

SWAIN COUNTY
BRYSON CITY, NORTH CAROLINA

FINANCIAL STATEMENTS

JUNE 30, 2013

S. Eric Bowman, P.A.

CERTIFIED PUBLIC ACCOUNTANT

Morganton, North Carolina

SWAIN COUNTY

BRYSON CITY, NORTH CAROLINA

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Swain County, North Carolina
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June 30, 2013

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FINANCIAL SECTION

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Independent Auditor's Report

To the Board of County Commissioners
Swain County, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Swain County, North Carolina as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Swain 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 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.

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, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Swain County, North Carolina as of June 30, 2013, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, Permanent Fund and Emergency Telephone 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 the Management's Discussion and Analysis and the Law Enforcement Officers' and Other Post Employment Benefit's Special Separation Allowance Schedules of Funding Progress and Employer Contributions on pages 4 through 12 and 54 through 58 respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Swain County's basic financial statements. The combining and individual fund financial statements, budgetary schedules, other schedules as well as the accompanying schedule of expenditures of federal and state awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules, other schedules and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund financial statements, budgetary schedules, other schedules and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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Swain County

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2013 on our consideration of Swain County's internal control over financial reporting and 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.



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

Morganton, North Carolina
September 10, 2013

SWAIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Swain County's annual financial report presents our discussion and analysis of the County's financial performance during the fiscal year that ended on June 30, 2013. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this narrative.

Financial Highlights

- The assets and deferred outflows of resources of Swain County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$20 991 844 (*Net Position*).
- The government's total net position increased by \$700 968 due primarily to increased net position in the Governmental Activities.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1 883 150, or 10 percent of total general fund expenditures for the fiscal year.
- At the end of the current fiscal year, Swain County's governmental funds reported combined ending fund balances of \$18 401 818 after a net decrease in fund balance \$139 700. Approximately 83 percent of this total amount or \$15 317 911 is restricted or nonspendable.
- Swain County's total debt decreased by \$1 348 642 or 7 percent during the current fiscal year. The key factors in this decrease was borrowings less than payment of principal.
- The County's bond rating is Baa.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

Government-wide Statements

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

The two government-wide statements report the County's net position and how they have 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.

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

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

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

Fund Financial Statements

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

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

The County has three kinds of funds:

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

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

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

Net Position

Net position may serve over time as a useful indicator of a government's financial position. In the case of Swain County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$20 991 844 at the close of the most recent fiscal year (Table 1).

**TABLE 1
NET POSITION**

	Governmental Activities		Business - Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Current and Other Assets	\$19 653 113	\$20 595 375	\$ (386 765)	\$ (420 522)	\$19 266 348	\$20 174 853
Capital Assets	20 494 009	20 767 887	430 394	501 436	20 924 403	21 269 323
Total Assets	40 147 122	41 363 262	43 629	80 914	40 190 751	41 444 176
Total Deferred Outflows of Resources	98 570	123 213			98 570	123 213
Long-Term Debt Outstanding	17 301 413	18 524 915	23 411	148 551	17 324 824	18 673 466
Other Liabilities	1 890 504	1 935 734	56 458	53 002	1 946 962	1 988 736
Total Liabilities	19 191 917	20 460 649	79 869	201 553	19 271 786	20 662 202
Total Deferred Inflows of Resources	22 731	612 053	2 960	2 258	25 691	614 311
Net Position:						
Net Investment in Capital Assets	9 494 263	9 297 851	406 983	352 885	9 901 246	9 650 736
Restricted	15 317 911	14 651 685			15 317 911	14 651 685
Unrestricted (Deficit)	(3 781 130)	(3 535 763)	(446 183)	(475 782)	(4 227 313)	(4 011 545)
Total Net Position	<u>\$21 031 044</u>	<u>\$20 413 773</u>	<u>\$ (39 200)</u>	<u>\$ (122 897)</u>	<u>\$20 991 844</u>	<u>\$20 290 876</u>

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

The County has issued debt for the acquisition and construction of capital assets that are not reported as assets of the County. This debt has been issued for the construction of public school facilities. The General Statutes do not permit public schools to issue debt for the acquisition and construction of facilities. Responsibility for providing these facilities lies with the County. The titles to these assets are held by Swain County Board of Education and the assets are reported on their financial statements. These debt issues were necessary to provide for the education of the citizens of the County. The outstanding amount of this debt \$6 301 667, has been reported as a reduction of unrestricted net position for governmental activities. Had this debt not been reported as a reduction of unrestricted net position, the balance of unrestricted net position for governmental activities would be \$2 520 237.

Change in Net Position

The County's total revenues were \$20 694 444 at June 30, 2013 (see Table 2). Charges for services made up 21% of revenues. Property taxes and other taxes made up 24% and 15% of revenues respectively. The County's expenses cover a range of services with 41% of those expenses being related to human services.

TABLE 2
CHANGE IN NET POSITION

	Governmental Activities		Business - Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
<u>Revenues</u>						
Program Revenues:						
Charges for Services	\$ 3 566 462	\$ 2 985 801	\$ 851 704	\$ 822 736	\$ 4 418 166	\$ 3 808 537
Operating Grants and Contributions	5 010 071	4 867 672			5 010 071	4 867 672
Capital Grants and Contributions	66 280	117 738			66 280	117 738
General Revenues:						
Property Taxes	4 924 815	4 734 559			4 924 815	4 734 559
Other Taxes	3 058 153	2 879 249			3 058 153	2 879 249
Unrestricted						
Intergovernmental	1 933 245	1 157 149			1 933 245	1 157 149
Other	1 162 505	1 661 233			1 162 505	1 661 233
Special Item-Gain on Sale of Fixed Assets			121 209		121 209	
Total Revenues	19 721 531	18 403 401	972 913	822 736	20 694 444	\$19 226 137
<u>Expenses</u>						
General Government	2 827 139	2 628 289			2 827 139	2 628 289
Public Safety	3 992 607	3 842 955			3 992 607	3 842 955
Environmental Protection	104 441	93 464			104 441	93 464
Economic and Physical Development	1 303 945	1 053 679			1 303 945	1 053 679
Human Services	8 282 582	8 239 931			8 282 582	8 239 931
Recreational	662 315	672 747			662 315	672 747
Education	1 190 772	2 625 996			1 190 772	2 625 996
Interest on Long-Term Debt	711 313	744 593			711 313	744 593
Solid Waste			918 362	864 174	918 362	864 174
Total Expenses	19 075 114	19 901 654	918 362	864 174	19 993 476	20 765 828
Excess (Deficiency) of Revenues Over Expenses Before Transfers	646 417		54 551		700 968	
Transfers	(29 146)		29 146			
Increase (Decrease) in Net Position	617 271	(1 498 253)	83 697	(41 438)	700 968	(1 539 691)
Net Position, July 1	20 413 773	21 912 026	(122 897)	(81 459)	20 290 876	21 830 567
Net Position, June 30	\$21 031 044	\$20 413 773	\$ (39 200)	\$ (122 897)	\$20 991 844	\$20 290 876

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

- The cost of all governmental activities this year was \$19.1 million.
- However, the amount that our taxpayers paid for these activities through County taxes was \$10.4 million. Some of the cost was paid by:
 - Those who directly benefited from the programs (3.6 million), or
 - Other governments and organizations that subsidized certain programs with grants and contributions (5.1 million).
- The County paid for the \$10.4 million "public benefit" portion with \$8.0 million in taxes, and with other revenues such as interest and unrestricted intergovernmental revenues.

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

	Total Cost of Services		Net Cost of Services	
	2013	2012	2013	2012
	General Government	\$ 2.8	2.6	\$ 2.0
Public Safety	4.0	3.8	2.6	2.9
Human Services	8.3	8.2	2.5	2.3
Education	1.2	2.6	1.1	2.4
Recreation	.7	.7	.6	.5
Other	2.1	2.0	1.6	1.6
Total	\$ 19.1	\$ 19.9	\$ 10.4	\$ 11.9

Business-type Activities

Revenues of the County's business-type activities totaled \$972 913 with expenses totaling \$918 362 (see Table 2). This produced a surplus of \$83 697. The surplus was a result of gain on sale of fixed assets.

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, available fund balance of the General Fund was \$ 1 922 784 while total fund balance was \$4 360 219. As a measure of the general fund's liquidity, it may be useful to compare both available fund balance and total fund balance to total fund expenditures. Available fund balance represents 10.2 percent of total General Fund expenditures, while total fund balance represents 23.0 percent of that same amount.

At June 30, 2013, the governmental funds of Swain County reported a combined fund balance of \$18 401 818, a decrease of \$139 700. The primary reason for this decrease, was the increase in the non major capital project fund expenditures.

General fund Budgetary Highlights: During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain service. Total amendments increased the General Fund's budget by \$5 083 839.

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 \$(446 153). This deficit will be funded in future years.

Capital Asset and Debt Administration

Capital assets. Swain County's investment in capital assets for its governmental and business-type activities as of June 30, 2013 totals \$20 924 403 (net of accumulated depreciation). These assets include land, buildings, equipment, and vehicles.

Major capital asset transactions during the year include:

- Construction in Progress - Museum
- Purchased vehicle for Public Safety
- Purchased Computer Equipment
- Purchased Ambulance
- Sale of 2 Tractors - Enterprise Fund

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

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 4 679 412	\$ 4 679 412	\$	\$	\$ 4 679 412	\$ 4 679 412
Construction in Progress	290 708	1 254 033			290 708	1 254 033
Buildings	14 073 012	13 141 799	317 676	335 848	14 390 688	13 477 647
Equipment	791 257	964 586	20 531	21 360	811 788	985 946
Vehicles	659 620	728 057	92 187	144 228	751 807	872 285
Total	<u>\$20 494 009</u>	<u>\$20 767 887</u>	<u>\$ 430 394</u>	<u>\$ 501 436</u>	<u>\$20 924 403</u>	<u>\$21 269 323</u>

Long-term Debt. As of June 30, 2013, Swain County had total debt outstanding of \$17 324 824, of which General Obligation Bonds are backed by the full faith and credit of the County and all other debt is covered by pledged collateral and is subject to appropriation.

Swain County's Outstanding Debt
All Debt funding Sources

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
General Obligation Bonds	\$ 2 020 000	\$ 2 395 000	\$	\$	\$ 2 020 000	\$ 2 395 000
Capital Lease Obligations	5 212 997	5 758 099	23 411	148 551	5 236 408	5 906 650
Mortgages and Loans	1 619 223	1 803 370			1 619 223	1 803 370
USDA Debt	8 449 193	8 568 446			8 449 193	8 568 446
Total	<u>\$17 301 413</u>	<u>\$18 524 915</u>	<u>\$ 23 411</u>	<u>\$ 148 551</u>	<u>\$17 324 824</u>	<u>\$18 673 466</u>

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within the government's boundaries. The legal debt margin for Swain County is \$98 436 388.

Budget Highlights for the Fiscal Year Ending June 30, 2014

Governmental Activities: The County will complete renovations to the Museum at a cost of approximately \$650 000. The County increased property taxes 2 cents due to decreases in property valuations.

Business-type Activities: Solid waste expenditures will decrease approximately \$100 000 due to decrease in debt service costs.

Request for Information

This report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, Swain County, P. O. Box 2321, Bryson City, NC 28713.

SWAIN COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2013

Exhibit 1

<u>Assets</u>	Primary Government			<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>	
<u>Current Assets:</u>				
Cash and Cash Equivalents	\$ 2 526 985	\$	\$ 2 526 985	\$ 189 610
Investments	780 267		780 267	
Receivables (Net of Allowance for Uncollectibles)	1 630 365	64 450	1 694 815	
Due from Primary Government				42 290
Internal Balance	451 215	(451 215)		
Restricted Cash and Investments	<u>14 264 281</u>		<u>14 264 281</u>	
Total Current Assets	<u>19 653 113</u>	<u>(386 765)</u>	<u>19 266 348</u>	<u>231 900</u>
<u>Non Current Assets:</u>				
<u>Capital Assets:</u>				
Land and Construction in Progress	4 970 120		4 970 120	
Other Capital Assets, Net of Deprecation	<u>15 523 889</u>	<u>430 394</u>	<u>15 954 283</u>	<u>7 172</u>
Total Non Current Assets	<u>20 494 009</u>	<u>430 394</u>	<u>20 924 403</u>	<u>7 172</u>
Total Assets	<u>40 147 122</u>	<u>43 629</u>	<u>40 190 751</u>	<u>239 072</u>
Total Deferred Outflows of Resources	<u>98 570</u>		<u>98 570</u>	
<u>Liabilities:</u>				
<u>Current Liabilities:</u>				
Accounts Payable	822 683	17 648	840 331	
Compensated Absences	426 896	15 610	442 506	
Due to Component Unit	42 290		42 290	
Current Portion of Long Term Obligations	<u>1 215 165</u>	<u>23 411</u>	<u>1 238 576</u>	
Total Current Liabilities	<u>2 507 034</u>	<u>56 669</u>	<u>2 563 703</u>	
<u>Non Current Liabilities:</u>				
Unfunded Pension Cost	102 994		102 994	
Post Employee Health Benefits	495 641	23 200	518 841	
Non Current Portion of Long Term Obligations	<u>16 086 248</u>		<u>16 086 248</u>	
Total Non Current Liabilities	<u>16 684 883</u>	<u>23 200</u>	<u>16 708 083</u>	
Total Liabilities	<u>19 191 917</u>	<u>79 869</u>	<u>19 271 786</u>	
Total Deferred Inflows of Resources	<u>22 731</u>	<u>2 960</u>	<u>25 691</u>	
<u>Net Position</u>				
Net Investment in Capital Assets	9 494 263	406 983	9 901 246	7 172
<u>Restricted For:</u>				
Human Services	17 642		17 642	
Wireless	62 834		62 834	
Education	703 545		703 545	
Stabilization by State Statute	1 733 890		1 733 890	42 290
1943 Agreement	12 800 000		12 800 000	
Unrestricted (Deficit)	<u>(3 781 130)</u>	<u>(446 183)</u>	<u>(4 227 313)</u>	<u>189 610</u>
Total Net Position	<u>\$ 21 031 044</u>	<u>\$ (39 200)</u>	<u>\$20 991 844</u>	<u>\$ 239 072</u>

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

SWAIN COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

Exhibit 2

Functions/Programs	Expenses	Program Revenues		(Net Expense) Revenues and Changes in Net Position				
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business - Type Activities	Total	Component Unit
Primary Government:								
Governmental Activities:								
General Government	\$ 2 827 139	\$ 662 979	\$ 187 236	\$ 13 148	\$ (1 963 776)	\$ (1 963 776)	\$	
Public Safety	3 992 607	1 213 640	134 820	53 132	(2 591 015)	(2 591 015)		
Environmental Protection	104 441		183 281		78 840	78 840		
Economic and Physical Development	1 303 945		213 512		(1 090 433)	(1 090 433)		
Human Services	8 282 582	1 579 806	4 154 304		(2 548 472)	(2 548 472)		
Recreational	662 315	110 037			(552 278)	(552 278)		
Education	1 190 772		136 918		(1 053 854)	(1 053 854)		
Interest on Long Term Debt	711 313				(711 313)	(711 313)		
Total Governmental Activities	19 075 114	3 566 462	5 010 071	66 280	(10 432 301)	(10 432 301)		
Business-Type Activities:								
Solid Waste	918 362	851 704				(66 658)	(66 658)	
Total Primary Government	\$19 993 476	\$4 418 166	\$ 5 010 071	66 280	(10 432 301)	(10 498 959)		
Component Unit:								
Economic Development - Tourism	\$ 518 409						(518 409)	
General Revenues:								
Taxes:								
Property Taxes					4 924 815	4 924 815		
Local Option Sales					2 515 228	2 515 228		
Occupancy Tax					532 965	532 965		
Public Service Taxes					9 960	9 960		
Payment from Swain County							515 314	
Unrestricted Intergovernmental					1 933 245	1 933 245		
Investment Earnings					56 153	56 153	148	
Miscellaneous					1 108 776	1 108 776		
(Loss) on Disposal of Assets					(2 424)	(2 424)		
Transfers					(29 146)	29 146		
Total General Revenue and Transfers Before Special Items					11 049 572	29 146	11 078 718	515 462
Special Item - Gain on Sale of Fixed Assets						121 209	121 209	
Total General Revenues					11 049 572	150 355	11 199 927	
Change in Net Position					617 271	83 697	700 968	(2 947)
Net Position - Beginning					20 413 773	(122 897)	20 290 876	242 019
Net Position - Ending					\$ 21 031 044	\$ (39 200)	\$20 991 844	\$ 239 072

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

SWAIN COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

Exhibit 3

	General Fund	Capital Projects	Permanent Fund	Emergency Telephone Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets						
Cash and Cash Equivalents	\$2 360 501	\$	\$	\$ 53 911	\$ 112 573	\$ 2 526 985
Investments			780 267			780 267
Receivables, Net	1 238 275			27 346	1 153	1 266 774
Property Tax Receivable, Net	329 903					329 903
Due From Other Funds	495 615	551				496 166
Restricted Cash	1 153 532	310 749				1 464 281
Restricted Investments			12 800 000			12 800 000
Total Assets	\$5 577 826	\$ 311 300	\$ 13 580 267	\$ 81 257	\$ 113 726	\$ 19 664 376
Liabilities:						
Accounts Payable and Accrued Liabilities	\$ 822 683	\$	\$	\$	\$	\$ 882 683
Due to Component Unit	42 290					42 290
Due to Other Funds				18 423	26 528	44 951
Total Liabilities	864 973			18 423	26 528	909 924
Total Deferred Inflows of Resources	352 634					352 634
Fund Balances:						
Nonspendable:						
Permanent Fund - 1943 Settlement			12 800 000			12 800 000
Restricted For:						
Stabilization by State Statute	1 733 890					1 733 890
Wireless				62 834		62 834
Education	703 545					703 545
Human Services					17 642	17 642
Committed To:						
Economic Development	39 634					39 634
Assigned To:						
Public Safety					69 556	69 556
Cultural and Recreation		311 300				311 300
Unassigned	1 883 150		780 267			2 663 417
Total Fund Balances	4 360 219	311 300	13 580 267	62 834	87 198	18 401 818
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$5 577 826	\$ 311 300	\$ 13 580 267	\$ 81 257	\$ 113 726	\$ 19 664 376

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

SWAIN COUNTY
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2013

Amounts reported for governmental activities in the		
Statement of Net Position (Exhibit 1) are different because:		
Capital Assets used in Governmental Activities are not financial resources and therefore are not reported in the funds		\$20 494 009
Other assets used in governmental activities are not financial resources and, therefore are not reported in the funds:		
Deferred Inflows of Resources-		
Ad Valorem Taxes	\$ 329 903	
Accrued Interest-Ad Valorem Taxes	<u>33 688</u>	363 591
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:		
Bonds and Leases Payable	(17 301 413)	
Compensated Absences	(426 896)	
LEO Pension Obligation	(102 994)	
OPEB Obligation	<u>(495 641)</u>	(18 326 944)
Deferred Outflows of Resources-Refunding		98 570
Fund Balance - Governmental Funds (Exhibit 3)		<u>18 401 818</u>
Net Position of Governmental Activities (Exhibit 1)		<u>\$21 031 044</u>

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

SWAIN COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

Exhibit 4

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Permanent Fund</u>	<u>Emergency Telephone Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>						
Taxes:						
Property	\$ 4 930 952	\$	\$	\$	\$	\$ 4 930 952
Local Option Sales	2 515 228					2 515 228
Occupancy	532 965					532 965
Public Service	9 960					9 960
Intergovernmental	7 221 440				331 318	7 552 758
Charges for Services	3 402 389			164 073		3 566 462
Investment Earnings	14 303	2 008	37 697	67	253	54 328
Miscellaneous	566 813					566 813
 Total Revenues	 <u>19 194 050</u>	 <u>2 008</u>	 <u>37 697</u>	 <u>164 140</u>	 <u>331 571</u>	 <u>19 729 466</u>
<u>Expenditures</u>						
Current:						
General Government	2 818 069					2 818 069
Public Safety	3 642 042					3 642 042
Environmental Protection	102 703					102 703
Economic and Physical Development	1 042 734				192 512	1 235 246
Human Services	7 732 023			160 539	140 561	8 033 123
Cultural and Recreation	617 185					617 185
Education	1 067 364				123 408	1 190 772
Debt Service:						
Principal	1 223 502					1 223 502
Interest	686 670					686 670
Capital Projects		290 708				290 708
 Total Expenditures	 <u>18 932 292</u>	 <u>290 708</u>	 <u>37 697</u>	 <u>160 539</u>	 <u>456 481</u>	 <u>19 840 020</u>
 Excess (Deficiency) of Revenue Over Expenditures	 <u>261 758</u>	 <u>(288 700)</u>	 <u>37 697</u>	 <u>3 601</u>	 <u>(124 910)</u>	 <u>(110 554)</u>
<u>Other Financing Sources (Uses)</u>						
Transfers In (Out)	89 806	600 000	(637 539)		(81 413)	(29 146)
 Net Change in Fund Balances	 351 564	 311 300	 (599 842)	 3 601	 (206 323)	 (139 700)
Fund Balances:						
Beginning of Year	4 012 705		14 180 109	55 183	293 521	18 541 518
Prior Period Adjustment	(4 050)			4 050		
 End of Year	 <u>\$ 4 360 219</u>	 <u>\$ 311 300</u>	 <u>\$ 13 580 267</u>	 <u>\$ 62 834</u>	 <u>\$ 87 198</u>	 <u>\$ 18 401 818</u>

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

SWAIN COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

Net change in fund balances - total Governmental Funds (Exhibit 4) \$ (139 700)

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

Governmental Funds report Capital Outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which Capital Outlays of \$614 965 was less than Depreciation of \$885 220 in the current period. (270 255)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds (6 736)

Revenues recorded in the fund statement only (1 199)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of issuance cost, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. 1 223 502

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (188 341)

Change in Net Position of Governmental Activities (Exhibit 2) \$ 617 271

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

SWAIN COUNTY
 GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Exhibit 5

Revenues:	Budgeted Amounts		Actual	Variances With Final Budget Favorable (Unfavorable)
	Original	Final		
Ad Valorem Taxes	\$ 4 727 885	\$ 4 827 885	\$ 4 930 952	\$ 103 067
Local Option Sales Tax	2 170 000	1 970 000	1 976 880	6 880
Other Taxes and Licenses	410 500	610 500	542 925	(67 575)
Unrestricted Intergovernmental	1 274 000	1 276 000	1 933 245	657 245
Restricted Intergovernmental	1 216 359	5 582 340	5 151 277	(431 063)
Permits and Fees	240 900	337 900	343 813	5 913
Sales and Services	2 699 824	3 010 800	3 058 576	47 776
Investment Earnings	10 000	10 000	13 873	3 873
Miscellaneous	12 900	540 900	557 172	16 272
Total Revenues	12 762 368	18 166 325	18 508 713	342 388
Expenditures:				
Current:				
General Government	3 466 795	3 365 394	2 818 069	547 325
Public Safety	3 223 778	3 791 160	3 642 042	149 118
Environmental Protection	99 052	114 052	102 703	11 349
Economic and Physical				
Development	884 676	1 187 676	1 042 734	144 942
Human Services	4 154 111	8 285 969	7 732 023	553 946
Cultural and Recreational	659 057	674 057	617 185	56 872
Intergovernmental:				
Education	1 085 000	1 085 000	1 067 364	17 636
Debt Service:				
Principal Retirement	1 670 105	1 823 105	1 223 502	599 603
Interest and Other Charges			686 670	(686 670)
Total Expenditures	15 242 574	20 326 413	18 932 292	1 394 121
Revenues Over (Under) Expenditures	(2 480 206)	(2 160 088)	(423 579)	1 736 509
Other Financing Sources (Uses):				
Transfers In (Out)	1 515 872	1 192 054	825 926	(366 128)
Financing Proceeds	725 000	225 000		(225 000)
Appropriated Fund Balance	239 334	743 034		(743 034)
Total Other Financing Sources (Used)	2 480 206	2 160 088	825 926	(1 334 162)
Net Change in Fund Balance	\$	\$	\$ 402 347	\$ 402 347
Fund Balance:				
Beginning of Year, as previously reported			3 218 743	
Prior Period Adjustment			(4 050)	
End of Year, June 30			3 617 040	
Legally adopted School's Capital Reserve Fund and Economic Development Fund are consolidated into the General Fund for reporting purposes:				
Miscellaneous			9 641	
Grants			136 918	
Interest Earned			430	
Local Option Sales Tax			538 348	
Transfers In (Out)			(736 120)	
Fund Balance - Beginning			793 962	
Fund Balance - Ending			\$ 4 360 219	

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

SWAIN COUNTY
PERMANENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance With Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment Earnings	\$ 635 000	\$ 635 000	\$ 37 697	\$ (597 303)
Other Financing Sources (Uses):				
Appropriated Fund Balance	15 000	15 000		(15 000)
Transfer (to) General Fund	(650 000)	(650 000)	(637 539)	12 461
Total Other Financing Sources (Uses):	(635 000)	(635 000)	(637 539)	(2 539)
Revenues Over (Under) Other Financing Uses	<u>\$</u>	<u>\$</u>	(599 842)	<u>\$ (599 842)</u>
Fund Balance - Beginning of Year			<u>14 180 109</u>	
Fund Balance - Ending of Year			<u>\$13 580 267</u>	

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

SWAIN COUNTY, NORTH CAROLINA
EMERGENCY TELEPHONE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
Revenues:				
Permits and Fees:				
Fees Charged	\$ 172 725	\$ 172 725	\$ 164 073	\$ (8 652)
Investment Earnings:				
Interest Earned	_____	_____	67	67
Total Revenues	<u>172 725</u>	<u>172 725</u>	<u>164 140</u>	<u>(8 585)</u>
Expenditures:				
Human Services	<u>172 725</u>	<u>172 725</u>	<u>160 539</u>	<u>12 186</u>
Revenues Over (Under)				
Expenditures	<u>\$ _____</u>	<u>\$ _____</u>	<u>3 601</u>	<u>\$ 3 601</u>
Fund Balance - Beginning of Year			55 183	
Prior Period Adjustment			<u>4 050</u>	
Fund Balance - End of Year			<u>\$ 62 834</u>	

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

SWAIN COUNTY
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2013

	<u>Enterprise</u> <u>Fund</u> <u>Solid</u> <u>Waste</u>
<u>Assets</u>	
Current Assets:	
Receivables (Net of Allowance for Uncollectibles)	\$ 64 450
Non Current Assets:	
Capital Assets:	
Other Capital Assets, Net of Depreciation	430 394
Total Assets	<u>494 844</u>
<u>Liabilities</u>	
Current Liabilities:	
Accounts Payable and Accruals	17 648
Due to Other Funds	451 215
Compensated Absences	15 610
Current Portion of Long Term Obligations	<u>23 411</u>
Total Current Liabilities	<u>507 884</u>
Non Current Liabilities:	
Post Employment Health Liability	<u>23 200</u>
Total Liabilities	<u>531 084</u>
<u>Deferred Inflows of Resources</u>	
Prepaid Waste Fees	<u>2 960</u>
<u>Net Position</u>	
Net Investment in Capital Assets	406 983
Unrestricted (Deficit)	<u>(446 183)</u>
Total Net Position (Deficit)	<u>\$ (39 200)</u>

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

SWAIN COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Enterprise</u> <u>Fund</u> <u>Solid</u> <u>Waste</u>
<u>Operating Revenues</u>	
Charges for Services	\$ 851 704
<u>Operating Expenses</u>	
Waste Management Operations	854 716
Depreciation	<u>54 830</u>
Total Operating Expenses	<u>909 546</u>
Operating Income (Loss)	<u>(57 842)</u>
Non-Operating Revenues (Expenses):	
Interest Expense	(8 816)
Gain on Sale of Fixed Assets	<u>121 209</u>
Total Non-Operating Revenues (Expenses)	<u>112 393</u>
Income (Loss) Before Operating Transfers	<u>54 551</u>
Transfers In (Out)	<u>29 146</u>
Change in Net Position	83 697
Total Net Position - Beginning	<u>(122 897)</u>
Total Net Position - Ending	<u>\$ (39 200)</u>

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

SWAIN COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Enterprise</u> <u>Fund</u> <u>Solid</u> <u>Waste</u>
Cash Flows From Operating Activities:	
Cash Received From Customers	\$ 856 121
Cash Paid to Employees	(338 872)
Cash Paid for Goods and Services	(512 388)
Waste Fees Paid in Advance	<u>702</u>
Net Cash Provided (Used) by Operating Activities	<u>5 563</u>
Cash Flows From Noncapital Financing Activities:	
Interfund Activity	<u>(9 028)</u>
Cash Flows From Capital and Related Financing Activities:	
Acquisition of Capital Assets	(22 579)
Debt Principal and Interest Paid	(133 956)
Sale of Fixed Assets	<u>160 000</u>
Total	<u>3 465</u>
Net Increase (Decrease) in Cash and Cash Equivalents	
Cash and Cash Equivalents - Beginning Year	<u> </u>
Cash and Cash Equivalents - End of Year	<u><u>\$ </u></u>
Reconciliation of Operating Income to Net Cash	
Provided by Operating Activities:	
Operating Income (Loss)	\$ (57 842)
Adjustments to reconcile Operating Income to	
Net Cash Provided by Operating Activities:	
Depreciation	54 830
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable -	
Customers and Waste Fees	4 417
Increase (Decrease) in Accounts Payable and	
Accruals - Customer's	7 198
Increase (Decrease) in Compensated Absences	(7 982)
Increase (Decrease) in Deferred Inflows of Resources	702
Increase (Decrease) in Post Employment Liability	<u>4 240</u>
Total Adjustments	<u>63 405</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 5 563</u></u>

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

SWAIN COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

Swain County Tourist Development Authority

The County appoints three of the five members of the governing board of the Authority and the Authority operates within the County's boundaries for the benefit of the County's residents. The County is not responsible for the debts or entitled to the surpluses of the Authority. The Authority has the power to approve its own budget, designates its own management, and maintains its own accounting system. 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, N.C.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government 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 the government and business-type activities of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

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

The County reports the following major governmental funds:

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

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 nonexpendable trust principal is unrestricted.

The **Capital Projects Fund** accounts for financial resources to be used for the acquisition and construction of major capital facilities (other than those financed by proprietary funds and trust funds). The County has one major capital project - Museum Construction.

The **Emergency Telephone Fund** accounts for financial resources to be used to account for emergency telephone services.

The County reports the following major proprietary fund:

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

Additionally, the County reports the following fund types:

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

Non Major Funds - The County maintains the following legally budgeted funds:

Special Revenue Funds:

- 1) Family Preservation
- 2) CDBG

Capital Projects:

- 1) Public Safety
- 2) Learning Center

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

- C. Measurement Focus, Basis of Accounting and Basis of Presentation
In accordance with North Carolina General Statutes, all funds of the County are maintained during the year using the modified accrual basis of accounting.

Government-wide, Proprietary and Fiduciary Fund Financial Statements - The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which eligibility requirements have been satisfied.

Governmental Fund Financial Statements - Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and 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 a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Swain County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For registered motor vehicles, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year

in which they become due. Therefore, taxes for vehicles registered from March 2012 through February 2013 apply to the fiscal year ended June 30, 2013. Uncollected taxes, which are billed during this period, are shown as a receivable on these financial statements and are offset by deferred inflows of resources.

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

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

D. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the general, the special revenue (except for the CDBG fund), 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 Project funds.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the department level for funds which adopt annual budgets and at the object level for funds which adopt Project Ordinances. The County Manager has authority, with subsequent approval by the Board, to transfer funds from one appropriation to another per the following guidelines: (1) The funds are not more than five-hundred dollars, (2) The funds involve receipt and appropriation of grant funds or contracts which have been approved by the Board, or (3) The transfer allows for better accounting methods and does not involve a change in the purpose for which funds are spent. All budgets shown in the financial statements are the final June 30, 2013 budgets as amended.

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

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

Pursuant to G.S. 159-26(d), the County is not required to maintain encumbrance accounts due to its small population. The County does use purchase orders but they are not reflected in expenditures until the item is received. At June 30, 2013, the County did not have any purchase orders outstanding.

E. Assets, Liabilities, Deferred Outflows and Inflows and Fund Equity

1. Deposits and Investments:

Deposits - All deposits of the County and Swain County Tourist Development Authority are made in board-designated official depositories and are secured as required by G.S. 159-31. Official depositories may be established with any bank or savings and loan association whose principal office is located in North Carolina. Also, the County and the Authority may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit. State law [G.S. 159-30(c)] authorizes the County and the Authority to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust, an SEC-registered mutual fund. The County and the Tourist Authority's investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. The NCCMT Cash Portfolio's securities are valued at fair value, which is the NCCMT's share price. Money market investments that have a remaining maturity at the time of purchase of one year or less and non-participating interest earnings and investment contracts are reported at amortized cost. The County's Permanent Fund is invested in the State Treasurer's STIF and LTIF investment funds. 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 long-term investment fund (LTIF) consists of investment grade corporate securities, treasuries, and agencies.

2. Cash and Cash Equivalents:

The County pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The County and the Authority considers demand deposits and investments purchased with an original maturity of three months or less, which are not limited as to use, to be cash and cash equivalents.

3. Restricted Assets:

The County is depositing \$77 390 annually into a sinking fund held with the Bank of America for the future pay off of \$1 500 000 of N.C. Qualified Zone Academy Bonds. The amount of restricted General Fund assets is made up of \$508 391 which is the balance in the sinking fund at June 30, 2013 plus the Schools Capital Reserve Fund cash of \$645 141. Permanent Fund restricted investments of \$12,800,000 represents the nonexpendable portion of the Swain Settlement funds. Capital Projects cash of \$310 749 is also restricted.

- 4. Ad Valorem Taxes Receivable:
In accordance with State law [G.S. 105-347 and G.S. 159-131(a)], the County levies ad valorem taxes on July 1, the beginning of the fiscal year. The taxes are due September 1; however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2012. As allowed by State Law, the County has established a schedule of discounts that apply to taxes which are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.
- 5. Allowances for Doubtful Accounts:
All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.
- 6. Capital Assets:
Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of one year. Capital assets, which include property, plant and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

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

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

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

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

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

7. Deferred Outflows/Inflows of Resources:
In addition to assets, the statement of financial 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 a future period and so will not be recognized as an expense or expenditure until then. The County has one item that meets this criterion - a charge on refunding that had previously been classified as a contra liability. In addition to liabilities, the statement of financial position can also report a separate section for deferred inflows of resources. This separate financial statement element, *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 only two items that meet the criterion for this category - prepaid taxes and prepaid waste fees.

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

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

9. Compensated Absences:
The vacation policies of the County provide for the accumulation of up to thirty (30) days earned vacation leave with such leave being fully vested when earned. The County's liability for accumulated earned vacation and the salary-related payments as of June 30, 2013 is recorded in the government-wide financial statements and the proprietary funds. The sick leave policies of the County provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since there is no obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

10. Net Position/Fund Balances:

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

Nonspendable 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 principal derived from the 1943 agreement with the Department of Interior are to remain in perpetuity.

Restricted Fund Balance - This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

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

Restricted for Wireless - 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.

Committed Fund Balance - portion of fund balance that can only be used for specific purposes imposed by majority vote of Swain County's governing body (highest level of decision-making authority). Any changes or removal of specific purpose requires majority action by the governing body.

Committed for Economic Development - portion of fund balance that can only be used for economic development.

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

Assigned for Public Safety Capital Outlay - portion of fund balance that has been budgeted by the board for law enforcement capital expenditures.

Assigned for Cultural and Recreation - portion of fund balance that has been budgeted by the Board for construction of a museum.

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

F. Management Estimates

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

G. Other Resources

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

II. Reconciliation of Government-Wide and Fund Financial Statements

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

The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. The net adjustment of \$2 629 226 consists of several elements as follows:

<u>Description</u>	<u>Amount</u>
Capital assets in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement governmental activities column)	\$28 452 233
Less Accumulated Depreciation	7 958 224
Net Capital Assets	20 494 009
Accrued interest receivable on ad valorem taxes in the government-wide statements as these funds are not available in the fund statements.	33 688
Deferred charges related to advance refunding bond issued - included on government-wide statement of net position but are not current financial resources.	98 570
Deferred inflows of resources recorded in the fund statements but not government-wide - net ad valorem taxes.	329 903
Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:	
Bonds, Leases, and Installment Financing	(17 301 413)
Compensated Absences	(426 896)
Pension Obligation	(102 994)
OPEB Obligation	(495 641)
Total adjustment	<u>\$ 2 629 226</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$756 971 as follows:

<u>Description</u>	<u>Amount</u>
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 614 965
Depreciation expense, the allocation of those assets over their useful lives, is recorded in the statement of activities but not in the fund statements.	(885 220)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements:	
Recording of tax receipts in the fund statements.	(6 137)
Increase in accrued interest on taxes	1 825
Principal payments on debt owed are recorded as a use of funds in the fund statements but affect only the statement of net position in the government-wide statements.	1 223 502
Sale of Fixed Assets is recorded in the funds statements	(1 199)
Loss on Disposed Assets is recorded in the government-wide	(2 424)
Law Enforcement Separation Allowance expenses reported in the statement of activities do not require the use of current resources to pay and are not recorded as expenditures in the fund statements.	(9 121)
Expenses reportable on fund statements that are capitalized on government-wide statements - refunding costs.	(24 643)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	(19 183)
Post employment health costs are accrued in the government-wide statements, but not in the fund statements.	<u>(135 394)</u>
Total Adjustment	<u>\$ 756 971</u>

III. Stewardship, Compliance and Accountability

A. Excess of Expenditures Over Appropriations

Expenditures over budgeted amounts were noted in the following

Departments:

<u>General Fund</u>	<u>Over Budget</u>
Debt Service	\$ 87 067
Fire Marshall	417
Total	<u>\$ 87 484</u>

Solid Waste

Debt Service	<u>\$ 23 956</u>
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These expenditures were approved subsequent to year end. The County annually files a corrective action plan. It is the County's intention to amend their budget on a more timely basis in the future.

B. Deficit Fund balance of Net Position

The Solid Waste fund had a unrestricted net position deficit of \$446 183 at June 30, 2013. The Enterprise Fund will fund this deficit in future years.

IV. Detail Notes On All Funds and Account Groups

A. Assets

1. Deposits:

All of the County's and Authority's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's or the Authority's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County and the Authority these deposits are considered to be held by their agents in the entities' names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or the Authority or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County or the Authority under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The County and Authority have no policy regarding outstanding risk for deposits.

At June 30, 2013, the County's deposits had a carrying amount of \$2 168 370 and a bank balance of \$2 265 010. Of the bank balance \$750 000 was covered by federal depository insurance and \$1 515 010 was covered by collateral held under the Pooling Method.

At June 30, 2013 the carrying amount of deposits for Swain County Tourist Development Authority was \$189 610 and the bank balance was \$271 485. All of the bank balance was covered by federal depository insurance or other sufficient collateral held under the pooling method.

2. Investments:

At June 30, 2013, Swain County had \$1 822 896 invested with the North Carolina Capital Management Trust's Cash Portfolio which carried a credit rating of AAAM by Standard and Poors. The County invested \$6 795 771 in the State Treasurer's Short Term Investment Fund (STIF) and \$6 784 496 in the State Treasurer's Long-Term Investment Fund (LTIF). The STIF and LTIF are not considered cash and cash equivalents because they have maturities longer than three months. The County has no policy regarding credit risk.

3. Receivables - Net of Allowances for Doubtful Accounts:
 Receivables at June 30, 2013, were as follows at the government-wide level:

	<u>Accounts</u>	<u>Customers</u>	<u>Taxes</u>	<u>Interest</u>	<u>Total</u>
Governmental Activities:					
General	\$1 238 275	\$	\$ 684 972	\$ 33 688	\$1 956 935
Other Governmental	90 560	_____	_____	_____	90 560
Total Receivables	<u>1 328 835</u>	_____	<u>684 972</u>	<u>33 688</u>	<u>2 047 495</u>
Allowance for doubtful accounts	62 061	_____	355 069	_____	417 130
Total-governmental activities	<u>\$1 266 774</u>	<u>\$</u>	<u>\$ 329 903</u>	<u>\$ 33 688</u>	<u>\$1 630 365</u>
Business-type Activities:					
Solid Waste	\$	\$ 157 818	\$	\$	\$ 157 818
Allowance for doubtful accounts	_____	93 368	_____	_____	93 368
Total business-type activities	<u>\$</u>	<u>\$ 64 450</u>	<u>\$</u>	<u>\$</u>	<u>\$ 64 450</u>

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

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

Year Levied	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2010	\$53 502	\$2 120	\$55 622
2011	53 221	1 040	54 261
2012	52 800	1 050	53 850

5. Capital Assets:
 Capital asset activity for the year ended June 30, 2013 was as follows:

1. Primary Government:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital Assets not being depreciated:				
Land	\$ 4 679 412	\$	\$	\$ 4 679 412
Construction in Progress	1 254 033	_____	963 325	290 708
Total Capital Assets not being depreciated	<u>5 933 445</u>	_____	<u>963 325</u>	<u>4 970 120</u>
Capital Assets being depreciated:				
Buildings	17 214 190	1 377 440	_____	18 591 630
Equipment	2 653 242	45 841	_____	2 699 083
Vehicles	2 266 887	155 009	230 496	2 191 400
Total capital assets being depreciated	<u>22 134 319</u>	<u>1 578 290</u>	<u>230 496</u>	<u>23 482 113</u>
Less accumulated depreciation for:				
Buildings	4 072 391	446 227	_____	4 518 618
Equipment	1 688 656	219 170	_____	1 907 826
Vehicles	1 538 830	219 823	226 873	1 531 780
Total accumulated depreciation	<u>7 299 877</u>	<u>885 220</u>	<u>226 873</u>	<u>7 958 224</u>
Total Capital Assets, being Depreciated, net	<u>14 834 442</u>	<u>693 070</u>	<u>3 623</u>	<u>15 523 889</u>
Governmental Capital Assets, net	<u>\$20 767 887</u>	<u>\$ 693 070</u>	<u>\$ 966 948</u>	<u>\$20 494 009</u>

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

Governmental activities:	
General government	\$110 306
Public safety	466 851
Economic and physical development	65 991
Environmental protection	384
Human services	190 091
Culture and recreation	<u>51 597</u>
Total depreciation expense - government activities	<u>\$885 220</u>
Business-type activities:	
Solid Waste	<u>\$ 54 830</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, being depreciated:				
Vehicles	\$ 829 070	\$ 17 580	\$ 133 106	\$ 713 544
Equipment	386 874	5 000		391 874
Buildings	607 030			607 030
Total capital assets, being depreciated	<u>\$1 822 974</u>	<u>\$ 22 580</u>	<u>\$ 133 106</u>	<u>\$ 1 712 448</u>
Less accumulated depreciation for:				
Vehicles	684 842	30 829	94 314	621 357
Equipment	365 514	5 829		371 343
Buildings	271 182	18 172		289 354
Total Accumulation Depreciation	<u>1 321 538</u>	<u>54 830</u>	<u>94 314</u>	<u>1 282 054</u>
Total capital assets, being depreciated, net	<u>501 436</u>	<u>(32 250)</u>	<u>38 792</u>	<u>430 394</u>
Proprietary Capital Assets, net	<u>\$ 501 436</u>	<u>\$ (32 250)</u>	<u>\$ 38 792</u>	<u>\$ 430 394</u>

Discretely presented component unit:

Capital asset activity for Swain County Tourist Development Authority for the year ended June 30, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets, being depreciated:				
Office Equipment	\$ 26 214	\$	\$	\$ 26 214
Total capital assets being depreciated	<u>26 214</u>	<u></u>	<u></u>	<u>26 214</u>
Less accumulated depreciation:				
Office Equipment	15 371	3 671		19 042
Total accumulated depreciation	<u>15 371</u>	<u>3 671</u>	<u></u>	<u>19 042</u>
Total capital assets being depreciated (net)	<u>10 843</u>	<u>(3 671)</u>	<u></u>	<u>7 172</u>
Governmental activities				
Capital Assets, net	<u>\$ 10 843</u>	<u>\$ (3 671)</u>	<u>\$</u>	<u>\$ 7 172</u>

B. Liabilities

1. Payables

Payables at June 30, 2013 were as follows at the government-wide level:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Insurance</u>	<u>Other</u>	<u>Total</u>
Governmental Activities:					
General	<u>\$352 915</u>	<u>\$326 124</u>	<u>\$ 61 856</u>	<u>\$ 81 788</u>	<u>\$ 822 683</u>
Business-type activities:					
Solid Waste	<u>\$ 10 721</u>	<u>\$ 6 927</u>	<u> </u>	<u> </u>	<u>\$ 17 648</u>

2. Pension Plan Obligations

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

Swain County contributes to the statewide Local Government Employee's Retirement System (LGERS) a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Government Employee's Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699.

Funding Policy - Plan members are required to contribute six percent of their annual covered salary. The County is required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 6.74% and 6.77%, respectively, of annual payroll. The contribution requirements of members and of Swain County are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2013 and 2012 were \$403 163 and \$395 059 respectively. The contributions made by the County equaled the required contributions for each year.

b. Law Enforcement Officers Special Separation Allowance

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

All full-time law enforcement officers of the County are covered by the Separation Allowance. At December 31, 2012, the Separation Allowance's membership consisted of:

Retirees receiving benefits	-0-
Terminated plan members entitled to but not yet receiving benefits	-0-
Active plan members	<u>22</u>
Total	<u>22</u>

(2) Summary of Significant Accounting Policies

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

Method Used to Value Investments - Investments are reported at fair value. Short-term money market debt instruments, deposits, and repurchase agreements, are reported at cost of amortized cost, which approximates fair value. Certain longer term United States Government and United States Agency securities are valued at the last reported sales price.

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

The annual required contribution for the current year was determined as part of the December 31, 2012 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 postretirement benefit increases.

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

Annual required contribution	\$ 10 269
Interest on net pension obligation	4 694
Adjustment to annual required contribution	(5 842)
Annual pension cost	\$ 9 121
Contributions made for fiscal year ended 6-30-13	- 0 -
Increase (decrease) in net pension obligation	9 121
Net pension obligation beginning of year	93 873
Net pension obligation end of year	<u>\$102 994</u>

3 YEAR TREND INFORMATION

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APOC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/13	\$ 9 121	0%	\$102 994
6/30/12	8 624	0%	93 873
6/30/11	9 163	0%	85 249

(5) Funded Status and Funding Progress - As of December 31, 2012, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$40 848 and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$40 484. The covered payroll (annual payroll of active employees covered by the plan) was \$720 933, and the ratio of the UAAL to the covered payroll was 5.6 percent.

c. Supplemental Retirement Income Plan for Law Enforcement Officers -

Plan Description - The County contributes to the Supplemental Retirement Income Plan, a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina Assembly.

Funding Policy - Article 12E of G.S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2013 were \$42 715, which consisted of \$42 715 from the County and \$-0- from the law enforcement officers.

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

- e. Register of Deeds' Supplemental Pension Fund - Plan Description - Swain County also contributes to the Registers of Deeds' Supplemental Pension Fund (Fund), a noncontributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. 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, or by calling (919) 981-5454.

Funding Policy - On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 1 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2013, the County's required and actual contributions were \$3 729.

- f. Other Employment Benefits - The County has elected to provide death benefits to employees through the Death Benefit Plan for Members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer State administered cost-sharing plan funded on a one year-term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who died within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of \$25 000 not exceed \$50 000. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. The County considers these contributions to be immaterial.

- g. Other Post-Employment Benefits - Plan Description - In addition to providing pension benefits, Swain County, has elected to provide health care benefits to retirees of the County who participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least 10 to 30 years of continuous service with the County, depending on date of hire. Retirees are eligible to receive the same benefits as active County employees. The County pays the costs of coverage for these benefits as incurred on a pay as you go basis. Also, retirees can purchase coverage for their dependents at the County's group rates.

Membership in the plan included the following at 12-31-11, the date of the latest actuarial valuation:

	<u>General</u> <u>Employees</u>	<u>Law</u> <u>Enforcement</u> <u>Officers</u>
Retirees receiving benefits	3	-0-
Active plan members	<u>185</u>	<u>22</u>
Total	<u>188</u>	<u>22</u>

Funding Policy - The County pays the full cost of coverage for the healthcare benefits paid to qualified retirees under a County resolution that can be amended by the Board of Commissioners. The County's members pay \$416 per month for dependent coverage. The County has chosen to fund the healthcare benefits on a pay as you go basis.

The current ARC rate is 2.53% of annual covered payroll. For the current year, the county contributed \$- 0 - or 0% of annual covered payroll. The County's medical coverage is self insured, which is administered by an outside provider. There were no contributions made by employees, except for dependant coverage for retirees in the amount of \$4 992.

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

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

Annual required contribution	\$ 145 256
Interest on net OPEB obligation	15 168
Adjustment to annual required contribution	<u>(14 490)</u>
Annual OPEB cost	145 934
Contributions made for 6-30-13	<u>6 300</u>
Increase in net OPEB obligation	139 634
Net OPEB liability, beginning of year	<u>379 207</u>
Net OPEB liability, end of year	<u>\$ 518 841</u>

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of	Net OPEB Liability
		Annual OPEB Cost Contributed	
2013	\$ 145 934	4.3%	\$ 518 841
2012	104 757	0%	379 207
2011	77 268	0%	274 450

As of 12-31-11, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits, and thus, the unfunded actuarial accrued liability (UAAL) was \$1 031 633. The covered payroll (annual payroll of active employees covered by the plan) was \$5 762 989. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the 12-31-11 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 9.5 to 5.0 percent. The UAAL is being amortized as a level dollar percentage of projected payroll on an open basis. The remaining amortization period at 12-31-11 was 30 years.

3. Deferred Outflows and Inflows of Resources - The amount of deferred outflows of resources as shown on the government wide statements is a charge on refunding of debt of \$98 570. The amount of deferred inflows of resources is as follows:

	<u>Unavailable Revenue</u>	<u>Unearned Revenue</u>
Prepaid taxes not yet earned (General)	\$ 22 731	\$ 22 731
Taxes receivable, net (General), less penalties	329 903	
Prepaid Waste Fees not yet Earned (Enterprise)	<u>2 960</u>	<u>2 960</u>
Total	<u>\$ 355 594</u>	<u>\$ 25 691</u>

4. Risk Management - The County is exposed to various risks of losses related to torts; theft of; damage to; and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in three self-funded risk financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit of \$125.5 million, for any one occurrence, The County also purchases general, auto, public officials, law enforcement, and employment practices liability coverage of \$2 million per occurrence, auto physical damage coverage for owned autos at actual cash value, crime coverage of \$250,000 per occurrence, worker's compensation coverage up to the statutory limits, and medical and dental insurance for county employees. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Two of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500 000 up to a \$2 million limit for liability coverage, \$600 000 of aggregate annual losses in excess of \$50 000 per occurrence and an for property, auto physical damage, and crime coverage, and single occurrence losses of \$350,000 for worker's compensation. For medical and dental insurance, the County is reinsured through the Pool for individual losses in excess of \$50 000 and aggregate annual losses in excess of 115% of expected claims. The pool is reinsured through a commercial carrier for individual losses in excess of \$100 000.

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

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more at any given time of the County's funds are performance bonded through a commercial surety bond. The finance officer, sheriff, register of deeds and tax collector are each individually bonded for \$50 000 each. The County Manager is bonded for \$500 000.

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

5. Long-Term Obligations:

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

School - 2005 Refunding 2.0 to 3.5% \$2 020 000

- b. Installment Purchases - Installment contracts for the purchase of equipment are treated as purchases at the inception of the contract and are carried in the General Fund. Enterprise obligations are carried in the Solid Waste Fund. The County had the following installment purchase contracts at June 30, 2013:

Description	Cost	Date	Term	Rate	Amount
Sanitation Truck	\$ 164 500	2-23-06	8 Yrs.	3.89%	\$ 24 322/Annual
5 Police Cars	150 000	11-15-08	5 Yrs.	4.04%	\$ 33 732/Annual
Fibre Optic Cable	120 000	6-30-06	8 Yrs.	4.23%	\$ 17 993/Annual
Land-Middle School	2 000 000	10-18-06	15 Yrs.	4.25%	\$218 333/Annual
8 Vehicles	240 000	5-10-11	3 Yrs.	2.61%	\$ 83 693/Annual
2 Police Vehicles	60 000	5-14-12	2 Yrs.	5.00%	\$ 32 268/Annual
Total	<u>\$2 734 500</u>				

- c. Qualified Zone Academy Bond - As authorized by State law (G.S.160A-20), the County financed the renovation of Swain County High School for use by Swain County Board of Education during the fiscal year ended June 30, 2007 by installment purchase designated as a Qualified Zone Academy Bond. The installment purchase was issued pursuant to a deed of trust that requires that legal title remain with the County as long as the debt is outstanding. The County has entered into a lease with Swain County Board of Education. The lease contains an option to purchase at the termination of the financing agreement. The lease term is the same as that of the installment purchase obligation. The transaction requires 16 annual payments of \$77 930 to a sinking fund with Bank of America. The sinking fund yields a projected investment return of 5.36%. The principal amount of the installment purchase is \$1 500 000 at zero interest. The payments began July, 2007. If investment earnings do not result as projected, the County will pay the required amount for the total funds to equal \$1 500 000 on July 15, 2023.
- d. Mortgages - Health Department Building - The mortgage is for 15 years at an interest rate of 4.83% with monthly payments of \$1 241.
 Social Services Building - The mortgage is for 15 years at an interest rate of 3.81% with annual principal payments of \$51 816 plus interest.
 Social Services Building Addition - The mortgage is for 15 years at an interest rate of 3.53% with annual principal payments of \$73 333 plus interest.
 Tourist Development Authority Building - The mortgage is for 15 years at an interest rate of 4.20% with annual principal payments of \$41 333 plus interest.
- e. USDA Debt - USDA debt is for construction of a jail building. The debt is for 38 years at an annual payment of \$473 130 plus interest.
- f. Changes in Long-Term Obligations - The following is a summary of changes in long-term obligations for the year ended June 30, 2013:

Governmental Activity:	Balance July 1, 2012	Additions	Retirements	Balance June 30, 2013	Current Portion
General Obligation Bonds:					
Refunding Bonds-Schools	\$ 2 395 000	\$ _____	\$ 375 000	\$ 2 020 000	\$ 380 000
Installment Purchase	5 758 099	_____	545 102	5 212 997	526 166
Mortgages and Loans	1 803 370	_____	184 147	1 619 223	184 821
USDA Debt	8 568 446	_____	119 253	8 449 193	124 178
Compensated Absences	407 713	19 183	_____	426 896	426 896
Unfunded Pension Cost	93 873	9 121	_____	102 994	_____
Unfunded OPEB Cost	360 247	135 394	_____	495 641	_____
Totals	<u>\$19 386 748</u>	<u>\$ 163 698</u>	<u>\$ 1 223 502</u>	<u>\$ 18 326 944</u>	<u>\$ 1 642 061</u>

Business Type Activity:	Balance	Additions	Retirements	Balance	Current
	July 1, 2012			June 30, 2013	Portion
Capitalized Leases	\$ 148 551	\$	\$ 125 140	\$ 23 411	\$ 23 411
Compensated Absences	23 592		7 982	15 610	15 610
Unfunded OPEB Cost	18 960	4 240		23 200	
Totals	\$ 191 103	\$ 4 240	\$ 133 122	\$ 62 221	\$ 39 021

The annual debt service payments to maturity for all long-term obligations excluding compensated absences, unfunded pension costs and post employment benefit is as follows:

Year	School Bonds		Governmental Activity Installment Obligations		Mortgage and Loans		USDA Debt		Business Type Activity Installment Obligation		Total Debt Due	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 380 000	\$ 66 523	\$ 526 166	\$ 161 439	\$ 184 821	\$ 61 009	\$ 124 178	\$ 348 952	\$ 23 411	\$ 911	\$ 1 238 576	\$ 638 834
2015	395 000	54 173	450 071	140 579	174 175	54 032	129 307	343 823			1 148 553	592 607
2016	410 000	41 928	390 093	123 649	170 482	47 572	134 647	338 483			1 105 222	551 632
2017	415 000	28 603	315 000	108 021	170 482	41 132	140 208	332 922			1 040 690	510 678
2018	420 000	14 700	315 000	94 170	170 482	34 692	145 999	327 131			1 051 481	470 693
2019-2023			2 851 671	264 756	748 781	78 796	825 578	1 540 072			4 426 030	1 883 624
2024-2028			364 996	39 639			1 010 735	1 354 915			1 375 731	1 394 554
2029-2033							1 237 418	1 128 232			1 237 418	1 128 232
2034-2038							1 514 942	850 708			1 514 942	850 708
2039-2043							1 854 707	510 943			1 854 707	510 943
2044-2048							1 331 474	112 450			1 331 474	112 450
	<u>\$2 020 000</u>	<u>\$ 205 927</u>	<u>\$5 212 997</u>	<u>\$ 932 253</u>	<u>\$ 1 619 223</u>	<u>\$ 317 233</u>	<u>\$ 8 449 193</u>	<u>\$ 7 188 631</u>	<u>\$ 23 411</u>	<u>\$ 911</u>	<u>\$17 324 824</u>	<u>\$ 8 644 955</u>

Debt Related to Capital Activities - Of the total Governmental Activities debt listed only \$10 999 746 relates to assets the County holds title.

At June 30, 2013 Swain County had a legal debt margin of \$98 436 388.

f. Commitments:

Phase II of the Museum Project has not yet started and thus the County has no commitments for the year ending June 30, 2013.

g. Contingent Liabilities:

At June 30, 2013, 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.

i. Interfund Balances and Activity:

1. Interfund receivables and payables at June 30, 2013 are composed as follows:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 495 615	
Capital Projects	551	
Emergency Telephone Fund		18 423
Non-Major Governmental Funds		26 528
Enterprise Fund		<u>451 215</u>
 Total Interfund receivables and payables	 <u>\$ 496 166</u>	 <u>\$ 496 166</u>

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

2. Interfund receivables and payables at June 30, 2013 for primary government and component unit are composed as follows:

Component Unit - Receivable From Primary Government	\$42 290	\$
Primary Government - Payable to Component Unit		<u>42 290</u>
 Total	 <u>\$42 290</u>	 <u>\$42 290</u>

3. Interfund transfers at June 30, 2013 are as follows:

<u>Transfers From</u>		<u>Transfers To</u>	
Non Major Governmental	\$ 81 413	Capital Projects	\$ 600 000
Permanent Fund	<u>637 539</u>	General Fund	89 806
		Enterprise Fund	<u>29 146</u>
 Total	 <u>\$ 718 952</u>		 <u>\$ 718 952</u>

Transfers are used for various reasons. In the year ended June 30, 2013 transfers were used to:

- Reimburse inter-departmental costs shared by more than one fund including school debt paid by the general fund and capital projects funding. In addition prior unrestricted earnings on permanent funds were transferred to the general fund.

4. Fund Balance

Swain County has a revenue spending policy that provides for programs with multiple revenue sources. The Finance Officers will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-county funds, 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 of the County.

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	\$ 4 360 219
Less:	
Stabilization by State Statute	(1 733 890)
Restricted for Education	<u>(703 545)</u>
Remaining Fund Balance	<u>\$ 1 922 784</u>

5. Subsequent Events:

Subsequent events have been evaluated through September 10, 2013, which is the date the financial statements were available to be issued. Subsequent to year end the Department of Health and Human Services reduced the County's 1571 reimbursement by the amount of unallowable costs of \$17 726. Thus there will not be a direct payback of funds required by the County.

V. Related Organization

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

VI . Joint Ventures

The County participants in a joint venture to operate Marianna Black Regional Library with two other local governments. Each participating government appoints two board members to the six member board of the Library. The County has an ongoing financial responsibility for the joint venture because the Library's continued existence depends on the participating government's continued funding. None of the participating governments have any equity interest in the Library, so no interest has been reflected in the financial statements at June 30, 2013. 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, N.C.

The County, in conjunction with the State of North Carolina and the Swain County Board of Education, participates in a joint venture to operate the Southwest Tech Community College. Each of the three participants appoints four members of the thirteen-member board of trustees of the community college. The president of the community college's student government serves as an ex officio nonvoting member of the community college's board of trustees. The community college is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the community college and also provides some financial support for the community college's operations. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. The County has an ongoing financial responsibility for the community college because of the statutory responsibilities to provide funding for the community college's facilities. The County contributed \$120 000 to the community college during the fiscal year ended June 30, 2013. 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, 2013. Complete financial statements for the community college may be obtained from the community college's administrative offices in Sylva, N. C.

Swain County, in conjunction with seven other Counties, participates in the Smokey Mountain Mental Health Board. Swain County appoints 2 of the 23 member board. The Mental Health Board is a joint venture formed to provide better health services to its citizens. All participating Counties provide an annual appropriation to the Health Board but has no equity interest in the joint venture. Thus no equity interest has been reflected in the financial statements at June 30, 2013. Swain County contributed \$38 724 to the Board during the fiscal year ended June 30, 2013. Complete financial statements can be obtained from the Board's administrative office in Dillsboro, N.C.

The County supports the Fontana Regional Library by providing building space in the Marianna Black Regional Library. The County has no responsibility in appointing any board members. The County has no equity interest in the library, thus no equity interest has been reflected in the financial statement at June 30, 2013.

VII. Jointly Governed Organization

The County, in conjunction with 7 other counties and 16 municipalities, established the Southwestern North Carolina Planning and Economic Development Commission. The participating governments established the Commission to coordinate various funding received from Federal and State agencies. Each participating government appoints one member to the Board's governing board. The County paid fees of \$80 023 to the Commission during the fiscal year ended June 30, 2013.

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

State law (Chapter 105, Articles 40 and 42, of the North Carolina General Statutes) requires the County to use a portion of the proceeds of its supplemental and additional supplemental sales taxes, or local option sales taxes, for public school capital outlays or to retire public school indebtedness. During the fiscal year ended June 30, 2013, the County reported these unrestricted local option sales taxes within its General Fund and the restricted portion in the Special Revenue Fund - Schools Capital Reserve. During the year the County expended the restricted portion of these taxes for public school debt retirement.

IX. Benefit Payments Issued by the State

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

	<u>Federal</u>	<u>State</u>
IV-E Foster Care	\$ 68 362	\$ 27 181
SC/SA Domiciliary Care		87 374
TANF	61 669	(30)
Medicaid	18 120 433	7 588 472
Foster Care		131 730
WIC	249 343	
IV-E Adopt Subsidy	<u>99 600</u>	<u>24 917</u>
Total	<u>\$18 599 407</u>	<u>\$7 859 644</u>

X. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

XI. Prior Period Adjustment

General fund expenditures of \$4 050 were incorrectly included as Emergency Telephone expenditures in prior years. Beginning fund balance has been restated to reflect an increase in Emergency Telephone fund balance and decrease in General fund balance of \$4 050 respectively.

XII. Special Item

During the year ended June 30, 2013, the County sold Enterprise fixed assets. This item is reflected on the government-wide statements as a special item because it is unusual in nature but under the control of management. The assets had a book value of \$38 791 and was sold for \$160 000.

XIII. Change in Accounting Principles

The County implemented Governmental Accounting Standards Board (GASB) Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement 65, *Items Previously reported as Assets and Liabilities*, in the fiscal year ending June 30, 2013. In accordance with GASB Statement 63, the Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified into Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position. Additionally, GASB Statement 65 requires that deferred costs from the refunding of debt, which were previously deferred and amortized, be presented as deferred outflows of resources.

Required Supplemental Financial Data

Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance

Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance

Schedule of Funding Progress for Other Postemployment Benefits

Schedule of Employer Contributions for Other Postemployment Benefits

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

<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Actuarial</u> <u>Value of</u> <u>Assets</u> <u>(a)</u>	<u>Actuarial</u> <u>Liability (AAL) -</u> <u>Projected Unit</u> <u>Credit</u> <u>(b)</u>	<u>Unfunded</u> <u>AAL</u> <u>(UAAL)</u> <u>(b - a)</u>	<u>Funded</u> <u>Ratio</u> <u>(a : b)</u>	<u>Covered</u> <u>Payroll</u>	<u>UAAL as a %</u> <u>of Covered</u> <u>Payroll</u> <u>(b - a : c)</u>
12/31/07	-0-	44 005	44 005	0%	327 352	13.44%
12/31/08	-0-	55 251	55 251	0%	526 599	10.49%
12/31/09	-0-	47 093	47 093	0%	507 468	9.28%
12/31/10	-0-	37 150	37 150	0%	509 987	7.28%
12/31/11	-0-	29 724	29 724	0%	623 900	4.76%
12/31/12	-0-	40 484	40 484	0%	720 933	5.62%

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

<u>Year Ended</u> <u>June 30</u>	<u>Annual Required</u> <u>Contribution</u>	<u>Percentage</u> <u>Contributed</u>
2013	\$ 9 121	0%
2012	8 624	0%
2011	9 163	0%

Notes to the Required Schedules:

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

Valuation Date	12/31/11
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent of Pay Closed
Remaining Amortization Period	19 Years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	5.00%
Projected Salary Increase	4.25% - 7.85%
Includes Inflation at	3.00%
Cost of Living Adjustments	None

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

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded Ratio (a : b)</u>	<u>Covered Payroll</u>	<u>UAAL as a % of Covered Payroll (b - a : c)</u>
12/31/08	-0-	798 771	798 771	0%	5 444 211	14.7%
12/31/09	-0-	723 182	723 182	0%	5 245 350	13.8%
12/31/11	-0-	1 031 633	1 031 633	0%	5 762 989	17.9%

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

<u>Year Ended</u> <u>June 30</u>	<u>Annual Required</u> <u>Contribution</u>	<u>Percentage</u> <u>Contributed</u>
2013	\$ 145 256	2.53%
2012	145 256	2.52%
2011	62 576	0%

Notes to the Required Schedules:

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

Valuation Date	12/31/11
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent of Pay Closed
Remaining Amortization Period	30 Years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	4.0%
Includes Inflation at	3.00%
Medical Cost Trend Rate	9.5 - 5.0%
Year of Ultimate Trend Rate	2018

SWAIN COUNTY, NORTH CAROLINA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2012

	2013		Variance Favorable (Unfavorable)	2012 Actual
	Budget	Actual		
Revenues:				
Ad Valorem Taxes:				
Current Year	\$4 494 385	\$4 464 138	\$ (30 247)	\$4 326 165
Prior Year	233 500	384 432	150 932	304 125
Penalties and Interest	100 000	82 382	(17 618)	88 243
Total	<u>4 827 885</u>	<u>4 930 952</u>	<u>103 067</u>	<u>4 718 533</u>
Local Option Sales Taxes:				
1 Cent Sales Tax	900 000	969 306	69 306	972 802
½ Cent Sales Tax	820 000	738 521	(81 479)	720 300
Medicaid Hold Harmless	250 000	269 053	19 053	250 004
Total	<u>1 970 000</u>	<u>1 976 880</u>	<u>6 880</u>	<u>1 943 106</u>
Other Taxes and Licenses:				
Room Occupancy Tax	600 000	532 965	(67 035)	394 809
Marriage Licenses	10 500	9 960	(540)	10 680
Total	<u>610 500</u>	<u>542 925</u>	<u>(67 575)</u>	<u>405 489</u>
Unrestricted Intergovern- mental Revenues:				
ABC Revenue	9 000	5 324	(3 676)	5 934
Payments in Lieu of Taxes	1 230 000	1 891 258	661 258	1 113 565
Satellite Video Tax	37 000	36 663	(337)	37 650
Total	<u>1 276 000</u>	<u>1 933 245</u>	<u>657 245</u>	<u>1 157 149</u>
Restricted Intergovern- mental Revenues:				
State and Federal Grants (Exhibit K)	5 551 940	4 608 115	(943 825)	4 563 072
Court Facility Fees	30 400	19 642	(10 758)	17 218
Indirect Cost		523 520	523 520	388 857
Total	<u>5 582 340</u>	<u>5 151 277</u>	<u>(431 063)</u>	<u>4 969 147</u>
Permits and Fees:				
Inspection Fees	70 000	47 292	(22 708)	55 143
Register of Deeds	264 900	293 973	29 073	143 930
Safe Driving	3 000	2 548	(452)	2 470
Total	<u>337 900</u>	<u>343 813</u>	<u>5 913</u>	<u>201 543</u>

Revenues - Continued:	2013		Variance Favorable (Unfavorable)	2012 Actual
	Budget	Actual		
Sales and Service:				
Tag Office	\$ 52 000	\$ 45 300	\$ (6 700)	\$ 46 302
Officers Fees	21 500	14 591	(6 909)	21 463
Jail Fees	739 000	740 293	1 293	581 991
Ambulance Fees	720 000	701 621	(18 379)	618 954
Recreation Department	112 000	90 787	(21 213)	104 708
Town Contribution - Recreation	21 000	19 250	(1 750)	21 000
Town Contribution - Fire Marshall	17 000	15 583	(1 417)	17 000
Town Dispatcher & PIN	28 700	26 508	(2 192)	28 700
Building Lease	178 000	190 786	12 786	207 798
Chamber Salary Reimbursement	142 000	130 372	(11 628)	76 964
Sheriff Revenues	131 435	205 300	73 865	100 460
Health Dept. Fees and Reimbursements	848 165	878 185	30 020	817 311
Total	<u>3 010 800</u>	<u>3 058 576</u>	<u>47 776</u>	<u>2 642 651</u>
Investment Earnings:				
Interest Earned	10 000	13 873	3 873	17 397
Miscellaneous:				
Insurance Refunds	165 000	171 465	6 465	
Interest Payback	100 000	96 121	(3 879)	103 557
Sales Tax Refund	88 000	87 985	(15)	
Other	187 900	201 601	13 701	60 344
Total	<u>540 900</u>	<u>557 172</u>	<u>16 272</u>	<u>163 901</u>
Total Revenues	<u>18 166 325</u>	<u>18 508 713</u>	<u>342 388</u>	<u>16 218 916</u>
Expenditures:				
General Government:				
Governing Body:				
Salaries and Employees				
Benefits		65 449		62 153
Operating Expenditures		10 665		12 022
Travel		20 854		16 900
Total	<u>104 868</u>	<u>96 968</u>	<u>7 900</u>	<u>91 075</u>
Administration:				
Salaries and Employees				
Benefits		235 025		252 832
Operating Expenditures		115 118		47 059
Workers' Comp. Insurance		19 588		2 400
Capital Outlay				21 830
Legal Services		27 756		72 164
Total	<u>683 128</u>	<u>397 487</u>	<u>285 641</u>	<u>396 285</u>

	2013		Variance Favorable Unfavorable)	2012 Actual
	Budget	Actual		
Expenditures - Continued:				
Elections:				
Salaries and Employee Benefits	\$	\$ 88 675	\$	\$ 89 019
Operating Expenditures		80 694		58 155
Capital Outlay				1 171
Total		<u>169 369</u>	<u>30 663</u>	<u>148 345</u>
Finance:				
Salaries and Employee Benefits		143 293		144 041
Operating Expenditures		40 068		29 458
Professional Services		66 300		61 503
Total		<u>269 126</u>	<u>19 465</u>	<u>235 002</u>
Tax and Mapping:				
Salaries and Employee Benefits		209 644		275 553
Operating Expenditures		264 483		347 320
Total		<u>548 726</u>	<u>74 599</u>	<u>622 873</u>
Register of Deeds:				
Salaries and Employee Benefits		128 158		126 379
Operating Expenditures		63 634		71 362
Recording Fees		120 756		42 365
Total		<u>357 145</u>	<u>44 597</u>	<u>240 106</u>
Public Buildings:				
Salaries and Employee Benefits		492 136		371 858
Maintenance & Repairs		238 839		89 807
Utilities & Fuel		72 533		64 138
Other Operating Expenditures		92 699		113 445
Insurance		15 779		14 000
Capital Outlay		2 500		6 936
Total		<u>962 924</u>	<u>48 438</u>	<u>660 184</u>
Court Facilities:				
Operating Expenditures		<u>28 200</u>	<u>6 204</u>	<u>20 609</u>
Data Processing:				
Salaries and Employee Benefits		69 975		53 802
Operating Expenditures		38 466		47 882
Capital Outlay		5 848		3 572
Total		<u>136 445</u>	<u>22 156</u>	<u>105 256</u>
Tag Office:				
Salaries and Employee Benefits		64 675		
Operating Expenditures		2 463		
Total		<u>74 800</u>	<u>7 662</u>	
Total General Government		<u>3 365 394</u>	<u>547 325</u>	<u>2 519 735</u>

Expenditures - Continued:	2013		Variance Favorable Unfavorable)	2012 Actual
	Budget	Actual		
Public Safety:				
Sheriff				
Salaries and Employee				
Benefits	\$	\$1 096 049	\$	\$ 975 565
Operating Expenditures		457 935		443 903
Capital Outlay		32 621		144 066
Total	<u>1 620 277</u>	<u>1 586 605</u>	<u>33 672</u>	<u>1 563 534</u>
Jail:				
Salaries and Employee				
Benefits		719 163		717 365
Operating Expenditures		208 017		185 567
Food		183 695		171 196
Medical Expenditures		270 770		50 005
Capital Outlay				1 460
Total	<u>1 429 629</u>	<u>1 381 645</u>	<u>47 984</u>	<u>1 125 593</u>
Criminal Justice:				
Operating Expenditures	<u>400</u>	<u>399</u>	<u>1</u>	<u>1 488</u>
Emergency Management:				
Salaries and Employee				
Benefits		93 460		88 097
Operating Expenditures		43 670		112 506
Grant Expenditures				6 562
Capital Outlay				10 182
Total	<u>146 568</u>	<u>137 130</u>	<u>9 438</u>	<u>217 347</u>
Emergency Communications:				
Salaries and Employee				
Benefits		250 251		221 272
Operating Expenditures		13 810		32 295
Total	<u>288 139</u>	<u>264 061</u>	<u>24 078</u>	<u>253 567</u>
Fire Marshall:				
Operating Expenditures		417	(417)	897
Inspections:				
Salaries and Employee				
Benefits		70 000		70 264
Operating Expenditures		22 533		20 084
Total	<u>102 147</u>	<u>92 533</u>	<u>9 614</u>	<u>90 348</u>
Medical Examiner:				
Professional Services	<u>12 000</u>	<u>9 900</u>	<u>2 100</u>	<u>10 800</u>
Special Appropriations:				
Fire Departments		125 695		183 775
Rescue Squad		42 956		48 025
Task Force		701		139
Total	<u>192 000</u>	<u>169 352</u>	<u>22 648</u>	<u>231 939</u>
Total Public Safety	<u>3 791 160</u>	<u>3 642 042</u>	<u>149 118</u>	<u>3 495 513</u>

	2013		Variance Favorable Unfavorable)	2012 Actual
	Budget	Actual		
Expenditures - Continued:				
Environmental Protection:				
Soil and Water:				
Salaries and Employee				
Benefits	\$	\$ 72 631	\$	\$ 67 948
Operating Expenditures		30 072		24 135
Total Environmental				
Protection	114 052	102 703	11 349	92 083
Economic and Physical				
Development:				
Agriculture Extension:				
Salaries and Employee				
Benefits		223 981		218 130
Operating Expenditures		42 511		39 633
Total	292 052	266 492	25 560	257 763
Community Development:				
SW Commission - CBA		64 298		78 222
SW Commission - CBA				
Match		4 628		6 904
JCPC		1 048		1 743
Total	83 000	69 974	13 026	86 869
Economic Development:				
Salaries and Employee				
Benefits		45 711		45 002
Operating Expenditures		6 502		5 259
Contract Services		42 171		28 112
Swain Tourist Authority		515 314		382 301
Total	702 247	609 698	92 549	460 674
Chamber of Commerce:				
Salaries and Employee				
Benefits	110 377	96 570	13 807	69 826
Total Economic				
and Physical				
Development	1 187 676	1 042 734	144 942	875 132
Human Services:				
Social Services:				
Administration:				
Salaries and Employee				
Benefits		2 033 601		2 038 290
Operating Expenditures		907 849		774 890
Travel		6 308		5 654
Capital Outlay		13 345		30 973
Total	2 900 000	2 961 103	(61 103)	2 849 807

	2013		Variance Favorable (Unfavorable)	2012 Actual
	Budget	Actual		
Expenditures - Continued:				
Programs:				
TANF	\$	\$ 62 347	\$	\$ 98 101
Medical Transportation		104 994		89 102
Foster Care		315 301		453 552
Special Assistance		77 639		82 775
Child Support		4 272		8 279
Crisis Intervention		96 357		115 906
Daycare		866 549		948 271
Commodities Food		28 526		20 893
Total	<u>2 000 000</u>	<u>1 555 985</u>	<u>444 015</u>	<u>1 816 879</u>
Total Social Services	<u>4 900 000</u>	<u>4 517 088</u>	<u>382 912</u>	<u>4 666 686</u>
Emergency Medical Services				
Salaries and Employee				
Benefits		807 248		777 201
Operating Expenditures		166 392		180 084
Capital Outlay		132 783		
Total Emergency Medical Services	<u>1 179 807</u>	<u>1 106 423</u>	<u>73 384</u>	<u>957 285</u>
Veterans Service Officer:				
Salaries and Employee				
Benefits	<u>5 885</u>	<u>4 802</u>	<u>1 083</u>	<u>5 058</u>
Health Department:				
General:				
Salaries and Employee				
Benefits		84 362		46 514
Other Operating Expenditures		108 520		196 680
Total	<u>205 769</u>	<u>192 882</u>	<u>12 887</u>	<u>243 194</u>
Breast and Cervical Cancer:				
Salaries and Employee				
Benefits		16 112		16 251
Other Operating Expenditures		12 418		11 505
Total	<u>37 590</u>	<u>28 530</u>	<u>9 060</u>	<u>27 756</u>
Wisewomen:				
Salaries and Employee				
Benefits		8 267		7 909
Other Operating Expenditures		898		1 576
Total	<u>10 928</u>	<u>9 165</u>	<u>1 763</u>	<u>9 485</u>

Expenditures - Continued:	2013		Variance Favorable Unfavorable)	2012 Actual
	Budget	Actual		
Child Services Coordination:				
Salaries and Employee				
Benefits	\$	\$ 31 292	\$	\$ 18 405
Other Operating Expenditures		4 948		6 472
Total	<u>43 939</u>	<u>36 240</u>	<u>7 699</u>	<u>24 877</u>
Adult Health:				
Salaries and Employee				
Benefits		93 422		81 261
Other Operating Expenditures		48 657		47 743
Total	<u>154 100</u>	<u>142 079</u>	<u>12 021</u>	<u>129 004</u>
Immunization Action Plan:				
Salaries and Employee				
Benefits	<u>5 571</u>	<u>4 451</u>	<u>1 120</u>	<u>3 830</u>
Health Promotion:				
Salaries and Employee				
Benefits		38 841		34 496
Other Operating Expenditures		6 049		4 033
Total	<u>70 800</u>	<u>44 890</u>	<u>25 910</u>	<u>38 529</u>
Environmental Health:				
Salaries and Employee				
Benefits		80 777		74 991
Other Operating Expenditures		9 154		8 120
Total	<u>91 850</u>	<u>89 931</u>	<u>1 919</u>	<u>83 111</u>
Maternal Health:				
Salaries and Employee				
Benefits		4 839		1 597
Other Operating Expenditures		1 502		
Total	<u>7 950</u>	<u>6 341</u>	<u>1 609</u>	<u>1 597</u>
Child Health:				
Salaries and Employee				
Benefits		29 012		24 108
Other Operating Expenditures		3 250		3 357
Total	<u>36 439</u>	<u>32 262</u>	<u>4 177</u>	<u>27 465</u>
Well Program:				
Salaries and Employee				
Benefits		31 069		29 587
Other Operating Expenditures		783		1 525
Total	<u>36 248</u>	<u>31 852</u>	<u>4 396</u>	<u>31 112</u>

Expenditures - Continued:	2013		Variance Favorable Unfavorable)	2012 Actual
	Budget	Actual		
HIPAA:				
Salaries and Employee				
Benefits	\$	\$ 8 592	\$	\$ 4 117
Other Operating Expenditures		123		2 667
Total	<u>15 000</u>	<u>8 715</u>	<u>6 285</u>	<u>6 784</u>
WIC/Client Services:				
Salaries and Employee				
Benefits		42 803		47 081
Other Operating Expenditures		5 209		4 754
Total	<u>50 800</u>	<u>48 012</u>	<u>2 788</u>	<u>51 835</u>
WIC/Nutritional Education:				
Salaries and Employee				
Benefits		13 805		12 769
Other Operating Expenditures				1 005
Total	<u>14 688</u>	<u>13 805</u>	<u>883</u>	<u>13 774</u>
WIC/Breast Feeding Promotion:				
Salaries and Employee				
Benefits		4 343		
Other Operating Expenditures		642		6 757
Total	<u>7 000</u>	<u>4 985</u>	<u>2 015</u>	<u>6 757</u>
WIC/General Administration:				
Salaries and Employee				
Benefits	<u>7 344</u>	<u>7 157</u>	<u>187</u>	<u>5 799</u>
MCC:				
Salaries and Employee				
Benefits		30 003		19 903
Other Operating Expenditures		3 265		4 450
Total	<u>34 500</u>	<u>33 268</u>	<u>1 232</u>	<u>24 353</u>
Food and Lodging:				
Salaries and Employee				
Benefits		28 011		43 927
Other Operating Expenditures		278		342
Total	<u>30 750</u>	<u>28 289</u>	<u>2 461</u>	<u>44 269</u>
Smart Start:				
Salaries and Employee				
Benefits		23 863		17 486
Other Operating Expenditures		7 752		1 205
Total	<u>34 995</u>	<u>31 615</u>	<u>3 380</u>	<u>18 691</u>

Expenditures - Continued:	2013		Variance	2012
	Budget	Actual	Favorable Unfavorable)	Actual
Family Planning:				
Salaries and Employee				
Benefits	\$	\$ 76 904	\$	\$ 76 060
Other Operating Expenditures		26 906		23 510
Total	122 297	103 810	18 487	99 570
Healthy Carolinians:				
Other Operating Expenditures				8 072
Communicable Diseases:				
Salaries and Employee				
Benefits		36 285		46 976
Other Operating Expenditures		4 659		6 983
Total	44 510	40 944	3 566	53 959
CAP Program:				
Salaries and Employee				
Benefits		743 044		783 358
Other Operating Expenditures		77 083		64 289
Total	728 000	820 127	(92 127)	847 647
Chore:				
Salaries and Employee				
Benefits		86 002		75 914
Other Operating Expenditures		9 982		12 111
Total	101 647	95 984	5 663	88 025
 Total Health Department	 1 892 715	 1 855 334	 37 381	 1 889 495

Expenditures - Continued:	2013		Variance Favorable Unfavorable)	2012 Actual
	Budget	Actual		
Special Appropriations:				
Safe Program	\$	\$ 15 000	\$	\$ 14 500
Elderly Transportation		118 733		121 507
Smokey Mountain Mental Health		38 724		39 334
Other		75 919		67 784
Total	<u>307 562</u>	<u>248 376</u>	<u>59 186</u>	<u>243 125</u>
Total Human Services	<u>8 285 969</u>	<u>7 732 023</u>	<u>553 946</u>	<u>7 761 649</u>
Recreational:				
Recreation:				
Salaries and Employee				
Benefits		210 842		210 527
Operating Expenditures		144 711		156 268
Repairs & Maintenance		22 951		26 750
Capital Outlay		9 175		
Total	<u>434 071</u>	<u>387 679</u>	<u>46 392</u>	<u>393 545</u>
Cultural:				
N.C. Forestry		34 506		29 426
Marianna Black Library		195 000		189 000
Total	<u>239 986</u>	<u>229 506</u>	<u>10 480</u>	<u>218 426</u>
Total Recreational and Cultural	<u>674 057</u>	<u>617 185</u>	<u>56 872</u>	<u>611 971</u>
Education:				
Swain County Board of				
Education:				
Current Expense		750 000		750 000
Capital Outlay		160 000		110 000
Forest Funds		37 364		35 940
Southwestern Community				
College		120 000		125 000
Total Education	<u>1 085 000</u>	<u>1 067 364</u>	<u>17 636</u>	<u>1 020 940</u>
Debt Service:				
Principal Retirement		1 223 502		1 150 133
Interest Expense		686 670		719 950
Total Debt Service	<u>1 823 105</u>	<u>1 910 172</u>	<u>(87 067)</u>	<u>1 870 083</u>
Total Expenditures	<u>20 326 413</u>	<u>18 932 292</u>	<u>1 394 121</u>	<u>18 247 106</u>
Revenues Over (Under)				
Expenditures	<u>(2 160 088)</u>	<u>(423 579)</u>	<u>1 736 509</u>	<u>(2 028 190)</u>

	<u>2013</u>		<u>Variance</u>	<u>2012</u>
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u> <u>Unfavorable)</u>	<u>Actual</u>
Other Financing Sources (Uses):				
Transfers In (Out)	\$ 1 192 054	\$ 825 926	\$ (366 128)	\$ 863 719
Financing Proceeds	225 000		(225 000)	660 000
Appropriated Fund Balance	<u>743 034</u>	<u> </u>	<u>(743 034)</u>	<u> </u>
Total Other Financing Sources (Uses)	<u>2 160 088</u>	<u>825 926</u>	<u>(1 334 162)</u>	<u>1 523 719</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ </u>	402 347	<u>\$ 402 347</u>	(504 471)
Fund Balances:				
Beginning of Year		3 218 743		3 965 457
Prior Period Adjustment		<u>(4 050)</u>		<u>(242 243)</u>
End of Year		<u>\$3 617 040</u>		<u>\$3 218 743</u>

SWAIN COUNTY
 CAPITAL PROJECTS FUND - MUSEUM CONSTRUCTION
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 COMPARED WITH AUTHORIZATIONS
 FROM INCEPTION AND FOR THE FISCAL YEAR JUNE 30, 2013

	Project Authorization	Actual			Variance Favorable (Unfavorable)
		Prior Years	Current Year	Total to Date	
Revenues:					
Intergovernmental					
Partf Grant	\$ 150 000	\$	\$	\$	\$ (150 000)
Contributions GSMA	100 000				(100 000)
Total Intergovernmental	<u>250 000</u>				<u>(250 000)</u>
Investment Earnings					
Interest Earned			2 008	2 008	2 008
Total Revenues	<u>250 000</u>		<u>2 008</u>	<u>2 008</u>	<u>(247 992)</u>
Expenditures:					
Engineering	70 000				70 000
Construction	<u>900 000</u>		<u>290 708</u>	<u>290 708</u>	<u>609 292</u>
Total Expenditures	<u>970 000</u>		<u>290 708</u>	<u>290 708</u>	<u>679 292</u>
Revenue Over (Under) Expenditures	<u>(720 000)</u>		<u>(288 700)</u>	<u>(288 700)</u>	<u>431 300</u>
Other Financing Sources (Uses):					
Transfers from Other Funds	<u>720 000</u>		<u>600 000</u>	<u>600 000</u>	<u>(120 000)</u>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	<u>\$</u>	<u>\$</u>	<u>\$ 311 300</u>	<u>\$ 311 300</u>	<u>\$ 311 300</u>

SWAIN COUNTY, NORTH CAROLINA
PERMANENT FUND - SWAIN SETTLEMENT TRUST FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>2013</u>		Variance	2012
	<u>Budget</u>	<u>Actual</u>	Favorable (Unfavorable)	<u>Actual</u>
Revenues:				
Investment Earnings:				
Interest Earned	\$ 635 000	\$ 37 697	\$ (597 303)	\$ 1 052 544
Other Financing Sources (Uses):				
Transfer (To) General Fund	(650 000)	(637 539)	12 461	(150 000)
Appropriated Fund Balance	15 000	_____	(15 000)	_____
Total Other Financing Sources (Uses)	(635 000)	(637 539)	(2 539)	(150 000)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ _____	(599 842)	\$ (599 842)	902 544
Fund Balance - Beginning of Year		14 180 109		13 277 565
Fund Balance - End of Year		<u>\$13 580 267</u>		<u>\$14 180 109</u>

SWAIN COUNTY, NORTH CAROLINA
EMERGENCY TELEPHONE SYSTEM FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>2013</u>			<u>2012</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual</u>
Revenues:				
Permits and Fees:				
Fees Charged	\$ 172 725	\$ 164 073	\$ (8 652)	\$ 141 607
Investment Earnings:				
Interest Earned		67	67	669
Total Revenue	<u>172 725</u>	<u>164 140</u>	<u>(8 585)</u>	<u>142 276</u>
Expenditures:				
Salaries		67 814		69 369
Operating Expenditures		88 448		69 577
Capital Outlay		4 277		265 894
Total Expenditures	<u>172 725</u>	<u>160 539</u>	<u>12 186</u>	<u>404 840</u>
Revenues Over (Under)				
Expenditures	<u>\$</u>	<u>3 601</u>	<u>\$ 3 601</u>	<u>(262 564)</u>
Fund Balance - Beginning of Year		55 183		75 504
Prior Period Adjustment		<u>4 050</u>		<u>242 243</u>
Fund Balance - End of Year		<u>\$ 62 834</u>		<u>\$ 55 183</u>

SWAIN COUNTY
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

	<u>Special Revenue Funds</u>		<u>Capital Projects</u>	<u>Combining Totals</u>
	<u>Family Preservation</u>	<u>CDBG</u>	<u>Public Safety</u>	<u>2013</u>
<u>Assets</u>				
Cash and Cash Equivalents	\$ 26 554	\$ 16 463	\$ 69 556	\$ 112 573
Receivables, Net		1 153		1 153
Total Assets	<u>\$ 26 554</u>	<u>\$ 17 616</u>	<u>\$ 69 556</u>	<u>\$ 113 726</u>
<u>Liabilities and Fund Balances</u>				
<u>Liabilities:</u>				
Due to Other Funds	\$ 8 912	\$ 17 616	\$	\$ 26 528
<u>Fund Balance:</u>				
Available	17 642		69 556	87 198
Total Liabilities and Fund Balance	<u>\$ 26 554</u>	<u>\$ 17 616</u>	<u>\$ 69 556</u>	<u>\$ 113 726</u>

SWAIN COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Special Revenue Funds		Capital Projects		Combining Totals
	Family Preservation	CDBG	Public Safety	Learning Center	2013
<u>Revenues</u>					
Intergovernmental	\$ 138 806	\$ 192 512	\$	\$	\$ 331 318
Investment Earnings	27		203	23	253
Total Revenues	<u>138 833</u>	<u>192 512</u>	<u>203</u>	<u>23</u>	<u>331 571</u>
<u>Expenditures</u>					
Current:					
Economic Development		192 512			192 512
Human Services	140 561				140 561
Education				123 408	123 408
Total Expenditures	<u>140 561</u>	<u>192 512</u>		<u>123 408</u>	<u>456 481</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1 728)</u>		<u>203</u>	<u>(123 385)</u>	<u>(124 910)</u>
Other Financing Sources (Uses):					
Transfers In (Out)			(48 846)	(32 567)	(81 413)
Net Change in Fund Balance	(1 728)		(48 643)	(155 952)	(206 323)
Fund Balance-Beginning	<u>19 370</u>		<u>118 199</u>	<u>155 952</u>	<u>293 521</u>
Fund Balance - Ending	<u>\$ 17 642</u>	<u>\$</u>	<u>\$ 69 556</u>	<u>\$</u>	<u>\$ 87 198</u>

SWAIN COUNTY, NORTH CAROLINA
 FAMILY PRESERVATION GRANT FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013		Variance	2012
	Budget	Actual	Favorable (Unfavorable)	Actual
Revenues:				
Restricted Intergovernmental:				
Family Preservation Grant	\$ 300 000	\$138 806	\$ (161 194)	\$ 146 593
Investment Earnings:				
Interest Earned	_____	27	27	40
Total Revenues	300 000	138 833	(161 167)	146 633
Expenditures:				
Contract Labor		116 805		85 406
Travel		4 374		6 294
Communications and Telephone		4 695		5 637
Supplies		9 250		12 413
Flex Funds		873		1 607
Repairs				14 933
Other		4 564		2 145
Total Expenditures	300 000	140 561	159 439	128 435
Revenues Over (Under) Expenditures	\$ _____	(1 728)	\$ (1 728)	18 198
Fund Balance - Beginning of Year		19 370		1 172
Fund Balance - End of Year		\$ 17 642		\$ 19 370

SWAIN COUNTY
CDBG FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE FISCAL YEAR JUNE 30, 2013

	<u>Project</u> <u>Authorization</u>	<u>Prior</u> <u>Years</u>	<u>Current</u> <u>Year</u>	<u>Total</u> <u>to Date</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
Revenues:					
Restricted Intergovernmental					
Revenues:					
Community Development					
Block Grant	\$407 000	\$133 859	\$192 512	\$326 371	\$ (80 629)
Expenditures:					
Clearance	100 000	12 684	11 396	24 080	75 920
Relocation Assistance	257 000	82 604	171 021	253 625	3 375
Administration/Legal	50 000	38 571	10 095	48 666	1 334
Total Expenditures	<u>407 000</u>	<u>133 859</u>	<u>192 512</u>	<u>326 371</u>	<u>80 629</u>
Revenues Over (Under) Expenditures	<u>\$</u>	<u> </u>	<u> </u>	<u> </u>	<u>\$</u>
Fund Balance - Beginning of Year					
July 1					
Fund Balance - End of Year,					
June 30	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	

SWAIN COUNTY, NORTH CAROLINA
 CAPITAL PROJECTS - PUBLIC SAFETY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	<u>2013</u>		Variance	2012
	<u>Budget</u>	<u>Actual</u>	Favorable	<u>Actual</u>
			(Unfavorable)	
Revenues:				
Investment Earnings:				
Interest Earned	\$ _____	\$ 203	\$ 203	\$ 219
Other Financing Sources (Uses):				
Appropriated Fund Balance	75 000		(75 000)	
Transfers (to) From Other Funds	<u>(75 000)</u>	<u>(48 846)</u>	<u>26 154</u>	<u>(27 582)</u>
Total Other Financing Sources (Uses)	_____	<u>(48 846)</u>	<u>(48 846)</u>	<u>(27 582)</u>
Total Revenues and Other Sources Over Expenditures and Other Uses	\$ _____	(48 643)	\$ (48 643)	(27 363)
Fund Balance - Beginning of Year		<u>118 199</u>		<u>145 562</u>
Fund Balance - End of Year		<u>\$ 69 556</u>		<u>\$ 118 199</u>

SWAIN COUNTY
 CAPITAL PROJECTS - LEARNING CENTER
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 COMPARED WITH AUTHORIZATION
 FROM INCEPTION AND FOR THE FISCAL YEAR JUNE 30, 2013

	Project Authorization	Prior Years	Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues:					
Intergovernmental:					
Contributions	\$ _____	\$ 20 000	\$ _____	\$ 20 000	\$ 20 000
Investment Earnings:					
Interest Earned	_____	3 885	23	3 908	3 908
Total Revenues	_____	23 885	23	23 908	23 908
Expenditures:					
Engineering	100 000	88 873		88 873	11 127
Construction	1 300 000	1 133 659	123 408	1 257 067	42 933
Administration	100 000	31 501	_____	31 501	68 499
Total Expenditures	1 500 000	1 254 033	123 408	1 377 441	122 559
Revenues Over (Under) Expenditures	(1 500 000)	(1 230 148)	(123 385)	(1 353 533)	146 467
Other Financing Sources (Uses):					
Transfers (To) from Other Funds	1 500 000	1 386 100	(32 567)	1 353 533	(146 467)
Total Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ _____	155 952	(155 952)	\$ _____	\$ _____
Fund Balance - Beginning of Year July 1		_____	155 952		
Fund Balance - End of Year, June 30		\$ 155 952	\$ _____		

SWAIN COUNTY, NORTH CAROLINA
SCHOOLS CAPITAL RESERVE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	<u>2013</u>		Variance	2012
	<u>Budget</u>	<u>Actual</u>	Favorable	<u>Actual</u>
			(Unfavorable)	
Revenues:				
Other Taxes and Licenses:				
1/2 Cent Sales Tax	\$ 800 000	\$ 538 348	\$ (261 652)	\$ 530 654
Restricted Intergovernmental:				
Public School Building				
Capital Grant		136 918	136 918	147 799
Investment Earnings:				
Interest Earned		395	395	1 040
Total Revenues	<u>800 000</u>	<u>675 661</u>	<u>(124 339)</u>	<u>679 493</u>
Other Financing Sources (Uses):				
Transfers (Out)	(950 000)	(736 120)	213 880	(943 871)
Appropriated Fund Balance	150 000		(150 000)	
Total Other Financing	<u>(800 000)</u>	<u>(736 120)</u>	<u>63 880</u>	<u>(943 871)</u>
Sources (Uses)				
Excess of Revenues and Other				
Sources Over (Under)				
Expenditures and Other Uses	<u>\$ _____</u>	(60 459)	<u>\$ (60 459)</u>	(264 378)
Fund Balance - Beginning of Year		<u>764 004</u>		<u>1 028 382</u>
Fund Balance - End of Year		<u>\$ 703 545</u>		<u>\$ 764 004</u>

SWAIN COUNTY, NORTH CAROLINA
ECONOMIC DEVELOPMENT FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013		Variance Favorable (Unfavorable)	2012 Actual
	Budget	Actual		
Revenues:				
Investment Earnings	\$	\$ 35	\$ 35	\$ 960
Miscellaneous:				
Revolving Loan Payback	10 000	9 641	(359)	14 106
Total Revenues	10 000	9 676	(324)	15 066
Other Financing Sources (Uses):				
Transfers (Out)	10 000		10 000	
Excess of Revenues Over Expenditures	\$	9 676	\$ 9 676	15 066
Fund Balance - Beginning of Year		29 958		14 892
Fund Balance - End of Year		\$ 39 634		\$ 29 958

SWAIN COUNTY, NORTH CAROLINA
ENTERPRISE FUND - SOLID WASTE
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	<u>2013</u>		Variance	2012
	<u>Budget</u>	<u>Actual</u>	Favorable (Unfavorable)	<u>Actual</u>
Revenues:				
Operating Revenue:				
Solid Waste Charges	\$ 814 000	\$ 682 060	\$ (131 940)	\$ 660 942
Landfill Use Fee	30 000	58 280	28 280	71 933
Recycling	55 320	48 303	(7 017)	7 732
Scrap Tire Disposal Fees		17 129	17 129	17 005
White Goods Tax	13 000	4 381	(8 619)	4 275
Cardboard Fee	45 000	30 476	(14 524)	46 773
Disposal Tax		9 679	9 679	10 352
Other	100	1 396	1 296	3 724
Sale of Fixed Assets	<u>128 000</u>	<u>160 000</u>	<u>32 000</u>	
Total Operating Revenue	<u>1 085 420</u>	<u>1 011 704</u>	<u>(73 716)</u>	<u>822 736</u>
Expenditures:				
Solid Waste Disposal:				
Salaries		246 399		273 627
Social Security		18 409		20 077
Group Insurance		45 000		43 200
Unemployment Benefits		9 058		
Retirement		16 483		17 780
Telephone		3 084		1 718
Utilities		6 417		6 150
Insurance - Worker's Comp		15 000		15 000
Maintenance and Repairs		22 984		44 452
Supplies and Materials		7 491		8 010
Fuel		54 949		78 488
Contracted Service		136 066		2 112
Uniforms		5 093		5 109
Disposal		237 062		220 326
Insurance - Vehicles		20 000		20 000
Use Tax		14 201		12 732
Miscellaneous		<u>762</u>		<u>142</u>
Total Disposal	<u>964 066</u>	<u>858 458</u>	<u>105 608</u>	<u>768 923</u>

SWAIN COUNTY, NORTH CAROLINA
ENTERPRISE FUND - SOLID WASTE
STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013		Variance Favorable (Unfavorable)	2012 Actual
	Budget	Actual		
Budgetary Appropriations:				
Debt Principal and Interest	\$ 110 000	\$ 133 956	\$ (23 956)	\$ 52 563
Capital Outlay	40 500	22 579	17 921	101 384
Total Budgetary Appropriations	150 500	156 535	(6 035)	153 947
Total Expenditures	1 114 566	1 014 993	99 573	922 870
Revenues Over (Under) Expenditures	(29 146)	(3 289)	25 857	(100 134)
Other Financing Sources (Uses):				
Transfer (To) From Other Funds	29 146	29 146		
Revenues and Other Sources Over (Under) Expenditures	\$	\$ 25 857	\$ 25 857	\$ (100 134)
RECONCILIATION OF MODIFIED ACCURAL BASIS TO FULL ACCURAL BASIS:				
REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES			\$ 25 857	
Add:				
Gain on Sale of Fixed Assets		121 209		
Payment of Debt Principal		125 140		
Decrease in Vacation Pay		7 982		
Capital Outlay		22 579	276 910	
Less:				
Sale of Fixed Assets		160 000		
Depreciation		54 830		
Increase in Post Employment Health Benefits		4 240	(219 070)	
Change in Net Position (Exhibit 9)			\$ 83 697	

SWAIN COUNTY, NORTH CAROLINA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Balance <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2013</u>
Fines and Forfeitures:				
<u>Assets</u>				
Cash	\$ _____	\$ 85 445	\$ 85 445	\$ _____
<u>Liabilities</u>				
Amount Due Swain County Board of Education	\$ _____	\$ 85 445	\$ 85 445	\$ _____
Motor Vehicle Taxes:				
<u>Assets</u>				
Cash	\$ _____	\$ 18 528	\$ 18 528	\$ _____
<u>Liabilities</u>				
Motor Vehicle Taxes Payable	\$ _____	\$ 18 528	\$ 18 528	\$ _____
3% Interest on Motor Vehicles:				
<u>Assets</u>				
Cash	\$ _____	\$ 2 731	\$ 2 731	\$ _____
<u>Liabilities</u>				
3% Interest on Motor Vehicles Payable	\$ _____	\$ 2 731	\$ 2 731	\$ _____
<u>Assets</u>				
Cash	\$ _____	\$ 830	\$ 830	\$ _____
<u>Liabilities</u>				
Amount due State Treasurer	\$ _____	\$ 830	\$ 830	\$ _____

SWAIN COUNTY, NORTH CAROLINA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
Totals - All Agency Funds:				
<u>Assets</u>				
Cash	\$ _____	\$ 107 534	\$ 107 534	\$ _____
<u>Liabilities</u>				
Fines and Forfeitures	\$	\$ 85 445	\$ 85 445	\$
Motor Vehicle Taxes		18 528	18 528	
3% Interest on Motor Vehicle Taxes		2 731	2 731	
Deed of Trust Fees	_____	830	830	_____
Total Liabilities	\$ _____	\$ 107 534	\$ 107 534	\$ _____

SWAIN COUNTY, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2013

Fiscal Year	Uncollected Balance July 1, 2012	Additions	Collections and Credits	Uncollected Balance June 30, 2013
2012-2013	\$	\$4 775 150	\$ 4 464 138	\$ 311 012
2011-2012	398 283		264 761	133 522
2010-2011	149 415		72 182	77 233
2009-2010	77 482		34 229	43 253
2008-2009	38 001		11 063	26 938
2007-2008	23 174		2 109	21 065
2006-2007	19 285		1 174	18 111
2005-2006	15 231		1 163	14 068
2004-2005	19 430		272	19 158
2003-2004	20 962		350	20 612
2002-2003	18 439		18 439	
Total	<u>\$ 779 702</u>	<u>\$4 775 150</u>	<u>\$ 4 869 880</u>	\$ 684 972
Less Allowance for Uncollectible Accounts				<u>355 069</u>
Ad Valorem Taxes Receivable - Net				<u>\$ 329 903</u>
Reconciliation with Revenues:				
Ad Valorem Taxes - Exhibit B		\$4 930 952		
Less Penalties and Interest Releases - Prior Years		<u>82 382</u>	\$ 4 848 570	
Amount Written Off Per Statute of Limitations			<u>2 871</u>	
			<u>18 439</u>	
Total Collections and Credits			<u>\$ 4 869 880</u>	

SWAIN COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT TAX LEVY

JUNE 30, 2013

	<u>Total Property Valuation</u>	<u>Rate</u>	<u>Levy</u>	<u>Excluding Motor Vehicles</u>	<u>Motor Vehicles</u>
Original Levy	\$1 329 950 303	.33	\$ 4 388 836	\$ 4 388 836	\$
Vehicle Taxes	71 707 576	.33	236 635		236 635
Add Discoveries	48 996 061	.33	161 687	140 303	21 384
Less Releases	(3 638 788)	.33	(12 008)	(4 752)	(7 256)
Total	<u>\$1 447 015 152</u>		4 775 150	4 524 387	250 763
Less Uncollected Taxes June 30, 2013			<u>311 012</u>	<u>247 598</u>	<u>63 414</u>
Current Year's Taxes Collected			<u>\$ 4 464 138</u>	<u>\$ 4 276 789</u>	<u>\$ 187 349</u>
Percent of Current Year's Taxes Collected			<u>93.49</u>	<u>94.53</u>	<u>74.71</u>

SWAIN COUNTY, NORTH CAROLINA
GENERAL FUND
FEDERAL AND STATE GRANTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013		Variance Favorable (Unfavorable)	2012 Actual
	Budget	Actual		
Social Services:				
Administration Grant	\$4 170 000	\$2 255 024	\$(1 914 976)	\$2 286 906
IVE Foster Care		263 375	263 375	320 848
Commodities		29 913	29 913	21 943
Work First		6 069	6 069	7 022
Daycare		853 936	853 936	868 271
Total	4 170 000	3 408 317	(761 683)	3 504 990
Health Department:				
State Aid to Counties	98 203	98 203		102 636
Environmental Health	4 000	4 000		4 000
Bioterrorism	44 428	44 418	(10)	35 083
Community Care Block Grant	91 647	85 272	(6 375)	91 652
Food & Lodging	750	5 125	4 375	4 017
BCCCP	16 590	15 603	(987)	14 391
Wise Women	8 225	7 529	(696)	8 138
Smart Start (Region A)	29 995	27 827	(2 168)	15 145
Communicable Disease	10 535	10 836	301	13 093
Tuberculosis	3 220	1 780	(1 440)	3 220
HIV	500		(500)	500
CSC	1 419	1 419		1 419
Immunization	5 571	2 964	(2 607)	3 666
Health Promotion	34 937	36 598	1 661	8 067
WIC	73 440	66 310	(7 130)	69 837
Child Health	37 939	31 328	(6 611)	21 147
Maternal Health	5 950	5 891	(59)	5 950
Family Planning	79 081	110 368	31 287	87 239
CSC-Medicaid	41 520	42 053	533	20 946
MCC-Medicaid	34 500	236	(34 264)	34 718
Adult Health	22 100	7 932	(14 168)	7 706
Domestic Disease		37	37	
Total	644 550	605 729	(38 821)	552 570

SWAIN COUNTY, NORTH CAROLINA
GENERAL FUND
FEDERAL AND STATE GRANTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012

	2013		Variance Favorable (Unfavorable)	2012 Actual
	Budget	Actual		
Other Grants:				
HAVA	\$ 15 000	\$ 13 148	\$ (1 852)	\$
Cooperative Extension	200 000	147 591	(52 409)	173 822
Veterans Services	2 000	1 452	(548)	1 452
Emergency Management	27 500	40 175	12 675	35 253
Forest Funds	55 000	37 365	(17 635)	35 952
Soil & Water Conservation	33 500	23 709	(9 791)	17 359
Juvenile Justice - CBA	72 181	65 378	(6 803)	63 702
Elderly Handicapped	105 326	45 604	(59 722)	50 769
RGP		42 833	42 833	40 442
EOG				14 380
Governor's Crime Control(JAG)		4 249	4 249	
COPS	38 000	48 883	10 883	48 883
USAR	40 000		(40 000)	15 798
Appalachian Community	60 000	61 434	1 434	
Bullet Proof Vests				7 700
USDA - CDBG	21 000	21 000		
Register of Deeds	8 000		(8 000)	
School Resource	48 883		(48 883)	
Partf	6 000		(6 000)	
Federal Forfeitures		29 267	29 267	
Homeland Security	5 000	11 981	6 981	
Total	<u>737 390</u>	<u>594 069</u>	<u>(143 321)</u>	<u>505 512</u>
Total Federal and State Grants (Exhibit B)	<u>\$5 551 940</u>	<u>\$4 608 115</u>	<u>\$ (943 825)</u>	<u>\$4 563 072</u>

SWAIN COUNTY, NORTH CAROLINA
EMERGENCY TELEPHONE SYSTEM UNSPENT BALANCE
PSAP RECONCILIATION
JUNE 30, 2013

Amounts reported on the Emergency Telephone
System Fund budget to actual (Exhibit E):

Net Change in Fund Balance, reported on Budget to Actual	\$ 3 601
Beginning Balance, PSAP Revenue-Expenditure Report	<u>59 233</u>
Ending Balance, PSAP Revenue-Expenditure Report	<u>\$ 62 834</u>

COMPLIANCE SECTION

S. Eric Bowman, P.A.

CERTIFIED PUBLIC ACCOUNTANT

403 South Green Street
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Report On Internal Control Over Financial Reporting
And on Compliance and Other Matters Based on an Audit of
Financial Statements Performed In Accordance With
Government Auditing Standards

Independent Auditor's Report

To the Board of Commissioners
Swain County, North Carolina

We have audited, in accordance with the 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, the accompanying financial statements of the governmental activities, the business-type activities, the aggregate 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, 2013 and the related notes to the financial statements, which collectively comprises Swain County's basic financial statements, and have issued our report thereon dated September 10, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Swain County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Swain County's internal control. Accordingly, we do not express an opinion on the effectiveness of Swain County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as 2013-1 to be a material weakness.

To the Board of Commissioners
Swain County, North Carolina

A significant deficiency is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as 2013-2 and 2013-3 to be significant deficiencies.

Compliance and Other Matters

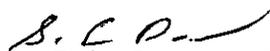
As part of obtaining reasonable assurance about whether Swain County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as 2013-4.

Swain County's Response to Findings

Swain County's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


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

Morganton, North Carolina
September 10, 2013

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Report On Compliance with Requirements
Applicable to Each Major Federal Program;
And Internal Control Over Compliance;
In Accordance With OMB Circular A-133;
and the State Single Audit Implementation Act

Independent Auditor's Report

To the Board of Commissioners
Swain County, North Carolina

Report on Compliance for Each Major Federal Program

We have audited Swain County, North Carolina, compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Swain County's major federal programs for the year ended June 30, 2013. Swain County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Swain County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Swain County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Swain County's compliance.

To the Board of Commissioners
Swain County, North Carolina

Opinion on Each Major Federal Program

In our opinion, Swain County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as 2013-5. Our opinion on each major federal program is not modified with respect to these matters.

Swain County's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Swain County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Swain County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Swain County's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Swain County's internal control over compliance.

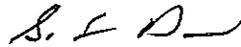
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2013-5, 2013-6 and 2013-7 that we consider to be significant deficiencies.

To the Board of Commissioners
Swain County, North Carolina

Swain County's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Swain County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



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

Morganton, North Carolina
September 10, 2013

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Report On Compliance With Requirements
Applicable To Its Major State Program;
And Internal Control Over Compliance;
In Accordance With OMB Circular A-133; and the
State Single Audit Implementation Act

Independent Auditor's Report

To the Board of Commissioners
Swain County, North Carolina

Report on Compliance for Its Major State Program

We have audited Swain County, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on Swain County's major state program for the year ended June 30, 2013. Swain County's major state program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Swain County's major state program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and applicable sections of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about Swain County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for its major state program. However, our audit does not provide a legal determination on Swain County's compliance.

To the Board of Commissioners
Swain County, North Carolina

Opinion on Its Major State Program

In our opinion, Swain County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state program for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with applicable sections of section OMB Circular A-133 as described in the *Audit Manual for Governmental Auditors in North Carolina* and which are described in the accompanying schedule of findings and questioned costs as items 2013-5. Our opinion on its major state program is not modified with respect to these matters.

Swain County's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Swain County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Swain County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Swain County's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Swain County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in

To the Board of Commissioners
Swain County, North Carolina

the accompanying schedule of findings and questioned costs as items 2013-5, 2013-6 and 2013-7 that we consider to be significant deficiencies.

Swain County's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Swain County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


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

Morganton, North Carolina
September 10, 2013

SWAIN COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal Control over financial reporting:

Significant deficiency identified? X yes no

Significant deficiency identified that is considered to be material weaknesses reported X yes no

Noncompliance material to financial statements noted X yes no

Federal Awards

Internal control over major federal programs?

Material weakness(es) identified? yes X no

Significant deficiencies identified that are not considered to be material weaknesses X yes no

Type of auditor's report issued on compliance for major federal programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section / 510 (a) of Circular A-133 yes X no

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Names of Federal Program or Cluster</u>
93.658	Foster Care
93.659	Adoptive Assistance
93.767	Children's Health Insurance Program
93.778	Title XIX Medicaid

Dollar threshold used to distinguish between Type A and Type B Programs \$ 682 175

Auditee qualified as low-risk auditee? yes X no

SWAIN COUNTY, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

Section II.

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

2013-1 Internal Controls Over Financial Reporting -
Material Weakness

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

Criteria: The County overexpended several departments in the General Fund totaling \$87 484 and \$23 956 was noted as overexpended in the Solid Waste Fund.

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

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

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

Management Response: The County agrees with this finding.

Uncorrected Finding: Even though the County amended the budget, the County did not fully correct this finding from the previous year.

2013-2 Internal Controls Over Financial Reporting - Significant
Deficiency

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

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

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

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

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

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

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

2013-3 Internal Controls Over Financial Reporting -
Significant Deficiency

Condition: There is not proper segregation of duties over cash collected in the Recreation department.

Criteria: Management is responsible for implementing proper internal controls over cash collections.

Effect: Misappropriation of funds, if any, cannot be detected.

Cause: The County does not have adequate staffing in the recreation department to properly segregate duties.

Recommendation: We recommend additional staffing and/or the use of trained volunteers to properly handle and account for Recreation department receipts.

Management Response: The County agrees with this finding.

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

2013-4 Internal Controls Over Financial Reporting -
Material Non Compliance

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

Criteria: The County overexpended several departments in the General Fund totaling \$87 484 and \$23 956 was noted as overexpended in the Solid Waste Fund.

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

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

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

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

Management Response: The County agrees with this finding.

Uncorrected Finding: Even though the County amended the budget, the County did not fully correct this finding from the previous year.

Section III.

Findings and Questioned Costs Related to Federal Awards:

Finding 2013-5 Significant Deficiency

Allowable Costs

Criteria: In accordance with allowable cost principles only certain costs can be charged to DSS programs.

Condition: It was determined there was an error in the County's filing of their form 1571 reports.

Questioned Costs: Indirect Cost of \$17 726 was claimed in error. The allocation of this error to the various programs was as follows:

10.561	Supplemental Nutrition	\$ 3 190
93.558	TANF	5 318
93.658	Foster Care	1 773
93.667	Block Grant	1 773
93.767	Health Choice	177
93.778	Medicaid	3 545
93.563	Child Support	1 950
	Total	<u>\$ 17 726</u>

Context: We performed tests of transactions throughout the twelve month period.

Effect: Certain costs were determined to be unallowable.

Cause: Error in indirect cost rate.

Recommendation: Better training in the area of filing form 1571 reports.

Management Response: The County agrees with this finding.

Finding 2013-6 Significant Deficiency

Eligibility

Criteria: In accordance with eligibility review documents, adult Medicaid files should contain life insurance verification.

Findings and Questioned Costs Related to Federal Awards: Continued:

Condition: One applicant file did not contain life insurance verification. The case number was 57433803.

Questioned Costs: Not applicable. Our testing found payments of life insurance premiums. The amount of life insurance was immaterial and did not affect eligibility.

Context: We examined 60 case files out of a population of 3055 case files.

Effect: There could be a change in benefits issued.

Cause: Error in documentation.

Recommendation: Better training in the area of documentation.

Management Response: The County agrees with this finding.

Finding 2013-7 Significant Deficiency

Eligibility

Criteria: In accordance with eligibility review documents, files should contain Income Verification/Budget.

Condition: One applicant file did not contain Income Verification Budget. The case number was 62398102.

Questioned Costs: Not applicable. In reviewing this file, the client was not eligible due to countable income. Per the worker's narrative, the client's living conditions changed, lowering the countable income. The reduction in countable income deemed the client eligible but there was not a corrected budget showing the reduction in income or eligibility.

Context: We examined 60 case files out of a population of 3055 case files.

Effect: There could be a change in benefits issued.

Cause: Error in documentation.

Recommendation: Better training in the area of documentation.

Management Response: The County agrees with this finding.

SWAIN COUNTY, NORTH CAROLINA

CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED JUNE 30, 2013

Section I Financial Statement Findings

Finding: 2013-1

- A. Name of Contact Person: Kevin King,
County Manager
- B. Corrective Action: Budget amendments will be approved by the Board before expenditures are made out of departments which have exceeded the original budget.
- C. Proposed Completion Date: The Board will implement the above as soon as possible.

Finding: 2013-2

- A. Name of Contact Person: Kevin King,
County Manager
- B. Corrective Action: The County believes it is cost prohibitive to correct at the present time.
- C. Proposed Completion Date: N/A

Finding: 2013-3

- A. Name of Contact Person: Kevin King,
County Manager
- B. Corrective Action: The County does not have adequate staffing to correct at this time.
- C. Proposed Completion Date: N/A

Finding: 2013-4

- A. Name of Contact Person: Kevin King,
County Manager
- B. Corrective Action: Budget amendments will be approved by the Board before expenditures are made out of departments which have exceeded the original budget.
- C. Proposed Completion Date: The Board will implement the above as soon as possible.

Section II Federal Award Findings:

Finding: 2013-5 through 2013-7

- A. Name of Contact Person: Shelia Sutton
DSS Interim Director
- B. Corrective Action: DSS case workers will receive additional training relative to documentation and form 1571 preparation.
- C. Proposed Completion Date: The DSS Board will implement the above as soon as possible.

Section III State Award Findings:

Finding: 2013-5through 2013-7

- A. Name of Contact Person: Shelia Sutton
DSS Interim Director
- B. Corrective Action: DSS case workers will receive additional training relative to documentation and form 1571 preparation.
- C. Proposed Completion Date: The DSS Board will implement the above as soon as possible.

SWAIN COUNTY, NORTH CAROLINA

STATUS OF PRIOR YEAR AUDIT FINDINGS

Finding 2012-1:

There was one audit finding relative to internal controls concerning hiring an internal auditor. The County feels it is not economically feasible to hire additional staff at this time.

Finding 2012-2:

There was one audit finding concerning internal control weakness over tax department value changes. This finding was not corrected.

Finding 2012-3:

There was one audit finding concerning internal control weakness over voided transactions in the tax department. This finding was corrected.

Finding 2012-4:

There was one audit finding concerning internal control weakness over releases in the tax department. This finding was corrected.

Finding 2012-5:

There was one audit finding relative to segregation of duties in the Recreation department. This finding was not corrected.

Finding 2012-6:

There was one audit finding concerning segregation of duties over bank reconciliations. This finding was corrected.

Finding 2012-7:

There was one audit finding for the year ended June 30, 2012 concerning certain departments being over expended. Budget amendments were made throughout the year. However, several departments were again over expended due to auditor reclassifications, booking of certain unforeseen accounts payable, and oversights. This finding was not corrected.

Finding 2012-8 through 2012-11:

There were four audit findings relative to documentation problems with certain federal and state grant programs. These findings were all corrected.

SWAIN COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>State Pass Through Grantor's Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
FEDERAL AWARDS:					
<u>U.S. Department of Agriculture</u>					
Passed Through N.C. Department of Health and Human Services:					
Division of Social Services:					
Supplemental Nutrition Assistance Program Cluster:					
Administration	10.561		\$ 178 172	\$ 33 682	\$ 144 490
Commodities - Food Distribution	10.568		1 387		
Subtotal Supplemental Nutrition Assistance Program Cluster			<u>179 559</u>	<u>33 682</u>	<u>144 490</u>
Division of Public Health:					
Special Supplemental Nutrition Food Program for Women, Infants and Children:					
Administration	10.557		6 054		
Direct Benefit Payments	10.557		60 256		
Commodities - Food Distribution	10.557		249 343	28 526	
Subtotal Special Supplemental Nutrition Food Program for Women, Infants and Children			<u>315 653</u>	<u>28 526</u>	
Direct Program:					
Forest Funds	10.665		37 365		
Total U.S. Department of Agriculture			<u>532 577</u>	<u>62 208</u>	<u>144 490</u>
<u>U.S. Department of Justice</u>					
Direct Program:					
COPS - Methamphetamine	16.710		48 883		
CBA - Juvenile Justice	16.540		65 378		
Federal Forfeitures	16.922		9 584		
Passed Through N.C. Department of Crime Control and Public Safety:					
Governor's Highway Safety Program	16.803		4 249		1 416
Total U.S. Department of Justice			<u>128 094</u>		<u>1 416</u>
<u>U.S. Department of Housing and Urban Development</u>					
Passed Through N.C. Department of Commerce:					
Community Development Block Grant	14.228		213 512		
<u>Appalachian Regional Commission</u>					
2010 Energy Grant	23.001		61 434		61 434

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>State Pass Through Grantor's Number</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
<u>U.S. Department of Health & Human Services</u>					
Passed Through N.C. Department of Health and Human Services:					
Division of Medical Assistance:					
Medicaid Cluster:					
Medicaid - Administration	93.778		408 577	73 610	238 074
Medicaid - Direct Benefit Payments	93.778		18 120 433	7 588 472	
Subtotal Medical Assistance Cluster			18 529 010	7 662 082	238 074
Passed Through N.C. Department of Administration:					
HAVA	93.617		13 148		
Division of Social Services:					
Foster Care Cluster:					
IVE Foster Care - Administration	93.658		137 549	68 332	69 217
IVE Foster Care - Direct Benefits Payments	93.658		222 758	27 181	
Subtotal - IVE Foster Care			360 307	95 513	69 217
Adoptive Assistance - Administrative	93.659		50 400		
Adoptive Assistance - Direct Benefits Payments	93.659		99 600	24 917	
Subtotal Adoptive Assistance			150 000	24 917	
Subtotal Foster Care Cluster			510 307	120 430	69 217
TANF - Administration	93.558		551 991	21	55 748
TANF - Direct Benefits Payments	93.558		61 669	(30)	
Subtotal TANF			613 660	(9)	55 748
Low Income Energy Assistance - Administration	93.568		142 840		
Independent Living Links - Administration	93.674		285	71	
Permanency Planning - Administration	93.645		84 372	25 181	2 943
Children's Health Insurance Program	93.767		16 468	2 724	2 526
Child Support Enforcement	93.563		253 653		123 409
Social Services Block Grant	93.667		119 299	24 313	19 260
Family Preservation Grant - Administration	93.556		3 850		
Family Preservation Grant	93.556		138 806		
Subtotal Family Preservation Grant			142 656		
Child Care Cluster:					
Child Care & Development Fund, Mandatory Match - Administration	93.596		80 000		
Child Care & Development Fund, Discretionary	93.575		853 936		
Subtotal Child Care Cluster			933 936		
Refugee and Entrant Assistance	93.566		148		

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>State Pass Through Grantor's Number</u>	<u>Federal (Direct and Pass Through) Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
Division of Public Health:					
Adult Health	93.994		7 932		
Maternal and Child Health	93.994		37 455		
Child Services Coordination	93.994		43 472		
Home Community Block Grant	93.994		85 272		
Subtotal Child Health			<u>174 131</u>		
Health Promotion	93.991		36 598		
Breast and Cervical Cancer	93.919		15 603		
Family Planning	93.217		110 368		
Wise Women	93.919		7 529		
Immunization Action Plan	93.268		2 964		
Bioterrorism Projects	93.283		44 418		
Total Division of Public Health			<u>391 611</u>		
Total U.S. Department of Health and Human Services			<u>21 751 393</u>	<u>7 834 792</u>	<u>511 177</u>
U.S. Department of Homeland Security					
Passed through N.C. Department of Crime Control and Public Safety:					
Emergency Management Assistance	97.029		40 175		
Public Assistance	97.036		11 981		
Total U.S. Department of Homeland Security			<u>52 156</u>		
Total Federal Awards			<u>22 739 166</u>	<u>7 897 000</u>	<u>718 517</u>
STATE AWARDS:					
N.C. Department of Public Instruction:					
Public School Building Capital Fund				136 918	
N.C. Department of Health and Human Services:					
Division of Public Health:					
Smart Start (Region A)				27 827	
Health Aid to Counties				98 203	
Tuberculosis				1 780	
Environmental Health Services				4 000	
Communicable Disease				10 873	
Food and Lodging				5 125	
SC/SA Domiciliary Care				87 374	
CPS Expansion				49 886	
SFHF Maximization				136 772	
Division of Social Services:					
State Foster Home				53 537	
Total N.C. Department of Health and Human Services				<u>475 377</u>	

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State Pass Through Grantor's Number</u>	<u>Federal (Direct and Pass Through) Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
<u>N.C. Department of Administration</u> Veterans Service			_____	1 452	_____
<u>N.C. Department of Agriculture</u> Cooperative Extension			_____	147 591	_____
Soil and Water Conservation District Technician			_____	23 709	_____
Total N.C. Department of Agriculture			_____	171 300	_____
<u>N.C. Department of Transportation</u> Elderly and Disabled Transportation Assistance			_____	45 604	_____
Rural General Public			_____	42 833	_____
Work First			_____	6 069	_____
Total N.C. Department of Transportation			_____	94 506	_____
Total State Awards			_____	879 553	_____
Total Federal and State Awards			<u>\$ 22 739 166</u>	<u>\$ 8 776 553</u>	<u>\$ 718 517</u>

Note 1 - Basis of Presentation:

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

Note 2 - Subrecipient Pass Throughs:

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

<u>Subrecipient</u>	<u>Program Name</u>	<u>Federal CFDA #</u>	<u>Federal</u>	<u>State</u>
Swain County Board of Education	Forest Funds	10.665	\$ 37 365	\$
Southwest Commission	Community Based Alternatives	16.540	65 378	
State of Franklin	EHTAP	N/A		45 604
State of Franklin	Rural General Public	N/A		42 833
Swain County Board of Education	Public School Building Capital Fund	N/A		136 918