

**SWAIN COUNTY  
NORTH CAROLINA**

**BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**MARTIN ♦ STARNES  
& ASSOCIATES, CPAs, P.A.**

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*"A Professional Association of Certified Public Accountants and Management Consultants"*



# SWAIN COUNTY NORTH CAROLINA

## BOARD OF COUNTY COMMISSIONERS

Phil Carson – Chairman  
David Monteith – Vice-Chair  
Ben Bushyhead  
Danny Burns  
Steve Moon

## OFFICIALS

Kevin S. King – County Manager  
Dean Kowal – Finance Officer  
Diana Williamson Kirkland – Register of Deeds  
Peggy Hyde – Tax Administrator

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# SWAIN COUNTY, NORTH CAROLINA

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# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

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## **Independent Auditor's Report**

To the Board of County Commissioners  
Swain County  
Bryson City, North Carolina

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

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

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

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Swain County Tourist Development Authority. Those financial statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Swain County Tourist Development Authority, is based solely on the report of another auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Swain County Tourist Development Authority were not audited in accordance with *Government Auditing Standards*.

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

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

### ***Opinions***

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

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance Schedule of Funding Progress, the Other Post-Employment Benefits' Schedules of Funding Progress and Employer Contributions, the Local Government Employees' Retirement System Schedules of the County's Proportionate Share of the Net Pension Liability (Asset) and County Contributions, and the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Liability (Asset) and Schedule of County Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economical, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Swain County's basic financial statements. The combining and individual fund financial statements, budget and actual schedules, supplemental ad valorem tax schedules, and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budget and actual schedules, supplemental ad valorem tax schedules, and other schedules are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditor. In our opinion, based on our audit, the procedures performed as described above, and the report of other auditors, the combining and individual fund financial statements, budget and actual schedules, supplemental ad valorem tax schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2016, on our consideration of Swain County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Swain County's internal control over financial reporting and compliance.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
December 16, 2016

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## Management's Discussion and Analysis

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

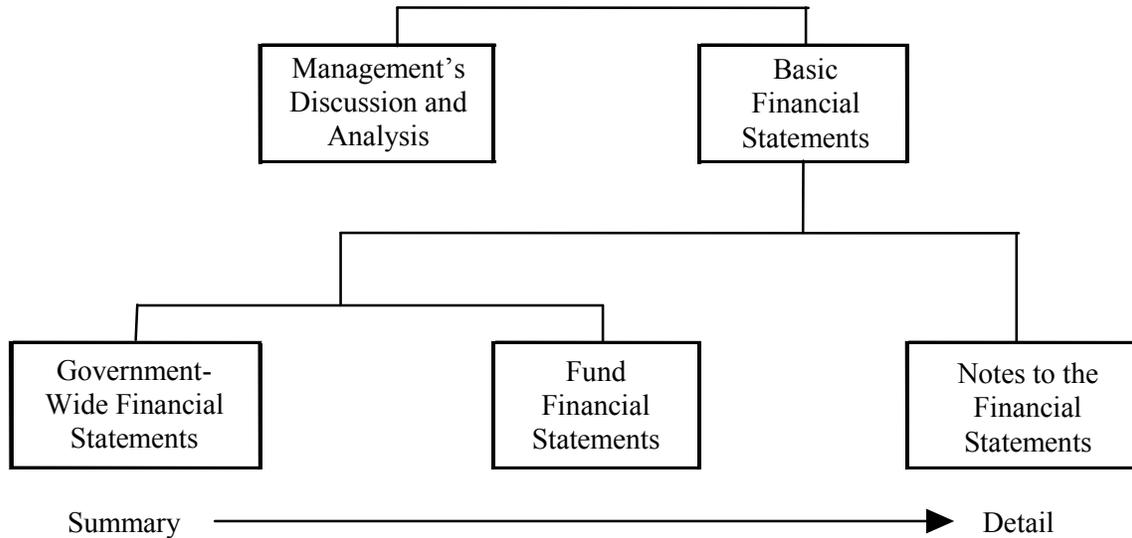
### Financial Highlights

- The assets and deferred outflows of resources of Swain County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$26,715,717 (*net position*).
- The government's total net position increased by \$560,669, due to an increase in net position of both the governmental activities and business-type activities.
- As of the close of the current fiscal year, Swain County's governmental funds reported combined ending fund balances of \$23,937,867 after a net decrease in fund balance of \$1,285,993. Approximately 65.3% of this total amount, or \$15,637,157, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$7,168,752, or 32.0%, of total General Fund expenditures and transfers out for the fiscal year.
- Swain County's total debt decreased by \$1,838,403 (9.58%) during the current fiscal year. The County made principal payments of \$2,338,403 during the year and had debt proceeds of \$500,000. Proceeds were received for vehicle purchases.
- The County's bond rating is Baa.

### Overview of the Financial Statements

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

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



**Basic Financial Statements**

The first two statements (Exhibits A and B) in the basic financial statements are the **Government-Wide Financial Statements**. They provide both short and long-term information about the County’s financial status.

The next statements (Exhibits C through J) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County’s government. These statements provide more detail than the government-wide statements. There are four parts to the fund financial statements: 1) the governmental funds statements, 2) the budgetary comparison statements, 3) the proprietary fund statements, and 4) the fiduciary fund statements.

The next section of the basic financial statements is the **Notes to the Financial Statements**. The notes explain in detail some of the data contained in those statements. After the notes, **Supplemental Information** is provided to show details about the County’s nonmajor governmental funds and internal service funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the North Carolina General Statutes can also be found in this part of the statements.

Following the notes is the required supplementary information. This section contains funding information about the County’s pension plans.

## **Government-Wide Financial Statements**

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

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

The government-wide financial statements are divided into three categories: 1) governmental activities, 2) business-type activities, and 3) component unit. The governmental activities include most of the County's basic services such as general government, public safety, environmental protection, economic and physical development, human services, cultural and recreational, and public education. Property taxes and Federal and State grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. This includes the solid waste (landfill) operation offered by Swain County. The final category is the component unit. The County appoints three of the five members of the Swain County Tourist Development Authority and is financially accountable for the Authority in doing so. Information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on Exhibits A and B of this report.

## **Fund Financial Statements**

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

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

Swain County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board of County Commissioners about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities.

The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

**Proprietary Funds.** Swain County has one kind of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Swain County uses an Enterprise Fund to account for its solid waste operations. This fund is the same as those separate activities shown in the business-type activities in the Statement of Net Position and Statement of Activities.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Swain County has five agency funds.

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

**Other Information.** In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Swain County's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information immediately follows the notes to the financial statements.

### **Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$26,715,717 as of June 30, 2016. The County's net position increased by \$560,669 for the fiscal year ended June 30, 2016.

One of the largest portions, \$11,184,183 (41.9%), reflects the County's net investment in capital assets (e.g., land, buildings, vehicles, and equipment). Swain County uses these 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 outstanding related debt, the resources needed to repay that debt must be provided from other sources since the capital assets cannot be used to liquidate these liabilities. An additional portion of Swain County's net position, \$15,637,157 (58.5%), represents resources that are subject to external restrictions on how they may be used.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current and other assets	\$ 25,324,644	\$ 27,186,498	\$ (274,693)	\$ (306,532)	\$ 25,049,951	\$ 26,879,966
Capital assets	21,438,421	21,633,404	588,782	389,258	22,027,203	22,022,662
Total assets	<u>46,763,065</u>	<u>48,819,902</u>	<u>314,089</u>	<u>82,726</u>	<u>47,077,154</u>	<u>48,902,628</u>
Deferred outflows of resources	<u>437,922</u>	<u>525,552</u>	<u>17,330</u>	<u>18,590</u>	<u>455,252</u>	<u>544,142</u>
Long-term liabilities outstanding	17,346,354	19,184,757	-	-	17,346,354	19,184,757
Other liabilities	<u>2,998,065</u>	<u>2,336,567</u>	<u>114,281</u>	<u>79,151</u>	<u>3,112,346</u>	<u>2,415,718</u>
Total liabilities	<u>20,344,419</u>	<u>21,521,324</u>	<u>114,281</u>	<u>79,151</u>	<u>20,458,700</u>	<u>21,600,475</u>
Deferred inflows of resources	<u>345,188</u>	<u>1,624,607</u>	<u>12,801</u>	<u>66,640</u>	<u>357,989</u>	<u>1,691,247</u>
<b>Net Position:</b>						
Net investment in capital assets	10,595,401	10,922,721	588,782	389,258	11,184,183	11,311,979
Restricted	15,637,157	17,267,116	-	-	15,637,157	17,267,116
Unrestricted	<u>278,822</u>	<u>(1,990,314)</u>	<u>(384,445)</u>	<u>(433,733)</u>	<u>(105,623)</u>	<u>(2,424,047)</u>
Total net position	<u>\$ 26,511,380</u>	<u>\$ 26,199,523</u>	<u>\$ 204,337</u>	<u>\$ (44,475)</u>	<u>\$ 26,715,717</u>	<u>\$ 26,155,048</u>

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

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 95.43%
- Continued low cost of debt due to the County's bond rating
- Management's proactive stance on monitoring spending across County departments to ensure compliance with the budget
- Increase in other tax revenues
- Increase in total expenditures from prior year, particularly in general government and human services departments

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

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 3,339,948	\$ 3,504,504	\$ 906,737	\$ 876,265	\$ 4,246,685	\$ 4,380,769
Operating grants and contributions	5,418,802	8,231,766	-	-	5,418,802	8,231,766
Capital grants and contributions	172,808	96,175	-	-	172,808	96,175
General revenues:						
Property taxes	6,011,393	5,785,981	-	-	6,011,393	5,785,981
Other taxes	4,056,931	3,950,655	-	-	4,056,931	3,950,655
Unrestricted intergovernmental	1,411,674	1,366,708	-	-	1,411,674	1,366,708
Other	628,451	210,965	-	-	628,451	210,965
Total revenues	21,040,007	23,146,754	906,737	876,265	21,946,744	24,023,019
<b>Expenses:</b>						
General government	3,835,968	3,035,222	-	-	3,835,968	3,035,222
Public safety	3,262,761	5,629,560	-	-	3,262,761	5,629,560
Environmental protection	136,583	95,854	-	-	136,583	95,854
Economic and physical development	1,645,167	1,675,566	-	-	1,645,167	1,675,566
Human services	9,337,786	6,195,684	-	-	9,337,786	6,195,684
Cultural and recreational	94,328	123,929	-	-	94,328	123,929
Education	1,399,541	1,081,797	-	-	1,399,541	1,081,797
Interest on long-term debt	742,854	720,746	-	-	742,854	720,746
Solid waste	-	-	931,087	894,332	931,087	894,332
Total expenses	20,454,988	18,558,358	931,087	894,332	21,386,075	19,452,690
Increase (decrease) in net position before transfers	585,019	4,588,396	(24,350)	(18,067)	560,669	4,570,329
Transfers	(273,162)	(48,017)	273,162	48,017	-	-
Change in net position	311,857	4,540,379	248,812	29,950	560,669	4,570,329
<b>Net Position:</b>						
Beginning of year - July 1	26,199,523	22,467,957	(44,475)	(36,504)	26,155,048	22,431,453
Beginning of year - restated	-	21,659,144	-	(74,425)	-	21,584,719
End of year - June 30	\$ 26,511,380	\$ 26,199,523	\$ 204,337	\$ (44,475)	\$ 26,715,717	\$ 26,155,048

**Governmental Activities.** Governmental activities increased the County's net position by \$311,857, thereby accounting for 55.6% of the total growth in the net position of Swain County. Property taxes provided 28.6% of funding at \$6,011,393, charges for services funded \$3,339,948, local option sales tax funded \$3,286,724, and operating and capital grants funded \$5,591,610 of governmental activities. Net position increased due to a decrease in long-term liabilities.

**Business-Type Activities.** Business-type activities increased Swain County's net position by \$248,812, accounting for 44.4% of the total growth in net position of the County. That increase is primarily attributable to a transfer from the general fund.

### **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, fund balance available for appropriation 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, Swain County's fund balance available in the General Fund was \$8,448,413, while total fund balance reached \$9,882,921. The County currently has an available fund balance of 38.61% of General Fund expenditures and transfers out, while total fund balance represents 45.16% of that same amount. Total fund balance in the General Fund decreased \$1,475,055. This decrease is primarily attributable to the decrease in cash and decrease in grant funding.

The Permanent Fund's balance at year-end was \$13,824,366, an increase of \$247,966 over the prior year. The primary reason for the increase in fund balance is the increase in investment earnings.

At June 30, 2016, the governmental funds of Swain County reported combined ending fund balance of \$23,937,867, a 5.10% decrease over prior year. The primary reason for this decrease is the decrease in fund balance of the General Fund.

**General Fund Budgetary Highlights.** During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into 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 services. Total amendments to the General Fund budget increased the revenue sources by \$1,099,880 and increased other financing sources and uses by \$5,229,374.

**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 position of the Solid Waste Fund at the end of the fiscal year amounted to a deficit of \$384,445. The total increase in net position for the major fund was \$248,812. Other factors concerning the finances of the fund have already been addressed in the discussion of Swain County's business-type activities.

## Capital Asset and Debt Administration

**Capital Assets.** Swain County's capital assets for its governmental and business-type activities as of June 30, 2016, totals \$22,027,203 (net of accumulated depreciation). These assets include land, buildings and improvements, vehicles, and equipment.

Major capital asset transactions during the year include:

- One ambulance
- Steam Turntable completion
- Steam Engine refurbishment
- E-911 Building completed

**Swain County's Capital Assets**  
**Figure 4**

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 4,679,412	\$ 4,679,412	\$ -	\$ -	\$ 4,679,412	\$ 4,679,412
Buildings	19,953,443	19,355,022	607,030	607,030	20,560,473	19,962,052
Equipment	4,736,776	3,067,623	444,072	440,365	5,180,848	3,507,988
Vehicles	2,731,124	2,520,560	878,419	713,544	3,609,543	3,234,104
Construction in progress	-	1,667,172	104,580	-	104,580	1,667,172
Subtotal	32,100,755	31,289,789	2,034,101	1,760,939	34,134,856	33,050,728
Less accumulated depreciation	(10,662,334)	(9,656,385)	(1,445,319)	(1,371,681)	(12,107,653)	(11,028,066)
Total	<u>\$ 21,438,421</u>	<u>\$ 21,633,404</u>	<u>\$ 588,782</u>	<u>\$ 389,258</u>	<u>\$ 22,027,203</u>	<u>\$ 22,022,662</u>

Additional information on the County's capital assets can be found in the notes to the financial statements.

**Long-Term Debt.** As of June 30, 2016, Swain County had the following outstanding debt obligations:

**Swain County's Outstanding Debt**  
**Figure 5**

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
General obligation bonds	\$ -	\$ 1,245,000	\$ -	\$ -	\$ -	\$ 1,245,000
Installment purchases	8,195,549	8,483,823	-	-	8,195,549	8,483,823
Mortgages and loans	1,089,744	1,260,226	-	-	1,089,744	1,260,226
USDA debt	8,061,061	8,195,708	-	-	8,061,061	8,195,708
Total	<u>\$ 17,346,354</u>	<u>\$ 19,184,757</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,346,354</u>	<u>\$ 19,184,757</u>

The County's debt decreased by \$1,838,403 (9.58%) during the past fiscal year, primarily due to the payment of the County's general obligation bonds.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Swain County is approximately \$112,936,913, which is significantly greater than Swain County's outstanding debt.

More detailed information on the County's long-term debt can be found in the notes to the financial statements of this audited financial report.

### **Economic Factors and Next Year's Budgets and Rates**

The following key economic indicators reflect the growth and prosperity of the County.

- Sales tax has increased due to a high tourism industry. Tourism has increased approximately 5% over last year at this same time.

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

**Governmental Activities.** The County's overall budget remains comparable with last year's allocations. The County is expecting a decrease in TVA PILT Payments which has been \$650,000, but now is being reduced to \$600,000 for 2016/2017. We are also preparing for additional reduction in the human service due to the EBCI creating a new DSS department within the boundary.

**Business-Type Activities.** We have adjusted the estimated budget line items to increase the amount of appropriation from the General Fund to the sanitation department for the new compactor convenience site. This will help in the long term to help stabilize the fund deficit experienced in prior years.

### **Requests for Information**

This report is designed to provide a general 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 addressed to the Office of the Finance Officer, P.O. Box 2321, Bryson City, NC 28713. You can also call (828)-488-9273 or visit our website at [www.swaincountync.gov](http://www.swaincountync.gov) for more information.

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## SWAIN COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION  
JUNE 30, 2016

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Swain County Tourist Development Authority</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 9,439,446	\$ -	\$ 9,439,446	\$ 164,326
Taxes receivable, net	283,016	-	283,016	-
Accounts receivable, net	97,704	55,403	153,107	-
Due from other governments	1,080,741	-	1,080,741	65,715
Notes receivable	-	-	-	85,000
Internal balance	330,096	(330,096)	-	-
Restricted cash and cash equivalents	14,028,191	-	14,028,191	-
Net pension asset	65,450	-	65,450	-
Construction in progress	-	104,580	104,580	-
Non-depreciable capital assets	4,679,412	-	4,679,412	-
Depreciable capital assets, net	<u>16,759,009</u>	<u>484,202</u>	<u>17,243,211</u>	<u>42,061</u>
Total assets	<u>46,763,065</u>	<u>314,089</u>	<u>47,077,154</u>	<u>357,102</u>
<b>Deferred Outflows of Resources:</b>				
Pension deferrals	18,086	-	18,086	-
Contributions to pension plan in current fiscal year	<u>419,836</u>	<u>17,330</u>	<u>437,166</u>	<u>-</u>
Total deferred outflows of resources	<u>437,922</u>	<u>17,330</u>	<u>455,252</u>	<u>-</u>
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	1,076,207	45,760	1,121,967	75,000
Net pension liability	467,119	19,463	486,582	-
Due in less than one year	1,337,150	10,000	1,347,150	-
Due in more than one year	<u>17,463,943</u>	<u>39,058</u>	<u>17,503,001</u>	<u>-</u>
Total liabilities	<u>20,344,419</u>	<u>114,281</u>	<u>20,458,700</u>	<u>75,000</u>
<b>Deferred Inflows of Resources:</b>				
Prepaid taxes	36,851	-	36,851	-
Pension deferrals	<u>308,337</u>	<u>12,801</u>	<u>321,138</u>	<u>-</u>
Total deferred inflows of resources	<u>345,188</u>	<u>12,801</u>	<u>357,989</u>	<u>-</u>
<b>Net Position:</b>				
Net investment in capital assets	10,595,401	588,782	11,184,183	42,061
Restricted for:				
Stabilization by State statute	1,443,191	-	1,443,191	65,715
Restricted for public safety	106,874	-	106,874	-
Restricted for human services	22,129	-	22,129	-
Restricted for education	474,833	-	474,833	-
Restricted for future debt service	790,130	-	790,130	-
Restricted for Permanent Fund - 1943 settlement	12,800,000	-	12,800,000	-
Unrestricted	<u>278,822</u>	<u>(384,445)</u>	<u>(105,623)</u>	<u>174,326</u>
Total net position	<u>\$ 26,511,380</u>	<u>\$ 204,337</u>	<u>\$ 26,715,717</u>	<u>\$ 282,102</u>

The accompanying notes are an integral part of the financial statements.

**SWAIN COUNTY, NORTH CAROLINA**

**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Program Revenues</b>			
<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	
<b>Functions/Programs:</b>				
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ 3,835,968	\$ 985,922	\$ 46,101	\$ -
Public safety	3,262,761	1,656,450	409,742	-
Environmental protection	136,583	-	23,790	-
Economic and physical development	1,645,167	59,931	-	-
Human services	9,337,786	389,434	4,859,032	-
Cultural and recreational	94,328	248,211	80,137	-
Education	1,399,541	-	-	172,808
Interest on long-term debt	742,854	-	-	-
Total governmental activities	20,454,988	3,339,948	5,418,802	172,808
<b>Business-Type Activities:</b>				
Solid waste	931,087	906,737	-	-
Total primary government	\$ 21,386,075	\$ 4,246,685	\$ 5,418,802	\$ 172,808
<b>Component Unit:</b>				
Tourist Development Authority	\$ 756,725	\$ -	\$ -	\$ -

*The accompanying notes are an integral part of the financial statements.*

**SWAIN COUNTY, NORTH CAROLINA**

**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Net (Expense) Revenue and Changes in Net Position</b>			
	<b>Primary Government</b>			<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Swain County Tourist Development Authority</b>
<b>Functions/Programs:</b>				
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ (2,803,945)	\$ -	\$ (2,803,945)	\$ -
Public safety	(1,196,569)	-	(1,196,569)	-
Environmental protection	(112,793)	-	(112,793)	-
Economic and physical development	(1,585,236)	-	(1,585,236)	-
Human services	(4,089,320)	-	(4,089,320)	-
Cultural and recreational	234,020	-	234,020	-
Education	(1,226,733)	-	(1,226,733)	-
Interest on long-term debt	(742,854)	-	(742,854)	-
Total governmental activities	(11,523,430)	-	(11,523,430)	-
<b>Business-Type Activities:</b>				
Solid waste	-	(24,350)	(24,350)	-
Total primary government	(11,523,430)	(24,350)	(11,547,780)	-
<b>Component Unit:</b>				
Tourist Development Authority				(756,725)
<b>General Revenues:</b>				
Ad valorem taxes	6,011,393	-	6,011,393	-
Local option sales tax	3,286,724	-	3,286,724	-
Occupancy tax	761,207	-	761,207	738,371
Public service taxes	9,000	-	9,000	-
Unrestricted intergovernmental revenues:				
Other taxes	1,411,674	-	1,411,674	-
Miscellaneous	-	-	-	26,917
Interest earned on investments	628,451	-	628,451	-
Total general revenues, excluding transfers	12,108,449	-	12,108,449	765,288
<b>Transfers</b>	(273,162)	273,162	-	-
Total general revenues and transfers	11,835,287	273,162	12,108,449	765,288
<b>Change in Net Position</b>	311,857	248,812	560,669	8,563
<b>Net Position:</b>				
Beginning of year - July 1	26,199,523	(44,475)	26,155,048	273,539
End of year - June 30	\$ 26,511,380	\$ 204,337	\$ 26,715,717	\$ 282,102

*The accompanying notes are an integral part of the financial statements.*

## SWAIN COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2016

	<u>General Fund</u>	<u>Permanent Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 8,172,535	\$ 1,024,366	\$ 242,545	\$ 9,439,446
Taxes receivable, net	283,016	-	-	283,016
Accounts receivable, net	97,704	-	-	97,704
Due from other funds	348,997	-	4,706	353,703
Due from other governments	1,076,764	-	3,977	1,080,741
Cash and cash equivalents, restricted	1,228,191	12,800,000	-	14,028,191
Total assets	<u>\$ 11,207,207</u>	<u>\$ 13,824,366</u>	<u>\$ 251,228</u>	<u>\$ 25,282,801</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 910,756	\$ -	\$ 1,747	\$ 912,503
Due to other funds	4,706	-	18,901	23,607
Total liabilities	<u>915,462</u>	<u>-</u>	<u>20,648</u>	<u>936,110</u>
<b>Deferred Inflows of Resources:</b>				
Unavailable revenue - property taxes	283,016	-	-	283,016
Unavailable revenue - other receivables	88,957	-	-	88,957
Prepaid taxes	36,851	-	-	36,851
Total deferred inflows of resources	<u>408,824</u>	<u>-</u>	<u>-</u>	<u>408,824</u>
<b>Fund Balances:</b>				
Non-spendable, not in spendable form:				
Permanent Fund - 1943 settlement	-	12,800,000	-	12,800,000
Restricted:				
Stabilization by State statute	1,434,508	-	8,683	1,443,191
Restricted, all other	1,264,963	-	129,003	1,393,966
Committed	14,698	-	92,894	107,592
Assigned	-	1,024,366	-	1,024,366
Unassigned	7,168,752	-	-	7,168,752
Total fund balances	<u>9,882,921</u>	<u>13,824,366</u>	<u>230,580</u>	<u>23,937,867</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11,207,207</u>	<u>\$ 13,824,366</u>	<u>\$ 251,228</u>	
Amounts reported for governmental activities in the Statement of				
Activities are different because:				
Net pension asset (ROD)				65,450
Net pension liability (LGRS)				(467,119)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				21,438,421
Long-term liabilities and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.				(18,801,093)
Accrued interest payable				(163,704)
Deferred inflows of resources for taxes receivable				283,016
Deferred inflows of resources for other unavailable revenues				88,957
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position.				419,836
Pension related deferrals				(290,251)
Net position of governmental activities				<u>\$ 26,511,380</u>

The accompanying notes are an integral part of the financial statements.

## SWAIN COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund	Permanent Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Ad valorem taxes	\$ 5,998,572	\$ -	\$ -	\$ 5,998,572
Local option sales taxes	3,286,724	-	-	3,286,724
Other taxes and licenses	770,207	-	-	770,207
Restricted intergovernmental revenues	5,068,746	-	522,864	5,591,610
Unrestricted intergovernmental revenues	1,411,674	-	-	1,411,674
Permits and fees	302,377	-	-	302,377
Sales and services	2,387,261	-	-	2,387,261
Interest earned on investments	30,315	597,966	170	628,451
Miscellaneous	622,157	-	-	622,157
Total revenues	<u>19,878,033</u>	<u>597,966</u>	<u>523,034</u>	<u>20,999,033</u>
<b>Expenditures:</b>				
Current:				
General government	3,712,746	-	-	3,712,746
Public safety	3,778,345	-	429,024	4,207,369
Environmental protection	133,398	-	-	133,398
Economic and physical development	1,418,223	-	266,307	1,684,530
Human services	7,566,077	-	119,512	7,685,589
Cultural and recreational	634,010	-	-	634,010
Education	1,399,541	-	-	1,399,541
Debt service:				
Principal repayments	2,338,403	-	-	2,338,403
Interest	716,278	-	-	716,278
Total expenditures	<u>21,697,021</u>	<u>-</u>	<u>814,843</u>	<u>22,511,864</u>
Revenues over (under) expenditures	<u>(1,818,988)</u>	<u>597,966</u>	<u>(291,809)</u>	<u>(1,512,831)</u>
<b>Other Financing Sources (Uses):</b>				
Issuance of long-term debt	500,000	-	-	500,000
Transfers in	526,636	-	409,541	936,177
Transfers out	(682,703)	(350,000)	(176,636)	(1,209,339)
Total other financing sources (uses)	<u>343,933</u>	<u>(350,000)</u>	<u>232,905</u>	<u>226,838</u>
Net change in fund balances	(1,475,055)	247,966	(58,904)	(1,285,993)
<b>Fund Balances:</b>				
Beginning of year - July 1	<u>11,357,976</u>	<u>13,576,400</u>	<u>289,484</u>	<u>25,223,860</u>
End of year - June 30	<u>\$ 9,882,921</u>	<u>\$ 13,824,366</u>	<u>\$ 230,580</u>	<u>\$ 23,937,867</u>

The accompanying notes are an integral part of the financial statements.

**SWAIN COUNTY, NORTH CAROLINA**

**RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2016**

Amounts reported for governmental activities in the Statement of Activities (Exhibit B) are different due to the following items:

Net change in fund balances - total governmental funds	\$ (1,285,993)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds statement.	40,974
Expenses related to interest expense that do not require current financial resources are not reported as expenditures in the governmental funds statement.	(26,576)
Expenses related to compensated absences, Other Post-Employment Benefits, and Law Enforcement Officers' Separation Allowance that do not require current financial resources are not reported as expenditures in the governmental funds statement.	(195,981)
Capital outlays are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, capital outlay is not an expense, rather it is an increase in capital assets.	853,738
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(1,048,721)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,838,403
Pension expense	(283,823)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	<u>419,836</u>
Change in net position of governmental activities (Exhibit B)	<u>\$ 311,857</u>

*The accompanying notes are an integral part of the financial statements.*

## SWAIN COUNTY, NORTH CAROLINA

**STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2016**

	Budgeted Amounts		Actual	Variance from Final Budget Over/Under
	Original	Final		
<b>Revenues:</b>				
Ad valorem taxes	\$ 5,740,204	\$ 5,740,205	\$ 5,998,572	\$ 258,367
Local option sales taxes	2,200,000	2,270,000	2,709,875	439,875
Other taxes and licenses	611,000	861,000	770,207	(90,793)
Unrestricted intergovernmental revenues	1,388,000	1,388,000	1,411,674	23,674
Restricted intergovernmental revenues	4,845,378	5,263,525	4,895,938	(367,587)
Permits and fees	230,000	282,000	302,377	20,377
Sales and services	2,119,670	2,406,876	2,387,261	(19,615)
Investment earnings	6,000	6,000	29,992	23,992
Miscellaneous	611,200	739,700	603,308	(136,392)
Total revenues	<u>17,751,452</u>	<u>18,957,306</u>	<u>19,109,204</u>	<u>151,898</u>
<b>Expenditures:</b>				
Current:				
General government	2,863,418	6,358,418	3,712,746	2,645,672
Public safety	3,641,148	4,012,996	3,778,345	234,651
Environmental protection	111,065	175,971	133,398	42,573
Economic and physical development	1,107,600	1,477,390	1,372,111	105,279
Human services	7,139,736	7,885,210	7,566,077	319,133
Cultural and recreational	664,089	669,089	634,010	35,079
Intergovernmental:				
Education	1,328,000	1,518,000	1,399,541	118,459
Debt service:				
Principal retirement	1,338,403	2,338,403	2,338,403	-
Interest expense	600,702	857,702	716,278	141,424
Total expenditures	<u>18,794,161</u>	<u>25,293,179</u>	<u>21,650,909</u>	<u>3,642,270</u>
Revenues over (under) expenditures	<u>(1,042,709)</u>	<u>(6,335,873)</u>	<u>(2,541,705)</u>	<u>3,794,168</u>
<b>Other Financing Sources (Uses):</b>				
Long-term debt issued	-	3,700,000	500,000	(3,200,000)
Transfers in	1,200,000	1,532,990	1,516,475	(16,515)
Transfers out	(207,522)	(482,522)	(682,703)	(200,181)
Appropriated fund balance	50,231	1,585,405	-	(1,585,405)
Total other financing sources (uses)	<u>1,042,709</u>	<u>6,335,873</u>	<u>1,333,772</u>	<u>(5,002,101)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(1,207,933)</u>	<u>\$ (1,207,933)</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>10,601,323</u>	
End of year - June 30			<u>\$ 9,393,390</u>	

The accompanying notes are an integral part of the financial statements.

## SWAIN COUNTY, NORTH CAROLINA

## STATEMENT OF NET POSITION

## PROPRIETARY FUNDS

JUNE 30, 2016

	<b>Business-Type Activities</b>
	<b>Solid Waste Fund</b>
<b>Assets:</b>	
Current assets:	
Accounts receivable, net	\$ 55,403
Non-current assets:	
Construction in progress	104,580
Depreciable capital assets, net	484,202
Total non-current assets	588,782
Total assets	644,185
<b>Deferred Outflows of Resources</b>	17,330
<b>Liabilities:</b>	
Current liabilities:	
Accounts payable and accrued liabilities	45,760
Due to General Fund	330,096
Compensated absences payable - current	10,000
Total current liabilities	385,856
Non-current liabilities:	
Net pension liability	19,463
Compensated absences payable	5,775
Long-term liabilities - non-current	33,283
Total non-current liabilities	58,521
Total liabilities	444,377
<b>Deferred Inflows of Resources</b>	12,801
<b>Net Position:</b>	
Investment in capital assets	588,782
Unrestricted	(384,445)
Total net position	\$ 204,337

The accompanying notes are an integral part of the financial statements.

**SWAIN COUNTY, NORTH CAROLINA**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN FUND NET POSITION - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Business-Type Activities</b>
	<b>Solid Waste Fund</b>
<b>Operating Revenues:</b>	
Charges for services	\$ 777,600
Scrap tire and white goods revenues	87,216
Other	<u>41,921</u>
Total operating revenues	<u>906,737</u>
<b>Operating Expenses:</b>	
Waste management operations	857,449
Depreciation	<u>73,638</u>
Total operating expenses	<u>931,087</u>
Operating income (loss)	(24,350)
Transfers in (out)	<u>273,162</u>
Change in net position	248,812
<b>Net Position:</b>	
Beginning of year- July 1	<u>(44,475)</u>
End of year- June 30	<u>\$ 204,337</u>

*The accompanying notes are an integral part of the financial statements.*

## SWAIN COUNTY, NORTH CAROLINA

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2016

	<b>Business-Type Activities</b>
	<b>Solid Waste Fund</b>
<b>Cash Flows from Operating Activities:</b>	
Cash received from customers	\$ 903,895
Cash paid for goods and services	(611,468)
Cash paid to employees for services	(232,356)
Net cash provided (used) by operating activities	<u>60,071</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>	
Interfund activities	(60,071)
Transfers to/from other funds	273,162
Net cash provided (used) by noncapital financing activities	<u>213,091</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Acquisition and construction of capital assets	<u>(273,162)</u>
Net increase (decrease) in cash and cash equivalents	-
<b>Cash and Cash Equivalents:</b>	
Beginning of year - July 1	<u>-</u>
End of year - June 30	<u>\$ -</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>	
Operating income (loss)	\$ (24,350)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	73,638
Changes in assets and liabilities:	
(Increase) decrease in receivables	(2,842)
Increase (decrease) in accounts payable and accrued liabilities	16,949
(Increase) decrease in net pension asset	27,140
Increase (decrease) in net pension liability	19,463
Increase (decrease) in deferred inflows of resources for pensions	(53,839)
(Increase) decrease in deferred outflows of resources for pensions	1,260
Increase (decrease) in other post-employment benefits	2,018
Increase (decrease) in accrued vacation pay	<u>634</u>
Net cash provided (used) by operating activities	<u>\$ 60,071</u>

*The accompanying notes are an integral part of the financial statements.*

**SWAIN COUNTY, NORTH CAROLINA**

**STATEMENT OF FIDUCIARY NET POSITION**

**FIDUCIARY FUND**

**JUNE 30, 2016**

	<u>Agency Funds</u>
<b>Assets:</b>	
Cash and cash equivalents	\$ 54,676
<b>Liabilities:</b>	
Miscellaneous liabilities	\$ 52,675
Intergovernmental payable	<u>2,001</u>
Total liabilities	<u>\$ 54,676</u>

*The accompanying notes are an integral part of the financial statements.*

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# SWAIN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

### 1. Summary of Significant Accounting Policies

The accounting policies of Swain County, North Carolina (the “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.

#### Discretely Presented Component Unit

##### *Swain County Tourist Development Authority*

The Swain County Tourist Development Authority (the “Authority”) exists to promote travel, tourism, and conventions for the County. 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. The Authority, which has a June 30 year-end, is presented as if it was a separate governmental fund of the County (discrete presentation). Complete financial statements can be obtained from the Authority’s administrative office in Bryson City, North Carolina.

#### B. Basis of Presentation, Basis of Accounting

##### **Basis of Presentation, Measurement Focus – Basis of Accounting**

**Government-Wide Statements.** The Statement of Net Position and the Statement of Activities display information about the primary government’s net position (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 *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

# SWAIN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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

**Fund Financial Statements.** The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise 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. Non-operating revenues, such as subsidies, result from non-exchange transactions. Other non-operating items such as investment earnings are ancillary activities.

The County reports the following major governmental funds:

**General Fund.** This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The Schools Capital Reserve Fund and the Economic Development Fund are legally budgeted funds under North Carolina General Statutes; however, for statement presentation, in accordance with GASB Statement No. 54, they are consolidated in the General Fund.

**Permanent Fund.** The Permanent Fund accounts for resources received from the partial Settlement of the 1943 Agreement with the U.S. Department of the Interior. The interest earned on the non-expendable trust principal is unrestricted.

The County reports the following major enterprise funds:

**Solid Waste 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.

# SWAIN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

The County reports the following fund types:

**Agency Funds.** Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following 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 Municipal Tax Fund, which accounts for funds that are billed and collected by the County for various municipalities and special districts within the County; the Deed of Trust Fees Fund, which accounts for the \$5 of each fee collected by the Register of Deeds for registering or filing a deed of trust or mortgage and is remitted to the State Treasurer on a monthly basis; the Inmate Trust Fund, which accounts for monies deposited with the Jail for the benefit of certain individuals; and the Social Services Trust Fund, which accounts for monies deposited with the Social Services Department for the benefit of certain individuals.

**Nonmajor Funds.** The County maintains the following legally budgeted funds:

Special revenue funds:

- 1) Emergency Telephone System Fund
- 2) Family Preservation Grant Fund
- 3) CDBG Fund

Capital projects:

- 1) Public Safety
- 2) Museum Construction
- 3) Steam Project

The Schools Capital Reserve Fund and the Economic Development Fund are consolidated into the General Fund in accordance with GASB Statement No. 54.

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 Funds Financial Statements.** The government-wide, proprietary, and fiduciary funds financial statements are reported using the economic resources measurement focus, except for the agency funds which have no measurement focus. The government-wide, proprietary fund, and fiduciary funds financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, 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.

# SWAIN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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

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

**Governmental Fund Financial Statement.** Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County considers all revenues available if they are collected within 60 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013, and for limited registration plates are shown as a receivable on these financial statements and are offset by deferred inflows of resources.

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

# SWAIN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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

### **C. Budgetary Data**

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the special revenue funds (except for the CDBG Fund), the Permanent Fund, and the Enterprise Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the CDBG Fund and for all capital projects 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 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 \$500, 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, 2016, budgets as amended. The governing board must approve all amendments. During the year, several immaterial amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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, 2016, the County did not have any purchase orders outstanding.

### **D. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Fund Equity**

#### **Deposits and Investments**

All deposits of the County are made in board-designated official depositories and are secured as required by G.S. 159-31. The County may designate as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County 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 to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT).

# SWAIN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

The County's investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, an SEC-registered (2a-7) external investment pool is measured at amortized cost, which is the NCCMT's share price. The County's Permanent Fund is invested in the State Treasurer's STIF and LTIF investment funds. The State Treasurer may invest the proceeds in equities of certain publicly held companies and long or short term fixed income investments as detailed in G.S. 147-69.2(b)(1-6) and (8). The State Treasurer's Short-Term Investment Fund (STIF) consists of short to intermediate treasuries, agencies, and corporate issues authorized by G.S. 147-69.1. The STIF securities are reported at cost and maintain a constant \$1 per share value. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to participants of the fund. The Long-Term Investment Fund (LTIF) consists of investment grade corporate securities, treasuries, and agencies. The LTIF is also valued at \$1 per share.

### 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 considers demand deposits and investments purchased with an original maturity of three months or less, which are not limited as to use, to be cash and cash equivalents.

### Restricted Assets

The money being held in a sinking fund with the US Bank for the future payoff of \$1,500,000 of N.C. Qualified Zone Academy Bonds is classified as restricted. Money in the Schools Capital Reserve Fund is classified as restricted assets because its use is restricted per North Carolina General Statute 159-18 through 22. The unspent debt proceeds plus interest for a construction project is classified as restricted because its use is completely restricted to the purpose for which the debt was originally issued. The Permanent Fund's restricted investments represent the non-expendable portion of the Swain Settlement funds.

#### Swain County Restricted Cash

<b>Governmental activities:</b>		
General Fund	Sinking fund for future QZAB payoff	\$ 790,130
	Schools Capital Reserve Fund	<u>438,061</u>
		1,228,191
Permanent Fund	Non-expendable portion of settlement funds	<u>12,800,000</u>
Total governmental activities		<u>\$ 14,028,191</u>

# SWAIN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

### **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 property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2015. As allowed by State law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

### **Allowances for Doubtful Accounts**

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

### **Capital Assets**

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. Capital assets are defined by the County as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of one year. Capital assets of the County include land, buildings, building improvements, furniture and equipment, and vehicles. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

# SWAIN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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

<u>Asset Type</u>	<u>Estimated Useful Lives</u>
Buildings	40 years
Building improvements	40 years
Furniture and equipment	5-7 years
Vehicles and motorized equipment	5 years

### **Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to future period and so will not be recognized as an expense or expenditure until then. The County has two items that meet this criteria – contributions made to the pension plan in the current fiscal year and pension deferrals. In addition to liabilities, the Statement of Net Position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has four items that meet the criteria for this category – prepaid taxes, property taxes receivable, other receivables, and other pension related deferrals.

### **Long-Term Obligations**

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Position.

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

### **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. An expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned in the County's government-wide and proprietary funds. The County has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

# SWAIN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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 the County does not have any obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

### **Net Position/Fund Balances**

#### **Net Position**

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

#### **Fund Balances**

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

The governmental fund types classify fund balances as follows:

**Non-Spendable Fund Balance.** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

*Permanent Fund – 1943 Settlement* – principal amount derived from the 1943 agreement with the Department of Interior are to remain in perpetuity.

**Restricted Fund Balance.** This classification includes revenue sources that are restricted to specific purposes externally imposed by creditors or imposed by law.

*Restricted for Stabilization by State Statute* – portion of fund balance that is restricted by State statute [G.S. 159-8(a)].

*Restricted for Public Safety* – portion of fund balance that is restricted by revenue source to pay for emergency telephone technology.

*Restricted for Human Services* – portion of fund balance that is restricted by revenue source for social services.

*Restricted for Education* – portion of fund balance that can only be used for retirement of school debt and is restricted by revenue source.

*Restricted for Future Debt Service* – portion of fund balance restricted for payoff of Qualified Zone Academy Bonds.

**SWAIN COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

<u>Purpose</u>	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>
Restricted, all other:		
Future debt service	\$ 790,130	\$ -
Public safety	-	106,874
Human services	-	22,129
Education	474,833	-
Total	<u>\$ 1,264,963</u>	<u>\$ 129,003</u>

**Committed Fund Balance.** This classification represents the portion of fund balance that can only be used for specific purposes imposed by majority vote of the Swain County Board of County Commissioners (highest level of decision-making authority). The Board of Commissioners can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, any changes or removal of specific purpose of the ordinance requires majority action, the adoption of another ordinance by the Commissioners.

*Committed for Public Safety* – portion of fund balance that has been budgeted by the Board that can only be used for law enforcement capital expenditures.

*Committed for Economic and Physical Development* – portion of fund balance that can only be used for economic development purposes.

<u>Purpose</u>	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>
Committed:		
Public safety	\$ -	\$ 92,894
Economic and physical development	14,698	-
Total	<u>\$ 14,698</u>	<u>\$ 92,894</u>

**SWAIN COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**Assigned Fund Balance.** Assigned fund balance is the portion of fund balance that the Swain County governing board has budgeted.

<u>Purpose</u>	<u>Permanent Fund</u>
Assigned:	
General government	\$ 1,024,366

*Assigned for General Government* – portion of fund balance in the Permanent Fund that is not restricted and can be used for general government purposes by the governing board.

**Unassigned Fund Balance.** Unassigned fund balance represents the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

Swain County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: debt proceeds, Federal funds, State funds, local non-County funds, and County funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and, lastly, unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the County.

The County has not adopted a minimum fund balance policy.

The following schedule provides management and citizens with information on the portion of General Fund balance that is available for appropriation.

Total fund balance - General Fund	\$ 9,882,921
<b>Less:</b>	
Stabilization by State Statute	<u>1,434,508</u>
Total available fund balance	<u>\$ 8,448,413</u>

# SWAIN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

### Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund to the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds

A legally budgeted School Capital Reserve Fund and an Economic Development Fund are consolidated into the General Fund for reporting purposes on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds (Exhibit D). Fund balance for the General Fund is reconciled as follows:

<b>Fund Balance - Ending (Exhibit F)</b>	<b>\$ 9,393,390</b>
<b>School Capital Reserve Fund:</b>	
Local option sales tax	576,849
Restricted intergovernmental	172,808
Investment earnings	308
Transfer (out)	(988,637)
Fund balance - beginning	713,505
<b>Economic Development Fund:</b>	
Miscellaneous	18,849
Investment earnings	15
Economic Development	(46,112)
Transfer (out)	(1,202)
Fund balance - beginning	43,148
<b>Fund Balance - Ending (Exhibit D)</b>	<b><u>\$ 9,882,921</u></b>

### Defined Benefit Pension Plans

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

# SWAIN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

### E. Revenues, Expenditures, and Expenses

#### 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. Permanent Fund earnings are also transferred to the General Fund.

### F. Accounting 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.

## 2. Detail Notes on All Funds

### A. Assets

#### Deposits

All of the County’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 agent in the County’s name. 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, these deposits are considered to be held by the agents in the County’s name. 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 with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County 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.

**SWAIN COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County relies on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institution used by the County. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The County has no formal policy regarding custodial credit risk for deposits.

At June 30, 2016 the County's deposits had a carrying amount of \$4,515,164 and a bank balance of \$4,677,594. Of the bank balance, \$1,010,000 was covered by federal depository insurance and \$3,667,594 was covered by collateral held under the Pooling Method. Petty cash on hand was \$165.

**Investments**

At June 30, 2016 the County had the following investments and maturities:

<u>Investments by Type</u>	<u>Valuation</u>	<u>Fair Value</u>	<u>Less Than</u>	
	<u>Measurement Method</u>		<u>One Year</u>	<u>5+ Years</u>
NC Capital Management Trust- Cash Portfolio	Amortized Cost	\$ 5,182,618	\$ 5,182,618	\$ -
State Treasurer's Short-Term Investment Fund (STIF)	Fair Value - Level 1	6,485,499	6,485,499	-
State Treasurer's Long-Term Investment Fund (LTIF)	Fair Value - Level 1	<u>7,338,867</u>	<u>-</u>	<u>7,338,867</u>
Total		<u>\$ 19,006,984</u>	<u>\$ 11,668,117</u>	<u>\$ 7,338,867</u>

**Interest Rate Risk.** The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from rising interest rates. The State Treasurer's Short-Term Investment Fund (STIF) is unrated and had a weighted average maturity of 1.5 years at June 30, 2016. The State Treasurer's Long-Term Investment Fund (LTIF) is unrated and had a weighted average maturity of 18.0 years at June 30, 2016.

**Credit Risk.** The County limits investments to the provisions of G.S. 159-30. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs); however, the County had no formal policy on managing credit risk. The County's investments in the North Carolina Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2016.

**SWAIN COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**Property Tax – Use-Value Assessment on Certain Lands**

In accordance with the general statutes, agriculture, horticulture, and forestland may be taxed by the County 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>
2014	\$ 138,438	\$ 14,187	\$ 152,625
2015	138,612	14,201	152,813
2016	144,827	14,842	159,669
Total	<u>\$ 421,877</u>	<u>\$ 43,230</u>	<u>\$ 465,107</u>

**Receivables**

Receivables at the government-wide level at June 30, 2016, were as follows:

	<u>Accounts</u>	<u>Taxes</u>	<u>Due from Other Governments</u>	<u>Total</u>
<b>Governmental Activities:</b>				
General	\$ 97,704	\$ 718,131	\$ 1,076,764	\$ 1,892,599
Other governmental	-	-	3,977	3,977
Total receivables	97,704	718,131	1,080,741	1,896,576
Allowance for doubtful accounts	-	(435,115)	-	(435,115)
Total governmental activities	<u>\$ 97,704</u>	<u>\$ 283,016</u>	<u>\$ 1,080,741</u>	<u>\$ 1,461,461</u>
<b>Business-Type Activities:</b>				
Solid waste	\$ 173,136	\$ -	\$ -	\$ 173,136
Allowance for doubtful accounts	(117,733)	-	-	(117,733)
Total business-type activities	<u>\$ 55,403</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,403</u>

**SWAIN COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
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Due from other governments consisted of the following:

	<b>Governmental Activities</b>
Local option sales taxes	\$ 468,858
DHHS programs	488,690
Sales tax refund receivable	34,247
Other receivables	<u>88,946</u>
Total	<u>\$ 1,080,741</u>

**Capital Assets**

**Governmental Activities – Capital Assets**

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

	<b>July 1, 2015</b>	<b>Increases</b>	<b>Decreases</b>	<b>June 30, 2016</b>
<b>Non-Depreciable Capital Assets:</b>				
Land	\$ 4,679,412	\$ -	\$ -	\$ 4,679,412
Construction in progress	<u>1,667,172</u>	<u>442,192</u>	<u>(2,109,364)</u>	<u>-</u>
Total non-depreciable assets	<u>6,346,584</u>	<u>442,192</u>	<u>(2,109,364)</u>	<u>4,679,412</u>
<b>Depreciable Capital Assets:</b>				
Buildings	19,355,022	598,421	-	19,953,443
Equipment	3,067,623	1,669,153	-	4,736,776
Vehicles	<u>2,520,560</u>	<u>253,336</u>	<u>(42,772)</u>	<u>2,731,124</u>
Total depreciable assets	<u>24,943,205</u>	<u>2,520,910</u>	<u>(42,772)</u>	<u>27,421,343</u>
<b>Less Accumulated Depreciation:</b>				
Buildings	5,443,946	488,426	-	5,932,372
Equipment	2,333,165	318,841	-	2,652,006
Vehicles	<u>1,879,274</u>	<u>241,454</u>	<u>(42,772)</u>	<u>2,077,956</u>
Total accumulated depreciation	<u>9,656,385</u>	<u>\$ 1,048,721</u>	<u>\$ (42,772)</u>	<u>10,662,334</u>
Total depreciable capital assets, net	<u>15,286,820</u>			<u>16,759,009</u>
Governmental activities capital assets, net	<u>\$ 21,633,404</u>			<u>\$ 21,438,421</u>

**SWAIN COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

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

**Governmental Activities:**

General government	\$ 126,893
Public safety	538,171
Environmental protection	3,178
Economic and physical development	60,608
Human services	242,581
Cultural and recreational	<u>77,290</u>
Total	<u>\$ 1,048,721</u>

**Business-Type Activities – Capital Assets**

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

	<u>July 1,</u> <u>2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30,</u> <u>2016</u>
<b>Capital Assets Not Being Depreciated:</b>				
Construction in progress	\$ -	\$ 104,580	\$ -	\$ 104,580
<b>Depreciable Capital Assets:</b>				
Buildings	607,030	-	-	607,030
Equipment	440,365	3,707	-	444,072
Vehicles	<u>713,544</u>	<u>164,875</u>	-	<u>878,419</u>
Total depreciable capital assets	<u>1,760,939</u>	<u>168,582</u>	-	<u>1,929,521</u>
<b>Less Accumulated Depreciation:</b>				
Buildings	325,700	18,173	-	343,873
Equipment	388,627	12,426	-	401,053
Vehicles	<u>657,354</u>	<u>43,039</u>	-	<u>700,393</u>
Total accumulated depreciation	<u>1,371,681</u>	<u>\$ 73,638</u>	<u>\$ -</u>	<u>1,445,319</u>
Total depreciable capital assets, net	<u>389,258</u>			<u>484,202</u>
Total business-type capital assets, net	<u>\$ 389,258</u>			<u>\$ 588,782</u>

**SWAIN COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**B. Liabilities**

**Payables**

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

	<u>Vendors</u>	<u>Salaries &amp; Benefits</u>	<u>IBNR</u>	<u>Interest Payable</u>	<u>Others</u>	<u>Total</u>
<b>Governmental Activities:</b>						
General	\$ 475,888	\$ 342,422	\$ 26,731	\$ 163,704	\$ 65,715	\$ 1,074,460
Other governmental	<u>-</u>	<u>1,747</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,747</u>
Total payables	<u>\$ 475,888</u>	<u>\$ 344,169</u>	<u>\$ 26,731</u>	<u>\$ 163,704</u>	<u>\$ 65,715</u>	<u>\$ 1,076,207</u>
<b>Business-Type Activities:</b>						
Solid waste	<u>\$ 19,646</u>	<u>\$ 26,114</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,760</u>

**Pension Plan and Other Post-Employment Obligations**

**Local Governmental Employees' Retirement System**

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

**Benefits Provided.** LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service

# SWAIN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

**Contributions.** Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2015, was 7.41% of compensation for law enforcement officers and 7.07% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$433,276 for the year ended June 30, 2016.

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

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

At June 30, 2016, the County reported a liability of \$486,582 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2015, the County's proportion was .1084%, which was a decrease of .0066% from its proportion measured as of June 30, 2014.

**SWAIN COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

For the year ended June 30, 2016, the County recognized pension expense of \$283,868. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ -	\$ 114,374
Net difference between projected and actual earnings on pension plan investments	-	138,528
Changes in proportion and differences between County contributions and proportionate share of contributions	-	67,115
County contributions subsequent to the measurement date	<u>433,276</u>	<u>-</u>
Total	<u>\$ 433,276</u>	<u>\$ 320,017</u>

\$433,276 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b><u>Year Ending June 30</u></b>	<b><u>Amount</u></b>
2017	\$ (179,649)
2018	(179,649)
2019	(179,444)
2020	218,725
2021	-
Thereafter	<u>-</u>
Total	<u>\$ (320,017)</u>

# SWAIN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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

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

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

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

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2015 are summarized in the following table:

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

**SWAIN COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

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

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

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

	<b>1% Decrease (6.25)</b>	<b>Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
County's proportionate share of the net pension liability (asset)	<u>\$ 3,393,004</u>	<u>\$ 486,582</u>	<u>\$ (1,962,014)</u>

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

**Law Enforcement Officers’ Special Separation Allowance**

**Plan Description.** Swain County administers a public employee retirement system (the “Separation Allowance”), a single-employer defined benefit pension plan that provides retirement benefits to the County’s qualified sworn law enforcement officers. The Separation Allowance is equal to 0.85% 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. For reporting purposes, the Separation Allowance is presented as a pension trust fund; however, it does not meet the criteria for trust funds outlined in GASB Statement 68.

# SWAIN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2015, the Separation Allowance's membership consisted of:

Active plan members	<u>28</u>
Total	<u><u>28</u></u>

A separate report was not issued for the plan.

### Summary of Significant Accounting Policies

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

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statements 67 and 68:

- Contributions to the pension plan and earnings on those contributions are irrevocable
- Pension plan assets are dedicated to providing benefits to plan members
- Pension plan assets are legally protected from the creditors or employers

*Method Used to Value Investments.* No funds are set aside to pay benefits and administration costs. These expenditures are paid as they become due.

**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 a pay-as-you-go basis through annual appropriations made in the General Fund operating budget. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. As of June 30, 2016 the County does not have any retirees receiving benefits under the Separation Allowance; therefore, there was no contributions made by the County.

The annual required contribution for the current year was determined as part of the December 31, 2014, actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.25% - 7.85% per year. Both (a) and (b) included an inflation component of 3.00%. The assumptions did not include post-retirement benefit increases. The unfunded actuarial accrued liability is being amortized as a level dollar of projected payroll on a closed basis. The remaining amortization period at December 31, 2014, was 16 years.

**SWAIN COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**Annual Pension Cost and Net Pension Obligation**

The County's annual pension cost and net pension obligation to the Separation Allowance at June 30, 2016, was as follows:

Employer annual required contribution	\$ 21,933
Interest on net pension obligation	6,244
Adjustment to annual required contribution	<u>(10,974)</u>
Annual pension cost	17,203
Employer contributions made for fiscal year ending June 30, 2016	<u>-</u>
Increase (decrease) in net pension obligation	17,203
Net pension obligation:	
Beginning of year - July 1	<u>124,883</u>
End of year - June 30	<u><u>\$ 142,086</u></u>

**Three-Year Trend Information**

<u>Year Ended June 30</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2014	\$ 9,478	0.00%	\$ 112,472
2015	12,411	0.00%	124,883
2016	17,203	0.00%	142,086

**Funded Status and Funding Progress**

As of December 31, 2015, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$172,729, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$172,729. The covered payroll (annual payroll of active employees covered by the plan) was \$1,055,662, and the ratio of the UAAL to the covered payroll was 16.36%.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of the plan assets are increasing or decreasing over time relative to the actuarial accrued liability benefits.

## SWAIN COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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

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

**Funding Policy.** Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to 5% of each officer’s salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan. For the year ended June 30, 2016, no contributions were made to the plan.

#### **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.

#### **Register of Deeds’ Supplemental Pension Fund**

**Plan Description.** Swain County also contributes to the Registers of Deeds’ Supplemental Pension Fund (RODSPF), a noncontributory, defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible 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. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Registers of Deeds’ Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State’s CAFR includes financial statements and required supplementary information for the Registers of Deeds’ Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

# SWAIN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

**Benefits Provided.** An individual's benefits for the year are calculated as a share of accumulated contributions available for benefits for that year, subject to certain statutory limits. An individual's eligibility is based on at least 10 years of service as a register of deeds with the individual's share increasing with years of service. Because of the statutory limits noted above, not all contributions available for benefits are distributed.

**Contributions.** Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$3,890 for the year ended June 30, 2016.

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

At June 30, 2016, the County reported an asset of \$65,450 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2015, the County's proportion was .2824%, which was a decrease of .0002% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2015, the County recognized pension expense of \$10,665. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
	<b>\$</b>	<b>\$</b>
Differences between expected and actual experience	\$ 320	\$ 1,083
Net difference between projected and actual earnings on pension plan investments	3,246	-
Changes in proportion and differences between County contributions and proportionate share of contributions	14,520	38
County contributions subsequent to the measurement date	3,890	-
<b>Total</b>	<b>\$ 21,976</b>	<b>\$ 1,121</b>

**SWAIN COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

\$3,890 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending</b>	<b>Amount</b>
<u>June 30</u>	
2017	\$ 12,647
2018	2,754
2019	688
2020	876
2021	-
Thereafter	-
Total	<u>\$ 16,965</u>

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

Inflation	3.0 percent
Salary increase	4.25 to 7.75 percent, including inflation and productivity factor
Investment rate of return	5.75 percent, net of pension plan investment expense, including inflation

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

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

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by

**SWAIN COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
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weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2015 is 2.2%.

The information above is based on 30-year expectations developed with the consulting actuary for the 2014 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

**Discount Rate.** The discount rate used to measure the total pension liability was 5.75%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the County’s Proportionate Share of the Net Pension Asset to Changes in the Discount Rate.* The following presents the County’s proportionate share of the net pension asset calculated using the discount rate of 5.75%, as well as what the County’s proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75%) or 1-percentage-point higher (6.75%) than the current rate:

	<b>1% Decrease (4.75%)</b>	<b>Discount Rate (5.75%)</b>	<b>1% Increase (6.75%)</b>
County's proportionate share of the net pension Liability (asset)	\$ (59,050)	\$ (65,450)	\$ (70,958)

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

**SWAIN COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
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**Other Post-Employment Benefits**

**Plan Description.** In addition to providing pension benefits, Swain County has elected to provide healthcare benefits to retirees of the County who participate in the North Carolina Local Governmental Employees’ Retirement System (the “System”) and have at least 10 years of continuous service with the County, depending on date of hire. The County pays the costs of coverage for these benefits as incurred, on a pay-as-you-go basis. Retirees are eligible to receive the same benefits as active County employees and will pay the same as any active employee. The benefit is available to qualified retirees until the age of 65 or until Medicare eligible, whichever is sooner. Also, retirees can purchase coverage for their dependents at the County’s group rates. The Board of Commissioners may amend the benefit provisions. A separate report was not issued for the plan.

To be eligible to stay on the health plan, employees must meet one of the following requirements upon retirement:

- 30 years of service at any age
- 25 years of service and be at least 55 years of age
- 10 years of service and be at least 62 years of age

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

	<b>General Employees</b>	<b>Law Enforcement Officers</b>
Retirees receiving benefits	2	-
Terminated plan members entitled to, but not yet receiving, benefits	-	-
Active plan members	<u>179</u>	<u>25</u>
Total	<u><u>181</u></u>	<u><u>25</u></u>

**Funding Policy.** The County pays the full cost of coverage for the healthcare benefits paid to qualified retirees under a County resolution that can be amended by the Board of County Commissioners. The County’s members pay between \$150 to \$500 per month for dependent coverage depending on the coverage they elect. The County has chosen to fund the healthcare benefits on a pay-as-you-go basis.

The current ARC rate is 2.43% of annual covered payroll. For the current year, the County contributed \$20,020, or 0.29%, 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.

**SWAIN COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**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 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 No. 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 30 years. The following table shows the components of the County’s annual OPEB cost for the current year, the amount actually contributed to the plan, and changes in the County’s net OPEB obligation for the post-employment healthcare benefits:

Annual required contribution	\$ 164,781
Interest on net OPEB obligation	31,265
Adjustments to annual required contribution	<u>(29,868)</u>
Annual OPEB cost (expense)	166,178
Contributions made	<u>(20,020)</u>
Increase (decrease) in net OPEB obligation	146,158
Net OPEB obligation:	
Beginning of year - July 1	<u>781,619</u>
End of year - June 30	<u><u>\$ 927,777</u></u>

The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2016, were as follows:

<b>Three-Year Trend Information</b>			
<b>Year Ended June 30</b>	<b>Annual OPEB Cost</b>	<b>Percentage of AOC Contributed</b>	<b>Net OPEB Obligation</b>
2014	\$ 150,542	27.1%	\$ 628,559
2015	161,105	5.0%	781,619
2016	166,178	12.0%	927,777

**Funded Status and Funding Progress.** As of December 31, 2015, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$1,457,891, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) was \$1,457,891. The covered payroll (annual payroll of active employees covered by the plan) was \$6,794,225, and the ratio of UAAL to the covered payroll was 21.5 %.

# SWAIN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

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 cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarially 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 to 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 December 31, 2015, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0% 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. The rate included a 3.0% inflation assumption. The medical cost trend varied between 7.75% and 5.0%. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2015, was 30 years.

### **Other Employment Benefits**

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (the "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 and will not exceed \$50,000. Because all death benefit payments are made from the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. 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. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the state. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The County considers these contributions to be immaterial.

**SWAIN COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**Deferred Inflows and Outflows of Resources/Unearned Revenues**

The balance in deferred outflows and deferred inflows of resources on the fund statements and the government-wide statements at June 30, 2016, are composed of the following elements:

<u>Source</u>	<u>Amount</u>
<b>Deferred Outflows:</b>	
Pension - difference between expected and actual experience	
Register of Deeds	\$ 320
Pension - difference between projected and actual investment earnings (ROD)	
Register of Deeds	3,246
Pension - change in proportion and difference between employer contributions and proportionate share of contributions	
Register of Deeds	14,520
Contributions to pension plan in 2015-2016 fiscal year-LGERS	433,276
Register of Deeds	3,890
Total	<u>\$ 455,252</u>
<b>Deferred Inflows:</b>	
Pension - difference between expected and actual experience	
LGERS	\$ 114,374
Register of Deeds	1,083
Pension - difference between projected and actual investment earnings	138,528
Pension - change in proportion and difference between employer contributions and proportionate share of contributions	67,115
Register of Deeds	38
Prepaid taxes not yet earned (General)	36,851
Taxes receivable (General)	283,016
Other receivable (General)	88,957
Total	<u>\$ 729,962</u>

# SWAIN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

### 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 \$35.0 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; and workers' compensation coverage up to the statutory limits.

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 retention up to a \$2 million limit for liability coverage, \$600,000 of aggregate annual losses in excess of \$50,000 per occurrence retention for property, auto physical damage, and crime coverage. For workers compensation, there is a per occurrence retention of \$350,000. The County provides employee medical and dental benefits through a self-insured plan reinsured through the Pool. Claims are administered and paid through a third party. Specific stop loss is set at \$50,000 per individual health insurance claim and aggregate annual stop loss set at the level of 115% of expected claims. The pool is reinsured through a commercial carrier for individual losses in excess of \$100,000.

The County pays claims and administrative costs of the program from the General Fund as they become due. All full-time employees of the County participate in the program. The claims liability of \$26,731 reported in the fund at June 30, 2016, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statement indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The County expects all claims to be paid within the next twelve months; therefore, the entire amount is presented as current. Changes in the balances of claims liabilities during the past fiscal year are as follows:

	<u>2016</u>	<u>2015</u>
Unpaid claims - beginning	\$ 113,016	\$ 61,856
Incurred claims	1,223,931	1,030,015
Claim payments	<u>(1,310,216)</u>	<u>(978,855)</u>
Unpaid claims - ending	<u>\$ 26,731</u>	<u>\$ 113,016</u>

The County does not carry flood insurance.

# SWAIN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more of the County's funds at any given time 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 remaining employees who have access to funds are bonded under a blanket bond.

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 settled claims have not exceeded coverage in any of the past three fiscal years.

### Contingent Liabilities

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

### Long-Term Obligations

#### Installment Purchase Contracts

As authorized by State law (G.S.160A-20), the County financed the renovation of Swain County High School for use by the 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 the 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. This debt is included in the following:

#### Serviced by Governmental Funds:

The County entered into an installment purchase contract dated October 18, 2006, in the amount of \$2,000,000 for land for the middle school. The contract is payable in fifteen (15) annual principal installments of \$133,333, plus interest of 4.25% per annum. \$ 800,000

The County entered into an installment purchase contract dated December 18, 2006, in the amount of \$1,500,000 for Qualified Zone Academy Bond. The contract is payable to a sinking fund in sixteen (16) annual installments of \$77,930, interest-free per annum. 1,500,000

**SWAIN COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**Serviced by Governmental Funds (continued):**

The County entered into an installment purchase contract (QSCB) dated January 5, 2011, in the amount of \$1,825,000 for school construction. The contract is payable in fifteen (15) annual principal installments of \$121,667, plus interest of 5.43% per annum.	\$ 1,216,667
The County entered into an installment purchase contract dated August 27, 2015, in the amount of \$500,000 for three (3) vehicles. The contract is payable in seven (7) annual installments of \$77,137, including interest at 1.96% per annum.	500,000
The County entered into an installment purchase contract dated December 14, 2011, in the amount of \$600,000 for the museum project. The contract is payable in one hundred twenty (120) monthly principal installments of \$5,000, plus interest of 2.63% per annum.	330,000
The County entered into an installment purchase contract dated September 27, 2013, in the amount of \$200,000 for the rehabilitation of a steam engine. The contract is payable in ten (10) annual principal installments of \$20,000, plus interest of 3.36% per annum.	160,000
The County entered into an installment purchase contract dated September 27, 2013, in the amount of \$164,500 for a turn-around table and land. The contract is payable in fifteen (15) annual principal installments of \$33,333, plus interest of 4.09% per annum.	433,333
The County entered into an installment purchase contract dated January 2, 2014, in the amount of \$530,000 for fifteen (15) vehicles. The contract is payable in eight (8) semi-annual installments of \$68,460, including interest at 1.47% per annum.	268,881
The County entered into an installment purchase contract dated January 2, 2014, in the amount of \$530,000 for fifteen (15) vehicles. The contract is payable in eight (8) semi-annual installments of \$68,460, including interest at 1.47% per annum.	2,240,000
The County entered into an installment purchase contract dated January 2, 2014, in the amount of \$530,000 for fifteen (15) vehicles. The contract is payable in eight (8) semi-annual installments of \$68,460, including interest at 1.47% per annum.	<u>746,668</u>
Total installment purchase contracts	<u>\$ 8,195,549</u>

**SWAIN COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

Future minimum payments at June 30, 2016, for installment purchase contracts are as follows:

<b>Year Ending June 30</b>	<b>Governmental Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2017	\$ 782,460	\$ 258,699
2018	785,749	231,358
2019	651,669	204,466
2020	653,041	179,042
2021	654,440	153,591
2022-2026	3,714,854	440,133
2027-2030	953,334	89,833
<b>Total</b>	<b>\$ 8,195,549</b>	<b>\$ 1,557,122</b>

**Mortgages and Loans**

**Serviced by Governmental Funds:**

The County entered into a mortgage contract dated November 10, 2005, in the amount of \$777,233 for the Social Services building. The contract is payable in fifteen (15) annual principal installments of \$51,816, plus interest of 3.81% per annum. \$ 259,076

The County entered into a mortgage contract dated December 20, 2007, in the amount of \$620,000 for the Tourism Development Authority building. The contract is payable in fifteen (15) annual principal installments of \$41,333, plus interest of 4.20% per annum. 289,334

The County entered into a mortgage contract dated April 25, 2008, in the amount of \$1,160,000 for the Social Services building addition. The contract is payable in fifteen (15) annual principal installments of \$77,333, plus interest of 3.53% per annum. 541,334

Total mortgages and loans \$ 1,089,744

**SWAIN COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

Future minimum payments at June 30, 2016 for mortgages and loans are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 170,482	\$ 41,132
2018	170,482	34,602
2019	170,482	28,252
2020	170,482	21,812
2021	170,482	15,372
2022-2026	237,334	13,360
Total	<u>\$ 1,089,744</u>	<u>\$ 154,529</u>

**USDA Debt**

**Serviced by Governmental Funds:**

\$9,000,000 USDA debt for construction of a jail building due on June 1 in thirty-eight (38) installments of \$473,130, including interest through June 1, 2046, interest at 4.13%.

\$ 8,061,061

Future minimum payments at June 30, 2016 for USDA debt are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 140,208	\$ 332,922
2018	145,999	327,131
2019	152,029	321,101
2020	158,307	314,823
2021	164,845	308,285
2022-2026	932,149	1,433,551
2027-2031	1,141,208	1,224,442
2032-2036	1,397,154	968,496
2037-2041	1,710,502	655,148
2042-2046	2,094,126	271,524
2047-2051	24,533	-
Total	<u>\$ 8,061,061</u>	<u>\$ 6,157,423</u>

At June 30, 2016, the County had a legal debt margin of approximately \$112,936,913.

**SWAIN COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**Debt Related to Capital Activities**

Of the total governmental activities debt listed, only \$10,843,020 relates to assets the County holds title.

**Long-Term Obligation Activity**

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2016:

	<u>July 1, 2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2016</u>	<u>Current Portion of Balance</u>
<b>Governmental Activities:</b>					
General Obligation Bonds:					
Refunding Bonds - schools	\$ 1,245,000	\$ -	\$ 1,245,000	\$ -	\$ -
Installment purchases	8,483,823	500,000	788,274	8,195,549	782,460
Mortgages and loans	1,260,226	-	170,482	1,089,744	170,482
USDA debt	8,195,708	-	134,647	8,061,061	140,208
Compensated absences	383,521	279,077	244,439	418,159	244,000
Net pension obligation (LGERS)	-	467,119	-	467,119	-
Other post-employment					
benefits	750,354	164,160	20,020	894,494	-
Net pension obligation (LEO)	<u>124,883</u>	<u>17,203</u>	<u>-</u>	<u>142,086</u>	<u>-</u>
Total governmental activities	<u>\$ 20,443,515</u>	<u>\$ 1,427,559</u>	<u>\$ 2,602,862</u>	<u>\$ 19,268,212</u>	<u>\$ 1,337,150</u>
<b>Business-Type Activities:</b>					
Compensated absences	\$ 15,141	\$ 10,234	\$ 9,600	\$ 15,775	\$ 10,000
Net pension obligation (LGERS)	-	19,463	-	19,463	-
Other post-employment					
benefits	<u>31,265</u>	<u>2,018</u>	<u>-</u>	<u>33,283</u>	<u>-</u>
Total business-type activities	<u>\$ 46,406</u>	<u>\$ 31,715</u>	<u>\$ 9,600</u>	<u>\$ 68,521</u>	<u>\$ 10,000</u>

Compensated absences typically have been liquidated in the General Fund and are accounted for on a FIFO (first-in, first-out) basis. Other post-employment benefits and pension obligations are typically liquidated in the General Fund.

**SWAIN COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**C. Net Investment in Capital Assets**

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets, net of accumulated depreciation	\$ 21,438,421	\$ 588,782
Less capital debt:		
Gross debt	17,346,354	-
Less school debt related to assets to which the County does not hold title	<u>(6,503,334)</u>	-
County related debt	<u>10,843,020</u>	-
Net investment in capital assets	<u>\$ 10,595,401</u>	<u>\$ 588,782</u>

**D. Interfund Balances and Activity**

Interfund receivables and payables at June 30, 2016, are composed as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Solid Waste Fund	\$ 330,096	Working capital loan
General Fund	Nonmajor governmental funds	18,901	Working capital loan
Nonmajor governmental funds	General Fund	<u>4,706</u>	Working capital loan
Total		<u>\$ 353,703</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.

**SWAIN COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

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

	<u>Transfers</u>		<u>Purpose</u>
	<u>From</u>	<u>To</u>	
<b>Transfers from/to Other Funds:</b>			
General Fund		\$ 526,636	
Nonmajor Governmental Funds	\$ 176,636		Unused local funds to General Fund
Permanent Fund	350,000		Unrestricted earnings to General Fund
General Fund	682,703		
Nonmajor Governmental Funds		409,541	Resources for project costs
Solid Waste Fund	-	273,162	Resources for solid waste
Total	<u>\$ 1,209,339</u>	<u>\$ 1,209,339</u>	

Intrafund transfers at June 30, 2016 consist of the following:

	<u>Intrafund Transfers</u>		<u>Purpose</u>
	<u>From</u>	<u>To</u>	
<b>General Fund:</b>			
General Fund	\$ -	\$ 989,839	Debt service
Schools Capital Reserve Fund	989,839	-	
Total	<u>\$ 989,839</u>	<u>\$ 989,839</u>	

**3. 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 non-profit organization which exists to approve industrial revenues bonds.

**4. Joint Ventures**

**Marianna Black Regional Library**

The County participants in a joint venture to operate the 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, 2016. In accordance with the intergovernmental agreement between the participating governments, the County appropriated \$195,000 to the Library to supplement its activities. Complete financial statements for the Library can be obtained from the Library’s offices in Bryson City, North Carolina.

# SWAIN COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

### **Swain County Board of Education**

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 non-voting 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 \$128,000 to the community college during the fiscal year ended June 30, 2016.

The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2016. Complete financial statements for the community college may be obtained from the community college's administrative offices in Sylva, North Carolina.

### **Smokey Mountain Mental Health Board**

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 Mental Health Board but have no equity interest in the joint venture. Thus no equity interest has been reflected in the financial statements at June 30, 2016. Swain County contributed \$20,000 to the Board during the fiscal year ended June 30, 2016. Complete financial statements can be obtained from the Board's administrative office in Dillsboro, North Carolina.

### **Fontana Regional Library**

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, 2016.

**SWAIN COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**5. Jointly Governed Organizations**

**Southwestern North Carolina Planning and Economic Development Commission**

The County, in conjunction with 7 other counties and 16 municipalities, established the Southwestern North Carolina Planning and Economic Development Commission (the "Commission"). The participating governments established the Commission to coordinate funding received from various Federal and State agencies. Each participating government appoints one member to the Commission's 23-member governing Board. The County paid fees of \$63,000 to the Commission during the fiscal year ended June 30, 2016.

**6. Benefit Payments Issued by the State**

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

	<u>Federal</u>	<u>State</u>
Medicaid	\$ 13,668,143	\$ 7,933,063
Temporary Assistance to Needy Families	57,294	-
Special Supplemental Food Program for Women, Infants, and Children	253,448	-
IV-E Adoption Subsidy	57,837	18,086
IV-E Foster Care	97,950	52,282
Low-Income Home Energy Assistance	69,400	-
State Children's Insurance Program - NC Health Choice	582,724	34,451
State/County Special Assistance for Adults	-	67,148
State Foster Home	-	91,847
CWS Adoption Subsidy & Vendor	-	9,772
SFHF Maximization	-	179,240
FC At Risk Maximization	-	11,530
Totals	<u>\$ 14,786,796</u>	<u>\$ 8,397,419</u>

**7. Summary Disclosure of Significant Commitments and Contingencies**

**Federal and State-Assisted Programs**

The County has received proceeds from 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 monies 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 OFFICERS' SPECIAL SEPARATION ALLOWANCE  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS  
 FOR THE YEAR ENDED JUNE 30, 2016**

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a % of Covered Payroll ((B-A)/C)
12/31/2010	\$ -	\$ 37,150	\$ 37,150	0.00%	\$ 509,987	7.28%
12/31/2011	-	29,724	29,724	0.00%	623,900	4.76%
12/31/2012	-	40,484	40,484	0.00%	720,933	5.62%
12/31/2013	-	61,231	61,231	0.00%	739,081	8.28%
12/31/2014	-	90,571	90,571	0.00%	863,032	10.49%
12/31/2015	-	172,729	172,729	0.00%	1,055,662	16.36%

**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	December 31, 2015
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar closed
Remaining amortization period	15 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	3.57%
Projected salary increases	3.50 - 7.35%
Cost of living adjustments	N/A

\* Includes inflation at 3.00%

## SWAIN COUNTY, NORTH CAROLINA

**OTHER POST-EMPLOYMENT BENEFITS - HEALTHCARE PLAN  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS  
 FOR THE YEAR ENDED JUNE 30, 2016**

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a % of Covered Payroll ((B-A)/C)
12/31/2009	\$ -	\$ 723,182	\$ 723,182	0.00%	\$ 5,245,350	13.8%
12/31/2011	-	1,031,633	1,031,633	0.00%	5,762,989	17.9%
12/31/2013	-	1,223,887	1,223,887	0.00%	6,101,392	20.1%
12/31/2015	-	1,457,891	1,457,891	0.00%	6,794,225	21.5%

**Schedule of Employer Contributions**

Year Ended June 30	Annual Required Contribution (ARC)	Percentage Contributed
2014	\$ 149,614	27.3%
2015	159,982	5.0%
2016	164,781	12.2%

**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	December 31, 2015
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return*	4.0%
Medical cost trend rate:	
Pre-Medicare trend rate	7.75% - 5.0%
Year of ultimate trend rate	2022

\* Includes inflation at 3.00%

**SWAIN COUNTY, NORTH CAROLINA**

**LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM  
 REQUIRED SUPPLEMENTARY INFORMATION  
 PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)  
 LAST THREE FISCAL YEARS\***

<b>LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM</b>			
	<b>2016</b>	<b>2015</b>	<b>2014</b>
County's proportion of the net pension liability (asset) (%)	0.1084%	0.1144%	0.1150%
County's proportion of the net pension liability (asset) (\$)	\$ 486,582	\$ (678,503)	\$ 1,378,959
County's covered-employee payroll*	\$ 5,460,155	\$ 6,073,036	\$ 5,537,736
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	8.91%	( 11.17%)	24.90%
Plan fiduciary net position as a percentage of the total pension liability**	98.09%	102.64%	94.35%

\* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

\*\* This will be the same percentage for all participant employers in the LGERS plan.

## SWAIN COUNTY, NORTH CAROLINA

**LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SWAIN COUNTY'S CONTRIBUTIONS  
 LAST THREE FISCAL YEARS**

**LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM**

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	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 433,276	\$ 464,754	\$ 430,925
Contributions in relation to the contractually required contribution	<u>433,276</u>	<u>464,754</u>	<u>430,925</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 6,351,819	\$ 5,460,155	\$ 6,073,036
Contributions as a percentage of covered-employee payroll	6.82%	8.51%	7.10%

**SWAIN COUNTY, NORTH CAROLINA**

**REGISTER OF DEEDS' SUPPLEMENTAL PENSION FUND  
 REQUIRED SUPPLEMENTARY INFORMATION  
 PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)  
 LAST THREE FISCAL YEARS\***

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**REGISTERS OF DEEDS' SUPPLEMENTAL PENSION FUND**

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	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) (%)	0.2824%	0.2822%	0.4368%
County's proportion of the net pension liability (asset) (\$)	\$ (65,450)	\$ (63,966)	\$ (98,995)
County's covered-employee payroll*	\$ 56,354	\$ 55,421	\$ 55,220
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	(116.14%)	(115.42%)	(179.27%)
Plan fiduciary net position as a percentage of the total pension liability**	197.29%	193.88%	190.50%

\* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

\*\* This will be the same percentage for all participant employers in the ROD plan.

**SWAIN COUNTY, NORTH CAROLINA**

**REGISTER OF DEEDS' SUPPLEMENTAL PENSION FUND  
REQUIRED SUPPLEMENTARY INFORMATION  
SWAIN COUNTY'S CONTRIBUTIONS  
LAST THREE FISCAL YEARS**

**REGISTERS OF DEEDS' SUPPLEMENTAL PENSION FUND**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 3,890	\$ 2,901	\$ 2,304
Contributions in relation to the contractually required contribution	<u>3,890</u>	<u>2,901</u>	<u>2,304</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 58,045	\$ 56,354	\$ 55,421
Contributions as a percentage of covered-employee payroll	6.70%	5.15%	4.16%

## SWAIN COUNTY, NORTH CAROLINA

**GENERAL FUND - CONSOLIDATED  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2016**

	<b>General Fund</b>	<b>Schools Capital Reserve Fund</b>	<b>Economic Development Fund</b>	<b>Eliminations</b>	<b>Total</b>
<b>Revenues:</b>					
Ad valorem taxes	\$ 5,998,572	\$ -	\$ -	\$ -	\$ 5,998,572
Local option sales taxes	2,709,875	576,849	-	-	3,286,724
Other taxes and licenses	770,207	-	-	-	770,207
Restricted intergovernmental revenues	4,895,938	172,808	-	-	5,068,746
Unrestricted intergovernmental revenues	1,411,674	-	-	-	1,411,674
Permits and fees	302,377	-	-	-	302,377
Sales and services	2,387,261	-	-	-	2,387,261
Miscellaneous revenues	603,308	-	18,849	-	622,157
Investment earnings	29,992	308	15	-	30,315
Total revenues	<u>19,109,204</u>	<u>749,965</u>	<u>18,864</u>	<u>-</u>	<u>19,878,033</u>
<b>Expenditures:</b>					
Current:					
General government	3,712,746	-	-	-	3,712,746
Public safety	3,778,345	-	-	-	3,778,345
Environmental protection	133,398	-	-	-	133,398
Economic and physical development	1,372,111	-	46,112	-	1,418,223
Human services	7,566,077	-	-	-	7,566,077
Cultural and recreational	634,010	-	-	-	634,010
Intergovernmental:					
Education	1,399,541	-	-	-	1,399,541
Debt service:					
Principal retirement	2,338,403	-	-	-	2,338,403
Interest expense	716,278	-	-	-	716,278
Total expenditures	<u>21,650,909</u>	<u>-</u>	<u>46,112</u>	<u>-</u>	<u>21,697,021</u>
Revenues over (under) expenditures	<u>(2,541,705)</u>	<u>749,965</u>	<u>(27,248)</u>	<u>-</u>	<u>(1,818,988)</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	1,516,475	-	-	(989,839)	526,636
Transfers out	(682,703)	(988,637)	(1,202)	989,839	(682,703)
Long-term debt issued	500,000	-	-	-	500,000
Total other financing sources (uses)	<u>1,333,772</u>	<u>(988,637)</u>	<u>(1,202)</u>	<u>-</u>	<u>343,933</u>
Net change in fund balances	(1,207,933)	(238,672)	(28,450)	<u>\$ -</u>	(1,475,055)
<b>Fund Balances:</b>					
Beginning of year - July 1	<u>10,601,323</u>	<u>713,505</u>	<u>43,148</u>		<u>11,357,976</u>
End of year - June 30	<u>\$ 9,393,390</u>	<u>\$ 474,833</u>	<u>\$ 14,698</u>		<u>\$ 9,882,921</u>

SWAIN COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	Budget	Actual	Variance Over/Under	
<b>Revenues:</b>				
<b>Ad Valorem Taxes:</b>				
Taxes - current	\$ 5,625,005	\$ 5,857,114	\$ 232,109	\$ 5,659,638
Taxes - prior	15,200	39,963	24,763	46,575
Penalties and interest	100,000	101,495	1,495	74,418
Total	<u>5,740,205</u>	<u>5,998,572</u>	<u>258,367</u>	<u>5,780,631</u>
<b>Local Option Sales Taxes:</b>				
1 cent sales tax	1,000,000	1,549,209	549,209	1,130,391
1/2 cent sales tax	880,000	768,817	(111,183)	855,641
Medicaid hold harmless	390,000	391,849	1,849	673,481
Total	<u>2,270,000</u>	<u>2,709,875</u>	<u>439,875</u>	<u>2,659,513</u>
<b>Other Taxes and Licenses:</b>				
Room occupancy tax	850,000	761,207	(88,793)	656,064
Marriage licenses	11,000	9,000	(2,000)	10,980
Total	<u>861,000</u>	<u>770,207</u>	<u>(90,793)</u>	<u>667,044</u>
<b>Unrestricted Intergovernmental Revenues:</b>				
ABC revenue	6,000	5,799	(201)	5,835
Payments in lieu of taxes	1,345,000	1,370,479	25,479	1,324,350
Satellite video tax	37,000	35,396	(1,604)	36,523
Total	<u>1,388,000</u>	<u>1,411,674</u>	<u>23,674</u>	<u>1,366,708</u>
<b>Restricted Intergovernmental Revenues:</b>				
Federal and State grants	5,233,125	4,873,875	(359,250)	6,775,618
Court facility fees	30,400	22,063	(8,337)	20,705
Total	<u>5,263,525</u>	<u>4,895,938</u>	<u>(367,587)</u>	<u>6,796,323</u>
<b>Permits and Fees:</b>				
Inspection fees	122,000	134,890	12,890	57,180
Register of Deeds	157,000	165,357	8,357	149,510
Safe driving	3,000	2,130	(870)	2,785
Total	<u>282,000</u>	<u>302,377</u>	<u>20,377</u>	<u>209,475</u>
<b>Sales and Services:</b>				
Tag office	65,000	63,915	(1,085)	61,690
Officers fees	18,000	15,007	(2,993)	14,163
Jail fees	450,000	513,917	63,917	579,311
Ambulance fees	785,000	772,091	(12,909)	831,175
Recreation department	107,000	80,001	(26,999)	83,418

SWAIN COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	Budget	Actual	Variance Over/Under	
Town contribution - recreation	21,000	21,000	-	21,000
Town contribution - fire marshal	17,000	17,000	-	17,000
Town dispatcher and PIN	28,700	28,700	-	28,700
Building lease	143,400	150,400	7,000	110,989
Chamber salary reimbursement	139,000	129,136	(9,864)	98,237
Sheriff revenues	245,530	243,690	(1,840)	239,485
Health Department fees and reimbursements	387,246	352,404	(34,842)	587,144
Total	<u>2,406,876</u>	<u>2,387,261</u>	<u>(19,615)</u>	<u>2,672,312</u>
<b>Investment Earnings</b>	<u>6,000</u>	<u>29,992</u>	<u>23,992</u>	<u>21,398</u>
<b>Miscellaneous:</b>				
Insurance refunds	9,000	8,950	(50)	2,852
Interest payback	80,000	174,093	94,093	69,109
Sales tax refund	(6,000)	-	6,000	3,269
Other	656,700	420,265	(236,435)	230,764
Total	<u>739,700</u>	<u>603,308</u>	<u>(136,392)</u>	<u>305,994</u>
Total revenues	<u>18,957,306</u>	<u>19,109,204</u>	<u>151,898</u>	<u>20,479,398</u>
<b>Expenditures:</b>				
<b>General Government:</b>				
<b>Governing Body:</b>				
Salaries and employee benefits		70,691		63,670
Operating expenditures		8,176		11,496
Travel		23,722		21,139
Total	<u>114,996</u>	<u>102,589</u>	<u>12,407</u>	<u>96,305</u>
<b>Administration:</b>				
Salaries and employee benefits		396,218		718,760
Operating expenditures		143,142		280,238
Workers' comp insurance		27,000		2,444
Capital outlay		743,191		-
Legal services		61,292		21,709
Total	<u>3,820,508</u>	<u>1,370,843</u>	<u>2,449,665</u>	<u>1,023,151</u>

SWAIN COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	Budget	Actual	Variance Over/Under	
<b>Elections:</b>				
Salaries and employee benefits		102,546		94,789
Operating expenditures		99,511		52,569
Capital outlay		4,000		2,499
Total	217,719	206,057	11,662	149,857
<b>Finance:</b>				
Salaries and employee benefits		193,514		159,959
Operating expenditures		32,410		34,008
Professional services		78,000		75,250
Total	315,184	303,924	11,260	269,217
<b>Tax and Mapping:</b>				
Salaries and employee benefits		216,750		235,704
Operating expenditures		97,828		95,071
Total	365,700	314,578	51,122	330,775
<b>Register of Deeds:</b>				
Salaries and employee benefits		138,693		129,022
Operating expenditures		51,118		62,175
Recording fees		60,378		56,664
Total	295,230	250,189	45,041	247,861
<b>Public buildings:</b>				
Salaries and employee benefits		510,024		487,977
Maintenance and repairs		53,600		95,418
Utilities and fuel		101,009		104,067
Other operating expenditures		200,718		112,504
Insurance		26,003		18,124
Capital outlay		14,920		21,501
Total	945,986	906,274	39,712	839,591
<b>Court Facilities:</b>				
Operating expenditures		28,726		25,512
Total	33,950	28,726	5,224	25,512
<b>Data Processing:</b>				
Salaries and employee benefits		89,180		93,202
Operating expenditures		52,911		43,155
Capital outlay		13,415		14,220
Total	169,028	155,506	13,522	150,577

SWAIN COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	Budget	Actual	Variance Over/Under	
<b>Tag Office:</b>				
Salaries and employee benefits		71,385		65,032
Operating expenditures		2,675		1,986
Total	80,117	74,060	6,057	67,018
Total general government	6,358,418	3,712,746	2,645,672	3,199,864
<b>Public Safety:</b>				
<b>Sheriff:</b>				
Salaries and employee benefits		1,220,584		1,169,506
Operating expenditures		509,454		501,581
Capital outlay		41,019		20,435
Total	1,834,769	1,771,057	63,712	1,691,522
<b>Jail:</b>				
Salaries and employee benefits		754,327		722,357
Operating expenditures		178,099		218,635
Food		182,373		193,742
Medical expenditures		113,348		171,884
Capital outlay		16,949		-
Total	1,335,954	1,245,096	90,858	1,306,618
<b>Emergency Management:</b>				
Salaries and employee benefits		79,827		74,138
Operating expenditures		11,971		21,979
Total	120,823	91,798	29,025	96,117
<b>Emergency Communications:</b>				
Salaries and employee benefits		320,642		292,810
Operating expenditures		18,203		24,809
Total	359,930	338,845	21,085	317,619
<b>Fire Marshall:</b>				
Operating expenditures		62		-
Total	-	62	(62)	-
<b>Inspections:</b>				
Salaries and employee benefits		92,003		85,273
Operating expenditures		25,666		18,921
Total	132,820	117,669	15,151	104,194

SWAIN COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	Budget	Actual	Variance Over/Under	
<b>Medical Examiner:</b>				
Professional services		13,650		4,950
Total	14,000	13,650	350	4,950
<b>Special Appropriations:</b>				
Fire departments		164,631		178,895
Rescue squad		35,537		33,209
Task force		-		778
Total	214,700	200,168	14,532	212,882
Total public safety	4,012,996	3,778,345	234,651	3,733,902
<b>Environmental Protection:</b>				
<b>Soil and Water:</b>				
Salaries and employee benefits		76,982		62,182
Operating expenditures		56,416		34,508
Capital outlay		-		14,019
Total	175,971	133,398	42,573	110,709
Total environmental protection	175,971	133,398	42,573	110,709
<b>Economic and Physical Development:</b>				
<b>Agriculture Extension:</b>				
Salaries and employee benefits		233,241		196,977
Operating expenditures		41,153		52,592
Total	293,282	274,394	18,888	249,569
<b>Community Development:</b>				
SW Commission - CBA		73,547		62,622
SW Commission - CBA Match		8,400		4,073
JCPC		1,258		1,158
Total	83,500	83,205	295	67,853
<b>Economic Development:</b>				
Salaries and employee benefits		56,209		46,003
Operating expenditures		3,456		9,272
Contract services		40,527		12,510
Swain Tourist Authority		792,797		636,381
Total	962,049	892,989	69,060	704,166

SWAIN COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	Budget	Actual	Variance Over/Under	
<b>Chamber of Commerce:</b>				
Salaries and employee benefits		120,566		100,507
Operating expenditures		957		691
Total	138,559	121,523	17,036	101,198
Total economic and physical development	1,477,390	1,372,111	105,279	1,122,786
<b>Human Services:</b>				
<b>Social Services:</b>				
<b>Administration:</b>				
Salaries and employee benefits		1,974,318		2,040,437
Operating expenditures		415,307		364,668
Travel		6,200		6,769
Capital outlay		24,872		47,594
Total	2,884,940	2,420,697	464,243	2,459,468
<b>Programs:</b>				
TANF		77,480		95,651
Medical transportation		88,910		122,014
Foster care		681,399		436,129
Special assistance		66,037		69,950
Child support		25,328		25,763
Crisis intervention		77,277		62,261
Daycare		787,713		839,775
Blind		1,419		1,700
Total	1,534,577	1,805,563	(270,986)	1,653,243
Total social services	4,419,517	4,226,260	193,257	4,112,711
<b>Emergency Medical Services:</b>				
Salaries and employee benefits		931,496		827,772
Operating expenditures		205,596		220,600
Capital outlay		234,581		-
Total	1,434,520	1,371,673	62,847	1,048,372
<b>Veterans Service Officer:</b>				
Salaries and employee benefits		4,748		4,434
Total	5,823	4,748	1,075	4,434

SWAIN COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		Variance Over/Under	2015
	Budget	Actual		
<b>Health Department:</b>				
<b>General:</b>				
Salaries and employee benefits		725,917		668,524
Other operating expenditures		191,916		156,556
Total	875,508	917,833	(42,325)	825,080
<b>Breast and Cervical Cancer:</b>				
Salaries and employee benefits		14,491		42,022
Other operating expenditures		6,690		13,071
Total	18,300	21,181	(2,881)	55,093
<b>Wise Women:</b>				
Salaries and employee benefits		404		266
Other operating expenditures		354		776
Total	2,200	758	1,442	1,042
<b>Child Services Coordination:</b>				
Salaries and employee benefits		1,178		889
Other operating expenditures		2,776		1,822
Total	5,600	3,954	1,646	2,711
<b>Adult Health:</b>				
Salaries and employee benefits		6,308		4,981
Other operating expenditures		59,299		44,487
Total	81,331	65,607	15,724	49,468
<b>Immunization Action Plan:</b>				
Salaries and employee benefits		136		304
Other operating expenditures		749		-
Total	400	885	(485)	304
<b>Health Promotion:</b>				
Salaries and employee benefits		2,216		2,197
Other operating expenditures		5,133		8,514
Total	5,900	7,349	(1,449)	10,711
<b>Environmental Health:</b>				
Salaries and employee benefits		7,960		8,033
Other operating expenditures		11,316		7,279
Total	20,700	19,276	1,424	15,312

SWAIN COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		Variance Over/Under	2015
	Budget	Actual		
<b>Maternal Health:</b>				
Salaries and employee benefits		200		108
Other operating expenditures		3,173		1,682
Total	4,275	3,373	902	1,790
<b>Child Health:</b>				
Salaries and employee benefits		1,213		1,493
Other operating expenditures		5,778		1,449
Total	9,884	6,991	2,893	2,942
<b>Well Program:</b>				
Salaries and employee benefits		39		-
Other operating expenditures		110		-
Total	100	149	(49)	-
<b>HIPAA:</b>				
Salaries and employee benefits		944		963
Other operating expenditures		1,605		2,145
Total	6,200	2,549	3,651	3,108
<b>WIC/Client Services:</b>				
Salaries and employee benefits		2,075		1,839
Other operating expenditures		2,125		6,489
Total	7,100	4,200	2,900	8,328
<b>WIC/Nutritional Education:</b>				
Salaries and employee benefits		688		861
Total	600	688	(88)	861
<b>WIC/Breastfeeding Promotion:</b>				
Salaries and employee benefits		466		266
Other operating expenditures		1,520		-
Total	4,200	1,986	2,214	266
<b>WIC/General Administration:</b>				
Salaries and employee benefits		368		417
Total	200	368	(168)	417

SWAIN COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	Budget	Actual	Variance Over/Under	
<b>MCC:</b>				
Salaries and employee benefits		1,869		2,131
Other operating expenditures		2,663		1,606
Total	5,400	4,532	868	3,737
<b>Food and Lodging:</b>				
Salaries and employee benefits		144		-
Other operating expenditures		115		114
Total	1,350	259	1,091	114
<b>Smart Start:</b>				
Salaries and employee benefits		-		8,942
Total	-	-	-	8,942
<b>Family Planning:</b>				
Salaries and employee benefits		2,104		3,645
Other operating expenditures		31,232		16,887
Total	32,570	33,336	(766)	20,532
<b>In-Home Aid:</b>				
Salaries and employee benefits		315,317		-
Other operating expenditures		6,442		-
Total	401,000	321,759	79,241	-
<b>Communicable Diseases:</b>				
Salaries and employee benefits		883		1,180
Other operating expenditures		12,922		4,557
Total	6,450	13,805	(7,355)	5,737
<b>CAP Program:</b>				
Salaries and employee benefits		163,800		521,993
Other operating expenditures		40,838		37,088
Total	152,500	204,638	(52,138)	559,081
<b>Chore:</b>				
Salaries and employee benefits		59,793		80,175
Other operating expenditures		3,665		3,697
Total	99,521	63,458	36,063	83,872
Total health department	1,741,289	1,698,934	42,355	1,659,448

SWAIN COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	Budget	Actual	Variance Over/Under	
<b>Special Appropriations:</b>				
Safe program		15,000		15,000
Elderly transportation		106,653		104,078
Smokey Mountain Mental Health		34,199		34,235
Other		108,610		114,164
Total	284,061	264,462	19,599	267,477
Total human services	7,885,210	7,566,077	319,133	7,092,442
<b>Cultural and Recreational:</b>				
<b>Recreation:</b>				
Salaries and employee benefits		214,375		192,592
Operating expenditures		150,145		148,801
Repairs and maintenance		31,342		26,259
Capital outlay		11,832		81,800
Total	426,113	407,694	18,419	449,452
<b>Cultural:</b>				
NC Forestry		31,316		37,428
Marianna Black Library		195,000		192,000
Total	242,976	226,316	16,660	229,428
Total cultural and recreational	669,089	634,010	35,079	678,880
<b>Education:</b>				
Swain County Board of Education:				
Current expenditures		750,000		750,000
Capital outlay		485,000		160,000
Forest funds		36,541		36,797
Southwestern Community College		128,000		135,000
Total education	1,518,000	1,399,541	118,459	1,081,797
<b>Debt Service:</b>				
Principal retirement		2,338,403		1,327,796
Interest expense		716,278		683,373
Total	3,196,105	3,054,681	141,424	2,011,169
Total expenditures	25,293,179	21,650,909	3,642,270	19,031,549
Revenues over (under) expenditures	(6,335,873)	(2,541,705)	3,794,168	1,447,849

SWAIN COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	Budget	Actual	Variance Over/Under	
<b>Other Financing Sources (Uses):</b>				
Transfers in:				
From Permanent Fund	190,000	350,000	160,000	250,000
From Capital Projects Funds	141,700	176,636	34,936	140,303
From Schools Capital Reserve Fund	1,200,000	988,637	(211,363)	580,493
From Economic Development Fund	1,290	1,202	(88)	-
Total	<u>1,532,990</u>	<u>1,516,475</u>	<u>(16,515)</u>	<u>970,796</u>
Transfers out:				
To Capital Projects Funds	(140,000)	(409,541)	(269,541)	(622,761)
To Solid Waste Fund	<u>(342,522)</u>	<u>(273,162)</u>	<u>69,360</u>	<u>(48,017)</u>
Total	<u>(482,522)</u>	<u>(682,703)</u>	<u>(200,181)</u>	<u>(670,778)</u>
Long-term debt issued	3,700,000	500,000	(3,200,000)	3,200,000
Appropriated fund balance	<u>1,585,405</u>	-	<u>(1,585,405)</u>	-
Total other financing sources (uses)	<u>6,335,873</u>	<u>1,333,772</u>	<u>(5,002,101)</u>	<u>3,500,018</u>
Net change in fund balance	<u>\$ -</u>	<u>(1,207,933)</u>	<u>\$ (1,207,933)</u>	4,947,867
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>10,601,323</u>		<u>5,653,456</u>
End of year - June 30		<u>\$ 9,393,390</u>		<u>\$ 10,601,323</u>

## SWAIN COUNTY, NORTH CAROLINA

**SCHOOLS CAPITAL RESERVE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015**

	2016			2015
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Other taxes and licenses:				
Local option sales tax (1/2 cent)	\$ 1,000,000	\$ 576,849	\$ (423,151)	\$ 624,098
Restricted intergovernmental:				
Public School Building Capital Grant	-	172,808	172,808	96,175
Investment earnings:				
Interest earned	-	308	308	132
Total revenues	<u>1,000,000</u>	<u>749,965</u>	<u>(250,035)</u>	<u>720,405</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out:				
To General Fund	<u>(1,000,000)</u>	<u>(988,637)</u>	<u>11,363</u>	<u>(580,493)</u>
Net change in fund balance	<u>\$ -</u>	<u>(238,672)</u>	<u>\$ (238,672)</u>	139,912
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>713,505</u>		<u>573,593</u>
End of year - June 30		<u>\$ 474,833</u>		<u>\$ 713,505</u>

## SWAIN COUNTY, NORTH CAROLINA

**ECONOMIC DEVELOPMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015**

	2016			2015
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Revenues:</b>				
Restricted intergovernmental	\$ 100,000	\$ -	\$ (100,000)	\$ -
Revolving loan payback	-	18,849	18,849	9,641
Investment earnings	-	15	15	94
Total revenues	<u>100,000</u>	<u>18,864</u>	<u>(81,136)</u>	<u>9,735</u>
<b>Expenditures:</b>				
Economic incentive	-	112	(112)	-
Construction	<u>100,000</u>	<u>46,000</u>	<u>54,000</u>	<u>60,056</u>
Total expenditures	<u>100,000</u>	<u>46,112</u>	<u>53,888</u>	<u>60,056</u>
Revenues over (under) expenditures	-	(27,248)	(27,248)	(50,321)
<b>Other Financing Sources (Uses):</b>				
Transfers out:				
To General Fund	-	(1,202)	(1,202)	-
Net change in fund balance	<u>\$ -</u>	<u>(28,450)</u>	<u>\$ (28,450)</u>	<u>(50,321)</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>43,148</u>		<u>93,469</u>
End of year - June 30		<u>\$ 14,698</u>		<u>\$ 43,148</u>

## SWAIN COUNTY, NORTH CAROLINA

## MAJOR PERMANENT FUND - SWAIN SETTLEMENT TRUST FUND

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

## IN FUND BALANCE - BUDGET AND ACTUAL

## FOR THE YEAR ENDED JUNE 30, 2016

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	<u>2016</u>			<u>2015</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Revenues:</b>				
Investment earnings:				
Interest earned	\$ 600,000	\$ 597,966	\$ (2,034)	\$ 188,953
<b>Other Financing Sources (Uses):</b>				
Transfers out:				
To General Fund	(600,000)	(350,000)	250,000	(250,000)
Net change in fund balance	<u>\$ -</u>	247,966	<u>\$ 247,966</u>	(61,047)
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>13,576,400</u>		<u>13,637,447</u>
End of year - June 30		<u>\$ 13,824,366</u>		<u>\$ 13,576,400</u>

## SWAIN COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2016

	<u>Special Revenue Funds</u>	
	<u>Emergency Telephone System Fund</u>	<u>Family Preservation Grant Fund</u>
<b>Assets:</b>		
Cash and cash equivalents	\$ 118,609	\$ 31,042
Due from other funds	-	-
Due from other governmental agencies	-	-
Total assets	<u>\$ 118,609</u>	<u>\$ 31,042</u>
<b>Liabilities and Fund Balances:</b>		
<b>Liabilities:</b>		
Accounts payable and accrued liabilities	\$ 1,747	\$ -
Due to other funds	<u>9,988</u>	<u>8,913</u>
Total liabilities	<u>11,735</u>	<u>8,913</u>
<b>Fund Balances:</b>		
Restricted:		
Stabilization by State statute	-	-
Restricted for public safety	106,874	-
Restricted for human services	-	22,129
Committed for public safety	-	-
Total fund balances	<u>106,874</u>	<u>22,129</u>
Total liabilities and fund balances	<u>\$ 118,609</u>	<u>\$ 31,042</u>

SWAIN COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2016

	<u>Capital Projects Funds</u>			
	<u>Public Safety</u>	<u>Museum Construction</u>	<u>Steam Project</u>	<u>Total</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 92,894	\$ -	\$ -	\$ 242,545
Due from other funds	-	551	4,155	4,706
Due from other governmental agencies	-	1,799	2,178	3,977
Total assets	<u>\$ 92,894</u>	<u>\$ 2,350</u>	<u>\$ 6,333</u>	<u>\$ 251,228</u>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ 1,747
Due to other funds	-	-	-	18,901
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,648</u>
<b>Fund Balances:</b>				
Restricted:				
Stabilization by State statute	-	2,350	6,333	8,683
Restricted for public safety	-	-	-	106,874
Restricted for human services	-	-	-	22,129
Committed for public safety	92,894	-	-	92,894
Total fund balances	<u>92,894</u>	<u>2,350</u>	<u>6,333</u>	<u>230,580</u>
Total liabilities and fund balances	<u>\$ 92,894</u>	<u>\$ 2,350</u>	<u>\$ 6,333</u>	<u>\$ 251,228</u>

## SWAIN COUNTY, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Special Revenue Funds</u>	
	<u>Emergency Telephone System Fund</u>	<u>Family Preservation Grant Fund</u>
<b>Revenues:</b>		
Restricted intergovernmental revenues	\$ 387,480	\$ 135,384
Investment earnings	-	25
Total revenues	<u>387,480</u>	<u>135,409</u>
<b>Expenditures:</b>		
Current:		
Public safety	429,024	-
Economic and physical development	-	-
Human services	-	119,512
Total expenditures	<u>429,024</u>	<u>119,512</u>
Revenues over (under) expenditures	<u>(41,544)</u>	<u>15,897</u>
<b>Other Financing Sources (Uses):</b>		
Transfers in	-	-
Transfers out	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>
Net change in fund balances	(41,544)	15,897
<b>Fund Balances:</b>		
Beginning of year - July 1	<u>148,418</u>	<u>6,232</u>
End of year - June 30	<u>\$ 106,874</u>	<u>\$ 22,129</u>

## SWAIN COUNTY, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Capital Projects Funds</u>			<u>Total</u>
	<u>Public Safety Fund</u>	<u>Museum Construction Fund</u>	<u>Steam Project Fund</u>	
<b>Revenues:</b>				
Restricted intergovernmental revenues	\$ -	\$ -	\$ -	\$ 522,864
Investment earnings	145	-	-	170
Total revenues	<u>145</u>	<u>-</u>	<u>-</u>	<u>523,034</u>
<b>Expenditures:</b>				
Current:				
Public safety	-	-	-	429,024
Economic and physical development	-	-	266,307	266,307
Human services	-	-	-	119,512
Total expenditures	<u>-</u>	<u>-</u>	<u>266,307</u>	<u>814,843</u>
Revenues over (under) expenditures	<u>145</u>	<u>-</u>	<u>(266,307)</u>	<u>(291,809)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	130,000	10,000	269,541	409,541
Transfers out	<u>(116,221)</u>	<u>(10,415)</u>	<u>(50,000)</u>	<u>(176,636)</u>
Total other financing sources (uses)	<u>13,779</u>	<u>(415)</u>	<u>219,541</u>	<u>232,905</u>
Net change in fund balances	13,924	(415)	(46,766)	(58,904)
<b>Fund Balances:</b>				
Beginning of year - July 1	<u>78,970</u>	<u>2,765</u>	<u>53,099</u>	<u>289,484</u>
End of year - June 30	<u>\$ 92,894</u>	<u>\$ 2,350</u>	<u>\$ 6,333</u>	<u>\$ 230,580</u>

## SWAIN COUNTY, NORTH CAROLINA

**EMERGENCY TELEPHONE SYSTEM FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2016**  
**WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015**

	2016			2015
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Restricted intergovernmental:				
E-911 Grant	\$ -	\$ 125,171	\$ 125,171	\$ 1,331,755
Fees charged	582,896	262,309	(320,587)	258,105
Total revenues	582,896	387,480	(195,416)	1,589,860
<b>Expenditures:</b>				
Public safety:				
Implemental functions		68,775		70,908
Telephone and furniture		20,492		79,537
Software and software maintenance		47,947		67,720
Hardware and hardware maintenance		63,840		49,399
Training		4,205		4,672
Others		223,765		1,197,626
Total expenditures	582,896	429,024	153,872	1,469,862
Revenues over (under) expenditures	\$ -	(41,544)	\$ (41,544)	119,998
<b>Fund Balance:</b>				
Beginning of year - July 1		148,418		28,420
End of year - June 30		\$ 106,874		\$ 148,418

## SWAIN COUNTY, NORTH CAROLINA

**FAMILY PRESERVATION GRANT FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015**

	2016			2015
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Restricted intergovernmental:				
Family Preservation Grant	\$ 150,000	\$ 135,384	\$ (14,616)	\$ 102,246
Investment earnings:				
Interest earned	-	25	25	28
Total revenues	<u>150,000</u>	<u>135,409</u>	<u>(14,591)</u>	<u>102,274</u>
<b>Expenditures:</b>				
Contract labor		91,406		80,618
Travel		717		217
Communications and telephone		14,318		5,932
Supplies		9,771		13,013
Flex funds		200		502
Other		3,100		600
Total expenditures	<u>150,000</u>	<u>119,512</u>	<u>30,488</u>	<u>100,882</u>
Net change in fund balance	<u>\$ -</u>	<u>15,897</u>	<u>\$ 15,897</u>	<u>1,392</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>6,232</u>		<u>4,840</u>
End of year - June 30		<u>\$ 22,129</u>		<u>\$ 6,232</u>

## SWAIN COUNTY, NORTH CAROLINA

**CAPITAL PROJECTS - PUBLIC SAFETY  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2016  
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015**

	<u>2016</u>			<u>2015</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>	<u>Actual</u>
<b>Revenues:</b>				
Investment earnings:				
Interest earned	\$ -	\$ 145	\$ 145	\$ 172
<b>Other Financing Sources (Uses):</b>				
Transfers out:				
To General Fund	(130,000)	(116,221)	13,779	(140,303)
Transfers in:				
From General Fund	<u>130,000</u>	<u>130,000</u>	<u>-</u>	<u>130,000</u>
Total other financing sources (uses)	<u>-</u>	<u>13,779</u>	<u>13,779</u>	<u>(10,303)</u>
Net change in fund balance	<u>\$ -</u>	<u>13,924</u>	<u>\$ 13,924</u>	<u>(10,131)</u>
<b>Fund Balance:</b>				
Beginning of year - July 1		<u>78,970</u>		<u>89,101</u>
End of year - June 30		<u>\$ 92,894</u>		<u>\$ 78,970</u>

## SWAIN COUNTY, NORTH CAROLINA

**CAPITAL PROJECTS - MUSEUM CONSTRUCTION**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Actual</b>	
			<b>Current Year</b>	<b>Total to Date</b>
<b>Revenues:</b>				
Investment earnings:				
Interest earned	\$ -	\$ 2,178	\$ -	\$ 2,178
<b>Expenditures:</b>				
Construction	800,000	675,092	-	675,092
Revenues over (under) expenditures	(800,000)	(672,914)	-	(672,914)
<b>Other Financing Sources (Uses):</b>				
Transfer from General Fund	815,000	675,679	10,000	685,679
Transfer to General Fund	(15,000)	-	(10,415)	(10,415)
Total other financing sources (uses)	800,000	675,679	(415)	675,264
Net change in fund balance	<u>\$ -</u>	<u>\$ 2,765</u>	<u>\$ (415)</u>	<u>\$ 2,350</u>

## SWAIN COUNTY, NORTH CAROLINA

**CAPITAL PROJECTS - STEAM PROJECT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Project Authorization</b>	<b>Actual</b>		<b>Total to Date</b>
		<b>Prior Years</b>	<b>Current Year</b>	
<b>Revenues:</b>				
Investment earnings:				
Interest earned	\$ -	\$ 177	\$ -	\$ 177
<b>Expenditures:</b>				
Construction	700,000	439,839	266,307	706,146
Revenues over (under) expenditures	(700,000)	(439,662)	(266,307)	(705,969)
<b>Other Financing Sources (Uses):</b>				
Transfer from General Fund	750,000	492,761	269,541	762,302
Transfer to General Fund	(50,000)	-	(50,000)	(50,000)
Total other financing sources (uses)	700,000	492,761	219,541	712,302
Net change in fund balance	\$ -	\$ 53,099	\$ (46,766)	\$ 6,333

## SWAIN COUNTY, NORTH CAROLINA

## SOLID WASTE FUND

## SCHEDULE OF REVENUES AND EXPENDITURES -

## BUDGET AND ACTUAL (NON-GAAP)

## FOR THE YEAR ENDED JUNE 30, 2016

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	Budget	Actual	Variance Over/Under	Actual
<b>Revenues:</b>				
Operating revenues:				
Solid waste charges	\$ 680,000	\$ 693,344	\$ 13,344	\$ 668,356
Landfill use fee	65,000	62,384	(2,616)	63,816
Recycling	55,320	21,872	(33,448)	35,595
Scrap tire disposal fee	-	19,543	19,543	17,896
White goods tax	13,000	67,673	54,673	53,109
Cardboard fee	45,000	30,147	(14,853)	24,846
Disposal tax	-	2,597	2,597	10,198
Other	132,100	9,177	(122,923)	2,063
Sale of fixed assets	-	-	-	386
Total operating revenues	<u>990,420</u>	<u>906,737</u>	<u>(83,683)</u>	<u>876,265</u>
<b>Expenditures:</b>				
Solid waste disposal:				
Salaries		212,220		203,318
Social security		15,029		15,021
Group insurance		52,000		52,000
Retirement		12,247		12,292
Telephone		1,515		1,853
Utilities		6,525		6,913
Insurance - workers' comp		20,000		20,000
Maintenance and repairs		13,946		19,065
Supplies and materials		9,675		11,170
Fuel		12,808		22,902
Contracted service		12,296		23,927
Uniforms		5,289		5,783
Disposal		438,295		414,431
Insurance - vehicles		20,000		20,000
Use tax		21,125		15,642
Postage		6		-
General		-		11,250
Miscellaneous		1,821		489
Total solid waste disposal	<u>869,942</u>	<u>854,797</u>	<u>15,145</u>	<u>856,056</u>
Transfer Station Project	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>-</u>

## SWAIN COUNTY, NORTH CAROLINA

## SOLID WASTE FUND

## SCHEDULE OF REVENUES AND EXPENDITURES -

## BUDGET AND ACTUAL (NON-GAAP)

## FOR THE YEAR ENDED JUNE 30, 2016

## WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	Budget	Actual	Variance Over/Under	Actual
Budgetary appropriations:				
Debt interest	40,000	-	40,000	-
Capital outlay	397,000	273,162	123,838	48,491
Total budgetary appropriations	<u>437,000</u>	<u>273,162</u>	<u>163,838</u>	<u>48,491</u>
Total expenditures	<u>1,307,942</u>	<u>1,127,959</u>	<u>179,983</u>	<u>904,547</u>
Revenues over (under) expenditures	(317,522)	(221,222)	96,300	(28,282)
<b>Other Financing Sources (Uses):</b>				
Transfer (to) from other funds	<u>317,522</u>	<u>273,162</u>	<u>(44,360)</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 51,940</u>	<u>\$ 51,940</u>	<u>\$ (28,282)</u>

**Reconciliation from Budgetary Basis  
(Modified Accrual) to Full Accrual:**

Revenues and other financing sources over (under) expenditures and other financing uses	\$ 51,940
Reconciling items:	
Capital outlay	273,162
Increase deferred outflows - pension	(1,260)
Decrease in net pension asset	(27,140)
Increase in net pension liability	(19,463)
Decrease deferred inflows - pension	53,839
Pension expense	(5,976)
Change in other post-employment benefits	(2,018)
Change in accrued vacation pay	(634)
Depreciation	<u>(73,638)</u>
Change in net position	<u>\$ 248,812</u>

## SWAIN COUNTY, NORTH CAROLINA

AGENCY FUNDS  
 COMBINING BALANCE SHEET  
 JUNE 30, 2016

	<u>Municipal Tax Fund</u>	<u>Inmate Trust Fund</u>	<u>Social Services Trust Fund</u>	<u>Total</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 2,001	\$ 34,946	\$ 17,729	\$ 54,676
<b>Liabilities:</b>				
Due to inmates	\$ -	\$ 34,946	\$ -	\$ 34,946
Due to DSS Trust Fund clients	-	-	17,729	17,729
Intergovernmental payable	2,001	-	-	2,001
Total liabilities	<u>\$ 2,001</u>	<u>\$ 34,946</u>	<u>\$ 17,729</u>	<u>\$ 54,676</u>

SWAIN COUNTY, NORTH CAROLINA

AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2016</u>
<b>Fines and Forfeitures Fund:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ -	\$ 113,309	\$ 113,309	\$ -
<b>Liabilities:</b>				
Amount due Swain County Board of Education	\$ -	\$ 113,309	\$ 113,309	\$ -
<b>Municipal Tax Fund:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 2,466	\$ 24,462	\$ 24,927	\$ 2,001
<b>Liabilities:</b>				
Motor vehicle taxes payable	\$ 2,466	\$ 24,462	\$ 24,927	\$ 2,001
<b>Deed of Trust Fees Fund:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ -	\$ 895	\$ 895	\$ -
<b>Liabilities:</b>				
Amount due to State Treasurer	\$ -	\$ 895	\$ 895	\$ -
<b>Inmate Trust Fund:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 29,393	\$ 395,256	\$ 389,703	\$ 34,946
<b>Liabilities:</b>				
Amount due to inmates	\$ 29,393	\$ 395,256	\$ 389,703	\$ 34,946
<b>Social Services Trust Fund:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 21,221	\$ 182,452	\$ 185,944	\$ 17,729
<b>Liabilities:</b>				
Amount due to DSS Trust Fund clients	\$ 21,221	\$ 182,452	\$ 185,944	\$ 17,729

SWAIN COUNTY, NORTH CAROLINA

AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2016</u>
<b>Totals - All Agency Funds:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 53,080	\$ 716,374	\$ 714,778	\$ 54,676
<b>Liabilities:</b>				
Fines and forfeitures	\$ -	\$ 113,309	\$ 113,309	\$ -
Motor vehicle taxes	2,466	24,462	24,927	2,001
Deed of trust fees	-	895	895	-
Due to inmates	29,393	395,256	389,703	34,946
Due to DSS Trust Fund clients	21,221	182,452	185,944	17,729
Total liabilities	<u>\$ 53,080</u>	<u>\$ 716,374</u>	<u>\$ 714,778</u>	<u>\$ 54,676</u>

## SWAIN COUNTY, NORTH CAROLINA

**SCHEDULE OF AD VALOREM TAXES RECEIVABLE**  
**GENERAL FUND**  
**JUNE 30, 2016**

<b>Fiscal Year</b>	<b>Uncollected Balance July 1, 2015</b>	<b>Additions</b>	<b>Collections and Credits</b>	<b>Uncollected Balance June 30, 2016</b>
2015-2016	\$ -	\$ 5,862,748	\$ 5,594,926	\$ 267,822
2014-2015	320,901	-	168,674	152,227
2013-2014	167,692	-	64,369	103,323
2012-2013	95,820	-	32,065	63,755
2011-2012	64,967	-	20,606	44,361
2010-2011	40,194	-	10,940	29,254
2009-2010	24,655	-	6,778	17,877
2008-2009	17,320	-	1,497	15,823
2007-2008	12,868	-	1,028	11,840
2006-2007	12,354	-	505	11,849
2005-2006	9,322	-	9,322	-
Total	<u>\$ 766,093</u>	<u>\$ 5,862,748</u>	<u>\$ 5,910,710</u>	718,131
Less allowance for uncollectible ad valorem taxes receivable				<u>(435,115)</u>
Ad valorem taxes receivable - net				<u>\$ 283,016</u>
<b>Reconciliation with Revenues:</b>				
Taxes - ad valorem - General Fund			\$ 5,998,572	
Less: penalties and interest collected			(101,495)	
Reconciling items:				
Releases - prior years				21,148
Amounts written off per Statute of Limitations				9,322
Miscellaneous				<u>(16,837)</u>
Total collections and credits			\$ 5,910,710	

## SWAIN COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY - COUNTY-WIDE LEVY  
FOR THE YEAR ENDED JUNE 30, 2016

	County-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
<b>Original Levy:</b>					
Property taxed at current year's rate	\$ 1,463,374,222	\$ 0.360	\$ 5,268,149	\$ 5,268,149	\$ -
Motor vehicles taxed at current year's rate	89,126,667	0.360	320,856	-	320,856
Total	<u>1,552,500,889</u>		<u>5,589,005</u>	<u>5,268,149</u>	<u>320,856</u>
<b>Discoveries:</b>					
Current year taxes	81,914,167	0.360	294,891	294,891	-
Less releases and adjustments	<u>(5,874,722)</u>	0.360	<u>(21,148)</u>	<u>(21,148)</u>	<u>-</u>
Total property valuation	<u>\$ 1,628,540,334</u>				
<b>Net Levy</b>			5,862,748	5,541,892	320,856
Uncollected taxes at June 30, 2016			<u>(267,822)</u>	<u>(267,822)</u>	<u>-</u>
<b>Current Year's Taxes Collected</b>			<u>\$ 5,594,926</u>	<u>\$ 5,274,070</u>	<u>\$ 320,856</u>
<b>Current Levy Collection Percentage</b>			<u>95.43%</u>	<u>95.17%</u>	<u>100.00%</u>

SWAIN COUNTY, NORTH CAROLINA

GENERAL FUND

FEDERAL AND STATE GRANTS

FOR THE YEAR ENDED JUNE 30, 2016

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015 Actual
	Budget	Actual	Variance Over/(Under)	
<b>Social Services:</b>				
Administration Grant	\$ 2,735,734	\$ 2,478,606	\$ (257,128)	\$ 2,998,593
I-VE Foster Care	360,000	419,395	59,395	338,603
Work First	-	6,711	6,711	5,229
Daycare	733,583	661,200	(72,383)	723,440
Total social services	3,829,317	3,565,912	(263,405)	4,065,865
<b>Health Department:</b>				
State aid to counties	98,203	125,018	26,815	98,203
Environmental health	4,000	-	(4,000)	4,733
Bioterrorism	64,428	53,383	(11,045)	30,203
Community Care Block Grant	89,569	74,337	(15,232)	81,763
Food and lodging	750	3,207	2,457	1,513
BCCCP	14,001	14,025	24	16,516
Wise Women	8,225	7,995	(230)	6,691
Dental	-	565	565	796
Smart Start (Region A)	-	-	-	7,897
Communicable disease	10,535	10,167	(368)	10,750
Tuberculosis	1,720	2,182	462	1,999
IHA	300,000	190,776	(109,224)	-
CSC	1,419	1,419	-	1,419
Immunization	6,699	4,623	(2,076)	3,807
Health promotion	20,353	35,995	15,642	35,332
WIC	81,374	74,233	(7,141)	75,479
Child health	37,966	29,848	(8,118)	28,986
Maternal health	5,950	5,343	(607)	5,263
Family planning	111,981	114,402	2,421	109,031
CSC - Medicaid	41,520	40,821	(699)	43,914
Adult health	9,000	8,966	(34)	4,048
Wells	5,000	-	(5,000)	-
Total health department	912,693	797,305	(115,388)	568,343

SWAIN COUNTY, NORTH CAROLINA

GENERAL FUND

FEDERAL AND STATE GRANTS

FOR THE YEAR ENDED JUNE 30, 2016

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015 Actual
	Budget	Actual	Variance Over/(Under)	
<b>Other Grants:</b>				
Cooperative extension	130,000	157,921	27,921	128,213
Veterans Services	-	2,288	2,288	-
Emergency management	27,500	38,174	10,674	39,545
Forest funds	40,000	36,541	(3,459)	36,797
Soil and water conservation	73,405	47,828	(25,577)	31,879
Juvenile justice - CBA	80,681	75,395	(5,286)	63,702
Elderly handicapped	86,655	86,653	(2)	84,078
Governor's Crime Control (JAG)	-	-	-	6,563
COPS	30,000	12,262	(17,738)	69,745
Bullet Proof Vest	9,974	-	(9,974)	-
USDA - CDBG	-	-	-	21,695
Register of Deeds	12,900	-	(12,900)	-
School resource	-	-	-	1,640,000
PART-F	-	43,596	43,596	19,193
Homeland securities	-	10,000	10,000	-
Total other grants	<u>491,115</u>	<u>510,658</u>	<u>19,543</u>	<u>2,141,410</u>
Total Federal and State Grants (Schedule B-2)	<u>\$ 5,233,125</u>	<u>\$ 4,873,875</u>	<u>\$ (359,250)</u>	<u>\$ 6,775,618</u>

**SWAIN COUNTY, NORTH CAROLINA****EMERGENCY TELEPHONE SYSTEM UNSPENT BALANCE  
PSAP RECONCILIATION  
FOR THE YEAR ENDED JUNE 30, 2016**

Amounts reported on the Emergency Telephone System Fund budget to actual are different from the PSAP Revenue - Expenditure Report because:

Ending fund balance, reported on budget to actual	\$ 106,874
Cumulative prior period net revenues and expenditures not reported in the fund (difference in beginning Fund Balance - budget to actual vs. PSAP report)	(72,464)
Additional revenues reported in Emergency Telephone System Fund but not reported on PSAP report	(103,662)
Additional revenues reported on PSAP report not reported in Emergency Telephone System Fund	117
Additional expenditures reported in Emergency Telephone System Fund not reported on PSAP report	<u>223,765</u>
Ending balance, PSAP Revenue - Expenditure Report	<u>\$ 154,630</u>