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SWAIN COUNTY

BRYSON CITY, NORTH CAROLINA

FINANCIAL STATEMENTS

JUNE 30, 2009

**S. Eric Bowman, P.A.**

CERTIFIED PUBLIC ACCOUNTANT

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Morganton, North Carolina

SWAIN COUNTY

BRYSON CITY, NORTH CAROLINA

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Glenn Jones - Chairman

Phil Carson

Genevieve Lindsay

David Monteith

Steve Moon

OFFICIALS

Kevin King            County Manager

Vida Cody            Finance Officer

Diana Kirkland      Register of Deeds

Peggy Hyde           Tax Administrator

Swain County, North Carolina  
Table of Contents  
June 30, 2009

<u>Exhibit</u>		<u>Page</u>
	Financial Section	
	Independent Auditor's Report	1 - 2
	Management's Discussion and Analysis	3 - 11
	Basic Financial Statements:	
	Government-wide Financial Statements:	
Exhibit 1	Statement of Net Assets	12
Exhibit 2	Statement of Activities	13
	Fund Financial Statements:	
Exhibit 3	Balance Sheet - Governmental Funds	14
Exhibit 3-1	Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	15
Exhibit 4	Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	16
Exhibit 4-1	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Exhibit 5	Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	18
Exhibit 6	Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Schools Capital Reserve Fund	19
Exhibit 7	Statement of Net Assets - Proprietary Fund	20
Exhibit 8	Statement of Revenues, Expenses, and Changes in Net Assets - Proprietary Fund	21
Exhibit 9	Statement of Cash Flows - Proprietary Fund	22
	Notes to the Financial Statements	23 - 47
	Required Supplemental Financial Data:	
Exhibit A-1	Law Enforcement Officer's Special Separation Allowance - Schedule of Funding Progress	48
Exhibit A-2	Law Enforcement Officer's Special Separation Allowance - Schedule of Employer Contributions	49

Swain County, North Carolina  
Table of Contents  
June 30, 2009

<u>Exhibit</u>		<u>Page</u>
Exhibit A-3	Other Post Employment Benefits (OPEB) - Schedule of Funding Progress	50
Exhibit A-4	Other Post Employment Benefits (OPEB) - Schedule of Employer Contributions	51
	Combining and Individual Fund Statements and Schedules:	
Exhibit B	Statement of Revenues, Expenditures, and Changes in Fund Balances - General Fund - Budget and Actual	52 - 62
Exhibit C	Statement of Revenues, Expenditures, and Changes in Fund Balances - Schools Capital Reserve Fund - Budget and Actual	63
Exhibit D	Supplemental Schedule of Revenues, Expenditures and Changes in Fund Balance - Compared with Authorizations - Capital Projects Fund	64 - 65
Exhibit E-1	Combining Balance Sheet - Non-major Governmental Funds	66
Exhibit E-2	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-major Governmental Funds	67
	Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
Exhibit E-3	Property Revaluation Fund	68
Exhibit E-4	Emergency 911 Fund	69
Exhibit E-5	Capital Reserve Fund	70
Exhibit E-6	Family Preservation Grant Fund	71
Exhibit E-7	CDBG Fund	72
Exhibit E-8	Governor's Island Fund	73
Exhibit E-9	Franklin Grove Fund	74
Exhibit F	Statement of Revenues and Expenditures - Budget and Actual (Non GAAP) - Solid Waste Fund	75 - 76
Exhibit G	Combining Statement of Changes in Fiduciary Assets and Liabilities - Agency Funds	77 - 78

Swain County, North Carolina  
Table of Contents  
June 30, 2009

<u>Exhibit</u>	<u>Page</u>
Other Schedules	
Exhibit H-1     Schedule of Ad Valorem Taxes Receivable	79
Exhibit H-2     Analysis of Current Tax Levy - County Wide Levy	80
Exhibit I        Federal and State Grants - General Fund	81 - 82
Compliance Section:	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	83 - 84
Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 and the State Audit Implementation Act	85 - 86
Schedule of Findings and Questioned Costs	87 - 92
Schedule of Expenditures of Federal and State Awards	93 - 97

**FINANCIAL SECTION**

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## Independent Auditor's Report

To the Board of County Commissioners  
Swain County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Swain County, North Carolina, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Swain County's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

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

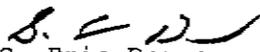
In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Swain County, North Carolina as of June 30, 2009, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the general fund and schools capital reserve fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Page 2  
Swain County

In accordance with Government Auditing Standards, we have also issued our report dated September 2, 2009 on our consideration of Swain County's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grants 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis, the schedules of funding progress, employer contributions and the notes to the required schedules for the Law Enforcement Officers' Special Separation Allowance and Other Post Employment Benefits (OPEB) are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion thereon.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Swain County, North Carolina. The combining and individual non-major fund schedules, as well as the accompanying schedule of expenditures of federal and State awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

  
S. Eric Bowman, P.A.  
Certified Public Accountant

Morganton, North Carolina  
September 2, 2009

SWAIN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Swain County's annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year that ended on June 30, 2009. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

**Financial Highlights**

- The assets of Swain County exceeded its liabilities at the close of the fiscal year by \$6 774 133 (*net assets*).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$1 079 656, or 6.6 percent of total general fund expenditures for the fiscal year.
- Swain County's total debt increased by \$8 351 or .4 percent during the current fiscal year. The key factors in this increase was increased borrowings for capital outlay.
- The County's bond rating is Baa.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of four parts - *management's discussion and analysis* (this section), the *basic financial statements*, *required supplementary information*, and an optional section that presents *combining statements* for non-major governmental funds. The basic financial statements include two kinds of statements that present different views of the County:

- The first two statements are *government-wide financial statements* that provide both *long term* and *short-term* information about the County's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the County's government, reporting the County's operations in *more detail* than the government-wide statements.
  - The *government funds* statements tell how *general government* services like public safety were financed in the *short term* as well as what remains for future spending.
  - *Proprietary fund* statements offer *short and long term* financial information about the activities the government operates like *businesses*, such as the solid waste operation.
  - *Fiduciary fund* statements provide information about financial relationships which the County acts solely as *agent* for the benefit of others, to whom the resources in question belong.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. In addition to these required elements, we have included a section with combining statements that provide details about our non-major governmental funds, each of which are added together and presented in single columns in the basic financial statements.

Figure A-1 summarizes the major features of the County's financial statements, including the portion of the County government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

FIGURE A-1  
MAJOR FEATURES OF SWAIN COUNTY'S GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire County government (except fiduciary funds) and the County's component unit	The activities of the County that are not proprietary or fiduciary, such as police, administration and human services	Activities the County operates similar to private businesses: the solid waste operations	Instances in which the County is the trustee or agent for someone else's resources
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenues, expenses, and changes in net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets, if applicable</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the County's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	

**Government-wide Statements**

The government-wide statements report information about the County as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the County's *net assets* and how they have changed. Net assets—the difference between the County's assets and liabilities—is one way to measure the County's financial health, or position.

- Over time, increases or decreases in the County's *net assets* are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the County you need to consider additional nonfinancial factors such as changes in the County's property tax base.

The government-wide financial statements of the County are divided into three categories:

- *Governmental activities* - Most of the County's basic services are included here, such as public safety, human services and general administration. Property taxes and state and federal grants finance most of these activities.
- *Business-type activities* - The County charges fees to customers to help it cover the costs of certain services it provides. The County's solid waste activities are included here.
- *Component Unit* - The County includes one other entity in its report-the Swain County Tourist Development Authority. Although, legally separate, the "component unit" is important because the County is financially accountable for them.

#### **Fund Financial Statements**

The fund financial statements provide more detailed information about the County's most significant *funds*-not the County as a whole. Funds are accounting devices that the County uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and by bond covenants.
- The Board of Commissioners establishes other funds to control and manage money for particular purposes.

The County has three kinds of funds:

- *Governmental funds* - Most of the County's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.
- *Proprietary funds* - Services for which the County charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information.
  - In fact, the County's *enterprise fund* (one type of proprietary fund) is the same as its business-type activities, but provides more detail and additional information, such as cash flows.

- *Fiduciary funds* - The County is responsible for other assets that - because of a trust arrangement - can be used only for trust beneficiaries. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the County's fiduciary activities are reported in a separate statement of fiduciary net assets. We exclude these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations.

Also included in this section are budgetary comparison statements for all major governmental funds.

Net Assets

Net assets may serve over time as a useful indicator of a government's financial position. In the case of Swain County, assets exceeded liabilities by \$6 774 133 at the close of the most recent fiscal year (Table 1).

	Governmental Activities		Business - Type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
	Current and Other Assets	\$ 6 924 572	\$ 8 401 392	\$ (290 157)	\$ (289 330)	\$ 6 634 415
Capital Assets	20 139 055	18 229 101	639 082	591 301	20 778 137	18 820 402
<b>Total Assets</b>	<b>27 063 627</b>	<b>26 630 493</b>	<b>348 925</b>	<b>301 971</b>	<b>27 412 552</b>	<b>26 932 464</b>
Long-Term Debt Outstanding	18 126 869	18 159 587	325 830	260 118	18 452 699	18 419 705
Other Liabilities	2 117 564	1 882 491	68 156	56 061	2 185 720	1 938 552
<b>Total Liabilities</b>	<b>20 244 433</b>	<b>20 042 078</b>	<b>393 986</b>	<b>316 179</b>	<b>20 638 419</b>	<b>20 358 257</b>
<b>Net Assets:</b>						
Invested in Capital Assets, Net of Related Debt	8 695 519	7 221 181	313 252	331 183	9 008 771	7 552 364
Unrestricted (Deficit)	(1 876 325)	(632 766)	(358 313)	(345 391)	(2 234 638)	(978 157)
<b>Total Net Assets</b>	<b>\$ 6 819 194</b>	<b>\$ 6 588 415</b>	<b>\$ (45 061)</b>	<b>\$ (14 208)</b>	<b>\$ 6 774 133</b>	<b>\$ 6 574 207</b>

Swain County uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Swain County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The County has issued debt for the acquisition and construction of capital assets that are not reported as assets of the County. This debt has been issued for the construction of public school facilities. The General Statutes do not permit public schools to issue debt for the acquisition and construction of facilities. Responsibility for providing these facilities lies with the County. The titles to these assets are held by Swain County Board of Education and the assets are reported on their financial statements. These debt issues were necessary to provide for the education of the citizens of the County. The outstanding amount of this debt \$6 683 333, has been reported as a reduction of unrestricted net assets for governmental activities. Had this debt not been reported as a reduction of unrestricted net assets, the balance of unrestricted net assets for governmental activities would be \$4 807 008.

Change in Net Assets

The County's total revenues were \$16 810 028 at June 30, 2009 (see Table 2). Charges for services made up 21% of revenues. Property taxes and other taxes made up 27% and 20% of revenues respectively. The County's expenses cover a range of services with 39% of those expenses being related to human services.

**TABLE 2**  
**CHANGE IN NET ASSETS**

	<u>Governmental Activities</u>		<u>Business - Type Activities</u>		<u>Total Primary Government</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<u>Revenues</u>						
<u>Program Revenues:</u>						
Charges for Services	\$ 2 778 544	\$ 2 956 115	\$ 779 219	\$ 857 756	\$ 3 557 763	\$ 3 813 871
Operating Grants and Contributions	3 505 139	2 971 431			3 505 139	2 971 431
Capital Grants and Contributions	329 095	620 951			329 095	620 951
<u>General Revenues:</u>						
Property Taxes	4 468 692	4 347 687			4 468 692	4 347 687
Other Taxes Unrestricted	3 333 746	3 917 845			3 333 746	3 917 845
Intergovernmental	1 103 245	884 714			1 103 245	884 714
Other	512 348	541 290			512 348	541 290
<b>Total Revenues</b>	<b>16 030 809</b>	<b>16 240 033</b>	<b>779 219</b>	<b>857 756</b>	<b>16 810 028</b>	<b>\$17 097 789</b>
<u>Expenses</u>						
General Government	2 309 928	2 629 854			2 309 928	2 629 854
Public Safety	3 227 332	2 397 956			3 227 332	2 397 956
Environmental Protection	85 278	85 199			85 278	85 199
Economic and Physical Development	1 208 180	1 469 600			1 208 180	1 469 600
Human Services	6 448 888	6 657 440			6 448 888	6 657 440
Recreational	682 005	739 616			682 005	739 616
Education	1 052 278	2 506 408			1 052 278	2 506 408
Interest on Long-Term Debt	682 094	279 874			682 094	279 874
Solid Waste			914 119	1 009 088	914 119	1 009 088
<b>Total Expenses</b>	<b>15 695 983</b>	<b>16 765 947</b>	<b>914 119</b>	<b>1 009 088</b>	<b>16 610 102</b>	<b>17 775 035</b>
Excess (Deficiency) of Revenues Over Expenses Before Transfers	334 826	(525 914)	(134 900)	(151 332)	199 926	(677 246)
Transfers	(104 047)	(109 000)	104 047	109 000		
Increase (Decrease) in Net Assets	230 779	(634 914)	(30 853)	(42 332)	199 926	(677 246)
Net Assets, July 1	6 588 415	7 223 329	(14 208)	28 124	6 574 207	7 251 453
Net Assets, June 30	<u>\$ 6 819 194</u>	<u>\$ 6 588 415</u>	<u>\$ (45 061)</u>	<u>\$ (14 208)</u>	<u>\$ 6 774 133</u>	<u>\$ 6 574 207</u>

Table 3 presents the cost of each of the County's five largest programs-general government, public safety, human services, education and recreation-as well as each program's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the County's taxpayers by each of these functions.

- The cost of all governmental activities this year was \$15.7 million.
- However, the amount that our taxpayers paid for these activities through County taxes was \$9.1 million. Some of the cost was paid by:
  - Those who directly benefited from the programs (2.8 million), or
  - Other governments and organizations that subsidized certain programs with grants and contributions (3.8 million).
- The County paid for the \$9.1 million "public benefit" portion with \$7.8 million in taxes, and with other revenues such as interest and unrestricted intergovernmental revenues.

**TABLE 3**  
**NET COST OF SWAIN COUNTY'S GOVERNMENTAL ACTIVITIES**  
(In Millions of Dollars)

	Total Cost of Services		Net Cost of Services	
	2009	2008	2009	2008
General Government	\$ 2.3	\$ 2.6	\$ 1.5	\$ 2.0
Public Safety	3.2	2.4	2.7	1.8
Human Services	6.4	6.7	2.1	2.5
Education	1.1	2.5	.8	2.2
Recreation	.7	.7	.6	.5
Other	<u>2.0</u>	<u>1.9</u>	<u>1.4</u>	<u>1.2</u>
Total	<u>\$ 15.7</u>	<u>\$ 16.8</u>	<u>\$ 9.1</u>	<u>\$ 10.2</u>

**Business-type Activities**

Revenues of the County's business-type activities totaled \$779 219 with expenses totaling \$914 119 (see Table 2). This produced a deficit before transfers of \$134 900. The deficit was caused by the County not funding depreciation.

## Financial Analysis of the County's Funds

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

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

The general fund is the chief operating fund of Swain County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$1 079 656, while total fund balance was \$2 801 716. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 6.6 percent of total General Fund expenditures, while total fund balance represents 17.0 percent of that same amount.

At June 30, 2009, the governmental funds of Swain County reported a combined fund balance of \$5 044 800.

**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 increased the General Fund's budget by \$3 855 218.

**Proprietary Funds.** Swain County's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the Solid Waste Fund at the end of the fiscal year amounted to \$(358 313). This deficit will be funded in future years.

### Capital Asset and Debt Administration

**Capital assets.** Swain County's investment in capital assets for its governmental and business-type activities as of June 30, 2009 totals \$20 778 137 (net of accumulated depreciation). These assets include land, buildings, equipment, and vehicles.

Major capital asset transactions during the year include:

- Completed Social Service Building Renovations
- Jail Building Completion
- Purchased 9 Vehicles

Swain County's Capital Assets  
(net of accumulated depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 4 472 209	\$ 4 472 209	\$	\$	\$ 4 472 209	\$ 4 472 209
Construction In Progress		8 271 645				8 271 645
Buildings	14 452 194	4 567 112	390 367	408 538	14 842 561	4 975 650
Equipment	757 481	605 981	38 616	47 123	796 097	653 104
Vehicles	457 171	312 154	210 099	135 640	667 270	447 794
<b>Total</b>	<b>\$20 139 055</b>	<b>\$18 229 101</b>	<b>\$ 639 082</b>	<b>\$ 591 301</b>	<b>\$20 778 137</b>	<b>\$18 820 402</b>

**Long-term Debt.** As of June 30, 2009, Swain County had total debt outstanding of \$18 649 841, of which General Obligation Bonds are backed by the full faith and credit of the County and all other debt is covered by pledged collateral and is subject to appropriation.

Swain County's Outstanding Debt  
All Debt funding Sources

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
General Obligation Bonds	\$ 3 450 000	\$ 3 785 000	\$	\$	\$ 3 450 000	\$ 3 785 000
Capital Lease Obligations	3 623 371	3 579 897	325 830	260 118	3 949 201	3 840 015
Mortgages and Loans	11 250 640	11 016 475			11 250 640	11 016 475
<b>Total</b>	<b>\$18 324 011</b>	<b>\$18 381 372</b>	<b>\$ 325 830</b>	<b>\$ 260 118</b>	<b>\$18 649 841</b>	<b>\$18 641 490</b>

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within the government's boundaries. The legal debt margin for Swain County is \$90 434 401.

Budget Highlights for the Fiscal Year Ending June 30, 2010

**Governmental Activities:** Budgeted expenditures in the General Fund are expected to decrease approximately \$350 000 due to employee cut backs and furloughs. The County intends to use available capital reserve funds to help offset capital outlay.

**Business-type Activities:** Solid waste expenditures will remain constant.

**Request 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, Swain County, P. O. Box 2321, Bryson City, NC 28713.

SWAIN COUNTY  
STATEMENT OF NET ASSETS  
JUNE 30, 2009

Exhibit 1

Assets	Primary Government			Component Unit
	Governmental Activities	Business - Type Activities	Total	
<b>Current Assets:</b>				
Cash and Cash Equivalents	\$ 4 580 544	\$	\$ 4 580 544	\$ 86 695
Receivables (Net of Allowance for Uncollectibles)	1 852 388	41 875	1 894 263	
Due from Primary Government				25 988
Internal Balance	332 032	(332 032)		
Restricted Cash and Cash Equivalents	159 608		159 608	
Total Current Assets	6 924 572	(290 157)	6 634 415	112 683
<b>Non Current Assets:</b>				
<b>Capital Assets:</b>				
Land	4 472 209		4 472 209	
Other Capital Assets, Net of Depreciation	15 666 846	639 082	16 305 928	14 636
Total Non Current Assets	20 139 055	639 082	20 778 137	14 636
Total Assets	27 063 627	348 925	27 412 552	127 319
<b>Liabilities:</b>				
<b>Current Liabilities:</b>				
Accounts Payable	1 028 430	35 276	1 063 706	
Compensated Absences	321 555	25 941	347 496	
Unearned Revenue	581 679	2 023	583 702	
Due to Component Unit	25 988		25 988	
Current Portion of Long Term Obligations	866 405	64 958	931 363	
Total Current Liabilities	2 824 057	128 198	2 952 255	
<b>Non Current Liabilities:</b>				
Unfunded Pension Cost	66 507		66 507	
Post Employee Health Benefits	93 405	4 916	98 321	
Non Current Portion of Long Term Obligations	17 260 464	260 872	17 521 336	
Total Non Current Liabilities	17 420 376	265 788	17 686 164	
Total Liabilities	20 244 433	393 986	20 638 419	
<b>Net Assets</b>				
Invested in Capital, Net of Related Debt	8 695 519	313 252	9 008 771	14 636
Unrestricted (Deficit)	(1 876 325)	(358 313)	(2 234 638)	112 683
Total Net Assets	\$ 6 819 194	\$ (45 061)	\$ 6 774 133	\$ 127 319

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

SWAIN COUNTY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009

Exhibit 2

Functions/Programs	Expenses	Program Revenues		(Net Expense) Revenues and Changes in Net Assets				
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business - Type Activities	Total	
<b>Primary Government:</b>								
<b>Governmental Activities:</b>								
General Government	\$ 2 309 928	\$ 687 171	\$ 121 497	\$	\$ (1 501 260)	\$	\$(1 501 260)	\$
Public Safety	3 227 332	364 650	66 941	90 000	(2 705 741)		(2 705 741)	
Environmental Protection	85 278		15 732		(69 546)		(69 546)	
Economic and Physical Development	1 208 180		560 041		(648 139)		(648 139)	
Human Services	6 448 888	1 620 692	2 491 745	239 095	(2 097 356)		(2 097 356)	
Recreational	682 005	106 031	8 972		(567 002)		(567 002)	
Education	1 052 278		240 211		(812 067)		(812 067)	
Interest on Long Term Debt	682 094				(682 094)		(682 094)	
<b>Total Governmental Activities</b>	<b>15 695 983</b>	<b>2 778 544</b>	<b>3 505 139</b>	<b>329 095</b>	<b>(9 083 205)</b>		<b>(9 083 205)</b>	
<b>Business-Type Activities:</b>								
Solid Waste	914 119	779 219				(134 900)	(134 900)	
<b>Total Primary Government</b>	<b>\$16 610 102</b>	<b>\$3 557 763</b>	<b>\$ 3 505 139</b>	<b>329 095</b>	<b>(9 083 205)</b>	<b>(134 900)</b>	<b>(9 218 105)</b>	
<b>Component Unit:</b>								
Economic Development - Tourism	\$ 404 759	\$	\$					(404 759)
<b>General Revenues:</b>								
<b>Taxes:</b>								
Property Taxes					4 468 692		4 468 692	
Local Option Sales					3 002 942		3 002 942	
Occupancy Tax					320 184		320 184	
Public Service Taxes					10 620		10 620	
Payment from Swain County								310 579
Unrestricted Intergovernmental					1 103 245		1 103 245	
Investment Earnings					78 894		78 894	152
Miscellaneous					432 453		432 453	
Gain (Loss) on Disposal of Capital Assets					1 001		1 001	
Transfers - Internal					(104 047)	104 047		
<b>Total General Revenues and Transfers</b>					<b>9 313 984</b>	<b>104 047</b>	<b>9 418 031</b>	<b>310 731</b>
Change in Net Assets					230 779	(30 853)	199 926	(94 028)
Net Assets - Beginning					6 588 415	(14 208)	6 574 207	221 347
<b>Net Assets - Ending</b>					<b>\$ 6 819 194</b>	<b>\$ (45 061)</b>	<b>\$ 6 774 133</b>	<b>\$ 127 319</b>

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

SWAIN COUNTY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2009

Exhibit 3

	<u>General Fund</u>	<u>Schools Capital Reserve Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>					
Cash and Cash Equivalents	\$2 545 433	\$1 232 264	\$ 217	\$ 802 630	\$ 4 580 544
Receivables, Net	1 287 645	103 306		217 762	1 608 713
Property Tax Receivable, Net	221 157				221 157
Due From Other Funds	434 415	8 069			442 484
Restricted Cash	159 608				159 608
Total Assets	<u>\$4 648 258</u>	<u>\$1 343 639</u>	<u>\$ 217</u>	<u>\$ 1 020 392</u>	<u>\$ 7 012 506</u>
 <u>Liabilities and Fund Balances</u>					
<u>Liabilities:</u>					
Accounts Payable and Accrued Liabilities	\$1 017 718	\$	\$	\$ 10 712	\$ 1 028 430
Deferred Revenue	802 836				802 836
Due to Component Unit	25 988				25 988
Due to Other Funds			217	110 235	110 452
Total Liabilities	<u>1 846 542</u>		<u>217</u>	<u>120 947</u>	<u>1 967 706</u>
 <u>Fund Balances:</u>					
Reserved by State Statute	1 722 060	111 375			1 833 435
Unreserved:					
Designated for Capital Improvements	144 958				144 958
Undesignated	934 698	1 232 264			2 166 962
Undesignated, Reported on Non Major:					
Special Revenue Funds				899 445	899 445
Total Fund Balances	<u>2 801 716</u>	<u>1 343 639</u>		<u>899 445</u>	<u>5 044 800</u>
Total Liabilities and Fund Balances	<u>\$4 648 258</u>	<u>\$1 343 639</u>	<u>\$ 217</u>	<u>\$ 1 020 392</u>	<u>\$ 7 012 506</u>

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

SWAIN COUNTY  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2009

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

Capital Assets used in Governmental Activities are not financial resources and therefore are not reported in the funds		\$ 20 139 055
Other assets used in governmental activities are not financial resources and, therefore are not reported in the funds:		
Deferred Revenue-Ad Valorem Taxes	\$ 221 157	
Accrued Interest-Ad Valorem Taxes	<u>22 518</u>	243 675
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:		
Bonds and Leases Payable	6 876 229	
Mortgages and Loans	11 250 640	
Compensated Absences	321 555	
LEO Pension Obligation	66 507	
OPEB Obligation	<u>93 405</u>	(18 608 336)
Fund Balance - Governmental Funds (Exhibit 3)		<u>5 044 800</u>
Net Assets of Governmental Activities (Exhibit 1)		<u>\$ 6 819 194</u>

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

SWAIN COUNTY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2009

Exhibit 4

	<u>General Fund</u>	<u>Schools Capital Reserve Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>					
Taxes:					
Property	\$ 4 426 410	\$	\$	\$	\$ 4 426 410
Local Option Sales	2 348 477	654 465			3 002 942
Occupancy	320 184				320 184
Public Service	10 620				10 620
Intergovernmental	4 553 426	184 678		562 476	5 300 580
Charges for Services	2 494 858			283 686	2 778 544
Investment Earnings	48 227	18 444	1 165	11 058	78 894
Miscellaneous	70 353				70 353
	<u>14 272 555</u>	<u>857 587</u>	<u>1 165</u>	<u>857 220</u>	<u>15 988 527</u>
<u>Total Revenues</u>					
<u>Expenditures</u>					
Current:					
General Government	3 104 478				3 104 478
Public Safety	3 234 255				3 234 255
Environmental Protection	83 179				83 179
Economic and Physical Development	736 512			406 651	1 143 163
Human Services	6 138 745			329 659	6 468 404
Recreational	617 120				617 120
Education	1 052 278				1 052 278
Debt Service:					
Principal	825 666				825 666
Interest	657 451				657 451
Capital Projects			1 120 012		1 120 012
	<u>16 449 684</u>		<u>1 120 012</u>	<u>736 310</u>	<u>18 306 006</u>
<u>Total Expenditures</u>					
Excess (Deficiency) of Revenue Over Expenditures	<u>(2 177 129)</u>	<u>857 587</u>	<u>(1 118 847)</u>	<u>120 910</u>	<u>(2 317 479)</u>
<u>Other Financing Sources (Uses)</u>					
Transfers In (Out)	467 582	(921 130)	409 476	(59 975)	(104 047)
Financing Proceeds	250 961				250 961
USDA Loan Proceeds			517 344		517 344
	<u>718 543</u>	<u>(921 130)</u>	<u>926 820</u>	<u>(59 975)</u>	<u>664 258</u>
<u>Total Other Financing Sources (Uses)</u>					
Net Change in Fund Balances	(1 458 586)	(63 543)	(192 027)	60 935	(1 653 221)
<u>Fund Balances:</u>					
Beginning of Year	4 260 302	1 407 182	192 027	838 510	6 698 021
End of Year	<u>\$ 2 801 716</u>	<u>\$ 1 343 639</u>	<u>\$</u>	<u>\$ 899 445</u>	<u>\$ 5 044 800</u>

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

SWAIN COUNTY  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2009

Net change in fund balances - total Governmental Funds (Exhibit 4) \$(1 653 221)

Amounts reported for Governmental Activities in the Statement of Activities (Exhibit 2) are different because:

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 of \$2 475 960 was greater than Depreciation of \$566 006 in the current period. 1 909 954

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds 42 282

The issuance of long-term debt (e.g., bonds, leases) 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. Also, governmental funds report the effect of issuance cost, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 57 361

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. (125 597)

Change in Net Assets of Governmental Activities (Exhibit 2) \$ 230 779

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

SWAIN COUNTY  
GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Exhibit 5

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variances With Final Budget Favorable <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Ad Valorem Taxes	\$ 4 622 265	\$ 4 622 265	\$ 4 426 410	\$ (195 855)
Local Option Sales Tax	2 295 960	2 295 960	2 348 477	52 517
Other Taxes and Licenses	12 500	362 500	330 804	(31 696)
Unrestricted Intergovernmental	824 000	845 000	1 103 245	258 245
Restricted Intergovernmental	928 808	2 949 103	3 450 181	501 078
Permits and Fees	532 500	532 500	222 051	(310 449)
Sales and Services	4 006 555	2 758 990	2 272 807	(486 183)
Investment Earnings	90 000	90 000	48 227	(41 773)
Miscellaneous	28 161	34 000	70 353	36 353
Total Revenues	<u>13 340 749</u>	<u>14 490 318</u>	<u>14 272 555</u>	<u>(217 763)</u>
<b>Expenditures:</b>				
Current:				
General Government	2 213 694	3 397 200	3 104 478	292 722
Public Safety	3 095 762	3 282 764	3 234 255	48 509
Environmental Protection	102 268	88 668	83 179	5 489
Economic and Physical Development	368 926	887 944	736 512	151 432
Human Services	5 537 024	5 790 783	6 138 745	(347 962)
Cultural and Recreational	602 410	627 410	617 120	10 290
Intergovernmental:				
Education	1 029 000	1 025 533	1 052 278	(26 745)
Debt Service:				
Principal Retirement	774 533	2 500 000	825 666	1 674 334
Interest and Other Charges	213 085	541 618	657 451	(115 833)
Total Expenditures	<u>13 936 702</u>	<u>18 141 920</u>	<u>16 449 684</u>	<u>1 692 236</u>
Revenues Over (Under) Expenditures	<u>(595 953)</u>	<u>(3 651 602)</u>	<u>(2 177 129)</u>	<u>1 474 473</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In (Out)	595 953	969 953	467 582	(502 371)
Financing Proceeds		1 270 961	250 961	(1 020 000)
Fund Balance Appropriated		1 410 688		(1 410 688)
Total Other Financing Sources (Uses)	<u>595 953</u>	<u>3 651 602</u>	<u>718 543</u>	<u>(2 933 059)</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$</u>	<u>\$</u>	<u>\$(1 458 586)</u>	<u>\$ (1 458 586)</u>
<b>Fund Balance:</b>				
Beginning of Year, July 1			<u>4 260 302</u>	
End of Year, June 30			<u>\$ 2 801 716</u>	

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

SWAIN COUNTY  
SCHOOLS CAPITAL RESERVE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance With Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Local Option Sales Tax	\$500 000	\$ 500 000	\$ 654 465	\$ 154 465
Restricted Intergovernmental	200 000	200 000	184 678	(15 322)
Investment Earnings			18 444	18 444
Total Revenues	<u>700 000</u>	<u>700 000</u>	<u>857 587</u>	<u>157 587</u>
Other Financing Sources (Uses):				
Transfers (to) Other Funds	<u>(700 000)</u>	<u>(700 000)</u>	<u>(921 130)</u>	<u>(221 130)</u>
Revenues Over (Under) Other Financing Uses	<u>\$</u>	<u>\$</u>	(63 543)	<u>\$ (63 543)</u>
Fund Balance - Beginning of Year			<u>1 407 182</u>	
Fund Balance - Ending of Year			<u>\$1 343 639</u>	

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

SWAIN COUNTY  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
JUNE 30, 2009

	<u>Enterprise Fund Solid Waste</u>
<u>Assets</u>	
Current Assets:	
Receivables (Net of Allowance for Uncollectibles)	\$ 41 875
Non Current Assets:	
Capital Assets:	
Other Capital Assets, Net of Depreciation	<u>639 082</u>
Total Assets	<u>680 957</u>
<u>Liabilities</u>	
Current Liabilities:	
Accounts Payable and Accruals	35 276
Due to Other Funds	332 032
Compensated Absences	25 941
Current Portion of Long Term Obligations	64 958
Deferred Revenue	<u>2 023</u>
Total Liabilities	<u>460 230</u>
Non Current Liabilities:	
Non Current Portion of Long Term Obligations	260 872
Post Employee Health Liability	<u>4 916</u>
Total Non Current Liabilities	<u>265 788</u>
Total Liabilities	<u>726 018</u>
<u>Net Assets</u>	
Invested in Capital, Net of Related Debt	313 252
Unrestricted (Deficit)	<u>(358 313)</u>
Total Net Assets (Deficit)	<u>\$ (45 061)</u>

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

SWAIN COUNTY  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Enterprise Fund Solid Waste</u>
<u>Operating Revenues</u>	
Charges for Services	\$ 779 219
<u>Operating Expenses</u>	
Waste Management Operations	822 015
Depreciation	<u>81 523</u>
Total Operating Expenses	<u>903 538</u>
Operating Income (Loss)	<u>(124 319)</u>
Non-Operating Revenues (Expenses):	
Interest Expense	<u>(10 581)</u>
Income (Loss) Before Transfers	<u>(134 900)</u>
Transfers In	<u>104 047</u>
Change in Net Assets	(30 853)
Total Net Assets - Beginning	<u>(14 208)</u>
Total Net Assets - Ending	<u>\$ (45 061)</u>

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

SWAIN COUNTY  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Enterprise</u> <u>Fund</u> <u>Solid</u> <u>Waste</u>
<b>Cash Flows From Operating Activities:</b>	
Cash Received From Customers	\$ 776 597
Cash Paid to Employees	(362 350)
Cash Paid for Goods and Services	(447 868)
Prepaid Waste Fees	<u>298</u>
Net Cash Provided (Used) by Operating Activities	<u>(33 323)</u>
<b>Cash Flows From Noncapital Financing Activities:</b>	
Operating Transfers In (Out)	104 047
Increase (Decrease) in Due to Other Funds	<u>3 449</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>107 496</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>	
Acquisition of Fixed Assets	(129 304)
Debt Principal and Interest Paid	(114 869)
Financing Proceeds	<u>170 000</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(74 173)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	
Cash and Cash Equivalents - Beginning Year	<u>                    </u>
Cash and Cash Equivalents - End of Year	<u>\$                    </u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>	
Operating Income (Loss)	\$ (119 403)
Adjustments to reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	81 523
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable - Customers and Waste Fees	(2 622)
Increase (Decrease) in Accounts Payable and Accruals - Customer's	6 316
Increase (Decrease) in Compensated Absences	565
Increase (Decrease) in Deferred Revenue	<u>298</u>
Total Adjustments	<u>86 080</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (33 323)</u>

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

SWAIN COUNTY, NORTH CAROLINA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

I. Summary of Significant Accounting Policies

The accounting policies of Swain County conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The County, which is governed by a five member Board of Commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by generally accepted accounting principles, these financial statements present the County and its component unit, a legally-separate entity for which the County is financially accountable. The discretely presented component unit presented below is reported in a separate column in the County's combined financial statements in order to emphasize that it is legally separate from the County.

Swain County Tourist Development Authority

The County appoints three of the five members of the governing board of the Authority and the Authority operates within the County's boundaries for the benefit of the County's residents. The County is not responsible for the debts or entitled to the surpluses of the Authority. The Authority has the power to approve its own budget, designates its own management, and maintains its own accounting system. Complete financial statements can be obtained from the Authority's administrative office in Bryson City, N.C.

B. Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities display information about the primary government (the County) and its component unit. 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 government 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 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 for 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. 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 funds are aggregated and reported as nonmajor 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. Nonoperating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The County reports the Following major governmental funds:

The **General Fund** is the general operating fund of the County. This fund accounts for all financial resources except those that are required to be accounted for in another fund.

The **Schools Capital Reserve Special Revenue Fund** accounts for the accumulation of resources to be used specifically for designated school projects.

The **Capital Project Fund** accounts for financial resources to be used for the acquisition and construction of major capital facilities (other than those financed by proprietary funds and trust funds). The County has three projects within the Capital Project Fund: the Jail Project, the Redevelopment Project and School Renovations Project.

The County reports the following major proprietary fund:

The **Solid Waste Fund** is used to account for those operations that are financed and operated in a manner similar to private business or where the board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Additionally, the County reports the following fund types:

Agency Funds - Agency funds are custodial in nature and do not involve the measurement of operational results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains three Agency Funds: the Fines and Forfeitures Fund, which accounts for various legal fines and forfeitures that the County is required to remit to the Swain County Board of Education, the Motor Vehicle Tax Fund, which accounts for registered motor vehicle property taxes that are billed and collected by the County for various municipalities and special districts within the County, and the 3% Interest Fund which accounts for interest on motor vehicles for a set period of time and sent to the state of NC.

- C. Measurement Focus, Basis of Accounting and Basis of Presentation  
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 and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary 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. Nonexchange transactions, in which the County gives or receives value without directly receiving or giving equal value in

exchange, include property taxes, grants, 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 and donations is recognized in the fiscal year in which eligibility requirements have been satisfied.

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 judgements, 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 60 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Swain County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For registered motor vehicles, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2008 through February 2009 apply to the fiscal year ended June 30, 2009. Uncollected taxes, which are billed during this period, are shown as a receivable on these financial statements.

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

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues. All governmental and business-type activities of the County follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board of Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

The County has implemented GASB Statement No. 33 Accounting and Financial Reporting for Nonexchange Transactions, GASB Statement No. 34 Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, as amended by GASB Statement 37, GASB Statement No. 36 Recipient Reporting for Certain Shared Nonexchange Revenues, an amendment of GASB Statement No. 33 and GASB Statement No. 40 Deposit and Investment Risk Disclosures. These standards provide for significant changes in terminology and presentation and for the inclusion of Management's Discussion and Analysis as required supplementary information.

D. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the general, the special revenue (except for the CDBG, Governor's Island and Franklin Grove Funds) and the enterprise fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the CDBG, Governor's Island, and Franklin Grove Special Revenue funds and for all Capital Project funds.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the department level for funds which adopt annual budgets and at the object level for funds which adopt Project Ordinances. The balances in the capital reserve funds will be appropriated when transferred to their respective capital projects. The County Manager has authority, with subsequent approval by the Board, to transfer funds from one appropriation to another per the following guidelines: (1) The funds are not more than five-hundred dollars, (2) The funds involve receipt and appropriation of grant funds or contracts which have been approved by the Board, or (3) The transfer allows for better accounting methods and does not involve a change in the purpose for which funds are spent. All budgets shown in the financial statements are the final June 30, 2009 budgets as amended.

A budget calendar is included in the North Carolina Statutes which prescribes the last day on which certain steps of the budget procedure are to be performed. The following schedule lists the tasks to be performed and the date by which each is required to be completed.

- April 30 - Each department head will transmit to the budget officer the budget requests and revenue estimates for their department for the budget year.
- June 1 - The budget and the budget message shall be submitted to the governing board. The public hearing on the budget should be scheduled at this time.
- July 1 - The budget ordinance shall be adopted by the governing board.

Pursuant to G.S. 159-26(d), the County is not required to maintain encumbrance accounts due to its small population. The County does use purchase orders but they are not reflected in expenditures until the item is received. At June 30, 2009, the County did not have any purchase orders outstanding.

E. Assets, Liabilities and Fund Equity

1. Deposits and Investments:

Deposits - All deposits of the County and Swain County Tourist Development Authority are made in board-designated official depositories and are secured as required by G.S. 159-31.

Official depositories may be established with any bank or savings and loan association whose principal office is located in North Carolina. Also, the County and the Authority may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit. State law [G.S. 159-30(c)] authorizes the County and the Authority 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, an SEC-registered mutual fund. The County and the Tourist Authority's investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. The NCCMT Cash Portfolio's securities are valued at fair value, which is the NCCMT's share price. Money market investments that have a remaining maturity at the time of purchase of one year or less and non-participating interest earnings and investment contracts are reported at amortized cost.

2. Cash and Cash Equivalents:

The County pools money 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 County and the Authority considers demand deposits and investments purchased with an original maturity of six months or less, which are not limited as to use, to be cash and cash equivalents.

3. Restricted Assets:

The County is depositing \$77 930 annually into a sinking fund held with the Bank of America for the future pay off of \$1 500 000 of N.C. Qualified Zone Academy Bonds. The amount of restricted assets of \$159 608 is the balance in the sinking fund at June 30, 2009.

4. Ad Valorem Taxes Receivable:

In accordance with State law [G.S. 105-347 and G.S. 159-131(a)], the County levies ad valorem taxes on July 1, the beginning of the fiscal year. The taxes are due September 1; however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2008. As allowed by State Law, the County has established a schedule of discounts that apply to taxes which are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

5. 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.

6. Capital Assets:

Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of one year. Capital assets, which

include property, plant and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

The County holds title to certain Swain County Board of Education properties, which have not been included in capital assets. The properties have been deeded to the County to permit installment purchase financing for 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 fixed assets in the financial statements of the Swain County Board of Education.

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building Improvements	40
Furniture and Equipment	5-7
Vehicles and Motorized Equipment	5

Capital assets of the Swain County Tourist Development Activity are depreciated over their useful life on a straight-line basis as follows:

<u>Assets</u>	<u>Years</u>
Office Equipment	5

7. Long-Term Obligations:

In the government-wide financial statements, and 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 statement of net assets. In fund financial statements for governmental fund types, the face of debt issued is reported as an other financing source.

8. Compensated Absences:

The vacation policies of the County provide for the accumulation of up to thirty (30) days earned vacation leave with such leave being fully vested when earned. The County's liability for accumulated earned vacation and the salary-related payments as of June 30, 2009 is recorded in the government-wide financial statements and the proprietary funds.

The sick leave policies of the County provide 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 neither entity has any obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

9. Net Assets/Fund Balances:

Net assets in government-wide and proprietary financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through state statute.

In the governmental fund financial statements, reservations or restrictions of fund balance represent amounts that cannot be appropriated or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

State law G.S. 159-13(b)(16) restricts appropriation of fund balance to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as these amounts stand at the close of the fiscal year preceding the budget year.

The governmental fund types classify fund balances as follows:

Reserved

**Reserved by state statute** - portion of fund balance not available for appropriation after remaining reserves not available for appropriation have been segregated under State law G.S. 159-8(a). This amount is usually comprised of receivables and due from's, which are not offset by deferred revenues.

Unreserved

**Designated for capital improvements** - portion of total fund balance available for appropriation, which has been designated, for future capital improvements.

**Designated for subsequent year's expenditures** - portion of total fund balance available for appropriation which has been designated for the next fiscal year's adopted budget ordinance.

F. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

G. Other Resources

The General Fund provides the basis of local resources for governmental funds. These transactions are recorded as "Transfers-out" in the General Fund and "Transfers-in" in the receiving fund. Transfers are also made out of the Schools Capital Reserve Fund into the General Fund to pay for school debt.

II. Reconciliation of Government-Wide and Fund Financial Statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets.

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. The net adjustment of \$1 774 394 consists of several elements as follows:

<u>Description</u>	<u>Amount</u>
Capital assets in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement governmental activities column)	\$25 356 553
Less Accumulated Depreciation	<u>5 217 498</u>
Net Capital Assets	20 139 055
Accrued interest receivable less the amount claimed as unearned revenue on ad valorem taxes in the government-wide statements as these funds are not available and therefore deferred in the fund statements.	22 518
Liabilities for revenue deferred but earned and therefore recorded in the fund statements but not government-wide - net ad valorem taxes.	221 157
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Bonds, leases, and installment financing	(6 876 229)
Mortgages and Loans	(11 250 640)
Compensated Absences	(321 555)
Pension Obligation	(66 507)
OPEB Obligation	(93 405)
Total adjustment	<u>\$ 1 774 394</u>

- B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$1 884 000 as follows:

<u>Description</u>	<u>Amount</u>
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$2 475 960
Gain on Disposal of Fixed Assets is recorded in the government wide statements only.	1 001
Depreciation expense, the allocation of those assets over their useful lives, is recorded in the statement of activities but not in the fund statements.	(566 006)
New debt issued during the year is recorded as a source of funds in the fund statements; it has no effect on the statement of activities - it affects only the government-wide statement of net assets.	(768 305)
Principal payments on debt owed are recorded as a use of funds in the fund statements but affect only the statement of net assets in the government-wide statements.	825 666
Law Enforcement Separation Allowance expenses reported in the statement of activities do not require the use of current resources to pay and are not recorded as expenditures in the fund statements.	(6 918)
Amortization of deferred charges on refunding is not recorded as an expenditure in the funds statement.	(24 643)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	(631)
Post employment health costs are accrued in the government-wide statements, but not in the fund statement.	(93 405)
Revenues recognized in the funds statements but not in the statement of activities-Sale of Fixed Assets.	(1 001)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements:	
Recording of tax receipts deferred in the fund statements.	34 578
Increase in accrued interest on taxes	7 704
Total Adjustment	<u>\$ 1 884 000</u>

III. Stewardship, Compliance and Accountability

A. Excess of Expenditures Over Appropriations

Expenditures over budgeted amounts were noted in the following Departments:

<u>General Fund</u>	<u>Over Budget</u>
Special Appropriations - Public Safety	\$ 27 246
Social Services	548 426
Education	26 745
Total	<u>\$ 602 417</u>

Schools Capital Revenue

Transfers Out	<u>\$ 85 130</u>
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These expenditures were approved subsequent to year end. The County annually files a corrective action plan. It is the County's intention to amend their budget on a more timely basis in the future.

B. Accumulated Deficit of Individual Funds

The Solid Waste fund had a unrestricted deficit of \$358 313 at June 30, 2009. The Enterprise Fund will fund this deficit in future years.

IV. Detail Notes On All Funds and Account Groups

A. Assets

1. Deposits:

All of the County's and Authority's 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 Authority's 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 Authority these deposits are considered to be held by their agents in the entities' names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or the Authority or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County or the Authority under the Pooling Method, the potential exists for undercollateralization, 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 Authority have no policy regarding outstanding risk for deposits.

At June 30, 2009, the County's deposits had a carrying amount of \$2 188 922 and a bank balance of \$2 369 427. Of the bank balance \$409 608 was covered by federal depository insurance and \$1 959 819 was covered by collateral held under the Pooling Method.

At June 30, 2009 the carrying amount of deposits for Swain County Tourist Development Authority was \$86 695 and the bank balance was \$166 618. All of the bank balance was covered by federal depository insurance.

2. Investments:

At June 30, 2009, Swain County had \$2 551 230 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAM by Standard and Poors. The County has no policy regarding credit risk.

3. Receivables - Net of Allowances for Doubtful Accounts:  
 Receivables at June 30, 2009, were as follows at the government-wide level:

	<u>Accounts</u>	<u>Customers</u>	<u>Taxes</u>	<u>Interest</u>	<u>Total</u>
<b>Governmental Activities:</b>					
General, Schools Capital Reserve and Capital Projects	\$1 390 951	\$	\$ 607 824	\$ 62 551	\$2 061 326
Other Governmental	217 762				217 762
Total Receivables	1 608 713		607 824	62 551	2 279 088
Allowance for doubtful accounts			386 667	40 033	426 700
Total-governmental activities	<u>\$1 608 713</u>	<u>\$</u>	<u>\$ 221 157</u>	<u>\$ 22 518</u>	<u>\$1 852 388</u>
<b>Business-type Activities:</b>					
Solid Waste	\$ 5 557	\$ 125 235	\$	\$	\$ 130 792
Allowance for doubtful accounts		88 917			88 917
Total business-type activities	<u>\$ 5 557</u>	<u>\$ 36 318</u>		<u>\$</u>	<u>\$ 41 875</u>

4. Property Tax - Use Value Assessment on Certain Lands:

In accordance with the general statutes, agriculture, horticulture, and forest land may be taxed at present-use value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years along with accrued interest from the original due date. This tax is immediately due and payable.

The following are property taxes that could become due if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2006	\$60 792	\$3 648	\$64 440
2007	57 662	2 306	59 968
2008	53 735	1 075	54 810

5. Capital Assets:

Capital asset activity for the year ended June 30, 2009 was as follows:

1. Primary Government:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital Assets not being depreciated:				
Land	\$ 4 472 209	\$	\$	\$ 4 472 209
Construction in Progress	8 271 645		8 271 645	
Total Capital Assets, not being Depreciated:	12 743 854		8 271 645	4 472 209
Capital Assets being depreciated:				
Buildings	7 066 429	10 189 604		17 256 033
Equipment	1 706 849	278 879		1 985 728
Vehicles	1 462 462	279 122	99 001	1 642 583
Total capital assets being depreciated	10 235 740	10 747 605	99 001	20 884 344
Less accumulated depreciation for:				
Buildings	2 499 317	304 522		2 803 839
Equipment	1 100 868	127 379		1 228 247
Vehicles	1 150 308	134 105	99 001	1 185 412
Total accumulated depreciation	4 750 493	566 006	99 001	5 217 498
Total Capital Assets, being Depreciated, net	5 485 247	10 181 599		15 666 846
Governmental Capital Assets, net	<u>\$18 229 101</u>	<u>\$10 181 599</u>	<u>\$ 8 271 645</u>	<u>\$20 139 055</u>

Depreciation expense was charged to function/programs of the primary government as follows:

Governmental activities:	
General government	\$117 183
Public safety	200 918
Economic and physical development	63 149
Environmental protection	1 165
Human services	115 074
Culture and recreation	<u>68 517</u>
Total depreciation expense - government activities	<u>\$566 006</u>
Business-type activities:	
Solid Waste	<u>\$ 81 523</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
Capital assets, being depreciated:				
Vehicles	\$ 735 662	\$ 129 304	\$ 80 000	\$ 784 966
Equipment	396 874			396 874
Buildings	607 030			607 030
Total capital assets, being depreciated	<u>\$1 739 566</u>	<u>\$ 129 304</u>	<u>\$ 80 000</u>	<u>\$1 788 870</u>
Less accumulated depreciation for:				
Vehicles	600 022	54 845	80 000	574 867
Equipment	349 753	8 505		358 258
Buildings	198 490	18 173		216 663
Total Accumulation Depreciation	<u>1 148 265</u>	<u>81 523</u>	<u>80 000</u>	<u>1 149 788</u>
Total capital assets, being depreciated, net	<u>591 301</u>	<u>47 781</u>		<u>639 082</u>
Proprietary Capital Assets, net	<u>\$ 591 301</u>	<u>\$ 47 781</u>	<u>\$</u>	<u>\$ 639 082</u>

**Discretely presented component unit:**  
 Capital asset activity for Swain County Tourist Development  
 Authority for the year ended June 30, 2009 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital assets, being depreciated:				
Office Equipment	\$ 5 785	\$ 14 494	\$	\$ 20 279
Total capital assets being depreciated	<u>5 785</u>	<u>14 494</u>		<u>20 279</u>
Less accumulated depreciation:				
Office Equipment	3 429	2 214		5 643
Total accumulated depreciation	<u>3 429</u>	<u>2 214</u>		<u>5 643</u>
Total capital assets being depreciated (net)	<u>2 356</u>	<u>12 280</u>		<u>14 636</u>
Governmental activities				
Capital Assets, net	<u>\$ 2 356</u>	<u>\$ 12 280</u>	<u>\$</u>	<u>\$ 14 636</u>

B. Liabilities

1. Payables

Payables at June 30, 2009 were as follows at the government-wide level:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Insurance</u>	<u>Other</u>	<u>Total</u>
Governmental Activities:					
General and Capital Projects	\$220 083	\$121 845	\$ 599 719	\$ 76 071	\$1 017 718
Other Governmental	9 879	833			10 712
Total-governmental activities	<u>\$229 962</u>	<u>\$122 678</u>	<u>\$ 599 719</u>	<u>\$ 76 071</u>	<u>\$1 028 430</u>
Business-type activities:					
Solid Waste	\$ 29 793	\$ 5 483			\$ 35 276

2. Unearned/Deferred Revenues - The balance in deferred revenues in the fund financial statements and unearned revenue in the government-wide financial statements at June 30, 2009 is composed of the following elements:

Governmental Activities:	<u>Deferred</u>	<u>Unearned</u>	Business Type Activities:	<u>Deferred</u>	<u>Unearned</u>
Prepaid taxes not yet earned	\$ 19 147	\$ 19 147	Prepaid Taxes not yet earned		
Taxes receivable (Net)	221 157			\$ 2 023	\$ 2 023
Payment in Lieu of Taxes Paid in Advance	562 532	562 532			
Total	<u>\$ 802 836</u>	<u>\$ 581 679</u>			

3. Pension Plan Obligations

a. Local Government Employee's Retirement System - Plan Description

Swain County contributes to the statewide Local Government Employee's Retirement System (LGERS) a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Government Employee's 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.

Funding Policy - Plan members are required to contribute six percent of their annual covered salary. The County is required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 4.93% and 4.86%, respectively, of annual payroll. The contribution requirements of members and of Swain County are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2009 and 2008 were \$262 581 and \$284 057, respectively. The contributions made by the County equaled the required contributions for each year.

b. Law Enforcement Officers Special Separation Allowance

(1) Plan Description - Swain County administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the Town'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.

All full-time law enforcement officers of the County are covered by the Separation Allowance. At December 31, 2008, the Separation Allowance's membership consisted of:

Retirees receiving benefits	-0-
Terminated plan members entitled to but not yet receiving benefits	-0-
Active plan members	<u>16</u>
Total	<u>16</u>

(2) Summary of Significant Accounting Policies

Basis of Accounting - The County has chosen not to fund the Separation Allowance on an annual basis. Pension expenditures are made from the General Fund when payments are due.

- (3) Contributions - The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on an annual basis through appropriations made in the General Fund Operating Budget. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The annual required contribution for the current year was determined as part of the December 31, 2008 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 7.25% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.5% - 12.3% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include postretirement benefit increases.

- (4) Annual Pension Cost and Net Pension Obligation - The County's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual required contribution	\$ 6 364
Interest on net pension obligation	4 320
Adjustment to annual required contribution	<u>(3 766)</u>
Annual pension cost	\$ 6 918
Contributions made for fiscal year ended 6-30-09	<u>- 0 -</u>
Increase (decrease) in net pension obligation	6 918
Net pension obligation beginning of year	<u>59 589</u>
Net pension obligation end of year	<u>\$66 507</u>

3 YEAR TREND INFORMATION

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APOC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/09	\$ 6 918	0%	\$66 507
6/30/08	8 311	0%	59 589
6/30/07	7 916	0%	51 278

c. Supplemental Retirement Income Plan for Law Enforcement Officers -

Plan Description - The County contributes to the Supplemental Retirement Income 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 Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina Assembly.

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, 2009 were \$25 643, which consisted of \$25 643 from the County and \$-0- from the law enforcement officers.

d. Deferred Compensation Plan - The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, which is available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The County has complied with changes in the laws which govern the County's Deferred Compensation Plan, requiring all assets of the plan to be held in trust for the exclusive benefit of the participants and their beneficiaries. Thus the County's Deferred Compensation Plan is not reported within the County's Agency Funds.

e. Register of Deeds' Supplemental Pension Fund - Plan Description - Swain County also contributes to the Registers of Deeds' Supplemental Pension Fund (Fund), a noncontributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Funding Policy - On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 1 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2009, the County's required and actual contributions were \$2 353.

- f. Other Employment 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 (Death Benefit Plan), 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 died 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 months salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25 000 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. 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.
  
- g. Other Post-Employment Benefits - Plan Description - In addition to providing pension benefits, Swain County, has elected to provide health care benefits to retirees of the County who participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least 10 to 30 years of continuous service with the County, depending on date of hire. Retirees are eligible to receive the same benefits as active County employees. The County pays the costs of coverage for these benefits as incurred on a pay as you go basis. Also, retirees can purchase coverage for their dependents at the County's group rates.

Membership in the plan included the following at 12-31-08, the date of the latest actuarial valuation:

	<u>General Employees</u>	<u>Law Enforcement Officers</u>
Retirees receiving benefits	2	
Active plan members	<u>168</u>	<u>16</u>
Total	<u>170</u>	<u>16</u>

Funding Policy - The County pays the full cost of coverage for the healthcare benefits paid to qualified retirees under a County resolution that can be amended by the Board of Commissioners. The County's members pay \$333 per month for dependent coverage. The County has chosen to fund the healthcare benefits on a pay as you go basis.

The current ARC rate is 1.81% of annual covered payroll. For the current year, the county contributed \$11 988 or .2% of annual covered payroll. The County's medical coverage is self insured, which is administered by an outside provider. There were no contributions made by employees, except for dependant coverage for retirees in the amount of \$4 583.

Summary of Significant Accounting Policies - Post-employment expenditures are made from the County's General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they become due.

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

Annual required contribution	\$ 98 321
Interest on net OPEB obligation	
Adjustment to annual required contribution	_____
Annual OPEB cost	98 321
Contributions made	_____
Increase in net OPEB obligation	98 321
Net OPEB liability, beginning of year	_____
Net OPEB liability, end of year	<u>\$ 98 321</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 are as follows:

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual OPEB</u> <u>Cost</u>	Percentage of Annual OPEB Cost <u>Contributed</u>	<u>Net OPEB</u> <u>Liability</u>
2009	\$ 98 321	0%	\$ 98 321

As of 12-31-08, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits, and thus, the unfunded actuarial accrued liability (UAAL) was \$798 771. The covered payroll (annual payroll of active employees covered by the plan) was \$5 444 211. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about

future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the 12-31-08 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 10.5 to 5.0 percent. The UAAL is being amortized as a level dollar percentage of projected payroll on an open basis. The remaining amortization period at 12-31-08 was 30 years.

4. Risk Management - The County is exposed to various risks of losses related to torts; theft of; damage to; and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in three self-funded risk financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$125.5 million, for any one occurrence, The County also purchases general, auto, public officials, law enforcement, and employment practices 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, worker's compensation coverage up to the statutory limits, and medical and dental insurance for county employees. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon

request. Two of the pools are reinsured through a multi-state public entity captive for single occurrence 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 and an for property, auto physical damage, and crime coverage, and single occurrence losses of \$350,000 for worker's compensation. For medical and dental insurance, the County is reinsured through the Pool for individual losses in excess of \$50 000 and aggregate annual losses in excess of 115% of expected claims. The pool is reinsured through a commercial carrier for individual losses in excess of \$100 000.

The County carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage from the previous year and claims have not exceeded coverage in any of the past three fiscal years. The County does not carry flood insurance.

In accordance with G.S. 159-29, 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 finance officer, sheriff, register of deeds and tax collector are each individually bonded for \$50 000 each. The County Manager is bonded for \$500 000.

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Authority has property and general liability insurance. The coverage amounts are \$5,000 for business personal property and \$2,000,000 for liability and medical expenses.

5. Long-Term Obligations:

- a. General Obligation Indebtedness - The general obligation bonds are collateralized by the full faith, credit and taxing power of the County. They bear interest, payable semi-annually as follows:

School - 2005 Refunding	2.0 to 3.5%	<u>\$3 450 000</u>
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- b. Installment Purchases - Installment contracts for the purchase of equipment are treated as purchases at the inception of the contract and are carried in the General Fund. Enterprise obligations are carried in the Solid Waste Fund. The County had the following installment purchase contracts at June 30, 2009:

Description	Cost	Date	Term	Rate	Amount
Ambulance	\$ 82 500	6-05-06	5 Yrs.	4.17%	\$ 22 819/Annual
3 Vehicles	60 000	5-15-06	5 Yrs.	4.54%	\$ 13 683/Annual
Sanitation Truck	164 500	2-23-06	8 Yrs.	3.89%	\$ 24 322/Annual
5 Police Cars	150 000	11-15-08	5 Yrs.	4.04%	\$ 33 732/Annual
2 Sanitation Tractors	170 000	11-03-08	7 Yrs.	3.85%	\$ 28 167/Annual
Ambulance	100 961	11-25-08	4 Yrs.	3.46%	\$ 27 461/Annual
Fibre Optic Cable	120 000	6-30-06	8 Yrs.	4.23%	\$ 17 993/Annual
Land-Middle School	2 000 000	10-18-06	15 Yrs.	4.25%	\$218 333/Annual
Total	<u>\$2 847 961</u>				

- c. Qualified Zone Academy Bond - As authorized by State law (G.S.160A-20), the County financed the renovation of Swain County High School for use by Swain County Board of Education during the fiscal year ended June 30, 2007 by installment purchase designated as a Qualified Zone Academy Bond. The installment purchase was issued pursuant to a deed of trust that requires that legal title remain with the County as long as the debt is outstanding. The County has entered into a lease with Swain County Board of Education. The lease contains an option to purchase at the termination of the financing agreement. The lease term is the same as that of the installment purchase obligation. The transaction requires 16 annual payments of \$77 930 to a sinking fund with Bank of America. The sinking fund yields a projected investment return of 5.36%. The principal amount of the installment purchase is \$1 500 000 at zero interest. The payments began July, 2007. If investment earnings do not result as projected, the County will pay the required amount for the total funds to equal \$1 500 000 on July 15, 2023.
- d. Mortgages - Health Department Building - The mortgage is for 15 years at an interest rate of 4.83% with monthly payments of \$1 241.  
 Social Services Building - The mortgage is for 15 years at an interest rate of 3.81% with annual principal payments of \$51 816 plus interest.  
 Social Services Building Addition - The mortgage is for 15 years at an interest rate of 3.53% with annual principal payment of \$73 333 plus interest.  
 Tourist Development Authority Building - The mortgage is for 15 years at an interest rate of 4.20% with annual principal payment of \$41 333 plus interest.
- e. Changes in Long-Term Obligations - The following is a summary of changes in long-term obligations for the year ended June 30, 2009:

<u>Governmental Activity:</u>	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2009</u>	<u>Current Portion</u>
General Obligation Bonds: Refunding Bonds-Schools	\$ 3 785 000	\$	\$ 335 000	\$ 3 450 000	\$ 345 000
Installment Purchase	3 579 897	250 961	207 487	3 623 371	233 480
Mortgages and Loans	11 016 475	517 344	283 179	11 250 640	287 925
Compensated Absences	320 924	631		321 555	321 555
Unfunded Pension Cost	59 589	6 918		66 507	
Unfunded OPEB Cost		93 405		93 405	
Subtotal	18 761 885	869 259	825 666	18 805 478	1 187 960
Less Deferred Amount on Refunding Bonds	221 785		24 643	197 142	
Totals	<u>\$18 540 100</u>	<u>\$ 869 259</u>	<u>\$ 801 023</u>	<u>\$ 18 608 336</u>	<u>\$ 1 187 960</u>
<u>Business Type Activity:</u>					
Capitalized Leases	\$ 260 118	\$ 170 000	\$ 104 288	\$ 325 830	\$ 64 958
Compensated Absences	25 377	564		25 941	25 941
Unfunded OPEB Cost		4 916		4 916	
Totals	<u>\$ 285 495</u>	<u>\$ 175 480</u>	<u>\$ 104 288</u>	<u>\$ 356 687</u>	<u>\$ 90 899</u>

The annual debt service payments to maturity for all long-term obligations excluding compensated absences and unfunded pension cost is as follows:

Year	School Bonds		Governmental Activity Installment Obligations		Mortgage and Loans		Business Type Activity Installment Obligation		Total Debt Due	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 345 000	\$ 109 497	\$ 233 480	\$ 89 206	\$ 287 925	\$ 456 794	\$ 64 958	\$ 11 572	\$ 931 363	\$ 667 069
2011	350 000	100 010	214 685	79 517	292 871	445 408	67 311	9 218	924 867	634 153
2012	360 000	89 510	217 920	70 615	298 026	433 813	45 010	7 479	920 956	601 417
2013	375 000	78 710	207 600	61 586	303 399	422 001	46 751	5 738	932 750	568 035
2014	380 000	66 523	183 017	53 040	308 999	409 961	48 560	3 929	920 576	533 453
2015-2019	1 640 000	139 403	666 595	170 000	1 558 294	1 869 139	53 240	3 094	3 918 129	2 181 636
2020-2024			1 900 074	34 000	1 437 974	1 555 657			3 338 048	1 589 657
2025-2029					1 052 478	1 313 172			1 052 478	1 313 172
2030-2034					1 288 524	1 077 126			1 288 524	1 077 126
2035-2039					1 577 509	788 141			1 577 509	788 141
2040-2044					1 931 306	434 344			1 931 306	434 344
2045-2049					913 335	57 459			913 335	57 459
	<u>\$3 450 000</u>	<u>\$ 583 653</u>	<u>\$3 623 371</u>	<u>\$557 964</u>	<u>\$11 250 640</u>	<u>\$9 263 015</u>	<u>\$ 325 830</u>	<u>\$ 41 030</u>	<u>\$18 649 841</u>	<u>\$10 445 662</u>

At June 30, 2008 Swain County had a legal debt margin of \$90 434 401.

g. Interfund Balances and Activity:

1. Interfund receivables and payables at June 30, 2009 are composed as follows:

	Receivables	Payables
General Fund	\$ 434 415	
School Capital Reserve	8 069	
Special Revenue Funds		110 235
Capital Projects		217
Enterprise Fund		332 032
<b>Total Interfund receivables and payables</b>	<u>\$ 442 484</u>	<u>\$ 442 484</u>

The outstanding balances between funds result mainly from working capital loans made to other funds which are expected to be reimbursed in the subsequent year.

2. Interfund receivables and payables at June 30, 2009 for primary government and component unit are composed as follows:

Component Unit - Receivable From Primary Government	\$25 988	\$
Primary Government - Payable to Component Unit		25 988
<b>Total Interfund receivables and payables</b>	<u>\$25 988</u>	<u>\$25 988</u>

3. Interfund transfers at June 30, 2009 are as follows:

<u>Transfers From</u>		<u>Transfers To</u>	
		General	\$ 467 582
School Capital Reserve	\$ 921 130	Enterprise	104 047
Special Revenue	59 975	Capital Projects	409 476
Total	<u>\$ 981 105</u>	Total	<u>\$ 981 105</u>

Transfers are used for various reasons. In the year ended June 30, 2009 transfers were used to:

- Move funds into capital projects from the general fund for matching purposes
- Reimburse inter-departmental costs shared by more than one fund including school debt paid by the general fund

4. Contingent Liabilities at June 30, 2009 are as follows:

The County was a defendant to two lawsuits at June 30, 2009. In the opinion of the County's management and the County attorney, the ultimate effect of these legal matters will not have a material effect on the County's financial position.

V. Related Organization

The chairman of the County's governing board is also responsible for appointing the members of the board of the Swain County Industrial Facility and Pollution Control Authority, but the County's accountability for this organization does not extend beyond making the appointments. This Authority is a nonprofit organization which exists to approve industrial revenues bonds.

VI. Joint Ventures

The County participants in a joint venture to operate Marianna Black Regional Library with two other local governments. Each participating government appoints two board members to the six 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 government's continued funding. None of the participating governments have any equity interest in the Library, so no interest has been reflected in the financial statements at June 30, 2009. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$189 000 to the Library to supplement its activities. Complete financial statements for the Library can be obtained from the Library's offices in Bryson City, N.C.

The County, in conjunction with the State of North Carolina and the Swain County Board of Education, participates in a joint venture to operate the Southwest Tech Community College. Each of the three participants appoints four members of the thirteen-member board of trustees of the community college. The president of the community college's student government serves as an ex officio nonvoting member of the community college's board of trustees. 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. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the community college's facilities. The County contributed \$125 000 to the community college during the fiscal year ended June 30, 2009. 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, 2009. Complete financial statements for the community college may be obtained from the community college's administrative offices in Sylva, N. C.

Swain County, in conjunction with seven other Counties, participates in the Smokey Mountain Mental Health Board. Swain County appoints 2 of the 23 member board. The Mental Health Board is a joint venture formed to provide better health services to its citizens. All participating Counties provide an annual appropriation to the Health Board but has no equity interest in the joint venture. Thus no equity interest has been reflected in the financial statements at June 30, 2009. Swain County contributed \$51 732 to the Board during the fiscal year ended June 30, 2009. Complete financial statements can be obtained from the Board's administrative office in Dillsboro, N.C.

The County supports the Fontana Regional Library by providing building space in the Marianna Black Regional Library. The County has no responsibility in appointing any board members. The County has no equity interest in the library, thus no equity interest has been reflected in the financial statement at June 30, 2009.

VII. Jointly Governed Organization

The County, in conjunction with 7 other counties and 16 municipalities, established the Southwestern North Carolina Planning and Economic Development 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 Council's governing board. The County paid fees of \$99 226 to the Commission during the fiscal year ended June 30, 2009.

VIII. Supplemental and Additional Supplemental One-Half of One Percent Local Government Sales and Use Taxes

State law (Chapter 105, Articles 40 and 42, of the North Carolina General Statutes) requires the County to use a portion of the proceeds of its supplemental and additional supplemental sales taxes, or local option sales taxes, for public school capital outlays or to retire public school indebtedness. During the fiscal year ended June 30, 2009, the County reported these unrestricted local option sales taxes within its General Fund and the restricted portion in the Special Revenue Fund - Schools Capital Reserve. During the year the County expended the restricted portion of these taxes for public school debt retirement and for additional school capital outlay.

IX. Benefit Payments Issued by the State

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

	<u>Federal</u>	<u>State</u>
IV-E Foster Care	\$ 7 320	\$ 1 681
SC/SA Domiciliary Care		103 170
TANF	121 306	15 292
Food Stamps	2 569 733	
Medicaid	14 993 044	6 289 632
Medicaid (ARRA)	686 619	(635 123)
Foster Care		16 747
Low Income Energy Assistance	138 886	
WIC	261 760	
IV-E Adopt Subsidy	36 382	25 728
Independent Living-Links	<u>750</u>	
Total	<u>\$18 815 800</u>	<u>\$5 817 127</u>

X. 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 monies.

SWAIN COUNTY, NORTH CAROLINA  
LAW ENFORCEMENT OFFICER'S SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Liability (AAL) - Projected Unit Credit (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded Ratio (a : b)</u>	<u>Covered Payroll</u>	<u>UAAL as a % of Covered Payroll (b - a : c)</u>
12/31/03	-0-	38 058	38 058	0%	374 716	10.16%
12/31/04	-0-	37 736	37 736	0%	343 847	10.97%
12/31/05	-0-	38 471	38 471	0%	423 754	9.08%
12/31/06	-0-	43 692	43 692	0%	411 000	10.63%
12/31/07	-0-	44 005	44 005	0%	327 352	13.44%
12/31/08	-0-	55 251	55 251	0%	526 599	10.49%

SWAIN COUNTY, NORTH CAROLINA  
LAW ENFORCEMENT OFFICER'S SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Year Ended</u> <u>June 30</u>	<u>Annual Required</u> <u>Contribution</u>	<u>Percentage</u> <u>Contributed</u>
2009	\$ 6 364	0%
2008	7 774	0%
2007	7 916	0%

Notes to the Required Schedules:

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

Valuation Date	12/31/08
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent of Pay Closed
Remaining Amortization Period	23 Years
Asset Valuation Method	Market Value

Actuarial Assumptions:

Investment Rate of Return	7.25%
Projected Salary Increase	4.5% - 12.3%
Includes Inflation at	3.75%
Cost of Living Adjustments	None

SWAIN COUNTY, NORTH CAROLINA  
OTHER POST - EMPLOYMENT BENEFITS (OPEB)  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS

<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Actuarial</u> <u>Value of</u> <u>Assets</u> <u>(a)</u>	<u>Actuarial Accrued</u> <u>Liability (AAL) -</u> <u>Projected Unit</u> <u>Credit</u> <u>(b)</u>	<u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u> <u>(b - a)</u>	<u>Funded</u> <u>Ratio</u> <u>(a : b)</u>	<u>Covered</u> <u>Payroll</u>	<u>UAAL as a %</u> <u>of Covered</u> <u>Payroll</u> <u>(b - a : c)</u>
12/31/08	-0-	798 771	798 771	0%	5 444 211	14.7%

SWAIN COUNTY, NORTH CAROLINA  
OTHER POST - EMPLOYMENT BENEFITS (OPEB)  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Year Ended</u> <u>June 30</u>	<u>Annual Required</u> <u>Contribution</u>	<u>Percentage</u> <u>Contributed</u>
2009	\$ 98 321	0%

Notes to the Required Schedules:

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

Valuation Date	12/31/08
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent of Pay Closed
Remaining Amortization Period	30 Years
Asset Valuation Method	Market Value

Actuarial Assumptions:

Investment Rate of Return	4.0%
Includes Inflation at	3.75%
Medical Cost Trend Rate	10.5 - 5.0%
Year of Ultimate Trend Rate	2016

SWAIN COUNTY, NORTH CAROLINA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	2009		Variance Favorable (Unfavorable)	2008 Actual
	Budget	Actual		
Revenues:				
Ad Valorem Taxes:				
Current Year	\$4 423 665	\$4 186 971	\$(236 694)	\$4 093 943
Prior Year	123 600	174 387	50 787	180 335
Penalties and Interest	75 000	65 052	(9 948)	74 550
Total	<u>4 622 265</u>	<u>4 426 410</u>	<u>(195 855)</u>	<u>4 348 828</u>
Local Option Sales Taxes:				
1 Cent Sales Tax	800 000	1 079 372	279 372	1 008 459
½ Cent Sales Tax	1 495 960	1 148 723	(347 237)	1 457 828
Medicaid Hold Harmless		120 382	120 382	370 373
Total	<u>2 295 960</u>	<u>2 348 477</u>	<u>52 517</u>	<u>2 836 660</u>
Other Taxes and Licenses:				
Room Occupancy Tax	353 000	320 184	(32 816)	347 146
Marriage Licenses	9 500	10 620	1 120	9 000
Total	<u>362 500</u>	<u>330 804</u>	<u>(31 696)</u>	<u>356 146</u>
Unrestricted Intergovern- mental Revenues:				
ABC Revenue	7 000	5 522	(1 478)	5 601
Payments in Lieu of Taxes	820 000	1 057 368	237 368	841 690
Satellite Video Tax	18 000	40 355	22 355	37 423
Total	<u>845 000</u>	<u>1 103 245</u>	<u>258 245</u>	<u>884 714</u>
Restricted Intergovern- mental Revenues:				
State and Federal Grants (Exhibit H)	2 918 703	3 087 080	168 377	2 553 979
Court Facility Fees	30 400	37 811	7 411	42 017
Indirect Cost		325 290	325 290	250 059
Total	<u>2 949 103</u>	<u>3 450 181</u>	<u>501 078</u>	<u>2 846 055</u>
Permits and Fees:				
Inspection Fees	190 000	68 046	(121 954)	109 753
Register of Deeds	340 000	150 486	(189 514)	221 088
Safe Driving	2 500	3 519	1 019	2 678
Total	<u>532 500</u>	<u>222 051</u>	<u>(310 449)</u>	<u>333 519</u>

Revenues - Continued:	2009		Variance Favorable (Unfavorable)	2008 Actual
	Budget	Actual		
<b>Sales and Service:</b>				
Tag Office	\$ 52 000	\$ 46 068	\$ (5 932)	\$ 45 641
Officers Fees	13 000	18 318	5 318	21 744
Jail Fees	767 000	160 605	(606 395)	252 584
Ambulance Fees	445 000	632 852	187 852	450 049
Recreation Department	123 500	85 031	(38 469)	109 091
Town Contribution - Recreation	21 000	21 000		21 000
Town Contribution - Fire Marshall	17 000	17 000		2 833
Town Dispatcher & PIN	28 700	28 700		28 700
Building Lease	203 600	165 065	(38 535)	218 355
Social Services Fees	100 000	21 448	(78 552)	
Chamber Salary Reimbursement		38 347	38 347	
Sheriff Revenues	86 990	71 981	(15 009)	68 249
Health Dept. Fees and Reimbursements	901 200	966 392	65 192	1 133 125
<b>Total</b>	<u>2 758 990</u>	<u>2 272 807</u>	<u>(486 183)</u>	<u>2 386 299</u>
<b>Investment Earnings:</b>				
Interest Earned	90 000	48 227	(41 773)	147 198
<b>Miscellaneous:</b>				
Sales of Fixed Assets	7 000	1 001	(5 999)	3 123
Other	27 000	69 352	42 352	4 844
<b>Total</b>	<u>34 000</u>	<u>70 353</u>	<u>36 353</u>	<u>7 967</u>
<b>Total Revenues</b>	<u>14 490 318</u>	<u>14 272 555</u>	<u>(217 763)</u>	<u>14 147 386</u>
<b>Expenditures:</b>				
<b>General Government:</b>				
<b>Governing Body:</b>				
Salaries and Employees				
Benefits		55 063		57 321
Operating Expenditures		6 959		10 787
Travel		17 753		17 704
<b>Total</b>	<u>85 154</u>	<u>79 775</u>	<u>5 379</u>	<u>85 812</u>
<b>Administration:</b>				
Salaries and Employees				
Benefits		197 210		187 079
Operating Expenditures		88 792		219 182
Workers' Comp. Insurance		49 024		21 340
Capital Outlay		916 300		216 401
Legal Services		51 161		43 468
<b>Total</b>	<u>1 313 275</u>	<u>1 302 487</u>	<u>10 788</u>	<u>687 470</u>

Expenditures - Continued:	2009		Variance Favorable Unfavorable)	2008 Actual
	Budget	Actual		
Elections:				
Salaries and Employee Benefits	\$	\$ 96 228	\$	\$ 80 099
Operating Expenditures		40 280		55 558
Capital Outlay				18 538
Total	<u>160 071</u>	<u>136 508</u>	<u>23 563</u>	<u>154 195</u>
Finance:				
Salaries and Employee Benefits		117 211		108 086
Operating Expenditures		42 707		31 419
Professional Services		55 490		51 450
Total	<u>219 883</u>	<u>215 408</u>	<u>4 475</u>	<u>190 955</u>
Tax and Mapping:				
Salaries and Employee Benefits		335 163		339 163
Operating Expenditures		193 109		157 749
Total	<u>550 536</u>	<u>528 272</u>	<u>22 264</u>	<u>496 912</u>
Register of Deeds:				
Salaries and Employee Benefits		112 675		110 414
Operating Expenditures		79 158		91 622
Recording Fees		35 090		63 165
Total	<u>366 376</u>	<u>226 923</u>	<u>139 453</u>	<u>265 201</u>
Public Buildings:				
Salaries and Employee Benefits		314 410		275 171
Maintenance & Repairs		46 312		120 333
Utilities & Fuel		40 854		52 259
Other Operating Expenditures		66 481		51 558
Insurance		11 157		19 000
Capital Outlay				28 290
Total	<u>492 515</u>	<u>479 214</u>	<u>13 301</u>	<u>546 611</u>
Court Facilities:				
Operating Expenditures	<u>25 700</u>	<u>22 142</u>	<u>3 558</u>	<u>24 071</u>
Data Processing:				
Salaries and Employee Benefits		54 870		54 868
Operating Expenditures		32 431		46 384
Capital Outlay		13 432		21 129
Total	<u>103 490</u>	<u>100 733</u>	<u>2 757</u>	<u>122 381</u>
Special Appropriations:				
Various Grant Expenditures	<u>80 200</u>	<u>13 016</u>	<u>67 184</u>	<u>183 771</u>
Total General Government	<u>3 397 200</u>	<u>3 104 478</u>	<u>292 722</u>	<u>2 757 379</u>

Expenditures - Continued:	2009		Variance Favorable Unfavorable)	2008 Actual
	Budget	Actual		
Public Safety:				
Sheriff				
Salaries and Employee				
Benefits	\$	\$ 754 823	\$	\$ 701 779
Operating Expenditures		466 410		342 151
Capital Outlay		105 213		60 769
Total	<u>1 329 442</u>	<u>1 326 446</u>	<u>2 996</u>	<u>1 104 699</u>
Jail:				
Salaries and Employee				
Benefits		748 198		489 463
Operating Expenditures		212 328		87 751
Food		126 402		85 001
Medical Expenditures		108 132		79 996
Total	<u>1 196 494</u>	<u>1 195 060</u>	<u>1 434</u>	<u>742 211</u>
Criminal Justice:				
Salaries and Employee				
Benefits		36		25 513
Operating Expenditures		5 831		30 897
Total	<u>8 170</u>	<u>5 867</u>	<u>2 303</u>	<u>56 410</u>
Emergency Management:				
Salaries and Employee				
Benefits		45 627		48 642
Operating Expenditures		11 523		9 929
Grant Expenditures		29 929		47 607
Total	<u>107 152</u>	<u>87 079</u>	<u>20 073</u>	<u>106 178</u>
Emergency Communications:				
Salaries and Employee				
Benefits		207 109		
Operating Expenditures		16 086		
Total	<u>259 755</u>	<u>223 195</u>	<u>36 560</u>	
Fire Marshall:				
Salaries and Employee				
Benefits		41 234		
Operating Expenditures		4 047		
Total	<u>50 968</u>	<u>45 281</u>	<u>5 687</u>	
Inspections:				
Salaries and Employee				
Benefits		139 667		178 387
Operating Expenditures		35 214		52 923
Capital Outlay				19 721
Total	<u>180 783</u>	<u>174 881</u>	<u>5 902</u>	<u>251 031</u>
Medical Examiner:				
Professional Services	<u>18 000</u>	<u>17 200</u>	<u>800</u>	<u>10 800</u>
Special Appropriations:				
Fire Departments		124 099		106 106
Rescue Squad		34 872		32 008
Task Force		275		985
Total	<u>132 000</u>	<u>159 246</u>	<u>(27 246)</u>	<u>139 099</u>
Total Public Safety	<u>3 282 764</u>	<u>3 234 255</u>	<u>48 509</u>	<u>2 410 428</u>

	2009		Variance Favorable Unfavorable)	2008 Actual
	Budget	Actual		
Expenditures - Continued:				
Environmental Protection:				
Soil and Water:				
Salaries and Employee				
Benefits	\$	\$ 66 778	\$	\$ 68 129
Operating Expenditures		16 401		15 905
Total Environmental Protection	88 668	83 179	5 489	84 034
Economic and Physical Development:				
Agriculture Extension:				
Salaries and Employee				
Benefits		145 854		161 782
Operating Expenditures		30 182		46 289
Total	201 459	176 036	25 423	208 071
Community Development:				
SW Commission - CBA		66 653		64 932
SW Commission - CBA Match		2 620		6 300
JCPC		1 461		1 154
Total	92 775	70 734	22 041	72 386
Economic Development:				
Salaries and Employee				
Benefits		41 392		35 310
Operating Expenditures		13 720		12 911
Contract Services		37 184		89 304
Swain Tourist Authority		310 579		336 732
Capital Outlay				562 590
Total	462 792	402 875	59 917	1 036 847
Chamber of Commerce:				
Salaries and Employee				
Benefits	130 918	86 867	44 051	
Total Economic and Physical Development	887 944	736 512	151 432	1 317 304
Human Services:				
Social Services:				
Administration:				
Salaries and Employee				
Benefits		1 658 664		1 612 343
Operating Expenditures		620 146		544 058
Travel		10 480		7 585
Capital Outlay		53 180		20 000
Total	1 813 036	2 342 470	(529 434)	2 183 986

Expenditures - Continued:	2009		Variance Favorable (Unfavorable)	2008 Actual
	Budget	Actual		
Programs:				
TANF	\$	\$ 105 830	\$	\$ 68 192
Foster Care		82 679		50 407
Special Assistance		104 071		88 957
Medicaid - County		411 022		672 388
Crisis Intervention		62 710		29 261
Commodities Food		29 696		11 618
Total	<u>777 016</u>	<u>796 008</u>	<u>(18 992)</u>	<u>920 823</u>
Total Social Services	<u>2 590 052</u>	<u>3 138 478</u>	<u>(548 426)</u>	<u>3 104 809</u>
Emergency Medical Services				
Salaries and Employee				
Benefits		719 190		658 475
Operating Expenditures		148 284		152 614
Capital Outlay		100 961		
Total Emergency Medical Services	<u>989 231</u>	<u>968 435</u>	<u>20 796</u>	<u>811 089</u>
Veterans Service Officer:				
Salaries and Employee				
Benefits	<u>5 840</u>	<u>4 830</u>	<u>1 010</u>	<u>6 950</u>
Health Department:				
General:				
Salaries and Employee				
Benefits		60 050		48 320
Other Operating Expenditures		107 474		119 183
Total	<u>195 531</u>	<u>167 524</u>	<u>28 007</u>	<u>167 503</u>
Breast and Cervical Cancer:				
Salaries and Employee				
Benefits		29 014		25 519
Other Operating Expenditures		15 934		10 805
Total	<u>51 122</u>	<u>44 948</u>	<u>6 174</u>	<u>36 324</u>
Wisewomen:				
Salaries and Employee				
Benefits		13 135		9 758
Other Operating Expenditures		1 780		1 648
Total	<u>16 885</u>	<u>14 915</u>	<u>1 970</u>	<u>11 406</u>

Expenditures - Continued:	2009		Variance Favorable Unfavorable)	2008 Actual
	Budget	Actual		
<b>Child Services Coordination:</b>				
Salaries and Employee Benefits	\$	\$ 16 866	\$	\$ 15 280
Other Operating Expenditures		1 299		361
Total	<u>18 868</u>	<u>18 165</u>	<u>703</u>	<u>15 641</u>
<b>Adult Health:</b>				
Salaries and Employee Benefits		112 323		124 589
Other Operating Expenditures		36 191		57 986
Total	<u>170 403</u>	<u>148 514</u>	<u>21 889</u>	<u>182 575</u>
<b>IAP:</b>				
Salaries and Employee Benefits		4 878		2 488
Other Operating Expenditures		153		391
Total	<u>10 938</u>	<u>5 031</u>	<u>5 907</u>	<u>2 879</u>
<b>School Health:</b>				
Salaries and Employee Benefits				37 489
Other Operating Expenditures				1 881
Total				<u>39 370</u>
<b>Health Promotion:</b>				
Salaries and Employee Benefits		27 436		45 201
Other Operating Expenditures		2 918		21 112
Total	<u>40 351</u>	<u>30 354</u>	<u>9 997</u>	<u>66 313</u>
<b>Environmental Health:</b>				
Salaries and Employee Benefits		139 933		125 999
Other Operating Expenditures		11 306		46 906
Total	<u>171 000</u>	<u>151 239</u>	<u>19 761</u>	<u>172 905</u>
<b>Maternal Health:</b>				
Salaries and Employee Benefits		1 000		
Other Operating Expenditures		2 588		7 102
Total	<u>6 750</u>	<u>3 588</u>	<u>3 162</u>	<u>7 102</u>
<b>Child Health:</b>				
Salaries and Employee Benefits		33 419		15 669
Other Operating Expenditures		2 843		2 576
Total	<u>36 775</u>	<u>36 262</u>	<u>513</u>	<u>18 245</u>
<b>Well Program:</b>				
Salaries and Employee Benefits		35 357		47 070
Other Operating Expenditures		9 202		3 419
Total	<u>65 000</u>	<u>44 559</u>	<u>20 441</u>	<u>50 489</u>

Expenditures - Continued:	2009		Variance Favorable Unfavorable)	2008 Actual
	Budget	Actual		
<b>HIPAA:</b>				
Salaries and Employee Benefits		232		
Other Operating Expenditures	\$	\$ 5 578	\$	\$ 5 792
Total	<u>8 500</u>	<u>5 810</u>	<u>2 690</u>	<u>5 792</u>
<b>MH PPHV:</b>				
Salaries and Employee Benefits	<u>100</u>		<u>100</u>	<u>372</u>
<b>CH NBHV:</b>				
Salaries and Employee Benefits	<u>2 600</u>		<u>2 600</u>	<u>599</u>
<b>WIC/Client Services and Administration:</b>				
Salaries and Employee Benefits		35 897		33 610
Other Operating Expenditures		<u>5 541</u>		<u>4 525</u>
Total	<u>44 800</u>	<u>41 438</u>	<u>3 362</u>	<u>38 135</u>
<b>WIC/Nutritional Education:</b>				
Salaries and Employee Benefits		307		
Other Operating Expenditures		<u>16 146</u>		<u>15 620</u>
Total	<u>16 623</u>	<u>16 453</u>	<u>170</u>	<u>15 620</u>
<b>WIC/Breast Feeding Promotion:</b>				
Salaries and Employee Benefits		10 231		8 695
Other Operating Expenditures		<u>153</u>		<u></u>
Total	<u>7 500</u>	<u>10 384</u>	<u>(2 884)</u>	<u>8 695</u>
<b>WIC/General Administration:</b>				
Salaries and Employee Benefits		153		
Other Operating Expenditures		<u>3 281</u>		<u>3 906</u>
Total	<u>5 000</u>	<u>3 434</u>	<u>1 566</u>	<u>3 906</u>
<b>MCC:</b>				
Salaries and Employee Benefits		1 454		
Other Operating Expenditures		<u>18 675</u>		<u>21 288</u>
Total	<u>24 500</u>	<u>20 129</u>	<u>4 371</u>	<u>21 288</u>

Expenditures - Continued:	2009		Variance Favorable Unfavorable)	2008 Actual
	Budget	Actual		
<b>Health Check:</b>				
Salaries and Employee				
Benefits	\$	\$ 15 825	\$	\$ 20 492
Other Operating Expenditures		1 046		737
Total	<u>22 636</u>	<u>16 871</u>	<u>5 765</u>	<u>21 229</u>
<b>Food and Lodging:</b>				
Salaries and Employee				
Benefits		40 481		29 516
Other Operating Expenditures		2 889		150
Total	<u>35 750</u>	<u>43 370</u>	<u>(7 620)</u>	<u>29 666</u>
<b>Smart Start:</b>				
Salaries and Employee				
Benefits		22 312		17 672
Other Operating Expenditures		4 510		7 279
Total	<u>25 545</u>	<u>26 822</u>	<u>(1 277)</u>	<u>24 951</u>
<b>Family Planning:</b>				
Salaries and Employee				
Benefits		83 745		88 622
Other Operating Expenditures		27 448		20 748
Total	<u>119 909</u>	<u>111 193</u>	<u>8 716</u>	<u>109 370</u>
<b>Healthy Carolinians:</b>				
Other Operating Expenditures	<u>22 727</u>	<u>23 134</u>	<u>(407)</u>	<u>12 001</u>
<b>Communicable Diseases:</b>				
Salaries and Employee				
Benefits		26 952		29 588
Other Operating Expenditures		4 094		5 143
Total	<u>23 295</u>	<u>31 046</u>	<u>(7 751)</u>	<u>34 731</u>
<b>CAP Program:</b>				
Salaries and Employee				
Benefits		626 346		653 070
Other Operating Expenditures		82 775		82 618
Total	<u>719 500</u>	<u>709 121</u>	<u>10 379</u>	<u>735 688</u>
<b>Chore:</b>				
Salaries and Employee				
Benefits		85 704		84 517
Other Operating Expenditures		7 105		6 999
Total	<u>99 385</u>	<u>92 809</u>	<u>6 576</u>	<u>91 516</u>
Total Health Department	<u>1 961 993</u>	<u>1 817 113</u>	<u>144 880</u>	<u>1 924 311</u>

Expenditures - Continued:	2009		Variance Favorable Unfavorable)	2008 Actual
	Budget	Actual		
Special Appropriations:				
Safe Program	\$	\$ 14 500	\$	\$ 17 492
Elderly Transportation		139 457		155 627
Smokey Mountain Mental Health		51 732		46 801
Soil and Water Conservation				6 746
Humane Society				18 571
Other		4 200		17 600
Total	<u>243 667</u>	<u>209 889</u>	<u>33 778</u>	<u>262 837</u>
Total Human Services	<u>5 790 783</u>	<u>6 138 745</u>	<u>(347 962)</u>	<u>6 109 996</u>
Recreational:				
Recreation:				
Salaries and Employee				
Benefits		192 189		195 965
Operating Expenditures		130 194		130 274
Repairs & Maintenance		57 180		118 606
Capital Outlay		5 500		12 932
Total	<u>393 410</u>	<u>385 063</u>	<u>8 347</u>	<u>457 777</u>
Cultural:				
N.C. Forestry		43 057		41 081
Marianna Black Library		189 000		185 000
Total	<u>234 000</u>	<u>232 057</u>	<u>1 943</u>	<u>226 081</u>
Total Recreational and Cultural	<u>627 410</u>	<u>617 120</u>	<u>10 290</u>	<u>683 858</u>
Education:				
Swain County Board of				
Education:				
Current Expense		750 000		750 000
Capital Outlay		121 745		95 000
Forest Funds		55 533		17 917
Southwestern Community				
College		125 000		125 000
Total Education	<u>1 025 533</u>	<u>1 052 278</u>	<u>(26 745)</u>	<u>987 917</u>
Debt Service:				
Principal Retirement		825 666		592 014
Interest Expense		657 451		255 231
Total Debt Service	<u>3 041 618</u>	<u>1 483 117</u>	<u>1 558 501</u>	<u>847 245</u>
Total Expenditures	<u>18 141 920</u>	<u>16 449 684</u>	<u>1 692 236</u>	<u>15 198 161</u>
Revenues Over (Under)				
Expenditures	<u>(3 651 602)</u>	<u>(2 177 129)</u>	<u>1 474 473</u>	<u>(1 050 775)</u>

	2009		Variance Favorable Unfavorable)	2008 Actual
	Budget	Actual		
Other Financing Sources (Uses):				
Transfers In (Out)	\$ 969 953	\$ 467 582	\$ (502 371)	\$ 216 377
Fund Balance Appropriated	1 410 688		(1 410 688)	
Financing Proceeds	<u>1 270 961</u>	<u>250 961</u>	<u>(1 020 000)</u>	<u>1 780 000</u>
Total Other Financing Sources (Uses)	<u>3 651 602</u>	<u>718 543</u>	<u>(2 933 059)</u>	<u>1 996 377</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$</u>	(1 458 586)	<u>\$ (1 458 586)</u>	945 602
Fund Balances:				
Beginning of Year		<u>4 260 302</u>		<u>3 314 700</u>
End of Year		<u>\$2 801 716</u>		<u>\$4 260 302</u>

SWAIN COUNTY, NORTH CAROLINA  
SCHOOLS CAPITAL RESERVE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>2009</u>			
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>	<u>2008</u> <u>Actual</u>
Revenues:				
Other Taxes and Licenses:				
1/2 Cent Sales Tax	\$ 616 000	\$ 654 465	\$ 38 465	\$ 725 039
Restricted Intergovernmental:				
Public School Building				
Capital Grant	200 000	184 678	(15 322)	242 413
Investment Earnings:				
Interest Earned	20 000	18 444	(1 556)	39 870
Total Revenues	<u>836 000</u>	<u>857 587</u>	<u>21 587</u>	<u>1 007 322</u>
Other Financing Sources (Uses):				
Transfer (To) From				
General Fund	<u>(836 000)</u>	<u>(921 130)</u>	<u>(85 130)</u>	<u>(722 669)</u>
Excess of Revenues and Other				
Sources Over (Under)				
Expenditures and Other Uses	<u>\$ _____</u>	(63 543)	<u>\$ (63 543)</u>	284 653
Fund Balance - Beginning of Year		<u>1 407 182</u>		<u>1 122 529</u>
Fund Balance - End of Year		<u>\$1 343 639</u>		<u>\$1 407 182</u>

SWAIN COUNTY  
CAPITAL PROJECTS FUND  
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
COMPARED WITH AUTHORIZATIONS FROM INCEPTION AND FOR THE YEAR  
ENDED JUNE 30, 2009

	<u>Project</u> <u>Authorization</u>	<u>Prior</u> <u>Years</u>	<u>Current</u> <u>Year</u>	<u>Actual</u> <u>Total</u> <u>to Date</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<u>Jail Project:</u>					
Revenues:					
Interest Earned	\$	\$ 1 421	\$ 1 152	\$ 2 573	\$ 2 573
Expenditures:					
Land Acquisition	725 000	718 000		718 000	7 000
Construction	8 000 000	6 969 570	949 947	7 919 517	80 483
Engineering	720 000	664 680	51 711	716 391	3 609
Equipment and Furnishings	135 000	12 282	118 354	130 636	4 364
Administration	5 000	2 140		2 140	2 860
Interest and Closing Costs	408 830	406 294		406 294	2 536
Total Expenditures	9 993 830	8 772 966	1 120 012	9 892 978	100 852
Revenues Over (Under) Expenditures	(9 993 830)	(8 771 545)	(1 118 860)	(9 890 405)	103 425
Other Financing Sources:					
USDA Loan Proceeds	9 000 000	8 482 656	517 344	9 000 000	
Transfer from Other Funds	993 830	480 777	409 628	890 405	(103 425)
Total Other Financing Sources	9 993 830	8 963 433	926 972	9 890 405	(103 425)
Revenues and Other Financing Sources Over (Under) Expenditures		191 888	(191 888)		
<u>Redevelopment Project:</u>					
Revenues:					
Intergovernmental:					
State Grant	418 000	325 295		325 295	(92 705)
Investment Earnings		139	13	152	152
Total	418 000	325 434	13	325 447	(92 553)
Other Financing Sources (Uses):					
Transfer to from General Fund		184	(152)	32	32
Total Revenues	418 000	325 618	(139)	325 479	(92 521)
Expenditures:					
Island Park Bridge Replacement	168 000	124 168		124 168	43 832
Bryson City Streetscape	150 000	101 311		101 311	48 689
Revolving Loan Program	100 000	100 000		100 000	
Total Expenditures	418 000	325 479		325 479	92 521
Revenues and Other Financing Sources Over (Under) Expenditures		139	(139)		

SWAIN COUNTY  
CAPITAL PROJECTS FUND  
SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
COMPARED WITH AUTHORIZATIONS FROM INCEPTION AND FOR THE YEAR  
ENDED YEAR JUNE 30, 2009

	<u>Project</u> <u>Authorization</u>	<u>Prior</u> <u>Years</u>	<u>Current</u> <u>Year</u>	<u>Actual</u> <u>Total</u> <u>to Date</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues and Other Sources Over (Under) Expenditures - All Projects	\$ _____	\$ 192 027	(192 027)	\$ _____	\$ _____
Fund Balance - Beginning of Year July 1			192 027		
Fund Balance - End of Year, June 30			\$ _____		

SWAIN COUNTY  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2009  
 WITH COMPARATIVE TOTALS FOR JUNE 30, 2008

	Special Revenue Funds						Combining Totals		
	Property Revaluation	Emergency Telephone	Capital Reserve	Family Preservation	CDBG	Governor's Island	Franklin Grove	2009	2008
<b>Assets</b>									
Cash and Cash Equivalents	\$ 3	\$ 326 798	\$ 461 523	\$ 2 931	\$ 10 737	\$	\$ 638	\$ 802 630	\$ 896 695
Receivables, Net	<u>          </u>	<u>4 922</u>	<u>          </u>	<u>45 216</u>	<u>6 756</u>	<u>147 890</u>	<u>12 978</u>	<u>217 762</u>	<u>36 416</u>
<b>Total Assets</b>	<u>\$ 3</u>	<u>\$ 331 720</u>	<u>\$ 461 523</u>	<u>\$ 48 147</u>	<u>\$ 17 493</u>	<u>\$ 147 890</u>	<u>\$ 13 616</u>	<u>\$ 1 020 392</u>	<u>\$ 933 111</u>
<b>Liabilities and Fund Balances</b>									
<b>Liabilities:</b>									
Accounts Payable	\$	\$	\$	\$	\$	\$ 4 347	\$	\$ 4 347	\$ 2 312
Accrued Expenses	<u>          </u>	<u>6 365</u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>6 365</u>	<u>3 813</u>
Due to Other Funds	<u>          </u>	<u>12 943</u>	<u>          </u>	<u>8 912</u>	<u>17 493</u>	<u>59 807</u>	<u>11 080</u>	<u>110 235</u>	<u>32 380</u>
Deferred Revenue	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>56 096</u>
<b>Total Liabilities</b>	<u>          </u>	<u>19 308</u>	<u>          </u>	<u>8 912</u>	<u>17 493</u>	<u>64 154</u>	<u>11 080</u>	<u>120 947</u>	<u>94 601</u>
<b>Fund Balance:</b>									
Reserved by State Statute	<u>          </u>	<u>4 922</u>	<u>          </u>	<u>45 216</u>	<u>          </u>	<u>147 890</u>	<u>12 978</u>	<u>211 006</u>	<u>36 416</u>
Unreserved	<u>3</u>	<u>307 490</u>	<u>461 523</u>	<u>(5 981)</u>	<u>          </u>	<u>(64 154)</u>	<u>(10 442)</u>	<u>688 439</u>	<u>802 094</u>
<b>Total Fund Balance</b>	<u>\$ 3</u>	<u>\$ 312 412</u>	<u>\$ 461 523</u>	<u>\$ 39 235</u>	<u>\$</u>	<u>\$ 83 736</u>	<u>\$ 2 536</u>	<u>\$ 899 445</u>	<u>838 510</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 3</u>	<u>\$ 331 720</u>	<u>\$ 461 523</u>	<u>\$ 48 147</u>	<u>\$ 17 493</u>	<u>\$ 147 890</u>	<u>\$ 13 616</u>	<u>\$ 1 020 392</u>	<u>\$ 933 111</u>

SWAIN COUNTY  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
 WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Special Revenue Funds						Combining Totals		
	Property Revaluation	Emergency Telephone	Capital Reserve	Family Preservation	CDBG	Governor's Island	Franklin Grove	2009	2008
<u>Revenues</u>									
Intergovernmental	\$			\$ 155 825	\$167 556	\$ 223 579	\$ 15 516	\$ 562 476	\$ 589 279
Charges for Services		283 686						283 686	236 297
Investment Earnings		4 738	4 653	426		1 198	43	11 058	48 390
<b>Total Revenues</b>		<u>288 424</u>	<u>4 653</u>	<u>156 251</u>	<u>167 556</u>	<u>224 777</u>	<u>15 559</u>	<u>857 220</u>	<u>873 966</u>
<u>Expenditures</u>									
Current:									
Economic Development					167 556	223 580	15 515	406 651	453 407
Human Services		173 834		155 825				329 659	506 763
<b>Total Expenditures</b>		<u>173 834</u>		<u>155 825</u>	<u>167 556</u>	<u>223 580</u>	<u>15 515</u>	<u>736 310</u>	<u>960 170</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>		<u>114 590</u>	<u>4 653</u>	<u>426</u>		<u>1 197</u>	<u>44</u>	<u>120 910</u>	<u>(86 204)</u>
Other Financing Sources (Uses):									
Transfers In (Out)			(59 975)					(59 975)	39 268
<b>Net Change in Fund Balances</b>		114 590	(55 322)	426		1 197	44	60 935	(46 936)
Fund Balance - Beginning	3	197 822	516 845	38 809		82 539	2 492	838 510	885 446
<b>Fund Balance -Ending</b>	<u>\$ 3</u>	<u>\$ 312 412</u>	<u>\$ 461 523</u>	<u>\$ 39 235</u>	<u>\$</u>	<u>\$ 83 736</u>	<u>\$ 2 536</u>	<u>\$ 899 445</u>	<u>\$ 838 510</u>

SWAIN COUNTY, NORTH CAROLINA  
PROPERTY REVALUATION FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	2009		Variance	2008
	Budget	Actual	Favorable (Unfavorable)	Actual
Revenues:				
Investment Earnings:				
Interest Earned	\$ _____	\$ _____	\$ _____	\$ _____
Expenditures:				
Contracted Services	_____	_____	_____	_____
Revenues Over (Under)				
Expenditures	_____	_____	_____	_____
Other Financing Sources (Uses):				
Transfer From General Fund	_____	_____	_____	_____
Revenues and Other Sources				
Over (Under) Expenditures				
and Other Uses	\$ _____	\$ _____	\$ _____	\$ _____
Fund Balance - Beginning Year		_____ 3		_____ 3
Fund Balance - End of Year		\$ _____ 3		\$ _____ 3

SWAIN COUNTY, NORTH CAROLINA  
EMERGENCY TELEPHONE SYSTEM FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>2009</u>		Variance	2008
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>	<u>Actual</u>
Revenues:				
Permits and Fees:				
Fees Charged	\$ 452 475	\$ 283 686	\$(168 789)	\$ 236 297
Investment Earnings:				
Interest Earned		4 738	4 738	16 578
Total Revenues	<u>452 475</u>	<u>288 424</u>	<u>(164 051)</u>	<u>252 875</u>
Expenditures:				
Salaries and Fringe Benefits		50 000		224 321
Operating Expenditures		110 570		72 300
Capital Outlay		13 264		50 441
Total Expenditures	<u>452 475</u>	<u>173 834</u>	<u>278 641</u>	<u>347 062</u>
Revenues Over (Under) Expenditures		<u>114 590</u>	<u>114 590</u>	<u>(94 187)</u>
Other Financing Sources (Uses):				
Transfer From General Fund				89 592
Revenues and Other Sources Over (Under)Expenditures and Other Uses	<u>\$</u>	114 590	<u>\$ 114 590</u>	(4 595)
Fund Balance - Beginning of Year		<u>197 822</u>		<u>202 417</u>
Fund Balance - End of Year		<u>\$ 312 412</u>		<u>\$ 197 822</u>

SWAIN COUNTY, NORTH CAROLINA  
CAPITAL RESERVE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>2009</u>		Variance	2008
	<u>Budget</u>	<u>Actual</u>	Favorable	<u>Actual</u>
			(Unfavorable)	
Revenues:				
Investment Earnings:				
Interest Earned	\$ _____	\$ 4 653	\$ 4 653	\$ 22 471
Expenditures:				
Future Capital Outlay	_____	_____	_____	_____
Revenues Over Expenditures	_____	4 653	4 653	22 471
Other Financing Sources (Uses):				
Appropriated Fund Balance	75 000		(75 000)	
Transfer (to) From				
Other Funds	(75 000)	(59 975)	15 025	(74 152)
Total Other Financing Sources (Uses)	_____	(59 975)	(59 975)	(74 152)
Total Revenues and Other Sources (Uses) Over Expenditures	\$ _____	(55 322)	\$ (55 322)	(51 681)
Fund Balance - Beginning of Year		516 845		568 526
Fund Balance - End of Year		\$ 461 523		\$516 845

SWAIN COUNTY, NORTH CAROLINA  
FAMILY PRESERVATION GRANT FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>2009</u>		Variance	
	<u>Budget</u>	<u>Actual</u>	Favorable	2008
			(Unfavorable)	Actual
Revenues:				
Restricted Intergovernmental:				
Family Preservation Grant	<u>\$200 000</u>	<u>\$155 825</u>	<u>\$(44 175)</u>	<u>\$159 700</u>
Investment Earnings:				
Interest Earned		<u>426</u>	<u>426</u>	<u>1 977</u>
Total Revenues	<u>200 000</u>	<u>156 251</u>	<u>(43 749)</u>	<u>161 677</u>
Expenditures:				
Contract Labor		122 772		113 411
Travel		1 398		2 617
Communications and Telephone		5 515		5 373
Supplies		10 429		11 158
Flex Funds		15 711		9 000
Training				1 245
Family Intervention				<u>16 897</u>
Total Expenditures	<u>200 000</u>	<u>155 825</u>	<u>44 175</u>	<u>159 701</u>
Revenues Over (Under) Expenditures	<u>\$</u>	426	<u>\$ 426</u>	1 976
Fund Balance - Beginning of Year		<u>38 809</u>		<u>36 833</u>
Fund Balance - End of Year		<u>\$ 39 235</u>		<u>\$ 38 809</u>

SWAIN COUNTY  
CDBG FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE FISCAL YEAR JUNE 30, 2009

	<u>Project</u> <u>Authorization</u>	<u>Prior</u> <u>Years</u>	<u>Current</u> <u>Year</u>	<u>Total</u> <u>to Date</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues:					
Restricted Intergovernmental					
Revenues:					
Community Development					
Block Grant	\$400 000	\$ 92 849	\$167 556	\$260 405	\$(139 595)
Expenditures:					
Clearance	39 100	12 262	23 397	35 659	3 441
Relocation Assistance	311 000	66 487	130 568	197 055	113 945
Administration/Legal	40 000	14 100	11 988	26 088	13 912
Repairs	9 900	_____	1 603	1 603	8 297
Total Expenditures	<u>400 000</u>	<u>92 849</u>	<u>167 556</u>	<u>260 405</u>	<u>139 595</u>
Revenues Over (Under) Expenditures	<u>\$ _____</u>	<u>_____</u>	<u>_____</u>	<u>_____</u>	<u>\$ _____</u>
Fund Balance - Beginning of Year July 1		<u>_____</u>	<u>_____</u>	<u>_____</u>	
Fund Balance - End of Year, June 30		<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	

SWAIN COUNTY  
GOVERNER'S ISLAND FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE FISCAL YEAR JUNE 30, 2009

	<u>Project</u> <u>Authorization</u>	<u>Prior</u> <u>Years</u>	<u>Current</u> <u>Year</u>	<u>Total</u> <u>to Date</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues:					
Restricted Intergovernmental					
Revenues:					
Clean Water Grant	\$ 1 390 000	\$ 17 842	\$223 579	\$241 421	\$(1 148 579)
Investment Earnings:					
Interest Earned		15 585	1 198	16 783	16 783
Miscellaneous:					
Contributions-Eastern Band of					
Cherokee Indians	<u>140 854</u>	<u>138 854</u>		<u>138 854</u>	<u>(2 000)</u>
Total Revenues	<u>1 530 854</u>	<u>172 281</u>	<u>224 777</u>	<u>397 058</u>	<u>(1 133 796)</u>
Expenditures:					
Acquisition	47 000				47 000
Construction	1 175 322		209 255	209 255	966 067
Administration	117 532	18 342		18 342	99 190
Engineering	181 000	71 400	14 325	85 725	95 275
Contingency	<u>10 000</u>				<u>10 000</u>
Total Expenditures	<u>1 530 854</u>	<u>89 742</u>	<u>223 580</u>	<u>313 322</u>	<u>1 217 532</u>
Revenues Over (Under) Expenditures	<u>\$</u>	<u>82 539</u>	<u>1 197</u>	<u>\$ 83 736</u>	<u>\$ 83 736</u>
Fund Balance - Beginning of Year					
July 1			<u>82 539</u>		
Fund Balance - End of Year,					
June 30			<u>\$ 83 736</u>		

SWAIN COUNTY  
FRANKLIN GROVE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE FISCAL YEAR JUNE 30, 2009

	<u>Project</u> <u>Authorization</u>	<u>Prior</u> <u>Years</u>	<u>Current</u> <u>Year</u>	<u>Total</u> <u>to Date</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues:					
Restricted Intergovernmental					
Revenues:					
Clean Water Grant	\$ 400 000	\$346 036	\$ 15 516	\$361 552	\$ (38 448)
Investment Earnings:					
Interest Earned	<u>                    </u>	<u>2 492</u>	<u>43</u>	<u>2 535</u>	<u>2 535</u>
Total Revenues	<u>400 000</u>	<u>348 528</u>	<u>15 559</u>	<u>364 087</u>	<u>(35 913)</u>
Expenditures:					
Acquisition	10 000				10 000
Construction	373 525	340 762	11 330	352 092	21 433
Administration	35 700	29 102	4 185	33 287	2 413
Contingency	<u>25 775</u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>25 775</u>
Total Expenditures	<u>445 000</u>	<u>369 864</u>	<u>15 515</u>	<u>385 379</u>	<u>59 621</u>
Revenues Over (Under) Expenditures	<u>(45 000)</u>	<u>(21 336)</u>	<u>44</u>	<u>(21 292)</u>	<u>23 708</u>
Other Financing Sources (Uses):					
Transfer From Other Funds	<u>45 000</u>	<u>23 828</u>	<u>                    </u>	<u>23 828</u>	<u>(21 172)</u>
Revenues and Other Sources Over (Under) Expenditures	<u>\$                    </u>	<u>2 492</u>	<u>44</u>	<u>\$ 2 536</u>	<u>\$ 2 536</u>
Fund Balance - Beginning of Year July 1			<u>2 492</u>		
Fund Balance - End of Year, June 30			<u>\$ 2 536</u>		

SWAIN COUNTY, NORTH CAROLINA  
ENTERPRISE FUND - SOLID WASTE  
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>2009</u>		Variance Favorable (Unfavorable)	2008 Actual
	<u>Budget</u>	<u>Actual</u>		
Revenues:				
Operating Revenue:				
Solid Waste Charges	\$ 35 000	\$ 59 465	\$ 24 465	\$ 59 044
Landfill Use Fee	657 133	638 898	(18 235)	657 620
Recycling	30 000	36 260	6 260	65 232
Scrap Tire Disposal Fees	13 000	15 067	2 067	15 248
White Goods Disposal Fees	55 320	4 591	(50 729)	5 529
Cardboard Fee	45 000	24 491	(20 509)	53 154
Miscellaneous	100	447	347	1 929
	<u>835 553</u>	<u>779 219</u>	<u>(56 334)</u>	<u>857 756</u>
Expenditures:				
Solid Waste Disposal:				
Salaries		283 754		295 550
Social Security		20 906		22 010
Group Insurance		46 200		48 960
Retirement		13 427		11 281
Telephone		1 779		797
Utilities		7 102		6 551
Insurance - Worker's Comp		15 000		25 000
Maintenance and Repairs		51 919		41 236
Supplies and Materials		13 006		16 954
Fuel		77 708		140 141
Contracted Service		8 556		3 045
Uniforms		7 145		5 400
Disposal		231 774		239 923
Insurance - Vehicles		20 000		1 316
Miscellaneous		18 258		3 954
	<u>973 000</u>	<u>816 534</u>	<u>156 466</u>	<u>862 118</u>

SWAIN COUNTY, NORTH CAROLINA  
ENTERPRISE FUND - SOLID WASTE  
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	2009		Variance	2008
	Budget	Actual	Favorable (Unfavorable)	Actual
Budgetary Appropriations:				
Capital Outlay	\$ 210 000	\$ 129 304	\$ 80 696	\$
Debt Principal and Interest	<u>136 600</u>	<u>114 869</u>	<u>21 731</u>	<u>135 994</u>
Total Budgetary Appropriations	<u>346 600</u>	<u>244 173</u>	<u>102 427</u>	<u>135 994</u>
Total Expenditures	<u>1 319 600</u>	<u>1 060 707</u>	<u>258 893</u>	<u>998 112</u>
Revenues Over (Under) Expenditures	<u>(484 047)</u>	<u>(281 488)</u>	<u>202 559</u>	<u>(140 356)</u>
Other Financing Sources (Uses):				
Financing Proceeds	180 000	170 000	(10 000)	
Transfer (To) From Other Funds	<u>304 047</u>	<u>104 047</u>	<u>(200 000)</u>	<u>109 000</u>
Total Other Financing Sources (Uses)	<u>484 047</u>	<u>274 047</u>	<u>(210 000)</u>	<u>109 000</u>
Revenues and Other Sources Over (Under) Expenditures	<u>\$</u>	<u>\$ (7 441)</u>	<u>\$ (7 441)</u>	<u>\$ (31 356)</u>
 RECONCILIATION OF MODIFIED ACCRUAL BASIS TO FULL ACCRUAL BASIS:				
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES			\$ (7 441)	
Add:				
Payment of Debt Principal		104 288		
Capital Outlay		<u>129 304</u>	233 592	
Less:				
Depreciation		81 523		
Increase in Vacation Pay		565		
Financing Proceeds		170 000		
Increase in Post Employment Health Benefits		<u>4 916</u>	<u>(257 004)</u>	
Change in Net Assets (Exhibit 8)			<u>\$ (30 853)</u>	

SWAIN COUNTY, NORTH CAROLINA  
AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2009</u>
Fines and Forfeitures:				
<u>Assets</u>				
Cash	\$ _____	\$ 160 546	\$ 160 546	\$ _____
<u>Liabilities</u>				
Amount Due Swain County Board of Education	\$ _____	\$ 160 546	\$ 160 546	\$ _____
Motor Vehicle Taxes:				
<u>Assets</u>				
Cash	\$ _____	\$ 21 464	\$ 21 464	\$ _____
<u>Liabilities</u>				
Motor Vehicle Taxes Payable	\$ _____	\$ 21 464	\$ 21 464	\$ _____
3% Interest on Motor Vehicles:				
<u>Assets</u>				
Cash	\$ _____	\$ 2 991	\$ 2 991	\$ _____
<u>Liabilities</u>				
3% Interest on Motor Vehicles Payable	\$ _____	\$ 2 991	\$ 2 991	\$ _____

SWAIN COUNTY, NORTH CAROLINA  
SCHEDULE OF AD VALOREM TAXES RECEIVABLE  
JUNE 30, 2009

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2008</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2009</u>
2008-2009	\$	\$4 499 725	\$ 4 186 971	\$ 312 754
2007-2008	231 477		133 409	98 068
2006-2007	72 044		32 709	39 335
2005-2006	37 576		11 767	25 809
2004-2005	30 529		4 649	25 880
2003-2004	28 480		3 128	25 352
2002-2003	24 245		2 159	22 086
2001-2002	22 000		1 342	20 658
2000-2001	15 907		866	15 041
1999-2000	24 261		1 420	22 841
1998-1999	15 829		15 829	
Total	<u>\$ 502 348</u>	<u>\$4 499 725</u>	<u>\$ 4 394 249</u>	\$ 607 824
Less Allowance for Uncollectible Accounts				<u>386 667</u>
Ad Valorem Taxes Receivable - Net				<u>\$ 221 157</u>

Reconciliation with Revenues:

Ad Valorem Taxes - Exhibit B	\$4 426 410	
Less Penalties and Interest Releases - Prior Years	<u>65 052</u>	\$ 4 361 358
Amount Written Off Per Statute of Limitations		17 206
		<u>15 685</u>
Total Collections and Credits		<u>\$ 4 394 249</u>

SWAIN COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY

JUNE 30, 2009

	<u>Total Property Valuation</u>	<u>Rate</u>	<u>Levy</u>	<u>Excluding Motor Vehicles</u>	<u>Motor Vehicles</u>
Original Levy	\$1 244 830 303	.33	\$ 4 107 940	\$ 4 107 940	\$
Vehicle Taxes	4 166 667	.33	13 750		13 750
Add Discoveries	125 283 636	.33	413 436	158 086	255 350
Less Releases	(10 727 576)	.33	(35 401)	(26 636)	(8 765)
Total	<u>\$1 363 553 030</u>		4 499 725	4 239 390	260 335
Less Uncollected Taxes June 30, 2009			<u>312 754</u>	<u>250 394</u>	<u>62 360</u>
Current Year's Taxes Collected			<u>\$ 4 186 971</u>	<u>\$3 988 996</u>	<u>\$ 197 975</u>
Percent of Current Year's Taxes Collected			<u>93.05</u>	<u>94.09</u>	<u>76.05</u>

SWAIN COUNTY, NORTH CAROLINA  
GENERAL FUND  
FEDERAL AND STATE GRANTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	2009		Variance Favorable (Unfavorable)	2008 Actual
	Budget	Actual		
<b>Social Services:</b>				
Administration Grant	\$1 344 668	\$1 697 313	\$ 352 645	\$1 382 450
IVE Foster Care	45 384	6 794	(38 590)	34 926
Commodities		29 696	29 696	11 618
Work First		85 685	85 685	32 248
<b>Total</b>	<b>1 390 052</b>	<b>1 819 488</b>	<b>429 436</b>	<b>1 461 242</b>
<b>Health Department:</b>				
State Aid to Counties	110 991	110 491	(500)	56 855
Environmental Health	6 000	13 525	7 525	7 645
Bioterrorism	48 647	48 029	(618)	56 709
Community Care Block Grant	87 647	82 886	(4 761)	115 683
Food & Lodging	750	3 395	2 645	
BCCCP	20 422	18 934	(1 488)	20 188
Wise Women	6 985	6 577	(408)	7 474
Smart Start (Region A)	25 545	21 320	(4 225)	23 995
Communicable Disease	10 535	13 345	2 810	10 535
Tuberculosis	2 260	1 804	(456)	1 731
HIV	500		(500)	500
CSC	9 368	8 874	(494)	3 800
Immunization	6 938	5 192	(1 746)	2 697
Health Promotion	23 851	23 851		24 622
WIC	60 423	63 318	2 895	52 095
Child Health	27 775	31 198	3 423	18 245
Maternal Health	3 750	7 950	4 200	3 250
Family Planning	96 042	96 322	280	81 141
School Health				35 305
NBHV	600	60	(540)	500
MH PPHV	100	60	(40)	380
MCC	16 500	10 196	(6 304)	12 997
Adult Health	15 500	7 586	(7 914)	13 664
Healthy Carolinians	22 727	7 067	(15 660)	11 808
Health Check	16 937	11 876	(5 061)	
<b>Total</b>	<b>620 793</b>	<b>593 856</b>	<b>(26 937)</b>	<b>561 819</b>

SWAIN COUNTY, NORTH CAROLINA  
GENERAL FUND  
FEDERAL AND STATE GRANTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	2009		Variance Favorable (Unfavorable)	2008 Actual
	Budget	Actual		
Other Grants:				
Cooperative Extension	\$ 85 000	\$ 153 390	\$ 68 390	\$ 40 736
Criminal Justice	48 170	12 260	(35 910)	41 604
Veterans Services	2 000		(2 000)	2 000
Emergency Management	13 000	24 863	11 863	18 622
Forest Funds	55 533	55 533		17 917
EMS	90 000	60 420	(29 580)	
Soil & Water Conservation	15 613	15 732	119	21 421
Homeland Security		20 629	20 629	51 059
Juvenile Justice - CBA	69 881	71 254	1 373	62 525
Elderly Handicapped	112 161	60 679	(51 482)	60 696
RGP		51 745	51 745	44 631
Work First		4 730	4 730	4 070
CYFAR	42 500	15 594	(26 906)	51 009
Governor's Crime Control				15 218
Partf	20 000	8 972	(11 028)	76 610
COPS	264 000	117 935	(146 065)	
USAR	90 000		(90 000)	
Drug Coalition				16 500
Bullet Proof Vest				6 300
<b>Total</b>	<b>907 858</b>	<b>673 736</b>	<b>(234 122)</b>	<b>530 918</b>
 Total Federal and State Grants (Exhibit B)	 <u>\$2 918 703</u>	 <u>\$3 087 080</u>	 <u>\$ 168 377</u>	 <u>\$2 553 979</u>



# S. Eric Bowman, P.A.

CERTIFIED PUBLIC ACCOUNTANT

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

To the Board of Commissioners  
Swain County  
North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregated remaining fund information of Swain County, North Carolina, as of and for the year ended June 30, 2009, which collectively comprises Swain County's basic financial statements and have issued our report thereon dated September 2, 2009. 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.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Swain County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Swain County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Swain County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Swain County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Swain County's financial statements that is more than inconsequential will not be prevented or detected by Swain County's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as 2009-1 through 2009-4 to be significant deficiencies in internal control over financial reporting.

To the Board of Commissioners  
Swain County  
North Carolina

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

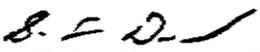
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the deficiencies described above, we believe 2009-4 to be a material weakness in internal control.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Swain County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance and other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as 2009-5 and 2009-6.

The County's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, others within the organization, members of the Swain County Commissioners, and Federal and State awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specific parties.

  
S. Eric Bowman, P.A.  
Certified Public Accountant

Morganton, North Carolina  
September 2, 2009

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT

To the Board of Commissioners  
Swain County  
North Carolina

## Compliance

We have audited the compliance of Swain County, North Carolina, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that are applicable to each of its major federal programs for the year ended June 30, 2009. Swain County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs are the responsibility of Swain County's management. Our responsibility is to express an opinion on Swain County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Swain County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Swain County's compliance with those requirements.

In our opinion, Swain County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are describe in the accompanying schedule of findings and questioned costs as items 2009-8.

To the Board of Commissioners  
Swain County  
North Carolina

Internal Control Over Compliance

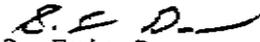
The management of Swain County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Swain County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the State Single Audit Implementation Act. Accordingly, we do not express an opinion on the effectiveness of Swain County's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by Swain County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by Swain County's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We consider the deficiency in internal control over compliance as 2009-7 to be a material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, others within the organization, members of Swain County Commissioners, and federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

  
S. Eric Bowman, P.A.  
Certified Public Accountant

Morganton, North Carolina  
September 2, 2009



SWAIN COUNTY, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

Section II. Findings Related to the Audit of the General Purpose  
Financial Statements of Swain County:

2009-1 Internal Controls Over Financial Reporting

Condition: The County does not incorporate an internal audit function (person).

Criteria: Due to the complexity and diverse type of financial transactions an internal audit function is needed.

Effect: Internal controls are less effective without an internal audit function.

Cause: Due to the size of the County it has not been considered cost effective.

Recommendation: Hire an additional employee familiar with governmental accounting transactions to provide this service.

Management Response: It is not economically feasible to hire additional staff at this time.

2009-2 Internal Controls Over Financial Reporting

Condition: Several of the County's departments are not always using purchase orders before making acquisitions.

Criteria: Purchase orders are to be used for all purchases in excess of \$100.

Effect: Without the use of purchase orders controls over departmental expenditures are weakened.

Cause: The County has not properly stressed the importance of the use of purchase orders.

Recommendation: We recommend the finance officer not disburse funds until a proper purchase order is obtained.

Management Response: The County agrees with this finding.

Uncorrected Finding: The County did not correct this finding from the previous year.

Findings Related to the Audit of the General Purpose  
Financial Statements of Swain County: Continued:

2009-3 Internal Controls Over Financial Reporting

Condition: There were several instances of misuse of County credit cards in the Sheriff's department.

Criteria: Credit Card purchases should be approved by the department head.

Effect: Any misuse of County funds, if any, can not be detected in a reasonable time.

Cause: There is lack of internal controls over credit card purchases.

Recommendation: We recommend the department head review and approve all credit card charges before being paid by accounting.

Management Response: The County agrees with this finding.

2009-4 Internal Controls Over Financial Reporting

Condition: All Local Governments are to adopt a balanced budget and make necessary amendments to the original budget as conditions dictate.

Criteria: The County overexpended several departments in the General Fund totaling \$602 417. Also overexpenditures of \$85 130 was noted in the School's Capital Reserve Fund.

Effect: Funds were expended out of several departments before the appropriate budget amendments were made.

Cause: The Board failed to adopt the budget amendments prior to fiscal year end.

Recommendation: Swain County should not expend any funds unless there is adequate amounts in the particular department budget.

Management Response: The County agrees with this finding.

Uncorrected Finding: The County did not correct this finding from the previous year.

Findings Related to the Audit of the General Purpose  
Financial Statements of Swain County: Continued:

2009-5 Compliance

Condition: The Sheriff's department and Health department are sometimes not depositing funds in a timely manner.

Criteria: Bank deposits are to be made when the amount of cash exceeds \$250.

Effect: It is possible for cash to be misappropriated.

Cause: The County has not implemented proper training to department heads relative to making bank deposits.

Recommendation: We recommend the finance officer meet with all department heads and stress the importance of internal controls in all areas.

Management Response: The County agrees with this finding.

Uncorrected Finding: The County did not correct this finding from the previous year.

2009-6 Compliance

Condition: All Local Governments are to adopt a balanced budget and make necessary amendments to the original budget as conditions dictate.

Criteria: The County overexpended several departments in the General Fund totaling \$602 417. Also overexpenditures of \$85 130 was noted in the School's Capital Reserve Fund.

Effect: . Funds were expended out of several departments before the appropriate budget amendments were made.

Cause: The Board failed to adopt the budget amendments prior to fiscal year end.

Recommendation: Swain County should not expend any funds unless there is adequate amounts in the particular department budget.

Management Response: The County agrees with this finding.

Uncorrected Finding: The County did not correct this finding from the previous year.

Section III.

Findings and Questioned Costs Related to Federal Awards:

2009-7 Internal Controls Over Compliance

Condition: In the Medicaid Program there were 5 instances of no verification of real property ownership.

Criteria: Case workers should examine tax records to verify property ownership.

Effect: Some clients may be considered eligible when in fact they may not be.

Cause: This compliance requirement is unusual because it involves primarily assisted living clients.

Recommendation: We recommend a checklist be used to insure that property ownership is verified.

Management Response: The County agrees with this finding.

2009-8 Compliance

Federal Program: Title XIX Medicaid

Compliance Requirement: Eligibility

Condition: Out of a sample of 25, there were 5 exceptions of no real property verification.

Questioned Costs: Not determinable.

Criteria: Case workers are to examine tax records to verify property ownership.

Effect: Some clients may be considered eligible when in fact they may not be.

Cause: This compliance requirement does not have to be tested in all cases, only those involving assisted living.

Recommendation: We recommend better training of all case workers with the use of checklists to insure proper eligibility.

Management Response: The County agrees with this finding.

Section IV.

Findings and Questioned Costs Related to State Awards:

None Reported.

SWAIN COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

<u>Grantor/Pass-Through</u> <u>Grantor/Program Title</u>	<u>Federal</u> <u>CFDA</u> <u>Number</u>	<u>State</u> <u>Pass Through</u> <u>Grantor's</u> <u>Number</u>	<u>Federal</u> <u>(Direct and</u> <u>Pass Through)</u> <u>Expenditures</u>	<u>State</u> <u>Expenditures</u>	<u>Local</u> <u>Expenditures</u>
<b>FEDERAL AWARDS:</b>					
Cash Programs:					
<u>U.S. Department of Health &amp; Human</u> <u>Services</u>					
Passed Through N.C. Department of Health and Human Services:					
Division of Social Services:					
Administration:					
Low Income Home Energy Assistance					
Block Grant	93.568		70 594		
Permanency Planning	93.645		34 382	11 154	307
TANF - Administration	93.558		600 979		57 657
IVE Foster Care	93.658		132 450	87 467	28 252
NC Health Choice	93.767		17 796	2 891	2 217
Independent Living Links	93.674		733	183	
Direct Benefit Payments:					
TANF Payments	93.558		121 306	15 292	136
Energy Assistance	93.568		138 886		54
IVE Foster Care	93.658		7 320	1 681	2 132
IVE Adopt Subsidy	93.659		36 382	25 728	5 107
Social Services Block Grant	93.667		84 725	6 080	22 161
Family Preservation Grant	93.556		156 054		
Independent Living - Links	93.674		750		
Division of Medical Assistance:					
Administration:					
Title XIX - Medicaid	93.778		290 105	82 367	207 196
Title XIX - Medicaid (ARRA)	93.778		24 078		
Direct Benefit Payments:					
Title XIX - Medicaid	93.778		14 993 044	6 289 632	
Title XIX - Medicaid (ARRA)	93.778		686 619	(635 123)	(51 496)
Passed-Through N.C. Department of Health and Human Services:					
Division of Public Health:					
Health Promotion	93.991		23 851		
Maternal and Child Health	93.994		39 148		
Comp. Breast and Cervical Cancer	93.919		18 934		
Family Planning	93.994		96 322		
Wise Women	93.919		6 577		
Child Services Coordination	93.994		8 874		
Immunization Action Plan	93.268		5 192		
Bioterrorism Projects	93.283		48 029		
Home Community Block Grant	93.044		82 886		
Adult Health	93.994		7 586		
			17 733 602	5 887 352	273 723
Total U.S. Department of Health and Human Services					

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State Pass Through Grantor's Number</u>	<u>Federal (Direct and Pass Through) Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
<u>U.S. Department of Agriculture</u>					
Passed Through N.C. Department of Social Services Administration:					
Food Stamp Cluster					
Food Stamp Administration	10.561		\$ 132 758	\$ 22 627	\$ 110 131
Food Stamp Administration (ARRA)	10.561		26 876		
Food Stamp Program - Non-Cash	10.551		2 569 733		
Passed Through N.C. Department of Health & Human Services:					
Division of Public Health:					
Special Supplement Food Program for Women, Infants & Children					
	10.557		63 318		
Direct Programs:					
Forest Funds	10.665		55 533		
Community Facilities Loan Assistance	10.766		517 344		
CYFAR	10.500		15 594		
Total U.S. Department of Agriculture			<u>3 381 156</u>	<u>22 627</u>	<u>110 131</u>
<u>U.S. Department of Justice</u>					
Direct Program:					
Technology	16.592		90 000		
Passed Through N.C. Department of Crime Control and Public Safety:					
Community Policing	16.710		27 936		
CJPP	16.540	087-0799-1A	12 260		
CBA - Juvenile Justice	16.540	187006	71 254		
Total U.S. Department of Justice			<u>201 450</u>		
<u>U.S. Department of Housing and Urban Development</u>					
Passed Through N.C. Department of Commerce:					
CDBG Program	14.228	01-C-0795	167 556		
<u>U.S. Department of Homeland Security</u>					
Passed Through N.C. Department of Crime Control and Public Safety:					
Homeland Security	97.004	DOJ-05-044	20 629		
Emergency Management Assistance	97.029	EMPG-2004	24 862		
Total U.S. Department of Homeland Security			<u>45 491</u>		
Total Federal Cash Awards			<u>21 529 255</u>	<u>5 909 979</u>	<u>383 854</u>

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State Pass Through Grantor's Number</u>	<u>Federal (Direct and Pass Through) Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
FEDERAL AWARDS:					
Non-Cash Programs:					
<u>U.S. Department of Agriculture:</u>					
Direct Benefits Programs:					
Special Supplemental Food Program for Women, Infants & Children	10.557		261 760		
Passed Through N.C. Department of Agriculture: Commodities - Food Distribution	10.550		29 696		
Total Federal Non-Cash Awards			291 456		
Total Federal Awards			21 820 711	5 909 979	383 854
STATE AWARDS:					
Cash Programs:					
<u>N.C. Department of Public Instruction:</u>					
Public School Building Capital Fund				184 678	
<u>N.C. Department of Health and Human Services:</u>					
Division of Public Health:					
Healthy Carolinians				7 067	
Smart Start (Region A)				21 320	
Health Aid to Counties				110 491	
Tuberculosis				1 804	
Environmental Health Services				13 525	
Communicable Disease				13 345	
Food and Lodging				3 395	
Health Check				11 876	
Other County Administration				24 502	27 169
SC/SA Domiciliary Care				103 170	
CPS Expansion				42 214	
NBHV and PPHV				120	
MCC				10 196	
Toolkit				60 420	
Division of Social Services:					
State Foster Home				16 747	
State Aid to Counties				8 917	
Total N.C. Department of Health and Human Services				449 109	27 169

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State Pass Through Grantor's Number</u>	<u>Federal (Direct and Pass Through) Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
<u>N.C. Department of Agriculture</u>					
Cooperative Extension				153 390	
Soil and Water Conservation District Technician				15 732	
Total N.C. Department of Agriculture				169 122	
<u>N.C. Department of Transportation</u>					
Elderly and Disabled Transportation Assistance				146 364	
Rural General Public				51 745	
Work First				4 730	
Total N.C. Department of Transportation				202 839	
<u>N.C. Department of Environment and Natural Resources</u>					
Clean Water Management Trust				239 095	
<u>N.C. Department of Parks and Recreation</u>					
Partf				8 972	
Total State Awards				1 253 815	
Total Federal and State Awards			<u>\$ 21 820 711</u>	<u>\$ 7 163 794</u>	<u>\$ 411 023</u>

Note 1 - Basis of Presentation:

The accompanying schedule of expenditures of Federal and State awards includes the Federal and State grant activity of Swain County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and the State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Benefit payments are paid directly to recipients and are not included in the County's general purpose financial statements. However, due to the County's involvement in determining eligibility, they are considered Federal awards to the County and are included in this schedule.

Note 2 - Subrecipient Pass Throughs:

Federal and State Awards which have been passed through to subrecipients:

<u>Subrecipient</u>	<u>Program Name</u>	<u>Federal CFDA #</u>	<u>Federal</u>	<u>State</u>
Swain County Board of Education	Forest Funds	10.665	\$ 55 533	\$
Southwest Commission	Community Based Alternatives	16.540	71 254	
State of Franklin	EHTAP	N/A		146 364
State of Franklin	Rural General Public	N/A		51 745
Swain County Board of Education	Public School Building Capital Fund	N/A		184 678

Note 3 - Loans Outstanding:

Swain County had the following loan balance outstanding at June 30, 2009:

<u>Program Name</u>	<u>Federal CFDA #</u>	<u>Amount Outstanding</u>
USDA Loan	10.766	\$ 8 898 570