<u>18,282</u>	<u>18,282</u>	<u>-</u>
Library	<u>1,007,240</u>	<u>976,538</u>	<u>30,702</u>
Swimming pool:			
Salaries and employee benefits	26,971	26,035	936
Operating	26,904	25,564	1,340
Total	<u>53,875</u>	<u>51,599</u>	<u>2,276</u>
Cashiers recreation:			
Salaries and employee benefits	203,390	188,956	14,434
Operating	121,438	98,385	23,053
Total	<u>324,828</u>	<u>287,341</u>	<u>37,487</u>
Cashiers swimming pool:			
Salaries and employee benefits	20,847	20,842	5
Operating	14,200	13,333	867
Total	<u>35,047</u>	<u>34,175</u>	<u>872</u>
Total culture and recreation	<u>2,722,014</u>	<u>2,536,136</u>	<u>185,878</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, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures, continued:			
Education:			
Public schools—current	\$ 6,651,882	\$ 6,651,882	\$ -
Public schools—timber receipts	127,600	127,600	-
Public schools—capital outlay	632,500	632,500	-
Community colleges—current	1,574,960	1,574,960	-
Community colleges—capital outlay	1,206,028	443,219	762,809
Total education	<u>10,192,970</u>	<u>9,430,161</u>	<u>762,809</u>
Debt service:			
Principal retirement	4,416,517	4,416,518	(1)
Interest and other charges	1,420,692	1,420,691	1
Total debt service	<u>5,837,209</u>	<u>5,837,209</u>	<u>-</u>
Total expenditures	<u>53,063,684</u>	<u>50,213,424</u>	<u>2,850,260</u>
Revenues over expenditures	<u>2,120,153</u>	<u>4,036,466</u>	<u>1,916,313</u>
Other financing sources (uses):			
Transfers from (to) other funds:			
Capital Reserve Fund	152,055	152,055	-
School Capital Reserve Fund	(1,051,812)	(1,051,778)	34
Revaluation Fund	(250,000)	(250,000)	-
Public Housing Fund	962	-	(962)
County Capital Projects Fund	(42,811)	(42,811)	-
School Improvements Fund	(903,043)	(903,043)	-
Library Expansion Project Fund	-	6,077	6,077
Green Energy Park Fund	(134,439)	(134,439)	-
Proceeds from installment obligation	9,992,234	9,992,234	-
Payment of installment obligation	(9,992,234)	(9,992,234)	-
Proceeds from sale of capital assets	248,661	221,074	(27,587)
Contingency	(139,726)	-	139,726
Total other financing sources (uses)	<u>(2,120,153)</u>	<u>(2,002,865)</u>	<u>117,288</u>
Net change in fund balance	<u>\$ -</u>	<u>2,033,601</u>	<u>\$ 2,033,601</u>
Fund balance, July 1		<u>19,387,385</u>	
Fund balance, June 30		<u>\$ 21,420,986</u>	

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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures:			
General government:			
Tax listing	<u>\$ 390,715</u>	<u>\$ 370,296</u>	<u>\$ 20,419</u>
Other financing source:			
Transfer from General Fund	<u>250,000</u>	<u>250,000</u>	<u>-</u>
Fund balance appropriation	<u>140,715</u>	<u>-</u>	<u>(140,715)</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u>(120,296)</u>	<u><u>\$ (120,296)</u></u>
Fund balance:			
Beginning of year, July 1		<u>123,237</u>	
End of year, June 30		<u><u>\$ 2,941</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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Investment earnings	\$ 1,500	\$ 844	\$ (656)
Expenditures:			
Designated for future appropriations	101,500	-	101,500
Revenues under expenditures	(100,000)	844	100,844
Other financing sources (uses):			
Transfers to General Fund	(152,055)	(152,055)	-
Transfers to County Capital Projects Fund	(325,000)	(325,000)	-
Total other financing uses	(477,055)	(477,055)	-
Fund balance appropriation	577,055	-	(577,055)
Net change in fund balance	\$ -	(476,211)	\$ (476,211)
Fund balance:			
Beginning of year, July 1		1,070,430	
End of year, June 30		\$ 594,219	

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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures:			
Environmental protection:			
Conservation	\$ 117,701	\$ 191	\$ 117,510
Capital outlay	<u>612,988</u>	<u>81,824</u>	<u>531,164</u>
Total expenditures	<u>730,689</u>	<u>82,015</u>	<u>648,674</u>
Appropriated fund balance	<u>730,689</u>	-	<u>(730,689)</u>
Net change in fund balance	<u><u>\$ -</u></u>	(82,015)	<u><u>\$ (82,015)</u></u>
Fund balance:			
Beginning of year, July 1		<u>761,847</u>	
End of year, June 30		<u><u>\$ 679,832</u></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, 2013

		<u>Actual</u>			Variance Positive (Negative)
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Restricted intergovernmental:					
Public School Building Capital Fund	\$ 345,738	\$ -	\$ -	\$ -	\$ (345,738)
Jackson County Board of Education	97,500	-	97,500	97,500	-
Investment earnings	-	-	3,228	3,228	3,228
Total revenues	<u>443,238</u>	<u>-</u>	<u>100,728</u>	<u>100,728</u>	<u>(342,510)</u>
Expenditures:					
Education:					
HUB Project	627,881	627,881	-	627,881	-
Smoky Mountain High gym, fine arts and					
Blue Ridge School locker rooms	13,168,650	588,019	5,285,673	5,873,692	7,294,958
Cullowhee Valley School roofing project	1,000,543	-	451,520	451,520	549,023
Total expenditures	<u>14,797,074</u>	<u>1,215,900</u>	<u>5,737,193</u>	<u>6,953,093</u>	<u>7,843,981</u>
Revenues under expenditures	<u>(14,353,836)</u>	<u>(1,215,900)</u>	<u>(5,636,465)</u>	<u>(6,852,365)</u>	<u>7,501,471</u>
Other financing sources:					
Transfers from other funds:					
General Fund	1,027,642	-	903,043	903,043	(124,599)
School Capital Reserve	2,940,469	924,069	-	924,069	(2,016,400)
Proceeds from installment obligation	10,000,000	-	10,000,000	10,000,000	-
Total other financing sources	<u>13,968,111</u>	<u>924,069</u>	<u>10,903,043</u>	<u>11,827,112</u>	<u>(2,140,999)</u>
Appropriated fund balance/closed out projects	<u>385,725</u>	<u>712,586</u>	<u>-</u>	<u>712,586</u>	<u>326,861</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 420,755</u>	<u>5,266,578</u>	<u>\$ 5,687,333</u>	<u>\$ 5,687,333</u>
Fund balance:					
Beginning of year, July 1			<u>420,755</u>		
End of year, June 30			5,687,333		
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			1,051,778		
Fund balance, beginning (School Capital Reserve Fund)			<u>133,672</u>		
Fund balance, ending (Consolidated School Improvements Fund)			<u>\$ 6,872,783</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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Investment earnings	\$ 1,358	\$ -	\$ (1,358)
Other financing sources (uses):			
Transfer from General Fund	1,051,812	1,051,778	34
Transfer to School Improvement Fund	(1,053,170)	-	(1,053,170)
Total other financing sources (uses)	(1,358)	1,051,778	(1,053,136)
Fund balance appropriation	-	-	-
Net change in fund balance	\$ -	1,051,778	\$ 1,053,136
Fund balance:			
Beginning of year, July 1		133,672	
End of year, June 30		\$ 1,185,450	

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS SECTION**

COMBINING STATEMENTS FOR NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

- **Emergency Telephone System Fund** - This fund was established in accordance with North Carolina law to account for the accumulation of telephone surcharges to be used for emergency telephone systems.
- **Law Enforcement Block Grant Fund** - This fund accounts for State grants received and expended for software and equipment.
- **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.

CAPITAL PROJECTS FUNDS

- **Recreation Center Fund** - This fund is used to account for various recreation projects.
- **Emergency Management Fund** - This fund is used to account for the construction on the Emergency Management Facility, which will be financed primarily by the General Fund.
- **County Capital Projects Fund** - This fund was established to account for the construction of various County administration projects.
- **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.

JACKSON COUNTY, NORTH CAROLINACombining Balance Sheet
Non-major Governmental Funds

June 30, 2013

	Non-major Special Revenue Funds	Non-major Capital Projects Funds	Total Non-major Governmental Funds
Assets:			
Cash and cash equivalents	\$ 1,167,290	\$ 1,285,389	\$ 2,452,679
Accounts receivable, net	13,252	15,513	28,765
Due from other governments	81,089	-	81,089
Notes receivable, net	492,537	-	492,537
Total assets	\$ 1,754,168	\$ 1,300,902	\$ 3,055,070
Liabilities			
Accounts payable and accrued liabilities	\$ 19,900	\$ 104,071	\$ 123,971
Contract retainage	-	5,785	5,785
Total liabilities	19,900	109,856	129,756
Deferred inflows of resources	492,537	-	492,537
Fund balances:			
Restricted:			
Stabilization by State Statute	94,341	15,513	109,854
Public safety	120,292	-	120,292
Economic and physical development	982,417	-	982,417
Committed:			
Recreation	-	635,301	635,301
Public safety	-	519,351	519,351
Various programs and projects	44,681	20,881	65,562
Total fund balances	1,241,731	1,191,046	2,432,777
Total liabilities, deferred inflows of resources and fund balances	\$ 1,754,168	\$ 1,300,902	\$ 3,055,070

JACKSON COUNTY, NORTH CAROLINA

Combining Balance Sheet Non-major Special Revenue Funds

June 30, 2013

	Emergency Telephone Fund	Law Enforcement Block Grant Fund	Community Development Scattered Site Project Fund
Assets:			
Cash and cash equivalents	\$ 96,538	\$ 23,754	\$ 46,681
Accounts receivable, net	7,527	390	128
Due from other governments	39,824	-	41,265
Notes receivable, net	-	-	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 143,889</u>	<u>\$ 24,144</u>	<u>\$ 88,074</u>
Liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 2,000
	<hr/>	<hr/>	<hr/>
Deferred inflows of resources	-	-	-
	<hr/>	<hr/>	<hr/>
Fund balances:			
Restricted:			
Stabilization by State Statute	47,351	390	41,393
Public safety	96,538	23,754	-
Economic and physical development	-	-	-
Committed	-	-	44,681
	<hr/>	<hr/>	<hr/>
Total fund balances	<u>143,889</u>	<u>24,144</u>	<u>86,074</u>
	<hr/>	<hr/>	<hr/>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 143,889</u>	<u>\$ 24,144</u>	<u>\$ 88,074</u>

Clean Water Revolving Loan Fund	Economic Development Fund	Economic Development Commission Fund	Total Non-major Special Revenue Funds
\$ 55,014	\$ 508,241	\$ 437,062	\$ 1,167,290
5,207	-	-	13,252
-	-	-	81,089
-	472,695	19,842	492,537
<u>\$ 60,221</u>	<u>\$ 980,936</u>	<u>\$ 456,904</u>	<u>\$ 1,754,168</u>
\$ 17,800	\$ -	\$ 100	\$ 19,900
-	472,695	19,842	492,537
5,207	-	-	94,341
-	-	-	120,292
37,214	508,241	436,962	982,417
-	-	-	44,681
<u>42,421</u>	<u>508,241</u>	<u>436,962</u>	<u>1,241,731</u>
<u>\$ 60,221</u>	<u>\$ 980,936</u>	<u>\$ 456,904</u>	<u>\$ 1,754,168</u>

JACKSON COUNTY, NORTH CAROLINACombining Balance Sheet
Non-major Capital Projects Funds

June 30, 2013

	Recreation Center Fund	Emergency Management Project Fund	County Capital Projects Fund	Total Non-major Capital Projects Funds
Assets:				
Cash and cash equivalents	\$ 635,301	\$ 519,351	\$ 130,737	\$ 1,285,389
Accounts receivable, net	13,126	1,740	647	15,513
Total assets	\$ 648,427	\$ 521,091	131,384	\$ 1,300,902
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 104,071	\$ 104,071
Contract retainage	-	-	5,785	5,785
Total liabilities	-	-	109,856	109,856
Fund balances:				
Restricted:				
Stabilization by State Statute	13,126	1,740	647	15,513
Committed	635,301	519,351	20,881	1,175,533
Total fund balances	648,427	521,091	21,528	1,191,046
Total liabilities and fund balances	\$ 648,427	\$ 521,091	\$ 131,384	\$ 1,300,902

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

For the Fiscal Year Ended June 30, 2013

	Non-major Special Revenue Funds	Non-major Capital Projects Funds	Total Non-major Governmental Funds
Revenues:			
Restricted intergovernmental	\$ 786,668	\$ 198,841	\$ 985,509
Investment earnings	12,590	1,395	13,985
Miscellaneous	26,972	-	26,972
Total revenues	<u>826,230</u>	<u>200,236</u>	<u>1,026,466</u>
Expenditures:			
Current:			
General government	-	189,127	189,127
Public safety	460,993	21,876	482,869
Economic and physical development	276,114	-	276,114
Culture and recreation	-	2,341,271	2,341,271
Total expenditures	<u>737,107</u>	<u>2,552,274</u>	<u>3,289,381</u>
Revenues over (under) expenditures	<u>89,123</u>	<u>(2,352,038)</u>	<u>(2,262,915)</u>
Other financing sources (uses):			
Transfers from other funds	-	367,811	367,811
Transfers to other funds	-	(6,077)	(6,077)
Total other financing sources	<u>-</u>	<u>361,734</u>	<u>361,734</u>
Net change in fund balances	89,123	(1,990,304)	(1,901,181)
Fund balances:			
Beginning of year, July 1	<u>1,152,608</u>	<u>3,181,350</u>	<u>4,333,958</u>
End of year, June 30	<u>\$ 1,241,731</u>	<u>\$ 1,191,046</u>	<u>\$ 2,432,777</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, 2013

	Emergency Telephone Fund	Law Enforcement Block Grant Fund	Community Development Scattered Site Project Fund
Revenues:			
Restricted intergovernmental	\$ 477,890	\$ 20,295	\$ 151,092
Investment earnings	-	-	-
Miscellaneous	-	-	26,972
Total revenues	<u>477,890</u>	<u>20,295</u>	<u>178,064</u>
Expenditures:			
Current:			
Public safety	446,935	14,058	-
Economic and physical development	-	-	164,016
Total expenditures	<u>446,935</u>	<u>14,058</u>	<u>164,016</u>
Net change in fund balances	<u>30,955</u>	<u>6,237</u>	<u>14,048</u>
Fund balances:			
Beginning of year, July 1	<u>112,934</u>	<u>17,907</u>	<u>72,026</u>
End of year, June 30	<u>\$ 143,889</u>	<u>\$ 24,144</u>	<u>\$ 86,074</u>

Clean Water Revolving Loan Fund	Economic Development Fund	Economic Development Commission Fund	Total Non-major Special Revenue Funds
\$ -	\$ 62,470	\$ 74,921	\$ 786,668
1,212	10,928	450	12,590
-	-	-	26,972
<u>1,212</u>	<u>73,398</u>	<u>75,371</u>	<u>826,230</u>
-	-	-	460,993
17,799	17,905	76,394	276,114
<u>17,799</u>	<u>17,905</u>	<u>76,394</u>	<u>737,107</u>
(16,587)	55,493	(1,023)	89,123
59,008	452,748	437,985	1,152,608
<u>\$ 42,421</u>	<u>\$ 508,241</u>	<u>\$ 436,962</u>	<u>\$ 1,241,731</u>

JACKSON COUNTY, NORTH CAROLINACombining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Non-major Capital Projects Funds

For the Fiscal Year Ended June 30, 2013

	Recreation Center Fund	Emergency Management Project Fund	County Capital Projects Fund	Library Expansion Project Fund	Total Non-major Capital Projects Funds
Revenues:					
Restricted intergovernmental	\$ 198,841	\$ -	\$ -	\$ -	\$ 198,841
Investment earnings	1,395	-	-	-	1,395
Total revenues	<u>200,236</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,236</u>
Expenditures:					
Current:					
General government	-	-	189,127	-	189,127
Public safety	-	21,876	-	-	21,876
Culture and recreation	2,184,115	-	157,156	-	2,341,271
Total expenditures	<u>2,184,115</u>	<u>21,876</u>	<u>346,283</u>	<u>-</u>	<u>2,552,274</u>
Revenues under expenditures	<u>(1,983,879)</u>	<u>(21,876)</u>	<u>(346,283)</u>	<u>-</u>	<u>(2,352,038)</u>
Other financing sources (uses):					
Transfers from other funds	-	-	367,811	-	367,811
Transfers to other funds	-	-	-	(6,077)	(6,077)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>367,811</u>	<u>(6,077)</u>	<u>361,734</u>
Net change in fund balances	(1,983,879)	(21,876)	21,528	(6,077)	(1,990,304)
Fund balances:					
Beginning of year, July 1	<u>2,632,306</u>	<u>542,967</u>	<u>-</u>	<u>6,077</u>	<u>3,181,350</u>
End of year, June 30	<u>\$ 648,427</u>	<u>\$ 521,091</u>	<u>\$ 21,528</u>	<u>\$ -</u>	<u>\$ 1,191,046</u>

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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Restricted intergovernmental:			
Wireless 911 funds	\$ 477,890	\$ 477,890	\$ -
Expenditures:			
Public safety	477,890	446,935	30,955
Net change in fund balance	<u>\$ -</u>	30,955	<u>\$ 30,955</u>
Fund balance:			
Beginning of year, July 1		112,934	
End of year, June 30		<u>\$ 143,889</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, 2013**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Restricted intergovernmental	<u>\$ 20,700</u>	<u>\$ 20,295</u>	<u>\$ (405)</u>
Expenditures:			
Public safety:			
Operating	5,700	2,779	2,921
Capital outlay	<u>15,000</u>	<u>11,279</u>	<u>3,721</u>
Total expenditures	<u>20,700</u>	<u>14,058</u>	<u>6,642</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u>6,237</u>	<u><u>\$ 6,237</u></u>
Fund balance:			
Beginning of year, July 1		<u>17,907</u>	
End of year, June 30		<u><u>\$ 24,144</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, 2013

		<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:					
NC Economic Recovery Program					
Project	\$ 500,000	\$ -	\$ 151,092	\$ 151,092	\$ (348,908)
Miscellaneous	-	-	26,972	26,972	26,972
Total revenues	<u>500,000</u>	<u>-</u>	<u>178,064</u>	<u>178,064</u>	<u>(321,936)</u>
Expenditures:					
Economic and physical					
development:					
NC Economic Recovery Program					
Project	<u>500,000</u>	<u>-</u>	<u>164,016</u>	<u>164,016</u>	<u>335,984</u>
Revenues over expenditures	-	-	14,048	14,048	14,048
Fund balance appropriation/ closed out projects	<u>-</u>	<u>72,026</u>	<u>-</u>	<u>72,026</u>	<u>72,026</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 72,026</u>	14,048	<u>\$ 86,074</u>	<u>\$ 86,074</u>
Fund balance:					
Beginning of year, July 1			<u>72,026</u>		
End of year, June 30			<u>\$ 86,074</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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Investment earnings	\$ 2,430	\$ 1,212	\$ (1,218)
Expenditures:			
Economic and physical development:			
Operating	22,800	17,799	5,001
Revenues under expenditures	(20,370)	(16,587)	3,783
Appropriated fund balance	20,370	-	(20,370)
Net change in fund balance	<u>\$ -</u>	(16,587)	<u>\$ (16,587)</u>
Fund balance:			
Beginning of year, July 1		59,008	
End of year, June 30		<u>\$ 42,421</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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Restricted intergovernmental	\$ 62,470	\$ 62,470	\$ -
Investment earnings	11,004	10,928	(76)
Total revenues	<u>73,474</u>	<u>73,398</u>	<u>(76)</u>
Expenditures:			
Economic and physical development:			
Loan funds advanced	20,000	17,905	2,095
Reserve for economic development	53,474	-	53,474
Total expenditures	<u>73,474</u>	<u>17,905</u>	<u>55,569</u>
Net change in fund balance	<u>\$ -</u>	<u>55,493</u>	<u>\$ 55,493</u>
Fund balance:			
Beginning of year, July 1		<u>452,748</u>	
End of year, June 30		<u>\$ 508,241</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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Restricted intergovernmental			
Federal grants:			
NC Tomorrow Project	\$ 50,000	\$ 50,000	\$ -
Toolbox Project	15,000	15,000	-
Other:	9,922	9,921	(1)
Investment earnings	<u>1,000</u>	<u>450</u>	<u>(550)</u>
Total revenues	<u>75,922</u>	<u>75,371</u>	<u>(551)</u>
Expenditures:			
Economic and physical development:			
NC Tomorrow Project	50,000	50,000	-
Toolbox Project	15,000	15,000	-
Operating	10,200	8,894	1,306
Commercial investments	55,000	-	55,000
Loans, development, capital improvement	<u>100,000</u>	<u>2,500</u>	<u>97,500</u>
Total expenditures	<u>230,200</u>	<u>76,394</u>	<u>153,806</u>
Revenues under expenditures	(154,278)	(1,023)	153,255
Appropriated fund balance	<u>154,278</u>	<u>-</u>	<u>(154,278)</u>
Net change in fund balance	<u>\$ -</u>	<u>(1,023)</u>	<u>\$ (1,023)</u>
Fund balance:			
Beginning of year, July 1		<u>437,985</u>	
End of year, June 30		<u>\$ 436,962</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, 2013

		<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:					
DOT Revenue	\$ 400,000	\$ 201,159	\$ 198,841	\$ 400,000	\$ -
Investment earnings	40,000	39,730	1,395	41,125	1,125
Total revenues	<u>440,000</u>	<u>240,889</u>	<u>200,236</u>	<u>441,125</u>	<u>1,125</u>
Expenditures:					
Culture and recreation:					
Architect fees	856,240	811,382	27,355	838,737	17,503
Furniture and equipment	279,800	33,247	217,519	250,766	29,034
Construction cost	5,941,849	3,755,376	1,844,419	5,599,795	342,054
Site preparation	2,847,682	2,650,085	94,822	2,744,907	102,775
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>7,471,315</u>	<u>2,184,115</u>	<u>9,655,430</u>	<u>491,366</u>
Revenues under expenditures	<u>(9,706,796)</u>	<u>(7,230,426)</u>	<u>(1,983,879)</u>	<u>(9,214,305)</u>	<u>492,491</u>
Other financing sources (uses):					
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	<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>\$ 2,632,306</u>	<u>(1,983,879)</u>	<u>\$ 648,427</u>	<u>\$ 648,427</u>
Fund balance:					
Beginning of year, July 1			<u>2,632,306</u>		
End of year, June 30			<u>\$ 648,427</u>		

JACKSON COUNTY, NORTH CAROLINA

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

From Inception and for the Fiscal Year Ended June 30, 2013

		<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>Year</u>	<u>Year</u>	<u>Date</u>	<u>(Negative)</u>
Expenditures:					
Public Safety:					
Architect fees	\$ 10,000	\$ 4,400	\$ 1,400	\$ 5,800	\$ 4,200
Equipment	100,000	84,454	2,523	86,977	13,023
Construction cost	645,420	173,599	17,953	191,552	453,868
Site acquisition	352,981	352,981	-	352,981	-
Total expenditures	<u>1,108,401</u>	<u>615,434</u>	<u>21,876</u>	<u>637,310</u>	<u>471,091</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>1,158,401</u>	<u>-</u>	<u>1,158,401</u>	<u>50,000</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 542,967</u>	<u>(21,876)</u>	<u>\$ 521,091</u>	<u>\$ 521,091</u>
Fund balance:					
Beginning of year, July 1			<u>542,967</u>		
End of year, June 30			<u>\$ 521,091</u>		

JACKSON COUNTY, NORTH CAROLINA

Capital Project Fund—County Capital Projects Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance—Budget and Actual

From Inception and for the Fiscal Year Ended June 30, 2013

		<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:					
General government:					
Architect fees	\$ 5,600	\$ -	\$ 5,100	\$ 5,100	\$ 500
Furniture and equipment	15,445	-	15,440	15,440	5
Construction cost	178,955		168,587	168,587	10,368
Culture and recreation:					
Management fees	5,069	-	2,000	2,000	3,069
Construction cost	162,742	-	155,156	155,156	7,586
Total expenditures	<u>367,811</u>	<u>-</u>	<u>346,283</u>	<u>346,283</u>	<u>21,528</u>
Other financing sources:					
Transfers from other funds:					
General Fund	42,811	-	42,811	42,811	-
Capital Reserve Fund	325,000	-	325,000	325,000	-
Total other financing sources	<u>367,811</u>	<u>-</u>	<u>367,811</u>	<u>367,811</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	21,528	<u>\$ 21,528</u>	<u>\$ 21,528</u>
Fund balance:					
Beginning of year, July 1			<u>-</u>		
End of year, June 30			<u>\$ 21,528</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, 2013

		Actual			Variance Positive (Negative)
	<u>Project Authorization</u>	<u>Prior Year</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Investment earnings	\$ 6,895	\$ 6,894	\$ -	\$ 6,894	\$ (1)
Gifts and donations	68,289	68,289	-	68,289	-
Total revenues	<u>75,184</u>	<u>75,183</u>	<u>-</u>	<u>75,183</u>	<u>(1)</u>
Expenditures:					
Culture and recreation:					
Construction	6,818,374	6,815,530	-	6,815,530	2,844
Architect fees	585,455	585,328	-	585,328	127
Total expenditures	<u>7,403,829</u>	<u>7,400,858</u>	<u>-</u>	<u>7,400,858</u>	<u>2,971</u>
Revenue over (under) expenditures	<u>(7,328,645)</u>	<u>(7,325,675)</u>	<u>-</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)	(6,077)	(40,954)	(2,970)
Capital Reserve	281,115	281,115	-	281,115	-
Total other financing sources (uses)	<u>7,250,712</u>	<u>7,253,819</u>	<u>(6,077)</u>	<u>7,247,742</u>	<u>(2,970)</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>\$ 6,077</u>	<u>(6,077)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance:					
Beginning of year, July 1			<u>6,077</u>		
End of year, June 30			<u>\$ -</u>		

ENTERPRISE FUNDS

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.

- **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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating revenues:			
Charges for services	\$ 3,111,752	\$ 2,978,553	\$ (133,199)
Non-operating revenues:			
Scrap tire disposal fee	67,500	55,191	(12,309)
White goods tax	12,468	12,468	-
Electronics tax	2,700	2,330	(370)
Recycling assistance grant	24,066	21,770	(2,296)
Interest earned on investments	30,980	30,976	(4)
Total non-operating revenues	<u>137,714</u>	<u>122,735</u>	<u>(14,979)</u>
Total revenues	<u>3,249,466</u>	<u>3,101,288</u>	<u>(148,178)</u>
Expenditures:			
Landfill operations:			
Salaries and employee benefits	370,418	367,134	3,284
Operating expenses	1,597,295	1,497,436	99,859
Supplies	36,003	25,350	10,653
Repairs and maintenance	70,500	23,231	47,269
Contracted services	836,700	819,029	17,671
Total	<u>2,910,916</u>	<u>2,732,180</u>	<u>178,736</u>
Debt service:			
Debt principal	204,902	204,900	2
Interest and other charges	133,648	133,648	-
Total	<u>338,550</u>	<u>338,548</u>	<u>2</u>
Total expenditures	<u>3,249,466</u>	<u>3,070,728</u>	<u>178,738</u>
Revenues over expenditures	<u>-</u>	<u>30,560</u>	<u>30,560</u>
Other financing sources (uses):			
Proceeds from installment obligation	2,815,207	2,815,207	-
Payment of installment obligation	<u>(2,815,207)</u>	<u>(2,815,207)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 30,560</u>	<u>\$ 30,560</u>

(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, 2013

Reconciliation from budgetary basis (modified		
accrual) to full accrual basis:		
Revenues over expenditures	\$	30,560
Change in accrued interest receivable		(5,438)
Change in compensated absences		542
Change in accrued interest payable		15,701
Change in net OPEB obligation		(46,251)
Capital outlay		13,795
Debt principal payment		204,900
Landfill closure and post-closure costs		(18,884)
Depreciation		<u>(143,109)</u>
Change in net position	\$	<u>51,816</u>

JACKSON COUNTY, NORTH CAROLINACombining Statement of Fund Net Position
Non-major Proprietary Funds

June 30, 2013

	Green Energy Park Fund	Economic Development Enterprise Fund	Total Non-major Proprietary Funds
<u>Assets</u>			
Cash and cash equivalents	\$ 141,843	\$ 15,045	\$ 156,888
Accounts receivable, net	1,581	68	1,649
Notes receivable, net	-	164,026	164,026
Capital assets, net of depreciation	81,079	1,292,523	1,373,602
Total assets	<u>224,503</u>	<u>1,471,662</u>	<u>1,696,165</u>
<u>Liabilities and Net Position</u>			
Liabilities:			
Accounts payable and accrued liabilities	2,131	298	2,429
Compensated absences	9,862	-	9,862
Unearned revenue	7,860	-	7,860
Net OPEB obligation	46,880	-	46,880
Total liabilities	<u>66,733</u>	<u>298</u>	<u>67,031</u>
Net position:			
Net investment in capital assets	81,079	1,292,523	1,373,602
Unrestricted	<u>76,691</u>	<u>178,841</u>	<u>255,532</u>
Total net position	<u>\$ 157,770</u>	<u>\$ 1,471,364</u>	<u>\$ 1,629,134</u>

JACKSON COUNTY, NORTH CAROLINACombining Statement of Revenues, Expenditures, and Changes in Fund Net Position
Non-major Proprietary Funds

For the Fiscal Year Ended June 30, 2013

	Green Energy Park Fund	Economic Development Enterprise Fund	Total Non-major Proprietary Funds
Operating revenues:			
Charges for services	<u>\$ 19,249</u>	<u>\$ 24,840</u>	<u>\$ 44,089</u>
Operating expenditures:			
Park operations	149,729	-	149,729
Economic development operations	-	33,296	33,296
Depreciation	<u>5,485</u>	<u>22,412</u>	<u>27,897</u>
Total expenditures	<u>155,214</u>	<u>55,708</u>	<u>210,922</u>
Operating loss	<u>(135,965)</u>	<u>(30,868)</u>	<u>(166,833)</u>
Non-operating revenues:			
Investment earnings	<u>-</u>	<u>4,385</u>	<u>4,385</u>
Loss before transfers	(135,965)	(26,483)	(162,448)
Transfers from other funds	<u>134,439</u>	<u>-</u>	<u>134,439</u>
Change in net position	(1,526)	(26,483)	(28,009)
Net position:			
Beginning of year, July 1	<u>159,296</u>	<u>1,497,847</u>	<u>1,657,143</u>
End of year, June 30	<u><u>\$ 157,770</u></u>	<u><u>\$ 1,471,364</u></u>	<u><u>\$ 1,629,134</u></u>

JACKSON COUNTY, NORTH CAROLINACombining Statement of Cash Flows
Non-major Proprietary Funds

For the Fiscal Year Ended June 30, 2013

	Green Energy Park Fund	Economic Development Enterprise Fund	Total Non-major Proprietary Funds
Cash flows from operating activities:			
Cash received from customers	\$ 21,626	\$ 25,474	\$ 47,100
Cash paid for goods and services	(62,792)	(33,023)	(95,815)
Cash paid to employees for services	(80,589)	-	(80,589)
Net cash used by operating activities	<u>(121,755)</u>	<u>(7,549)</u>	<u>(129,304)</u>
Cash flows from non-capital financing activities:			
Transfers from other funds	<u>134,439</u>	<u>-</u>	<u>134,439</u>
Cash flows from investing activities:			
Principal payments on notes receivable	-	14,974	14,974
Interest earned on investments	-	4,385	4,385
Net cash provided by investing activities	<u>-</u>	<u>19,359</u>	<u>19,359</u>
Net increase in cash and cash equivalents	12,684	11,810	24,494
Cash and cash equivalents, July 1	<u>129,159</u>	<u>3,235</u>	<u>132,394</u>
Cash and cash equivalents, June 30	<u>\$ 141,843</u>	<u>\$ 15,045</u>	<u>\$ 156,888</u>
Reconciliation of operating loss to net cash used by operating activities:			
Operating loss	\$ (135,965)	\$ (30,868)	\$ (166,833)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Depreciation	5,485	22,412	27,897
Changes in assets and liabilities:			
Accounts receivable	2,377	634	3,011
Accounts payable and accrued liabilities	(3,393)	273	(3,120)
Unearned revenue	5,414	-	5,414
Compensated absences	(1,679)	-	(1,679)
Net OPEB obligation	6,006	-	6,006
Total adjustments	<u>14,210</u>	<u>23,319</u>	<u>37,529</u>
Net cash used by operating activities	<u>\$ (121,755)</u>	<u>\$ (7,549)</u>	<u>\$ (129,304)</u>

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

For the Fiscal Year Ended June 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating revenues:			
Charges for services:			
Rents	\$ 13,730	\$ 12,124	\$ (1,606)
Registration fees	7,605	7,125	(480)
Total operating revenues	<u>21,335</u>	<u>19,249</u>	<u>(2,086)</u>
Other financing sources:			
Transfer from General Fund	<u>134,439</u>	<u>134,439</u>	<u>-</u>
Total revenues and other financing sources	<u>155,774</u>	<u>153,688</u>	<u>(2,086)</u>
Expenditures:			
Park operations:			
Salaries and employee benefits	84,998	84,916	82
Operating expenses	<u>70,776</u>	<u>60,486</u>	<u>10,290</u>
Total	<u>155,774</u>	<u>145,402</u>	<u>10,372</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 8,286</u>	<u>\$ 8,286</u>
Reconciliation from budgetary basis (modified accrual) to full accrual basis:			
Revenues and other financing sources over expenditures		\$ 8,286	
Change in compensated absences		1,679	
Change in net OPEB obligation		(6,006)	
Depreciation		<u>(5,485)</u>	
Change in net position		<u>\$ (1,526)</u>	

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

For the Fiscal Year Ended June 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating revenues:			
Charges for services	<u>\$ 44,200</u>	<u>\$ 24,840</u>	<u>\$ (19,360)</u>
Non-operating revenues:			
Interest earned on investments	<u>99</u>	<u>4,385</u>	<u>4,286</u>
Expenditures:			
Economic development operations:			
Operating	24,299	13,296	11,003
Insurance	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Total	<u>44,299</u>	<u>33,296</u>	<u>11,003</u>
Revenues under expenditures	<u>\$ -</u>	<u>\$ (4,071)</u>	<u>\$ (4,071)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual basis:			
Revenues and other financing sources under expenditures		\$ (4,071)	
Depreciation		<u>(22,412)</u>	
Change in net position		<u>\$ (26,483)</u>	

TRAVEL AND TOURISM AUTHORITY AND AIRPORT AUTHORITY BUDGET REPORTS

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

- **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 Period from July 1, 2012 to December 31, 2012 (Closure Date)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Other taxes:			
Room occupancy tax	\$ 248,955	\$ 182,564	\$ (66,391)
Expenditures:			
Economic and physical development:			
Operating expenditures	298,955	153,763	145,192
Revenues over (under) expenditures	(50,000)	28,801	78,801
Appropriated fund balance	50,000	-	(50,000)
Special item	-	(174,761)	(174,761)
Net change in fund balance	<u>\$ -</u>	<u>(145,960)</u>	<u>\$ (145,960)</u>
Fund balance:			
Beginning of period, July 1		145,960	
End of period, December 31		<u>\$ -</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 Period from July 1, 2012 to December 31, 2012 (Closure Date)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Other taxes:			
Room occupancy tax	\$ 178,084	\$ 133,838	\$ (44,246)
Expenditures:			
Economic and physical development:			
Operating expenditures	178,084	75,012	103,072
Revenues over (under) expenditures	-	58,826	58,826
Special item	-	(143,821)	(143,821)
Net change in fund balance	<u>\$ -</u>	<u>(84,995)</u>	<u>\$ (84,995)</u>
Fund balance:			
Beginning of period, July 1		84,995	
End of period, December 31		<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, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Restricted intergovernmental	\$ 429,263	\$ 312,760	\$ (116,503)
Sales and services	45,596	45,594	(2)
Jackson County	47,667	47,667	-
Miscellaneous	12,500	12,496	(4)
Total revenues	<u>535,026</u>	<u>418,517</u>	<u>(116,509)</u>
Expenditures:			
Transportation:			
Operating	<u>611,706</u>	<u>601,062</u>	<u>10,644</u>
Revenues under expenditures	<u>(76,680)</u>	<u>(182,545)</u>	<u>(105,865)</u>
Appropriated fund balance	<u>76,680</u>	<u>-</u>	<u>(76,680)</u>
Net change in fund balance	<u>\$ -</u>	<u>(182,545)</u>	<u>\$ (182,545)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual basis:			
Depreciation		<u>(13,760)</u>	
Change in net position		<u>\$ (196,305)</u>	

AGENCY FUNDS

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.

JACKSON COUNTY, NORTH CAROLINA
Agency Funds

Schedule of Changes in Fiduciary Assets and Liabilities

For the Fiscal Year Ended June 30, 2013

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
Social Services:				
Assets:				
Cash and cash equivalents	<u>\$ 39,377</u>	<u>\$ 327,177</u>	<u>\$ 324,145</u>	<u>\$ 42,409</u>
Liabilities:				
Amounts held for others	<u>\$ 39,377</u>	<u>\$ 327,177</u>	<u>\$ 324,145</u>	<u>\$ 42,409</u>
Property Tax Fund:				
Assets:				
Cash and cash equivalents	<u>\$ 32,396</u>	<u>\$ 790,234</u>	<u>\$ 815,185</u>	<u>\$ 7,445</u>
Liabilities:				
Amounts held for others	<u>\$ 32,396</u>	<u>\$ 790,234</u>	<u>\$ 815,185</u>	<u>\$ 7,445</u>
State of North Carolina Fund:				
Assets:				
Cash and cash equivalents	<u>\$ 27,524</u>	<u>\$ 739,652</u>	<u>\$ 732,822</u>	<u>\$ 34,354</u>
Liabilities:				
Amounts held for others	<u>\$ 27,524</u>	<u>\$ 739,652</u>	<u>\$ 732,822</u>	<u>\$ 34,354</u>
Extension Agency Fund				
Assets:				
Cash and cash equivalents	<u>\$ 51,088</u>	<u>\$ 5,469</u>	<u>\$ 7,669</u>	<u>\$ 48,888</u>
Liabilities:				
Amounts held for others	<u>\$ 51,088</u>	<u>\$ 5,469</u>	<u>\$ 7,669</u>	<u>\$ 48,888</u>

(continued)

JACKSON COUNTY, NORTH CAROLINA
Agency Funds

Schedule of Changes in Fiduciary Assets and Liabilities, Continued

For the Fiscal Year Ended June 30, 2013

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
Motor Vehicle Tax				
Assets:				
Cash and cash equivalents	<u>\$ 998</u>	<u>\$ 10,959</u>	<u>\$ 11,957</u>	<u>\$ -</u>
Liabilities:				
Due to other governments	<u>\$ 998</u>	<u>\$ 10,959</u>	<u>\$ 11,957</u>	<u>\$ -</u>
Totals--all Agency Funds				
Assets:				
Cash and cash equivalents	<u>\$ 151,383</u>	<u>\$ 1,873,491</u>	<u>\$ 1,891,778</u>	<u>\$ 133,096</u>
Liabilities:				
Amounts held for others	<u>\$ 150,385</u>	<u>\$ 1,862,532</u>	<u>\$ 1,879,821</u>	<u>\$ 133,096</u>
Due to other governments	<u>998</u>	<u>10,959</u>	<u>11,957</u>	<u>-</u>
Total liabilities	<u>\$ 151,383</u>	<u>\$ 1,873,491</u>	<u>\$ 1,891,778</u>	<u>\$ 133,096</u>

OTHER SCHEDULES

This section included additional information on property taxes.

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

JACKSON COUNTY, NORTH CAROLINA

General Fund
Schedule of Ad Valorem Taxes Receivable

June 30, 2013

Fiscal Year	Uncollected Balance June 30, 2012	Additions	Collections And Credits	Uncollected Balance June 30, 2013
2012-2013	\$ -	\$ 31,686,468	\$ 30,382,902	\$ 1,303,566
2011-2012	1,326,768	-	619,973	706,795
2010-2011	744,249	-	288,111	456,138
2009-2010	482,571	-	137,505	345,066
2008-2009	285,157	-	82,875	202,282
2007-2008	192,003	-	50,364	141,639
2006-2007	105,377	-	27,063	78,314
2005-2006	73,642	-	16,418	57,224
2004-2005	62,306	-	15,445	46,861
2003-2004	68,394	-	13,826	54,568
2002-2003	63,559	-	63,559	-
	<u>\$ 3,404,026</u>	<u>\$ 31,686,468</u>	<u>\$ 31,698,041</u>	<u>3,392,453</u>
Less: allowance for uncollectible accounts				<u>(1,060,000)</u>
Ad valorem taxes receivable - net: General Fund				<u>\$ 2,332,453</u>
Reconcilement with revenues:				
Ad valorem taxes--General Fund				32,185,509
Reconciling items:				
Interest collected				(496,487)
Amounts written off for tax year 2002-2003				55,980
Prior year releases, refunds, and other adjustments				10,190
Other reconciling Items				(57,151)
Total reconciling items				<u>(487,468)</u>
Total collections and credits				<u>\$ 31,698,041</u>

JACKSON COUNTY, NORTH CAROLINAAnalysis of Current Tax Levy
County-wide Levy

For the Fiscal Year Ended June 30, 2013

	County-wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 11,171,071,699	0.28	\$ 31,279,001	\$ 30,505,360	\$ 773,641
Utilities at current year's rate	138,996,236	0.28	389,189	389,189	-
Total	<u>11,310,067,935</u>		<u>31,668,190</u>	<u>30,894,549</u>	<u>773,641</u>
Discoveries:					
Current year taxes	20,531,589	0.28	57,488	57,488	-
Abatements	<u>(14,003,675)</u>	0.28	<u>(39,210)</u>	<u>(29,545)</u>	<u>(9,665)</u>
Total property valuation	<u><u>\$ 11,316,595,849</u></u>				
Net levy			31,686,468	30,922,492	763,976
Uncollected taxes at June 30, 2013			<u>1,303,566</u>	<u>1,206,365</u>	<u>97,201</u>
Current year's taxes collected			<u><u>\$ 30,382,902</u></u>	<u><u>\$ 29,716,127</u></u>	<u><u>\$ 666,775</u></u>
Current levy collection percentage			<u><u>95.89%</u></u>	<u><u>96.10%</u></u>	<u><u>87.28%</u></u>