

# Jackson County, North Carolina

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**Financial Statements**

**Year Ended June 30, 2017**



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

List of Principal Officials

June 30, 2017

Board of County Commissioners

Brian T. McMahan, Chairperson  
Charles R. Elders  
Boyce T. Deitz  
Mickey Luker  
Ron Mau

County Manager

Don Adams

Finance Director

Darlene Fox

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**Schedules**

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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, 2017, 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 26% of total assets, 13% of total net position, and 79% 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, 2017, 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.

***Emphasis of Matter***

*Change in Accounting Principle*

As discussed in Note 8 to the financial statements, during 2017 Jackson County implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, which resulted in a cumulative effect adjustment to net position as of the beginning of the year. Our opinion is not modified with respect to this matter.

***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 Local Governmental Employees' Retirement System's Schedules of the County's Proportionate Share of Net Pension Liability (Asset) and County Contributions; the Law Enforcement Officers' Special Separation Allowance Schedules of Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Pay; and, the Other Post-Employment Benefits' Schedules of Funding Progress and Employer Contributions on pages 52 through 57, 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 November 30, 2017, on our consideration of Jackson County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jackson County's internal control over financial reporting and compliance.

*Dixon Hughes Goodman LLP*

**Asheville, North Carolina**  
**November 30, 2017**



## **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, 2017. 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 \$58,431,907 (*net position*).

The government's total net position decreased by \$2,100,266, of which \$2,203,190 was for a decrease in governmental activities and \$102,924 was for an increase in business-type activities. \$830,207 of the decrease in governmental activities is attributable to the cumulative effect adjustment due to the implementation of GASB 73.

As of the close of the current fiscal year, Jackson County's governmental funds reported combined ending fund balances of \$44,612,384, an increase of \$10,592,814 in comparison with the prior year. 55 percent of this total amount, or \$24,602,279, is available for spending at the government's discretion (unassigned fund balance.)

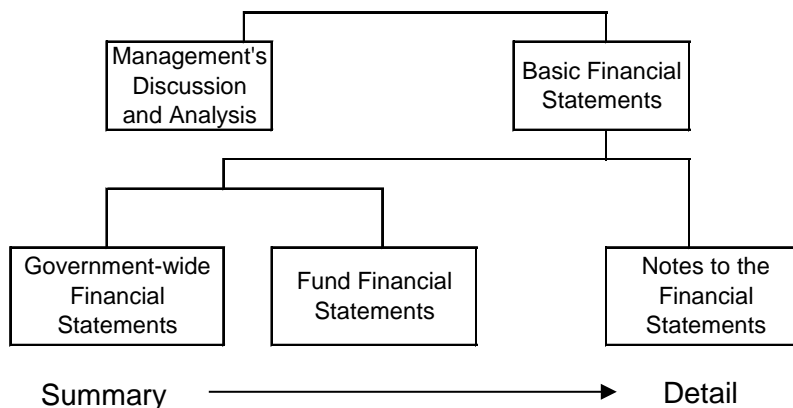
At the end of the current fiscal year, unassigned fund balance for the General Fund was \$24,602,279, or 42 percent of total General Fund expenditures and transfers to other funds for the fiscal year.

Jackson County's governmental activities long-term debt (excluding compensated absences, net OPEB and total and net pension liabilities) increased by \$6,074,744 during the current fiscal year. This is due to the repayment of notes payable and the execution of a \$9,000,000 noninterest bearing note for construction and renovation of Jackson County Public Schools.

### **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**

|                                   | 2017                    |                          |                      | 2016                    |                          |                      |
|-----------------------------------|-------------------------|--------------------------|----------------------|-------------------------|--------------------------|----------------------|
|                                   | Governmental Activities | Business-type Activities | Total                | Governmental Activities | Business-type Activities | Total                |
| Current and other assets          | \$ 48,713,854           | \$ 1,419,592             | \$ 50,133,446        | \$ 39,070,522           | \$ 1,264,030             | \$ 40,334,552        |
| Capital assets                    | <u>66,875,720</u>       | <u>5,527,605</u>         | <u>72,403,325</u>    | <u>67,258,806</u>       | <u>5,707,911</u>         | <u>72,966,717</u>    |
| Total assets                      | <u>115,589,574</u>      | <u>6,947,197</u>         | <u>122,536,771</u>   | <u>106,329,328</u>      | <u>6,971,941</u>         | <u>113,301,269</u>   |
| Deferred outflows of resources    | <u>1,359,297</u>        | <u>29,056</u>            | <u>1,388,353</u>     | <u>1,078,207</u>        | <u>23,612</u>            | <u>1,101,819</u>     |
| Long-term liabilities outstanding | 58,518,440              | 2,547,225                | 61,065,665           | 45,562,827              | 2,639,831                | 48,202,658           |
| Other liabilities                 | <u>2,425,191</u>        | <u>1,728,824</u>         | <u>4,154,015</u>     | <u>3,114,558</u>        | <u>1,750,475</u>         | <u>4,865,033</u>     |
| Total liabilities                 | <u>60,943,631</u>       | <u>4,276,049</u>         | <u>65,219,680</u>    | <u>48,677,385</u>       | <u>4,390,306</u>         | <u>53,067,691</u>    |
| Deferred inflows of resources     | <u>269,411</u>          | <u>4,126</u>             | <u>273,537</u>       | <u>791,131</u>          | <u>12,093</u>            | <u>803,224</u>       |
| Net position:                     |                         |                          |                      |                         |                          |                      |
| Net investment in capital assets  | 56,555,512              | 3,768,101                | 60,287,169           | 55,265,538              | 3,713,806                | 58,979,344           |
| Restricted                        | 15,447,002              | -                        | 15,447,002           | 6,594,512               | -                        | 6,594,512            |
| Unrestricted                      | <u>(16,266,685)</u>     | <u>(1,072,023)</u>       | <u>(17,338,708)</u>  | <u>(3,921,031)</u>      | <u>(1,120,652)</u>       | <u>(5,041,683)</u>   |
| Total net position                | <u>\$ 55,735,829</u>    | <u>\$ 2,696,078</u>      | <u>\$ 58,431,907</u> | <u>\$ 57,939,019</u>    | <u>\$ 2,593,154</u>      | <u>\$ 60,532,173</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 \$58,431,907 as of June 30, 2017. The County's net position decreased by \$2,100,266 for the fiscal year ended June 30, 2017, of which \$2,203,190 was for a decrease in governmental activities and \$102,924 was for an increase in business-type activities. One of the largest portions of net position (103 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 26.4 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$17,388,708 is unrestricted deficit, which is primarily due to unfunded OPEB obligations and net pension liabilities.

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 97.73 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**

|  | 2017                       |                                 |                      | 2016                       |                                 |                      |
|--|----------------------------|---------------------------------|----------------------|----------------------------|---------------------------------|----------------------|
|  | Governmental<br>Activities | Business-<br>type<br>Activities | Total                | Governmental<br>Activities | Business-<br>type<br>Activities | Total                |
| Revenues:  |                            |                                 |                      |                            |                                 |                      |
| Program revenues:  |                            |                                 |                      |                            |                                 |                      |
| Charges for services   | \$ 3,429,294               | \$ 3,530,022                    | \$ 6,959,316         | \$ 3,122,743               | \$ 3,321,586                    | \$ 6,444,329         |
| Operating grants and contributions                           | 8,857,386                  | 2,937                           | 8,860,323            | 9,497,186                  | 8,049                           | 9,505,235            |
| Capital grants and contributions                             | 409,543                    | -                               | 409,543              | 905,352                    | -                               | 905,352              |
| General revenues:  |                            |                                 |                      |                            |                                 |                      |
| Property taxes   | 35,372,625                 | -                               | 35,372,625           | 34,556,626                 | -                               | 34,556,626           |
| Other taxes  | 13,022,456                 | 75,135                          | 13,097,591           | 11,776,392                 | 69,034                          | 11,845,426           |
| Grants and contributions not restricted to specific programs | 372,298                    | -                               | 372,298              | 376,906                    | -                               | 376,906              |
| Other  | 409,471                    | 24,315                          | 433,786              | 349,461                    | 24,773                          | 374,234              |
| Total revenues   | <u>61,873,073</u>          | <u>3,632,409</u>                | <u>65,505,482</u>    | <u>60,584,666</u>          | <u>3,423,442</u>                | <u>64,008,108</u>    |
| Expenses:  |                            |                                 |                      |                            |                                 |                      |
| General government   | 10,912,462                 | -                               | 10,912,462           | 10,008,528                 | -                               | 10,008,528           |
| Public safety  | 16,724,221                 | -                               | 16,724,221           | 13,408,089                 | -                               | 13,408,089           |
| Transportation   | 1,119,874                  | -                               | 1,119,874            | 864,539                    | -                               | 864,539              |
| Environmental protection                                     | 395,544                    | -                               | 395,544              | 287,862                    | -                               | 287,862              |
| Economic and physical development                            | 970,101                    | -                               | 970,101              | 897,710                    | -                               | 897,710              |
| Human services   | 16,625,414                 | -                               | 16,625,414           | 14,000,017                 | -                               | 14,000,017           |
| Culture and recreation                                       | 3,573,751                  | -                               | 3,573,751            | 3,401,755                  | -                               | 3,401,755            |
| Education  | 12,213,853                 | -                               | 12,213,853           | 11,960,574                 | -                               | 11,960,574           |
| Interest and other charges                                   | 532,375                    | -                               | 532,375              | 606,485                    | -                               | 606,485              |
| Landfill   | -                          | 3,415,760                       | 3,415,760            | -                          | 3,493,043                       | 3,493,043            |
| Green Energy Park  | -                          | 241,910                         | 241,910              | -                          | 248,014                         | 248,014              |
| Economic Development Commission                              | -                          | 50,276                          | 50,276               | -                          | 65,320                          | 65,320               |
| Total expenses   | <u>63,067,595</u>          | <u>3,707,946</u>                | <u>66,775,541</u>    | <u>55,435,559</u>          | <u>3,806,377</u>                | <u>59,241,936</u>    |
| Change in net position before transfers                      | (1,194,522)                | (75,537)                        | (1,270,059)          | 5,149,107                  | (382,935)                       | 4,766,172            |
| Transfers  | <u>(178,461)</u>           | <u>178,461</u>                  | <u>-</u>             | <u>(178,461)</u>           | <u>178,461</u>                  | <u>-</u>             |
| Change in net position                                       | (1,372,983)                | 102,924                         | (1,270,059)          | 4,970,646                  | (204,474)                       | 4,766,172            |
| Net position, July 1 previously reported                     | 57,939,019                 | 2,593,154                       | 60,532,173           | 52,968,373                 | 2,797,628                       | 55,766,001           |
| Cumulative effect adjustment                                 | <u>(830,207)</u>           | <u>-</u>                        | <u>(830,207)</u>     | <u>-</u>                   | <u>-</u>                        | <u>-</u>             |
| Net position July 1, Adjusted                                | <u>57,108,812</u>          | <u>2,593,154</u>                | <u>59,701,966</u>    | <u>52,968,373</u>          | <u>2,797,628</u>                | <u>55,766,001</u>    |
| Net position, June 30  | <u>\$ 55,735,829</u>       | <u>\$ 2,696,078</u>             | <u>\$ 58,431,907</u> | <u>\$ 57,939,019</u>       | <u>\$ 2,593,154</u>             | <u>\$ 60,532,173</u> |

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

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**Governmental Activities** - Governmental activities decreased the County's net position by \$2,203,190, thereby accounting for 92 percent of the total decrease in the net position of Jackson County. Key elements of this decrease are as follows:

- Increase in long term debt for Education
- Increase in pension liability

**Business-Type Activities** – Business-type activities increased Jackson County's net position by \$102,924. The key element of this increase was the Landfill Enterprise Fund.

### ***Financial Analysis of the County's Funds***

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

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

The General Fund is the chief operating fund of Jackson County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$24,602,279, while total fund balance reached \$30,911,994. 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, \$4,173,113. Fund balance available for appropriation of \$26,738,881 represents 46 percent of total General Fund expenditures and transfers out, while total fund balance represents 53 percent of that same amount.

At June 30, 2017, the governmental funds of Jackson County reported a combined fund balance of \$44,612,384, an increase of \$10,592,814. The primary reason for this increase in fund balance is additional fees and sales tax revenues and the proceeds from the QZAB bonds for education.

**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 \$2,485,204.

**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 \$2,696,078. The total increase in net position for the funds was \$102,924. The net profit from operations was supplemented by a transfer in from the governmental funds. Other factors concerning the finances of the fund have already been addressed in the discussion of Jackson County's business-type activities.

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

**Capital Asset and Debt Administration**

**Capital Assets** – Jackson County’s capital assets for its governmental and business-type activities as of June 30, 2017, totals \$72,403,325 (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 2017 Ford Expedition for the Administration Department
- Purchased a new Printronix Line Printer for the Finance Department
- Purchased a 2017 Jeep Renegade for the Tax Administration Department
- Purchased eight new 2017 Ford trucks for the Public Works Department
- Purchased a 2017 Sea Hunt Boat and a Lenco Bear Cat for the Sheriff’s Department
- Installed new CCTV System in the Jail
- Purchased three 2017 Ford trucks for the Code Enforcement Department
- Purchased two 2017 Ford Escapes and a 2017 Ford van for the Health Department
- Purchased two 2017 Jeep Renegades and one 2017 Ford Escape for the Department of Social Services
- Purchased a 2017 Ford truck 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**

|                                     | 2017                       |                                 |                      | 2016                       |                                 |                      |
|-------------------------------------|----------------------------|---------------------------------|----------------------|----------------------------|---------------------------------|----------------------|
|                                     | Governmental<br>Activities | Business-<br>type<br>Activities | Total                | Governmental<br>Activities | Business-<br>type<br>Activities | Total                |
| Land                                | \$ 15,428,817              | \$ 182,414                      | \$ 15,611,231        | \$ 15,428,817              | \$ 182,414                      | \$ 15,611,231        |
| Buildings and system                | 44,129,259                 | 1,264,627                       | 45,393,886           | 45,407,645                 | 1,356,110                       | 46,763,755           |
| Machinery and equipment             | 1,857,578                  | 4,080,564                       | 5,938,142            | 1,394,351                  | 4,169,387                       | 5,563,738            |
| Vehicles and motorized<br>equipment | 1,474,044                  | -                               | 1,474,044            | 1,290,769                  | -                               | 1,290,769            |
| Construction in progress            | <u>3,986,022</u>           | <u>-</u>                        | <u>3,986,022</u>     | <u>3,737,224</u>           | <u>-</u>                        | <u>3,737,224</u>     |
| Total                               | <u>\$ 66,875,720</u>       | <u>\$ 5,527,605</u>             | <u>\$ 72,403,325</u> | <u>\$ 67,258,806</u>       | <u>\$ 5,707,911</u>             | <u>\$ 72,966,717</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, 2017, Jackson County had total debt outstanding of \$30,564,883, most of which is collateralized by capital assets. However, \$16,000,000 of the debt is collateralized by capital assets held by the Jackson County Board of Education under capital lease agreements. Those assets are not included in the County’s capital assets.

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

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

|       | 2017                               |  |                      | 2016                               |  |                      |
|-------|------------------------------------|--|----------------------|------------------------------------|--|----------------------|
|       | <u>Governmental<br/>Activities</u> | <u>Business-<br/>type<br/>Activities</u> | <u>Total</u>         | <u>Governmental<br/>Activities</u> | <u>Business-<br/>type<br/>Activities</u> | <u>Total</u>         |
| Total | <u>\$ 28,805,379</u>               | <u>\$ 1,759,504</u>                      | <u>\$ 30,564,883</u> | <u>\$ 22,730,635</u>               | <u>\$ 1,994,105</u>                      | <u>\$ 24,724,740</u> |

Jackson County's debt, shown above, increased \$5,840,143 (24 percent) during the past fiscal year. The increase is primarily due to the repayment of notes payable and the execution of QZAB bonds for Jackson County Public Schools construction.

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 \$703,000,000.

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 5.5 percent, slightly higher than the State average of 4.9 percent.
- Retail vacancy rates slightly decreased, having stayed in the 3 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 4 percent to \$62,522,670. The largest increments are in the reinstatement of the career path program, increase in debt transfers, and increased operational expenses.

**Business-type Activities:** General operating expenses of the Landfill Fund will increase by 10 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 increase is primarily due to the new facility improvements. The Green Energy Park Fund will decrease by 13 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, North Carolina 28779.



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## **BASIC FINANCIAL STATEMENTS**

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**Jackson County, North Carolina**  
**Statement of Net Position**  
**June 30, 2017**

|  | <b>Primary Government</b>          |                                     |               |
|--|------------------------------------|-------------------------------------|---------------|
|  | <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Total</b>  |
| <b>Assets:</b>                                       |                                    |                                     |               |
| Cash and cash equivalents                            | \$ 35,207,317                      | \$ 804,010                          | \$ 36,011,327 |
| Restricted cash and cash equivalents                 | 7,065,088                          | -                                   | 7,065,088     |
| Taxes receivable, net                                | 1,435,104                          | -                                   | 1,435,104     |
| Accounts receivable, net                             | 820,954                            | 456,595                             | 1,277,549     |
| Accrued interest receivable                          | 164,023                            | 10,968                              | 174,991       |
| Due from other governments                           | 3,907,429                          | 50,843                              | 3,958,272     |
| Notes receivable, net                                | 113,939                            | 97,176                              | 211,115       |
| Inventory and prepaids                               | -                                  | -                                   | -             |
| Capital assets:                                      |                                    |                                     |               |
| Land and construction in progress                    | 19,414,839                         | 182,414                             | 19,597,253    |
| Other assets, net of depreciation                    | 47,460,881                         | 5,345,191                           | 52,806,072    |
| Total capital assets                                 | 66,875,720                         | 5,527,605                           | 72,403,325    |
| Total assets   | 115,589,574                        | 6,947,197                           | 122,536,771   |
| <b>Deferred outflows of resources</b>                | 1,359,297                          | 29,056                              | 1,388,353     |
| <b>Liabilities:</b>                                  |                                    |                                     |               |
| Accounts payable and accrued liabilities             | 2,105,104                          | 171,539                             | 2,276,643     |
| Unearned revenue                                     | -                                  | 13,310                              | 13,310        |
| Accrued interest payable                             | 97,813                             | 13,277                              | 111,090       |
| Deposits held for others                             | 222,134                            | -                                   | 222,134       |
| Due to other governments                             | 140                                | -                                   | 140           |
| Accrued landfill closure and post-closure care costs | -                                  | 1,530,698                           | 1,530,698     |
| Long-term liabilities:                               |                                    |                                     |               |
| Due within one year                                  | 3,525,255                          | 234,601                             | 3,759,856     |
| Due in more than one year                            | 54,993,185                         | 2,312,624                           | 57,305,809    |
| Total liabilities                                    | 60,943,631                         | 4,276,049                           | 65,219,680    |
| <b>Deferred inflows of resources</b>                 | 269,411                            | 4,126                               | 273,537       |
| <b>Net Position:</b>                                 |                                    |                                     |               |
| Net investment in capital assets                     | 56,555,512                         | 3,768,101                           | 60,323,613    |
| Restricted:  |                                    |                                     |               |
| Stabilization by State Statute                       | 4,173,253                          | -                                   | 4,173,253     |
| Register of Deeds                                    | 36,504                             | -                                   | 36,504        |
| Education  | 9,570,614                          | -                                   | 9,570,614     |
| Public safety  | 423,395                            | -                                   | 423,395       |
| Economic and physical development                    | 1,243,236                          | -                                   | 1,243,236     |
| Working capital                                      | -                                  | -                                   | -             |
| Unrestricted (deficit)                               | (16,266,685)                       | (1,072,023)                         | (17,338,708)  |
| Total net position                                   | \$ 55,735,829                      | \$ 2,696,078                        | \$ 58,431,907 |

| <b>Component Units</b>  |   |   |
|---|---|---|
| <b>Jackson County<br/>Tourism<br/>Development<br/>Authority</b> | <b>Jackson County<br/>Airport<br/>Authority</b> | <b>Jackson<br/>County<br/>ABC Board</b> |
| \$ 457,475  | \$ 78,271                                       | \$ 626,569                              |
| -   | -   | -                                       |
| 121,715   | -   | -                                       |
| -   | 822   | 5,308                                   |
| -   | -   | -                                       |
| 140   | 18,508  | -                                       |
| -   | -   | -                                       |
| -   | 13,011  | 454,278                                 |
| -   | 4,818,067                                       | -                                       |
| -   | 72,624  | 899,861                                 |
| -   | 4,890,691                                       | 899,861                                 |
| 579,330   | 5,001,303                                       | 1,986,016                               |
| -   | -   | 69,583                                  |
| 3,422   | 417   | 410,971                                 |
| -   | -   | -                                       |
| -   | -   | -                                       |
| -   | -   | -                                       |
| -   | -   | 111,388                                 |
| -   | -   | -                                       |
| -   | -   | 27,345                                  |
| -   | -   | 701,360                                 |
| 3,422   | 417   | 1,251,064                               |
| -   | -   | 2,662                                   |
| -   | 4,890,691                                       | 171,156                                 |
| 121,715   | -   | -                                       |
| -   | -   | -                                       |
| -   | -   | -                                       |
| -   | -   | -                                       |
| -   | -   | -                                       |
| -   | -   | 135,645                                 |
| 454,193   | 110,195   | 495,072                                 |
| <u>\$ 575,908</u>   | <u>\$ 5,000,886</u>                             | <u>\$ 801,873</u>                       |

**Jackson County, North Carolina**  
**Statement of Activities**  
**Year Ended June 30, 2017**

| Functions/Programs   | Program Revenues     |                      |                                    |                                  |
|--|----------------------|----------------------|------------------------------------|----------------------------------|
|  | Expenses             | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| <b>Primary government:</b>                                   |                      |                      |                                    |                                  |
| Governmental activities:                                     |                      |                      |                                    |                                  |
| General government   | \$ 10,912,462        | \$ 926,655           | \$ -                               | \$ -                             |
| Public safety  | 16,724,221           | 1,334,700            | 848,021                            | -                                |
| Transportation   | 1,119,874            | 77,586               | 468,880                            | 157,582                          |
| Environmental protection                                     | 395,544              | 135,379              | 64,280                             | 4,600                            |
| Economic and physical development                            | 970,101              | 42,600               | -                                  | -                                |
| Human services   | 16,625,414           | 358,239              | 7,446,937                          | -                                |
| Cultural and recreation                                      | 3,573,751            | 554,135              | -                                  | 247,361                          |
| Education  | 12,213,853           | -                    | 29,268                             | -                                |
| Interest on long-term debt                                   | 532,375              | -                    | -                                  | -                                |
| Total governmental activities                                | <u>63,067,595</u>    | <u>3,429,294</u>     | <u>8,857,386</u>                   | <u>409,543</u>                   |
| Business-type activities:                                    |                      |                      |                                    |                                  |
| Landfill   | 3,415,760            | 3,437,726            | -                                  | -                                |
| Green Energy Park  | 241,910              | 24,963               | 2,937                              | -                                |
| Economic Development Commission                              | 50,276               | 67,333               | -                                  | -                                |
| Total business-type activities                               | <u>3,707,946</u>     | <u>3,530,022</u>     | <u>2,937</u>                       | <u>-</u>                         |
| Total primary government                                     | <u>\$ 66,775,541</u> | <u>\$ 6,959,316</u>  | <u>\$ 8,860,323</u>                | <u>\$ 409,543</u>                |
| <b>Component units:</b>                                      |                      |                      |                                    |                                  |
| Jackson County Tourism Development Authority                 | \$ 1,006,650         | \$ -                 | \$ -                               | \$ -                             |
| Jackson County Airport Authority                             | 190,950              | 43,560               | 31,000                             | 96,879                           |
| Jackson County ABC Board                                     | 4,515,512            | 4,633,943            | -                                  | -                                |
| Total component units  | <u>\$ 5,713,112</u>  | <u>\$ 4,677,503</u>  | <u>\$ 31,000</u>                   | <u>\$ 96,879</u>                 |
| <b>General revenues:</b>                                     |                      |                      |                                    |                                  |
| 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                                  |                      |                      |                                    |                                  |
| <b>Transfers</b>   |                      |                      |                                    |                                  |
| Total general revenues and transfers                         |                      |                      |                                    |                                  |
| Change in net position                                       |                      |                      |                                    |                                  |
| <b>Net position:</b>   |                      |                      |                                    |                                  |
| Beginning balance, July 1, previously reported               |                      |                      |                                    |                                  |
| Cumulative effect adjustment                                 |                      |                      |                                    |                                  |
| Beginning balance, July 1, as adjusted                       |                      |                      |                                    |                                  |
| 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 |
| \$ (9,985,807)                                    | \$ -                     | \$ (9,985,807)       |  |                                  |   |
| (14,541,500)                                      | -                        | (14,541,500)         |  |                                  |   |
| (415,826)   | -                        | (415,826)            |  |                                  |   |
| (191,285)   | -                        | (191,285)            |  |                                  |   |
| (927,501)   | -                        | (927,501)            |  |                                  |   |
| (8,820,238)                                       | -                        | (8,820,238)          |  |                                  |   |
| (2,772,255)                                       | -                        | (2,772,255)          |  |                                  |   |
| (12,184,585)                                      | -                        | (12,184,585)         |  |                                  |   |
| (532,375)   | -                        | (532,375)            |  |                                  |   |
| <u>(50,371,372)</u>                               | <u>-</u>                 | <u>(50,371,372)</u>  |  |                                  |   |
| -   | 21,966                   | 21,966               |  |                                  |   |
| -   | (214,010)                | (214,010)            |  |                                  |   |
| -   | 17,057                   | 17,057               |  |                                  |   |
| <u>-</u>  | <u>(174,987)</u>         | <u>(174,987)</u>     |  |                                  |   |
| <u>(50,371,372)</u>                               | <u>(174,987)</u>         | <u>(50,546,359)</u>  |  |                                  |   |
|   |                          |                      | \$ (1,006,650)                               | \$ -                             | \$ -  |
|   |                          |                      | -  | (19,511)                         | -   |
|   |                          |                      | -  | -                                | 118,431   |
|   |                          |                      | <u>(1,006,650)</u>                           | <u>(19,511)</u>                  | <u>118,431</u>                                  |
| 35,372,625  | -                        | 35,372,625           | -  | -                                | -   |
| 12,563,680  | -                        | 12,563,680           | -  | -                                | -   |
| 458,776   | 75,135                   | 533,911              | 1,029,963                                    | -                                | -   |
| 372,298   | -                        | 372,298              | -  | -                                | -   |
| 111,486   | 22,400                   | 133,886              | 1,506  | -                                | -   |
| 297,985   | 1,915                    | 299,900              | 4,972  | 21,166                           | 5,098   |
| (178,461)   | 178,461                  | -                    | -  | -                                | -   |
| <u>48,998,389</u>                                 | <u>277,911</u>           | <u>49,276,300</u>    | <u>1,036,441</u>                             | <u>21,166</u>                    | <u>5,098</u>                                    |
| <u>(1,372,983)</u>                                | <u>102,924</u>           | <u>(1,270,059)</u>   | <u>29,791</u>                                | <u>1,655</u>                     | <u>123,529</u>                                  |
| 57,939,019  | 2,593,154                | 60,532,173           | 546,117                                      | 4,999,231                        | 678,344   |
| (830,207)   | -                        | (830,207)            | -  | -                                | -   |
| <u>57,108,812</u>                                 | <u>2,593,154</u>         | <u>59,701,966</u>    | <u>546,117</u>                               | <u>4,999,231</u>                 | <u>678,344</u>                                  |
| <u>\$ 55,735,829</u>                              | <u>\$ 2,696,078</u>      | <u>\$ 58,431,907</u> | <u>\$ 575,908</u>                            | <u>\$ 5,000,886</u>              | <u>\$ 801,873</u>                               |

**Jackson County, North Carolina**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2017**

**Exhibit "3"**

|   | <u>General<br/>Fund</u> | <u>School<br/>Improvements<br/>Fund</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total</u>         |
|---|-------------------------|---|---|----------------------|
| <b>Assets:</b>  |                         |   |   |                      |
| Cash and cash equivalents   | \$ 28,426,600           | \$ 2,692,779                            | \$ 4,087,938                            | \$ 35,207,317        |
| Restricted cash and cash equivalents                                  | 155,589                 | 6,909,499                               | -                                       | 7,065,088            |
| Taxes receivable, net   | 1,435,104               | -                                       | -                                       | 1,435,104            |
| Accounts receivable, net  | 305,362                 | 507,248                                 | 8,344                                   | 820,954              |
| Due from other governments  | 3,867,891               | -                                       | 39,538                                  | 3,907,429            |
| Notes receivable, net   | -                       | -                                       | 113,939                                 | 113,939              |
|   | <u>34,190,546</u>       | <u>10,109,526</u>                       | <u>4,249,759</u>                        | <u>48,549,831</u>    |
| Total assets  | <u>\$ 34,190,546</u>    | <u>\$ 10,109,526</u>                    | <u>\$ 4,249,759</u>                     | <u>\$ 48,549,831</u> |
| <b>Liabilities:</b>   |                         |   |   |                      |
| Accounts payable and accrued liabilities                              | \$ 1,560,148            | \$ 476,241                              | \$ 6,044                                | \$ 2,042,433         |
| Due to other governments  | 140                     | -                                       | -                                       | 140                  |
| Contract retainage  | -                       | 62,671                                  | -                                       | 62,671               |
| Deposits held for others  | 222,134                 | -                                       | -                                       | 222,134              |
|   | <u>1,782,422</u>        | <u>538,912</u>                          | <u>6,044</u>                            | <u>2,327,378</u>     |
| Total liabilities   | <u>1,782,422</u>        | <u>538,912</u>                          | <u>6,044</u>                            | <u>2,327,378</u>     |
| <b>Deferred inflows of resources</b>                                  | <u>1,496,130</u>        | <u>-</u>                                | <u>113,939</u>                          | <u>1,610,069</u>     |
| <b>Fund Balances:</b>   |                         |   |   |                      |
| Restricted:   |                         |   |   |                      |
| Stabilization by State Statute  | 4,173,253               | -                                       | -                                       | 4,173,253            |
| Register of Deeds   | 36,504                  | -                                       | -                                       | 36,504               |
| Education   | -                       | 9,570,614                               | -                                       | 9,570,614            |
| Public safety   | -                       | -                                       | 423,395                                 | 423,395              |
| Economic and physical development                                     | -                       | -                                       | 1,243,236                               | 1,243,236            |
| Committed:  |                         |   |   |                      |
| Revaluation   | 132,076                 | -                                       | -                                       | 132,076              |
| Capital reserve   | 1,479,394               | -                                       | -                                       | 1,479,394            |
| Conservation/preservation   | 286,198                 | -                                       | -                                       | 286,198              |
| Recreation  | -                       | -                                       | 393,227                                 | 393,227              |
| Public safety   | -                       | -                                       | 40,276                                  | 40,276               |
| Various programs and projects   | -                       | -                                       | 2,029,642                               | 2,029,642            |
| Assigned:   |                         |   |   |                      |
| Other post-employment benefits  | 202,430                 | -                                       | -                                       | 202,430              |
| Unassigned  | 24,602,139              | -                                       | -                                       | 24,602,139           |
|   | <u>30,911,994</u>       | <u>9,570,614</u>                        | <u>4,129,776</u>                        | <u>44,612,384</u>    |
| Total fund balances   | <u>30,911,994</u>       | <u>9,570,614</u>                        | <u>4,129,776</u>                        | <u>44,612,384</u>    |
| Total liabilities, deferred inflows<br>of resources and fund balances | <u>\$ 34,190,546</u>    | <u>\$ 10,109,526</u>                    | <u>\$ 4,249,759</u>                     | <u>\$ 48,549,831</u> |

**Jackson County, North Carolina**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2017**

**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   | \$ 44,612,384        |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds  | 66,875,720           |
| Accrued interest receivable is not a financial resources and therefore not reported in the funds.   | 164,023              |
| 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   | 1,187,882            |
| Pension related deferrals   | 171,415              |
| Deferred inflows of resources for notes receivable  | 113,939              |
| Deferred inflows of resources for taxes receivable  | 1,435,104            |
| Deferred inflows of resources for pension related deferrals   | (208,385)            |
| Some liabilities are not due and payable in the current period and therefore are not reported in the funds:   |                      |
| Accrued interest payable  | (97,813)             |
| Compensated absences  | (1,541,084)          |
| Net pension liability - LGERS   | (4,934,065)          |
| Total pension liability - LEO   | (1,450,570)          |
| Net OPEB obligation   | (21,787,342)         |
| Installment notes payable   | <u>(28,805,379)</u>  |
| Net position of governmental activities   | <u>\$ 55,735,829</u> |

**See accompanying notes.**

**Jackson County, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances—**  
**Governmental Funds**  
**Year Ended June 30, 2017**

**Exhibit "4"**

|  | <u>General<br/>Fund</u> | <u>School<br/>Improvements<br/>Fund</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total</u>         |
|--|-------------------------|---|---|----------------------|
| <b>Revenues:</b>                       |                         |   |   |                      |
| Ad valorem taxes                       | \$ 34,261,111           | \$ -                                    | \$ 1,191,165                            | \$ 35,452,276        |
| Other taxes                            | 12,739,939              | -                                       | -                                       | 12,739,939           |
| Unrestricted intergovernmental         | 602,849                 | -                                       | -                                       | 602,849              |
| Restricted intergovernmental           | 9,139,918               | -                                       | 480,698                                 | 9,620,616            |
| Other restricted revenues              | 64,648                  | -                                       | -                                       | 64,648               |
| Permits and fees                       | 1,965,231               | -                                       | -                                       | 1,965,231            |
| Sales and services                     | 1,106,590               | -                                       | 15,195                                  | 1,121,785            |
| Investment earnings                    | 108,413                 | 247                                     | 2,826                                   | 111,486              |
| Miscellaneous                          | 255,287                 | -                                       | -                                       | 255,287              |
| Total revenues                         | <u>60,243,986</u>       | <u>247</u>                              | <u>1,689,884</u>                        | <u>61,934,117</u>    |
| <b>Expenditures:</b>                   |                         |   |   |                      |
| Current:                               |                         |   |   |                      |
| General government                     | 8,999,410               | -                                       | 238,612                                 | 9,238,022            |
| Public safety                          | 13,134,938              | -                                       | 1,599,836                               | 14,734,774           |
| Transportation                         | 953,440                 | -                                       | -                                       | 953,440              |
| Environmental protection               | 186,622                 | -                                       | -                                       | 186,622              |
| Economic and physical development      | 851,259                 | -                                       | 176,981                                 | 1,028,240            |
| Human services                         | 14,905,513              | -                                       | -                                       | 14,905,513           |
| Culture and recreation                 | 3,060,862               | -                                       | 9,335                                   | 3,070,197            |
| Intergovernmental:                     |                         |   |   |                      |
| Education                              | 10,502,730              | 2,106,823                               | -                                       | 12,609,553           |
| Debt service:                          |                         |   |   |                      |
| Principal retirement                   | 2,925,256               | -                                       | -                                       | 2,925,256            |
| Interest and other charges             | 544,577                 | -                                       | -                                       | 544,577              |
| Total expenditures                     | <u>56,064,607</u>       | <u>2,106,823</u>                        | <u>2,024,764</u>                        | <u>60,196,194</u>    |
| Revenues over (under) expenditures     | <u>4,179,379</u>        | <u>(2,106,576)</u>                      | <u>(334,880)</u>                        | <u>1,737,923</u>     |
| <b>Other financing sources (uses):</b> |                         |   |   |                      |
| Transfers from other funds             | -                       | 1,820,021                               | 361,731                                 | 2,181,752            |
| Transfers to other funds               | (2,360,213)             | -                                       | -                                       | (2,360,213)          |
| Proceeds from installment obligation   | -                       | 9,000,000                               | -                                       | 9,000,000            |
| Proceeds from sale of capital assets   | 33,352                  | -                                       | -                                       | 33,352               |
| Other financing sources (uses), net    | <u>(2,326,861)</u>      | <u>10,820,021</u>                       | <u>361,731</u>                          | <u>8,854,891</u>     |
| Net change in fund balances            | 1,852,518               | 8,713,445                               | 26,851                                  | 10,592,814           |
| <b>Fund balances:</b>                  |                         |   |   |                      |
| Beginning balances, July 1             | 29,059,476              | 857,169                                 | 4,102,925                               | 34,019,570           |
| Ending balances, June 30               | <u>\$ 30,911,994</u>    | <u>\$ 9,570,614</u>                     | <u>\$ 4,129,776</u>                     | <u>\$ 44,612,384</u> |



**Jackson County, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances—**  
**Governmental Funds**  
**Year Ended June 30, 2017**

**Exhibit "4"**

**(Continued)**

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

Net changes in fund balances--total governmental funds \$ 10,592,814

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 | 1,713,480   |
| Depreciation   | (2,096,566) |

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 1,187,882

Benefit payments and pension administration cost for LEOWSA are deferred of outflows of resources on the Statement of Net Position 86,494

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

|  |          |
|--|----------|
| Change in ad valorem taxes and related interest receivable | (79,651) |
| Change in notes receivable                                 | (14,745) |

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

|                                 |             |
|---------------------------------|-------------|
| Proceeds                        | (9,000,000) |
| Principal portion of repayments | 2,925,256   |

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

because they do not use current financial resources:

|  |             |
|--|-------------|
| Compensated absences   | (27,363)    |
| Net OPEB obligation  | (2,052,715) |
| Pension expense  | (4,620,071) |
| Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual). | 12,202      |

Total changes in net position of governmental activities \$ (1,372,983)

**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, 2017**

**Exhibit "5"**

|  | <b>General Fund</b>        |                         |                      | <b>Variance<br/>With Final<br/>Positive<br/>(Negative)</b> |
|--|----------------------------|-------------------------|----------------------|--|
|  | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Actual</b>        |  |
| <b>Revenues:</b>                       |                            |                         |                      |  |
| Ad valorem taxes                       | \$ 34,395,772              | \$ 34,595,772           | \$ 34,261,111        | \$ (334,661)   |
| Other taxes                            | 11,440,508                 | 12,481,690              | 12,739,939           | 258,249  |
| Unrestricted intergovernmental         | 427,872                    | 522,596                 | 602,849              | 80,253   |
| Restricted intergovernmental           | 9,585,821                  | 10,256,699              | 9,130,090            | (1,126,609)  |
| Other restricted revenues              | 56,550                     | 59,550                  | 64,648               | 5,098  |
| Permits and fees                       | 1,776,204                  | 1,936,154               | 1,965,231            | 29,077   |
| Sales and services                     | 1,094,690                  | 1,196,420               | 1,106,590            | (89,830)   |
| Investment earnings                    | 25,000                     | 90,000                  | 107,736              | 17,736   |
| Miscellaneous                          | 245,703                    | 394,443                 | 255,287              | (139,156)  |
| Total revenues                         | <u>59,048,120</u>          | <u>61,533,324</u>       | <u>60,233,481</u>    | <u>(1,299,843)</u>   |
| <b>Expenditures:</b>                   |                            |                         |                      |  |
| Current:                               |                            |                         |                      |  |
| General government                     | 8,653,283                  | 9,274,772               | 8,726,884            | 547,888  |
| Public safety                          | 12,692,291                 | 13,674,594              | 13,134,938           | 539,656  |
| Transportation                         | 1,250,252                  | 1,311,812               | 953,440              | 358,372  |
| Environmental protection               | 79,650                     | 79,650                  | 79,649               | 1  |
| Economic and physical development      | 975,096                    | 988,375                 | 851,259              | 137,116  |
| Human services                         | 14,827,020                 | 15,859,919              | 14,905,513           | 954,406  |
| Culture and recreation                 | 3,116,982                  | 3,196,471               | 3,060,862            | 135,609  |
| Intergovernmental:                     |                            |                         |                      |  |
| Education                              | 11,202,605                 | 11,673,738              | 10,502,730           | 1,171,008  |
| Debt service:                          |                            |                         |                      |  |
| Principal retirement                   | 2,925,259                  | 2,925,259               | 2,925,256            | 3  |
| Interest and other charges             | 544,581                    | 544,581                 | 544,577              | 4  |
| Total expenditures                     | <u>56,267,019</u>          | <u>59,529,171</u>       | <u>55,685,108</u>    | <u>3,844,063</u>   |
| Revenues over expenditures             | <u>2,781,101</u>           | <u>2,004,153</u>        | <u>4,548,373</u>     | <u>2,544,220</u>   |
| <b>Other financing sources (uses):</b> |                            |                         |                      |  |
| Transfers to other funds               | (2,882,754)                | (3,832,979)             | (3,967,145)          | (134,166)  |
| Proceeds from sale of capital assets   | 400                        | 33,140                  | 33,352               | 212  |
| Appropriated fund balance              | 1,182,000                  | 2,065,373               | -                    | (2,065,373)  |
| Contingency                            | (1,080,747)                | (269,687)               | -                    | 269,687  |
| Other financing sources (uses), net    | <u>(2,781,101)</u>         | <u>(2,004,153)</u>      | <u>(3,933,793)</u>   | <u>(1,929,640)</u>   |
| Net change in fund balance             | <u>\$ -</u>                | <u>\$ -</u>             | 614,580              | <u>\$ 614,580</u>  |
| <b>Fund balance:</b>                   |                            |                         |                      |  |
| Beginning balance, July 1              |                            |                         | <u>28,398,415</u>    |  |
| Ending balance, June 30                |                            |                         | <u>\$ 29,012,995</u> |  |

**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, 2017**

**Exhibit " 5"**

**(Continued)**

|   | <u>General Fund</u>        |                         |                      | <u>Variance<br/>With Final<br/>Positive<br/>(Negative)</u> |
|---|----------------------------|-------------------------|----------------------|--|
|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>        |  |
| A legally budgeted Revaluation Fund is consolidated into the General Fund for reporting purposes:               |                            |                         |                      |  |
| Expenditures  |                            |                         | \$ (272,526)         |  |
| Transfers from the General Fund   |                            |                         | 350,500              |  |
| Beginning Fund Balance  |                            |                         | 54,671               |  |
| A legally budgeted Capital Reserve Fund is consolidated into the General Fund for reporting purposes:           |                            |                         |                      |  |
| Revenue   |                            |                         | 677                  |  |
| Transfers from the General Fund   |                            |                         | 1,000,000            |  |
| Beginning Fund Balance  |                            |                         | 478,717              |  |
| A legally budgeted Conservation/Preservation Fund is consolidated into the General Fund for reporting purposes: |                            |                         |                      |  |
| Revenue   |                            |                         | 9,828                |  |
| Expenditures  |                            |                         | (106,973)            |  |
| Transfers from the General Fund   |                            |                         | 500,000              |  |
| Transfers to the Recreation Center Fund   |                            |                         | (243,568)            |  |
| Beginning Fund Balance  |                            |                         | 127,673              |  |
| Ending Fund Balance - Combined General Fund   |                            |                         | <u>\$ 30,911,994</u> |  |

**Jackson County, North Carolina  
Statement of Fund Net Position  
Proprietary Funds  
June 30, 2017**

**Exhibit "6"**

|   | <b>Landfill<br/>Fund</b> | <b>Other<br/>Enterprise<br/>Funds</b> | <b>Total</b>        |
|---|--------------------------|---------------------------------------|---------------------|
| <b>Assets:</b>  |                          |                                       |                     |
| Current assets:   |                          |                                       |                     |
| Cash and cash equivalents                               | \$ 467,866               | \$ 336,144                            | \$ 804,010          |
| Accounts receivable, net                                | 455,309                  | 1,286                                 | 456,595             |
| Accrued interest receivable                             | 10,968                   | -                                     | 10,968              |
| Due from other governments                              | 50,843                   | -                                     | 50,843              |
| Total current assets                                    | <u>984,986</u>           | <u>337,430</u>                        | <u>1,322,416</u>    |
| Non-current assets:                                     |                          |                                       |                     |
| Notes receivable, net                                   | -                        | 97,176                                | 97,176              |
| Capital assets, net of depreciation                     | 4,343,647                | 1,183,958                             | 5,527,605           |
| Total non-current assets                                | <u>4,343,647</u>         | <u>1,281,134</u>                      | <u>5,624,781</u>    |
| Total assets  | <u>5,328,633</u>         | <u>1,618,564</u>                      | <u>6,947,197</u>    |
| <b>Deferred outflows of resources</b>                   | <u>20,535</u>            | <u>8,521</u>                          | <u>29,056</u>       |
| <b>Liabilities:</b>                                     |                          |                                       |                     |
| Current liabilities:                                    |                          |                                       |                     |
| Accounts payable  | 171,345                  | 194                                   | 171,539             |
| Unearned revenue  | 230                      | 13,080                                | 13,310              |
| Accrued interest payable                                | 13,277                   | -                                     | 13,277              |
| Installment purchases, current                          | 234,601                  | -                                     | 234,601             |
| Total current liabilities                               | <u>419,453</u>           | <u>13,274</u>                         | <u>432,727</u>      |
| Non-current liabilities:                                |                          |                                       |                     |
| Installment purchases, non-current                      | 1,524,903                | -                                     | 1,524,903           |
| Compensated absences                                    | 16,914                   | 10,088                                | 27,002              |
| Net pension liability                                   | 79,606                   | 33,029                                | 112,635             |
| Net OPEB obligation                                     | 540,070                  | 108,014                               | 648,084             |
| Accrued landfill closure and post-closure<br>care costs | 1,530,698                | -                                     | 1,530,698           |
| Total non-current liabilities                           | <u>3,692,191</u>         | <u>151,131</u>                        | <u>3,843,322</u>    |
| Total liabilities                                       | <u>4,111,644</u>         | <u>164,405</u>                        | <u>4,276,049</u>    |
| <b>Deferred inflows of resources</b>                    | <u>2,916</u>             | <u>1,210</u>                          | <u>4,126</u>        |
| <b>Net position:</b>                                    |                          |                                       |                     |
| Net investment in capital assets                        | 2,584,143                | 1,183,958                             | 3,768,101           |
| Unrestricted (deficit)                                  | <u>(1,349,535)</u>       | <u>277,512</u>                        | <u>(1,072,023)</u>  |
| Total net position                                      | <u>\$ 1,234,608</u>      | <u>\$ 1,461,470</u>                   | <u>\$ 2,696,078</u> |

See accompanying notes.

**Jackson County, North Carolina**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**Year Ended June 30, 2017**

**Exhibit "7"**

|   | <u>Landfill<br/>Fund</u> | <u>Other<br/>Enterprise<br/>Funds</u> | <u>Total</u>        |
|---|--------------------------|---------------------------------------|---------------------|
| <b>Operating revenues:</b>                                  |                          |                                       |                     |
| Charges for services  | \$ 3,437,726             | \$ 92,296                             | \$ 3,530,022        |
| <b>Operating expenses:</b>                                  |                          |                                       |                     |
| Landfill operations, closure and post-closure<br>care costs | 3,224,649                | -                                     | 3,224,649           |
| Park operations   | -                        | 236,425                               | 236,425             |
| Economic development operations                             | -                        | 20,696                                | 20,696              |
| Depreciation  | 145,241                  | 35,065                                | 180,306             |
| Total operating expenses                                    | 3,369,890                | 292,186                               | 3,662,076           |
| Operating loss  | 67,836                   | (199,890)                             | (132,054)           |
| <b>Non-operating revenues (expenses):</b>                   |                          |                                       |                     |
| Interest and investment revenues                            | 20,243                   | 2,157                                 | 22,400              |
| Conservation fund grant                                     | -                        | 2,500                                 | 2,500               |
| Donations   | -                        | 437                                   | 437                 |
| Scrap tire tax  | 55,693                   | -                                     | 55,693              |
| White goods tax   | 16,357                   | -                                     | 16,357              |
| Electronics tax   | 3,085                    | -                                     | 3,085               |
| Interest expense  | (45,870)                 | -                                     | (45,870)            |
| Insurance settlement  | -                        | 1,915                                 | 1,915               |
| Net non-operating revenue (expenses)                        | 49,508                   | 7,009                                 | 56,517              |
| Loss before transfers                                       | 117,344                  | (192,881)                             | (75,537)            |
| <b>Transfers from other funds</b>                           | -                        | 178,461                               | 178,461             |
| Change in net position                                      | 117,344                  | (14,420)                              | 102,924             |
| <b>Net position:</b>  |                          |                                       |                     |
| Beginning balance, July 1                                   | 1,117,264                | 1,475,890                             | 2,593,154           |
| Ending balance, June 30                                     | <u>\$ 1,234,608</u>      | <u>\$ 1,461,470</u>                   | <u>\$ 2,696,078</u> |

See accompanying notes.

**Jackson County, North Carolina**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended June 30, 2017**

**Exhibit "8"**

|  | <b>Landfill<br/>Fund</b> | <b>Other<br/>Enterprise<br/>Funds</b> | <b>Total</b>      |
|--|--------------------------|---------------------------------------|-------------------|
| <b>Cash flows from operating activities:</b>   |                          |                                       |                   |
| Cash received from customers   | \$ 3,411,043             | \$ 92,263                             | \$ 3,503,306      |
| Cash paid for goods and services   | (2,807,840)              | (137,807)                             | (2,945,647)       |
| Cash paid to employees for services  | (326,050)                | (103,140)                             | (429,190)         |
| Net cash provided by (used for) operating activities   | <u>277,153</u>           | <u>(148,684)</u>                      | <u>128,469</u>    |
| <b>Cash flows from non-capital financing activities:</b>   |                          |                                       |                   |
| Other taxes  | 73,712                   | -                                     | 73,712            |
| Grants and donations   | -                        | 2,937                                 | 2,937             |
| Insurance settlement   | -                        | 1,915                                 | 1,915             |
| Transfers from other funds   | -                        | 178,461                               | 178,461           |
| Net cash provided by non-capital financing activities  | <u>73,712</u>            | <u>183,313</u>                        | <u>257,025</u>    |
| <b>Cash flows from capital and related financing activities:</b>                                 |                          |                                       |                   |
| Principal paid on long-term debt   | (234,601)                | -                                     | (234,601)         |
| Interest paid on long-term debt  | (45,870)                 | -                                     | (45,870)          |
| Net cash used for capital and related financing activities                                       | <u>(280,471)</u>         | <u>-</u>                              | <u>(280,471)</u>  |
| <b>Cash flows from investing activities:</b>   |                          |                                       |                   |
| Principal payments on notes receivable   | -                        | 17,202                                | 17,202            |
| Interest earned on investments   | 21,521                   | 2,157                                 | 23,678            |
| Net cash provided by investing activities  | <u>21,521</u>            | <u>19,359</u>                         | <u>40,880</u>     |
| Net change in cash and cash equivalents  | 91,915                   | 53,988                                | 145,903           |
| <b>Cash and cash equivalents:</b>  |                          |                                       |                   |
| Beginning balance, July 1  | 375,951                  | 282,156                               | 658,107           |
| Ending balance, June 30  | <u>\$ 467,866</u>        | <u>\$ 336,144</u>                     | <u>\$ 804,010</u> |
| <b>Reconciliation of operating loss to net cash provided by (used for) operating activities:</b> |                          |                                       |                   |
| Operating loss   | \$ 67,836                | \$ (199,890)                          | \$ (132,054)      |
| Adjustments to reconcile operating loss to net cash provided by (used for) operating activities: |                          |                                       |                   |
| Depreciation   | 145,241                  | 35,065                                | 180,306           |
| Contributions to the pension plan in current fiscal year   | (19,165)                 | (7,952)                               | (27,117)          |
| Pension expense  | 73,000                   | 30,572                                | 103,572           |
| Changes in assets and liabilities:   |                          |                                       |                   |
| Accounts receivable  | (26,683)                 | (33)                                  | (26,716)          |
| Accounts payable and accrued liabilities   | (16,696)                 | (14,106)                              | (30,802)          |
| Unearned revenue   | -                        | (1,551)                               | (1,551)           |
| Compensated absences   | (3,136)                  | -                                     | (3,136)           |
| Accrued landfill closure and post-closure care costs   | 10,702                   | -                                     | 10,702            |
| Net OPEB obligation  | 46,054                   | 9,211                                 | 55,265            |
| Net cash provided by (used for) operating activities   | <u>\$ 277,153</u>        | <u>\$ (148,684)</u>                   | <u>\$ 128,469</u> |

See accompanying notes.

**Jackson County, North Carolina**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2017**

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**Exhibit "9"**

|                           | <u>Agency<br/>Funds</u> |
|---------------------------|-------------------------|
| <b>Assets:</b>            |                         |
| Cash and cash equivalents | \$ 177,221              |
| Due from others           | <u>8,480</u>            |
| Total assets              | <u>\$ 185,701</u>       |
| <b>Liabilities:</b>       |                         |
| Amounts held for others   | <u>\$ 185,701</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 thirteen legally budgeted non-major funds. The Emergency Telephone Fund, Law Enforcement Block Grant Fund, Fire Service Districts Fund, Community Development Scattered Site Project Fund, Clean Water Revolving Loan Fund, Economic Development Fund, and Economic Development Commission Fund are reported as non-major special revenue funds. The Recreation Center Fund, Emergency Management Project Fund, County Capital Projects Fund, and Greenways Project Fund are reported as non-major capital projects funds. The Green Energy Park Fund and the Economic Development Commission Fund are reported as non-major proprietary funds.

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

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

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

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

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

**Governmental fund financial statements.** Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are 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 Government 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. QZAB debt proceeds issuance kept in the School Improvement Fund are restricted for use of approved school improvement projects.

**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, 2016.

**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 Net Position can also report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense until then. The County has only 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 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) and Law Enforcement Officers’ Special Separation Allowance (LEO) (collectively, the “state-administered defined benefit pension plans”). For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans’ fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The County’s employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. 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, 2017, the County's deposits had a carrying amount of \$24,032,048 and a bank balance of \$25,143,252. Of the bank balance, \$846,989 was covered by federal depository insurance and \$24,296,263 in interest-bearing deposits was covered by collateral held under the Pooling Method. The County had \$2,945 cash on hand at June 30, 2017.

At June 30, 2017, the carrying amount of deposits and bank balance for the JCTDA was \$57,425, all of which was covered by federal depository insurance. The JCTDA also had \$50 in cash on hand at June 30, 2017.

At June 30, 2017, the carrying amount of deposits and bank balance for the Airport was \$78,271, all of which was covered by federal depository insurance.

At June 30, 2017, the carrying amount of the ABC Board's deposits was \$622,869 and the bank balance was \$573,308. 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, 2017.

**Investments.** At June 30, 2017, the County's investments consisted of \$19,218,643 in the North Carolina Capital Management Trust's Government Portfolio, which carried a credit rating of AAAM by Standard and Poor's. The Cash Portfolio has no maturity value and is measured at amortized cost. The County has no formal policy on credit risk.

At June 30, 2017, the TDA's investments consisted of \$400,000 in the North Carolina Capital Management Trust's Government Portfolio, which carried a credit rating of AAAM by Standard and Poor's. The Cash Portfolio has no maturity value and is measured at amortized cost. The TDA has no formal policy on credit risk.

**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, 2017, were as follows:

|                                    | <u>Accounts</u>   | <u>Taxes and<br/>Related<br/>Accrued<br/>Interest</u> | <u>Due From<br/>Other<br/>Governments</u> | <u>Notes<br/>Receivable</u> | <u>Total</u>        |
|------------------------------------|-------------------|---|---|-----------------------------|---------------------|
| Governmental activities:           |                   |   |   |                             |                     |
| General                            | \$ 305,362        | \$ 2,613,127  | \$ 3,867,891                              | \$ -                        | \$ 6,786,380        |
| School improvement                 | 507,248           | -   | -   | -                           | 507,248             |
| Other governmental                 | 8,344             | -   | 39,538                                    | 113,939                     | 161,821             |
| Allowance for doubtful<br>accounts | -                 | (1,014,000)   | -   | -                           | (1,014,000)         |
| Total governmental<br>activities   | <u>\$ 820,954</u> | <u>\$ 1,599,127</u>                                   | <u>\$ 3,907,429</u>                       | <u>\$ 113,939</u>           | <u>\$ 6,441,449</u> |

(continued)



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

|                                    | <u>Accounts</u>   | <u>Taxes and<br/>Related<br/>Accrued<br/>Interest</u> | <u>Due From<br/>Other<br/>Governments</u> | <u>Notes<br/>Receivable</u> | <u>Total</u>      |
|------------------------------------|-------------------|---|---|-----------------------------|-------------------|
| Business-type activities:          |                   |   |   |                             |                   |
| Landfill                           | \$ 590,924        | \$ -  | \$ 50,843                                 | \$ -                        | \$ 641,767        |
| Green Energy Park                  | 1,286             | -   | -   | -                           | 1,286             |
| Economic Development               | -                 | -   | -   | 97,176                      | 97,176            |
| Allowance for doubtful<br>accounts | <u>(124,647)</u>  | <u>-</u>  | <u>-</u>                                  | <u>-</u>                    | <u>(124,647)</u>  |
| Total business-type<br>activities  | <u>\$ 467,563</u> | <u>\$ -</u>   | <u>\$ 50,843</u>                          | <u>\$ 97,176</u>            | <u>\$ 615,582</u> |

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

**Capital assets.** Capital asset activity for the year ended June 30, 2017, was as follows:

|  | <u>Beginning<br/>Balances</u> | <u>Increases</u> | <u>Decreases</u> | <u>Adjustments</u> | <u>Ending<br/>Balances</u> |
|--|-------------------------------|------------------|------------------|--------------------|----------------------------|
| Governmental activities:                       |                               |                  |                  |                    |                            |
| Capital assets not being<br>depreciated:       |                               |                  |                  |                    |                            |
| Land   | \$ 15,428,817                 | \$ -             | \$ -             | \$ -               | \$ 15,428,817              |
| Construction in progress                       | <u>3,737,222</u>              | <u>248,800</u>   | <u>-</u>         | <u>-</u>           | <u>3,986,022</u>           |
| Total capital assets not<br>being depreciated  | <u>19,166,039</u>             | <u>248,800</u>   | <u>-</u>         | <u>-</u>           | <u>19,414,839</u>          |
| Capital assets being<br>depreciated:           |                               |                  |                  |                    |                            |
| Buildings                                      | 62,882,680                    | 75,000           | -                | -                  | 62,957,680                 |
| Equipment                                      | 5,549,302                     | 815,996          | -                | -                  | 6,365,298                  |
| Vehicles                                       | <u>5,059,107</u>              | <u>573,684</u>   | <u>(261,347)</u> | <u>-</u>           | <u>5,371,444</u>           |
| Total capital assets<br>being depreciated      | <u>73,491,089</u>             | <u>1,464,680</u> | <u>(261,347)</u> | <u>-</u>           | <u>74,694,422</u>          |
| Less accumulated<br>depreciation for:          |                               |                  |                  |                    |                            |
| Buildings                                      | 17,475,034                    | 1,353,387        | -                | -                  | 18,828,421                 |
| Equipment                                      | 4,154,950                     | 352,770          | -                | -                  | 4,507,720                  |
| Vehicles                                       | <u>3,768,338</u>              | <u>390,409</u>   | <u>(261,347)</u> | <u>-</u>           | <u>3,897,400</u>           |
| Total accumulated<br>depreciation              | <u>25,398,322</u>             | <u>2,096,566</u> | <u>(261,347)</u> | <u>-</u>           | <u>27,233,541</u>          |
| Total capital assets being<br>depreciated, net | <u>48,092,767</u>             |                  |                  |                    | <u>47,460,881</u>          |
| Governmental activities<br>capital assets, net | <u>\$ 67,258,806</u>          |                  |                  |                    | <u>\$ 66,875,720</u>       |

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

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

|                                   |                     |
|-----------------------------------|---------------------|
| General government                | \$ 911,413          |
| Public safety                     | 600,691             |
| Transportation                    | 37,191              |
| Economic and physical development | (6,799)             |
| Human services                    | 62,189              |
| Culture and recreation            | <u>491,881</u>      |
| Total depreciation expense        | <u>\$ 2,096,566</u> |

|  | <u>Beginning<br/>Balances</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending<br/>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>965,455</u>                | <u>-</u>         | <u>-</u>         | <u>965,455</u>             |
| Total capital assets being depreciated       | <u>8,060,806</u>              | <u>-</u>         | <u>-</u>         | <u>8,060,806</u>           |
| Less accumulated depreciation for:           |                               |                  |                  |                            |
| Buildings and improvements                   | 1,110,644                     | 91,483           | -                | 1,202,127                  |
| Plant and distribution systems               | 429,181                       | 70,955           | -                | 500,136                    |
| Furniture and maintenance equipment          | <u>995,484</u>                | <u>17,868</u>    | <u>-</u>         | <u>1,013,352</u>           |
| Total accumulated depreciation               | <u>2,535,309</u>              | <u>180,306</u>   | <u>-</u>         | <u>2,715,615</u>           |
| Total capital assets being depreciated, net  | <u>5,525,497</u>              |                  |                  | <u>5,345,191</u>           |
| Business-type activities capital assets, net | <u>\$ 5,707,911</u>           |                  |                  | <u>\$ 5,527,605</u>        |

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

|                                 |                   |
|---------------------------------|-------------------|
| Landfill                        | \$ 145,241        |
| Green Energy Park               | 5,485             |
| Economic Development Commission | <u>29,580</u>     |
| Total depreciation expense      | <u>\$ 180,306</u> |

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

**Construction Commitments.** The government has active construction projects as of June 30, 2017. At year-end, the government's commitments with contractors are as follows:

| Project:                              | <u>Spent<br/>to Date</u> | <u>Remaining<br/>Commitment</u> |
|---------------------------------------|--------------------------|---------------------------------|
| Smoky Mountain High School – Roofing  | \$ 847,336               | \$ 604,080                      |
| Smoky Mountain High School – HVAC     | 343,406                  | 18,933                          |
| Smoky Mountain High School – Controls | <u>-</u>                 | <u>104,075</u>                  |
|                                       | <u>\$ 1,190,742</u>      | <u>\$ 727,088</u>               |

**Discretely Presented Component Units.** Capital asset activity for the Airport for the year ended June 30, 2017 was as follows:

|   | <u>Beginning<br/>Balances</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending<br/>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                                   | 124,175                       | 3,826            | -                | 128,002                    |
| Equipment                                   | <u>80,090</u>                 | <u>9,933</u>     | <u>-</u>         | <u>90,022</u>              |
| Total accumulated depreciation              | <u>204,265</u>                | <u>13,759</u>    | <u>-</u>         | <u>218,024</u>             |
| Total capital assets being depreciated, net | <u>86,383</u>                 |                  |                  | <u>72,624</u>              |
| Capital assets, net                         | <u>\$ 4,904,450</u>           |                  |                  | <u>\$ 4,890,691</u>        |

Capital asset activity for the ABC Board for the year ended June 30, 2017 was as follows:

|   | <u>Beginning<br/>Balances</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending<br/>Balances</u> |
|---|-------------------------------|------------------|------------------|----------------------------|
| Capital assets not being depreciated:       |                               |                  |                  |                            |
| Land  | \$ 12,301                     | \$ -             | \$ -             | \$ 12,301                  |
| Capital assets being depreciated:           |                               |                  |                  |                            |
| Building                                    | 847,508                       | -                | -                | 847,508                    |
| Furniture and equipment                     | <u>176,416</u>                | <u>-</u>         | <u>-</u>         | <u>176,416</u>             |
| Total capital assets being depreciated      | <u>1,023,924</u>              | <u>-</u>         | <u>-</u>         | <u>1,023,924</u>           |
| Less accumulated depreciation for:          |                               |                  |                  |                            |
| Building                                    | 28,966                        | 23,671           | -                | 52,637                     |
| Furniture and equipment                     | <u>60,410</u>                 | <u>23,317</u>    | <u>-</u>         | <u>83,727</u>              |
| Total accumulated depreciation              | <u>89,376</u>                 | <u>46,988</u>    | <u>-</u>         | <u>136,364</u>             |
| Total capital assets being depreciated, net | <u>934,548</u>                |                  |                  | <u>887,560</u>             |
| Capital assets, net                         | <u>\$ 946,849</u>             |                  |                  | <u>\$ 899,861</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 \$1,388,353 at June 30, 2017, of which \$1,359,297 and \$29,056 was related to governmental activities and business-type activities, respectively.

***Liabilities***

***Payables.*** Payables at the government-wide level at June 30, 2017, were as follows:

|                                | <u>Vendors</u>      | <u>Contract<br/>Retainage</u> | <u>Salaries<br/>and<br/>Benefits</u> | <u>Total</u>        |
|--------------------------------|---------------------|-------------------------------|--------------------------------------|---------------------|
| Governmental activities:       |                     |                               |                                      |                     |
| General                        | \$ 1,160,346        | \$ -                          | \$ 399,802                           | \$ 1,560,148        |
| School improvements            | 476,241             | 62,671                        | -                                    | 538,912             |
| Other governmental             | <u>6,044</u>        | <u>-</u>                      | <u>-</u>                             | <u>6,044</u>        |
| Total governmental activities  | <u>\$ 1,642,631</u> | <u>\$ 62,671</u>              | <u>\$ 399,802</u>                    | <u>\$ 2,105,104</u> |
| Component units:               |                     |                               |                                      |                     |
| Airport authority              | <u>\$ 417</u>       | <u>\$ -</u>                   | <u>\$ -</u>                          | <u>\$ 417</u>       |
| Total component units          | <u>\$ 417</u>       | <u>\$ -</u>                   | <u>\$ -</u>                          | <u>\$ 417</u>       |
| Business-type activities:      |                     |                               |                                      |                     |
| Landfill                       | \$ 171,345          | \$ -                          | \$ -                                 | \$ 171,345          |
| Other proprietary              | <u>194</u>          | <u>-</u>                      | <u>-</u>                             | <u>194</u>          |
| Total business-type activities | <u>\$ 171,539</u>   | <u>\$ -</u>                   | <u>\$ -</u>                          | <u>\$ 171,539</u>   |

***Long-term debt.*** The County's long-term debt for governmental activities at June 30, 2017 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.                                   | \$ 2,218,390 |
| 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. | 5,147,723    |
| 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.   | 7,000,000    |

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

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. \$ 3,631,833

A \$3,058,734 note was executed on December 19, 2012, for the refunding of a prior installment obligation for the construction and equipping of a new Aging Facility located at the Webster Complex and is payable in 22 semi-annual payments of \$139,033. In addition, 2.27% interest is payable semi-annually. Principal and interest payments are appropriated when due. 1,807,433

A \$9,000,000 noninterest bearing note was executed on March 22, 2017, for the construction and renovation of Jackson County Public Schools and is payable in 30 semi-annual payments of \$300,000. Principal payments are appropriated when due. 9,000,000

\$ 28,805,379

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>         |
|-----------|----------------------|---------------------|----------------------|
| 2018      | \$ 3,525,255         | \$ 474,423          | \$ 3,999,678         |
| 2019      | 3,525,255            | 404,268             | 3,929,523            |
| 2020      | 3,525,255            | 334,114             | 3,859,369            |
| 2021      | 3,208,343            | 263,962             | 3,472,305            |
| 2022      | 2,891,430            | 204,073             | 3,095,503            |
| 2023-2027 | 8,796,509            | 379,204             | 9,175,713            |
| 2038-2032 | <u>3,333,332</u>     | <u>4,650</u>        | <u>3,337,982</u>     |
|           | <u>\$ 28,805,379</u> | <u>\$ 2,064,694</u> | <u>\$ 30,870,073</u> |

The County's long-term debt for business-type activities at June 30, 2017 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. \$ 1,759,504

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>        |
|-----------|---------------------|-------------------|---------------------|
| 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      | 234,600             | 18,070            | 252,670             |
| 2023-2027 | <u>586,500</u>      | <u>20,852</u>     | <u>607,352</u>      |
|           | <u>\$ 1,759,504</u> | <u>\$ 166,802</u> | <u>\$ 1,926,306</u> |

***Pension plan obligations.***

**Local governmental employees' retirement system**

*Plan Description.* The County is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at [www.osc.nc.gov](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, 2017 was 8.00% of compensation for law enforcement officers and 7.25% 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 \$1,214,999 for the year ended June 30, 2017.

*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.

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

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

At June 30, 2017, the County reported a liability of \$5,046,700 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 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, 2016, the County's proportion was 0.23779%, which was an increase of 0.00105% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the County recognized pension expense of \$1,389,104. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|---|---|--|
| Differences between expected and actual experience  | \$ 94,819                                 | \$ 176,842                               |
| Changes of assumptions  | 345,654                                   | -  |
| Net difference between projected and actual earnings on pension plan investments                            | 2,790,190                                 | -  |
| Changes in proportion and differences between County contributions and proportionate share of contributions | 86,860                                    | 8,022                                    |
| County contributions subsequent to the measurement date   | <u>1,214,999</u>                          | <u>-</u>                                 |
|   | <u>\$ 4,532,522</u>                       | <u>\$ 184,864</u>                        |

\$1,214,999 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, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as of June 30 were as follows:

|      |            |
|------|------------|
| 2018 | \$ 486,118 |
| 2019 | 486,543    |
| 2020 | 1,348,429  |
| 2021 | 811,577    |

***Actuarial assumptions.*** The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                           |   |
|---------------------------|---|
| Inflation                 | 3.0 percent   |
| Salary increases          | 3.50 to 7.75 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, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

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

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2017 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%                    | 1.4%  |
| Global Equity        | 42.0                     | 5.3   |
| Real Estate          | 8.0                      | 4.3   |
| Alternatives         | 8.0                      | 8.9   |
| Credit               | 7.0                      | 6.0   |
| Inflation Protection | 6.0                      | 4.0   |
| Total                | <u>100.0%</u>            |   |

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 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<br/>(6.25%)</u> | <u>Discount<br/>Rate (7.25%)</u> | <u>1% Increase<br/>(8.25%)</u> |
|---|--------------------------------|----------------------------------|--------------------------------|
| County's proportionate share of the net pension liability (asset) | \$ 11,978,174                  | \$ 5,046,700                     | \$ (742,982)                   |

*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.



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

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Law Enforcement Officers’ Special Separation Allowance

*Plan Description.* Jackson County administers a public employee retirement system (the “Separation Allowance”), a single-employer defined benefit pension plan that provides retirement benefits to the County’s qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. A separate report was not issued for the plan. All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 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.***

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

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

*Actuarial Assumptions.* The entry age actuarial cost method was used in the December 31, 2015 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                  |   |
|------------------|---|
| Inflation        | 3.0 percent   |
| Salary increases | 3.50 to 7.35 percent, including inflation and productivity factor |
| Discount rate    | 3.86 percent  |

The discount rate is based on the weekly average of the Bond Buyer General Obligation 20-year Municipal Bond Index determined at the end of each month as of December 31, 2016.

Mortality rates are based on the MP-2014 Series Mortality tables with adjustments for mortality improvements based on MP-2015 Series Mortality tables.

*Change in Actuarial Assumptions.* On the Prior Measurement Date (December 31, 2015), the Municipal Bond Index Rate, on which the discount rate is based, was 3.57%. Since the Prior Measurement Date, the Municipal Bond Index Rate has increased to 3.86% as of the Measurement Date (December 31, 2016). This resulted in a \$32,913 reduction in the Total Pension Liability.

*Contributions.* The Village is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Village’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 Village paid \$81,668 as benefits came due for the reporting period.

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

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

At June 30, 2017, the County reported a total pension liability of \$1,450,570. The total pension liability was measured as of December 31, 2016 based on a December 31, 2015 actuarial valuation. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of December 31, 2016 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2017, the County recognized a pension expense of \$103,873.

|   | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|---|---|--|
| Differences between expected and actual experience                                | \$ -                                      | \$ -                                     |
| Changes of assumptions  | -   | 27,647                                   |
| Benefit payments and administrative expense<br>subsequent to the measurement date | <u>86,494</u>                             | <u>-</u>                                 |
| Total   | <u>\$ 86,494</u>                          | <u>\$ 27,647</u>                         |

\$86,494 reported as deferred outflows of resources related to pensions resulting from County benefits payments and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as of June 30 were as follows:

|            |          |
|------------|----------|
| 2018       | \$ 5,266 |
| 2019       | 5,266    |
| 2020       | 5,266    |
| 2021       | 5,266    |
| 2022       | 5,266    |
| Thereafter | 1,317    |

*Sensitivity of the County's total pension liability to changes in the discount rate.* The following presents the County's total pension liability calculated using the discount rate of 3.86 percent, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.86 percent) or 1-percentage-point higher (4.86 percent) than the current rate:

|                         | <u>1% Decrease<br/>(2.86%)</u> | <u>Discount<br/>Rate (3.86%)</u> | <u>1% Increase<br/>(4.86%)</u> |
|-------------------------|--------------------------------|----------------------------------|--------------------------------|
| Total pension liability | \$ 1,567,495                   | \$ 1,450,570                     | \$ 1,343,126                   |

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

***Schedule of Changes in Total Pension Liability – Law Enforcement Officers’ Special Separation Allowance***

|  | <u>2017</u>         |
|--|---------------------|
| Beginning balance  | \$ 1,457,331        |
| Service cost   | 57,251              |
| Interest on the total pension liability  | 50,569              |
| Changes in benefit terms   | -                   |
| Differences between expected and actual experience in the measurement of the total pension liability | -                   |
| Changes of assumption or other inputs  | (32,913)            |
| Benefit payments   | (81,668)            |
| Other changes  | <u>-</u>            |
| Ending balance of the total pension liability  | <u>\$ 1,450,570</u> |

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

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

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

*Funding Policy.* Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer’s salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2017, were \$318,742, which consisted of \$182,139 from the County and \$136,603 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.

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

Membership of the HCB Plan consisted of the following at December 31, 2015, the date of the latest actuarial valuation:

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

The current ARC rate is 20.18 percent of annual covered payroll. For the current year, the County contributed \$1,126,877 or 7.5 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               | \$ 3,198,520         |
| Interest on net OPEB obligation            | 813,098              |
| Adjustment to annual required contribution | <u>(776,761)</u>     |
| Annual OPEB cost (expense)                 | 3,234,857            |
| Contributions made                         | <u>(1,126,877)</u>   |
| Increase in net OPEB obligation            | 2,107,980            |
| Net OPEB obligation beginning of year      | <u>20,327,446</u>    |
| Net OPEB obligation end of year            | <u>\$ 22,435,426</u> |

The County's net OPEB obligation is comprised of \$21,787,342 and \$648,084 for governmental activities and business-type activities, respectively.

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

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, 2017 were as follows:

|      | <u>Annual<br/>OPEB Cost</u> | <u>Percentage<br/>of Annual<br/>OPEB Cost<br/>Contributed</u> | <u>Net OPEB<br/>Obligation</u> |
|------|-----------------------------|---|--------------------------------|
| 2017 | \$ 3,234,857                | 34.8%   | \$ 22,435,426                  |
| 2016 | \$ 2,665,091                | 46.1%   | \$ 20,327,446                  |
| 2015 | \$ 2,578,004                | 40.5%   | \$ 18,889,759                  |

*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.

*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

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

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 16 years. Post-closure costs are included in operating expenses of the current year. The \$1,530,698 reported as landfill post-closure care liability at June 30, 2017, represents estimated future post-closure costs based on engineering estimates prepared at and shortly after closure. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

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

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

|   | <u>Beginning<br/>Balances<br/>(Restated)</u> | <u>Additions</u>     | <u>Retirements</u>  | <u>Ending<br/>Balances</u> | <u>Due Within<br/>One Year</u> |
|---|--|----------------------|---------------------|----------------------------|--------------------------------|
| <b>Governmental activities:</b>             |  |                      |                     |                            |                                |
| Installment purchases                       | \$ 22,730,635                                | \$ 9,000,000         | \$ 2,925,256        | \$ 28,805,379              | \$ 3,525,255                   |
| Compensated absences                        | 1,513,721                                    | 1,157,905            | 1,130,542           | 1,541,084                  | -                              |
| Net pension liability - LGERS               | 1,039,706                                    | 3,894,359            | -                   | 4,934,065                  | -                              |
| Total pension liability –<br>LEOSSA         | 1,457,331                                    | 107,820              | 114,581             | 1,450,570                  | -                              |
| Other postemployment<br>benefits obligation | <u>19,734,627</u>                            | <u>3,156,595</u>     | <u>1,103,880</u>    | <u>21,787,342</u>          | <u>-</u>                       |
| Total governmental activities               | <u>\$ 46,476,020</u>                         | <u>\$ 17,316,679</u> | <u>\$ 5,274,259</u> | <u>\$ 58,518,440</u>       | <u>\$ 3,525,255</u>            |
| <b>Business-type activities:</b>            |  |                      |                     |                            |                                |
| Installment purchases                       | \$ 1,994,105                                 | \$ -                 | \$ 234,601          | \$ 1,759,504               | \$ 234,601                     |
| Landfill closure and<br>post closure costs  | 1,519,996                                    | 15,398               | 4,696               | 1,530,698                  | -                              |
| Compensated absences                        | 30,138                                       | 21,219               | 24,355              | 27,002                     | -                              |
| Other postemployment<br>benefits obligation | 592,819                                      | 78,263               | 22,998              | 648,084                    | -                              |
| Net pension liability - LGERS               | <u>22,769</u>                                | <u>89,866</u>        | <u>-</u>            | <u>112,635</u>             | <u>-</u>                       |
| Total business-type activities              | <u>\$ 4,159,827</u>                          | <u>\$ 204,746</u>    | <u>\$ 286,650</u>   | <u>\$ 4,077,923</u>        | <u>\$ 234,601</u>              |

At June 30, 2017, Jackson County had a legal debt margin of approximately \$703,000,000.

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

***Deferred Inflows of Resources***

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

|   | <u>Modified<br/>Accrual</u> | <u>Full Accrual</u>         |
|---|-----------------------------|-----------------------------|
| <b>Governmental activities</b>                        |                             |                             |
| Prepaid taxes not earned at year-end (General)        | \$ 39,083                   | \$ 39,083                   |
| Prepaid taxes not earned at year-end (Fire Districts) | -                           | -                           |
| Taxes receivable, net (General)                       | 1,435,104                   | -                           |
| Notes receivable (Economic Development)               | 113,939                     | -                           |
| Other (General)                                       | 21,943                      | 21,943                      |
| Pension deferrals                                     | -                           | 208,385                     |
|   | <u>                    </u> | <u>                    </u> |
| Total governmental activities                         | <u>\$ 1,610,069</u>         | <u>\$ 269,411</u>           |
| <b>Business-type activities</b>                       |                             |                             |
| Pension deferrals                                     |                             | <u>\$ 4,126</u>             |

***Net Investment in Capital Assets***

The net investment in capital assets at June 30, 2017, is computed as follows:

|  | <u>Governmental<br/>Activities</u> | <u>Business-<br/>Type<br/>Activities</u> |
|--|------------------------------------|--|
| Capital assets, net of accumulated depreciation                          | \$ 66,875,720                      | \$ 5,527,605                             |
| Less capital debt:   |                                    |  |
| Gross debt   | 28,805,379                         | 1,759,504                                |
| School debt related to assets to which the<br>County does not hold title | <u>(18,485,171)</u>                | <u>-</u>                                 |
| Net capital debt   | <u>10,320,208</u>                  | <u>1,759,504</u>                         |
| Net investment in capital assets   | <u>\$ 56,555,512</u>               | <u>\$ 3,768,101</u>                      |

***Interfund Balances and Activity***

**Transfer to/from Other Funds**

Transfers to/from other funds at June 30, 2017, consist of the following:

|                                     |              |
|-------------------------------------|--------------|
| Transfers from the General Fund to: |              |
| School Improvements Fund            | \$ 1,820,021 |
| Non-major governmental funds        | 361,731      |
| Non-major proprietary funds         | 178,461      |

**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

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

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public accountants, and the audited financial statements are available to the County upon request. The pool is reinsured through a multi-state public entity captive for single occurrences losses of \$350,000 for worker's compensation.

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

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

The County carries flood insurance through a commercial carrier for damages up to \$1,000,000 for areas excluding those located in an area of the State that has been mapped and designated an "A" area (an area close to a river, 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, 2017. In accordance with the intergovernmental agreement between the participating governments, the County contributed \$1,154,505 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 \$1,940,028 and \$686,276 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2017. 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, 2017. 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.



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

**Tuckaseegee Water and Sewer Authority.** The County, in conjunction with the Towns of Sylva, Dillsboro and Webster, participates in the Tuckaseegee Water and Sewer Authority (the “TWSA”). The chairman of the TWSA appoints one member from each participating government and three members at large. The TWSA is a joint venture established in 1992 to provide safe, clean drinking water and to provide safe and sanitary disposal of sewage to and for the citizens of Jackson County. The TWSA has been in existence since 1992; however, the County remains financially responsible under the provisions of Chapter 1 62A, Article 1 of the North Carolina General Statutes to provide water and sewer services in the event of default by the TWSA. The participating governments do not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2017. Complete financial statements for the TWSA can be obtained from the TWSA’s administrative offices at 1246 West Main Street, Sylva, North Carolina 28779.

**Mental Health.** The County, in conjunction with fourteen other county governments, participates in a joint venture to operate the Vaya Health Center, formerly known as the Smoky Mountain Center for Mental Health, (“Vaya LME”), a local management entity. The fifteen counties participating in the Vaya Health LME are represented by a county commissioner. Within available resources, the County has an ongoing financial responsibility for the LME because it is legally obligated to provide mental health services either directly or jointly with other counties. None of the participating counties has any equity interest in the LME, so no equity interest has been reflected in the financial statements at June 30, 2017. The County contributed \$123,081 to the Vaya Health LME to fund operations during fiscal year June 30, 2017. Complete financial statements for the Vaya Health LME may be obtained from the Vaya Health 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, 2017.

**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<br/>CFDA<br/>Number</u> | <u>Federal</u>       | <u>State</u>         |
|--------------------------------|------------------------------------|----------------------|----------------------|
| TANF                           | 93.558                             | \$ 101,096           | \$ -                 |
| IV-E Adoption                  | 93.659                             | 109,155              | 35,701               |
| IV-E Foster Care               | 93.658                             | 179,336              | 57,997               |
| Health Choice                  | 93.767                             | 1,015,107            | 6,686                |
| Medicaid                       | 93.778                             | 30,379,600           | 15,928,276           |
| WIC                            | 10.557                             | 887,347              | -                    |
| SC/SA Domiciliary Care         | N/A                                | -                    | 162,897              |
| SAA/SAD HB 1030                | N/A                                | -                    | 8,908                |
| State Foster Home              | N/A                                | -                    | 37,043               |
| SFHF Maximization              | N/A                                | -                    | 19,470               |
| CWS Adoption Subsidy           | N/A                                | -                    | 121,945              |
|                                |                                    | <u>\$ 32,671,641</u> | <u>\$ 16,378,923</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, 2017, 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.

**8. Change in Accounting Principle**

The County implemented Governmental Accounting Standards Board (GASB) Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68*, in the fiscal year ending June 30, 2017. The implementation of the statement required the County to record beginning total pension liability and the effects on net position of benefit payments and administrative expenses paid by the County to the Law Enforcement Officers' Special Separation Allowance during the measurement period. The information necessary for full retrospective application is not available, so the accounting change was implemented in 2017 with a cumulative effect adjustment to net position as of the beginning of the year. As a result, net position for the governmental activities at July 1, 2016 decreased \$830,207.

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## REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

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

**Schedule "A-1"**

|   | <u>2017</u>   | <u>2016</u>   | <u>2015</u>    | <u>2014</u>   |
|---|---------------|---------------|----------------|---------------|
| County's proportion of the net pension liability (asset)  | 0.23779%      | 0.23674%      | 0.33193%       | 0.33680%      |
| County's proportionate share of the net pension liability (asset)   | \$ 5,046,700  | \$ 1,062,475  | \$ (1,403,478) | \$ 2,984,531  |
| County's covered-employee payroll   | \$ 15,339,109 | \$ 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 | 32.90%        | 7.25%         | -9.62%         | 20.75%        |
| Plan fiduciary net position as a percentage of total pension liability  | 91.47%        | 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 Four Fiscal Years \***

**Schedule "A-2"**

|   | <u>2017</u>      | <u>2016</u>      | <u>2015</u>      | <u>2014</u>      |
|---|------------------|------------------|------------------|------------------|
| Contractually required contributions                                    | \$ 1,214,999     | \$ 1,044,564     | \$ 1,040,014     | \$ 1,035,268     |
| Contributions in relation to the contractually<br>required contribution | <u>1,214,999</u> | <u>1,044,564</u> | <u>1,040,014</u> | <u>1,035,268</u> |
| Contribution deficiency (excess)  | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      |
| County's covered-employee payroll                                       | \$ 16,337,368    | \$ 15,339,109    | \$ 14,661,544    | \$ 14,595,534    |
| Contributions as a percentage of covered<br>employee payroll            | 7.44%            | 6.81%            | 7.09%            | 7.09%            |

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

**Jackson County, North Carolina**  
**Required Supplementary Information**  
**Schedule of Changes in Total Pension Liability**  
**Law Enforcement Officer's Special Separation Allowance**  
**For the Year Ended June 30, 2017\***

**Schedule "A-3"**

|  |    |                         |
|--|----|-------------------------|
| Beginning balance  | \$ | 1,457,331               |
| Service Cost   |    | 57,251                  |
| Interest on the total pension liability  |    | 50,569                  |
| Changes of benefit terms   |    | -                       |
| Differences between expected and actual experience in the measurement of the total pension liability |    | -                       |
| Changes of assumptions or other inputs   |    | (32,913)                |
| Benefit payments   |    | (81,668)                |
| Other changes  |    | -                       |
|  |    | <hr/>                   |
| Ending balance of the total pension liability **   | \$ | <u><u>1,450,570</u></u> |

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

*\*\*Jackson County has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.*

**Jackson County, North Carolina**  
**Required Supplementary Information**  
**Schedule of Total Pension Liability as a Percentage of Covered Payroll**  
**Law Enforcement Officer's Special Separation Allowance**  
**For the Year Ended June 30, 2017\***

**Schedule "A-4"**

|  | <u>2017</u>  | <u>2016</u>  |
|--|--------------|--------------|
| Total pension liability**                                  | \$ 1,450,570 | \$ 1,457,331 |
| Covered payroll  | 2,185,217    | Unavailable  |
| Total pension liability as a percentage of covered payroll | 66.38%       | Unavailable  |

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

*\*\*Jackson County has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.*

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

**Schedule "A-5"**

| <u>Actuarial<br/>Valuation<br/>Date</u> | <u>Actuarial<br/>Value of<br/>Assets<br/>(a)*</u> | <u>Actuarial<br/>Accrued<br/>Liability<br/>(AAL) –<br/>Projected<br/>Unit Credit<br/>(b)</u> | <u>Unfunded<br/>ALL (UAAL)<br/>(b – a)</u> | <u>Funded<br/>Ratio<br/>(a/b)</u> | <u>Covered<br/>Payroll for<br/>Year<br/>Ending on<br/>Val Date<br/>(c)</u> | <u>UAAL<br/>as a<br/>Percentage<br/>of Covered<br/>Payroll<br/>[(b-a)/c]</u> |
|---|---|--|--|-----------------------------------|--|--|
| 12/31/2008                              | \$ -  | \$ 36,510,589  | \$ 36,510,589                              | 0.0%                              | \$ 13,597,013  | 268.50%  |
| 12/31/2009                              | 200,667   | 31,851,359   | 31,650,692                                 | 0.6%                              | 14,699,473   | 215.30%  |
| 12/31/2010                              | 201,291   | 31,735,642   | 31,534,351                                 | 0.6%                              | 14,400,446   | 219.00%  |
| 12/31/2013                              | 201,699   | 30,032,074   | 29,830,375                                 | 0.7%                              | 14,331,225   | 208.10%  |
| 12/31/2015                              | -   | 38,501,174   | 38,501,174                                 | 0.0%                              | 15,051,916   | 255.80%  |
| 12/31/2016                              | -   | -  | -  | 0.0%                              | -  | 0.00%  |

\* Asset were not accumulated in a trust.



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

**Schedule "A-6"**

| <u>Year Ending June 30,</u> | <u>Annual<br/>Required<br/>Contributions</u> | <u>Percentage<br/>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                | 12/31/2015                    |
| 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%

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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.

**Jackson County, North Carolina**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances—**  
**Budget and Actual—General Fund**  
**Year Ended June 30, 2017**

**Schedule "B-1"**

|  | <u>Budget</u>     | <u>Actual</u>     | <u>Variance<br/>Positive<br/>(Negative)</u> |
|--|-------------------|-------------------|---|
| <b>Revenues:</b>   |                   |                   |   |
| Ad valorem taxes:  |                   |                   |   |
| Current year and prior   | \$ 34,140,272     | \$ 33,861,140     | \$ (279,132)                                |
| Penalties and interest   | 455,500           | 399,971           | (55,529)                                    |
| Total ad valorem taxes   | <u>34,595,772</u> | <u>34,261,111</u> | <u>(334,661)</u>                            |
| Other taxes:   |                   |                   |   |
| Local option sales tax   | 12,266,690        | 12,563,680        | 296,990                                     |
| Beer and wine tax distribution   | 165,000           | 171,759           | 6,759                                       |
| Tax refund-sales and gasoline  | 50,000            | 4,500             | (45,500)                                    |
| Total other taxes  | <u>12,481,690</u> | <u>12,739,939</u> | <u>258,249</u>                              |
| Unrestricted intergovernmental:  |                   |                   |   |
| Payments in lieu of taxes  | 115,872           | 201,830           | 85,958                                      |
| ABC profit distribution  | 378,724           | 371,385           | (7,339)                                     |
| ABC 1 and 5 cent bottle charge   | 28,000            | 29,634            | 1,634                                       |
| Total unrestricted governmental  | <u>522,596</u>    | <u>602,849</u>    | <u>80,253</u>                               |
| Restricted intergovernmental:  |                   |                   |   |
| School resource officers - Board of Education<br>and Community College | <u>382,883</u>    | <u>382,883</u>    | <u>-</u>                                    |
| Federal and State grants:  |                   |                   |   |
| Home and Community Care Block grant                                    | 221,178           | 242,189           | 21,011                                      |
| Municipal reimbursement  | -                 | (1,131)           | (1,131)                                     |
| Nantahala Forest timber receipts                                       | 128,000           | 29,268            | (98,732)                                    |
| DARE grant   | 6,000             | 6,000             | -   |
| Civil defense  | 67,370            | 67,369            | (1)   |
| Soil conservation-matching   | 32,563            | 26,730            | (5,833)                                     |
| AWAKE-child advocacy   | 79,901            | 59,163            | (20,738)                                    |
| Tennessee Valley Authority   | 952               | 913               | (39)  |
| Older American Act Title III   | 31,052            | 32,892            | 1,840                                       |
| Health department  | 1,230,660         | 1,066,658         | (164,002)                                   |
| Senior care  | 23,200            | 22,916            | (284)                                       |
| Smart Start  | 119,000           | 85,107            | (33,893)                                    |
| Governor's Crime Commission  | 206,125           | 36,029            | (170,096)                                   |
| Juvenile Crime Prevention Commission                                   | 120,495           | 120,494           | (1)   |
| Safe Roads Act   | 4,000             | 3,495             | (505)                                       |
| Veteran's service  | 2,081             | 2,280             | 199   |
| Erosion control  | 300               | 300               | -   |
| Extension grant project  | 1,500             | 1,692             | 192   |
| SCAAP-State Criminal Alien grant                                       | 15,000            | 2,002             | (12,998)                                    |
| Social services  | 6,347,528         | 5,760,451         | (587,077)                                   |
| Title XIX-Medicaid   | 166,834           | 166,750           | (84)  |
| Department of Transportation:  |                   |                   |   |
| Governor's Highway Safety program                                      | 20,000            | 17,711            | (2,289)                                     |
| Section 18-administration  | 206,724           | 203,681           | (3,043)                                     |
| Section 18-capital   | 174,231           | 166,566           | (7,665)                                     |

**Jackson County, North Carolina**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances—**  
**Budget and Actual—General Fund**  
**Year Ended June 30, 2017**

**Schedule "B-1"**

**(Continued)**

|  | <u>Budget</u>     | <u>Actual</u>    | <u>Variance<br/>Positive<br/>(Negative)</u> |
|--|-------------------|------------------|---|
| <b>Revenues, continued:</b>              |                   |                  |   |
| Restricted intergovernmental, continued: |                   |                  |   |
| Federal and State grants, continued:     |                   |                  |   |
| Department of Justice grant              | \$ 21,252         | \$ -             | \$ (21,252)                                 |
| Contracts—EDTAP                          | 277,663           | 258,372          | (19,291)                                    |
| Emergency food and shelter               | 16,871            | 15,946           | (925)                                       |
| Cherokee Preservation grant              | 2,500             | -                | (2,500)                                     |
| Other State grants                       | 295,496           | 298,902          | 3,406                                       |
| Total                                    | <u>9,818,476</u>  | <u>8,692,745</u> | <u>(1,125,731)</u>                          |
| Court facilities fees                    | 55,340            | 54,462           | (878)                                       |
| Total restricted intergovernmental       | <u>10,256,699</u> | <u>9,130,090</u> | <u>(1,126,609)</u>                          |
| Other restricted revenues:               |                   |                  |   |
| Vocational Rehabilitation                | 4,400             | 7,242            | 2,842                                       |
| Transportation contracts                 | 55,150            | 57,406           | 2,256                                       |
| Total other restricted                   | <u>59,550</u>     | <u>64,648</u>    | <u>5,098</u>                                |
| Permits and fees:                        |                   |                  |   |
| Cashiers permit fees                     | 3,500             | 3,900            | 400   |
| Cullowhee permit fees                    | 500               | 250              | (250)                                       |
| Plat review fees                         | 5,000             | -                | (5,000)                                     |
| Board of Elections fees                  | 1,000             | 1,182            | 182   |
| Erosion control fees                     | 62,250            | 68,913           | 6,663                                       |
| Building permits and inspection fees     | 380,000           | 428,642          | 48,642                                      |
| Environmental health fees                | 113,500           | 135,379          | 21,879                                      |
| Sheriff's fees                           | 33,347            | 43,678           | 10,331                                      |
| Officers fees-court                      | 35,110            | 31,402           | (3,708)                                     |
| Animal adoption fees                     | 13,500            | 14,818           | 1,318                                       |
| Road sign fees                           | 62,850            | 56,186           | (6,664)                                     |
| Health and Social Services fees          | 337,354           | 274,631          | (62,723)                                    |
| Register of Deeds                        | 393,000           | 372,258          | (20,742)                                    |
| Real property transfer tax               | 427,500           | 457,841          | 30,341                                      |
| Marriage licenses                        | 7,000             | 8,175            | 1,175                                       |
| Excise tax                               | 5,200             | 9,157            | 3,957                                       |
| Senior citizens fees                     | 52,143            | 53,974           | 1,831                                       |
| ABC fees                                 | 3,400             | 4,845            | 1,445                                       |
| Total permits and fees                   | <u>1,936,154</u>  | <u>1,965,231</u> | <u>29,077</u>                               |
| Sales and services:                      |                   |                  |   |
| Jail fees                                | 24,000            | 26,744           | 2,744                                       |
| Civil process fees                       | 59,000            | 66,120           | 7,120                                       |
| Ambulance fees                           | 225,000           | 220,790          | (4,210)                                     |
| Ancillary services                       | 35,000            | 45,427           | 10,427                                      |
| Travel and tourism administrative fees   | 52,500            | 38,250           | (14,250)                                    |
| Video programming distribution           | 72,500            | 64,682           | (7,818)                                     |
| Telephone charges                        | 40,000            | 42,878           | 2,878                                       |

**Jackson County, North Carolina**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances—**  
**Budget and Actual—General Fund**  
**Year Ended June 30, 2017**

**Schedule "B-1"**

**(Continued)**

|                                | <u>Budget</u>     | <u>Actual</u>     | <u>Variance<br/>Positive<br/>(Negative)</u> |
|--------------------------------|-------------------|-------------------|---|
| <b>Revenues, continued:</b>    |                   |                   |   |
| Sales and services, continued: |                   |                   |   |
| Vending machines               | \$ 2,720          | \$ 741            | \$ (1,979)                                  |
| Recreation department          | 622,790           | 554,135           | (68,655)                                    |
| Rents                          | 52,410            | 38,485            | (13,925)                                    |
| Unclaimed property             | 2,500             | -                 | (2,500)                                     |
| Trolley fares                  | 8,000             | 8,338             | 338   |
| Total sales and services       | <u>1,196,420</u>  | <u>1,106,590</u>  | <u>(89,830)</u>                             |
| Investment earnings            | <u>90,000</u>     | <u>107,736</u>    | <u>17,736</u>                               |
| Miscellaneous                  | <u>394,443</u>    | <u>255,287</u>    | <u>(139,156)</u>                            |
| Total revenues                 | <u>61,533,324</u> | <u>60,233,481</u> | <u>(1,299,843)</u>                          |
| <b>Expenditures:</b>           |                   |                   |   |
| General government:            |                   |                   |   |
| Governing body:                |                   |                   |   |
| Salaries and employee benefits | 146,140           | 117,383           | 28,757                                      |
| Operating                      | 163,750           | 131,363           | 32,387                                      |
| Total                          | <u>309,890</u>    | <u>248,746</u>    | <u>61,144</u>                               |
| Administration:                |                   |                   |   |
| Salaries and employee benefits | 270,903           | 265,619           | 5,284                                       |
| Operating                      | 19,670            | 18,367            | 1,303                                       |
| Capital outlay                 | 38,597            | 38,596            | 1   |
| Total                          | <u>329,170</u>    | <u>322,582</u>    | <u>6,588</u>                                |
| Elections:                     |                   |                   |   |
| Salaries and employee benefits | 234,125           | 230,046           | 4,079                                       |
| Operating                      | 204,706           | 186,909           | 17,797                                      |
| Capital outlay                 | 1,165             | 1,165             | -   |
| Total                          | <u>439,996</u>    | <u>418,120</u>    | <u>21,876</u>                               |
| Finance:                       |                   |                   |   |
| Salaries and employee benefits | 578,174           | 548,458           | 29,716                                      |
| Operating                      | 36,775            | 31,875            | 4,900                                       |
| Capital outlay                 | 11,000            | 11,000            | -   |
| Total                          | <u>625,949</u>    | <u>591,333</u>    | <u>34,616</u>                               |
| Human resources:               |                   |                   |   |
| Salaries and employee benefits | 134,724           | 134,468           | 256   |
| Operating                      | 19,252            | 14,290            | 4,962                                       |
| Total                          | <u>153,976</u>    | <u>148,758</u>    | <u>5,218</u>                                |

**Jackson County, North Carolina**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances–**  
**Budget and Actual–General Fund**  
**Year Ended June 30, 2017**

**Schedule "B-1"**

**(Continued)**

|                                 | <u>Budget</u>    | <u>Actual</u>    | <u>Variance<br/>Positive<br/>(Negative)</u> |
|---------------------------------|------------------|------------------|---|
| <b>Expenditures, continued:</b> |                  |                  |   |
| General government, continued:  |                  |                  |   |
| Computer services:              |                  |                  |   |
| Salaries and employee benefits  | \$ 367,104       | \$ 330,843       | \$ 36,261                                   |
| Operating                       | 238,675          | 217,062          | 21,613                                      |
| Capital outlay                  | 25,908           | 25,607           | 301   |
| Total                           | <u>631,687</u>   | <u>573,512</u>   | <u>58,175</u>                               |
| Tax collections:                |                  |                  |   |
| Salaries and employee benefits  | 237,854          | 237,608          | 246   |
| Operating                       | 35,057           | 34,124           | 933   |
| Capital outlay                  | 4,710            | 4,490            | 220   |
| Total                           | <u>277,621</u>   | <u>276,222</u>   | <u>1,399</u>                                |
| Tax assessments:                |                  |                  |   |
| Salaries and employee benefits  | 603,187          | 602,681          | 506   |
| Operating                       | 131,186          | 113,875          | 17,311                                      |
| Capital outlay                  | 8,577            | 5,777            | 2,800                                       |
| Total                           | <u>742,950</u>   | <u>722,333</u>   | <u>20,617</u>                               |
| GIS mapping:                    |                  |                  |   |
| Salaries and employee benefits  | 132,845          | 132,650          | 195   |
| Operating                       | 24,437           | 17,446           | 6,991                                       |
| Capital outlay                  | 2,140            | 2,140            | -   |
| Total                           | <u>159,422</u>   | <u>152,236</u>   | <u>7,186</u>                                |
| Legal services                  | <u>392,969</u>   | <u>379,263</u>   | <u>13,706</u>                               |
| Register of Deeds:              |                  |                  |   |
| Salaries and employee benefits  | 309,367          | 309,171          | 196   |
| Operating                       | 144,514          | 120,941          | 23,573                                      |
| Total                           | <u>453,881</u>   | <u>430,112</u>   | <u>23,769</u>                               |
| Public Works:                   |                  |                  |   |
| Salaries and employee benefits  | 50,987           | 50,896           | 91  |
| Operating                       | 900              | 685              | 215   |
| Total                           | <u>51,887</u>    | <u>51,581</u>    | <u>306</u>                                  |
| Maintenance:                    |                  |                  |   |
| Salaries and employee benefits  | 2,396,212        | 2,292,958        | 103,254                                     |
| Operating                       | 1,598,390        | 1,423,326        | 175,064                                     |
| Capital outlay                  | 407,206          | 405,301          | 1,905                                       |
| Total                           | <u>4,401,808</u> | <u>4,121,585</u> | <u>280,223</u>                              |

**Jackson County, North Carolina**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances–**  
**Budget and Actual–General Fund**  
**Year Ended June 30, 2017**

**Schedule "B-1"**

**(Continued)**

|                                 | <u>Budget</u>    | <u>Actual</u>    | <u>Variance<br/>Positive<br/>(Negative)</u> |
|---------------------------------|------------------|------------------|---|
| <b>Expenditures, continued:</b> |                  |                  |   |
| General government, continued:  |                  |                  |   |
| Court facilities:               |                  |                  |   |
| Operating                       | \$ 53,490        | \$ 53,489        | \$ 1  |
| Capital outlay                  | 8,776            | 8,772            | 4   |
| Total                           | <u>62,266</u>    | <u>62,261</u>    | <u>5</u>                                    |
| Professional services           | <u>45,000</u>    | <u>39,950</u>    | <u>5,050</u>                                |
| Central services:               |                  |                  |   |
| Operating                       | <u>196,300</u>   | <u>188,290</u>   | <u>8,010</u>                                |
| Total general government        | <u>9,274,772</u> | <u>8,726,884</u> | <u>547,888</u>                              |
| Public safety:                  |                  |                  |   |
| Sheriff:                        |                  |                  |   |
| Salaries and employee benefits  | 3,460,472        | 3,450,776        | 9,696                                       |
| Operating                       | 602,062          | 551,469          | 50,593                                      |
| Capital outlay                  | 604,112          | 379,488          | 224,624                                     |
| Total                           | <u>4,666,646</u> | <u>4,381,733</u> | <u>284,913</u>                              |
| Jail:                           |                  |                  |   |
| Salaries and employee benefits  | 1,134,107        | 1,133,267        | 840   |
| Operating                       | 835,623          | 823,630          | 11,993                                      |
| Capital outlay                  | 210,696          | 210,658          | 38  |
| Total                           | <u>2,180,426</u> | <u>2,167,555</u> | <u>12,871</u>                               |
| Code enforcement:               |                  |                  |   |
| Salaries and employee benefits  | 1,144,434        | 1,143,864        | 570   |
| Operating                       | 125,163          | 106,626          | 18,537                                      |
| Capital outlay                  | 70,614           | 70,028           | 586   |
| Total                           | <u>1,340,211</u> | <u>1,320,518</u> | <u>19,693</u>                               |
| Emergency management:           |                  |                  |   |
| Salaries and employee benefits  | 839,833          | 832,567          | 7,266                                       |
| Operating                       | 161,972          | 146,216          | 15,756                                      |
| Capital outlay                  | 32,771           | 29,866           | 2,905                                       |
| Total                           | <u>1,034,576</u> | <u>1,008,649</u> | <u>25,927</u>                               |
| Fire:                           |                  |                  |   |
| Salaries and employee benefits  | 328,932          | 316,184          | 12,748                                      |
| Operating                       | 1,368,668        | 1,301,520        | 67,148                                      |
| Capital outlay                  | 144,781          | 144,780          | 1   |
| Total                           | <u>1,842,381</u> | <u>1,762,484</u> | <u>79,897</u>                               |



**Jackson County, North Carolina**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances–**  
**Budget and Actual–General Fund**  
**Year Ended June 30, 2017**

**Schedule "B-1"**

**(Continued)**

|   | <u>Budget</u>     | <u>Actual</u>     | <u>Variance<br/>Positive<br/>(Negative)</u> |
|---|-------------------|-------------------|---|
| <b>Expenditures, continued:</b>         |                   |                   |   |
| Public safety, continued:               |                   |                   |   |
| Ambulance:                              |                   |                   |   |
| Operating                               | \$ 2,315,035      | \$ 2,198,681      | \$ 116,354                                  |
| Capital outlay                          | 295,319           | 295,318           | 1   |
| Total                                   | <u>2,610,354</u>  | <u>2,493,999</u>  | <u>116,355</u>                              |
| Total public safety                     | <u>13,674,594</u> | <u>13,134,938</u> | <u>539,656</u>                              |
| Transportation:                         |                   |                   |   |
| Salaries and employee benefits          | 610,078           | 553,998           | 56,080                                      |
| Operating                               | 464,308           | 178,665           | 285,643                                     |
| Capital outlay                          | 206,426           | 189,777           | 16,649                                      |
| Total                                   | <u>1,280,812</u>  | <u>922,440</u>    | <u>358,372</u>                              |
| Airport                                 | <u>31,000</u>     | <u>31,000</u>     | <u>-</u>                                    |
| Total transportation                    | <u>1,311,812</u>  | <u>953,440</u>    | <u>358,372</u>                              |
| Environmental protection:               |                   |                   |   |
| Forestry                                | <u>79,650</u>     | <u>79,649</u>     | <u>1</u>                                    |
| Economic and physical development:      |                   |                   |   |
| Planning and zoning:                    |                   |                   |   |
| Salaries and employee benefits          | 269,041           | 268,154           | 887   |
| Operating                               | 183,938           | 90,260            | 93,678                                      |
| Total                                   | <u>452,979</u>    | <u>358,414</u>    | <u>94,565</u>                               |
| Community development                   | <u>200,935</u>    | <u>185,328</u>    | <u>15,607</u>                               |
| Agricultural extension:                 |                   |                   |   |
| Salaries and employee benefits          | 127,794           | 126,778           | 1,016                                       |
| Operating                               | 33,740            | 29,256            | 4,484                                       |
| Capital outlay                          | 1,649             | 1,649             | -   |
| Total                                   | <u>163,183</u>    | <u>157,683</u>    | <u>5,500</u>                                |
| Conservation:                           |                   |                   |   |
| Salaries and employee benefits          | 131,017           | 130,704           | 313   |
| Operating                               | 40,261            | 19,130            | 21,131                                      |
| Total                                   | <u>171,278</u>    | <u>149,834</u>    | <u>21,444</u>                               |
| Total economic and physical development | <u>988,375</u>    | <u>851,259</u>    | <u>137,116</u>                              |

**Jackson County, North Carolina**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances–**  
**Budget and Actual–General Fund**  
**Year Ended June 30, 2017**

**Schedule "B-1"**

**(Continued)**

|                                   | <u>Budget</u>    | <u>Actual</u>    | <u>Variance<br/>Positive<br/>(Negative)</u> |
|-----------------------------------|------------------|------------------|---|
| <b>Expenditures, continued:</b>   |                  |                  |   |
| Human services:                   |                  |                  |   |
| Health:                           |                  |                  |   |
| General health:                   |                  |                  |   |
| Salaries and employee benefits    | \$ 2,520,745     | \$ 2,409,630     | \$ 111,115                                  |
| Operating                         | 472,928          | 320,548          | 152,380                                     |
| Capital outlay                    | 73,454           | 70,911           | 2,543                                       |
| Total                             | <u>3,067,127</u> | <u>2,801,089</u> | <u>266,038</u>                              |
| County health clinic:             |                  |                  |   |
| Salaries and employee benefits    | 132,570          | 130,862          | 1,708                                       |
| Operating                         | 43,190           | 31,166           | 12,024                                      |
| Total                             | <u>175,760</u>   | <u>162,028</u>   | <u>13,732</u>                               |
| Health assurance:                 |                  |                  |   |
| Salaries and employee benefits    | 35,787           | 16,058           | 19,729                                      |
| Operating                         | 30,044           | 23,389           | 6,655                                       |
| Capital outlay                    | 1,800            | 1,667            | 133   |
| Total                             | <u>67,631</u>    | <u>41,114</u>    | <u>26,517</u>                               |
| Maternal and child health:        |                  |                  |   |
| Salaries and employee benefits    | 131,551          | 126,835          | 4,716                                       |
| Operating                         | 47,715           | 42,335           | 5,380                                       |
| Total                             | <u>179,266</u>   | <u>169,170</u>   | <u>10,096</u>                               |
| WIC-administration and nutrition: |                  |                  |   |
| Salaries and employee benefits    | 146,794          | 145,611          | 1,183                                       |
| Operating                         | 249              | (1)              | 250   |
| Total                             | <u>147,043</u>   | <u>145,610</u>   | <u>1,433</u>                                |
| Family planning:                  |                  |                  |   |
| Salaries and employee benefits    | 118,835          | 106,952          | 11,883                                      |
| Operating                         | 42,302           | 35,219           | 7,083                                       |
| Total                             | <u>161,137</u>   | <u>142,171</u>   | <u>18,966</u>                               |
| Maternal outreach:                |                  |                  |   |
| Salaries and employee benefits    | 72,561           | 72,559           | 2   |
| Operating                         | 2,445            | 2,362            | 83  |
| Total                             | <u>75,006</u>    | <u>74,921</u>    | <u>85</u>                                   |
| Mothers Too:                      |                  |                  |   |
| Salaries and employee benefits    | 67,980           | 67,973           | 7   |
| Operating                         | 12,025           | 10,355           | 1,670                                       |
| Total                             | <u>80,005</u>    | <u>78,328</u>    | <u>1,677</u>                                |

**Jackson County, North Carolina**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances–**  
**Budget and Actual–General Fund**  
**Year Ended June 30, 2017**

**Schedule "B-1"**

**(Continued)**

|                                 | <u>Budget</u> | <u>Actual</u> | <u>Variance<br/>Positive<br/>(Negative)</u> |
|---------------------------------|---------------|---------------|---|
| <b>Expenditures, continued:</b> |               |               |   |
| Human services, continued:      |               |               |   |
| Health, continued:              |               |               |   |
| Communicable diseases:          |               |               |   |
| Salaries and employee benefits  | \$ 9,710      | \$ 9,626      | \$ 84                                       |
| Operating                       | 5,281         | 4,721         | 560   |
| Total                           | 14,991        | 14,347        | 644   |
| WNC HIV/AIDS Consortium:        |               |               |   |
| Salaries and employee benefits  | 24,235        | 19,020        | 5,215                                       |
| Operating                       | 3,949         | 295           | 3,654                                       |
| Total                           | 28,184        | 19,315        | 8,869                                       |
| NC healthy start:               |               |               |   |
| Salaries and employee benefits  | 46,524        | 43,927        | 2,597                                       |
| Operating                       | 105,613       | 83,078        | 22,535                                      |
| Total                           | 152,137       | 127,005       | 25,132                                      |
| Immunization action program:    |               |               |   |
| Salaries and employee benefits  | -             | (297)         | 297   |
| Operating                       | 3,043         | 1,734         | 1,309                                       |
| Total                           | 3,043         | 1,437         | 1,606                                       |
| Breastfeeding:                  |               |               |   |
| Salaries and employee benefits  | 17,505        | 16,552        | 953   |
| Child services coordinator:     |               |               |   |
| Salaries and employee benefits  | 70,845        | 62,704        | 8,141                                       |
| Operating                       | 4,327         | 3,265         | 1,062                                       |
| Total                           | 75,172        | 65,969        | 9,203                                       |
| Smart start:                    |               |               |   |
| Salaries and employee benefits  | 119,003       | 106,946       | 12,057                                      |
| Operating                       | 606           | 583           | 23  |
| Total                           | 119,609       | 107,529       | 12,080                                      |
| Diabetes care clinic:           |               |               |   |
| Salaries and employee benefits  | 52,728        | 52,704        | 24  |
| Operating                       | 9,446         | 9,442         | 4   |
| Total                           | 62,174        | 62,146        | 28  |
| Community garden:               |               |               |   |
| Salaries and employee benefits  | 16,966        | 16,966        | -   |

**Jackson County, North Carolina**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances–**  
**Budget and Actual–General Fund**  
**Year Ended June 30, 2017**

**Schedule "B-1"**

**(Continued)**

|                                 | <u>Budget</u>    | <u>Actual</u>    | <u>Variance<br/>Positive<br/>(Negative)</u> |
|---------------------------------|------------------|------------------|---|
| <b>Expenditures, continued:</b> |                  |                  |   |
| Human services, continued:      |                  |                  |   |
| Other health services:          |                  |                  |   |
| Operating                       | \$ 111,400       | \$ 111,400       | \$ -  |
| Total health                    | <u>4,554,156</u> | <u>4,157,097</u> | <u>397,059</u>                              |
| Environmental health:           |                  |                  |   |
| Animal shelter:                 |                  |                  |   |
| Salaries and employee benefits  | 218,604          | 217,856          | 748   |
| Operating                       | 60,218           | 46,391           | 13,827                                      |
| Capital outlay                  | <u>23,452</u>    | <u>23,451</u>    | <u>1</u>                                    |
| Total                           | <u>302,274</u>   | <u>287,698</u>   | <u>14,576</u>                               |
| Environmental health:           |                  |                  |   |
| Operating                       | 15,000           | 12,119           | 2,881                                       |
| Capital outlay                  | <u>5,000</u>     | <u>3,424</u>     | <u>1,576</u>                                |
| Total                           | <u>20,000</u>    | <u>15,543</u>    | <u>4,457</u>                                |
| Bioterrorism:                   |                  |                  |   |
| Salaries and employee benefits  | 23,743           | 18,411           | 5,332                                       |
| Operating                       | <u>6,867</u>     | <u>516</u>       | <u>6,351</u>                                |
| Total                           | <u>30,610</u>    | <u>18,927</u>    | <u>11,683</u>                               |
| Total environmental health      | <u>352,884</u>   | <u>322,168</u>   | <u>30,716</u>                               |
| Mental health:                  |                  |                  |   |
| Vaya Health                     | <u>123,081</u>   | <u>123,081</u>   | <u>-</u>                                    |
| Social services:                |                  |                  |   |
| Administration:                 |                  |                  |   |
| Salaries and employee benefits  | 4,011,389        | 3,978,074        | 33,315                                      |
| Operating                       | 312,144          | 230,297          | 81,847                                      |
| Capital outlay                  | <u>142,167</u>   | <u>134,977</u>   | <u>7,190</u>                                |
| Total                           | <u>4,465,700</u> | <u>4,343,348</u> | <u>122,352</u>                              |
| Other services:                 |                  |                  |   |
| Adult guardianship              | 9,500            | 9,176            | 324   |
| Special assistance              | 180,000          | 177,344          | 2,656                                       |
| Medical care                    | 172,498          | 158,951          | 13,547                                      |
| Foster care                     | 341,387          | 333,578          | 7,809                                       |
| Aid to the blind                | 3,583            | 3,583            | -   |
| Food stamp administration       | 8,500            | 8,124            | 376   |
| Crisis intervention             | 162,813          | 162,813          | -   |
| Adult day care                  | 10,355           | 9,987            | 368   |

**Jackson County, North Carolina**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances–**  
**Budget and Actual–General Fund**  
**Year Ended June 30, 2017**

**Schedule "B-1"**

**(Continued)**

|                                 | <u>Budget</u>     | <u>Actual</u>     | <u>Variance<br/>Positive<br/>(Negative)</u> |
|---------------------------------|-------------------|-------------------|---|
| <b>Expenditures, continued:</b> |                   |                   |   |
| Human services, continued:      |                   |                   |   |
| Other services, continued:      |                   |                   |   |
| Emergency assistance            | \$ 23,452         | \$ 21,956         | \$ 1,496                                    |
| IV-D                            | 26,936            | 21,747            | 5,189                                       |
| Child care services             | 2,536,416         | 2,536,415         | 1   |
| Other                           | 341,307           | 310,031           | 31,276                                      |
| Total                           | <u>3,816,747</u>  | <u>3,753,705</u>  | <u>63,042</u>                               |
| Indian reservation:             |                   |                   |   |
| Salaries and employee benefits  | 321,622           | 182,434           | 139,188                                     |
| Operating                       | 314,334           | 208,609           | 105,725                                     |
| Capital outlay                  | 4,539             | 1,390             | 3,149                                       |
| Total                           | <u>640,495</u>    | <u>392,433</u>    | <u>248,062</u>                              |
| Emergency food and shelter      | <u>10,871</u>     | <u>9,900</u>      | <u>971</u>                                  |
| Focal point on aging:           |                   |                   |   |
| Salaries and employee benefits  | 439,278           | 439,003           | 275   |
| Operating                       | 153,389           | 151,649           | 1,740                                       |
| Capital outlay                  | 11,838            | 11,835            | 3   |
| Total                           | <u>604,505</u>    | <u>602,487</u>    | <u>2,018</u>                                |
| Total social services           | <u>9,538,318</u>  | <u>9,101,873</u>  | <u>436,445</u>                              |
| Eldercare coalition:            |                   |                   |   |
| Salaries and employee benefits  | 258,573           | 257,294           | 1,279                                       |
| Operating                       | 324,987           | 290,372           | 34,615                                      |
| Total                           | <u>583,560</u>    | <u>547,666</u>    | <u>35,894</u>                               |
| Veteran's service officer:      |                   |                   |   |
| Salaries and employee benefits  | 94,973            | 94,937            | 36  |
| Operating                       | 14,747            | 14,008            | 739   |
| Capital outlay                  | 2,544             | 2,544             | -   |
| Total                           | <u>112,264</u>    | <u>111,489</u>    | <u>775</u>                                  |
| Other human services            | <u>595,656</u>    | <u>542,139</u>    | <u>53,517</u>                               |
| Total human services            | <u>15,859,919</u> | <u>14,905,513</u> | <u>954,406</u>                              |

**Jackson County, North Carolina**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances–**  
**Budget and Actual–General Fund**  
**Year Ended June 30, 2017**

**Schedule "B-1"**

**(Continued)**

|                                   | <u>Budget</u>     | <u>Actual</u>     | <u>Variance<br/>Positive<br/>(Negative)</u> |
|-----------------------------------|-------------------|-------------------|---|
| <b>Expenditures, continued:</b>   |                   |                   |   |
| Culture and recreation:           |                   |                   |   |
| Recreation:                       |                   |                   |   |
| Salaries and employee benefits    | \$ 778,188        | \$ 759,881        | \$ 18,307                                   |
| Operating                         | 460,949           | 436,421           | 24,528                                      |
| Capital outlay                    | 119,678           | 111,994           | 7,684                                       |
| Total                             | <u>1,358,815</u>  | <u>1,308,296</u>  | <u>50,519</u>                               |
| Arts council                      | <u>10,000</u>     | <u>10,000</u>     | <u>-</u>                                    |
| Library                           | <u>1,184,903</u>  | <u>1,154,505</u>  | <u>30,398</u>                               |
| Swimming pool:                    |                   |                   |   |
| Salaries and employee benefits    | 28,927            | 28,758            | 169   |
| Operating                         | 23,460            | 23,185            | 275   |
| Total                             | <u>52,387</u>     | <u>51,943</u>     | <u>444</u>                                  |
| Cashiers recreation:              |                   |                   |   |
| Salaries and employee benefits    | 300,551           | 291,297           | 9,254                                       |
| Operating                         | 240,115           | 195,754           | 44,361                                      |
| Capital outlay                    | 2,936             | 2,729             | 207   |
| Total                             | <u>543,602</u>    | <u>489,780</u>    | <u>53,822</u>                               |
| Cashiers swimming pool:           |                   |                   |   |
| Salaries and employee benefits    | 14,214            | 13,914            | 300   |
| Operating                         | 32,550            | 32,424            | 126   |
| Total                             | <u>46,764</u>     | <u>46,338</u>     | <u>426</u>                                  |
| Total culture and recreation      | <u>3,196,471</u>  | <u>3,060,862</u>  | <u>135,609</u>                              |
| Education:                        |                   |                   |   |
| Public schools–current            | 6,683,779         | 6,683,779         | -   |
| Public schools–timber receipts    | 95,703            | 95,703            | -   |
| Public schools–capital outlay     | 1,030,700         | 1,030,700         | -   |
| Public schools–SROs               | 66,244            | 66,244            | -   |
| Community colleges–current        | 1,940,028         | 1,940,028         | -   |
| Community colleges–capital outlay | 1,857,284         | 686,276           | 1,171,008                                   |
| Total education                   | <u>11,673,738</u> | <u>10,502,730</u> | <u>1,171,008</u>                            |

**Jackson County, North Carolina**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances–**  
**Budget and Actual–General Fund**  
**Year Ended June 30, 2017**

**Schedule "B-1"**

**(Continued)**

|  | <u>Budget</u>      | <u>Actual</u>        | <u>Variance<br/>Positive<br/>(Negative)</u> |
|--|--------------------|----------------------|---|
| <b>Expenditures, continued:</b>        |                    |                      |   |
| Debt service:                          |                    |                      |   |
| Principal retirement                   | \$ 2,925,259       | \$ 2,925,256         | \$ 3  |
| Interest and other charges             | 544,581            | 544,577              | 4   |
| Total debt service                     | <u>3,469,840</u>   | <u>3,469,833</u>     | <u>7</u>                                    |
| Total expenditures                     | <u>59,529,171</u>  | <u>55,685,108</u>    | <u>3,844,063</u>                            |
| Revenues over expenditures             | <u>2,004,153</u>   | <u>4,548,373</u>     | <u>2,544,220</u>                            |
| <b>Other financing sources (uses):</b> |                    |                      |   |
| Transfers from (to) other funds:       |                    |                      |   |
| Capital Reserve Fund                   | (1,000,000)        | (1,000,000)          | -   |
| Economic Development Commission Fund   | (100,000)          | (100,000)            | -   |
| School Capital Reserve Fund            | (1,685,855)        | (1,820,021)          | (134,166)                                   |
| Revaluation Fund                       | (350,500)          | (350,500)            | -   |
| County Capital Projects Fund           | (6,505)            | (6,505)              | -   |
| Clean Water Fund                       | (11,658)           | (11,658)             | -   |
| Green Energy Park Fund                 | (178,461)          | (178,461)            | -   |
| Conservation/Preservation Fund         | (500,000)          | (500,000)            | -   |
| Proceeds from sale of capital assets   | 33,140             | 33,352               | 212   |
| Appropriated fund balance              | 2,065,373          | -                    | (2,065,373)                                 |
| Contingency                            | (269,687)          | -                    | 269,687                                     |
| Other financing sources (uses), net    | <u>(2,004,153)</u> | <u>(3,933,793)</u>   | <u>(1,929,640)</u>                          |
| Net change in fund balance             | <u>\$ -</u>        | <u>614,580</u>       | <u>\$ 614,580</u>                           |
| <b>Fund balance:</b>                   |                    |                      |   |
| Beginning balance, July 1              |                    | <u>28,398,415</u>    |   |
| Ending balance, June 30                |                    | <u>\$ 29,012,995</u> |   |

**Jackson County, North Carolina**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance–**  
**Budget and Actual–Revaluation Fund**  
**Year Ended June 30, 2017**

**Schedule "B-2"**

|                                 | <u>Budget</u> | <u>Actual</u>     | <u>Variance<br/>Positive<br/>(Negative)</u> |
|---------------------------------|---------------|-------------------|---|
| <b>Expenditures:</b>            |               |                   |   |
| General government:             |               |                   |   |
| Tax listing                     | \$ 350,500    | \$ 272,526        | \$ 77,974                                   |
| <b>Other financing sources:</b> |               |                   |   |
| Transfers from General Fund     | 350,500       | 350,500           | -   |
| Net change in fund balance      | <u>\$ -</u>   | 77,974            | <u>\$ 77,974</u>                            |
| <b>Fund balance:</b>            |               |                   |   |
| Beginning balance, July 1       |               | 54,671            |   |
| Ending balance, June 30         |               | <u>\$ 132,645</u> |   |



**Jackson County, North Carolina**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance–**  
**Budget and Actual–Capital Reserve Fund**  
**Year Ended June 30, 2017**

**Schedule "B-3"**

|  | <u>Budget</u>      | <u>Actual</u>       | <u>Variance<br/>Positive<br/>(Negative)</u> |
|--|--------------------|---------------------|---|
| <b>Revenues:</b>                       |                    |                     |   |
| Investment earnings                    | \$ 1,000           | \$ 677              | \$ (323)                                    |
| <b>Expenditures:</b>                   |                    |                     |   |
| Designated for future appropriations   | 1,644,786          | -                   | 1,644,786                                   |
| Revenues over (under) expenditures     | <u>(1,643,786)</u> | <u>677</u>          | <u>1,644,463</u>                            |
| <b>Other financing sources (uses):</b> |                    |                     |   |
| Transfers from General Fund            | 1,000,000          | 1,000,000           | -   |
| Appropriated fund balance              | <u>643,786</u>     | <u>-</u>            | <u>(643,786)</u>                            |
| Other financing sources (uses), net    | <u>1,643,786</u>   | <u>1,000,000</u>    | <u>(643,786)</u>                            |
| Net change in fund balance             | <u>\$ -</u>        | <u>1,000,677</u>    | <u>\$ 1,000,677</u>                         |
| <b>Fund balance:</b>                   |                    |                     |   |
| Beginning balance, July 1              |                    | <u>478,717</u>      |   |
| Ending balance, June 30                |                    | <u>\$ 1,479,394</u> |   |

**Jackson County, North Carolina**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance–**  
**Budget and Actual–Conservation/Preservation Fund**  
**Year Ended June 30, 2017**

**Schedule "B-4"**

|  | <u>Budget</u>    | <u>Actual</u>     | <u>Variance<br/>Positive<br/>(Negative)</u> |
|--|------------------|-------------------|---|
| <b>Revenues:</b>                       |                  |                   |   |
| Other restricted revenues              | \$ 9,828         | \$ 9,828          | \$ -  |
| <b>Expenditures:</b>                   |                  |                   |   |
| Environmental protection:              |                  |                   |   |
| Conservation                           | 188,760          | 31,676            | 157,084                                     |
| Capital outlay                         | 77,500           | 75,297            | 2,203                                       |
| Total expenditures                     | <u>266,260</u>   | <u>106,973</u>    | <u>159,287</u>                              |
| Revenues under expenditures            | <u>(256,432)</u> | <u>(97,145)</u>   | <u>159,287</u>                              |
| <b>Other financing sources (uses):</b> |                  |                   |   |
| Transfers from General Fund            | 500,000          | 500,000           | -   |
| Transfers to Recreation Center Fund    | <u>(243,568)</u> | <u>(243,568)</u>  | <u>-</u>                                    |
| Other financing sources (uses), net    | <u>256,432</u>   | <u>256,432</u>    | <u>-</u>                                    |
| Net change in fund balance             | <u>\$ -</u>      | 159,287           | <u>\$ 159,287</u>                           |
| <b>Fund balance:</b>                   |                  |                   |   |
| Beginning balance, July 1              |                  | <u>127,673</u>    |   |
| Ending balance, June 30                |                  | <u>\$ 286,960</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, 2017**

|  | Project<br>Authorization | Actual         |                 |                  | Variance<br>Positive<br>(Negative) |
|--|--------------------------|----------------|-----------------|------------------|------------------------------------|
|  |                          | Prior<br>Years | Current<br>Year | Total to<br>Date |                                    |
| <b>Revenues:</b>   |                          |                |                 |                  |                                    |
| Investment earnings  | \$ -                     | \$ -           | \$ 247          | \$ 247           | \$ 247                             |
| <b>Expenditures:</b>   |                          |                |                 |                  |                                    |
| Education:   |                          |                |                 |                  |                                    |
| Blue Ridge School  | \$ 1,533,568             | \$ -           | \$ 71,370       | \$ 71,370        | \$ 1,462,198                       |
| Cullowhee Valley School<br>Roofing Project   | 1,303,814                | -              | 38,000          | 38,000           | 1,265,814                          |
| Fairview Elementary School   | 1,060,914                | -              | 57,728          | 57,728           | 1,003,186                          |
| Scotts Creek School  | 20,743                   | 3,025          | -               | 3,025            | 17,718                             |
| Smoky Mountain High  | 3,769,487                | 11,363         | 1,446,909       | 1,458,272        | 2,311,215                          |
| Smoky Mountain Elementary  | 1,311,474                | 1,200          | 492,816         | 494,016          | 817,458                            |
| Total expenditures   | 9,000,000                | 15,588         | 2,106,823       | 2,122,411        | 6,877,589                          |
| Revenues under expenditures  | (9,000,000)              | (15,588)       | (2,106,576)     | (2,122,164)      | 6,877,836                          |
| <b>Other financing sources (uses):</b>   |                          |                |                 |                  |                                    |
| Proceeds from installment obligation   | 9,000,000                | -              | 9,000,000       | 9,000,000        | -                                  |
| Net change in fund balance   | \$ -                     | \$ (15,588)    | 6,893,424       | \$ 6,877,836     | \$ 6,877,836                       |
| <b>Fund balance:</b>   |                          |                |                 |                  |                                    |
| Beginning balance, July 1  |                          |                | (15,588)        |                  |                                    |
| Ending balance, June 30  |                          |                | 6,877,836       |                  |                                    |
| Amounts reported for Revenue, Expenditures and Changes in Fund Balance are different from the Budget/Actual Statement due to consolidation of the School Capital Reserve Fund: |                          |                |                 |                  |                                    |
| Transfers from the General Fund  |                          |                | 1,820,021       |                  |                                    |
| Fund balance, beginning (School Capital Reserve Fund)  |                          |                | 872,757         |                  |                                    |
| Fund balance, ending (Consolidated School Improvements Fund)   |                          |                | \$9,570,614     |                  |                                    |

**Jackson County, North Carolina**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance–**  
**Budget and Actual–School Capital Reserve Fund**  
**Year Ended June 30, 2017**

**Schedule "B-6"**

|                                 | <u>Budget</u> | <u>Actual</u>       | <u>Variance<br/>Positive<br/>(Negative)</u> |
|---------------------------------|---------------|---------------------|---|
| <b>Expenditures:</b>            |               |                     |   |
| School Capital Reserve          | \$ 1,685,855  | \$ -                | \$ 1,685,855                                |
| Revenues under expenditures     | (1,685,855)   | -                   | 1,685,855                                   |
| <b>Other financing sources:</b> |               |                     |   |
| Transfer from General Fund      | 1,685,855     | 1,820,021           | 134,166                                     |
| Total other financing sources   | 1,685,855     | 1,820,021           | 134,166                                     |
| Net change in fund balance      | <u>\$ -</u>   | 1,820,021           | <u>\$ 1,820,021</u>                         |
| <b>Fund balance:</b>            |               |                     |   |
| Beginning balance, July 1       |               | <u>872,757</u>      |   |
| Ending balance, June 30         |               | <u>\$ 2,692,778</u> |   |

**Jackson County, North Carolina**  
**Combining Balance Sheet**  
**Non-major Governmental Funds**  
**June 30, 2017**

**Schedule "C-1"**

|   | <b>Non-major Government Funds</b>    |                                       |                     |
|---|--------------------------------------|---------------------------------------|---------------------|
|   | <b>Special<br/>Revenue<br/>Funds</b> | <b>Capital<br/>Projects<br/>Funds</b> | <b>Total</b>        |
| <b>Assets:</b>  |                                      |                                       |                     |
| Cash and cash equivalents   | \$ 1,622,679                         | \$ 2,465,259                          | \$ 4,087,938        |
| Accounts receivable, net  | 8,298                                | 46                                    | 8,344               |
| Due from other governments  | 39,538                               | -                                     | 39,538              |
| Notes receivable, net   | 113,939                              | -                                     | 113,939             |
|   | <u>1,784,454</u>                     | <u>2,465,305</u>                      | <u>4,249,759</u>    |
| Total assets  | <u>\$ 1,784,454</u>                  | <u>\$ 2,465,305</u>                   | <u>\$ 4,249,759</u> |
| <b>Liabilities:</b>   |                                      |                                       |                     |
| Accounts payable and accrued liabilities                              | \$ 3,884                             | \$ 2,160                              | \$ 6,044            |
| <b>Deferred inflows of resources</b>                                  | <u>113,939</u>                       | <u>-</u>                              | <u>113,939</u>      |
| <b>Fund balances:</b>   |                                      |                                       |                     |
| Restricted:   |                                      |                                       |                     |
| Public safety   | 423,395                              | -                                     | 423,395             |
| Economic and physical development                                     | 1,243,236                            | -                                     | 1,243,236           |
| Committed:  |                                      |                                       |                     |
| Recreation  | -                                    | 393,227                               | 393,227             |
| Public safety   | -                                    | 40,276                                | 40,276              |
| Various programs and projects   | -                                    | 2,029,642                             | 2,029,642           |
|   | <u>1,666,631</u>                     | <u>2,463,145</u>                      | <u>4,129,776</u>    |
| Total fund balances   | <u>1,666,631</u>                     | <u>2,463,145</u>                      | <u>4,129,776</u>    |
| Total liabilities, deferred inflows of<br>resources and fund balances | <u>\$ 1,784,454</u>                  | <u>\$ 2,465,305</u>                   | <u>\$ 4,249,759</u> |

**Jackson County, North Carolina**  
**Combining Balance Sheet**  
**Non-Major Special Revenue Funds**  
**June 30, 2017**

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|   | <u>Emergency<br/>Telephone<br/>Fund</u> | <u>Law<br/>Enforcement<br/>Block Grant<br/>Fund</u> | <u>Fire Service<br/>Fund</u> |
|---|---|---|------------------------------|
| <b>Asset:</b>   |   |   |                              |
| Cash and cash equivalents   | \$ 303,270                              | \$ 34,747   | \$ 41,483                    |
| Accounts receivable, net  | 6,306                                   | 334   | 1,579                        |
| Due from other governments  | 39,538                                  | -   | -                            |
| Notes receivable, net   | -                                       | -   | -                            |
|   | <u>          </u>                       | <u>          </u>                                   | <u>          </u>            |
| Total assets  | <u>\$ 349,114</u>                       | <u>\$ 35,081</u>                                    | <u>\$ 43,062</u>             |
| <b>Liabilities:</b>   |   |   |                              |
| Accounts payable and accrued liabilities                              | <u>\$ 3,862</u>                         | <u>\$ -</u>   | <u>\$ -</u>                  |
| <b>Deferred inflows of resources</b>                                  | <u>-</u>                                | <u>-</u>  | <u>-</u>                     |
| <b>Fund balances:</b>   |   |   |                              |
| Restricted:   |   |   |                              |
| Public safety   | 345,252                                 | 35,081  | 43,062                       |
| Economic and physical development                                     | -                                       | -   | -                            |
|   | <u>          </u>                       | <u>          </u>                                   | <u>          </u>            |
| Total fund balances   | <u>345,252</u>                          | <u>35,081</u>                                       | <u>43,062</u>                |
|   | <u>          </u>                       | <u>          </u>                                   | <u>          </u>            |
| Total liabilities, deferred inflows of<br>resources and fund balances | <u>\$ 349,114</u>                       | <u>\$ 35,081</u>                                    | <u>\$ 43,062</u>             |

**Schedule "C-2"**

| <b>Community<br/>Development<br/>Scattered<br/>Site Project<br/>Fund</b> | <b>Clean Water<br/>Revolving<br/>Loan<br/>Fund</b> | <b>Economic<br/>Development<br/>Fund</b> | <b>Economic<br/>Development<br/>Commission<br/>Fund</b> | <b>Total<br/>Non-major<br/>Special<br/>Revenue<br/>Funds</b> |
|--|--|--|---|--|
| \$ 66,004  | \$ 16,842  | \$ 890,051                               | \$ 270,282  | \$ 1,622,679   |
| -  | -  | -  | 79  | 8,298  |
| -  | -  | -  | -   | 39,538   |
| -  | -  | 113,939                                  | -   | 113,939  |
| <u>\$ 66,004</u>   | <u>\$ 16,842</u>                                   | <u>\$ 1,003,990</u>                      | <u>\$ 270,361</u>                                       | <u>\$ 1,784,454</u>  |
| \$ -   | \$ -   | \$ -                                     | \$ 22   | \$ 3,884   |
| -  | -  | 113,939                                  | -   | 113,939  |
| -  | -  | -  | -   | 423,395  |
| 66,004   | 16,842   | 890,051                                  | 270,339   | 1,243,236  |
| 66,004   | 16,842   | 890,051                                  | 270,339   | 1,666,631  |
| <u>\$ 66,004</u>   | <u>\$ 16,842</u>                                   | <u>\$ 1,003,990</u>                      | <u>\$ 270,361</u>                                       | <u>\$ 1,784,454</u>  |

**Jackson County, North Carolina**  
**Combining Balance Sheet**  
**Non-major Capital Projects Funds**  
**June 30, 2017**

**Schedule "C-3"**

|  | <u>Recreation<br/>Center<br/>Fund</u> | <u>Emergency<br/>Management<br/>Project<br/>Fund</u> | <u>County<br/>Capital<br/>Projects<br/>Fund</u> | <u>Greenways<br/>Project<br/>Fund</u> | <u>Total<br/>Non-major<br/>Capital<br/>Projects<br/>Funds</u> |
|--|---------------------------------------|--|---|---------------------------------------|---|
| <b>Assets:</b>                           |                                       |  |   |                                       |   |
| Cash and cash equivalents                | \$ 245,612                            | \$ 40,230  | \$ 2,031,802                                    | \$ 147,615                            | \$ 2,465,259  |
| Accounts receivable, net                 | -                                     | 46   | -   | -                                     | 46  |
| Total assets                             | <u>\$ 245,612</u>                     | <u>\$ 40,276</u>                                     | <u>\$ 2,031,802</u>                             | <u>\$ 147,615</u>                     | <u>\$ 2,465,305</u>   |
| <b>Liabilities:</b>                      |                                       |  |   |                                       |   |
| Accounts payable and accrued liabilities | \$ -                                  | \$ -   | \$ 2,160  | \$ -                                  | \$ 2,160  |
| <b>Fund balances:</b>                    |                                       |  |   |                                       |   |
| Committed                                | <u>245,612</u>                        | <u>40,276</u>  | <u>2,029,642</u>                                | <u>147,615</u>                        | <u>2,463,145</u>  |
| Total liabilities and fund balances      | <u>\$ 245,612</u>                     | <u>\$ 40,276</u>                                     | <u>\$ 2,031,802</u>                             | <u>\$ 147,615</u>                     | <u>\$ 2,465,305</u>   |



**Jackson County, North Carolina**  
**Combining Schedule of Revenues, Expenditures, and Changes in**  
**Fund Balances - Non-major Governmental Funds**  
**Year Ended June 30, 2017**

**Schedule "C-4"**

|                                    | <b>Non-major Government Funds</b>    |                                       |              |
|------------------------------------|--------------------------------------|---------------------------------------|--------------|
|                                    | <b>Special<br/>Revenue<br/>Funds</b> | <b>Capital<br/>Projects<br/>Funds</b> | <b>Total</b> |
| <b>Revenues:</b>                   |                                      |                                       |              |
| Ad valorem taxes                   | \$ 1,191,165                         | \$ -                                  | \$ 1,191,165 |
| Restricted intergovernmental       | 480,698                              | -                                     | 480,698      |
| Sales and services                 | 15,195                               | -                                     | 15,195       |
| Investment earnings                | 2,746                                | 80                                    | 2,826        |
|                                    | <hr/>                                | <hr/>                                 | <hr/>        |
| Total revenues                     | 1,689,804                            | 80                                    | 1,689,884    |
|                                    | <hr/>                                | <hr/>                                 | <hr/>        |
| <b>Expenditures:</b>               |                                      |                                       |              |
| Current:                           |                                      |                                       |              |
| General government                 | -                                    | 238,612                               | 238,612      |
| Public safety                      | 1,598,984                            | 852                                   | 1,599,836    |
| Economic and physical development  | 176,981                              | -                                     | 176,981      |
| Culture and recreation             | -                                    | 9,335                                 | 9,335        |
|                                    | <hr/>                                | <hr/>                                 | <hr/>        |
| Total expenditures                 | 1,775,965                            | 248,799                               | 2,024,764    |
|                                    | <hr/>                                | <hr/>                                 | <hr/>        |
| Revenues over (under) expenditures | (86,161)                             | (248,719)                             | (334,880)    |
|                                    | <hr/>                                | <hr/>                                 | <hr/>        |
| <b>Other financing sources:</b>    |                                      |                                       |              |
| Transfers from other funds         | 111,658                              | 250,073                               | 361,731      |
|                                    | <hr/>                                | <hr/>                                 | <hr/>        |
| Net change in fund balances        | 25,497                               | 1,354                                 | 26,851       |
|                                    | <hr/>                                | <hr/>                                 | <hr/>        |
| <b>Fund balances:</b>              |                                      |                                       |              |
| Beginning balances, July 1         | 1,641,134                            | 2,461,791                             | 4,102,925    |
|                                    | <hr/>                                | <hr/>                                 | <hr/>        |
| Ending balances, June 30           | \$ 1,666,631                         | \$ 2,463,145                          | \$ 4,129,776 |
|                                    | <hr/> <hr/>                          | <hr/> <hr/>                           | <hr/> <hr/>  |

**Jackson County, North Carolina**  
**Combining Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Non-major Special Revenue Funds**  
**Year Ended June 30, 2017**

|                                    | <b>Emergency<br/>Telephone<br/>Fund</b> | <b>Law<br/>Enforcement<br/>Block Grant<br/>Fund</b> | <b>Fire Service<br/>Fund</b> |
|------------------------------------|---|---|------------------------------|
| <b>Revenues:</b>                   |   |   |                              |
| Ad valorem taxes                   | \$ -                                    | \$ -  | \$ 1,191,165                 |
| Restricted intergovernmental       | 474,455                                 | 6,243   | -                            |
| Sales and services                 | -                                       | -   | -                            |
| Investment earnings                | -                                       | -   | -                            |
|                                    | <hr/>                                   | <hr/>   | <hr/>                        |
| Total revenues                     | 474,455                                 | 6,243   | 1,191,165                    |
|                                    | <hr/>                                   | <hr/>   | <hr/>                        |
| <b>Expenditures:</b>               |   |   |                              |
| Current:                           |   |   |                              |
| Public safety                      | 413,167                                 | 22,104  | 1,163,713                    |
| Economic and physical development  | -                                       | -   | -                            |
|                                    | <hr/>                                   | <hr/>   | <hr/>                        |
| Total expenditures                 | 413,167                                 | 22,104  | 1,163,713                    |
|                                    | <hr/>                                   | <hr/>   | <hr/>                        |
| Revenues over (under) expenditures | 61,288                                  | (15,861)  | 27,452                       |
|                                    | <hr/>                                   | <hr/>   | <hr/>                        |
| <b>Other financing sources:</b>    |   |   |                              |
| Transfers from other funds         | -                                       | -   | -                            |
|                                    | <hr/>                                   | <hr/>   | <hr/>                        |
| Net change in fund balances        | 61,288                                  | (15,861)  | 27,452                       |
|                                    | <hr/>                                   | <hr/>   | <hr/>                        |
| <b>Fund balances:</b>              |   |   |                              |
| Beginning balances, July 1         | 283,964                                 | 50,942  | 15,610                       |
|                                    | <hr/>                                   | <hr/>   | <hr/>                        |
| Ending balances, June 30           | \$ 345,252                              | \$ 35,081   | \$ 43,062                    |
|                                    | <hr/> <hr/>                             | <hr/> <hr/>   | <hr/> <hr/>                  |

Schedule "C-5"

| Community<br>Development<br>Scattered<br>Site Project<br>Fund | Clean Water<br>Revolving<br>Loan<br>Fund | Economic<br>Development<br>Fund | Economic<br>Development<br>Commission<br>Fund | Total<br>Non-major<br>Special<br>Revenue<br>Funds |
|---|--|---------------------------------|---|---|
| \$ -  | \$ -                                     | \$ -                            | \$ -  | \$ 1,191,165                                      |
| -   | -  | -                               | -   | 480,698   |
| -   | -  | 15,195                          | -   | 15,195  |
| -   | -  | 2,352                           | 394   | 2,746   |
| -   | -  | 17,547                          | 394   | 1,689,804   |
| -   | -  | -                               | -   | 1,598,984   |
| 9,203   | 18,596                                   | 1,031                           | 148,151                                       | 176,981   |
| 9,203   | 18,596                                   | 1,031                           | 148,151                                       | 1,775,965   |
| (9,203)   | (18,596)                                 | 16,516                          | (147,757)                                     | (86,161)  |
| -   | 11,658                                   | -                               | 100,000                                       | 111,658   |
| (9,203)   | (6,938)                                  | 16,516                          | (47,757)                                      | 25,497  |
| 75,207  | 23,780                                   | 873,535                         | 318,096                                       | 1,641,134   |
| <u>\$ 66,004</u>  | <u>\$ 16,842</u>                         | <u>\$ 890,051</u>               | <u>\$ 270,339</u>                             | <u>\$ 1,666,631</u>                               |

**Combining Schedule of Revenues, Expenditures, and Changes in  
Fund Balances - Non-major Capital Projects Funds  
Year Ended June 30, 2017**

|                                 | Recreation<br>Center<br>Fund | Emergency<br>Management<br>Project<br>Fund | County<br>Capital<br>Projects<br>Fund | Greenways<br>Project<br>Fund | Total<br>Non-major<br>Capital<br>Projects<br>Funds |
|---------------------------------|------------------------------|--|---------------------------------------|------------------------------|--|
| <b>Revenues:</b>                |                              |  |                                       |                              |  |
| Investment earnings             | -                            | 80   | -                                     | -                            | 80   |
| Total revenues                  | -                            | 80   | -                                     | -                            | 80   |
| <b>Expenditures:</b>            |                              |  |                                       |                              |  |
| Current:                        |                              |  |                                       |                              |  |
| General government              | -                            | -  | 238,612                               | -                            | 238,612  |
| Public safety                   | -                            | 852  | -                                     | -                            | 852  |
| Culture and recreation          | 2,696                        | -  | -                                     | 6,639                        | 9,335  |
| Total expenditures              | 2,696                        | 852  | 238,612                               | 6,639                        | 248,799  |
| Revenues under expenditures     | (2,696)                      | (772)                                      | (238,612)                             | (6,639)                      | (248,719)  |
| <b>Other financing sources:</b> |                              |  |                                       |                              |  |
| Transfers from other funds      | 243,568                      | -  | 6,505                                 | -                            | 250,073  |
| Net change in fund balances     | 240,872                      | (772)                                      | (232,107)                             | (6,639)                      | 1,354  |
| <b>Fund balances:</b>           |                              |  |                                       |                              |  |
| Beginning balances, July 1      | 4,740                        | 41,048                                     | 2,261,749                             | 154,254                      | 2,461,791  |
| Ending balances, June 30        | <u>\$ 245,612</u>            | <u>\$ 40,276</u>                           | <u>\$ 2,029,642</u>                   | <u>\$ 147,615</u>            | <u>\$ 2,463,145</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.

**Jackson County, North Carolina**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance—**  
**Budget and Actual—Emergency Telephone System Fund**  
**Year Ended June 30, 2017**

**Schedule "D-1"**

|                               | <u>Budget</u> | <u>Actual</u>     | <u>Variance<br/>Positive<br/>(Negative)</u> |
|-------------------------------|---------------|-------------------|---|
| <b>Revenues:</b>              |               |                   |   |
| Restricted intergovernmental: |               |                   |   |
| Wireless 911 funds            | \$ 485,242    | \$ 474,455        | \$ (10,787)                                 |
| <b>Expenditures:</b>          |               |                   |   |
| Public safety                 | 485,242       | 413,167           | 72,075                                      |
| Net change in fund balance    | <u>\$ -</u>   | 61,288            | <u>\$ 61,288</u>                            |
| <b>Fund balance:</b>          |               |                   |   |
| Beginning balance, July 1     |               | <u>283,964</u>    |   |
| Ending balance, June 30       |               | <u>\$ 345,252</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, 2017**

**Schedule "D-2"**

|                                    | <u>Budget</u> | <u>Actual</u>    | <u>Variance<br/>Positive<br/>(Negative)</u> |
|------------------------------------|---------------|------------------|---|
| <b>Revenues:</b>                   |               |                  |   |
| Restricted intergovernmental       | \$ 10,000     | \$ 6,243         | \$ (3,757)                                  |
| <b>Expenditures:</b>               |               |                  |   |
| Public safety:                     |               |                  |   |
| Capital outlay                     | 30,000        | 22,104           | 7,896                                       |
| Revenues over (under) expenditures | (20,000)      | (15,861)         | 4,139                                       |
| <b>Other financing sources:</b>    |               |                  |   |
| Appropriated fund balance          | 20,000        | -                | (20,000)                                    |
| Net change in fund balance         | <u>\$ -</u>   | <u>(15,861)</u>  | <u>\$ (15,861)</u>                          |
| <b>Fund balance:</b>               |               |                  |   |
| Beginning balance, July 1          |               | <u>50,942</u>    |   |
| Ending balance, June 30            |               | <u>\$ 35,081</u> |   |

**Schedule of Revenues, Expenditures and Changes in Fund Balance—  
Budget and Actual—Fire Service Districts Fund  
Year Ended June 30, 2017**

|                              | <u>Budget</u>    | <u>Actual</u>    | <u>Variance<br/>Positive<br/>(Negative)</u> |
|------------------------------|------------------|------------------|---|
| <b>Revenues:</b>             |                  |                  |   |
| Ad valorem taxes:            |                  |                  |   |
| Current year and prior       | \$ 1,202,303     | \$ 1,187,559     | \$ (14,744)                                 |
| Penalties and interest       | 3,660            | 3,606            | (54)  |
| Total revenues               | <u>1,205,963</u> | <u>1,191,165</u> | <u>(14,798)</u>                             |
| <b>Expenditures:</b>         |                  |                  |   |
| Public safety:               |                  |                  |   |
| Fire districts:              |                  |                  |   |
| Cashiers-Glenville           | 1,113,713        | 1,113,713        | -   |
| Highlands                    | 50,000           | 50,000           | -   |
| Total expenditures           | <u>1,163,713</u> | <u>1,163,713</u> | <u>-</u>                                    |
| Revenues over expenditures   | 42,250           | 27,452           | (14,798)                                    |
| <b>Other financing uses:</b> |                  |                  |   |
| Contingency                  | <u>(42,250)</u>  | -                | <u>42,250</u>                               |
| Net change in fund balance   | <u>\$ -</u>      | 27,452           | <u>\$ 27,452</u>                            |
| <b>Fund balance:</b>         |                  |                  |   |
| Beginning balance, July 1    |                  | <u>15,610</u>    |   |
| Ending balance, June 30      |                  | <u>\$ 43,062</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, 2017**

|   | Project<br>Authorization | Actual         |                 |                  | Variance<br>Positive<br>(Negative) |
|---|--------------------------|----------------|-----------------|------------------|------------------------------------|
|   |                          | Prior<br>Years | Current<br>Year | Total to<br>Date |                                    |
| <b>Revenues:</b>  |                          |                |                 |                  |                                    |
| Restricted intergovernmental:                             |                          |                |                 |                  |                                    |
| Federal grants:   |                          |                |                 |                  |                                    |
| Program Project   | \$ -                     | \$ -           | \$ -            | \$ -             | \$ -                               |
| Miscellaneous   | -                        | 1,000          | -               | 1,000            | 1,000                              |
| Total revenues  | -                        | 1,000          | -               | 1,000            | 1,000                              |
| <b>Expenditures:</b>                                      |                          |                |                 |                  |                                    |
| Economic and physical<br>development:                     |                          |                |                 |                  |                                    |
| Operating   | 9,203                    | 9,665          | 9,203           | 18,868           | (9,665)                            |
| Total expenditures  | 9,203                    | 9,665          | 9,203           | 18,868           | (9,665)                            |
| Revenues under expenditures                               | (9,203)                  | (8,665)        | (9,203)         | (17,868)         | (8,665)                            |
| <b>Appropriated fund balance/<br/>closed out projects</b> | 9,203                    | 83,872         | -               | 83,872           | 74,669                             |
| Net change in fund balance                                | \$ -                     | \$ 75,207      | (9,203)         | \$ 66,004        | \$ 66,004                          |
| <b>Fund balance:</b>                                      |                          |                |                 |                  |                                    |
| Beginning balance, July 1                                 |                          |                | 75,207          |                  |                                    |
| Ending balance, June 30                                   |                          |                | \$ 66,004       |                  |                                    |

**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, 2017**

**Schedule "D-5"**

|                                    | <u>Budget</u> | <u>Actual</u>    | <u>Variance<br/>Positive<br/>(Negative)</u> |
|------------------------------------|---------------|------------------|---|
| <b>Expenditures:</b>               |               |                  |   |
| Economic and physical development: |               |                  |   |
| Operating                          | \$ 18,658     | \$ 18,596        | \$ 62                                       |
| <b>Other financing sources:</b>    |               |                  |   |
| Transfer from General Fund         | 11,658        | 11,658           | -   |
| Appropriated fund balance          | 7,000         | -                | (7,000)                                     |
| Total other financing sources      | 18,658        | 11,658           | (7,000)                                     |
| Net change in fund balance         | <u>\$ -</u>   | (6,938)          | <u>\$ (6,938)</u>                           |
| <b>Fund balance:</b>               |               |                  |   |
| Beginning balance, July 1          |               | <u>23,780</u>    |   |
| Ending balance, June 30            |               | <u>\$ 16,842</u> |   |

**Jackson County, North Carolina**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance—**  
**Budget and Actual—Economic Development Fund**  
**Year Ended June 30, 2017**

**Schedule "D-6"**

|                                    | <u>Budget</u> | <u>Actual</u>     | <u>Variance<br/>Positive<br/>(Negative)</u> |
|------------------------------------|---------------|-------------------|---|
| <b>Revenues:</b>                   |               |                   |   |
| Sales and services                 | \$ 16,413     | \$ 15,195         | \$ (1,218)                                  |
| Investment earnings                | 2,090         | 2,352             | 262   |
| Total revenues                     | <u>18,503</u> | <u>17,547</u>     | <u>(956)</u>                                |
| <b>Expenditures:</b>               |               |                   |   |
| Economic and physical development: |               |                   |   |
| Loan funds advanced                | 1,032         | 1,031             | 1   |
| Reserve for economic development   | 17,471        | -                 | 17,471                                      |
| Total expenditures                 | <u>18,503</u> | <u>1,031</u>      | <u>17,472</u>                               |
| Net change in fund balance         | <u>\$ -</u>   | 16,516            | <u>\$ 16,516</u>                            |
| <b>Fund balance:</b>               |               |                   |   |
| Beginning balance, July 1          |               | <u>873,535</u>    |   |
| Ending balance, June 30            |               | <u>\$ 890,051</u> |   |

**Schedule of Revenues, Expenditures and Changes in Fund Balance—  
Budget and Actual—Economic Development Commission Fund  
Year Ended June 30, 2017**

|   | <u>Budget</u>    | <u>Actual</u>     | <u>Variance<br/>Positive<br/>(Negative)</u> |
|---|------------------|-------------------|---|
| <b>Revenues:</b>                        |                  |                   |   |
| Sales and services                      | \$ 1,000         | \$ -              | \$ (1,000)                                  |
| Investment earnings                     | 350              | 394               | 44  |
| Total revenues                          | <u>1,350</u>     | <u>394</u>        | <u>(956)</u>                                |
| <b>Expenditures:</b>                    |                  |                   |   |
| Economic and physical development:      |                  |                   |   |
| Salaries and employee benefits          | 99,942           | 99,921            | 21  |
| Operating                               | 53,945           | 37,730            | 16,215                                      |
| Loans, development, capital improvement | 10,500           | 10,500            | -   |
| Total expenditures                      | <u>164,387</u>   | <u>148,151</u>    | <u>16,236</u>                               |
| Revenues under expenditures             | <u>(163,037)</u> | <u>(147,757)</u>  | <u>15,280</u>                               |
| <b>Other financing sources:</b>         |                  |                   |   |
| Transfer from General Fund              | 100,000          | 100,000           | -   |
| Appropriated fund balance               | 63,037           | -                 | (63,037)                                    |
| Total other financing sources           | <u>163,037</u>   | <u>100,000</u>    | <u>(63,037)</u>                             |
| Net change in fund balance              | <u>\$ -</u>      | <u>(47,757)</u>   | <u>\$ (47,757)</u>                          |
| <b>Fund balance:</b>                    |                  |                   |   |
| Beginning balance, July 1               |                  | <u>318,096</u>    |   |
| Ending balance, June 30                 |                  | <u>\$ 270,339</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.

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, 2017

|  | Project<br>Authorization | Actual         |                 |                  | Variance<br>Positive<br>(Negative) |
|--|--------------------------|----------------|-----------------|------------------|------------------------------------|
|  |                          | Prior<br>Years | Current<br>Year | Total to<br>Date |                                    |
| <b>Expenditures:</b>                       |                          |                |                 |                  |                                    |
| Culture and recreation:                    |                          |                |                 |                  |                                    |
| Savannah/Greens Creek Park                 | \$ 264,859               | \$ -           | \$ 2,696        | \$ 2,696         | \$ 262,163                         |
| <b>Other financing sources:</b>            |                          |                |                 |                  |                                    |
| Transfers from other funds:                |                          |                |                 |                  |                                    |
| General                                    | -                        | -              | -               | -                | -                                  |
| Conservation/Preservation                  | 243,568                  | -              | 243,568         | 243,568          | -                                  |
| Installment purchase obligations<br>issued | -                        | -              | -               | -                | -                                  |
| Contingency                                | (26,605)                 | -              | -               | -                | 26,605                             |
| Closed projects                            | 47,896                   | 4,740          | -               | 4,740            | (43,156)                           |
| Total other financing sources              | 264,859                  | 4,740          | 243,568         | 248,308          | (16,551)                           |
| Net change in fund balance                 | \$ -                     | \$ 4,740       | \$ 240,872      | \$ 245,612       | \$ 245,612                         |
| <b>Fund balance:</b>                       |                          |                |                 |                  |                                    |
| Beginning balance, July 1                  |                          |                | 4,740           |                  |                                    |
| Ending balance, June 30                    |                          |                | \$ 245,612      |                  |                                    |

**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, 2017**

|                                 | Project<br>Authorization | Actual        |                 |                  | Variance<br>Positive<br>(Negative) |
|---------------------------------|--------------------------|---------------|-----------------|------------------|------------------------------------|
|                                 |                          | Prior<br>Year | Current<br>Year | Total to<br>Date |                                    |
| <b>Revenues:</b>                |                          |               |                 |                  |                                    |
| Investment earnings             | \$ 180                   | \$ 293        | \$ 80           | \$ 373           | \$ 193                             |
| <b>Expenditures:</b>            |                          |               |                 |                  |                                    |
| Public Safety:                  |                          |               |                 |                  |                                    |
| Architect fees                  | 112,179                  | 78,807        | -               | 78,807           | 33,372                             |
| Equipment                       | 453,902                  | 452,504       | -               | 452,504          | 1,398                              |
| Construction cost               | 1,333,519                | 1,327,354     | 852             | 1,328,206        | 5,313                              |
| Site acquisition                | 352,981                  | 352,981       | -               | 352,981          | -                                  |
| Total expenditures              | 2,252,581                | 2,211,646     | 852             | 2,212,498        | 40,083                             |
| <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      | \$ -                     | \$ 41,048     | (772)           | \$ 40,276        | \$ 40,276                          |
| <b>Fund balance:</b>            |                          |               |                 |                  |                                    |
| Beginning balance, July 1       |                          |               | 41,048          |                  |                                    |
| Ending balance, June 30         |                          |               | \$ 40,276       |                  |                                    |

## 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, 2017

|  | Project<br>Authorization | Actual              |                     |                     | Variance<br>Positive<br>(Negative) |
|--|--------------------------|---------------------|---------------------|---------------------|------------------------------------|
|  |                          | Prior<br>Years      | Current<br>Year     | Total to<br>Date    |                                    |
| <b>Expenditures:</b>                   |                          |                     |                     |                     |                                    |
| General government:                    |                          |                     |                     |                     |                                    |
| Architect fees                         | \$ 72,000                | \$ -                | \$ 44,965           | \$ 44,965           | \$ 27,035                          |
| Furniture and equipment                | 148,980                  | -                   | 7,000               | 7,000               | 141,980                            |
| Construction cost                      | 1,965,814                | 30,000              | 186,647             | 216,647             | 1,749,167                          |
| Total expenditures                     | <u>2,186,794</u>         | <u>30,000</u>       | <u>238,612</u>      | <u>268,612</u>      | <u>1,918,182</u>                   |
| <b>Other financing sources (uses):</b> |                          |                     |                     |                     |                                    |
| Transfers from other funds:            |                          |                     |                     |                     |                                    |
| General Fund                           | 6,505                    | -                   | 6,505               | 6,505               | -                                  |
| Capital Reserve Fund                   | 2,287,000                | 2,287,000           | -                   | 2,287,000           | -                                  |
| Contingency                            | (106,711)                | -                   | -                   | -                   | 106,711                            |
| Other financing sources<br>(uses), net | <u>2,186,794</u>         | <u>2,287,000</u>    | <u>6,505</u>        | <u>2,293,505</u>    | <u>106,711</u>                     |
| <b>Closed out projects</b>             | <u>-</u>                 | <u>4,749</u>        | <u>-</u>            | <u>4,749</u>        | <u>4,749</u>                       |
| Net change in fund balance             | <u>\$ -</u>              | <u>\$ 2,261,749</u> | <u>(232,107)</u>    | <u>\$ 2,029,642</u> | <u>\$ 2,029,642</u>                |
| <b>Fund balance:</b>                   |                          |                     |                     |                     |                                    |
| Beginning balance, July 1              |                          |                     | <u>2,261,749</u>    |                     |                                    |
| Ending balance, June 30                |                          |                     | <u>\$ 2,029,642</u> |                     |                                    |



## 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, 2017

|   | Project<br>Authorization | Actual        |                 |                  | Variance<br>Positive<br>(Negative) |
|---|--------------------------|---------------|-----------------|------------------|------------------------------------|
|   |                          | Prior<br>Year | Current<br>Year | Total to<br>Date |                                    |
| <b>Revenues:</b>                        |                          |               |                 |                  |                                    |
| Restricted intergovernmental            | \$ 435,000               | \$ 435,000    | \$ -            | \$ 435,000       | \$ -                               |
| Gifts and donations                     | 212,000                  | 219,742       | -               | 219,742          | 7,742                              |
| Total revenues                          | 647,000                  | 654,742       | -               | 654,742          | 7,742                              |
| <b>Expenditures:</b>                    |                          |               |                 |                  |                                    |
| Culture and recreation:                 |                          |               |                 |                  |                                    |
| Construction                            | 1,857,313                | 1,695,137     | 6,639           | 1,701,776        | 155,537                            |
| Engineering fees                        | 72,000                   | 87,664        | -               | 87,664           | (15,664)                           |
| Total expenditures                      | 1,929,313                | 1,782,801     | 6,639           | 1,789,440        | 139,873                            |
| Revenues under expenditures             | (1,282,313)              | (1,128,059)   | (6,639)         | (1,134,698)      | 147,615                            |
| <b>Other financing sources:</b>         |                          |               |                 |                  |                                    |
| Transfers from other funds:             |                          |               |                 |                  |                                    |
| General Fund                            | 1,282,313                | 1,282,313     | -               | 1,282,313        | -                                  |
| Total other financing sources<br>(uses) | 1,282,313                | 1,282,313     | -               | 1,282,313        | -                                  |
| Net change in fund balance              | \$ -                     | \$ 154,254    | (6,639)         | \$ 147,615       | \$ 147,615                         |
| <b>Fund balance:</b>                    |                          |               |                 |                  |                                    |
| Beginning balance, July 1               |                          |               | 154,254         |                  |                                    |
| Ending balance, June 30                 |                          |               | \$ 147,615      |                  |                                    |

## 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.

**Jackson County, North Carolina**  
**Schedule of Revenues and Expenditures—Budget and Actual**  
**(Non-GAAP) - Landfill Fund**  
**Year Ended June 30, 2017**

**Schedule "F-1"**

|  | <u>Budget</u> | <u>Actual</u> | <u>Variance<br/>Positive<br/>(Negative)</u> |
|--|---------------|---------------|---|
| <b>Revenues:</b>   |               |               |   |
| Operating revenues:  |               |               |   |
| Charges for services                                       | \$ 3,395,049  | \$ 3,437,726  | \$ 42,677                                   |
| Non-operating revenues:                                    |               |               |   |
| Scrap tire disposal fee                                    | 52,000        | 55,693        | 3,693                                       |
| White goods tax  | 10,500        | 16,357        | 5,857                                       |
| Electronics tax  | 3,900         | 3,085         | (815)                                       |
| Interest earned on investments                             | 26,500        | 21,521        | (4,979)                                     |
| Total non-operating revenues                               | 92,900        | 96,656        | 3,756                                       |
| Total revenues   | 3,487,949     | 3,534,382     | 46,433                                      |
| <b>Expenditures:</b>                                       |               |               |   |
| Landfill operations:                                       |               |               |   |
| Salaries and employee benefits                             | 381,696       | 487,555       | (105,859)                                   |
| Operations   | 1,835,701     | 1,778,846     | 56,855                                      |
| Supplies   | 25,425        | 19,100        | 6,325                                       |
| Repairs and maintenance                                    | 111,690       | 92,710        | 18,980                                      |
| Contracted services  | 852,965       | 846,653       | 6,312                                       |
| Total  | 3,207,477     | 3,224,864     | (17,387)                                    |
| Debt service:  |               |               |   |
| Debt principal   | 234,601       | 234,601       | -   |
| Interest and other charges                                 | 45,871        | 45,870        | 1   |
| Total  | 280,472       | 280,471       | 1   |
| Total expenditures   | 3,487,949     | 3,505,335     | (17,386)                                    |
| Revenues under expenditures                                | -             | 29,047        | 29,047                                      |
| Revenues and other financing sources<br>under expenditures | \$ -          | \$ 29,047     | \$ 29,047                                   |

**Jackson County, North Carolina**  
**Schedule of Revenues and Expenditures—Budget and Actual**  
**(Non-GAAP) - Landfill Fund**  
**Year Ended June 30, 2017**

**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 | \$ | 29,047         |
| Change in accrued interest receivable                   |    | (1,278)        |
| Change in compensated absences                          |    | 3,136          |
| Change in net OPEB obligation                           |    | (46,054)       |
| Contribution to pension plan in current fiscal year     |    | (19,165)       |
| Pension expense   |    | 73,000         |
| Debt principal payment                                  |    | 234,601        |
| Landfill closure and post-closure costs                 |    | (10,702)       |
| Depreciation  |    | (145,241)      |
|   |    | <hr/>          |
| Change in net position                                  | \$ | <u>117,344</u> |

**Jackson County, North Carolina**  
**Combining Statement of Fund Net Position**  
**Non-major Proprietary Funds**  
**June 30, 2017**

**Schedule "F-2"**

|  | <b>Green Energy<br/>Park Fund</b> | <b>Economic<br/>Development<br/>Commission<br/>Fund</b> | <b>Total<br/>Non-major<br/>Proprietary<br/>Funds</b> |
|--|-----------------------------------|---|--|
| <b>Assets:</b>                           |                                   |   |  |
| Cash and cash equivalents                | \$ 158,251                        | \$ 177,893  | \$ 336,144   |
| Accounts receivable, net                 | 1,286                             | -   | 1,286  |
| Notes receivable, net                    | -                                 | 97,176  | 97,176   |
| Capital assets, net of depreciation      | 53,602                            | 1,130,356   | 1,183,958  |
| <b>Total assets</b>                      | <b>213,139</b>                    | <b>1,405,425</b>  | <b>1,618,564</b>                                     |
| <b>Deferred outflows of resources</b>    | <b>8,521</b>                      | <b>-</b>  | <b>8,521</b>   |
| <b>Liabilities:</b>                      |                                   |   |  |
| Accounts payable and accrued liabilities | 194                               | -   | 194  |
| Compensated absences                     | 10,088                            | -   | 10,088   |
| Net pension liability - LGERS            | 33,029                            | -   | 33,029   |
| Unearned revenue                         | 13,080                            | -   | 13,080   |
| Net OPEB obligation                      | 108,014                           | -   | 108,014  |
| <b>Total liabilities</b>                 | <b>164,405</b>                    | <b>-</b>  | <b>164,405</b>                                       |
| <b>Deferred inflows of resources</b>     | <b>1,210</b>                      | <b>-</b>  | <b>1,210</b>   |
| <b>Net position:</b>                     |                                   |   |  |
| Investment in capital assets             | 53,602                            | 1,130,356   | 1,183,958  |
| Unrestricted                             | 2,443                             | 275,069   | 277,512  |
| <b>Total net position</b>                | <b>\$ 56,045</b>                  | <b>\$ 1,405,425</b>                                     | <b>\$ 1,461,470</b>                                  |

**Jackson County, North Carolina**  
**Combining Statement of Revenues, Expenditures, and Changes in**  
**Fund Net Position - Non-major Proprietary Funds**  
**Year Ended June 30, 2017**

**Schedule "F-3"**

|                                   | <u>Green Energy<br/>Park Fund</u> | <u>Economic<br/>Development<br/>Commission<br/>Fund</u> | <u>Total<br/>Non-major<br/>Proprietary<br/>Funds</u> |
|-----------------------------------|-----------------------------------|---|--|
| <b>Operating revenues:</b>        |                                   |   |  |
| Charges for services              | \$ 24,963                         | \$ 67,333   | \$ 92,296  |
| <b>Operating expenses:</b>        |                                   |   |  |
| Park operations                   | 236,425                           | -   | 236,425  |
| Economic development operations   | -                                 | 20,696  | 20,696   |
| Depreciation                      | 5,485                             | 29,580  | 35,065   |
| Total expenses                    | <u>241,910</u>                    | <u>50,276</u>   | <u>292,186</u>                                       |
| Operating income (loss)           | <u>(216,947)</u>                  | <u>17,057</u>   | <u>(199,890)</u>                                     |
| <b>Non-operating revenues:</b>    |                                   |   |  |
| Investment earnings               | -                                 | 2,157   | 2,157  |
| Conservation fund grant           | 2,500                             | -   | 2,500  |
| Donations                         | 437                               | -   | 437  |
| Insurance settlement              | 1,915                             | -   | 1,915  |
| Total non-operating revenues      | <u>4,852</u>                      | <u>2,157</u>  | <u>7,009</u>   |
| Income (loss) before transfers    | (212,095)                         | 19,214  | (192,881)  |
| <b>Transfers from other funds</b> | <u>178,461</u>                    | <u>-</u>  | <u>178,461</u>                                       |
| Change in net position            | (33,634)                          | 19,214  | (14,420)   |
| <b>Net position:</b>              |                                   |   |  |
| Beginning balance, July 1,        | <u>89,679</u>                     | <u>1,386,211</u>  | <u>1,475,890</u>                                     |
| Ending balance, June 30           | <u>\$ 56,045</u>                  | <u>\$ 1,405,425</u>                                     | <u>\$ 1,461,470</u>                                  |

**Jackson County, North Carolina**  
**Combining Statement of Cash Flows**  
**Non-major Proprietary Funds**  
**Year Ended June 30, 2017**

**Schedule "F-4"**

|   | <b>Green<br/>Energy Park<br/>Fund</b> | <b>Economic<br/>Development<br/>Commission<br/>Fund</b> | <b>Total<br/>Non-major<br/>Proprietary<br/>Funds</b> |
|---|---------------------------------------|---|--|
| <b>Cash flows from operating activities:</b>  |                                       |   |  |
| Cash received from customers  | \$ 24,900                             | \$ 67,363   | \$ 92,263  |
| Cash paid for goods and services  | (106,409)                             | (31,398)  | (137,807)  |
| Cash paid to employees for services   | (103,140)                             | -   | (103,140)  |
| Net cash provided by (used for) operating activities  | <u>(184,649)</u>                      | <u>35,965</u>   | <u>(148,684)</u>                                     |
| <b>Cash flows from non-capital financing activities:</b>  |                                       |   |  |
| Grants and donations  | 2,937                                 | -   | 2,937  |
| Insurance settlement  | 1,915                                 | -   | 1,915  |
| Transfers from other funds  | 178,461                               | -   | 178,461  |
| Net cash provided by non-capital financing activities   | <u>183,313</u>                        | <u>-</u>  | <u>183,313</u>                                       |
| <b>Cash flows from investing activities:</b>  |                                       |   |  |
| Principal payments on notes receivable  | -                                     | 17,202  | 17,202   |
| Interest earned on investments  | -                                     | 2,157   | 2,157  |
| Net cash provided by investing activities   | <u>-</u>                              | <u>19,359</u>   | <u>19,359</u>  |
| Net increase in cash and cash equivalents   | (1,336)                               | 55,324  | 53,988   |
| <b>Cash and cash equivalents:</b>   |                                       |   |  |
| Beginning balance, July 1   | <u>159,587</u>                        | <u>122,569</u>  | <u>282,156</u>                                       |
| Ending balance, June 30   | <u>\$ 158,251</u>                     | <u>\$ 177,893</u>                                       | <u>\$ 336,144</u>                                    |
| <b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b> |                                       |   |  |
| Operating income (loss)   | <u>\$ (216,947)</u>                   | <u>\$ 17,057</u>  | <u>\$ (199,890)</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   | (7,952)                               | -   | (7,952)  |
| Pension expense   | 30,572                                | -   | 30,572   |
| Changes in assets and liabilities:  |                                       |   |  |
| Accounts receivable   | (63)                                  | 30  | (33)   |
| Accounts payable and accrued liabilities  | (3,404)                               | (10,702)  | (14,106)   |
| Unearned revenue  | (1,551)                               | -   | (1,551)  |
| Net OPEB obligation   | 9,211                                 | -   | 9,211  |
| Total adjustments   | <u>32,298</u>                         | <u>18,908</u>   | <u>51,206</u>  |
| Net cash provided by (used for) operating activities  | <u>\$ (184,649)</u>                   | <u>\$ 35,965</u>  | <u>\$ (148,684)</u>                                  |

**Jackson County, North Carolina**  
**Schedule of Revenues, Expenditures and Transfers—**  
**Budget and Actual (Non-GAAP)—Green Energy Park Fund**  
**Year Ended June 30, 2017**

**Schedule "F-5"**

|  | <u>Budget</u>  | <u>Actual</u>      | <u>Variance<br/>Positive<br/>(Negative)</u> |
|--|----------------|--------------------|---|
| <b>Revenues:</b>   |                |                    |   |
| Operating revenues:  |                |                    |   |
| Charges for services:  |                |                    |   |
| Rents  | \$ 7,000       | \$ 8,173           | \$ 1,173                                    |
| Registration fees  | 12,500         | 12,877             | 377   |
| Gallery Commission   | 2,000          | 3,913              | 1,913                                       |
| Total operating revenues   | <u>21,500</u>  | <u>24,963</u>      | <u>3,463</u>                                |
| Non-operating revenues:  |                |                    |   |
| Conservation Fund grant  | 2,500          | 2,500              | -   |
| Donations  | 500            | 437                | (63)  |
| Insurance settlement   | 1,915          | 1,915              | -   |
| Total non-operating revenues   | <u>4,915</u>   | <u>4,852</u>       | <u>(63)</u>                                 |
| <b>Other financing sources:</b>  |                |                    |   |
| Transfer from General Fund   | 178,461        | 178,461            | -   |
| Total revenues and other financing sources   | <u>204,876</u> | <u>208,276</u>     | <u>3,400</u>                                |
| <b>Expenditures:</b>   |                |                    |   |
| Park operations:   |                |                    |   |
| Salaries and employee benefits   | 134,972        | 134,971            | 1   |
| Operating  | 69,904         | 69,623             | 281   |
| Total  | <u>204,876</u> | <u>204,594</u>     | <u>282</u>                                  |
| Revenues and other financing sources<br>over expenditures                                | <u>\$ -</u>    | 3,682              | <u>\$ 3,682</u>                             |
| <b>Reconciliation from budgetary basis (modified<br/>accrual) to full accrual basis:</b> |                |                    |   |
| Contributions to the pension plan in the current fiscal year                             |                | 7,952              |   |
| Pension expense  |                | (30,572)           |   |
| Increase in compensated absences   |                | -                  |   |
| Increase in net OPEB obligation  |                | (9,211)            |   |
| Depreciation   |                | (5,485)            |   |
| Change in net position   |                | <u>\$ (33,634)</u> |   |



**Schedule of Revenues and Expenditures—Budget and Actual (Non-GAAP)—  
Economic Development Commission Fund  
Year Ended June 30, 2017**

|  | <u>Budget</u> | <u>Actual</u>    | <u>Variance<br/>Positive<br/>(Negative)</u> |
|--|---------------|------------------|---|
| <b>Revenues:</b>   |               |                  |   |
| Operating revenues:  |               |                  |   |
| Charges for services   | \$ 88,550     | \$ 67,333        | \$ (21,217)                                 |
| Non-operating revenues:  |               |                  |   |
| Interest earned on investments   | 2,156         | 2,157            | 1   |
| Total revenues   | <u>90,706</u> | <u>69,490</u>    | <u>(21,216)</u>                             |
| <b>Expenditures:</b>   |               |                  |   |
| Economic development operations:   |               |                  |   |
| Operating  | 70,706        | 696              | 70,010                                      |
| Insurance  | 20,000        | 20,000           | -   |
| Total expenditures   | <u>90,706</u> | <u>20,696</u>    | <u>70,010</u>                               |
| Revenues over expenditures   | <u>\$ -</u>   | 48,794           | <u>\$ 48,794</u>                            |
| <b>Reconciliation from budgetary basis (modified<br/>accrual) to full accrual basis:</b> |               |                  |   |
| Depreciation   |               | <u>(29,580)</u>  |   |
| Change in net position   |               | <u>\$ 19,214</u> |   |

## 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.

**Jackson County, North Carolina**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance—**  
**Budget and Actual—Jackson County Airport Authority (Non-GAAP)**  
**Year Ended June 30, 2017**

**Schedule "G-1"**

|  | <u>Budget</u>  | <u>Actual</u>   | <u>Variance<br/>Positive<br/>(Negative)</u> |
|--|----------------|-----------------|---|
| <b>Revenues:</b>   |                |                 |   |
| Restricted intergovernmental   | \$ 150,000     | \$ 96,879       | \$ (53,121)                                 |
| Sales and services   | 47,000         | 43,560          | (3,440)                                     |
| Jackson County   | 31,000         | 31,000          | -   |
| Miscellaneous  | 28,719         | 21,166          | (7,553)                                     |
|  | <u>256,719</u> | <u>192,605</u>  | <u>(64,114)</u>                             |
| <b>Expenditures:</b>   |                |                 |   |
| Transportation:  |                |                 |   |
| Operating  | 256,719        | 177,191         | 79,528                                      |
| Revenues under expenditures  | -              | 15,414          | 15,414                                      |
| Net change in fund balance   | <u>\$ -</u>    | <u>15,414</u>   | <u>\$ 15,414</u>                            |
| Reconciliation from budgetary basis (modified<br>accrual) to full accrual basis: |                |                 |   |
| Depreciation   |                | <u>(13,759)</u> |   |
| Change in net position   |                | <u>\$ 1,655</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, 2017**

**Schedule "H-1"**

|                                      | <u>Beginning<br/>Balance</u> | <u>Additions</u>    | <u>Deductions</u>   | <u>Ending<br/>Balance</u> |
|--------------------------------------|------------------------------|---------------------|---------------------|---------------------------|
| <b>Social Services Fund:</b>         |                              |                     |                     |                           |
| Assets:                              |                              |                     |                     |                           |
| Cash and cash equivalents            | \$ 38,123                    | \$ 311,316          | \$ 302,977          | \$ 46,462                 |
| Liabilities:                         |                              |                     |                     |                           |
| Amounts held for others              | \$ 38,123                    | \$ 311,316          | \$ 302,977          | \$ 46,462                 |
| <b>Inmate Fund:</b>                  |                              |                     |                     |                           |
| Assets:                              |                              |                     |                     |                           |
| Cash and cash equivalents            | \$ 43,471                    | \$ 85,580           | \$ 85,584           | \$ 43,467                 |
| Due from others                      | 373                          | 1,308               | 373                 | 1,308                     |
| Total assets                         | <u>\$ 43,844</u>             | <u>86,888</u>       | <u>85,957</u>       | <u>\$ 44,775</u>          |
| Liabilities:                         |                              |                     |                     |                           |
| Amounts held for others              | <u>\$ 43,844</u>             | <u>\$ 86,888</u>    | <u>\$ 85,957</u>    | <u>\$ 44,775</u>          |
| <b>Property Tax Fund:</b>            |                              |                     |                     |                           |
| Assets:                              |                              |                     |                     |                           |
| Cash and cash equivalents            | \$ 20,107                    | \$ 384,436          | \$ 403,019          | \$ 1,524                  |
| Due from others                      | 5,562                        | 7,156               | 5,562               | 7,156                     |
| Total assets                         | <u>\$ 25,669</u>             | <u>\$ 391,592</u>   | <u>\$ 408,581</u>   | <u>\$ 8,680</u>           |
| Liabilities:                         |                              |                     |                     |                           |
| Amounts held for others              | <u>\$ 25,669</u>             | <u>\$ 391,592</u>   | <u>\$ 408,581</u>   | <u>\$ 8,680</u>           |
| <b>State of North Carolina Fund:</b> |                              |                     |                     |                           |
| Assets:                              |                              |                     |                     |                           |
| Cash and cash equivalents            | \$ 42,580                    | \$ 573,382          | \$ 542,463          | \$ 73,499                 |
| Liabilities:                         |                              |                     |                     |                           |
| Amounts held for others              | <u>\$ 42,580</u>             | <u>\$ 573,382</u>   | <u>\$ 542,463</u>   | <u>\$ 73,499</u>          |
| <b>Extension Agency Fund:</b>        |                              |                     |                     |                           |
| Assets:                              |                              |                     |                     |                           |
| Cash and cash equivalents            | \$ 8,600                     | \$ 7,270            | \$ 3,601            | \$ 12,269                 |
| Due from others                      | 31                           | 16                  | 31                  | 16                        |
| Total assets                         | <u>\$ 8,631</u>              | <u>\$ 7,286</u>     | <u>\$ 3,632</u>     | <u>\$ 12,285</u>          |
| Liabilities:                         |                              |                     |                     |                           |
| Amounts held for others              | <u>\$ 8,631</u>              | <u>\$ 7,286</u>     | <u>\$ 3,632</u>     | <u>\$ 12,285</u>          |
| <b>Totals--All Agency Funds</b>      |                              |                     |                     |                           |
| Assets:                              |                              |                     |                     |                           |
| Cash and cash equivalents            | \$ 152,881                   | \$ 1,361,984        | \$ 1,337,644        | \$ 177,221                |
| Due from others                      | 5,966                        | 8,480               | 5,966               | 8,480                     |
| Total assets                         | <u>\$ 158,847</u>            | <u>\$ 1,370,464</u> | <u>\$ 1,343,610</u> | <u>\$ 185,701</u>         |
| Liabilities:                         |                              |                     |                     |                           |
| Amounts held for others              | <u>\$ 158,847</u>            | <u>\$ 1,370,464</u> | <u>\$ 1,343,610</u> | <u>\$ 185,701</u>         |

## 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, 2017**

**Exhibit "I-1"**

| <u>Fiscal Year</u> | <u>Beginning Balance</u> | <u>Additions</u>     | <u>Collections And Credits</u> | <u>Ending Balance</u>                               |
|--------------------|--------------------------|----------------------|--------------------------------|---|
| 2016-2017          | \$ -                     | \$ 33,861,322        | \$ 33,092,250                  | \$ 769,072  |
| 2015-2016          | 834,326                  | -                    | 407,874                        | 426,452   |
| 2014-2015          | 482,930                  | -                    | 178,058                        | 304,872   |
| 2013-2014          | 331,106                  | -                    | 90,928                         | 240,178   |
| 2012-2013          | 269,364                  | -                    | 68,585                         | 200,779   |
| 2011-2012          | 177,258                  | -                    | 38,220                         | 139,038   |
| 2010-2011          | 146,216                  | -                    | 30,412                         | 115,804   |
| 2009-2010          | 131,151                  | -                    | 23,354                         | 107,797   |
| 2008-2009          | 73,923                   | -                    | 8,949                          | 64,974  |
| 2007-2008          | 84,857                   | -                    | 4,719                          | 80,138  |
| 2006-2007          | 47,936                   | -                    | 47,936                         | -   |
|                    | <u>\$ 2,579,067</u>      | <u>\$ 33,861,322</u> | <u>\$ 33,991,285</u>           | \$ 2,449,104  |
|                    |                          |                      |                                | <u>Less: allowance for uncollectible accounts</u>   |
|                    |                          |                      |                                | (1,014,000)   |
|                    |                          |                      |                                | Ad valorem taxes receivable - net:                  |
|                    |                          |                      |                                | General Fund  |
|                    |                          |                      |                                | <u>\$ 1,435,104</u>                                 |
|                    |                          |                      |                                | Reconcilement with revenues:                        |
|                    |                          |                      |                                | Ad valorem taxes--General Fund                      |
|                    |                          |                      |                                | <u>\$ 34,261,111</u>                                |
|                    |                          |                      |                                | Reconciling items:                                  |
|                    |                          |                      |                                | Interest collected                                  |
|                    |                          |                      |                                | (402,135)   |
|                    |                          |                      |                                | Amounts written off for tax year 2005-2006          |
|                    |                          |                      |                                | 47,936  |
|                    |                          |                      |                                | Prior year releases, refunds, and other adjustments |
|                    |                          |                      |                                | 11,630  |
|                    |                          |                      |                                | NCVTS Fees  |
|                    |                          |                      |                                | 89,535  |
|                    |                          |                      |                                | Other reconciling Items                             |
|                    |                          |                      |                                | <u>(16,792)</u>                                     |
|                    |                          |                      |                                | Total reconciling items                             |
|                    |                          |                      |                                | <u>(269,826)</u>                                    |
|                    |                          |                      |                                | Total collections and credits                       |
|                    |                          |                      |                                | <u>\$ 33,991,285</u>                                |

**Jackson County, North Carolina**  
**Analysis of Current Tax Levy**  
**County-wide Levy**  
**Year Ended June 30, 2017**

**Exhibit "I-2"**

|                                       | <u>County-wide</u>        |             |                       | <u>Total Levy</u>                                   |                                  |
|---------------------------------------|---------------------------|-------------|-----------------------|---|----------------------------------|
|                                       | <u>Property Valuation</u> | <u>Rate</u> | <u>Amount of Levy</u> | <u>Property Excluding Registered Motor Vehicles</u> | <u>Registered Motor Vehicles</u> |
| Original levy:                        |                           |             |                       |   |                                  |
| Property taxed at current year's rate | \$ 8,940,307,297          | 0.37        | \$ 33,079,137         | \$ 31,835,473                                       | \$ 1,243,664                     |
| Utilities at current year's rate      | <u>178,327,027</u>        | 0.37        | <u>659,810</u>        | <u>659,810</u>                                      | <u>-</u>                         |
| Total                                 | 9,118,634,324             |             | 33,738,947            | 32,495,283  | 1,243,664                        |
| Discoveries:                          |                           |             |                       |   |                                  |
| Current year taxes                    | 42,384,865                | 0.37        | 156,824               | 156,824   | -                                |
| Abatements/Releases                   | <u>(9,310,541)</u>        | 0.37        | <u>(34,449)</u>       | <u>(28,278)</u>                                     | <u>(6,171)</u>                   |
| Total property valuation              | <u>\$ 9,151,708,648</u>   |             |                       |   |                                  |
| Net levy                              |                           |             | 33,861,322            | 32,623,829  | 1,237,493                        |
| Uncollected taxes at June 30, 2017    |                           |             | <u>769,072</u>        | <u>760,334</u>                                      | <u>8,738</u>                     |
| Current year's taxes collected        |                           |             | <u>\$ 33,092,250</u>  | <u>\$ 31,863,495</u>                                | <u>\$ 1,228,755</u>              |
| Current levy collection percentage    |                           |             | <u>97.73%</u>         | <u>97.67%</u>                                       | <u>99.29%</u>                    |