

# Jackson County, North Carolina

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**Financial Statements**

**Year Ended June 30, 2018**



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

List of Principal Officials

June 30, 2018

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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**Jackson County, North Carolina**

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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, 2018, 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, 2018, 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, beginning balances for governmental activities and business-type activities were restated due to the implementation of *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in 2018. Our opinion is not modified with respect to these changes.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 11 and the pension and OPEB schedules, identified in the table of contents, on pages 52 through 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplementary and Other Information*

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

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

combining and individual non-major fund financial statements, budgetary schedules, and other schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2018, on our consideration of Jackson County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Jackson County's internal control over financial reporting and compliance.

*Dixon Hughes Goodman LLP*

**Asheville, North Carolina  
December 7, 2018**



## 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, 2018. 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.

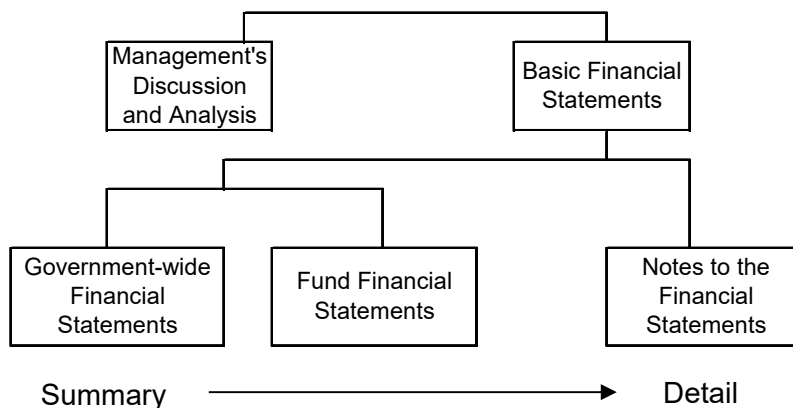
### Financial Highlights

- 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 \$35,459,643 (*net position*).
- The County’s total net position decreased by \$22,972,264, of which \$22,658,372 was for a decrease in governmental activities and \$313,892 was for a decrease in business-type activities. The decrease in governmental activities is attributable to recording activity for Other Post-Employment Benefits (“OPEB”) as required by Governmental Accounting Standards Board (“GASB”) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.
- As of the close of the current fiscal year, Jackson County’s governmental funds reported combined ending fund balances of \$42,012,655, a decrease of \$2,599,729 in comparison with the prior year. 59 percent of this total amount, or \$24,662,874, 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 \$24,669,217, 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, OPEB and pension related liabilities) decreased by \$3,525,256 during the current fiscal year. This is due to the repayment of notes payable.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Jackson County’s basic financial statements. The County’s basic financial statements consist of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the County through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader’s understanding of the financial condition of Jackson County.

**Required Components of Annual Financial Report  
Figure 1**



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Notes to the Financial Statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on Page 26 of this report.

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

**Government-Wide Financial Analysis**

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

	2018			2017		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 47,008,881	\$ 1,411,738	\$ 48,420,619	\$ 48,713,854	\$ 1,419,592	\$ 50,133,446
Capital assets	66,647,916	5,383,731	72,031,647	66,875,720	5,527,605	72,403,325
Total assets	<u>113,656,797</u>	<u>6,795,469</u>	<u>120,452,266</u>	<u>115,589,574</u>	<u>6,947,197</u>	<u>122,536,771</u>
Deferred outflows of resources	8,024,377	171,700	8,196,077	1,359,297	29,056	1,388,353
Long-term liabilities	80,702,921	2,694,888	83,397,809	58,518,440	2,547,225	61,065,665
Other liabilities	3,201,341	1,792,390	4,993,731	2,425,191	1,728,824	4,154,015
Total liabilities	<u>83,904,262</u>	<u>4,487,278</u>	<u>88,391,540</u>	<u>60,943,631</u>	<u>4,276,049</u>	<u>65,219,680</u>
Deferred inflows of resources	4,699,455	97,705	4,797,160	269,411	4,126	273,537
Net position:						
Net investment in capital assets	58,000,768	3,858,827	61,859,595	56,555,512	3,768,101	60,287,169
Restricted	13,015,008	-	13,015,008	15,447,002	-	15,447,002
Unrestricted	(37,938,319)	(1,476,641)	(39,414,960)	(16,266,685)	(1,072,023)	(17,338,708)
Total net position	<u>\$ 33,077,457</u>	<u>\$ 2,382,186</u>	<u>\$ 35,459,643</u>	<u>\$ 55,735,829</u>	<u>\$ 2,696,078</u>	<u>\$ 58,431,907</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 \$35,459,643 as of June 30, 2018. The County's net position decreased by \$22,972,264 for the fiscal year ended June 30, 2018, of which \$22,658,372 was for a decrease in governmental activities and \$313,892 was for a decrease in business-type activities. One of the largest portions of net position reflects the County's investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt still outstanding that was issued to acquire those items. Jackson County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Jackson County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of Jackson County's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$39,414,960 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 97.56 percent, slightly below the statewide average of 98.9 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**

	2018			2017		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 3,923,471	\$ 3,371,525	\$ 7,294,996	\$ 3,429,294	\$ 3,530,022	\$ 6,959,316
Operating grants and contributions	6,750,155	17,361	6,767,516	8,857,386	2,937	8,860,323
Capital grants and contributions	410,080	-	410,080	409,543	-	409,543
General revenues:						
Property taxes	35,673,669	-	35,673,669	35,372,625	-	35,372,625
Other taxes	14,139,458	87,455	14,226,913	13,022,456	75,135	13,097,591
Grants and contributions not restricted to specific programs	254,861	-	254,861	372,298	-	372,298
Other	613,025	21,107	634,132	409,471	24,315	433,786
Total revenues	<u>61,764,719</u>	<u>3,497,448</u>	<u>65,262,167</u>	<u>61,873,073</u>	<u>3,632,409</u>	<u>65,505,482</u>
Expenses:						
General government	8,499,124	-	8,499,124	10,912,462	-	10,912,462
Public safety	15,078,381	-	15,078,381	16,724,221	-	16,724,221
Transportation	734,846	-	734,846	1,119,874	-	1,119,874
Environmental protection	239,913	-	239,913	395,544	-	395,544
Economic and physical development	795,580	-	795,580	970,101	-	970,101
Human services	11,944,860	-	11,944,860	16,625,414	-	16,625,414
Culture and recreation	4,233,715	-	4,233,715	3,573,751	-	3,573,751
Education	14,338,681	-	14,338,681	12,213,853	-	12,213,853
Interest and other charges	461,147	-	461,147	532,375	-	532,375
Landfill	-	3315,189	3,315,189	-	3,415,760	3,415,760
Green Energy Park	-	182,933	182,933	-	241,910	241,910
Economic Development Commission	-	50,378	50,378	-	50,276	50,276
Total expenses	<u>56,326,247</u>	<u>3,548,500</u>	<u>59,874,747</u>	<u>63,067,595</u>	<u>3,707,946</u>	<u>66,775,541</u>
Change in net position before transfers	5,438,472	(51,052)	5,387,420	(1,194,522)	(75,537)	(1,270,059)
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	5,260,011	127,409	5,387,420	(1,372,983)	102,924	(1,270,059)
Net position, July 1 previously reported	55,735,829	2,696,078	58,431,907	57,939,019	2,593,154	60,532,173
Cumulative effect adjustment	<u>(27,918,383)</u>	<u>(441,301)</u>	<u>28,359,684</u>	<u>(830,207)</u>	<u>-</u>	<u>(830,207)</u>
Net position July 1, as adjusted	<u>27,817,446</u>	<u>2,254,777</u>	<u>30,072,223</u>	<u>57,108,812</u>	<u>2,593,154</u>	<u>59,701,966</u>
Net position, June 30	<u>\$ 33,077,457</u>	<u>\$ 2,382,186</u>	<u>\$ 35,459,643</u>	<u>\$ 55,735,829</u>	<u>\$ 2,696,078</u>	<u>\$ 58,431,907</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 \$22,658,372, thereby accounting for 98 percent of the total decrease in the net position of Jackson County. Key element of this decrease is as follows:

- The cumulative effect of implementing GASB Statement No. 75 as discussed earlier.

**Business-Type Activities** – Business-type activities decreased Jackson County's net position by \$313,892. The key element of this decrease is as follows:

- The cumulative effect of implementing GASB Statement No. 75 as discussed earlier.

### ***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 \$24,669,217, while total fund balance reached \$32,829,478. 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, \$4,404,025. Fund balance available for appropriation of \$24,669,217 represents 42 percent of total General Fund expenditures and transfers out, while total fund balance represents 59 percent of that same amount.

At June 30, 2018, the governmental funds of Jackson County reported a combined fund balance of \$42,012,655, a decrease of \$2,599,729. The primary reason for this decrease in fund balance is the additional expense 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 \$1,298,165.

**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 \$2,382,186. The total decrease in net position for the funds was \$313,892. 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, 2018, totals \$72,031,647 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include:

- Purchased a Mitel Phone System for the Justice and Administration Building
- Purchased a Facility Management System for the Maintenance Department
- Purchased five 2018 Dodge Chargers; four 2018 Ford Explorers, and 2 Ford Trucks for Sheriff’s Office
- Purchased a Driving Simulator for the Sheriff’s Office with a grant
- Purchased a 2018 Ford Expedition; a 2018 Ford F150 Truck; and antenna for the Brown Mountain Site for Emergency Management.
- Purchased three servers for the Emergency Telephone System
- Purchased a 2018 Jeep Renegade for the Code Enforcement Department
- Purchased a 2018 Jeep Renegade for the Department of Social Services
- Purchased a 2018 Ford truck and a Playground 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**

	2018			2017		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Land	\$ 15,428,817	\$ 196,433	\$ 15,625,250	\$ 15,428,817	\$ 182,414	\$ 15,611,231
Buildings and system	42,236,531	1,173,294	43,409,825	44,129,259	1,264,627	45,393,886
Machinery and equipment	1,824,850	4,014,003	5,838,853	1,857,578	4,080,564	5,938,142
Vehicles and motorized equipment	1,576,154	-	1,576,154	1,474,044	-	1,474,044
Construction in progress	<u>5,581,565</u>	<u>-</u>	<u>5,581,565</u>	<u>3,986,022</u>	<u>-</u>	<u>3,986,022</u>
Total	<u>\$ 66,647,917</u>	<u>\$ 5,383,730</u>	<u>\$ 72,031,647</u>	<u>\$ 66,875,720</u>	<u>\$ 5,527,605</u>	<u>\$ 72,403,325</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, 2018, Jackson County had total debt outstanding of \$25,870,394, most of which is collateralized by capital assets. However, approximately \$16,000,000 of the debt is collateralized by capital assets held by the Jackson County Board of Education under capital lease agreements. Those assets are not included in the County’s capital assets.

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

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

	2018			2017		
	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>	<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
Total	\$ 25,280,123	\$ 1,524,904	\$ 26,805,027	\$ 28,805,379	\$ 1,759,504	\$ 30,564,883

Jackson County's debt, shown above, decreased \$3,759,856 (12 percent) during the past fiscal year. The decrease is primarily due to the repayment of notes payable.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue up to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Jackson County is approximately \$741,559,415.

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 percent, slightly higher than the State average of 4.3 percent.
- Retail vacancy rates slightly increased, 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, 2019***

**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 3.9 percent to \$64,975,209. The largest increments are in the reinstatement of the career path program, decrease in debt transfers, and increased operational expenses.

**Business-type Activities:** General operating expenses of the Landfill Fund will decrease by \$898. Revenues from the sales of materials and volumes for tipping fees have increased slightly. An increase in sales of recycled materials is projected. Rates for landfill services will remain the same. The decrease is primarily due to debt repayments. The Green Energy Park Fund will increase by 5 percent due to professional services for the facility usage. The Economic Development Fund will increase slightly due to increased rental income.

***Requests for Information***

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



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## **BASIC FINANCIAL STATEMENTS**

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**Jackson County, North Carolina**  
**Statement of Net Position**  
**June 30, 2018**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 36,147,152	\$ 868,753	\$ 37,015,905
Restricted cash and cash equivalents	3,354,714	-	3,354,714
Taxes receivable, net	1,526,597	-	1,526,597
Accounts receivable, net	1,726,280	416,042	2,142,322
Accrued interest receivable	174,337	10,297	184,634
Due from other governments	4,041,701	37,014	4,078,715
Notes receivable, net	38,100	79,632	117,732
Inventory and prepaids	-	-	-
Capital assets:			
Land and construction in progress	21,010,382	196,433	21,206,815
Other assets, net of depreciation	45,637,534	5,187,298	50,824,832
Total capital assets	<u>66,647,916</u>	<u>5,383,731</u>	<u>72,031,647</u>
Total assets	<u>113,656,797</u>	<u>6,795,469</u>	<u>120,452,266</u>
<b>Deferred outflows of resources</b>	<u>8,024,377</u>	<u>171,700</u>	<u>8,196,077</u>
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	2,882,671	219,547	3,102,218
Unearned revenue	-	13,286	13,286
Accrued interest payable	84,536	13,277	97,813
Deposits held for others	234,134	-	234,134
Due to other governments	-	-	-
Accrued landfill closure and post-closure care costs	-	1,546,280	1,546,280
Long-term liabilities:			
Due within one year	3,525,255	234,601	3,759,856
Due in more than one year	77,177,666	2,460,287	79,637,953
Total liabilities	<u>83,904,262</u>	<u>4,487,278</u>	<u>88,391,540</u>
<b>Deferred inflows of resources</b>	<u>4,699,455</u>	<u>97,705</u>	<u>4,797,160</u>
<b>Net Position:</b>			
Net investment in capital assets	58,000,768	3,858,827	61,859,595
Restricted:			
Stabilization by State Statute	4,415,171	-	4,415,171
Register of Deeds	36,504	-	36,504
Education	6,852,925	-	6,852,925
Public safety	414,802	-	414,802
Economic and physical development	1,295,606	-	1,295,606
Working capital	-	-	-
Unrestricted	(37,938,319)	(1,476,641)	(39,414,960)
Total net position	<u>\$ 33,077,457</u>	<u>\$ 2,382,186</u>	<u>\$ 35,459,643</u>

<b>Component Units</b>		
<b>Jackson County Tourism Development Authority</b>	<b>Jackson County Airport Authority</b>	<b>Jackson County ABC Board</b>
\$ 408,135	\$ 97,289	\$ 652,631
-	-	-
144,802	-	-
-	2,342	8,275
-	-	-
-	107,165	-
-	-	-
-	13,011	603,760
-	4,818,067	-
-	59,593	874,611
-	4,877,660	874,611
552,937	5,097,467	2,139,277
-	-	39,611
17,129	14,296	500,451
-	-	-
-	-	-
-	-	116,488
-	-	-
-	-	28,505
-	-	596,891
17,129	14,296	1,242,335
-	-	1,678
-	4,877,660	249,215
144,802	-	-
-	-	-
-	-	-
-	-	-
-	-	141,215
391,006	205,511	544,445
\$ 535,808	\$ 5,083,171	\$ 934,875

**Jackson County, North Carolina**  
**Statement of Activities**  
**Year Ended June 30, 2018**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 8,499,124	\$ 949,316	\$ -	\$ -
Public safety	15,078,381	1,626,341	716,969	4,824
Transportation	734,846	65,204	335,781	159,060
Environmental protection	239,913	172,667	66,005	3,600
Economic and physical development	795,580	120,090	13,251	-
Human services	11,944,860	398,445	5,527,207	-
Cultural and recreation	4,233,715	591,408	-	242,596
Education	14,338,681	-	90,942	-
Interest on long-term debt	461,147	-	-	-
Total governmental activities	<u>56,326,247</u>	<u>3,923,471</u>	<u>6,750,155</u>	<u>410,080</u>
Business-type activities:				
Landfill	3,315,189	3,257,253	-	-
Green Energy Park	182,933	38,109	10,272	-
Economic Development Commission	50,378	76,163	-	-
Total business-type activities	<u>3,548,500</u>	<u>3,371,525</u>	<u>10,272</u>	<u>-</u>
Total primary government	<u>\$ 59,874,747</u>	<u>\$ 7,294,996</u>	<u>\$ 6,760,427</u>	<u>\$ 410,080</u>
<b>Component units:</b>				
Jackson County Tourism Development Authority	\$ 1,149,754	\$ -	\$ -	\$ -
Jackson County Airport Authority	293,083	44,901	31,000	250,027
Jackson County ABC Board	4,699,060	4,830,730	-	-
Total component units	<u>\$ 6,141,897</u>	<u>\$ 4,875,631</u>	<u>\$ 31,000</u>	<u>\$ 250,027</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				
Restatement				
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
\$ (7,549,808)	\$ -	\$ (7,549,808)			
(12,730,247)	-	(12,730,247)			
(174,801)	-	(174,801)			
2,359	-	2,359			
(662,239)	-	(662,239)			
(6,019,208)	-	(6,019,208)			
(3,399,711)	-	(3,399,711)			
(14,247,739)	-	(14,247,739)			
(461,147)	-	(461,147)			
(45,242,541)	-	(45,242,541)			
-	(57,936)	(57,936)			
-	(134,552)	(134,552)			
-	25,785	25,785			
-	(166,703)	(166,703)			
(45,242,541)	(166,703)	(45,409,244)			
			\$ (1,149,754)	\$ -	\$ -
			-	32,845	-
			-	-	131,670
			(1,149,754)	32,845	131,670
35,673,669	-	35,673,669	-	-	-
13,651,888	-	13,651,888	-	-	-
487,570	87,455	575,025	1,092,332	-	-
254,861	7,089	261,950	-	-	-
265,574	21,107	286,681	4,797	-	-
347,451	-	347,451	12,525	49,440	1,332
(178,461)	178,461	-	-	-	-
50,502,552	294,112	50,796,664	1,109,654	49,440	1,332
5,260,011	127,409	5,387,420	(40,100)	82,285	133,002
55,735,829	2,696,078	58,431,907	575,908	5,000,886	801,873
(27,918,383)	(441,301)	(28,359,684)	-	-	-
27,817,446	2,254,777	30,072,223	575,908	5,000,886	801,873
\$ 33,077,457	\$ 2,382,186	\$ 35,459,643	\$ 535,808	\$ 5,083,171	\$ 934,875

**Jackson County, North Carolina**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2018**

**Exhibit "3"**

	<b>General Fund</b>	<b>School Improvements Fund</b>	<b>Other Governmental Funds</b>	<b>Total</b>
<b>Assets:</b>				
Cash and cash equivalents	\$ 30,079,709	\$ 3,746,315	\$ 2,321,128	\$ 36,147,152
Restricted cash and cash equivalents	250,058	3,104,656	-	3,354,714
Taxes receivable, net	1,526,188	-	-	1,526,188
Accounts receivable, net	399,382	1,302,865	24,442	1,726,689
Due from other governments	4,004,643	-	37,058	4,041,701
Due from other funds	-	119,233	-	119,233
Notes receivable, net	-	-	38,100	38,100
	<u>36,259,980</u>	<u>8,273,069</u>	<u>2,420,728</u>	<u>46,953,777</u>
Total assets	<u>\$ 36,259,980</u>	<u>\$ 8,273,069</u>	<u>\$ 2,420,728</u>	<u>\$ 46,953,777</u>
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 1,408,901	\$ 1,172,726	\$ 53,626	\$ 2,635,253
Due to other funds	119,233	-	-	119,233
Contract retainage	-	247,418	-	247,418
Deposits held for others	234,134	-	-	234,134
	<u>1,762,268</u>	<u>1,420,144</u>	<u>53,626</u>	<u>3,236,038</u>
Total liabilities	<u>1,762,268</u>	<u>1,420,144</u>	<u>53,626</u>	<u>3,236,038</u>
<b>Deferred inflows of resources</b>	<u>1,668,234</u>	<u>-</u>	<u>36,850</u>	<u>1,705,084</u>
<b>Fund Balances:</b>				
Restricted:				
Stabilization by State Statute	4,404,025	-	11,146	4,415,171
Register of Deeds	36,504	-	-	36,504
Education	-	6,852,925	-	6,852,925
Public safety	-	-	414,802	414,802
Economic and physical development	-	-	1,295,606	1,295,606
Committed:				
Revaluation	250,041	-	-	250,041
Capital reserve	2,479,998	-	-	2,479,998
Conservation/preservation	786,960	-	-	786,960
Recreation	-	-	372,688	372,688
Various programs and projects	-	-	242,353	242,353
Assigned:				
Other post-employment benefits	202,733	-	-	202,733
Unassigned	24,669,217	-	(6,343)	24,662,874
	<u>32,829,478</u>	<u>6,852,925</u>	<u>2,330,252</u>	<u>42,012,655</u>
Total fund balances	<u>32,829,478</u>	<u>6,852,925</u>	<u>2,330,252</u>	<u>42,012,655</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 36,259,980</u>	<u>\$ 8,273,069</u>	<u>\$ 2,420,728</u>	<u>\$ 46,953,777</u>

See accompanying notes.

**Jackson County, North Carolina**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2018**

**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	\$ 42,012,655
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	66,647,916
Accrued interest receivable is not a financial resources and therefore not reported in the funds.	174,337
Deferred outflows of resources are not available to satisfy current obligations in the fund statements; however, they are considered a consumption of net position that applies to a future period and are included in the Statement of Net Position:	
Contributions to LGERS pension plan in the current fiscal year	1,214,245
LGERS pension related deferrals	173,094
Contributions to LEOSSA pension plan in the current fiscal year	101,455
LEOSSA pension related deferrals	88,708
Contributions to OPEB plan in the current fiscal year	6,398,385
OPEB related deferrals	48,490
Deferred inflows of resources for notes receivable	38,100
Deferred inflows of resources for taxes receivable	1,526,188
Deferred inflows of resources for pension related deferrals	(201,864)
Deferred inflows of resources for OPEB related deferrals	(4,356,795)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Accrued interest payable	(84,536)
Compensated absences	(1,619,872)
Net pension liability - LGERS	(3,717,513)
Total pension liability - LEO	(1,746,345)
Total OPEB liability	(48,339,068)
Installment notes payable	(25,280,123)
Net position of governmental activities	<u>\$ 33,077,457</u>

**See accompanying notes.**

**Jackson County, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances—**  
**Governmental Funds**  
**Year Ended June 30, 2018**

**Exhibit "4"**

	<u>General Fund</u>	<u>School Improvements Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Revenues:</b>				
Ad valorem taxes	\$ 34,446,457	\$ -	\$ 1,216,898	\$ 35,663,355
Other taxes	13,849,978	-	-	13,849,978
Unrestricted intergovernmental	493,281	-	-	493,281
Restricted intergovernmental	7,184,488	-	445,300	7,629,788
Other restricted revenues	54,325	-	-	54,325
Permits and fees	2,128,889	-	-	2,128,889
Sales and services	1,302,136	-	79,540	1,381,676
Investment earnings	263,217	596	1,761	265,574
Miscellaneous	238,442	-	-	238,442
Total revenues	<u>59,961,213</u>	<u>596</u>	<u>1,743,499</u>	<u>61,705,308</u>
<b>Expenditures:</b>				
Current:				
General government	9,037,927	-	1,776,370	10,814,297
Public safety	14,785,281	-	1,717,471	16,502,752
Transportation	813,904	-	-	813,904
Environmental protection	66,174	-	-	66,174
Economic and physical development	909,576	-	128,870	1,038,446
Human services	12,564,083	-	-	12,564,083
Culture and recreation	3,321,144	-	20,312	3,341,456
Intergovernmental:				
Education	11,223,616	3,811,265	-	15,034,881
Debt service:				
Principal retirement	3,525,256	-	-	3,525,256
Interest and other charges	474,424	-	-	474,424
Total expenditures	<u>56,721,385</u>	<u>3,811,265</u>	<u>3,643,023</u>	<u>64,175,673</u>
Revenues over (under) expenditures	<u>3,239,828</u>	<u>(3,810,669)</u>	<u>(1,899,524)</u>	<u>(2,470,365)</u>
<b>Other financing sources (uses):</b>				
Transfers from other funds	-	1,720,217	100,000	1,820,217
Transfers to other funds	(1,371,441)	(627,237)	-	(1,998,678)
Proceeds from sale of capital assets	49,097	-	-	49,097
Other financing sources (uses), net	<u>(1,322,344)</u>	<u>1,092,980</u>	<u>100,000</u>	<u>(129,364)</u>
Net change in fund balances	1,917,484	(2,717,689)	(1,799,524)	(2,599,729)
<b>Fund balances:</b>				
Beginning balances, July 1	30,911,994	9,570,614	4,129,776	44,612,384
Ending balances, June 30	<u>\$ 32,829,478</u>	<u>\$ 6,852,925</u>	<u>\$ 2,330,252</u>	<u>\$ 42,012,655</u>



**Jackson County, North Carolina**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances--**  
**Governmental Funds**  
**Year Ended June 30, 2018**

**Exhibit "4"**

**(Continued)**

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

Net changes in fund balances--total governmental funds \$ (2,599,729)

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

Capital outlay	2,689,834
Depreciation	(2,822,958)

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 1,387,339

Benefit payments and pension administration cost for LEOWSA are deferred outflows of resources on the Statement of Net Position 190,163

Contributions and administration cost for OPEB are deferred outflow of resources on the Statement of Net Position 6,446,875

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	101,807
Change in notes receivable	(75,839)

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

Principal portion of repayments	3,525,256
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Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds: statements

because they do not use current financial resources:

Compensated absences	(78,788)
OPEB expense	(1,053,809)
Pension expense	(2,463,417)
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual).	<u>13,277</u>

Total changes in net position of governmental activities	<u><u>\$ 5,260,011</u></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, 2018**

**Exhibit "5"**

	<b>General Fund</b>			<b>Variance With Final Positive (Negative)</b>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	
<b>Revenues:</b>				
Ad valorem taxes	\$ 34,666,694	\$ 34,666,694	\$ 34,446,457	\$ (220,237)
Other taxes	13,846,600	14,008,232	13,849,978	(158,254)
Unrestricted intergovernmental	397,372	397,372	493,281	95,909
Restricted intergovernmental	9,244,909	9,769,992	7,184,488	(2,585,504)
Other restricted revenues	59,500	59,500	54,325	(5,175)
Permits and fees	2,034,182	2,181,227	2,128,889	(52,338)
Sales and services	1,221,060	1,471,557	1,302,136	(169,421)
Investment earnings	125,000	246,500	262,613	16,113
Miscellaneous	362,053	454,461	238,442	(216,019)
Total revenues	<u>61,957,370</u>	<u>63,255,535</u>	<u>59,960,609</u>	<u>(3,294,926)</u>
<b>Expenditures:</b>				
Current:				
General government	8,862,574	9,231,385	8,805,173	426,212
Public safety	13,028,454	14,239,244	14,785,281	(546,037)
Transportation	1,108,278	1,077,278	813,904	263,374
Environmental protection	81,243	81,243	66,174	15,069
Economic and physical development	988,842	1,076,212	909,576	166,636
Human services	15,180,624	15,580,130	12,564,083	3,016,047
Culture and recreation	3,351,235	3,504,531	3,321,144	183,387
Intergovernmental:				
Education	11,059,500	12,486,192	11,223,616	1,262,576
Debt service:				
Principal retirement	3,525,259	3,525,260	3,525,256	4
Interest and other charges	474,425	474,425	474,424	1
Total expenditures	<u>57,660,434</u>	<u>61,275,900</u>	<u>56,488,631</u>	<u>4,787,269</u>
Revenues over expenditures	<u>4,296,936</u>	<u>1,979,635</u>	<u>3,471,978</u>	<u>1,492,343</u>
<b>Other financing sources (uses):</b>				
Transfers to other funds	(3,605,893)	(3,636,893)	(3,221,941)	414,952
Proceeds from sale of capital assets	25,400	39,650	49,097	9,447
Appropriated fund balance	539,900	1,855,779	-	(1,855,779)
Contingency	(1,256,343)	(238,171)	-	238,171
Other financing sources (uses), net	<u>(4,296,936)</u>	<u>(1,979,635)</u>	<u>(3,172,844)</u>	<u>(1,193,209)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	299,134	<u>\$ 299,134</u>
<b>Fund balance:</b>				
Beginning balance, July 1			<u>29,012,995</u>	
Ending balance, June 30			<u>\$ 29,312,129</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, 2018**

**Exhibit " 5"**

**(Continued)**

	<u>General Fund</u>			<b>Variance With Final Positive (Negative)</b>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
A legally budgeted Revaluation Fund is consolidated into the General Fund for reporting purposes:				
Expenditures			\$ (232,754)	
Transfers from the General Fund			350,500	
Beginning Fund Balance			132,645	
A legally budgeted Capital Reserve Fund is consolidated into the General Fund for reporting purposes:				
Revenue			604	
Transfers from the General Fund			1,000,000	
Beginning Fund Balance			1,479,394	
A legally budgeted Conservation/Preservation Fund is consolidated into the General Fund for reporting purposes:				
Transfers from the General Fund			500,000	
Beginning Fund Balance			286,960	
Ending Fund Balance - Combined General Fund			<u>\$ 32,829,478</u>	

**Jackson County, North Carolina**  
**Statement of Fund Net Position**  
**Proprietary Funds**  
**June 30, 2018**

**Exhibit "6"**

	<b>Landfill Fund</b>	<b>Other Enterprise Funds</b>	<b>Total</b>
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 437,484	\$ 431,269	\$ 868,753
Accounts receivable, net	414,977	1,065	416,042
Accrued interest receivable	10,297	-	10,297
Due from other governments	37,014	-	37,014
Total current assets	<u>899,772</u>	<u>432,334</u>	<u>1,332,106</u>
Non-current assets:			
Notes receivable, net	-	79,632	79,632
Capital assets, net of depreciation	4,234,838	1,148,893	5,383,731
Total non-current assets	<u>4,234,838</u>	<u>1,228,525</u>	<u>5,463,363</u>
Total assets	<u>5,134,610</u>	<u>1,660,859</u>	<u>6,795,469</u>
<b>Deferred outflows of resources</b>	<u>121,861</u>	<u>49,839</u>	<u>171,700</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable	218,079	1,468	219,547
Unearned revenue	-	13,286	13,286
Accrued interest payable	13,277	-	13,277
Installment purchases, current	234,601	-	234,601
Total current liabilities	<u>465,957</u>	<u>14,754</u>	<u>480,711</u>
Non-current liabilities:			
Installment purchases, non-current	1,290,303	-	1,290,303
Compensated absences	15,638	13,438	29,076
Net pension liability	57,826	23,650	81,476
Total OPEB liability	751,917	307,515	1,059,432
Accrued landfill closure and post-closure care costs	1,546,280	-	1,546,280
Total non-current liabilities	<u>3,661,964</u>	<u>344,603</u>	<u>4,006,567</u>
Total liabilities	<u>4,127,921</u>	<u>359,357</u>	<u>4,487,278</u>
<b>Deferred inflows of resources</b>	<u>69,333</u>	<u>28,372</u>	<u>97,705</u>
<b>Net position:</b>			
Net investment in capital assets	2,709,934	1,148,893	3,858,827
Unrestricted	(1,650,717)	174,076	(1,476,641)
Total net position	<u>\$ 1,059,217</u>	<u>\$ 1,322,969</u>	<u>\$ 2,382,186</u>

See accompanying notes.

**Jackson County, North Carolina**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**Year Ended June 30, 2018**

**Exhibit "7"**

	<u>Landfill Fund</u>	<u>Other Enterprise Funds</u>	<u>Total</u>
<b>Operating revenues:</b>			
Charges for services	\$ 3,257,253	\$ 114,272	\$ 3,371,525
<b>Operating expenses:</b>			
Landfill operations, closure and post-closure care costs	3,132,711	-	3,132,711
Park operations	-	177,448	177,448
Economic development operations	-	20,798	20,798
Depreciation	142,168	35,065	177,233
Total operating expenses	<u>3,274,879</u>	<u>233,311</u>	<u>3,508,190</u>
Operating loss	<u>(17,626)</u>	<u>(119,039)</u>	<u>(136,665)</u>
<b>Non-operating revenues (expenses):</b>			
Interest and investment revenues	21,107	-	21,107
Conservation fund grant	-	10,000	10,000
Donations	-	272	272
Scrap tire grant	2,259	-	2,259
Commercial waste reduction grant	4,830	-	4,830
Scrap tire tax	56,801	-	56,801
White goods tax	27,256	-	27,256
Electronics tax	3,398	-	3,398
Interest expense	(40,310)	-	(40,310)
Net non-operating revenue (expenses)	<u>75,341</u>	<u>10,272</u>	<u>85,613</u>
Income (loss) before transfers	57,715	(108,767)	(51,052)
<b>Transfers from other funds</b>	<u>-</u>	<u>178,461</u>	<u>178,461</u>
Change in net position	<u>57,715</u>	<u>69,694</u>	<u>127,409</u>
<b>Net position:</b>			
Beginning balance, July 1, previously reported	1,234,608	1,461,470	2,696,078
Restatement	<u>(233,106)</u>	<u>(208,195)</u>	<u>(441,301)</u>
Beginning balance, July 1, as adjusted	<u>1,001,502</u>	<u>1,253,275</u>	<u>2,254,777</u>
Ending balance, June 30	<u>\$ 1,059,217</u>	<u>\$ 1,322,969</u>	<u>\$ 2,382,186</u>

See accompanying notes.

**Jackson County, North Carolina**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended June 30, 2018**

**Exhibit "8"**

	<b>Landfill Fund</b>	<b>Other Enterprise Funds</b>	<b>Total</b>
<b>Cash flows from operating activities:</b>			
Cash received from customers	\$ 3,312,032	\$ 114,493	\$ 3,426,525
Cash paid for goods and services	(2,694,455)	(68,830)	(2,763,285)
Cash paid to employees for services	(455,394)	(156,815)	(612,209)
Net cash provided by (used for) operating activities	<u>162,183</u>	<u>(111,152)</u>	<u>51,031</u>
<b>Cash flows from non-capital financing activities:</b>			
Other taxes	86,837	-	86,837
Grants and donations	7,090	10,272	17,362
Insurance settlement	-	-	-
Transfers from other funds	-	178,461	178,461
Net cash provided by non-capital financing activities	<u>93,927</u>	<u>188,733</u>	<u>282,660</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	(40,310)	-	(40,310)
Net cash used for capital and related financing activities	<u>(308,270)</u>	<u>-</u>	<u>(308,270)</u>
<b>Cash flows from investing activities:</b>			
Principal payments on notes receivable	-	17,544	17,544
Interest earned on investments	21,778	-	21,778
Net cash provided by investing activities	<u>21,778</u>	<u>17,544</u>	<u>39,322</u>
Net change in cash and cash equivalents	(30,382)	95,125	64,743
<b>Cash and cash equivalents:</b>			
Beginning balance, July 1	467,866	336,144	804,010
Ending balance, June 30	<u>\$ 437,484</u>	<u>\$ 431,269</u>	<u>\$ 868,753</u>
<b>Reconciliation of operating loss to net cash provided by (used for) operating activities:</b>			
Operating loss	\$ (17,626)	\$ (119,039)	\$ (136,665)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:			
Depreciation	142,168	35,065	177,233
Contributions to the pension plan in current fiscal year	(18,888)	(7,724)	(26,612)
Contributions to the OPEB plan in current fiscal year	(99,527)	(40,704)	(140,231)
Pension expense	(5,053)	(2,417)	(7,470)
OPEB expense	45,520	18,616	64,136
Changes in assets and liabilities:			
Accounts receivable	54,779	221	55,000
Accounts payable and accrued liabilities	46,734	1,274	48,008
Unearned revenue	(230)	206	(24)
Compensated absences	(1,276)	3,350	2,074
Accrued landfill closure and post-closure care costs	15,582	-	15,582
Net cash provided by (used for) operating activities	<u>\$ 162,183</u>	<u>\$ (111,152)</u>	<u>\$ 51,031</u>

See accompanying notes.

**Jackson County, North Carolina**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2018**

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**Exhibit "9"**

	<u>Agency Funds</u>
<b>Assets:</b>	
Cash and cash equivalents	\$ 228,974
Due from others	<u>10,859</u>
Total assets	<u>\$ 239,833</u>
<b>Liabilities:</b>	
Amounts held for others	<u>\$ 239,833</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 9 voting members and four ex-officio members, all who serve without compensation and are appointed by the Jackson County Board of Commissioners. Members are appointed to complete three year terms. The JCTDA may contract with any person, firm or organization to advise and assist in carrying out its duty to promote travel and tourism within the County. Complete financial statements for the JCTDA may be obtained by contacting the Jackson County Tourism Development Authority Finance Officer, 401 Grindstaff Cove Road, Sylva, North Carolina, 28779.

#### **Jackson County Airport Authority**

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

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

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

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

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

**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 per North Carolina General Statutes 159-18 through 22.

**Ad valorem taxes receivable:** In accordance with State Law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2017.

**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 several items that meet the criterion for this category – contributions made to the OPEB or pension plans in the current fiscal year and pension related deferrals.

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

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

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

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

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

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

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

The governmental fund types classify fund balances as follows:

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

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

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

### **Assets**

**Deposits.** All of the County’s and the component units’ deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County’s or the component units’ agents in these units’ names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer’s agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County and the component units, these deposits are considered to be held by their agents in the entities’ names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing

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

deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or the component units or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County or the component units under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The County and the component units have no policy regarding custodial credit risk for deposits.

At June 30, 2018, the County's deposits had a carrying amount of \$21,187,724 and a bank balance of \$23,476,056. Of the bank balance, \$803,262 was covered by federal depository insurance and \$22,672,795 in interest-bearing deposits was covered by collateral held under the Pooling Method. The County had \$2,730 cash on hand at June 30, 2018.

At June 30, 2018, the carrying amount of deposits and bank balance for the JCTDA was \$8,135, all of which was covered by federal depository insurance. The JCTDA also had \$0 in cash on hand at June 30, 2018.

At June 30, 2018, the carrying amount of deposits and bank balance for the Airport was \$97,289, all of which was covered by federal depository insurance.

At June 30, 2018, the carrying amount of the ABC Board's deposits was \$648,931 and the bank balance was \$588,010. All of the bank balance was covered by federal depository insurance.

**Investments.** At June 30, 2018, the County's investments consisted of \$19,409,140 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, 2018, 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, 2018, were as follows:

	<u>Accounts</u>	<u>Taxes and Related Accrued Interest</u>	<u>Due From Other Governments</u>	<u>Notes Receivable</u>	<u>Total</u>
Governmental activities:					
General	\$ 399,382	\$ 2,663,525	\$ 4,004,643	\$ -	\$ 7,067,550
School improvement	1,302,865	-	-	-	1,302,865
Other governmental	24,442	-	37,058	38,100	99,600
Allowance for doubtful accounts	-	(963,000)	-	-	(963,000)
	<u>          -</u>	<u>          -</u>	<u>          -</u>	<u>          -</u>	<u>          -</u>
Total governmental activities	<u>\$ 1,726,689</u>	<u>\$ 1,700,525</u>	<u>\$ 4,041,701</u>	<u>\$ 38,100</u>	<u>\$ 7,507,015</u>

(continued)



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

	<u>Accounts</u>	<u>Taxes and Related Accrued Interest</u>	<u>Due From Other Governments</u>	<u>Notes Receivable</u>	<u>Total</u>
Business-type activities:					
Landfill	\$ 549,921	\$ -	\$ 37,014	\$ -	\$ 586,935
Green Energy Park	1,065	-	-	-	1,065
Economic Development	-	-	-	79,632	79,632
Allowance for doubtful accounts	<u>(124,647)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(124,647)</u>
Total business-type activities	<u>\$ 426,339</u>	<u>\$ -</u>	<u>\$ 37,014</u>	<u>\$ 79,632</u>	<u>\$ 542,985</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, 2018, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	<u>Ending Balances</u>
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 15,428,817	\$ -	\$ -	\$ -	\$ 15,428,817
Construction in progress	<u>3,986,022</u>	<u>1,814,048</u>	<u>-</u>	<u>(218,505)</u>	<u>5,581,565</u>
Total capital assets not being depreciated	<u>19,414,839</u>	<u>1,814,048</u>	<u>-</u>	<u>(218,505)</u>	<u>21,010,382</u>
Capital assets being depreciated:					
Buildings	62,957,680	-	314,200	218,505	62,861,985
Equipment	6,365,298	326,932	5,399	-	6,686,831
Vehicles	<u>5,371,444</u>	<u>548,854</u>	<u>471,483</u>	<u>-</u>	<u>5,448,815</u>
Total capital assets being depreciated	<u>74,694,422</u>	<u>875,786</u>	<u>791,082</u>	<u>218,505</u>	<u>74,997,631</u>
Less accumulated depreciation for:					
Buildings	18,828,421	2,016,554	219,520	-	20,625,455
Equipment	4,507,720	359,660	5,399	-	4,861,981
Vehicles	<u>3,897,400</u>	<u>446,744</u>	<u>471,483</u>	<u>-</u>	<u>3,872,661</u>
Total accumulated depreciation	<u>27,233,541</u>	<u>2,822,958</u>	<u>696,402</u>	<u>-</u>	<u>29,360,097</u>
Total capital assets being depreciated, net	<u>47,460,881</u>				<u>45,673,534</u>
Governmental activities capital assets, net	<u>\$ 66,875,720</u>				<u>\$ 66,647,916</u>

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

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

General government	\$ 919,842
Public safety	543,098
Transportation	24,130
Economic and physical development	25,341
Human services	129,259
Culture and recreation	<u>1,181,288</u>
Total depreciation expense	<u>\$ 2,822,958</u>

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Business-type activities:</b>				
Capital assets not being depreciated:				
Land	\$ 182,414	\$ 14,019	\$ -	\$ 196,433
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>19,340</u>	<u>-</u>	<u>984,795</u>
Total capital assets being depreciated	<u>8,060,806</u>	<u>19,340</u>	<u>-</u>	<u>8,080,146</u>
Less accumulated depreciation for:				
Buildings and improvements	1,202,127	91,333	-	1,293,460
Plant and distribution systems	500,136	70,955	-	571,091
Furniture and maintenance equipment	<u>1,013,352</u>	<u>14,946</u>	<u>-</u>	<u>1,028,298</u>
Total accumulated depreciation	<u>2,715,615</u>	<u>177,234</u>	<u>-</u>	<u>2,892,849</u>
Total capital assets being depreciated, net	<u>5,345,191</u>			<u>5,187,298</u>
Business-type activities capital assets, net	<u>\$ 5,527,605</u>			<u>\$ 5,383,731</u>

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

Landfill	\$ 142,169
Green Energy Park	5,485
Economic Development Commission	<u>29,580</u>
Total depreciation expense	<u>\$ 177,234</u>

**Construction Commitments.** The government has active construction projects as of June 30, 2018. At year-end, the government's commitments with contractors are as follows:

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

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Project:		
Blue Ridge/Fairview – Roof	\$ 2,013,574	\$ 842,404
Cullowhee Valley School - HVAC	440,800	804,815
Smoky Mountain Elem – HVAC	-	445,204
Smoky Mountain High School – Controls	<u>152,477</u>	<u>488</u>
	<u>\$ 2,606,851</u>	<u>\$ 2,092,912</u>

**Discretely Presented Component Units.** Capital asset activity for the Airport for the year ended June 30, 2018 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets not being depreciated:				
Land	\$ 4,818,067	\$ -	\$ -	\$ 4,818,067
Capital assets being depreciated:				
Buildings	191,322	-	-	191,322
Equipment	<u>99,326</u>	<u>-</u>	<u>-</u>	<u>99,326</u>
Total capital assets being depreciated	<u>290,648</u>	<u>-</u>	<u>-</u>	<u>290,648</u>
Less accumulated depreciation for:				
Buildings	128,002	3,827	-	131,829
Equipment	<u>90,022</u>	<u>9,204</u>	<u>-</u>	<u>99,226</u>
Total accumulated depreciation	<u>218,024</u>	<u>13,031</u>	<u>-</u>	<u>231,055</u>
Total capital assets being depreciated, net	<u>72,624</u>			<u>59,593</u>
Capital assets, net	<u>\$ 4,890,691</u>			<u>\$ 4,877,660</u>

Capital asset activity for the ABC Board for the year ended June 30, 2018 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets not being depreciated:				
Land	\$ 12,301	\$ -	\$ -	\$ 12,301
Capital assets being depreciated:				
Building	847,508	-	-	847,508
Furniture and equipment	<u>176,416</u>	<u>20,084</u>	<u>-</u>	<u>196,500</u>
Total capital assets being depreciated	<u>1,023,924</u>	<u>20,084</u>	<u>-</u>	<u>1,044,008</u>
Less accumulated depreciation for:				
Building	52,637	23,719	-	77,265
Furniture and equipment	<u>83,727</u>	<u>21,615</u>	<u>-</u>	<u>104,433</u>
Total accumulated depreciation	<u>136,364</u>	<u>45,334</u>	<u>-</u>	<u>181,698</u>
Total capital assets being depreciated, net	<u>887,560</u>			<u>862,310</u>
Capital assets, net	<u>\$ 899,861</u>			<u>\$ 874,611</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 and OPEB plan in the current fiscal year and other pension related deferrals in the amount of \$8,196,077 at June 30, 2018, of which \$8,024,377 and \$171,700 was related to governmental activities and business-type activities, respectively.

***Liabilities***

***Payables.*** Payables at the government-wide level at June 30, 2018, were as follows:

	<u>Vendors</u>	<u>Contract Retainage</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental activities:				
General	\$ 983,473	\$ -	\$ 425,428	\$ 1,408,901
School improvements	1,172,726	247,418	-	1,420,144
Other governmental	<u>53,626</u>	<u>-</u>	<u>-</u>	<u>53,626</u>
Total governmental activities	<u>\$ 2,209,825</u>	<u>\$ 247,418</u>	<u>\$ 425,428</u>	<u>\$ 2,882,671</u>
Business-type activities:				
Landfill	\$ 218,079	\$ -	\$ -	\$ 218,079
Other proprietary	<u>1,468</u>	<u>-</u>	<u>-</u>	<u>1,468</u>
Total business-type activities	<u>\$ 219,547</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 219,547</u>
Component units:				
Airport authority	\$ 14,296	\$ -	\$ -	\$ 14,296
ABC Board	500,451	-	-	500,451
Jackson County TDA	<u>17,129</u>	<u>-</u>	<u>-</u>	<u>17,129</u>
Total component units	<u>\$ 531,876</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 531,876</u>

***Long-term debt.*** The County's long-term debt for governmental activities at June 30, 2018 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.	\$ 1,584,563
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.	4,461,360
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.	6,333,333

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**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. \$ 2,971,500

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. 1,529,367

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. 8,400,000

\$ 25,280,123

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>
2019	\$ 3,525,255	\$ 404,268	\$ 3,929,523
2020	3,525,255	334,114	3,859,369
2021	3,208,342	263,962	3,472,304
2022	2,891,430	204,073	3,095,503
2023	2,561,263	147,390	2,708,653
2024-2028	7,168,578	236,464	7,405,042
2039-2033	<u>2,400,000</u>	<u>-</u>	<u>2,400,000</u>
	<u>\$ 25,280,123</u>	<u>\$ 1,590,271</u>	<u>\$ 26,870,394</u>

The County's long-term debt for business-type activities at June 30, 2018 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. \$ 1,524,904

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>
2019	\$ 234,601	\$ 34,750	\$ 269,351
2020	234,601	29,190	263,791
2021	234,601	23,630	258,231
2022	234,601	18,070	252,671
2023	234,600	12,510	247,110
2024-2028	<u>351,900</u>	<u>8,341</u>	<u>360,241</u>
	<u>\$ 1,524,904</u>	<u>\$ 126,491</u>	<u>\$ 1,651,395</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 8.25% of compensation for law enforcement officers and 7.58% 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 \$1,240,857 for the year ended June 30, 2018.

*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, 2018, the County reported a liability of \$3,798,989 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 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, 2017, the County's proportion was 0.24867%, which was an increase of 0.01088% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized pension expense of \$1,350,783. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 218,857	\$ 107,537
Changes of assumptions	542,548	-
Net difference between projected and actual earnings on pension plan investments	922,399	-
Changes in proportion and differences between County contributions and proportionate share of contributions	176,888	3,991
County contributions subsequent to the measurement date	<u>1,240,857</u>	<u>-</u>
	<u>\$ 3,101,549</u>	<u>\$ 111,528</u>

\$1,240,857 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as of June 30 were as follows:

2019	\$ 253,799
2020	1,155,048
2021	594,283
2022	(253,966)
2023	-

***Actuarial assumptions.*** The total pension liability in the December 31, 2016 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	7.20 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, 2016 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**  
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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 re 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 7.20%. 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 7.20 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 (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	<u>1% Decrease (6.20%)</u>	<u>Current (7.20%)</u>	<u>1% Increase (8.20%)</u>
County's proportionate share of the net pension liability (asset)	\$ 11,404,650	\$ 3,798,989	\$ (2,549,337)

*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, 2017, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	4
Active plan members	<u>53</u>
Total	<u><u>57</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, 2016 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.16 percent

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

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees’ Retirement System for the five year period ending December 31, 2014.

Mortality 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, 2016), the Municipal Bond Index Rate, on which the discount rate is based, was 3.86%. Since the Prior Measurement Date, the Municipal Bond Index Rate has decreased to 3.16% as of the Measurement Date (December 31, 2017). This resulted in a \$96,079 increase in the Total Pension Liability.

*Contributions.* The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The County’s obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$75,918 as benefits came due for the reporting period.

**Jackson County, North Carolina**  
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***Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions***

At June 30, 2018, the County reported a total pension liability of \$1,746,345. The total pension liability was measured as of December 31, 2017 based on a December 31, 2016 actuarial valuation. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of December 31, 2017 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2018, the County recognized a pension expense of \$340,308.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 133,440	\$ -
Changes of assumptions	79,104	22,381
Benefit payments and administrative expense subsequent to the measurement date	<u>88,708</u>	<u>-</u>
	<u>\$ 301,252</u>	<u>\$ 22,381</u>

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

2019	\$ 40,344
2020	40,344
2021	40,344
2022	40,344
2023	28,787
Thereafter	-

*Sensitivity of the County's total pension liability to changes in the discount rate.* The following presents the County's total pension liability calculated using the discount rate of 3.16 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 (2.16 percent) or 1-percentage-point higher (4.16 percent) than the current rate:

	<u>1% Decrease (2.16%)</u>	<u>Current (3.16%)</u>	<u>1% Increase (4.16%)</u>
Total pension liability	\$ 1,884,025	\$ 1,746,345	\$ 1,619,465

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

	<u>Pension Liability</u>
Beginning balance, December 31, 2016	\$ 1,450,570
Changes for the year:	
Service cost	59,012
Interest on the total pension liability	54,527

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

	<b>Pension Liability</b>
Differences between expected and actual experience	
In the measurement of the total pension liability	\$ 162,075
Changes of assumption or other inputs	96,079
Benefit payments	(75,918)
Other changes	-
	<hr/>
Ending balance, December 31, 2017	\$ 1,746,345

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, 2018, were \$318,440, which consisted of \$188,666 from the County and \$137,205 from the law enforcement officers.

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

The net pension liability for LGERS was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability for LEOSSA was measured as of June 30, 2017, with an actuarial valuation date of December 31, 2016. The County’s proportion of the net pension liability was based on the County’s share of contributions to the pension plan relative to the contribution of all participating entities. Following is a summary of the County’s pension plans:

	<b><u>LGERS</u></b>	<b><u>LEOSSA</u></b>	<b><u>Total</u></b>
Pension Expense	\$ 1,350,783	\$ 340,308	\$ 1,691,091
Pension Liability	3,798,989	1,746,345	5,545,334
Deferred Outflows of Resources	3,101,549	301,252	3,402,801
Deferred Inflows of Resources	111,528	22,381	133,909

**Other Post-Employment Benefits – Healthcare Benefits Plan**

*Plan Administration.* Under a County resolution, Jackson County administers the Healthcare Benefits Plan (HCB Plan), single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for all retirees of the County who participate in the North Carolina Local Governmental Employees’ Retirement System (System) and have at least ten years of creditable service with the County. Retirees hired prior to July 1, 2007 receive the same benefits as active employees. The HCB Plan is available to qualified retirees until

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

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the age of 65 or until Medicare eligible, whichever is sooner. As of July 1, 2007, the plan has been closed to new entrants. The plan, which has a June 30, 2018 year end, does not issue a stand-alone report.

*Plan membership.* At June 30, 2018, the HCB Plan membership consisted of the following:

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

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

*Actuarial assumptions.* The total OPEB liability was determined by actuarial valuations as of June 30, 2017 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

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

Total OPEB liabilities were rolled forward to June 30, 2018 for the employer and the plan, respectively, utilizing update procedures incorporating the actuarial assumptions.

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

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

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2017 valuation were based on a review of recent plan experience done concurrently with the June 30, 2017 valuation.

*Discount rate.* The discount rate used to measure the total OPEB liability at June 30, 2018 was 3.56 percent. However, because the OPEB plan's fiduciary net position was not projected to be sufficient to make all future benefit payments, the discount rate incorporates a municipal bond rate which is 3.01 percent based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Bond Buyer.

***Summary of Changes in Total OPEB Liability:***

	<u>OPEB Liability</u>
Beginning balance, June 30, 2016	\$ 51,921,986
Changes for the year:	
Service cost	2,179,388
Interest on the total pension liability	1,546,018

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**Notes to Financial Statements**

	<u>OPEB Liability</u>
Differences between expected and actual experience	
In the measurement of the total pension liability	\$ 57,853
Changes of assumption or other inputs	(5,179,868)
Benefit payments	(1,126,877)
Other changes	<u>-</u>
Ending balance, June 30, 2017	<u>\$ 49,398,500</u>

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

The following presents the total OPEB liability of the County at June 30, 2018, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56 percent) or 1-percentage-point higher (4.56 percent) than the current discount rate:

	<u>1% Decrease</u> <u>(2.56%)</u>	<u>Current</u> <u>(3.56%)</u>	<u>1% Increase</u> <u>(4.56%)</u>
Total OPEB liability	\$ 59,407,298	\$ 49,398,500	\$ 41,640,554

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

The following presents the total OPEB liability of the County at June 30, 2018, as well as what the County's total OPEB liability would be if it were to calculate healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Total OPEB liability	\$ 40,948,171	\$ 49,398,500	\$ 60,517,659

*Changes in Total OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.* At June 30, 2018, the County reported a net OPEB liability of \$49,398,500. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2017 utilizing update procedures incorporating the actuarial assumptions.

*Changes of assumptions.* Changes of assumptions and other inputs reflect a change in the discount rate from 3.01 percent in 2016 to 3.56 percent in 2017. Medical claims cost and rates were changed based on most recent experience and changed to the current schedule.

For the year ended June 30, 2018, the County recognized OPEB expense of \$2,990,540. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows</u> <u>of Resources</u>
Differences between expected and actual experience	\$ 49,553	\$ -
Changes of assumptions	-	(4,436,702)
County contributions subsequent to the measurement date	<u>6,538,616</u>	<u>-</u>
	<u>\$ 6,588,169</u>	<u>\$ (4,436,702)</u>

\$6,538,616 reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a decrease in the net OPEB liability in the year ended

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June 30, 2019. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

2019	\$	(734,866)
2020		(734,866)
2021		(734,866)
2022		(734,866)
2023		(734,866)
Thereafter		(712,819)

**Other Employment Benefits – Death Benefits**

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

***Closure and Post-closure Care Costs—Landfill Facility.*** State and federal laws and regulations required the County to place a final cover on its landfill facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The landfill has been closed, but will be monitored for the next 16 years. Post-closure costs are included in operating expenses of the current year. The \$1,546,280 reported as landfill post-closure care liability at June 30, 2018, represents estimated future post-closure costs based on engineering estimates prepared at and shortly after closure. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

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

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

	<u>Beginning Balances As Adjusted</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balances</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Installment purchases	\$ 28,805,379	\$ -	\$ 3,525,256	\$ 25,280,123	\$ 3,525,255
Compensated absences	1,541,084	1,138,237	1,059,449	1,619,872	-
Net pension liability - LGERS	4,934,065	-	1,216,552	3,717,513	-
Total pension liability - LEOSSA	1,450,570	449,658	153,883	1,746,345	-
Total OPEB liability	<u>50,808,434</u>	<u>-</u>	<u>2,469,366</u>	<u>48,339,068</u>	<u>-</u>
Total governmental activities	<u>\$ 87,539,532</u>	<u>\$ 1,587,895</u>	<u>\$ 8,424,506</u>	<u>\$ 80,702,921</u>	<u>\$ 3,525,255</u>

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	<u>Beginning Balances As Adjusted</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balances</u>	<u>Due Within One Year</u>
<b>Business-type activities:</b>					
Installment purchases	\$ 1,759,504	\$ -	\$ 234,600	\$ 1,534,604	\$ 234,601
Landfill closure and post closure costs	1,530,698	15,582	-	1,546,280	-
Compensated absences	27,002	21,457	19,383	29,076	-
Net pension liability - LGERS	112,635	-	31,159	81,476	-
Total OPEB liability	<u>1,113,552</u>	<u>-</u>	<u>54,120</u>	<u>1,059,432</u>	<u>-</u>
Total business-type activities	<u>\$ 4,543,391</u>	<u>\$ 37,039</u>	<u>\$ 339,262</u>	<u>\$ 4,241,168</u>	<u>\$ 234,601</u>

At June 30, 2018, Jackson County had a legal debt margin of approximately \$716,000,000.

***Deferred Inflows of Resources***

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

	<u>Modified Accrual</u>	<u>Full Accrual</u>
<b>Governmental activities</b>		
Prepaid taxes not earned at year-end (General)	\$ 120,103	\$ 120,103
Prepaid taxes not earned at year-end (Fire Districts)	812	812
Taxes receivable, net (General)	1,526,597	-
Notes receivable (Economic Development)	38,100	-
Other (General)	35,126	35,126
OPEB deferrals	-	4,341,550
Pension deferrals	-	201,864
Total governmental activities	<u>\$ 1,720,738</u>	<u>\$ 4,699,455</u>
<b>Business-type activities</b>		
OPEB deferrals		95,152
Pension deferrals		2,553
Total business-type activities		<u>\$ 97,705</u>

***Net Investment in Capital Assets***

The net investment in capital assets at June 30, 2018, is computed as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets, net of accumulated depreciation	\$ 66,647,917	\$ 5,383,730
Less capital debt:		
Gross debt	25,280,124	1,524,904
School debt related to assets to which the County does not hold title	<u>(16,632,975)</u>	<u>-</u>
Net capital debt	<u>8,647,149</u>	<u>1,524,904</u>
Net investment in capital assets	<u>\$ 58,000,768</u>	<u>\$ 3,858,826</u>

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

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***Interfund Balances and Activity***

**Transfer to/from Other Funds**

Transfers to/from other funds at June 30, 2018, consist of the following:

Transfers from the General Fund to:	
School Improvements Fund for the purpose of constructing a new school and existing school renovations.	\$ 627,237
School Capital Reserve Fund for the purpose of constructing a new school and existing school renovations.	1,092,980
Non-major governmental funds for the purpose of economic development	100,000
Non-major proprietary funds for the purpose of funding the Green Energy Park Fund	178,461

**3. Fund Balance – General Fund**

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

The County has no formal fund balance policy. The following schedule provides management and citizens with information on the portion of fund balance, in the General Fund, that is available for appropriation:

	<b><u>Balance at</u></b>
	<b><u>June 30, 2018</u></b>
Total fund balance – General Fund	\$ 32,829,478
Amounts not available for appropriation:	
Stabilization by State Statute	(4,404,025)
Commitments	(3,516,999)
Other restricted	<u>(36,504)</u>
Fund balance available for appropriate	<u>\$ 24,871,950</u>

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

**4. Risk Management**

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



## Jackson County, North Carolina Notes to Financial Statements

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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.

### 5. Joint Ventures

**Fontana Regional Library.** The County participates in a joint venture to operate the Fontana Regional Library ("Library") with five other local governments. Each participating county may appoint three board members to the nine-member board of the Library. The County has an ongoing financial responsibility for the joint venture because the Library's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the library, so no equity interest has been reflected in the financial statements at June 30, 2018. In accordance with the intergovernmental agreement between the participating governments, the County contributed \$1,182,239 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 \$1,978,829 and \$932,159 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2018. 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, 2018. Complete financial statements for the community college may be obtained from the Community College's administrative offices at 275 Webster Road, Sylva, North Carolina 28779.

**Tuckasegee Water and Sewer Authority.** The County, in conjunction with the Towns of Sylva, Dillsboro and Webster, participates in the Tuckasegee Water and Sewer Authority (the "TWSA"). The chairman of the TWSA appoints one member from each participating government and three members at large. The TWSA is a joint venture

## Jackson County, North Carolina Notes to Financial Statements

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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, 2018. Complete financial statements for the TWSA can be obtained from the TWSA's administrative offices at 1246 West Main Street, Sylva, North Carolina 28779.

**Mental Health.** The County, in conjunction with fourteen other county governments, participates in a joint venture to operate the Vaya Health Center, ("Vaya LME"), a local management entity. The fifteen counties participating in the Vaya Health LME are represented by a county commissioner. Within available resources, the County has an ongoing financial responsibility for the LME because it is legally obligated to provide mental health services either directly or jointly with other counties. None of the participating counties has any equity interest in the LME, so no equity interest has been reflected in the financial statements at June 30, 2018. The County contributed \$123,081 to the Vaya Health LME to fund operations during fiscal year June 30, 2018. 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.

### 6. Jointly Governed Organizations

**Southwestern North Carolina Planning and Economic Development Commission.** The County, in conjunction with seven other counties and fifteen municipalities, established the Southwestern North Carolina Planning and Economic Development Commission ("Commission"). The participating governments established the Commission to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Commission's twenty-two member governing board. The County paid membership fees of \$29,018 to the Commission during the fiscal year ended June 30, 2018.

### 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, 2018, 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/Restatement

The County implemented Governmental Accounting Standards Board ("GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in the fiscal year ended June 30, 2018. The implementation of the statement required the County to record beginning total OPEB liability and the effects on net position of benefit payments and administrative expenses paid by the County related to OPEB during the measurement period (fiscal year ended June 30, 2017). Beginning deferred outflows and inflows of resources associated with the implementation were excluded from the restatement. As a result, net position as of June 30, 2017, for the governmental and business-type activities decreased by \$27,918,383 and \$441,301, respectively.

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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 Changes in Other Post-Employment Benefits and Related Ratios
- Notes to the Required Schedules for the Other Post-Employment Benefits

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

**Schedule "A-1"**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset)	0.24867%	0.23779%	0.23674%	0.33193%	0.33680%
County's proportionate share of the net pension liability (asset)	<u>\$ 3,798,989</u>	<u>\$ 5,046,700</u>	<u>\$ 1,062,475</u>	<u>\$ (1,403,478)</u>	<u>\$ 2,984,531</u>
County's covered-employee payroll	<u>\$ 16,337,368</u>	<u>\$ 15,339,109</u>	<u>\$ 14,661,544</u>	<u>\$ 14,595,534</u>	<u>\$ 14,386,674</u>
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	23.25%	32.90%	7.25%	-9.62%	20.75%
Plan fiduciary net position as a percentage of total pension liability	94.18%	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 Five Fiscal Years \***

**Schedule "A-2"**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contributions	\$ 1,240,857	\$ 1,214,999	\$ 1,044,564	\$ 1,040,014	\$ 1,035,268
Contributions in relation to the contractually required contribution	<u>1,240,857</u>	<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>	<u>\$ -</u>
County's covered payroll	<u>\$ 16,242,520</u>	<u>\$ 16,337,368</u>	<u>\$ 15,339,109</u>	<u>\$ 14,661,544</u>	<u>\$ 14,595,534</u>
Contributions as a percentage of covered employee payroll	7.64%	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**  
**Last Two Fiscal Years \***

**Schedule "A-3"**

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

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

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

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

**Schedule "A-4"**

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

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

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

**Jackson County, North Carolina**  
**Required Supplementary Information**  
**Schedule of Changes in Total OPEB Liability and Related Ratios**  
**Healthcare Benefits Plan**  
**For the Year Ended June 30, 2018 \***

**Schedule "A-5"**

	<u>2018</u>
<b>Total OPEB Liability:</b>	
Service cost	\$ 2,179,388
Interest	1,546,018
Differences between expected and actual experience	57,853
Changes of assumptions	(5,179,868)
Benefit payments	<u>(1,126,877)</u>
<b>Net change in total OPEB liability</b>	<b>(2,523,486)</b>
<b>Total OPEB liability - beginning</b>	<u>51,921,986</u>
<b>Total OPEB liability - ending</b>	<u><u>\$ 49,398,500</u></u>
<b>Covered payroll</b>	<u><u>\$ 15,148,982</u></u>
<b>Total OPEB Liability as a percentage of covered payroll</b>	<b>326.08%</b>

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

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

**Notes to Schedule**

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

Methods and assumptions used:

Actuarial cost method	Entry age normal
Asset valuation method	Market Value
Inflation	2.50 percent
Real wage growth	1 percent
Wage inflation	3.5 percent
Salary increase, including wage inflation	
General employees	3.5 to 7.75 percent
Law enforcements officers	3.5 to 7.35 percent
Municipal bond index rate	
Prior measurement date	3.01 percent
Measurement date	3.56 percent
Healthcare cost trend rates	
Pre-Medicare	7.5 percentfor 2017 decreasing to an ulitmate rate of 5 percent by 2023 percent each year to 4 percent
Mediare	5.5 percentfor 2017 decreasing to an ulitmate rate of 5 percent by 2020 percent each year to 4 percent
Retirement age	RP-2014 Healthy Annuitant base rates projected to 2015 uisng MP 2015, porjected forward generentionally form 2015 using MP-2015.
Mortality	RP-2014 Healthy Annuitant base rates projected to 2015 uisng MP 2015, porjected forward generentionally form 2015 using MP-2015.



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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, 2018**

**Schedule "B-1"**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Ad valorem taxes:			
Current year and prior	\$ 34,286,194	\$ 34,129,159	\$ (157,035)
Penalties and interest	380,500	317,298	(63,202)
Total ad valorem taxes	<u>34,666,694</u>	<u>34,446,457</u>	<u>(220,237)</u>
Other taxes:			
Local option sales tax	13,790,732	13,651,888	(138,844)
Beer and wine tax distribution	165,000	168,227	3,227
Tax refund-sales and gasoline	52,500	29,863	(22,637)
Total other taxes	<u>14,008,232</u>	<u>13,849,978</u>	<u>(158,254)</u>
Unrestricted intergovernmental:			
Payments in lieu of taxes	115,872	205,971	90,099
ABC profit distribution	260,000	254,186	(5,814)
ABC 1 and 5 cent bottle charge	21,500	33,124	11,624
Total unrestricted governmental	<u>397,372</u>	<u>493,281</u>	<u>95,909</u>
Restricted intergovernmental:			
School resource officers - Board of Education and Community College	<u>390,320</u>	<u>395,681</u>	<u>5,361</u>
Federal and State grants:			
Home and Community Care Block grant	221,117	253,573	32,456
Nantahala Forest timber receipts	128,000	90,942	(37,058)
DARE grant	6,000	6,000	-
Civil defense	39,590	38,642	(948)
Soil conservation-matching	33,563	26,550	(7,013)
AWAKE-child advocacy	80,567	56,554	(24,013)
Tennessee Valley Authority	950	675	(275)
Older American Act Title III	31,552	39,591	8,039
Health department	1,276,533	995,254	(281,279)
Senior care	22,378	21,494	(884)
Smart Start	119,000	112,129	(6,871)
Governor's Crime Commission	24,500	-	(24,500)
Juvenile Crime Prevention Commission	102,902	102,886	(16)
Safe Roads Act	4,000	4,280	280
Veteran's service	2,276	2,175	(101)
Erosion control	300	-	(300)
Extension grant project	2,000	1,781	(219)
SCAAP-State Criminal Alien grant	15,000	800	(14,200)
Social services	6,042,398	3,860,096	(2,182,302)
Title XIX-Medicaid	162,117	175,978	13,861
Department of Transportation:			
Governor's Highway Safety program	43,000	7,576	(35,424)
Section 18-administration	210,223	201,717	(8,506)
Section 18-capital	55,350	54,027	(1,323)

**Jackson County, North Carolina**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances–**  
**Budget and Actual–General Fund**  
**Year Ended June 30, 2018**

**Schedule "B-1"**

**(Continued)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues, continued:</b>			
Restricted intergovernmental, continued:			
Federal and State grants, continued:			
Contracts–EDTAP	\$ 245,271	\$ 240,062	\$ (5,209)
Emergency food and shelter	17,825	18,588	763
Cherokee Preservation grant	8,800	-	(8,800)
Other State grants	429,120	428,115	(1,005)
Total	<u>9,324,332</u>	<u>6,739,485</u>	<u>(2,584,847)</u>
Court facilities fees	<u>55,340</u>	<u>49,322</u>	<u>(6,018)</u>
Total restricted intergovernmental	<u>9,769,992</u>	<u>7,184,488</u>	<u>(2,585,504)</u>
Other restricted revenues:			
Vocational Rehabilitation	4,500	1,965	(2,535)
Transportation contracts	55,000	52,360	(2,640)
Total other restricted	<u>59,500</u>	<u>54,325</u>	<u>(5,175)</u>
Permits and fees:			
Cashiers permit fees	3,500	2,300	(1,200)
Cullowhee permit fees	1,000	1,000	-
Board of Elections fees	7,500	3,804	(3,696)
Erosion control fees	84,100	83,523	(577)
Building permits and inspection fees	450,000	466,301	16,301
Environmental health fees	163,500	158,117	(5,383)
Sheriff's fees	77,800	107,245	29,445
Officers fees-court	35,110	31,483	(3,627)
Animal adoption fees	13,500	22,626	9,126
Road sign fees	65,850	56,057	(9,793)
Health and Social Services fees	326,200	273,341	(52,859)
Register of Deeds	388,000	331,873	(56,127)
Real property transfer tax	495,000	514,046	19,046
Marriage licenses	7,000	7,875	875
Excise tax	7,000	9,978	2,978
Senior citizens fees	52,367	54,155	1,788
ABC fees	3,800	5,165	1,365
Total permits and fees	<u>2,181,227</u>	<u>2,128,889</u>	<u>(52,338)</u>
Sales and services:			
Jail fees	28,160	29,277	1,117
Civil process fees	60,000	28,485	(31,515)
Ambulance fees	462,337	409,699	(52,638)
Ancillary services	45,000	48,431	3,431
Travel and tourism administrative fees	52,750	38,250	(14,500)
Video programming distribution	72,500	63,616	(8,884)
Telephone charges	42,000	38,837	(3,163)

**Jackson County, North Carolina**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances–**  
**Budget and Actual–General Fund**  
**Year Ended June 30, 2018**

**Schedule "B-1"**

**(Continued)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues, continued:</b>			
Sales and services, continued:			
Vending machines	\$ 2,500	\$ 599	\$ (1,901)
Recreation department	641,360	591,408	(49,952)
Rents	53,450	46,117	(7,333)
Unclaimed property	2,500	-	(2,500)
Trolley fares	9,000	7,417	(1,583)
Total sales and services	<u>1,471,557</u>	<u>1,302,136</u>	<u>(169,421)</u>
Investment earnings	<u>246,500</u>	<u>262,613</u>	<u>16,113</u>
Miscellaneous	<u>454,461</u>	<u>238,442</u>	<u>(216,019)</u>
Total revenues	<u>63,255,535</u>	<u>59,960,609</u>	<u>(3,294,926)</u>
<b>Expenditures:</b>			
General government:			
Governing body:			
Salaries and employee benefits	110,911	110,546	365
Operating	<u>170,650</u>	<u>129,536</u>	<u>41,114</u>
Total	<u>281,561</u>	<u>240,082</u>	<u>41,479</u>
Administration:			
Salaries and employee benefits	275,530	274,598	932
Operating	<u>26,465</u>	<u>25,733</u>	<u>732</u>
Total	<u>301,995</u>	<u>300,331</u>	<u>1,664</u>
Elections:			
Salaries and employee benefits	218,755	216,227	2,528
Operating	<u>227,514</u>	<u>139,466</u>	<u>88,048</u>
Total	<u>446,269</u>	<u>355,693</u>	<u>90,576</u>
Finance:			
Salaries and employee benefits	610,387	582,588	27,799
Operating	36,175	34,425	1,750
Capital outlay	<u>2,795</u>	<u>2,792</u>	<u>3</u>
Total	<u>649,357</u>	<u>619,805</u>	<u>29,552</u>
Human resources:			
Salaries and employee benefits	135,992	135,308	684
Operating	33,200	26,358	6,842
Capital outlay	<u>1,578</u>	<u>1,578</u>	<u>-</u>
Total	<u>170,770</u>	<u>163,244</u>	<u>7,526</u>

**Jackson County, North Carolina**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances–**  
**Budget and Actual–General Fund**  
**Year Ended June 30, 2018**

**Schedule "B-1"**

**(Continued)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures, continued:</b>			
General government, continued:			
Computer services:			
Salaries and employee benefits	\$ 343,536	\$ 341,952	\$ 1,584
Operating	261,258	251,742	9,516
Capital outlay	62,740	54,100	8,640
Total	<u>667,534</u>	<u>647,794</u>	<u>19,740</u>
Tax collections:			
Salaries and employee benefits	246,186	246,217	(31)
Operating	38,307	32,309	5,998
Capital outlay	2,330	2,330	-
Total	<u>286,823</u>	<u>280,856</u>	<u>5,967</u>
Tax assessments:			
Salaries and employee benefits	627,062	624,394	2,668
Operating	141,625	85,784	55,841
Capital outlay	2,800	-	2,800
Total	<u>771,487</u>	<u>710,178</u>	<u>61,309</u>
GIS mapping:			
Salaries and employee benefits	139,133	138,777	356
Operating	17,925	17,383	542
Capital outlay	13,400	13,400	-
Total	<u>170,458</u>	<u>169,560</u>	<u>898</u>
Legal services	<u>355,359</u>	<u>346,029</u>	<u>9,330</u>
Register of Deeds:			
Salaries and employee benefits	324,121	321,519	2,602
Operating	140,549	123,074	17,475
Capital outlay	2,252	2,252	-
Total	<u>466,922</u>	<u>446,845</u>	<u>20,077</u>
Public Works:			
Salaries and employee benefits	51,546	51,977	(431)
Operating	900	455	445
Total	<u>52,446</u>	<u>52,432</u>	<u>14</u>
Maintenance:			
Salaries and employee benefits	2,399,016	2,659,439	(260,423)
Operating	1,749,951	1,424,411	325,540
Capital outlay	179,097	179,473	(376)
Total	<u>4,328,064</u>	<u>4,263,323</u>	<u>64,741</u>

**Jackson County, North Carolina**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances–**  
**Budget and Actual–General Fund**  
**Year Ended June 30, 2018**

**Schedule "B-1"**

**(Continued)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures, continued:</b>			
General government, continued:			
Court facilities:			
Operating	\$ 50,970	\$ 45,463	\$ 5,507
Capital outlay	4,370	4,370	-
Total	<u>55,340</u>	<u>49,833</u>	<u>5,507</u>
Professional services	<u>40,000</u>	<u>39,850</u>	<u>150</u>
Central services:			
Operating	<u>187,000</u>	<u>119,318</u>	<u>67,682</u>
Total general government	<u>9,231,385</u>	<u>8,805,173</u>	<u>426,212</u>
Public safety:			
Sheriff:			
Salaries and employee benefits	3,650,940	3,888,430	(237,490)
Operating	643,738	607,124	36,614
Capital outlay	587,046	528,854	58,192
Total	<u>4,881,724</u>	<u>5,024,408</u>	<u>(142,684)</u>
Jail:			
Salaries and employee benefits	1,237,393	1,414,070	(176,677)
Operating	892,952	873,463	19,489
Capital outlay	22,396	12,338	10,058
Total	<u>2,152,741</u>	<u>2,299,871</u>	<u>(147,130)</u>
Code enforcement:			
Salaries and employee benefits	1,186,016	1,169,840	16,176
Operating	117,500	108,411	9,089
Capital outlay	25,087	5,887	19,200
Total	<u>1,328,603</u>	<u>1,284,138</u>	<u>44,465</u>
Emergency management:			
Salaries and employee benefits	865,687	1,140,476	(274,789)
Operating	171,492	159,242	12,250
Capital outlay	129,355	121,350	8,005
Total	<u>1,166,534</u>	<u>1,421,068</u>	<u>(254,534)</u>
Fire:			
Salaries and employee benefits	339,435	616,024	(276,589)
Operating	961,145	943,511	17,634
Capital outlay	845,810	650,615	195,195
Total	<u>2,146,390</u>	<u>2,210,150</u>	<u>(63,760)</u>

**Jackson County, North Carolina**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances–**  
**Budget and Actual–General Fund**  
**Year Ended June 30, 2018**

**Schedule "B-1"**

**(Continued)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures, continued:</b>			
Public safety, continued:			
Ambulance:			
Operating	\$ 2,375,794	\$ 2,358,189	\$ 17,605
Capital outlay	187,458	187,457	1
Total	<u>2,563,252</u>	<u>2,545,646</u>	<u>17,606</u>
Total public safety	<u>14,239,244</u>	<u>14,785,281</u>	<u>(546,037)</u>
Transportation:			
Salaries and employee benefits	608,956	562,494	46,462
Operating	374,472	159,558	214,914
Capital outlay	62,850	60,852	1,998
Total	<u>1,046,278</u>	<u>782,904</u>	<u>263,374</u>
Airport authority	31,000	31,000	-
Total transportation	<u>1,077,278</u>	<u>813,904</u>	<u>263,374</u>
Environmental protection:			
Forestry	<u>81,243</u>	<u>66,174</u>	<u>15,069</u>
Economic and physical development:			
Planning and zoning:			
Salaries and employee benefits	274,537	268,689	5,848
Operating	180,700	141,253	39,447
Capital outlay	2,330	2,330	-
Total	<u>457,567</u>	<u>412,272</u>	<u>45,295</u>
Community development	<u>252,316</u>	<u>171,184</u>	<u>81,132</u>
Agricultural extension:			
Salaries and employee benefits	147,095	126,080	21,015
Operating	39,475	35,915	3,560
Capital outlay	1,800	1,799	1
Total	<u>188,370</u>	<u>163,794</u>	<u>24,576</u>
Conservation:			
Salaries and employee benefits	137,925	137,175	750
Operating	39,234	24,351	14,883
Capital outlay	800	800	-
Total	<u>177,959</u>	<u>162,326</u>	<u>15,633</u>
Total economic and physical development	<u>1,076,212</u>	<u>909,576</u>	<u>166,636</u>



**Jackson County, North Carolina**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances–**  
**Budget and Actual–General Fund**  
**Year Ended June 30, 2018**

**Schedule "B-1"**

**(Continued)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures, continued:</b>			
Human services:			
Health:			
General health:			
Salaries and employee benefits	\$ 2,573,980	\$ 2,504,612	\$ 69,368
Operating	520,185	382,617	137,568
Capital outlay	19,813	19,195	618
Total	<u>3,113,978</u>	<u>2,906,424</u>	<u>207,554</u>
County health clinic:			
Salaries and employee benefits	154,993	156,723	(1,730)
Operating	43,000	40,336	2,664
Total	<u>197,993</u>	<u>197,059</u>	<u>934</u>
Health assurance:			
Salaries and employee benefits	21,220	14,630	6,590
Operating	52,094	41,001	11,093
Capital outlay	7,817	3,383	4,434
Total	<u>81,131</u>	<u>59,014</u>	<u>22,117</u>
Maternal and child health:			
Salaries and employee benefits	91,846	83,515	8,331
Operating	78,231	45,050	33,181
Capital outlay	1,400	1,338	62
Total	<u>171,477</u>	<u>129,903</u>	<u>41,574</u>
WIC-administration and nutrition:			
Salaries and employee benefits	144,457	138,444	6,013
Operating	7,057	979	6,078
Capital outlay	9,344	8,327	1,017
Total	<u>160,858</u>	<u>147,750</u>	<u>13,108</u>
Family planning:			
Salaries and employee benefits	121,528	106,826	14,702
Operating	46,750	25,046	21,704
Total	<u>168,278</u>	<u>131,872</u>	<u>36,406</u>
Mothers Too:			
Salaries and employee benefits	68,670	68,618	52
Operating	23,790	21,627	2,163
Total	<u>92,460</u>	<u>90,245</u>	<u>2,215</u>

**Jackson County, North Carolina**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances–**  
**Budget and Actual–General Fund**  
**Year Ended June 30, 2018**

**Schedule "B-1"**

**(Continued)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures, continued:</b>			
Human services, continued:			
Health, continued:			
Communicable diseases:			
Salaries and employee benefits	\$ 7,171	\$ 7,053	\$ 118
Operating	4,237	4,078	159
Total	11,408	11,131	277
WNC HIV/AIDS Consortium:			
Salaries and employee benefits	61,679	61,701	(22)
Operating	7,720	3,662	4,058
Total	69,399	65,363	4,036
NC healthy start:			
Salaries and employee benefits	54,008	53,731	277
Operating	85,613	85,293	320
Total	139,621	139,024	597
Immunization action program:			
Operating	9,014	8,651	363
Breastfeeding:			
Salaries and employee benefits	12,184	10,800	1,384
Operating	1,400	976	424
Total	13,584	11,776	1,808
Child services coordinator:			
Salaries and employee benefits	63,283	63,037	246
Operating	12,167	4,389	7,778
Total	75,450	67,426	8,024
Smart start:			
Salaries and employee benefits	116,732	101,640	15,092
Operating	2,197	1,022	1,175
Total	118,929	102,662	16,267
Diabetes care clinic:			
Salaries and employee benefits	39,052	38,499	553
Operating	21,868	12,906	8,962
Total	60,920	51,405	9,515
Community garden:			
Operating	3,100	1,626	1,474

**Jackson County, North Carolina**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances—**  
**Budget and Actual—General Fund**  
**Year Ended June 30, 2018**

**Schedule "B-1"**

**(Continued)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures, continued:</b>			
Human services, continued:			
Other health services:			
Operating	\$ 64,613	\$ 56,769	\$ 7,844
Capital outlay	18,687	14,345	4,342
Total	<u>83,300</u>	<u>71,114</u>	<u>12,186</u>
Total health	<u>4,570,900</u>	<u>4,192,445</u>	<u>378,455</u>
Environmental health:			
Animal shelter:			
Salaries and employee benefits	222,166	216,352	5,814
Operating	<u>69,299</u>	<u>53,954</u>	<u>15,345</u>
Total	<u>291,465</u>	<u>270,306</u>	<u>21,159</u>
Environmental health:			
Operating	7,000	6,607	393
Capital outlay	<u>5,594</u>	<u>5,980</u>	<u>(386)</u>
Total	<u>12,594</u>	<u>12,587</u>	<u>7</u>
Bioterrorism:			
Salaries and employee benefits	26,726	26,191	535
Operating	<u>4,829</u>	<u>1,278</u>	<u>3,551</u>
Total	<u>31,555</u>	<u>27,469</u>	<u>4,086</u>
Total environmental health	<u>335,614</u>	<u>310,362</u>	<u>25,252</u>
Mental health:			
Vaya Health	<u>123,081</u>	<u>123,081</u>	<u>-</u>
Social services:			
Administration:			
Salaries and employee benefits	4,113,888	4,063,959	49,929
Operating	310,898	246,939	63,959
Capital outlay	<u>117,606</u>	<u>70,903</u>	<u>46,703</u>
Total	<u>4,542,392</u>	<u>4,381,801</u>	<u>160,591</u>
Other services:			
Adult guardianship	12,700	3,691	9,009
Special assistance	201,000	177,010	23,990
Medical care	217,000	101,304	115,696
Foster care	397,461	311,283	86,178
Aid to the blind	3,676	3,676	-
Food stamp administration	7,937	8,546	(609)
Crisis intervention	149,174	149,004	170
Adult day care	10,663	7,341	3,322

**Jackson County, North Carolina**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances–**  
**Budget and Actual–General Fund**  
**Year Ended June 30, 2018**

**Schedule "B-1"**

**(Continued)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures, continued:</b>			
Human services, continued:			
Other services, continued:			
Emergency assistance	\$ 23,452	\$ 19,588	\$ 3,864
IV-D	27,000	17,373	9,627
Child care services	2,058,897	303,218	1,755,679
Other	449,579	286,466	163,113
Total	<u>3,558,539</u>	<u>1,388,500</u>	<u>2,170,039</u>
Indian reservation:			
Salaries and employee benefits	211,532	208,350	3,182
Operating	260,423	97,649	162,774
Total	<u>471,955</u>	<u>305,999</u>	<u>165,956</u>
Emergency food and shelter	<u>11,825</u>	<u>11,825</u>	<u>-</u>
Focal point on aging:			
Salaries and employee benefits	441,452	441,720	(268)
Operating	165,651	160,481	5,170
Capital outlay	10,806	10,806	-
Total	<u>617,909</u>	<u>613,007</u>	<u>4,902</u>
Total social services	<u>9,202,620</u>	<u>6,701,132</u>	<u>2,501,488</u>
Eldercare coalition:			
Salaries and employee benefits	282,763	264,894	17,869
Operating	285,887	268,096	17,791
Total	<u>568,650</u>	<u>532,990</u>	<u>35,660</u>
Veteran's service officer:			
Salaries and employee benefits	97,417	86,123	11,294
Operating	18,800	17,562	1,238
Total	<u>116,217</u>	<u>103,685</u>	<u>12,532</u>
Other human services	<u>663,048</u>	<u>600,388</u>	<u>62,660</u>
Total human services	<u>15,580,130</u>	<u>12,564,083</u>	<u>3,016,047</u>

**Jackson County, North Carolina**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances–**  
**Budget and Actual–General Fund**  
**Year Ended June 30, 2018**

**Schedule "B-1"**

**(Continued)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures, continued:</b>			
Culture and recreation:			
Recreation:			
Salaries and employee benefits	\$ 816,492	\$ 779,215	\$ 37,277
Operating	493,428	476,934	16,494
Capital outlay	271,163	233,623	37,540
Total	<u>1,581,083</u>	<u>1,489,772</u>	<u>91,311</u>
Arts council	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Library	<u>1,199,154</u>	<u>1,182,239</u>	<u>16,915</u>
Swimming pool:			
Salaries and employee benefits	31,097	35,256	(4,159)
Operating	27,500	40,985	(13,485)
Total	<u>58,597</u>	<u>76,241</u>	<u>(17,644)</u>
Cashiers recreation:			
Salaries and employee benefits	320,349	297,040	23,309
Operating	268,384	223,492	44,892
Capital outlay	27,196	20,281	6,915
Total	<u>615,929</u>	<u>540,813</u>	<u>75,116</u>
Cashiers swimming pool:			
Salaries and employee benefits	22,768	9,501	13,267
Operating	17,000	12,578	4,422
Total	<u>39,768</u>	<u>22,079</u>	<u>17,689</u>
Total culture and recreation	<u>3,504,531</u>	<u>3,321,144</u>	<u>183,387</u>
Education:			
Public schools–current	6,777,261	6,799,200	(21,939)
Public schools–timber receipts	139,145	115,872	23,273
Public schools–capital outlay	1,331,200	1,331,200	-
Public schools–SROs	66,356	66,356	-
Community colleges–current	1,978,829	1,978,829	-
Community colleges–capital outlay	2,193,401	932,159	1,261,242
Total education	<u>12,486,192</u>	<u>11,223,616</u>	<u>1,262,576</u>

**Jackson County, North Carolina**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances–**  
**Budget and Actual–General Fund**  
**Year Ended June 30, 2018**

**Schedule "B-1"**

**(Continued)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures, continued:</b>			
Debt service:			
Principal retirement	\$ 3,525,260	\$ 3,525,256	\$ 4
Interest and other charges	474,425	474,424	1
Total debt service	<u>3,999,685</u>	<u>3,999,680</u>	<u>5</u>
Total expenditures	<u>61,275,900</u>	<u>56,488,631</u>	<u>4,787,269</u>
Revenues over expenditures	<u>1,979,635</u>	<u>3,471,978</u>	<u>1,492,343</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	(1,507,932)	(1,092,980)	414,952
Revaluation Fund	(350,500)	(350,500)	-
Green Energy Park Fund	(178,461)	(178,461)	-
Conservation/Preservation Fund	(500,000)	(500,000)	-
Proceeds from sale of capital assets	39,650	49,097	9,447
Appropriated fund balance	1,855,779	-	(1,855,779)
Contingency	(238,171)	-	238,171
Other financing sources (uses), net	<u>(1,979,635)</u>	<u>(3,172,844)</u>	<u>(1,193,209)</u>
Net change in fund balance	<u>\$ -</u>	<u>299,134</u>	<u>\$ 299,134</u>
<b>Fund balance:</b>			
Beginning balance, July 1		<u>29,012,995</u>	
Ending balance, June 30		<u>\$ 29,312,129</u>	

**Jackson County, North Carolina**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance—**  
**Budget and Actual—Revaluation Fund**  
**Year Ended June 30, 2018**

**Schedule "B-2"**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures:</b>			
General government:			
Tax listing	\$ 350,500	\$ 232,754	\$ 117,746
<b>Other financing sources:</b>			
Transfers from General Fund	<u>350,500</u>	<u>350,500</u>	<u>-</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u>117,746</u>	<u><u>\$ 117,746</u></u>
<b>Fund balance:</b>			
Beginning balance, July 1		<u>132,645</u>	
Ending balance, June 30		<u><u>\$ 250,391</u></u>	

**Jackson County, North Carolina**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance—**  
**Budget and Actual—Capital Reserve Fund**  
**Year Ended June 30, 2018**

**Schedule "B-3"**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Investment earnings	\$ 1,000	\$ 604	\$ (396)
<b>Expenditures:</b>			
Designated for future appropriations	<u>1,001,000</u>	<u>-</u>	<u>1,001,000</u>
Revenues over (under) expenditures	<u>(1,000,000)</u>	<u>604</u>	<u>1,000,604</u>
<b>Other financing sources:</b>			
Transfers from General Fund	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>1,000,604</u>	<u>\$ 1,000,604</u>
<b>Fund balance:</b>			
Beginning balance, July 1		<u>1,479,394</u>	
Ending balance, June 30		<u>\$ 2,479,998</u>	



**Jackson County, North Carolina**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance—**  
**Budget and Actual—Conservation/Preservation Fund**  
**Year Ended June 30, 2018**

**Schedule "B-4"**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures:</b>			
Environmental protection:			
Conservation	\$ 500,000	\$ -	\$ 500,000
<b>Other financing sources:</b>			
Transfers from General Fund	500,000	500,000	-
Net change in fund balance	<u>\$ -</u>	500,000	<u>\$ 500,000</u>
<b>Fund balance:</b>			
Beginning balance, July 1		<u>286,960</u>	
Ending balance, June 30		<u>\$ 786,960</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, 2018

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Investment earnings	\$ 1,500	\$ 247	\$ 596	\$ 843	\$ (657)
<b>Expenditures:</b>					
Education:					
Blue Ridge School	\$ 1,826,959	\$ 71,370	\$ 1,302,386	\$ 1,373,756	\$ 453,203
Fairview Elementary School	1,394,760	57,728	997,770	1,055,498	339,262
Smoky Mountain High	3,769,487	1,458,272	955,848	2,414,120	1,355,367
Cullowhee Valley School	1,373,615	38,000	533,835	571,835	801,780
Scotts Creek School	20,743	3,025	-	3,025	17,718
Smoky Mountain Elementary	1,241,673	494,016	15,600	509,616	732,057
Total expenditures	9,627,237	2,122,411	3,805,439	5,927,850	3,699,387
Revenues under expenditures	(9,625,737)	(2,122,164)	(3,804,843)	(5,927,007)	3,698,730
<b>Other financing sources (uses):</b>					
Operating transfers--in:					
obligation	9,000,000	9,000,000	-	9,000,000	-
School Capital Reserve	627,237	-	627,237	627,237	-
General Fund	-	2,050,000	-	2,050,000	2,050,000
Operating transfers--out:					
General Fund	-	(2,050,000)	-	(2,050,000)	(2,050,000)
Contingency	(1,500)	-	-	-	(1,500)
Total Other financing sources:	9,625,737	9,000,000	627,237	9,627,237	(1,500)
Net change in fund balance	\$ -	\$ 6,877,836	(3,177,606)	\$ 3,700,230	\$ 3,700,230
<b>Fund balance:</b>					
Beginning balance, July 1			6,877,836		
Ending balance, June 30			3,700,230		
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			1,092,980		
Fund balance, beginning (School Capital Reserve Fund)			2,692,778		
Fund balance, ending (Consolidated School Improvements Fund)			\$ 6,852,925		

**Jackson County, North Carolina**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance—**  
**Budget and Actual—School Capital Reserve Fund**  
**Year Ended June 30, 2018**

**Schedule "B-6"**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures:</b>			
School Capital Reserve	\$ 1,507,932	\$ 5,826	\$ 1,502,106
<b>Other financing sources (uses):</b>			
Transfer from General Fund	1,507,932	1,092,980	(414,952)
Transfer to School Improvement Fund	(627,237)	(627,237)	-
Appropriated fund balance	627,237	-	627,237
Total other financing sources	<u>1,507,932</u>	<u>465,743</u>	<u>1,042,189</u>
Net change in fund balance	<u>\$ -</u>	459,917	<u>\$ 459,917</u>
<b>Fund balance:</b>			
Beginning balance, July 1		<u>2,692,778</u>	
Ending balance, June 30		<u>\$ 3,152,695</u>	

**Jackson County, North Carolina**  
**Combining Balance Sheet**  
**Non-major Governmental Funds**  
**June 30, 2018**

**Schedule "C-1"**

	<b>Non-major Government Funds</b>		
	<b>Special Revenue Funds</b>	<b>Capital Projects Funds</b>	<b>Total</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 1,662,749	\$ 658,379	\$ 2,321,128
Accounts receivable, net	11,459	12,983	24,442
Due from other governments	37,058	-	37,058
Notes receivable, net	38,100	-	38,100
	<u>1,749,366</u>	<u>671,362</u>	<u>2,420,728</u>
Total assets	<u>\$ 1,749,366</u>	<u>\$ 671,362</u>	<u>\$ 2,420,728</u>
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	\$ 2,108	\$ 51,518	\$ 53,626
	<u>36,850</u>	<u>-</u>	<u>36,850</u>
<b>Deferred inflows of resources</b>			
	<u>36,850</u>	<u>-</u>	<u>36,850</u>
<b>Fund balances:</b>			
Restricted:			
Stabilization by State Statute	-	11,146	11,146
Public safety	414,802	-	414,802
Economic and physical development	1,295,606	-	1,295,606
Committed:			
Recreation	-	372,688	372,688
Various programs and projects	-	242,353	242,353
Unassigned	-	(6,343)	(6,343)
	<u>1,710,408</u>	<u>619,844</u>	<u>2,330,252</u>
Total fund balances	<u>1,710,408</u>	<u>619,844</u>	<u>2,330,252</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,749,366</u>	<u>\$ 671,362</u>	<u>\$ 2,420,728</u>

**Jackson County, North Carolina**  
**Combining Balance Sheet**  
**Non-Major Special Revenue Funds**  
**June 30, 2018**

	<u>Emergency Telephone Fund</u>	<u>Law Enforcement Block Grant Fund</u>	<u>Fire Service Fund</u>
<b>Asset:</b>			
Cash and cash equivalents	\$ 313,042	\$ 8,858	\$ 49,462
Accounts receivable, net	4,798	646	1,750
Due from other governments	37,058	-	-
Notes receivable, net	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 354,898</u>	<u>\$ 9,504</u>	<u>\$ 51,212</u>
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Deferred inflows of resources</b>	<u>-</u>	<u>-</u>	<u>812.00</u>
<b>Fund balances:</b>			
Restricted:			
Public safety	354,898	9,504	50,400
Economic and physical development	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>354,898</u>	<u>9,504</u>	<u>50,400</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 354,898</u>	<u>\$ 9,504</u>	<u>\$ 51,212</u>

**Schedule "C-2"**

<b>Community Development Scattered Site Project Fund</b>	<b>Clean Water Revolving Loan Fund</b>	<b>Economic Development Fund</b>	<b>Economic Development Commission Fund</b>	<b>Total Non-major Special Revenue Funds</b>
\$ 56,104	\$ 16,842	\$ 963,656	\$ 254,785	\$ 1,662,749
-	-	4,167	98	11,459
-	-	-	-	37,058
-	-	38,100	-	38,100
<u>\$ 56,104</u>	<u>\$ 16,842</u>	<u>\$ 1,005,923</u>	<u>\$ 254,883</u>	<u>\$ 1,749,366</u>
\$ -	\$ -	\$ 2,083	\$ 25	\$ 2,108
-	-	36,038	-	36,850
-	-	-	-	414,802
56,104	16,842	967,802	254,858	1,295,606
56,104	16,842	967,802	254,858	1,710,408
<u>\$ 56,104</u>	<u>\$ 16,842</u>	<u>\$ 1,005,923</u>	<u>\$ 254,883</u>	<u>\$ 1,749,366</u>

**Jackson County, North Carolina**  
**Combining Balance Sheet**  
**Non-major Capital Projects Funds**  
**June 30, 2018**

**Schedule "C-3"**

	<u>Recreation Center Fund</u>	<u>Emergency Management Project Fund</u>	<u>County Capital Projects Fund</u>	<u>Greenways Project Fund</u>	<u>Total Non-major Capital Projects Funds</u>
<b>Assets:</b>					
Cash and cash equivalents	\$ 233,176	\$ 9,634	\$ 270,001	\$ 145,568	\$ 658,379
Accounts receivable, net	227	1,837	10,919	-	12,983
	<u>\$ 233,403</u>	<u>\$ 11,471</u>	<u>\$ 280,920</u>	<u>\$ 145,568</u>	<u>\$ 671,362</u>
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	<u>\$ 6,056</u>	<u>\$ 17,814</u>	<u>\$ 27,648</u>	<u>\$ -</u>	<u>\$ 51,518</u>
<b>Fund balances (Deficit):</b>					
Restricted:					
Stabilization by State Statute	227	-	10,919	-	11,146
Committed:					
Recreation	227,120	-	-	145,568	372,688
Various programs and projects		-	242,353		242,353
Unassigned	-	(6,343)	-	-	(6,343)
	<u>227,347</u>	<u>(6,343)</u>	<u>253,272</u>	<u>145,568</u>	<u>619,844</u>
Total fund balances (deficit)	<u>227,347</u>	<u>(6,343)</u>	<u>253,272</u>	<u>145,568</u>	<u>619,844</u>
Total liabilities and fund balances (Deficit)	<u>\$ 233,403</u>	<u>\$ 11,471</u>	<u>\$ 280,920</u>	<u>\$ 145,568</u>	<u>\$ 671,362</u>

**Jackson County, North Carolina**  
**Combining Schedule of Revenues, Expenditures, and Changes in**  
**Fund Balances - Non-major Governmental Funds**  
**Year Ended June 30, 2018**

**Schedule "C-4"**

	<b>Non-major Government Funds</b>		
	<b>Special Revenue Funds</b>	<b>Capital Projects Funds</b>	<b>Total</b>
<b>Revenues:</b>			
Ad valorem taxes	\$ 1,216,898	\$ -	\$ 1,216,898
Restricted intergovernmental	445,300	-	445,300
Sales and services	79,540	-	79,540
Investment earnings	1,727	34	1,761
	<hr/>	<hr/>	<hr/>
Total revenues	1,743,465	34	1,743,499
	<hr/>	<hr/>	<hr/>
<b>Expenditures:</b>			
Current:			
General government	-	1,776,370	1,776,370
Public safety	1,670,818	46,653	1,717,471
Economic and physical development	128,870	-	128,870
Culture and recreation	-	20,312	20,312
	<hr/>	<hr/>	<hr/>
Total expenditures	1,799,688	1,843,335	3,643,023
	<hr/>	<hr/>	<hr/>
Revenues under expenditures	(56,223)	(1,843,301)	(1,899,524)
	<hr/>	<hr/>	<hr/>
<b>Other financing sources:</b>			
Transfers from other funds	100,000	-	100,000
	<hr/>	<hr/>	<hr/>
Net change in fund balances	43,777	(1,843,301)	(1,799,524)
	<hr/>	<hr/>	<hr/>
<b>Fund balances:</b>			
Beginning balances, July 1	1,666,631	2,463,145	4,129,776
	<hr/>	<hr/>	<hr/>
Ending balances, June 30	<u>\$ 1,710,408</u>	<u>\$ 619,844</u>	<u>\$ 2,330,252</u>



**Jackson County, North Carolina**  
**Combining Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Non-major Special Revenue Funds**  
**Year Ended June 30, 2018**

	<b>Emergency Telephone Fund</b>	<b>Law Enforcement Block Grant Fund</b>	<b>Fire Service Fund</b>
<b>Revenues:</b>			
Ad valorem taxes	\$ -	\$ -	\$ 1,216,898
Restricted intergovernmental	444,693	607	-
Sales and services	-	-	-
Investment earnings	27	-	-
	<hr/>	<hr/>	<hr/>
Total revenues	444,720	607	1,216,898
	<hr/>	<hr/>	<hr/>
<b>Expenditures:</b>			
Current:			
Public safety	435,074	26,184	1,209,560
Economic and physical development	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	435,074	26,184	1,209,560
	<hr/>	<hr/>	<hr/>
Revenues over (under) expenditures	9,646	(25,577)	7,338
	<hr/>	<hr/>	<hr/>
<b>Other financing sources:</b>			
Transfers from other funds	-	-	-
	<hr/>	<hr/>	<hr/>
Net change in fund balances	9,646	(25,577)	7,338
	<hr/>	<hr/>	<hr/>
<b>Fund balances:</b>			
Beginning balances, July 1	345,252	35,081	43,062
	<hr/>	<hr/>	<hr/>
Ending balances, June 30	\$ 354,898	\$ 9,504	\$ 50,400
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**Schedule "C-5"**

<b>Community Development Scattered Site Project Fund</b>	<b>Clean Water Revolving Loan Fund</b>	<b>Economic Development Fund</b>	<b>Economic Development Commission Fund</b>	<b>Total Non-major Special Revenue Funds</b>
\$ -	\$ -	\$ -	\$ -	\$ 1,216,898
-	-	-	-	445,300
-	-	79,540	-	79,540
-	-	1,325	375	1,727
-	-	80,865	375	1,743,465
-	-	-	-	1,670,818
9,900	-	3,114	115,856	128,870
9,900	-	3,114	115,856	1,799,688
(9,900)	-	77,751	(115,481)	(56,223)
-	-	-	100,000	100,000
(9,900)	-	77,751	(15,481)	43,777
66,004	16,842	890,051	270,339	1,666,631
<u>\$ 56,104</u>	<u>\$ 16,842</u>	<u>\$ 967,802</u>	<u>\$ 254,858</u>	<u>\$ 1,710,408</u>

**Combining Schedule of Revenues, Expenditures, and Changes in  
Fund Balances (Deficit) - Non-major Capital Projects Funds  
Year Ended June 30, 2018**

	<u>Recreation Center Fund</u>	<u>Emergency Management Project Fund</u>	<u>County Capital Projects Fund</u>	<u>Greenways Project Fund</u>	<u>Total Non-major Capital Projects Funds</u>
<b>Revenues:</b>					
Investment earnings	\$ -	\$ 34	\$ -	\$ -	\$ 34
<b>Expenditures:</b>					
Current:					
General government	-	-	1,776,370	-	1,776,370
Public safety	-	46,653	-	-	46,653
Culture and recreation	18,265	-	-	2,047	20,312
Total expenditures	<u>18,265</u>	<u>46,653</u>	<u>1,776,370</u>	<u>2,047</u>	<u>1,843,335</u>
Revenues under expenditures	<u>(18,265)</u>	<u>(46,619)</u>	<u>(1,776,370)</u>	<u>(2,047)</u>	<u>(1,843,301)</u>
Net change in fund balances (Deficit)	(18,265)	(46,619)	(1,776,370)	(2,047)	(1,843,301)
<b>Fund balances (Deficit):</b>					
Beginning balances, July 1	<u>245,612</u>	<u>40,276</u>	<u>2,029,642</u>	<u>147,615</u>	<u>2,463,145</u>
Ending balances, June 30	<u>\$ 227,347</u>	<u>\$ (6,343)</u>	<u>\$ 253,272</u>	<u>\$ 145,568</u>	<u>\$ 619,844</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, 2018**

**Schedule "D-1"**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Restricted intergovernmental:			
Wireless 911 funds	\$ 444,694	\$ 444,693	\$ (1)
Investment earnings	-	27	27
Total revenues	<u>444,694</u>	<u>444,720</u>	<u>26</u>
<b>Expenditures:</b>			
Public safety	<u>444,694</u>	<u>435,074</u>	<u>9,620</u>
Net change in fund balance	<u>\$ -</u>	9,646	<u>\$ 9,646</u>
<b>Fund balance:</b>			
Beginning balance, July 1		<u>345,252</u>	
Ending balance, June 30		<u>\$ 354,898</u>	

**Jackson County, North Carolina**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance—**  
**Budget and Actual—Law Enforcement Block Grant Fund**  
**Year Ended June 30, 2018**

**Schedule "D-2"**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Restricted intergovernmental	\$ 10,000	\$ 607	\$ (9,393)
<b>Expenditures:</b>			
Public safety:			
Capital outlay	30,000	26,184	3,816
Revenues under expenditures	(20,000)	(25,577)	(5,577)
<b>Other financing sources:</b>			
Appropriated fund balance	20,000	-	(20,000)
Net change in fund balance	<u>\$ -</u>	<u>(25,577)</u>	<u>\$ (25,577)</u>
<b>Fund balance:</b>			
Beginning balance, July 1		<u>35,081</u>	
Ending balance, June 30		<u>\$ 9,504</u>	

**Schedule of Revenues, Expenditures and Changes in Fund Balance—  
Budget and Actual—Fire Service Districts Fund  
Year Ended June 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Ad valorem taxes:			
Current year and prior	\$ 1,255,310	\$ 1,213,076	\$ (42,234)
Penalties and interest	3,950	3,822	(128)
Total revenues	<u>1,259,260</u>	<u>1,216,898</u>	<u>(42,362)</u>
<b>Expenditures:</b>			
Public safety:			
Fire districts:			
Cashiers-Glenville	1,159,560	1,159,560	-
Highlands	50,000	50,000	-
Total expenditures	<u>1,209,560</u>	<u>1,209,560</u>	<u>-</u>
Revenues over expenditures	49,700	7,338	(42,362)
<b>Other financing uses:</b>			
Contingency	<u>(49,700)</u>	-	<u>49,700</u>
Net change in fund balance	<u>\$ -</u>	7,338	<u>\$ 7,338</u>
<b>Fund balance:</b>			
Beginning balance, July 1		<u>43,062</u>	
Ending balance, June 30		<u>\$ 50,400</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, 2018**

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to 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 development:					
Operating	9,900	18,868	9,900	28,768	(18,868)
Total expenditures	9,900	18,868	9,900	28,768	(18,868)
Revenues under expenditures	(9,900)	(17,868)	(9,900)	(27,768)	(17,868)
<b>Appropriated fund balance/ closed out projects</b>	9,900	83,872	-	83,872	73,972
Net change in fund balance	\$ -	\$ 66,004	(9,900)	\$ 56,104	\$ 56,104
<b>Fund balance:</b>					
Beginning balance, July 1			66,004		
Ending balance, June 30			\$ 56,104		



**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, 2018**

**Schedule "D-5"**

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

**Jackson County, North Carolina**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance—**  
**Budget and Actual—Economic Development Fund**  
**Year Ended June 30, 2018**

**Schedule "D-6"**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Sales and services	\$ 76,976	\$ 79,540	\$ 2,564
Investment earnings	2,582	1,325	(1,257)
Total revenues	<u>79,558</u>	<u>80,865</u>	<u>1,307</u>
<b>Expenditures:</b>			
Economic and physical development:			
Loan funds advanced	1,032	3,114	(2,082)
Reserve for economic development	78,526	-	78,526
Total expenditures	<u>79,558</u>	<u>3,114</u>	<u>76,444</u>
Net change in fund balance	<u>\$ -</u>	<u>77,751</u>	<u>\$ 77,751</u>
<b>Fund balance:</b>			
Beginning balance, July 1		<u>890,051</u>	
Ending balance, June 30		<u>\$ 967,802</u>	

**Schedule of Revenues, Expenditures and Changes in Fund Balance—  
Budget and Actual—Economic Development Commission Fund  
Year Ended June 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Sales and services	\$ -	\$ -	\$ -
Investment earnings	300	375	75
Total revenues	<u>300</u>	<u>375</u>	<u>75</u>
<b>Expenditures:</b>			
Economic and physical development:			
Salaries and employee benefits	98,918	98,439	479
Operating	36,991	15,917	21,074
Loans, development, capital improvement	15,000	1,500	13,500
Total expenditures	<u>150,909</u>	<u>115,856</u>	<u>35,053</u>
Revenues under expenditures	<u>(150,609)</u>	<u>(115,481)</u>	<u>35,128</u>
<b>Other financing sources:</b>			
Transfer from General Fund	100,000	100,000	-
Appropriated fund balance	50,609	-	(50,609)
Total other financing sources	<u>150,609</u>	<u>100,000</u>	<u>(50,609)</u>
Net change in fund balance	<u>\$ -</u>	<u>(15,481)</u>	<u>\$ (15,481)</u>
<b>Fund balance:</b>			
Beginning balance, July 1		<u>270,339</u>	
Ending balance, June 30		<u>\$ 254,858</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, 2018

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Expenditures:</b>					
Culture and recreation:					
Savannah/Greens Creek Park	269,359	2,969	18,265	21,234	248,125
<b>Other financing sources:</b>					
Transfers from other funds:					
Conservation/Preservation	243,568	243,568	-	243,568	-
Contingency	(22,105)	-	-	-	22,105
Total other financing sources	221,463	243,568	-	243,568	22,105
<b>Closed out projects</b>	47,896	5,013	-	5,013	(42,883)
Net change in fund balance	\$ -	\$ 245,612	(18,265)	\$ 227,347	\$ 227,347
<b>Fund balance:</b>					
Beginning balance, July 1			245,612		
Ending balance, June 30			\$ 227,347		

**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, 2018**

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Year	Current Year	Total to Date	
<b>Revenues:</b>					
Investment earnings	\$ 480	\$ 373	\$ 34	\$ 407	\$ (73)
<b>Expenditures:</b>					
Public Safety:					
Equipment	492,526	452,504	46,380	498,884	(6,358)
Construction cost	1,328,566	1,328,206	273	1,328,479	87
Total expenditures	<u>1,821,092</u>	<u>1,780,710</u>	<u>46,653</u>	<u>1,827,363</u>	<u>(6,271)</u>
Revenues under expenditures	<u>(1,820,612)</u>	<u>(1,780,337)</u>	<u>(46,619)</u>	<u>(1,826,956)</u>	<u>(6,344)</u>
<b>Other financing sources:</b>					
Transfers from other funds:					
Capital Reserve Fund	<u>2,252,401</u>	<u>2,252,401</u>	<u>-</u>	<u>2,252,401</u>	<u>-</u>
<b>Closed out projects</b>	<u>431,789</u>	<u>431,788</u>	<u>-</u>	<u>431,788</u>	<u>1</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 40,276</u>	<u>(46,619)</u>	<u>\$ (6,343)</u>	<u>\$ (6,343)</u>
<b>Fund balance:</b>					
Beginning balance, July 1			<u>40,276</u>		
Ending balance, June 30			<u>\$ (6,343)</u>		

## 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, 2018

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Expenditures:</b>					
General Government:					
Skyland Services Center					
Architect fees	\$ 72,000	44,965	\$ 16,000	\$ 60,965	\$ 11,035
Construction	1,134,179	5,142	1,219,865	1,225,007	(90,828)
Site Acquisition	408,625	-	408,625	408,625	-
Furnishings	134,980	-	131,880	131,880	3,100
Total Skyland Services Center	1,749,784	50,107	1,776,370	1,826,477	(76,693)
Cashiers Code Enforcement					
Construction	211,505	211,505	-	211,505	-
Equipment	7,000	7,000	-	7,000	-
Total Cashiers Code Enforcement	218,505	218,505	-	218,505	-
Total expenditures	1,968,289	268,612	1,776,370	2,044,982	(76,693)
Revenues under expenditures	(1,968,289)	(268,612)	(1,776,370)	(2,044,982)	76,693
<b>Other financing sources (uses):</b>					
Operating transfers--in:					
Capital Reserve Fund	2,075,000	2,075,000	-	2,075,000	-
Contingency	(106,711)	-	-	-	106,711
Other financing sources (uses), net	1,968,289	2,075,000	-	2,075,000	106,711
<b>Closed out projects</b>	-	223,254	-	223,254	223,254
Net change in fund balance	\$ -	\$ 2,029,642	(1,776,370)	\$ 253,272	\$ 253,272
<b>Fund balance:</b>					
Beginning balance, July 1			2,029,642		
Ending balance, June 30			\$ 253,272		

**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, 2018**

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Year	Current Year	Total to 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	1,701,776	47	1,701,823	155,490
Engineering fees	72,000	87,664	2,000	89,664	(17,664)
Total expenditures	1,929,313	1,789,440	2,047	1,791,487	137,826
Revenues under expenditures	(1,282,313)	(1,134,698)	(2,047)	(1,136,745)	145,568
<b>Other financing sources:</b>					
Transfers from other funds:					
General Fund	1,282,313	1,282,313	-	1,282,313	-
Total other financing sources (uses)	1,282,313	1,282,313	-	1,282,313	-
Net change in fund balance	\$ -	\$ 147,615	(2,047)	\$ 145,568	\$ 145,568
<b>Fund balance:</b>					
Beginning balance, July 1			147,615		
Ending balance, June 30			\$ 145,568		



## 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, 2018**

**Schedule "F-1"**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Operating revenues:			
Charges for services	\$ 3,501,300	\$ 3,257,253	\$ (244,047)
Total operating revenues	<u>3,501,300</u>	<u>3,257,253</u>	<u>(244,047)</u>
Non-operating revenues:			
Scrap tire disposal fee	52,000	56,801	4,801
White goods tax	23,145	27,256	4,111
Electronics tax	3,100	3,398	298
Scrap tire grant	-	2,259	2,259
Commercial waste reduction grant	5,400	4,830	(570)
Interest earned on investments	23,000	21,778	(1,222)
Total non-operating revenues	<u>106,645</u>	<u>116,322</u>	<u>9,677</u>
Total revenues	<u>3,607,945</u>	<u>3,373,575</u>	<u>(234,370)</u>
<b>Expenditures:</b>			
Landfill operations:			
Salaries and employee benefits	389,165	313,851	75,314
Operations	1,857,812	1,787,301	70,511
Supplies	24,000	23,815	185
Repairs and maintenance	405,000	151,109	253,891
Contracted services	939,000	856,682	82,318
Capital outlay	6,800	8,891	(2,091)
Total	<u>3,614,977</u>	<u>3,132,758</u>	<u>482,219</u>
Debt service:			
Debt principal	234,601	234,601	-
Interest and other charges	40,311	40,310	1
Total	<u>274,912</u>	<u>274,911</u>	<u>1</u>
Total expenditures	<u>3,889,889</u>	<u>3,407,669</u>	<u>482,220</u>
Revenues and other financing sources under expenditures	<u>\$ -</u>	<u>\$ (34,094)</u>	<u>\$ (34,094)</u>

**Jackson County, North Carolina**  
**Schedule of Revenues and Expenditures—Budget and Actual**  
**(Non-GAAP) - Landfill Fund**  
**Year Ended June 30, 2018**

**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	\$ (34,094)
Change in accrued interest receivable	(671)
Change in compensated absences	1,276
Contribution to pension plan in current fiscal year	18,888
Contribution to OPEB plan in current fiscal year	99,527
Pension expense	5,053
OPEB expense	(109,115)
Debt principal payment	234,601
Landfill closure and post-closure costs	(15,582)
Capital outlay	
Depreciation	<u>(142,168)</u>
Change in net position	<u><u>\$ 57,715</u></u>

**Jackson County, North Carolina**  
**Combining Statement of Fund Net Position**  
**Non-major Proprietary Funds**  
**June 30, 2018**

**Schedule "F-2"**

	<u>Green Energy Park Fund</u>	<u>Economic Development Commission Fund</u>	<u>Total Non-major Proprietary Funds</u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 180,467	\$ 250,802	\$ 431,269
Accounts receivable, net	1,065	-	1,065
Notes receivable, net	-	79,632	79,632
Capital assets, net of depreciation	48,117	1,100,776	1,148,893
<b>Total assets</b>	<u>229,649</u>	<u>1,431,210</u>	<u>1,660,859</u>
<b>Deferred outflows of resources</b>	<u>49,839</u>	<u>-</u>	<u>49,839</u>
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	1,468	-	1,468
Compensated absences	13,438	-	13,438
Net pension liability - LGERS	23,650	-	23,650
Unearned revenue	13,286	-	13,286
Total OPEB liability	307,515	-	307,515
<b>Total liabilities</b>	<u>359,357</u>	<u>-</u>	<u>359,357</u>
<b>Deferred inflows of resources</b>	<u>28,372</u>	<u>-</u>	<u>28,372</u>
<b>Net position:</b>			
Investment in capital assets	48,117	1,100,776	1,148,893
Unrestricted	(156,358)	330,434	174,076
<b>Total net position</b>	<u>\$ (108,241)</u>	<u>\$ 1,431,210</u>	<u>\$ 1,322,969</u>

**Jackson County, North Carolina**  
**Combining Statement of Revenues, Expenditures, and Changes in**  
**Fund Net Position - Non-major Proprietary Funds**  
**Year Ended June 30, 2018**

**Schedule "F-3"**

	<b>Green Energy Park Fund</b>	<b>Economic Development Commission Fund</b>	<b>Total Non-major Proprietary Funds</b>
<b>Operating revenues:</b>			
Charges for services	\$ 38,109	\$ 76,163	\$ 114,272
<b>Operating expenses:</b>			
Park operations	177,448	-	177,448
Economic development operations	-	20,798	20,798
Depreciation	5,485	29,580	35,065
Total expenses	182,933	50,378	233,311
Operating income (loss)	(144,824)	25,785	(119,039)
<b>Non-operating revenues:</b>			
Conservation fund grant	10,000	-	10,000
Donations	272	-	272
Total non-operating revenues	10,272	-	10,272
Income (loss) before transfers	(134,552)	25,785	(108,767)
<b>Transfers from other funds</b>	178,461	-	178,461
Change in net position	43,909	25,785	69,694
<b>Net position:</b>			
Beginning balance, July 1, previously reported	56,045	1,405,425	1,461,470
Restatement	(208,195)	-	(208,195)
Beginning balance, July 1, as adjusted	(152,150)	1,405,425	1,253,275
Ending balance, June 30	\$ (108,241)	\$ 1,431,210	\$ 1,322,969

**Jackson County, North Carolina**  
**Combining Statement of Cash Flows**  
**Non-major Proprietary Funds**  
**Year Ended June 30, 2018**

**Schedule "F-4"**

	<b>Green Energy Park Fund</b>	<b>Economic Development Commission Fund</b>	<b>Total Non-major Proprietary Funds</b>
<b>Cash flows from operating activities:</b>			
Cash received from customers	\$ 38,330	\$ 76,163	\$ 114,493
Cash paid for goods and services	(48,032)	(20,798)	(68,830)
Cash paid to employees for services	(156,815)	-	(156,815)
Net cash provided by (used for) operating activities	<u>(166,517)</u>	<u>55,365</u>	<u>(111,152)</u>
<b>Cash flows from non-capital financing activities:</b>			
Grants and donations	10,272	-	10,272
Transfers from other funds	178,461	-	178,461
Net cash provided by non-capital financing activities	<u>188,733</u>	<u>-</u>	<u>188,733</u>
<b>Cash flows from investing activities:</b>			
Principal payments on notes receivable	-	17,544	17,544
Net increase in cash and cash equivalents	22,216	72,909	95,125
<b>Cash and cash equivalents:</b>			
Beginning balance, July 1	158,251	177,893	336,144
Ending balance, June 30	<u>\$ 180,467</u>	<u>\$ 250,802</u>	<u>\$ 431,269</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>			
Operating income (loss)	\$ (144,824)	\$ 25,785	\$ (119,039)
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	(7,724)	-	(7,724)
Contributions made to the OPEB plan in the current fiscal year	(40,704)	-	(40,704)
Pension revenue	(2,417)	-	(2,417)
OPEB expense	18,616	-	18,616
Changes in assets and liabilities:			
Accounts receivable	221	-	221
Accounts payable and accrued liabilities	1,274	-	1,274
Unearned revenue	206	-	206
Net cash provided by (used for) operating activities	<u>\$ (166,517)</u>	<u>\$ 55,365</u>	<u>\$ (111,152)</u>

**Jackson County, North Carolina**  
**Schedule of Revenues, Expenditures and Transfers—**  
**Budget and Actual (Non-GAAP)—Green Energy Park Fund**  
**Year Ended June 30, 2018**

**Schedule "F-5"**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Operating revenues:			
Charges for services:			
Rents	\$ 11,500	\$ 13,535	\$ 2,035
Registration fees	18,500	22,969	4,469
Gallery Commission	2,000	1,605	(395)
Total operating revenues	<u>32,000</u>	<u>38,109</u>	<u>6,109</u>
Non-operating revenues:			
Conservation Fund grant	10,000	10,000	-
Donations	278	272	(6)
Total non-operating revenues	<u>10,278</u>	<u>10,272</u>	<u>(6)</u>
<b>Other financing sources:</b>			
Transfer from General Fund	178,461	178,461	-
Total revenues and other financing sources	<u>220,739</u>	<u>226,842</u>	<u>6,103</u>
<b>Expenditures:</b>			
Park operations:			
Salaries and employee benefits	128,514	127,936	578
Operating	92,225	78,391	13,834
Total	<u>220,739</u>	<u>206,327</u>	<u>14,412</u>
Revenues and other financing sources over expenditures	<u>\$ -</u>	20,515	<u>\$ 20,515</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual basis:</b>			
Contributions to the pension plan in the current fiscal year		7,724	
Contributions to the OPEB plan in the current fiscal year		40,704	
Pension expense		2,417	
OPEB expense		(18,616)	
Increase in compensated absences		(3,350)	
Depreciation		(5,485)	
Change in net position		<u>\$ 43,909</u>	

**Schedule of Revenues and Expenditures—Budget and Actual (Non-GAAP)—  
Economic Development Commission Fund  
Year Ended June 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Operating revenues:			
Charges for services	\$ 86,744	\$ 76,163	\$ (10,581)
Rents	15,000	-	(15,000)
Total operating revenues	101,744	76,163	(25,581)
Non-operating revenues:			
Interest earned on investments	1,807	-	(1,807)
Total revenues	103,551	76,163	(27,388)
<b>Expenditures:</b>			
Economic development operations:			
Operating	83,551	798	82,753
Insurance	20,000	20,000	-
Total expenditures	103,551	20,798	82,753
Revenues over expenditures	<u>\$ -</u>	55,365	<u>\$ 55,365</u>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual basis:</b>			
Depreciation		(29,580)	
Change in net position		<u>\$ 25,785</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.

**Schedule of Revenues, Expenditures and Changes in Fund Balance—  
Budget and Actual—Jackson County Airport Authority (Non-GAAP)  
Year Ended June 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Restricted intergovernmental	\$ 150,000	\$ 250,027	\$ 100,027
Sales and services	45,500	44,901	(599)
Jackson County	31,000	31,000	-
Insurance settlement proceeds	19,918	19,918	-
Miscellaneous	38,428	29,522	(8,906)
	<u>284,846</u>	<u>375,368</u>	<u>90,522</u>
<b>Expenditures:</b>			
Transportation:			
Operating	284,846	293,083	(8,237)
Net change in fund balance	<u>\$ -</u>	82,285	<u>\$ 82,285</u>
Reconciliation from budgetary basis (modified accrual) to full accrual basis:			
Depreciation		<u>-</u>	
Change in net position		<u>\$ 82,285</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, 2018**

**Schedule "H-1"**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<b>Social Services Fund:</b>				
Assets:				
Cash and cash equivalents	\$ 46,462	\$ 575,086	\$ 568,287	\$ 53,262
Liabilities:				
Amounts held for others	\$ 46,462	\$ 575,086	\$ 568,287	\$ 53,262
<b>Inmate Fund:</b>				
Assets:				
Cash and cash equivalents	\$ 43,467	\$ 139,849	\$ 99,981	\$ 83,335
Due from others	1,308	2,847	1,307	2,848
Total assets	<u>\$ 44,775</u>	<u>142,696</u>	<u>101,288</u>	<u>\$ 86,183</u>
Liabilities:				
Amounts held for others	<u>\$ 44,775</u>	<u>\$ 142,696</u>	<u>\$ 101,288</u>	<u>\$ 86,183</u>
<b>Property Tax Fund:</b>				
Assets:				
Cash and cash equivalents	\$ 1,524	\$ 416,054	\$ 414,442	\$ 3,136
Due from others	7,156	7,966	7,156	7,966
Total assets	<u>\$ 8,680</u>	<u>\$ 424,020</u>	<u>\$ 421,598</u>	<u>\$ 11,102</u>
Liabilities:				
Amounts held for others	<u>\$ 8,680</u>	<u>\$ 424,020</u>	<u>\$ 421,598</u>	<u>\$ 11,102</u>
<b>State of North Carolina Fund:</b>				
Assets:				
Cash and cash equivalents	\$ 73,499	\$ 606,828	\$ 603,519	\$ 76,808
Liabilities:				
Amounts held for others	<u>\$ 73,499</u>	<u>\$ 606,828</u>	<u>\$ 603,519</u>	<u>\$ 76,808</u>
<b>Extension Agency Fund:</b>				
Assets:				
Cash and cash equivalents	\$ 12,269	\$ 9,232	\$ 9,068	\$ 12,433
Due from others	16	45	16	45
Total assets	<u>\$ 12,285</u>	<u>\$ 9,277</u>	<u>\$ 9,084</u>	<u>\$ 12,478</u>
Liabilities:				
Amounts held for others	<u>\$ 12,285</u>	<u>\$ 9,277</u>	<u>\$ 9,084</u>	<u>\$ 12,478</u>
<b>Totals--All Agency Funds</b>				
Assets:				
Cash and cash equivalents	\$ 177,221	\$ 1,747,049	\$ 1,695,297	\$ 228,974
Property and Rights Held	1,769,858	269,626	-	2,039,484
Due from others	8,480	10,858	8,479	10,859
Total assets	<u>\$ 1,955,559</u>	<u>\$ 2,027,533</u>	<u>\$ 1,703,776</u>	<u>\$ 2,279,317</u>
Liabilities:				
Amounts held for others	<u>\$ 1,955,559</u>	<u>\$ 2,027,533</u>	<u>\$ 1,703,776</u>	<u>\$ 2,279,317</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, 2018**

**Exhibit "I-1"**

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Ending Balance</u>
2017-2018	\$ -	\$ 34,297,123	\$ 33,460,176	\$ 836,947
2016-2017	769,073	-	352,612	416,461
2015-2016	426,451	-	125,392	301,059
2014-2015	304,872	-	74,482	230,390
2013-2014	240,179	-	51,270	188,909
2012-2013	200,779	-	38,755	162,024
2011-2012	139,038	-	23,548	115,490
2010-2011	115,804	-	20,836	94,968
2009-2010	107,796	-	15,627	92,169
2008-2009	64,974	-	14,204	50,770
2007-2008	80,138	-	80,138	-
	<u>\$ 2,449,104</u>	<u>\$ 34,297,123</u>	<u>\$ 34,257,039</u>	\$ 2,489,188
				<u>(963,000)</u>
				<u>\$ 1,526,188</u>
				<u>\$ 34,446,457</u>
				(318,654)
				80,138
				(25,991)
				14,296
				105,667
				<u>(44,874)</u>
				<u>(189,418)</u>
				<u>\$ 34,257,039</u>

**Jackson County, North Carolina**  
**Analysis of Current Tax Levy**  
**County-wide Levy**  
**Year Ended June 30, 2018**

**Exhibit "I-2"**

	<u>County-wide</u>			<u>Total Levy</u>	
	<u>Property Valuation</u>	<u>Rate</u>	<u>Amount of Levy</u>	<u>Property Excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
Original levy:					
Property taxed at current year's rate	\$ 9,051,047,465	0.37	\$ 33,488,876	\$ 32,189,670	\$ 1,299,205
Utilities at current year's rate	190,214,622	0.37	703,794	703,794	-
Total	9,241,262,087		34,192,670	32,893,464	1,299,205
Discoveries:					
Current year taxes	35,790,711	0.37	132,426	132,426	-
Abatements/Releases	(7,560,105)	0.37	(27,972)	(24,860)	(3,113)
Total property valuation	<u>\$ 9,269,492,693</u>				
Net levy			34,297,123	33,001,031	1,296,092
Uncollected taxes at June 30, 2018			836,947	833,861	3,086
Current year's taxes collected			<u>\$ 33,460,176</u>	<u>\$ 32,167,169</u>	<u>\$ 1,293,006</u>
Current levy collection percentage			<u>97.56%</u>	<u>97.47%</u>	<u>99.76%</u>