

# Jackson County, North Carolina

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**Financial Statements**

**Year Ended June 30, 2016**





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## **Independent Auditors' Report**

Board of County Commissioners  
Jackson County, North Carolina

### **Report on the Financial Statements**

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Jackson County Alcoholic Beverage Control Board, which is a discretely presented component unit that represents 27% of total assets, 11% of total net position, and 80% of total revenues for all discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts for the Jackson County Alcoholic Beverage Control Board, is based on the reports of the other auditors.

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

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

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

***Opinions***

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

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 11, the Law Enforcement Officers' Special Separation Allowance's and the Other Post-Employment Benefits' Schedules of Funding Progress and Employer Contributions, and the Local Governmental Employees' Retirement System's Schedules of the County's Proportionate Share of Net Pension Liability (Asset) and County Contributions on pages 51 through 56, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of 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 December 29, 2016, on our consideration of Jackson County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jackson County's internal control over financial reporting and compliance.

*Dixon Hughes Goodman LLP*

**Asheville, North Carolina  
December 29, 2016**



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

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

### ***Financial Highlights***

The assets and deferred outflows of resources of Jackson County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$60,532,173 (*net position*).

The government's total net position increased by \$4,766,172, primarily due to increased 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 \$34,019,570, an increase of \$2,582,106 in comparison with the prior year. 71 percent of this total amount, or \$24,035,792, 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 \$24,035,792, or 42 percent of total General Fund expenditures and transfers to other funds for the fiscal year.

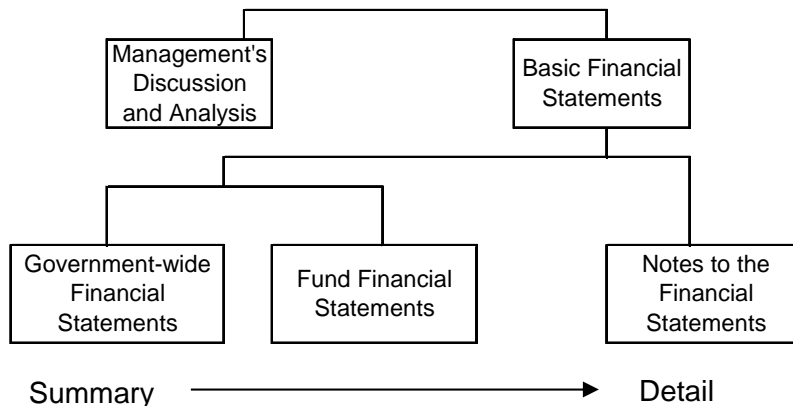
Jackson County's governmental activities long-term debt (excluding compensated absences, net OPEB and pension obligations, and net pension liabilities) decreased by \$3,307,547 during the current fiscal year. This is due to the repayment of notes payable.

### ***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**



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

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### ***Basic Financial Statements***

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

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

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show details about the County's non-major governmental funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in that part of the statements.

### ***Government-wide Financial Statements***

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

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

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

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

### ***Fund Financial Statements***

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

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

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**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 26 of this report.

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

**Government-Wide Financial Analysis**

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

	2016			2015		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 39,070,522	\$ 1,264,030	\$ 40,334,552	\$ 39,361,425	\$ 1,475,038	\$ 40,836,463
Capital assets	<u>67,258,806</u>	<u>5,707,911</u>	<u>72,966,717</u>	<u>66,864,767</u>	<u>5,885,549</u>	<u>72,750,316</u>
Total assets	<u>106,329,328</u>	<u>6,971,941</u>	<u>113,301,269</u>	<u>106,226,192</u>	<u>7,360,587</u>	<u>113,586,779</u>
Deferred outflows of resources	<u>1,078,207</u>	<u>23,612</u>	<u>1,101,819</u>	<u>1,019,214</u>	<u>20,800</u>	<u>1,040,014</u>
Long-term liabilities outstanding	45,562,827	2,639,831	48,202,658	46,317,479	2,803,371	49,120,850
Other liabilities	<u>3,114,558</u>	<u>1,750,475</u>	<u>4,865,033</u>	<u>3,651,736</u>	<u>1,711,653</u>	<u>5,363,389</u>
Total liabilities	<u>48,677,385</u>	<u>4,390,306</u>	<u>53,067,691</u>	<u>49,969,215</u>	<u>4,515,024</u>	<u>54,484,239</u>
Deferred inflows of resources	<u>791,131</u>	<u>12,093</u>	<u>803,224</u>	<u>4,307,818</u>	<u>68,735</u>	<u>4,376,553</u>
Net position:						
Net investment in capital assets	55,265,538	3,713,806	58,979,344	53,030,230	3,656,843	56,687,073
Restricted	6,594,512	-	6,594,512	7,878,353	28,070	7,906,423
Unrestricted	<u>(3,921,031)</u>	<u>(1,120,652)</u>	<u>(5,041,683)</u>	<u>(7,940,210)</u>	<u>(887,285)</u>	<u>(8,827,495)</u>
Total net position	<u>\$ 57,939,019</u>	<u>\$ 2,593,154</u>	<u>\$ 60,532,173</u>	<u>\$ 52,968,373</u>	<u>\$ 2,797,628</u>	<u>\$ 55,766,001</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of Jackson County exceeded liabilities and deferred inflows of resources by \$60,532,173 as of June 30, 2016. The County's net position increased by \$4,766,172 for the fiscal year ended June 30, 2016, of which \$4,970,646 was for an increase in governmental activities and \$204,474 was for a decrease in business-type activities. One of the largest portions of net position (97 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 11 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$5,041,683 is unrestricted deficit.

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

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 97.47 percent, slightly below the statewide average of 98.6 percent for counties in the 25,000 – 49,999 population range; Increased revenue in property taxes due to growth within the County.

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

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

	2016			2015		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 3,122,743	\$ 3,321,586	\$ 6,444,329	\$ 2,936,437	\$ 3,343,334	\$ 6,279,771
Operating grants and contributions	9,497,186	8,049	9,505,235	9,334,622	264	9,334,886
Capital grants and contributions	905,352	-	905,352	627,907	-	627,907
General revenues:						
Property taxes	34,556,626	-	34,556,626	32,626,164	-	32,626,164
Other taxes	11,776,392	69,034	11,845,426	11,535,401	60,748	11,596,149
Grants and contributions not restricted to specific programs	376,906	-	376,906	276,381	-	276,381
Other	349,461	24,773	374,234	491,423	29,879	521,302
Total revenues	<u>60,584,666</u>	<u>3,423,442</u>	<u>64,008,108</u>	<u>57,828,335</u>	<u>3,434,225</u>	<u>61,262,560</u>
Expenses:						
General government	10,008,528	-	10,008,528	9,462,704	-	9,462,704
Public safety	13,408,089	-	13,408,089	12,294,117	-	12,294,117
Transportation	864,539	-	864,539	1,026,959	-	1,026,959
Environmental protection	287,862	-	287,862	484,896	-	484,896
Economic and physical development	897,710	-	897,710	624,381	-	624,381
Human services	14,000,017	-	14,000,017	14,279,806	-	14,279,806
Culture and recreation	3,401,755	-	3,401,755	2,950,513	-	2,950,513
Education	11,960,574	-	11,960,574	9,754,408	-	9,754,408
Interest and other charges	606,485	-	606,485	782,394	-	782,394
Landfill	-	3,493,043	3,492,043	-	3,068,220	3,068,220
Green Energy Park	-	248,014	248,014	-	152,674	152,674
Economic Development Commission	-	65,320	65,320	-	120,592	120,592
Total expenses	<u>55,435,559</u>	<u>3,806,377</u>	<u>59,241,936</u>	<u>51,660,178</u>	<u>3,341,486</u>	<u>55,001,664</u>
Change in net position before transfers	5,149,107	(382,935)	4,766,172	6,168,157	92,739	6,260,896
Transfers	(178,461)	178,461	-	(134,439)	134,439	-
Change in net position	4,970,646	(204,474)	4,766,172	6,033,718	227,178	6,260,896
Net position, July 1	<u>52,968,373</u>	<u>2,797,628</u>	<u>55,766,001</u>	<u>46,934,655</u>	<u>2,570,450</u>	<u>49,505,105</u>
Net position, June 30	<u>\$ 57,939,019</u>	<u>\$ 2,593,154</u>	<u>\$ 60,532,173</u>	<u>\$ 52,968,373</u>	<u>\$ 2,797,628</u>	<u>\$ 55,766,001</u>

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

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**Governmental Activities** - Governmental activities increased the County's net position by \$4,970,646, thereby accounting for 104 percent of the total increase in the net position of Jackson County. Key elements of this increase are as follows:

- 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 decreased Jackson County's net position by \$204,474. The key elements of this decrease were the Landfill operating results. From a budgetary perspective, the County appropriated fund balance for \$293,560. The full accrual adjustments reduced the loss to \$166,993.

### ***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 \$24,035,792, while total fund balance reached \$29,059,476. As a measure of the General Fund's liquidity, it may be useful to use all fund balance except for the amount restricted for stabilization by State statute, \$4,073,610. Fund balance available for appropriation of \$24,985,866 represents 43 percent of total General Fund expenditures and transfers out, while total fund balance represents 50 percent of that same amount.

At June 30, 2016, the governmental funds of Jackson County reported a combined fund balance of \$34,019,570, an increase of \$2,582,106. The primary reason for this increase in fund balance is additional fees and sales tax 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 \$2,858,210.

**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 \$2,593,154. The total decrease in net position for the funds was \$204,474. The net loss from operations was supplemented by a transfer in from the governmental funds. Other factors concerning the finances of the fund have already been addressed in the discussion of Jackson County's business-type activities.



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

**Capital Asset and Debt Administration**

**Capital Assets** - Jackson County's capital assets for its governmental and business-type activities as of June 30, 2016, totals \$72,966,717 (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 HP Designjet Production printer for Tax Assessment
- Purchased a new Dell PowerEdge Server for the GIS Department
- Purchased an ACC Eaton UPS and a 2016 Ford F150 for Maintenance
- Purchased seven new vehicles for the Sheriff's Department
- Purchased a reconstructed tower, internet install and office furniture for Emergency Management
- Purchased Mapcentric addressing and Pro QA Software for the Emergency Dispatch Center
- Purchased two 2016 Chevrolet Impalas and a 2016 Dodge van for the Department of Social Services
- Purchased a 2015 Ford Explorer and a 2016 Ford Transit van for the Department on Aging
- Purchased a John Deere Gator and new playground equipment for the Recreation Department
- Addition of construction in progress on the Savannah Park, Greenway, and Emergency Management Center Projects

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

	2016			2015		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Land	\$ 15,428,817	\$ 182,414	\$ 15,611,231	\$ 16,207,752	\$ 182,414	\$ 16,390,166
Buildings and system	45,407,645	1,356,110	46,763,755	45,670,553	1,576,435	47,246,988
Machinery and equipment	1,394,351	4,169,387	5,563,738	1,290,169	4,026,489	5,316,658
Vehicles and motorized equipment	1,290,769	-	1,290,769	1,242,649	100,211	1,342,860
Construction in progress	<u>3,737,224</u>	<u>-</u>	<u>3,737,224</u>	<u>2,453,644</u>	<u>-</u>	<u>2,453,644</u>
Total	<u>\$ 67,258,806</u>	<u>\$ 5,707,911</u>	<u>\$ 72,966,717</u>	<u>\$ 66,864,767</u>	<u>\$ 5,885,549</u>	<u>\$ 72,750,316</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, 2016, Jackson County had total debt outstanding of \$48,202,658, most of which is collateralized by capital assets. However, \$10,737,367 of the debt is collateralized by capital assets held by the Jackson County Board of Education under capital lease agreements. Those assets are not included in the County's capital assets.

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

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

	2016			2015		
	<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	\$ 22,730,635	\$ 1,994,105	\$ 24,724,740	\$ 26,038,182	\$ 2,228,706	\$ 28,266,888

Jackson County's debt, shown above, decreased \$3,542,148 (13 percent) during the past fiscal year. The decrease is primarily due to the repayment of notes payable.

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 \$921,000,000.

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 4.5 percent, slightly lower than the State average of 4.8 percent.
- Retail vacancy rates are slightly lower, having stayed in the 4 percent range all year. Several rental units were added during the year. The County continues to see increases in room occupancy tax fees.

***Budget Highlights for the Fiscal Year Ending June 30, 2017***

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

Budgeted expenditures in the General Fund are expected to increase 2 percent to \$60,230,520. The largest increments are in the creation of 2.9 employee positions, reduction in debt transfers, and decreased operational expenses.

**Business-type Activities:** General operating expenses of the Landfill Fund will decrease by 5.28 percent. Revenues from the sales of materials and volumes for tipping fees have increased slightly. An increase in sales of recycled materials is projected. Rates for landfill services will remain the same. The decrease is primarily due to the completion of the paving at the Cashiers and SRC facility. The Green Energy Park Fund will decrease by 16.72 percent due to completion of the engineering and design fees for additional facility space. The Economic Development Fund will decrease slightly due to a reduction in the interest of an outstanding loan.

***Requests for Information***

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

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## **BASIC FINANCIAL STATEMENTS**

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**Jackson County, North Carolina**  
**Statement of Net Position**  
**June 30, 2016**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 33,138,252	\$ 658,107	\$ 33,796,359
Restricted cash and cash equivalents	55,791	-	55,791
Taxes receivable, net	1,513,067	-	1,513,067
Accounts receivable, net	322,576	444,160	766,736
Accrued interest receivable	165,711	12,246	177,957
Due from component units	118,094	-	118,094
Due from other governments	3,628,347	35,139	3,663,486
Notes receivable, net	128,684	114,378	243,062
Inventory and prepaids	-	-	-
Capital assets:			
Land and construction in progress	19,166,039	182,414	19,348,453
Other assets, net of depreciation	48,092,767	5,525,497	53,618,264
Total assets	<u>106,329,328</u>	<u>6,971,941</u>	<u>113,301,269</u>
<b>Deferred outflows of resources</b>	<u>1,078,207</u>	<u>23,612</u>	<u>1,101,819</u>
<b>Liabilities:</b>			
Accounts payable and accrued liab.	2,813,761	202,341	3,016,102
Unearned revenue	-	14,861	14,861
Accrued interest payable	110,015	13,277	123,292
Deposits held for others	190,782	-	190,782
Due to primary government	-	-	-
Accrued landfill closure and post-closure care costs	-	1,519,996	1,519,996
Long-term liabilities:			
Due within one year	2,925,255	234,601	3,159,856
Due in more than one year	42,637,572	2,405,230	45,042,802
Total liabilities	<u>48,677,385</u>	<u>4,390,306</u>	<u>53,067,691</u>
<b>Deferred inflows of resources</b>	<u>791,131</u>	<u>12,093</u>	<u>803,224</u>
<b>Net Position:</b>			
Net investment in capital assets	55,265,538	3,713,806	58,979,344
Restricted:			
Stabilization by State Statute	4,073,610	-	4,073,610
Register of Deeds	22,599	-	22,599
Education	857,169	-	857,169
Public safety	350,516	-	350,516
Economic and physical development	1,290,618	-	1,290,618
Working capital	-	-	-
Unrestricted (deficit)	(3,921,031)	(1,120,652)	(5,041,683)
Total net position	<u>\$ 57,939,019</u>	<u>\$ 2,593,154</u>	<u>\$ 60,532,173</u>

See accompanying notes.

<b>Component Units</b>		
<b>Jackson County Tourism Development Authority</b>	<b>Jackson County Airport Authority</b>	<b>Jackson County ABC Board</b>
\$ 435,407	\$ 28,226	\$ 596,277
-	-	-
120,553	-	-
-	2,313	2,835
-	-	-
-	67,981	-
-	-	-
-	13,011	484,731
-	4,818,067	-
-	86,383	946,849
<u>555,960</u>	<u>5,015,981</u>	<u>2,030,692</u>
-	-	24,347
9,843	16,750	552,430
-	-	-
-	-	-
-	-	118,094
-	-	-
-	-	22,016
-	-	674,848
<u>9,843</u>	<u>16,750</u>	<u>1,367,388</u>
-	-	9,307
-	4,904,450	249,985
120,553	-	-
-	-	-
-	-	-
-	-	-
-	-	127,148
425,564	94,781	301,211
<u>\$ 546,117</u>	<u>\$ 4,999,231</u>	<u>\$ 678,344</u>

**Jackson County, North Carolina**  
**Statement of Activities**  
**Year Ended June 30, 2016**

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 10,008,528	\$ 772,680	\$ -	\$ -
Public safety	13,408,089	1,222,511	927,523	16,932
Transportation	864,539	103,886	260,799	156,221
Environmental protection	287,862	101,998	55,682	3,600
Economic and physical development	897,710	44,139	226,430	2,000
Human services	14,000,017	367,071	7,929,997	-
Cultural and recreation	3,401,755	510,458	-	726,599
Education	11,960,574	-	96,755	-
Interest on long-term debt	606,485	-	-	-
Total governmental activities	55,435,559	3,122,743	9,497,186	905,352
Business-type activities:				
Landfill	3,493,043	3,234,731	-	-
Green Energy Park	248,014	19,522	8,049	-
Economic Development Commission	65,320	67,333	-	-
Total business-type activities	3,806,377	3,321,586	8,049	-
Total primary government	\$ 59,241,936	\$ 6,444,329	\$ 9,505,235	\$ 905,352
<b>Component units:</b>				
Jackson County Tourism Development Authority	\$ 815,577	\$ -	\$ -	\$ -
Jackson County Airport Authority	201,257	54,779	31,000	67,981
Jackson County ABC Board	4,296,191	4,343,850	-	-
Total component units	\$ 5,313,025	\$ 4,398,629	\$ 31,000	\$ 67,981

**General revenues:**

Taxes:

Property taxes, levied for general purpose

Local option sales tax

Other taxes

Grants and contributions not restricted to specific programs

Investment earnings, unrestricted

Miscellaneous, unrestricted

**Transfers**

Total general revenues and transfers

Change in net position

**Net position:**

Beginning balance, July 1

Ending balance, June 30

See accompanying notes.

Net (Expense) Revenue and Changes in Net Position					
Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	Jackson County Tourism Development Authority	Jackson County Airport Authority	Jackson County Alcoholic Beverage Control Board
\$ (9,235,848)	\$ -	\$ (9,235,848)			
(11,241,123)	-	(11,241,123)			
(343,633)	-	(343,633)			
(126,582)	-	(126,582)			
(625,141)	-	(625,141)			
(5,702,949)	-	(5,702,949)			
(2,164,698)	-	(2,164,698)			
(11,863,819)	-	(11,863,819)			
(606,485)	-	(606,485)			
(41,910,278)	-	(41,910,278)			
-	(258,312)	(258,312)			
-	(220,443)	(220,443)			
-	2,013	2,013			
-	(476,742)	(476,742)			
(41,910,278)	(476,742)	(42,387,020)			
			\$ (815,577)	\$ -	\$ -
			-	(47,497)	-
			-	-	47,659
			(815,577)	(47,497)	47,659
34,556,626	-	34,556,626	-	-	-
11,299,841	-	11,299,841	-	-	-
476,551	69,034	545,585	932,220	-	-
376,906	-	376,906	-	-	-
31,737	24,773	56,510	-	-	-
317,724	-	317,724	4,210	13,968	1,674
(178,461)	178,461	-	-	-	-
46,880,924	272,268	47,153,192	936,430	13,968	1,674
4,970,646	(204,474)	4,766,172	120,853	(33,529)	49,333
52,968,373	2,797,628	55,766,001	425,264	5,032,760	629,011
\$ 57,939,019	\$ 2,593,154	\$ 60,532,173	\$ 546,117	\$ 4,999,231	\$ 678,344

**Jackson County, North Carolina**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2016**

**Exhibit "3"**

	<b>General Fund</b>	<b>School Improvements Fund</b>	<b>Other Governmental Funds</b>	<b>Total</b>
<b>Assets:</b>				
Cash and cash equivalents	\$ 27,629,549	\$ 1,351,101	\$ 4,157,602	\$ 33,138,252
Restricted cash and cash equivalents	55,791	-	-	55,791
Taxes receivable, net	1,513,067	-	-	1,513,067
Accounts receivable, net	317,569	-	5,007	322,576
Due from other governments	3,587,947	-	40,400	3,628,347
Due from other funds	50,000	-	-	50,000
Due from component units	118,094	-	-	118,094
Notes receivable, net	-	-	128,684	128,684
	<u>33,272,017</u>	<u>1,351,101</u>	<u>4,331,693</u>	<u>38,954,811</u>
Total assets	<u>\$ 33,272,017</u>	<u>\$ 1,351,101</u>	<u>\$ 4,331,693</u>	<u>\$ 38,954,811</u>
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 2,270,017	\$ 443,932	\$ 99,812	\$ 2,813,761
Due to other funds	-	50,000	-	50,000
Deposits held for others	190,782	-	-	190,782
	<u>2,460,799</u>	<u>493,932</u>	<u>99,812</u>	<u>3,054,543</u>
Total liabilities	<u>2,460,799</u>	<u>493,932</u>	<u>99,812</u>	<u>3,054,543</u>
<b>Deferred inflows of resources</b>	<u>1,751,742</u>	<u>-</u>	<u>128,956</u>	<u>1,880,698</u>
<b>Fund Balances:</b>				
Restricted:				
Stabilization by State Statute	4,073,610	-	-	4,073,610
Register of Deeds	22,599	-	-	22,599
Education	-	857,169	-	857,169
Public safety	-	-	350,516	350,516
Economic and physical development	-	-	1,290,618	1,290,618
Committed:				
Revaluation	53,582	-	-	53,582
Capital reserve	478,717	-	-	478,717
Conservation/preservation	127,412	-	-	127,412
Recreation	-	-	158,994	158,994
Public safety	-	-	41,048	41,048
Various programs and projects	-	-	2,261,749	2,261,749
Assigned:				
LEO Separation Allowance	65,679	-	-	65,679
Other post-employment benefits	202,085	-	-	202,085
Unassigned	24,035,792	-	-	24,035,792
	<u>29,059,476</u>	<u>857,169</u>	<u>4,102,925</u>	<u>34,019,570</u>
Total fund balances	<u>29,059,476</u>	<u>857,169</u>	<u>4,102,925</u>	<u>34,019,570</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 33,272,017</u>	<u>\$ 1,351,101</u>	<u>\$ 4,331,693</u>	<u>\$ 38,954,811</u>



**Jackson County, North Carolina**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2016**

**Exhibit "3"**

**Continued**

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

Total fund balance for governmental funds	\$ 34,019,570
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	67,258,806
Accrued interest receivable is not a financial resources and therefore not reported in the funds.	165,711
Deferred outflows of resources are not available to satisfy current obligations in the fund statements; however, they are considered a consumption of net position that applies to a future period and are included in the Statement of Net Position:	
Contributions to pension plans in the current fiscal year	1,022,179
Pension related deferrals	56,028
Deferred inflows of resources for notes receivable	128,684
Deferred inflows of resources for taxes receivable	1,513,067
Deferred inflows of resources for pension related deferrals	(552,184)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Accrued interest payable	(110,015)
Compensated absences	(1,513,721)
Net pension liability - LGERS	(1,039,706)
Net pension obligation - LEOSSA	(544,138)
Net OPEB obligation	(19,734,627)
Installment notes payable	<u>(22,730,635)</u>
Net position of governmental activities	<u>\$ 57,939,019</u>

**See accompanying notes.**

**Jackson County, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances—**  
**Governmental Funds**  
**Year Ended June 30, 2016**

**Exhibit "4"**

	<u>General Fund</u>	<u>School Improvements Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Revenues:</b>				
Ad valorem taxes	\$ 33,690,820	\$ -	\$ 1,133,475	\$ 34,824,295
Other taxes	11,485,785	-	-	11,485,785
Unrestricted intergovernmental	622,387	-	-	622,387
Restricted intergovernmental	9,460,259	-	972,798	10,433,057
Other restricted revenues	92,608	-	-	92,608
Permits and fees	1,814,726	-	-	1,814,726
Sales and services	1,028,386	-	27,950	1,056,336
Investment earnings	28,644	-	3,093	31,737
Miscellaneous	192,437	-	220,742	413,179
Total revenues	<u>58,416,052</u>	<u>-</u>	<u>2,358,058</u>	<u>60,774,110</u>
<b>Expenditures:</b>				
Current:				
General government	9,068,330	-	30,000	9,098,330
Public safety	11,314,808	-	1,665,180	12,979,988
Transportation	701,546	-	-	701,546
Environmental protection	148,977	-	-	148,977
Economic and physical development	694,741	-	374,551	1,069,292
Human services	13,483,916	-	-	13,483,916
Culture and recreation	2,951,622	-	1,451,454	4,403,076
Intergovernmental:				
Education	11,131,966	1,152,496	-	12,284,462
Debt service:				
Principal retirement	3,307,547	-	-	3,307,547
Interest and other charges	629,135	-	-	629,135
Total expenditures	<u>53,432,588</u>	<u>1,152,496</u>	<u>3,521,185</u>	<u>58,106,269</u>
Revenues over (under) expenditures	<u>4,983,464</u>	<u>(1,152,496)</u>	<u>(1,163,127)</u>	<u>2,667,841</u>
<b>Other financing sources (uses):</b>				
Transfers from other funds	-	994,526	3,073,581	4,068,107
Transfers to other funds	(4,246,568)	-	-	(4,246,568)
Proceeds from sale of capital assets	92,726	-	-	92,726
Other financing sources (uses), net	<u>(4,153,842)</u>	<u>994,526</u>	<u>3,073,581</u>	<u>(85,735)</u>
Net change in fund balances	829,622	(157,970)	1,910,454	2,582,106
<b>Fund balances:</b>				
Beginning balances, July 1	<u>28,229,854</u>	<u>1,015,139</u>	<u>2,192,471</u>	<u>31,437,464</u>
Ending balances, June 30	<u>\$ 29,059,476</u>	<u>\$ 857,169</u>	<u>\$ 4,102,925</u>	<u>\$ 34,019,570</u>

**Jackson County, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances—**  
**Governmental Funds**  
**Year Ended June 30, 2016**

**Exhibit "4"**  
  
**(Continued)**

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

Net changes in fund balances--total governmental funds \$ 2,582,106

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	2,422,101
Depreciation	(2,028,062)

Contributions to the state retirement system in the current fiscal year are not included in the Statement of Activities but are reported as expenditures in the governmental funds 1,022,179

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

Change in ad valorem taxes and related interest receivable	(267,669)
Change in notes receivable	(14,501)

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:

Principal portion of repayments	3,307,547
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Some expenses reported in the Statement of Activities do not require the use of current 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 because they do not use current financial resources:

Compensated absences	(99,273)
Net OPEB obligation	(1,398,258)
Net pension obligation - Law Enforcement Officers' Separation Allowance	(15,658)
Pension expense - Local Government Employees' Retirement System	(562,516)
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual).	22,650

Total changes in net position of governmental activities	\$ 4,970,646
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**See accompanying notes.**

**Jackson County, North Carolina  
Statement of Revenues, Expenditures, and Changes in Fund Balance-  
Budget and Actual-General Fund  
Year Ended June 30, 2016**

**Exhibit "5"**

	<b>General Fund</b>			<b>Variance With Final Positive (Negative)</b>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	
<b>Revenues:</b>				
Ad valorem taxes	\$ 33,016,848	\$ 33,677,520	\$ 33,690,820	\$ 13,300
Other taxes	10,435,520	11,218,020	11,485,785	267,765
Unrestricted intergovernmental	403,872	626,396	622,387	(4,009)
Restricted intergovernmental	9,115,397	9,884,694	9,438,467	(446,227)
Other restricted revenues	125,000	117,400	92,608	(24,792)
Permits and fees	1,723,424	1,940,174	1,814,726	(125,448)
Sales and services	1,051,270	1,146,279	1,028,386	(117,893)
Investment earnings	25,000	25,000	27,984	2,984
Miscellaneous	297,678	416,736	192,437	(224,299)
Total revenues	<u>56,194,009</u>	<u>59,052,219</u>	<u>58,393,600</u>	<u>(658,619)</u>
<b>Expenditures:</b>				
Current:				
General government	8,204,905	9,310,784	8,703,867	606,917
Public safety	11,093,213	11,980,069	11,314,808	665,261
Transportation	972,383	987,446	701,546	285,900
Environmental protection	79,650	79,650	69,782	9,868
Economic and physical development	761,469	884,004	694,741	189,263
Human services	14,324,659	15,031,529	13,483,916	1,547,613
Culture and recreation	3,031,024	3,213,216	2,951,622	261,594
Intergovernmental:				
Education	9,990,749	11,345,776	11,131,966	213,810
Debt service:				
Principal retirement	3,237,626	3,307,551	3,307,547	4
Interest and other charges	620,050	629,372	629,135	237
Total expenditures	<u>52,315,728</u>	<u>56,769,397</u>	<u>52,988,930</u>	<u>3,780,467</u>
Revenues over expenditures	<u>3,878,281</u>	<u>2,282,822</u>	<u>5,404,670</u>	<u>3,121,848</u>
<b>Other financing sources (uses):</b>				
Transfers to other funds	(2,846,165)	(3,090,812)	(3,150,967)	(60,155)
Proceeds from sale of capital assets	41,000	102,212	92,726	(9,486)
Appropriated fund balance	-	884,238	-	(884,238)
Contingency	(1,073,116)	(178,460)	-	178,460
Other financing sources (uses), net	<u>(3,878,281)</u>	<u>(2,282,822)</u>	<u>(3,058,241)</u>	<u>(775,419)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	2,346,429	<u>\$ 2,346,429</u>
<b>Fund balance:</b>				
Beginning balance, July 1			<u>26,051,986</u>	
Ending balance, June 30			<u>\$ 28,398,415</u>	

**Jackson County, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance-**  
**Budget and Actual-General Fund**  
**Year Ended June 30, 2016**

**Exhibit " 5"**

**(Continued)**

	<u>General Fund</u>			<b>Variance With Final Positive (Negative)</b>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
A legally budgeted Revaluation Fund is consolidated into the General Fund for reporting purposes:				
Expenditures			\$ (364,463)	
Transfers from the General Fund			333,333	
Beginning Fund Balance			85,801	
A legally budgeted Capital Reserve Fund is consolidated into the General Fund for reporting purposes:				
Revenue			660	
Transfers from the General Fund			1,040,379	
Transfers to the County Capital Projects Fund			(2,287,000)	
Beginning Fund Balance			1,724,678	
A legally budgeted Conservation/Preservation Fund is consolidated into the General Fund for reporting purposes:				
Revenue			21,792	
Expenditures			(79,195)	
Transfers from the General Fund			500,000	
Transfers to the Greenways Project Fund			(682,313)	
Beginning Fund Balance			367,389	
Ending Fund Balance - Combined General Fund			<u>\$ 29,059,476</u>	

See accompanying notes.

**Jackson County, North Carolina  
Statement of Fund Net Position  
Proprietary Funds  
June 30, 2016**

**Exhibit "6"**

	<u>Landfill Fund</u>	<u>Other Enterprise Funds</u>	<u>Total</u>
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 375,951	\$ 282,156	\$ 658,107
Accounts receivable, net	442,907	1,253	444,160
Accrued interest receivable	12,246	-	12,246
Due from other governments	35,139	-	35,139
Total current assets	<u>866,243</u>	<u>283,409</u>	<u>1,149,652</u>
Non-current assets:			
Notes receivable, net	-	114,378	114,378
Capital assets, net of depreciation	4,488,888	1,219,023	5,707,911
Total non-current assets	<u>4,488,888</u>	<u>1,333,401</u>	<u>5,822,289</u>
Total assets	<u>5,355,131</u>	<u>1,616,810</u>	<u>6,971,941</u>
<b>Deferred outflows of resources</b>	<u>17,111</u>	<u>6,501</u>	<u>23,612</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	188,041	14,300	202,341
Unearned revenue	230	14,631	14,861
Accrued interest payable	13,277	-	13,277
Installment purchases, current	234,601	-	234,601
Total current liabilities	<u>436,149</u>	<u>28,931</u>	<u>465,080</u>
Non-current liabilities:			
Installment purchases, non-current	1,759,504	-	1,759,504
Compensated absences	20,050	10,088	30,138
Net pension liability	16,500	6,269	22,769
Net OPEB obligation	494,016	98,803	592,819
Accrued landfill closure and post-closure care costs	1,519,996	-	1,519,996
Total non-current liabilities	<u>3,810,066</u>	<u>115,160</u>	<u>3,925,226</u>
Total liabilities	<u>4,246,215</u>	<u>144,091</u>	<u>4,390,306</u>
<b>Deferred inflows of resources</b>	<u>8,763</u>	<u>3,330</u>	<u>12,093</u>
<b>Net position:</b>			
Net investment in capital assets	2,494,783	1,219,023	3,713,806
Unrestricted (deficit)	(1,377,519)	256,867	(1,120,652)
Total net position	<u>\$ 1,117,264</u>	<u>\$ 1,475,890</u>	<u>\$ 2,593,154</u>

See accompanying notes.

**Jackson County, North Carolina**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**Year Ended June 30, 2016**

**Exhibit "7"**

	<b>Landfill Fund</b>	<b>Other Enterprise Funds</b>	<b>Total</b>
<b>Operating revenues:</b>			
Charges for services	\$ 3,234,731	\$ 86,855	\$ 3,321,586
<b>Operating expenses:</b>			
Landfill operations, closure and post-closure care costs	3,282,450	-	3,282,450
Park operations	-	242,529	242,529
Economic development operations	-	35,740	35,740
Depreciation	159,163	35,065	194,228
Total operating expenses	3,441,613	313,334	3,754,947
Operating loss	(206,882)	(226,479)	(433,361)
<b>Non-operating revenues (expenses):</b>			
Interest and investment revenues	22,285	2,488	24,773
Conservation fund grant	-	7,600	7,600
Donations	-	449	449
Scrap tire tax	54,427	-	54,427
White goods tax	10,656	-	10,656
Electronics tax	3,951	-	3,951
Interest expense	(51,430)	-	(51,430)
Net non-operating revenue (expenses)	39,889	10,537	50,426
Loss before transfers	(166,993)	(215,942)	(382,935)
<b>Transfers from other funds</b>	-	178,461	178,461
Change in net position	(166,993)	(37,481)	(204,474)
<b>Net position:</b>			
Beginning balance, July 1	1,284,257	1,513,371	2,797,628
Ending balance, June 30	\$ 1,117,264	\$ 1,475,890	\$ 2,593,154

See accompanying notes.

**Jackson County, North Carolina**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended June 30, 2016**

**Exhibit "8"**

	<b>Landfill Fund</b>	<b>Other Enterprise Funds</b>	<b>Total</b>
<b>Cash flows from operating activities:</b>			
Cash received from customers	\$ 3,262,914	\$ 87,065	\$ 3,349,979
Cash paid for goods and services	(2,891,529)	(152,153)	(3,043,682)
Cash paid to employees for services	(362,126)	(76,412)	(438,538)
Net cash provided by (used for) operating activities	<u>9,259</u>	<u>(141,500)</u>	<u>(132,241)</u>
<b>Cash flows from non-capital financing activities:</b>			
Other taxes	68,387	-	68,387
Grants and donations	-	8,049	8,049
Transfers from other funds	-	178,461	178,461
Net cash provided by non-capital financing activities	<u>68,387</u>	<u>186,510</u>	<u>254,897</u>
<b>Cash flows from capital and related financing activities:</b>			
Acquisition of capital assets	(16,590)	-	(16,590)
Principal paid on long-term debt	(234,601)	-	(234,601)
Interest paid on long-term debt	(51,430)	-	(51,430)
Net cash used for capital and related financing activities	<u>(302,621)</u>	<u>-</u>	<u>(302,621)</u>
<b>Cash flows from investing activities:</b>			
Principal payments on notes receivable	-	16,871	16,871
Interest earned on investments	23,837	2,488	26,325
Net cash provided by investing activities	<u>23,837</u>	<u>19,359</u>	<u>43,196</u>
Net change in cash and cash equivalents	(201,138)	64,369	(136,769)
<b>Cash and cash equivalents:</b>			
Beginning balance, July 1	<u>577,089</u>	<u>217,787</u>	<u>794,876</u>
Ending balance, June 30	<u>\$ 375,951</u>	<u>\$ 282,156</u>	<u>\$ 658,107</u>
<b>Reconciliation of operating loss to net cash provided by (used for) operating activities:</b>			
Operating loss	\$ (206,882)	\$ (226,479)	\$ (433,361)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:			
Depreciation	159,163	35,065	194,228
Contributions to the pension plan in current fiscal year	(16,222)	(6,163)	(22,385)
Pension expense	12,067	1,703	13,770
Changes in assets and liabilities:			
Accounts receivable	28,183	210	28,393
Accounts payable and accrued liabilities	46,871	6,861	53,732
Due to other governments	(16,211)	-	(16,211)
Unearned revenue	230	1,845	2,075
Compensated absences	6,869	1,994	8,863
Accrued landfill closure and post-closure care costs	(774)	-	(774)
Net OPEB obligation	(4,035)	43,464	39,429
Net cash provided by (used for) operating activities	<u>\$ 9,259</u>	<u>\$ (141,500)</u>	<u>\$ (132,241)</u>

See accompanying notes.



**Jackson County, North Carolina**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2016**

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**Exhibit "9"**

	<u>Agency Funds</u>
<b>Assets:</b>	
Cash and cash equivalents	\$ 152,881
Due from others	<u>5,966</u>
Total assets	<u>\$ 158,847</u>
<b>Liabilities:</b>	
Amounts held for others	<u>\$ 158,847</u>

See accompanying notes.



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**NOTES TO FINANCIAL STATEMENTS**

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## **Notes to the Financial Statements**

### **1. Summary of Significant Accounting Policies**

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

#### **A. Reporting entity**

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

#### **Jackson County Industrial Facility and Pollution Control Financing Authority**

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

#### **Jackson County Tourism Development Authority**

The Jackson County Tourism Development Authority (the "JCTDA") was established by the Jackson County Board of Commissioners, with the authorization of the North Carolina General Legislature, for the purpose of using occupancy taxes collected to promote travel and tourism within Jackson County. The JCTDA is composed of 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.

#### **Jackson County Alcoholic Beverage Control Board**

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

**Jackson County, North Carolina**  
**Notes to Financial Statements**

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

***Basis of Presentation, Basis of Accounting***

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

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

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

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

The County reports the following major governmental fund:

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

The County reports the following major enterprise fund:

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

Additionally, the County reports the following fund types:

- **Agency Funds.** Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains five agency funds: the Social Services Fund, which accounts for moneys deposited with the

## Jackson County, North Carolina Notes to Financial Statements

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Department of Social Services for the benefit of certain individuals; the Property Tax Fund, which accounts for property taxes that are billed and collected by the County for various municipalities within the County; the Extension Agency Fund, which accounts for moneys collected and disbursed for the operation of the Jackson County 4-H Club; the State of North Carolina Fund, which accounts for moneys held for the benefit of certain individuals; and the Inmate Fund, which accounts for moneys held for the use by inmates being held in Jackson County correctional facilities.

- **Non-major Funds.** The County maintains fourteen legally budgeted non-major funds. The Emergency Telephone Fund, Law Enforcement Block Grant Fund, Fire Service Districts Fund, Community Development Scattered Site Project Fund, Clean Water Revolving Loan Fund, Economic Development Fund, and Economic Development Commission Fund are reported as non-major special revenue funds. The Recreation Center Fund, Emergency Management Project Fund, County Capital Projects Fund, and Greenways Project Fund are reported as non-major capital projects funds. The Green Energy Park Fund and the Economic Development Commission Fund are reported as non-major proprietary funds.

### ***Measurement focus, basis of accounting***

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

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

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

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

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

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property taxes other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicle

## **Jackson County, North Carolina Notes to Financial Statements**

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taxes in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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

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

### ***Budgetary data***

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget ordinance is adopted for the General, special revenue funds (excluding funds with multi-year budgets), and the enterprise funds. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the capital project funds and for certain special revenue fund types. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for the General Fund, at the departmental level for the special revenue and enterprise funds, and at the object level for the capital project funds. The County budget officer is authorized by the budget ordinance to transfer appropriations within a fund; however, any revisions that alter total appropriations of any fund must be approved by the governing board. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

### ***Use of estimates***

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

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

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

State Law [G.S. 159-30I] authorizes the County and the component units to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust ("NCCMT"), an SEC registered (2a-7) money market mutual fund.

The NCCMT Cash Portfolio is measured at amortized cost, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.



**Jackson County, North Carolina**  
**Notes to Financial Statements**

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**Cash and cash equivalents.** The County pools moneys from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The component units consider demand deposits and investments purchased with an original maturity three months or less, that are not limited to use, to be cash and cash equivalents.

**Restricted assets.** Money in the Revaluation Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 153A-150.

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

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

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

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

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

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

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

**Jackson County, North Carolina**  
**Notes to Financial Statements**

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

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

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

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

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

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

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

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

The governmental fund types classify fund balances as follows:

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

Restricted for Stabilization by State Statute – 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 capital per G.S. 159-18-22.

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

**Jackson County, North Carolina**  
**Notes to Financial Statements**

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

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

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

Assigned for LEO Separation Allowance – portion of fund balance that will be used for the Law Enforcement Officers (“LEO”) Special Separation Allowance obligations.

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

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

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

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

**Defined benefit pension plan**, The County participates in a cost-sharing, multiple-employer, defined benefit pension plan that is administered by the State, the Local Governmental Employees’ Retirement System (LGERS). For purposes of measuring the net pension asset (liability), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of LGERS and additions to/deductions from LGERS’ fiduciary net position has been determined on the same basis as they are reported by the LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County’s employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. Investments are reported at fair value.

**2. Detail Notes on All Funds**

**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.

**Jackson County, North Carolina**  
**Notes to Financial Statements**

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, 2016, the County's deposits had a carrying amount of \$24,951,478 and a bank balance of \$25,478,331. Of the bank balance, \$588,599 was covered by federal depository insurance and \$24,889,732 in interest-bearing deposits was covered by collateral held under the Pooling Method. The County had \$2,410 cash on hand at June 30, 2016.

At June 30, 2016, the carrying amount of deposits and bank balance for the JCTDA was \$435,357. Of the bank balance, \$250,000 was covered by federal depository insurance, and the remaining \$185,357 in interest bearing deposits were covered by collateral held under the Pooling Method. The JCTDA also had \$50 in cash on hand at June 30, 2016.

At June 30, 2016, the carrying amount of deposits and bank balance for the Airport was \$28,226, all of which was covered by federal depository insurance.

At June 30, 2016, the carrying amount of the ABC Board's deposits was \$592,577 and the bank balance was \$564,505. All of the bank balance was covered by federal depository insurance. The ABC Board also had \$3,700 in cash on hand at June 30, 2016.

**Investments.** At June 30, 2016, the County's investments consisted of \$9,051,143 in the North Carolina Capital Management Trust's Cash Portfolio, which carried a credit rating of AAAM by Standard and Poor's. The Cash Portfolio has no maturity value and is measured at amortized cost. The County has no formal policy on credit risk.

**Custodial credit risk**

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

**Receivables.** Receivables at the government-wide level at June 30, 2016, 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	\$ 317,569	\$ 2,744,778	\$ 3,587,947	\$ -	\$ 6,650,294
Other governmental	5,007	-	40,400	128,684	174,091
Allowance for doubtful accounts	-	(1,066,000)	-	-	(1,066,000)
Total governmental activities	<u>\$ 322,576</u>	<u>\$ 1,678,778</u>	<u>\$ 3,628,347</u>	<u>\$ 128,684</u>	<u>\$ 5,758,385</u>
Business-type activities:					
Landfill	\$ 579,800	\$ -	\$ 35,139	\$ -	\$ 614,939
Green Energy Park	1,223	-	-	-	1,223
Economic Development	30	-	-	114,378	114,408
Allowance for doubtful accounts	(124,647)	-	-	-	(124,647)
Total business-type activities	<u>\$ 456,406</u>	<u>\$ -</u>	<u>\$ 35,139</u>	<u>\$ 114,378</u>	<u>\$ 605,923</u>

**Jackson County, North Carolina**  
**Notes to Financial Statements**

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

**Capital assets.** Capital asset activity for the year ended June 30, 2016, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	<u>Ending Balances</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 16,207,752	\$ 144,345	\$ -	\$ (923,280)	\$ 15,428,817
Construction in progress	<u>2,453,644</u>	<u>1,476,200</u>	<u>(192,622)</u>	-	<u>3,737,222</u>
Total capital assets not being depreciated	<u>18,661,396</u>	<u>1,620,545</u>	<u>(192,622)</u>	<u>(923,280)</u>	<u>19,166,039</u>
Capital assets being depreciated:					
Buildings	61,797,420	20,900	-	1,064,360	62,882,680
Equipment	5,445,725	469,048	(224,391)	(141,080)	5,549,302
Vehicles	<u>4,656,689</u>	<u>504,230</u>	<u>(101,812)</u>	-	<u>5,509,107</u>
Total capital assets being depreciated	<u>71,899,834</u>	<u>994,178</u>	<u>(326,203)</u>	<u>923,280</u>	<u>73,491,089</u>
Less accumulated depreciation for:					
Buildings	16,126,867	1,255,362	-	92,805	17,475,034
Equipment	4,155,556	316,590	(224,391)	(92,805)	4,154,950
Vehicles	<u>3,414,040</u>	<u>456,110</u>	<u>(101,812)</u>	-	<u>3,768,338</u>
Total accumulated depreciation	<u>23,696,463</u>	<u>2,028,062</u>	<u>(326,203)</u>	-	<u>25,398,322</u>
Total capital assets being depreciated, net	<u>48,203,371</u>				<u>48,092,767</u>
Governmental activities capital assets, net	<u>\$ 66,864,767</u>				<u>\$ 67,258,806</u>

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

General government	\$ 787,971
Public safety	551,163
Transportation	119,918
Economic and physical development	22,784
Human services	85,375
Culture and recreation	<u>460,851</u>
Total depreciation expense	<u>\$ 2,028,062</u>

**Jackson County, North Carolina**  
**Notes to Financial Statements**

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 182,414	\$ -	\$ -	\$ 182,414
Capital assets being depreciated:				
Buildings and improvements	2,466,754	-	-	2,466,754
Plant and distribution systems	4,628,597	-	-	4,628,597
Furniture and maintenance equipment	<u>948,865</u>	<u>16,590</u>	<u>-</u>	<u>965,455</u>
Total capital assets being depreciated	<u>8,044,216</u>	<u>16,590</u>	<u>-</u>	<u>8,060,806</u>
Less accumulated depreciation for:				
Buildings and improvements	1,018,292	92,352	-	1,110,644
Plant and distribution systems	358,226	70,955	-	429,181
Furniture and maintenance equipment	<u>964,563</u>	<u>30,921</u>	<u>-</u>	<u>995,484</u>
Total accumulated depreciation	<u>2,341,081</u>	<u>194,228</u>	<u>-</u>	<u>2,535,309</u>
Total capital assets being depreciated, net	<u>5,703,135</u>			<u>5,525,497</u>
Business-type activities capital assets, net	<u>\$ 5,885,549</u>			<u>\$ 5,707,911</u>

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

Landfill	\$ 159,163
Green Energy Park	5,485
Economic Development Commission	<u>29,580</u>
Total depreciation expense	<u>\$ 194,228</u>

**Jackson County, North Carolina**  
**Notes to Financial Statements**

**Construction Commitments.** The government has active construction projects as of June 30, 2016. At year-end, the government's commitments with contractors are as follows:

Project:	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Cashiers Code Enforcement	\$ <u>30,000</u>	\$ <u>165,000</u>

**Discretely Presented Component Units.** Capital asset activity for the Airport for the year ended June 30, 2016 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	<u>99,326</u>	<u>-</u>	<u>-</u>	<u>99,326</u>
Total capital assets being depreciated	<u>290,648</u>	<u>-</u>	<u>-</u>	<u>290,648</u>
Less accumulated depreciation for:				
Buildings	120,349	3,826	-	124,175
Equipment	<u>70,157</u>	<u>9,933</u>	<u>-</u>	<u>80,090</u>
Total accumulated depreciation	<u>190,506</u>	<u>13,759</u>	<u>-</u>	<u>204,265</u>
Total capital assets being depreciated, net	<u>100,142</u>			<u>86,383</u>
Capital assets, net	<u>\$ 4,918,209</u>			<u>\$ 4,904,450</u>

Capital asset activity for the ABC Board for the year ended June 30, 2016 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets not being depreciated:				
Land	\$ 12,301	\$ -	\$ -	\$ 12,301
Capital assets being depreciated:				
Building	147,508	700,000	-	847,508
Furniture and equipment	<u>170,234</u>	<u>6,182</u>	<u>-</u>	<u>176,416</u>
Total capital assets being depreciated	<u>317,742</u>	<u>706,182</u>	<u>-</u>	<u>1,023,924</u>
Less accumulated depreciation for:				
Building	7,790	21,176	-	28,966
Furniture and equipment	<u>32,256</u>	<u>28,154</u>	<u>-</u>	<u>60,410</u>
Total accumulated depreciation	<u>40,046</u>	<u>49,330</u>	<u>-</u>	<u>89,376</u>
Total capital assets being depreciated, net	<u>277,696</u>			<u>934,548</u>
Capital assets, net	<u>\$ 289,997</u>			<u>\$ 946,849</u>

**Jackson County, North Carolina**  
**Notes to Financial Statements**

***Deferred outflows of resources***

The County reported deferred outflows of resources for contributions to the pension plan in the current fiscal year and other pension related deferrals in the amount of \$1,101,819 at June 30, 2016, of which \$1,078,207 and \$23,612 was related to governmental activities and business-type activities, respectively.

***Liabilities***

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

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental activities:			
General	\$ 1,449,040	\$ 820,977	\$ 2,270,017
School improvements	12,563	-	12,563
Other governmental	<u>531,181</u>	<u>-</u>	<u>531,181</u>
Total governmental activities	<u>\$ 1,992,784</u>	<u>\$ 820,977</u>	<u>\$ 2,813,761</u>
Business-type activities:			
Landfill	\$ 188,041	\$ -	\$ 188,041
Other proprietary	<u>14,300</u>	<u>-</u>	<u>14,300</u>
Total business-type activities	<u>\$ 202,341</u>	<u>\$ -</u>	<u>\$ 202,341</u>

***Long-term debt.*** The County's long-term debt for governmental activities at June 30, 2016 was comprised of the following:

A \$9,507,386 note was executed on December 29, 2005, and refinanced on February 16, 2012 and March 29, 2015, for the construction of a library (42 percent of the proceeds) and school addition (58 percent of the proceeds) and is payable in 30 semi-annual payments of \$316,913. In addition, 2.16 percent interest is payable semi-annually. Principal and interest are appropriated when due.	\$ 2,852,216
A \$10,295,446 note was executed on July 16, 2009, and refinanced on December 28, 2011 and March 16, 2015, for the renovation of the historic courthouse, construction of the new public library, and projects at Southwestern Community College. The note is payable in 30 semi-annual payments of \$343,182. In addition, 2.49 percent interest is payable semi-annually. Principal and interest payments are appropriated when due.	5,834,086
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.	7,666,666
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.	4,292,167



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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.

\$ 2,085,500

\$ 22,730,635

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 2,925,255	\$ 544,577	\$ 3,469,832
2018	2,925,255	474,423	3,399,678
2019	2,925,255	404,268	3,329,523
2020	2,925,255	334,114	3,259,369
2021	2,608,343	263,959	2,872,302
2022-2026	7,421,271	560,245	7,981,516
2027-2031	<u>1,000,001</u>	<u>27,900</u>	<u>1,027,901</u>
	<u>\$ 22,730,635</u>	<u>\$ 2,609,486</u>	<u>\$ 25,340,121</u>

The County's long-term debt for business-type activities at June 30, 2016 was comprised of the following:

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

\$ 1,994,105

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 234,601	\$ 45,870	\$ 280,471
2018	234,601	40,310	274,911
2019	234,601	34,750	269,351
2020	234,601	29,190	263,791
2021	234,601	23,630	258,231
2022-2026	<u>821,100</u>	<u>38,920</u>	<u>860,020</u>
	<u>\$ 1,994,105</u>	<u>\$ 212,670</u>	<u>\$ 2,206,775</u>

***Pension plan obligations.***

**Local governmental employees' retirement system**

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

**Jackson County, North Carolina**  
**Notes to Financial Statements**

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writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

*Benefits Provided.* LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2016 was 7.15% of compensation for law enforcement officers and 6.67% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$1,044,564 for the year ended June 30, 2016.

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

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

At June 30, 2016, the County reported a liability of \$1,062,475 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2015, the County's proportion was 0.23674%, which was a decrease of 0.09519% from its proportion measured as of June 30, 2014.

**Jackson County, North Carolina**  
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For the year ended June 30, 2016, the County recognized pension expense of \$576,286. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 249,742
Net difference between projected and actual earnings on pension plan investments	-	302,483
Changes in proportion and differences between County contributions and proportionate share of contributions	57,255	12,052
County contributions subsequent to the measurement date	<u>1,044,564</u>	<u>-</u>
	<u>\$ 1,101,819</u>	<u>\$ 564,277</u>

\$1,044,564 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as of June 30 were as follows:

2017	\$ (341,488)
2018	(341,488)
2019	(341,066)
2020	517,020

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

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

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

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

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

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

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The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	2.2%
Global Equity	42.0	5.8
Real Estate	8.0	5.2
Alternatives	8.0	9.8
Credit	7.0	6.8
Inflation Protection	6.0	3.4
Total	<u>100.0%</u>	

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

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

*Sensitivity of the County’s proportionate share of the net pension liability (asset) to changes in the discount rate.* The following presents the County’s proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the County’s proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	<u>1% Decrease (6.25%)</u>	<u>Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
County’s proportionate share of the net pension liability (asset)	\$ 7,408,786	\$ 1,062,475	\$ (4,284,152)

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

**Law Enforcement Officers’ Special Separation Allowance**

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

**Jackson County, North Carolina**  
**Notes to Financial Statements**

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2016, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	4
Active plan members	<u>52</u>
Total	<u><u>56</u></u>

**Summary of Significant Accounting Policies.**

*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.* Investments 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 \$85,874, or 3.9 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, 2015 actuarial valuation using the projected unit, credit actuarial cost method. The actuarial assumptions included: (a) 3.57 percent investment rate of return, and (b) projected salary increases ranging from 3.50 percent to 7.35 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 using the level dollar closed method. The remaining amortization period at December 31, 2015 was 15 years.

*Annual Pension Cost and Net Pension Obligation*

The annual pension cost and change in net pension obligation as of June 30, 2016 is as follows:

Employer annual required contribution	\$ 121,549
Interest on net pension obligation	26,424
Adjustment to annual required contribution	<u>(46,441)</u>
Annual pension cost	101,532
Employer contributions made for year ending June 30, 2015	<u>(85,874)</u>
Increase in net pension obligation	15,658
Net pension obligation beginning of fiscal year	<u>528,480</u>
Net pension obligation end of fiscal year	<u><u>\$ 544,138</u></u>

<u>For the Year Ended June 30</u>	<u>3-Year Trend Information</u>		
	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2014	\$ 89,914	57.89%	\$ 469,373
2015	91,053	35.09%	528,480
2016	101,532	84.58%	544,138

**Jackson County, North Carolina  
Notes to Financial Statements**

*Funded Status and Funding Progress*

As of December 31, 2015, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$1,457,331, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (“UAAL”) of \$1,457,331. The covered payroll (annual payroll of active employees covered by the plan) was \$2,185,217, and the ratio of the UAAL to the covered payroll was 66.69 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, 2016, were \$278,560, which consisted of \$151,504 from the County and \$127,056 from the law enforcement officers.

**Other Post-Employment Benefits – Healthcare 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 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, 2015, the date of the latest actuarial valuation:

	<b><u>General Employees</u></b>	<b><u>Law Enforcement Officers</u></b>
Retirees and dependents receiving benefits	94	4
Active plan members	<u>345</u>	<u>53</u>
Total	<u><u>439</u></u>	<u><u>57</u></u>

*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.

**Jackson County, North Carolina**  
**Notes to Financial Statements**

The current ARC rate is 20.18 percent of annual covered payroll. For the current year, the County contributed \$1,227,404 or 8.2 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	\$ 2,631,324
Interest on net OPEB obligation	755,590
Adjustment to annual required contribution	<u>(721,823)</u>
Annual OPEB cost (expense)	2,665,091
Contributions made	<u>(1,227,404)</u>
Increase in net OPEB obligation	1,437,687
Net OPEB obligation beginning of year	<u>18,889,759</u>
 Net OPEB obligation end of year	 <u>\$ 20,327,446</u>

The County’s net OPEB obligation is comprised of \$19,734,627 and \$592,819 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 the ended June 30, 2016 were as follows:

	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2016	\$ 2,665,091	46.1%	\$ 20,327,446
2015	\$ 2,578,004	40.5%	\$ 18,889,759
2014	\$ 2,880,067	21.9%	\$ 17,356,796

*Funded Status and Funding Progress.* As of December 31, 2015, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$38,501,174, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (“UAAL”) of \$38,501,174. The covered payroll (annual payroll of active employees covered by the plan) was \$15,051,916, and the ratio of the UAAL to the covered payroll was 255.8 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probably 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.

**Jackson County, North Carolina**  
**Notes to Financial Statements**

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*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, 2015 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 7.75 to 5 percent annually and 5.75 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, 2015, was 30 years.

**Other Employment Benefits – Death Benefits**

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

***Closure and Post-closure Care Costs—Landfill Facility.*** State and federal laws and regulations required the County to place a final cover on its landfill facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The landfill has been closed, but will be monitored for the next 18 years. Post-closure costs are included in operating expenses of the current year. The \$1,519,996 reported as landfill post-closure care liability at June 30, 2016, 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.



**Jackson County, North Carolina**  
**Notes to Financial Statements**

**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>
<b>Governmental activities:</b>					
Installment purchases	\$ 26,038,182	\$ -	\$ 3,307,547	\$ 22,730,635	\$ 2,925,255
Compensated absences	1,414,448	1,111,290	1,012,017	1,513,721	-
Net pension liability - LGERS	-	1,039,706	-	1,039,706	-
Net pension obligation	528,480	15,658	-	544,138	-
Net OPEB obligation	<u>18,336,369</u>	<u>2,600,613</u>	<u>1,202,355</u>	<u>19,734,627</u>	<u>-</u>
Total governmental activities	<u>\$ 46,317,479</u>	<u>\$ 4,767,267</u>	<u>\$ 5,521,919</u>	<u>\$ 45,562,827</u>	<u>\$ 2,925,255</u>
<b>Business-type activities:</b>					
Installment purchases	\$ 2,228,706	\$ -	\$ 234,601	\$ 1,994,105	\$ 234,601
Landfill closure and post closure costs	1,520,770	15,360	16,134	1,519,996	-
Compensated absences	21,275	20,287	11,424	30,138	-
Net pension liability - LGERS	-	22,769	-	22,769	-
Net OPEB obligation	<u>553,390</u>	<u>64,478</u>	<u>25,049</u>	<u>592,819</u>	<u>-</u>
Total business-type activities	<u>\$ 4,324,141</u>	<u>\$ 122,894</u>	<u>\$ 287,208</u>	<u>\$ 4,159,827</u>	<u>\$ 234,601</u>

At June 30, 2016, Jackson County had a legal debt margin of approximately \$921,000,000.

**Deferred Inflows of Resources**

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

	<u>Modified Accrual</u>	<u>Full Accrual</u>
<b>Governmental activities</b>		
Prepaid taxes not earned at year-end (General)	\$ 51,196	\$ 51,196
Prepaid taxes not earned at year-end (Fire Districts)	272	272
Taxes receivable, net (General)	1,513,067	-
Notes receivable (Economic Development)	128,684	-
Other (General)	187,479	187,479
Pension deferrals	<u>-</u>	<u>552,184</u>
Total governmental activities	<u>\$ 1,880,698</u>	<u>\$ 791,131</u>
<b>Business-type activities</b>		
Pension deferrals	<u>\$ 12,093</u>	<u>\$ 12,093</u>

**Jackson County, North Carolina**  
**Notes to Financial Statements**

***Net Investment in Capital Assets***

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

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>
Capital assets, net of accumulated depreciation	\$ 67,258,806	\$ 5,707,911
Less capital debt:		
Gross debt	22,730,635	1,994,105
School debt related to assets to which the County does not hold title	<u>(10,737,367)</u>	<u>-</u>
Net capital debt	<u>11,993,268</u>	<u>1,994,105</u>
Net investment in capital assets	<u>\$ 55,265,538</u>	<u>\$ 3,713,806</u>

***Interfund Balances and Activity***

**Transfer to/from Other Funds**

Transfers to/from other funds at June 30, 2016, consist of the following:

Transfers from the General Fund to:	
School Improvements Fund	\$ 994,526
Non-major governmental funds	3,073,581
Non-major proprietary funds	178,461

**Due From Component Unit**

At June 30, 2016, the amount due to the County from the ABC Board was \$118,094.

**3. Risk Management**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in one self-funded risk-financing pool administered by the North Carolina Association of County Commissioners. Through this pool, the County obtains worker's compensation coverage up to statutory limits. The pool is audited annually by certified public accountants, and the audited financial statements are available to the County upon request. The pool is reinsured through a multi-state public entity captive for single occurrences losses of \$350,000 for worker's compensation.

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

The County's employees that have access to \$100 or more at any given time of the County's funds are performance bonded through a commercial surety bond. The Chairman of the Board, County Manager, Director of Finance and the Tax Collector are each individually bonded for \$250,000. The Register of Deeds and Sheriff are bonded for \$50,000 and \$25,000, respectively. The remaining employees that have access to funds are bonded under a blanket bond for \$250,000 for public employee dishonesty and \$75,000 for theft.

## Jackson County, North Carolina Notes to Financial Statements

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

### 4. Joint Ventures

**Fontana Regional Library.** The County participates in a joint venture to operate the Fontana Regional Library (“Library”) with five other local governments. Each participating county may appoint three board members to the nine-member board of the Library. The County has an ongoing financial responsibility for the joint venture because the Library’s continued existence depends on the participating governments’ continued funding. None of the participating governments have any equity interest in the library, so no equity interest has been reflected in the financial statements at June 30, 2016. In accordance with the intergovernmental agreement between the participating governments, the County contributed \$1,164,585 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 \$1,897,481 and \$1,448,768 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2016. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County’s financial statements at June 30, 2016. Complete financial statements for the community college may be obtained from the Community College’s administrative offices at 275 Webster Road, Sylva, North Carolina 28779.

**Tuckasegee Water and Sewer Authority.** The County, in conjunction with the Towns of Sylva, Dillsboro and Webster, participates in the Tuckasegee Water and Sewer Authority (the “TWSA”). The chairman of the TWSA appoints one member from each participating government and three members at large. The TWSA is a joint venture established in 1992 to provide safe, clean drinking water and to provide safe and sanitary disposal of sewage to and for the citizens of Jackson County. The TWSA has been in existence since 1992; however, the County remains financially responsible under the provisions of Chapter 1 62A, Article 1 of the North Carolina General Statutes to provide water and sewer services in the event of default by the TWSA. The participating governments do not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2016. Complete financial statements for the TWSA can be obtained from the TWSA’s administrative offices at 1246 West Main Street, Sylva, North Carolina 28779.

**Mental Health.** The County, in conjunction with fourteen other county governments, participates in a joint venture to operate the Smoky Mountain Center for Mental Health (“Smoky Mountain LME”), a local management entity. The fifteen 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

**Jackson County, North Carolina  
Notes to Financial Statements**

any equity interest in the LME, so no equity interest has been reflected in the financial statements at June 30, 2016. The County contributed \$123,081 to the Smoky Mountain LME to fund operations during fiscal year June 30, 2016. Complete financial statements for the Smoky Mountain LME may be obtained from the Smoky Mountain LME's offices at 44 Bonnie Lane, Sylva, NC 28779.

**5. Jointly Governed Organizations**

**Southwestern North Carolina Planning and Economic Development Commission.** The County, in conjunction with seven other counties and fifteen municipalities, established the Southwestern North Carolina Planning and Economic Development Commission ("Commission"). The participating governments established the Commission to coordinate 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, 2016.

**6. 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	\$ 500	\$ -
TANF	93.558	116,867	-
Refugee Assist	93.566	2,534	-
IV-E Adoption	93.659	88,998	26,107
IV-E Foster Care	93.658	131,197	53,951
Health Choice	93.767	958,641	51,934
Medicaid	93.778	27,191,826	14,663,680
WIC	10.557	939,631	-
SC/SA Domiciliary Care	N/A	-	187,234
State Foster Home	N/A	-	15,955
FS County Incentive	N/A	-	127
SFHF Maximization	N/A	-	830
CWS Adoption Subsidy	N/A	-	139,043
		<u>\$ 29,430,194</u>	<u>\$ 15,138,861</u>

**7. Summary Disclosure of Significant Contingencies**

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

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



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## **REQUIRED SUPPLEMENTAL FINANCIAL DATA**

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- Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance
- Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Funding Progress for the Other Post-Employment Benefits
- Schedule of Employer Contributions for the Other Post-Employment Benefits
- Notes to the Required Schedules for the Other Post-Employment Benefits
- Schedule of the County's Proportionate Share of Net Pension Liability (Asset) – Local Government Employees' Retirement System
- Schedule of the County's Contributions – Local Government Employees' Retirement System



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**Jackson County, North Carolina  
 Required Supplementary Information  
 Schedule of Funding Progress  
 Law Enforcement Officers' Special Separation Allowance**

**Schedule "A-1"**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) – Projected Unit Credit (b)</u>	<u>Unfunded ALL (UAAL) (b – a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll for Year Ending on Val Date (c)</u>	<u>UAAL as a Percentage of Covered Payroll [(b – a)/c]</u>
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%
12/31/13	54,424	818,954	764,530	6.65%	2,009,397	38.05%
12/31/14	31,342	941,744	910,402	3.33%	1,949,705	46.69%
12/31/15	-	1,457,331	1,457,331	0.00%	2,185,217	66.69%

**Jackson County, North Carolina  
 Required Supplementary Information  
 Schedule of Employer Contributions  
 Law Enforcement Officers' Special Separation Allowance**

**Schedule "A-2"**

<u>Year Ending June 30,</u>	<u>Annual Required Contributions</u>	<u>Percentage Contributed</u>
2014	\$ 89,914	57.89%
2015	\$ 91,053	35.09%
2016	\$ 101,532	84.58%

**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	12/31/15
Actuarial cost method	Entry Age Nomral
Amortization method	Level dollar closed
Remaining amortization period	15 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	3.57%
Projected salary increases*	3.50-7.35%
Cost-of-living adjustments	N/A

\*Includes inflation at 3.00%

**Jackson County, North Carolina  
 Required Supplementary Information  
 Schedule of Funding Progress  
 Other Post-Employment Benefits**

**Schedule "A-3"**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) – Projected Unit Credit (b)</u>	<u>Unfunded ALL (UAAL) (b – a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll for Year Ending on Val Date (c)</u>	<u>UAAL as a Percentage of Covered Payroll [(b – a)/c]</u>
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%
12/31/13	\$ 201,699	\$30,032,074	\$29,830,375	0.7%	\$14,331,225	208.1%
12/31/15	\$ -	\$38,501,174	\$38,501,174	0.0%	\$15,051,916	255.8%

**Jackson County, North Carolina  
 Required Supplementary Information  
 Schedule of Employer Contributions  
 Other Post-Employment Benefits**

**Schedule "A-4"**

<u>Year Ending June 30,</u>	<u>Annual Required Contributions</u>	<u>Percentage Contributed</u>
2014	\$ 2,880,067	21.9%
2015	\$ 2,578,004	40.5%
2016	\$ 2,665,091	46.1%

**Notes to the Required Schedules:**

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

Valuation date	12/31/15
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of pay, open
Remaining amortization period	30 years
Amortization factor	26.1695
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return*	4.00%
Medical cost trend:	
Pre-Medicare trend rate	7.75 - 5.00%
Post-Medicare trend rate	5.75 - 5.00%
Year of ultimate trend rate	2022

\*Includes inflation at 3.00%

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

**Schedule "A-5"**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset)	0.23674%	0.33193%	0.33680%
County's proportionate share of the net pension liability (asset)	\$ 1,062,475	\$ (1,403,478)	\$ 2,984,531
County's covered-employee payroll	\$ 14,661,544	\$ 14,595,534	\$ 14,386,674
County's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	7.25%	-9.62%	20.75%
Plan fiduciary net position as a percentage of total pension liability	98.09%	102.64%	94.35%

\* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30. This schedule will build to a 10 year schedule as information becomes available.

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

**Schedule "A-6"**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 1,044,564	\$ 1,040,014	\$ 1,035,268
Contributions in relation to the contractually required contribution	<u>1,044,564</u>	<u>1,040,014</u>	<u>1,035,268</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered-employee payroll	\$ 15,339,109	\$ 14,661,544	\$ 14,595,534
Contributions as a percentage of covered employee payroll	6.81%	7.09%	7.09%

\* This schedule will build to a 10 year schedule as information becomes available.

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**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

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## MAJOR GOVERNMENTAL FUNDS

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

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

### SCHOOL IMPROVEMENTS FUND

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

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

\*\*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.



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**Jackson County, North County**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances–**  
**Budget and Actual–General Fund**  
**Year Ended June 30, 2016**

**Schedule "B-1"**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Ad valorem taxes:			
Current year and prior	\$ 33,222,020	\$ 33,224,298	\$ 2,278
Penalties and interest	455,500	466,522	11,022
Total ad valorem taxes	<u>33,677,520</u>	<u>33,690,820</u>	<u>13,300</u>
Other taxes:			
Local option sales tax	10,978,020	11,299,841	321,821
Beer and wine tax distribution	165,000	164,552	(448)
Tax refund-sales and gasoline	75,000	21,392	(53,608)
Total other taxes	<u>11,218,020</u>	<u>11,485,785</u>	<u>267,765</u>
Unrestricted intergovernmental:			
Payments in lieu of taxes	214,396	214,396	-
ABC profit distribution	384,000	375,954	(8,046)
ABC 1 and 5 cent bottle charge	28,000	32,037	4,037
Total unrestricted governmental	<u>626,396</u>	<u>622,387</u>	<u>(4,009)</u>
Restricted intergovernmental:			
School resource officers - Board of Education and Community College	<u>366,728</u>	<u>345,433</u>	<u>(21,295)</u>
Federal and State grants:			
Home and Community Care Block grant	198,178	228,389	30,211
Municipal reimbursement	5,500	6,713	1,213
Nantahala Forest timber receipts	128,000	95,703	(32,297)
DARE grant	6,000	6,000	-
Civil defense	42,924	42,924	-
Soil conservation-matching	33,563	26,629	(6,934)
AWAKE-child advocacy	57,409	87,524	30,115
Tennessee Valley Authority	950	952	2
Older American Act Title III	28,311	32,986	4,675
Health department	1,628,470	1,561,332	(67,138)
Senior care	17,700	17,923	223
Smart Start	129,010	145,166	16,156
Governor's Crime Commission	60,000	46,875	(13,125)
Juvenile Crime Prevention Commission	107,618	107,587	(31)
Safe Roads Act	4,100	4,055	(45)
Veteran's service	1,907	1,907	-
Erosion control	250	625	375
Extensison grant project	2,000	2,262	262
SCAAP-State Criminal Alien grant	15,000	2,111	(12,889)
Social services	6,030,229	5,714,757	(315,472)
Title XIX-Medicaid	178,685	170,089	(8,596)
Department of Transportation:			
Governor's Highway Safety program	20,000	16,822	(3,178)
Section 18-administration	203,489	196,595	(6,894)
Section 18-capital	6,279	1,660	(4,619)

**Jackson County, North County**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances—**  
**Budget and Actual—General Fund**  
**Year Ended June 30, 2016**

**Schedule "B-1"**

**(Continued)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues, continued:</b>			
Restricted intergovernmental, continued:			
Federal and State grants, continued:			
Department of Justice grant	\$ 21,152	\$ 10,219	\$ (10,933)
Contracts—EDTAP	239,441	220,406	(19,035)
Emergency food and shelter	16,871	16,778	(93)
Cherokee Preservation grant	17,263	16,043	(1,220)
Other State grants	259,827	260,304	477
Total	<u>9,460,126</u>	<u>9,041,336</u>	<u>(440,085)</u>
Court facilities fees	<u>57,840</u>	<u>51,698</u>	<u>(6,142)</u>
Total restricted intergovernmental	<u>9,884,694</u>	<u>9,438,467</u>	<u>(446,227)</u>
Other restricted revenues:			
Transportation contracts	<u>117,400</u>	<u>92,608</u>	<u>(24,792)</u>
Permits and fees:			
Cashiers permit fees	3,500	3,440	(60)
Cullowhee permit fees	1,000	1,050	50
Board of Elections fees	1,000	(276)	(1,276)
Erosion control fees	53,950	53,898	(52)
Building permits and inspection fees	388,315	390,912	2,597
Environmental health fees	113,500	101,998	(11,502)
Sheriff's fees	56,647	37,641	(19,006)
Officers fees-court	35,100	29,863	(5,237)
Animal adoption fees	16,500	11,968	(4,532)
Road sign fees	95,950	95,945	(5)
Health and Social Services fees	396,360	323,320	(73,040)
Register of Deeds	362,000	340,714	(21,286)
Real property transfer tax	345,000	351,435	6,435
Marriage licenses	8,500	7,900	(600)
Excise tax	6,000	7,028	1,028
Senior citizens fees	53,452	53,530	78
ABC fees	3,400	4,360	960
Total permits and fees	<u>1,940,174</u>	<u>1,814,726</u>	<u>(125,448)</u>
Sales and services:			
Jail fees	24,000	18,923	(5,077)
Civil process fees	40,000	48,277	8,277
Ambulance fees	229,500	232,334	2,834
Ancillary services	40,000	43,010	3,010
Travel and tourism administrative fees	52,750	38,250	(14,500)
Video programming distribution	72,500	65,064	(7,436)
Telephone charges	6,000	6,141	141
Vending machines	2,000	1,017	(983)

**Jackson County, North County**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances–**  
**Budget and Actual–General Fund**  
**Year Ended June 30, 2016**

**Schedule "B-1"**

**(Continued)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues, continued:</b>			
Sales and services, continued:			
Recreation department	\$ 612,620	\$ 510,458	\$ (102,162)
Rents	55,590	55,359	(231)
Unclaimed property	4,819	2,318	(2,501)
Trolley fares	6,500	7,235	735
Total sales and services	<u>1,146,279</u>	<u>1,028,386</u>	<u>(117,893)</u>
Investment earnings	<u>25,000</u>	<u>27,984</u>	<u>2,984</u>
Miscellaneous	<u>416,736</u>	<u>192,437</u>	<u>(224,299)</u>
Total revenues	<u>59,052,219</u>	<u>58,393,600</u>	<u>(658,619)</u>
<b>Expenditures:</b>			
General government:			
Governing body:			
Salaries and employee benefits	136,928	128,706	8,222
Operating	176,771	181,003	(4,232)
Total	<u>313,699</u>	<u>309,709</u>	<u>3,990</u>
Administration:			
Salaries and employee benefits	270,449	260,739	9,710
Operating	20,200	9,253	10,947
Total	<u>290,649</u>	<u>269,992</u>	<u>20,657</u>
Elections:			
Salaries and employee benefits	195,158	199,321	(4,163)
Operating	230,790	214,679	16,111
Capital outlay	6,803	6,803	-
Total	<u>432,751</u>	<u>420,803</u>	<u>11,948</u>
Finance:			
Salaries and employee benefits	549,527	528,915	20,612
Operating	28,375	23,975	4,400
Capital outlay	3,740	800	2,940
Total	<u>581,642</u>	<u>553,690</u>	<u>27,952</u>
Human resources:			
Salaries and employee benefits	130,399	120,398	10,001
Operating	14,400	13,924	476
Capital outlay	1,559	1,559	-
Total	<u>146,358</u>	<u>135,881</u>	<u>10,477</u>

**Jackson County, North County**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances–**  
**Budget and Actual–General Fund**  
**Year Ended June 30, 2016**

**Schedule "B-1"**

**(Continued)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures, continued:</b>			
General government, continued:			
Computer services:			
Salaries and employee benefits	\$ 365,147	\$ 312,846	\$ 52,301
Operating	279,139	198,763	80,376
Capital outlay	27,446	27,475	(29)
Total	<u>671,732</u>	<u>539,084</u>	<u>132,648</u>
Tax collections:			
Salaries and employee benefits	229,605	229,360	245
Operating	41,530	36,543	4,987
Capital outlay	1,777	2,482	(705)
Total	<u>272,912</u>	<u>268,385</u>	<u>4,527</u>
Tax assessments:			
Salaries and employee benefits	595,432	589,839	5,593
Operating	95,749	70,364	25,385
Capital outlay	16,541	14,919	1,622
Total	<u>707,722</u>	<u>675,122</u>	<u>32,600</u>
GIS mapping:			
Salaries and employee benefits	128,077	127,527	550
Operating	26,897	23,618	3,279
Capital outlay	13,685	12,418	1,267
Total	<u>168,659</u>	<u>163,563</u>	<u>5,096</u>
Legal services	<u>550,000</u>	<u>524,229</u>	<u>25,771</u>
Register of Deeds:			
Salaries and employee benefits	305,771	305,311	460
Operating	145,576	129,472	16,104
Capital outlay	800	800	-
Total	<u>452,147</u>	<u>435,583</u>	<u>16,564</u>
Public Works:			
Salaries and employee benefits	50,474	50,017	457
Operating	900	360	540
Total	<u>51,374</u>	<u>50,377</u>	<u>997</u>
Maintenance:			
Salaries and employee benefits	2,224,835	2,159,442	65,393
Operating	1,904,859	1,668,569	236,290
Capital outlay	223,559	228,630	(5,071)
Total	<u>4,353,253</u>	<u>4,056,641</u>	<u>296,612</u>

**Jackson County, North County**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances–**  
**Budget and Actual–General Fund**  
**Year Ended June 30, 2016**

**Schedule "B-1"**

**(Continued)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures, continued:</b>			
General government, continued:			
Court facilities:			
Operating	\$ 55,340	\$ 47,638	\$ 7,702
Capital outlay	12,382	18,256	(5,874)
Total	<u>67,722</u>	<u>65,894</u>	<u>1,828</u>
Professional services	<u>40,000</u>	<u>45,700</u>	<u>(5,700)</u>
Central services:			
Operating	188,174	167,657	20,517
Capital outlay	21,990	21,557	433
Total	<u>210,164</u>	<u>189,214</u>	<u>20,950</u>
Total general government	<u>9,310,784</u>	<u>8,703,867</u>	<u>606,917</u>
Public safety:			
Sheriff:			
Salaries and employee benefits	3,388,784	3,318,790	69,994
Operating	584,394	581,373	3,021
Capital outlay	421,650	400,869	20,781
Total	<u>4,394,828</u>	<u>4,301,032</u>	<u>93,796</u>
Jail:			
Salaries and employee benefits	1,186,671	1,116,568	70,103
Operating	775,711	832,782	(57,071)
Capital outlay	266,222	68,354	197,868
Total	<u>2,228,604</u>	<u>2,017,704</u>	<u>210,900</u>
Code enforcement:			
Salaries and employee benefits	1,128,001	1,092,562	35,439
Operating	120,560	102,416	18,144
Capital outlay	26,380	26,379	1
Total	<u>1,274,941</u>	<u>1,221,357</u>	<u>53,584</u>
Emergency management:			
Salaries and employee benefits	810,359	774,762	35,597
Operating	181,520	152,292	29,228
Capital outlay	35,513	37,235	(1,722)
Total	<u>1,027,392</u>	<u>964,289</u>	<u>63,103</u>
Fire:			
Salaries and employee benefits	316,313	305,107	11,206
Operating	837,266	834,503	2,763
Capital outlay	348,180	139,063	209,117
Total	<u>1,501,759</u>	<u>1,278,673</u>	<u>223,086</u>

**Jackson County, North County**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances–**  
**Budget and Actual–General Fund**  
**Year Ended June 30, 2016**

**Schedule "B-1"**

**(Continued)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures, continued:</b>			
Public safety, continued:			
Ambulance:			
Operating	\$ 1,369,323	\$ 1,348,532	\$ 20,791
Capital outlay	183,222	183,221	1
Total	<u>1,552,545</u>	<u>1,531,753</u>	<u>20,792</u>
Total public safety	<u>11,980,069</u>	<u>11,314,808</u>	<u>665,261</u>
Transportation:			
Salaries and employee benefits	515,893	513,419	2,474
Operating	431,776	153,536	278,240
Capital outlay	8,777	3,591	5,186
Total	<u>956,446</u>	<u>670,546</u>	<u>285,900</u>
Airport	<u>31,000</u>	<u>31,000</u>	<u>-</u>
Total transportation	<u>987,446</u>	<u>701,546</u>	<u>285,900</u>
Environmental protection:			
Forestry	<u>79,650</u>	<u>69,782</u>	<u>9,868</u>
Economic and physical development:			
Planning and zoning:			
Salaries and employee benefits	267,484	147,367	120,117
Operating	101,700	74,858	26,842
Capital outlay	10,716	10,684	32
Total	<u>379,900</u>	<u>232,909</u>	<u>146,991</u>
Community development	<u>158,145</u>	<u>146,202</u>	<u>11,943</u>
Agricultural extension:			
Salaries and employee benefits	125,144	125,192	(48)
Operating	48,588	44,149	4,439
Total	<u>173,732</u>	<u>169,341</u>	<u>4,391</u>
Conservation:			
Salaries and employee benefits	126,863	125,896	967
Operating	45,364	20,393	24,971
Total	<u>172,227</u>	<u>146,289</u>	<u>25,938</u>
Total economic and physical development	<u>884,004</u>	<u>694,741</u>	<u>189,263</u>



**Jackson County, North County**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances–**  
**Budget and Actual–General Fund**  
**Year Ended June 30, 2016**

**Schedule "B-1"**

**(Continued)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures, continued:</b>			
Human services:			
Health:			
General health:			
Salaries and employee benefits	\$ 2,444,225	\$ 2,383,697	\$ 60,528
Operating	470,688	289,118	181,570
Capital outlay	7,277	21,210	(13,933)
Total	<u>2,922,190</u>	<u>2,694,025</u>	<u>228,165</u>
County health clinic:			
Salaries and employee benefits	129,583	129,828	(245)
Operating	42,890	27,395	15,495
Total	<u>172,473</u>	<u>157,223</u>	<u>15,250</u>
Health assurance:			
Salaries and employee benefits	29,005	29,401	(396)
Operating	53,127	30,148	22,979
Capital outlay	7,454	5,171	2,283
Total	<u>89,586</u>	<u>64,720</u>	<u>24,866</u>
Maternal and child health:			
Salaries and employee benefits	92,211	91,205	1,006
Operating	78,808	38,540	40,268
Capital outlay	-	607	(607)
Total	<u>171,019</u>	<u>130,352</u>	<u>40,667</u>
WIC-administration and nutrition:			
Salaries and employee benefits	143,496	142,672	824
Operating	12,728	1,997	10,731
Total	<u>156,224</u>	<u>144,669</u>	<u>11,555</u>
Family planning:			
Salaries and employee benefits	79,484	76,120	3,364
Operating	103,390	31,403	71,987
Total	<u>182,874</u>	<u>107,523</u>	<u>75,351</u>
Maternal outreach:			
Salaries and employee benefits	68,977	69,263	(286)
Operating	3,000	4,490	(1,490)
Total	<u>71,977</u>	<u>73,753</u>	<u>(1,776)</u>
Mothers Too:			
Salaries and employee benefits	65,268	65,372	(104)
Operating	54,733	51,739	2,994
Total	<u>120,001</u>	<u>117,111</u>	<u>2,890</u>

**Jackson County, North County**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances–**  
**Budget and Actual–General Fund**  
**Year Ended June 30, 2016**

**Schedule "B-1"**

**(Continued)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures, continued:</b>			
Human services, continued:			
Health, continued:			
Communicable diseases:			
Salaries and employee benefits	\$ 10,757	\$ 10,612	\$ 145
NC healthy start:			
Salaries and employee benefits	66,945	65,663	1,282
Operating	103,160	87,617	15,543
Total	170,105	153,280	16,825
Immunization action program:			
Salaries and employee benefits	7,741	8,002	(261)
Breastfeeding:			
Salaries and employee benefits	17,060	16,894	166
Operating	1,373	503	870
Total	18,433	17,397	1,036
Child services coordinator:			
Salaries and employee benefits	57,850	57,567	283
Operating	11,696	437	11,259
Total	69,546	58,004	11,542
Smart start:			
Salaries and employee benefits	118,334	118,714	(380)
Operating	10,677	3,436	7,241
Total	129,011	122,150	6,861
Diabetes care clinic:			
Operating	49,056	28,011	21,045
Community garden:			
Salaries and employee benefits	13,591	-	13,591
Operating	2,000	103	1,897
Total	15,591	103	15,488
Other health services:			
Operating	131,400	121,389	10,011
Total health	4,487,984	4,008,324	479,764
Environmental health:			
Animal shelter:			
Salaries and employee benefits	211,524	207,082	4,442
Operating	61,778	56,274	5,504
Capital outlay	9,855	9,683	172
Total	283,157	273,039	10,118

**Jackson County, North County**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances—**  
**Budget and Actual—General Fund**  
**Year Ended June 30, 2016**

**Schedule "B-1"**

**(Continued)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures, continued:</b>			
Human services, continued:			
Environmental health, continued:			
Environmental health:			
Operating	\$ 15,000	\$ 9,173	\$ 5,827
Capital outlay	25,818	22,401	3,417
Total	<u>40,818</u>	<u>31,574</u>	<u>9,244</u>
Bioterrorism:			
Salaries and employee benefits	24,954	24,853	101
Operating	8,560	1,414	7,146
Total	<u>33,514</u>	<u>26,267</u>	<u>7,247</u>
Total environmental health	<u>357,489</u>	<u>330,880</u>	<u>26,609</u>
Mental health:			
Smoky Mountain Center LME	123,081	123,081	-
Social services:			
Administration:			
Salaries and employee benefits	3,611,575	3,598,968	12,607
Operating	312,485	220,402	92,083
Capital outlay	136,712	67,290	69,422
Total	<u>4,060,772</u>	<u>3,886,660</u>	<u>174,112</u>
Other services:			
Adult guardianship	12,700	2,081	10,619
Special assistance	189,000	194,074	(5,074)
Medical care	249,000	190,027	58,973
Foster care	211,161	145,060	66,101
Aid to the blind	3,251	3,251	-
Food stamp administration	8,500	8,034	466
Crisis intervention	173,941	170,922	3,019
Adult day care	10,355	5,457	4,898
Emergency assistance	23,452	22,209	1,243
IV-D	25,200	23,032	2,168
Child care services	1,963,258	1,701,179	262,079
Other	584,182	327,076	257,106
Total	<u>3,454,000</u>	<u>2,792,402</u>	<u>661,598</u>
Indian reservation:			
Salaries and employee benefits	508,086	500,953	7,133
Operating	363,272	226,502	136,770
Capital outlay	1,139	343	796
Total	<u>872,497</u>	<u>727,798</u>	<u>144,699</u>
Emergency food and shelter	<u>10,871</u>	<u>10,499</u>	<u>372</u>

**Jackson County, North County**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances–**  
**Budget and Actual–General Fund**  
**Year Ended June 30, 2016**

**Schedule "B-1"**

**(Continued)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures, continued:</b>			
Human services, continued:			
Social services, continued:			
Focal point on aging:			
Salaries and employee benefits	\$ 419,387	\$ 411,893	\$ 7,494
Operating	209,917	187,199	22,718
Capital outlay	42,529	42,071	458
Total	<u>671,833</u>	<u>641,163</u>	<u>30,670</u>
Total social services	<u>9,069,973</u>	<u>8,058,522</u>	<u>1,011,451</u>
Eldercare coalition:			
Salaries and employee benefits	244,374	243,687	687
Operating	270,992	241,435	29,557
Total	<u>515,366</u>	<u>485,122</u>	<u>30,244</u>
Veteran's service officer:			
Salaries and employee benefits	91,685	91,341	344
Operating	18,219	17,498	721
Total	<u>109,904</u>	<u>108,839</u>	<u>1,065</u>
Other human services	<u>367,732</u>	<u>369,148</u>	<u>(1,416)</u>
Total human services	<u>15,031,529</u>	<u>13,483,916</u>	<u>1,547,613</u>
Culture and recreation:			
Recreation:			
Salaries and employee benefits	768,959	709,475	59,484
Operating	451,374	402,834	48,540
Capital outlay	130,473	96,969	33,504
Total	<u>1,350,806</u>	<u>1,209,278</u>	<u>141,528</u>
Arts council	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Library	<u>1,185,868</u>	<u>1,164,585</u>	<u>21,283</u>
Swimming pool:			
Salaries and employee benefits	29,693	28,429	1,264
Operating	25,700	29,042	(3,342)
Total	<u>55,393</u>	<u>57,471</u>	<u>(2,078)</u>
Cashiers recreation:			
Salaries and employee benefits	290,285	276,067	14,218
Operating	237,950	173,272	64,678
Capital outlay	25,321	25,424	(103)
Total	<u>553,556</u>	<u>474,763</u>	<u>78,793</u>

**Jackson County, North County**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances—**  
**Budget and Actual—General Fund**  
**Year Ended June 30, 2016**

**Schedule "B-1"**

**(Continued)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures, continued:</b>			
Culture and recreation, continued:			
Cashiers swimming pool:			
Salaries and employee benefits	\$ 22,632	\$ 17,894	\$ 4,738
Operating	34,961	17,631	17,330
Total	<u>57,593</u>	<u>35,525</u>	<u>22,068</u>
Total culture and recreation	<u>3,213,216</u>	<u>2,951,622</u>	<u>261,594</u>
Education:			
Public schools—current	6,686,968	6,686,967	1
Public schools—timber receipts	95,703	95,703	-
Public schools—capital outlay	955,700	955,700	-
Public schools—SROs	46,725	47,347	(622)
Community colleges—current	1,897,481	1,897,481	-
Community colleges—capital outlay	1,663,199	1,448,768	214,431
Total education	<u>11,345,776</u>	<u>11,131,966</u>	<u>213,810</u>
Debt service:			
Principal retirement	3,307,551	3,307,547	4
Interest and other charges	629,372	629,135	237
Total debt service	<u>3,936,923</u>	<u>3,936,682</u>	<u>241</u>
Total expenditures	<u>56,769,397</u>	<u>52,988,930</u>	<u>3,780,467</u>
Revenues over expenditures	<u>2,282,822</u>	<u>5,404,670</u>	<u>3,121,848</u>
<b>Other financing sources (uses):</b>			
Transfers from (to) other funds:			
Capital Reserve Fund	(1,040,379)	(1,040,379)	-
Economic Development Commission Fund	(100,000)	(100,000)	-
School Capital Reserve Fund	(934,371)	(994,526)	(60,155)
Revaluation Fund	(333,333)	(333,333)	-
Clean Water Fund	(4,268)	(4,268)	-
Green Energy Park Fund	(178,461)	(178,461)	-
Conservation/Preservation Fund	(500,000)	(500,000)	-
Proceeds from sale of capital assets	102,212	92,726	(9,486)
Appropriated fund balance	884,238	-	(884,238)
Contingency	(178,460)	-	178,460
Other financing sources (uses), net	<u>(2,282,822)</u>	<u>(3,058,241)</u>	<u>(775,419)</u>
Net change in fund balance	<u>\$ -</u>	<u>2,346,429</u>	<u>\$ 2,346,429</u>
<b>Fund balance:</b>			
Beginning balance, July 1		<u>26,051,986</u>	
Ending balance, June 30		<u>\$ 28,398,415</u>	

**Jackson County, North Carolina**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance—**  
**Budget and Actual—Revaluation Fund**  
**Year Ended June 30, 2016**

**Schedule "B-2"**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures:</b>			
General government:			
Tax listing	\$ 365,685	\$ 364,463	\$ 1,222
<b>Other financing sources:</b>			
Transfers from General Fund	333,333	333,333	-
Fund balance appropriation	32,352	-	(32,352)
Total other financing sources	365,685	333,333	(32,352)
Net change in fund balance	<u>\$ -</u>	<u>(31,130)</u>	<u>\$ (31,130)</u>
<b>Fund balance:</b>			
Beginning balance, July 1		85,801	
Ending balance, June 30		<u>\$ 54,671</u>	

**Jackson County, North Carolina**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance—**  
**Budget and Actual—Capital Reserve Fund**  
**Year Ended June 30, 2016**

**Schedule "B-3"**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Investment earnings	\$ 593	\$ 660	\$ 67
<b>Expenditures:</b>			
Designated for future appropriations	643,786	-	643,786
Revenues over (under) expenditures	(643,193)	660	643,853
<b>Other financing sources (uses):</b>			
Transfers from General Fund	1,040,379	1,040,379	-
Transfers to County Capital Projects Fund	(2,287,000)	(2,287,000)	-
Appropriated fund balance	1,889,814	-	(1,889,814)
Other financing sources (uses), net	643,193	(1,246,621)	(1,889,814)
Net change in fund balance	<u>\$ -</u>	(1,245,961)	<u>\$ (1,245,961)</u>
<b>Fund balance:</b>			
Beginning balance, July 1		<u>1,724,678</u>	
Ending balance, June 30		<u>\$ 478,717</u>	

**Jackson County, North Carolina**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance—**  
**Budget and Actual—Conservation/Preservation Fund**  
**Year Ended June 30, 2016**

**Schedule "B-4"**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Other restricted revenues	\$ 21,792	\$ 21,792	\$ -
<b>Expenditures:</b>			
Environmental protection:			
Conservation	42,500	-	42,500
Capital outlay	57,500	79,195	(21,695)
Total expenditures	100,000	79,195	20,805
Revenues under expenditures	(78,208)	(57,403)	20,805
<b>Other financing sources (uses):</b>			
Transfers from General Fund	500,000	500,000	-
Transfers to Greenways Project Fund	(682,313)	(682,313)	-
Appropriated fund balance	260,521	-	(260,521)
Other financing sources (uses), net	78,208	(182,313)	(260,521)
Net change in fund balance	<u>\$ -</u>	<u>(239,716)</u>	<u>\$ (239,716)</u>
<b>Fund balance:</b>			
Beginning balance, July 1		367,389	
Ending balance, June 30		<u>\$ 127,673</u>	



**Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual  
Capital Project Fund—School Improvements Fund  
From Inception and for the Year Ended June 30, 2016**

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Expenditures:</b>					
Education:					
Blue Ridge School	\$ 1,411,460	\$ -	\$ -	\$ -	\$ 1,411,460
Cullowhee Valley School Roofing Project	1,200,000	-	-	-	1,200,000
Fairview Elementary School	976,440	-	-	-	976,440
Scotts Creek School	19,091	-	3,025	3,025	16,066
Smoky Mountain High	3,181,347	-	11,363	11,363	3,169,984
Smoky Mountain Elementary	1,207,050	-	1,200	1,200	1,205,850
Bus Garage	288,000	-	-	-	288,000
Total expenditures	<u>8,283,388</u>	<u>-</u>	<u>15,588</u>	<u>15,588</u>	<u>8,267,800</u>
<b>Other financing sources (uses):</b>					
Transfers to other funds:					
School Capital Reserve	(230,122)	-	(230,122)	(230,122)	-
Proceeds from installment obligation	9,000,000	-	-	-	(9,000,000)
Appropriated fund balance/ closed out projects	230,122	230,122	-	230,122	-
Contingency	(716,612)	-	-	-	716,612
Other financing sources (uses), net	<u>8,283,388</u>	<u>230,122</u>	<u>(230,122)</u>	<u>-</u>	<u>(8,283,388)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 230,122</u>	<u>(245,710)</u>	<u>\$ (15,588)</u>	<u>\$ (15,588)</u>
<b>Fund balance:</b>					
Beginning balance, July 1			230,122		
Ending balance, June 30			(15,588)		
Amounts reported for Revenue, Expenditures and Changes in Fund Balance are different from the Budget/Actual Statement due to consolidation of the School Capital Reserve Fund:					
Expenditures			(1,136,908)		
Transfers from the General Fund			994,526		
Transfers from the School Improvement Fund			230,122		
Fund balance, beginning (School Capital Reserve Fund)			785,017		
Fund balance, ending (Consolidated School Improvements Fund)			<u>\$ 857,169</u>		

**Jackson County, North Carolina**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance--**  
**Budget and Actual--School Capital Reserve Fund**  
**Year Ended June 30, 2016**

**Schedule "B-6"**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures:</b>			
School Capital Reserve	\$ 1,140,006	\$ 1,136,908	\$ 3,098
Revenues under expenditures	<u>(1,140,006)</u>	<u>(1,136,908)</u>	<u>3,098</u>
<b>Other financing sources:</b>			
Transfer from General Fund	934,371	994,526	(60,155)
Transfer from School Improvement Fund	<u>205,635</u>	<u>230,122</u>	<u>(24,487)</u>
Total other financing sources	<u>1,140,006</u>	<u>1,224,648</u>	<u>(84,642)</u>
Net change in fund balance	<u>\$ -</u>	<u>87,740</u>	<u>\$ 87,740</u>
<b>Fund balance:</b>			
Beginning balance, July 1		<u>785,017</u>	
Ending balance, June 30		<u>\$ 872,757</u>	

## COMBINING STATEMENTS AND SCHEDULES FOR NON-MAJOR GOVERNMENTAL FUNDS

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### SPECIAL REVENUE FUNDS

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



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**Jackson County, North Carolina**  
**Combining Balance Sheet**  
**Non-major Governmental Funds**  
**June 30, 2016**

**Schedule "C-1"**

	<b>Non-major Government Funds</b>		
	<b>Special Revenue Funds</b>	<b>Capital Projects Funds</b>	<b>Total</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 1,693,563	\$ 2,464,039	\$ 4,157,602
Accounts receivable, net	755	4,252	5,007
Due from other governments	40,400	-	40,400
Notes receivable, net	128,684	-	128,684
	<u>1,863,402</u>	<u>2,468,291</u>	<u>4,331,693</u>
Total assets	<u>\$ 1,863,402</u>	<u>\$ 2,468,291</u>	<u>\$ 4,331,693</u>
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 93,312	\$ 6,500	\$ 99,812
	<u>128,956</u>	<u>-</u>	<u>128,956</u>
<b>Deferred inflows of resources</b>			
	<u>128,956</u>	<u>-</u>	<u>128,956</u>
<b>Fund balances:</b>			
Restricted:			
Public safety	350,516	-	350,516
Economic and physical development	1,290,618	-	1,290,618
Committed:			
Recreation	-	158,994	158,994
Public safety	-	41,048	41,048
Various programs and projects	-	2,261,749	2,261,749
	<u>1,641,134</u>	<u>2,461,791</u>	<u>4,102,925</u>
Total fund balances	<u>1,641,134</u>	<u>2,461,791</u>	<u>4,102,925</u>
	<u>\$ 1,863,402</u>	<u>\$ 2,468,291</u>	<u>\$ 4,331,693</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,863,402</u>	<u>\$ 2,468,291</u>	<u>\$ 4,331,693</u>

**Jackson County, North Carolina**  
**Combining Balance Sheet**  
**Non-Major Special Revenue Funds**  
**June 30, 2016**

	<b>Emergency Telephone Fund</b>	<b>Law Enforcement Block Grant Fund</b>	<b>Fire Service Fund</b>
<b>Asset:</b>			
Cash and cash equivalents	\$ 324,449	\$ 50,769	\$ 15,882
Accounts receivable, net	130	173	-
Due from other governments	40,400	-	-
Notes receivable, net	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 364,979</u>	<u>\$ 50,942</u>	<u>\$ 15,882</u>
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 81,015	\$ -	\$ -
	<u>-</u>	<u>-</u>	<u>272</u>
<b>Deferred inflows of resources</b>			
	<u>-</u>	<u>-</u>	<u>272</u>
<b>Fund balances:</b>			
Restricted:			
Public safety	283,964	50,942	15,610
Economic and physical development	-	-	-
	<u>283,964</u>	<u>50,942</u>	<u>15,610</u>
Total fund balances	<u>283,964</u>	<u>50,942</u>	<u>15,610</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 364,979</u>	<u>\$ 50,942</u>	<u>\$ 15,882</u>

Community Development Scattered Site Project Fund	Clean Water Revolving Loan Fund	Economic Development Fund	Economic Development Commission Fund	Total Non-major Special Revenue Funds
\$ 74,920	\$ 23,780	\$ 874,566	\$ 329,197	\$ 1,693,563
287	-	-	165	755
-	-	-	-	40,400
-	-	128,684	-	128,684
<u>\$ 75,207</u>	<u>\$ 23,780</u>	<u>\$ 1,003,250</u>	<u>\$ 329,362</u>	<u>\$ 1,863,402</u>
\$ -	\$ -	\$ 1,031	\$ 11,266	\$ 93,312
-	-	128,684	-	128,956
-	-	-	-	350,516
75,207	23,780	873,535	318,096	1,290,618
75,207	23,780	873,535	318,096	1,641,134
<u>\$ 75,207</u>	<u>\$ 23,780</u>	<u>\$ 1,003,250</u>	<u>\$ 329,362</u>	<u>\$ 1,863,402</u>

**Jackson County, North Carolina**  
**Combining Balance Sheet**  
**Non-major Capital Projects Funds**  
**June 30, 2016**

**Schedule "C-3"**

	<u>Recreation Center Fund</u>	<u>Emergency Management Project Fund</u>	<u>County Capital Projects Fund</u>	<u>Greenways Project Fund</u>	<u>Total Non-major Capital Projects Funds</u>
<b>Assets:</b>					
Cash and cash equivalents	\$ 4,740	\$ 43,296	\$ 2,261,749	\$ 154,254	\$ 2,464,039
Accounts receivable, net	-	4,252	-	-	4,252
Total assets	<u>\$ 4,740</u>	<u>\$ 47,548</u>	<u>\$ 2,261,749</u>	<u>\$ 154,254</u>	<u>\$ 2,468,291</u>
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ -	\$ 6,500	\$ -	\$ -	\$ 6,500
<b>Fund balances:</b>					
Committed	<u>4,740</u>	<u>41,048</u>	<u>2,261,749</u>	<u>154,254</u>	<u>2,461,791</u>
Total liabilities and fund balances	<u>\$ 4,740</u>	<u>\$ 47,548</u>	<u>\$ 2,261,749</u>	<u>\$ 154,254</u>	<u>\$ 2,468,291</u>



**Jackson County, North Carolina**  
**Combining Schedule of Revenues, Expenditures, and Changes in**  
**Fund Balances - Non-major Governmental Funds**  
**Year Ended June 30, 2016**

**Schedule "C-4"**

	<b>Non-major Government Funds</b>		
	<b>Special Revenue Funds</b>	<b>Capital Projects Funds</b>	<b>Total</b>
<b>Revenues:</b>			
Ad valorem taxes	\$ 1,133,475	\$ -	\$ 1,133,475
Restricted intergovernmental	733,830	238,968	972,798
Sales and services	27,950	-	27,950
Investment earnings	2,941	152	3,093
Miscellaneous	1,000	219,742	220,742
<b>Total revenues</b>	<b>1,899,196</b>	<b>458,862</b>	<b>2,358,058</b>
<b>Expenditures:</b>			
Current:			
General government	-	30,000	30,000
Public safety	1,552,763	112,417	1,665,180
Economic and physical development	374,551	-	374,551
Culture and recreation	-	1,451,454	1,451,454
<b>Total expenditures</b>	<b>1,927,314</b>	<b>1,593,871</b>	<b>3,521,185</b>
Revenues over (under) expenditures	(28,118)	(1,135,009)	(1,163,127)
<b>Other financing sources:</b>			
Transfers from other funds	104,268	2,969,313	3,073,581
Net change in fund balances	76,150	1,834,304	1,910,454
<b>Fund balances:</b>			
Beginning balances, July 1	1,564,984	627,487	2,192,471
Ending balances, June 30	<u>\$ 1,641,134</u>	<u>\$ 2,461,791</u>	<u>\$ 4,102,925</u>

**Jackson County, North Carolina**  
**Combining Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Non-major Special Revenue Funds**  
**Year Ended June 30, 2016**

	Emergency Telephone Fund	Law Enforcement Block Grant Fund	Fire Service Fund
<b>Revenues:</b>			
Ad valorem taxes	\$ -	\$ -	\$ 1,133,475
Restricted intergovernmental	484,805	32,875	-
Sales and services	-	-	-
Investment earnings	-	-	-
Miscellaneous	-	-	-
<b>Total revenues</b>	<b>484,805</b>	<b>32,875</b>	<b>1,133,475</b>
<b>Expenditures:</b>			
Current:			
Public safety	420,275	14,623	1,117,865
Economic and physical development	-	-	-
<b>Total expenditures</b>	<b>420,275</b>	<b>14,623</b>	<b>1,117,865</b>
Revenues over (under) expenditures	64,530	18,252	15,610
<b>Other financing sources:</b>			
Transfers from other funds	-	-	-
Net change in fund balances	64,530	18,252	15,610
<b>Fund balances:</b>			
Beginning balances, July 1	219,434	32,690	-
Ending balances, June 30	<b>\$ 283,964</b>	<b>\$ 50,942</b>	<b>\$ 15,610</b>

**Schedule "C-5"**

<b>Community Development Scattered Site Project Fund</b>	<b>Clean Water Revolving Loan Fund</b>	<b>Economic Development Fund</b>	<b>Economic Development Commission Fund</b>	<b>Total Non-major Special Revenue Funds</b>
\$ -	\$ -	\$ -	\$ -	\$ 1,133,475
214,150	-	-	2,000	733,830
-	-	14,950	13,000	27,950
-	-	2,495	446	2,941
1,000	-	-	-	1,000
<u>215,150</u>	<u>-</u>	<u>17,445</u>	<u>15,446</u>	<u>1,899,196</u>
-	-	-	-	1,552,763
<u>221,415</u>	<u>-</u>	<u>1,031</u>	<u>152,105</u>	<u>374,551</u>
<u>221,415</u>	<u>-</u>	<u>1,031</u>	<u>152,105</u>	<u>1,927,314</u>
(6,265)	-	16,414	(136,659)	(28,118)
-	4,268	-	100,000	104,268
(6,265)	4,268	16,414	(36,659)	76,150
<u>81,472</u>	<u>19,512</u>	<u>857,121</u>	<u>354,755</u>	<u>1,564,984</u>
<u>\$ 75,207</u>	<u>\$ 23,780</u>	<u>\$ 873,535</u>	<u>\$ 318,096</u>	<u>\$ 1,641,134</u>

**Combining Schedule of Revenues, Expenditures, and Changes in  
Fund Balances - Non-major Capital Projects Funds  
Year Ended June 30, 2016**

	Recreation Center Fund	Emergency Management Project Fund	County Capital Projects Fund	Greenways Project Fund	Total Non-major Capital Projects Funds
<b>Revenues:</b>					
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ 238,968	\$ 238,968
Investment earnings	-	152	-	-	152
Gifts and donations	-	-	-	219,742	219,742
Total revenues	-	152	-	458,710	458,862
<b>Expenditures:</b>					
Current:					
General government	-	-	30,000	-	30,000
Public safety	-	112,417	-	-	112,417
Culture and recreation	79,857	-	-	1,371,597	1,451,454
Total expenditures	79,857	112,417	30,000	1,371,597	1,593,871
Revenues under expenditures	(79,857)	(112,265)	(30,000)	(912,887)	(1,135,009)
<b>Other financing sources:</b>					
Transfers from other funds	-	-	2,287,000	682,313	2,969,313
Net change in fund balances	(79,857)	(112,265)	2,257,000	(230,574)	1,834,304
<b>Fund balances:</b>					
Beginning balances, July 1	84,597	153,313	4,749	384,828	627,487
Ending balances, June 30	\$ 4,740	\$ 41,048	\$ 2,261,749	\$ 154,254	\$ 2,461,791

**Jackson County, North Carolina**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance—**  
**Budget and Actual—Emergency Telephone System Fund**  
**Year Ended June 30, 2016**

**Schedule "D-1"**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Restricted intergovernmental:			
Wireless 911 funds	\$ 485,238	\$ 484,805	\$ (433)
<b>Expenditures:</b>			
Public safety	485,238	420,275	64,963
Net change in fund balance	<u>\$ -</u>	64,530	<u>\$ 64,530</u>
<b>Fund balance:</b>			
Beginning balance, July 1		<u>219,434</u>	
Ending balance, June 30		<u>\$ 283,964</u>	

**Jackson County, North Carolina**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance—**  
**Budget and Actual—Law Enforcement Block Grant Fund**  
**Year Ended June 30, 2016**

**Schedule "D-2"**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Restricted intergovernmental	\$ 32,875	\$ 32,875	\$ -
<b>Expenditures:</b>			
Public safety:			
Operating	7,500	-	7,500
Capital outlay	30,375	14,623	15,752
Total expenditures	<u>37,875</u>	<u>14,623</u>	<u>23,252</u>
Revenues over (under) expenditures	(5,000)	18,252	23,252
<b>Other financing sources:</b>			
Appropriated fund balance	<u>5,000</u>	<u>-</u>	<u>(5,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>18,252</u>	<u>\$ 18,252</u>
<b>Fund balance:</b>			
Beginning balance, July 1		<u>32,690</u>	
Ending balance, June 30		<u>\$ 50,942</u>	

**Jackson County, North Carolina**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance–**  
**Budget and Actual–Fire Service Districts Fund**  
**Year Ended June 30, 2016**

**Schedule "D-3"**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Ad valorem taxes:			
Current year and prior	\$ 1,128,865	\$ 1,130,660	\$ 1,795
Penalties and interest	2,200	2,815	615
	<u>1,131,065</u>	<u>1,133,475</u>	<u>2,410</u>
Total revenues			
<b>Expenditures:</b>			
Public safety:			
Fire districts:			
Cashiers-Glenville	1,067,865	1,067,865	-
Highlands	50,000	50,000	-
	<u>1,117,865</u>	<u>1,117,865</u>	<u>-</u>
Total expenditures			
Revenues over expenditures	13,200	15,610	2,410
<b>Other financing uses:</b>			
Contingency	(13,200)	-	13,200
	<u>\$ -</u>	<u>15,610</u>	<u>\$ 15,610</u>
Net change in fund balance			
<b>Fund balance:</b>			
Beginning balance, July 1		<u>-</u>	
Ending balance, June 30		<u>\$ 15,610</u>	

**Schedule of Revenues, Expenditures and Changes in Fund Balance—  
Budget and Actual—Community Development Scattered Site Project Fund  
From Inception and for the Year Ended June 30, 2016**

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Restricted intergovernmental:					
Federal grants:					
NC Economic Recovery					
Program Project	\$ 225,000	\$ 10,850	\$ 214,150	\$ 225,000	\$ -
Miscellaneous	1,000	-	1,000	1,000	-
Total revenues	226,000	10,850	215,150	226,000	-
<b>Expenditures:</b>					
Economic and physical					
development:					
Operating	10,203	-	9,665	9,665	538
NC Economic Recovery					
Program Project	225,000	13,250	211,750	225,000	-
Total expenditures	235,203	13,250	221,415	234,665	538
Revenues under expenditures	(9,203)	(2,400)	(6,265)	(8,665)	538
<b>Appropriated fund balance/ closed out projects</b>	9,203	83,872	-	83,872	74,669
Net change in fund balance	\$ -	\$ 81,472	(6,265)	\$ 75,207	\$ 75,207
<b>Fund balance:</b>					
Beginning balance, July 1			81,472		
Ending balance, June 30			\$ 75,207		



**Jackson County, North Carolina**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance--**  
**Budget and Actual--Clean Water Revolving Loan Fund**  
**Year Ended June 30, 2016**

**Schedule "D-5"**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures:</b>			
Economic and physical development:			
Operating	\$ 23,780	\$ -	\$ 23,780
<b>Other financing sources:</b>			
Transfer from General Fund	4,268	4,268	-
Appropriated fund balance	19,512	-	(19,512)
Total other financing sources	23,780	4,268	(19,512)
Net change in fund balance	<u>\$ -</u>	4,268	<u>\$ 4,268</u>
<b>Fund balance:</b>			
Beginning balance, July 1		<u>19,512</u>	
Ending balance, June 30		<u>\$ 23,780</u>	

**Jackson County, North Carolina**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance—**  
**Budget and Actual—Economic Development Fund**  
**Year Ended June 30, 2016**

**Schedule "D-6"**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Sales and services	\$ 37,687	\$ 14,950	\$ (22,737)
Investment earnings	7,824	2,495	(5,329)
	<u>45,511</u>	<u>17,445</u>	<u>(28,066)</u>
<b>Expenditures:</b>			
Economic and physical development:			
Loan funds advanced	-	1,031	(1,031)
Reserve for economic development	45,511	-	45,511
	<u>45,511</u>	<u>1,031</u>	<u>44,480</u>
Net change in fund balance	<u>\$ -</u>	16,414	<u>\$ 16,414</u>
<b>Fund balance:</b>			
Beginning balance, July 1		<u>857,121</u>	
Ending balance, June 30		<u>\$ 873,535</u>	

**Schedule of Revenues, Expenditures and Changes in Fund Balance—  
Budget and Actual—Economic Development Commission Fund  
Year Ended June 30, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Restricted intergovernmental:			
State grants	\$ 2,000	\$ 2,000	\$ -
Sales and services	12,000	13,000	1,000
Investment earnings	350	446	96
	<u>14,350</u>	<u>15,446</u>	<u>1,096</u>
Total revenues			
<b>Expenditures:</b>			
Economic and physical development:			
Salaries and employee benefits	94,388	94,116	272
Operating	45,457	24,239	21,218
Loans, development, capital improvement	45,000	33,750	11,250
	<u>184,845</u>	<u>152,105</u>	<u>32,740</u>
Total expenditures			
Revenues under expenditures	<u>(170,495)</u>	<u>(136,659)</u>	<u>33,836</u>
<b>Other financing sources:</b>			
Transfer from General Fund	100,000	100,000	-
Appropriated fund balance	70,495	-	(70,495)
	<u>170,495</u>	<u>100,000</u>	<u>(70,495)</u>
Total other financing sources			
Net change in fund balance	<u>\$ -</u>	<u>(36,659)</u>	<u>\$ (36,659)</u>
<b>Fund balance:</b>			
Beginning balance, July 1		<u>354,755</u>	
Ending balance, June 30		<u>\$ 318,096</u>	



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## CAPITAL PROJECT FUNDS

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



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**Schedule of Revenues, Expenditures and Changes in Fund Balance—Budget and Actual  
Capital Project Fund—Recreation Center Fund  
From Inception and for the Year Ended June 30, 2016**

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Restricted intergovernmental:					
DOT Revenue	\$ 400,000	\$ 400,000	\$ -	\$ 400,000	\$ -
Investment earnings	41,947	41,948	-	41,948	1
Total revenues	441,947	441,948	-	441,948	1
<b>Expenditures:</b>					
Culture and recreation:					
Architect fees	868,217	868,218	-	868,218	(1)
Furniture and equipment	250,766	250,766	-	250,766	-
Construction cost	5,783,708	5,747,005	36,701	5,783,706	2
Site preparation	2,782,867	2,782,869	-	2,782,869	(2)
East LaPorte Park	101,158	101,158	-	101,158	-
Savannah/Greens Creek Park	167,963	120,067	43,156	163,223	4,740
Dillsboro Park	350,000	350,000	-	350,000	-
Total expenditures	10,304,679	10,220,083	79,857	10,299,940	4,739
Revenues under expenditures	(9,862,732)	(9,778,135)	(79,857)	(9,857,992)	4,740
<b>Other financing sources:</b>					
Transfers from other funds:					
General	6,790,135	6,790,135	-	6,790,135	-
Conservation/Preservation	333,500	333,500	-	333,500	-
Installment purchase obligations issued	2,739,097	2,739,097	-	2,739,097	-
Total other financing sources	9,862,732	9,862,732	-	9,862,732	-
Net change in fund balance	\$ -	\$ 84,597	(79,857)	\$ 4,740	\$ 4,740
<b>Fund balance:</b>					
Beginning balance, July 1			84,597		
Ending balance, June 30			\$ 4,740		

**Schedule of Revenues, Expenditures and Changes in Fund Balance—Budget and Actual  
Capital Project Fund—Emergency Management Project Fund  
From Inception and for the Year Ended June 30, 2016**

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Year	Current Year	Total to Date	
<b>Revenues:</b>					
Investment earnings	\$ 180	\$ 141	\$ 152	\$ 293	\$ 113
<b>Expenditures:</b>					
Public Safety:					
Architect fees	112,179	78,807	-	78,807	33,372
Equipment	453,902	367,128	85,376	452,504	1,398
Construction cost	1,333,519	1,300,313	27,041	1,327,354	6,165
Site acquisition	352,981	352,981	-	352,981	-
Total expenditures	2,252,581	2,099,229	112,417	2,211,646	40,935
<b>Other financing sources:</b>					
Transfers from other funds:					
Capital Reserve Fund	2,252,401	2,252,401	-	2,252,401	-
Net change in fund balance	\$ -	\$ 153,313	(112,265)	\$ 41,048	\$ 41,048
<b>Fund balance:</b>					
Beginning balance, July 1			153,313		
Ending balance, June 30			\$ 41,048		



**Schedule of Revenues, Expenditures and Changes in Fund Balance—Budget and Actual  
Capital Project Fund—County Capital Projects Fund  
From Inception and for the Year Ended June 30, 2016**

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Expenditures:</b>					
General government:					
Architect fees	\$ 72,000	\$ -	\$ -	\$ -	\$ 72,000
Furniture and equipment	148,980	-	-	-	148,980
Construction cost	1,959,309	-	30,000	30,000	1,929,309
Total expenditures	2,180,289	-	30,000	30,000	2,150,289
<b>Other financing sources (uses):</b>					
Transfers from other funds:					
Capital Reserve Fund	2,287,000	-	2,287,000	2,287,000	-
Contingency	(106,711)	-	-	-	106,711
Other financing sources (uses), net	2,180,289	-	2,287,000	2,287,000	106,711
<b>Closed out projects</b>	-	4,749	-	4,749	4,749
Net change in fund balance	\$ -	\$ 4,749	2,257,000	\$ 2,261,749	\$ 2,261,749
<b>Fund balance:</b>					
Beginning balance, July 1			4,749		
Ending balance, June 30			\$ 2,261,749		

**Schedule of Revenues, Expenditures and Changes in Fund Balance—Budget and Actual  
Capital Project Fund—Greenways Project Fund  
From Inception and for the Year Ended June 30, 2016**

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Year	Current Year	Total to Date	
<b>Revenues:</b>					
Restricted intergovernmental	\$ 435,000	\$ 196,032	\$ 238,968	\$ 435,000	\$ -
Gifts and donations	212,000	-	219,742	219,742	7,742
Total revenues	<u>647,000</u>	<u>196,032</u>	<u>458,710</u>	<u>654,742</u>	<u>7,742</u>
<b>Expenditures:</b>					
Culture and recreation:					
Construction	1,857,313	365,347	1,329,790	1,695,137	162,176
Engineering fees	72,000	45,857	41,807	87,664	(15,664)
Total expenditures	<u>1,929,313</u>	<u>411,204</u>	<u>1,371,597</u>	<u>1,782,801</u>	<u>146,512</u>
Revenues under expenditures	<u>(1,282,313)</u>	<u>(215,172)</u>	<u>(912,887)</u>	<u>(1,128,059)</u>	<u>154,254</u>
<b>Other financing sources:</b>					
Transfers from other funds:					
General Fund	1,282,313	600,000	682,313	1,282,313	-
Net change in fund balance	<u>\$ -</u>	<u>\$ 384,828</u>	<u>(230,574)</u>	<u>\$ 154,254</u>	<u>\$ 154,254</u>
<b>Fund balance:</b>					
Beginning balance, July 1			<u>384,828</u>		
Ending balance, June 30			<u>\$ 154,254</u>		

## COMBINING STATEMENTS AND SCHEDULES FOR PROPRIETARY FUNDS

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### ENTERPRISE FUNDS

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



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**Jackson County, North Carolina**  
**Schedule of Revenues and Expenditures—Budget and Actual**  
**(Non-GAAP) - Landfill Fund**  
**Year Ended June 30, 2016**

**Schedule "F-1"**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Operating revenues:			
Charges for services	\$ 3,201,064	\$ 3,234,731	\$ 33,667
Non-operating revenues:			
Scrap tire disposal fee	45,450	54,427	8,977
White goods tax	13,000	10,656	(2,344)
Electronics tax	4,800	3,951	(849)
Interest earned on investments	34,000	23,837	(10,163)
Total non-operating revenues	97,250	92,871	(4,379)
Total revenues	3,298,314	3,327,602	29,288
<b>Expenditures:</b>			
Landfill operations:			
Salaries and employee benefits	403,714	357,971	45,743
Operations	1,654,765	1,645,004	9,761
Supplies	26,995	20,376	6,619
Repairs and maintenance	379,898	408,611	(28,713)
Contracted services	840,470	852,583	(12,113)
Total	3,305,842	3,284,545	21,297
Debt service:			
Debt principal	234,601	234,601	-
Interest and other charges	51,431	51,430	1
Total	286,032	286,031	1
Total expenditures	3,591,874	3,570,576	21,298
Revenues under expenditures	(293,560)	(242,974)	50,586
<b>Other financing sources:</b>			
Appropriated fund balance	293,560	-	(293,560)
Revenues and other financing sources under expenditures	\$ -	\$ (242,974)	\$ (242,974)

**Jackson County, North Carolina**  
**Schedule of Revenues and Expenditures—Budget and Actual**  
**(Non-GAAP) - Landfill Fund**  
**Year Ended June 30, 2016**

**Schedule "F-1"**

**(Continued)**

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

Revenues and other financing sources under expenditures	\$	(242,974)
Change in accrued interest receivable		(1,552)
Change in compensated absences		(6,869)
Change in net OPEB obligation		4,035
Contribution to pension plan in current fiscal year		16,222
Pension expense		(12,067)
Debt principal payment		234,601
Landfill closure and post-closure costs		774
Depreciation		<u>(159,163)</u>
Change in net position	\$	<u><u>(166,993)</u></u>

**Jackson County, North Carolina**  
**Combining Statement of Fund Net Position**  
**Non-major Proprietary Funds**  
**June 30, 2016**

**Schedule "F-2"**

	<u>Green Energy Park Fund</u>	<u>Economic Development Commission Fund</u>	<u>Total Non-major Proprietary Funds</u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 159,587	\$ 122,569	\$ 282,156
Accounts receivable, net	1,223	30	1,253
Notes receivable, net	-	114,378	114,378
Capital assets, net of depreciation	59,087	1,159,936	1,219,023
Total assets	<u>219,897</u>	<u>1,396,913</u>	<u>1,616,810</u>
<b>Deferred outflows of resources</b>	<u>6,501</u>	<u>-</u>	<u>6,501</u>
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	3,598	10,702	14,300
Compensated absences	10,088	-	10,088
Net pension liability	6,269	-	6,269
Unearned revenue	14,631	-	14,631
Net OPEB obligation	98,803	-	98,803
Total liabilities	<u>133,389</u>	<u>10,702</u>	<u>144,091</u>
<b>Deferred inflows of resources</b>	<u>3,330</u>	<u>-</u>	<u>3,330</u>
<b>Net position:</b>			
Investment in capital assets	59,087	1,159,936	1,219,023
Unrestricted	30,592	226,275	256,867
Total net position	<u>\$ 89,679</u>	<u>\$ 1,386,211</u>	<u>\$ 1,475,890</u>

**Jackson County, North Carolina**  
**Combining Statement of Revenues, Expenditures, and Changes in**  
**Fund Net Position - Non-major Proprietary Funds**  
**Year Ended June 30, 2016**

**Schedule "F-3"**

	<b>Green Energy Park Fund</b>	<b>Economic Development Commission Fund</b>	<b>Total Non-major Proprietary Funds</b>
<b>Operating revenues:</b>			
Charges for services	\$ 19,522	\$ 67,333	\$ 86,855
<b>Operating expenses:</b>			
Park operations	242,529	-	242,529
Economic development operations	-	35,740	35,740
Depreciation	5,485	29,580	35,065
Total expenses	248,014	65,320	313,334
Operating income (loss)	(228,492)	2,013	(226,479)
<b>Non-operating revenues:</b>			
Investment earnings	-	2,488	2,488
Conservation fund grant	7,600	-	7,600
Donations	449	-	449
Total non-operating revenues	8,049	2,488	10,537
Income (loss) before transfers	(220,443)	4,501	(215,942)
<b>Transfers from other funds</b>	178,461	-	178,461
Change in net position	(41,982)	4,501	(37,481)
<b>Net position:</b>			
Beginning balance, July 1,	131,661	1,381,710	1,513,371
Ending balance, June 30	\$ 89,679	\$ 1,386,211	\$ 1,475,890



**Jackson County, North Carolina**  
**Combining Statement of Cash Flows**  
**Non-major Proprietary Funds**  
**Year Ended June 30, 2016**

**Schedule "F-4"**

	<b>Green Energy Park Fund</b>	<b>Economic Development Commission Fund</b>	<b>Total Non-major Proprietary Funds</b>
<b>Cash flows from operating activities:</b>			
Cash received from customers	\$ 19,310	\$ 67,755	\$ 87,065
Cash paid for goods and services	(127,087)	(25,066)	(152,153)
Cash paid to employees for services	(76,412)	-	(76,412)
Net cash provided by (used for) operating activities	<u>(184,189)</u>	<u>42,689</u>	<u>(141,500)</u>
<b>Cash flows from non-capital financing activities:</b>			
Grants and donations	8,049	-	8,049
Transfers from other funds	178,461	-	178,461
Net cash provided by non-capital financing activities	<u>186,510</u>	<u>-</u>	<u>186,510</u>
<b>Cash flows from investing activities:</b>			
Principal payments on notes receivable	-	16,871	16,871
Interest earned on investments	-	2,488	2,488
Net cash provided by investing activities	<u>-</u>	<u>19,359</u>	<u>19,359</u>
Net increase in cash and cash equivalents	2,321	62,048	64,369
<b>Cash and cash equivalents:</b>			
Beginning balance, July 1	<u>157,266</u>	<u>60,521</u>	<u>217,787</u>
Ending balance, June 30	<u><u>\$ 159,587</u></u>	<u><u>\$ 122,569</u></u>	<u><u>\$ 282,156</u></u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>			
Operating income (loss)	<u>\$ (228,492)</u>	<u>\$ 2,013</u>	<u>\$ (226,479)</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	5,485	29,580	35,065
Contributions made to the pension plan in the current fiscal year	(6,163)	-	(6,163)
Pension expense	1,703	-	1,703
Changes in assets and liabilities:			
Accounts receivable	(212)	422	210
Accounts payable and accrued liabilities	(3,813)	10,674	6,861
Unearned revenue	1,845	-	1,845
Compensated absences	1,994	-	1,994
Net OPEB obligation	43,464	-	43,464
Total adjustments	<u>44,303</u>	<u>40,676</u>	<u>84,979</u>
Net cash provided by (used for) operating activities	<u><u>\$ (184,189)</u></u>	<u><u>\$ 42,689</u></u>	<u><u>\$ (141,500)</u></u>

**Jackson County, North Carolina**  
**Schedule of Revenues, Expenditures and Transfers—**  
**Budget and Actual (Non-GAAP)—Green Energy Park Fund**  
**Year Ended June 30, 2016**

**Schedule "F-5"**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Operating revenues:			
Charges for services:			
Rents	\$ 5,000	\$ 6,437	\$ 1,437
Registration fees	11,500	13,085	1,585
Gallery Commission	1,500	-	(1,500)
Total operating revenues	<u>18,000</u>	<u>19,522</u>	<u>1,522</u>
Non-operating revenues:			
Conservation Fund grant	7,600	7,600	-
Donations	650	449	(201)
Total non-operating revenues	<u>8,250</u>	<u>8,049</u>	<u>(201)</u>
<b>Other financing sources:</b>			
Transfer from General Fund	178,461	178,461	-
Appropriated fund balance	27,000	-	(27,000)
Total other financing sources	<u>205,461</u>	<u>178,461</u>	<u>(27,000)</u>
Total revenues and other financing sources	<u>231,711</u>	<u>206,032</u>	<u>(25,679)</u>
<b>Expenditures:</b>			
Park operations:			
Salaries and employee benefits	122,359	117,410	4,949
Operating	109,352	84,121	25,231
Total	<u>231,711</u>	<u>201,531</u>	<u>30,180</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	4,501	<u>\$ 4,501</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual basis:</b>			
Contributions to the pension plan in the current fiscal year		6,163	
Pension expense		(1,703)	
Increase in compensated absences		(1,994)	
Increase in net OPEB obligation		(43,464)	
Depreciation		<u>(5,485)</u>	
Change in net position		<u>\$ (41,982)</u>	

**Jackson County, North Carolina**  
**Schedule of Revenues and Expenditures—Budget and Actual (Non-GAAP)—**  
**Economic Development Commission Fund**  
**Year Ended June 30, 2016**

**Schedule "F-6"**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Operating revenues:			
Charges for services	\$ 88,750	\$ 67,333	\$ (21,417)
Non-operating revenues:			
Interest earned on investments	2,498	2,488	(10)
Total revenues	<u>91,248</u>	<u>69,821</u>	<u>(21,427)</u>
<b>Expenditures:</b>			
Economic development operations:			
Operating	71,248	15,740	55,508
Insurance	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Total expenditures	<u>91,248</u>	<u>35,740</u>	<u>55,508</u>
Revenues over expenditures	<u>\$ -</u>	34,081	<u>\$ 34,081</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual basis:</b>			
Depreciation		<u>(29,580)</u>	
Change in net position		<u>\$ 4,501</u>	



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## COMPONENT UNIT SCHEDULE

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

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

**Schedule of Revenues, Expenditures and Changes in Fund Balance—  
Budget and Actual—Jackson County Airport Authority (Non-GAAP)  
Year Ended June 30, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Restricted intergovernmental	\$ 166,471	\$ 67,981	\$ (98,490)
Sales and services	43,500	54,779	11,279
Jackson County	31,000	31,000	-
Miscellaneous	14,768	13,968	(800)
	<u>255,739</u>	<u>167,728</u>	<u>(88,011)</u>
<b>Expenditures:</b>			
Transportation:			
Operating	<u>305,014</u>	<u>187,498</u>	<u>117,516</u>
Revenues under expenditures	(49,275)	(19,770)	29,505
<b>Appropriated fund balance</b>	<u>49,275</u>	<u>-</u>	<u>(49,275)</u>
Net change in fund balance	<u>\$ -</u>	<u>(19,770)</u>	<u>\$ (19,770)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual basis:			
Depreciation		<u>(13,759)</u>	
Change in net position		<u>\$ (33,529)</u>	

## **FIDUCIARY FUND SCHEDULE**

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

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**Jackson County, North Carolina**  
**Schedule of Changes in Fiduciary Assets and Liabilities**  
**Agency Funds**  
**Year Ended June 30, 2016**

**Schedule "H-1"**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<b>Social Services Fund:</b>				
Assets:				
Cash and cash equivalents	\$ 57,669	\$ 356,548	\$ 376,094	\$ 38,123
Liabilities:				
Amounts held for others	\$ 57,669	\$ 356,548	\$ 376,094	\$ 38,123
<b>Inmate Fund:</b>				
Assets:				
Cash and cash equivalents	\$ 37,908	\$ 62,317	\$ 56,754	\$ 43,471
Due from others	-	373	-	373
Total assets	\$ 37,908	\$ 62,690	\$ 56,754	\$ 43,844
Liabilities:				
Amounts held for others	\$ 37,908	\$ 62,690	\$ 56,754	\$ 43,844
<b>Property Tax Fund:</b>				
Assets:				
Cash and cash equivalents	\$ 2,515	\$ 454,382	\$ 436,790	\$ 20,107
Due from others	4,710	852	-	5,562
Total assets	\$ 7,225	\$ 455,234	\$ 436,790	\$ 25,669
Liabilities:				
Amounts held for others	\$ 7,225	\$ 455,234	\$ 436,790	\$ 25,669
<b>State of North Carolina Fund:</b>				
Assets:				
Cash and cash equivalents	\$ 37,899	\$ 454,382	\$ 449,701	\$ 42,580
Liabilities:				
Amounts held for others	\$ 37,899	\$ 454,382	\$ 449,701	\$ 42,580
<b>Extension Agency Fund:</b>				
Assets:				
Cash and cash equivalents	\$ 12,813	\$ 6,533	\$ 10,746	\$ 8,600
Due from others	-	31	-	31
Total assets	\$ 12,813	\$ 6,564	\$ 10,746	\$ 8,631
Liabilities:				
Amounts held for others	\$ 12,813	\$ 6,564	\$ 10,746	\$ 8,631
<b>Totals--All Agency Funds</b>				
Assets:				
Cash and cash equivalents	\$ 148,804	\$ 1,334,162	\$ 1,330,085	\$ 152,881
Due from others	4,710	1,256	-	5,966
Total assets	\$ 153,514	\$ 1,335,418	\$ 1,330,085	\$ 158,847
Liabilities:				
Amounts held for others	\$ 153,514	\$ 1,335,418	\$ 1,330,085	\$ 158,847



## **OTHER SCHEDULES**

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This section included additional information on property taxes.

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

**Jackson County, North Carolina**  
**General Fund**  
**Schedule of Ad Valorem Taxes Receivable**  
**June 30, 2016**

**Exhibit "I-1"**

<b>Fiscal Year</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Collections And Credits</b>	<b>Ending Balance</b>
2015-2016	\$ -	\$ 33,030,864	\$ 32,196,538	\$ 834,326
2014-2015	1,049,317	-	566,387	482,930
2013-2014	556,322	-	225,216	331,106
2012-2013	384,553	-	115,189	269,364
2011-2012	270,772	-	93,514	177,258
2010-2011	185,250	-	39,034	146,216
2009-2010	161,247	-	30,096	131,151
2008-2009	91,434	-	17,511	73,923
2007-2008	90,273	-	5,416	84,857
2006-2007	50,767	-	2,831	47,936
2005-2006	43,957	-	43,957	-
	<u>\$ 2,883,892</u>	<u>\$ 33,030,864</u>	<u>\$ 33,335,689</u>	<u>\$ 2,579,067</u>
	Less: allowance for uncollectible accounts			<u>(1,066,000)</u>
	Ad valorem taxes receivable - net: General Fund			<u>\$ 1,513,067</u>
	Reconcilement with revenues:			
	Ad valorem taxes--General Fund			<u>\$ 33,690,820</u>
	Reconciling items:			
	Interest collected			(468,629)
	Amounts written off for tax year 2005-2006			43,957
	Prior year releases, refunds, and other adjustments			9,321
	NCVTS Fees			79,048
	Other reconciling Items			<u>(18,828)</u>
	Total reconciling items			<u>(355,131)</u>
	Total collections and credits			<u>\$ 33,335,689</u>

**Jackson County, North Carolina**  
**Analysis of Current Tax Levy**  
**County-wide Levy**  
**Year Ended June 30, 2016**

**Exhibit "I-2"**

	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	\$ 11,532,928,929	0.28	\$ 32,292,201	\$ 31,366,349	\$ 925,852
Utilities at current year's rate	173,646,786	0.28	486,211	486,211	-
Total	11,706,575,715		32,778,412	31,852,560	925,852
Discoveries:					
Current year taxes	101,335,000	0.28	283,738	283,303	435
Abatements	(11,173,571)	0.28	(31,286)	(31,286)	-
Total property valuation	<u>\$ 11,796,737,144</u>				
Net levy			33,030,864	32,104,577	926,287
Uncollected taxes at June 30, 2016			834,326	824,101	10,225
Current year's taxes collected			<u>\$ 32,196,538</u>	<u>\$ 31,280,476</u>	<u>\$ 916,062</u>
Current levy collection percentage			<u>97.47%</u>	<u>97.43%</u>	<u>98.90%</u>



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